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**(FREE TRANSLATION OF THE REPORT ISSUED IN SPANISH)**
**STATUTORY AUDITOR'S REPORT**

To the Shareholders
Banco de Bogotá:

**Report on the audit of the financial statements**

**Opinion**

I have audited the separate financial statements of Banco de Bogotá (the Bank), which comprise the separate statement of financial position as of December 31, 2022 and the separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended and their respective notes, which include the significant accounting policies and other explanatory notes.

In my opinion, the separate financial statements referred to above, prepared in accordance with information faithfully taken from the books and attached to this report, present fairly, in all material respects, the unconsolidated financial position of the Bank as of December 31, 2022, the unconsolidated results of its operations and its unconsolidated cash flows for the year then ended, in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied on a consistent basis with the preceding year.

**Basis for opinion**

I conducted my audit in accordance with International Standards on Auditing accepted in Colombia (ISAs). My responsibilities in accordance with those standards are described in the section "Responsibilities of the Statutory Auditor in connection with the audit of the separate financial statements" of my report. I am independent with respect to the Bank, in accordance with the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants (IESBA Code) included in the Information Assurance Standards accepted in Colombia together with the ethical requirements that are relevant to my audit of the separate financial statements established in Colombia and I have complied with my other ethical responsibilities in accordance with these requirements and the IESBA Code mentioned above. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key audit matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the separate financial statements of the current period. These matters were addressed in the context of my audit of the separate financial statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

| **Evaluation of the allowance for credit risk of the commercial portfolio and commercial leasing operations according to the Guidelines of the Superintendency of Finance of Colombia applicable to** |
|---|

| the separate financial statements (see notes 3.7.4.2, 11.1, 11.3 and 11.14 to the separate financial statements). | |
|---|---|
| **Key Audit Matter** | **How it was addressed in the audit** |
| The balance of the commercial loan portfolio and its provision for credit risk as of December 31, 2022, amount to $ 49,184,047 million and $ 3,143,818 million, respectively.<br><br>The Bank records the provision for the commercial portfolio as required by the Financial Superintendency of Colombia, which establishes the constitution of minimum provisions in accordance with the expected losses determined according to the credit risk rating methodology defined in the reference model.<br><br>I considered as a key audit issue the methodology for the assignment of the credit risk rating for clients classified in the commercial portfolio, which incorporates significant judgmental elements in the key analysis assumptions, including the financial and payment behavior variables of the clients, which allow capturing the credit risk associated with the debtors' payment capacity. This assigned risk rating is incorporated as a parameter in the reference model for the calculation of credit risk provisions for the commercial portfolio. | My audit procedures to evaluate the assignment of the credit risk rating and the effect on the allowance included, among others, the following:<br><br>• Involvement of professionals with experience and knowledge in credit risk assessment and information technology, to evaluate certain internal controls related to the process carried out by the Bank for the determination of the provisioning of the commercial portfolio. This included controls associated with: (1) validation of the credit risk rating assignment methodology and/or models according to regulatory provisions, (2) the Bank's monitoring of the assignment of credit risk ratings and the resulting value of provisions, (3) information technology controls over the inputs to the commercial portfolio provisioning models, as well as the calculations of provisions; and (4) the evaluation to identify if there was a significant change in the credit risk of the commercial portfolio.<br><br>• Inspection of a sample of commercial loan portfolio files to verify that the rating granted to customers complies with the guidelines defined by the Superintendency of Finance of Colombia for the allowance system and that it is supported by the financial, qualitative or economic characteristics of the customer and its subsequent incorporation into the reference model for the calculation of allowances.<br><br>• Recalculation of the provision as of December 31, 2022 on the total commercial portfolio and commercial financial leasing operations, in accordance with the current regulatory accounting standard. |

**Evaluation of the additional general allowance for loan portfolio for credit risk as established by the Superintendencia Financiera de Colombia for the separate financial statements (see notes 11.14 and 11.15 to the separate financial statements).**

| Key Audit Matter | How it was addressed in the audit |
|---|---|
| As of December 31, 2022, the Bank recorded an additional general loan portfolio provision of $348,395 million, approved by the Board of Directors, which was created to cover the credit risk derived from the COVID 19 situation, in compliance with the provisions of External Circular 022 of 2020 of the Superintendency of Finance of Colombia.<br><br>I considered the additional general allowance as a key audit matter, because its estimation required significant judgment, knowledge of the clients and experience in their industry, especially in relation to: (1) the definition of the methodologies used, (2) the prospective estimate of the potential impairment in the loan portfolio associated with the economic activity of debtors, grace periods and other measures adopted under Circulars 007, 014 and 022 of 2020 of the Financial Superintendency of Colombia and (3) the prospective estimate of the general macroeconomic effects of the conjuncture generated by the Covid-19 on the portfolios exposed to credit risk. | My audit procedures for assessing the adequacy of the additional provision for credit risk included, among others, the following:<br><br>Involvement of professionals with experience and knowledge in credit risk assessment and information technology, to evaluate certain internal controls related to the Bank's process for the determination of the additional provision for the loan portfolio, established by the Financial Superintendency of Colombia. This included controls related to (1) Board approvals and follow-up of the methodology for the estimation of the additional general allowance; (2) the Bank's monitoring of changes in the risk of loan portfolio clients; (3) information technology controls over the input data to the models that determine the additional general allowance for loans, as well as the related calculations; and (4) the evaluation of the macroeconomic variables considered for the estimation of the additional general allowance.<br><br>Professionals with expertise in credit risk assessment and information technology assisted me in: (1) evaluating the methodologies and key data used to determine the additional general portfolio allowance; (2) evaluating the macroeconomic variables; (3) recalculating the additional allowances; and (4) evaluating the qualitative adjustments applied to the model. |

**Other matters**

The separate financial statements as of and for the year ended December 31, 2021 are presented solely for comparative purposes, were audited by me and in my report dated February 24, 2022, I expressed an unqualified opinion thereon.

**Responsibility of the Bank's management and those charged with corporate governance for the separate financial statements**

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the separate financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern and for using the going concern basis of accounting unless management intends to liquidate the Bank or cease operations, or there is no more realistic alternative than to proceed in one of these ways.

Those charged with corporate governance are responsible for overseeing the Bank's financial reporting process.

**Responsibilities of the Statutory Auditor in connection with the audit of the separate financial statements**

My objectives are to obtain reasonable assurance about whether the separate financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance means a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise due to fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit conducted in accordance with ISAs, I exercise professional judgment and maintain professional skepticism during the audit. I also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is greater than that arising from error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override or override of internal control.

- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- I conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may indicate significant doubt about the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I should draw attention in my report to the disclosure describing this situation in the separate financial statements or, if such disclosure is inadequate, I should modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Bank to cease to operate as a going concern.

- Evaluate the overall presentation, structure, and content of the separate financial statements, including the disclosures, and whether the separate financial statements present the underlying transactions and events so as to achieve a fair presentation.

- I obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. I am responsible for the direction, supervision, and performance of the Group's audit. I remain solely responsible for my audit opinion.

I communicate to those charged with governance of the Bank, among other matters, the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with confirmation that I have complied with relevant ethical independence requirements and that I have disclosed to them all relationships and other matters that might reasonably be considered to bear on my independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine the matters that were of most significance in the audit of the current period's separate financial statements and, therefore, are the key audit matters. I describe these matters in my Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely exceptional circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably outweigh the benefits to the public interest of such communication..

**Report on other legal and regulatory requirements**

1. Based on the results of my tests, in my opinion, during 2022:

    a) The Bank's accounts have been kept in accordance with legal regulations and accounting techniques.

    b) The operations recorded in the books are in conformity with the bylaws and the decisions of the General Shareholders' Meeting.

    c) The correspondence, account vouchers, minute books and share registry books are duly kept and maintained.

    d) There has been compliance with the rules and provisions of the Financial Superintendence of Colombia related to the adequate administration and provision of assets received in payment and with the implementation and impact on the separate statement of financial position and separate statement of income of the applicable risk management systems.

    e) The provisions of Law 2195 of 2022 have been complied with in relation to the Transparency and Business Ethics Program, through instructions from the Superintendence of Finance of Colombia related to the Asset Laundering and Financing of Terrorism Risk Management System - SARLAFT or applicable Internal Control System, according to Concept 2022033680-002-000 of April 7, 2022 issued by this control entity.

    f) There is concordance between the accompanying separate financial statements and the management report prepared by the administrators, which includes the Management's acknowledgement of the free circulation of the invoices issued by the vendors or suppliers.

    g) The information contained in the self-assessment statements of contributions to the integral social security system, particularly that related to members and their contribution base income, has been taken from the accounting records and supports. The Bank is not in arrears for contributions to the integral social security system.

In compliance with the requirements of articles 1.2.1.2. and 1.2.1.5. of Single Regulatory Decree 2420 of 2015, in development of the Statutory Auditor's responsibilities contained in numerals 1 and 3 of article 209 of the Code of Commerce, related to the evaluation whether the Society's management performance is in accordance with the bylaws and the orders or instructions of the General Shareholders' Meeting and if there are and are adequate measures of the internal control, preservation and custody of the Company's assets or third parties' assets in its possession, I issued a separate report dated February 28, 2023.

2. I followed up on the responses to the letters of recommendation addressed to the Bank's management and there are no matters of material importance outstanding that would affect my opinion.

Diana Alexandra Rozo Muñoz
Statutory Audit of Banco de Bogotá
Registration No. 120741 - T
Member of KPMG S.A.S.

February 28, 2023

Banco de Bogotá

Dirección general
Bogotá D.C. Calle 36 # 7- 47
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# CERTIFICATION OF SEPARATE FINANCIAL STATEMENTS OF BANCO DE BOGOTÁ AS AT DECEMBER 31, 2022

We, the undersigned Legal Representative and Accountant of Banco de Bogotá (hereinafter the Bank) certify that the Separate Financial Statements of the Bank as of December 31, 2022, have been faithfully taken from the accounting books and the assertions contained therein have been previously verified, pursuant to Article 37 of Law 222 of 1995 and the Sole Regulatory Decree 2420 of 2015, as amended, on Accounting, Financial Reporting and Information Assurance Standards.

