



2024

Sustainable Management Report



2024

**Sustainable
Management Report**



Corporate Name
Banco Popular S.A



Head Office
Calle 17 N° 7 -35
Banco Popular Building



Website
www.bancopopular.com.co

Social Media



Bcopopular



BancoPopular



Bco_popular



Bancopopularcol



Banco Popular Colombia



General Management

Maria Fernanda Suárez Londoño
President

Diana Constanza Polonía Ruiz
Senior Financial Management Officer

Walter Saldaña Vergara
Comptroller Management Officer

Oscar Alfonso Rocha Murgas
Vice President of Treasury and Subsidiaries

Luis Fernando Gómez Falla
Vice President of People and Customer Experience

María Mercedes Machado Ángel
Vice President of Corporate and Government Banking

Oscar Jiménez Díaz
Vice President of Credit

Nubia Inés Sanabria Nieto
Vice President of Human Talent Experience

Jorge Enrique Jaime Jaime
Vice President of Operations

Helber Alonso Melo Hernández
Vice President of Risk

Ricardo Quijano Rueda
Vice President of Technology

Álvaro Andrés De La Rosa Martínez
Vice President of Corporate Affairs and Sustainability, and General Secretary

Mateo Ravagli Torres
Vice President of Strategy and Transformation



Board of Directors

Principal Members

Mauricio Hernando Amador Andrade
Javier Díaz Molina
Luz Piedad Rugeles Ardila
Diego Fernando Solano Saravia
María Ximena Lombana Villalba
Juan Pablo Zárate Perdomo
Luis Ernesto Mejía Castro
Ernesto José Gutiérrez de Piñeres Luna
Natalia Ramirez Carrizosa



Oversight Bodies

Walter Saldaña Vergara
Comptroller Management Officer

KPMG S.A.S.
Julio César Otálora Bernal
Statutory Auditor of Banco Popular S.A.

BDO Audit S.A.S BIC
Luis Fernando Gómez González
Audit and Assurance Partner

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President's Letter

The year 2024 was marked by a challenging macroeconomic environment, both globally and locally. The global economy experienced a slowdown due to persistent inflation and high interest rates, which affected economic growth in various regions. In Colombia, inflation—which had remained elevated in previous years—continued to be a significant challenge in 2024. The Central Bank maintained a restrictive monetary policy for much of the year, with relatively high interest rates to control inflation. This had an impact on household consumption and business investment, also affecting credit demand and funding costs for banking institutions. Despite these challenges, Banco Popular managed to adapt and maintain its financial soundness, demonstrating resilience and effective management.

Banco Popular started 2024 with a clear strategic roadmap for the next three years (2024–2026), grounded in three core pillars: focusing the business on the target customer segment, maintaining a robust balance sheet, and operating efficiently.

With regard to our focus, the Bank is committed to the silver economy, with a strategy based on offering an inclusive value proposition tailored to customers aged 50+. This includes innovative products, differentiated service models that balance human interaction and digital tools, and access to benefits specifically designed for this segment. Accordingly, Banco Popular is firmly determined to become the benchmark bank for the silver economy, by developing initiatives that position it as a true ally for 50+ clients, offering inclusive financial products and supporting this population in achieving their goals at this stage in life.

Among our 2024 achievements, we highlight the launch of the “Tarjeta de Crédito Posible” (Accessible Credit Card), created specifically for the 50+ population with income below two minimum monthly wages, aimed at positively impacting financial inclusion. We also redesigned our financial education program with a focus on older adults, seeking to enhance their financial autonomy and security.



In corporate and government banking, our strategy focused on designing services and solutions that meet the financial needs of companies and government entities. This includes specialized solutions and personalized products that promote economic growth, sustainability, and efficient financial resource management. Banco Popular aims to build long-term relationships based on trust, offering not only appropriate products but also ongoing support to ensure the financial success and sustainable growth of its clients.

Considering this approach, the Bank closed 2024 with a loan portfolio of COP \$21.2 trillion, mainly distributed between Personal Banking (68.5%) and Corporate Banking (26%). We served over 950,000 clients in Personal Banking and more than 1,500 in Business Banking. Among our Personal Banking clients, 49% are over the age of 60.

On the other hand, in terms of strengthening our balance sheet, the management efforts carried out led to the Bank maintaining its financial soundness throughout 2024, with satisfactory and sufficient levels of solvency, liquidity, and risk management.

Likewise, it is worth highlighting that the Bank achieved a significant increase in its intermediation margin, driven, among other factors, by a more cost-efficient deposit composition, as well as improved lending rates for new disbursements and repricing strategies for existing loans. Additionally, important progress was made by the end of the year in recovering market share in payroll loans, regaining leadership in disbursements within this segment in the fourth quarter of 2024. As a result, the Bank closed the year with significantly better financial results compared to the previous year, improving net accounting results by more than COP 120 billion compared to 2023, and showing a recovery trend in profitability for 2025.

In terms of efficiency, the Bank is advancing an important and comprehensive transformation process that includes the modernization and updating of our technology, process redesign and agility, automation and reduction of manual processes, and the adaptation of our corporate culture to new challenges and the evolving environment. This transformation also includes strengthening talent and leadership, maximizing efficiencies in procurement and supply chain processes, as well as the ongoing monitoring and measurement of the Bank's strategic KPI's. Among the key outcomes of

this strategy, it is worth noting that in 2024, the Bank achieved operational cost savings and efficiencies exceeding COP 120 billion. Likewise, there were notable advances in building a culture based on commitment, perseverance, and results-orientation, as well as in the technological and operational stabilization of our transactional platforms.

Significant improvements were also achieved in the results of the Customer Experience Index measurement, NPS (Net Promoter Score), with the rating for Retail Banking rising from 50 points in 2023 to 56 points in 2024, and in Business and Corporate Banking improving from 44 points in 2023 to 59 points in 2024.

In addition, the Bank achieved several important recognitions and certifications in 2024. Among them, the Bank was included in the "30% Club" for its progress toward gender-equitable participation on the Board of Directors, where 33% of current members are women. The Bank also received, for the second consecutive year, the IR Recognition from the Colombian Stock Exchange. Furthermore, it obtained ISO 37001 and 37301 certifications in anti-bribery and regulatory compliance management, becoming the first bank in Colombia to achieve these certifications.

We are proud to be part of Grupo Aval, the largest economic group in the country, which supports and contributes positively to the achievement of our strategy, goals, and objectives for the benefit of our stakeholders, reaffirming our commitment to society and the sustainable development of our country.

In the current year, 2025, during which Banco Popular will celebrate its 75th anniversary, we will continue to implement and rigorously monitor the various initiatives we have set forth to advance our strategy. Accordingly, we will keep developing our operations, products, and services with a clear focus on our clients and target segments, consolidating the strength of our balance sheet and enhancing our operational efficiency.



MARÍA FERNANDA SUÁREZ LONDOÑO
Legal Representative



About This Report

[GRI 2-3]

The Banco Popular Sustainable Management Report presents to its stakeholders the progress and outcomes of the management carried out in 2024 regarding its key financial, economic, corporate governance, social, and environmental matters.

This report was prepared using the Global Reporting Initiative (GRI) standards, 2021 edition, as a sustainability reporting guide. It also takes into account the requirements of the Commercial Code, recommendations from the Código País Corporate Governance Best Practices, the guidelines of External Circulars 012/22 and 031/21 issued by the Financial Superintendence of Colombia (SFC per its acronym in Spanish), the Sustainability Accounting Standards Board (SASB) standards for commercial banks, and the IR standard of the Colombian Stock Exchange.

This report is structured into six main chapters:

The first chapter presents the organization and relevant information about Banco Popular's subsidiaries: Fiduciaria Popular S.A. (Fidupopular), Almacén General de Depósito S.A. (Alpopular), and Corporación Financiera Colombiana S.A. (Corficolombiana), highlighting their main financial and non-financial performance.

The following five chapters cover corporate strategy, value creation for society, and business performance, showcasing how the organization generates value for its stakeholders and contributes to the country's development.

The sixth chapter discloses the Bank's financial statements, including the statutory auditor's report from KPMG, the certification of the standalone financial statements, and the accounting notes.

The financial information in this document was prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the IASB, as well as interpretations from the IFRIC.

The non-financial information was verified by BDO Audit S.A.S., which issued an Independent Assurance Report. This assurance covered a representative sample of 15 priority indicators, selected in conjunction with Grupo Aval.

This end-of-year report covers the period from January 1 to December 31, 2024, and will be published on the Bank's corporate website in the "Relevant Information" section for consultation by stakeholders and regulatory bodies.





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About Banco Popular

1.1 Who We Are

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Banco Popular was founded on June 30, 1950 by Decree-Law 2.143 and opened its doors to the public on December 18 of the same year. In 1952, it began expanding throughout Colombia. During the 1970s, the Bank's loan portfolio grew significantly, solidifying its position as the main state-owned banking institution. In the 1980s, it stood out as a leader amid the financial crisis of that time, and in 1985, it launched its first strategic plan, focused on strengthening its position as a commercial bank.

In 1996, Luis Carlos Sarmiento Angulo acquired 80% of Banco Popular's shares, beginning the privatization process. That same year, the payroll loan product (Libranza) was launched, simplifying access to funds for clients and positioning the Bank as a leader in this sector.

In the early 2000s, the Bank focused on modernization with a renewed perspective of the market and a more specialized commercial force. In 2011 and 2013, Banco Popular was recognized by World Financial Banking as the most profitable bank in Colombia.

Since 2014, Banco Popular has undergone an internal transformation to improve its operational, administrative, and commercial performance. Strategies were developed to increase market share, and the Diamante Portfolio was launched to offer added value to retired customers.

In 2021, Great Place to Work recognized the Bank as one of the best places to work in Colombia for the first time. That same year,

it signed on to the UNEP FI Principles for Responsible Banking. In 2022, it received Friendly Biz certification, reflecting its commitment to human rights and an inclusive environment.

The year 2023 brought significant challenges due to global and local macroeconomic volatility, including rising inflation and interest rates. Despite this, the Bank received the IR Recognition from the Colombian Stock Exchange (BVC *per its acronym in Spanish*) for its alignment with market trends.

In the same year, a strategic roadmap toward 2026 was approved, focused on efficiency, profitability, and value creation, with an emphasis on serving individuals aged 50+ through specialized financial services, within the framework of the silver economy ecosystem.

As of December 2024, Banco Popular has a national presence with over 168 branches across 29 departments, 592 ATMs, and 98 banking agents. Its workforce includes 2,986 employees. The Bank serves over 900,000 personal banking clients, 3,300 business clients, and more than 3,700 government entities.

Banco Popular's loan portfolio totals COP \$21 trillion, of which more than COP \$14 trillion corresponds to consumer loans, and COP \$5.6 trillion to commercial loans.

The Bank's core corporate purpose is to engage in the operations and services typical of a banking institution under Colombian law. Additionally, it may sell or exchange movable and immovable property through public auctions ("El Martillo"), and invest in companies and businesses authorized by law, both in Colombia and abroad.

The Bank operates from its main office in Bogotá D.C. and through branches that offer full banking services, payment centers, payroll loan centers, and ATMs.

The Bank continues its customer-centered strategy, building trust, sharing knowledge, developing human talent, and driving innovation. It is supported by Grupo Aval Acciones y Valores S.A., which holds a majority share and acts as the parent company and holding of the Aval Financial Conglomerate, driving the Bank to meet its strategic objectives.

Key Results

2024

1 

Loan portfolio at the end of **2024** reached COP **21.2 trillion**, distributed mainly in **Retail Banking (68.5%)** and **Corporate Banking (26%)**.

2 

As of the end of **2024**, Banco Popular has over **950,000 clients** in Retail Banking and more than **3,300** clients in Business Banking.

3 

In line with its transformation initiatives, the Bank made adjustments to the composition of the **Board of Directors**, as well as to the structure of Senior Management, in order to support its strengthening and alignment with strategic objectives.

4 

The Bank maintained its position among **the top three leaders in payroll loans**, reaching a market share of **21.42%** as of the end of 2024.

5 

The **Customer Experience Index**, NPS (Net Promoter Score), improved in Retail Banking, rising **from 50 points in 2023 to 56 points in 2024**. Meanwhile, in Business and Corporate Banking, the **NPS increased from 44 points** in 2023 to 59 points in 2024.

6 

Thanks to improvements in customer service, the risk indicator for inquiries, complaints, and claims (PQRs *per its acronym in Spanish* – number of PQRs per number of clients) was **reduced by 40% compared to 2023**.

7 

Incidents **across service channels were reduced, with 35% fewer cases** compared to the previous year.

8 

Processes were optimized through the implementation of automations and redesigns that impacted more than 77 processes, allowing for **improvements** in both customer experience and the **Bank's operational efficiency**.

9 

The non-performing loan ratio remained at a healthy level, closing at 3.57% as of December 2024, which represents one of **the Bank's main strengths** compared to the sector.

10 

A total of 2,986 direct jobs were generated nationwide in 2024, 40% of which are distributed across various regions of the country.

11 

Purchases from suppliers exceeded COP **670 billion**, of which 96% were from national suppliers and 4% from foreign suppliers.

2024



the branch network is composed of



168
traditional
branches



10
express
branches



totaling
178
offices

Distributed across



29

of Colombia's 32
departments and 93
cities or municipalities
nationwide



592
own ATMs

2,830



additional ATMs from the
Aval Network



This allows the Bank to provide service to clients and users in



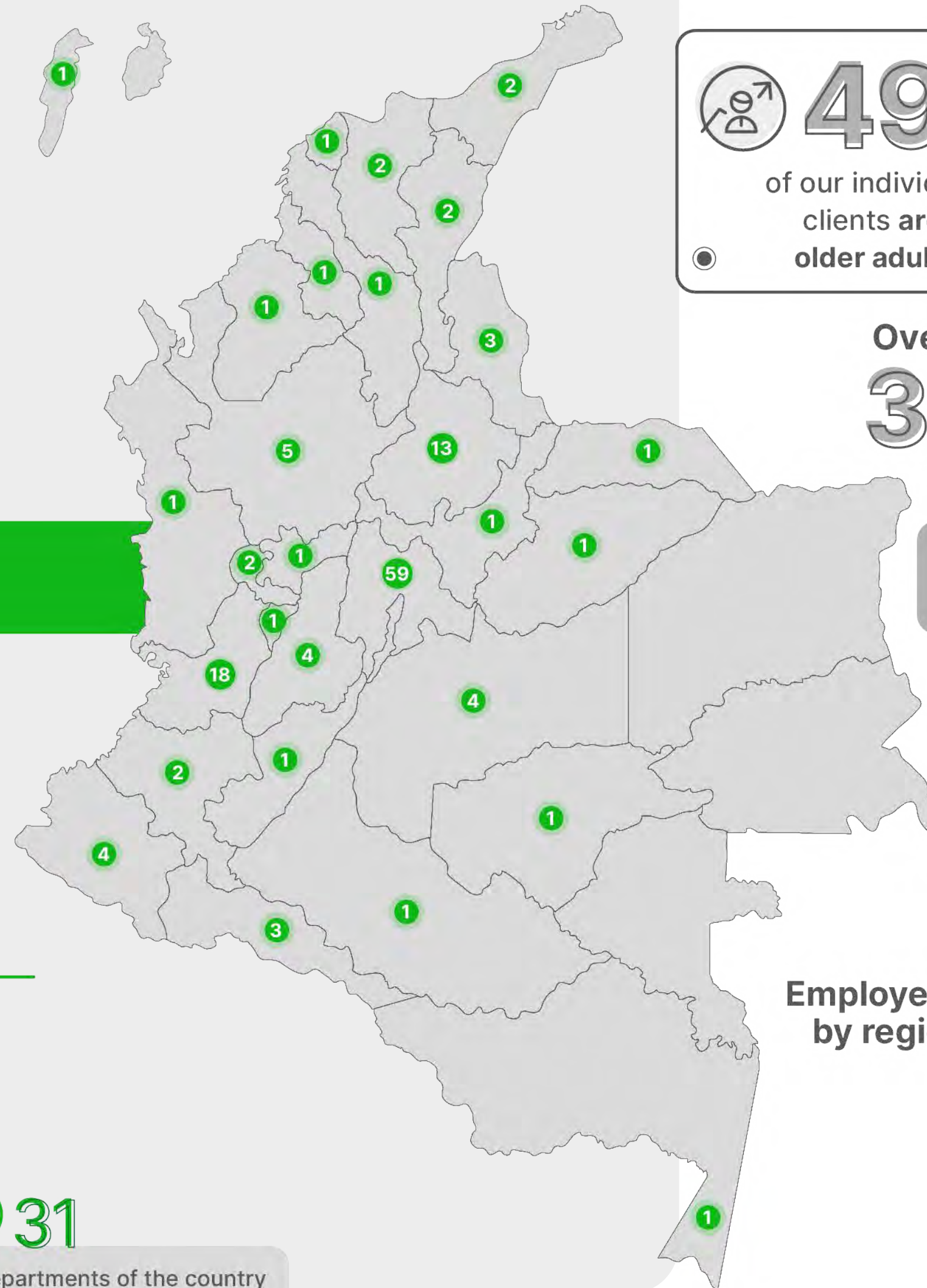
303

cities and municipalities



31

31 departments of the country



49%

of our individual
clients are
older adults

NPS

(Net Promoter Score)

49.5

Over

3,300



**business
clients**



Direct employees

2,986



61%
women



39%
men

Employees by region

Central Region	287
Northern Region	229
Bogotá Region	1,827
Eastern Region	151
Southern Region	33
Southwestern Region	242
Western Region	217

1.3 Recognitions and Certifications – 2024

Institutional Awards and Recognitions



Club del 30% Recognition The Bank received this recognition for advancing gender equity on its Board of Directors, increasing the participation of women to 33% in 2024, as part of its commitment to valuing the talent and professionalism of Colombian women in the business world. This positions Banco Popular as one of the sector's leading financial institutions in terms of inclusion, especially considering the current national average of 23% female participation on corporate boards.



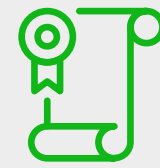
IR Recognition by the Colombian Stock Exchange

For the second consecutive year, the Colombian Stock Exchange (NUAM) granted IR recognition to Banco Popular for its efforts to strengthen trust and credibility with investors by implementing international best practices in corporate governance and generating significant social and environmental impact.



Silver Solutions Innovation Award – IDB Lab

Banco Popular and Aval Digital Lab (ADL) received an award from the Inter-American Development Bank Lab and the German Cooperation Agency for the creation of an innovative customer service solution for the 50+ population, based on a hybrid “phygital” service environment that blends physical and digital experiences.



Quality Certifications

ISO Anti-Bribery Certification Banco Popular became the first bank in Colombia to obtain the ISO 37001:2016, ISO 37301:2021, and NTC 6671:2023 certifications. These certifications require compliance with international standards for anti-bribery management systems, compliance systems related to anti-money laundering and terrorism financing, and ethical and penal compliance management. They were granted by Certification Management & Development S.A.S. (CMD), a private company overseen by the National Accreditation Body of Colombia (ONAC). These standards demonstrate the Bank's commitment to anti-bribery and regulatory compliance.

Friendly Biz In 2024, Banco Popular renewed its certification as a Friendly Biz company, granted by the Colombian LGBT Chamber of Commerce (CCLGBTCO *per its acronym in Spanish*). This certification reflects the organization's commitment to recognizing and protecting human rights, promoting safe and inclusive environments for all people interacting with the Bank.



 1.4 Popular Subsidiaries



1.4.1 Alpopular S.A., General Warehouse Company

In 2024, Alpopular maintained an average of 854 recurring clients across its business units, including 90 new permanent clients, who represented 16% of total income. The company solidified its market presence through its document management services, with a 21% increase in sales compared to 2023. Its traditional service portfolio remained active, including logistics, customs agency services, and document management.

Regarding the 2024 consolidated Net Promoter Score (NPS), Alpopular achieved an average exceeding 76%, while the service level rated by clients reached 92%.

Alpopular closed 2024 with a net profit of COP 12,866 million and a 1.3% increase in sales compared to the previous year. Alarchivo posted a strong performance, with a 21% growth, whereas the logistics unit experienced a 13% decline, mainly due to market conditions. A significant reduction in debt was achieved as a result of the sale of warehouses in Buenaventura and the Bogotá Free Trade Zone.

Economic Performance

Alpopular closed 2024 with total assets amounting to COP 229,313 million, representing a year-over-year decrease of COP 8,648 million. This variation was mainly due to the valuation of investments in Sociedad Portuaria Regional de Cartagena and Cartagena II, as well as the sale of properties in Buenaventura and the Bogotá Free Trade Zone.

Liabilities stood at COP 86,838 million, reflecting a reduction of COP 15,127 million as a result of the repayment of bank loans. Equity totaled COP 142,475 million, showing a positive annual variation of COP 6,479 million, driven by the appropriation of occasional reserves approved by the General Assembly. Additionally, the net profit of COP 12,866 million was primarily influenced by the aforementioned property sales during the first half of the year.

Human Talent Management

Throughout 2024, Alpopular generated an average of 448 direct jobs, distributed across nine branches nationwide. In line with its commitment to creating a positive social impact and generating new indirect employment opportunities, the company also maintained a monthly average of 337 temporary workers, hired through Temporary Services Agencies. Alpopular promotes diversity and inclusion as core strategic principles that strengthen its organizational culture. Gender equity is a key focus, as reflected in its workforce composition: 48% of employees with direct contracts and 64% of those with temporary contracts are women, meaning that 55% of all positions are held by female personnel.

In 2024, Alpopular aimed to develop both technical and behavioral competencies among its employees by carrying out the following initiatives:



Risk Management

Alpopular identified its most impactful risks and implemented control strategies through targeted monitoring, validated through its lines of defense. The company adopted Pirani, a risk management tool that provides objective measurements and more precise controls based on the business type.

Regulatory Compliance

In 2024, Grupo Aval’s internal audit reviewed Alpopular’s information security, storage, billing, document management, procurement, ABAC policy, AML/CFT compliance, and internal auditing. Banco Popular’s audit also focused on treasury processes. The statutory auditor reviewed regulatory compliance as required.

The Internal Comptroller’s Office conducted 20 audits in areas like vulnerability monitoring, inventory control, accounting, and document management, closely tracking corrective action plans

Innovation and Digital Transformation

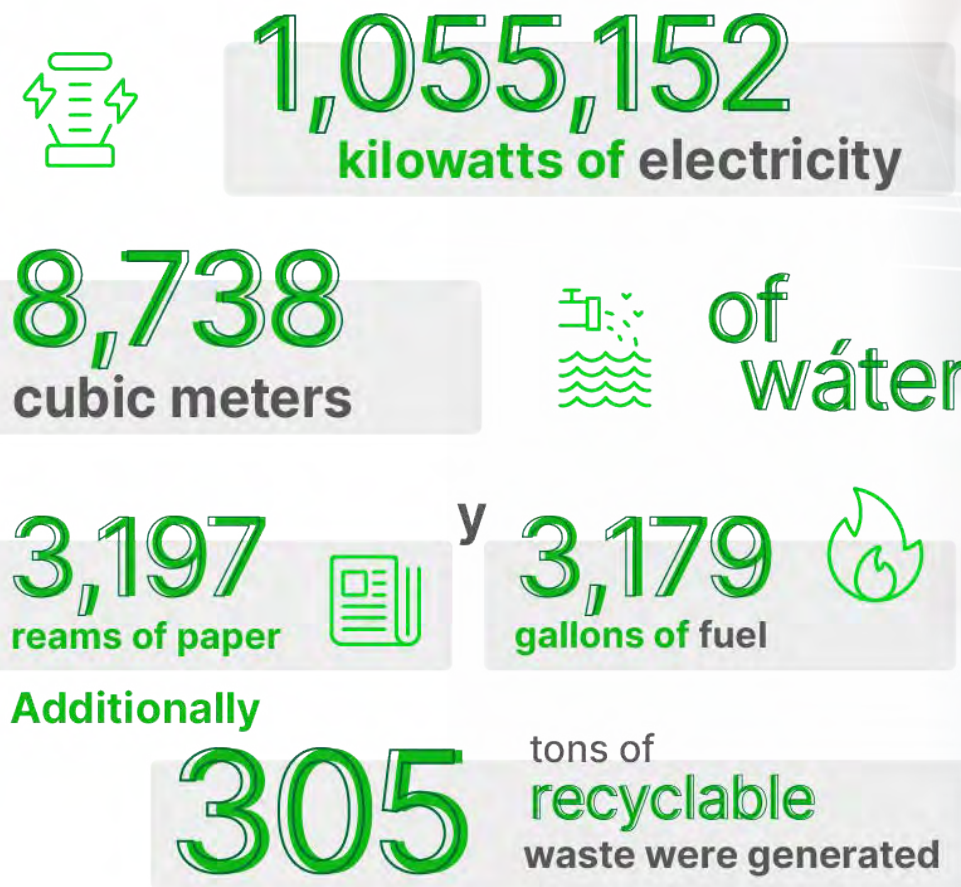
Alpopular advanced its document digitization related to goods movement using ECM and ETL technologies, reducing manual tasks and improving control and data access. The logistics unit upgraded its WMS system to a web-based platform compatible with mobile devices, choosing LAB-WMS as the main inventory system.

In document management, the Colibrí application replaced legacy systems, enhancing capabilities with a modern IT solution.

Sustainability

Alpopular implemented policy POL-GPL-004 on Integrated Management Systems, including environmental commitments to ensure business sustainability. In 2024, the company reduced natural resource consumption and greenhouse gas emissions.

In 2024, a reduction in the consumption of natural resources was achieved, reaching the following indicators:



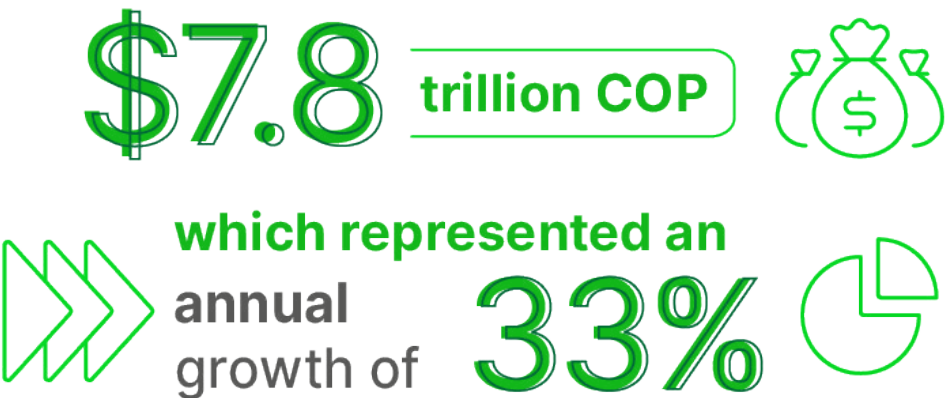


 **1.4.2 Fiduciaria Popular S.A.
– Trust Company**

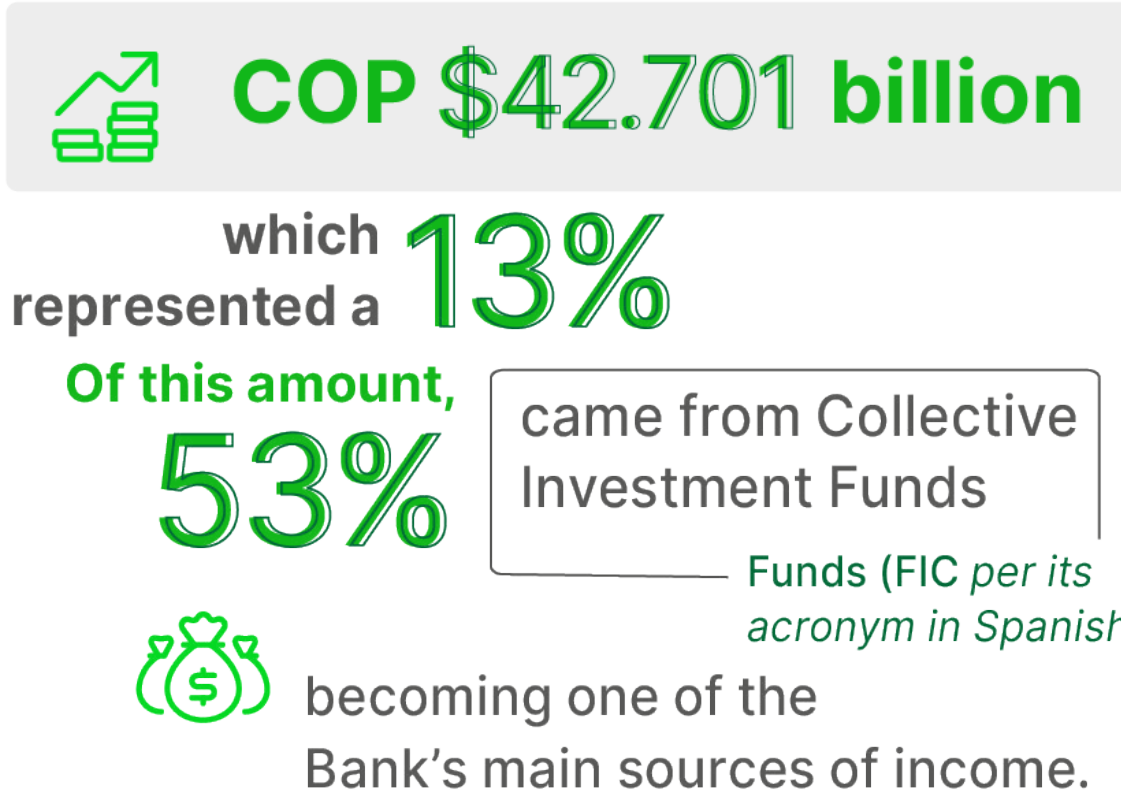
In 2024, Fiduciaria Popular achieved outstanding growth in assets under management, driven by strong fund performance, strategic business management, and market preference for safe, liquid products. The company reinforced its position as a trusted financial market player by efficiently managing resources and building client confidence.

Key challenges included improving operational efficiency and mitigating process- or technology-related risks. Business strategies were aligned with market demands, strengthening value propositions and long-term sustainability. Collaboration, innovation, and mutual respect were encouraged throughout the organization.

By the end of 2024, the assets under management by Fiduciaria Popular totaled:



This result reflects clients' trust and the solid performance in management. The fees generated amounted to:



The client base reached 7,708, of which 43% corresponds to services related to Collective Investment Funds (FIC) and Voluntary Pension Funds (FVP), strengthening the institution's value proposition in the market. In addition, clients' willingness to recommend the services increased from 38.9% in 2023 to 41.9% in 2024. This growth confirms the positive impact of the strategies implemented, focused on improving communication, streamlining processes, and offering personalized solutions. Overall satisfaction with the services rose from 72% in 2023 to 74.1% in 2024, reflecting Fiduciaria Popular's commitment to service excellence, tailored to each client's specific needs and backed by high quality standards.

Economic Performance

In 2024, Fiduciaria Popular reported total revenues of COP 48,514 million, representing an increase of COP 129 million compared to 2023. However, when analyzing commission income (CORE income), it showed a 13% growth, rising from COP 37,778 million in 2023 to COP 42,701 million in 2024—an increase of COP 4,923 million.

Regarding profitability, the return on assets (ROA) stood at 5.14%, while the return on equity (ROE) reached 6.1%, reflecting accumulated profits of COP 3,400 million.

The return on the fiduciary's own funds reached an effective annual rate (EAR) of 10.5%, resulting in earnings of COP 5,351 million.

Liquidity, measured by the liquidity ratio, stood at 5.33%, based on the relationship between liquid assets—amounting to COP 52,061 million—and current liabilities, which totaled COP 9,761 million.

The return on the fiduciary's own funds reached an effective annual rate (EAR) of 10.5%, resulting in earnings of COP 5,351 million

Human Talent Management

Throughout 2024

122 new employees joined the organization



representing **37.1%** of the total approved workforce
Of these new employees:

59% were women
41% and were men



During the same period **77 resignations** of employees with **permanent contracts** were recorded of which:

47% were women
53% and were men



This turnover level of **25.76%** was considered favorable as it remained below the target of **35%**

The 2024 Annual Training Plan aimed for 85% coverage and achieved 86% compliance. This plan included key topics such as leadership, diversity and inclusion, soft skills, health prevention, and other job-related competencies. A total of 208 training hours were delivered, with 63% participation from women and 37% from men. These initiatives not only sought to strengthen technical and professional skills but also aimed to promote a healthy and collaborative work environment.

Risk Management

In 2024, improvements were made to the maturity of the market risk measurement models by incorporating new risk factors and more observations, thanks to the independent measurement of fixed-income indices. Market risk exposure levels remained within the established policies and defined risk profile, with atypical situations escalated to the appropriate decision-making bodies for approval and monitoring.

As for the issuer and counterparty limit allocation model, environmental, social, governance (ESG), and climate change assessment factors were integrated, allowing for a more comprehensive evaluation of issuers and counterparties. This model, developed in alignment with international standards, now includes 32 assessment criteria, enabling deeper analysis of the sustainability of operations.

Regulatory Compliance

In 2024, Fiduciaria Popular complied with all relevant national regulations, with no regulatory or legal breaches identified. Employees received training on new regulations, including their scope and impact on the Fiduciaria. Furthermore, recommendations and guidelines issued by the Financial Superintendence were shared across departments to encourage the adoption of best practices.

Innovation and Digital Transformation

Technology Projects: Within the framework of the +IMPACTO project, significant operational improvements were carried out in 2024, including:

- Process Reengineering. Procedures and controls associated with various processes were updated to ensure stronger management and regulatory compliance.
- Implementation of Technological Solutions. Several digital tools were developed and implemented, including Dracma (commission management), Lithium (bank account management), and Hermes (reporting and reconciliation control).
- Continuous Business Improvement. Platforms such as *Fideicomiso Smart*, for optimized invoice administration, and *Fideicomiso AYP IDIGER*, for improved resource and payment management, were launched.

Process Digitalization:

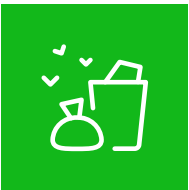
As part of its digital transformation strategy, Fiduciaria Popular implemented a fully digital onboarding process, promoting eco-efficiency and reducing paper usage. Additionally, digital signature for fiduciary contracts was introduced, enhancing processing times and reinforcing the institution’s commitment to innovation.

Sustainability

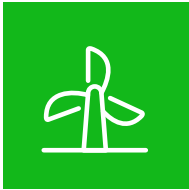
Fidupopular actively manages material ESG risks under its defined internal policies. Furthermore, environmental, social, governance, and climate change factors are incorporated into its issuer and counterparty assessment process.

Environmental Initiatives

In 2024, Fiduciaria Popular made progress on its strategic plan for sustainable resource management, achieving a 5.2% reduction in paper consumption and a 12% increase in recyclable waste.



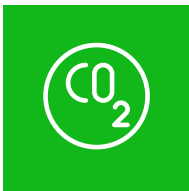
Waste Classification: In 2024, new ecological waste collection points were installed, and through various awareness campaigns, a culture of recycling and reuse was promoted. As a result, a total of 410 kilograms of recyclable waste were collected, representing a 12% increase compared to 2023.



Energy Consumption: In 2024, total energy consumption reached 227,356.40 kWh, reflecting an increase over the previous year. This rise was due to several factors, including repair activities, higher facility occupancy, and an increase in the cost per kilowatt-hour billed.



Paper Consumption: Throughout 2024, paper usage totaled 535 reams, which represented a 5.2% reduction compared to the previous year. This decrease is attributed to the implementation of digitalization strategies and tighter controls over stationery supplies.



Corporate Carbon Footprint: In 2024, the company began measuring its carbon footprint, taking into account both direct and indirect emissions. The implementation of energy efficiency measures and the adoption of remote work contributed to a reduction in the use of both public and private transportation.

Social Initiatives

Through initiatives such as *Obras por Impuestos* and *CoCrea*, Fiduciaria Popular has contributed to the development of projects in areas such as education, infrastructure, and culture, reinforcing its commitment to sustainable development and social inclusion.



1.4.3. Corficolombiana

Corficolombiana is the leading investor in the structuring, management, and administration of companies and projects in Colombia. With over 60 years of experience, the company has established itself as a strategic partner in the country's development and growth, through sustainable investments in key sectors of the economy—namely infrastructure, energy and gas, financial services, hotels, and agribusiness—creating and capitalizing on opportunities for enhanced growth prospects and driving profitability.

Its main lines of business include Investment Portfolio, Treasury, Investment Banking, and Commercial Banking.

For more information about Corficolombiana, please refer to the following [link](#).

Note of Interest

As of November 22, 2023, a shareholders' agreement was signed between Grupo Aval Acciones y Valores S.A., Banco de Bogotá S.A., Banco de Occidente S.A., and Banco Popular S.A. As a result, Banco Popular S.A. acquired the status of controlling entity of Corporación Financiera Colombiana S.A. ("Corficolombiana") in accordance with Articles 260 and 261 of the Colombian Commercial Code.

The execution of the agreement enforces the provisions set forth in Article 2.1.1.1.11 of Decree 2555 of 2010, generating a positive effect on the technical equity and regulatory solvency indicators of Banco de Bogotá S.A., Banco de Occidente S.A., and Banco Popular S.A.

The signing of this agreement does not entail any change in the equity participation currently held by the subscribing parties in Corficolombiana, nor does it affect the entity's ultimate beneficial ownership.





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02 Our Strategy

2.1 Banco Popular's Strategy

In 2024, Banco Popular launched a transformation program focused on placing customers at the center of its strategy and achieving profitable results in a sustainable manner. The strategic direction was structured around three fundamental pillars, which guided the Bank's strategic agenda throughout the year.

I. Focused Business: Enhancing the Value Proposition

The Bank's commitment to its target segments—50+ adults, the business sector, and government entities—led to these groups becoming the core of its commercial strategy. Throughout 2024, the value proposition was strengthened and adapted to meet the evolving needs of customers and emerging industry trends.

Personal banking focused on improving the experience of customers aged 50+. Thanks to initiatives aimed at enhancing service and customer experience, the Bank increased its Net Promoter Score (NPS) from 50 in 2023 to 56 in 2024. For 2025, the Bank plans to continue implementing strategies tailored to the specific needs of this segment.

In the business and government banking sectors, significant progress was made in improving customer experience by strengthening digital and service capabilities. This resulted in an increase in the NPS from 44 in 2023 to 59 in 2024.

II. Efficient Operation: Driving Operational Transformation

The second pillar focused on operational efficiency, establishing a solid foundation in management and corporate governance. In 2024, processes were optimized through automation and redesign efforts, impacting over 77 processes. These improvements enhanced both the customer experience and the operational efficiency of the institution.

Efforts were made to strengthen leadership, accountability, and data-driven decision-making by enabling strategic KPIs associated with the transformation program. Additionally, the scaled agile model was redesigned, achieving over 80% predictability in sprints, reducing the incident backlog by more than 94%, and improving visibility in prioritization methodologies. In 2025, the Bank will continue to systematize and simplify processes to ensure agile and efficient service delivery.

III. Robust Balance Sheet: Ensuring Financial Sustainability

The third pillar focused on disciplined balance sheet management, supported by data and analytics. Throughout 2024, key actions were implemented to strengthen the balance sheet and improve the Bank's profitability. Progress was made in diversifying funding sources, structuring specialized asset and liability management (ALM) functions and teams, enhancing analytical models, and enabling financial instruments that reinforced the Bank's capabilities. These initiatives supported proactive management of capital, liquidity, and interest rate risk.

In conclusion, 2024 was a year of significant progress, reflecting the Bank's commitment to excellence and transformation. Across each strategic pillar, the Bank achieved meaningful milestones that strengthen its position as a leader in its target segments, enabling it to continue creating value for customers, employees, and shareholders in the years to come.

2.2. Sustainability Strategy and ESG Objectives

[GRI 2-22] [GRI 3-1] [GRI 3-3]

For Banco Popular, sustainability is a strategic matter that is continuously managed through the development of strategies and initiatives that enable sustainable and profitable growth by integrating Environmental, Social, and Governance (ESG) factors into the business strategy.

Social Dimension

Based on the Bank's long-standing history, characterized by a strong social purpose, and considering the socioeconomic context of Latin America and the country, Banco Popular has strengthened its strategy to generate a positive impact on one of the most vulnerable and underserved segments of the financial sector: the elderly population. For this reason, efforts have been focused on initiatives aimed at financial inclusion and well-being.

In serving this population segment, the Bank is committed to training and raising awareness among its team about the needs and limitations this group faces in accessing the financial system. Additionally, it is essential to consolidate the principles of diversity, equity, and inclusion within the human team, who then project social inclusion outward.

Governance Dimension

Good corporate governance practices and the various ways of creating value for society are directly linked to business performance. The aim is to manage with low risk, achieve sound profitability, ensure strong dividends, make responsible investments, and generate value for investors, employees, customers, and society at large.

In this regard, governance is managed through the implementation of national and international corporate governance standards and standardized reporting systems that facilitate comparability and transparency. These systems incorporate strategies for mobilizing resources targeted at social or environmental projects, as well as for measuring the impact the business has on society, in order to generate long-term value.

Environmental Dimension

The financial sector plays a key role in the economy by mobilizing financial resources to achieve the Sustainable Development Goals, which unite us as a society. Banco Popular, understanding this responsibility and acknowledging the effects of climate change, takes environmental, social, and climate-related factors into account in its financing and operations. Likewise, the Bank considers it essential to participate actively in the energy transition process.

For this reason, strategies have been developed to incorporate environmental and climate-related factors into credit, operational,

and procurement processes, through initiatives such as the implementation of the Environmental and Social Risk Management System (SARAS *per its acronym in Spanish*), which complements credit analysis with environmental, social, and climate-related criteria. Likewise, the Bank conducts climate risk assessments in its operations and credit management.

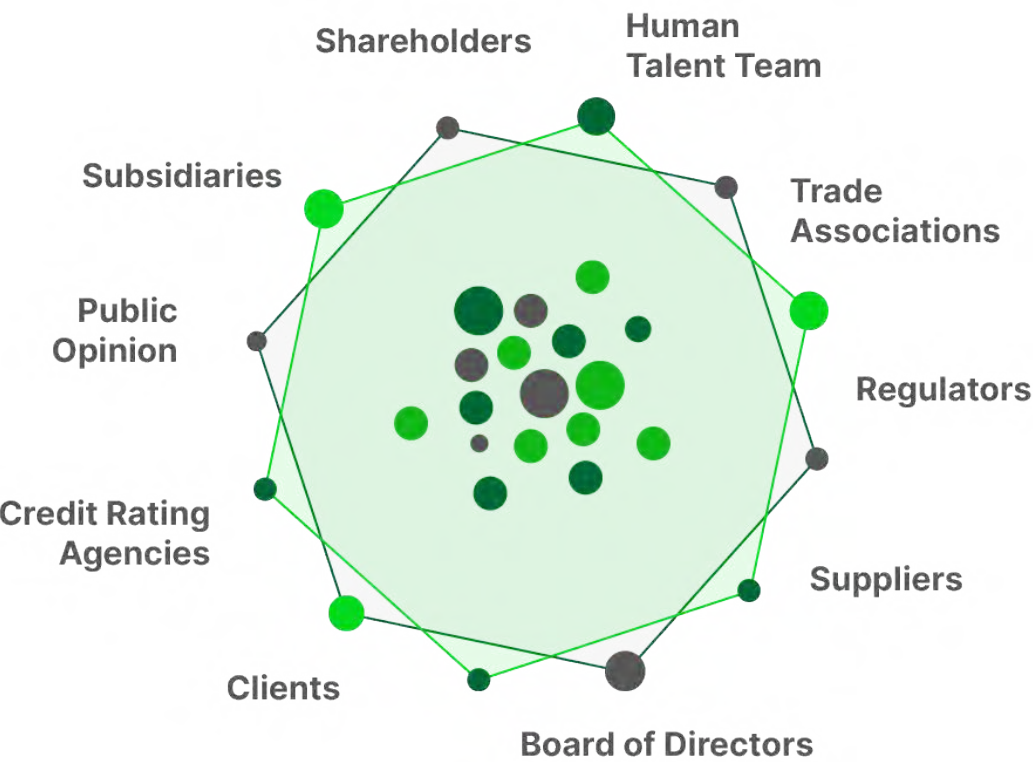
Furthermore, ESG factors have been integrated into the supply chain through the sustainable purchasing initiative. Internally, an eco-efficiency culture has been promoted, encouraging daily decision-making based on more efficient savings practices. Projects have also been launched to help consolidate operations, incorporating targets to reduce the consumption of resources such as energy, water, and paper, as well as initiatives for resource recovery and reuse.

2.2.1. Relationship with Our Stakeholders
[GRI 2-29]

The Bank is aware that, in order to achieve this purpose, constant engagement with key stakeholders is required to foster cooperation and the construction of a common purpose. Accordingly, through the identification and characterization of its stakeholder groups

of its stakeholder groups, the Bank has identified those actors with whom it must promote constructive communication and dialogue in order to positively impact society and the environment.

The dialogue with stakeholders, developed within the framework of the double materiality analysis, made it possible to understand their perspectives regarding their relationship with Banco Popular, identifying material topics or issues considered priorities in corporate management. Based on this identification, the strategic pillars were aligned with the achievement of objectives and goals.

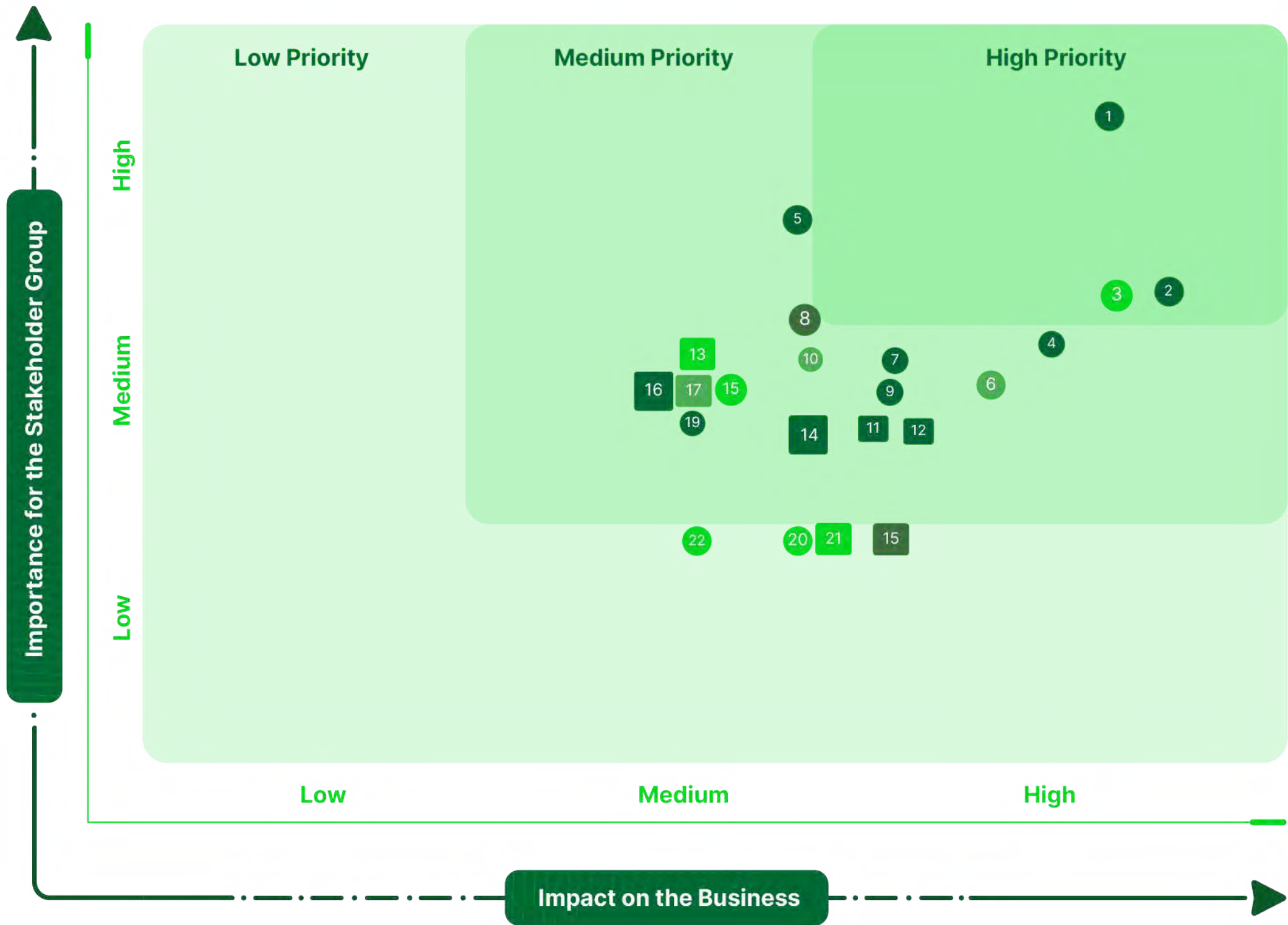




2.2.2. Materiality Analysis

[GRI 3-1] [GRI 3-2] [DJSI 1.3.1, 1.3.2, 1.3.3, 1.3.4, 1.3.5]

The management of each of these material topics is presented throughout the different chapters of this Sustainable Management Report, along with the progress made and its integration with the issues prioritized by the stakeholders.



