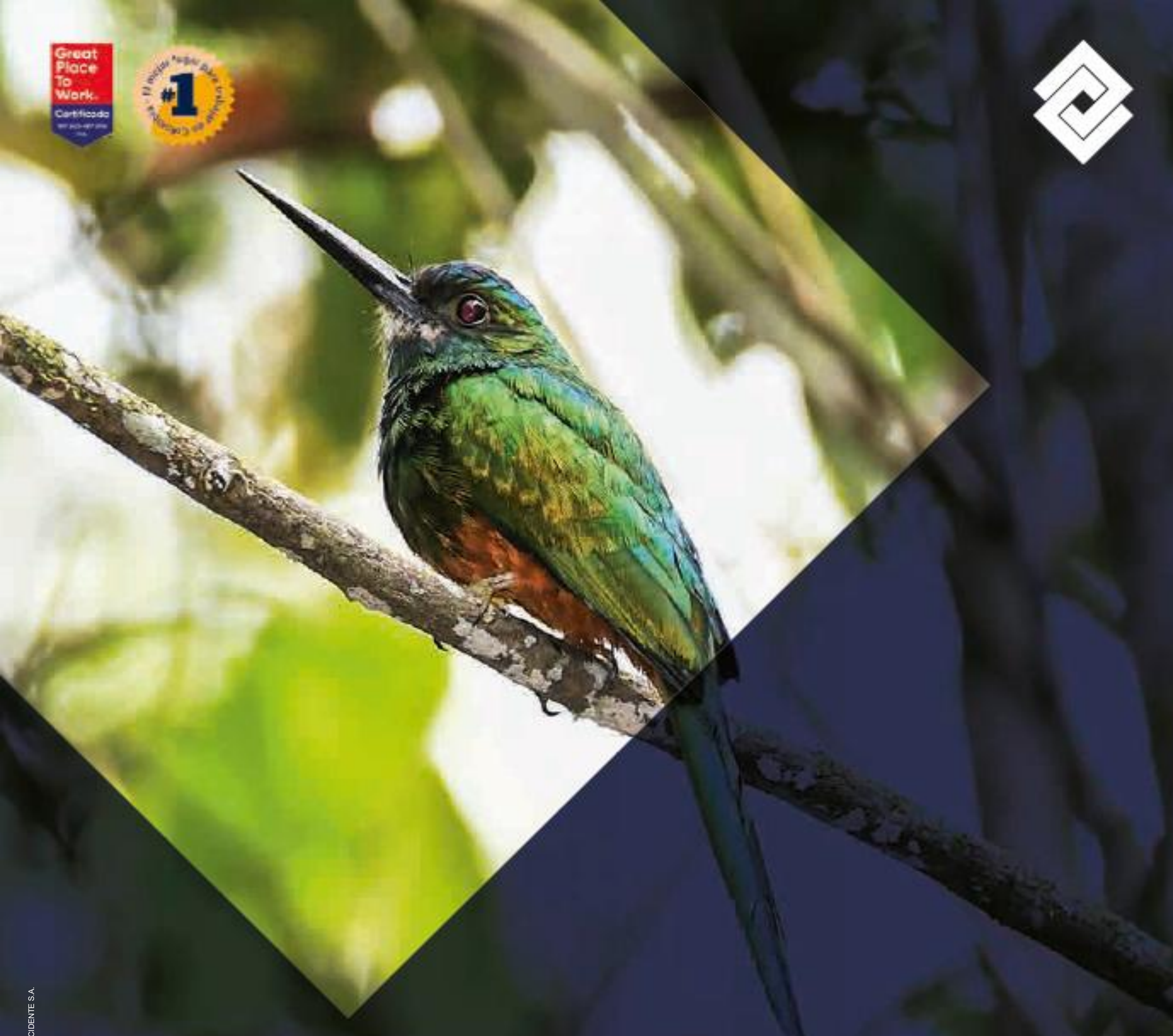

SURVEILLED
FINANCIAL SUPERINTENDENCE OF COLOMBIA
BANCO DE OCCIDENTE S.A.

# Annex II
# Financial Statements
# Banco de Occidente S.A.

## Consolidated as of December 31, 2024

Banco de Occidente | Del lado de los que hacen.

Grupo AVAL

# Financial Statements

## Consolidated as of December 31, 2024

Banco de Occidente PANAMÁ

Occidental Bank BARBADOS

FiduOccidente

NEXA BPO



Banco de Occidente

Del lado
de los que hacen.

Grupo AVAL

**KPMG S.A.S.**
Calle 6 Norte No. 1 – 42, Torre Centenario, Floor 6
Cali - Colombia

Phone +57 (601) 618 8000
+57 (601) 618 8100

www.kpmg.com/co

## REPORT OF THE STATUTORY AUDITOR

Dear Shareholders
Banco de Occidente S.A.:

### Opinion

I have audited the consolidated financial statements of *Banco de Occidente* and Subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2023, and the consolidated statements of income, other comprehensive income, of changes in equity and cash flows for the year then ended, and the related notes, which comprise the significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024, the consolidated results of its operations, and its consolidated cash flows for the year then ended, in accordance with Colombian GAAP, applied on a basis consistent with that of the preceding year.

### Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing accepted in Colombia (ISAs). My responsibilities under those standards, are described in the "Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of my report. I am independent with respect to the Group, in accordance with the Code of Ethics for Accounting Professionals, issued by the International Ethics Standards Board for Accountants (IESBA Code) included in the Information Assurance Standards accepted in Colombia, together with the ethical requirements that are relevant to my audit of the consolidated financial statements established in Colombia, and I have complied with my other ethical responsibilities, in accordance with these requirements and the IESBA Code mentioned above. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Issues

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements for the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

| Assessment of Impairment of Loan Portfolio under IFRS 9 (see notes 2.6, 4.1, and 10 to the consolidated financial statements) | |
|---|---|
| **Key Audit Issue** | **How it was addressed in the audit** |
| The Group periodically reviews the credit risk exposure of its loan portfolio. This determination is one of the most significant and complex estimates in the preparation of the accompanying consolidated financial statements, due to the high degree of judgment involved in developing the models to determine impairment based on an expected loss approach required by IFRS 9. The value of the loan portfolio and its respective impairment as of December 31, 2024, is $ 54,091,123 million and $ 2,546,964 million, respectively.<br><br>I considered the assessment of loan portfolio impairment as a key audit matter, because it involved significant measurement complexity that required judgment, knowledge and experience in the industry, particularly in relation to: (1) the evaluation of the methodologies used, including the methodology for estimating loss given default; (2) the probability of loss given default and its key factors and assumptions; (3) the loan grading and qualitative factors that are incorporated into the internal model variables established by the Group; and (4) the estimated credit risk impairment calculations for the entire loan portfolio. | My audit procedures for evaluating the adequacy of the credit risk impairment included, among others, the following:<br><br>• Involvement of professionals with experience and expertise in credit risk assessment and information technology to evaluate certain internal controls related to the Group's process for determining loan portfolio impairment. This includes controls related to: (1) validation of models that determine the probability of loss, loss given default and exposure at default, (2) the Group's monitoring of the determination of portfolio impairment; (3) information technology controls over the inputs to the models that determine credit impairment, as well as the related calculations; (4) the evaluation to identify whether there was a significant change in credit risk; (5) the evaluation of the macroeconomic variables and weighted scenarios used in the models for the determination of credit portfolio impairment; and (6) the verification of controls related to the evaluation of individually analyzed trade receivables and write-offs.<br><br>• Professionals knowledgeable in credit risk assessment and information technology assisted me in: (1) evaluating the methodologies and key data used to determine the probability of loss, loss severity and exposure at default, and the parameters produced by the models; (2) evaluating the macroeconomic variables and weighted probability scenarios used in the internal models, including consideration of alternative data for certain variables; (3) recalculating the expected loss model and related data; and (4) evaluating the qualitative adjustments applied to the model. |

**Other matters**

The consolidated financial statements as of and for the year ended December 31, 2023, are presented solely for comparative purposes, and were audited by another public accountant, member of KPMG S.A.S., which in his report dated February 23, 2024, expressed an unconditional opinion thereon.

**Responsibility of management and corporate governance officers of the Group regarding the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: Designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern and for using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or there is no more realistic alternative than to proceed in one of these ways.

Those charged with corporate governance are responsible for overseeing the Group's financial reporting process.

**Responsibilities of the statutory auditor in connection with the audit of the consolidated financial statements**

My objectives are to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance means a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, when it exists. Misstatements can arise due to fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit conducted in accordance with ISAs, I exercise professional judgment and maintain professional skepticism during the audit. Also:

- I identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is greater than that arising from error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override or exceeding of internal control.

- I obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances.

- I evaluate the appropriateness of accounting policies used, and the reasonableness of accounting estimates and related disclosures made by management.

- I conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may indicate significant doubt about the Group's ability to continue as a going concern. If I conclude that material uncertainty exists, I should draw attention in my report to the disclosure that describes this situation in the consolidated financial statements or, if this disclosure is inadequate, I should modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Group to cease to operate as a going concern.

- I evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events so as to achieve a fair presentation.

- I obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group's financial statements. I am responsible for the direction, supervision and performance of the Group's audit. I remain solely responsible for my audit opinion.

I communicate to those charged with governance of the Group, among other matters, the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with corporate governance with confirmation that I have complied with relevant ethical independence requirements and that I have disclosed to them all relationships and other matters that may reasonably be considered to bear on my independence and, where applicable, related safeguards.

From the matters communicated with those charged with corporate governance, I determine the matters that were of most significance in the audit of the consolidated financial statements of the current period and, therefore, are the key audit matters. I describe these matters in my auditor's report, unless law or regulation prevents public disclosure about the matter or when, in extremely exceptional circumstances, I determine that a matter should not be communicated in my report, because the adverse consequences of doing so would reasonably outweigh the benefits to the public interest of such communication.

Digitally signed by Wilson Romero Montañez
Date: 2025.02.28 16:47:06 - 05'00'

Wilson Romero Montañez
Statutory Auditor of Banco de Occidente S.A.
LICENSE 40552 – T
Member of KPMG S.A.S.

February 28, 2025

**CERTIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2024**

We, the undersigned Legal Representative and Accountant of *Banco de Occidente S.A.*, hereby declare that the consolidated financial statements of the Bank as of December 31, 2024, have been faithfully taken from the accounting books of the parent company and subsidiaries, that the statements contained therein have been previously verified, in accordance with Article 37 of Law 222 of 1995, and that we have ascertained that the explicit and implicit statements contemplated in accounting and financial reporting standards accepted in Colombia are satisfactorily complied with.

Likewise, for the period in reference, in accordance with article 46 of Law 964 of 2005, we certify that the Financial Statements and the relevant annexed reports do not contain flaws, inaccuracies or errors that prevent us from knowing the true net worth situation or the operations of the Bank.

It should be noted that the Chairman's Report, approved by the Board and submitted by the General Shareholders' Meeting for the aforementioned period, includes certification in harmony with the provisions of Article 46 of Law 964 of 2005.

Given in Cali, on the 28th day of the month of February 2025.

Mauricio Maldonado Umaña

Digitally signed by MAURICIO MALDONADO UMANA
Date: 2025.02.28 17:09:21- 05'00'

**Mauricio Maldonado Umaña**
**Legal Representative**

Digitally signed by FABIAN FERNANDO BARONA CAJIAO
Date: 2025.02.28 16:57:57 - 05'00'

**Fabian Fernando Barona Cajiao**
**General Accountant, Professional License 80629-T**

**BANCO DE OCCIDENTE S.A. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**(Expressed in millions of Colombian pesos)**

| | Notes | | As of December 31, 2024 | As of December 31, 2023 |
|---|---|---|---|---|
| **Assets** | *6* | $ | **4,628,920** | **4,968,903** |
| **Cash and cash equivalents** | | | | |
| **Financial assets at fair value through profit or loss** | **5 and 7** | | **9,628,213** | **5,445,835** |
| Investments in debt securities | 7 | | 8,299,454 | 3,459,592 |
| Investments in equity instruments | 7 and 29 | | 838,051 | 709,520 |
| Derivative trading instruments | 9 | | 490,708 | 1,276,723 |
| **Financial assets at fair value with changes in ORI** | **7** | | **5,888,095** | **4,597,797** |
| Investments in debt securities | **7** | | 5,721,126 | 4,465,686 |
| Investments in equity instruments at fair value | **7** | | 166,969 | 132,111 |
| **Financial assets in debt securities at amortized cost** | **8** | | **2,133,673** | **2,034,558** |
| **Derivative hedging instruments** | **5** | | **6,225** | **-** |
| **Financial assets per loan portfolio at amortized cost, net** | | | **51,544,159** | **47,082,115** |
| Loan portfolio at amortized cost | **10** | | 54,091,123 | 49,499,035 |
| Commercial portfolio and commercial leasing | | | 37,817,965 | 34,426,863 |
| Commercial and commercial leasing | | | 37,356,294 | 34,411,414 |
| Repos and interbank and other | | | 461,671 | 15,449 |
| Consumer portfolio and consumer leasing | | | 13,176,358 | 12,462,019 |
| Mortgage and mortgage leasing portfolio | | | 3,096,800 | 2,610,153 |
| **Impairment of loan portfolio at amortized cost** | **10** | | **(2,546,964)** | **(2,416,920)** |
| Impairment of commercial portfolio and commercial leasing | | | (1,459,791) | (1,311,753) |
| Impairment of consumer and consumer leasing portfolios | | | (998.522) | (1,033,280) |
| Impairment on mortgage and mortgage leasing portfolio | | | (88.651) | (71.887) |
| **Other accounts receivable, net** | **11** | | **634,102** | **547,285** |
| **Non-current assets held for sale** | **12** | | **1,324** | **3,023** |
| **Investments in associated companies and joint ventures** | **13** | | **1,953,172** | **1,800,802** |
| **Tangible assets, net** | **14** | | **670,246** | **654,052** |
| Property and own equipment for use | | | 125,270 | 107,868 |
| Equipment under operating lease | | | 53,783 | 64,861 |
| Property and equipment right of use | | | 274,322 | 267,243 |
| Investment properties | | | 216,871 | 214,080 |
| **Intangible assets, net** | **15** | | **657,085** | **600,351** |
| Capital gains | | | 22,724 | 22,724 |
| Other intangible assets | | | 634,361 | 577,627 |
| **Income tax asset** | **16** | | **625,406** | **853,501** |
| Account | | | 577,802 | 828,490 |
| Deferred | | | 47,604 | 25,011 |
| **Other assets** | | | **29,561** | **13,562** |
| **Total assets** | | *$* | **78,400,181** | **68,601,784** |
| | | | | |
| **Liabilities and Shareholders' Equity** | | | | |
| **Liabilities** | | | | |
| **Financial liabilities at fair value - derivative instruments** | | | **532,716** | **1,058,390** |
| **Derivative trading instruments** | **9** | *$* | **532,716** | **1,055,896** |
| **Derivative hedging instruments** | **5** | | **-** | **2,494** |
| **Financial liabilities at amortized cost** | | | **70,443,462** | **60,024,334** |
| Customer deposits | **17** | | 53,593,823 | 49,175,732 |
| Current accounts | | | 7,389,155 | 7,092,625 |
| Savings accounts | | | 28,221,791 | 24,153,811 |
| Term deposit certificates | | | 17,917,502 | 17,866,450 |
| Other deposits | | | 65,375 | 62,846 |
| Financial obligations | **18** | | 16,849,639 | 10,848,602 |
| Interbank and overnight funds | | | 8,636,674 | 4,403,111 |
| Loans from banks and others | | | 4,480,586 | 3,185,957 |
| Notes and investment securities | | | 2,670,197 | 2,171,345 |
| Obligations with rediscount entities | | | 1,062,182 | 1,088,189 |
| **Provisions for legal contingencies and other provisions** | **20** | | **62,280** | **64,168** |
| Provision for legal contingencies | | | 2,916 | 2,488 |
| Other provisions | | | 59,364 | 61,680 |
| **Income tax liability** | **16** | | **-** | **959** |
| Account | | | - | 959 |
| **Employee benefits** | **19** | | **96,489** | **88,847** |
| **Other liabilities** | **21** | | **1,279,444** | **1,677,003** |
| **Total liabilities** | | *$* | **72,414,391** | **62,913,701** |
| | | | | |
| **Equity** | | | | |
| **Subscribed and paid-in capital** | **22** | *$* | **4,677** | **4,677** |
| **Premium on share placement** | | | **720,445** | **720,445** |
| **Retained earnings** | | | **5,253,537** | **4,996,219** |
| **Other comprehensive income** | | | **(37.152)** | **(70.255)** |
| **Equity of controlling interests** | | *$* | **5,941,507** | **5,651,086** |
| **Non-controlling interests** | | | **44,283** | **36,997** |
| **Total equity** | | | **5,985,790** | **5,688,083** |
| **Total liabilities and equity** | | *$* | **78,400,181** | **68,601,784** |

See notes 1 to 32, which are an integral part of the consolidated financial statements.

MAURICIO MALDONA DO UMAÑA

Digitally signed by MAURICIO MALDONADO UMAÑA Date: 2025.02.28 17:09:51-05'00'

Digitally signed by FABIÁN FERNANDO BARONA CAJIAO Date: 2025.02.28 16:59:06 - 05'00'

Digitally signed by Wilson Romero Montañez Date: 2025.02.28 16:47:24-05'00'

**MAURICIO MALDONADO UMAÑA**
LEGAL REPRESENTATIVE

**FABIÁN FERNANDO BARONA CAJIAO**
ACCOUNTANT
LICENSE 80629 - T

**WILSON ROMERO MONTAÑEZ**
STATUTORY AUDITOR
LICENSE 80629 - T
Member of KPMG S.A.S.
(See my report of February 28, 2025)

(*) The undersigned Legal Representative and Certified Public Accountant, certify that we have previously verified the information contained in these consolidated financial statements, and that they have been faithfully taken from the accounting books of the Parent Company and its Subsidiaries.

**BANCO DE OCCIDENTE S.A. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF INCOME**
**(Expressed in million Colombian pesos)**

| Years ended at: | Notes | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| | | $ | |
| Interest and valuation income | | 7,574,101 | 7,732,758 |
| **Interest on loan portfolio and financial leasing, repo and interbank transactions:** | | **7,009,487** | **7,214,008** |
| Interest on commercial portfolio | | 4,578,841 | 4,851,231 |
| Interest on consumer portfolio | | 1,975,581 | 1,921,271 |
| Interest on housing portfolio | | 311,362 | 248,787 |
| Repo and interbank income | | 143,703 | 192,719 |
| **Income from deposits** | | **34,214** | **35,306** |
| **Interest income from other accounts receivable** | | **6,385** | **1,211** |
| **Interest and valuation of investments in debt securities at amortized cost** | | **524,015** | **482,233** |
| Interest and similar expenses | | 5,245,941 | 5,495,353 |
| **Deposits** | **17** | **4,026,935** | **4,346,644** |
| Current accounts | | 44,781 | 41,408 |
| Savings deposits | | 2,204,667 | 2,230,879 |
| Term deposit certificates | | 1,777,487 | 2,074,357 |
| **Deposits from financial institutions** | | | |
| **Financial Obligations** | | **1,219,006** | **1,148,709** |
| Interbank loans | 18 | 559,139 | 431,210 |
| Loans from banks and others | 18 | 271,468 | 251,754 |
| Notes and investment securities | 18 | 276,866 | 335,437 |
| Obligations with rediscount entities | 18 | 111,533 | 130,308 |
| **Net interest and valuation income** | | **2,328,160** | **2,237,405** |
| Impairment loss on financial assets | | 1,354,479 | 1,195,579 |
| Impairment for loan portfolio and interest receivable | | 1,527,221 | 1,384,446 |
| Recovery for investments in debt securities | | 1,403 | 431 |
| Recovery of write-offs | | (174.145) | (189.298) |
| **Income, net of interest after impairment** | | **973,681** | **1,041,826** |
| **Revenue from customer contracts, commissions and fees** | | | |
| **Commission and fee income** | **25** | **603,665** | **567,455** |
| **Commissions and fees** | **25** | **241,378** | **213,501** |
| **Net income from commissions and fees** | | **362,287** | **353,954** |
| **Net income from financial assets or liabilities held for trading** | | **652,590** | **629,469** |
| Net gain on marketable investments | | 311,953 | 526,013 |
| Net gain on derivative financial instruments for trading | | 336,442 | 104,388 |
| Net Earning (loss) from hedging activities | | 4,195 | (932) |
| **Other income, net** | **26** | **770,496** | **470,763** |
| Net Earning (loss) on foreign exchange difference | | 160,521 | (53.273) |
| Net loss on sale of investments | | (2.435) | (12.445) |
| Gain on sale of non-current assets held for sale | **12** | 2,388 | 23,954 |
| Equity in income of associate companies and joint ventures by the equity method | **13** | 230,687 | 218,882 |
| Dividends | **7 and 26** | 6,388 | 5,702 |
| Net gain on valuation of investment properties | | 14,200 | 19,328 |
| Other operating income | | 358,747 | 268,615 |
| **Other expenses, net** | **26** | **2,225,831** | **2,043,800** |
| **Provision for other assets** | | **199** | **111** |
| **Personnel expenses** | **26** | **948,793** | **867,105** |
| Indemnifications | | 6,941 | 15,351 |
| Bonus payments | | 23,215 | 31,206 |
| Salaries and employee benefits | | 918,637 | 820,548 |
| **General administrative expenses** | | **1,048,366** | **954,913** |
| **Depreciation and amortization expense** | | **208,828** | **185,845** |
| Amortization of intangible assets | | 85,548 | 74,763 |
| Depreciation of tangible assets | | 48,358 | 46,839 |
| Depreciation of property and equipment for rights of use | | 74,922 | 64,243 |
| **Other operating expenses, net** | | **19,645** | **35,826** |
| Donation expenses | **26** | 4,044 | 3,458 |
| Other expenses | | 15,601 | 32,368 |
| **Income before income taxes** | | **533,223** | **452,212** |
| **Income tax** | **16** | **52,176** | **(27.345)** |
| **Net income for the year** | | **$ 481,047** | **479,557** |
| **Profit or loss attributable to:** | | | |
| Controlling interests | | **$ 473,531** | **473,547** |
| Non-controlling interests | 23 | **$ 7,516** | **6,010** |

See notes 1 to 32, which are an integral part of the consolidated financial statements.

MAURICIO MALDONA DO UMAÑA
Digitally signed by MAURICIO MALDONADO UMAÑA Date: 2025.02.28 17:10:22-05'00'

Digitally signed by FABIÁN FERNANDO BARONA CAJIAO Date: 2025.02.28 16:59:39 - 05'00'

Digitally signed by Wilson Romero Montañez Date: 2025.02.28 16:47:38-05'00'

**MAURICIO MALDONADO UMAÑA**
LEGAL REPRESENTATIVE

**FABIÁN FERNANDO BARONA CAJIAO**
ACCOUNTANT
LICENSE 80629 - T

**WILSON ROMERO MONTAÑEZ**
STATUTORY AUDITOR
LICENSE 80629 - T
Member of KPMG S.A.S.
(See my report of February 28, 2025)

(*) The undersigned Legal Representative and Certified Public Accountant, certify that we have previously verified the information contained in these consolidated financial statements, and that they have been faithfully taken from the accounting books of the Parent Company and its Subsidiaries.

**BANCO DE OCCIDENTE S.A. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**
**(Expressed in millions of Colombian pesos)**

| Years ended at: | Notes | | As of December 31, 2024 | As of December 31, 2023 |
|---|---|---|---|---|
| **Net income for the fiscal year:** | | $ | 481,047 | 479,557 |
| **Items that will be subsequently reclassified to profit or loss** | | | | |
| Net foreign exchange difference on conversion of foreign transactions | | | 15,084 | (38.230) |
| Foreign exchange difference on investments in foreign subsidiaries | | | 63,506 | (73.047) |
| Net unrealized (loss) gain on foreign hedging transactions | | | (63.506) | 73,047 |
| Net unrealized (loss) gain on financial instruments measured at fair value in debt securities | 7 | | (67.739) | 393,581 |
| Impairment on financial instruments measured at fair value with changes in ORI - debt securities | | | 1,457 | 80 |
| Net unrealized gain on investments accounted for by the equity accounting method | 13 | | 14,493 | 21,611 |
| Deferred income tax on items that may be subsequently reclassified to profit or loss | 16 | | 40,545 | (139.430) |
| **Total items to be subsequently reclassified to profit or loss** | | | 3,840 | 237,612 |
| **Items that will not be reclassified to profit or loss** | | | | |
| Revaluation of investment properties | | | (199) | (2.376) |
| Net unrealized gain on equity financial instruments measured at fair value | 7 | | 34,857 | 9,263 |
| Actuarial profit (loss) on defined benefit plans | | | 2,517 | (4.810) |
| Deferred tax recognized in other comprehensive income | 16 | | (6.032) | 2,152 |
| **Total items that will not be reclassified to profit or loss** | | | 31,143 | 4,229 |
| **Total other comprehensive income (loss) for the period, net of income tax** | | | 34,983 | 241,841 |
| **Total comprehensive income for the year** | | $ | 516,030 | 721,398 |
| **Comprehensive income attributable to:** | | | | |
| Controlling interests | | $ | 506,633 | 714,834 |
| Non-controlling interests | | $ | 9,397 | 6,563 |

See notes 1 to 32, which are an integral part of the consolidated financial statements.

MAURICIO MALDONA DO UMAÑA Digitally signed by MAURICIO MALDONADO UMAÑA Date: 2025.02.28 17:11:10 - 05'00'

Digitally signed by FABIÁN FERNANDO BARONA CAJIAO Date: 2025.02.28 17:00:02 - 05'00'

Digitally signed by Wilson Romero Montañez Date: 2025.02.28 16:47:53-05'00'

**MAURICIO MALDONADO UMAÑA**
LEGAL REPRESENTATIVE

**FABIÁN FERNANDO BARONA CAJIAO**
ACCOUNTANT
LICENSE 80629 - T

**WILSON ROMERO MONTAÑEZ**
STATUTORY AUDITOR
LICENSE 80629 - T
Member of KPMG S.A.S.
(See my report of February 28, 2025)

(*) The undersigned Legal Representative and Certified Public Accountant, certify that we have previously verified the information contained in these consolidated financial statements, and that they have been faithfully taken from the accounting books of the Parent Company and its Subsidiaries.

Banco de Occidente | Del lado de los que hacen.

**BANCO DE OCCIDENTE S.A. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**(Expressed in millions of Colombian pesos)**

| Years ended December 31, 2024 and 2023: | | Subscribed and paid-in capital (Note 22) | Premium in placement of shares | Withheld Profits | Other comprehensive income | Total equity of controlling interests | Non-Controlling Interests | Total net equity |
|---|---|---|---|---|---|---|---|---|
| **Balance as of December 31, 2022** | **$** | **4,677** | **720,445** | **4,770,349** | **(311.542)** | **5,183,929** | **32,146** | **5,216,075** |
| Distribution of cash dividends | | - | - | (251.323) | - | (251.323) | (1.712) | (253.035) |
| Withholding tax on dividends declared in prior fiscal year in the statement of changes in stockholders' equity | | - | - | 263 | - | 263 | - | 263 |
| Delivery of other comprehensive income and Effect on retained earnings from delivery of ORI | | - | - | 4,950 | (4.950) | - | - | - |
| Withholding tax on dividends for the current year in the statement of changes in stockholders' equity | | - | - | (1.567) | - | (1.567) | - | (1.567) |
| Net changes in other comprehensive income for the year Balance/Changes Difference | | - | - | - | 246,237 | 246,237 | 554 | 246,791 |
| Net income for the year | | - | - | 473,547 | - | 473,547 | 6,010 | 479,557 |
| **Balance as of December 31, 2023** | **$** | **4,677** | **720,445** | **4,996,219** | **(70.255)** | **5,651,086** | **36,997** | **5,688,083** |
| **Balance as of December 31, 2023** | **$** | **4,677** | **720,445** | **4,996,219** | **(70.255)** | **5,651,086** | **36,997** | **5,216,075** |
| Distribution of cash dividends | | - | - | (215.142) | - | (215.142) | (2.110) | (217.252) |
| Withholding tax on dividends declared in prior fiscal year in the statement of changes in stockholders' equity | | - | - | 1,567 | - | 1,567 | - | 1,567 |
| Delivery of other comprehensive income and Effect on retained earnings from delivery of ORI | | - | - | (2.631) | 2,631 | - | - | - |
| Withholding tax on dividends for the current year in the statement of changes in stockholders' equity | | - | - | (7) | - | (7) | - | (7) |
| Net movements in other comprehensive income for the fiscal year | | - | - | - | 30,472 | 30,472 | 1,880 | 32,352 |
| Net income for the year | | - | - | 473,531 | - | 473,531 | 7,516 | 481,047 |
| **Balance as of December 31, 2024** | **$** | **4,677** | **720,445** | **5,253,537** | **(37.152)** | **5,941,507** | **44,283** | **5,985,790** |

See notes 1 to 32, which are an integral part of the consolidated financial statements.

MAURICIO MALDONA DO UMAÑA
Digitally signed by MAURICIO MALDONADO UMAÑA
Date: 2025.02.28 17:11:47 - 05'00'

**MAURICIO MALDONADO UMAÑA**
LEGAL REPRESENTATIVE

Digitally signed by FABIÁN FERNANDO BARONA CAJIAO
Date: 2025.02.28 17:00:38 - 05'00'

**FABIÁN FERNANDO BARONA CAJIAO**
ACCOUNTANT
LICENSE 80629 - T

Digitally signed by Wilson Romero Montañez
Date: 2025.02.28 16:48:09-05'00'

**WILSON ROMERO MONTAÑEZ**
STATUTORY AUDITOR
LICENSE 80629 - T
Member of KPMG S.A.S.
(See my report of February 28, 2025)

(*) The undersigned Legal Representative and Certified Public Accountant, certify that we have previously verified the information contained in these consolidated financial statements, and that they have been faithfully taken from the accounting books of the Parent Company and its Subsidiaries.

**BANCO DE OCCIDENTE S.A. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF CASH FLOWS**
**(Expressed in million Colombian pesos)**

| For years ending at: | Notes | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| **Net income of the period before income tax** | | $ **533,223** | **452,212** |
| **Reconciliation of net income for the period to net cash provided by (used in) operation activities:** | | | |
| Net interest and valuation income | | (2,328,160) | (2,237,405) |
| Depreciation of tangible assets and property and equipment for rights of use | 14 and 26 | 123,280 | 111,082 |
| Amortization of intangible assets | 15 and 26 | 85,548 | 74,763 |
| Impairment for loan portfolio and accounts receivable, net | | 1,527,221 | 1,384,446 |
| Recovery of impairment of tangible assets, net | | (259) | (85) |
| Loss (gain) on sale of property and equipment for own use | | 169 | (258) |
| Difference in exchange | | (160.521) | 53,273 |
| Profit on sale of non-current assets held for sale | | (3.028) | (25.437) |
| Profit on sale of investments,net | | (98) | (2.637) |
| Equity in net income of investments in associated companies and joint ventures | 13 and 26 | (230.687) | (218.882) |
| Dividends | 7 and 26 | (6.388) | (5.702) |
| **Adjusted fair value over:** | | | |
| Gain on valuation of derivative financial instruments | | (340.637) | (103.456) |
| Profit on valuation of investment properties | 14 and 26 | (14.200) | (19.328) |
| **Net change in operating assets and liabilities** | | | |
| Negotiable investments | | (4,977,123) | (2,149,766) |
| Derivative financial instruments | | 594,752 | (290.709) |
| Loan portfolio | | (5,074,903) | (5,737,405) |
| Accounts receivable | | (82.434) | (145.546) |
| Other assets | | 1,318 | 26,449 |
| Customer deposits | | 4,365,419 | 6,953,537 |
| Non-current assets held for sale increase | | 24 | |
| Interbank loans and overnight funds | | 4,286,319 | 2,160,444 |
| Other liabilities and provisions | | (189.946) | 198,599 |
| Employee benefits | | 6,687 | (2.571) |
| Interest received from financial assets | | 6,964,701 | 6,383,490 |
| Interest paid on financial liabilities | | (5,836,335) | (5,295,413) |
| Payment of interest on financial leases | 18 | (36.204) | (29.293) |
| Income tax paid | | (17.805) | (38.048) |
| **Net cash (used in) (used in) provided by investment activities** | | **(810.067)** | **1,496,354** |
| **Cash flows from investing activities:** | | | |
| Acquisition of held-to-maturity investments | | (2,080,998) | (1,970,311) |
| Redemption of held-to-maturity investments | | 2,162,511 | 1,935,253 |
| Acquisition of investments with changes in other comprehensive income at fair value | | (4,207,438) | (2,001,896) |
| Proceeds from sale of investments with changes in other comprehensive income at fair value | | 3,461,505 | 2,184,855 |
| Acquisition of tangible assets | | (55.435) | (48.031) |
| Acquisition of other intangible assets | 15 | (142.238) | (135.104) |
| Proceeds from sale of property and equipment | | 34,204 | 53,087 |
| Proceeds from sale of non-current assets held for sale | | 5,296 | 5,771 |
| Dividends received | | 99,190 | 109,492 |
| **Net cash provided by (used in) investment activities** | | **(723.403)** | **133,116** |
| **Cash flow from financing activities:** | | | |
| Financial obligations, net | | 833,006 | 30,730 |
| Issuance of outstanding investment securities | 18 | 660,058 | |
| Payments on outstanding investment securities | 18 | (277.490) | (148.040) |
| Payment of leasing fees | 18 | (84.915) | (73.901) |
| Dividends paid to controlling interests | 18 | (162.024) | (187.341) |
| Dividends paid to non-controlling interests | 18 | (63.019) | (39.738) |
| **Net cash provided by (used in) financing activities** | | **905,616** | **(418.290)** |
| Effect of foreign exchange gains or losses on cash and cash equivalents | | 287,871 | (120.501) |
| **(Decrease) increase in cash and cash equivalents, net** | | (339.983) | 1,090,679 |
| **Cash and cash equivalents at beginning of year** | 6 | 4,968,903 | 3,878,224 |
| **Cash and cash equivalents at the end of the year** | 6 | $ **4,628,920** | **4,968,903** |

See notes 1 to 32, which are an integral part of the consolidated financial information.

MAURICIO MALDONA DO UMAÑA
Digitally signed by MAURICIO MALDONADO UMAÑA
Date: 2025.02.28 17:12:32-05'00'

Digitally signed by FABIÁN FERNANDO BARONA CAJIAO
Date: 2025.02.28 17:01:14 - 05'00'

Digitally signed by Wilson Romero Montañez
Date: 2025.02.28 16:48:29-05'00'

**MAURICIO MALDONADO UMAÑA**
LEGAL REPRESENTATIVE

**FABIÁN FERNANDO BARONA CAJIAO**
ACCOUNTANT
LICENSE 80629 - T

**WILSON ROMERO MONTAÑEZ**
STATUTORY AUDITOR
LICENSE 80629 - T
Member of KPMG S.A.S.
(See my report of February 28, 2025)

(*) The undersigned Legal Representative and Certified Public Accountant, certify that we have previously verified the information contained in these consolidated financial statements, and that they have been faithfully taken from the accounting books of the Parent Company and its Subsidiaries.

## Note 1. – Reporting Entity

Banco de Occidente S.A., hereinafter the Parent Company, is a private legal entity, legally constituted as a banking institution, authorized to operate in accordance with Resolution No. 3140 of September 24, 1993 of the Financial Superintendence of Colombia. Duly constituted, as recorded in Public Deed 659 of April 30, 1965 of the Fourth Notary Office of Cali.

The Parent Company has its main domicile in Santiago de Cali. The duration established in the bylaws is 99 years from the date of incorporation. In compliance with its corporate purpose, it may enter into or execute all operations and contracts legally permitted to commercial banking institutions, subject to the requirements and limitations of Colombian law.

In the development of its corporate purpose, the Parent Company makes loan placements to its customers in the form of credit, commercial, consumer, home mortgage and financial, operating and housing leasing portfolios, and also carries out treasury operations in debt securities, mainly in the Colombian market. All these operations are financed with deposits received from customers in the form of checking and savings accounts, term deposit certificates, outstanding investment securities with general guarantee in Colombian pesos, and with financial obligations obtained from correspondent banks in local and foreign currency, and from rediscount entities created by the Colombian government to stimulate various sectors of the Colombian economy.

As of December 31, 2024, the Parent Company has a total of 7,020 employees, distributed as follows: 6,197, with indefinite-term contracts, 498 with fixed-term contracts, and 325 with apprenticeship contracts.

The Parent Company provides its services through 188 service centers in the Colombian territory, distributed in 175 offices, 4 vehicle credit centers, 2 Housing Credit Centers, 4 Leasing Offices and 3 Integral Credit Centers.

The Parent Company has a control situation by Grupo Aval Acciones y Valores S.A. company, with a total shareholding of 72.27%, which is the ultimate controlling company. The Parent Company has a control situation over overseas entities of 95% in Banco de Occidente Panamá S.A., and 100% in Occidental Bank Barbados Ltd., and in Colombia of 94.98% of Sociedad Fiduciaria de Occidente S.A., and 45% of Ventas y Servicios S.A. – NEXA BPO. Likewise, Fiduciaria de Occidente S.A. has an indirect participation in Ventas y Servicios– NEXA BPO of 35%, and Occidental Bank Barbados Ltd. in Fiduciaria de Occidente S.A. with 0.58%.

The Parent Company has a bank correspondent agreement with Almacenes Éxito S.A. "Éxito", Efectivo Ltda "Efecty", Conexred S.A "Puntored", Empresa de Energía del Quindío S.A ESP "EDEQ", Soluciones en Red S.A.S "Punto de Pago" and Red Empresarial de Servicios S.A "SuperGIROS".

**Corporate information of subsidiaries**

The main corporate purpose of Fiduciaria de Occidente S.A.- Fiduoccidente, is constituted by the conclusion and execution of trust businesses in general, understood as those enshrined in the Organic Statute of the Financial System, those provided in articles 1226 and following of the Code of Commerce, in addition to those contemplated in other regulations that in the future modify, supersede, clarify or complement them and, in general, all those activities that the Law or other regulations authorize trust companies to carry out. Without prejudice to the generality of its purpose, the company shall be particularly authorized to: 1st To enter into all types of commercial trust or fiduciary contracts. 2nd To receive fiduciary assignments, whatever their nature. 3rd To manage the Collective Investment Funds authorized to do so, in accordance with the rules that modify, add to and regulate them, and 4th To enter into all other operations and/or contracts permitted to trust companies, in accordance with legal provisions in force. As of December 31, 2024, Fiduciaria de Occidente S.A. has a total of 666 employees, distributed in 65 with fixed-term contracts, 516 with indefinite-term contracts, and 33 with apprenticeship contracts and 52 in Outsourcing and specialized companies, through 10 agencies located in the cities of Bogotá, Medellín, Cali, Barranquilla, Manizales, Bucaramanga, Cartagena, Pereira, Santa Marta, and Montería.

Banco de Occidente Panamá S.A. is an entity incorporated under the laws of the Republic of Panama, and began banking operations in that country on June 30, 1982, under the international license granted by the National Banking Commission of the Republic of Panama, and a securities brokerage license granted by the Superintendence of the Securities Market through Resolution No. SMV-435-2024 of December 31, 2024 (in the pre-operational period).

As of December 31, 2024, *Banco de Occidente Panamá S.A.* has a total of 60 employees, distributed as follows: 59 with indefinite term contracts and 1 collaborator with a definite term contract. Of the total number of employees, 10 perform special tasks for *Occidental Bank Barbados*, and 13 are shared between the two subsidiaries.

*Occidental Bank Barbados Ltd.* was incorporated under the laws of Barbados on May 16, 1991, with an international license that allows it to provide financial services to individuals and corporations not resident in Barbados. As of December 31, 2024, *Occidental Bank Barbados Ltd.* has a total of 3 employees with indefinite-term contracts, 2 of whom work directly in Barbados and 1 in Colombia.

The corporate purpose of Ventas y Servicios S.A. - NEXA BPO, is the provision of technical or administrative services, referred to in Article 110 paragraph 2 of the Organic Statute of the Financial System and other complementary regulations, such as, among others: Computer programming, marketing, the creation and organization of consultation files, and the preparation of statistical calculations and reports in general. The company Ventas y Servicios– NEXA BPO, is consolidated by virtue of the dominant administrative influence exercised by the Parent Company. As of December 31, 2024, *Ventas y Servicios S.A.* has a total of 7,459 employees, distributed in 64 with fixed-term contracts, 6,059 with indefinite-term contracts, 1,049 with work or labor contracts, and 295 with apprenticeship contracts, who work in 85 cities in Colombia, grouped in 4 regions.

The consolidated financial statements as of December 31, 2024, and 2023 include *Banco de Occidente S.A.* and its subsidiaries, hereinafter referred to as the Group.

## Note 2. – Basis of preparation of the consolidated financial statements, and summary of the main material or relatively significant accounting policies.

### 2.1. Statement of compliance and technical regulatory framework

The annual consolidated financial statements have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia for Group 1 entities (NCIF Group 1). Established in Law 1314 of 2009, regulated by Sole Regulatory Decree 2420 of 2015, amended by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of

2018, 2270 of 2019, 1432 of 2020, 938 of 2021 and 1611 of 2022. Group 1 NCIFs, are based on the complete International Financial Reporting Standards (IFRS), issued and officially translated into Spanish by the International Accounting Standards Board (IASB).

For legal purposes in Colombia, the main financial statements are the separate financial statements.

The Parent Company adopted accounting policy disclosures (Amendments to IAS 1 and Statement of Practice 2) effective as of January 1, 2024. Amendments require disclosure of 'material' accounting policies rather than 'significant' accounting policies. Amendments did not result in any change in accounting policies, nor did they have any effect on the accounting policy disclosures in note 2.

**2.2. Presentation of consolidated financial statements**

The accompanying consolidated financial statements are presented considering the following aspects:

**Consolidated statement of financial position:** It is presented showing the different asset and liability accounts, ordered according to their liquidity in the event of realization or enforceability, as it is considered that this form of presentation provides more relevant and reliable information for a financial institution. Due to the foregoing, in the development of each of the notes on financial assets and liabilities, the amounts expected to be recovered or paid within the following twelve months and after twelve months are disclosed, in accordance with IAS 1 "Presentation of Financial Statements".

**The consolidated statements of income and other comprehensive income:** These are presented separately in two statements, as permitted by IAS 1: "Presentation of Financial Statements". Likewise, the consolidated statement of income is presented according to the nature of expenses, which is the model most commonly used in financial institutions, because it provides more appropriate and relevant information.

**Consolidated statement of cash flows:** It is presented using the indirect method, in which the net cash flow from operating activities is determined by adjusting the net profit before income tax for the effects of items that do not generate cash flows, the net changes in assets and liabilities derived from operating activities, and for any other item whose monetary effects are considered to be cash flows from investment or financing. Interest income and interest expense are presented as components of operating activities.

**2.3. Basis of consolidation**

**a. Subsidiaries**

In accordance with International Financial Reporting Standard IFRS 10, the Parent Company must prepare consolidated financial statements with the entities in which it has control. The Parent Company has control of another entity if, and only if, it has all of the following elements:

- Power over the investee that gives it the current ability to direct its relevant activities that significantly affect its performance.

- Exposure, or right, to variable returns from its involvement in the investee.

- Ability to use its power over the investee to influence the amount of investor returns.

In the consolidation process, the Parent Company combines the assets, liabilities and results of the entities in which it has control, after homogenizing its accounting policies and converting the controlled entities abroad into Colombian pesos. In this process, reciprocal transactions and unrealized profits between them are eliminated. The share of non-controlling interests in the equity of controlled entities is presented in equity, separately from the equity of the Parent Company's stockholders.

The financial statements of foreign controlled companies in the consolidation process, their financial statements, are translated as follows: Assets and liabilities are translated into Colombian pesos at the closing exchange rate, the income statement at the average monthly exchange rate and the equity accounts at historical exchange rates, except for the accounts of Other Comprehensive Income - (OCI) due to fair value adjustments. The net adjustment resulting from the translation process is included in equity as "Adjustment for translation of foreign currency financial statements" in the "Other Comprehensive Income" account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date of termination of control.

The financial statements of the subsidiaries used in the consolidation process, correspond to the same period and the same presentation date as those of the Parent Company.

The consolidated financial statements include the following subsidiaries:

| Subsidiaries | Origin | % of Participation | No. of Shares as of December 31, 2024 |
|---|---|---|---|
| Fiduciaria de Occidente S.A. (*) | National | 94.98% | 18,250,806 |
| Ventas y Servicios S.A. – Nexa BPO | National | 45% | 1,343,300 |
| Banco de Occidente Panamá S.A. | Foreign | 95% | 1,561,001 |
| Occidental Bank Barbados Ltd. (*) | Foreign | 100% | 2,015 |

(*) Fiduciaria de Occidente S.A. has a 35% interest in Ventas y Servicios S.A. NEXA-BPO and Occidental Bank Barbados Ltd. has a 0.58% interest in Fiduciaria de Occidente S.A.

The total value of assets, liabilities, equity, operating income and results as of December 31, 2024, and 2023 of each of the subsidiaries included in the consolidation is as follows:

| December 31, 2024 | | Assets | % Part. | Liabilities | % Part. | Equity | % Part. | Operating income (*) | % Part. | Results | % Part. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Banco de Occidente S.A. (Parent Company) | $ | 71,871,255 | 91.7% | 66,886,007 | 92.4% | 4,985,248 | 83.3% | 22,463,491 | 96.5% | 307,848 | 64.0% |
| Fiduciaria de Occidente S.A. | | 448,651 | 0.6% | 26,729 | 0.1% | 421,922 | 7.0% | 212,020 | 0.9% | 87,384 | 18.1% |
| Banco de Occidente Panamá S.A. | | 4,482,139 | 5.7% | 4,143,397 | 5.7% | 338,742 | 5.5% | 279,411 | 1.2% | 63,013 | 13.1% |
| Occidental Bank Barbados Ltda. | | 1,481,224 | 1.9% | 1,292,656 | 1.7% | 188,568 | 3.2% | 82,388 | 0.4% | 20,554 | 4.3% |
| Ventas y Servicios S.A. – Nexa BPO | | 116,912 | 0.1% | 65,602 | 0.1% | 51,310 | 0.9% | 246,312 | 1.1% | 2,249 | 0.5% |
| **Total** | **$** | **78,400,181** | **100%** | **72,414,391** | **100%** | **5,985,790** | **100%** | **23,283,622** | **100%** | **481,048** | **100%** |

| December 31, 2023 | | Assets | % Part. | Liabilities | % Part. | Equity | % Part. | Operating income (*) | % Part. | Results | % Part. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Banco de Occidente S.A. (Parent Company) | $ | 63,485,480 | 92.5% | 58,613,759 | 93.2% | 4,871,721 | 85.6% | 27,998,200 | 97.6% | 329,949 | 68.8% |
| Fiduciaria de Occidente S.A. | | 411,989 | 0.6% | 28,678 | 0.1% | 383,311 | 6.7% | 196,030 | 0.7% | 75,063 | 15.7% |
| Banco de Occidente Panamá S.A. | | 3,558,290 | 5.2% | 3,321,340 | 5.2% | 236,950 | 4.2% | 227,335 | 0.8% | 55,120 | 11.5% |
| Occidental Bank Barbados Ltda. | | 1,045,958 | 1.5% | 898,919 | 1.4% | 147,039 | 2.6% | 71,579 | 0.2% | 19,795 | 4.1% |
| Ventas y Servicios S.A. – Nexa BPO | | 100,067 | 0.2% | 51,005 | 0.1% | 49,062 | 0.9% | 197,551 | 0.7% | (370) | 0.1% |
| **Total** | **$** | **68,601,784** | **100%** | **62,913,701** | **100%** | **5,688,083** | **100%** | **28,690,695** | **100%** | **479,557** | **100%** |

(*) Operating income is presented gross, unlike the income statement where it is presented net.

**Effect of consolidation**

The effect of consolidation on the structure of the Parent Company's financial statements as of December 31, 2024, and 2023 was as follows:

| | | December 31, 2024 | | |
|---|---|---|---|---|
| | | Total for Parent Company | Total Consolidated | Increase (Decrease) |
| **Assets** | $ | 71,871,255 | 78,400,181 | 6,528,926 |
| **Liabilities** | | 66,886,007 | 72,414,391 | 5,528,384 |
| **Equity** | | 4,985,248 | 5,985,790 | 1,000,542 |
| **Results** | $ | 307,848 | 481,048 | 173,200 |

| | | December 31, 2023 | | |
|---|---|---|---|---|
| | | Total for Parent Company | Total Consolidated | Increase (Decrease) |
| **Assets** | $ | 63,485,480 | 68,601,784 | 5,116,304 |
| **Liabilities** | | 58,613,759 | 62,913,701 | 4,299,942 |
| **Equity** | | 4,871,721 | 5,688,083 | 816,362 |
| **Results** | $ | 329,949 | 479,557 | 149,608 |

## b. Investments in associated companies

The Parent Company's investments in entities in which it does not have control, but has significant influence, are called "investments in associated companies" and are accounted for by the equity method. Significant influence is presumed to be exercised over another entity, if it owns directly or indirectly between 20% and 50% of the voting rights of the investee, unless it can be clearly demonstrated that such influence does not exist. Conversely, it is presumed that the entity does not exercise significant influence if it holds, directly or indirectly, less than 20 percent of the voting power of the investee, unless it can be clearly demonstrated that such influence exists. The equity method is a method of accounting, whereby the investment is initially recorded at cost and subsequently adjusted periodically for changes in the investor's interest in the investee's net assets. Comprehensive income for the period includes its share in the income for the period of the investee, and in the "other comprehensive income of the investor" account, and equity includes its share in the "other comprehensive income" account of the investee. (See note 13).

## c. Joint agreements

Joint arrangements are classified into joint operations and joint ventures, depending on the contractual rights and obligations of each investor. In joint operations, the parties that have joint control of the arrangement, have rights to the assets and obligations with respect to the liabilities related to the arrangement. In joint ventures, the parties that have control of the arrangement, are entitled to the net assets of the arrangement. (See note 13).

Joint operations are included in the consolidated financial statements, based on their proportional and contractual share of each of the assets, liabilities and results of the contract or entity in which the arrangement is held.

Joint ventures are accounted for by the equity method, as indicated above for the accounting of investments in associated companies.

## d. Transactions eliminated in consolidation

Intercompany balances and transactions, and any unrealized income or expenses arising from transactions between Group companies, are eliminated during the preparation of the consolidated financial statements. Unrealized gains arising from transactions with companies whose investment is recognized under the equity method, are eliminated from the investment in proportion to the Group's interest in the investment. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

**e. Unconsolidated structured entities**

The subsidiary *Fiduciaria de Occidente S.A.* carries out operations in the normal course of its activities, through which it transfers financial assets to third parties. Depending on the circumstances, these transfers may result in these financial assets being written off or continuing to be recognized.

## 2.4. Functional and presentation currency

The primary activity of the Parent Company, is the granting of credit to customers in Colombia, and investment in securities issued by the Republic of Colombia or by national entities, whether or not registered in the National Registry of Securities and Issuers – RNVE – in Colombian pesos; and to a lesser extent, in the granting of credit also to Colombian residents in foreign currency and investment in securities, issued by banking entities abroad, securities issued by foreign companies in the real sector whose shares are listed in one or more internationally recognized stock exchanges, bonds issued by multilateral credit organizations, foreign governments or public entities. These loans and investments are financed primarily with customer deposits and obligations in Colombia, also in Colombian pesos. The Parent Company's performance is measured and reported to its shareholders and the general public in Colombian pesos.

Due to the foregoing, the Parent Company's management considers that the Colombian peso is the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Parent Company, and for this reason the consolidated financial statements are presented in Colombian pesos as its functional currency.

The figures reported in the individual financial statements of the Parent Company's subsidiaries, are expressed in the currency of the primary economic environment (functional currency) in which each entity operates:

| Countries | Functional Currency |
|---|---|
| Colombia | Colombian Pesos |
| Panama | U.S. Dollars |
| Barbados | U.S. dollars |

The consolidated financial statements are presented in millions of Colombian pesos, which is the presentation and functional currency of the Parent Company, except where otherwise indicated; consequently, all balances and transactions denominated in currencies other than the Colombian peso are translated into foreign currency.

The Parent Company and its subsidiaries carry out all the effects of translation of their financial statements under IFRS, in accordance with their accounting policies based on IAS 21.

**Translation from functional currency to presentation currency:** The information reported in the consolidated financial statements of the Parent Company and subsidiaries, is translated from the functional currency to the presentation currency and translated at the exchange rate in effect at the date of the reporting period.

The information reported in the consolidated financial statements, is translated from functional currency to presentation currency as follows:

a. Assets and liabilities in each of the statements of financial position presented (i.e., including comparative figures), will be translated at the closing exchange rate as of December 31, 2024 and 2023, corresponding to the periods of the statements of financial position.

b. Revenues and expenses for each statement presenting profit or loss for the period and other comprehensive income (i.e., including comparative figures), will be translated at the average exchange rates as of December 31, 2024 and 2023; and

c. All resulting exchange differences will be recognized in other comprehensive income.

As of December 31, 2024 and 2023, the exchange rates used for the translation from functional currency to presentation currency, are as follows in relation to the Colombian peso (figure in pesos):

| **Currency Type** | | **December 31, 2024** | **December 31, 2023** |
|---|---|---|---|
| **U.S. Dollars (USD/COP)** | | | |
| At closing | **$** | 4,409,15 | 3,822,05 |
| Period average | | 4,074,44 | 4,325,96 |
| **Euros (EUR/COP)** | | | |
| At closing | | 4,603,77 | 4,247,75 |
| Period average | **$** | 4,408,34 | 4,677,78 |

Assets and liabilities of foreign operations are translated into Colombian pesos at the exchange rate in effect at the end of the reporting period, and their statements of income are translated at the average rates in effect at the dates of the transactions. Equity at its respective historical rate.

## 2.5. Transactions in foreign currencies

Transactions in foreign currency are translated into Colombian pesos using the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies, are translated into the functional currency using the exchange rate prevailing at the balance sheet date, and non-monetary assets denominated in foreign currencies are measured at the historical exchange rate. Gains or losses resulting from the translation process are included in the statement of income, unless the financial liabilities serve as a hedging instrument for an investment in foreign operations, in which case they are recorded in equity in the Other Comprehensive Income account.

