



Quarterly Periodic Report 2025-II



Banco de Occidente

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side of those who
~

Grupo
AVAL



Presentation

Banco de Occidente S.A. is an entity with outstanding securities in the market through the trading system of the Colombian Stock Exchange for ordinary and subordinated debt instruments. As of June 30, 2025, \$3.65B have been issued and \$3.55B have been placed, of which \$1.65B of B series under CPI remain outstanding, whose average opening and maturity terms are 2017 and 2028 respectively. At the end of the second quarter of 2025, the current issuance and placement program is \$12.00B, with \$6.00B available to meet fund raising needs.

Banco de Occidente's shares are listed and traded on the Colombian Stock Exchange as common shares.

City of main address: Santiago de Cali, Valle del Cauca.

Main domicile address: Carrera 4 # 7-61.

In order to understand the figures presented throughout the document, the conventions are as follows:

- a. One trillion Colombian pesos = \$1.00B.
- b. One billion Colombian pesos = \$1,000MM.
- c. One million Colombian pesos = \$1MM.
- d. One million dollars = USD 1MM.





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Glossary

SHARES: Negotiable security representing a proportional part of a company's equity. It is an interest security, that is, when an investor purchases the shares of a company, he/she becomes a partner of the company. These instruments grant their holders economic and political rights, that can be exercised collectively and/or individually.

NOTE: These are marketable securities that represent debt. Therefore, it can be said that when an investor purchases a note, he/she is lending money to a company. The company that issues the notes acquires the obligation to return to the note holder (once the period of time established in the note has elapsed) the amount of the investment plus a sum of money as interest (this is the investor's return).

CYBERSECURITY: It is the practice of protecting important systems and confidential information from digital attacks.

CLIENTS: Individuals or companies that acquire for their use products and services offered by Banco de Occidente.

NET STABLE FUNDING RATIO (CFEN in Spanish): Corresponds to the quotient between the Available Stable Funding (FED in Spanish) and the Required Stable Funding (FER in Spanish), according to the definitions established by the Financial Superintendence of Colombia.

LIQUIDITY: The ability of a person or company to convert its assets into cash to cover its financial obligations.

MARKET SHARE: In marketing, it corresponds to the indicator of market share or fraction of market share that the organization has in a specific segment.

WEIGHTED PROFITABILITY: Corresponds to the overall portfolio return on invested capital and cash flow at the beginning and end of the investment.

CREDIT RISK: The possibility that one of the parties to a financial contract is unable to fulfill the financial obligations acquired; as a result, the other party loses.

LIQUIDITY RISK: Probability of incurring losses due to insufficient funds to meet the obligations assumed.

MARKET RISK: Potential loss in the value of financial assets caused by adverse changes in the factors that determine their price.

OPERATING RISK: It is the possibility that the entity incurs losses due to deficiencies, failures or inadequate functioning of processes, technology, infrastructure or human resources, as well as the occurrence of external events associated with them. Includes legal risk.

PAST DUE LOAN PORTFOLIO INDICATOR (ICV in Spanish): Measures the ratio of the past due loan portfolio to total loans.





SARLAFT: Risk Management System for Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction, which manages the identification of operational, legal, contagion and reputational risks; it is included in the Bank's procedures manual.

SOLVENCY RATIO: corresponds to the quotient between the technical capital of the entity and the sum of assets weighted by risk level, market risk and operational risk, in accordance with the definitions established by the Financial Superintendence of Colombia.





