



Banco de Occidente

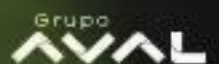
Del lado de los que hacen.



Annex II Financial Statements Banco de Occidente S.A.

Consolidated as of December 31, 2025

V.I.G.I.L.A.D.O. SUPERINTENDENCIA FINANCIERA, BANCO DE OCCIDENTE S.A.





Financial Statements

Consolidated as of December 31, 2025



Banco de Occidente
PANAMÁ



Occidental Bank
BARBADOS



FiduOccidente

NEXA
BPO



Banco de Occidente

*Del lado
de los que hacen.*





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

Teléfono +57 (601) 618 8000
+57 (601) 618 8100
www.kpmg.com/co

REPORT OF THE TAX AUDITOR

Dear Shareholders, Banco
de Occidente S.A.:

Opinion

I have audited the consolidated financial statements of Banco de Occidente and Subsidiaries (the Group), which include the consolidated statement of financial position as of December 31, 2025 and the consolidated statements of income, other comprehensive income, changes in equity and cash flows for the year ended on that date and their respective notes, which include material accounting policies and other explanatory information.

In my opinion, the consolidated financial statements referred to, and annexed to this report, present fairly, in all material respects, the Group's consolidated financial position as at 31 December 2025, its consolidated results of operations and its consolidated cash flows for the year ended on that date, in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied uniformly with the previous year.

Basis for opinion

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

Key audit matters

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

KPMG Confidential

<u>Assessment of Impairment of Loan Portfolio under IFRS 9 (see notes 4.1, 10.1 and 10.2 to the consolidated financial statements)</u>	
Key Audit Issue	How it was addressed in the audit
<p>As indicated in notes 10.1 and 10.2 to the consolidated financial statements, the impairment of the Group's loan portfolio is \$2,235,355 million as of December 31, 2025.</p> <p>The Group measures the impairment of its loan portfolio in an amount equal to the Expected Credit Losses (ECL) for the life of each loan, except for those loans that have not experienced a significant increase in credit risk since their initial recognition, for which the Group calculates a twelve-month ECL. The impairment of the loan portfolio reflects a probability-weighted result that considers multiple economic scenarios based on forecasts of future economic conditions and is determined based on the Group's assessment of the Probability of Default (PD), Loss Given Default (LGD) and Exposure Given Default (EGD) associated with each loan. The Group, in accordance with the requirements of IFRS 9 and following market practices, uses complex models that incorporate data and assumptions that require significant judgment to estimate the impairment loss of the loan portfolio.</p> <p>I identified the assessment of loan impairment as a key audit issue, because there is a high degree of estimation inherent in determining the expected loss from loan portfolio impairment as a result of the judgment required for the prospective assumptions and models involved.</p> <p>The assessment of the impairment of the loan portfolio required significant auditor attention, the involvement of a judgement and the involvement of professionals with knowledge and experience in the industry.</p>	<p>My main audit procedures for assessing the impairment of the loan portfolio included:</p> <ul style="list-style-type: none"> • Evaluation of the design, implementation and effectiveness of certain internal controls related to the Group's process for determining the impairment of the loan portfolio. This included controls related to (i) validation of the models that determine the probability of loss, severity and exposure at the time of default, (ii) the Group's monitoring of the provision in general for impairment losses of the credit portfolio; and (iii) controls over the input data to the models that determine the impairment of the loans, as well as the related calculations. • Evaluation of the key models and inputs used to determine the parameters of Probability of Default (PD), Loss Given Default (LGD), and Exposure Given Default (EGD); assessment of macroeconomic projections and the probability weighting of scenarios; and recalculation of impairment of collectively assessed claims and of a sample of individually significant evaluated claims

**Other matters**

The consolidated financial statements as of and for the year ended December 31, 2024 are presented for comparison purposes only, were audited by me and in my report dated February 28, 2025, I expressed an unqualified opinion thereon.

Responsibility of the Group's management and corporate governance officers in relation to the consolidated financial statements

Management is responsible for the preparation and reasonable presentation of these consolidated financial statements in accordance with accepted Accounting and Financial Reporting Standards in Colombia. This responsibility includes: designing, implementing and maintaining such internal control as management deems necessary to enable the preparation of consolidated financial statements free from material misstatements, whether due to fraud or error; select and apply appropriate accounting policies, as well as establish reasonable accounting estimates in the circumstances.

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

Corporate governance officers are responsible for overseeing the Group's financial reporting process.

Responsibilities of the Statutory Auditor in Relation to the Audit of Consolidated Financial Statements

My objectives are to obtain reasonable assurance as to whether the consolidated financial statements, considered as a whole, are free of 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 error, where it exists. Errors may 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, made on the basis of these consolidated financial statements.

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

- I identify and evaluate risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to substantiate my opinion. The risk of failing to detect a material error resulting from fraud is greater than that arising from an error, because fraud may involve collusion, falsification, intentional omissions, misleading representation, or the overridden or overstepping of internal control.
- I gain an understanding of internal control relevant to the audit with the aim of designing audit procedures that are appropriate in the circumstances.
- I evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- I conclude on the adequacy of management's use of the going concern hypothesis and, based on the audit evidence obtained, on whether or not there is material uncertainty related to events or conditions that may indicate significant doubts about the Group's ability to continue as a going concern. If I conclude that there is a material uncertainty, I should draw attention in my report to the disclosure describing this situation in the consolidated financial statements or, if this disclosure is inadequate, I should change my opinion. My conclusions are based on audit evidence obtained as of the date of my report. However, future events or conditions may cause the Group to cease to operate as a going concern.
- I evaluate the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements present the underlying transactions and events to achieve a reasonable presentation.
- I obtain sufficient and appropriate audit evidence regarding the financial information of 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 conduct of the Group's audit. I remain solely responsible for my opinion.

I communicate to those charged with Group governance, among other matters, the planned scope and timing for 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 the relevant ethical requirements of independence and that I have communicated to them all relationships and other matters that could reasonably be considered to influence my independence and, where applicable, related safeguards.

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

 Digitally signed by
Wilson Romero
Montañez
Date: 2026.02.27
18:13:22 -05'00'

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

February 27, 2026

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



	Notes	As of December 31 2025	As of December 31 2024
Assets			
Cash and cash equi	6	\$ 6,014.530	4,628.920
Financial assets at fair value through profit or loss	5 and 7	14,485.963	9,628.213
Investments in debt securities	7	11,820.386	8,299.454
Investments in equity instruments	7 and 30	1,140.604	838.051
Derivative trading instruments	9	1,524.973	490.708
Financial assets at fair value through changes in ORI	5 and 7	6,850.925	5,888.095
Investments in debt securities	7	6,674.681	5,721.126
Investments in equity instruments at fair value	7	176.244	166.969
Financial assets in debt securities at amortized cost	8	1,324.900	2,133.673
Hedging derivative instruments	5	48.261	6.225
Financial assets per loan portfolio at amortized cost, net		54,504.399	51,544.159
Loan Portfolio at amortized cost	10	56,739.754	54,091.123
Commercial portfolio and commercial leasing		39,589.665	37,817.965
Commercial and commercial leasing		37,832.201	37,356.294
Repos and interbank and others		1,757.464	461.671
Consumer portfolio and consumer leasing		13,286.359	13,176.358
Mortgage portfolio and mortgage leasing		3,863.730	3,096.800
Impairment of credit portfolio at amortized cost	10	(2,235.355)	(2,546.964)
Impairment of commercial portfolio and commercial leasing		(1,230.697)	(1,459.791)
Impairment of the consumer portfolio and consumer leasing		(887.844)	(998.522)
Impairment of mortgage portfolio and mortgage leasing		(116.814)	(88.651)
Other accounts receivable, net	11	661.508	634.102
Non-current assets held for sale	12	-	1.324
Investments in associated companies and joint ventures	13	2,099.231	1,953.172
Tangible assets, net	14	668.772	670.246
Own use property and equipment		134.923	125.270
Equipment under operating lease agreement		50.438	53.783
Ownership and Equipment Right of Use		246.939	274.322
Investment Properties		236.472	216.871
Intangible assets, net	15	730.940	657.085
Capital gains		22.724	22.724
Other intangible assets		708.216	634.361
Income tax asset	16	751.944	625.406
Current		692.780	577.802
Deferred		59.164	47.604
Other assets		21.912	29.561
Total assets		\$ 88,163.285	78,400.181
Liabilities and Equity			
Liability			
Financial liabilities at fair value - derivative instruments	9	1,285.816	532.716
Hedging Derivative Instruments	5	\$ 1,285.816	532.716
Financial liabilities at amortized cost		78,472.882	70,443.462
Customer deposits	17	59,207.172	53,593.823
Checking accounts		7,606.030	7,389.155
Savings Accounts		31,112.717	28,221.791
Certificates of Deposit		20,416.158	17,917.502
Other deposits		72.267	65.375
Financial obligations	18	19,265.710	16,849.639
Interbank and overnight funds		12,281.785	8,636.674
Loans from banks and others		3,824.902	4,480.586
Obligations with rediscount entities		1,061.583	1,062.182
Bonds and investment securities		2,097.440	2,670.197
Provisions for Legal Contingencies and Other Provisions	20	67.726	62.280
Provision for Legal Contingencies		2.485	2.916
Other provisions		65.241	59.364
Income tax liability	16	2.136	-
Current		2.136	-
Employee Benefits	19	103.560	96.489
Other liabilities	21	1,972.564	1,279.444
Total liabilities		\$ 81,904.684	72,414.391
Equity			
Subscribed and paid-in capital	22	\$ 4.677	4.677
Premium on share placement		720.445	720.445
Retained earnings		5,579.303	5,253.537
Other comprehensive results		(93.803)	(37.152)
Assets of controlling interests		\$ 6,210.622	5,941.507
Non-controlling interests		47.979	44.283
Total Equity		6,258.601	5,985.790
Total liabilities and equity		\$ 88,163.285	78,400.181


See notes 1 to 33, which are an integral part of the consolidated financial statements


Firmado digitalmente
por MAURICIO
MALDONADO UMAÑA
Fecha: 2026.02.27
18:59:34 -05'00'

MAURICIO MALDONADO UMAÑA
LEGAL REPRESENTATIVE (*)


Firmado digitalmente
por FABIAN
FERNANDO BARONA
CAJIAO
Fecha: 2026.02.27
18:41:40 -05'00'

FABIAN FERNANDO BARONA CAJIAO
ACCOUNTANT (*)
P.ID 80629 - T


Digitally signed by
Wilson Romero
Montañez
Date: 2026.02.27
18:13:49 -05'00'

WILSON ROMERO MONTAÑEZ
STATUTORY AUDITOR
P.ID 40552 - T
Member of KPMG S.A.S.
(See my report of February 27, 2026)

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

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



Years ended at:	Notes	December 31, 2025	December 31, 2024
Interest Income and Valuation	25	\$ 7.088.549	7.574.101
Interest on loan portfolio and financial leasing operations and repos and interbank:		6.337.623	7.009.487
Interest on commercial portfolio		4.012.015	4.578.841
Interest on consumer portfolio		1.908.993	1.975.581
Interest on the housing portfolio		376.457	311.362
Repo and interbank income		40.158	143.703
Deposit Income		102.648	34.214
Interest income from other accounts receivable		4.443	6.385
Interest and valuation on investments in debt securities at amortized cost		643.835	524.015
Interest and similar expenses	25	4.787.368	5.245.941
Deposits	17	3.473.367	4.026.935
Checking accounts		50.410	44.781
Savings Deposits		1.816.585	2.204.667
Certificates of Deposit		1.606.372	1.777.487
Deposits from Financial Institutions		1.314.001	1.219.006
Financial Obligations			
Interbank loans	18	764.707	559.139
Loans from banks and others	18	232.508	271.468
Bonds and investment securities	18	226.332	276.866
Obligations with rediscount entities	18	90.454	111.533
Net interest income and valuation	25	2.301.181	2.328.160
Impairment loss on financial assets		1.214.428	1.354.479
Impairment on loan portfolio and interest receivable		1.401.261	1.527.221
Impairment of investments in debt securities		2.736	1.403
Recovery of write-offs		(189.569)	(174.145)
Income, net of interest after impairment		1.086.753	973.681
Entering Client Contracts, Commissions, and Fees			
Income from commissions and fees	26	666.864	603.665
Commission and fee expenses	26	252.013	241.378
Net income from commissions and fees		414.851	362.287
Net income from financial assets or liabilities held for Trading		890.050	652.590
Net gain on marketable investments		774.994	311.953
Net gain on trading derivative financial instruments		112.673	336.442
Net gain from hedging activities		2.383	4.195
Other income, net	27	711.439	770.496
Net Foreign Exchange Gain	27	43.766	160.521
Net gain (loss) on investment sales	27	\$ 5.558	(2.435)
Sale Profit Non-Current Assets Held for Sale	12	1.794	2.388
Profit sharing of associated companies and joint ventures by equity method	13	250.881	230.687
Dividends	7 and 27	7.257	6.388
Net gain on investment property valuation	14 and 27	\$ 35.071	14.200
Other operating income		367.112	358.747
Other expenses, net	27	2.512.203	2.225.831
Provision for other assets	27	494	199
Personnel costs	27	1.037.412	948.793
Compensation		10.580	6.941
Bonus Payments		30.563	23.215
Employee salaries and benefits		996.269	918.637
General administration expenses		1.196.787	1.048.366
Depreciation and amortization expenses		241.677	208.828
Depreciation of intangible assets	15 and 27	107.102	85.548
Depreciation of tangible assets	27	49.895	48.358
Depreciation of property and equipment for rights of use	27	84.680	74.922
Other Net Operating Expenses		35.833	19.645
Donation expenses	27	5.124	4.044
Other expenditures		30.709	15.601
Profit before income tax		590.890	533.223
Income tax	16	8.752	52.176
Profit for the year		582.138	481.047
Profit attributable to:			
Controlling interests		\$ 574.816	473.531
Non-controlling interests	23	\$ 7.322	7.516

 Firmado digitalmente por MAURICIO MALDONADO UMAÑA Fecha: 2026.02.27 18:51:33 -05'00' MAURICIO MALDONADO UMAÑA LEGAL REPRESENTATIVE (*)	 Firmado digitalmente por FABIAN FERNANDO BARONA CAJIAO Fecha: 2026.02.27 18:42:20 -05'00' FABIAN FERNANDO BARONA CAJIAO ACCOUNTANT (*) P.ID 80629 - T	 Digitally signed by Wilson Romero Montañez Date: 2026.02.27 18:14:18 -05'00' WILSON ROMERO MONTAÑEZ STATUTORY AUDITOR P.ID 40552 - T Member of KPMG S.A.S. (See my report of February 27, 2026)
--	--	--

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

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



Years ended at:	Notes	December 31, 2025	December 31, 2024
Result of the year:	\$	<u>582.138</u>	<u>481.047</u>
Items to be subsequently reclassified to results			
Net exchange difference in foreign transaction translation		(14.810)	15.084
Exchange difference for investments in subsidiaries abroad		(84.487)	63.506
Net unrealized income (Loss) on foreign hedging transactions		84.487	(63.506)
Net unrealized loss on financial instruments measured at fair value in debt securities	7	(56.146)	(67.739)
Impairment on financial instruments measured at fair value through changes in ORI - debt securities		2.312	1.457
Unrealized net income on investments accounted for by the equity method	13	3.067	14.493
Deferred tax on items that may subsequently be reclassified to profit or loss	16	4.598	40.545
Total items that will subsequently be reclassified to profit or loss		<u>(60.979)</u>	<u>3.840</u>
Items that will not be reclassified to results			
Revaluation of investment properties		-	(199)
Unrealized net income on equity financial instruments measured at fair value	7	4.015	34.857
Actuarial Profit on Defined Benefit Plans		57	2.517
Deferred tax recognized in other comprehensive income	16	(920)	(6.032)
Total items that will not be reclassified to results		<u>3.152</u>	<u>31.143</u>
Total other comprehensive income during the year, net of taxes		<u>(57.827)</u>	<u>34.983</u>
Total comprehensive results for the year	\$	<u>524.310</u>	<u>516.030</u>
Comprehensive results attributable to:			
Controlling interests	\$	<u>518.165</u>	<u>506.633</u>
Non-controlling interests	\$	<u>6.145</u>	<u>9.397</u>


See notes 1 to 33, which are an integral part of the consolidated financial statements.


Firmado digitalmente
por MAURICIO
MALDONADO UMAÑA
Fecha: 2026.02.27
18:52:05 -05'00'

MAURICIO MALDONADO UMAÑA
LEGAL REPRESENTATIVE (*)


Firmado digitalmente
por FABIAN FERNANDO
BARONA CAJIAO
Fecha: 2026.02.27
18:42:54 -05'00'

FABIAN FERNANDO BARONA CAJIAO
ACCOUNTANT (*)
P.ID 80629 - T


Digitally signed by
Wilson Romero
Montañez
Date: 2026.02.27
18:14:47 -05'00'

WILSON ROMERO MONTAÑEZ
STATUTORY AUDITOR
P.ID 40552 - T
Member of KPMG S.A.S.
(See my report of February 27, 2026)

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

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



Years ended as of December 31, 2025 and 2024:	Subscribed and paid-in capital (Note 22)	Premium on share placement	Retained Earnings	Other comprehensive results	Total Equity of Controlling Interests	Interest no Controlling	Total Equity, Net
Balance as of December 31, 2023	\$ 4.677	720.445	4.996.219	(70.255)	5.651.086	36.997	5.688.083
Cash dividend distribution	-	-	(215.142)	-	(215.142)	(2.110)	(217.252)
Withholding tax on dividends decreed in the previous term in the statement of change in equity	-	-	1.567	-	1.567	-	1.567
Realization of other comprehensive results and Effect on retained earnings from the realization of ORI	-	-	(2.631)	2.631	-	-	-
Withholding tax on dividends current validity in the statement of change in equity	-	-	(7)	-	(7)	-	(7)
Other comprehensive results of the year	-	-	-	30.472	30.472	1.880	32.352
Profit for the year	-	-	473.531	-	473.531	7.516	481.047
Balance as of December 31, 2024	\$ 4.677	720.445	5.253.537	(37.152)	5.941.507	44.283	5.985.790
Balance as of December 31, 2024	\$ 4.677	720.445	5.253.537	(37.152)	5.941.507	44.283	5.985.790
Cash dividend distribution	-	-	(248.816)	-	(248.816)	(2.453)	(251.269)
Withholding tax on dividends decreed in the previous term in the statement of change in equity	-	-	7	-	7	-	7
Realization of other comprehensive results	-	-	-	240	240	(3)	237
Effect on retained earnings from other comprehensive income	-	-	(240)	-	(240)	3	(237)
Withholding tax on dividends current validity in the statement of change in equity	-	-	(1)	-	(1)	-	(1)
Other comprehensive results of the year	-	-	-	(56.891)	(56.891)	(1.173)	(58.064)
Profit for the year	-	-	574.816	-	574.816	7.322	582.138
Balance as of December 31, 2025	\$ 4.677	720.445	5.579.303	(93.803)	6.210.622	47.979	6.258.601


See notes 1 to 33 which are an integral part of the consolidated financial statements


Firmado digitalmente
por MAURICIO
MALDONADO UMAÑA
Fecha: 2026.02.27
18:53:04 -05'00'

MAURICIO MALDONADO UMAÑA
LEGAL REPRESENTATIVE (*)


Firmado digitalmente
por FABIAN FERNANDO
BARONA CAJIAO
Fecha: 2026.02.27
18:43:29 -05'00'

FABIAN FERNANDO BARONA CAJIAO
ACCOUNTANT (*)
P.ID 80629 - T


Digitally signed by
Wilson Romero
Montañez
Date: 2026.02.27
18:15:27 -05'00'

WILSON ROMERO MONTAÑEZ
STATUTORY AUDITOR
P.ID 40552 - T
Member of KPMG S.A.S.
(See my report of February 27, 2026)

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

BANCO DE OCCIDENTE S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS



(Expressed in millions of Colombian pesos, except net income per share)

	Notes	December 31, 2025	December 31, 2024
For years ended by:			
Cash flows from operating activities:			
Profit for the year before income tax		\$ 590.890	533.223
Reconciliation of the results of the year with the net cash provided by (used in) the activities of the operation:			
Net interest income and valuation	25	(2.301.181)	(2.328.160)
Depreciation of tangible assets and right-of-use equipment ownership	14 and 27	134.575	123.280
Depreciation of intangible assets	15 and 27	107.102	85.548
Impairment on receivables and receivables, net		1.401.261	1.527.221
Impairment Recovery of Tangible Assets, Net		(3)	(259)
(profit) loss on sale of property and equipment for own use		(1.007)	169
Foreign Exchange Difference		(43.766)	(160.521)
Profit on sale of non-current assets held for sale		(2.569)	(3.028)
Net Profit on Investment Sales		(434)	(98)
Net profit sharing from investments in associates and joint ventures	13 and 27	(250.881)	(230.687)
Dividends	7 and 27	(7.257)	(6.388)
Adjusted fair value on:			
Utility in valuation of derivative financial instruments		(115.056)	(340.637)
Utility in investment property valuation	14 and 27	(35.071)	(14.200)
Net change in operational assets and liabilities			
Tradable investments		(3.564.316)	(4.977.123)
Derivative financial instruments		(208.144)	594.752
Credit portfolio		(5.206.966)	(5.074.903)
Accounts receivable		(273.174)	(82.434)
Other assets		13.667	1.318
Customer deposits		6.470.992	4.365.419
Impairment on non-current assets held for sale		169	24
Interbank loans and overnight funds		3.569.612	4.286.319
Other liabilities and provisions		250.257	(189.946)
Employee Benefits		311	6.687
Interest received on financial assets		6.452.259	6.964.701
Interest paid on financial liabilities		(4.813.377)	(5.836.335)
Payment of interest on financial leases	18	(28.714)	(36.204)
Income tax paid		(39.978)	(17.805)
Net cash provided by (used in) operating activities		<u>2.099.201</u>	<u>(810.067)</u>
Cash flow from investing activities:			
Acquisition of investments held to maturity		(1.323.874)	(2.080.998)
Redemption of Investments Held to Maturity		2.240.741	2.162.511
Acquisition of investments through other comprehensive income at fair value		(4.083.478)	(4.207.438)
Proceeds from the sale of investments through other comprehensive income at fair value		3.306.173	3.461.505
Acquisition of tangible assets		(61.861)	(55.435)
Acquisition of other intangible assets		(168.970)	(142.238)
Proceeds from the sale of property and equipment		148.576	34.204
Proceeds from the sale of non-current assets held for sale		14.735	5.296
Acquisition of stakes in associated companies and joint ventures		(100)	-
Dividends received		114.533	99.190
Net cash provided by (used in) investing activities		<u>186.475</u>	<u>(723.403)</u>
Cash flow from financing activities:			
Financial obligations, net		(677.612)	833.006
Issuance of outstanding investment securities	18	-	660.058
Payments on outstanding investment securities	18	(450.000)	(277.490)
Payment of lease fees	18	(100.973)	(84.915)
Dividends paid controlling interest	18	(173.739)	(162.024)
Dividends paid non-controlling interest	18	(69.060)	(63.019)
Net cash (used in) provided by financing activities		<u>(1.471.384)</u>	<u>905.616</u>
Effect of Profit or Loss on Cash		571.318	287.871
Increase (decrease) in cash and cash equivalent, net		1.385.610	(339.983)
Cash and cash equivalent at the beginning of the year	6	4.628.920	4.968.903
Cash and cash equivalent at the end of the year	6	\$ <u>6.014.530</u>	<u>4.628.920</u>


See notes 1 to 33 which are an integral part of the consolidated financial statements


Firmado digitalmente por MAURICIO MALDONADO UMAÑA
Fecha: 2026.02.27 18:53:47 -05'00'

MAURICIO MALDONADO UMAÑA
LEGAL REPRESENTATIVE (*)


Firmado digitalmente por FABIAN FERNANDO BARONA CAJIAO
Fecha: 2026.02.27 18:44:01 -05'00'

FABIAN FERNANDO BARONA CAJIAO
ACCOUNTANT (*)
P.ID 80629 - T


Digitally signed by Wilson Romero Montañez
Date: 2026.02.27 18:15:49 -05'00'

WILSON ROMERO MONTAÑEZ
STATUTORY AUDITOR
P.ID 40552 - T
Member of KPMG S.A.S.
(See my report of February 27, 2026)

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



Note 1. – Reporting Entity

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

The Parent Company has its principal domicile in Santiago de Cali. The duration established in the statutes 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 establishments, subject to the requirements and limitations of Colombian Law.

In the development of its corporate purpose, the Parent Company makes loan placements to its customers in the form of commercial, consumer, mortgage for housing and financial, operational credit, and housing leasing, it 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 current accounts, savings, term deposit certificates, investment securities in circulation of general collateral in Colombian pesos and with financial obligations obtained from correspondent banks in local and foreign currency and from rediscount entities that the Colombian Government has created to encourage various sectors in the Colombian economy.

As of December 31, 2025, the Parent Company has a total of 7,054 employees distributed in 6,179 with an indefinite term contract, 723 with a fixed-term contract and 152 with an apprenticeship contract.

The Parent Company provides its services through 181 service centers in the Colombian territory distributed in 168 offices, 3 vehicle Credicenters, 2 Housing Credicenters, 3 Leasing Offices and 5 Integral Credicenters.

The Parent Company is controlled by the company Grupo Aval Acciones y Valores S.A., with a total stake of 72.27%, which is its ultimate controlling company. The Parent Company has 95% control over foreign entities in Banco de Occidente Panama S.A. and 100% in Occidental Bank Barbados Ltd. and in the country 94.98% of Sociedad Fiduciaria de Occidente S.A. and 45% of Ventas y Servicios S.A. – NEXA BPO. Similarly, there is an indirect stake of Fiduciaria de Occidente S.A 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 Parent Company has a correspondent banking contract with Almacenes Éxito S.A. "Éxito", Efectivo Ltda "Efecty", Conexred S.A "Puntored", Soluciones en Red S.A.S "Punto de Pago" and Red Empresarial de Servicios S.A "SuperGIROS".

Corporate Information of the Subsidiaries

The corporate purpose of Fiduciaria de Occidente S.A. - Fiduoccidente is the execution of commercial trust agreements and non-transferable fiduciary mandates of ownership, in accordance with the legal provisions. Its fundamental purpose is to acquire, dispose of, encumber, administer movable and immovable property and intervene as a debtor or as a creditor in all kinds of credit operations. As of December 31, 2025, Fiduciaria de Occidente S.A. has a total of 653 employees distributed in 109 with fixed-term contracts, 489 with indefinite term contracts, 10 with apprenticeship contracts and 45 Outsourcing and specialized companies, through 10 agencies located in the cities of Bogotá, Medellín, Cali, Barranquilla, Manizales, Bucaramanga, Cartagena, Pereira, Santa Marta, and Montería.





Banco de Occidente Panamá S.A. is an entity incorporated in accordance with the legislation of the Republic of Panama and began banking operations in that country on June 30, 1982 under the international license granted by the National Banking Commission of the Republic of Panama, and a brokerage house license granted by the Superintendence of the Securities Market through Resolution No. SMV-435-2024 of December 31, 1982. 2024. The Bank offers a range of banking products and services, ranging from individuals to companies, focused on enhancing the Parent Company's Customers, through the integration of the Commercial Force, presenting the Customer with a comprehensive offer from Banco de Occidente and its Subsidiaries. As of December 31, 2025, Banco de Occidente Panamá S.A. has a total of 66 employees distributed in 64 with indefinite term contracts and 2 employees with a definite term. Of the total number of employees, 10 carry out special work for Occidental Bank Barbados and 12 shared between both subsidiaries.

Occidental Bank Barbados Ltd. was incorporated under the laws of Barbados on May 16, 1991, with an international license that allows it to provide financial services to individuals and companies not resident in Barbados. As of December 31, 2025, Occidental Bank Barbados Ltd. has a total of 3 employees with an indefinite term contract, of which 2 carry out their activities directly in Barbados and 1 in Colombia.

The corporate purpose of Ventas y Servicios S.A. – NEXA BPO is the provision of technical or administrative services referred to in article 110 numeral 2 of the Organic Statute of the Financial System and other complementary regulations, such as, among others: computer programming, marketing, the creation and organization of consultation files and the performance of statistical calculations and reports in general. The company Ventas y Servicios S.A. – NEXA BPO is consolidated by virtue of the dominant influence at the administrative level exercised by the Parent Company in it. As of December 31, 2025, Ventas y Servicios S.A. has a total of 6,750 employees distributed in 276 with fixed-term contracts, 5,536 with indefinite-term contracts, 796 with work or labor contracts and 142 with apprenticeship contracts, which work in 77 cities in Colombia grouped into 4 regional ones.

The Consolidated Financial Statements as of December 31, 2025 and 2024 include Banco de Occidente S.A. and its Subsidiaries, hereinafter referred to as the Group.

Note 2. – Bases for the preparation of the Consolidated Financial Statements and summary of the main material or materiality accounting policies.

2.1. Declaration of compliance and regulatory technical framework

The Consolidated Annual Financial Statements have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF), for Group 1 entities. Established in Law 1314 of 2009, regulated by the Single Regulatory Decree 2420 of 2015 modified 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 1271 of 2024. The Group 1 IFRS are based on the complete International Financial Reporting Standards (IFRS) officially issued and translated into Spanish by the International Accounting Standards Board (IASB).

For legal purposes in Colombia, the main Financial Statements are the Separate Financial Statements.

2.2. Presentation of Consolidated Financial Statements

The accompanying Consolidated Financial Statements are presented considering the following aspects:





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

Consolidated Statements of Income and Other Comprehensive Income: They are presented separately in two statements as permitted by IAS 1 "Presentation of Financial Statements". Likewise, the Consolidated Income Statement is presented discriminated according to the nature of the expenses, a model that is the most used in financial institutions because it provides more appropriate and relevant information.

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

2.3. Consolidation Bases

a. Subsidiaries

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

- Power over the investee entity that gives it the present ability to direct its relevant activities that significantly affect its performance.
- Exposure or entitlement to variable returns arising from their involvement in the entity invested.
- Ability to use its power over the investee to influence the amounts of returns of the investor.

In the consolidation process, the Parent Company combines the assets, liabilities and results of the entities in which it determines control, after standardizing its accounting policies and converting the entities controlled abroad into Colombian pesos. In this process, it proceeds to eliminate reciprocal transactions and profits not realized between them. The participation of non-controlling interests in the equity of the controlled entities is presented in the equity separately from the equity of the shareholders of the Parent Company.

The Financial Statements of companies controlled abroad in the consolidation process, their Financial Statements are converted as follows: assets and liabilities are converted into Colombian pesos at the closing exchange rate, the Income Statement at the monthly average exchange rate and the equity accounts at historical exchange rates, with the exception of the Other Comprehensive Income (ORI) accounts for fair value adjustments. The net adjustment resulting from the translation process is included in equity as "adjustment for translation of Financial Statements into foreign currency" in the "Other Comprehensive Income" account.



Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



The Financial Statements of the subsidiaries are included in the Consolidated Financial Statements from the date on which the control begins until the date of its termination.

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

The Consolidated Financial Statements include the following subsidiaries:

Subsidiaries	Origin	% of Participation	No. of Shares at December 31 2025
Fiduciaria de Occidente S.A. (*)	National	94,98%	18.250.806
Ventas y Servicios S. A. - Nexa BPO	National	45%	1.343.300
Banco de Occidente Panamá S.A.	Foreign	95%	1.561.001
Bank Occidental Barbados Ltd. (*)	Foreign	100%	2.015

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

The total assets, liabilities, equity, operating income and profit or loss as of December 31, 2025 and 2024 of each of the subsidiaries included in the consolidation is as follows:

December 31, 2025	Assets	% Part.	Liability	% Part.	Equity	% Part.	Operational income(*)	% Part.	Results	% Part.
Banco de Occidente S.A. (Parent Company)	\$ 81.623.981	92,6%	76.444.619	93,3%	5.179.362	82,8%	25.612.151	96,7%	407.437	70,0%
Fiduciaria de Occidente S.A.	481.045	0,5%	30.593	0,0%	450.452	7,2%	236.620	0,9%	84.767	14,6%
Banco de Occidente Panamá S.A.	4.632.927	5,3%	4.249.015	5,2%	383.912	6,1%	285.320	1,1%	66.593	11,4%
Occidental Bank Barbados Ltda.	1.317.640	1,5%	1.125.129	1,4%	192.511	3,1%	87.218	0,3%	22.287	3,8%
Ventas y Servicios S.A. - Nexa BPO	107.692	0,1%	55.328	0,1%	52.364	0,8%	260.504	1,0%	1.054	0,2%
Total	\$ 88.163.285	100%	81.904.684	100%	6.258.601	100%	26.481.813	100%	582.138	100%

December 31, 2024	Assets	% Part.	Liability	% Part.	Equity	% Part.	Operational income(*)	% Part.	Results	% Part.
Banco de Occidente S.A. (Parent Company)	\$ 71.871.255	91,7%	66.886.007	92,4%	4.985.248	83,3%	22.463.491	96,5%	307.848	64,0%
Fiduciaria de Occidente S.A.	448.651	0,6%	26.729	0,1%	421.922	7,0%	212.020	0,9%	87.384	18,1%
Banco de Occidente Panamá S.A.	4.482.139	5,7%	4.143.397	5,7%	338.742	5,5%	279.411	1,2%	63.013	13,1%
Occidental Bank Barbados Ltda.	1.481.224	1,9%	1.292.656	1,7%	188.568	3,2%	82.388	0,4%	20.554	4,3%
Ventas y Servicios S.A. - Nexa BPO	116.912	0,1%	65.602	0,1%	51.310	0,9%	246.312	1,1%	2.249	0,5%
Total	\$ 78.400.181	100%	72.414.391	100%	5.985.790	100%	23.283.622	100%	481.048	100%

(*) The operating income presented is gross, unlike the Income Statement where it is presented net.

Effect of consolidation

The effect of the consolidation on the structure of the Parent's Financial Statements as of December 31, 2025 and 2024 was as follows:

December 31, 2025				December 31, 2024			
	Total Parent	Total Consolidated	Increase (Decrease)		Total Parent	Total Consolidated	Increase (Decrease)
Assets	\$ 81.623.981	88.163.285	6.539.304	Assets	\$ 71.871.255	78.400.181	6.528.926
Liabilities	76.444.619	81.904.684	5.460.065	Liabilities	66.886.007	72.414.391	5.528.384
Equity	5.179.362	6.258.601	1.079.239	Equity	4.985.248	5.985.790	1.000.542
Results	\$ 407.437	582.138	174.701	Results	\$ 307.848	481.048	173.200

b. Investments in associated companies

The Parent's investments in entities where it does not have control, but does have significant influence, are called "investments in associated companies" and are accounted for by the equity



method. It is presumed to exercise significant influence over another entity if you directly or indirectly own between 20% and 50% of the investee's voting rights, unless it can be clearly demonstrated that such influence does not exist. Conversely, the entity is presumed not to exercise significant influence if it holds, directly or indirectly, less than 20 per cent of the investee's voting power, 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 is subsequently adjusted periodically for changes in the investor's share of the investee's net assets. Comprehensive income for the period includes its share of the investee's profit or loss for the period and in the investor's "other comprehensive income" account, and equity includes its share in the investee's "other comprehensive income" account. (See note 13).

c. Joint agreements

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

Joint operations are included in the Consolidated Financial Statements based on their proportional and contractual participation of each of the assets, liabilities and results of the contract or entity where the agreement is made.

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

d. Transactions Deleted in Consolidation

Intercompany balances and transactions and any unrealized income or expense arising from transactions between Group companies are eliminated during the preparation of the Consolidated Financial Statements. Unrealized gains from transactions with companies whose investment is recognized according to the equity method are eliminated from the investment in proportion to the Group's participation in the investment. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

e. Non-consolidated structured entities

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

2.4. Functional and presentation currency

The Parent Company's primary activity is the granting of credit to clients 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 loans also to Colombian residents in foreign currency and investment in securities issued by banks abroad, securities issued by foreign companies in the real sector whose shares are registered 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 mainly with customer deposits and obligations in Colombia, also in Colombian pesos.





The performance of the Parent's business is measured and reported to its shareholders and the general public in Colombian pesos. Due to the foregoing, the management of the Parent Company considers that the Colombian peso is the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Parent Company and for this reason the Consolidated Financial Statements are presented in Colombian pesos as its functional currency.

The figures reported in the individual Financial Statements of the subsidiaries of the Parent Company are expressed in the currency of the primary economic environment (functional currency), where each entity operates:

Countries	Functional Currency
Colombia	Colombian Pesos
Panama	US Dollars
Barbados	US Dollars

The Consolidated Financial Statements are presented in millions of Colombian pesos, which is the presentation and functional currency of the Parent Company except where otherwise indicated; Consequently, all balances and transactions denominated in currencies other than the Colombian peso are considered conversion to foreign currency.

The Parent Company and its subsidiaries perform all the translation effects of their Financial Statements under IFRS, in accordance with their accounting policies based on IAS 21.

Conversion from functional currency to presentation currency: The information reported in the Consolidated Financial Statements of the Parent and subsidiaries is converted from functional currency to presentation currency and is translated at the exchange rate in effect on the date of the reporting year.

As of December 31, 2025 and 2024, the exchange rates used for the conversion of functional currency to presentation currency are as follows in relation to the Colombian peso (figure in pesos):

Currency Type	December 31, 2025	December 31, 2024
US Dollars (USD/COP)		
At year end	\$ 3.757,08	4.409,15

The assets and liabilities of foreign businesses are translated into Colombian pesos at the exchange rate in effect at the end of the reporting year, and their income statements are translated at the average rates in effect on the dates of the transactions. Equity at its respective historical rate.

2.5. Foreign currency transactions

Foreign currency transactions are converted into Colombian pesos using the exchange rate in effect on the date of the transaction. Monetary assets and liabilities in foreign currency are converted to the functional currency using the prevailing exchange rate on the cut-off date of the Consolidated Statement of Financial Position and non-monetary assets in foreign currency are measured at the historical exchange rate. Gains or losses resulting from the conversion process are included in the Income Statement, unless the financial liabilities serve as a hedging instrument for an investment in



foreign operations, in which case they are recognized in equity in the Other Comprehensive Income statement.

2.6. Financial assets

i. Initial recognition and measurement

A financial asset according to IFRS 9 is any asset that is:

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

Regular purchases and sales of investments are recognized on the trading date, on which the Parent and subsidiaries commit to buy or sell securities. Financial assets at fair value by profit or loss are initially recognized at fair value and transaction costs are recognized as an expense when incurred.

Financial assets classified at amortized cost are recognized at their acquisition or granting at their transaction value in the case of investments, or at their nominal value in the case of a loan portfolio that, unless there is evidence to the contrary, coincides with their fair value, plus the transaction costs directly attributable to their acquisition or granting. minus the commissions received.

ii. Classification and measurement

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

This standard includes three main classification categories for financial assets: amortized cost (CA), fair value through other comprehensive income (VRCORI), and fair value through profit or loss (VRCR).

A financial asset is measured at amortized cost and not at fair value through profit or loss if it meets both of the following conditions:

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

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

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



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

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

In addition, in the initial recognition, the Group may irrevocably designate a financial asset that meets the measurement requirements to CA or VRCORI to be measured to VRCCR if doing so eliminates or significantly reduces an accounting asymmetry that could occur if it does not do so. The Group is not going to make use of this option for now.

A financial asset is classified in one of the categories mentioned at the time of its initial recognition.

Under IFRS 9, derivative contracts implied by other contracts, where the main contract is a financial asset within the scope of IFRS 9, are not separated and instead the financial instrument is measured and recorded as a whole as an instrument at fair value through the Income Statement.

Business Model Evaluation

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

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

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



Assessing whether contractual cash flows are only principal and interest payments (SPPI)

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

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

- Contingent events that changed the amount and periodicity of cash flows;
- Leverage conditions;
- Prepayment and extension terms;
- Terms that limit the Group from obtaining cash flows from specific assets (e.g. non-resource asset arrangements); and
- Characteristics that modify considerations for the value of money over time.

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

- Debtors are in a position to prepay the loans without significant penalties. In Colombia, it is prohibited by law to charge for prepayments of loans.
- Competitive market factors ensure that interest rates are consistent across banks;
- Any regulatory protection standards placed in favor of customers in the country that require Banks to treat customers fairly.

All fixed-rate consumer and business loans contain prepayment terms.

A prepayment feature is consistent with the principal and interest payment only criterion if the prepaid amounts substantially represent unpaid amounts of principal and interest on the outstanding principal amount, which may include reasonable compensation for early termination of the contract.

In addition, a prepaid feature is treated as consistent with this criterion, if a financial asset is acquired or originated at a premium or discount to its nominal contractual amount, and the prepaid amount substantially represents the contract amount at par plus the interest contractually accrued but not paid (which may include reasonable compensation for early termination). and the fair value of the prepaid feature is negligible in its initial recognition.