Additionally, we certify that the Bank's Separate Financial Statements as of December 31, 2022, and the relevant annexed reports do not contain vices, inaccuracies or errors that prevent us from knowing the true net worth situation or the operations of the Bank, in accordance with articles 46 and 47 of Law 964 of 2005 and with the Accounting and Financial Reporting Standards accepted in Colombia.

**ALEJANDRO FIGUEROA JARAMILLO**
Legal Representative

**SERGIO BOTERO PARRA**
Accountant
Professional License 23832-T

February 28, 2023

**BANCO DE BOGOTÁ**
**Separate Statement of Financial Position**
As at December 31,
(Figures expressed in millions of Colombian pesos)

| | Notes | 2022 | 2021 |
|---|---|---|---|
| **Assets** | | | |
| **Cash and cash equivalents** | 9 | $ **6,396,822** | $ **7,321,569** |
| **Financial assets** | | **11,038,873** | **9,578,657** |
| Investments held for trading | 10 | 1,228,984 | 1,565,652 |
| Investments available for sale | 10 | 5,893,176 | 4,783,694 |
| Investments held to maturity | 10 | 3,130,613 | 2,826,597 |
| Derivatives at fair value | 10 | 786,100 | 402,714 |
| **Loan portfolio, net** | 11 | **74,126,167** | **60,826,164** |
| **Repos, interbank, overnight and money market operations** | | **4,451,918** | **75,779** |
| **Clients and financial leases transactions, net** | | **69,674,249** | **60,750,385** |
| Commercial | | 49,184,047 | 44,409,881 |
| Consumer | | 17,541,703 | 15,094,730 |
| Mortgage | | 7,501,395 | 5,675,403 |
| Microcredits | | 252,404 | 288,243 |
| Allowance | | (4,805,300) | (4,717,872) |
| **Other accounts receivable, net** | 12 | **2,660,058** | **2,319,500** |
| **Non-current assets held for sale** | 13 | **8,684** | **19,972** |
| **Investments in subsidiaries, associates and joint ventures** | 14 | **11,451,828** | **24,496,118** |
| **Property, plant and equipment** | 15 | **618,631** | **661,775** |
| **Right of use assets** | 16 | **431,200** | **437,378** |
| **Investment properties** | 17 | **76,546** | **86,423** |
| **Goodwill** | 18 | **465,905** | **465,905** |
| **Other intangible assets** | 19 | **588,543** | **479,883** |
| **Income tax** | 20 | **2,324,223** | **1,792,048** |
| Current | | 486,663 | 259,184 |
| Deferred | | 1,837,560 | 1,532,864 |
| **Other assets** | | **20,389** | **20,146** |
| **Total assets** | | $ **110,207,869** | $ **108,505,538** |

**BANCO DE BOGOTÁ**
**Separate Statement of Financial Position**
As at December 31,
(Figures expressed in millions of Colombian pesos)

| | Notes | 2022 | 2021 |
|---|---|---|---|
| **Liabilities and Equity** | | | |
| **Liabilities** | | | |
| **Financial liabilities derivatives at fair value** | 10 | **630,892** | **427,324** |
| **Financial liabilities at amortized cost** | | **91,968,964** | **80,768,109** |
| **Customer deposits** | 21 | **69,736,981** | **61,869,637** |
| Checking accounts | | 15,523,635 | 14,541,023 |
| Savings accounts | | 29,448,745 | 29,307,390 |
| Time certificates of deposit | | 24,354,667 | 17,932,769 |
| Others | | 409,934 | 88,455 |
| **Financial obligations** | 22 | **22,231,983** | **18,898,472** |
| Interbank borrowings and overnight funds | | 543,395 | 1,184,331 |
| Borrowings from banks and others | | 7,897,881 | 5,731,309 |
| Bonds issued | | 10,956,941 | 9,723,396 |
| Development entities | | 2,299,461 | 1,786,878 |
| Lease contracts | | 534,305 | 472,558 |
| **Employee benefits** | 23 | **190,574** | **207,443** |
| **Provisions** | 24 | **20,114** | **23,527** |
| **Income tax** | 20 | **1,411** | **1,411** |
| Current | | 1,411 | 1,411 |
| **Accounts payables and other liabilities** | 25 | **2,345,738** | **2,365,489** |
| **Total liabilities** | | $ **95,157,693** | $ **83,793,303** |
| **Equity** | | | |
| Subscribed and paid-in capital | 26 | 3,553 | 3,313 |
| Additional paid-in capital | | 6,781,641 | 5,721,621 |
| Retained earnings | 26 | 8,880,011 | 17,864,912 |
| Other comprehensive income | 27 | (615,029) | 1,122,389 |
| **Total equity** | | $ **15,050,176** | $ **24,712,235** |
| **Total liabilities and equity** | | $ **110,207,869** | $ **108,505,538** |

The accompanying notes are an integral part of these separated financial statements.

**ALEJANDRO FIGUEROA JARAMILLO**
Legal Representative
(See certification of February 28, 2023)

**SERGIO BOTERO PARRA**
Accountant
Professional License 23832 -T
(See certification of February 28, 2023)

**DIANA ALEXANDRA ROZO MUÑOZ**
Statutory Auditor
Professional License 120741 - T
Member of KPMG S.A.S.
(See my report dated February 28, 2023)

**BANCO DE BOGOTÁ**
**Separate Statement of Income**
Years ended at December 31,
(Figures expressed in millions of Colombian pesos, except net earnings per share which is expressed in Colombian pesos)

| | Notes | 2022 | 2021 |
|---|---|---|---|
| **Interest income** | 11 and 14 | $ **8,006,156** | $ **5,040,213** |
| Client portfolio and financial leases transactions | | 7,532,531 | 4,789,671 |
| Repos, interbank, overnight and money market operations | | 58,208 | 3,777 |
| Investments | | 415,417 | 246,765 |
| **Interest expenses** | 21 and 22 | **3,930,465** | **1,640,841** |
| **Customer deposits** | | **2,951,807** | **973,207** |
| Checking accounts | | 157,624 | 51,710 |
| Savings accounts | | 1,368,968 | 366,896 |
| Time certificates of deposit | | 1,425,215 | 554,601 |
| **Financial obligations** | | **978,658** | **667,634** |
| Interbank borrowings and overnight funds | | 163,840 | 62,475 |
| Borrowings from banks and others | | 68,171 | 22,672 |
| Bonds issued | | 574,899 | 498,595 |
| Development entities | | 147,812 | 57,721 |
| Lease contracts | | 23,936 | 26,171 |
| **Net interest income** | | **4,075,691** | **3,399,372** |
| **Net allowance on financial assets** | | **1,085,440** | **1,398,249** |
| Loan portfolio, financial leases and accounts receivable | 11.14 and 12 | 1,413,171 | 1,617,909 |
| Recovery of write-offs | 11.13 | (327,786) | (219,603) |
| Investments | | 55 | (57) |
| **Net interest income, after allowance** | | **2,990,251** | **2,001,123** |
| **Income for commissions and other services** | | **1,248,984** | **1,053,340** |
| Banking services | | 716,329 | 633,519 |
| Credit and debit cards | | 515,889 | 403,626 |
| Drafts, checks and checkbooks | | 12,925 | 12,352 |
| Office network services | | 3,841 | 3,843 |
| **Expenses for commissions and others services** | 28 | **404,925** | **316,092** |
| **Net income for commissions and other services** | | **844,059** | **737,248** |
| **Net income from trading financial assets or liabilities** | | **1,176,034** | **523,719** |
| Gain on valuation of derivatives instruments for trading | | 1,184,408 | 537,638 |
| Gain on valuation of derivatives instruments for hedging | | 13,944 | 38,602 |
| Gain on valuation of investments for trading | | (22,318) | (52,521) |
| **Gain on fair value measurement in the deconsolidation (loss of control) of subsidiaries** | 2.2 | **112,817** | **1,302,301** |
| **Income from participation in the results of subsidiaries, associates and joint ventures** | 29 | **790,013** | **902,807** |
| **Exchange difference expense, net** | 29 | **1,479,774** | **408,433** |
| **Other income** | 29 | **139,245** | **98,313** |
| **Other expenses** | | **2,569,055** | **2,368,154** |
| Administrative | 30 | 1,528,516 | 1,308,226 |
| Employee benefits | | 807,678 | 779,461 |
| Depreciation and amortization | 15, 16 and 19 | 219,064 | 209,478 |
| Others | | 13,797 | 70,989 |
| **Net income before income tax** | | $ **2,003,590** | $ **2,788,924** |
| Income tax expense | 20 | 218,321 | 128,314 |
| **Net income from continuing operations** | | $ **1,785,269** | $ **2,660,610** |
| Net income from discontinued operations | 2.1 | 466,447 | 1,724,946 |
| **Net income** | | **2,251,716** | **4,385,556** |
| **Basic and diluted net earnings per share (in Colombian Pesos)** | 26.5 | $ **6,556** | $ **13,238** |

The accompanying notes are an integral part of these separated financial statements.