## 2.6. Financial assets

### i. Recognition and initial measurement

A financial asset in accordance with IFRS 9 is any asset that is:

- cash
- an equity instrument of another entity
- a contractual right:
  - to receive cash or other financial assets from another entity; or
  - to exchange financial assets or financial liabilities with another entity on terms that are potentially favorable to the entity; or
  - a contract that will or may be settled using the entity's own equity instruments.

Regular purchases and sales of investments are recognized on the trade date on which the Parent Company and subsidiaries commit to purchase or sell securities. Financial assets at fair value through profit or loss, are initially recognized at fair value and transaction costs are expensed as incurred.

Financial assets classified at amortized cost are recorded at acquisition or grant at their transaction value in the case of investments, or at their nominal value in the case of loans, which, unless there is evidence to the contrary, coincides with their fair value, plus transaction costs directly attributable to their acquisition or grant, less commissions received.

**ii. Classification and measurement**

IFRS 9 has a classification and measurement approach for financial assets that reflects the business model in which these assets are managed and their cash flow characteristics.

This standard includes three main classification categories for financial assets: measured at amortized cost (AC), at fair value through other comprehensive income (FVTOCI), and at fair value through profit or loss (FVTPL).

A financial asset is measured at amortized cost, rather than at fair value through profit or loss if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to obtain contractual cash flows; and
- The contractual terms of the financial asset establish specific dates for cash flows derived solely from principal and interest payments on the outstanding balance.

A debt instrument is measured at VRCORI, only if it meets both of the following conditions and has not been designated as VRCR:

- The asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling these financial assets; and
- The contractual terms of the financial asset establish specific dates for cash flows derived solely from principal and interest payments on the outstanding balance.

During the initial recognition of investments in equity instruments not held for trading, the Group may irrevocably elect to record subsequent changes in fair value as part of other comprehensive income in equity. This choice should be made on an instrument-by-instrument basis.

All financial assets not classified as measured at amortized cost or at fair value through profit or loss as described above, are measured at fair value through profit or loss.

In addition, at initial recognition, the Group may irrevocably designate a financial asset that meets the measurement requirements at AC or FVTPL to be measured at FVTPL, if doing so would eliminate or significantly reduce an accounting mismatch that would otherwise occur. The Group will not make use of this option for the time being.

A financial asset is classified in one of the aforementioned categories upon initial recognition.

Under IFRS 9, derivative contracts embedded in other contracts, where the host contract is a financial asset under the scope of IFRS 9, are not separated, and instead the financial instrument is measured and recorded together as one instrument at fair value through profit or loss.

**Business model evaluation**

The Group conducted an evaluation of the objectives of the business models, in which the different financial instruments are held at the portfolio level to best reflect how the business is managed by the Parent Company, each subsidiary and how information is provided to management. The information that was considered included:

- The policies and objectives outlined for each portfolio of financial instruments, and the operation of those policies in practice. These include whether management's strategy focuses on collecting contractual interest income, maintaining a particular interest yield profile, or coordinating the duration of financial assets with that of the liabilities that are financing them or the expected cash outflows or realizing cash flows through the sale of assets;
- How portfolio performance is evaluated and reported to key management personnel of each Group subsidiary;
- The risks that affect the performance of the business models (and the financial assets held in the business model) and how those risks are managed;
- How business managers are compensated (e.g., whether compensation is based on the fair value of assets under management, or on contractual cash flows earned); and
- The frequency, value and timing of sales in prior periods, the reasons for those sales and expectations about future sales activity. However, information on sales activity is not considered in isolation, but as part of an assessment of how the objectives set by the Group to manage financial assets are achieved and how cash flows are realized.

Financial assets that are held or managed for trading and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss, because they are not held within business models to collect contractual cash flows or to earn contractual cash flows and sell these financial assets.

**Assessment if the contractual cash flows are only principal and interest payments (SPPI)**

For the purpose of this evaluation, "principal" is defined as the fair value of the financial asset at the time of initial recognition. "Interest" is defined as the consideration for the time value of money and for the credit risk associated with the principal amount outstanding at a particular period of time and for other basic risks of a loan agreement and other associated costs (e.g., liquidity risk and administrative costs), as well as the profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considered the contractual terms of the instrument. This included assessing whether the financial asset contains a contractual term that could change the period or amount of the contractual cash flows so that it does not meet this condition. In making this assessment the Group considered:

- Contingent events that changed the amount and timing of cash flows;
- Leverage conditions;
- Prepayment terms and extension;
- Terms that limit the Group to obtain cash flows from specific assets (e.g. non-recourse asset agreements); and
- Characteristics that modify the considerations for the time value of money.

Interest rates on certain consumer and commercial loans, are based on variable interest rates that are set at the discretion of the Group. Variable interest rates are generally established in Colombia based on the DTF and IBR (published by *Banco de la República*), and in other countries according to local practices, plus certain additional discretionary points. In these cases, the Group will assess whether the discretionary feature is consistent with the principal and interest only criteria, by considering a number of factors including whether:

- Borrowers are able to prepay loans without significant penalties. In Colombia it is forbidden by law to charge for prepayment of loans.
- Competitive market factors ensure that interest rates are consistent among banks;
- Any regulatory standard of protection put in place in favor of customers in the country that requires Banks to treat customers fairly.

All fixed-rate consumer and commercial loans contain prepayment terms. A prepayment feature is consistent with the principal and interest only criteria, if the amounts prepaid substantially represent unpaid amounts of principal and interest on the outstanding principal amount, which may include reasonable compensation for early termination of the contract.

In addition, a prepayment feature is treated as consistent with this criterion, if a financial asset is acquired or originated at a premium or discount to its nominal contractual amount, and the amount prepaid substantially represents the contractual amount at par plus contractually accrued but unpaid interest (which may include reasonable compensation for early termination), and the fair value of the prepayment feature is insignificant on initial recognition.

The following accounting policies apply to the subsequent measurement of financial assets.

| | |
|---|---|
| Financial assets at fair value through profit or loss (FVTPL) | These assets are subsequently measured at fair value. Net gains and losses, including interest or dividend income, are recognized in income. |
| Financial assets at amortized cost (CA) | These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition of accounts is recognized in profit or loss. |
| Debt investments with changes in other comprehensive income (VRCORI) | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and impairment losses are recognized in income. Other gains and losses from valuation are recognized in ORI. On derecognition, gains and losses accumulated in ORI are reclassified to gains or losses on realization of ORI. |
| Equity investments with changes in other comprehensive income (VRCORI) | These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in ORI and are never reclassified to profit or loss. |
| Negotiable in equity securities | An investment in securities made by mutual funds, which has been acquired for the principal purpose of making a profit from short-term fluctuations in price. Beneficial interests in mutual funds and private equity funds, in the course of securitization processes, should be valued by considering the value of the unit calculated by the management company on the day immediately prior to the valuation date. The difference between the present value and the immediately preceding value, is recorded as an increase or decrease in the value of the investment, and its balancing entry affects the results of the period. This procedure is performed daily. |

### iii. Reclassifications

Financial assets are not reclassified after initial recognition, except in the period after the Group's entities change their business model for managing financial assets.

### iv. Transfers and disposals of financial assets

The accounting treatment of transfers of financial assets is conditioned by the manner in which the risks and rewards associated with the transferred assets are transferred to third parties; thus, financial assets are only derecognized from the consolidated balance sheet, when the cash flows they generate have been extinguished, or when the risks and rewards associated with them have been substantially transferred to third parties. In the latter case, the transferred financial asset is derecognized from the consolidated balance sheet, recognizing simultaneously any right or obligation retained or created as a result of the transfer.

The parent company and its subsidiaries are considered to substantially transfer all the risks and rewards, if the transferred risks and rewards represent the majority of total risks and rewards of the transferred assets. If substantially all the risks and/or rewards associated with the transferred financial asset are retained:

- The transferred financial asset is not derecognized from the consolidated balance sheet, and continues to be valued using the same criteria used prior to the transfer.
- An associated financial liability is recorded for an amount equal to the consideration received, which is subsequently measured at amortized cost.
- Both the income associated with the transferred (but not derecognized) financial asset, and the expenses associated with the new financial liability continue to be recorded.

### v. Restructured financial assets with collection problems

The Parent Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panamá S.A., consider and identify as restructured financial assets with collection problems those assets in which the Parent Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panamá S.A. grant the debtor a concession that otherwise would not have been considered. Such concessions generally refer to interest rate reductions, extensions of payment terms or reductions in balances due.

### vi. Offsetting of financial instruments in the statement of financial position

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legal right to offset the recognized amounts, and there is a management intention to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

### vii. Fair value estimate

In accordance with IFRS 13 "Fair value measurement", fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accordingly, the fair value valuations of the Parent Company's financial assets, are made as follows:

- For highly liquid investments, the last traded price at the cut-off date of the financial statements is used, where the last traded price falls within the bid-ask spread. The fair value of financial assets that are not quoted in an active market, is determined using valuation techniques. The Parent Company uses a variety of methods and assumptions based on market conditions existing at each reporting date. Valuation techniques used, include the use of recent comparable and arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly employed by market participants, making maximum use of market data and relying as little as possible on Parent Company specific data.

**Measurement of Expected Credit Loss (ECL)**

The PCE is the estimated weighted probability of credit loss, and is measured as follows:

- Financial assets that are not credit-impaired at the reporting date: PCE is estimated for a 12-month period, considering the Probability of Default (PD), Loss Given Default (PDI) and Exposure at Default (EDI);
- Financial assets that are impaired at the reporting date: in these cases PCE is estimated using a PI of 100%, given that it is impaired, as well as PDI and EDI;
- Financial assets with indications of credit impairment at the reporting date: PCEs are estimated for the remaining life of the loan, additionally incorporating the Probability of Survival (PS); a financial asset shows signs of impairment when: a) it is 30 to 90 days past due, b) when it is current and shows qualitative risk factors and c) when there is a significant increase in its risk levels; this occurs when there is a deterioration in risk with respect to the time of granting that exceeds the previously defined thresholds, in which case the client moves to stage 2 in the PCE model.
- Outstanding loan commitments: the present value of the difference between the contractual cash flows that are due to the Group in the event that the commitment is executed and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: the payments expected to reimburse the holder less any amount the Group expects to recover.

## 2.7. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with banks and other short-term investments in active markets with original maturities of three months or less, from the date of acquisition and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

## 2.8. Derivative financial instruments and hedge accounting

### a. Trading Derivative Instruments:

In accordance with IFRS 9, a derivative is a financial instrument whose value changes over time based on an underlying variable, requires no or little initial net investment in relation to the underlying asset, and is settled at a future date.
In the development of its operations, the Parent Company generally trades in the financial markets in financial instruments with forward contracts, futures contracts, swaps and options that meet the definition of a derivative.

All derivative transactions are initially recorded at fair value. Subsequent changes in fair value are adjusted with a charge or credit to income, as appropriate, unless the derivative instrument is designated as a hedge and if so, the nature of the hedged item.

Fiduciaria de Occidente S.A. implements economic hedging strategies with changes in results, by taking positions in derivative financial instruments such as forward peso - dollar. Since the foreign currency exposure of the liability is hedged with the associated derivative financial instruments, with changes in results, both at the principal and interest levels, exposure to this risk is neutralized, since the effects of the change in the exchange rate on the available balance are not significant.

**b. Hedging of investments abroad**

The Parent Company hedges its investment in foreign subsidiaries as follows:

Hedges of a net investment in foreign currency, which are recorded in a manner similar to prior cash flow speculations. Gains or losses accumulated in equity are included in the statement of income when the net investment in a foreign subsidiary is fully sold or proportionally when it is partially sold.

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of a net investment, are accounted for in a manner similar to cash flow hedges; the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income; and the ineffective portion is recognized in profit or loss. Upon partial or full disposal of a foreign operation, the gain or loss on the hedging instrument related to the effective portion of the hedge that has been recognized in other comprehensive income should be reclassified from equity to profit or loss as a reclassification adjustment.

For hedging purposes, the Parent Company has decided to hedge its investments in foreign subsidiaries from January 1, 2014 with foreign currency obligations as established in paragraphs 72 and 78 of IFRS 9.

The Parent Company documents at the inception of the transaction, the relationship between the speculation instrument and the hedged item, as well as the risk objective and the strategy for undertaking the speculation relationship. The Parent Company also documents its assessment both at the inception of the transaction and on a recurring basis that the hedging relationship is highly effective in offsetting changes in fair value or cash flows of hedged items, see details of the hedge in note 9.

Financial assets and liabilities from derivative transactions are not offset in the statement of financial position; however, when there is a legal and enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously, they are presented net in the statement of financial position.

Foreign investments have a hedge to offset exchange rate variations, represented by a foreign currency obligation for the same dollar value of the investments at each cutoff; the effect on income and ORI resulting from these operations as a whole is neutral.

**c. Fair Value Hedging:**

The Group uses financial derivatives for the following purposes:

a) To provide these instruments to customers who request them in the management of their market and credit risks;

b) To use them to manage the risks of the Group entities' own positions and their assets and liabilities ("hedging derivatives"), and;

c) To take advantage for personal benefit of the changes that these derivatives experience in their value (“trading derivatives”).

Contracts that comply with the following characteristics are recognized as derivative instruments:

a) Their value changes as a consequence of variations in the underlying value, which corresponds to the variable on which the value of the derivative instrument is determined, and may be represented by equity or fixed-income securities, currencies, interest rates, stock market indexes and commodities, among others.

b) They require little or no investment.

c) Their fulfillment or settlement will take place at a previously established future date and their contractual terms require or permit netting, either through cash payment or physical delivery of an asset that leaves the receiving counterparty in a position similar to cash settlement. When a derivative contract is entered into, it must be designated as a derivative instrument for trading or hedging purposes.

Certain derivative transactions that do not qualify for hedge accounting, are treated and reported as trading derivatives, even though they provide an effective hedge for the management of risk positions.

Any gain or loss arising from changes in the fair value of derivatives, is recognized directly in the statement of comprehensive income in the statement of income section, except for those under IAS 39 hedge accounting.

**Derivative instruments for speculative purposes**

In accordance with IFRS9, a derivative is a financial instrument whose value changes over time based on an underlying variable, requires no or little initial net investment in relation to the underlying asset and is settled at a future date.

In the development of its operations, the Parent Company generally trades in the financial markets in financial instruments with forward contracts, futures contracts, swaps and options that meet the definition of a derivative.

All speculative derivative transactions are initially recorded at fair value. Subsequent changes in fair value are adjusted with a charge or credit to income. In any case, when the value of the right exceeds the value of the obligation, the derivative instrument will be recorded as an asset; otherwise, the derivative instrument will be recorded as a liability.

**Hedge accounting IAS 39**

Hedge accounting is the strategy whereby one or more derivative financial instruments are used to neutralize the risk of loss to which the Group is exposed, as a result of future fluctuations in market value or cash flows. For this purpose, there will be a hedging relationship between the hedging instrument and the hedged item.

For a financial derivative to be considered a hedging derivative, it must:

1. Cover one of the following types of risk:

    a) Variations in the value of assets and liabilities due to fluctuations in, among others, the interest rate and/or exchange rate to which the position or balance to be hedged is subject ("fair value hedge").

    b) Changes in the estimated cash flows arising from financial assets and liabilities, commitments and highly probable transactions that are expected to be carried out ("cash flow hedges").

    c) The net investment in a foreign operation ("net investment hedge in foreign operations").

2. Effectively eliminate some risk inherent to the hedged item or position for the entire expected term of hedging, which implies that:

a) At the time of contracting the coverage, it is expected that, under normal conditions, it will act with a high degree of effectiveness (“prospective effectiveness”).

b) There is sufficient evidence that the hedge was actually effective throughout the life of the covered item or position ("retrospective effectiveness").

3. Having adequately documented that the contracting of the financial derivative, took place specifically to serve as a hedge of certain balances or transactions and the manner in which it was intended to achieve and measure such hedge, provided that this manner is consistent with the Group's own risk management.

4. There must be derivative instruments designated in an accounting hedging relationship.

A hedging instrument is represented in a derivative instrument, whose fair value or cash flows are expected to neutralize the losses of the hedged item as a result of changes in market value or cash flows.

The hedged item may be a single asset or liability, a firm commitment or a highly probable forecast transaction. A group of assets, liabilities, firm commitments or highly probable forecast transactions that share the exposure to the risk that has been designated as hedged, may also be designated as a hedged item. Additionally, a hedged item may be a portfolio hedged only for interest rate risk or a portion of the portfolio of financial assets or liabilities that share interest rate risk.

A firm commitment is a binding agreement to exchange a certain amount of resources at a certain price on a specified future date. A highly probable forecast transaction is an uncommitted anticipated future transaction.

If the hedged item is a non-financial asset or a non-financial liability, it will be designated as a hedged item because of the risk associated with the foreign currency or other financial risks it bears, due to the difficulty of isolating and adequately measuring changes in cash flows or market value.

A hedge is effective to the extent that changes in fair value or cash flows directly attributable to the hedged risk are offset by changes in the hedging instrument.

The effectiveness of hedges is determined at the measurement date by comparing the valuation gains or losses on the hedged item and the valuation gains or losses on the hedging instrument. When the difference between the gains or losses from valuation of the hedging instrument covers the gains or losses from changes in the hedged item between 80% and 125%, the hedge qualifies as an effective hedge.

When the hedge effectiveness falls outside the indicated range for two consecutive months and the amount of inefficiency is material, the hedging relationship will be terminated and the criteria for accounting for derivatives for speculative purposes will be applied.

**Hedge accounting requirements**

a) Existence of an explicit policy defined by the Group for risk management through hedging operations.
b) Formal designation and documentation of the coverage relationship.
c) Expectation that coverage will be effective, and that its effectiveness can be reliably measured.

In the event that a financial derivative is defined as a hedging instrument in an accounting hedging relationship, complying with the appropriate documentation required by the regulations, the relationship may be:

**a) Fair value hedge**

Fair value hedging is a hedge of the exposure to changes in the market value of assets, liabilities or an unrecognized firm commitment, or a portion thereof, that is attributable to a particular risk and that may affect profit or loss. For example, fair value change risk due to rate sensitivity in CDT's, mortgage loan portfolio, available-for-sale portfolio securities and subordinated loans.

Changes in derivative instruments that are part of a fair value hedging relationship, will increase or decrease the value of the right and obligation, as appropriate, and the difference will be recognized as income or expense for the period.

The hedged item is either an asset or a liability that is part of a fair value hedging relationship, and only for this type of hedge, the asset or liability is measured at its market value at the time the hedging relationship is initiated or, in the absence thereof, at the value resulting from the application of methodologies used in the market for similar items; the difference with the carrying value is recognized as income or expense for the period.

**Termination of the coverage relationship**

The Parent Company must discontinue hedge accounting prospectively to the extent that any of the following situations arise:

a) Coverage no longer meets efficiency requirements.
b) Interruption of hedging due to disincorporation of the covered item or prospective early termination.
c) The forecasted hedged transaction is not highly probable.

Extraordinary committee approval to discontinue hedging or change its hedging strategy.

## 2.9. Investment securities

**Subsequent recognition**

After initial recognition, all financial assets classified as "at fair value through profit or loss" are measured at fair value. Gains and losses resulting from changes in fair value are presented net in the statement of income under "net changes in fair value of debt financial assets". Equity investments classified at fair value with changes in ORI are recorded at fair value.

In turn, financial assets classified as "at amortized cost" after initial recognition, less payments or credits received from debtors, are adjusted with a credit to income based on the effective interest method.

The effective interest method is a method of calculating the amortized cost of an asset, and of allocating interest income or interest cost over the relevant period. The effective interest rate is the rate that exactly equals the estimated future cash payments or receipts over the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount of the asset at initial recognition. To calculate the effective interest rate, the Parent Company estimates cash flows considering all contractual terms of the financial instrument, but does not consider future credit losses, and considering the initial transaction or grant balance, transaction costs and premiums granted less commissions and discounts received which are an integral part of the effective rate.

Dividend income from financial assets in equity instruments is recognized in income in the other dividend income account when the right to receive payment is established, regardless of the decision taken to record changes in fair value in income or in ORI.

### 2.10. Assets delivered under lease

Assets leased by the Parent Company are classified at the time of signing the contract as finance or operating leases. A lease is classified as a finance lease, when it substantially transfers all the risks and rewards incidental to ownership. A lease is classified as an operating lease, if it does not transfer substantially all the risks and rewards incidental to ownership. Lease contracts classified as financial leases are included in the balance sheet under "Loans and financial leasing operations", and are accounted for in the same way as other loans granted (see Note 4). Lease contracts classified as operating leases, are included in property and equipment, and are recorded and depreciated over the shorter of the useful life of the asset and the term of the lease contract. (See note 14).

### 2.11. Financial liabilities

A financial liability is any contractual obligation of the Parent and all its subsidiaries to deliver cash or another financial asset to another entity or person, or to exchange financial assets or financial liabilities on terms that are potentially unfavorable to the Parent, or a contract that will or may be settled using the entity's own equity instruments. Financial liabilities are initially recorded at their transaction value at the date on which they are originated, which, unless otherwise determined, is similar to their fair value, less transaction costs that are directly attributable to their issuance. Subsequently, such financial liabilities are measured at amortized cost, in accordance with the effective interest rate method determined at the initial time, and charged to income as financial expenses.

Financial liabilities are only derecognized from the consolidated statement of financial position when the obligations they generate have been extinguished or when they are acquired (either with the intention to cancel them or to reposition them).

### 2.12. Non-current assets held for sale

Assets received in payment of loans, and non-current assets held for sale, where the Parent Company intends to sell them within a period not exceeding one year, and their sale is considered highly probable, are recorded as "non-current assets held for sale". Such assets are recorded at the lower of their book value at the time of their transfer to this account, or their fair value less estimated costs to sell. Assets received in payment that do not meet the conditions to be held for sale, are recorded in other balance sheet accounts according to their nature, such as investments, other assets or investment properties at cost or fair value, depending on the classification to which the asset applies.

### 2.13. Financial guarantees

“Financial guarantees” are contracts that require the issuer to make specified payments to reimburse the creditor for the loss incurred when a specified debtor defaults on its payment obligation under the original or modified terms of a debt instrument, regardless of its legal form. Financial guarantees may take the form of a surety bond or financial guarantee, among others.

Upon initial recognition, financial guarantees provided are recorded by recognizing a liability at fair value, which is generally the present value of the fees and returns to be received on such contracts over their life, with a balancing entry in assets of the amount of fees and similar returns collected at the beginning of the transactions, and receivables for the present value of future cash flows to be received.

Financial guarantees, regardless of their ownership, instrumentation or other circumstances, are analyzed periodically in order to determine the credit risk to which they are exposed and, if applicable, to estimate the need to establish a provision for them, which are determined by applying criteria similar to those established for quantifying impairment losses experienced for financial assets.

Provisions for financial guarantee contracts considered impaired are recorded as a liability under "Implicit Obligations" and charged to income.

Income obtained from guarantee instruments is recorded in the commission income account of the income statement, and is calculated by applying the rate established in the underlying contract to the nominal amount of the guarantee.

**2.14. Property and equipment for own use**

Property and equipment for own use includes assets, owned or leased, which the Group holds for current or future use, and which it expects to use for more than one year. They also include tangible assets received by subsidiaries for the total or partial liquidation of financial assets, representing receivables from third parties, and which are expected to be used on an ongoing basis.

Property and equipment for own use, are recorded in the consolidated statement of financial position at acquisition cost, less accumulated depreciation and, if applicable, estimated losses resulting from comparing the net book value of each item with its corresponding recoverable value. Cost includes expenses that are directly attributable to the acquisition of the asset.

Depreciation is calculated using the straight-line method, on the basis of the acquisition cost of the assets, less their residual value, it being understood that the land on which the buildings and other structures are constructed has an indefinite useful life and, therefore, is not subject to depreciation.

In accordance with the definitions in IAS 16, useful life is defined for purposes of calculating depreciation:

a. The period during which the asset is expected to be used by the entity; or
b. The number of production or similar units expected to be obtained from it by an entity.

The residual value of an asset is defined as the estimated amount that an entity could currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, if the asset had reached the age and other conditions expected at the end of its useful life.

In accordance with IAS 16 paragraph 50, the depreciable amount of an asset is allocated on a systematic basis over its useful life.

In accordance with IAS 16 paragraph 43, each part of an item of property, plant and equipment that has a significant cost in relation to the total cost of the item is depreciated separately.

Such depreciation, which is charged to income, is calculated based on the following useful lives defined for the Parent Company and its subsidiaries:

| Assets | Years |
|---|---|
| **Buildings** | |
| Foundations - structure and roof | 50 to 70 |
| Walls and partitions | 20 to 30 |
| Finishes | **10 to 20** |
| **Office equipment, furniture and fixtures** | **10 to 25** |
| **Furniture and fixtures** | **3 to 10** |
| **Transport, traction and lifting fleet and equipment** | **5 to 10** |
| **Computer equipment** | **3 to 5** |
| **Network and communication equipment** | **3 to 5** |
| **Mobilization equipment and machinery** | **10 to 25** |

The Parent Company establishes 3 building components for movable property: foundations - roof structure, walls and partitions and finishes, which have the following ranges of residual values:

| Component | Residual Value |
|---|---|
| Foundations - structure and roof | 0 - 20% |
| Walls and partitions | 0 - 10% |
| Finishes | 0 - 10% |

Leasehold improvements may be capitalized if they are expected to be used for more than one period, and are depreciated over the lease term.

The criteria used by the Parent Company and subsidiaries to determine the useful life and residual value of these assets and, specifically, of the buildings for own use, was based on independent appraisals, so that these are not older than 3 years, unless there are indications of impairment.

At the end of each reporting period, the Group analyzes whether there are any indications, both external and internal, that a tangible asset may be impaired. If there is evidence of impairment, the entity tests for impairment, by comparing the asset's carrying amount with its recoverable amount (the higher of its fair value less costs of disposal and its value in use). When the carrying amount exceeds the recoverable amount, the carrying amount is adjusted to its recoverable amount, modifying future depreciation charges in accordance with its new remaining useful life.

Similarly, when there is an indication of a recovery in the value of a tangible asset, the Group estimates the recoverable amount of the asset and recognizes it in the income statement, recording the reversal of the impairment loss recognized in prior periods, and adjusts future depreciation charges accordingly. In no case may the reversal of an impairment loss on an asset result in an increase in its carrying amount, above that which it would have had if no impairment losses had been recognized in prior years.

Maintenance and upkeep of property and equipment, are recognized as an expense in the year in which they are incurred, and are recorded under "Administrative Expenses".

Gains and losses on the sale of an item of property and equipment are recognized in income.

## 2.15. Leasing

The Group leases property, equipment and automobiles. Leases are generally for fixed periods of 1 to 10 years, but may have extension options. The terms of the leases are negotiated on an individual basis, with a wide range of terms and conditions. Lease contracts do not impose covenants, however, these leased assets cannot be assigned as collateral for loans.

Leases are recognized as a right-of-use asset and a liability on the date on which the asset is leased and available for use by the Group. Each lease payment is allocated between the liability and the financial cost. The finance cost is recognized in the consolidated statement of income during the lease term, in order to produce a constant periodic interest rate on the balance of the liability for each period. Right-of-use assets are depreciated over the shorter of the useful life of the asset or the end of the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including payments in fixed substance), less lease incentives receivable.
- Variable lease payment that is based on an index or rate.
- Amounts expected to be paid by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

• Payments of lease termination penalties, if the term of the lease reflects the lessee exercising that option.

Lease payments are discounted using the interest rate implicit in the lease, if such rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost, which comprises the following:

• The amount of the initial measurement of the lease liability.
• Any lease payments made on or before the commencement date, less any lease incentives received.
• Any initial direct costs.
• Restoration costs.

Payments associated with short-term leases and leases of low-value assets, are recognized on a straight-line basis as an expense in income. Short-term leases are leases with a term of 12 months or less. Low-value assets include computer equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases throughout the Group. These terms are used to maximize operational flexibility in terms of contract management.

**2.16. Investment properties**

In accordance with the International Accounting Standard IAS 40 "Investment Properties", investment properties are defined as those lands or buildings considered in whole, in part or both that are held by the Parent Company and *Fiduciaria de Occidente* to obtain rents, asset valuation or both, instead of their use for the Parent Company's and *Fiduciaria de Occidente*'s own purposes. Investment properties are recorded in the statement of financial position at fair value through profit or loss. Such fair value is determined based on appraisals performed periodically by independent appraisers, using valuation techniques described in IFRS13 "Fair Value Measurement".

**2.17. Assets received under lease**

Assets received under lease upon initial receipt, are also classified as finance or operating leases, in the same manner as the leased assets described in paragraph 2.10 above. Lease contracts that are classified as finance leases, are included in the balance sheet as property and equipment by right of use according to their purpose, and are initially recorded in assets and liabilities simultaneously at a value equal to the fair value of the leased asset or at the present value of the minimum lease payments, whichever is lower. The present value of the minimum lease payments is determined using the interest rate implicit in the lease contract, or in the absence thereof, an average interest rate of the bonds placed by the Parent Company in the market is used. Any initial direct costs of the lessee are added to the amount recognized as an asset. The value recorded as a liability, is included in the financial liabilities account, and is recorded in the same manner as financial liabilities. Leases that are classified as operating leases are recorded as an expense.

**2.18. Intangible assets**

The Parent Company and its subsidiaries, recognize an intangible asset when it is identifiable, of a non-monetary nature and without physical appearance, its cost can be measured reliably, and it is probable that future economic benefits attributable to the asset will be obtained.

**a. Capital gains**

The capital gains recorded by the parent company in its financial statements, corresponds to a merger carried out by the parent company in previous years with *Banco Unión*, which in accordance with the transition standard established in IFRS 1, the parent company was exempted from recording under IFRS at its carrying value as of January 1, 2014. In accordance with IAS 38, capital gains is considered to have an indefinite life, and is not amortized, but is subject to annual impairment assessment, for which the parent company performs a valuation by an independent expert of the value of the lines of business that are related to capital gains (*Banco Unión*'s lines of business), and based on such valuation determines whether there is any impairment, which if any is recorded against income; subsequent recoveries in the valuation the parent company do not reverse impairments previously recorded.

In updating the impairment tests performed as of December 31, 2024 in relation to capital gains, property, plant and equipment and intangibles, budgets, forecasts and other assumptions were adjusted to incorporate observed economic conditions, addressing where necessary increased risk and uncertainty. Assumptions used to perform the impairment test, have been updated to reflect lower budgeted earnings in subsequent years and a delayed return to pre-crisis levels of turnover and profitability.

The evaluation of the capital gains recorded by the Parent Company as of December 2024, concluded that the capital gains assigned to the Cash Generating Unit is not impaired as of the valuation date, and presents an excess of $495,428 in value in use with respect to the carrying value. (See Note 15 - Intangible assets, net).

**b. Other intangibles**

Other intangible assets held by the Parent Company, Fiduciaria de Occidente, Occidental Bank Barbados Ltd. and Ventas y Servicios S.A. - NEXA BPO, correspond mainly to computer programs and licenses, which are initially measured at their cost incurred in the acquisition or internal development phase. Costs incurred in the research phase are taken directly to income. Subsequent to initial recognition, these assets are amortized using the straight-line method over their estimated useful lives, which in the case of computer software ranges from 1 to 20 years.

Costs incurred in computer programs under development are capitalized considering the following evaluations made by the Parent Company's management:

a) The project is technically feasible to complete for production, so that it can be used in the operations of the Parent Company.
b) The Parent Company's intention is to complete it for use in the development of its business, not to sell it.
c) The Parent Company has the ability to use the asset.
d) The asset will generate economic benefits for the Parent Company, that result in the realization of a greater number of transactions with lower costs.
e) The Parent Company has the necessary resources, both technical and financial, to complete the development of the intangible asset for its use.
Disbursements incurred during the development of the project, and which are susceptible to capitalization, are part of the higher value of this asset.
Disbursements incurred after the asset has been brought to the condition required by management for its use, will be recorded as an expense affecting the statement of income.

## 2.19. Employee benefits

In accordance with International Accounting Standard IAS 19 "Employee Benefits", all forms of consideration granted by the Parent Company and its subsidiaries in exchange for services rendered by employees, are divided into four classes for accounting recognition:

### a. Short-term benefits

In accordance with Colombian labor regulations, these benefits correspond to salaries, legal and extra-legal bonuses, vacations, severance payments and parafiscal contributions to state entities that are paid within 12 months following the end of the period. These benefits are accrued by the accrual system and charged to income.

### Post-employment benefits

These are benefits that the Parent Company and subsidiaries pay to their employees at the time of retirement or after completing their term of employment, other than severance payments. In accordance with Colombian labor regulations, these benefits correspond to retirement pensions directly assumed by the Parent Company, severance payments payable to employees who continue in the labor regime prior to Law 50, and certain extra-legal benefits or those agreed upon in collective bargaining agreements.

The liability for post-employment benefits is determined based on the present value of the estimated future payments to be made to employees, calculated based on actuarial studies prepared by the projected unit credit method, using actuarial assumptions of mortality rates, salary increases, employee turnover and interest rates determined by reference to current market yields of bonds, at the end of the period of high quality National Government issues or corporate bonds.

Under the projected unit credit method, future benefits to be paid to employees are allocated to each accounting period in which the employee renders service. Therefore, the corresponding expense for these benefits recorded in the income statement of the Parent Company and subsidiaries, includes the present service cost assigned in the actuarial calculation, plus the financial cost of the calculated liability. Variations in liabilities due to changes in actuarial assumptions are recorded in equity in the "other comprehensive income" account.

Changes in the actuarial liability for changes in employee benefits granted retroactively, are recorded as an expense at the earliest of the following dates:

- When the modification of the employment benefits granted takes place.
- When provisions for restructuring costs are recognized for a subsidiary or business of the Parent Company and subsidiaries.

The mortality table issued by the Superintendence of Finance, RV08, was adjusted to include the effect of longevity for pension calculations.

The adjustment will be made progressively, so that in 4 years there will be a 2-year increase in the life expectancy of men and women at retirement age.

### b. Other long-term employee benefits

These are all employee benefits, other than short-term and post-employment employee benefits and severance indemnities. In accordance with the collective bargaining agreements and regulations of the Parent Company and subsidiaries, these benefits correspond mainly to seniority premiums.

Liabilities for long-term employee benefits are determined in the same way as the post-employment benefits described in b) above, with the only difference that changes in the actuarial liability for changes in actuarial assumptions are also recorded in the statement of income.

**c. Benefits of terminating the employment contract with employees**

These benefits correspond to payments to be made by the Parent Company and subsidiaries, arising from a unilateral decision to terminate the contract, or from a decision by the employee to accept an offer of benefits in exchange for the termination of the employment contract. In accordance with Colombian law, these payments correspond to severance indemnities and other benefits that the Parent Company and subsidiaries unilaterally decide to grant to their employees in these cases.

Termination benefits are recognized as a liability, charged to income on the earlier of the following dates:

- When the Parent Company and subsidiaries formally communicate to the employee their decision to terminate the employee's employment.
- When provisions are recognized for restructuring costs for a subsidiary or business of the Parent Company involving the payment of termination benefits.

## 2.20. Income tax

**Current taxes**

The current tax is the amount payable or recoverable for income and supplementary taxes, calculated based on tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates the position taken in tax returns with respect to situations in which tax laws are subject to interpretation and, if necessary, establishes provisions for amounts expected to be paid to the tax authorities according to the established deadlines.

For the determination of the current income tax and complementary taxes, in the value of assets, liabilities, equity, income, costs and expenses, recognition and measurement systems are applied in accordance with the technical accounting regulatory frameworks in force in Colombia, when the tax law expressly refers to them, and in the cases in which this does not regulate the matter. In any case, tax law may expressly provide for a different treatment, in accordance with Article 4 of Law 1314 of 2009.

**Deferred taxes**

Deferred taxes are recognized on temporary differences arising between the tax bases of assets and liabilities and the amounts recognized in the separate financial statements, which result in amounts that are deductible or taxable in determining taxable profit or loss for future periods, when the carrying amount of the asset is recovered or the liability is settled. However, deferred tax liabilities are not recognized if they arise from the initial recognition of capital gains; nor is it recognized as a deferred tax if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting or taxable income or loss. Deferred tax is determined using tax rates that are in effect at the balance sheet date, and are expected to apply when the deferred tax asset is realized or when the deferred tax liability is offset.

The deferred tax expense is recognized in the statement of income, except for the portion corresponding to items recognized in the other comprehensive income account in equity, in which case the tax will also be recognized consistently in the equity accounts of other comprehensive income.

Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

Deferred tax liabilities are provided on taxable temporary differences that arise, except for deferred tax liabilities on investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary difference is controlled by the Parent and its subsidiaries, and it is probable that the temporary difference will not reverse in the foreseeable future, as required by IAS 12 paragraph 39.

Generally, the Parent Company and its subsidiaries have the ability to control the reversal of temporary differences of investments in associates, since in the event that there are taxable profits that are likely to be distributed in the foreseeable future, deferred tax liabilities will be recognized.

Deferred tax assets are recognized on deductible temporary differences on investments in subsidiaries, associates and joint ventures, only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient taxable profit against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset in accordance with IAS 12.

On the other hand, current tax assets and liabilities are only offset when there is a legal right, and if they relate to taxes levied by the same tax authority.

### 2.21. Provisions

Provisions for decommissioning and legal claims, are recognized when the Parent Company and subsidiaries have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

When there are several similar obligations, the probability that a cash outflow will be required is determined by considering the type of obligations as a whole. A provision is recognized even if the probability of a cash outflow in respect of any item included in the same class of obligations may be small.

Where the financial effect of discounting is material, provisions are measured at the present value of the expenses expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as a financial expense.

### 2.22. Revenues

The Group recognizes revenue from contracts with customers based on a five-step model established in IFRS 15:

**Step 1.** Identification of customer contracts: A contract is defined as an agreement between two or more parties, which creates enforceable rights and obligations and establishes criteria to be met for each contract. Contracts may be written, verbal or implied through a company's customary business practices.

**Step 2.** Identification of performance obligations in the contract: A performance obligation is a promise in a contract with a customer for the transfer of goods or services.

**Step 3.** Determination of the transaction price: The transaction price is the amount of payment to which the Group expects to be entitled in exchange for the transfer of promised goods or services to a customer, without considering amounts received on behalf of third parties.

**Step 4.** Allocate the transaction price among the performance obligations of the contract: In a contract that has more than one performance obligation, the Group allocates the transaction price among the performance obligations in amounts that represent the amount of consideration to which the Group expects to be entitled in exchange for fulfilling each performance obligation.

**Step 5.** Revenue recognition when (or as) the Group meets a performance obligation.

The Group meets a performance obligation and recognizes revenue over time if any of the following criteria are met:

a) The Group's performance does not create an asset with an alternative use for the Group, and the Group has an enforceable right to payment for performance completed to date.
b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The customer both receives and consumes the benefits resulting from the Group's performance as it works.

For performance obligations where none of the above conditions are met, revenue is recognized at the time the performance obligation is fulfilled.

When the Group fulfills a performance obligation by delivering promised goods or services, it creates a contractual asset in the amount of the consideration earned for the performance. When the amount of consideration received from a customer exceeds the amount of revenue recognized, this generates a contractual liability.

Revenue is measured based on the consideration specified in the contract with the customer, and excludes amounts received on behalf of third parties. The Group recognizes revenue when it transfers control over a good or service to a customer. Income is presented net of value added tax (VAT), rebates and discounts and after eliminating intra-Group sales.

The Group evaluates its income plans based on specific criteria to determine whether it acts as principal or agent.

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and if revenue and costs, if any, can be measured reliably.

Below is a description of the main activities through which the Group generates revenues from contracts with customers:

**i. Interest income**

The Parent Company recognizes interest income from loans, debt securities and other debt instruments, using the effective interest method. The calculation of the effective interest rate includes all commissions and interest basis points, paid or received by the parties to the contract, which comprise the effective interest rate, transaction costs and any other premium or discount.

**ii. Banking (financial services)**

The Parent Company and subsidiaries Banco de Occidente Panamá S.A. and Occidental Bank Barbados Ltd., generally sign contracts covering several different services. Such contracts may contain components that are either within or outside the scope of IFRS 15. For this reason, they only apply the indications of IFRS 15 when all or part of their contracts are outside the scope of IFRS 9.

The sources of income obtained through contracts with customers are as follows:

- **Credit cards:** Exchange fees, general fees (annual, quarterly, monthly), loyalty schemes

There are contracts that create enforceable rights and obligations between the Parent Company and cardholders or merchants, under which the Parent Company provides services, generally in exchange for annual or other fees. The following are some of the services that may exist in the contract with the cardholder:

- Issuance of loyalty points (options to purchase free or discounted goods/services in the future), which are usually based on the monetary volume of card transactions,
- Payment processing service,
- Insurance, where the Parent Company is not the insurer,
- Fraud protection, and
- Processing of certain transactions, such as foreign currency purchases and cash withdrawals.

The transaction price is assigned to each performance obligation, based on the relative selling prices of the goods or services provided to the customer. The allocation of the transaction price to each individual performance obligation, is not entirely necessary when there is more than one performance obligation, but they are all fulfilled at the same time or equally during the period.

- **Commissions**

The Parent Company receives insurance commissions when referring new customers to third party insurance vendors, when the Parent Company is not itself the insurer of the policy. Such commissions are usually paid periodically (monthly, for example) to the Parent Company, based on the volume of new policies (and/or renewal of existing policies) generated with clients introduced by the Parent Company. The transaction price may include an element of consideration that is variable or subject to the outcome of future events, such as policy cancellations, and such element is estimated and included in the transaction price based on the most likely amount, so as to include it in the transaction price, only when it is more likely than not that the resolution of such uncertainty will not lead to a material reversal in income.

Commitment fees are within the scope of IFRS 15, when it is unlikely that a specific loan agreement will be generated and that such commitment is not measured at fair value through profit or loss.

IFRS 15 covers loan syndication fees received by a bank that arranges a loan and does not retain any part of the loan package for itself (or retains a part at the same Internal Rate of Return (IRR) for risk purposes comparable with other participants).

- **Savings and checking accounts**

Savings and checking account agreements generally allow customers to access a range of services, including processing wire transfers, using ATMs to withdraw cash, issuing debit cards, and generating bank statements. Sometimes they include other benefits. Collections are made periodically, and provide the client with access to banking services and additional benefits.

**iii. Customer loyalty programs**

The Parent Company administers loyalty programs, in which customers accumulate points for their purchases, which entitle them to redeem such points under the policies and reward plan in effect at the redemption date. Reward points are recognized as an identifiable component separate from revenue for services rendered, at fair value. The Parent acts as a principal in a customer loyalty program if it obtains control of goods or services from another party in advance, or if it transfers control of such goods or services to a customer. The Parent acts as agent, if its performance obligation is to arrange for another party to provide the goods or services.

**iv. Financing components**

The Group adjusts transactional prices to the time value of money for contracts where the period between the transfer of promised goods or services to the customer and payment by the customer is greater than one year.

**v. Dividends**

Revenue is recognized when the group's right to receive the corresponding payment is established, which generally occurs when the shareholders approve the dividend.

### 2.23. Going Concern

Based on the liquidity position of the Parent Company as of the date of authorization of these consolidated financial statements, management continues to have a reasonable expectation that the Parent Company has adequate resources to continue in operation for the foreseeable future, and that the going concern basis of accounting continues to be adequate.

These consolidated financial statements have been prepared on a going concern basis, and do not include any adjustments to the carrying amounts and classification of reported assets, liabilities and expenses that might otherwise be required if the going concern basis were not appropriate.

### 2.24. New accounting pronouncements not yet in force

The following accounting pronouncements issued, are applicable to annual periods beginning after January 1, 2027, and have not been applied in the preparation of these consolidated financial statements. The Group intends to adopt the applicable accounting pronouncements on their respective dates of application and not in advance, and has also evaluated the impact of the adoption of the new or modified standards, concluding that it is not expected to have a significant impact on the financial statements.

| Financial reporting standard | Subject of the standard or amendment | Detail |
|---|---|---|
| Insurance Contracts (IFRS 17) | Decree 1271 of 2024 | It will be applicable for the general purpose financial statements of entities classified in Group 1 as of January 1, 2027. It repeals International Financial Reporting Standard IFRS 4, effective as of January 1, 2027. |

### 2.25. Changes in material accounting policies

The material accounting policies applied in these annual consolidated financial statements, are the same as those applied by the Parent Company in the financial statements for the year ended December 31, 2023.

## Note 3. – Critical accounting judgments and estimates in the application of material accounting policies

The preparation of the consolidated financial statements in conformity with Accounting and Financial Reporting Standards accepted in Colombia, requires management to make judgments, estimates and assumptions about the future, including weather-related risks and opportunities, that affect the application of accounting policies and the amounts of assets, liabilities and contingent liabilities at the balance sheet date, as well as the income and expenses for the year. Actual results may differ from these estimates.

Estimates and assumptions are continually evaluated, and are based on management's experience and other factors, are reviewed on an ongoing basis, and are consistent with the Group's risk management and weather-related commitments where appropriate, under the going concern assumption, including the expectation of future events that are believed to be reasonable in the circumstances.

Management also makes certain judgments other than those involving estimates in the process of applying accounting policies. Judgments that have the most significant effects on the amounts recognized in the consolidated financial statements and estimates that may cause a material adjustment to the carrying amounts of assets and liabilities in the following year, include the following:

**Fair value of financial instruments:** The estimation of fair values of financial instruments, is performed in accordance with the fair value hierarchy, classified in three levels, which reflects the importance of the inputs used in the fair value measurement.

Information on fair values of financial instruments classified by level, using observable inputs for levels 1 and 2 and unobservable inputs for level 3, is disclosed in note 5.

The determination of what constitutes "observable", requires significant judgment on the part of the Group.

The Group considers observable inputs, to be market data that are readily available, regularly distributed or updated, reliable, verifiable, and reflect the assumptions that market participants would use in pricing the asset or liability.

The investment originated by the Group's participation in the Nexus Inmobiliario - *Compartimento Inmuebles Occidente* Private Equity Fund, is classified as available-for-trading financial assets, in accordance with Chapter I of the Basic Financial Accounting Circular Letter of the Financial Superintendence of Colombia, which is included in the value at risk in the collective portfolio module. The valuation of the investment is made on a daily basis, using the value of the unit delivered by *Fiduciaria de Occidente*; participation in this fund for the Parent Company is 96.25% and Fiduciaria de Occidente is 3.75%.

**Business model:** In making an assessment of whether the objective of a business model is to hold assets to collect contractual cash flows, the Parent Company considers at what level of its business activities such an assessment should be made. In general, a business model is a matter that can be evidenced by the way the business is managed and the information provided to management. However, in some circumstances, it may not be clear whether a particular activity involves a business model with some infrequent asset sales, or whether anticipated sales indicate that there are two different business models.

In determining whether its business model for managing financial assets is to hold assets to collect contractual cash flows, the Parent Company considers:

- Management's stated policies and procedures for the portfolio and the operation of those policies in practice;
- How management evaluates portfolio performance;
- If management's strategy is focused on obtaining contractual interest income;
- The frequency of any expected sale of assets;
- The reason for any asset sale; and
- If the assets being sold are held for an extended period of time in relation to their contractual maturity, or are sold promptly after acquisition or an extended period of time prior to maturity.

In particular, the Parent Company exercises judgment in determining the business model objective for portfolios held for liquidity purposes. The Parent Company's Central Treasury maintains certain debt instruments in a separate portfolio for long-term yield and as a liquidity reserve. Instruments may be sold to meet unexpected liquidity shortfalls, but it is not anticipated that such sales will become more frequent.

The Parent Company considers that these instruments are held within a business model, whose objective is to hold assets to collect contractual cash flows. The Parent Company's Central Treasury maintains certain other debt instruments in separate portfolios to manage short-term liquidity. Sales are frequently made from this portfolio to meet ongoing business needs. The Parent Company determines that these instruments are not held within a business model, whose objective is to hold the assets to collect contractual cash flows.

When a business model involves transferring contractual rights to cash flows from financial assets to third parties, and the transferred assets are not derecognized, the Parent Company reviews the agreements to determine their impact in assessing the objective of the business model. In this assessment the Parent Company considers whether, under the arrangements, the Parent Company will continue to receive cash flows from the assets, either directly from the issuer or indirectly from the recipient, including whether it will repurchase the assets from the recipient.

The Parent Company exercises judgment in determining whether the contractual terms of the financial assets it generates or acquires, give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and may qualify for measurement at amortized cost. In this evaluation, the Parent Company considers all contractual terms, including any prepayment terms or provisions to extend the maturity of assets, terms that change the amount and timing of cash flows, and whether the contractual terms contain leverage.

For financial assets for which the Parent Company's rights are limited to specific assets of the debtor (non-recourse assets), the Parent Company assesses whether the contractual terms of such financial assets limit cash flows in a manner inconsistent with payments representing principal and interest.

When the Parent Company invests in contractually linked instruments (tranches), it exercises its judgment to determine whether the credit risk exposure in the tranche acquired is equal to or less than the credit risk exposure of the related group of financial instruments, so that the tranche acquired would qualify for measurement at amortized cost.

**Other aspects of the classification**

The Parent Company's accounting policies provide the scope for assets and liabilities to be designated at inception in different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as fair value through profit or loss, the group has determined that it complies with the description of assets and liabilities for trading set forth in the accounting policy.
- In designating financial assets or liabilities at fair value through equity, the Parent Company has determined that it has met one of the criteria for this designation set forth in the accounting policy.
- In classifying financial assets at amortized cost (held to maturity), the Parent Company has determined that it has the positive intent and ability to hold the assets to maturity as required by accounting policy.

**Deferred income tax (Note 16):** The Parent Company and subsidiaries assess the realization over time of deferred income tax assets. Deferred tax assets represent income taxes recoverable through future deductions from taxable income, and are recorded in the statement of financial position. Deferred tax assets are recoverable to the extent that it is probable that the related tax benefits will be realized.

Future taxable income and the amount of tax benefits that are probable in the future, are based on medium-term plans prepared by management. The business plan is based on management's expectations that are believed to be reasonable under current circumstances.

As of December 31, 2024 and 2023, the Parent Company and subsidiaries estimate that the deferred income tax assets would be recoverable based on their estimates of future taxable income.

**Capital gains:** Annually, the Parent Company's management performs an impairment evaluation of the capital gains recorded in its financial statements; such evaluation is performed as of December 31 of each year based on a study performed for such purpose by independent appraisers hired for such purpose. This study is carried out based on the valuation of the lines of business that are related to the Capital Gains (Banco Unión's lines of business), by the methodology of future dividend flows, which seeks to obtain the total value of the Cash Generating Unit through the projection of the cash that would be paid to the Shareholder, which is determined as a percentage of the net income projections, ensuring compliance with the solvency margin, and the coverage of the needs for reinvestment in assets, operating funds (costs, expenses, taxes, working capital) and the payment of the cost of debt. This analysis requires the projection of the cash flows generated during a determined period of time, to subsequently bring them to present value, by discounting them at an appropriate rate for such operation, also considering a terminal value. The assumptions used in this valuation are detailed in note 15.

**Valuation of investment properties:** Investment properties are reported in the statement of financial position at fair value, as determined in reports prepared by independent appraisers at the end of each reporting period. Due to current conditions in the country, the frequency of property transactions is low; however, management believes that there is sufficient market activity to provide comparable prices for orderly transactions of similar properties when determining the fair value of investment properties.

In the preparation of the Parent Company's investment property valuation reports, forced sale transactions are excluded. Management has reviewed the assumptions used in the valuation by the independent appraisers, and believes that factors such as inflation, interest rates, etc., have been appropriately determined considering market conditions at the end of the reporting period; however, management believes that the valuation of investment properties is currently subject to a high degree of judgment, and an increased likelihood that the actual proceeds from the sale of such assets may differ from their carrying value.

**Estimate for contingencies:** The Parent Company and its subsidiaries, estimate and record a provision for contingencies to cover possible losses from labor, civil and commercial lawsuits, and tax assessments, or others, depending on the circumstances that, based on the opinion of external legal counsel and/or in-house counsel, are considered probable of loss and can be reasonably quantified. Given the nature of many of the claims, cases and/or proceedings, it is sometimes not possible to make an accurate forecast or quantify a loss amount in a reasonable manner, so the actual amount of disbursements actually incurred for claims, cases and/or proceedings, is consistently different from the amounts initially estimated and provisioned, and such differences are recognized in the year in which they are identified.

**Employee benefits:** The measurement of pension obligations, costs and liabilities depend on a variety of long-term assumptions determined on an actuarial basis, including estimates of the present value of projected future pension payments for plan participants, considering the probability of potential future events, such as increases in the urban minimum wage and demographic experience. These assumptions may have an effect on the amount and future contributions, if there is any variation.

The discount rate allows establishing future cash flows at the present value of the measurement date. The Parent Company determines a long-term rate that represents the market rate for high quality fixed income investments or for government bonds that are denominated in Colombian pesos, the currency in which the benefit will be paid, and considers the timing and amounts of future benefit payments, for which the Parent Company has selected government bonds.

The Parent Company uses other key assumptions to value actuarial liabilities, which are calculated based on the Parent Company's specific experience, combined with published statistics and market indicators (See Note 19, which describes the most important assumptions used in the actuarial calculations and the corresponding sensitivity analyses).

## Note 4. – Risk Management and Administration

The Parent Company and its subsidiaries in the financial sector manage the risk management function in accordance with applicable regulations and internal policies.

