3Q2026 CONSOLIDATED EARNINGS RESULTS CALL TRANSCRIPT

GRUPO AVAL ACCIONES Y VALORES S.A.

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Operator

Welcome to Grupo Aval's Third Quarter 2026 Consolidated Results Conference Call. My name is Regina, and I will be your operator for today's call.

Before we begin, we would like to remind you that today's discussion will contain forward-looking statements. These statements are based on management's current expectations and beliefs and are subject to risks, uncertainties and other factors that could cause actual results to differ materially. For a more detailed discussion, please refer to our filings with the Registro Nacional de Valores y Emisores and the SEC, including our earnings release.

Additionally, during this call, we will discuss certain non-IFRS measures. A reconciliation of these non-IFRS measures to the most directly comparable IFRS financial measures can be found in our earnings press release, which is available on our Investor Relations website.

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

Maria Lorena Gutierrez Botero (CEO)

Thank you. Good morning, everyone, and thank you for joining us for our third quarter 2026 conference call. I am here with Diego Solano, our CFO; Camilo Perez, Chief Economist of Banco de Bogota; and Alejandro Gomez, President of Aval Fiduciaria.

Before turning to our results, I would like to highlight 2 significant corporate developments. First, on October 26, Corficolombiana having fully satisfied its obligations, received a court order dismissing the case related to its deferred prosecution agreement, DPA with the U.S. Department of Justice related to Ruta del sol 2, signed in August 2023. This closes an important chapter for Corficolombiana and for our group.

Second, I am pleased to announce that Maria Fernanda Suarez has been appointed President of Banco de Bogota. Over the past 3 years, Maria Fernanda successfully led Banco Popular's turnaround. She will now continue to advance Banco de Bogota's strategic objectives, consolidating its leadership, driving profitable, sustainable growth and strengthening its value proposition for clients.

Regarding our results for the quarter, our attributable net income was COP 368 billion, down 29% compared to the third quarter of 2025. Our ROAE for the quarter was 7.9%. These results reflect 2 main factors: a lower-than-average NIM on investment after an exceptional second quarter and onetime impact from incorporating Itau retail banking business.

This quarter was marked by a healthy loan growth boosted by the Itau retail banking business, a stable asset quality, higher loan margin and a solid contribution from our non-financial sector. On this call, we will also spend some time on our asset management businesses.

On the regulatory front, the pension reform took an important step forward. On October 28th, the House of Representatives addresses the 9 articles returned by the Constitutional Court, keeping the text unchanged and avoiding a return to the Senate. Once the court gives its final approval, the reform could take effect as early as April

1st, 2027. However, full implementation of the reform could be delayed until 2028 if the court accepts the 1-year delay requested by the Ministry of Finance since the reforms impact was not included in the recently approved 2027 budget.

Regarding our trust business, Aval Fiduciaria continues to deliver on its business plan after successfully integrating our 4 trust companies. We expect Aval Fiduciaria to consolidate our leadership in the trust businesses, supported by a stronger value proposition to our customers, a more effective and efficient operation and a stronger risk management processes.

Alejandro Gomez, President of Aval Fiduciaria will now walk you through its progress. Alejandro?

Alejandro Gomez (Aval Fiduciaria CEO)

Thank you, Maria. Good morning, everyone. Following the completion of the integration of the 4 trust companies on January 1st, 2026, Aval Fiduciaria has continued to strengthen and consolidate its operating model. At the end of the third quarter, we achieved record results in trust fee revenues totaling COP 486.7 billion, representing a 12.7% increase year-over-year. We maintained our leadership position in the market with a 20.7% market share.

Net income reached COP 84.8 billion, growing 14.9%, while return on equity stood at 42.3%. As of September 2026, we remain the leading trust company in Colombia, managing COP 211.8 trillion in assets under management, representing a 10% increase compared to December 2025 and a market share of 24.1%.