Double Materiality Matrix

 **Economic**

- 1. Stakeholder relationship management
- 2. Innovation management
- 4. Transformation
- 5. Sustainable lines, products, and services
- 7. Business strategy
- 9. Customer relationship management
- 11. Product and service quality
- 12. Digitalization
- 14. Sustainable finance
- 16. Efficiency
- 19. Sustainable construction

 **Social**

- 3. Labor practices
- 13. Human capital development
- 18. Financial inclusion
- 20. Talent attraction and retention

 **Governance**

- 6. Legal and regulatory environment management
- 10. Corporate governance
- 17. Crisis and risk management
- 21. Business ethics
- 22. Supply chain management

 **Environmental**

- 8. Climate strategy
- 15. Climate-related opportunities

2.3 Governance Structure

2.3.1. Board of Directors

The Bank's Board of Directors is composed of leaders with relevant knowledge and experience in the financial sector, as well as the integrity, professionalism, skills, and competencies necessary to advise and recommend best practices for the organization. Likewise, the profiles of the Board members are aligned with the company's strategic corporate priorities.



The 9 principal members of the Board of Directors and the Bank's President are shown.



2.3.1. Executive Committee

The Senior Management of Banco Popular is responsible for ensuring the development and execution of the business strategy. In light of the new 2024–2026 strategy, the Board of Directors approved a new Senior Management structure, which is led by President María Fernanda Suárez Londoño, along with 10 Vice Presidents and 2 General Managers.





03

Value Generation for Society

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03 Value Generation for Society

3.1. Silver Finance Strategy

The Silver Finance Strategy is fundamental for Banco Popular, as its main segment consists of older adults. Considering Colombia's population dynamics, by the year 2050, it is estimated that people over the age of 60 will represent 45% of the total population. This demographic shift will bring changes in customer expectations and needs—both financial and non-financial—related to increased life expectancy.

In this context, the Bank's strategy focuses on offering an inclusive value proposition targeted at clients aged 50+, through an innovative range of products, differentiated service models that balance the human and the digital, and access to a community of benefits and activities specifically designed for this segment. The management of this strategy includes cross-cutting initiatives to update the value offering, launch new products, and enhance the customer experience.

During 2024, the Bank consolidated the strategy and the new offering for the 50+ population, highlighting key milestones such as customer segmentation, the definition of new products and service models, and the selection of strategic partnerships that bring added value and solutions for this client segment.

Among the main achievements of the Silver Finance Strategy in 2024, the following stands out:

The launch of "Tarjeta de Crédito Posible" (Accessible Credit Card), backed by the National Guarantee Fund, which promotes credit inclusion for pensioners with or without prior credit history and with income between 1 to 2 times the minimum monthly legal wage (SMMLV *per its acronym in Spanish*).

Accessible Card

Senior Citizen

Credit product or line with social impact

 Access for pensioners with or without credit history, and monthly incomes between 1 and 2 minimum wages.	 Credit limits from \$800,000 up to \$7,800,000 COP.	 TuPlús rewards to redeem for travel, cash, or whatever you enjoy most.
 Access to daily savings promotions at partner stores.	 Financial inclusion. Access for new clients previously restricted by policy.	



The **PoSible Credit Card** was launched on November 25, 2024, and by the end of December of the same year, a total of 401 cards had been issued. The launch took place at the Avenida Chile branch in Bogotá, during an event attended by Banco Popular executives, representatives from the National Guarantee Fund, and retired clients, who highlighted the initiative’s role in promoting credit inclusion for this population.

The event was covered by the media, which led to an extensive media campaign that included content on social media, email, radio, television, and print. In addition, the sales force was trained on the benefits of the card to boost its placement.

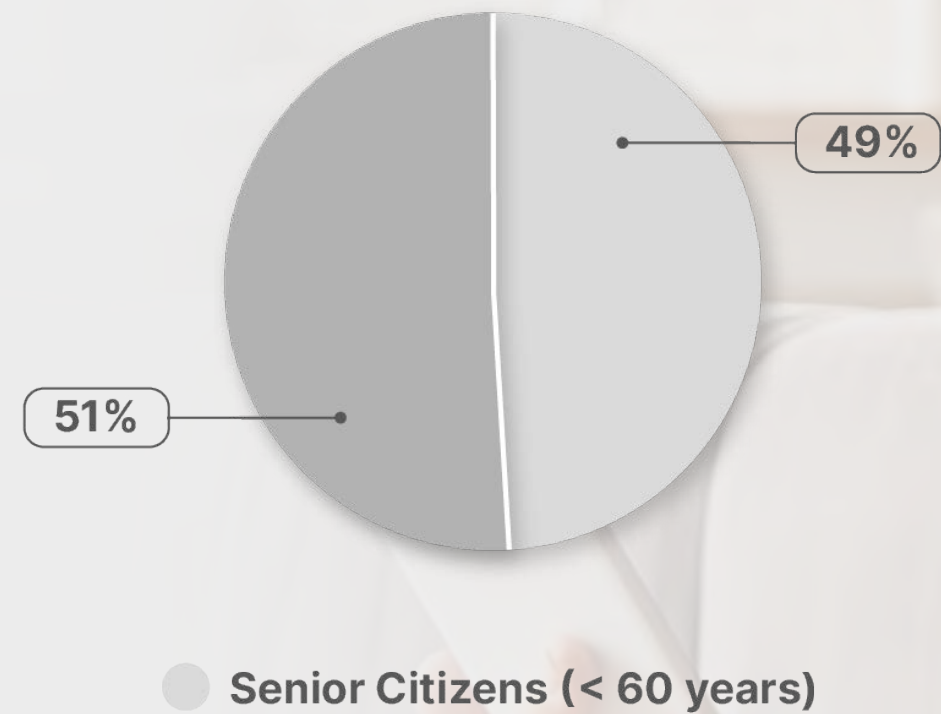
The Bank also participated in the Silver Solutions Call organized by the Inter-American Development Bank (IDB) and the German Agency for International Cooperation – Sparkassenstiftung, in a joint proposal between Banco Popular and Aval Digital Labs. They submitted the **Phygital Service Branches** initiative—a hybrid service model combining physical and digital channels. This initiative, currently under development, will enable the launch in 2025 of a digital platform aimed at older adults, complemented by spaces within the Bank’s branches where physical and digital experiences are integrated to offer informative, educational, and memorable customer interactions, fostering a genuine connection with clients and their needs.

For 2025, the priorities and challenges will focus on the implementation of new products, the growth and evolution of the Phygital Environment initiative into a full Digital Ecosystem, and the development of a service model that balances personalized, human attention with appropriate digital support.

Retail Banking Clients – Senior Citizens

Active Clients	2023	2024
Natural person	985,071	951,620
Senior citizens (> 60 years)	465,423	468,735

Chart. Retail Banking Clients – Senior Citizens



During 2024, the Bank maintained a strategic focus on payroll deduction loans (Libranza), savings accounts, and term deposit certificates (CDTs per its acronym in Spanish). Additionally, there was an increase of over 3,000 clients aged 60 and older, reflecting that the value proposition aimed at this segment is generating both attraction and loyalty.

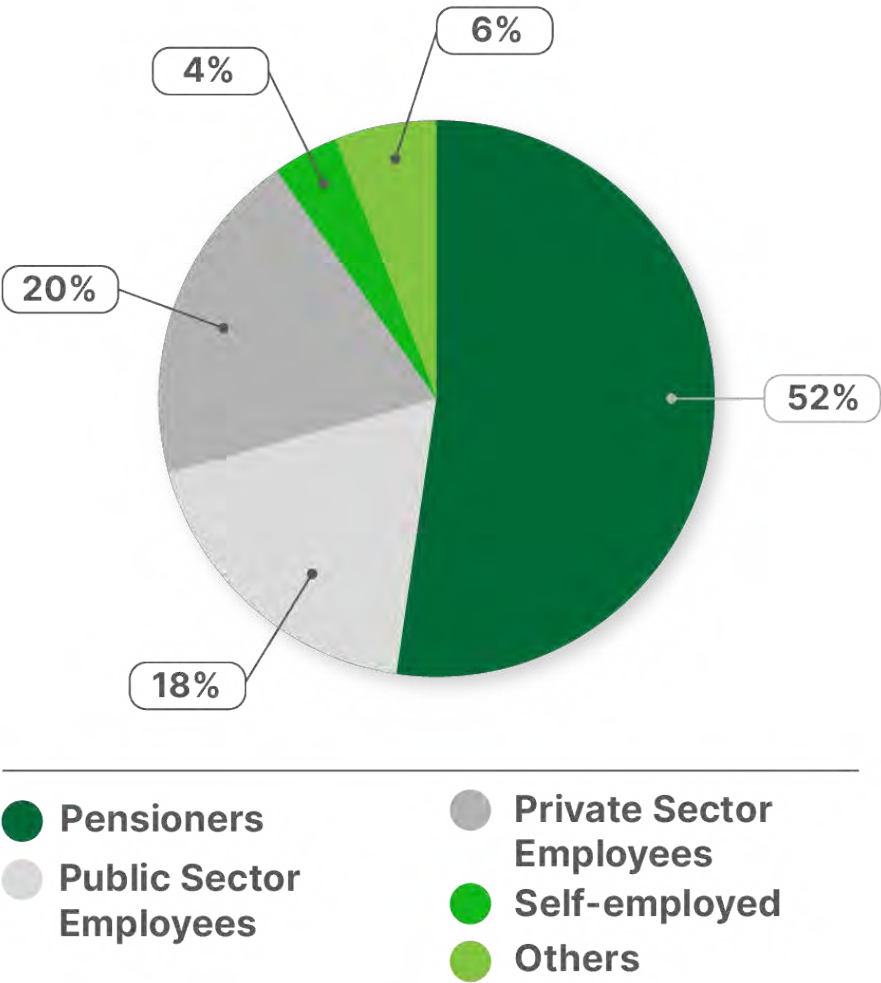
Moreover, various strategies were implemented to strengthen the relationship with Banco Popular’s clients. Among these, noteworthy efforts included participation in joint activities with strategic partners such as Colpensiones, Cremil, Compensar, and Comfama, which helped continuously promote the Bank’s value offering.

In addition, in-person financial education activities were carried out in shopping centers, and in some branches, the Digital Café initiative was introduced. This initiative aimed to educate clients—particularly older adults—on the use of technology. The program included training on the main technological benefits and their safe use, contributing to the promotion of digital service usage and the strengthening of customer loyalty.

Retail Banking Segments – Banco Popular

Subsegments – Retail Banking	2023	2024
Pensioners	504,723	497,349
Public Sector Employees	181,714	173,871
Private Sector Employees	213,029	188,905
Self-employed	34,850	35,151
Others	50,741	56,315
Total Clients	985,057	951,591

Chart. Retail Banking Segments – Banco Popular



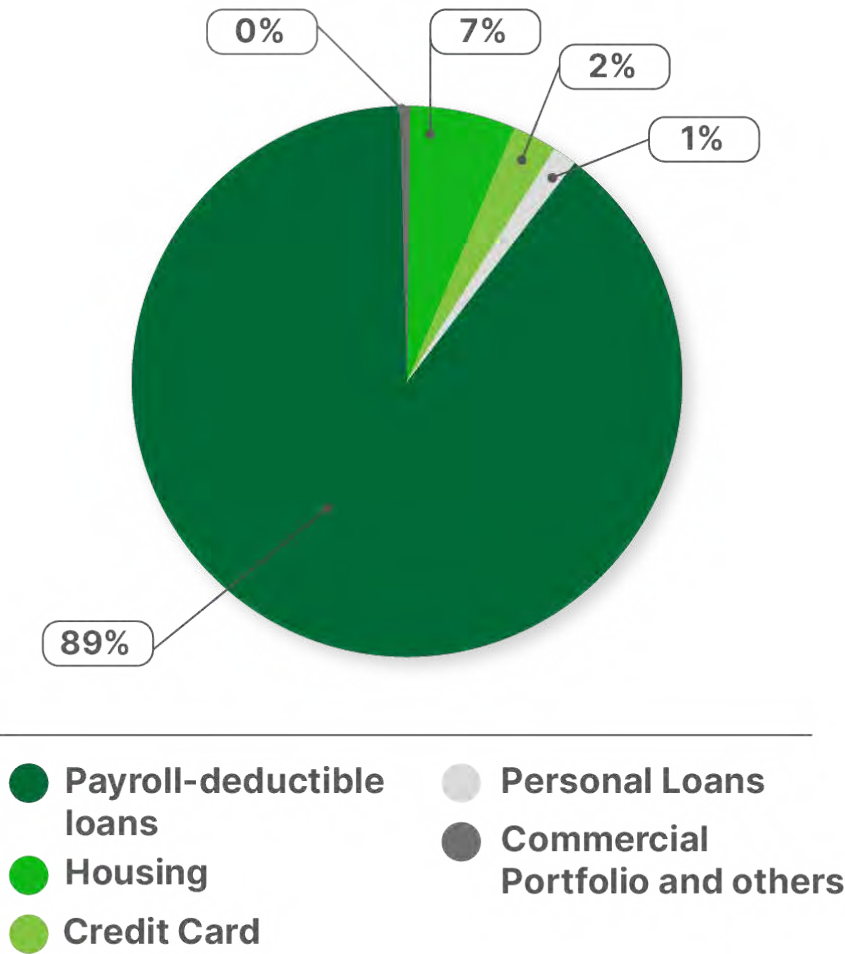
The Bank offers tailored value propositions for its various sub-segments, with financial products adapted to their specific needs, aiming to enhance the customer experience and simplify interactions. These actions are designed to strengthen client relationships and ensure sustainable long-term growth.

In line with Banco Popular’s new strategy, special emphasis was placed on Savings Accounts, Term Deposit Certificates (CDTs per its acronym in spanish), and Payroll Deduction Loans (Libranza). As a result, there was a decline in the issuance of other products such as Credit Cards, Personal Loans, and Mortgage Loans across the Bank’s different sub-segments.

Loan Portfolio by Product Line – Banco Popular

Product Line Portfolio	2023		2024	
Payroll-deductible loans	\$13,957,038,532,665	87%	\$14,095,700,504,724	89%
Housing	\$1,150,473,886,352	7%	\$1,025,412,538,880	7%
Credit Card	\$421,044,086,597	3%	\$383,840,129,990	2%
Personal Loans	\$416,482,146,285	3%	\$210,903,308,493	1%
Commercial Portfolio and others	\$50,693,085,698	0%	\$41,184,303,693	0%
Total Portfolio	\$15,995,695,740,248	100%	\$15,757,041,342,116	100%

Chart. Portfolio by Product Line – Banco Popular



The **payroll deduction loan portfolio (Libranza)** experienced a growth of more than COP 138 billion compared to 2023, driven by commercial campaigns, strategic partnerships, and customer loyalty efforts.

In the case of **mortgage** loans, a slowdown was observed in 2024, with a reduction of COP 125 billion in the loan portfolio. This was the result of the Bank’s focused strategy and the prevailing interest rate levels for mortgage loans in the country.

Regarding **credit cards**, there was a decrease of COP 37 billion in the portfolio balance, due to a high volume of charge-offs, a drop in credit card sales, and 9% in voluntary cancellations. However, in December, joint campaigns were carried out with strategic partners, offering discounts and benefits for purchases made during that month.

As for **personal loans (Libre Destino)**, the portfolio balance saw a reduction of COP 205 billion, due to a lower commercial focus and the natural repayment cycle of the product.

Number and Value of Checking and Savings Accounts
Retail Segment
[FN-CB-000.A]

Individual Segment	Unit of Measure	2023	2024
Savings accounts	#	45,442	121,028
Average opening balance – savings accounts	COP	\$4,023,240	\$2,232,833
Checking accounts	#	100	18
Average opening balance – checking accounts	COP	\$35,208,046	\$16,473,826

Number and Value of Checking and Savings Accounts –
SME Segment
[FN-CB-000.A]

SME Segment	Unit of Measure	2023	2024
Savings accounts	#	12	15
Avg. opening balance – savings accounts	COP	\$21,460,877	\$5,545,720
Checking accounts	#	22	23
Avg. opening balance – checking accounts	COP	\$31,778,471	\$24,677,004

Number and Amount of Loans
– Individual Segment
[FN-CB-000.B]

Personal Loans	Unit of Measure	2023	2024
Number of loans	#	88,539	102,029
Amount disbursed	COP	\$2,486,023,096,515	\$4,654,590,178,771

Number and Amount of Loans –
SME Segment
[FN-CB-000.B]

SME Loans	Unit of Measure	2023	2024
Number of loans	#	179	81
Amount disbursed	COP	\$40,098,000,000	\$26,095,899,097



3.1.1. Physical and Digital Channels for Retail Clients

Physical Branches

Banco Popular has a network of branches where it offers financial services and assists its clients and users. In 2024, the Bank relaunched its branches in shopping centers such as Mall Plaza Cali and Unicentro Medellín, aiming to enhance the customer experience.

| AT THE END OF

2024



The branch network is made up of



168

Traditional branches



10

Express branches



178

Total branches

Present in 29 of Colombia's 32 departments and 93 cities or municipalities nationwide.



Quantity of physical channels

REGIONS	Bogotá and Cundinamarca	Northwest	South
Number of branches	52	60	66
Number of ATMs	161	227	204
Number of Banking Correspondents	33	27	28

At a transactional level, below is a summary of the transactions and amounts managed by Banco Popular through its branch channel:

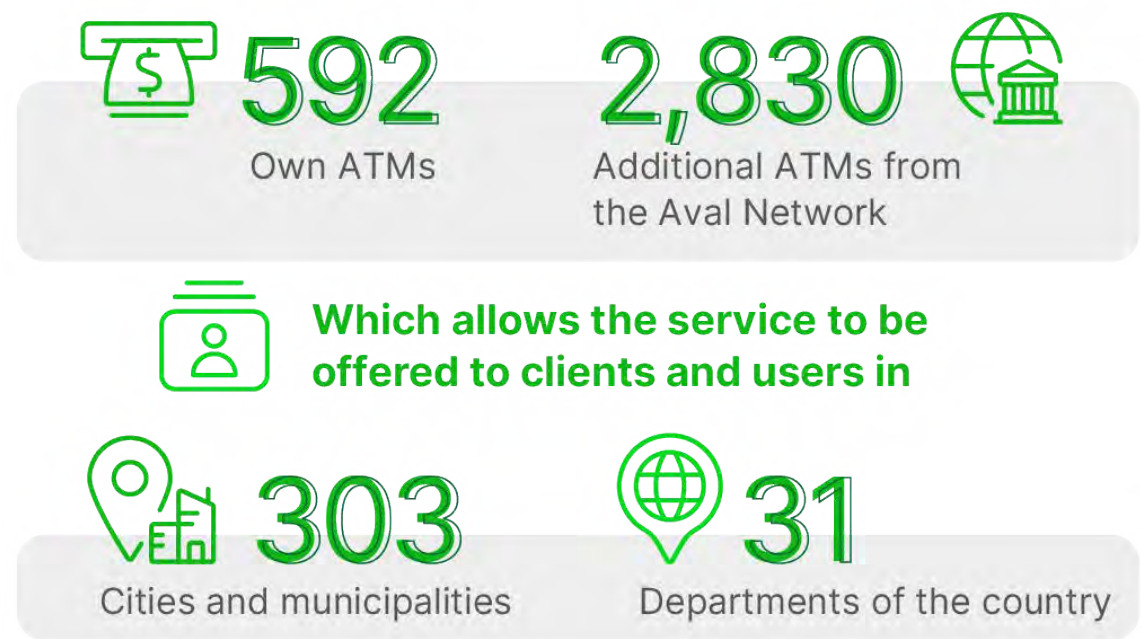
TRANSACTIONS IN BRANCHES	2021	2022	2023	2024
Number of Monetary and Non-Monetary Transactions (Thousands)	9,711	8,961	6,621	6,383
Transaction Amounts (Millions)	\$36,708,890	\$38,477,684	\$56,671,529	\$61,580,476

*New SF Report: Format 413 – Period January to December 2024

For 2025, the Bank plans to implement virtual advisory booths in its branches to provide remote consultation services specifically for its target market of clients aged 50+ .

Automated Teller Machines (ATMs)

Banco Popular has a network of



Through this channel, clients can carry out a variety of transactions, such as inquiries, withdrawals, withdrawals using a temporary code, credit card cash advances, loan payments, utility bill payments, and payments to private agreements.

As of December 2024, the following were carried out:



For 2025, the implementation of new functionalities is planned for the Aval Group's ATM Network, including contactless withdrawals (NFC) and QR code-based withdrawals.

Banking Correspondents (CBs)

Banking correspondents allow clients to perform inquiries, deposits, withdrawals, withdrawals using a temporary code, transfers, and payments for public and private services.

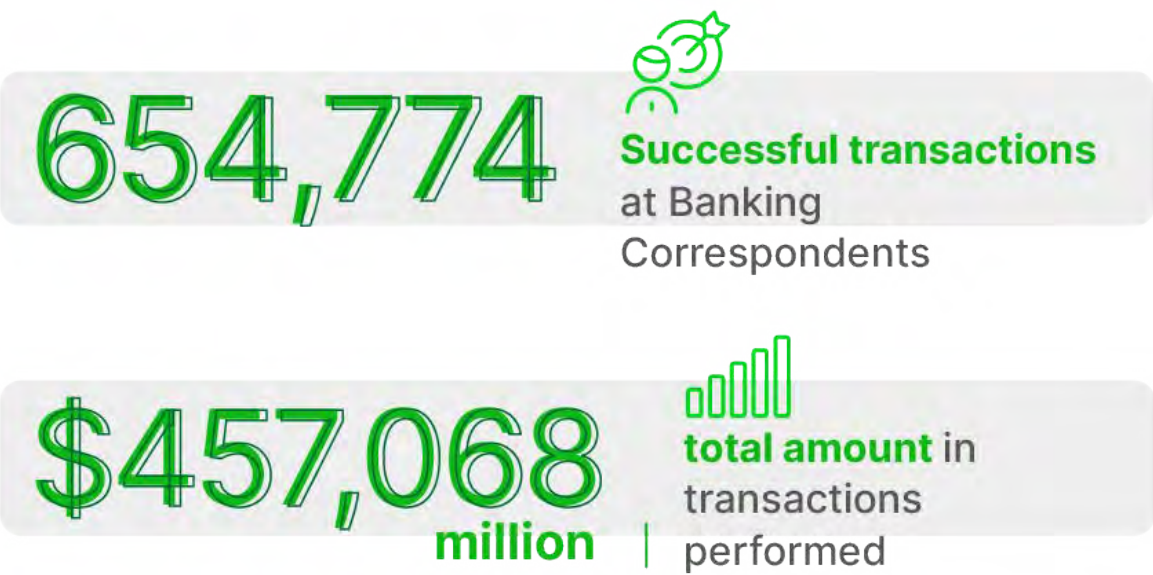
As of December 2024, the Bank had 88 proprietary points.

These are part of the Aval Group's network of banking correspondents, which reached the following in 2024:



Bringing more people in the country closer to financial services

As of December 2024, the following were carried out:



Service Points – Aval Network

Concept	Branches	ATMs	Banking Correspondents
Number of service points	1,060	2,831	81,733
Services enabled for Aval customers	- Withdrawal with debit card - Cash advances - Cash deposits - Payment of obligations - Check cashing	- Withdrawal with debit card - Withdrawal with temporary - Cash advances - Balance and quota inquiries - Payment of obligations with debit card - PIN change - Transfers - Payment of public and private services with debit card	- Withdrawal with debit card - Withdrawal with temporary code - Cash deposits - Payment of obligations - Transfers - Payment of public and private services

Source: AVC Service Point Inventory

Transactional Portal

Banco Popular has a transactional portal that allows our clients to easily and securely access key banking services 24 hours a day, 7 days a week, from anywhere. Through this portal, clients can perform more than 40 types of transactions, including balance inquiries, statements and certificates, bill payments, payments via PSE, transfers, ATM withdrawals, and data updates.

The Transactional Portal continues to evolve and improve the user experience. During 2024, several functionalities were added to optimize client accessibility and expand its coverage, including the following highlights:

1)

The incorporation of new mobile phone companies to strengthen security controls

2)

Improvement of customer experience through limit adjustments and optimization of transaction screens

3)

Strengthening of security schemes for enrollment and data updates through biometrics

4)

Possibility of sending and receiving money in real time through the new immediate payment modality "Tag Aval"

Active Clients	2021	2022	2023	2024*
Transactional Portal	204,028	236,335	275,105	193,800

(*) Starting January 2024, a new methodology was implemented for calculating digital adoption.

Mobile Banking

Banco Popular has a user-friendly, easily accessible, and secure mobile application that allows our clients to access banking services 24 hours a day, 7 days a week, from anywhere. Through the app, clients can perform more than 35 transactions, such as balance inquiries, statements and certificates, traditional payments using barcode and QR code scanning, transfers, and ATM withdrawals.

During 2024, Mobile Banking incorporated multiple functionalities and improvements, including the following highlights:

1)

Sending and receiving money in real time through Tag Aval

2)

Improvement in the statement inquiry experience; possibility of making credit card cash advances

3)

Option to initiate payment or transfer transactions through voice commands

4)

Tax payment through barcode reading

Additionally, Mobile Banking is expected to soon join the Transfiyá ecosystem, which will enable users to send and receive money immediately between all financial institutions that use this platform.

By the end of 2024, a digital adoption rate of 24.4% was achieved across the entire client portfolio.

Active Clients	2021	2022	2023	2024*
Banca Móvil	120,759	280,455	316,800	232,049

(*) Starting in January 2024, a new methodology was implemented for calculating digital adoption.

Green Line

Through the Green Line, clients can independently perform inquiries, make payments for Banco Popular obligations, and receive personalized service 24 hours a day, 365 days a year. During 2024, technological efforts focused on renewing our server infrastructure, improving notification systems, and adjusting service options to facilitate client use of the channel.

The IVR (Interactive Voice Response) system has seen a decrease in use, as clients are adopting new technologies and features through digital channels. By the end of 2024, there was a 13.5% decrease in the number of clients using this channel.

However, clients using Personal Banking and Mobile Banking channels now outnumber IVR users by six times.

Active Clients	2021	2022	2023	2024
Green Line	81,149	70,536	59,692	51,656



3.2. Business Banking

Customer experience is a fundamental pillar within Business Banking, as it strengthens relationships, builds trust and loyalty, and allows differentiation in a competitive market. This strategic focus not only supports the achievement of institutional goals but also ensures that clients receive agile, personalized solutions and a high-value experience.

During 2024, intensive efforts were made to stabilize the technological platforms that support corporate clients' operations, ensuring a reliable service aligned with market standards. For 2025, the challenge is to continue advancing the modernization of digital channels, improving user experience, expanding access to products and services, and driving digital transformation in the Bank's operations.



3.2.1. Commercial Loan Portfolio

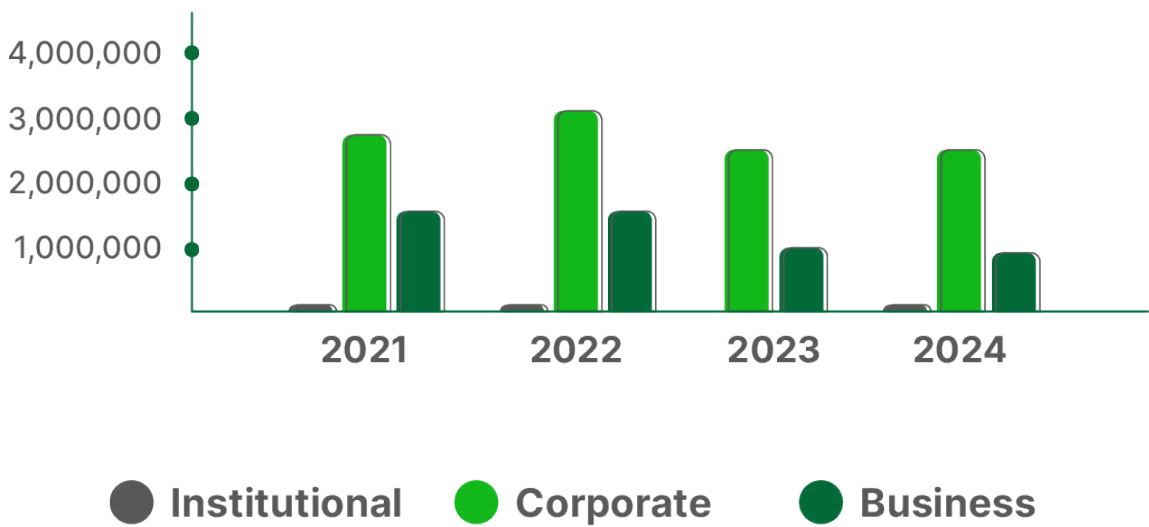
The commercial loan portfolio grew by 2% in 2024 compared to the end of 2023, reaching a balance of COP 71,955 million. Various initiatives were implemented that enabled the Bank to understand and identify clients' needs, developing specific action plans to deliver the expected value proposition.

Commercial Portfolio — Business Banking

Commercial Business Portfolio	2021	2022	2023	2024
Institutional	\$101,361	\$174,202	\$51,550	\$101,162
Corporate	\$2,783,391	\$3,135,232	\$2,512,690	\$2,561,915
Business	\$1,494,994	\$1,577,523	\$979,363	\$952,471
Total Business Portfolio	\$4,379,746	\$4,906,957	\$3,543,593	\$3,615,547

*Figures in millions of pesos

Chart. Commercial Portfolio — Business Banking — Banco Popular



Commercial Portfolio — Economic Sectors

Sectores Económicos	Portfolio	Participation
Construction and Infrastructure	\$897,925	24.84%
Other Services	\$430,081	11.89%
Manufacturing Industry	\$426,977	11.81%
Financial Services	\$408,191	11.29%
Public Service Companies	\$336,057	9.29%
Wholesale Trade	\$330,705	9.15%
Agriculture, Livestock, Forestry, and Fisheries	\$291,364	8.06%
Retail Trade	\$206,325	5.71%
Health Services	\$91,973	2.54%
Education	\$81,608	2.26%
Transport and Storage	\$70,782	1.96%
Telecommunications	\$22,956	0.63%
Mining	\$20,621	0.57%
Total General	\$3,615,546	100.00%

*Figures in millions of pesos

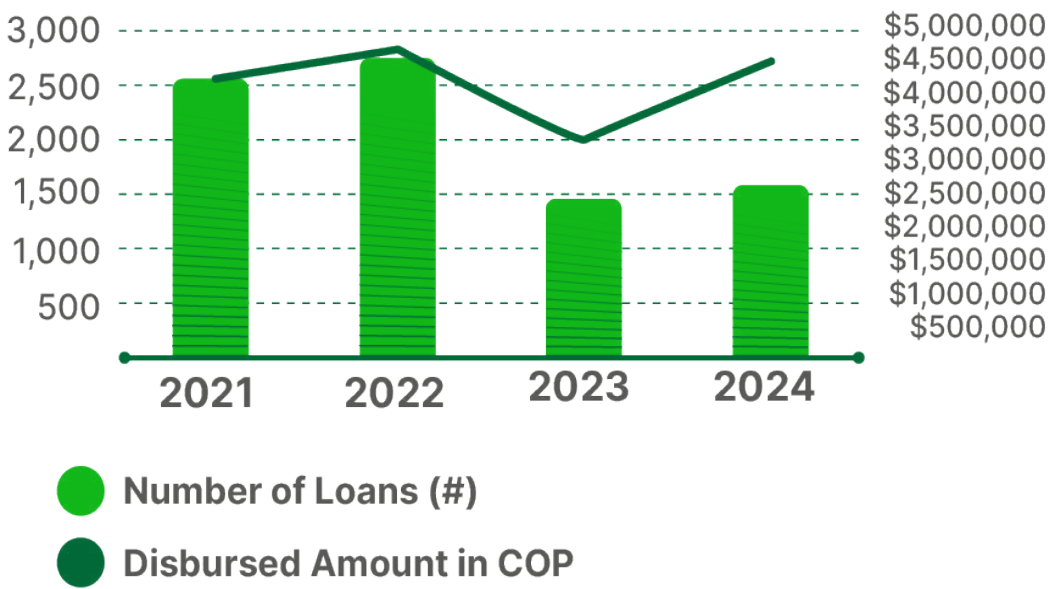
58.02% of the business loan portfolio is concentrated in four main sectors: Infrastructure, Services, Food Industry, and Electric Power, which together represent a total balance of COP \$2,097,616 million.

Number and Amount of Loans by Segment
[FN-CB-000.B]

Business Loans	Unit of Measure	2021	2022	2023	2024
Number of Loans	#	2,551	2,743	1,469	1,592
Disbursed Amount	COP	\$4,313,557	\$4,695,991	\$3,366,553	\$4,526,582

* Figures in millions of pesos
* Includes Novations

Graph: Number and Amount of Loans by Segment



A significant improvement was observed in the trend of business loans in 2024, both in the number of approved loans and in the amounts disbursed, establishing a solid foundation for future growth and the projected recovery.





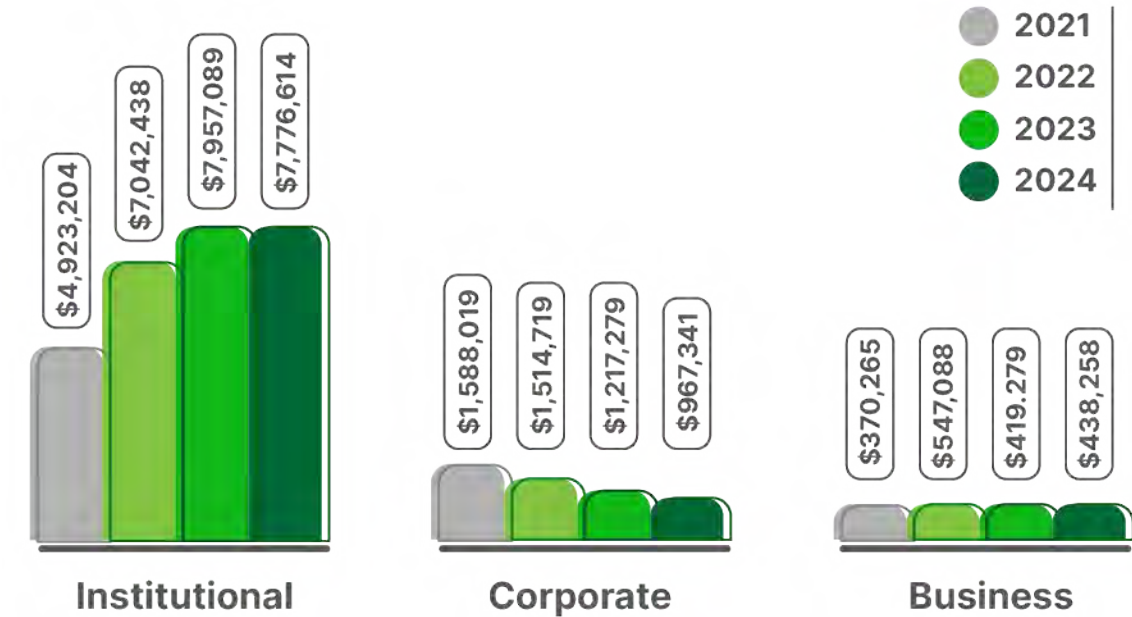
3.2.2. Business Banking Deposits

Business Banking Deposit Balances

Business Banking Deposits	2021	2022	2023	2024
Institutional	\$4,923,204	\$7,042,438	\$7,957,089	\$7,776,614
Corporate	\$1,588,019	\$1,514,719	\$1,217,279	\$967,341
Business	\$370,265	\$547,088	\$419.279	\$438,258
Total	\$6,881,489	\$9,104,246	\$9,593.648	\$9,182,813

*Figures in thousands of pesos

Chart: Business Banking Deposits



In 2024, continuous efforts were made to improve products and services, including the creation of new types of accounts, the relaunch of services such as special checks, and the optimization of information channels. These actions helped strengthen the sector-specific value proposition and improve competitiveness with clients.



3.2.3. Cash Management

In line with the institutional strategy, special attention was given to transactional growth in the Business Banking segment, which accounts for 74% of the Bank's total funding, with COP 16.3 trillion out of a total of COP 22.2 trillion.

During 2024, Banco Popular established clear strategic criteria that resulted in improved implementation times for collection and payment agreements, strengthening commercial relationships with clients. Additionally, digital collection products were promoted as part of the Bank's digital transformation.

Transactional Information – Cash Management Clients

Description	2021	2022	2023	2024
Cash Services, collections and payments	\$11,632,165	\$22,858,752	\$26,907,274	\$22,228,505
Collections	\$9,368,286	\$22,051,399	\$26,224,105	\$21,558,018
Payments	\$2,263,879	\$807,353	\$683,169	\$670,487

*Figures in millions of pesos

These actions enabled a significant improvement in the implementation times of collection and payment agreements with corporate clients, strengthening the Bank's value proposition and consolidating commercial relationships. At the same time, the Bank has continued to promote the implementation of digital collection products, facilitating transactions and ensuring a fast and secure process for target clients.

As part of Grupo Aval, the **AvalPay** payment gateway and **QR code for merchants** were introduced as collection alternatives, offering multiple payment method options. This initiative helps diversify and enrich the Bank's service portfolio.

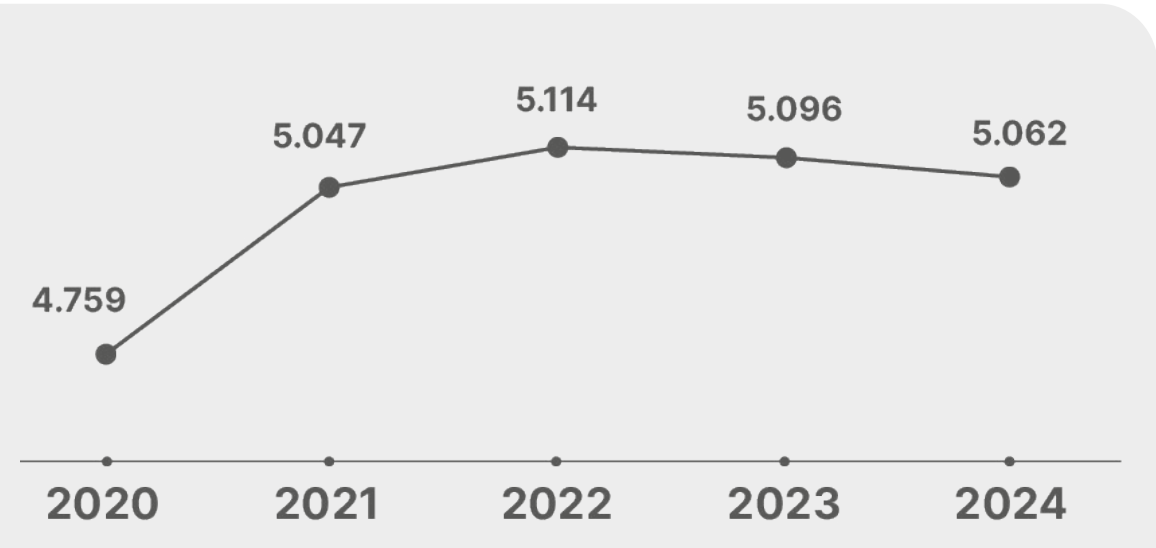
The performance of these actions reflects the positive impact of the implemented initiatives and reaffirms Banco Popular's commitment to continuous improvement, as well as to competitiveness in the financial market.

Business Banking management has been a key priority during 2024. Several opportunities for improvement have been identified that support both the sustained growth of the segment and the loyalty of corporate clients. Through the implementation of strategies focused on meeting the specific needs of each sector, the Bank aims to improve customer satisfaction and strengthen their loyalty.

3.2.4. Physical and Digital Channels for Businesses

On the channel front, the business portal has been consolidated as the main transactional channel for corporate clients, thanks to accelerated digital adoption, which boosted the use of virtual channels for all types of operations. This portal provides fast, timely, and secure access to a comprehensive portfolio of products and services from anywhere.

Chart: Business Portal – Number of Clients Linked per Year

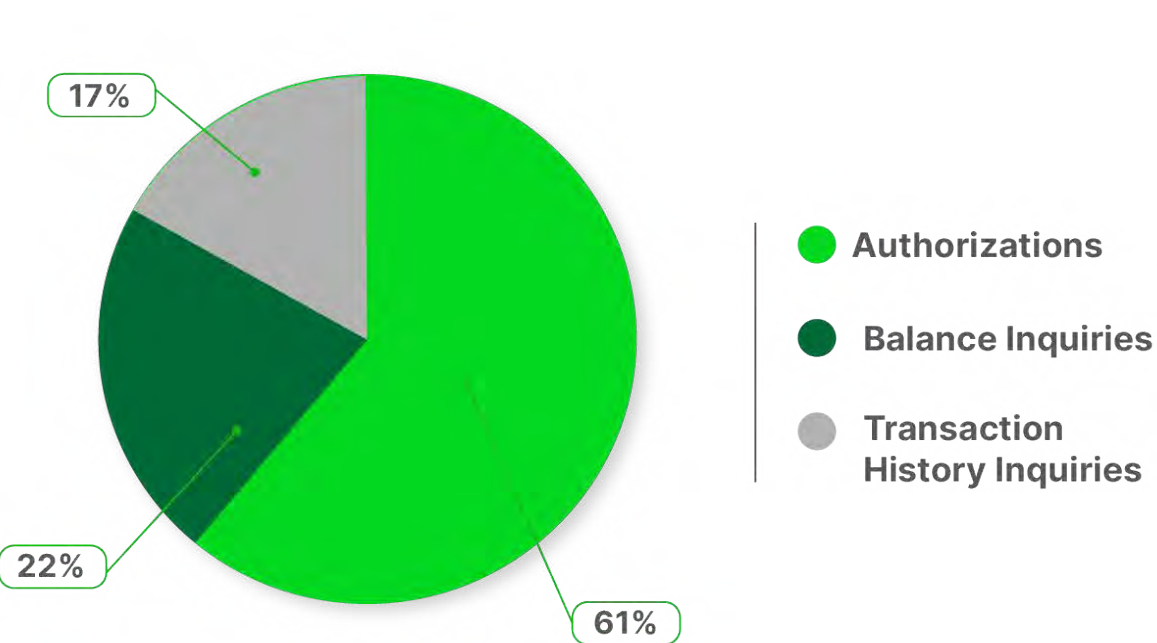


- The most used monetary service on the channel generated over five million four hundred sixty-eight thousand transactions, with the most relevant service being the upload of payment files, through which mass processing of payroll, suppliers, and transfers is carried out.
- The total amount of transactions performed through the channel in monetary services exceeded COP 78 trillion during the year.
- The channel usage rate reached 93%.
- The percentage of digital clients grew to 72%.

Additionally, the Business Mobile Banking service was launched, establishing itself as a digital channel designed to complement the experience of corporate clients. Through this application, clients can easily access the portfolio of products and services. Currently, the app includes features such as Inquiries and Authorizations, allowing for agile and secure management of business finances from anywhere.

This application has also marked a significant step in the migration from physical tokens to digital tokens, a new service that has been in production since May 2024. This innovation ensures more efficient, secure banking that aligns with market needs, offering an improved experience for clients.

Chart: Business Portal – Service Usage



In addition to the business portal and Mobile Banking, Webservice implementations recorded over 700,000 collection transactions during 2024, contributing significantly to customer loyalty and the efficient support of the Cash Management portfolio. Throughout the year, the channel has strengthened its implementation processes, providing in addition to the business portal and Mobile Banking, Webservice implementations recorded over 700,000 collection transactions during 2024, contributing significantly to

customer loyalty and the efficient support of the Cash Management portfolio. Throughout the year, the channel has strengthened its implementation processes, providing real-time, agile, and up-to-date information on the inquiry and notification of collection transactions to clients with agreements.

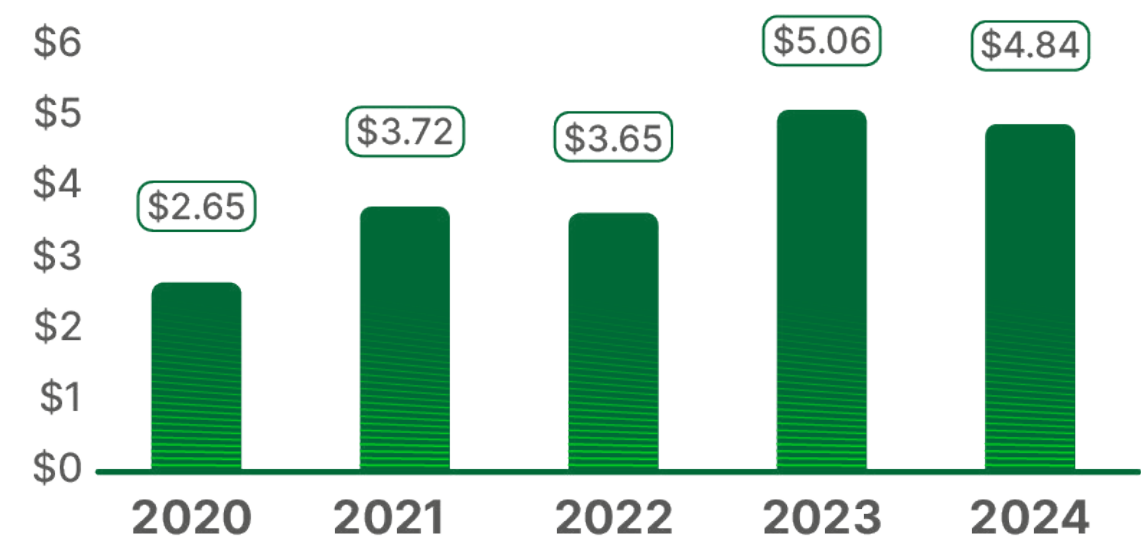


 3.2.5. Corporate Collection Service

Tax collection continues to be a key pillar in the Bank’s deposit strategy, especially in the Government and Corporate segments. Income Tax, VAT, and Withholding Tax accounted for 90% of total collections in 2024.

