4Q2024 CONSOLIDATED EARNINGS RESULTS CALL TRANSCRIPT

GRUPO AVAL ACCIONES Y VALORES S.A.

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Operator

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The consolidated financial information included in this document is presented in accordance with the IFRS as currently issued by the IASB. Unconsolidated financial information of our subsidiaries and the Colombian banking system are presented in accordance with the Colombian IFRS as reported in the Superintendency of Finance. Details of the calculations of non-IFRS measures such as ROAA and ROAE, among others, are explained when required in this report.

These reports include forward-looking statements. In some cases, you can identify the forward-looking statements by words such as may, will, should, expects, plans, anticipates, believes, estimates, predicts, potential or continue or negative of these and other comparable words. Actual results and events may differ materially from those anticipated herein and as a consequence of the changes in general, economic, business conditions, changes in interest and currency rates and other risks described from time to time in our filings with the Registro Nacional de Valores y Emisores and the SEC.

Recipients of these documents are responsible for the assessment and use of the information provided herein. Matters described in this presentation and our knowledge of them may change extensively and materially over time, but we expressly disclaim any obligation to review, update or correct the information provided in this report, including any forward-looking statements and do not intend to provide any update for such material developments prior to our next earnings report.

The financial statements of Grupo Aval Acciones y Valores S.A., in accordance with Colombian regulations must be filed within the market and with the Superintendency of Finance with the opinion of an external auditor. At this time of solicitation, this process is still ongoing. The content of this document and the figures included herein are intended to provide a summary of the subjects discussed rather than a comprehensive description. When applicable in this document, we refer to billions as thousands of millions

With us today are Ms. Maria Lorena Gutierrez Botero, Chief Executive Officer; Mr. Diego Solano, Chief Financial Officer; Mrs. Paula Duran, Corporate VP of Sustainability and Strategic Projects; and Mr. Camilo Perez, Banco de Bogota's Chief Economist.

And I will now turn the call over to Ms. Maria Lorena Gutierrez Botero, Chief Executive Officer. Please go ahead.

Maria Lorena Gutierrez Botero (CEO)

Thank you. Good morning, everyone, and thank you for joining us for our fourth quarter 2024 conference call. I am here with Diego Solano, our CFO; Camilo Perez, Chief Economist of Banco de Bogota; and Paula Duran, Corporate VP of Sustainability and Strategic Projects.

I would like to start by highlighting this quarter's results. First, positive trends continue to consolidate, leading to the results shown in some key business metrics. Our risk-adjusted NIM on loans for the quarter was the highest in the last 7 quarters. The quarter's return on average equity was somewhat below our initial expectations. This was mainly due to a weaker-than-expected NIM on investment resulting from the performance of local and international capital markets.

We continue to gain market share in deposits and credit. Porvenir had a weak quarter net income due to negative returns in line with weaker capital markets. However, I want to mention that Porvenir had the best year of results in 2024. Corfi recovered from previous quarters and had a positive contribution to net income.

Moving to strategic topics to 2024, it was a year with multiple challenges, learning experiences and most importantly, great achievements for Grupo Aval. We experienced an intense transformation driven by a demanding social and political context and an increasingly competitive financial landscape. This, coupled with changes in management and the pace at which innovation and disruption are taking place added further complexity to our results. Despite these challenges, we remain detmined in our commitment to progress, adaptation and delivering value to our stakeholders.

Our results improved compared to 2023. Our net income was more than COP 1 trillion, a 38% growth compared to the previous year. We gained market share in deposits and loans, reaching a 25.3% share in loans and consolidated our position in the Colombian financial system. We're strengthening our corporate governance, which enables better decision-making. This includes a new composition of all Board of Directors as well as introducing new leadership across management teams, presidents and vice presidents on all entities.

Additionally, we remain committed to the highest standards in governance policies, ensuring transparency, accountability and long-term value creation. We strengthened our management model by taking advantage of synergies and efficiencies and changes in our organizational structure and coordination mechanism. We designed ATHs as AVC, Aval Valor Compartido, and structured a coordination model using committees and teams to define guidelines, make decisions, share best practices, reach agreements and above all, generate share value.

With the acquisition by the holding of Aval Fiduciaria, Aval Casa de Bolsa from Corficolombiana and the creation of Aval Banca de Inversion, we intend to strengthen our nonbanking financial services and take a better advantage of the scale of Aval. We have prepared ourselves by taking short-term actions and have a strategic vision that will enable us to achieve leadership in the markets and segments we have defined as strategic.

Looking ahead to 2025, our strategy focuses on the following corporate priorities. First, customer experience. We are confident of our value proposition. We have the people, the channels and the technology to deliver a unique and differential customer experience. We will further enhance our client-centric culture, improve customer satisfaction and our ability to anticipate to customer needs and expectations. We are seeking principality by enhancing the group's value offer to customers.