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

Financial assets at fair value through profit or loss (VRCR)	These assets are subsequently measured at fair value. Net gains and losses, including interest income or dividends, are recognized in profit or loss.
Financial assets at amortized cost (CA)	These assets are measured after amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on write-offs in accounts is recognized in gains or losses.
Debt investments with changes to other comprehensive income (VRCORI)	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, gains on exchange difference and impairment losses are recognized in profit or loss. Other gains and valuation losses are recognized in ORI. In the derecognition of accounts, the gains and losses accumulated in ORI are reclassified to gains or losses on the realization of the ORI.
Equity investments through other comprehensive income (VRCORI)	These assets are subsequently measured at fair value. Dividends are recognized as income or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in ORI and are never reclassified to profit.
Negotiable in equity securities	Investment in securities or securities made by collective investment funds, which has been acquired with the main purpose of obtaining profits from short-term price fluctuations. Shares in collective investment funds and private equity funds, in the process of securitization, must be valued taking into account the value of the unit calculated by the management company, on the day immediately prior to the valuation date. The difference between the current value and the immediately preceding value is recorded as the higher or lower value of the investment and its counterpart affects the results of the period. This procedure is performed daily.

iii. Reclassifications

Financial assets are not reclassified after their initial recognition, except in the period after the Group's entities modify their business model to manage the financial assets.

iv. Transfers and deregistrations of financial assets

The accounting treatment of transfers of financial assets is conditioned by the way in which the risks and benefits associated with the assets being transferred are transferred to third parties; Thus, financial assets are only derecognized from the consolidated balance sheet when the cash flows they generate have been extinguished or when the risks and benefits involved have been substantially transferred to third parties. In the latter case, the transferred financial asset is derecognized from the consolidated balance sheet, and any rights or obligations retained or created as a result of the transfer are simultaneously recognized.

The Parent and its subsidiaries are considered to substantially transfer the risks and rewards if the risks and rewards transferred represent most of the total risks and rewards of the transferred assets. If the risks and/or benefits associated with the transferred financial asset are substantially retained:

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



v. Restructured financial assets with collection problems

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

vi. Clearing of financial instruments in the Consolidated Statement of Financial Position

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position, when legally there is a right to offset the amounts recognized and there is an intention of management to settle them on a net basis or to realize the asset and settle the liability simultaneously.

vii. Fair value estimate

According to IFRS 13 "Measurement at fair value", fair value is the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.

In accordance with the foregoing, the valuations at fair value of the Parent's financial assets are carried out as follows:

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

Measurement of Expected Credit Loss (PCE)

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

- Financial assets that do not have credit impairment as of the reporting date: PCE is estimated for a period of 12 months, considering the Probability of Default (PI), the Loss Given the Default (PDI) and the Exposure Given the Default (EDI);
- Financial assets that are impaired at the reporting date: in these cases, PCE is estimated using an PI of 100% since it is impaired, as well as the PDI and EDI;
- Financial assets with indications of credit impairment as of the reporting date: PCE is estimated for the remaining life of the credit additionally incorporating the Probability of Survival (PS); A financial asset shows signs of impairment when a) it is delinquent between 30 and 90 days, b) when it is up to date, it presents qualitative risk factors and c) when there is a significant increase in its risk levels; this occurs when there is an increase in the risk with respect to the time of granting that exceeds the previously defined thresholds, in which case the client moves to stage 2 in the PCE model.





- Outstanding loan commitments: the present value of the difference between the contractual cash flows that are due to the Group in the event that the commitment is executed and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: the expected payments to repay the holder less any amount that the Group expects to recover.

2.7. Cash and cash equivalents

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

2.8. Transactions in derivative financial instruments and Hedge accounting

a. Derivative Trading Instruments:

According to IFRS 9, a derivative is a financial instrument whose value changes over time based on a variable called the underlying, does not require a net initial investment or requires a small investment in relation to the underlying asset and is settled at a future date.

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

All derivatives transactions are recorded at the initial time at fair value. Subsequent changes in fair value are adjusted against or credited to profit or loss unless the derivative instrument is designated as hedging and, if so, the nature of the hedged item.

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

b. Overseas Investment Coverage

The Parent Company covers the investment of the subsidiaries abroad as mentioned below:

Hedging of a net investment in foreign currency which is recorded in a similar manner to previous cash flow speculations. Accumulated gains or losses on equity are included in the Income Statement when the net investment in a subsidiary abroad is sold in whole or proportionally when it is partially sold.

Hedging of a net investment in a foreign business, including hedging of a monetary item that is accounted for as part of a net investment, shall be 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 shall be recognized in other comprehensive income; and the ineffective part will be recognized in the result. When a foreign business is partially or fully available, the gain or loss on the hedging instrument related to the effective portion of the hedge that has been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment.





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

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

Financial assets and liabilities for derivatives transactions are not offset in the Statement of Financial Position; however, when there is a legal and exercisable right to offset the recognized securities and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously, they are presented net in the Consolidated Statement of Financial Position.

Foreign investments have a hedge to correct exchange rate variations, represented in foreign currency obligations for the same value in dollars of the investments at each cut, the effect on profit or loss and on the ORI originated by these operations as a whole is neutral.

c. Fair Value Coverage:

The Group uses financial derivatives for the following purposes:

- a) To provide such instruments to clients who request them in the management of their market and credit risks;
- b) Use them to manage the risks of the Group's own positions and their assets and liabilities ("hedging derivatives"), and;
- c) To take advantage of the alterations in value of these derivatives ("trading derivatives") for their own benefit.

Contracts that meet the following characteristics are recognized as derivative instruments:

- a) Its value changes as a result of variations in the underlying value, which corresponds to the variable on which the value of the derivative instrument is determined, and can be represented in equity or fixed income securities, currencies, interest rates, stock indices and commodities, among others.
- b) They require minimal or no investment.
- c) Its performance or settlement will be made at a previously established future date and its contractual terms require or allow net clearing, either by cash payment or physical delivery of an asset that leaves the receiving counterparty in a position similar to cash clearing. At the time of entering into a derivative contract, it must be designated as a derivative instrument for trading or for accounting hedging purposes.

Certain derivatives transactions that do not qualify to be accounted for as hedging derivatives are treated and reported as trading derivatives, even though they provide effective hedging for the management of risk positions.

Any gain or loss arising from changes in the fair value of derivatives is recognized directly in the Consolidated Statement of Comprehensive Income in the Income Statement section, except for those that are under IAS 39 hedge accounting.



Derivative instruments for speculation purposes

According to IFRS9, a derivative is a financial instrument whose value changes over time based on a variable called the underlying, does not require a net initial investment or requires a small investment in relation to the underlying asset and is settled at a future date.

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

All speculative derivatives transactions are recorded at the initial time at fair value. Subsequent changes in fair value are adjusted against or credited to profit or loss. 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.

Hedging Accounting IAS 39

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

For a financial derivative to be considered a hedge, it must not:

1. Cover one of the following types of risk:
 - a) Changes in the value of assets and liabilities due to fluctuations, among others, interest rate and/or exchange rate to which the position or balance to be hedged is subject ("fair value hedging").
 - b) Alterations in estimated cash flows arising from highly probable financial assets and liabilities, commitments and transactions that are expected to be carried out ("cash flow hedging").
 - c) Net investment in a foreign business ("net investment coverage in foreign business").
2. Effectively eliminate any risk inherent in the hedged item or position throughout the expected term of coverage, 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 coverage was actually effective over the lifetime of the item or position covered ("retrospective effectiveness").
3. Have adequately documented that the contracting of the financial derivative took place specifically to hedge certain balances or transactions and the way in which it was intended to achieve and measure that hedge, provided that this form is consistent with the Group's own risk management.
4. There must be designated derivative instruments in an accounting hedging relationship.

A hedging instrument is represented in a derivative instrument whose fair value or cash flows are expected to offset losses on 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 anticipated transaction. A group of highly probable assets, liabilities, firm commitments or anticipated transactions, which share the risk exposure that has been designated as hedged, may also be designated as a hedged item. In addition, a hedged item can be a portfolio hedged only by 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 that is entered into to exchange a certain amount of resources at a specified price at a specified future date. A highly probable anticipated transaction is an anticipated uncommitted future transaction.

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

A hedge will be 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 the hedges shall be determined on the measurement date by comparing the valuation gains or losses of the hedged item and the valuation gains or losses of the hedging instrument. Where the difference between the valuation gains or losses of the hedging instrument covers the gains or losses on changes in the hedged item between 80% and 125%, the hedge shall be qualified as effective.

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

Requirements for hedge accounting

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

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

(a) Fair value hedge

Fair value hedge is a hedge of exposure to changes in the market value of unrecognized assets, liabilities or a firm commitment or a portion thereof that is attributable to a particular risk and that may affect gains or losses. For example, fair value exchange risk due to rate sensitivity in CDT Instruments, Mortgage Loan Portfolios, 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 applicable, and the difference will be recognized as income or expense for the period.

The hedged item, whether an asset or a liability that is part of a fair value hedging relationship, and only for this type of hedging, the asset or liability shall be measured at its market value at the time the hedging relationship commences or, in the absence of such a hedging relationship, for the value



resulting from the application of methodologies used in the market for similar items; The difference with the carrying amount will be recognized as income or expense for the period.

Termination of the Hedging Relationship

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

- d) Hedge no longer meets efficiency requirements.
- e) Interruption of coverage due to disincorporation of the hedged item or prospective early termination.
- f) The anticipated hedged transaction is not highly likely.

Extraordinary committee approval for discontinuation of hedging relationship or change of hedging strategy.

2.9. Investment securities

Subsequent recognition

After initial recognition, all financial assets classified "at fair value through profit or loss" are measured at fair value. Gains and losses resulting from changes in fair value are presented net in the Consolidated Income Statement under the "Net changes in fair value of debt financial assets" account. Equity investments classified at fair value through changes in ORI are recognized at fair value.

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

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

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

2.10. Goods leased

The goods leased by the Parent Company are classified at the time of signing the contract as financial or operating leases. A lease is classified as financial when it transfers substantially all of the risks and advantages inherent in the property. A lease is classified as operating if it does not transfer substantially all of the risks and advantages inherent in the property. Lease contracts that are classified as financial are included in the Consolidated Statement of Financial Position under the heading "Loan portfolio and financial leasing operations" and are accounted for in the same way as other loans granted (See Note 4). Leases that are classified as operating are included in the property





and equipment account and are accounted for and depreciated in the shorter time between the useful life of the asset and the term of the lease agreement. (See note 14).

2.11. Financial liabilities

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

Financial liabilities are only derecognized from the Consolidated Statement of Financial Position when the obligations they generate have been extinguished or when they are acquired (either with the intention of cancelling them or with the intention of relocating them again).

2.12. Non-current assets held for sale

Assets received in payment of receivables and non-current assets held for sale in which the Parent 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 lesser of their carrying amount at the time they are transferred to this account or their fair value less estimated costs of sale. Assets received in payments that do not meet the conditions to be held for sale are recorded in other accounts on the balance sheet according to their nature, such as investments, other assets or investment properties at cost value or fair value according to the classification to which the asset applies.

2.13. Financial guarantees

"Financial guarantees" are those contracts that require the issuer to make specific payments to reimburse the creditor for the loss incurred by the issuer when a specific 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, among others, a guarantee or financial guarantee.

In their initial recognition, the financial guarantees provided are accounted for by recognizing a liability at fair value, which is generally the present value of the fees and returns to be received for such contracts over their lifetime, having as a counterpart in the asset the amount of the fees and similar returns collected at the beginning of operations and the accounts receivable for the present value of the outstanding future cash flows to receive.

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

The income obtained from the guarantee instruments is recognized in the income from fees and commissions account of the income statements and is calculated by applying the rate established in the contract of the author to the nominal amount of the guarantee.



2.14. Own Use property and equipment

Property, and equipment for own use includes assets, owned or leased, that the Group holds for current or future use and that it expects to use for more than one financial year. They also include tangible assets received by subsidiaries for liquidation, in whole or in part, of financial assets that represent receivables against third parties and to which it is expected to give continued use.

Owned property and equipment are recorded in the Consolidated Statement of Financial Position at their acquisition cost, less their corresponding accumulated depreciation and, if applicable, the estimated losses resulting from comparing the net carrying 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, applying the straight-line method, on the acquisition cost of the assets, minus their residual value; it being understood that the land on which buildings and other constructions are built has an indefinite useful life and that, therefore, they are not subject to depreciation.

In accordance with the definitions in IAS 16, useful life is defined for the 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 units or similar that an entity is expected to obtain from it.

The residual value of an asset is defined as the estimated amount that the entity could currently obtain for the disposal of the item, after deducting the estimated costs for such disposal, if the asset had already 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 shall be distributed systematically 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 relative to the total cost of the item shall be depreciated separately.

Such depreciation, which is recorded against profit or loss, is calculated based on the following useful lives defined for the Parent Company and its subsidiaries:

Assets	Age
Buildings	
Foundation - Structure and roof	50 to 70
Walls and divisions	20 to 30
Finishes	10 to 20
Office Equipment & Accessories	10
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



For real estate, the Parent Company establishes 3 building components that are: foundation – roof structure, walls and divisions and finishes which present the following ranges of residual values:

Component	Residual Value
Foundation - Structure and roof	0 - 20%
Walls and divisions	0 - 10%
Finishes	0 - 20%

Improvements made to real estate leased may be eligible for capitalization if they are expected to be used for more than one period and depreciate during the lease period.

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

At each financial year-end, the Group analyses whether there are indications, both external and internal, that a tangible asset may be impaired. If there is evidence of impairment, the entity analyzes whether such impairment actually exists by comparing the net carrying value of the asset with its recoverable value (such as the greater of its fair value less disposal costs and its value in use). When the carrying amount exceeds the recoverable value, the carrying amount is adjusted to its recoverable value, modifying future amortization charges in accordance with its new remaining useful life.

Similarly, when there are indications that the value of a tangible asset has been recovered, the Group estimates the recoverable value of the asset and recognizes it in the income statement, recording the reversal of the impairment loss recorded in prior periods, and adjusting future charges accordingly for its depreciation. In no case may the reversal of the impairment loss on an asset increase in its carrying amount above that which it would have had if impairment losses had not been recognized in previous years.

Expenses for the upkeep and maintenance of property and equipment are recognized as expenses in the period in which they are incurred and are recognized under the heading "Administrative expenses".

Gains and losses from the sale of an item of property and equipment are recognized in profit or loss.

2.15. Leases

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

Leases are recognized as a right-of-use asset and a liability on the date the asset is leased and available for use by the Group. Each lease payment is allocated between the liability and the finance cost. The financial cost is recognized in the Consolidated Income Statement during the lease period, 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 period between the useful life of the asset or until the end of the lease term, on a straight-line basis.

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





- Fixed payments (including essentially fixed payments), minus lease incentives receivable.
- Variable lease payment that is based on an index or rate.
- Amounts that the lessee is expected to pay under residual value guarantees.
- The exercise price of a call option if the lessee is reasonably certain to exercise that option.
- Payments of fines for termination of the lease, if the term of the lease reflects the tenant exercising that option.

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

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

- The amount of the initial measurement of the lease liability.
- Any lease payments made on or before the start date minus any lease incentives received.
- Any upfront direct costs.
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized in a straight line as an expense in earnings. 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 several properties and equipment leases across the Group. These terms are used to maximize operational flexibility in terms of contract management.

2.16. Investment Properties

In accordance with International Accounting Standard IAS 40 "Investment Properties", investment properties are defined as those lands or buildings considered in their entirety, in part or in both that are held by the Parent and the Western Trust to obtain rent, valuation of the asset or both instead of its use for the purposes of the Parent Company and the Western Trust. Investment properties are recognized in the Consolidated Statement of Financial Position at fair value through profit or loss. This fair value is determined based on appraisals carried out periodically by independent experts using valuation techniques described in IFRS 13 "Fair Value Measurement".

2.17. Goods received on lease

Goods received on lease at their initial receipt are also classified as financial or operating leases in the same manner as goods leased as described in paragraph 2.10. Lease agreements that are classified as financial are included in the balance sheet as right-of-use property and equipment according to their object and are initially accounted for in assets and liabilities simultaneously at a value equal to the fair value of the asset received under lease or at the present value of the minimum lease payments, if it were minor. The present value of the minimum lease payments is determined using the interest rate implied in the lease, or if it does not have it, an average interest rate of the bonds placed by the Parent Company in the market is used. Any initial direct cost of the lessee is added to the amount recognized as an asset. The value recorded as a liability is included in the financial liabilities account and is recorded in the same way as financial liabilities. Lease contracts that are classified as operational are recorded on an expenditure basis.



2.18. Intangible assets

The Parent Company and its subsidiaries recognize an intangible asset when it is identifiable, nonmonetary in nature and without physical appearance, its cost can be reliably measured and it is likely that future economic benefits attributable to the asset will be obtained.

a. Goodwill

The goodwill recorded by the Parent Company in its Financial Statements corresponds to a merger carried out by the Parent Company in previous years with Banco Unión, which, in accordance with the transition standard established in IFRS 1, the Parent Company was exempted from recording under IFRS for its carrying amount as of January 1, 2014. In accordance with IAS 38, goodwill is considered to have an indefinite life and is not amortized but is subject to an annual impairment assessment, for which the Parent Company carries out a valuation by an independent expert of the value of the business lines that are related to the goodwill (Banco Unión business lines) and based on this valuation it is determined if there is any impairment, which, if any, is recorded against results; subsequent recoveries in the valuation the Parent Company does not reverse the impairments previously recorded.

In the update of the impairment tests that were carried out as of December 31, 2025 in relation to goodwill, property, plant and equipment and intangibles, budgets, forecasts and other assumptions were adjusted to incorporate the observed economic conditions, addressing where necessary the increase in risk and uncertainty. The assumptions used to perform the impairment test have been updated to reflect lower budgeted earnings in subsequent years and a delay in returning to pre-crisis levels of turnover and profitability.

The appraisal of the goodwill recorded by the Parent Company as of December 2025 concluded that the Goodwill assigned to the Cash Generating Unit is not impaired as of the valuation date and presents an excess of \$480,333 in value in use with respect to the carrying amount. (See Note 15 - Intangible assets, net).

b. Other intangibles

The other intangible assets held by the Parent Company, Fiduciaria de Occidente, Occidental Bank Barbados Ltd. and Ventas y Servicios S.A. – NEXA BPO correspond mainly to computer programs and licenses, which are initially measured by their cost incurred in the acquisition or in their internal development phase. The costs incurred in the research phase are directly translated into results. After their initial recognition, these assets are amortized by the straight-line method during their estimated useful life, which, in the case of computer programs, ranges from 1 to 20 years.

The costs incurred in the computer programs that are in the development phase are capitalized taking into account the following evaluations made by the management of the Parent Company:

- a) The project is technically possible to complete for production so that it can be used in the operations of the Parent Company.
- b) The intention of the Parent Company is to complete it for use in the development of its business, not to sell it.
- c) The Parent Company has the ability to use the asset.
- d) The asset will generate economic benefits for the Parent Company that result in the execution of a greater number of transactions with lower costs.
- e) The Parent Company has the necessary resources, both technical and financial, to complete the development of the intangible asset, for its use.





The disbursements incurred during the development of the project and that are susceptible to being capitalized, are part of the greater value of this asset.

Disbursements incurred after leaving the asset in the conditions required by management for its use will be recorded as an expense affecting the Income Statement.

2.19. Employee Benefits

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

a. Short-term benefits

According to Colombian labor regulations, these benefits correspond to salaries, legal and extralegal bonuses, vacations, severance and parafiscal contributions to state entities that are paid within 12 months of the end of the period. These benefits are accrued by the causation system against results.

b. Post-employment benefits

These are benefits that the Parent Company and subsidiaries pay to their employees at the time of their retirement or after completing their period of employment, other than compensation. These benefits, in accordance with Colombian labor standards, correspond to retirement pensions assumed directly by the Parent Company, severance payments to employees who continue in the labor regime prior to Law 50, and certain extralegal benefits or benefits agreed upon in collective 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 on the basis of actuarial studies prepared by the projected unit of credit method, using actuarial assumptions of death rates, wage increases, staff turnover, and interest rates determined with reference to prevailing market yields on bonds at the end of the year. period of issuances of the National Government or high-quality business obligations.

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

Changes in actuarial liabilities due to changes in employee benefits that have retroactive effect are recorded as an expense on the earlier of the following dates:

- When the modification of the labor benefits granted takes place.
- When provisions for restructuring costs are recognized by a subsidiary or parent companies and subsidiaries.

The mortality table issued by the Financial Superintendence RV08 was adjusted so that the effect of longevity is included in it for pension calculations.

The adjustment will be made progressively, so that in 4 years an increase of 2 years in the life expectancy of men and women is obtained, at retirement age.



c. Other long-term employee benefits

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

Long-term employee benefit liabilities are determined in the same manner as post-employment benefits described in subparagraph (b) above, with the only difference being that changes in actuarial liabilities due to changes in actuarial assumptions are also recorded in the Income Statement.

d. Employee Termination Benefits

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

Termination benefits are recognized as a liability against profit or loss on the earlier of the following dates:

- When the Parent Company and subsidiaries formally notify the employee of their decision to remove him or her from employment.
- When provisions for restructuring costs are recognized by a subsidiary or businesses of the Parent that involve the payment of termination benefits.

2.20. Income tax

Current taxes

The current tax is the amount to be paid or recovered for the income and complementary tax, it is calculated based on the tax laws enacted or substantially enacted as of the date of the Statement of Financial Position. Management periodically evaluates the position taken in tax returns in situations where tax laws are subject to interpretation and, if necessary, makes provisions on the amounts it expects to be paid to the tax authorities in accordance with 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, the 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 cases in which it does not regulate the matter. In any case, the tax law may expressly provide for a different treatment, in accordance with Article 4 of Law 1314 of 2009.

Deferred Tax

Deferred taxes are recognized on temporary differences that arise between the tax bases of assets and liabilities and the amounts recognized in the Separate Financial Statements, which give rise to amounts that are deductible or taxable when determining the tax gain or loss corresponding to future periods when the carrying amount of the asset is recovered or that of the liability is liquidated. However, passive deferred taxes are not recognized if they arise from the initial recognition of capital gains; Nor is deferred tax accounted for if the initial recognition of an asset or liability arises in a transaction other than a business combination that at the time of the transaction does not affect the accounting or tax profit 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 cleared.

The deferred tax expense is recognized in the Consolidated Income Statement, except for the part that corresponds to items recognized in the other comprehensive income account, in which case the tax will also be recognized accordingly in the equity accounts of other comprehensive income.

Deferred tax assets are recognized only to the extent that it is likely that future tax revenues will be available against which temporary differences can be used.

Deferred tax liability is provided on taxable temporary differences that arise, except for deferred tax liability on investments in subsidiaries, associates and joint ventures when the opportunity for reversal of the temporary difference is controlled by the Parent and affiliates and it is likely that the temporary difference will not be reversed in the near future, as indicated in IAS 12 paragraph 39.

Generally, the Parent Company and subsidiaries do not have the ability to control the reversal of temporary differences in investments in associates, since if there are profits that can be taxed and that it is possible that they will be distributed in the foreseeable future, deferred tax liability will be recognized.

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

Deferred tax assets and liabilities are offset as set forth in IAS 12.

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

2.21. Provisions

Provisions for decommissioning and legal claims are recognized when the Parent and subsidiaries have a present legal obligation or assumed because of past events, an outflow of resources is likely to 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. A provision is recognized even if the probability of an outflow of cash flow in respect of any item included in the same class of obligations may be small.

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

2.22. Income

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

Step 1. Identification of contracts with customers: A contract is defined as an agreement between two or more parties, which creates enforceable rights and obligations and establishes criteria that must be met for each contract. Contracts can be written, verbal, or implied through a company's customary business practice.





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

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

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

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

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

- a) The Group's performance does not create an asset with an alternative use for the Group, and the Group has an enforceable right to payment for performance completed to date.
- b) The Group's performance creates or improves an asset that the client controls as it is created or improved.
- c) The client at the same time receives and consumes the benefits that result from the Group's performance as it works.

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

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

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

The Group evaluates its entry plans based on specific criteria to determine whether to act as principal or agent.

Revenue is recognized to the extent that economic benefits are likely to flow to the Group and whether revenues and costs, if any, can be reliably measured.

The following is a description of the main activities through which the Group generates revenue from contracts with customers:

i. Interest income

The Parent Company recognizes interest income on loans, debt securities and other debt instruments, using the effective interest method. The calculation of the effective interest rate includes all commissions and basis points of interest, paid or received by the parties to the contract, that integrate the effective interest rate, transaction costs and any other premiums or discounts.





ii. Banking (financial services)

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

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

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

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

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

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

- **Commissions**

The Parent receives insurance commissions when they refer new customers to third-party insurance sellers, when the Parent is not itself the insurer of the policy. These commissions are usually paid periodically (monthly, for example) to the Parent Company based on the volume of new policies (and/or renewal of existing policies) generated with customers introduced by the Parent Company.

The transaction price may include a consideration item that is variable or subject to the outcome of future events, such as policy cancellations, and such item is estimated and included in the transaction price based on the most probable amount, so as to include it in the transaction price only when it is highly probable that the resolution of such uncertainty will not lead to a significant reversal in income.

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

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

- **Savings and Checking Accounts**

Savings and checking contracts typically allow customers to access a number of services, including processing wire transfers, using ATMs to withdraw cash, issuing debit cards, and generating bank statements. Sometimes they include other benefits. Payments are made on a regular basis and provide the customer with access to banking services and additional benefits.



iii. Customer Loyalty Programs

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

iv. Financing components

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

v. Dividends

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

2.23. Going Concern

Based on the Parent's liquidity position as of the date of authorization of these Consolidated Financial Statements, management continues to have a reasonable expectation that the Parent Company has adequate resources to continue operating for the next 12 months and that the operating company's accounting basis remains adequate.

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

2.24. New accounting pronouncements not yet effective

The following accounting pronouncements issued are applicable to the annual periods beginning after January 1, 2027, and have not been applied in the preparation of these Consolidated Financial Statements. The group plans to adopt the accounting pronouncements that correspond to them on their respective dates of application and not in advance, and has also evaluated the impacts of the adoption of the new or modified standards, concluding that it is not expected to have a significant impact on the Consolidated Financial Statements.

Financial Reporting Standard	Subject of the standard or amendment	Description
Insurance Contracts (IFRS 17)	Decree 1271 of 2024	It will be applicable to the general purpose Financial Statements of the entities classified in Group 1, as of January 1, 2027. It repeals International Financial Reporting Standard IFRS 4, effective January 1, 2027.



2.25. Changes in material accounting policies

The material accounting policies applied in these annual Consolidated Financial Statements are the same as those applied by the Parent Company in the Consolidated Financial Statements for the year ended December 31, 2024.

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

The preparation of the Consolidated Financial Statements in accordance with the Accounting and Financial Reporting Standards (NCIF) accepted in Colombia, requires management to make judgments, estimates and assumptions about the future, including climate-related risks and opportunities, that affect the application of accounting policies and the amounts of assets, liabilities and contingent liabilities as of the date of the Consolidated Statement of Financial Position. as well as the income and expenses of the year. Actual results may differ from these estimates.

The estimates and assumptions are reviewed regularly and are consistent with the Group'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 period affected.

The judgments that have the most significant effects on the amounts recognized in the Consolidated Financial Statements and the estimates that may cause a material adjustment in the carrying amount of assets and liabilities in the following year include the following:

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

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

The determination of what constitutes "observable" requires meaningful judgement on the part of the panel.

The Group considers observable data to be market data that is already available, that is regularly distributed or updated, that is reliable and verifiable, and that reflects the assumptions that market participants would use when pricing the asset or liability.

Among the most representative financial assets available for negotiation is the investment that originates from the Group's participation in the Private Equity Fund Nexus Inmobiliario - Compartimiento Inmuebles Occidente, in accordance with chapter I of the Basic Financial Accounting Circular of the Financial Superintendence of Colombia, which computes in the value at risk in the collective portfolio module. The valuation of the investment is carried out on a daily basis, using the value of the unit delivered by Fiduciaria de Occidente, the participation in this fund for the Parent Company is 96.69% and Fiduciaria de Occidente is 3.31%.

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



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

- Management's stated policies and procedures for the portfolio and the operation of those policies in practice;
- How management evaluates performance of the portfolio;
- If the management strategy focuses in earning revenue by contractual Interests;
- The frequency of any expected sales of assets;
- The reason for any asset sales; and
- If the assets being sold are held for a prolonged period in relation with its contractual expiration or are sold promptly after being acquired or an extended time before expiration.

Specifically, the Parent exercises judgment to determine the objective of the business model for portfolios held for liquidity purposes. The Parent's Central Treasury holds certain debt instruments in a separate portfolio for long-term yield and as a liquidity buffer. Instruments may be sold to meet unexpected liquidity shortfalls, but such sales are not anticipated to be more frequent.

The Parent Company considers that these instruments are kept within a business model whose objective is to maintain assets to collect contractual cash flows. The Parent Central Treasury holds certain other debt instruments in separate portfolios to manage short-term liquidity. Sales of this portfolio are often made to meet ongoing business needs. The Parent determines that these instruments are not held within a business model whose objective is to hold assets to collect contractual cash flows.

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

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

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

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

Other aspects of the classification

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



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

Deferred income tax (Note 16): The Parent Company and subsidiaries evaluate the realization of the deferred income tax assets over time. Asset deferred tax represents income taxes recoverable through future deductions of taxable earnings and are recorded in the Statement of Financial Position. Active deferred taxes are recoverable to the extent that the realization of the related tax benefits is likely.

Future tax revenues and the amount of tax benefits that are likely 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 current circumstances.

As of December 31, 2025 and 2024, the Parent and subsidiaries estimate that the deferred income tax items would be recoverable based on their estimates of future taxable profits.

Goodwill (Note 15): Annually, the management of the Parent Company carries out an impairment assessment of the goodwill recorded in its Financial Statements; said evaluation is carried out as of December 31 of each year based on a study carried out for this purpose by independent experts hired for this purpose. This study is carried out based on the valuation of the business lines that are related to the Capital Gains (business lines of Banco Unión), 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 net income projections, ensuring compliance with the solvency margin, and 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 flows generated during a given period of time to later bring them to present value discounting them at an appropriate rate for said operation, also considering a terminal value. The assumptions used in this valuation are detailed in note 15.

Valuation of investment properties: Investment properties are reported in the Consolidated Statement of Financial Position at fair value as determined in reports prepared by independent experts at the end of each reporting period. Due to the 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.

In the preparation of the valuation reports of the investment properties of the Parent Company, forced sales transactions are excluded. Management has reviewed the assumptions used in the valuation by the independent experts and believes that factors such as: inflation, interest rates, etc., have been appropriately determined considering market conditions at the end of the reported period; Notwithstanding the foregoing, 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 amount.



Contingency Estimate: The Parent Company and its subsidiaries estimate and record a provision for contingencies, in order to cover possible losses due to labor cases, civil and commercial lawsuits, and tax or other remedies according to the circumstances that, based on the opinion of external legal advisors 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 processes, it is not possible on some occasions to make an accurate forecast or quantify an amount of loss in a reasonable way, so the actual amount of the disbursements actually made by the claims, cases and/or processes is constantly different from the amounts initially estimated and provisioned. and such differences are recognized in the year in which they are identified.

Employee benefits: The measurement of pension obligations, costs and liabilities depends on a wide variety of long-term assumptions determined on an actuarial basis, including estimates of the present value of projected future pension payments to plan participants, considering the likelihood 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 you to establish future cash flows at present value on the measurement date. The Parent determines a long-term rate that represents the market rate for high-quality fixed income investments or for Government bonds that are denominated in Colombian pesos, the currency in which the benefit will be paid, and considers the timing and amounts of future benefit payments, for which the Parent has selected the Government bonds.

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

Note 4. – Risk Administration and Management

The Parent Company and its subsidiaries in the financial sector manage the risk management function considering the applicable regulation and internal policies.

Objective and general guidelines for risk management

The objective is to maximize the return for its investors through prudent risk management; for this purpose, the principles that guide the Parent Company in risk management are the following:

- a) Provide security and continuity of service to customers.
- b) The integration of risk management into business processes.
- c) Collegiate decisions at the level of each of the Parent Companies' boards of directors to make commercial loans.
- d) Deep and extensive market knowledge as a result of our stable and experienced leadership and bank management.
- e) Establishment of clear risk policies in a top-down approach regarding:
 - Compliance with know-your-customer policies, and
 - Trade credit granting structures based on a clear identification of the sources of repayment and the capacity to generate the flow of debtors.
- f) Use of common tools for analyzing and determining interest rates for credits.
- g) Diversification of the commercial loan portfolio with respect to industries and groups economic.
- h) Specialization in consumer product niches.



- i) Extensive use of continuously updated credit scoring and scoring models to ensure the growth of high-quality credit loans.
- j) Conservative policies in terms of:
 - The composition of the trading portfolio with a bias towards instruments with lower volatility.
 - Proprietary trading operations and
 - Variable remuneration of trading staff.

Risk culture

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

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

- Board of Directors.
- Comprehensive Risk Committee.
- Vice-Presidency of Risks.
- Administrative risk management processes.
- Internal Audit.

Board of Directors

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





- Define and approve the general strategies and policies related to the internal control system for risk management.
- Approve the entity's policies in relation to the management of the different risks
- To approve the operating and counterparty quotas, according to the defined attributions.
- Approve exposures and limits to different types of risks.
- Approve the different procedures and methodologies for risk management.
- 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 managing risks.
- Create the necessary committees to ensure the proper organization, control and monitoring of the operations that generate exposures, and define their functions.
- Approve internal control systems for risk management.
- Require the management of the Parent Company and its subsidiaries to provide different periodic reports on the levels of exposure to the different risks.
- Evaluate proposals for recommendations and corrective measures on risk management processes.
- Require management to report on different levels of exposure to different hazards.
- Carry out follow-up in its ordinary meetings through periodic reports presented by the Audit Committee on risk management and the measures adopted for the control or mitigation of the most relevant risks.
- To approve the nature, scope, strategic businesses and markets in which the entity will operate.

Risk Committees

Risk management monitoring is carried out by each of the Departments attached to the Risk Vice Presidency in compliance with External Circular 018 – Comprehensive Risk Management System, who, on a monthly basis, present the results of said monitoring to the Financial Risk Committee (Business Banking, Personal Banking), Treasury Financial Risk Committee and SARO Committee. Likewise, there is the Finance Committee that meets every fifteen days, where short-term actions in liquidity management are defined, defines the Treasury's strategy in the short term and examines the biweekly report presented by the Balance Sheet and Treasury Risk Management. There is also the ALCO Committee, which makes decisions on the management of medium- and long-term assets and liabilities.

On a quarterly basis, the Comprehensive Risk Committee of the Board of Directors receives a report on the evolution and relevant events of each risk specialty. This committee, as a support body to the Board of Directors, is responsible for analyzing the information presented, making recommendations and ensuring that risk management remains aligned with the risk appetite defined by the organization. Likewise, two of its members are part of the board of directors.

The Comprehensive Risk Committee, therefore, has the following primary functions:

- Monitor the entity's risk profile and appetite, as well as evaluate its consistency with the business plan, capital and liquidity levels, and report to the Board of Directors on the main results and issue the corresponding recommendations, when necessary.
- Advise the Board of Directors on operations, events or activities, including incursion into 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.



- To review the policies of the SIAR at least once a year and to propose to the Board of Directors for its respective approval the corresponding adjustments.
- Advise the Board of Directors on the state of the risk culture in the entity.
- Assess the adequacy of the business continuity plan and contingency plans.
- Inform the Board of Directors of its analysis of the results of the monthly reports received from who develops the risk management function.

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

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

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

The risk committees are detailed below:

i. Financial Risk Committee, SARO Committee and Compliance Committee

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

ii. Financial Risk Committee (Credit and Treasury Risk)

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

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





iii. Assets and Liabilities Committee

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

Among its main functions are:

- To evaluate and approve the definition of general policies and guidelines for the comprehensive management of the Entity's financial assets and liabilities, within the risk levels established by the Board of Directors.
- Review and approve the risk profile of interest rates, maturation and the respective long-term funding strategies and medium-term tactics.
- Define policies and limits regarding the structure of terms, amounts of assets and liabilities that minimize the liquidity risk of the Entity.
- Carry out the understanding, monitoring and management of the structural and conjunctural risks of interest rate, liquidity and exchange rate in the bank book.
- Ensure compliance with all related regulatory limits and requirements.
- Monitor the approved strategies, evaluating 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 implying a substitution of the responsibility that corresponds to the Board of Directors in a collegiate manner, developing functions of an eminently advisory and support nature. Among the main functions of the committee, in accordance with the provisions of its regulations, are the following:

- Approves documents and policies related to the structure, procedures and methodologies of the Internal Control System (ICS) and Audit.
- Reviews and recommends for Board approval, documents such as the Code of Ethics and Conduct, ICS Reporting and Reporting Policy, Information Security Policy, Internal Audit Charter, and Technology Strategic Plan.
- Informs the Board of Directors about the decisions taken to evaluate risks that may affect the execution of strategic planning and those derived from changes in Senior Management that impact the Internal Control System, proposing controls to prevent, detect and adequately respond to these risks, including those related to fraud.
- Approves the methodology to define the criticality of the findings of the Internal Audit and the Fiscal Auditor's Office, maintaining monitoring of the independence and objectivity of these bodies, likewise, analyzes and approves proposals on the hiring of specialized external auditors and verifies the implementation of suggestions and recommendations of the Internal Audit, Fiscal Auditor and External Auditors.
- On the other hand, it determines whether the established procedures 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 operation of the Internal Control System, serves as a communication channel between Senior Management and the Board of Directors, maintaining continuous communication with the Internal Audit.
- It informs the Board when the entity does not provide the information required by the competent authorities, reports are requested on the proper performance of its functions and presents candidates to occupy the position of Statutory Auditor.





- It evaluates compliance with the standards 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 the Internal Audit in terms of resources and results, and reviews changes in the entity's environment and its business model.

Vice Presidency of Risk and Collection

The Vice-Presidency of Risk and Collection that appear within the organizational structure have, among others, the following functions:

Risk Management

- a) Prepare with the Legal Representative the Risk Appetite Framework (MAR), the SIAR 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 risk appetite framework for early warning and monitoring indicators. To present to the Legal Representative the pertinent updates.
- c) Evaluate, in coordination with the other areas involved in risk management, the contingency and business continuity plans, the exposure and risk management and their deviations from the limits and risk appetite and their concordance with capital and liquidity levels. The foregoing must 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' funding positions and characteristics on the entity's liquidity risk.
- e) To make statements 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 the heads of the business units.
- f) Perform stress tests to establish the entity's potential risk exposures under a variety of scenarios and design the measures or plans to be implemented to mitigate the risks based on their results.
- g) Compare the results of the stress tests against the levels of risk appetite and identify the corresponding risk mitigation actions and report the results to the Board of Directors, the Legal Representative and the Risk Committee.
- h) Manage the register of operational risk events and coordinate the collection of information for said register and, from this, generate information that contributes to risk management.

Reports & Information

- a. Report quarterly to the Board of Directors on the nature and level of the entity's risks and their consistency with risk appetite and capital and liquidity levels, including possible outcomes under extreme conditions based on reasonable assumptions. In any case, significant increases in risk exposure, as well as their impact on current and future levels of capital and liquidity must be reported timely.
 - b. Report monthly to the Legal Representative and the Risk Committee:
- i. The entity's exposure to risks with a breakdown, at least, of the specific exposure of each significant activity and by risk, its deviations from the established limits and its correspondence with the levels of capital and liquidity, if applicable. Reports on exposure to liquidity risk 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 entered into with entities of





- the financial conglomerate and related parties, as well as sensitivity analysis and tests under extreme conditions based on reasonable assumptions.
- ii. In the case of counterparty risk, the level of global concentration segmented by type of guarantee that supports the current customer compliance operation. Such information must be disaggregated at least by term, type of transaction and type of counterparty.
 - c. Report semiannually to the Board of Directors, the Risk Committee, and the Legal Representative on the evolution of the 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 the heads of the business units:
 - i. At least once a day and depending on the type of business or activity, the market risk and liquidity behavior.
 - ii. On a weekly basis, market risk levels, market risk conditions, negotiations carried out and, in particular, breaches of limits, unconventional or out-of-market transactions, and transactions with related parties and related parties.
 - e. Ensure that the Board of Directors, Senior Management and the Risk Committee are timely and duly informed about:
 - i. Failure to comply with the Risk Appetite Framework, internal and/or regulatory thresholds and/or limits and 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. The risks inherent in 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 those responsible for the business units, the problems identified in risk management along with the respective recommendations.

Administrative risk management processes

According to its business models, each subsidiary of the Parent Company has well-defined structures and procedures documented in manuals on the administrative processes that must be followed to manage the different risks; In turn, they have different technological tools that are detailed below, where each risk is analyzed to monitor and control the risks.

