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

Annex I
Separate Financial
Banco de Occidente S.A.
Statements as of December 31, 2024

Banco de Occidente | Del lado de los que hacen.

Grupo AVAL

Banco de Occidente S.A.

Separate Financial Statements

As of December 31, 2024, and 2023

With the Statutory Auditor's and ISAE report

SEPARATE FINANCIAL STATEMENTS CERTIFICATION WITH CUTOFF DATE DECEMBER 31, 2024

The undersigned Legal Representative and Accountant of Banco de Occidente S.A., by means of this certificate, declare that the Bank's financial statements as of December 31, 2024, have been faithfully taken from the accounting books, the statements contained therein have been previously verified, in accordance with Article 37 of Law 222 of 1995 and that we have verified that the explicit and implicit statements contemplated in accounting and financial reporting standards accepted in Colombia are satisfactorily met.

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 UMAÑA Date: 2025.FEB.28 17:03:03 - 05'00'

Mauricio Maldonado Umaña
Legal Representative

Digitally signed by FABIAN FERNANDO BARONA CAJIAO Date: 2025.FEB.28 16:46:55 - 05'00'

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

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REPORT OF THE STATUTORY AUDITOR

To the Shareholders of Banco de Occidente S.A.:

Report on the audit of the financial statements - Opinion

I have audited the separate financial statements of Banco de Occidente S.A. (the Bank), which comprise the separate statement of financial position as of December 31, 2024, and the separate statements of income, of other comprehensive income, of changes in equity and cash flows for the year then ended, and their related notes, which comprise the material accounting policies and other explanatory information.

In my opinion, the separate financial statements referred to above, prepared in accordance with information faithfully taken from the books and attached to this report, present fairly, in all material respects, the separate financial position of the Bank as of December 31, 2024, the separate results of its operations and its separate cash flows for the year then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied on a uniform basis with 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 Bank, 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 separate 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 that, in my professional judgment, were of most significance in my audit of the separate financial statements for the current period. These matters were addressed in the context of my audit of the separate financial statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2"><u>Evaluation of the provision for credit risk of the commercial loan portfolio and commercial leasing operations, according to the Guidelines of the Financial Superintendence of Colombia applicable to the separate financial statements (see notes 2.7, 3, 4.5 and 10 to the separate financial statements)</u>.</th></tr>
<tr><th>Key Audit Issue</th><th>How it was addressed in the audit</th></tr>
<tr><td>As of December 31, 2024, the balance of the commercial loan portfolio and commercial leasing operations and their provision for credit risk, amounted to $33,607,123 million and $1,442,894 million, respectively.

The Bank records the provision for credit risk of the commercial portfolio and commercial financial leasing operations, as required by the Financial Superintendence of Colombia, which establishes the constitution of minimum provisions, in accordance with the expected losses determined according to the credit risk rating methodology defined in the reference model.

I considered as a key audit matter the methodology for the assignment of the credit risk rating for customers classified in commercial portfolio and commercial financial leasing operations, which incorporates significant judgmental elements in the key assumptions of analysis, including financial variables and payment behavior of customers, which allow capturing the credit risk associated with the debtors' ability to pay.

This assigned risk rating is incorporated as a parameter in the reference model for the calculation of the provision for credit risk of the commercial loan portfolio and commercial financial leasing operations.</td><td>My audit procedures to evaluate the assignment of the credit risk rating and the effect on the provision included, among others, the following:

• Involvement of professionals with experience and knowledge in the evaluation of credit risk and information technology, to evaluate certain internal controls related to the process carried out by the Bank for the determination of the provision for credit risk of the commercial loan portfolio and commercial leasing operations. This included controls associated with: (1) validation of the credit risk rating assignment methodology and/or models according to regulatory provisions, (2) the Bank's monitoring of the assignment of credit risk ratings and the result of the value of provisions, (3) information technology controls over the input data to the models for determining the provision for credit risk of the commercial loan portfolio and commercial finance leasing operations, as well as the calculations of the provisions; and (4) the assessment to identify whether there was a significant change in the credit risk of the commercial lending and commercial leasing portfolio.

• Inspection of a sample of commercial loan portfolio files and commercial leasing operations, to verify that the rating granted to clients complies with the guidelines defined by the Financial

Superintendence of Colombia, for the provisioning system, and which is supported by the financial, qualitative or economic characteristics of the client and its subsequent incorporation into the reference model for the calculation of provisions.</td></tr>
</table>

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 Bank regarding the separate financial statements

Management is responsible for the preparation and fair presentation of these separate 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 separate 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 separate financial statements, management is responsible for assessing the Bank'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 Bank 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 Bank's financial reporting process.

Responsibilities of the statutory auditor in connection with the audit of the separate financial statements

My objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 Bank's ability to continue as a going concern. If I conclude that a 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 Bank to cease to operate as a going concern.

- I evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate 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 Bank, 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 separate 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.

Report on other legal and regulatory requirements

1. Based on the result of my tests, in my opinion, during the year 2024:

   a) The Bank's accounts have been kept in accordance with legal regulations and accounting techniques.

   b) The transactions recorded in the books, are in accordance with the bylaws and the decisions of the Shareholders' Meeting.

   c) Correspondence, account vouchers, minute books and share registry books are duly kept and maintained.

   d) Compliance has been met with the regulations and instructions of the Colombian Superintendence of Finance related to the adequate management and provisioning of assets received in payment and the implementation and impact on the separate statement of financial position and separate statement of income of the applicable risk management systems.

   e) We have complied with the provisions of Law 2195 of 2022 in relation to the Transparency and Business Ethics Program, through instructions from the Financial Superintendence of Colombia related to the Risk Management System for Money Laundering and Financing of Terrorism – SARLAFT or the applicable Internal Control System, according to Opinion 2022033680-002-000 of April 7, 2022, issued by this control entity.

f) There is agreement between the accompanying separate financial statements and the management report prepared by the directors, which includes management's acknowledgement of the free circulation of invoices issued by vendors or suppliers.

g) The information contained in the self-assessment statements of contributions to the comprehensive social security system, in particular that related to members and their contribution base income, has been taken from the accounting records and supports. The Bank is not in arrears in the payment of contributions to the comprehensive social security system.

h) The instructions set forth in Chapter XXXI of the Basic Accounting and Financial Circular Letter (External Circular Letter 100 of 1995) regarding the Comprehensive Risk Management System (SIAR in Spanish) have been complied with.

i) The Bank has complied with the provisions of Chapter XXXI of the Basic Accounting and Financial Circular Letter (External Circular Letter 100 of 1995) in relation to the Liquidity Risk Management and Model.

In order to comply with the requirements of articles 1.2.1.2. and 1.2.1.5. of Single Regulatory Decree 2420 of 2015, in development of the responsibilities of the Statutory Auditor contained in items 1) and 3) of Article 209 of the Code of Commerce, related to the evaluation of whether the actions of the Company's administrators are in accordance with the bylaws, and the orders or instructions of the Shareholders' Meeting, and whether there are and are adequate measures of internal control, conservation and custody of the Company's assets or those of third parties in its possession, I issued a separate report dated February 28, 2025.

2. I have followed up on the responses to the recommendation letters to the Bank's management, and there are no matters of material importance outstanding that would affect my opinion.

Digitally signed by Wilson Romero Montañez
Date: 2025.FEB.28 16:26:55 - 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

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INDEPENDENT REPORT OF THE STATUTORY AUDITOR ON THE COMPLIANCE WITH THE PROVISIONS OF ITEMS 1) and 3) OF ARTICLE 209 OF THE CODE OF COMMERCE

Dear Shareholders
Banco de Occidente S.A.

Description of the main matter

As part of my duties as Statutory Auditor, and in compliance with articles 1.2.1.2 and 1.2.1.5 of Single Regulatory Decree 2420 of 2015, as amended by articles 4 and 5 of Decree 2496 of 2015, respectively, I must report on compliance with the items of article 209 of the Code of Commerce, detailed as follows, by Banco de Occidente S.A. hereinafter "the Company", as of December 31, 2024, in the form of an independent reasonable assurance conclusion that the actions of the administrators have complied with the provisions of the bylaws and the Shareholders' Meeting, and that there are adequate internal control measures, in all material aspects, in accordance with the criteria indicated in the paragraph of this report entitled as Criteria:

1°) If the actions of the Company's administrators are in accordance with the bylaws and the orders or instructions of the Shareholders' Meeting, and

3°) Whether the internal control, conservation and custody measures of the Company's assets or those of third parties in its possession are in place and adequate.

Management responsibility

The Company's management is responsible for compliance with the bylaws and the decisions of the Shareholders' Meeting, and for designing, implementing and maintaining adequate internal control measures, which include the implemented risk management systems (Risk Management System for Money Laundering and Terrorist Financing - SARLAFT and Comprehensive Risk Management System - SIAR), the Financial Consumer Service System - SAC, and the measures for conservation and custody of the Company's assets or those of third parties in its possession, in accordance with the requirements of Part 1, Title 1, Chapter IV and Part III, Title V, Chapter I of Basic Legal Circular Letter of the Financial Superintendence of Colombia.

Responsibility of the statutory auditor

My responsibility is to examine whether the actions of the Company's directors are in accordance with the bylaws and the orders or instructions of the Shareholders' Meeting, and whether if there are, if they are adequate measures of internal control, conservation and custody of the Company's assets or those of third parties in their possession, and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. I performed my procedures in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) accepted in Colombia, issued by the International Auditing and Assurance

KPMG S.A.S.
Tin: 860.000.846-4

Standards Board - IAASB, for its acronym in English, and translated into Spanish in 2018). Such standard requires it to plan and carry out the procedures it deems necessary to obtain reasonable assurance, as to whether the actions of the administrators are in accordance with the bylaws and the decisions of the Shareholders' Meeting, and whether the internal control measures are in place and adequate, which include the implemented risk management systems (Risk Management System for Money Laundering and Financing of Terrorism - SARLAFT, and the Comprehensive Risk Management System - SIAR), the Financial Consumer Service System - SAC, and the measures for the conservation and custody of the Company's assets or those of third parties in its possession, in accordance with the requirements of Part 1, Title 1, Chapter IV and Part III, Title V, Chapter I of the Basic Legal Circular Letter of the Financial Superintendence of Colombia, in all material aspects.

The accounting firm to which I belong, and which appointed me as the Company's statutory auditor, applies International Quality Control Standard No. 1 and, consequently, maintains a comprehensive quality control system that includes documented policies and procedures on compliance with ethical requirements, and the applicable legal and regulatory professional standards.

I have complied with the independence and ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants - IESBA, which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on my professional judgment, including the evaluation of the risk that the actions of the administrators do not comply with the bylaws and the decisions of the Shareholders' Meeting, and that the internal control measures, which include the implemented risk management systems (Risk Management System for Money Laundering and Financing of Terrorism - SARLAFT and Comprehensive Risk Management System - SIAR), the Financial Consumer Service System - SAC, and the measures for the conservation and custody of the Company's assets or those of third parties in its possession are not adequately designed and implemented, as required by Part 1,Title 1, Chapter IV and Part III, Title V, Chapter I of the Basic Legal Circular Letter of the Financial Superintendence of Colombia.

This reasonable assurance work includes obtaining evidence as of December 31, 2024. The procedures include:

- Obtaining a written representation from the Administration, as to whether the actions of the administrators are in accordance with the bylaws and the decisions of the Shareholders' Meeting, and whether the internal control measures are in place and adequate, which include the implemented risk management systems (Risk Management System for Money Laundering and Financing of Terrorism - SARLAFT and Comprehensive Risk Management System - SIAR), the Financial Consumer Service System - SAC and the measures for the conservation and custody of the Company's assets or those of third parties in its possession, in accordance with the requirements of Part 1, Title 1, Chapter IV and Part III, Title V, Chapter I of the Basic Legal Circular Letter of the Financial Superintendence of Colombia.

- Reading and verification of compliance with the Company's bylaws.

- Obtaining a certification from the Administration of the Shareholders' Meeting, documented in the minutes.

- Reading the minutes of the Shareholders' Meeting and the bylaws and verifying whether the actions of the administrators are in accordance therewith.

- Inquiries with Management regarding changes or draft amendments to the Company's bylaws during the period covered and validation of their implementation.

- Evaluation of the existence and adequacy of internal control measures, including implemented risk management systems (Risk Management System for Money Laundering and Terrorist Financing - SARLAFT and Comprehensive Risk Management System - SIAR), the Financial Consumer Service System - SAC, the measures for conservation and custody of the Company's assets, or those of third parties in its possession, in accordance with the requirements of Part 1, Title I, Chapter IV and Part III, Title V, Chapter I of the Basic Legal Circular Letter of the Financial Superintendence of Colombia, which includes:

  - Tests on the design, implementation and effectiveness of the relevant controls of the components of internal control over financial reporting, which includes the requirements of External Circular Letter 012 of 2022, included in Chapter I, Title V of Part III of Basic Legal Circular Letter of the Financial Superintendence of Colombia, and the elements established by the Company, such as: control environment, risk assessment process by the entity, information systems, control activities and monitoring of controls.

  - Evaluation on the design, implementation and effectiveness of relevant manual and automatic controls over key business processes related to significant accounts in the financial statements.

- Verification of proper compliance with the rules and instructions on the Money Laundering and Terrorist Financing Risk Management System - SARLAFT, the Integrated Risk Management System - SIAR, and the Financial Consumer Service System - SAC.

- Issuance of letters to management and those in charge of corporate governance, with my recommendations on the deficiencies in internal control considered not significant, that were identified during the audit work.

- Follow-up on the matters included in the recommendation letters I issued in relation to deficiencies in internal control, and to those charged with corporate governance in relation to deficiencies in internal control considered not significant.

Inherent limitations

Because of the inherent limitations of any internal control structure, it is possible that effective controls may exist at the date of my examination that will change in future periods, because my report is based on selective testing, and because the evaluation of internal control is susceptible to inadequacy because of changes in conditions or because the degree of compliance with policies and procedures may deteriorate. On the other hand, the inherent limitations of internal control include human error, failures due to collusion of two or more people, or inappropriate management override of controls.

Criteria

The criteria considered for the evaluation of the matters mentioned in the paragraph named as "Description of the principal matter", include: (a) the Company's bylaws and the minutes of the Shareholders' Meeting and, (b) the internal control components implemented by the Company, such as the control environment, risk assessment procedures, its information and communications systems and the monitoring of controls by management and those in charge of corporate governance, which are based on the provisions of Part 1, Title 1, Chapter IV and Part III, Title V, Chapter I of the Basic Legal Circular Letter of the Financial Superintendence of Colombia.

Conclusion

My conclusion is based on the evidence obtained on the matters described and is subject to the inherent limitations raised in this report. I consider that the evidence obtained provides a reasonable basis of assurance to support the conclusion I express below:

In my opinion, the actions of the administrators are in accordance with the bylaws and the decisions of the Shareholders' Meeting and the internal control measures are adequate, which include the implemented risk management systems (Asset Laundering and Terrorist Financing Risk Management System - SARLAFT and Comprehensive Risk Management System - SIAR), the Financial Consumer Service System - SAC, the measures for conservation and custody of the Company's assets or those of third parties in its possession, in all material aspects, in accordance with the requirements of Part 1, Title 1, Chapter IV and Part III, Title V, Chapter I of the Basic Legal Circular Letter of the Financial Superintendence of Colombia.

Digitally signed by Wilson Romero Montañez
Date: 2025.FEB.28 16:28:11 - 05'00'

Wilson Romero Montañez
Statutory Auditor of Banco de Occidente S.A.
Professional License 40552 - T
Member of KPMG S.A.S.

February 28, 2025

BANCO DE OCCIDENTE S.A.
SEPARATE STATEMENT OF FINANCIAL POSITION
(Expressed in millions of Colombian pesos)

	Notes	As of December 31, 2024	As of December 31, 2023
Assets			
Cash and cash equivalents	**6**	**$ 3,771,300**	**4,369,578**
Investment financial assets and trading derivatives	**7**	**9,890,258**	**5,530,820**
Investments in debt securities		8,286,265	3,412,828
Investments in equity instruments	**5 and 7**	802,252	673,885
Derivative trading instruments	**7 and 9**	801,741	1,444,107
Financial assets available for sale	**7**	**4,086,465**	**3,231,621**
Investments in debt securities		3,921,441	3,101,333
Investments in equity instruments	**5 and 7**	165,024	130,288
Held-to-maturity investments	**8**	**2,133,953**	**2,033,746**
Impairment of investments	**7**	**(424)**	**(424)**
Total investment financial assets and trading derivatives		**16,110,252**	**10,795,763**
Derivative hedging instruments	**5**	**6,225**	**-**
Loan portfolio and financial leasing operations, net	**10**	**47,498,592**	**43,734,012**
Loan portfolio and financial leasing operations		**50,001,781**	**46,208,021**
Commercial portfolio and commercial leasing		**33,885,437**	**31,282,863**
Commercial and commercial leasing		33,607,123	31,260,405
Repos and interbank and other		278,314	22,458
Consumer portfolio and consumer leasing		**13,050,602**	**12,338,687**
Mortgage and mortgage leasing portfolio		**3,065,742**	**2,586,471**
Impairment of loan portfolio at amortized cost		**(2,503,189)**	**(2,474,009)**
Impairment of commercial portfolio and commercial leasing		(1,442,894)	(1,416,121)
Impairment of consumer and consumer leasing portfolios		(945.179)	(964.448)
Impairment on mortgage and mortgage leasing portfolio		(115.116)	(93.440)
Other accounts receivable, net	**11**	**576,292**	**490,802**
Total portfolio and other accounts receivable		**48,074,884**	**44,224,814**
Non-current assets held for sale	**12**	**1,324**	**3,023**
Investments in subsidiaries, associated companies and joint ventures	**13**	**2,612,448**	**2,317,326**
Tangible assets, net	**14**	**558,161**	**522,342**
Property and equipment for own use		114,665	99,216
Property and equipment right of use		246,006	241,161
Equipment under operating lease		52,805	64,678
Investment properties		144,685	117,287
Intangible assets, net	**15**	**629,017**	**578,626**
Capital gains		22,724	22,724
Other intangible assets		606,293	555,902
Income tax asset	**16**	**869,048**	**1,104,268**
Current income tax assets		554,594	805,595
Deferred		314,454	298,673
Other assets		**20,451**	**5,108**
Total assets		**$ 72,653,110**	**63,920,848**
Liabilities			
Financial liabilities at fair value - derivative instruments		**$ 844,133**	**1,226,030**
Derivative hedging instruments	**5**	405	2,494
Derivative trading instruments	5 and 9	843,728	1,223,536
Financial liabilities at amortized cost		**64,994,109**	**55,790,605**
Customer deposits	17	48,181,616	44,973,650
Current accounts		6,726,605	6,533,720
Term deposit certificates		13,528,141	14,682,744
Savings accounts		27,861,495	23,694,340
Other deposits		65,375	62,846
Financial obligations	18	16,812,493	10,816,955
Interbank and overnight funds		8,636,674	4,403,111
Loans from banks and others		4,443,440	3,154,311
Notes and investment securities		2,670,197	2,171,344
Obligations with rediscount entities		1,062,182	1,088,189
Provisions for legal contingencies and other provisions	**20**	**3,871**	**4,169**
Employee benefits	**19**	**68,766**	**63,492**
Other liabilities	**21**	**1,261,094**	**1,665,025**
Trade and other accounts payable		1,203,670	1,594,948
Liabilities under contracts		853	1,654
Other non-financial liabilities		56,571	68,423
Total liabilities		**$ 67,171,973**	**58,749,321**
Equity			
Subscribed and paid-in capital	**22**	**$ 4,677**	**4,677**
Premium on share placement		**720,445**	**720,445**
Retained earnings		**4,771,287**	**4,492,508**
Other comprehensive income		**(15.272)**	**(46.103)**
Shareholders' equity		**5,481,137**	**5,171,527**
Total liabilities and shareholders' equity		**$ 72,653,110**	**63,920,848**

See notes 1 to 30, which are an integral part of the separate financial statements.

MAURICIO MALDONADO UMAÑA
Digitally signed by MAURICIO MALDONADO UMAÑA
Date: 2025.FEB.28 17:03:55 - 05'00'

MAURICIO MALDONADO UMAÑA
LEGAL REPRESENTATIVE

Digitally signed by FABIAN FERNANDO BARONA CAJIAO
Date: 2025.FEB.28 16:47:55 - 05'00'

FABIÁN FERNANDO BARONA CAJIAO
ACCOUNTANT
LICENSE 80629 - T

Digitally signed by Wilson Romero Montañez
Date: 2025.FEB.28 16:28:30 - 05'00'

WILSON ROMERO MONTAÑEZ
STATUTORY AUDITOR
LICENSE 40552-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 separate financial statements, and that they have been faithfully taken from the accounting books of the Bank.

BANCO DE OCCIDENTE S.A.
SEPARATE STATEMENT OF INCOME
(Expressed in million Colombian pesos, except net income per share)

Years ended at:	Notes		December 31, 2024	December 31, 2023
Interest and valuation income		$	7,129,728	7,327,537
Interest on loan portfolio and financial leasing, repo and interbank transactions:			**6,679,300**	**6,924,814**
Interest on commercial portfolio			4,237,520	4,560,332
Interest on consumer portfolio			1,993,463	1,925,803
Interest on housing portfolio			308,208	247,519
Repo and interbank income			140,109	191,160
Income from deposits				3,071
Interest income from other accounts receivable			6,348	1,164
Interest and valuation of investments in debt securities			444,080	398,488
Interest and similar expenses			**5,034,296**	**5,336,507**
Deposits				
Current accounts			41,573	36,569
Savings deposits			2,200,057	2,225,570
Term deposit certificates			1,578,593	1,933,105
Interest expense on deposits			3,820,223	4,195,244
Financial Obligations				
Interbank and overnight funds			559,017	424,720
Loans from banks and others			266,658	250,798
Notes and investment securities	18		276,865	335,437
Obligations with rediscount entities			111,533	130,308
Interest expense on financial obligations			1,214,073	1,141,263
Net interest and valuation income			**2,095,432**	**1,991,030**
Impairment losses on financial assets, net			**1,176,707**	**1,075,900**
Impairment				
Provision for loan portfolio and interest receivable			1,350,814	1,265,159
Recovery of write-offs			(174.107)	(189.259)
Net interest income and valuation after impairments			**918,725**	**915,130**
Commission and fee income	24		471,765	449,449
Commissions and fees	24		316,139	275,279
Net income from commissions and fees			**155,626**	**174,170**
Net income from financial assets or liabilities held for trading			**645,609**	**615,753**
Net gain on marketable investments			304,604	512,510
Net gain on derivative financial instruments for trading			337,216	104,175
Net Earning (loss) from hedging activities			3,789	(932)
Other income, net	25		**676,742**	**399,999**
Net Earning (loss) on foreign exchange difference			160,543	(53.536)
Net loss on sale of investments			(1.439)	(11.863)
Profit on sale of non-current assets held for sale	12		2,388	23,953
Equity in income of associate companies and joint ventures	13		338,515	310,188
Dividends	7 and 25		6,249	5,589
Net gain on valuation of investment properties	14		41,127	19,328
Other operating income			129,359	**106,340**
Other expenses, net	25		**1,863,320**	**1,731,418**
Personnel expenses			**593,734**	**560,358**
Indemnifications			5,248	13,192
Bonus payments			19,843	27,004
Salaries and employee benefits			568,643	520,162
General administrative expenses			**1,045,614**	**954,311**
Impairment of other non-financial assets			**21,520**	**39,951**
Depreciation and amortization expense			**184,718**	**163,006**
Amortization expenses	15		76,843	65,695
Depreciation expenses			43,871	41,214
Depreciation on right-of-use			64,004	56,097
Other operating expenses			**17,734**	**13,792**
Profit before income tax			**533,382**	**373,634**
Income tax	16		**38,390**	**(56.969)**
Net income for the year		**$**	**494,992**	**430,603**
Net income per share, (in Colombian pesos)	22	**$**	**3,175**	**2,762**

See notes 1 to 30, which are an integral part of the separate financial statements.

MAURICIO MALDONADO UMAÑA
Digitally signed by MAURICIO MALDONADO UMAÑA Date: 2025.FEB.28 17:04:31 - 05'00'
MAURICIO MALDONADO UMAÑA
LEGAL REPRESENTATIVE

Digitally signed by FABIAN FERNANDO BARONA CAJIAO Date: 2025.FEB.28 16:50:18 - 05'00'
FABIÁN FERNANDO BARONA CAJIAO
ACCOUNTANT
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Digitally signed by Wilson Romero Montañez Date: 2025.FEB.28 16:29:25 -05'00'
WILSON ROMERO MONTAÑEZ
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LICENSE 40552-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 separate financial statements, and that they have been faithfully taken from the accounting books of the Bank.

BANCO DE OCCIDENTE S.A.
SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME
(Expressed in millions of Colombian pesos)

Years ended at:	Notes		December 31, 2024	December 31, 2023
Net income for the year		$	**494,992**	**430,603**
Items that will be subsequently reclassified to profit or loss				
Net foreign exchange difference on investments in foreign subsidiaries			63,506	(73.047)
Net unrealized (loss) gain on foreign hedge transactions			(63.506)	73,047
Income affecting other comprehensive income from investments accounted for by the equity accounting method	**13**		5,968	87,550
Net unrealized (loss) gain on available-for-sale debt instruments	**7**		(46.308)	289,101
Deferred tax recognized in other comprehensive income	**16**		34,986	(140.321)
Total items to be subsequently reclassified to the income statement		$	**(5.354)**	**236,330**
Items that will not be reclassified to profit or loss:			(199)	(2.376)
Revaluation of investment properties				
Net unrealized gain on equity instruments measured at fair value			34,736	8,886
Actuarial profit (loss) on defined benefit plans			2,621	(4.838)
Deferred tax recognized in other comprehensive income	**16**		(973)	2,987
Total items that will not be reclassified to profit or loss			**36,185**	**4,659**
Total other comprehensive income for the year, net of taxes			**30,831**	**240,989**
Total comprehensive income for the year		$	**525,823**	**671,592**

See notes 1 to 30, which are an integral part of the separate financial statements.

MAURICIO MALDONADO UMAÑA
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(*) The undersigned Legal Representative and Certified Public Accountant, certify that we have previously verified the information contained in these separate financial statements, and that they have been faithfully taken from the accounting books of the Bank.

BANCO DE OCCIDENTE S.A.
SEPARATE STATEMENT OF CHANGES IN EQUITY
(In million Colombian pesos except per share information)

Years ended December 31, 2024 and 2023		ıubscribed and paid-in capital (Note 22)	Premium on share placement	Withheld profits	Other comprehensive income	ɔtal shareholders' equity
Balance as of December 31, 2022	**$**	**4,677**	**720,445**	**4,308,128**	**(287.092)**	**4,746,158**
Delivery of other comprehensive income		-	-	6,404	(6.404)	-
Dividends paid in cash at the rate of $ 134.34 pesos per share per month, payable within the first ten days of each month in accordance with current legislation, from April 2023 through March 2024 even, on a total of 155,899,719 subscribed and paid-in shares as of December 31, 2022. (Note 22)		-	-	(251.323)	-	(251.323)
Net movements in other comprehensive income for the fiscal year		-	-	-	247,393	247,393
Net income for the year		-	-	430,603	-	430,603
Withholding tax on dividends for the current year in the statement of changes in equity		-	-	(1.567)	-	(1.567)
Withholding tax on dividends declared in prior fiscal year in the statement of changes in equity		-	-	263	-	263
Balance as of December 31, 2023	**$**	**4,677**	**720,445**	**4,492,508**	**(46.103)**	**5,171,527**
Balance as of December 31, 2023	**$**	**4,677**	**720,445**	**4,492,508**	**(46.103)**	**5,171,527**
Delivery of other comprehensive income and effect on retained earnings from delivery of ORI		-	-	(2.631)	2,631	-
A cash dividend of $115 per share per month is declared, payable within the first ten days of each month in accordance with current legislation, from April 2024 to March 2025 even, on a total of 155,899,719 subscribed and paid shares as of December 31, 2023. (Note 22)		-	-	(215.142)	-	(215.142)
Net movements in other comprehensive income for the fiscal year		-	-	-	28,200	28,200
Net income for the year		-	-	494,992	-	494,992
Withholding tax on dividends for the current year in the statement of changes in equity		-	-	(7)	-	(7)
Withholding tax on dividends declared in prior fiscal year in the statement of changes in equity		-	-	1,567	-	1,567
Balance as of December 31, 2024	**$**	**4,677**	**720,445**	**4,771,287**	**(15,272)**	**5,481,137**

See notes 1 to 30, which are an integral part of the separate financial statements.

MAURICIO MALDONADO UMAÑA
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(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 separate financial statements, and that they have been faithfully taken from the accounting books of the Bank.

BANCO DE OCCIDENTE S.A.
SEPARATE STATEMENT OF CASH FLOWS
(Expressed in million Colombian pesos)

Years ended at:	Notes		December 31, 2024	December 31, 2023
Cash flows from operating activities:				
Net income of the period before income tax		$	**533,382**	**373,634**
Reconciliation of net income for the period to net cash provided by (used in) activities:	**operation**			
Depreciation of tangible assets	**14 and 25**		107,875	97,311
Impairment for loan portfolio and accounts receivable, net			1,350,814	1,265,159
Amortization of intangible assets	**15 and 25**		76,843	65,695
Net interest and valuation income			(2,095,432)	(1,991,030)
Dividends	**7 and 25**		(6.249)	(5.589)
Difference in exchange	**25**		(160.543)	53,536
Impairment from non-current assets held for sale			24	-
Profit on sale of property and equipment for own use			(121)	(172)
Profit on sale of non-current assets held for sale			(4,251)	(35,184)
Profit on sale of investments,net			(98)	(2.631)
Impairment of tangible assets,net			18,360	37,034
Equity in net income of investments in associated companies and joint ventures	**13 and 25**		(338,516)	(310,188)
Adjusted fair value over:				
Gain on valuation of derivative financial instruments, net			(341,005)	(103,243)
Profit on valuation of investment properties	**14**		(41,127)	(19,328)
Net change in operating assets and liabilities				
Negotiable investments			(5,010,645)	(2,152,737)
Derivative trading instruments			595,250	(290.390)
Loan portfolio and financial leasing operations			(4,749,553)	(4,900,215)
Accounts receivable			(73,466)	(133,675)
Other assets			(14,572)	(5,758)
Customer deposits			3,848,601	6,382,037
Interbank loans and overnight funds			4,223,177	2,541,141
Other liabilities and provisions			(209,545)	157,935
Employee benefits			5,065	224
Interest received from financial assets			6,710,638	6,695,024
Interest paid on financial liabilities			(5,639,687)	(5,117,637)
Payment of interest on financial leases	**18**		(31,920)	(27,890)
Income tax paid			18,685	(6,014)
Net cash (used in) (used in) provided by investment activities			**(1,228,016)**	**2,567,049**
Cash flows from investing activities:				
Acquisition of held-to-maturity investments			(2,080,998)	(1,970,311)
Redemption of held-to-maturity investments			2,155,394	1,932,927
Acquisition of investments with changes in other comprehensive income at fair value			(3,082,189)	(1,205,738)
Proceeds from sale of investments with changes in other comprehensive income at fair value			2,490,060	911,304
Acquisition of tangible assets	**14**		(48,671)	(47,211)
Proceeds from sale of property and equipment			34,117	52,862
Acquisition of other intangible assets	**15**		(127,363)	(122,916)
Proceeds from sale of non-current assets held for sale			5,296	5,771
Dividends received			114,959	118,730
Net cash used in investment activities			**(539,395)**	**(324,582)**
Cash flow from financing activities:				
Financial obligations, net			830,270	(28,324)
Issuance of outstanding investment securities	**18**		660,058	-
Payments on outstanding investment securities	**18**		(277,490)	(148,040)
Payment of leasing fees	**18**		(74,532)	(64,339)
Dividends paid to controlling interests	**18**		(162,024)	(185,522)
Dividends paid to non-controlling interests	**18**		(61,104)	(39,734)
Net cash provided by (used in) financing activities			**915,178**	**(465.959)**
Effect of foreign exchange gains or losses on cash and cash equivalents			253,954	(56.876)
(Decrease) increase in cash and cash equivalents, net			(598,278)	1,719,630
Cash and cash equivalents at beginning of year	**6**		4,369,578	2,649,948
Cash and cash equivalents at the end of the year	**6**	$	**3,771,300**	**4,369,578**

See notes 1 to 30, which are an integral part of the separate financial information.

