2Q2025 CONSOLIDATED EARNINGS RESULTS CALL TRANSCRIPT

GRUPO AVAL ACCIONES Y VALORES S.A.

2Q2025 CONSOLIDATED EARNINGS RESULTS CALL TRANSCRIPT

Operator

Welcome to Grupo Aval's Second Quarter 2025 Consolidated Results Conference Call. My name is Regina, and I will be your operator for today's call. Grupo Aval Acciones y Valores S.A. ("Grupo Aval") is an issuer of securities in Colombia and in the United States SEC. As such, it is subject to compliance with securities regulation in Colombia and applicable U.S. securities regulations. Grupo Aval is also subject to the inspection and supervision of the Superintendency of Finance as holding company of the Aval financial conglomerate.

The consolidated financial information included in this document is presented in accordance with IFRS as currently issued by the IASB. Unconsolidated financial information of our subsidiaries and the Colombian banking system are presented in accordance with Colombian IFRS as reported 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.

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

Recipients of this document 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 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; Ms. Paula Durán, Corporate VP of Sustainability and Strategic Projects; and Mr. Camilo Pérez, Banco de Bogotá's Chief Economist. I will now turn the call over to Ms. Maria Lorena Gutierrez Botero, Chief Executive Officer. Ms. Maria Lorena Gutierrez Botero, you may begin.

Maria Lorena Gutierrez Botero (CEO)

Thank you very much. Good morning, everyone and thank you for joining us for our Second Quarter 2025 conference call. I am here with Diego Solano, our CFO; Camilo Pérez, Chief Economist of Banco de Bogotá; and Paula Durán, Corporate VP of Sustainability and Strategic Projects.

During the first half of the year, we reached a net income of COP 856 billion — 1.7 times higher than in the first half of 2024. Net income for the quarter was COP 494.9 billion, the highest quarterly figure in 3 years, growing 37% over the quarter and 142% over the year.

Results for our banking segment continue consolidating the positive trends in core business metrics. Our net interest margin reached the 4.0% level for the first time in three years, with our consolidated NIM on loans at 4.5%. This level of NIM on loans is close to that of 3Q22; at that time, the average Central Bank stood at 8.83% relative to this quarter's average of 9.33%. The cost of risk for the quarter was 1.7% and PDLs were 4.81%, the lowest levels since 1Q23.

Gross loan grew 3.2% year-over-year, while deposits grew 6.8%. Loan growth dynamics have been softer than we initially anticipated. However, activity has picked up in June and July. Our banks deployed plans to foster growth during the second half of the year, particularly in commercial loans, working closely with Aval Banca de Inversion.

During the quarter, our investment portfolios performed well, driving an expansion in NIM on investments. The performance of Porvenir's stabilization reserve positively contributed to this quarter's results.

<u>Now, regarding the progress of our strategic priorities, I'd like to highlight a few areas:</u>

Our banks have continued working on **improving their deposit mix** toward retail funding. The share of Peso denominated deposits held by individuals improved during the quarter from 16.7% in 1Q25 to 18.2% in 2Q25.

Regarding the payments business, we continue complementing our offer of products and services to individuals and companies through Gou Payments, recently authorized by the Superintendency of Finance as a low-value payment management entity, both for instant payments and traditional payments. This will allow us to accelerate the design and go-to-market of value-added products for our current and potential customers.

We are on track to adopt Bre-B, the Central Bank Instant Payment System, when it starts operating in September. We have already been certified to use "keys" in the centralized directory and in process to be certified for transaction settlement.

On the **synergies and efficiencies** front, we conducted an analysis of the potential synergies between the processes of Grupo Aval's entities. As a result, the first wave of implementation will continue through the second half of 2025, focusing on seven key areas: 1. Procurement, 2. Talent Attraction and Selection, 3. Payroll Management, 4. Property Management, 5. Facility Management, 6. Physical Security, and 7. Physical Channels Management.