**ALEJANDRO FIGUEROA JARAMILLO**
Legal Representative
(See certification of February 28, 2023)

**SERGIO BOTERO PARRA**
Accountant
Professional License 23832 -T
(See certification of February 28, 2023)

**DIANA ALEXANDRA ROZO MUÑOZ**
Statutory Auditor
Professional License 120741 - T
Member of KPMG S.A.S.
(See my report dated February 28, 2023)

**BANCO DE BOGOTA**
**Separate Statement of Comprehensive Income**
Years ended at December 31,
(Figures expressed in millions of Colombian pesos)

| | Notes | 2022 | 2021 |
|---|---|---|---|
| **Net income** | | $ **2,251,716** | $ **4,385,556** |
| **Items that are or may be reclassified to profit or loss** | | | |
| Hedge accounting | 10.5 | | |
| Exchange difference on foreign subsidiaries (hedging part) | | 870,451 | 1,452,999 |
| Exchange difference on derivatives in foreign currency | | 38,289 | (403,983) |
| Exchange difference on bonds in foreign currency | | (908,740) | (1,049,016) |
| Exchange difference on foreign subsidiaries (not hedging part) | 10.5 | (284,390) | 968,869 |
| Unrealized loss from measurement of available for sale investments | 20.5 | (518,001) | (529,283) |
| Realization of loss from measurement of investments available for sale | 20.5 | 0 | (21,933) |
| Exchange difference in translation of financial statements in foreign agencys and branche | 20.5 | 68,630 | 55,372 |
| Share in other comprehensive income of subsidiaries and associates | 14 | (877,612) | (408,930) |
| Income tax | 20 | 538,576 | 883,298 |
| Realization of income tax | | 0 | 7,457 |
| Realization for loss of control of subsidiaries and associates | 2.1.1 and 2.1.2 | (1,018,753) | (1,059) |
| **Total Items that are or may be reclassified to profit or loss** | | **(2,091,550)** | **953,791** |
| **Items that will not be reclassified to profit or loss** | | | |
| Changes in actuarial assumptions from defined benefits plans | | 18,628 | 21,122 |
| Unrealized gain from measurement of available for sale investments - heritage instruments | 20.5 | 32,164 | 54,008 |
| Share in other comprehensive income of subsidiaries and associates | 14 | (55,725) | 537 |
| Income tax | 20 | (18,032) | (11,245) |
| Realization for loss of control of subsidiaries and associates | 2.1.1 | 377,097 | 28,799 |
| **Total Items that will not be reclassified to profit or loss** | | **354,132** | **93,221** |
| **Total other comprehensive income, net** | 27 | $ **(1,737,418)** | $ **1,047,012** |
| **Total comprehensive income** | | $ **514,298** | $ **5,432,568** |

The accompanying notes are an integral part of these separated financial statements.

**ALEJANDRO FIGUEROA JARAMILLO**
Legal Representative
(See certification of February 28, 2023)

**SERGIO BOTERO PARRA**
Accountant
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(See certification of February 28, 2023)

**DIANA ALEXANDRA ROZO MUÑOZ**
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(See my report dated February 28, 2023)

**BANCO DE BOGOTÁ**
**Separate Statement of Changes in Equity**
Years ended at December 31,
(Figures expressed in millions of Colombian pesos)

| | Notes | | Subscribed and paid-in capital | Additional paid-in capital | Retained earnings | Other comprehensive income (OCI) | Total equity |
|---|---|---|---|---|---|---|---|
| **Balances at December 31, 2020** | | **$** | **3,313** | **5,721,621** | **14,756,844** | **75,377** | **20,557,155** |
| Dividends decreed | 26.4 | | 0 | 0 | (1,105,152) | 0 | (1,105,152) |
| Others | | | 0 | 0 | 328 | 0 | 328 |
| Total comprehensive income | 27 | | 0 | 0 | 4,385,556 | 1,047,012 | 5,432,568 |
| Net income | | | 0 | 0 | 4,385,556 | 0 | 4,385,556 |
| Other Comprehensive Income | | | 0 | 0 | 0 | 1,047,012 | 1,047,012 |
| Realization of OCI due to loss of control of subsidiaries | 2.2 | | 0 | 0 | (28,799) | 0 | (28,799) |
| Participation in the remeasurement of deferred taxes of associates | 2.4 | | 0 | 0 | (143,865) | 0 | (143,865) |
| **Balances at December 31, 2021** | | **$** | **3,313** | **5,721,621** | **17,864,912** | **1,122,389** | **24,712,235** |
| Issuance of shares | 26.1 | | 240 | 1,060,020 | 0 | 0 | 1,060,260 |
| Dividends decreed | 26.4 | | 0 | 0 | (1,103,514) | 0 | (1,103,514) |
| Others | | | 0 | 0 | (1,350) | 0 | (1,350) |
| Total comprehensive income | 27 | | 0 | 0 | 2,251,716 | (1,737,418) | 514,298 |
| Net income | | | 0 | 0 | 2,251,716 | 0 | 2,251,716 |
| Other Comprehensive Income | | | 0 | 0 | 0 | (1,737,418) | (1,737,418) |
| Participation in the remeasurement of deferred taxes of associates | 2.4 | | 0 | 0 | (22,250) | 0 | (22,250) |
| Realization of OCI due to loss of control of subsidiaries | 2.1.1 | | 0 | 0 | (377,097) | 0 | (377,097) |
| Transactions between shareholders due to spin-off | 2.1.1 | | 0 | 0 | (9,732,406) | 0 | (9,732,406) |
| **Balances at December 31, 2022** | | **$** | **3,553** | **6,781,641** | **8,880,011** | **(615,029)** | **15,050,176** |

The accompanying notes are an integral part of these separated financial statements.

**ALEJANDRO FIGUEROA JARAMILLO**
Legal Representative
(See certification of February 28, 2023)

**SERGIO BOTERO PARRA**
Accountant
Professional License 23832 -T
(See certification of February 28, 2023)

**DIANA ALEXANDRA ROZO MUÑOZ**
Statutory Auditor
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(See my report dated February 28, 2023)

**BANCO DE BOGOTÁ**
**Separate Statement of Cash Flows**
Years ended at December 31,
(Figures expressed in millions of Colombian pesos)

| | Notes | | 2022 | | 2021 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Net income | | $ | 2,251,716 | $ | 4,385,556 |
| Adjustments to reconcile net income to net cash used in operating activities: | | | | | |
| Allowance of the loan portfolio, financial leases and other accounts receivable, net of recoveries | 11 and 12 | | 1,413,171 | | 1,617,909 |
| Depreciation and amortization | 15, 16 and 19 | | 219,064 | | 209,478 |
| Equity method income | 29 | | (790,013) | | (902,807) |
| Profit on valuation and sale of financial assets, net | | | (1,198,352) | | (598,600) |
| Gain on fair value measurement in the deconsolidation (loss of control) of subsidiaries | 2.2 | | (112,817) | | (1,301,242) |
| Net income for the period from discontinued operations | 2.1 | | (466,447) | | (1,724,946) |
| Interest income | 11 and 14 | | (8,006,156) | | (5,040,213) |
| Interest expenses | 21 and 22 | | 3,930,465 | | 1,640,841 |
| Employee benefits expense | | | 701,216 | | 680,643 |
| Income tax expense | 20 | | 218,321 | | 128,314 |
| Exchange difference expense, net | | | 1,479,774 | | 408,433 |
| Others adjustments to reconcile net income | | | (80,271) | | 12,931 |
| Changes in operating assets and liabilities | | | | | |
| Decrease of investments in financial assets | | | 1,290,417 | | 1,262,629 |
| Increase in the loan portfolio and finance leases | | | (13,324,828) | | (2,042,426) |
| Increase in other accounts receivable | | | (219,477) | | (662,310) |
| Increase in other assets | | | (4,124) | | (20,012) |
| Increase (decrease) in customer deposits | | | 5,505,426 | | (5,690,860) |
| Decrease in interbank borrowings and overnight funds | | | (641,019) | | (1,706,706) |
| Decrease in accounts receivable and other liabilities | | | (448,623) | | (487,218) |
| Interest received | | | 7,262,532 | | 4,977,407 |
| Interest paid excluding interest on leases | | | (3,453,138) | | (1,607,699) |
| Interest paid financial leases | | | (23,936) | | (26,181) |
| Dividends received | | | 155,661 | | 2,949,617 |
| Income tax paid | | | (477,983) | | (316,026) |
| Net cash used in operating activities | | | **(4,819,421)** | | **(3,853,488)** |
| **Cash flows from investing activities:** | | | | | |
| Purchases of investments held to maturity | | | (3,070,147) | | (3,011,142) |
| Acquisition of property, plant and equipment | 15 | | (127,736) | | (90,359) |
| Acquisition of other intangible assets | 19 | | (177,148) | | (140,164) |
| Redemption of held to maturity investments | | | 2,909,399 | | 2,906,598 |
| Proceeds from sale of investments in associates | 2.1.2 | | 2,645,914 | | 0 |
| Capitalization of investments in subsidiaries and associates | 14 | | (7,267) | | (4,543) |
| Proceeds from sale of non-financial asssets | | | 68,963 | | 62,977 |
| Net cash provided by (used in) investing activities | | | **2,241,978** | | **(276,633)** |
| **Cash flows from financing activities:** | | | | | |
| Acquisition of financial obligations | 22 | | 12,118,964 | | 12,821,929 |
| Payment of financial obligations | 22 | | (11,067,092) | | (11,006,019) |
| Issuance of outstanding bonds | 22 | | 0 | | 599,616 |
| Payment of outstanding bonds issued | 22 | | (478,023) | | 0 |
| Payment of capital in rental fees | 22 | | (59,090) | | (56,672) |
| Dividends paid | 22 | | (314,869) | | (1,157,719) |
| Net cash provided by financing activities | | | **199,890** | | **1,201,135** |
| Effect of foreing currency changes on cash and cash equivalents | | | 1,452,806 | | 1,071,837 |
| Net Decrease in cash and cash equivalents | | | (924,747) | | (1,857,149) |
| Cash and cash equivalents at beginning of the year | 9 | | 7,321,569 | | 9,178,718 |
| Cash and cash equivalents at the end of the year | 9 | $ | **6,396,822** | $ | **7,321,569** |

The accompanying notes are an integral part of these separated financial statements.

**ALEJANDRO FIGUEROA JARAMILLO**
Legal Representative
(See certification of February 28, 2023)

**SERGIO BOTERO PARRA**
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(Figures expressed in millions of Colombian pesos, except where otherwise indicated)

## 1 REPORTING ENTITY

Banco de Bogotá (the Bank) is a private entity based in the city of Bogotá D.C. at Calle 36 # 7-47. It was incorporated through Public Deed No. 1923, dated November 15, 1870, granted before the Second Notary Public in Bogotá D.C. The Financial Superintendence of Colombia renewed the Bank's operating license definitely, as per Resolution 3140, of September 24, 1993. The term of the institution, according to its bylaws, is until June 30, 2070; however, that term may be reduced due to dissolution or extended before that date. The corporate purpose of the Bank is to enter into or perform all operations and agreements legally permitted to commercial banking businesses according to the requirements and limitations of the law in Colombia.