Tax Collection

Chart: Annual Tax Collection

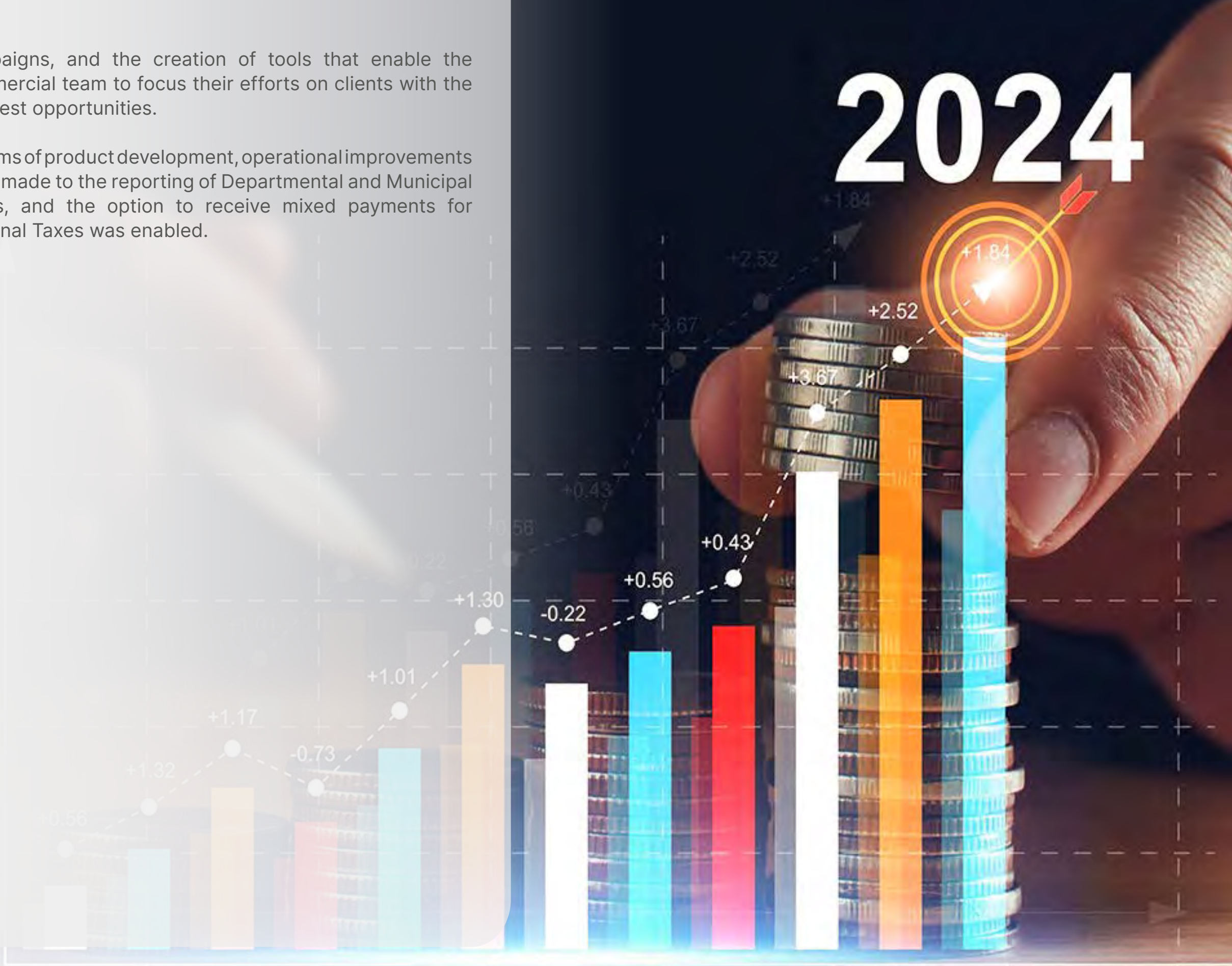


**Figures in trillions of pesos*

These taxes represent the Bank’s main driver of collections. As of December 2024, 62% corresponds to the Government segment, with the remainder distributed across various other segments. This outcome has been achieved through the implementation of various strategies, such as: Compensated Tax, targeted advertising aimed at Major Taxpayers through various media channels, commercial

campaigns, and the creation of tools that enable the commercial team to focus their efforts on clients with the greatest opportunities.

In terms of product development, operational improvements were made to the reporting of Departmental and Municipal Taxes, and the option to receive mixed payments for National Taxes was enabled.





3.3. Government Banking

In 2024, a year marked by the inauguration of 1,133 new mayors and governors, a new cycle of territorial governments began, during which their governance plans for the 2024–2027 term were structured. This was a key moment for Banco Popular, which continued to support local governments by facilitating the financing of investment projects and ensuring the safe and profitable management of their liquidity surpluses.

In addition, thanks to its value proposition, deep knowledge of governmental ecosystems, and strong track record in the Government Segment, Banco Popular continued to strengthen its position as a strategic ally of Territorial Entities and their decentralized bodies, actively contributing to the implementation of public policies focused on the well-being of each region’s residents.

Throughout 2024, the Government Banking division established a strategic approach with mayors and governors through intensive commercial engagement in various events and forums convened by the National Government. This approach was supported by the Integrated Government System (SIG), which provided comprehensive insight into financial and fiscal information, as well as a detailed view of the Territorial Entities’ ecosystem. This framework enabled the implementation of the Regionalization Plan, aimed at bringing operational and investment solutions closer to the entities, particularly concerning liability management.

Throughout the year, synergies were achieved that promoted greater commercial presence and personalized attention to Government segment clients across the entire national branch network. The focus was placed on those Territorial Entities with which the Bank

already had a presence, as well as in prospects where there is interest in bringing our value proposition. This strategy allowed the Bank to increase its market share, reflected in higher deposit balances, the identification of new business opportunities, and the activation and strengthening of relationships with clients in the segment.

For 2025, considering it will be the second year of local administrations and the consolidation of development plans, the Bank will continue to strengthen its presence in Special Category 1, 2, and 3 Territorial Entities. These entities have been identified as having great potential for the collection of operational resources through collection and payment agreements, as well as for the allocation of funds toward investment projects, allowing us to continue consolidating our position in the sector.

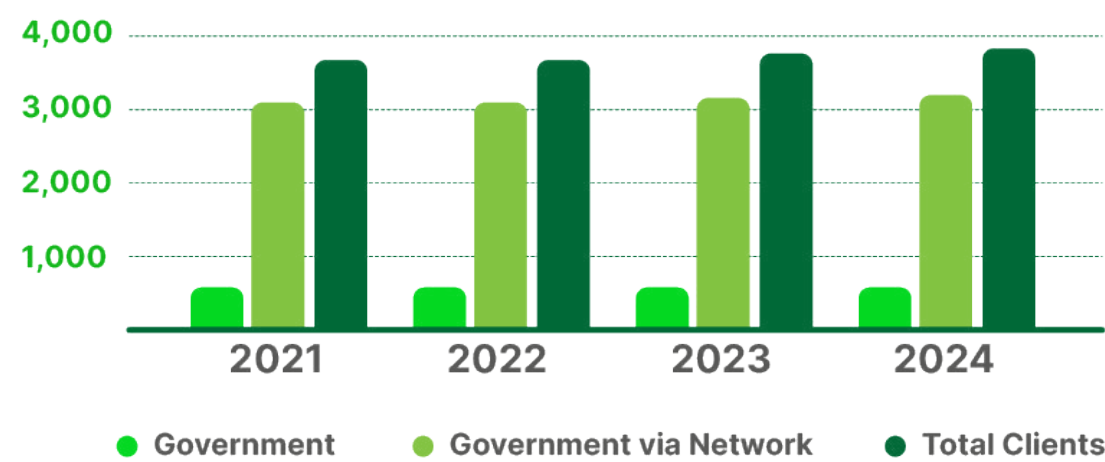


3.3.1. Government Banking Clients

Government Banking Clients

Government Banking Clients Served	Unit of Measure	2021	2022	2023	2024
Government	#	590	589	586	610
Government via network	#	3,068	3,057	3,144	3,177
Total clients	#	3,658	3,646	3,730	3,787

Chart. Number of Government Banking Clients



The Government segment, in line with the Bank’s strategy, has shown remarkable dynamism in the activation of public sector clients, including both Territorial Entities and decentralized entities served by our branch network. This process has been monitored monthly, ensuring continuous tracking of new client onboarding, as reflected in the previous chart.

The implementation and execution of the Regionalization Plan has been key in fostering stronger relationships with both active and inactive clients, as well as in identifying and managing new prospects. This strategy has enabled the consolidation of stronger commercial relationships and the diversification of business opportunities within the government segment.



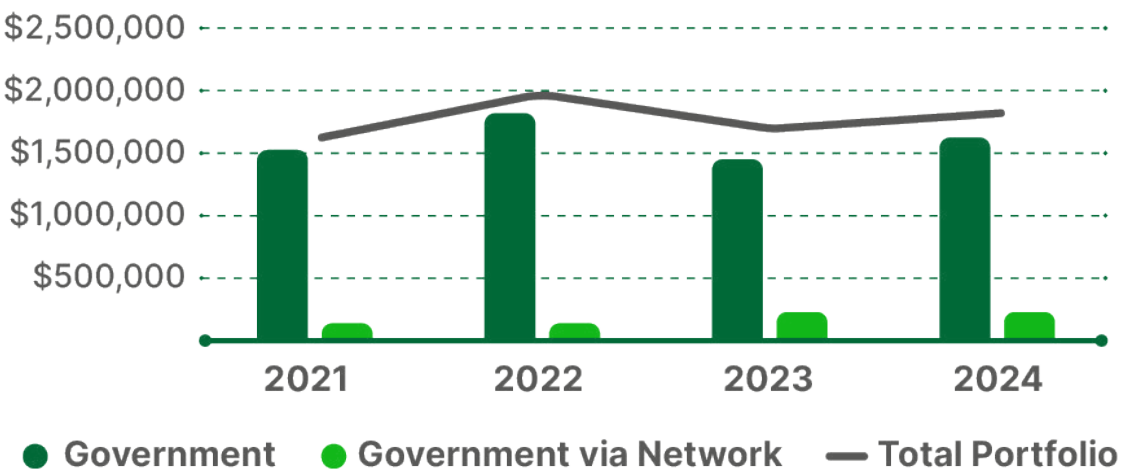
3.3.2. Government Banking Loan Portfolio

Total Portfolio – Government Banking

Total Portfolio – Government Banking	2021	2022	2023	2024
Government	\$1,490,342	\$1,807,860	\$1,443,196	\$1,606,591
Government via Network	\$150,115	\$157,549	\$229,505	\$226,431
Total Portfolio	\$1,640,457	\$1,965,409	\$1,672,701	\$1,833,022

*Figures in millions of pesos

Chart. Total Portfolio – Government Banking



On the lending front, the Bank has made a significant effort to secure new credit operations. During 2024, credit transactions were completed that resulted in an increase of \$161 billion in the loan portfolio balance. This indicator is monitored weekly through the pipeline, with close follow-up by all commercial teams nationwide.

The year 2024 was marked by a challenging macroeconomic context, with intense competition among banks in terms of the interest rates offered to clients in the government segment. To address this situation, the Bank continued developing territorial ecosystems, which were part of the national Regionalization strategy. Through this strategy, not only was there an increase in deposits, but a detailed analysis of more than 287 account plans was also carried out, allowing the identification of key business opportunities in different regions of the country.



3.3.3. Government Banking Deposits

Figures in billions of pesos

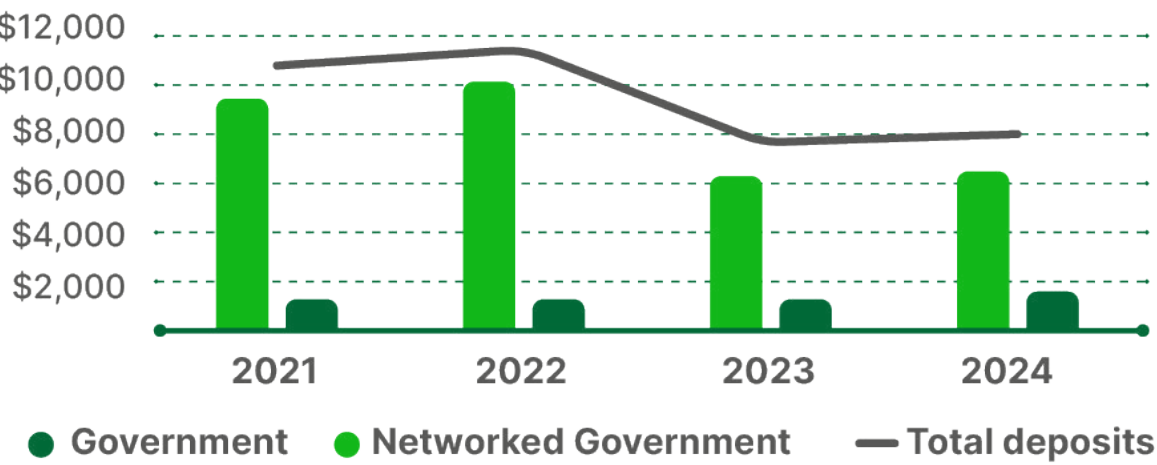
Deposit Balances – Government Banking	2021	2022	2023	2024
Government	\$9,347	\$9,979	\$6,229	\$6,309
Government via Network	\$1,319	\$1,411	\$1,455	\$1,677
Total Deposits	\$10,666	\$11,390	\$7,685	\$7,986

*Figures in billions of pesos

The Bank conducts daily monitoring of the evolution of deposit balances and the strategies defined to meet established goals. As part of this process, the progress of the implementation of the cash management strategy is reviewed, including details of new collection and payment agreements.

In 2024, the trend in interest rates showed a downward movement, resulting from the monetary policy decisions of the Central Bank (Banco de la República). In this context, the segment focused on achieving efficiencies in the cost of funds, closely aligned with the Bank's strategy.

Chart. Government Banking Deposit Balances



As part of the regionalization plan strategy, particular emphasis was placed on identifying deposit opportunities through cash management products. In addition, the value proposition was enhanced with solutions provided by our subsidiaries (Fiduciaria, Alpopular), which enabled the development of an operational model that ensured higher levels of resource collection, prioritizing the development of transactional solutions for our clients.

 3.4. Customer Experience Management

Banco Popular is a customer-oriented organization that builds relationships based on trust and demonstrates its commitment to creating positive experiences throughout its strategic management. The Customer Experience Model strategy drives work teams to mobilize organizational efforts to ensure continuous listening to and understanding of customer segments, identifying improvement opportunities, closing gaps, and transforming interactions to fulfill the value proposition throughout the customer’s life cycle.

In 2024, training and awareness efforts continued, aimed at strengthening a customer-centric culture within the teams. Additionally, customer experience continued to be measured, and the voice of the customer was analyzed to drive continuous improvement across products, segments, and channels. Training was delivered to areas that interact with customers to reinforce their knowledge and skills.

In 2025, efforts will continue to focus on consolidating a customer-centered culture, as well as raising awareness, providing training, specialization, and enabling teams to deliver memorable experiences.

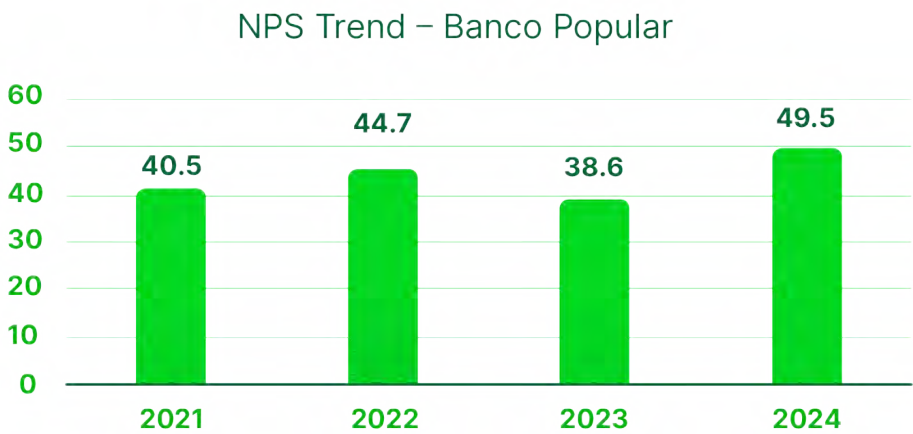
 3.4.1. Measurement of Customer Satisfaction

The “Voice of the Customer” model defines the guidelines for measuring, monitoring, analyzing, and managing experience indicators. Through constant listening—both at the relational and transactional level—the goal is to meet the needs and expectations of customers. Having a rigorous customer experience metric allows for the identification of the factors that drive satisfaction and dissatisfaction, enabling action on service recovery and improvement.

Customer Satisfaction – NPS (Net Promoter Score)
[DJSI 3.6.1]

Customer Satisfaction	2021	2022	2023	2024
Net Promoter Score (NPS)	40.5	44.7	38.6	49.5

Chart. Customer Satisfaction NPS (Net Promoter Score)



The NPS (Net Promoter Score) is the indicator used to measure customer satisfaction. In 2024, this indicator showed an improvement compared to 2023, due to an increase in promoter customers and a decrease in detractor customers. This has led to a rise in the number of customers expressing their intention to remain with the Bank and feeling that their expectations have been exceeded.

Among the main actions taken in recent years to improve the customer experience are: the redefinition of the product portfolio focused on the target customer segments;

the ease and simplification of account opening and product application processes through both physical and digital channels; the improvement of claims handling, collections, and customer loyalty processes; and the stabilization of transactional channels.

 3.4.2. Management of Petitions, Complaints, and Claims (PQRs)

Requests, Complaints, and Claims (PQRs) constitute a fundamental and decisive element in the Bank’s service model, which is characterized by its customer-centric approach and the fulfillment of promises made.

The management of PQRs enables the identification of root causes, going beyond isolated remediation and generating continuous diagnostics that promote collaboration among the business, operations, service, technology, experience, and risk areas. This synergy facilitates the development of tactical and structural plans aimed at reducing the occurrence of PQRs and, consequently, preventing their recurrence, thereby safeguarding the customer experience.

Proper management of claims has a direct impact on reducing customer attrition. Although PQRs represent the most complex moment within the customer journey, they are an opportunity to strengthen the relationship with customers by ensuring a positive experience through active listening, timely clarifications, effective solutions, and, when possible, meeting their requirements.

The Bank has implemented a comprehensive PQR management model that includes multiple channels for receiving complaints and claims. This model is aligned with the policies of the Customer Service System (SAC *per its acronym in Spanish*) and with the promise to provide quality service.

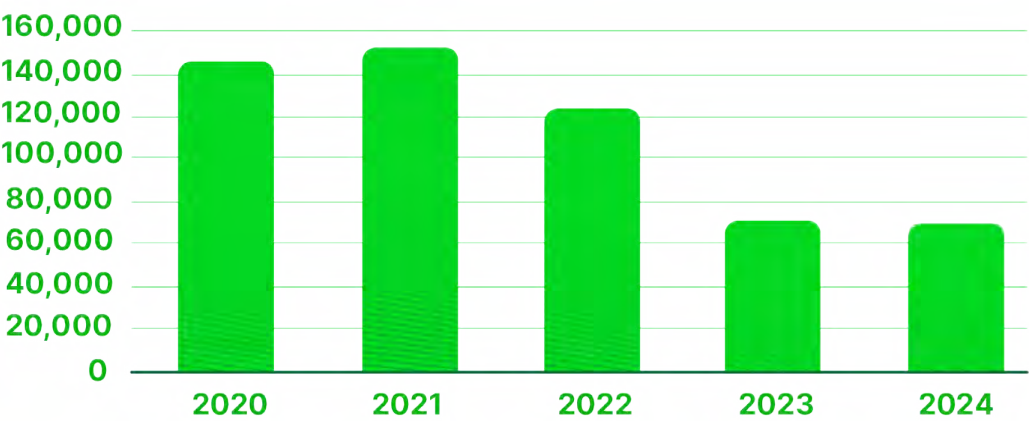
The model also includes continuous monitoring of all stages in the PQR management process, covering escalations to specialized areas (third level) and the final response to the customer, ensuring the proper closure of the cycle.

Ongoing improvement projects are being developed to optimize this management model, and for 2025, the implementation of a project aimed at reducing response times and promoting self-service is planned.

Number of Requests, Complaints, and Claims – PQRs

Number of PQRs	2020	2021	2022	2023	2024
Total	145,469	150,982	122,993	70,842	68,390

Graph. Number of Requests, Complaints, and Claims



As part of the Bank’s strategic indicators, the following KPIs are monitored and managed: number of PQRs, recurrence, and first-contact resolution. At the tactical operational level, indicators related to the timeliness of case closures, the quality of responses, and compliance with Service Level Agreements (SLAs) are supervised.

Internal areas, inventory aging, as well as the management of cases nearing expiration or extended, are also supervised.

Among the most notable activities, with a focus on reducing the number of complaints, coordinated efforts stand out with the technology areas to identify gaps and reduce outages and incidents that generate mass complaints. Additionally, financial education initiatives were promoted to prevent customers from becoming victims of social engineering and fraud. Improvements were also made to prevention and alert tools.

As part of the strategy, a greater number of products were included in reconciliation tools, which has allowed for expedited case resolution and proactive handling of inconsistencies. Furthermore, basic robotic process automation solutions were implemented in certain processes and decision models were strengthened to contribute to the rapid resolution of events. Through policies, resolution times were streamlined at the first levels of service, as well as refunds in cases of unrecognized transactions that were favorable to the customer.

At the tactical level, the analysis of recurrence has been key to implementing improvements. Continuous monitoring and follow-up enabled effective control over inventories and case aging, allowing for actions to provide solutions at the first level of service, optimize response times, and reduce recurrence. Likewise, the results of quality and operational excellence indicators, transversal across departments, were incorporated into the performance evaluations of the team responsible for case resolution.



Claim extensions are monitored and approved only in cases that require additional time for investigation, such as situations involving suspected fraud, impersonations, transactional adjustments, or incidents that demand longer resolution times. This indicator is managed and supervised daily, ensuring that appropriate decisions are made and control is maintained over response times and case closures.

Claims received and resolved related to the management of personal data.
[DJSI 3.1.3, 1.5.6] [GRI 418-1] [GRI 2-25]

Claims related to personal data management	Received	Resolved	Percentage of claims resolved
2023	620	620	100%
2024	772	772	100%

The PQR management model includes indicators of timeliness and quality. Through control dashboards, deviations are monitored daily, prioritizing cases involving typologies related to personal data. In this way, compliance with the established times in the service levels is ensured, involving the relevant areas in resolving these cases when necessary.

The follow-up of these claims requires strict adherence to service level agreements, guaranteeing that deadlines are respected and that the service provided meets quality standards.

During 2024, no evidence or reports were recorded of situations that could be classified as data breaches. As a result, no impact occurred to individual account holders due to personal data leaks.

Privacy Policy: Systems/Procedures
[DJSI 3.7.1]

Banco Popular has implemented a privacy and personal data protection policy in accordance with the requirements established by Law 1581 of 2012. Additionally, there is an internal privacy policy that is documented and published within the organization, which establishes processes and procedures to ensure the proper handling of personal data of data subjects, including clients, users, employees, shareholders, and certain suppliers.

Roles and responsibilities regarding data protection are clearly defined and include aspects such as: the position of Personal Data Protection Officer, the areas responsible for privacy and data protection, legal support for regulatory implementation, the data lifecycle and its categorization according to different typologies, the exercise of data subjects’ rights, data transfers and transmissions, and communications with clients through the various channels defined by the Bank.

Proactively, the Bank has adopted best practices in each internal process involving personal data. Furthermore, privacy impact assessments, internal and external reports, audits of internal areas, and compliance verifications by third parties—considered critical in relation to data use for which the Bank is responsible—are conducted. All activities are aimed at complying with the recommendations of the Superintendence of Industry and Commerce, according to the Demonstrated Responsibility Guide.

Customer Privacy Information
[DJSI 3.7.2]

Banco Popular has implemented a procedure for the exercise of data subjects’ rights over their personal data, which is detailed in its Privacy and Data Protection Policy, available on its website, as well as in the General Authorization for Data Processing, also accessible on the website. Additionally, this procedure is published across the various data collection channels, both in physical and digital formats. Within the organization, a specific process has been established to address requests related to personal data, classified into the following categories:

- Updating or correcting contact information.
- Request to opt out of commercial campaigns.
- Request for data deletion.
- Request for information regarding the use of personal data.

Through the aforementioned channels, the various contact points available for data subjects to communicate with the Bank have also been disseminated.

Data of active, disengaged, or inactive clients are retained for the period necessary for data processing, based on a legitimate interest of the involved parties or due to an existing banking contract that must remain active.

Regarding the aforementioned grounds, there are cases in which personal data are stored for up to five (5) years, in accordance with the provisions of the Basic Legal Circular of the Financial Superintendence, unless an express request for deletion is received from the data subjects.

 3.4.3. Financial Education Strategy

The Financial Education Strategy of Banco Popular is a fundamental pillar to strengthen the knowledge of its clients and users, generating awareness and trust in the acquisition of banking services, contributing to their financial well-being and that of their families. The Bank manages financial education and inclusion programs that foster a relationship of trust, based on knowledge and the conscious use of finances for its stakeholders.

Banco Popular implements its financial education strategy within the framework of the policies and guidelines of the Financial Consumer Service System (SAC *per its acronym in Spanish*), ensuring that all actions are aligned with the best practices of the financial sector.

In 2024, the Bank redesigned its financial education program, incorporating a special focus on senior adults, with the objective of addressing their specific needs and improving their financial security and autonomy. Under this approach, the program is supported by four lines of work:



 1. Financial Well-being Ambassadors Training

Through the “Financial Well-being Ambassadors” program, 692 employees were trained: 183 managers and 509 advisors from the commercial network, to develop skills nationwide and thus transmit knowledge and personal finance tools to clients and users.

The training program includes four basic modules:

- What is financial well-being?
- How to manage your credit profile?
- Purposeful saving and retirement saving.
- Become an expert in Mobile Banking.

 2. Financial Education on Social Media

Using platforms such as Facebook, Instagram, X, and LinkedIn, Banco Popular shared educational content, practical tips, and interactive resources on financial well-being.

- The financial education content schedule for social media was redesigned, resulting in 358 posts throughout the year.
- Facebook solidified itself as the most relevant social network for publishing financial education content, being the main communication channel for the senior adult segment with 93% of the views, compared to other social networks.
- On Facebook, there was an average increase of 50% in views (over 300,000), with an average of 73 financial education posts during the year.





3. In-Person Workshops

The in-person workshops were a key tool in Banco Popular’s financial education strategy, allowing clients to participate and interact with experts on various topics, resolving doubts and learning about financial planning, retirement savings, investment, and responsible use of banking products.

During 2024, approximately 75 in-person workshops were held, with an attendance of up to 6,000 people nationwide, ensuring a significant impact on the served segments.

Finally, the financial education program focused on promoting financial responsibility, providing information and effective practices on accessing and using services and products through simple and approachable language, primarily aimed at senior adults.



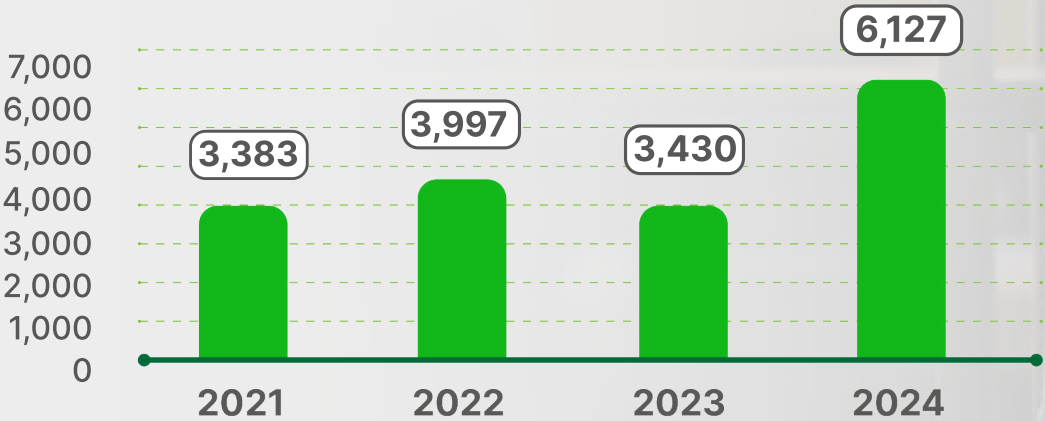
4. Financial Education on the Website

A new web portal was developed in partnership with Visa, with the main purpose of providing a grid of financial education content for clients and users. The following modules on the Practical Finance portal focus on Planning, Learning, and Practicing, with tools such as simulators and custom templates to help organize personal finances.

Participants in Financial Education
[FN-CB-240a.4]

The measurement of client participation in Banco Popular’s financial education program is carried out through various methodologies that allow for evaluating the reach and effectiveness of the strategy.

Chart. Number of participants in financial education activities.





3.5. Research, Development, and Innovation (R+D+i)

Research, Development, and Innovation (R+D+i) is a key pillar for the digital transformation of Banco Popular, enabling the improvement of customer experience, optimization of operations, and modernization of its technological infrastructure. Through strategic initiatives, the Bank implements innovative solutions that reinforce financial inclusion, streamline processes, and ensure greater security and personalization in services.

R+D+i management is carried out through the transformation program, which is aligned with the corporate strategy of ADL and approved by Senior Management. With a customer-centric focus, the Bank continues strengthening its value proposition for its segments, aiming to offer innovative, accessible, and sustainable solutions.

During 2024, the Bank's R+D+i strategy focused on improving inclusion and customer experience, achieving significant advances in product placement and process digitization.

Among the main achievements are improvements in user experience (UX), as well as the launch of the "Tarjeta Posible" (Accessible Card), an initiative aimed at the financial inclusion of senior adults. Also noteworthy is the growth in self-management of savings accounts, with a remarkable improvement in conversion rates.

In addition, the PSE button was enabled for the funding of savings accounts, facilitating access to financial services.

Another notable achievement was the implementation of the AVAL advisor in Mobile Banking, a channel based on an artificial intelligence software agent that builds a relationship of trust with the user and, by leveraging available information, offers advice on relevant financial opportunities to help each client reach their economic goals.

Improvements were also made to the biometric enrollment process in digital channels.

The Bank's commitment to financial inclusion and solutions for the silver economy received international recognition. Banco Popular, together with Aval Digital Lab (ADL), received an award from the Inter-American Development Bank Laboratory and the German Cooperation Agency for having designed a solution that combines physical and digital components (Phygital), aimed at meeting the needs of the 50+ segment. This solution integrates physical and digital channels with support for digital processes, providing personalized and accessible service for this group.



Management priorities for 2025 are focused on continuing to advance the digital transformation of Banco Popular, ensuring that our technological capabilities are aligned with market demands and customer expectations. In this regard, key challenges include optimizing our digital architecture, accelerating cloud adoption, and integrating innovative solutions that enhance both operational efficiency and the user experience. Additionally, managing technical debt and developing new digital capabilities will be critical to ensuring the sustainability and scalability of our systems.

Other innovation opportunities lie in enhancing the customer experience of key segments—such as the silver segment—strengthening the digital ecosystem, and optimizing value assurance. With a customer-centric approach, the Bank will continue to develop solutions tailored to client needs, ensuring greater accessibility, efficiency, and value creation in every interaction.

 3.5.1. Strategy and Capacity Building for Digital Transformation and Innovation

Banco Popular is committed to a digital transformation that drives its processes and services.

The strategies include a gradual migration to the cloud, which will enhance agility, scalability, and operational efficiency.

In addition, policies are being implemented that focus on optimizing technological infrastructure, as well as integrating digital platforms aimed at enhancing the experience for our 50+ customers.

The adoption of agile methodologies and the promotion of a culture of continuous improvement are essential to keeping the Bank at the forefront of technology.

Through an agile governance model, digital initiatives are approached from various business lines, ensuring alignment with market needs and strategic objectives. Senior Management plays a key role in the approval and prioritization of projects, ensuring that each innovation generates a real impact on the corporate strategy and the direction of the institution.

Training in Digital Transformation and Innovation

The Bank has developed a comprehensive training plan in Digital Transformation and Innovation, aligned with the creation of the “Clan TI” (IT Clan) and “Clan de Personas” (People’s Clan) groups. This initiative aims to build digital and innovation capabilities among employees, while strengthening competencies in agile methodologies, leadership, and value-based prioritization.

Training programs have been implemented in key areas such as Scrum, prioritization, value assurance, and new product development, among other best practices. Additionally, leadership and change management programs have been established to support adaptation to new work models

Additionally, a continuous role evaluation process has been implemented to identify improvement opportunities and design personalized learning paths.

These actions ensure that teams have the necessary tools to operate within an agile model, drive innovation, and maximize value creation within the organization.

 3.5.2. Initiatives and Technologies Implemented

Banco Popular is incorporating new technologies as part of its digital transformation strategy. In the area of digital architecture, the Bank is in the process of adopting cloud technology, enabling a more agile and efficient infrastructure.

In addition, technologies such as artificial intelligence, data analytics, and process automation through RPA (Robotic Process Automation) tools are being implemented to improve the efficiency of internal processes.

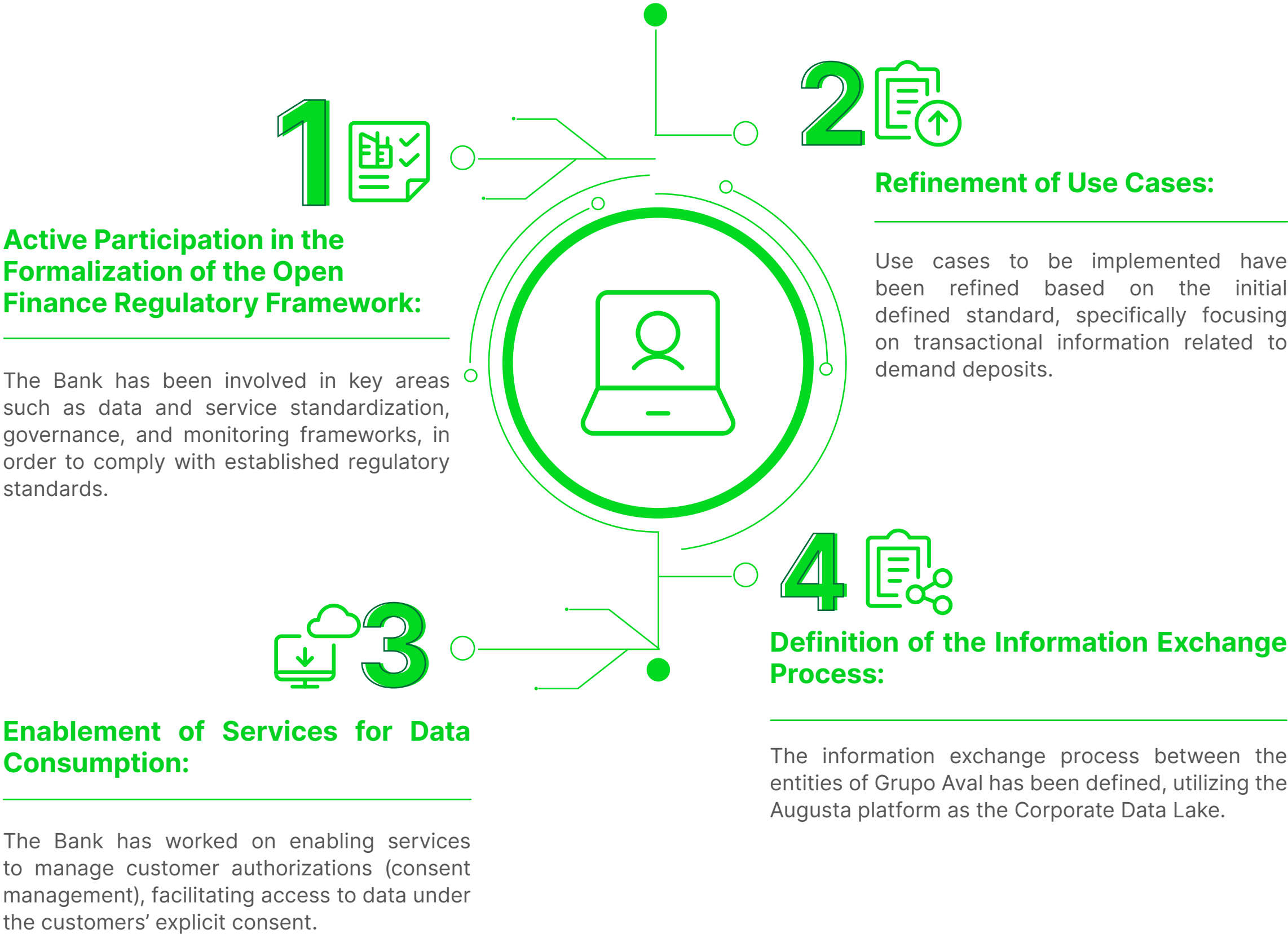
Similarly, low-code and no-code platforms are being adopted, making it easier to develop digital solutions more quickly and accessibly. This approach enables different areas of the Bank to be more autonomous in addressing their technological needs, fostering agility and innovation in their operations.

Open Data Mechanisms

The concept of Open Finance is a growing market trend focused on enabling the sharing of customer information with third parties through data exchange, with the aim of improving the offering of financial products and services (Open Finance) and, in the future, expanding to include any type of sector (Open Data).

This model seeks to promote inclusion, innovation, and competition within the financial system.

Banco Popular has been working on multiple fronts not only to comply with applicable regulations, but also to turn this trend into an opportunity—positioning the Bank as a key player in the sector.



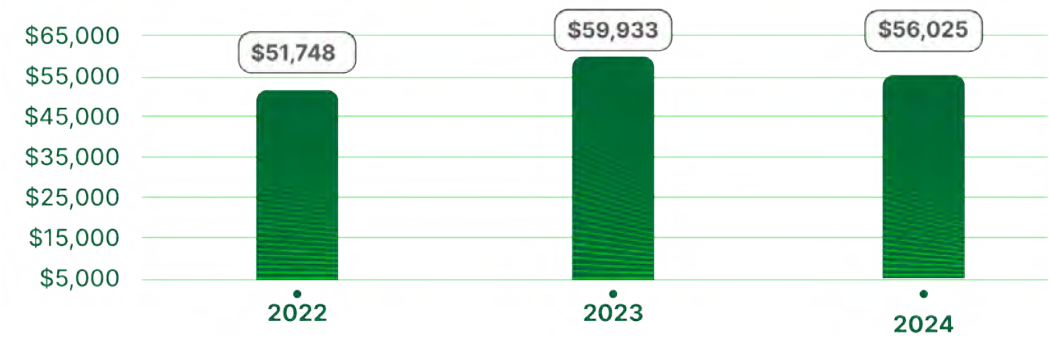
For 2025, the Bank has defined a work plan focused on refining its business strategies while also completing the necessary technical capabilities to comply with current regulations.

Investment in Digital Transformation and Innovation

Investment in Digital Transformation and Innovation	2022	2023	2024
Investment in Digital Transformation and Innovation	\$51,748 M	\$59,933 M	\$56,025 M

*Figures expressed in millions of pesos

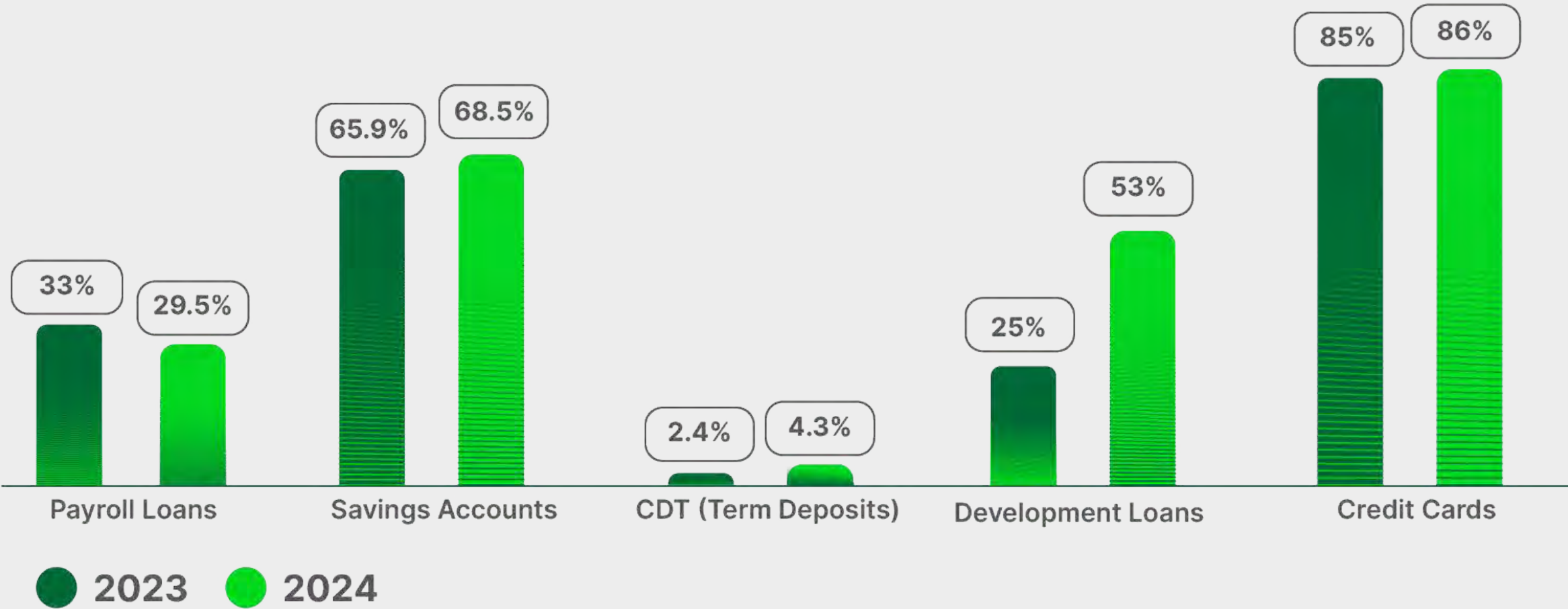
Graph. Investment in Digital Transformation and Innovation



Digital Penetration:

Below is an analysis of the usage and digital penetration of products such as payroll loans, savings accounts, term deposits (CDTs per its acronym in spanish), development products, and credit cards, comparing the periods of 2023 and 2024.

Graph. Digital Penetration





04

Business Performance

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Annexes

4

Business Performance

This chapter covers the five main dimensions of management within the organization, beginning with corporate management, followed by economic performance and risk management. Likewise, a second section details the Bank’s social and environmental management related to its operations and its relationship with stakeholders.



4.1. Corporate Management

4.1.1. Corporate Governance

Corporate Governance Report
Period: January–December 2024

Banco Popular recognizes the importance of corporate governance as a fundamental tool for sustainable development and the creation of added value for its shareholders and other stakeholders.

The purpose of this report is to provide investors and the market in general with information on the development of the Bank’s corporate governance during the year 2024. This is in accordance with the provisions established in Decree 2555 of 2010, External Circulars 012 of 2022 and 031 of 2021 (issued by the Financial Superintendence of Colombia), as well as the recommendations of the Code of Best Corporate Practices – Código País, contained in External Circular 028 of 2014, also issued by the Financial Superintendence of Colombia (hereinafter SFC).

This report is jointly presented by the Board of Directors and the Bank’s President.

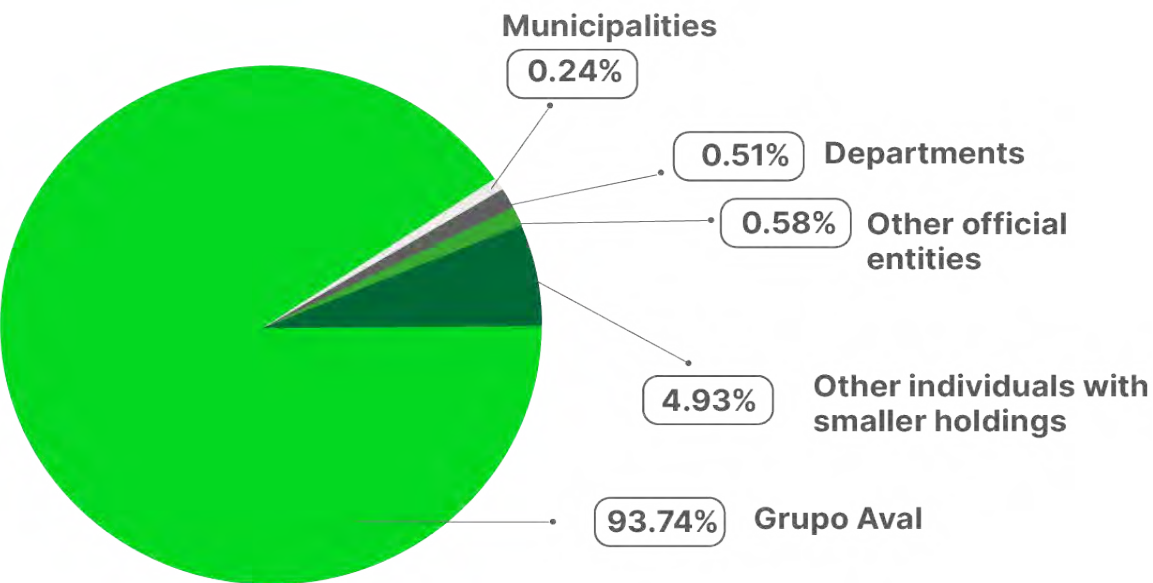
I. Ownership Structure
[Recommendation 33.3] [CE21]

As of December 31, 2024, the Bank’s capital is represented by a total of 7,725,326,503 common shares in circulation, with a par value of \$10 each. The breakdown of shareholding is illustrated in the chart included below.

The common shares grant their holders, among other rights, the ability to participate in the deliberations of the General Shareholders’ Meeting, to vote therein, and to receive a share of the declared profits proportional to their equity participation.

As of the aforementioned date, the shareholder Grupo Aval Acciones y Valores S.A. holds a significant 93.74% stake in the Bank’s capital, being the Bank’s parent company and the financial holding company of the Aval Financial Conglomerate.

Graph. Shareholding Structure – Banco Popular



The shareholders Grupo Aval Acciones y Valores S.A., Seguros de Vida Alfa S.A., Seguros Alfa S.A., and Inverprogreso S.A. are entities that form part of the Aval Financial Conglomerate, holding a combined equity stake of 94.5% in the Bank’s share capital. Likewise, the ultimate beneficial owner is Dr. Luis Carlos Sarmiento Angulo, who is also the natural person at the head of the business group to which the Bank belongs.

As of December 31, 2024, the Bank’s authorized share capital amounts to one hundred billion Colombian pesos (COP \$100,000,000,000), represented by ten billion (10,000,000,000) common shares with a par value of ten Colombian pesos (COP \$10) each.

The Bank’s subscribed and paid-in capital amounts to seventy-seven billion two hundred fifty-three million two hundred sixty-five thousand thirty Colombian pesos (COP \$77,253,265,030), divided into seven billion seven hundred twenty-five million three hundred twenty-six thousand five hundred three (7,725,326,503) shares.

The shares of Banco Popular S.A. are common, registered, and freely transferable. They are listed in the National Registry of Securities and Issuers (RNVE) pursuant to Resolution 1422 of November 11, 1993, issued by the Financial Superintendence of Colombia (SFC), and are also listed on the Colombian Stock Exchange (Bolsa de Valores de Colombia - BVC) since November 11, 1993.

The members of the Board of Directors do not hold shares in Banco Popular, either directly or indirectly, and no share transactions involving members of the Board of Directors, Senior Management, or other Bank administrators took place during 2024.

In 2024, no shareholder agreements were entered into, nor were any treasury shares held by the Bank.

Dematerialization of Shares

In September 2024, the dematerialization of the common shares issued by the Bank that were still in physical circulation was finalized. As of September 23, 2024, the Bank’s common shares began circulating in dematerialized form through the registration and book-entry system managed by the Central Securities Depository Deceval S.A. (“Deceval”). Consequently, the physical certificates lost their validity.

Shareholder Services

Through the Bank’s corporate website, under the “Shareholder and Investor Relations” tab, the contact information for the Corporate Governance Office is available. This office serves as the point of contact for shareholders and investors to address their concerns¹.

During the year 2024, 62% of shareholder requests were related to shareholding and tax status certificates, 19% to dividend calculation and payment, 5% to share transfers, and the remaining percentage to other matters. All requests were duly addressed.

¹CE36 Participation of Shareholders and Investors
²GRI 2-10 Policy on the Appointment and Remuneration of the Bank Popular’s Highest Governance Body
³The members of the Board of Directors do not hold the status of Politically Exposed Persons (PEPs) and are not considered employees or executives of the Bank.