Within collective investment funds, we managed COP 32.1 trillion, achieving a market share of 23.9% and a growth of 23.8%. Our value proposition combines a layered investment solution approach, ranging from liquidity managed needs to long-term growth and value creation strategy.

We managed 32 collective investment funds and 47 private equity funds while maintaining presence across all structured trust business lines. We serve more than 216,000 clients and managed over 5,800 trust structures, supported by a physical presence in 7 cities nationwide.

The commercial and operational integration with Aval Casa de Bolsa has strengthened our distribution capabilities and expand the reach of our investment solutions. As a result, we have consolidated a comprehensive offer across public markets, private markets and alternative assets. The integration process has enabled us to capture synergies equivalent to 40% of our total cost base. Consequently, our cost-to-income ratio has improved significantly, reaching its best historical level and delivering optimization of more than 10 percentage points.

Regarding customer experience, our Net Promoter Score reached 59.74 points, a level classified as excellent. This result represents an improvement of 10 points compared to the previous year and exceed the industry average by more than 5%.

Technology integration remains one of our key strategic priorities. We continue to advance to a more integrated technology infrastructure that supports the evolution of our growth strategy, operating model and overall value proposition.

Back to you, Maria Lorena.

Maria Lorena Gutierrez Botero (CEO)

Thank you, Alejandro. Let me now walk you through the key macroeconomic developments of the quarter. The global environment remained volatile during the quarter. The conflict in the Middle East escalated further driving oil prices significantly higher and adding uncertainty to an already challenging environment of higher for longer interest rates.

Despite this pressure, global growth continued to hold, supported by strong investment in technology and artificial intelligence.

In Colombia, growth slowed after a strong second quarter, mainly due to weaker industrial activity. Inflation remained a key challenge during the quarter, continuing to run well above the Central Bank's target and extending beyond food and regulated prices into core components such as services.

The Colombian peso appreciated significantly quarter-on-quarter, supported by expectation of capital inflows into the country, offsetting part of the pressure from higher global oil prices. As a result, market expectation for year-end inflation increased, reinforcing the need to keep a contractionary monetary policy in the coming months.

The Central Bank keep its policy rate unchanged in its October meeting after a 25 basis points increase in September. With inflation still elevated, Colombia now has one of the highest real interest rates in the region.

Finally, reconstruction is underway following the August earthquake in Colombian's Western East region. We expect the impact of national growth to be moderate and largely temporary, but recovery in the most affected regions will take time.

Looking forward, Colombian's path will depend on restoring fiscal confidence and discipline. We are encouraged by the government's fiscal efforts and by its commitment to restore fiscal discipline and strengthen the credibility and transparency of economic policymaking that Colombia has traditionally displayed.

Sustained progress on these fronts, together with Central Bank actions adequate labor regulations, better physical security and legal and regulatory stability will be key to unlocking investment and long-term growth.

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, Maria Lorena. Good morning. The Colombian economy experienced a significant slowdown in the second half of the year. After growing 3.5% in the second quarter, economic expansion in the third quarter was probably closer to 1%, the lowest rate in just over 2 years.

One of the main factors behind the decline was the earthquake that occurred on August 10th. Risaralda, Valle del Cauca, Caldas, Choco and Quindio were the regions most affected by the event. Economic activity in these areas contracted at a rate 4x faster than the national average during August. However, the slowdown extended beyond the impact of the earthquake.

Agriculture, mining, manufacturing, construction, communications and accommodation and food services all registered year-on-year contractions in their activity. This accounts to around half of the economy.

The strong appreciation of the Colombian peso contributed to the recent economic deceleration, impacting the competitiveness of the local industry, reducing exports of goods and services and limiting the arrival of foreign tourists. Higher interest rates also contributed to the constraint of the economy.

Furthermore, there was an important moderation of public spending following the election and the change in government. Since August, a slowdown in hiring and budget execution has been observed, favoring fiscal sustainability by reducing short-term growth momentum.