Internal Audit

The internal audits of the Parent Company and its subsidiaries are independent of management, report directly to its audit committees and in the performance of their functions carry out risk-based assessments on a regular basis on the management and mitigation of risks, associated with the policies and procedures approved by the Boards of Directors of the entities. to give their opinion on the effectiveness of the controls; Their reports are presented directly to the audit committees, which are responsible for monitoring and giving their assessment to the administrations, about the corrective measures taken, their implementation and the improvements in the internal control system of each entity.



Individual analysis of the different risks

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

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

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

Below is an analysis of each of the risks listed above in order of importance:

4.1 Credit risk

Consolidated exposure to credit risk

The Parent Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panama S.A. have exposures to credit risk, which consists of the debtor causing them a financial loss by not meeting their obligations in a timely manner and for the entire debt. The credit risk exposure of the Parent Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panama S.A. arises as a result of their credit activities and transactions with counterparties that give rise to financial assets. The maximum exposure to credit risk of the Parent Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panama S.A. in accordance with IFRS 7, at the consolidated level is reflected in the carrying amount of the financial assets in the Group's Consolidated Statement of Financial Position as of December 31, 2024 and 2025 as indicated below:



Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



Account	December 31 2025	December 31 2024
Deposits in banks other than Banco de la República	\$ 2.504.791	1.996.152
Financial instruments at fair value		
Issued or guaranteed by the Colombian Government	16.424.208	12.074.103
Issued or guaranteed by other entities of the Colombian Government	76.810	68.378
Issued or guaranteed by other Colombian financial institutions	541.903	646.974
Issued or guaranteed by entities of the Colombian real sector	20.616	33.059
Issued or guaranteed by Foreign Governments	748.584	488.208
Issued or guaranteed by other foreign financial institutions	626.678	614.543
Others	56.268	95.315
Derivative instruments	1.524.973	490.708
Investments in equity instruments	1.316.848	1.005.020
Credit portfolio		
Commercial portfolio	30.878.026	30.917.595
Consumer portfolio	13.274.029	13.165.838
Mortgage portfolio	2.478.871	1.937.381
Leasing portfolio	8.351.364	7.608.639
Repos and Interbank	1.757.464	461.670
Other accounts receivable	661.508	634.102
Total financial assets with credit risk	81.242.941	72.237.685
Off-balance sheet credit risk at face value		
Financial guarantees and sureties	2.684.906	3.575.019
Credit commitments	6.756.948	5.931.907
Total off-balance sheet credit risk exposure	9.441.854	9.506.926
Total maximum exposure to credit risk	\$ 90.684.795	81.744.611

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

Credit risk mitigation, collateral, and other credit risk enhancements

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

The risk acceptance policy is therefore organized at three different levels in the Parent and subsidiaries:

- Financial risk analysis: For the granting of credits, there are different models for the evaluation of credit risk: Scoring models for the evaluation of credit risk of the consumer portfolio. In the initial evaluation of customers, logistic regression models are applied, which assign a score to the customer, through based on variables of behavior with the sector, and allow establishing whether the applicant is subject to credit in accordance with the policy of a minimum required score. There are also monitoring models that mainly use variables of customer payment behavior and some sociodemographic variables that allow customers to be qualified and establish the probability of default in the next year.

For the commercial portfolio, it has rating models, specifically logistic regression models, whose variables are primarily financial indicators. With these variables, the input models are

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



obtained, and for the monitoring models, payment behavior variables are added, such as the maximum height of arrears in the last year, default counters, among others. Thus, there are entry and monitoring models for the segments of Industry, Commerce, Services, Construction, Territorial Entities and Financial Institutions.

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

Assessment of the liquidity risk of the collateral received.

The methods used to evaluate 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 prepared following the parameters of their constitution in accordance with the applicable legal standards.

The following is the breakdown of the loan portfolio by type of guarantee received in support of the loans granted by the Group as of December 31, 2025 and 2024:

December 31, 2025									
	Commercial	Consumer	Housing	Commercial Leasing	Consumer Leasing	Housing Leasing	Repos and Interbank	Financial Leasing	Total
Unsecured Credits	\$ 20.362.963	10.601.207	-	40.205	309	1.786	1.757.464	42.300	32.763.934
Claims secured by other Banks	87.323	51	-	-	-	-	-	-	87.374
Collateralized credits:									
Housing	1.366.203	46.039	2.478.871	-	-	-	-	-	3.891.113
Other Real Estate	1.254.517	11.271	-	-	-	-	-	-	1.265.788
Investments in equity instruments	554.447	-	-	-	-	-	-	-	554.447
Cash deposits or cash equivalents	196.524	590	-	-	-	-	-	-	197.114
Leased goods	-	-	-	2.883.868	-	1.383.073	-	4.266.941	4.266.941
Non-real estate	-	-	-	3.249.659	12.021	-	-	3.261.680	3.261.680
Fiduciary contracts, stand by and guarantee funds	2.448.365	946	-	236	-	-	-	236	2.449.547
Pledge on rents	1.197.053	-	-	-	-	-	-	-	1.197.053
Pledges	936.451	2.596.017	-	-	-	-	-	-	3.532.468
Other assets	2.474.180	17.908	-	780.207	-	-	-	780.207	3.272.295
Total	\$ 30.878.026	13.274.029	2.478.871	6.954.175	12.330	1.384.859	1.757.464	8.351.364	56.739.754

December 31, 2024									
	Commercial	Consumer	Housing	Commercial Leasing	Consumer Leasing	Housing Leasing	Repos and Interbank	Financial Leasing	Total
Unsecured Credits	\$ 20.717.258	10.545.242	-	289.443	269	804	461.670	290.516	32.014.686
Claims secured by other Banks	95.043	247	-	-	-	-	-	-	95.290
Collateralized credits:									
Housing	1.132.635	39.697	1.937.381	-	-	-	-	-	3.109.713
Other Real Estate	1.375.101	14.905	-	-	-	-	-	-	1.390.006
Investments in equity instruments	358.719	-	-	-	-	-	-	-	358.719
Cash deposits or cash equivalents	211.118	1.805	-	-	-	-	-	-	212.923
Leased goods	-	-	-	2.578.520	-	1.158.615	-	3.737.135	3.737.135
Non-real estate	-	-	-	2.794.294	10.106	-	-	2.804.400	2.804.400
Fiduciary contracts, stand by and guarantee funds	2.635.063	1.226	-	604	-	-	-	604	2.636.893
Pledges on rents	976.629	-	-	-	-	-	-	-	976.629
Pledges	1.068.440	2.495.240	-	9.539	-	-	-	9.539	3.573.219
Other assets	2.347.589	67.476	-	766.300	145	-	-	766.445	3.181.510
Total	\$ 30.917.595	13.165.838	1.937.381	6.438.700	10.520	1.159.419	461.670	7.608.639	54.091.123



Mortgage portfolio

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

	December 31, 2025	December 31, 2024
LTV Factor		
Less than 50%	\$ 1.572.060	1.324.262
51 – 70%	1.517.694	1.142.526
71 – 90%	548.367	408.643
91 – 100%	57.745	52.545
More than 100%	167.864	168.824
Total	\$ 3.863.730	3.096.800
Deteriorated Loans	December 31, 2025	December 31, 2024
LTV Factor		
Less than 50%	\$ 67.106	58.874
51 – 70%	65.240	47.282
More than 70%	73.535	67.139
Total	\$ 205.881	173.295

Significant Increase in Credit Risk

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

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

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

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



Credit Risk Category Rating

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

Each exposure is allocated to a credit risk rating at the time of initial recognition based on available information about the obligor. Exposures are subject to continuous monitoring, which may result in the displacement of an exposure to a different credit risk rating.

Modeling the PI Term

The estimation of the probabilities of default is the main input to determine the ranges of the ratings that determine the level of risk.

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

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

The Parent Company's approach to preparing forward-looking economic information within its evaluation is indicated below:

- The Group has established a general framework that incorporates quantitative and qualitative information to determine whether the credit risk of a financial asset has increased significantly since its initial recognition.
- The initial framework aligns with the Group's internal process for credit risk management.
- The criteria for determining whether credit risk has increased significantly will vary by portfolio or segment, as well as by risk rating.
- The Group assesses whether the credit risk of a particular exposure has increased significantly since initial recognition whether, based on quantitative modelling, the probability of expected impairment over the remaining life will increase significantly. In determining the increase in credit risk, the expected impairment loss in the remaining life is adjusted for changes in maturities.
- In certain circumstances, using the judgment of credit experts and based on relevant historical information, the Group may determine that an exposure has experienced a significant increase in credit risk if particular qualitative factors may indicate that and those factors may not be fully captured by its quantitative analyses conducted from time to time. As a limit, and as required by IFRS 9, the Group presumes that a significant increase in credit risk occurs no later than when the asset is in default for 30 days.





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

- The criteria are able to identify significant increases in credit risk before an exposure is impaired.
- The average time to identify a significant increase in credit risk and default seems reasonable.
- Exposures are generally not transferred directly from the Expected Impairment Probability Group in the twelve months following the Impaired Loans Group.
- There is no unjustified volatility in the provision for impairment of transfers between the groups with the probability of expected loss in the following twelve months and the probability of expected loss in the remaining life of the loans.

Modified Financial Assets

Contractual terms of loans may be modified for a number of reasons, including changes in market conditions, customer retention and other factors unrelated to an actual or potential impairment of customer credit.

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

- The probability of default in the remaining life at the balance sheet date based on the modified terms.
- The estimated probability of default on remaining life is based on the initial recognition date and the original contractual terms.

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

For financial assets modified as part of the Group's restructuring policies, the PI estimate will reflect whether the modifications have improved or restored the ability to collect interest and principal and previous experiences of similar actions. As part of In this process, the Panel will assess the debtor's compliance with the modified terms of the debt and consider various performance indicators of that modified group of debtors.

Generally, restructuring indicators are a relevant factor in increasing credit risk. Accordingly, a restructured debtor needs to demonstrate consistent payment behavior over a period of time before it is no longer considered as an impaired receivable or that the PI has decreased in such a way that the provision can be reversed and the credit measured for impairment in a period of twelve months after the date of the Financial Statements.

Definition of non-compliance

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

- It is unlikely that the debtor will fully repay its credit obligations to the Group, without recourse, to take actions such as making the guarantee (if any); or





- By Mora en Cartera:
 - Commercial Loans: When they are 90 days or more expired.
 - Consumer Loans: When they are 90 days or more Expired.
 - Housing Loans: When they have 120 days or more Expired
- For fixed-income financial instruments, objective evidence of impairment includes the following concepts, among others:
 - External rating of the issuer or the instrument in a D rating.
 - Contractual payments are not made on the due date or within the term or period of stipulated grace.
 - There is a virtual certainty of suspension of payments.
 - You will likely enter bankruptcy or file for bankruptcy or similar action.
 - The financial asset no longer has an active market due to its financial difficulties.
- For other items (in the portfolio):
 - Client in Law 617 of 2000
 - Restructuring agreements Law 550 of 1999 and Law 1116 of 2006
 - Clients in legal collection (with the exception of clients admitted in Law 1116 of December 27, 2006 and clients admitted in Law 1380 of January 25, 2010 - Insolvency Regime for Non-Merchant Natural Persons). Customers in Liquidation.
 - Extraordinary Circular Restructuring 039
 - Ordinary agreements and restructurings
 - Dation in payment

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

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

The inputs used in assessing whether financial instruments are in default and their importance may vary over time to reflect changes in circumstances.

Forecasting Future Economic Conditions

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

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





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

PCE Measurement – Estimated Weighted Probability of Credit Loss

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

- Probability of default (PI)
- Loss due to default (PDI)
- Exposure given non-compliance (EI)

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

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

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

- The PDI is the magnitude of the probable loss if there is a default. It depends mainly on the characteristics of the counterparty and the valuation of the collateral associated with the operation.

In order to calculate the PDI on each balance sheet date, it is required to observe the behavior of the obligations of customers that have been defaulted in a specific period of time. For each case, the information on the movements of the credit after default is constructed, taking into account: payment flows, goods received in dation of payment, penalty recoveries, legal and administrative costs.

The estimate of the PDI determines the percentage (0%-100%) that is lost in those events where the client incurs impairment. In the portfolio commercial is based on the warranty and consumption of the product. This variable measures the risk of the operation. For loans secured by real estate and pledge on vehicles, variations in the price indices of these assets are used.

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





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

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

- Instrument Type
- Credit Risk Rating
- Warranty
- Initial Recognition Date
- Remaining term for maturity
- Industry
- Debtor's geographic location

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

Policies to prevent excessive concentrations of credit risk

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

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

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

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



Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



	December 31, 2025								
	Commercial	Consumer	Housing	Commercial Leasing	Consumer Leasing	Housing Leasing	Repos and Interbank	Financial Leasing	Total
Colombia	\$ 27.276.538	13.273.907	2.478.871	6.954.175	12.330	1.384.859	1.055.020	8.351.364	52.435.700
Panama	691.982	93	-	-	-	-	702.444	-	1.394.519
United States	73.080	1	-	-	-	-	-	-	73.081
Costa Rica	176.154	-	-	-	-	-	-	-	176.154
Honduras	64.863	-	-	-	-	-	-	-	64.863
El Salvador	123.951	-	-	-	-	-	-	-	123.951
Guatemala	310.287	-	-	-	-	-	-	-	310.287
Other countries	2.161.171	28	-	-	-	-	-	-	2.161.199
Total	\$ 30.878.026	13.274.029	2.478.871	6.954.175	12.330	1.384.859	1.757.464	8.351.364	56.739.754

	December 31, 2024								
	Commercial	Consumer	Housing	Commercial Leasing	Consumer Leasing	Housing Leasing	Repos and Interbank	Financial Leasing	Total
Colombia	\$ 26.884.749	13.165.642	1.937.381	6.438.700	10.520	1.159.419	275.281	7.608.639	49.871.692
Panamá	262.627	97	-	-	-	-	186.389	-	449.113
United States	162.216	23	-	-	-	-	-	-	162.239
Costa Rica	125.689	-	-	-	-	-	-	-	125.689
Nicaragua	412	-	-	-	-	-	-	-	412
Honduras	392.236	-	-	-	-	-	-	-	392.236
El Salvador	13.919	-	-	-	-	-	-	-	13.919
Guatemala	426.629	-	-	-	-	-	-	-	426.629
Other countries	2.649.118	76	-	-	-	-	-	-	2.649.194
Total	\$ 30.917.595	13.165.838	1.937.381	6.438.700	10.520	1.159.419	461.670	7.608.639	54.091.123

The distribution of the loan portfolio of the Parent Company and subsidiaries by economic destination as of December 31, 2025 and 2024 is shown below:

Sector	December 31, 2025		December 31, 2024	
	Total	% Part.	Total	% Part.
Consumer Services	\$ 20.751.708	36,6%	19.835.596	36,7%
Commercial Services	15.725.811	27,7%	14.547.682	26,9%
Construction	4.286.772	7,6%	4.055.351	7,5%
Other industrial and manufacturing products	1.963.782	3,5%	2.010.681	3,7%
Transportation and communications	2.229.366	3,9%	2.131.112	3,9%
Food, beverages and tobacco	2.168.693	3,8%	2.140.216	4,0%
Chemicals	1.589.372	2,8%	1.890.457	3,5%
Government	2.241.218	3,9%	1.652.406	3,1%
Utilities	2.743.940	4,8%	2.628.056	4,9%
Agriculture	1.212.415	2,1%	1.304.269	2,4%
Others	663.070	1,2%	656.739	1,2%
Trade and tourism	537.041	0,9%	543.848	1,0%
Mining and petroleum products	626.566	1,1%	694.710	1,3%
Total by economic destination	\$ 56.739.754	100%	54.091.123	100%

Sovereign debt

As of December 31, 2025 and 2024, the investment portfolio in financial assets in debt instruments is mainly composed of securities issued or guaranteed by Colombian Government institutions, which represent 95.64% and 96.31%, respectively, of the total portfolio. The sovereign debt exposure by country is detailed below:



	December 31, 2025		December 31, 2024	
	Amount	Participation %	Amount	Participation %
Investment Grade ⁽¹⁾				
Colombia	\$ 15.656.908	91,17%	12.122.562	91,51%
Mexico	107.179	0,62%	17.987	0,14%
Panama	79.882	0,47%	57.795	0,44%
USA	318.150	1,85%	106.372	0,80%
Chile	182.836	1,06%	238.764	1,80%
Peru	32.414	0,19%	37.023	0,28%
Speculative ⁽²⁾				
Colombia	767.301	4,47%	636.934	4,81%
El Salvador	28.122	0,16%	30.266	0,23%
Total sovereign risk	\$ 17.172.792	100%	13.247.703	100%

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

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

Loan origination and counterparty limit approval process

The financial institutions of the Parent Company assume credit risk on two fronts: the credit activity itself, which includes trade credit, consumer and housing operations, and the treasury activity, which includes interbank operations, investment portfolio management, derivatives operations and foreign exchange trading, among others. Despite being independent businesses, the nature of the counterparty's insolvency risk is equivalent and, therefore, the criteria with which they are managed are the same.

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

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

For its part, in the operations of the treasury activity, it is the Board of Directors that approves the operating and counterparty quotas. Risk control is carried out through three main mechanisms: annual allocation of operating quotas and daily control, quarterly solvency assessment by issuers and investment concentration report by economic group.

In addition, for the approval of credits, the probability of default, the counterparty quotas, the recovery rate of the guarantees received, the term of the credits and the concentration by economic sectors are taken into account, among other considerations.

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



The Parent Company has a Credit Risk Management System (SARC), which is managed by the Credit Risk Division and includes, 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 important achievements and in the integration of credit risk measurement tools in the credit granting processes of the Parent Company.

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

For the commercial portfolio, it has rating models, specifically logistic regression models, whose variables are primarily financial indicators. With these variables, the input models are obtained, and for the monitoring models, payment behavior variables are added, such as the maximum height of arrears in the last year, default counters, among others. Thus, there are entry and monitoring models for the segments of Industry, Commerce, Services, Construction, Territorial Entities and Financial Institutions.

Credit risk monitoring process

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

Daily, banks produce lists of past-due portfolios and based on these analyses, various personnel of the Parent Company carry out collection procedures through telephone calls, emails, or written collection requests.

The following is the summary of the portfolio by maturity ages as of December 31, 2025 and 2024:

	December 31, 2025							
	Current loan portfolio	From 1 to 30 days	31 to 60 days	61 to 90 days	Total default 1 - 90 days	90-day > default	Greater than 180 days	Total Loan Portfolio
Commercial	\$ 29.489.788	337.052	71.109	32.086	440.247	93.825	854.166	30.878.026
Consumer	11.959.061	741.611	192.413	112.168	1.046.192	181.379	87.397	13.274.029
Mortgage Housing	2.048.942	290.411	43.320	18.806	352.537	18.624	58.768	2.478.871
Commercial Leasing	6.175.403	482.496	55.755	20.671	558.922	46.824	173.026	6.954.175
Consumer Leasing	10.682	927	203	-	1.130	-	518	12.330
Housing Leasing	1.130.374	173.634	30.152	18.035	221.821	12.438	20.226	1.384.859
Repos and Interbank	1.757.464	-	-	-	-	-	-	1.757.464
Total	\$ 52.571.714	2.026.131	392.952	201.766	2.620.849	353.090	1.194.101	56.739.754

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



	December 31, 2024							
	Current loan portfolio	From 1 to 30 days	31 to 60 days	61 to 90 days	Total default 1 - 90 days	90-day > default	Greater than 180 days	Total Loan Portfolio
Commercial	\$ 28.831.202	837.476	40.966	41.533	919.975	140.491	1.025.927	30.917.595
Consumer	11.674.729	915.273	208.343	119.020	1.242.636	164.647	83.826	13.165.838
Mortgage Housing	1.575.313	242.017	35.336	14.415	291.768	13.255	57.045	1.937.381
Commercial Leasing	5.613.895	472.623	64.786	27.976	565.385	50.229	209.191	6.438.700
Consumer Leasing	9.311	520	276	37	833	50	326	10.520
Housing Leasing	929.513	169.819	27.128	9.796	206.743	5.888	17.275	1.159.419
Repos and Interbank	461.670	-	-	-	-	-	-	461.670
Total	\$ 49.095.633	2.637.728	376.835	212.777	3.227.340	374.560	1.393.590	54.091.123

For the commercial portfolio, the Group evaluates the 18 most representative economic sectors in terms of Gross and Non-Performing Loans monthly, in order to monitor the concentration by economic sector and the level of risk in each of them.

Individually, the Parent Company and subsidiaries carry out an individual analysis of credit risk every six months with outstanding balances equal to or greater than 640 SMMLV based on updated financial information from the customer, compliance with the agreed terms, guarantees received and consultations with the credit bureaus; based on this information, it proceeds to classify customers by risk levels in category A- Normal, B- Subnormal, C- Deficient, D- Doubtful collection and E- Irrecoverable.

For consumer and housing loans, the above rating by risk levels is made on a monthly basis, taking into account mainly the age of their maturity and other risk factors. To this end, the Parent Company also consolidates the debts of each customer and determines their probability and calculation of impairment at the consolidated level.

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

The following is the summary of the portfolio by risk level rating as of December 31, 2025 and 2024:

	December 31, 2025								
	Commercial	Consumer	Housing	Commercial Leasing	Consumer Leasing	Housing Leasing	Repos and interbank	Total Financial Leasing	Total
A	\$ 27.978.421	12.083.631	2.308.198	5.915.569	11.606	1.265.782	1.757.464	7.192.957	51.320.671
B	1.096.291	242.751	41.209	402.071	203	34.283	-	436.557	1.816.808
C	725.532	352.993	4.352	244.034	-	11.931	-	255.965	1.338.842
D	490.798	255.333	80.003	171.954	518	59.806	-	232.278	1.058.412
E	586.984	339.321	45.109	220.547	3	13.057	-	233.607	1.205.021
Total	\$ 30.878.026	13.274.029	2.478.871	6.954.175	12.330	1.384.859	1.757.464	8.351.364	56.739.754

	December 31, 2024								
	Commercial	Consumer	Housing	Commercial Leasing	Consumer Leasing	Housing Leasing	Repos and interbank	Total Financial Leasing	Total
A	\$ 27.687.058	11.799.464	1.799.148	5.352.988	9.803	1.070.113	461.670	6.432.904	48.180.244
B	1.151.792	278.415	27.049	389.922	281	23.971	-	414.174	1.871.430
C	653.133	348.514	4.508	238.402	17	6.869	-	245.288	1.251.443
D	564.847	281.701	68.283	224.237	414	51.480	-	276.131	1.190.962
E	860.765	457.744	38.393	233.151	5	6.986	-	240.142	1.597.044
Total	\$ 30.917.595	13.165.838	1.937.381	6.438.700	10.520	1.159.419	461.670	7.608.639	54.091.123

Based on the above qualifications, the Parent Company prepares a list of customers that can potentially have a significant impact of loss for the Parent Company and subsidiaries and based on this list, an assignment of people is made who must carry out an individual follow-up to each customer, which includes meetings with the same to determine the potential causes of risk and seek solutions together to achieve compliance with the obligations of the debtor.





Restructuring of credit operations due to debtor's financial problems

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

The basic policy for the granting of such restructurings at the Parent Company level is to provide the client with a financial viability that allows it to adapt the debt payment conditions to a new situation of fund generation. The use of restructurings for the sole purpose of delaying provisioning is prohibited at the Parent level.

When a loan is restructured due to the debtor's financial problems, said debt is marked within the files of each financial institution of the Parent Company as a restructured credit in accordance with the rules of the Financial Superintendence of Colombia. The risk rating made at the time of the restructuring is only improved when the client has been satisfactorily complying with the terms of the agreement for a reasonable period and its new financial situation is adequate.

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

The following is the detail of restructured loans with cut-off as of December 31, 2025 and 2024:

Restructured loans	December 31, 2025	December 31, 2024
Local	\$ 2.375.652	2.530.973
Commercial	1.029.247	1.128.390
Consumer	1.115.788	1.224.954
Mortgage	230.617	177.629
Foreign	23.803	42.993
Commercial	23.765	42.978
Consumer	38	15
Total restructured	2.399.455	2.573.966

Forward-Looking Information

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

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

Based on the recommendations of the Market Risk Committee of Grupo Aval Acciones y Valores, S.A., use of economic experts and consideration of a variety of current and projected external information, Grupo Aval Acciones y Valores, S.A., formulates a "Scenario B" of the projection of the relevant economic variables as well as a representative range of two other possible projected scenarios, called: "Scenario A" and "Scenario C". Similarly, the weights of the three macroeconomic





scenarios are defined by Grupo Aval Acciones y Valores, S.A., in which the sum of the relative weight or probabilities of the three scenarios is equal to the unit value. In any scenario, the projections of macroeconomic variables are made for a period of three years.

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

The main macroeconomic variables and scenarios used as of December 31, 2025 are as follows:

	2026			2025		
	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C
Annual change in price index (CPI) ^(*)	4,43%	4,62%	4,63%	3,90%	3,90%	3,67%
Growth of domestic product gross (GDP) ^(*)	1,46%	2,75%	3,23%	0,55%	2,68%	3,75%
Unemployment rate ^(*)	9,83%	8,72%	7,83%	11,46%	10,46%	9,99%
Term deposit rate Fixed (DTF) ^(*)	8,17%	9,26%	8,51%	4,97%	6,03%	5,82%
Bank of the Republic Rate ^(*)	8,50%	9,25%	8,50%	5,25%	6,25%	6,25%

^(*) Macroeconomic variables corresponding to the Republic of Colombia.

To determine the forward-looking information factor incorporated in the calculations of the PCE reserve for amortized cost loans, the main macroeconomic variables are those corresponding to the Republic of Colombia, since the loan flows come mainly from that country.

In the projection, GDP growth at constant prices, annual variation of the CPI, unemployment rate 7 areas, interest rate (DTF), intervention rate of Banco Centra is used, so the projected information of the December 2026 cut-off is required, so that the probability of default occurring during the first year can be projected. Similarly, the projection of the aforementioned variables at the cut-off of December 2027 and December 2028 is required, in order to make the projection of the probability of occurrence of default with forward looking adjustment during the second and third year of the remaining life of the credit.

Weighted probability assigned to the scenarios:

	Scenario A	Scenario B	Scenario C
Scenarios as of December 31, 2025	26,67%	56,67%	16,66%

Receipt of goods received in payment

When the processes of persuasive collection or credit restructuring do not have satisfactory results within reasonable times, they are collected through legal channels or agreements are reached with the customer for the receipt of goods received in payment. The Parent Company has clearly established policies for the receipt of goods received in payment and has separate departments specialized in handling these cases, receiving the goods in payment and their subsequent sale.



The following is the detail of the goods received in payment and sold during the years ended December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
	\$ 84.550	10.395
Goods received in payment (immovable property)	605	2
Goods received in payment (movable)	(68.128)	(8.098)
Goods Sold	<u>\$ 17.027</u>	<u>2.299</u>

Financial assets other than credit portfolios by credit risk rating

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

- **Cash and cash equivalents**

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

Credit quality	December 31, 2025	December 31, 2024
Investment Grade	\$ 5.492.346	4.094.544
Central Bank of Colombia	1.328.458	1.697.691
Financial institutions	2.504.291	1.995.873
Others	1.659.597	400.980
Unrated or unavailable	500	279
Checks pending clearing	500	279
Cash and cash equivalents with third parties	5.492.846	4.094.823
Cash held by the entity ⁽¹⁾	521.684	534.097
	<u>\$ 6.014.530</u>	<u>4.628.920</u>

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

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

The following is a breakdown of the credit quality determined by independent rating agents of the main counterparties in debt securities and investments in equity instruments in which the Parent and subsidiaries have financial assets at fair value:

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



	December 31, 2025	December 31, 2024
Investment Grade		
Sovereigns	\$ 16.377.368	11.895.110
Other Public Entities	-	30.733
Corporate	56.146	53.833
Financial institutions	1.107.579	810.660
Multilaterals	-	39.048
Total investment grade	17.541.093	12.829.384
Speculative		
Sovereigns	795.423	667.200
Other Public Entities	76.810	37.646
Corporate	25.049	41.179
Financial institutions	233.731	487.803
Multilaterals	1.376	-
Speculative total	1.132.389	1.233.828
Unrated or unavailable	1.138.433	962.388
Total	\$ 19.811.915	15.025.600

- **Financial investment assets at amortized cost**

Below is a breakdown of the credit quality determined by independent risk rating agents, of the main counterparties in debt securities in which the Parent and subsidiaries have financial assets at amortized cost as of December 31, 2025 and 2024:

Credit quality	December 31, 2025	December 31, 2024
Issued and Guaranteed by the Nation and/or Central Bank	\$ 1.325.750	2.134.414
Impairment of investments	(850)	(741)
Issued and Guaranteed by the Nation and/or Central Bank	\$ 1.324.900	2.133.673

- **Derivative financial instruments**

Below is a breakdown of the credit quality determined by independent risk rating agents of the main counterparties in active derivative instruments for the Parent and subsidiaries as of December 31, 2025 and 2024:

Credit quality	December 31, 2025	December 31, 2024
Investment Grade	\$ 1.423.942	429.377
Speculative	265	774
Unrated or Unavailable	149.027	66.782
Total	\$ 1.573.234	496.933

4.2 Country Risk

In accordance with the provisions of SIAR, the bank updated the country risk assessment. This study assigns a rating to countries in which capital investments are made abroad, 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 projection aspects; complemented by 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 a 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 improve taking into account the weighted average of the ratings of the countries exposed.

According to the results of the latest update, the countries where we currently have investments obtained the following rating:

- Panama: B
- Barbados: B

Therefore, and following the policy established by Banco de Occidente, it is concluded that, according to the rating obtained in both countries, no impairment provisions are required for these investments.

Provision percentages by country risk rating

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

4.3 Market risks

The Parent Company participates in the monetary, foreign exchange and capital markets seeking to satisfy its needs and those of its clients in accordance with the established policies and risk levels. In this sense, it manages different portfolios of financial assets within the limits and levels of risk allowed. Market risk arises from the Parent's open positions in investment portfolios in debt securities, derivative instruments and equity instruments recorded at fair value, from adverse changes in risk factors such as: interest rates, inflation, foreign currency exchange rates, share prices, credit margins of the instruments and their volatility. as well as in the liquidity of the markets in which the Parent Company operates.

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

4.3.1 Financial Instrument Risk

The Parent Company trades financial instruments with several objectives, among which the following stand out:

- To offer products tailored to the needs of customers, which fulfill, among others, the function of covering their financial risks.



Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



- Structure portfolios to take advantage of arbitrages between different curves, assets and markets and obtain returns with adequate capital consumption.
- Carry out operations with derivatives, for intermediation purposes with clients or to capitalize on arbitrage opportunities, both exchange rate and interest rates in the local and foreign markets.

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

As of December 31, 2025 and 2024, the Parent Company had the following financial assets and liabilities subject to market risk:

	December 31, 2025	December 31, 2024
Assets		
Financial assets at fair value through profit or loss	\$ 11.820.386	8.299.454
Investments in debt securities	1.524.973	490.708
Derivative Trading Instruments	48.261	-
Hedging derivatives	13.393.620	8.790.162
Equity instruments at fair value with changes in ORI	\$ 6.674.681	5.721.126
Investments in debt securities	6.674.681	5.721.126
Financial assets at amortized cost	1.324.900	2.133.673
Investments in debt securities	1.324.900	2.133.673
Total assets	21.393.201	16.644.961
Liabilities		
Derivative Trading Instruments	1.285.816	532.715
Total liabilities	1.285.816	532.715
Net position	\$ 22.679.017	17.177.676

Description of objectives, policies and processes for market risk management

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

The risks assumed in the operations, both of the bank book and the treasury book, are consistent with the general business strategy of the Parent Company and its risk appetite, based on the depth of the markets for each instrument, its impact on the weight of assets by risk and level of solvency, the profit budget established for each business unit and the balance sheet structure.

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

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



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

- Interest rate: The Parent Company's portfolios are exposed to this risk when the change in the market value of the active positions in the face of a change in interest rates does not coincide with the change in the market value of the passive positions and this difference is not offset by the change in the market value of other instruments or when the future margin, Due to pending trades, depend on interest rates.
- Exchange rate: The portfolios of the Parent Company are exposed to foreign exchange risk when the current value of the active positions in each currency does not coincide with the current value of the passive positions in the same currency and the difference is not compensated, positions are taken in derivative products whose underlying is exposed to foreign exchange risk and the sensitivity of the value has not been fully immunized against variations in exchange rates. exposures to interest rate risk are taken in currencies other than their reference currency, which may alter the equality between the value of active positions and the value of passive positions in that currency and which generate losses or gains, or where the margin is directly dependent on exchange rates.

Risk management

The senior management and Board of Directors of the Parent Company actively participate in risk management and control, through the analysis of an established reporting protocol and the leadership of various Committees, which comprehensively carry out monitoring, both technical and fundamental, of the different variables that influence the markets internally and externally, in order to support strategic decisions.

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

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

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

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

Methods used to measure risk

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

The Parent Company uses the standard model for measuring, controlling and managing the market risk of interest rates and exchange rates in the treasury and bank books. These measurements are





carried out on a daily basis in the case of the Parent Company and monthly for each of its subsidiaries in order to measure and monitor the conglomerate risk.

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

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

The use of these methodologies has made it possible to estimate 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 businesses. These tools are also used to determine limits on traders' positions and to review positions and strategies quickly as market conditions change.

The methodologies used for the measurement of VeR are periodically evaluated and subjected to backtesting tests to determine their effectiveness. In addition, the Parent Company has tools for carrying out stress tests and/or sensitization of portfolios under the simulation of extreme scenarios.

In addition, limits are established by "Type of Risk" associated with each of the instruments that make up the different portfolios (sensitivities or effects on the value of the portfolio as a result of movements in interest rates or corresponding factors - impact of variations in specific risk factors: Interest rate (Rho), Exchange rate (Delta), Volatility (vega), among others).

Likewise, the Parent Company has established counterparty and trading quotas per operator for each of the trading platforms of the markets in which it operates. These limits and quotas are controlled daily by the Balance Sheet Risk and Treasury Management of the Parent Company. The trading attributions by operator are assigned to the different hierarchical levels of the treasury according to the experience that the official has in the market, in the negotiation of this type of products and in the management of portfolios.

Likewise, there is a process of estimating 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 by the periodic review of the valuation methodologies of the Fixed Income Investment and Derivatives portfolios.

Finally, within the monitoring work, the daily control of local and foreign currency negotiations is carried out against the policies and limits approved by the board of directors, which are aligned with the risk profile of the entity. Additionally, it is reviewed that the operations carried out by the treasury are at market prices.

The Parent Company classified the Available-for-Sale investments ALM as a bank book as of December 1, 2024 (approval of the Board of Directors on November 29, 2024), therefore, as of March 31, 2025, all such investments were excluded from the calculation of the Regulatory Market Value at Risk.

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



According to the standard model, the market value at risk (VeR) as of December 31, 2025 and 2024 was as follows:

Entity	December 31, 2025		December 31, 2024	
	Value	Basic points of Regulatory Capital	Value	Basic points of Regulatory Capital
Parent Company	\$ 109.891	32	339.369	101
Occidental Bank (Barbados) Ltd.	8.442	2	10.569	3
Banco de Occidente Panamá S.A.	29.986	8	25.757	7
Fiduciaria de Occidente S.A.	4.196	1	6.277	2
	152.515		381.972	

The VeR indicators presented by the Parent Company and subsidiaries during the years ended December 31, 2025 and 2024 are summarized below:

December 31, 2025				
	Minimum	Average	Maximum	Last
Interest rate	\$ 148.047	189.910	238.845	148.047
Exchange rate	837	7.838	16.567	3.273
Collective Portfolios	1.195	1.344	1.441	1.195
Portfolio VeR				152.515

December 31, 2024				
	Minimum	Average	Maximum	Last
Interest rate	\$ 264.941	322.068	379.009	379.009
Exchange rate	1.078	3.402	9.151	1.971
Collective Portfolios	934	991	1.031	992
Portfolio VeR				381.972

As a result of the behavior in the VeR, the assets of the Parent Company weighted by market risk remained on average around 4.42% of the total risk-weighted assets during the period ended December 31, 2025 and 7.30% as of December 31, 2024.

As a management tool for the administration of investment portfolios, different sensitivity analyses are carried out on these portfolios to different basic points.

Below are the sensitivity results for the years ended December 31, 2025 and 2024:

	December 31, 2025				
	Portfolio Value	25 PB	50 PB	75 PB	100 PB
Fair Value Parent Company	\$ 16.664.660	(121.180)	(240.560)	(358.167)	(473.999)
Fair Value Occidental Bank Barbados Ltd.	380.210	(2.953)	(5.860)	(8.724)	(11.544)
Fair Value Banco de Occidente Panama S.A.	1.401.364	(10.151)	(20.167)	(30.050)	(39.804)
Fair Value Fiduciaria de Occidente S.A.	48.833	(465)	(929)	(1.394)	(1.859)
Total	\$ 18.495.067	(134.749)	(267.516)	(398.335)	(527.206)



	December 31, 2024				
	Portfolio Value	25 PB	50 PB	75 PB	100 PB
Fair Value Parent Company	\$ 12.182.236	(101.064)	(200.492)	(298.290)	(394.560)
Fair Value Occidental Bank Barbados Ltd.	470.988	(3.629)	(7.205)	(10.727)	(14.198)
Fair Value Banco de Occidente Panama S.A.	1.287.902	(8.590)	(17.059)	(25.409)	(33.642)
Fair Value Fiduciaria de Occidente S.A.	79.455	(732)	(1.463)	(2.195)	(2.927)
Total	\$ 14.020.581	(114.015)	(226.219)	(336.621)	(445.327)

4.3.2 Price risk of investments in equity instruments

Equity investments

The Parent Company classifies its investments in equity instruments where it has no control or significant influence, in the category of financial assets at fair value with changes in ORI, when its fundamental objective is not to obtain profits due to fluctuations in its market price, are not listed on the stock exchange or are of low marketability, or awaiting maturity of the investment. nor is it part of the portfolio that supports its liquidity in financial intermediation nor does it expect to use it as collateral in passive operations, since its *raison d'être* is strategic, coordinated directly with the Parent Company.

According to the business model, these investments will be sold when any of the following conditions are met:

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

- When important adjustments are required to be made to the maturity structure of the assets to address unexpected changes in the maturity structure of the Parent's liabilities.
- When the Parent Company needs to make significant capital investments, for example, acquisition of other financial institutions.
- When significant disbursements are required for the acquisition or construction of property and equipment and there is no liquidity for this purpose.
- In business reorganization processes of the Aval Group.
- To meet unusual requirements or needs of credit disbursement requirements.

Risk of foreign currency exchange rate variations

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

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

Banks in Colombia are authorized by the Bank of the Republic to negotiate foreign currency and maintain foreign currency balances in accounts abroad. The legal regulations in *cer* oblige the Parent Company to maintain its own daily position in foreign currency, determined by the difference between the rights and obligations denominated in foreign currency registered inside and outside the Statement of Financial Position, whose average is three business days, which may not exceed twenty percent (20%) of the technical equity. likewise, said average of three business days in foreign currency may be negative but not exceeding five percent (5%) of the technical equity expressed in U.S. dollars.



Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



Likewise, it must comply with the own cash position which is determined by the difference between assets and liabilities denominated in foreign currency, excluding derivatives, and some investments.

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

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

Substantially all of the Parent's foreign currency assets and liabilities are held in United States dollars.

The following is the breakdown of the main financial assets and liabilities in foreign currency expressed in pesos held by the Parent Company and its subsidiaries as of December 31, 2025 and 2024:

December 31, 2025

	<i>Million</i>		
	US dollars	Other currencies denominated in US dollars	Total Colombian pesos
Assets			
Cash and cash equivalents	665,51	2,63	2.510.254
Investments in fair value debt securities with changes in results	121,30	-	455.734
Investments in Fair Value Debt Securities Changes in the ORI	485,66	-	1.824.659
Financial assets by loan portfolio at amortized cost	1.811,26	-	6.805.036
Derivative trading instruments	(511,88)	-	(1.923.157)
Other accounts receivable	10,24	-	38.471
Total Assets	2.582,09	2,63	9.710.997
Liabilities			
Derivative trading instruments	(149,17)	-	(560.453)
Customer deposits	1.448,02	2,27	5.448.848
Financial Obligations	1.125,10	-	4.227.096
Other accounts payable	133,71	-	502.376
Total liabilities	2.557,67	2,27	9.617.868
Net Active Position (Liabilities)	24,42	0,36	93.129



December 31, 2024

	<i>Million</i>		
	US dollars	Other currencies denominated in US dollars	Total Colombian pesos
Assets			
Cash and cash equivalents	448,86	5,43	2.002.995
Investments in fair value debt securities with changes in results	37,56	-	165.609
Investments in Fair Value Debt Securities Changes in the ORI	412,33	-	1.818.042
Financial assets by loan portfolio at amortized cost	1.584,42	-	6.985.961
Derivative trading instruments	5.653,74	-	24.928.185
Other accounts receivable	28,31	-	124.803
Total Assets	8.165,22	5,43	36.025.595
Liabilities			
Derivative trading instruments	5.856,98	-	25.824.298
Customer deposits	1.245,44	3,57	5.507.075
Financial Obligations	1.103,91	-	4.867.311
Other accounts payable	9,84	-	43.365
Total liabilities	8.216,17	3,57	36.242.048
Net Active Position (Liabilities)	(50,95)	1,86	(216.453)

The Parent's objective in relation to foreign currency transactions is to primarily meet the needs of international trade and foreign currency financing clients and to assume positions in accordance with authorized limits.

