2Q2026 CONSOLIDATED EARNINGS RESULTS CALL TRANSCRIPT

GRUPO AVAL ACCIONES Y VALORES S.A.

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Operator

Welcome to Grupo Aval's Second Quarter 2026 Consolidated Results Conference Call. My name is Regina, and I will be your operator for today's call. Grupo Aval Acciones 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 regulation. 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. Details of the calculations of non-IFRS measures such as ROAA and ROAE, among others, are explained when required in this report.

On November 27, 2025, Banco de Bogota's subsidiary, Multi Financial Holding, Inc. MFG, entered into a share purchase agreement with BAC International Corporation, BIC, a subsidiary of BAC Holding International Corp. for the disposal of 99.57% of the issued and outstanding shares of Multi Financial

Group, Inc. MFG, the parent company of Multibank Inc. On March 18, 2026, after obtaining the required regulatory authorizations and fulfilling all agreed conditions precedent, the transaction was completed. For comparability purposes only, we have prepared and present supplemental unaudited pro forma financial information for the periods prior to 4Q '25, which reflects the reclassification of the operations relating to MFG as noncurrent assets and liabilities held for sale and discontinued operations.

The supplemental unaudited pro forma financial information is not intended to represent and should not be considered indicative of the results of operations or financial position that would have been achieved had the transaction occurred on the dates assumed nor is it intended to project our results of operations or financial position for any future period or date. The pro forma financial information is unaudited and the completion of the external audit for the year ended December 31, 2026, may result in adjustments to the unaudited pro forma financial information presented herein.

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 risks 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 financial statements of Grupo Aval Acciones y Valores S.A., in accordance with Colombian regulations, must be filed with the market and with the Superintendency Financiera, with the opinion of an external auditor.

At the time of this 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. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session.

I will now turn the call over to Ms. Maria Lorena Gutiérrez Botero, Chief Executive Officer. Ms. Maria Lorena Gutiérrez Botero, you may begin.

Maria Lorena Gutierrez Botero (CEO)

Thank you. Good morning, everyone, and thank you for joining us for our second quarter 2026 conference call. I am here with Diego Solano, our CFO; Camilo Pérez, Chief Economic of Banco de Bogotá; and Ernesto Gutierrez de Piñeres, Chief Technology Officer. Before discussing our quarterly results, I want to address the earthquake that took place in Colombia this week. On behalf of Grupo Aval, our thoughts are with everyone affected. Our priority has been the safety of our employees, our clients and communities we touch.

We took immediate action to leverage our transactional and logistical capabilities to support emergency relief effort: we enabled our network of over 2,700 ATMs, mobile banking platforms and Dale! to channel donations to the Colombia Red Cross and the "Colombia un solo corazón" initiative. Through Sencia, a Corficolombiana investment, we also set up El Campín Stadium as a collection center for essential supplies. Yesterday, we had more than 1,000 people there in the city.

Regarding our operations in the areas most affected by the earthquake, we had temporary service interruptions in several service points to ensure the safety of our clients and employees. In addition, these regions were initially affected by widespread electricity and communication failures. Our operations and services are being progressively restored.

Turning now to our corporate highlights:

- Our attributed net income reached COP 577 billion, up 17% compared to the second quarter of 2025 and the highest quarterly result since March 2022, reflecting the continued strengthening of profitability. ROAE reached 12.7% for the quarter.
- The quarter was marked by solid loan and deposit growth, a strong contribution from our investment portfolio and Porvenir, stable asset quality, and continued efficiency gains.
- In addition, we continue to deploy strategic initiatives focused on deepening retail customer presence and strengthening our payments ecosystem. Through our alliance with Visa, we delivered unique customer experiences, reaching more than 750,000 participants in the brand activation activities launched during the

FIFA World Cup 2026. In parallel, our banks have been working in QR-based instant payment collection solution for businesses further enhancing our transaction banking offering and deposit franchise.

As for the recent developments:

• On July 31, Banco de Bogota completed the transfer of certain retail banking assets, liabilities and contracts from Banco Itaú in Colombia. The transaction adds more than 250,000 retail banking customers and reinforces Banco de Bogota's strategy to grow and strengthen its retail banking franchise, especially in the affluent segment.

• On June 9, Grupo Aval Holding Bogota, Banco de Occidente and Banco Popular contributed their investments in Corficolombiana, to a special purpose vehicle. Each entity retained its indirect stake in Corfi. This transaction is primarily aimed at simplifying Corficolombiana's ownership structure, consolidating the stake into a single jointly controlled vehicle within Grupo Aval. Diego will touch on this in more detail later on.

We will begin this call discussing some key elements of our technology strategy, a key driver of Grupo Aval's transformation and future growth.

Before passing the call on to Ernesto Gutiérrez, our Chief Technology Officer, I want to highlight that:

• At Grupo Aval, we are deploying a technology strategy to support faster innovation, a more efficient operations, and to improve our customers' experience.

• This strategy seeks to build advantages to compete in a more digital and connected financial system, shaped by data analytics and artificial intelligence, and to redirect operational CapEx to transformation investment aligned with best practices for the financial industry.