To sum up, the economic slowdown was a response to both the impact of the earthquake and the moderation of household and government spending, weak exports and the persistent difficulties in sectors such as construction, manufacturing and mining.

Given this outlook, our economic research team projects growth of around 2.3% for 2026. For 2027, economic expansion could fall below 2%, in line with the government's 1.8% growth target. Risks are tilted to the downside.

Regarding prices, inflation accelerated again in the third quarter, rising from 6.1% in June to 6.3% in September, its highest level since July 2014. In October, it remained stable at 6.3% with core inflation even improving and falling below 6% to its lowest level since April. Once again, the main driver was the regulated price components, whose inflation increased to 6.6% in October, primarily driven by higher energy tariffs because of El Niño.

Services continue to be a significant source of inflationary pressure with non-rental services component exceeding 9%. Meanwhile, rent inflation reached 5.1%, affected by housing supply constraints in some of the areas affected by the earthquake.

Food inflation increased 7.3%, pressured by the effects of El Niño on agricultural production and the higher international cost of inputs and fertilizers. In contrast, goods inflation fell to 2.6%, helped by the appreciation of the Colombian peso and the moderation in household spending. With this outlook, our economic research team estimates inflation of 6.8% by year-end and 5.2% by the end of 2027.

On the fiscal front, the government submitted the 2027 budget for COP 635 trillion, an amount of COP 59 trillion higher than that presented by the previous administration. It was made clear that without an adjustment, the fiscal deficit could reach 9.4% of GDP in 2027, a historical high.

At the end of October, the government submitted the Economic Rescue Law, which aims to implement a fiscal adjustment of more than 4 percentage points of GDP by 2030. Its debate and approval in Congress will be crucial for the economy.

Given this outlook, the Central Bank raised its interest rate by 25 basis points in September and then kept it stable at 12.25% in October. Our economic research team anticipates that the end of the rate tightening cycle is near as economic activity continues to accelerate, core inflation eases, Congress approves some type of fiscal adjustment and the 2027 wage increase follows technical criteria.

Following the revealing of the true fiscal situation, the exchange rate rebounded from its recent minimum below COP 3,100 per dollar in September to around COP 3,200 per dollar in October and more recently to around COP 3,300 per dollar. The Colombian peso was weakened by the Central Bank's proposed purchase of foreign currency to accumulate $4 billion in international reserves and its commitment to directly purchase $2 billion from the government.

The devaluation of the exchange rate and the increase in the country risk premium were offset by elevated oil prices, high local interest rates and investor confidence in the new government. There are high expectations regarding a tentative agreement for the financing with preferred financing with the International Monetary Bank. In this context, the implementation of reforms will remain crucial for realizing these expectations and their corresponding impact on the economy and local assets.

This concludes our assessment of the economic outlook. Back to you, Maria Lorena.

Maria Lorena Gutierrez Botero (CEO)

Thank you, Camilo. Now turning to our financial results. This was our first quarter, including Itau retail business. Gross loans grew 4.7% over the quarter to COP 207 trillion, including approximately COP 6.3 trillion from Itau. Deposits rose 1.3% to COP 224 trillion with Itau adding approximately COP 4.3 trillion.

Deposit growth also reflects the reduction of the extraordinary liquidity positions we built early during the year to prepare for possible volatility around the presidential elections. Our NIM on investments turned slightly negative this quarter.

Rates rose across the entire local yield curve, which weighed on the value of our fixed income portfolio, a sharp contrast with a very strong second quarter. Our NIM on loans meanwhile continued to improve, going from 4.4% to 4.9% with contribution from both our commercial and retail portfolios.

Cost of risk rose to 2.5%, mainly due to the day 1 accounting impact of the Itau transaction, which was offset by a gain in other income. Excluding this effect, cost of risk will have been 2.1%.

Onetime integration expenses of the Itau transaction press our efficiency ratios. Among our non-banking subsidiaries, our non-financial sector made a positive contribution, led by energy and gas, which benefited from higher regasification activity.