- In the Procurement front, we implemented the Procurement Synergies Center, which seeks efficiencies, economies of scale, and a more competitive and sustainable value chain. This Center will operate on a spending base of $4.3 trillion pesos, 4,200 contracts, and 16,000 creditors. We expect to capture efficiencies that will result in: a) initial savings more than 10% of a $2.1 trillion pesos manageable spending base, and b) a reduction in contracting times of 40%.

- In Talent Attraction and Selection, we will build a talent management center for Grupo Aval, which will allow us to attract the best talent, accelerate onboarding processes, and promote internal mobility. As a significant milestone, next month we will launch a digital employment platform that will become the largest job opportunities portal in the country.

- In Payroll Management, centralization will not only generate operational efficiencies but also allow us to deploy People Analytics practices across the board. This will give us an integrated view of talent, facilitate the identification of trends at the corporate level, and improve data-driven decision-making. With this, we will be able to anticipate risks such as talent attrition, reskilling/upskilling needs, or drops in productivity, among others. This has already been implemented by "Aval Valor Compartido" for Banco de Bogotá and will be rolled out during this year to our other 3 Colombian banks.

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

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

Thank you, Maria Lorena. **This quarter, Grupo Aval made significant progress in advancing our ESG agenda.**

We updated our double materiality assessment with input from 280 stakeholders, identifying 10 priority topics—including economic development, cybersecurity, innovation, sustainable finance, corporate governance, social impact, and climate change. Annual goals in these areas are now under review to ensure full alignment with our strategy.

In terms of Corporate Governance, we had significant developments. For the first time, we held a joint meeting with the Boards of Directors of Grupo Aval and its subsidiaries. The event brought together more than 130 directors for two days in Medellín, to address global and local challenges, share perspectives, and foster collaboration. A key milestone during the event was the launch of the Aval Board of Directors Guidelines—a guiding framework for good governance, setting principles regarding the roles of board members, effective and efficient board management, and board evaluation.

We also updated our corporate policies, guidelines, and codes, aligning them with international standards and best practices in corporate governance. These updates reinforce our compliance with Colombia's regulatory framework and reaffirm our commitment to ethical, transparent, and sustainable management. They also send clear messages to our entities regarding the minimum standards expected in their ESG management.

In Environment, our entities advanced in implementing the TCFD framework, supported by global consultancy ERM, enabling stronger climate risk management and target-setting.

We also expanded sustainable mobility initiatives, with over 5,700 employees adopting low-emission transport, avoiding 300 tons of CO_2 emissions.

In terms of social impact, we fostered collaborative action in the municipality of Ambalema. Corficolombiana and Organización Pajonales joined efforts to promote sustainable tourism, education, and sports, while Banco de Bogotá and Dale! led financial education initiatives—positively impacting nearly 500 community members.

In addition, we continued delivering on our commitments under the Misión La Guajira initiative, with six new water purification plants, reaching a total of 81 communities now benefiting from solar energy solutions. We also enabled free internet zones and announced new strategic partnerships with Claro Colombia (providing free connectivity to over 70 communities), the Government of La Guajira, the National Civil Registry, and UNICEF, among others.

This quarter, we participated in We Trade, the largest diversity and inclusion fair in Latin America, offering more than 1,000 job opportunities and contributing to the academic agenda with the participation of Grupo Aval leaders and HR teams from our entities.

Our entities were also recognized among the Top 10 of the 2025 Ranking of Inclusive Organizations in Latin America by the Chamber of Diversity We remain committed to ensuring that ESG is not just a component of our strategy, but a driver of long-term value creation for our stakeholders. Thank you.

Maria Lorena Gutierrez Botero (CEO)

Thank you Paula. Now, on the macro side, let me share some relevant developments during this quarter.

High-frequency data indicates that in the second quarter of the year, the Colombian economy continued to perform positively, driven by the increased household demand. The main sectors driving growth remain public administration, entertainment, and commerce. For this year, we expect the economy to grow by 2.7%.