1. Financial Position

1.1. Condensed Separate Financial Statements as of June 30, 2025

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

	Notes	June 30, 2025	December 31, 2024	June 30, 2024
Assets				
Cash and cash equivalents	6	\$ 2,632,448	3,771,300	4,479,615
Investment financial assets and trading derivatives	7	11,050,681	9,890,258	6,375,402
Investments				
Financial assets available for sale	7	4,801,820	4,086,465	3,264,782
Held-to-maturity investments	8	1,402,799	2,133,953	2,052,762
Impairment of investments	7	(424)	(424)	(424)
Derivative hedging instruments	5	6,142	6,225	471
Loan portfolio and financial leasing operations, net		47,703,319	47,498,592	45,360,930
Loan portfolio and financial leasing operations	4	50,294,404	50,001,781	47,790,196
Impairment of loan portfolio at amortized cost		(2,591,085)	(2,503,189)	(2,429,266)
Other accounts receivable, net		593,463	576,292	749,174
Other accounts receivable		525,204	504,189	688,381
Abandoned accounts - ICETEX		86,717	88,705	81,059
Impairment of other accounts receivable		(18,458)	(16,602)	(20,266)
Total portfolio and other accounts receivable		48,296,782	48,074,884	46,110,104
Non-current assets held for sale	10	1,324	1,324	1,324
Investments in subsidiaries, associated companies and joint ventures	11	2,641,453	2,612,448	2,410,202
Tangible assets, net	12	570,065	558,161	585,481
Intangible assets, net	13	642,553	629,017	587,933
Income tax asset		1,130,455	869,048	1,358,063
Other assets		15,725	20,451	6,105
Total assets		\$ 73,191,823	72,653,110	67,231,820
Liabilities				
Derivative hedging instruments	5	252	405	2,567
Derivative trading instruments	5	642,125	843,728	609,370
Financial liabilities at amortized cost		65,022,013	64,994,109	59,638,324
Customer deposits	15	49,428,171	48,181,616	48,150,345
Financial obligations	16	15,593,842	16,812,493	11,487,979
Provisions				
Provisions for legal contingencies and other provisions	18	3,957	3,871	4,163
Employee benefits	17	64,284	68,766	60,659
Other liabilities	19	1,949,312	1,261,094	1,660,167
Trade and other accounts payable		1,888,552	1,203,670	1,601,730
Liabilities under contracts		999	853	1,485
Other non-financial liabilities		59,761	56,571	56,952
Total liabilities		\$ 67,681,943	67,171,973	61,975,250
Controlling interests				
Subscribed and paid-in capital	20	\$ 4,677	4,677	4,677
Profit for the year		299,006	494,992	278,916
Retained earnings		4,821,225	4,771,287	4,557,336
Other comprehensive income		(36,467)	(15,272)	(25,888)
Total equity		5,509,880	5,481,137	5,256,570
Total liabilities and shareholders' equity		\$ 73,191,823	72,653,110	67,231,820





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

For quarters ending as of:	Notes	June 30, 2025	June 30, 2024
Interest and valuation income	22	\$ 1,680,496	1,826,549
Interest and similar expenses	22	1,123,166	1,248,707
Net interest and valuation income	22	557,330	577,842
Impairment losses on financial assets, net		308,650	311,357
Net interest income and valuation after impairments		248,680	266,485
Commission and fee income	23	119,276	115,459
Commissions and fees	23	80,777	73,958
Net income from commissions and fees		38,499	41,501
Net income from financial assets or liabilities held for trading		291,467	74,890
Other income, net	24	107,431	223,904
Other expenses, net	24	504,978	451,324
Profit before income tax		181,099	155,456
Income tax	14	27,309	20,116
Profit or loss for the period		\$ 153,790	135,340
Net income per share, (in Colombian pesos)	20	\$ 986	868

The details of the Separate Financial Statements and their respective notes under current regulations are included in Annex I of this report.





2. Condensed Consolidated Financial Statements as of June 30, 2025

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

	Notes	As of June 30, 2025	As of December 31, 2024	As of June 30, 2024
Assets				
Cash and cash equivalents	6	\$ 3,456,309	4,628,920	5,118,103
Financial assets at fair value through profit or loss	5 and 7	11,110,814	9,628,213	6,451,476
Financial assets at fair value with changes in ORI	5 and 7	6,720,584	5,888,095	4,808,069
Financial assets in debt securities at amortized cost	8	1,400,886	2,133,673	2,054,030
Derivative hedging instruments	5	6,142	6,225	471
Financial assets per loan portfolio at amortized cost, net		51,503,443	51,544,159	49,145,829
Loan portfolio at amortized cost	4	53,934,190	54,091,123	51,613,338
Impairment of loan portfolio at amortized cost	10	(2,430,747)	(2,546,964)	(2,467,509)
Other accounts receivable, net		652,763	634,102	806,736
Non-current assets held for sale	11	1,324	1,324	1,324
Investments in associated companies and joint ventures	12	1,965,882	1,953,172	1,838,762
Tangible assets, net	13	677,843	670,246	686,008
Intangible assets, net	14	673,554	657,085	611,578
Income tax asset		900,664	625,406	1,130,851
Other assets		25,940	29,561	14,440
Total assets		\$ 79,096,148	78,400,181	72,667,677
Liabilities and Shareholders' Equity				
Liabilities				
Financial liabilities at fair value - derivative instruments		642,377	532,716	611,994
Derivative trading instruments	5	\$ 642,125	532,716	609,427
Derivative hedging instruments	5	252	-	2,567
Financial liabilities at amortized cost		70,293,427	70,443,462	64,508,550
Customer deposits	16	54,660,526	53,593,823	52,986,034
Financial obligations	17	15,632,901	16,849,639	11,522,516
Provisions for legal contingencies and other provisions	19	70,688	62,280	60,814
Employee benefits	18	86,491	96,489	81,817
Other liabilities	20	1,992,469	1,279,444	1,676,698
Total liabilities		\$ 73,085,452	72,414,391	66,940,134
Equity				
Subscribed and paid-in capital	21	\$ 4,677	4,677	4,677
Premium on share placement		720,445	720,445	720,445
Retained earnings		5,298,638	5,253,537	5,012,661
Other comprehensive income		(58,129)	(37,152)	(49,093)
Equity of controlling interests		\$ 5,965,631	5,941,507	5,688,690
Non-controlling interests		45,065	44,283	38,853
Total equity		6,010,696	5,985,790	5,727,543
Total liabilities and equity		\$ 79,096,148	78,400,181	72,667,677