As at December 31, 2022, the Bank's operating structure is comprised of nine thousand seven hundred and ninety (9,790) direct employees, nine hundred ninety-one (991) temporary employees and four hundred ninety – seven (497) apprentices from the National Vocational Training Service (SENA– Spanish acronym), this amounts to a total of eleven thousand two hundred seventy-eight (11,278) employees. The Bank also has three thousand thirty-three (3,033) staff members hired through outsourcing with specialized companies. Additionally, it provides a broad range of services for its customers, based on four hundred eighty-eight (488) offices, fifteen thousand two hundred seventy-seven (15,277) correspondent banks; and one thousand six hundred forty-eight (1,648) ATMs for a total of seventeen thousand four hundred and thirteen (17,413) service points in Colombia, this is in addition to its two (2) agencies in the United States of America: one in Miami and another in New York, which are licensed to carry out banking activities abroad, and (1) a bank branch in Panama City, which has a license for banking on the local market.

Banco de Bogotá is a subordinate of Grupo Aval Acciones y Valores S.A. which owns total shares amounting 68.93%.

## 2 – RELEVANT TRANSACTION

### 2.1 DISCONTINUED OPERATIONS

BAC Holding International ("BHI") was a foreign subsidiary of Banco de Bogotá, which has operations in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama. As of March 31, 2022, as a result of the spin-off process of 75%, Banco de Bogotá's shareholding in BHI went from 100% to 25%, ceasing to be a subsidiary and becoming an associate and, as of December 31, 2022, as a result of the Bank's shareholding in a public tender offer, 20.9% was sold, leaving 4.1%, ceasing to be an associate and being classified as an available-for-sale financial asset. These transactions are detailed in paragraphs 2.1.1 and 2.1.2 below.

Once the 75% spin-off was completed, BAC Holding began to be recognized as an investment in associates with a 25% interest and continued to be a business line that generated significant income for the Bank, in the geographic area of Central America, in the which entity operates. Taking the above into account, the Bank discontinued this line of business as a result of the public tender offer.

| | | Spin-Off | Tender Offer | Net |
|---|---|---|---|---|
| Equity in results of BHI as subsidiaries transferred to the discontinued operations line | $ | 548,948 | 251,460 | 800,408 |
| Reclassification of income from realization of OCI on loss of control in BHI from continuing operations to discontinued operations | | 648,844 | 369,909 | 1,018,753 |
| Loss on sale of investment and recognition of retained interest | | 0 | (1,352,714) | (1,352,714) |
| **Total net income from discontinued operations** | $ | **1,197,792** | **(731,345)** | **466,447** |

### 2.1.1 SPIN-OFF OF 75% SHAREHOLDING IN BAC HOLDING INTERNATIONAL (BHI)

The spin-off of the 75% interest in BHI was carried out in March 2022 with the main objectives of focusing the senior management teams on their own markets, simplifying the Bank's corporate structure and strengthening its capital levels.

The accounting treatment of the spin-off of BHI was made at the book value of Banco de Bogotá, reducing assets and equity by 75% of the book value of the investment in BHI, amounting to $9,732,406. As a result of the spin-off, BHI ceased to be a subsidiary and, therefore, in compliance with the accounting requirements on the loss of control, the Bank made the following accounting treatment:

- Derecognition of the investment in the former subsidiary.
- Measurement of the investment held of 25%, at its fair value and recording of the resulting gain with respect to its book value in net income for the period.
- Reclassification of items of other comprehensive income (OCI), related to the former subsidiary accounted for by the Bank using the equity method, to profit or loss for the period or retained earnings under applicable IFRS, on the same basis as would have been required had the related assets or liabilities been disposed of.

The effects of the derecognition of the investment in BHI (former subsidiary) due to the loss of control and the measurement of the retained interest in BHI are presented below:

| | | |
|---|---|---|
| **Asset accounts** | | |
| Derecognition of direct investment in BHI as an subsidiary | $ | (12,976,541) |
| Recognition of investment in BHI as associate (1) (see Note 14.2) | | 3,356,952 |
| **Equity accounts other than net income for the period** | | |
| Transactions with shareholders for the spin-off of 75% of the investment in BHI (2) | | (9,732,406) |
| Realization of other comprehensive income (OCI), reclassification from income to net income for the period | | (648,844) |
| Realization of OCI, reclassification from expenses to retained earnings | | 377,097 |
| Realization of expenses in retained earnings, reclassified from OCI (3) | | (377,097) |
| **Effect on the income statement for the period** | | |
| Realization of income in net income for the period, reclassified from OCI (4) | **$** | **648,844** |

(1) The fair value (performed in November 2021) of the investment in BHI was determined as follows:

| | | |
|---|---|---|
| The fair value of BHI's equity | $ | 13,427,807 |
| Representative market rate as of March 31, 2022 (in pesos) | | 3,756.03 |
| Banco de Bogotá's shareholding in BHI | | 25% |
| **Investment in BHI as an associate (fair value of the Bank's investment in BHI) (see Note 14.2)** | **$** | **3,356,952** |

(2) Corresponds to 75% of the book value of the investment in BHI (12,976,541 * 75%=9,732,406).
(3) The following are the items of transactions accounted for in OCI related to BHI, realized as expenses in accumulated earnings and the corresponding deferred tax:

| | | Amount before deferred income tax | Deferred income tax | Net |
|---|---|---|---|---|
| Changes in actuarial assumptions in benefit plans | $ | 33,811 | (8,100) | 25,711 |
| Impact of IFRS 9 adoption on portfolio impairment | | 417,072 | (110,725) | 306,347 |
| Dividends declared on preferred shares | | 14,045 | 0 | 14,045 |
| Other items | | 30,994 | 0 | 30,994 |
| Totals | **$** | **495,922** | **(118,825)** | **377,097** |

(4) The following are the items of transactions accounted for in OCI related to BHI, realized as income in income for the period and the corresponding income tax (current and deferred tax):

| | | Amount before income tax | Current tax income | (Expense) - Deferred income tax income | Net |
|---|---|---|---|---|---|
| Exchange differences of foreign subsidiaries | $ | 5,259,380 | 0 | 0 | 5,259,380 |
| Exchange differences on foreign currency derivatives | | (3,183,760) | 700,522 | 554,967 | (1,928,271) |
| Exchange difference on foreign currency bonds | | (2,075,620) | 180,790 | 570,540 | (1,324,290) |
| Exchange difference on translation of financial statements of subsidiaries, agencies, and branches abroad | | (1,185,344) | 0 | 0 | (1,185,344) |
| Unrealized gain on measurement of debt instruments at fair value through OCI | | (147,718) | 0 | (27,158) | (174,876) |
| Impairment of debt instruments at fair value through OCI | | 2,245 | 0 | 0 | 2,245 |
| **Total** | | **(1,330,817)** | **881,312** | **1,098,349** | **648,844** |
| **Total income tax in OCI** | **$** | | | **1,979,661** | |

Considering the applicable accounting requirements, 100% of the net income related to BHI as a subsidiary from the effect of the loss of control is presented in discontinued operations and the gain from measurement of the 25% retained interest in BHI is presented in continuing operations, as follows:

| | | 2022 | 2021 |
|---|---|---|---|
| **Discontinued operations** | | | |
| Equity in the results of BHI as a subsidiary | $ | 548,948 | 1,724,946 |
| Reclassification of income from realization of OCI due to loss of control in BHI from continuing operations to discontinued operations | | 648,844 | 0 |
| **Total net income from discontinued operations** | **$** | **1,197,792** | **1,724,946** |

### 2.1.2 SALE OF THE INTEREST IN BAC HOLDING INTERNATIONAL (BHI) THROUGH A TENDER OFFER

With the approval of its shareholders, in order to benefit from the tender offer, to continue with the strategic plans of focusing its plans and investment in the Colombian market, to mitigate risks in geographic areas with financial instability and to dispose of an asset that has shown a reduction in its value, in December 2022 the Bank transferred 9,030,424,454 shares in BHI, equivalent to 20.9%, reducing its participation in BHI from 25.0% to 4.1%.
The following is a detail of the effects of the transaction:

| BHI shareholding | | |
|---|---|---|
| Number of shares held, prior to the tender offer | $ | 10,805,047,274 |
| Percentage of ownership | | 25% |
| Book value of investment in BHI attributable to the Bank before the tender offer | | |
| Cost (a) | | 3,356,952 |
| Equity method | | |
| Income (loss) (b) | | 251,460 |
| Other comprehensive income (b) | | (19,982) |
| Exchange difference (c) | | 930,163 |
| **Book value of investment in BHI attributable to the Bank, before the tender offer** | **$** | **4,518,593** |

a) This is the value assigned to the investment at the date of its recognition as an associate.
b) Corresponds to the recognition of the equity method with effect in income until November 30, 2022.
c) Exchange effect from changes in the market representative rate until December 19, 2022.

Accordingly, the following is the accounting treatment of the transaction in the Bank's separate financial statements:

| **Effect on asset accounts** | | |
|---|---|---|
| Cash (d) | $ | 2,645,914 |
| Derecognition of the investment in BHI as an associate | | (4,518,593) |
| Recognition of retained interest (e) | | 519,964 |
| Net reduction in assets | | **(1,352,714)** |
| Effect on the statement of income for the period | | |
| Loss on sale of 20.9% interest, net of 4.1% retained interest | | (1,352,714) |
| Realization of income from other comprehensive income (OCI) to income for the period (f) | | 369,909 |
| Recognition of the equity method of accounting until November 30, 2022 | | 251,460 |
| Net effect on income from the sale of the interest in BHI | $ | **(731,345)** |

d) Cash received from the sale of the 20.9% interest in BHI.
e) Value determined based on the retained interest of 1,774,622,820 shares and the fair value of the share at December 19, 2022 of $293 (in Colombian pesos) per share.
f) Realization of items of other comprehensive income, related to the above associate, according to the following detail:

| | | |
|---|---|---|
| Hedge accounting (see Note 10.5) | | |
| Exchange difference investment (a) | $ | 928,724 |
| Exchange difference on hedged bonds (a) | | (900,454) |
| Unhedged exchange difference | | 28,270 |
| Equity method (b) | | (19,982) |
| Translation adjustment (b) | | 1,439 |
| Deferred tax exchange difference on hedged bonds at 40% | | 360,182 |
| **Total, OCI to income** | **$** | **369,909** |

a) Exchange difference on the BHI investment (hedged item) and hedging instruments (bonds) as of December 19, 2022.

b) Information as of November 30, 2022, with representative market rate as of December 19, 2022.