MAURICIO MALDONADO UMAÑA
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(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 separate financial statements, and that they have been faithfully taken from the accounting books of the Bank.

Note 1. - Reporting Entity

Banco de Occidente S.A., hereinafter the Bank, 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 Bank 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 Bank 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 Bank 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 Bank provides its services through 188 service centers in the Colombian territory, distributed in 175 offices, 4 car loan centers, 2 Housing loan centers, 4 Leasing Offices and 3 Integral Credit Centers.

The Bank 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 Bank 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 the country 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 S.A. - NEXA BPO of 35% and Occidental Bank Barbados Ltd. in Fiduciaria de Occidente S.A. of 0.58%.

The Bank 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".

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

Statement of compliance and technical regulatory framework

The separate interim financial statements have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF) in force as of December 31, 2015, included as an annex to Decree 2420 of 2015. Established in Law 1314 of 2009, regulated by Single 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, 1611 of 2022 and

1899 of 2023. 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).

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

- **Separate 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 separate 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 separate 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.

- **Separate 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.

In accordance with Colombian law, the Bank is required to prepare separate and consolidated financial statements. These separate financial statements were prepared to comply with the legal provisions to which the Bank is subject as an independent legal entity; some accounting principles may differ from those applied in the consolidated financial statements and, additionally, they do not include the adjustments and eliminations necessary for the presentation of the consolidated financial position and the consolidated comprehensive income of the Bank and its subsidiaries; consequently, the separate financial statements should be read in conjunction with the consolidated financial statements of Banco de Occidente S.A. and its subsidiaries.

The separate financial statements are the principal financial statements and are the basis for the distribution of dividends and other appropriations by shareholders. The consolidated financial statements are presented at the Shareholders' Meeting for information purposes only.

The Bank applies to these separate financial statements, the following exceptions contemplated in Title 4 - Special Regimes, Chapter 1 of Decree 2420 of 2015:

- IAS 39 and IFRS 9 regarding the treatment of the loan portfolio and its impairment, and the classification and valuation of investments, for these cases continue to apply the requirements of the Basic Accounting and Financial Circular Letter of the Financial Superintendence of Colombia - SFC.

Other guidelines in accordance with laws and other regulations in force in Colombia:

- The provision for assets received in payment in kind or restituted, is made in accordance with the provisions of Chapter III of the Basic Accounting and Financial Circular Letter, regardless of their accounting classification, the foregoing in accordance with the provisions of External Circular Letter 036 of 2014, issued by the Financial Superintendence of Colombia.

The main material accounting policies applied in the preparation of the separate financial statements as of December 31, 2024, and 2023 presented below, have been consistently applied in the preparation of the separate financial statements, in accordance with the accounting and financial reporting standards accepted in Colombia - NCIF.

The Bank 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.

2.1 Basis of measurement

The separate financial statements have been prepared on the historical cost basis, except for the following significant items included in the separate statement of financial position:

- Derivative financial instruments are measured at fair value. See Notes 7 and 9.
- Financial instruments at fair value through profit or loss and changes in ORI are measured at fair value. See Notes 5 and 7.
- Investment property is measured at fair value through profit or loss. See Note 14.
- Post-employment and long-term employee benefits. See paragraph 2.17 and Note 19.

22 Functional and presentation currency

The primary activity of the Bank, 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 Bank's performance is measured and reported to its shareholders and the general public in Colombian pesos. Due to the foregoing, the Bank's management considers that the Colombian peso is the currency that most faithfully represents the economic effects of the Bank's underlying transactions, events and conditions, and for this reason the separate financial statements are expressed in the currency of the primary economic environment where the Bank operates and therefore are presented in Colombian pesos as its functional currency. All information is presented in million Colombian pesos, except where otherwise indicated, and has been rounded to the nearest unit.

2.3 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 cutoff 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, except for hedging transactions which are recorded in Other Comprehensive Income - ORI in Spanish (see note 9).

2.4 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.

2.5 Investment financial assets

Includes investments acquired by the Bank for the purpose of maintaining a secondary liquidity reserve, acquiring direct or indirect control of any financial or service sector company, complying with legal or regulatory requirements, or for the exclusive purpose of eliminating or reducing the market risk to which the assets, liabilities or other elements of the financial statements are exposed.

In accordance with the provisions of the Financial Superintendence of Colombia, the valuation of investments has the calculation, accounting recording and disclosure to the market of the value or fair exchange price at which a certain security or security could be traded on a given date as its main objective, in accordance with its particular characteristics and within the prevailing market conditions on that date.

The determination of the value or fair exchange price of a value or security considers all the criteria necessary to ensure compliance with the investment valuation objective, such as the following:

Objectivity: The determination and allocation of the value or fair exchange price of a value or security, are made based on technical and professional criteria, which recognize the effects derived from changes in the behavior of all the variables that may affect such price.

Transparency and representativeness: The value or fair exchange price of a value or security is determined and assigned for the purpose of disclosing a certain, neutral, verifiable and representative economic result of the rights embodied in the respective value or security.

Ongoing evaluation and analysis: The value or fair exchange price attributed to a value or security is based on the permanent evaluation and analysis of market conditions, issuers and the respective issue. Variations in these conditions are reflected in changes in the previously assigned value or price, with the periodicity established for the valuation of investments.

Professionalism: The determination of the value or fair exchange price of a value or security is based on the conclusions resulting from the analysis and study made by a prudent and diligent expert, aimed at searching for, obtaining, knowing and evaluating all the relevant information available, so that the price determined reflects the amounts that would reasonably be received for its sale.

The following is a description of how the different types of investments are classified, valued and accounted for. This is in accordance with Chapter I - I of External Circular Letter 100 of 1995, as amended by External Circular Letter 034 of 2014, which is the regulatory framework established in Colombia for the classification, valuation and accounting of investments for separate financial statements, issued by the Financial Superintendence of Colombia.

Classification	Maturity	Features	Valuation	Accounting
Negotiable in debt securities	Short term	Securities and in general any type of investments acquired for the purpose of obtaining profits from price fluctuations.	They use the prices determined by the price provider designated as official, in accordance with the instructions set forth in Part III, Title IV, Chapter IV of the Basic Legal Circular Letter of the Financial Superintendence of Colombia. For cases where fair exchange prices do not exist as of the valuation date,	The difference between the present market 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

Classification	Maturity	Features	Valuation	Accounting
			valuation shall be performed exponentially based on the internal rate of return. The fair market exchange value or price of the respective security, should be calculated by adding the present value of future cash flows for yields and capital. In the case of securities traded abroad, when the price supplier designated as official for the corresponding segment does not have a valuation methodology for these investments, the BID dirty price published by an information supply platform at 4:00 p.m., Colombian official time, is used as an alternative source of information. This procedure is performed daily.	procedure is performed daily. Investments are valued at market prices as of the date of acquisition; therefore, changes between the acquisition cost and the market value of investments are accounted for as of the date of purchase.
Negotiable in equity securities	Short Term	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, 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.
To be held to maturity	Until maturity	Securities and, in general, any type of investments for which the Bank has the serious purpose and the legal, contractual, financial and operating	Exponentially from the internal rate of return calculated at the time of purchase. This procedure is performed daily.	The present value is recorded as an increase in the value of the investment, and its balancing entry is recorded

Classification	Maturity	Features	Valuation	Accounting
		capacity to maintain them until the expiration of their maturity or redemption term. No liquidity operations may be carried out on these investments, nor simultaneous repurchase or repo operations or temporary transfer of securities, except in the case of mandatory or compulsory investments subscribed in the primary market, and provided that the counterparty to the operation is *Banco de la República*, the General Directorate of Public Credit and the National Treasury or the entities supervised by the Financial Superintendence of Colombia**.** Likewise, these may be delivered as guarantees in a central counterparty risk chamber, in order to support the compliance of transactions accepted by the latter for clearing and settlement.		in income for the period. This procedure is performed daily.
Available for sale - debt securities	In accordance with the business model implemented by the Bank.	Securities, and in general, any type of investments in respect of which the Bank has the serious purpose, and the legal, contractual, financial and	These use the prices determined by the price provider Precia, designated as official in accordance with the instructions set forth in Part III, Title IV Chapter IV of the Basic Legal	Changes in these securities are accounted for in accordance with the following procedure: -The difference between the

Classification	Maturity	Features	Valuation	Accounting
		operating capacity to hold them in accordance with the business model. Investments classified in this category may be used (delivered) as collateral to support the trading of derivative financial instruments when the counterparty is a central counterparty risk center. Securities classified as available-for-sale investments may be delivered as central counterparty, in order to support the fulfillment of transactions accepted by the latter for clearing and settlement. Likewise, these investments may be used for liquidity operations, repurchase agreements, simultaneous or temporary transfer of securities.	Circular Letter of the Financial Superintendence of Colombia. he case of securities traded abroad, when the price supplier designated as official for the corresponding segment does not have a valuation methodology for these investments, the BID dirty price published by an information supply platform at 4:00 p.m., Colombian official time, is used as an alternative source of information. cases where fair exchange prices do not exist as of the valuation date, valuation shall be performed exponentially based on the internal rate of return. The fair market exchange value or price of the respective security should be calculated by adding the present value of future cash flows for yields and capital. This procedure is performed daily.	present value on the valuation date (calculated based on the IRR at the time of purchase) and the immediately preceding one, is recorded as an increase in the value of the investment with a credit or debit to income statement accounts. difference between the market value and the present value (calculated from the IRR at the time of purchase) is recorded as a cumulative unrealized gain or loss in equity accounts. This procedure is performed daily.
Available for sale, equity instruments	Does not have	Investments that grant the Bank the status of co-owner of the issuer. Each category includes securities with low or minimal marketability, or with no quotation at all.	Investments in equity securities are valued depending on whether or not they are listed on the stock exchange, as follows: Participative Securities registered in the National Registry of Securities and Issuers - RNVE.	The effect of the valuation of the investor's interest is recorded as an unrealized gain or loss - ORI, with a charge or credit to the investment. Dividends distributed in kind or in cash should be recorded as income, adjusting

Classification	Maturity	Features	Valuation	Accounting
			The equity securities registered in the RNVE and listed in stock exchanges in Colombia, are valued according to the price determined by the valuation price provider, authorized by the Financial Superintendence of Colombia, selected by the Entity. Unlisted equity securities. These are valued at the price determined by the price vendor. When the price provider does not have a methodology to determine the price, entities must increase or decrease the purchase cost by the percentage of participation that corresponds to the investor on the subsequent variations of the respective issuer's equity.	the corresponding Unrealized Profit or Loss account (maximum up to its accumulated value) and, if necessary, also the value of the investment in the amount of the excess over that account.

In accordance with the stipulations of the Financial Superintendence of Colombia in External Circular Letter 050 of November 2012, Banco de Occidente S.A. contracted PRECIA - *Proveedor de Precios para Valoración S.A.* as a provider of prices for valuation of investments.

Investments in subsidiaries, associates and joint ventures are recorded as follows:

a) Subsidiaries

The Bank 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.

b) Associated companies

The Bank'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% 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 ventures

Joint ventures are those contracts in which two or more parties maintain joint control in the distribution of control contractually decided in the agreement, and in which the parties having control of the agreement are only entitled to the net assets of the agreement.

The equity method is a form of accounting, whereby investments in subsidiaries, associates and joint ventures are initially recorded at cost, and subsequently adjusted periodically for changes in the investor's interest in the net assets of the investee, such interest being calculated on the basis of the investee's consolidated financial statements, or otherwise on the basis of its separate financial statements, but including in such financial statements its interest in subsidiaries, associates and joint ventures also by the equity method.

Reclassification of investments

In order for an investment to be held within any of the classification categories, the respective value or security must comply with the characteristics or conditions of the class of investments of which it forms part.

At any time, the Financial Superintendence of Colombia may order the Bank to reclassify a value or security, whenever it does not comply with the characteristics of the class in which it is intended to be classified, or such reclassification is required to achieve a better disclosure of the financial situation.

Reclassification of held-to-maturity investments to marketable securities

An investment may be reclassified from the category of investments to be held to maturity to the category of marketable investments when any of the following circumstances occur:

a. Significant deterioration in the conditions of the issuer, its parent company, its subsidiaries or its affiliates.
b. Regulatory changes that prevent the maintenance of the investment.
c. Merger or institutional reorganization processes that entail the reclassification or realization of the investment, with the purpose of maintaining the previous interest rate risk position or adjusting to the credit risk policy previously established by the resulting entity.
d. In other cases in which the Financial Superintendence of Colombia has granted its prior and express authorization.

Reclassification of available-for-sale investments to marketable investments or investments to be held to maturity

An investment may be reclassified from the available-for-sale investment category to either of the other two categories:

a. The composition of the significant activities of the business is redefined, derived from circumstances such as variations in the economic cycle or in the market niche, in which the supervised entity is operating or in its risk appetite.

b. The investment management adjustment assumptions previously defined in the business model are realized.

c. The investor loses its capacity as parent or controlling company, and such circumstance also implies the decision to dispose of the investment in the short term as from that date, or

d. Any of the circumstances foreseen in the conditions for the reclassification of investments to be held to maturity to marketable investments are present.

Entities that reclassify investments based on the provisions of paragraphs a and b above, must inform this event in writing to the Financial Superintendence of Colombia, within 10 working days following the date of reclassification, to the corresponding institutional delegate.

Provisions applicable to the reclassification of investments

The following rules must be observed in the reclassification of investments:

a. When investments to be held to maturity are reclassified to marketable investments, the rules on valuation and accounting of the latter must be observed. Consequently, unrealized gains or losses should be recognized as income or expense on the day of reclassification.

b. When available-for-sale investments are reclassified to marketable investments, the result of the reclassification of investments must be recognized and maintained in "Other Comprehensive Income - ORI" as unrealized gains or losses, until the sale of the corresponding investment is completed.

c. When available-for-sale investments are reclassified to held-to-maturity investments, the rules on valuation and accounting for the latter must be observed. Consequently, unrealized gains or losses, which are recognized in the ORI, should be written off against the recorded value of the investment, since the effect of the fair value will no longer be realized, given the decision to reclassify to the held-to-maturity category. In this way, the investment should be recorded as if it had always been classified in the held-to-maturity category. Likewise, as of that date, the investment must be valued under the same conditions of Internal Rate of Return of the day prior to the reclassification.

In the events in which an investment is reclassified, the Financial Superintendence of Colombia shall be informed of the reclassification made, at the latest within 10 common days following the date thereof, indicating the reasons justifying such decision and specifying its effects on the statement of income.

Securities that are reclassified for the purpose of forming part of marketable investments may not be reclassified again.

Investment repurchase rights

Corresponds to restricted investments that represent collateral for commitments to repurchase investments.

On these investments, the Bank retains the rights and economic benefits associated with the security and retains all the risks inherent to it, although it transfers the legal ownership when performing the repo transaction.

These securities continue to be valued daily and recorded in the statement of financial position and income statement, in accordance with the methodology and procedure applicable to investments classified as trading, held-to-maturity and available-for-sale.

Investments pledged as collateral

Corresponds to investments in securities or debt securities that are delivered as collateral for operations with derivative financial instruments, whose settlement may be in cash, as established in the contract or in the corresponding regulations of the securities trading system, the securities operations registry system or the securities clearing or settlement system.

These securities are valued daily and recorded in the statement of financial position and statement of income, in accordance with the methodology and procedure applicable to investments classified as available for sale.

Provisions or losses for credit risk rating

Securities and/or securities of unqualified issues or provisions:

Securities or debt securities that do not have an external rating, and securities or debt securities issued by entities that are not rated are rated and provisioned, considering the following parameters:

Category	Risk	Features	Provisions
A	Normal	Comply with the terms agreed in the security or bond and have an adequate capacity to pay principal and interest.	Not applicable.
B	Acceptable	Corresponds to issues that present uncertainty factors that could affect the ability to continue to adequately service the debt. Likewise, its financial statements and other available information present weaknesses that may affect its financial position.	The value at which they are recorded may not exceed 80% of their nominal value net of amortizations made up to the valuation date.
C	Fair	Corresponds to issues with a high or medium probability of default in the timely payment of principal and interest. Likewise, its financial statements and other available information show deficiencies in its financial situation that compromise the recovery of the investment.	The value at which they are recorded may not exceed 60% of their nominal value, net of amortizations made up to the valuation date.
D	Significant	Corresponds to those issues that present noncompliance with the terms agreed in the security, as well as these financial statements and other available information present accentuated deficiencies in their financial situation, so that the probability of recovering the investment is highly doubtful.	The value at which these are recorded may not exceed 40% of their nominal value, net of amortizations made up to the valuation date.
E	Uncollectible	Issuers that according to their financial statements and other available information, it is estimated that the investment is uncollectible.	The value of these investments is fully provided for.

Securities and/or securities of externally rated issues or issuers

Values or securities with one or more ratings granted by external rating agencies, recognized by the Financial Superintendence of Colombia or securities or debt securities issued by entities that are rated by such agencies may not be booked for an amount exceeding the following percentages of their nominal value net of amortizations made up to the valuation date:

Long-term Rating	Maximum Value %	Short-Term Rating	Maximum Value %
BB+, BB, BB-	Ninety (90)	3	Ninety (90)
B+, B, B-	Seventy (70)	4	Fifty (50)
CCC	Fifty (50)	5 and 6	Zero (0)
DD, EE	Zero (0)	5 and 6	Zero (0)

For the determination of the provisions on term deposits, the rating of the respective issuer is taken.

Investments Abroad

Marketable investments and available-for-sale investments, represented in public debt securities issued abroad and private debt securities issued abroad by foreign issuers, must be valued according to the price determined by the valuation price provider designated as official, for the corresponding segment.

When there is no valuation methodology for these investments, entities must use the BID generic dirty price published by a recognized information supply platform at 4:00 p.m., Colombian official time.

The present value or market value of securities denominated in a currency other than U.S. dollars is translated into that currency based on the currency conversion rates published on the day of valuation on the European Central Bank's website. When currency conversion rates are not available on the European Central Bank's website, the conversion rate against the U.S. dollar published by the Central Bank of the respective country is used.

2.6 Derivative financial instruments operations and hedge accounting

The Bank 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 Bank’s entities own positions and their assets and liabilities ("hedging derivatives"), and;

c) To take advantage of changes in the value of these derivatives ("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 Bank 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 Bank 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 Bank'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 Bank 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. Hedging of a net investment in a foreign business

Hedging of a net investment in foreign currency, 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 purposes of hedging investments in foreign subsidiaries, the Bank designates foreign currency obligations as established in paragraphs 72 and 78 of IAS 39.

The use of hedge accounting avoids the distortion that would otherwise exist, because investments in foreign currencies, being non-monetary assets in the separate financial statements, would not be adjusted for exchange differences, while liabilities that economically serve as hedges would be adjusted with a balancing entry in the statement of income.

The Bank 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 Bank 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 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.

b. 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.

The valuation differences of accounting hedges are recorded according to the following criteria:

a) In fair value hedges, differences arising on both the hedged items and the hedged items (in terms of the type of risk hedged) are recognized directly in the Income Statements.

b) In cash flow hedges, the effective portion of the change in the value of the hedging instrument is recorded in the Statements of Other Comprehensive Income within equity.

c) Differences in valuation of the hedging instrument corresponding to the ineffective portion of cash flow hedging transactions are taken directly to the Income Statements in "Net income from financial operations".

Termination of the hedging relationship

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

a) Hedging 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.

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

2.7 Loan portfolio and financial leasing operations

In accordance with the provisions of the Financial Superintendence of Colombia, this account records the loans granted under the different authorized modalities. The resources used in granting loans come from its own resources, from the public in the form of deposits, and from other external and internal sources of financing.

Loans are recorded at face value, which is generally equal to the disbursement value, except for factoring purchases, which are recorded at cost.

Credit policies

The Bank's credit granting policy is based mainly on the analysis of the client's financial situation, through the study of its financial statements and cash flows. Guarantees are mainly requested when the operations are long-term or when the amount to be covered is higher than normal according to the client's characteristics.

Credit modalities

The loan portfolio structure includes 3 types of loans and leasing operations:

Commercial

These are loans granted to individuals or legal entities for the development of organized economic activities, other than those granted under the microcredit modality.

Consumer

These are those loans that, regardless of their amount, are granted to individuals to finance the acquisition of consumer goods or the payment of services for non-commercial or business purposes, other than those granted under the microcredit modality.

Housing and Housing Leasing

These are those that, regardless of the amount, are granted to individuals for the acquisition of new or used housing, or for the construction of individual housing. In accordance with Law 546 of 1999, these are denominated in UVR or in legal currency, and secured by a first degree mortgage guarantee, constituted on the financed dwelling.

The amortization period ranges from a minimum of 5 years to a maximum of 20 years. Credits may be fully or partially prepaid at any time without penalty. In case of partial prepayments, debtor has the right to choose whether the amount paid decreases the value of the installment or the term of the obligation. Additionally, these loans have a remunerative interest rate, which is applied on the balance of the debt denominated in UVR or in pesos; interest is charged in arrears and cannot be capitalized; the amount of the loan may be up to 70% of the value of the property, determined by the purchase price or that of an appraisal technically performed within the 6 months prior to the granting of the loan. Financed properties must be insured against fire and earthquake risks.

Criteria for credit risk assessment

The Bank continuously evaluates the risk embedded in its credit assets, both at the time of granting loans and throughout the life of the loans, including restructurings. To this end, it designed and adopted an Integrated Risk Management System (SIAR), which is composed of credit risk management policies and processes, reference models for estimating or quantifying expected losses, a system of provisions to cover credit risk, and internal control processes.

The granting of credit is based on knowledge of the borrower, its payment capacity and the characteristics of the contract to be entered into, which include, among others, the financial conditions of the loan, guarantees, sources of payment, and the macroeconomic conditions to which it may be exposed.

In the lending process, variables have been established for each of the portfolios that make it possible to discriminate the credit subjects that fit the Bank's risk profile. The processes of segmentation and discrimination of credit portfolios, and their potential credit subjects, serve as the basis for their rating, as well as the application of internal statistical models that evaluate different aspects of the applicant to quantify the credit risk.

The methodologies and procedures implemented in the granting process, make it possible to monitor and control the credit exposure of the different portfolios, as well as the aggregate portfolio, avoiding excessive concentration of credit by debtor, economic sector, economic group, risk factor, etc.

The Bank continuously monitors and rates credit operations in accordance with the granting process, which is based, among other criteria, on information related to the historical behavior of the portfolios and loans; the particular characteristics of the debtors, their loans and the collateral backing them; the debtor's credit behavior in other entities and the debtor's financial information that allows knowing his/her financial situation; and the sectoral and macroeconomic variables that affect the normal development of such operations.

In the evaluation of territorial public entities, the Bank verifies compliance with the conditions established in Laws 358 of 1997, 550 of 1999, 617 of 2000 and 1116 of 2006.

Assessment and re-rating of the loan portfolio

The Bank assesses the risk of its loan portfolio by introducing modifications to the respective ratings, when there is new analysis or information that justifies such changes.

For the adequate compliance with this obligation, the Bank considers the debtor's credit behavior in other entities, according to information from credit bureaus or any other source. The behavior of the portfolio in charge of clients is updated on a monthly basis, in terms of credits, cancellations, write-offs and the level of delinquency of operations.

The Bank performs the assessment and re-rating of the loan portfolio in the following cases:

- When the loans become delinquent after having been restructured, in which case these must be reclassified.

- At least in the months of May and November, the results of the assessment and re-rating, if any, must be recorded at the closing of the following month.

Credit risk rating

The Bank rates credit operations based on the criteria mentioned above, and classifies them in one of the following credit risk categories, considering the following minimum objective conditions:

Category	Granting	Granted Commercial Portfolio	Granted Consumer Portfolio
“AA”	New loans, whose rating assigned at the time of granting is “AA”.	Loans granted that are not more than 29 days in arrears with their contractual obligations, that is, between 0 and 29 days in arrears.	Loans whose rating obtained by applying the MRCO rating methodology established by the standard, is equal to "AA".
“A”	New loans with an "A" rating at the time of granting must be classified in this category.	Loans granted that are 30 days or more but less than 60 days in arrears on their contractual obligations, that is, between 30 and 59 days in arrears.	Loans whose rating obtained by applying the MRCO rating methodology established by the standard is equal to "A".
"BB"	New loans, whose rating assigned at the time of granting is "BB" must be classified in this category.	Loans granted that are 60 days or more but less than 90 days in arrears on their contractual obligations, that is, between 60 and 89 days in arrears.	Loans whose rating obtained by applying the MRCO rating methodology established by the standard, is equal to "BB".
“B”	New loans with a "B" rating at the time of granting must be classified in this category.	Loans granted that are 90 days or more but less than 120 days past due on their contractual obligations, i.e. between 90 and 119 days in arrears.	Loans whose grade obtained by applying the MRCO grading methodology established by the standard is equal to "B".
"CC"	New loans, whose rating assigned at the time of granting is "CC" must be classified in this category.	Loans granted that are 120 days or more but less than 150 days past due on their contractual obligations, i.e. between 120 and 149 days in arrears.	Loans whose rating obtained by applying the MRCO rating methodology established by the standard, is equal to "CC".
"Default"	New loans must be classified in this category when the applicant is reported by an entity in the CIFIN credit bureau as D, E or with a written-off portfolio.	Loans granted that are 150 days or more past due.	Consumer loans that are in arrears for more than 90 days.

For purposes of validating risk ratings of the commercial and consumer loan portfolio in the indebtedness reports and in the recording in the financial statements, the Bank applies the following table, including the rating for those customers in default:

Grouped Category	Report Categories	
	Commercial	Consumer
A	AA	AA
		A with current delinquency between 0-30 days
B	A	A with current delinquency greater than 30 days
	BB	BB
C	B	B
	CC	CC
	C	C
D	D	D
E	E	E

When, by virtue of the implementation of the reference models adopted by the Financial Superintendence of Colombia, the Bank classifies its customers as defaulting, these are standardized in the following manner:

Grouped category E = Those defaulting customers whose assigned PDI is equal to 100%. Grouped category D = All other customers classified as defaulting.

For the purposes of standardization in the consumer portfolio, the current delinquency referred to in the table above is understood as the maximum delinquency recorded by the debtor in the aligned products.

Other criteria considered by the Bank to rate credit operations are as follows:

For the granted commercial portfolio, the rating at the time of granting in the month-end closing of the months corresponding to the quarter of disbursement of the loan, the rating in the granting process with the characteristics of each debtor and other factors that may be considered higher risk. For the consumer loan portfolio, the rating assigned to the loan only at the closing of the month in which it was disbursed.

The housing loan portfolio, based on the delinquency rate criterion, is classified as follows:

Category	Criterion (No. of months in delinquency)
“A” Normal Risk	With installments up to date or expired for up to 2 months
“B” Acceptable Risk	With maturities of more than 2 months and up to 5 months
“C” Appreciable Risk	With maturities of more than 5 months and up to 12 months
“D” Significant Risk	With maturities greater than 12 months and up to 18 months
“E” Uncollectibility risk	With maturities of more than 18 months

Housing loan portfolio classification

Category "A": Loan with NORMAL credit risk. Loans rated in this category reflect appropriate structuring and attention. The debtors' financial statements or the project's cash flows, as well as other credit information, indicate an adequate payment capacity, in terms of the amount and origin of the debtors' income to meet the required payments.

Category "B": Loan with ACCEPTABLE risk. Loans rated in this category are acceptably serviced and protected, but there are weaknesses that could potentially affect, temporarily or permanently, the debtor's ability to pay or the project's cash flows in such a way that, if not corrected in a timely manner, they could affect the normal collection of the loan or contract.

Category "C": Poor loan, with APPRECIABLE risk. This category includes loans or contracts that present insufficiencies in the debtor's payment capacity or in the project's cash flows, which compromise the normal collection of the obligation under the agreed terms.

Category "D": Difficult to collect loan, with SIGNIFICANT risk. It is one that has any of the characteristics of the deficient, but to a greater degree, such that the probability of recovery is highly doubtful.

Category "E": UNCOLLECTIBLE loan. It is that which is considered uncollectible.

Restructuring processes

Restructuring of a loan is understood as any exceptional mechanism implemented through the execution of any legal transaction, the purpose of which is to modify the conditions originally agreed upon, in order to allow the debtor to adequately meet its obligation in view of the actual or potential deterioration of its payment capacity. Additionally, agreements entered into under Laws 550 of 1999, 617 of 2000 and 1116 of 2006 and 1564 of 2012 or regulations that add to or replace them, as well as extraordinary restructurings, are considered restructurings. Credit reliefs ordered by law or novations originating in events other than those described above, those provided for in Article 20 of Law 546 of 1999, as well as those modifications originated under the terms of external circular letter 026 of 2017 of the Financial Superintendence of Colombia, shall not be considered restructurings.

Fiscal Adjustment - Law 617 of 2000

In the restructurings derived from the subscription of Fiscal and Financial Reorganization Programs under the terms of Law 617 of 2000, the Nation granted guarantees to the obligations contracted by the territorial entities with the financial entities supervised by the Financial Superintendence of Colombia, as long as the requirements established in said law were met and the fiscal adjustment agreements were subscribed before June 30, 2001. This guarantee could be up to 40% for loans in force as of December 31, 1999, and up to 100% for new loans for fiscal adjustment.

The characteristic of these restructurings was that the provisions constituted on the obligations subject to restructuring were reversed in the portion guaranteed by the Nation, while the portion of the obligations subject to restructuring that were not guaranteed by the Nation maintained the rating they had as of June 30, 2001.

If the restructuring agreement is breached, the debtor is rated in the category it had before the restructuring or in a higher risk category.

In order to improve the rating after the corresponding restructurings, the terms of the agreement must be fully complied with.

Restructuring agreements

For loans restructured under the terms of Laws 550 of 1999, 617 of 2000 and 1116 of 2006, upon initiating the restructuring negotiation, the Bank suspends the accrual of interest on current portfolio loans and maintains the rating they had at the date of the negotiation. If the client's situation deteriorates or it is perceived that the agreement in process does not meet the Bank's expectations, the rating is reviewed and the client is reclassified to the corresponding risk category. If an agreement is not reached or judicial settlement is declared, the customer is classified as in default.

Special criteria for rating restructured loans

Restructured loans must be rated in accordance with the risk and payment capacity analysis. In no case may the rating be better than that which the loan had at the time of requesting the restructuring. The entity may gradually assign a lower risk rating when it is verified that the debtor's capacity meets the criteria to improve the rating, and when the debtor has made regular and effective payments to capital within the restructuring, in accordance with the provisions of External Circular Letter 016 of 2019 of the Financial Superintendence of Colombia.

Loans modification

In order to allow the debtor to adequately meet its obligations, in view of the potential or actual deterioration of its payment capacity, the entity may modify the originally agreed terms of the loans, without these adjustments being considered as a restructuring, provided that during the last six months the loan has not reached a consecutive delinquency of more than 60 days for consumer loans, and 90 days for commercial and housing loans. The new conditions must meet the criteria of financial viability, considering the debtor's risk analysis and payment capacity.

Special criteria for the rating of modified loans

The rating of the modified loans, shall correspond to the rating allocated at the time of the modification, according to the risk and payment capacity analysis, and shall be updated in accordance with the principles defined in External Circular Letter 016 of 2019.

