



Banco de Occidente

Del lado de los que hacen.



Annex I

Financial Statements

Banco de Occidente S.A.

Separated as of December 31, 2025

REGISTRO DE LA SUPERINTENDENCIA FINANCIERA DE COLOMBIA - BANCO DE OCCIDENTE S.A.





Banco de Occidente S.A.

Separate Financial Statements

As of December 31, 2025 and 2024

With the report of the Statutory Auditor and ISAE



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

Teléfono 317 6984634

www.kpmg.com/co

REPORT OF THE TAX AUDITOR

Shareholders of
Banco de Occidente S.A.:

Report on the audit of the financial statements

Opinion

I have audited the separate financial statements of Banco de Occidente S.A. (the Bank), which comprise the separate statement of financial position as of December 31, 2025 and the separate 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 separate financial statements referred to, prepared in accordance with information faithfully taken from the books and annexed to this report, present reasonably, in all material respects, the separate financial position of the Bank as at December 31, 2025, the separate results of its operations and its separate cash flows for the year then ended, 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 Separate Financial Statements" section of my report. I am independent of the Bank, in accordance with the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants (IESBA Code) included in the Information Assurance Standards accepted in Colombia along with the ethical requirements that are relevant to my audit of the separate 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.

KPMG Confidential



Key audit matters

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

<u>Evaluation of the credit risk rating for the provision of the commercial credit portfolio and commercial financial leasing operations according to the Guidelines of the Financial Superintendence of Colombia applicable to the separate financial statements (see notes 2.7, 3, 4.5, 10 and 10.2 to said statements)</u>	
Key Audit Issue	How it was addressed in the audit
<p>The balance of the commercial loan portfolio and commercial financial leasing operations and its provision for credit risk as of December 31, 2025, amounted to \$34,755,144 and \$1,446,729 million, respectively.</p> <p>The Bank records the provision for credit risk of the commercial portfolio and commercial financial leasing operations as provided by the Financial Superintendence of Colombia, which establishes the constitution of minimum provisions, in accordance with expected losses, determined according to the credit risk rating methodology defined in the reference model.</p> <p>I considered as a key audit issue the methodology for the assignment of the credit risk rating for customers classified in commercial portfolio and commercial financial leasing operations, which incorporates elements of significant judgments in the key assumptions of analysis, including the financial variables and payment behavior of customers, which allow capturing the credit risk associated with the payment capacity of debtors. This assigned risk rating is incorporated as a parameter in the reference model for the calculation of the provision for credit risk of the portfolio of commercial loans and commercial financial leasing operations.</p>	<p>My main audit procedures to evaluate the credit risk rating for the provision of the commercial credit portfolio and commercial financial leasing operations defined in the reference model of the Financial Superintendence of Colombia, included:</p> <ul style="list-style-type: none"> • Evaluation of the design, implementation and effectiveness of certain internal controls related to the process and established by the Bank for the determination of the provision for credit risk of the commercial loan portfolio and commercial financial leasing operations. This included controls related to: (1) validation of the methodology and/or credit risk rating assignment models according to regulatory provisions, (2) the Bank's monitoring of the assignment of credit risk ratings and the outcome of the value of provisions, (3) controls over the input data to the credit risk provision reference models of the commercial loan portfolio and commercial financial leasing operations, as well as the calculations of provisions; and (4) the assessment to identify whether there was a significant change in the credit risk of the commercial loan portfolio and commercial financial leasing operations. • Inspection of a sample of files of the commercial credit portfolio and commercial financial leasing operations, to verify that the rating granted to customers complies with the guidelines defined by the Financial Superintendence Institution of Colombia
	<p>for the provisions and which is supported by the financial, qualitative or economic characteristics of the customer and its subsequent incorporation into the reference model for the calculation of provisions.</p>

**Other matters**

The separate 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 Bank's management and corporate governance officers in relation to the separate financial statements

Management is responsible for the preparation and reasonable presentation of these separate 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 separate 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 separate financial statements, management is responsible for evaluating the Bank's ability to continue as a going concern, for disclosing as applicable matters relating to the Bank's continuity, and for using the going concern basis of accounting unless management intends to liquidate the Bank 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 Bank's financial reporting process.

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

My objectives are to obtain reasonable assurance as to whether the separate financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance means a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material 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 separate 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 separate 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 support 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 Bank's ability to continue as a going concern. If I conclude that there is material uncertainty, I should draw attention in my report to the disclosure describing this situation in the separate financial statements or, if such 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 Bank to cease to operate as a going concern.
- I evaluate the overall presentation, structure and content of the separate financial statements, including disclosures, and whether the separate financial statements present the underlying transactions and events to achieve a fair 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 audit opinion.

I communicate to those charged with Bank 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 governance, I determine the matters that were of the greatest importance in the audit of the separate financial statements of 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.

Report on other legal and regulatory requirements

1. Based on the result of my tests, in my concept during the year 2025:
 - a) The Bank's accounts have been kept in accordance with the legal standards and accounting techniques.
 - b) The transactions recorded in the books are in accordance with the bylaws and the decisions of the Shareholders' Meeting.
 - c) Correspondence, account receipts, and minute and share record books are kept and properly safeguarded.
 - d) The rules and instructions of the Financial Superintendence of Colombia related to the proper administration and provision of the assets received in payment and to the implementation and impact on the separate statement of financial position and the separate statement of results of the applicable risk management systems have been complied with.
 - e) The provisions of Law 2195 of 2022 in relation to the Transparency and Business Ethics Program have been complied with, through instructions from the Financial Superintendence of Colombia related to the Money Laundering and Terrorist Financing Risk Management System – SARLAFT or applicable Internal Control System, according to Concept 2022033680-002-000 of April 7, 2022 issued by this control entity.
 - f) There is a concordance between the accompanying separate financial statements and the management report prepared by the administrators, which includes the certification by the administration of the free circulation of the invoices issued by the vendors or suppliers.
 - g) The information contained in the self-assessment declarations of contributions to the comprehensive social security system, in particular that relating to the affiliates and their contribution base income, has been taken from the records and accounting supports. The Bank is not in arrears for contributions to the comprehensive social security system.

- h) The instructions established in Chapter XXXI of the Basic Accounting and Financial Circular (External Circular 100 of 1995) in relation to the Comprehensive Risk Management System (SIAR) have been complied with.
- i) The Bank has complied with the provisions of Chapter XXXI of the Basic Accounting and Financial Circular (External Circular 100 of 1995) in relation to the Management and Model of Liquidity Risk.

In order to comply with the requirements of Articles 1.2.1.2. and 1.2.1.5. of the Single Regulatory Decree 2420 of 2015, in development of the responsibilities of the Statutory Auditor contained in numerals 1º) and 3º) of article 209 of the Commercial Code, related to the evaluation of whether the acts of the Company's directors are in accordance with the bylaws and the orders or instructions of the Shareholders' Meeting and whether there are and are adequate internal control measures, of conservation and custody of the assets of the Company or of third parties in its possession, I issued a separate report dated February 27, 2026.

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



Digitally signed
by Wilson |
Romero
Montañez
Date: 2026.02.27
14:21:59 -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



**INDEPENDENT REPORT OF THE TAX AUDITOR ON COMPLIANCE WITH
NUMERALS 1°) AND 3°) OF ARTICLE 209 OF THE COMMERCIAL CODE**

Shareholders of
Banco de Occidente S.A.:

Description of the main subject

As part of my duties as Statutory Auditor and in compliance with Articles 1.2.1.2 and 1.2.1.5 of the Single Regulatory Decree 2420 of 2015, as amended by articles 4 and 5 of Decree 2496 of 2015, respectively, I must report on compliance with numerals 1) and 3) of article 209 of the Commercial Code, detailed as follows, by Banco de Occidente S.A. hereinafter "the Company" as of December 31, 2025, in the form of an independent reasonable assurance conclusion that the directors' actions have complied with the provisions of the bylaws and the Shareholders' Meeting and that there are adequate internal control measures, in all material respects, in accordance with the criteria indicated in the paragraph entitled Criteria of this report:

- 1) If the acts of the Company's directors are in accordance with the bylaws and the orders or instructions of the Shareholders' Meeting, and
- 3) Whether there are and are adequate measures for internal control, conservation and custody of the assets of the Company or of third parties in its possession.

Management Responsibility

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

KPMG Confidential

Responsibility of the tax auditor

My responsibility is to examine whether the acts of the Company's directors are in accordance with the articles of association and the orders or instructions of the Shareholders' Meeting, and whether there are and are adequate measures for internal control, conservation and custody of the assets of the Company or of third parties in its possession and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. I carried out my procedures in accordance with the International Standard on Assurance Engagements (ISAE 3000 (Revised), issued by the International Auditing and Assurance Standard Board (IAASB, 2018). This standard requires it to plan and carry out the procedures it deems necessary to obtain reasonable assurance as to whether the acts of the directors are in accordance with the bylaws and the decisions of the Shareholders' Meeting and whether there are and are adequate internal control measures, including the risk management systems in place (Money Laundering and Terrorist Financing Risk Management System - SARLAFT and System Comprehensive Risk Management System - SIAR), the Financial Consumer Service System - SAC and the measures for the conservation and custody of the assets of the Company or of third parties in its possession, in accordance with the requirements of Part 1, Title 1, Chapter IV and Part III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendence of Colombia, in all material aspects.

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

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

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



This reasonable assurance work includes obtaining evidence as of December 31, 2025. Procedures include:

- Obtaining a written representation from Management on whether the directors' acts are in accordance with the bylaws and the decisions of the Shareholders' Meeting and on whether there are and are adequate internal control measures, including the risk management systems implemented (Money Laundering and Terrorist Financing Risk Management System - SARLAFT and Comprehensive Risk Management System - SIAR), the Financial Consumer Service System (SAC) and the measures for the conservation and custody of the assets of the Company or of third parties in its possession, in accordance with the requirements of Part 1, Title 1, Chapter IV and Part III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendence of Colombia.
- Reading and verification of compliance with the Company's bylaws.
- Obtaining a certification from the Administration on the meetings of the Shareholders' Meeting, documented in the minutes.
- Reading of the minutes of the Shareholders' Meeting and the bylaws and verification of whether the acts of the directors are in accordance with them.
- Inquiries with the Administration on changes or proposed amendments to the Company's bylaws during the covered period and validation of their implementation.
- Evaluation of whether the internal control measures are in place and are adequate, which include the risk management systems implemented (Money Laundering and Terrorist Financing Risk Management System - SARLAFT and Comprehensive Risk Management System - SIAR), the Financial Consumer Service System - SAC and the measures for the conservation and custody of the Company's assets or those of third parties in its possession, in accordance with the requirements of Part 1, Title I, Chapter IV and Part III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendence of Colombia, which includes:
 - Design, implementation and effectiveness testing of the relevant controls of the internal control components on the financial report, which includes the requirements of External Circular 012 of 2022, immersed in Chapter I, Title V of Part III of the Basic Legal Circular of the Financial Superintendence of Colombia and the elements established by the Company, such as: control environment, risk assessment process by the entity, information systems, control activities and monitoring of controls.
 - Design, implementation, and effectiveness evaluation of the relevant controls, manual and automatic, of the key business processes related to the significant accounts of the financial statements.

- Verification of appropriate compliance with the rules and instructions on the Money Laundering and Terrorist Financing Risk Management System (SARLAFT), the Comprehensive Risk Management System (SIAR) and the Financial Consumer Service System (SAC).
- Issuance of letters to management and those charged with corporate governance with my recommendations on the deficiencies in internal control considered non-significant that were identified during the audit work.
- Follow up on the matters included in the letters of recommendation that I issued in relation to the deficiencies in internal control and those in charge of corporate governance considered not significant.

Inherent limitations

Because of the limitations inherent in any internal control structure, there may be effective controls as of the date of my review that change that status in future periods, because my report is based on selective testing, and because the evaluation of internal control is at risk of becoming inadequate due to changes in conditions or because the degree of compliance with policies and procedures may deteriorate. On the other hand, the limitations inherent in internal control include human error, failures due to collusion by two or more people, or inappropriate overstepping of controls by management.

Criteria

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

Conclusion

My conclusion is based on the evidence obtained on the matters described, and is subject to the inherent limitations set forth in this report. I believe that the evidence obtained provides a reasonable basis for assurance to support the following conclusion:

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



Digitally signed by
Wilson Romero
Montañez
Date: 2026.02.27
14:22:27 -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.
SEPARATE STATEMENT OF FINANCIAL POSITION
(Expressed in millions of Colombian pesos)



Years ended at:	Notes	As of December 31, 2025	As of December 31, 2024
Assets			
Cash and cash equivalents	6	\$ 5.282.469	3.771.300
Investment Financial Assets and Trading Derivatives	7	14.457.511	9.890.258
Investments in debt securities		11.792.702	8.286.265
Investments in equity instruments	5 and 7	1.098.614	802.252
Derivative Trading Instruments	7 and 9	1.566.195	801.741
Available-for-sale financial assets	7	5.046.113	4.086.465
Investments in debt securities		4.871.957	3.921.441
Investments in equity instruments	5 and 7	174.156	165.024
Investments held to maturity	8	1.326.662	2.133.953
Impairment of investments	7	(424)	(424)
Total financial investment assets and trading derivatives		20.829.862	16.110.252
Hedging derivative instruments	5	48.261	6.225
Loan portfolio and financial leasing operations, net	10	50.340.086	47.498.592
Credit portfolio and financial leasing operations		52.866.395	50.001.781
Commercial portfolio and commercial leasing		35.812.967	33.885.437
Commercial and commercial leasing		34.755.144	33.607.123
Repos and interbank and others		1.057.823	278.314
Consumer portfolio and consumer leasing		13.168.668	13.050.602
Mortgage portfolio and mortgage leasing		3.884.760	3.065.742
Impairment of credit portfolio at amortized cost		(2.526.309)	(2.503.189)
Impairment of commercial portfolio and commercial leasing		(1.446.729)	(1.442.894)
Impairment of the consumer portfolio and consumer leasing		(930.505)	(945.179)
Impairment of mortgage portfolio and mortgage leasing		(149.075)	(115.116)
Other accounts receivable, net	11	597.017	576.292
Total portfolio and other accounts receivable		50.937.103	48.074.884
Non-current assets held for sale	12	-	1.324
Investments in subsidiaries, associates, and joint ventures	13	2.800.331	2.612.448
Tangible assets, net	14	572.576	558.161
Own Use Property and Equipment		125.735	114.665
Property and equipment right of use		227.406	246.006
Equipment under operating lease agreement		48.968	52.805
Investment Property		170.467	144.685
Intangible assets, net	15	696.610	629.017
Capital gains		22.724	22.724
Other intangible assets		673.886	606.293
Income tax asset	16	980.201	869.048
Current assets for income tax		659.759	554.594
Deferred		320.442	314.454
Other assets		12.272	20.451
Total assets	\$	82.159.685	72.653.110
Liabilities			
Financial liabilities at fair value - derivative instruments	\$	1.326.542	844.133
Hedging derivative instruments	5	-	405
Derivative trading instruments	5 and 9	1.326.542	843.728
Financial liabilities at amortized cost		73.098.186	64.994.109
Customer deposits	17	53.860.939	48.181.616
Current accounts		7.007.742	6.726.605
Certificates of Deposit		16.058.137	13.528.141
Savings Accounts		30.722.793	27.861.495
Other deposits		72.267	65.375
Financial obligations	18	19.237.247	16.812.493
Interbank and overnight funds		12.281.784	8.636.674
Loans from banks and others		3.796.440	4.443.440
Bonds and investment securities		2.097.440	2.670.197
Obligations with rediscount entities		1.061.583	1.062.182
Provisions for Legal Contingencies and Other Provisions	20	2.439	3.871
Employee Benefits	19	80.295	68.766
Other liabilities	21	1.945.658	1.261.094
Trade and other accounts payable		1.890.210	1.203.670
Contract liabilities		1.043	853
Other non-financial liabilities		54.405	56.571
Total liabilities	\$	76.453.120	67.171.973
Equity			
Subscribed and paid-in capital	22	\$ 4.677	4.677
Premium on share placement		720.445	720.445
Retained earnings		5.055.828	4.771.287
Other comprehensive result		(74.385)	(15.272)
Shareholders' equity		5.706.565	5.481.137
Total liabilities and shareholders' equity	\$	82.159.685	72.653.110

See notes 1 to 31, which are an integral part of the separate financial statements.

Digitally signed
by MAURICIO
MALDONADO UMAÑA
Date: 2026.02.27
16:25:52 -05'00'
MAURICIO MALDONADO UMAÑA
ACCOUNTANT (*)
T.P. 80629 - T

Digitally signed
by FABIAN FERNANDO
BARONA CAJIAO
Date: 2026.02.27
15:46:25 -05'00'
FABIAN FERNANDO BARONA CAJIAO
ACCOUNTANT (*)
T.P. 80629 - T

Digitally signed by
Wilson
Romero Montañez
Date: 2026.02.27
14:22:46 -05'00'
WILSON ROMERO MONTAÑEZ
TAX AUDITOR
T.P. 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 separated financial statements and that they have been prepared with information faithfully taken from the accounting books of the Bank.



Banco de Occidente

Del lado de los que hacen.

BANCO DE OCCIDENTE S.A.
SEPARATE STATEMENT OF RESULTS



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

Years ended on:	Notes	As of December 31, 2025	As of December 31, 2024
Interest Income and Valuation	24	\$ 6.736.016	7.129.728
Interest on credit portfolio and financial leasing operations and repos and interbank		6.113.069	6.679.300
Interest on commercial portfolio		3.780.803	4.237.520
Interest on consumer portfolio		1.935.690	1.993.463
Interest on the housing portfolio		374.171	308.208
Repo and interbank income		22.405	140.109
Deposit Income		68.222	-
Interest Income from Other Accounts Receivable		4.406	6.348
Interest and valuation on investments in debt securities		550.319	444.080
Interest and similar expenses	24	4.578.372	5.034.296
Deposits			
Checking accounts		46.695	41.573
Savings Deposits		1.813.659	2.200.057
Certificates of Deposit		1.408.641	1.578.593
Interest expenses on deposits		3.268.995	3.820.223
Financial Obligations			
Interbank and overnight funds	18	764.580	559.017
Loans from banks and others	18	228.011	266.658
Bonds and investment securities	18	226.332	276.865
Obligations with rediscount entities	18	90.454	111.533
Interest Expense on Financial Obligations		1.309.377	1.214.073
Net interest income and valuation	24	2.157.644	2.095.432
Impairment losses on financial assets, net impairment		1.221.326	1.176.707
Provision for receivables and interest receivable portfolio		1.410.816	1.350.814
Recovery of write-offs		(189.490)	(174.107)
Net interest income and valuation after impairment		936.318	918.725
Income from commissions and fees	25	513.267	471.765
Commission and fee expenses	25	334.278	316.139
Net income from commissions and fees		178.989	155.626
Net income from financial assets or liabilities held for trading		884.127	645.609
Net gain on marketable investments		769.978	304.604
Net gain on trading derivative financial instruments		111.362	337.216
Net gain from hedging activities		2.787	3.789
Other income, net	26	617.052	676.742
Net Foreign Exchange Gain	26	44.392	160.543
Net gain (loss) on investment sales	26	170	(1.439)
Profit held for sale non-current assets held for sale	12 and 26	1.794	2.388
Profit sharing of associated companies and joint ventures	13	356.098	338.515
Dividends	7 and 26	7.112	6.249
Net gain on investment property valuation	14 and 26	37.205	41.127
Other operating income		170.281	129.359
Other expenses, net	26	2.079.419	1.863.320
Personnel costs		650.027	593.734
Compensation		9.152	5.248
Bonus Payments		25.632	19.843
Employee salaries and benefits		615.243	568.643
General administration expenses		1.166.729	1.045.614
Impairment on other non-financial assets	26	35.482	21.520
Depreciation and amortization expenses		212.796	184.718
Amortization expenses	15 and 26	96.029	76.843
Depreciation expenses	14 and 26	45.522	43.871
Depreciation for rights of use	14 and 26	71.245	64.004
Other operating expenses		14.385	17.734
Profit before income tax		537.067	533.382
Income tax	16	3.412	38.390
Profit for the year		\$ 533.655	494.992
Net income per share, (in pesos)	22	\$ 3.423	3.175

See notes 1 to 31, which are an integral part of the separate financial statements.

Digitally signed
by MAURICIO
MALDONADO UMAÑA
Date: 2026.02.27
16:26:36 -05'00'

MAURICIO MALDONADO UMAÑA
ACCOUNTANT (*)
T.P. 80629 - T

Digitally signed
by FABIAN FERNANDO
BARONA CAJIAO
Date: 2026.02.27
15:47:25 -05'00'

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

Digitally signed by
Wilson
Romero Montañez
Date: 2026.02.27
14:23:04 -05'00'

WILSON ROMERO MONTAÑEZ
TAX AUDITOR
T.P. 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 separated financial statements and that they have been prepared with information faithfully taken from the accounting books of the Bank.



Banco de Occidente

Del lado de los que hacen.

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



Years ended on:	Notes	December 31, 2025	December 31, 2024
Profit for the year		\$ <u>533.655</u>	\$ <u>494.992</u>
Items to be subsequently reclassified to results			
Net exchange difference for investments in foreign subordinated companies		(84.487)	63.506
Net unrealized income (loss) on foreign hedging transactions		84.487	(63.506)
Profit from equity-method investments recognized in other comprehensive income	13	47.465	5.968
Net unrealized loss on available-for-sale debt instruments	7	(115.189)	(46.308)
Unrealized net income on equity instruments measured at fair value	7	3.872	34.736
Deferred tax recognized in other comprehensive income	16	4.673	34.986
Total items that will subsequently be reclassified to the income statement		\$ (59.179)	29.382
Items that will not be reclassified to results:			
Revaluation of investment properties		-	(199)
Actuarial Profit on Defined Benefit Plans		168	2.621
Deferred tax recognized in other comprehensive income	16	(102)	(973)
Total items that will not be reclassified to results		66	1.449
Total other comprehensive income during the year, net of taxes		(59.113)	30.831
Total comprehensive profit for the year		\$ <u>474.543</u>	<u>525.823</u>

See notes 1 to 31, which are an integral part of the separate financial statements.

Digitally signed
by MAURICIO
MALDONADO UMAÑA
Date: 2026.02.27
16:27:24 -05'00'

MAURICIO MALDONADO UMAÑA
ACCOUNTANT (*)
T.P. 80629 - T

Digitally signed
By FABIAN FERNANDO
BARONA CAJIAO
Date: 2026.02.27
15:47:55 -05'00'

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

Digitally signed by
Wilson
Romero Montañez
Date: 2026.02.27
14:23:22 -05'00'

WILSON ROMERO MONTAÑEZ
TAX AUDITOR
T.P. 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 separated financial statements and that they have been prepared with information faithfully taken from the accounting books of the Bank.

BANCO DE OCCIDENTE S.A.
SEPARATE STATEMENT OF CHANGES IN EQUITY
(Expressed in millions of Colombian pesos, except information per share)




Years Ended December 31, 2025 and 2024	Subscribed and paid-in capital (Note 22)	Premium on share placement	Retained earnings	Another comprehensive result	Total shareholders' net worth
Balance as of December 31, 2023	\$ 4.677	720.445	4.492.508	(46.103)	5.171.527
Realization of other comprehensive results and effect on retained earnings from the realization of ORI	-	-	(2.631)	2.631	-
A cash dividend of \$115 per month per share is declared, payable within the first ten days of each month in accordance with current legislation, from April 2024 to March 2025, inclusive, on a total of 155,899,719 shares subscribed and paid as of December 31, 2023. (fn. 22)	-	-	(215.142)	-	(215.142)
Net changes in other comprehensive income for the year	-	-	-	28.200	28.200
Profit for the year	-	-	494.992	-	494.992
Withholding tax on dividends current validity in the statement of changes in equity	-	-	(7)	-	(7)
Withholding tax on dividends declared in the previous validity in the statement of changes in equity	-	-	1.567	-	1.567
Balance as of December 31, 2024	\$ 4.677	720.445	4.771.287	(15.272)	5.481.137
Balance as of December 31, 2024	\$ 4.677	720.445	4.771.287	(15.272)	5.481.137
Realization of other comprehensive results and effect on retained earnings from the realization of ORI	-	-	(305)	305	-
A cash dividend of \$133 per month per share is declared, payable within the first ten days of each month in accordance with current legislation, from April 2025 to March 2026, inclusive, on a total of 155,899,719 shares subscribed and paid as of December 31, 2024. (fn. 22)	-	-	(248.816)	-	(248.816)
Net changes in other comprehensive income for the year	-	-	-	(59.418)	(59.418)
Profit for the year	-	-	533.655	-	533.655
Withholding tax on dividends current validity in the statement of changes in equity	-	-	(1)	-	(1)
Withholding tax on dividends declared in the previous validity in the statement of changes in equity	-	-	7	-	7
Balance as of December 31, 2025	\$ 4.677	720.445	5.055.828	(74.385)	5.706.565

See notes 1 to 31, which are an integral part of the separate financial statements.


Digitally signed
by MAURICIO
MALDONADO UMAÑA
Date: 2026.02.27
16:28:28 -05'00'

MAURICIO MALDONADO UMAÑA
ACCOUNTANT (*)
T.P. 80629 - T


Digitally signed
by FABIAN FERNANDO
BARONA CAJIAO
Date: 2026.02.27
15:48:37 -05'00'

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


Digitally signed by
Wilson
Romero Montañez
Date: 2026.02.27
14:23:39 -05'00'

WILSON ROMERO MONTAÑEZ
TAX AUDITOR
T.P. 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 separated financial statements and that they have been prepared with information faithfully taken from the accounting books of the Bank.

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



Years Ended on:	Notes	As of December 31, 2025	As of December 31, 2024
Cash flows from operating activities:			
Profit for the year before income tax		\$ 537.067	533.382
Reconciliation of the results of the year with the net cash provided by (used in)			
The activities of the operation:			
Depreciation of tangible assets	14 and 26	116.767	107.875
Impairment on receivables and receivables, net		1.410.816	1.350.814
Depreciation of intangible assets	15 and 26	96.029	76.843
Net interest income and valuation	24	(2.157.644)	(2.095.432)
Dividends	7 and 26	(7.112)	(6.249)
Foreign Exchange Difference	26	(44.392)	(160.543)
Impairment on non-current assets held for sale	12	169	24
Profit on sale of property and equipment for own use		(923)	(121)
Profit on sale of non-current assets held for sale		(5.737)	(4.251)
Net Profit on Investment Sales		(433)	(98)
Impairment on tangible assets, net		30.027	18.360
Net profit sharing from investments in associates and joint ventures	13 and 26	(356.098)	(338.516)
Adjusted fair value on:			
Profit on valuation of derivative financial instruments, net		(114.149)	(341.005)
Utility in investment property valuation	14 and 26	(37.205)	(41.127)
Net change in operational assets and liabilities			
Tradable investments		(3.543.516)	(5.010.645)
Derivative trading instruments		(209.932)	595.250
Credit portfolio and financial leasing operations		(4.576.550)	(4.749.553)
Increase in non-current assets held for sale			
Reversal of Fair Value Adjustment in Derivative Instruments			
Accounts receivable		(243.768)	(73.466)
Other assets		(52.111)	(14.572)
Customer deposits		5.705.886	3.848.601
Interbank loans and overnight funds		3.654.234	4.223.177
Other liabilities and provisions		207.695	(209.545)
Employee Benefit		5.452	5.065
Interest received on financial assets		6.189.098	6.710.638
Interest paid on financial liabilities		(4.607.627)	(5.639.687)
Payment of interest on financial leases	18	(27.620)	(31.920)
Income tax paid (recovered)		(2.174)	18.685
Net cash provided by (used in) operating activities		1.966.249	(1.228.016)
Cash flow from investing activities:			
Acquisition of investments held to maturity		(1.323.874)	(2.080.998)
Redemption of Investments Held to Maturity		2.238.718	2.155.394
Acquisition of investments through other comprehensive income at fair value		(2.063.727)	(3.082.189)
Proceeds from the sale of investments with changes in other comprehensive income at fair value		1.420.340	2.490.060
Acquisition of stakes in associated companies and joint ventures	13	(100)	-
Acquisition of tangible assets		(58.351)	(48.671)
Proceeds from the sale of property and equipment		148.302	34.117
Acquisition of other intangible assets		(152.815)	(127.363)
Proceeds from the sale of non-current assets held for sale		14.735	5.296
Dividends Received		142.780	114.959
Net cash provided by (used in) investment activities		366.008	(539.395)
Cash flow from financing activities:			
Financial obligations, net		(677.829)	830.270
Issuance of outstanding investment securities	18	-	660.058
Payments on outstanding investment securities	18	(450.000)	(277.490)
Payment of lease fees	18	(84.358)	(74.532)
Dividends paid controlling interest	18	(173.739)	(162.024)
Dividends paid non-controlling interest	18	(66.330)	(61.104)
Net cash (used in) provided by financing activities		(1.452.256)	915.178
Effect of Profit or Loss on Cash		631.168	253.954
Increase (decrease) in cash and cash equivalent, net		1.511.169	(598.278)
Cash and cash equivalent at the beginning of the year	6	3.771.300	4.369.578
Cash and cash equivalent at the end of the year	6	\$ 5.282.469	3.771.300

Digitally signed
by MAURICIO
MALDONADO UMAÑA
Date: 2026.02.27
16:28:56 -05'00'

MAURICIO MALDONADO UMAÑA
ACCOUNTANT (*)
T.P. 80629 - T

Digitally signed
by FABIAN FERNANDO
BARONA CAJIAO
Date: 2026.02.27
15:49:13 -05'00'

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

Digitally signed by
Wilson
Romero Montañez
Date: 2026.02.27
14:23:59 -05'00'

WILSON ROMERO MONTAÑEZ
TAX AUDITOR
T.P. 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 separated financial statements and that they have been prepared with information faithfully taken from the accounting books of the Bank.





Note 1. - Reporting entity

Banco de Occidente S.A., hereinafter the Bank, is a private legal entity, legally constituted as a banking 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 Bank has its principal place of business 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 Bank makes loan placements to its customers in the form of credit, commercial, consumer, mortgage for housing and financial, operating 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, outstanding investment securities of general guarantee in Colombian pesos and with financial obligations obtained from correspondent banks in local currency 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 Bank has a total of 7,054 employees distributed in 6,179 with permanent contracts, 723 with fixed-term contracts and 152 with apprenticeship contracts.

The Bank 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 Bank 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 Bank has 95% control over foreign entities in Banco de Occidente Panamá 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 Bank 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".

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

Declaration of compliance and regulatory technical framework

The Separate Annual Financial Statements have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF) for Group entities

1. Established by 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. NCIF Group 1 is based on the complete International Financial Reporting Standards (IFRS) officially issued and translated into Spanish by the International Accounting Standards Board (IASB).

The Separate Financial Statements are presented considering the following aspects:





- **The Separate Statement of Financial Position:** It is presented showing the different accounts of assets and liabilities ordered according to their liquidity in case of realization or enforceability, considering 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".
- **The Separate Statement of Profit and Loss and Separate Statement of Other Comprehensive Income:** They are presented separately in two statements as permitted by IAS 1 "Presentation of Financial Statements". Likewise, the separate 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 Separate 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.

In accordance with Colombian law, the Bank must prepare Separate and Consolidated Financial Statements. These Separate Financial Statements were prepared to comply with the legal provisions to which the Bank is subject as a separate legal entity, some accounting principles may differ from those applied in the Consolidated Financial Statements and, additionally, do not include the adjustments or eliminations necessary for the presentation of the Bank's consolidated financial position and consolidated comprehensive results, and, its subsidiaries; therefore, the Separate Financial Statements should be read in conjunction with the Consolidated Financial Statements of Banco de Occidente S.A. and its Subsidiaries.