Second, financial diversification. We will expand our low-cost stable deposits and optimize our capital structure. We believe the enhancements of the client experience will result in a stronger position on retail deposits and cash management relations. In addition, we will revise our bank's traditionally low usage of Tier 1 and Tier 2 instruments to align better the group's capital structure with our strategy. We will also seek high growth new line of business. To this end, we are strengthening our services offering and nonbanking fee generation by improving our asset management and advisory services.

Third, synergies and efficiencies. We will continue to simplify our processes, capturing value in the development of operational and administrative efficiencies, developing transversal initiatives and enhancing the best practices of our entities. Fourth, digital transformation and innovation. We will consolidate our culture of innovation and cutting-edge technology, capitalizing on the benefits of artificial intelligence, guaranteeing technological stability and security and promoting digital transformation to improve our business and product and service offerings.

We will continue to promote digitalization, inclusion of interoperability of services with initiatives such as Tag Aval and our active participation in the Banco de la Republica Bre-b instant payment system that will be launched further ahead. Corporate culture. We will strengthen our corporate culture, aligning our talent with our strategy and purpose, aligning incentives with our strategic priorities, developing and improving our goal setting and performance review processes and improving mobility of talent across our subsidiaries.

And finally, sustainability. Our ESG agenda will continue to be a core principle in the way we conduct our businesses. We will deepen our social impact, generating employment and growth opportunities to millions of people, developing social programs, focusing on sustainable finance, financial education, climate change management and high-impact environmental projects. I would like to mention that we expect to finish Misión La Guajira in 2025. So we will focus on finish our commitment with Misión La Guajira.

Now I will invite Paula to go over our ESG achievements to release this quarter.

Paula Durán (Corporate VP of Sustainability and Strategic Projects):

Thank you, Maria Lorena, and good morning to you all. Throughout the year, we have reported progress in terms of our ESG impact. Today, I would just like to highlight the main achievements that secured 2024 as a remarkable year in terms of our commitment to sustainability. In the Corporate Sustainability Assessment, CSA evaluation used to determine constituents of the Dow Jones Sustainability Index, we achieved continued improvement in all 3 dimensions, environmental, social and governance, achieving 65 points, an increase of 16 points compared to the previous year.

In the same evaluation, our entities, Banco de Bogota and Corficolombiana obtained 78 and 80 points, respectively. Banco de Bogota ranked in the top 15% and was included in the S&P Sustainability Yearbook. Corficolombiana had an outstanding result, positioning itself as the leading company in its industry in Colombia and as one of the top 3 in the world. Corfi was also included in the S&P Sustainability Yearbook in the top 10%.

In terms of social impact, we have consolidated our position as one of the largest employers in Colombia, generating over 70,000 jobs among Grupo Aval and its subsidiaries. Women hold more than 52% of the positions, which demonstrates our strong commitment to inclusion and diversity. We actively promote equal opportunities and foster a workplace where everyone can grow, contribute and drive the organization's sustainable success. This has been ratified by the friendly certification all of our companies received.

In 2024, we dedicated important resources amounting to over COP 70 billion to social programs tailored to communities in need. An example of this kind of project is Mision La Guajira, which was just mentioned by Maria Lorena, where we ended this year improving the quality of life of more than 21,000 people, 80 communities with solutions in potable water, sustainable energy and food security. The sustainability of these solutions was also enhanced with progress for income generation in craft, financial education and recycling.

During the year, we also undertook additional social programs that benefited more than 15,000 people through financial education, student scholarships, entrepreneurship, productive communities and initiatives for the protection and care of the environment, among others. Our approach to sustainable finance enabled us to close the year with a sustainable loan portfolio of COP 23 trillion. This includes COP 5.8 trillion in financing for sustainable construction, mobility, agriculture and the circular economy as well as COP 17.3 trillion in social loans focused on affordable housing and support for SMEs.

In terms of environmental impact and climate change risk management, most of Grupo Aval subsidiaries have aligned their strategies with the recommendations of the Task Force on Climate-related Financial Disclosures, TCFD. In 2025, we will design and implement Grupo Aval decarbonization road map in line with the Paris Agreement and Colombia's environmental goals.

Grupo Aval Holding conducts greenhouse gas inventory assessment following the GHG protocol methodology for Scopes 1, 2 and 3. Direct and indirect emissions for Scope 1 and 2 are measured from our offices in Bogota, totaling 4.3 tons of CO_2 for Scope 1 and 36 tons of CO_2 for Scope 2. We offset our carbon footprint through certified carbon credits. This year, we also enhanced our Scope 3 measurement by incorporating additional categories. As a result, our Scope 3 emissions amounted to 559 tons of CO_2.

Additionally, looking ahead, we will include Category 15 investment as financed emissions once the carbon footprint assessment of our entities is completed. In 2024, we also contributed to the preservation and regeneration of ecosystem through the planting of 1 million trees and the protection of more than 2,000 species of Flora and Fauna in Colombia.