The implementation of External Circular Letter 016 of 2019 did not have a significant impact on the Bank's provisions.

Portfolio write-offs and leasing operations

Obligations that in the opinion of the Bank's management are considered unrecoverable or of remote and uncertain recovery and that are 100% provisioned, after having exhausted all possible means of collection, in accordance with the concepts of the areas in charge of collection in the Bank, are subject to write-off.

The write-off does not relieve the officers of the responsibilities they may have for the approval and administration of the loan, nor does it exempt them from the obligation to continue collection efforts to achieve collection.

The Board of Directors is the only body competent to approve the write-off of operations considered to be losses.

Provision for loan portfolio, accounts receivable and leasing transactions

The Bank, in order to cover the credit risk, has a system of provisions, which it calculates on the outstanding balance by applying the reference models for the Commercial Loan Portfolio - MRC and consumer loan portfolio - MRCO. For loans under the housing loan portfolio modalities, the provision is determined based on the client's delinquency in accordance with Annex 2 of the Comprehensive Risk Management System - SIAR, Chapter XXXI.

Commercial and consumer loan portfolio

The Bank applies the methodology for calculating provisions in the cumulative or decumulative phase, based on the monthly evaluation of the behavior of the impairment, efficiency, stability and growth indicators described below, provided they are met for three consecutive months:

Assessment	Indicator	Cumulative Stage	Decumulative Stage
Impairment	Actual quarterly change in individual provisions of total loan portfolio B, C, D and E.	< 9%	> = 9%
Efficiency	Quarterly accruals net of recoveries as a percentage of quarterly accrued portfolio interest and leasing income.	< 17%	> = 17%
Stability	Quarterly cumulative provisions net of portfolio recoveries as a percentage of quarterly cumulative adjusted gross financial margin.	> 0 and < 42%	< 0 or > = 42%
Growth	Real annual growth rate of the gross loan portfolio.	> = 23%	< 23%

With the indicators detailed above, the individual loan portfolio provision was calculated as the sum of the "Procyclical Individual Component (CIP in Spanish)" and the "Countercyclical Individual Component (CIC in Spanish)". On March 31, 2023, the Financial Superintendence of Colombia published Circular Letter 019, which began to modify the cumulative and decumulative phase indicators, in said document it authorized that the indicator associated with the real quarterly variation of individual provisions of the risky loan portfolio will be calculated by portfolio type (Commercial and Consumer) and if any was greater than or equal to 9% for three consecutive months, the Bank could submit a plan to the Superintendence to activate the decumulative phase.

The Procyclical Individual Component - CIP: Corresponds to the portion of the individual allowance for loan portfolio that reflects the credit risk of each debtor, at present. The CIP is the expected loss calculated with matrix A for the cumulative phase.

For the decumulative phase, the expected loss of portfolio A is calculated with matrix A, as established in the corresponding reference model for the commercial loan portfolio. For loan portfolio B, C, D, and E, is the expected loss calculated with matrix B, as established in the corresponding reference model for the commercial loan portfolio.

The Countercyclical Individual Component - CIC: Corresponds to the portion of the individual provision for loan portfolio that reflects possible changes in the credit risk of debtors at times when the impairment of such assets increases. This portion is established in order to reduce the impact on the income statement when such a situation arises. The CIC corresponds to the higher value between the CIC of the previous month affected by the exposure, and the difference between the expected loss of matrices B and A of the assessment month.

The estimate of the expected loss (provisions) results from the application of the following formula:

$$\textbf{Expected Loss} = \textbf{CIP} + \textbf{CIC}$$

Where,

$$\textbf{CIP} = \textbf{PI}_{\textbf{Matrix A}} * \textbf{PDI} * \textbf{EDI}$$

$$\mathrm{CIC} = \max\left(\mathrm{CIC}_{i,t-1} * \left(\frac{\mathrm{EDI}_{i,t}}{\mathrm{EDI}_{i,t-1}}\right); (\mathrm{PE}_B - \mathrm{PE}_A)_{i,t}\right.$$

For the decumulative phase, the CIC is the difference between the Individual Countercyclical Component of the previous period (t-1), and the maximum value between the individual decumulation factor (DF) and the Individual Countercyclical Component of the previous period (t-1) affected by the exposure, in accordance with the following formula:

$$CIC_{i,t} = CIC_{i,t-1} - \max\left\{FD_{i,t} ; CIC_{i,t-1} * \left(1 - \frac{Exp_{i,t}}{Exp_{i,t-1}}\right)\right\}$$

The decumulation factor $FD_{i,t}$, is given by:

$$\mathrm{FD_{i,t}} = \left(\frac{\mathrm{CIC_{i,t*1}}}{\sum_{activas(t)} CIC_{i,t-1}}\right)_m * (70\% * \mathrm{PNR_{CIP-m}})$$

Where,

i : corresponds to each obligation.
t :This is the time for the calculation of provisions.

$PNR_{CIP\text{-}m}$: These are the provisions net of recoveries for the month, associated with the individual procyclical component in the respective loan portfolio type (m).

$\sum_{activas\ (t)} CIC_{i,t-1}$ This is the sum of the active obligations at the time the provision is calculated.

(t) in the respective mode (m), of the balance of the individual countercyclical component of the same in (t-1).

$FD_{i,t} \geq 0$, if negative it is assumed to be zero.

When $\left(\frac{Exp_{i,t}}{Exp_{i,t-t}}\right)$ > 1 is assumed as 1.

On November 30, 2023, the Financial Superintendence of Colombia published External Circular Letter 017, in which it temporarily modified the methodology for calculating the decumulative phase, with the following instruction:

"Credit institutions that decide to adopt the transitory measure provided for in this instruction, during the decumulative phase, for purposes of calculating the individual procyclical component, shall determine the expected loss using matrix A established in Annex 1 of Chapter XXXI - SIAR of the Basic Accounting and Financial Circular Letter, instead of matrix B".

The processes of segmentation and discrimination of loan portfolios and their possible credit subjects serve as the basis for the estimation of expected losses in the Commercial Loan Portfolio Reference Model - CRM, which is based on segments differentiated by the level of assets of the debtors, under the following criteria:

Portfolio	Concept
Large Companies	More than 15,000 SMMLV of assets
Medium-Sized Companies	Between 5,000 and 15,000 SMMLV of assets
Small Businesses	Less than 5,000 SMMLV of assets
Individuals	Individuals who are commercial loan debtors

The Reference Model for the Consumer Loan Portfolio - MRCO, is based on segments differentiated according to the products and the lending institutions that grant them, in order to preserve the particularities of the market niches and the products granted.

- General - Car: Loans granted for the acquisition of cars.

- General - Other: Loans granted for the acquisition of consumer goods other than cars. This segment does not include credit cards.

- Credit Cards: Revolving credit for the purchase of consumer goods that is used through a plastic card.

For the monitoring and rating of the portfolio, the Bank applies the reference models defined by the Financial Superintendence of Colombia. For the Commercial loan portfolio, the rating process uses an automatic rating methodology for the loan portfolio not evaluated individually, which is based on client classification models according to their probability of default, adjusted for macroeconomic and sectoral factors.

The estimate of the expected loss (provisions) results from the application of the following formula:

EXPECTED LOSS= [Probability of default] x [Exposure of asset at default] x [Loss given default] x [Forward adjustment] x [K].

Where, **Term adjustment (PA)** = $\left[\dfrac{\text{Probability of default}}{72}\right]$

Remaining Term: Corresponds to the number of months remaining against the agreed term of the loan at the date of calculation of the expected loss. In case the agreed term or the remaining term is less than 72, AP will be equal to 1. For the Credit Card and Revolving segments, AP will be equal to 1.

For loans originated, disbursed, restructured or acquired prior to December 1, 2016, AP will equal 1.

Loans originated, disbursed, restructured or acquired on or after December 1, 2016, should calculate the expected loss by applying the resulting term adjustment - AP.

As of October 1, 2024, it was decided to implement external circular letter 014 of September 30, 2024 of the Financial Superintendence of Colombia, which establishes as a transitory measure that as of the issuance of said circular until March 31, 2025, credit institutions may opt for not setting up the CIC of the provisions for new disbursements of the commercial and consumer loan portfolio, to apply said methodology the following conditions were met:

1. The Financial Superintendence of Colombia was notified within the established deadlines of the intention to apply this circular letter.

2. Compliance with the indicators established by the Financial Superintendence of Colombia in this circular letter (hedging indicator of provisions for delinquency greater than 30, total risk hedging indicator and indicator for real portfolio growth).

a. Probability of default

Corresponds to the probability that debtors will default within 12 months.

The probability of default was defined according to the following matrices established by the Financial Superintendence of Colombia:

Commercial loan portfolio

Rating	Large Company		Medium Company		Small Company		Individuals	
	Parent company A	Parent company B	Parent company A	Parent company B	Parent company A	Parent company B	Parent company A	Parent company B
AA	1.53%	2.19%	1.51%	4.19%	4.18%	7.52%	5.27%	8.22%
A	2.24%	3.54%	2.40%	6.32%	5.30%	8.64%	6.39%	9.41%
BB	9.55%	14.13%	11.65%	18.49%	18.56%	20.26%	18.72%	22.36%
B	12.24%	15.22%	14.64%	21.45%	22.73%	24.15%	22.00%	25.81%
CC	19.77%	23.35%	23.09%	26.70%	32.50%	33.57%	32.21%	37.01%
Default	100%	100%	100%	100%	100%	100%	100%	100%

Consumer loan portfolio

Rating	Parent company A			Parent company B		
	General Car	General Other	Credit Card	General Car	General Other	Credit Card
AA	0.97%	2.10%	1.58%	2.75%	3.88%	3.36%
A	3.12%	3.88%	5.35%	4.91%	5.67%	7.13%
BB	7.48%	12.68%	9.53%	16.53%	21.72%	18.57%
B	15.76%	14.16%	14.17%	24.80%	23.20%	23.21%
CC	31.01%	22.57%	17.06%	44.84%	36.40%	30.89%
Default	100%	100%	100%	100%	100%	100%

In this way, for each debtor-segment of the commercial and consumer loan portfolio, the probability of migrating between its current rating and the default rating in the next 12 months is obtained in accordance with the cycle of the general behavior of credit risk.

b. Loss given default - PDI (in Spanish)

It is defined as the economic impairment that the Bank would incur in the event that any of the default situations materialize. The PDI for debtors classified in the default category will gradually increase in accordance with the number of days elapsed after classification in that category.

The guarantees supporting the transaction are necessary to calculate the expected losses in the event of default and, consequently, to determine the level of provisions.

The Bank considers as suitable guarantees, those duly perfected securities that have a value established on the basis of technical and objective criteria, that offer a legally effective backing to the payment of the guaranteed obligation and whose possibility of realization is reasonably adequate.

The Bank considers the following factors in evaluating the support offered and the possibility of realization of each guarantee: The nature, value, coverage and liquidity of the guarantees, as well as the potential costs of their realization and the legal requirements necessary to make them enforceable.

The PDI by type of guarantee is as follows:

Commercial loan portfolio

Collateral Type	P.D.I.	Days after default	New PDI	Days after default	New PDI
SUITABLE COLLATERAL					
- Subsidiary loans	75%	270	90%	540	100%
- Eligible financial collateral	0-12%	-	-	-	-
- Commercial and residential real estate	40%	540	70%	1080	100%
- Assets leased under real estate leases	35%	540	70%	1080	100%
- Assets leased other than real estate	45%	360	80%	720	100%
- Collection rights	45%	360	80%	720	100%
- Other Suitable Collateral	50%	360	80%	720	100%
INADEQUATE COLLATERAL	55%	270	70%	520	100%
NO COLLATERAL	55%	210	80%	420	100%

Consumer loan portfolio

Collateral Type	P.D.I.	Days after default	New PDI	Days after default	New PDI
SUITABLE COLLATERAL					
- Eligible financial collateral	0-12%	-	-	-	-
- Commercial and residential real estate	40%	360	70%	720	100%
- - Assets leased under real estate leases	35%	360	70%	720	100%
- - Assets leased other than real estate	45%	270	70%	540	100%
- Collection rights	45%	360	80%	720	100%
- Other Suitable Collateral	50%	270	70%	540	100%
INADEQUATE COLLATERAL	60%	210	70%	420	100%
- Collateral by payroll loans	45%	-	-	-	-
NO COLLATERAL	75%	30	85%	90	100%

As of July 1, 2018, External Circular Letter 013 of 2018, issued by the Superintendence of Finance of Colombia came into force, which establishes:

- For Payroll loans granted as of July 1, 2018, a PDI of 45% is assigned.

- For Payroll loans granted before July 1, 2018, these maintain the PDI of 60% with zero days of default until these are fully repaid, and if the Payroll loan is more than 90 days past due, it estimates the expected loss by applying the PDI corresponding to unsecured loans or loans with inadequate collateral when the loan has co-debtors or guarantors.

For the different guarantees present in the loan agreements with the segments listed above, the Bank classifies the following within each group of guarantees:

Suitable Guarantees: Suitable guarantees are understood to be those guarantees that comply with the characteristics set forth in section 2.3.2.1.4 of Chapter XXXI - Comprehensive Risk Management System (SIAR).

1. Eligible Financial Collateral - CFA in Spanish: The following guarantees are classified as CFA:

    - Collateralized cash deposits: This guarantee has a 0% PDI.
    - Stand By letters have a PDI of 0%.
    - Loan insurance: This guarantee has a 12% PDI.
    - Sovereign Guarantee of the Nation (Law 617 of 2000): This guarantee has a 0% PDI.
    - Guarantees issued by Guarantee Funds that manage public resources, have a PDI of 12%.
    - Collateral endorsed securities issued by financial institutions have a PDI of 12%.

2. Collection rights - DC in Spanish: Guarantees that grant the right to collect rents or trade flows related to the debtor's underlying assets related to the underlying assets of the debtor. Represented by:

    - Irrevocable mercantile guarantee trusts.
    - Pledging of income of territorial and decentralized entities of all levels.

3. Commercial and residential real estate: The following guarantees are classified as such:

   - Mortgage trusts.
   - Real estate guarantees.

4. Assets leased under real estate leases: The following leasing contracts are classified in this category:

   - Real estate leasing.
   - Housing leasing.

5. Assets leased other than real estate. The following leasing contracts are classified in this category:

   - Machinery and equipment leasing.
   - Vehicle leasing.
   - Leasing of furniture and fixtures.
   - Leasing ships, trains and airplanes.
   - Leasing of computer equipment.
   - Leasing of livestock.
   - Software leasing.

6. Other suitable collateral: Collateral that are not listed in the preceding paragraphs and the guarantees referred to in Law 1676 of 2013 (Movable Guarantees) are classified in this category.

   - Garments on processed inventories.
   - Input garments - commodities.
   - Garments on equipment and vehicles.
   - Pledge bonds.

Non-suitable collateral: This category includes guarantees (including those that are movable) that do not comply with the characteristics set forth in paragraph d) of number 1.3.2.3.1 of Chapter II of the Basic Accounting and Financial Circular Letter, such as co-debtors, guarantors and collateral by payroll loan.

No collateral: The Bank classifies all unsecured obligations in this category.

Thus, for each debtor a different PDI is obtained according to the type of guarantee, which will be applied to the actual percentage of coverage represented by the guarantee with respect to the obligation.

Since guarantees are an important factor in the calculation of expected losses, the Bank's policies and criteria applicable to them are described below:

Collateral policy

- The Collateral is a legal mechanism used to support the obligations that customers acquire with the Bank.
- When loans are to be granted, the approving agencies make the delivery of the money conditional upon the fulfillment of certain conditions, including the provision of guarantees.
- The guarantees are intended to support and guarantee the collection of the obligation (principal plus interest, commissions and other expenses) in the event of any contingency.

- There are two types of collateral, suitable and unsuitable. Suitable guarantees are defined as those duly perfected securities, which have a value established on the basis of technical and objective criteria, which offer a legally effective support to the payment of the guaranteed obligation, by granting the Bank a preference or better right to obtain payment of the obligation and whose possibility of realization is reasonably adequate.
- Credit operations that have been approved with suitable guarantees cannot be accounted for or disbursed until the guarantee is duly constituted and legally perfected, unless there is express authorization from the approving body.

Collateral should be chosen on the basis of its liquidity, i.e. the ease of realization of the assets involved. The appraisal of collateral should be based on technical appraisals prepared by qualified professionals.

c. The exposed value of the asset

In the commercial and consumer loan portfolio, the value exposed assets is understood to be the current balance of principal, interest receivable and other accounts receivable.

The Bank establishes an additional individual provision on the consumer portfolio, equivalent to the addition to the Procyclical Individual Component of 0.5% of the principal balance of each consumer loan in the reference month, multiplied by the corresponding PDI.

Housing loan portfolio

General provision

Corresponds to at least 1% of the total gross loan portfolio for housing loans.

The Bank maintains at all times provisions of not less than the percentages indicated below of the outstanding balance:

Category	Principal % Guaranteed portion	Principal % Portion Unsecured	Interest and other items
A — Normal	1	1	1
B — Acceptable	3.2	100	100
C — Fair	10	100	100
D — Significant	20	100	100
E — Uncollectible	30	100	100

For the Housing loan portfolio, if the loan remains in category "E" for two consecutive years, the provisioning percentage on the guaranteed portion is increased to 60%. If 1 additional year elapses under these conditions, the provisioning percentage on the guaranteed portion rises to 100%.

Effect of adequate guarantees on the creation of individual provisions

For individual provisioning purposes, the guarantees only back the principal amount of the loans. Consequently, the unamortized balances of loans secured by adequate collateral are provisioned at the appropriate percentage, applying such percentage to:

- In the case of housing loans, in the unsecured portion, the difference between the value of the outstanding balance and 100% of the value of the guarantee. For the guaranteed portion, 100% of the guaranteed debt balance.

- In the case of micro loans, the difference between the value of the outstanding balance and 70% of the value of the guarantee. In these cases, depending on the nature of the guarantee and the time of default of the respective loan, only the percentages of the total value of the guarantee indicated in the following tables are considered for the constitution of provisions:

Non-Mortgage Guarantee	
Delinquency Time	**Hedging Percentage**
From 0 to 12 months	70%
More than 12 months to 24 months	50%
More than 24 months	0%

Mortgage Guarantee or Suitable Mortgage Guarantee Trust	
Delinquency Time	**Hedging Percentage**
From 0 to 18 months	70%
More than 18 months to 24 months	50%
More than 24 months to 30 months	30%
More than 30 months to 36 months	15%
More than 36 months	0%

Alignment rules

The Bank aligns the ratings of its debtors according to the following criteria:

a. Prior to the provisioning and rating standardization process, the Bank performs a monthly internal alignment process for each debtor, for which the loans of the same type granted to the debtor are placed in the highest risk category.

b. In accordance with pertinent legal provisions, the Bank is required to consolidate financial statements and therefore assigns the same rating to loans of the same type granted to the same debtor.

Provision for loan impairment (Note 10): In accordance with the regulations of the Financial Superintendence of Colombia, the Bank regularly reviews its loan portfolio to assess whether an impairment should be recorded against the results of the period following the guidelines established by that Office indicated in note 2.7 above. Management makes judgments in the case of the commercial loan and lease portfolio, in determining its credit risk rating according to its payment capacity evaluated based on financial statements up to 12 months old and the fair value of the guarantees granted indicated in note 2.7 above.

For the rating by risk level of the mortgage and housing loan portfolio, classification is based primarily on the number of delinquency days presented by the customer.

Once the different loan portfolios have been rated by risk level, provisions are calculated using the tables of provision percentages established specifically for each type of loan by the Financial Superintendence of Colombia, also indicated in note 2.7 above, considering the collateral backing the obligations.

Additionally, and also by instructions of the Financial Superintendence of Colombia, the Bank makes a general provision for mortgage and housing loan portfolios of 1% of the total loan portfolio charged to income.

Considering that the provisions for impairment of financial assets for loan portfolio are calculated based on specific percentages established by the Financial Superintendence of Colombia, the Bank's management does not perform sensitivity analysis of changes in those percentages, since that Office is the only one authorized to make such changes.

Bank's management believes that the recorded loan impairment provisions are sufficient to cover potential losses that may materialize in its performing loans portfolio.

2.8 Interbank funds, repo transactions, simultaneous transactions and temporary transfer of securities.

Interbank Funds

Interbank funds are those placed or received by the Bank in or from another financial institution directly, without any investment or loan portfolio transfer agreement. These are transactions related to the corporate purpose that are agreed for a term not exceeding 30 common days, provided that these are intended to take advantage of excesses or to make up for liquidity shortfalls. These also include overnight transactions with foreign banks using the Bank's funds. Interest income generated from the operation is recorded in the statement of income.

Repurchase or repo transactions

A repo transaction occurs when the Bank acquires or transfers securities, in exchange for the delivery of a sum of money, assuming in such act and moment the commitment to transfer or acquire again the ownership of securities of the same species and characteristics, to its "counterparty", on the same day or on a later date and at a determined price.

The initial amount may be calculated at a discount on the market price of the securities involved in the transaction; it may be established that, during the term of the transaction, securities initially delivered may be replaced by others; and restrictions may be placed on the mobility of the securities involved in the transaction.

Yields recorded under this caption are calculated exponentially over the term of the transaction and are recognized in the statement of income.

The transferred securities subject to the repo operation must be recorded in debit or credit contingent accounts, depending on whether it is an open or closed repo operation, respectively.

Simultaneous operations

This occurs when the Bank acquires or transfers securities in exchange for the delivery of a sum of money, assuming in the same act the commitment to transfer or acquire again the ownership of securities of the same kind and characteristics, on the same day or on a later date and for a determined price.

It may not be established that the initial amount be calculated at a discount on the market price of the securities subject to the transaction, nor that, during the term of the transaction, securities initially delivered be substituted for others; nor are there any restrictions on the mobility of the securities subject to the transaction.

This account records the returns earned by the purchaser and paid by the transferor as the cost of the transaction during the term of the transaction.

The difference between the present value (cash delivery) and the future value (final transfer price) constitutes financial income, which is exponentially calculated over the term of the transaction, and is recognized in the statement of income.

Securities transferred under the simultaneous transaction are recorded in debit or credit contingent accounts for asset or liability positions, respectively.

Temporary Securities Transfer Transactions

These are those in which the Bank transfers the ownership of securities, with the agreement to retransfer them on the same date or at a later date. In turn, the counterparty transfers ownership of other securities or a sum of money equal to or greater in value than the securities involved in the transaction.

2.9 Non-current assets held for sale

Assets received in payment of loans, and non-current assets held for sale, where the Bank 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 accounts of the separate statement of financial position according to their nature, such as investments, property and equipment for own use or investment property at cost or fair value, depending on the classification to which the asset applies.

In accordance with the provisions established by the Financial Superintendence of Colombia, assets received in lieu of payment must be provided for, regardless of their accounting classification, in accordance with the instructions set forth in Chapter III of the Basic Accounting and Financial Circular Letter and External Circular Letter 100 of 1995. Therefore, assets received in payment will be provisioned as follows:

Real estate

A provision is made in monthly installments within the year following receipt of the assets, equivalent to 30% of its acquisition cost, and is increased in monthly installments within the second year by an additional 30% until it reaches 60%. Once the legal term for the sale has expired without an extension having been authorized, the provision is increased to 80%, unless authorization for an extension is obtained, in which case the 20% can be constituted within the term of the extension.

When the acquisition cost of the property is lower than the value of the debt recorded in the balance sheet, the difference is recognized immediately in the statement of income.

When the commercial value of the property is lower than the book value of the asset received in payment, a provision is recorded for the difference.

Movable assets

A provision equal to 35% of the acquisition cost of the asset received in payment, is established within the year following receipt of the asset, which is increased in the second year by an additional 35%, until it reaches 70% of the book value of the asset received in payment before provisions.

Once the legal term for the sale has expired and no extension has been authorized, the provision should be 100% of the book value. If an extension is granted, the remaining 30% of the provision may be constituted within the term of the extension.

Notwithstanding the rules for provisions mentioned above, assets received in lieu of payment that correspond to investment securities must be valued by applying the criteria contemplated in Chapter I-I of the Basic Accounting and Financial Circular Letter, considering their classification as marketable investments, available for sale or to be held to maturity.

Provisions made for assets received in payment or assets returned from leasing operations may be reversed when these are sold for cash; if these assets are placed in portfolio or in financial leasing operations, the profits generated as a result of the transfer of the asset to the loan portfolio and financial leasing operations account must be deferred over the term in which the operation was agreed.

Rules regarding the legal term for the sale

Assets received as payment in kind must be sold within one year from the date of purchase; however, these may be recorded as fixed assets when they are necessary for the ordinary course of business and the asset investment limits are complied with.

An extension may be requested before the Financial Superintendence of Colombia for their disposal, which must be submitted in any case prior to the expiration of the established legal term.

The respective request must demonstrate that, despite diligently following the procedures for the disposal, it has not been possible to obtain their sale. In any case, the extension of the term may in no case exceed two years, counted from the date of expiration of the initial legal term, during which time work must also continue to be carried out in order to realize these unproductive assets.

2.10 Assets delivered under lease

Assets leased by the Bank 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 10). 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 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.

2.12 Property and equipment for own use

Property and equipment for own use includes assets, owned or leased, which the Bank holds for current or future use, and which it expects to use for more than one year.

Property and equipment for own use are recorded in the balance sheet at purchase cost, minus 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:

Assets	Years
Buildings	
Foundations - structure and roof	50 to 70
Walls and partitions	20 to 30
Finishes	10 to 20
Office equipment and fittings	**10 to 25**
Furniture and fixtures	**3 to 10**
Vehicles	**5 to 10**
Computer equipment	**3 to 5**
Network and communication equipment	**3 to 5**
Mobilization equipment and machinery	**10 to 25**

The Bank 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 Bank 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 Bank 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 Bank 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.

2.13 Leases

The Bank 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 Bank. 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 Bank'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 Bank. These terms are used to maximize operational flexibility in terms of contract management.

2.14 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 Bank to obtain rents, asset valuation or both, instead of their use for the Bank'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". Real estate assets received as payment in kind (BRDPS in Spanish) and restituted that are classified as investment property, are provisioned in accordance with the provisions established by the Financial Superintendence of Colombia in Chapter III of the Basic Accounting and Financial Circular Letter (External Circular Letter 100 of 1995). This provision indicates that a provision equivalent to 30% of the purchase cost of the BRDP (i.e. the value of the BRDP) must be constituted in monthly installments within the year following the reception of the asset, which must be increased in monthly installments within the second year by an additional 30% until reaching 60% of the purchase cost of the BRDP. Once the legal term for the sale has expired and no extension has been authorized, the provision should be 80% of the purchase cost of the BRDP. If an extension is granted, the remaining 20% of the provision may be constituted within the term of the extension.

When the purchase cost of the property is lower than the value of the debt recorded in the balance sheet, the difference should be recognized immediately in the statement of income.

When the commercial value of the property is lower than the book value of the BRDPS, a provision must be recorded for the difference.

2.15 Intangible assets

a) Capital gains

The capital gains recorded by the Bank in its financial statements, corresponds to a merger carried out by the Bank in previous years with *Banco Unión*, which in accordance with the transition standard established in IFRS 1, the Bank 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 Bank 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 Bank do not reverse impairments previously recorded.

Impairment of assets - Capital gains, Property, Equipment and Intangibles

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 Bank 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 - Capital gains).

b) Other intangibles

The Bank's other intangible assets correspond mainly to computer software, which are initially measured at 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 Bank's management:

a) The project is technically feasible to complete for production, so that it can be used in the operations of the Bank.

b) The Bank's intention is to complete it for use in the development of its business, not to sell it.

c) The Bank has the ability to use the asset.

d) The asset will generate economic benefits for the Bank, that result in the realization of a greater number of transactions with lower costs.

e) The Bank has the necessary resources, both technical and financial, to complete the development of the intangible asset for its use.

f) Disbursements incurred during the development of the project, and which are susceptible to capitalization, are part of the higher value of this asset.

g) 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.

2.16 Financial liabilities

A financial liability is any contractual obligation of the Bank to deliver cash or another financial asset to another entity or person, or to exchange financial assets or liabilities on terms that are potentially unfavorable to the Bank, 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 related to derivative financial instruments are measured at fair value (see note on accounting policies, paragraph 2.6 above).

Financial liabilities are only derecognized from the separate 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).

2.17 Financial liabilities

In accordance with International Accounting Standard IAS 19 "Employee Benefits", all forms of consideration granted by the Bank in exchange for services rendered by employees, are divided into three 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.

b) Post-employment benefits

These are benefits that the Bank pays 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 Bank, 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 Bank, 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 Bank.

The mortality table issued by the Financial Superintendence of Colombia, 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.

c) Other long-term employee benefits

These are all those other than short-term and post-employment employee benefits and severance indemnities. In accordance with the collective bargaining agreements and regulations of the Bank, 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.

d) Termination benefits with employees

These benefits correspond to payments to be made by the Bank, arising from a unilateral decision by the Bank to terminate the contract, or from a decision by the employee to accept a Bank 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 Bank unilaterally decides 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 Bank formally communicates to the employee its decision to terminate the employee's employment.
- When provisions are recognized for restructuring costs for a subsidiary or business of the Bank involving the payment of termination benefits.

2.18 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 Bank, and it is probable that the temporary difference will not reverse in the foreseeable future, as required by IAS 12 paragraph 39.

Generally, the Bank does not 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.

2.19 Provisions

Provisions for decommissioning and legal claims, are recognized when the Bank has 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.

2.20 Revenues

Revenues are measured at the fair value of the consideration received or receivable, and represent amounts receivable for goods delivered, net of discounts, returns and value added tax. The Bank recognizes revenue when the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the entity and when the specific criteria for revenue recognition related to each of the Bank's activities have been met, as described below:

a) Interest

Interest is recorded in the income paid or received in advance account.

Income from yields, financial leases and other items are recognized when incurred, except for interest, price-level restatement, exchange adjustment and other items originated in:

- Commercial loans that are more than 3 months past due.
- Consumer loans when they are more than 2 months in delinquency.
- Housing loans when they are more than 2 months in delinquency.

Therefore, these will not affect the statement of income until they are effectively collected; while they are being collected, the Bank controls and keeps records of such interest.

In those cases in which, as a result of restructuring agreements or any other type of agreement, the capitalization of interest recorded in memorandum accounts or written-off portfolio balances including principal, interest and other items is contemplated; interest arising from restructuring processes will be recorded as a deferred credit to code 290800, and its amortization to the statement of income will be made proportionally to the amounts effectively collected.

b) Commission income

Commissions are recognized as income in the separate income statement as follows:

i. commissions for banking services when the respective services are rendered;
ii. credit card fees are recorded and amortized on a straight-line basis over the life of the product.
iii. commissions incurred in the granting of new loans, are recorded in income together with the costs incurred in their disbursement.

2.21 Net income per share

To determine net income per basic share, the Bank divides net income for the period by the average number of outstanding common shares; during the years ended December 31, 2024 and 2023 there were 155,899,719 shares.

2.22 Going Concern

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

These separate 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.

2.23 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 separate financial statements. The Bank 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.

2.24 Changes in material accounting policies

The material accounting policies applied in these annual separate financial statements, are the same as those applied by *Banco de Occidente S.A.* in the separate financial statements for the year ended December 31, 2023.

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

The preparation of the Separate Financial Statements of the Bank, in conformity with Accounting and Financial Reporting Standards accepted in Colombia (NCIF in Spanish), 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.

Relevant estimates and assumptions are reviewed regularly and are consistent with the Bank's risk management and climate-related commitments where applicable. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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 separate 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:

Provision for loan impairment (Note 10): In accordance with the regulations of the Financial Superintendence of Colombia, the Bank regularly reviews its loan portfolio to assess whether an impairment should be recorded against the results of the period following the guidelines established by that Office indicated in note 2.7 above. Management makes judgments in the case of the commercial loan and lease portfolio, in determining its credit risk rating according to its payment capacity evaluated based on financial statements up to 12 months old and the fair value of the guarantees granted indicated in note 2.7 above.