The Separate Financial Statements are the main Financial Statements and are the ones that serve as the basis for the distribution of dividends and other appropriations by shareholders. The Consolidated Financial Statements are presented to the Shareholders' Meeting for informational purposes only.

The Bank applies to these Separate Financial Statements the following exceptions contemplated in Title 4 - Special Regimes, of Chapter 1 of Decree 2420 of 2015:

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

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

- The provision of assets received in payment or returned is made in accordance with the provisions of Chapter III of the Basic Accounting and Financial Circular, regardless of their accounting





Banco de Occidente S.A.
Notes to the Separate Financial Statements

classification, in accordance with the provisions of External Circular 036 of 2014 issued by the Financial Superintendence of Colombia.

the main material accounting policies applied in the preparation of the Separate Financial Statements as of December 31, 2025 and 2024 presented below have been consistently applied in the preparation of the Separate Financial Statements in accordance with the accounting and financial reporting standards accepted in Colombia - NCIF.

2.1 Measuring bases

The Separate Financial Statements have been prepared on a historical cost basis with the exception of the following important items included in the Separate Statement of Financial Position:

- Derivative financial instruments are measured at fair value. See Note 7 and 9.
- Financial instruments at fair value with changes in profit or loss and changes in the ORI are measured at fair value. See Note 5 and 7.
- Investment property is measured at fair value through profit or loss. See Note 14.
- Post-employment and long-term employee benefits. They are measured under actuarial study determining the present value, taking into account market conditions, and variables such as unemployment rates, discounts, salary increases, mortality table and turnover. See details in numeral 2.17 and Note 19.

2.2 Functional and presentation currency

The Bank's primary activity is the granting of credit to customer 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 on 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 Bank's business is measured and reported to its shareholders and the general public in Colombian pesos. Due to the foregoing, the Bank's management considers that the Colombian peso is the currency that most faithfully represents the economic effects of the Bank's underlying transactions, events and conditions and for this reason the Separate Financial Statements are expressed in the currency of the primary economic environment where the Bank operates and are therefore presented in Colombian pesos as its functional currency. All information is presented in millions of pesos, except when otherwise indicated and has been rounded up to the nearest unit.

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 the 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 closing date of the reporting period, and their Separate Statements of Income are



Banco de Occidente S.A.
Notes to the Separate Financial Statements

translated at the average rates in effect on the dates of the transactions. Equity at its respective historical rate.

2.3 Foreign currency transactions

Foreign currency transactions are converted into Colombian pesos using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency are converted to the functional currency using the exchange rate prevailing on the cut-off date of the Separate 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 Separate Statement of Income, except for hedging transactions that are recorded in Other Separate Comprehensive Income.

2.4 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 Separate Statement of Financial Position.

2.5 Investment Financial Assets

Includes investments acquired by the Bank for the purpose of maintaining a secondary liquidity buffer, acquiring direct or indirect control of any company in the financial or services sector, complying with legal or regulatory provisions, or for the sole purpose of eliminating or reducing market risk to which assets are exposed, liabilities or other items in the Separate Financial Statements.

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

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

Objectivity: The determination and assignment of the fair exchange value or price of a security or instrument is carried out based on technical and professional criteria, which recognize the effects derived from changes in the behavior of all the variables that may affect said price.

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

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

Professionalism: The determination of the fair exchange value or price of a security or instrument is based on the conclusions resulting from the analysis and study that would be carried out by a prudent and diligent expert, aimed at searching, obtaining, knowing and evaluating all the relevant





Banco de Occidente S.A.
Notes to the Separate Financial Statements

information available, so that the price determined reflects the amounts that would reasonably be received for its sale.

Below is how the different types of investment are classified, valued and accounted for. This is in accordance with Chapter I - I of External Circular 100 of 1995, modified by External Circular 034 of 2014, which is the regulatory framework established in Colombia for the classification, valuation and accounting of investments for Separate Financial Statements, issued by the Financial Superintendence of Colombia.

Classification	Term	Features	Rating	Accounting
Negotiable in debt securities	Short term	Instruments and, in general, any type of investment acquired for the purpose of obtaining profits from price fluctuations.	They use prices determined by the price provider designated as official in accordance with the Established Instructions in Part III, Title IV of the Basic Legal Security of the Financial Superintendence of Colombia. For the cases in which this doesn't exist, for valuation day, fair exchange prices, should carry out the valuation exponentially from the internal rate of return. The fair exchange value or price Market of the respective value must be calculated by the sum of the present value of future flows for income and capital. In the case of securities traded abroad, when The Supplier price designated as	The difference between the current value and the immediately preceding is registered as a greater or lesser value of the investment and its counterpart affects the results of the period. This procedure is Performed daily. Investments are valued at market prices, from the same day of its acquisition, therefore, the Accounting for changes between acquisition cost and value of The investment market is carried out from the date of purchase.



Banco de Occidente S.A.
Notes to the Separate Financial Statements

Classification	Term	Features	Rating	Accounting
			official for the corresponding segment does not have a rating methodology for these investments used as an alternative source of information, Dirty Price Posted BID for one information supply platform at 4:00 p.m., Colombian official time. This procedure is performed daily.	
Negotiable in equity securities	Short Term	Investment in securities or instruments 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 must be valued considering 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 Registered as a greater or lesser value of the investment and its counterpart affects the results of the period. This procedure is Performed daily.
To keep up to expiration	Up to expiration	Securities and, in general, any type of investment in respect of which the Bank has the serious purpose and Legal, contractual, financial and operational capacity to hold them until the expiration of their term	Exponentially from the internal return rate calculated at the time of purchase.	Present value is accounted for as a higher value of the investment and its counterpart is recorded in the profit or loss for the period. This procedure

Classification	Term	Features	Rating	Accounting
----------------	------	----------	--------	------------





Banco de Occidente S.A.
Notes to the Separate Financial Statements

		of maturity or redemption. Liquidity operations cannot be carried out on these investments, such as nor simultaneous repo or repo operations or temporary transfer of securities, except in the case of forced or mandatory investments subscribed in the primary market and provided that the counterparty to the operation is the Bank of the Republic, the General Directorate of Public Credit and the National Treasury or the entities supervised by the Financial Superintendence of Colombia. Similarly, they may be delivered as collateral in a central counterparty risk chamber, in order to support compliance with the operations accepted by the latter for Compensation and liquidation.	This procedure is carried out daily.	is carried out daily.
Available for sale – debt securities	According to The business model implemented by the Bank.	Securities and, in general, any type of investment in respect of which the Bank has the serious purpose and Legal, contractual, financial and operational capacity to keep them in accordance with the business model. The investments classified in this category may be used (delivered) as collateral to support the negotiation of derivative financial instruments when the counterparty be a	They use prices determined by the pricing provider Precia designated as an officer in accordance with the Established Instructions in Part III, Title IV of the Basic Legal Circular of the Financial Superintendence of Colombia. In the case of securities traded abroad,	The Changes presented in these securities or instruments are accounted for in accordance with the following procedure: -The difference between the present value on the day of the valuation (calculated from the IRR at the time of purchase) and the immediately preceding one is registered as a higher investment value



Banco de Occidente S.A.
Notes to the Separate Financial Statements

Classification	Term	Features	Rating	Accounting
		<p>central counterparty risk chamber.</p> <p>Securities classified as Available-for-sale investments may be delivered as collateral to a counterparty's central risk house, to support the performance of the transactions accepted by the latter for clearing and liquidation.</p> <p>Likewise, these investments can be used to carry out liquidity operations, repo or repo operations, simultaneously or for the temporary transfer of securities.</p>	<p>When The Supplier designated as official for The corresponding segment does not Count with a rating methodology for these investments used as an alternative source of information, Dirty BID Price Posted for one information supply platform at 4:00 p.m., Colombian official time.</p> <p>For cases in which it doesn't exist, for the day of valuation, fair exchange prices, the valuation should be carried out exponentially from the internal return rate. The fair exchange value or market price of the respective value must be calculated by the sum of the present value of future flows for income and capital. This procedure is carried out daily.</p>	<p>with credit or charge to income statements.</p> <p>The difference between the market value and present value (calculated from the IRR at the time of purchase) is recorded as an accumulated gain or loss not realized, within the patrimony accounts. This procedure is carried out daily.</p>



Banco de Occidente S.A.
Notes to the Separate Financial Statements

Classification	Term	Features	Rating	Accounting
Equity instruments available for sale	It does not have one	Investments that grant the Bank the status of coowner of the issuer. Each category includes securities with low or minimal marketability, or without any listing.	<p>The investments in Participatory values are valued depending on whether or not they are listed on the stock exchange, like this:</p> <p>Equity Securities registered in the National Securities and Issuers Registry – RNVE.</p> <p>Equity securities registered in the RNVE and listed on stock exchanges in Colombia are valued according to the price determined by the authorized valuation price provider by the Financial Superintendence of Colombia, selected by the Entity.</p> <p>Equity securities not registered on the stock exchange.</p> <p>They are valued by price Determined by the price Supplier.</p>	<p>The effect of the valuation of the participation that corresponds to the investor's responsibility is accounted for as a gain or loss not carried out - ORI, charged or credited to the investment.</p> <p>Dividends that are distributed in kind or in cash must be recorded as income, adjusting the corresponding account of Profit or Losses not carried out (maximum up to its accumulated Value) and, if necessary, also the value of the investment in the amount of the surplus on that account.</p>





Banco de Occidente S.A.
Notes to the Separate Financial Statements

In accordance with the provisions of the Financial Superintendence of Colombia in External Circular 050 of November 2012, Banco de Occidente S.A. hired PRECIA - Proveedor de Precios para Valoración S.A. as the price provider for the valuation of the investments.

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

a) Subsidiaries

The Bank has control in 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 right to variable returns from their involvement in the investee entity.
- Ability to use its power over the investee to influence the investee's return amounts.

b) Partner companies

The Bank'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 it directly or indirectly owns between 20% and 50% of the voting rights of the investee, 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% 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 Ventures

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

The equity method is a form of accounting whereby investments in controlled companies, associates, and joint ventures are initially recorded at cost and thereafter adjusted periodically for changes in the investor's share of the investee's net assets; calculated on the basis of the Consolidated Financial Statements of the investees or, failing that, on the basis of their Separate Financial Statements, but including in such Financial Statements in turn, their participation in subsidiaries, associates and joint ventures also by the equity method.

Reclassification of investments

For an investment to be held within any of the classification categories, the respective security or instrument must meet the characteristics or conditions of the class of investments of which it is part.

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



Reclassification of holding-to-maturity investments to marketable investments

An investment may be reclassified from the investment category to maintain until maturity to the marketable investment category, when any of the following circumstances occur:

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

Reclassification of available-for-sale investments to marketable investments or to hold-to-maturity investments

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

- a. The composition of the significant activities of the business is redefined, derived from circumstances such as variations in the economic cycle or the market niche in which the supervised entity is operating or in its risk appetite.
- b. The assumptions of adjustment in the management of the investments that the business model has previously defined materialize.
- c. The investor loses its status as parent or controlling entity, and this circumstance also implies the decision to dispose of the investment in the short term from that date, or
- d. Any of the circumstances provided for in the conditions for the reclassification of investments to maintain until maturity to negotiable investments are present.

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

Provisions applicable to the reclassification of investments

The following rules must be observed with regard to the reclassification of investments:

- a. Where holding-to-maturity investments are reclassified to marketable investments, the rules on valuation and accounting for the latter must be observed. Accordingly, any unrealized gains or losses should be recognized as income or expenses on the day of reclassification.
- b. When available-for-sale investments are reclassified to marketable investments, the result of the reclassification of investments shall be recognized and maintained in "Other Comprehensive Income - ORI" as unrealized gains or losses, until the sale of the corresponding investment is made.





Banco de Occidente S.A.

Notes to the Separate Financial Statements

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

In the event that an investment is reclassified, the Financial Superintendence of Colombia shall be informed of the reclassification carried out, no later than within 10 calendar days following the date of the reclassification, indicating the reasons justifying such decision and specifying its effects in the Separate Statement of Income.

Securities or securities that are reclassified for the purpose of forming part of the negotiable investments may not be reclassified.

Investment repurchase rights

It corresponds to restricted investments that represent the collateral guarantee of investment repurchase commitments.

The Bank retains the rights and economic benefits associated with the security and retains all the risks inherent therein, although it transfers legal ownership when carrying out the repo transaction.

These securities continue to be valued on a daily basis and accounted for in the Separate Statement of Financial Position and Separate Statement of Income in accordance with the methodology and procedure applicable to investments classified as marketable, until maturity and available for sale.

Investments delivered as collateral

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

These securities are valued daily and accounted for in the Separate Statement of Financial Position and Separate Statement of Income in accordance with the methodology and procedure applicable to investments classified as available-for-sale.

Provisions or losses due to credit risk rating

Securities and/or instruments of non-rated issues or provisions:

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





Banco de Occidente S.A.
Notes to the Separate Financial Statements

Category	Risk	Features	Provisions
A	Normal	They comply with the terms agreed upon in the security or instrument and have an adequate capacity to pay principal and interest.	Not applicable.
B	Acceptable	It corresponds to issuances that present uncertainties that could affect the ability to continue to adequately comply with debt services. Likewise, its Financial Statements and other available information present weaknesses that may affect its financial situation.	The value for which they are accounted for may not exceed 80% of their net nominal value of depreciation made up to the valuation date.
C	Noticeable	Corresponds to issues that present a high or medium probability of default in the timely payment of principal and interest. Similarly, its Financial Statements and other available information show deficiencies in its financial situation that compromise the recovery of the investment.	The value for which they are accounted for may not exceed 60% of their net nominal value of depreciation made up to the valuation date.
D	Significant	It corresponds to those issues that are in breach of the terms agreed in the title, as well as their Financial Statements and other available information present accentuated deficiencies in their financial situation, so that the probability of recovering the investment is highly doubtful.	The value for which they are accounted for may not exceed 40% of their net nominal value of the depreciations made up to the date of their valuation.
E	Uncollectible	Issuers who, according to their Financial Statements and other available information, are estimated to be uncollectible.	The value of these investments is provisioned in full.

Securities and/or instruments of issues or issuers that have external ratings

Securities or instruments that have one or more ratings granted by external rating agencies recognized by the Financial Superintendence of Colombia or securities or debt instruments issued by entities that are rated by them, may not be accounted for in an amount that exceeds the following percentages of their net nominal value of the amortizations made up to the valuation date:





Banco de Occidente S.A.
Notes to the Separate Financial Statements

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

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

Investments abroad

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

When it does not have a valuation methodology for these investments, entities must use the generic IDB dirty price published by a recognized information supply platform at 4:00 p.m., Colombian official time.

The present value or market value of securities denominated in a currency other than the United States dollar is converted into that currency based on the currency conversion rates published on the day of valuation on the website of the European Central Bank. When the currency conversion rates are not found on the website of the European Central Bank, the conversion rate against the United States dollar published by the Central Bank of the respective country is taken.

2.6 Transactions in derivative financial instruments and hedge accounting

The Bank uses financial derivatives for the following purposes:

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

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

- Its value changes because of variations in the value of the underlying, 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.
- 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 Separate 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.

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

All speculative 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 Bank is exposed because 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:





Banco de Occidente S.A.
Notes to the Separate Financial Statements

- a) At the time of contracting the coverage, it is expected that, under conditions It acts with a high degree of efficacy ("prospective efficacy").
 - b) There is sufficient evidence that the coverage was effective throughout the the life of the element 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 Bank'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 because 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 Bank for risk management through hedging operations.
- b) Formal designation and documentation of the coverage relationship.
- c) Expectation that coverage will be effective and that 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. Hedging a Net Investment in a Foreign Business

The hedging of a net foreign currency investment is recorded in a similar way to previous cash flow speculations. Accumulated gains or losses on equity are included in the Separate 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 the purposes of hedging investments in foreign subsidiaries, the Bank designates foreign currency obligations as set forth in paragraphs 72 and 78 of IAS 39.

By using hedge accounting, the distortion that would exist if not used it is avoided, because investments in foreign currency, being non-monetary assets in the Separate Financial Statements, would not be adjusted for difference in exchange, while economic liabilities serve as a hedge if they were adjusted with counterpart in the Separate Statement of Income.

At the beginning of the transaction, the Bank documents the relationship between the speculative instrument and the hedged item, as well as the risk objective and strategy for undertaking the speculative relationship. The Bank 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 Note 9).

Financial assets and liabilities for derivatives transactions are not offset in the Separate 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 Separate 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.

b. Fair value coverage

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





Banco de Occidente S.A.

Notes to the Separate Financial Statements

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.

Valuation differences in accounting hedges are recorded according to the following criteria:

- a) In fair value hedges, differences in both hedging items and hedged items (in terms of the type of hedged risk) are recognized directly in the Separate Income Statements.
- b) In cash flow hedges, the effective portion of the change in the value of the hedging instrument is recognized in the Separate Statements of Other Comprehensive Income within equity.
- c) The differences in the valuation of the hedging instrument corresponding to the inefficient part of the cash flow hedging operations are carried directly in the Separate Income Statement under "Net income from financial operations".

Termination of the Hedging Relationship

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

- a) Coverage no longer meets efficiency requirements.
- b) Interruption of coverage due to disincorporation of the covered item or prospective early termination.
- c) The anticipated hedged transaction is not highly likely.
- d) Extraordinary committee approval for discontinuation of coverage or change of coverage strategy.

2.7 Credit portfolio and financial leasing operations

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

Loans are accounted for at the face value which is generally equal to the value of the loan disbursement, except for portfolio purchases "Factoring", which are recorded at cost.

Credit Policies

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

Credit modalities

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



Banco de Occidente

Del lado de los que hacen.



Commercial

These are credits granted to natural or legal persons for the development of organized economic activities, other than those granted under the microcredit modality.

Consumption

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

Housing and Housing Leasing

They are those that, regardless of the amount, are granted to natural persons, intended for the acquisition of new or used housing, or for the construction of individual housing. According to Law 546 of 1999, they are denominated in UVR or in legal currency and protected by a mortgage guarantee in the first lien, constituted on the financed home.

The repayment period is between 5 years at least and 20 years at most. Credits can be prepaid in full or in part at any time without penalty. In the case of partial prepayments, the debtor has the right to choose whether the amount paid decreases the value of the installment or the term of the obligation. Additionally, these loans have a remunerative interest rate, which is applied to the balance of the debt denominated in UVR or pesos; interest is charged in arrears and cannot be capitalized; The amount of the credit can be up to 70% of the value of the property, determined by the purchase price or that of an appraisal technically carried out within the 6 months prior to the granting of the loan. Financed buildings must be insured against fire and earthquake risks.

Criteria for credit risk assessment

The Bank permanently assesses the risk embodied in its credit assets, both at the time of granting loans and throughout their life, including in cases of restructuring. To this end, it designed and adopted a Comprehensive Risk Management System (SIAR) that is composed of credit risk management

policies and processes, reference models for estimating or quantifying expected losses, a system of provisions to cover credit risk and internal control processes.

The granting of credit is based on the knowledge of the creditor, his or her ability to pay and the characteristics of the contract to be executed, which include, among others, the financial conditions of the loan, the guarantees, sources of payment and the macroeconomic conditions to which it may be exposed.

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

The methodologies and procedures implemented in the granting process make it possible to monitor and control the credit exposure of the different portfolios, as well as the aggregate portfolio, avoiding an excessive concentration of credit by debtor, economic sector, economic group, risk factor, etc. The Bank continuously monitors and qualifies credit operations in accordance with the granting process, which is based, among other criteria, on information related to the historical behavior of





portfolios and loans; the particular characteristics of the debtors, their claims and the guarantees that support them; the debtor's credit behavior in other entities and the debtor's financial information that allows its financial situation to be known; and the sectoral and macroeconomic variables that affect their normal development.

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

Evaluation and requalification of the loan portfolio

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

To properly comply with this obligation, the Bank considers the debtor's credit behavior in other entities, in accordance with information from credit bureaus or any other source. The behavior of the portfolio in charge of customers is updated monthly, in terms of credits, cancellations, write-offs and default height of operations.

The Bank evaluates and requalifies the loan portfolio in the following cases:

- When the credits are in arrears after having been restructured, in which event they must be reclassified.
- At least in the months of May and November, and the results of the evaluation and requalification that may be necessary at the end of the following month must be recorded.

Credit Risk Rating

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

Category	Grant	Commercial Portfolio Granted	Consumption Portfolio Granted
"AA"	New loans whose grade assigned at the time of granting is "AA".	The credits granted more than 29 days in their contractual obligations, This is between 0 and 29 days in arrears.	The Credits whose Qualification obtained by the application of the MRCO methodology rating established by the norm, is equal to "AA"



Category	Grant	Commercial Portfolio Granted	Consumption Portfolio Granted
"A"	New loans whose grade assigned at the time of granting is "A" must be classified in this category.	The credits granted that have more than or equal to 30 days and less than 60 days in their contractual obligations, This it is between 30 and 59 days in arrears.	Credits whose qualification obtained by the application of the MRCO methodology the rating established by the standard, is equal to "A".
"BB"	New loans whose rating assigned at the time of granting is "BB" must be classified in this category.	The credits granted that Present more than or equal to 60 days and less than 90 days in their contractual obligations, This it is between 60 and 89 days in arrears.	Credits whose qualification obtained by the application of the methodology of the MRCO rating established by the standard, is equal to "BB".
"B"	New loans whose grade assigned at the time of granting is "B" must be classified in this category.	Loans granted that are more than or equal to 90 days in arrears and less than 120 days in their contractual obligations, i.e. between 90 and 119 days in arrears.	Credits whose qualification obtained by the application of the MRCO methodology the rating established by the standard, is equal to "B".
"CC"	New credits whose rating assigned at the time of granting is "CC" must be classified in this category.	Loans granted that are more than or equal to 120 days in arrears and less than 150 days in their contractual obligations, i.e. between 120 and 149 days in arrears.	Credits whose qualification obtained by the application of the MRCO methodology the rating established by the standard, is equal to "CC".
"Non-compliance"	New loans must be classified in this category when the applicant is reported by an entity in the CIFIN risk center in a D, E rating or with a penalized portfolio.	Loans granted that are more than or equal to 150 days in arrears.	Consumer loans that are in arrears of more than 90 days.

For the purposes of standardizing the risk ratings of the commercial and consumer portfolio in the debt reports and in the recording in the Separate Financial Statements, the Bank applies the following table including the rating for those defaulted customers:



Banco de Occidente S.A.
Notes to the Separate Financial Statements

Grouped Category	Report Categories	
	Commercial	Consumption
A	AA	AA
		A with current arrears between 0-30 days
B	A	A with current arrears of more than 30 days
	BB	BB
C	B	B
	CC	CC
	C	C
D	D	D
E	E	E

When, by virtue of the implementation of the reference models adopted by the Financial Superintendence of Colombia, the Bank classifies its customers as non-compliant, they are approved as follows:

Grouped category E = Those defaulted customers whose assigned PDI is equal to 100%.

Grouped category D = Other customers classified as defaulting.

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

Other criteria considered by the Bank to qualify credit operations are the following:

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

The housing portfolio, according to the criterion of aging of arrears, is classified as:

Category	Criterion (No. of months in arrears)
"A" Normal Risk	With up-to-date or expired installations of up to 2 months
"B" Acceptable Risk	With maturities of more than 2 months and up to 5 months
"C" Noticeable Risk	With maturities of more than 5 months and up to 12 months
"D" Significant Risk	With maturities of more than 12 months and up to 18 months
"E" Risk of Uncollectibility	With maturities of more than 18 months

Home Mortgage Portfolio Credit Classification

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

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





Banco de Occidente S.A.

Notes to the Separate Financial Statements

Category "C": Deficient credit, with NOTICEABLE risk. This category is classified as credits or contracts that present insufficiencies in the debtor's ability to pay or in the project's cash flows, which compromise the normal collection of the obligation under the agreed terms.

Category "D": Credit that is difficult to collect, with SIGNIFICANT risk. It is one that has any of the characteristics of the deficient, but to a greater degree, in such a way that the probability of collection is highly doubtful.

Category "E": IRRECOVERABLE credit. It is one that is considered uncollectible.

Restructuring processes

Restructuring of a credit is understood as any exceptional mechanism implemented through the execution of any legal transaction, which aims to modify the conditions originally agreed, in order to allow the debtor to adequately meet his obligation in the face of the actual or potential deterioration of his ability to pay. In addition, agreements entered into within the framework of Laws 550 of 1999, 617 of 2000 and 1116 of 2006 and 1564 of 2012 or regulations that add or replace them, as well as extraordinary restructurings, are considered restructurings. Credit relief ordered by law or novations that originate in events other than those described above, those provided for in Article 20 of Law 546 of 1999, as well as those modifications originated under the terms of external circular 026 of 2017 of the Financial Superintendence of Colombia, will not be considered restructurings.

Fiscal Consolidation Law 617 of 2000

In the restructurings resulting from the signing of Fiscal and Financial Consolidation Programs under the terms of Law 617 of 2000, the Nation granted guarantees for the obligations contracted by the territorial entities with the financial institutions supervised by the Financial Superintendence of Colombia, provided that the requirements established in said law were met and the fiscal adjustment agreements were signed before June 30, 2001. This guarantee could be up to 40% for credits in force on December 31, 1999, and up to 100% for new credits intended for fiscal adjustment.

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

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

For the purposes of improving the rating after the corresponding restructurings, the terms of the agreement must be fully complied with.

Restructuring agreements

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





Special Criteria for the Qualification of Restructured Loans

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

Modification of loans

In order to allow the debtor to adequately meet his obligations, in the face of the potential or actual deterioration of his ability to pay, the entity may modify the originally agreed conditions of the loans, without these adjustments being considered as a restructuring, as long as during the last six months of the loan he has not reached a consecutive default of more than 60 days for the consumer portfolio. and 90 days for commercial and housing. The new conditions must meet the criterion of financial viability, considering the analysis of the debtor's risk and ability to pay.

Special Criteria for Rating Modified Loans

The rating of the modified loans will correspond to the one assigned to them at the time of the modification, in accordance with the risk and payment capacity analysis, and must be updated in accordance with the principles defined in External Circular 016 of 2019.

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

Portfolio write-offs and leasing operations

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

The write-off does not relieve officials of the responsibilities that may fall to them for the approval and administration of the credit, nor does it exempt them from the obligation to continue collection efforts to achieve collection.

The Board of Directors is the only body competent to approve the write-off of operations that are considered lost.

Provision for loan portfolios, accounts receivable and leasing operations

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





Commercial and Consumer Portfolio

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

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

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

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

For the decumulation phase, the expected loss of portfolio A is calculated with matrix A, as set out in the corresponding reference model for the commercial portfolio. For portfolio B, C, D, and E it is the expected loss calculated with matrix B, as set out in the corresponding reference model for the commercial portfolio.

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

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

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

Where,

$$\text{CIP} = \text{PI}_{\text{Matriz A}} * \text{PDI} * \text{EDI}$$

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





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

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

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

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

Where,

i : corresponds to each obligation.

t : is the time for the calculation of provisions.

PNR_{CIP-m} : These are the net provisions for recoveries for the month, associated with the procyclical individual component in the respective portfolio modality (m).

$\sum_{active(t)} CIC_{i,t-1}$: It is the sum of the active obligations at the time of calculation of the provision

(t) in the respective modality (m), of the balance of the individual countercyclical component of the same in (t1).

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

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

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

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

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



Banco de Occidente S.A.
Notes to the Separate Financial Statements

Portfolios	Concept
Large Companies	Over 15,000 SMMLV assets
Medium Enterprises	Between 5,000 and 15,000 SMMLV of assets
Small Businesses	Less than 5,000 SMMLV of assets
Individuals	Individuals who are debtors of commercial credit

The Reference Model for the Consumer Portfolio (MRCO) is based on differentiated segments according to the products and credit establishments that grant them, to preserve the particularities of the market niches and the products granted.

- General - Automobiles: Loans granted for the acquisition of automobiles.
- General - Other: Loans granted for the acquisition of consumer goods other than automobiles. Credit cards are not included in this segment.
- Credit Card: Revolving credit for the acquisition of consumer goods that is used through a plastic card.

For the monitoring and rating of the portfolio, the Bank applies the reference models defined by the Financial Superintendence of Colombia. For the Commercial portfolio, an automatic rating methodology is used in the rating process for the non-individually assessed portfolio, which is based on customer rating models based on their probability of default, adjusted for macroeconomic and sectoral factors.

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

EXPECTED LOSS = [Probability of default] x [Exposure of the asset at the time of default] x [Loss given default] x [Term Adjustment] x [K]

Where, **Term Adjustment (AP)** = $\frac{[\text{Probability of Default}]}{[72]}$

Remaining Term: Corresponds to the number of months remaining compared to the agreed term of the credit on the date of calculation of the expected loss. If the agreed term or the remaining term is less than 72, AP will be equal to 1. For the Credit Card and Revolving segments, AP will be equal to 1.

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

Loans that are originated, disbursed, restructured or acquired as of December 1, 2016, must calculate the expected loss by applying the resulting term adjustment – AP.

As of October 1, 2024, the external circular 014 of September 30, 2024 of the Financial Superintendence of Colombia was implemented, which establishes, as a transitional measure, that as of the issuance of said circular until March 31, 2025, credit institutions may opt not to constitute the CIC of the provisions for new disbursements of the commercial credit portfolio and consumption, to apply to this methodology, the following conditions were met:

1. The intention to apply this circular was communicated within the established deadlines.
2. Compliance with the indicators established by the Financial Superintendence of Colombia in this circular (NPL coverage indicator greater than 30, total risk coverage indicator and real portfolio growth indicator).





a. The Probability of Non-Compliance

It corresponds to the probability that in a period of 12 months the debtors will default.

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

Commercial portfolio

Rating	Large Company		Medium Business		Small Business		Individuals	
	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B
AA	1,53%	2,19%	1,51%	4,19%	4,18%	7,52%	5,27%	8,22%
A	2,24%	3,54%	2,40%	6,32%	5,30%	8,64%	6,39%	9,41%
BB	9,55%	14,13%	11,65%	18,49%	18,56%	20,26%	18,72%	22,36%
B	12,24%	15,22%	14,64%	21,45%	22,73%	24,15%	22,00%	25,81%
CC	19,77%	23,35%	23,09%	26,70%	32,50%	33,57%	32,21%	37,01%
Non-compliance	100%	100%	100%	100%	100%	100%	100%	100%

Consumer portfolio

Rating	Matrix A			Matrix B		
	General Automobile	General Other	Credit Card	General Automobile	General Other	Credit Card
AA	0,97%	2,10%	1,58%	2,75%	3,88%	3,36%
A	3,12%	3,88%	5,35%	4,91%	5,67%	7,13%
BB	7,48%	12,68%	9,53%	16,53%	21,72%	18,57%
B	15,76%	14,16%	14,17%	24,80%	23,20%	23,21%
CC	31,01%	22,57%	17,06%	44,84%	36,40%	30,89%
Non-compliance	100%	100%	100%	100%	100%	100%

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

b. The Loss Given the Default - PDI

It is defined as the economic deterioration that the Bank would incur if any of the default situations materialize. The PDI for debtors classified in the default category will undergo a gradual increase according to the days elapsed after the classification in said category.

The collateral backing the transaction is necessary to calculate the expected losses in the event of non-payment and, therefore, to determine the level of provisions.

The Bank considers as suitable collateral those duly perfected securities that have an established value based on technical and objective criteria, that offer legally effective support for the payment of the guaranteed obligation and whose possibility of realization is reasonably adequate.