### Risk management objective and general guidelines

The objective is to maximize returns for its investors through prudent risk management; to this end, the principles guiding the Parent Company's risk management are as follows:

a) Provide security and continuity of service to customers.
b) The integration of risk management into business processes.
c) Collegial decisions at the level of each of the Parent Company's boards of directors to make commercial loans.
d) Deep and extensive market knowledge as a result of our leadership and our stable and experienced bank management.
e) Establishment of clear risk policies in a top-down approach with respect to:
    - Compliance with know-your-customer policies, and
    - Commercial lending structures based on a clear identification of repayment sources and debtors' cash flow generation capacity.
f) Use of common tools for analysis and determination of credit interest rates.
g) Diversification of the commercial loan portfolio with respect to industries and economic groups.
h) Specialization in consumer product niches.
i) Extensive use of continuously updated credit scoring and rating models to ensure the growth of high credit quality consumer loans.
j) Conservative policies in terms of:
    - The composition of the trading portfolio with a bias towards lower volatility instruments.
    - Trading operations on own account and
    - Variable compensation of bargaining personnel

### Risk culture

The risk culture of the Parent Company is based on the principles indicated in the preceding paragraph, and is transmitted to all entities and units of the Parent Company, supported by the following guidelines:

a) In all the Parent Company's entities, the risk function is independent of the business units.
b) The structure of delegation of powers at the bank level requires that a large number of transactions are sent to decision centers such as risk committees. The large number and frequency of meetings of these committees, ensures a high degree of agility in the resolution of proposals, and ensures the continuous participation of senior management and key areas in the management of the different risks.
c) The Parent Company has detailed action manuals and policies with respect to risk management, the business and risk groups of the banks hold regular orientation meetings with risk approaches that are in line with the risk culture of the Parent Company.
d) Boundary plan: The Parent Company has implemented a system of risk limits, which are periodically updated in response to new market conditions and the risks to which they are exposed to.
e) Adequate information systems to monitor risk exposures on a daily basis, to check that approval limits are systematically met and to take, if necessary, appropriate corrective measures.
f) Major risks are analyzed, not only when they originate or when problems arise in the ordinary course of business, but on an ongoing basis for all customers.
g) The Parent Company has adequate and permanent training courses at all levels of the organization, regarding risk culture and remuneration plans for certain employees according to their adherence to the risk culture.

**Corporate structure of the risk function**

In accordance with the guidelines established by the Colombian Superintendence of Finance, the corporate structure applicable to the Group for the management of the different risks is composed of the following levels:

- Board of Directors.
- Risk Committee.
- Risk Vice-Presidency.
- Risk management administrative processes.
- Internal Audit.

**Board of Directors**

The Board of Directors of the Parent Company and its subsidiaries are responsible for adopting, among others, the following decisions related to the adequate organization of the risk management system of each entity:

- Define and approve the strategies and general policies related to the internal control system for risk management.
- Approve the entity's policies in relation to the management of the different risks
- Approve the operation and counterpart quotas, according to the defined attributions.
- Approve exposures and limits to different types of risks.
- Approve the different risk management procedures and methodologies.
- Approve the allocation of human, physical and technical resources for risk management.
- Indicate the responsibilities and attributions, assigned to the positions and areas in charge of risk management.
- Create the necessary committees to guarantee the adequate organization, control and follow-up of the operations that generate exposures, and define their functions.
- Approve internal control systems for risk management.
- Require the management of the Parent Company and its subsidiaries to report periodically on the levels of exposure to the different risks.
- Evaluate proposals for recommendations and corrective actions on risk management processes.
- Require different periodic reports from management on the levels of exposure to the different risks.
- To follow up at its regular meetings, through periodic reports submitted by the Audit Committee on risk management, and the measures adopted to control or mitigate the most relevant risks.
- Approve the nature, scope, strategic business and markets in which the entity will operate.

**Risk Committees**

Risk management monitoring is carried out by each of the Risk Management Departments under the Risk Vice-Presidency, in compliance with External Circular Letter 018 - Comprehensive Risk Management System, which, on a monthly basis, submit the results of such monitoring to the Financial Risk Committee (Corporate Banking, Personal Banking), the Treasury Financial Risk Committee and the SARO Committee for their consideration. There is also a Finance Committee that meets every two weeks, to define short-term liquidity management actions, define the short-term Treasury strategy and examine the biweekly report submitted by the Balance Sheet and Treasury Risk Management. There is also the ALCO Committee, which makes decisions on medium and long-term asset and liability management.

Likewise, on a quarterly basis, they present the evolution and relevant facts of each risk specialty to the Integral Risk Committee of the Board of Directors.

The Integral Risk Committee of the Board of Directors, therefore, has primarily the following functions:

- To monitor the entity's risk profile and appetite, as well as to evaluate its consistency with the business plan, capital and liquidity levels, and to report to the Board of Directors on the main results and issue the corresponding recommendations, when necessary.
- Advise the Board of Directors on transactions, events or activities, including entering new markets, that may (i) affect the entity's exposure and risk profile, (ii) constitute deviations from the business plan, risk appetite and internal and regulatory limits, or (iii) compromise the viability of the business.
- Review the SIAR policies at least once a year and propose the corresponding adjustments to the Board of Directors for approval.
- Advise the Board of Directors on the status of risk culture in the entity.
- Evaluate the adequacy of the business continuity plan and contingency plans.
- Report to the Board of Directors its analysis of the results of the monthly reports received from the

person(s) performing the risk management function.

Legal risks are monitored for compliance by the Legal Vice Presidency.

In addition to the Comprehensive Risk Committee of the Board of Directors, the functions of the other risk committees include, among others, the following:

1. Propose to the Board of Directors of the respective entity the policies they consider appropriate, for the management of the risks pertaining to each committee and the processes and methodologies for their management.
2. Conduct systematic reviews of the entity's risk exposures, and take corrective actions as deemed necessary.
3. Ensure that the actions of the Parent Company and its subsidiaries in relation to risk management, are consistent with previously defined risk appetite levels.
4. Approve decisions that are within the attributions established for each committee by the board of directors.

The risk committees are listed below:

**i. Financial Risk Committee, SARO Committee and Compliance Committee**

The purpose of these committees is to establish policies, procedures and strategies for the comprehensive management of credit, market, liquidity, operational, money laundering and terrorist financing risks. Among its main functions are:

- Measure the integral risk profile of the entity.
- Design schemes for monitoring and follow-up of exposure levels to the different risks faced by the entity.
- Review and propose to the Board of Directors, the level of tolerance and the degree of exposure to risk that the entity is willing to assume in the development of the business. This involves evaluating alternatives to align the risk appetite of the different risk management systems.
- Evaluate the risks involved in entering new markets, products, segments, countries, among others.

**ii. Financial Risk Committee (Credit and Treasury Risk)**

Its objective is to discuss, measure, control and analyze credit and treasury risk management. Among its main functions are the following:

- Monitor the credit and treasury risk profile, in order to ensure that the risk level remains within the established parameters, in accordance with the entity's risk limits and policies.
- Evaluate the incursion into new markets and products.
- Evaluate policies, strategies and rules of action in commercial activities, both treasury and credit.
- Ensure that risk measurement and management methodologies are appropriate, given the entity's characteristics and activities.

**iii. Assets and Liabilities Committee**

The Asset and Liability Committee (ALCO) is a committee with authority delegated by the Board, which is responsible for managing the Entity's balance sheet in terms of liquidity, funding, capital, interest rate risk and foreign exchange risk and reporting to Senior Management on the results thereof.

Among its main functions are:

- To evaluate and approve the definition of policies and general guidelines for the comprehensive management of the Entity's financial assets and liabilities, within the risk levels established by the Board of Directors.
- To review and approve the risk profile of interest rates, maturity and respective long-term funding strategies and medium-term tactics.
- To define policies and limits in terms of term structure, amounts of assets and liabilities that minimize the Entity's liquidity risk.
- To understand, monitor and manage structural and situational interest rate, liquidity and exchange rate risks in the banking book.
- To ensure compliance with all related regulatory limits and requirements.
- To follow up on approved strategies, assessing their progressive impact on the Bank's results.

**iv. Audit Committee**

Its objective is to evaluate the internal control system, as well as its continuous improvement, without this implying a substitution of the responsibility that collegially corresponds to the Board of Directors, developing functions of an eminently advisory and support nature. Among the main functions of the committee, as established in its rules of procedure, are the following:

- Approves documents and policies related to the structure, procedures and methodologies of the Internal Control System (ICS) and Audit.
- It reviews and recommends for approval by the Board of Directors, documents such as the code of ethics and conduct, the ICS reporting policy, the information security policy, the internal audit charter and the strategic technology plan.
- Reports to the Board of Directors on the decisions adopted to evaluate risks that may affect the execution of strategic planning, and those derived from changes in Senior Management that impact the Internal Control System, proposing controls to prevent, detect and adequately respond to these risks, including those related to fraud.
- Approves the methodology for defining the criticality of the findings of the Internal Audit and Statutory Audit, monitoring the independence and objectivity of these bodies, as well as analyzes and approves proposals on the hiring of specialized external auditors, and verifies the implementation of suggestions and recommendations of the Internal Audit, Statutory Audit and External Auditors.
- On the other hand, it determines whether the procedures established reasonably protect the entity's assets, ensuring that the preparation, presentation and disclosure of financial and accounting information complies with the provisions in force, and evaluating the information systems with respect to their operation, reliability and integrity.
- Prepares a report for the Board of Directors on the functioning of the Internal Control System, serves as a communication channel between Senior Management and the Board of Directors, maintaining continuous communication with the Internal Audit.
- It informs the Board when the entity does not provide the information required by the competent authorities, reports are requested on the proper performance of its duties, and presents candidates to fill the position of Statutory Auditor.

- It evaluates compliance with the rules and policies that make up the control environment, follows up on compliance with the instructions given by the Board of Directors, monitors compliance with the annual internal audit plan, evaluates the efficiency of Internal Audit in terms of resources and results, and reviews changes in the entity's environment and its business model.

**Vice-presidency of Risk and Collections**

The Vice-presidency of Risk and Collections, which appears within the organizational structure has, among others, the following roles:

**Risk management**

a. Prepare, with the legal representative, the Risk Appetite Framework (RAF), the RAIS manual and its updates.
b. Develop the policies, procedures, strategies, methodologies, models, thresholds and/or limits, controls, contingency plans and business continuity plan and the framework of early warning indicators, and monitoring of the Risk Appetite Framework. Submit the pertinent updates to the legal representative.
c. Evaluate, in coordination with the other areas involved in risk management, the contingency and business continuity plans, the exposure and management of risks and their deviations from the limits and risk appetite and their concordance with the levels of capital and liquidity. This should include the risks inherent to the new activities and/or markets, and their impact on the entity's risk profile and management.
d. Monitor the influence of related parties' positions and funding characteristics on the entity's liquidity risk.
e. To pronounce on operations that do not comply with the policies, controls and/or risk limits established by the entity or in the regulatory framework, and to report them as soon as possible to the legal representative and to the heads of the business units.
f. To conduct stress tests to establish the entity's potential risk exposures under a variety of scenarios, and to design the measures or plans to be implemented to mitigate the risks based on their results.
g. To compare the results of the stress tests against the risk appetite levels and identify mitigating actions for the corresponding risks and report the results to the Board of Directors, the legal representative and the risk committee.
h. To manage the register of operational risk events, and to coordinate the collection of information for this register and, from this, to generate information that contributes to risk management.

**Reports and information**

a. Report quarterly to the Board of Directors on the nature and level of the entity's risks and their consistency with the risk appetite and capital and liquidity levels, including possible outcomes under extreme conditions based on reasonable assumptions. In any case, it must be informed in a timely manner when significant increases in risk exposure occur, as well as their impact on current and future capital and liquidity levels.
b. Report monthly to the legal representative and the risk committee:

   i. The entity's risk exposure with a breakdown, as a minimum, of the specific exposure of each significant activity and by risk, its deviations from the established limits and its correspondence with capital and liquidity levels, if applicable. Reports on liquidity risk exposure should include the quantification of flow mismatches or imbalances compared to the amount of liquid assets available to the entity, with special emphasis on transactions with entities of the financial conglomerate and related parties, as well as a sensitivity analysis and tests under extreme conditions based on reasonable assumptions.
   ii. In the case of counterparty risk, the overall concentration level and segmented by type of collateral backing the customer's current compliance operation. Such information must be disaggregated at least by term, type of transaction and type of counterparty.

c. To report semi-annually to the Board of Directors, the risk committee and the legal representative, on the evolution of operational risk, the controls implemented and the monitoring carried out on it, as well as the preventive and corrective actions implemented or to be implemented and the area responsible.
d. Report to the legal representative and business unit managers:

   i. At least once a day, and depending on the type of business or activity, the behavior of market risk and liquidity.

   ii. On a weekly basis, on market risk levels, conditions of carried out negotiations and, in particular, non-compliance with limits, unconventional operations or operations outside market conditions, and operations with linked and related parties.

e. To ensure that the Board of Directors, Senior Management and the risk committee are timely and properly informed about:
   i. Non-compliance with the Risk Appetite Framework, internal and/or regulatory thresholds and/or limits, and to propose the corresponding corrective measures.
   ii. Changes in the conditions of the economic, political and market environment, both local and external, that may affect the current and future risk profile of the entity, and/or compromise compliance with the limits and policies of the SIAR.
   iii. Risks inherent in the new activities and/or markets, and their impact on the entity's risk profile and management and on capital and liquidity levels.

f. Report in a timely and understandable manner to senior management and business unit managers, the problems identified in risk management along with the respective recommendations.

**Risk management administrative processes**

In accordance with their business models, each subsidiary of the Parent Company has well-defined structures and procedures documented in manuals on the administrative processes, to be followed for the management of the different risks; in turn, they have different technological tools detailed below, where each risk is analyzed to monitor and control the risks.

**Internal Audit**

The internal audits of the Parent Company and its subsidiaries are independent from management, report directly to their audit committees, and in the performance of their duties perform risk-based evaluations on a periodic basis on the management and mitigation of risks associated with the policies and procedures approved by the Boards of Directors of the entities, to give their opinion on the effectiveness of the controls. Their reports are submitted directly to the audit committees, which are in charge of following up and giving their opinion to management on the corrective measures to be taken, their implementation and improvements to the internal control system of each entity.

**Individual analysis of the different risks**

The Parent Company is mainly composed of financial sector entities, and therefore these entities are exposed to various financial, operational, reputational and legal risks in the ordinary course of business.

Financial risks include market risk (which includes trading risk and price risk as indicated below) and structural risks due to the composition of assets and liabilities on the balance sheet, which include credit risk, foreign exchange risk, liquidity risk and interest rate risk.

The Parent Company's entities that have their businesses in economic sectors other than the financial sector, commonly referred to as the "real sector", have a lower exposure to financial risks, but are primarily exposed to operational and legal risks.

**Reform of benchmark interest rates**

In accordance with the SOFR (Secured Overnight Financing Rate) transition plan, executed at 100% to replace the LIBOR rate in portfolio disbursements for operations in USD.

During 2024, the plan was monitored on the business, ALM, financial, communications with counterparties, risk, internal and external reporting and processes fronts, determining that the commercial portfolios that continue to be registered at the Libor rate, correspond to overdue portfolios or syndicated loans that have not had a rate change, for which work continues with the loan administrators to change to the SOFR rate.

The following is a detail of LIBOR-indexed bonds outstanding at December 2024:

| | **Total nominal value of indexed contracts without reform** | **Total nominal value of contracts with fallback clauses** |
|---|---|---|
| **Assets** | | |
| Commercial portfolio and commercial leasing | 7,561 | - |
| **Total** | **7,561** | **-** |

The following is an analysis of each of the above risks in order of importance:

**4.1 Credit risk**

**Consolidated credit risk exposure**

The Parent Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panamá S.A., have exposures to credit risk, which consists of the debtor causing a financial loss, by not meeting its obligations in a timely manner and for the total amount of the debt. Credit risk exposure of the Parent Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panamá S.A., arises as a result of their lending activities and transactions with counterparties that give rise to financial assets. Maximum exposure to credit risk of the Parent Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panamá S.A., in accordance with IFRS 7, at the consolidated level is reflected in the carrying value of financial assets in the Group's consolidated statement of financial position as of December 31, 2024 and 2023 as indicated below:

| Account | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Deposits in banks other than *Banco de la República* | $ | 1,996,152 | 983,092 |
| **Financial instruments at fair value** | | | |
| Issued or guaranteed by the Colombian government | | 12,074,103 | 6,244,172 |
| Issued or guaranteed by other Colombian government entities | | 68,378 | 102,009 |
| Issued or guaranteed by other Colombian financial institutions | | 646,974 | 782,228 |
| Issued or guaranteed by entities of the Colombian real sector | | 33,059 | 1,840 |
| Issued or guaranteed by Foreign Governments | | 488,208 | 120,614 |
| Issued or guaranteed by other foreign financial institutions | | 614,543 | 560,619 |
| Issued or guaranteed by real sector entities abroad | | - | 37,951 |
| Other | | 95,315 | 75,846 |
| Derivative instruments | | 490,708 | 1,276,723 |
| Investments in equity instruments | | 1,005,020 | 841,632 |
| **Loan portfolio** | | | |
| Commercial portfolio | | 30,917,595 | 28,012,502 |
| Consumer portfolio | | 13,165,838 | 12,452,988 |
| Mortgage portfolio | | 1,937,381 | 1,516,633 |
| Leasing portfolio | | 7,608,639 | 7,501,463 |
| Repos and Interbank | | 461,670 | 15,449 |
| Other accounts receivable | | 634,102 | 547,285 |
| **Total financial assets with credit risk** | | **72,237,685** | **61,073,046** |
| **Off-balance sheet credit risk at face value** | | | |
| Financial guarantees and collateral | | 3,575,019 | 3,831,593 |
| Credit commitments | | 5,931,907 | 5,985,564 |
| **Total off-balance sheet credit risk exposure** | | **9,506,926** | **9,817,157** |
| **Total maximum credit risk exposure** | **$** | **81,744,611** | **70,890,203** |

The potential impact of netting assets and liabilities to potentially reduce credit risk exposure is not significant. For guarantees and commitments to extend the amount of credits, maximum exposure to credit risk is the amount of the commitment. Credit risk is mitigated by guarantees and collateral as described below:

**Credit risk mitigation, collateral and other credit risk enhancements**

The maximum credit risk exposure of the Parent Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panamá S.A., is reduced by collateral and other credit enhancements, which reduce the credit risk of the Parent Company and its subsidiaries. The existence of guarantees may be a necessary measure, but not a sufficient instrument for the acceptance of credit risk. Parent Company's credit risk policies require an assessment of the debtor's ability to pay, and that the debtor is able to generate sufficient sources of funds to allow repayment of debts.

Risk acceptance policy is therefore organized at three different levels in the Parent Company and subsidiaries:

- Financial risk analysis: For the granting of loans, there are different models for the evaluation of credit risk: Scoring models for credit risk assessment of the consumer portfolio. In the initial evaluation of clients, logistic regression models are applied, which assign a score to the client, based on sociodemographic variables and some behavioral variables with the sector, and make it possible to establish whether the applicant is eligible for credit in accordance with the Parent Company's policy regarding the minimum score required. There are also monitoring models that use mainly customer payment behavior variables and some sociodemographic variables, and allow customers to be rated and the probability of default in the next year to be established.

  For the commercial portfolio, it relies on rating models, specifically logistic regression models, whose variables are primarily financial indicators. These variables are used to obtain the input models, and for the follow-up models, payment behavior variables are added, such as the maximum height of delinquency in the last year, delinquency counters, among others. Thus, there are entry and follow-up models for the Industry, Commerce, Services, Construction, Territorial Entities and Financial Entities segments.

- The constitution of guarantees with adequate rates to cover the debt and that are accepted in accordance with the credit policies of each bank, according to the risk assumed in any of the forms, such as personal guarantees, monetary deposits, securities and mortgage guarantees, among others.

**Liquidity risk assessment of guarantees received.**

The methods used to evaluate the collateral are in line with market practices and involve the use of independent real estate appraisers, the market value of securities or the valuation of the companies issuing the securities.

All guarantees must be legally evaluated and elaborated following the parameters of their constitution in accordance with the applicable legal norms.

The following is a detail of the loan portfolio by type of guarantee received in support of the loans granted by the Group as of December 31, 2024 and 2023:

December 31, 2024

| | Commercial | Consumer | Housing | Commercial Leasing | Consumer Leasing | Housing Leasing | Repos and Interbank | Financial Leasing | Total |
|---|---|---|---|---|---|---|---|---|---|
| Unsecured loans | $ 20,717,258 | 10,545,242 | - | 289,443 | 269 | 804 | 461,670 | 290,516 | 32,014,686 |
| Loans guaranteed by other banks | 95,043 | 247 | - | - | - | - | - | - | 95,290 |
| **Collateralized loans:** | | | | | | | | - | |
| Housing | 1,132,635 | 39,697 | 1,937,381 | - | - | - | - | - | 3,109,713 |
| Other real estate | 1,375,101 | 14,905 | - | - | - | - | - | - | 1,390,006 |
| Investments in equity instruments | 358,719 | | - | - | - | - | - | - | 358,719 |
| Deposits in cash or cash equivalents | 211,118 | 1,805 | - | - | - | - | - | - | 212,923 |
| Leased assets | - | - | - | 2,578,520 | - | 1,158,615 | - | 3,737,135 | 3,737,135 |
| Non-real estate | - | - | - | 2,794,294 | 10,106 | - | - | 2,804,400 | 2,804,400 |
| Trust agreements, stand-by agreements and guarantee funds | 2,635,063 | 1,226 | - | 604 | - | - | - | 604 | 2,636,893 |
| Pledging of rents | 976,629 | - | - | - | - | - | - | - | 976,629 |
| Garments | 1,068,440 | 2,495,240 | - | 9,539 | - | - | - | 9,539 | 3,573,219 |
| Other assets | 2,347,589 | 67,476 | - | 766,300 | 145 | - | - | 766,445 | 3,181,510 |
| **Total** | **$ 30,917,595** | **13,165,838** | **1,937,381** | **6,438,700** | **10,520** | **1,159,419** | **461,670** | **7,608,639** | **54,091,123** |

December 31, 2023

| | Commercial | Consumer | Housing | Commercial Leasing | Consumer Leasing | Housing Leasing | Repos and Interbank | Financial Leasing | Total |
|---|---|---|---|---|---|---|---|---|---|
| Unsecured loans | $ 17,952,367 | 10,057,537 | 1,204 | 311,444 | 125 | 73 | 15,449 | 311,642 | 28,338,199 |
| Loans guaranteed by other banks | 202,667 | 109 | - | - | - | - | - | - | 202,776 |
| **Collateralized loans:** | | | | | | | | | |
| Housing | 1,079,082 | 36,964 | 1,515,429 | - | - | - | - | - | 2,631,475 |
| Other real estate | 1,208,926 | 16,661 | - | - | - | - | - | - | 1,225,587 |
| Investments in equity instruments | 392,474 | - | - | - | - | - | - | - | 392,474 |
| Deposits in cash or cash equivalents | 221,296 | 454 | - | - | - | - | - | - | 221,750 |
| Leased assets | - | - | - | 2,491,260 | - | 1,093,447 | - | 3,584,707 | 3,584,707 |
| Non-real estate | - | - | - | 2,718,331 | 8,714 | - | - | 2,727,045 | 2,727,045 |
| Trust agreements, stand-by agreements and guarantee funds | 2,698,795 | 1,629 | - | 745 | - | - | - | 745 | 2,701,169 |
| Pledging of rents | 1,205,701 | - | - | - | - | - | - | - | 1,205,701 |
| Garments | 1,089,338 | 2,290,964 | - | - | - | - | - | - | 3,380,302 |
| Other assets | 1,961,856 | 48,670 | - | 877,132 | 192 | - | - | 877,324 | 2,887,850 |
| **Total** | **$ 28,012,502** | **12,452,988** | **1,516,633** | **6,398,912** | **9,031** | **1,093,520** | **15,449** | **7,501,463** | **49,499,035** |

**Mortgage portfolio**

The following tables stratify the credit exposures of mortgage loans and advances to retail customers by loan to loan-to-value (LTV) ratio ranges. LTV is calculated as the ratio of the gross loan amount, or the amount committed for loan commitments, to the value of the collateral. The valuation of the collateral, excludes any adjustment for obtaining and selling the collateral. The collateral value for residential mortgage loans is based on the value of the collateral at origination, based on changes in home price indexes. For credit-impaired loans, the collateral value is based on the most recent appraisals.

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| **LTV factor** | | | |
| Less than 50% of | $ | 1,324,262 | 1,074,917 |
| 51 - 70% | | 1,142,526 | 946,808 |
| 71 - 90% | | 408,643 | 359,827 |
| 91 - 100% | | 52,545 | 39,741 |
| More than 100% of | | 168,824 | 188,860 |
| **Total** | **$** | **3,096,800** | **2,610,153** |

| **Loans-Impaired** | | **December 31, 2024** | **December 31, 2023** |
|---|---|---|---|
| **LTV factor** | | | |
| Less than 50% of | $ | 58,874 | 48,616 |
| 51 - 70% | | 47,282 | 34,704 |
| More than 70% of | | 67,139 | 46,427 |
| **Total** | **$** | **173,295** | **129,747** |

**Significant Increase in Credit Risk**

Under IFRS 9, when determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group shall consider reasonable and supportable information that is relevant and available without disproportionate cost or effort, including both quantitative and qualitative information and analysis, based on historical experience, as well as the Group's expert credit assessment including forward-looking information.

The Group expects to identify whether a significant increase in credit risk has occurred by comparing between:

- The probability of default (PD) over the remaining life at the reporting date; with
- The PD during the remaining life at this point in time, which was estimated at the time of initial recognition of the exposure.
- Qualitative aspects and the rebuttable presumption of the standard (30 days) are also considered.

The assessment of whether credit risk has increased significantly since the initial recognition of a financial asset, requires identifying the initial recognition date of the instrument and the thresholds of increase.

**Rating by Credit Risk Categories**

The Group assigns each exposure to a credit risk rating based on a variety of data to predict the PD. The Group uses these ratings for purposes of identifying significant increases in credit risk under IFRS 9. Credit risk ratings are defined using quantitative factors that are indicative of risk of loss. These factors may vary depending on the nature of the exposure and the type of borrower.

Each exposure is allocated to a credit risk rating at initial recognition based on available information about the debtor. Exposures are subject to ongoing monitoring, which may result in moving an exposure to a different credit risk rating.

**Modeling of the PD term**

The estimation of probabilities of default is the main input for determining the rating ranges that determine the level of risk.

The Group uses statistical models to analyze the data collected and generate estimates of the probability of impairment over the remaining life of the exposures and how those probabilities of impairment change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in impairment rates and key macroeconomic factors, as well as an in-depth analysis of certain factors in impairment risk (e.g., portfolio write-offs). For most credits the key economic factors are likely to include gross domestic product growth, changes in market interest rates, changes in the unemployment rate and the Consumer Price Index, among others.

The parent company's approach to preparing forward-looking economic information within its evaluation is outlined below:

- The Group has established a general framework that incorporates quantitative and qualitative information to determine whether the credit risk of a financial asset has increased significantly since its initial recognition.

- The initial framework is aligned with the Group's internal credit risk management process.

- The criteria for determining whether credit risk has increased significantly will vary by portfolio or segment, as well as by risk rating.

- The Group assesses whether the credit risk of a particular exposure has increased significantly since initial recognition if, based on quantitative modeling, the probability of impairment expected over the remaining life will increase significantly. In determining the increase in credit risk, the expected impairment loss over the remaining life is adjusted for changes in maturities.

- In certain circumstances, using expert credit judgment and based on relevant historical information the Group may determine that an exposure has experienced a significant increase in credit risk if particular qualitative factors may indicate that and those factors may not be fully captured by its quantitative analyses performed periodically. As a limit, and as required by IFRS 9, the Group presumes that a significant increase in credit risk occurs at the latest when the asset is past due for 30 days.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk based on regular reviews to confirm that:

- The criteria are able to identify significant increases in credit risk before an exposure is impaired.

- The average time to identify a significant increase in credit risk and default appears reasonable.

- Exposures are generally not transferred directly from the Group of probability of expected impairment in the following twelve months to the group of impaired loans.

- There is no unjustified volatility in the provision for impairment of transfers between the groups with probability of expected loss in the next twelve months and the probability of expected loss over the remaining life of the loans.

**Modified Financial Assets**

The contractual terms of loans may be modified for a number of reasons, including changes in market conditions, customer retention and other factors unrelated to an actual or potential deterioration of the customer's credit.

When the terms of a financial asset are modified under IFRS 9, and the modification does not result in a removal of the asset from the balance sheet the determination of whether the credit risk has significantly increased reflects comparisons of:

- The probability of default over the remaining life at the balance sheet date based on the modified terms.

- The probability of default over the estimated remaining life is based on the date of initial recognition and the original contractual terms.

The Group restructures loans to customers in financial difficulties to maximize collection opportunities and minimize the risk of default. Under the Group's restructuring policies, customers in financial difficulties are granted concessions that generally correspond to reductions in interest rates, extension of payment terms, reductions in balances due or a combination of the above.

For financial assets modified as part of the Group's restructuring policies, the PD estimate will reflect whether the modifications have improved or restored the ability to collect interest and principal and previous experience of similar actions. As part of this process, the Group will evaluate the debtor's payment performance against the modified terms of the debt and will consider various performance indicators of the modified debtor group.

Generally, restructuring indicators are a relevant factor of increased credit risk. Accordingly, a restructured debtor needs to demonstrate consistent payment behavior over a period of time before it is no longer considered an impaired credit or that the PD has decreased such that the provision can be reversed and the credit measured for impairment within twelve months after the closing date of the financial statements.

**Definition of noncompliance**

Under IFRS 9, the Group considers a financial asset in default when:

- It is unlikely that the debtor will fully pay its credit obligations to the Group, without resources to take actions such as realizing the guarantee (in the event that they maintain it); or

- On Delinquency in Portfolio:
  - Commercial loans: When they are 90 days or more past due.
  - Consumer Loans: When 90 days or more past due
  - Housing loans: When 120 days or more past due

- For fixed-income financial instruments, objective evidence of impairment includes the following items, among others:

  - External rating of the issuer or instrument being rated D.
  - Contractual payments are not made when due or within the stipulated grace period.
  - There is a virtual certainty of suspension of payments.
  - It is likely to enter bankruptcy or a bankruptcy petition or similar action is filed.
  - The financial asset no longer has an active market due to its financial difficulties.

- For other items (in portfolio):
  - Client in Law 617 of 2000
  - Restructuring Agreements Law 550 of 1999 and Law 1116 of 2006
  - Clients in legal collection (with the exception of clients admitted under Law 1116 of December 27, 2006 and clients admitted under Law 1380 of January 25, 2010 - Insolvency Scheme for Non-Commercial Natural Persons). Customers in liquidation.
  - Extraordinary Restructurings Circular Letter 039
  - Agreements and ordinary restructurings
  - Payment in kind

In assessing whether a debtor is in default, the Group considers indicators that are:

- Qualitative, e.g. non-compliance with contractual clauses
- Quantitative, e.g. delinquency status and non-payment on another obligation of the same issuer to the Group; and
- Based on data developed internally and obtained from external sources

Inputs used in assessing whether financial instruments are in default, and their significance may vary over time to reflect changes in circumstances.

**Forecast of future economic conditions**

Under IFRS 9, the parent company incorporates forward-looking information, both in its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition, as well as in its measurement of PCE. Based on the recommendations of the Group's Market Risk Committee, use of economic experts and consideration of a variety of current and projected external information, the Group formulates projection scenarios for the relevant economic variables as well as a representative range of other possible projection scenarios. This process involves the development of two or more additional economic scenarios and considers the relative probabilities of each scenario.

External information may include economic data and published projections by governmental committees and monetary authorities in the countries in which the Group operates, Supranational organizations such as the Organization for Economic Cooperation and Development (OECD) and the International Monetary Fund, among others, and academic and private sector projections.

It is expected that there will be a scenario that represents the most likely outcome, and is aligned with the information used by the Group for other purposes, such as strategic planning and budgeting. The other scenarios would represent a more optimistic and pessimistic outcome. The Group also plans to conduct periodic stress tests to calibrate the determination of these other representative scenarios.

**Measurement of PCE – Estimated weighted probability of credit loss**

The key inputs in the measurement of PCE are usually the structures of the following variables:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (ED)

The above parameters will be derived from internal statistical models. These models will be adjusted to reflect forward-looking information as described below:

- PDs are estimated as of a given date, which will be calculated based on statistical rating models, and evaluated using rating tools adjusted to the different counterparty categories and exposures. These statistical models are based on internally compiled data comprising both qualitative and quantitative factors.

  If a counterparty or exposure migrates between the different ratings, then this will result in a change of the estimated PI. PDs will be estimated considering contractual maturity terms of the exposures and estimated prepayment rates.

- The LGD is the magnitude of the probable loss if there is a default. It depends mainly on the characteristics of the counterparty, and the valuation of the guarantees or collateral associated with the transaction.

In order to calculate the LGD at each balance sheet date, it is necessary to observe the behavior of customer obligations that have been defaulted in a specific period of time. For each case, information is compiled on the movement of the loan after default, considering: payment flows, assets received in lieu of payment, write-off recoveries, legal and administrative costs. The LGD estimate determines the percentage (0% -100%) that is lost in those events where the customer incurs impairment. In the commercial portfolio, it is based on the guarantee and on product consumption. This variable measures the risk of the operation. For loans secured by real estate and pledges on vehicles, variations in the price indexes of these assets are used.

EOD represents the expected exposure in the event of default. The Group will derive the EOD from the counterparty's current exposure and potential changes, in the current amount allowed under the terms of the contract including amortization and prepayments. The EOD of a financial asset, is the gross value at the time of default. For loan commitments and financial guarantees, the EOD will consider the amount drawn, as well as potential future amounts that could be drawn or collected under the contract, which will be estimated based on historical observations. For some financial assets, the Group determines the EOD by modeling a range of possible outcomes of exposures at various points in time. The Group will measure the EOD considering the risk of default over the maximum contractual period, (including options to extend the debt to the customer) over which there is an exposure to credit risk, even if, for risk management purposes, a longer period of time is considered. The maximum contractual period extends to the date on which the Group has the right to require payment of a loan or terminate a loan commitment or guarantee granted.

For consumer overdrafts, credit card balances and certain corporate revolving credit facilities that include both a loan and a loan commitment component not drawn by the customer, the Group will measure the EOD over a period greater than the maximum contractual period, if the Group's contractual ability to demand payment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual period of the contract. These facilities do not have a fixed term or collection structure and are managed on a collective basis. The Group may cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management of the Group, but only when the Parent Company becomes aware of an increase in credit risk at the level of each loan. This longer period of time will be estimated considering the credit risk management actions that the Group expects to take and that serve to mitigate the EOD. These measures include a reduction in limits and cancellation of credit contracts.

Parameter modeling is performed on a collective basis, financial instruments are grouped on the basis of risk characteristics that may include:

- Type of instrument
- Credit risk rating
- Guarantee
- Date of initial recognition
- Remaining term to maturity
- Industry
- Geographic location of the debtor

The above groupings are subject to regular review, to ensure that the exposures of a particular Group remain appropriately homogeneous.

**Policies to prevent excessive concentrations of credit risk**

In order to prevent excessive concentrations of credit risk at the individual, country and economic sector levels, the Parent Company and subsidiaries maintain maximum risk concentration levels indexes updated at the individual level and by sector portfolios. The limit of the Parent Company's exposure on a credit commitment to a specific customer, depends on the customer's risk rating, the nature of the risk involved, and the presence of each bank in a specific market.

In order to avoid concentrations of credit risk at the consolidated level, the Parent Company has a Risk and Collections Vice-presidency that consolidates and monitors the credit risk exposures of all banks, and the Board of Directors establishes policies and maximum consolidated exposure limits.

Under credit risk management, concentration risk is continuously monitored through the exposure or concentration limit of the commercial portfolio, which establishes participation limits on the total portfolio for 18 economic sectors.

The following is the detail of credit risk at the consolidated level in the different geographic areas determined according to the debtor's country of residence, without considering provisions for impairment of the debtors' credit risk:

| | | December 31, 2024 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Commercial | Consumer | Housing | Commercial Leasing | Consumer Leasing | Housing Leasing | Repos and Interbank | Financial Leasing | Total |
| Colombia | $ | 26,884,749 | 13,165,642 | 1,937,381 | 6,438,700 | 10,520 | 1,159,419 | 275,281 | 7,608,639 | **49,871,692** |
| Panama | | 262,627 | 97 | - | - | - | - | 186,389 | - | 449,113 |
| United States | | 162,216 | 23 | - | - | - | - | - | - | 162,239 |
| Costa Rica | | 125,689 | - | - | - | - | - | - | - | 125,689 |
| Nicaragua | | 412 | - | - | - | - | - | - | - | 412 |
| Honduras | | 392,236 | - | - | - | - | - | - | - | 392,236 |
| El Salvador | | 13,919 | - | - | - | - | - | - | - | 13,919 |
| Guatemala | | 426,629 | - | - | - | - | - | - | - | 426,629 |
| Other countries | | 2,649,118 | 76 | - | - | - | - | - | - | 2,649,194 |
| **Total** | **$** | **30,917,595** | **13,165,838** | **1,937,381** | **6,438,700** | **10,520** | **1,159,419** | **461,670** | **7,608,639** | **54,091,123** |

| | | December 31, 2023 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Commercial | Consumer | Housing | Commercial Leasing | Consumer Leasing | Housing Leasing | Repos and Interbank | Financial Leasing | Total |
| Colombia | $ | 24,893,930 | 12,452,853 | 1,516,633 | 6,398,912 | 9,031 | 1,093,520 | 14,714 | 7,501,463 | **46,379,593** |
| Panama | | 202,929 | - | - | - | - | - | 735 | - | 203,664 |
| United States | | 85,608 | - | - | - | - | - | - | - | 85,608 |
| Costa Rica | | 115,868 | - | - | - | - | - | - | - | 115,868 |
| Nicaragua | | 605 | - | - | - | - | - | - | - | 605 |
| Honduras | | 298,941 | - | - | - | - | - | - | - | 298,941 |
| El Salvador | | 6,704 | - | - | - | - | - | - | - | 6,704 |
| Guatemala | | 214,404 | - | - | - | - | - | - | - | 214,404 |
| Other countries | | 2,193,513 | 135 | - | - | - | - | - | - | 2,193,648 |
| **Total** | **$** | **28,012,502** | **12,452,988** | **1,516,633** | **6,398,912** | **9,031** | **1,093,520** | **15,449** | **7,501,463** | **49,499,035** |

The distribution of the loan portfolio of the Parent Company and subsidiaries by economic purpose as of December 31, 2024 and 2023 is shown below:

| | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|
| | | Total | % Part. | Total | % Part. |
| **Sector** | | | | | |
| Consumer services | $ | 19,835,596 | 36.7% | 18,513,412 | 37.4% |
| Commercial Services | | 14,547,682 | 26.9% | 12,960,650 | 26.2% |
| Construction | | 4,055,351 | 7.5% | 4,214,842 | 8.5% |
| Other industrial and manufacturing products | | 2,010,681 | 3.7% | 2,016,908 | 4.1% |
| Transportation and communications | | 2,131,112 | 3.9% | 2,088,233 | 4.2% |
| Food, beverages and tobacco | | 2,140,216 | 4.0% | 1,648,635 | 3.3% |
| Chemicals | | 1,890,457 | 3.5% | 1,764,975 | 3.6% |
| Government | | 1,652,406 | 3.1% | 1,508,040 | 3.0% |
| Utilities | | 2,628,056 | 4.9% | 2,157,230 | 4.4% |
| Agriculture | | 1,304,269 | 2.4% | 1,146,472 | 2.3% |
| Other | | 656,739 | 1.2% | 650,219 | 1.3% |
| Trade and tourism | | 543,848 | 1.0% | 460,987 | 0.9% |
| Mining and petroleum products | | 694,710 | 1.3% | 368,432 | 0.7% |
| **Total by economic destination** | $ | **54,091,123** | **100%** | **49,499,035** | **100%** |

## Sovereign debt

As of December 31, 2024 and 2023, the portfolio of investments in financial assets in debt instruments, is mainly composed of securities issued or guaranteed by Colombian Government institutions, which represent 98.29% and 98.63%, respectively, of the total portfolio. Below is a breakdown of sovereign debt exposure by country:

| | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|
| | | Amount | Participation % | Amount | Participation % |
| **Investment grade (1)** | | | | | |
| Colombia | $ | 12,122,562 | 91.51% | 6,294,357 | 89.26% |
| Brazil | | - | 0.00% | 16,268 | 0.23% |
| Mexico | | 17,987 | 0.14% | - | 0.00% |
| Panama | | 57,795 | 0.44% | - | 0.00% |
| USA | | 106,372 | 0.80% | 72,934 | 1.03% |
| Chile | | 238,764 | 1.80% | 3,768 | 0.05% |
| Peru | | 37,023 | 0.28% | - | 0.00% |
| **Speculative (2)** | | | | | |
| Colombia | | 636,934 | 4.81% | 636,980 | 9.03% |
| El Salvador | | 30,266 | 0.23% | - | 0.00% |
| Honduras | | - | 0.00% | 27,643 | 0.39% |
| **Total sovereign risk** | **$** | **13,247,703** | **100%** | **7,051,950** | **100%** |

(1) Investment grade includes ratings from Fitch Ratings Colombia S.A. from F1+ to F3, BRC de Colombia from BRC 1+ to BRC 3 and Standard & Poor's from A1 to A3.

(2) (2) Speculative includes ratings from Fitch Ratings Colombia S.A. from BB+ to C, Moody's Ba1 to C and Standard & Poor's from BB+ to C.

**Credit granting process and counterparty quotas**

The Parent Company's financial entities assume credit risk on two fronts: the lending activity as such, which includes commercial, consumer and mortgage credit operations, and the treasury activity, which includes interbank operations, investment portfolio management, derivatives operations and foreign currency trading, among others. Although they are independent businesses, the nature of the counterparty insolvency risk is equivalent and, therefore, the criteria used to manage them are the same.

The principles and rules for credit and credit risk management in each of the Parent Company's financial entities, are set forth in the Credit Risk Management System Manual (SARC in Spanish), designed for both traditional banking and treasury activities. The evaluation criteria for measuring credit risk, follow the main instructions issued by the Financial Risk Committees.

The highest authority in credit matters is the Board of Directors, which guides general policy, and has the power to grant the highest levels of credit permitted. In banking operations, the powers to grant quotas and credits depend on the amount, term and guarantees offered by the client. The Board of Directors has delegated part of its lending authority to different departments and executives, who process credit applications and are responsible for the analysis, follow-up and outcome.

For treasury operations, the Board of Directors approves the transaction and counterparty quotas. Risk control is essentially carried out through three mechanisms: annual allocation of operating quotas and daily control, quarterly evaluation of solvency by issuers, and investment concentration report by economic group.

In addition, credit approval takes into account, among other considerations, the probability of default, counterparty quotas, the recovery rate of the guarantees received, the term of the loans and the concentration by economic sector.

The Parent Company has a Credit Risk Management System (SARC), which is managed by the Credit Risk Division and contemplates, among others, the design, implementation and evaluation of risk policies and tools defined by the Financial Risk Committee and the Board of Directors.

Progress made in the SARC, has led to important achievements and in the integration of credit risk measurement tools in the credit granting processes of the Parent Company.

For the consumer portfolio, the Parent Company has scoring models for the evaluation of credit risk. In the initial evaluation of customers, logistic regression models are applied, which assign a score to the customer, based on variables from the Credit Bureau, and make it possible to establish whether the applicant is eligible for credit in accordance with the Parent Company's policy regarding the minimum score required. There are also monitoring models that use mainly customer payment behavior variables and some sociodemographic variables, and allow customers to be rated and the probability of default in the next year to be established.

For the commercial portfolio, it relies on rating models, specifically logistic regression models, whose variables are primarily financial indicators. These variables are used to obtain the input models, and for the follow-up models, payment behavior variables are added, such as the maximum height of delinquency in the last year, delinquency counters, among others. Thus, there are entry and follow-up models for the Industry, Commerce, Services, Construction, Territorial Entities and Financial Entities segments.

**Credit risk monitoring process**

The credit risk monitoring and follow-up process is carried out in several stages, that include daily follow-up and collection management based on an analysis of past-due loans by age, rating by risk level, permanent follow-up of high-risk clients, the process of restructuring operations and the receipt of goods received in payment.

On a daily basis, banks produce lists of overdue accounts receivable and, based on these analyses, various personnel of the Parent Company carry out collection procedures by means of telephone calls, e-mails or written collection requests.

The following is a summary of the portfolio by maturity ages as of December 31, 2024 and 2023:

| | | December 31, 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Outstanding loan portfolio | From 1 to 30 days | From 31 to 60 days | 61 to 90 days | Total delinquency 1 - 90 days | Delinquency > 90 days | More than 180 days | Total loan portfolio |
| Commercial | $ | 28,831,202 | 837,476 | 40,966 | 41,533 | 919,975 | 140,491 | 1,025,927 | 30,917,595 |
| Consumer | | 11,674,729 | 915,273 | 208,343 | 119,020 | 1,242,636 | 164,647 | 83,826 | 13,165,838 |
| Housing Mortgage | | 1,575,313 | 242,017 | 35,336 | 14,415 | 291,768 | 13,255 | 57,045 | 1,937,381 |
| Commercial Leasing | | 5,613,895 | 472,623 | 64,786 | 27,976 | 565,385 | 50,229 | 209,191 | 6,438,700 |
| Consumer Leasing | | 9,311 | 520 | 276 | 37 | 833 | 50 | 326 | 10,520 |
| Housing Leasing | | 929,513 | 169,819 | 27,128 | 9,796 | 206,743 | 5,888 | 17,275 | 1,159,419 |
| Repos and Interbank | | 461,670 | - | - | - | - | - | - | 461,670 |
| **Total** | **$** | **49,095,633** | **2,637,728** | **376,835** | **212,777** | **3,227,340** | **374,560** | **1,393,590** | **54,091,123** |

| | | December 31, 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Outstanding loan portfolio | From 1 to 30 days | From 31 to 60 days | 61 to 90 days | Total delinquency 1 - 90 days | Delinquency > 90 days | More than 180 days | Total loan portfolio |
| Commercial | $ | 26,127,129 | 747,758 | 69,095 | 57,079 | 873,932 | 109,671 | 901,770 | 28,012,502 |
| Consumer | | 10,394,514 | 1,175,154 | 300,344 | 157,403 | 1,632,901 | 299,990 | 125,583 | 12,452,988 |
| Housing Mortgage | | 1,246,437 | 163,612 | 33,491 | 17,095 | 214,198 | 11,571 | 44,427 | 1,516,633 |
| Microloans | | - | - | - | - | - | - | - | - |
| Commercial Leasing | | 5,675,669 | 392,444 | 76,745 | 36,599 | 505,788 | 45,723 | 171,732 | 6,398,912 |
| Consumer Leasing | | 6,544 | 981 | 589 | 287 | 1,857 | - | 630 | 9,031 |
| Housing Leasing | | 890,138 | 141,346 | 24,099 | 10,277 | 175,722 | 13,622 | 14,038 | 1,093,520 |
| Leasing Microloans | | - | - | - | - | - | - | - | - |
| Repos and Interbank | | 15,449 | - | - | - | - | - | - | 15,449 |
| **Total** | **$** | **44,355,880** | **2,621,295** | **504,363** | **278,740** | **3,404,398** | **480,577** | **1,258,180** | **49,499,035** |

For the commercial portfolio, the Parent Company and subsidiaries evaluate on a monthly basis the 18 most representative economic sectors in terms of Gross and Past Due Portfolio, in order to monitor the concentration by economic sector and the level of risk in each of them.

At the individual level, the Parent Company and subsidiaries perform a semiannual individual analysis of the credit risk with outstanding balances over $2,000 million based on updated financial information of the customer, compliance with the agreed terms, guarantees received and queries to the credit bureaus; based on this information, it classifies customers by risk level in categories A- Normal, B- Subnormal, C- Deficient, D- Doubtful collection and E- Unrecoverable.

For consumer and housing loans, the above rating by risk level is performed on a monthly basis, mainly considering the age of maturity and other risk factors. For this purpose, the Parent Company also consolidates the indebtedness of each customer, and determines the probability and calculation of impairment at the consolidated level.

Credit risk exposure is managed through a periodic analysis of the ability of borrowers or potential borrowers to determine their capacity to pay principal and interest. Exposure to credit risk is also mitigated, in part, by obtaining collateral, corporate and personal guarantees.

The following is a summary of the portfolio by risk level rating as of December 31, 2024 and 2023:

December 31, 2024

| | | Commercial | Consumer | Housing | Commercial Leasing | Consumer Leasing | Housing Leasing | Repos and interbank | Total Financial Leasing | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **A** | $ | 27,687,058 | 11,799,464 | 1,799,148 | 5,352,988 | 9,803 | 1,070,113 | 461,670 | 6,432,904 | 48,180,244 |
| **B** | | 1,151,792 | 278,415 | 27,049 | 389,922 | 281 | 23,971 | | 414,174 | 1,871,430 |
| **C** | | 653,133 | 348,514 | 4,508 | 238,402 | 17 | 6,869 | | 245,288 | 1,251,443 |
| **D** | | 564,847 | 281,701 | 68,283 | 224,237 | 414 | 51,480 | | 276,131 | 1,190,962 |
| **E** | | 860,765 | 457,744 | 38,393 | 233,151 | 5 | 6,986 | | 240,142 | 1,597,044 |
| **Total** | **$** | **30,917,595** | **13,165,838** | **1,937,381** | **6,438,700** | **10,520** | **1,159,419** | **461,670** | **7,608,639** | **54,091,123** |

December 31, 2023

| | | Commercial | Consumer | Housing | Commercial Leasing | Consumer Leasing | Housing Leasing | Repos and interbank | Total Financial Leasing | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **A** | $ | 25,581,187 | 11,008,416 | 1,413,221 | 5,414,693 | 7,437 | 1,021,842 | 15,449 | 6,443,972 | 44,462,245 |
| **B** | | 709,760 | 338,517 | 24,868 | 342,451 | 435 | 21,470 | - | 364,356 | 1,437,501 |
| **C** | | 522,660 | 288,927 | 1,715 | 244,796 | 188 | 2,406 | - | 247,390 | 1,060,692 |
| **D** | | 388,119 | 435,055 | 44,942 | 154,781 | 825 | 41,463 | - | 197,069 | 1,065,185 |
| **E** | | 810,776 | 382,073 | 31,887 | 242,191 | 146 | 6,339 | - | 248,676 | 1,473,412 |
| **Total** | **$** | **28,012,502** | **12,452,988** | **1,516,633** | **6,398,912** | **9,031** | **1,093,520** | **15,449** | **7,501,463** | **49,499,035** |

Based on the above ratings, each bank prepares a list of customers that could potentially have a significant impact of loss for the Parent Company and subsidiaries and, based on this list, assigns persons to follow up individually with each customer, which includes meetings with the customer to determine the potential causes of risk, and seek solutions together to achieve compliance with the debtor's obligations.

**Restructuring of credit operations due to debtor's financial problems**

The Parent Company and its subsidiaries periodically restructure the debt of customers who have problems meeting their credit obligations with the Parent Company and its subsidiaries, at the request of the debtor. Such restructurings generally consist of term extensions, interest reductions or partial forgiveness of debts, or a combination of the above.

The basic policy for granting such restructurings at the Parent Company level, is to provide the customer with a financial viability that allows it to adapt the debt repayment conditions to a new cash flow generation situation. The use of restructurings for the sole purpose of delaying the constitution of provisions, is prohibited at the Parent Company level.

When a loan is restructured due to financial problems of the debtor, such debt is marked in the files of each financial entity of the Parent Company as a restructured loan, in accordance with the regulations of the Financial Superintendence of Colombia. The risk rating made at the time of restructuring, is only upgraded when the client has been satisfactorily complying with the terms of the agreement for a prudent period of time and its new financial situation is adequate.

Significant restructured loans are included for individual assessment of impairment loss; however, the marking of a loan as restructured does not necessarily imply its qualification as impaired, because in most cases new collateral is obtained to support the obligation.

The following is the detail of restructured loans as of December 31, 2024 and 2023:

| **Restructured loans** | | **December 31, 2024** | **December 31, 2023** |
|---|---|---|---|
| **Local** | **$** | **2,530,973** | **1,792,080** |
| Commercial | | 1,128,390 | 909,350 |
| Consumer | | 1,224,954 | 783,391 |
| Mortgage | | 177,629 | 99,339 |
| **Foreign** | | **42,993** | **36,427** |
| Commercial | | 42,978 | 36,392 |
| Consumer | | 15 | 35 |
| **Total restructured** | | **2,573,966** | **1,828,507** |

**Prospective Information**

The Bank, through Grupo Aval Acciones y Valores, S.A., incorporates information with projections of future conditions, both in its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition, as well as in its measurement of PCE.

Based on three scenarios of the macroeconomic variables applicable to each model, the estimation of the probability of default is affected. Subsequently, the PCE result is the product of weighting the probability of occurrence of each scenario.

Based on the recommendations of the Market Risk Committee of Grupo Aval Acciones y Valores, S.A., use of economic experts, and consideration of a variety of current and projected external information, Grupo Aval Acciones y Valores, S.A. formulates a "base scenario" projection of relevant economic variables, as well as a representative range of two other possible projected scenarios, called: "unfavorable scenario" and "favorable scenario". In the favorable scenario, the economic situation is booming, so its macroeconomic indicators are better than in the base scenario. In the unfavorable scenario, the country's economic situation is in a recessionary stage. In other words, there is a decrease in economic activity over a one-year period. In the latter case, macroeconomic indicators are worse than in the baseline scenario. The weights of the three macroeconomic scenarios are defined by Grupo Aval Acciones y Valores, S.A., in which the sum of the relative weights or probabilities of the three scenarios is equal to the unit value. In any scenario, projections of macroeconomic variables are made for a three-year period under three economic scenarios.

This analysis includes the identification and calibration of relationships between changes in impairment rates and key macroeconomic factors, as well as an in-depth analysis of certain factors in impairment risk (e.g., portfolio write-offs). For most loans, the key economic factors are likely to include gross domestic product growth, changes in market interest rates, changes in the unemployment rate and CPI, among others.

The main macroeconomic variables and scenarios used as of December 31, 2024 are as follows:

| | **2025** | | | **2024** | | |
|---|---|---|---|---|---|---|
| | **Scenario A** | **Scenario B** | **Scenario C** | **Scenario A** | **Scenario B** | **Scenario C** |
| **CPI annual variation** (*) | 3.90% | 3.90% | 3.67% | 4.98% | 5.15% | 5.19% |
| **GDP Growth** (*) | 0.55% | 2.68% | 3.75% | 1.27% | 1.74% | 1.93% |
| **Unemployment rate** (*) | 11.46% | 10.46% | 9.99% | 11.07% | 10.27% | 9.94% |
| **DTF** (*) | 4.97% | 6.03% | 5.82% | 8.90% | 9.02% | 9.25% |
| **Banco República rate** (*) | 5.25% | 6.25% | 6.25% | 8.75% | 9.00% | 9.25% |

(1) Macroeconomic variables corresponding to the Republic of Colombia.