For the rating by risk level of the mortgage and housing loan portfolio, classification is based primarily on the number of delinquency days presented by the customer.

Once the different loan portfolios have been rated by risk level, provisions are calculated using the tables of provision percentages established specifically for each type of loan by the Financial Superintendence of Colombia, also indicated in note 2.7 above, considering the collateral backing the obligations.

Additionally, and also by instructions of the Financial Superintendence of Colombia, the Bank makes a general provision for mortgage and housing loan portfolios of 1% of the total loan portfolio charged to income.

Considering that the provisions for impairment of financial assets for loan portfolio are calculated based on specific percentages established by the Financial Superintendence of Colombia, the Bank's management does not perform sensitivity analysis of changes in those percentages, since that Office is the only one authorized to make such changes.

Bank's management believes that the recorded loan impairment provisions are sufficient to cover potential losses that may materialize in its performing loans portfolio.

Fair value of financial instruments and derivative instruments (Note 9): Information about the fair values of financial instruments and derivatives that were valued using assumptions that are not based on observable market data is disclosed in note 5.

Determination of the classification of investments (Notes 7 and 8): In accordance with the regulations of the Financial Superintendence of Colombia, the Bank classifies investments as follows:

Financial assets held for trading

The Bank classifies in the marketable portfolio the fixed-income investments that it structures as part of the liquidity management strategy derived from the dynamics of the central financial intermediation vocation. The purpose of this portfolio, is to obtain contractual cash flows in accordance with the yield offered by the issuer, to serve as a back-up to meet possible liquidity requirements, and to serve as a guarantee for the acquisition of passive liquidity operations (Repos) with *Banco de la República*.

The main types of securities that can support this liquidity need may be the following:

- Public Debt TES (TF, UVR, TCO, IPC, among others).
- National investment other than TES.
- Foreign Debt.
- Corporate Debt.
- Private Equity Funds.
- Mutual Investment Funds.

Within the financial assets available for trading are classified, the *Nexus Inmobiliario - Compartimento Inmuebles Occidente* Private Equity Fund with a participation for the Bank of 96.25%, the *Pactia Inmobiliario* Private Equity Fund with a participation of 2.46% managed by Fiduciaria *Bancolombia S.A*., the *Confianza Plus* open without permanence agreement Mutual Fund, and the *Liquidez 1525 Plus* open without permanence agreement Mutual Fund managed by *Fiduciaria Corficolombiana S.A*.; in accordance with Chapter I of the Basic Financial Accounting Circular Letter of the Financial Superintendence of Colombia, which compute in the value at risk in the collective loan portfolio module. The valuation of these investments is made on a daily basis, using the value of the unit delivered by Fiduciaria de Occidente and Fiduciaria Corficolombiana, in accordance with Chapter XI of the Basic Financial Accounting Circular Letter of the Financial Superintendence of Colombia.

Financial assets available for sale

The Bank classifies in the available-for-sale portfolio the fixed-income investments that it structures as part of liquidity management, and that it may sell in the event of sales opportunities in order to provide profitability to the portfolio.

The main types of securities that can support this liquidity need may be the following:

- Public Debt TES (TF, UVR, TCO, IPC, among others)
- National investment other than TES
- Foreign Debt
- Corporate Debt

Investments to be held to maturity

The Bank classifies in the portfolio to be held to maturity, the portfolio comprised in the Agricultural Development Securities (TDA in Spanish) to comply with article 8 of External Resolution 3 of 2000 of *Banco de la República*, and which are made as a mandatory investment. Subordinated debt issued by subsidiaries will also be classified as a portfolio to be held to maturity. As of December 31, 2024, there are no subordinated debt papers outstanding.

Deferred income tax (Note 16): The Bank assesses 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 the realization of the related tax benefits is probable. 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 the circumstances. As a prudent measure for the purpose of determining the realization of deferred taxes, the Bank's financial and tax projections have been made.

As of December 31, 2024, and 2023, the Bank's management estimates that the deferred income tax asset items would be recoverable, based on its estimates of future taxable income.

Capital gains (Note 15): Annually, the Bank management performs an impairment evaluation of the capital gains recorded in its financial statements; such evaluation is performed as of September 30 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.

Valuation of investment properties (Note 14): Investment properties are reported in the balance 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 are sufficient market activities to provide comparable prices for orderly transactions of similar properties when determining the fair value of investment properties, except for assets received in payment, classified as investment properties, which are recorded as described for this type of assets in note 2.14 above.

In the preparation of the Bank'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 (Note 23): The Bank estimates and records an estimate 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.

Pension plan (Note 19): 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 Bank 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 Bank has selected government bonds.

The Bank uses other key assumptions to value actuarial liabilities, which are calculated based on the Bank'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 Bank's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate fair value risk, interest rate cash flow risk and price risk), banking book interest rate risk, credit risk and liquidity risk.) In addition to the above, the Bank is exposed to operational and legal risks.

The Bank has a defined structure for risk management, which is under the leadership of the Vice President of Risk and Collections, who has managers assigned to each specialty, such as: Balance Sheet and Treasury Risk, Credit Risk, Operational Risk, Banking Security and SOX.

The evolution, progress and main milestones of integral risk management are presented at the Integral Risk Committee of the Board of Directors on a quarterly basis.

On the other hand, Money Laundering Risk is under the responsibility of the Compliance Officer, who reports directly to the President's Office and his/her reports are submitted quarterly to the Board of Directors.

Risk management monitoring is carried out by each of the Risk Management Departments under the Risk and Collections 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 Credit 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.

In accordance with the standards established by the Financial Superintendence of Colombia, the Bank's risk management process is framed within the guidelines designed by Senior Management, consistent with the general management and administration guidelines approved by the Board of Directors, considering 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 Bank'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 the Bank's board of directors to make commercial loans.
d. Deep and extensive market knowledge as a result of our leadership and management of the Bank.
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 Bank's risk culture is based on the principles indicated in the preceding paragraph, supported by the following guidelines:

a. The Bank's 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 Bank has detailed action manuals and policies with respect to risk management, the business and risk groups of the Bank hold regular orientation meetings with risk approaches that are in line with the risk culture of the Bank.

d. Boundary plan: The Bank 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 Bank 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 Financial Superintendence of Colombia, the corporate structure applicable at the Bank level for the management of the different risks is composed of the following levels:

- Board of Directors.
- Risk Committee.
- Vicepresidency of Risk and Collections.
- Risk management administrative processes.
- Internal Audit.

Board of Directors

The Bank's Board of Directors is responsible for adopting, among others, the following decisions regarding the proper organization of the Bank's risk management system:

- 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 Bank's management 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.

Risk Committees

In addition to the Integral Risk Committee of the Board of Directors, the Bank has, among others, financial risk committees for credit and treasury, which periodically discuss, measure, control and analyze the management of the Bank's Credit Risk Management System - SARC and for treasury - SARM. Likewise, there is a technical committee for assets and liabilities, or analysis by the Board of Directors, to make decisions regarding asset and liability and liquidity management through the Liquidity Risk Management System -SARL; the analysis and follow-up of the Operational Risk Management and Business Continuity System - SARO-PCN is carried out by the Board of Directors' Risk Committee - SIAR. Legal risks are monitored for compliance by the Legal Vice-Presidency.

The functions of these committees include, among others, the following:

1. Propose to the Board of Directors of the Bank, 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 Bank 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 Bank.
- 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 Risks Committee (Corporate Banking Credit Risk, Retail Banking Credit Risk 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 Bank'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 (ALCO)**

The Assets and Liabilities Committee (ALCO in Spanish) 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 to report to Senior Management on its results.

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 policy for generating and submitting reports on the Internal Control System (ICS), the information security policy, the internal audit statute 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 (ICS), 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 (ICS), serves as a communication channel between Senior Management and the Board of Directors, maintaining continuous communication with the Internal Audit.
- 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.

Vicepresidency of Risk and Collections

The Vicepresidency 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 its business models, the Bank 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 Bank's internal audit is independent from management, they report directly to the audit committee and in the performance of their duties, they periodically perform risk-based evaluations on the management and mitigation of risks associated with the policies and procedures approved by the Board of Directors, to give their opinion on the effectiveness of the controls; their reports are submitted directly to the audit committee, which is responsible for following up and giving its opinion to the Bank's management on the corrective measures taken, their implementation and improvements to the entity's internal control system.

Individual analysis of the different risks

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.

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 in 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	Ps.	7,561	Ps.	-

4.1 Market risks

Market risk of financial assets in fixed-income debt securities and interest rate derivatives:

Market risk of financial assets in fixed-income debt securities arises as a consequence of the Bank managing a portfolio of these securities classified as tradable securities. Risk arises as a consequence of increases in market interest rates and unfavorable changes in credit risks associated with the issuer of the financial instrument.

As indicated in Note 3 above, the fixed-income investment portfolio is structured as part of the liquidity management strategy derived from the dynamics of the central financial intermediation vocation. This portfolio is formed with the purpose of obtaining the contractual flows according to the yield offered by the issuer and maximizing the Bank's income.

In addition, the Bank has a portfolio of fixed income investments classified as available-for-sale, that can be liquidated upon market opportunities in order to provide profitability to the portfolio.

In order to reduce the market risk of this portfolio, the Bank participates in interest rate derivative transactions that minimize adverse variations in market risk through the offsetting of positions. It also participates in interest rate derivative transactions with clients in a financial intermediation process, in which it simultaneously enters into another derivative of opposite position in the financial market to close the position. As a general guideline, the Bank has an average ALM portfolio maturity restriction of no more than 48 months, a capacity to operate exclusively at fixed rates against the IBR (Bank Reference Indicator) and DTF (Fixed Term Deposit) indicators, which are the most traded in the Colombian economy, a maximum level of losses (daily and monthly stop loss) and a reasonable VaR reported daily by Balance Sheet and Treasury Risk, and presented to the Finance Committee on a biweekly basis. With these limits, it is possible to control exposures and reduce negative events to levels acceptable to senior management, and to perform according to the expectations of the different products that help the entity to deepen and diversify the range of products offered.

In accordance with the regulations established by the Financial Superintendence of Colombia, the market risk management process of the Bank's investment portfolio is framed within the guidelines designed by Senior Management, consistent with the general management and administration guidelines approved by the Board of Directors.

The Bank has a Treasury Financial Risk Committee that meets periodically to discuss, measure, control and analyze market and liquidity risk management. In addition, the Company has Finance, ALCO, Ethical Audit and Integral Risk Committees with the full Board of Directors, which complement the Corporate Governance management of these risks.

The Bank'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.

The risks assumed in the execution of operations, are consistent with the Bank's general business strategy and 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 solvency level, as well as the balance sheet structure.

These limits are monitored daily, and reported quarterly to the Board of Directors through the Comprehensive Risk Committee. On a quarterly basis, consolidated risk management results are presented in this report.

Thus, analysis and follow-up of the different risks incurred by the Bank 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.

In addition, in order to minimize the interest rate and exchange rate risks of some of its balance sheet items, the Bank implements offsetting strategies in speculative derivatives, by taking positions in instruments such as Forwards, Futures and Swaps.

As a complement to the analysis of the Treasury management results, a daily and consolidated results calculation is performed to present the accounting results from a financial point of view, segmented by each of the products and businesses currently in place, which brings a greater understanding as a benefit, and sensitivity to the management performed by the Treasury, as well as the impact on the results given the market movements.

The Bank uses the standard model for the measurement, control and management of market risk for interest rates, exchange rates, share prices and collective portfolios in the Treasury and Banking books, in accordance with the requirements of the Financial Superintendence of Colombia contained in Chapter XXXI of the Basic Accounting and Financial Circular Letter, and in particular Annex 6 of said chapter. These measurements are performed on a daily basis for each of the Bank's risk exposures.

Likewise, the Bank also has parametric internal management models based on the Value at Risk (VaR) methodology, which allow it to complement market risk management based on the identification and analysis of variations in risk factors (interest rates, exchange rates) 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 the VaR methodology allows estimating profits and capital at risk, facilitating the allocation of resources to the different business units, as well as comparing activities in different markets and identifying the positions that have a greater contribution to the risk of the Treasury's businesses. Similarly, VaR is used to determine limits on 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 backtesting to determine their effectiveness. In addition, the Bank has tools for stress testing and/or portfolio sensitization under the simulation of extreme scenarios.

Additionally, limits have been established for each of the products that make up the different portfolios, which are segmented into local and foreign currencies. Likewise, the Bank 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 managed on a daily basis by the Bank's Balance Sheet and Treasury Risk Management.

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.

The Bank 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 16.8 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**	**Basic points of technical capital**	**Amount**	**Basic points of technical capital**
Banco de Occidente S.A.	$	339,369	110	184,778	59

The VaR indicators of transmission to the Financial Superintendence of Colombia presented by the Bank during the years ended December 31, 2024 and 2023 are summarized below:

		December 31, 2024				
Risk Factor		**Minimum**	**Average**	**Maximum**		**Last**
Interest rate	$	229,072	284,294	337,960		337,960
Exchange rate		982	3,136	8,880		1,389
Collective Portfolios		-	8	20		20
VaR Total					**$**	**339,369**

		December 31, 2023				
Risk Factor		**Minimum**	**Average**	**Maximum**		**Last**
Interest rate	$	142,108	172,027	218,908		184,195
Exchange rate		583	3,510	11,742		583
Collective Portfolios		-	12,711	76,982		-
VaR Total					**$**	**184,778**

As a consequence of the performance of the VaR, the Bank's market risk-weighted assets remained on average around 6.80% of total risk-weighted assets during the year ended December 31, 2024 and 5.06% in the year ended December 31, 2023.

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

Classification		December 31, 2024				
		Portfolio Value	25 PB	50 PB	75 PB	100 PB
Tradable	$	8,286,265	(70,671)	(140,162)	(208,470)	(275,668)
Available for sale		3,921,441	(30,871)	(61,276)	(91,222)	(120,739)
At maturity		2,133,953	(2,416)	(4,832)	(7,248)	(9,664)
Total	**$**	**14,341,659**	**(103,958)**	**(206,270)**	**(306,940)**	**(406,071)**

Classification		December 31, 2023				
		Portfolio Value	25 PB	50 PB	75 PB	100 PB
Tradable	$	3,412,828	(32,432)	(64,240)	(95,429)	(126,047)
Available for sale		3,101,333	(16,519)	(32,815)	(48,886)	(64,757)
At maturity		2,033,746	(2,250)	(4,500)	(6,750)	(9,000)
Total	**$**	**8,547,907**	**(51,201)**	**(101,555)**	**(151,065)**	**(199,804)**

As part of the monitoring work, daily control of local and foreign currency negotiations is carried out in accordance with the policies and limits approved by the Board of Directors, which are aligned with the entity's risk profile. In addition, treasury transactions are reviewed to ensure that they are at market prices.

Likewise, there is a business rhythm monitoring of the trading positions in local currency carried out by the treasury, which allows to know the results of the position of this portfolio and its evolution against the value at risk and stop authorized levels.

Regarding related and linked parties, Balance Sheet and Treasury Risk reports quarterly to the Board of Directors and weekly to Senior Management, given the details of these, indicating the type of operation and amount. As with all other transactions, these are subject to market price reviews.

Regarding the follow-up of verifiable means, on a daily basis and through a process of random sampling and follow-up by Trader, calls, emails and chats are monitored, where, in addition to the market conditions of the negotiations, the conduct of the treasury officers and other aspects of good market practices are evaluated.

Finally, and as a complement to the control processes mentioned above, the administration and management of the users of the Master Trader, SEN, SETFX and XSTREAM transactional systems and PWP and FINAC non-transactional systems is centralized, in Balance Sheet and Treasury Risk, through the review of roles and profiles and their respective certifications by the immediate supervisors.

Price risk of investments in equity instruments

The Bank classifies its variable income investments in equity securities where it has no control or significant influence, in the category of available for sale, when its fundamental objective is not to obtain profits from fluctuations in its 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, nor does it expect to use it as collateral in passive operations, as their purpose is strategic, coordinated directly with the Bank.

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 Bank's investment policy (e.g., the credit rating of the asset falls below that required by the Bank's investment policy).
- When significant adjustments to the maturity structure of assets are required to meet unexpected changes in the maturity structure of the Bank's liabilities.

- When the Bank 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 *Banco de Occidente*'s parent company.
- To address unusual credit disbursement requirements or needs.

In addition, the Bank has exposure to price risk on properties classified as investment properties, which are recorded at fair value, but whose purpose is to obtain rental income through leasing. The Bank annually updates the fair value of these assets based on appraisals performed by independent appraisers.

Risk of changes in foreign currency exchange rate

The Bank 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 assets and liabilities recognized in loans portfolio, financial obligations, investments in subsidiaries and branches abroad and future commercial transactions.

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 Bank 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 maximum or minimum amount of daily own position and of own foreign currency position in cash, must be established based on the Bank's technical capital on the last day of the second previous calendar month, converted at the exchange rate established by the Financial Superintendence of Colombia at the end of the immediately preceding month.

At December 31, 2024 and 2023, foreign currency exchange rates were as follows in relation to the Colombian peso:

Currency type		**December 31, 2024**	**December 31, 2023**
U.S. Dollars (USD/COP)	$		
At closing		4,409.15	3,822.05
Average for the year		4,074.44	4,325.96
Euros (EUR/COP)			
At closing		4,603.77	4,247.75
Average for the year	**$**	4,408.34	4,677.78

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

The following is a breakdown of the foreign currency assets and liabilities expressed in millions of Colombian pesos held by the Bank as of December 31, 2024, and 2023.

		U.S. dollars (million)	Other currencies expressed in U.S. Dollars (million)	Total Colombian pesos (million)
Assets				
Cash and cash equivalents	$	255.58	4.14	1,145,119
Investment financial assets and trading derivatives		5,888.09	(133.00)	25,375,092
Financial assets available for sale		13.42	0.98	63,486
Commercial portfolio and commercial leasing		797.78	2.00	3,526,349
Repos and interbank and other		0.54	0.16	3,079
Consumer portfolio and consumer leasing		14.20	-	62,609
Other accounts receivable, net		26.72	-	117,816
Investments in subsidiaries, associated companies and joint ventures		114.47	-	504,716
Total assets		**7,110.79**	**(125.71)**	**30,798,266**
Liabilities				
Derivative trading instruments		(5,991.35)	134.34	(25,824,420)
Customer deposits		(17.53)	(0.78)	(80,764)
Financial Obligations		(1,098.29)	(5.40)	(4,866,346)
Other accounts payable		(8.63)	(0.01)	(38,088)
Total liabilities		**(7,115.79)**	**128.14**	**(30,809,618)**
Net asset (liability) position	**$**	**14,226.59**	**(253.85)**	**61,607,884**

December 31, 2023

		U.S. dollars (million)	Other currencies expressed in U.S. Dollars (million)	Total Colombian pesos (million)
Assets				
Cash and cash equivalents	$	98.61	2.95	388,177
Investment financial assets and trading derivatives		(3,514.80)	7.59	(13,404,744)
Financial assets available for sale		12.02	1.25	50,718
Commercial portfolio and commercial leasing		716.07	1.52	2,742,676
Repos and interbank and other		0.24	0.12	1,365
Consumer portfolio and consumer leasing		13.19	-	50,415
Other accounts receivable, net		4.86	(0.00)	18,575
Investments in subsidiaries, associated companies and joint ventures		96.22	-	367,748
Total assets		**(2,573.59)**	**13.43**	**(9,785,070)**
Liabilities				
Derivative trading instruments		3,421.95	(7.65)	13,049,603
Customer deposits		(14.62)	(1.75)	(62,545)
Financial Obligations		(727.47)	(2.48)	(2,789,936)
Other accounts payable		(97.34)	(0.16)	(372,672)
Total liabilities		**2,582.52**	**(12.05)**	**9,824,450**
Net asset (liability) position	**$**	**(5,156.11)**	**25.48**	**(19,609,520)**

The Bank'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 Bank are required to economically hedge their exchange rate exposure by using derivative transactions, especially forward contracts.

The net position in foreign currency is monitored daily by the treasury division, which is responsible for closing positions and adjusting them to the established tolerance levels.

The Bank has several investments in foreign subsidiaries and branches, the net assets of which are exposed to translation risk in its financial statements for consolidation purposes.

The exposure arising from net assets in foreign operations is mainly hedged by foreign currency obligations.

The estimated effect of the increase of each 0.10/US$1 with respect to the exchange rate at December 31, 2024 would be an increase of $1,651 in assets, $1,527 in liabilities and $11 in income ($1,675, $1,540 and $11, respectively, in nominal values at December 31, 2023).

4.2 Interest rate risk

Interest rate risk in the banking book is defined as "current or prospective risk to capital and earnings of the entity, 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 Bank 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 Bank 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 Bank (for example, prepayments). Interest margins can increase or decrease as a result of changes in interest rates, which can have an impact on the Bank's results; however, the Bank has mechanisms such as hedges through derivative instruments, to address the risks associated with interest rates in the banking book.

The Bank 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 Bank calculates two indicators, the ∆VEP delta (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 delta (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 delta 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 delta 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 Bank 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 Bank 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 Bank 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 Bank (for a three-month period) has a probability of loss of $98,247 billion 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 maturity structure of interest rate changes of assets and liabilities (repricing) as of December 31, 2024 and 2023 is detailed 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	$ 3,771,300	-	-	-	-	3,771,300
Investments in debt securities at fair value VRPYG	-	53,632	109,032	8,123,601	-	8,286,265
Investments in debt securities at fair value VRORI	25,795	203,227	10,238	3,682,181	-	3,921,441
Investments in debt securities at amortized cost	232,744	1,066,449	834,760	-	-	2,133,953
Commercial portfolio and commercial leasing	2,732,723	6,671,127	2,501,478	21,701,795	-	33,607,123
Consumer portfolio and consumer leasing	131,353	103,922	170,905	12,644,422	-	13,050,602
Mortgage portfolio and Mortgage Leasing	1,721	650	(3,824)	3,067,195	-	3,065,742
Repos and Interbank	-	-	278,314	-	-	278,314
Other accounts receivable	-	-	-	-	576,292	576,292
Total Assets	$ 6,895,636	8,099,007	3,900,903	49,219,194	576,292	68,691,032

Liabilities	Less than one month	One to six months	Six to twelve months	More than one year	No Interest	Total
Current Accounts	$ 101,418	-	-	-	6,625,187	6,726,605
Term deposit certificates	895,625	10,172,003	2,284,755	175,758	-	13,528,141
Savings Accounts	27,861,496	-	-	-	-	27,861,496
Other Deposits	-	-	-	-	65,375	65,375
Interbank Funds	8,636,674	-	-	-	-	8,636,674
Lease agreements	-	-	-	371,906	-	371,906
Loans from banks and similar institutions	601,852	2,805,532	221,715	442,435	-	4,071,534
Notes 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	**$ 38,153,002**	**15,613,999**	**2,528,514**	**2,008,033**	**6,690,562**	**64,994,110**

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	$ 4,369,578	-	-	-	-	4,369,578
Investments in debt securities at fair value VRPYG	10,351	87,598	103,208	3,211,671	-	3,412,828
Investments in debt securities at fair value VRORI	-	167,321	869,036	2,064,976	-	3,101,333
Investments in debt securities at amortized cost	146,056	1,100,153	787,537	-	-	2,033,746
Commercial portfolio and commercial leasing	2,520,882	6,356,262	3,509,485	18,896,234	-	31,282,863
Consumer portfolio and consumer leasing	111,994	85,910	156,141	11,984,642	-	12,338,687
Mortgage portfolio and Mortgage Leasing	25,806	1,186	669	2,558,810	-	2,586,471
Repos and Interbank	22,458	-	-	-	-	22,458
Other accounts receivable	-	-	-	-	490,802	490,802
Total Assets	**$ 7,207,125**	**7,798,430**	**5,426,076**	**38,716,333**	**490,802**	**59,638,766**

Liabilities	Less than one month	One to six months	Six to twelve months	More than one year	No Interest	Total
Current Accounts	$ 55,735	-	-	-	6,477,985	6,533,720
Term deposit certificates	2,170,336	10,753,084	1,438,559	320,765	-	14,682,744
Savings Accounts	23,694,340	-	-	-	-	23,694,340
Other Deposits	-	-	-	-	62,846	62,846
Interbank Funds	3,680,934	722,177	-	-	-	4,403,111
Lease agreements	-	-	-	377,590	-	377,590
Loans from banks and similar institutions	352,049	1,723,461	317,422	383,789	-	2,776,721
Notes and investment securities	37,835	2,133,510	-	-	-	2,171,345
Obligations with rediscount entities	39,263	67,153	36,329	945,444	-	1,088,189
Total Liabilities	**$ 30,030,492**	**15,399,385**	**1,792,310**	**2,027,588**	**6,540,831**	**55,790,606**

The following table details the interest rate type of debt financial instruments 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	$ -	-	-	-	3,771,300	3,771,300
Investments in debt securities at fair value VRPYG	-	162,664	-	8,123,601	-	8,286,265
Investments in debt securities at fair value VRORI	10,020	229,240	53,345	3,628,836	-	3,921,441
Investments in debt securities at amortized cost	1,450,324	683,629	-	-	-	2,133,953
Commercial portfolio and commercial leasing	7,733,786	4,171,542	18,487,328	3,214,467	-	33,607,123
Consumer portfolio and consumer leasing	77,191	328,989	1,216,101	11,428,321	-	13,050,602
Mortgage portfolio and Mortgage Leasing	1,145	(2,598)	273,717	2,793,478	-	3,065,742
Repos and Interbank		278,314				278,314
Other accounts receivable	-	-	-	-	576,292	576,292
Total	**$ 9,272,466**	**5,851,780**	**20,030,491**	**29,188,703**	**4,347,592**	**68,691,032**

	Less than one year		More than one year			
Liabilities	**Variable**	**Fixed**	**Variable**	**Fixed**	**No interest**	**Total**
Current Accounts	$ -	101,418	-	-	6,625,187	6,726,605
Term deposit certificates	722,417	10,924,470	503,522	1,377,732	-	13,528,141
Savings Accounts	1,439,017	26,422,479	-	-	-	27,861,496
Other Deposits	-	-	-	-	65,375	65,375
Interbank Funds	-	8,636,674	-	-	-	8,636,674
Lease agreements	-	-	-	371,906	-	371,906
Loans from banks and similar institutions	2,925,108	703,991	442,435	-	-	4,071,534
Notes 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	**$ 5,563,341**	**46,862,218**	**2,372,116**	**3,505,873**	**6,690,562**	**64,994,110**

	December 31, 2023					
	Less than one year		More than one year			
Assets	Variable	Fixed	Variable	Fixed	No interest	Total
Cash and cash equivalents	$ -	-	-	-	4,369,578	4,369,578
Investments in debt securities at fair value VRPYG	36,315	164,842	-	3,211,671	-	3,412,828
Investments in debt securities at fair value VRORI	105,750	930,607	9,843	2,055,133	-	3,101,333
Investments in debt securities at amortized cost	1,346,581	687,165	-	-	-	2,033,746
Other financial assets in concession contracts						-
Commercial portfolio and commercial leasing	8,118,419	4,268,210	16,873,642	2,022,592	-	31,282,863
Consumer portfolio and consumer leasing	63,577	290,468	1,997,790	9,986,852	-	12,338,687
Mortgage portfolio and Mortgage Leasing	3,530	24,131	183,445	2,375,365	-	2,586,471
Repos and Interbank	-	22,458	-	-	-	22,458
Other accounts receivable	-	-	-	-	490,802	490,802
Total	**$ 9,674,172**	**6,387,881**	**19,064,720**	**19,651,613**	**4,860,380**	**59,638,766**

	Less than one year		More than one year			
Liabilities	Variable	Fixed	Variable	Fixed	No interest	Total
Current Accounts	$ -	55,735	-	-	6,477,985	6,533,720
Term deposit certificates	2,194,887	9,394,851	765,405	2,327,601	-	14,682,744
Savings Accounts	645,184	23,049,156	-	-	-	23,694,340
Other Deposits	-	-	-	-	62,846	62,846
Interbank Funds	-	4,403,111	-	-	-	4,403,111
Lease agreements	-	-	-	377,590	-	377,590
Loans from banks and similar institutions	1,914,359	478,571	383,791	-	-	2,776,721
Notes 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	**$ 4,959,780**	**37,634,144**	**3,029,098**	**3,626,753**	**6,540,831**	**55,790,606**

4.3 Liquidity risk

Liquidity risk is related to the Bank's inability to meet its obligations to customers and counterparties in the financial market at any time, in any currency and place, for which the Bank reviews its available resources on a daily basis.

The Bank 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 Bank weekly calculates the Liquidity Risk Indicators (LRI) for terms of 7, 15, 30 and 90 days, as established in the standard model of the Colombian Financial Superintendence.

Additionally, the Bank measures the stability of its funding, on a monthly basis, in relation to the composition of its assets and off-balance sheet positions, over a one-year horizon through the net stable funding ratio - CFEN, as established in the standard model of the Financial Superintendence of Colombia.

As part of the liquidity risk analysis, the Bank 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 Bank's measurement of liquidity; based on the requirement of the bi-weekly reserve requirement, the primary and secondary sources of liquidity are determined in order to diversify the providers of funds, with the aim of guaranteeing the stability and sufficiency of resources and minimizing the concentration of sources.

Once the sources of resources are established, they will support the need for funds, according to the demand and need for placement, considering 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 Bank, and to be able to make strategic decisions as the case may be. In this sense, the Bank has liquidity early 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 Finance Committee, the Steering Committee, the Treasury Financial Risk Committee, the ALCO Committee and the Comprehensive Risk Committee with the full Board of Directors, the Bank's management is aware of the institution's liquidity situation, and makes the necessary decisions considering the high-quality liquid assets that must be maintained, the tolerance in the management of liquidity or minimum liquidity, the strategies for granting loans and raising funds, the policies on the investment of surplus liquidity, changes in the characteristics of existing products as well as new products, the diversification of funding sources to avoid the concentration of deposits in few investors or savers, hedging strategies, the Bank's results and changes in the balance sheet structure. To control the liquidity risk between assets and liabilities, the Bank 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, banks in Colombia 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 Bank 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.