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

For quarters ending as of:	Notes	June 30, 2025	June 30, 2024
Interest and valuation income	23	\$ 1,760,015	1,931,682
Interest and similar expenses	23	1,177,222	1,299,516
Net interest and valuation income	23	582,793	632,166
Impairment loss on financial assets		302,111	308,905
Income, net of interest after impairment		280,682	323,261
Revenue from customer contracts, commissions and fees			
Commission and fee income	24	158,418	147,254
Commissions and fees	24	60,510	55,850
Net income from commissions and fees		97,908	91,404
Net income from financial assets or liabilities held for trading		293,189	76,047
Other income, net	25	113,329	230,075
Other expenses, net	25	606,834	537,961
Income before income taxes		178,274	182,826
Income tax	15	27,637	33,566
Profit or loss for the period		\$ 150,637	149,260
Profit or loss attributable to:			
Controlling interests	\$	148,486	148,045
Non-controlling interests	\$	2,151	1,215

The details of the Consolidated Financial Statements and their respective notes under current regulations, are included in Annex II of this report.

2.1. Material Changes in the Financial Statements of the Issuer

There have been no material changes as for the Financial Statements at the end of the second quarter of 2025.

2.2. Comments and Analysis of Income of the Operation and Financial Position of the Issuer

2.2.1. Condensed Separate Statement of Financial Position

Banco de Occidente closed Jun-25 with Assets of \$73.19B, \$5.96B higher as of Jun-24, and \$0.54B higher as of Dec-24, according to the Condensed Separate Financial Statements for the quarter. The increase is mainly attributed to the growth of Financial Assets for investment, which increased by \$5.56B, compared to the balance recorded in Jun-24, and by \$1.14B compared to Dec-24. Likewise, the Gross Loan Portfolio





presented a variation of \$2.34B, compared to the balance recorded in Jun-24, and an increase of \$0.20B compared to Dec-24.

According to information available from the Financial Superintendence of Colombia, as of May 2025, Banco de Occidente has a market share of 7.02% in the total loan portfolio (3 bps lower than Jun-24). By type of loan portfolio, Banco de Occidente has a market share of 8.86% in commercial (-25 bps compared to Jun-24), 6.74% in consumer (up 30 bps compared to Jun-24), and 2.88% in housing portfolio (up 32 bps compared to Jun-24). These overall results are attributed to the good performance of the commercial team to boost the placement of loan products in the market.

Total Financial Investment Assets and Trading Derivatives, including investments available for sale and up to maturity, amounted to \$17.25B, growing by 47.6% compared to Jun-24, driven by an increase in debt securities investments of 82.4%, or \$4.32B, compared to June 2024.

On the Total Liabilities side, the Bank closed Jun-25 with a balance of \$67.68B, recording an increase of \$5.70B compared to Jun-24 balance, and \$0.51B compared to Dec-24.

Total deposits closed at \$49.42B at the end of Jun-25, which represents a \$1.27B increase from Jun-24, and \$1.24B from Dec-24. By type of deposit, the checking account closed Jun-25 at \$6.67B; representing a growth of \$0.67B versus Jun-24, and a decrease of \$0.05B versus Dec-24. Savings accounts closed Jun-25 at a total of \$28.12B, a growth of \$0.19B versus Jun-24, and an increase of \$0.26B compared to Jun-24 closing. Finally, CDTs closed at \$14.57B as of Jun-25, up \$0.41B from Jun-24 and \$1.041B from Dec-24.