For the determination of the forward-looking information factor incorporated in the calculations of the allowance for loan loss reserves at amortized cost, the main macroeconomic variables used are those corresponding to the Republic of Colombia, since the loan flows come mainly from that country.

In the projection, GDP growth at constant prices is used, so information from December 2024 is required to project the risk of default during the next year. Another important variable is the unemployment rate and the intervention rate of the Central Bank of Colombia.

Weighted probability assigned to the scenarios:

| | Scenario A | Scenario B | Scenario C |
|---|---|---|---|
| Scenarios as of December 31, 2024 | 26.67% | 56.67% | 16.66% |

**Receipt of goods received in payment**

When persuasive collection or loan restructuring processes do not produce satisfactory results within a reasonable time period, collection is carried out through legal channels, or agreements are reached with the client for the reception of goods received in payment. The Parent Company has clearly established policies for the receipt of goods received in payment, and has separate departments specialized in the handling of these cases, receipt of goods in payment and their subsequent sale.

The following is the detail of assets received in payment, and sold during the years ended December 31, 2024 and 2023:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Assets received in payment (real estate) | $ | 10,395 | 3,322 |
| Assets received in payment (movables) | | 2 | 292 |
| Goods sold | | (8,098) | (22,269) |
| | **$** | **2,299** | **(18,655)** |

**Financial assets other than loans and receivables by credit risk rating**

The following is the detail of financial assets other than loan portfolio by credit risk rating issued by an independent credit risk rating agency:

- **Cash and cash equivalents**

Below is a detail of the credit quality determined by independent risk rating agents of the main financial institutions, in which the Parent Company and its subsidiaries maintain cash funds:

| Credit quality | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| **Investment grade** | $ | **4,094,544** | **4,470,383** |
| Central Bank of Colombia | | 1,697,691 | 3,030,785 |
| Financial entities | | 1,995,873 | 982,626 |
| Other | | 400,980 | 456,972 |
| **Speculative** | | **279** | **466** |
| Central Bank | | 279 | 466 |
| **Total Cash with third parties** | | **4,094,823** | **4,470,849** |
| **Cash held by the entity** (1) | | **534,097** | **498,055** |
| | **$** | **4,628,920** | **4,968,904** |

(1) Corresponds to cash held by the Bank in vaults, ATMs and cash drawers

- **Financial assets in debt securities and equity instruments at fair value**

Below is a detail of the credit quality determined by independent risk rating agents, of the main counterparties in debt securities and investments in equity instruments, in which the Parent Company and subsidiaries have financial assets at fair value:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| **Investment grade** | | | |
| Sovereign | $ | 11,895,110 | 5,700,162 |
| Other public entities | | 30,733 | 98,893 |
| Corporate | | 53,833 | 48,856 |
| Financial entities | | 810,660 | 975,144 |
| Multilateral | | 39,048 | 31,764 |
| **Total investment grade** | | **12,829,384** | **6,854,819** |
| **Speculative** | | | |
| Sovereign | | 667,200 | 664,623 |
| Other public entities | | 37,646 | 3,116 |
| Corporate | | 41,179 | 45,923 |
| Financial entities | | 487,803 | 367,703 |
| **Total speculative** | | **1,233,828** | **1,081,365** |
| **Unqualified or not available** | | **962,388** | **830,726** |
| **Total** | **$** | **15,025,600** | **8,766,910** |

- **Financial investment assets at amortized cost**

Below is a detail of the credit quality determined by independent risk rating agents of the main counterparties in debt securities, in which the Parent Company and subsidiaries have financial assets at amortized cost as of December 31, 2024 and 2023:

| **Credit quality** | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Issued and Guaranteed by the Nation and/or Central Bank | $ | 2,134,414 | 2,035,116 |
| | | **2,134,414** | **2,035,116** |
| Impairment of investments | | (741) | (558) |
| **Issued and Guaranteed by the Nation and/or Central Bank** | $ | **2,133,673** | **2,034,558** |

- **Derivative financial instruments**

The following is a detail of the credit quality determined by independent risk rating agents of the main counterparties in active derivative instruments for the Parent Company and subsidiaries as of December 31, 2024 and 2023:

| **Credit quality** | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Investment Grade | $ | 429,377 | 1,222,095 |
| Speculative | | 774 | 22,274 |
| Unqualified or not available | | 66,782 | 32,354 |
| **Total** | $ | **496,933** | **1,276,723** |

### 4.2 Country risk

In accordance with the provisions of the SIAR, the bank updated the country risk assessment. This study assigns a rating to the countries in which foreign equity investments are held, which is composed of a base analysis that includes financial, economic and market indicators; and a complementary analysis that focuses on political, institutional, social and projections aspects; complemented with the ratings of the risk rating agencies.

Given that Banco de Occidente's investment in foreign subsidiaries is in Banco de Occidente Panama - BOP and Occidental Bank Barbados - OBB, entities through which it has portfolio and investments outside Panama and Barbados, the country risk rating (A, B, C, D, E) of these two jurisdictions in accordance with our policy may be improved, considering the weighted average of the ratings of the countries where the exposure is located.

According to the results of the latest update, countries in which we currently have investments were rated as follows:

- Panama: B
- Barbados: B

Based on the foregoing, and following the policy established by Banco de Occidente, it is concluded that, in accordance with the rating obtained in both countries, no impairment provisions are required for these investments.

**Provisioning percentages by country risk rating**

| Category | Definition | Impairment |
|---|---|---|
| A | Satisfactory | 0% |
| B | Stable | |
| C | Higher risk | 20% |
| D | Macroeconomic instability | 50% |
| E | Unrecoverable conditions | 100% |

### 4.3 Market risks

The Parent Company participates in the money, foreign exchange and capital markets seeking to satisfy its needs and those of its customers, in accordance with established policies and risk levels. In this sense, it manages different portfolios of financial assets within the limits and levels of risk allowed.

Market risk arises from the Parent Company's open positions in investment portfolios in debt securities, derivative instruments and equity instruments recorded at fair value, due to adverse changes in risk factors such as: interest rates, inflation, foreign currency exchange rates, share prices, credit spreads of the instruments and their volatility, as well as in the liquidity of the markets in which the Parent Company operates.

For analysis purposes, we have segmented market risk into price risk and/or interest rate, and exchange rate risk of fixed income securities and price risk of investments in equity securities.

### 4.3.1 Financial instrument risk

The Parent Company trades financial instruments for various purposes, among which the following are noteworthy:

- To offer products tailored to the needs of clients, which fulfill, among others, the function of hedging their financial risks.
- Structuring portfolios to take advantage of arbitrage between different curves, assets and markets, and obtain returns with adequate asset consumption.
- To carry out operations with derivatives for intermediation purposes with clients, or to capitalize arbitrage opportunities, both in exchange rates and interest rates in the local and foreign markets.

In carrying out these transactions, the Parent Company incurs risks within defined limits, or mitigates such risks through the use of other derivative or non-derivative financial instruments.

As of December 31, 2024 and 2023, the Parent Company had the following financial assets and liabilities subject to market risk:

**December 31 December 31**

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| **Assets** | $ | | |
| **Financial assets at fair value through profit or loss** | | | |
| Investments in debt securities | | 8,299,454 | 3,459,592 |
| Derivative trading instruments | | 490,708 | 1,276,723 |
| **Subtotal** | | **8,790,162** | **4,736,315** |
| **Equity instruments at fair value with changes in ORI** | | | |
| Investments in debt securities | $ | 5,721,126 | 4,465,686 |
| **Subtotal** | | **5,721,126** | **4,465,686** |
| **Financial assets at amortized cost** | | | |
| Investments in debt securities | | 2,133,673 | 2,034,558 |
| **Subtotal** | | **2,133,673** | **2,034,558** |
| **Total assets** | | **16,644,961** | **11,236,559** |
| **Liabilities** | | | |
| Derivative trading instruments Derivative hedging instruments | | 532,715 | (1,055,896)<br>(2,494) |
| **Total liabilities** | | **532,715** | **(1,058,390)** |
| **Net position** | **$** | **17,177,676** | **10,178,169** |

**Description of objectives, policies and processes for market risk management**

The Parent Company participates in the money, foreign exchange and capital markets seeking to satisfy its needs and those of its customers, in accordance with established policies and risk levels. In this sense, it manages different portfolios of financial assets within the limits and levels of risk allowed.

The risks assumed in the operations of both the banking book and the treasury book, are consistent with the Parent Company's overall business strategy and risk appetite, based on the depth of the markets for each instrument, their impact on the risk weighting of assets and solvency level, the profit budget established for each business unit, and the balance sheet structure.

Business strategies are established in accordance with approved limits, seeking a balance in the profitability/risk ratio. Likewise, there is a structure of limits congruent with the general philosophy of the banks, based on their capital levels, profit performance and the entity's tolerance to risk.

The comprehensive risk management system - SIAR in Spanish, for market risk management, allows entities to identify, measure, control and monitor the market risk to which they are exposed, based on the positions assumed in the performance of their operations.

There are several scenarios under which the Parent Company is exposed to market risk:

- Interest rate: The Parent Company's portfolios are exposed to this risk when the variation in the market value of asset positions in the event of a change in interest rates, does not coincide with the variation in the market value of liability positions, and this difference is not offset by the variation in the market value of other instruments or when the future margin, due to pending transactions, depends on interest rates.

- Exchange rate: The Parent Company's portfolios are exposed to exchange rate risk, when the current value of the asset positions in each currency, does not match the current value of the liability positions in the same currency, and the difference is not offset, positions are taken in derivative products whose underlying is exposed to exchange rate risk, and the sensitivity of the security to changes in exchange rates has not been fully immunized, exposure to interest rate risk is taken in currencies other than its reference currency, which may alter the equality between the value of the asset positions and the value of the liability positions in that currency and generate losses or gains, or when the margin is directly dependent on exchange rates.

**Risk management**

The Parent Company's senior management and Board of Directors, actively participate in risk management and control, through the analysis of an established reporting protocol and the conduction of various Committees, which comprehensively monitor, both technically and fundamentally, the different variables that influence the markets internally and externally, in order to support strategic decisions.

Likewise, analysis and follow-up of the different risks incurred by the Parent Company in its operations, is fundamental for decision making and for the evaluation of results. On the other hand, a permanent analysis of macroeconomic conditions, is fundamental in achieving an optimal combination of risk, profitability and liquidity.

The risks assumed in carrying out operations, are reflected in a structure of limits for positions in different instruments according to their specific strategy, the depth of the markets in which they operate, their impact on the risk weighting of assets and level of solvency, as well as the balance sheet structure.

These limits are monitored daily, and reported biweekly to the Finance Committee, and quarterly to the Board of Directors.

In addition, in order to minimize the interest rate and exchange rate risks of certain items of its balance sheet, the Parent Company implements hedging strategies, by taking positions in derivative instruments such as forward transactions, futures and swaps.

**Methods used to measure risk**

Market risks are quantified through value-at-risk models (internal and standard). Likewise, measurements are made using the historical simulation methodology. The Board of Directors approves a limit structure, based on the value at risk associated with the annual profit budget, and establishes additional limits by type of risk.

The Parent Company uses the standard model for the measurement, control and management of market risk of interest rates and exchange rates in the treasury and banking books. These measurements are performed daily for the Parent Company, and monthly for each of its subsidiaries, in order to measure and monitor the conglomerate risk.

Currently, the asset and liability positions of the treasury book are mapped, within zones and bands according to the duration of the portfolios, the collective portfolios and the net position (assets minus liabilities) in foreign currency, both in the banking book and in the treasury book, in line with the standard model recommended by the Basel Committee.

Likewise, the Parent Company has parametric and non-parametric internal management models, based on the Value at Risk (VaR) methodology, which have allowed it to complement market risk management based on the identification and analysis of variations in risk factors (interest rates, exchange rates and price indexes) on the value of the different instruments comprising the portfolios. These models are JP Morgan's Risk Metrics, with a 99% confidence level and EWMA (exponential weighted moving average) volatility.

The use of these methodologies has made it possible to estimate earnings and capital at risk, facilitating the allocation of resources to the different business units, as well as to compare activities in different markets, and identify the positions that have a greater contribution to the risk of the treasury businesses. Similarly, these tools are used to determine limits to traders' positions, and to revise positions and strategies quickly as market conditions change.

The methodologies used to measure VaR are periodically evaluated and subjected to back testing to determine their effectiveness. In addition, the Parent Company has tools for stress testing and/or portfolio sensitization under the simulation of extreme scenarios.

Additionally, limits have been established by "Type of Risk", associated with each of the instruments comprising the different portfolios (sensitivities or effects on the value of the portfolio as a consequence of movements in interest rates or corresponding factors - impact of variations in specific risk factors: Interest rate (Rho), Exchange rate (Delta), Volatility (vega), among others).

Likewise, the Parent Company has established counterparty and trading quotas per operator for each of the trading platforms of the markets in which it operates. These limits and quotas are monitored on a daily basis by the Parent Company's Balance Sheet and Treasury Risk Management. The trading attributions per trader are assigned to the different hierarchical levels of the treasury based on the experience that the officer has in the market, in the trading of this type of products, and in the management of portfolios.

Likewise, there is a process for estimating the results (P&L) of fixed income investments and forward derivatives, which is compared with the results obtained from the valuation of the systems with inputs from the price provider, Precia.

This process is complemented with the periodic review of the valuation methodologies of the Fixed Income and Derivatives Investment portfolios.

Finally, as part of the monitoring of operations, different aspects of the negotiations are controlled, such as agreed conditions, unconventional operations or operations outside the market, operations with related parties, etc.

The Parent Company classified the investments Available for Sale ALM as banking book as from December 1, 2024 (approval by the Board of Directors on November 29, 2024), therefore, as from December 31, 2024, these investments were excluded from the calculation of the Market Value at Risk, provided that they are not delivered as collateral. This meant a solvency benefit of approximately 15.5 bps.

According to the standard model, the market value at risk (VaR) as of December 31, 2024 and 2023 was as follows

| | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|
| **Entity** | | **Amount** | **Regulatory Capital Basics** | **Amount** | **Regulatory Capital Basics** |
| Parent Company | $ | 339,369 | 101 | 184,778 | 57 |
| Occidental Bank (Barbados) Ltd. | | 10,569 | 3 | 7,537 | 2 |
| Banco de Occidente Panamá S.A. | | 25,757 | 7 | 20,495 | 6 |
| Fiduciaria de Occidente S.A. | | 6,277 | 2 | 5,545 | 2 |
| | | 381,972 | | 218,355 | |

The VaR indicators presented by the Parent Company and subsidiaries for the years ended December 31, 2024 and 2023, are summarized below:

**December 31, 2024**

| | | **Minimum** | **Average** | **Maximum** | **Last** |
|---|---|---|---|---|---|
| Interest rate | $ | 264,941 | 322,068 | 379,009 | 379,009 |
| Exchange rate | | 1,078 | 3,402 | 9,151 | 1,971 |
| Collective Portfolios | | 934 | 991 | 1,031 | 992 |
| **Portfolio VaR** | | | | | **381,972** |

**December 31, 2023**

| | | **Minimum** | **Average** | **Maximum** | **Last** |
|---|---|---|---|---|---|
| Interest rate | $ | 179,858 | 205,998 | 251,416 | 217,031 |
| Exchange rate | | 717 | 3,662 | 11,894 | 717 |
| Collective Portfolios | | 569 | 15,259 | 85,455 | 607 |
| **Portfolio VaR** | | | | | **218,355** |

As a consequence of the performance of the VaR, the Parent Company's market risk-weighted assets, remained on average around 7.30% of total risk-weighted assets, during the period ended December 31, 2024, and 5.21% as of December 31, 2023.

As a management tool for the administration of investment portfolios, different sensitivity analyses are performed on these portfolios at different basis points.

Sensitivity results for the years ended December 31, 2024 and 2023 are presented below:

| | | December 31, 2024 | | | | |
|---|---|---|---|---|---|---|
| | | **Portfolio Value** | **25 PB** | **50 PB** | **75 PB** | **100 PB** |
| Fair Value Parent Company | $ | 12,182,236 | (101,064) | (200,492) | (298,290) | (394,560) |
| Fair Value Occidental Bank Barbados Ltd. | | 470,988 | (3,629) | (7,205) | (10,727) | (14,198) |
| Fair Value Banco de Occidente Panamá S.A. | | 1,287,902 | (8,590) | (17,059) | (25,409) | (33,642) |
| Fair Value Fiduciaria de Occidente S.A. | | 79,455 | (732) | (1,463) | (2,195) | (2,927) |
| **Total** | **$** | **14,020,581** | **(114,015)** | **(226,219)** | **(336,621)** | **(445,327)** |

| | | December 31, 2023 | | | | |
|---|---|---|---|---|---|---|
| | | Portfolio Value | 25 PB | 50 PB | 75 PB | 100 PB |
| Fair Value Parent Company | $ | 6,514,161 | (48,951) | (97,055) | (144,314) | (190,804) |
| Fair Value Occidental Bank Barbados Ltd. | | 344,778 | (2,675) | (5,303) | (7,886) | (10,425) |
| Fair Value Banco de Occidente Panamá S.A. | | 984,474 | (7,054) | (13,998) | (20,835) | (27,566) |
| Fair Value Fiduciaria de Occidente S.A. | | 81,817 | (768) | (1,535) | (2,303) | (3,070) |
| **Total** | **$** | **7,925,230** | **(59,448)** | **(117,891)** | **(175,338)** | **(231,865)** |

### 4.3.2 Price risk of investments in equity instruments

#### Equity investments

The Parent Company classifies its investments in equity instruments where it has no control or significant influence, in the category of financial assets at fair value with changes in ORI, when its main purpose is not to obtain profits from fluctuations in their market price, they are not listed on the stock exchange or are of low marketability, nor are they awaiting maturity of the investment, nor are they part of the portfolio that supports its liquidity in financial intermediation, or expected to be used as collateral in passive operations, since their purpose is strategic, coordinated directly with the Parent Company.

In accordance with the business model, these investments will be sold when some of the following conditions are met:

The investment no longer meets the conditions of the Parent Company's investment policy (e.g., the credit rating of the asset falls below that required by the Parent Company's investment policy).

- When significant adjustments to the maturity structure of assets are required to meet unexpected changes in the maturity structure of the Parent Company's liabilities.
- When the Parent Company needs to make important capital investments, such as the acquisition of other financial entities.
- When significant expenses are required for the acquisition or construction of property and equipment and there is no liquidity for such purpose.
- In corporate reorganization processes of *Grupo Aval*.
- To address unusual credit disbursement requirements or needs.

#### Risk of changes in foreign currency exchange rates

The Parent Company operates internationally, and is exposed to exchange rate fluctuations arising from exposures in various currencies, mainly with respect to U.S. dollars and Euros.

Foreign currency exchange rate risk arises mainly from recognized assets and liabilities and investments in subsidiaries and branches abroad, in loans and receivables, and in foreign currency obligations and future commercial transactions also in foreign currency.

Banks in Colombia are authorized by *Banco de la República* to trade foreign currency and maintain foreign currency balances in foreign accounts. Legal regulations in Colombia require the Parent Company to maintain its own daily position in foreign currency, determined by the difference between the rights and obligations denominated in foreign currency recorded inside and outside the statement of financial position, which average is for three business days, and may not exceed twenty percent (20%) of the technical equity; likewise, such average of three business days in foreign currency may be negative without exceeding five percent (5%) of the technical equity expressed in U.S. dollars.

It must also comply with its own cash position, which is determined by the difference between assets and liabilities denominated in foreign currency, excluding derivatives, and certain investments.

Additionally, it must comply with the gross leverage position, which is defined as the sum of rights and obligations in contracts with future performance denominated in foreign currency: spot transactions denominated in foreign currency with performance between one banking day (t+1) and three banking days (t+3) and other exchange rate derivatives.

The determination of the maximum or minimum amount of the daily own position in foreign currency, must be established based on the technical equity of the Parent Company on the last day of the second preceding calendar month, converted at the exchange rate established by the Superintendence of Finance of Colombia at the close of the immediately preceding month.

Substantially all of the Parent Company's foreign currency assets and liabilities are maintained in U.S. dollars.

The following is a detail of the main financial assets and liabilities in foreign currency denominated in Colombian pesos held by the Parent Company and its subsidiaries as of December 31, 2024 and 2023:

**December 31, 2024**

| | ***Millions*** | | |
|---|---|---|---|
| | **U.S. dollars** | **Other currencies expressed in U.S. dollars** | **Total Colombian pesos** |
| Assets | | | |
| Cash and cash equivalents | 448,86 | 5,43 | 2,002,995 |
| Investments at fair value through profit or loss | 37,56 | - | 165,609 |
| Investments at fair value with changes in the ORI | 412,33 | - | 1,818,042 |
| Financial assets for loan portfolio at amortized cost | 1,584,42 | - | 6,985,961 |
| Derivative trading instruments | 5,653,74 | - | 24,928,185 |
| Other accounts receivable | 28,31 | - | 124,803 |
| **Total Assets** | **8,165,22** | **5,43** | **36,025,595** |
| | | | |
| **Liabilities** | | | |
| Derivative trading instruments | 5,856,98 | | 25,824,298 |
| Customer deposits | 1,245,44 | 3,57 | 5,507,075 |
| Financial Obligations | 1,103,91 | - | 4,867,311 |
| Other accounts payable | 9,84 | - | 43,365 |
| **Total liabilities** | **8,216,17** | **3,57** | **36,242,048** |
| **Net asset (liability) position** | **(50.95)** | **1,86** | **(216,453)** |

**December 31, 2023**

| | ***Millions*** | | |
|---|---|---|---|
| | **U.S. dollars** | **Other currencies expressed in U.S. dollars** | **Total Colombian pesos** |
| **Assets** | | | |
| Cash and cash equivalents | 257,01 | 1,23 | 987,031 |
| Investments at fair value through profit or loss | 57,30 | - | 219,016 |
| Investments at fair value with changes in the ORI | 359,81 | - | 1,375,196 |
| Financial assets for loan portfolio at amortized cost | 1,435,19 | - | 5,485,376 |
| Derivative trading instruments | (3,603.36) | - | (13,772,217) |
| Other accounts receivable | 6,36 | - | 24,291 |
| **Total Assets** | **(1,487.69)** | **1,23** | **(5,681,309)** |
| | | | |
| **Liabilities** | | | |
| Derivative trading instruments | (3,414.29) | | (13,049,603) |
| Customer deposits | 1,116,87 | 0,86 | 4,272,028 |
| Financial Obligations | 730,21 | - | 2,790,888 |
| Other accounts payable | 98,38 | - | 376,004 |
| **Total liabilities** | **(1,468.84)** | **0,86** | **(5,610,684)** |
| **Net asset (liability) position** | **(18.85)** | **0,37** | **(70,625)** |

The Parent Company's objective in relation to foreign currency transactions, is to meet primarily the needs of customers for international trade and financing in foreign currency, and to take positions in accordance with authorized limits.

The Parent Company's management has established policies that require its subsidiaries to manage their foreign currency exchange rate risk against their functional currency. The subsidiaries of the Parent Company are required to economically hedge their exchange rate exposure by using derivative transactions, especially forward contracts. The net foreign currency position of the Parent Company is controlled daily by the treasury divisions of each subsidiary, which are in charge of closing the positions, adjusting them to the established tolerance levels.

The estimated effect of the increase or decrease of each 10/US1 with respect to the exchange rate at December 31, 2024 and 2023, would be an increase in income of $690 and $999, respectively.

### 4.4 Interest rate risk

Interest rate risk in the banking book is defined as "Current or prospective risk to the Entity's capital and earnings, arising from adverse movements in interest rates and affecting banking book positions". Likewise, the Credit Spread Risk in the Banking Book (CSRBB) is defined as "any type of credit spread and liquidity spread risk that is not explained by the RTILB, nor by credit risk". The Parent Company has defined within its policies that this risk is only applicable to banking book positions that do not consume capital due to market risk, including asset, liability and off-balance sheet transactions that have this exposure.

In this regard, the Parent Company has exposure to interest rate fluctuations that impact future cash flows. The risk may arise from the mismatch of the repricing time between assets, liabilities and off-balance sheet positions, the use of different types of interest rates (IBR, DTF, SOFR, Fixed, etc.) and optionalities, that may generate changes in cash flows of both asset or liability positions made by the Parent Company (for example, prepayments).

Interest margins can increase or decrease as a result of changes in interest rates, which can have an impact on the institution's results; however, the Parent Company has mechanisms such as hedges through derivative instruments, to address the risks associated with interest rates in the banking book

The Parent Company manages the Interest Rate Risk of the Banking Book (IRRBB), in accordance with the standard model established in Chapter XXXI (Annex 15) of the Basic Accounting and Financial Circular Letter of the Financial Superintendence of Colombia, which establishes the minimum prudential parameters that entities must supervise in their operations to efficiently manage this risk.

To measure IRRBB, the Matrix calculates two indicators, the ∆VEP (economic value of equity, EVE) under six shock scenarios (parallel up, parallel down, flattening, steepening, up in the short, down in the short) and the ∆MNI (net interest margin), under two interest rate shock scenarios (parallel up and parallel down), as established in the standard model of the Financial Superintendence of Colombia.

The ∆MNI has a short-term focus, as it measures the impact of the shock scenario for the one-year horizon and under the assumption of constant balance sheet, i.e., no growth or decrease in balance sheet positions; this metric captures the impact on net interest margin under a parallel shock of +/- 400bps. Additionally, the sensitivity is calculated for a parallel shock of +/- 100pbs.

The ∆VEP has a long-term approach and under the assumption of balance sheet in liquidation, i.e. the total time horizon until the last maturity of the balance sheet positions is evaluated; this metric reflects under different scenarios the change in the present value of interest rate sensitive assets and liabilities and therefore their final impact on the economic value of equity.

In accordance with the regulatory framework, the SFC requires that the maximum value of the sensitivity to the VEP under the six interest rate shock scenarios be below 15% of the sum of the Common Equity Tier One Capital (PBO in Spanish) and the Additional Tier One Capital (PBA in Spanish). Therefore, the Parent Company monitors compliance with this indicator, and there is a risk appetite statement, which is monitored on a monthly basis.

Below are the results obtained in the measurement of the sensitivity to the VEP (EVE in English) and the MNI (NIM in English) for December 31, 2024, where it is evidenced that the Parent Company is within the appetite defined by the Bank (maximum 9.00% according to internal thresholds) and presents a margin with respect to the regulatory limit (15.00%).

| **Interest Rate Risk in the Banking Book** | | **December 31, 2024** |
|---|---|---|
| **Net Interest Margin Delta (∆MNI)** | | |
| Parallel shock above | $ | 538,969 |
| Parallel collision below | $ | (430,221) |
| **Net Interest Margin Delta (∆MNI) \| Parallel 100 bps.** | | |
| Parallel shock up +100 bps. | $ | 203,811 |
| Parallel shock down -100 bps. | $ | (174,079) |
| **Economic Value of Equity Delta (∆VEP) + KAO** | | |
| Parallel shock above | $ | 322,975 |
| Parallel collision below | $ | 85,678 |
| Steepness shock | $ | (155,760) |
| Flattening shock | $ | 331,065 |
| Short-term upward shock | $ | 269,128 |
| Short-term downward shock | $ | (49,635) |
| Maximum ∆ VEP (Base-Adverse) + KAO / PBA+PBO | % | 7.17% |
| **Economic Value of Equity Delta (∆VEP)+KAO Parallel 100 bps.** | | |
| Parallel shock above | $ | 77,158 |
| Parallel collision below | $ | 55,035 |
| **PBO + PBA** | | |
| Common Equity Tier One Capital | $ | 4,619,873 |

These results are supported by the fact that the cumulative repricing gap of the Parent Company does not present a significant mismatch, and therefore exposure to interest rate risk of the banking book (IRRBB) is not significant when evaluated from the sensitivity to the economic value of equity (EVE). When the duration of assets and liabilities are close, a change in interest rates affects both balance sheet positions in similar proportions; this leads to the conclusion that maintaining a repricing structure with a not so wide mismatch, is a way of protecting the value of the Entity's equity.

In addition, the results obtained in relation to CSRBB for the same evaluation period are recorded. According to historical information and for a scenario of a rise in interest rates, the Parent Company (for a three-month period) has a probability of loss of $98,247 for investments classified as available-for-sale that are not delivered as collateral in a central counterparty risk chamber or in the development of money market operations (repos, simultaneous or temporary transfer of securities).

| Metrics | Currency | Scenario | Value ∆ |
|---|---|---|---|
| CSRBB | COP | Rate Increase | (98,247) |

The management of the IRRBB, which incorporates the credit spread risk and liquidity spread CSRBB, is in charge of the ALM Management and the Balance Sheet and Treasury Risk Management; however, through the ALCO committee, strategies are defined that involve the Financial Planning area and the commercial areas, allowing the Bank to comply with the objectives proposed by the Bank, and maintaining the IRRBB within the defined appetite.

The following table shows the interest rate exposure for assets and liabilities at December 31, 2024 and 2023. In this table, fixed rate instruments are classified according to the maturity date, and variable rate instruments are classified according to the price change date. The following analysis includes all global interest rate exposure:

## December 31, 2024

| Assets | | Less than one month | One to six months | Six to twelve months | More than one year | No Interest | Total |
|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | $ | 2,930,950 | - | - | - | 1,697,970 | 4,628,920 |
| Investments in debt securities at fair value VRPYG | | 2,328 | 58,220 | 110,044 | 8,128,862 | - | 8,299,454 |
| Investments in debt securities at fair value VRORI | | 106,703 | 413,781 | 106,973 | 5,093,669 | - | 5,721,126 |
| Investments at amortized cost | | 232,001 | 1,068,194 | 833,478 | - | - | 2,133,673 |
| Commercial portfolio and commercial leasing | | 5,928,213 | 9,628,915 | 4,574,215 | 17,224,951 | - | 37,356,294 |
| Consumer portfolio and consumer leasing | | 452,178 | 1,741,909 | 1,547,374 | 9,434,897 | - | 13,176,358 |
| Mortgage portfolio and Mortgage Leasing | | 17,014 | 164,391 | 116,019 | 2,799,376 | - | 3,096,800 |
| Repos and interbank | | 461,671 | - | - | - | - | 461,671 |
| Other accounts receivable | | - | - | - | 88,705 | 545,397 | 634,102 |
| **Total Assets** | | **10,131,058** | **13,075,410** | **7,288,103** | **42,770,460** | **2,243,367** | **75,508,398** |

| Liabilities | | Less than one month | One to six months | Six to twelve months | More than one year | No Interest | Total |
|---|---|---|---|---|---|---|---|
| Checking Accounts | | 533,965 | - | - | - | 6,855,190 | 7,389,155 |
| Term deposit certificates | | 1,225,795 | 12,405,676 | 3,891,325 | 394,706 | - | 17,917,502 |
| Savings Accounts | | 28,221,791 | - | - | - | - | 28,221,791 |
| Other Deposits | | - | - | - | - | 65,375 | 65,375 |
| Interbank Funds | | 8,636,674 | - | - | - | - | 8,636,674 |
| Lease liabilities | | - | - | - | 406,286 | - | 406,286 |
| Loans from banks and similar institutions | | 601,852 | 2,805,951 | 221,771 | 444,726 | - | 4,074,300 |
| Bonds and investment securities | | 55,717 | 2,614,480 | - | - | - | 2,670,197 |
| Obligations with rediscount entities | | 220 | 21,984 | 22,044 | 1,017,934 | - | 1,062,182 |
| **Total Liabilities** | **$** | **39,276,014** | **17,848,091** | **4,135,140** | **2,263,652** | **6,920,565** | **70,443,462** |

## December 31, 2023

| Assets | | Less than one month | One to six months | Six to twelve months | More than one year | No Interest | Total |
|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | $ | 1,937,652 | - | - | - | 3,031,251 | 4,968,903 |
| Investments in debt securities at fair value VRPYG | | 11,353 | 94,688 | 111,298 | 3,242,253 | - | 3,459,592 |
| Investments in debt securities at fair value VRORI | | 60,913 | 262,231 | 952,060 | 3,190,482 | - | 4,465,686 |
| Investments at amortized cost | | 145,463 | 1,102,493 | 786,602 | - | - | 2,034,558 |
| Commercial portfolio and commercial leasing | | 636,736 | 28,339,120 | 1,217,900 | 4,217,658 | - | 34,411,414 |
| Consumer portfolio and consumer leasing | | 81,330 | 2,192,801 | 249,288 | 9,938,600 | - | 12,462,019 |
| Mortgage portfolio and Mortgage Leasing | | 24,985 | 192,909 | 747 | 2,391,512 | - | 2,610,153 |
| Repos and interbank | | 15,449 | - | - | - | - | 15,449 |
| Other accounts receivable | | - | - | - | 80,022 | 467,263 | 547,285 |
| **Total Assets** | | **2,913,881** | **32,184,242** | **3,317,895** | **23,060,527** | **3,498,514** | **64,975,059** |

| Liabilities | | Less than one month | One to six months | Six to twelve months | More than one year | No Interest | Total |
|---|---|---|---|---|---|---|---|
| Checking Accounts | | 428,233 | - | - | - | 6,664,393 | 7,092,626 |
| Term deposit certificates | | 2,628,792 | 12,042,470 | 2,812,605 | 382,584 | - | 17,866,451 |
| Savings Accounts | | 24,153,811 | - | - | - | - | 24,153,811 |
| Other Deposits | | - | - | - | - | 62,846 | 62,846 |
| Interbank Funds | | 3,680,934 | 722,177 | - | - | - | 4,403,111 |
| Lease liabilities | | - | - | - | 409,211 | - | 409,211 |
| Loans from banks and similar institutions | | 352,073 | 1,723,461 | 317,422 | 383,790 | - | 2,776,746 |
| Bonds and investment securities | | 37,835 | 2,133,510 | - | - | - | 2,171,345 |
| Obligations with rediscount entities | | 39,262 | 67,153 | 36,329 | 945,445 | - | 1,088,189 |
| **Total Liabilities** | **$** | **31,320,940** | **16,688,771** | **3,166,356** | **2,121,030** | **6,727,239** | **60,024,336** |

The following is a detail of the main interest-bearing assets and liabilities, by interest rate, variable and fixed, according to maturity as of December 31, 2024 and 2023:

## December 31, 2024

| | Less than one year | | More than one year | | | |
|---|---|---|---|---|---|---|
| **Assets** | **Variable** | **Fixed** | **Variable** | **Fixed** | **No interest** | **Total** |
| Cash and cash equivalents | $ 2,930,950 | - | - | - | 1,697,970 | 4,628,920 |
| Investments in debt securities at fair value VRPYG | - | 170,591 | 7,370 | 8,121,493 | - | 8,299,454 |
| Investments in debt securities at fair value VRORI | 10,020 | 617,437 | 54,354 | 5,039,315 | - | 5,721,126 |
| Investments in debt securities at amortized cost | 1,448,279 | 685,394 | - | - | - | 2,133,673 |
| Commercial portfolio and commercial leasing | 15,567,566 | 5,555,111 | 13,203,808 | 3,029,809 | - | 37,356,294 |
| Consumer portfolio and consumer leasing | 508,454 | 3,233,008 | 801,580 | 8,633,316 | - | 13,176,358 |
| Mortgage portfolio and Mortgage Leasing | 21,633 | 275,791 | 254,472 | 2,544,904 | - | 3,096,800 |
| Repos and interbank | - | 461,671 | - | - | - | 461,671 |
| Other accounts receivable | - | - | 88,705 | - | 545,397 | 634,102 |
| **Total** | **20,486,902** | **10,999,003** | **14,410,289** | **27,368,837** | **2,243,367** | **75,508,398** |

| | Less than one year | | More than one year | | | |
|---|---|---|---|---|---|---|
| **Liabilities** | **Variable** | **Fixed** | **Variable** | **Fixed** | **No interest** | **Total** |
| Checking Accounts | 432,547 | 101,418 | - | - | 6,855,190 | 7,389,155 |
| Term deposit certificates | 4,892,831 | 10,924,469 | 707,010 | 1,393,192 | - | 17,917,502 |
| Savings Accounts | 1,812,650 | 26,409,141 | - | - | - | 28,221,791 |
| Other Deposits | - | - | - | - | 65,375 | 65,375 |
| Interbank Funds | - | 8,636,674 | - | - | - | 8,636,674 |
| Lease liabilities | - | - | - | 406,286 | - | 406,286 |
| Loans from banks and similar institutions | 2,925,526 | 704,047 | 443,093 | 1,634 | - | 4,074,300 |
| Bonds and Investment Securities | 472,385 | 33,332 | 1,406,020 | 758,460 | - | 2,670,197 |
| Obligations with rediscount entities | 4,414 | 39,854 | 20,139 | 997,775 | - | 1,062,182 |
| **Total** | **$ 10,540,353** | **46,848,935** | **2,576,262** | **3,557,347** | **6,920,565** | **70,443,461** |

## December 31, 2023

| | Less than one year | | More than one year | | | |
|---|---|---|---|---|---|---|
| **Assets** | **Variable** | **Fixed** | **Variable** | **Fixed** | **No interest** | **Total** |
| Cash and cash equivalents | $ 1,937,652 | - | - | - | 3,031,251 | 4,968,903 |
| Investments in debt securities at fair value VRPYG | 40,907 | 176,432 | 7,724 | 3,234,529 | - | 3,459,592 |
| Investments in debt securities at fair value VRORI | 105,750 | 1,169,454 | 9,843 | 3,180,639 | - | 4,465,686 |
| Investments in debt securities at amortized cost | 1,344,827 | 689,731 | - | - | - | 2,034,558 |
| Commercial portfolio and commercial leasing | 14,963,208 | 5,286,209 | 12,289,752 | 1,872,244 | - | 34,411,413 |
| Consumer portfolio and consumer leasing | 662,024 | 2,916,982 | 1,428,786 | 7,454,227 | - | 12,462,019 |
| Mortgage portfolio and Mortgage Leasing | 18,156 | 257,150 | 169,832 | 2,165,015 | - | 2,610,153 |
| Repos and interbank | - | 15,449 | - | - | - | 15,449 |
| Other accounts receivable | - | - | 80,022 | - | 467,263 | 547,285 |
| **Total** | **19,072,524** | **10,511,407** | **13,985,959** | **17,906,654** | **3,498,514** | **64,975,058** |

| | Less than one year | | More than one year | | | |
|---|---|---|---|---|---|---|
| **Liabilities** | **Variable** | **Fixed** | **Variable** | **Fixed** | **No interest** | **Total** |
| Current Accounts | 372,498 | 55,735 | - | - | 6,664,393 | 7,092,626 |
| Term deposit certificates | 5,316,774 | 9,394,852 | 827,224 | 2,327,601 | - | 17,866,451 |
| Savings Accounts | 1,108,932 | 23,044,879 | - | - | - | 24,153,811 |
| Other Deposits | - | - | - | - | 62,846 | 62,846 |
| Interbank Funds | - | 4,403,111 | - | - | - | 4,403,111 |
| Lease liabilities | - | - | - | 409,211 | - | 409,211 |
| Loans from banks and others | 1,914,361 | 478,595 | 383,790 | - | - | 2,776,746 |
| Bonds and Investment Securities | 196,325 | 119,000 | 1,856,020 | - | - | 2,171,345 |
| Obligations with rediscount entities | 9,025 | 133,720 | 23,882 | 921,562 | - | 1,088,189 |
| **Total** | **$ 8,917,915** | **37,629,892** | **3,090,916** | **3,658,374** | **6,727,239** | **60,024,336** |

### 4.5 Liquidity risk

Liquidity risk is related to the impossibility of each of the Group's entities to meet the obligations acquired with customers and counterparties in the financial market at any time, currency and place, for which each entity reviews its available resources on a daily basis.

The Parent Company manages liquidity risk in accordance with the standard model established in Chapter XXXI (Annex 9 and 12) of the Basic Accounting and Financial Circular Letter of the Financial Superintendence of Colombia, and in accordance with the basic principles of the Comprehensive Risk Management System - SIAR for Liquidity, which establishes the minimum prudential parameters that entities must implement in their operations to efficiently manage the liquidity risk to which they are exposed.

To measure liquidity risk, the Parent Company calculates a weekly Liquidity Risk Indicator (LRI) for terms of 7, 15, 30 and 90 days, as established in the standard model of the Colombian Financial Superintendence, and quarterly for its subsidiaries to measure the liquidity risk of the conglomerate.

Additionally, the Parent Company measures the stability of its funding on a monthly basis in relation to the composition of its assets and positions outside the statement of financial position, over a one-year horizon through the net stable funding ratio (CFEN in Spanish), as established in the standard model of the Colombian Financial Superintendence.

As part of the liquidity risk analysis, the Parent Company measures the volatility of deposits, debt levels, the structure of assets and liabilities, the degree of liquidity of assets, the availability of financing lines and the overall effectiveness of asset and liability management, in order to maintain sufficient liquidity (including liquid assets, guarantees and collateral) to face potential own or systemic stress scenarios.

The quantification of the funds obtained in the money market, is an integral part of the liquidity measurement performed by the Parent Company; based on technical studies, the Parent Company determines the primary and secondary sources of liquidity to diversify the providers of funds, in order to guarantee the stability and sufficiency of the resources and to minimize the concentration of the sources.

Once the sources of funds are established, they are allocated to the different businesses according to the budget, nature and depth of the markets.

The availability of funds monitored on a daily basis, not only to comply with reserve requirements, but also to foresee and/or anticipate possible changes in the liquidity risk profile of the Parent Company, and to be able to make strategic decisions as the case may be. In this sense, the Parent Company has liquidity alert indicators that allow establishing and determining the scenario in which it is, as well as the strategies to be followed in each case. Such indicators include the level of high quality liquid assets, deposit concentration levels, and use of *Banco de la República*'s liquidity quotas, among others.

Through the assets and liabilities technical committees (Finance Committee and ALCO Committee) and the Comprehensive Risk Committee with the full Board of Directors, the Parent Company's senior management is aware of the liquidity situation, and makes the necessary decisions taking into account the high quality liquid assets to be maintained, the liquidity management tolerance or minimum liquidity, strategies for lending and fund raising, policies on placement of surplus liquidity, changes in the characteristics of existing products, as well as new products, diversification of sources of funds, to avoid concentration of deposits in a few investors or savers, hedging strategies, the results of the Parent Company, and changes in the balance sheet structure.

To control the liquidity risk between assets and liabilities, the Parent Company performs statistical analyses, to quantify, with a predetermined level of confidence, the stability of deposits with and without contractual maturity.

In order to comply with the requirements of *Banco de la República* and the Financial Superintendence of Colombia, the Parent Company must maintain cash on hand and restricted banks as part of the required legal reserve, calculated on the daily average of the different customer deposits; the current percentage is 7% of the deposits with the exception of term certificates of deposit, with a term of less than 540 days, which percentage is 2.5% and 0% when exceeding such term. The Parent Company has been complying adequately with this requirement.

In the year 2024, the percentage of callables is maintained at 7% in accordance with External Resolution No. 3 of 2024, which amends External Resolution No. 5 of 2008.

The following is a summary table of projected available liquid assets as of December 31, 2024 and 2023:

**December 31, 2024**
**Subsequent net available balances**

| Entity | | Liquid assets available at the end of the period (1) | From 1 to 7 days (2) | From 1 to 30 days later (2) | From 31 to 90 days later (2) |
|---|---|---|---|---|---|
| Parent Company | $ | 7,686,166 | 5,028,387 | 1,814,098 | (10,488,445) |
| Occidental Bank Barbados Ltd. | | 446,022 | 388,471 | 231,305 | (428,112) |
| Banco de Occidente Panamá S.A. | | 1,152,428 | 1,044,779 | 900,821 | (282,705) |
| Fiduciaria de Occidente S.A. | | - | - | - | - |
| **TOTAL** | **$** | **9,284,616** | **6,461,637** | **2,946,224** | **(11,199,262)** |

**December 31, 2023**
**Subsequent net available balances**

| Entity | | Liquid assets available at the end of the period (1) | From 1 to 7 days (2) | From 1 to 30 days later (2) | From 31 to 90 days later (2) |
|---|---|---|---|---|---|
| Parent Company | $ | 7,367,675 | 5,610,245 | 1,816,402 | (8,313,196) |
| Occidental Bank Barbados Ltd. | | 339,540 | 320,774 | 180,074 | (97,083) |
| Banco de Occidente Panamá S.A. | | 931,350 | 796,326 | 534,710 | (63,229) |
| **TOTAL** | **$** | **8,638,565** | **6,727,345** | **2,531,186** | **(8,473,508)** |

(1) Liquid assets correspond to the sum of those assets existing at the end of each period which, due to their characteristics, can be rapidly converted into cash. These assets include: cash on hand and in banks, securities or coupons transferred to the entity in active money market operations carried out by the entity, and not subsequently used in passive operations in the money market, investments in debt securities at fair value and investments at amortized cost, provided that in the latter case they are mandatory or compulsory investments subscribed in the primary market and that money market operations may be carried out with them. For purposes of calculating liquid assets, all of the investments listed above, without exception, are computed at their fair exchange price at the valuation date.

(2) The balance corresponds to the residual value of the entity's liquid assets in the days following the end of the period, after discounting the net difference between the entity's cash inflows and outflows in that period. This calculation is made by analyzing the mismatch of contractual and non-contractual cash flows of assets, liabilities and positions outside the statement of financial position in time bands from 1 to 90 days.

The above liquidity calculations are prepared assuming a normal liquidity situation, in accordance with the contractual cash flows and historical experience of the Parent Company. For cases of extreme liquidity events due to withdrawal of deposits, the Parent Company has contingency plans that include the existence of credit lines from other entities and access to special credit lines with Banco de la República in accordance with current regulations, which are granted when required with the backing of securities issued by the Colombian Government and with a loan portfolio of high credit quality, in accordance with the regulations of *Banco de la República*. During the periods ended December 31, 2024 and 2023, the Parent Company did not have to use these last resort credit quotas.

The following is the result of the net stable funding ratio (CFEN in Spanish) of the Parent Company as of December 31, 2024 and 2023, in accordance with the provisions established for such purpose by the Financial Superintendence of Colombia:

**December 31, 2024**

| Entity | Available Stable Funding (FED in Spanish) (in millions of Colombian pesos) | Required Stable Funding (FER in Spanish) (in millions of Colombian pesos) | Net Stable Funding Ratio (CFEN in Spanish)* (in percent) |
|---|---|---|---|
| Banco de Occidente | 39,337,640 | 37,245,588 | 105,62 |

**December 31, 2023**

| Entity | Available Stable Funding (FED in Spanish) (in millions of Colombian pesos) | Required Stable Funding (FER in Spanish) (in millions of Colombian pesos) | Net Stable Funding Ratio (CFEN in Spanish)* (in percent) |
|---|---|---|---|
| Banco de Occidente | 36,944,157 | 33,973,159 | 108,75 |

The Parent Company has performed a consolidated maturity analysis for derivative and non-derivative financial assets and liabilities, showing the remaining undiscounted contractual cash flows, as shown below:

**December 31, 2024**

| Assets | | Less than one month | One to six months | Six to twelve months | More than one year | No interest | Total |
|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | $ | 4,628,920 | - | - | - | | 4,628,920 |
| Investments in debt securities at fair value VRPYG | | 1,120 | 244,046 | 190,783 | 5,246,723 | - | 5,682,672 |
| Investments in debt securities at fair value VRORI | | 119,764 | 473,716 | 186,192 | 3,245,372 | - | 4,025,044 |
| Investments at amortized cost | | 6,541 | 1,264 | 73,079 | - | - | 80,884 |
| Commercial portfolio and commercial leasing | | 6,234,310 | 10,804,561 | 5,673,029 | 22,014,078 | - | 44,725,978 |
| Consumer portfolio and consumer leasing | | 545,179 | 2,609,610 | 2,404,064 | 13,532,061 | - | 19,090,914 |
| Mortgage portfolio and Mortgage Leasing | | 44,506 | 300,585 | 276,614 | 5,846,006 | - | 6,467,711 |
| Repos and interbank | | 459,871 | 1,799 | - | - | - | 461,670 |
| Derivative trading instruments | | 231,851 | 121,025 | 42,939 | 144,769 | - | 540,584 |
| Derivative hedging instruments | | - | 2,252 | 904 | 3,867 | - | 7,023 |
| Other accounts receivable | | 271,055 | 290,483 | - | 94,247 | - | 655,785 |
| Other assets | | 29,561 | - | - | - | - | 29,561 |
| **Total assets** | **$** | **12,572,678** | **14,849,341** | **8,847,604** | **50,127,123** | **-** | **86,396,746** |

| Liabilities | | Less than one month | One to six months | Six to twelve months | More than one year | No interest | Total |
|---|---|---|---|---|---|---|---|
| Current Accounts | $ | 533,965 | - | - | - | 6,855,190 | 7,389,155 |
| Term deposit certificates | | 2,578,329 | 9,262,939 | 5,422,109 | 2,199,656 | - | 19,463,033 |
| Savings Accounts | | 28,221,791 | - | - | - | - | 28,221,791 |
| Other Deposits | | 65,375 | - | - | - | | 65,375 |
| Interbank Funds | | 8,651,371 | - | - | - | - | 8,651,371 |
| Lease liabilities | | 10,183 | 49,673 | 57,937 | 392,404 | - | 510,197 |
| Loans from banks and others | | 604,945 | 2,904,592 | 245,584 | 1,435,438 | - | 5,190,559 |
| Notes and investment securities | | 279,448 | - | 273,200 | 2,365,343 | | 2,917,991 |
| Obligations with rediscount entities | | 221 | 22,828 | 25,154 | 4,978,046 | - | 5,026,249 |
| Derivative trading instruments | | 199,018 | 173,875 | 68,065 | 138,960 | - | 579,918 |
| Other accounts payable | | 1,221,997 | - | - | - | - | 1,221,997 |
| **Total liabilities** | **$** | **42,366,643** | **12,413,907** | **6,092,049** | **11,509,847** | **6,855,190** | **79,237,636** |

**December 31, 2023**

| Assets | | Less than one month | One to six months | Six to twelve months | More than one year | No interest | Total |
|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | $ | 4,968,903 | - | - | - | - | 4,968,903 |
| Investments in debt securities at fair value VRPYG | | 12,566 | 170,383 | 225,701 | 3,868,671 | - | 4,277,321 |
| Investments in debt securities at fair value VRORI | | 79,127 | 312,634 | 415,808 | 2,068,054 | - | 2,875,623 |
| Investments at amortized cost | | 505 | 208,767 | 20,427 | - | - | 229,699 |
| Commercial portfolio and commercial leasing | | 6,132,552 | 10,555,547 | 5,779,308 | 20,636,172 | - | 43,103,579 |
| Consumer portfolio and consumer leasing | | 578,059 | 2,541,817 | 2,370,618 | 13,219,828 | - | 18,710,322 |
| Mortgage portfolio and Mortgage Leasing | | 68,377 | 250,635 | 234,903 | 5,028,307 | - | 5,582,222 |
| Repos and interbank | | 15,449 | - | - | - | - | 15,449 |
| Derivative trading instruments | | 477,389 | 552,332 | 97,596 | 105,797 | - | 1,233,114 |
| Other accounts receivable | | 396,100 | 104,745 | 5,587 | 80,022 | - | 586,454 |
| Other assets | | 13,562 | - | - | - | - | 13,562 |
| **Total assets** | **$** | **12,742,589** | **14,696,860** | **9,149,948** | **45,006,851** | **-** | **81,596,248** |

| Liabilities | | Less than one month | One to six months | Six to twelve months | More than one year | No interest | Total |
|---|---|---|---|---|---|---|---|
| Current Accounts | $ | 7,092,626 | - | - | - | - | 7,092,626 |
| Term deposit certificates | | 2,984,133 | 8,051,168 | 5,325,519 | 3,457,236 | - | 19,818,056 |
| Savings Accounts | | 24,153,811 | - | - | - | - | 24,153,811 |
| Other Deposits | | 62,846 | - | - | - | - | 62,846 |
| Interbank Funds | | 3,687,655 | 745,578 | - | - | - | 4,433,233 |
| Lease liabilities | | 9,002 | 45,132 | 49,250 | 402,257 | - | 505,641 |
| Loans from banks and others | | 354,767 | 1,791,574 | 352,597 | 1,709,774 | - | 4,208,712 |
| Notes and investment securities | | 42,798 | 179,284 | 134,613 | 2,099,530 | - | 2,456,225 |
| Obligations with rediscount entities | | 40,336 | 69,696 | 42,945 | 7,707,196 | - | 7,860,173 |
| Derivative trading instruments | | 380,037 | 448,794 | 78,559 | 112,184 | - | 1,019,574 |
| Hedging derivative instruments | | - | - | 1,459 | - | - | 1,459 |
| Other accounts payable | | 1,605,834 | - | - | - | - | 1,605,834 |
| **Total liabilities** | **$** | **40,413,845** | **11,331,226** | **5,984,942** | **15,488,177** | **-** | **73,218,190** |

## 4.6 Adequate capital management

The parent company's objectives regarding the management of its adequate capital, are oriented to: a) Comply with the capital requirements established by the Colombian Government for financial entities and, b) Maintain an adequate equity structure that allows it to keep the parent company as a going concern and generate value for its shareholders.

In accordance with current legislation, financial institutions in Colombia must maintain a minimum technical equity that cannot be less than 9% of assets weighted by credit risk, market risk exposure and operational risk exposure.

The classification of risk assets in each category is made based on the regulatory provisions established by the Ministry of Finance in Decree 2555 of 2010 and the instructions issued by the Financial Superintendence of Colombia through External Circular Letter 020 of September 2019.