In terms of governance, we consolidated our model by establishing the ESG, IT and compensation committees within the Board of Directors, ensuring enhanced oversight, monitoring and decision-making aligned with best practice. At the executive level, we created a Vice Presidency of Sustainability and Strategic Projects for Grupo Aval, responsible for designing, leading and coordinating the sustainability strategy for Grupo Aval. We also created the Sustainability Committee of Grupo Aval, where all of the sustainability leaders of our entities define standards, common goals, share best practices and design transversal processes.

Furthermore, we're strengthening our governance structure by creating, updating and reviewing essential corporate policies as well as sustainable finance declaration, reaffirming our commitment to integrating ESG criteria into investment decisions and the management of our investments. Finally, as we look ahead to 2025, we reaffirm our resolute commitment to sustainability as a cornerstone of our business. Beyond policies, initiatives and results, our ESG efforts reflect a deeper purpose to create lasting value for our stakeholders, empower communities and protect the planet for future generations. We believe that the true strength of a financial conglomerate is not only measured in numbers, but in its ability to drive profit, create opportunities and transform lives.

Maria Lorena Gutierrez Botero (CEO)

Thank you, Paula. Now on the macro side, let me mention some relevant issues during this quarter. Inflation continued to trend down and ended in December at 5.2%. Over the last 2 months, the Central Bank has been conservative and the market holding rates higher than anticipated. Faster rate cuts are needed to reduce the effect of the higher real interest rate levels on the economy. We expect GDP growth to return to levels exceeding 2.7%. Unemployment figures will remain under control. This will support internal demand dynamics.

Now the main challenges in terms of our economic context will be changes in fiscal and public policy. With the country's fiscal accounts under pressure, we believe the financial plan and fiscal rule for 2025 will be challenging. Low government budget execution. Although investment has recovered slightly, it remains below historical levels. On the political front, we remain optimistic about the country's institutions. We strongly believe that we, the business community, must focus on planning and executing our long-term strategy. Entering the pre-electoral year might generate short-term uncertainty, but we urge society to remain focused and direct our attention towards our priorities. Camilo will further comment on this and will share our view on the economy. Camilo?

Camilo Perez (Banco de Bogotá's Chief Economist)

Thank you, Maria Lorena. Good morning to all attendees. Last year, Colombian economy grew 1.7%, continuing the recovery process after the pandemic and improving when compared with growth of 0.7% in 2023. The better performance was mainly due to a recovery in household consumption and a dynamic export sector. Household consumption grew more than 1% and partially offset the low dynamics of investment and public spending, thus becoming the basis of the economic recovery. More favorable financial conditions, thanks to lower inflation and interest rates, a resilient labor market, improving confidence and a strong increase in remittances explains the above.

The export sector growth was explained by higher sales of coffee, coal, bananas, flour, gold, chemicals and paper as well as services, especially tourism. The recovery will extend in 2025 to such an extent that the economic growth would be around 2.7%, still below pre-pandemic levels because of low investment and a challenging fiscal situation. Meanwhile, this inflationary process steepened in 2024 to close the year with an annual change of 5.2%. Despite the new decline, Banco de la Republica completed 4 years with inflation above its target range. The moderation in inflation was due to a favorable performance of goods and regulated items. The lagged effect of the appreciation of the Colombian peso against the dollar between July 2023 and August 2024 allowed goods inflation to end the year below 1%.

In regulated prices, the stability of gasoline helped, allowing for a moderation in the aggregate from 17% to 7%, which will continue in 2025. The risk will be on the side of energy rates. On the contrary, services contained the falling inflation to the extent that indexation was high in rents and in the rest of services, the high minimum wage adjustment weighted. At the end of 2024, inflation in services was 7%. For 2025, we forecast inflation of 4.1%, explained by high indexation in rents, but with a lower reference, inflationary pressures derived again from the increase in the minimum wage, potential depreciation of the peso and possible increases in energy and diesel rates.

With the economic scenario described above, Banco de la Republica reduced its interest rate to 9.50% in 2024, above what was expected by analysts. In general, the Central Bank has acted cautiously in all meetings of the year with rate cuts reductions of 50 basis points in 6 sessions and 25 basis points in the remaining 2, given the slow fall in inflation, more adverse global financial conditions and the challenging fiscal situation. In fact, these 3 elements would continue in 2025, amid a volatile global situation due to the beginning of Donald Trump's term as President of the United States, local inflation that could end the year once again above the target range and public finances affected by an underfunded budget.