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

4.4 Interest rate risk

Bank book interest rate risk is defined as "Present or prospective risk to the Entity's capital and earnings arising from adverse movements in interest rates and affecting bank book positions." Likewise, Bank Book Credit Spread Risk (RSCLB) is defined as "any type of credit spread and liquidity spread risk that is not explained by the RTILB, nor by credit risk". At the consolidated level, its policies define that this risk is only applicable to bank book positions that do not consume capital due to market risk, including transactions of assets, liabilities and off-balance sheet items that have this exposure.

In this sense, the Bank and its banking subsidiaries have exposure to interest rate fluctuations that impact future cash flows. Risk may arise from the mismatch in the repricing time between assets, liabilities and off-balance sheet positions, the use of different interest rate rates (IBR, DTF, SOFR, Fixed, etc.) and the optionalities that may generate changes in the cash flows of both active or passive positions made by the Bank or its subsidiaries (e.g., prepaid).

Interest margins can increase or decrease as a result of changes in interest rates, bringing with them impacts on the institution's results, however, the Parent Company has mechanisms such as hedging through derivative instruments to deal with the risks associated with the interest rate in the bank book.



At the consolidated level, the Bank Book Interest Rate Risk (RTILB) is managed in accordance with the standard model established in Chapter XXXI (annex 15) of the Basic Accounting and Financial Circular of the Financial Superintendence of Colombia, which establishes the minimum prudential parameters that entities must supervise in their operation to efficiently manage this risk.

To measure the RTILB, two indicators are calculated, the Δ VEP (economic value of equity) under six shock scenarios (parallel up, parallel down, flattening, steepening, rise in the short, fall in the short) and the Δ MNI (net interest margin), under two interest rate shock scenarios (parallel up and parallel down), as established in the standard model of the Financial Superintendence of Colombia.

The Δ MNI has a short-term approach, since it measures the impact of the shock scenario for the oneyear horizon and under the assumption of constant balance sheet, i.e., that there is no growth or decrease in balance sheet positions; This metric reflects the impact on net interest income under a parallel shock of +/- 400 bps. Additionally, the sensitivity for a parallel shock of +/- 100bps is calculated.

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

The results obtained in the measurement of sensitivity to the VEP and the MNI for the cut-off of December 31, 2025 are presented below, where it is evident that the indicator at the consolidated level presents slack with respect to the regulatory limit (15.00%).

Bank Book Interest Rate Risk	December 31, 2025	December 31, 2024
1. Delta Net Interest Margin (DMNI)		
1.1 Parallel Upward Shock	709.126	538.969
1.2 Parallel Downward Shock	(567.211)	(430.221)
2. DeltaNet Interest Margin (DMNI) Parallel 100 bps.		
2.1 Parallel Upward shock +100 bps.	311.005	203.811
2.2 Parallel Downward shock -100 bps.	(271.722)	(174.079)
2. Delta Economic Value of Equity (DVEP) + KAO		
2.1 Parallel Upward Shock	589.539	322.975
2.2 Parallel Downward Shock	(94.426)	85.678
2.3 Steepening Shock	(142.460)	(155.760)
2.4 Flattening shock	352.246	331.065
2.5 Short-term upward shock	432.719	269.128
2.6 Short-term downward shock	(105.362)	(49.635)
2.7 Maximum D VEP (Base-Adverse) + KAO / PBA+PBO	10,72%	7,17%
3. Delta Economic Value of Equity (DVEP)+KAO Parallel 100 bps.		
3.1 Parallel Upward Shock	230.090	77.158
3.2 Parallel Downward Shock	684	55.035
4. PBO + PBA		
4.1 Ordinary Basic Equity	5.499.992	4.619.873



Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



In accordance with the provisions of External Circular 025 of 2022, the Bank Book Interest Rate Risk (RTILB) information is reported at the consolidated level as of December 2025. On the other hand, the information reported as of December 31, 2024 corresponds to the report at the individual level. These results are because the cumulative reprice gap at the consolidated level does not present a significant mismatch and therefore the exposure to bank book interest rate risk (RTILB) is not significant when evaluated from the sensitivity to the economic value of equity (VEP). When the duration of the asset and liability are close, a change in interest rates affects both balance sheet items in similar proportions; this allows to conclude that maintaining a repricing structure with a not so wide mismatch is a way of protecting the value of the Entity's assets.

In addition, the results obtained around the RSCLB for the same evaluation period are recorded. According to historical information and for a scenario of interest rate hikes, at the consolidated level (for a period of three months) there is a probability of loss of \$113,234 for investments classified as Bank Book portfolios that are not delivered as collateral in a counterparty central risk chamber or in the development of money market operations (repos, simultaneous or temporary transfer of values).

Metric	Currency	Scenario	Value Δ
RSCLB	COP	Rate Hike	(113.234)

The management of the RTILB, which incorporates credit differential risk and RSCLB liquidity spread, is the responsibility 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 objectives proposed by the Bank to be met and keeping the RTILB within the defined appetite.

The table below shows interest rate exposure for assets and liabilities as of December 31, 2025 and 2024. In this table, fixed-rate instruments are ranked according to the maturity date and variable-rate instruments are ranked according to the date of price change. The following analysis includes all global interest rate exposure:

December 31, 2025

Assets	Less than a month	Between one and six months	Six to twelve months	More than a year	No Interest	Total
Cash and cash equivalents	\$ 4.147.507	-	-	-	1.867.023	6.014.530
Investments in debt securities at fair value VRPYG	139.796	202.167	221.286	11.257.137	-	11.820.386
Investments in debt securities at fair value VRORI	175.198	986.903	262.077	5.250.503	-	6.674.681
Investments at amortized cost	192.820	371.015	761.065	-	-	1.324.900
Commercial portfolio and commercial leasing	276.496	31.257.235	539.954	5.758.516	-	37.832.201
Consumer Portfolio and Consumer Leasing	131.731	1.083.304	173.331	11.897.993	-	13.286.359
Mortgage portfolio and mortgage leasing	2.847	260.371	3.313	3.597.199	-	3.863.730
Repos and interbank	1.753.339	4.125	-	-	-	1.757.464
Other accounts receivable	-	-	-	97.555	563.953	661.508
Total Assets	6.819.734	34.165.120	1.961.026	37.858.903	2.430.976	83.235.759
Liabilities	Less than a month	Between one and six months	Six to twelve months	More than a year	No Interest	Total
Checking Accounts	491.818	-	-	-	7.114.212	7.606.030
Certificates of Deposit	2.221.962	13.894.677	3.325.458	974.061	-	20.416.158
Savings Accounts	31.112.717	-	-	-	-	31.112.717
Other Deposits	-	-	-	-	72.267	72.267
Interbank Funds	12.279.009	-	2.776	-	-	12.281.785
Lease liabilities	-	-	-	366.163	-	366.163
Loans from banks and the like	225.975	2.063.897	789.874	378.993	-	3.458.739
Bonds and Investment Securities	41.507	2.055.933	-	-	-	2.097.440
Obligations with rediscount entities	43.899	57.525	32.718	927.441	-	1.061.583
Total Liabilities	\$ 46.416.887	18.072.032	4.150.826	2.646.658	7.186.479	78.472.882

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



December 31, 2024

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

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

The following is the breakdown of the main assets and liabilities that generate interest, by interest rate, variable and fixed, according to maturity on December 31, 2025 and 2024:

December 31, 2025

Assets	Less than one year		More than a year		No interest	Total
	Variable	Fixed	Variable	Fixed		
Cash and cash equivalents	\$ 4,147,507	-	-	-	1,867,023	6,014,530
Investments in debt securities at fair value VRPYG	31,050	532,199	9,631	11,247,506	-	11,820,386
Investments in debt securities at fair value VRORI	58,846	1,365,332	6,019	5,244,484	-	6,674,681
Investments in debt securities at amortized cost	1,324,900	-	-	-	-	1,324,900
Commercial portfolio and commercial leasing	15,090,223	4,760,862	14,786,254	3,194,862	-	37,832,201
Consumer Portfolio and Consumer Leasing	410,587	3,384,760	536,152	8,954,860	-	13,286,359
Mortgage portfolio and mortgage leasing	23,996	306,267	272,912	3,260,555	-	3,863,730
Repos and interbank	-	1,757,464	-	-	-	1,757,464
Other accounts receivable	-	-	97,555	-	563,953	661,508
Total	21,087,109	12,106,884	15,708,523	31,902,267	2,430,976	83,235,759

Liabilities	Less than one year		More than a year		No interest	Total
	Variable	Fixed	Variable	Fixed		
Checking Accounts	248,934	242,884	-	-	7,114,212	7,606,030
Certificates of Deposit	13,698,858	3,615,159	2,599,150	502,991	-	20,416,158
Savings Accounts	1,326,614	29,786,103	-	-	-	31,112,717
Other Deposits	-	-	-	-	72,267	72,267
Interbank Funds	-	12,281,785	-	-	-	12,281,785
Lease liabilities	-	-	-	366,163	-	366,163
Loans from banks and the like	2,465,008	614,739	378,988	4	-	3,458,739
Bonds and Investment Securities	363,859	27,608	1,056,060	649,913	-	2,097,440
Obligations with rediscount entities	92,831	41,312	14,169	913,271	-	1,061,583
Total	\$ 18,196,104	46,609,590	4,048,367	2,432,342	7,186,479	78,472,882

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



December 31, 2024

Assets	Less than one year		More than a year		No interest	Total
	Variable	Fixed	Variable	Fixed		
Cash and cash equivalents	\$ 2.930.950	-	-	-	1.697.970	4.628.920
Investments in debt securities at fair value VRPYG	-	170.591	7.370	8.121.493	-	8.299.454
Investments in debt securities at fair value VRORI	10.020	617.437	54.354	5.039.315	-	5.721.126
Investments in debt securities at amortized cost	1.448.279	685.394	-	-	-	2.133.673
Commercial portfolio and commercial leasing	15.567.566	5.555.111	13.203.808	3.029.809	-	37.356.294
Consumer Portfolio and Consumer Leasing	508.454	3.233.008	801.580	8.633.316	-	13.176.358
Mortgage portfolio and mortgage leasing	21.633	275.791	254.472	2.544.904	-	3.096.800
Repos and interbank	-	461.671	-	-	-	461.671
Other accounts receivable	-	-	88.705	-	545.397	634.102
Total	20.486.902	10.999.003	14.410.289	27.368.837	2.243.367	75.508.398

Liabilities	Less than one year		More than a year		No interest	Total
	Variable	Fixed	Variable	Fixed		
Checking Accounts	432.547	101.418	-	-	6.855.190	7.389.155
Certificates of Deposit	4.892.831	10.924.469	707.010	1.393.192	-	17.917.502
Savings Accounts	1.812.650	26.409.141	-	-	-	28.221.791
Other Deposits	-	-	-	-	65.375	65.375
Interbank Funds	-	8.636.674	-	-	-	8.636.674
Lease liabilities	-	-	-	406.286	-	406.286
Loans from banks and the like	2.925.526	704.047	443.093	1.634	-	4.074.300
Bonds and Investment Securities	472.385	33.332	1.406.020	758.460	-	2.670.197
Obligations with rediscount entities	4.414	39.854	20.139	997.775	-	1.062.182
Total	\$ 10.540.353	46.848.935	2.576.262	3.557.347	6.920.565	70.443.461

4.5 Liquidity risk

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

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

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

In addition, the Parent Company measures monthly the stability of its funding in relation to the composition of its assets and positions outside the Statement of Financial Position, over a one-year horizon through the net stable funding ratio (CFEN), as established in the standard model of the Financial Superintendence of Colombia.

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



The quantification of the funds obtained in the money market is an integral part of the measurement of liquidity that the Parent Company performs; supported by technical studies, the Parent Company determines the primary and secondary sources of liquidity to diversify the donors, with the aim of guaranteeing the stability and adequacy of resources and minimizing the concentration of sources.

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

The availability of resources is monitored daily, not only to comply with reserve requirements, but also to foresee and/or anticipate possible changes in the Parent Company's liquidity risk profile and to be able to make strategic decisions as appropriate. In this sense, the Parent Company has liquidity alert indicators that allow establishing and determining the scenario in which it is located, as well as the strategies to be followed in each case. Such indicators include the level of high-quality liquid assets, the levels of concentration of deposits, the use of liquidity quotas of the Bank of the Republic, among others.

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

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

In order to comply with the requirements of the Bank of the Republic and the Financial Superintendence of Colombia, the Parent Company must keep cash on hand and restricted banks as part of the required legal reserve and calculated on the daily average of the different customer deposits, the current percentage is 7% of the requirements, except for certificates of term deposits with a term of less than 540 days whose percentage is 2.5% and 0% when exceeds this period. The Parent Company has been adequately complying with this requirement.

In 2025, the percentage of enforceability is maintained at 7% in accordance with External Resolution No. 3 of 2024, which modifies External Resolution No. 5 of 2008.

The summary table of projected available liquid assets as of December 31, 2025 and 2024 is detailed below:

Entity	December 31, 2025			
	Subsequent available net balances			
	Liquid assets available at the end of the period (1)	1 to 7 days (2)	1 to 30 days later (2)	31 to 90 days later (2)
Parent Company	\$ 9.902.548	6.121.609	3.375.436	(10.716.988)
Occidental Bank Barbados Ltd.	345.845	307.161	208.037	(177.179)
Banco de Occidente Panamá S.A.	1.261.302	1.225.946	1.098.119	195.340
TOTAL	\$ 11.509.695	7.654.716	4.681.592	(10.698.827)

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



December 31, 2024

Subsequent available net balances

Entity	Liquid assets available at the end of the period (1)	1 to 7 days (2)	1 to 30 days later (2)	31 to 90 days later (2)
Parent Company	\$ 7.686.166	5.028.387	1.814.098	(10.488.445)
Occidental Bank Barbados Ltd.	446.022	388.471	231.305	(428.112)
Banco de Occidente Panamá S.A.	1.152.428	1.044.779	900.821	(282.705)
TOTAL	\$ 9.284.616	6.461.637	2.946.224	(11.199.262)

- (1) Liquid assets correspond to the sum of those assets existing at the end of each period that, due to their characteristics, can be quickly converted into cash. These assets include: cash on hand and banks, securities or coupons transferred to the entity in the course of active money market operations carried out by it and that have not been subsequently used in passive transactions in the money market, investments in debt securities at fair value and investments at amortized cost, provided that in the latter case they are forced or compulsory investments subscribed in the primary market and that it is permitted to carry out money market operations with them. For the purposes of calculating liquid assets, all the investments listed, without exception, are computed at their fair exchange price on the date of the evaluation.
- (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 flows and outflows in that period. This calculation is made by analyzing the mismatch of contractual and non-contractual cash flows of assets, liabilities and positions outside the Statement of Financial Position in the time bands from 1 to 90 days.

The above liquidity calculations are prepared assuming a normal liquidity situation in accordance with the contractual flows and historical experiences of the Parent. In cases of extreme liquidity events due to withdrawal of deposits, the Parent Company has contingency plans that include the existence of a line of credit from other entities and access to special lines of credit with the Bank of the Republic in accordance with current regulations, which are granted at the time they are required with the backing of securities issued by the Colombian State and with a portfolio of loans of high credit quality, in accordance with the regulations of the Bank of the Republic. During the years ended December 31, 2025 and 2024, the Parent Company did not have to use these credit quotas of last resort.

The following is the result of the CFEN net stable funding ratio of the Parent Company as of December 31, 2025 and 2024, in accordance with the provisions of the Financial Superintendence of Colombia:

December 31, 2025

Entity	Stable Funding Available (FED) (in millions of pesos)	Stable Funding Required (FER) (in millions of pesos)	Stable Funding Ratio Net (CFEN)* (percentage)
Banco de Occidente	42.520.162	39.397.293	107,93

December 31, 2024

Entity	Stable Funding Available (FED) (in millions of pesos)	Stable Funding Required (FER) (in millions of pesos)	Stable Funding Ratio Net (CFEN)* (percentage)
Banco de Occidente	39.337.640	37.245.588	105,62

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



The Parent Company has carried out a consolidated analysis of the maturities for derivative and nonderivative financial assets and liabilities, showing the undiscounted remaining contractual cash flows, as shown below:

December 31, 2025

Assets	Less than a month	Between one and six months	Six to twelve months	More than a year	No interest	Total
Cash and cash equivalents	\$ 6,014.530	-	-	-	-	6,014.530
Investments in debt securities at fair value VRPYG	164.883	418.713	323.312	6,244.357	-	7,151.265
Investments in debt securities at fair value VRORI	184.474	414.558	321.829	4,118.705	-	5,039.566
Investments at amortized cost	45.928	68.011	69.650	-	-	183.589
Commercial portfolio and commercial leasing	5,305.477	10,887.017	5,624.932	24,238.992	-	46,056.418
Consumer Portfolio and Consumer Leasing	628.974	2,559.594	2,423.336	13,624.769	-	19,236.673
Mortgage portfolio and mortgage leasing	17.939	369.719	345.962	7,290.661	-	8,024.281
Repos and interbank	1,753.339	4.125	-	-	-	1,757.464
Derivative Trading Instruments	522.711	432.842	179.043	642.279	-	1,776.875
Hedging derivative instruments	140	6.454	16.502	36.546	-	59.642
Other accounts receivable	344.839	286.511	101.471	-	-	732.821
Other assets	21.912	-	-	-	-	21.912
Total assets	\$ 15,005.146	15,447.544	9,406.037	56,196.309	-	96,055.036

Liabilities	Less than a month	Between one and six months	Six to twelve months	More than a year	No interest	Total
Checking Accounts	\$ 491.818	-	-	-	7,114.212	7,606.030
Certificates of Deposit	3,006.840	10,648.711	5,119.733	3,309.924	-	22,085.208
Savings Accounts	31,112.717	-	-	-	-	31,112.717
Other Deposits	72.267	-	-	-	-	72.267
Interbank Funds	12,291.381	-	2,833	-	-	12,294.214
Lease liabilities	11,700	57,031	63,746	283,118	-	415,594
Loans from banks and others	227,147	2,120,548	854,174	968,635	-	4,170,504
Bonds and Investment Securities	43,665	260,633	107,525	1,794,684	-	2,206,507
Obligations with rediscount entities	44,160	59,187	37,309	3,351,732	-	3,492,388
Derivative Trading Instruments	356,448	394,859	264,839	660,223	-	1,676,369
Other accounts payable	1,917,005	-	-	-	-	1,917,005
Total liabilities	\$ 49,575.148	13,540.969	6,450.159	10,368.316	7,114.212	87,048.803

December 31, 2024

Assets	Less than a month	Between one and six months	Six to twelve months	More than a year	No interest	Total
Cash and cash equivalents	\$ 4,628.920	-	-	-	-	4,628.920
Investments in debt securities at fair value VRPYG	1.120	244.046	190.783	5,246.723	-	5,682.672
Investments in debt securities at fair value VRORI	119.764	473.716	186.192	3,245.372	-	4,025.044
Investments at amortized cost	6,541	1,264	73.079	-	-	80,884
Commercial portfolio and commercial leasing	6,234.310	10,804.561	5,673.029	22,014.078	-	44,725.978
Consumer Portfolio and Consumer Leasing	545.179	2,609.610	2,404.064	13,532.061	-	19,090.914
Mortgage portfolio and mortgage leasing	44,506	300,585	276,614	5,846,006	-	6,467,711
Repos and interbank	459,871	1,799	-	-	-	461,670
Derivative Trading Instruments	231,851	121,025	42,939	144,769	-	540,584
Hedging derivative instruments	-	2,252	904	3,867	-	7,023
Other accounts receivable	271,055	290,483	-	94,247	-	655,785
Other assets	29,561	-	-	-	-	29,561
Total assets	\$ 12,572.678	14,849.341	8,847.604	50,127.123	-	86,396.746

Liabilities	Less than a month	Between one and six months	Six to twelve months	More than a year	No interest	Total
Checking Accounts	\$ 533.965	-	-	-	6,855.190	7,389.155
Certificates of Deposit	2,578.329	9,262.939	5,422.109	2,199.656	-	19,463.033
Savings Accounts	28,221.791	-	-	-	-	28,221.791
Other Deposits	65,375	-	-	-	-	65,375
Interbank Funds	8,651.371	-	-	-	-	8,651.371
Lease liabilities	10,183	49,673	57,937	392,404	-	510,197
Loans from banks and others	604,945	2,904,592	245,584	1,435,438	-	5,190,559
Bonds and Investment Securities	279,448	-	273,200	2,365,343	-	2,917,991
Obligations with rediscount entities	221	22,828	25,154	4,978,046	-	5,026,249
Derivative Trading Instruments	199,018	173,875	68,065	138,960	-	579,918
Other accounts payable	1,221,997	-	-	-	-	1,221,997
Total liabilities	\$ 42,366.643	12,413.907	6,092.049	11,509.847	6,855.190	79,237.636



4.6 Proper capital management

The objectives of the Parent Company in terms of the management of its adequate capital are aimed at a) Complying with the capital requirements established by the Colombian Government to financial institutions and, b) Maintaining an adequate equity structure that allows it to maintain the Parent Company as a going concern and generate value for its shareholders.

In accordance with current legal regulations, financial institutions in Colombia must maintain a technical equity of more than 9% of the assets weighted by their level of credit, market and operational risk. They must also have a capital conservation buffer equivalent to 1.5% of the assets weighted by the three risk categories mentioned.

Similarly, the Parent Company (Banco de Occidente S.A.) was considered a "Systemically Important Entity - EIS" for the year 2025, according to Circular Letter 74 of November 28, 2024, issued by the Financial Superintendence of Colombia. This condition requires the Parent Company to constitute an additional capital buffer equivalent to 1.0% of its Weighted Assets for credit, market and operational risk. To this effect, the Financial Superintendence of Colombia, through Resolution 2629 of December 27, 2024, granted a transition period for the implementation of this capital buffer as follows.

Capital Buffer Percentage	Deadline for incorporation
30%	June 30, 2025
30%	November 15, 2025
20%	May 31, 2026
20%	November 15, 2026

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



The following is a summary of the Parent's solvency ratios as of December 31, 2025 and December 31, 2024.

Technical Equity	December 31, 2025	December 31, 2024
Subscribed and paid-in capital	4.677	4.677
Reserves and retained earnings	5.477.955	5.253.452
Another comprehensive result	152.485	209.136
Net income for the period	574.590	473.554
Minority interest	19.155	16.902
Deductions:		
Capital gains and other intangibles	(726.124)	(651.630)
Others	(2.747)	(2.743)
Ordinary basic equity	5.499.992	5.303.348
Basic Equity	5.499.992	5.303.348
Subordinated instruments	1.075.171	1.357.700
Additional Assets	1.075.171	1.357.700
Technical equity	6.575.163	6.661.048
Assets weighted by credit risk level	45.511.052	44.446.464
Market risk	152.515	381.971
Value of exposure by market risk	1.694.611	4.244.121
Operational risk	337.127	283.565
Value of exposure by operational risk	3.745.856	3.150.725
Assets weighted by credit risk level, market and operational	50.951.519	51.841.310
Basic solvency ratio	10,79%	10,23%
Additional basic solvency ratio ⁽¹⁾	10,79%	10,23%
Solvency ratio contributed by equity Additional	2,11%	2,62%
Total solvency ratio	12,90%	12,85%
Basic Equity	5.499.992	5.303.348
Leverage Value	87.702.312	81.253.921
Leverage Ratio	6,27%	6,53%

(1) For the additional basic solvency ratio, the minimum regulatory limit, as established in Decree 1477 of 2018, is 6%.

4.7 Operational risk

The Parent Company has the Operational Risk Management System (SARO) 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 (External Circular 100 of 1995) by the Financial Superintendence of Colombia. Thanks to this system, risk control in processes, products and operations has been strengthened, reducing errors and identifying opportunities for improvement.

The SARO is supported by a policies and procedures manual, as well as a Business Continuity Plan to guarantee operation in the event of interruptions. The Parent Company keeps a detailed record of operational risk events and their accounting impact, which allows for accurate monitoring.



It reports monthly to the SARO Committee and quarterly to the Comprehensive Risk Committee of the Board of Directors, including evolution of losses, corrective actions, mitigation plans and changes in the risk profile derived from new processes or controls.

The Operational Risk and Business Continuity Management reports hierarchically to the Vice Presidency of Risk and Collection.

The evolution of the figures for the Parent Company and its subsidiaries, resulting from each update of the Operational risk profile for the years ended December 31, 2025 and 2024 is shown below:

	December 31, 2025	December 31, 2024
Processes	245	274
(*) Risks	1.313	1.264
Failures	2.230	2.276
(*) Controls	4.217	4.178

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

Net losses recorded due to operational risk events during 2025 amounted to \$8,841, resulting from a total gross loss of \$18,432, partially offset by recoveries of \$9,591.

When analyzing the gross loss according to the classification of the accounting accounts affected, the following distribution can be observed: other assets account for 28%, various operational risks for 25%, other litigation for 24%, claims in the loan portfolio for 19%, and other operational risk accounts for 4%.

On the other hand, the recoveries recorded during the year, for a total of \$9,591, are mainly concentrated in insurance recoveries, which represent 87% of the total and the remaining 13% corresponds to recoveries other than insurance, derived from other compensation mechanisms.

According to the classification of operational risk events defined by Basel, the events recorded originated mainly in deficiencies in the execution and management of processes, which accounted for 82% of the impact, equivalent to \$7,278. In second place were events associated with internal fraud, with a share of 24%, corresponding to \$2,085, followed by other categories of operational risk, which represented 4%, for a value of \$385.

In addition, recoveries associated with external fraud events amounted to \$9,182, which allowed not only to fully offset the exposure of this type, but also to generate a negative net loss of -\$907, equivalent to -10% of the total, reflecting the effectiveness of the recovery mechanisms implemented, mainly through insurance.

The events with the greatest impact on the execution and administration of the processes were related to operational failures in the reconstruction of accounting accounts, refunds to suppliers for undue collections, tax penalties derived from corrections in income tax returns and adjustments in the refund processes linked to recoveries of secured portfolios.



In terms of external fraud, the most relevant events were concentrated in situations related to credit and debit cards under various modalities, cases of impersonation that affected different products, claims for electronic transactions, fraud by injection of a plot in transfer services and phishing events that caused losses.

Business Continuity Plan

As defined by 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 operations in the event of interruption.

During 2025, work continued the permanent updating of the Continuity model (strategy updating, process testing, business impact analysis (BIA), and call tree), as well as monitoring compliance with service level agreements for the respective update of these.

With the aim of strengthening the Business Continuity Management System, we have concluded the first phase of implementation of the contingency mechanism based on Full VPN. At this stage, we managed to migrate 34% of the strategies applicable to this scheme, which allows the homes of staff members to operate as alternative centers for the execution of critical Bank processes in contingency scenarios.

This initiative seeks to incorporate an additional alternative to the current scheme, increasing resilience and response capacity to possible crisis events. Strategies that were not migrated have technological limitations that prevent their immediate adoption; These restrictions will be addressed in the work plan for the year 2026.

At the technological level, throughout 2025, activities were carried out on the infrastructure that supports the Bank's critical applications, it was possible to operate some applications in the Alternate Computer Center, guaranteeing that, in the event of a service failure in the main computer center, banking operations would be continued.

Finally, and to comply with External Circular 042 of 2012 of the Financial Superintendence, follow-up was carried out on the continuity plans of third parties that provide critical services to the Bank, a scheme that has been strengthened with the support of Asobancaria.

4.8 Risk of money laundering and terrorist financing

Within the framework of the regulation of the Financial Superintendence of Colombia and especially following the instructions given in the Basic Legal Circular, Part I, Title IV, Chapter IV, the Parent Company has a Money Laundering and Terrorist Financing Risk Management System (SARLAFT), adjusted to current regulations. to the policies and methodologies adopted by our Board of Directors and to 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 Terrorist Financing (ML/FT) and Financing of the Proliferation of Weapons of Mass Destruction FPADM, identified by the Parent Company, are satisfactorily managed within the concept of continuous improvement and aimed at reasonably minimizing the existence of these risks in the organization.

The Parent Company maintains the policy that indicates that operations must be processed within the highest ethical and control standards, putting ethical and moral principles before the achievement of commercial goals, aspects that from a practical point of view have resulted in the implementation of





criteria, policies and procedures used to manage the risk of money laundering and the financing of terrorism and its related crimes. which have been arranged for the mitigation of these risks by reaching the minimum possible level of exposure.

For the continuous development of this management, technological tools are available to identify unusual transactions and to report suspicious transactions in a timely manner to the Financial Information and Analysis Unit (UIAF). It should be noted that our entity carries out continuous improvement of the functionalities that support the development of SARLAFT in the Compliance Division, related to the different applications and analysis methodologies, which allow the mitigation of eventual risks of Money Laundering and the Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction FPADM.

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

On the other hand, the Parent Company maintains its institutional training program aimed at officials, in which guidelines are given regarding the regulatory framework and control mechanisms that are in place on the prevention of Money Laundering and Terrorist Financing (ML/FT), thus promoting the culture of compliance to the satisfaction of the organization and in accordance with the schedule.

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

During 2025, the reports prepared by the Internal Audit and the Tax Auditor's Office were followed up, regarding the management of the Risk of Money Laundering and Financing of Terrorism and Financing of Terrorism and Terrorist Financing (ML/FT), in order to address the recommendations aimed at optimizing the System.

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

4.9 Legal risk

The Legal Vice-Presidency of the Parent Company supports the work of managing the legal risk in the operations carried out by the Parent Company and the processes that may be instituted against it. It defines and establishes the necessary procedures to adequately control the legal risk of operations, ensuring that they comply with legal standards, that they are documented, 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 tax legal risk, as well as the Human Resources Vice President the labor legal risk of the Parent Company.

The Parent Company, in accordance with the instructions given by the Financial Superintendence of Colombia, assessed the claims of the proceedings against it based on the analysis and concepts of the lawyers in charge; and in the required cases, the respective contingencies are duly provisioned.



As far as copyright is concerned, the Parent Company uses only legally acquired software or licenses and does not allow programs other than those officially approved to be used on its computers.

Note 20 to the Financial Statements details the provisions for legal contingencies and other provisions.

Note 5. – Fair value estimation

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

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

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

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

The result 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 Group's positions. Therefore, valuations are adjusted, if necessary, to allow for additional factors, including country risk, liquidity risks, and counterparty risks.

The fair value of non-monetary assets such as investment properties or credit guarantees for purposes of determining impairment is based on appraisals carried out by independent experts with sufficient experience and knowledge of the real estate market or the asset being valued. Generally, these valuations are made by reference to market data or based on replacement cost when there is not enough market data.

The fair value hierarchy has the following levels:

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



The level in the fair value hierarchy within which the fair value measurement is classified in its entirety is determined based on the entry of the lowest level that is significant for the measurement of fair value as a whole. To this end, the importance of an entry is assessed in relation to the measurement of fair value as a whole. 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 entry to the measurement of fair value as a whole requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires meaningful judgement on the part of the Panel. The Panel considers observable data to be market data that is already available, that is regularly distributed or updated, that is reliable and verifiable, that has no proprietary rights, and that is provided by independent sources that actively participate in the market in question.

a) Fair value measurements on a recurring basis

Fair value measurements on recurring basis are those that the Accounting and Financial Reporting Standards accepted in Colombia (NCIF) require or allow in the Statement of Financial Position at the end of each accounting period.

The following table analyses, within the fair value hierarchy, the Group's assets and liabilities (by class) measured at fair value as of December 31, 2025 and 2024 on a recurring basis.

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



December 31, 2025

	Fair values calculated using internal models			Total
	Tier 1	Tier 2	Tier 3	
Assets				
Investments in debt securities with changes in profit or loss				
Issued or guaranteed by the Colombian Government	\$ 11.160.241	205.952	-	11.366.193
Issued or guaranteed by other Colombian financial institutions	-	47.592	-	47.592
Issued or guaranteed by Foreign Governments	245.438	20.839	-	266.277
Issued or guaranteed by other foreign financial institutions	-	127.745	-	127.745
Others	-	12.579	-	12.579
Investments in debt securities with changes in ORI				
Issued or guaranteed by the Colombian Government	\$ 3.531.939	1.526.077	-	5.058.016
Issued or guaranteed by other Colombian government entities	-	76.810	-	76.810
Issued or guaranteed by other Colombian financial institutions	-	494.311	-	494.311
Issued or guaranteed by Colombian real sector entities	-	20.616	-	20.616
Issued or guaranteed by Foreign Governments	72.711	409.595	-	482.306
Issued or guaranteed by other foreign financial institutions	-	498.933	-	498.933
Others	-	43.689	-	43.689
Investments in equity instruments with changes in results	-	167.469	973.135	1.140.604
Investments in equity instruments with changes in ORI	4.923	-	171.321	176.244
Trading derivatives				
Currency Forward	-	586.501	-	586.501
Interest rate Forward	-	237.704	-	237.704
Interest rate swap	-	678.059	-	678.059
Currency swap	-	2.157	-	2.157
Others	-	20.552	-	20.552
Coverage Derivatives				
Interest rate swap	-	48.261	-	48.261
Investment properties at fair value	-	236.472	-	236.472
Total recurring assets at fair value	15.015.252	5.461.913	1.144.456	21.621.621
Liabilities				
Trading derivatives				
Currency Forward	-	490.062	-	490.062
Interest rate Forward	-	38.858	-	38.858
Interest rate swap	-	737.183	-	737.183
Others	-	19.713	-	19.713
Total recurring liabilities at fair value	\$ -	1.285.816	-	1.285.816

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



December 31, 2024

	Fair values calculated			Total
	Tier 1	Tier 2	Tier 3	
Assets				
Investments in debt securities with changes in profit or loss				
Issued or guaranteed by the Colombian Government	\$ 7.991.814	60.779	-	8.052.593
Issued or guaranteed by other entities of the Colombian Government		1.019	-	1.019
Issued or guaranteed by other Colombian financial institutions		94.542	-	94.542
Issued or guaranteed by entities of the Colombian real sector		3.980	-	3.980
Issued or guaranteed by Foreign Governments	13.288	21.310	-	34.598
Issued or guaranteed by other foreign financial institutions		102.148	-	102.148
Others	-	10.574	-	10.574
Investments in debt securities with changes in ORI				
Issued or guaranteed by the Colombian Government	\$ 3.334.629	686.881	-	4.021.510
Issued or guaranteed by other entities of the Colombian Government		67.359	-	67.359
Issued or guaranteed by other Colombian financial institutions		552.432	-	552.432
Issued or guaranteed by entities of the Colombian real sector		29.079	-	29.079
Issued or guaranteed by Foreign Governments	93.084	360.526	-	453.610
Issued or guaranteed by other foreign financial institutions		512.395	-	512.395
Others	-	84.741	-	84.741
Investments in equity instruments with changes in profit or loss	-	36.946	801.105	838.051
Investments in equity instruments with changes in ORI	4.333	-	162.636	166.969
Trading derivatives				
Currency Forward	-	179.653	-	179.653
Interest rate Forward	-	106.374	-	106.374
Interest rate swap	-	191.306	-	191.306
Others	-	13.375	-	13.375
Coverage Derivatives				
Interest rate swap	-	6.225	-	6.225
Investment properties at fair value	-	216.871	-	216.871
Total recurring assets at fair value	11.437.148	3.338.515	963.741	15.739.404
Liabilities				
Trading derivatives				
Currency Forward	-	311.839	-	311.839
Forward interest rate	-	15.770	-	15.770
Interest rate swap	-	190.110	-	190.110
Currency swap	-	1.143	-	1.143
Others	-	13.853	-	13.853
Total recurring liabilities at fair value	\$ -	532.715	-	532.715



Investments, whose values are based on market prices quoted in active markets, are therefore classified in Tier 1, include active equity investments on the stock exchange, some investments issued or guaranteed by the Colombian Government, other Colombian financial institutions, other foreign financial institutions and foreign governments.

Financial instruments that are listed on markets that are not considered assets, but are valued according to quoted market prices, broker quotes, or alternative price sources supported by observable inputs, are classified in Tier 2. Other investments issued or guaranteed by the Colombian Government, other Colombian financial institutions issued or guaranteed by other entities of the Colombian Government, entities of the Colombian real sector, foreign governments, other foreign financial institutions, entities of the foreign real sector, derivatives and investment properties. As Tier 2 investments include positions that are not traded on 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 carried out by independent expert experts as of December 31, 2025, which were prepared under the comparative sales approach methodology (market approach), determining the value of the assets in comparison with other similar assets that are being traded or have been traded in the real estate market. This comparative approach considers the sale of similar or substitute goods, as well as data obtained from the market, and establishes an estimate of value using processes that include comparison. To carry out this process, during the year evaluated, the processes of documentation of the investment properties, quotation and detailed review of the appraisals are carried out and in some cases with the support of the technical leasing area, the appraisals are sent for their concept to finally proceed with the adjustment of the fair value in the accounting book.

b) Determination of fair values

The following table shows the information on valuation techniques and significant contributions when measuring fair value on a recurring basis for assets and liabilities, whose hierarchy classification of fair value is Tier 2 or Tier 3 as of December 31, 2025 and 2024.

Assets and Liabilities	Valuation technique for Tier 2 and 3	Key input data
Investments in debt securities at fair value		
With changes in results	Market Focus	*Market Price ⁽¹⁾
With changes in ORI	Market Focus	*Market Price ⁽¹⁾
Investments in equity instruments		
With changes in results	Unit Value	*Market value of the underlying assets are real estate, minus commissions and administration expenses.
With changes in ORI	Discounted cash flow	*Growth during the five years of projection. *Net income *Growth in residual values after five years *Discount interest rate
Trading derivatives		
Currency Forward Interest rate Forward Interest rate swap Currency swap	Discounted Cash Flow	*Curves by the functional currency of the underlying *Price of the underlying security/ Curves by the functional currency of the underlying *Swap curves assigned according to the underlying *Swap curves assigned according to the underlying

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



Others	Black & Scholes & Merton *Implied volatilities matrices and curves
--------	--

Investment properties at fair value	Discounted cash flow	*The processes used to collect data and determine the fair value of investment properties
-------------------------------------	----------------------	---

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

c) Tier Transfer

The following table presents the transfers between Tiers 1 and 2 for the years ended December 31, 2025 and 2024:

Fair value measurements for recurring	December 31, 2025		December 31, 2024	
	Tier 1 to Tier 2	Tier 2 to Tier 1	Tier 1 to Tier 2	Tier 2 to Tier 1
Assets				
Fixed income fair value investments	\$ 64.407	-	\$ 99	-

For the year ended December 31, 2025, transfers between Tier 1 to 2 of TES securities (issued by the Colombian Government) were presented in the UVR references maturing in February 2037 and fixed rate of March 2031, which presented a decrease in the volumes traded, thus reducing their liquidity.

d) Fair value measurements on a non-recurring basis

Valuation of equity instruments with changes in ORI Tier 3

Investments classified in Tier 3 have significant unobservable inflows. Tier 3 instruments mainly include investments in equity instruments, which are not listed on the stock exchange.

The Group has equity investments with changes in ORI in various entities with a stake of less than 20% of the entity'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., Credibanco S.A. and Redeban S.A. The assessment of these instruments is carried out with the following frequency:

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

For ACH S.A., Aportes En Línea S.A., Cámara de Riesgo Central de Contraparte S.A., Credibanco S.A. and Redeban S.A. and Aportes En Línea S.A., the determination of their fair value as of December 31, 2025, these entities do not list their shares on a public securities market and therefore, it was carried out with the help of an advisor external to the Bank who has used for that purpose the method of Discounted cash flow, constructed based on the valuer's own projections of income, costs and expenses of each assessable entity in a period of five years, based on historical information obtained from the companies, and residual values determined with growth rates in perpetuity established by the valuer according to its experience. These projections and residual values were



discounted based on interest rates constructed with curves taken from price providers, adjusted for risk premiums estimated based on the risks associated with each valued entity.

The following table includes the sensitivity analysis of changes in these variables used in the valuation of the investment, considering that the changes in fair value of such investments are recognized 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
Income	+/- 1%	\$ 2.647.852	\$ 2.604.801
Perpetuity gradient	+/- 1%	2.690.252	2.571.044
Discount Rate	+/- 50 PB	2.654.214	2.597.625

According to the variations and impacts presented in the previous image, as of December 31, 2025, there would be a favorable effect on the Bank's equity of \$11,622 and an unfavorable effect of \$10,562. These values were calculated by valuing the investment at the favorable and unfavorable price according to the variations presented and the number of shares that the Bank owns in each entity.