Porvenir's results quarter-on-quarter and year-on-year, driven by weaker local and international market. Now I would like to pass the call to Diego, who will give you details of our results. Diego?

Diego Fernando Solano Saravia (CFO)

Thank you, Maria Lorena. I will begin on Pages 8 and 9 by comparing our loan growth and our loan growth and portfolio quality with the rest of the Colombian banking system. This comparison uses unconsolidated figures under Colombian IFRS as published by the Superintendency of Finance.

Starting on Page 8:

Over the 12 months ending in August 2026, the Aval Bank's loan growth reached 10.4%, up from 5.6% a year earlier. Consumer loans growth reached 11.4% compared with 8.9% for the rest of the system, and our market share rose to 30%, up 48 basis points over the year.

In mortgages, growth was 27.2% versus 7.2% for the rest of the system, and our market share rose to 19.7%, up 257 basis points over the year.

Commercial loans growth accelerated to 6.3% from 3% a year ago, while the rest of the system moderated to 6.7% from 7.1%. Our market share closed at 26.7%, 8 basis points lower than a year earlier. As a result, our market share in total loans reached 25.5%, around 44 basis points for the year.

Our figures include Itau's Colombian consumer business starting on August 1st. This acquisition contributed to our loan growth and market share gains this quarter. Throughout the presentation, I will highlight its most relevant effects on our results

On Page 9:

Loan quality for the Aval Banks remains better than the system in total loans with 30-day PDLs of 3.8% versus 4.4% for the Colombian system, excluding the Aval Banks and in most categories. Both, Aval and the rest of the system continue to show a favorable trend.

I will now move to the consolidated results of Grupo Aval under IFRS, starting on Page 10:

Assets grew 0.4% over the quarter and 2.5% over the year to COP 352 trillion. Fixed income investments decreased 7% over the quarter to COP 56 trillion, reflecting a lower position in trading debt securities. These were 1.2% higher

than a year ago. They now account for 15.9% of our total assets. On the bottom of the page, gross loans grew 4.7% during the quarter, accumulating 10.1% over the year.

Our peso-denominated loans increased 5.1% and 11.7%, respectively. Itau retail business added COP 6.3 trillion in net loans and explains over 2/3 of the quarterly growth. Excluding Itau, gross loans grew 1.4% quarter-on-quarter and 6.8% year-on-year.

Our dollar-denominated loans account for 7.6% of our total portfolio. These loans were affected by an appreciation of the Colombian peso of 3.7% quarter-on-quarter and 15.6% year-on-year. Commercial loans grew 1.2% quarter-on-quarter and 6.5% year-on-year. Itau contributed 0.3 percentage points to growth.

For peso-denominated commercial loans, growth was 1.3% quarter-on-quarter and 8.9% year-on-year. Measured in dollars, dollar-denominated commercial loans grew 4.6% quarter-on-quarter and 10.5% year-on-year. Consumer loans grew 8.2% for the quarter and 11.3% year-on-year or 2.5% and 5.5%, excluding Itau, respectively. Payroll loans that account for 50% of our consumer loans grew 1.5% over the quarter and contracted 1.1% year-on-year.

Personal loans that account for 31% of our consumer loans grew 19.4% during the quarter and 35.6% over the year. Credit cards that account for 12% of our consumer loans grew 15.3% quarter-on-quarter and 23.4% year-on-year.

Automobile loans that account for 7% of our consumer loans increased 2.5% quarter-on-quarter and 5% year-on-year. Finally, mortgages grew 12.8% quarter-on-quarter and 24.8% year-on-year. Excluding Itau, mortgages were materially stable quarter-on-quarter and grew 13% year-on-year.

On Page 11:

We present funding and deposit evolution. Total funding reached COP 293.5 trillion, growing 0.6% for the quarter and 7.9% year-on-year. Total deposits, which account for around 3/4 of our funding reached COP 224 trillion, growing 1.3% for the quarter and 12% year-on-year.