The following is a summary of the parent company's solvency ratios as of December 31, 2024 and December 31, 2023:

| **Technical Capital** | **December 31, 2024** | **December 31, 2023** |
|---|---|---|
| Subscribed and paid-in capital | 4,677 | 4,677 |
| Reserves and retained earnings | 5,253,452 | 4,996,111 |
| Other comprehensive income | 209,136 | 176,033 |
| Net income for the year | 473,554 | 473,554 |
| Minority interest | 16,902 | 11,843 |
| **Deductions:** | | |
| Capital gains and other intangibles | (651,630) | (594,581) |
| Other | (2,743) | (2,867) |
| **Common Equity Tier One Capital** | **5,303,348** | **5,064,770** |
| **Tier One Capital** | **5,303,348** | **5,064,770** |
| Subordinated instruments | 1,357,700 | 649,305 |
| **Tier Two Capital** | **1,357,700** | **649,305** |
| **Technical Capital** | **6,661,048** | **5,714,075** |
| Assets weighted by credit risk level | 44,446,464 | 41,324,390 |
| Market risk | 381,971 | 218,356 |
| Market risk exposure value | 4,244,121 | 2,426,178 |
| Operational risk | 283,565 | 236,239 |
| Operational risk exposure value | 3,150,725 | 2,624,878 |
| **Assets weighted by credit, market and operational risk level** | **51,841,310** | **46,375,446** |
| **Basic Individual Common Equity Tier I Ratio** | **10.23%** | **10.92%** |
| **Additional Basic Individual Common Equity Tier I Ratio** | **10.23%** | **10.92%** |
| Solvency ratio contributed by Tier Two Capital | 2.62% | 1.40% |
| **Total solvency ratio** | **12.85%** | **12.32%** |
| Tier One Capital | 5,303,348 | 5,064,770 |
| Leverage value | 81,253,921 | 70,759,147 |
| **Leverage ratio** | **6.53%** | **7.16%** |

The Financial Superintendence of Colombia - SFC, through Resolution Number 2629 of 2024, confirmed and declared the Parent Company (Banco de Occidente S.A.) as a "Systemically Important Entity - SIE" for the year 2025, in accordance with Colombian banking regulations and as a consequence of the evaluation of criteria associated with size, complexity, interconnection and substitutability. The SIE condition requires the Parent Company to set up an additional capital buffer equal to 1.0% of its credit, market and operational risk weighted assets. For this purpose, the Colombian Financial Superintendence has granted a transition period to implement the new capital buffer as follows:

| **Buffer percentage** | **Deadline for constitution** |
|---|---|
| 30% initial | June 30, 2025 |
| 30% additional | November 15, 2025 |
| 20% additional | May 31, 2026 |
| 20% additional | November 15, 2026 |

### 4.7 Operational risk

The Parent Company has an Operational Risk Management System (SARO in Spanish) included in the Comprehensive Risk Management System (SIAR), implemented in accordance with the guidelines established in Chapter XXXI of the Basic Accounting and Financial Circular Letter (External Circular 100 of 1995) by the Financial Superintendence of Colombia.

Thanks to SARO, the Parent Company has strengthened the understanding and control of risks in processes, activities, products and operating lines; it has been able to reduce errors and identify opportunities for improvement that support the development and operation of new products and/or services.

The Operational Risk Manual, contains the policies, standards and procedures that guarantee the management of the business within defined risk appetite levels. There is also a Business Continuity Plan Manual for the operation of the Parent Company in the event of interruption of critical processes.

The Parent Company keeps a detailed record of its Operational Risk events, provided by the information systems and Risk Managers. This record is posted to the expense accounts assigned for the correct accounting follow-up.

On a monthly and quarterly basis, the SARO Committee and the Integral Risk Committee of the Board of Directors, respectively, are informed on the most important aspects of the operational risk, including the follow-up of the implementation of corrective actions aimed at mitigating the risks rated in extreme and high zones, the evolution of operational risk losses, and the action plans based on the materialized events, among others. Likewise, changes in the risk profile are reported, based on the identification of new risks and controls in current and new processes.

The Operational Risk and Business Continuity Management, which reports to the Risk and Collections Vice-Presidency, is in charge of two Business Continuity analysts, a regulatory reporting control analyst, a high impact inherent risk analyst, a technology specialist, and an Operational Risk Coordination with five analysts.

The evolution of the figures for the Parent Company and its subsidiaries resulting from each update of the operational risk profile during the periods ended December 31, 2024 and 2023, is shown below:

| | | **December 31, 2024** | **December 31, 2023** |
|---|---|---|---|
| | Processes | 274 | 289 |
| (*) | Risks | 1,264 | 1,227 |
| | Faults | 2,276 | 2,267 |
| (*) | Controls | 4,178 | 4,104 |

*The variation in risks and controls, is due to the dynamics of updating risk and control matrices.

The net losses recorded for operational risk events for the year 2024 were $17,799, broken down as follows: gross loss for operational risk events of $22,856, and recoveries of $5,057.

For this reason, when grouping the allocation of the accounting accounts by account group, the behavior of gross losses is broken down as follows: loan portfolio claims 51%, other litigation 20%, other operational risk 17%, other assets 11% and other operational risk accounts 1%.

On the other hand, recoveries equivalent to $5,057 are broken down as follows: insurance recoveries 3% and non-insurance recoveries 97%.

According to the Basel risk classification, the events originated in: external fraud 53%, $9,382, process execution and administration 31%, $5,508, technological failures 7%, $1,280, labor relations 6%, $1,077, and other risk classifications 3%, $552.

In external fraud, the most relevant events were: fraud with credit and debit cards for $7,292 and $273 respectively in the parent company, under the modalities of non face-to-face purchases, impersonation, forgery, substitution, lost card and stolen card; and 19 fraud events under the modality of impersonation that affected several products for $1,004.

In process execution and management, the most relevant events corresponded to:

- $2,032 for payment of 4 DIAN penalties arising from corrections to income tax returns for 2017, 2018, 2019 and 2023.
- 1,350 for erroneous execution in the process of reimbursements for recoveries of portfolio with collateral.
- 390 for cancellation of the contract for the replacement of air conditioners in the computer center.

In technological failures, the most relevant event for $742, is a technical incident that generates duplicity of payments to third parties.

**Business Continuity Plan**

In accordance with the definition of the Financial Superintendence of Colombia, and as part of Operational Risk management, the Business Continuity Plan refers to the detailed set of actions that describe the procedures, systems and resources necessary to return and continue the operation in case of interruption.

During 2024, work continued on the permanent updating of the Continuity model (updating of strategies, process tests, business impact analysis (BIA), and call tree), as well as monitoring compliance with service level agreements for their respective updating.

On the other hand, in order to strengthen the business continuity management system, we began the first phase of implementation of the contingency scheme under the Full VPN mechanism, where the employees' home functions as a contingency operation center for the Bank's critical processes, in order to have an additional alternative to our current scheme, thus having more tools to face crisis events that may arise.

At the technological level, throughout the year 2024, activities were carried out on the infrastructure that supports the critical applications of the Bank; some applications were able to operate in the Alternate Computer Center, guaranteeing that, in the event of a service failure in the main computer center, the banking operation would continue.

Finally, and in order to comply with External Circular Letter 042 of 2012 issued by the Superintendence of Finance, the continuity plans of third parties that provide critical services to the Bank were monitored, a scheme that has been strengthened with the support of Asobancaria.

**4.8 Risk of money laundering and financing of terrorism**

Within the framework of the regulations of the Financial Superintendence of Colombia, and especially following the instructions given in the Basic Legal Circular Letter, Part I, Title IV, Chapter IV, the Parent Company has a Money Laundering and Terrorist Financing Risk Management System (SARLAFT), adjusted to the regulations in force, the policies and methodologies adopted by our Board of Directors, and the recommendations of international standards related to this scourge.

Following the recommendations of international bodies and national legislation on SARLAFT, the risks of Money Laundering and Financing of Terrorism (ML/FT) and Weapons of Mass Destruction Proliferation Financing (WMDPF) identified by the Parent Company, are satisfactorily managed within the concept of continuous improvement, and aimed at reasonably minimizing the existence of these risks in the organization.

The Parent Company maintains the policy that states that operations must be processed within the highest ethical and control standards, placing ethical and moral principles before the achievement of business goals, aspects that from a practical point of view have been translated into the implementation of criteria, policies and procedures used for the management of the risk of money laundering and financing of terrorism and related crimes, which have been arranged for the mitigation of these risks, reaching the lowest possible level of exposure.

For the continuous development of this management, we have technological tools that allow us to identify unusual transactions and report suspicious transactions to the Financial Information and Analysis Unit (UIAF) in a timely manner. It should be noted that our entity is continuously improving the functionalities that support the development of SARLAFT in the Compliance Division, related to the different applications and analysis methodologies that allow the mitigation of potential risks of Money Laundering and Financing of Terrorism and Weapons of Mass Destruction Proliferation Financing (WMDPF).

This risk management system is strengthened by the segmentation of risk factors developed by the Parent Company using data mining tools of recognized technical value, which allow us, for each risk factor (customer, product, channel and jurisdiction), to identify risk and monitor the transactions carried out in the Parent Company, in order to detect unusual transactions based on the profile of the segments.

On the other hand, the Parent Company maintains its institutional training program for employees, in which guidelines are given regarding the regulatory framework and control mechanisms implemented on the prevention of money Laundering and Financing of Terrorism (ML/FT) prevention, thus promoting a culture of compliance to the satisfaction of the organization and in accordance with the program.

In compliance with the provisions of legal regulations, and in accordance with the amounts and characteristics required in Part I, Title IV, Chapter IV of the Basic Legal Circular Letter of the Financial Superintendence of Colombia, the Parent Company timely submitted the institutional reports and reports to the different control entities.

During the year 2024, we followed up on the reports prepared by the Internal Audit and the Statutory Auditor's Office, regarding the management of the Risk of Money Laundering and Financing of Terrorism (ML/FT), in order to address the recommendations aimed at optimizing the System.

The Bank, as parent company, communicates to the subsidiaries the policies, guidelines and best practices to carry out the processes related to the operation of the Money Laundering and Financing of Terrorism Risk Management System (ML/FT) - SARLAFT in each one of them. For foreign subsidiaries, policies and guidelines are implemented taking into account the regulations governing each jurisdiction.

### 4.9 Legal risk

The Legal Vice-Presidency of the Parent Company supports the work of legal risk management in the operations carried out by the Parent Company and the judiciary proceedings that may be brought against it. In particular, it defines and establishes the necessary procedures to adequately control the legal risk of operations, ensuring that they comply with legal regulations, that they are documented, and analyzes and drafts the contracts that support the operations carried out by the different business units. The Financial Vice-Presidency supports the management of the Parent Company's legal tax risk, and the Human Resources Vice-Presidency supports the management of the legal labor risk of the Parent Company.

The Parent Company, in accordance with the instructions issued by the Superintendence of Finance of Colombia, valued the claims of the lawsuits against it based on the analysis and concepts of the attorneys in charge; and in the required cases, the respective contingencies are duly provisioned.

With regard to copyrights, the Parent Company uses only legally acquired software or licenses, and does not allow any software other than those officially approved to be used on its equipment.

Details of provisions for legal contingencies and other provisions are shown in note 20 to the financial statements.

## Note 5. – Estimated fair values

The fair value of financial assets and liabilities traded in active markets (such as financial assets in debt and equity securities and derivatives actively traded on stock exchanges or in interbank markets) is based on prices provided by the price vendor, Precia PPV S.A., which determines them through weighted averages of transactions occurring during the trading day.

An active market is a market in which transactions for assets or liabilities take place with sufficient frequency and volume to provide price information on an ongoing basis.

The fair value of financial assets and liabilities that are not traded in an active market, is determined using valuation techniques determined by the provider. Valuation techniques used for non-standardized financial instruments such as options, currency swaps and over-the-counter derivatives, include the use of interest rate or currency valuation curves constructed by pricing vendors,from market data and extrapolated to the specific conditions of the instrument being valued, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants that make maximum use of market data, and rely as little as possible on entity-specific data.

The Parent Company and subsidiaries may use internally developed models for financial instruments that do not have active markets. These models are generally based on valuation methods and techniques generally standardized in the financial sector. The valuation models are mainly used to value unlisted equity financial instruments, debt securities and other debt instruments for which the markets were or have been inactive during the financial year. Some inputs to these models may not be observable in the market, and are therefore estimated based on assumptions.

The output of a model, is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques employed may not fully reflect all factors relevant to the Parent Company's positions. Therefore, valuations are adjusted, if necessary, to allow for additional factors, including country risk, liquidity risk and counterparty risk.

The fair value of non-monetary assets, such as investment property or loan guarantees for purposes of determining impairment, is based on appraisals performed by independent appraisers, with sufficient experience and knowledge of the real estate market or the asset being appraised. These valuations are generally made by reference to market data or based on replacement cost when there is insufficient market data.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets, for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy, within which the fair value measurement is categorized in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed in relation to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement as a whole requires judgment, taking into account factors specific to the asset or liability.

The determination of what constitutes as "observable", requires significant judgment on the part of the Parent Company. The Parent Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, non-proprietary, and provided by independent sources actively participating in the relevant market.

**a) Fair value measurements on a recurring basis**

Fair value measurements on a recurring basis, are those that are required or permitted by MFRS in the statement of financial position at the end of each accounting period.

The following table analyzes, within the fair value hierarchy, the assets and liabilities (by class) of the Parent Company measured at fair value as of December 31, 2024 and 2023 on a recurring basis.

**December 31, 2024**

| | | Fair values calculated using internal models | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| **Assets** | | | | | |
| **Investments in debt securities with changes in income** | | | | | |
| Issued or guaranteed by the Colombian government | $ | 7,991,814 | 60,779 | - | 8,052,593 |
| Issued or guaranteed by other Colombian government entities | | | 1,019 | - | 1,019 |
| Issued or guaranteed by other Colombian financial institutions | | | 94,542 | - | 94,542 |
| Issued or guaranteed by entities of the Colombian real sector | | | 3,980 | - | 3,980 |
| Issued or guaranteed by Foreign Governments | | 13,288 | 21,310 | - | 34,598 |
| Issued or guaranteed by other foreign financial institutions | | | 102,148 | - | 102,148 |
| Other | | - | 10,574 | - | 10,574 |
| **Investments in debt securities with changes in ORI** | | | | | |
| Issued or guaranteed by the Colombian government | $ | 3,334,629 | 686,881 | - | 4,021,510 |
| Issued or guaranteed by other Colombian government entities | | | 67,359 | - | 67,359 |
| Issued or guaranteed by other Colombian financial institutions | | | 552,432 | - | 552,432 |
| Issued or guaranteed by entities of the Colombian real sector | | | 29,079 | - | 29,079 |
| Issued or guaranteed by Foreign Governments | | 93,084 | 360,526 | - | 453,610 |
| Issued or guaranteed by other foreign financial institutions | | | 512,395 | - | 512,395 |
| Other | | - | 84,741 | - | 84,741 |
| **Investments in equity instruments with changes in income** | | - | 36,946 | 801,105 | 838,051 |
| **Investments in equity instruments with changes in ORI** | | 4,333 | - | 162,636 | 166,969 |
| **Trading derivatives** | | | | | |
| Currency forward | | - | 179,653 | - | 179,653 |
| Forward interest rate | | - | 106,374 | - | 106,374 |
| Interest rate swap | | - | 191,306 | - | 191,306 |
| Other | | - | 13,375 | - | 13,375 |
| **Hedging Derivatives** | | | | | |
| Interest rate swap | | - | 6,225 | - | 6,225 |
| **Investment property at fair value** | | - | 216,871 | - | 216,871 |
| **Total recurring fair value assets** | | 11,437,148 | 3,338,515 | 963,741 | 15,739,404 |
| **Liabilities** | | | | | |
| **Trading derivatives** | | | | | |
| Currency forward | | - | 311,839 | - | 311,839 |
| Forward interest rate | | - | 15,770 | - | 15,770 |
| Interest rate swap | | - | 190,110 | - | 190,110 |
| Currency swap | | - | 1,143 | - | 1,143 |
| Other | | - | 13,853 | - | 13,853 |
| **Total recurring fair value liabilities** | $ | - | 532,715 | - | 532,715 |

**December 31, 2023**

| | | Fair values calculated using internal models | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| **Assets** | | | | | |
| **Investments in debt securities with changes in income** | | | | | |
| Issued or guaranteed by the Colombian government | $ | 3,086,047 | 35,860 | - | 3,121,907 |
| Issued or guaranteed by other Colombian government entities | | - | 34,609 | - | 34,609 |
| Issued or guaranteed by other Colombian financial institutions | | - | 116,718 | - | 116,718 |
| Issued or guaranteed by entities of the Colombian real sector | | - | 1,840 | - | 1,840 |
| Issued or guaranteed by Foreign Governments | | 382 | - | - | 382 |
| Issued or guaranteed by other foreign financial institutions | | - | 161,722 | - | 161,722 |
| Issued or guaranteed by real sector entities abroad | | - | 3,412 | - | 3,412 |
| Other | | - | 19,002 | - | 19,002 |
| **Investments in debt securities with changes in ORI** | | | | | |
| Issued or guaranteed by the Colombian government | $ | 2,439,340 | 682,922 | - | 3,122,262 |
| Issued or guaranteed by other Colombian government entities | | - | 67,400 | - | 67,400 |
| Issued or guaranteed by other Colombian financial institutions | | - | 665,510 | - | 665,510 |
| Issued or guaranteed by Foreign Governments | | 72,552 | 47,680 | - | 120,232 |
| Issued or guaranteed by other foreign financial institutions | | - | 398,898 | - | 398,898 |
| Issued or guaranteed by real sector entities abroad | | - | 34,539 | - | 34,539 |
| Other | | - | 56,845 | - | 56,845 |
| **Investments in equity instruments with changes in income** | | - | 5,532 | 703,988 | 709,520 |
| **Investments in equity instruments with changes in ORI** | | 4,774 | - | 127,337 | 132,111 |
| **Trading derivatives** | | | | | |
| Currency forward | | - | 949,020 | - | 949,020 |
| Forward interest rate | | - | 18,447 | - | 18,447 |
| Interest rate swap | | - | 264,056 | - | 264,056 |
| Currency swap | | - | 13,219 | - | 13,219 |
| Other | | - | 31,981 | - | 31,981 |
| **Investment property at fair value** | | - | 214,080 | - | 214,080 |
| **Total recurring fair value assets** | | **5,603,095** | **3,823,292** | **831,325** | **10,257,712** |
| **Liabilities** | | | | | |
| **Trading derivatives** | | | | | |
| Currency forward | | - | 614,533 | - | 614,533 |
| Forward interest rate | | - | 120,647 | - | 120,647 |
| Interest rate swap | | - | 285,952 | - | 285,952 |
| Other | | - | 34,764 | - | 34,764 |
| **Hedging Derivatives** | | | | | |
| Interest rate swap | | - | 2,494 | - | 2,494 |
| **Total recurring fair value liabilities** | **$** | **-** | **1,058,390** | **-** | **1,058,390** |

Investments, whose values are based on quoted market prices in active markets, and are therefore classified in Level 1, include equity investments active in the stock market, certain investments issued or guaranteed by the Colombian government, other Colombian financial institutions, and Colombian real sector entities.

Financial instruments that are quoted in markets that are not considered active, but are valued according to quoted market prices, broker quotes or alternative price sources supported by observable inputs, are classified in Level 2. Includes other investments issued or guaranteed by the Colombian government, other Colombian financial institutions, Colombian real sector entities, foreign governments, other foreign financial institutions, foreign real sector entities, derivatives and investment properties. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity or non-transferability, which are generally based on available market information.

As indicated above, the fair value of investment properties is determined based on the appraisal performed by independent expert appraisers as of December 31, 2024, which were prepared under the methodology of comparative sales approach (market approach), determining the value of the assets based on comparison with other similar assets that are being or have been traded in the real estate market, this comparative approach considers the sale of similar or substitute assets, as well as data obtained from the market, and establishes an estimate of value using processes that include comparison.

## b) Determination of fair values

The following table shows information about valuation techniques and significant inputs when measuring fair value on a recurring basis, for assets and liabilities whose fair value hierarchy classification is level 2 or level 3 at December 31, 2024 and 2023.

| Assets and Liabilities | Valuation technique for levels 2 and 3 | Main input data |
|---|---|---|
| **Investments in debt securities at fair value** | | |
| Through profit or loss | Market Focus | *Market Price (1) |
| With changes in ORI | Market Focus | *Market Price (1) |
| **Investments in equity instruments** | | |
| Through profit or loss | Unit value | *Market value of the underlying assets, are real estate, minus management fees and expenses. |
| With changes in ORI | Discounted cash flow | *Growth during the five-year projection period.<br>*Net income<br>*Growth in residual values after five years<br>*Discounted interest rate |
| **Trading derivatives** | | |
| Currency forward | | *Curves by underlying functional currency |
| Forward interest rate | Discounted cash flow | *Price of underlying security/ Curves by functional currency of the underlying |
| Interest rate swap | | *Swap curves assigned according to underlying |
| Currency swap | | *Swap curves assigned according to underlying |
| Other | Black & Scholes & Merton | *Matrices and implied volatility curves |
| **Investment property at fair value** | Discounted cash flow | *Processes used to collect data and determine the fair value of investment properties |

(1) Quoted market prices, i.e., obtained from price vendors.

**c) Transfer of levels**

The following table presents the transfers between levels 1 and 2 for the years ended December 31, 2024 and 2023:

| Fair value measurements for recurring | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|
| | | Level 1 to Level 2 | Level 2 to Level 1 | Level 1 to Level 2 | Level 2 to Level 1 |
| **Assets** | | | | | |
| Fixed-income fair value investments | $ | 99 | -$ | - | - |

For the year ended December 31, 2024, there were transfers between level 1 and 2 of TES securities (issued by the Colombian government) in the reference of maturity in November 2025, this is due to the fact that they lose liquidity due to the proximity of their maturity.

At the December 2023 cut-off date, there were no transfers between level 1 and 2 and between level 2 and 1.

**d) Fair value measurements on non-recurring basis Valuation of equity instruments with changes in Level 3 ORI**

Investments classified in Level 3, have significant unobservable inputs. Level 3 instruments primarily include investments in equity instruments, which are not publicly traded.

The Bank has equity investments in various entities with a participation of less than 20% of the Bank's equity, some of them received in payment of customer obligations in the past, and others acquired because they are necessary for the development of operations, such as: ACH S.A., Cámara de Riesgo Central de Contraparte S.A., Redeban S.A. and Credibanco S.A. The valuation of these instruments is made with the following frequency:

- Monthly: Credibanco S.A.
- Quarterly: ACH S.A.
- Semiannual: Redeban S.A.
- Annual: Cámara de Riesgo Central de Contraparte S.A and Aportes En Línea S.A. The frequency is due to the fact that their fair value does not vary significantly, and yet possible effects on fair value are monitored at each reporting date.

For ACH S.A, Redeban S.A, Cámara de Riesgo Central de Contraparte S.A, Credibanco S.A and Aportes En Línea S.A, the determination of their fair value as of December 31, 2024, they do not list their shares in a public stock market and therefore, it was made with the help of an external advisor to the Bank, who has used the discounted cash flow method for such purpose, constructed based on the valuator's own projections of income, costs and expenses of each valuation entity over a period of five years, taking as a basis for them some historical information obtained from the companies, and residual values determined with growth rates in perpetuity established by the valuator according to his/her experience. These projections and residual values were discounted based on interest rates constructed with curves taken from price vendors, adjusted by risk premiums estimated based on the risks associated with each valued entity.

The following table includes the sensitivity analysis of changes in such variables used in the valuation of the investment, considering that changes in fair value of such investments are recorded in equity, as they correspond to investments classified as equity instruments at fair value with changes in equity:

| Methods and Variables | Variation | Favorable impact | Unfavorable impact |
|---|---|---|---|
| Revenues | +/- 1% | $ 2,515,935 | $ 2,475,190 |
| Perpetuity gradient | +/- 1% | $ 2,510,041 | $ 2,483,487 |
| Discount Rate | +/- 50 BP | $ 2,506,373 | $ 2,485,156 |

Based on the variations and impacts presented in the previous box, as of December 31, 2024, there would be a favorable effect on the Bank's equity of $6,199 and an unfavorable effect of $5,639. These values were calculated by valuing the investment with the favorable and unfavorable price, according to the variations presented and the number of shares held by the Bank in each entity.

The following table presents the movement of equity instruments of lesser interest (less than 20%) classified in level 3 measured at fair value for the years ended December 31, 2024 and 2023:

| | | Equity instruments |
|---|---|---|
| **Balance as of December 31, 2023** | **$** | **831,325** |
| Valuation adjustment with effect on income (1) | | 78,059 |
| Valuation adjustments with effect on ORI | | 35,298 |
| Additions (1) | | 63,771 |
| Redemptions (1) | | (44,712) |
| **Balance as of December 31, 2024** | **$** | **963,741** |

| | | |
|---|---|---|
| **Balance as of December 31, 2022** | **$** | **660,239** |
| Valuation adjustment with effect on income | | 61,209 |
| Valuation adjustments with effect on ORI | | 7,742 |
| Additions | | 140,105 |
| Redemptions | | (37,970) |
| **Balance as of December 31, 2023** | **$** | **831,325** |

(1) As of December 31, 2024 in investments in equity instruments at fair value through profit or loss, the most significant variation is presented in the Nexus Inmobiliario Private Equity Fund for $35,962 with respect to December 31, 2023, with a capital call of $3,438, redemptions of ($44,669) and a valuation with effect in profit or loss of $77,193.

On October 26, 2024, the bank received, as a result of a process of payment in kind from Pactia Inmobiliario Private Equity Fund for $58,295, and a valuation with an effect on results of ($21).

The ORI as of December 2024 and 2023 corresponding to the valuation of financial instruments measured at fair value level 3 is $35,298 and $7,742, respectively.

The following is the detail as of December 31, 2024 and 2023 of the assets that were measured at fair value as a result of impairment assessment in the application of IFRS standards applicable to each account, but that are not required to be measured at fair value on a recurring basis:

| **December 31, 2024** | | **Level 3** | **Total** |
|---|---|---|---|
| Collateralized loan portfolio financial instruments | $ | 563,756 | 563,756 |
| Non-current assets held for sale | | 1,324 | 1,324 |
| | **$** | **565,080** | **565,080** |

| **December 31, 2023** | | **Level 3** | **Total** |
|---|---|---|---|
| Collateralized loan portfolio financial instruments | $ | 534,910 | 534,910 |
| Non-current assets held for sale | | 3,023 | 3,023 |
| | **$** | **537,933** | **537,933** |

The following table presents a summary of the Group's financial assets and liabilities recorded at amortized cost as of December 31, 2024 and 2023 compared to the values determined at fair value, for which it is practicable to calculate fair value:

| | | **December 31, 2024** | | **December 31, 2023** | |
|---|---|---|---|---|---|
| | | **Carrying value** | **Estimated Fair Value** | **Carrying value** | **Estimated Fair Value** |
| **Assets** | | | | | |
| Financial assets in debt securities at amortized cost | $ | 2,133,673 | 2,134,731 | 2,034,558 | 2,035,192 |
| Loan Portfolio, net | | 51,544,158 | 55,082,552 | 47,082,115 | 57,752,515 |
| Other accounts receivable | | 634,102 | 634,102 | 547,285 | 547,285 |
| | $ | 54,311,933 | 57,851,385 | 49,663,958 | 60,334,992 |
| **Liabilities** | | | | | |
| Certificates of Deposit | $ | 17,917,502 | 18,158,351 | 17,866,450 | 18,367,377 |
| Interbank funds | | 8,636,674 | 8,636,674 | 4,403,111 | 4,403,108 |
| Loans from banks and others | | 4,480,586 | 4,862,180 | 3,185,957 | 3,444,288 |
| Obligations with rediscount entities | | 1,062,182 | 1,069,488 | 1,088,189 | 1,100,069 |
| Notes issued | | 2,670,197 | 2,775,753 | 2,171,345 | 2,166,124 |
| | $ | **34,767,141** | **35,502,446** | **28,715,052** | **29,480,966** |

The estimated fair value of the loan portfolio is calculated as follows:

**Portfolio rated A, B and C:** the net present value of the contractual flows is obtained, discounted at the discount rate, which is equivalent to the market value of the transactions, based on the balances of each obligation, the maturity date of the transaction, the contractual rate, among others.

**Portfolio rated D or E:** calculated on the book value in percentage expected to be recovered from such obligations.

The **Discount Rate** comprises the following:

- **Credits rated A, B or C:** Risk-free rate + Risk points + Portfolio management fees.

The Risk Free Rate represents the opportunity cost incurred in placing resources through credit. Varies according to the remaining term of each obligation. For loans in legal currency, the TES curve is used as a reference and for foreign currency transactions, the 10-year U.S. treasury bond rate is used as a reference.

Credit risk points are obtained through the product of the Probability of Default (customer risk) and the Loss Given Default. The latter represents the risk of the credit operation, which in the commercial portfolio depends on the collateral.

In the Portfolio Management Expense Ratio, the costs for human resources and outsourcing are reported.

The fair value methodologies for fixed income securities at time zero, correspond to the adjustment of the difference between the purchase price (IRR purchase) and the market price published by the price vendor *Precia PPV S.A*. For subsequent measurement, this fair value on each of the investments is determined with the daily valuation using the market price published by the same price vendor.

Other accounts receivable mature in a period equal to or less than one year; therefore, it is not considered necessary to perform a fair value calculation on the understanding that this value is the best estimate, since it is a short period.

The fair value methodology of the Parent Company's liabilities (CDTs and Notes) is performed by means of the PWPREI application, which values the Parent Company's standardized liabilities in Colombian pesos at market prices, using the information published by the price provider *Precia PPV S.A*.

For Financial Obligations, the calculation is performed manually, in which the valuation is made using the discount curve calculated by the Parent Company's Treasury Risk Division.

**Valuation of equity instruments with changes in Level 3 results**

Likewise, the Parent Company and its subsidiary Fiduciaria de Occidente S.A., have an equity investment in the Nexus Private Equity Fund, in which the properties that are part of the fund are restated daily with the UVR, and the value of the unit is the result of how the income and expense moves in the Fund/compartment, the difference between the current fair value and the immediately preceding one is recorded as a higher or lower value of the investment, affecting the results of the period.

The following table summarizes the sensitivity analysis performed by the appraiser on the properties comprising the Nexus Inmobiliario Private Equity Fund:

| Sensitivity | Variation | | Favorable impact | Variation | | Unfavorable impact |
|---|---|---|---|---|---|---|
| Market comparison | +/-10% | | | +/-10% | | |
| Initial Cap Rate | +/-50PB | $ | 20,343 | +/-50PB | $ | 26,315 |
| Market Income | +/-10% | | | +/-10% | | |
| Discount Rate Cash Flow | +/-50PB | | | +/-50PB | | |

On October 29, 2024, Banco de Occidente became part of the Pactia Inmobiliario Private Equity Fund; the value of the daily unit issued by Pactia FCP is derived from the daily assets and liabilities of the Fund, in accordance with the provisions of Chapter I-1 of the Basic Accounting and Financial Circular Letter issued by the Superintendence of Finance, which in turn are derived from the income and expenses of the underlying assets of the Fund, corresponding to the real estate managed through trust vehicles.

In accordance with the above, the final input to determine the value of the investment in the Fund is the value of the unit for the units of participation held on a given date, and in turn, the unit value is formed based on the results of the underlying assets (real estate) and the ordinary operation of the Fund.

The following table summarizes the sensitivity analysis performed by the appraiser on the properties comprising the Nexus Inmobiliario Private Equity Fund:

| Sensitivity | Variation | | Favorable impact | Variation | | Unfavorable impact |
|---|---|---|---|---|---|---|
| Market comparison | +/-10% | | | +/-10% | | |
| Initial Cap Rate | +/-50PB | $ | 3,816 | +/-50PB | $ | 6,294 |
| Market Income | +/-10% | | | +/-10% | | |
| Discount Rate Cash Flow | +/-50PB | | | +/-50PB | | |

## Note 6. – Cash and cash equivalents

Cash and cash equivalents balances as of December 31, 2024 and 2023, comprise the following:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| In Colombian pesos | | | |
| Cash | $ | 525,842 | 491,791 |
| At *Banco de la República de Colombia* | | 1,697,691 | 3,030,785 |
| Bank and other financial institutions on demand | | 1,134 | 1,859 |
| Exchange | | 279 | 466 |
| Liquidity management (*) | | 400,980 | 456,972 |
| | | 2,625,926 | 3,981,873 |
| In foreign currency | | | |
| Cash | | 8,255 | 6,264 |
| Bank and other financial institutions on demand | | 1,994,739 | 980,766 |
| | | 2,002,994 | 987,030 |
| **Total cash** | **$** | **4,628,920** | **4,968,903** |

(*) Money market operations (Repos and Simultaneous) with a term of less than 90 days, whose purpose is liquidity and whose counterparty is *Banco de la República* and/or are cleared or settled through the Central Counterparty Risk Clearing House – CRCC in Spanish, mitigating the credit risk.

### Required bank reserves

The following is the bank reserve requirement:

| **Concept** | | **December 31, 2024** | **December 31, 2023** |
|---|---|---|---|
| Certificates of deposit < 18 months | $ | 239,574 | 350,793 |
| Deposits in checking and savings accounts and other | | 2,508,102 | 2,499,222 |
| **Total Reserves** | **$** | **2,747,676** | **2,850,015** |

As of December 31, 2024 the legal reserve in Colombia is 7% for deposits in checking, savings and other accounts, and 2.5% for certificates of deposit of less than 18 months, and as of December 31, 2023 the legal reserve in Colombia is 8% for deposits in checking and savings accounts and other, and 3.5% for certificates of deposit of less than 18 months.

As of December 31, 2024, the legal reserve required to meet liquidity requirements for deposits in checking, and savings accounts and other is $2,508,102.

As of December 31, 2024, the legal reserve required to meet liquidity requirements of certificates of deposit of less than 18 months was $239,574.

For December 31, 2024 and 2023 there are no cash restrictions.

## Note 7. - Financial assets from investment in debt securities and equity instruments at fair value

The balance of Financial Assets in debt securities and investments in equity instruments at fair value, comprises the following at December 31, 2024 and 2023:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| **Debt securities with changes in income** | | | |
| **In Colombian pesos** | | | |
| Issued or guaranteed by the Colombian government | $ | 8,034,769 | 3,105,170 |
| Issued or guaranteed by other Colombian government entities | | 1,019 | 34,609 |
| Issued or guaranteed by other Colombian financial institutions | | 91,075 | 96,631 |
| Issued or guaranteed by entities of the Colombian real sector | | 2,916 | 1,840 |
| Other | | 632 | - |
| | | **8,130,411** | **3,238,250** |
| **In foreign currency** | | | |
| Issued or guaranteed by the Colombian government | | 17,824 | 16,737 |
| Issued or guaranteed by other Colombian financial institutions | | 3,467 | 20,087 |
| Issued or guaranteed by entities of the Colombian real sector | | 1,064 | - |
| Issued or guaranteed by Foreign Governments | | 34,598 | 382 |
| Issued or guaranteed by other foreign financial institutions | | 102,148 | 161,722 |
| Issued or guaranteed by real sector entities abroad | | - | 3,412 |
| Other | | 9,942 | 19,002 |
| | | **169,043** | **221,342** |
| **Total debt securities through profit or loss** | **$** | **8,299,454** | **3,459,592** |
| **Debt securities through profit or loss** | | | |
| **In Colombian pesos** | | | |
| Issued or guaranteed by the Colombian government | $ | 3,334,629 | 2,439,339 |
| Issued or guaranteed by other Colombian government entities | | 65,346 | 67,400 |
| Issued or guaranteed by other Colombian financial institutions | | 498,795 | 583,751 |
| Issued or guaranteed by entities of the Colombian real sector | | 1,009 | - |
| Other | | 1,293 | - |
| | | **3,901,072** | **3,090,490** |
| **In foreign currency** | | | |
| Issued or guaranteed by the Colombian government | | 686,881 | 682,923 |
| Issued or guaranteed by other Colombian government entities | | 2,013 | - |
| Issued or guaranteed by other Colombian financial institutions | | 53,637 | 81,759 |
| Issued or guaranteed by entities of the Colombian real sector | | 28,070 | - |
| Issued or guaranteed by Foreign Governments | | 453,610 | 120,232 |
| Issued or guaranteed by other foreign financial institutions | | 512,395 | 398,898 |
| Issued or guaranteed by real sector entities abroad | | - | 34,539 |
| Other | | 83,448 | 56,845 |
| | | **1,820,054** | **1,375,196** |
| **Total debt securities with changes in ORI [(1)]** | **$** | **5,721,126** | **4,465,686** |

| Equity instruments with adjustment to income | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| **In Colombian pesos** | | | |
| Mutual funds | $ | **838,051** | **709,520** |
| **Equity instruments with adjustment to income total** | | 838,051 | 709,520 |
| **Trading derivative instruments with changes to income total** | $ | **490,708** | **1,276,723** |
| **Total financial instruments at fair value with changes in profit or loss** | $ | **9,628,213** | **5,445,835** |
| **Equity instruments with adjustment to ORI equity in Colombian pesos** | $ | | |
| **Corporate shares** | | 166,969 | 132,111 |
| **Total equity instruments** | | **1,005,020** | **841,631** |
| **Total financial assets in debt securities and investments in equity instruments at fair value** | **$** | **15,516,308** | **10,043,632** |
| **Total financial instruments at fair value with changes in ORI** | **$** | **5,888,095** | **4,597,797** |

(1) The valuation effect recognized in ORI for debt securities in December 31, 2024 is ($67,739) and of $393,581 in December 31, 2023.

Financial assets at fair value, are carried at fair value based on observable market data, which also reflects the credit risk associated with the asset.

The following is a detail of equity instruments with changes in other comprehensive income:

| Entity | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Redeban Multicolor S.A. (1) | **$** | 45,371 | 17,951 |
| A.C.H Colombia S.A. (1) | | 60,324 | 52,844 |
| Central Counterparty Risk Clearing House of Colombia S.A. (1) | | 3,414 | 3,225 |
| Credibanco (1) | | 43,103 | 43,136 |
| Holding Bursátil Regional (1) | | 4,333 | 4,774 |
| *Aportes en Línea S.A. (Gestión y Contacto)* (1) | | 4,738 | 4,495 |
| *Casa de Bolsa S.A Stock Brokerage Firm* | | 5,686 | 5,686 |
| **Total** | **$** | **166,969** | **132,111** |

(1) These financial instruments were recognized at fair value, according to the market prices provided by Precia S.A. as indicated in paragraph i) of section 6.25 of chapter I-I; the effect of this valuation was recognized against ORI for the fair value of the equity instruments for $34,857 as of December 31, 2024 and as of December 31, 2023 for $9,263.

Financial assets in equity instruments at fair value with adjustment to other comprehensive income, have been designated considering that they are strategic investments for the Parent Company, and therefore are not expected to be sold in the near future, and there is a higher degree of uncertainty in the determination of fair value that generates significant fluctuations from one period to another. During the period ended December 31, 2024, dividends of $6,388 ($5,702 during the period ended December 31, 2023) have been recognized in the statement of income for these investments.

**Guaranteeing money market and central counterparty risk clearinghouse (futures) transactions**

The following is a list of financial assets at fair value, that are used to guarantee repo transactions, those that have been pledged as collateral for transactions with financial instruments, and those that have been pledged as collateral to third parties in support of financial obligations with other banks (see note 18).

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| **Delivered in money market operations** | | | |
| Issued or guaranteed by the Colombian government | $ | 8,093,926 | 2,731,746 |
| Issued or guaranteed by other Colombian government entities | | 1,371,739 | 1,325,304 |
| | | **9,465,665** | **4,057,050** |
| **Delivered as collateral for derivative transactions** | | | |
| Issued or guaranteed by the Colombian government | | 16,194 | 542,733 |
| **Total** | **$** | **9,481,859** | **4,599,783** |

Changes in fair values primarily reflect changes in market conditions, due mainly to changes in interest rates and other economic conditions in the country in which the investment is held.

As of December 31, 2024, fixed income investments hedging Money Market operations are presented in Simultaneous Liabilities $4,138,758 and Repo Liabilities $3,805,016 and in derivative instruments $16,194 (in December 31, 2023 were presented in Simultaneous Liabilities $2.082.478 and Repo Liabilities $1,783,598, and in derivative instruments $542,733). Also, total debt securities that do not guarantee money market operations or derivatives, amount to $4,538,721 for 2024 and $3,325,459 for 2023.

There are no legal or economic restrictions, pledges or liens on financial assets in the form of debt securities and equity instruments at fair value, and there is no limitation on their ownership.

## Note 8. - Financial assets in debt securities at amortized cost

The balance of financial assets in debt securities at amortized cost, comprises the following as of December 31, 2024 and 2023:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| **Debt securities** | | | |
| **In Colombian pesos** | | | |
| Issued or guaranteed by the Colombian government | | 685,394 | 689,731 |
| Issued or guaranteed by other Colombian government entities | $ | 1,449,020 | 1,345,385 |
| **Total debt securities** | | **2,134,414** | **2,035,116** |
| Provisions for investments | | (741) | (558) |
| **Total financial assets in debt securities at amortized cost** | **$** | **2,133,673** | **2,034,558** |

The following is the movement in the provision for investments during years ended December 31, 2024 and 2023:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Balance at beginning of period | $ | 558 | 522 |
| Expenses for impairment of investments at amortized cost | | 183 | 36 |
| Balance at end of period | $ | 741 | 558 |

The following is a summary of financial assets in debt securities at amortized cost by maturity date:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Up to 1 month | $ | 232,743 | 146,021 |
| more than 3 months and no longer than 1 year | | 1,901,671 | 1,889,095 |
| **Subtotal** | | **2,134,414** | **2,035,116** |
| Provisions for investments | | (741) | (558) |
| **Total** | $ | **2,133,673** | **2,034,558** |

## Note 9. - Derivative instruments and hedge accounting

### a. Derivative financial instruments for trading

The following table sets forth the fair values as of December 31, 2024 and 2023 of forward contracts, futures, options, interest rate swaps and foreign currency swaps in which the Parent Company is engaged:

| Concept | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|
| | | Notional amount | Fair value | Notional amount | Fair value |
| **Assets** | | | | | |
| **Forward contracts** | **$** | | | | |
| Forward contracts of different currencies Peso/Dollar | | 983,960 | 19,908 | 29,126 | 631 |
| Forward currency contracts Peso/Dollar | | 11,437,779 | 159,747 | 13,034,328 | 948,389 |
| Securities forward contracts | | 5,436,929 | 106,372 | 635,918 | 18,447 |
| **Subtotal** | | **17,858,668** | **286,027** | **13,699,372** | **967,467** |
| **Swap** | | | | | |
| Foreign currency swap contracts | | - | - | 61,153 | 13,219 |
| Interest rate swap contracts | | 11,456,620 | 191,306 | 20,614,820 | 264,056 |
| **Subtotal** | | **11,456,620** | **191,306** | **20,675,973** | **277,275** |
| **Purchase of options** | | | | | |
| Currency purchase options | | 737,657 | 13,375 | 623,757 | 31,981 |
| **Subtotal** | | **737,657** | **13,375** | **623,757** | **31,981** |
| **Total assets** | **$** | **30,052,945** | **490,708** | **34,999,102** | **1,276,723** |
| **Liabilities** | | | | | |
| **Forward contracts** | | | | | |
| Forward currency contracts Peso/Dollar | $ | 182,005,964 | 297,940 | 8,405,709 | 613,939 |
| Forward contracts of different currencies Peso/Dollar | | 1,073,197 | 13,899 | 29,348 | 594 |
| Securities forward contracts | | 657,697 | 15,769 | 2,513,460 | 120,647 |
| **Subtotal** | | **183,736,858** | **327,608** | **10,948,517** | **735,180** |
| **Swap** | | | | | |
| Foreign currency swap contracts | | 20,892 | 1,143 | - | - |
| Interest rate swap contracts | | 11,387,869 | 190,109 | 22,336,013 | 285,952 |
| **Subtotal** | | **11,408,761** | **191,252** | **22,336,013** | **285,952** |
| **Options contracts** | | | | | |
| Currency put options | | 741,251 | 13,856 | 683,247 | 34,764 |
| **Subtotal** | | **741,251** | **13,856** | **683,247** | **34,764** |
| **Total liabilities** | | **195,886,870** | **532,716** | **33,967,777** | **1,055,896** |
| **Net position** | **$** | **(165,833,925)** | **(42,008)** | **1,031,325** | **220,827** |

Derivative instruments entered into by the Parent Company, are generally traded in organized markets and with local and foreign customers and counterparties of the Parent Company. Derivative instruments have net favorable (assets) or unfavorable (liabilities) terms as a result of fluctuations in foreign currency exchange rates and in the interest rate market or other variables related to their terms. The cumulative amount of the fair values of derivative assets and liabilities, may vary significantly from time to time.

As of December 31, 2024 and 2023 there are no derivative contracts in other contracts that must be separated, accounted for and disclosed in accordance with IFRS 9.

Maturities by term of the derivative instruments held for trading as of December 31, 2024 and 2023 are as follows:

**LESS THAN ONE YEAR**

| Concept | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|
| | | Notional amount | Fair value | Notional amount | Fair value |
| **Assets** | | | | | |
| **Forward contracts** | | | | | |
| Forward contracts of different currencies Peso/Dollar | $ | 983,960 | 19,908 | 29,126 | 631 |
| Forward currency contracts Peso/Dollar | | 11,380,251 | 156,549 | 12,957,594 | 940,262 |
| Securities forward contracts | | 5,436,929 | 106,372 | 635,918 | 18,447 |
| **Subtotal** | | **17,801,140** | **282,829** | **13,622,638** | **959,340** |
| **Swap** | | | | | |
| Foreign currency swap contracts | | - | - | 42,043 | 11,735 |
| Interest rate swap contracts | | 5,026,050 | 35,552 | 16,567,800 | 108,638 |
| **Subtotal** | | **5,026,050** | **35,552** | **16,609,843** | **120,373** |
| **Purchase of options** | | | | | |
| Currency purchase options | | 6,592 | 6,592 | 511,007 | 27,110 |
| **Subtotal** | | **6,592** | **6,592** | **511,007** | **27,110** |
| **Total assets** | **$** | **22,833,782** | **324,973** | **30,743,488** | **1,106,823** |
| **Liabilities** | | | | | |
| **Forward contracts** | | | | | |
| Forward currency contracts Peso/Dollar | $ | 18,120,052 | 294,494 | 8,296,929 | 607,751 |
| Forward contracts of different currencies Peso/Dollar | | 1,073,197 | 13,899 | 29,348 | 594 |
| Securities forward contracts | | 657,697 | 15,769 | 2,513,460 | 120,647 |
| **Subtotal** | | **19,850,946** | **324,162** | **10,839,737** | **728,992** |
| **Swap** | | | | | |
| Interest rate swap contracts | | 5,797,192 | 34,976 | 17,738,310 | 133,969 |
| **Subtotal** | | **5,797,192** | **34,976** | **17,738,310** | **133,969** |
| **Options contracts** | | | | | |
| Currency put options | | 552,841 | 8,581 | 570,496 | 28,892 |
| **Subtotal** | | **552,841** | **8,581** | **570,496** | **28,892** |
| **Total liabilities** | **$** | **26,200,979** | **367,719** | **29,148,543** | **891,853** |
| **Net position** | **$** | **(3,367,197)** | **(42,746)** | **1,594,945** | **214,970** |

**OVER ONE YEAR**

| Concept | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|
| | | Notional amount | Fair value | Notional amount | Fair value |
| **Assets** | | | | | |
| **Forward contracts** | | | | | |
| Forward currency contracts Peso/Dollar | | 57,528 | 3,198 | 76,734 | 8,127 |
| **Subtotal** | | **57,528** | **3,198** | **76,734** | **8,127** |
| **Swap** | | | | | |
| Foreign currency swap contracts | | - | - | 19,110 | 1,484 |
| Interest rate swap contracts | | 6,430,570 | 155,754 | 4,047,020 | 155,418 |
| **Subtotal** | | **6,430,570** | **155,754** | **4,066,130** | **156,902** |
| **Purchase of options** | | | | | |
| Currency purchase options | | 731,065 | 6,783 | 112,750 | 4,871 |
| **Subtotal** | | **731,065** | **6,783** | **112,750** | **4,871** |
| **Total assets** | **$** | **7,219,163** | **165,735** | **4,255,614** | **169,900** |
| **Liabilities** | | | | | |
| **Forward contracts** | | | | | |
| Forward contracts of different currencies Peso/Dollar | **$** | 163,885,912 | 3,445 | 108,780 | 6,188 |
| **Subtotal** | | 163,885,912 | 3,445 | 108,780 | 6,188 |
| **Swap** | | | | | |
| Interest rate swap contracts | | 5,590,677 | 155,133 | 4,597,703 | 151,983 |
| **Subtotal** | | **5,611,569** | **156,276** | **4,597,703** | **151,983** |
| **Options contracts** | | | | | |
| Currency put options | | 188,410 | 5,275 | 112,751 | 5,872 |
| **Subtotal** | | **188,410** | **5,275** | **112,751** | **5,872** |
| **Total liabilities** | **$** | **169,685,891** | **164,996** | **4,819,234** | **164,043** |
| **Net position** | **$** | **(162,466,728)** | **739** | **(563,620)** | **5,857** |

Trading derivative financial instruments contain the CVA/DVA component associated with the credit component of these contracts. At December 31, 2024 and 2023, the effect of CVA/DVA on the statement of income was an expense of $1,672 and $1,242, respectively.

Definition of credit risk adjustment model – CVA/DVA for derivative instruments of the Parent Company:

- For the incorporation of credit risk into the valuation methodology under IFRS 13 for the Parent Company's derivative instruments, it was decided to do so under the premise of affecting the discount rate, within the valuation of such instruments at the corresponding closing date. This is done by consolidating all derivative transactions by counterparty.

- In the case of derivatives traded in a standardized market or novated before a Central Counterparty Risk Clearing House, the price includes the concept of credit risk equal to zero, since a central counterparty risk clearing house is involved, and therefore, there is no need to perform the exercise. In the case of derivatives traded in the OTC market (Options, Forwards, Swaps), which do not include this concept, the analysis was performed.

  Credit risk was calculated for all non-standardized or novated derivative instruments held by the entities. For the determination of the credit risk adjustment for the portfolios.

**b. Financial instruments and hedging of investments abroad**

In the development of its operations, the Parent Company has the following investments in foreign subsidiaries as of December 31, 2024 and 2023, whose financial statements in the consolidation process generate translation adjustments that are recorded in the other comprehensive income account in shareholders' equity, as follows:

| | | December 31, 2024 | | | | |
|---|---|---|---|---|---|---|
| | | Thousands of U.S. dollars | | | Millions of Colombian pesos | |
| Detail of investment | | Value of covered investment | Value of hedged foreign currency obligations | | Adjustment for translation of financial statements | Exchange difference on foreign currency obligations |
| Occidental Bank Barbados Ltd. | USD | 41,635 | (41,635) | COP | 67,239 | (67,239) |
| Banco de Occidente Panamá S.A. | | 72,835 | (72,835) | | 97,229 | (97,229) |
| **Total** | **USD** | **114,470** | **(114,470)** | **COP** | **164,468** | **(164,468)** |

| | | December 31, 2023 | | | | |
|---|---|---|---|---|---|---|
| | | Thousands of U.S. dollars | | | Millions of Colombian pesos | |
| Detail of investment | | Value of covered investment | Value of hedged foreign currency obligations | | Adjustment for translation of financial statements | Exchange difference on foreign currency obligations |
| Occidental Bank Barbados Ltd. | USD | 37,341 | (37,341) | COP | 43,626 | (43,626) |
| Banco de Occidente Panamá S.A. | | 58,877 | (58,877) | | 57,337 | (57,337) |
| **Total** | **USD** | **96,218** | **(96,218)** | **COP** | **100,963** | **(100,963)** |

Since these investments are denominated in U.S. dollars, which is the functional currency of the aforementioned subsidiaries, the Parent Company is subject to the risk of changes in the exchange rate of the Colombian peso, which is the functional currency of the Parent Company, against the U.S. dollar. To cover this risk, the Parent Company has entered into foreign currency debt operations, and as such has designated foreign currency obligations for $114.470 and $96,218 as of December 31, 2024 and 2023 respectively, which cover 100% of the current investments in those subsidiaries, the financial obligations have a short-term maturity; therefore, once such obligations mature, the Parent Company's management designates new obligations in foreign currency to maintain coverage for 100% of the investments.

For foreign currency debt designated as a hedging instrument, the gain or loss arising on translation of the debt into Colombian pesos, is based on the current exchange rate between the U.S. dollar and the Colombian peso, which is the Group's functional currency. To the extent that the notional amount of the hedging instrument exactly matches the portion of the hedged investment in the foreign operations, there is no hedge ineffectiveness.

**c. Fair value hedge**

During the year 2024, the Parent Company performed and had hedging operations for $411,000 million, that started between June and August 2024, to hedge fixed rate loans in COP against changes in the IBR market rate.

As a risk management strategy, the Parent Company has determined that in order to hedge the fair value of the loans, it is necessary to contract a derivative swap instrument, which allows redenominating fixed rate flows to flows indexed to a variable rate based on the IBR. The contracted derivative instruments are expected to be highly effective in hedging and mitigating the aforementioned risk.

### Type of hedging

These types of hedges will be classified as fair value hedges under IAS 39, for which all the necessary procedures and documentation established in the regulations and compendium of accounting standards must be complied with. Under the accounting rules for this hedge category, changes in the market value of the derivative must be recorded in profit or loss (income or expense).

### Nature of risk covered

The hedged risk corresponds to the variability of the fair value of the fixed rate CDTs in COP, due to the effect of the variation of the market rate (IBR prime rate).

The nature of this hedge will only cover the prime rate component of the loans, leaving out of the hedge the spreads associated with the securities or financing.