To achieve these results, we are working on 4 key strategies. First, improving our service platforms to allow us to better understand and serve our customers. Second, reengineering our digital cores to accelerate our time to market. Third, migrating to a Grupo Aval’s cloud, a modern and resilient platform that will support this evolution by speeding up our adoption of new solutions, improving the resilience of our operational platform and capturing synergies across the Group. And finally, strengthening our data platforms to improve real-time decision-making.

I will turn the call over to Ernesto, who will provide additional color on our technology strategy. Ernesto?

Ernesto Gutierrez de Piñeres (Chief Technology Officer)

Thank you, María Lorena. Good morning, everyone. I would like to give you a brief update on the execution of our technology strategy and more importantly, on how it is beginning to translate into growth, structural efficiency and resilience across Grupo Aval. As Maria Lorena has outlined, technology innovation, data and artificial intelligence are key enablers of our long-term strategy.

Our focus now is execution. We start from an important competitive advantage: our scale. Grupo Aval is a multi-entity financial group and our technology strategy is designed to turn that scale into economic advantage by building shared capabilities that can be developed once and deployed across the group.

This is the foundation of our common Digital Core: a secure, scalable and open architecture designed to operate increasingly in real time, connect with partners and ecosystem, and prepare the group for the opportunities created by Open Finance and Open Data.

We are executing this strategy across four main pillars.

The first one is Aval 360, knowing and serving our customers better.

Aval 360 is creating a more integrated view of our customers across the group, allowing us to improve continuity across channels, personalized interactions and progressively increase our ability to cross-sell products and service across our entities.

The business objective is straightforward: higher conversion, stronger retention and greater value per customer. Artificial intelligence is becoming an important part of this strategy. For example, in Nexa, our BPO company, we expect 30% of customer call flows be handled through the AI-enabled solution.

This should increase scalability and response capacity while maintaining the service quality and customer experience our clients expect.

At the same time, digital adoption continues to expand.

Today, 67% of our customers already conduct transactions through digital channels.

The second point is our digital course. We are accelerating our digital business. We are building shared capabilities to design, launch and scale digital products faster, while progressively reducing dependency on traditional core system and making it easier to connect with external ecosystem and partners.

Our new digital personal loan solution is on track to go live in the fourth quarter of the year.

In parallel, we continue to advance our capabilities for credit cards, unsecured consumer lending and retail banking transactional services.

Together, these initiatives address a significant part of the financial needs of our retail customers. The value proposition is clear: shorter time to market and lower structural cost per product. And, importantly, these are not capabilities designed for a single entity. They are being built to be reused and scaled across Grupo Aval.

The third point is Delfos, turning data into better decisions. Delfos is our management intelligence platform, and it effectively serves as digital twin of our banking operations. Its first release already integrates 9 business dimensions into a common management view.

Through this integration with Augusta, our strategic platform, we are increasing our ability to understand relationships among customer, products and companies across Grupo Aval.

The objective is to move progressively from analyzing what happened to understanding what is happening and what may happen next.

This will support better decisions in areas such as customer management, risk, capital allocation, and operational efficiency.

The last point is Aurora. Aurora is our cloud platform strategy. Aurora is the platform through which we are modernizing the technology infrastructure for the group. Its architecture combines public cloud capabilities, including AWS and Microsoft Azure, with private cloud capabilities developed through our partnerships with IBM and Kyndryl. The objective is to improve resilience, availability, scalability, and security, while structurally reducing our infrastructure obsolescence.

Aurora also changed the economics of our infrastructure by moving us progressively from recurring capital-intensive technology investments toward a more flexible and managed-capacity model.

But there is another important dimension to Aurora.

The efficiencies generated by Aurora will be reinvested to help fund the next stages of our technology transformation.

This creates a virtuous cycle in which transformation generates savings, and those savings help to fund the further transformation.

In that sense, Aurora is not only modernizing our infrastructure, it is also helping us build a more sustainable funding model for our broader technology agenda. Taken together, these four pillars are designed to deliver 3 fundamental outcomes.

The first is growth.

Faster product launches, stronger digital capabilities, better customer knowledge, and a greater ability to deepen relationships across the different entities of Grupo Aval.

The second point is structural efficiency.

We are redesigning the way that Grupo Aval operates through the more real-time processing, greater automation, increasing use of artificial intelligence, shared platform, and lower levels of manual intervention.

This is not a one-time cost reduction effort. It is about creating and structurally more efficient operational model for Grupo Aval.

The third point is trust and resilience.

Security, controls, data governance, and operational continuity remain embedded in the design of every capability that we build.

In financial services, trust is a prerequisite for sustainable growth. All of this is supported by a fourth principle: capital discipline. We are moving from a managing technology as an inventory of projects toward prioritizing investments based on strategic contribution, expected returns, and value creation.

In summary, Grupo Aval is moving from strategy to execution.

We are scaling shared capabilities across the Grupo, developing artificial intelligence into real operations, accelerating our digital products roadmap, and using data to make better decisions. And importantly, we are doing this with a model in which technology increasingly generates efficiencies that help fund its own evolution. Technology is becoming a business capability from Grupo Aval, with the customers always at the center.

Thank you.