II. Management Structure
[CE26] [CE27] [GRI 2-10] [Recommendation 33.3]

Board of Directors

The Board of Directors is composed of nine directors appointed by the General Shareholders’ Meeting. It is the Bank’s highest governing body, whose main function is to establish the general policies of the Bank, as well as to approve and periodically monitor the strategic and business plan, management objectives, and to ensure that the President, Senior Management, and other Bank employees comply with and adhere to the aforementioned policies. The Board is also responsible for carrying out the functions established by current regulations, as well as those set forth in the Bank’s [Bylaws](#) and the [Internal Regulations of the Board of Directors](#).

Appointment and Compensation
[GRI 2-19] [GRI 2-20] [CE26]

In accordance with legal and statutory provisions, the General Shareholders’ Meeting has adopted guidelines through the [Bank’s Policy on the Appointment and Compensation of the Board of Directors](#). This policy sets the criteria applicable to the composition of the Bank’s Board of Directors, including the suitability, professional profile, and experience required for each director², as well as the procedures for presenting and evaluating proposals and candidates, and the rules for determining the remuneration of this governing body.

At the meeting held on March 21, 2024, the General Shareholders’ Meeting appointed the current Board of Directors, based on a slate of candidates submitted by the majority shareholder, Grupo Aval. The meeting also approved the fees to be paid for attendance at Board of Directors meetings and its Support Committees, which can be consulted under the tab titled “Shareholder and Investor Relations” in the [Assemblies](#) section.

The SFC (Financial Superintendence of Colombia) authorized the appointment of the designated directors; the supporting documents, including *résumés*, are kept on file by the Bank’s Vice Presidency of Corporate Affairs and Sustainability and the General Secretariat.

The fees for the members of the Board of Directors were paid in accordance with the resolutions of the General Shareholders’ Meeting. The maximum amount of fees is determined by the number of Board of Directors and Support Committee meetings attended by each director, multiplied by the fee amount approved per session. This constitutes the maximum cost of the Board of Directors and is the sole compensation component approved for that body. Therefore, no compensation systems involving stock options or variable remuneration are considered.

Composition of the Board of Directors³
[GRI 2-9] [CE27] [DJSI 1.2.4] [DJSI 1.2.5] [DJSI 1.2.7] [DJSI 1.2.8]

The Bank’s Board of Directors is composed of individuals with relevant knowledge and experience in the financial sector, as well as the suitability, professionalism, skills, and competencies necessary to perform their duties and assume the responsibilities of their positions. This aligns with a robust and sustainable corporate governance structure that continues to strengthen over time.

Likewise, the profiles of the Board members are aligned with the Bank’s corporate strategy. Below is the composition of the Bank’s Board of Directors:

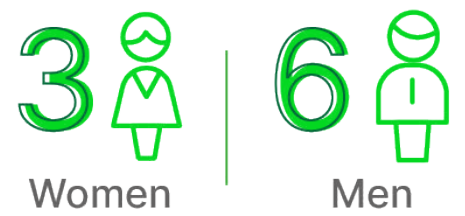


The profiles of the members of the Board of Directors can be consulted at the following [link](#).

Skills / Knowledge

It is worth highlighting that in 2024, the international organization “The 30% Club”, present in Colombia since 2019, whose purpose, among others, is to increase the participation of women on Boards of Directors, granted recognition to Banco Popular for having 33,3% female representation on its Board, thus contributing to progress in gender equity

Gender

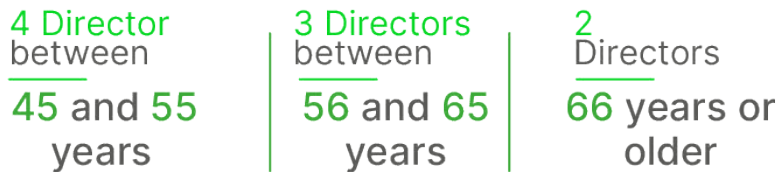


The Board of Directors possesses diverse specialized knowledge, experience, and managerial, administrative, and leadership competencies in both the financial sector and the public and private sectors. These capabilities enable a comprehensive and interdisciplinary contribution to the role of the Board of Directors and to the Bank's overall strategy.



Generational

The ages of the Board members fall within the following ranges:



Diversity CRITERIA



Seniority:

55.5%

of the Directors have served for more than 1 year.



Independence

77.7%
of the Directors are independent.

The independence criteria adopted by the Bank for appointing members of the Board of Directors and the Audit and Compliance Committee are those established in the [Internal Operating Regulations of the Board⁴](#).

Participation of Directors on Boards of Subsidiaries

Dr. Javier Díaz Molina serves as a director on the Board of Directors of Alpopular, a subsidiary of the Bank.

Meeting Development
[CE30, CE31] [Recommendation 19.4]

During 2024, the Board of Directors met regularly in accordance with the schedule and work plan approved by the body⁵, as well as in extraordinary sessions when urgent and/or significant matters needed to be addressed. A total of 32 meetings were held, most of them in person—28 regular and 4 extraordinary.

The structure and frequency of these meetings have enabled the Board to guide the Bank’s direction and ensure appropriate oversight. Additionally, the Board of Directors carried out its duties based on the compliance program established for this governing body and was supported by its advisory committees. These committees report on compliance with Board directives and propose modifications to policies and rules issued by the Board in response to regulatory or market demands.

Below is the attendance percentage for each director at the Board meetings held between April and December 2024:

Mauricio Hernando Amador Andrade	100%
Javier Díaz Molina	100%
Luz Piedad Rugeles Ardila	100%
Diego Fernando Solano Saravia	95%
María Ximena Lombana Villalba	90%
Juan Pablo Zárate Perdomo	100%
Luis Ernesto Mejía Castro	90%
Ernesto José Gutiérrez de Piñeres Luna	100%
Natalia Ramirez Carrizosa	95%

⁴[CE29] [Recommendation 16.1; 16.5]
⁵Recommendation 19.1.
⁶CE27 Regulations of the highest governing body of Banco Popular.
⁷GRI 2-18Performance evaluation of the highest governing body of Banco Popular; CE31

The rules regarding the deliberative and decision-making quorum for holding Board of Directors meetings are defined in the [Bylaws](#) and the Internal [Regulations](#)⁶. In 2024, quorum was met in all meetings of this governing body.

Likewise, the Board of Directors carried out its annual self-assessment⁷ of its 2024 performance by completing the designated evaluation form, under the coordination of the Corporate Governance and Sustainability Committee and the Chair of the Board. Once the results were obtained, opportunities for improvement were identified regarding the fulfillment of the Board’s duties, and action plans were established to be implemented during 2025.

Main Reports and Approvals
[Recommendation 33.3] [GRI 2-12] [CE26]

The Bank’s Board of Directors, committed to meeting the institution’s strategic objectives, actively participated in the deliberation of the topics presented, with emphasis on the review, approval, and monitoring of the Bank’s Strategic and Business Plan for the 2024–2026 period. The development of this plan was supported by the consulting firm Boston Consulting Group (BCG), and it is framed within a focused business model, a robust balance sheet, and an efficient operating model. One of the main commercial focuses of this plan is related to the “silver economy,” aiming to address the diverse needs of the 50+ segment.

The Board of Directors actively participated in the review and approval of strategic plans related to key matters such as customer-centered service, the products and services offered by the Bank to its target segments, profitability models, monitoring and definition of the transformation plan, and the strengthening of internal control and management of assets and liabilities, operations

and technology, organizational structure, and human talent management. Additionally, matters related to identified key risks, financial figures, projections, and performance indicators were addressed. Reports were also presented to the Board of Directors regarding the proper functioning of financial, non-financial, and operational risk management systems. Periodic reports from subsidiaries on their management were included, along with presentations on regulatory projects and regulations issued by the Financial Superintendence of Colombia (SFC).

In addition to presentations for the approval of operations, acts, and contracts, in accordance with the powers granted to the Board of Directors, the Board reviewed and approved, adjusted, or updated various manuals, policies, codes, and regulations to ensure compliance with current regulations and contribute to the Bank’s sustainable development. The most relevant updates are highlighted below:

- Following the issuance of External Circular 008 of 2023 by the SFC—which fully replaced Chapter IV, Title I, Part I of the Basic Legal Circular, relating to Internal Control System instructions for supervised entities—the Board of Directors approved and/or amended the following documents: the Corporate Governance Code, Code of Ethics and Conduct, Internal Operating Regulations of the Board of Directors and the Audit Committee, the Ethics and Conduct Committee Regulations, Human Talent Policies, Information and Communication Policy, Internal Control System Evaluation and Reporting Policy, and the Strategic Technology Plan.
- The Directors reviewed and approved the Corporate Pension and Retirement Policy for Grupo Aval employees and its subsidiaries, applicable to the Bank, with the aim of establishing an appropriate retirement plan that allows employees to enjoy their retirement and pension stage upon the conclusion of their working life.

- The Board of Directors reviewed and approved adjustments to the Credit Risk Management System (SARC) policies and manuals, including the policy for granting payroll loans (libranzas) to the Bank's employees.
- The Board approved the updates proposed by management regarding the Risk Appetite Framework (RAF), the Risk Appetite Statement (RAS), the Integrated Risk Management System (SIAR *per its acronym in Spanish*) Policy, the Subsidiaries Committee Regulations, the Operational Risk Management Policy, the Market Risk Management (MRM) Policy, and the Liquidity Risk Management (LRM) Policy.
- It approved the Unified Regulations of the Financial Risk Committee, the Conduct Risk Policy, Banking Book Interest Rate Risk Policy, Instruments and Hedging Policies, and related annexes
- It approved the Bank's adherence to External Circular 017 of 2023 issued by the SFC, and also reviewed and approved the countercyclical provision depletion and reconstitution plans presented by Management.
- It approved the Bank's adherence to the benefit established in External Circular 014 of 2024 issued by the SFC, regarding the non-establishment of countercyclical provisions for new disbursements.
- It approved the update of the Financial Consumer Assistance System (SAC *per its acronym in Spanish*) Manual, aiming to align it with the "External Supervision Guide for Conduct Risk" issued by the SFC, as well as with the Policy adopted by the Bank.
- Through the approval of various documents, the Board of Directors contributed to the Bank's achievement of obtaining ISO 37000 and ISO 37301 certifications, as well as Colombian Technical Standard 6671 in criminal and ethical compliance—making it the first financial institution in Latin America to obtain them.

- During the evaluation period, the Board of Directors received, analyzed, and made considerations regarding the reports and evaluations conducted by the Statutory Auditor and the Bank's Internal Audit Office. Additionally, management presented the corresponding action plans, which the Board monitored to ensure compliance.
- The Board of Directors also performed the appropriate follow-up on the reports submitted by the risk rating agencies.

To encourage participation and discussion on various matters by the Directors, relevant materials were sent to them in advance of the respective meetings, allowing them to review and study the matters submitted for their consideration, participate in discussions, and make informed decisions.

To this end, a SharePoint site was implemented this year for the delivery of information to the Board of Directors, enabling more efficient and timely access to updated information, including the Bank's strategic and risk indicator dashboards.

The information provided to the Board of Directors was handled with the responsibility and confidentiality such matters require.

Advisory and Training [Recommendation 33.3] [GRI 2-17]

During 2024, the Directors received both internal and external advisory support with the aim of updating and strengthening their knowledge and skills in areas relevant to the Bank.



Among the main training sessions were the following: (i) considering the changes in the members of the Board of Directors, an induction was conducted covering the Bank’s strategic roadmap, financial matters, credit management, commercial management, human talent, risk management, and corporate governance, led by the Bank’s Management; (ii) training on Interest Rate Risk in the Banking Book (IRRBB), led by the Risk team from PricewaterhouseCoopers (PwC); (iii) training in ABAC and SARLAFT, delivered by Dr. Alberto Lozano Vila, President of Infolaft; (iv) SOX training, led by PricewaterhouseCoopers (PwC) Colombia; and (v) training on Large Exposures, conducted by the Bank’s Vice President of Risk.

It is also important to highlight the participation of five Directors in the ESG (Environmental, Social, and Governance) Certification Program for Board Members, carried out with the Colombian Institute of Corporate Governance through Asobancaria, in partnership with the International Finance Corporation (IFC) and the Swiss Cooperation Agency. To date, six members of the Board are certified in ESG matters, which strengthens the Board of Directors’ strategic vision on the Bank’s sustainability topics.

Likewise, periodic presentations to the Board of Directors by the National Association of Financial Institutions (ANIF) are highlighted, focused on economic analyses and specific sectors at both the national and international levels.

Chairman of the Board of Directors

Dr. Luis Ernesto Mejía Castro serves as Chairman of the Board of Directors. During 2024, he promoted the timely and sufficient delivery of information to Board members ahead of each meeting. Hewasalsoresponsibleforthecoordination,planning,anddirection of the meeting agendas, leading the discussions, conducting Q&A

⁸GRI 2-11 President of the Bank’s highest governing body.
⁹The Directors were appointed at the Board of Directors meeting held on April 29, 2024.

sessions, and submitting matters to the Board in accordance with the defined agendas.

Likewise, he led the Board’s annual self-assessment process with the support of the Corporate Governance and Sustainability Committee, and carried out the review and signing of the respective minutes with the assistance of the Vice President of Corporate Affairs and Sustainability and the Secretary General.

The Chairman of the Board does not hold an Executive Officer role within the Bank, and his responsibilities are defined in the [Board of Directors’ Internal Regulations⁸](#).

Secretary of the Board of Directors

The Bank’s Vice President of Corporate Affairs and Sustainability and Secretary General serves as Secretary of the Board of Directors and its Support Committees. As part of his duties, he was responsible for convening the members in accordance with the established meeting schedule for these bodies. He also coordinated the preparation of meeting agendas based on the annual work plan and the Bank’s needs, led the process of drafting, reviewing, and signing the minutes, and issued the corresponding certifications and extracts.

Support Committees of the Board of Directors
[GRI 2-9] [CE27] [CE30]

The Bank’s Board of Directors is supported by the following committees:

Audit Committee

The Audit Committee is composed of three members of the Board of Directors, the majority of whom are independent. The objective of this committee is to assist the Board of Directors in

evaluating The Internal Control System, as well as its continuous improvement, are key responsibilities of the Audit Committee to ensure the Board of Directors fulfills its duties appropriately. The Directors who make up the Committee possess the knowledge and experience relevant to its functions.

Throughout 2024, the Audit Committee carried out its responsibilities with commitment and diligence. The functions and responsibilities assigned to it are described in more detail in the Board of Directors’ Report on the activities undertaken by the Audit Committee in 2024.

Luz Piedad Rugeles Ardila
Committee Chair

Diego Solano Saravia

Natalia Ramírez Carrizosa





Board Meetings

9



Attendance Rate of Current Board Members⁹

100%



Functions

They are established in the **Rules of Procedure** and the applicable regulations.

56

Corporate Governance and Sustainability Committee
[Recommendation 18.7] [GRI 2-13]

The Corporate Governance and Sustainability Committee of the Bank is composed of three members of the Board of Directors, the majority of whom are independent. The main objective of this committee is to assist the Board of Directors in its functions of approving and overseeing policies, guidelines, and/or procedures related to Corporate Governance and Sustainability.

During 2024, the Committee carried out, among others, the following activities:

- Defined and monitored the process to optimize the matters presented to the Board of Directors, with the purpose of creating efficiencies in the development of meetings, agenda setting, information presented, and delegation of certain functions to supporting Committees and/or Management, thereby allowing the Board to devote more time to strategic matters.
- Reviewed and analyzed the 2023 Corporate Governance Report and the 2023 Sustainable Management Report, both presented to the General Shareholders' Meeting in 2024.
- Reviewed and analyzed the implementation of the recommendations contained in the Code of Best Corporate Practices – Código País.

- Monitoring the implementation of the sustainability strategy defined by the Bank's Board of Directors, including the social, environmental, and governance aspects.
- Oversight of the training program established for the Board of Directors during 2024.
- Monitoring corporate governance matters, confirming, based on the information provided by Management, that no claims were filed by shareholders or investors related to Corporate Governance policies during 2024; likewise, no transactions were conducted by Bank Popular administrators involving shares of the company or its subsidiaries.
- Supervision of compliance with the duty to disclose relevant information in a timely manner, as well as updates to the Comprehensive Information System for the Securities Market.
- Follow-up on the status of appointment proceedings within the Bank.
- Review of the schedule and work plan proposed by Senior Management for meetings of the Board of Directors and Support Committees for the year 2025.
- Submitted to the Board of Directors proposed amendments to the Internal Regulations of the Corporate Governance and Sustainability Committee of Banco Popular, aiming to incorporate sustainability matters into the Committee's definition and functions.

The Directors who are part of the Committee possess experience and knowledge in corporate governance matters. The composition is as follows:

María Ximena Lombana Villalba
Chair of the Committee
Luis Ernesto Mejía Castro
Javier Díaz Molina

Risk Committee

The Risk Committee is composed of three independent members of the Board of Directors. The purpose of this Committee is to assist the Bank’s Board of Directors in fulfilling its oversight responsibilities regarding risk management, including the identification, measurement, control, and consolidated monitoring of the risks to which both the Bank and its subsidiaries are exposed. This is done within a holistic framework that promotes an institutional culture focused on prevention.

During 2024, the Risk Committee carried out, among others, the following activities:

- Review of reports presented by the Bank’s management regarding the proper functioning of comprehensive risk management, both individually and on a consolidated basis.
- Ongoing monitoring of the credit risk management system and provisions.
- Analysis of Risk Appetite Statement (RAS) indicators for the Bank and its subsidiaries: Fiduciaria Popular, Alpopular, and Corficolombiana.
- Evaluation of cybersecurity, information security, and business continuity strategies.
- Oversight of regulatory projects related to risk management.
- Review of updates to policies, manuals, and regulations for approval by the Board of Directors in matters of risk management.

- Analysis of the 2024 Stress Testing Framework (EPR) Results, including the regulatory context, economic variables, financial results, related indicators, and the adverse scenario with climate risk.

The Directors who make up the Committee have experience and knowledge in risk management and control.

Mauricio Hernando Amador Andrade
Chairman of the Committee
Juan Pablo Zárate Perdomo
Ernesto José Gutierrez de Piñeres Luna



**Board Meetings**

3

**Attendance Rate of Current Board Members¹⁰**

100%

**Functions**

They are established in the **Rules of Procedure** and the applicable regulations.



**Board Meetings**

13

**Attendance Rate of Current Board Members¹¹**

100%

**Functions**

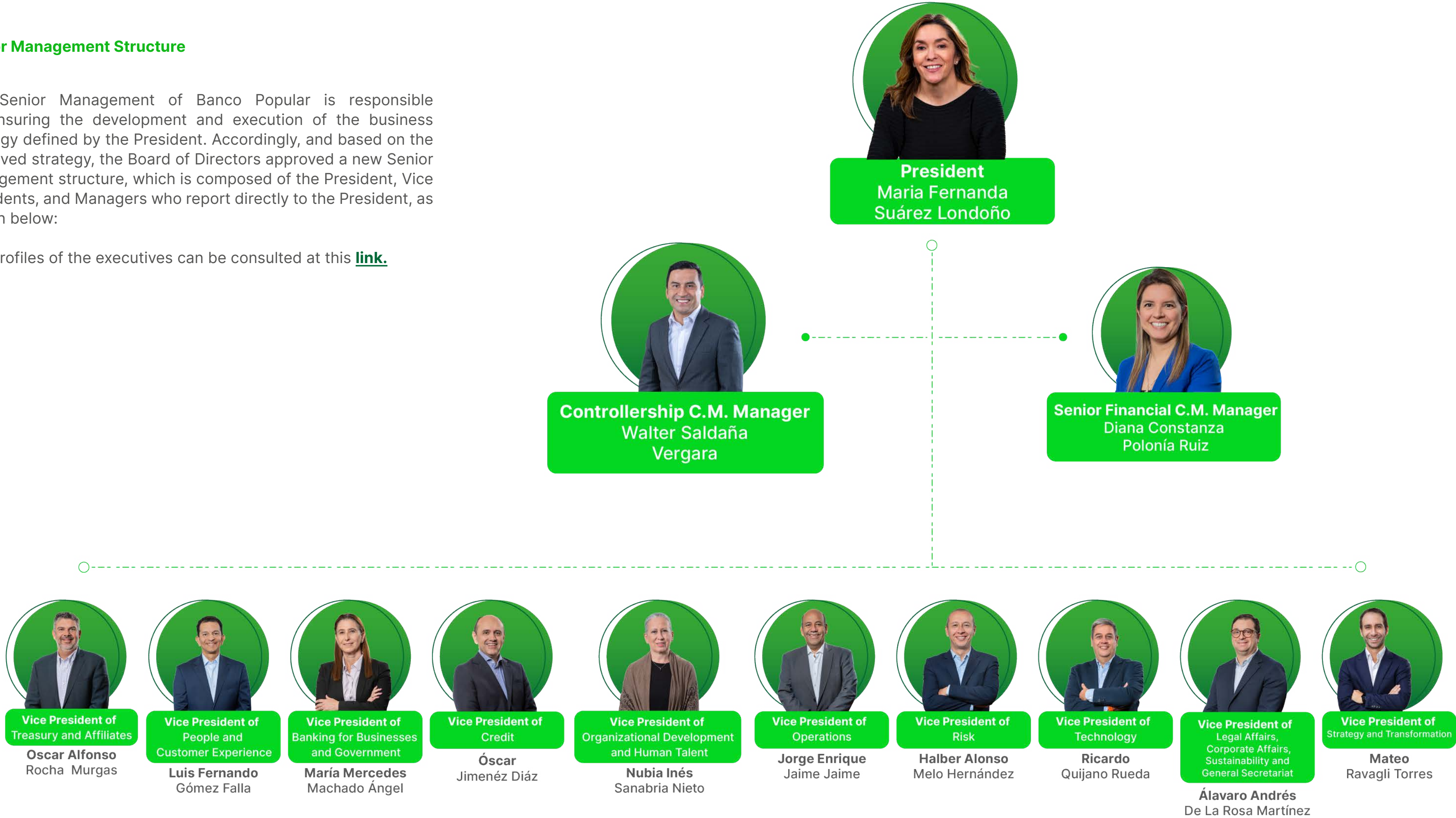
They are established in the **Rules of Procedure¹²** and in the current regulations.

¹⁰The Directors were appointed at the Board of Directors meeting held on April 29, 2024.
¹¹Attendance rate by category for current Directors
¹²Recommendation 18.25

Senior Management Structure
[CE 28]

The Senior Management of Banco Popular is responsible for ensuring the development and execution of the business strategy defined by the President. Accordingly, and based on the approved strategy, the Board of Directors approved a new Senior Management structure, which is composed of the President, Vice Presidents, and Managers who report directly to the President, as shown below:

The profiles of the executives can be consulted at this [link](#).



The President of the Bank, the Vice Presidents, and the General Secretary hold the status of legal representatives of the institution. Likewise, Dr. Diana Constanza Polanía Ruiz, Financial Manager, is the legal representative for matters related to financial statements.

Material Changes in the Bank's Senior Management

During 2024, as a result of the Bank's new Senior Management structure, the Board of Directors appointed Dr. Andrés De la Rosa Martínez as Vice President of Corporate Affairs and Sustainability and General Secretary; Mateo Ravagli Torres as Vice President of Strategy and Transformation; Oscar Rocha Murgas as Vice President of Treasury and Subsidiaries; and María Mercedes Machado Ángel as Vice President of Corporate and Government Banking.

Subsequent to the reporting period of this document, the Board of Directors accepted the resignation of Dr. Gabriel José Nieto Moyano, who served as Vice President of Credit and legal representative of the Bank, and appointed Dr. Oscar Jiménez Díaz to this position, which he assumed as of February 2025.

Details of the aforementioned material changes were duly disclosed to the market through the Bank's corporate website and the Financial Superintendence of Colombia (SFC), as well as in the quarterly reports published.



Executive Presidential Committee

This committee is the body that supports the President of the Bank in managing the institution. It enables the monitoring of various initiatives, goals, and objectives that support the fulfillment of strategic plans. Additionally, it has certain documented specific powers related to potential conflict of interest situations within the Aval Financial Conglomerate, as well as matters involving settlement agreements not related to obligations and operational risk events.

It is composed of the President, Vice Presidents, and Managers who report directly to the President. The Presidents and/or representatives of the subsidiaries participate in some meetings, during which they present periodic reports on relevant matters concerning their respective companies.



Appointment and Remuneration of Senior Management Members
[Recommendation 24.3] [CE26]

For the appointment of Senior Management, the Bank considers, among other aspects, the education, experience, professional background, and personal qualities required for the position. In this regard, the Bank has a Strategic Human Talent Management Model, which includes a succession management process. This process identifies potential successors for key positions within the organization, assessing whether they meet the required competencies, skills, experience, and readiness level for the role.

This information is reported to the Board of Directors and the President of the Bank, who are the entities responsible for appointing members of Senior Management, as follows:

Board of Directors



- President
- Vice Presidents
- General Secretary
- Accounting Manager
- Legal Representatives

President



- Managers who report directly to the president.

The human talent compensation policy is aligned with the Corporate Bylaws, which establish that it is the responsibility of the Board of Directors to set the compensation for the President of the Bank, as well as for the Vice Presidents and the Comptroller General. The Board may delegate the authority to determine the compensation of the latter positions to the President of the Bank. Likewise, the Bank has determined that Senior Management’s compensation shall consist of a fixed amount that includes the corresponding remuneration components for each position, in line with best compensation practices in the labor market. This approach allows the Bank to remain competitive and ensure the retention of highly qualified personnel with the ability to lead others and drive the achievement of both corporate and professional goals.

Salary increases for Senior Management Executives are granted following a performance evaluation and must be approved by the Bank’s Board of Directors, based on internal policies established by the Administration and corporate guidelines.

Senior Management Performance Oversight
[Recommendation 24.5] [CE31]

The performance evaluation process for Senior Management executives is carried out in accordance with corporate guidelines. It begins with the definition of performance indicators for each member of Senior Management, establishing minimum and maximum achievement targets based on the Bank’s strategy.

The evaluation is conducted periodically throughout the year through a process established by the Bank known as “positive encounters”, which are held between the President and each of their direct executives.

The objective of these encounters is to review and follow up on the Bank’s results, which in turn serve as input for each executive’s performance indicators and have an impact on their outcomes.

These meetings also provide an opportunity to recognize and give feedback on the competencies, skills, and abilities of each leader to support their development.

The Strategic Planning Management Office is responsible for maintaining control over the performance indicators, while the Manager of the Center of Excellence for Human Talent maintains the information related to each leader’s competencies.

At the Bank, the evaluation of Senior Management positions is carried out according to a corporately defined methodology, which includes the definition and assessment of cross-functional and functional objectives aligned with the business strategy, and with specific achievement targets set for each goal.

III. Transactions with Related Parties
[CE33]

The summary of the record of transactions is attached to the financial statements, in the note entitled “Related Parties”, and the relevant contracts are also reflected in the report submitted by the Bussiness Group.

IV. Risk Management System

Internal Control System
[Recommendation 33.3] [CE35]

The Bank’s Internal Control System (ICS) is composed of a set of policies, principles, rules, procedures, and verification and evaluation mechanisms established by the Board of Directors, Senior Management, and other Bank employees, with the purpose of providing a reasonable degree of assurance in achieving its strategic objectives, in accordance with the applicable regulations and best practices.



The Bank has an Internal Control System (ICS) that is aligned with its risk profile, strategic and business plan, the nature, size, and complexity of its activities, as well as the economic environment and the markets in which it operates. To achieve its objectives, the Bank establishes self-control, self-regulation, and self-management as the guiding principles of its ICS.

The ICS identifies components related to the control environment, risk management, control activities, information, monitoring, and follow-up, taking into account the elements and governance and control architecture that enable its proper functioning and continuous improvement. This system is based on COSO and is implemented through the Bank’s three lines of defense, which form part of its Internal Control model.

The entire Bank participates in the Internal Control System; to ensure its oversight and monitoring, the Board of Directors, its supporting committees, and Senior Management are responsible for evaluating its performance, as well as the fulfillment of strategic objectives and the definition of organizational culture. For this purpose, specific controls and processes have been implemented to foster its continuous strengthening.

The Bank has a Comprehensive Risk Management System (SIAR, for its acronym in Spanish), in compliance with the provisions established in Chapter XXXI of the Basic Accounting and Financial Circular issued by the Financial Superintendence of Colombia (SFC). This system includes, among other elements, methodologies for the proper identification, measurement, control, and monitoring of risks, such as the Risk Appetite Framework (RAF), Risk Policies, Risk Governance, and all related documentation (including systems and infrastructure) that support the SIAR.

In addition, the Bank manages various types of risks, including: Credit Risk, Operational Risk, Money Laundering and Terrorist Financing Risk (ML/TF), Cybersecurity Risk, Information Security Risk, Market Risk, Liquidity Risk, Interest Rate Risk in the Banking Book, Country Risk, and Conduct Risk. The Bank also manages Fraud and Bribery Risk (ABAC), Transactional Fraud, SOX compliance, Business Continuity, Social and Environmental Risks, as well as Relevant and Emerging Risks. Furthermore, the Bank operates a Financial Consumer Assistance System (SAC per its acronym in Spanish).

Accordingly, the Bank makes its best efforts to mitigate the potential materialization of the risks described above, as well as any others that may arise in the course of its operations or those of its subsidiaries, through ongoing risk monitoring and control, as well as by addressing changes in the economic environment.

After considering the activities carried out during the year ended December 31, 2024, it is established that the Bank complies with the current regulations on the matter and continues working to strengthen both its Risk Management Systems and the Financial Consumer Assistance System. Likewise, the Board of Directors approved the relevant risks that Management must monitor on an ongoing basis.

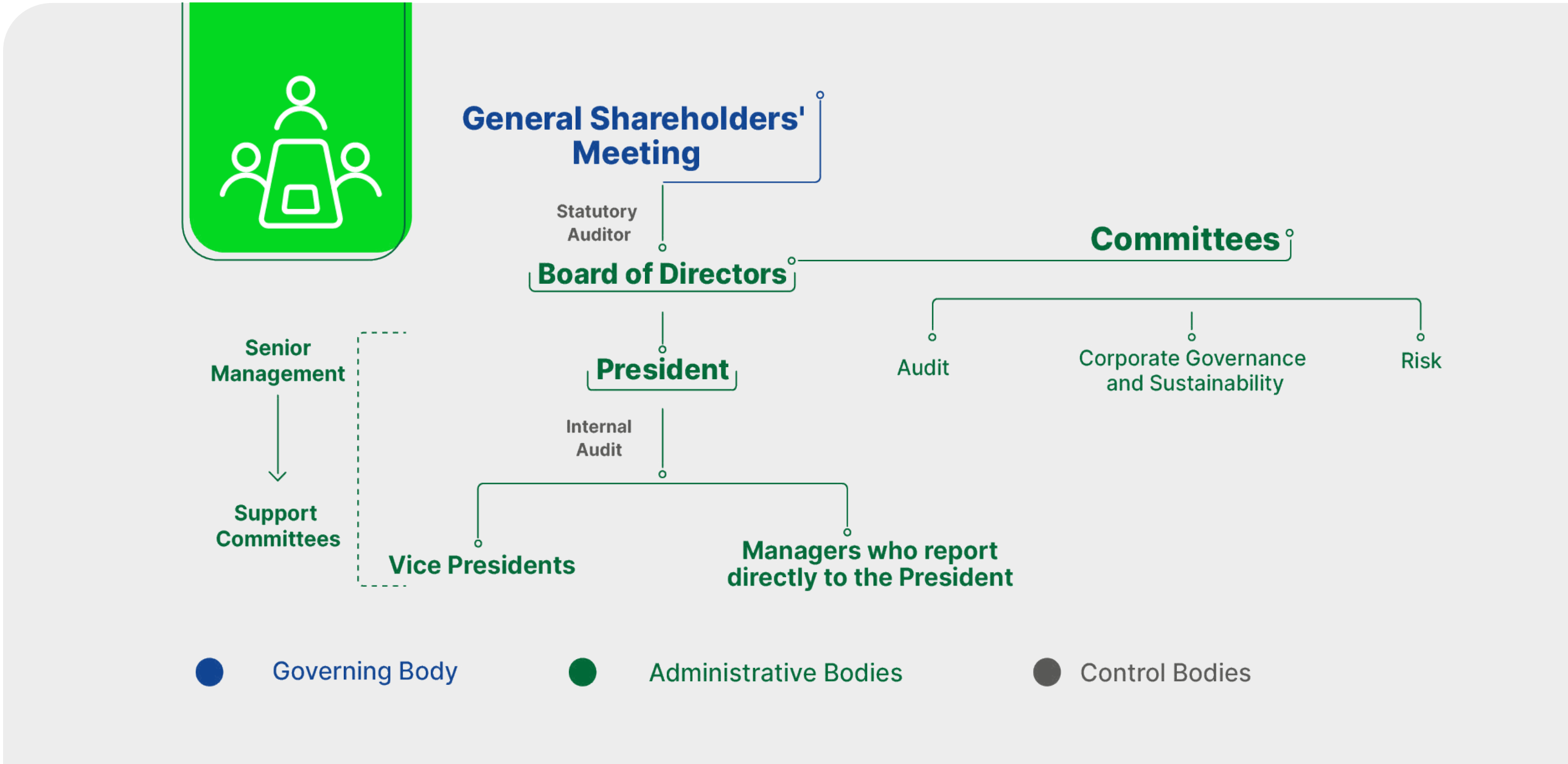
Additionally, considering the Bank’s financial results over recent years, as well as the country’s macroeconomic conditions during 2024, the Bank has been closely monitoring the impact on the net interest margin, given the high cost of funding, and has taken actions aimed at restoring profitability.

No risk events material to the entity occurred during this period. For the risks that were identified, the necessary action plans were implemented to mitigate them. Further details can be found in the “Risk Management System” section, which is part of this Management and Sustainability Report.

The Audit Committee supported the supervision and evaluation of accounting procedures, the relationship with the Statutory Auditor, and, in general, the review of the Bank’s Governance and Control Architecture. The main activities carried out during 2024 are detailed in the section of the Board of Directors’ Report on the activities conducted by the Audit Committee in 2024.

V. Governance and Control Architecture

Banco Popular, in the development of its Comprehensive Internal Control System, has a transparent structure aligned with the achievement of its objectives, as outlined below.



VI. General Shareholders’ Meeting
[CE21, CE34]

In 2024, the General Shareholders’ Meeting was held on two occasions—one ordinary and one extraordinary—in strict compliance with legal and statutory provisions governing its

operation. Likewise, the calls to meeting were made in accordance with the provisions set forth in the Company’s Bylaws and other applicable regulations.

Extraordinary Meeting – March 21, 2024		
	Quorum	An initial quorum of 94.97% was recorded, which was maintained throughout the meeting.
	Forma	In-person.
	Topics Discussed	Among other matters, the Sustainable Management Report, the financial statements, the loss absorption project, the bylaw reform, and the donation amount were approved. The members of the Board of Directors and the Statutory Auditor firm were also appointed. In addition, the Statutory Auditor’s Report, the Corporate Governance Report, the 2023 Financial Consumer Ombudsman’s Report, and the Report on the Activation of Counter-Cyclical Loan Provisions were presented, in compliance with External Circular 017 of 2023 issued by the Financial Superintendence of Colombia.
		The General Shareholders’ Meeting, held on March 21, 2024, decided not to declare the payment of dividends for the 2023 fiscal year. The loss absorption project approved by the General Shareholders’ Meeting may be consulted under the section titled <u>“Shareholders and Investors Relations.”</u>

Extraordinary Meeting – August 14, 2024		
	Quorum	An initial quorum of 94.835% was recorded and remained in place throughout the meeting.
	Format	In person.
	Topics Addressed	Among other matters, the issuance and placement of common shares through a public offering in the amount of COP \$100,000 million was approved, subject to preemptive rights, in accordance with the regulations established for this purpose by the Bank’s Board of Directors. A bylaw amendment was also approved.

The call for the Shareholders’ Meeting, the rights and obligations of the shareholders, as well as the characteristics of the shares that make up the share capital, were made available to investors and the market in general through the Bank’s corporate website under the “Shareholder and Investor Relations” section, in both Spanish and English¹³. This section contains corporate governance documents and information regarding the directors, shareholders, shareholder meetings, financial statements, quarterly reports, relevant market information, administrative sanctions, statutory auditor, corporate agenda, useful links, and frequently asked questions. Additionally, prior to the Ordinary General Shareholders’ Meeting, an exclusive access link was made available so that duly registered shareholders could consult all the information related to each item on the meeting’s agenda.

The fees agreed upon with the statutory auditor for the services rendered, as approved by the General Shareholders’ Meeting, can also be consulted on the Bank’s corporate website under the “Shareholder and Investor Relations” section.

VII. Management of Conflicts of Interest
[GRI 2-15, GRI 2-11] [CE32] [DJSI 1.5.2]

The Bank has established conduct rules aimed at ensuring that decisions are always made objectively and in the best interest of the Bank, in order to prevent conflicts of interest in decisions involving directors, members of Senior Management, and, in general, Bank employees.

Accordingly, the Corporate Governance Code and its annexes, the Code of Ethics and Conduct, and the ABAC Policy provide guidance for the prevention, management, and resolution of conflicts of interest, as well as the definition of behaviors that may generate such conflicts.

¹³Recommendation 4.1 – Corporate website of the Bank in Spanish and English

As part of the ABAC (Anti-Bribery and Anti-Corruption) Risk Management System, the Bank monitors situations that may give rise to conflicts of interest through measurement and monitoring methods based on best compliance practices, promoting a culture of integrity and transparency. In 2024, this matter was strengthened with the incorporation of the Criminal and Ethical Compliance Policy for SARLAFT and ABAC.

In 2024, the members of the Board of Directors did not have any permanent conflict of interest situations (disqualifications) that would have prevented them from continuing in their roles. Additionally, directors refrained from participating in discussions or making decisions where a potential conflict might exist between their personal interests and those of the Bank. In each case, these approvals were granted after verifying compliance with current policies and were issued with the unanimous vote of the other Board members involved in the decision. The number of abstentions was recorded in the Board minutes. The following is a summary for the year 2024: Mauricio Hernando Amador Andrade (3), Javier Díaz Molina (2), Luz Piedad Rugeles Ardila (1), Diego Fernando Solano Saravia (1), María Ximena Lombana Villalba (3), Juan Pablo Zárate Perdomo (4), Luis Ernesto Mejía Castro (2), Ernesto José Gutiérrez de Piñeres Luna (1), Natalia Ramírez Carrizosa (1).

Mechanisms for Resolving Conflicts of Interest Between Companies of the Same Conglomerate and Their Application During the Fiscal Year

The Bank has a policy for the identification, communication, management, and control of conflicts of interest within the Aval financial conglomerate. This policy applies to conflicts of interest that arise or may arise from operations carried out by the entities that make up the conglomerate, including those between such entities and related entities and individuals, as well as their administrators. It also covers operations carried out with proprietary resources or those derived from third-party asset management activities.

This Policy establishes: (i) non-exhaustive criteria for identifying situations that could generate a conflict of interest; (ii) the duty to disclose such situations in a timely manner, as well as the obligation to refrain from executing the questioned transaction or participating in or influencing the decision to be made; (iii) conflict management mechanisms through instances such as the Executive Presidency Committee, the Board of Directors, or the General Shareholders' Meeting; and (iv) control of these situations through the application of self-control and self-regulation criteria as appropriate tools to ensure compliance with the Policy.

Lastly, for the correct application of the Policy, each situation must be analyzed according to the following criteria: (i) transparency in conducting transactions under market conditions and prices, respecting balance between the parties; (ii) identification of materiality in accordance with the nature and size of the respective bodies; (iii) application of exposure limits and counterparty or credit limits, as applicable; and (iv) implementation of information barriers to prevent the exchange of privileged information. During 2024, the aforementioned Policy was correctly applied, and no material conflict of interest situations occurred.

VIII. Claims Regarding Compliance with the Code of Good Governance

No claims were reported regarding compliance with the Bank's Code of Good Governance.



IX. Implementation of Corporate Best Practices

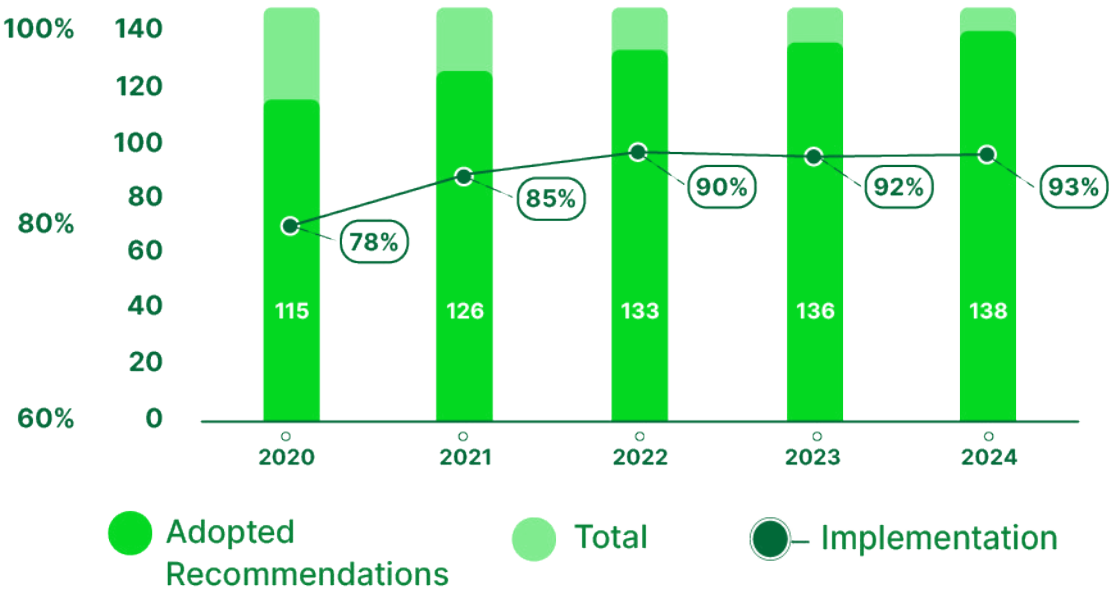
Banco Popular is committed to the ongoing implementation of good corporate governance practices, as part of the development and strengthening of its sustainability model, which has been established as a strategic objective. This is achieved through the strengthening of its governance bodies and practices aimed at guaranteeing shareholders’ rights and equitable treatment, as well as ensuring a sound control architecture and transparency of both financial and non-financial information. The Board of Directors, through the Corporate Governance and Sustainability Committee, has made a positive contribution to the strategy of implementing measures related to good governance.

Report on the Implementation of Corporate Best Practices – Código País

In compliance with External Circular 028 of 2014 issued by the Financial Superintendence of Colombia (SFC), the Bank completed and submitted the report on the implementation of corporate best practices (Código País) to that entity on January 31, 2024. This report was prepared in accordance with the guidelines outlined in the aforementioned circular and was subsequently published to the market through a relevant information disclosure and on the Bank’s corporate website.

The Bank implemented three new Código País measures during 2024, related to the appointment of principal directors (recommendation 15.1), senior management remuneration policy (recommendation 24.6), and the presentation of quarterly results (recommendation 4.3).

The following chart reflects the Bank’s progress in implementing this code over the past five years, according to the plan defined by management. A total of 138 out of the 148 recommendations have been adopted.



X. Social Contribution [GRI 203-1]

In 2024, the General Shareholders’ Meeting, as the competent corporate body in accordance with the Bank’s Bylaws, determined the maximum amount to be allocated for donations during the year, as well as the specific sectors to which the funds could be directed. Within the scope of its statutory authority and in keeping with the Bank’s commitment to social causes, the Board of Directors authorized donations to the following foundations during 2024. Additionally, it approved the completion of donations related to advances made in previous years.

- Fondo de Promoción de la Cultura (Cultural Promotion Fund):** A non-profit organization whose purpose is to promote the preservation and dissemination of the country’s cultural, artistic, and archaeological heritage. It also manages museums and supports archaeological research.

- Fundación Servicio Jurídico Popular (Popular Legal Aid Foundation):** A non-profit organization that provides legal assistance services to low-income individuals, including legal consultations and judicial representation. It also manages its own conciliation center and promotes awareness of newly issued legal regulations.
- Luis Carlos Sarmiento Angulo Cancer Treatment and Research Center (CTIC):** A non-profit institution focused on the construction and operation of a hospital specialized in cancer treatment and research, located in northern Bogotá. Its goal is to offer healthcare services supported by modern technology and highly qualified personnel.

XI. Goals and Challenges for 2025

In 2025, the Bank will continue to work on the following aspects related to its corporate governance:

- Ongoing implementation of good practices and additional standards in environmental, social, and governance (ESG) matters.
- Strengthening and enhancing the efficiency of the functions of corporate governance bodies.
- Continuous training for directors on risk management topics, as well as other strategically important subjects.
- Continued implementation of the Environmental and Social Risk Management System (SARAS) in order to address the impact of social and environmental risks.
- Ongoing strengthening of the Bank’s governance model and Internal Control System (ICS), considering not only the applicable regulations but also recognized best practices.

The Corporate Governance Report for 2024 covers the aspects included in recommendation 33.3 of External Circular 028 of 2014.

Report of the Board of Directors on the Review Process of the Effectiveness of the Internal Control System Conducted in 2024

The Board of Directors agreed to present the following report to the General Shareholders’ Meeting of the Bank regarding the operation of the Internal Control System (ICS) during the year 2024:

The Audit Committee is a body dependent on the Board of Directors, composed of three (3) of its members, and supports the development of its functions concerning the Internal Control System (ICS), being responsible for its evaluation and continuous improvement.

Throughout 2024, nine meetings of the Audit Committee were held, on the following dates: January 30, February 19, May 15, June 13, July 22, August 9, October 29, November 28, and December 19. Additionally, during the first quarter of 2025, three sessions have taken place on January 20 and 30, and February 26.

In accordance with Part I, Title I, Chapter VI of the Legal Basic Circular issued by the Financial Superintendence of Colombia (SFC) regarding the Internal Control System, the Audit Committee and the Board of Directors have monitored the components of the Internal Control System currently in place at Banco Popular, relying on the reports and presentations provided by the responsible management areas and supervisory and control bodies.

Likewise, it is reported that the Internal Audit function of the Bank is performed by the Office of the Comptroller General, which has the necessary resources and independence required to carry out the professional practice, in accordance with applicable standards.

In order to assess the control environment, risk management, activities related to information and communication, as well as those concerning control, monitoring, and follow-up of the Bank’s Internal Control, the following topics, among others, were addressed during the Audit Committee meetings. Timely and appropriate information regarding these matters was provided to the Board of Directors:

- Review and analysis of the 2024 work plan of the Statutory Auditor, which includes, among other aspects, risk assessment, determination of materiality thresholds for audit differences, key audit matters under International Standard on Auditing (ISA) 701, evaluation of both manual and automated controls of business processes, risk management systems applicable to the Bank, evaluation of IT internal controls, cybersecurity, and other legal controls, as well as auditing related to financial reporting, in accordance with the established schedule. The team also presented itself and confirmed its compliance with independence requirements in the performance of the statutory audit service.
- Evaluation of the main findings identified by the Bank’s Internal Audit Office and the Corporate Internal Audit Office of Grupo Aval Acciones y Valores, along with follow-up on action plans defined by the Bank’s departments, and monitoring of audits conducted based on the follow-up of the requirements issued by the Financial Superintendence of Colombia (SFC).

- Report on the results of the financial reporting audit conducted to comply with the requirements of the Sarbanes-Oxley Act (SOX), applicable to entities controlled by Grupo Aval Acciones y Valores, given its registration with the United States Securities and Exchange Commission (SEC).
- Cybersecurity report, which stated that there were no events classified as materialized information security or cybersecurity incidents.
- Monitoring of the continuous improvement of action plans derived from oversight and control activities carried out by internal and external supervisory bodies, to ensure that issues do not recur and that rescheduling is properly managed.
- Reports on cases received through the ethics hotline, including the results of their evaluations, reports of possible fraud cases, corresponding investigations, and actions taken.
- Report from the Statutory Auditor, including identified opportunities for improvement and the follow-up on the corresponding action plans.
- Monitoring of audit activities carried out in subsidiaries, along with relevant reported events and findings, including the identification of risks, root causes, and defined action plans.
- Follow-up on the execution of the internal audit plan during 2024, as well as the evaluation of the internal auditor’s conclusion on the functionality, effectiveness, and reliability of the Bank’s internal control system which provides the reasonable assurance required for the execution and control

of operations and the proper risk management. Likewise, it included the internal auditor's opinion regarding the Anti-Money Laundering and Counter-Terrorism Financing System (SARLAFT *per its acronym in Spanish*), the Financial Consumer Assistance System (SAC *per its acronym in Spanish*), the Comprehensive Risk Management System (SIAR), and the Liquidity Contingency Plan, all of which comply with the applicable regulatory requirements.