Our deposits to net loans ratio decreased to 113%, down from 117%, mainly because we reduced part of the liquidity we have built ahead of the presidential elections. Offsetting this contraction with the acquisition brought in COP 4.3 trillion in deposits.

On Page 12:

We present the evolution of our total capitalization, our attributable shareholders' equity and the capital adequacy ratio of our banks. Our total equity increased 1.6% over the quarter and 1.9% year-on-year, while our attributable equity increased 1.4% for the quarter and 2.3% year-on-year.

In September, Banco de Occidente took out $150 million subordinated loan from the German Investment Corporation, strengthening its Tier 2 capital by around 105 basis points. The absorption of Itau retail's business reduced Banco de Bogota's solvency ratio by 78 basis points. The ratio stood at 14%.

On Page 13, we present our NIM:

Our net interest income was COP 2.4 trillion during third quarter 2026, down 15% year-on-year and 32.9% quarter-on-quarter. Our NIM on loans kept expanding, supported by the repricing of our portfolio. These figures include 2 months of interest income and expense from Itau. However, full local and global market performance negatively affected our fixed income portfolios and organic contributions came, and this took NIM on investments into negative territory, well below what we expected. Part of that was offset by gains in hedging derivatives, which I'll cover when I get into other income.

Starting on the right side of the page with Grupo Aval consolidated. NIM on loans expanded to 4.9%, up 44 basis points quarter-on-quarter and 30 basis points year-on-year. The Itau transaction contributed 11 basis points to NIM on loans. This includes a 44 basis points quarter-on-quarter expansion in NIM and retail loans to 6.1% and 41 basis points expansion in NIM on commercial loans to 3.9%.

NIM on investments fell to negative 0.1%, down from 4.7% a year ago and an exceptional high 8.7% during second quarter 2026. As a result, NIM was 3.6%, down 191 basis points quarter-on-quarter and 101 basis points year-on-year, driven by a decline in NIM on investments despite the expansion in NIM on loans.

Focusing on our banking segment on the left of the page. NIM on loans reached 5.6%, up 37 basis points for the quarter, the highest in 5 quarters. This result includes 35 basis points increase in NIM on retail loans to 6.7% and 36 basis points increase in NIM on commercial loans to 4.7%.

NIM on investments fell to 0.5%, down from 9.4% during second quarter 2026. As a result, total NIM of our banking segment was 4.5%, down 155 basis points over the quarter, driven by the decline in NIM on investments despite the expansion in NIM and loans.

On Page 14:

We present our yield on loans, cost of funds and spreads. On the left side of the page, the spread between yield on loans and cost of deposits of our banking segment expanded 21 basis points for the quarter and 39 basis points over the year to 5.9%, the highest level in over 3 years.

On the right side of the page, at a consolidated Grupo Aval level, the spread between yield on loans and cost of deposits reached 5.7%, up 18 basis points quarter-on-quarter and 25 basis points year-on-year. This spread expansion reflects our active repricing efforts and changes in asset and liability mixes over the recent years. The interest rate environment with a slower increase in Central Bank rates has also supported this performance.

On the lending side, we continue to rebalance our consumer portfolio, increasing our share of personal loans and credit cards while reducing the share of payroll loans. Commercial loans, which are mainly floating benefit from the increase in the Central Bank rate.

On the funding side, funding costs have become less sensitive to increases in policy rates. Our focus on growing deposits from individual has helped contain deposit costs. In addition, we reduced excess

liquidity taken during the beginning of the year as a protection against the presidential election cycle. This reduction also supported spread performance.

Finally, regarding the local interest rate environment, the Central Bank raised its policy rate 25 basis points to 12.25% in September and kept it unchanged during October, amid persistent inflationary pressures. We expect the tightening cycle to end with a final 25 basis points increase in December. Rate cuts are expected to begin during the second half of 2027.