(Continued)

## 2.2 DECONSOLIDATION (LOSS OF CONTROL) OF THE SOCIEDAD ADMINISTRADORA DE FONDOS DE PENSIONES Y CESANTIAS PORVENIR S.A. AND APORTES EN LÍNEA

As from the loss of control, a relevant economic event is generated, in which Porvenir S.A., ceases to be a subsidiary of Banco de Bogotá and becomes an associate. A new relationship of the Bank as an investor with significant influence over the financial and operating policies of Porvenir S.A.

As a result of this agreement, Aportes en Línea, a subsidiary of Porvenir, also ceased to be a subsidiary of the Bank and became a financial asset, classified as an available-for-sale investment measured at fair value.

In compliance with the accounting requirements on deconsolidation (loss of control), the Bank recognized the following:

| | | Porvenir | Aportes en Línea | Total |
|---|---|---|---|---|
| Statement of financial position | | | | |
| Asset accounts | | | | |
| Write-off of investment in subsidiary | $ | (895,839) | (1,602) | (897,441) |
| Write-off of goodwill | | (90,162) | 0 | (90,162) |
| Recognition of the investment in Porvenir as an Associate (1) and in Aportes en Línea as an investment available for sale measured at fair value. | | 2,285,710 | 3,134 | 2,288,844 |
| Equity accounts other than income for the period | | | | |
| Realization of income (expense) from OCI to retained earnings | | 28,902 | (103) | 28,799 |
| Realization of (expense) income from other comprehensive income (OCI) to profit or loss for the period | | (1,062) | 3 | (1,059) |
| Statement of income for the period | | | | |
| Gain from fair value measurement on deconsolidation (2) | | 1,299,709 | 1,532 | 1,301,241 |
| Realization of income (expenses) of OCI to results of the period | | 1,062 | (3) | 1,059 |
| **Effect on results from deconsolidation (loss of control)** | $ | **1,300,771** | **1,529** | **1,302,301** |

(1) The book value of the investment in Porvenir in the separate financial statements was determined as follows:

| **Fair value of Porvenir's equity, determined based on a valuation study carried out by the Deloitte firm** | **$** | **5,463,787** |
|---|---|---|
| Direct participation of Banco de Bogotá in Porvenir | | 36.51% |
| Indirect participation of Banco de Bogotá in Porvenir, through Fiduciaria Bogotá (94.99% x 10.40%) | | 9.88% |
| Total direct and indirect shareholding of Banco de Bogotá in Porvenir | | 46.39% |
| Investment in Porvenir as an associate, (fair value of Banco de Bogotá's direct and indirect investment in Porvenir) | | 2,534,406 |
| Less: Participation of Banco de Bogotá in the book value of Fiduciaria de Bogotá's investment in Porvenir (94.99% x 261,805) | | (248,696) |
| **Investment in Porvenir as an associate** | **$** | **2,285,710** |

(2) The deconsolidation profit was determined as follows:

| **Investment in Porvenir at fair value** | **$** | **2,534,406** |
|---|---|---|
| Value in books: | | |
| Direct participation of Banco de Bogotá in Porvenir | | 895,839 |
| Goodwill on direct participation in Porvenir | | 90,162 |

(Continued)

| | | |
|---|---|---|
| Banco de Bogotá's share in the book value of the investment of Fiduciaria Bogotá in Porvenir (94.99% x261,805) | | 248,696 |
| Total books value: | | **1,234,697** |
| Gain from fair value measurement in the deconsolidation (loss of control) of Porvenir | **$** | **1,299,709** |

## 2.3 TRANSFER OF ASSETS TO NEXUS PRIVATE EQUITY FUND

On November 29, 2022, the Bank's Board of Directors authorized the Bank's Legal Representative to carry out the operation of mobilization of real estate assets owned by the Bank to the Real Estate Fund - Real Estate Compartment Banco de Bogotá.

As of December 15, through the execution of public deeds, the Bank transferred the right of ownership and possession of 25 properties in favor of the Fund as a real and effective contribution, receiving in consideration participation units in the Real Estate Compartment Banco de Bogotá Fund (Fondo - Compartimento Inmuebles Banco de Bogotá).

Assets transferred to the Fund by the Bank are classified in the following categories:

- Property, plant and equipment.
- Investment properties.
- Non-current assets held for sale.

These assets were derecognized in the statement of financial position and the gain resulting from the contribution (transfer of control) was determined as the difference between the value of the consideration received (units of participation in the Fund) and the carrying amount of the properties. The investment properties and non-current assets held for sale came from assets received in lieu of payment (BRPs), which had a provision in accordance with the rules of the Financial Superintendence, which was reversed with effect in results. However, since a portion of the assets were leased after the sale, in accordance with the requirements of IFRS 16, the gain recognized in the statement of income for the year, in relation to the assets that were leased, was limited to the rights transferred to the Fund.

Given the nature of the participation units that the Bank obtained in exchange for the transfer of the real estate, these units meet the definition of a financial asset and are presented in the Consolidated Statement of Financial Position at fair value in the category of marketable investments.

For assets that were leased subsequent to the transfer, the lease liability was measured at the present value of the lease payments that had not been paid at that date. Lease payments were discounted using the incremental interest rate determined for the period by the Bank. The right-of-use asset arising from the sale and leaseback was measured at the proportion of the previous carrying amount of the asset that relates to the rights of use retained.

The result of the operation was as follows:

| | | **Total** |
|---|---|---|
| Disposals | | |
| Non-current assets held for sale | **$** | 1,775 |
| Property, plant and equipment | | 68,530 |

| | | |
|---|---|---|
| Investment property | | 10,500 |
| **Total assets disposed of** | | **80,805** |
| Additions | | |
| Right-of-use assets | | 23,114 |
| Lease liabilities | | 86,780 |
| **Net Additions** | | **63,666** |
| Gain (loss) on sale | | |
| Non-current assets held for sale | | (135) |
| Property, plant and equipment | | 80,900 |
| Investment property | | 1,364 |
| **Total gain (loss) on sale** | | **82,129** |
| **Negotiable Investment (Fund - Real Estate Compartment Banco de Bogotá)** | **$** | **226,600** |

## 2.4 REMEASUREMENT OF DEFERRED TAXES

On December 29, 2022, the Colombian Ministry of Commerce, Industry and Tourism issued Decree 2617 regulating Article 50 of Decree Law 410 of 1971, and established an accounting alternative to mitigate the effects of the change in the income tax rate and the change in the occasional income tax rate for the taxable period 2022; consisting in that the value of the deferred tax derived from the change in the income tax rate and the change in the occasional income tax rate, for the taxable period 2022, generated by the amendment of Articles 240, 240-1, 303-1, 307, 311-1, 313, 314 and 316 of the Tax Statute, introduced by Articles 10 and 11, together with Chapter IV of Title I of Law 2277 of 2022, may be recognized within the equity of the entity in the accumulated results of previous years.

As a result of this alternative, the associate Corporación Financiera Colombiana S.A. and its subsidiaries opted to recognize against retained earnings in equity, the variation in the deferred income tax, derived from the change in the income tax rate and the change in the occasional income tax rate, as established in the Tax Reform for Equality and Social Justice, Law 2277 of 2022. Such variation was recorded by the Bank for ($22,250), through the application of the Equity Participation Method as of December 31, 2022, and for 2021 for ($143,865).

## 2.5 REPURCHASE OF BONDS

In April 2022 the Bank presented an offer to repurchase bonds issued in 2017, up to US$300 million and the repurchase made amounted to USD128.1 million, the results of which are summarized below:

| | USD Millions | | COP |
|---|---|---|---|
| **Notional amount of issue** | 128.1 | $ | 480,045 |
| Amortized cost adjustment | (0.5) | | (2,022) |
| **Book value at repurchase date** | **127.6** | | **478,023** |
| Repurchase price | (124.0) | | (464,576) |
| **Gain on repurchase** | **3.6** | **$** | **13,447** |

(Continued)

### 2.6 EXCHANGE RATE VARIATION

The representative market rate as of December 31, 2022, was $4,810.20 pesos and as of December 31, 2021, $3,981.16 pesos, which implied a variation of $829.04 pesos / dollar, which generated an impact on the financial statements, mainly an increase in loan portfolio for $1,030,132 (see Note 11), in customer deposits for $2,051,539 (see Note 21), in financial obligations for $2,287,180 (see Note 22) and expenses in net income for ($1,479,774) (see Note 29).

## 3– BASIS FOR PRESENTATION OF THE SEPARATE FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 COMPLIANCE STATEMENT

The accompanying separate financial statements have been prepared in accordance with accounting and Financial Reporting Standards accepted in Colombia (NCIF – Spanish acronym), established in the Law 1314/2009, which include the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and officially translated into Spanish, as well as the interpretations issued by International Financial Reporting Interpretations Committee (IFRIC), incorporated into the Regulating Technical Framework by the Sole Regulatory Decree 2420/2015 and the modifying decrees, issued by the Colombian government, except for the accounting treatment of:

- The classification and valuation of investments, the loan portfolio and its allowance, the allowance of foreclosed and returned assets from leasing, for which the accounting provisions issued by the Financial Superintendence of Colombia, included in the Basic Accounting and Financial Circular (BAFC), (see Notes 3.7 and 3.12); and

- Application by the associate Corporación Financiera Colombiana S.A. of the alternative accounting treatment provided for in Decree 2617/2022 of the Ministry of Commerce, Industry and Tourism of Colombia for the accounting recognition in retained earnings of the effects of the change in the income tax rate and the change in the occasional income tax rate in the taxable year 2022, which in turn was recognized in Banco de Bogotá in retained earnings through the application of the equity participation method (see Note 2.4).

These separate financial statements were prepared to comply with the legal requirements to which the Bank is subject in its capacity as a legally independent entity. Accordingly, some accounting principles differ from those applied in the consolidated financial statements; therefore, the separate financial statements should be read in conjunction with the consolidated financial statements of Banco de Bogotá.

### 3.2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

**Presentation of the financial statements**

The accompanying financial statements are prepared according to the following issues:

**Separate Statement of financial position**

It is presented showing the different asset and liability accounts, these are ordered according to liquidity, in the case of sale or enforceability, since this type of presentation provides more relevant reliable information for a financial institution. Therefore, the amount expected to be recovered or paid within twelve months and after twelve months is presented in each of the notes on financial assets and liabilities.