- Monitoring compliance with instructions and execution of defined action plans related to internal control.
- Review of certain weaknesses detected by the Bank's Internal Audit and Management regarding specific aspects of the accounting process and framework, information parameter settings, manual records, and contract monitoring. Opportunities for improvement were identified, and the corresponding action plans were adopted.
- Review of the Bank's general-purpose separate and consolidated financial statements, including their notes and annexes, corresponding to the year 2024, as well as the Statutory Auditor's report on the financial statements and their conclusion on the internal control environment, and preparation of the corresponding report for the Board of Directors.
- Approval of the 2025 risk-based audit plan of the Internal Audit Department, the corresponding meeting schedule, and the budget.

- Monitoring of the most relevant institutional requirements presented during 2024, as well as observations made by the Financial Superintendence and the Superintendence of Industry and Commerce.
- Review of the 2024 Annual Corporate Governance Report, following the prior review by the Corporate Governance and Sustainability Committee of the Board of Directors.
- Evaluation of the proposal for statutory audit services for the period from April 2024 to March 2025.
- Evaluation of the work carried out by the Internal Audit Department in 2024, which was favorable. The work performed by this department complied satisfactorily with the 2024 Audit Plan for the Bank and its subsidiaries. Additionally, audit tasks were performed on matters beyond those contemplated in the Plan, in response to requests made by the Board of Directors and the Financial Superintendence.

The resources allocated to this Management Office for the execution of its duties during 2024 were adequate. Likewise, it was confirmed that the Bank's Controllershship team maintains the necessary independence to carry out its professional duties, in accordance with applicable standards, and that confirmation mechanisms are in place for each member of the Controllershship Management team to ensure that such independence remains in effect.

Likewise, the Audit Committee supervised the Bank's internal control structure and verified that the procedures in place reasonably protect its assets, as well as the existence of controls to ensure that operations comply with the appropriate levels of approval, authorization, and recording.

In 2024, due to changes made by the Bank in relation to its strategy, adjustments within Senior Management, identified situations, and newly arising needs, the Board of Directors and the Audit Committee, respectively, taking into account the various reports submitted by Bank Management and the Internal Audit Office, evaluated different opportunities for improvement in the internal control system with a focus on strengthening it. This led to the necessary updates to the Corporate Governance Code, the Code of Ethics and Conduct, the Internal Regulations of the Board of Directors and the Audit Committee, the Regulations of the Ethics and Conduct Committee, the Human Talent Policies, the Information and Communication Policy, the Policy on Evaluation and Reporting of the Internal Control System, as well as the Strategic Technology Plan and the Internal Audit Assurance Policy, in accordance with External Circular 008 of 2023 issued by the SFC and applicable best practices. Additionally, the required changes were implemented concerning organizational structure, processes, and controls, and continuous improvement plans were designed.



4.1.2. Legal and Regulatory Compliance

The Bank has implemented a methodology to continuously monitor draft regulations that may impact its business operations.

The objective of this regulatory monitoring is to actively participate in the review and discussion of draft regulations, identify business opportunities, and advise relevant areas on how such regulations should be implemented if enacted.

During 2024, this regulatory monitoring methodology was executed, enabling the identification of the most impactful draft regulations and the development of a regulatory intervention work plan, impact analysis, and implementation advisory for the responsible areas—this last component applied when the regulations were officially issued.

For 2025, the Bank will continue its ongoing management related to the regulations that affect the institution.

Compliance with Legislation and Regulations [GRI 2-27] [GRI 307-1]

The Bank operates under normal legal and administrative conditions and is committed to complying with the legal provisions governing the fulfillment of its corporate purpose, as well as the requirements of supervisory authorities and its corporate bylaws.

In the same manner, the Bank has respected the decisions adopted by the General Shareholders' Meeting and the Board of Directors. In 2024, the Bank did not incur any breaches of laws or regulations that resulted in fines or non-monetary sanctions.

Likewise, the Bank complies with current regulations regarding the free circulation of invoices issued by sellers or suppliers, in accordance with the legal provisions on the matter, particularly those established under Law 1676 of 2013.

The Bank also complies with regulations related to intellectual property, including those concerning copyright.

[CE 012/22¹⁴] **Lawsuits, Judicial and Administrative Proceedings** [GRI 205-3] [FN-EX-510a.1] [FN-CB-510^a.1]

In accordance with its legal obligations, the Bank is committed to disclosing information on lawsuits, whether judicial or administrative. In this regard, no proceedings were brought against the Bank that could materially affect its operations, financial condition, or any changes thereto.

Similarly, the Bank dedicates its efforts to preventing the occurrence of any actions related to unfair competition and monopolistic practices, reinforcing its commitment to legal and regulatory compliance and the promotion of free competition.

In this regard, it is noted that no legal actions have been filed against the Bank related to the prevention of unfair competition, monopolistic practices, and/or free competition.

The total amount of monetary losses resulting from legal proceedings, as well as the figures for provisions and legal contingencies recognized throughout the year, are included in the financial statements, specifically in Note 21 – Provisions for Legal Contingencies and Other Provisions.

As of the date of this report, the Bank has no actions related to unfair competition and/or monopolistic practices and violations of free competition.

Furthermore, the Bank currently has no fines, monetary sanctions, and/or lawsuits related to non-compliance with environmental, social, economic, or governance matters.

Lastly, the Bank has not adopted any corrective actions arising from monetary losses in the financial industry, as no such events have occurred.

¹⁴ 7.4.1.1.2



4.2. Economic Performance

4.2.1. Macroeconomic Context

Economic Growth and Gross Domestic Product (GDP)

In terms of economic activity, 2024 was characterized by relatively low growth, although it was higher than that recorded in 2023. According to the latest available data, cumulative growth for the first nine months of the year was 1.6%, surpassing the initial expectation of 1.3% average growth for 2024, with a year-end projection of 1.8%.

It is worth noting that recent trends in economic activity suggest that the lowest point of growth occurred between the second quarter of 2023 and the first quarter of 2024. From this point forward, annual growth is expected to exceed 2%.

Additionally, household consumption (which accounts for 75% of total GDP) showed improved performance, recording 1.6% growth. While this figure is not particularly strong, it represents the best result since the first quarter of 2023.

However, the sectoral composition of growth was significantly uneven. The sectors with the highest growth rates were Agriculture (10.7%) and Arts and Entertainment Activities (14.1%).

On the other hand, the most sluggish sectors were Manufacturing (-1.3%), Mining and Quarrying (-7.1%), and Commerce (1%). These sectors have historically made significant contributions to economic growth but have yet to achieve a solid recovery.

For 2025, the upward trend in GDP is expected to continue, supported by stronger growth in domestic demand, particularly driven by the impact of interest rate cuts by the Central Bank (Banco de la República – BanRep). Household consumption is projected to rebound to a growth rate of 2.8%, boosting sectors such as commerce, construction, financial services, and industry.

A slight uptick in investment is also anticipated. As of the end of the third quarter of 2024, investment recorded two consecutive quarters of annual growth at 4%. However, this rebound is still insufficient to ease concerns regarding investment, as gross capital formation currently stands at 17.3%, compared to 22.7% at the end of 2019.

Therefore, GDP growth for 2025 is projected at 2.6%. While this does not reach the historical potential level of 3%, it would represent the strongest economic performance in the last three years

Inflation and Monetary Policy

2024 closed with an inflation correction of over 408 basis points (bps), dropping from 9.28% to 5.20%. While this decline is significant, it is unlikely to be repeated in the coming years. In fact, the year-end result for 2024 was somewhat disappointing, as inflation stagnated at the same level observed in November.

The reduction in inflation was mainly explained by the behavior of food prices, which — despite considerable volatility — fell below 3%, thereby contributing to the overall reduction in inflation.

However, the slow pace of convergence is due to the high level of indexation in key components of inflation, such as rent. The Housing and Utilities category maintained high inflation throughout 2024, decreasing only from 9.26% to 6.96%. This was mainly due to rising energy and gas prices, and especially the adjustment in rents, which increased by 9% as a result of 2023 inflation.

Looking ahead to 2025, multiple sources of inflationary pressure may consolidate. The increase of 9.54% in the minimum wage (a 4.34% real increase) mirrors the adjustment made in 2022. While inflation is not expected to rise from 5.62% to 13.12% as it did that year, this increase may present a challenge to maintaining the downward inflation trend observed over the past two years.

Additionally, the international context has shown adverse signs following Donald Trump's election victory, with concerns that his tariff policies could reignite global inflation. These concerns have manifested in a stronger U.S. dollar globally, which has negatively impacted Colombia. As a result, it is unlikely that the exchange rate will fall below COP \$4,000 during 2025.

Given this increase in expectations for the U.S. dollar, inflationary pressures are anticipated to rise due to the pass-through effect, which would primarily impact food prices.

Taking all of this into consideration, inflation expectations for the end of 2025 have been revised upward to 4.22%, which would mean that the Central Bank (Banco de la República) would miss its inflation target for the fifth consecutive year (2021–2025). Similarly, expectations for the BanRep benchmark interest rate at year-end have been raised, from 7.25% to 8.00%.

Fiscal Situation

As was previously anticipated at the end of 2023, the revenue levels projected in the 2024 Financial Plan may not be achieved. As of October 2024, tax revenue stood at COP 223 trillion, representing a decrease of COP 7 trillion compared to the cumulative revenue collected by October 2023, and nearly COP 10 trillion below the

target set for that point in the year. Although the final figures for the end of 2024 are still pending, it is clear that the established targets will not be met, with the shortfall estimated to be around COP 10 trillion.

In fact, the underperformance in tax collection compelled the government to implement a historic budget cut of COP 28.5 trillion for 2024. However, in the absence of the official balance from the Ministry of Finance, this measure may still fall short of what is needed to meet the country's fiscal targets.

Additionally, over the past five years, government spending as a percentage of GDP has increased from 18.7% to 24.4%—surpassing levels seen during the pandemic. This rise in spending has led to an increase in the country's debt from 48.4% to 56.9% of GDP over the same period.

This significant debt growth is one of the key reasons Colombia lost its investment-grade credit rating in 2020 and has seen its debt servicing costs rise in recent years. As a result, a substantial portion of the nation's available resources is allocated toward debt servicing, which in 2024 will amount to 4.7% of GDP.

The country's fragile fiscal position has also had repercussions on monetary policy. One of the main reasons why the Banco de la República (BanRep) did not implement a more aggressive rate cut (–275 basis points versus –408 basis points in the Consumer Price Index) is precisely due to the challenges stemming from the country's fiscal accounts. The Board, acting responsibly, aims to avoid repeating mistakes made by other central banks in the region, such as the case of Brazil.

Moreover, it is noteworthy that the 2025 national budget appears to be significantly underfunded—not only due to the failed tax reform that sought to raise COP 12 trillion—but also due to broader fiscal constraints. It is therefore estimated that a cut of approximately COP 40 trillion will be necessary to avoid breaching the country's fiscal commitments. The projected fiscal deficit for 2025 is –5.6%, while national debt is expected to rise to 57.5% of GDP, which could lead BanRep to decide against further rate cuts,

which in turn could impact both the foreign exchange and fixed-income markets.

Exchange Rate

In Colombia, the U.S. dollar once again experienced a year of high volatility in 2024. After a bearish start to the year—reaching a three-year low at COP 3,750—the trend reversed in the second half, with the exchange rate closing the year at its highest level, COP 4,406.

A significant portion of the volatility observed in 2024 is explained by global dollar movements. Particularly in the second half of the year, the Colombian peso closely tracked regional currency fluctuations, which were marked by sharp devaluations in Mexico and Brazil. By year-end, the global strength of the U.S. dollar—driven by Donald Trump's victory in the U.S. presidential election—amplified this trend.

Market unease over political changes in Mexico following its presidential elections, and Brazil's ongoing debt crisis, caused substantial devaluations in Latin American currencies during the second half of 2024. Both currencies reached their lowest levels since the pandemic. Furthermore, Trump's victory—accompanied by promises of new tariffs on China, Europe, Canada, and Mexico—triggered strong global demand for the dollar. This was reflected in the DXY index (which measures the dollar's strength against major world currencies such as the euro, yen, and pound sterling), which surpassed 110 points in early 2025—its highest level since 2022.

Therefore, the outlook for the U.S. dollar in 2025 is that it will remain at elevated levels. Although some downward pressure is expected in the early months of the year (due to tax payments by large taxpayers), the average exchange rate for the year is anticipated to hover around COP 4,250, with continued high volatility. Any price near or below COP 4,250 should be considered a buying opportunity to hedge future prices—especially given the expectation of renewed high volatility. This is primarily due to President Trump's protectionist policies, which may increase inflationary and currency risks in global markets.



4.2.2. Financial Situation Banco Popular

As one of Colombia’s leading banks, at Banco Popular we remain focused on the continuous strengthening of our operations, with a firm objective to meet and exceed the expectations of our clients and shareholders. For this reason, throughout 2024, we have stayed on the path of growth, aligned with our goals and adapting to the evolving dynamics of the market, which has allowed us to maintain a clear vision of our financial position and move forward toward long-term consolidation.

As a result of our 2024 management, the Bank has maintained the strength of its assets, reaching COP 28,966,852 million at the end of December, representing a slight decrease of COP 310,994 million (-1.06%). This variation reflects the strategic adjustments implemented to optimize asset structure and adapt to the new market conditions. Deposits, in line with asset performance, also showed a moderate decline of COP 281,364 million (-1.24%), reflecting an improved balance sheet structure aligned with market trends and a continuous effort to secure lower-cost funding. This new balance sheet structure enables the Bank to ensure financial strength and an adequate approach to funding management.

Regarding the Bank’s results in 2024, these reflect the effectiveness of the strategies adopted. Below are the results achieved in 2024 compared to 2023, which represent figures reported in accordance with the Accounting and Financial Reporting Standards (NCIF) applicable in Colombia for separate financial statements.

Financial Situation

	2024	2023
Assets	\$28,966,852	\$29,277,845
Cash and Cash Equivalents	\$1,746,184	\$1,959,241
Loan and Financial Leasing Portfolio (1)	\$21,258,619	\$21,374,630
Loan and Financial Leasing Impairment	-\$1,049,143	-\$1,255,204
Investment Financial Assets	\$4,068,020	\$ 4,530,972
Other Assets (2)	\$2,943,170	\$2,668,207
Liabilities	\$26,575,512	\$26,682,960
Deposits	\$22,402,735	\$22,684,098
Other Liabilities	\$4,172,777	\$3,998,862
Equity	\$2,391,340	\$2,594,885

***All figures in millions of Colombian pesos - COP**

(1) Includes repos and interbank operations.
(2) Includes other accounts receivable, net; investments in subsidiaries, associates, and joint ventures, net; tangible and intangible assets, net; deferred tax assets; hedging derivative instruments; and other assets, net.

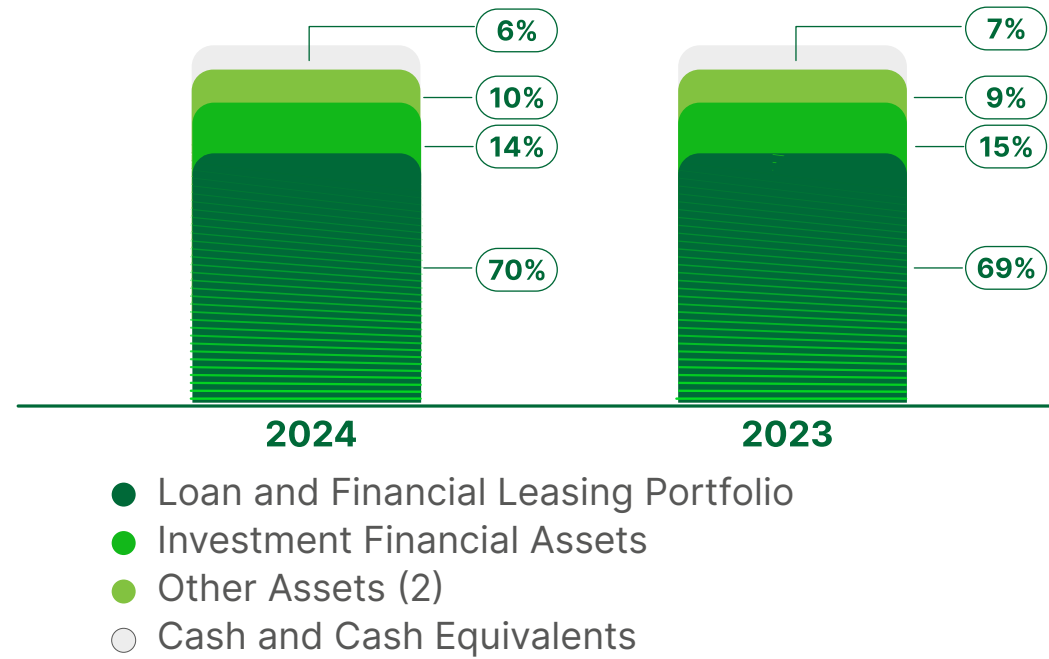
Asset Composition

As of December 2024, the **net Loan and Financial Leasing Portfolio** continued to be the most significant component of the Bank’s assets, accounting for **70%** of the total, thereby consolidating its role as the Bank’s main source of value generation. This share has remained stable, despite a slight decrease in its balance of COP **116,011 million** (-0.54%) compared to the previous year. Meanwhile, Investment **Financial Assets represented** 14% of

total assets, positioning themselves as one of the key areas of the Bank’s financial strategy. This category experienced a reduction of COP **462,951 million** (-10.22%) compared to 2023.

In terms of **Liquidity**, Cash and **Cash Equivalents accounted for 6%** of total assets, reflecting an adequate level of liquid resources to support the Bank’s operations and to meet regulatory and client-related requirements. This item decreased by COP **213,057 million** (-10.87%) compared to year-end 2023, as a result of strategic cash management and resource allocation.

Chart: Asset Composition



Loan Portfolio

As of December 2024, the **gross Loan and Financial Leasing Portfolio** reached a total of COP **21,258,619 million**, representing a decrease of **0.55%** compared to the previous year. Below are the main variations by loan type:

- The **Consumer and Consumer Leasing Portfolio** remains above **\$14.5 trillion COP**, showing a reduction of **\$102.676 billion COP** (-0.70%), representing **68%** of the total portfolio, of which **96%** corresponds to **payroll-deductible loan portfolios**. This is the segment to which the **repricing strategy** was defined and applied throughout the year.
- The **Commercial and Commercial Leasing Portfolio** experienced an **increase of \$112.556 billion COP** (+2.03%), representing **27%** of the total portfolio. This growth is explained by the **strategy focused on indexed-rate portfolios**.
- The **Housing and Housing Leasing Portfolio** recorded the most significant reduction of **\$125.713 billion COP** (-10.82%), covering 5% of the total portfolio. This decrease aligns with the **reduced growth focus in this business line**.

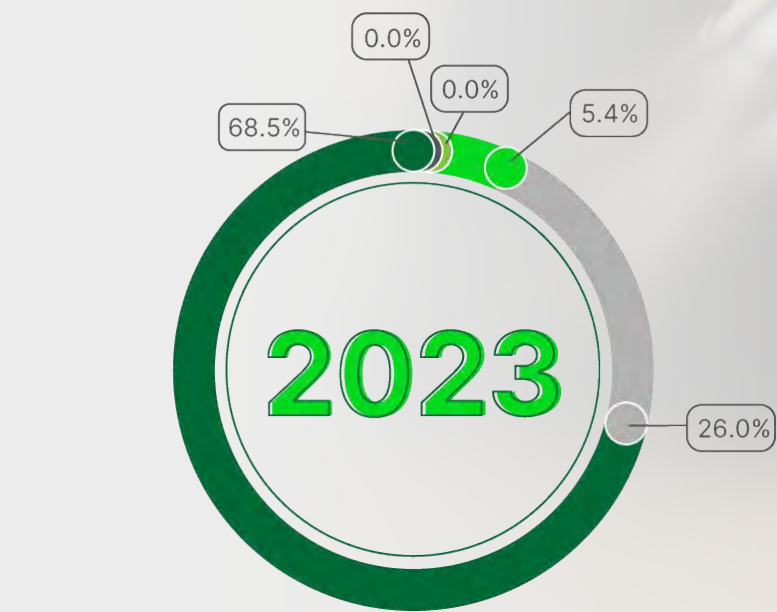
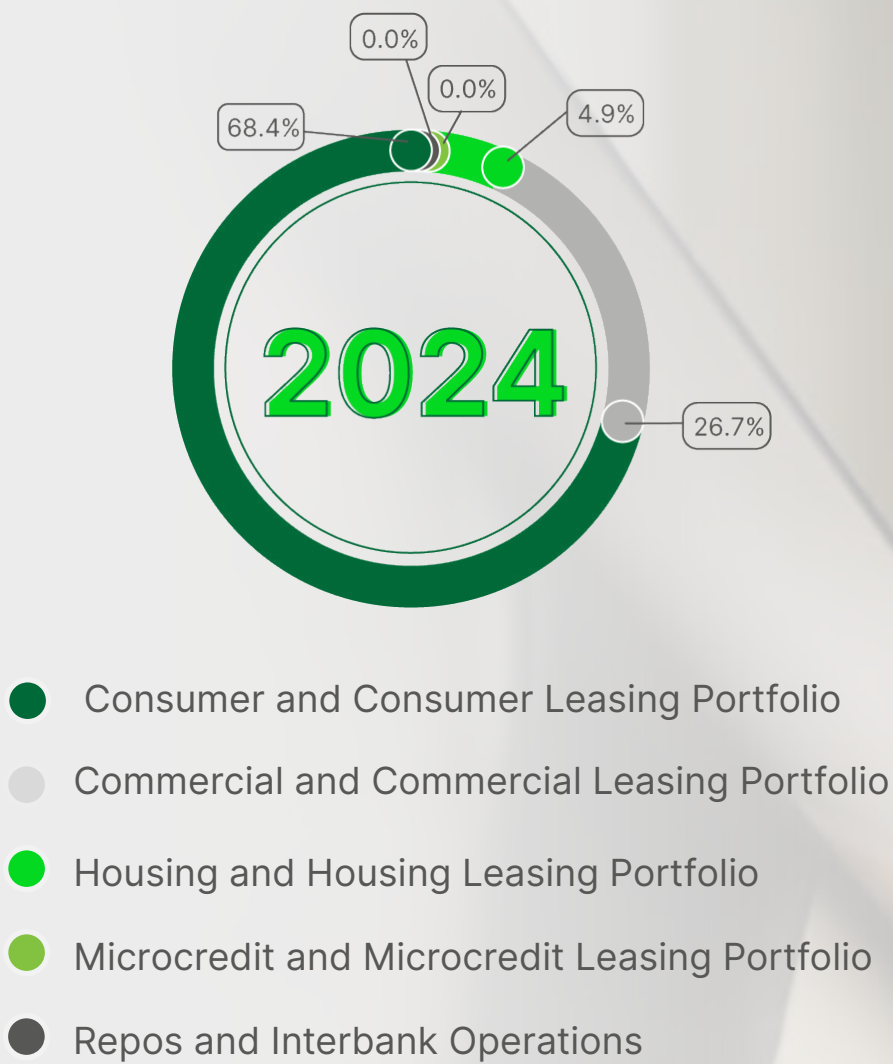
These variations reflect a general trend of stability and adjustments across the different portfolio segments, resulting from the Bank's new strategy, which is particularly evident in the housing and housing leasing products.

Composition of the Loan Portfolio

	December 2024 (COP Millions)	December 2023 (COP Millions)
Consumer and Consumer Leasing Portfolio	\$ 14,537,601	\$14,640,277
Commercial and Commercial Leasing Portfolio	\$ 5,669,415	\$5,556,859
Housing and Housing Leasing Portfolio	\$1,036,422	\$1,162,135
Microcredit and Microcredit Leasing Portfolio	\$ 247	\$967
Repos and Interbank Operations	\$14,934	\$14,391
Total Portfolio	\$ 21,258,619	\$21,374,629

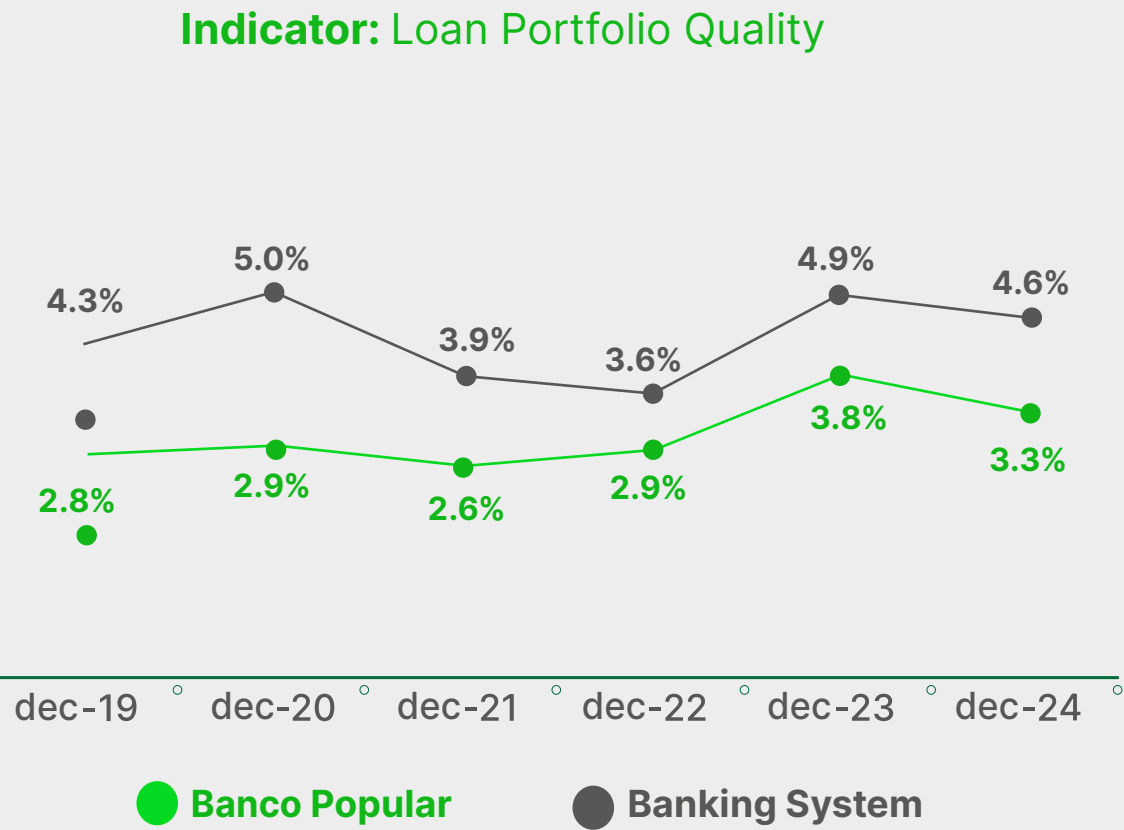
*Figures expressed in millions of Colombian pesos

Composition of the Loan Portfolio



Loan Portfolio Quality

As of the end of December 2024, the Bank’s Non-Performing Loan (NPL) ratio stood at **3.3%**, showing an improvement compared to **3.8%** recorded in December 2023. This variation reflects the stability and effectiveness of the Bank’s credit risk management policies, supported by the strong performance of the payroll-deductible loan portfolio, which has enabled the Bank to maintain adequate control over its delinquent loans. These results contrast with the indicators of the **banking system as a whole**, which closed 2024 with an NPL ratio of around **4.6%**. In this way, the Bank continues to stand out by maintaining a non-performing loan level below the industry average.

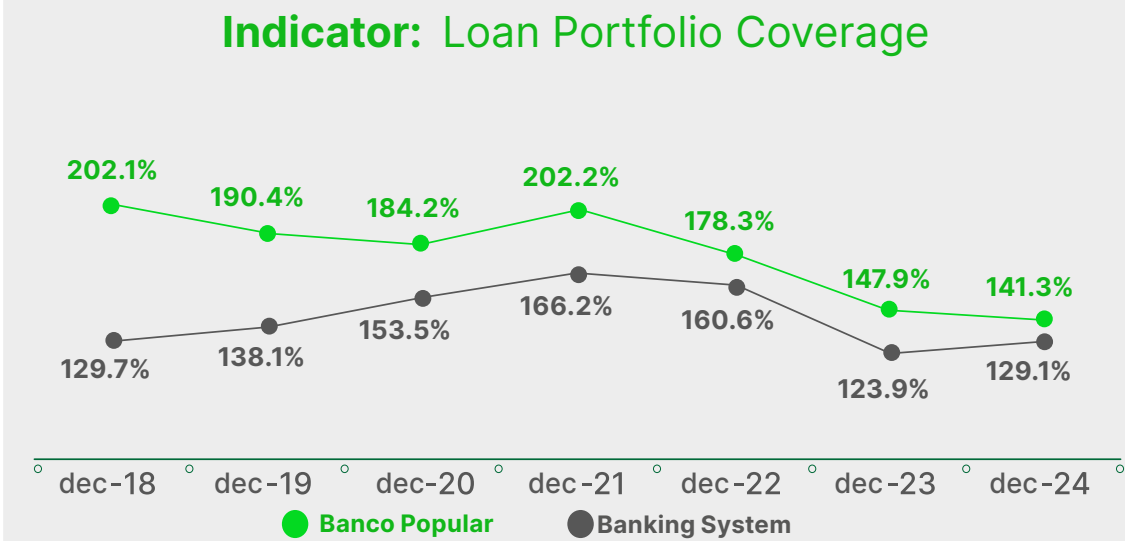


Loan Coverage

Over the years, the Bank has maintained a strong focus on risk management, which is reflected in its ability to sustain adequate coverage levels that are above the banking system average. This strength demonstrates the effectiveness of its provisioning strategy and credit policies, allowing it to successfully address any challenges related to portfolio delinquency.

Although **Banco Popular** reported a **coverage ratio of 141.3%** at the end of 2024—representing a slight decrease from **147.9%** in December 2023—this decline is explained by the regulatory application of countercyclical provision drawdowns. Despite this regulation, the Bank continues to show strong capacity to cover potential defaults in its loan portfolio.

Compared to the **Banking System**, which closed 2024 with a **coverage ratio of 129.1%**, Banco Popular continues to stand out by maintaining coverage above the industry average, consolidating its position of financial strength.



Financial Liabilities

In 2024, the Bank’s liabilities remained stable, with some strategic variations. **Total liabilities closed at \$26,575,512 million COP**, reflecting a **0.40% decrease** compared to the previous year. This variation is the result of adjustments to various components aimed at **improving the Bank’s balance sheet structure**, thereby demonstrating the Bank’s solid financial foundation.

Customer deposits represent 84% of total liabilities and showed a 1.24% increase compared to December 2023, reaching a total of **\$22,402,735 million COP**. Within this total: **Time deposit certificates (CDTs per its acronym in spanish)** increased by **6.87%**, reinforcing customer confidence in more **stable, long-term products**, and representing 50% of total deposits. Savings accounts decreased by 8.70%, in line with the new funding structure defined by the Bank’s strategy, resulting in these deposits continuing to represent 45% of the Bank’s total deposits.

In terms of **financial obligations**, these increased by 3.89%, highlighting the efficient management of both short- and long-term liabilities, which enabled the Bank to strengthen its financing capacity. Notably, **interbank funds and repos** stood out, growing to **\$761,735 million COP**, representing 23% of total financial obligations, a result attributed to the Bank’s liquidity management during the year-end season.

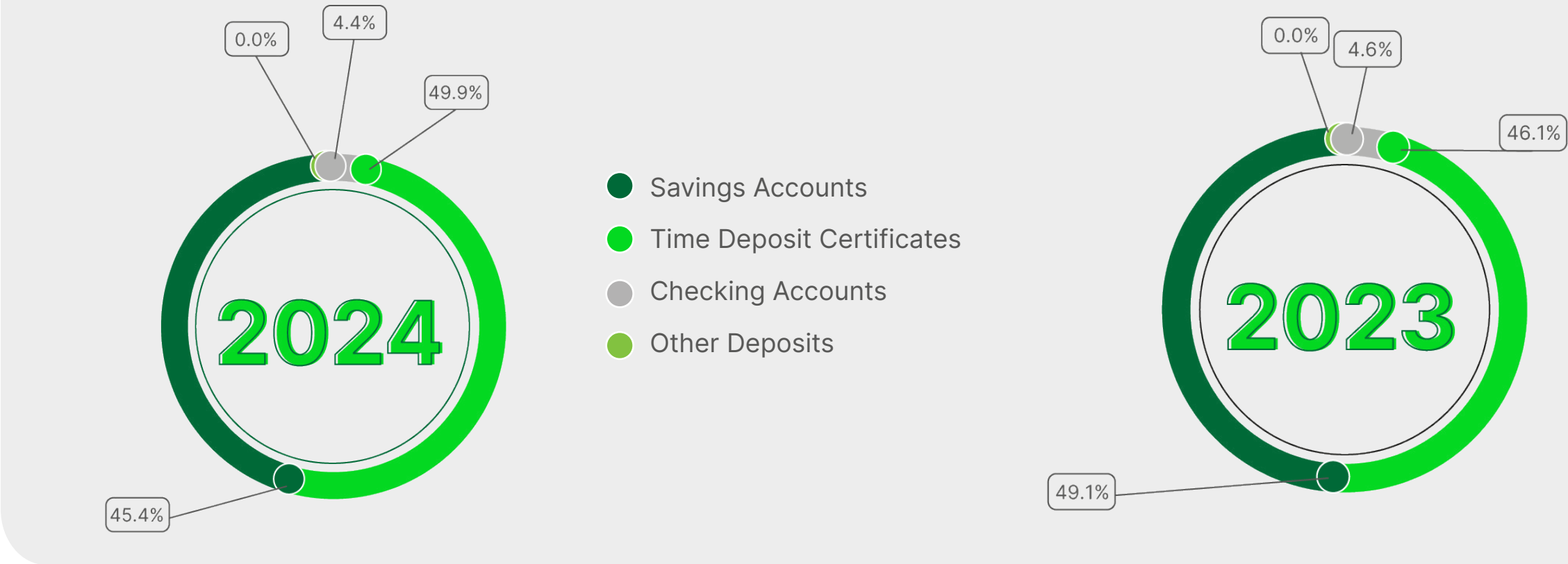
The Bank has succeeded in maintaining a robust financial structure, consistently meeting all regulatory requirements.

Liabilities Composition

	December 2024	December 2023
Savings Accounts	\$10,174,621	\$11,144,573
Time Deposit Certificates (CDTs per its acronym in spanish)	\$11,184,419	\$10,465,150
Checking Accounts	\$984,150	\$1,036,388
Other Deposits	\$59,545	\$37,987
Total Customer Deposits	\$22,402,735	\$22,684,098
Interbank Funds and Repos	\$761,735	\$20,688
Investment Securities	\$1,623,495	\$2,257,049
Bank Loans and Others	\$362,280	\$310,869
Liabilities with Rediscount Entities	\$563,200	\$598,002
Total Financial Obligations	\$3,310,710	\$ 3,186,608
Total Amortized Cost Liabilities	\$25,713,445	\$ 25,870,706
Total Liabilities	\$26,575,512	\$26,682,960

*Figures in millions of Colombian pesos

Composition of Customer Deposits



Equity

As of the end of December 2024, the Bank’s equity decreased by **7.84%**, with a total balance of **\$2,391,340 million COP**, compared to **\$2,594,885 million COP** in the previous year. This variation is mainly due to the losses recorded in 2024, amounting to \$226,699 million COP, and the absorption of prior year losses into the Bank’s reserves.

On the other hand, the Other Comprehensive Income (OCI) line item increased by \$24,805 million COP during the period, explained by the improved performance of debt securities held in the fair value through OCI investment portfolio.

Equity Composition

	December 2024	December 2023
Reserves	\$2,504,722	\$2,762,791
Other Comprehensive Income (OCI)	\$21,513	-\$3,292
Unappropriated Retained Earnings	-\$48,507	\$42,482
Net Income for the Year	-\$226,699	-\$347,409
Share Placement Premium	\$63,060	\$ 63,060
Subscribed and Paid-in Capital	\$77,253	\$77,253
Total Equity	\$2,391,340	\$2,594,885

*Figures in millions of Colombian pesos

In terms of its composition, 98.5% corresponds to capital accounts (subscribed and paid-in capital, share placement premium, appropriated reserves, and the current year’s loss), while 0.8% corresponds to Other Comprehensive Income (OCI).

Solvency Index

	Dec 2024	Dec 2023
Leverage Ratio	6.70%	7.49%
Basic Solvency Ratio	10.31%	11.51%
Additional Basic Solvency Ratio	10.31%	11.51%
Total Solvency Ratio	12.08%	13.33%

The solvency index showed a decrease of 125 basis points (bps), dropping from 13.33% in 2023 to 12.08% at the end of 2024. This behavior is explained by:

- **A net loss for the year of \$226,669 million COP**, which directly impacted the Bank’s equity.
- **Growth in the loan portfolio**, which increased risk-weighted assets, due to the expansion of the loan portfolio from **\$16,670,146 million** in risk-weighted assets (RWAs) in December 2023 to **\$17,069,637 million** at the end of 2024.

These solvency levels reflect the Bank’s compliance with regulatory requirements, which in 2024 were set at 10.5%. Therefore, the Bank’s solvency index stands 158 bps above this regulatory limit.

Income Statement

Income Contribution

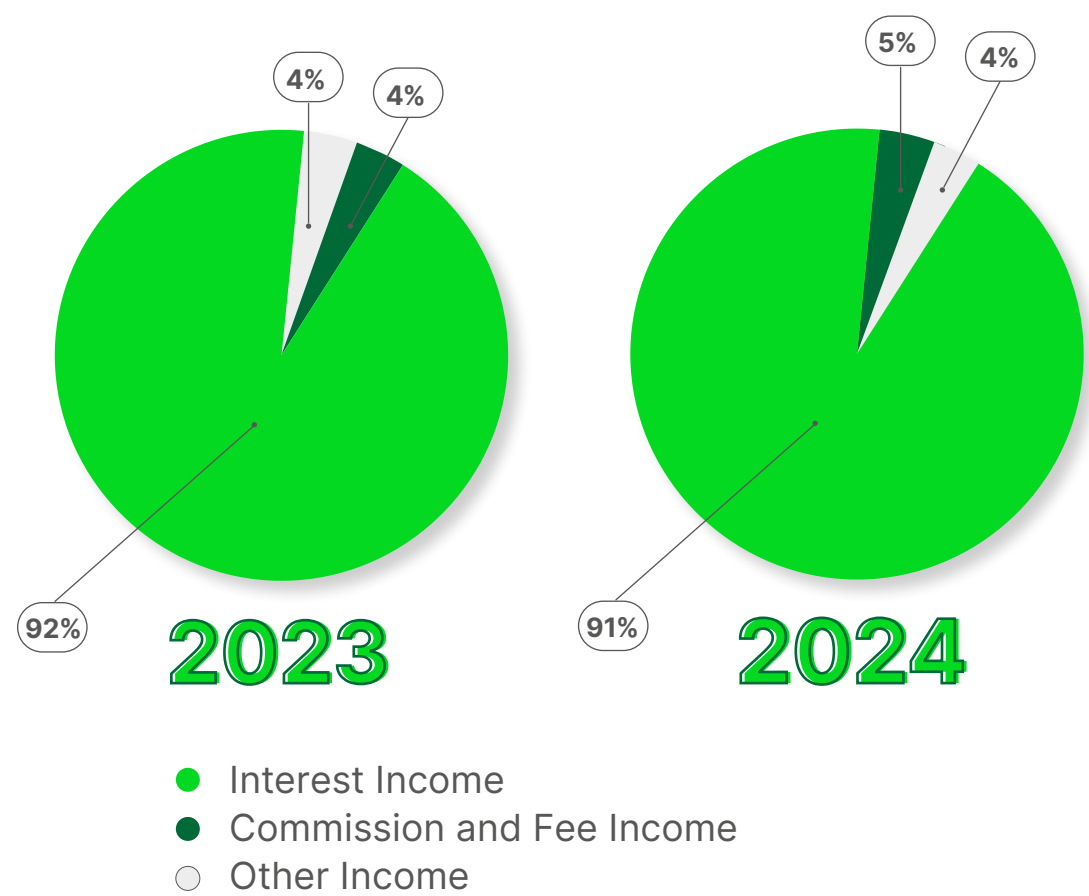
In 2024, interest income totaled **\$3,161,500 million COP**, showing a **decrease of \$335,742 million** compared to 2023, equivalent to a **9.6%** decline, mainly due to the commercial loan portfolio, which represents 23.4% of total interest income and is indexed to the IBR (Indicador Bancario de Referencia), which trended downward during 2024.

Meanwhile, the consumer loan portfolio, which accounts for 59.6% of interest income, was affected by loan portfolio sales carried out in 2023. Nevertheless, loan portfolios continue to be the main source of interest income, accounting for **91%** of the total, solidifying their role as a key pillar within the income structure.

Interest income from investments in debt securities closed at \$289,753 million COP, impacted by lower interest rates set by the Central Bank (Banco de la República) and overall market volatility influenced by national and international policy developments.

On the other hand, income from commissions and fees grew by **4.18%**, reaching **\$170,645 million COP**, highlighting a positive performance in income from banking service fees.

Income Breakdown



Expenses

In 2024, the Bank experienced a significant decrease in interest and similar expenses, which dropped from **\$2,943,645 million in 2023 to \$2,324,616 million in 2024**, representing a reduction of **21.03%**. This decrease, when compared to the 9.6% decline in loan income, highlights a notable improvement in the Bank’s funding structure and reflects a strengthening of the Bank’s Interest Margin.

The decrease in expenses was mainly due to the drop in **interest expenses on deposits**, which fell by **\$547,533 million COP** (-21.2%), and reductions in several key items such as **interbank and overnight funds**, which decreased by **24.4%**, **term deposit certificates**, which fell by 20.3%, and savings deposits, which declined by **22.8%**.

Additionally, there was a reduction in **bonds and investment securities** (-22.8%) and in financial obligations (-19.5%).

As for Operating Expenses, 2024 saw a reduction of \$22,959 million COP, equivalent to 1.89%. This is a major achievement for the Bank, as it demonstrates that active expense control allowed it to absorb the increase in costs caused by national inflation and generate the previously mentioned savings.

This was primarily due to Administrative Expense Management, which showed a 6.16% decrease compared to 2023.

Utility

The Bank reported a significant improvement in its **pre-tax losses**, which decreased from **\$633,602 million** in 2023 to **\$353,484 million** in 2024, representing a **44.2% reduction**. Similarly, **net losses for the fiscal year** also declined, reaching **\$226,699 million** in 2024 compared to **\$347,409 million** in 2023, implying a **34.7% decrease**.

Although the Bank continues to face losses, these improvements reflect the outcome of strong management of interest margins, business growth, and efforts to control expenses and enhance operational efficiency, signaling a path toward short-term financial recovery

Economic Value Generated, Retained, and Distributed

[GRI 201-1]

The distribution of our economic value, according to the methodology established by the Global Reporting Initiative (GRI 201-1), demonstrates how the Bank’s management benefits all our stakeholders. Notable contributions include those made to employees, capital providers, and public administration.

The Bank generated a total economic value of **\$3,373,180 million COP**, reflecting a 10.61% decrease compared to the previous year.

Distribution of Economic Value

Required Information	2024	2023
Direct economic value generated (COP) (1)	\$3,373,180	\$3,773,630
(Sum of total income)		
Economic value distributed (COP):	\$3,460,568	\$4,093,268
(Sum of the following items)		
·Operational costs:	\$2,428,318	\$2,998,055
·Employee salaries and benefits:	\$457,907	\$427,721
·Capital providers (2):	\$294,455	\$365,951
·Payments to government (3):	\$275,504	\$297,523
·Community investments (4):	\$4,383	\$4,018
Economic value retained:		
= (Direct economic value generated) - (Economic value distributed)	-\$87,389	-\$319,638





4.2.3. Treasury Management

[CE 012/22 ¹⁵]Behavior and performance of the securities in the trading systems in which they are listed.

The Bank’s Treasury Strategy in 2024 focused on the consolidation and increase of active clients, with the goal of boosting revenue primarily through the purchase and sale of foreign currency and peso-dollar forward operations. Throughout 2024, the Bank continued signing master agreements with its clients for the trading of derivatives.

At the same time, the derivatives portfolio was maintained at an average management level of USD \$350 million, which, along with the deals closed with clients across different segments, contributed to treasury income.

The Bank carried out passive operations through repos with the Banco de la República and passive interbank transactions, averaging COP \$75 billion, which represents a decrease compared to 2023, when the amount was COP \$165 billion.

Regarding deposits, an average of 46.51% of last year’s maturities was renewed, thereby avoiding concentration in future maturities.

Likewise, the Banco de la República maintained monetary expansion operations with an average daily quota of COP \$11.7 trillion, and various financial institutions participated in these operations, averaging COP \$8.3 trillion.

Current Issues, Behavior and Performance of the Bank’s Shares – 2024

Outstanding Bond Issues in Circulation							
Bond Type	Series No.	Issue Date	Subseries	Benchmark	Maturity Date	Amount per Series	Coupon Rate
Subordinated Bonds	First Subordinated	10/12/2016	C10	CPI	10/12/2026	\$144,922,000,000	4.13%
			B5	Fixed Rate	02/04/2025	\$217,540,000,000	6.68%
Ordinary Bonds	Fifteenth	02/04/2020	B7	CPI	02/04/2027	\$119,000,000,000	3.08%
			B5	Fixed Rate	07/15/2026	\$267,285,000,000	6.78%
Ordinary Bonds	Sixteenth	07/15/2021	C5	CPI	07/15/2026	\$114,715,000,000	2.56%
			C5	CPI	11/11/2026	\$105,705,000,000	3.38%
Ordinary Bonds	Seventeenth	11/11/2021	B3	Fixed Rate	03/10/2025	\$332,948,000,000	10.20%
			C5	CPI	03/10/2027	\$53,102,000,000	3.84%

Note: “CPI” corresponds to Colombia’s Índice de Precios al Consumidor (Consumer Price Index).

During 2024, the average daily price of the shares was COP \$181.55, reflecting a stable trend throughout the year. Likewise, the closing price reached a higher value, recording COP \$200.

In terms of trading volume, cash transactions amounted to COP \$33 million, distributed across 11 operations conducted during the year. Therefore, the Bank’s shares showed stable behavior with a moderate average price and an increase in the closing price.

Investment Portfolio

In 2024, the Balance Sheet Portfolio (Available-for-Sale Investments) ended with a nominal value of COP \$1.92 trillion, maintaining a level similar to the close of 2023. The composition was 76% in fixed rate and 24% in UVR, with a duration of 2.44 years, reflecting a reduced

share of UVR instruments, considering that inflation is expected to continue correcting at a slower pace, though still on a downward trend.

On the other hand, we closed the trading investment portfolio with a nominal value of COP \$198.5 billion and a duration of 0.92 years. The portfolio is composed of liquid securities with the following distribution: 86% fixed rate, 13% indexed to the IBR, and the remaining 1% indexed to the CPI.

The year was marked by high volatility, with a 244 basis point variation in the 10-year public debt benchmark rate, which ended the year at peak levels (11.90%). The Banco de la República began its monetary policy easing cycle, lowering the Repo rate from 13% at the beginning of January 2024 to 9.50% by year-end — 150 basis points above the expectation at the start of the year.