In fact, in January, the Central Bank left the rate stable, reinstating its cautious approach. It is difficult to forecast a scenario, we expect the end of year interest rate around 7.75%. Regarding the exchange rate, 2024 was a year of strength for the dollar in global markets, following the upward adjustment in expectations for inflation and the Federal Reserve rate following Mr. Trump's victory. Likewise, the greater perception of risk in Latin America, especially in Brazil, Mexico and Colombia, generated volatility in the second half of the year. Thus, while the U.S. dollar appreciated 7% against G7 currencies, it gained 19% against currencies in the region. The Colombian peso was the third weakest Latin American currency as the exchange rate went from COP 3,874 per dollar to COP 4,405 per dollar between 2023 and 2024.

In addition to the external factors, the challenging fiscal situation also had an impact with the country risk premium measured by the 5-year CDS going from 157 basis points to 212 basis points in the same period. In 2025, we expect the exchange rate to average COP 4,400 against the dollar, given the greater strength of the dollar in the world due to Mr. Trump's policies, a deterioration of the internal public finances and a marginal widening of the external deficit. Specifically, we expect the current account deficit to go from minus 2% of GDP in 2024 to minus 2.6% of GDP in 2025 due to a more significant recovery of imports than exports, both on goods and services and a lower dynamic in the inflow of remittances due to the immigration policies of the United States.

Finally, the situation of public finances experienced in 2024 will be repeated in 2025. In particular, revenues would surprise the government to the downside, resulting in cash flow problems and making spending cuts necessary to comply with the fiscal rule. Going forward, we think that the debate would shift towards a fiscal sustainability. Although fiscal uncertainty is high, rating agencies such as Fitch and Standard & Poor's have kept their ratings unchanged, or for the latter extended its negative outlook, while Moody's could lean towards a downgrade.

That sums up our economic view. Thank you. Back to you, Maria Lorena.

Maria Lorena Gutierrez Botero (CEO)

Thank you, Camilo. Our financial system remains solid while facing the challenges from the current context, as Camilo mentioned. In 2024, 10 banks out of a total of 29 had net losses. The consumer credit cycle continues its recovery trend. However, margins are still under pressure due to the shy action from the Central Bank and regulatory pressures such as changes in interest rate cuts. The Colombian financial system remains committed to the “pacto por el crédito”. This program aims to lend COP 253 trillion at competitive rates to clients in 6 priority sectors. As of January, banks have already disbursed COP 61 trillion as part of this program. Over the year, we increased our market share in gross loans and deposits. As a result, net income to our shareholders for the quarter was COP 281 billion and return on average equity was 6.5%. For the year, net income was north of COP 1 trillion and return on average equity was 6%.

Now, I would like to pass the call to Diego, who will give details of our results. Diego?

Diego Fernando Solano Saravia (CFO)

Thank you, Maria Lorena. I will start on Pages 9 and 10 with a few charts regarding the growth rate and quality of our loan portfolio relative to the rest of the Colombian banking system. For comparability reasons, these are unconsolidated figures under Colombian IFRS as published by the Superintendency of Finance. As you might have seen in the past, our banks continue to exhibit better loan portfolio quality and performance than the system in all main categories.

On Page 9, during 2024, we continued to outgrow our competitors in all loan categories. This yielded as of November 12 month market share gains of 75 basis points in total loans, 52 basis points in commercial, 150 basis points in consumer and 152 basis points in mortgages. For the 12 months ended last November, commercial loans and mortgages for the system decreased 0.7% and increased 2.4% in real terms, while consumer loans contracted 8.7% in real terms.

Over the quarter, loan dynamics for the system picked up as rates continued falling and credit quality improving, even though a modest 0.1% nominal growth. Consumer loans for the system grew for the first time since fourth quarter 2022. Mortgages grew 3.1%, while commercial loans grew 2.2% in nominal terms over the quarter. Quarterly, inflation stood at 0.6%.

On Page 10, quality of consumer loans continued improving in the Colombian banking system. Meanwhile, commercial loans and mortgages slightly deteriorated. I will now move to the consolidated results of Grupo Aval under IFRS. Starting on Page 11. Assets grew 8.9% during 2024 and 2.3% for the quarter to COP 328 trillion. Gross loans, our main assets reached close to COP 200 trillion, growing 2.5% during the quarter and 7.3% year-on-year. Commercial loans and mortgages continue driving our annual growth, while consumer loans began to recover, delivering a second consecutive quarter of growth. Commercial loans expanded 7.8% year-on-year and 2.3% for the quarter. Consumer loans grew 3.3% year-on-year and 1.4% quarter-on-quarter. Payroll loans grew 4.8% year-on-year and 1.1% during the quarter. Auto loans grew 9.4% and 4%, personal loans grew 1.5% and 1.1%. Credit cards contracted 4.3% year-on-year and grew 0.6% quarter-on-quarter. Finally, mortgages grew 19.2% and 6.9%. We anticipate loan growth rates to continue recovering during 2025 due to a normalization of monetary policy, stronger GDP growth and improvements in consumer loan quality.