The following is a detail of the fair value hedging derivatives as of December 31, 2024 and 2023:

| | December 31, 2024 | | |
|---|---|---|---|
| | **Amount** | | **Amount** |
| | **More than one year** | **Total** | **Assets** |
| **Fair value hedging derivatives** | | | |
| Interest rate swaps | 411,000 | 411,000 | 6,305 |
| **Subtotal** | **411,000** | **411,000** | **6,305** |

| | December 31, 2023 | | |
|---|---|---|---|
| | **Notional Amount** | | **Fair value** |
| | **3 months to one year** | **Total** | **Liabilities** |
| **Fair value hedging derivatives** | $ | | |
| Interest rate swaps | 435,000 | 435,000 | (1,351) |
| **Subtotal** | **435,000** | **435,000** | **(1,351)** |

### Quantitative results fair value hedges

The following is a breakdown of gains or losses on hedging instruments and hedged items of the fair value hedge as of December 31, 2024 and 2023:

| December 31, 2024 | | Notional value | Assets | Liabilities | Fair value for the calculation of effectiveness | Efficiency coverage |
|---|---|---|---|---|---|---|
| **Item hedged by covered item** | | | | | | |
| Mortgage loans | | 411,000 | - | 7,251 | (7,251) | |
| **Hedging instrument** | | | | | | |
| Interest rate swaps | $ | 411,000 | 7,333 | - | 7,333 | (82) |

| December 31, 2023 | | Notional value | Assets | Liabilities | Fair value for the calculation of effectiveness | Efficiency coverage |
|---|---|---|---|---|---|---|
| **Item hedged by covered item** | | | | | | |
| Term deposit certificates | | 435,000 | - | 734 | (734) | - |
| **Hedging instrument** | | | | | | |
| Interest rate swaps | $ | 435,000 | 850 | - | 850 | (116) |

## Note 10. – Financial assets from loans and receivables at amortized cost, net

The financial assets account for loan portfolio at amortized cost in the consolidated statement of financial position, is shown classified by commercial, consumer and home mortgage portfolio, considering that this is the classification adopted by the Superintendence of Finance in the Single Catalogue of Financial Information "CUIF". However, considering the importance that the financial leasing portfolio represents at the Group level, for disclosure purposes, these loans have been separated in all tables of the note on financial credit risks and in this note according to the following reclassification detail:

**December 31, 2024**

| Modality | | Balance according to balance sheet | Reclassification of leasing | Balance with disaggregation Leasing |
|---|---|---|---|---|
| Commercial | $ | 37,356,295 | 6,438,700 | 30,917,595 |
| Consumer | | 13,176,358 | 10,520 | 13,165,838 |
| Housing | | 3,096,800 | 1,159,419 | 1,937,381 |
| Commercial Leasing | | - | (6,438,700) | 6,438,700 |
| Consumer Leasing | | - | (10,520) | 10,520 |
| Housing Leasing | | - | (1,159,419) | 1,159,419 |
| Repos and interbank | | 461,670 | - | 461,670 |
| **Total** | **$** | **54,091,123** | **-** | **54,091,123** |

**December 31, 2023**

| Modality | | Balance according to balance sheet | Reclassification of leasing | Balance with disaggregation Leasing |
|---|---|---|---|---|
| Commercial | $ | 34,411,414 | 6,398,912 | 28,012,502 |
| Consumer | | 12,462,019 | 9,031 | 12,452,988 |
| Housing | | 2,610,153 | 1,093,520 | 1,516,633 |
| Commercial Leasing | | - | (6,398,912) | 6,398,912 |
| Consumer Leasing | | - | (9,031) | 9,031 |
| Housing Leasing | | - | (1,093,520) | 1,093,520 |
| Repos and interbank | | 15,449 | - | 15,449 |
| **Total** | **$** | **49,499,035** | **-** | **49,499,035** |

### 10.1. Loan portfolio by type

The distribution of the Group's loan portfolio by type is shown below:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Ordinary loans | $ | 34,370,595 | 31,577,112 |
| Real estate leased | | 4,409,874 | 4,351,414 |
| Payroll deductions | | 5,294,019 | 4,610,234 |
| Movable property leased | | 3,198,764 | 3,150,049 |
| Credit cards | | 1,757,808 | 1,812,989 |
| Home mortgage letter | | 1,937,381 | 1,516,633 |
| Other | | 459,210 | 15,449 |
| Loans with resources from other entities | | 1,113,595 | 1,028,661 |
| Developer's credit | | 1,091,492 | 1,075,071 |
| Discounts | | 229,440 | 215,058 |
| Bank current account overdrafts | | 170,992 | 83,929 |
| Letters of credit covered | | 19,481 | 30,049 |
| Loans to employees | | 36,011 | 32,387 |
| Deferred payment letters of credit | | 2,461 | - |
| **Total gross loan portfolio** | **$** | **54,091,123** | **49,499,035** |
| Provision for impairment of financial assets for loan portfolio | | (2,546,964) | (2,416,920) |
| **Total net loan portfolio** | **$** | **51,544,159** | **47,082,115** |

### 10.2. Loan portfolio movement in impairment

The following is the movement in the impairment of the loan portfolio during the years ended December 31, 2024 and 2023:

| | | Commercial | | | | Repos and Interbank | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **Balance as of December 31, 2023** | **$** | **222,210** | **27,661** | **806,004** | **1,055,875** | **18** | - | - | 18 |
| Period write-offs | | (570) | - | (373,671) | (374,241) | - | - | - | - |
| Sale of loan portfolio | | - | - | (29,310) | (29,310) | - | - | - | - |
| Reversal of accrued interest Stage 3 | | - | - | 142,022 | 142,022 | - | - | - | - |
| **Expenses** | | (4,221) | 3,656 | 555,417 | 554,852 | 1 | - | - | 1 |
| **Expenses for disbursements or originations** | | 178,092 | 15,205 | 58,630 | 251,927 | 41 | - | - | 41 |
| **Reimbursement** | | (34,930) | (4,614) | (27,873) | (67,417) | (7) | - | - | (7) |
| **Cancellation or payment in full** | | (131,362) | (14,319) | (223,299) | (368,980) | - | - | - | - |
| **Reclassification from Stage 1 to Stage 2** | | (7,624) | 7,624 | - | - | - | - | - | - |
| **Reclassification from Stage 1 to Stage 3** | | (5,095) | - | 5,095 | - | - | - | - | - |
| **Reclassification from Stage 2 to Stage 3** | | - | (5,485) | 5,485 | - | - | - | - | - |
| **Reclassification from Stage 3 to Stage 2** | | - | 1,118 | (1,118) | - | - | - | - | - |
| **Reclassification from Stage 2 to Stage 1** | | 4,904 | (4,904) | - | - | - | - | - | - |
| **Reclassification from Stage 3 to Stage 1** | | 6,925 | - | (6,925) | - | - | - | - | - |
| Difference in exchange | | - | - | 4,040 | 4,040 | - | - | - | - |
| **Balance as of December 31, 2024** | **$** | **228,329** | **25,942** | **914,497** | **1,168,768** | **53** | **-** | **-** | **53** |

| | | Consumer | | | | Housing | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **Balance as of December 31, 2023** | **$** | **272,856** | **71,546** | **687,977** | **1,032,379** | **11,949** | **3,018** | **31,905** | **46,872** |
| Period write-offs | | (437) | (366) | (1,132,921) | (1,133,724) | - | - | - | - |
| Sale of loan portfolio | | (21) | (602) | (5,365) | (5,988) | - | - | - | - |
| Reversal of accrued interest Stage 3 | | - | - | 58,980 | 58,980 | - | - | 2,740 | 2,740 |
| **Expenses** | | 288,776 | 246,750 | 467,172 | 1,002,698 | 428 | 1,123 | 10,972 | 12,523 |
| **Expenses for disbursements or originations** | | 126,474 | 36,078 | 193,182 | 355,734 | 6,133 | 767 | 384 | 7,284 |
| **Reimbursement** | | (114,426) | (10,853) | (5,790) | (131,069) | (3,001) | (206) | (460) | (3,667) |
| **Cancellation or payment in full** | | (75,458) | (14,907) | (90,547) | (180,912) | (1,573) | (135) | (2,923) | (4,631) |
| **Reclassification from Stage 1 to Stage 2** | | (18,833) | 18,833 | - | - | (322) | 322 | - | - |
| **Reclassification from Stage 1 to Stage 3** | | (297,470) | - | 297,470 | - | (206) | - | 206 | - |
| **Reclassification from Stage 2 to Stage 3** | | - | (229,986) | 229,986 | - | - | (903) | 903 | - |
| **Reclassification from Stage 3 to Stage 2** | | - | 8,724 | (8,724) | - | - | 114 | (114) | - |
| **Reclassification from Stage 2 to Stage 1** | | 12,365 | (12,365) | - | - | 1,412 | (1,412) | - | - |
| **Reclassification from Stage 3 to Stage 1** | | 39,070 | - | (39,070) | - | 969 | - | (969) | - |
| Difference in exchange | | - | - | - | - | - | - | - | - |
| **Balance as of December 31, 2024** | **$** | **232,896** | **112,852** | **652,350** | **998,098** | **15,789** | **2,688** | **42,644** | **61,121** |

| | | Commercial Leasing | | | | Consumer Leasing | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **Balance as of December 31, 2023** | **$** | **33,833** | **11,748** | **210,280** | **255,861** | **138** | **108** | **655** | **901** |
| Period write-offs | | | | (79,254) | (79,254) | | | (961) | (961) |
| Sale of loan portfolio | | | | | | | | | |
| Reversal of accrued interest Stage 3 | | | | 16,828 | 16,828 | | | 42 | 42 |
| **Expenses** | | 4,777 | 5,535 | 127,207 | 137,519 | 7 | (6) | 768 | 769 |
| **Expenses for disbursements or originations** | | 6,664 | 924 | 3,100 | 10,688 | 71 | 47 | 5 | 123 |
| **Reimbursement** | | (17,453) | (2,745) | (12,598) | (32,796) | (97) | (1) | (107) | (205) |
| **Cancellation or payment in full** | | (2,224) | (1,270) | (14,382) | (17,876) | (37) | (56) | (152) | (245) |
| **Reclassification from Stage 1 to Stage 2** | | (2,952) | 2,952 | | | (20) | 20 | | |
| **Reclassification from Stage 1 to Stage 3** | | (943) | | 943 | | (5) | | 5 | |
| **Reclassification from Stage 2 to Stage 3** | | | (2,762) | 2,762 | | | (20) | 20 | |
| **Reclassification from Stage 3 to Stage 2** | | | 1,925 | (1,925) | | | | | |
| **Reclassification from Stage 2 to Stage 1** | | 4,348 | (4,348) | | | | | | |
| **Reclassification from Stage 3 to Stage 1** | | 8,095 | | (8,095) | | 59 | | (59) | |
| Difference in exchange | | | | | | | | | |
| **Balance as of December 31, 2024** | **$** | **34,145** | **11,959** | **244,866** | **290,970** | **116** | **92** | **216** | **424** |

| | | Housing Leasing | | | | Total Financial Leasing | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **Balance as of December 31, 2023** | **$** | **8,773** | **2,225** | **14,016** | **25,014** | **42,744** | **14,081** | **224,951** | **281,776** |
| Period write-offs | | | | (10,740) | (10,740) | | | (90,955) | (90,955) |
| Sale of loan portfolio | | | | | | | | | |
| Reversal of accrued interest Stage 3 | | | | 348 | 348 | | | 17,218 | 17,218 |
| **Expenses** | | 316 | 2,352 | 14,167 | 16,835 | 5,100 | 7,881 | 142,142 | 155,123 |
| **Expenses for disbursements or originations** | | 1,790 | 355 | 144 | 2,289 | 8,525 | 1,326 | 3,249 | 13,100 |
| **Reimbursement** | | (2,735) | (343) | (568) | (3,646) | (20,285) | (3,089) | (13,273) | (36,647) |
| **Cancellation or payment in full** | | (582) | (188) | (1,800) | (2,570) | (2,843) | (1,514) | (16,334) | (20,691) |
| **Reclassification from Stage 1 to Stage 2** | | (233) | 233 | | | (3,205) | 3,205 | | |
| **Reclassification from Stage 1 to Stage 3** | | (204) | | 204 | | (1,152) | | 1,152 | |
| **Reclassification from Stage 2 to Stage 3** | | | (2,092) | 2,092 | | | (4,874) | 4,874 | |
| **Reclassification from Stage 3 to Stage 2** | | | 346 | (346) | | | 2,271 | (2,271) | |
| **Reclassification from Stage 2 to Stage 1** | | 1,034 | (1,034) | | | 5,382 | (5,382) | | |
| **Reclassification from Stage 3 to Stage 1** | | 1,336 | | (1,336) | | 9,490 | | (9,490) | |
| Difference in exchange | | | | | | | | | |
| **Balance as of December 31, 2024** | **$** | **9,495** | **1,854** | **16,181** | **27,530** | **43,756** | **13,905** | **261,263** | **318,924** |

| | | Total | | | |
|---|---|---|---|---|---|
| | | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **Balance as of December 31, 2023** | **$** | **549,777** | **116,306** | **1,750,837** | **2,416,920** |
| Period write-offs | | (1,007) | (366) | (1,597,547) | (1,598,920) |
| Sale of loan portfolio | | (21) | (602) | (34,675) | (35,298) |
| Reversal of accrued interest Stage 3 | | - | - | 220,960 | 220,960 |
| **Expenses** | | 290,084 | 259,410 | 1,175,703 | 1,725,197 |
| **Expenses for disbursements or originations** | | 319,265 | 53,376 | 255,445 | 628,086 |
| **Reimbursement** | | (172,649) | (18,762) | (47,396) | (238,807) |
| **Cancellation or payment in full** | | (211,236) | (30,875) | (333,103) | (575,214) |
| **Reclassification from Stage 1 to Stage 2** | | (29,984) | 29,984 | - | - |
| **Reclassification from Stage 1 to Stage 3** | | (303,923) | - | 303,923 | - |
| **Reclassification from Stage 2 to Stage 3** | | - | (241,248) | 241,248 | - |
| **Reclassification from Stage 3 to Stage 2** | | - | 12,227 | (12,227) | - |
| **Reclassification from Stage 2 to Stage 1** | | 24,063 | (24,063) | - | - |
| **Reclassification from Stage 3 to Stage 1** | | 56,454 | - | (56,454) | - |
| Difference in exchange | | - | - | 4,040 | 4,040 |
| **Balance as of December 31, 2024** | **$** | **520,823** | **155,387** | **1,870,754** | **2,546,964** |

| | | Commercial | | | | Repos and Interbank | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Etapa1** | **Stage 2** | **Stage 3** | **Total** |
| **Balance as of December 31, 2022 $** | **$** | **251,647** | **50,722** | **700,164** | **1,002,533** | **1,434** | **-** | **-** | **1,434** |
| Period write-offs | | (101) | - | (222,171) | (222,272) | | - | - | - |
| Sale of loan portfolio | | - | - | - | - | | - | - | - |
| Reversal of accrued interest Stage 3 | | - | - | 105,065 | 105,065 | | - | - | - |
| **Expenses** | | 1,322 | 4,589 | 535,648 | 541,559 | | - | - | - |
| **Expenses for disbursements or originations** | | 151,879 | 16,622 | 36,304 | 204,805 | | - | - | - |
| **Reimbursement** | | (83,369) | (10,702) | (49,799) | (143,870) | (25) | - | - | (25) |
| **Cancellation or payment in full** | | (118,290 ) | (12,638) | (293,606) | (424,534) | (1,391) | - | - | (1,391) |
| **Reclassification from Stage 1 to Stage 2** | | (3,953) | 3,953 | - | - | | - | - | - |
| **Reclassification from Stage 1 to Stage 3** | | (5,728) | - | 5,728 | - | | - | - | - |
| **Reclassification from Stage 2 to Stage 3** | | - | (4,505) | 4,505 | - | | - | - | - |
| **Reclassification from Stage 3 to Stage 2** | | - | 3,194 | (3,194) | - | | - | - | - |
| **Reclassification from Stage 2 to Stage 1** | | 23,574 | (23,574) | - | - | | - | - | - |
| **Reclassification from Stage 3 to Stage 1** | | 10,609 | - | (10,609) | - | | - | - | - |
| Difference in exchange | | (5,379) | - | (2,031) | (7,410) | | - | - | - |
| **Balance as of December 31, 2023 $** | **$** | **222,211** | **27,661** | **806,004** | **1,055,876** | **18** | **-** | **-** | **18** |

| | | Consumer | | | | Housing | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **Balance as of December 31, 2022** | **$** | **261,303** | **84,379** | **349,488** | **695,170** | **11,948** | **3,088** | **37,130** | **52,166** |
| Period write-offs | | (516) | (1,017) | (856,313) | (857,846) | | | | |
| Sale of loan portfolio | | (3) | (162) | (1,637) | (1,802) | | | | |
| Reversal of accrued interest Stage 3 | | | | 57,244 | 57,244 | | | 2,443 | 2,443 |
| **Expenses** | | 304,550 | 198,715 | 474,849 | 978,114 | 162 | 1,299 | 5,466 | 6,927 |
| **Expenses for disbursements or originations** | | 125,947 | 24,666 | 211,190 | 361,803 | 3,935 | 832 | 397 | 5,164 |
| **Reimbursement** | | (90,311) | (9,722) | (3,565) | (103,598) | (5,464) | (648) | (11,124) | (17,236) |
| **Cancellation or payment in full** | | (50,627) | (14,765) | (31,314) | (96,706) | (539) | (204) | (1,849) | (2,592) |
| **Reclassification from Stage 1 to Stage 2** | | (12,907) | 12,907 | | | (464) | 464 | | |
| **Reclassification from Stage 1 to Stage 3** | | (299,036) | | 299,036 | | (242) | | 242 | |
| **Reclassification from Stage 2 to Stage 3** | | | (210,725) | 210,725 | | | (1,006) | 1,006 | |
| **Reclassification from Stage 3 to Stage 2** | | | 4,851 | (4,851) | | | 330 | (330) | |
| **Reclassification from Stage 2 to Stage 1** | | 17,581 | (17,581) | | | 1,137 | (1,137) | | |
| **Reclassification from Stage 3 to Stage 1** | | 16,875 | | (16,875) | | 1,476 | | (1,476) | |
| Difference in exchange | | | | | | | | | |
| **Balance as of December 31, 2023** | **$** | **272,856** | **71,546** | **687,977** | **1,032,379** | **11,949** | **3,018** | **31,905** | **46,872** |

| | | Commercial Leasing | | | | Consumer Leasing | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **Balance as of December 31, 2022** | $ | **26,576** | **8,262** | **202,694** | **237,532** | **182** | **25** | **755** | **962** |
| Period write-offs | | - | - | (65,816) | (65,816) | - | - | (3,027) | (3,027) |
| Sale of loan portfolio | | - | - | - | - | - | - | - | - |
| Reversal of accrued interest Stage 3 | | - | - | 18,640 | 18,640 | - | - | 85 | 85 |
| **Expenses** | | 8,038 | 6,226 | 89,650 | 103,914 | 11 | - | 2,951 | 2,962 |
| **Expenses for disbursements or originations** | | 8,610 | 2,047 | 10,907 | 21,564 | 55 | 106 | - | 161 |
| **Reimbursement** | | (13,729) | (6,519) | (17,768) | (38,016) | (188) | (18) | (4) | (210) |
| **Cancellation or payment in full** | | (1,786) | (605) | (19,566) | (21,957) | (24) | (8) | - | (32) |
| **Reclassification from Stage 1 to Stage 2** | | (1,019) | 1,019 | - | - | (2) | 2 | - | - |
| **Reclassification from Stage 1 to Stage 3** | | (875) | - | 875 | - | (32) | - | 32 | - |
| **Reclassification from Stage 2 to Stage 3** | | - | (1,505) | 1,505 | - | - | - | - | - |
| **Reclassification from Stage 3 to Stage 2** | | - | 6,475 | (6,475) | - | - | 18 | (18) | - |
| **Reclassification from Stage 2 to Stage 1** | | 3,652 | (3,652) | - | - | 17 | (17) | - | - |
| **Reclassification from Stage 3 to Stage 1** | | 4,366 | - | (4,366) | - | 119 | - | (119) | - |
| Difference in exchange | | - | - | - | - | - | - | - | - |
| **Balance as of December 31, 2023** | $ | **33,833** | **11,748** | **210,280** | **255,861** | **138** | **108** | **655** | **901** |

| | | Housing Leasing | | | | Total Financial Leasing | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **Balance as of December 31, 2022** | $ | **13,814** | **3,512** | **26,055** | **43,381** | **40,572** | **11,799** | **229,504** | **281,875** |
| Period write-offs | | - | - | (6,724) | (6,724) | - | - | (75,567) | (75,567) |
| Sale of loan portfolio | | - | - | - | - | - | - | - | - |
| Reversal of accrued interest Stage 3 | | - | - | 439 | 439 | - | - | 19,164 | 19,164 |
| **Expenses** | | 173 | 1,305 | 7,051 | 8,529 | 8,222 | 7,531 | 99,652 | 115,405 |
| **Expenses for disbursements or originations** | | 1,635 | 314 | 177 | 2,126 | 10,300 | 2,467 | 11,084 | 23,851 |
| **Reimbursement** | | (4,173) | (168) | (5,773) | (10,114) | (18,090) | (6,705) | (23,545) | (48,340) |
| **Cancellation or payment in full** | | (3,714) | (1,368) | (7,542) | (12,624) | (5,524) | (1,981) | (27,108) | (34,613) |
| **Reclassification from Stage 1 to Stage 2** | | (428) | 428 | - | - | (1,449) | 1,449 | - | - |
| **Reclassification from Stage 1 to Stage 3** | | (231) | - | 231 | - | (1,138) | - | 1,138 | - |
| **Reclassification from Stage 2 to Stage 3** | | - | (898) | 898 | - | - | (2,403) | 2,403 | - |
| **Reclassification from Stage 3 to Stage 2** | | - | - | - | - | - | 6,493 | (6,493) | - |
| **Reclassification from Stage 2 to Stage 1** | | 900 | (900) | - | - | 4,569 | (4,569) | - | - |
| **Reclassification from Stage 3 to Stage 1** | | 796 | - | (796) | - | 5,281 | - | (5,281) | - |
| Difference in exchange | | - | - | - | - | - | - | - | - |
| **Balance as of December 31, 2023** | $ | **8,772** | **2,225** | **14,016** | **25,013** | **42,743** | **14,081** | **224,951** | **281,775** |

| | | Total | | | |
|---|---|---|---|---|---|
| | | Stage 1 | Stage 2 | Stage 3 | Total |
| **Balance as of December 31, 2022** | $ | **566,904** | **149,988** | **1,316,286** | **2,033,178** |
| Period write-offs | | (617) | (1,017) | (1,154,051) | (1,155,685) |
| Sale of loan portfolio | | (3) | (162) | (1,637) | (1,802) |
| Reversal of accrued interest Stage 3 | | | | 183,916 | 183,916 |
| **Expenses** | | 314,256 | 212,134 | 1,115,615 | 1,642,005 |
| **Expenses for disbursements or originations** | | 292,061 | 44,587 | 258,975 | 595,623 |
| **Reimbursement** | | (197,259) | (27,777) | (88,033) | (313,069) |
| **Cancellation or payment in full** | | (176,371) | (29,588) | (353,877) | (559,836) |
| **Reclassification from Stage 1 to Stage 2** | | (18,773) | 18,773 | - | - |
| **Reclassification from Stage 1 to Stage 3** | | (306,144) | | 306,144 | - |
| **Reclassification from Stage 2 to Stage 3** | | | (218,639) | 218,639 | - |
| **Reclassification from Stage 3 to Stage 2** | | | 14,868 | (14,868) | - |
| **Reclassification from Stage 2 to Stage 1** | | 46,861 | (46,861) | - | - |
| **Reclassification from Stage 3 to Stage 1** | | 34,241 | | (34,241) | - |
| Difference in exchange | | (5,379) | | (2,031) | (7,410) |
| **Balance as of December 31, 2023** | $ | **549,777** | **116,306** | **1,750,837** | **2,416,920** |

## 10.3. Individual and collectively evaluated loan portfolio

The following is a detail of the credit risk impairment constituted as of December 31, 2024 and 2023, taking into account the manner in which they were determined, individually for loans over $2,000 and collectively for other loans.

The impaired portfolio represents loans with associated credit risk, while the past-due portfolio considers only days past due or default by the client (without identifying whether there is associated credit risk or not). Allowances for loan portfolio are determined based on the impaired loan portfolio.

| | | December 31, 2024 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Commercial | Consumer | Housing | Commercial Leasing | Consumer Leasing | Housing Leasing | Financial Leasing | Repos and Interbank | Total |
| **Provision for impairment** | | | | | | | | | | |
| Credits assessed individually | $ | 669,916 | 1,187 | 657 | 144,063 | - | 150 | 144,213 | | 815,973 |
| Collectively assessed loans | | 498,851 | 996,911 | 60,464 | 146,907 | 424 | 27,381 | 174,712 | 53 | 1,730,991 |
| **Total provision for impairment** | **$** | **1,168,767** | **998,098** | **61,121** | **290,970** | **424** | **27,531** | **318,925** | **53** | **2,546,964** |

| | | December 31, 2023 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Commercial | Consumer | Housing | Commercial Leasing | Consumer Leasing | Housing Leasing | Financial Leasing | Repos and Interbank | Total |
| **Provision for impairment** | | | | | | | | | | |
| Credits assessed individually | $ | 544,726 | 84 | 529 | 125,649 | - | 219 | 125,868 | - | 671,207 |
| Collectively assessed loans | | 511,149 | 1,032,295 | 46,343 | 130,212 | 901 | 24,795 | 155,908 | 18 | 1,745,713 |
| **Total provision for impairment** | **$** | **1,055,875** | **1,032,379** | **46,872** | **255,861** | **901** | **25,014** | **281,776** | **18** | **2,416,920** |

(1) Include the total of appraised assets over $2,000, regardless of whether they were considered impaired or not impaired as a result of the appraisal.

## 10.4. Individually assessed loan portfolio

The following is a detail of loans individually assessed for impairment as of December 31, 2024 and 2023:

| | | December 31, 2024 | | |
|---|---|---|---|---|
| | | Gross book value | Collateral guarantees | Constituted provision |
| **No impairment recorded** | | | | |
| Commercial Leasing | $ | 294 | - | - |
| **Subtotal** | | **294** | **-** | **-** |
| **With recorded impairment** | | | | |
| Commercial | | 1,852,050 | 220,891 | 669,916 |
| Consumer | | 2,321 | 4,332 | 1,187 |
| Housing | | 4,436 | 1,970 | 657 |
| Commercial Leasing | | 551,422 | 157,770 | 144,063 |
| Housing Leasing | | 4,077 | - | 150 |
| **Subtotal** | | **2,414,306** | **384,963** | **815,973** |
| **Totals** | | | | |
| Commercial | | 1,852,050 | 220,891 | 669,916 |
| Consumer | | 2,321 | 4,332 | 1,187 |
| Housing | | 4,436 | 1,970 | 657 |
| Commercial Leasing | | 551,716 | 157,770 | 144,063 |
| Housing Leasing | | 4,077 | - | 150 |
| **Total** | **$** | **2,414,600** | **384,963** | **815,973** |

| | | December 31, 2023 | | |
|---|---|---|---|---|
| | | Gross book value | Collateral guarantees | Constituted provision |
| **No impairment recorded** | | | | |
| Commercial Leasing | $ | 421 | - | - |
| **Subtotal** | | **421** | **-** | **-** |
| **With recorded impairment** | | | | |
| Commercial | | 1,394,777 | 246,694 | 544,726 |
| Consumer | | 361 | - | 84 |
| Housing | | 2,167 | 1,970 | 529 |
| Commercial Leasing | | 518,751 | 108,737 | 125,649 |
| Housing Leasing | | 219 | - | 219 |
| **Subtotal** | | **1,916,275** | **357,401** | **671,207** |
| **Totals** | | | | |
| Commercial | | 1,394,777 | 246,694 | 544,726 |
| Consumer | | 361 | - | 84 |
| Housing | | 2,167 | 1,970 | 529 |
| Commercial Leasing | | 519,172 | 108,737 | 125,649 |
| Housing Leasing | | 219 | - | 219 |
| **Total** | **$** | **1,916,696** | **357,401** | **671,207** |

## 10.5. Loan portfolio maturity period

The distribution of the Group's loan portfolio by maturity period is shown below:

| | | December 31, 2024 | | | | |
|---|---|---|---|---|---|---|
| | | Up to 1 year | Between 1 and 3 years | Between 3 and 5 years | More than 5 years | Total |
| Commercial | $ | 19,141,809 | 7,541,771 | 2,633,179 | 1,600,836 | 30,917,595 |
| Consumer | | 3,737,341 | 4,916,295 | 2,937,396 | 1,574,806 | 13,165,838 |
| Housing | | 184,187 | 281,791 | 267,373 | 1,204,030 | 1,937,381 |
| Commercial Leasing | | 1,980,868 | 2,368,489 | 1,116,966 | 972,377 | 6,438,700 |
| Consumer Leasing | | 4,121 | 4,616 | 1,369 | 414 | 10,520 |
| Housing Leasing | | 113,238 | 169,709 | 155,954 | 720,518 | 1,159,419 |
| Repos and interbank | | 461,670 | - | | - | 461,670 |
| **Total loan portfolio** | **$** | **25,623,234** | **15,282,671** | **7,112,237** | **6,072,981** | **54,091,123** |

| | | December 31, 2023 | | | | |
|---|---|---|---|---|---|---|
| | | Up to 1 year | Between 1 and 3 years | Between 3 and 5 years | More than 5 years | Total |
| Commercial | $ | 18,203,831 | 6,471,700 | 2,043,366 | 1,293,605 | 28,012,502 |
| Consumer | | 3,575,025 | 4,708,795 | 2,770,974 | 1,398,194 | 12,452,988 |
| Housing | | 162,999 | 218,382 | 208,140 | 927,112 | 1,516,633 |
| Commercial Leasing | | 2,045,587 | 2,272,349 | 1,108,548 | 972,428 | 6,398,912 |
| Consumer Leasing | | 3,980 | 3,838 | 1,001 | 212 | 9,031 |
| Housing Leasing | | 112,308 | 157,955 | 144,339 | 678,918 | 1,093,520 |
| Repos and interbank | | 15,449 | - | - | - | 15,449 |
| **Total loan portfolio** | **$** | **24,119,179** | **13,833,019** | **6,276,368** | **5,270,469** | **49,499,035** |

## 10.6. Loan portfolio by type of currency

The classification of the loan portfolio by type of currency is presented below:

| | | December 31, 2024 | | |
|---|---|---|---|---|
| | | Colombian pesos | Foreign [1] currency | Total |
| Commercial | $ | 24,185,808 | 6,731,787 | **30,917,595** |
| Consumer | | 13,101,131 | 64,707 | **13,165,838** |
| Housing | | 1,937,381 | - | **1,937,381** |
| Commercial Leasing | | 6,438,700 | - | **6,438,700** |
| Consumer Leasing | | 10,520 | - | **10,520** |
| Housing Leasing | | 1,159,419 | - | **1,159,419** |
| Repos and interbank | | 272,203 | 189,467 | **461,670** |
| **Total loan portfolio** | $ | **47,105,162** | **6,985,961** | **54,091,123** |

[1] The main foreign currency is the US dollar (USD)

| | | December 31, 2023 | | |
|---|---|---|---|---|
| | | Colombian pesos | Foreign [1] currency | Total |
| Commercial | $ | 22,580,253 | 5,432,249 | **28,012,502** |
| Consumer | | 12,401,961 | 51,027 | **12,452,988** |
| Housing | | 1,516,633 | - | **1,516,633** |
| Commercial Leasing | | 6,398,912 | - | **6,398,912** |
| Consumer Leasing | | 9,031 | - | **9,031** |
| Housing Leasing | | 1,093,520 | - | **1,093,520** |
| Repos and interbank | | 13,349 | 2,100 | **15,449** |
| **Total loan portfolio** | $ | **44,013,659** | **5,485,376** | **49,499,035** |

[1] The main foreign currency is the US dollar (USD)

## 10.7. Lease receivables

The following is the reconciliation between the gross investment in capital leases, and the present value of the minimum lease payments receivable as of December 31, 2024 and 2023:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Total gross lease payments to be received in the future | $ | 11,902,110 | 17,981,028 |
| **Plus** Estimated residual value of leased assets (unsecured) | | 696 | 696 |
| **Gross investment in leasing contracts** | | **11,902,806** | **17,981,724** |
| **Minus** unrealized financial income | | (4,294,167) | (10,480,261) |
| **Net investment in capital leases** | | **7,608,639** | **7,501,463** |
| **Impairment of net investment in finance leases** | $ | **318,925** | **281,776** |

The following is a detail of the gross investment and net investment in capital leases to be received as of December 31, 2024 and 2023 in each of the following years:

| | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|
| | | Gross investment | Net Investment | Gross investment | Net Investment |
| Up to 1 year | $ | 2,938,815 | 1,953,193 | 12,901,404 | 6,159,307 |
| Between 1 and 5 years | | 5,495,035 | 3,276,505 | 2,728,241 | 277,752 |
| More than 5 years | | 3,468,956 | 2,378,941 | 2,352,079 | 1,064,404 |
| **Total** | **$** | **11,902,806** | **7,608,639** | **17,981,724** | **7,501,463** |

In financial leasing transactions, the Parent Company, as lessor, delivers assets to the lessee for use for an established term, in exchange for a fee, and the lessee, upon termination, has the right to acquire the assets through a purchase option agreed from the beginning, which generally corresponds to a price substantially lower than the commercial value at the time it is exercised. In most contracts, the fee is calculated based on the DTF or IBR plus a few nominal points. Insurance, maintenance, and any charges on the asset are the responsibility of the lessee. On the other hand, there are lease transactions without purchase option that have guaranteed residuals from the beginning or, if not guaranteed, the residuals correspond to a low percentage of the value of the asset. In most of the above contracts, the rent is calculated based on the DTF or IBR, plus or minus a few nominal points, and the lessee is responsible for VAT, insurance and maintenance of the asset.

## Note 11. – Other accounts receivable, net

The following is the detail of other current accounts receivable as of December 31, 2024 and 2023:

| Detail | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Deposits (1) | | 114,328 | 13,361 |
| ICETEX abandoned accounts | | 88,705 | 80,022 |
| Donations (2) | | 84,681 | 88,151 |
| Advance payment of supplier contract | | 83,458 | 74,539 |
| Other (3) | | 61,155 | 91,367 |
| Accounts receivable on sale of goods and services | | 55,738 | 48,230 |
| Tax authorizations | | 45,487 | 1,349 |
| Taxes | | 41,320 | 27,851 |
| Forwards ND CRCC | | 25,180 | 73,262 |
| Commissions | | 14,728 | 13,884 |
| Prepaid expenses | | 14,270 | 13,788 |
| Credit Card Offsets and Network Offsets | | 9,297 | 12,571 |
| Accounts receivable Establishments | | 6,907 | 35,303 |
| Transfers to the National Treasury Directorate | | 4,245 | 4,052 |
| Balances in favor in compliance with forward contracts (4) | | 2,135 | 3,811 |
| Advance payment of industry and commerce tax | | 1,456 | 965 |
| Rentals of assets given under operating leases | | 1,142 | 1,469 |
| Interests | | 689 | 33 |
| Fees, Services and Advances | | 290 | 4 |
| Leases | | 197 | 879 |
| Claims to insurance companies | | 130 | 1,266 |
| Shortfalls in exchange | | 102 | 146 |
| Deficiency in savings accounts | | 56 | 55 |
| Dividends | | 46 | 39 |
| To parent company, subsidiaries, related companies and associates | $ | 29 | 28 |
| Shortages in cash | | 11 | 28 |
| Wire transfers in process | | 5 | 1 |
| **Subtotal** | $ | 655,786 | 586,454 |
| Provision for other accounts receivable | | (21,684) | (39,169) |
| **Total** | $ | 634,102 | 547,285 |

(1) Active guarantees with foreign banks, Margin Call.

(2) Advance on conditional donation from CTIC Foundation

(3) Other is mainly composed of payments to suppliers ACH Leasing Occidente, collection of services and credit card payments in Aval and unhedged forward accounts in foreign currency.

(4) Non-delivery Forward transactions, transactions in which at maturity there is no transfer of the foreign currency, but of the funds resulting from the spread between the agreed rate and the rate in effect at maturity of the transaction.

**Accounts receivable from contracts with customers for compliance with IFRS 15**

The following is a detail of the items comprising the balance of accounts receivable commissions arising from contracts with customers:

| **Goods and Services** | | **December 31, 2024** | **December 31, 2023** |
|---|---|---|---|
| Fees for banking services | $ | 6 | 151 |
| Fiduciary Activities | | 8,122 | 7,703 |
| Other Commissions | | 6,600 | 6,030 |
| **Total** | **$** | **14,728** | **13,884** |

The following is the movement in impairment for years ended December 31, 2024 and 2023:

| | | **December 31, 2024** | **December 31, 2023** |
|---|---|---|---|
| **Balance as of December 31, 2023** | **$** | **39,169** | **19,447** |
| Provision charged to profit or loss | | 11,714 | 21,311 |
| Recoveries of other accounts receivable | | (23,755) | (1,588) |
| Reclassification of Manifestly Bad Debts | | - | 3,729 |
| Write-offs | | (5,339) | (3,666) |
| Adjustment for foreign exchange differences | | (105) | (64) |
| **Balance as of December 31, 2024** | **$** | **21,684** | **39,169** |

## Note 12. – Profit from non-current assets held for sale

The following is a detail of the net income generated on the sale of assets, classified as held for sale during the periods ended December 31, 2024 and 2023:

| | | **December 31, 2024** | | | **December 31, 2023** | | |
|---|---|---|---|---|---|---|---|
| | | **Carrying value** | **Amount of the sale** | **Profit** | **Carrying value** | **Amount of the sale** | **Profit** |
| Real estate [1] | $ | 1,457 | 3,591 | 2,134 | 80,144 | 103,637 | 23,493 |
| Movable assets | | 1,452 | 1,706 | 254 | 1,690 | 2,151 | 461 |
| | $ | **2,909** | **5,297** | **2,388** | **81,834** | **105,788** | **23,954** |

[1] The profit recorded in non-current assets held for sale note of $2,388 million, corresponds to $776 million for the sale of two repositioned real estate assets; $254 million corresponding to the sale of 51 repositioned movable assets that entered and were sold in the same period, and $1,358 million, corresponding to the sale of 2 own assets that were reclassified to held for sale.

Changes in assets held for sale are presented below.

| | | **December 31, 2024** |
|---|---|---|
| **Balance as of December 31, 2023** | **$** | **3,023** |
| Increases by addition during the year | | 1,556 |
| Cost of non-current assets held for sale sold, net | | (2,909) |
| Impairment charged to expenses | | (24) |
| Reclassifications from/to own use | | (322) |
| **Balance as of December 31, 2024** | **$** | **1,324** |

| | | December 31, 2023 |
|---|---|---|
| **Balance as of December 31, 2022** | **$** | **-** |
| Increases by addition during the year | | 2,890 |
| Cost of non-current assets held for sale sold, net | | 18,183 |
| Sale and leaseback | | (100,017) |
| Reclassifications from/to own use | | 81,967 |
| **Balance as of December 31, 2023** | **$** | **3,023** |

## Note 13. - Investments in associates, joint ventures and joint operations

### 13.1. Investments in associates and joint ventures

Below is a detail of investments in associates and joint ventures:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Associated | $ | 1,951,146 | 1,799,081 |
| Joint ventures | | 2,026 | 1,721 |
| **Total** | **$** | **1,953,172** | **1,800,802** |

The percentages of ownership interest in each of the associates and joint ventures are presented below:

| | December 31, 2024 | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | % of participation | | Carrying value | % of participation | | Carrying value |
| **Associated** | | | | | | |
| Aval Valor Compartido S.A. (Formerly ATH S.A.) | 20.00% | | 2,875 | 20.00% | | 2,779 |
| *Corficolombiana* | 4.18% | | 808,975 | 4.18% | | 779,450 |
| Aval Soluciones Digitales S.A. | 26.60% | | 4,364 | 26.60% | | 3,731 |
| Porvenir S.A. (*) | 33.09% | | 1,134,932 | 33.09% | | 1,013,121 |
| | | **$** | **1,951,146** | | **$** | **1,799,081** |
| **Joint ventures** | | | | | | |
| Aval Valor Compartido S.A. (Formerly ATH S.A.) - Joint Venture | 25.00% | | 2,023 | 25.00% | | 1,718 |
| Aval Soluciones Digitales S.A. - Joint Venture | 26.34% | | 3 | 26.34% | | 3 |
| | | **$** | **2,026** | | **$** | **1,721** |

(*) The carrying value of the investment in *Porvenir S.A.*, includes capital gains for the acquisition of the company *Administradora de Fondos de Pensiones y Cesantías Porvenir S.A.* in December 2013 for $ 64,724

Changes in investments in associates and joint ventures for the years ended December 31, 2024 and 2023 are presented below:

| Associated companies | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| **Balance at beginning of year** | **$** | **1,799,081** | **1,645,976** |
| Dividends received | | (92,809) | (87,251) |
| Equity method with effect in ORI | | 14,493 | 21,611 |
| Equity method with effect in Income | | 230,381 | 218,745 |
| **Balance at the end of the year** | **$** | **1,951,146** | **1,799,081** |

| Joint ventures | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| **Balance at beginning of year** | **$** | **1,720** | **1,584** |
| Equity method with effect in Income | | 306 | 137 |
| **Balance at the end of the year** | **$** | **2,026** | **1,721** |

In October 2024, A Toda Hora S.A. changed its corporate name to Aval Valor Compartido S.A.

Aval Valor Compartido S.A. The corporate purpose of the company is to provide the services referred to in Article 5 of Law 45 of 1990 and other complementary regulations, and it is organized as a technical and administrative services company in accordance with the provisions of Article 110 paragraph 2 of the Financial System Organic Statute, in the development of which it may carry out the following activities: Computer programming, organization, connection and administration of ATM networks, Electronic Channels (Internet, Mobile Banking and other Channels) for the performance of transactions or operations including cash management; processing and handling of data in own or third-party equipment for the operation and support of BPO (Business Process Outsourcing) processes; creation and organization of files and the performance of calculations, statistics and reports in general; as well as communications and electronic data transfer. Additionally, and in connection with the foregoing, the company will also have the following purposes: a) to be a Payment Service Provider (PSP), in accordance with the provisions of Decree 1692 of 2020 and b) to be a Shared Services Center. In the development and fulfillment of its corporate purpose, the corporation may: a)- Hire technicians, in the country or abroad, in connection with the activities pertaining to its purpose. b)- Organize and manage technological systems and infrastructure. c) Organize and manage its own or third parties' information systems and those to which it may have access in accordance with the law. d) Conduct and coordinate seminars and provide training on matters pertaining to its purpose. e)- Acquire, dispose of, encumber and administer all kinds of assets. f)- Intervene as debtor or creditor in all kinds of credit operations, giving or receiving the necessary guarantees when required. g)- Enter into all kinds of operations related to the assets and business of the corporation with credit institutions and insurance companies. h)- to borrow or lend money, pledge or administer its real and personal property; to draft, endorse, acquire, accept, collect, protest, cancel or pay bills of exchange, checks, promissory notes or any other securities, or accept them or give them in payment and execute or execute in general the exchange contract in all its manifestations. i)- To enter into pledge, antichresis, deposit, guarantee, administration, mandate, commission and consignment agreements. j)- To form part of other companies that propose similar, complementary or accessory activities to the corporate business or that are convenient and useful for the development of the corporate business or to absorb such type of companies. k) To enter into and execute technical, economic or administrative management agreements with other persons. l)- To organize the commercial establishments necessary for the rendering and commercialization of its services. m) To subscribe or acquire all kinds of shares, quotas or contributions of corporate interest, administer or dispose of them. n) To provide, administer, implement, contract (or subcontract) and acquire Contact Center and BPO services. o) To collect, store, digitize, administer, safeguard, process data in general and deliver documentation and information by different means. p) Perform all activities leading to create, implement and maintain: i) the physical, logical (applications and systems) and administrative infrastructure of the activities developed as BPO; ii) payment systems, especially in the field of electronic funds transfer, the so-called plastic money, administration of alternative channels, network administration, and the management of all systems for the use and application of telecommunications networks, ATM5 and POS terminals or other similar ones that are part of a network of services of this nature. q) In general, to execute all acts directly related to the above and whose purpose is to exercise its rights or comply with the obligations derived from the activity of the company, including all preparatory, intermediate, useful and necessary acts to develop its corporate purpose in the broadest possible manner.

The corporate purpose of *Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A*., is the administration of the Pension and Severance Funds authorized by law, as well as the administration of the Autonomous Trusts constituted by the territorial entities, their decentralized entities and private companies, in accordance with Article 16 of Decree 941 of 2002, with the purpose of providing resources for the payment of their pension obligations; such as pensions, pension bonds, parts of pension bonds and parts of pension quotas, under the terms of article 23 of Decree 1299 of 1994, regulated by Decrees 810 of 1998 and 941 of 2002; which constitute Autonomous Trusts independent of the Company's assets.

The exclusive purpose of *Aval Soluciones Digitales S.A*., will be to provide authorized services to companies specialized in electronic deposits and payments in the development of its corporate purpose.

*Corporación Financiera Colombiana S.A. Corficolombiana*, is a credit institution whose main function is to collect term funds through deposits or term debt instruments, in order to carry out active credit operations and make investments, with the primary purpose of fostering or promoting the creation, reorganization, merger, transformation and expansion of companies in the sectors established by the rules that regulate its activity, organized in accordance with the rules established by the Organic Statute of the Financial System (Decree 663 of 1993) and other rules that modify, repeal or replace them. The Corporation may change its registered office at the will of the General Meeting of Shareholders, and may establish branches or agencies within the national territory or abroad at the will of the Board of Directors.

The condensed financial information of investments in associates accounted for under the equity method is as follows:

**December 31, 2024**

| | | Assets | Liabilities | Equity | Revenues | Expenses | Profit or loss |
|---|---|---|---|---|---|---|---|
| Aval Valor Compartido S.A. (Formerly ATH S.A.) | | 17,189 | 2,813 | 14,376 | 17,060 | 16,577 | 483 |
| *Corficolombiana* | | 26,944,002 | 14,353,124 | 12,590,878 | 7,597,136 | 7,269,483 | 327,654 |
| *Aval Soluciones Digitales* | | 51,597 | 35,191 | 16,406 | 9,073 | 6,694 | 2,379 |
| Porvenir | | 4,029,189 | 795,219 | 3,233,970 | 2,398,333 | 1,745,733 | 652,600 |
| | **$** | **31,041,977** | **15,186,347** | **15,855,630** | **10,021,602** | **9,038,487** | **983,116** |

| | December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Equity | Revenues | Expenses | Profit or loss |
| *A Toda Hora* | 15,169 | 1,276 | 13,893 | 16,879 | 15,870 | 1,009 |
| Corficolombiana | 26,732,793 | 14,848,630 | 11,884,163 | 9,688,435 | 8,879,454 | 808,982 |
| *Aval Soluciones Digitales* | 38,874 | 24,847 | 14,027 | 7,063 | 7,545 | (482) |
| Porvenir | 3,540,313 | 674,432 | 2,865,881 | 2,677,008 | 2,118,350 | 558,658 |
| | **$ 30,327,149** | **15,549,185** | **14,777,964** | **12,389,385** | **11,021,219** | **1,368,167** |

The following is the detail of dividends received from associates during the years ended December 31, 2024 and 2023:

| **Porvenir S.A.** | **December 31, 2024** | **December 31, 2023** |
|---|---|---|
| Cash | $ 92,809 | 66,354 |

| **Corficol S.A.** | **December 31, 2024** | **December 31, 2023** |
|---|---|---|
| Cash | $ - | 20,897 |

The condensed financial information of investments in joint ventures accounted for under the equity method is presented below:

| | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Equity | Revenues | Expenses | Results |
| Aval Valor Compartido S.A. (Formerly ATH S.A.) - Joint Venture | $ 102,003 | 93,909 | 8,094 | 423,339 | 422,117 | 1,223 |
| Aval Soluciones Digitales S.A. - Joint Ventures - Dale! (1) | 151,165 | 151,155 | 10 | 88,604 | 88,604 | - |
| | **December 31, 2023** | | | | | |
| | **Assets** | **Liabilities** | **Equity** | **Revenues** | **Expenses** | **Results** |
| *A Toda Hora* | 80,435 | 73,564 | 6,871 | 397,891 | 397,345 | 546 |
| Aval Soluciones Digitales S.A. - Joint Ventures - Dale! (1) | 123,480 | 123,470 | 10 | 80,111 | 80,111 | - |

During the years ended December 31, 2024 and 2023, no dividends were received from joint ventures.

For the development of its operations, Aval Valor Compartido S.A. has entered into a joint venture account agreement with other financial entities of Grupo Aval, in order to develop all commercial operations related to the centralized management of electronic data and funds transfer operations through ATMs, Internet or any other electronic means.

Aval Valor Compartido S.A. participates as manager of said contract to develop in its sole name and under its personal credit the purpose of the contract.

(1) Dale! - Aval Soluciones Digitales, is a company specialized in Electronic Deposits and Payments - SEDPE, which through a technological platform allows banked and unbanked individuals and businesses to open a deposit, with which they can perform financial transactions from a single 100% digital solution.

## 13.2 Jointly controlled operations

A joint operation is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the assets, and obligations with respect to the liabilities, relating to the arrangement. These parts are called joint operators.

These joint operations are recognized in each line item of the Entity's financial statement in the proportional part of its share of the assets, liabilities, revenues and expenses of each joint operation in effect during the period.

The following is a summary of the participation in joint operations in which the subsidiary Fiduciaria de Occidente has an interest as of December 31, 2024 and 2023:

| | | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|---|
| | **Participation %** | | **Assets** | **Liabilities** | **Assets** | **Liabilities** |
| Emcali | 25 | $ | 103 | 64 | 106 | 73 |
| Fosyga in Liquidation | 6,55 | | 12 | 1,262 | 28 | 1,202 |
| Pensions Cundinamarca 2012 | 55 | | 3 | 27 | 6 | 30 |
| Calimio Concessionaire | 56 | | 6 | 3 | 11 | 4 |
| Sop 2012 Consortium | 33,33 | | 353 | (4) | 1,242 | (12) |
| Adaptation Fund | 50 | | 269 | 9 | 326 | 16 |
| Vinus Consortium | 33 | | 242 | 224 | 165 | 145 |
| **Total** | | **$** | **988** | **1,585** | **1,884** | **1,458** |

| | | | December 31, 2024 | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|---|---|
| | **Participation %** | | **Revenues** | **Expense s** | **Profit (Losses)** | **Revenues** | **Expenses** | **Profit (Losses)** |
| Emcali | 25 | $ | 543 | 378 | 165 | 488 | 342 | 146 |
| Fosyga in Liquidation | 6,55 | | 3 | 81 | (78) | 179 | 128 | 51 |
| Pensions Cundinamarca 2012 | 55 | | - | - | - | - | 24 | (24) |
| Calimio Concessionaire | 56 | | 50 | 16 | 34 | 57 | 17 | 40 |
| Sop 2012 Consortium | 33,33 | | - | 999 | (999) | 3,030 | 458 | 2,572 |
| Adaptation Fund | 50 | | 528 | 287 | 241 | 516 | 252 | 264 |
| Vinus Consortium | 33 | | 180 | 76 | 104 | 160 | 60 | 100 |
| **Total** | | **$** | **1,304** | **1,837** | **(533)** | **4,430** | **1,281** | **3,149** |

The interests of the joint ventures in the assets of the company, comprise the following as of December 31, 2024 and 2023:

| ***Asset participation*** | | **December 31, 2024** | | **December 31, 2023** |
|---|---|---|---|---|
| Cash and cash equivalents | $ | 589 | | 329 |
| Deposits and investments in debt securities | | 3 | | 11 |
| Accounts receivable | | 364 | | 1,512 |
| Property and equipment for own use | | 19 | | 33 |
| Other activities in joint operations | | 13 | - | - |
| **Total assets** | **$** | **988** | - | **1,885** |

Participations of the joint liability operations of the subsidiary Fiduciaria de Occidente S.A., comprise the following as of December 31, 2024 and 2023:

| ***Share of liabilities*** | | **December 31, 2024** | **December 31, 2023** |
|---|---|---|---|
| Accounts payable | $ | 215 | 187 |
| Other liabilities | | - | - |
| Other liabilities contributions | | 188 | 133 |
| Other provisions | | 1,161 | 1,102 |
| Liabilities at amortized cost | | 21 | 37 |
| **Total liabilities** | **$** | **1,585** | **1,459** |

The economic activity of joint ventures (consortiums) is listed below:

| **Name** | **ACTIVITY** |
|---|---|
| Emcali | By means of contract 160GF-CF-001-2005, the Autonomous Trust is constituted, which will have the following purposes, among others: (i) collect all of Emcali's revenues through the mechanisms and procedures defined in the Operating Manual; (ii) administer the Trust Revenues in the manner established in this contract; (iii) pay, upon EMCALI's instructions, and in accordance with the provisions of this contract, all operating and administrative expenses of the business through the trust, observing the provisions of Annex No. 4 of the contract.<br>The main domicile where the consortium develops its operations, is at Carrera 5 No. 12-42 in the city of Cali. |
| Fosyga (in liquidation) | The purpose of this contract is the collection, administration and payment by the consortium of the resources of the Solidarity and Guarantee Fund of the General Social Security Health System, under the terms established in Law 100 of 1993.<br>The main domicile where the consortium carries out its operations, is at Calle 31 No. 6-39, 19th floor, in the city of Bogotá. |
| Pensiones Cundinamarca (in liquidation) | Administration of the funds of the Public Pension Fund of Cundinamarca, destined to cover the Department's pension liabilities.<br>The main domicile where the consortium carries out its operations, is at Carrera 13 No. 26A-47, 9th floor, in the city of Bogotá. |
| SOP 2012 Consortium (in liquidation) | Administration of the funds that make up the autonomous assets that make up the National Pension Fund of the Territorial Entities (FONPET), and the related and complementary activities involved in such administration.<br><br>The main domicile where the consortium carries out its operations, is at Carrera 13 No. 26A-47, 9th floor, in the city of Bogotá. |

| Name | ACTIVITY |
|---|---|
| Adaptation Fund | THE TRUST undertakes with THE FUND to constitute an autonomous trust with the investment funds of the Adaptation Fund for the collection, administration, investment and payments inside and outside Colombia, pursuant to the provisions of Article 5 of Decree 4819 of 2010, regulated by Decree 2906 of 2011. The contract shall be performed in accordance with the terms, conditions and requirements set forth in the contractual terms and conditions and its technical annex, as well as the offer submitted by THE TRUST on April 27, 2012 for the original execution of the contract, and the offer submitted by the Trust on December 30, 2013 for the execution of Addendum No. 1, documents that are an integral part of this contract. Additionally, the Trust as spokesperson of the autonomous trust, may enter into credit operations with the National Treasury and/or financial entities supervised by the Financial Superintendence, under the terms of Article 84 of Law 1687 of 2013. PARAGRAPH: The Trust undertakes to carry out the contractual purpose with complete autonomy and independence, at its own risk and under its sole responsibility, for which reason, this contract does not generate any labor relationship between the Trustee and the Fund.<br>The main domicile where the consortium carries out its operations, is at Carrera 13 No. 26A-47, 9th floor, in the city of Bogotá. |
| Calimio Concessionaire | Collection and Administration of the resources destined to the development of the projects, and those derived from it, including capital contributions made by the trustor, the proceeds from the use of the Syndicated loan, and the payments corresponding to the Economic Participation received from the MIO System.<br>The main domicile where the consortium carries out its operations, is at Carrera 13 No. 26A-47, 9th floor, in the city of Bogotá. |
| Vinus FBO Consortium | CONCESION VÍAS DEL NUS S.A.S., requested the assignment of the contractual position of trustee of the PROJECT'S TRUST AGREEMENT to FIDUCIARIA BANCOLOMBIA S.A., so that once the assignment of the contractual position is formalized, it will be administered by FIDUCIARIA DE OCCIDENTE S.A. and FIDUCIARIA BOGOTÁ S.A., having to constitute for such purpose a consortium that allows them to manage the trust business. The purpose of the Consortium Agreement is: (i) The constitution of the CONSORTIUM; (ii) To establish the terms and conditions under which the joint will of these will be regulated to implement and start up the administrative, organizational and technological structure required for the fiduciary administration of the Autonomous Trust for the development of the Project, under the terms of the PROJECT'S TRUST AGREEMENT. The participation corresponds to Fiduciaria de Occidente S.A. 33% and Fiduciaria Bogotá S.A. 67%.<br><br>The main domicile where the consortium carries out its operations is at Calle 67 No. 7 - 37 Piso 3 in the city of Bogotá. |

As of December 31, 2024 and 2023, the joint arrangements managed by Fiduciaria de Occidente S.A., such as Calimio, Pensiones Cundinamarca (in liquidation), Fondo de Adaptación, Emcali and Consorcio Vinus FBO, in their financial statements do not present contingent liabilities or assets that may jeopardize their normal operating performance; however, for Consorcio Fosyga (in liquidation) a provision is recorded for possible contingencies for MPS fines and risk of lawsuits, and for Consorcio Sop 2012 (in liquidation) an impairment to the portfolio is recognized for fiduciary commissions.