Maria Lorena Gutierrez Botero (CEO)

Thank you, Ernesto. Let me walk you through the key macroeconomic developments of the quarter.

The global environment remained challenging during the quarter. Oil prices eased after ceasefire and the U.S.-Iran agreement in June. However, renewed tensions resurfaced in early July, showing that the situation remains fragile, weighing on global growth expectations for the year.

In Colombia, economic activity continued to expand, although dependent on short-term factors. Consumption has remained relatively resilient, supported by remittances and employment. In contrast, investment continues to lag, amid a more uncertain environment. Recent indicators suggest some improvement relative to the start of the year, and we currently expect GDP growth of approximately 2.4% in 2026.

Inflationary pressures increased during the quarter, with annual inflation reaching 6.0% in July, moving further off from the Central Bank's target. Markets have raised their expectation on this year's inflation, putting pressure on the Central Bank decisions. At the same time, the Colombian peso continued strengthening, supported by remittances inflows and a weaker U.S. dollar environment, helping mitigate imported inflation pressures.

Against this backdrop, Banco de la República raised its policy rate to 12% in June. However, at its most recent meeting in July, the board decided to keep rates unchanged. Even though further rate increases can be expected, this pause reflects prudent stance to assess the cumulative effects on the monetary tightening already in place and to evaluate incoming economic data.

Looking forward, Colombia has significant opportunities to accelerate investment and productivity. Materializing this potential will require from the new administration improvements in physical and regulatory safety, as well as a firm commitment reflected in public policies to create an environment that promotes long-term investment. In addition, restoring a credible path to reverse fiscal deficit trend will be essential to building confidence required to support sustainable growth in Colombia.

With that, I will turn the call over to Camilo, who will provide additional color on our economic outlook. Camilo?

Camilo Pérez Álvarez (Banco de Bogota's Chief Economist)

Thank you, María Lorena. Good morning.

- The Colombian economy registered growth of 3.0% in the second quarter of the year, marking its highest expansion in almost a year. While positive, growth was supported by temporary factors.
- The first of these is the increased household spending associated with the FIFA World Cup 2026. This event boosted economic activities through greater dynamism in commerce, clothing, entertainment, restaurants, and sports betting.
- Likewise, the public administration continued to contribute to economic activity due to the increase in personnel at the National Registry for the local elections, as well as higher budget execution, which reached a four-year high, significantly contributing to the growth of national activity.

- Another sector that performed well was utilities, driven by the increased energy demand from households due to intensive use of air conditioning and refrigeration systems, given the high temperatures experienced in several cities across the country.
- In contrast to these sectors, agriculture, mining, manufacturing, and construction continued to exhibit weak or negative results. In agriculture, the weather and high input costs were detrimental. In construction, high-interest rates and the slow execution of major infrastructure projects weakened the sector. In mining, the decline is structural, and in manufacturing, the appreciation of the peso has harmed the sector's competitiveness.
- This suggests that the economic recovery maintains a K-shaped dynamic, in which some sectors show improvement while others continue to lag. For the remainder of the year, tighter local financial conditions, the diminishing effects of the transitory factors, the impact of the war in the Middle East, the arrival of El Niño, and the expected fiscal adjustment will lead the Colombian economy to grow 2.4% in 2026.
- Turning to prices, inflation jumped from 5.6% at the end of March to 6% in July 2026, near its highest level since July 2024. Services dependent on the minimum wage saw a variant exceeding 9%, while rents maintained inflation close to 5%, more evidence of the indexation problem.
- Meanwhile, inflation in regulated goods accelerated due to higher fuel prices resulting from the war in the Middle East. Additionally, energy and gas prices increased as a result of greater use of thermal power plants for electricity generation, as a precaution against the arrival of El Niño. In the food sector, fertilizer prices and weather conditions also exerted upward pressure. For the remainder of the year, the upward trending inflation is expected to continue given the intensification of the aforementioned factors, ending the year at 6.8%.
- On the fiscal front, the government finalized the TRS operation in May and updated the medium-term fiscal framework in June. With the closure of the TRS and other debt management operations during the quarter, the Government carried out a significant swap of external debt for domestic debt. As of June, the share of external debt in total debt was 23%, the lowest in the 21st century, also supported by the appreciation of the peso. Regarding the fiscal framework, while the revenue forecast for 2026 is reasonable, the expenditure forecast is not. Higher spending pressures are expected, leading to a total fiscal deficit of 6.7% of GDP in 2026, above the target of 5.3% of GDP.
- Given this outlook, with high inflation and inflation expectations too, and a still vulnerable fiscal situation, the Central Bank of Colombia raised its policy rate by 75 basis points in June and left it unchanged at 12% in July. The Central Bank is likely to continue raising rates, taking the policy rate to a peak of 12.75% in the coming months, as it seeks to bring inflation back toward target and after seven consecutive years of missing it.
- With a scenario of higher domestic interest rates and a favorable reading of the elections, the local exchange rate extended its downward trend, reaching its lowest level since 2019 at around COP 3,100 per dollar. The potential misalignment of the exchange rate led the central bank to implement a program to accumulate international reserves for up to $4 billion starting in August, through actions of put options.
- Following the election results, the country's risk premium fell to 140 basis points, near its lowest level since 2021. This lower premium reflects investor expectations that under the new government, Colombia will implement macroprudential measures, contain the fiscal deficit, oversee negotiated minimum wage

increases, and promote investment incentives, among other policies that foster a better business environment and strengthen the local currency. However, the passage of reforms in a highly divided Congress will be crucial for the fulfillment of these expectations and their corresponding impact on the economy and local assets. Thank you.