On Page 12, we present funding and deposits evolution. Total funding increased 10.6% in 2024 and 2.5% during the quarter. Deposits grew 10.4% in 2024 and 2.5% quarter-on-quarter, accounting for 73.4% of our funding. Our deposits to net loans closed at 106%.

On Page 13, we present the evolution of our total capitalization, our attributable shareholders' equity and the capital adequacy ratio of our banks. Our total equity grew 5.2% in 2024 and 1.1% for the quarter, while attributable equity increased 4% and 0.4%, respectively. As a recent development, last November, Banco de Occidente was classified as a systemic bank by the Superintendency of Finance. This implies a 100 basis points increase in core equity Tier 1 capital requirements for which the bank will have a 24-month transition period. Core equity Tier 1 requirements will increase gradually over 6-month periods.

On Page 14, we present our yield on loans, cost of funds, spreads and NIM. Our quarterly NIM performance was driven by poor performance of our NIM on investment that resulted from a shift in expectations and the speed at which the rates and inflation would trend back to normalized levels. This resulted in one of the weakest quarterly NIM on investments over the past couple of years. However, it was partially offset by favorable results of hedging strategies recognized under derivatives trading income and foreign currency under other income.

Our NIM on loans, even though slightly improving quarter-on-quarter continues to be pressed. As discussed in the past, this has been the main driver by a still high cost of funds in line with the persistent high Central Bank rate. Lending rates continue to be pressed by high competition in high credit quality customers and products as a result of a modest volume growth in the system. Further pressing rates, the Superintendency of Finance introduced changes to the formula used to set interest rate caps “tasa de usura”, lowering the rate of some consumer loan categories. This environment resulted in a 29 basis points expansion to 4.3% of our consolidated NIM on loans during 2024 and our NIM on investments of close to 0 for the year, resulting in a 3.4% total consolidated NIM.

Our NIM on retail loans expanded 100 basis points to 5.2%, while NIM on commercial loans contracted 22 basis points to 3.6%. As mentioned in the past, our consolidated NIM on loans and total NIM are affected by our Merchant Banking segment, which mainly uses funding to generate non-financial income rather than interest income. For our banking segment, clean of the effect of the nonfinancial segment, annual NIM on loans expanded 12 basis points to 5%, the NIM on investments fell 50 basis points to 0.4% and the total NIM remained materially flat at 4.2%.

During the quarter, our consolidated NIM decreased 105 basis points quarter-on-quarter to 2.8%, driven by negative NIM on investments of minus 2.6%. As mentioned before, this was partially offset by favorable results of hedging strategies recognized under other income. Our consolidated quarterly NIM on loans was 19 basis points higher quarter-on-quarter at 4.4%.

Regarding our banking segment, quarterly NIM on loans increased 6 basis points quarter-on-quarter to 5%, still well below historic levels. This incorporates the NIM on retail loans that expanded 30 basis points to 6.3% and NIM on commercial loans that fell 12 basis points to 4%. The total NIM of our banking segment fell 93 basis points quarter-on-quarter to 3.7%. We expect an improvement in NIM driven by lower average cost of funds during 2025. The starting point of the Central Bank intervention rate for 2025 of 9.5% is already 2.4% of points below the 11.9% average for 2024. In addition, the Central Bank is expected to continue lowering its rate throughout the year, as mentioned by Camilo.

In pages 15 through 17, we present several loan portfolio quality ratios, starting on Page 15. 30-day PDLs improved 46 basis points quarter-on-quarter to 5.3% and 90-day PDLs 29 basis points to 4%. The tighter origination policies that were put in place in 2023 led to an improvement in quality, especially across the consumer portfolio. This quarter saw the lowest PDL formation in 7 quarters on a 30-day basis and in 5 quarters on a 90-day basis. The evolution of asset quality continues pointing to the end of the consumer loan credit cycle with PDL ratios and PDL formation peaks during first quarter 2024. Generally, PDL formation for the quarter was the lowest since the last quarter of 2021. Finally, the ratio of charge-offs to average 90-day PDLs was 0.8x for the quarter and 0.69x for the year.

On Page 16, the quality of our loan portfolio improved year-on-year measured by stages across all categories. Stage 1 loans reached 88.5% of gross loans, the highest level since third quarter of 2023. The share of our portfolio classified as Stage 1 portfolio showed an improvement of 61 basis points over the quarter, driven by the better performance in all 3 main loan categories. Coverage measured as allowance for Stage 2 and 3 as a percentage of Stages 2 and 3 slightly fell during the quarter to 35.4%, with coverage for consumer and commercial loans at 42% and 34.4%, respectively.