To evaluate the support offered and the possibility of realizing each collateral, the Bank considers the following factors: Nature, value, coverage and liquidity of the collateral; as well as the potential costs of their realization and the legal requirements necessary to make them enforceable.

The PDI by type of collateral is as follows:

Commercial Portfolio

Type of Collateral	PDI	Days after non-compliance	New PDI	Days after non-compliance	New PDI
SUITABLE COLLATERALS					
- Subsidiary credits	75%	270	90%	540	100%
- Eligible financial collateral	0-12%	-	-	-	-
- Commercial and residential real estate	40%	540	70%	1080	100%
- Assets given in real estate leasing	35%	540	70%	1080	100%
- Goods leased other than real estate	45%	360	80%	720	100%
- Collection rights	45%	360	80%	720	100%
- Other suitable collateral	50%	360	80%	720	100%
NOT SUITABLE COLLATERALS	55%	270	70%	520	100%
NO COLLATERAL	55%	210	80%	420	100%

Consumer Portfolio

Type of Collateral	P.D.I.	Days after non-compliance	New PDI	Days after non-compliance	New PDI
SUITABLE COLLATERALS					
- Eligible financial collateral	0-12%	-	-	-	-
- Commercial and residential real estate	40%	360	70%	720	100%
- Assets given in real estate leasing	35%	360	70%	720	100%
- Goods leased other than real estate	45%	270	70%	540	100%
- Collection rights	45%	360	80%	720	100%
- Other suitable collateral	50%	270	70%	540	100%
NOT SUITABLE COLLATERALS	60%	210	70%	420	100%
- Guarantee by draft	45%	-	-	-	-
NO COLLATERAL	75%	30	85%	90	100%

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

- For Payroll credits granted as of July 1, 2018, a PDI of 45% is assigned.
- For Payroll credits granted before July 1, 2018, they maintain the PDI of 60% with zero days of default until they are fully canceled and if the Payroll credit is more than 90 days in arrears, it estimates the expected loss by applying the PDI that corresponds to unsecured or unsuitable secured credits when the credit has co-signers or guarantors.

The Bank classifies the following of the different collaterals present in the credit agreements with the segments listed above:

Suitable Collaterals: Suitable collaterals are understood to be those guarantees that meet the characteristics set forth in numeral 2.3.2.1.4 of Chapter XXXI Comprehensive Risk Management System (SIAR).





1. Admissible Financial Collateral - CFA: The following guarantees are classified as CFA:
 - Money deposits in collateral guarantee: This guarantee has a PDI of 0%.
 - Stand By cards have a PDI of 0%.
 - Credit insurance: This collateral has a PDI of 12%.
 - Sovereign Guarantee of the Nation (Law 617 of 2000): This collateral has a PDI of 0%.
 - Guarantees issued by Collateral Funds that manage public resources have a PDI of 12%.
 - Securities endorsed as collateral issued by financial institutions have a PDI of 12%.
2. Collection Rights - DC: Collaterals that grant the right to collect rents or trade flows related to the debtor's underlying assets. Represented by:
 - Irrevocable commercial trust Collaterals.
 - Pledge of revenues of territorial and decentralized entities of all orders.
3. Commercial and residential real estate: The following Collaterals are classified as such:
 - Mortgage trusts.
 - Real estate guarantees.
4. Real Estate Leasing: Assets given in the following leasing contracts are classified within this category:
 - Real estate leasing.
 - Housing leasing.
5. Goods given in leasing other than real estate. The goods given in the following leasing contracts are classified within this category:
 - Leasing of machinery and equipment.
 - Vehicle leasing.
 - Leasing furniture and furnishings.
 - Leasing boats, trains and planes.
 - Leasing computer equipment.
 - Semi-mobile leasing.
 - Software leasing.
6. Other suitable Collaterals: Collaterals that are not listed in the previous paragraphs and the Collaterals referred to in Law 1676 of 2013 (Movable Collaterals) are classified within this category.
 - Pledges on processed inventories.
 - Garments on inputs – basic goods.
 - Pledges on equipment and vehicles.
 - Pledge bonds.

Unsuitable Collaterals: This category includes collateral (including movable collateral) that does not meet the characteristics set forth in paragraph d) of numeral 1.3.2.3.1 of Chapter II of the Basic Accounting and Financial Circular, such as co-debtors, guarantors and collateral by draft.

Uncollateralized: The Bank classifies within this category all obligations that do not have any collateral.





Thus, for each debtor, a different PDI is obtained according to the type of collateral, which will be applied to the real percentage of coverage that this guarantee represents with respect to the obligation.

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

Collateral Policy

- The Collateral is a legal mechanism used to support the obligations that customers acquire with the Bank.
- When loans are to be granted, the approving bodies condition the delivery of the money to the fulfillment of certain conditions, among which is the constitution of collaterals.
- The collaterals are based on supporting and guaranteeing the collection of the obligation (principal plus interest, commissions and other expenses) in case of any contingency.
- There are two types of collaterals: Suitable or Unsuitable. Suitable collaterals are defined as those securities that are duly perfected, that have an established value based on technical and objective criteria, that offer a legally effective support for the payment of the guaranteed obligation, by granting the Bank a preference or better right to obtain payment of the obligation and whose possibility of realization is reasonably adequate.

Credit operations that have been approved with suitable collaterals may not be accounted for or disbursed until the collateral is duly constituted and legally perfected, unless there is express authorization from the body that approved it. The collaterals must be chosen according to their liquidity, that is, the ease of realization of the assets involved. The evaluation of collaterals must be based on technical appraisals prepared by qualified professionals.

c. The exposed value of the asset

In the commercial and consumer portfolio, the exposed value of the asset is understood to be the current balance of capital, interest receivables and other receivables.

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

Housing portfolio

General provision

It is at least 1% of the total gross loan portfolio for the Housing modality.

The Bank always maintains provisions not less than the percentages indicated below on the outstanding balance:



Category	Capital % Guaranteed Share	Capital % Unsecured Part	Interests and Other Concepts
A - Normal	1	1	1
B - Acceptable	3.2	100	100
C - Noticeable	10	100	100
D - Significant	20	100	100
E - Uncollectible	30	100	100

For the Housing portfolio, if for 2 consecutive years, the loan remains in category "E", the percentage of provision on the guaranteed part rises to 60%. If an additional 1 year elapses under these conditions, the percentage of provision on the guaranteed part rises to 100%.

Effect of appropriate guarantees on the creation of individual provisions

For the purposes of the constitution of individual provisions, collaterals only support the principal of the loans. Consequently, the balances to be repaid of the loans covered by securities that have the character of suitable guarantees are provisioned in the corresponding percentage, applying this percentage to:

- In the case of housing loans, in the unsecured part, to the difference between the value of the unpaid balance and 100% of the value of the collateral. For the guaranteed part, at 100% of the balance of the guaranteed debit.
- In the case of microcredit, the difference between the value of the unpaid balance and 70% of the value of the collateral. In these cases, depending on the nature of the collateral and the period of default of the respective credit, only the percentages of the total value of the collateral indicated in the following tables are considered for the constitution of provisions:

Non-Mortgage Collateral	
Default Time	Coverage Ratio
From 0 to 12 months	70%
More than 12 months to 24 months	50%
More than 24 months	0%

Mortgage Collateral or Trust in Suitable Mortgage Collateral	
Default Time	Coverage Ratio
From 0 to 18 months	70%
More than 18 months to 24 months	50%
More than 24 months to 30 months	30%
More than 30 months to 36 months	15%
More than 36 months	0%





Alignment Rules

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

- a. Prior to the process of constitution of provisions and homologation of ratings, the Bank carries out the internal alignment process monthly for each debtor, for which the loans of the same modality granted to the debtor are taken to the highest risk category.
- b. In accordance with the relevant legal provisions, the Bank is obliged to consolidate Financial Statements and therefore assigns the same rating to loans of the same modality granted to the same debtor.

Provision for impairment on loans (Note 10): In accordance with the rules of the Financial Superintendence of Colombia, the Bank regularly reviews its loan portfolio to assess whether an impairment should be recognized against the results of the period following the guidelines established by the Firm indicated in note 2.7 above. Management makes judgments in the case of the commercial loan and leasing portfolio, in determining its credit risk rating in accordance with its ability to pay assessed based on Financial Statements up to 12 months old and the fair value of the collaterals granted indicated in note 2.7 above.

The rating by risk levels of the mortgage and housing portfolio is based mainly on the number of days of arrears presented by the client.

Once the different loan portfolios have been classified by risk levels, the provisions are calculated using the tables of provision rates established specifically for each type of credit by the Financial Superintendence of Colombia, also indicated in note 2.7 above, taking into account the collaterals that support the obligations.

In addition, and also on the instructions of the Financial Superintendence of Colombia, the Bank makes a general provision for the mortgage and housing loan portfolio of 1% of the total portfolio charged to profits.

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

The Bank's management estimates that the loan impairment provisions constituted are sufficient to cover the possible losses that materialize in its current loan portfolio.

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

Interbank Funds

Interbank funds are those that the Bank places or receives in or from another financial institution directly, without an agreement to transfer investments or credit portfolios. These are operations related to the corporate purpose that are agreed upon for a term of no more than 30 common days, as long as they seek to take advantage of excesses or make up for liquidity defects. They also include so-called 'overnight' transactions carried out with foreign banks using Bank funds. The interest income generated from the transaction is recorded in the Income Statement.





Repo or repo operations

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

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

The returns recorded under this heading are calculated exponentially during the term of the operation and are recognized in the Income Statement.

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

Concurrent operations

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

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

This account records the income caused by the purchaser and that the transferor pays as the cost of the operation during the term of the transaction.

The difference between the present value (cash delivery) and the future value (final transfer price) constitutes income as financial returns that is calculated exponentially during the term of the transaction and is recognized in the Income Statement.

The transferred securities subject to the simultaneous transaction are recorded in contingent debit or credit accounts for active or passive positions, respectively.

Temporary transfer of securities transactions

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

2.9 Non-current assets held for sale

Assets received in payment of receivables and non-current assets held for sale in respect of which the Bank intends to sell 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 loss 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 of the Separate Statement of Financial Position according to their nature, such as investments, property and equipment for own use or investment properties at cost value or their fair value according to the classification to which the asset applies.

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

Real estate

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

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

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

Movable property

A provision equivalent to 35% of the cost of acquisition of the good received in payment is constituted within the year following receipt of the asset, which is increased in the second year by an additional 35% until reaching 70% of the carrying value of the asset received in payment before provisions.

Once the legal term for the sale has expired without an extension having been authorized, the provision must be 100% of the book value. In the event of an extension being granted, the remaining 30% of the provision may be constituted within the term of the extension.

Without prejudice to the provisions rules mentioned above, the assets received in movable lieu of payment that correspond to investment securities must be valued by applying the criteria set forth in Chapter I-I of the Basic Accounting and Financial Circular, taking into account their classification as negotiable investments, available for sale or to hold until maturity.

Provisions that have been made on goods received in payment or goods returned from leasing operations may be reversed when they are sold in cash, if these goods are placed in the portfolio or in financial leasing operations, the profits generated as a result of the transfer of the asset to the account of the loan portfolio and financial leasing operations must be deferred within the period in which the operation has been agreed.

Rules regarding the legal term for sale

The sale of the goods received in payment must be carried out within the year following the date of their acquisition, however, they can be accounted for as fixed assets, when they are necessary for the ordinary course of their business and the limits on asset investments are met.

An extension for its disposal can be requested from the Financial Superintendence of Colombia, which must be submitted in any case before the expiration of the established legal term.





Banco de Occidente S.A.
Notes to the Separate Financial Statements

The application must demonstrate that, despite the management procedures for the sale have been diligently followed, it has not been possible to obtain its sale. In any case, the extension of the term may not exceed two years, counted from the date of expiration of the initial legal term, during which period the work that tends to the realization of these unproductive assets must also continue.

2.10 Goods leased

The goods leased by the Bank 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 balance sheet under the heading "Loan portfolio and financial leasing operations" and are accounted for in the same way as other loans granted (See Note 10). Lease contracts 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 guarantees

"Financial Guarantees" are those contracts that require the issuer to make specific payments to reimburse the creditor for the loss incurred when a specific debtor defaults on its payment obligation in accordance with 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.

2.12 Own Property and Equipment

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

Own property and equipment are recorded on the balance sheet 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, less 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.





Banco de Occidente S.A.
Notes to the Separate Financial Statements

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.

This depreciation that is recorded against profit or loss is calculated based on the following useful lives:

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 Bank establishes 3 building components, which are: foundation – roof structure, walls and divisions and finishes, which have the following ranges of residual values:

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

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 Bank's criteria for determining the useful life and residual value of these assets, and in particular of the buildings for own use, was based on independent appraisals, so that they are not older than 3 years, unless there are indications of deterioration.

At each financial closing, the Bank analyzes whether there are indications, both external and internal, that a tangible asset may be impaired. If there is evidence of impairment, the entity analyzes





Banco de Occidente S.A.
Notes to the Separate Financial Statements

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 Bank 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 for amortization accordingly. 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 recognised in previous years.

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

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

2.13 Leases

The Bank 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, which present 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 Bank. Each lease payment is allocated between the liability and the finance cost. The financial cost is recognized in the Separate Statement of Income 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 lease termination penalties, if the lease term 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 Bank'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.





Banco de Occidente S.A.

Notes to the Separate Financial Statements

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. Lowvalue assets include computer equipment and small items of office furniture.

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

2.14 Investment Properties

In accordance with International Accounting Standard IAS 40 "Investment Property", investment properties are defined as those lands or buildings considered in whole, in part or both that are held by the Bank to obtain rent, appreciation of the asset or both instead of their use for the Bank's own purposes. Investment properties are recorded in the Separate Statement of Financial Position at fair value through profit or loss.

Said fair value is determined based on appraisals periodically performed by independent experts using valuation techniques described in IFRS 13 "Fair Value Measurement". Real estate received in payment (BRDPS) and returned that is classified as investment property is provisioned in accordance with the provisions of the Financial Superintendence of Colombia in Chapter III of the Basic Accounting and Financial Circular (External Circular 100 of 1995). This indicates that a provision equivalent to 30% of the BRDP acquisition cost (i.e., the receipt value) must be constituted in monthly installments within the second year until reaching 60% of the BRDP acquisition cost. Once the legal term for the sale has expired without an extension having been authorized, the provision must be 80% of the acquisition cost of the BRDP. In the event of an extension, the remaining 20% of the provision may be constituted within the term of the provision.

When the cost of acquiring the property is lower than the value of the debt recorded in the balance sheet, the difference must be recognized immediately in the Income Statement.

When the commercial value of the property is lower than the carrying amount of the BRDPS, a provision for the difference must be accounted for.

2.15 Intangible assets

a) Capital gains

The capital gain recorded by the Bank in its Financial Statements corresponds to a merger carried out by the Bank in previous years with Banco Unión, which, in accordance with the transition standard established in IFRS 1, the Bank was exempt 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 Bank performs 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 Bank's valuation do not reverse the impairments previously recorded.

Impairment of assets – Goodwill, Property, Equipment and Intangibles

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





Banco de Occidente S.A.

Notes to the Separate Financial Statements

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 Bank 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-Capital Gains).

b) Other intangibles

The Bank's other intangible assets are mainly computer software, which is initially measured by the cost incurred in the acquisition or in the 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 computer programs that are in the development phase are capitalized taking into account the following evaluations made by the Bank's management:

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

2.16 Financial liabilities

A financial liability is any contractual obligation of the Bank to deliver cash or other financial asset to another entity or person, or to exchange financial assets or liabilities on terms that are potentially unfavourable to the Bank or a contract that will be or may be settled using the institution's own equity instruments. Financial liabilities are initially recognized at their transaction value on the date on which they originate, 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 related to derivative financial instruments are measured at fair value (See accounting policy note number 2.6 above).





Financial liabilities are only derecognized in the Separate 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).

2.17 Employee Benefits

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

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 Bank pays to its employees at the time of their retirement or after completing their period of employment, other than compensation. These benefits, in accordance with Colombian labor regulations, correspond to retirement pensions assumed directly by the Bank, 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 mortality rates, wage increases and staff turnover. and interest rates determined with reference to the prevailing market yields of bonds at the end of the period of issuance of the National Government or high-quality corporate bonds. Under the projected unit of 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 Bank's Income Statement 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 business of the Bank.

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

The adjustment will be made progressively, so that in 4 years 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 those other than short-term and post-employment employee benefits and severance pay. In accordance with the Bank's collective agreements and regulations, these benefits correspond mainly to seniority bonuses.





Banco de Occidente S.A.
Notes to the Separate Financial Statements

Long-term employee benefit liabilities are determined in the same manner as the post-employment benefits described in paragraph (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 Bank arising from a unilateral decision by the Bank to terminate the contract or by a decision by the employee to accept an offer from the Benefits Bank in exchange for the termination of the employment contract. According to Colombian law, these payments correspond to severance payments and other benefits that the Bank unilaterally decides to grant to its employees in these cases.

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

- When the Bank formally notifies the employee of its decision to remove him from employment.
- When provisions for restructuring costs are recognized by a subsidiary or business of the Bank that involve the payment of termination benefits.

2.18 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 Separate 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 Separate Statement of Income, except in the part that corresponds to items recognized in the account of other comprehensive income in equity, in which case the tax will also be recognized accordingly in the equity accounts of other comprehensive income.



Banco de Occidente S.A.
Notes to the Separate Financial Statements

Asset deferred taxes are recognized only when it is likely that future tax revenues will be available against which temporary differences can be used.

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

Generally, the Bank does 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 liabilities will be recognized.

Asset deferred taxes are recognized on deductible temporary differences from investments in subsidiaries, associates and joint ventures only when 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 taxes, 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.

2.19 Provisions

Provisions for dismantling and legal claims are recognized when the Bank has a present legal obligation or assumed as a result 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 as a whole. 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.

When 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.

2.20 Revenue

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

a) Interests

Interest is posted to the Income Paid or Received in Advance account.

Income from returns, financial leases and other items is recognized at the time it is accrued, except interest, currency adjustment, exchange adjustment and other items arising from:

- Commercial loans that are more than 3 months past due.





Banco de Occidente S.A.
Notes to the Separate Financial Statements

- Consumer loans when they are more than 2 months past due.
- Housing loans when they are more than 2 months past due.

Therefore, they will not affect the Separate Statement of Income until they are effectively collected, while they are collected, the Bank controls and keeps records of such interest.

In those cases in which, as a result of restructuring agreements or any other type of agreement, the capitalization of interest that is recorded in memorandum accounts or written-off loan balances including principal, interest and other items is contemplated, interest originated in restructuring processes will be accounted for as a deferred payment in code 290800 and its amortization to the Income Statement will be made proportionally to the values actually collected.

b) Commission Income

Commissions are recognized as income in the Separate Income Statement as follows:

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

2.21 Net earnings per share

To determine the net income per basic share, the Bank divides the net result for the period by the number of shares outstanding; During the years ended December 31, 2025 and 2024 there were 155,899,719 shares.

2.22 Going Concern

Based on the Bank's liquidity position as of the date of authorization of these Separate Financial Statements, Management continues to have a reasonable expectation that the Bank has adequate resources to continue operating for the next 12 months and that the operating basis of accounts remains adequate.

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

2.23 New accounting pronouncements not yet in force

The following accounting pronouncements issued are applicable to annual periods beginning after January 1, 2027, and have not been applied in the preparation of these Separate Financial Statements. The Bank 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 Financial Statements.





Banco de Occidente S.A.
Notes to the Separate Financial Statements

Financial Reporting Standard	Subject of the standard or amendment	Detail
Insurance Contracts (IFRS 17)	Decree 1271 of 2024	It will be applicable to the Financial Statements of the entities of Group 1 from January 1st of 2027. It Repeals the International Financial Reporting Standard IFRS 4, as of January 1, 2027.

2.24 Changes in material accounting policies

The material accounting policies applied in these annual Separate Financial Statements are the same as those applied by Banco de Occidente S.A. in the Separate Financial Statements for the year ended December 31, 2024.

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

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

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

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

Provision for impairment on loans (Note 10): In accordance with the rules of the Financial Superintendence of Colombia, the Bank regularly reviews its loan portfolio to assess whether an impairment should be recognized against the results of the period following the guidelines established by the Firm indicated in note 2.7 above. Management makes judgments in the case of the commercial loan and leasing portfolio, in determining its credit risk rating in accordance with its ability to pay assessed based on Financial Statements up to 12 months old and the fair value of the guarantees granted indicated in note 2.7 above.

The rating by risk levels of the mortgage and housing portfolio is based mainly on the number of days past-due by the client.

Once the different loan portfolios have been classified by risk levels, the provisions are calculated using the tables of provision rates established specifically for each type of credit by the Financial Superintendence of Colombia, also indicated in note 2.7 above, taking into account the guarantees that support the obligations.





Banco de Occidente S.A.
Notes to the Separate Financial Statements

In addition, and on the instructions of the Financial Superintendence of Colombia, the Bank makes a general provision for the mortgage and housing loan portfolio of 1% of the total portfolio charged to profits.

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

The Bank's management estimates that the loan impairment provisions constituted are sufficient to cover the possible losses that materialize in its current loan portfolio.

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

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

Financial assets held for trading

The Bank classifies in the negotiable portfolio the fixed-income investments that it structures as part of the liquidity management strategy resulting from the dynamics of the central vocation of financial intermediation. This portfolio is formed with the purpose of obtaining the contractual flows according to the yield offered by the issuer, to serve as support to face possible liquidity requirements and to serve as collateral for the acquisition of passive liquidity operations (Repos) with the Bank of the Republic.

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

- Public Debt TES (TF, UVR, TCO, IPC, among others).
- National Investment different from TES.
- Foreign Debt.
- Corporate Debt.
- Private Capital Funds.
- Collective Investment Funds.

Among the most representative financial assets available for negotiation is the investment that originates from the Bank'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 the value at risk in the collective portfolio module. The valuation of the investment is carried out daily, using the value of the unit delivered by Fiduciaria de Occidente, the participation in this fund for the bank is 96.69%.

Available-for-sale financial assets

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

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

- Public Debt TES (TF, UVR, TCO, IPC, among others)
- Investment Nation Different from TES
- Foreign Debt
- Corporate Debt





Investments to hold to maturity

The Bank classifies in the portfolio to maintain until maturity the portfolio made up of the Agricultural Development Securities (TDA) to comply with Article 8 of External Resolution 3 of 2000 of the Bank of the Republic and which are made as a mandatory investment. The subordinated debt papers issued by the subsidiaries will also be classified as portfolios to hold until maturity. As of December 31, 2025, there are no subordinated debt papers in force.

Deferred income tax (Note 16): The Bank assesses the realization of the deferred income tax asset over time. Asset deferred tax represents income taxes recoverable through future deductions of taxable earnings and are recorded in the Statement of Financial Position. Asset deferred taxes are recoverable to the extent that the realization of relative 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 circumstances. As a prudent measure, for the purposes of determining the realization of deferred taxes, the Bank's financial and tax projections have been made.

As of December 31, 2025 and 2024, the Bank's management estimates that the deferred income tax items would be recoverable based on its estimates of future taxable profits.

Goodwill (Note 15): Annually, the Bank's management carries out an impairment assessment of the goodwill recorded in its Financial Statements; this assessment is carried out as of December 31 of each year based on a study carried out for that purpose by independent experts hired for that purpose. This study is carried out based on the valuation of the business lines that are related to the Goodwill (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 (Note 14): Investment properties are reported on the balance sheet 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, except for goods received in payment, classified as investment properties, which are recorded as described for such goods in Note 2.14 above.

Forced sales transactions are excluded in the preparation of the Bank's investment property valuation reports. 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 (Note 23): The Bank estimates and records an estimate for contingencies, in order to cover possible losses due to labor cases, civil and commercial lawsuits, and tax or other damages under 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.

Pension plan (Note 19): 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 Bank determines a long-term rate that represents the market rate for high-quality fixed-income investments or for government bonds that are denominated in Colombian pesos, the currency in which the benefit will be paid, and considers the timing and amounts of future benefit payments, for which the Bank has selected government bonds.

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

Note 4. - Risk administration and management

The Bank's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate fair value risk, interest rate cash flow risk, and price risk), interest rate risk in the banking book, credit risk, and liquidity risk). In addition to the above, the Bank is exposed to operational and legal risks.

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

The evolution, progress and main milestones of comprehensive risk management are presented to the Comprehensive Risk Committee on a quarterly basis.

On the other hand, the Risk of Money Laundering is under the responsibility of the Compliance Officer, who reports directly to the Presidency and his reports are presented quarterly to the Board of Directors.

Risk management monitoring is carried out by each of the Managers attached to the Vice Presidency of Risk and Collection in compliance with External Circular 018 – Comprehensive Risk Management System, who, on a monthly basis, present the results of said monitoring for the consideration of the Financial Credit Risk Committee (Banking, Companies, Banks 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





Banco de Occidente S.A.

Notes to the Separate Financial Statements

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.
- To report to the Board of Directors its analysis of the results of the monthly reports received from the person who performs the risk management function.

In accordance with the standards established by the Financial Superintendence of Colombia, the Bank's risk management process is framed within the guidelines designed by Senior Management, consistent with the general management and administration guidelines approved by the Board of Directors, considering the applicable regulations 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 Bank in managing risk are the following:

- a. Provide security and continuity of service to customers.
- b. The integration of risk management into business processes.
- c. Collegial decisions at the level of the Bank's board of directors to make commercial loans.
- d. Deep and extensive market knowledge as a result of our leadership and 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 on loans.
- g. Diversification of the commercial loan portfolio with respect to industries and economic groups.
- h. Specialization in consumer product niches.
- i. Extensive use of continuously updated credit scoring and 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 Bank's risk culture is based on the principles indicated in the previous paragraph, supported by the following guidelines:

- a. In the Bank, the risk function is independent of the business units.



Banco de Occidente

Del lado de los que hacen.



- b. The Bank's delegation of authority structure requires that a large number of transactions be forwarded 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 Bank has detailed action manuals and policies regarding risk management, and the Bank's business and risk groups hold regular orientation meetings with risk approaches that are in line with the Bank's risk culture.
- d. Limit plan: The Bank has implemented a system of risk limits which are periodically updated in response to new market conditions and the risks to which they are exposed.
- 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 Bank has adequate and ongoing training courses at all levels of the organization on risk culture and remuneration plans for certain employees in accordance with 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 Bank's corporate structure for the management of the different risks is composed of the following levels:

- Board of Directors.
- Risk Committee.
- Vice-Presidency of Risk and Collection.
- Administrative risk management processes.
- Internal Audit.

Board of Directors

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

- 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.
- 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 Bank's management to provide different periodic reports on the levels of exposure to different risks.





Banco de Occidente S.A.
Notes to the Separate Financial Statements

- 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.

Risk committees

In addition to the Comprehensive Risk Committee, the Bank has, among others, credit and treasury financial risk committees, which periodically discuss, measure, control and analyze the management of the Bank's Credit Risk Management System (SARC) and treasury (SARM). Likewise, there is the Technical Committee on Assets and Liabilities, to make decisions on asset and liability management and liquidity through the Liquidity Risk Management System (SARL); the analysis and monitoring of the Operational Risk Management and Business Continuity System (SARO-PCN) is carried out in the SIAR Risk Committee of the Board of Directors. Legal risks are monitored in compliance by the Legal Vice Presidency.

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

1. Propose to the Bank's Board of Directors 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 Bank's actions in relation to risk management are consistent with 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, prevention of 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 Bank.
- Review and propose to the Board of Directors the level of tolerance and the degree of exposure to risk that the entity is willing to assume in the development of the business. This involves evaluating alternatives to align the risk appetite of the different risk management systems.
- Evaluate the risks involved in the incursion into new markets, products, segments, countries, among others.

ii. Financial Risk Committee (Credit Risk, Business Banking, Credit Risk, Personal Banking and Treasury)

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 level of risk remains within the established parameters, in accordance with the Bank's risk limits and policies.
- Evaluate the incursion into new markets and products.
- Evaluate policies, strategies and rules of conduct 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 (ALCO)

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

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 approval by the Board of Directors, documents such as the code of ethics and conduct, the policy for generating and submitting reports on the Control System Internal Audit (ICS), the information security policy, the internal audit charter and the strategic technology plan.
- Reports to the Board of Directors on 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 (ICS), proposing controls to prevent, detect and respond appropriately 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 (ICS), serves as a communication channel between Senior Management and the Board of Directors, maintaining continuous communication with the Internal Audit.
- Inform 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 has, 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 management of risks 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 pronounce on operations that do not comply with the policies, controls and/or risk limits established by the entity or in the regulatory framework and to report them as soon as possible to the legal representative and 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 stress test results against risk appetite levels and identify corresponding risk mitigation actions and report the results to the Board of Directors, legal representative and risk committee.
 - h. Manage the operational risk event log and coordinate the collection of information for said log 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, you must be





Banco de Occidente S.A.

Notes to the Separate Financial Statements

informed in a timely manner when there are significant increases in risk exposure, as well as their impact on current and future levels of capital and liquidity.

- 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, 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 responsible area.
- 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 behavior of market risk and liquidity.
 - ii. On a weekly basis, market risk levels, the conditions of the trades carried out and, in particular, breaches of limits, unconventional or out-of-market transactions, and transactions with associated 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

In accordance with its business models, the Bank 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 Bank's internal audit is independent of management, reports directly to the audit committee and in the performance of its functions carries out periodic risk-based assessments on the management and mitigation of risks, associated with the policies and procedures approved by the Board of Directors, to give its opinion on the effectiveness of the controls; its reports are submitted directly to the audit committee, which is responsible for monitoring and giving its assessment to the Bank's management about the corrective measures taken, their implementation and the improvements to the entity's internal control system.

Individual analysis of the different risks

Financial risks include market risk (which includes trading risk and price risk as 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.

4.1 Market risks

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

The market risk of financial assets in fixed-income debt securities arises as a result of the fact that the Bank manages a portfolio of these securities classified as marketable securities. The risk arises as a result of increases in market interest rates and unfavorable changes in credit risks associated with the issuer of the financial instrument.

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

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

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

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

The Bank has a Treasury Financial Risk Committee that meets periodically to discuss, measure, control and analyze the management of Market and Liquidity risks. In addition, there are the





Banco de Occidente S.A.

Notes to the Separate Financial Statements

Finance, ALCO, Ethical Audit and Comprehensive Risk Committees that complement the Corporate Governance management of these risks.

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

The risks assumed in carrying out operations are consistent with the Bank's general business strategy and are reflected in a structure of limits for positions in different instruments according to its specific strategy, the depth of the markets in which it operates, its impact on the weight of assets by risk and level of solvency, as well as balance sheet structure.

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

Thus, the analysis and monitoring of the different risks incurred by the Bank 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.

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

As a complement to the analysis of the results of the Treasury management, a daily and consolidated calculation of results is carried out that allows the accounting results to be presented from the financial point of view, segmented by each of the products and businesses that are currently held, which brings as a benefit a greater understanding and sensitivity about the management carried out by the Treasury. as well as the impact on results given market movements.

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

Likewise, the Bank has parametric internal management models based on the Value at Risk (VeR) methodology, which allow it to complement market risk management by identifying and analyzing variations in risk factors (interest rates, exchange rates) on the value of the different instruments that make up the portfolio holders. These models are JP Morgan's Risk Metrics with a confidence level of 99% and EWMA volatility (exponential weighted moving averages).

The use of the VeR methodology makes 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. Similarly, the VeR is used to determine limits to traders' positions and review positions and strategies quickly, as market conditions change.

The methodologies used for the measurement of VeR are periodically evaluated and subjected to backtesting to determine their effectiveness. In addition, the Bank has tools for stress testing and/or portfolio sensitization under the simulation of extreme scenarios.