Inflation reached 4.9% in July 2025, driven by service prices, as indexation is still high in rents, and other services are pressured by the elevated increase in minimum wage. We estimate that inflation will close the year at around 4.9%.

Despite the positive inflation outlook, the country's fiscal outlook has driven the Central Bank's policy rate decisions. In July, the Central Bank opted to keep rates unchanged at 9.25%, maintaining a cautious stance due to both external and internal risks. We expect the Central Bank's rate to end 2025 at 8.50%. However, recent information could imply an upward pressure on this figure.

The biggest challenge facing the economy is fiscal sustainability. In June, the Government triggered the escape clause of the Fiscal Rule and raised its fiscal deficit estimate to 7.1% for this year — 200 basis points above the original 5.1% target. Our estimates point towards a fiscal deficit closer to 8.0% of GDP. We anticipate pressure on short-term rates to stem from the Ministry of Finance's liability management operations and underlying pressures on long-term interest rates to unfold in the upcoming months.

Despite rising political noise in a pre-election year, we remain confident in Colombia's economic resilience and encourage the business sector to stay focused on executing their strategies.

Camilo will now elaborate on our economic outlook.

Camilo Perez (Banco de Bogotá's Chief Economist)

Thank you, Maria Lorena, and good morning. In the second quarter, household consumption continued to be the main driver of growth for the Colombian economy.

Despite growing domestic and external uncertainty, consumer confidence reached its highest level in three years, a situation that has supported domestic demand. This increased in household confidence has been supported by the strength of the labor market, where the unemployment rate reached its lowest level in almost twenty years.

Furthermore, alternative sources of income have strengthened. Remittances reached a record high in the second quarter, while coffee and tourism exports continued to rise. In addition to higher incomes, household demand is now being leveraged by credit, which for the first time since 2023 grew during the second quarter.

In this context, the best-performing economic sectors continue to be those most dependent on private consumption, such as commerce, entertainment, transportation, lodging, manufacturing, food services, and finance. Meanwhile, agricultural supply continued to rise due to lower input prices and favorable weather conditions. In fact, all other sectors, with the exception of mining, construction, and public services, experienced annual growth.

In the case of mining and construction, problems in the implementation of public policy, key to both sectors, explain in part their weak performance. While construction investment in housing and infrastructure is lagging, in the second quarter imports of machinery and equipment, as well as corporate loans, continued to rise, suggesting that Colombian businesses, amid high domestic demand, have modestly expanded their investment plans.

Given this favorable context but recognizing global risks and the uncertainty leading up to elections next year, economic growth of 2.7% is expected for 2025, close to potential levels and higher than those recorded in 2023 and 2024. Turning to prices, the disinflationary process resumed in the second quarter, as inflation fell from 5.1% to 4.8% between March and June, its lowest level since October 2021.

In July inflation picked up to 4.9% and no significant gains are expected by the end of the year, which is expected to end slightly below 5%, once again outside the target range set by the central bank. Meanwhile, thanks to gains in inflation and its expectations, as well as a more complacent global environment towards emerging markets, the central bank cut its interest rate by -25 basis points to 9.25% in April.

Accumulated gains in inflation and favorable global financial conditions, are expected to give Colombia's central bank space to cut its interest rate to around 8.50% by the end of the year. Nevertheless, recent inflation data imply an upward pressure on this figure and the central bank's room for rate cuts is not broader due to persistent fiscal challenges. In June, with the suspension of the Fiscal Rule, the government revised its assumed fiscal deficit for 2025 from 5.1% to 7.1% of GDP; and for 2026, from 4.3% to 6.2% of GDP, the latter depending on the approval of a tax reform.

Given this challenging outlook, Moody's and Standard and Poor's (S&P) lowered the country's credit rating. The most significant decision came from S&P, which not only assigned the country the lowest credit rating of the three rating agencies, BB, but also maintained its negative outlook. Despite the complex fiscal stance, between March and June, the exchange rate went from $4,181 to $4,102 per dollar, following the global weakening of the greenback. In any case, the Colombian peso appreciated against the dollar by only 2.0%, compared to an average of 6.5% for major Latin American economies.