	December 31, 2024	**December 31, 2023**
Item	**Required**	**Required**
Deposit due on demand and before 30 days	7%	8%
Deposit of official institutions	7%	8%
Deposit of callable deposits after 30 days	7%	8%
Ordinary savings deposit	7%	8%
Term savings deposit	7%	8%
Commitments to repurchase negotiated investments	7%	8%
Other non-deposit accounts	7%	8%
Term deposit certificates		
With a term of less than 540 days	2.5%	3.5%
With a term equal to or greater than 540 days	0%	0%

The following is a summary of the Bank's projected available liquid assets over a 90-day period as of December 31, 2024, and 2023, in accordance with the provisions established for this purpose by the Financial Superintendence of Colombia:

Description	Balance as of December 31, 2024	From 1 to 7 days	From 8 to 15 days	From 16 to 30 days	Total Days 1 to 30	From 31 to 90 days
ASSETS						
Liquid assets [1]						
Cash and deposits in banks	$ 3,121,398	-	-	-	-	-
Money market operations	-	535,284	52,859	82,967	671,111	-
Tradable investments in debt securities	4,297,310	7,409	5,888	16,685	29,982	276,464
Tradable investments in equity securities	30,052	-	-	-	-	9,740
Investments to be held to maturity	71,885	-	-	6,541	6,541	-
Other liabilities and creditor contingencies	165,521	-	-	-	-	-
Subtotal	**7,686,166**	**542,693**	**58,747**	**106,193**	**707,634**	**286,204**
Active contractual maturities						
Investment Transfer Rights	-	8,317,367	26,317	-	8,343,684	-
Loan portfolio	-	541,292	599,483	1,472,995	2,613,769	4,132,529
Derivative financial instruments	-	79,000	111,614	44,571	235,185	70,771
Other	-	190,064	95,571	179,196	464,832	2,142,641
Income Flow with Contractual Maturities of Assets and Off-Balance Sheet Positions - FIVC	-	**9,670,416**	**891,732**	**1,802,955**	**12,365,104**	**6,632,145**
Contractual maturities liabilities						
Money market operations	-	8,143,499	26,141	-	8,169,639	-
Term Certificates of Deposits - CDTs and CDATs	-	269,449	659,822	892,913	1,822,183	4,540,096
Derivative financial instruments	-	17,357	85,690	95,199	198,247	107,841
Financial obligations	-	139,265	281,604	380,723	801,592	1,101,869
Other liabilities	-	644,384	161,685	286,235	1,092,304	683,379
Expenses Cash Flow with Contractual Maturities of liabilities and off-balance sheet positions - FEVC	-	**9,213,954**	**1,214,942**	**1,655,070**	**12,083,966**	**6,433,185**
Net (estimated) Cash Flow from Non-Contractual Maturities - FNVNC	**34,993,518**	**1,417,163**	**1,619,615**	**3,036,778**	**6,073,555**	**12,147,111**
Net Cash Flow	-	**(977,040)**	**(1,958,605)**	**(2,936,422)**	**(5,872,068)**	**(12,302,542)**
Estimated Net Liquidity Requirement - RLN [2]	$ -	**2,657,779**	**1,958,605**	**2,936,422**	**5,872,068**	**12,302,542**
IRL Partial	-	**5,028,387**	**3,069,781**	**133,359**	**1,814,098**	**(10,488,445)**
IRL Partial	-	**289.20%**	**166.50%**	**101.80%**	**130.90%**	**42.30%**

December 31, 2023

Description	Balance as of December 31, 2023	From 1 to 7 days	From 8 to 15 days	From 16 to 30 days	Total Days 1 to 30	From 31 to 90 days
ASSETS						
Liquid Assets [1]						
Cash and deposits in banks	$ 3,827,971	-	-	-	-	-
Money market operations	-	443,505	26,298	-	469,803	-
Tradable investments in debt securities	3,321,967	767	1,221	17,793	19,781	129,089
Investments to be held to maturity	198,713	-	-	505	505	-
Other liabilities and creditor contingencies	19,023	-	-	-	-	-
Subtotal	**7,367,674**	**444,272**	**27,519**	**18,298**	**490,089**	**129,089**
Active contractual maturities						
Investment Transfer Rights	-	3,176,852	35,099	10,429	3,222,379	816,883
Loan portfolio	-	566,439	601,542	1,254,617	2,422,597	3,981,897
Derivative financial instruments	-	112,126	139,194	209,707	461,028	340,560
Other	-	63,118	65,408	122,639	251,164	2,236,474
Income Flow with Contractual Maturities of Assets and Off-Balance Sheet Positions - FIVC	-	**4,362,807**	**868,762**	**1,615,690**	**6,847,257**	**7,504,903**
Contractual maturities liabilities						
Money market operations	-	3,179,864	35,245	10,555	3,225,664	731,873
Term Certificates of Deposit - CDT's and CDAT's	-	714,933	395,781	736,159	1,846,873	3,784,312
Derivative financial instruments	-	82,198	45,790	223,595	351,584	310,703
Financial obligations	-	3,809	171,778	204,747	380,334	822,195
Other liabilities	-	877,586	118,457	173,223	1,169,266	1,064,546
Expenses Cash Flow with Contractual Maturities of liabilities and off-balance sheet positions - FEVC	-	**4,858,390**	**767,051**	**1,348,279**	**6,973,720**	**6,713,629**
Net (estimated) Cash Flow from Non-Contractual Maturities - FNVNC	**30,704,225**	**1,249,750**	**1,428,286**	**2,678,036**	**5,356,073**	**10,712,145**
Net Cash Flow	-	**(1,757,430)**	**(1,339,827)**	**(2,454,017)**	**(5,551,274)**	**(10,129,597)**
Estimated Net Liquidity Requirement - RLN [2]	$	**1,757,430**	**1,339,827**	**2,454,017**	**5,551,274**	**10,129,597**
IRL Partial	-	**5,610,245**	**4,270,418**	**1,816,402**	**1,816,402**	**(8,313,196)**
IRL Partial	-	**419.20%**	**237.90%**	**132.70%**	**132.70%**	**47.00%**

(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 in hand and at banks, securities or coupons transferred to the entity in the course of active money market operations carried out by it and which have not been subsequently used in passive money market operations, investments in debt securities at fair value, investments in open-ended collective portfolios without a lock-in agreement and investments at amortized cost, provided that in the latter case they are compulsory or mandatory investments subscribed in the primary market and that it is permitted to carry out money market operations 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 (Fair value).

(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 off-balance sheet positions in time bands of 1 to 90 days.

The following is the result of the net stable funding ratio (CFEN in Spanish) of the Bank 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)	Required Stable Funding (FER in Spanish)	Net Stable Funding Ratio (CFEN in Spanish)
Banco de Occidente	39,337,640	37,245,588	105.62

December 31, 2023

Entity	Available Stable Funding (FED in Spanish)	Required Stable Funding (FER in Spanish)	Net Stable Funding Ratio (CFEN in Spanish)
Banco de Occidente	36,944,157	33,973,159	108.75

The Bank has performed a 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	Non-sensitive	Total
Cash and cash equivalents	$	3,771,300	-	-	-	-	3,771,300
Investments in debt securities at fair value VRPYG		1,052	243,101	190,088	5,268,184	-	5,702,425
Investments in debt securities at fair value VRORI		28,146	236,556	55,362	1,543,492	-	1,863,556
Investments in debt securities at amortized cost		6,541	1,264	73,079	-	-	80,884
Commercial portfolio and commercial leasing		2,732,723	6,671,127	2,501,478	21,701,795	-	33,607,123
Consumer portfolio and consumer leasing		131,353	103,922	170,904	12,644,422	-	13,050,601
Mortgage portfolio and Mortgage Leasing		1,721	650	(3,824)	3,067,195	-	3,065,742
Repos and Interbank		-	-	278,314	-	-	278,314
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		-	-	-	-	576,292	576,292
Other assets		-	-	-	-	20,451	20,451
Total Assets	**$**	**6,904,687**	**7,379,897**	**3,309,244**	**44,373,724**	**596,743**	**62,564,295**

Liabilities		Less than one month	One to six months	Six to twelve months	More than one year	Non-sensitive	Total
Current Accounts	$	101,418	-	-	-	6,625,187	6,726,605
Term deposit certificates		2,232,618	6,924,701	3,740,105	1,970,611	-	14,868,035
Savings Accounts		27,861,496	-	-	-	-	27,861,496
Other Deposits		-	-	-	-	65,375	65,375
Interbank Funds		8,636,674	-	-	-	-	8,636,674
Lease agreements		8,950	43,430	51,088	367,066	-	470,533
Loans from banks and others		585,176	2,762,489	219,779	445,709	-	4,013,153
Bonds and Investment Securities		279,448	-	273,200	2,365,343	-	2,917,991
Obligations with rediscount entities		584	23,262	21,709	1,016,745	-	1,062,300
Derivative trading instruments		198,883	173,673	68,063	138,873	-	579,492
Other accounts payable		-	-	-	-	1,195,591	1,195,591
Total liabilities	**$**	**39,905,247**	**9,927,555**	**4,373,944**	**6,304,347**	**7,886,153**	**68,397,245**

Loan commitments		Less than one month	One to six months	Six to twelve months	More than one year	Non-sensitive	Total
Guarantees	$	-	532	921	60,597	-	62,050
Unused letters of credit		22	451	53	793	-	1,319
Unused credit card limits		5,920,745	-	-	-	-	5,920,745
Approved loans not disbursed		3,000	-	-	-	-	3,000
Total liabilities	**$**	**5,923,767**	**983**	**974**	**61,390**	**-**	**5,987,114**

December 31, 2023							
Assets		**Less than one month**	**One to six months**	**Six to twelve months**	**More than one year**	**Non-sensitive**	**Total**
Cash and cash equivalents	$	4,369,578	-	-	-	-	4,369,578
Investments in debt securities at fair value VRPYG		11,504	161,729	217,736	3,823,628	-	4,214,597
Investments in debt securities at fair value VRORI		7,160	199,760	304,935	694,463	-	1,206,318
Investments in debt securities at amortized cost		505	208,767	20,427	-	-	229,699
Commercial portfolio and commercial leasing		2,520,882	6,356,262	3,509,485	18,896,234	-	31,282,863
Consumer portfolio and consumer leasing		111,994	85,910	156,141	11,984,642	-	12,338,687
Mortgage portfolio and Mortgage Leasing		25,806	1,186	669	2,558,810	-	2,586,471
Repos and Interbank		22,458	-	-	-		22,458
Derivative trading instruments		477,364	552,332	97,447	105,797	-	1,232,940
Other accounts receivable		-	-	-	-	490,802	490,802
Other assets		-	-	-	-	5,108	5,108
Total Assets	**$**	**7,547,251**	**7,565,946**	**4,306,840**	**38,063,574**	**495,910**	**57,979,521**
Liabilities		**Less than one month**	**One to six months**	**Six to twelve months**	**More than one year**	**Non-sensitive**	**Total**
Current Accounts	$	55,735	-	-	-	6,477,985	6,533,720
Term deposit certificates		2,230,498	5,968,744	3,460,116	3,023,386	-	14,682,744
Savings Accounts		23,694,340	-	-	-	-	23,694,340
Other Deposits		-	-	-	-	62,846	62,846
Interbank Funds		3,687,655	745,578	-	-	-	4,433,233
Lease agreements		8,191	40,514	45,893	381,611	-	476,209
Loans from banks and others		354,742	1,791,574	352,597	1,709,774	-	4,208,687
Bonds and Investment Securities		37,835	158,490	119,000	1,856,020	-	2,171,345
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		-	-	-	-	1,712,569	1,712,569
Total liabilities	**$**	**30,489,369**	**9,223,390**	**4,100,569**	**14,790,171**	**8,253,400**	**66,856,899**
Loan commitments		**Less than one month**	**One to six months**	**Six to twelve months**	**More than one year**	**Non-sensitive**	**Total**
Guarantees	$	8,010	80,012	30,320	497,844	-	616,186
Unused letters of credit		9,524	89,801	925	39,000	-	139,250
Unused credit card limits		6,028,876	-	-	-	-	6,028,876
Approved loans not disbursed		5,000	-	-	-	-	5,000
Total liabilities	**$**	**6,051,410**	**169,813**	**31,245**	**536,844**		**6,789,312**

4.4 Adequate capital management

The Bank'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 Bank as a going concern and generate value for its shareholders.

In accordance with current legislation, financial institutions in Colombia must maintain a minimum technical capital, that has to be higher than 9% of assets weighted by their credit, market and operating risk level.

On the other hand, the classification of risk assets in each category in accordance with the provisions established by the Ministry of Finance and Public Credit and by the Financial Superintendence of Colombia through decree 2555 of 2010, and External Circular Letter 020 of September 2019.

The following is a breakdown of the Bank's solvency ratios as of December 31, 2024, and 2023:

Adequate Capital

		December 31, 2024	December 31, 2023
Subscribed and paid-in capital	$	4,677	4,677
Reserves and retained earnings		4,996,740	4,782,349
Other comprehensive income		53,594	28,731
Net income for the year		494,992	430,603
Deductions			
Capital gains and other intangibles		(693,741)	(643,350)
Deferred tax assets		(233,646)	(251,878)
Other		(2,743)	(2,867)
Common Equity Tier One Capital		**4,619,873**	**4,348,265**
Tier One Capital		**4,619,873**	**4,348,265**
Subordinated instruments		1,357,700	649,305
Plus/Minus other		30,716	26,190
Tier Two Capital		**1,388,416**	**675,495**
Technical Capital		**6,008,289**	**5,023,760**
Assets weighted by credit risk level		40,395,605	38,073,928
Market risk		339,369	184,778
Market risk exposure value		3,770,767	2,053,092
Operational risk		282,931	235,639
Operational risk exposure value		3,143,678	2,618,213
Assets weighted by credit, market and operational risk level		**47,310,049**	**42,745,233**
Basic Individual Common Equity Tier I Ratio		**9.77%**	**10.17%**
Solvency ratio contributed by Additional Tier One Capital		0.00%	0.00%
Additional Basic Individual Common Equity Tier I Ratio		**9.77%**	**10.17%**
Solvency ratio contributed by Tier Two Capital		2.93%	1.58%
Total solvency ratio		**12.70%**	**11.75%**
Tier One Capital		4,619,873	4,348,265
Leverage value		75,193,855	65,855,871
Leverage ratio		**6.14%**	**6.60%**

The Financial Superintendence of Colombia - SFC, through Resolution Number 2629 of 2024, confirmed and declared *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 Bank to set up an additional capital buffer equal to 1.0% of its credit, market and operational risk weighted assets. For this purpose, the Financial Superintendence of Colombia - SFC 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

4.5 Credit risk

Credit risk exposure

The Bank is exposed to credit risk, which is the risk that the debtor will cause a financial loss to the Bank, by not meeting its obligations in a timely manner and for the total amount of the debt. Credit risk exposure of the Bank, arises as a result of its lending activities and transactions with counterparties, that give rise to financial assets.

The Bank's maximum exposure to credit risk, in accordance with IFRS 7, is reflected in the carrying value of financial assets in the Bank's statement of financial position.

The potential impact of netting assets and liabilities to potentially reduce credit risk exposure is not significant.

For collateral and commitments to extend the amount of credits, the maximum exposure to credit risk is the amount of the commitment for that purpose (See Note 23). Credit risk is mitigated by guarantees and collateral as described below:

Credit risk mitigation, collateral and other credit risk enhancements

In most cases the Bank's maximum credit risk exposure is reduced by collateral and other credit enhancements, which reduce the Bank's credit risk. The existence of guarantees may be a necessary measure, but not a sufficient instrument for the acceptance of credit risk. Bank'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.

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 Bank's policy regarding the minimum score required.

Risk acceptance policy is therefore organized at three different levels in the Bank:

- **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 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 Bank'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 the bank, according to the risk assumed in any of the forms, such as personal guarantees, monetary deposits, securities and mortgage guarantees.

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.

As of December 31, 2024, and 2023, the following is a breakdown of the loan portfolio by type of collateral received in support of the loans granted by the Bank:

December 31, 2024		Commercial	Consumer	Housing	Financial Leasing	Repos and Interbank	Total
Unsecured loans	$	17,601,366	10,452,918	495	26,135	278,314	28,359,227
Loans guaranteed by other banks		50,758			106,920		157,679
Collateralized loans:							
Housing		1,119,561	39,349	1,912,827			3,071,737
Other real estate		1,244,583	14,895		2,267		1,261,745
Investments in equity instruments		352,955					352,955
Deposits in cash or cash equivalents							
Leased assets		36,055	46,988	1,152,421	2,803,009		4,038,472
Non-real estate					2,602,571		2,602,571
Trust agreements, stand-by agreements and guarantee funds		2,814,264	1,226		94,337		2,909,828
Pledging of rents		976,207			1,106		977,313
Garments		1,014,693	2,461,139		7,981		3,483,813
Other assets		2,040,516	23,695		722,230		2,786,441
Total gross loan portfolio	$	27,250,958	13,040,210	3,065,742	6,366,557	278,314	50,001,781

December 31, 2023		Commercial	Consumer	Housing	Financial Leasing	Repos and Interbank	Total
Unsecured loans	$	15,351,705	9,963,159	-941	19,623	22,458	25,356,004
Loans guaranteed by other banks		88,218			84,247		172,465
Collateralized loans:							
Housing		1,079,868	36,793	1,499,443			2,616,104
Other real estate		1,113,828	16,718		3,275		1,133,821
Investments in equity instruments		387,793			1,672		389,465
Leased assets		24,750	24,076	1,087,969	2,757,046		3,893,841
Non-real estate					2,566,727		2,566,727
Trust agreements, stand-by agreements and guarantee funds		2,802,327	1,371		69,280		2,872,978
Pledging of rents		1,205,511			1,437		1,206,948
Garments		1,061,655	2,255,622		209		3,317,486
Other assets		1,809,470	32,082		840,630		2,682,182
Total gross loan portfolio	$	24,925,125	12,329,821	2,586,471	6,344,146	22,458	46,208,021

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 Bank maintains maximum risk concentration levels indexes updated at the individual level and by sector portfolios. The limit of the Bank'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 the Bank in a specific market.

In order to avoid concentrations of credit risk, the Bank has a Risk and Collections Vice-Presidency, that consolidates and monitors bank-wide credit risk exposures, and the Bank's 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 Bank 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	Financial Leasing	Repos and Interbank	Total
Colombia	$	26,166,289	13,040,210	3,065,742	6,366,557	278,314	48,917,112
Panama		166,481	-	-	-	-	166,481
United States		1,815	-	-	-	-	1,815
Costa Rica		5,786	-	-	-	-	5,786
Nicaragua		412	-	-	-	-	412
Honduras		22,525	-	-	-	-	22,525
Guatemala		45,182	-	-	-	-	45,182
Other countries		842,468	-	-	-	-	842,468
Total gross loan portfolio	**$**	**27,250,958**	**13,040,210**	**3,065,742**	**6,366,557**	**278,314**	**50,001,781**

December 31, 2023							
		Commercial	Consumer	Housing	Financial Leasing	Repos and Interbank	Total
Colombia	$	24,204,399	12,329,821	2,586,471	6,344,146	22,458	45,487,295
Panama		36,525	-	-	-	-	36,525
United States		1,289	-	-	-	-	1,289
Honduras		20,098	-	-	-	-	20,098
Guatemala		21,410	-	-	-	-	21,410
Other countries		641,404	-	-	-	-	641,404
Total gross loan portfolio	**$**	**24,925,125**	**12,329,821**	**2,586,471**	**6,344,146**	**22,458**	**46,208,021**

The distribution of the Bank's loan portfolio by economic sector as of December 31, 2024, and 2023 is shown below:

		December 31, 2024		December 31, 2023	
Sector		**Grand total**	**% Part.**	**Grand total**	**% Part.**
Consumer services	$	19,652,966	39.30%	18,507,208	40.05%
Commercial Services		11,985,451	23.97%	10,933,908	23.66%
Construction		3,800,410	7.60%	3,961,855	8.57%
Transportation and communications		2,050,477	4.10%	2,020,325	4.37%
Other industrial and manufacturing products		1,818,190	3.64%	1,784,371	3.86%
Government		1,627,722	3.26%	1,490,951	3.23%
Food, beverages and tobacco		2,019,495	4.04%	1,413,015	3.06%
Chemicals		1,576,592	3.15%	1,502,949	3.25%
Utilities		2,603,992	5.21%	2,151,020	4.66%
Agriculture		1,168,008	2.34%	1,020,407	2.21%
Other		646,398	1.29%	645,893	1.40%
Trade and tourism		461,920	0.92%	449,595	0.97%
Mining and petroleum products		590,160	1.18%	326,524	0.71%
Total by economic destination	**$**	**50,001,781**	**100%**	**46,208,021**	**100%**

Credit granting process and counterparty quotas

The Bank assumes 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 the Bank, 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 officers, 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 Bank has a Credit Risk Management System - SARC, which is managed by the Credit Risk Management 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. The progress made in the SARC has led to significant achievements in the integration of credit risk measurement tools in the Bank's credit granting and monitoring processes.

The granting process takes into account the macroeconomic adjustment to the probability of default - PI in Spanish, which is applied in order to identify and consider the relationship and trend that may exist between the behavior of macroeconomic variables and the probability of default.

The credit risk of financial instruments outside the statement of financial position, is defined as the possibility of incurring losses due to the failure of the counterparty to comply with the terms of the contract. The Bank uses the same credit policies in assuming contractual obligations in off-balance sheet instruments through established credit approval policies, limits and monitoring procedures.

Credit risk monitoring process

The Bank’s 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, the Bank produces lists of overdue accounts receivable and, based on these analyses, various personnel of the Bank carries out collection procedures by means of telephone calls, e-mails or written collection requests.

Under credit risk management, the Bank monitors concentration risk on a monthly basis, by means of the exposure or concentration limit of the commercial loan portfolio, which establishes participation limits on the total loan portfolio for 18 economic sectors.

Every six months, the Bank performs an individual analysis of credit risk, with outstanding balances equal to or greater than $2,000 million, based on updated financial information of the customer, compliance with the agreed terms, collateral received and queries to the credit bureaus; based on such information, the Bank classifies customers by risk level in category A-Normal. B- Subnormal. C- Deficient. D- Doubtful collection and E- Unrecoverable.

For mortgage loans, the above rating by risk level is performed on a monthly basis, mainly considering delinquency.

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.

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

	December 31, 2024					
Credit quality	**Commercial**	**Consumer**	**Housing**	**Interbank repos**	**Financial Leasing**	**Total**
"A" Normal Risk	24,638,811	11,723,382	2,861,301	278,314	5,363,464	**44,865,272**
"B" Acceptable Risk	1,022,642	274,442	49,801	-	387,256	**1,734,141**
"C" Appreciable Risk	614,952	339,189	11,088	-	230,675	**1,195,904**
"D" Significant Risk	473,401	269,193	112,850	-	204,253	**1,059,697**
"E" Uncollectibility risk	501,152	434,004	30,702	-	180,909	**1,146,767**
Total	**27,250,958**	**13,040,210**	**3,065,742**	**278,314**	**6,366,557**	**50,001,781**

	December 31, 2023					
Credit quality	**Commercial**	**Consumer**	**Housing**	**Interbank repos**	**Financial Leasing**	**Total**
"A" Normal Risk	22,938,914	10,937,568	2,428,619	22,458	5,421,931	**41,749,490**
"B" Acceptable Risk	656,763	334,567	45,385	-	344,473	**1,381,188**
"C" Appreciable Risk	496,068	282,289	3,997	-	243,020	**1,025,374**
"D" Significant Risk	324,279	416,357	81,511	-	142,141	**964,288**
"E" Uncollectibility risk	509,101	359,040	26,959	-	192,581	**1,087,681**
Total	**24,925,125**	**12,329,821**	**2,586,471**	**22,458**	**6,344,146**	**46,208,021**

On a semi-annual basis, the Bank performs an analysis of the customers that may potentially have a significant impact of loss for the Bank and proceeds to make the corresponding provisions in accordance with the stipulations of the Financial Superintendence of Colombia. The follow-up of customers with problems is done by the UNA - "Asset Normalization Unit", and based on this list, an assignment is made of people who must follow up each customer individually. This includes meetings with the debtor, 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 Bank periodically restructures the debt of customers who have problems meeting their credit obligations with the Bank at the debtor's request. These restructurings generally consist of extensions in the initially agreed term, interest reductions, partial debt forgiveness or a combination of the above conditions.

The basic policy for granting such restructurings, 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.

When a loan is restructured due to financial problems of the debtor, such debt is marked in the files of the Bank as a restructured loan, in accordance with the regulations of the Financial Superintendence of Colombia. The restructuring process has a negative impact on the debtor's risk rating. The risk rating made at the time of restructuring, is only upgraded when the customer has been satisfactorily complying with the terms of the agreement for a prudent period of time and its new financial situation is adequate or sufficient additional guarantees are obtained.

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

Restructured loans		December 31, 2024	December 31, 2023
Commercial		953,495	792,565
Consumer		1,188,011	756,978
Mortgage		171,261	95,735
Total restructured	**$**	**2,312,767**	**1,645,278**

Assets received in lieu of 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 Bank 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.

During the years ended December 31, 2024, and 2023, the following is the detail of the assets received in payment and sold in such periods:

		December 31, 2024	December 31, 2023
Assets received in payment	$	10,397	3,614
Assets sold		(8,098)	(22,269)
Totals	**$**	**2,299**	**(18,655)**

* The significant variation between the two periods, is mainly due to the income from the payment in kind of customer Indufrial in March 2024 for $5,501 million and that of Pedro Antonio Lorza in April 2024 for $2,020 million.

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 Bank maintains cash funds:

Credit quality		December 31, 2024	December 31, 2023
Investment grade	$	**3,237,301**	**3,871,299**
Central Bank		1,697,685	3,030,777
Financial entities		1,138,637	383,550
Other		400,980	456,972
Speculative		**279**	**466**
Central Bank		279	466
Cash and cash equivalents with third parties		**3,237,580**	**3,871,765**
Cash held by the entity [(1)]		**533,720**	**497,813**
Total	**$**	**3,771,300**	**4,369,578**

[(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 Bank has financial assets at fair value:

		December 31, 2024	December 31, 2023
Investment grade			
Sovereign	$	11,462,228	5,575,773
Other public entities		30,733	98,893
Corporate		6,750	9,098
Financial entities		489,520	737,740
Total investment grade		**11,989,231**	**6,421,504**
Speculative			
Corporate	$	8,837	19,002
Other public entities		31,546	-
Financial entities		219,134	79,341
Total speculative		**259,517**	**98,343**
Unqualified or not available			
Corporate [(1)]		159,338	124,601
Private Equity Fund		766,896	673,885
	$	**13,174,982**	**7,318,333**

[(1)] Correspond to equity instruments in equity securities that are not rated by an external rating agency. Its level of risk is currently limited to the going concern assumption, which is a fundamental principle for the preparation of an entity's general purpose financial statements. Under this principle, an entity is considered to have the ability to continue operations and, therefore, its assets and liabilities are recognized on the basis that assets will be realized and liabilities settled in the normal course of business. Management must evaluate financial, operational and legal aspects to make decisions on the going concern scenario.

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.

- **Investment financial assets held to maturity**

Below is a detail of the credit quality determined by independent risk rating agents, of the main counterparties in debt securities in which the Bank has investments held to maturity:

		December 31, 2024	December 31, 2023
Colombian pesos			
Issued and guaranteed by the nation and/or the central bank	$	2,133,953	2,033,746
	$	**2,133,953**	**2,033,746**

- **Derivative financial instruments**

Below is a detail of the credit quality determined by independent risk rating agents of the main counterparties in active derivative instruments:

Credit quality		**December 31, 2024**	**December 31, 2023**
Speculative		774	22,274
Investment Grade	$	589,392	1,326,842
Unqualified or not available		217,799	94,991
Total	**$**	**807,965**	**1,444,107**

4.6 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 the Bank, 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%

4.7 Operational risk

The Bank 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 Bank 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 Bank's 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 Bank's operation in the event of interruption of critical processes.

The Bank keeps a detailed record of its Operational Risk events, provided by the Bank's information systems and Risk Managers, with the recording in 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 reports to the Risk and Collections Vice-Presidency, and is in charge of two Business Continuity analysts, a Regulatory Reporting Control analyst, a High Impact Inherent Risks analyst, a technology specialist, and an Operational Risk Coordination with five analysts.

The net losses recorded for operational risk events for the year 2024 were $17,595, broken down as follows: gross loss for operational risk events of $22,600, and recoveries of $5,005.

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%, several operational risks 17%, other assets 11% and other operational risk accounts 1%.

On the other hand, recoveries equivalent to $5,005 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%, $9,378, process execution and administration 31%, $5,361, technological failures 7%, $1,280, labor relations 6%, $1,077, and other risk classifications 3%, $499.

In external fraud, the most relevant events were: fraud with credit and debit cards for $7,292 and $273 respectively, 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.

With respect to the Operational risk profile, as of December 31, 2024, 167 processes are considered, for which the Bank has identified risks and controls. In order to generate the risk profile, the rating of duplicated risks and controls, movements of positions (Risk Managers), updating of applications and procedures, as well as modifications to processes were considered.

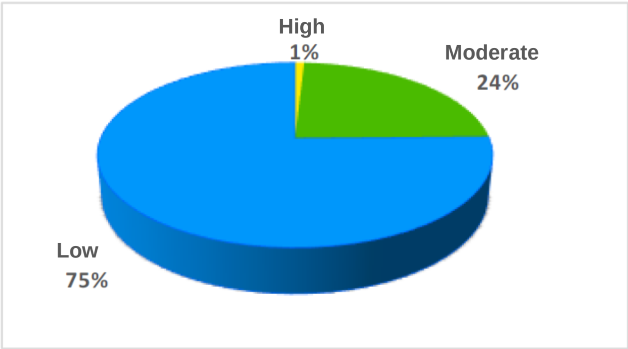
The evolution of the figures resulting from each update of the Bank's operational risk profile as of December 31, 2024, and 2023 is shown below:

	December 31, 2024	**December 31, 2023**
Processes	167	183
Risks (*)	671	645
Faults	1,127	1,137
Controls (*)	2,186	2,141

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

The Bank's consolidated risk profile as of December 2024 is presented below:

Residual risks December 31, 2024		
Extreme	-	0%
High	6	1%
Moderate	160	24%
Low	505	75%
TOTAL	671	100%



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 Bank 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 Bank, are satisfactorily managed within the concept of continuous improvement, and aimed at reasonably minimizing the existence of these risks in the organization.

The Bank 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 (ML/FT) and Weapons of Mass Destruction Proliferation Financing (WMDPF).

This risk management system is strengthened by the segmentation of risk factors developed by the Bank 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 Bank, in order to detect unusual transactions based on the profile of the segments.

On the other hand, the Bank 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 Bank timely submitted the institutional reports and reports to the different control entities.

During the year 2024, follow up was made 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.

4.9 Legal risk

The Legal Vice Presidency supports the work of legal risk management in the operations carried out by the Bank and the 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 legal tax risk, and the Human Resources Vice-Presidency supports the management of the legal labor risk.

The Bank, 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 Bank 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 separate 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 official price vendor authorized by the Financial Superintendence of Colombia, 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. A dirty price is one that includes the interest accrued and outstanding on the security, from the date of issuance or last interest payment to the date of fulfillment of the purchase and sale transaction.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques determined by the prices provider of the Bank. 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 Bank 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 Bank’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, considering factors specific to the asset or liability.