Banco de Occidente S.A.

Notes to the Separate Financial Statements

Additionally, limits are established associated with each of the products that make up the different portfolios, which are segmented into Local Currency and Foreign Currency. Likewise, the Bank has established counterparty and trading quotas per operator for each of the trading platforms of the markets in which it operates. These limits and quotas are administered on a daily basis by the Bank's Balance Sheet Risk and Treasury Management.

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 and Derivatives investment portfolios.

The Bank classified the Available-for-Sale ALM investments as bank books as of December 1, 2024 (approval by 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. This meant a solvency benefit of approximately 74 bps.

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	Technical Equity Basics	Value	Technical Equity Basics
Banco de Occidente S.A.	\$ 109.891	34	339.369	110

The VeR indicators of transmission to the Financial Superintendence of Colombia presented by the Bank during the years ended December 31, 2025 and 2024 are summarized below:

Risk Factor	December 31, 2025			
	Minimum	Average	Maximum	Last
Interest rate	\$ 106.874	150.250	201.897	106.874
Exchange rate	678	7.630	16.396	2.951
Collective portfolios	17	58	93	66
VeR Total				\$ 109.891

Risk Factor	December 31, 2024			
	Minimum	Average	Maximum	Last
Interest rate	\$ 229.072	284.294	337.960	337.960
Exchange rate	982	3.136	8.880	1.389
Collective Portfolios	-	8	20	20
VeR Total				\$ 339.369

As a result of the behavior of the VeR, the Bank's market risk-weighted assets remained on average around 4.65% of total risk-weighted assets during the year ended December 31, 2025 and 6.80% in the year ended December 31, 2024.



Banco de Occidente S.A.

Notes to the Separate Financial Statements

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

December 31, 2025					
Classification	Portfolio Value	25 PB	50 PB	75 PB	100 PB
Negotiable	\$ 11.792.702	(93.193)	(184.967)	(275.324)	(364.278)
Available for sale	4.871.957	(27.986)	(55.593)	(82.843)	(109.720)
At maturity	1.326.662	(1.672)	(3.344)	(5.016)	(6.688)
Total	\$ 17.991.321	(122.851)	(243.904)	(363.183)	(480.686)

December 31, 2024					
Classification	Portfolio Value	25 PB	50 PB	75 PB	100 PB
Negotiable	\$ 8.286.265	(70.671)	(140.162)	(208.470)	(275.668)
Available for sale	3.921.441	(30.871)	(61.276)	(91.222)	(120.739)
At maturity	2.133.953	(2.416)	(4.832)	(7.248)	(9.664)
Total	\$ 14.341.659	(103.958)	(206.270)	(306.940)	(406.071)

As part of 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, the operations carried out by the treasury are reviewed to remain at market prices.

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

In terms of related and associated parties, Balance Sheet and Treasury Risk reports quarterly to the Board of Directors and weekly to Senior Management, the details of these, indicating the type of operation and amount. Like all other transactions, these are subject to market price review.

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

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

Price risk of investments in equity instruments

The Bank classifies its equity investments as equity securities where it has no significant control or influence, in the available-for-sale category, when its fundamental objective is not to obtain profits due to fluctuations in its market price, they are not listed on the stock exchange or are of low marketability, or awaiting the maturity of the investment, it is not 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 Bank.



Banco de Occidente S.A.
Notes to the Separate Financial Statements

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 Bank's investment policy (e.g., the asset's credit rating is downgraded below what is required by the Bank's investment policy).
- When significant adjustments are required in the maturity structure of assets to address unexpected changes in the maturity structure of the Bank's liabilities.
- When the Bank 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 parent company of Banco de Occidente.
- To meet unusual requirements or needs of credit disbursement requirements.

In addition, the Bank has exposure to the price risk of properties classified as investment, which are recorded at fair value but whose purpose is to obtain rents via leasing. The Bank annually updates the fair value of such assets based on appraisals carried out by independent experts.

Risk of foreign currency exchange rate variation

The Bank 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 Colombia oblige the Bank 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.

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 and the own spot position in foreign currency must be established based on the technical equity of the Bank 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 Bank's foreign currency assets and liabilities are held in United States dollars.

The following is the breakdown of the assets and liabilities in foreign currency expressed in millions of pesos held by the Bank as of December 31, 2025 and 2024.





Banco de Occidente S.A.
Notes to the Separate Financial Statements
December 31, 2025

	US dollars (millions)	Other currencies denominated in US dollars (millions)	Total Colombian pesos (millions)
Assets			
Cash and cash equivalents	\$ 467,19	5,60	1.776.287
Financial investment assets and derivatives of negotiation	(426,89)	13,90	(1.551.656)
Available-for-sale financial assets	11,47	1,31	48.007
Commercial portfolio and commercial leasing	805,63	5,30	3.046.745
Repos and interbank and others	64,67	0,02	243.026
Consumer portfolio and consumer leasing	16,50	-	61.988
Other accounts receivable, net	7,83	0,00	29.431
Investments in subsidiaries, associates and Joint Ventures	146,84	-	551.683
Total assets	1.093,23	26,12	4.205.510
Liabilities			
Derivative trading instruments	(163,64)	14,46	(560.453)
Customer deposits	19,78	2,12	82.294
Financial Obligations	1.116,47	8,56	4.226.810
Other accounts payable	133,18	0,01	500.421
Total liabilities	1.105,79	25,16	4.249.072
Net Active Position (Liabilities)	\$ (12,56)	0,97	(43.562)

	December 31, 2024		
	US dollars (millions)	Other currencies denominated in US dollars (millions)	Total Colombian pesos (millions)
Assets			
Cash and cash equivalents	255,58	4,14	1.145.119
Investment Financial Assets and Trading Derivatives	5.888,09	(133,00)	25.375.092
Available-for-sale financial assets	13,42	0,98	63.486
Commercial portfolio and commercial leasing	797,78	2,00	3.526.349
Repos and interbank and others	0,54	0,16	3.079
Consumer portfolio and consumer leasing	14,20	-	62.609
Other accounts receivable, net	26,72	-	117.816
Investments in subsidiaries, associates, and joint ventures	114,47	-	504.716
Total assets	7.110,79	(125,71)	30.798.266
Liabilities			
Derivative trading instruments	5.991,35	(134,34)	25.824.420
Customer deposits	17,53	0,78	80.764
Financial Obligations	1.098,29	5,40	4.866.346
Other accounts payable	8,63	0,01	38.088
Total liabilities	7.115,79	(128,14)	30.809.618
Net Active Position (Liabilities)	(5,00)	2,43	(11.352)

The Bank's management has established policies that require its subsidiaries to manage their foreign currency exchange rate risk against their functional currency. The Bank's subsidiaries are required to economically hedge their foreign exchange exposure using derivatives transactions, especially forward contracts.

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





Banco de Occidente S.A.
Notes to the Separate Financial Statements

The Bank has several investments in subsidiaries and branches abroad, whose net assets are exposed to the risk of translation of their Financial Statements for consolidation purposes. Exposure arising from net assets in foreign transactions is mainly hedged by foreign currency obligations.

4.2 Interest rate risk

Bank book interest rate risk is defined as "current 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". The Bank has defined within its policies 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 has exposure to interest rate fluctuations that impact future cash flows. The risk may arise due to the mismatch in the repricing time between assets, liabilities and off-balance sheet positions, the use of different interest rates (IBR, DTF, SOFR, Fixed, etc.) and the optionalities that may generate changes in the cash flows of both the active or passive positions made by the Bank (for example, prepaid). Interest margins can be increased or reduced as a result of changes in interest rates, bringing with them impacts on the institution's results, however, the Bank has mechanisms such as hedging through derivative instruments to deal with the risks associated with the interest rate on the bank book.

The Bank manages the Bank Book Interest Rate Risk (RTILB) 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, the Bank calculates two indicators, the delta 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 delta Δ MNI (net interest income), under two interest rate shock scenarios (parallel up and parallel down). as established in the standard model of the Financial Superintendence of Colombia.

The delta Δ MNI has a short-term approach, since it measures the impact of the shock scenario for the one-year 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 delta 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, under different scenarios, the change in the present value of interest-rate sensitive assets and liabilities and, therefore, their final impact on the economic value of equity.

According to the regulatory framework, the SFC requires that the maximum value of sensitivity to the VEP under the six interest rate shock scenarios be below 15% of the sum of the Ordinary Basic Equity (PBO) and the Additional Basic Equity (PBA). Therefore, the Bank monitors compliance with this indicator, and has a risk appetite statement, which is monitored on a monthly basis.

Below are the results obtained in the measurement of sensitivity to the VEP and the MNI for the cut-off December 31, 2025, where it is evident that the Bank is within the appetite limit defined by the Bank ($\leq 13.00\%$ according to internal thresholds) and slacks with respect to the regulatory limit (15.00%).



Banco de Occidente S.A.
Notes to the Separate Financial Statements

Interest Rate Risk in the Banking Book	December 31 2025	December 31 2024
1. Net Interest Margin Delta (ΔMNI)		
1.1 Parallel Upward Shock	\$ 679.009	538.969
1.2 Parallel Downward Shock	\$ (538.475)	(430.221)
2. Net Interest Margin Delta (ΔMNI) Parallel 100 bps.		
2.1 Parallel Upward shock +100 bps.	\$ 280.888	203.811
2.2 Parallel Downward shock -100 bps.	\$ (242.986)	(174.079)
2. Economic Value of Assets Delta (ΔVEP) + KAO		
2.1 Parallel Upward Shock	\$ 569.720	322.975
2.2 Parallel Downward Shock	\$ (48.155)	85.678
2.3 Steepening Shock	\$ (158.525)	(155.760)
2.4 Flattening shock	\$ 370.972	331.065
2.5 Short-term upward shock	\$ 435.506	269.128
2.6 Short-term downward crash	\$ (112.623)	(49.635)
2.7 Maximum Δ VEP (Base-Adverse) + KAO / PBA+PBO	% 12,05%	7,17%
3. Economic Equity Value Delta(ΔVEP) + KAO Parallel 100 bps.		
3.1 Parallel upward Shock	\$ 210.271	77.158
3.2 Parallel downward Shock	\$ 46.955	55.035
4. PBO + PBA		
4.1 Ordinary Basic Equity	\$ 4.728.823	4.619.873

These results are based on the fact that the Bank's cumulative price gap 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 us 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. Based on historical information and for a scenario of interest rate hikes, the Entity (for a three-month period) has a probability of loss of \$103.69MM on investments classified as available-for-sale that are not delivered as collateral in a counterparty central risk facility or in the development of money market operations (repos, simultaneous or temporary transfer of values).

Metrics	Currency	Scenario	Value Δ
RSCLB	COP	Rate hikes	(103.619)

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.



Banco de Occidente S.A.
Notes to the Separate Financial Statements

The following is the maturity date structure for changes in the interest rate of assets and liabilities (reprice) as of December 31, 2025 and 2024:

	December 31, 2025					Total
	Less than a month	Between one and six months	From six to twelve months	More than one year	No Interest	
Assets						
Cash and cash equivalent	\$ 5.282.469	-	-	-	-	5.282.469
Investments in debt securities at fair value VRPYG	139.796	202.167	220.290	11.230.449	-	11.792.702
Investments in debt securities at fair value VRORI	48.547	886.343	108.736	3.828.332	-	4.871.958
Investments in debt securities at amortized cost	193.796	371.415	761.451	-	-	1.326.662
Commercial portfolio and commercial leasing	2.535.708	6.083.791	2.421.550	23.714.095	-	34.755.144
Consumer Portfolio and Consumer Leasing	123.566	99.267	186.038	12.759.797	-	13.168.668
Mortgage portfolio and mortgage leasing	7.927	871	3.492	3.872.470	-	3.884.760
Repos and Interbank	-	-	1.057.823	-	-	1.057.823
Other accounts receivable	-	-	-	-	597.017	597.017
Total Assets	\$ 8.331.809	7.643.854	4.759.380	55.405.143	597.017	76.737.203

	December 31, 2025					Total
	Less than a month	Between one and six months	From six to twelve months	More than one year	No Interest	
Liabilities						
Checking Accounts	\$ 139.249	-	-	-	6.868.493	7.007.742
Certificates of Deposit	1.675.961	11.990.538	2.117.629	274.009	-	16.058.137
Savings Accounts	30.722.793	-	-	-	-	30.722.793
Other Deposits	-	-	-	-	72.267	72.267
Interbank Funds	12.279.008	-	2.776	-	-	12.281.784
Lease Agreements	-	-	-	340.688	-	340.688
Loans from banks and the like	225.975	2.062.931	789.874	376.972	-	3.455.752
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	\$ 45.128.392	16.166.927	2.942.997	1.919.110	6.940.760	73.098.186

	December 31, 2024					Total
	Less than a month	Between one and six months	From Six to twelve months	More than one year	No Interest	
Assets						
Cash and cash equivalent	\$ 3.771.300	-	-	-	-	3.771.300
Investments in debt securities at fair value VRPYG	-	53.632	109.032	8.123.601	-	8.286.265
Investments in debt securities at fair value VRORI	25.795	203.227	10.238	3.682.181	-	3.921.441
Investments in debt securities at amortized cost	232.744	1.066.449	834.760	-	-	2.133.953
Commercial portfolio and commercial leasing	2.732.723	6.671.127	2.501.478	21.701.795	-	33.607.123
Consumer Portfolio and Consumer Leasing	131.353	103.922	170.905	12.644.422	-	13.050.602
Mortgage portfolio and mortgage leasing	1.721	650	(3.824)	3.067.195	-	3.065.742
Repos and Interbank	-	-	278.314	-	-	278.314
Other accounts receivable	-	-	-	-	576.292	576.292
Total Assets	\$ 6.895.636	8.099.007	3.900.903	49.219.194	576.292	68.691.032

	December 31, 2024					Total
	Less than a month	Between one and six months	From Six to twelve months	More than one year	No Interest	
Liabilities						
Current Accounts	\$ 101.418	-	-	-	6.625.187	6.726.605
Certificates of Deposit	895.625	10.172.003	2.284.755	175.758	-	13.528.141
Savings Accounts	27.861.496	-	-	-	-	27.861.496
Other Deposits	-	-	-	-	65.375	65.375
Interbank Funds	8.636.674	-	-	-	-	8.636.674
Lease Agreements	-	-	-	371.906	-	371.906
Loans from banks and the like	601.852	2.805.532	221.715	442.435	-	4,071.534
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	\$ 38.153.002	15.613.999	2.528.514	2.008.033	6.690.562	64.994.110





Banco de Occidente S.A.
Notes to the Separate Financial Statements

The following is the table of interest rate of debt financial instruments with cut-off as of December 31, 2025 and 2024:

	December 31, 2025					
	Less than a year		More than a year		No interest	Total
	Variable	Fixed	Variable	Fixed		
Assets						
Cash and cash equivalent	\$				5.282.469	5.282.469
Investments in debt securities at fair value						
VRPYG		30.054	532.199	3.534	11.226.915	-
Investments in debt securities at fair value						
VRORI		58.847	984.779	5.018	3.823.314	-
Investments in debt securities at amortized cost		1.326.662	-	-	-	1.326.662
Commercial portfolio and commercial leasing		7.793.407	3.247.642	20.022.420	3.691.675	-
Consumer Portfolio and Consumer Leasing		76.269	332.602	858.272	11.901.525	-
Mortgage portfolio and mortgage leasing		1.141	11.149	294.484	3.577.986	-
Repos and Interbank		-	1.057.823	-	-	1.057.823
Other accounts receivable		-	-	-	597.017	597.017
Total	\$	9.286.380	6.166.194	21.183.728	34.221.415	5.879.486
						76.737.203
Liabilities						
Checking Accounts	\$	-	139.249	-	-	6.868.493
Certificates of Deposit		13.030.538	625.510	2.395.005	7.084	-
Savings Accounts		1.326.614	29.396.179	-	-	-
Other Deposits		-	-	-	-	72.267
Interbank Funds		-	12.281.784	-	-	-
Lease Agreements		-	-	-	340.688	-
Loans from banks and the like		2.464.039	614.739	376.974	-	-
Bonds and Investment Securities		363.859	27.608	1.056.060	649.913	-
Obligations with rediscount entities		92.830	41.312	14.169	913.272	-
Total	\$	17.277.880	43.126.381	3.842.208	1.910.957	6.940.760
						73.098.186

	December 31, 2024					
	Less than a year		More than a year		No interest	Total
	Variable	Fixed	Variable	Fixed		
Assets						
Cash and cash equivalent	\$	-	-	-	-	3.771.300
Investments in debt securities at fair value		-	162.664	-	8.123.601	-
Investments in debt securities at fair value		10.020	229.240	53.345	3.628.836	-
Investments in debt securities at amortized cost		1.450.324	683.629	-	-	-
Commercial portfolio and commercial leasing		7.733.786	4.171.542	18.487.328	3.214.467	-
Consumer Portfolio and Consumer Leasing		77.191	328.989	1.216.101	11.428.321	-
Mortgage portfolio and mortgage leasing		1.145	(2.598)	273.717	2.793.478	-
Repos and Interbank		-	278.314	-	-	278.314
Other accounts receivable		-	-	-	-	576.292
Total	\$	9.272.466	5.851.780	20.030.491	29.188.703	4.347.592
						68.691.032
Liabilities						
Current Accounts	\$	-	101.418	-	-	6.625.187
Certificates of Deposit		722.417	10.924.470	503.522	1.377.732	-
Savings Accounts		1.439.017	26.422.479	-	-	-
Other Deposits		-	-	-	-	65.375
Interbank Funds		-	8.636.674	-	-	-
Lease Agreements		-	-	-	371.906	-
Loans from banks and the like		2.925.108	703.991	442.435	-	-
Bonds and Investment Securities		472.385	33.332	1.406.020	758.460	-
Obligations with rediscount entities		4.414	39.854	20.139	997.775	-
Total	\$	5.563.341	46.862.218	2.372.116	3.505.873	6.690.562
						64.994.110

4.3 Liquidity risk

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

The Bank manages liquidity risk in accordance with the standard model established in Chapter XXXI (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 Risk Management System (SIAR) for Liquidity, which establishes the minimum prudential parameters that entities must supervise in their operations to efficiently manage liquidity risk by that are exposed.





Banco de Occidente S.A.
Notes to the Separate Financial Statements

To measure liquidity risk, the Bank calculates weekly Liquidity Risk Indicators (IRL) at the terms of 7, 15, 30 and 90 days, as established in the standard model of the Financial Superintendence of Colombia.

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

As part of the liquidity risk analysis, the Bank measures 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 Bank's measurement of liquidity; Based on the requirement of the biweekly reserve requirement, the primary and secondary sources of liquidity are determined to diversify the providers of funds, with the aim of guaranteeing the stability and sufficiency of resources and minimizing the concentrations of the sources.

Once the sources of resources are established, they begin to support the need for funds, according to the demand and need for placement, considering the budget, the nature and depth of the markets.

The availability of resources is monitored on a daily basis, not only to comply with reserve requirements, but also to foresee and/or anticipate possible changes in the Bank's liquidity risk profile and to be able to make strategic decisions as appropriate. In this regard, the Bank has liquidity early warning indicators that allow establishing and determining the scenario in which it finds itself, 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 Finance Committee, the Steering Committee, the Treasury Financial Risk Committee, the ALCO Committee and the Comprehensive Risk Committee, the Bank's management is aware of the liquidity situation of the entity and makes the necessary decisions taking into account the high-quality liquid assets that must be maintained, 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 Bank's results and changes in the balance sheet structure. To control liquidity risk between assets and liabilities, the Bank conducts statistical analyses to determine the stability of deposits with and without contractual maturity.

In order to comply with the requirements of the Bank of the Republic and the Financial Superintendence of Colombia, banks in Colombia must keep cash in cash 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, with the exception of certificates of term deposits with a term of less than 540 days whose percentage is 2.5% and the 0% when it exceeds this period. The Bank 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.





Banco de Occidente S.A.
Notes to the Separate Financial Statements

Category	December 31, 2025	December 31, 2024
	Required	Required
Deposit of enforceability on demand and within 30 days	7%	7%
Deposit of official establishments	7%	7%
Deposit of enforceables after 30 days	7%	7%
Ordinary savings deposit	7%	7%
Term savings deposit	7%	7%
Negotiated investment buyback commitments	7%	7%
Other accounts other than deposits	7%	7%
Certificates of Deposit		
With a term of less than 540 days	2,5%	2,5%
With a term equal to or greater than 540 days	0%	0%

The following is the summary of the Bank's projected available liquid assets in a 90-day period as of December 31, 2025 and 2024, as established for this purpose by the Financial Superintendence of Colombia:

Description	December 31, 2025					
	Balance as of December 31, 2025	1 to 7 days	8 to 15 days	From 16 to 30 days	Total Days 1 to 30	From 31 to 90 days
ASSETS						
Liquid Assets (1)						
Cash and bank deposits	\$ 3.237.313	-	-	-	-	-
Money Market Operations	-	2.424.676	45.862	-	2.470.538	-
Marketable investments in debt securities	6.071.395	10.796	33.973	170.655	215.424	488.656
Negotiable investments in equity securities	138.173	-	-	-	-	-
Investments to hold to maturity	166.821	-	-	45.928	45.928	-
Other liabilities and creditor contingencies	288.845	-	-	-	-	-
Subtotal	9.902.547	2.435.472	79.835	216.583	2.731.890	488.656
Active contractual maturities						
Ordinary interbank funds sold.	-	188.121	48.921	-	237.042	-
Investment Transfer Rights	-	10.102.416	18.388	-	10.120.804	-
Credit portfolio	-	563.646	598.760	1.648.573	2.810.980	5.169.402
Derivative financial instruments	-	117.755	195.922	174.573	488.250	277.084
Others	-	68.865	75.912	142.336	287.114	2.354.826
Revenue Stream with Contractual Maturity of Assets and Off-Balance Sheet Positions - FIVC	-	13.476.275	1.017.738	2.182.065	16.676.080	8.289.968
Passive contractual maturities						
Money Market Operations	-	10.179.494	18.933	-	10.198.427	-
Term Certificate of Deposit - CDT and CDATs	-	359.886	404.900	1.238.827	2.003.613	5.657.217
Derivative financial instruments	-	35.727	179.932	134.348	350.007	201.090
Financial obligations	-	41.267	92.584	156.323	290.174	1.138.287
Other liabilities	-	2.933.482	160.569	215.305	3.309.357	1.323.862
Flow of Expenditures with Contractual Maturity of Liabilities and Off-Balance Sheet Positions - FEVC	-	13.549.856	856.918	1.744.803	16.151.577	8.320.456
Net Flow (estimated) of Non-Contractual Maturities - FNVNC	38.219.003	1.573.900	1.798.743	3.372.642	6.745.285	13.490.570
Net Flow	-	(1.667.295)	(1.681.475)	(3.178.341)	(6.527.111)	(14.092.424)
Estimated Net Liquidity Requirement - RLN (2)	\$ 3.780.939	1.681.475	3.178.341	6.527.111	14.092.424	-
Partial IRL	-	6.121.609	4.440.133	1.261.793	3.375.436	(10.716.988)
Partial IRL	-	261,91%	181,29%	114,60%	151,71%	48,03%





Banco de Occidente S.A.
Notes to the Separate Financial Statements

December 31, 2024						
Descripción	Balance as of December 31, 2024	1 to 7 days	8 to 15 days	From 16 to 30 days	Total Days 1 to 30	From 31 to 90 days
ASSETS						
Liquid Assets (1)						
Cash and bank deposits	\$ 3.121.398	-	-	-	-	-
Money Market Operations	-	535.284	52.859	82.967	671.111	-
Marketable investments in debt securities	4.297.310	7.409	5.888	16.685	29.982	276.464
Negotiable investments in equity securities	30.052	-	-	-	-	9.740
Investments to hold to maturity	71.885	-	-	6.541	6.541	-
Other liabilities and creditor contingencies	165.521	-	-	-	-	-
Subtotal	7.686.166	542.693	58.747	106.193	707.634	286.204
Active contractual maturities						
Investment Transfer Rights	-	8.317.367	26.317	-	8.343.684	-
Credit portfolio	-	541.292	599.483	1.472.995	2.613.769	4.132.529
Derivative financial instruments	-	79.000	111.614	44.571	235.185	70.771
Others	-	190.064	95.571	179.196	464.832	2.142.641
Revenue Stream with Contractual Maturity of Assets and Off-Balance Sheet Positions - FIVC	-	9.670.416	891.732	1.802.955	12.365.104	6.632.145
Passive contractual maturities						
Money Market Operations	-	8.143.499	26.141	-	8.169.639	-
Term Certificate of Deposit - CDT and CDAT's	-	269.449	659.822	892.913	1.822.183	4.540.096
Derivative financial instruments	-	17.357	85.690	95.199	198.247	107.841
Financial obligations	-	139.265	281.604	380.723	801.592	1.101.869
Other liabilities	-	644.384	161.685	286.235	1.092.304	683.379
Flow of Expenditures with Contractual Maturity of Liabilities and Off-Balance Sheet Positions - FEVC	-	9.213.954	1.214.942	1.655.070	12.083.966	6.433.185
Net Flow (estimated) of Non-Contractual Maturities - FNVNC	34.993.518	1.417.163	1.619.615	3.036.778	6.073.555	12.147.111
Net Flow	-	(977.040)	(1.958.605)	(2.936.422)	(5.872.068)	(12.302.542)
Estimated Net Liquidity Requirement - RLN (2)	\$ -	2.657.779	1.958.605	2.936.422	5.872.068	12.302.542
Partial IRL	-	5.028.387	3.069.781	133.359	1.814.098	(10.488.445)
Partial IRL	-	289,20%	166,50%	101,80%	130,90%	42,30%

(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 in cash 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, investments in open collective portfolios without a permanence agreement and investments at amortized cost, provided that in the latter case they are forced or compulsory investments subscribed in the primary market and that money market operations with them are permitted. 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 valuation (Fair Value).

(2) The balance corresponds to the residual value of the entity's liquid assets in the days following the end of the period, after discounting the net difference between the entity's cash 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 off-balance sheet positions in the time bands from 1 to 90 days.

The following is the result of the Bank's CFEN net stable funding ratio 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)	Required Stable Funding (FER)	Net Stable Funding Ratio (CFEN)
Banco de Occidente	42.520.162	39.397.293	107,93

December 31, 2024			
Entity	Stable Funding Available (FED)	Required Stable Funding (FER)	Net Stable Funding Ratio (CFEN)
Banco de Occidente	39.337.640	37.245.588	105,62





Banco de Occidente S.A.
Notes to the Separate Financial Statements

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

December 31, 2025						
	Less than a month	Between one and six months	Six to twelve months	More than a year	Non-sensitive	Total
Assets						
Cash and cash equivalent	\$ 5.282.469	-	-	-	-	5.282.469
Investments in debt securities at fair value VRPYG	164.351	417.829	322.515	6.230.951	-	7.135.646
Investments in debt securities at fair value VRORI	51.463	284.310	134.066	2.435.354	-	2.905.193
Investments in debt securities at amortized cost	45.928	68.011	69.650	-	-	183.589
Commercial portfolio and commercial leasing	2.535.708	6.083.791	2.421.550	23.714.095	-	34.755.144
Consumer Portfolio and Consumer Leasing	123.566	99.267	186.038	12.759.797	-	13.168.668
Mortgage portfolio and mortgage leasing	7.927	871	3.492	3.872.470	-	3.884.760
Repos and Interbank	-	-	1.057.823	-	-	1.057.823
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	-	-	-	-	597.017	597.017
Other assets	-	-	-	-	12.272	12.272
Total Assets	\$ 8.734.263	7.393.375	4.390.679	49.691.492	609.289	70.819.098
	Less than a month	Between one and six months	Six to twelve months	More than a year	Non-sensitive	Total
Liabilities						
Checking Accounts	\$ 139.249	-	-	-	6.868.493	7.007.742
Certificates of Deposit	2.438.434	8.666.309	3.862.228	2.581.072	-	17.548.043
Savings Accounts	30.722.792	-	-	-	-	30.722.792
Other Deposits	-	-	-	-	72.267	72.267
Interbank Funds	12.291.381	-	2.833	-	-	12.294.214
Lease Agreements	10.313	50.689	56.924	266.570	-	384.497
Loans from banks and others	227.147	2.119.574	854.174	966.451	-	4.167.346
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	-	-	-	-	1.945.658	1.945.658
Total liabilities	\$ 46.273.589	11.551.251	5.185.832	9.620.732	8.886.418	81.517.823
	Less than a month	Between one and six months	Six to twelve months	More than a year	Non-sensitive	Total
Loan commitments						
Guarantees	\$ 205.957	95.169	1.263.427	1.001	-	1.565.554
Unused letters of credit	-	87.122	42.737	12.200	-	142.059
Overdraft Quotas	-	-	-	-	-	-
Unused credit card quotas	4.276.857	-	-	-	-	4.276.857
Opening credit	2.473.715	-	-	-	-	2.473.715
Approved undischursed appropriations	-	-	-	-	-	-
Other (*)	-	-	-	-	-	-
Total liabilities	\$ 6.956.529	182.291	1.306.164	13.201	-	8.458.185





Banco de Occidente S.A.
Notes to the Separate Financial Statements

December 31, 2024						
	Less than a month	Between one and six months	Six to twelve months	More than one year	No Interest	Total
Assets						
Cash and cash equivalent	\$ 3.771.300	-	-	-	-	3.771.300
Investments in debt securities at fair value VRPYG	1.052	243.101	190.088	5.268.184	-	5.702.425
Investments in debt securities at fair value VRORI	28.146	236.556	55.362	1.543.492	-	1.863.556
Investments in debt securities at amortized cost	6.541	1.264	73.079	-	-	80.884
Commercial portfolio and commercial leasing	2.732.723	6.671.127	2.501.478	21.701.795	-	33.607.123
Consumer Portfolio and Consumer Leasing	131.353	103.922	170.904	12.644.422	-	13.050.601
Mortgage portfolio and mortgage leasing	1.721	650	(3.824)	3.067.195	-	3.065.742
Microcredit Portfolio and Microcredit Leasing	-	-	-	-	-	-
Repos and Interbank	-	-	278.314	-	-	278.314
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	-	-	-	-	576.292	576.292
Other assets	-	-	-	-	20.451	20.451
Total Assets	\$ 6.904.687	7.379.897	3.309.244	44.373.724	596.743	62.564.295
Liabilities						
	Less than a month	Between one and six months	Six to twelve months	More than one year	No Interest	Total
Current Accounts	\$ 101.418	-	-	-	6.625.187	6.726.605
Certificates of Deposit	2.232.618	6.924.701	3.740.105	1.970.611	-	14.868.035
Savings Accounts	27.861.496	-	-	-	-	27.861.496
Other Deposits	-	-	-	-	65.375	65.375
Interbank Funds	8.636.674	-	-	-	-	8.636.674
Lease Agreements	8.950	43.430	51.088	367.066	-	470.533
Loans from banks and others	585.176	2.762.489	219.779	445.709	-	4.013.153
Bonds and Investment Securities	279.448	-	273.200	2.365.343	-	2.917.991
Obligations with rediscount entities	584	23.262	21.709	1.016.745	-	1.062.300
Derivative Trading Instruments	198.883	173.673	68.063	138.873	-	579.492
Hedging derivatives	-	-	-	-	-	-
Other accounts payable	-	-	-	-	1.195.591	1.195.591
Total liabilities	\$ 39.905.247	9.927.555	4.373.944	6.304.347	7.886.153	68.397.245
Loan commitments						
	Less than a month	Between one and six months	Six to twelve months	More than one year	No Interest	Total
Guarantees	-	532	921	60.597	-	62.050
Unused letters of credit	22	451	53	793	-	1.319
Overdraft Quotas	-	-	-	-	-	-
Unused credit card quotas	5.920.745	-	-	-	-	5.920.745
Opening credit	-	-	-	-	-	-
Approved undisbursed appropriations	3.000	-	-	-	-	3.000
Other (*)	-	-	-	-	-	-
Total liabilities	\$ 5.923.767	983	974	61.390	-	5.987.114

4.4 Proper capital management

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

According to current legal regulations, financial institutions in Colombia must maintain a technical equity greater than 9% of the assets weighted by their level of credit, market and operational risk.