On Pages 15 through 17:

We present several loan portfolio quality ratios. On Page 15, Loan quality remained stable this quarter and better than a year ago. The 90-day PDL ratio was 3.15%, materially unchanged relative to the second quarter of 2026 and improving 25 basis points year-on-year. The 30-day PDL ratio was 4.56%. This quarter increase was concentrated in consumer loans and mortgages.

New 90 PDLs were COP 1.43 trillion, including COP 237 billion from Itau retail book. New 30-day PDLs were COP 1.8 trillion, including COP 530 billion from Itau. Without Itau, 30-day PDL formation would have decreased 5.5% quarter-on-quarter.

Coverage on 90-day PDLs was 133.7%. Commercial loans, 90-day PDLs were 3.27%, while 30-day PDLs were 3.89%, both materially at the same level as a quarter earlier improving 40 basis points and 33 basis points, respectively, over the year.

Consumer loans 90-day PDLs rose to 2.73% from 2.68% during second quarter 2026 and 30-day PDLs to 4.88% from 4.71%. In mortgages, 90-day PDLs remained stable at 3.69%, up from 3.64%. The increase in 30-day PDLs to 6.65% from 6.23% reflects timing effects related to the operational factors, which will normalize later on.

Finally, annualized charge-offs to average 90-day PDLs were 0.7x. Stage 1 loans reached 90.2% of our total portfolio, up from 90% during second quarter 2026 and 89.7% in third quarter 2025. The allowance for Stages 2 and 3 loans as a percentage of those loans was 32.7%, down from 33% at the end of second quarter 2026.

On Page 17, our net cost of risk was 2.5%, 64 basis points up quarter-on-quarter and 51 basis points year-on-year. Our gross cost of risk was 2.8%, up from 2.2% in second quarter 2026. Excluding Itau, net cost of risk would have been around 2.1% and gross cost of risk 2.4%.

Provisions related to Itau transaction adds COP 217 billion to provision expense. They increased both net and gross total cost of risk by about 40 basis points with an impact of 101 basis points on consumer loan cost of risk and 33 basis points on mortgage loan cost of risk. Higher other income largely offsets this effect that we will explain later on. Consumer loans net cost of risk was 6.1%, while in commercial loans, net cost of risk was 0.7%.

On Page 18:

We present net fees and other income. Net fee income increased 2.7% quarter-on-quarter and decreased 1.7% year-on-year. Gross fee income was stable over the quarter and decreased 2.9% year-on-year.

Fees from our Asset and Wealth Management business continued to grow over the quarter, supported by higher severance fees and higher cross portfolios under management.

Banking fees declined slightly on lower fees from banking services. Income from the non-financial sector grew 25% year-on-year and 3.3% quarter-on-quarter, driven by a stronger contribution from the energy and gas sectors. Year-to-date, it's around 1.25x the level of the first 9 months of 2025.

Finally, in other operating income, derivatives and FX showed a gain of COP 424 billion, mainly explained by hedges on trading instruments, which offset the lower income from our investment portfolio.

In addition, other operating income includes COP 205 billion from the accounting recognition of the Itau transaction. Higher cost of risk charges offset this value leaving no material impact on net income.

On Page 19:

We present some efficiency ratios. Total other expenses reached COP 2.54 trillion during the third quarter 2026, increasing 17.6% year-on-year and 8% quarter-on-quarter. This quarter expenses included 2 extraordinary items. The first was approximately COP 45 billion in onetime expenses related to the Itau transaction. The second was COP 70 billion one-off industry and commerce tax expense following a ruling from Cali and Yopal. Excluding both items, expenses were COP 2.4 trillion, up 8.1% quarter-on-quarter and 12.3% year-on-year.

Separately from these onetime items, this quarter expense includes personnel and operating costs from Itau retail business for the first time. These costs are now part of our ongoing expense base.