The determination of what is considered as “observable”, requires significant judgment on the part of the Bank. The Bank 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 reference market.

a. Fair value measurements on a recurring basis

Fair value measurements on a recurring basis, are those that NCIF accounting standards require or permit 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 Bank measured at fair value as of December 31, 2024 and 2023 on a recurring basis:

December 31, 2024

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	$	7,975,174	60,779	-	8,035,953
Issued or guaranteed by other Colombian financial institutions		-	80,524	-	80,524
Issued or guaranteed by entities of the Colombian real sector		-	1,064	-	1,064
Issued or guaranteed by Foreign Governments		38,758	21,309	-	60,067
Issued or guaranteed by other foreign financial institutions		-	99,820	-	99,820
Other		-	8,837	-	8,837
Investments in debt securities with changes in ORI					
Issued or guaranteed by the Colombian government	$	3,316,260	49,947	-	3,366,207
Issued or guaranteed by other Colombian government entities		-	62,279	-	62,279
Issued or guaranteed by other Colombian financial institutions		-	483,750	-	483,750
Issued or guaranteed by other foreign financial institutions		-	9,205	-	9,205
Investments in equity instruments with changes in income		**-**	**35,356**	**766,896**	**802,252**
Investments in equity instruments with changes in ORI		**4,333**	**-**	**160,691**	**165,024**
Trading derivatives					
Currency forward		-	179,654	-	179,654
Forward interest rate		-	106,375	-	106,375
Interest rate swap		-	191,306	-	191,306
Other		-	324,406	-	324,406
Hedging Derivatives					
Interest rate swap		-	6,225	-	6,225
Investment property at fair value		**-**	**144,685**	**-**	**144,685**
Total recurring fair value assets		**11,334,525**	**1,865,521**	**927,587**	**14,127,633**
Liabilities					
Trading derivatives					
Currency forward		-	311,622	-	311,622
Forward interest rate		-	15,769	-	15,769
Interest rate swap		-	191,252	-	191,252
Other		-	325,085	-	325,085
Hedging Derivatives					
Interest rate swap		-	405	-	405
Total recurring fair value liabilities	**$**	**-**	**844,133**	**-**	**844,133**

December 31, 2023

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	$	3,070,724	35,860	-	3,106,584
Issued or guaranteed by other Colombian government entities		-	31,493	-	31,493
Issued or guaranteed by other Colombian financial institutions		-	90,615	-	90,615
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	$	2,423,245	45,944	-	2,469,189
Issued or guaranteed by other Colombian government entities		-	67,400	-	67,400
Issued or guaranteed by other Colombian financial institutions		-	564,744	-	564,744
Investments in equity instruments with changes in income		-	-	673,885	673,885
Investments in equity instruments with changes in ORI		4,774	-	125,514	130,288
Trading derivatives					
Currency forward		-	948,860	-	948,860
Forward interest rate		-	18,447	-	18,447
Interest rate swap		-	264,056	-	264,056
Currency swap		-	13,219	-	13,219
Other		-	199,525	-	199,525
Investment property at fair value		-	117,287	-	117,287
Total recurring fair value assets		**5,498,743**	**2,581,586**	**799,399**	**8,879,728**
Liabilities					
Trading derivatives					
Currency forward		-	614,533	-	614,533
Forward interest rate		-	120,647	-	120,647
Interest rate swap		-	285,952	-	285,952
Other		-	202,404	-	202,404
Hedging Derivatives					
Interest rate swap		-	2,494	-	2,494
Total recurring fair value liabilities	$	-	**1,226,030**	-	**1,226,030**

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, 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 on 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. *Net income *Growth in residual values after five years *Discounted interest rate
Trading derivatives		
Currency forward Forward interest rate Interest rate swap Currency swap	Discounted cash flow	*Curves by functional currency of underlying *Underlying security price/ Curves by functional currency of underlying *Swap curves assigned according to the underlying *Swap curves assigned according to the 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 each year ended December 31, 2024:

December 31, 2024

		Level 1 to Level 2	Level 2 to Level 1
Fair value measurements 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.

For the year ended December 31, 2023, there were no transfers between level 1 to level 2 and level 2 to level 1.

Valuation of equity instruments with changes in ORI Level 3

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.

Valuation of equity instruments with changes in Level 3 results

Likewise, the Bank has 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* becomes part of the *Pactia Inmobiliario* Private Equity Fund.

The value of the daily unit issued by the Pactia FCP, is derived from the daily assets and liabilities of the Fund, in accordance with the provisions of Chapter -1 of the Basic Accounting and Financial Circular Letter issued by the Financial Superintendence of Colombia, which in turn are derived from the income and expenses of the underlying assets of the Fund, corresponding to the properties 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 *Pacta 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	

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

		Equity instruments
Balance as of December 31, 2023	$	**798,976**
Valuation adjustment with effect on income (1)		74,265
Valuation adjustments with effect on ORI		35,177
Additions (1)		61,733
Redemptions (1)		(42,988)
Balance as of December 31, 2024	**$**	**927,163**

		Equity instruments
Balance as of December 31, 2022	$	**630,609**
Valuation adjustment with effect on income [(1)]		58,283
Valuation adjustments with effect on ORI		7,365
Additions [(1)]		139,176
Redemptions [(1)]		(36,457)
Balance as of December 31, 2023	**$**	**798,976**

The ORI as of December 2024 and 2023 corresponding to the valuation of financial instruments measured at fair value level 3 is $35,177 and $7,365, respectively.

(1) As of December 31, 2024, there is a variation of $34,737 with respect to December 31, 2023, in the *Nexus Inmobiliario* Private Equity Fund, mainly due to the following movements: a capital call of $3,438, redemptions of ($42,988), and a valuation with an effect on results of $74,287.

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 following table presents a summary of the Bank'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	**Fair Value**	**Carrying value**	**Fair Value**
Assets					
Held-to-maturity investments		2,133,953	2,134,731	2,033,746	2,035,192
Loan Portfolio, net		47,498,592	51,829,778	43,734,012	55,015,983
Other accounts receivable		576,292	576,285	490,802	490,802
	$	**50,208,837**	**54,540,794**	**46,258,560**	**57,541,977**
Liabilities					
Certificates of Deposit		13,528,141	13,797,370	14,682,744	15,221,348
Interbank funds		8,636,674	8,636,674	4,403,111	4,403,108
Loans from banks and others		4,443,440	4,825,034	3,154,311	3,527,779
Obligations with rediscount entities		1,062,182	1,069,488	1,088,189	1,100,069
Notes issued		2,670,197	2,775,753	2,171,344	2,166,124
	$	**30,340,634**	**31,104,319**	**25,499,699**	**26,418,428**

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

Loan Portfolio rated A, B and C: the net present value of the contractual flows was 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 and 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:

Discount Rate: Cost of capital

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

The Discount Rate is defined as the sum of the risk-free rate, risk points and portfolio management fees (portfolio management fees are only added for loans rated A, B or C; for those loans rated D or E only risk points are considered).

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, or as the annual average of the 10-year U.S. treasury bond rate for loans in foreign currency.

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 that is published by the price vendor PRECIA. 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.

The fair value methodology of the Bank's liabilities (CDT's and Bonds) is performed through the PWPREI application, which values at market prices the Bank's standardized liabilities in Colombia Pesos, using the information published by the price provider PRECIA. For Financial Obligations, the calculation is performed manually, in which the valuation is made using the discount curve calculated by the Treasury Risk.

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	$	525,841	491,790
At *Banco de la República de Colombia*		1,697,685	3,030,777
Bank and other financial institutions on demand		1,397	1,396
Exchange		279	466
Liquidity management (*)		400,980	456,972
		2,626,181	**3,981,401**
In foreign currency			
Cash		7,879	6,023
Bank and other financial institutions on demand		1,137,240	382,154
		1,145,119	**388,177**
Aggregate Cash and cash equivalents	$	**3,771,300**	**4,369,578**

(*) 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 credit risk.

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, savings and other accounts 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, savings and other accounts 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. - Investment financial assets and trading derivatives

a) Negotiable investments

Marketable investments as of December 31, 2024, and 2023 are detailed below:

		December 31, 2024	December 31, 2023
Debt securities			
In Colombian pesos			
Issued or guaranteed by the Colombian government	$	8,018,129	3,089,848
Issued or guaranteed by other Colombian government entities		-	31,493
Issued or guaranteed by other Colombian financial institutions		77,057	72,471
		8,095,186	**3,193,812**
In foreign currency			
Issued or guaranteed by the Colombian government		17,824	16,736
Issued or guaranteed by other Colombian financial institutions		3,467	18,144
Issued or guaranteed by entities of the Colombian real sector		1,064	-
Issued or guaranteed by Foreign Governments		60,067	-
Issued or guaranteed by other foreign financial institutions		99,820	161,722
Issued or guaranteed by real sector entities abroad		-	3,412
Other		8,837	19,002
		191,079	**219,016**
Total debt securities	**$**	**8,286,265**	**3,412,828**
Equity instruments with adjustment to income			
In Colombian pesos			
Nexus Inmobiliario Private Equity Fund	$	708,623	673,885
Pactia Inmobiliario Private Equity Fund		58,274	-
Confianza Plus Mutual Fund		25,550	-
Liquidez 1525 Plus Open Mutual Fund		9,805	-
Total equity instruments		**802,252**	**673,885**
Derivative trading instruments total [1]		**801,741**	**1,444,107**
Total financial assets held for trading	**$**	**9,890,258**	**5,530,820**

[1] See details of derivative trading instruments in Note 9.

b) Investments available-for-sale

Investments available-for-sale as of December 31, 2024, and 2023 are detailed below:

December 31, 2024					
Financial assets in debt securities with equity adjustment - ORI		**Present value**	**Unrealized gain**	**Unrealized losses**	**Fair value**
In Colombian pesos					
Issued or guaranteed by the Colombian government	$	3,464,349	-	(148,088)	3,316,261
Issued or guaranteed by other Colombian government entities		62,280	-	(2)	62,278
Issued or guaranteed by other Colombian financial institutions		483,997	-	(248)	483,749
		4,010,626	**-**	**(148,338)**	**3,862,288**
In foreign currency					
Issued or guaranteed by the Colombian government		50,500	-	(553)	49,947
Issued or guaranteed by other foreign financial institutions		9,354	-	(148)	9,206
		59,854	**-**	**(701)**	**59,153**
Total debt securities (*)		**4,070,480**	**-**	**(149,039)**	**3,921,441**
Financial assets in equity securities with equity adjustment - ORI		**Cost**	**Unrealized gain**	**Unrealized losses**	**Fair value**
In Colombian pesos					
Corporate shares		39,149	123,329	(1,787)	160,691
In foreign currency					
Corporate shares		5,459	-	(1,126)	4,333
Total equity instruments		**44,608**	**123,329**	**(2,913)**	**165,024**
Total available-for-sale investments and unrealized gain (loss) in other comprehensive income	**$**	**4,115,088**	**123,329**	**(151,952)**	**4,086,465**

December 31, 2023					
Financial assets in debt securities with equity adjustment - ORI		**Present value**	**Unrealized gain**	**Unrealized losses**	**Fair value**
In Colombian pesos					
Issued or guaranteed by the Colombian government	$	2,535,209	-	(111,965)	2,423,244
Issued or guaranteed by other Colombian government entities		66,350	1,050	-	67,400
Issued or guaranteed by other Colombian financial institutions		556,077	8,667	-	564,744
		3,157,636	**9,717**	**(111,965)**	**3,055,389**
In foreign currency					
Issued or guaranteed by the Colombian government		46,426	-	(482)	45,944
		46,426	**-**	**(482)**	**45,944**
Total debt securities (*)		**3,204,062**	**9,717**	**(112,447)**	**3,101,333**
Financial assets in equity securities with equity adjustment - ORI		**Cost**	**Unrealized gain**	**Unrealized losses**	**Fair value**
In Colombian pesos					
Corporate shares		39,149	88,152	(1,787)	125,514
In foreign currency					
Corporate shares		5,459	-	(685)	4,774
Total equity instruments		**44,608**	**88,152**	**(2,472)**	**130,288**
Total available-for-sale investments and unrealized gain (loss) in other comprehensive income	**$**	**3,248,670**	**97,869**	**(114,919)**	**3,231,621**

(1) The valuation effect recognized in ORI for debt securities in December 31, 2024 is ($46,308) and of $289,101 in December 31, 2023.

Below is a detail of available-for-sale investments in equity instruments:

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	52,845
Central Counterparty Risk Clearing House of Colombia S.A.[(1)]		3,414	3,225
Credibanco S.A. [(1)]		43,103	43,136
Holding Bursátil Regional [(1)]		4,333	4,774
Aportes en Línea S.A. (Gestión y Contacto) [(1)]		2,369	2,247
Casa de bolsa S.A. Stock Brokerage Firm		5,686	5,686
Pizano S.A. in liquidation [(2)]		424	424
Total	**$**	**165,024**	**130,288**

[(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 $34,736 as of December 31, 2024, and as of December 31, 2023 for $8,886.

[(2)] In Pizano S.A. the investment is impaired in its entirety for $424.

Financial assets in equity instruments at fair value with adjustment to other comprehensive income, have been designated considering that these are strategic investments for the Bank, and therefore are not expected to be sold in the near future and there is a higher degree of uncertainty in the fair value year that generates significant fluctuations from one period to another.

During the period ended December 31, 2024, dividends of $6,249 ($5,589 during the period ended December 31, 2023) have been recognized in the statement of income for these investments.

c) 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	$	8,090,968	2,729,925
Issued or guaranteed by other Colombian government entities		1,373,715	1,326,662
		9,464,683	**4,056,587**
Delivered as collateral for derivative transactions			
Issued or guaranteed by the Colombian government		16,194	542,733
Operations under collateral total	**$**	**9,480,877**	**4,599,320**

As of December 31, 2024, Fixed income investments covering Money Market operations in Simultaneous Liabilities amount to $8,090,968, Repo Liabilities of $1,373,715 and derivative instruments of $16,194 (in December 31, 2023, Fixed income investments covering Money Market operations in Simultaneous liabilities are $2,729,925, Repo Liabilities of $1,326,662 and in derivative instruments of $542,733). Also, total debt securities that do not guarantee money market operations or derivatives, amount to $2,726,830 for 2024 and $1,914,841 for 2023.

The following is a summary of available-for-sale financial assets in debt securities by maturity date:

		December 31, 2024	December 31, 2023
Less than 1 year	$	239,259	1,036,357
Between more than 1 year and 5 years		3,034,473	1,583,645
Between more than 5 and 10 years		357,438	222,089
More than 10 years		290,271	259,242
Total	$	**3,921,441**	**3,101,333**

Note 8. - Held-to-maturity investments

The balance of held-to-maturity investments 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	$	683,629	687,165
Issued or guaranteed by other Colombian government entities		1,450,324	1,346,581
Total debt securities		**2,133,953**	**2,033,746**
Total financial assets in debt securities at amortized cost	**$**	**2,133,953**	**2,033,746**

The following is a summary of held-to-maturity investments by maturity date:

		December 31, 2024	December 31, 2023
Up to 1 month	$	232,744	146,056
More than 3 months and no longer than 1 year		1,901,209	1,887,690
	$	**2,133,953**	**2,033,746**

Note 9. - Derivative instruments and hedge accounting

a. Trading derivative instruments

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 Bank is engaged:

		December 31, 2024		December 31, 2023	
Concept		**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	159,746	13,031,922	948,229
Securities forward contracts		5,436,929	106,372	635,918	18,447
Subtotal		**17,858,668**	**286,026**	**13,696,966**	**967,307**
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**
Cash transactions					
Next Day contracts foreign exchange purchase rights		310,984	310,985	167,286	167,286
Next Day Foreign Exchange Sale Rights Contracts		55,374	55,374	18,829	19,087
Next Day contracts for sale rights on securities		25,473	25,473	-	-
Next Day Foreign Exchange Sale Obligations Contracts		55,328	55,328	18,829	18,829
Next Day contracts for sale obligations on securities		25,470	25,470	-	-
Subtotal		**472,629**	**311,034**	**204,944**	**167,544**
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	**$**	**30,525,574**	**801,741**	**35,201,640**	**1,444,107**
Liabilities					
Forward contracts					
Forward currency contracts Peso/Dollar	$	182,002,456	297,723	8,405,709	613,937
Forward contracts of different currencies Peso/Dollar		1,073,197	13,899	29,348	596
Securities forward contracts		657,697	15,769	2,513,460	120,647
Subtotal		**183,733,350**	**327,391**	**10,948,517**	**735,180**
Cash transactions					
Next Day foreign exchange purchase obligation contracts		310,984	311,229	167,286	167,640
Subtotal		**310,984**	**311,229**	**167,286**	**167,640**
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	**$**	**196,194,346**	**843,728**	**34,135,063**	**1,223,536**
Net position	**$**	**(165,668,772)**	**(41,987)**	**1,066,577**	**220,571**

Derivative instruments entered into by the Bank are generally traded in organized markets and with local and foreign customers and counterparties of the Bank. 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 embedded in other contracts that should be separated, accounted for and disclosed.

Maturities by term of the derivative instruments held for trading as of December 31, 2024 and 2023 are as follows:

Less than one Year

		December 31, 2024		December 31, 2023	
Concept		**Notional amount**	**Fair value**	**Notional amount**	**Fair value**
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	12,955,189	940,103
Securities forward contracts		5,436,929	106,372	635,918	18,447
Subtotal		**17,801,140**	**282,829**	**13,620,233**	**959,181**
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**
Cash transactions					
Next Day contracts foreign exchange purchase rights		310,984	310,985	167,286	167,286
Next Day Foreign Exchange Sale Rights Contracts		55,374	55,374	18,829	19,087
Next Day contracts for sale rights on securities		25,473	25,473	-	-
Next Day Foreign Exchange Sale Obligations Contracts		55,328	55,328	18,829	18,829
Next Day contracts for sale obligations on securities		25,470	25,470	-	-
Subtotal		**472,629**	**311,034**	**204,944**	**167,544**
Purchase of options					
Currency purchase options		6,592	6,592	511,006	27,110
Subtotal		**6,592**	**6,592**	**511,006**	**27,110**
Total assets	$	**23,306,411**	**636,007**	**30,946,026**	**1,274,208**
Liabilities					
Forward contracts					
Forward currency contracts Peso/Dollar	$	18,117,662	294,355	8,296,929	607,751
Forward contracts of different currencies Peso/Dollar		1,073,197	13,899	29,348	596
Securities forward contracts		657,697	15,769	2,513,460	120,647
Subtotal		**19,848,556**	**324,023**	**10,839,737**	**728,994**
Cash transactions					
Next Day foreign exchange purchase obligation contracts		310,984	311,229	167,286	167,640
Subtotal		**310,984**	**311,229**	**167,286**	**167,640**
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	570,497	28,892
Subtotal		**552,841**	**8,581**	**570,497**	**28,892**
Total liabilities	$	**26,509,573**	**678,809**	**29,315,830**	**1,059,495**
Net position	$	**(3,203,162)**	**(42,802)**	**1,630,196**	**214,713**

Over one Year

		December 31, 2024		December 31, 2023	
		Notional amount	**Fair value**	**Notional amount**	**Fair value**
Assets					
Forward contracts					
Forward currency contracts Peso/Dollar	$	57,528	3,197	76,733	8,126
Subtotal		**57,528**	**3,197**	**76,733**	**8,126**
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	112,751	4,871
Subtotal		**731,065**	**6,783**	**112,751**	**4,871**
Total assets	$	**7,219,163**	**165,734**	**4,255,614**	**169,899**
Liabilities					
Forward contracts					
Forward currency contracts Peso/Dollar	$	163,884,794	3,368	108,780	6,186
Subtotal		**163,884,794**	**3,368**	**108,780**	**6,186**
Swap					
Foreign currency swap contracts		20,892	1,143		
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	112,750	5,872
Subtotal		**188,410**	**5,275**	**112,750**	**5,872**
Total liabilities	$	**169,684,773**	**164,919**	**4,819,233**	**164,041**
Net position	$	**(162,465,610)**	**815**	**(563,619)**	**5,858**

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 earning of $1,658 and $1,240, respectively.

Definition of credit risk adjustment model – CVA/DVA for derivative instruments of the Bank:

- For the incorporation of credit risk into the valuation methodology under IFRS 13 for the Bank'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 course of its operations, the Bank has the following investments in foreign subsidiaries as of December 31, 2024 and 2023:

		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**	67,240	(67,240)
Banco de Occidente Panamá S.A.		72,835	(72,835)		97,229	(97,229)
Total	**USD**	**114,470**	**(114,470)**	**COP**	**164,469**	**(164,469)**

		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**	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 above subsidiaries, the Bank is subject to the risk of changes in the exchange rate of the Colombian peso, which is the Bank's functional currency, against the U.S. dollar. To cover this risk, the Bank has entered into foreign currency debt operations and as such has designated foreign currency obligations in the amount of USD $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 Bank'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 Bank'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 hedging

During the year 2024, the Bank performed and had hedging operations for $411,000, 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 Bank 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.

Below is a detail of the fair value hedging derivatives that meet the efficiency test required by the standard for hedging as of December 31, 2024 and 2023:

		December 31, 2024		
		Notional Amount		Fair value
		3 months to one year	Total	Assets
Fair value hedging derivatives	$			
Interest rate swaps		411,000	411,000	6,305
Total		**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)
Total		**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 ineffectiveness	Efficiency coverage
Item hedged by covered item						
Mortgage loans	$	-	-	7,251	(7,251)	-
Hedging instrument						
Interest rate swaps	$	-	7,333	-	7,333	(82)

		December 31, 2023				
		Notional value	Assets	Liabilities	Fair value for the calculation of ineffectiveness	Efficiency coverage
Item hedged by covered item						
Mortgage loans	$	435,000	-	734	(734)	-
Hedging instrument						
Interest rate swaps	$	435,000	850	-	850	(116)

Note 10. - Loan portfolio and financial leasing operations, net

The financial assets account for loan portfolio at amortized cost, is classified by commercial, consumer and housing mortgage portfolio, considering that this is the classification adopted by the Financial Superintendence in the Single Catalogue of Financial Information "CUIF". However, taking into account 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 Financial Position Statement		Classification of leasing		Balance with disaggregation Leasing
Commercial	$	33,607,123		(6,356,166)	$	27,250,957
Consumer		13,050,602		(10,391)		13,040,211
Housing (1)		3,065,742		-		3,065,742
Leasing		-		6,366,557		6,366,557
Repos and interbank		278,314		-		278,314
Total	**$**	**50,001,781**	**$**	**-**	**$**	**50,001,781**

(*) The composition of the housing item in December 2024 is as follows: $1,152,913 Housing leasing and $1,912,829 mortgage.

December 31, 2023

Modality		Balance according to Financial Position Statement		Classification of leasing		Balance with disaggregation Leasing
Commercial	$	31,260,405		(6,335,280)	$	24,925,125
Consumer		12,338,687		(8,866)		12,329,821
Housing (1)		2,586,471		-		2,586,471
Leasing		-		6,344,146		6,344,146
Repos and interbank		22,458		-		22,458
Total	**$**	**46,208,021**	**$**	**-**	**$**	**46,208,021**

(*) The composition of the housing item in December 2023 is as follows: $1,087,988 Housing leasing and $1,498,483 mortgage.

10.1 Loan portfolio by modality

The distribution of the Bank's loan portfolio by modality is shown below:

		December 31, 2024	December 31, 2023
Ordinary loans	$	30,596,707	28,393,980
Payroll deductions		5,320,590	4,633,994
Real estate leased		4,585,070	4,581,266
Movable property leased		2,934,400	2,850,868
Home mortgage letter		1,919,467	1,500,647
Credit cards		1,734,936	1,783,097
Developer's credit		1,077,591	1,073,949
Loans with resources from other entities		1,077,462	999,926
Other		275,379	21,250
Discounts		250,824	221,514
Bank current account overdrafts		170,927	83,886
Loans to employees		36,011	32,387
Letters of credit covered		19,481	30,049
Deferred payment letters of credit		2,461	-
Remittances in transit		475	1,208
Total gross loan portfolio		**50,001,781**	**46,208,021**
Provision for impairment of financial assets by loan portfolio (*)		(2,503,189)	(2,474,009)
Total net loan portfolio	**$**	**47,498,592**	**43,734,012**

(*) Provisions include the general provision for housing loans and housing leasing, whose balances as of December 31, 2024 and 2023 amounted to $ 30,341 and $ 25,551, respectively.

10.2 Loan portfolio movement of provision

The following is the movement in the provision of the loan portfolio during the years ended December 31, 2024 and 2023:

December 31, 2024

Classification		Commercial	Consumer	Housing	Financial Leasing	Total
Balance at beginning of period	$	(1,025,714)	(983,633)	(93,439)	(371,223)	(2,474,009)
Provision charged to income		(616,460)	(1,347,300)	(49,842)	(154,884)	(2,168,486)
Sale of loan portfolio		-	34,878			34,878
Loans write-offs		189,685	1,045,177	10,044	58,274	1,303,180
Loan recovery		352,689	315,796	18,123	114,640	801,248
Balance as of December 31, 2024	**$**	**(1,099,800)**	**(935,082)**	**(115,114)**	**(353,193)**	**(2,503,189)**

December 31, 2023

Classification		Commercial	Consumer	Housing	Financial Leasing	Total
Balance at beginning of period	$	(958,146)	(772,874)	(84,847)	(388,141)	(2,204,008)
Provision charged to income		(527,790)	(1,375,842)	(34,139)	(173,160)	(2,110,931)
Loan portfolio purchase		(1,964)	(4,284)	-	-	(6,248)
Sale of loan portfolio		-	1,507	-	-	1,507
Loans write-offs		130,516	789,034	4,799	56,687	981,036
Loan recovery		331,670	378,826	20,748	133,391	864,635
Balance as of December 31, 2023	**$**	**(1,025,714)**	**(983,633)**	**(93,439)**	**(371,223)**	**(2,474,009)**

As of December 31, 2023, the Bank adopted the decumulative phase after three consecutive months of non-compliance with the cumulative phase indicators.

Below is the movement in the expense/reimbursement of the provision for loan portfolio as of December 31, 2024:

Consumer loan portfolio

Period		CIC Provision	CIC for Reaccumulation
October	$	32,332	151,054
November		31,537	153,776
December		30,468	155,730

Commercial loan portfolio

Period		CIC Provision	CIC for Reaccumulation
October	$	20,550	148,079
November		19,526	150,901
December		17,236	152,046

CIC: Individual Countercyclical Component

As of October 1, 2024, according to the transitory instruction of the Financial Superintendence of Colombia, disclosed in external circular letter 014 of September 30, 2024, the Bank opted to apply the methodology for calculating the counter-cyclical component under the conditions established in said circular letter, which at the end of December 2024 represented a lower CIC provision of $ 16,769 in the consumer category and $ 12,863 in the commercial category.

10.3 Loan portfolio maturity period

The distribution of the Bank'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	$	16,859,214	6,602,794	2,259,156	1,529,794	27,250,958
Consumer		3,354,780	5,068,008	3,029,541	1,587,881	13,040,210
Housing		235,949	463,560	433,790	1,932,443	3,065,742
Financial Leasing		1,975,879	2,309,152	1,120,598	960,928	6,366,557
Repos and Interbank		278,314	-	-	-	278,314
Total gross loan portfolio	**$**	**22,704,136**	**14,443,514**	**6,843,085**	**6,011,046**	**50,001,781**

		December 31, 2023				
		Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Commercial	$	16,304,726	5,664,502	1,767,302	1,188,595	24,925,125
Consumer		3,195,316	4,885,426	2,846,327	1,402,752	12,329,821
Housing		225,666	386,596	361,278	1,612,931	2,586,471
Financial Leasing		2,092,218	2,178,984	1,113,592	959,352	6,344,146
Repos and Interbank		22,458	-	-	-	22,458
Total gross loan portfolio	**$**	21,840,384	13,115,508	6,088,499	5,163,630	46,208,021

10.4 Loan portfolio by currency type

The classification of the loan portfolio by type of currency is presented below:

		December 31, 2024			December 31, 2023		
		Colombian pesos	Foreign Currency [(1)]	Total	Colombian pesos	Foreign Currency	Total
Commercial	$	23,724,609	3,526,349	27,250,958	22,182,449	2,742,676	24,925,125
Consumer		12,977,602	62,608	13,040,210	12,279,406	50,415	12,329,821
Housing		3,065,742	-	3,065,742	2,586,471	-	2,586,471
Financial Leasing		6,366,557	-	6,366,557	6,344,146	-	6,344,146
Repos and interbank		275,234	3,080	278,314	21,093	1,365	22,458
Total loan portfolio	**$**	**46,409,744**	**3,592,037**	**50,001,781**	**43,413,565**	**2,794,456**	**46,208,021**

[(1)] The main foreign currency is the US dollar (USD).

10.5 Financial leasing Loan portfolio

As of December 31, 2024, and 2023, the following is the reconciliation between the gross investment in capital leases and the present value of the minimum lease payments to be received at these dates:

		December 31, 2024	December 31, 2023
Total gross lease payments to be received in the future	$	9,398,772	15,523,093
Plus Estimated residual value of leased assets (unsecured)		2,880	2,785
Gross investment in leasing contracts		**9,401,652**	**15,525,878**
Minus unrealized financial income		(3,034,915)	(9,181,732)
Net investment in leasing contracts		**6,366,737**	**6,344,146**
Impairment of net investment in leasing	**$**	**(353,193)**	**(371,223)**

10.6 Financial leasing loan portfolio - Maturity

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:

		December 31, 2024		December 31, 2023	
		Gross investment	Net Investment	Gross investment	Net Investment
Up to 1 year	$	2,974,837	2,083,027	12,987,373	6,343,312
Between 1 and 5 years		4,754,949	2,984,528	2,007,199	834
More than 5 years		1,671,866	1,299,182	531,306	-
Total	**$**	**9,401,652**	**6,366,737**	**15,525,878**	**6,344,146**

In financial leasing transactions, the Bank, 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 accounts receivable as of December 31, 2024, and 2023:

Detail		December 31, 2024	December 31, 2023
Deposits [1]		113,146	12,338
ICETEX abandoned accounts		88,705	80,022
Donations [2]		84,681	88,151
Advance payment of supplier contract		83,368	74,280
Tax authorizations		45,487	1,349
Taxes		41,320	27,851
Balances in favor in compliance with forward contracts [3]		31,707	85,065
Other		25,948	20,591
ACH *leasing occidente* suppliers payment		15,502	-
Dividends		11,300	7,143
Prepaid expenses		10,253	9,526
Commissions		6,605	6,179
Credit Card Offsets and Network Offsets		6,511	4,721
CC portfolio collections in other banks		6,134	5,196
Wire transfers in process		5,453	8,411
Transfers to the National Treasury Directorate		4,245	4,052
Disabilities		2,643	2,362
Banco de Occidente Card for Admin Use		2,564	896
Credit card counter fees		1,968	21,262
Refunds on purchases or withdrawals with domestic and international TD		1,597	19,152
Rentals of assets given under operating leases		1,142	1,469
Interests		689	33
Advance payment of industry and commerce tax		682	451
Receivables pending application to leasing contracts		414	7,708
Accounts receivable on sale of goods and services		238	1,344
Leases		197	879
Claims to insurance companies		130	1,266
In joint transactions		122	325
Shortfalls in exchange		102	146
To parent company, subsidiaries, related companies and associates		29	28
Shortages in cash		11	29
Credit for CC advances not recognized by customers		1	1
Debts clearly forfeited in leasing		-	1,346
Grupo Aval corporate transfers		-	35,303
Subtotal	**$**	**592,894**	**528,875**
Provision for other accounts receivable		(16,602)	(38,073)
Total	**$**	**576,292**	**490,802**

(1) Active collateral with foreign banks, Margin Call
(2) Advance on conditional donation from CTIC Foundation
(3) Non-delivery Forward transactions, operations 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.
(4) Other is mainly composed of unidentified Fines and penalties; international purchaser claims; transfer of balances in the SIIF portfolio; transit of returned goods in agreement and other.

The following is the movement in the provisions for years ended December 31, 2024 and 2023:

		December 31, 2024	December 31, 2023
Balance at beginning of period	**$**	**38,073**	**18,992**
Provision charged to profit or loss		7,323	20,440
Recoveries of other accounts receivable		(23,746)	(1,577)
Reclassification of Manifestly Bad Debts		-	3,884
Write-offs		(5,048)	(3,666)
Balance at end of period	**$**	**16,602**	**38,073**

Note 12. - Gain and/or loss on 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 years 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 (*)	$	1,457	3,591	2,134	80,144	103,636	23,492
Movable assets		1,452	1,706	254	1,690	2,151	461
	$	**2,909**	**5,297**	**2,388**	**81,834**	**105,787**	**23,953**

(*) The profit recorded in non-current assets held for sale note of $2,388, corresponds to $776 for the sale of two repositioned real estate assets; $254 corresponding to the sale of 51 repositioned movable assets that entered and were sold in the same period, and $1,358, corresponding to the sale of 2 own assets that were reclassified to held for sale.

Changes in assets held for sale are presented below:

Balance as of December 31, 2023	**$**	**3,023**
Increases by addition during the period		1,556
Cost of non-current assets held for sale sold, net		(2,909)
Impairment charged to expenses		(24)
Reclassifications from/to own use		(322)
Balance as of December 31, 2024	**$**	**1,324**

Balance as of December 31, 2022	**$**	**-**
Increases by addition during the period		2,890
Cost of non-current assets held for sale sold, net		18,183
Reclassifications from own use		81,967
Reclassifications due to change in sales plans [-/+].		(100,017)
Balance as of December 31, 2023	**$**	**3,023**

Note 13. - Investments in subsidiaries, associates and joint ventures

Below is a detail of investments in subsidiaries, associated companies and joint ventures:

		December 31, 2024	December 31, 2023
Subsidiaries	$	948,151	772,520
Associated		1,662,271	1,543,085
Joint ventures		2,026	1,721
Total	**$**	**2,612,448**	**2,317,326**

The following is a detail of the changes in investments in subsidiaries, associates and joint ventures for years ended December 31, 2024, and 2023.