The following table presents the movement of equity instruments with a lower participation (less than 20%) classified at level 3 measured at fair value for the years ended December 31, 2025 and 2024:

	Equity instruments
Balance as of December 31, 2024	\$ 963.741
Valuation Adjustment with Effect on Results ⁽¹⁾	98.132
Valuation adjustments with effect on ORI	3.426
Additions ⁽¹⁾	120.963
Redemptions ⁽¹⁾	(41.806)
Balance as of December 31, 2025	\$ 1.144.456
Balance as of December 31, 2023	\$ 831.325
Valuation adjustment with effect on results	78.059
Valuation adjustments with effect on ORI	35.298
Additions	63.771
Redemptions	(44.712)
Balance as of December 31, 2024	\$ 963.741

⁽¹⁾ As of December 31, 2025, investments in equity instruments at fair value through profit or loss, the most significant change is in the Nexus Inmobiliario Private Equity Fund for \$152,093 with respect to December 31, 2024, with a call for capital for \$103,390, redemptions for (\$41,183) and a valuation with effect on earnings of \$89,886.

As of December 31, 2025, there is a variation of \$7,337 with respect to December 31, 2024 in the Pactia Inmobiliario Private Equity Fund for a valuation with effect on results of \$7,855 and a redemption of (\$518).

On October 31, the Parent Company constituted an autonomous patrimony called Patrimonios Autónomos Credicorp Capital Fiduciaria S.A - Patrimonio Autónomo FAP Acréditos PAK for a value of \$11,529.

On June 26, 2025, the Parent Company acquired 1.725.685 shares of Aval Fiduciaria S.A. for \$4,549. Subsequently, in an extraordinary meeting held on August 21, the entity modifies its March 2025 profit distribution project, from the payment of cash dividends for the payment of dividends in shares; 392.172 shares are received, equivalent to \$711, for a total increase in investment of \$5,260.



ORI at the December 2025 and 2024 cut-off corresponding to the valuation of financial instruments measured at fair value level 3 is \$3,426 and \$35,298, respectively.

The following is the breakdown as of December 31, 2025 and 2024 of the assets that were measured at fair value as a result of impairment assessment in the application of IFRS standards applicable to each account but that do not need to be measured at fair value on a recurring basis:

December 31, 2025		Tier 3
Financial instruments by collateralized loan portfolio	\$	373.089
Non-current assets held for sale		-
	\$	<u>373.089</u>
December 31, 2024		Tier 3
Financial instruments by collateralized loan portfolio	\$	563.756
Non-current assets held for sale		1.324
	\$	<u>565.080</u>

The following table presents the summary of the Group's financial assets and liabilities recorded at amortized cost as of December 31, 2025 and 2024 compared to the values determined at fair value, for which it is feasible to calculate fair value:

	December 31, 2025		December 31, 2024	
	Book value	Estimated Fair Value	Book value	Estimated Fair Value
Assets				
Financial assets in debt securities at amortized cost	\$ 1.324.900	1.333.053	2.133.673	2.134.731
Loan Portfolio, net	54.504.399	59.571.595	51.544.158	55.082.552
Other accounts receivable	661.508	661.508	634.102	634.102
	\$ 56.490.807	61.566.156	54.311.933	57.851.385
Liabilities				
Certificates of Deposit	\$ 20.416.158	20.543.117	17.917.502	18.158.351
Interbank funds	12.281.785	12.281.785	8.636.674	8.636.674
Loans from banks and others	3.824.902	4.173.080	4.480.586	4.862.180
Obligations with rediscount entities	1.061.583	1.063.300	1.062.182	1.069.488
Bonds issued	2.097.440	2.267.428	2.670.197	2.775.753
	\$ 39.681.868	40.328.710	34.767.141	35.502.446

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

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

Portfolio rated at D or E: it is calculated on the percentage carrying amount that is expected to be recovered from these obligations.

The **Discount Rate** includes the following:

- **Loans rated in A, B or C:** Risk-free rate + Risk points + Portfolio management expenses.



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

Credit Risk Points are earned through the product of the Probability of Default (customer risk) and the Loss Given the Default. The latter represents the risk of the credit operation that in the commercial portfolio depends on the guarantee.

The **Portfolio Administration Expenses Fee** reports the costs for human resources and outsourcing.

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

For other accounts receivable, the maturity of these is due in a period equal to or less than one year, so it is not considered necessary to perform a fair value calculation understanding that this value is the best estimated, since it is a short period.

The methodology of the fair value of the Parent's liabilities (CDT's and Bonds) is carried out through the application called PWPREI, which values the standardized liabilities of the Parent Company in pesos at market prices, using the information published by the price provider Precia PPV S.A.

For Financial Obligations, the calculation is carried out manually, in which the valuation is made using the discount curve that is calculated in the Treasury Risk Division of the Parent Company.

Valuation of equity instruments with changes in profit or loss Tier 3

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

The following table summarizes sensitivity analysis carried out by the appraiser of the properties that make up the Nexus Real Estate Private Equity Fund:

Sensitivity	Variation	Favorable impact	Variation	Unfavorable impact
Market Comparison	+/-10%		+/-10%	
Initial Cap Rate	+/-50PB		+/-50PB	
Market Income	+/-10%	\$ 1.948	+/-10%	\$ 6.301
Discount Rate Cash Flow	+/-50PB		+/-50PB	

Banco de Occidente is part of the Pactia Real Estate Private Equity Fund, the value of the daily unit issued by the FCP Pactia, is derived from the daily assets and liabilities of the Fund, in accordance with the provisions of Chapter I-1 of the Basic Accounting and Financial Circular issued by the



Financial Superintendence, which in turn are derived from the income and expenses of the underlying assets of the Fund, corresponding to real estate managed through trust vehicles.

In accordance with the foregoing, 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 value of the unit is formed based on the results of the underlying assets (real estate) and the ordinary operation of the Fund.

The following table summarizes sensitivity analysis carried out by the appraiser of the properties that make up the Pactia Real Estate Private Equity Fund:

Sensitivity	Variation	Favorable impact	Variation	Unfavorable impact
Market Comparison	+/-10%		+/-10%	
Initial Cap Rate	+/-50PB	\$ 145.959	+/-50PB	\$ 130.982
Market Income	+/-10%		+/-10%	
Discount Rate Cash Flow	+/-50PB		+/-50PB	

Note 6. – Cash and cash equivalents

Cash and cash equivalents as of December 31, 2025 and 2024, comprise the following:

	December 31, 2025	December 31, 2024
In Colombian pesos		
Cash	\$ 516.237	525.842
At the Bank of the Republic of Colombia	1.328.458	1.697.691
Bank and other financial institutions on demand	(515)	1.134
Redemption	500	279
Liquidity Management	-	400.980
Simultaneous Operations (*)	1.659.596	-
	3.504.276	2.625.926
In foreign currency		
Cash	5.447	8.255
Bank and other financial institutions on demand	2.504.807	1.994.739
	2.510.254	2.002.994
Total Cash	\$ 6.014.530	4.628.920

(*) Money market operations (Repos and Simultaneous) with a term of less than 90 days, whose purpose is liquidity and their counterparty is the Bank of the Republic and/or are cleared or settled through the Central Risk Chamber of Counterparty – CRCC, mitigating credit risk.

Bank reserve requirement required

The following is the required bank reserve requirement:

Concept	December 31, 2025	December 31, 2024
Certificates of deposit < 18 month	\$ 276.832	239.574
Deposits in checking, savings and other accounts	2.713.244	2.508.102
Total required reserves	\$ 2.990.076	2.747.676

As of December 31, 2025 and 2024, the legal reserve requirement in Colombia is 7% for deposits in current, savings and other accounts and 2.5% for certificates of deposit of less than 18 months.

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



As of December 31, 2025 and 2024, the legal reserve requirement to meet liquidity requirements in deposits in current, savings and other accounts is \$2,713,244 and \$2,508,102, respectively.

As of December 31, 2025 and 2024, the legal reserve requirement to meet liquidity requirements for certificates of deposit of less than 18 months is \$276,832 and \$239,574, respectively.

For December 31, 2025 and 2024, there are no restrictions on cash.

Note 7. – Financial investment assets in debt securities and equity instruments at fair value

The balance of Financial Assets in debt securities and investments in equity instruments at fair value comprises the following as of December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Debt securities with changes in profit or loss		
In Colombian pesos		
Issued or guaranteed by the Colombian Government	\$ 11.316.711	8.034.769
Issued or guaranteed by other entities of the Colombian Government	-	1.019
Issued or guaranteed by other Colombian financial institutions	47.592	91.075
Issued or guaranteed by entities of the Colombian real sector	-	2.916
Others	349	632
	11.364.652	8.130.411
In foreign currency		
Issued or guaranteed by the Colombian Government	49.482	17.824
Issued or guaranteed by other Colombian financial institutions	-	3.467
Issued or guaranteed by entities of the Colombian real sector	-	1.064
Issued or guaranteed by Foreign Governments	266.277	34.598
Issued or guaranteed by other foreign financial institutions	127.745	102.148
Others	12.230	9.942
	455.734	169.043
Total debt securities with changes in profit or loss	\$ 11.820.386	8.299.454
Debt securities with changes in ORI		
In Colombian pesos		
Issued or guaranteed by the Colombian Government	\$ 4.275.838	3.334.629
Issued or guaranteed by other entities of the Colombian Government	76.810	65.346
Issued or guaranteed by other Colombian financial institutions	494.311	498.795
Issued or guaranteed by entities of the Colombian real sector	1.001	1.009
Others	687	1.293
	4.848.647	3.901.072
In foreign currency		
Issued or guaranteed by the Colombian Government	782.178	686.881
Issued or guaranteed by other entities of the Colombian Government	-	2.013
Issued or guaranteed by other Colombian financial institutions	-	53.637
Issued or guaranteed by entities of the Colombian real sector	19.615	28.070
Issued or guaranteed by Foreign Governments	482.306	453.610
Issued or guaranteed by other foreign financial institutions	498.933	512.395
Others	43.002	83.448
	1.826.034	1.820.054
Total debt securities with changes in ORI ⁽¹⁾	\$ 6.674.681	5.721.126

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



Equity instruments adjusted to profit or loss	December 31, 2025	December 31, 2024
In Colombian pesos		
Credicorp Capital Fiduciaria S.A. Autonomous Patrimonies – FAP	11.529	-
Acreencias PAK Autonomous Patrimony		
Collective investment funds	\$ 1.129.075	838.051
Total equity instruments adjusted to profit or loss	1.140.604	838.051
Total derivative trading instruments with changes in profit or loss	\$ 1.524.973	490.708
Total financial instruments at fair value through exchange in results	\$ 14.485.963	9.628.213
Equity instruments adjusted to equity ORI In Colombian pesos		
Corporate actions	\$ 176.244	166.969
Total equity instruments	1.316.848	1.005.020
Total financial assets in debt securities and investments in equity instruments at fair value	\$ 21.336.888	15.516.308
Total financial instruments at fair value through changes in ORI	\$ 6.850.925	5.888.095

(1) The valuation effect recognized in ORI for debt securities as of December 31, 2025 is (\$56,146) and (\$67,739) as of December 31, 2024.

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

A breakdown of equity instruments with changes in other comprehensive income is as follows:

Entity	December 31, 2025	December 31, 2024
Redeban Multicolor S.A. ⁽¹⁾	\$ 50.395	45.371
A.C.H Colombia S.A. ⁽¹⁾	56.864	60.324
Central Risk Chamber of Counterparty of Colombia S.A. ⁽¹⁾	3.934	3.414
Credibanco S.A. ⁽¹⁾	44.158	43.103
Aval Fiduciaria S.A. ⁽²⁾	5.260	-
Regional Stock Exchange Holding ⁽¹⁾	4.923	4.333
Aportes en Línea S.A. (Management and Contact) ⁽¹⁾	5.024	4.738
Aval Casa de Bolsa S.A. (formerly Casa de Bolsa S.A.) ⁽¹⁾	5.686	5.686
Total	\$ 176.244	166.969

(1) These financial instruments were recognized at fair value in accordance with the market prices provided by Precia S.A.; the effect of this measurement was recognized against ORI at fair value of equity instruments for \$4,015 as of December 31, 2025 and as of December 31, 2024 for \$34,857.

(2) At the end of December 2025, the Parent Company acquired 1,725,685 shares of the entity Aval Fiduciaria S.A. On August 21, 2025, at an extraordinary shareholders' meeting, they approved the change of the March 2025 cash dividend distribution project, for the payment of dividends in shares. From this operation, the Parent Company received 392,172 shares. With this operation, the Parent Company has a stake of 5.498645%. On June 26, 2025, Occidental Subsidiary Bank Barbados purchased 80 shares of Aval Fiduciaria from the Parent and received dividend payments from Aval Fiduciaria of 18 shares for a total of 98 shares with a stake of 0.000254%.

Financial assets in equity instruments at fair value adjusted for other comprehensive income have been designated considering that they are strategic investments for the Group and therefore are not expected to be sold in the near future and there is a greater degree of uncertainty in the determination of fair value that generates significant fluctuations from one period to the next.



During the year ended December 31, 2025, dividends have been recognized in the Income Statement for these investments in the amount of \$7.257 (\$6.388 during the period ended December 31, 2024).

Guaranteeing money market operations and counterparty central risk house (futures)

The following is a list of financial assets at fair value that are secured by repo transactions and derivatives, those that have been delivered as collateral for transactions with financial instruments and those that have been delivered as collateral to third parties in support of financial obligations with other banks (See Note 18).

	December 31, 2025	December 31, 2024
Delivered in money market operations		
Issued or guaranteed by the Colombian Government	\$ 9.926.924	8.093.926
Issued or guaranteed by other entities of the Colombian Government	1.094.403	1.371.739
	11.021.327	9.465.665
Delivered as collateral for transactions with derivative instruments		
Issued or guaranteed by the Colombian Government	89.426	16.194
Total	\$ 11.110.753	9.481.859

Changes in fair values primarily reflect changes in market conditions due primarily to changes in interest rates and other economic conditions in the country where the investment is held.

As of December 31, 2025, Fixed Income investments are presented, covering Money Market operations in Simultaneous Liabilities \$5,413,888 and Passive Repo \$4,507,277 and in derivative instruments \$89,426 (December 31, 2024, \$4,138,758 were presented in Passive Simultaneous Transactions and Passive Repo \$3,805,016 and \$16,194 in derivative instruments). Likewise, the total of debt securities that do not guarantee money market operations or derivatives amount to a total of \$17,420,128 for 2025 and \$4,538,721 for 2024.

There are no legal or economic restrictions, pledges or seizures on financial assets in debt securities and equity instruments at fair value, and there is no limitation on their ownership.

Note 8. – Financial assets in debt securities at amortized cost

The balance of financial assets in debt securities at amortized cost comprises the following as of December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Debt securities		
In Colombian pesos		
Issued or guaranteed by the Colombian Government	\$ -	685.394
Issued or guaranteed by other government entities Colombian	1.325.750	1.449.020
Total debt securities	1.325.750	2.134.414
Impairment of investments	(850)	(741)
Total financial assets in debt securities at amortized cost	\$ 1.324.900	2.133.673

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



The following is the movement of the provision of investments during the years ended December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Balance at the beginning of the period	\$ 741	558
Impairment expense of investments at amortized cost	109	183
Balance at the end of the period	\$ 850	741

The following is the summary of financial assets in debt securities at amortized cost by maturity dates:

	December 31, 2025	December 31, 2024
Up to 1 month	\$ 193.670	232.743
more than 3 months and not more than 1 year	1.132.080	1.901.671
Subtotal	1.325.750	2.134.414
Impairment of investments	(850)	(741)
Total	\$ 1.324.900	2.133.673

Note 9. – Derivative Instruments and Hedge Accounting

a. Trading Derivative Financial Instruments

The following table expresses the fair values as of December 31, 2025 and 2024 of forward contracts, futures, options, interest rate swaps and foreign currency swaps in which the Parent is committed:

Concept	December 31, 2025		December 31, 2024	
	Notional Amount	Reasonable Value	Notional Amount	Reasonable Value
Assets				
Forward contracts				
Forward contracts of different currencies Peso/Dollar	\$ 271.162	860	983.960	19.908
Peso/Dollar Currency Forward Contracts	17.501.653	585.640	11.437.779	159.747
Securities Forward contracts	14.555.342	237.705	5.436.929	106.372
	32.328.157	824.205	17.858.668	286.027
Swap				
Foreign Currency Swap Contracts	18.785	2.157	-	-
Interest rate swap contracts	15.865.361	678.059	11.456.620	191.306
	15.884.146	680.216	11.456.620	191.306
Purchased Options				
Forex Purchase Options	544.384	20.552	737.657	13.375
	544.384	20.552	737.657	13.375
Total assets	\$ 48.756.687	1.524.973	30.052.945	490.708
Liabilities				
Forward contracts				
Peso/Dollar Currency Forward Contracts	\$ 14.192.801	487.857	182.005.964	297.940
Forward contracts of different currencies Peso/Dollar	644.043	2.205	1.073.197	13.899
Securities Forward contracts	2.290.100	38.858	657.697	15.769
	17.126.944	528.920	183.736.858	327.608
Swap				
Foreign Currency Swap Contracts	-	-	20.892	1.143
Interest rate swap contracts	19.829.849	737.183	11.387.869	190.109
	19.829.849	737.183	11.408.761	191.252
Options contracts				
Foreign currency put options	578.837	19.713	741.251	13.856
	578.837	19.713	741.251	13.856
Total liabilities	37.535.630	1.285.816	195.886.870	532.716
Net position	\$ 11.221.057	239.157	(165.833.925)	(42.008)

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



The derivative instruments agreed by the Parent Company are generally traded in organized markets and with local and foreign clients and counterparties of the Parent Company. Derivative instruments have net favorable conditions (assets) or unfavorable conditions (liabilities) due to fluctuations in foreign currency exchange rates and in the interest rate market or other variables related to their conditions. The cumulative amount of fair values of assets and liabilities in derivative instruments may vary significantly from time to time.

As of December 31, 2025 and 2024, there are no derivative contracts in other contracts that must be separated, accounted for and disclosed in accordance with the provisions of IFRS 9.

The maturity by term of the trading derivative instruments as of December 31, 2025 and 2024, are as follows:

LESS THAN ONE YEAR

Concept	December 31, 2025		December 31, 2024	
	Notional Amount	Reasonable Value	Notional Amount	Reasonable Value
Assets				
Forward contracts				
Forward contracts of different currencies Peso/Dollar	\$ 271.162	860	983.960	19.908
Peso/Dollar Currency Forward Contracts	17.280.803	574.115	11.380.251	156.549
Securities Forward contracts	14.555.342	237.705	5.436.929	106.372
	<u>32.107.307</u>	<u>812.680</u>	<u>17.801.140</u>	<u>282.829</u>
Swap				
Interest rate swap contracts	5.896.500	39.078	5.026.050	35.552
	<u>5.896.500</u>	<u>39.078</u>	<u>5.026.050</u>	<u>35.552</u>
Buying Options				
Forex Purchase Options	544.384	20.552	6.592	6.592
	<u>544.384</u>	<u>20.552</u>	<u>6.592</u>	<u>6.592</u>
Total assets	\$ 38.548.191	872.310	22.833.782	324.973
Liabilities				
Forward contracts				
Peso/Dollar Currency Forward Contracts	\$ 14.021.037	483.634	18.120.052	294.494
Forward contracts of different currencies Peso/Dollar	644.043	2.205	1.073.197	13.899
Securities Forward contracts	2.290.100	38.858	657.697	15.769
	<u>16.955.180</u>	<u>524.697</u>	<u>19.850.946</u>	<u>324.162</u>
Swap				
Interest Rate Swap Contracts	8.376.050	56.702	5.797.192	34.976
	<u>8.376.050</u>	<u>56.702</u>	<u>5.797.192</u>	<u>34.976</u>
Options contracts				
Foreign currency put options	578.837	19.713	552.841	8.581
	<u>578.837</u>	<u>19.713</u>	<u>552.841</u>	<u>8.581</u>
Total liabilities	\$ 25.910.067	601.112	26.200.979	367.719
Net position	\$ 12.638.124	271.198	(3.367.197)	(42.746)

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



GREATER THAN ONE YEAR

Concept	December 31, 2025		December 31, 2024	
	Notional Amount	Reasonable Value	Notional Amount	Reasonable Value
Assets				
Forward contracts				
Peso/Dollar Currency Forward Contracts	220.850	11.525	57.528	3.198
	220.850	11.525	57.528	3.198
Swap				
Foreign Currency Swap Contracts	18.785	2.157	-	-
Interest rate swap contracts	9.968.861	638.981	6.430.570	155.754
	9.987.646	641.138	6.430.570	155.754
Buying Options				
Forex Purchase Options	-	-	731.065	6.783
	-	-	731.065	6.783
Total assets	\$ 10.208.496	652.663	7.219.163	165.735
Liabilities				
Forward contracts				
Forward contracts of different currencies Peso/Dollar	\$ 171.764	4.223	163.885.912	3.446
	171.764	4.223	163.885.912	3.446
Swap				
Foreign Currency Swap Contracts	-	-	20.892	1.143
Interest Rate Swap Contracts	11.453.799	680.481	5.590.677	155.133
	11.453.799	680.481	5.611.569	156.276
Options contracts				
Forex Put Options	-	-	188.410	5.275
	-	-	188.410	5.275
Total liabilities	\$ 11.625.563	684.704	169.685.891	164.997
Net position	\$ (1.417.067)	(32.041)	(162.466.728)	738

The derivative trading and hedging financial instruments contain the CVA/DVA component associated with the credit component of these contracts, as of December 31, 2025 and 2024 the effect of the CVA/DVA on the Income Statement was an outflow of \$14.777 and an income of \$1.672 respectively. Definition of credit risk adjustment model – CVA/DVA for derivative instruments of the Matrix:

- To incorporate credit risk into the valuation methodology, under IFRS 13 for the Parent Company's derivative instruments, it was decided to carry out under the premise of affecting the discount rate, within the valuation of said instruments at the corresponding closing date. This is done by consolidating all derivatives transactions by counterparty.
- In the case of derivatives traded in a standardized market or novated before a Counterparty Central Risk Chamber, the price includes the concept of credit risk equal to zero, since a counterparty central risk chamber is involved, and therefore, there is no need to carry out the exercise. In the case of derivatives traded in the OTC market (Options, Forwards, Swaps) that do not include this concept, the analysis was carried out.

Thus, the credit risk calculation was carried out for all non-standardized or novated derivative instruments held by the institutions. For the determination of the credit risk adjustment for portfolios.





b. Financial Instruments and Foreign Investment Hedging

In the development of its operations, the Parent Company has the following investments in foreign subsidiaries as of December 31, 2025 and 2024 whose Financial Statements in the consolidation process generate adjustments for translation that are recognized in the other comprehensive income statement in equity, as follows:

		December 31, 2025			
		Thousands of US dollars		Millions of Colombian pesos	
Investment Detail		Value of the investment covered	Value of hedging in foreign currency obligations	Financial Statement Conversion Adjustment	Exchange Difference of Foreign Currency Obligations
Occidental Bank Barbados Ltd.	USD	49.966	(49.966)	COP 37.357	(37.357)
Banco de Occidente Panamá S.A.		96.872	(96.872)	42.625	(42.625)
Total	USD	146.838	(146.838)	COP 79.982	(79.982)

		December 31, 2024			
		Thousands of US dollars		Millions of Colombian pesos	
Investment Detail		Value of the investment covered	Value of hedging in foreign currency obligations	Financial Statement Conversion Adjustment	Exchange Difference of Foreign Currency Obligations
Occidental Bank Barbados Ltd.	USD	41.635	(41.635)	COP 67.239	(67.239)
Banco de Occidente Panamá S.A.		72.835	(72.835)	97.229	(97.229)
Total	USD	114.470	(114.470)	COP 164.468	(164.468)

As these investments are in dollars, which is the functional currency of the previous subsidiaries, the Parent Company is subject to the risk of variation in the exchange rate of the peso, which is the functional currency of the Parent Company, against the dollar. To cover this risk, the Parent Company has entered into foreign currency debt operations and as such has designated foreign currency obligations for \$146,838 and \$114,470 as of December 31, 2025 and 2024 respectively that cover 100% of the current investments in these subsidiaries, the financial obligations have a short-term maturity, therefore once such obligations mature, the management of the Parent Company 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 from the conversion of the debt into Colombian pesos is based on the current exchange rate between the U.S. dollar and the Colombian peso, which is the Group's functional currency. To the extent that the notional amount of the hedging instrument exactly matches the portion of the hedged investment in foreign operations, there is no ineffectiveness in the hedging.

c. Fair value coverage

As of December 31, 2025, the Parent Company had fair value hedging operations to cover fixed-rate loans in COP against changes in the IBR market rate.

As a risk management strategy; the Parent Company has determined that, to cover the fair value of the loans, it is necessary to contract Swap derivative instruments, which allow redenominating fixed-rate flows to variable-rate indexed flows based on the IBR. The contracted derivative instruments are expected to be highly effective in hedging and mitigating the aforementioned risk.





Type of coverage

This type of hedge will be classified as fair value hedge 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 of this hedging category, the changes in the market value of the derivative in profit or loss (income or expense) must be recorded.

Nature of risk covered

The hedged risk corresponds to the variability of the fair value of fixed-rate loans in COP, due to the effect of the variation in the market rate (IBR base rate).

The nature of this hedge will only cover the base rate component of the loans, leaving out of the hedge the spreads associated with the securities or financing.

The following is a breakdown of the fair value hedging derivatives that meet the efficiency test required by the standard for hedging as of December 31, 2025 and December 31, 2024:

		December 31, 2025		Fair value Assets
		Notional Amount	Total	
		More than a year		
Fair value hedging derivatives	\$	1.048.000	1.048.000	52.146
Interest rate swaps		1.048.000	1.048.000	52.146

		December 31, 2024		Fair value Assets
		Notional Amount	Total	
		More than a year		
Fair value hedging derivatives	\$	411.000	411.000	6.305
Interest rate swaps		411.000	411.000	6.305

Quantitative Results Fair Value Hedging

The breakdown of gains or losses on hedging instruments and hedged items from fair value hedging as of December 31, 2025 and 2024 is as follows:

		December 31, 2025			Fair value for the calculation of effectiveness	Coverage efficiency
		Notional value	Asset	Liability		
Item Covered by	Item Covered					
Mortgage loans	\$	1.048.000	-	18.077	(18.077)	0
Hedging Instrument						
Interest rate swaps	\$	1.048.000	18.209	-	18.209	(132)



December 31, 2024

	Notional value	Asset	Liability	Fair value for the calculation of effectiveness	Coverage efficiency
Item Covered by Item Covered					
Mortgage loans	\$ 411.000	-	7.251	(7.251)	
Hedging Instrument					
Interest rate swaps	\$ 411.000	7.333	-	7.333	(82)

Note 10. – Financial assets per credit portfolio at amortized cost, net

The financial assets account by loan portfolio at amortized cost in the Consolidated Statement of Financial Position is classified by commercial, consumer, and residential mortgage portfolio, considering that this is the classification adopted by the Financial Superintendence in the Single Catalog of Financial Information "CUIF". However, considering the importance of the financial leasing portfolio at the Group level, for disclosure purposes, these credits have been separated in all the tables of the financial credit risk note and in this note in accordance with the following reclassification detail:

December 31, 2025

Modality	Statement balance	Leasing Reclassification	Balance with Leasing Unbundling
Commercial	\$ 37.832.201	6.954.175	30.878.026
Consumer	13.286.359	12.330	13.274.029
Housing	3.863.730	1.384.859	2.478.871
Commercial Leasing	-	(6.954.175)	6.954.175
Consumer Leasing	-	(12.330)	12.330
Housing Leasing	-	(1.384.859)	1.384.859
Repos and interbank	1.757.464	-	1.757.464
Total	\$ 56.739.754	-	56.739.754

December 31, 2024

Modality	Statement balance	Leasing Reclassification	Balance with Leasing Unbundling
Commercial	\$ 37.356.295	6.438.700	30.917.595
Consumer	13.176.358	10.520	13.165.838
Housing	3.096.800	1.159.419	1.937.381
Commercial Leasing	-	(6.438.700)	6.438.700
Consumer Leasing	-	(10.520)	10.520
Housing Leasing	-	(1.159.419)	1.159.419
Repos and interbank	461.670	-	461.670
Total	\$ 54.091.123	-	54.091.123



10.1. Credit portfolio by modality

The distribution of the loan portfolio in the Group by modality is shown below:

Loan portfolio by modality

	December 31, 2025	December 31, 2024
Ordinary loans	\$ 34.120.623	34.370.595
Leased real estate	4.948.190	4.409.874
Payroll loans	5.499.686	5.294.019
Leased movable property	3.403.175	3.198.764
Credit cards	1.695.512	1.757.808
Mortgage letter for housing	2.478.870	1.937.381
Others	1.751.818	459.210
Loans with resources from other entities	1.064.516	1.113.595
Builder Credit	1.299.232	1.091.492
Discounts	160.835	229.440
Overdrafts in Checking bank account	191.077	170.992
Covered letters of credit	71.572	19.481
Employee loans	49.002	36.011
Deferred Payment Letters of Credit	5.647	2.461
Total gross loan portfolio	\$ 56.739.754	54.091.123
Provision for impairment on financial assets for loan portfolio	(2.235.355)	(2.546.964)
Total net loan portfolio	\$ 54.504.399	51.544.159

10.2 . Loan portfolio impairment movement

The following is the movement of the impairment of the credit portfolio during the years ended December 31, 2025 and 2024:

	Commercial				Repos and Interbank			
	Etapa 1	Etapa 2	Etapa 3	Total	Etapa 1	Etapa 2	Etapa 3	Total
Balance as of December 31, 2024	\$ 228.329	25.942	914.497	1.168.768	53	-	-	53
Write-offs for the Period	(13)	(1)	(542.293)	(542.307)	-	-	-	-
Portfolio Sale	(3)	(3)	(112.787)	(112.793)	-	-	-	-
Reversal of Interest Accrued Stage 3	-	-	67.403	67.403	-	-	-	-
Expenditure	17.094	9.143	312.178	338.415	6	-	-	6
Expense for disbursements or originations	157.978	26.176	222.344	406.498	120	-	-	120
Reimbursement	(28.815)	(2.306)	(25.600)	(56.721)	(1)	-	-	(1)
Cancellation or full payment	(142.394)	(15.250)	(160.288)	(317.932)	(41)	-	-	(41)
Reclassification from Stage 1 to Stage 2	(8.847)	8.847	-	-	-	-	-	-
Reclassification from Stage 1 to Stage 3	(4.537)	-	4.537	-	-	-	-	-
Reclassification from Stage 2 to Stage 3	-	(3.104)	3.104	-	-	-	-	-
Reclassification from Stage 3 to Stage 2	-	656	(656)	-	-	-	-	-
Reclassification from Stage 2 to Stage 1	5.361	(5.361)	-	-	-	-	-	-
Reclassification from Stage 3 to Stage 1	1.604	-	(1.604)	-	-	-	-	-
Foreign Exchange Difference	-	-	(4.911)	(4.911)	-	-	-	-
Balance as of December 31, 2025	\$ 225.757	44.739	675.924	946.420	137	-	-	137

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



	Consumer				Housing			
	Etapa 1	Etapa 2	Etapa 3	Total	Etapa 1	Etapa 2	Etapa 3	Total
Balance as of December 31, 2024	\$ 232.896	112.852	652.350	998.098	15.789	2.688	42.644	61.121
Write-offs for the Period	(47)	(374)	(933.175)	(933.596)	(1.722)	(128)	(6.566)	(8.416)
Portfolio Sale	(7)	(354)	(108.953)	(109.314)	-	-	-	-
Reversal of Interest Accrued Stage 3	-	-	26.709	26.709	-	-	1.725	1.725
Expenditure	210.472	239.687	546.423	996.582	4.087	3.094	19.512	26.693
Expense for disbursements or originations	122.675	18.683	130.754	272.112	9.777	944	37	10.758
Reimbursement	(127.084)	(13.811)	(6.329)	(147.224)	(3.954)	(606)	(3.496)	(8.056)
Cancellation or full payment	(77.538)	(34.828)	(103.724)	(216.090)	(1.755)	(232)	(2.410)	(4.397)
Reclassification from Stage 1 to Stage 2	(17.544)	17.544	-	-	(414)	414	-	-
Reclassification from Stage 1 to Stage 3	(202.009)	-	202.009	-	(281)	-	281	-
Reclassification from Stage 2 to Stage 3	-	(201.082)	201.082	-	-	(658)	658	-
Reclassification from Stage 3 to Stage 2	-	12.186	(12.186)	-	-	779	(779)	-
Reclassification from Stage 2 to Stage 1	23.588	(23.588)	-	-	1.238	(1.238)	-	-
Reclassification from Stage 3 to Stage 1	72.188	-	(72.188)	-	1.998	-	(1.998)	-
Foreign Exchange Difference	-	-	-	-	-	-	-	-
Balance as of December 31, 2025	\$ 237.590	126.915	522.772	887.277	24.763	5.057	49.608	79.428

	Commercial Leasing				Consumer Leasing			
	Etapa 1	Etapa 2	Etapa 3	Total	Etapa 1	Etapa 2	Etapa 3	Total
Balance as of December 31, 2024	\$ 34.145	11.959	244.866	290.970	116	92	216	424
Write-offs for the Period	(344)	(33)	(97.061)	(97.438)	-	-	(201)	(201)
Portfolio Sale	-	-	-	-	-	-	-	-
Reversal of Interest Accrued Stage 3	-	-	14.984	14.984	-	-	17	17
Expenditure	7.000	10.237	104.833	122.070	60	63	302	425
Expense for disbursements or originations	15.085	4.432	3.991	23.508	43	12	89	144
Reimbursement	(16.864)	(3.018)	(23.808)	(43.690)	(62)	(9)	-	(71)
Cancellation or full payment	(2.524)	(619)	(23.122)	(26.265)	(24)	(2)	(145)	(171)
Reclassification from Stage 1 to Stage 2	(4.495)	4.495	-	-	(15)	15	-	-
Reclassification from Stage 1 to Stage 3	(1.151)	-	1.151	-	-	-	-	-
Reclassification from Stage 2 to Stage 3	-	(2.265)	2.265	-	-	(43)	43	-
Reclassification from Stage 3 to Stage 2	-	2.060	(2.060)	-	-	-	-	-
Reclassification from Stage 2 to Stage 1	4.910	(4.910)	-	-	27	(27)	-	-
Reclassification from Stage 3 to Stage 1	5.036	-	(5.036)	-	5	-	(5)	-
Foreign Exchange Difference	-	-	-	-	-	-	-	-
Balance as of December 31, 2025	\$ 40.798	22.338	221.003	284.139	150	101	316	567

	Housing Leasing				Total Financial Leasing			
	Etapa 1	Etapa 2	Etapa 3	Total	Etapa 1	Etapa 2	Etapa 3	Total
Balance as of December 31, 2024	\$ 9.495	1.854	16.181	27.530	43.756	13.905	261.263	318.924
Write-offs for the Period	(103)	(6)	(5.703)	(5.812)	(447)	(39)	(102.965)	(103.451)
Portfolio Sale	-	-	-	-	-	-	-	-
Reversal of Interest Accrued Stage 3	-	-	298	298	-	-	15.299	15.299
Expenditure	1.611	2.322	13.925	17.858	8.671	12.622	119.060	140.353
Expense for disbursements or originations	4.070	613	170	4.853	19.198	5.057	4.250	28.505
Reimbursement	(2.884)	(342)	(1.061)	(4.287)	(19.810)	(3.369)	(24.869)	(48.048)
Cancellation or full payment	(768)	(150)	(2.135)	(3.053)	(3.316)	(771)	(25.402)	(29.489)
Reclassification from Stage 1 to Stage 2	(306)	306	-	-	(4.816)	4.816	-	-
Reclassification from Stage 1 to Stage 3	(230)	-	230	-	(1.381)	-	1.381	-
Reclassification from Stage 2 to Stage 3	-	(434)	434	-	-	(2.742)	2.742	-
Reclassification from Stage 3 to Stage 2	-	457	(457)	-	-	2.517	(2.517)	-
Reclassification from Stage 2 to Stage 1	961	(961)	-	-	5.898	(5.898)	-	-
Reclassification from Stage 3 to Stage 1	1.845	-	(1.845)	-	6.886	-	(6.886)	-
Foreign Exchange Difference	-	-	-	-	-	-	-	-
Balance as of December 31, 2025	\$ 13.691	3.659	20.037	37.387	54.639	26.098	241.356	322.093

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



		Total			
		Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2024	\$	520.823	155.387	1.870.754	2.546.964
Write-offs for the Period		(2.229)	(542)	(1.584.999)	(1.587.770)
Portfolio Sale		(10)	(357)	(221.740)	(222.107)
Reversal of Interest Accrued Stage 3		-	-	111.136	111.136
Expenditure		240.330	264.546	997.173	1.502.049
Expense for disbursements or originations		309.748	50.860	357.385	717.993
Reimbursement		(179.664)	(20.092)	(60.294)	(260.050)
Cancellation or full payment		(225.044)	(51.081)	(291.824)	(567.949)
Reclassification from Stage 1 to Stage 2		(31.621)	31.621	-	-
Reclassification from Stage 1 to Stage 3		(208.208)	-	208.208	-
Reclassification from Stage 2 to Stage 3		-	(207.586)	207.586	-
Reclassification from Stage 3 to Stage 2		-	16.138	(16.138)	-
Reclassification from Stage 2 to Stage 1		36.085	(36.085)	-	-
Reclassification from Stage 3 to Stage 1		82.676	-	(82.676)	-
Foreign Exchange Difference		-	-	(4.911)	(4.911)
Balance as of December 31, 2025	\$	542.886	202.809	1.489.660	2.235.355

		Comercial				Repos and Interbank			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2023	\$	222.210	27.661	806.004	1.055.875	18	-	-	18
Period		(570)	-	(373.671)	(374.241)	-	-	-	-
Portfolio Sale		-	-	(29.310)	(29.310)	-	-	-	-
Reversal of Interest Accrued Stage 3		-	-	142.022	142.022	-	-	-	-
Expenditure		(4.221)	3.656	555.417	554.852	1	-	-	1
Expense for disbursements or originations		178.092	15.205	58.630	251.927	41	-	-	41
Reimbursement		(34.930)	(4.614)	(27.873)	(67.417)	(7)	-	-	(7)
Cancellation or full payment		(131.362)	(14.319)	(223.299)	(368.980)	-	-	-	-
Reclassification from Stage 1 to Stage 2		(7.624)	7.624	-	-	-	-	-	-
Reclassification from Stage 2 to Stage 3		(5.095)	-	5.095	-	-	-	-	-
Reclassification from Stage 2 to Stage 3		-	(5.485)	5.485	-	-	-	-	-
Reclassification from Stage 3 to Stage 2		-	1.118	(1.118)	-	-	-	-	-
Reclassification from Stage 2 to Stage 1		4.904	(4.904)	-	-	-	-	-	-
Reclassification from Stage 3 to Stage 1		6.925	-	(6.925)	-	-	-	-	-
Foreign exchange difference		-	-	4.040	4.040	-	-	-	-
Balance as of December 31, 2024	\$	228.329	25.942	914.497	1.168.768	53	-	-	53

		Consumer				Housing			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2023	\$	272.856	71.546	687.977	1.032.379	11.949	3.018	31.905	46.872
Write-offs for the Period		(437)	(366)	(1.132.921)	(1.133.724)	-	-	-	-
Portfolio Sale		(21)	(602)	(5.365)	(5.988)	-	-	-	-
Reversal of Interest Accrued Stage 3		-	-	58.980	58.980	-	-	2.740	2.740
Expenditure		288.776	246.750	467.172	1.002.698	428	1.123	10.972	12.523
Expense for disbursements or originations		126.474	36.078	193.182	355.734	6.133	767	384	7.284
Reimbursement		(114.426)	(10.853)	(5.790)	(131.069)	(3.001)	(206)	(460)	(3.667)
Cancellation or full payment		(75.458)	(14.907)	(90.547)	(180.912)	(1.573)	(135)	(2.923)	(4.631)
Reclassification from Stage 1 to Stage 2		(18.833)	18.833	-	-	(322)	322	-	-
Reclassification from Stage 1 to Stage 3		(297.470)	-	297.470	-	(206)	-	206	-
Reclassification from Stage 2 to Stage 3		-	(229.986)	229.986	-	-	(903)	903	-
Reclassification from Stage 3 to Stage 2		-	8.724	(8.724)	-	-	114	(114)	-
Reclassification from Stage 2 to Stage 1		12.365	(12.365)	-	-	1.412	(1.412)	-	-
Reclassification from Stage 3 to Stage 1		39.070	-	(39.070)	-	969	-	(969)	-
Foreign Exchange Difference		-	-	-	-	-	-	-	-
Balance as of December 31, 2024	\$	232.896	112.852	652.350	998.098	15.789	2.688	42.644	61.121



Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



	Commercial Leasing				Consumer Leasing			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2023	\$ 33.833	11.748	210.280	255.861	138	108	655	901
Write-offs for the Period	-	-	(79.254)	(79.254)	-	-	(961)	(961)
Portfolio Sale	-	-	-	-	-	-	-	-
Reversal of Interest Accrued Stage 3	-	-	16.828	16.828	-	-	42	42
Expenditure	4.777	5.535	127.207	137.519	7	(6)	768	769
Expense for disbursements or originations	6.664	924	3.100	10.688	71	47	5	123
Reimbursement	(17.453)	(2.745)	(12.598)	(32.796)	(97)	(1)	(107)	(205)
Cancellation or full payment	(2.224)	(1.270)	(14.382)	(17.876)	(37)	(56)	(152)	(245)
Reclassification from Stage 1 to Stage 2	(2.952)	2.952	-	-	(20)	20	-	-
Reclassification from Stage 1 to Stage 3	(943)	-	943	-	(5)	-	5	-
Reclassification from Stage 2 to Stage 3	-	(2.762)	2.762	-	-	(20)	20	-
Reclassification from Stage 3 to Stage 2	-	1.925	(1.925)	-	-	-	-	-
Reclassification from Stage 2 to Stage 1	4.348	(4.348)	-	-	-	-	-	-
Reclassification from Stage 3 to Stage 1	8.095	-	(8.095)	-	59	-	(59)	-
Foreign Exchange Difference	-	-	-	-	-	-	-	-
Balance as of December 31, 2024	\$ 34.145	11.959	244.866	290.970	116	92	216	424

	Housing Leasing				Total Financial Leasing			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2023	\$ 8.773	2.225	14.016	25.014	42.744	14.081	224.951	281.776
Write-offs for the Period	-	-	(10.740)	(10.740)	-	-	(90.955)	(90.955)
Portfolio Sale	-	-	-	-	-	-	-	-
Reversal of Interest Accrued Stage 3	-	-	348	348	-	-	17.218	17.218
Expenditure	316	2.352	14.167	16.835	5.100	7.881	142.142	155.123
Expense for disbursements or originations	1.790	355	144	2.289	8.525	1.326	3.249	13.100
Reimbursement	(2.735)	(343)	(568)	(3.646)	(20.285)	(3.089)	(13.273)	(36.647)
Cancellation or full payment	(582)	(188)	(1.800)	(2.570)	(2.843)	(1.514)	(16.334)	(20.691)
Reclassification from Stage 1 to Stage 2	(233)	233	-	-	(3.205)	3.205	-	-
Reclassification from Stage 1 to Stage 3	(204)	-	204	-	(1.152)	-	1.152	-
Reclassification from Stage 2 to Stage 3	-	(2.092)	2.092	-	-	(4.874)	4.874	-
Reclassification from Stage 3 to Stage 2	-	346	(346)	-	-	2.271	(2.271)	-
Reclassification from Stage 2 to Stage 1	1.034	(1.034)	-	-	5.382	(5.382)	-	-
Reclassification from Stage 3 to Stage 1	1.336	-	(1.336)	-	9.490	-	(9.490)	-
Foreign Exchange Difference	-	-	-	-	-	-	-	-
Balance as of December 31, 2024	\$ 9.495	1.854	16.181	27.530	43.756	13.905	261.263	318.924

	Total			
	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2023	\$ 549.777	116.306	1.750.837	2.416.920
Write-offs for the Period	(1.007)	(366)	(1.597.547)	(1.598.920)
Portfolio Sale	(21)	(602)	(34.675)	(35.298)
Reversal of interest accrued Stage 3	-	-	220.960	220.960
Expenditure	290.084	259.410	1.175.703	1.725.197
Expense for disbursements or originations	319.265	53.376	255.445	628.086
Reimbursement	(172.649)	(18.762)	(47.396)	(238.807)
Cancellation or full payment	(211.236)	(30.875)	(333.103)	(575.214)
Reclassification from Stage 1 to Stage 2	(29.984)	29.984	-	-
Reclassification from Stage 1 to Stage 3	(303.923)	-	303.923	-
Reclassification from Stage 2 to Stage 3	-	(241.248)	241.248	-
Reclassification from Stage 3 to Stage 2	-	12.227	(12.227)	-
Reclassification from Stage 2 to Stage 1	24.063	(24.063)	-	-
Reclassification from Stage 3 to Stage 1	56.454	-	(56.454)	-
Foreign Exchange Difference	-	-	4.040	4.040
Balance as of December 31, 2024	\$ 520.823	155.387	1.870.754	2.546.964





10.3. Portfolio of loans assessed individually and collectively

The following is the breakdown of the impairment due to credit risk constituted as of December 31, 2025 and 2024, taking into account the way in which they were determined, individually for loans greater than 1,540 SMMLV and collectively for other loans.