As of May 2025, Banco de Occidente has a market share of 7.01% of total deposits (lower in 29 bps as of Jun-24). By type of deposits, it has a market share of 9.11% in savings accounts (lower by 21 bps as of Jun-24), 4.61% in CDTs (lower by 31 bps as of Jun-24), and 8.26% in checking account (lower by 14 bps as of Jun-24).

Regarding financial obligations, the balance as of Jun-25 was \$15.59B, which represents an increase of \$4.10B compared to Jun-24, and a decrease of \$1.21B compared to Dec-24. This variation is mainly explained by the growth in Interbank and Overnight Funds, where the balance as of Jun-25 was \$8.28B, with a variation of \$4.40B, compared to Jun-24, and of \$-0.35B compared to Dec-24. Followed by Loans from banks and other, which, as of Jun-25, the balance amounted to \$4.90B, reflecting a growth of \$1.03B compared to Jun-24 and \$0.46B compared to Dec-24.

The Bank's Total Equity at the end of Jun-25 recorded a value of \$5.50B, higher by \$0.25B compared to Jun-24, and \$0.03B compared to the balance recorded in Dec-24.





2.2.2. Condensed Separate Statement of Income

As of Jun-25, Net Interest and Valuation Income presented a value of \$557,330MM, representing an increase of 3.55% compared to Jun-24.

Interest and valuation income decreased by 8.00%, from \$1.82B in Jun-24 to \$1.68B in Jun-25, mainly explained by the decrease in the balance of interest on loan portfolio and financial leasing operations. On the Interest and Similar Expenses side, whose year-on-year variation was -10.05%, the Interest Expense on Deposits component reduction stands out. In both cases, the drop is mainly explained by the reduction in market rates.

Impairment losses on net financial assets as of Jun-25 amounted to \$308.650MM, which represents an increase of 0.87% compared to Jun-24. The value corresponding to the reconstitution of countercyclical provisions for the quarter was \$69,134MM.

Net income from commissions and fees amounted to \$38,499MM, representing a reduction of 7.23% compared to Jun-24, mainly explained by the behavior of commissions and fees expenses, which increased by \$6,819MM compared to Jun-24.

Net income from financial assets or liabilities held for trading, presented a value of \$291,475MM as of Jun-25, which represents an increase of 851.47% compared to Jun-24. The result is mainly explained by the net gain on marketable investments, where the focus has been on TES positions with a horizon of up to five years.

Other Net Revenues presented a value of \$107,431MM as of Jun-25, which represents a decrease of 52.02% compared to Jun-24. This behavior is mainly explained by the net gain on exchange difference, which presented a decrease of \$111,753MM compared to Jun-24, and followed by the net gain on valuation of investment properties which presented a decrease of \$29,099MM compared to the same period of the year 2024.

Other net expenses presented a year-over-year increase of \$53,654MM, which is mainly explained by the increase in personnel expenses and general administrative expenses, which registered variations of \$15,626MM and \$15,296MM, respectively, compared to Mar-24.

These results lead to a pretax Profit of \$181,099MM, 16.50% higher than that reported as of Jun-24 closing. Income Tax Expense as of Jun-25 was \$27,309MM, registering a year-over-year reduction of \$7,193MM versus Jun-24. Total Net Income for the period accumulated at the end of Jun-25 was \$153,790MM, which was \$18,450MM higher than that obtained at the end of the second quarter of 2024.

2.2.3. Condensed Consolidated Statement of Financial Position

In the Condensed Consolidated Statement of Financial Position, Banco de Occidente closed the quarter with Assets of \$70.09B, higher by \$6.42B as of Jun-24 and lower by \$0.70B as of Dec-24. The increase was mainly due to the growth of investments in debt securities, which was 81.41% compared to Jun-24. This was followed by the 4.50%





growth in financial Assets from the loan portfolio at amortized cost based on the end of Jun-24.

As for Total Liabilities, at the end of Jun-25, these were \$73.08B, representing a growth of 9.18% compared to Jun-24, and 0.93% compared to Dec-24. The increase was mainly due to the growth of financial obligations, which was 35.67% compared to Jun-24. This was followed by the 3.16% growth in customer deposits compared to Jun-24.

Total consolidated Equity as of Jun-25 was \$6.01B, higher by \$0.28B with respect to Jun-24 and recorded a decrease of \$0.02B with respect to Dec-24.