Back to you, Maria Lorena.

Maria Lorena Gutierrez Botero (CEO)

Thank you, Camilo. Turning now to our financial results:

Volumen growth continued to accelerate during the quarter, with gross loans and deposits increasing 2.1% over the quarter to COP 198 million and deposits COP 222 million, respectively. Over twelve-month deposit growth has outpaced loan growth. This incorporates a strong growth of our retained deposit base.

Net interest margin improved to 5.5% in the quarter. This improvement incorporates a strong contribution of NIM from our investment portfolio, that are benefited from a particularly strong capital market cycle. In addition, we delivered a 21-basis point improvement of NIM on loans in the banking segment. Our credit quality was substantially stable, with cost of risk well controlled at 1. 9%, and we maintain a disciplined cost structure with cost-to-assets at 2.7%.

Regarding our non-banking subsidiaries, Porvenir had a particularly strong quarter, benefiting from the strong fixed income and equity market. Corficolombiana also contributed good results with energy and infrastructure revenues up on a last 12-month basis.

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 8 and 9 with a few charts showing the growth rate and quality of our loan portfolio relative to the rest of the Colombian banking system, based on unconsolidated figures under Colombian IFRS as published by the Superintendencia Financiera.

<u>Starting on Page 8:</u>

- Over the 12-month period ending in May 2026, Aval's loan growth accelerated, driven especially by commercial loans, while growth of the rest of the banking system was primarily driven by consumer loans, in particular personal loans and credit cards.
- We continue to prioritize growth in local-currency commercial loans and within consumer in personal loans and credit cards. Our market share in commercial loans increased 32 basis points over the year and fell 19 basis points over the quarter.
- Our market share of peso-denominated commercial loans increased 57 basis points year-on-year to 26.2% and decreased 6 basis points over the quarter. Our market share of dollar-denominated commercial loans fell 166 basis points over the quarter to 35.1%, reflecting Banco de Bogota's relocation of part of its foreign currency loan portfolio from its Colombian book to the Banco de Bogotá Panamá book.

- In consumer loans, we continue diversifying our portfolio towards higher-yielding loans, moderating our overweight in payroll lending. We gained 189 basis points of share in personal loans year-on-year and 68 basis points over the quarter, raising our market share to 22.6%. Looking ahead, the Itaú consumer business acquisition will help us close our remaining gap to market weight in personal loans. We maintain our leadership position in payroll lending with a 41.1% market share. However, we reduced our share in payroll loans by 62 basis points over the quarter, accumulating 222 basis points year-on-year.
- Overall, our market share for consumer loans closed at 28.4%, a 30 basis points decrease over the quarter and 125 basis points year-on-year, given our underweight in personal loans, the main driver of consumer lending growth.
- Finally, we continued gaining market share in mortgages with 14 basis points increase over the quarter and 69 basis points year-on-year, reaching 17.6%. As a result of the above mentioned, we closed the quarter with a market share in total loans of 24.8%, 18 basis points up over the quarter, and 16 basis points lower than a year earlier.

On Page 9:

Loan quality trends remain positive across all main categories, both for Aval and for the system alike, with the Aval banks continuing to show stronger portfolio quality in most categories.

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

Starting on Page 10:

- Assets grew 3.9% over the quarter and 4.5% over the year to COP 351 trillion. Fixed income investments, that at the end of quarter accounted for 17.2% of our total assets, increased 11.6% over the quarter and 20.5% over 12 months, driven by higher liquidity.
- At the bottom of the page, gross loans grew 2.1% during the quarter, accumulating 7.6% year-on-year. Our peso-denominated loans increased 2.4% quarter-on-quarter and 9.3% year-on-year. Commercial loans grew 2.4% over the quarter and 7.7% year-on-year. Peso-denominated commercial loans grew 3% quarter-on-quarter and 10.9% year-on-year, while U.S. dollar-denominated commercial loans grew 5.2% quarter-on-quarter in dollar terms and 7.7% year-on-year.
- Following the MFH divestiture in March, dollar-denominated loans account for 7.9% of our total portfolio and come primarily from Banco de Bogota's U.S. agencies, our trade finance business, and the offshore subsidiaries of Banco de Bogota and Banco de Occidente. These loans were affected by the appreciation of the Colombian peso of 6% over the quarter and 15.5% over 12 months.
- Consumer loans grew 1.1% during the quarter and 4.7% year-on-year. Payrolls that account for 53% of our consumer loans contracted 1.2% both over the quarter and over the year. Personal loans that account for 28% of our consumer loans grew 4.5% during the quarter and 18.2% over the year. Credit cards that account for 12% of our consumer loans grew 4.5% quarter-on-quarter and 6.5% year-on-year. Automobile loans that account for 7% of our consumer loans increased 0.8% quarter-on-quarter and 3% year-on-year. Finally, mortgages grew 2.9% over the quarter and 15.7% year-on-year.