The impaired portfolio represents loans with associated credit risk, while the overdue loan portfolio considers only days of delay or default by the customer (without identifying whether there is associated credit risk or not). Reserves for the loan portfolio are determined on the basis of the impaired loan portfolio.

	December 31, 2025								Total
	Commercial	Consumer	Housing	Commercial Leasing	Consumer Leasing	Housing Leasing	Financial Leasing	Repos and Interbank	
Impairment provision									
Individually Assessed Credits	\$ 476.828	1.769	2.482	116.783	-	199	116.982	-	598.061
Collectively Assessed Credits	469.592	885.508	76.946	167.356	567	37.188	205.111	137	1.637.294
Total provision for impairment	\$ 946.420	887.277	79.428	284.139	567	37.387	322.093	137	2.235.355

	December 31, 2024								Total
	Commercial	Consumer	Housing	Commercial Leasing	Consumer Leasing	Housing Leasing	Financial Leasing	Repos and Interbank	
Impairment provision									
Individually Assessed Credits	\$ 669.916	1.187	657	144.063	-	150	144.213	-	815.973
Collectively Assessed Credits	498.851	996.911	60.464	146.907	424	27.381	174.712	53	1.730.991
Total provision for impairment	\$ 1.168.767	998.098	61.121	290.970	424	27.531	318.925	53	2.546.964

They include the total number of evaluated persons above 1,540 SMMLV regardless of whether the product of the evaluation was considered deteriorated or not deteriorated.

10.4. Individually assessed loan portfolio

The following is the detail of the loans individually assessed for impairment as of December 31, 2025 and 2024:

	December 31, 2025		
	Gross Recorded Value	Collateral guarantees	Provision constituted
No recorded impairment			
Commercial Leasing	\$ 68	-	-
Subtotal	68	-	-
With recorded impairment			
Commercial	1.664.110	158.769	476.828
Consumer	2.860	1.841	1.769
Housing	4.494	-	2.482
Commercial Leasing	475.235	98.854	116.783
Housing Leasing	4.330	-	199
Subtotal	2.151.029	259.464	598.061
Totals			
Commercial	1.664.110	158.769	476.828
Consumer	2.860	1.841	1.769
Housing	4.494	-	2.482
Commercial Leasing	475.303	98.854	116.783
Housing Leasing	4.330	-	199
Total	\$ 2.151.097	259.464	598.061

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



	December 31, 2024		
	Gross Recorded Value	Collateral guarantees	Provision constituted
No recorded impairment			
Commercial Leasing	\$ 294	-	-
Subtotal	294	-	-
With recorded impairment			
Commercial	1.852.050	220.891	669.916
Consumer	2.321	4.332	1.187
Housing	4.436	1.970	657
Commercial Leasing	551.422	157.770	144.063
Housing Leasing	4.077	-	150
Subtotal	2.414.306	384.963	815.973
Totals			
Commercial	1.852.050	220.891	669.916
Consumer	2.321	4.332	1.187
Housing	4.436	1.970	657
Commercial Leasing	551.716	157.770	144.063
Housing Leasing	4.077	-	150
Total	\$ 2.414.600	384.963	815.973

10.5. Loan portfolio maturation period

The following table shows the distribution of the Group's loan portfolio by maturity:

	December 31, 2025				
	Up to 1 year	Between 1 and 3 years old	Between 3 and 5 years old	More than 5 years	Total
Commercial	\$ 17.739.207	7.568.557	3.151.195	2.419.067	30.878.026
Consumer	3.790.135	4.948.636	3.016.262	1.518.996	13.274.029
Housing	192.078	367.596	348.036	1.571.161	2.478.871
Commercial Leasing	2.111.879	2.598.320	1.268.292	975.684	6.954.175
Consumer Leasing	5.211	5.427	1.515	177	12.330
Housing Leasing	138.186	196.486	184.605	865.582	1.384.859
Repos and interbank	1.757.464	-	-	-	1.757.464
Total portfolio	\$ 25.734.160	15.685.022	7.969.905	7.350.667	56.739.754
	December 31, 2024				
	Up to 1 year	Between 1 and 3 years old	Between 3 and 5 years old	More than 5 years	Total
Commercial	\$ 19.141.809	7.541.771	2.633.179	1.600.836	30.917.595
Consumer	3.737.341	4.916.295	2.937.396	1.574.806	13.165.838
Housing	184.187	281.791	267.373	1.204.030	1.937.381
Commercial Leasing	1.980.868	2.368.489	1.116.966	972.377	6.438.700
Consumer Leasing	4.121	4.616	1.369	414	10.520
Housing Leasing	113.238	169.709	155.954	720.518	1.159.419
Repos and interbank	461.670	-	-	-	461.670
Total portfolio	\$ 25.623.234	15.282.671	7.112.237	6.072.981	54.091.123



10.6. Credit portfolio by currency type

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

		December 31, 2025		
	Colombian Pesos	Foreign currency ⁽¹⁾	Total	
Commercial	\$ 25.081.139	5.796.888	30.878.027	
Consumer	13.211.350	62.678	13.274.028	
Housing	2.478.871	-	2.478.871	
Commercial Leasing	6.954.175	-	6.954.175	
Consumer Leasing	12.330	-	12.330	
Housing Leasing	1.384.859	-	1.384.859	
Repos and interbank	811.994	945.470	1.757.464	
Total portfolio	\$ 49.934.718	6.805.036	56.739.754	

⁽¹⁾ The main foreign currency is US dollar (USD)

		December 31, 2024		
	Colombian Pesos	Foreign currency ⁽¹⁾	Total	
Commercial	\$ 24.185.808	6.731.787	30.917.595	
Consumer	13.101.131	64.707	13.165.838	
Housing	1.937.381	-	1.937.381	
Commercial Leasing	6.438.700	-	6.438.700	
Consumer Leasing	10.520	-	10.520	
Housing Leasing	1.159.419	-	1.159.419	
Repos and interbank	272.203	189.467	461.670	
Total portfolio	\$ 47.105.162	6.985.961	54.091.123	

⁽¹⁾ The main foreign currency is US dollar (USD)

(1) The main foreign currency is US dollar (USD)

10.7 Loan portfolio for financial leasing

The following is the reconciliation between the gross investment in financial leases and the present value of the minimum payments to be received as of December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Total gross lease royalties to be received in the future	12.982.229	11.902.110
Plus Estimated Residual Value of Assets Delivered in Lease (not guaranteed)	696	696
Gross investment in leasing contracts	12.982.925	11.902.806
Less unrealized financial income	(4.631.561)	(4.294.167)
Net investment in financial lease contracts	8.351.364	7.608.639
Impairment on net investment in financial lease agreements	322.093	318.925

The following is the breakdown of gross investment and net investment in financial lease contracts to be received as of December 31, 2025 and 2024 in each of the following years:



Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



	December 31, 2025		December 31, 2024	
	Gross	Net	Gross	Net
	Investment	Investment	Investment	Investment
Up to 1 year	\$ 3.312.969	2.370.080	2.938.815	1.953.193
Between 1 and 5 years old	5.965.390	3.463.362	5.495.035	3.276.505
More than 5 years	3.704.566	2.517.922	3.468.956	2.378.941
Total	\$ 12.982.925	8.351.364	11.902.806	7.608.639

In financial leasing operations, the Parent Company as lessor delivers goods to the lessee for use for an established period in exchange for a fee and the lessee at the end has the right to acquire the assets through a purchase option agreed from the beginning that generally corresponds to a price substantially lower than the commercial value at the time of exercising it. In most contracts, the fee is calculated using the DTF or IBR as a reference, adding a few nominal points. Insurance, maintenance and any charges on the asset are borne by the lessee. On the other hand, there are lease-free transactions that have guaranteed residuals from the beginning or in which, if they are not guaranteed, the residuals correspond to a low percentage of the value of the asset. In most of the previous contracts, the fee is calculated using the DTF or IBR as a reference, adding or subtracting a few nominal points, with the tenant maintaining the VAT, insurance and maintenance of the asset.





Note 11. – Other accounts receivable, net

The following is the breakdown of other current accounts receivable as of December 31, 2025 and 2024:

Detail	December 31, 2025	December 31, 2024
Forwards ND CRCC	\$ 115.878	25.180
ICETEX abandoned accounts	97.554	88.705
Supplier contract advance	90.875	83.458
Donations ⁽²⁾	80.733	84.681
Other ⁽⁴⁾	77.923	61.155
Accounts receivable, sale of goods and services	55.258	55.738
Tax authorizations	50.820	45.487
Taxes	45.899	41.320
Prepaid expenses	15.687	14.270
Commissions	13.059	14.728
Credit Card Offsets & Network Offsets	10.207	9.297
Deposits ⁽¹⁾	8.374	114.328
Accounts Receivable Establishments	6.709	6.907
Balances in favor in compliance with forward contracts [2]	6.257	2.135
Transfers to the National Treasury Directorate	3.917	4.245
Industry and Commerce Tax Advance	1.171	1.456
Royalties for goods given in operational leasing	1.100	1.142
Shortages in Exchange	498	102
Leases	216	197
Insufficient savings accounts	111	56
Insurance Company Claims	80	130
Dividends	48	46
Interests	41	689
To Parent, subsidiaries, related and associates	35	29
Loans deemed uncollectible	34	-
Cash shortages	22	11
Fees, Services and Advances	10	290
Wire transfers in process	5	5
Subtotal	\$ 682.521	655.786
Impairment of other accounts receivable	(21.013)	(21.684)
Total	\$ 661.508	634.102

(1) Active guarantees with foreign banks, Margin Call.

(2) Conditional donation advance from the CTIC Foundation

(3) The other category is mainly composed of Forward Accounts without coverage in foreign currency, card transactions, maturity of TES Futures, transfer of portfolio balances, collection of services and credit card payments in Aval, fines and penalties and accounts receivable for disabilities.

(4) Non-delivery Forward Operations, operations that, at maturity, there are no transfers of the Currencies but of the funds resulting from the differential between the agreed rate and the one in force at the maturity of the operation.

Accounts receivable from contracts with customers for IFRS 15 compliance

The following are the items that make up the balance of accounts receivable, commissions resulting from contracts with customers:



Goods and Services	December 31, 2025	December 31, 2024
Banking Services Fees	\$ 7	6
Fiduciary Activities	6.678	8.122
Other Fees	6.374	6.600
Total	\$ 13.059	14.728

The following is the impairment movement for the years ended December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Balance as of December 31, 2024	\$ 21.684	39.169
Provision charged to results	9.232	11.714
Recoveries of other accounts receivable	(14)	(23.756)
Write-offs	(9.889)	(5.339)
Adjustment for difference in foreign currency exchange	0	(105)
Balance as of December 31, 2025	\$ 21.013	21.684

Note 12. – Profit on non-current assets held for sale

Below is the breakdown of the net income generated on the sale of the assets classified as held for sale for years ended December 31, 2025 and 2024:

	December 31, 2025			December 31, 2024		
	Book value	Sale Value	Profit	Book value	Sale Value	Profit
Real estate	\$ -	-	-	1.457	3.591	2.134
Movable property ⁽¹⁾	723	2.517	1.794	1.452	1.706	254
	\$ 723	2.517	1.794	2.909	5.297	2.388

⁽¹⁾ The profit recorded in the note of non-current asset held for sale for \$1.794 million, corresponds to the sale of 66 relocated movable assets that entered and were sold in that same period.

Below is the movement of assets held for sale.

	December 31, 2025
Balance as of December 31, 2024	\$ 1.324
Increments per addition during the year	723
Cost of sold non-current assets held for sale, net	(723)
Impairment charged to expenses	(169)
Reclassifications from/to own use	(1.155)
Balance as of December 31, 2025	\$ -



	December 31, 2024
Balance as of December 31, 2023	\$ 3.023
Increments per addition during the year	1.556
Cost of sold non-current assets held for sale, net	(2.909)
Impairment charged to expenses	(24)
Reclassifications from/to own use	(322)
Balance as of December 31, 2024	\$ 1.324

Note 13. – Investments in associates, joint ventures and joint ventures

13.1. Investments in associates and joint ventures

Below is a breakdown of investments in associates and joint ventures:

	December 31, 2025	December 31, 2024
Associates	\$ 2.096.837	1.951.146
Joint Ventures	2.394	2.026
Total	\$ 2.099.231	1.953.172

Below are the percentages of participation in each of the associated companies and joint ventures:

	December 31, 2025		December 31, 2024	
	% of Participation	Book Value	% of Participation	Book Value
Associates				
Gou Payments S.A. EASPBV (Formerly Aval Valor Compartida S.A.) ⁽¹⁾	20,00%	1.716	20,00%	2.875
Corficolombiana S.A.	4,18%	835.084	4,18%	808.975
Aval Soluciones Digitales S.A.	26,60%	4.565	26,60%	4.364
Aval Valor Compartida S.A.S.	20,00%	100	0,00%	-
Porvenir S.A. ⁽²⁾	33,09%	1.255.372	33,09%	1.134.932
		\$ 2.096.837		\$ 1.951.146
Joint Ventures				
Gou Payments - Joint Venture (formerly Guar Valor Shared S.A)	25,00%	2.391	25,00%	2.023
Aval Soluciones Digitales S.A. - Joint Venture	26,34%	3	26,34%	3
		\$ 2.394		\$ 2.026
Total		2.099.231		1.953.172

⁽²⁾ The book value of investment in Porvenir S.A. includes the Goodwill by the acquisition of the company Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. in December 2013 for \$64.724.

⁽¹⁾ By Public Deed No. 816 of May 21, 2025 of the Notary 10 of Bogotá D.C, registered in this Chamber of Commerce on May 26, 2025, with No.03259574 of Book IX, the company changed its name or corporate name from Aval Valor Compartido S.A to Gou Payments S.A EASPBV.

The company's corporate purpose will be the administration of low-value payment methods systems in accordance with the provisions of Article 2.17.2.1.1 of Decree 2555 of 2010. In addition, the company will also have the following purpose: (i) Administration of immediate payment systems, in accordance with the regulations issued for this purpose by the Bank of the Republic, (ii) The initiation of payments through low-value payment systems, (iii) Being a Payment Service Provider (PSP), in



accordance with the provisions of Decree 2555 of 2010 and (iv) The performance of activities related to the processing and supply of technology for correspondents, collection points and ATMs and the activities related to these.

The corporate purpose of the Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. is the administration of the Pension and Unemployment Funds authorized by law, as well as the administration of the Autonomous Patrimonies constituted by the territorial entities, their decentralized entities and private companies, in accordance with Article 16 of Decree 941 of 2002. to provide resources for the payment of their pension obligations; such as pensions, pension bonds, pension bond contributions and pension contributions, under the terms of Article 23 of Decree 1299 of 1994, regulated by Decrees 810 of 1998 and 941 of 2002; which constitute Autonomous Patrimonies independent of the Company's patrimony.

The exclusive purpose of the company Aval Soluciones Digitales S.A. will be the provision of authorized services to companies specializing in electronic deposits and payments in the development of their corporate purpose.

Corporación Financiera Colombiana S.A. Corficolombiana is a credit institution whose main function is to raise term resources, through deposits or term debt instruments, in order to carry out active credit operations and make investments, with the primary purpose of encouraging or promoting the creation, reorganization, merger, transformation and expansion of companies, in the sectors established by the rules that regulate their activity, organized in accordance with the rules established by the Organic Statute of the Financial System (Decree 663 of 1993) and other regulations that modify, repeal or replace them. The General Meeting of Shareholders, may change its registered office and it may establish branches or agencies within the national territory or outside it.

By Private Document of April 22, 2025 of the Shareholders' Meeting, registered in this Chamber of Commerce on April 23, 2025, with No. 03233742 of Book IX, the commercial company called Aval Valor Compartido SAS was incorporated.

The Company's exclusive corporate purpose will be the development and application of products and services based on innovation and new technologies, which result in new business models, applications, processes or products related to the development of the corporate purpose of entities in the financial and insurance sector, either in relation to their processes or to the products and/or services provided to their customers within the current regulatory framework on the matter. The provision of financial services is expressly excluded. By virtue of the above, the company may develop and provide technology operator services for digital products, online channels with permanent attention, process automation, as well as act as a payment service provider in any of the provided roles (processor, aggregator, provider of access services to payment systems).

Below is the movement of investments in associated companies and joint ventures for the years ended December 31, 2025 and 2024:



Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



Partner companies	December 31, 2025	December 31, 2024
Balance at the beginning of the year	\$ 1.951.146	1.799.081
Dividends received	(107.989)	(92.809)
Method of participation with effect on ORI	3.067	14.493
Method of participation with effect on Results	250.513	230.381
Acquisitions of controlled companies and associates	100	-
Year-end balance	\$ 2.096.837	1.951.146

Joint Ventures	December 31, 2025	December 31, 2024
Balance at the beginning of the year	\$ 2.026	1.720
Method of participation with effect on Results	368	306
Year-end balance	\$ 2.394	2.026

The condensed financial information of investments in associated companies recorded based on the equity method is as follows:

	December 31, 2025					
	Asset	Liability	Equity	Income	Expenses	Result
Gou Payments S.A. (formerly Aval Valor Compartido S.A)	18.274	9.695	8.579	12.774	18.572	(5.798)
Corficolombiana S.A.	28.941.865	15.711.418	13.230.447	6.214.858	5.740.853	474.005
Aval Soluciones Digitales S.A.	63.873	46.711	17.162	8.312	7.556	756
Aval Valor Compartida S.A.S.	56.361	55.862	499	8.588	8.589	(1)
Porvenir S.A.	4.641.570	1.043.650	3.597.920	2.726.855	2.024.950	701.905
	\$ 33.721.943	16.867.336	16.854.607	8.971.387	7.800.520	1.170.867

	December 31, 2024					
	Asset	Liability	Equity	Income	Expenses	Result
Gou Payments S.A. (formerly Aval Valor Compartido S.A)	17.189	2.813	14.376	17.060	16.577	483
Corficolombiana S.A.	26.944.002	14.353.124	12.590.878	7.597.136	7.269.483	327.654
Aval Soluciones Digitales S.A.	51.597	35.191	16.406	9.073	6.694	2.379
Porvenir S.A.	4.029.189	795.219	3.233.970	2.398.333	1.745.733	652.600
	\$ 31.041.977	15.186.347	15.855.630	10.021.602	9.038.487	983.116

The following is the breakdown of dividends received from associates during the years ended December 31, 2025 and 2024:

Porvenir S.A.	December 31, 2025	December 31, 2024
Cash	\$ 107.989	92.809

The following is the condensed financial information of the investments in joint ventures recorded based on the equity method:

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



	December 31, 2025					
	Assets	Liabilities	Equity	Income	Expenses	Results
Gou Payments S.A. (formerly Aval Valor Compartido S.A)	\$ 107.170	97.605	9.565	429.007	427.536	1.471
Aval Soluciones Digitales S.A. - Joint Business - Dale! ⁽¹⁾	149.610	149.600	10	101.169	101.169	-

	December 31, 2024					
	Assets	Liabilities	Equity	Income	Expenses	Results
Gou Payments S.A. (formerly Aval Valor Compartido S.A)	102.003	93.909	8.094	423.339	422.117	1.223
Aval Soluciones Digitales S.A. - Joint Ventures - Dale!	151.165	151.155	10	88.604	88.604	-

During the years ended December 31, 2025 and 2024, no dividends were received from joint ventures.

For the development of its operations, Gou Payments S.A. EASPBV.– Negocios Conjuntos (formerly A.T.H. Negocio Conjunto and Aval Valor Compartido S.A) has entered into a joint venture agreement with other financial institutions of the Aval Group in order to carry out all commercial operations related to the centralized management of electronic data and funds transfer operations through ATMs, internet or any other electronic means.

Gou Payments S.A EASPBV participates as manager of said contract to carry out the object of the contract in its sole name and under its personal credit.

⁽¹⁾ Dale! - Aval Soluciones Digitales, is a Company Specialized in Electronic Deposits and Payments - SEDPE that through a technological platform allows banked and unbanked individuals and businesses to open a deposit with which they can carry out financial transactions from a single 100% digital solution.

13.2 Controlled operations together

A joint venture is a joint arrangement whereby the parties who have joint control of the arrangement are entitled to the assets and liabilities relating to the arrangement. These parts are called joint operators.

Such joint transactions are recognized in each item of the Entity's Financial Statement in the proportional part of its participation in the assets, liabilities, income and expenses of each joint operation that is in force during the period.

Below is the summary of the participation in the joint operations in which the subsidiary Fiduciaria de Occidente has a stake as of December 31, 2025 and 2024:

	% Participation	December 31, 2025		December 31, 2024	
		Assets	Liabilities	Assets	Liabilities
Emcali	25	\$ 139	10	103	64
Fosyga en Liquidacion	6,55	42	1.225	12	1.262
Pensiones Cundinamarca 2012	55	-	-	3	27
Concesionaria Calimio	56	5	2	6	3
Consortio SOP 2012	33,33	1	8	353	(4)
Fondo de Adaptacion	50	178	30	269	9
Consortio Vinus	33	325	308	242	224
Total		\$ 690	1.583	988	1.585

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



	% Participation	December 31, 2025			December 31, 2024		
		Income	Expenses	Profit (Loss)	Income	Expenses	Profit (Loss)
Emcali	25	\$ 593	389	204	543	378	165
Fosyga en Liquidacion	6,55	-	85	(85)	3	81	(78)
Pensiones Cundinamarca 2012	55	-	2	(2)	-	-	-
Concesionaria Calimio	56	27	9	18	50	16	34
Consortio SOP 2012	33,33	4	63	(59)	-	999	(999)
Fondo de Adaptacion	50	560	344	216	528	287	241
Consortio Vinus	33	197	81	116	180	76	104
Total		\$ 1.381	973	408	1.304	1.837	(533)

The shares in the joint operations of the company's assets comprise the following as of December 31, 2025 and 2024:

Asset Share	December 31, 2025	December 31, 2024
Cash and cash equivalents	\$ 208	589
Deposits and investments in debt securities	5	3
Accounts receivable	473	364
Own Use Properties and Equipment	4	19
Other activities in joint operations	-	13
Total assets	\$ 690	988

The shares of the joint operations of the liabilities of the subsidiary Fiduciaria de Occidente S.A. comprise the following as of December 31, 2025 and 2024:

Share of liabilities	December 31, 2025	December 31, 2024
Accounts Payable \$	\$ 359	215
Other liabilities contributions	-	188
Other provisions	1.224	1.161
Liabilities at amortized cost	-	21
Total Liabilities \$	\$ 1.583	1.585

The economic activity of joint operations (consortia) is listed below:



Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



Name	ACTIVITY
Emcali	Contract 160GF-CF-001-2005 establishes the Autonomous Patrimony which will have the following purposes, among others: (i) to collect all of Emcali's income through the mechanisms and procedures defined in the Operating Manual; (ii) administer the Trust Income in the manner set forth in this agreement; (iii) pay, by instruction of EMCALI, and in accordance with the provisions of this contract, all the operation and administration of the business expenses through the trust, observing what is established in this regard in Annex No. 4 of the contract. The main address where the consortium develops its operations is at Carrera 5 No. 12-42 in the city of Cali.
Fosyga (in liquidation)	The purpose of this contract is the collection, administration and payment by the consortium of the resources of the Solidarity and Guarantee Fund of the general social security system in health under the terms established in Law 100 of 1993. The main address where the consortium develops its operations is at Calle 31 No. 6-39 floor 19 in the city of Bogotá.
Pensiones Cundinamarca (in liquidation)	Administration of the Resources of the Public Pension Fund of Cundinamarca, intended to cover the pension liabilities of the Department. The main address where the consortium develops its operations is at Carrera 13 No. 26A-47 floor 9 in the city of Bogotá.
Consortio SOP 2012 (in liquidation)	Administration of the resources that make up the autonomous patrimonies that make up the National Pension Fund of the Territorial Entities (FONPET) and the related and complementary activities that such administration implies. The main address where the consortium develops its operations is at Carrera 13 No. 26A-47 floor 9 in the city of Bogotá.
Fondo de Adaptacion	THE FIDUCIARY is obliged to THE FUND to constitute an autonomous patrimony with the investment resources of the Adaptation Fund for the collection, administration, investment and payments inside and outside Colombia, by virtue of the provisions of Article 5 of Decree 4819 of 2010, regulated by Decree 2906 of 2011. The contract will be fulfilled in accordance with the terms, conditions and requirements established in the contractual terms and conditions and its technical annex, as well as the offer submitted by THE FIDUCIARY on April 27, 2012 for the original execution of the contract, and the offer submitted by the Fiduciary on December 30, 2013 for the execution of the Amendment No. 1, documents that form an integral part of this contract. In addition, the Trustee, as spokesperson for the autonomous patrimony, may enter into credit operations with the National Treasury and/or financial institutions supervised by the Financial Superintendence, under the terms of Article 84 of Law 1687 of 2013. PARAGRAPH: The Trustee undertakes to develop the contractual object with total autonomy and independence, on its own account and risk and under its exclusive responsibility, which is why this contract does not generate any employment relationship between the Fiduciary and the Fund. The main address where the consortium develops its operations is at Carrera 13 No. 26A-47





Name	ACTIVITY
Concesionaria Calimio	Collection and Administration of the resources destined for the development of the projects and those derived from them, including the capital contributions made by the settlor those products of the use of the Syndicated loan; and the payments corresponding to the Economic Participation that are received from the MIO System. The main address where the consortium develops its operations is at Carrera 13 No. 26A-47 floor 9 in the city of Bogotá.
Consortio Vinus FBO	The CONCESIONES VÍAS DEL NUS S.A.S., requested the assignment of the contractual position of trustee administrator of the PROJECT TRUST AGREEMENT to FIDUCIARIA BANCOLOMBIA S.A., so that once the assignment of the contractual position is perfected, it will be administered by FIDUCIARIA DE OCCIDENTE S.A. and FIDUCIARIA BOGOTÁ S.A., having to constitute for this purpose a consortium that allows them to manage the trust business. The purpose of the Consortium Agreement: (i) The constitution of the CONSORTIUM; (ii) To establish the terms and conditions under which the joint will of these will be regulated to implement and implement the administrative, organizational and technological structure required for the fiduciary administration of the Autonomous Patrimony for the development of the Project under the terms of the PROJECT TRUST AGREEMENT. The stake corresponds to Fiduciaria de Occidente S.A. 33% and Fiduciaria Bogotá S.A. 67%. The main address where the consortium develops its operations is at Calle 67 No. 7 - 37 Piso 3 in the city of Bogotá.

As of December 31, 2025 and 2024, the joint agreements administered by Fiduciaria de Occidente S.A., such as Calimio, Pensiones Cundinamarca (in liquidation), Fondo de Adaptación, Emcali and Consortio Vinus FBO in their Financial Statements do not present liabilities or contingent assets that could jeopardize their normal operational functioning, however, for the Fosyga Consortium (in liquidation) a provision is recorded for possible contingencies for the concept of MPS Fine and Risk of legal claims and for the Sop 2012 consortium (in liquidation) impairment is recognized to the portfolio for fiduciary commissions.

Legal and Financial Situation of the joint operation (consortium) FOSYGA 2005 "In Liquidation"

In relation to the judicial contingencies related to the FIDUFOSYGA 2005 Consortium, in liquidation, in which Fiduoccidente S.A. has a 6,55% stake, there are contingencies in third-party proceedings directed against the State in which the Consortium has been included as presumed responsible without contingencies arising from fiscal responsibility processes. The provisions in this Consortium, as of December 31, 2025, increased by \$62,9 million, respectively recognizing the expense, to date the value amounts to the sum of \$1,224.2 million.

Legal and Financial Situation of the joint operation (consortium) Sop 2012 "In Liquidation"

In relation to the impairment recognized by the SOP 2012 consortium, in liquidation, in which Fiduoccidente S.A. has a 33.33% stake, according to the liquidation act Apo.4.1. Fr.5 of September 23, 2024, the Ministry of Finance and Public Credit owes the consortium \$ 2,669.9 for the fiduciary commissions caused during the execution of the Contract, for which Fiduoccidente S.A. recognizes the write-off of the portfolio indicated in the extract of Minute no. 460 by the Board of Directors of Skandia Fiduciaria where the penalty of the portfolio is unanimously agreed on August 29, 2025.

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



Note 14. – Tangible assets, net

The following is the balance of the carrying amount of the tangible asset accounts (property and equipment for own use, property given under operating lease, and investment property and right-of-use assets) for the years ended December 31, 2025 and 2024:

	For own use	Give in operating lease	Investment Properties	Investment Properties	Total
Cost or fair value:					
Balance as of December 31, 2024	\$ 414.648	98.345	216.871	504.974	1.234.838
Increase or decrease due to changes in lease variables	-	-	-	28.028	28.028
Shopping	44.692	16.888	139.429	32.516	233.525
Addition for decommissioning costs	-	-	-	12	12
Withdrawals for sales other than leaseback Transaction (net)	(18.285)	-	(154.899)	-	(173.184)
Impairment withdrawals (net)	(4.980)	(52)	-	(25.029)	(30.061)
Transfer to/from non-asents streams Held for Sale	1.154	-	-	-	1.154
Adjustment for difference in exchange	(1.416)	-	-	(396)	(1.812)
Other reclassifications	-	(13.474)	-	4	(13.470)
Change in fair value	-	-	35.071	-	35.071
Balance as of December 31, 2025	\$ 435.813	101.707	236.472	540.109	1.314.101
Balance as of December 31, 2023	\$ 385.735	96.978	214.080	456.576	1.153.369
Increase or decrease due to changes in lease variables	-	-	-	33.316	33.316
Shopping	45.600	9.835	29.120	50.911	135.466
Addition for decommissioning costs	-	-	-	76	76
Withdrawals for sales other than leaseback Transaction (net)	(15.112)	-	(40.529)	-	(55.641)
Impairment withdrawals (net)	(3.077)	-	-	(36.250)	(39.327)
Transfer to/from non-asents streams Held for Sale	322	-	-	-	322
Adjustment for difference in exchange	1.180	-	-	345	1.525
Other reclassifications	-	(8.468)	-	-	(8.468)
Change in fair value	-	-	14.200	-	14.200
Balance as of December 31, 2024	\$ 414.648	98.345	216.871	504.974	1.234.838
Accumulated depreciation:					
Balance as of December 31, 2024	\$ (289.174)	(44.509)	-	(230.652)	(564.335)
Depreciation of the year against expenses	(30.126)	(19.769)	-	(84.680)	(134.575)
Withdrawals for sales other than leaseback transaction (net)	12.657	-	-	-	12.657
Impairment withdrawals (net)	4.895	39	-	21.864	26.798
Adjustment for difference in exchange	1.051	-	-	302	1.353
Other reclassifications	-	13.031	-	(4)	13.027
Balance as of December 31, 2025	\$ (300.697)	(51.208)	-	(293.170)	(645.075)
Balance as of December 31, 2023	\$ (277.760)	(31.708)	-	(189.333)	(498.801)
Depreciation of the year against expenses	(28.058)	(20.300)	-	(74.922)	(123.280)
Sales withdrawals (net)	14.664	-	-	-	14.664
Impairment withdrawals (net)	2.785	-	-	33.804	36.589
Adjustment for difference in exchange	(805)	-	-	(201)	(1.006)
Other reclassifications	-	7.499	-	-	7.499
Balance as of December 31, 2024	\$ (289.174)	(44.509)	-	(230.652)	(564.335)
Impairment losses:					
Balance as of December 31, 2024	\$ (204)	(53)	-	-	(257)
Year impairment charge	(264)	(61)	-	-	(325)
Recovery from impairment	275	53	-	-	328
Balance as of December 31, 2025	\$ (193)	(61)	-	-	(254)
Balance as of December 31, 2023	\$ (107)	(409)	-	-	(516)
Year impairment charge	(175)	-	-	-	(175)
Recovery from impairment	78	356	-	-	434
Balance as of December 31, 2024	\$ (204)	(53)	-	-	(257)
Tangible Assetn, net:					
Balance as of December 31, 2024	\$ 125.270	53.783	216.871	274.322	670.246
Balance as of December 31, 2025	\$ 134.923	50.438	236.472	246.939	668.772





a) Properties and equipment for own use

The following is the breakdown of the balance as of December 31, 2025 and 2024 by type of property and equipment for own use:

For own use	Cost	Accumulated depreciation	Loss due to impairment	Book Amount
Land	\$ 7.339	-	-	7.339
Buildings	13.644	(5.431)	-	8.213
Office Equipment, Appliances & Accessories	117.004	(89.555)	(47)	27.402
Computer equipment	237.907	(170.936)	(146)	66.825
Vehicles	786	(358)	-	428
Mobilization Equipment and Machinery	49	(49)	-	-
Improvements in other people's properties	43.658	(34.368)	-	9.290
Ongoing construction	15.426	-	-	15.426
Balance as of December 31, 2025	\$ 435.813	(300.697)	(193)	134.923

For own use	Cost	Accumulated depreciation	Loss due to impairment	Book Amount
Land	\$ 9.035	-	-	9.035
Buildings	18.455	(7.224)	-	11.231
Office Equipment, Appliances & Accessories	113.749	(85.554)	(29)	28.166
Computer equipment	225.502	(164.647)	(175)	60.680
Vehicles	733	(569)	-	164
Mobilization Equipment and Machinery	49	(49)	-	-
Improvements in other people's properties	41.633	(31.131)	-	10.502
Ongoing construction	5.492	-	-	5.492
Balance as of December 31, 2024	\$ 414.648	(289.174)	(204)	125.270

There are no mortgages or pledges on the Group's properties and equipment.

All the Group's properties and equipment, as well as the assets leased for operation, are duly covered against fire, weak current and other risks with insurance policies in force, likewise, they have insurance policies for the protection of their properties and equipment for \$1,093,579 and \$897,971 as of December 31, 2025 and 2024 respectively, which covers risks of theft, fire, lightning, explosion, tremor, strikes, riots and others.

At the end of each reporting period, the Group assesses whether there is any indication of impairment of any asset, if there is such an indication, the recoverable amount of the asset is estimated.

To assess whether there is any indication that the value of an asset may have been impaired, the following factors are considered:

External sources of information:

- a. There are observable indications that the value of the asset has declined significantly more over the period 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 impact on the entity, referring 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 that are likely to affect the discount rate used to calculate the value in use of the asset, 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 is available on the obsolescence or physical impairment of an asset.
- b. Significant changes in the scope or way the asset is used or expected to be used during the period have taken place or are expected to take place in the immediate future, which will adversely affect the entity.
- c. Evidence is available from internal reports, which indicates that the economic performance of the asset is, or will be, worse than expected.

b) Property and Equipment Given in Operating Lease

The following is the breakdown of the balance as of December 31, 2025 and 2024 by type of property and equipment given in operating lease:

December 31, 2025	Cost	Accumulated depreciation	Loss due to impairment	Book Amount
Computer equipment	\$ 42.356	(29.648)	(61)	12.647
Vehicles	36.109	(11.895)	-	24.214
Mobilization Equipment and Machinery	23.242	(9.665)	-	13.577
Total	\$ 101.707	(51.208)	(61)	50.438

December 31, 2024	Cost	Accumulated depreciation	Loss due to impairment	Book Amount
Computer equipment	\$ 42.980	(26.431)	(53)	16.496
Vehicles	31.256	(10.077)	-	21.179
Mobilization Equipment and Machinery	24.108	(8.000)	-	16.108
Total	\$ 98.344	(44.508)	(53)	53.783

The following is the summary of the minimum lease fees to be received by the Parent Company in the coming terms on goods delivered under operating lease as of December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Not older than one year	\$ 19.189	19.580
Older than one year and less than five years old	22.260	26.966
Total	\$ 41.449	46.546

During the years ended December 31, 2025 and 2024, no income was recorded in the results of the period from contingent royalties received on goods delivered under operating lease.