2.2.4. Condensed Consolidated Statement of Income

As of Jun-25, Net Interest and Valuation Income presented a value of \$582,793MM, lower by 7.81% compared to Jun-24.

Impairment losses on financial assets presented a value of \$302,111MM as of Jun-25, which represents a decrease of 2.20% compared to Jun-24. This performance is mainly explained by the growth in the recovery of written-off loans, which went from \$49,447MM in Jun-24 to \$72,669MM at the end of Jun-25.

As for net income from commissions and fees amounted to \$97,908MM, representing a growth of 7.12% compared to Jun-24, mainly explained by the behavior of income from commissions and fees, which grew by \$11,164MM compared to Jun-24.

Net income from financial assets or liabilities held for trading, presented a value of \$293,189MM as of Jun-25, which represents an increase of 285.54% compared to Jun-24. This is mainly explained by the increase of \$260,631MM in the net gain on marketable securities based on Jun-24.

Other Net Revenues presented a value of \$113,329MM as of Jun-25, which represents a decrease of \$116,746MM compared to Jun-24. This performance is mainly explained by the decreases recorded in: Net foreign exchange gain, which recorded a decrease of \$111,586MM compared to Jun-24.

Other net expenses, presented a year-over-year increase of 12.80%, which represents a variation of \$68,873MM, mainly explained by the increase in personnel expenses and general administrative expenses, which registered variations of \$19,595MM and \$19,377MM, respectively, compared to Jun-24.

These results lead to a pretax Profit of \$178,274MM, 2.49% lower than that reported as of Jun-24. Income Tax Expense as of Jun-25 was \$27,637MM, registering a year-over-year reduction of \$5,929MM versus Jun-24.

At the Condensed Consolidated Financial Statements level, the accumulated Net Income as of Jun-25 was \$150,637MM, higher by \$1,377MM with respect to Jun-24. Net Income attributable to shareholders closed Jun-25 with \$148,486MM, which represented an increase of \$441MM compared to Jun-24.





2.3. Quantitative and/or Qualitative Market Risk Analysis

Market risk management is mainly represented by the management of the parent company's fixed income portfolio, which during 2025 averaged \$12.47B, with an average duration of 46 months and a 45% concentration in the medium term (greater than 2 and less than 5 years). The portfolio level is higher than that observed during the previous year, due to the dynamics of the market maker scheme, clarifying that this portfolio is hedged with derivative securities (sale) and short transactions closing the risk.

On the other hand, as of March 31, 2025, the entire Available for Sale ALM (Bank Book) investment portfolio was excluded from exposure to market risk (Value at Regulatory Risk), a corporate definition approved by ALCO and the Treasury Financial Risk Committee.

This resulted in a lower level of market risk exposure – SFC regulatory VaR – which on average for the year represented \$251,685MM. In particular, for the closing of June 2025, the Value at Risk was at \$146,883MM due to the aforementioned. Value at Risk results are within the appetite limits established in relation to technical equity (average for the year of 4.25% vs. maximum 5.50%).

According to the standard model, the market value at risk (VaR) as of June 30, 2025 and December 31, 2024 was as follows

Entity	June 30, 2025	December 31, 2024
Parent Company	\$ 146,883	339,369
Occidental Bank (Barbados) Ltd.	9,367	10,569
Banco de Occidente Panamá S.A.	23,720	25,757
Fiduciaria de Occidente S.A.	5,605	6,207
	<u>185,575</u>	<u>381,972</u>

The VaR risk factors presented by the Parent Company and subsidiaries for the periods ended June 30, 2025 and December 31, 2024, are summarized below:

		June 30, 2025			
		<u>Minimum</u>	<u>Average</u>	<u>Maximum</u>	<u>Last</u>
Interest rate	\$	167,567	203,206	238,845	167,567
Exchange rate		10,676	13,622	16,567	16,567
Shares		-	-	-	-
Collective Portfolios		1,342	1,391	1,441	1,441
Credit Default Swaps (CDS)		-	-	-	-
Portfolio VaR				<u>185,575</u>	





December 31, 2024				
	<u>Minimum</u>	<u>Average</u>	<u>Maximum</u>	<u>Last</u>
Interest rate	\$ 264,941	322,068	379,009	379,009
Exchange rate	1,078	3,402	9,151	1,971
Shares	-	-	-	-
Collective Portfolios	934	991	1,031	992
Credit Default Swaps (CDS)	-	-	-	-
Portfolio VaR				381,972

It is considered, for purposes of this report, that there were no additional material changes in the disclosure of information that could affect the Bank's operations and results.