As anticipated, the cost of risk net of recoveries continued to show improvement during the quarter only 11 basis points to 1.8%. Cost of risk net for commercial loans improved 52 basis points, resulting in a rate of 0.4% for the quarter, while cost of risk net of consumer loans for the quarter was 4.8%. Cost of risk net of recoveries for the year was 2.2%, down from 2.3% a year earlier. We expect that our product mix heavier in lower risk products and segments will continue to support an improvement in cost of risk during 2025. We expect that cost of risk evolution for consumer loans will maintain its positive trends in credit cards and unsecured loans and the cost of risk on commercial loans will be similar to that for 2024.

On Page 18, we present net fees and other income. Annual gross and net fee income grew 6% and 6.9%, respectively. Gross and net fee income for the quarter increased 11.5% and 18.5% year-on-year and 3.8% and 3.1%, respectively, quarter-on-quarter. Annual net pension and severance fees grew 23%, mainly due to higher performance-based fees and for higher collection on mandatory contributions related to the increase in minimum wage at the beginning of the year. Annual gross banking fees grew 1.4%. This incorporates stronger commissions and banking services growing at 3.9%, offset by a 2.1% annual decrease in credit card and debit card fees, explained by lower transactional volumes and a system-wide decrease in active outstanding credit cards.

Income from non-financial sector decreased 23% in 2024 as anticipated in our previous calls. Our infrastructure sector contributed 34% less than in 2023, driven by some concessions transitioning from the construction to the operation phases. Energy and gas companies increased their contribution 7.1% related to a 16% increase in gas distribution volumes in Promigas and a stronger regasification volumes at SPEC.

Our hospitality business had a record high performance as room and food revenues benefited from stronger occupancy rates. Finally, on the bottom of the page, other income during 2024 was higher than a year earlier. Profit taking on fixed income investments valued at fair value through OCI implied a COP 41 billion increase in net gains on sale of investments and OCI realizations. Strong results for derivatives during the quarter correspond to hedging strategies of trading investments that mitigated the negative NIM on investments as described earlier on this call.

On Page 19, we present some efficiency ratios. Total OpEx grew 3.7% in 2024, well below the 12% increase in minimum wage and the price indexation based on 2023 inflation of 9.3%. Personnel, depreciation and amortization and general and admin expenses grew year-on-year 5.1%, 6.3% and 2.4%, respectively. Operative taxes and deposit insurance account for 37% of total G&A expenses in 2024. Cost to assets for 2024 was 2.7%, improving from 2.8% in 2023. Cost to income was 54.2%, up from 52.1% during 2023. Total expenses increased 15.2% quarter-on-quarter, driven by operative taxes, marketing expenses and other seasonal expenses.

Finally, on Page 20, we present our net income and profitability ratios. Attributable net income for the quarter was COP 281 billion or COP 11.8 per share. Our return on average assets and return on average equity for the quarter were 0.7% and 6.5%, respectively. Our attributable net income for 2024 was COP 1,015 billion or COP 42.8 per share, increasing 37.4% relative to 2023.

Before passing it back to Maria Lorena, I will now summarize our general guidance for 2025. We expect loan growth in the 10% area with commercial loans growing in the 9% and retail loans growing in the 11% area. NIM in the 4.15% area with NIM on loans in the 4.6% area. NIM of our banking segment in the 4.9% area with NIM on loans in the 5.4% area. Cost of risk net of recoveries in the 2% area, cost to assets in the 2.75% area, income from the nonfinancial sector of 80% of that for 2024, fee income ratio in the 20% area. And finally, we expect 2025 return on average equity to be in the 11% area.

Maria Lorena Gutierrez Botero (CEO)

Okay. Thank you, Diego. Before moving into questions and answers, I would like to share some final thoughts of Colombia and Grupo Aval in the current year. Economic conditions will remain challenging, both locally and globally. However, our recovery trend will continue. In 2025, we expect GDP growth to return to levels exceeding 2.7%. We are viewing a less likely return of inflation within the Central Bank's target range, which implies a higher for longer interest rate environment. We remain constructive on investment prospects as well as businesses and customer confidence, which will support the dynamics in 2025.

In this context, we expect to reach double-digit profitability and benefit from stronger growth in real terms of the banking segment, as Diego mentioned. Our increase in profitability compared to last year will continue to be driven by an improvement of risk-adjusted NIM on loans, lower cost of funding of our nonfinancial business, commercial and operational effectiveness and higher nonbanking and banking net fee income, mainly related to better origination and transactional activity. So we are now open for questions.

Q&A

Operator

Our first question comes from the line of Brian Flores with Citi.

Brian Flores (Citigroup Inc)

I have 2. The first one is asking your help to think about growth. You are, as you mentioned, outgrowing the market, particularly in consumer. So maybe if you can give us like a bird's eye view of what is helping you have this confidence in the recovery of the segment? And until when can you outgrow the market, right? Because maybe this is particular to you, maybe conditions are improving for everyone. So just how to think about your outgrowing the system.