		Subsidiaries	Associated	Joint ventures	Total
Balance as of December 31, 2023	**$**	**772,520**	**1,543,085**	**1,721**	**2,317,326**
Exchange difference with effect on realized income		63,506	-	-	63,506
Dividends Declared		(45,109)	(67,758)	-	(112,867)
Equity method with effect in ORI		(8,888)	14,856	-	5,968
Equity method with effect in income		166,122	172,088	305	338,515
Balance as of December 31, 2024	**$**	**948,151**	**1,662,271**	**2,026**	**2,612,448**
Balance as of December 31, 2022	**$**	**663,630**	**1,426,109**	**1,584**	**2,091,323**
Exchange difference with effect on realized income		(73,047)	-	-	(73,047)
Dividends Declared		(29,348)	(69,340)	-	(98,688)
Equity method with effect in ORI		70,077	17,473	-	87,550
Equity method with effect in income		141,208	168,843	137	310,188
Balance as of December 31, 2023	**$**	**772,520**	**1,543,085**	**1,721**	**2,317,326**

Below is a detail of investments in subsidiaries, associated companies and joint ventures:

		December 31, 2024	December 31, 2023
Subsidiaries	**$**	**948,151**	**772,520**
Fiduciaria de Occidente S.A.		420,355	382,694
Ventas y Servicios S.A.		23,080	22,078
Banco de Occidente Panamá S.A.		321,141	225,031
Occidental Bank (Barbados) Ltd.		183,575	142,717
Associated		**1,662,271**	**1,543,085**
Porvenir S.A.		846,056	757,125
Aval Valor Compartido S.A. (Formerly ATH)		2,875	2,779
Aval Soluciones Digitales S.A.		4,364	3,731
Corporación Financiera Colombiana Corficol S.A.		808,976	779,450
Joint Ventures		**2,026**	**1,721**
Aval Shared Value in Joint Venture Accounts		2,023	1,718
Aval Soluciones Digitales S.A. - Dale		3	3
Total	**$**	**2,612,448**	**2,317,326**

The equity method recorded for investments in subsidiaries was calculated based on the financial statements of these entities as of December 31, 2024, and 2023.

a. Detail of investments in subsidiaries

December 31, 2024

Name of subsidiary	Participation Percentage	Main Address		Carrying value	Assets	Liabilities	Profit or loss
Fiduciaria de Occidente S.A.	94.98%	Bogotá	$	420,355	478,707	38,812	88,189
Ventas y Servicios S.A.	45.00%	Bogotá		23,080	116,930	65,645	2,226
Banco de Occidente Panama S.A.	95.00%	Panama		321,141	4,502,444	4,164,402	62,821
Occidental Bank Barbados Ltd.	100.00%	Barbados		183,575	1,481,779	1,294,039	21,169
Total			$	948,151	6,579,861	5,562,898	174,405

Name of subsidiary	Participation Percentage	Main Address		December 31, 2023 Carrying value	Assets	Liabilities	Profit or loss
Fiduciaria de Occidente S.A.	94.98%	Bogotá	$	382,694	437,019	36,537	74,933
Ventas y Servicios S.A.	45.00%	Bogotá		22,078	100,108	51,049	(373)
Banco de Occidente Panama S.A.	95.00%	Panama		225,031	3,574,820	3,337,946	49,152
Occidental Bank Barbados Ltd.	100.00%	Barbados		142,717	1,045,352	898,920	16,458
Total			$	772,520	5,157,300	4,324,453	140,170

The corporate purpose of *Fiduciaria de Occidente S.A. - Fiduoccidente*, is the execution of mercantile trust agreements and non-translative fiduciary mandates of ownership, in accordance with the legal provisions. Its main purpose is to acquire, dispose of, encumber and manage movable and immovable property, and to intervene as debtor or creditor in all kinds of credit operations.

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.

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.

The corporate purpose of Ventas y Servicios S.A., is the provision of technical or administrative services referred to in Article 5 of Law 45 of 1990, such as: Computer programming, marketing, creation and organization of files for consultation and statistical calculations and reports in general. The company Ventas y Servicios, is consolidated by virtue of the dominant administrative influence exercised by the Parent Company.

Activities carried out by these entities are strategic for the achievement of the Bank's objectives.

During years ended December 31, 2024 and 2023, dividends were received from subsidiaries as follows:

Fiduciaria de Occidente S.A.		**December 31, 2024**	**December 31, 2023**
Cash	$	45,109	28,493
Shares		-	-
	$	**45,109**	**28,493**

Ventas y Servicios S.A.		**December 31, 2024**	**December 31, 2023**
Cash	$		855
Shares		-	-
	$	**-**	**855**

There are no legal or economic restrictions, pledges or liens on the investments, and there are no limitations on their ownership.

The following table shows the effect on the statement of income and other comprehensive income of the application of the equity method as of December 31, 2024, and 2023:

Entity		December 31, 2024 ORI by MPP application	December 31, 2024 Statement of income from application of MPU	December 31, 2023 ORI by MPP application	December 31, 2023 Statement of income from application of MPU
Fiduciaria de Occidente S.A.	$	25,428	84,271	26,929	71,604
Ventas y Servicios S.A.		898	1,002	898	(168)
Banco de Occidente Panamá S.A.		(85,109)	59,680	(81,647)	51,631
Occidental Bank Barbados Ltd.		(16,468)	21,169	(12,543)	18,141
	$	(75,251)	166,122	(66,363)	141,208

b. Detail of investments in Associates

December 31, 2024

Name of associate	Participation percentage	Main Address		Carrying value	Assets	Liabilities	Profit or loss
Porvenir S.A.	24.16%	Bogotá	$	846,056	4,029,189	795,219	652,600
Aval Valor Compartido S.A. (Formerly A.T.H.)	20.00%	Bogotá		2,875	17,189	2,813	483
Aval Soluciones Digitales S.A.	26.60%	Bogotá		4,364	51,597	35,191	2,379
Corporación Financiera Colombiana Corficol S.A.	4.18%	Bogotá		808,976	26,944,002	14,353,124	327,654
Total			**$**	**1,662,271**	**31,041,977**	**15,186,347**	**983,116**

December 31, 2023

Name of associate	Participation percentage	Main Address		Carrying value	Assets	Liabilities	Profit or loss
Porvenir S.A.	24.16%	Bogotá	$	757,125	3,540,313	674,432	558,658
A.T.H.	20.00%	Bogotá		2,779	15,169	1,276	1,009
Aval Soluciones Digitales S.A.	26.60%	Bogotá		3,731	38,874	24,847	(482)
Corporación Financiera Colombiana Corficol S.A.	4.18%	Bogotá		779,450	26,732,793	14,848,630	808,982
Total			**$**	**1,543,085**	**30,327,149**	**15,549,185**	**1,368,167**

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.

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 company may: a) Hire technicians, locally or abroad, in connection with the activities specific to its purpose. b) Organize and manage technological systems and infrastructure. c) Organize and manage its own or third-party 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 related to its purpose. e) Acquire, sell, encumber, and manage all types of assets. f) Intervene as a debtor or creditor in all types of credit transactions, providing or receiving applicable guarantees when appropriate. g) Enter into all types of transactions related to the company's assets and businesses with credit institutions and insurance companies. h) Borrow or lend money, and pledge or manage its movable and immovable property; Draw, endorse, acquire, accept, collect, protest, cancel, or pay bills of exchange, checks, promissory notes, or any other securities, or accept or give them in payment, and generally execute or enter into exchange contracts in all their forms. i) Enter into pledge, antichresis, deposit, guarantee, administration, mandate, commission, and consignment contracts. j) Join other companies that offer similar, complementary, or accessory activities to the social enterprise or that are convenient and useful for the development of the social business or absorb such companies. k) Enter into and execute technical, economic, or administrative management agreements with other persons. l) Organize the commercial establishments necessary for the provision and marketing of its services. m) Subscribe to or acquire all types of shares, quotas, or contributions of social interest, manage, or sell them. n) Provide, manage, implement, contract (or subcontract), and acquire Contact Center and BPO services. o) Collect, store, digitize, manage, safeguard, and process data in general, and deliver documentation and information through various means. p) Carry out all activities leading to the creation, implementation, and maintenance of: i) the physical, logical (applications and systems), and administrative infrastructure for activities developed as BPO; ii) Payment systems, especially in the field of electronic funds transfer, 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 systems that are part of a service network of this nature. q) In general, carry out all acts directly related to the above and intended to exercise its rights or fulfill the obligations arising from the company's activities, including all preparatory, intermediate, useful, and necessary acts to develop its corporate purpose to the broadest extent possible.

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.

During 2024 and 2023, dividends were received from associates as follows:

Porvenir S.A.		December 31, 2024	December 31, 2023
Cash	$	67,758	48,444
	$	**67,758**	**48,444**

c. Details of investments in joint ventures

December 31, 2024

Name of joint venture	Participation Percentage	Main Address		Carrying value	Assets	Liabilities	Profit or loss
Aval Valor Compartido S.A. (Formerly A.T.H.)	25.00%	Bogotá	$	2,023	102,003	93,909	1,223
Aval Soluciones Digitales S.A. - Dale (1)	26.34%	Bogotá		3	151,165	151,155	
Total			**$**	**2,026**	**253,168**	**245,064**	**1,223**

December 31, 2023

Name of joint venture	Participation Percentage	Main Address		Carrying value	Assets	Liabilities	Profit or loss
Aval Valor Compartido S.A. (Formerly A.T.H.)	25.00%	Bogotá	$	1,718	80,435	73,564	546
Aval Soluciones Digitales S.A. - Dale (1)	26.34%	Bogotá		3	123,480	123,470	-
Total			**$**	**1,721**	**203,915**	**197,034**	**546**

In order to carry out its operations, Aval Valor Compartido S.A. (formerly A.T.H., Joint Venture), has entered into a joint 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 specializing 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.

Note 14. - Tangible assets, net

The following is the movement in tangible asset accounts (property and equipment for own use, property leased under operating leases, investment property and rights of use) for years ended December 31, 2024, and 2023:

		For own use	Leased under operating leases	Investment properties	Rights of use	Total
Cost or fair value:						
Balance as of December 31, 2023	**$**	**348,213**	**96,976**	**214,080**	**418,933**	**1,078,202**
Increase or decrease due to change in lease variables		-	-	-	33,306	33,306
Purchases		38,836	9,835	29,120	37,937	115,728
Withdrawals / sales (net)		(13,731)	-	(44,627)	-	(58,358)
Impairment charges (net)		(398)	-	-	(29,325)	(29,723)
Transfers from / to non-current assets held for sale		322	-	-	-	322
Other reclassifications		-	-	41,127	-	41,127
Reclassifications from/to own use			(8,467)	-		(8,467)
Balance as of December 31, 2024	**$**	**373,242**	**98,344**	**239,700**	**460,851**	**1,172,137**

Cost or fair value:						
Balance as of December 31, 2022	**$**	**448,726**	**75,362**	**216,896**	**360,620**	**1,101,604**
Increase or decrease due to change in lease variables		**-**	**-**	**-**	30,849	30,849
Purchases		23,307	23,904	51,841	43,438	142,490
Withdrawals / sales (net)		(10,246)	-	(74,166)	-	(84,412)
Impairment charges (net)		(295)	-	-	(15,974)	(16,269)
Transfers from / to non-current assets held for sale		(113,151)	-	-	-	(113,151)
Transfers from / to Investment Properties		(128)	-	36	-	(92)
Change in fair value		-	-	19,328	-	19,328
Other reclassifications		-	(2,290)	-	-	(2,290)
Revaluation of investment properties		-	-	145	-	145
Balance as of December 31, 2023	**$**	**348,213**	**96,976**	**214,080**	**418,933**	**1,078,202**

		For own use	Leased under operating leases	Investment properties	Rights of use	Total
Accumulated Depreciation:						
Balance as of December 31, 2023	**$**	**(248,968)**	**(31,706)**	-	**(177,772)**	**(458,446)**
Depreciation for the year charged to expense		(23,571)	(20,300)	-	(64,004)	(107,875)
Withdrawals from sales (net)		13,660	-	-	-	13,660
Impairment charges (net)		331	-	-	26,931	27,262
Other reclassifications		-	7,498	-	-	7,498
Balance as of December 31, 2024	**$**	**(258,548)**	**(44,508)**	-	**(214,845)**	**(517,901)**

		For own use	Leased under operating leases	Investment properties	Rights of use	Total
Accumulated Depreciation:						
Balance as of December 31, 2022	**$**	**(265,063)**	**(17,753)**	-	**(134,516)**	**(417,332)**
Depreciation for the year charged to expense		(24,971)	(16,243)	-	(56,097)	(97,311)
Depreciation for the year charged to expense		9,680	-	-		9,680
Impairment charges (net)		110	-	-	12,841	12,951
Transfers from / to non-current assets held for sale		31,184	-	-	-	31,184
Transfers from / to Investment Properties		92	-	-	-	92
Other reclassifications		-	2,290	-	-	2,290
Balance as of December 31, 2023	**$**	**(248,968)**	**(31,706)**	**-**	**(177,772)**	**(458,446)**

		For own use	Leased under operating leases	Investment properties	Rights of use	Total
Impairment losses:						
Balance as of December 31, 2023		**(29)**	**(592)**	**(96,793)**	-	**(97,414)**
Impairment charge for the year		-	(793)	(52,842)	-	(53,635)
Impairment recovery		-	354	34,921	-	35,275
Withdrawals from sales (net)		-	-	19,699	-	19,699
Balance as of December 31, 2024	**$**	**(29)**	**(1,031)**	**(95,015)**	**-**	**(96,075)**

		For own use	Leased under operating leases	Investment properties	Rights of use	Total
Impairment losses:						
Balance as of December 31, 2022	**$**	(29)	**(530)**	**(93,453)**	-	**(94,012)**
Impairment charge for the year		-	(288)	(41,173)	-	(41,461)
Impairment recovery		-	226	4,201	-	4,427
Withdrawals from sales (net)		-	-	33,632	-	33,632
Balance as of December 31, 2024	**$**	**(29)**	**(592)**	**(96,793)**	**-**	**(97,414)**

Tangible assets, net:						
Balance as of December 31, 2023		**99,216**	**64,678**	**117,287**	**241,161**	**522,342**
Balance as of December 31, 2024	**$**	**114,665**	**52,805**	**144,685**	**246,006**	**558,161**

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		105,045	(78,792)	(29)	26,224
Computer equipment		163,467	(115,398)	-	48,069
Network and communication equipment		35,344	(29,154)	-	6,190
Vehicles		427	(391)	-	36
Mobilization equipment and machinery		49	(49)	-	-
Properties in joint ventures		3	-	-	3
Improvements to other people's property		35,925	(27,540)	-	8,385
Construction in progress		5,492		-	5,492
Balance as of December 31, 2024	**$**	**373,242**	**(258,548)**	**(29)**	**114,665**

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		102,097	(74,762)	(29)	27,306
Computer equipment		148,421	(113,474)	-	34,947
Network and communication equipment		33,971	(27,692)	-	6,279
Vehicles		535	(474)	-	61
Mobilization equipment and machinery		49	(47)	-	2
Properties in joint ventures		4	-	-	4
Improvements to other people's property		32,285	(25,884)	-	6,401
Construction in progress		4,515	-	-	4,515
Balance as of December 31, 2023	**$**	**348,213**	**(248,968)**	**(29)**	**99,216**

(*) The balance of impairment loss corresponds to the provision for assets received in lieu of payment, and returned in accordance with the indications of the Financial Superintendence of Colombia in CE 036 of 2014.

The Bank establishes impairment on property and equipment, when their carrying amount exceeds its recoverable amount. At the end of each reporting period, the Bank 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.

Based on the evaluation of the above factors, there were no impairment indicators at the end of the period.

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:

Leased under operating leases		**Cost**	**Accumulated depreciation**	**Provision**	**Carrying amount**
Computer equipment	$	42,979	(26,430)	(1,031)	15,518
Vehicles		31,256	(10,077)	-	21,179
Mobilization equipment and machinery		24,108	(8,000)	-	16,108
Balance as of December 31, 2024	**$**	**98,343**	**(44,507)**	**(1,031)**	**52,805**
Computer equipment		45,873	(19,959)	(592)	25,322
Vehicles		22,905	(6,360)	-	16,545
Mobilization equipment and machinery		28,198	(5,387)	-	22,811
Balance as of December 31, 2023	**$**	**96,976**	**(31,706)**	**(592)**	**64,678**

The following is a summary of the minimum lease payments to be received 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 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 Bank, 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 Bank.

c) Investment properties

The following is a detail of the balance as of December 31, 2024, and 2023, by type of investment property:

Investment properties		Cost	Accumulated fair value adjustments	Provisions	(*)	Carrying amount
Land	$	75,021	11,757	(34,398)		52,380
Buildings		91,650	61,272	(60,617)		92,305
Balance as of December 31, 2024	**$**	**166,671**	**73,029**	**(95,015)**		**144,685**
Land	$	69,006	9,823	(37,593)		41,236
Buildings		102,636	32,615	(59,200)		76,051
Balance as of December 31, 2023	**$**	**171,642**	**42,438**	**(96,793)**		**117,287**

(*) The negative effect on the fair value, corresponds to the recognition of the provision as indicated by the Financial Superintendence of Colombia in external circular letter 036 of 2014 for $95,015 and $96,793 for years ended December 31, 2024, and 2023, respectively, corresponding to assets received as payment in kind and returned classified as investment property.

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)**

Investment properties 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 Bank has no restrictions on the collection of rental income, or on the realization of assets classified as investment property.

d) Property and equipment right of use

The following is the detail of right-of-use property and equipment as of December 31, 2024 and 2023:

Rights of use		Cost	Accumulated depreciation	Carrying amount
Buildings	$	373,136	(157,312)	215,824
Computer equipment		85,128	(55,521)	29,607
Vehicles		2,587	(2,012)	575
Balance as of December 31, 2024	**$**	**460,851**	**(214,845)**	**246,006**

Rights of use		Cost	Accumulated depreciation	Carrying amount
Buildings	$	350,210	(132,875)	217,335
Computer equipment		66,517	(43,799)	22,718
Vehicles		2,206	(1,098)	1,108
Balance as of December 31, 2023	**$**	**418,933**	**(177,772)**	**241,161**

Note 15. - Intangible assets, net

The following is the movement in intangible asset accounts for years ended December 31, 2024 and 2023:

		Capital gains	Other intangibles	Total intangible assets
Cost:				
Balance as of December 31, 2023	**$**	**22,724**	**786,714**	**809,438**
Additions / Purchases (net)		-	127,363	127,363
Withdrawals / Sales (net)		-	(129)	(129)
Balance as of December 31, 2024	**$**	**22,724**	**913,948**	**936,672**
Balance as of December 31, 2022	**$**	**22,724**	**663,798**	**686,522**
Additions / Purchases (net)		**-**	122,916	122,916
Balance as of December 31, 2023	**$**	**22,724**	**786,714**	**809,438**
Accumulated amortization:		**Capital gains**	**Other intangibles**	**Total intangible assets**
Balance as of December 31, 2023	**$**	-	**(230,812)**	**(230,812)**
Amortization for the year charged to income		-	(76,843)	(76,843)
Balance as of December 31, 2024	**$**	**-**	**(307,655)**	**(307,655)**
Balance as of December 31, 2022	**$**	-	**(165,117)**	**(165,117)**
Amortization for the year charged to income		-	(65,695)	(65,695)
Balance as of December 31, 2023	**$**	**-**	**(230,812)**	**(230,812)**
Intangible assets, net:				
Balance as of December 31, 2023	**$**	**22,724**	**555,902**	**578,626**
Balance as of December 31, 2024	**$**	**22,724**	**606,293**	**629,017**

In the aforementioned periods, the Bank has no impairment loss on these intangible assets.

Capital gains

Capital gains recorded arose from the merger of the Bank with Banco Unión. For valuation purposes, capital gains have been allocated to the Bank 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 Bank 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%
Banrep Intervention Rate	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. Rc = 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 (p): 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:

Discount rate

Banco de Occidente: Banco Unión

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%**

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 (Cop 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 on Ke

Spread over Growth Gradient (g)		-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

Extracted from page 6 of the Goodwill Report 2024, prepared by PricewaterhouseCoopers Asesores Gerenciales S.A.S.

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:

Description		Cost	Accumulated depreciation:	Carrying amount
Licenses	$	5	(2)	3
Computer programs and applications		913,943	(307,653)	606,290
Balance as of December 31, 2024	**$**	**913,948**	**(307,655)**	**606,293**

Description		Cost	Accumulated depreciation:	Carrying amount
Licenses	$	5	(2)	3
Computer programs and applications		786,709	(230,810)	555,899
Balance as of December 31, 2023	**$**	**786,714**	**(230,812)**	**555,902**

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	$	37,411	43,115
Rent surcharge		-	6,159
Subtotal for current period taxes		**37,411**	**49,274**
Adjustment for prior periods		(17,253)	1,054
Net deferred taxes for the period		4,904	(107,286)
Adjustment of deferred taxes of prior periods		13,328	(11)
Subtotal deferred taxes		**18,232**	**(107,297)**
Total		**38,390**	**(56,969)**

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 Bank stipulate that 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 ($5,648 year 2024). The surcharge is subject to a 100% advance payment.

In accordance with paragraph 81 (c) of IAS 12, the following is a reconciliation between the Bank's total income tax expense calculated at current tax rates and the tax expense (income) actually recorded in the results of the period for years ended December 31, 2024, and 2023:

		December 31, 2024	December 31, 2023
Profit before income tax	**$**	**533,382**	**373,634**
Total tax rate		40%	40%
Theoretical tax expense calculated according to current tax rates		213,353	149,454
Non-deductible expenses		19,709	20,136
Dividends received not constituting income		(2,500)	(2,236)
Income from the equity method not constituting income		(135,406)	(124,075)
Interest and other income not subject to income tax		-	(8,562)
Exempt income		(1,348)	-
Tax benefit in acquisition of productive assets		(37,904)	(31,057)
Tax discounts		607	(19,106)
Effect of the application of different rates for the determination of deferred taxes		(15,790)	(36,522)
Adjustment for prior periods		(17,253)	1,054
Adjustment of deferred taxes of prior periods		13,328	(11)
Other concepts		1,595	(6,043)
Total tax expense for the period	**$**	38,390	(56,969)

Income tax expense is recognized based on management's best estimate of both current and deferred income taxes.

The Bank's effective tax rate in respect of continuing operations for the annual period ended December 31, 2024 was 7.20 p.p.; as well as a tax recovery of -$56,969 for December 2023 and tax payable of $38,390 for December 2024.

c) Tax uncertainties

As of December 31, 2024 and 2023, the Bank has no tax uncertainties that would generate a provision for such concept, considering 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 Bank 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, considering that the requirements established in such standard are met, because the Bank has 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 amounted to $1,257,149 and $1,288,715, 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.

Year ended December 31, 2024

		Balance at January 1, 2024	Credited (debited) to income	Credited (debited) to ORI	December 31, 2024
Deferred tax assets					
Valuation of fixed income investments	$	1,658	97,533	14,684	113,875
Valuation of derivatives		51,243	12,783	-	64,026
Loan portfolio		19,173	(2,074)	-	17,099
Tax losses		190,154	(66,278)	-	123,876
Employee benefits		9,102	2,546	(1,048)	10,600
Financial leasing contracts		51,569	(5,052)	-	46,517
Customer loyalty program		291	50	-	341
Difference in exchange financial liabilities		-	48,253	-	48,253
Other		79,153	(98,750)	25,402	5,805
Subtotal		**402,343**	**(10,989)**	**39,038**	**430,392**
Deferred tax liabilities					
Investments in Associates and Joint Ventures		(289)	165	-	(124)
Investments in Equity Instruments		(17,600)	-	(5,100)	(22,700)
Private Equity Fund Investment		(14,788)	1,279	-	(13,509)
Loan portfolio		(59)	-	-	(59)
Property, Plant and Equipment		(15,867)	(15,501)	-	(31,368)
Investment Properties		-	(75)	75	-
Intangible Assets		(46,696)	7,129	-	(39,567)
Goodwill		(7,953)	-	-	(7,953)
Other		(418)	(240)	-	(658)
Subtotal		**(103,670)**	**(7,243)**	**(5,025)**	**(115,938)**
Total	$	**298,673**	**(18,232)**	**34,013**	**314,454**

Year ended December 31, 2023

		Balance at January 1, 2023	Credited (debited) to income	Credited (debited) to ORI	December 31, 2023
Deferred tax assets					
Valuation of fixed income investments	$	150,819	(39,404)	(109,757)	1,658
Valuation of derivatives		82,931	(31,688)	-	51,243
Loan portfolio		55,803	(36,630)	-	19,173
Tax losses		-	190,154	-	190,154
Employee benefits		10,883	(3,716)	1,935	9,102
Financial leasing contracts		51,441	128	-	51,569
Customer loyalty program		-	291	-	291
Other		73,779	34,593	(29,219)	79,153
Subtotal		**425,656**	**113,728**	**(137,041)**	**402,343**
Deferred tax liabilities					
Equity investments		(16,725)	470	(1,345)	(17,600)
Investments in Joint Ventures		-	(289)	-	(289)
Private Equity Fund Investment		(13,338)	(1,450)	-	(14,788)
Loan portfolio		-	(59)	-	(59)
Property, Plant and Equipment		(26,508)	10,641	-	(15,867)
Investment Properties		-	(1,052)	1,052	-
Intangible Assets		(30,713)	(15,983)	-	(46,696)
Goodwill		(9,090)	1,137	-	(7,953)
Other		(572)	154	-	(418)
Subtotal		**(96,946)**	**(6,431)**	**(293)**	**(103,670)**
Total	**$**	**328,710**	**107,297**	**(137,334)**	**298,673**

For purposes of presentation in the Statement of Financial Position, the Company offset deferred tax assets and liabilities, in accordance with paragraph 74 of IAS 12, considering the application of the tax provisions in force in Colombia on the legal right to offset current tax assets and liabilities.

The analysis of deferred tax assets and liabilities as of December 31, 2024, and 2023 is as follows:

	Year ended in: December 31, 2024	Year ended in: December 31, 2023
Deferred tax asset		
Deferred tax asset recoverable before 12 months	255,602	323,558
Deferred tax asset recoverable after 12 months	174,790	78,785
Total deferred tax assets	**430,392**	**402,343**
Deferred tax liabilities		
Deferred tax liabilities payable before 12 months	(75,495)	(17,514)
Deferred tax liabilities payable after 12 months	(40,443)	(86,156)
Total deferred tax liabilities	**(115,938)**	**(103,670)**
Total deferred tax	**314,454**	**298,673**

Deferred tax balances:

December 31, 2024		Gross amounts of deferred tax	Compensation reclassifications	Balances in statements of financial position
Deferred income tax assets	$	430,392	(115,938)	314,454
Deferred income tax liability		(115,938)	115,938	-
Net	$	**314,454**	-	**314,454**

December 31, 2023		Gross amounts of deferred tax	Compensation reclassifications	Balances in statements of financial position
Deferred income tax assets	$	402,343	(103,670)	298,673
Deferred income tax liability		(103,670)	103,670	-
Net	$	**298,673**	-	**298,673**

Current tax balances:

December 31, 2024		Gross amounts of deferred tax	Compensation reclassifications	Balances in statements of financial position
Deferred income tax assets	$	554,594	-	554,594
Deferred income tax liability		-	-	-
Net	$	**554,594**	-	**554,594**

December 31, 2023		Gross amounts of deferred tax	Compensation reclassifications	Balances in statements of financial position
Deferred income tax assets	$	854,869	(49,274)	805,595
Deferred income tax liability		(49,274)	49,274	-
Net	$	**805,595**	**-**	**805,595**

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 the other comprehensive income account are detailed below:

		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**
Equity in ORI of investments in associated companies and joint ventures		5,968		**5,968**	87,549		**87,549**
Unrealized Net Gain/Loss on debt securities		(46,308)	14,684	**(31,624)**	289,101	(109,757)	**179,344**
Unrealized Net Gain/Loss on Financial Instruments at Fair Value				-	8,886	(1,345)	**7,541**
Subtotals		**(40,340)**	**40,086**	**(254)**	**385,536**	**(140,321)**	**245,215**
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)	1,052	**(1,323)**
Net unrealized loss on equity investments		34,736	(5,100)	**29,636**			
Actuarial gain on employee retirement plans		2,621	(1,048)	**1,573**	(4,838)	1,935	**(2,903)**
Subtotals		**37,158**	**(6,073)**	**31,085**	**(7,213)**	**2,987**	**(4,226)**
Total other comprehensive income for the period	$	**(3,182)**	**34,013**	**30,831**	**378,323**	**(137,334)**	**240,989**

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 Bank and its 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 Bank does 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 the Bank's customers in the development of its deposit-taking operations:

Detail		December 31, 2024	December 31, 2023
Demand deposits			
Current accounts	$	6,726,605	6,533,720
Savings accounts		27,861,495	23,694,340
Other funds at sight		65,375	62,846
		34,653,475	**30,290,906**
Term			
Term deposit certificates		13,528,141	14,682,744
Total Deposits	**$**	**48,181,616**	**44,973,650**
By currency			
In Colombian pesos	$	48,100,852	44,911,105
In other currencies		80,764	62,545
Total by Currency	**$**	**48,181,616**	**44,973,650**

Below is a detail of the maturity of the certificates of deposit outstanding as of December 31, 2024:

Year		Nominal Amount
2024		283,643
2025		11,451,477
2026		1,323,996
2027		338,645
2028		40,767
After 2029		89,613
	$	**13,528,141**

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 deposit certificates	0.00%	17.50%	0.04%	17.72%

Frequency of Interest Settlement: For Term Deposit Certificates, the interest settlement frequency corresponds to what is agreed with each client within their title; for savings accounts, the settlement frequency is daily.

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*	$	8,402,155	17%	6,872,366	15%
Manufacturing		993,113	2%	1,146,077	3%
Real Estate		614,687	1%	424,981	1%
Trade		2,491,983	5%	1,681,063	4%
Agricultural and livestock		243,697	1%	282,668	1%
Individuals		3,741,387	8%	4,029,961	9%
Other **		31,694,594	66%	30,536,534	68%
Total	$	48,181,616	100%	44,973,650	100%

*Government includes sectors O and U (according to ISIC classification), corresponding to PUBLIC ADMINISTRATION AND DEFENSE AND MANDATORY SOCIAL SECURITY PLANS and ACTIVITIES OF EXTRATERRITORIAL ORGANIZATIONS AND BODIES respectively.

**The most representative item included in this category, corresponds to FINANCIAL AND INSURANCE ACTIVITIES (Sector K), which at the cut-off date of December 2024 had a total balance of $19,700,240 million, representing 68% of the total for the category.

As of December 31, 2024, it had 12,219 clients with balances exceeding $250 million, for a total value of $41,782,826 million (as of December 31, 2023, 12,472 clients for $40,225,524 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 $3,820,223 and $4,195,244, respectively.