**Legal and Financial Situation of the joint operation (consortium) FOSYGA 2005 "In Liquidation"**

In relation to the legal contingencies related to the FIDUFOSYGA 2005 Consortium, in liquidation, in which Fiduoccidente S.A. has a 6.55% shareholding, there are contingencies in third party proceedings against the State in which the Consortium has been included as allegedly liable without contingencies derived from fiscal responsibility proceedings. Provisions in this Consortium, as of December 31, 2024, decreased by $37 million, of which were recognized as a recovery in expense, and an expense of $890 million was recognized; to date the value amounts to the sum of $1,161.3 million.

**Legal and Financial Situation of the joint operation (consortium) Sop 2012 "In Liquidation"**

In relation to the impairment recognized by the consortium SOP 2012, in liquidation, in which Fiduoccidente S.A. has a 33.33% participation, according to the liquidation act Apo.4.1. Fr.5 of September 23, 2024, the Ministry of Finance and Public Credit owes the consortium $ 2,669.9 for fiduciary commissions generated during the execution of the Contract, for which Fiduoccidente S.A. recognizes a portfolio impairment of $ 889.9.

## Note 14. – Tangible assets, net

The following is the movement in the carrying amount of tangible asset accounts (property and equipment for own use, operating leases and investment properties) for the years ended December 31, 2024 and 2023:

| | | For own use | Leased under operating leases | Investment properties | Right-of-use assets | Total |
|---|---|---|---|---|---|---|
| **Cost or fair value:** | | | | | | |
| **Balance as of December 31, 2023** | **$** | **385,735** | **96,978** | **214,080** | **456,576** | **1,153,369** |
| Increase or decrease due to change in lease variables | | - | - | - | 33,316 | 33,316 |
| Purchases | | 45,600 | 9,835 | 29,120 | 50,911 | 135,466 |
| Addition for decommissioning costs | | - | - | | 76 | 76 |
| Withdrawals from sales other than leaseback transactions (net) | | (15,112) | - | (40,529) | - | (55,641) |
| Impairment charges (net) | | (3,077) | - | - | (36,250) | (39,327) |
| Transfers from / to non-current assets held for sale | | 322 | - | - | - | 322 |
| Adjustment for exchange differences | | 1,180 | - | - | 345 | 1,525 |
| Other reclassifications | | - | (8,468) | - | - | (8,468) |
| Change in fair value | | - | - | 14,200 | - | 14,200 |
| **Balance as of December 31, 2024** | **$** | **414,648** | **98,345** | **216,871** | **504,974** | **1,234,838** |
| **Balance as of December 31, 2022** | **$** | **502,303** | **75,363** | **216,897** | **385,432** | **1,179,995** |
| Increase or decrease due to change in lease variables | | **-** | **-** | **-** | 30,845 | 30,845 |
| Purchases | | 24,127 | 23,905 | 51,841 | 63,576 | 163,449 |
| Addition for decommissioning costs | | - | - | - | 46 | 46 |
| Withdrawals from sales (net) | | (12,234) | - | (74,167) | (2,124) | (88,525) |
| Impairment charges (net) | | (13,373) | - | - | (20,704) | (34,077) |
| Transfers from / to ANCMV | | (113,151) | - | - | - | (113,151) |
| Transfers from / to Investment Properties | | (128) | - | 36 | - | (92) |
| Adjustment for exchange differences | | (1,809) | - | - | (495) | (2,304) |
| Other reclassifications | | - | (2,290) | - | - | (2,290) |
| Change in fair value | | - | - | 19,328 | - | 19,328 |
| Revaluation of investment properties | | - | - | 145 | - | 145 |
| **Balance as of December 31, 2023** | **$** | **385,735** | **96,978** | **214,080** | **456,576** | **1,153,369** |
| **Accumulated Depreciation:** | | | | | | |
| **Balance as of December 31, 2023** | **$** | **(277,760)** | **(31,708)** | **-** | **(189,333)** | **(498,801)** |
| Depreciation for the year charged to expense | | (28,058) | (20,300) | - | (74,922) | (123,280) |
| Withdrawals from sales other than leasback transactions (net) | | 14,664 | - | - | - | 14,664 |
| Impairment charges (net) | | 2,785 | - | - | 33,804 | 36,589 |
| Adjustment for exchange differences | | (805) | - | - | (201) | (1,006) |
| Other reclassifications | | - | 7,499 | - | - | 7,499 |
| **Balance as of December 31, 2024** | **$** | **(289,174)** | **(44,509)** | **-** | **(230,652)** | **(564,335)** |
| **Balance as of December 31, 2022** | **$** | **(303,766)** | **(17,755)** | | **(144,935)** | **(466,456)** |
| Depreciation for the year charged to expense | | (30,596) | (16,243) | - | (64,243) | (111,082) |
| Withdrawals from sales (net) | | 11,527 | - | - | 2,125 | 13,652 |
| Impairment charges (net) | | 12,714 | - | - | 17,510 | 30,224 |
| Transfers from / to ANCMV | | 31,184 | - | - | - | 31,184 |
| Transfers from / to Investment Properties | | 92 | - | - | - | 92 |
| Adjustment for exchange differences | | 1,085 | - | - | 210 | 1,295 |
| Other reclassifications | | - | 2,290 | - | - | 2,290 |
| **Balance as of December 31, 2023** | **$** | **(277,760)** | **(31,708)** | **-** | **(189,333)** | **(498,801)** |
| **Impairment losses:** | | | | | | |
| **Balance as of December 31, 2023** | **$** | **(107)** | **(409)** | **-** | **-** | **(516)** |
| Impairment charge for the year | | (175) | - | - | - | (175) |
| Impairment recovery | | 78 | 356 | - | - | 434 |
| **Balance as of December 31, 2024** | **$** | **(204)** | **(53)** | **-** | **-** | **(257)** |
| **Balance as of December 31, 2022** | **$** | **(227)** | **(374)** | | | **(601)** |
| Impairment charge for the year | | (77) | (35) | **-** | **-** | (112) |
| Impairment recovery | | 197 | - | - | - | 197 |
| **Balance as of December 31, 2023** | **$** | **(107)** | **(409)** | **-** | **-** | **(516)** |
| **Tangible assets, net:** | | | | | | |
| **Balance as of December 31, 2023** | **$** | **107,868** | **64,861** | **214,080** | **267,243** | **654,052** |
| **Balance as of December 31, 2024** | **$** | **125,270** | **53,783** | **216,871** | **274,322** | **670,246** |

## a) Property and equipment for own use

The following is the detail of the balance as of December 31, 2024 and 2023, by type of property and equipment for own use:

| For own use | | Cost | Accumulated depreciation | Impairment loss | Carrying amount |
|---|---|---|---|---|---|
| Land | $ | 9,035 | - | - | 9,035 |
| Buildings | | 18,455 | (7,224) | - | 11,231 |
| Office equipment, fixtures and fittings | | 113,749 | (85,554) | (29) | 28,166 |
| Computer equipment | | 225,502 | (164,647) | (175) | 60,680 |
| Vehicles | | 733 | (569) | - | 164 |
| Mobilization equipment and machinery | | 49 | (49) | - | - |
| Improvements to other people's property | | 41,633 | (31,131) | - | 10,502 |
| Construction in progress | | 5,492 | - | - | 5,492 |
| **Balance as of December 31, 2024** | **$** | **414,648** | **(289,174)** | **(204)** | **125,270** |

| For own use | | Cost | Accumulated depreciation | Impairment loss | Carrying amount |
|---|---|---|---|---|---|
| Land | $ | 8,954 | - | - | 8,954 |
| Buildings | | 17,382 | (6,635) | - | 10,747 |
| Office equipment, fixtures and fittings | | 110,923 | (81,656) | (49) | 29,218 |
| Computer equipment | | 206,613 | (160,493) | (58) | 46,062 |
| Vehicles | | 800 | (575) | - | 225 |
| Mobilization equipment and machinery | | 49 | (47) | - | 2 |
| Improvements to other people's property | | 36,498 | (28,353) | - | 8,145 |
| Construction in progress | | 4,515 | - | - | 4,515 |
| **Balance as of December 31, 2023** | **$** | **385,734** | **(277,759)** | **(107)** | **107,868** |

There are no mortgages or pledges on the Group's property and equipment.

All the Group's property and equipment, as well as the assets leased under operating leases, are duly covered against fire, weak current and other risks with insurance policies in force, as well as insurance policies for the protection of its property and equipment for $897,971 and $995,574 as of December 31, 2024 and 2023, respectively, covering risks of theft, fire, lightning, explosion, earthquake, strikes, riots and others.

Occidental Bank Barbados Ltd. establishes impairment on property and equipment, when their carrying amount exceeds its recoverable amount. At the end of each reporting period, the Group assesses whether there is any indication of impairment of an asset, and if such indication exists, the recoverable amount of the asset is estimated.

The following factors are considered in assessing whether there is any indication that an asset may be impaired:

**External sources of information:**

a. There are observable indications that the value of the asset has decreased during the period, significantly more than would be expected as a result of the passage of time or normal use.
b. During the period, significant changes have taken place, or will take place in the immediate future, with an adverse effect on the entity, relating to the legal, economic, technological or market environment in which it operates, or in the market for which the asset is intended.

c. During the period, market interest rates, or other market rates of return on investments, have increased and are likely to affect the discount rate used to calculate the asset's value in use, thereby significantly decreasing its recoverable amount.
d. The carrying amount of the entity's net assets is greater than its market capitalization.

**Internal sources of information:**

a. Evidence of obsolescence or physical deterioration of an asset is available.
b. Significant changes in the scope or manner in which the asset is used or expected to be used that will adversely affect the entity, have occurred or are expected to occur in the foreseeable future.
c. Evidence is available from internal reports indicating that the economic performance of the asset is, or will be, worse than expected.

**b) Property and equipment leased under operating leases**

The following is the detail of the balance as of December 31, 2024 and 2023, by type of property and equipment leased under operating leases:

| December 31, 2024 | | Cost | Accumulated depreciation | Impairment loss | Carrying amount |
|---|---|---|---|---|---|
| Computer equipment | $ | 42,980 | (26,431) | (53) | 16,496 |
| Vehicles | | 31,256 | (10,077) | - | 21,179 |
| Mobilization equipment and machinery | | 24,108 | (8,000) | - | 16,108 |
| **Total** | **$** | **98,344** | **(44,508)** | **(53)** | **53,783** |

| December 31, 2023 | | Cost | Accumulated depreciation | Impairment loss | Carrying amount |
|---|---|---|---|---|---|
| Computer equipment | $ | 45,873 | (19,959) | (409) | 25,505 |
| Vehicles | | 22,905 | (6,360) | - | 16,545 |
| Mobilization equipment and machinery | | 28,198 | (5,387) | - | 22,811 |
| **Total** | **$** | **96,976** | **(31,706)** | **(409)** | **64,861** |

The following is a summary of the minimum lease payments to be received by the Parent Company in the next installments on assets delivered under operating leases as of December 31, 2024 and 2023:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Not older than one year | $ | 19,580 | 24,904 |
| Older than one year and less than five years | | 26,966 | 39,849 |
| **Total** | **$** | **46,546** | **64,753** |

During the years ended December 31, 2024 and 2023, no income was recorded in profit or loss for the period for contingent rents received on assets delivered under operating leases.

In operating leases, the Parent Company, as lessor, delivers goods to the lessee for use for an established term in exchange for a fee. At the end of the lease term, the lessee may purchase the asset at its market value, extend the lease or return the asset. In most contracts, the fee is calculated based on the DTF or IBR, with the addition or subtraction of nominal points, and fixed fees are established for extensions. VAT, insurance, maintenance and any charges on the asset are borne by the lessee. Returned assets are repositioned or marketed by the Parent Company.

## c) Investment properties

The following is a detail of the balance as of December 31, 2024 and 2023, by type of investment property for the Group:

| Investment properties | | Cost | Fair value adjustments | Carrying amount |
|---|---|---|---|---|
| Land | $ | 75,021 | 11,757 | 86,778 |
| Buildings | | 91,650 | 38,443 | 130,093 |
| **Balance as of December 31, 2024** | **$** | **166,671** | **50,200** | **216,871** |

| Investment properties | | Cost | Fair value adjustments | Carrying amount |
|---|---|---|---|---|
| Land | $ | 69,006 | 9,823 | 78,829 |
| Buildings | | 102,636 | 32,615 | 135,251 |
| **Balance as of December 31, 2023** | **$** | **171,642** | **42,438** | **214,080** |

The following amounts have been recognized in the statement of income from investment property management during the years ended December 31, 2024 and 2023:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Rental income | $ | 3,073 | 2,577 |
| Direct operating expenses arising from investment properties that generate rental income | | (479) | (422) |
| Direct operating expenses arising from investment properties that do not generate rental income | | (4,590) | (6,566) |
| **Net** | **$** | **(1,996)** | **(4,411)** |

The investment properties of the Parent Company and subsidiaries are valued annually at fair value based on market values determined by qualified independent appraisers who have sufficient experience in the valuation of similar properties. The significant methods and assumptions used in determining fair value in accordance with IFRS 13 were as follows:

- **Comparative market method**

  It is the devaluation technique that seeks to establish the commercial value of the property, based on the study of recent offers or transactions of similar and comparable properties to the one under appraisal. Such offers or transactions must be classified, analyzed and interpreted to arrive at an estimate of commercial value.

- **Sales comparison approach**

  The sales comparison approach, allows determining the value of the property being appraised by comparison with other similar properties that are being or have recently been traded in the real estate market.

This comparative approach considers sales of similar or substitute goods, as well as data obtained from the market, and establishes a value estimate using processes that include comparison. In general, a property whose value (the property being appraised) is compared with sales of similar properties that have been traded on the open market. Advertisements and offers may also be considered.

To date, the Parent Company has no restrictions on the collection of rental income, or on the realization of assets classified as investment property.

### d) Rights-of-use assets

The following is the detail of the balance as of December 31, 2024 and 2023 of the right of use by type of property and equipment:

| Rights of use | | Cost | Accumulated depreciation | Carrying amount |
|---|---|---|---|---|
| Buildings | $ | 413,058 | (170,718) | 242,340 |
| Office equipment, fixtures and fittings | | 120 | (76) | 44 |
| Computer equipment | | 88,818 | (57,530) | 31,288 |
| Vehicles | | 2,978 | (2,328) | 650 |
| **Balance as of December 31, 2024** | **$** | **504,974** | **(230,652)** | **274,322** |

| Rights of use | | Cost | Accumulated depreciation | Carrying amount |
|---|---|---|---|---|
| Buildings | $ | 383,798 | (143,640) | 240,158 |
| Office equipment, fixtures and fittings | | 120 | (52) | 68 |
| Computer equipment | | 70,079 | (44,373) | 25,706 |
| Vehicles | | 2,579 | (1,268) | 1,311 |
| **Balance as of December 31, 2023** | **$** | **456,576** | **(189,333)** | **267,243** |

## Note 15. – Intangible assets, net

The following is the movement in intangible asset accounts for the years ended December 31, 2024 and 2023:

| | | Capital gains | Other Intangibles | Total intangible assets |
|---|---|---|---|---|
| **Cost:** | | | | |
| **balance as of December 31, 2023** | $ | **22,724** | **827,895** | **850,619** |
| Additions / Purchases (net) | | - | 142,238 | 142,238 |
| Withdrawals / Sales (net) | | - | (129) | (129) |
| Difference in exchange | | - | (110) | (110) |
| **Balance as of December 31, 2024** | | **22,724** | **969,894** | **992,618** |
| | | | | |
| **Balance as of December 31, 2022** | | **22,724** | **693,967** | **716,691** |
| Additions / Purchases (net) | | **-** | 135,103 | 135,103 |
| Withdrawals / Sales (net) | | - | (964) | (964) |
| Difference in exchange | | - | (211) | (211) |
| **balance as of December 31, 2023** | $ | **22,724** | **827,895** | **850,619** |
| | | | | |
| **Accumulated Depreciation:** | | | | |
| **balance as of December 31, 2023** | $ | - | **250,268** | **250,268** |
| Amortization for the year charged to income | | - | 85,548 | 85,548 |
| Difference in exchange | | - | (283) | (283) |
| **Balance as of December 31, 2024** | $ | **-** | **335,533** | **335,533** |
| | | | | |
| **Balance as of December 31, 2022** | $ | - | **176,490** | **176,490** |
| Amortization for the year charged to income | | - | 74,763 | 74,763 |
| Withdrawals / Sales (net) | | - | (952) | (952) |
| Difference in exchange | | - | (33) | (33) |
| **balance as of December 31, 2023** | $ | **-** | **250,268** | **250,268** |
| | | | | |
| **Intangible assets, net:** | | | | |
| **balance as of December 31, 2023** | $ | **22,724** | **577,627** | **600,351** |
| **Balance as of December 31, 2024** | $ | **22,724** | **634,361** | **657,085** |

In the aforementioned cutoffs, the Parent Company and subsidiaries Fiduciaria de Occidente S.A. and Ventas y Servicios S.A. – NEXA BPO, do not present impairment loss of these intangibles.

### Capital gains

Capital gains recorded arose from the merger of the Parent Company with Banco Unión. For valuation purposes, capital gains have been allocated to the Parent Company as a single cash generating unit.

The technical valuation study for the year 2024 of the capital gains arising from the acquisition of Banco Unión, was prepared with the technical support of the firm PricewaterhouseCoopers Asesores Gerenciales S.A.S. Evaluation of the capital gains recorded by the Parent Company as of December 2024, concluded that the capital gains assigned to the Cash Generating Unit is not impaired, and presents an excess of $495,428 in value in use (2023: $322.869) with respect to book value.

The recoverable amount of the cash generating unit, was determined based on value in use calculations. These calculations used management-approved cash flow projections, covering periods of five years and three months.

The following are the main macroeconomic assumptions used in the 2024 valuation:

| Macroeconomic Information | | | | | | |
|---|---|---|---|---|---|---|
| **Index** | **2024** | **2025** | **2026** | **2027** | **2028** | **2029** |
| Gross Domestic Product (Real GDP) | 1.1% | 2.5% | 3.0% | 3.0% | 3.0% | 3.0% |
| CPI Colombia | 5.3% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| US CPI | 2.4% | 2.0% | 2.1% | 2.4% | 2.1% | 2.2% |
| IBR | 8.7% | 6.0% | 5.5% | 5.5% | 5.5% | 5.5% |
| Income Tax Rate | 35.0% | 35.0% | 35.0% | 35.0% | 35.0% | 35.0% |
| Financial Sector Surcharge | 5.0% | 5.0% | 5.0% | 5.0% | 0.0% | 0.0% |

In accordance with IAS 36, cash flow projections in the most recent financial budgets or forecasts, have been approved by the Bank's management, excluding any estimates of cash inflows or outflows expected to arise from future restructuring or improvements in asset performance. Projections based on these budgets or forecasts, will cover a maximum period of five years.

The valuation approach and methodology applied by PricewaterhouseCoopers Asesores Gerenciales S.A.S., considers an income approach based on expected dividend flows.

**Income Approach**

The future dividend flow methodology, seeks to obtain the total value of the Cash Generating Unit, through the projection of the cash that would be paid to the Shareholder, which is determined as a percentage of the net income projections, ensuring compliance with the solvency margin, and the coverage of the reinvestment needs in assets, operating funds (costs, expenses, taxes, working capital) and the payment of the cost of debt. This analysis requires the projection of the cash flows generated during a determined period of time, to subsequently bring them to present value, by discounting them at an appropriate rate for such operation, also considering a terminal value.

**Discount rate**

The discount rate should consider the time value of money, inflation and the risk inherent in the transaction being carried out.

To define the discount rate, the concept of cost of equity is used as a reference framework, based on the Capital Asset Pricing Model (CAPM). This is defined as a function of a risk-free rate, considering a series of additional premiums, such as the market risk premium, which may increase or decrease depending on the market performance of the asset whose valuation is to be advanced (beta coefficient).

The following aspects were considered in the construction of the discount rate used in the valuation of the 2024 business:

a) Risk-free rate (Rf): The risk-free rate was taken as the U.S. Treasury rate with a 10-year term. Rf = 3.8%. Source: US Treasury Department.

b) Country risk (Cr): The Colombian EMBI was used, which indicates the difference in return between U.S. bonds and Colombian bonds. Cr= 3.2%. Source: EMBI.

c) Market risk premium (Rp): Extra return that the stock market has historically provided over the risk-free rate as compensation for market risk. Rp=6%. Source: PwC Research.

d) Size premium (Rt): Result 0.0%.

e) Beta (β): The beta coefficient was applied on the basis of data from comparable companies, resulting in 1.02. Source: S&P Global – Capitaliq.

f) Implicit Devaluation (Ri): For the calculation of the implicit devaluation, the long-term inflation rates of the United States and Colombia are considered to express the effect of the devaluation of the Colombian peso against the U.S. dollar. Source: Oxford Economics – EMI.

g) Cost of Equity COP (Ke): According to the methodology used, a discount rate of 16.3% nominal in Colombian pesos was estimated.

Considering the above assumptions, the discount rate obtained is as follows:

| Variable | Rate |
|---|---|
| Beta of leveraged equity | 1.02 |
| Market Risk Premium | 6.0% |
| Risk-free rate | 3.8% |
| Country risk | 3.2% |
| **Cost of Equity (USD)** | **13.1%** |
| Long-term inflation Colombia | 5.3% |
| Long-term inflation US | 2.4% |
| Inflation differential | 2.8% |
| **Cost of Equity (COP)** | **16.3%** |

**Note:** Extracted from page 9 of the Goodwill Report 2024, prepared by PricewaterhouseCoopers Asesores Gerenciales S.A.S.

**Sensitivity Analysis.**

The sensitivity analysis shows the results of the Value in Use of Banco Unión (9.8% of Banco de Occidente's valuation). The central value has a spread of 0%, for both the Ke and the gradient; this value corresponds to the base scenario, which coincides with the Value in Use of Banco Unión ($1,031,585).

The values to the right and above the base value will be lower, considering that the discount rate is increasing and the perpetuity growth gradient is decreasing, with the value in the upper right corner being the most conservative scenario. Conversely, values downward and to the left of the base value will be higher, considering that the discount rate is decreasing and the growth gradient is increasing, with the value in the lower left corner being the most optimistic scenario. It is important to mention that, with the analyzed values of variation on the growth gradient and the discount rate, no impairment scenarios are evident, since no value is lower than the book value ($536,157).

| Spread over Growth Gradient (g) | Spread on Ke -1.00% | -0.50% | 0.00% | 0.50% | 1.00% |
|---|---|---|---|---|---|
| -1.0% | 810,268 | 752,002 | 700,922 | 655,789 | 615,635 |
| -0.5% | 987,415 | 901,341 | 828,177 | 765,242 | 710,549 |
| 0.0% | 1,290,218 | 1,145,410 | 1,028,437 | 932,008 | 851,174 |
| 0.5% | 1,445,282 | 1,265,239 | 1,123,420 | 1,008,857 | 914,412 |
| 1.0% | 1,648,364 | 1,417,200 | 1,240,861 | 1,101,956 | 989,742 |

| | | December 31, 2024 | | | |
|---|---|---|---|---|---|
| **UGE** | $ | **Capital gains** | **Carrying value** | **Recoverable amount** | **Surplus** |
| Banco Unión | | 22,724 | 536,157 | 1,031,585 | 495,428 |

| | | December 31, 2023 | | | |
|---|---|---|---|---|---|
| **UGE** | $ | **Capital gains** | **Carrying value** | **Recoverable amount** | **Surplus** |
| Banco Unión | | 22,724 | 481,008 | 803,877 | 322,869 |

**Detail of intangible assets other than capital gains**

The following is the detail of intangible assets other than capital gains as of December 31, 2024 and 2023:

| **As of December 31, 2024** | | **Cost** | **Accumulated depreciation:** | **Carrying amount** |
|---|---|---|---|---|
| Licenses | $ | 13,507 | 10,519 | 2,988 |
| Computer programs and applications | | 956,388 | 325,015 | 631,373 |
| **Total** | **$** | **969,895** | **335,534** | **634,361** |

| **As of December 31, 2023** | | **Cost** | **Accumulated depreciation:** | **Carrying amount** |
|---|---|---|---|---|
| Licenses | $ | 8,623 | 5,763 | 2,860 |
| Computer programs and applications | | 819,272 | 244,505 | 574,767 |
| **Total** | **$** | **827,895** | **250,268** | **577,627** |

## Note 16. – Income tax

### a. Components of income tax expense

Income tax expense for the years ended December 31, 2024 and 2023 comprises the following:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Current period income tax | $ | 55,482 | 60,174 |
| Rent surcharge | | 2,012 | 1,440 |
| **Subtotal for current period taxes** | | **57,494** | **61,614** |
| Adjustment for prior periods | | (17,251) | 451 |
| Net deferred taxes for the period | | (1,405) | (89,399) |
| Adjustment of deferred taxes of prior periods | | 13,338 | (11) |
| **Subtotal deferred taxes** | | **11,933** | **(89,410)** |
| **Total** | **$** | **52,176** | **(27,345)** |

In compliance with the provisions of paragraph 6 of article 240 of the Tax Code, the calculation of the Group's Tax Deduction Rate (TTDG) was made, the result of which from the consolidated for *Grupo AVAL* is higher than the 15% indicated in the current tax regulation and, therefore, did not give rise to any additional recognition to the current income tax expense.

### b. Reconciliation of the tax rate in accordance with the tax provisions and the effective rate

Current tax provisions applicable to the Group stipulate:

**In Colombia:**

- The income tax rate for the years 2024 and 2023 is 35%.
- For financial institutions, a surtax of 5 additional points of the general income tax rate is established during the taxable periods 2023 to 2027, being the total rate 40% if they have a taxable income equal to or higher than 120,000 UVT.
- As of taxable year 2021, the presumptive income rate is zero percent (0%).

**In Barbados:**

Occidental Bank (Barbados) Ltd. was incorporated under the laws of Barbados on May 16, 1991, and is licensed to conduct banking and trust business from and within Barbados. The Bank's registered office is located at Chelsea House, Chelsea Road, St. Michael, Barbados.

Tax rates fluctuate according to the amount of taxable income and range from 1% to 5.5%.

In accordance with current tax regulations, corporate income tax returns may be subject to examination by the tax authorities during the last nine years.

**In Panama:**

Banco de Occidente (Panama) S.A. is an entity organized and incorporated under the laws of the Republic of Panama and began operations on June 30, 1982, under an International License granted by the Superintendence of Banks of the Republic of Panama, through Resolution No. 9-82 of March 16, 1982.

Banking operations in the Republic of Panama are regulated and supervised by the Superintendence of Banks of Panama (hereinafter "the Superintendence"), in accordance with the legislation established by Executive Decree No. 52 of April 30, 2008, which adopts the sole text of Decree Law 9 of February 26, 1998, as amended by Decree Law 2 of February 22, 2008, which establishes the banking regime of the Republic of Panama and creates the Superintendence and the rules that govern it. The Bank is also subject to the regulations and supervision of the Financial Superintendence of Colombia, the home supervisor.

The Bank conducts the brokerage business through a license granted by Resolution No. 435-2024 of December 31, 2024 of the Superintendence of the Securities Market of Panama.

In accordance with Panamanian tax laws, the Bank is not subject to income tax on profits because it exclusively conducts, from an office established in Panama, transactions that are perfected, consummated and have their effects abroad and, consequently, most of its income is from foreign sources. In addition, income from interest on time deposits in banks operating in Panama is exempt from income tax.

In accordance with paragraph 81 (C) of IAS 12, the following is a reconciliation between the Group's total income tax expense calculated at current tax rates and the tax expense (income) actually recorded in the results of operations for the periods ended December 31, 2024 and 2023:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| **Profit before income tax** | $ | **533,223** | **452,212** |
| Total tax rate | | 40% | 40% |
| Theoretical tax expense calculated according to current tax rates | | 213,289 | 180,885 |
| Non-deductible expenses | | 27,062 | 16,120 |
| Dividends received not constituting income | | (2,555) | (2,281) |
| Income from the equity method not constituting income | | (92,275) | (87,553) |
| Interest and other income not subject to income tax | | (1,012) | (8,708) |
| Exempt income | | (1,348) | (1,238) |
| Tax benefit in acquisition of productive assets | | (37,904) | (31,057) |
| Tax discounts | | 607 | (19,106) |
| Profits of subsidiaries in tax-exempt countries | | (25,205) | (22,048) |
| Rate difference in earnings of subsidiaries with different tax rates | | (7,906) | (7,349) |
| Effect of the application of different rates for the determination of deferred taxes | | (9,168) | (36,523) |
| Adjustment for prior periods | | (17,251) | 451 |
| Adjustment of deferred taxes of prior periods | | 13,338 | (11) |
| **Other concepts** | | (7,497) | (8,927) |
| **Total tax expense for the period** | $ | **52,176** | **(27,345)** |

### c. Tax uncertainties

As of December 31, 2024 and 2023, the Group has no tax uncertainties that would generate a provision for such concept, taking into account that the income and complementary taxes process is regulated under the current tax framework. Consequently, there are no risks that could imply an additional tax liability.

### d. Deferred income taxes with respect to subsidiaries, associates and joint ventures

During the years ended December 31, 2024 and 2023 the Parent Company did not record deferred tax liabilities in respect of temporary differences on investments in subsidiaries and associates, as a result of the application of the exception provided in paragraph 39 of IAS 12, taking into account that the requirements established in such standard are met, because the Parent Company and subsidiaries have control over the reversal of such temporary differences, and management believes that it is probable that they will not reverse in the foreseeable future.

Temporary differences for the above items as of December 31, 2024 and 2023 amount to $1,105,166 and $953,734, respectively.

### e. Deferred taxes by type of temporary difference

Differences between the carrying amounts of assets and liabilities and their tax bases, give rise to the following temporary differences that generate deferred taxes, calculated and recorded in the periods ended December 31, 2024 and 2023 based on the tax rates currently in effect for the years in which such temporary differences will be reversed.

### As of December 31, 2024

| | | Balance at January 1, 2024 | Credited (debited) to income | Credited (debited) to ORI | Exchange difference on translation of financial statements | December 31, 2024 |
|---|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | | |
| Valuation of fixed income investments | $ | 2,427 | 98,893 | 14,512 | - | 115,832 |
| Fixed Income Impairment | | - | 259 | - | - | 259 |
| Valuation of derivatives | | 51,243 | 14,935 | - | - | 66,178 |
| Impairment Accounts Receivable | | 1 | 788 | - | - | 789 |
| Impairment of Loan Portfolio | | 25 | (25) | - | - | - |
| Property, plant and equipment | | 5,254 | 167 | - | - | 5,421 |
| Depreciation on Property, Plant and Equipment | | 45 | 93 | - | 13 | 151 |
| Impairment of Property, Plant and Equipment | | 27 | 34 | - | - | 61 |
| Tax losses | | 164,767 | (40,891) | - | - | 123,876 |
| Non-deductible passive provisions | | 76 | 167 | - | - | 243 |
| Employee benefits | | 9,282 | 2,510 | (1,007) | - | 10,785 |
| Financial leasing contracts | | 64,935 | (2,931) | - | - | 62,004 |
| Customer loyalty program | | 291 | 50 | - | - | 341 |
| Difference in exchange financial liabilities | | 58,234 | (35,383) | 25,402 | - | 48,253 |
| Other | | 47,396 | (41,401) | - | - | 5,995 |
| **Subtotal (1)** | | **404,003** | **(2,735)** | **38,907** | **13** | **440,188** |
| **Deferred tax liabilities** | | | | | | |
| Valuation of fixed income investments | | | (1,226) | 631 | - | (595) |
| Investments in subsidiaries | | (1,770) | 1,770 | - | - | - |
| Investments in associates and joint ventures | | - | (89) | - | - | (89) |
| Investments in Equity Instruments | | (17,599) | (1,780) | (5,100) | - | (24,479) |
| Loan portfolio | | (238,047) | 5,769 | - | - | (232,278) |
| Property, Plant and Equipment | | (35,043) | (22,581) | 75 | - | (57,549) |
| Depreciation on Property, Plant and Equipment | | (5,147) | (191) | - | - | (5,338) |
| Rights of Use | | (6,229) | (1,021) | - | - | (7,250) |
| Intangible Assets | | (46,747) | 7,111 | - | - | (39,636) |
| Employee benefits | | (15) | 15 | - | - | |
| Goodwill | | (7,953) | - | - | - | (7,953) |
| Financial leasing contracts | | (5,120) | (753) | - | - | (5,873) |
| Other | | (15,322) | 3,778 | - | - - | (11,544) |
| **Subtotal (2)** | | **(378,992)** | **(9,198)** | **(4,394)** | **-** | **(392,584)** |
| **Total** | **$** | **25,011** | **(11,933)** | **34,513** | **13** | **47,604** |

## As of December 31, 2023

| | | Balance at January 1, 2023 | Credited (debited) to income | Credited (debited) to ORI | Exchange difference on translation of financial statements | December 31, 2023 |
|---|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | | |
| Valuation of fixed income investments | $ | 159,010 | (46,372) | (110,211) | - | 2,427 |
| Fixed Income Impairment | | 209 | (209) | - | - | - |
| Valuation of derivatives | | 82,931 | (31,688) | - | - | 51,243 |
| Impairment Accounts Receivable | | 2 | (1) | - | - | 1 |
| Loan portfolio | | - | 9 | - | (9) | - |
| Impairment of Loan Portfolio | | 9 | 16 | - | - | 25 |
| Property, plant and equipment | | 12 | 5,242 | - | - | 5,254 |
| Depreciation on Property, Plant and Equipment | | - | 45 | - | - | 45 |
| Impairment of Property, Plant and Equipment | | - | 27 | - | - | 27 |
| Tax losses | | - | 190,378 | - | - | 190,378 |
| Non-deductible passive provisions | | 79 | (3) | - | - | 76 |
| Employee benefits | | 10,983 | (3,636) | 1,935 | - | 9,282 |
| Financial leasing contracts | | 60,241 | 4,694 | - | - | 64,935 |
| Customer loyalty program | | 301 | (10) | - | - | 291 |
| Other | | 73,434 | 35,369 | (29,219) | - | 79,584 |
| **Subtotal (1)** | | **387,211** | **153,861** | **(137,495)** | **(9)** | **403,568** |
| **Deferred tax liabilities** | | | | | | |
| Investments in Equity Instruments | | (18,218) | (331) | (820) | - | (19,369) |
| Loan portfolio | | (88,146) | (149,793) | - | - | (237,939) |
| Impairment of Loan Portfolio | | (95,936) | 95,936 | - | - | - |
| Property, Plant and Equipment | | (51,883) | 15,790 | 1,051 | - | (35,042) |
| Depreciation on Property, Plant and Equipment | | - | (5,147) | - | - | (5,147) |
| Rights of Use | | (2,383) | (3,846) | - | - | (6,229) |
| Intangible Assets | | (30,715) | (16,032) | - | - | (46,747) |
| Employee benefits | | (17) | 17 | (15) | - | (15) |
| Goodwill | | (9,089) | 1,136 | - | - | (7,953) |
| Financial leasing contracts | | (4,273) | (847) | - | - | (5,120) |
| Other | | (13,662) | (1,334) | - | - | (14,996) |
| **Subtotal (2)** | | **(314,322)** | **(64,451)** | **216** | **-** | **(378,557)** |
| **Total** | **$** | **72,889** | **89,410** | **(137,279)** | **(9)** | **25,011** |

The following is an analysis of current and deferred tax assets and liabilities as of December 31, 2024 and 2023:

### Deferred tax balances:

| **December 31, 2024** | | Gross amounts of deferred tax | Compensation reclassifications | Balances in statements of financial position |
|---|---|---|---|---|
| Deferred income tax assets | $ | 440,188 | (392,584) | 47,604 |
| Deferred income tax liability | | (392,584) | 392,584 | - |
| **Net** | **$** | **47,604** | **-** | **47,604** |

| **Balance at December 31, 2023** | | Gross amounts of deferred tax | Compensation reclassifications | Balances in statements of financial position |
|---|---|---|---|---|
| Deferred income tax assets | $ | 404,003 | (378,992) | 25,011 |
| Deferred income tax liability | | (378,992) | 378,992 | - |
| **Net** | **$** | **25,011** | **-** | **25,011** |

**Current tax balances:**

| | | Gross current tax amounts | Compensation reclassifications | Balances in statements of financial position |
|---|---|---|---|---|
| Current income tax assets | $ | 595,728 | (17,926) | 577,802 |
| Current income tax liability | | (17,926) | 17,926 | - |
| **Net** | **$** | **577,802** | **-** | **577,802** |

| **Balance at December 31, 2023** | | Gross current tax amounts | Compensation reclassifications | Balances in statements of financial position |
|---|---|---|---|---|
| Current income tax assets | $ | 877,764 | (49,274) | 828,490 |
| Current income tax liability | | (50,233) | 49,274 | (959) |
| **Net** | **$** | **827,531** | **-** | **827,531** |

## f. Effect of current and deferred taxes on each component of other comprehensive income in shareholders' equity

The effects of current and deferred taxes on each component of other comprehensive income, are detailed below for the years ended December 31, 2024 and 2023:

| | | Year ended in: December 31, 2024 | | | Year ended in: December 31, 2023 | | |
|---|---|---|---|---|---|---|---|
| | | Amount before tax | Deferred tax expense (income) | Net | Amount before tax | Deferred tax expense (income) | Net |
| **Items that may be subsequently reclassified to profit or loss** | | | | | | | |
| Exchange difference on net investment in foreign operations - Hedged portion | $ | 63,506 | - | **63,506** | (73,047) | - | **(73,047)** |
| Hedge of net investment in foreign operations - Non Derivative Hedging Instrument | | (63,506) | 25,402 | **(38,104)** | 73,047 | (29,219) | **43,828** |
| Diff. in Foreign Operations Exchange | | 15,084 | - | **15,084** | (38,230) | - | **(38,230)** |
| Equity in ORI of investments in associated companies and joint ventures | | 14,493 | - | **14,493** | 21,610 | - | **21,610** |
| Unrealized Net Gain/Loss on debt securities | | (67,739) | 15,661 | **(52,078)** | 393,661 | (110,211) | **283,450** |
| Impairment Unrealized Net Gain/Loss on debt securities | | 1,457 | (518) | **939** | | - | - |
| **Subtotals** | | **(36,705)** | **40,545** | **3,840** | **377,041** | **(139,430)** | **237,611** |
| **Items that will not be reclassified to profit or loss** | | | | | | | |
| Effect of the transfer of property for own use to investment property | | (199) | 75 | **(124)** | (2,375) | 1,051 | **(1,324)** |
| Net unrealized loss on equity investments | | 34,857 | (5,100) | **29,757** | 9,263 | (820) | **8,443** |
| Actuarial gain on employee retirement plans | | 2,517 | (1,007) | **1,510** | (4,810) | 1,920 | **(2,890)** |
| **Subtotals** | | **37,175** | **(6,032)** | **31,143** | **2,078** | **2,151** | **4,229** |
| **Total other comprehensive income for the period** | **$** | **470** | **34,513** | **34,983** | **379,119** | **(137,279)** | **241,840** |

## g. Transfer pricing

Taxpayers who have entered into transactions with foreign related parties are required to determine, for income and supplementary tax purposes, their ordinary and extraordinary income, their costs and deductions, and their assets and liabilities, considering for these transactions the prices or profit margins that would be agreed upon by independent third parties (market value principle). To date, the management of the Parent Company and subsidiaries and their advisors, have not yet completed the study for the year 2024. However, they believe that based on the results of the study for the year 2023, no additional income tax provisions derived from the transfer pricing analysis will be required to affect the results for the period.

As of 2017, in accordance with Article 260-5 of the Tax Code, the country-by-country report containing information regarding the global allocation of income and taxes paid by the multinational group, together with certain indicators related to its economic activity at a global level, must be submitted as evidentiary documentation; the Parent Company and subsidiaries do not meet the requirements for its submission, therefore it will be submitted by the controlling company *Grupo Aval Acciones y Valores S.A.*

## h. Realization of deferred tax assets

In future periods, it is expected to continue to generate taxable net income, against which the amounts recognized as deferred tax assets can be recovered. The estimate of future fiscal results, is based primarily on the projection of the entity's strategic plan.

The estimates of these financial projections are the basis for the recovery of deferred tax assets on tax credits arising from tax loss carryforwards to be offset against future taxable income.

## Note 17. – Customer deposits

The following is a detail of the balances of deposits received from customers of the Parent Company and its subsidiaries in the development of their deposit-taking operations:

| Detail | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| **Demand deposits** | | | |
| Current accounts | $ | 7,389,155 | 7,092,625 |
| Savings accounts | | 28,221,791 | 24,153,811 |
| Other funds at sight | | 65,375 | 62,846 |
| | | **35,676,321** | **31,309,282** |
| **Term** | | | |
| Term deposit certificates | | 17,917,502 | 17,866,450 |
| **Total Deposits** | **$** | **53,593,823** | **49,175,732** |
| | | | |
| **By currency** | | | |
| In Colombian pesos | $ | 48,086,748 | 44,903,705 |
| In U.S. dollars | | 5,481,920 | 4,259,323 |
| Other currencies | | 25,155 | 12,704 |
| **Total by Currency** | **$** | **53,593,823** | **49,175,732** |

Below is a detail of the maturity of the certificates of deposit outstanding as of December 31, 2024:

| Year | | December 31, 2024 Amount |
|---|---|---|
| 2025 | $ | 283,818 |
| 2026 | | 15,816,755 |
| 2027 | | 1,345,134 |
| 2028 | | 341,415 |
| 2029 | | 40,767 |
| After 2029 | | 89,613 |
| **Total** | **$** | **17,917,502** |

The following is a summary of the effective interest rates charged on customer deposits:

| | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| | Deposits in Colombian pesos | | Deposits in Colombian pesos | |
| | Minimum rate % | Maximum rate % | Minimum rate % | Maximum rate % |
| Current accounts | 0.00% | 9.40% | 0.00% | 13.25% |
| Savings account | 0.00% | 10.30% | 0.00% | 13.79% |
| Term certificates of deposit | 0.05% | 17.50% | 0.04% | 17.72% |

**Frequency of Interest Settlement:** For Term Certificates of Deposit, the frequency of interest settlement corresponds to that agreed with each client within their security; for savings accounts, these frequencies are daily settlement.

The following is a detail of the concentration of customer deposits received by economic sector:

| Sector | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| Government or entities of the Colombian Government (1) | $ | 8,402,155 | 15.68% | 6,872,366 | 13.98% |
| Manufacturing | | 993,113 | 1.85% | 1,146,077 | 2.33% |
| Real Estate | | 614,687 | 1.15% | 424,981 | 0.86% |
| Trade | | 6,955,150 | 12.98% | 5,018,214 | 10.20% |
| Agricultural and livestock | | 243,697 | 0.45% | 282,668 | 0.57% |
| Individuals | | 4,705,478 | 8.78% | 4,905,341 | 9.98% |
| Other (2) | | 31,694,594 | 59.14% | 30,536,533 | 62.10% |
| Eliminations | | (15,051) | -0.03% | (10,448) | -0.02% |
| **Total** | **$** | **53,593,823** | **100%** | **49,175,732** | **100%** |

(1) The government includes sectors O and U (according to ISIC classification) corresponding to public administration and defense and compulsory social security schemes and activities of extraterritorial organizations and bodies, respectively.

(2) The most representative item included in this category, corresponds to financial and insurance activities (sector K), which as of December 31, 2024 presented a total balance of 19,700,240 million, representing 68% of the total.

As of December 31, 2024, there were 13,949 customers with balances over $250 for a total value of $45,570,707 million (As of December 31, 2023, there were 13,699 customers for $43,523,419 million).

For customer deposits, the expense incurred in income for interest on savings accounts, term deposit certificates and checking accounts in the years ended December 31, 2024 and 2023 are $4,026,935 and $4,346,644, respectively.

## Note 18. - Financial Obligations

### 18.1. Financial obligations

The following is a summary of the financial obligations obtained by the Parent Company and its subsidiaries as of December 31, 2024 and 2023, mainly for the purpose of financing their international trade operations:

| | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| | Short-term portion | Long-term portion | Short-term portion | Long-term portion |
| **Colombian Legal Currency** | | | | |
| **Interbank and overnight funds** | | | | |
| Banks and correspondents | $ 40 | - | 126 | - |
| Ordinary purchased interbank funds | 223,784 | - | 80,107 | - |
| Transfer commitments in repo transactions | 3,805,016 | - | 1,783,598 | - |
| Simultaneous transactions | 4,138,758 | - | 2,082,478 | - |
| Temporary Securities Transfer Transactions | 2 | - | - | - |
| Commitments arising from short positions | 469,074 | | 447,868 | - |
| **Total Interbank and overnight funds** | **8,636,674** | **-** | **4,394,177** | **-** |
| **Bank loans** | | | | |
| Loans | 2,766 | - | 25 | - |
| **Total loans from banks** | **2,766** | **-** | **25** | **-** |
| **Lease agreements** | | | | |
| Lease liabilities | - | 405,320 | - | 408,260 |
| **Total Lease agreements** | **-** | **405,320** | **-** | **408,260** |
| **Total liabilities in legal currency** | **8,639,440** | **405,320** | **4,394,202** | **408,260** |
| **Foreign Currency** | | | | |
| **Interbank and overnight funds** | | | | |
| Banks and correspondents | - | - | 8,934 | - |
| **Total Interbank and overnight funds** | **-** | **-** | **8,934** | **-** |
| **Bank loans** | | | | |
| Loans | 3,589,436 | 442,435 | 2,340,673 | 383,790 |
| Letters of credit | 2,461 | - | - | - |
| Acceptances | 37,202 | - | 52,258 | - |
| **Total loans from banks** | **3,629,099** | **442,435** | **2,392,931** | **383,790** |
| **Lease agreements** | | | | |
| Lease liabilities | 965 | - | 951 | - |
| **Total Lease agreements** | **965** | **-** | **951** | **-** |
| **Total foreign currency obligations** | **3,630,064** | **442,435** | **2,402,816** | **383,790** |
| **Total financial obligations** | **$ 12,269,504** | **847,755** | **6,797,018** | **792,050** |

As of December 31, 2024, the financial obligations corresponding to simultaneous and repo transactions for $8,412,850 were guaranteed with investments for $9,480,666 (as of December 31, 2023 for $4,313,944 they were guaranteed with investments for $4,599,783).

For loans from banks and others, interest expense for the years ended December 31, 2024 and 2023 is $271,468 and $251,754, respectively.

The following is a summary of the effective interest rates to be accrued on financial obligations as of December 31, 2024 and 2023:

| | December 31, 2024 in Colombian pesos | | December 31, 2023 in Colombian pesos | |
|---|---|---|---|---|
| | Minimum rate % | Maximum rate % | Minimum rate % | Maximum rate % |
| Interbank funds and repo and simultaneous transactions | -0.19 | 10.50 | 1.00 | 13.15 |
| Correspondent banks | 0.02 | 0.15 | 0.00 | 3.50 |

| | December 31, 2024 in foreign currency | | December 31, 2023 in foreign currency | |
|---|---|---|---|---|
| | Minimum rate % | Maximum rate % | Minimum rate % | Maximum rate % |
| Interbank funds and repo and simultaneous transactions | 0.00 | 0.00 | 0.00 | 0.00 |
| Correspondent banks | 0.00 | 0.08 | 1.00 | 8.78 |

For short-term financial obligations, the expense incurred in income for interest on money market operations of the interbank funds type, transfer commitments in repo and simultaneous operations and other interest for the years ended December 31, 2024 and 2023, are $559,139 and $431,210, respectively.

## 18.2. Notes and investment securities

The Parent Company is authorized by Colombian Finance Superintendence, to issue or place Notes or general guarantee notes. All bond issues by the Parent Company, have been issued without guarantees, and represent exclusively the obligations of each of the issuers.

The following features the detail of the liabilities as of December 31, 2024 and 2023, by date of issue and maturity date in legal currency and foreign currency:

**Legal Tender**

| Issuer | Date of Issue | | December 31, 2024 | December 31, 2023 | Maturity Date | Interest Rate |
|---|---|---|---|---|---|---|
| Ordinary Notes Banco de Occidente | Between 09/AUG/2012 and 20/AUG/2020 | | 1,171,045 | 1,458,983 | Between 20/AUG/2026 and 14/DEC/2032 | Between CPI + 2.37% and 4.65% |
| Subordinated notes Banco de Occidente | Between 30/01/2013 and 12/10/2017 | | 707,361 | 712,362 | Between 30/JAN/2025 and 10/JUN/2026 | Between CPI + 3.58% - 3.64% and 4.60% |
| **Total** | | **$** | **1,878,406** | **2,171,345** | | |

**Foreign Currency [1]**

| Issuer | Date of Issue | December 31, 2024 | December 31, 2023 | Maturity Date | Interest Rate |
|---|---|---|---|---|---|
| Subordinated notes Reg S Banco de Occidente | May 13, 2024 | 791,791 | - | August 13, 2034 | Fixed 10.875% |
| **Total** | | **791,791** | **-** | | |

[1] The foreign currency is the US dollar (USD)

Future maturities as of December 31, 2024 of outstanding investment securities in long-term debt are as follows:

| Year | | December 31, 2024 Amount |
|---|---|---|
| 2025 | $ | 472,385 |
| 2026 | | 349,960 |
| After 2027 | | 1,847,852 |
| **Total** | **$** | **2,670,197** |

For long-term financial obligations from the issuance of bonds, interest accrued in income for the periods ended December 31, 2024 and 2023 was $276,866 and $335,437, respectively.

### 18.3. Financial obligations with rediscount entities

The Colombian government has established certain credit programs to promote the development of specific sectors of the economy, including foreign trade, agriculture, tourism, housing construction and other industries. The programs are managed by various government entities such as Banco de Comercio Exterior ("BANCOLDEX"). Fondo para el Financiamiento del Sector Agropecuario ("FINAGRO") and Financiera de Desarrollo Territorial ("FINDETER").

The following is a detail of the loans obtained by the Parent Company from these entities as of December 31, 2024 and 2023:

| | Interest rates in effect at the cutoff | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| **Legal Tender** | | | | |
| Foreign Trade Bank - "BANCOLDEX" | Between DTF 0% and 3.60%; IBR 0% and 6.10%; Fixed 2.96% and 20.963%; SOFR 180 | $ | 122,974 | 312,279 |
| Agricultural Sector Financing Fund - "FINAGRO" | Between DTF 0% and 1%; IBR 0% Fixed 0.11% and 15.69% | | 133,979 | 171,943 |
| Financiera de Desarrollo Territorial "FINDETER" (Territorial Development Financial Institution) | Between DTF 1.90% and 3%; IBR 0% and 0.90%; Fixed 9.47% and 19.57% | | 802,209 | 599,687 |
| **Total legal currency** | | **$** | **1,059,162** | **1,083,909** |
| **Foreign Currency** | | | | |
| Foreign Trade Bank - "BANCOLDEX" | SOFR 180 | $ | 3,020 | 4,280 |
| **Total foreign currency** | | | **3,020** | **4,280** |
| **Total rediscount entities** | | **$** | **1,062,182** | **1,088,189** |

The following is a detail of the maturities of the financial obligations with rediscount entities outstanding as of December 31, 2024:

| | | December 31, 2024 |
|---|---|---|
| **Year** | | **Amount** |
| 2025 | $ | 44,267 |
| 2026 | | 118,068 |
| 2027 | | 130,864 |
| After 2028 | | 768,983 |
| **Total** | **$** | **1,062,182** |

For financial obligations with rediscount entities, interest accrued in income for the periods ended December 31, 2024 and 2023 was $111,533 and $130,308, respectively.