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





The following is the breakdown of the Bank's solvency ratios as of December 31, 2025 and 2024:

Adequate Capital

	December 31 2025	December 31 2024
Subscribed and paid-in capital	\$ 4.677	4.677
Reserves and retained earnings	5.242.618	4.996.740
Other comprehensive result	(52.984)	53.594
Net income for the period	533.656	494.992
Deductions		
Capital gains and other intangibles	(761.334)	(693.741)
Deferred tax assets	(235.063)	(233.646)
Others	(2.747)	(2.743)
Ordinary basic equity Basic Equity	4.728.823	4.619.873
Subordinated instruments	1.075.171	1.357.700
Plus/Less Others	38.417	30.716
Additional Assets Technical heritage	1.113.588	1.388.416
Assets weighted by credit risk level	41.765.590	40.395.605
Market risk	109.891	339.369
Value of exposure by market risk	1.221.011	3.770.767
Operational risk	337.993	282.931
Value of exposure by operational risk	3.755.478	3.143.678
Assets weighted by credit, market and operational risk level	46.742.079	47.310.049
Basic solvency ratio	10,12%	9,77%
Solvency ratio contributed by additional equity	0,00%	0,00%
Additional basic solvency ratio (1)	10,12%	9,77%
Solvency ratio contributed by additional equity	2,38%	2,93%
Total solvency ratio	12,50%	12,70%
Basic Equity	4.728.823	4.619.873
Leverage Value	81.723.618	75.193.855
Leverage Ratio	5,79%	6,14%

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

The Financial Superintendence of Colombia – SFC, through Resolution Number 2629 of 2024, confirmed and declared Banco de Occidente S.A. as a "Systemically Important Entity - EIS" for the year 2025, in accordance with Colombian banking regulation and as a result of the evaluation of criteria associated with size, complexity, interconnection and substitutability. The status of an EIS requires the Bank to build an additional capital buffer equivalent to 1.0% of its assets weighted by credit, market and operational risk. To this end, the Financial Superintendence of Colombia – SFC has granted a transition period to implement the new capital buffer as follows:



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

4.5 Credit risk

Credit risk exposure

The Bank has exposure to credit risk, which consists of the debtor causing a financial loss to the Bank by not meeting its obligations in a timely manner and for the entire debt. The Bank's exposure to credit risk arises as a result of its lending activities and transactions with counterparties, which give rise to financial assets.

The Bank's maximum exposure to credit risk, in accordance with IFRS 7, is reflected in the carrying amount of financial assets in the Bank's Statement of Financial Position.

The potential impact of net assets and liabilities to potentially reduce credit risk exposure 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 for that purpose (See Note 23). Credit risk is mitigated by collateral and securities as described below:

Credit risk mitigation, collateral, and other credit risk enhancements

In most cases, the Bank's maximum credit risk exposure is reduced by collateral and other credit enhancements, which reduce the Bank's credit risk. The existence of collateral may be a necessary measure but not a sufficient instrument for the acceptance of credit risk. The Bank's credit risk policies require an assessment of the debtor's ability to pay and that the debtor can generate sufficient sources of resources to allow debt repayment.

In the initial evaluation of customers, logistic regression models are applied, which assign a score to the customer, based on variables from the Credit Bureau, and make it possible to establish whether the applicant is subject to credit in accordance with the Bank's policy regarding the minimum score required.

The risk acceptance policy is therefore organized at three different levels in the Bank.

- **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, based on variables from the Credit Bureau, and make it possible to establish whether the applicant is subject to credit in accordance with the Bank'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,





Banco de Occidente S.A.
Notes to the Separate Financial Statements

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 bank's credit policies, according to the risk assumed in any of the forms, such as personal guarantees, monetary deposits, securities and mortgage guarantees.

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 collateral must be legally evaluated and prepared following the parameters of their constitution in accordance with the applicable legal standards.

As of December 31, 2025 and 2024, the following is the breakdown of the loan portfolio by type of collateral received in support of the loans granted by the Bank:

	December 31, 2025					Total
	Commercial	Consumption	Housing	Financial Leasing	Repos and Interbank	
Unsecured Credits	\$ 17.479.222	10.516.581	1.208	3.056.545	1.057.823	32.111.379
Loans guaranteed by other banks	51.187	-	-	81.917	-	133.104
Collateralized credits:						
Housing	1.366.282	45.544	2.507.824	-	-	3.919.650
Other Real Estate	1.144.155	11.280	-	1.730	-	1.157.145
Investments in equity instruments	554.948	2.485.210	-	-	-	3.040.158
Leased goods	231.628	-	1.375.728	1.689.334	-	3.296.690
Non-real estate	-	-	-	1.251.110	-	1.251.110
Trust contracts, stand-by and guarantee funds	2.564.988	946	-	83.003	-	2.648.937
Pledge of income	1.197.026	-	-	723	-	1.197.749
Pledges	827.401	77.930	-	97	-	905.428
Other assets	2.441.447	18.971	-	744.627	-	3.205.045
Total gross loan portfolio	\$ 27.858.284	13.156.442	3.884.760	6.909.086	1.057.823	52.866.395
				6.909.086		

	December 31, 2024					Total
	Commercial	Consumption	Housing	Financial Leasing	Repos and Interbank	
Unsecured Credits	\$ 17.601.366	10.452.918	495	26.135	278.314	28.359.227
Loans guaranteed by other banks	50.758	-	-	106.920	-	157.679
Collateralized credits:						
Housing	1.119.561	39.349	1.912.827	-	-	3.071.737
Other Real Estate	1.244.583	14.895	-	2.267	-	1.261.745
Investments in equity instruments	352.955	-	-	-	-	352.955
Leased goods	36.055	46.988	1.152.421	2.803.009	-	4.038.472
Non-real estate	-	-	-	2.602.571	-	2.602.571
Trust contracts, stand-by and guarantee funds	2.814.264	1.226	-	94.337	-	2.909.828
Pledge of income	976.207	-	-	1.106	-	977.313
Pledges	1.014.693	2.461.139	-	7.981	-	3.483.813
Other assets	2.040.516	23.695	-	722.230	-	2.786.441
Total gross loan portfolio	\$ 27.250.958	13.040.210	3.065.742	6.366.557	278.314	50.001.781



Policies to prevent excessive concentrations of credit risk

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

In order to avoid concentrations of credit risks, the Bank has a Risk and Collection Vice Presidency that consolidates and monitors credit risk exposures throughout the bank, and the Bank's 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 Bank level in the different geographical areas determined according to the debtor's country of residence, without taking into account provisions constituted by impairment of the credit risk of debtors.

December 31, 2025						
	Commercial	Consumption	Housing	Financial Leasing	Repos and Interbank	Total
Colombia	\$ 26.684.321	13.156.442	3.884.760	6.909.086	1.057.823	51.692.432
Panama	377.395	-	-	-	-	377.395
Costa Rica	18.791	-	-	-	-	18.791
El Salvador	18.794	-	-	-	-	18.794
Guatemala	111.770	-	-	-	-	111.770
Other countries	647.213	-	-	-	-	647.213
Total gross loan portfolio	\$ 27.858.284	13.156.442	3.884.760	6.909.086	1.057.823	52.866.395

December 31, 2024						
	Commercial	Consumption	Housing	Financial Leasing	Repos and Interbank	Total
Colombia	\$ 26.166.289	13.040.210	3.065.742	6.366.557	278.314	48.917.112
Panama	166.481	-	-	-	-	166.481
United States	1.815	-	-	-	-	1.815
Costa Rica	5.786	-	-	-	-	5.786
Nicaragua	412	-	-	-	-	412
Honduras	22.525	-	-	-	-	22.525
Guatemala	45.182	-	-	-	-	45.182
Other countries	842.468	-	-	-	-	842.468
Total gross loan portfolio	\$ 27.250.958	13.040.210	3.065.742	6.366.557	278.314	50.001.781

The distribution of the Bank's loan portfolio by economic sector as of December 31, 2025 and 2024 is shown below:

Sector	December 31, 2025		December 31, 2024	
	Grand total	% Part.	Grand total	% Part.
Consumer Services	\$ 20.737.318	39,23%	19.652.966	39,30%
Commercial Services	13.080.997	24,74%	11.985.451	23,97%
Construction	4.132.711	7,82%	3.800.410	7,60%
Transportation and communications	2.148.273	4,06%	2.050.477	4,10%
Other industrial and manufacturing products	1.739.692	3,29%	1.818.190	3,64%
Government	2.233.275	4,22%	1.627.722	3,26%
Food, beverages and tobacco	1.951.011	3,69%	2.019.495	4,04%
Chemicals	1.354.250	2,56%	1.576.592	3,15%
Utilities	2.711.956	5,13%	2.603.992	5,21%
Agriculture	1.117.782	2,11%	1.168.008	2,34%
Others	655.282	1,24%	646.398	1,29%
Trade and tourism	466.406	0,88%	461.920	0,92%
Mining and petroleum products	537.442	1,02%	590.160	1,18%
Total by economic destination	\$ 52.866.395	100%	50.001.781	100%





Credit Granting Process and Counterparty Quotas

The Bank assumes credit risk on two fronts: the credit activity itself, which includes trade credit, consumer and housing operations, and 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 the Bank are set forth in the manual of the Credit Risk Management System (SARC), designed for both traditional banking and treasury activities. 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 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 officials, 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.

The Bank has a Credit Risk Management System (SARC), which is administered by the Credit Risk Management 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 significant achievements in the integration of credit risk measurement tools into the Bank's lending and monitoring processes.

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

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

Credit risk monitoring process

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





Banco de Occidente S.A.

Notes to the Separate Financial Statements

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

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

The Bank carries 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 mortgage loans, the above rating by risk levels is made on a monthly basis, taking into account mainly the default.

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.

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

December 31, 2025						
Credit quality	Commercial	Consumption	Housing	Repos and Interbank	Financial Leasing	Total
"A" Normal Risk	25.251.844	12.006.179	3.615.685	1.057.823	5.926.631	47.858.162
"B" Acceptable Risk	1.043.862	238.834	74.230	-	399.980	1.756.906
"C" Appreciable Risk	703.356	342.535	16.069	-	240.707	1.302.667
"D" Significant Risk	453.441	245.039	134.177	-	164.786	997.443
"E" Risk of uncollectibility	405.782	323.855	44.599	-	176.981	951.217
Total	27.858.285	13.156.442	3.884.760	1.057.823	6.909.085	52.866.395

December 31, 2024						
Credit quality	Commercial	Consumption	Housing	Repos and Interbank	Financial Leasing	Total
"A" Normal Risk	24.638.811	11.723.382	2.861.301	278.314	5.363.464	44.865.272
"B" Acceptable Risk	1.022.642	274.442	49.801	-	387.256	1.734.141
"C" Appreciable Risk	614.952	339.189	11.088	-	230.675	1.195.904
"D" Significant Risk	473.401	269.193	112.850	-	204.253	1.059.697
"E" Risk of uncollectibility	501.152	434.004	30.702	-	180.909	1.146.767
Total	27.250.958	13.040.210	3.065.742	278.314	6.366.557	50.001.781

The Bank carries out the analysis of customers that may potentially have a significant impact on losses for the Bank on a semi-annual basis and proceeds to make the corresponding provisions in accordance with the provisions of the Financial Superintendence of Colombia. The follow-up of customers with problems is carried out by the UNA "Asset Normalization Unit" and based on this list, an assignment of people is made who must follow up individually on each customer. This includes meetings with the debtor to determine the potential causes of risk and seek joint solutions to achieve compliance with the debtor's obligations.

Restructuring of credit operations due to debtor's financial problems

The Bank periodically carries out debt restructurings of customers who have problems in meeting their credit obligations to the Bank requested by the debtor. Such restructurings generally consist of extensions of the initially agreed term, interest reductions, partial debt forgiveness or a combination of the above conditions.



The basic policy for the granting of such restructurings is to provide the client with a financial viability that allows them to adapt the debt payment conditions to a new situation of fund generation.

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

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	\$	
Commercial	922.177	953.495
Consumption	1.080.286	1.188.011
Mortgage	223.538	171.261
Total restructured	\$ 2.226.001	2.312.767

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 Bank 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.

For the years ended December 31, 2025 and 2024, the following is the breakdown of the goods received in payment and sold in those periods:

	December 31, 2025	December 31, 2024
Goods received in payment	\$ 85.155	10.397
Goods Sold	(68.128)	(8.098)
Totals	\$ 17.027	2.299

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**

The following is a breakdown of the credit quality determined by independent risk rating agents of the main financial institutions in which the Bank holds cash funds:

Credit Quality	December 31, 2025	December 31, 2024
Investment Grade	\$ 4.760.645	3.237.301
Central bank	1.328.452	1.697.685
Financial institutions	1.772.597	1.138.637
Others	1.659.596	400.980
Unrated or unavailable	500	279
Cashing Checks	500	279
Cash and cash equivalents with third parties	4.761.145	3.237.580
Cash held by the entity ⁽¹⁾	521.324	533.720
Total	\$ 5.282.469	3.771.300

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

• **Financial assets in the form of debt securities and equity instruments at fair value**

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

	December 31, 2015	December 31, 2024
Investment Grade		
Sovereign	\$ 15.923.186	11.462.228
Other Public Entities	-	30.733
Corporate	17.916	6.750
Financial institutions	813.566	489.520
Total investment grade	16.754.668	11.989.231
Speculative		
Corporate	\$ -	8.837
Other Public Entities	76.810	31.546
Financial institutions	6.686	219.134
Speculative total	83.496	259.517
Unrated or unavailable		
Corporate ⁽¹⁾	163.209	159.338
Private Equity Fund	936.057	766.896
	\$ 17.937.430	13.174.982

⁽¹⁾ They correspond to equity instruments in equity securities that are not rated by an external rating agency. Its level of risk is currently limited to the going concern business hypothesis, a fundamental principle for the preparation of an entity's





Banco de Occidente S.A.
Notes to the Separate Financial Statements

general purpose Financial Statements. Under this principle, an entity is considered to have the ability to continue its operations and, therefore, its assets and liabilities are recognized on the basis that the assets will be realized and the liabilities written off in the normal course of business operations. Management must evaluate financial, operational, and legal aspects to make decisions about the going concern business hypothesis.

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.

- **Financial investment assets held to maturity**

The following is a breakdown of the credit quality determined by independent rating agents of the main counterparties in debt securities in which the Bank has investments held to maturity:

	December 31, 2025	December 31, 2024
Colombian Pesos		
Issued and guaranteed by the nation and/or central bank	\$ 1.326.662	2.133.953
	\$ 1.326.662	2.133.953

- **Derivative financial instruments**

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

Credit Quality	December 31, 2025	December 31, 2024
Speculative	265	774
Investment Grade	\$ 1.462.314	589.392
Unrated or Unavailable	151.876	217.799
Total	\$ 1.614.455	807.965

4.6 Country Risk

In accordance with the provisions of the SIAR, the bank updated the country risk assessment. This study assigns a rating to 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 where the exhibition is.

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 the Bank, 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%

4.7 Operational risk

The Bank 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 manual of policies and procedures, as well as a Business Continuity Plan to guarantee operation in the event of interruptions. The Bank 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.

Net losses recorded due to operational risk events during 2025 amounted to \$7,562, resulting from a total gross loss of \$17,046, partially offset by recoveries of \$9,484.

When analyzing the gross loss according to the classification of the accounting accounts affected, the following distribution is observed: other assets account for 30%, various operational risks for 26%, credit portfolio claims for 20%, other litigation for 20%, and other operational risk accounts for 4%.

On the other hand, the recoveries recorded during the year, for a total of \$9,484, are mainly concentrated in insurance recoveries, which represent 88% of the total and the remaining 12% 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 concentrated 80% of the impact, equivalent to \$6,016. In second place were events associated with





internal fraud, with a share of 27%, corresponding to \$2,085, followed by other categories of operational risk, which represented 5%, for a value of \$374.

In addition, recoveries associated with external fraud events were recorded in the amount of \$9,182, which allowed not only to fully offset the exposure of this type, but also to generate a negative net loss of -\$913, equivalent to -12% 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.

With respect to the Operational risk profile, as of December 31, 2025, 139 processes are considered, for which the Bank has identified risks and controls. To generate the risk profile, the rating of duplicate risks and controls, movements of positions (Risk Managers), updating of applications and procedures, as well as modifications to the processes were taken into account.

The evolution of the figures resulting from each update of the Bank's operational risk profile as of December 31, 2025 and 2024 is shown below:

	December 31, 2025	December 31, 2025
Processes	139	167
Risks (*)	711	671
Failures	1.075	1.127
Controls (*)	2.252	2.186

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

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.

On the other hand, the business continuity management system was strengthened, migrating some strategies to the contingency scheme under the Full VPN mechanism, where the employees' house functions as a contingency operation center for the Bank's critical processes, in order to have an additional alternative to our current scheme and thus have more tools in the face of crisis events that may arise.



Banco de Occidente S.A.

Notes to the Separate Financial Statements

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 in order 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 regulations of the Financial Superintendence of Colombia and following the instructions given in the Basic Legal Circular, Part I, Title IV, Chapter IV, the Bank has a Money Laundering and Terrorist Financing Risk Management System (SARLAFT), in accordance with 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 (AML/CFT) and Financing of the Proliferation of Weapons of Mass Destruction (FPADM), identified by the Bank, are satisfactorily managed within the concept of continuous improvement and aimed at reasonably minimizing the existence of these risks in the organization.

The Bank maintains the policy that operations must be conducted within the highest ethical and control standards, putting ethical and moral principles before the achievement of business 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 Terrorist Financing (AML/CFT) 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 Bank using data mining tools of recognized technical value, which allow us to identify risk and monitor the operations carried out in the Bank 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 Bank maintains its institutional training program aimed at employees, 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 (AML/CFT), 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 Bank submitted institutional reports and 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 reviewed, regarding the Management of the Risk of Money Laundering and Terrorist Financing (AML/CFT), to address the recommendations aimed at optimizing the System.





4.9 Legal risk

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

The Bank, 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.

With regard to copyright, the Bank 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 Separate Financial Statements details provisions for legal contingencies and other provisions.

Note 5. - Fair value estimation

The fair value of financial assets and liabilities that are traded on active markets (such as financial assets in debt and equity securities and derivatives actively listed on stock exchanges or interbank markets) is based on prices provided by an official pricing provider authorized by the Financial Superintendence of Colombia, 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 conducted with sufficient frequency and volume to provide price information on an ongoing basis. A dirty price is one that includes the interest accrued and outstanding on the security, from the date of issue or last payment of interest until the date of completion of the purchase and sale transaction.

The fair value of financial assets and liabilities that are not traded on an active market is determined by valuation techniques determined by the pricing provider by the Bank. Valuation techniques used for nonstandardized financial instruments such as options, currency swaps, and OTC derivatives 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, 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 Bank 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 output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques employed may not fully reflect all factors relevant to the Bank's positions. Therefore, valuations are adjusted, if necessary, to allow for additional factors, including country risk, liquidity 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:





Banco de Occidente S.A.
Notes to the Separate Financial Statements

- 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.

Determining what constitutes "observable" requires significant judgment on the part of the Bank. The Bank 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 are required or permitted by NCIF accounting standards in the Statement of Financial Position at the end of each accounting period.

The following table analyzes, within the fair value hierarchy, the Bank'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.
Notes to the Separate Financial Statements

December 31, 2025

	December 31, 2025			
	Reasonable values calculated using internal models			
	Tier 1	Tier 2	Tier 3	Total
Assets				
Investments in debt securities with changes in profit or loss				
Issued or guaranteed by the Colombian Government	\$ 11.140.979	205.951	-	11.346.930
Issued or guaranteed by other Colombian financial institutions	-	39.520	-	39.520
Issued or guaranteed by public sector entities	245.438	20.839	-	266.277
Issued or guaranteed by foreign financial institutions	-	127.745	-	127.745
Others	-	12.230	-	12.230
Debt securities at fair value through ORI				
Issued or guaranteed by Colombian Government	\$ 3.529.418	780.560	-	4.309.978
Issued or guaranteed by other Colombian Government entities	-	76.810	-	76.810
Issued or guaranteed by Colombian financial institutions	-	485.170	-	485.170
	-	162.557	936.057	1.098.614
Investments in equity instruments with changes in income				
Investments in equity instruments with changes in ORI	4.923	-	169.233	174.156
Trading derivatives				
Currency Forward	-	586.501	-	586.501
Forward interest rate	-	237.704	-	237.704
Interest rate swap	-	678.059	-	678.059
Currency swap	-	2.157	-	2.157
Others	-	61.774	-	61.774
Hedging Derivatives				
Interest rate swap	-	48.261	-	48.261
Investment property at fair value	-	170.467	-	170.467
Total recurring fair value assets	14.920.758	3.696.305	1.105.290	19.722.353
Liabilities				
Trading derivatives				
Currency Forward	-	490.063	-	490.063
Forward interest rate	-	38.858	-	38.858
Interest rate swap	-	737.183	-	737.183
Others	-	60.438	-	60.438
Total recurring fair value liabilities	\$ -	1.326.542	-	1.326.542





December 31, 2024

	December 31, 2024			
	Reasonable values calculated using internal models			
	Tier 1	Tier 2	Tier 3	Total
Assets				
Investments in debt securities with changes in profit or loss				
Issued or guaranteed by Colombian Government	\$ 7.975.174	60.779	-	8.035.953
Issued or guaranteed by Colombian financial institutions	-	80.524	-	80.524
Issued or guaranteed by public sector entities	-	1.064	-	1.064
Issued or guaranteed by Foreign Governments	38.758	21.309	-	60.067
Issued or guaranteed by foreign financial institutions	-	99.820	-	99.820
Others	-	8.837	-	8.837
Investments in debt securities with changes in ORI				
Issued or guaranteed by Colombian Government	\$ 3.316.260	49.947	-	3.366.207
Issued or guaranteed by other Colombian Government entities	-	62.279	-	62.279
Issued or guaranteed by Colombian financial institutions	-	483.750	-	483.750
Issued or guaranteed by foreign financial institutions	-	9.205	-	9.205
	-	35.356	766.896	802.252
Investments in equity instruments with changes in profit or loss				
Investments in equity instruments with changes in ORI	4.333	-	160.691	165.024
Trading derivatives				
Currency Forward	-	179.654	-	179.654
Forward interest rate	-	106.375	-	106.375
Interest rate swap	-	191.306	-	191.306
Others	-	324.406	-	324.406
Hedging Derivatives				
Interest rate swap	-	6.225	-	6.225
Investment properties at fair value	-	144.685	-	144.685
Total assets at fair value	<u>11.334.525</u>	<u>1.865.521</u>	<u>927.587</u>	<u>14.127.633</u>
Liabilities				
Trading derivatives				
Currency Forward	-	311.622	-	311.622
Forward interest rate	-	15.769	-	15.769
Interest rate swap	-	191.252	-	191.252
Others	-	325.085	-	325.085
Hedging Derivatives				
Interest rate swap	-	405	-	405
Total liabilities at fair value	<u>\$ -</u>	<u>844.133</u>	<u>-</u>	<u>844.133</u>

Investments, whose securities 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. It includes 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 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 estimated value using processes that include comparison. To carry out this process, during the year evaluated, the 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 level 2 or level 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		
Foreign Exchange	Discounted Cash Flow	*Curves by the functional currency of the underlying
Forwards Interest Rate Forwards		*Price of the underlying security/ Curves by the functional currency of the underlying
Interest rate swap		*Swap curves assigned according to the underlying
Currency swap		*Sw ap curves assigned according to the underlying
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, that is, obtained from price providers



c. Tier Transfer

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

December 31, 2025		
	Tier 1 to Tier 2	Tier 2 to Tier 1
Fair value measurements		
Assets		
Fixed income fair value investments	\$ 57.983	-
December 31, 2024		
	Tier 1 to Tier 2	Tier 2 to Tier 1
Fair value measurements		
Assets		
Fixed income fair value investments	\$ 99	-

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

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

Valuation of equity instruments with changes in ORI Level 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 Bank has equity investments 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., Redeban S.A. and Credibanco S.A. The assessment of these instruments is carried out with the following frequency:

- Monthly: Credibanco S.A.
- Quarterly: ACH S.A.
- Annually: Aportes En Línea S.A., Cámara de Riesgo Central de Contraparte S.A. and Redeban S.A. The frequency is because 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 the discounted cash flow method for that purpose. Built based on the valuer's own projections of income, costs and expenses of each valuable entity in a period of five years, based on some 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, taking into account 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	+/- 100 PB	\$ 2.647.852	\$ 2.604.801
Perpetuity gradient	+/- 100 PB	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 box, 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.

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

Likewise, the Bank has an equity investment in the Nexus Private Equity Fund, in which the properties that are part of the fund are restated on a daily basis with the UVR and the value of the unit is the result of how income and expenditure move in the Fund/compartment. 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	+/- 50 PB	\$ 1.948	+/- 50 PB	\$ 6.301
Market Income	+/-10%		+/-10%	
Discount Rate Cash Flow	+/- 50 PB		+/- 50 PB	

Banco de Occidente is part of the Pactia Inmobiliario 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 -1 of the Basic Accounting and Financial Circular issued by the Financial Superintendence of Colombia, which in turn are derived from the income and expenses of the underlying assets of the Fund corresponding to 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.





Banco de Occidente S.A.
Notes to the Separate Financial Statements

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	+/- 50 PB	\$ 145.959	+/- 50 PB	\$ 130.982
Market Income	+/-10%		+/-10%	
Discount Rate Cash Flow	+/- 50 PB		+/- 50 PB	

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

	Equity instruments
Balance as of December 31, 2024	\$ 927.163
Valuation Adjustment with Effect on Profit ⁽¹⁾	94.474
Valuation adjustments with effect on ORI	3.282
Additions ⁽¹⁾	120.179
Redemptions ⁽¹⁾	(40.233)
Balance as of December 31, 2025	\$ 1.104.865
	Equity instruments
Balance as of December 31, 2023	\$ 798.976
Valuation Adjustment with Effect on Profit ⁽¹⁾	74.265
Valuation adjustments with effect on ORI	35.177
Additions ⁽¹⁾	61.733
Redemptions ⁽¹⁾	(42.988)
Balance as of December 31, 2024	\$ 927.163

ORI as of December 31, 2025 and 2024 corresponding to the valuation of financial instruments measured at fair value level 3 is \$3,282 and \$35,177 respectively.

⁽¹⁾ As of December 31, 2025, there is a variation of \$150,295 with respect to December 31, 2024, in the Nexus Real Estate Private Equity Fund, mainly due to the following movements, a capital call for \$103,390, redemptions for (\$39,715) and a valuation with effect on results of \$86,620.

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, 2025, Banco de Occidente S.A. constituted an autonomous patrimony called Patrimonios Autónomos Credicorp Capital Fiduciaria S.A - Patrimonio Autónomo FAP Acreencias PAK for a value of \$11,529.

On June 26, 2025, Banco de Occidente S.A. 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





Banco de Occidente S.A.
Notes to the Separate Financial Statements
payment of dividends in shares; 392,172 shares are received, equivalent to \$711, for a total increase in investment of \$5,260.

The following table presents the summary of the Bank'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 practicable to calculate fair value:

	December 31, 2025		December 31, 2024	
	Book value	Fair Value	Book value	Fair Value
Assets				
Investments held to maturity	1.326.662	1.333.053	2.133.953	2.134.731
Loan Portfolio, net	50.340.086	56.106.813	47.498.592	51.829.778
Other accounts receivable	597.017	597.017	576.292	576.285
	\$ 52.263.765	58.036.883	50.208.837	54.540.794
Liabilities				
Certificates of Deposit	16.058.137	16.199.826	13.528.141	13.797.370
Interbank funds	12.281.784	12.281.785	8.636.674	8.636.674
Loans from banks and others	3.796.440	4.144.617	4.443.440	4.825.034
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
	\$ 35.295.384	35.956.956	30.340.634	31.104.319

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

Portfolio rated at A, B and C: the net present value of the contractual flows discounted at the discount rate was obtained, 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:

Discount Rate: Cost of Capital

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

The Discount Rate is defined as the sum of the risk-free rate, risk points, and portfolio management expenses (portfolio management fees are only added for credits rated A, B, or C, for those credits rated D or E, only points per risk are taken into account).

The Risk-Free Rate represents the opportunity cost incurred when placing resources through credit. It varies depending on the remaining term of each obligation for legal currency loans or as the annual average rate on 10-year U.S. Treasury bonds for foreign currency loans.

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. 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.

The methodology of the fair value of the Bank's liabilities (CDTs and Bonds) is carried out through the application called PWPREI, which values at market prices the Bank's standardized liabilities in





Banco de Occidente S.A.

Notes to the Separate Financial Statements

Pesos, using the information published by the price provider PRECIA. For Financial Obligations, the calculation is carried out manually, and it is made using the discount curve calculated in Treasury Risk.

Note 6. - Cash and cash equivalents

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

	December 31, 2025	December 31, 2024
In Colombian pesos		
Cash	\$ 516.237	525.841
At the Bank of the Republic of Colombia	1.328.452	1.697.685
Bank and other financial institutions on demand	1.397	1.397
Conversions	500	279
Liquidity Management	-	400.980
Reverse Repos (*)	1.659.596	-
	3.506.182	2.626.181
In foreign currency		
Cash	5.087	7.879
Bank and other financial institutions on demand	1.771.200	1.137.240
	1.776.287	1.145.119
Total Cash and Cash Equivalents	\$ 5.282.469	3.771.300

(*) 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 Counterparty Chamber – CRCC, mitigating credit risk.

The following is the required bank reserve requirement:

Concept	December 31, 2025	December 31, 2024
<18-month certificates of deposit	\$ 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 checking, savings and other accounts and 2.5% for certificates of deposit of less than 18 months.

As of December 31, 2025 and 2024, the legal reserve requirement to meet liquidity requirements in deposits in checking, 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 amounted to \$276,832 and \$239,574, respectively.

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





Note 7. - Financial investment assets and trading derivatives

a) Tradable investments

The negotiable investments as of December 31, 2025 and 2024 are detailed below:

	December 31, 2025	December 31, 2024
Debt securities		
In Colombian pesos		
Issued or guaranteed by the Colombian Government ⁽¹⁾	\$ 11.297.447	8.018.129
Issued or guaranteed by other Colombian financial institutions	39.520	77.057
	11.336.967	8.095.186
In foreign currency		
Issued or guaranteed by the Colombian Government	49.483	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	60.067
Issued or guaranteed by other foreign financial institutions	127.745	99.820
Others	12.230	8.837
	455.735	191.079
Total debt securities	\$ 11.792.702	8.286.265
Equity instruments adjusted to profit or loss		
In Colombian pesos		
Nexus Real Estate Private Equity Fund	\$ 858.918	708.623
Pactia Real Estate Private Equity Fund	65.610	58.274
Patrimonios Autonomos Credicorp Capital Fiduciaria S.A - Patrimony Self-employed FAP PAK Credits	11.529	-
Confianza Plus Collective Investment Fund	95.243	25.550
Open Collective Investment Fund Liquidity 1525 Plus	25.709	9.805
Fiducoldex Open Collective Investment Fund	41.605	-
Total equity instruments	1.098.614	802.252
Total Derivative Trading Instruments ⁽¹⁾	1.566.195	801.741
Total financial assets held for trading	\$ 14.457.511	9.890.258

⁽¹⁾ See details of derivative trading instruments in Note 9.