Operating taxes, which account for 28% of general and administrative expenses reached COP 387 billion, up 31% year-on-year and 21.5% quarter-on-quarter. We're monitoring eventual industry and commerce tax pressure from other cities such as Bogota.

Personnel expenses increased 6.1% year-on-year to COP 865 billion. Cost to assets for the quarter was 2.9% compared to 2.7% during second quarter of 2026 or 2.8% excluding the onetime expenses from Itau.

Our quarterly cost-to-income ratio rose to 52.6%, mainly reflecting lower net trading income. Excluding the onetime other income and onetime expenses related to Itau, the ratio would have been 53.8%.

Finally, on Page 21:

We present our net income and profitability ratios. Attributable net income was COP 368 billion or COP 15.5 per share. Our return on average assets and return on average equity for the quarter were 0.9% and 7.9%, respectively.

Before moving into questions and answers, I will now summarize our general guidance for 2026 and our initial guidance for 2027.

For 2026:

We are raising our expectations for NIM and loans. Our total NIM outlook, however, reflects a lower contribution from investments. Our guidance is as follows:

- Loan growth in the 10.5% area with commercial loans growing in the 8% area and retail loans in the 12.5% area.
- Consolidated NIM in the 4.1% area with NIM on loans in the 4.5% area.
- NIM of our banking segment in the 4.8% area with NIM on loans in the 5.3% area.
- Cost of risk, net of recoveries in the 2% area.
- Cost to assets in the 2.95% area.
- Income from the non-financial sectors of 1.3x that for 2025.
- Fee income ratio in the 20% area.
- Finally, we expect our 2026 return on average equity to be in the 9% area.

Our initial outlook for 2027:

- ROE of around 12%. We expect the full benefit of Itau and our loan repricing to support improvement over the year.
- Specifically, we expect loan growth in the 9.5% area with commercial loans growing 9% and retail loans growing 10%.
- Consolidated NIM in the 4.4% area with NIM on loans in the 5% area.
- NIM of our banking segment in the 5.1% area with NIM on loans in the 5.6% area.
- Cost of risk net of recoveries in the 2% area.
- Cost to assets in the 2.95% area.
- Income from the non-financial sector 1.15x that for 2026.
- Fee income ratio in the 20% area.
- Finally, we expect 2027 return on average equity to be in the 12% area.

Back to 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. The near-term outlook remains challenging. Growth is expected to slightly decelerate given the fiscal adjustments in processes, while local rates will continue high, given persistent though lower inflation.

El Niño is a threat to improvement over the following 6 months. In addition, global events are expected to continue to be a source of volatility and pressure on growth and inflation. Despite these challenges, we are optimistic of an upturn of Colombian's economy and investment environment given policies announced by the new administration. The actions announced to redirect the fiscal deficit trajectory and to boost economic growth are on the right track to reduce real interest rates and to stimulate the much needed investment.

We positively see actions such as reviewing the size of the administration, reviewing labor regulation that may constrain business activity, realigning key sectors such as infrastructure and oil and gas and determined effort to restore physical security across the regions and effort to rebuild confidence in technical economic policymaking.

In addition, the Economic Rescue Law has been presented and will be discussed by the Congress and Colombia has begun discussion with the IMF on our new credit arrangement. A successful execution of this agenda will require aligning political and social forces around long-term prosperity for Colombia. This includes building support from political parties and the representatives in Congress, as well as addressing potential social concerns in a constructive manner. We are confident that this public policy agenda will support a healthier economy environment that will contribute to businesses and those of our customers.

Meanwhile, we will remain focused on deploying our strategy to generate growth and value, positive impact on the people and communities we serve and taking advantage of the opportunities for new technologies, data and analytics.

Now we are open for questions.

Operator

Our first question will come from the line of Santiago Villanueva with Davivienda.

Santiago Villanueva Lizcano (Corredores Davivienda S.A.)