For the remainder of the year, the exchange rate will be volatile amid conflicting forces. As the dollar remains weak globally, the country risk premium could be affected by fiscal and electoral pressures. Furthermore, with a widening external deficit, the year-end exchange rate of around $4,200 per dollar is expected.

Specifically, the current account deficit is forecasted to fall from -1.8% of GDP in 2024 to -2.6% of GDP in 2025, due to a stronger recovery in imports than exports, both in goods and services, where the terms of trade would be affected by lower commodity prices.

This wraps up the macroeconomic outlook. Thank you. Back to you María Lorena.

Maria Lorena Gutierrez Botero (CEO)

Thank you, Camilo.

Given that economic outlook, let me say we are pleased to report continued signs of recovery in the Colombian banking sector. Loan demand has strengthened, with growth in real terms turning positive for the first time in nearly two years. Cost of risk continues to trend downward, supporting improved profitability across the system.

Notably, only 6 out of 29 banks reported net losses as of May 2025, compared to 11 in the same period last year, highlighting a sustained improvement in financial performance.

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 showing 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.

<u>Starting on page 9:</u>

Over the twelve months ending in May 2025, commercial loans and mortgages for the system grew 1.3% and 4.6% in real terms, while consumer loans contracted 5.1% in real terms.

Y-o-y, Aval banks had gained 112 basis points of market share in consumer loans, 206 basis points in mortgages, and lost 109 basis points in commercial loans. This yielded year-on-year 10 basis points lower market share in total loans. Our performance in commercial loans was driven by aggressive price competition in the market.

Over the last three months loans grew 1.7% in the system. Even though dynamics continue to show signs of recovery, real growth was stagnant considering the 1.7% quarterly inflation. Mortgages grew 2.3% and commercial loans 1.6% in nominal terms over the quarter, while consumer loans returned to growth, with 1.3% increase for the quarter.

<u>On page 10:</u>

Loan quality for both the system and Aval banks showed an improvement during the quarter for all loan categories.

Our banks continue to exhibit better or equal loan portfolio quality to the system in all main categories.

I will now move to the consolidated results of Grupo Aval under IFRS.

On page 11:

- Assets grew 6.0% over the year and 1.8% over the quarter to COP 336 trillion.
- Gross loans, which account for 57% of our assets, reached COP 199.4 trillion, growing 3.2% year-on-year and 0.3% over the quarter.
- Retail loans have driven our growth.
- Consumer loans grew 3.6% year-on-year and 0.5% during the quarter:
    - Payroll loan growth continues to recover, increasing 4.8% year-on-year and 0.6% during the quarter.
    - Personal loans growing 4.3% year-on-year and 1.0% during the quarter.
    - Auto loans growing 3.9% year-on-year and contracting 0.9% during the quarter.
    - Credit cards contracting 4.7% year-on-year and 0.6% during the quarter.
- Mortgages, the second part of our retail loans, where we continue to be underweighted, grew 20.1% year-on-year and 2.8% during the quarter.
- Finally, Commercial loans expanded 0.3% year-on-year and contracted 0.3% over the quarter. Our dynamics during the quarter reflects aggressive price competition from some of our peers.
- We expect our 2025 loan growth to be close to 7%.

On Page 12, we present the evolution of Funding and Deposits:

- Total funding increased 6.3% year-on-year and 1.5% during the quarter.
- Deposits, that account for 3 / 4ths of our funding, grew 6.8% year-on-year and 1.9% quarter-on-quarter.
- Our deposit-to-net loans ratio closed at 110%.