Banco de Occidente S.A.
Notes to the Separate Financial Statements

b) Investments available for sale

The investments available for sale as of December 31, 2025 and 2024 are detailed below:

December 31, 2025				
Financial Assets in Equity-Adjusted Debt Securities - ORI	Present value	Unrealized Profit	Unrealized losses	Fair value
In Colombian pesos				
Issued or guaranteed by the Colombian Government	\$ 4.528.349	-	(261.458)	4.266.891
Issued or guaranteed by other entities of the Colombian Government	77.337	-	(527)	76.810
Issued or guaranteed by other financial institutions	487.062	-	(1.892)	485.170
	<u>5.092.748</u>	<u>-</u>	<u>(263.877)</u>	<u>4.828.871</u>
In foreign currency				
Issued or guaranteed by the Colombian Government	43.437	-	(351)	43.086
	<u>43.437</u>	<u>-</u>	<u>(351)</u>	<u>43.086</u>
Total debt securities⁽¹⁾	5.136.185	-	(264.228)	4.871.957
Financial assets in equity securities with changes in equity - ORI	Cost	Unrealized Profit	Unrealized losses	Fair value
In Colombian pesos				
Corporate actions	44.409	126.611	(1.787)	169.233
In foreign currency				
Corporate actions	5.459	-	(536)	4.923
Total equity instruments⁽²⁾	49.868	126.611	(2.323)	174.156
Total investments available for sale and gain	\$ 5.186.053	126.611	(266.551)	5.046.113
Unrealized Profit (Loss) in Other Comprehensive Income				
December 31, 2024				
Financial Assets in Equity-Adjusted Debt Securities - ORI	Present value	Unrealized Profit	Unrealized losses	Fair value
In Colombian pesos				
Issued or guaranteed by the Colombian Government	\$ 3.464.349	-	(148.088)	3.316.261
Issued or guaranteed by other entities of the Colombian Government	62.280	-	(2)	62.278
Issued or guaranteed by other financial institutions	483.997	-	(248)	483.749
	<u>4.010.626</u>	<u>-</u>	<u>(148.338)</u>	<u>3.862.288</u>
In foreign currency				
Issued or guaranteed by the Colombian Government	50.500	-	(553)	49.947
Issued or guaranteed by other foreign financial institutions	9.354	-	(148)	9.206
	<u>59.854</u>	<u>-</u>	<u>(701)</u>	<u>59.153</u>
Total debt securities	4.070.480	-	(149.039)	3.921.441
Financial assets in equity securities with changes in equity - ORI	Cost	Unrealized Profit	Unrealized losses	Fair value
In Colombian pesos				
Corporate actions	39.149	123.329	(1.787)	160.691
In foreign currency				
Corporate actions	5.459	-	(1.126)	4.333
Total equity instruments	44.608	123.329	(2.913)	165.024
Total investments available for sale and gain	\$ 4.115.088	123.329	(151.952)	4.086.465
Unrealized Profit (Loss) in Other Comprehensive Income				

(*) The valuation effect recognized in ORI for debt securities as of December 31, 2025 is (\$115,189) and (\$46,308) as of December 31, 2024.





Banco de Occidente S.A.
Notes to the Separate Financial Statements

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

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. ⁽³⁾	5.260	-
Regional Stock Exchange Holding ⁽¹⁾	4.923	4.333
Aportes en Línea S.A. (Management and Contact) ⁽¹⁾	2.512	2.369
Aval Casa de Bolsa S.A. (formerly Casa de Bolsa S.A.) ⁽¹⁾	5.686	5.686
Pizano S.A. in liquidation ⁽²⁾	424	424
Total	\$ 174.156	165.024

⁽¹⁾ These financial instruments were recognized at fair value in accordance with the market prices provided by Precia S.A. as indicated in paragraph i) of subsection 6.25 of chapter I-I; the effect of this measurement was recognized against ORI at fair value of equity instruments for \$3,872 as of December 31, 2025 and as of December 31, 2024 for \$34,736.

⁽²⁾ In Pizano S.A. the investment is impaired in its entirety by \$424.

⁽³⁾ At the end of June 2025, Banco de Occidente S.A. 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 Bank received 392,172 shares. With this operation, the Bank has a stake of 5.498645%

Financial assets in equity instruments at fair value adjusted for other comprehensive income have been designated taking into account that they are strategic investments for the Bank and therefore are not expected to be sold in the near future and there is a greater degree of uncertainty in the year 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 of \$7,112 (\$6,249 during the year ended December 31, 2024).

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

The following is a list of financial assets at fair value that are secured repo transactions, 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	\$ 9.926.971	8.090.968
Issued or guaranteed by other entities of the Colombian Government	1.095.876	1.373.715
	11.022.847	9.464.683
Delivered as collateral for transactions with derivative instruments		
Issued or guaranteed by the Colombian Government	89.426	16.194
Total warranty transactions	\$ 11.112.273	9.480.877



Banco de Occidente S.A.
Notes to the Separate Financial Statements

As of December 31, 2025, Fixed Income investments are presented covering Money market reverse repurchase agreements \$12,003,266, Passive Repo \$4,507,277 and in derivative instruments \$89,425 (December 31, 2024, Fixed Income investments are presented covering Money market reverse repurchase agreements \$8,090,968, Passive Repo \$1,373,715 and in derivative instruments \$16,194). Likewise, the total of debt securities that do not guarantee money market operations or derivatives amount to a total of \$13,758,097 for 2025 and \$2,726,830 for 2024.

The following is the summary of the financial assets available for sale in debt securities by maturity dates:

	December 31, 2025	December 31, 2024
Less than 1 year	\$ 1.043.625	239.259
Between more than 1 year and 5 years	3.317.073	3.034.473
Between 5 and 10 years old	224.612	357.438
More than 10 years	286.647	290.271
Total	\$ 4.871.957	3.921.441

Note 8. - Investments held to maturity

The balance of investments held to maturity 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	\$ 1.326.662	683.629
Issued or guaranteed by other entities of the Colombian Government	-	1.450.324
Total debt securities	1.326.662	2.133.953
Total investments held to maturity	\$ 1.326.662	2.133.953

The following is the summary of investments held to maturity by maturity dates:

	December 31, 2025	December 31, 2025
Up to 1 month	\$ \$ 193.796	232.744
More than 3 months and not more than 1 year	1.132.866	1.901.209
	\$ 1.326.662	2.133.953





Banco de Occidente S.A.
Notes to the Separate Financial Statements

Note 9. - Derivative Instruments and Hedge Accounting

a. Derivative financial instruments held for trading

The following table shows 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 Bank is committed:

Concept	December 31, 2025		December 31, 2024	
	Notional amount	Fair value	Notional amount	Fair 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	585.641	11.437.779	159.746
Securities Forward Contracts	14.555.342	237.705	5.436.929	106.372
Subtotal	32.328.157	824.206	17.858.668	286.026
Swap				
Foreign Currency Swap Contracts	18.785	2.157	-	-
Interest Rate Swap Contracts	15.865.361	678.059	11.456.620	191.306
Subtotal	15.884.146	680.216	11.456.620	191.306
Spot Operations				
Next Day contracts rights of buying on foreign exchange	40.562	40.562	310.984	310.985
Next Day contracts rights of foreign exchange sales	124.796	125.455	55.374	55.374
Next Day contracts rights sales on titles	-	-	25.473	25.473
Next Day Obligations Contracts of foreign exchange sales	124.796	124.796	55.328	55.328
Next Day Obligations Contracts on Securities	-	-	25.470	25.470
Subtotal	290.154	41.221	472.629	311.034
Purchased Options				
Forex Purchase Options	544.384	20.552	737.657	13.375
Subtotal	544.384	20.552	737.657	13.375
Total assets	\$ 49.046.841	1.566.195	30.525.574	801.741
Liabilities				
Forward Contratos				
Peso/Dollar Currency forward contracts	\$ 14.192.801	487.858	182.002.456	297.723
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
Subtotal	17.126.944	528.921	183.733.350	327.391
Spot Operations				
Next Day Obligations Contracts of buying on foreign exchange	40.562	40.725	310.984	311.229
Subtotal	40.562	40.725	310.984	311.229
Swap				
Foreign Currency Swap Contracts	-	-	20.892	1.143
Interest Rate Swap Contracts	19.829.849	737.183	11.387.869	190.109
Subtotal	19.829.849	737.183	11.408.761	191.252
Options contracts				
Foreign Currency put Options	578.837	19.713	741.251	13.856
Subtotal	578.837	19.713	741.251	13.856
Total liabilities	\$ 37.576.192	1.326.542	196.194.346	843.728
Net position	\$ 11.470.649	239.653	(165.668.772)	(41.987)

The derivative instruments agreed upon by the Bank are generally traded in organized markets and with local and foreign clients and counterparties of the Bank. Derivative instruments have net favorable conditions (assets) or unfavorable conditions (liabilities) as a result of fluctuations in foreign currency exchange rates and in the interest rate market or other variables related to their



Banco de Occidente S.A.
Notes to the Separate Financial Statements

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 implied by other contracts that must be separated, accounted for and disclosed.

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

Less than one year old

Concept	December 31, 2025		December 31, 2024	
	Notional amount	Fair value	Notional amount	Fair 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
Subtotal	32.107.307	812.680	17.801.140	282.829
Swap				
Foreign Currency Swap Contracts			-	-
Interest Rate Swap Contracts	5.896.500	39.078	5.026.050	35.552
Subtotal	5.896.500	39.078	5.026.050	35.552
Spot Operations				
Next Day contracts rights of buying on foreign exchange	40.562	40.562	310.984	310.985
Next Day contracts rights of foreign exchange sales	124.796	125.455	55.374	55.374
Next Day contracts rights sales on titles	-	-	25.473	25.473
Next Day Obligations Contracts of foreign exchange sales	124.796	124.796	55.328	55.328
Next Day Obligations Contracts on Securities	-	-	25.470	25.470
Subtotal	290.154	41.221	472.629	311.034
Purchased Options				
Forex Purchase Options	544.384	20.552	6.592	6.592
Subtotal	544.384	20.552	6.592	6.592
Total assets	\$ 38.838.345	913.531	23.306.411	636.007
Liabilities				
Forward Contratos				
Peso/Dollar Currency forward contracts	\$ 14.021.037	483.634	18.117.662	294.355
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
Subtotal	16.955.180	524.697	19.848.556	324.023
Spot Operations				
Next Day Obligations Contracts of buying on foreign exchange	40.562	40.725	310.984	311.229
Subtotal	40.562	40.725	310.984	311.229
Swap				
Interest Rate Swap Contracts	8.376.050	56.702	5.797.192	34.976
Subtotal	8.376.050	56.702	5.797.192	34.976
Options contracts				
Foreign Currency put Options	578.837	19.713	552.841	8.581
Subtotal	578.837	19.713	552.841	8.581
Total liabilities	\$ 25.950.629	641.837	26.509.573	678.809
Net position	\$ 12.887.716	271.694	(3.203.162)	(42.802)





Older than one year

	December 31, 2025		December 31, 2024	
	Notional amount	Fair value	Notional amount	Fair value
Assets				
Forward contracts				
Forward contracts of different currencies Peso/Dollar	\$ 220.850	11.526	57.528	3.197
Subtotal	220.850	11.526	57.528	3.197
Swap				
Foreign Currency Swap Contracts	18.785	2.157	-	-
Interest Rate Swap Contracts	9.968.861	638.981	6.430.570	155.754
Subtotal	9.987.646	641.138	6.430.570	155.754
Purchased Options				
Forex Purchase Options	-	-	731.065	6.783
Subtotal	-	-	731.065	6.783
Total assets	\$ 10.208.496	652.664	7.219.163	165.734
Liabilities				
Forward contracts				
Peso/Dollar Currency forward contracts	\$ 171.764	4.224	163.884.794	3.368
Subtotal	171.764	4.224	163.884.794	3.368
Swap				
Foreign Currency Swap Contracts	-	-	20.892	1.143
Interest Rate Swap Contracts	11.453.799	680.481	5.590.677	155.133
Subtotal	11.453.799	680.481	5.611.569	156.276
Options contracts				
Foreign Currency put Options	-	-	188.410	5.275
Subtotal	-	-	188.410	5.275
Total liabilities	\$ 11.625.563	684.705	169.684.773	164.919
Net position	\$ (1.417.067)	(32.041)	(162.465.610)	815

The trading and hedging derivative 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 Separate Statement of Income was an outflow of \$14,777 and an income of \$1,658 respectively.

Definition of credit risk adjustment model (CVA/DVA) for the Bank's derivative instruments:

- The incorporation of credit risk into the valuation methodology, under IFRS 13 for the Bank's derivative instruments, was carried out under the premise of affectation of 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, therefore, there is no need to carry out the exercise. In the case of derivatives traded in the OTC market (Options, Forwards and 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.





Banco de Occidente S.A.
Notes to the Separate Financial Statements

b) Financial instruments and hedging of foreign investments

In the development of its operations, the Bank has the following investments in subsidiaries abroad as of December 31, 2025 and 2024:

Investment Detail	December 31, 2025					
	Thousands of US dollars			Millions of Colombian pesos		
		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)

Investment Detail	December 31, 2024					
	Thousands of US dollars			Millions of Colombian pesos		
		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	67.240	(67.240)
Banco de Occidente Panamá S.A.		72.835	(72.835)		97.229	(97.229)
Total	USD	114.470	(114.470)	COP	164.469	(164.469)

Since such investments are in dollars, which is the functional currency of the previous subsidiaries, the Bank is subject to the risk of variation in the exchange rate of the peso, which is the Bank's functional currency, against the dollar. To cover this risk, the Bank has entered into foreign currency borrowing operations and as such has designated foreign currency obligations in the amount of USD \$146,838 and \$114,470 as of December 31, 2025 and 2024 respectively, which cover 100% of the investments in force in these subsidiaries, the financial obligations have a short-term maturity, therefore once these obligations are due, the Bank's management designates new obligations in foreign currency to maintain coverage for 100% of the investments.

For foreign currency debt designated as a hedging instrument, the gain or loss arising 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 Bank'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 coverages

As of December 31, 2025, the Bank 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 Bank has determined that, in order 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.

Hedge Type

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



Banco de Occidente S.A.
Notes to the Separate Financial Statements

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 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 2024:

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

		December 31, 2024	
		Notional Amount	Value
		More than a year	Assets
Fair value hedging derivatives	\$		
Interest rate swaps		411.000	6.305
Total		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				
		Notional value	Asset	liability	Fair value for the calculation of ineffectiveness	Coverage efficiency
Hedged Item by Hedged Item						
Mortgage loans	\$	1.048.000	-	18.077	(18.077)	-
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 ineffectiveness	Coverage efficiency
Hedged Item by Hedged Item						
Mortgage loans	\$	411.000	-	7.251	(7.251)	-
Hedging Instrument						
Interest rate swaps	\$	411.000	7.333	-	7.333	(82)





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

The financial assets account by loan portfolio at amortized cost is classified by commercial, consumer, and mortgage housing portfolio, taking into account that this is the classification adopted by the Financial Superintendence in the Single Catalog of Financial Information "CUIF". However, taking into account 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	Balance by Statement of Financial Position	Leasing Classification	Balance (disaggregated) Leasing
Commercial	\$ 34.755.144	(6.896.860)	\$ 27.858.284
Consumer	13.168.668	(12.226)	13.156.442
Housing (*)	3.884.760	-	3.884.760
Leasing	-	6.909.086	6.909.086
Repos and interbank	1.057.823	-	1.057.823
Total	\$ 52.866.395	\$ -	\$ 52.866.395

(*) The composition of the housing category December 2025 is: \$1,377,102 housing leasing and \$2,507,658 mortgage.

December 31, 2024

Modality	Balance by Statement of Financial Position	Leasing Classification	Balance (disaggregated) Leasing
Commercial	\$ 33.607.123	(6.356.166)	\$ 27.250.957
Consumer	13.050.602	(10.391)	13.040.211
Housing (*)	3.065.742	-	3.065.742
Leasing	-	6.366.557	6.366.557
Repos and interbank	278.314	-	278.314
Total	\$ 50.001.781	\$ -	\$ 50.001.781

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





10.1 Credit portfolio by modality

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

	December 31, 2025	December 31, 2024
Ordinary loans	\$ 30.866.138	30.596.707
Payroll loans	5.523.871	5.320.590
Leased real estate	4.856.854	4.585.070
Leased movable property	3.429.334	2.934.400
Mortgage letter for housing	2.509.292	1.919.467
Credit cards	1.684.312	1.734.936
Builder Credit	1.297.139	1.077.591
Loans with resources from other entities	1.063.828	1.077.462
Others	1.051.875	275.379
Discounts	266.149	250.824
Overdrafts in checking bank account	191.085	170.927
Employee loans	48.998	36.011
Covered letters of credit	71.572	19.481
Deferred Payment Letters of Credit	5.647	2.461
Funds in transit	301	475
Total gross loan portfolio	52.866.395	50.001.781
Provision for impairment on financial assets for loan Portfolio	(2.526.309)	(2.503.189)
Total net loan Portfolio	\$ 50.340.086	47.498.592

10.2 Loan portfolio, provision movement

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

Classification	December 31, 2025				
	Commercial	Consumption	Housing	Financial Leasing (*)	Total
Balance at the beginning of the period	\$ (1.090.156)	(944.726)	(115.114)	(353.193)	(2.503.189)
Provision recorded against profit or loss	(571.039)	(1.417.457)	(61.392)	(170.389)	(2.220.277)
Portfolio Sale	-	225.238	-	-	225.238
Loan Penalties	219.146	878.231	5.300	53.986	1.156.663
Loan Recovery	352.330	332.644	22.131	108.151	815.256
Balance as of December 31, 2025	\$ (1.089.719)	(926.070)	(149.075)	(361.445)	(2.526.309)

(*) The total provision for the financial leasing portfolio as of December 31, 2025 includes \$357,010 corresponding to commercial leasing provision and \$4,435 to consumer leasing provision. These values, added to the provisions of the commercial and consumer portfolio, yield a total value of provision for the commercial and commercial leasing portfolio of \$1,446,729 and the consumer and consumer leasing portfolio of \$930,505.





Banco de Occidente S.A.
Notes to the Separate Financial Statements
December 31, 2024

Classification	Commercial	Consumption	Housing	Financial Leasing (*)	Total
Balance at the beginning of the period	\$ (1.025.714)	(983.633)	(93.439)	(371.223)	(2.474.009)
Provision recorded against profit or loss	(606.816)	(1.356.944)	(49.843)	(154.883)	(2.168.486)
Portfolio Sale	-	34.878	-	-	34.878
Loan Penalties	189.685	1.045.177	10.043	58.275	1.303.180
Loan Recovery	352.689	315.796	18.123	114.640	801.248
Balance as of December 31, 2024	\$ (1.090.156)	(944.726)	(115.116)	(353.191)	(2.503.189)

(*) The total provision for the financial leasing portfolio as of December 31, 2024 includes \$352,738 corresponding to commercial leasing provision and \$453 to consumer leasing provision. These values, added to the provisions of the commercial and consumer portfolio, yield a total value of provision of the commercial and commercial leasing portfolio of \$1,442,894 and the consumer and consumer leasing portfolio of \$945,179.

By virtue of External Circular 017 of 2023, the Bank initiated a process of gradual reaccumulation of the CIC, with a maximum term of 24 months, because of the decumulation carried out during the period between July 2023 and December 2024.

By invoking the provision of and March 2025. As of April 2025, the process of progressive accumulation of the CIC began, which will stand over a period of up to 18 months, in accordance with the Reconstitution Plan approved by the Financial Superintendence of Colombia.

Consumer Portfolio

Period	CE 017-23	CE 014-24	Cumulative Phase
Trimester 1	6.306	-	(344)
Trimester 2	9.323	4.142	20.171
Trimester 3	12.952	2.914	21.028
Quarter 4	17.266	2.339	18.399
Grand total	45.847	9.395	59.254

Commercial Portfolio

Period	CE 017-23	CE 014-24	Cumulative Phase
Trimester 1	6.797	-	(2.643)
Trimester 2	9.290	2.550	23.658
Trimester 3	12.389	1.497	25.031
Quarter 4	13.437	882	21.104
Grand total	41.913	4.929	67.150

CIC: Individual Countercyclical Component





10.3 Loan portfolio maturation period

The distribution of the loan portfolio in the Bank by maturity period is shown below:

		December 31, 2025				
		Up o 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Commercial	\$	16.038.754	6.856.063	2.697.059	2.266.409	27.858.285
Consumer		3.400.070	5.118.812	3.123.074	1.514.486	13.156.442
Housing		310.486	579.746	546.443	2.448.085	3.884.760
Financial leasing		2.083.143	2.592.233	1.271.979	961.730	6.909.085
Repos and Interbank		1.057.823	-	-	-	1.057.823
Total gross loan portfolio	\$	22.890.276	15.146.854	7.638.555	7.190.710	52.866.395

		December 31, 2024				
		Up o 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Commercial	\$	16.859.214	6.602.794	2.259.156	1.529.794	27.250.958
Consumer		3.354.780	5.068.008	3.029.541	1.587.881	13.040.210
Housing		235.949	463.560	433.790	1.932.443	3.065.742
Financial leasing		1.975.879	2.309.152	1.120.598	960.928	6.366.557
Repos and Interbank		278.314	-	-	-	278.314
Total gross loan portfolio	\$	22.704.136	14.443.514	6.843.085	6.011.046	50.001.781

10.4 Credit portfolio by currency type

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

		December 31, 2025			December 31, 2024		
		Colombian Pesos	Foreign Currency ⁽¹⁾	Total	Colombian Pesos	Foreign Currency ⁽¹⁾	Total
Commercial	\$	24.811.539	3.046.745	27.858.284	23.724.609	3.526.349	27.250.958
Consumer		13.094.454	61.988	13.156.442	12.977.602	62.608	13.040.210
Housing		3.884.760	-	3.884.760	3.065.742	-	3.065.742
Financial leasing		6.909.086	-	6.909.086	6.366.557	-	6.366.557
Repos and interbank		814.797	243.026	1.057.823	275.234	3.080	278.314
Total portfolio	\$	49.514.636	3.351.759	52.866.395	46.409.744	3.592.037	50.001.781

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





10.5 Loan portfolio Financial leasing

As of December 31, 2025 and 2024, the following is the reconciliation between the gross investment in finance leases and the present value of the minimum payments to be received as of these dates:

	December 31, 2025	December 31, 2024
Total gross lease payments to be received in the future	\$ 10.081.162	9.398.772
Estimated residual value of assets Leased (unsecured)	1.951	2.880
Gross investment in leasing contracts	10.083.113	9.401.652
Less unrealized financial income	(3.173.904)	(3.034.915)
Net investment in finance Leasing	6.909.209	6.366.737
Impairment on net investment in finance leases	\$ (361.447)	(353.193)

10.6 Credit portfolio Financial leasing - Maturation

The following is the detail of the gross investment and the net investment in financial lease contracts to be received as of December 31, 2025 and 2024:

	December 31, 2025		December 31, 2024	
	Gross investment	Net investment	Gross investment	Net investment
Up to 1 year	\$ 3.320.888	2.486.688	2.974.837	2.083.027
Between 1 and 5 years	5.121.096	3.141.121	4.754.949	2.984.528
More than 5 years	1.641.129	1.281.400	1.671.866	1.299.182
Total	\$ 10.083.113	6.909.209	9.401.652	6.366.737

In financial leasing operations, the Bank, as lessor, delivers goods to the lessee for use for a fixed period in exchange for a fee, and the lessee, at the end, has the right to acquire the assets through a purchase option agreed upon from the beginning, which 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, in the case of not being guaranteed, the residuals correspond to a low percentage of the value of the asset. In most of the previous contracts, the fee is calculated taking the DTF or IBR as a reference, adding or subtracting some nominal points, with the lessee maintaining the VAT, insurance and maintenance of the asset.





Note 11. - Other accounts receivable, net

The following is the breakdown of other 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	97.555	88.705
Supplier contract advance	90.876	83.368
Donations ⁽²⁾	80.733	84.681
Other ⁽³⁾	55.852	30.341
Tax authorizations	50.820	45.487
Taxes	45.899	41.320
Banco de Occidente Card for Administration	12.171	2.564
Prepaid expenses	11.820	10.253
Deposits ⁽¹⁾	7.366	113.146
Credit Card Offsets & Network Offsets	6.613	6.511
Wire transfers in process	6.491	5.453
Commissions	6.380	6.605
Balances in favor in compliance with forward contracts ⁽⁴⁾	6.257	2.135
Dividends	6.216	11.300
Transfers to the National Treasury Directorate	3.917	4.245
TC portfolio collections in other banks	2.693	6.134
Withdrawals from purchases or withdrawals with domestic and international TD	2.583	1.597
Disabilities	2.311	2.643
Payments for goods given in operational leasing	1.100	1.142
Shortages in exchange	498	102
Industry and Commerce Tax Advance	338	682
Leases	216	197
Credit card chargebacks	127	1.968
Insurance Company Claims	80	130
Interests	41	689
To headquarters, subsidiaries, related and associates	35	29
Manifestly lost debts	34	-
Cash shortages	22	11
Pending collections to be applied to leasing contracts	20	414
Accounts receivable, sale of goods and services	-	238
In joint operations	-	122
Payment of ACH leasing Occidente suppliers	-	15.502
Subtotal	614.942	592.894
Impairment of other accounts receivable	(17.925)	(16.602)
Total	597.017	576.292

⁽¹⁾ Active guarantees with foreign banks, Margin Call

⁽²⁾ Conditional donation advance from the CTIC Foundation.

⁽³⁾ The other item is mainly composed of transfer of SIIF portfolio balances, unidentified fines and penalties, international acquiring claims, Grupo Aval deposits and placements, transit of goods returned agreement and miscellaneous.

⁽⁴⁾ Non-delivery Forward Operations, operations in which at maturity there is no transfer 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.



The following is the movement of provisions for the years ended December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Balance at the beginning of the period	\$ 16.602	38.073
Provision charged to results	5.795	7.323
Recoveries of other accounts receivable	-	(23.746)
Write-offs	(4,472)	(5.048)
Balance at the end of the period	\$ 17.925	16.602

Note 12. - Profit and/or loss on non-current assets held for sale

Below is the detail of the net income generated on the sale of the assets classified as held for sale during the 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 ^(*)	723	2.517	1.794	1.452	1.706	254
	\$ 723	2.517	1.794	2.909	5.297	2.388

^(*) The profit recorded in the note of non-current assets 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.

The following is the movement of assets held for sale:

Balance as of December 31, 2024	\$ 1.324
Increments per addition during the period	723
Cost of sold non-current assets held for sale, net	(723)
Impairment charged to expenses	(169)
Reclassifications from/to own use	(1.154)
Balance as of December 31, 2025	\$ -
Balance as of December 31, 2023	\$ 3.023
Increments per addition during the period	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





Banco de Occidente S.A.
Notes to the Separate Financial Statements

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

Below is a breakdown of investments in subsidiaries, associates, and joint ventures:

		December 31, 2025	December 31, 2024
Subsidiaries	\$	1.023.191	948.151
Associates		1.774.746	1.662.271
Joint Ventures		2.394	2.026
Total	\$	2.800.331	2.612.448

Below is a breakdown of the movement of the accounts in investments in subsidiaries, associates and joint ventures for the years ended December 31, 2025 and 2024:

		Subsidiaries	Associates	Joint ventures	Total
Balance as of December 31, 2024	\$	948.151	1.662.271	2.026	2.612.448
Difference in change with effect on results realized		(84.487)	-	-	(84.487)
Acquisitions in controlled companies, associates and joint ventures		-	100	-	100
Dividends declared		(52.453)	(78.840)	-	(131.293)
Method of participation with effect on ORI		46.377	1.088	-	47.465
Method of participation with an effect on results		165.603	190.127	368	356.098
Balance as of December 31, 2025	\$	1.023.191	1.774.746	2.394	2.800.331
Balance as of December 31, 2023	\$	772.520	1.543.085	1.721	2.317.326
Difference in change with effect on results realized		63.506	-	-	63.506
Dividends declared		(45.109)	(67.758)	-	(112.867)
Method of participation with effect on ORI		(8.888)	14.856	-	5.968
Method of participation with an effect on results		166.122	172.088	305	338.515
Balance as of December 31, 2024	\$	948.151	1.662.271	2.026	2.612.448

Breakdown of investments in subsidiaries, associates and joint ventures:

		December 31, 2025	December 31, 2024
Subsidiaries	\$	1.023.191	948.151
Fiduciaria de Occidente S.A.		447.942	420.355
Ventas y Servicios S.A. - Nexa BPO		23.566	23.080
Banco de Occidente Panamá S.A.		363.955	321.141
Occidental Bank (Barbados) Ltd.		187.728	183.575
Associates		1.774.746	1.662.271
Porvenir S.A.		933.987	846.056
Gou Payments S.A. EASPBV (Formerly Garantía Valor Shared S.A.)		1.716	2.875
Aval Soluciones Digitales S.A.		4.565	4.364
Corficolombiana S.A.		834.378	808.976
Aval Valor Compartida S.A.S.		100	-
Joint Ventures		2.394	2.026
Gou Payments - Joint Venture (formerly Guar Valor Shared S.A)		2.391	2.023
Aval Soluciones Digitales S.A. - Joint Venture		3	3
Total	\$	2.800.331	2.612.448



Banco de Occidente S.A.
Notes to the Separate Financial Statements

The equity method recorded for investments in subsidiaries was calculated based on the Financial Statements of these entities as of December 31, 2025 and 2024:

a. Detail of investments in subsidiaries

December 31, 2025						
Subsidiary Name	Percentage participation	Main Address	Book Value	Assets	Liabilities	Result
Fiduciaria de Occidente S.A.	94,98%	Bogota	\$ 447.942	505.884	37.119	85.129
Ventas y Servicios S.A.	45,00%	Bogota	23.566	107.692	55.328	1.079
Banco de Occidente Panama S.A.	95,00%	Panama	363.955	4.660.344	4.277.235	61.813
Occidental Bank Barbados Ltd.	100,00%	Barbados	187.728	1.319.203	1.127.634	19.788
Total			\$ 1.023.191	6.593.123	5.497.316	167.809

December 31, 2024						
Subsidiary Name	Percentage participation	Main Address	Book Value	Assets	Liabilities	Result
Fiduciaria de Occidente S.A.	94,98%	Bogota	\$ 420.355	478.707	38.812	88.189
Ventas y Servicios S.A.	45,00%	Bogota	23.080	116.930	65.645	2.226
Banco de Occidente Panama S.A.	95,00%	Panama	321.141	4.502.444	4.164.402	62.821
Occidental Bank Barbados Ltd.	100,00%	Barbados	183.575	1.481.779	1.294.039	21.169
Total			\$ 948.151	6.579.861	5.562.898	174.405

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.

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.

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.

The corporate purpose of Ventas y Servicios S.A. is the provision of technical or administrative services referred to in Article Five of Law 45 of 1990, such as: 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. is consolidated by virtue of the dominant influence at the administrative level exercised by the parent company in it.