Below is a summary of the balances comprising the total financial obligations as of December 31, 2024 and 2023:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Interbank and overnight funds | $ | 8,636,674 | 4,403,111 |
| Loans from banks and others | | 4,480,586 | 3,185,957 |
| Obligations with rediscount entities | | 1,062,182 | 1,088,189 |
| Notes and investment securities | | 2,670,197 | 2,171,345 |
| **Total financial obligations** | **$** | **16,849,639** | **10,848,602** |

**Analysis of changes in the movements of financing activities**

The following is a reconciliation of the changes in liabilities to cash flows from financing activities for the years ended December 31, 2024 and 2023:

| | Dividends Payable | Loans from banks and rediscount entities | Finance Lease | Notes and investment securities | Total |
|---|---|---|---|---|---|
| **Balance at December 31, 2023 Ps** | **67,047** | **3,864,935** | **409,211** | **2,171,345** | **6,512,538** |
| **Cash flows from financing activities** | | | | | |
| Dividends paid on controlling interest | (162,024) | | | | (162,024) |
| Dividends paid on non-controlling interest | (63,019) | - | - | - | (63,019) |
| Lease payments | - | - | (84,915) | - | (84,915) |
| Payments on outstanding bonds | - | - | - | (277,490) | (277,490) |
| Bond issuance | - | - | - | 660,058 | |
| Acquisition of financial obligations | - | 9,479,692 | - | - | 9,479,692 |
| Payment of financial obligations | - | (8,646,686) | - | - | (8,646,686) |
| **Cash used in financing activities** | **(157,996)** | **4,697,941** | **324,296** | **2,553,913** | **7,418,154** |
| **Cash flows from operating activities** | | | | | |
| Interest accrued | - | 346,795 | 36,207 | 276,866 | 659,868 |
| Interest paid | - | (352,409) | (36,204) | (258,908) | (647,521) |
| **Other Changes (*)** | 215,684 | 444,155 | 81,987 | 98,326 | 840,152 |
| **Balance at December 31, 2024** | **57,688** | **5,136,482** | **406,286** | **2,670,197** | **8,270,653** |

| | Dividends Payable | Loans from banks and rediscount entities | Finance Lease | Notes and investment securities | Total |
|---|---|---|---|---|---|
| **Balance at December 31, 2022 Ps** | **41,354** | **4,521,906** | **374,521** | **2,322,416** | **7,260,197** |
| **Cash flows from financing activities** | | | | | |
| Dividends paid on controlling interest | (187,341) | | | | (187,341) |
| Dividends paid on non-controlling interest | (39,738) | - | - | - | (39,738) |
| Lease payments | - | - | (73,901) | - | (73,901) |
| Payments on outstanding bonds | - | - | - | (148,040) | (148,040) |
| Acquisition of financial obligations | - | 8,441,163 | - | - | 8,441,163 |
| Payment of financial obligations | - | (8,410,433) | - | - | (8,410,433) |
| **Cash used in financing activities** | **(185,725)** | **4,552,636** | **300,620** | **2,174,376** | **6,841,907** |
| **Cash flows from operating activities** | | | | | |
| Interest accrued | - | 351,175 | 30,887 | 335,437 | 717,499 |
| Interest paid | - | (322,274) | (29,293) | (338,468) | (690,035) |
| **Other Changes (*)** | 252,772 | (716,602) | 106,997 | - | (356,833) |
| **Balance at December 31, 2023** | **67,047** | **3,864,935** | **409,211** | **2,171,345** | **6,512,538** |

(*) Other changes consist of dividends declared, exchange differences, non-derivative hedges and changes in lease agreements.

## Note 19. – Provisions for employee benefits

In accordance with Colombian labor legislation, and based on the labor agreements and collective bargaining agreements applicable to the Parent Company and its subsidiaries Fiduciaria de Occidente S.A. and Ventas y Servicios S.A., NEXA BPO, are entitled to short term benefits such as: salaries, vacations, legal and extra-legal bonuses and severance and severance interests, long term benefits such as: extra-legal bonuses and retirement benefits such as: severance to employees who continue with a labor scheme before Law 50 of 1990 and legal and extra-legal retirement pensions.

In the case of the foreign subsidiaries Banco de Occidente Panamá S.A. and Occidental Bank (Barbados) Ltd., according to the labor legislation of their country, they only have short-term benefits. For compensation of key management personnel, this includes salaries, non-cash benefits and contributions to a defined benefit post-employment plan, see note 30.

The following is a detail of the balances of provisions for employee benefits as of December 31, 2024 and 2023:

| | | December 31, 2024 | | December 31, 2023 |
|---|---|---|---|---|
| Short-term benefits | $ | 85,902 | $ | 77,520 |
| Post-employment benefits | | 4,641 | | 5,167 |
| Long-term benefits | | 5,946 | | 6,160 |
| **Total Liabilities** | **$** | **96,489** | **$** | **88,847** |

### a) Post-employment benefits

- In Colombia, retirement pensions when employees retire after certain years of age and service, are assumed by public or private pension funds based on defined contribution plans, where entities and employees contribute monthly amounts defined by law, to have access to the pension at the time of retirement of the employee; however, for some employees hired by the Parent Company before 1968 who met the requirements of age and years of service, pensions are assumed directly by the Parent Company.

- In accordance with IAS 19, the pension liability was restated, resulting in a pension liability of $2,828.

- 23 employees hired by the Parent Company before 1990 are entitled to receive at the date of their retirement at the employee's or the Parent Company's discretion, a compensation corresponding to the last month's salary multiplied by each year worked; in December 31, 2024 the provision for this concept corresponds to $1,485.

- In the subsidiary Fiduciaria de Occidente S.A. an additional premium is recognized extra-legally or by collective bargaining agreements, to employees who retire when they reach the age and years of service to start enjoying the pension granted by the pension funds; as of December 31, 2024 the provision for this concept corresponds to $327.

- The subsidiary Fiduciaria de Occidente S.A., recognizes an extra-legal bonus to employees who retire when they reach the age and years of service required to receive the pension granted by the pension funds; this bonus is paid at the time of retirement of the employee. The amount assigned to professional personnel is $10 and to operational personnel is $5 (retirement pension bonus).

- In the Parent Company, there are employees who belong to previous labor schemes, according to which their severance payments are assumed by the Parent Company at the time of their retirement (severance payments of employees of previous law), the new schemes involve this benefit in the defined contribution plans.

**b) Long-term employee benefits**

- The Parent Company and its subsidiary, Ventas y Servicios S.A. - NEXA BPO, grants its employees long-term extralegal bonuses during their working life, depending on the number of years of service, every five, ten, fifteen and twenty years, etc., calculated as days of salary (between 15 and 180 days) for each payment. For the Parent Company as of the year 2021, only the employees who are covered by the Agreement continue in the plan, since the payment model was changed for those who are not covered by the Agreement.

- The Parent Company and its subsidiary Ventas y Servicios S.A. - NEXA BPO have recorded the liabilities corresponding to these benefits based on actuarial calculations made under the same parameters of the retirement benefits. The retirement benefits correspond to $5,946 as of December 31, 2024.

The following is the movement in employee retirement benefits and long-term benefits during the years ended December 31, 2024 and 2023:

| | Post Employment Benefits | | Long Term Benefits | |
|---|---|---|---|---|
| | December 31, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| **Balance at beginning of period** | **$ 5,167** | **$ 9,630** | **$ 6,159** | **$ 6,590** |
| Costs incurred during the period | 57 | 60 | 455 | 608 |
| Interest costs | 525 | 583 | 615 | 829 |
| Past service costs | - | (2,079) | - | - |
| | $ 5,749 | $ 8,194 | $ 7,229 | $ 8,027 |
| (Gain)/loss on changes in demographic assumptions | 332 | 1,130 | 158 | (411) |
| (Gain)/loss on changes in financial assumptions | (19) | (203) | (20) | (329) |
| | $ 313 | $ 927 | $ 138 | $ (740) |
| Payments to employees | (1,421) | (3,954) | (1,421) | (1,128) |
| **Balance at end of period** | **$ 4,641** | **$ 5,167** | **$ 5,946** | **$ 6,159** |

Variables used to calculate the projected obligation for the different retirement and long-term employee benefits are shown below:

| | Post Employment Benefits | | Long-term benefits | |
|---|---|---|---|---|
| | December 31, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| Discount rate | 9.99% | 11.51% | 9.72% | 11.43% |
| Inflation rate | 0.00% | 0.00% | 0.00% | 0.00% |
| Rate of salary increase | 4.00% | 4.00% | 4.00% | 4.00% |
| Pension increase rate | 3.00% | 3.00% | 0.00% | 0.00% |
| Employee turnover | 11.17% | 15.81% | 11.17% | 15.81% |
| Average plan duration (in years) | 4.52 | 3.89 | 3.18 | 2.92 |

The expected life expectancy of employees, is calculated based on mortality tables published by the Colombian Superintendence of Finance, which have been constructed based on the mortality experience provided by the different insurance companies operating in Colombia.

The sensitivity analysis of the employee retirement benefit liability for the different financial and actuarial variables is as follows, holding all other variables constant:

| | -0.50 Points | | +0.50 Points | |
|---|---|---|---|---|
| **As of December 2024** | **Post Employment** | **Long Term** | **Post Employment** | **Long Term** |
| Discount rate | $ 108 | 96 | $ (102) | (93) |
| Rate of salary increase | (65) | (124) | 66 | 129 |
| Pension increase rate | (89) | - | 93 | - |

### c) Expected future benefit payments

Expected future benefit payments, reflecting services as appropriate, are expected to be paid as follows:

| Year | Post-employment benefits | Other benefits Long Term |
|---|---|---|
| 2025 | $ 809 | $ 1,306 |
| 2026 | 836 | 1,127 |
| 2027 | 723 | 1,125 |
| 2028 | 706 | 726 |
| 2029 | 727 | 635 |
| Years 2030-2033 | 2,282 | 2,201 |

The Parent Company will use its own funds to cover future cash flows for extra-legal and pension benefit payments.

As of December 31, 2024 and 2023, the number of post-employment and long-term benefit participants are as follows:

| Benefit | 2024 | 2023 |
|---|---|---|
| Post-employment participants | 563 | 566 |
| Long-term participants | 2,757 | 2,852 |

## Note 20. – Provisions for legal contingencies and other provisions

The movement and balances of legal and other provisions during the periods ended December 31, 2024 and 2023 are described below:

| | | Legal provisions | Other Provisions | Total provisions |
|---|---|---|---|---|
| **Balance as of December 31, 2023** | **$** | **2,488** | **61,680** | **64,168** |
| Increase due to new provisions in the period | | 4,749 | 20,260 | 25,009 |
| Increase in existing provisions in the period | | 88 | 1,499 | 1,587 |
| Utilization of provisions | | (4,397) | (1,864) | (6,261) |
| Amounts reversed for unused provisions | | (12) | (22,212) | (22,224) |
| Conversion adjustments | | - | 1 | 1 |
| **Balance as of December 31, 2024** | **$** | **2,916** | **59,364** | **62,280** |
| | | | | |
| **Balance as of December 31, 2022** | **$** | **3,395** | **53,790** | **57,185** |
| Increase due to new provisions in the period | | 1,315 | 20,805 | 22,120 |
| Increase in existing provisions in the period | | 223 | 304 | 527 |
| Utilization of provisions | | (958) | (356) | (1,314) |
| Amounts reversed for unused provisions | | (1,487) | (12,861) | (14,348) |
| Conversion adjustments | | - | (2) | (2) |
| **Balance as of December 31, 2023** | **$** | **2,488** | **61,680** | **64,168** |

### Other Provisions

### Other legal provisions

The thirteen (13) civil lawsuits filed against the Parent Company, arising from the development of its business, which are mainly related to claims from customers who consider that: (i) checks were improperly paid from their accounts or (ii) without their authorization, funds were allowed to be withdrawn through electronic channels, as well as one (01) administrative investigation by State control and surveillance agencies and labor lawsuits that represent a risk, are duly provided for in the amount of $1,962 as of December 31, 2024.

### Labor provisions

Of the labor lawsuits filed against the Group arising from the development of its business and which represent a risk, due to disagreements in the termination of the labor contract or the conditions of the contract, 23 are duly provisioned for the total amount of $457 as of December 31, 2024, based on the analysis of the case and the risk and probability rating by the external labor advisor.

**Tax provisions**

The tax lawsuits filed against the Parent Company and subsidiaries derived from the development of its purpose and which represent a risk are: i) an action for annulment and reestablishment of rights between the DIAN and Aloccidente, an entity merged with Banco de Occidente, provisioned in the amount of $229 and ii) statements of objections for sending information as a collecting entity, provisioned in the amount of $268 as of December 31, 2024.

**Other provisions**

Other provisions for the periods ended December 31, 2024 and 2023, consist of the following:

**Asset stripping**

The Parent Company and the subsidiary, Ventas y Servicios S.A. – NEXA BPO, established a provision for dismantling of assets, corresponding to the improvements made in the infrastructure of the leased offices as of December 31, 2023 and 2024. Dismantling is caused by the dismantling of improvements to leave the leased facilities in their original condition or as agreed in the contract. At December 31, 2024 the Parent Company recorded a provision of $1,245 and Ventas y Servicios S.A. - NEXA BPO of $127; and at December 31, 2023 the Parent Company recorded a provision of $1,754 and Ventas y Servicios S.A. - NEXA BPO of $104.

**Provision for loan commitments**

As of December 31, 2024, provisions for contingencies amounting to $56,480 were included at the head office, of which 71% correspond to Credit Cards and 29% to Letters of Credit and Bank Guarantees. Meanwhile, as of December 31, 2023, provisions for contingencies were included at the head office in the amount of $58,251, of which 78.43% correspond to Credit Cards and the remaining 21.57% to Letters of Credit and Bank Guarantees.

**Other provisions**

Fiduciaria de Occidente S.A. for December 31, 2024 constituted provisions for demand in Consorcio *Fidufosyga* for joint operations for $1,102; as of December 31, 2023 the balance recorded is $1,161.

Ventas y Servicios S.A - NEXA BPO for December 31, 2024 constituted provisions for the UPGG penalty provision and disability recovery expenses for $262; as of December 31, 2023 the balance recorded is $342.

## Note 21. - Other liabilities

Other liabilities as of December 31, 2024 and 2023, comprise the following:

| Items | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Suppliers and accounts payable | $ | 337,813 | 254,512 |
| Dividends and surplus | | 57,688 | 67,047 |
| Collections made | | 41,022 | 108,478 |
| Cashier's checks | | 296,362 | 294,056 |
| Taxes, withholdings and labor contributions | | 146,865 | 148,026 |
| Withdrawals payable | | 76,483 | 72,848 |
| International exchange received | | 18,728 | 96,006 |
| Other | | 68,180 | 71,409 |
| Forwards non delivery | | 1,071 | 1,665 |
| National Guarantee Fund | | 27,657 | 29,758 |
| Credit surpluses | | 37,279 | 36,955 |
| Derivatives trading | | 1,984 | 11,267 |
| Peace bonds | | 25,093 | 25,164 |
| Portfolio disbursements | | 14,464 | 3,835 |
| Payments to third parties Occired | | 25,694 | 21,310 |
| Contributions on transactions | | 4,272 | 13,865 |
| Credit card receivables | | 14,565 | 11,536 |
| Sales tax payable | | 21,199 | 17,452 |
| Uncashed checks drawn | | 7,353 | 9,060 |
| Bank items in clearing | | 7,186 | 12,349 |
| Prospective buyers | | 4,214 | 2,218 |
| Accounts cancelled | | 6,531 | 5,488 |
| Collection services | | 3,611 | 2,709 |
| Commissions and fees | | 1,881 | 1,432 |
| Loyalty programs | | 852 | 728 |
| Anticipated income | | 2 | 926 |
| Deferred credits | | - | 424 |
| Ath and ach transactions | | - | 30 |
| Leases | | 72 | 391 |
| Cash surpluses and redemption | | 58 | 114 |
| Insurance and insurance premiums | | 70 | 146 |
| Contributions and memberships | | 4 | 4 |
| Security deposit - Margin Call | | 31,191 | 355,795 |
| | $ | **1,279,444** | **1,677,003** |

## Note 22. – Equity

The number of shares authorized, issued and outstanding as of December 31, 2024 and 2023 were as follows:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Number of shares authorized | $ | 200,000,000 | 200,000,000 |
| Number of shares subscribed and paid | | 155,899,719 | 155,899,719 |
| **Total shares outstanding** | | **155,899,719** | **155,899,719** |
| **Total shares outstanding are as follows:** | | | |
| Common shares | | 155,899,719 | 155,899,719 |
| **Subscribed and paid-in capital, common shares** | **$** | **4,677** | **4,677** |

### Appropriated retained earnings in reserves

The following is the detail of the composition as of December 31, 2024 and 2023:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Legal reserve | $ | 3,134,027 | 3,134,027 |
| Mandatory and voluntary reserves | | 1,297,477 | 1,075,910 |
| **Total** | **$** | **4,431,504** | **4,209,937** |

### Legal reserve

Pursuant to current legal regulations, the Parent Company and its subsidiaries Fiduciaria de Occidente S.A. and Ventas y Servicios S.A. – NEXA BPO, must create a legal reserve by appropriating ten percent (10%) of the net profits of each year, until reaching an amount equal to fifty percent (50%) of the subscribed capital stock. This reserve may be reduced below fifty percent (50%) of the subscribed capital stock, to cover losses in excess of retained earnings. The legal reserve cannot be less than the aforementioned percentage, except to cover losses in excess of retained earnings.

### Dividends Declared

Dividends are declared and paid to shareholders, based on net income for the immediately preceding year. Dividends declared by the Parent Company were as follows:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Prior year's earnings determined in the Parent Company's separate financial statements (*) | $ | 430,603 | 502,643 |
| Dividends paid in cash | | 215,142 | 251,323 |
| Outstanding common shares | | 155,899,719 | 155,899,719 |
| **Total shares outstanding** | | **155,899,719** | **155,899,719** |
| **Withholding tax (**)** | | **(1,567)** | **(263)** |
| **Total Dividends Declared** | **$** | **215,142** | **251,323** |

(*) Earnings reported correspond to the end of December 2023 and 2022.

(**) Withholding tax transferable to shareholders (Art.242-1 ET)

The Parent Company and its subsidiaries have a simple capital structure, and therefore there is no difference between basic earnings per share and diluted earnings.

## Note 23. – Non-controlling interests

The following table provides information about each subsidiary that has significant non-controlling interests as of December 31, 2024 and 2023:

**December 31, 2024**

| Entity | Country | Participation | | Value of equity interest | Value of equity in income (loss) | Dividends declared in the period |
|---|---|---|---|---|---|---|
| Fiduciaria de Occidente S.A. | Colombia | 4.44% | $ | 17,088 | 3,915 | 2,109 |
| Ventas y Servicios S.A. | Colombia | 19.99% | | 10,257 | 450 | - |
| Banco de Occidente Panamá S.A. | Panama | 5.00% | | 16,937 | 3,151 | - |
| | | | **$** | **44,283** | **7,516** | **2,109** |

**December 31, 2023**

| Entity | Country | Participation | | Value of equity interest | Value of equity in income (loss) | Dividends declared in the period |
|---|---|---|---|---|---|---|
| Fiduciaria de Occidente S.A. | Colombia | 4.44% | $ | 15,342 | 3,327 | 1,332 |
| Ventas y Servicios S.A. | Colombia | 19.99% | | 9,807 | (73) | - |
| Banco de Occidente Panamá S.A. | Panama | 5.00% | | 11,848 | 2,756 | - |
| | | | **$** | **36,997** | **6,010** | **1,332** |

The following table shows information about each of the direct subsidiaries in which the Company has a significant non-controlling interest as of December 31, 2024 and 2023:

**December 31, 2024**

| Entity | | Assets | Liabilities | Total Revenues | Net income | Other Comprehensive Income | Operating cash flow |
|---|---|---|---|---|---|---|---|
| Fiduciaria de Occidente S.A. | $ | 478,685 | 38,812 | 225,264 | 88,163 | 2,261 | 33,710 |
| Ventas y Servicios S.A. | | 116,912 | 65,602 | 354,996 | 2,249 | - | 23,090 |
| Banco de Occidente Panamá S.A. | | 4,483,099 | 4,144,357 | 281,981 | 63,013 | 20,224 | 162,710 |
| | $ | **5,078,696** | **4,248,771** | **862,241** | **153,425** | **22,485** | **219,510** |

**December 31, 2023**

| Entity | | Assets | Liabilities | Total Revenues | Net income | Other Comprehensive Income | Operating cash flow |
|---|---|---|---|---|---|---|---|
| Fiduciaria de Occidente S.A. | $ | 437,019 | 36,537 | 204,698 | 74,933 | 3,177 | 21,010 |
| Ventas y Servicios S.A. | | 100,067 | 51,005 | 297,534 | (370) | - | 9,377 |
| Banco de Occidente Panamá S.A. | | 3,561,350 | 3,324,400 | 233,681 | 55,120 | (18,556) | (375,208) |
| | $ | **4,098,436** | **3,411,942** | **735,913** | **129,683** | **(15,379)** | **(344,821)** |

As of December 31, 2024, there are no significant transactions with non-controlling interests of the Parent Company, as well as protective rights or restrictions on access to the use of assets or cancellation of liabilities of them.

## Note 24. – Commitments and contingencies

### a. Commitments

### Credit commitments

In the development of its normal operations, the Parent Company grants guarantees or letters of credit to its customers, in which it irrevocably undertakes to make payments to third parties in the event that the customers do not comply with their obligations to such third parties, with the same credit risk for the loan portfolio. The granting of guarantees and letters of credit, are subject to the same loan disbursement approval policies regarding the creditworthiness of customers, and guarantees are obtained as deemed appropriate under the circumstances.

Commitments to extend credit, represent unused portions of authorizations to extend credit in the form of loans, use of credit cards or letters of credit. With respect to credit risk on commitments to extend credit lines, the Parent Company is potentially exposed to losses in an amount equal to the total amount of unused commitments, if the unused amount were to be fully drawn down; however the amount of loss is less than the total amount of unused commitments, since most commitments to extend credit are contingent upon the customer maintaining specific credit risk standards. The Parent Company monitors the maturity terms of the relative commitments of credit quotas, because long-term commitments have a higher credit risk than short-term commitments.

The following is the detail of guarantees, letters of credit and credit commitments on unused lines of credit as of December 31, 2024 and 2023:

| | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|
| | | Notional amount | Fair Value | Notional amount | Fair Value |
| Guarantees | $ | 1,390,925 | 64,605 | 1,246,647 | 50,741 |
| Unused letters of credit | | 166,290 | 1,318 | 138,249 | 1,002 |
| Overdraft limits | | 1,860,937 | 1,860,937 | 2,014,636 | 2,014,636 |
| Unused credit card limits | | 3,879,439 | 3,879,439 | 3,848,307 | 3,848,307 |
| Opening of credit | | 188,531 | 188,531 | 173,598 | 173,598 |
| Approved loans not disbursed | | 3,000 | 3,000 | 5,000 | 5,000 |
| Other | | 2,017,804 | 2,017,804 | 1,913,328 | 1,913,329 |
| **Total** | **$** | **9,506,926** | **8,015,634** | **9,339,765** | **8,006,613** |
| Provision for loss contingencies | | (56,489) | (56,489) | (58,263) | (58,263) |
| **Total** | **$** | **9,450,437** | **7,959,145** | **9,281,502** | **7,948,350** |

The outstanding balances of unused lines of credit and collateral, do not necessarily represent future cash requirements, because such limits may expire and not be used in whole or in part.

The following is a detail of credit commitments by type of currency:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Colombian pesos | $ | 7,488,685 | 7,432,997 |
| Dollars | | 2,001,568 | 1,894,087 |
| Euros | | 12,794 | 11,868 |
| Other | | 3,879 | 813 |
| **Total** | **$** | **9,506,926** | **9,339,765** |

**Capital expenditure disbursement commitments**

As of December 31, 2024 and 2023, the Parent Company and subsidiaries had contractual commitments for capital expenditures (intangible and other) of $63,075 and $34,991, respectively. The Parent Company and subsidiaries have already allocated the necessary resources to meet these commitments, and believe that net income and funds will be sufficient to cover these and similar commitments.

**b. Contingencies**

**Legal contingencies**

From time to time, in the normal course of operations claims arise against the Group, which, based on its own estimates and with the assistance of external advisors, the Parent Company's management is of the opinion that it is not probable that losses will be incurred in connection with the proceedings detailed below, and therefore no provision has been recognized in the consolidated financial statements.

As of December 31, 2024, the Group had civil lawsuits against it with claims for $111,368, not including those of remote qualification, which, based on analysis and opinions of the lawyers in charge, do not require provisioning, because they are uncertain obligations that do not imply an outflow of resources.

As of December 31, the following proceedings against it which are material (equal to or greater than $4,061) are:

(i) Popular action, filed by Carlos Julio Aguilar against Banco de Occidente and other financial entities before the Eleventh Administrative Court of the Circuit of Cali. The lawsuit was brought against the financial entities that participated in the Performance Plan of the Department of Valle in 1998, on the grounds that they agreed to charge interest on interest. The first instance judgment has already been rendered in which the claims of the claim were dismissed; however, the plaintiff filed an appeal against this decision, which is currently being processed. The claims were estimated at $15.9 billion and as of December 31, 2024 no provisions are required for this process.

(ii) Procedural incident of joint and several liability initiated against the Bank and other banking establishments by MEDICAL DUARTE ZF and other entities, within the collection proceeding that they are promoting against a client of the bank before the Fifth Labor Court of the Circuit of Barranquilla. The incident is based on the fact that the Bank allegedly did not comply with the attachment orders issued by the court on the customer's deposits, a situation that does not correspond to reality, since the customer's bank accounts had no funds and had already been previously seized by another judicial authority. The incident was answered in a timely manner by the Bank with the pertinent factual and legal arguments, however, the court decided to declare it jointly and severally liable, along with two other financial entities, for the amount of $70,980, based on a rule that is clearly not applicable to the case. The Bank filed a motion for reconsideration and an appeal against this decision. When deciding the motion for reconsideration, the court confirmed its decision, and processed the appeal, which is currently being processed, but it is firmly believed that it should be revoked, because it lacks factual support, in addition to the fact that there is no rule in the legislation that allows declaring a Bank jointly and severally liable for the breach of a seizure order issued from an labor collection proceeding.

Revocation action filed before the Superintendence of Companies, through which the revocation of a leasing contract entered into between the Bank and a company that is in corporate reorganization is sought, so that the assets given under the lease return to the supplier's assets, based on the fact that the entity allegedly did not pay the price of the goods. In the present case, the Bank acted in good faith, and has the payment supports of the assets delivered in leasing, therefore it is considered that the requirements for the action to prosper do not exist. The plaintiff estimated its claims in $8,255 million.

In relation to the aforementioned proceedings against the Company, after the corresponding evaluation, it was established that they do not require provision.

**Tax contingencies**

As of December 31, 2024, the Parent Company and subsidiaries have no claims for the existence of national and local tax proceedings that establish penalties in the exercise of its activity as a taxpayer entity, and that imply the constitution of contingent liabilities due to the remote possibility of an outflow of resources for such concepts.

**Labor contingencies**

In the course of the labor relationship between the Group and its employees, as a consequence of the reasons for the termination of the employment contract or its development, different claims arise against, on which it is not considered possible that significant losses will arise in relation to such claims according to the opinion of the lawyers as of December 31, 2024.

## Note 25. – Revenues and expenses from contracts with customers

The following is a detail of commission income and expenses for the years ended December 31, 2024 and 2023:

| **Revenues** | | **December 31, 2024** | **December 31, 2023** |
|---|---|---|---|
| Fees for banking services | $ | 306,220 | 290,632 |
| Credit card fees | | 167,711 | 161,012 |
| Fiduciary activities | | 123,016 | 108,683 |
| Fees for drafts, checks and checkbooks | | 4,446 | 5,220 |
| Office network services | | 2,272 | 1,908 |
| **Total** | **$** | **603,665** | **567,455** |
| **Expenses** | | | |
| Banking services | $ | 115,609 | 99,158 |
| Bank charges | | 1,235 | 1,622 |
| Sales and service commissions | | 15,990 | 13,626 |
| Bank guarantees | | - | 42 |
| Fiduciary business | | - | 5 |
| Placements | | 38,289 | 34,132 |
| Credit Cards | | 395 | 428 |
| Other | | 69,860 | 64,488 |
| **Total** | | **241,378** | **213,501** |
| **Net commission income** | **$** | **362,287** | **353,954** |

The following table discloses revenues from customer contracts as of December 2024 and 2023:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| **Revenues** | | | |
| Revenues from customer contracts | $ | 847,463 | 567,454 |
| **Timing of revenue recognition** | | | |
| At a point in time | | 25,031 | 22,966 |
| Over time | | 822,432 | 544,488 |

## Note 26. – Other income, net and other expenses

Following is a detail of other income and other expenses for the years ended December 31, 2024 and 2023:

| Other income | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Other operating income[1] | $ | 358,185 | 267,371 |
| Equity in net income of associated companies and joint ventures[1] | | 230,687 | 218,882 |
| Profit on sale of investments | | 562 | 1,244 |
| Dividends | | 6,388 | 5,702 |
| Gain on sale of non-current assets held for sale[1] | | 2,388 | 23,954 |
| Net gain on valuation of investment properties | | 14,200 | 19,328 |
| Net loss on sale of investments[1] | | (2,435) | (12,445) |
| Net gain (loss) on foreign exchange gain (loss)[1] | | 160,521 | (53,273) |
| **Other income total** | **$** | **770,496** | **470,763** |

[1] Other operating income is mainly composed of sales of other services, lease payments, operating leasing and profit on sale of BRP'S and restituted.

For the quarter ended December 31, 2024 and 2023, the variation in other income was ($299,734), mainly due to the Share in net income of associated companies and joint ventures for $11,805, due to the difference in foreign currency exchange, due to fluctuations in the TRM in the market, generating a variation of $213,794, loss on sale of non-current assets held for sale ($21,566), other operating income $90,814 and loss on valuation of investment properties ($10,010).

| Other expenses | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Personnel expenses | $ | 948,793 | 867,105 |
| Taxes and fees | | 310,093 | 315,805 |
| Insurance | | 148,509 | 138,060 |
| Consulting, audit and other fees | | 165,549 | 142,666 |
| Contributions, memberships and transfers | | 49,189 | 47,433 |
| Other(*) | | 124,789 | 95,750 |
| Depreciation of right-of-use assets | | 74,922 | 64,243 |
| Amortization of intangible assets | | 85,548 | 74,763 |
| Depreciation of tangible assets | | 48,358 | 46,839 |
| Maintenance and repairs | | 58,535 | 54,258 |
| Utilities | | 33,696 | 32,458 |
| Advertising Services | | 56,926 | 41,848 |
| Electronic data processing | | 16,407 | 16,259 |
| Leases | | 30,829 | 17,655 |
| Transportation services | | 18,240 | 13,645 |
| Losses on sale of property and equipment | | 7,335 | 16,326 |
| Cleaning and security services | | 15,769 | 18,051 |
| Supplies and stationery | | 5,764 | 5,501 |
| Insurance claims losses | | 10,149 | 20,870 |
| Adaptation and installation | | 5,760 | 5,895 |
| Impairment losses on other assets | | 199 | 111 |
| Travel expenses | | 6,066 | 4,323 |
| Donation expenses | | 4,044 | 3,458 |
| Assets write-off | | 358 | 479 |
| **Other expenses total** | **$** | **2,225,831** | **2,043,800** |

(*) Other expenses are mainly composed of administrative expenses, outsourcing services, contingent limits provisions, systematization services and database queries.

## Note 27. – Analysis of operating segments

Operating segments are components of the Parent Company that engage in business activities that may generate revenues or incur expenses, and whose operating results are regularly reviewed by the Board of Directors, and for which specific financial information is available:

a. **Description of products and services from which each reportable segment derives its revenues:** The Parent Company is organized into four business segments comprised of the following companies: Fiduciaria de Occidente S.A., Banco de Occidente Panamá S.A., Occidental Bank Barbados Ltd. and Ventas y Servicios S.A. – NEXA BPO. All these entities provide banking and financial services in Colombia in corporate or commercial banking, consumer and mortgage banking.

b. **Factors used by management to identify reportable segments:** The operating segments identified above, are based on the strategic organization of the Parent Company to serve the different sectors of the economy in Colombia, Panama and Barbados, considering that under the laws of these countries each of these companies have been operating for several years.

   The consolidated information of each entity is reviewed by the Parent Company's Board of Directors, which is available to the stock market only for the Parent Company, considering that it has its shares and securities registered in the Colombian National Securities Registry.

c. **Measurement of net income and assets and liabilities of operating segments:** The Board of Directors of the Parent Company, reviews the consolidated financial information of each of its operating segments prepared in accordance with MFRS.

   The Board of Directors evaluates the performance of each segment, based on each segment's net income and certain credit risk indicators.

d. **Information on net income, assets and liabilities of reportable operating segments:** The following is a detail of the summarized reportable financial information for each segment for the periods ended December 31, 2024 and 2023:

### December 31, 2024

| | | Banco de Occidente S.A. (Parent Company) | Fiduciaria de Occidente S.A. | Ventas y Servicios S.A. | Banco de Occidente Panamá S.A. | Occidental Bank (Barbados) Ltd. | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Financial assets at fair value through profit or loss | $ | 9,553,755 | 72,872 | 875 | 711 | - | - | 9,628,213 |
| Financial assets at fair value with changes in ORI | | 4,086,041 | 43,164 | - | 1,287,902 | 476,016 | (5,028) | 5,888,095 |
| Financial assets in debt securities at amortized cost | | 2,133,673 | - | - | | - | - | 2,133,673 |
| Investments in associated companies and joint ventures | | 2,612,448 | 306,827 | - | - | - | (966,103) | 1,953,172 |
| Financial assets for loan portfolio at amortized cost | | 50,695,747 | 1,453 | - | 2,630,233 | 763,690 | - | 54,091,123 |
| Other Assets | | 3,751,604 | 54,167 | 116,037 | 564,253 | 246,546 | (26,702) | 4,705,905 |
| **Total Assets** | **$** | **72,833,268** | **478,483** | **116,912** | **4,483,099** | **1,486,252** | **(997,833)** | **78,400,181** |
| **Liabilities** | | | | | | | | |
| Customer deposits | | 48,181,616 | - | - | 4,137,380 | 1,289,878 | (15,051) | 53,593,823 |
| Financial obligations | | 16,812,493 | 12,073 | 24,619 | 965 | - | (511) | 16,849,639 |
| Other Liabilities | | 1,906,022 | 26,537 | 40,983 | 6,012 | 2,778 | (11,403) | 1,970,929 |
| **Total Liabilities** | **$** | **66,900,131** | **38,610** | **65,602** | **4,144,357** | **1,292,656** | **(26,965)** | **72,414,391** |
| **Equity** | **$** | **5,933,137** | **439,873** | **51,310** | **338,742** | **193,596** | **(970,868)** | **5,985,790** |

## December 31, 2023

| | | Banco de Occidente S.A. (Parent Company) | Fiduciaria de Occidente S.A. | Ventas y Servicios S.A. | Banco de Occidente Panamá S.A. | Occidental Bank (Barbados) Ltd. | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Financial assets at fair value through profit or loss | $ | 5,363,274 | 77,439 | 4,235 | 887 | - | - | 5,445,835 |
| Financial assets at fair value with changes in ORI | | 3,231,197 | 37,349 | - | 984,473 | 349,511 | (4,733) | 4,597,797 |
| Financial assets in debt securities at amortized cost | | 2,034,558 | - | - | - | - | - | 2,034,558 |
| Investments in associated companies and joint ventures | | 2,317,326 | 273,168 | - | - | - | (789,692) | 1,800,802 |
| Financial assets for loan portfolio at amortized cost | | 46,808,300 | (185) | - | 2,143,867 | 547,053 | - | 49,499,035 |
| Other Assets | | 4,510,469 | 49,064 | 95,832 | 432,123 | 154,128 | (17,859) | 5,223,757 |
| **Total Assets** | **$** | **64,265,124** | **436,835** | **100,067** | **3,561,350** | **1,050,692** | **(812,284)** | **68,601,784** |
| **Liabilities** | | | | | | | | |
| Customer deposits | | 44,973,650 | - | - | 3,317,028 | 895,502 | (10,448) | 49,175,732 |
| Financial obligations | | 10,816,956 | 13,580 | 17,635 | 952 | - | (521) | 10,848,602 |
| Other Liabilities | | 2,830,583 | 22,771 | 33,370 | 6,420 | 3,418 | (7,195) | 2,889,367 |
| **Total Liabilities** | **$** | **58,621,189** | **36,351** | **51,005** | **3,324,400** | **898,920** | **(18,164)** | **62,913,701** |
| **Equity** | **$** | **5,643,935** | **400,484** | **49,062** | **236,950** | **151,772** | **(794,120)** | **5,688,083** |

## December 31, 2024

| | | Banco de Occidente S.A. (Parent Company) | Fiduciaria de Occidente S.A. | Ventas y Servicios S.A. | Banco de Occidente Panamá S.A. | Occidental Bank (Barbados) Ltd. | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| **Income from continuing operations** | | | | | | | | |
| Financial Income | $ | 7,242,448 | 4,617 | 802 | 251,667 | 74,752 | (184) | 7,574,102 |
| Fees and commissions | | 471,765 | 135,201 | - | 6,574 | 2,565 | (12,440) | 603,665 |
| Other operating income | | 14,920,565 | 85,446 | 354,194 | 23,740 | 5,347 | (283,437) | 15,105,855 |
| **Total income** | **$** | **22,634,778** | **225,264** | **354,996** | **281,981** | **82,664** | **(296,061)** | **23,283,622** |
| **Financial Expenses** | | | | | | | | |
| Provision for impairment of financial assets | $ | 1,517,484 | 1,018 | 3,363 | 1,376 | 3,980 | - | 1,527,221 |
| Depreciation and amortization | | 184,718 | 6,651 | 16,035 | 1,688 | 347 | (611) | 208,828 |
| Commissions and fees paid | | 316,139 | 2,681 | 35 | 3,249 | 1,039 | (81,765) | 241,378 |
| Administrative expenses | | 994,063 | 25,640 | 52,119 | 12,546 | 10,004 | (46,006) | 1,048,366 |
| Other operating expenses | | 19,112,920 | 87,298 | 278,924 | 200,110 | 45,811 | (458) | 19,724,605 |
| Income tax | | 35,440 | 13,813 | 2,271 | - | 652 | - | 52,176 |
| **Total expenses** | **$** | **22,160,764** | **137,101** | **352,747** | **218,969** | **61,833** | **(128,840)** | **22,802,574** |
| **Profit for the period** | **$** | **474,014** | **88,163** | **2,249** | **63,012** | **20,831** | **(167,221)** | **481,048** |

## December 31, 2023

| | | Banco de Occidente S.A. (Parent Company) | Fiduciaria de Occidente S.A. | Ventas y Servicios S.A. | Banco de Occidente Panamá S.A. | Occidental Bank (Barbados) Ltd. | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| **Income from continuing operations** | | | | | | | | |
| Financial Income | $ | 7,468,355 | 4,248 | 1,159 | 198,380 | 62,818 | (2,202) | 7,732,758 |
| Fees and commissions | | 449,449 | 116,695 | - | 7,220 | 2,116 | (8,025) | 567,455 |
| Other operating income | | 20,226,576 | 83,757 | 296,375 | 28,081 | 6,819 | (251,125) | 20,390,483 |
| **Total income** | **$** | **28,144,380** | **204,700** | **297,534** | **233,681** | **71,753** | **(261,352)** | **28,690,696** |
| **Financial Expenses** | | | | | | | | |
| Provision for impairment of financial assets | $ | 1,385,134 | 662 | 1 | 539 | (1,808) | (82) | 1,384,446 |
| Depreciation and amortization | | 163,006 | 6,062 | 15,458 | 1,775 | 142 | (598) | 185,845 |
| Commissions and fees paid | | 275,279 | 3,124 | 59 | 3,598 | 993 | (69,552) | 213,501 |
| Administrative expenses | | 906,515 | 27,775 | 48,012 | 10,918 | 7,254 | (45,561) | 954,913 |
| Other operating expenses | | 24,982,304 | 80,622 | 235,215 | 161,731 | 44,443 | (4,537) | 25,499,778 |
| Income tax | | (38,785) | 11,523 | (841) | - | 759 | - | (27,344) |
| **Total expenses** | **$** | **27,673,453** | **129,768** | **297,904** | **178,561** | **51,783** | **(120,330)** | **28,211,139** |
| **Profit for the period** | **$** | **470,927** | **74,932** | **(370)** | **55,120** | **19,970** | **(141,022)** | **479,557** |

**e. Reconciliation of net income, assets and liabilities of the reportable operating segments**

The following is a detail of the reconciliation of total segment revenues, expenses, assets and liabilities to the corresponding items consolidated at the Parent Company level:

**1. Revenues**

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Total reportable revenues by segment | $ | 23,579,682 | 28,952,047 |
| a. Yield on demand deposits | | (184) | (2,202) |
| b. Dividends | | (276) | (177) |
| c. Equity Method | | (167,161) | (143,190) |
| d. Other | | (128,439) | (115,782) |
| **Total consolidated revenues** | **$** | **23,283,622** | **28,690,696** |

**2. Expenses**

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Total reportable expenses by segment | $ | 22,931,415 | 28,350,208 |
| a. Interest on bank loans | | (49) | (2,288) |
| b. Equity Method | | (259) | (2,112) |
| c. Others | | (128,533) | (115,438) |
| **Total consolidated expenses** | **$** | **22,802,574** | **28,230,370** |

**3. Assets**

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Total reportable assets by segment | $ | 79,398,013 | 69,414,068 |
| a. Banks and other correspondents | | (15,051) | (10,448) |
| b. Investments | | (971,131) | (794,425) |
| c. Accounts receivable | | (11,189) | (6,981) |
| d. Other | | (461) | (430) |
| **Total consolidated assets** | **$** | **78,400,181** | **68,601,784** |

**4. Liabilities**

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Total reportable liabilities by segment | $ | 72,441,355 | 62,931,865 |
| a. Checking accounts | | (1,714) | (6,172) |
| b. Accounts payable | | (11,403) | (7,194) |
| c. Others | | (13,847) | (4,798) |
| **Total consolidated liabilities** | **$** | **72,414,391** | **62,913,701** |

**5. Equity**

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Total reportable equity by segment | $ | 6,956,659 | 6,482,204 |
| a. Capital stock | | (29,213) | (36,500) |
| b. Additional paid-in capital | | (198,940) | (198,940) |
| c. ORI | | (906,578) | (855,390) |
| d. Surplus Equity method | | 69,397 | 75,002 |
| e. Profit or loss | | 100,079 | 227,395 |
| f. Other | | (5,614) | (5,688) |
| **Total Equity** | **$** | **5,985,790** | **5,688,083** |

**Assets by country**

| Country | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Colombia | $ | 5,458,480 | 5,304,094 |
| Panama | | 338,742 | 236,950 |
| Barbados | | 188,568 | 147,039 |
| **Total Equity** | **$** | **5,985,790** | **5,688,083** |

**6. Revenues by Country**

| Country | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Colombia | $ | 22,921,823 | 28,391,782 |
| Panama | | 279,411 | 227,335 |
| Barbados | | 82,388 | 71,579 |
| **Total Consolidated Revenues** | **$** | **23,283,622** | **28,690,696** |

**f. Largest customers of the parent company**

There are no customers representing 10% of the Parent Company's total revenues during the periods ended December 31, 2024 and 2023.

## Note 28. – Offsetting of financial assets with financial liabilities

The following is a detail of the financial instruments subject to contractually required offsetting as of December 31, 2024 and 2023:

### As of December 31, 2024

| | | Gross amounts of recognized financial assets | Net amount of financial assets presented in the statement of financial position | Related amounts not offset in the statement of financial position | |
|---|---|---|---|---|---|
| | | | | Financial Instruments | Net Amount |
| **Assets** | | | | | |
| Derivative financial instruments | $ | 496,933 | 496,933 | 16,194 | 480,739 |
| Repo and simultaneous transactions | | 1,655 | 1,655 | - | 1,655 |
| **Total** | **$** | **498,588** | **498,588** | **16,194** | **482,394** |
| **Liabilities** | | | | | |
| Derivative financial instruments | $ | 532,715 | 532,715 | 1,193 | 531,522 |
| Repo and simultaneous transactions | | 8,170,468 | 8,170,468 | 9,480,666 | (1,310,198) |
| **Total** | **$** | **8,703,183** | **8,703,183** | **9,481,859** | **(778,676)** |

### As of December 31, 2023

| | | Gross amounts of recognized financial assets | Net amount of financial assets presented in the statement of financial position | Related amounts not offset in the statement of financial position | |
|---|---|---|---|---|---|
| | | | | Financial Instruments | Net Amount |
| **Assets** | | | | | |
| Derivative financial instruments | $ | 1,276,723 | 1,276,723 | 542,733 | 733,990 |
| Repo and simultaneous transactions | | - | - | - | - |
| **Total** | **$** | **1,276,723** | **1,276,723** | **542,733** | **733,990** |
| **Liabilities** | | | | | |
| Derivative financial instruments | $ | 1,058,390 | 1,058,390 | - | 1,058,390 |
| Repo and simultaneous transactions | | 4,309,278 | 4,309,278 | 4,599,783 | (290,505) |
| **Total** | **$** | **5,367,668** | **5,367,668** | **4,599,783** | **767,885** |

The Parent Company and its subsidiary, Fiduciaria de Occidente S.A., have derivative financial instruments which are legally enforceable according to Colombian legislation or the country where the counterparty is located. In addition, Colombian legal regulations allow the Parent Company to offset instruments derived from its own liability obligations.

## Note 29. – Unconsolidated structured entities

The following table shows the total assets of the unconsolidated structured entities, in which the Bank and Subsidiaries had an interest as of the reporting date and their maximum exposure to loss with respect to such interests:

| **Funds managed by Grupo Aval** | | **December 31, 2024** | **December 31, 2023** |
|---|---|---|---|
| **Total assets under management** | **$** | 855,098 | 817,316 |
| Investments at fair value through profit or loss | | 838,051 | 709,520 |
| Other accounts receivable | | 5 | 1 |
| Total assets in relation to Grupo Aval's interest in unconsolidated structured entities | | **1,693,154** | **1,526,837** |
| **Maximum exposure of Grupo Aval** | **$** | **1,693,154** | **1,526,837** |

## Note 30. – Related parties

In accordance with IAS 24, a related party is a person or entity that is related to the entity preparing its financial statements, which may exercise control or joint control over the reporting entity, exercise significant influence over the reporting entity, or be regarded as a member of key management personnel of the reporting entity or of a parent of the reporting entity. The definition of related party includes: persons and/or relatives related to the entity (key management personnel), entities that are members of the same group (parent company and subsidiary), associates or joint ventures of the entity or of Grupo Aval entities.

In accordance with the foregoing, the related parties for the Parent Company and subsidiaries, Fiduciaria de Occidente S.A., Occidental Bank Barbados Ltd, Banco de Occidente Panamá S.A. and Ventas y Servicios S.A. - NEXA BPO, are classified in the following categories:

1. Individuals who exercise control or joint control over the Parent, i.e. who own more than a 50% interest in the reporting entity; additionally, includes close relatives who could be expected to influence or be influenced by that person.

2. Key management personnel, this category includes the Members of the Board of Directors and President of Grupo Aval, the Parent Company, Fiduciaria de Occidente S.A., the General Manager of Ventas y Servicios S.A. - NEXA BPO, Occidental Bank Barbados Ltd.and Banco de Occidente Panamá S.A., plus the key management personnel of these entities, which are the persons who participate in the planning, direction and control of such entities.

3. Companies belonging to the same group, this category includes the controlling company, subsidiaries or other subsidiaries of the same controlling company of Grupo Aval.

4. Associated Companies and Joint Ventures: companies in which Grupo Aval has significant influence, which is generally considered when it owns between 20% and 50% of their capital.

5. This category includes entities that are controlled by individuals included in categories 1 and 2.

6. This item includes entities in which the persons included in items 1 and 2 exercise significant influence.

All transactions with related parties are carried out at market conditions, the most representative balances as of December 31, 2024 and 2023, with related parties are included in the following tables, whose headings correspond to the definitions of related parties, recorded in the three categories above:

## December 31, 2024

| | | Categories | | | | | |
|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 |
| | | Individuals with control over Banco de Occidente | Key Management Personnel | Companies belonging to the same group | Associates and joint ventures | Entities that are controlled by persons included in category 1 and 2 | Entities with significant influence by persons included in category 1 and 2 |
| **Assets** | | | | | | | |
| Cash and cash equivalents | $ | - | - | 1,725 | - | 6 | - |
| Financial assets in investments | | - | - | - | 148,798 | - | - |
| Financial assets in credit operations | | 15 | 18,258 | 601,817 | 77,179 | 483,838 | 3,260 |
| Accounts receivable | | - | 197 | 46,106 | 642 | 136,113 | 37 |
| Other assets | | - | 207 | 1,083 | - | 271 | - |
| **Liabilities** | | | | | | | |
| Deposits | $ | 113,596 | 62,681 | 1,938,904 | 35,612 | 428,067 | 3,488 |
| Accounts payable | | 16 | 3,374 | 39,804 | - | 8,242 | - |
| Financial obligations | | - | 132 | 4,108 | - | 58,840 | - |
| Other liabilities | | - | - | 1,203 | - | 5 | 22 |

## December 31, 2023

| | | Categories | | | | | |
|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 |
| | | Individuals with control over Banco de Occidente | Key Management Personnel | Companies belonging to the same group | Associates and joint ventures | Entities that are controlled by persons included in category 1 and 2 | Entities with significant influence by persons included in category 1 and 2 |
| **Assets** | | | | | | | |
| Cash and cash equivalents | $ | - | - | 1,696 | - | - | - |
| Financial assets in investments | | - | - | - | 113,931 | - | - |
| Financial assets in credit operations | | 20 | 19,585 | 553,728 | 65,984 | 441,531 | 7,206 |
| Accounts receivable | | - | 205 | 26,307 | 457 | 144,219 | 66 |
| Other assets | | - | 1,065 | 26,300 | - | 233 | - |
| **Liabilities** | | | | | | | |
| Deposits | | 141,699 | 69,872 | 1,423,443 | 19,455 | 342,812 | 7,820 |
| Accounts payable | | 18 | 3,965 | 50,105 | - | 9,653 | - |
| Financial obligations | | - | 133 | 70,051 | - | 59,325 | - |
| Other liabilities | $ | - | - | 1,630 | - | - | - |

The most representative transactions for the years ended December 31, 2024 and 2023 with related parties comprise:

## a. Sales, services and transfers

### December 31, 2024

| | | Categories | | | | | |
|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 |
| | | Individuals with control over Banco de Occidente | Key Management Personnel | Companies belonging to the same group | Associates and joint ventures | Entities that are controlled by persons included in category 1 and 2 | Entities with significant influence by persons included in category 1 and 2 |
| Interest income | $ | 2 | 102 | 77,483 | 7,313 | 57,818 | 469 |
| Financial expenses | | 2,441 | 1,183 | 36,783 | 2,750 | 37,372 | 4 |
| Fee and commission income | | 4 | 40 | 16,850 | 62,532 | 58,669 | 36 |
| Fees and commissions expense | | - | 1,443 | 96,787 | 63,127 | 305 | - |
| Other operating income | | - | 28 | 168,825 | 5,677 | 5,180 | 1 |
| Other Expenses | | - | 311 | 25,824 | 13,678 | 5,588 | - |

**December 31, 2023**

| | | Categories | | | | | |
|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 |
| | | Individuals with control over Banco de Occidente | Key Management Personnel | Companies belonging to the same group | Associates and joint ventures | Entities that are controlled by persons included in category 1 and 2 | Entities with significant influence by persons included in category 1 and 2 |
| Interest income | $ | 1 | 1,332 | 71,341 | 4,382 | 57,192 | 583 |
| Financial expenses | | 3,350 | 3,927 | 55,783 | 2,795 | 34,894 | 11 |
| Fee and commission income | | 4 | 205 | 14,653 | 25,525 | 58,027 | 33 |
| Fees and commissions expense | | - | 796 | 93,186 | 33,202 | 426 | - |
| Other operating income | | 3 | 136 | 141,303 | 4,553 | 26,496 | 8 |
| Other Expenses | | - | 214 | 23,152 | 11,726 | 10,139 | - |

Outstanding amounts are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current or prior years in respect of uncollectible or doubtful accounts related to amounts due from related parties.

## b. Compensation of key management personnel

Compensation received by key management personnel, consists of the following for the periods ended December 31, 2024 and 2023:

| **Items** | | **December 31, 2024** | **December 31, 2023** |
|---|---|---|---|
| Salaries | $ | 30,700 | 28,803 |
| Short-term employee benefits | | 4,813 | 5,690 |
| Other long-term benefits | | - | 47 |
| Termination benefits | | 324 | 156 |
| **Total** | **$** | **35,837** | **34,696** |

## Note 31. – Events after the closing date of preparation of the consolidated financial statements

In 2022, the parent company applied to the National Council for Tax Benefits in Science, Technology and Innovation (CNBT) for a project consisting of the "Digitalization and end-to-end automation of the parent company's processes to modernize the customer experience, the relationship in customer service channels, the placement of financial products and the provision of associated services: Road to digital transformation, technological innovation and advanced analytics", whose objective is focused on process innovation and with which the parent company could access a quota of tax deductions and discounts on income tax returns for the years 2022, 2023 and 2024. The CNBT itself is in charge of qualifying projects and establishing procedures for the control, follow-up and evaluation of qualified projects.

The project was evaluated by the competent entity and approved the qualification as a process innovation, which according to the terms of reference of the call for proposals makes it an eligible project. As a result, the competent entity considered that the minimum criteria defined for accessing the tax benefits set forth in Articles 158-1 and 256 of the Tax Statute are met and determined that the budget recommended in the evaluation is necessary for the development of the projects.

On February 26, 2025, the parent company received notification of Resolution No. 2862 with the approval of the 100% multi-year budget for the aforementioned project. This Resolution is an Administrative Proceeding that arose after the close of the reported year 2024. This fact will be reflected in the results of the first quarter of the year 2025 once the corresponding validations have been made and the budget execution report requirement has been met in order to take the respective tax benefit.

### Note 32. – Approval of consolidated financial statements

The consolidated financial statements and accompanying notes were approved by the Board of Directors and the Legal Representative, in accordance with Minutes No.1689 dated February 28, 2025, to be submitted to the General Shareholders' Meeting for approval, which may approve or modify them.

AFC

**Andrés Felipe Celis Salazar**
Traductor e Intérprete Oficial
Inglés - Español - Inglés
Certificado de Idoneidad N°. 0413
del 4 de Agosto de 2015
UNIVERSIDAD NACIONAL DE COLOMBIA

**I, ANDRÉS CELIS, hereby certify that I am fluent in both the English and Spanish languages, and competent to translate from English to Spanish and from Spanish to English, and that the attached document is a true and accurate translation of the original document from Spanish into English.**

**Full Name: ANDRÉS FELIPE CELIS SALAZAR**

**Signature:** Andrés F. Celis S.

**Email: afcelis@gmail.com**

**Address (Physical): CALLE 107 A # 54 – 95 APT. 401. BOGOTÁ, COLOMBIA**

**Telephone (day): (57) 3213922388**

**Date: March 19, 2025**