**Separate Statement of income and statement of comprehensive income**

These items are presented separately in two statements (statement of income for the period and statement of comprehensive income). Moreover, the statement income for the period is broken down according to the nature of the income and expenses; this is the model used by financial institutions, because it provides more appropriate and relevant information.

**Separate Statement of cash flows**

It is presented using the indirect method, in this case, net cash flow from operating activities are determined by reconciling net income, for the effects of items that do not generate cash flows, the net changes in assets and liabilities derived from operating activities, and for any other item whose monetary effects are regarded as cash flows from investment or financing. Interest income and interest expenses received and paid are part of operating activities.

The following concepts are taken into consideration when preparing the cash flows statement:

- Operating activities: These are the activities that constitute the Bank's main source of income.
- Investment activities: These concern the acquisition, sale or disposal by any other means of long-term assets and other investments that are not included in cash and cash equivalents.
- Financing activities: These are activities that produce changes in the size and composition of net equity and liabilities that are not part of operating activities or investment activities.

## 3.3 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS

The following describes the accounting treatment afforded to investments in subsidiaries, associates, and joint arrangements according to Chapter I-1 of Basic Accounting and Financial Circular of the Financial Superintendence of Colombia and the accounting policies of the Bank:

**Investments in subsidiaries**

Investments in subsidiaries are those in which the Bank has direct or indirect control; in other words, when the Bank has all the following elements:

- Power over the entity; that is, has existing rights that give it the ability to direct the relevant activities that significantly affect the subsidiary's returns.
- Exposure, or rights to variable returns from its involvement with the subsidiary; and
- The ability to use its power over the subsidiary to affect the amount of the Bank's returns.

**Investments in associates**

(Continued)

An associate is an entity over which the Bank has significant influence; namely, where it has the power to intervene in decisions on financial and operating policy, but without having control or joint control. It is considered that significant influence is exercised in another entity if the Bank directly or indirectly owns 20% or more of the voting rights of the investee, unless it can be clearly demonstrated that such influence does not exist.

**Joint arrangements**

A joint arrangement is an agreement in which two or more parties have joint control; namely, only when decisions about the relevant activities require unanimous consent of the parties sharing control. A joint arrangement is either a:

- Joint operation, whereby the parties that have joint control over the arrangement have rights to the assets, and obligations for the liabilities, relating to the agreement; and

- Joint venture, whereby the parties that have joint control over the arrangement have rights to the net assets of the agreement.

**Measurement**

Investments in subsidiaries, associates and joint ventures are measured through the equity method, whereby the investment is initially recognized at cost and adjusted thereafter for the changes in the investee’s equity according to the share percentage. The Bank’s net income includes its share of the net income of subsidiaries, associates and joint ventures, and the Bank’s other comprehensive income (OCI) includes its share of the other comprehensive income of the investees or in another appropriate account under equity, as applicable, pursuant to the application of uniform accounting policies for transactions and other events which, being similar, might have occurred under comparable circumstances.

The joint operation is included in the Bank's separate financial statements based on the proportional and contractual share of each of the assets, liabilities, income and expenses under the terms of the arrangements.

Dividends from investments classified as subsidiaries, associates and/or joint ventures are recognized as a reduction in the value of the related investment.

## 3.4 FUNCTIONAL AND REPORTING CURRENCY

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates. The Colombian peso is the functional currency for the Bank's operations in Colombia and the U.S. dollar for the operations of the Branch in Panama and the Agencies in Miami and New York. All balances and transactions denominated in currencies other than the Colombian peso (which is the presentation currency) are considered as foreign currency.

## 3.5 TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

The transactions in foreign currency are converted into Colombian pesos at the exchange rate effective on the transaction date. Monetary assets and liabilities in foreign currency are converted into the functional currency, using the close exchange rate on the date of the corresponding statement of financial position.

(Continued)

Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are converted at the exchange rate on the date of the transaction, non-monetary assets and liabilities that are denominated in foreign currencies and valued at fair value are converted using the exchange rate on the date the fair value was determined. When non-monetary items that generate gains or losses recorded in profit or loss or in Other Comprehensive Income (OCI), and that in turn generate exchange differences, such exchange differences are recorded in profit or loss or in OCI, respectively. Exchange differences are recognized in income, except for those gains or losses on hedges of a net investment in a foreign operation, which are recognized in OCI.

### 3.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank deposits and other short-term investments in active markets with original maturities of three months or less, that must be readily convertible to a specific amount of cash, subject to an insignificant risk of changes in their value and used by the Bank in the management of its short-term commitments.

### 3.7 FINANCIAL ASSETS

#### Business model

In Chapter I-1 of its Basic Accounting and Financial Circular, the Financial Superintendence of Colombia determined that investments would be classified according to the business model established by the Bank. Therefore, when assessing as to whether or not the objective of a business model is to hold assets to collect contractual cash flows, the Bank considers at what level of its commercial activities that assessment should be made. Generally speaking, a business model is something that can be illustrated by the way the business is managed and the information that is provided to management. However, in some circumstances, more judgment may be required to determine whether a particular activity involves a business model with certain infrequent sales of assets or if the anticipated sales indicate there are two separate business models.

The Bank considers the following when determining if its business model for financial asset management is to maintain assets to collect contractual cash flows:

- The policies and procedures indicated for the loan portfolio, by management, and how those policies operate in practice.
- How management assesses loan performance.
- Whether or not the management strategy is focused on obtaining income from contract interest.
- The frequency of any expected sale of assets.
- The reason for any sale of assets.
- If the assets for sale are held for a prolonged period in relation to their contract maturity, or if they are sold shortly after being acquired or far in advance of their maturity.

Specifically, the Bank uses its judgment to determine the objective of the business model for loans that are held for liquidity purposes.

The Bank's central treasury maintains some debt instruments in a separate loan portfolio to obtain a long-term yield and as a liquidity reserve. These instruments may be sold to resolve unexpected liquidity deficits, but such sales are not expected to be more frequent. The Bank considers these instruments as part of a business model that is intended to hold assets to collect contractual cash flows. It maintains other debt instruments in separate loan portfolios for the purpose of managing short-term liquidity. Sales of this portfolio are frequent to satisfy continuous commercial needs. The Bank has determined these instruments are not maintained within a business model bent on maintaining assets to collect contractual cash flows.

When a business model involves transferring the contract rights to cash flows from financial assets to third parties and the transferred assets are not derecognized, the Bank reviews the agreements in order to determine their impact when assessing the objective of the business model.

In this assessment, the Bank considers whether or not, under the agreements, it will continue to receive cash flows from the assets, either directly from the issuer or indirectly from the receiver, including whether or not the assets will be repurchased from the receiver.

In the case of contractual cash flows from financial assets, the Bank uses its judgment to determine if the contract terms of the financial assets it generates or acquires, lead to cash flows on specific dates that represent only payment of principal and interest on the outstanding principal and that qualify for measurement at amortized costs. In this assessment, the Bank takes all the contract terms into account, including any pre-payment term or provisions in order to extend the maturity of the assets. It also considers the terms that change the amount and timing of the cash flows, and whether or not the contract terms contain leveraging.

### 3.7.1 FINANCIAL ASSETS INVESTMENT

The Bank classifies its investments as “trading,” “held to maturity” and “available for sale”. This is according to the business model approved by the Board of Directors of the Bank and the provisions outlined in Chapter I -1 on the Basic Accounting and Financial Circular related to classification, valuation and accounting treatment of investments for the separate financial statements.

The Bank values most of its investments using the information supplied by a pricing service designated (PRECIA S.A. Proveedor de Precios para la Valoración S.A.), which supplies the information required to value investments (prices, rates, curves, margins, etc.) and has valuation methods approved in accordance with Decree 2555 / 2010 and with the instructions outlined in the Basic Legal Circular issued by the Financial Superintendence of Colombia.

The way the different types of investments are classified, valued and recorded, according to the business model defined by the Bank, is described below:

(Continued)

| Held for trading | |
|---|---|
| **Characteristics** | Corresponds to investments in debt securities and equity securities other than shares, primarily to obtain profits as a result of variations in the short-term market value of such instruments and the purchase and sale of securities. |
| **Valuation** | The investments represented in debt securities are assessed at fair value based on the price determined by the valuation pricing service.<br><br>For exceptional cases where an established fair value does not exist on the day of valuation, these securities are valued exponentially at the internal rate of return.<br><br>Holdings in collective investment funds, private capital funds, hedge funds and mutual funds, among others, and the securities issued in the development of securitization processes are to be valued taking into account the unit value calculated by the management company on the day immediately prior to the measurement date. Unless they are listed on securities exchanges that mark to the secondary market in which case, they are to be valued with at that price provided by the valuation pricing service designated as official. |
| **Entered on the books** | These investments are to be recorded in the respective "Investments at Fair Value through profit or loss" accounts.<br><br>The difference between the current fair value and the value immediately prior is recorded as a greater or lesser value of the investment, thereby affecting income for the period. |

| Held to maturity | |
|---|---|
| **Characteristics** | These are securities for which the Bank has the intent and the legal, contractual, financial and operational capacity to hold until maturity or redemption, considering the structure of the financial instruments eligible for this portfolio involves only principal and interest payments. |
| **Valuation** | They are valued exponentially, according to the internal rate of return calculated at the moment of acquisition, based on a 365-day period.<br><br>For investments in debt securities at a floating rate, when the use of the value of the indicator for the start date of the period to be remunerated has been established under the conditions of the issue, the internal rate of return is recalculated once the value of the facial indicator changes and when coupon expiration occurs. When the use of the value of the expiration date indicator of the period to be remunerated has been established, the internal rate of return must be recalculated each time the value of the facial indicator change.<br><br>In the case of securities that include the prepayment option, the internal rate of return is recalculated once the future flows and the payment date change. |
| **Entered on the books** | These investments are to be recorded in the respective "Investments at Amortized Cost" account.<br><br>The difference between the present fair value and that immediately preceding the respective value is recorded as a greater value of the investment, affecting income for the period.<br><br>Receivable returns pending collection are recorded as a greater value of the investment. Consequently, the collection of said returns is entered on the books as a lesser value of the investment. |

| Available for sale - Debt securities | |
|---|---|
| **Characteristics** | These include securities and, in general, any kind of investment that is not classified as a trading security or as an investment held to maturity.<br><br>According to the business model, fixed income investments are managed in this portfolio primarily for the purpose of obtaining contractual flows and making sales when required by circumstances to maintain an optimum combination of profitability, liquidity and coverage that provides the kind of profitability support relevant to the Bank's statement of financial position. |
| **Valuation** | Investments represented in debt securities are to be valued based on the valuation price determined by the pricing service.<br><br>For exceptional cases where an established fair value does not exist on the day of valuation, these securities are valued exponentially at the internal rate of return. |
| **Entered on the books** | These investments must be recorded in the respective "Investments at Fair Value through Other Comprehensive Income- (OCI)". |