3. Additional Information

3.1. Material variations in the risks to which the issuer is exposed to

3.1.1. Credit Risk Analysis

As of June 2025, the bank has a total loan portfolio of \$48.74B, showing an increase of 0.21% over March 2025. At the end of June 25, the Overdue Portfolio Indicator (ICV in Spanish) was 3.76%, lower than the 4.31% of the financial system at the end of May 25; additionally, the bank has the best position in terms of ICV with respect to its main competitors.

An analysis of the composition of the bank's total portfolio, as of June 2025, shows that the type of credit with the highest participation is Commercial, representing 66.89% of the total loan portfolio. This is followed by Consumer, with a share of 26.15%, and Housing with 6.96%.

For Commercial, the total loan portfolio decreases to \$32.60B, representing a slight decrease of 0.10% compared to March 2025. This decrease is mainly explained by the amortization of loans. On the other hand, the non-performing loan portfolio decreased to \$1.11B, a decrease of 9.08% compared to March 2025, mainly explained by the normalization of the client loan portfolio.

The commercial ICV stood at 3.41%, compared to 3.74% in the previous quarter, reflecting an improvement in the quality of the non-performing loan portfolio. When compared to the ICV of the financial system at the end of May 2025, which stood at 3.57%, the ICV of the commercial loan portfolio is 16 bps lower.

For Consumer, the total loan portfolio decreases to \$12.64B, representing a slight decrease of 0.60% compared to March 2025. This decrease in the consumer loan portfolio is mainly explained by the Free Investment product, with a decrease of 2.18% compared to March 2025. On the other hand, the non-performing loan portfolio decreased to \$553,033MM, a decrease of \$7,483MM compared to March 2025.





The Consumer ICV was 4.37%, compared to 4.41% in the previous quarter, reflecting an improvement in the quality of the non-performing portfolio. When compared to the ICV of the financial system at the end of May 2025, which stood at 5.96%, the ICV of the Consumer loan portfolio is 159 bps lower.

For Housing, the total loan portfolio amounts to \$3.39B, which represents an increase of 5.73% compared to March 2025. On the other hand, the non-performing loan portfolio amounted to \$165,863MM, an increase of 8.74% compared to March 2025.

The Housing ICV was 4.89%, compared to 4.76% in the previous quarter, reflecting a slight decrease in the quality of the non-performing loan portfolio.

For Consumer and Housing portfolios, periodic follow-ups are performed on the lending policies, considering variables such as score, customer profile and risk nodes, among others, according to the characteristics of each product.

Recent analyses show an increase in the past-due portfolio of the Payroll loan (*libranza*) product, a situation that is being managed in an integrated manner from different fronts: Credit, Commercial and Credit Risk in the origination stage; Collection in the recovery and normalization processes; and Operations, to address the associated operational issues that may arise for such product.

Finally, in relation to the foregoing, for purposes of this report, it is considered that there were no additional material changes in the disclosure of information that could affect the Bank's operations and results.

3.1.2. Operational Risk Analysis

In line with current regulations CE018 - Comprehensive Risk Management System, the SARO Committee and the Comprehensive Risk Committee are informed on a monthly and quarterly basis, respectively, of the evolution of losses due to operational risk events and the most relevant aspects of the management of the operational risk management system.

For the second quarter of 2025, accumulated gross losses amounted to \$1,674MM and there were recoveries of \$470MM, for a net loss of \$1,204MM.

As for the detail of net losses, 76% is equivalent to external fraud for \$910MM, which is comprised of: Credit card fraud with losses of \$452MM and fraud through digital channels (vishing, phishing and malware) with losses of \$175MM.

However, the behavior of gross losses from operational risk events is broken down as follows: Loan portfolio (49%) losses, other assets (18%), other litigation in judicial administrative proceeding (16%) and other accounts (17%), this behavior being normal compared to the evolution recorded in previous periods.





Finally, according to the Basel risk classification, the events in terms of net loss originated in: External fraud (76%, \$910MM), process execution and administration (18%, \$214MM) and other (6%, \$80MM).

	June 30, 2025	June 30, 2024
Processes	166	180
Risks (*)	684	654
Faults	1,083	1,128
Controls (*)	2,235	2,144

Finally, in relation to the foregoing, for purposes of this report, it is considered that there were no additional material changes in the disclosure of information that could affect the Bank's operations and results.