On Page 11:

We present funding and deposit evolution. Total funding reached COP 292 trillion, growing 3.8% over the quarter and 11% year-on-year. Total deposits, which account for around 3/4 of our funding, reached COP 221 trillion, growing 2.1% over the quarter and 11.5% year-on-year. Our deposits to net loans ratio increased to 117%, as we built liquidity positions as a protection for potential volatility associated with the presidential elections.

On Page 12:

- We present the evolution of our total capitalization, our attributable shareholders equity and the capital adequacy ratios of our banks. Our total equity increased 3.4% over the quarter and 3.3% year-on-year, while our Attributable equity increased 4.4% over the quarter and 4.6% year-on-year.
- During the quarter, Banco de Bogota, Banco de Occidente, Banco Popular and Grupo Aval Holding contributed their stakes in Corficolombiana to an SPV in exchange for shares of such SPV, while maintaining their indirect shares in Corficolombiana. This change implied measuring the new investment in each entity, impacting the solvency ratios of Banco de Bogota and with a milder effect in Banco de Occidente. Banco de Bogotá ended the quarter at a solid 14.9% of total solvency and 14% of tier 1 capitalization. In addition, AV Villas just issued COP 100 billion coordinated bond during the quarter, strengthening its tier 2 capital. Net income and an improvement in OCI from fixed income added as well to our solvency ratios.

On Page 13:

- We present our net interest income (NIM), which reached COP 3.6 trillion in second quarter 2026, up 68.4% from first quarter 2026 and 43.1% from second quarter 2025. Results benefited by solid trading investment income driven by exceptionally strong capital markets. A portion of the quarterly trading investment income was offset by hedging and derivatives, which I will discuss later when covering other income.
- As anticipated, NIM and loans for our banking segment expanded, driven by the repricing of commercial floating loans. At the consolidated level, NIM and loans remain stable, as the higher rate environment continues to weigh on Corficolombiana's contribution, an effect, we expect to ease as rates normalize. Total NIM increased 217 basis points to 5.51% quarter-on-quarter and 130 basis points year-on-year.
- Our consolidated NIM and loans reached 4.41% during the quarter, stable relative to 4.4% during the first quarter of 2026. Our consolidated NIM investments increased to 8.68%, up from 0.25% in first quarter 2026, driven by a significant improvement in the TES market performance connected to the June presidential election. Net of derivatives, net NIM investments would have been 5.1%, and total NIM would have been 4.6%.
- Focusing on our banking segment, the total NIM of our banking segment expanded 192 basis points from the quarter to 6.07%, due to the same dynamics that affected our consolidated NIM. NIM on loans was 5.19%, increasing 21 basis points quarter-on-quarter. This incorporates a 44 basis points quarter-on-quarter increase in NIM on commercial loans to 4.3%, and nine basis points quarter-on-quarter decrease in NIM on retail loans to 6.39%.

On Page 14:

- We present yield and cost of funds. Interest rate dynamics of our loans and of our funding are driven by the movements in average benchmark rates in Colombia. The average central bank intervention rate increased approximately 135 basis points during second quarter 2026, while our consolidated cost of deposits increased 59 basis points to 7.34%, reflecting a lower pass-through. Our total cost of funds increased 75 basis points to 7.75%.

- This quarter's results reflect the combined benefits of disciplined repricing and the strong high yield on investments. Our banking segment's spread between yield on loans and cost of deposits reached 5.68%, its highest level in 10 quarters, as our lower deposit pass-through translated directly into margin expansion.

On Pages 15 through 17, we present several loan portfolio quality ratios:

On Page 15:

- Overall loan quality trends were materially stable during the quarter, with 90-day PDLs across commercial, consumer, and mortgage loans holding at levels consistent with their historical levels.
- 90-day PDLs were 3.13%, stable relative to the last quarter and 44 basis points improvement over 12 months. 30-day PDLs were 4.41%, a 10 basis points increase over three months and 45 basis points improvement over 12 months.
- New 90-day PDLs in the quarter were COP 1.11 trillion, up from COP 1.08 trillion a year earlier and COP 766 billion during first quarter 2026. Coverage on 90-day PDLs was 137%, in line with the first quarter 2026. Commercial 30-day PDLs were 3.86%, stable over three months and improving 50 basis points over the year. 90-day PDLs were 3.26%, a seven basis points decrease over the quarter and 60 basis points over the year.
- We recorded an annual 52 basis points decrease in consumer 30-day PDLs to 4.71%, while 90-day PDLs improved 30 basis points to 2.68%. Mortgages, 30-day PDLs and 90-day PDLs improved 13 basis points and 7 basis points year-on-year. Finally, the ratio of charge-offs to average 90-day PDLs was 0.65 times.

On Page 16:

The share of our loan portfolio classified as Stage 1 reached 90% of the total portfolio, up from 89.1% in second quarter 2025, and slightly lower than the 90.3% reported a quarter earlier, reflecting stabilization of our loan portfolio quality. The allowance for Stage 2 and 3 as a percentage of loans classified as Stage 2 and 3 reached 33.3% for total loans, decreasing 47 basis points during the quarter.