On Page 13, we present the evolution of our total capitalization, our attributable shareholders' equity, and the capital adequacy ratios of our banks:

- Our "Total Equity" increased 3.1% over the quarter and 6.2% y-on-y, while our "Attributable Equity" increased 3.4% over the quarter and 6.2% y-on-y.
- Total Solvency and Tier 1 ratios evidence a slight increase in most of our banks.

On page 14, we present our yield on loans, cost of funds, spreads, and NIMs:

- Total NIM increased 52 bps to 4.0% quarter-on-quarter, mainly driven by an improvement in NIM on investments to 2.4%.
- Our consolidated NIM on loans expanded 20 bps y-on-y and 7 bps q-on-q to 4.5%. This incorporates an 87 bps y-on-y expansion of NIM on retail loans to 6.0%, and a 34 bps y-on-y contraction of NIM on commercial loans to 3.3%.

Focusing on our banking segment,

- NIM on loans of grew 9 bps over the quarter to 5.0%. This incorporates a 10 bps increase in NIM on retail loans to 6.5% and a 6 bps increase in NIM on commercial loans to 3.9%, during the quarter.
- The total NIM of our banking segment expanded 38 bps over the quarter to 4.6%, due to the same dynamics that affected our consolidated NIM.

- On a consolidated basis, the average yield on loans for the quarter increased 4 bps q-on-q to 11.7%, while the average 3-month IBR decreased 12 bps to 9.2%.
- Our consolidated cost of funds was materially stable. falling 3-bps q-on-q to 6.8%.
- Finally, the Central Bank stood flat at 9.25% during all the second quarter. This slow rate cut speed implies a longer adjustment period than previously anticipated. In this scenario, our NIM will continue to expand, though at a slower pace.

On pages 15 through 16, we present several Loan Portfolio Quality ratios:

Starting on page 15:

- Loan portfolio quality ratios further strengthened during the quarter.
- PDL metrics continue to improve in all categories:
- 30-day PDL formation for the quarter was the lowest since 2Q22 while 90-day PDL formation reached the lowest level of the last 2 years.
- 30-day PDLs were 4.81% (a 37-bps improvement over 3 months and a 99-bps improvement over 12 months). 90-day PDLs were 3.51% (a 23-bps improvement over the quarter and a 73-bps over 12 months).
- Commercial 30-day PDLs were 4.37%, a 41-bps improvement q-on-q and 80-bps year-on-year. 90-day PDLs were 3.87%, a 19-bps improvement over the quarter and 63-bps over the year.
- Consumer 30-day PDLs improved 39 bps over the quarter to 5.07%, while 90-day PDLs decreased 30 bps to 2.84%.
- Mortgages 30-day PDLs and 90-day PDLs improved 13 bps and 20 bps respectively over the quarter.
- Finally, the ratio of charge-offs to average 90-day PDLs was 0.85 times.

On page 16:

- The share of our portfolio classified as Stage 1 remains stable at 88.5%, while Stage 3 fell for the third consecutive quarter to 6.1%, driven by improvements across all portfolios.
- As a result, coverage measured as allowances for Stages 2 and 3 as a percentage of Stages 2 and 3 loans were 31.5% at end of quarter.

On page 17:

- Cost of risk, net of recoveries, continues to show the improvement in the quality of our portfolio, this quarter decreased 31 basis points to 1.7%. We expect 2025 cost of risk to be in the 1.95% area.
- Cost of risk net for commercial loans decreased by 46 basis points to 0.4% for the quarter.
- Cost of risk net for consumer loans improved 27 basis points to 4.2%. The cost of risk for credit cards and auto loans improved quarter-on-quarter.

On Page 18, we present net fees and other income:

- Gross fee income grew 3.5% year-on-year and slightly decreased 0.3% quarter-on-quarter. Net fee income increased 1.0% and 1.1%, respectively over these time periods.
- Our income from the non-financial sector was around 80% of that recorded in 2Q24 due to lower contributions from energy and gas and infrastructure sectors.
- Finally, at the bottom of the page, the quarter-on-quarter decrease in other operating income is mainly driven by a) the seasonally high income from dividends during the first quarter, b) lower contribution from

"Derivatives and FX" and c) OCI realization from Colombian government bond exchanges that position our portfolio with higher yields going forward. These were partially offset by stronger "other other income".