(Continued)

| Available for sale - Debt securities | |
|---|---|
| | The difference between the actual fair value on reappraisal day and the day immediately prior (calculated at the internal rate of return at the time of purchase, based on a 365-day period) must be recorded as a greater value of the investment, with credit to the income accounts.<br><br>The difference between the fair value and the present value calculated according to the preceding paragraph must be recorded in the respective unrealized gain or loss account (OCI). |

| Available for sale - Equity securities | |
|---|---|
| **Characteristics** | Investments in subsidiaries and associates, as well as shareholding in joint Arrangements and other investments, are part of this category and make the Bank part owner of the issuer. |
| **Valuation** | • Investments in subsidiaries, associates and joint arrangements are recognized by the equity method.<br><br>• Equity securities in the National Registry of Securities and Issuers (RNVE – Spanish acronym); listed in foreign securities quoting systems authorized in Colombia:<br><br>These securities are valued according to the price determined by the official pricing service selected by the entity and authorized by the Financial Superintendence of Colombia.<br><br>• Equity securities listed only on foreign stock exchanges: In the absence of a valuation method, the most recent closing price in the last 5 trading days shall be used, including the valuation day, or the simple average of the closing prices reported during the last 30 days, including the valuation day.<br><br>• Equity securities not listed on stock exchanges: (investments in equity instruments through Other Comprehensive Income - OCI) are valued according to the valuation price determined by the pricing service designated as official for the respective segment.<br><br>When the pricing service does not have a method for valuing these investments, the acquisition cost is increased or decreased by the percentage the investor´s shareholding interest in subsequent changes in the equity of the issuer. |
| **Entered on the books** | These investments are recorded initially at cost and are adjusted subsequently according to the changes in the equity of the investee in accordance to the shareholding.<br><br>The effect of the valuation or assessment of investments in equity securities, other than those in subsidiaries, associates and joint arrangements, is recorded in the respective “Unrealized Gain or Loss” account under other comprehensive income (OCI), charged or credited to the investment.<br><br>Dividends that are distributed in kind or in cash, from investments in equity securities, other than subsidiaries, associates and joint ventures, must be recorded as income, adjustment the corresponding profit or loss account (maximum up to its accumulated value) and, if necessary, also the value of the investment in the amount of the surplus on that account. |

#### 3.7.1.1 INVESTMENT RECLASSIFICATION

Investments may be reclassified when the following requirements are met:

**Reclassification from investments held to maturity to held for trading**

Reclassification is possible in any of the following circumstances:

- When the conditions of the issuer, its parent company, its subsidiaries or affiliated parties are seriously impaired.
- When changes in regulations make it impossible to maintain the investment.

- When mergers or institutional restructuring lead to reclassification or realization of the investment, either to maintain the previous position concerning interest-rate risk or to adjust to the credit-risk policy established previously by the resulting entity.

- In the case of other unforeseen events, subject to prior authorization from the Financial Superintendence of Colombia.

When the investments held to maturity are reclassified into trading investments, the regulations on valuation and accounting of the latter must be observed. As a result, unregistered gains or losses should be recognized as income or expenses on the day of reclassification.

**Reclassification from investments available for sale to held for trading or held to maturity**

Reclassification is possible when any of the circumstances described in the previous paragraphs occurs or when:

- When the significant activities of the business are redefined as a result of situations such as a change in the economic cycle or the market niches where the supervised entity operates, or changes in its appetite for risk.

- when the adjustment assumptions in the investment management are realized previously defined in the business model.

- When the investor loses its status as a parent or controlling company and this also implies the decision to dispose investments in the short term, at that date.

- Any of the circumstances foreseen for the reclassification of held to maturity investments to investments held for trading are present.

When investments available for sale are reclassified as trading investments, the income from the reclassification of such investments must be recognized and maintained in Other Comprehensive Income (OCI) as an unrealized gain or loss, until the respective investment is sold. The accounting treatment afforded to trade investments, as previously described, is applied from the date of reclassification.

When investments available for sale are reclassified as investments held to maturity, the standards on valuing and recording the latter must be observed. Therefore, unrealized gains or losses that are recorded in the OCI account are canceled out against the registered value of the investment. In this way, the inversion will remain registered as if it had always been classified in the held-to-maturity category. As of that date, those are value based at the internal rate of return on the day prior to reclassification.

#### 3.7.1.2 INVESTMENTS REPURCHASE RIGHTS

These are investments that represent the collateral in money market transactions such as repos and simultaneous operations. The Bank retains the economic rights and benefits associated with the investment and all the risks inherent therein, although legal ownership is transferred when the money market operation is carried out.

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These securities continue to be valued daily and accounted for in the statement of financial position and statement of income, consistent with the methodology and procedure applicable to investments, according to the category in which they are included prior to acquisition of the repurchase agreement.

#### 3.7.1.3 INVESTMENTS DELIVERED AS COLLATERAL

These are investments in bonds or debt securities that are delivered as collateral to support the fulfillment of operations accepted for clearing and settlement by a central counterparty risk clearing house.

These securities are valued daily and accounted for in the statement of financial position and statement of income, consistent with the methodology and procedures applicable to the category in which they were included prior to being furnished as collateral.

#### 3.7.1.4 IMPAIRMENT (ALLOWANCE) OR LOSSES DUE TO THE ISSUER'S RISK CLASSIFICATION

The price of held for trading or available for sale investments for which no fair value exists on the valuation day, and the price of investments classified as investments held to maturity, as well as equity investments that are valued according to changes in equity, are adjusted on each valuation date based on their credit risk rating. This is done according to the following criteria:

- The rating of the issuer and/or security in question when it exists.
- Objective evidence that an impairment loss on the value of these assets has occurred or could occur. This criterion applies even for recording a larger impairment than the one resulting from simply using the rating of the issuer and/or security, if required based on the evidence.

The amount of an impairment loss is always recognized in the statement of income for the period, regardless of whether an amount for the respective investment is recorded in Other Comprehensive Income (OCI).

Domestic or foreign bonds and/or securities issued or secured by the Colombian government, those issued by the Central Bank of Colombia, and those issued or secured by the Financial Institution Guarantee Fund (FOGAFIN – Spanish acronym) are not subject to impairment adjustment.

Investments in subsidiaries, associates and Joint ventures are evaluated at each reporting date of the financial statements, if there is evidence of impairment, the recoverable amount is estimated, and the investment impairment is determinated.

##### 3.7.1.4.1 SECURITIES AND/OR BONDS OF UNRATED ISSUES OR ISSUERS

Securities or bonds that are not externally rated or issued by entities that are not classified will be rated as follows.

| Category / Risk | Characteristics | Allowances |
|---|---|---|
| A – Normal | Complies with the terms agreed on in the stock or security, with adequate ability to pay principal and interest. | None required. |

| Category / Risk | Characteristics | Allowances |
|---|---|---|
| B – Acceptable | Issuers with uncertainty factors that could affect the ability to continue to comply adequately with debt service. Moreover, the issuer's financial statements and additional available information reflect weaknesses that could affect its financial position. | With respect to debt securities and/or stocks, the value at which they are entered on the books may not exceed eighty percent (80%) of the net face value of amortization up to the date of valuation.<br><br>In the case of equity securities and/or stocks, the net value of credit risk allowances (cost less the allowance) entered on the books may not be more than eighty percent (80%) of the acquisition cost. |
| C – Appreciable | Issuers with high or medium probability of defaulting on timely payment of principal and interest. Moreover, the issuer's financial statements and other available information show deficiencies in its financial position that compromise recovery of the investment. | In terms of debt securities and/or stock, the values at which they are entered on the books may not exceed sixty percent (60%) of the net face value of amortization up to the date of valuation.<br><br>In the case of equity securities and/or stocks, the net value of credit risk allowances (cost less the allowance) entered on the books may not exceed sixty percent (60%) of the acquisition cost. |
| D – Significant | Issuers that default on the terms agreed in the instrument. In addition, the respective financial statements and other available data show serious weaknesses in the issuer's financial situation. | In terms of debt securities and/or stock, the values entered on the books may not exceed forty percent (40%) of the net face value of amortization up to the date of valuation.<br><br>In the case of equity securities and/or stocks, the net value of credit risk allowances (cost less the allowance) entered on the books may not exceed forty percent (40%) of the acquisition cost. |
| E – Uncollectible | Issuers with financial statements and other available data that suggest the investment is uncollectible. | The value of these investments is provisioned in its entirety. |

### 3.7.1.4.2 SECURITIES AND/OR BONDS EXTERNALLY RATED ISSUES OR ISSUERS

Debt securities or stocks with one or more ratings and debt securities or stocks ranked by external credit rating agencies that are recognized by the Financial Superintendence of Colombia may not be recorded for an amount that exceeds, the following percentages of the net face value of amortization prior to the valuation date:

| Long-term Rating | Ninety (90) | Short-term Rating | Maximum Value % |
|---|---|---|---|
| BB+, BB, BB- | Seventy (70) | 3 | Ninety (90) |
| B+, B, B- | Fifty (50) | 4 | Fifty (50) |
| CCC | Zero (0) | 5 and 6 | Zero (0) |
| DD, EE | Ninety (90) | | |

If the allowances for investments that are classified as "held to maturity" and for which it is possible to establish at fair value are higher than those estimated according to the standard indicated above, the latter shall apply. This allowance pertains to the difference between the registered value of the investment and the fair value when it is less.