On Page 17:

- Our net cost of risk was 1.9%, 8 basis points higher quarter-on-quarter, and 5 basis points year-on-year.
- The gross cost of risk was 2.2% in second quarter 2026, increasing 12 basis points quarter-on-quarter and decreasing 18 basis points year-on-year.
- The net cost of risk for consumer loans was stable at 4.1%.
- Meanwhile, the net cost of risk for commercial loans was 0.9%, up from 0.7% during first quarter 2026.

On Page 18:

- We present net fees and other income. Gross fee income grew 4.1% year-on-year and increased 3.7% quarter-on-quarter.
- Net fee income increased 3.3% year-on-year and decreased 5.2% quarter-on-quarter.

- Gross fee income was driven by an annual 1.7% increase in banking fees, 8.1% in pension fees, and 9.8% in trust fees.
- Income from the non-financial sector was around 1.14 times that recorded during second quarter 2025 due to a positive impact of higher inflation and concession revenues. Energy and gas contributed COP 281 billion, broadly in line with prior periods.
- As mentioned earlier, the year-on-year variation in other operating income mainly reflects lower derivative income, COP 962 billion of this quarter's in derivatives income to the hedging counterpart of the stronger trading gains recorded in net interest income this quarter.

On Page 19:

- We present some efficiency ratios. Total other expenses reached COP 2.36 billion during the second quarter of 2026, increasing 7.4% year-on-year and decreasing 8.1% quarter-on-quarter.
- Quarterly variation is largely explained by COP 312 billion equity tax reported under general and administrative expenses during the first quarter of the year.
- Total other expenses, including equity taxes, increased 4.6% quarterly, driven by other tax expense.
- Personnel expenses increased 4.6% year-on-year to COP 839 billion, impacted by the 23% minimum wage increase on part of our workforce.
- Cost to assets for the quarter was 2.7%, slightly higher year-on-year.
- Our quarterly cost to income improved to 49.3%, mainly due to the increase in net trading income.

Finally on Page 21 we present our net income and profitability ratios:

Attributable net income was COP 577 billion or COP 24.2 per share, our highest level for a quarter in four years. Our return on average assets (ROAA) and our return on average equity (ROAE) for the quarter reached 1.1% and 12.7% respectively.

I'll now summarize our general guidance for 2026. We expect:

- Loan growth in the 10.5% area, with commercial loans growing the 8% area and retail loans growing in the 14% area, including the contribution of the Itaú retail business transaction.
- We expect our consolidated NIM in the 4.2% area with NIM on loans in the 4.4% area.
- The NIM of our banking segment in the 4.9% area with NIM on loans in the 5.2% area.
- Our cost of risk, net of recoveries, in the 1.9% area.
- Our cost to assets in the 2.9% area.
- Income from the non-financial sector of 1.3 times that for 2025.
- A fee income ratio in the 22% area.

Finally, we expect our 2026 return on average equity to be in the 9.25% area.

Back to you Maria Lorena.

Maria Lorena Gutierrez Botero (CEO)

Thank you, Diego.

Before moving into questions and answers, I would like to leave you with a few final thoughts.

We continue to navigate a demanding environment with global uncertainty, elevated inflation, and pressures for higher interest rates. As Colombia enters a new political cycle, the focus will increasingly shift toward restoring confidence, encouraging investment, and addressing the country's fiscal challenges to support stronger long-term growth.

Energy security is one of the key challenges ahead. Colombia has moved from having one of the most reliable energy systems in the region to facing increasing pressures on both electricity and natural gas supply. Delays in strategic generation and transmission projects, together with declining domestic gas production, highlight the need to accelerate investment and execution. Ensuring a reliable energy supply will be critical not only for households and businesses but also for competitiveness, investment, and economic growth.

Restoring physical and regulatory safety and accelerating the pace of infrastructure projects and of construction to generate future growth, recovering the health system effectiveness are some of the fronts demanding decisive public policy actions.

Despite the macro regulatory challenges that we have faced, this quarter reaffirms the resilience of Grupo Aval and our ability to execute long-term strategic priorities. Our diversified businesses, disciplined risk management, and a strong balance sheet continue to provide stability across economic cycles. Meanwhile, we continue to execute key initiatives such as the successful integration of the former Itaú retail operations into Banco de Bogotá that in strengthen our retail banking platform and positioning the group for future growth.

The results achieved during the first half of the year reinforce our confidence in targets for 2026. While the environment will remain challenging with high funding rates and market volatility during the remainder of the year, we remain on track to deliver a ROAE in the 9.25% area for the full year, as Diego mentioned.

We remain confident in our strategy, our execution capabilities, and our ability to continue creating long-term value for shareholders, while contributing to the development of Colombia's economy. Thank you.

Operator

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

Brian Flores (Citibank)

Congrats on the results. Two questions here. The first one is a bit more contextual. Wanted to get your views on what we should expect, what you're expecting as the base case in terms of tax rate for 2027. Just wondering if you perceive maybe a lower risk in terms of banks being included for higher tax rates in the tax reform.