On Page 19, we present some efficiency ratios:

- Total expenses increased 2.4% quarter-on-quarter and 9.2% y-o-y.
- General and administrative expenses increased slightly by 0.8% quarter-on-quarter and 4.4% year-on-year, with operating taxes and deposit insurance accounting for 34% of this category.
- Cost to assets for the quarter was 2.8%, increasing 3 bps quarter-on-quarter and 6 bps year-on-year.
- Our quarterly cost-to-income slightly deteriorated to 52.0% over the quarter.

Finally, on Page 20 we present our net income and profitability ratios.

- Attributable net income for the quarter was COP 495 billion or COP 20.8 per share, increasing 36.9% relative to 1Q25, and being the highest in the last 12 quarters.
- Our return on average assets and return on average equity for the quarter were 1.1% and 11.3%, respectively.

I will now summarize our general guidance for 2025.

- We expect our 2025 ROAE to be in the 10.5% area.

This builds on:

- A loan growth in the 7% area, with Commercial loans growing in the 5% area and retail loans growing in the 9% area.
- Our Consolidated NIM in the 4.0% area, with NIM on loans in the 4.5% area.
- NIM of our banking segment in the 4.7% area, with NIM on loans in the 5.3% area.
- Cost of risk, net of recoveries, at the 1.95% area.
- Cost to assets in the 2.75% area.
- Income from the non-financial sector of 90% of that for 2024.
- A fee income ratio at the 21% 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 2025.

Our year-to-date performance has been largely in line with our projections. Net income has been supported by a positive trend in cost of risk, a gradual improvement in our NIM and controlled spending. However, the speed at which our NIM on loans has recovered is still modest, driven by high real Central Bank intervention rates, changes in regulation that forced lower interest rate caps for consumer loans and an intense price competition for high-quality corporate clients.

We are actively working to adapt to this environment to improve our margins under this higher for longer monetary policy. That said, the progress in our financial diversification efforts is yielding. So 3 of our 4 banks have shifted its commercial focus towards higher yielding and faster breakeven products such as personal loans and credit cards. At the same time, we continue working on shifting our NIM towards lower cost and stable deposits.

Although loan growth has been modest, we are already seeing a change in trend, which we expect to consolidate during the second half of the year, especially in commercial loans. We are encouraged by the solid results for this quarter, which support our constructive view on trends in net income and return on equity. We remain focused on sustaining double-digit profitability throughout the remainder of the year. With this, we are now open for questions.

Q&A

Operator

Our next question comes from the line of will come from the line of Daniel Mora with CrediCorp Capital.

Daniel Mora (Credicorp Capital)

If I may, 3 questions. The first one is regarding the cost of risk. In this quarter, it was quite low, but was explained by high recoveries rather than by lower provisions. So can you provide further color on this performance? Do you see this as a trend that can be repeated in the coming quarters? Or should be considered a one-off in this particular quarter? That will be my first question.

The second one is regarding other income. It had a solid performance, but I would like to understand what was the reason behind this number? It was the other income inside the total other operating income. And the third one is regarding NIM. Given the lower reduction of the monetary policy rate, how do you see the NIM evolving not only in 2025 but in 2026? Do you expect the recovery cycle of the banks of Aval to take longer than initially expected?

Diego Fernando Solano Saravia (CFO)

Thanks for the questions. Let me try to take them in order, starting with perhaps the most important one regarding NIM. As Maria Lorena mentioned in her closing remarks, we're actively focusing on expanding NIM beyond what happens to the monetary cycle. That's why we are changing our mix, both on the deposit side and on the loan side.