And also, you mentioned a very interesting comment on higher core equity Tier 1 requirements. So if you could remind us how the phasing will work and if this could limit your growth prospects? And then just finally on growth, if this higher growth, as we saw in the consumer segment is bringing probably higher provisions, if this could also push cost of risk a bit higher for the segment? I'll ask my second question later.

Diego Fernando Solano Saravia (CFO)

Okay. Great questions. Regarding your first question, I will bring you back, you have it handy to Page #9 on the document, where you can see how Aval behaves not only for the past 3 years that are presented here, but how it has performed historically. The set of Pages 9 and 10 basically show you that Aval has a much more predictable growth pattern and credit quality cycle than the rest of the system. You can see how in those years of exuberant growth that you saw in Colombia around '21 and '22 where there was huge growth in unsecured consumer lending, credit cards and so on, Grupo Aval did not grow as fast. And as those banks that are basically in the -- going through the hangover after you have had that sort of growth are having to adjust down because of higher or more problems on those products on the credit front, we're able to outgrow them.

So throughout the cycle, we basically are able to grow smoother, however, consistent in time. Second, and ties with your third question, the kind of market share growth that we're having is sustainable growth. It's not a one-time high magnitude event, but more the kind of growth that you see month after month, gaining share in each one of the products. So that's to explain why we've been able to grow faster. We've been having less quality problems, and we're basically going through a more consistent growth strategy. Then a more quantitative answer to what's going to happen moving forward. Most of Maria Lorena's presentation was regarding what we're doing strategically to try to align the sales forces to what our main objectives are, and that will continue to help us to outgrow the system.

In addition, there's the macro wave that we are actually riding. You can see that our expectation on GDP is further growth, our expectation of rates, even though we are not happy with the speed at which it is happening, we do see that going on. Another point mentioned previously on the call that I would like to emphasize is we are already around 240 basis points below what the average Central Bank rate was last year. So the starting point for this year is already much better from the cost of funds perspective.

Moving to your question on Banco de Occidente, it is 100 basis points over 2 years, and it's an increase of 30, 30, 20 and 20 basis points happening every 6 months or each 6-month period.

Brian Flores (Citigroup Inc)

Perfect. Super clear. And then just wanted -- my second question to confirm some notions you mentioned the guidance, right? I think you revised the NIM -- overall NIM from 4.4% to 4.15%, I just wanted to check if you kept your cost of risk net of recoveries is the same just because it was a bit fast and I couldn't hear. But I know you reiterated the ROE in the 11 area. So just wanted to hear your thoughts on if you're having perhaps a lower NIM and the same growth and perhaps similar cost of risk, does your 11% ROE level have, let's say, a downward bias vis-a-vis what you have after 3Q results?

Diego Fernando Solano Saravia (CFO)

Yes. You got it right. We are basically ending up in the same guidance of 11% growth with a combination of 2 things happening. On the positive side, we see a much better performance than expected on the credit quality side. It is data dependent, but there could even be some upside there. We've lowered our guidance on cost of risk to 2%. Then the other thing that is happening, even though numbers are not as large, is we are improving our efficiency expectation driven by the kind of initiatives we are running with our Aval Valor Compartido. So we're bringing our cost to assets to 2.75%, a slight increase.

On the negative side, -- on the negative side, the NIM was affected by a change in our view on how the Central Bank will behave. However, we've been moving our balance sheets in such a way that we are somehow immunized to some of those changes. Therefore, the kind of changes in expectations, even though they do affect the way we are seeing our NIM on loans hasn't had a massive change compared to what was baked into our previous guidance. So in summary, same guidance on return on equity with a slightly lower NIM compensated by better performance on the cost of risk and a slightly better performance on the efficiency side.

Operator

Your next question comes from the line of Nicolas Riva of Bank of America.

Nicolas Alejandro Riva (Bank of America)

I have a follow-up on the prior question from Brian about capital requirements for Banco de Occidente. Diego, so I understood Banco de Occidente is going to be considered a systemic bank in Colombia from now onwards, and you explained that means an increase of 100 basis points in the minimum capital requirement, and you said it's going to be phased in over 4 years. My question is, when I look at the capital ratios of Banco de Occidente today, right, in Slide 13 in the earnings call, the 12.8% total capital compared to the minimum fully loaded 11.5%, how do you look at that buffer? And if you see a need to raise additional capital at Banco de Occidente given these higher capital requirements?

Diego Fernando Solano Saravia (CFO)

Bottom line, not really. What we're seeing is we have room not only for Banco de Occidente, but as a whole in the group to better use the Basel III options that we have with Tier 2 and AT1 capitalization. In addition, what we've seen is during this transition period, the bank will be able to generate enough internal capital plus the kind of approach it's following on its balance sheet to be able to cope with this change. Having said so, it has both a negative and a positive side. The negative side, obviously, is higher requirement. The positive side is we are standing with Banco de Occidente in a better position to get sovereign support.

Maria Lorena Gutierrez Botero (CEO)

We have 3 years no?