¹⁵7.4.1.2.1



4.3. Risk Management

In 2024, Banco Popular continued to strengthen its comprehensive risk management framework, which encompasses financial risks, SARLAF, ABAC, relevant and emerging risks, operational risks, cybersecurity, information security, and business continuity. This structure is complemented by fraud prevention, analytics, and guidance in internal control. Additionally, the Bank reinforced the issuance of risk policies, as well as the identification, assessment, and mitigation of risks for both the Bank and its processes. Rigorous monitoring of indicators, alerts, and action plans was implemented, along with internal control systems and analysis of fraud typologies, with the aim of minimizing impacts on both the Bank and its clients.

Furthermore, during this period, the restructuring of the Consolidated Risk Committee was a key highlight, transforming it into the Board of Directors Risk Committee, which enhances oversight of risk management. Fraud prevention activities were also strengthened, resulting in a positive impact on clients.

Regarding financial risks, Interest Rate Risk in the Banking Book (IRRBB) analyses were incorporated, which bolstered the assessments of liquidity and market risks.

Looking ahead to 2025, the opportunities identified in risk management include the implementation of large exposure limits, maturity in the measurement of Interest Rate Risk in the Banking Book (IRRBB), calculation of the new Net Stable Funding Ratio (NSFR), and preparation of the Capital Adequacy Program (PAC) and the Liquidity Adequacy Program (PAL).



4.3.1. Comprehensive Risk Strategy

The Bank has established a Comprehensive Risk Strategy that includes: i) the Risk Appetite Framework, ii) the Methodology for Relevant and Emerging Risks, iii) the identification of risks and controls within processes, and iv) risk policies.

These components are applied across all areas of the organization, where monitoring schemes have been implemented to track indicators and manage each of these aspects through committees. These committees meet either monthly or quarterly to present the analytical activities (both preventive and detective) that have been carried out and the results obtained.

Additionally, campaigns have been implemented to reinforce concepts and activities related to risk management, aimed at all employees within the organization.

Risk Governance [DJSI 1.4.1]

According to the structure of Banco Popular, guidelines related to financial risks, SARLAF (Anti-Money Laundering and Counter-Terrorism Financing System), ABAC (Anti-Bribery and Anti-Corruption), relevant and emerging risks, operational risks, cybersecurity, information security, and business continuity are led by the Risk Vice Presidency. Meanwhile, the Credit Vice Presidency is responsible for establishing the guidelines for credit granting, thereby shaping the risk governance within the Bank's structure and forming the overall risk governance framework.

Risk Management Processes [DJSI 1.4.2]

The Bank's risk management systems aim to provide reasonable assurance in achieving objectives at the strategic, operational, compliance, and reporting levels.

This is achieved through the timely identification and management of risks, as well as the implementation and execution of effective controls.

The process is led by the Risk Vice Presidency and overseen by the Board of Directors through the Risk Committee, which acts as the highest control body responsible for supervising risk management. This committee is in charge of the identification, measurement, control, and consolidated monitoring of the risks to which both the Bank and its subsidiaries are exposed, under a holistic approach that promotes an institutional culture focused on prevention.

In line with the above, the exposure to internal risks is reviewed monthly by both management and the Board Risk Committee. These meetings also serve to raise awareness of each type of risk. Additionally, an annual stress testing exercise is conducted, which is validated during the same sessions.

Regarding assurance of financial reporting information and in order to comply with the requirements of the Sarbanes-Oxley Act (SOX), the Bank continuously reviews the risks and controls in the processes that impact financial reporting—from initiation, processing, recording, and preparation, through to disclosure.

During 2024, the Bank monitored the management of 135 risks and 347 controls, as well as 63 risks and 118 controls in Fiduciaria Popular (a SOX-covered subsidiary). The risks and controls related to financial reporting are independently audited by the Internal Audit Office and the Statutory Auditor.

For 2024, the Statutory Auditor issued an independent opinion on the Bank's internal control system, deeming it effective.



4.3.2. Relevant Risks

[SFC CE012/22]

Banco Popular prepares an annual report that summarizes the risks representing potential threats to the fulfillment of the Bank’s business strategy, known as Relevant Risks. These risks are drawn from leading specialized sources and are addressed across six categories: Political, Economic, Social, Technological, Environmental, and Legal-Regulatory. The analysis, in coordination with the first line of defense, begins with the assessment of the international situation and continues with the identification of vulnerabilities at the national and local levels.

In 2024, a risk assessment methodology was applied to monitor and update the relevant risks. For this purpose, working sessions were held with the lead teams from the first line of defense, aiming to align them with strategic pillars and identify trends in the monitoring of risks and controls. This process ensured the effectiveness of mitigation actions by establishing indicators or warning signals for the identified risks.

Relevant Risks for 2024:

- 1. Deterioration in the credit portfolio.
- 2. Financial impacts on investment portfolios.
- 3. Funding structure.
- 4. Impact on the Banking Book Interest Rate Risk (RTILB) due to balance sheet structure.

- 5. Adverse liquidity scenario.
- 6. Unavailability of transactional services through channels.
- 7. Massive leakage of critical data due to cyber threats and/or cyberattacks.
- 8. The bank’s lag in digital transformation compared to the sector.
- 9. Loss of customers due to dissatisfaction with services provided.
- 10. Inadequate management of climate risk.
- 11. Instability arising from social, political, and economic crises.
- 12. Political risks and their impact on the Bank’s results.
- 13. Competition due to the regulatory environment and market trends.

Relevant Risks for 2025:

For the update of relevant risks for 2025, the modification and removal of risks 2, 10, 11, 12, and 13 were proposed. This review was aligned with the Business Strategy, which is customer-centric and focused on positioning the Bank as a profitable and attractive entity for 50+ individuals, public employees, regional entities, and medium-sized companies. This strategy is based on three pillars: a focused business, a robust balance sheet, and an efficient operating model.

The Board of Directors approved the following relevant risks for 2025:

Relevant Risks 2025

- 1 Potential impacts on the Interest Rate Risk of the Banking Book, Liquidity and CFEN due to funding structure.
- 2 Deterioration in the quality of the loan portfolio.
- 3 Growth rate of the competition (including the Payroll Loan sector) and the presence of new players in the market.
- 4 Service deficiencies and customer complaints (channels, claims, response times).
- 5 Failure to meet digital transformation goals, process optimization, and efficiency gains.
- 6 Massive data breaches, cybersecurity risks, and lack of opportunity in the incorporation of artificial intelligence (AI).
- 7 Regulatory changes and variations in the economic and political environment.
- 8 Misalignment of human talent and organizational culture with the Bank's strategy.
- 9 Deterioration in solvency due to macroeconomic and structural factors.

Emerging Risks

[DJSI 1.4.3]

During the validation of emerging risks, the Bank identified the following risks for the 2024–2025 period:

- 1 Materialization of ML/FT (LA/FT *per its acronym in Spanish*) risks due to weaknesses in migration policies.
- 2 Legalization and growth of crypto asset trading platforms.
- 3 Increase in cyberattacks and cyber fraud.
- 4 Spread of health outbreaks that hinder the Bank's and its affiliates' business development.
- 5 Protest situations and their potential to escalate into de facto actions.
- 6 Macroeconomic volatility, including fluctuations in GDP, employment, and inflation.
- 7 Reestablishment of relations between the U.S. and Venezuela enabling the oil trade.
- 8 Extreme weather events.
- 9 Potential increase in illicit activities that promote financial exclusion.
- 10 Emerging geopolitical conflicts between countries considered potential allies.
- 11 Strengthening of groups outside the law and financing of terrorism.

Among these emerging risks, the two that present a significant long-term impact (within 3–5 years) for the Bank, along with their mitigation measures, are the following:

1. Materialization of ML/FT (Money Laundering and Terrorism Financing) risks due to weaknesses in migration policies:

- Monitoring changes in Colombia's migration policies and indicators.
- Updating the Bank's ML/FT policies and procedures, strengthening controls to prevent new materializations of risk.
- Continuing the analysis of operational risks (ORs) generated by migrants.
- Ongoing monitoring of related news and statistics (e.g., nationality, most affected departments, etc.).

2. Legalization and growth of cryptoasset trading platforms and emergence of related businesses:

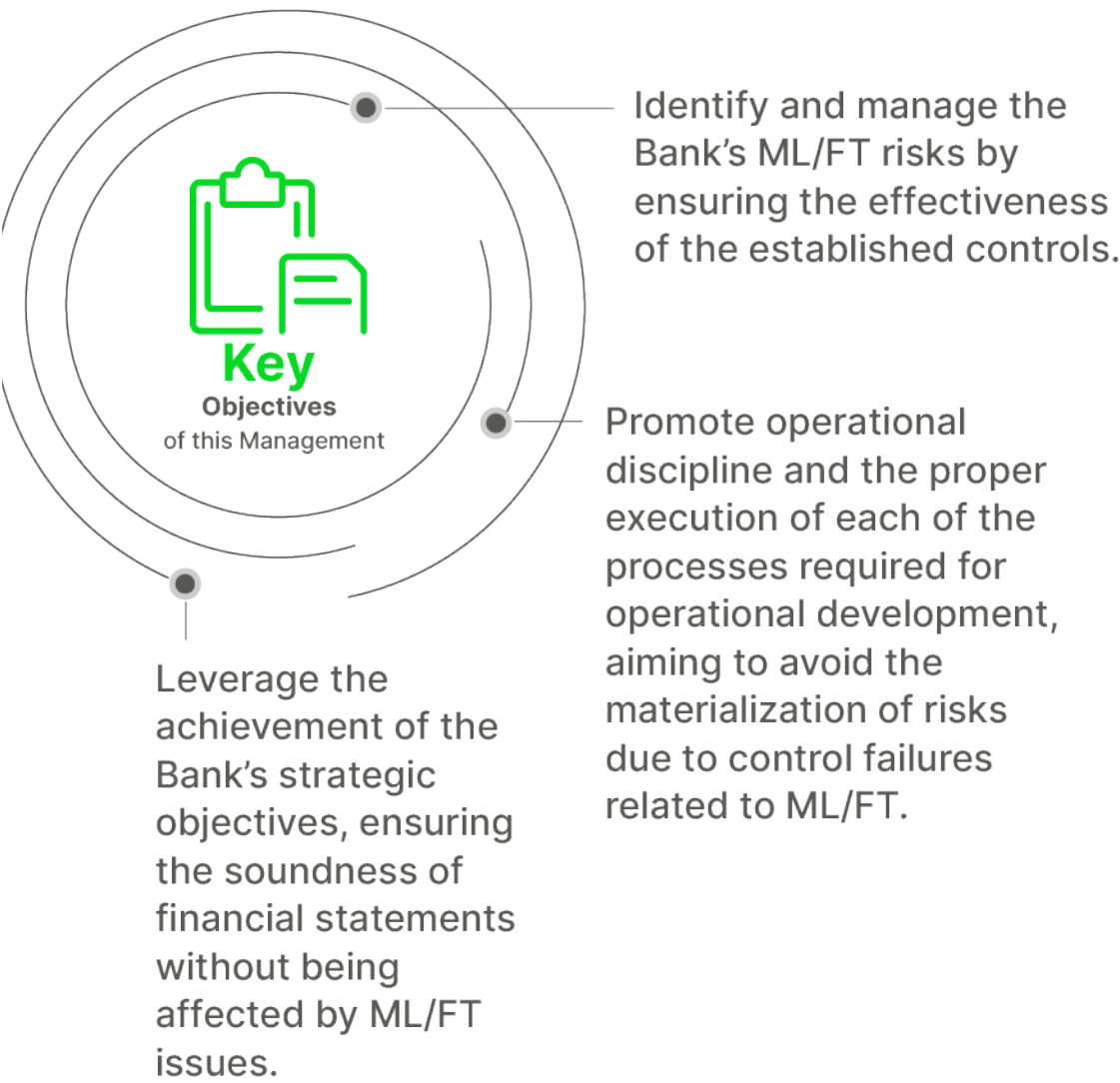
- Monitoring the draft law on cryptoassets.
- Updating know-your-customer (KYC) policies related to cryptoassets.
- Participation in intersectoral working groups (Banks/ACH) convened by Asobancaria and Grupo Aval to analyze impacts and define strategies for addressing this risk.



 4.3.3. Risk Culture
[DJSI 1.4.3]

Risk of Money Laundering and Terrorism Financing

As part of its risk management strategy, Banco Popular has set among its objectives the management of risks related to ML/FT (Money Laundering, Terrorism Financing, and Financing of Weapons of Mass Destruction). To achieve this, it manages these risks through the ML/FT Risk Management System, aiming to consolidate a risk management culture based on the principles that guide us: respect, responsibility, loyalty, honesty, and commitment.



At Banco Popular, the leadership of the ML/FT risk management culture comes from the highest level, and training is provided at all levels of the organization.

In 2024, members of the Board of Directors, senior management, and employees (with special emphasis on those responsible for executing controls) were trained through virtual courses, targeted training sessions, and the dissemination of communication materials. This approach aims to generate awareness and commitment to risk management, as well as to ensure the correct execution of the controls established to mitigate associated risks.

For 2025, the Bank will continue implementing automation processes to enhance the real-time management of customer transactions in relation to ML/FT, in order to identify in real time all the alerts generated.

Anti-Corruption

Activities related to the management of corruption are carried out within a methodological framework for its mitigation, with a focus centered on the ABAC program. This program follows a management cycle that includes planning, identification, assessment, mitigation, and continuous improvement. In this process, the Bank's procedures, as well as those of clients, suppliers, and employees, are reviewed through monthly and periodic activities aimed at preventing the materialization of this risk.

In 2025, one of the main challenges will be to develop solutions that allow the automation of monitoring activities, control lists, due diligence, and the management of the internal and external regulatory compliance context.

 Key Achievements



The Bank stood out by becoming the first bank in Colombia to obtain the ISO 37001:2021 certification for its ethical and criminal compliance management system, as well as the NTC 6671:2020 certification for the management of money laundering and terrorism financing risk.



The ABAC culture continued to be promoted, with the participation of the commercial force, which led to positive results in risk prevention.



Residual risk was maintained at low levels.



The risk matrix and monitoring strategy showed appropriate consistency and effectiveness indicators.

Anti-Corruption and Anti-Bribery Policy

The Bank has an annual work plan that enables the measurement of compliance with the activities and objectives of the ABAC program. Additionally, it has primary and strategic indicators that facilitate the evaluation of the maturity of this system, which is supervised semi-annually by the different governance bodies.

Main Achievements



The Bank stood out as the first bank in Colombia to obtain the ISO 37001:2016 certification for its anti-bribery management system.



Confirmation of the absence of high-impact events related to corruption, according to the results of monitoring and analysis of the ethics hotlines.



Maintenance of residual risk at low levels.

For 2025, the main management challenge is to develop solutions that enable the automation of conflict of interest monitoring activities for both employees and suppliers. In addition, the ABAC training plan will be promoted, aiming to foster a risk-aware culture at all levels of the institution, tailored to each specific role.

Information Related to Corruption Cases [GRI 205-1] [GRI 205-3]

On a monthly basis, the accounting records with the highest exposure to ABAC risks are identified using qualitative alert parameters (keywords in accounting records) and quantitative parameters (comparison of transactional movements with historical data). Operations identified as posing a corruption risk are assigned to the responsible parties for further analysis.

In 2024, as part of the monitoring process of the 23 accounting accounts with the highest exposure to bribery and corruption risks, a total of 25,021 records were reviewed. Of these, 253 triggered alerts, all of which were addressed and resolved. During this review, improvement opportunities were identified in the process for legalizing advances (such as late legalizations), and the responsible area implemented the necessary corrective actions to address the findings.

Additionally, a statistical model was implemented to objectively assess deviations in the amounts recorded in accounting accounts, aiming to reduce false positives in the analyses performed by those responsible for each account. Workshops were also held to share the identified improvement opportunities in the monitoring process, thereby ensuring the quality and integrity of the management of these accounts.

Based on the supporting documentation provided, normalcy was confirmed for all cases evaluated in 2024.

Fraud Prevention

In 2024, Banco Popular made significant progress in the comprehensive management of transactional fraud risk by implementing advanced solutions that enabled real-time containment of fraudulent activities during transaction authorization. Additionally, the version of the transactional monitoring tool was upgraded, substantially improving its technological infrastructure to optimize the detection of irregular patterns and strengthen the response capacity. These advancements contributed to the achievement of management indicators, maintaining a balance between effective fraud risk control and a positive customer experience.

For 2025, Banco Popular aims to incorporate artificial intelligence-based solutions to enhance customer interaction during transaction confirmation processes. These initiatives are designed not only to optimize the customer experience across digital channels but also to strengthen security strategies and reinforce trust in our services.

Cybersecurity, Information Security, and Privacy Risk

The Bank has established a risk management methodology for information security and cybersecurity, based on corporate guidelines and grounded in the principles of confidentiality, integrity, availability, and information privacy, as well as the potential impact these risks may have on the organization.

As part of this methodology, process leaders are supported in the identification of risks and the definition of controls for their mitigation. This is followed by continuous monitoring of the established treatment plan.



Key Achievements



Cybersecurity controls in digital processes were optimized, facilitating the onboarding of deposit and loan products for both new and existing clients.



Cyberattack simulations were increased, testing the institution’s security controls and the response capacity of first responders



An industry-level procedure was established—later implemented by the Bank—to deactivate suspicious short SMS codes in order to prevent potential impersonation attempts.



In 2024, no incidents related to information security, cybersecurity, privacy, or data breaches were reported or detected. As a result, there was no impact on individual account holders due to personal data leaks.

Mechanisms to Ensure Information Security and Cybersecurity Management
[DJSI 1.8.2]

The information security and cybersecurity model adopted by Banco Popular is evaluated every two years, based on industry-recognized best practices, such as the NIST CSF and ISO/IEC 27001:2013 standards.

For 2025, the Bank aims to strengthen the culture of cybersecurity and information security among its employees by increasing social engineering exercises to raise awareness of current risks. In addition, awareness tools will be implemented to measure both the level of knowledge and the response capacity of employees to potential threats. The Bank plans to increase the number of cyberattack simulations, involving a greater number of areas and critical processes, to ensure an effective response in risk situations. Likewise, the Bank will begin the certification process for ISO 27032 – Cybersecurity, as part of its commitment to continuous improvement in this area.

As part of the risk identification process, the Bank periodically conducts penetration tests (Ethical Hacking) on critical assets, as well as Red Team exercises and vulnerability scans. In addition, as part of the Bank’s high-quality standards, all systems are required to undergo vulnerability and Ethical Hacking testing prior to production release, thus ensuring their robustness against potential threats.

In the area of digital processes, cybersecurity controls were optimized, facilitating the onboarding of deposit and loan products for both new and existing customers. Furthermore, the number of cyberattack simulation drills increased, assessing the effectiveness of the implemented security controls and the response capacity of first responders to potential incidents.

Data Breaches and Affected Account Holders
[FN-CB-230a.1]

In 2024, there were no reports or evidence of events that could be classified as data breaches. As a result, there was no impact on individual account holders due to personal data leaks.

Approach to Identifying and Addressing Data Security Risks
[FN-CB-230a.2]

Identification of Vulnerabilities:

The Bank periodically carries out penetration tests (Ethical Hacking) on critical assets, Red Team exercises, and vulnerability scans as part of its risk identification process. Additionally, under the Bank’s high-quality standards, all systems must undergo vulnerability testing and Ethical Hacking before going live, ensuring their robustness against potential threats.

Approach to Risks and Vulnerabilities

Banco Popular has established a methodology for managing information security and cybersecurity risks, based on corporate guidelines. Within this framework, and in line with its responsibilities, the Bank supports process and product leaders in identifying risks, defining controls, and subsequently monitoring the treatment plans defined to manage these risks.

New and/or Emerging Data Security Threats
[FN-CB-230a.2]

Analysis of New or Emerging Threats

The Bank has a Cyber Intelligence and Early Warning service that allows it to stay up to date on emerging cybersecurity trends, as well as to identify attacks targeting its technological infrastructure.

Attack Vector Analysis:

The Bank also receives relevant information from strategic providers regarding potential attack vectors. These alerts are mainly focused on threats such as malware (trojans and ransomware), impersonation of the Bank’s website and mobile app, as well as newly discovered vulnerabilities that could compromise information security.

Information Security / Cybersecurity Strategy

[DJSI 1.8.1]

The Bank’s senior management reaffirms its commitment to the development of skills and the allocation of necessary resources for the design, approval, and implementation of individual policies that support the general policy and establish guidelines for the protection and safeguarding of information.

Furthermore, both the Board of Directors and Senior Management conduct semi-annual reviews of the results of the Information Security and Cybersecurity Management Systems

Operational Risk

The identification, measurement, control, and monitoring of operational risks are the responsibility of each process leader, who are supported and advised by the Risk Vice Presidency and its support areas.

This process is carried out under a standardized methodology that facilitates a systematic and comprehensive evaluation of risks. The methodology used is defined in the Bank’s operational risk management manual, and the results obtained from its application to the processes constitute the Bank’s operational risk map.



Main Achievements



Authorization for the use of the consolidated database for calculating the Loss Component (LC) and the Internal Loss Indicator (IPI).



Automation of the generation of operational risk management reports, including the consolidated risk and control matrix, as well as materialized operational risk events.



Definition and creation of dashboards in Power BI for presenting operational risk management information.



Development and production of training materials aimed at promoting and strengthening the operational risk management culture, for use in in-person sessions and/or self-learning formats.

The management challenges for 2025 include conducting an internal assessment of the maturity level of operational risk management, with the goal of evaluating its current state and identifying areas for improvement. Additionally, efforts will focus on automating the accounting and reconciliation process of operational risk loss events, optimizing existing processes in operational risk management, and improving Power BI dashboards for more efficient information presentation.

Another objective is to establish and incorporate forward-looking indicators that enable the identification of potential operational risks, thereby strengthening the Bank’s capacity to anticipate future threats.

Business Continuity

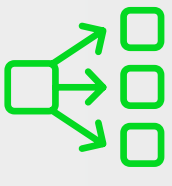
Banco Popular has established a Business Continuity Management System (BCMS), which comprises Crisis Management Plans, Emergency Plans, Disaster Recovery Plans (DRP), Business Process Recovery Plans (BCP), and Crisis Communication Plans. These ensure the Bank’s ability to operate in the event of disruptions that affect the availability of products and services offered to clients.

Additionally, the Bank has an Alternate Data Processing Center (ADPC) and a Contingency Operations Center (COC *per its acronym in Spanish*), both of which are key to ensuring the continuity of operations during exceptional circumstances.

 Main Achievements

 Reactivation of critical process operations from the Contingency Operations Center (COC).

 Implementation of protocols to address the climate emergency associated with energy and water rationing.

 Participation in the IT Change Control Committee (Critical/High), issuing alerts on potential risks arising from technological changes.

 Implementation of remote access to the COC equipment, which has helped minimize the impact on process operations.

 Increase in testing with critical suppliers, strengthening the Bank’s resilience to potential contingencies.



For the year 2025, the Bank will focus its efforts on optimizing its business continuity management through several key initiatives. The call tree will be automated to improve coordination of the Crisis Management Subcommittee and/or Committee, ensuring a quicker response to emergency situations. Additionally, the Bank will participate in the industry-wide natural disaster drill organized by Asobancaria, aimed at strengthening preparedness for a potential earthquake in Bogotá.

A Business Continuity Maturity Model assessment will also be conducted in collaboration with a third party, to identify opportunities for improvement within the management system. A quantitative assessment of the Business Continuity Checklist will be carried out alongside critical suppliers, ensuring alignment with the Bank's standards. Finally, the number of testing exercises for cyberattack scenarios will be increased to enhance the Bank's preparedness for this type of threat and to improve its response capacity in the event of a security incident.

Conduct Risk

[FN-CB-510a.2]

The Bank is currently in the process of implementing the guidelines established in the External Supervision Guide on Conduct Risk, issued by the Financial Superintendence of Colombia (SFC) in 2023. This guide aims to protect the rights of financial consumers by promoting an organizational culture based on fair treatment, transparency, and market integrity within supervised entities.

This effort not only complies with regulatory guidelines but also reinforces the Bank's commitment to transparency, integrity, and meeting client expectations. By identifying, measuring, controlling, and mitigating conduct-related risks, the Bank strengthens its ability to offer clear, accessible products and services aligned with the needs of financial consumers.

In line with best practices and the guidelines set forth in the External Supervision Guide on Conduct Risk issued by the Financial Superintendence of Colombia (SFC)—which outlines potential harm to consumer rights or market integrity stemming from inappropriate practices by supervised entities—the Bank has adopted this guide as a foundation for mitigating such risks.

In this context, several key aspects have been addressed, including:

- Approval of the Conduct Risk Policy by the Board of Directors in December 2024.
- Implementation of validation processes for customer complaints (PQRs) related to Conduct Risk.
- Support in updating the SAC (per its acronym in Spanish) manual regarding Conduct Risk.
- Identification of risks and controls in processes directly related to financial consumers.

[FN-CB-510a.1] [GRI 206-1]

In 2024, there were no judicial proceedings related to fraud, insider trading, antitrust, unfair competition, market manipulation, malpractice, or other laws or regulations relevant to the financial industry. This absence of legal conflicts reflects the effectiveness of the procedures and controls implemented to mitigate such risks within the organization.

Financial Risk

The Bank actively participates in the money, foreign exchange, and capital markets to meet both its own needs and those of its clients, following established risk policies and limits. In this context, it manages various portfolios of financial assets, always within permitted risk thresholds and levels.

Market Risk arises from the Bank's open positions in investment portfolios consisting of debt securities, derivative financial instruments, equity instruments measured at fair value, and interbank funds. This risk is subject to adverse changes in risk factors such as interest rates, inflation, exchange rates, stock prices, credit spreads of instruments, their volatility, and the liquidity of the markets in which the Bank operates.

The measurement of this risk is conducted from a regulatory standpoint in accordance with Annex 6, Chapter XXXI, of the Financial Superintendence of Colombia (SFC).

Additionally, the Bank has an internal parametric management model that complements market risk management by identifying and analyzing variations in risk factors (interest rates, exchange rates, and price indices) on the value of instruments within the portfolios.

This model uses methodologies such as JP Morgan's RiskMetrics, internal models like the EWMA RiskMetrics, and the Conditional VaR or Expected Shortfall.

The Bank, through its securities intermediation activities, funding efforts, and cash flow stability management, incurs liquidity risk. This risk is addressed from two main perspectives:

- **Short-Term Liquidity Risk:** This is measured as the possibility that the Bank may be unable to meet its contractual and non-contractual cash flow obligations. This risk is assessed using the Liquidity Risk Indicator, in accordance with Annex 9, Chapter XXXI of the Financial Superintendence of Colombia (SFC).

Additionally, the Bank employs internal models and other metrics such as the Survival Horizon, liquidity buffer, and depositor concentration limits, which complement comprehensive monitoring of the Bank’s liquidity position.

- **Structural Liquidity Risk:** This refers to the ability to maintain stable deposits (liabilities) to fund operations and build the asset base, requiring a sound balance sheet structure over the medium and long term.

This risk is measured through the calculation of the Net Stable Funding Ratio (NSFR), as established in Annex 12, Chapter XXXI of the SFC. As a complement, the Bank uses liquidity GAPS to measure mismatches between assets and liabilities, allowing for the identification of imbalances in the balance sheet.

The Bank also faces **Counterparty Risk**, arising from its securities trading activities with other financial institutions and entities from the real sector. This risk refers to the probability of potential losses resulting from the breach of contractual obligations in transactions involving securities, foreign exchange, or derivatives.

To mitigate this risk, the Bank conducts real-time monitoring of all exposures and treasury credit line usage with counterparties, allowing it to respond immediately in the event this risk materializes.

The Bank’s Treasury products are also exposed to **Credit Risk**, which is measured using metrics such as LGD (Loss Given Default), EAD (Exposure at Default), CVA-DVA (Credit Valuation Adjustment – Debit Valuation Adjustment), and Credit Exposure — all within the regulatory framework established by the SFC under Chapters XXXI and XVIII.

Soon, **Annex 15 of Chapter XXXI** of the SIAR will come into effect, addressing the identification, calculation, implementation, and measurement of **Interest Rate Risk in the Banking Book (IRRBB)**. Throughout 2024, the Financial Risk Management Department has been actively engaged with this regulation, successfully calculating the metrics for Delta of Economic Value of Equity (EVE) and Delta of Net Interest Margin (NIM).

In addition, the entire risk management system has been implemented, including the creation of policy manuals, guidelines, methodologies, regulatory reporting through formats 419 and 420, governance bodies, metrics, and monitoring related to structural balance sheet risks.

The aforementioned financial risks are monitored through a series of periodic reports, which include daily and weekly reports (such as the risk appetite statement), and monthly reports (such as those submitted to the Financial Risk Committee, the GAP Committee, and the Board Risk Committee, among others).

For 2025, two major challenges lie ahead in the management of the Bank’s financial risks:

- Continue refining and calibrating the implementation of Interest Rate Risk in the Banking Book (IRRBB) through reports, metrics, and analyses that support strategic decision-making aimed at positively impacting the Bank’s balance sheet structure, with the goal of maximizing financial margin and income.
- Timely, efficient, and automated implementation of the regulatory project provisions related to Liquidity Risks associated with the Bank’s operational sight deposits. This will enable the Bank to maintain an effective Net Stable Funding Ratio (NSFR) indicator, thereby facilitating strategic decision-making concerning the Bank’s funding structure and positively impacting its financial management.



4.3.4. Credit Risk Management System (SARC)

The Bank's Credit Risk Management System aims to ensure the proper identification, measurement, monitoring, and management of risks associated with the credit cycle.

The management of client credit risk is based on a comprehensive evaluation that determines their risk profile and assigns the probability of default on debt payments. This process is carried out both during credit application evaluations and during the loan administration and monitoring stage. It involves the thorough collection of financial and non-financial information from clients (credit history, income level, payment capacity estimation, macroeconomic conditions, sectoral performance) and the use of analytical tools (scoring or rating models) for risk rating. Based on these ratings, the Bank assigns client exposure, sets interest rates, and defines strategies for account maintenance, cross-selling, and loan recovery.

In 2024, credit risk management was influenced by the macroeconomic environment (moderate GDP growth, high inflation, high interest rates, low job creation, among others). Nevertheless, the Bank continued strengthening its credit risk management by assessing and segmenting debtors according to their risk level and developing strategies to better identify these risks during both origination and portfolio monitoring. This allowed the Bank to identify groups with a higher propensity for default and proactively offer tailored solutions based on their adjusted cash flows. The focus was on retaining clients with a good risk profile and on recovering loans from certain client segments whose repayment capacity had been affected.

For 2025, the Bank plans to continue strengthening its risk assessment models by incorporating new sources of information and using artificial intelligence methodologies in credit and portfolio management processes. The objective is to increase disbursement levels while maintaining the positive portfolio quality and credit cost indicators achieved in the latter part of 2024.

Portfolio Quality

The Bank's loan portfolio balance decreased by 0.35% over the past year, due to lower disbursement levels resulting from a drop in credit demand and the strengthening of lending policies aimed at improving the risk profile of new disbursements.

In 2024, the Bank applied External Circular 017 of 2023, issued by the Financial Superintendence of Colombia (SFC), enabling the application of the de-accumulation phase of countercyclical provisions for consumer loans. This process concluded in October. In November 2024, the Bank adopted External Circular 014 of 2024 from the SFC, which exempts new disbursements from the constitution of countercyclical provisions from that month through March 31, 2025. The objective is to mitigate the impact on provision values for credit.

Improvements implemented in the business rules, aimed at filtering clients with better risk profiles, have had a positive impact on the quality of credit portfolios. This was reflected in credit cohort analyses, where indicators of past-due loans and at-risk portfolio metrics showed better performance compared to the previous two years.

As of the end of 2024, the consumer loan risk indicator for ratings C-D-E reached 4.44%, representing an improvement of 22 basis points compared to the end of 2023 (4.66%). Coverage by loan age for the consumer portfolio closed at 137%.

The commercial loan portfolios and mortgage loans continue to show stability in their risk indicators, maintaining strong performance.

For 2025, the Bank expects loan portfolio quality indicators to remain similar to those observed during the second half of 2024, but with a higher volume of loan disbursements.

Past-Due Loan Indicators (PDLI) by credit type

As a result of the credit risk management efforts described above, the Bank closed December 2024 with the following results:



2.48%

Commercial
Loan PDLI



3.68%

Consumer
Loan PDLI



6.80%

Mortgage
Loan PDLI



3.51%

Total
Bank PDLI

(1) Number and (2) amount of past-due and non-performing loans qualified for programs designed to promote small businesses and community development.
[FN-CB-240a.2]

Pyme	Past due 2023 (Overdue >30 days <60 days)	Past due 2023 (Overdue >60 days <90 days)	Non-performing 2023 (Overdue 90+ days)
Number of loans	17	5	252
Amount	COP \$3,009,000,000	COP \$790,000,000	COP \$60,383,000,000

Strengthening of Credit Processes and Policies

As part of the portfolio performance monitoring and follow-up processes, various adjustments were implemented in credit policies during 2024. These included raising the cutoff points for origination scores, calibrating risk levels, and strengthening customer authentication and information verification processes. These adjustments made it possible to reduce the credit risk levels associated with new disbursements.

For 2025, the Bank expects to continue strengthening business rules and digital approval processes, as well as risk assessment algorithms, with the goal of maintaining portfolio quality and increasing the Bank’s digital penetration rate.

Collections Management

In 2024, the consumer credit segment continued to be affected by clients’ reduced payment capacity due to the country’s macroeconomic performance. This situation led to an increase in early delinquency in the financial market, which in turn required greater effort in collections management and the application of remedial tools. For Banco Popular, adjustments in collection

strategies and tactics resulted in positive performance, as reflected in improved portfolio quality indicators and a reduction in credit provisions.

To ensure the effectiveness of the implemented measures, continuous monitoring is carried out on client contactability levels, causes of non-payment, the rise in insolvency proceedings, and the effectiveness of the remedial measures offered, in order to identify any additional adjustments that may be necessary to the collections model.

The performance of the commercial loan portfolio quality remained stable in 2024 compared to the levels reached at the end of 2023. However, companies within the target market experienced a slowdown in sales dynamics and in portfolio recovery, making it necessary for the Bank to maintain its implemented collection measures throughout the next year.

For 2025, the Bank will continue the process of optimizing its collections strategies and tools, focusing on high-risk profile clients, uncontactable clients, and those with structural issues affecting their payment capacity, in order to remain alert to risks arising from the country’s economic and political volatility.



4.3.5. Environmental and Social Risks
[FN CB 410a.2]

In 2024, Banco Popular continued implementing the Environmental and Social Risk Management System (SARAS) manual, improving the procedures and ESG (Environmental, Social, and Governance) evaluation tools as part of the assessment process for corporate and business credit operations.

Practical training workshops were also held with the commercial teams, during which pilot evaluations were conducted for two high-risk (A) operations and three medium-risk (B) operations in ESG terms.

Additionally, best practices aligned with development banking standards were implemented, which will serve as enablers for future resource mobilization.



4.4. Social Management

4.4.1. Human Talent Management

Human talent management is a fundamental element for Banco Popular, as it represents a key asset in achieving its strategic objectives. In this regard, talent plays a crucial role as a driver for achieving exceptional results, fostering innovation, value generation, and the ongoing development of the organization. For this reason, the Bank is committed to both the professional and personal growth of its team, whose creativity, knowledge, and dedication contribute to making the organization a sustainable entity.

In this context, the Bank has established solid policies for recruitment, hiring, benefits, and talent management, in addition to a human talent plan designed based on the Employee Experience Journey Map. This map helps identify needs at each point of interaction with the Bank’s internal processes, allowing for the creation and strengthening of initiatives to attract, retain, and develop employees with outstanding competencies. Among the most relevant projects are the Organizational Structure, Culture, Talent Strategy, and Incentives Model, among others.

For the year 2025, a new organizational culture model will be consolidated, aligned with the business strategy, in order to drive sustainable results. This model will promote values, competencies, and behaviors that reinforce a customer-focused and disciplined culture, supported by effective leadership. Additionally, the challenge of strengthening technological competencies will be addressed, particularly in areas such as Artificial Intelligence, to enhance the teams responsible for digital and innovative processes within the organization. Likewise, the human talent strategy and labor relations model will be reinforced, optimizing structures and equipping the workforce with the necessary capabilities to fulfill the Bank’s strategy.

Employees

Total Employment by Type of Contract
[GRI 2-7, 2-8]

 Direct indefinite term		2023 1,204	2024 1,165	39% Participation percentage
		1,863	1,821	61% Participation percentage
	Total	3,067	2,986	100% total Participation percentage 
 SENA Interns		70	47	36% Participation percentage
		80	82	64% Participation percentage
	Total	150	129	100% total Participation percentage 
 Temporary Employees		138	131	36% Participation percentage
		237	221	64% Participation percentage
	Total	375	352	100% total Participation percentage 
Total Employees		3,592	3,467	100% Participation Percentage 

Employees by Job Category, Gender, and Type of Contract
[GRI 2-7]

Employees by Job Category, Gender, and Type of Contract			
Direct: Permanent Contract			
	Total number of employees	Number of women	Number of men
Senior Management	13	4	9
Middle Management	75	31	44
Lower Management	349	177	172
Functional Areas	2,549	1,609	940
Total Permanent Employees	2,986	1,821	1,165

STEM Employees by Job Category, Gender, and Type of Contract¹.
[GRI 2-7]

STEM Employees by Job Category, Gender, and Type of Contract		
Direct: Indefinite term		
Total number of employees	391	
Number of women	134	
Number of men	257	

This indicator has shown significant progress in response to the Bank’s new needs, particularly in key areas such as data analysis and technology. This development supports the strategy of becoming a more digital bank.

To support the strategic needs of this area, the Bank has a Human Talent Business Partner who provides ongoing assistance.

In 2025, both the calculation and monitoring of this indicator will be adjusted, aligning them with the workforce planning model, which will be defined as part of the initiatives to be implemented.

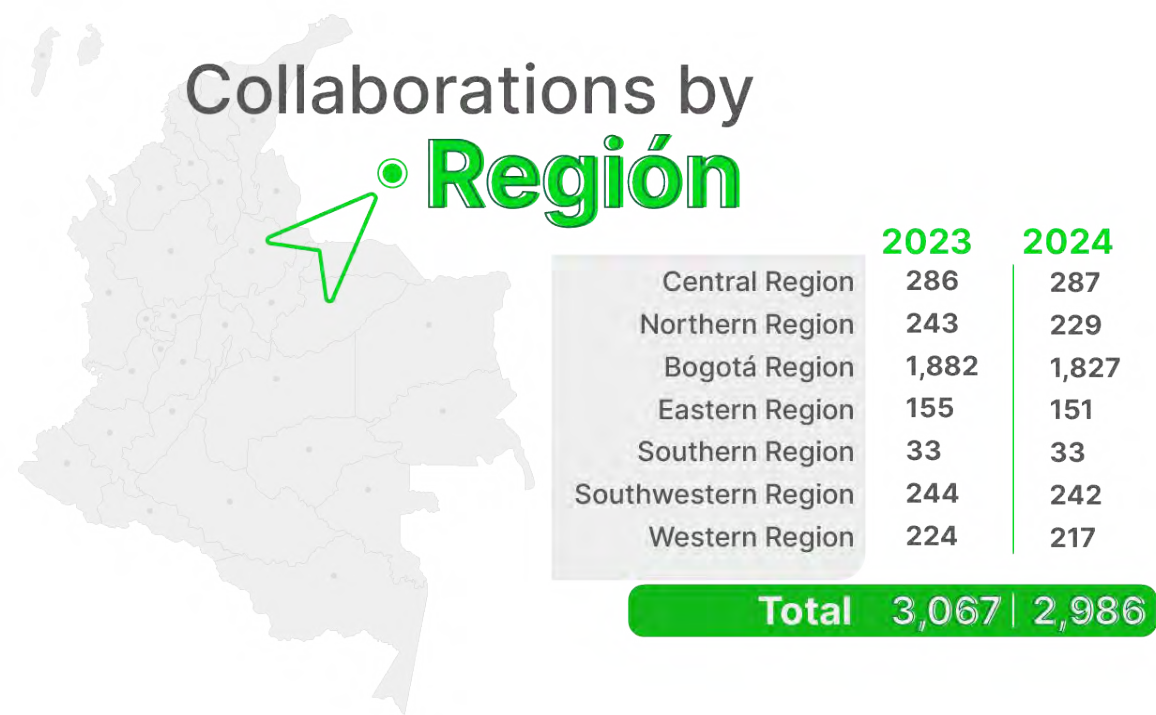
During 2024, a significant transformation took place, with adjustments to the profiles and competencies required for STEM positions, aligning them with the new demands of the business. In addition, a review and restructuring of the Bank’s departments was initiated, adapting them to the new strategy focused on generating results through data analysis. As part of this process, advanced measurement tools were optimized and implemented, facilitating data visualization and thus contributing to more informed and efficient decision-making.

Employees by Age Range and Gender
[GRI 405-1]

	Total number of employees	Number of women	Number of men
Under 30 years old	352	230	122
Between 30 and 50	2,003	1,306	697
Over 50 years old	631	285	346
Fila final – Totales generales	2,986	1,821	1,165

¹STEM workers use their knowledge of science, technology, engineering, or mathematics in their daily responsibilities. To be classified as a STEM worker, the employee must have a STEM-related qualification and apply this knowledge in their operational role. Positions include, among others, the following: computer programmer, web developer, statistician, logistician, engineer, physicist, scientist (definition according to DJSI).

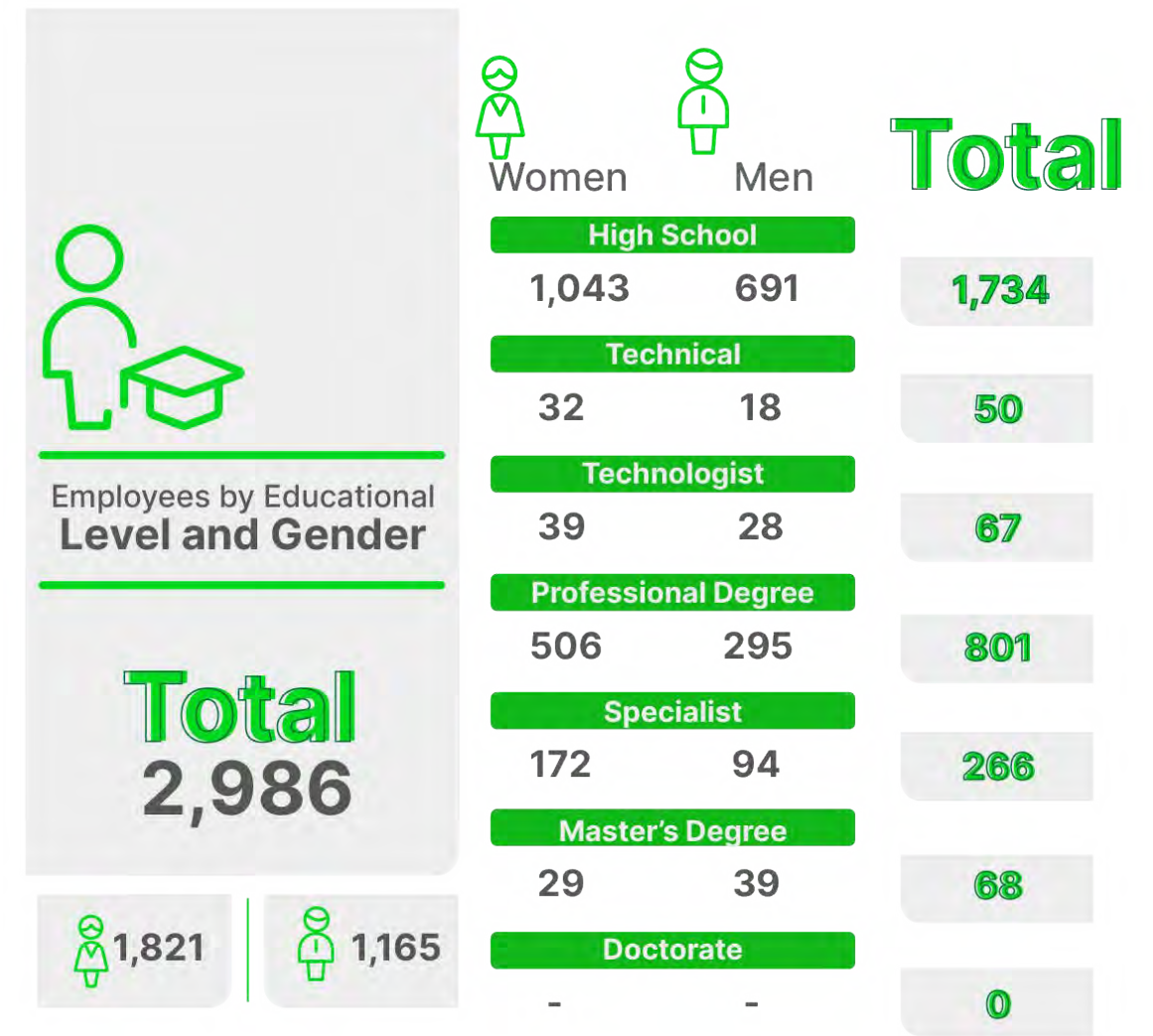
Total Employees by Region
[GRI 2-7]



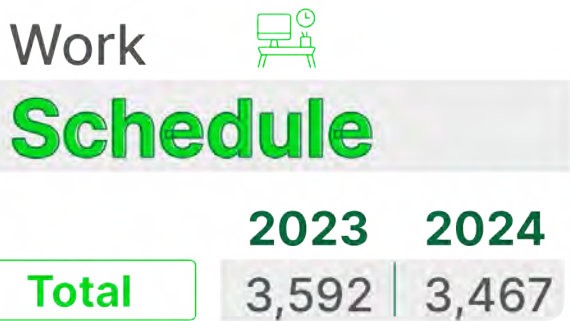
One of Banco Popular’s key processes is customer service and product distribution through its branch network, with a national presence across all regions of the country. In this context, the Bank has established continuous and specialized support in all Human Talent processes through the Office Network Experience Center Directorate. From this area, support is provided to Regional Managers in mapping needs and capacities, with the goal of backing the results assigned to each region and ensuring alignment with the Bank’s strategic objectives. Workforce planning for the Office Network in major cities and regions responds to specific needs related to customer service.

During 2024, it was verified that the necessary resources were available to adequately attend to the Bank’s various service points.

Among the main initiatives implemented are the monthly monitoring of vacancies, promotions, and appointments; the review of vacation liabilities; analysis of workplace climate; and the holding of committees with regional leaders. These actions help identify development opportunities and ensure ongoing alignment with the strategic objectives of Human Talent, thereby optimizing talent management across all regions.



Employees by Work Schedule
[GRI 2-7] [GRI 2-8]



One of the benefits offered by the Bank is a 40-hour workweek for all direct employees. By maintaining a single type of work schedule, this indicator varies exclusively according to the active workforce, which facilitates monitoring and contributes to more efficient management.

A key initiative related to the work schedule is the consolidation of work modalities, allowing for greater flexibility and adaptation to business needs. Currently, the Bank offers four modalities (On-site, Autonomous, Supplementary, and Mobile), all aligned with the 40-hour workweek. Additionally, paid overtime is authorized when service demand requires it, thus ensuring operational coverage and efficiency without compromising employee well-being.

Total Unionized Employees
[DJSI 3.1.5] [GRI 2-30]



Diversity, Equity, and Inclusion (DEI)

Employees from Minority Groups
[DJSI 3.2.3] [DJSI 3.2.4] [GRI 405-1]



*The group of employees from minority groups – Palenqueros – are included in the Afro-descendant category.

In 2024, through the Characterization Survey, a representative sample of minority groups within the Bank was obtained, reflecting the organization’s commitment to strengthening diversity in its hiring and talent promotion processes. This progress is complemented by the review and design of a specific hiring indicator that will allow the identification of candidates’ belonging to these groups, thus ensuring a more inclusive selection aligned with the Bank’s strategic diversity objectives.