And then a second one is a bit more structural. I think your strategy is definitely paying off in terms of the diversification of profitability. You have a very strong quarter in terms of the investment portfolio. Just wanted to check with you if going forward with the recent structures, the recent changes, and also the new government, you might think that also Corficolombiana and Porvenir could start really providing some upside risks here for the contribution of profits.

Maria Lorena Gutierrez Botero (CEO)

Let me maybe to answer the first part of the question. I think, and we hope that we are not having more taxes, and President Abelardo de la Espriella announced that he's going to, for example, the equity tax, maybe we are not going to have. This is difficult for me that maybe he can leave some taxes, but we hope that we don't have an increase. We are a little worried with the local taxes. Because our major here in Bogota presented like a law, like a project to the Bogota council, that is like a congress here in Colombia, but for the city. It increases one of the local tax, that is ICA, 30%. So for us, because this is a tax on income. So for us and for the financial sector in general, we are a little concerned about that.

And before Diego talk about the portfolio, let me mention that we are going to start the construction of the new stadium, Corficolombiana. This, I think, on maybe September, October, we will start to. It is important because, as you know, when Corficolombiana start to build, we can generate income. The other stadium is working. So we have both. We are building, but we have the business of the actual cities. So Diego?

Diego Fernando Solano Saravia (CFO)

Yes. Adding to what Maria Lorena said, also to give you some context, you might have seen that we were conservative on our guidance on customer income, and one of the reasons we were conservative on that is we are seeing a heavy burden on taxes adding to our operational expenses.

Regarding Corficolombiana and Porvenir, we basically grow based on the country's growth. In the case of Corficolombiana, we grow because of the country investing and developing many of the projects that have been delayed or were canceled during the previous administration. Therefore, yes, we are very positive on the new administration and Corficolombiana. On the Porvenir side, we are going to get clarity on the pension reform. That is something we have already started to see moving in Congress, and a positive performance of the market, as well, will help our portfolios.

You have to remember that in the numbers of the central bank, one of the numbers that has a lot of weight is the risk of a fiscal deficit moving into the future. We expect that the new administration will move in the right direction to give some confidence that this will have some relief. In that sense, we see an upside from the Central Bank rate as we have clarity from public policy on what is going to happen with fiscal deficit.

Maria Lorena Gutierrez Botero (CEO)

Additional to the fiscal deficit, for me, it is so important that the government in this month organized the projects and everything with the energy. Because we are going to have the El Niño phenomenon. I do not know how to say that. Phenomenon is the name. Very strong. So we need to start to have new projects. Otherwise, we are going to have more inflation and problems in the economy.

Brian Flores (Citibank)

No, super clear, Maria Lorena. If I may, something very interesting that you commented was, do you have a sensitivity as to if this local tax passes in Bogotá, how much would it impact the effective tax rate that you pay?

Maria Lorena Gutierrez Botero (CEO)

I will tell you for the financial sector because Asobancaria did an exercise, it will be like COP 500,000 million more.

Diego Fernando Solano Saravia (CFO)

We will pass that on our public call once we have clarity there.

Maria Lorena Gutierrez Botero (CEO)

We know that. They are going to start to discuss the project. As you know, with the problems that Colombia may be, the project stop without discussing there. It's just to mention, but it's not a concern right now. We are working on numbers and everything to it.

Operator

Our next question will come from the line of Yuri Fernandes with JP Morgan.

Yuri Rocha Fernandes (JP Morgan Chase & Co)

I have a question regarding the guidance of ROE. If I understood correctly from Diego, I think I heard 9.5, maybe ROE. That is maybe a touch above...

Diego Fernando Solano Saravia (CFO)

9.25%, we're basically maintaining our guidance.

Yuri Rocha Fernandes (JP Morgan Chase & Co)

You are maintaining the guidance. So 9.25% ROE guidance, right, 9.25%. So why is this lower Diego than what you are running now? I think in the first half, you have closer to 10% ROE. I understand that this quarter, you had some gains on securities, maybe you're not considering this ahead. But what do you see as a headwind for the second half? Because if it is 9.25% this indicates that the ROE for the second half being lower than the ROEs of the first half, and you had the wealth tax in the first quarter, right? So I don't know if these are Niño provisions, maybe this Colombia retail, I don't know, Bogota higher taxes. I don't know Colombia consolidation. What is driving this ROE?

Diego Fernando Solano Saravia (CFO)

Yes. There's a few reasons, Yuri, and you're right, we're being cautious here because we have high expectations. We're actually very positive here, thinking in long term. We're cautious on what's going to happen short term. Obviously, on long term, this does represent what we see in the changes in administration and changes in the monetary cycle as a positive that should increase substantially our view that we had in the past of what we can reach over the next 3 to 5 years.

However, short term, there's a few headwinds we have to be careful about. Number one, you mentioned it, we had an extraordinary first half on the fixed income side, as I highlighted. Part of that, it has an offset in derivatives because it's part of our trading with our customers and also our risk positions in our portfolios. We are not building in strong numbers for the second half. I didn't mention it in the guidance, but it's simply that we're looking into something around 2% NIM on investments to make the numbers work for the second half.