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

For the years ended December 31, 2025 and 2024, dividends were received from the subsidiaries as follows:

Fiduciaria de Occidente S.A.	December 31, 2025	December 31, 2025
Cash	\$ 52.453	45.109
	\$ 52.453	45.109

There are no legal or economic restrictions on investments, pledges or embargoes, there are no limitations on their ownership





Banco de Occidente S.A.
Notes to the Separate Financial Statements

The following table shows the effect on the Separate Statement of Income and on the other comprehensive income statement of the application of the equity method as of December 31, 2025 and 2024:

Entity	December 31, 2025		December 31, 2024	
	ORI from the application of MPP	Income statement by MPU application	ORI from the application of MPP	Income statement by MPU application
Fiduciaria de Occidente S.A.	\$ 24.121	81.348	25.428	84.271
Ventas y Servicios S.A.	898	486	898	1.002
Banco de Occidente Panamá S.A.	(50.389)	62.698	(85.109)	59.680
Occidental Bank Barbados Ltd.	(3.504)	21.071	(16.468)	21.169
	\$ (28.874)	165.603	(75.251)	166.122

b. Detail of investments in Associates

Associate Name	Percentage of Participation	Main Address	December 31, 2025			
			Book value	Assets	Liabilities	Result
Porvenir S.A	24,16%	Bogota	\$ 933.987	4.641.570	1.043.650	701.905
Gou Payments S.A. EASPBV (Formerly Guarantor Valor Compartida S.A.)	20,00%	Bogota	1.716	18.274	9.695	(5.798)
Aval Soluciones Digitales S.A.	26,60%	Bogota	4.565	63.873	46.711	756
Corficolombiana S.A.	4,18%	Bogota	834.378	28.910.352	15.711.418	514.748
Aval Valor Compartida S.A.S.	20,00%	Bogota	100	56.361	55.862	(1)
Total			\$ 1.774.746	33.690.430	16.867.336	1.211.610

Associate Name	Percentage of Participation	Main Address	December 31, 2024			
			Book value	Assets	Liabilities	Result
Porvenir S.A	24,16%	Bogota	\$ 846.056	4.029.189	795.219	652.600
Aval Valor Compartida S.A. (formerly A.T.H.)	20,00%	Bogota	2.875	17.189	2.813	483
Aval Soluciones Digitales S.A.	26,60%	Bogota	4.364	51.597	35.191	2.379
Corficolombiana S.A.	4,18%	Bogota	808.976	26.944.002	14.353.124	327.654
Total			\$ 1.662.271	31.041.977	15.186.347	983.116

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. in order to provide resources for the payment of their pension obligations; such as pensions, pension bonds, pension bond installments and pension installments, 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.

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 COMPARTIDA 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) To be a Payment Service Provider (PSP), in accordance with the provisions of Decree 2555 of 2010 and (iv) To carry out activities related to the processing and provision of correspondent technology, collection points and ATMs and related activities.





Banco de Occidente S.A.
Notes to the Separate Financial Statements

The exclusive purpose of the company Aval Soluciones Digitales S.A. will be the provision of authorized services to companies specialized 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. By the will of the General Meeting of Shareholders, the Corporation may change its registered office and by the will of the Board of Directors 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 COMPARTIDA 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. all 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).

During 2025 and 2024, dividends were received from associates as follows:

Porvenir S.A	December 31, 2025	December 31, 2025
Cash	\$ 78.840	67.758
	\$ 78.840	67.758

c. Details of investments in joint ventures

Subsidiary Name	December 31, 2025					
	Percentage participation	Main Address	Book Value	Assets	Liabilities	Result
Gou Payments S.A. EASPBV - Joint Ventures (Formerly Aval Valor Compartida S.A.)	25,00%	Bogota	\$ 2.391	107.170	97.605	1.471
Aval Soluciones Digitales S.A. - Joint Venture ⁽¹⁾	26,34%	Bogota	3	149.610	149.600	-
Total			\$ 2.394	256.780	247.205	1.471

Subsidiary Name	December 31, 2024					
	Percentage participation	Main Address	Book Value	Assets	Liabilities	Result
Aval Valor Compartida S.A. (formerly A.T.H.)	25,00%	Bogota	\$ 2.023	102.003	93.909	1.223
Aval Soluciones Digitales S.A. - Joint Venture ⁽¹⁾	26,34%	Bogota	3	151.165	151.155	-
Total			\$ 2.026	253.168	245.064	1.223





Banco de Occidente S.A.

Notes to the Separate Financial Statements

For the development of its operations, GOU PAYMENTS S.A. EASPBV S.A – Negocios Conjuntos (formerly A.T.H. Negocio Conjunto and Aval Valor Compartida 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 S.A participates as manager of said contract to carry out the object of the contract in its sole name and under its personal credit.

(1) Aval Soluciones Digitales, is a Society 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.

Note 14. - Tangible assets, net

The following is the movement of tangible asset accounts (property and equipment for own use, property given under operating lease, investment property, and rights of use) for the years ended December 31, 2025 and 2024:

	For own use	Given in operating lease	Investment Properties	Rights of use	Total
Cost or Fair Value:					
Balance as of December 31, 2024	\$ 373.242	98.344	239.700	460.851	1.172.137
Increase or decrease due to change in lease variables	-	-	-	28.041	28.041
Shopping	41.182	16.888	139.429	27.744	225.243
Withdrawals / Sales (net)	(13.868)	(51)	(157.835)	-	(171.754)
Impairment Withdrawals (Net)	(150)	-	-	(22.825)	(22.975)
Transfers to / from non-current assets held for sale	1.154	-	-	-	1.154
Change in fair value	-	-	37.205	-	37.205
Other reclassifications	-	(13.474)	-	-	(13.474)
Balance as of December 31, 2025	\$ 401.560	101.707	258.499	493.811	1.255.577
Cost or Fair Value:					
Balance as of December 31, 2023	\$ 348.213	96.976	214.080	418.933	1.078.202
Increase or decrease due to change in Lease variables	-	-	-	33.306	33.306
Shopping	38.836	9.835	29.120	37.937	115.728
Withdrawals / Sales (net)	(13.731)	-	(44.627)	-	(58.358)
Impairment withdrawals (net)	(398)	-	-	(29.325)	(29.723)
Transfers from / to non-current assets held for sale	322	-	-	-	322
Other reclassifications	-	-	41.127	-	41.127
Reclassifications from/to own use	-	(8.467)	-	-	(8.467)
Balance as of December 31, 2024	\$ 373.242	98.344	239.700	460.851	1.172.137
Accumulated depreciation:					
Balance as of December 31, 2024	\$ (258.548)	(44.508)	-	(214.845)	(517.901)
Depreciation of the year against expenses	(25.753)	(19.769)	-	(71.245)	(116.767)
Sales Withdrawals (net)	8.431	39	-	9.732	18.202
Impairment withdrawals (net)	74	-	-	9.953	10.027
Other reclassifications	-	13.031	-	-	13.031
Balance as of December 31, 2025	\$ (275.796)	(51.207)	-	(266.405)	(593.408)
Accumulated depreciation:					
Balance as of December 31, 2023	\$ (248.968)	(31.706)	-	(177.772)	(458.446)
Depreciation of the year against expenses	(23.571)	(20.300)	-	(64.004)	(107.875)
Sales Withdrawals (Net)	13.660	-	-	-	13.660
Impairment withdrawals (net)	331	-	-	26.931	27.262
Other reclassifications	-	7.498	-	-	7.498
Balance as of December 31, 2024	\$ (258.548)	(44.508)	-	(214.845)	(517.901)





Banco de Occidente S.A.
Notes to the Separate Financial Statements

	For own use	Given in operating lease	Investment Properties	Rights of use	Total
Impairment losses:					
Balance as of December 31, 2024	\$ (29)	(1.031)	(95.015)	-	(96.075)
Year Impairment Charge	-	(720)	(29.587)	-	(30.307)
Recovery from deterioration	-	219	61	-	280
Sales Withdrawals (Net)	-	-	36.509	-	36.509
Balance as of December 31, 2025	\$ (29)	(1.532)	(88.032)	-	(89.593)
Impairment losses:					
Balance as of December 31, 2023	\$ (29)	(592)	(96.793)	-	(97.414)
Year Impairment Charge	-	(793)	(52.842)	-	(53.635)
Recovery from deterioration	-	354	34.921	-	35.275
Sales Withdrawals (Net)	-	-	19.699	-	19.699
Balance as of December 31, 2024	\$ (29)	(1.031)	(95.015)	-	(96.075)
Net Tangible Assets:					
Balance as of December 31, 2024	114.665	52.805	144.685	246.006	558.161
Balance as of December 31, 2025	\$ 125.735	48.968	170.467	227.406	572.576

The total mobilization of goods by category is detailed below:

	December 31, 2025	December 31, 2024
Goods for own use	\$ 6.147	-
Investment Properties	89.509	-
Total	\$ 95.656	-

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 by impairment (*)	Books Value
Land	\$ 7.339	-	-	7.339
Buildings	13.644	(5.431)	-	8.213
Office Equipment, Appliances & Accessories	108.930	(82.959)	(29)	25.942
Computer equipment	179.046	(125.953)	-	53.093
Network and communication equipment	38.138	(30.806)	-	7.332
Vehicles	542	(309)	-	233
Mobilization Equipment and Machinery	49	(49)	-	-
Improvements of other people's properties	38.446	(30.289)	-	8.157
Ongoing construction	15.426	-	-	15.426
Balance as of December 31, 2025	\$ 401.560	(275.796)	(29)	125.735





Banco de Occidente S.A.
Notes to the Separate Financial Statements

For own use	Cost	Accumulate Depreciation	Loss by (*) Impairment	Book Value
Land	\$ 9.035	-	-	9.035
Buildings	18.455	(7.224)	-	11.231
Office Equipment, Appliances & Accessories	105.045	(78.792)	(29)	26.224
Computer equipment	163.467	(115.398)	-	48.069
Network and communication equipment	35.344	(29.154)	-	6.190
Vehicles	427	(391)	-	36
Mobilization Equipment and Machinery	49	(49)	-	-
Properties in joint ventures	3	-	-	3
Improvements of other people's properties	35.925	(27.540)	-	8.385
Ongoing construction	5.492	-	-	5.492
Balance as of December 31, 2025	\$ 373.242	(258.548)	(29)	114.665

(*) The balance of impairment loss corresponds to the provision of the assets received in payment and returned in accordance with the provisions of the Financial Superintendence of Colombia in EC 036 of 2014.

The Bank establishes impairment on property and equipment when its carrying amount exceeds its recoverable amount. At the end of each reporting period, the Bank 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 deterioration of an asset.
- b) Significant changes in the scope or manner in which the asset is used or expected to be used in the immediate future have taken place or are expected to take place in the immediate future that 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.

According to the evaluation of the above factors, there are no deterioration indices at the end of the period.





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:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Provision</u>	<u>Book Value</u>
Given in operating lease				
Computer equipment	\$ 42.356	(29.647)	(1.531)	11.178
Vehicles	36.108	(11.895)	-	24.213
Mobilization Equipment and Machinery	23.242	(9.665)	-	13.577
Balance as of December 31, 2025	\$ 101.706	(51.207)	(1.531)	48.968
Computer equipment	\$ 42.979	(26.430)	(1.031)	15.518
Vehicles	31.256	(10.077)	-	21.179
Mobilization Equipment and Machinery	24.108	(8.000)	-	16.108
Balance as of December 31, 2024	\$ 98.343	(44.507)	(1.031)	52.805

The following is the summary of the minimum lease fees to be received in the coming installments on goods delivered under operating lease as of December 31, 2025 and 2024:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Not more than one year	\$ 19.189	19.580
More than one year and less than five years	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 Bank as lessor delivers goods to the lessee for use for a set period of time 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 Bank.

c) Investment Properties

The following is the breakdown of the balance as of December 31, 2025 and 2024, by investment property type:

<u>Investment Properties</u>	<u>Cost</u>	<u>Cumulative adjustments to fair value</u>	<u>Provisions</u>	<u>(*) Books Value</u>
Land	79.028	52.384	(44.753)	86.660
Buildings	89.346	37.740	(43.280)	83.807
Balance as of December 31, 2025	168.375	90.125	(88.033)	170.467
Land	75.021	11.757	(34.398)	52.380
Buildings	91.650	61.272	(60.617)	92.305
Balance as of December 31, 2024	166.671	73.029	(95.015)	144.685

(*) The negative effect at fair value corresponds to the recognition of the provision in accordance with the provisions indicated by the Financial Superintendence of Colombia in external circular 036 of 2014 for \$88,028 and \$95,015 for the years ended December 31, 2025 and 2024, respectively, corresponding to assets received in payment and returned classified as investment property



The following amounts have been recognized in the Separate Statement of Income from the management of the investment properties for 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 investment properties that generate rental income	(6.584)	(479)
Direct operating expenses arising from properties of investments that do not generate rental income	(457)	(4.590)
Net	\$ (2.681)	(1.996)

Investment Properties are valued annually at fair value based on market values determined by qualified independent surveyors who have sufficient experience in valuing 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 subject to valuation) 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 Bank has no restrictions on the collection of rental income or the realization of assets classified as investment property.

d) Properties and Use Rights Equipment

The following is the breakdown of right-of-use properties and equipment as of December 31, 2025 and 2024:

Rights of use	Cost	Accumulated Depreciation	Book Value
Buildings	\$ 395.721	(196.201)	199.520
Computer equipment	96.304	(69.697)	26.607
Vehicles	1.786	(507)	1.279
Balance as of December 31, 2025	\$ 493.811	(266.405)	227.406





Banco de Occidente S.A.
Notes to the Separate Financial Statements

Rights of use	Cost	Accumulated Depreciation	Book Value
Buildings	\$ 373.136	(157.312)	215.824
Computer equipment	85.128	(55.521)	29.607
Vehicles	2.587	(2.012)	575
Balance as of December 31, 2024	\$ 460.851	(214.845)	246.006

Note 15. - Intangible assets, net

The following is the movement of the intangible asset accounts for the years ended December 31, 2025 and 2024:

	Capital gains	Others Intangibles	Total Intangible assets
Cost:			
Balance as of December 31, 2024	\$ 22.724	913.948	936.672
Additions / Purchases (net)	-	163.622	163.622
Balance as of December 31, 2025	\$ 22.724	1.077.570	1.100.294
Balance as of December 31, 2023	\$ 22.724	786.714	809.438
Additions / Purchases (net)	-	127.363	127.363
Balance as of December 31, 2024	\$ 22.724	913.948	936.672
Accumulated depreciation:			
Balance as of December 31, 2024	\$ -	(307.655)	(307.655)
Depreciation of the year against profit or loss	-	(96.029)	(96.029)
Balance as of December 31, 2025	\$ -	(403.684)	(403.684)
Balance as of December 31, 2023	\$ -	(230.812)	(230.812)
Depreciation of the year against profit or loss	-	(76.843)	(76.843)
Balance as of December 31, 2024	\$ -	(307.655)	(307.655)
Intangible assets, net:			
Balance as of December 31, 2024	\$ 22.724	606.293	629.017
Balance as of December 31, 2025	\$ 22.724	673.886	696.610

In the aforementioned cuts, the Bank does not present an impairment loss on these intangibles.

Capital gains

The capital gain recorded originated in the process of merger of the Bank with Banco Unión. For the purposes of its evaluation, the goodwill has been assigned to the Bank as a single cash-generating unit.

The 2025 technical valuation study of the capital gain originated in the acquisition of Banco Unión was prepared with technical support from the firm PricewaterhouseCoopers Asesores Gerenciales S.A.S. The Bank's assessment of the goodwill recorded as of December 2025 concluded that the goodwill assigned to the Cash Generating Unit is not impaired and is \$480,333 in excess 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, three-month periods.





Banco de Occidente S.A.
Notes to the Separate Financial Statements

The following are the main macroeconomic assumptions used in the 2025 valuation:

Macroeconomic Information						
Table of Contents	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%
Banrep Intervention Rate	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 Management Advisors S.A.S. considers an income approach based on expected dividend flows.

Income Approach

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 of time 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:

- Risk-free rate (Rf): The U.S. Treasury rate with a term of 10 years was taken as the risk-free rate. Rf = 4.2%. Source: US Treasury Department.
- Country risk (Rc): Colombia's EMBI was used, which indicates the difference in return between U.S. bonds and Colombian bonds. Rc= 2.6%. Source: EMBI.





Banco de Occidente S.A.

Notes to the Separate Financial Statements

- c) Market risk premium (Rp): Extra return that the stock market has historically provided over the risk-free rate as compensation for market risk. Rp=6%. Source: PwC Research.
- d) Premium by Size (Rt): 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 (Ri): For the calculation of the implicit devaluation, the long-term inflations of the United States and Colombia are considered to express the effect of the devaluation of the Colombian peso against the dollar. Source: Oxford Economics – EMI.
- g) Cost of Equity COP (Ke): 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:

Discount rate
Banco de Occidente: Banco Unión

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%

Extracted from page 9 of the Goodwill 2025 Report carried out 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 Ke and the gradient, this value corresponds to the base scenario, which coincides with the Value in Use of Banco Unión (COP 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, considering that the discount rate is decreasing and the growth gradient is increasing, with the value in the lower left corner being the most optimistic scenario. It is important to mention that, with the analyzed values of variation on the growth gradient and the discount rate, there is no evidence of deterioration scenarios since no value is lower than the book value (\$563,486).



		Spread on Ke				
		-1,00%	-0,50%	0,00%	0,50%	1,00%
Spread over 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
Banco Unión	\$ 22.724	563.486	1.043.819	480.333

December 31, 2024				
UGE	Capital gains	Book Value	Recoverable Amount	Excess
Banco Unión	\$ 22.724	536.157	1.031.585	495.428

Extracted from page 17 of the GoodWill 2025 Report carried out by PricewaterhouseCoopers Asesores Gerenciales S.A.S.

Detail of intangible assets other than goodwill

The following is the detail of intangible assets other than goodwill as of December 31, 2025 and 2024:

Description	Cost	Accumulated amortization	Carryig amount
Licenses	\$ 2.039	(1.189)	850
Computer programs and applications	1.075.531	(402.495)	673.036
Balance as of December 31, 2025	\$ 1.077.570	(403.684)	673.886

Description	Cost	Accumulated amortization	Carryig amount
Licenses	\$ 5	(2)	3
Computer programs and applications	913.943	(307.653)	606.290
Balance as of December 31, 2024	\$ 913.948	(307.655)	606.293

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 declared. 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	\$ 11.204	37.411
Subtotal Current Period Tax	11.204	37.411
Adjustment from previous periods	(6.548)	(17.253)
Net deferred taxes for the period	(3.368)	4.904
Prior Period Deferred Tax Adjustment	2.124	13.328
Deferred tax subtotal	(1.244)	18.232
Total	\$ 3.412	38.390

In compliance with the provisions of paragraph 6 of article 240 of the Tax Statute, the calculation of the Adjusted tax rate of the Group (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 adjustment to the current income tax expense.

b) Reconciliation of the tax rate according to the tax regulations and the effective rate

In accordance with paragraph 81(c) of IAS 12, the following is the detail of the reconciliation between the Bank's total income tax expense calculated at the current tax rates and the tax expense effectively recognized in profit or loss for the years ended December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Profit before income tax	\$ 537.067	533.382
Total Tax Rate	40%	40%
Theoretical tax expense calculated according to the rates current tax	214.827	213.353
Non-deductible expenses	17.356	19.709
Dividends received that do not constitute income	(2.845)	(2.500)
Income from the equity method not constituting income	(142.439)	(135.406)
Exempt income	(948)	(1.348)
Tax benefit on the acquisition of productive assets	(60.067)	(37.904)
Tax Credits	(18.924)	607
Effect on the application of different rates for the determination of deferred tax	876	(15.790)
Adjustment from previous periods	(6.548)	(17.253)
Prior Period Deferred Tax Adjustment	2.124	13.328
Other concepts	-	1.595
Total tax expense for the period	\$ 3.412	38.390



the income tax expense is recognized based on the administration's best estimate of both current income tax and deferred income tax.

The Bank's effective tax rate with respect to continuing operations for the years ended December 31, 2024 and 2025 was 7.20 and 0.64 p.p., respectively; causing an income tax expense of \$38,390 for December 2024 and \$3,412 for December 2025.

c) Tax uncertainties

As of December 31, 2025 and 2024, the Bank 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 with respect to subsidiaries, associates and joint ventures

During the years ended December 31, 2025 and 2024, the Bank 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 set forth in IAS 12 are met, because the Bank has control over the reversal of such temporary differences, and Management believes that they are unlikely to be reversed in the foreseeable future.

The temporary differences for the items indicated as of December 31, 2025 and 2024, amounted to \$1,397,298 and \$1,257,149, 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.

Año terminado el 31 de diciembre de 2025

	Balance January 1 of 2025	Credited (uploaded) to Results	Credited (uploaded) to ORI	December 31, of 2025
Active tax-deferred				
Fixed income investment valuation	\$ 113.875	74.303	40.889	229.067
Derivatives valuation	64.026	(64.026)	-	-
Credit portfolio	17.099	(17.099)	-	-
Impairment of the Loan Portfolio	-	18.339	-	18.339
Tax losses	123.876	164.089	-	287.965
Employee Benefits	10.600	1.980	67	12.647
Financial leasing agreements	46.517	80.099	-	126.616
Customer Loyalty Program	341	74	-	415
Difference in exchange of financial liabilities	48.253	(14.398)	-	33.855
Others	5.805	56.192	(35.354)	26.643
Subtotal (1)	430.392	299.553	5.602	735.547

Banco de Occidente S.A.
Notes to the Separate Financial Statements



Passive deferred taxes

Investments in Associates and Joint Ventures	(124)	(1.809)	-	(1.933)
Investments in Equity Instruments	(22.700)	-	(862)	(23.562)
Private Equity Fund Investment	(13.509)	(6.131)	-	(19.640)
Derivatives valuation	-	(155.327)	-	(155.327)
Credit portfolio	(59)	(30.640)	-	(30.699)
Property, Plant & Equipment	(31.368)	(4.852)	-	(36.220)
Investment Properties -	-	(4)	4	-
Rights of Use -	-	(86.109)	-	(86.109)
Intangible Assets	(39.567)	(13.400)	-	(52.967)
Goodwill	(7.953)	-	-	(7.953)
Others	(658)	(37)	-	(695)
Subtotal (2)	(115.938)	(298.309)	(858)	(415.105)
Total	\$ 314.454	1.244	4.744	320.442

Año terminado el 31 de diciembre de 2024

	Balance 1 of January 2024	Credited (uploaded) to Results	Credited (uploaded) to ORI	December 31, 2024
Active tax-deferred				
Fixed income investment valuation	\$ 1.658	97.533	14.684	113.875
Derivatives valuation	51.243	12.783	-	64.026
Credit portfolio	19.173	(2.074)	-	17.099
Tax losses	190.154	(66.278)	-	123.876
Employee Benefits	9.102	2.546	(1.048)	10.600
Financial leasing agreements	51.569	(5.052)	-	46.517
Customer Loyalty Program	291	50	-	341
Difference in exchange of financial liabilities	-	48.253	-	48.253
Others	79.153	(98.750)	25.402	5.805
Subtotal	402.343	(10.989)	39.038	430.392
Deferred tax liabilities				
Equity investments	-	-	-	-
Investments in Associates and Joint Ventures	(289)	165	(5.100)	(124)
Investment in Equity Instruments	(17.600)	-	-	(22.700)
Private Equity Fund Investment	(14.788)	1.279	-	(13.509)
Credit portfolio	(59)	-	-	(59)
Property, Plant & Equipment	(15.867)	(15.501)	-	(31.368)
Investment Properties	-	(75)	75	-
Intangible Assets	(46.696)	7.129	-	(39.567)
Goodwill	(7.953)	-	-	(7.953)
Others	(418)	(240)	-	(658)
Subtotal	(103.670)	(7.243)	(5.025)	(115.938)
Total	\$ 298.673	(18.232)	34.013	314.454

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



The analysis of deferred tax assets and liabilities for the years ended December 31, 2025 and 2024 is as follows:

	Year Ended on: December 31, 2025	Year ended on December 31, 2024
Deferred Tax Asset		
Deferred tax recoverable assets within 12 months	320.845	255.602
Asset deferred tax recoverable after 12 months	414.702	174.790
Total Deferred Tax Assets	735.547	430.392
Deferred Tax Liability		
Deferred tax liability recoverable within 12 months	(192.758)	(75.495)
Deferred tax liability recoverable after 12 months	(222.347)	(40.443)
Total Deferred Tax Liability	(415.105)	(115.938)
Total tax deferred	320.442	314.454

Deferred tax balances:

December 31, 2025	Gross amounts of Tax Deferred	Compensation Reclassifications	Balances in the statements of financial position
Deferred income tax assets	\$ 735.547	(415.105)	320.442
Deferred tax on passive income	(415.105)	415.105	-
Net	\$ 320.442	-	320.442
December 31, 2024	Gross amounts of Tax Deferred	Compensation Reclassifications	Balances in the statements of financial position
Deferred income tax assets	\$ 430.392	(115.938)	314.454
Deferred tax on passive income	(115.938)	115.938	-
Net	\$ 314.454	-	314.454

Current tax balances:

December 31, 2025	Gross amounts of current tax	Balances in statements of financial position
Current income tax assets	\$ 659.759	659.759
Net	\$ 659.759	659.759
December 31, 2024	Gross amounts of current tax	Balances in statements of financial position
Current income tax assets	\$ 554.594	554.594
Net	\$ 554.594	554.594



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 comprehensive other income account are detailed below:

	Year ended by: December 31, 2025			Year ended by: 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 Foreign Investment Hedging - Non-Derivative Hedging Instrument	84.487	-	(35.354)	49.133	(63.506)	25.402	(38.104)
Participation in ORI of investments in associates and joint ventures	47.465	-	-	47.465	5.968	-	5.968
Net Unrealized Gain / Loss on debt securities	(115.189)	-	40.889	(74.300)	(46.308)	14.684	(31.624)
Subtotals	<u>(67.724)</u>	<u>-</u>	<u>5.535</u>	<u>(62.189)</u>	<u>(40.340)</u>	<u>40.086</u>	<u>(254)</u>
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	3.872	-	(862)	3.010	34.736	(5.100)	29.636
Actuarial gain on employee retirement plans	168	(173)	67	62	2.621	(1.048)	1.573
Subtotals	<u>4.040</u>	<u>(173)</u>	<u>(791)</u>	<u>3.076</u>	<u>37.158</u>	<u>(6.073)</u>	<u>31.085</u>
Total other comprehensive income during the period	\$ (63.684)	(173)	4.744	(59.113)	(3.182)	34.013	30.831

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 Bank's management and its advisors have not yet completed the study for 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 related to 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 Bank does not meet the requirements for its presentation, therefore, it will be presented by the controlling company Grupo Aval Acciones y Valores S.A.

h) Realización de impuestos diferidos activos

Future periods are 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 Bank's clients during its deposit-taking operations:

Detail	December 31, 2025	December 31, 2024
Demand Deposits		
Checking accounts	\$ 7.007.742	6.726.605
Savings Accounts	30.722.793	27.861.495
Other demand funds	72.267	65.375
	37.802.802	34.653.475
Term		
Certificates of Deposit	16.058.137	13.528.141
Total Deposits	\$ 53.860.939	48.181.616
By Currency		
In Colombian pesos	\$ 53.778.644	48.100.852
In Other Currencies	82.295	80.764
Total by Currency	\$ 53.860.939	48.181.616

Below is a breakdown of the maturity of the term certificates of deposits in force as of December 31, 2025:

Year	Nominal Amount
2024	13.696.209
2025	2.174.108
2026	86.590
2027	9.716
2028	41.618
After 2029	49.896
	\$ 16.058.137

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 Colombian Pesos	
	Rate Minimum	Rate Maximum	Rate Minimum	Rate Maximum
	%	%	%	%
Checking accounts	0,00%	9,00%	0,00%	9,40%
Savings account	0,00%	9,80%	0,00%	10,30%
Certificates of Deposit	0,05%	17,40%	0,00%	17,50%



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

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 entities of the Colombian Government* \$	9.213.108	17%	8.402.155	17%
Manufacturing	892.857	2%	993.113	2%
Real Estate	710.786	1%	614.687	1%
Trade	2.163.685	4%	2.491.983	5%
Agriculture and livestock	194.796	0%	243.697	1%
Individuals	4.335.508	8%	3.741.387	8%
Other**	36.350.199	67%	31.694.594	66%
Total	\$ 53.860.939	100%	48.181.616	100%

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

**The most representative item included in this category corresponds to FINANCIAL AND INSURANCE ACTIVITIES (Sector K), which for the December 2025 cut-off presented a total balance of \$18,696,954 million, representing 64% of the total of the category.

As of December 31, 2025, it had 12,567 customers with balances greater than \$250 million for a total value of \$43,131,698 million (as of December 31, 2024, 12,219 customers for \$41,782,826 million).

For customer deposits, the expense caused in results for interest in savings accounts, term deposit certificates and current accounts for the years ended December 31, 2025 and 2024 are \$3,268,995 and \$3,820,223 respectively.



Note 18. - Financial obligations

18.1 Bank loans, interbank and overnight funds

The following is the summary of the financial obligations obtained by the Bank as of December 31, 2025 and 2024, with the fundamental purpose of financing its mainly international trade operations:

	December 31, 2025		December 31, 2024	
	Short-term portion	Long-term portion	Short-term portion	Long-term portion
Colombian Legal Currency				
Interbank funds and overnight				
Banks and correspondents	\$ 31	-	40	-
Ordinary Purchased	275.743	-	223.784	-
Ordinary purchased Interbank Funds				
Transfer commitments in repo transactions	4.507.276	-	3.805.016	-
Reverse Repos	5.413.888	-	4.138.758	-
Securities Lending Transactions	32	-	2	-
Commitments arising from short positions	2.082.069	-	469.074	-
Total Interbank funds and overnight	12.279.039	-	8.636.674	-
Lease Agreements				
Lease liabilities	-	340.688	-	371.906
Total Lease Agreements	-	340.688	-	371.906
Total liabilities in local currency	12.279.039	340.688	8.636.674	371.906
Foreign Currency				
Interbank funds and overnight				
Banks and correspondents	2.745	-	-	-
Total Interbank funds and overnight	2.745	-	-	-
Loans from Bank				
Loans	3.064.364	376.972	3.589.436	442.435
Letters of Credit	5.647	-	2.461	-
Acceptances	8.768	-	37.202	-
Total bank borrowings	3.078.779	376.972	3.629.099	442.435
Total liabilities in foreign currency	3.081.524	376.972	3.629.099	442.435
Total loans from banks, interbank and overnight funds	\$ 15.360.563	717.660	12.265.773	814.341

As of December 31, 2025, the short-term financial obligations corresponding to Reverse Repos and repos for \$12,003,234 were secured with investments of \$10,115,718 and as of December 31, 2024 for \$8,412,848 secured with investments of \$8,343,592.



The following is a summary of the effective interest rates that are caused on short-term financial obligations:

	December 31, 2025		December 31, 2024	
	in Colombian pesos		in Colombian pesos	
	Minimum Rate	Maximum Rate	Minimum Rate	Maximum Rate
	%	%	%	%
Interbank Funds and Repo and Reverse Repos	(2,00)	13,25	(0,19)	10,5

	December 31, 2025		December 31, 2024	
	in Colombian pesos		in Colombian pesos	
	Minimum Rate	Maximum Rate	Minimum Rate	Maximum Rate
	%	%	%	%
Bank Acceptances	0,10	0,10	0,10	0,10
Correspondent Banks	3,10	7,12	3,64	7,76

For short-term financial obligations, the expense incurred in results for money market operations such as interbank funds, transfer commitments in repo and Reverse Repos and other interest for the years ended December 31, 2025 and 2024 were \$764,580 and \$559,017, respectively.