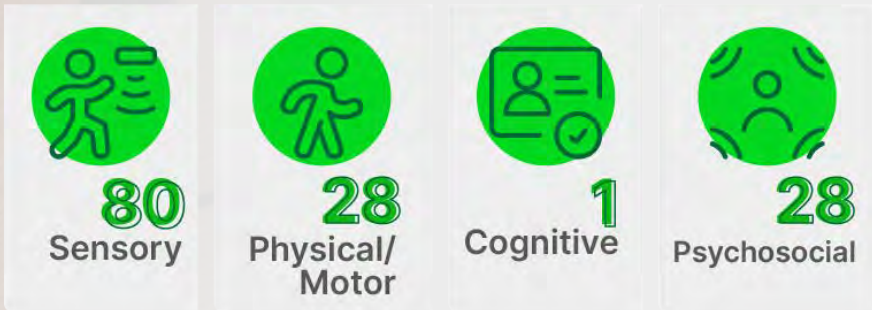
Through the Characterization Survey, an employee mapping was conducted, which made it possible to obtain representative data on minority groups within the Bank. Based on these results, new strategies and indicators will be developed to facilitate implementation, monitoring, and evaluation of progress, as well as the necessary adjustments to ensure the achievement of the diversity goals established by the Bank.

During 2024, two gender initiatives were launched with the purpose of strengthening both female and male leadership skills. These initiatives have been led by the Bank’s presidency and will extend to other levels of the organization. Additionally, the Bank participated together with Grupo Aval in Pride Day, renewed the “Friendly Biz” certification, increased women’s participation in the management team through the “30% Club” program, and designed the protocol for diversity and inclusion cases with the support of the Diversity Chamber.

For 2025, initiatives will be designed to strengthen the personal and professional development of minority groups, based on the results of the Characterization Survey and the various work plans focused on this area.

Employees with Some Degree of Disability
[DJSI 3.2.4]

2024
Disability



Total 137

In 2024, through the Characterization Survey, a detailed sample was collected regarding the degree and number of disabilities among the Bank’s employees, providing a solid foundation to design and strengthen specific programs that promote inclusion and provide adequate support to employees with disabilities. This information will be essential for implementing strategies that ensure the full participation and development of all employees within the organization.

To achieve the 2024 data collection results on disability, the following initiatives were implemented:

- **Characterization Survey:**
A survey was designed and applied to obtain detailed information about the degree and number of disabilities of employees and their family members, guaranteeing the confidentiality of the information.
- **Training through the “My Zone - DEI Course (Diverse Attention)” Training Module:**
Training was implemented aimed at raising awareness and preparing employees to properly attend to people with disabilities, promoting inclusion and respect in the workplace environment.

Hiring

New Employees by Job Category and Gender
[DJSI 3.1.2] [DJSI 3.3.4] [GRI 401-1] [GRI 2-9]

New Employees by Job Category and Gender	Total Employees	Women	Men
Senior Management	6	2	4
Middle Management	10	4	6
Junior Management	7	3	4
Functional Areas	169	100	69
Total	192	109	83

With the aim of ensuring gender equality, the Bank will continue to ensure that new hires promote a diverse and inclusive work environment, aligned with business needs. This process seeks to attract talent with the skills and knowledge required for each defined role.

To achieve this, in 2025 the objective will be to continuously monitor hiring data, strengthen the employer brand, develop programs targeted at different focus groups, promote diverse profiles, and track the balance of women and men by area and level. Additionally, the “Pride in Popular Recognition” strategy will be developed, all within the framework of the Bank’s diversity and inclusion policy.

New Employees by Age Range and Gender
[DJSI 3.3.4] [GRI 401-1]

New Employees by Age Range	Total Employees	Women	Men
Under 30 years	70	38	32
Between 30 – 50 years	115	69	46
Over 50 years	7	2	5
Total	192	109	83

New Hires



2023 2024
259 | 282
Open Positions



2023 2024
141 | 167
Positions Filled by Internal Candidates



2023 2024
60 | 192

New Hires



2023 2024
54% | 59%

Percentage of Positions Filled Internally



2023
\$ 11,723,200
2024
\$11,940,921

Average Hiring Cost per FTE



2024
104



63

Number of Positions Filled by Internal Candidates



2024
109



83

Number of New Hires

The new hires made during 2024 were carried out strategically with the aim of beginning the stabilization of the new organizational structure.

This process had a significant impact on senior management, in order to provide the necessary support for organizational changes and meet the new demands of the business. Hiring decisions were analyzed based on needs identified through a detailed study of organizational structures.

In this way, constant monitoring was carried out according to the prioritization of the organization’s actual needs, ensuring the incorporation of the right talent.

One of the main initiatives implemented to support these outcomes was the Organizational Structure Update Project, whose purpose was to adjust the structure according to the Bank’s strategic needs.

Likewise, actions were taken to prioritize filling vacancies that have the greatest impact on organizational results.

Departures

Employees Who Left the Organization by Category
[DJSI 3.3.4] [GRI 401-1]

Departures by Category	Women	Men
Dismissal	21	21
Mutual Agreement	26	27
Retirement and/or Early Retirement	32	24
Voluntary Resignation	70	46
Contract Expiration and/or Failure to Pass Trial Period	2	3
Death	0	1
Total	151	122

A monthly employee turnover indicator is generated by area to support strategic decision-making. Likewise, the Bank has implemented an exit interview process in cases of resignation, with the aim of generating initiatives to mitigate talent loss.

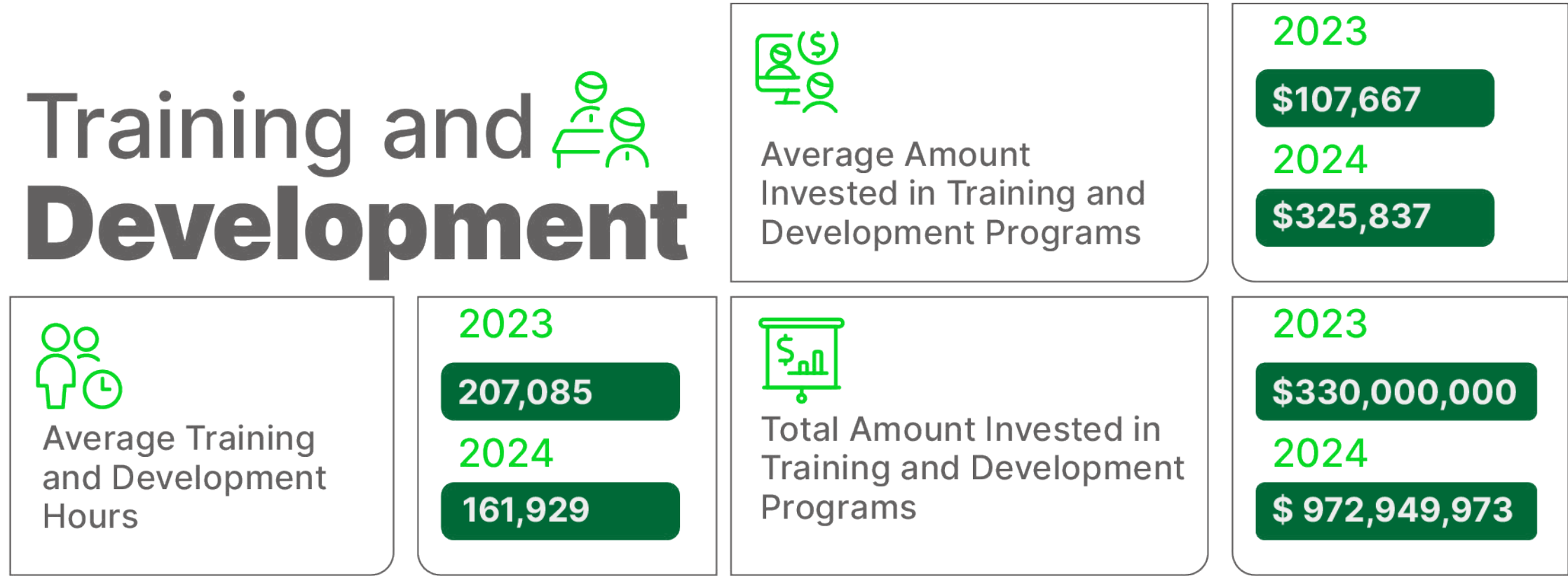


Departures by Job Category
[DJSI 3.3.4] [GRI 401-1]

Departures by Job Category	Senior Management	Middle Management	Junior Management	Functional Areas
Dismissal	0	1	4	37
Mutual Agreement	1	6	13	33
Retirement and/or Early Retirement	0	3	5	48
Voluntary Resignation	4	5	12	95
Contract Expiration and/or Failure to Pass Trial Period	0	1	0	4
Death	0	0	0	1
Total	5	16	34	218

Training and Development

Employee Training and Development
[DJSI 3.3.1] [GRI 404-1]



To define the Bank’s competencies and learning objectives, an annual training plan is designed and implemented, aligned with strategic needs and the contributions of each area. This plan includes the development of customized training programs that strengthen the specific knowledge required for each role within the organization.

The training plan is reviewed quarterly with the leaders responsible for its development, in order to ensure progress on the planned learning actions and incorporate any additional skills that may be needed.

During 2024, we implemented learning methodologies that facilitate the assimilation of knowledge related to different roles and can be directly applied to daily processes.

Thanks to these methodologies, we were able to reduce the time spent on lengthy training processes, enabling clear, efficient, and applicable learning.

Employee Training Programs
[DJSI 3.3.2]

Program 1

Specialized Programs for the Branch Network

Develop and strengthen the skills, knowledge, and competencies of commercial and operational teams in the branch network, to improve their productivity and efficiency and increase the NPS score through customer experience.

- Increase in Product Sales.
- Team alignment with MAC commercial tools.
- Improvement in NPS operational quality.

48%

Program Name



Objective Description / Program Benefits



Quantitative impact of the benefits



% of full-time employees participated

Programa 2

Specialized Programs – General Management

Develop and strengthen the skills, knowledge, and competencies of administrative teams who manage organizational knowledge and design innovative solutions as part of the Bank's competitive advantage and customer experience strategy.

- Reduction of Operational Risk.
- Development of technological skills.
- Development of communication, planning, and finance skills.

52%

Employees Benefiting from Development Programs
[GRI 404-2]

Benefited
Employees

 Career Plan	Number of employees 18
 Skills Development Programs	Number of employees 2,986

Performance Evaluation

Information Related to Performance Evaluation

Employee Evaluation	Number of Employees Evaluated
Total Employees Evaluated	2,874
Management by Objectives	1,518
Team Performance Evaluation	1,356 (Ranked Positions)

The Bank has a strategic Performance Management process that is carried out annually for all leaders and professionals within the organization. This process is aligned with the organizational strategy, allowing for the continuous evaluation and improvement of employee performance. Within the model, periodic feedback sessions are established, during which employee progress is reviewed to ensure that objectives and results are aligned with the Bank’s goals for each year.

To achieve results related to the continuous improvement of employee performance, the Bank implemented the following key initiatives:

1. Alignment of the organizational strategy with the Performance Management process.
2. Implementation and compliance with the annual alignment and evaluation meeting process.

Organizational Climate

Measurement of Employee Satisfaction Survey According to the Relevant Unit of Measurement
[DJSI 3.3.9]

Employee Satisfaction Measurement	2023
Employee Satisfaction:	89.7%
Employee Net Promoter Score (eNPS):	73.3%
Percentage of Employees Who Responded to the Survey	80%

Banco Popular continuously monitors satisfaction and recommendation indicators of its Human Team through annual employee surveys. This enables the establishment of clear objectives aimed at improving employee engagement, satisfaction, and well-being.

The quantitative objectives are based on the analysis of historical trends and the identification of areas for improvement, with the goal of achieving sustained increases in satisfaction levels and in the percentage of employees responding to the survey. For 2024, the Bank aims to maintain the results of the Employee Net Promoter Score (ENPS) and the Employee Satisfaction Index (INS *per its acronym in Spanish*).

One of the main activities implemented to achieve these results was the update of the human team’s experience through the review of the *Employee Journey Map*. This process included in-depth interviews with those responsible for human talent processes, as well as focus groups with employees from various areas to understand their experience at each point of interaction.

Moments of Truth and Pain Points were identified in these interactions, and a more detailed measurement of the employee experience was carried out, addressing topics such as leadership, communication, feedback, work environment, and training.

This update provided a clearer view of areas for improvement and will facilitate, in 2025, the implementation of specific actions aimed at optimizing the employee experience and improving their levels of satisfaction and engagement.

On the other hand, focus groups were conducted with the purpose of identifying areas with outstanding results, in order to recognize their best practices in people management, and areas with opportunities for improvement, to provide appropriate support.

Gender Pay Gap
[DJSI 3.1.4] [GRI 405-2]

Indicator	2023	2024
Average Gender Pay Gap	28.87%	28.70%
Median Gender Pay Gap	11.94%	10.04%

The Bank conducts an annual analysis of pay equity and competitiveness in collaboration with the firm Korn Ferry. This analysis enables the implementation of action plans aimed at reducing the internal pay gap and ensuring that each role is compensated according to its impact within the organization.

As the primary source for competitiveness analysis, annual market benchmarking studies are used, complemented by the analysis of specific cases that require particular attention.



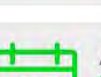
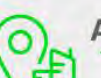
Benefits

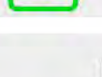
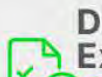
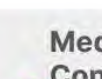
[DJSI 3.3.7] [GRI 401-2]

 **\$ 86 billion COP**
allocated to employees

 **\$ 13 billion COP**
allocated to families

 Children's Education 1,008	\$ 3,312,415,860	 Family and Employee Funeral 83	\$ 377,883,551
 Children's Education 343	\$ 407,665,614	 Maternity 82	\$ 324,261,209
 Daycare (Pension) 240	\$ 940,269,051	 Special Needs Child Education 37	\$ 379,784,761
 Daycare (Tuition) 230	\$ 125,565,634	 Prepaid Medical Plan 1,897	\$ 6,724,040,306

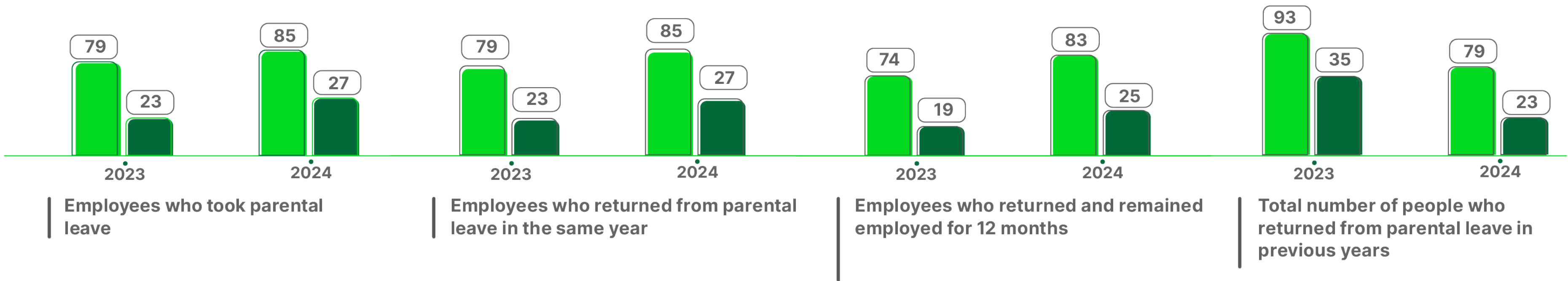
 Bonuses Amount allocated and employees benefited	
 Special for cashiers 428 cases	\$ 838,185,859
 Retirement 58 cases	\$ 5,743,114,084
 Bonus Amount allocated and employees benefited	
 Services 3072 cases	\$ 16,920,362,853
 Mid-year Bonus 3072 cases	\$ 13,495,671,163
 Vaccination 2613 cases	\$ 15,749,434,286
 Seniority - Permanence 578 cases	\$ 15,401,237,761
 Annual Bonus 386 cases	\$ 963,462,586
 Accommodation 297 cases	\$ 110,866,547

 Allowance Amount allocated and employees benefited	
 Transport 3,005	\$ 5,783,248,847
 Eyewear Frame 2,905	\$ 1,809,857,520
 Glasses 2,901	\$ 1,813,230,926
 Contact Lenses 2,834	\$ 3,192,440,677
 Disability 642	\$ 443,277,571
 Educational Support (Employees) 179	\$ 649,086,930
 Housing 81	\$ 1,474,804,864
 Retirement Pension 59	\$ 633,695,876
 Disability Extension 148	\$ 4,981,242,180
 Medical Treatment Continuity 52	\$ 165,197,697
 Bank Contribution to Mutual Fund 2077	\$ 170,260,000
 Tuition/Schooling Support 30	\$ 407,665,614

Parental Leave

2023-2024

[GRI 401-3]



The Bank has a team of Business Partners who provide continuous support to employees throughout the process of formalizing and taking maternity and paternity leave, in accordance with Colombian legislation.

Additionally, the Bank offers, within the General Directorate, a lactation room that allows breastfeeding mothers to safely and comfortably continue feeding their children after their maternity leave. This room is equipped with all the necessary elements and complies with the specifications established for this type of space.

 4.4.2. Supplier Management

The Supply Chain is a strategic process that enables the centralized and timely management of the Bank’s administrative, operational, and technological needs. Its goal is to support the value proposition of products and services for customers, as well as to promote fair, transparent, and sustainable relationships with suppliers.

The supply chain generates significant value by contributing to the Bank’s financial performance and sustainability. It stands out for resource optimization through the implementation of efficiencies, cost avoidance, and early payment discounts, among others. The impacts generated support the value proposition of the Bank’s products and services, while fostering equitable, transparent, and long-term relationships with suppliers.

In accordance with the guidelines established in corporate policies and the directives of Strategic Sourcing, there is an internal policy on sustainable purchasing. This policy is measurable through sustainability assessments and scorecards with governance, social/labor, environmental, and diversity criteria applicable to all suppliers.

Supported by information technology tools, the processes are executed following global best practices.

During 2024, significant progress was made that had a positive impact on financial management.

A significant expense of COP 15,595 million was avoided thanks to efficient resource management. In addition, management strategies were implemented that allowed the Bank to obtain early payment discounts on 1,269 invoices, totaling COP 415 million. Likewise, efficiencies amounting to COP 842 million were achieved in active contracts. These actions are aligned with the Bank’s strategic pillar of “Efficient Operations.”



The main challenge for 2025 is to define the training and development plan for suppliers and strategic partners, with the aim of optimizing the quality and effectiveness of the processes and services provided to the Bank and its clients, as well as promoting good sustainability practices within these organizations.



Additionally, information is collected for supplier evaluation through the implementation of sustainability scorecards. This information will be migrated to automated workflow tools to improve time efficiency, data reliability, and the ability to obtain real-time results, with the goal of making the evaluated aspects measurable at a deeper level.

Efforts are also focused on implementing new indicators that allow for the classification not only of suppliers but also of any strategic partner in terms of sustainability and inclusion. To this end, the implementation and stabilization of the new purchasing and contracting model will be carried out, aiming to optimize technological tools, segregate functions, and reduce response times to requests from user areas, among other aspects.

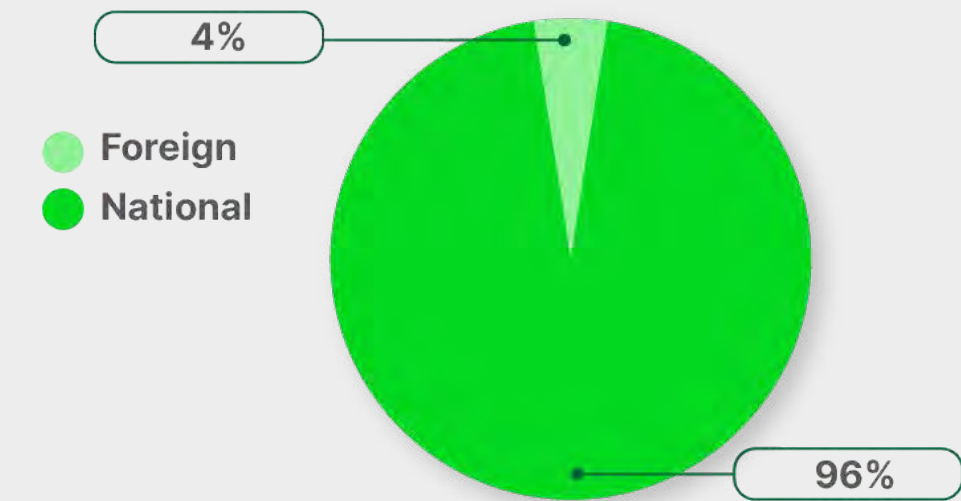
Technological tools are available to facilitate comprehensive monitoring of the procurement process, ensuring efficient and controlled management of the purchasing and contracting of goods and services with both national and international suppliers. This process prioritizes strengthening the participation of local suppliers, promoting market research and identifying new trends, with the goal of developing relationships with new suppliers.

National and Foreign Suppliers
[GRI 2-6] [GRI 201-1] [GRI 204-1]

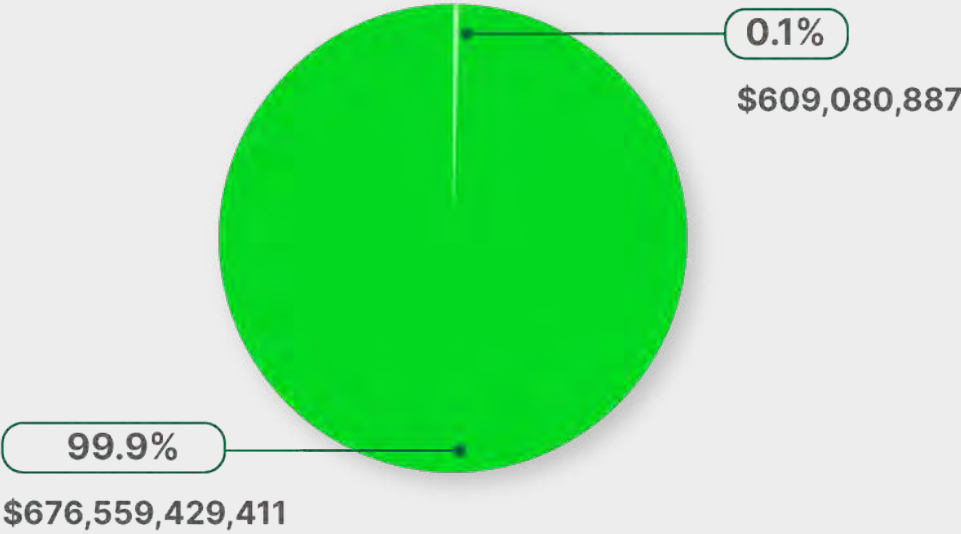
Supplier Type	# Total Suppliers	% of Suppliers	Total Purchases (COP)	% of COP Purchases	Total Purchases (USD)	New Suppliers	% of New Suppliers
National	439	96%	COP 676,559,429,411	99.9%	USD 4,159,031	9	100%
Foreign	20	4%	COP 609,080,887	0.1%	USD 540,526	0	0%
Total	459	100%	COP 677,168,510,298	100%	USD 4,699,558	9	100%

Chart: National and Foreign Suppliers

National and Foreign Suppliers 2024



Purchases 2024

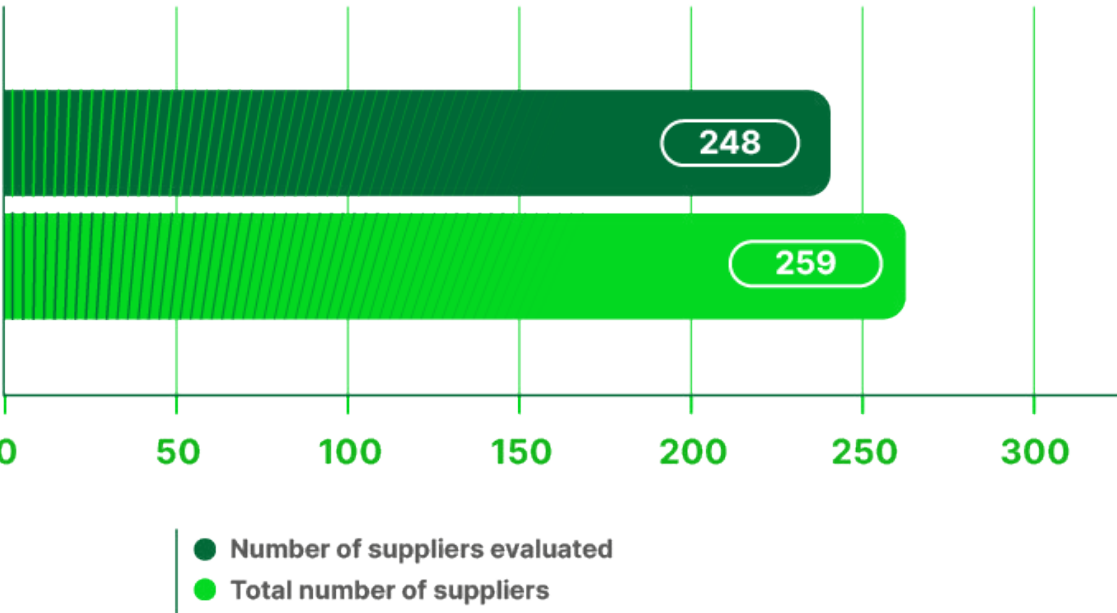


Suppliers Evaluated on Environmental, Social, and Governance (ESG) Aspects
[GRI 414-1] [GRI 308-1]

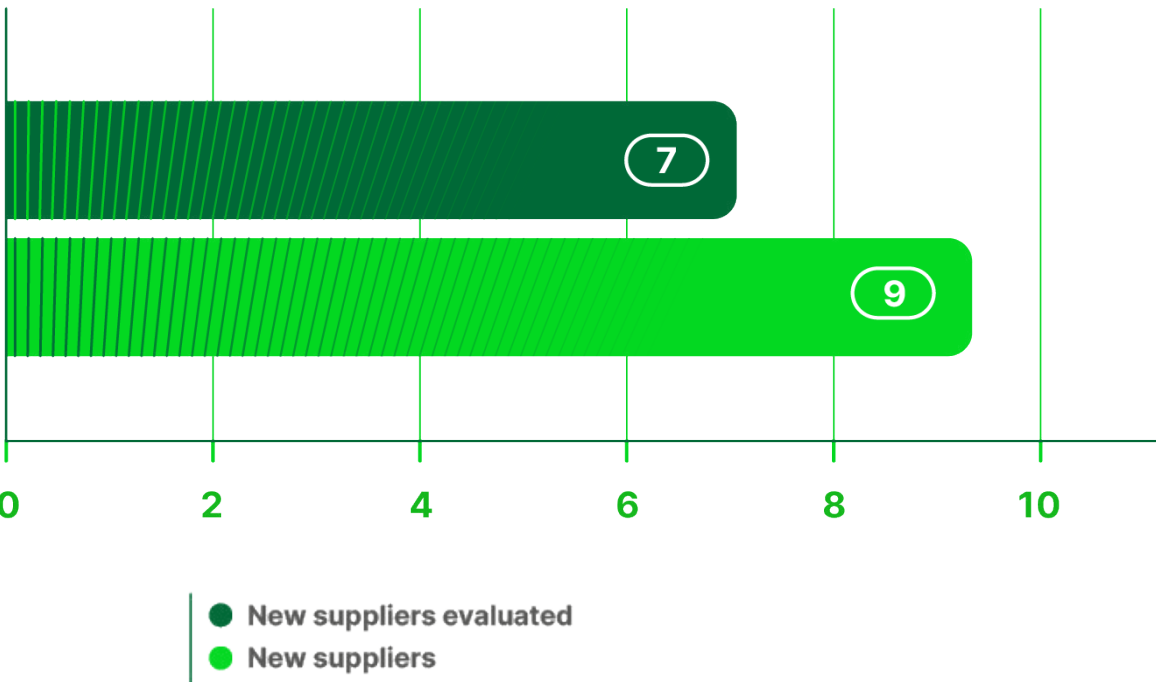
Supplier Evaluation	Number of Suppliers Evaluated	Percentage of Suppliers Evaluated
Evaluated on environmental aspects	248	100%
Evaluated on social and human rights aspects	248	100%
Evaluated on governance aspects	248	100%
New suppliers evaluated on environmental aspects	7	3%
New suppliers evaluated on social and human rights aspects	7	3%
New suppliers evaluated on governance aspects	7	3%

Chart: Suppliers Evaluated on Environmental, Social, and Governance (ESG) Aspects

Supplier Evaluation 2024

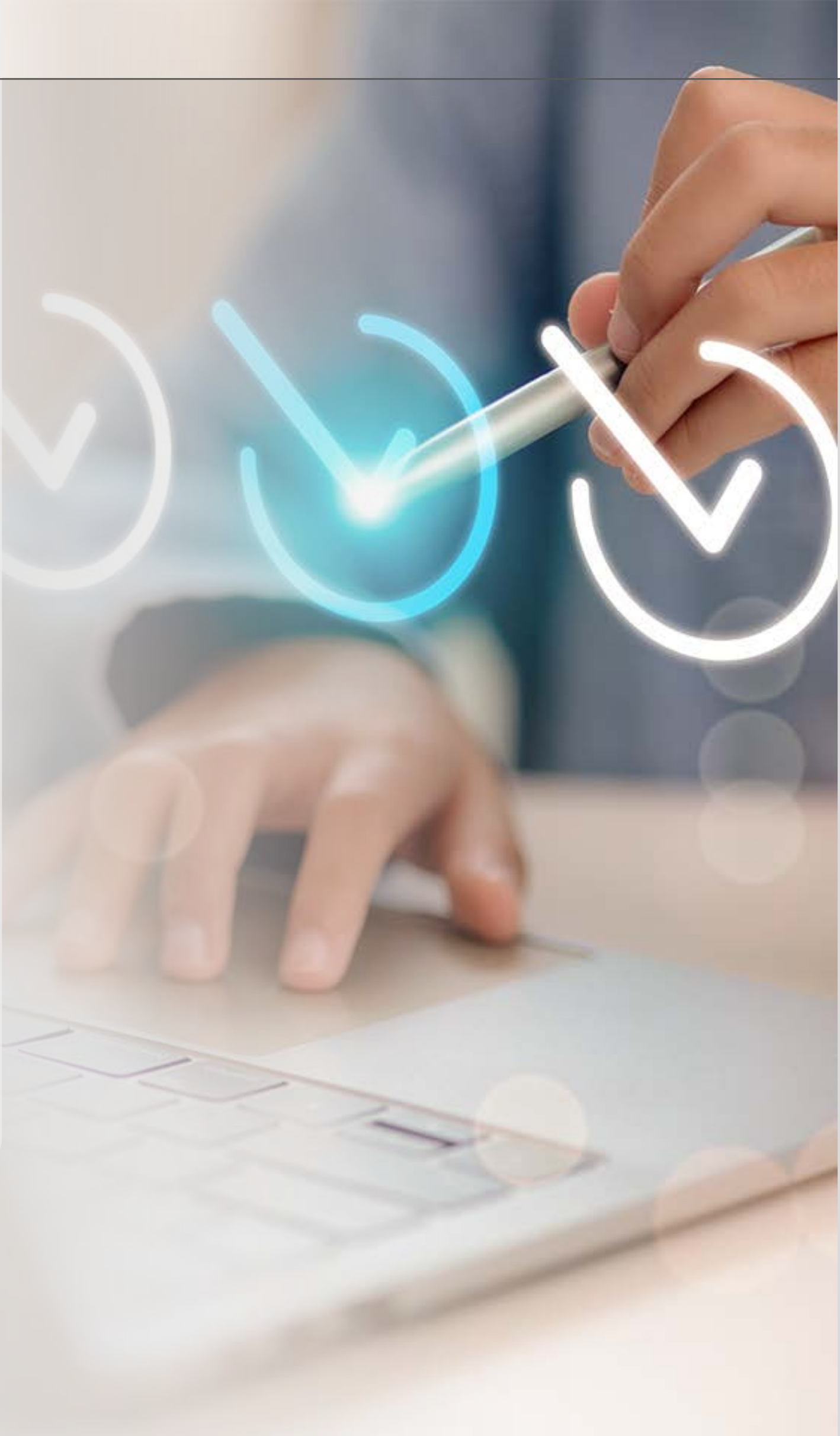


New Supplier Evaluation 2024



There is an established supplier evaluation workflow that facilitates the annual process with strategic partners, user areas, and procurement stakeholders.

Through a dedicated tool, it is possible to record and analyze statistics related to sustainability, governance, environmental aspects, and diversity, allowing for an understanding of each company's current status in these areas.





4.4.3. Support for Other Social Initiatives

[GRI 203-1]

In 2024, the General Shareholders' Assembly, as the competent social body according to the Bank's Bylaws, determined the maximum amount for donations during the year, as well as the specific sectors to which the resources could be directed.

In accordance with its statutory authority and in alignment with the Bank's commitment to social causes, the Board of Directors authorized donations to the foundations listed below during 2024, as well as the formalization of donations for advances made in previous year:

- **Cultural Promotion Fund:** This is a non-profit organization whose purpose is to promote the preservation and dissemination of the country's cultural, artistic, and archaeological heritage. It is also responsible for managing museums and collaborating on archaeological research.
- **Popular Legal Services Foundation:** This non-profit organization aims, among other objectives, to provide legal assistance services to low-income individuals through consultation services and legal representation. It also manages a conciliation center and disseminates newly issued legal regulations.
- **Luis Carlos Sarmiento Angulo Cancer Treatment and Research Center (CTIC):** This non-profit organization is dedicated to developing the construction and operation of a hospital center specialized in cancer treatment and research, located in northern Bogotá. Its goal is to provide healthcare services with state-of-the-art technology and qualified human resources.





4.5. Environmental Management

4.5.1. Eco-efficiency Strategy

The Eco-efficiency Strategy is a fundamental pillar of the internal culture aimed at promoting responsible practices, driving resource optimization, and minimizing environmental impacts.

This approach focuses on optimizing resource use, adopting clean technologies, and promoting responsible practices. These actions not only reduce operating costs but also generate substantial benefits for clients, society, and the environment. The goal is to position the Bank as a sustainable institution, recognized and recommended by its clients, thus reaffirming its commitment to sustainability.

In this context, the eco-efficiency strategy adds significant value to the Bank by contributing to the achievement of its environmental objectives.

To implement this strategy, Banco Popular has launched the Comprehensive Environmental Management Program (PIGA), which includes four sub-programs: Environmental Management Program (PROURE), Efficient Water Use Program (PUEAA), Comprehensive Waste Management Program (PGIRS), Environmental Awareness and Culture Program

These programs focus on the execution of preventive and corrective maintenance procedures for facilities and equipment, aiming to optimize the consumption of electricity and water.

Through these efforts, the Bank reaffirms its ongoing commitment to sustainability and the comfort of its facilities, both for employees and clients.

Efficient Use of Energy

In this regard, several key initiatives have been implemented to reduce energy consumption at the Bank's facilities. Among them, the following stand out:



Reduction of energy consumption through the migration from traditional lighting to LED technology



Analysis of the networks in the areas with the highest energy consumption, with the implementation of action plans for their optimization.



Photovoltaic energy generation solutions

In 2024, the Bank completed 100% of the replacement of traditional lighting with LED technology at the regional administrative offices and at the General Directorate. At the same time, the office network continued the installation of LED lights and sensors, reaching 76% coverage in that network. This initiative was complemented by the modernization of air conditioning units, incorporating more efficient models and using environmentally friendly refrigerants.

On the other hand, infrastructure optimization will be a central focus of the strategy in the coming years, with the replacement of equipment by more efficient models that use ecological refrigerants, as well as the replacement of obsolete equipment. The use of sustainable construction materials will also be promoted in new offices and renovations, contributing both to sustainability and to the reduction of operating costs.

Energy consumption in megawatt-hours [DJSI 2.1.1] [GRI 302-1] [GRI 302-2]

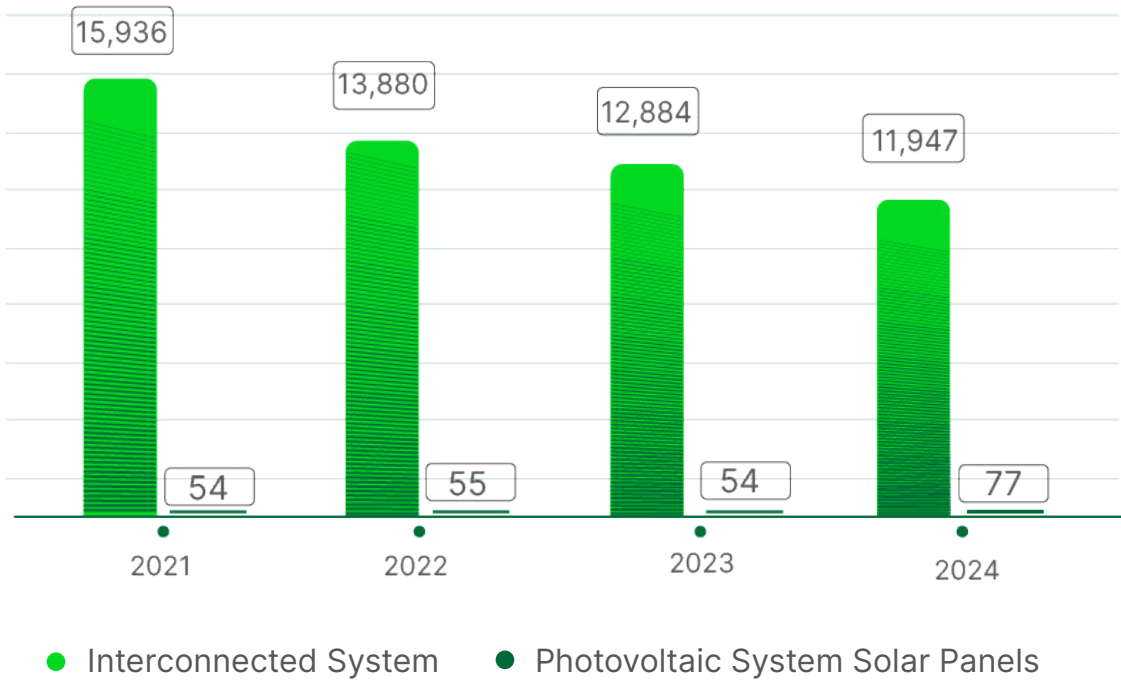
Below is the energy consumption over recent years, differentiating between renewable and non-renewable energy sources:



Energy Consumption MWh

Required Information	Fuel Type / Source	Unit	2021	2022	2023	2024
Fuel consumption backup plants	Backup plants diesel	Gallons	6,957	5,790	6,169	10,712
Electricity consumption grid	Interconnected system	MW	15,936	13,880	12,884	11,947
Electricity consumption from renewable sources	Photovoltaic system Solar panels	MW	54,2	55,5	54	77

Chart: Total Energy Consumption MWh



Fuel consumption for energy generation in backup systems remained stable during 2024.

Power plants were used on specific days for updates to the regulated UPS power system at the Bank’s Head Office. On the other hand, electricity consumption from the power grid has shown a continuous decrease, as a result of lighting optimization across the office network, improved use of space, replacement of air conditioning units with more energy-efficient models, the substitution of traditional lighting with LED fixtures, and constant monitoring and control of energy usage.

These actions are a fundamental part of the Bank’s commitment to energy efficiency and the reduction of its environmental footprint.

Regarding self-generation of energy from photovoltaic solar panels, production capacity was increased through the implementation of a new photovoltaic solar system at the Tocaima municipal office, contributing to clean energy generation and reducing dependence on the conventional electrical grid.

In 2024, as a result of the activities carried out, the target of a 5% reduction was exceeded with a 7% decrease in kW consumption compared to the previous year, equivalent to a reduction of 937,348 kW. This success is attributed to several actions, including the replacement of traditional lighting with LEDs and the installation of motion sensors, monitoring of offices with consumption deviations, optimization of spaces, and modernization of air conditioning equipment to more energy-efficient models.

Water

Aware of the vital importance of water as an essential resource and the increasing demand pressure on this resource in the country, the Bank has undertaken initiatives to ensure its conservation and optimization.

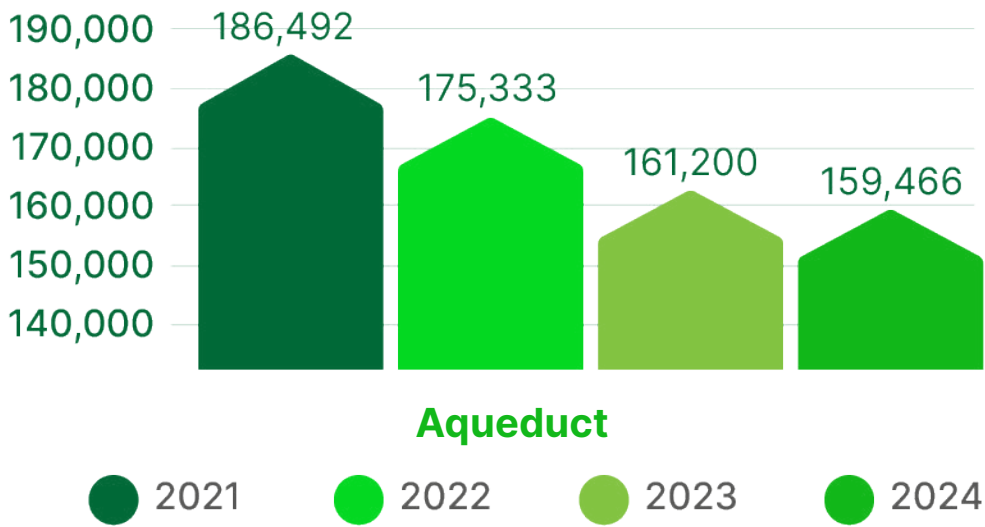
In 2024, a 1.1% reduction in water consumption was achieved compared to the previous year, equivalent to a decrease of 1,735 m³. This reduction has been made possible thanks to the optimization of spaces and the teleworking arrangements implemented by the Bank, which have reduced the need for water use in the facilities. Additionally, maintenance plans contribute to controlling possible leaks, ensuring more efficient use of the resource and maintaining the downward trend observed over the past four years.

Total Water Consumption in Cubic Meters
[DJSI 2.3.1] [GRI 303-5] [GRI 303-3]

Below is the water consumption data for the past years:

Water Consumption	2021	2022	2023	2024
Aqueduct	186,492	175,333	161,200	161,200

Chart: Total Water Consumption (m³)



Main achievements in 2024 for the eco-efficiency strategy related to water consumption:



Installation of water-saving devices and accessories in the Bank’s facilities.



Monitoring and control of water consumption in each office, with corrective actions implemented in those that showed deviations.



Development of awareness and training plans for staff on the rational use of resources, as well as raising awareness about the importance of potential water rationing.

[DJSI 2.3.1] [GRI 303-3]

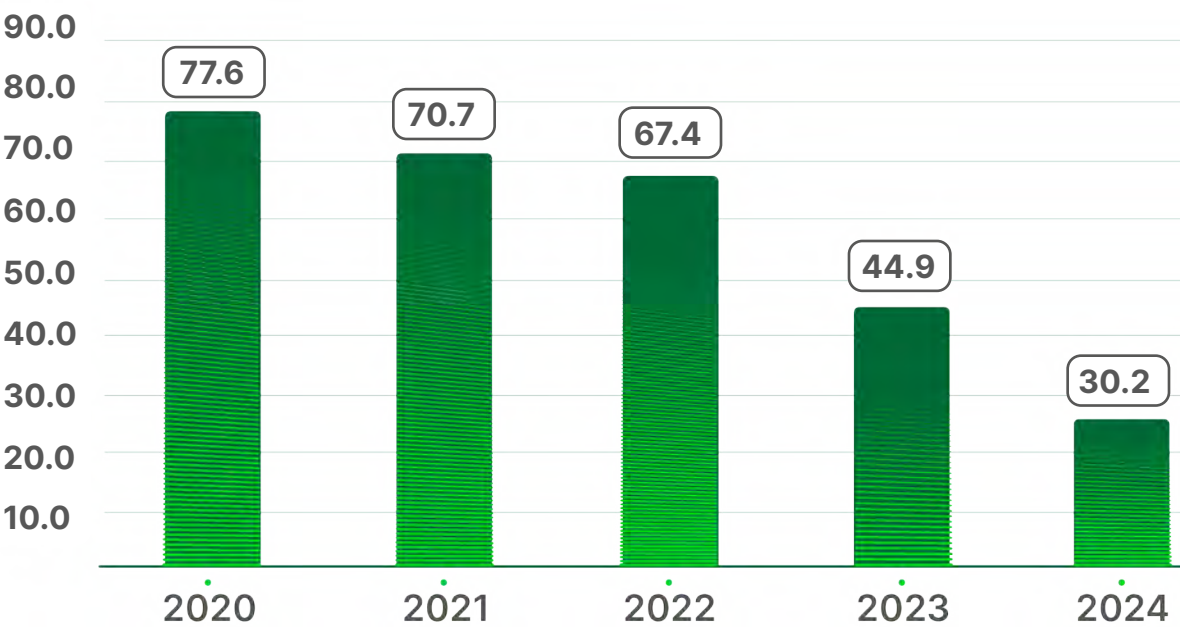
The Bank’s objectives to achieve better results are focused on reducing both water consumption and greenhouse gas emissions. Monitoring is carried out continuously, supported by a control system, techniques, and processes using the tools Fractal and Energy Master to monitor the weekly performance of offices nationwide. The information provided by these tools allows the Bank to establish clear objectives and work plans aimed at the continuous reduction of water consumption.

Paper Usage

The digitization of banking processes has led to a series of positive outcomes, most notably a significant reduction in paper consumption. The implementation of digital processes has optimized the management of financial transactions, streamlining operations and providing clients with a faster experience while eliminating the need for physical paper documents.

As a result, in 2024 the Bank reduced paper consumption by 32% compared to the previous year, avoiding the use of 14.7 tons of paper and continuing efforts to reduce the use of this valuable resource, which originates from natural sources.

Chart. Paper Consumption (Ton)



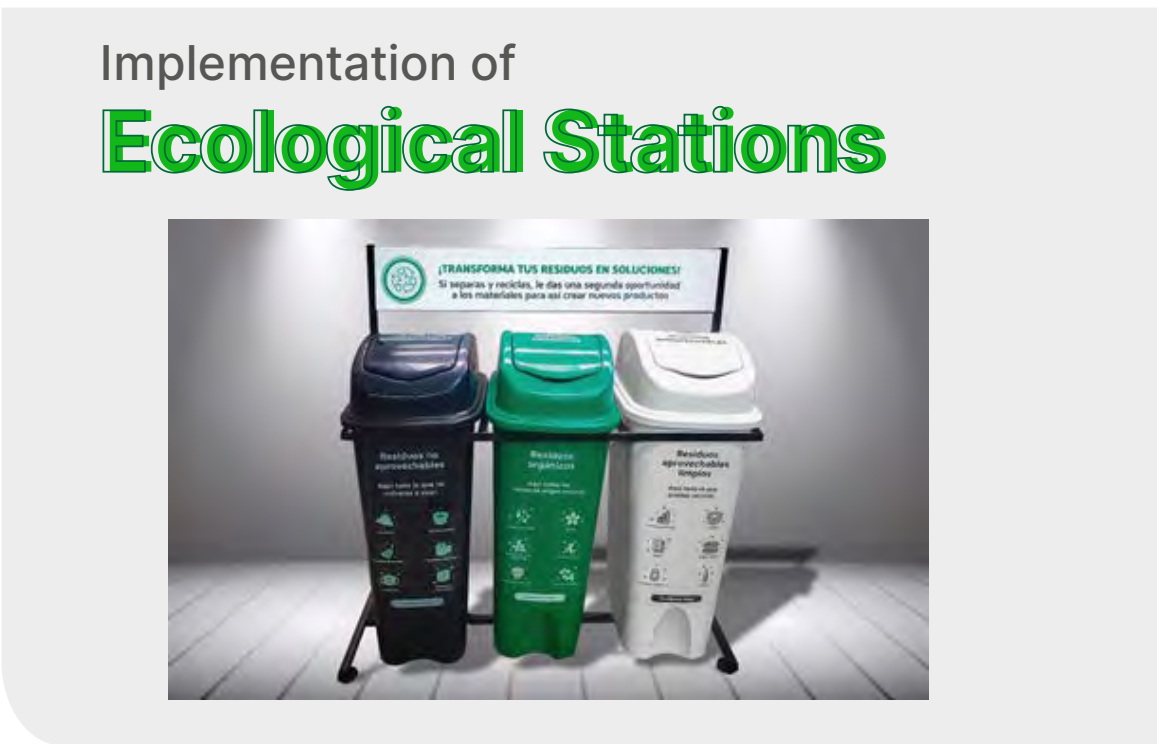
Waste Management

[GRI 306-3] [DJSI 2.3.1]

Waste management is focused on proper source separation to enable the recovery of recyclable materials, promoting optimized use of resources.