Then we will have the cumulative effect of all the raises from the Central Bank. Even though we had a pause, market consensus and as you heard our call, points to perhaps another 50 basis points increase in rates. On the cost of risk side, we don't have numbers nor expect anything substantial, but we're being careful of what the effects of the earthquake might be during the quarter. In general, I would say we prefer to be on the conservative side. There is a potential to become much more constructive as data coming in and also giving a chance for the new administration to move a lot of the things that they mentioned during the campaign into actual policy that will be the booster for the growth.

Yuri Rocha Fernandes (JP Morgan Chase & Co)

Super clear, Diego. If I may, a second one, just on asset quality. You already mentioned on your presentation, but when we go to the 30 days new past due formation, right? So basically, the new increase of the balances. There was an increase, right? Also in the 90 days, but I think 90 days, the previous quarter was too low, but 30 days caught my attention here. We saw some worsening on consumer loans, on mortgage. You have the earthquake, you have El Niño. So what is your best guess on the outlook for asset quality here? I know you have a 1.9% guidance, but going ahead, are you concerned on asset quality in Colombia? What should we expect?

Diego Fernando Solano Saravia (CFO)

Short answer, we are not concerned. However, there might be some spikes in the road. The way to think about new loan formation is you have to look through the cycle. It is a spiky movement, but this is in line with numbers we've seen in the past. I also mentioned another data point that is the Stages 2 and 3 are behaving well. We obviously are being very careful with some sectors that are suffering with the exchange rate. So those are kind of the downside potential that you might see there. The lower exchange rate plus the earthquake are some things to look into. But the short answer is, we see stability in the numbers. We see, I would say a proper performance of the economy as a whole.

Operator

And our next question will come from the line of Daniel Mora with Credicorp Capital.

Daniel Mora (CrediCorp Capital)

I have a couple of questions. The first one is regarding margins, specifically the NIM without trading income. Trading like the one we observed in the second quarter will not be sustainable while interest expenses rise faster than interest income at a consolidated basis. I would like to understand in a context of high interest rates for longer, are you worried about margin pressures? As it seems that the expansion in the banking segment is offset by the other segments of Grupo Aval. That would be my first question.

Diego Fernando Solano Saravia (CFO)

Okay. Well, as I went through my answer to Yuri, a moment ago, we are being careful about the implications of further exchange interest rate hike. However, at this point in the cycle, there is a higher potential if you are thinking medium-term reduction in rates than further increasing rates once we finish this event. So that is why we are positive medium and longer term, but cautious for the remaining quarters of this year.

As you pointed out, yes, we guided or we mentioned that without the effect of derivatives, our NIM would have been 4.6% and our NIM investment is 5.5%. So a substantial portion of what you saw on the NIM line as an offset on the derivatives line. Once again, as I mentioned to Yury, we are building in a NIM investments of 2% into our figures. However, on the NIM and loans, we are seeing our strategy really paying out. We are being able to reprice our loans. We see the liquidity environment favorable to have a lower pass-through of what the central bank is doing. So in general, we feel closer to the end of the cycle. However, our guidance does build in a second half of the year that could have some pressures coming from the remaining increases in interest rates from the Central Bank.

Daniel Mora (CrediCorp Capital)

Perfect. And if I may, my second question is regarding loan growth. What are the reasons behind the recent performance of the loan growth in the consumer segment? After a couple of years gaining market share and growing above the industry, now the industry seems to accelerate strongly. I would like to understand what is the reason behind this, or do you expect to continue and resume the growing in consumer loans and gain market share again despite all the operational transaction with Itaú?

Diego Fernando Solano Saravia (CFO)

Yes. I think that's a great question because it does touch on what our strategy looks like. Part of what is going on is we've been historically widely overweighted on the payroll lending side, and we've been underweighted on the credit card and personal loan side. What we're seeing in this cycle is personal loans and credit cards growing much faster, and we are indeed growing at a fast pace. However, given that we're underweighted there, those competitors that are overweighted on those products are seeing a lot of growth.

Strategically, we are reducing the way of the payrolls in our overall portfolio. That has many reasons. The 2 main reasons are, one, we are reducing sensitivity to interest rates that we suffered during the past cycle. As you might have seen, if you think we are looking at interest rates at levels that are close to what we saw at the peak of the last cycle, not there, but close to those, and we are not suffering in the same manner as we did before. So we've been restructuring our portfolio to reduce interest rate sensitivity.

On the other side, we see also an opportunity to improve our average interest rate, our NIM, in that process, and we see room to gain space. Part of the rationale of the Itaú transaction is precisely speeding up that process. In order of magnitude, the Itaú transaction could be gaining us a couple of years of growth and precisely in the segments that we wanted to grow. So, that's the reason why our growth has been lower, is we are concentrated in payroll loans, and strategically we're reducing our share there, and we're not as exposed to the high-growth products where we are gaining share as well, as I mentioned in the call.

Maria Lorena Gutierrez Botero (CEO)

I understand no more questions. No more questions, no?

Operator

No further questions.

Maria Lorena Gutierrez Botero (CEO)

Thank you for being with us and for the interesting questions, and see you in next conference call, results call. Have a good day. Bye.

Operator

Thank you, ladies and gentlemen. This concludes today's conference. Thank you for participating, and you may now disconnect.