3.1.3. Liquidity Risk Analysis

In terms of Liquidity Risk management, during the second quarter of 2025, the Bank presented a sufficient level of liquid assets to meet short-term liquidity requirements. Accordingly, under the guidelines of Annex 9 of Chapter XXXI of the SFC's CBCF, liquid assets and 30-day liquidity requirements quarterly averaged \$9.62B and \$6.73B, respectively, resulting in a ratio of 143.4%, which is comfortable with respect to the minimum appetite limit of 120.0% defined by the Bank, and well above the minimum legal limit of 100.0%. In ALM management, the permanent monitoring of early warning indicators stands out, which in general had a stable behavior within the established appetite limits.

It should be noted that, on a consolidated basis at the end of June, liquid assets and liquidity needs at 30 days were \$11.20B and \$7.73B, respectively. The above ratifies the soundness of the Bank to face expected and unexpected outflows in the evaluation horizon.

The following is a summary table of projected available liquid assets as of June 30, 2025 and March 31, 2025:

Entity	June 30, 2025 Subsequent net available balances			
	Liquid assets available at the end of the period (1)	From 1 to 7 days (2)	From 1 to 30 days later (2)	From 31 to 90 days later (2)
Parent Company	\$ 9,664,362	6,857,000	2,466,978	(9,911,598)
Occidental Bank Barbados Ltd.	402,361	385,652	283,116	(167,930)
Banco de Occidente Panamá S.A.	1,128,941	1,085,123	717,954	(241,339)
Fiduciaria de Occidente S.A.	-	-	-	-
TOTAL	\$ 11,195,664	8,327,775	3,468,048	(10,320,867)





March 31, 2025
Subsequent net available balances

Entity		Liquid assets available at the end of the period (1)	From 1 to 7 days (2)	From 1 to 30 days later (2)	From 31 to 90 days later (2)
Parent Company	\$	9,234,173	6,372,183	2,587,286	(9,406,424)
Occidental Bank Barbados Ltd.		591,808	544,156	302,400	7,014
Banco de Occidente Panamá S.A.		1,241,084	1,212,608	1,076,633	189,599
Fiduciaria de Occidente S.A.					
TOTAL	\$	11,067,065	8,128,947	3,966,319	(9,209,811)

With respect to structural liquidity, measured through the net stable funding ratio (CFEN in Spanish), the Bank reflected a stability of available funding, in average quarterly terms of

105.14%, in relation to its required funding. At the end of June, the CFEN reached levels of 105.16%, showing relative strength between the composition of assets and liabilities.

The following is the result of the net stable funding ratio (CFEN) of the Parent Company as of June 30, 2025 and March 31, 2025, in accordance with the provisions established for such purpose by the Financial Superintendence of Colombia:

June 30, 2025

Entity	Available Stable Funding (FER in Spanish)	Required Stable Funding (FER in Spanish)	Net Stable Funding Ratio (CFEN in Spanish)
Banco de Occidente	39,530,670	37,591,091	105.16

March 31, 2025

Entity	Available Stable Funding (FER in Spanish)	Required Stable Funding (FER in Spanish)	Net Stable Funding Ratio (CFEN in Spanish)
Banco de Occidente	40,299,004	37,577,760	107.24

In connection with the foregoing, it is considered for purposes of this report that there were no material changes in the disclosure of information that could affect the Bank's operations and results.