Diego Fernando Solano Saravia (CFO)

Yes, it's a 2-year transition period.

Operator

Your next question comes from the line of Carlos Gomez of HSBC.

Carlos Gomez-Lopez (HSBC)

It's a repetition of the theme of capital. Can you remind us what the capital requirement is right now for each of your 4 banks? And if it is also in transition or changing to a different level in the coming years? So that will be number one. Number two, can you give any comments about what you expect for dividends? And number three, a request, could you please publish the guidance? Because again, it's very fast in the call, and we are not able to catch it. Can it be part of the presentation?

Diego Fernando Solano Saravia (CFO)

Okay. On your last one, we take note of that, and we'll take that into consideration. Regarding capitalization, the requirement moves up from total solvency of 10.5% to 11.5%. Those are the 100 basis points. And starting in November, every 6 months, there is an increase. So the first increase would move from 10.5% to 10.8%, the next one to 11.1% and so on up to 11.5%. Regarding...

Carlos Gomez-Lopez (HSBC)

That's a 2-year process, right? That's a 2-year process, 2026, 2027...

Diego Fernando Solano Saravia (CFO)

Yes, 30, 30, 20, 20 basis points. The first happening 6 months after November last year. The second one is November 2025, and it goes until November 2026.

Carlos Gomez-Lopez (HSBC)

'26, okay.

Diego Fernando Solano Saravia (CFO)

And then on your dividend question, that's still a discussion in progress with our shareholders. However, just to remind you, the logic that we follow is Aval pays dividends based on cash dividends received and our banks tend to pay around 50% of what their net income from the previous period was, obviously, for those that were profitable during that period. And then Corficolombiana has projects in which it invests. So frequently goes below what the 50% standard looks for the rest of the group.

Carlos Gomez-Lopez (HSBC)

All right. And can you remind us what the current capital requirements are for the other banks in the group?

Diego Fernando Solano Saravia (CFO)

The only systemic bank that we had was Banco de Bogota that had an 11.5%. Now Banco de Occidente will join them within 2 years at that level. The rest of the banks have a 10.5% requirement

Operator

Your next question comes from the line of Daniel Mora of CrediCorp Capital.

Daniel Mora (CrediCorp Capital)

I have just one question. I would like to understand what will be the profitability path during the year, considering the ROE guidance for this year is around 11%. I mean, should we expect a single-digit ROE in the first half of the year and then evolve to ROE figures even above 11% by the third or fourth quarter of the year?

Diego Fernando Solano Saravia (CFO)

Yes. It's -- perhaps I'm answering the obvious, but given that what the drivers will be -- or the main driver will be an improvement in our NIM that will be a process that will happen over time. And yes, the last quarter is expected to be above the year average. So we will be progressing in that direction. Without getting into specifics, if you look at what happened throughout 2024 is except for the last quarter where we had an impact on our investment portfolio and that has seasonally high expenses, we were making progress on -- I would put my eye on risk-adjusted NIM, and you can see the trend that we are looking into.

Operator

Your next question comes from the line of Julian Ausique of Davivienda Corredores.

Julian Felipe Ausique Chacon (Corredores Davivienda)

My first question is regarding the stable funding ratio. As I mentioned its in my understanding in August, there is a requirement for all banks to fulfill the legal requirements of 100%. So I would like to understand what are the impacts that you are expecting in terms of, for example, NIM cost of funding due to the requirements to fulfill the IFRS ratio. And the other question is regarding Porvenir, if you have any estimation regarding the legal reserve that can may be released due to the pension reform that has been approved. So if Porvenir will be able to release some legal reserve and what will be impacting Grupo Aval as well?

Diego Fernando Solano Saravia (CFO)

Regarding your question, this is -- just to make sure I understood it right, you're referring to the CFEN, the stable funding ratio requirement. What our banks have been doing over time is they've been preparing for the upticks in requirements that we've had. Therefore, the banks have already built in part of the additional cost. And then our guidance already built in moving progressively, not only on the CFEN side, but also on the interest rate risk requirements that we're managing in the Colombian system.

Then I didn't really get your Porvenir question. This is very much dependent on how the regulation is finally detailed. At this point, in our guidance, what we've built in is that as if there was no impact from the pension reform. So the pension reform does actually, as written now, have a positive effect in the first year, that's not included in our guidance. We're basically at a point where we would be prepared for various scenarios. Regarding releasing the legal reserve and dividends, we haven't got into that until we fully see the regulation.

Operator

[Operator Instructions] There are no further questions at this time. With that, I will now turn the call back over to Ms. Maria Lorena Gutierrez Botero. Please go ahead. Once again, I will turn the call back over to Ms. Maria Lorena Gutierrez Botero. Please go ahead.

Apologies for the delay. And with that, ladies and gentlemen, that concludes today's conference. Thank you for participating. You may now disconnect your lines.