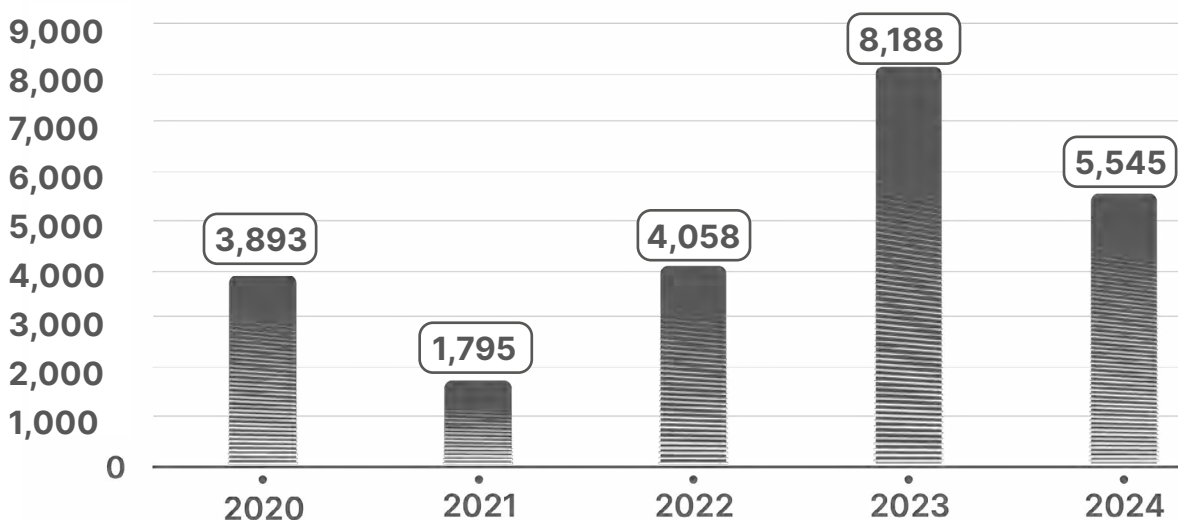
In 2024, 100% of the offices nationwide were equipped with "Ecological Stations" ("Puntos Ecológicos") to ensure proper waste separation, both in the commercial branch network and in administrative offices.

Additionally, training and awareness programs were carried out for employees and suppliers regarding the handling and proper separation of solid waste, following the regulatory "three-color" framework: Black for non-recyclable waste, White for recyclable waste, Green for organic waste



At the Head Office, certain types of waste are managed with the support of Puerta de Oro Recyclers Association, an organization authorized by the Superintendence of Public Services. This entity is responsible not only for collecting recyclable waste but also for facilitating its efficient reintegration into new productive value chains.

Chart. Recyclable Waste Management (Kg)



4.5.2. Climate Strategy

The climate strategy is structured around two areas of focus: internal management, which is measured through the Corporate Carbon Footprint, and external management, which is centered on the assessment of climate risks to operations and the exposure of the loan portfolio.

Carbon Footprint

[GRI 305-1] [GRI 305-2] [GRI 305-3] [GRI 305-4] [GRI 305-5]

As part of the Bank's climate strategy, it is essential to estimate the greenhouse gas (GHG) emissions associated with its operations and infrastructure at the national level.

This indicator is developed based on the methodological guidelines of the Greenhouse Gas Protocol (GHG Protocol), the Colombian Technical Standard (NTC) ISO 14064-1:2020, and the guidelines of the Intergovernmental Panel on Climate Change (IPCC).

For this purpose, emissions from Scopes 1, 2, and 3 of the methodology were taken into account, using tons of CO₂ equivalent (tCO₂e) as the measurement unit. Additionally, a control-based approach was selected, which includes both emission sources under direct control, as well as those under indirect control.

Scope and Distribution of the Carbon Footprint 2024

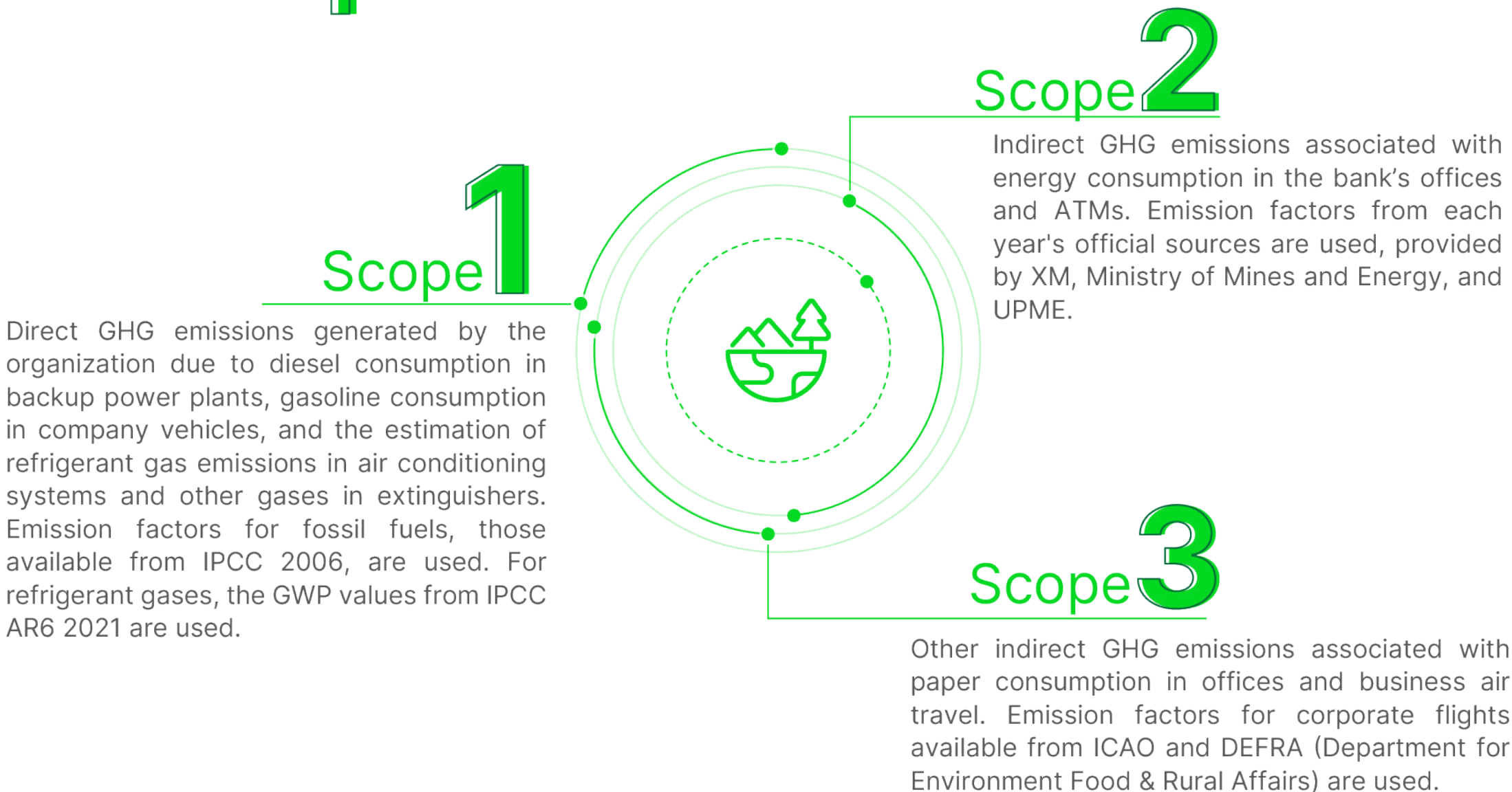
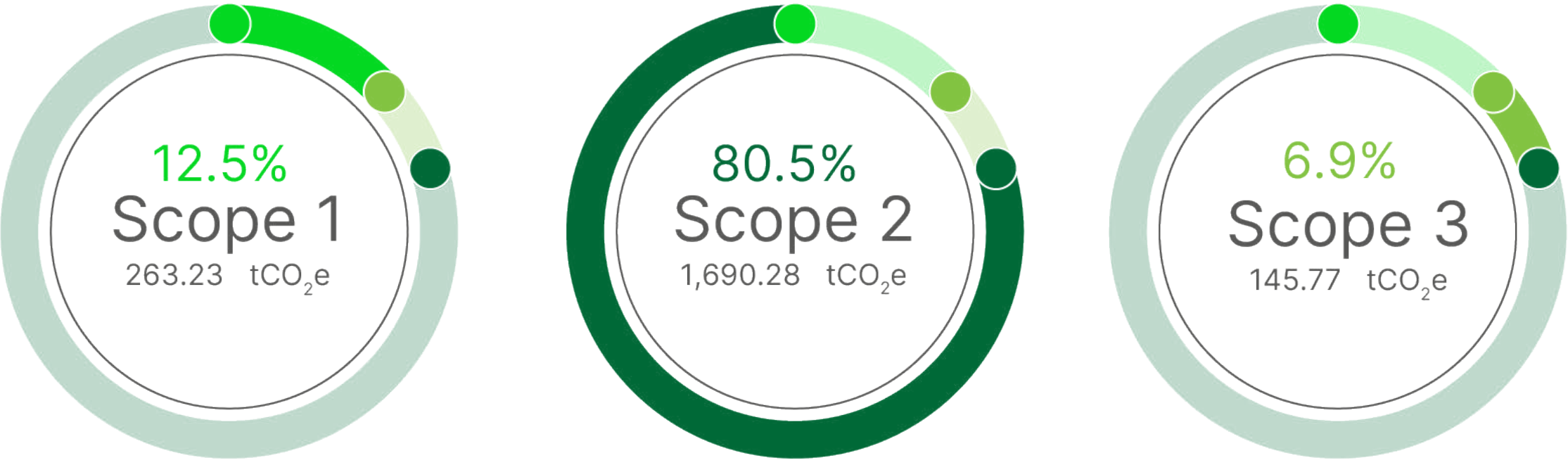


Chart: 2024 Corporate Carbon Footprint

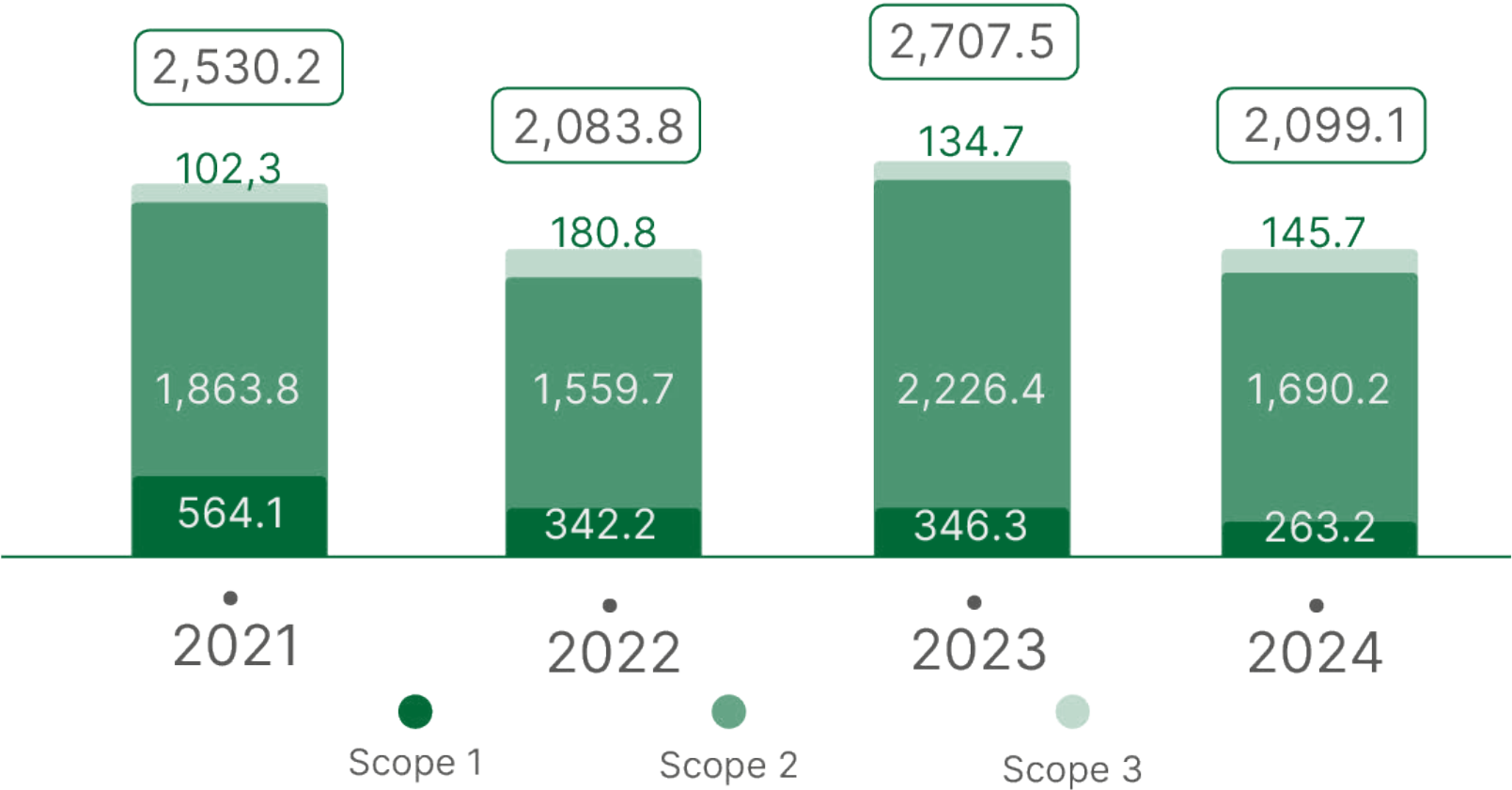


In 2024, the Bank’s corporate carbon footprint was **2.099,1 tCO₂e**, representing a 22% reduction compared to 2023.

The reduction in the 2024 carbon footprint is mainly due to decreased electricity consumption in Scope 2, reflecting more efficient use of this resource.

Regarding Scope 1, there was a slight decrease associated with reduced fuel consumption by backup power generators at branch offices. Scope 3 showed a reduction linked to decreased use of paper reams and increased digitization of processes.

Chart. Carbon Footprint 2021–2024



Climate Matters

In 2024, in line with the new organizational structure approved by the Bank's Board of Directors, the Vice Presidency of Corporate Affairs and Sustainability, along with the Office of the General Secretary, was established. This decision responds to the need to align the institution with the new strategic guidelines set for the 2024–2026 period, with the aim of optimizing the sustainability approach—specifically including short-, medium-, and long-term actions related to climate change, in accordance with the institutional objectives established by Management.

Additionally, the Board of Directors has delegated responsibilities related to sustainability to the Corporate Governance and Sustainability Committee, in accordance with the committee's operational regulations. Within this framework, and pursuant to the 2024–2026 roadmap approved by the Board, the Bank is in the process of redefining its sustainability initiatives, integrating climate change considerations in a comprehensive manner, with the goal of aligning these initiatives with the strategic objectives set for the period.

As of today, the Bank has implemented both a Sustainability Policy and a Sustainable Procurement Policy.

Banco Popular has also designed and developed an Environmental and Social Risk Management System (SARAS), as a tool to support credit granting decisions. This system enhances decision-making by identifying, assessing, managing, and reporting social, environmental, and climate-related factors of financed operations.

With regard to climate change matters, Banco Popular continues making progress in the implementation of actions outlined in its strategy, while also undergoing a process of maturing and implementing policies and procedures related to climate risk. This process includes defining the necessary mechanisms to identify and assess climate-related risks, ensuring that their potential impact on the Bank's operations is considered, along with the identification of associated opportunities.

For 2025, Banco Popular, in alignment with the design process of Grupo Aval's Corporate Climate Strategy, will implement improvements in the construction and disclosure of climate-related information, providing greater detail on how climate-related risks are addressed within the enterprise risk management framework and how they impact both financial and non-financial traditional risk categories.

Regarding the measurement and assessment of climate risks, the Bank is working on defining objectives and developing specific metrics for their evaluation, using established methodologies and frameworks that ensure transparency and consistency in the process. This includes the application of specific scenario analysis and stress testing methodologies to assess the impact of climate-related risks on the Bank's financial and operational performance.

In this regard, it is anticipated that upcoming Quarterly Periodic Reports will communicate the progress made in integrating climate risks, objectives, and metrics into the Bank's risk management systems. These reports will include improvements in disclosures on how such risks are addressed within the broader enterprise risk management framework, their impact on traditional risk categories (both financial and non-financial), and the development of specific metrics for their evaluation.



Anexos

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Annexes



Occupational Health and Safety Indicators

Cases of Occupational Illnesses, Workplace Accidents, and/or Work-Related Fatalities
[GRI 403-9] [GRI 403-10]

Cases of illnesses, accidents, or work-related fatalities	2023	2024
Occupational Illness – Men	1	1
Occupational Illness – Women	3	2
Occupational Illness – Total	4	3
Workplace Accidents – Men	3	6
Workplace Accidents – Women	8	9
Workplace Accidents – Total	11	15
Work-Related Fatalities – Men	0	0
Work-Related Fatalities – Women	0	0
Work-Related Fatalities – Total	0	0

Number of Days of Work Leave Due to Workplace Accidents and/or Illness, by category
[DJSI 3.4.3] [GRI 403-9] [GRI 403-10]

Inability	2023	2024
Days of Leave – Men	5	2
Days of Leave – Women	316	432
Total Days of Leave	321	432

Absenteeism Rate

[DJSI 3.4.3] [GRI 403-9]

Absenteeism Rate	2023	2024	Change 2023-2024 (%)
Data Coverage (% of directly employed workers covered by the absenteeism rate)	100	100	-
Absenteeism – Men	1.91	1.89	0.02
Absenteeism – Women	2.7	3.02	0.32
Absenteeism – Total	2.39	2.58	0.19

Training on OHS topics for employees

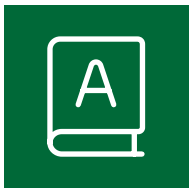
[GRI 403-5]

Topic	Employees Trained	Training Hours
Occupational Health and Safety	9,791	12,645

Percentage of Implementation of the Occupational Health and Safety Management System (OHS-MS) by the Workers’ Compensation Insurance Provider (ARL)

[GRI 403-1]

Occupational Health and Safety Management System	2023	2024
Implementation Percentage	95,82%	95,81%



Glossary, Acronyms, and Abbreviations

A

- ABAC:** Anti Bribery and Anti Corruption, which in Spanish means “Anti-bribery and Anti-corruption”.
- ADL:** Aval Digital Lab.
- ANIF:** National Association of Financial Institutions.
- ANS:** Service Level Agreements.
- APNR:** Risk-Weighted Assets by Credit Risk Level.
- ASG:** Environmental, Social, and Governance.
- ATM:** Automated Teller Machine, which in Spanish means Automated Teller Machine (ATM).

B

- BanRep:** Central Bank of Colombia.
- BCG:** Boston Consulting Group. A global consulting firm that partners with business and societal leaders to address their most important challenges and seize their greatest opportunities.
- BDO Audit S.A.S.:** Auditing, statutory auditing, consulting, business advisory, tax, and outsourcing firm.
- BID:** Inter-American Development Bank.
- BVC:** Colombian Stock Exchange.

C

- CAPD:** Alternate Data Processing Center.
- CCLGBTCO:** Chamber of LGBT+ Commerce of Colombia.
- CDT:** Term Deposit Certificate.
- CFEN:** Net Stable Funding Ratio.
- CMD:** Certification Management & Development S.A.S., which in Spanish means “Gestión y Desarrollo de Certificaciones S.A.S.”
- CP:** Loss Component.
- CTIC:** Luis Carlos Sarmiento Angulo Cancer Treatment and Research Center.
- CVA-DVA:** Valuation Adjustment - Debt Value Adjustment, which in Spanish means “Valor en Riesgo por Contraparte.”

D

- DAR:** Risk Appetite Statement.
- DECEVAL:** Central Securities Depository Deceval S.A.
- DEI:** Diversity, Equity, and Inclusion.
- DEX:** U.S. Dollar Index, which measures the dollar’s performance against major world currencies such as the euro, yen, and pound sterling.

E

- EAD:** Exposure At Default, which in Spanish means “Exposición Ante el Incumplimiento.”
- ECM:** Enterprise Content Management, which in Spanish means “Gestión de Contenido Empresarial.”
- ENPS:** Employee Net Promoter Score, which in Spanish means “Nivel de Satisfacción del Empleado.”
- ETL:** Extract, Transform and Load, which in Spanish means “Extraer, Transformar y Cargar.”
- EVE:** Economic Value of Equity, which in Spanish means “Valor Económico Patrimonial.”

F

- FIC:** Collective Investment Funds.
- FVP:** Voluntary Pension Funds.

G

- GEI:** Greenhouse Gases.
- GRI:** Global Reporting Initiative, which in Spanish means “Iniciativa Global de Reportería.”
- GRL:** Liquidity Risk Management.
- GRM:** Market Risk Management.



I+D+i: Research, Development and Innovation.

IASB: International Accounting Standards Board which in spanish means “Consejo de Normas Internacionales de Contabilidad”.

IBR: Reference Banking Indicator.

ICV: Past-Due Loan Portfolio Index.

IFC: International Financial Reporting Interpretations Committee which in spanish means “Comité de Interpretaciones de las Normas Internacionales de Información Financiera”.

IFRIC: “International Financial Reporting Interpretations Committee”, que en español significa, “Comité de Interpretaciones de las Normas Internacionales de Información Financiera”.

INS: Employee Satisfaction Index.

IPC: Consumer Price Index.

IPCC: Intergovernmental Panel on Climate Change which in Spanish means “Panel Intergubernamental sobre el Cambio Climático”.

IPI: Internal Loss Indicator.

IR: Recognition granted to issuers who voluntarily adopt best practices in information disclosure and investor relations on the Colombian Stock Exchange.

ISO: International Organization for Standardization which in Spanish means “Organización Internacional de Normalización”.

IVA: Value-Added Tax (VAT).

IVR: Interactive Voice Response which in Spanish means “Respuesta de voz interactiva”.



KPMG S.A.S: Professional services firm offering audit, tax, and advisory services.



LGD: Loss Given Default which in Spanish means “Pérdida Dada ante el Incumplimiento



MAC: Customer Service Model.

MAR: Risk Appetite Framework.

MWh: Megawatt-hour.



NCIF: Accounting and Financial Reporting Standards.

NIA: International Auditing Standard.

NIM: Net Interest Margin Delta.

NPS: Net Promoter Score (Customer Satisfaction Level) which in Spanish means “Nivel de Satisfacción del Cliente”

NUAM: Regional holding that integrates the Santiago, Colombia, and Lima Stock Exchanges into a single market.



ONAC: National Accreditation Body of Colombia.

ORI: Other Comprehensive Income.



PAC: Capital Adequacy Program.

PAL: Liquidity Adequacy Program.

Pbs: Basis Points.

PEP: Politically Exposed Persons.

PGIRS: Comprehensive Waste Management Program.

PIB: Gross Domestic Product (GDP).

PIGA: Comprehensive Environmental Management Program.

PQRs: Petitions, Complaints, and Claims.

PROURE: Rational and Efficient Energy Use Program.

PSE: Secure Online Payments.

PUEAA: Efficient Water Use Program

PwC: PricewaterhouseCoopers — a firm providing audit, tax, and business consulting services.

R

RLAFT: Money Laundering and Terrorism Financing Risk.

RNVE: National Registry of Securities and Issuers.

ROA: Return on Assets which in Spanish means , “Retorno sobre Activos”.

ROE: Return on Equity which in spanish means “Retorno sobre el Capital”.

ROS: Operational Risks.

RPA: Robotic Process Automation which in Spanish means “Automatización Robótica de Procesos”.

RTILB: Interest Rate Risk of the Banking Book.

S

SAC: Financial Consumer Service System.

SARAS: Environmental and Social Risk Management System.

SARC: Credit Risk Management System.

SARLAFT: Money Laundering and Terrorism Financing Risk Management System.

SASB: Sustainability Accounting Standards Board which in Spanish means “Junta de Estándares de Contabilidad en Sostenibilidad”.

SCI: Internal Control System.

SFC: Financial Superintendence of Colombia.

SGCN: Business Continuity Management System.

SIAR: Comprehensive Risk Management System.

SIG: Integrated Governance System.

SMLMV: Current Legal Monthly Minimum Wage.

SMS: Short Message Service which in Spanish means “Servicio de Mensajes Cortos”.

SOX: Sarbanes-Oxley Act.

SST: Occupational Health and Safety.

STEM: Science, Technology, Engineering and Mathematics which in Spanish means “Ciencia, Tecnología, Ingeniería y Matemáticas”.

T

tCO2e: Tons of Carbon Dioxide Equivalent – a measurement unit used to quantify greenhouse gas (GHG) emissions.

TD: Debit Card.

U

UNEP FI: United Nations Environment Programme Finance Initiative which in Spanish means “Iniciativa Financiera del Programa de Naciones Unidad para el Medio Ambiente”.

UPME: Mining and Energy Planning Unit – the Colombian agency responsible for planning the development and use of energy and mining resources.

UVR: Real Value Unit.

W

WMS: Warehouse Management System which in Spanish means “Sistema de Gestión de Almacén”.



GRI

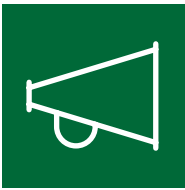
Indicators

GRI Standard	Content Number	Content Name	Page/Response
GRI 2: General Disclosures 2021	2-1	Organization Details	Banco Popular S.A. Public limited company with private capital origin. Calle 17 No. 7 - 35. Banco Popular Building. Bogotá D.C., Colombia. Operates in Colombia. http://www.bancopopular.com.co/
GRI 2: General Disclosures 2021	2-2	Entities included in the organization's sustainability reporting	The information in this Report is disclosed separately. To consult the results of Banco Popular and its subsidiaries, please refer to the Consolidated Financial Statements.
GRI 2: General Disclosures 2021	2-3	Reporting period, frequency, and contact point	The frequency of year-end Financial and Sustainability Reports is annual. This report covers the management of Banco Popular S.A. from January 1, 2024, to December 31, 2024.
GRI 2: General Disclosures 2021	2-4	Restatements of information	No restatements of information were made for this report.
GRI 2: General Disclosures 2021	2-5	External assurance	Three proposals are requested and evaluated based on years of experience in sustainability report assurance, market presence, standardized criteria, and economic offer. The procurement department continues the process by verifying compliance with purchasing parameters. <i>Annex: Assurance Letter</i>
GRI 2: General Disclosures 2021	2-6	Activities, value chain, and other business relationships	Pg. 9 / Section 1: About Banco Popular
GRI 2: General Disclosures 2021	2-7	Employees	Pg. 91-93 / Section 4.4.1: Talent Management
GRI 2: General Disclosures 2021	2-8	Non-employee workers	Pg. 91 / Section 4.4.1: Talent Management
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	Pg. 51-53 / Section 4.1.1: Corporate Governance
GRI 2: General Disclosures 2021	2-10	Nomination and selection of the highest governance body	Pg. 51 / Section 4.1.1: Corporate Governance
GRI 2: General Disclosures 2021	2-11	Chair of the highest governance body	Pg. 51; 64 / Section 4.1.1: Corporate Governance
GRI 2: General Disclosures 2021	2-12	Role of the highest governance body in overseeing impact management	Pg. 54-55 / Section 4.1.1: Corporate Governance

GRI Standard	Content Number	Content Name	Page/Response
GRI 2: General Disclosures 2021	2-13	Delegation of responsibility for managing impacts	Pg. 57–58 / Section 4.1.1: Corporate Governance
GRI 2: General Disclosures 2021	2-14	Role of the highest governance body in sustainability reporting	The Board of Directors reviewed and approved the 2024 Management and Sustainability Report in Minute 2814, dated February 26, 2025.
GRI 2: General Disclosures 2021	2-15	Conflicts of interest	Pg. 64–65 / Section 4.1.1: Corporate Governance
GRI 2: General Disclosures 2021	2-17	Collective knowledge of the highest governance body	Pg. 55–56 / Section 4.1.1: Corporate Governance
GRI 2: General Disclosures 2021	2-18	Performance evaluation of the highest governance body	Pg. 54 / Section 4.1.1: Corporate Governance
GRI 2: General Disclosures 2021	2-19	Remuneration policies	Pg. 51 / Section 4.1.1: Corporate Governance
GRI 2: General Disclosures 2021	2-20	Process for determining remuneration	Pg. 51 / Section 4.1.1: Corporate Governance
GRI 2: General Disclosures 2021	2-22	Statement on the sustainable development strategy	Pg. 20–22 / Chapter: Sustainability Strategy and ESG Objectives
GRI 2: General Disclosures 2021	2-25	Processes to remediate negative impacts	Pg. 42 / Section 3.4: Customer Experience Management
GRI 2: General Disclosures 2021	2-27	Compliance with laws and regulations	Pg. 69 / Section 4.1.2: Legal and Regulatory Compliance
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	Pg. 21 / Section 2.2.1: Engagement with Our Stakeholder Groups
GRI 2: General Disclosures 2021	2-30	Collective bargaining agreements	Pg. 93 / Section 4.4.1: Talent Management
GRI 3: Material Topics 2021	3-2	List of material topics	Pg. 22 / Section 2.2: Sustainability Strategy and ESG Objectives
GRI 3: Material Topics 2021	3-3	Management of material topics	Pg. 22 / Section 2.2: Sustainability Strategy and ESG Objectives
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	Pg. 20–22 / Section 4.2.2: Banco Popular's Financial Position
GRI 205: Anti-Corruption	205-1	Operations assessed for risks related to corruption	Pg. 83 / Section 4.3.3: Risk Culture

GRI Standard	Content Number	Content Name	Page/Response
GRI 205: Anti-Corruption	205-3	Confirmed incidents of corruption and actions taken	Pg. 69; 83 / Section 4.3.3: Risk Culture
GRI 206: Anti-Competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Pg. 87 / Section 4.3.3: Risk Culture
GRI 302: Energy	302-1	Energy consumption within the organization	Pg. 108–110 / Section 4.5.1: Eco-Efficiency Strategy
GRI 302: Energy	302-2	Energy consumption outside the organization	Pg. 108–110 / Section 4.5.1: Eco-Efficiency Strategy
GRI 303: Water and Effluents	303-3	Water withdrawal	Pg. 110 / Section 4.5.1: Eco-Efficiency Strategy
GRI 303: Water and Effluents	303-5	Water consumption	Pg. 110 / Section 4.5.1: Eco-Efficiency Strategy
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Pg. 112–114 / Section 4.5.2: Climate Strategy
GRI 305: Emissions	305-2	Energy indirect (Scope 2) GHG emissions	Pg. 112–114 / Section 4.5.2: Climate Strategy
GRI 305: Emissions	305-3	Other indirect (Scope 3) GHG emissions	Pg. 112–114 / Section 4.5.2: Climate Strategy
GRI 305: Emissions	305-4	GHG emissions intensity	Pg. 112–114 / Section 4.5.2: Climate Strategy
GRI 305: Emissions	305-5	Reduction of GHG emissions	Pg. 112–114 / Section 4.5.2: Climate Strategy
GRI 306: Waste	306-3	Waste generated	Pg. 111 / Section 4.5.1: Eco-Efficiency Strategy
GRI 308: Supplier Environmental Assessment	308-1	New suppliers screened using environmental criteria	Pg. 105–106 / Section 4.4.2: Supplier Management
GRI 401: Employment	401-1	New employee hires and employee turnover	Pg. 98–99 / Section 4.4.1: Talent Management
GRI 401: Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pg. 100 / Section 4.4.1: Talent Management

GRI Standard	Content Number	Content Name	Page/Response
GRI 401: Employment	401-3	Parental leave	Pg. 103 / Section 4.4.1: Talent Management
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	Pg. 117 / Annex: Occupational Health and Safety Indicators
GRI 403: Occupational Health and Safety	403-5	Worker training on occupational health and safety	Pg. 117 / Annex: Occupational Health and Safety Indicators
GRI 403: Occupational Health and Safety	403-9	Work-related injuries	Pg. 116–117 / Annex: Occupational Health and Safety Indicators
GRI 403: Occupational Health and Safety	403-10	Work-related ill health	Pg. 116–117 / Annex: Occupational Health and Safety Indicators
GRI 404: Training and Education	404-1	Average hours of training per year per employee	Pg. 98–99 / Section 4.4.1: Talent Management
GRI 404: Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	Pg. 98–99 / Section 4.4.1: Talent Management
GRI 404: Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	Pg. 98–99 / Section 4.4.1: Talent Management
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Pg. 53; 92 / Section 4.4.1: Talent Management
GRI 405: Diversity and Equal Opportunity	405-2	Ratio of basic salary and remuneration of women to men	Pg. 101 / Section 4.4.1: Talent Management
GRI 414: Supplier Social Assessment	414-1	New suppliers screened using social criteria	Pg. 105–106 / Section 4.4.2: Supplier Management
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pg. 42 / Section 3.4: Customer Experience Management



SASB Disclosure

Disclosure Topic	Accounting Metric	Code	Response												
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB-230a.1	During 2024, Banco Popular recorded no evidence or reports of incidents that could be classified as data breaches. As a result, no account holders were affected by personal data breaches												
	Description of the approach to identifying and addressing data security risks	FN-CB-230a.2	Banco Popular periodically conducts intrusion testing (Ethical Hacking) on critical assets, as well as Red Team exercises and vulnerability scans as part of its risk identification process. Additionally, in line with the Bank’s high-quality standards, all systems are required to undergo vulnerability testing and Ethical Hacking before being moved into production, ensuring their robustness against potential threats.												
			Furthermore, the Bank has established a comprehensive methodology for managing information security and cybersecurity risks, aligned with corporate guidelines. Within this framework, the Bank supports process and product leaders in identifying risks, defining controls, and continuously monitoring treatment plans designed to manage these risks. This approach is complemented by Cyber Intelligence services and early-warning alerts, which provide updates on emerging cybersecurity trends and help identify targeted attacks on the Bank’s technological infrastructure.												
Financial Inclusion and Capacity Building	(1) Number and (2) amount of loans outstanding that qualify for programs aimed at promoting small businesses and community development	FN-CB-240a.1	Finally, the Bank receives relevant information from strategic providers on possible attack vectors. These alerts focus primarily on threats such as malware (trojans and ransomware), spoofed portals and banking applications, as well as new vulnerabilities that could compromise information security												
			The products included in this indicator correspond to SME (Small and Medium Enterprise) loans issued during 2024:												
			<table><tr><th>SME Loans</th><th>Unit of Measure</th><th>2023</th><th>2024</th></tr><tr><td>Number of Loans</td><td>#</td><td>179</td><td>81</td></tr><tr><td>Amount Disbursed</td><td>COP</td><td>\$40,098,000,000</td><td>\$26,095,899,007</td></tr></table>	SME Loans	Unit of Measure	2023	2024	Number of Loans	#	179	81	Amount Disbursed	COP	\$40,098,000,000	\$26,095,899,007
			SME Loans	Unit of Measure	2023	2024									
Number of Loans	#	179	81												
Amount Disbursed	COP	\$40,098,000,000	\$26,095,899,007												

Disclosure Topic	Accounting Metric	Code	Response
Financial Inclusion and Capacity Building	(1) Number and (2) amount of past due and non-performing loans that qualify for programs aimed at promoting small businesses and community development	FN-CB-240a.2	The products included in this indicator correspond to SME loans. The information reported refers to loans with arrears exceeding 30 days as of the end of 2024.
Financial Inclusion and Capacity Building	Number of no-fee retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3	
Incorporation of Environmental, Social, and Governance Factors into Credit Analysis	Number of participants in financial education initiatives for unbanked, underbanked, or underserved clients	FN-CB-240a.4	The participation of clients in Banco Popular's financial education program is measured using various methodologies to evaluate the reach and effectiveness of the strategy.
			In 2024, Banco Popular recorded 6,127 participants in financial education activities.
Incorporation of Environmental, Social, and Governance Factors into Credit Analysis	Commercial and industrial credit exposure, by industry sector	FN CB 410a.1	The analysis of the commercial loan portfolio exposure at Banco Popular is under development. Results from this exercise are expected to be shared during 2025.
Incorporation of Environmental, Social, and Governance Factors into Credit Analysis	Description of the approach to incorporating Environmental, Social, and Governance (ESG) factors into credit analysis.	FN CB 410a.2	In 2024, Banco Popular continued implementing the Environmental and Social Risk Management System (SARAS) manual, enhancing ESG evaluation procedures and tools as part of the assessment of corporate and business credit operations.
			Practical training workshops were also conducted with commercial teams, including pilot evaluations of two high-risk (A) and three medium-risk (B) operations in ESG terms.
			Additionally, best practices aligned with development banking standards were implemented, which will serve as enablers for future resource mobilization.

Disclosure Topic	Accounting Metric	Code	Response
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive practices, market manipulation, malpractice, or other financial industry-related laws or regulations	FN-CB-510a.1	In 2024, Banco Popular did not experience any legal proceedings related to fraud, insider trading, antitrust, anti-competitive practices, market manipulation, malpractice, or other laws or regulations related to the financial industry. This absence of legal conflicts reflects the effectiveness of the procedures and controls implemented to mitigate such risks within the organization.
	Description of whistleblower policies and procedures.	FN-CB-510a.2	The Bank is in the process of implementing the guidelines established in the External Supervision Guide on Conduct Risk, issued by the Financial Superintendency of Colombia (SFC) in 2023. This guide aims to protect the rights of financial consumers by promoting a corporate culture based on fair treatment, transparency, and market integrity among supervised entities. In line with best practices and the provisions of the SFC guide—which highlights the potential impact on consumer rights or the market resulting from inappropriate practices by supervised entities—the Bank has adopted this guide as the basis for mitigating such risks. Within this framework, Banco Popular has addressed several key aspects, including: • Approval of the Conduct Risk Policy by the Board of Directors in December 2024. • Implementation of validation procedures for PQRS (petitions, complaints, claims, and suggestions) related to conduct risks. • Support in updating the Customer Service Manual (SAC per its acronym in Spanish) concerning conduct risks. • Identification of risks and controls in processes directly related to financial consumers.
Systemic Risk Management	Score on the global systemically important bank (G-SIB) assessment, by category.	FN-CB-550a.1	Currently, Banco Popular is not part of the global systemically important bank (G-SIB) assessment.
	Description of the approach to incorporating the results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities.	FN-CB-550a.2	The Bank incorporates stress testing exercises in accordance with the applicable regulations and circulars issued by the Financial Superintendency, which require submission of Stress Test Schemes (EPR). It is worth noting that the Bank carries out projection and stress testing exercises beyond the requirements mandated by the SFC. The models used include macroeconomic variables, market behavior, business projections, strategic planning, among others, allowing the estimation of future results for the institution and compliance with legal control requirements. The development of these exercises involves the participation of various departments, including risk, finance, credit, treasury, and sustainability. The construction process for stress tests includes active involvement and approval from the leaders of these areas, which is essential for the presentation of results to the Risk Committee and the Board of Directors. The Board and Senior Management are highly involved, as they approve the execution of the stress tests, provide guidance and feedback, and evaluate the final results. Finally, once approved by the Board, the results of these exercises are formally reported.

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To the
Shareholders and other stakeholders of
Banco Popular S.A.
Bogotá D.C., Colombia

INDEPENDENT LIMITED ASSURANCE REPORT

Scope

We have been engaged by the Management of Banco Popular S.A. (hereinafter, “the Bank”) to carry out a limited assurance engagement over the information detailed in Annex A of this document (hereinafter, the “assured information”), included in the Management and Sustainability Report for the year ended December 31, 2024.

Our limited assurance engagement was performed solely in relation to the selected sustainability information included in Annex A. This assurance report does not extend to information from prior periods, to other content not included in the 2024 Management and Sustainability Report, or to any other materials related to said Report that may include images, audio, or video content.

Criteria Applied by Banco Popular S.A.

The criteria used by the Bank’s management to prepare the assured information detailed in Annex A and included in the 2024 Management and Sustainability Report were established based on the following concepts, requirements, and principles:

- The Global Reporting Initiative (GRI) 2021 Standards, following the “GRI-referenced” option;
- The Sustainability Accounting Standards Board (SASB) indicators for the “Commercial Banks” sector in effect for 2024;
- The criteria defined by the Bank for the methodology of the double materiality analysis process in effect during 2024.



Responsibilities of the Management of Banco Popular S.A. Regarding the Information Subject to Assurance Included in the 2024 Management and Sustainability Report

The Bank's management is responsible for the preparation and presentation of the information subject to assurance included in the 2024 Management and Sustainability Report, in accordance with the criteria mentioned in the previous paragraph. This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation of the information subject to assurance, ensuring it is free from material misstatements, whether due to fraud or error.

Responsibilities of BDO

Our responsibility is to express a limited assurance conclusion regarding the information subject to assurance, based on the procedures we have performed and the evidence we have obtained. We have conducted our limited assurance engagement in accordance with the guidelines of the International Standard on Assurance Engagements ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB).

This standard requires us to conclude whether any matter has come to our attention that causes us to believe that the management's statement is not presented fairly, in all material respects. In a limited assurance engagement, the practitioner performs procedures (primarily consisting of inquiries with management and other personnel of the entity, as appropriate, and the application of analytical procedures) and evaluates the evidence obtained.

The procedures we performed were based on our professional judgment and included inquiries, understanding and observation of the processes carried out and related evidence, recalculations, inspection of documents, analytical procedures, evaluation of the adequacy of quantification methods and reporting policies, and agreement or reconciliation with underlying records.

Given the circumstances of the engagement, we performed the following procedures:

- a) Through inquiries, we obtained an understanding of the Bank's control environment and relevant information systems, but we did not assess the design of specific control activities, nor did we obtain evidence regarding their implementation or test their operational effectiveness.
- b) Understanding of the tools used to generate, aggregate, and report the information subject to assurance through inquiries with those responsible for the related processes.
- c) Understanding, inquiries with representatives delegated by management, and verification of the process carried out by the Bank in 2024 for the development/update of its current double materiality analysis, including the involvement of its stakeholders in this process.
- d) Interviews with Bank personnel to understand its business and the process of preparing the 2024 Management and Sustainability Report.
- e) Interviews with corporate-level Bank personnel responsible for the reported information, to understand the process of collecting, consolidating, and presenting the information subject to assurance.
- f) Verification of the calculation criteria and their proper application, in accordance with the methodologies described in the criteria of the indicators subject to assurance, as outlined in Annex A.
- g) Performance of analytical procedures to support the reasonableness of the data.
- h) Comparison of the information presented in the Management and Sustainability Report with the corresponding information from relevant underlying sources to determine whether it has been appropriately included in the Management and Sustainability Report.



- i) Analysis of the data collection and internal control processes for the quantitative data presented in the Report, regarding the reliability of the information, analytical procedures and verification tests were performed based on sampling.
- j) Reading of the information included in the Sustainability Report to compare it against the criteria defined by the applicable GRI Standards: GRI 1 – Foundation, GRI 2 – General Disclosures, and GRI 3 – Material Topics, according to the declared use defined by the Bank. This procedure was carried out based on the version of the 2024 Sustainability Report provided by the Bank to BDO on March 3, 2025.
- k) Application of substantive tests on a selective random basis to the information subject to assurance, prepared by management, to determine the standards and indicators and to verify that the data has been appropriately measured, recorded, collected, and reported through:
 - i. Inspection of policies and procedures established by the Bank.
 - ii. Inspection of supporting documentation from internal and external sources.
 - iii. Recalculations.
 - iv. Comparisons between the content presented by Management and the criteria established in the corresponding section of this report.

Annex A details the information subject to assurance included within the scope of our work.

Our limited assurance engagement was carried out solely in relation to the information subject to assurance included in Annex A, for the year ended December 31, 2024. We have not performed any procedures in relation to previous years, projections, future targets, or any other element of additional information included in the Management and Sustainability Report for the year ended December 31, 2024, and, therefore, we do not express a conclusion thereon.

The procedures applied in a limited assurance engagement vary in nature and timing and are less extensive than those applied in a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than that which would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Independence and Quality Management

We have complied with the ethical and independence requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our firm, BDO Audit S.A.S. BIC, applies the International Standard on Quality Management (ISQM) 1 and therefore maintains a comprehensive system of quality control that includes documented policies and procedures related to compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Inherent Limitations of the Assurance Engagement

The selected sustainability information is subject to inherent uncertainty due to the use of non-financial information, which is subject to greater inherent limitations than financial information, given the nature of the methods used to determine, calculate, sample, or estimate such information. In preparing the selected information, the entity makes qualitative interpretations regarding the relevance, materiality, and accuracy of the information, which are subject to assumptions and judgment.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the information subject to assurance, as specified in Annex A of this report and included in the Management and Sustainability Report for the year ended December 31, 2024, of Banco Popular S.A., has not been prepared, in all material respects, in accordance with the criteria set out in the corresponding section of this report.



Restriction on Use of the Report

Our report is issued solely for the purpose stated in the first paragraph and must not be used for any other purpose or distributed to other parties separately. This report refers only to the matters mentioned in the preceding sections and to the information subject to assurance included in Annex A. It does not extend to any other financial or non-financial information included in the Management and Sustainability Report of Banco Popular S.A. for the year ended December 31, 2024, nor to its financial statements taken as a whole.

Action Plans

BDO Audit S.A.S. BIC provides Banco Popular S.A., through a separate report, with recommended actions for the future preparation of the Management and Sustainability Report. These recommendations do not modify the conclusion expressed in this report and are aimed at strengthening the Bank's process of developing, managing, measuring, reviewing, reporting, and communicating its sustainability indicators.

To access the Assurance Letter issued by **BDO Audit S.A.S. BIC** and delivered to **Banco Popular S.A.**, please click on the following [enlace](#).

Luis Fernando Gómez González
Audit and Assurance Partner
Certified Public Accountant TP 144.355

Member of
BDO Audit S.A.S. BIC
Bogotá D.C., March 12, 2025



ANNEX A

Scope of Limited Assurance

The following details the GRI and SASB standards, as well as the information from the double materiality analysis process of Banco Popular S.A., that are covered by this assurance.

These criteria form an integral part of our independent limited assurance report on the Management and Sustainability Report of Banco Popular S.A. for the period from January 1 to December 31, 2024.

GRI Standard	Scope of Assurance
205-3	Confirmed incidents of corruption and actions taken
2-9	Governance structure and composition
302-1	Energy consumption within the organization
306-3	Waste generated
303-5	Water consumption
305-1	Direct GHG emissions – Scope 1
305-2	Indirect GHG emissions from energy use – Scope 2
305-3	Other indirect GHG emissions – Scope 3
401-1	New employee hires and employee turnover
403-9	Work-related injuries (Absenteeism rate)

2-7	Employees (Characterization of direct employees)
404-1	Average hours of training per year per employee
204-1	Proportion of spending on local suppliers

SASB Standard	Scope of Assurance
FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) individual and (b) small business
FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) individual, (b) small business, and (c) corporate

Materiality Analysis	Description
2024 update and progress On the results of the 2022 double materiality analysis	Methodological process designed and implemented by Banco Popular S.A. for the double materiality analysis (carried out in 2022), with a validity period of two (2) years. For the 2024 report, BDO performed its verification through inquiry and document inspection regarding the progress in integrating the prioritized impacts, risks, and opportunities from the double materiality analysis, as well as the connection of material topics with the business strategy.



Company name

Banco Popular S.A



Head Office

Calle 17 N° 7 -35

Banco Popular Building



Website

www.bancopopular.com.co

Social Media



Bcopopular



BancoPopular



Bco_popular



Bancopopularcol



Banco Popular Colombia

2024

Sustainable Management Report