But what we have seen in Colombia as well has been some distortion that has been implied by changes in regulation. It's tough to have a precise number of what the implication of the changes in the formula for interest rate caps has been, but there could be a discussion between 300 and 400 basis points compared to the previous formula for the consumer side. That has pressed numbers lower and in fact, has had an implication in growth for consumer loans.

On the other hand, on the corporate side and the commercial side, we've included a new part in the graph on NIM here to try to show what is going on in the Colombian market. And it is we're having as expected NIM expansion on the consumer side as cost of funds goes down. But on the commercial side, the lack of growth has forced very intense price competition for the highest quality loans.

As we have emphasized through a number of our previous calls, we are very disciplined in our pricing to make sure that we have profitable growth moving forward, and that's the reason that has driven lower growth on the consumer side than we might have desired in the past. However, when you look at the numbers, the trend has changed late May, June and July, we're having a better behavior in the market that makes us positive on how things will evolve.

To wrap up what's going up with -- going on with NIM, what we're seeing is we expect the NIM on the commercial side to start to pick up again to more -- to levels closer to where Colombia should be operating at. And we expect to see the improvement on the consumer side to continue as rates go down.

This is slower than what we could have anticipated or anybody in Colombia a year ago, but monetary policy has been quite slow. So I hope I didn't expand too much on that, but we are positive and that is the case for our guidance moving forward.

On the cost of risk, you're right, this was a positive quarter on the cost of risk side.

However, we have stuck to the guidance of 1.95% that we had given in the past and the guidance for our CoR is positive, it does not change our view on what the numbers will look like.

And finally, on other income, we have a different items going there. Some of those have to do with recoveries of some controversies we had that implied some positive income. Some of those have offsets on the higher expenses that you saw during this quarter. So all in all, we have stuck to our overall guidance, perhaps the only change is a slightly slower loan growth and a slightly more positive nonfinancial. But overall, basically the same guidance that we gave on the last call.

Operator

Our next question will come from the line of Brian Flores with Citibank.

Brian FLores (Citibank)

I have a question on trading assets because on your balance sheet, it is clear that they are gaining relevance year-over-year, quarter-over-quarter. So just wanted to ask if you can share your thoughts. Are you taking a tactical advantage here of certain market opportunities? Is this a strategy to enhance yields? Just want to understand not only what is being achieved because I think, as you see, trading is benefiting results, but also how you're managing risk here and the volatility on the segment? And a second maybe follow-up is if you could repeat the guidance. I'm a bit slow here in typing. So if you could repeat, it would be great.

Diego Fernando Solano Saravia (CFO)

Okay. Regarding trading assets, there's 2 things going on. One is we are indeed using -- taking advantage from the exchanges of bonds that the Colombian government has done during this year. And what that does is we give in bonds that already had OCI that reduced the price of those bonds in our book, but that [Audio Gap]. So some of what you see of our strategy there, thinking of expanding NIM is we are refreshing those portfolios.

The other piece that you might see there is we've been working over time, expanding our treasury business for clients and some of the growth that you see on the trading assets on the trading book have an offset with positions that we've taken with clients. So when you take into consideration all those positions from the risk management that I think was your second question, that is taken care in that way.

So we're not actually taking more risk on our portfolio, even though you've seen some growth because of that treasury business with our customers.

(...) I think I didn't repeat guidance for Brian. I apologize for that. Brian, the ROE is in the 10.5% area. It's in the middle of the range that we had given out last time, the 10% to 11%. And that is building on loan growth in the 7% area with commercial loans growing 5% -- in the 5% area and consumer or retail loans in the 9% area.

Then NIM -- consolidated NIM in the 4% area and NIM on loans in the 4.5%. And if you only look at the banking segment, NIM 4.7% area and NIM on loans, 5.3% area. Cost of risk, as I mentioned before, 1.95% area, cost to assets 2.75% area, income from the nonfinancial sector, 90% of that for 2024 and fee income ratio in the 21% area.

Operator

Ladies and gentlemen, that will conclude our call for today. We thank you all for joining. You may now disconnect your lines.