In operating lease operations, the Parent Company as lessor delivers goods to the lessee for use for a set period in exchange for a fee. Once the lease term ends, the lessee may purchase the asset at its commercial value, extend the lease, or return the asset. In most contracts, the fee is calculated taking the DTF or IBR as a reference, adding or subtracting some nominal points, and for extensions, fixed fees are established. VAT, insurance, maintenance and any charges on the asset are borne by the lessee. The returned assets are relocated or marketed by the Parent Company.

c) Investment Properties

The following is the breakdown of the balance as of December 31, 2025 and 2024, by type of investment properties for the Group:



Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



Investment Properties	Cost	Fair value adjustments	Book Amount
Land	\$ 79.029	52.384	131.413
Buildings	89.346	15.713	105.059
Balance as of December 31, 2025	\$ 168.375	68.097	236.472

Investment Properties	Cost	Fair value adjustments	Book Amount
Land	\$ 75.021	11.757	86.778
Buildings	91.650	38.443	130.093
Balance as of December 31, 2024	\$ 166.671	50.200	216.871

The following amounts have been recognized in the Statement of Income from the management of the investment properties during the years ended December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Rental income	4.360	3.073
Direct operating expenses arising from properties of investments that generate rental income	\$ (6.584)	(479)
Direct operating expenses arising from investment properties that do not generate rental income	(457)	(4590)
Net	\$ (2.681)	(1.996)

The investment properties of the Parent and subsidiaries are valued annually at fair value based on market values determined by qualified independent surveyors who have sufficient experience in the valuation of similar properties. The important methods and assumptions used in determining fair value in accordance with IFRS 13 were as follows:

- **Market Comparison Method**

It is the devaluation technique that seeks to establish the commercial value of the asset, based on the study of recent offers or transactions, of assets similar and comparable to that of the object of the appraisal. Such offers or transactions must be classified, analyzed and interpreted to arrive at the estimate of the commercial value.

- **Sales Comparison Approach**

The sales comparison approach allows you to determine the value of the property being appraised in comparison with other similar properties that are being traded 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 an estimate of value using processes that include comparison. In general, an asset whose value (the asset being valued) is compared to sales of similar goods that have been traded on the open market. Advertisements and offers may also be considered.

To date, the Parent Company has no restrictions on the collection of rental income or the realization of assets classified as Investment property.

d) Assets by rights of use

The following is the breakdown of the balance as of December 31, 2025 and 2024 of the right of use by type of property and equipment:



Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



Rights of use	Cost	Accumulated depreciation	Book Amount
Buildings	\$ 437.106	(219.163)	217.943
Office Equipment, Appliances & Accessories	120	(100)	20
Computer equipment	100.644	(73.113)	27.531
Vehicles	2.239	(794)	1.445
Balance as of December 31, 2025	\$ 540.109	(293.170)	246.939

Rights of use	Cost	Accumulated depreciation	Book Amount
Buildings	\$ 413.058	(170.718)	242.340
Office Equipment, Appliances & Accessories	120	(76)	44
Computer equipment	88.818	(57.530)	31.288
Vehicles	2.978	(2.328)	650
Balance as of December 31, 2024	\$ 504.974	(230.652)	274.322

Note 15. – Intangible assets, net

The following is the movement of the intangible asset accounts for the years ended December 31, 2025 and 2024:

	December 31, 2025		
	Capital gains	Other Intangibles	Total intangible assets
Cost:			
Balance as of December 31, 2024	\$ 22.724	969.894	992.618
Additions / Purchases (net)	-	181.133	181.133
Withdrawals / Sales (net)	-	(16.069)	(16.069)
Foreign Exchange Difference	-	52	52
Balance as of December 31, 2025	22.724	1.135.010	1.157.734
Balance as of December 31, 2023	22.724	827.895	850.619
Additions / Purchases (net)	-	142.238	142.238
Withdrawals / Sales (net)	-	(129)	(129)
Foreign Exchange Difference	-	(110)	(110)
Balance as of December 31, 2024	\$ 22.724	969.894	992.618
Accumulated Amortization:			
Balance as of December 31, 2024	\$ -	335.533	335.533
Depreciation of the year against profit or loss	-	107.102	107.102
Withdrawals / Sales (net)	-	(16.069)	(16.069)
Foreign Exchange Difference	-	228	228
Balance as of December 31, 2025	\$ -	426.794	426.794
Balance as of December 31, 2023	\$ -	250.268	250.268
Depreciation of the year against profit or loss	-	85.548	85.548
Foreign Exchange Difference	-	(283)	(283)
Balance as of December 31, 2024	\$ -	335.533	335.533
Intangible Assets, net:			
Balance as of December 31, 2024	\$ 22.724	634.361	657.085
Balance as of December 31, 2025	\$ 22.724	708.216	730.940

Parent Company and subsidiaries Fiduciaria de Occidente S.A. and Ventas y servicios S.A. – NEXA BPO do not present an impairment loss on these intangibles.





Capital gains

The capital gain recorded originated in the merger process of the Parent Company with Banco Unión. For the purposes of its evaluation, the goodwill has been assigned to the Parent Company as a single cash-generating unit.

The 2025 technical valuation study of the capital gain arising from the acquisition of Banco Unión was prepared with technical support from the firm PricewaterhouseCoopers Asesores Gerenciales S.A.S. The appraisal of the goodwill recorded by the Parent Company as of December 2025 concluded that the goodwill assigned to the Cash Generating Unit is not impaired and presents an excess of \$480,333 in value in use (2024: \$495,429) with respect to the carrying amount.

The recoverable amount of the cash-generating unit was determined based on use value calculations. Those calculations used management-approved cash flow projections covering five-year, threemonth periods.

The following are the main macroeconomic assumptions used in the 2025 valuation:

Index	Macroeconomic Information					
	2025	2026	2027	2028	2029	2030
Gross Domestic Product (Real GDP)	2,4%	2,6%	2,8%	2,8%	2,8%	2,8%
CPI Colombia	4,1%	3,1%	3,0%	3,0%	3,0%	3,0%
US CPI	2,9%	2,3%	2,4%	2,2%	2,2%	2,2%
IBR	9,1%	7,9%	7,3%	7,3%	7,3%	7,3%
Income Tax Rate	35,0%	35,0%	35,0%	35,0%	35,0%	35,0%
Financial Sector Surcharge	5,0%	5,0%	5,0%	0,0%	0,0%	0,0%

In accordance with IAS 36, the 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 that are expected to arise from future restructurings 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.

Approach to Income

The methodology of future dividend flows 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. of operating funds (costs, expenses, taxes, working capital) and the payment of the cost of debt. This analysis requires the projection of the flows generated during a given period to later bring them to present value discounting them at an appropriate rate for said operation, also considering a terminal value.

Discount rate

The discount rate must consider the value of money over time, inflation and the risk inherent in the transaction that is taking place.

To define the discount rate, the concept of cost of equity is used as a frame of reference, based on the CAPM (Capital Asset Pricing Model). This is defined according to a risk-free rate, considering a series of additional premiums such as the market risk premium, which can increase or decrease depending on the behavior of the asset whose valuation is going to be advanced against the market (Beta coefficient).



In the construction of the discount rate used in the valuation of the business for the year 2025, the following aspects were considered:

- a) Risk-free rate (R_f): The U.S. Treasury rate with a term of 10 years was taken as the risk-free rate. $R_f = 4,2\%$. Source: US Treasury Department.
- b) Country risk (R_c): Colombia's EMBI was used, which indicates the difference of return between U.S. bonds and Colombian bonds. $R_c = 2,6\%$. Source: EMBI.
- c) Market risk premium (R_p): Extra return that the stock market has provided historically on the risk-free rate as compensation because of the risk market. $R_p = 6\%$. Source: PwC Research.
- d) Premium by Size (R_t): Result 0,0%.
- e) Beta (β): As a beta coefficient it was applied from data from comparable companies, resulting in 1,03. Source: S&P Global – Capitaliq.
- f) Implicit Devaluation (R_i): For the calculation of the implicit devaluation, the following are considered long-term inflation in the United States and Colombia to express the effect of the devaluation of the Colombian peso against the dollar. Source: Oxford Economics – EMI.
- g) Cost of Equity COP (K_e): According to the methodology used, a nominal discount rate of 15,3% in Colombian pesos was estimated.

Considering the above premises, the discount rate obtained is as follows:

Variable	Rate
Beta of leveraged equity	1,03
Market Risk Premium	6,0%
Risk-Free Rate	4,2%
Country risk	2,6%
Cost of Equity (USD)	13,0%
Long-term inflation Colombia	4,9%
Long-term inflation in the US	2,8%
Inflation differential	2,0%
Cost of Equity (COP)	15,3%

Nota: Extracted from page 9 of the Goodwill Report 2025, prepared by PricewaterhouseCoopers Asesores Gerenciales S.A.S.

Sensitivity Analysis.

The sensitivity analysis shows the results of Banco Unión's Value in Use (9,8% of Banco de Occidente's valuation). The central value has a spread of 0% for both the K_e and the gradient, this value corresponds to the base scenario, which coincides with the Value in Use of Banco Unión (\$1,043,819).

The values to the right and above the base value will be lower, considering that the discount rate is increasing and the growth gradient in perpetuity is decreasing, with the value in the upper right corner being the most conservative scenario. Conversely, values that are down and to the left of the base value will be higher, taking into account 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, there is no evidence of impairment scenarios since no value is lower than the book value of \$563.486.

		Spread on Ke				
		-1,00%	-0,50%	0,00%	0,50%	1,00%
Spread relative to the growth rate (g)	-1,0%	830.054	771.663	720.343	674.897	634.384
	-0,5%	1.005.035	919.645	846.789	783.914	729.117
	0,0%	1.300.022	1.158.707	1.043.819	948.606	868.436
	0,5%	1.449.111	1.274.829	1.136.444	1.023.933	930.687
	1,0%	1.642.384	1.420.924	1.250.244	1.114.714	1.004.520

December 31, 2025				
UGE	Capital gains	Book value	Recoverable Amount	Excess
Union Bank	\$ 22.724	563.486	1.043.819	480.333

December 31, 2024				
UGE	Capital gains	Book value	Recoverable Amount	Excess
Union Bank	22.724	536.157	1.031.585	495.428

Note: Extracted from page 6 of the GoodWill 2025 Report 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, 2025 and 2024:

As of December 31, 2025	Cost	Accumulated Amortization	Book Value
Licenses	\$ 7.546	3.783	3.763
Computer programs and applications	1.127.464	423.011	704.453
Total	\$ 1.135.010	426.794	708.216

As of December 31, 2024	Cost	Accumulated Amortization	Book Value
Licenses	\$ 13.507	10.519	2.988
Computer programs and applications	956.388	325.015	631.373
Total	\$ 969.895	335.534	634.361





Note 16. – Income tax

In development of the exceptional powers provided for in Article 215 of the Political Constitution, the national government issued Decree 1390 of December 22, 2025, by which it declared a State of Economic and Social Emergency throughout the national territory. In the exercise of these powers, the Government issued Legislative Decree 1474 of December 29, 2025, through which it adopted various tax measures aimed at addressing the economic emergency previously decreed. However, within the framework of the automatic control of constitutionality, the Constitutional Court, by decision of January 29, 2026, provisionally suspended the effects of Decree 1390 by identifying a violation of the constitutional requirements for the declaration of a state of emergency, also leaving the tax measures of Decree 1474 without legal force due to their subordinate nature to the parent decree. As a result of this suspension, during the reported period, the deferred tax was not recalculated by applying the 50% rate provided for financial institutions, but the entities applied the general rate of 40%, as the extraordinary surcharge contained in the suspended regulation was not in force.

a. Components of income tax expenditure

Income tax expense for the years ended December 31, 2025 and 2024 comprises the following:

	December 31, 2025	December 31, 2024
Current Period Income Tax	\$ 21.463	55.482
Income surcharge	1.523	2.012
Current Period Tax Subtotal	22.986	57.494
Adjustment from previous periods	(6.455)	(17.251)
Net deferred taxes for the period	(9.903)	(1.405)
Prior Period Deferred Tax Adjustment	2.124	13.338
Deferred tax subtotal	(7.779)	11.933
Total	\$ 8.752	52.176

In compliance with the provisions of paragraph 6 of article 240 of the Tax Statute, the calculation of the Group's Purified Tax Rate (TTDG) was carried out, whose result from the consolidated of the AVAL Group 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 according to the tax provisions and the effective rate

The current tax provisions applicable to the Group stipulate:

In Colombia:

- The income tax rate for the years 2025 and 2024 is 35%
- For financial institutions, there is a surcharge of an additional 5 points of the general income rate during the taxable period 2026 and 2027, with the total rate being 40% if you have a taxable income equal to or greater than 120,000 UVT (\$5,976 in 2025).



In Barbados:

Occidental Bank (Barbados) Ltda was incorporated under the laws of Barbados on 16 May 1991 and is licensed to conduct banking and trust business from and within Barbados. The Bank's registered office is located at Chelsea House, Chelsea Road, St. Michael, Barbados.

As of May 2024, the tax rate for businesses is 9%. It also implemented the minimum domestic rate of 15% for Multinationals with consolidated revenues above €750 million.

According to current tax regulations, corporate income tax returns may be subject to review by the tax authorities for the past nine years.

In Panama:

Banco de Occidente (Panama) S.A. is an entity organized and constituted in accordance with the laws of the Republic of Panama and began operations on June 30, 1982, under the International License, granted by the Superintendence of Banks of the Republic of Panama, through Resolution No. 9-82 of March 16, 1982.

Banking operations in the Republic of Panama are regulated and supervised by the Superintendency of Banks of Panama (hereinafter, "the Superintendence"), in accordance with the legislation established by Executive Decree No. 52 of April 30, 2008, which adopts the single text of Decree Law 9 of February 26, 1998, amended by Decree Law 2 of February 22, 2008, which establishes the banking regime of the Republic of Panama and creates the Superintendence and the rules that govern it. The Bank is also subject to the regulations and supervision of the Financial Superintendence of Colombia, the home supervisor.

The Bank exercises the business of Casa de Valores through a license that was granted by Resolution No. 435-2024 of December 31, 2024 of the Superintendence of the Securities Market of Panama.

In accordance with Panamanian tax laws, the Bank is not subject to the payment of income tax on profits because it exclusively directs, from an office established in Panama, transactions that are perfected, consumed and have their effects abroad and, consequently, most of its income is from foreign sources. In addition, income from interest on time deposits in banks operating in Panama is exempt from paying income tax.

In accordance with paragraph 81 (C) of IAS 12, the following is the detail of the reconciliation between the Group's total income tax expense calculated at current tax rates and the tax expense (income) actually recorded in profit or loss for the years ended December 31, 2025 and 2024:

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



	December 31, 2025	December 31, 2024
Profit before income tax	\$ 590.890	533.223
Total Tax Rate	40%	40%
Theoretical tax expense calculated according to the current tax rates	236.356	213.289
Non-deductible expenses	25.674	27.062
Dividends received that do not constitute income	(2.903)	(2.555)
Income from the equity method not constituting income	(100.352)	(92.275)
Interest and other untaxed income	(1.085)	(1.012)
Income tax exempt	(948)	(1.348)
Tax benefit on the acquisition of productive assets	(60.067)	(37.904)
Tax Credits	(18.924)	607
Profits of subsidiaries in tax-free countries	(26.637)	(25.205)
Tariff difference in profits of subsidiaries with different tax rates	(6.577)	(7.906)
Effect on the application of different rates for the determination of deferred tax	(20.137)	(9.168)
Adjustment from previous periods	(6.455)	(17.251)
Prior Period Deferred Tax Adjustment	2.124	13.338
Other concepts	(11.317)	(7.496)
Total tax expense for the period	\$ 8.752	52.176

c. Tax uncertainties

As of December 31, 2025 and 2024, the Group does not present tax uncertainties that would generate a provision for this concept, considering that the income and complementary tax process is regulated under the current tax framework. Therefore, there are no risks that could imply an additional tax obligation.

d. Deferred tax on subsidiaries, associates and joint ventures

During the years ended December 31, 2025 and 2024, the Parent Company did not record deferred tax liabilities with respect to temporary differences in investments in subsidiaries and associates, as a result of the application of the exception provided for in paragraph 39 of IAS 12, taking into account that the requirements established in said Standard are met. because the Parent and subsidiaries have control over the reversal of such temporary differences, and Management believes that it is likely that they will not be reversed in the foreseeable future.

The temporary differences for the concepts indicated as of December 31, 2025 and 2024, amount to \$1,291,119 and \$1,105,166, respectively.

e. Deferred tax by type of temporary difference

The differences between the carrying amount of assets and liabilities and their tax bases give rise to the following temporary differences that generate deferred taxes, calculated and recorded in the years ended December 31, 2025 and 2024 based on the tax rates currently in force for the years in which such temporary differences will be reversed.

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



December 31, 2025

	Balance January 1, 2025	Credited (uploaded) to results	Credited (uploaded) to ORI	Change in Financial Statement Conversion	December 31, 2025
Deferred tax assets					
Fixed income investment valuation	\$ 115.832	76.152	40.158	(25)	232.117
Fixed Income Impairment	259	669	(639)	-	298
Derivatives valuation	66.178	(66.178)	-	-	-
Impairment of Accounts Receivable	789	200	-	-	989
Property, Plant & Equipment	5.421	5	-	-	5.426
Depreciation of Property, Plant and Equipment	151	36	-	-	187
Impairment of Property, Plant and Equipment	61	(4)	-	-	57
Tax losses	123.876	164.089	-	-	287.965
Non-deductible provisions	243	(23)	-	-	220
Employee Benefits	10.785	1.801	67	-	12.653
Financial leasing agreements	62.004	80.361	-	-	142.365
Customer Loyalty Program	341	76	-	-	417
Difference in exchange of financial liabilities	48.253	20.956	(35.354)	-	33.855
Others	5.995	20.934	-	-	26.929
Subtotal (1)	440.188	299.074	4.241	(25)	743.478
Deferred tax liabilities					
Fixed income investment valuation	(595)	172	423	-	-
Investments in Associates and Joint Ventures	(89)	89	-	-	-
Investments in Equity Instruments	(24.479)	1.779	(862)	-	(23.562)
Derivatives valuation	-	(155.328)	-	-	(155.328)
Credit portfolio	(232.278)	56.036	-	-	(176.242)
Impairment of the Loan Portfolio	-	(82.223)	-	-	(82.223)
Property, Plant & Equipment	(57.549)	(3.466)	4	-	(61.011)
Depreciation of Property, Plant and Equipment	(5.338)	37	-	-	(5.301)
Rights of Use	(7.250)	(83.686)	-	-	(90.936)
Intangible Assets	(39.636)	(13.389)	-	-	(53.025)
Goodwill	(7.953)	-	-	-	(7.953)
Financial leasing agreements	(5.873)	(2.227)	-	-	(8.100)
Others	(11.544)	(9.089)	-	-	(20.633)
Subtotal (2)	(392.584)	(291.295)	(435)	-	(684.314)
Total	\$ 47.604	7.779	3.806	(25)	59.164



Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



December 31, 2024

	Balance January 1, 2024	Credited (uploaded) to results	Credited (uploaded) to ORI	Change in Financial Statement Conversion	December 31, 2024
Active tax-deferred					
Fixed income investment valuation	2.427	98.893	14.512	-	115.832
Fixed Income Impairment	-	259	-	-	259
Derivatives valuation	51.243	14.935	-	-	66.178
Impairment of Accounts Receivable	1	788	-	-	789
Impairment of the Loan Portfolio	25	(25)	-	-	-
Property, Plant & Equipment	5.254	167	-	-	5.421
Depreciation of Property, Plant and Equipment	45	93	-	13	151
Impairment of Property, Plant and Equipment	27	34	-	-	61
Tax losses	164.767	(40.891)	-	-	123.876
Non-deductible passive provisions	76	167	-	-	243
Employee Benefits	9.282	2.510	(1.007)	-	10.785
Financial leasing agreements	64.935	(2.931)	-	-	62.004
Customer Loyalty Program	291	50	-	-	341
Difference in exchange of financial liabilities	58.234	(35.383)	25.402	-	48.253
Others	47.396	(41.401)	-	-	5.995
Subtotal (1)	404.003	(2.735)	38.907	13	440.188
Passive deferred taxes					
Fixed income investment valuation	-	(1.226)	631	-	(595)
Investments in subsidiaries	(1.770)	1.770	-	-	-
Investments in Associates and Joint Ventures	-	(89)	-	-	(89)
Investments in Equity Instruments	(17.599)	(1.780)	(5.100)	-	(24.479)
Credit portfolio	(238.047)	5.769	-	-	(232.278)
Property, Plant & Equipment	(35.043)	(22.581)	75	-	(57.549)
Depreciation of Property, Plant and Equipment	(5.147)	(191)	-	-	(5.338)
Rights of Use	(6.229)	(1.021)	-	-	(7.250)
Intangible Assets	(46.747)	7.111	-	-	(39.636)
Employee Benefits	(15)	15	-	-	-
Goodwill	(7.953)	-	-	-	(7.953)
Financial leasing agreements	(5.120)	(753)	-	-	(5.873)
Others	(15.322)	3.778	-	-	(11.544)
Subtotal (2)	(378.992)	(9.198)	(4.394)	-	(392.584)
Total	25.011	(11.933)	34.513	13	47.604

The following is the analysis of deferred and current tax assets and liabilities as of December 31, 2025 and 2024:

Deferred tax balances:

December 31, 2025	Gross amounts of Tax Deferred	Reclassifications of Compensation	Balances in statement of Financial situation
Deferred Income tax asset	\$ 743.478	(684.314)	59.164
Deferred Income tax liability	(684.314)	684.314	-
Net	50.164	-	59.164
December 31, 2024	Gross amounts of Tax Deferred	Reclassifications of Compensation	Balances in statement of Financial situation
Deferred Income tax asset	440.188	(392.584)	47.604
Deferred Income tax liability	(392.584)	392.584	-
Net	47.604	-	47.604



Current tax balances:

December 31, 2025	Gross Current Tax Amounts	Compensation Reclassifications	Balances in statements of financial position
Current income tax assets	\$ 703.241	(10.461)	692.780
Current income tax liability	(12.597)	10.461	(2.136)
Net	\$ 690.644	-	690.644

December 31, 2024	Gross Current Tax Amounts	Compensation Reclassifications	Balances in statements of financial position
Current Income Tax Asset \$	\$ 595.728	(17.926)	577.802
Current income tax liability	(17.926)	17.926	-
Net	\$ 577.802	-	577.802

f. Effect of current and deferred taxes on each component of the other comprehensive income statement in equity

The effects of current and deferred taxes on each component of the other comprehensive income account are detailed below, for the years ended December 31, 2025 and 2024:

	Year ended in December 31, 2025				Year ended in December 31, 2024		
	Amount Before Tax	Current Tax Expense (Income)	Deferred tax expense (income)	Net	Amount Before Tax	Deferred tax expense (income)	Net
Items that may subsequently be reclassified to results							
Exchange Difference in Net Foreign Investment - Hedged Share	(84.487)	-	-	(84.487)	63.506	-	63.506
Net investment hedging abroad - Instrument of Non-Derivative Coverage	84.487	-	(35.354)	49.133	(63.506)	25.402	(38.104)
Diff. On the other hand, foreign operations	(14.810)	-	-	(14.810)	15.084	-	15.084
Participation in ORI of investments in associated companies and joint ventures	3.067	-	-	3.067	14.493	-	14.493
Net Unrealized Gain/Loss on debt securities	(56.146)	-	40.581	(15.565)	(67.739)	15.661	(52.078)
Impairment Net Unrealized Gain/Loss on debt securities	2.312	-	(629)	1.683	1.457	(518)	939
Subtotals	(65.577)	-	4.598	(60.979)	(36.705)	40.545	3.840
Items that will not be reclassified to results							
Effect of Moving Own-Use Properties to Investment Properties	-	-	4	4	(199)	75	(124)
Net unrealized loss on equity investments	4.015	-	(863)	3.152	34.857	(5.100)	29.757
Actuarial gain on employee retirement plans	57	(128)	67	(4)	2.517	(1.007)	1.510
Subtotals	4.072	(128)	(792)	3.152	37.175	(6.032)	31.143
Total other comprehensive results during the period	(61.505)	(128)	3.806	(57.827)	470	34.513	34.983

g. Transfer pricing

Taxpayers of income tax and complementary taxes who have entered into transactions with foreign parties are obliged to determine for income tax and complementary tax purposes their ordinary and extraordinary income, their costs and deductions, and their assets and liabilities, considering for these operations the prices or profit margins that would be agreed upon by independent third parties (principle at market values). To date, the management of the Parent Company and subsidiaries and their advisors have not yet concluded the study corresponding to the year 2025. However, they consider that based on the results of the study corresponding to the year 2024, no additional income tax provisions will be required derived from the analysis of transfer prices, which affect the results of the period.



As of 2017, as expressed in Article 260-5 of the Tax Code, the country-by-country report must be submitted as supporting documentation, which will contain 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, the Parent Company and subsidiaries do not meet the requirements for its presentation. therefore, it will be presented by the controlling company Grupo Aval Acciones y Valores S.A.

h. Performing Active Deferred Taxes

In future periods, it is expected to continue to generate taxable net income against which to recover the values recognized as deferred tax assets. The estimation of future fiscal results is fundamentally based 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, originated in tax losses to be offset in future tax results.

Note 17. – Customer deposits

The following is a breakdown of the deposit balances received from the Group's customers in the course of its deposit-taking operations:

Description		December 31, 2025	December 31, 2024
In sight	\$		
Checking accounts		7.606.030	7.389.155
Savings Accounts		31.112.717	28.221.791
Other demand funds		72.267	65.375
		38.791.014	35.676.321
Term			
Certificates of Deposit		20.416.158	17.917.502
Total Deposits	\$	59.207.172	53.593.823
By Currency			
In Colombian pesos	\$	53.758.324	48.086.748
In US dollars		5.440.286	5.481.920
Other currencies		8.562	25.155
Total by Currency	\$	59.207.172	53.593.823

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



Below is a breakdown of the maturity of the term certificates of deposits in force as of December 31, 2025:

	December 31, 2025	
Year		Value
2025	\$	13.696.209
2026		6.029.884
2027		588.835
2028		9.716
2029		41.618
After 2029		49.896
Total	\$	20.416.158

Below is a summary of the effective interest rates that are caused on customer deposits:

	December 31, 2025				December 31, 2024			
	Deposits in Colombian pesos		Deposits in dollars		Deposits in Colombian pesos		Deposits in dollars	
	Minimum rate %	Minimum rate %	Minimum rate %	Minimum rate %	Minimum rate %	Minimum rate %	Minimum rate %	Minimum rate %
Checking accounts	0,00%	9,00%	0,00%	4,08%	0,00%	9,40%	0,01%	4,08%
Savings account	0,00%	9,80%	0,35%	1,50%	0,00%	10,30%	0,35%	2,75%
Certificates of Deposit	0,05%	17,40%	0,50%	8,05%	0,05%	17,50%	1,00%	7,25%

Frequency of Interest Settlement: For Certificates of Deposit, the frequency of payment of interest corresponds to what was agreed with each customer within their title; for savings accounts, these frequencies are for daily settlement.

The following is the breakdown of the concentration of deposits received from customers by economic sector:

Sector	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Government or Colombian Government Entities ⁽¹⁾	\$ 9.213.108	15,56%	8.402.155	15,68%
Manufacturing	892.857	1,51%	993.113	1,85%
Real Estate	710.786	1,20%	614.687	1,15%
Trade	6.409.854	10,83%	6.955.150	12,98%
Agriculture and livestock	194.796	0,33%	243.697	0,45%
Individuals	5.462.523	9,23%	4.705.478	8,78%
Others ⁽²⁾	36.350.198	61,39%	31.694.594	59,14%
Eliminations	(26.950)	-0,05%	(15.051)	-0,03%
Total	\$ 59.207.172	100%	53.593.823	100%

(1) The Government includes sectors O and U (according to ISIC classification) corresponding to public administration and defence and compulsory social security schemes and activities of offshore organisations and bodies respectively.

(2) The most representative item included in this category corresponds to financial and insurance activities (sector K), which for the cut-off of December 31, 2025 presented a total balance of \$18,696,954. million, representing 63% of the total of the category. (As of December 31, 2024, it presented a total balance of \$19,700,240, representing 67.91% of the total for the category).

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



As of December 31, 2025, there were 14,461 customers with balances of more than \$250 million for a total value of \$48,227,948 million. (As of December 31, 2024, there were 13,949 customers with balances greater than \$250 for a total value of \$45,570,707 million).

For customer deposits, the expense caused in results by interest on savings accounts, term deposit certificates and current accounts for the years ended December 31, 2025 and 2024 are \$3,473,367 and \$4,026,935, respectively.

Note 18. – Financial Obligations

18.1. Financial obligations

The following is the summary of the financial obligations obtained by the Parent Company and its subsidiaries as of December 31, 2025 and 2024, with the fundamental purpose of financing its operations mainly international trade:

	December 31, 2025		December 31, 2024	
	Current	Non- current	Current	Non- current
Colombian Local Currency				
Interbank funds and overnight				
Banks and correspondents	\$ 30	-	40	-
Ordinary purchased interbank funds	275.743	-	223.784	-
Repo transfer commitments	4.507.277	-	3.805.016	-
Repo transactions	5.413.888	-	4.138.758	-
Securities lending transactions	32	-	2	-
Short position commitments	2.082.069	-	469.074	-
Total Interbank funds and overnight	12.279.039	-	8.636.674	-
Bank Loans				
Loans	968	2.021	2.766	-
Total bank loans	968	2.021	2.766	-
Lease agreements				
Lease liabilities	-	365.876	-	405.320
Total lease agreements	-	365.876	-	405.320
Total liabilities local currency	12.280.007	367.897	8.639.440	405.320
Foreign Currency				
Interbank funds and overnight				
Banks and correspondents	2.746	-	-	-
Total Interbank funds and overnight	2.746	-	-	-
Bank Loans				
Credits	3.064.364	376.972	3.589.436	442.435
Letters of Credit	5.647	-	2.461	-
Acceptances	8.768	-	37.202	-
Total bank loans	3.078.779	376.972	3.629.099	442.435
Lease agreements				
Lease liabilities	286	-	965	-
Total Lease agreements	286	-	965	-
Total liabilities foreign currency	3.081.811	376.972	3.630.064	442.435
Total financial liabilities	\$ 15.361.818	744.869	12.269.504	847.755



As of December 31, 2025, the short-term financial obligations corresponding to simultaneous operations and repos for \$12,003,266 were secured with investments of \$11,114,198 and as of December 31, 2024 for \$8,412,850 guaranteed with investments of \$9,480,666.

For bank loans and others, the expense caused in results by way of interest for the years ended December 31, 2025 and 2024 are \$232,508 and \$271,468, respectively.

Below is a summary of the effective interest rates that are caused on financial obligations, as of December 31, 2025 and 2024:

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>in foreign currency</u>		<u>in foreign currency</u>	
	<u>Minimum Rate</u>	<u>Maximum Rate</u>	<u>Minimum Rate</u>	<u>Maximum Rate</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Interbank Funds and Repo and Simultaneous Operations	-2,00	13,25	-0,19	10,50
Correspondent Banks	0,00	0,00	0,02	0,15
	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>in foreign currency</u>		<u>in foreign currency</u>	
	<u>Minimum Rate</u>	<u>Maximum Rate</u>	<u>Minimum Rate</u>	<u>Maximum Rate</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Interbank Funds and Repo and Simultaneous Operations	0,00	0,00	0,00	0,00
Correspondent Banks	2,00	7,12	0,00	0,08

For short-term financial obligations, the expense incurred in profit or loss for interest in money market transactions such as interbank funds, transfer commitments in repo and simultaneous transactions and other interest for the years ended December 31, 2025 and 2024 are \$764,707 and \$559,139, respectively.

18.2. Bonds and investment securities

The Parent Company is authorized by the Financial Superintendence of Colombia to issue or place Bonds or general guarantee bonds. All bond issuances by the Parent Company have been issued without guarantees and exclusively represent the obligations of each of the issuers.

The following is the detail of the liabilities as of December 31, 2025 and 2024, by issue date and maturity date in legal currency and foreign currency:



Local Currency

Issuer	Issue Date	December 31, 2025	December 31, 2024	Expiration Date	Interest Rate
Ordinary Bonds Banco de Occidente	Between 09/08/2012 and 20/08/2020	\$ 1.170.788	1.171.045	Between 20/08/2026 and 14/12/2032	Between CPI + 2.37% and 4.65%
Subordinated bonds Banco de Occidente	10/06/16	249.131	707.361	10/06/26	CPI + 4.60%
Total		\$ 1.419.919	1.878.406		

Foreign Currency ⁽¹⁾

Issuer	Issue Date	December 31, 2025	December 31, 2024	Expiration Date	Interest Rate
Reg S Subordinated Bonds	13/05/24	677.521	791.791	13/08/34	Fixed 10.875%
Total		\$ 677.521	791.791		

⁽¹⁾The foreign currency is US Dollar (USD)

The future maturities as of December 31, 2025 of the outstanding investment securities in long-term debt are:

Year	December 31, 2025 Value
2025	\$ 13.899
2026	349.960
Beyond 2027	1.733.581
Total	\$ 2.097.440

For long-term financial obligations for the issuance of Bonds, the interest accrued in results for the years ended December 31, 2025 and 2024 were \$226,332 and \$276,866, 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 several government entities such as Banco de Comercio Exterior ("BANCOLDEX"). Fund for the Financing of the Agricultural Sector ("FINAGRO") and Territorial Development Finance ("FINDETER").

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



The following is a breakdown of the loans obtained by the Parent Company from these entities as of December 31, 2025 and 2024:

	Interest rates in force at cut-off	December 31, 2025	December 31, 2024
Legal Currency			
Foreign Trade Bank - "BANCOLDEX"	Between DTF 0% and 3.60%; IBR 0% and 6.10%; Fixed 2.96% and 20.963%; SOFR 180	\$ 56.534	122.974
Fund for the Financing of the Agricultural Sector - "FINAGRO"	Between DTF 0% and 1%; IBR 0% Fixed 0.11% and 15.69%	198.662	133.979
Territorial Development Finance Company "FINDETER"	Between DTF 1.90% and 3%; IBR 0% AND 0.90%; Fixed 9.47% and 19.57%	715.594	802.209
Total legal currency		970.790	1.059.162
Foreign Currency			
Foreign Trade Bank - "BANCOLDEX"	SOFR 180	\$ 90.793	3.020
Total foreign currency		\$ 90.793	3.020
Total rediscount entities		\$ 1.061.583	1.062.182

The following is the detail of the maturities of the financial obligations with rediscount entities in force as of December 31, 2025:

Year	December 31, 2025 Value
2026	\$ 134.142
2027	84.839
Beyond 2028	842.602
Total	\$ 1.061.583

For financial obligations with rediscount entities and foreign banks, the interest accrued in results for the years ended December 31, 2025 and 2024 was \$90,454 and \$111,533, respectively.

The following is the summary of the balances that make up the total financial obligations as of December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Interbank and overnight funds	\$ 12.281.785	8.636.674
Loans from banks and others	3.824.902	4.480.586
Obligations with rediscount entities	1.061.583	1.062.182
Bonds and investment securities	2.097.440	2.670.197
Total financial obligations	\$ 19.265.710	16.849.639



Analysis of changes in movements in financing activities

A reconciliation of the movements of cash flow liabilities arising from financing activities for the years ended December 31, 2025 and 2024 is presented below:

	Dividends Payable	Loans from banks and rediscount entities	Financial Leasing	Bonds and investment securities	Total
Balance December 31, 2024	57.688	5.136.482	406.286	2.670.197	8.270.653
Cash Flows Financing Activities					
Dividends paid controlling interest	(173.739)	-	-	-	(173.739)
Dividends paid non-controlling interest	(69.060)	-	-	-	(69.060)
Payment of leases	-	-	(100.973)	-	(100.973)
Outstanding Bond Payments	-	-	-	(450.000)	(450.000)
Bond issuance	-	-	-	-	-
Acquisition of financial obligations	-	10.335.278	-	-	10.335.278
Payment of financial obligations	-	(11.012.890)	-	-	(11.012.890)
Cash used in financing activities	(185.111)	4.458.870	305.313	2.220.197	6.799.269
Cash Flows Operating Activities					
Interest Earned	-	291.294	31.668	226.332	549.294
Interest paid	-	(303.710)	(28.714)	(230.824)	(563.248)
Other Changes (*)	251.262	73.868	57.895	(118.264)	264.761
Balance December 31, 2025	66.151	4.520.322	366.162	2.097.441	7.050.076
Balance December 31, 2023					
	67.047	3.864.935	409.211	2.171.345	6.512.538
Cash Flows Financing Activities					
Dividends paid controlling interest	(162.024)	-	-	-	(162.024)
Dividends paid non-controlling interest	(63.019)	-	-	-	(63.019)
Payment of leases	-	-	(84.915)	-	(84.915)
Outstanding Bond Payments	-	-	-	(277.490)	(277.490)
Bond issuance	-	-	-	660.058	660.058
Acquisition of financial obligations	-	9.479.692	-	-	9.479.692
Payment of financial obligations	-	(8.646.686)	-	-	(8.646.686)
Cash used in financing activities	(157.996)	4.697.941	324.296	2.553.913	7.418.154
Cash Flows Operating Activities					
Interest Earned	-	346.795	36.207	276.866	659.868
Interest paid	-	(352.409)	(36.204)	(258.908)	(647.521)
Other Changes (*)	215.684	444.155	81.987	98.326	840.152
Balance December 31, 2024	57.688	5.136.482	406.286	2.670.197	8.270.653

(*) Other changes are made up of dividends decreed, exchange difference, non-derivative hedging and changes in lease agreements.

Note 19. – Provisions for employee benefits

In accordance with Colombian labor legislation and based on labor agreements and collective agreements that may be entered into in the Parent Company and its subsidiaries Fiduciaria de Occidente S.A. and Ventas y Servicios S.A. – NEXA BPO, are entitled to short-term benefits such as: salaries, vacations, legal and extralegal bonuses and severance and interest on severance pay. longterm benefits such as: extralegal bonuses and retirement benefits such as: severance payments



to employees who continue with a labor regime before Law 50 of 1990 and legal and extralegal retirement pensions.

In the case of the foreign subsidiaries Banco de Occidente Panamá S.A. and Occidental Bank (Barbados) Ltd., in accordance with the labor legislation of their country, they only have short-term benefits. For compensation of key management personnel, it includes salaries, non-cash benefits, and contributions to a post-employment defined benefit plan, see note 31.

The following is a breakdown of the provisions for employee benefits as of December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Short-term benefits	\$ 93.277	85.902
Post-employment benefits	4.167	4.641
Long-term benefits	6.116	5.946
Total Liabilities	\$ 103.560	96.489

a) Post-employment benefits

- In Colombia, retirement pensions when employees retire after reaching 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 values defined by law to have access to the pension at the time of the employee's retirement; however, some employees hired by the Parent Company before 1968 who met the requirements of age and years of service, the pensions are assumed directly by the Matrix.
- In accordance with IAS 19, the pension liability was updated, which resulted in a pension liability of \$2,836.
- 20 employees hired by the Parent Company before 1990 are entitled to receive on the date of their retirement at the will of the employee or the Parent Company a compensation that corresponds to the last month of salary multiplied by each year worked, as of December 31, 2025 the provision for this concept corresponds to \$1,331.
- In the Matrix there are employees who belong to previous labor regimes according to which their severance payments are assumed by the Parent Company at the time of their retirement (severance payments of employees of previous law), the new regimes involve this benefit in the defined contribution plans.

b) Benefits to long-term employees

- The Parent Company and its subsidiary Ventas y Servicios S.A. – NEXA BPO grants its employees long-term extralegal bonuses during their working life depending on the number of years of service, every five, ten, fifteen and twenty years, etc., calculated as days of salary (between 15 and 180 days) each payment. For the Matrix, as of 2021, only the Agreed officials continue in the plan, since the Non-Conventional ones were changed in the payment model.
- The Parent Company and its subsidiary Ventas y Servicios S.A. – NEXA BPO have recorded the liabilities corresponding to these benefits based on the actuarial calculations made under the same parameters of retirement benefits. Retirement benefits correspond to \$5,946 as of December 31, 2025.

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



The following is the movement of employee retirement benefits and long-term benefits for the years ended December 31, 2025 and 2024:

	Post-Employment Benefits		Long-Term Benefits	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Balance at the beginning of the period	\$ 4.641	\$ 5.167	\$ 5.946	\$ 6.159
Costs incurred during the period	36	57	491	455
Interest Costs	396	525	514	615
	<u>\$ 5.073</u>	<u>\$ 5.749</u>	<u>\$ 6.951</u>	<u>\$ 7.229</u>
(Gain)/losses due to changes in demographic assumptions	192	332	463	158
(Gain)/losses due to changes in financial assumptions	117	(19)	(24)	(20)
	<u>\$ 309</u>	<u>\$ 313</u>	<u>\$ 439</u>	<u>\$ 138</u>
Employee Payments	(1.215)	(1.421)	(1.274)	(1.421)
Balance at the end of the period	<u>\$ 4.167</u>	<u>\$ 4.641</u>	<u>\$ 6.116</u>	<u>\$ 5.946</u>

The variables used for the calculation of the projected obligation of the different retirement and longterm benefits of employees are shown below:

	Post-Employment Benefits		Long-Term Benefits	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Discount rate	10,82%	9,99%	10,46%	9,72%
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	9,62%	11,17%	9,62%	11,17%
Average plan length (in years)	4,33	4,52	2,94	3,18

The expected life of employees is calculated based on mortality tables published by the Financial Superintendence in Colombia, which have been constructed based on mortality experiences provided by the different insurance companies operating in Colombia.