Note 18. - Financial Obligations

18.1 Loans from banks, interbank and overnight funds

The following is a summary of the financial obligations obtained by the Bank as of December 31, 2024, and 2023, with the fundamental purpose of financing its operations, mainly in international trade:

		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	-	125	-
Ordinary purchased interbank funds		223,784	-	80,107	-
Transfer commitments in repo transactions		3,805,016	-	1,783,598	-
Simultaneous operations		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**	**-**	**4,394,176**	**-**
Lease agreements					
Lease liabilities		-	371,906	-	377,590
Total Lease agreements		**-**	**371,906**	**-**	**377,590**
Total liabilities in legal currency		**8,636,674**	**371,906**	**4,394,176**	**377,590**
Foreign Currency					
Interbank and overnight funds					
Banks and correspondents		-	-	8,935	-
Total Interbank and overnight funds		**-**	**-**	**8,935**	**-**
Bank loans					
Loans		3,589,436	442,435	2,455,810	268,653
Letters of credit		2,461	-	-	-
Acceptances		37,202	-	52,258	-
Total loans from banks		**3,629,099**	**442,435**	**2,508,068**	**268,653**
Total foreign currency obligations		**3,629,099**	**442,435**	**2,517,003**	**268,653**
Total loans from banks, interbank and overnight funds	**$**	**12,265,773**	**814,341**	**6,911,179**	**646,243**

As of December 31, 2024, short-term financial obligations corresponding to simultaneous operations and repos for $8,412,848 were guaranteed with investments worth $8,343,592 and as of December 31, 2023, for $4,313,944 guaranteed with investments worth $4,038,665.

Below is a summary of the effective interest rates incurred on short-term financial obligations:

	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	-	13.15

	December 31, 2024 in foreign currency		December 31, 2023 in foreign currency	
	Minimum rate %	Maximum rate %	Minimum rate %	Maximum rate %
Bankers' acceptances	0.10	0.10	-	-
Correspondent banks	3.64	7.76	6.18	8.78

For short-term financial obligations, the expense incurred in the income statement for money market operations, such as interbank funds, transfer commitments in repo and simultaneous operations, and other interest for years ended December 31, 2024, and 2023, was $559,017 and $424,720, respectively.

18.2 Notes and investment securities

The Bank is authorized by the Financial Superintendence of Colombia to issue or place Notes or general guarantee notes. All note issues by the Bank 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
Banco de Occidente's Ordinary Notes	Between 09/AUG/2012 and 20/AUG/2020	1,171,045	1,458,982	Between 20/AUG/2026 and 14/DEC/2032	Between CPI + 2.37% and 4.65%
Banco de Occidente's subordinated debt instruments	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**	**2,171,344**		

Foreign Currency [(1)]

Issuer	Date of Issue	December 31, 2024	December 31, 2023	Maturity Date	Interest Rate
Reg S Banco de Occidente's Subordinated Notes	13/MAY/2024	791,791	-	13/AUG/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 Nominal Amount
2024	$	22,385
After 2024		2,647,812
Total	$	**2,670,197**

For long-term financial obligations for the issuance of bonds, the interest accrued in the income statement as of December 31, 2024, and 2023, was $276,865 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 Bank from these entities as of December 31, 2024, and 2023:

	Interest rates in effect at the cutoff		December 31, 2024	December 31, 2023
Foreign Trade Bank - "BANCOLDEX"	Between DFT -1.50% and 3.80% ; IBR -0.88% and 3.63% ; LIBOR 3.70% ; Fixed -0.80% and 8.71%.	$	125,994	316,559
Agricultural Sector Financing Fund - "FINAGRO"	Between DFT 0% and 2%; Fixed 0% and 7.30%		133,979	171,942
Financiera de Desarrollo Territorial "FINDETER" (Territorial Development Financial Institution)	Between DFT -3% and 2.85% ; IBR -0.72% and 3.29% ; Fixed 0% and 9.74%		802,209	599,688
Total		$	**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:

Year		Amount
2025	$	44,267
2026		118,068
After 2027		899,847
Total	$	**1,062,182**

For financial obligations with rediscount entities and foreign banks at accrued interest in the income statement for the years ended December 31, 2024, and 2023, it was $378,191 and $381,106, 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		4,443,440	3,154,311
Obligations with rediscount entities		1,062,182	1,088,189
Notes and investment securities		2,670,197	2,171,344
Total financial obligations	$	**16,812,493**	**10,816,955**

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	**$**	**66,714**	**3,864,911**	**377,590**	**2,171,345**	**6,480,560**
financing						
Dividends paid on controlling interest		(162,024)	-	-	-	(162,024)
Dividends paid on non-controlling interest		(61,104)	-	-	-	(61,104)
Lease payments		-	-	(74,532)	-	(74,532)
Payments on outstanding bonds		-	-	-	(277,490)	(277,490)
Bond issuance		-	-	-	660,058	660,058
Acquisition of financial obligations		-	9,464,380	-	-	9,464,380
Payment of financial obligations		-	(8,634,110)	-	-	(8,634,110)
Cash used in financing activities		**(156,414)**	**4,695,181**	**303,058**	**2,553,913**	**7,395,738**
Cash flows from operating activities						
Interest accrued		-	346,270	31,920	276,865	655,055
Interest paid		-	(351,889)	(31,920)	(258,908)	(642,717)
Other Changes (*)		213,574	444,155	68,849	98,327	824,905
Balance at December 31, 2024		**57,160**	**5,133,717**	**371,907**	**2,670,197**	**8,232,981**

		Dividends Payable	Loans from banks and rediscount entities	Finance Lease	Notes and investment securities	Total
Balance at December 31, 2022	**$**	**40,910**	**4,591,139**	**354,707**	**2,322,416**	**7,309,172**
financing						
Dividends paid on controlling interest		(185,522)	-	-	-	(185,522)
Dividends paid on non-controlling interest		(39,734)	-	-	-	(39,734)
Lease payments		-	-	(64,339)	-	(64,339)
Payments on outstanding bonds		-	-	-	(148,040)	(148,040)
Acquisition of financial obligations		-	8,441,145	-	-	8,441,145
Payment of financial obligations		-	(8,469,469)	-	-	(8,469,469)
Cash used in financing activities		**(184,346)**	**4,562,815**	**290,368**	**2,174,376**	**6,843,213**
Cash flows from operating activities						
Interest accrued			353,216	27,890	335,437	716,543
Interest paid		-	(325,143)	(27,890)	(338,468)	(691,501)
Other Changes (*)		251,060	(725,977)	87,222	-	(387,695)
Balance at December 31, 2023		**66,714**	**3,864,911**	**377,590**	**2,171,345**	**6,480,560**

(*) The "other changes" item is made up of declared dividends, exchange rate differences, changes in lease contracts and incremental costs.

Note 19. - Provisions for employee benefits

In accordance with Colombian labor legislation and based on the labor conventions and collective agreements signed with the employees, the Bank's employees are entitled to short-term benefits such as: salaries, vacations, legal and extralegal bonuses and severance pay and severance interest, long-term benefits such as: extralegal bonuses and retirement benefits such as: severance payments to employees who continue with the labor regime prior to Law 50 of 1990 and legal and extralegal retirement pensions. For compensation of key management personnel, this includes salaries, non-cash benefits and contributions to a defined benefit post-employment plan, (See note 28).

Through its employee benefit plans, the Bank is exposed to a number of risks (interest rate and operational), which it tries to minimize through the application of the risk management policies and procedures previously defined in Note 4.

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	$	58,532	52,403
Post-employment benefits		4,313	4,951
Long-term benefits		5,921	6,138
Total Liabilities	**$**	**68,766**	**63,492**

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 Bank before 1968 who met the requirements of age and years of service, pensions are assumed directly by the Bank.
- 23 employees hired by the Bank before 1990 are entitled to receive at the date of their retirement at the employee's or the Bank'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 accordance with IAS 19, the pension liability was restated, resulting in a pension liability of $2,828.
- In the Bank, there are employees who belong to previous labor schemes, according to which their severance payments are assumed by the Bank at the time of their retirement (severance payments of employees of previous law), the new schemes involve this benefit in the defined contribution plans.

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	**$**	4,951	9,396	6,138	6,558
Costs incurred during the period		44	47	454	606
Interest costs		505	556	613	825
Past service costs		-	(2,079)	-	-
Subtotal		**549**	**(1,476)**	**1,067**	**1,431**
Loss (Gain) on changes in demographic assumptions		186	1,023	155	(406)
(Gain)/loss on changes in financial assumptions		24	(68)	(19)	(325)
Subtotal		**210**	**955**	**136**	**(731)**
Payments to employees		(1,397)	(3,924)	(1,420)	(1,120)
Balance at the end of the year	**$**	**4,313**	**4,951**	**5,921**	**6,138**

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	9.98%	11.50%	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	4.49	3.87	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:

As of December 2024		- 0.50 points		+ 0.50 points	
		Post Employment	Long Term	Post Employment	Long Term
Discount rate	$	99	96	(95)	(92)
Wage growth rate		(65)	(124)	66	128
Pension growth rate		(89)	-	93	-

b) Long-term employee benefits

- The Bank grants its contractual employees, long-term extra-legal 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 35 and 75 days) each payment.

- The Bank has recorded the liabilities corresponding to these benefits, for the agreed employees based on the actuarial calculations made under the same parameters of the retirement benefits, the long-term benefits correspond to $5,921 as of December 31, 2024.

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		704	1,296
2026		818	1,124
2027		693	1,122
2028		687	721
2029		686	633
Years 2030-2034	$	2,154	2,195

The Bank will use its own funds to cover future cash flows for extra-legal and pension benefit payments.

	December 31, 2024	December 31, 2023
Post-employment participants	43	56
Long-term participants	2,741	2,831

Note 20. - Provisions for legal contingencies and other provisions

The movement and balances of legal and other provisions during periods ended December 31, 2024, and 2023 are described below:

		Legal provisions	Other provisions	Total provisions
Balance as of December 31, 2023	**$**	**2,415**	**1,754**	**4,169**
Increase due to new provisions in the period		4,531	-	4,531
Increase in existing provisions in the period		88	-	88
Utilization of provisions		(4,397)	(508)	(4,905)
Amounts reversed for unused provisions		(12)	-	(12)
Balance as of December 31, 2024	**$**	**2,625**	**1,246**	**3,871**

Balance as of December 31, 2022	**$**	**3,362**	**1,754**	**5,116**
Adjustment for adoption of new standards				
Restated balance		**3,362**	**1,754**	**5,116**
Increase due to provisions in the period		852	-	852
Increase in existing provisions in the period		223	-	223
Utilization of provisions		(951)	-	(951)
Amounts reversed for unused provisions		(1,071)	-	(1,071)
Balance as of December 31, 2023	**$**	**2,415**	**1,754**	**4,169**

Other legal provisions

The thirteen (13) civil lawsuits filed against the Bank, 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 Bank 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, 4 are duly provisioned for the total amount of $166 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

Tax lawsuits against the Bank derived from the development of its purpose, and which represent a risk are: i) an action for annulment and reestablishment of the right between the Tax Authority (DIAN) and Aloccidente, an entity merged with Banco de Occidente, provisioned for $229 and ii) statements of charges for sending information as a collecting entity, provisioned for $268 as of December 31, 2024.

Other provisions

As of December 31, 2024, other provisions correspond to the costs of dismantling the spaces for the ATMs and offices/premises taken under lease, which, valuing the adjustments to be made for the restitution of the premises to the lessors, would incur dismantling costs of $1,246.

Note 21. - Other liabilities

Other liabilities as of December 31, 2024, and 2023 comprise the following:

		December 31, 2024	December 31, 2023
Suppliers and accounts payable	$	330,293	247,064
Cashier's checks		296,362	294,056
Taxes, withholdings and labor contributions		135,317	137,094
Withdrawals payable liabilities		76,483	72,848
Other		71,498	56,179
Dividends and surplus		57,161	66,714
Collections made		41,022	108,478
Credit surpluses		35,261	36,955
Security deposit - Margin Call		31,191	355,795
National Guarantees Fund		27,657	29,758
Payments to third parties Occired		25,694	21,310
Peace bonds		20,546	20,609
International exchange received		18,728	96,006
Interest arising from restructuring processes		15,895	18,007
Credit card balance due		14,565	11,536
Loan portfolio disbursements		14,464	3,836
Sales tax payable		9,949	8,722
Bank items in clearing		7,186	31,816
Accounts cancelled		6,531	5,488
Uncashed checks drawn		5,720	7,643
Contributions on transactions		4,272	13,865
Prospective buyers		4,214	2,218
Derivatives trading		3,916	11,267
Collection services		3,611	2,709
Commissions and fees		1,495	1,027
Forward NDR without delivery		1,071	1,665
Loyalty programs		852	728
Insurance and insurance premiums		70	8
Cash surpluses and redemption		57	114
Leases		8	125
Contributions and memberships		4	4
Anticipated income		2	926
Deferred credits		-	424
ATH and ACH transactions		-	30
	$	**1,261,094**	**1,665,025**

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		**155,899,719**	**155,899,719**
Subscribed and paid-in capital	**$**	**4,677**	**4,677**

Appropriated retained earnings in reserves

The composition as of December 31, 2024 and 2023 is as follows:

		December 31, 2024	December 31, 2023
Legal reserve	$	3,094,690	3,094,690
Mandatory and voluntary reserves		1,184,243	962,378
Total	**$**	**4,278,933**	**4,057,068**

Legal reserve

In accordance with current legislation, the Bank must create a legal reserve by appropriating 10% of the net profits each year until it reaches an amount equal to 50% of the subscribed capital stock. This reserve can be reduced to below 50% of the subscribed share capital to absorb 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 were as follows:

		December 31, 2024	December 31, 2023
Profit for the period as determined in the separate financial statements.(*)	$	430,603	502,643
Dividends paid in cash		Dividends paid in cash at the rate of $115 per share per month, payable within the first ten days of each month in accordance with current legislation, from April 2024 through March 2025, inclusive, on a total of 155,899,719 shares subscribed and paid as of December 31, 2023.	Dividends paid in cash at the rate of $134.34 per share per month, payable within the first ten days of each month in accordance with current legislation, from April 2023 through March 2024, inclusive, on a total of 155,899,719 shares subscribed and paid as of December 31, 2022.
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 and paid in cash	$	**215,142**	**251,323**

The management of Banco de Occidente S.A. proposed the following dividends for the profit or loss of the year 2024.

		December 31, 2024	December 31, 2023 (*)
Monthly value per share in pesos	$	132.29	115.00
Common shares used in the computation of net earnings per common share		155,899,719	155,899,720
Total proposed dividends	**$**	**247,496**	**215,142**

(*) Figures being reported correspond to actual figures, which were approved by the General Shareholders' Meeting according to minutes No. 137 of March 20, 2024.

Net income per share

The following table summarizes the basic net earnings per share for the periods ending on December 31, 2024, and 2023:

		December 31, 2024	December 31, 2023
Net income for the year	$	494,992	430,603
Common shares used in the computation of net earnings per common share		155,899,719	155,899,719
Net income per share (in Colombian pesos)	**$**	**3,175**	**2,762**

The Bank has no difference between basic earnings per share and diluted earnings.

Note 23. - Commitments and contingencies

a. Commitments

Credit commitments

In the development of its normal operations, the Bank 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 regard to credit risk on commitments to extend lines of credit, the Bank is potentially exposed to losses in an amount equal to the total amount of unused commitments if the unused amount were to be withdrawn in full; however, the amount of the 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 Bank 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	$	1,373,315	64,605	1,231,217	50,741
Unused letters of credit		166,290	1,318	138,249	1,002
Unused credit card limits		5,920,745	5,920,745	6,028,876	6,028,876
Approved loans not disbursed		3,000	3,000	5,000	5,000
Other		891,048	891,048	803,118	803,118
Total	**$**	**8,354,398**	**6,880,716**	**8,206,460**	**6,888,737**

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	$	7,468,149	7,402,265
Dollars		869,575	791,514
Euros		12,794	11,868
Other		3,880	813
Total	**$**	8,354,398	8,206,460

Capital expenditure disbursement commitments

As of December 31, 2024 and 2023, the Bank had contractual commitments for capital expenditure disbursements (intangible and other) of $63,075 and $34,991 respectively. The Bank has already allocated the necessary resources to meet these commitments, and believes 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 business, claims arise against the Bank, which, based on its own estimates, the Bank's management is of the opinion that it is not probable that losses will be incurred in connection with such claims.

As of December 31, 2024, the Bank had civil lawsuits against it with claims for $108,025, not including those of remote qualification, which, based on analysis and opinions of the lawyers in charge, do not require provisioning, because these are uncertain obligations that do not imply an outflow of funds.

For December 31, 2024, the Bank maintains the following proceedings against it that are material (equal to or greater than $4,061):

- 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.

- 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 his 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.

Labor contingencies

During the course of the working relationship between the Bank and its employees, as a result of the reasons for the termination of the employment contract or the development of the contract, different claims arise against the Bank. According to the lawyers' opinion, as of December 31, 2024, it is not considered likely that significant losses will arise in relation to these claims. On the other hand, the required provisions have been recognized in the financial statements for the corresponding cases.

Tax contingencies

As of December 31, 2024, the Bank has 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 funds for such concepts.

Note 24. - Commission and fee income and expenses

Below is a breakdown of income and expenses for commissions and fees for the years ended December 31, 2024, and 2023:

		For the twelve-month period ended as of:	
Commissions income		**December 31, 2024**	**December 31, 2023**
Fees for banking services	$	297,713	281,718
Credit card fees		167,334	160,604
Fees for drafts, checks and checkbooks		4,446	5,220
Offices network services		2,272	1,908
Total	**$**	**471,765**	**449,449**

Commissions expenses		**December 31, 2024**	**December 31, 2023**
Banking services	$	111,227	94,310
Bank guarantees		-	42
Other		204,911	180,927
Total		**316,139**	**275,279**
Net income from commissions and fees	**$**	**155,626**	**174,170**

Note 25. - Other income and other expenses, net

Below is a breakdown of other income and other expenses for the years ended December 31, 2024, and 2023:

		For the twelve-month period	
Other Income		**December 31, 2024**	**December 31, 2023**
Net gain (loss) on foreign exchange currency difference (*)	$	160,543	(53,536)
Net loss on sale of investments		(1,439)	(11,863)
Profit on sale of non-current assets held for sale		2,388	23,953
Interest in net income of associate companies and joint ventures (*)		338,515	310,188
Dividends		6,249	5,589
Profit on sale of investments		11,153	19,246
Other operating income (*)		118,206	87,094
Net gain on valuation of investment properties (*)		41,127	19,328
Other income total	**$**	**676,742**	**399,999**

(*) For years ended December 31, 2024, and 2023, the variation in other income was $276,743. 743, which is mainly due to foreign exchange differences of $214,079, other operating income of $31,112, share of net profits of associates and joint ventures of $28,327, valuation of investment properties of $21,799 and sale of non-current assets held for sale of ($21,565).

Other Expenses		For the twelve-month period December 31, 2024	December 31, 2023
Personnel expenses	$	593,734	560,358
Contributions, memberships and transfers		48,247	46,573
Taxes and fees		297,690	305,018
Consulting, audit and other fees		166,153	146,391
Depreciation of tangible assets		43,871	41,214
Maintenance and repairs		53,437	47,109
Insurance		146,093	135,765
Depreciation of right-of-use assets		64,004	56,098
Utilities		23,038	23,427
Advertising Services		56,512	41,473
Amortization of intangible assets		76,843	65,695
Transportation services		16,166	11,736
Cleaning and security services		13,386	15,918
Leases		20,868	7,738
Supplies and stationery		5,313	4,989
Electronic data processing		8,261	8,378
Travel expenses		4,113	2,852
Adaptation and installation		5,499	5,353
Impairment losses on other assets		21,520	39,951
Donation expenses		4,044	3,454
Assets write-off		132	-
Insurance claims losses		13,991	20,856
Losses on sale of property and equipment		2,034	781
Other (*)		178,371	140,293
Other expenses total	**$**	**1,863,320**	**1,731,418**

(*) Other is mainly composed of joint venture accounts, building management fee, other Credibanco Visa expenses, outsourcing services and special administrative services.

Note 26. - Analysis of operating segments

Operating segments are components of the Bank responsible for developing commercial activities that can generate income or incur expenses and whose operating results are regularly reviewed by the Bank's Board of Directors and for which specific financial information is available. In accordance with the above, the Bank has defined three sub-segments as business segments: Corporate Banking, Personal Banking and Other Operations.

a. Description of products and services from which each reportable segment derives its revenues

In the financial information available in the Bank at the level of the Business Units (Banks/Segments), the main items of the Statement of Income associated to each reportable sub-segment are related as follows: ordinary portfolio loans in Corporate Banking, Personal Loans, Credit Cards and Payroll Loans in Retail Banking, and finally, Treasury operations in the Other operations segment.

All segments handle offsetting concepts such as, for example, the transfer interest item, where interest is recognized on deposits and interest is charged on placements based on the agreed duration and rate.

b. Factors used by management to identify reportable segments

The operating segments identified above correspond to the internal composition of the business units that the Bank defined and adopted within its corporate structure since the first half of the previous year.

The Banking Group is organized into three business sub-segments comprising: the consolidated Business Banking segment, which consolidates the segments of Government Banking, Corporate Banking and Business Banking 1 and 2, as well as the Personal Banking segment, which consolidates the segments of Retail Banking, Credit Card and Payroll Loans.

The consolidated information is reviewed by the Bank's Board of Directors and is available to the stock market, considering that the Bank has its shares and securities registered in the National Registry of Securities of Colombia.

c. Measurement of net income and assets and liabilities of operating segments

The separate interim financial statements have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF) in force as of December 31, 2015, included as an annex to Decree 2420 of 2015. Established in Law 1314 of 2009, regulated by Single Regulatory Decree 2420 of 2015, as 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).

The Board of Directors evaluates the performance of each segment, based on each segment's net income and certain credit risk indicators.

b. Information on assets, liabilities and net income for reportable operating segments

The following is a breakdown of the summarized financial information reportable by each segment for the years ended December 31, 2024 and 2023:

December 31, 2024
Assets and Liabilities by commercial segment

Concept		Corporate Banking	Personal Banking	Other Banking Operations	Bank Total
Assets	$				
Investment financial assets and trading derivatives		-	-	9,890,258	**9,890,258**
Financial assets available for sale		-	-	4,086,465	**4,086,465**
Held-to-maturity investments		-	-	2,133,953	**2,133,953**
Loan portfolio and financial leasing operations		**32,981,475**	**16,340,632**	**679,673**	**50,001,780**
Commercial		26,306,176	-	679,673	26,985,849
Consumer		-	13,274,890	-	13,274,890
Housing		-	3,018,269	-	3,018,269
Leasing		6,321,439	-	-	6,321,439
Others (Adjustments)		353,860	47,473	-	401,333
Investments in subsidiaries, associated companies and joint ventures		-	-	2,612,448	**2,612,448**
Other assets		-	-	3,928,206	**3,928,206**
Total Assets		**32,981,475**	**16,340,632**	**23,331,003**	**72,653,110**
Liabilities					
Customer deposits		**39,253,114**	**3,636,999**	**5,291,503**	**48,181,616**
Current Account		6,427,017	294,128	5,460	6,726,605
Savings		26,882,824	976,762	1,909	27,861,495
Cdt		5,908,946	2,364,380	5,254,815	13,528,141
Other		34,327	1,729	29,319	65,375
Financial obligations		-	-	16,812,493	**16,812,493**
Other liabilities		-	-	2,177,864	**2,177,864**
Total Liabilities	$	**39,253,114**	**3,636,999**	**24,281,860**	**67,171,973**

December 31, 2024
Banco de Occidente
Statement of income by business segment

Concept		Corporate banking	Personal Banking	Other Operations	Total NCIF Bank
Interest received ML + ME loan portfolio	$	4,176,364	2,372,863	1,541	6,550,768
ML + ME paid interest		(3,167,794)	(311,671)	(1,097,496)	(4,576,961)
Net commissions ML + ME + Miscellaneous		166,551	246,189	64,742	477,482
ML Net income		**1,175,121**	**2,307,381**	**(1,031,213)**	**2,451,289**
Provision for net loan portfolio and other provisions		(247,214)	(940,106)	3,234	(1,184,086)
Transfer interest		762,224	(1,159,749)	748,592	351,067
Net financial income		**1,690,131**	**207,526**	**(279,387)**	**1,618,270**
Subtotal administrative expenses		(963,489)	(948,629)	(98,296)	(2,010,414)
Subtotal on other income and expenses		178,845	27,524	719,157	925,526
Gross Operating Profit		**905,487**	**(713,579)**	**341,474**	**533,382**
Income tax		(305,268)	-	266,878	(38,390)
DG Distribution (Offsetting)		310,169	154,410	(464,579)	-
Profit for the period	**$**	**910,388**	**(559,169)**	**143,773**	**494,992**

December 31, 2023
Assets and Liabilities by commercial segment

Concept		Banking	Banking	Other	Bank Total
Assets					
Investment financial assets and trading derivatives	$			5,530,820	5,530,820
Financial assets available for sale		-	-	3,231,621	3,231,621
Held-to-maturity investments		-	-	2,033,746	2,033,746
Loan portfolio and financial leasing operations		**30,420,701**	**15,259,583**	**527,737**	**46,208,021**
Commercial		23,910,319	-	527,737	24,438,056
Consumer		-	12,673,112	-	12,673,112
Housing		-	2,539,034	-	2,539,034
Leasing		6,252,705		-	6,252,705
* Other (Adjustments)		257,677	47,437	-	305,114
Investments in subsidiary companies, associated		-	-	2,317,326	2,317,326
Other assets		-	-	4,499,107	4,499,107
Total Assets		**30,420,701**	**15,259,583**	**18,140,357**	**63,820,641**
Liabilities					
Customer deposits		**35,188,296**	**3,636,999**	**6,148,355**	**44,973,650**
Current Account		6,223,845	294,128	15,747	6,533,720
Savings		22,703,692	976,762	13,886	23,694,340
Cdt		6,229,615	2,364,380	6,088,749	14,682,744
Other Deposits		31,144	1,729	29,973	62,846
Financial obligations		-	-	10,816,955	10,816,955
Other liabilities		-	-	2,958,716	2,958,716
Total Liabilities	**$**	**35,188,296**	**3,636,999**	**19,924,026**	**58,749,321**

December 31, 2023
Banco de Occidente
Statement of income by business segment

Concept	Corporate banking	Personal Banking	Other Operations	Total NCIF Bank
Interest received ML + ME loan portfolio	4,449,536	2,284,153	2,451	6,736,139
ML + ME paid interest	(3,480,455)	(441,142)	(1,122,186)	(5,043,783)
Net commissions ML + ME + Miscellaneous	167,376	232,062	(21,792)	377,647
ML Net income	**1,136,457**	**2,075,073**	**(1,141,527)**	**2,070,003**
Provision for net loan portfolio and other provisions	(116,738)	(906,864)	(48,754)	(1,072,355)
Transfer interest	813,877	(995,741)	923,592	741,728
Net financial income	**1,833,595**	**172,468**	**(266,689)**	**1,739,375**
Subtotal administrative expenses	(923,706)	(855,411)	(7,887)	(1,787,004)
Subtotal on other income and expenses	165,075	18,665	237,523	421,263
Gross Operating Profit	**1,074,964**	**(664,278)**	**(37,052)**	**373,634**
Income tax	(353,916)	-	410,885	56,969
DG Distribution (Offsetting)	336,619	168,983	(505,602)	-
Profit for the period	**1,057,667**	**(495,295)**	**(131,769)**	**430,603**

Note 27. - 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:

December 31, 2024

		Gross amounts of recognized financial assets	Net amount of financial assets presented in the statement of financial position	Amounts Financial Instruments	Net Amount
Assets	$				
Derivative financial instruments		807,966	807,966	16,094	791,872
Repo and simultaneous transactions		-	-	-	-
Total	$	**807,966**	**807,966**	**16,094**	**791,872**
Liabilities	$				
Derivative financial instruments		844,133	844,133	-	844,133
Repo and simultaneous transactions		8,170,468	8,170,468	9,480,877	(1,310,409)
Total	$	**9,014,601**	**9,014,601**	**9,480,877**	**(466,276)**

December 31, 2023

		Gross amounts of recognized financial assets	Net amount of financial assets presented in the statement of financial position	Amounts Financial Instruments	Net Amount
Assets	$				
Derivative financial instruments		1,444,107	1,444,107	542,733	901,374
Total	$	**1,444,107**	**1,444,107**	**542,733**	**901,374**
Liabilities	$				
Derivative financial instruments		**1,226,030**	**1,226,030**	-	**1,226,030**
Repo and simultaneous transactions		4,309,278	4,309,278	4,599,320	(290,042)
Total	$	**5,535,308**	**5,535,308**	**4,599,320**	**935,988**

The Bank has 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 Bank to offset instruments derived from its own liability obligations.

Note 28. - 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 (controlling and subordinate), associates or joint ventures of the entity or of Grupo Aval entities.

In accordance with the foregoing, the Bank's related parties are as follows:

1. Individuals who exercise control or joint control over the Bank, 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 members of the Board of Directors, key management personnel of Grupo Aval and key management personnel of the Bank and their close relatives, who could be expected to influence or be influenced by the related party.

   These are the persons who participate in the planning, management and control of such entities.

3. Companies belonging to the same Bank, 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 conducted on an arm's length basis. 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 six 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 people included in categories 1 and 2	Entities with significant influence by people included in category 1 and 2
Assets							
Cash and cash equivalents	$	-	-	2,344	-	-	-
Financial assets in investments		-	-	-	148,798	-	-
Financial assets in credit operations		15	8,893	601,817	77,179	472,150	3,260
Accounts receivable		-	85	50,453	539	135,164	37
Other assets		-	31	1,100	-	271	-
Liabilities							
Deposits		8,120	17,131	1,434,771	35,612	392,354	3,488
Accounts payable		16	3,274	39,084	-	8,082	-
Financial obligations		-	132	2,000	-	58,840	-
Other liabilities	$	-	-	1,223	-	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	$	-	-	4,445	-	-	
Financial assets in investments		-	-	-	113,931	-	-
Financial assets in credit operations		20	11,096	553,728	65,984	431,147	7,206
Accounts receivable		-	99	22,066	457	278,593	66
Other assets		-	-	26,326	-	170	-
Deposits		7,435	19,645	1,095,680	19,455	321,208	7,820
Accounts payable		18	3,829	49,487	-	9,441	-
Financial obligations		-	133	70,027	-	59,325	-
Other liabilities	$	-	-	1,661	-	-	-

The most representative transactions for the years ended December 31, 2024, and 2023 with related parties comprise:

a. Sales, services and transfers

For years ended December 31, 2024, and 2023:

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 people included in category 1 and 2	Entities with significant influence by people included in category 1 and 2
Interest income	$	2	62	77,482	7,313	57,781	469
Financial expenses		805	638	27,628	2,750	36,260	4
Fee and commission income		4	21	17,139	62,532	58,249	33
Fees and commissions expense		-	1,257	193,781	62,560	305	
Other operating income		-	22	7,249	5,501	3,820	1
Other Expenses	$	-	154	44,474	13,645	5,455	-

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 people included in category 1 and 2	Entities with significant influence by people included in category 1 and 2
Interest income	$	1	847	71,341	4,382	55,863	583
Financial expenses		773	2,363	54,022	2,795	34,122	11
Fee and commission income		4	147	14,653	25,525	58,006	33
Fees and commissions expense		-	631	178,288	33,202	426	-
Other operating income		3	100	10,672	4,550	21,291	4
Other Expenses	$	-	89	40,720	11,198	9,971	-

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 periods 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 years ended December 31, 2024 and 2023:

Items		December 31, 2024	December 31, 2023
Salaries	$	20,669	20,414
Short-term employee benefits		3,684	4,888
Total	$	24,353	25,302

Note 29. - Events after the closing date of preparation of the separate financial statements

In 2022, Banco de Occidente 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 *Banco de Occidente*'s processes to modernize the customer experience, the relationship in customer service channels, the placement of financial products and the provision of associated services: Path to digital transformation, technological innovation and advanced analytics", whose objective is focused on process innovation and with which *Banco de Occidente* 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 Bank 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. This event 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 30. – Approval of financial statements

The separate 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.

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Date: April 1, 2025