3.1.4. Cybersecurity Risk Analysis

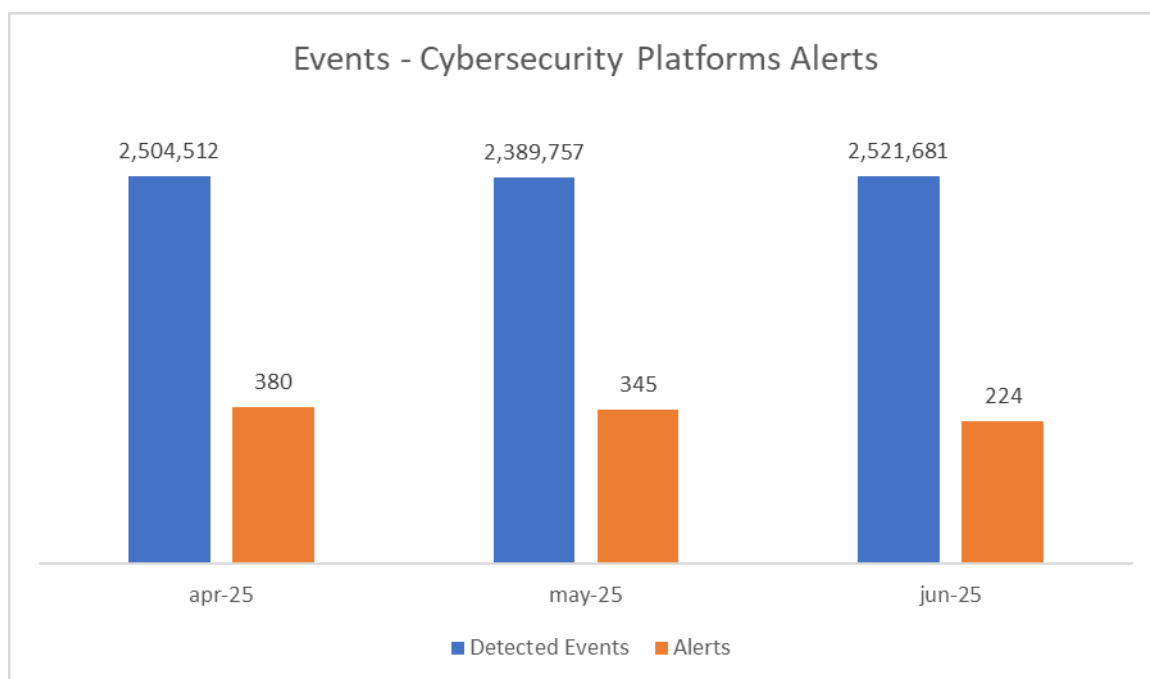
Banco de Occidente uses the ISO 27001 standard (Information Security Management System) as a methodology for risk assessment, in which the main aspects of Confidentiality, Integrity and Availability for the information managed within the Bank's operation are indicated as main axes. Based on this, no changes or additional alerts have been presented during the last quarter, considering the aspects indicated below as those of greater attention within cybernetic risk management.

- Customer information leakage
- Availability issues that may impact the service offered to customers
- Unauthorized changes to customer information





None of these threats managed within the processes that manage cybersecurity have generated risk materiality, being fully controlled and therefore no incidents have been reported.



On the other hand, within the prevention strategy, Banco de Occidente follows the corporate policies and good practices of the market in order to maintain the risk level at acceptable levels understanding the type of business; additionally, during the last year it has advanced initiatives that contribute to the security maturity level.

- EDR (Endpoint Detection And Protection) solution implementation
- Proxy, DLP, CASB and secure email platform upgrades

The Bank has consistent procedures and work plans in place to manage vulnerabilities identified in the infrastructure and business applications.

Likewise, cybersecurity awareness plans are maintained for all employees, and in addition, the management of closing observations identified by internal, corporate and regulatory entities have been responded to in a timely manner.

In order to objectively evaluate the security management system, Banco de Occidente, through a third party expert, generates a validation and evaluation of this, obtaining a rating of 4.0/5.0, which reflects an appropriate management of processes and cyber-risk.





3.2. Material Variations in Environmental, Social and Corporate Governance Matters

3.2.1. Corporate Governance Analysis

In light of the results presented in the 2024 Management and Sustainability Report (periodic year-end report), which details the structures, committees, and members of Senior Management and the Board of Directors, it is important to note that adjustments were made to the regulations of the committees that support the Board of Directors in accordance with best corporate practices, namely:

- Integral Risk Committee: Changed its composition to three (3) members of the board of directors, adopting functions suggested in the best corporate practices of *Código País*.
- Nominating, Compensation and Corporate Governance Committee: The committee is now comprised exclusively of members of the board of directors.

Copies of the updated bylaws of each Committee are available on the Bank's website.

There were no additional material developments with respect to what was disclosed in the last 2024 Management and Sustainability Report.

3.2.2. Analysis of Environmental, Social and Climate Issues

Compared to the results presented in the 2024 Management and Sustainability Report (periodic year-end report), which details our ESG (Environmental, Social and Governance) work, there have been no material changes in social and environmental issues, including climate issues, at the end of the second quarter of 2025.

AFC
Andrés Felipe Celis Salazar
Traductor e Intérprete Oficial
Inglés - Español - Inglés
Certificado de Idoneidad N°. 0413
del 4 de Agosto de 2015
UNIVERSIDAD NACIONAL DE COLOMBIA





I, ANDRÉS CELIS, hereby certify that I am fluent in both the English and Spanish languages, and competent to translate from English to Spanish and from Spanish to English, and that the attached document is a true and accurate translation of the original document from Spanish into English.

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Date: August 29, 2025