The sensitivity analysis of the liabilities for retirement benefits to employees of the different financial and actuarial variables is as follows, keeping the other variables constant:

	-0.50 Points		+0.50 Points	
	Post Employment	Long Term	Post Employment	Long Term
As of December 2025				
Discount rate	\$ 92	86	\$ (88)	(94)
Salary growth rate	(60)	(127)	61	120
Pension growth rate	(86)	-	90	-

c) Expected future benefit payments

Expected future benefit payments, reflecting services on a case-by-case basis, are expected to be paid as follows:





Year	Post-employment benefits	Other benefits Long Term
2026	\$ 737	1.403
2027	767	1.453
2028	752	950
2029	703	763
2030	666	654
Years 2031 – 2035	2.068	2.238

The Parent Company will cover future cash flows from non-legal benefit payments and pension with its own resources.

As of December 31, 2025 and 2024, the number of post-employment and long-term benefit participants are as follows:

Benefit	2025	2024
Post-employment participants	39	563
Long-term participants	2.716	2.757

Note 20. – Provisions for legal contingencies and other provisions

The balances of statutory and other provisions as of December 31, 2025 and December 31, 2024 are described below:

	Legal provisions	Other Provisions	Total provisions
Balance as of December 31, 2024	\$ 2.916	59.364	62.280
Increase due to new provisions in the period	3.810	28.279	32.089
Increase in existing provisions in the period	1.030	247	1.277
Use of provisions	(5.095)	(1.494)	(6.589)
Amounts reversed for unused provisions	(176)	(21.154)	(21.330)
Conversion adjustments	-	(1)	(1)
Balance as of December 31, 2025	\$ 2.485	65.241	67.726
Balance as of December 31, 2023	\$ 2.488	61.680	64.168
Increase due to new provisions in the period	4.749	20.260	25.009
Increase in existing provisions in the period	88	1.499	1.587
Use of provisions	(4.397)	(1.864)	(6.261)
Amounts reversed for unused provisions	(12)	(22.212)	(22.224)
Conversion adjustments	-	1	1
Balance as of December 31, 2024	\$ 2.916	59.364	62.280

Other legal provisions

The Twelve (12) civil lawsuits filed against the Group derived from the development of their object, which mainly have to do with claims of clients who consider that (i) checks were improperly paid from their accounts or (ii) without their authorization the withdrawal of resources through electronic channels was allowed, as well as one (01) investigation of an administrative nature of control and oversight bodies of the State and the lawsuits of a labor nature that represent a risk, are duly provisioned for the sum of \$518 as of December 31, 2025.





Labor provisions

Of the labor lawsuits filed against the Group derived from the development of their object and that represent a risk, due to nonconformities in the termination of the employment contract or the conditions of development of the contract,²³ they are duly provisioned for the total sum of \$1,469 as of December 31, 2025, in view of the analysis of the case and the risk and probability rating by the external labor advisor.

Tax provisions

The tax claims filed against the Group arising from the development of its purpose and which represent a risk are: i) an action for nullity and restoration of the right between the DIAN and Aloccidente, an entity merged with Banco de Occidente, provisioned for \$229 and ii) charges for sending information as a provisioned collection entity for \$268 as of December 31, 2025.

Other provisions

Asset decommissioning

The other provisions correspond to costs of dismantling the spaces for ATMs and offices/premises taken on lease. The dismantling originates from the dismantling of improvements to leave the leased facilities in their original state or as agreed in the contract. As of December 31, 2025, the Group recorded a provision of \$1,301.

In addition, other provisions were recorded for endowment, joint operations of Fidufosyga, bonus expenses and disability recovery expenses for \$1,626.



Note 21. – Other liabilities

Other liabilities as of December 31, 2025 and 2024 comprise the following:

Concepts	December 31, 2025	December 31, 2024
Security Deposit - Margin Call	\$ 488.848	31.191
Cashier's Checks	357.457	296.362
Suppliers and accounts payable	344.099	337.813
Taxes, withholdings and labor contributions	168.030	146.865
Derivatives Forwards Futures Risk Chamber	129.709	18.728
Others	85.327	42.790
Dividends and surpluses	66.152	57.688
Withdrawals payable	62.619	76.483
Credit surpluses	57.857	37.279
Collections made	54.515	41.022
Payments to third parties Occired	31.477	25.694
Bank items in clearing	26.495	32.576
Sales Tax Payable	20.693	21.199
Credit card balances	15.720	14.565
Portfolio disbursements	13.496	14.464
Fondo Nacional de Garantias	11.076	27.657
Contributions on transactions	9.802	4.272
Canceled accounts	7.721	6.531
Derivatives trading	7.718	1.984
Uncashed Drawn Checks	6.621	7.353
Collection Services	2.469	3.611
Prospective buyers	1.762	4.214
Forwards non delivery without delivery	1.071	1.071
Loyalty programs	1.041	852
Commissions and fees	468	1.881
Leases	188	72
Insurance and insurance premium	71	70
Cash surpluses and redemption	42	58
ATH and ACH transactions	9	-
Peace bonds	8	25.093
Anticipated revenue	2	2
Contributions and Affiliations	-	4
	1.972.564	1.279.444



Note 22. – Equity

The number of shares authorized, issued and outstanding as of December 31, 2025 and 2024, were as follows:

	December 31, 2025	December 31, 2024
Number of Authorized Shares	\$ 200.000.000	200.000.000
Number of shares subscribed and paid	155.899.719	155.899.719
Total shares outstanding	155.899.719	155.899.719

The total number of shares outstanding is as follows:

Common Shares	155.899.719	155.899.719
Subscribed and paid-in capital, common shares	\$ 4.677	4.677

Retained earnings appropriated in reserves

The following is the breakdown of the composition as of December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Legal reserve	\$ 3.134.027	3.134.027
Mandatory and voluntary reservations	1.542.803	1.297.477
Total	\$ 4.676.830	4.431.504

Legal reserve

In accordance with the legal regulations in force, the Parent Company and its subsidiaries Fiduciaria de Occidente S.A. and Ventas y Servicios S.A. – NEXA BPO must create a legal reserve by appropriating ten percent (10%) of the net profits of each year until reaching an amount equal to fifty percent (50%) of the subscribed capital stock. This reserve may be reduced below fifty percent (50%) of the subscribed capital stock to cover losses in excess of retained earnings. The legal reserve may not be less than the aforementioned percentage except to cover losses in excess of retained earnings.

Dividends decreed

Dividends are decreed and paid to shareholders based on the net income of the immediately preceding year. The dividends decreed by the Parent Company were as follows:

	December 31, 2025	December 31, 2024
Prior-year earnings determined in the separate financial statements of the Parent Company ^(*)	\$ 494.992	430.603
Dividends paid in cash	248.816	215.142
Outstanding Common Shares	155.899.719	155.899.719
Total shares outstanding	155.899.719	155.899.719
Withholding Tax^(**)	(7)	(1.567)
Total Dividends Decreed	\$ 248.816	215.142

(*) The profits reported correspond to the year-end balances as of December 2024 and 2023.

(**) Withholding tax transferable to shareholders (Article 242-1 of the Tax Code).

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



The Group has a simple capital structure and therefore there is no difference between basic earnings per share and diluted earnings.

Note 23. – Non-controlling interests

The following table provides information about each subsidiary that has significant noncontrolling interests as of December 31, 2025 and 2024:

December 31, 2025					
Entity	Country	Ownership	Equity method carrying amount	Share of profit (loss)	Dividends declared in the period
Fiduciaria de Occidente S.A.	Colombia	4,44%	\$ 18.315	3.782	2.453
Ventas y Servicios S.A.	Colombia	19,99%	10.469	211	-
Banco de Occidente Panamá S.A.	Panamá	5,00%	19.195	3.330	-
			\$ 47.979	7.322	2.453

December 31, 2024					
Entity	Country	Ownership	Equity method carrying amount	Share of profit (loss)	Dividends declared in the period
Fiduciaria de Occidente S.A.	Colombia	4,44%	\$ 17.088	3.915	2.109
Ventas y Servicios S.A.	Colombia	19,99%	10.257	450	-
Banco de Occidente Panamá S.A.	Panamá	5,00%	16.937	3.151	-
			\$ 44.283	7.516	2.109

The following table presents information on each of the direct subsidiaries with significant noncontrolling interests as of December 31, 2025 and 2024:

December 31, 2025						
Entity	Assets	Liabilities	Equity	Net income	Other comprehensive income	Cash flows from operating activities
Fiduciaria de Occidente S.A.	505.900	37.119	251.409	85.145	2.224	33.483
Ventas y Servicios S.A.	107.692	55.328	377.282	1.054	-	13.863
Banco de Occidente Panamá S.A.	4.639.567	4.255.655	287.722	66.593	(1.200)	294.793
	5.253.159	4.348.102	916.413	152.792	1.024	342.139

December 31, 2024						
Entity	Assets	Liabilities	Equity	Net income	Other comprehensive income	Cash flows from operating activities
Fiduciaria de Occidente S.A.	478.685	38.812	225.264	88.163	2.261	33.710
Ventas y Servicios S.A.	116.912	65.602	354.996	2.249	-	23.090
Banco de Occidente Panamá S.A.	4.483.099	4.144.357	281.981	63.013	20.224	162.710
	5.078.696	4.248.771	862.241	153.425	22.485	219.510

As of December 31, 2025, there are no significant transactions carried out with non-controlled interests of the Parent, as well as projective rights or restrictions on access to the use of the asset or cancellation of liabilities thereof.



Note 24. – Commitments and contingencies

a. Commitments

Credit commitments

In the course of its normal operations, the Group grants guarantees or letters of credit to its customers in which it irrevocably undertakes to make payments to third parties in the event that customers fail to 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 them loan disbursement approval policies in terms of customer credit quality and obtain the guarantees that are considered appropriate to the circumstances.

Credit extension commitments represent unused portions of authorizations to extend credit in the form of loans, use of credit cards, or letters of credit. With respect to credit risk on commitments to extend credit lines, the Group is potentially exposed to losses in an amount equal to the total amount of the unused commitments, if the unused amount were to be fully withdrawn; however, the amount of the loss is less than the total amount of the unused commitments, since most commitments to extend credits are contingent once the customer maintains the specific credit risk standards. The Group monitors the maturity terms of relative credit quota commitments because long-term commitments have a higher credit risk than short-term commitments.

The following is the detail of the guarantees, letters of credit and credit commitments in unused credit lines as of December 31, 2025 and 2024:

	December 31, 2025		December 31, 2024	
	Notional amount	Fair Value	Notional amount	Fair Value
Guarantees	1.507.141	67.458	1.390.925	64.605
Unused letters of credit	141.503	557	166.290	1.318
Overdraft Quotas	2.271.247	2.271.247	1.860.937	1.860.937
Unused credit card limits	4.283.233	4.283.233	3.879.439	3.879.439
Credit facility	202.468	202.468	188.531	188.531
Approved undisbursed appropriations	-	-	3.000	3.000
Others	1.036.262	1.036.262	2.017.804	2.017.804
Total	9.441.854	7.861.225	9.506.926	8.015.634
Provision for loss contingencies	(62.314)	-	(56.489)	(56.489)
Total	9.379.540	7.861.225	9.450.437	7.959.145

Outstanding balances on unused credit lines and guarantees do not necessarily represent future cash requirements because such quotas may expire and not be used in whole or in part.

The following is the breakdown of credit commitments by type of currency:



	December 31, 2025	December 31, 2024
Colombian Pesos	\$ 8.657.072	7.488.685
Dollars	768.024	2.001.568
Euros	12.042	12.794
Others	4.716	3.879
Total	\$ 9.441.854	9.506.926

Capital expenditure disbursement commitments

As of December 31, 2025 and 2024, the Group had contractual commitments to disburse capital expenditures (intangibles and others) of \$43,144 and \$63,075, respectively. The Group has already allocated the necessary resources to meet these commitments and believes that net income and funds will be sufficient to cover these and other similar commitments.

b. Contingencies

Legal contingencies

From time to time in the ordinary course of operations, claims arise against the Group, which, on the basis of its own estimates and with the assistance of outside counsel, Parent Management is of the opinion that no losses are likely to arise in connection with the processes detailed below and therefore no provision has been recognized in the Consolidated Financial Statements.

As of December 31, 2025, the following processes are held against it that are material (equal to or greater than \$3,850):

- (i) Class action filed by Carlos Julio Aguilar against Banco de Occidente and other financial institutions before the Eleventh Administrative Court of the Cali Circuit. The process originates against the financial institutions that participated in the Performance Plan of the department of Valle in 1998, considering that the collection of interest on interest was agreed. A judgment of first instance was already issued in which the claims of the lawsuit were dismissed, however, the plaintiff filed an appeal against this decision, which is in process. The claims were estimated at the sum of \$15,900 and as of December 31, 2025, it is not yet necessary to estimate provisions for this process.
- (ii) Incident of joint and several liability initiated against the Bank and other banking establishments by MEDICAL DUARTE ZF and other entities, within the executive process that they promote against a customer of the bank before the Fifth Labor Court of the Barranquilla Circuit. The incident is based on the fact that the Bank allegedly did not comply with the seizure orders that the court issued on the client's deposits, a situation that does not correspond to reality, since the client's bank accounts did not present resources and were already previously seized by another judicial authority. The incident was responded to 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 institutions for the sum of \$70,980 based on a rule that is clearly not applicable to the case. The Bank filed an appeal for reconsideration and in substitution of appeal against this decision. In deciding on the appeal 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 for lack of factual support, coupled with the fact that there is no rule in the legislation that allows a bank to be declared jointly and severally liable for non-compliance with a seizure order emanating from an executive labor proceeding.

- (iii) Boundary demarcation and marking process promoted by Carmen Capella de Escolar against Mosel SAS and others, before a Civil Court of the Cartagena Circuit. The Bank appears in this proceeding due to a complaint in a lawsuit made by the company Mosel SAS, by virtue of the fact that the entity was the owner of the property subject to the process and in that capacity established the boundaries of the property, which was subsequently sold. The lawsuit was answered in a timely manner and it is firmly believed that the exceptions of merit formulated by the Bank will be recognized by the judge at the time of issuing judgment, in addition to the fact that the compensation for damages sought by the plaintiff in the amount of \$4,000 is not duly supported.

In relation to the counter-proceedings described above, once the corresponding evaluation was carried out, it was established that they do not require provision.

Tax contingencies

As of December 31, 2025, the Group has no claims for the existence of national and local tax processes 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 outflow of resources for such concepts.

Labor contingencies

In the course of the employment relationship between the Group and its employees, as a result of the reasons for the termination of the employment contract or the development of it, different claims arise against which it is not considered possible that significant losses will arise in relation to such claims according to the concept of the lawyers as of December 31, 2025.





Note 25. – Interest and valuation income and expense, net

Below is a breakdown of interest income and expense and valuation for the years ended December 31, 2025 and 2024:

Interest income	December 31, 2025	December 31, 2024
Commercial Portfolio	\$ 4.012.015	4.578.841
Consumer Portfolio	1.908.993	1.975.581
Housing Portfolio	376.457	311.362
Respos and Interbank	40.158	143.703
Total Loan Portfolio	6.337.623	7.009.487
Accounts receivable	4.443	6.385
Deposits	102.648	34.214
Investments in debt securities at amortized cost	643.835	524.015
Total Interest Income	\$ 7.088.549	7.574.101
Interest Expense	December 31, 2025	December 31, 2024
Checking accounts	\$ 50.410	44.781
Savings Accounts	1.816.585	2.204.667
Certificates of Deposit	1.606.372	1.777.487
Total Deposits	3.473.367	4.026.935
Interbank loans	764.707	559.139
Loans from banks and the like	200.840	235.262
Lease Agreements	31.668	36.207
Bonds and investment securities	226.332	276.866
Obligations with rediscount entities	90.454	111.533
Total Financial Obligations	1.314.001	1.219.006
Total interest expense	\$ 4.787.368	5.245.941
Net interest income and valuation	\$ 2.301.181	2.328.160



Note 26. – Income and expenses from contracts with customers

Below is a breakdown of the income and expenses from commissions, for the years ended December 31, 2025 and 2024:

Income	December 31, 2025	December 31, 2024
Banking services fees	\$ 344.408	306.220
Credit card fees	170.642	167.711
Fiduciary activities	145.534	123.016
Fees for money orders, checks, and checkbooks	3.685	4.446
Office Network Services	2.595	2.272
Total	\$ 666.864	603.665
Expenses		
Banking Services	\$ 114.450	115.609
Bank charges	908	1.235
Sales and service commissions	20.011	15.990
Placements	39.967	38.289
Credit Cards	567	395
Others	76.110	69.860
Total	252.013	241.378
Net fee income	\$ 414.851	362.287

The following table reveals the revenue from customer contracts as of December 2025 and 2024:

	December 31, 2025	December 31, 2024
Income		
Customer contract revenue	\$ 666.864	603.665
Timing of revenue recognition		
At a point in time	26.375	25.031
Over time	640.489	578.634

Note 27. – Other income and other expenses, net

Below is a breakdown of other income and other expenses, for the years ended December 31, 2025 and 2024:

Other income	December 31, 2025	December 31, 2024
Other Operating Income ^{(*) (1)}	\$ 359.989	358.185
Net profit share of associates and joint ventures ^(*)	250.881	230.687
Profit on sale of assets ^(*)	7.123	562
Dividends	7.257	6.388
Profit on sale of non-current assets held for the sale	1.794	2.388
Net gain on valuation of investment properties ^(*)	35.071	14.200
Net Gain (Loss) on Investment Sales	5.558	(2.435)
Net gain on difference in foreign currency exchange ^(*)	43.766	160.521
Total Other Income	\$ 711.439	770.496

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



(1) Other operating income is mainly composed of sales of other services of the subsidiary NEXA BPO, other recoveries and deferred tax income for tax losses, as well as income recognized from the statute of limitations of liabilities, derived from the legal extinction of obligations.

(*) As of December 31, 2025, there was a variation in the total of other income for (\$59,329) and is mainly due to a difference in foreign currency exchange due to the fluctuations of the TRM in the market for (\$116,755), valuation of investment properties given the devaluation of returned assets and donations for \$20,871 and participation in net profits of associated companies and joint ventures for \$19,722.

Other expenses	December 31, 2025	December 31, 2024
Personnel costs	\$ 1.037.412	948.793
Taxes and fees	323.797	310.093
Insurance	148.451	148.509
Consulting, auditing, and other fees	196.428	165.549
Contributions, affiliations and transfers	55.576	49.189
Other ^(*)	195.499	124.789
Depreciation of right-of-use assets	84.680	74.922
Depreciation of intangible assets	107.102	85.548
Depreciation of tangible assets	49.895	48.358
Maintenance and repairs	64.028	58.535
Utilities	34.304	33.696
Advertising Services	71.897	56.926
Electronic Data Processing	16.741	16.407
Leases	36.704	30.829
Transportation Services	18.862	18.240
Losses on property and equipment sales	25.221	7.335
Cleaning and surveillance services	16.946	15.769
Supplies and stationery	3.203	5.764
Claim losses	4.516	10.149
Adaptation and installation	6.677	5.760
Impairment loss on other assets	494	199
Travel expenses	8.637	6.066
Donation expenses	5.124	4.044
Derecognition of assets	9	358
Temporary services	1	4
Total other expenses	\$ 2.512.203	2.225.831

(*) The other expenses are mainly composed of special administrative services, participation accounts, outsourcing services, Credibanco VISA expenses and building management.

Note 28. – Analysis of operation segments

The operating segments are components of the Parent Company responsible for developing business activities that may generate income or incur expenses and whose operating results are regularly reviewed by the Board of Directors and for which specific financial information is available:

- a. **Description of the products and services from which each reportable segment derives its revenues:** The Parent Company is organized into four business segments made up of the following companies: Fiduciaria de Occidente S.A., Banco de Occidente Panamá S.A.,

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



Occidental Bank Barbados Ltd. and Ventas y Servicios S.A. – NEXA BPO. All these entities provide services related to banking and financial activity in Colombia in corporate or commercial banking, consumer and mortgage.

- b. **Factors used by management to identify reportable segments:** The operating segments identified above are based on the strategic organization of the Parent Company to serve the different sectors of the economy in Colombia, Panama and Barbados considering that under the laws of these countries each of these companies has been operating for several years. The consolidated information of each entity is reviewed by the Board of Directors of the Parent Company, which is available to the stock market only for the Parent Company, considering that it has its shares and securities registered in the National Securities Registry of Colombia.
- c. **Measurement of net income and assets and liabilities of operating segments:** The Board of Directors of the Parent Company reviews the consolidated financial information of each of its operating segments prepared in accordance with the NCIF.

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

- d. **Net income, assets and liabilities information for the reportable operating segments:** The following is the breakdown of the reportable summary financial information for each segment for the years ended December 31, 2025 and 2024:

December 31, 2025

	Banco de Occidente S.A. (Parent)	Fiduciaria de Occidente S.A.	Ventas & Servicios S.A.	Banco de Occidente Panamá S.A.	Occidental Bank (Barbados) Ltd.	Eliminations	Total
Assets							
Financial assets at fair value through profit or loss	\$ 14,416,289	64,767	4,208	699	-	-	14,485,963
Financial assets at fair value through changes in ORI	5,045,690	23,661	-	1,401,364	384,495	(4,285)	6,850,925
Financial assets in debt securities at amortized cost	1,324,900	-	-	-	-	-	1,324,900
Investments in associated companies and Joint Ventures	2,801,037	339,715	-	-	-	(1,041,521)	2,099,231
Financial assets by loan portfolio to amortized cost	53,286,476	-	-	2,691,246	762,032	-	56,739,754
Other Assets	5,792,842	77,757	103,484	546,259	175,398	(33,228)	6,662,512
Total Assets	\$ 82,667,234	505,900	107,692	4,639,568	1,321,925	(1,079,034)	88,163,285
Liabilities							
Customer deposits	53,860,938	-	-	4,251,785	1,121,399	(26,950)	59,207,172
Financial obligations	19,237,248	9,831	18,577	286	-	(232)	19,265,710
Other Liabilities	3,366,753	27,288	36,751	3,584	3,731	(6,305)	3,431,802
Total Liabilities	\$ 76,464,939	37,119	55,328	4,255,655	1,125,130	(33,487)	81,904,684
Equity	\$ 6,202,295	468,781	52,364	383,913	196,795	(1,045,547)	6,258,601

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



December 31, 2024

	Banco de Occidente S.A. (Parent)	Fiduciaria de Occidente S.A.	Ventas & Servicios S.A.	Banco de Occidente Panamá S.A.	Occidental Bank (Barbados) Ltd.	Eliminations	Total
Assets							
Financial assets at fair value through profit or loss	\$ 9,553,755	72,872	875	711	-	-	9,628,213
Financial assets at fair value through changes in ORI	4,086,041	43,164	-	1,287,902	476,016	(5,028)	5,888,095
Financial assets in debt securities at amortized cost	2,133,673	-	-	-	-	-	2,133,673
Investments in associated companies and Joint Ventures	2,612,448	306,827	-	-	-	(966,103)	1,953,172
Financial assets by loan portfolio to amortized cost	50,695,747	1,453	-	2,630,233	763,690	-	54,091,123
Other Assets	3,751,604	54,167	116,037	564,253	246,546	(26,702)	4,705,905
Total Assets	\$ 72,833,268	478,483	116,912	4,483,099	1,486,252	(997,833)	78,400,181
Liabilities							
Customer deposits	48,181,616	-	-	4,137,380	1,289,878	(15,051)	53,593,823
Financial obligations	16,812,493	12,073	24,619	965	-	(511)	16,849,639
Other Liabilities	1,906,022	26,537	40,983	6,012	2,778	(11,403)	1,970,929
Total Liabilities	\$ 66,900,131	38,610	65,602	4,144,357	1,292,656	(26,965)	72,414,391
Equity	5,933,137	439,873	51,310	338,742	193,596	(970,868)	5,985,790

December 31, 2025

	Banco de Occidente S.A. (Parent)	Fiduciaria de Occidente S.A.	Ventas & Servicios S.A.	Banco de Occidente Panamá S.A.	Occidental Bank (Barbados) Ltd.	Eliminations	Total
Income from continuing Controlling operations							
Financial Income	\$ 6,757,077	5,098	1,138	250,211	75,175	(150)	7,088,549
Fees and commissions	513,267	159,726	-	7,558	2,515	(16,202)	666,864
Other Operating Income	18,513,809	86,585	376,144	29,953	9,528	(289,619)	18,726,400
Total revenue	\$ 25,784,153	251,409	377,282	287,722	87,218	(305,971)	26,481,813
Financial Expenses							
Provision for impairment of financial assets	\$ 1,395,716	627	2,796	2,289	(167)	-	1,401,261
Depreciation and amortization	212,797	8,236	19,262	1,679	381	(678)	241,677
Commissions and fees paid	334,278	2,953	33	3,495	917	(89,663)	252,013
Administrative expenses	1,115,209	47,515	50,974	14,726	11,117	(42,754)	1,196,787
Other operating expenses	22,155,469	94,681	301,757	198,941	49,153	(816)	22,799,185
Income tax	(2,681)	12,253	1,405	-	3,529	(5,754)	8,752
Total expenses	\$ 25,210,788	166,265	376,227	221,130	64,930	(139,665)	25,899,675
Profit of the period	\$ 573,365	85,144	1,055	66,592	22,288	(166,306)	582,138

December 31, 2024

	Banco de Occidente S.A. (Parent)	Fiduciaria de Occidente S.A.	Ventas & Servicios S.A.	Banco de Occidente Panamá S.A.	Occidental Bank (Barbados) Ltd.	Eliminations	Total
Income from continuing Controlling operations							
Financial Income	\$ 7,242,448	4,617	802	251,667	74,752	(184)	7,574,102
Fees and commissions	471,765	135,201	-	6,574	2,565	(12,440)	603,665
Other Operating Income	14,920,565	85,446	354,194	23,740	5,347	(283,437)	15,105,855
Total revenue	\$ 22,634,778	225,264	354,996	281,981	82,664	(296,061)	23,283,622
Financial Expenses							
Provision for impairment of financial assets	\$ 1,517,484	1,018	3,363	1,376	3,980	-	1,527,221
Depreciation and amortization	184,718	6,651	16,035	1,688	347	(611)	208,828
Commissions and fees paid	316,139	2,681	35	3,249	1,039	(81,765)	241,378
Administrative expenses	994,063	25,640	52,119	12,546	10,004	(46,006)	1,048,366
Other operating expenses	19,112,920	87,298	278,924	200,110	45,811	(458)	19,724,605
Income tax	35,440	13,813	2,271	-	652	-	52,176
Total expenses	\$ 22,160,764	137,101	352,747	218,969	61,833	(128,840)	22,802,574
Profit of the period	\$ 474,014	88,163	2,249	63,012	20,831	(167,221)	481,048





e. Reconciliation of net income, assets and liabilities of the operating segments Reportable

The following is the breakdown of the reconciliations of the total revenues, expenses, assets and liabilities of the segments with the corresponding consolidated items at the Group level:

1. Income

	December 31, 2025	December 31, 2024
Total Reportable Revenue by Segment	\$ 26.787.784	23.579.682
a. Demand deposit yields	(150)	(184)
b. Dividends	(321)	(276)
c. Participation Method	(166.603)	(167.161)
d. Other	(138.897)	(128.439)
Total Consolidated Revenue	\$ 26.481.813	23.283.622

2. Expenses

	December 31, 2025	December 31, 2024
Total Reportable Expenses by Segment	\$ 26.039.339	22.931.415
a. Bank credit interest	(47)	(49)
b. Participation Method	(623)	(259)
c. Other	(138.994)	(128.533)
Total consolidated expenses	\$ 25.899.675	22.802.574

3. Assets

	December 31, 2025	December 31, 2024
Total Reportable Assets by Segment	\$ 89.242.318	79.398.013
a. Banks and other correspondents	(26.950)	(15.051)
b. Investments	(1.045.805)	(971.131)
c. Accounts receivable	(6.087)	(11.189)
d. Other	(191)	(461)
Total consolidated assets	\$ 88.163.285	78.400.181

4. Liabilities

	December 31, 2025	December 31, 2024
Total Reportable Liabilities by Segment	\$ 81.938.170	72.441.355
a. Current accounts	(10.124)	(1.714)
b. Accounts Payable	(6.305)	(11.403)
c. Other	(17.057)	(13.847)
Total consolidated liabilities	\$ 81.904.684	72.414.391



5. Equity

	December 31, 2025	December 31, 2024
Total Reportable Equity by Segment	\$ 7.304.149	6.956.659
a. Share capital	(25.518)	(29.213)
b. Stock placement premium	(198.940)	(198.940)
c. ORI	(817.104)	(906.578)
d. Surplus Participation Method	19.953	69.397
e. Gain or loss	(17.881)	100.079
f. Others	(6.058)	(5.614)
Total Equity	\$ 6.258.601	5.985.790

6. Equity by country

Country	December 31, 2025	December 31, 2024
Colombia	\$ 5.682.179	5.458.480
Panama	383.912	338.742
Barbados	192.510	188.568
Total Equity	\$ 6.258.601	5.985.790

7. Revenue by country

Country	December 31, 2025	December 31, 2024
Colombia	\$ 26.109.275	22.921.823
Panama	285.320	279.411
Barbados	87.218	82.388
Total Consolidated Revenue	\$ 26.481.813	23.283.622

8. Expenses by country

Country	December 31, 2025	December 31, 2024
Colombia	\$ 25.616.017	22.524.343
Panama	218.727	216.398
Barbados	64.931	61.833
Total Consolidated Revenue	\$ 25.899.675	22.802.574

f. Parent Company's largest customers

No customer representing 10% of the Group's total revenue is presented for the years ended December 31, 2025 and 2024.



Note 29. – Offsetting financial assets with financial liabilities

The following is a breakdown of the financial instruments subject to netting contractually required as of December 31, 2025 and 2024:

December 31, 2025

	Gross amounts of financial assets recognized	Net amount of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position	Net Amount
			Financial Instruments	
Assets				
Derivative financial instruments	\$ 1.573.234	1.573.234	89.426	1.483.808
Repo and Concurrent Operations	1.659.596	1.659.596	-	1.659.596
Total	\$ 3.232.830	3.232.830	89.426	3.143.404
Liabilities				
Derivative financial instruments	\$ 1.285.816	1.285.816	-	1.285.816
Repo and Concurrent Operations	12.003.266	12.003.266	11.110.753	892.513
Total	\$ 13.289.082	13.289.082	11.110.753	2.178.329

December 31, 2024

	Gross amounts of financial assets recognized	Net amount of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position	Net Amount
			Financial Instruments	
Assets				
Derivative financial instruments	\$ 496.933	496.933	16.194	480.739
Repo and Concurrent Operations	1.655	1.655	-	1.655
Total	\$ 498.588	498.588	16.194	482.394
Liabilities				
Derivative financial instruments	\$ 532.715	532.715	1.193	531.522
Repo and Concurrent Operations	8.170.468	8.170.468	9.480.666	(1.310.198)
Total	\$ 8.703.183	8.703.183	9.481.859	(778.676)

The Parent Company and its subsidiary Fiduciaria de Occidente S.A., have derivative financial instruments which are legally enforceable in accordance with Colombian legislation or the country where the counterparty is located. In addition, Colombian legal regulations allow the Parent Company to offset instruments derived from its own passive obligations.

Note 30. – Non-consolidated structured entities

The following table shows the total assets of the non-consolidated structured entities in which the Group held an interest as of the reporting date and their maximum exposure to loss with respect to such interests:





Grupo Aval's managed funds	December 31, 2025	December 31, 2024
Total assets managed	\$ 1.011.580	855.098
Fair value investments through profit or loss	1.140.604	838.051
Other accounts receivable	-	5
Total assets in relation to the interests of the Group	2.152.184	1.693.154
Guarantee in non-consolidated structured entities		
Maximum exposure of the Aval Group	\$ 2.152.184	1.693.154

Note 31. – 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 joint control or control over the reporting entity, exercise significant influence over the reporting entity, or be considered a member of the key management personnel of the reporting entity or a parent of the reporting entity. The definition of related party includes: persons and/or family members related to the entity (key management personnel), entities that are members of the same group (parent and subsidiary), associates or joint ventures of the entity or entities of Grupo Aval.

In accordance with the foregoing, the related parties for the Group, Fiduciaria de Occidente S.A., Occidental Bank Barbados Ltd, Banco de Occidente Panamá S.A. and Ventas y Servicios S.A. – NEXA BPO are classified into the following categories:

1. Natural persons who exercise control or joint control over the Parent Company, i.e. who own more than 50% of the reporting entity; additionally, it includes close family members who might be expected to influence or be influenced by that person.
2. Key personnel of the Management, including the Members of the Board of Directors and President of Grupo Aval, the Parent Company, Fiduciaria de Occidente S.A., General Manager of Ventas y Servicios S.A. – NEXA BPO, Occidental Bank Barbados Ltd. and Banco de Occidente Panama S.A. plus the key personnel of the Management of these entities, which are the people who participate in the planning, direction and control of such entities.
3. Companies that belong to the same group, this category includes the parent company, subsidiaries or other subsidiary of the same parent 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 a stake between 20% and 50% of its capital.
5. This category includes entities that are controlled by natural persons included in categories 1 and 2.
6. This paragraph includes entities in which the persons included in paragraphs 1 and 2 exercise significant influence.

All transactions with related parties are carried out under market conditions, the most representative balances as of December 31, 2025 and 2024, with related parties, are included in the following tables, whose headings correspond to the definitions of related parties, recorded in the three previous categories:

Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



December 31, 2025

	Categories					
	1	2	3	4	5	6
	Individuals with control over Banco de Occidente	Key Management Personnel	Companies that belong to the same group	Associates and joint ventures	Entities that are controlled by persons included in category 1 and 2	Entities that have significant influence over persons included in category 1 and 2
Active						
Cash and cash equivalents	\$ -	-	1,722	-	-	-
Financial Assets in Investments	-	-	-	151,418	-	-
Financial assets in credit operations	21	15,875	613,296	85,981	536,385	5,183
Accounts receivable	-	-	56,226	93	131,729	-
Other assets	-	1,958	692	-	176	59
Liabilities						
Deposits	\$ 89,824	55,095	1,723,588	47,458	463,116	2,167
Accounts Payable	18	3,943	47,013	-	9,527	-
Financial obligations	-	81	3,409	-	18,079	-
Other liabilities	-	-	-	13	37	-

December 31, 2024

	Categories					
	1	2	3	4	5	6
	Individuals with control over Banco de Occidente	Key Management Personnel	Companies that belong to the same group	Associates and joint ventures	Entities that are controlled by persons included in category 1 and 2	Entities that have significant influence over persons included in category 1 and 2
Active						
Cash and cash equivalents	\$ -	-	1,725	-	6	-
Financial Assets in Investments	-	-	-	148,798	-	-
Financial assets in credit operations	15	17,101	601,817	89,488	485,433	3,273
Accounts receivable	-	197	46,106	642	136,113	37
Other assets	-	207	1,083	-	271	-
Liabilities						
Deposits	113,596	62,681	1,938,904	35,612	428,067	3,488
Accounts Payable	16	3,374	39,804	-	8,242	-
Financial obligations	-	132	4,108	-	58,840	-
Other liabilities	\$ -	-	1,203	-	5	22

The most representative transactions for the years ended December 31, 2025 and 2024 with related parties comprise:

a. Sales, Services & Transfers

December 31, 2025

	Categories					
	1	2	3	4	5	6
	Individuals with control over Banco de Occidente	Key Management Personnel	Companies that belong to the same group	Associates and joint ventures	Entities that are controlled by persons included in category 1 and 2	Entities that have significant influence over persons included in category 1 and 2
Interest income	\$ 6	1,713	75,799	9,479	55,284	260
Financial expenses	6,021	3,203	41,116	2,839	30,945	-
Fee and commission income	4	236	14,230	127,419	103,273	35
Expense fees and commissions	-	1,793	107,075	85,847	292	-
Other Operating Income	-	220	202,061	6,459	9,467	31
Provision for receivables and interest receivable portfolio	-	(52)	-	723	320	171
Other Expenses	-	498	30,099	17,510	5,370	-



Banco de Occidente S.A. and Subsidiaries
Notes to the Consolidated Financial Statements



December 31, 2024

	Categories					
	1	2	3	4	5	6
	Individuals with control over Banco de Occidente	Key Management Personnel	Companies that belong to the same group	Associates and joint ventures	Entities that are controlled by persons included in category 1 and 2	Entities that have significant influence over persons included in category 1 and 2
Interest income	\$ 2	102	77.483	7.313	57.818	469
Financial expenses	2.441	1.183	36.783	2.750	37.372	4
Fee and commission income	4	40	16.850	62.532	58.669	36
Expense fees and commissions	-	1.443	96.787	63.127	305	-
Other Operating Income	-	28	168.825	5.677	5.180	1
Provision for receivables and interest receivable portfolio	-	226	-	659	1.734	58
Other Expenses	-	311	25.824	13.678	5.588	-

Outstanding amounts are not guaranteed and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current year or in prior years with respect to uncollectibles or doubtful accounts related to amounts owed by related parties.

b. Compensation of key management personnel

Compensation received by key management personnel is comprised of the following, for the years ended December 31, 2025 and 2024:

Concepts	December 31, 2025	December 31, 2024
Salaries	\$ 31.475	30.700
Short-term employee benefits	5.058	4.813
Termination Benefits	1.953	324
Total	\$ 38.486	35.837

Note 32. – Events after the closing date of preparation of the Consolidated Financial Statements

By means of public deed No. 2647 of December 19, 2025 of the Notary 37 of Bogotá D.C., the partial spin-off of Fiduciaria de Occidente S.A. for the benefit of Aval Fiduciaria S.A. ("Aval Fiduciaria") was perfected, through which, Fiduciaria de Occidente S.A., without being dissolved or liquidated, transferred to Aval Fiduciaria S.A. an equity block corresponding to the trust business unit, including the assets, liabilities and contracts associated with said operation. The equity block spun off into Fiduciaria de Occidente S.A. was \$50,860 and the shareholding of the parent company in the spinoff was \$48,305. The Spin-Off was previously approved by the Financial Superintendence of Colombia, in the exercise of its legal powers, through Resolution No. 1777 of September 23, 2025.

As consideration for the transfer, the Parent Company received 29,589,247 ordinary shares of Aval Fiduciaria S.A., increasing its participation to a total of 31,707,111 ordinary shares, equivalent to a 24.46% share in its share capital.

In accordance with IAS 10 – Events Occurring After the Reporting Period, this transaction constitutes a subsequent event that does not involve adjustments to the Consolidated Financial Statements as of December 31, 2025.

However, in 2026, the accounting effects derived from the transaction will be recognised, including:

- The recognition of the investment in Aval Fiduciaria S.A.
- The derecognition of the assets and liabilities associated with the spun-off equity block.
- The application of the participation method in accordance with IAS 28.





Note 33. – Approval of Consolidated Financial Statements

The Consolidated Financial Statements and accompanying notes were authorized for issuance by the Board of Directors and the Legal Representative, in accordance with Minute No.1716 dated February 27, 2026, to be submitted to the General Shareholders' Meeting for approval, which may approve or modify them.





**TRADUCCIONES Y SERVICIOS
CERTIFICATE OF ACCURACY**

Translated Documents/Documentos traducidos: 1 Financial Statements/Estados financieros 162 pg
Document bearer/ Portador del documento: Banco de Occidente

I certify under oath that this is a true and exact translation of the document presented to me in Spanish, in witness whereof I set my hand and official stamp.

This is to certify the translation only, we do not guarantee that the original is a genuine document, or that the statements contained in the original document are true. Further, TR+S Traducciones y Servicios assumes no liability for the way in which the translation is used by the client or any third party, including end users of the translation.

A copy of the translation is attached to this certification

Certifico bajo juramento que el documento adjunto es una traducción fiel y completa de un documento que me fue entregado en idioma español.
En fe de lo anterior coloco mi firma y sello.

Esto es sólo para certificar la traducción, no garantizamos que el original sea un documento genuino, o que las declaraciones contenidas en el documento original sean verdaderas. Además, TR+S Traducciones y Servicios no asume ninguna responsabilidad por la forma en que el cliente o cualquier tercero, incluidos los usuarios finales de la traducción, utilicen la misma.

Se adjunta a esta certificación una copia de la traducción



MARIA CATALINA DE FATIMA
D' COSTA MARTINEZ
Traductor e Interprete Oficial
Res. 0426 Minjusticia 1997

April/ Abril 22, 2026

Maria Catalina D'Costa Martínez
Official Translator and Interpreter