My question is, recently, the government introduced the Economic Rescue Bill, and RUGE, the new program through which the government aims to incentivize private investment. My question is, do you see significant opportunities for the group with regard to Corficolombiana and with a substantial expansion in the commercial loans portfolio? Maybe could we see a shift in your appetite regarding to the portfolio mix? I mean, maybe a greater focus in the commercial loans portfolio?

And I'm sorry, my second question is if you can maybe repeat the guidance in terms of the loan growth expectations for 2027.

Diego Fernando Solano Saravia (CFO)

Okay. Santiago, good to hear from you. I'm going to start with repeating the guidance, the guidance for 2027 is loan growth in the 9.5% area with commercial loans growing 9% and retail loans growing 10%.

Regarding your question on our appetite, perhaps I have to go back to our view on potential growth for next year. We see a policy being discussed in the right direction. We've mentioned a few of the challenges against being able to develop it immediately such as the earthquake, El Niño and other complexities. But the policies are pointing into recovery of some of the key sectors that in the past have been part of the core business of Corficolombiana.

We are positive on what we hear about energy. We're positive of what we hear about infrastructure and toll roads in general. I think our appetite will be increasing as the economy starts to recover. We see potential for further loan growth, not only in these sectors, but also in the industry, as a whole, as we are able to control the fiscal deficit and we see the Central Bank lowering rates.

Operator

Our next question will come from the line of Carlos Gomez with HSBC.

Carlos Gomez-Lopez (HSBC Global Investment Research)

Congratulations on the integration of the Itau operation. Can you remind us why you make the adjustment, you make the provisions in the corporation after the acquisition and not before the acquisition? And can you confirm that there is no goodwill generated from the acquisition?

Diego Fernando Solano Saravia (CFO)

Yes. There's no goodwill. This is -- we're not bringing in a company. We're bringing in a portfolio. However, the way accounting works is we calculate the fair value of the business and compare to the money actually paid, that generates roughly COP 200 billion. And the day after we do that, we report a provision expense for approximately the same amount. Net-net, the impact after tax of bringing in Itau and the results for this quarter were around COP 7 billion -- COP 7,000 million. So it is basically neutral to our P&L at this point.

Carlos Gomez-Lopez (HSBC Global Investment Research)

So again, to confirm, you -- essentially, you don't generate the goodwill, but you make the provision, which is similar and then you write it off. Is this provision tax deductible?

Diego Fernando Solano Saravia (CFO)

Yes. It will be tax deductible over time depending on the local Colombian tax results. You have to bear in mind that tax figures are not based on IFRS. Some of the tax numbers come out from our financial statements, but there are other rules applying to the auctions and so on. So net -- let me perhaps step back.

When you think of taxes, you have to think of unconsolidated financials, you have to think on Colombian accounting and you have to think on how provisions are recorded under Colombian accounting. So over time, these numbers will be matching. You might have differences at some periods of time.

Carlos Gomez-Lopez (HSBC Global Investment Research)

Okay. And since we're on the subject of taxes, I think in your guidance, you may have referred to it. What tax rate do you expect for next year? And are you concerned about the economic plan increasing the taxes for the sector and for you in particular?

Diego Fernando Solano Saravia (CFO)

Yes. We obviously are looking into taxes. At this point, I can't really comment because we're waiting to see how the tax reform actually works. Something that might be key for us is the surcharge and base level.

We have some concerns with the capability of reducing taxes for corporations with eventual linked to their ability to increase the VAT tax. So at this point, we're not ready to comment on what the impact could be, but very watchful of what happens there.

Carlos Gomez-Lopez (HSBC Global Investment Research)

And your tax rate?

Diego Fernando Solano Saravia (CFO)

The tax rate, with which we are looking into the numbers that we guided in are the 35% standard tax. We're not building in any reductions in taxes at this point for next year.

Operator

And there are no further questions at this time. Ms. Maria Lorena Gutierrez Botero, I turn the call back over to you.

Maria Lorena Gutierrez Botero (CFO)

So thank you for being with us, and see you in the next call.

Operator

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