18.2 Bonds and investment securities

The Bank is authorized by the Financial Superintendence of Colombia to issue or place Bonds or general guarantee bonds. All bond issues by the Bank have been issued without guarantees and represent exclusively 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:

Legal Currency

Issuer	Date of Issue	December 31, 2025	December 31, 2024	Maturity Date	Interest Rate
Banco de Occidente Ordinary Bonds	Between 09/08/2012 and 20/08/2020	\$ 1.170.788	1.171.045	Between 20/08/2026 and 14/12/2032	Between IPC + 2,37% and 4,65%
Subordinated bonds Banco de Occidente	10/06/2016	249.131	707.361	10/06/2016	Between IPC + 4,60%
Total		\$ 1.419.919	1.878.406		

Foreign Currency (1)

Issuer	Date of Issue	December 31, 2025	December 31, 2024	Maturity Date	Interest Rate
Reg S Banco de Occidente Subordinated Bonds	13/05/2024	\$ 677.521	791.791	13/08/2034	Fixed 10,875%
Total		\$ 677.521	791.791		

(1) The foreign currency is US Dollar (USD)



Future maturities as of December 31, 2025, of outstanding investment securities in long-term debt are as follows:

Year	December 31, 2025
	Nominal Amount
2025	\$ 13.899
2026	349.960
After 2027	1.733.581
Total	\$ 2.097.440

For long-term financial obligations for the issuance of bonds and investment securities caused by interest as of December 31, 2025 and 2024, they were \$226,332 and \$276,865 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 Financiera de Desarrollo Territorial - FINDETER.

The following is a breakdown of the loans obtained by the Bank from these entities as of December 31, 2025 and 2024:

	Interest rates in force at the cut-off	December 31, 2025	December 31, 2024
Foreign Trade Bank - "BANCOLDEX"	Between DFT -1.50% and 3.80%; IBR -0.88% and 3.63%; LIBOR 3.70%; Fixed -0.80% and 8.71%	\$ 147.327	125.994
Fund for the Financing of the Agricultural Sector - "FINAGRO"	Between DFT 0% and 2%; Fixed 0% and 7.30%	198.662	133.979
Territorial Development Finance "FINDETER"	Between DFT -3% and 2.85%; IBR -0.72% and 3.29%; Fixed 0% and 9.74%	715.594	802.209
Total		\$ 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	Value
2026	134.142
After 2027	927.441
Total	\$ 1.061.583

For financial obligations with rediscount entities and foreign banks, the interest accrued on profit or loss for the years ended December 31, 2025 and 2024 was \$318,465 and \$378,191 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 funds and overnight	\$ 12.281.784	8.636.674
Loans from banks and others	3.796.440	4.443.440
Obligations with rediscount entities	1.061.583	1.062.182
Bonds and investment securities	2.097.440	2.670.197
Total financial obligations	\$ 19.237.247	16.812.493

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	\$ 57.160	5.133.717	371.907	2.670.197	8.232.981
Cash Flows Financing Activities					
Dividends paid controlling interest	(173.739)	-	-	-	(173.739)
Dividends paid non-controlling interest	(66.330)	-	-	-	(66.330)
Payment of leases	-	-	(84.358)	-	(84.358)
Outstanding Bond Payments	-	-	-	(450.000)	(450.000)
Bond issuance	-	-	-	-	-
Acquisition of financial obligations	-	10.330.309	-	-	10.330.309
Payment of financial obligations	-	(11.008.138)	-	-	(11.008.138)
Cash used in financing activities	(182.910)	4.455.888	287.549	2.220.197	6.780.725
Cash Flows Operating Activities					
Interest Earned	-	290.844	27.620	226.332	544.797
Interest paid	-	(303.266)	(27.620)	(230.824)	(561.711)
Other Changes (*)	248.809	73.868	53.140	(118.264)	257.553
Balance December 31, 2025	65.899	4.517.334	340.689	2.097.440	7.021.364

	Dividends Payable	Loans from banks and rediscount entities	Financial Leasing	Bonds and investment securities	Total
Balance December 31, 2023	\$ 66.714	3.864.911	377.590	2.171.345	6.480.560
Cash Flows Financing Activities					
Dividends paid controlling interest	(162.024)	-	-	-	(162.024)
Dividends paid non-controlling interest	(61.104)	-	-	-	(61.104)
Payment of leases	-	-	(74.532)	-	(74.532)
Outstanding Bond Payments	-	-	-	(277.490)	(277.490)
Bond issuance	-	-	-	660.058	660.058
Acquisition of financial obligations	-	9.464.380	-	-	9.464.380
Payment of financial obligations	-	(8.634.110)	-	-	(8.634.110)
Cash used in financing activities	(156.414)	4.695.181	303.058	2.553.913	7.395.738
Cash Flows Operating Activities					
Interest Earned	-	346.270	31.920	276.865	655.055
Interest paid	-	(351.889)	(31.920)	(258.908)	(642.717)
Other Changes (*)	213.574	444.155	68.849	98.327	824.905
Balance December 31, 2024	57.160	5.133.717	371.907	2.670.197	8.232.981

(*) Other changes are made up of declared dividends, exchange difference, changes in lease agreements and incremental costs.



Note 19. - Provisions for employee benefits

In accordance with Colombian labor legislation and based on labor agreements and collective agreements signed with employees, the different employees of the Bank are entitled to short-term benefits such as: salaries, vacations, legal and extralegal bonuses and long-term severance and severance interest such as: extralegal bonuses and retirement benefits such as: layoffs to employees who continue with a labor regime before Law 50 of 1990 and legal and extralegal retirement pensions. For the compensation of key management personnel, it includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan, (See note 29).

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

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	\$ 70.032	58.532
Post-employment benefits	4.167	4.313
Long-term benefits	6.096	5.921
Total Liabilities	\$ 80.295	68.766

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 Bank before 1968 who met the requirements of age and years of service, pensions are assumed directly by the Bank.
- 20 employees hired by the Bank before 1990 are entitled to receive, on the date of their retirement, at the will of the employee or the Bank, 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 accordance with IAS 19, the pension liability was updated, which resulted in a pension liability of \$2,836.
- In the Bank there are employees who belong to previous labor regimes, according to which their severance payments are assumed by the Bank at the time of their retirement (layoffs of employees of previous law), the new regimes include this benefit in the defined contribution plans.



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	\$ 4.313	4.951	5.921	6.138
Costs incurred during the period	36	44	490	454
Interest Costs	396	505	512	613
Subtotal	432	549	1.002	1.067
Loss (Gain) from changes in Demographic assumptions	192	186	462	155
(Gain) losses due to changes in Financial assumptions	117	24	-21	-19
Subtotal	309	210	441	136
Employee Payments	(887)	(1.397)	(1.268)	(1.420)
Year-end balance	\$ 4.167	4.313	6.096	5.921

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%	9,98%	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	4,49	2,95	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:

As of December 2025	-0.50 points		+0.50 points	
	Post Employment	Long Term	Post Employment	Long Term
Discount rate	\$ 92	86	(88)	(94)
Wage growth rate	(60)	(127)	61	119
Pension growth rate	(86)	-	90	-

b) Benefits to long-term employees

- The Bank 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 35 and 75 days) each payment.



- The Bank has recorded the liabilities corresponding to these benefits, for the agreed officials based on the actuarial calculations made under the same parameters of retirement benefits, the long-term benefits correspond to \$6,097 as of December 31, 2025.

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 Long- Term Benefits
2025	737	1.398
2026	767	1.449
2027	752	945
2028	703	761
2029	666	651
Years 2030 - 2034	\$ 2.068	2.235

The Bank will cover future cash flows from out-of-law and pension benefit payments with its own resources.

	December 31, 2025	December 31, 2024
Post-employment participants	39	43
Long-term participants	2.702	2.741

Note 20. - Provisions for legal contingencies and other provisions

The movement and balances of statutory provisions, and other provisions during the years ended December 31, 2025 and 2024, are described below:

	Legal provisions	Other provisions	Total provisions
Balance as of December 31, 2024	\$ 2.625	1.246	3.871
Increase due to new provisions in the period	2.372	-	2.372
Increase in existing provisions in the period	957	-	957
Use of provisions	(4.757)	-	(4.757)
Amounts reversed for unused provisions	(4)	-	(4)
Balance as of December 31, 2025	\$ 1.193	1.246	2.439
Balance as of December 31, 2023	\$ 2.415	1.754	4.169
Increase due to new provisions in the period	4.531	-	4.531
Increase in existing provisions in the period	88	-	88
Use of provisions	(4.397)	(508)	(4.905)
Amounts reversed for unused provisions	(12)	-	(12)
Balance as of December 31, 2024	\$ 2.625	1.246	3.871



Other legal provisions

The twelve (12) civil lawsuits filed against the Bank arising from the development of its object, which mainly have to do with claims by customers 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 by State control and oversight bodies and labor lawsuits 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 Bank derived from the development of its object and that represent a risk, due to non-conformities in the termination of the employment contract or the conditions of development of the contract, 6 are duly provisioned for the total amount of \$179 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 two tax lawsuits filed against the Bank derived from the development of their object and which represents risk, (i) tax process related to the customs sanction of Aloccidente that was reconciled with the DIAN but that was not accepted after its presentation; (ii) penalties for the collection of taxes from the DIAN and SHD. The pending processes indicated above are duly provisioned for \$497 as of December 31, 2025.

Other provisions

As of December 31, 2025, the other provisions correspond to the costs of dismantling the spaces for ATMs and offices/premises leased, which valuing the adjustments that must be made for the restitution of the premises to the lessors, would incur dismantling costs of \$1,246.





Note 21. - Other liabilities

Other liabilities as of December 31, 2025 and 2024 comprise the following:

	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	328.618	330.293
Taxes, withholdings and labor contributions	160.436	135.317
Forwards Non Delivery Risk Chamber	129.709	18.728
Others	85.686	46.108
Dividends and surpluses	65.901	57.161
Withdrawals payable liabilities	62.619	76.483
Credit surpluses	56.852	35.261
Collections made	54.515	41.022
Payments to occurred third parties	31.477	25.694
Bank items in clearing	26.491	32.576
Credit card balance	15.720	14.565
Portfolio disbursement	13.495	14.464
Fondo Nacional de Garantías	11.076	27.657
Contributions on transactions	9.802	4.272
Sales Tax Payable	9.767	9.949
Interest arising from restructuring processes	9.764	15.895
Canceled accounts	7.721	6.531
Derivatives trading	7.718	3.916
Uncashed Drawn Checks	5.227	5.720
Collection Services	2.469	3.611
Prospective buyers	1.762	4.214
Forward NDR without delivery	1.071	1.071
Loyalty programs	1.041	852
Commissions and fees	153	1.495
Leases	133	8
Insurance and insurance premium	70	70
Cash surpluses and redemption	42	57
ATH and ACH transactions	9	-
Peace bonds	7	20.546
Anticipated revenue	2	2
Contributions and Affiliations	-	4
	\$ 1.945.658	1.261.094



Note 22. - Heritage

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 subscribed and paid shares	155.899.719	155.899.719
Total shares	155.899.719	155.899.719
Subscribed and paid-in capital	\$ 4.677	4.677

Retained earnings appropriated in reserves

The composition as of December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
Legal reserve	\$ 3.094.690	3.094.690
Compulsory and voluntary bookings	1.427.788	1.184.243
Total	\$ 4.522.478	4.278.933

Legal Reserve

In accordance with the legal regulations in force, the Bank must create a legal reserve by appropriating 10% of the net profits of each year until reaching an amount equal to 50% of the subscribed share capital. This reserve may be reduced below 50% of the subscribed share capital to cover losses more than retained earnings. The legal reserve may not be less than the aforementioned percentage except to cover losses more than retained earnings.

Dividends declared

Dividends are declared and paid to shareholders based on the net income of the immediately preceding year. The dividends declared were as follows:

	December 31, 2025	December 31, 2024
Earnings for the period determined in the separate financial statements. (*)	\$ 494.992	430.603
Dividends paid in cash	Dividends paid in cash at a rate of \$133 per month per share, payable within the first ten days of each month in accordance with current legislation, from April 2025 to March 2026, inclusive, on a total of 155,899,719 shares subscribed and paid as of December 31, 2024.	Dividends paid in cash at a rate of \$115 per month per share, payable within the first ten days of each month in accordance with current legislation, from April 2024 to March 2025, inclusive, on a total of 155,899,719 shares subscribed and paid as of December 31, 2023.
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 declared and paid in cash	\$ 248.816	215.142



(*) The profits that are being reported correspond to the closings of December 31, 2024 and 2023. (**) Withholding at Source transferable to shareholders (Art.242-1 SW)

The management of Banco de Occidente S.A. proposed the following dividends for the results of the year 2025:

	December 31, 2025	December 31, 2024 (*)
Monthly value per share in pesos	\$ 142,63	133,00
Common Shares Used in the Calculation of the Basic Net Income Per Share	155.899.719	155.899.719
Total Proposed Dividends	\$ 266.828	248.816

Net earnings per share

The following table summarizes the basic net income per share for the years ended December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Net income for the year	\$ 533.655	494.992
Common Shares Used in the Calculation of the Basic Net Income per Share	155.899.719	155.899.719
Net income per share (in pesos)	\$ 3.423	3.175

Note 23. - Commitments and contingencies

a. Commitments

Credit commitments

During its normal operations, the Bank grants guarantees or letters of credit to its customers in which it irrevocably undertakes to make payments to third parties if customers do not comply with their obligations to such third parties, with the same credit risk for the loan portfolio. The granting of guarantees and letters of credit are subject to the same loan disbursement approval policies in terms of credit quality of the clients and the guarantees that are considered appropriate to the circumstances are obtained.

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 Bank is potentially exposed to losses in an amount equal to the total amount of 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 Bank 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	\$ 1.498.095	67.458	1.373.315	64.605
Unused letters of credit	141.503	557	166.290	1.318
Unused credit card quotas	4.276.857	4.276.857	3.871.277	3.871.277
Credit lines	2.473.715	2.473.715	2.049.468	2.049.468
Approved undisbursed appropriations	-	3.000	3.000	3.000
Others	1.034.277	1.034.277	891.048	891.048
Total	\$ 9.424.447	7.855.864	8.354.398	6.880.716

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	\$ 8.655.087	7.468.149
Dollars	752.602	869.575
Euros	12.042	12.794
Others	4.716	3.880
Total	\$ 9.424.447	8.354.398

Capital expenditure disbursement commitments

As of December 31, 2025 and 2024, the Bank had contractual commitments to disburse capital expenditures (intangibles) for \$43,144 and \$63,075, respectively. The Bank has already allocated the necessary resources to meet these commitments and believes that net profit and funds will be sufficient to cover these and similar commitments.

b. Contingencies Legal Contingencies

From time to time in the ordinary course of business claims arise against the Bank, which, based on its own estimates, the Bank's Management is of the opinion that no losses are likely to arise in connection with such claims.

As of December 31, 2024, the Bank was handling civil judicial proceedings against it with claims for \$104,373, not including those of remote qualification, which, based on the analysis and concepts of the lawyers in charge, do not need to be provisioned because they are uncertain obligations that do not imply an outflow of resources.

As of December 31, 2025, the Bank maintains the following material processes against it (equal to or greater than \$4,061):



- 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, on the grounds 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 \$15,900 million and as of December 31, 2025, it is not yet necessary to estimate provisions for this process.
- 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 million 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.

In relation to the counter-proceedings described above, once the corresponding evaluation was carried out, it was established that they do not require provision.

Labor contingencies

In the course of the employment relationship between the Bank and its employees, as a result of the reasons for the termination of the employment contract or its development, different claims arise against the Bank, within which it is not considered likely that significant losses will arise in relation to such claims according to the concept of the lawyers as of December 31, 2025. On the other hand, the required provisions have been recognized in the Financial Statements for the corresponding cases.

Tax contingencies

As of December 31, 2025, the Bank has no claims for the existence of national and local tax processes that establish sanctions in the exercise of its activity as a taxpayer entity and that imply the structure of contingent liabilities due to the remote possibility of outflow of resources for such concepts.



Note 24. – 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	\$ 3.780.803	4.237.520
Consumer	1.935.690	1.993.462
Housing	374.171	308.208
Respos and Interbank	22.405	140.109
Total loan portfolio	6.113.069	6.679.299
Accounts receivable	4.406	6.348
Deposits	68.222	-
Investments in debt securities at amortized cost	550.319	444.081
Total Interest Income	\$ 6.736.016	7.129.728

Interest Expense	December 31, 2025	December 31, 2024
Checking accounts	\$ 46.695	41.573
Savings Accounts	1.813.659	2.200.057
Certificates of Deposit	1.408.641	1.578.593
Total Deposits	3.268.995	3.820.223
Interbank loans	764.580	559.016
Loans from banks and the like	200.390	234.738
Lease Agreements	27.621	31.920
Bonds and investment securities	226.332	276.866
Obligations with rediscount entities	90.454	111.533
Total Financial Obligations	1.309.377	1.214.073
Total interest expense	\$ 4.578.372	5.034.296
Net interest income and valuation	\$ 2.157.644	2.095.432

Note 25. - Income and expenses from commissions and fees

Below is a breakdown of the income and expenses from commissions and fees, for the years ended December 31, 2025 and 2024:

Commission income	December 31, 2025	December 31, 2024
Banking services fees	\$ 336.725	297.713
Credit card fees	170.261	167.334
Fees for money orders, checks, and checkbooks	3.686	4.446
Office network services	2.595	2.272
Total	\$ 513.267	471.765
Commission Expenses	December 31, 2025	December 31, 2024
Banking Services	\$ 109.816	111.227
Others	224.462	204.911
Total	334.278	316.139
Net income from commissions and fees	\$ 178.989	155.626



Note 26. - Other income and other expenses, net

Below is a breakdown of other income and expenditures, for the years ended December 31, 2025 and 2024:

Other Income	December 31, 2025	December 31, 2024
Net gain on difference in foreign currency exchange ^(*)	\$ 44.392	160.543
Net Gain (Loss) on Investment Sales	170	(1.439)
Profit on sale of non-current assets held for sale	1.794	2.388
Net profit sharing of associates and Joint Ventures(*)	356.098	338.515
Dividends	7.112	6.249
Profit on sale of assets(*)	25.528	11.153
Other Operating Income (*) (1)	144.753	118.206
Net gain on valuation of investment properties (*)	37.205	41.127
Total Other Income	\$ 617.052	676.742

⁽¹⁾ Other operating income is mainly composed of portfolio sales for recoveries of leasing contracts, own assets, profit on sale of BRPS and restitutions and prescription of liabilities.

(*) As of December 31, 2025, there was a variation in total other income of (\$59,690) that is mainly due to a difference in foreign currency exchange due to the fluctuation of the TRM in the market for (\$116,151), Other operating income associated with the prescription of liabilities derived from contracts with customers, as well as recoveries of leasing contracts for portfolio sales, for \$26,547, Participation in net profits of associated companies \$17,583, Profit on the sale of returned goods and payment for \$14,375.

Other Income	December 31, 2025	December 31, 2024
Personnel costs	\$ 650.027	593.734
Contributions, affiliations and transfers	54.623	48.247
Taxes and fees	308.784	297.690
Consulting, auditing, and other fees	183.997	166.153
Depreciation of tangible assets	45.522	43.871
Maintenance and repair	53.124	53.437
Insurance	146.014	146.093
Depreciation of right-of-use assets	71.245	64.004
Utilities	21.629	23.038
Advertising Services	71.268	56.512
Depreciation of intangible assets	96.029	76.843
Transportation Services	16.317	16.166
Cleaning and surveillance services	14.545	13.386
Leases	29.470	20.868
Supplies and stationery	2.906	5.313
Electronic Data Processing	8.992	8.261
Travel expenses	6.698	4.113
Adaptation and installation	6.445	5.499
Impairment loss on other assets	35.482	21.520
Donation expenses	5.123	4.044
Derecognition of assets	-	132
Loss from claims	8.532	13.991
Losses on property and equipment sales	10.137	2.034
Other ^(*)	232.510	178.371
Total other expenses	\$ 2.079.419	1.863.320

(*) The other expenses are mainly composed of special administrative services, participation accounts, outsourcing services, Credibanco VISA expenses, building administration fee, database and consultations, program acquisition, write-off portfolio expenses and Redeban Master expenses.



Note 27. - Analysis of operating segments

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

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

In the financial information available to the Bank at the level of the Commercial Units (Banking/Segments), the main items of the Separate Statement of Income associated with each reportable subsegment are listed as follows: ordinary portfolio loans in Business Banking, Personal Loan, Credit Card and Payroll loans in Personal Banking and finally Treasury operations in the Other Operations segment.

In all segments, offset concepts are handled, such as the item that appears on transfer interest, where interest is recognized on deposits and interest is charged on the placement side depending on the duration and rate agreed.

b. Factors Management Uses to Identify Reportable Segments

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

The Banking group is organized into three business sub-segments made up of: the consolidated Business Banking segment, which consolidates the segments of Government Banking, Corporate Banking and Business Banking 1 and 2, as well as the Personal Banking segment, which consolidates the segments of Personal Banking, Credit Card and Payroll loans.

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

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

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

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





d. Information on assets, liabilities and net income of 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				
Assets and Liabilities by Business Segment				
Concept	Business Banking	Personal Banking	Other Banking Operations	Total Bank
Assets				
Investment Financial Assets and Trading Derivatives	\$ -	-	14.457.511	14.457.511
Available-for-sale financial assets	-	-	5.046.113	5.046.113
Investments held to maturity	-	-	1.326.662	1.326.662
Credit portfolio and financial leasing operations	34.924.672	17.177.868	763.855	52.866.395
Commercial	27.634.647	-	763.855	28.398.502
Consumer	-	13.293.108	-	13.293.108
Housing	-	3.816.149	-	3.816.149
Leasing	6.887.970	-	-	6.887.970
*Other (Adjustments)	402.055	68.611	-	470.666
Investments in subsidiaries, associates and joint ventures	-	-	2.800.331	2.800.331
Other assets	-	-	5.662.673	5.662.673
Total Assets	\$ 34.924.672	17.177.868	30.057.145	82.159.685
Liabilities				
Customer deposits	43.108.236	4.507.851	6.244.852	53.860.939
Checking Accounts	6.654.882	340.533	12.327	7.007.742
Savings Accounts	29.535.228	1.164.172	23.393	30.722.793
Cd	6.887.696	3.000.541	6.169.900	16.058.137
Other Deposits	30.430	2.605	39.232	72.267
Financial obligations	-	-	19.237.247	19.237.247
Other liabilities	-	-	3.354.934	3.354.934
Total Liabilities	\$ 43.108.236	4.507.851	28.837.033	76.453.120
December 31, 2025				
Income statement by business segment				
Concept	Business Banking	Personal Banking	Other Operations	Total NCIF Bank
Interest received ML + ME portfolio	\$ 3.740.230	2.360.761	1.011.840	7.112.831
Interest paid ML + ME	(2.642.438)	(258.203)	(1.192.898)	(4.093.539)
ML + ME + Miscellaneous Net Commissions	189.001	244.701	122.749	556.451
ML Net Revenue	1.286.793	2.347.259	(58.309)	3.575.743
Provision for net portfolio and other provisions	(332.239)	(888.508)	(7.891)	(1.228.638)
Transfer Interest	889.703	(1.196.326)	215.766	(90.857)
Net Financial Income	1.844.257	262.425	149.566	2.256.248
Subtotal administrative expenses	(1.065.458)	(1.134.166)	(41.309)	(2.240.933)
Subtotal other items income and expenses	182.597	27.417	311.738	521.752
Gross Operating Profit	961.396	(844.324)	419.995	537.067
Income tax	(296.457)	347.122	(54.077)	(3.412)
DG Distribution (Offset)	123.051	62.654	(185.705)	-
Profit for the period	\$ 787.990	(434.548)	180.213	533.655

Banco de Occidente S.A.
Notes to the Separate Financial Statements



December 31, 2024
Assets and Liabilities by Business Segment

Concept	Business Banking	Personal Banking	Other Banking Operations	Total Bank
Assets				
Investment Financial Assets and Trading Derivatives	\$ -	-	9.890.258	9.890.258
Available-for-sale financial assets	-	-	4.086.465	4.086.465
Investments held to maturity	-	-	2.133.953	2.133.953
Credit portfolio and financial leasing operations	32.981.475	16.340.632	679.673	50.001.780
Commercial	26.306.176	-	679.673	26.985.849
Consumer	-	13.274.890	-	13.274.890
Housing	-	3.018.269	-	3.018.269
Leasing	6.321.439	-	-	6.321.439
*Other (Adjustments)	353.860	47.473	-	401.333
Investments in subsidiaries, associates and joint ventures	-	-	2.612.448	2.612.448
Other assets	-	-	3.928.206	3.928.206
Total Assets	\$ 32.981.475	16.340.632	23.331.003	72.653.110
Liabilities				
Customer deposits	39.253.114	3.636.999	5.291.503	48.181.616
Checking Accounts	6.427.017	294.128	5.460	6.726.605
Savings Accounts	26.882.824	976.762	1.909	27.861.495
Cd	5.908.946	2.364.380	5.254.815	13.528.141
Other Deposits	34.327	1.729	29.319	65.375
Financial obligations	-	-	16.812.493	16.812.493
Other liabilities	-	-	2.177.864	2.177.864
Total Liabilities	\$ 39.253.114	3.636.999	24.281.860	67.171.973

December 31, 2024
Income statement by business segment

Concept	Business Banking	Personal Banking	Other Operations	Total NCIF Bank
Interest received ML + ME portfolio	\$ 4.176.364	2.372.863	1.541	6.550.768
Interest paid ML + ME	(3.167.794)	(311.671)	(1.097.496)	(4.576.961)
ML + ME + Miscellaneous Net Commissions	166.551	246.189	64.742	477.482
ML Net Revenue	1.175.121	2.307.381	(1.031.213)	2.451.289
Provision for net portfolio and other provisions	(247.214)	(940.106)	3.234	(1.184.086)
Transfer Interest	762.224	(159.749)	748.592	351.067
Net Financial Income	1.690.131	207.526	(279.387)	1.618.270
Subtotal administrative expenses	(963.489)	(948.629)	(98.296)	(2.010.414)
Subtotal other items income and expenses	178.845	27.524	719.157	925.526
Gross Operating Profit	905.487	(713.579)	341.474	533.382
Income tax	(305.268)	-	266.878	(38.390)
DG Distribution (Offset)	310.169	154.410	(464.579)	-
Profit for the period	\$ 910.388	(559.169)	143.773	494.992



Note 28. - 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 recognized financial assets	Net amount of financial assets presented in the statement of Financial Position	Related amounts not offset in the statement of financial position Financial Instruments	Net Amount
Assets				
Derivative financial instruments	\$ 1.614.455	1.614.455	89.426	1.525.029
Repo and Concurrent Operations	1.659.596	1.659.596	-	1.659.596
Total	\$ 3.274.051	3.274.051	89.426	3.184.625
Liabilities				
Derivative financial instruments	\$ 1.326.542	1.326.542	-	1.326.542
Repo and reverse repo transactions	12.003.266	12.003.266	11.112.273	890.993
Total	\$ 13.329.808	13.329.808	11.112.273	2.217.535
December 31, 2024				
	Gross amounts of recognized financial assets	Net amount of financial assets presented in the statement of Financial Position	Related amounts not offset in the statement of financial position Financial Instruments	Net Amount
Assets				
Derivative financial instruments	\$ 807.966	807.966	16.194	791.772
Total	\$ 807.966	807.966	16.194	791.772
Liabilities				
Derivative financial instruments	844.133	844.133	-	844.133
Repo and Reverse Repo transactions	\$ 8.170.468	8.170.468	9.480.877	(1.310.409)
Total	\$ 9.014.601	9.014.601	9.480.877	(466.276)

The Bank has derivative financial instruments which are legally enforceable in accordance with Colombian law or the country where the counterparty is located. In addition, Colombian legal regulations allow the Bank to offset instruments derived from its own liabilities.

Note 29. - 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 a related party includes:

Persons and/or family members related to the entity (key management personnel), entities that are members of the same group (controlling and subordinate), associates or joint ventures of the entity or entities of Grupo Aval.

In accordance with the foregoing, the related parties for the Bank are the following:



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

They are the people who participate in the planning, management and control of such entities.

3. Companies that belong to the same bank, 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 conducted at 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 six categories above:

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	\$ -	-	8.026	-	-	-
Financial Assets in Investments	-	-	-	151.418	-	-
Financial assets in credit operations	22	8.063	613.296	84.734	521.846	5.040
Accounts receivable	-	-	51.252	-	131.033	-
Other assets	-	-	692	-	176	59
Liabilities						
Deposits	9.106	17.515	1.079.403	47.458	389.869	2.167
Accounts Payable	18	3.786	46.702	-	9.346	-
Financial obligations	-	81	829	-	18.079	-



Banco de Occidente S.A.
Notes to the Separate 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
Active						
Cash and cash equivalents	\$ -	-	2.344	-	-	-
Financial Assets in Investments	15	8.742	601.817	76.424	468.233	3.233
Financial assets in credit operations	-	85	50.453	539	135.164	37
Accounts receivable	-	31	1.100	-	271	-
Other assets						
Liabilities						
Deposits	8.120	17.131	1.434.771	35.612	392.354	3.488
Accounts Payable	16	3.274	39.084	-	8.082	-
Financial obligations	-	132	2.000	-	58.840	-
	\$ -	-	1.223	-	5	22

The most representative transactions for the years ended December 31, 2025 and 2024 with related parties comprise:

a. Sales, Services & Transfers

For the years ended December 31, 2025 and 2024:

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	718	75.799	9.268	48.728	260
Financial expenses	790	1.296	20.146	2.839	28.635	-
Fee and commission income	4	147	14.613	127.419	102.460	31
Expense fees and commissions	-	1.552	211.523	84.946	291	-
Other Operating Income	-	55	10.619	5.651	3.919	31
Provision for credit portfolio and interest receivable	1	64	-	246	1.411	187
Other Expenses	\$ -	41	50.356	4.345	881	-
	801	3.873	363.056	234.714	186.325	509

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	62	77.482	7.313	57.781	469
Financial expenses	805	638	27.628	2.750	36.260	4
Fee and commission income	4	21	17.139	62.532	58.249	33
Expense fees and commissions	-	1.257	193.781	62.560	305	-
Other Operating Income	-	22	7.249	5.501	3.820	1
Provision for credit portfolio and interest receivable	-	96	-	251	1.438	80
Other Expenses	\$ -	154	44.474	13.645	5.455	-
	811	2.250	367.753	154.552	163.308	587





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 period or in prior periods in respect of uncollectibles or doubtful accounts related to amounts due from 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	\$ 20.375	20.669
Short-term employee benefits	3.034	3.684
Total	\$ 23.409	24.353

Note 30. - Events after the closing date of preparation of the Separate Financial Statements

By means of public deed No. 2,647 of December 19, 2025 of the Notary 37 of Bogotá D.C., the partial spin-off of Fiduciaria de Occidente S.A. was perfected for the benefit of Aval Fiduciaria S.A. ("Aval Fiduciaria"), through which, Fiduciaria de Occidente S.A., without being dissolved or liquidated, transferred to Aval Fiduciaria S.A. a block of assets 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 Banco de Occidente's shareholding in the spin-off 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.

In consideration for the transfer, the Bank 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.

Pursuant to IAS 10 – Events Occurring After the Reporting Period, this transaction constitutes a subsequent event that does not involve adjustments to the Separate Financial Statements as at December 31, 2025.

However, in 2026, the accounting effects derived from the transaction will be recognized, 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 31. – Approval of Financial Statements

The Separate 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 Separate Financial Statements/Estados financieros Separados
169 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.

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.

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.

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.

A copy of the translation is attached to this certification

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

May/ Mayo 8, 2026

Maria Catalina D'Costa Martínez
Official Translator and Interpreter



**Traducciones
& Servicios**
confiabilidad, precisión, rapidez.