In the event the investment or the issuer is rated by more than one rating agency, the lowest rating is taken into account, provided these ratings were issued within the last three (3) months, or the most recent rating when there is a lapse of more than three (3) months between the two ratings.

### 3.7.2 DERIVATIVES AND HEDGE ACCOUNTING

A derivative is a financial instrument or other contracts whose value changes in response to changes in one or more variables denominated as “underlying” (a specific interest rate, the price of a financial instrument or a listed raw material, a foreign currency exchange rate, etc.) that does not require an initial net investment (or requires a smaller investment that would be required for certain types of contracts for which a similar response could be expected before changes in the market conditions) and its compliance or settlement is done to a later time.

In the normal course of its operations the Bank trades on financial markets with financial instruments that meet the derivatives definition, for hedging purposes or trading or investment. Such as forward contracts, futures contracts, swaps, currency options over currencies.

Derivatives are measured at fair value at the initial recognition. Subsequent adjustments to the fair value are recognized by credit or debit directly in net income, when appropriate, unless the derivative instrument is designated as a hedging instrument, in which case it will depend on the nature of the hedged item and the type of hedging relationship.

The Bank designates hedging derivatives of a net investment in foreign currency, making the following accounting: the part of the gain or loss of the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income (OCI) and the ineffective part and/or attributable to risk factors other than exchange rate risk is recognized in net income in the period. Gains or losses on the hedging instrument accumulated in equity are reclassified to the statement of income at the time of the total or partial disposal of the business abroad.

For the hedging transactions that were in effect during 2022, the Bank documented the relationship between the hedge instrument and the hedged item, as well as the risk-management objective and the strategy behind the hedging. The Bank also documented, at the beginning of the transaction and on a recurring basis, its evaluation of the effectiveness of the hedge relationship by compensating the exposure to exchange risk generated by the net investment abroad or the fair value of other assets.

On the other hand, the Bank implemented accounting hedging operations for variations in the Fair Value of Financial Liabilities (Term Deposit Certificates in COP - CDTs), attributable to the change in the Reference Banking Indicator - IBR, by means of derivative instruments (interest rate swaps), redenominating flows indexed to a fixed rate to flows indexed to IBR. The bank hedges the prime rate component of the CDT's, leaving out of the hedge the spreads associated with the deposits.

This type of hedging is accounted for as follows:

Hedged instrument: The change in its fair value attributable to the hedged risk is measured and the change is recorded in the statement of income, as a result of fair value hedge accounting, in a separate line item.

Hedging instrument - Swap: The derivative instrument is recorded at fair value.

- Clean fair value (effective portion): The effective portion of changes in the clean fair value (does not include net accrued interest), are recognized as a component of income.

- Ineffectiveness: The ineffective portion of the hedge is recognized in profit or loss.

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At the inception of transactions, the Bank documents each hedging relationship clearly identifying the primary hedged positions (CDTs) and the hedging instruments used. Prospective and retrospective effectiveness tests are performed using the dollar offset measurement method, comparing changes in the clean fair value of the hedged instrument to changes in the clean fair value of the hedging instrument. The hedge is considered highly effective if the ratio between the changes in the fair value of the clean fair value of both instruments is in the range of 80% - 125%. If an effectiveness ratio outside this range is identified, the Hedging Committee will evaluate the procedures to be followed under the policy framework.

### 3.7.3 ESTIMATING FAIR VALUE

Fair value is the price that would be received for the sale of an asset or paid to transfer a liability in an ordered transaction between market participants at the date of measurement, either in a principal market, or otherwise in the most advantageous market to which the Bank has access.

Based on the foregoing, fair value of financial assets is measured as follows:

- For high liquidity assets in Colombia, the Bank uses dirty prices supplied by an official price vendor authorized by the Financial Superintendence of Colombia (see Note 6).

- The fair value of financial assets that are not listed on an active market is determined using valuation techniques. The Bank uses a variety of methods and assumptions based on the existing market conditions as of each reporting date. The valuation techniques include the use of recent comparable transactions in equal conditions, reference to other substantially equal instruments, discounted cash flow analysis, options price models and other valuation techniques that are commonly employed by market participants, taking maximum advantage of market data (see Note 6).

- Collective investment funds are recorded by the deposited value and based on the variations in the value of the equity unit, reported by the trust company that manages it, is adjusted daily with a charge or credit to results.

### 3.7.4 LOAN PORTFOLIO AND FINANCIAL LEASES TRANSACTIONS

The provisions established by the Financial Superintendence of Colombia in Chapter II of the Basic Accounting and Financial Circular are applied to accounting treatment of the loan portfolio. Loans are recorded at their disbursement value, except for portfolio purchases and / or factoring, which are recorded at the acquisition cost that involves both principal and allowance. The financial income from assets delivered under a financial lease is measured based on a constant rate of return on the net financial investment.

#### 3.7.4.1 LOAN PORTFOLIO CLASSIFICATION

The loans portfolio is classified into four (4) types of credit, as described below:

| Modalities | Characteristics |
|---|---|
| **Commercial** | These are loans granted to individuals or legal entities for the development of organized business activities and are different from loans granted in the microcredit category. |
| **Consumer** | These loans, regardless of their amount, are granted to individuals to finance the acquisition of consumer goods or the payment of services for non-commercial or non-business purposes. They are different from loans in the microcredit category. |
| **Mortgages** | These loans, regardless of their amount, are granted to individuals for the purchase of a new or existing home, or for the construction of an individual home. According to Law 546 / 1999, home loans are denominated in constant value units (UVR) or Colombian pesos and are backed by a first mortgage on the property being financed. A mortgage may be for as much as seventy percent (70%) of the value of the property, as determined by the purchase price or by a professional appraisal done within six (6) months before the loan is granted. Loans to finance low-income housing may be for as much as eighty percent (80%) of the value of the property. The repayment period ranges from a minimum of five (5) years to a maximum of twenty (20) years. |
| **Microcredit** | These are the loans referred to in Article 39, Law 590/2000, or the regulations that amend, substitute or add to it, and loans made to a micro-business where the primary source of repayment is the income derived from its commercial activities. A micro-business is understood as an economic production unit that is operated by a private individual or legal entity and is engaged in activities related to business, farming and livestock, industry, trade or services, they are rural or urban, with a staff of not more than ten (10) workers and total assets amounting to less than five hundred (500) times the current minimum monthly wage. The borrower's debt balance may not exceed one hundred and twenty (120) times the legal minimum monthly wage in effect when the loan is approved. |

### 3.7.4.2 CRITERIA FOR CREDIT RISK ASSESSMENT, QUALIFICATION AND ALLOWANCE

**Loan portfolio assessment and qualification**

The Bank continuously assesses the risk inherent in its loan assets. This is done when a loan is granted and throughout the life of the loan, even in cases of restructuring. The Credit Risk Management System (SARC – Spanish acronym) comprised of credit-risk management policies and processes.

The loan approval process involves a series of variables established for each of the portfolios. These variables make it possible to identify borrowers who fit the Bank's risk profile. The methods and procedures included in the loan approval process allow the Bank to monitor and control credit exposure for the various individual portfolios.

Nevertheless, the Bank assesses and reclassifies the loan portfolio i) when loans fall into arrears after being restructured, in which case they must be reclassified immediately, and ii) during May and November, at the very least, recording the results of the assessment and reclassifying, at the close of the following month, as appropriate.

In the evaluation of territorial public entities, the Bank verifies compliance with the conditions established in Law 550 of 1999 and the other norms that regulate or modify it.

**Credit risk rating**

- **Commercial and consumer loans**

These are classified and rated in the appropriate risk category, pursuant to the standards and provisions outlined in Chapter II of Basic Accounting and Financial Circular 100/1995, as detailed in Attachment 3 on

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application of the Commercial Loan Reference Model (MRC- Spanish acronym) and Attachment 5, which contains instructions on the Consumer Loan Reference Model (MRCO- Spanish acronym).

Credit risk assessment is based on a variety of criteria; namely, information on the past performance of portfolios and loans, the particular characteristics of borrowers, their credit history with other lenders and their financial information, as indicated below:

| Category | 1 Granting | Commercial Loans Granted | 3 Consumer Loans Granted |
|---|---|---|---|
| “AA” | New loans rated “AA” when granted are classified in this category. | Loans not in default more than 29 days in their contractual obligations, this is between 0 and 29 days past due. | Loans with a rating equivalent to “AA” obtained through application of the MRCO, as provided for in the respective standard. |
| "A" | New loans rated “A” when granted are classified in this category. | Existing loans 30 days or more but less than 60 days past due in their contractual obligations. | Loans with a rating equivalent to “A” obtained through application of the MRCO rating methods, as provided for in the respective standard". |
| “BB” | New loans rated “BB” when granted are classified in this category. | Existing loans 60 days or more but less than 90 days past due in their contractual obligations. | Loans with a rating equivalent to “BB” obtained through application of the MRCO rating method, as provided for in the respective standard". |
| "B" | New loans rated “B” when granted are classified in this category. | Existing loans 90 days or more but less than 120 days past due in their contractual obligations. | Loans with a rating equivalent to “B” obtained through application of the MRCO rating method, as provided for in the respective standard. |
| “CC” | New loans rated “CC” when granted are classified in this category. | Existing loans 120 days or more but less than 150 days past due in their contractual obligations. | Loans with a rating equivalent to “CC” obtained through application of the MRCO rating method, as provided for in the respective standard. |
| "Default" | | Existing loans 150 days or more past due. | Consumer loans more than 90 days past due. |

The Bank applies the following table to standardize the risk ratings of commercial and consumer portfolio in the borrowing reports and in the financial statement entries, including the rating for those customers in default:

| Group Category | Reporting Categories | |
|---|---|---|
| | Commercial | Consumer |
| A | AA | AA |
| | | “A” - currently 0-30 days past due |
| B | A | “A” - currently 30 days past due |
| | BB | BB |
| C | B | B |
| | CC | CC |
| | C | C |
| D<br>All other customers rated as being in default. | D | D |
| E<br>Customers in default with an assigned LGD equal to one hundred percent (100%). | E | E |

- **The mortgage and microcredit portfolio**

  The loan arrears aging is classified in:

| Category | Microcredit | Mortgage |
|---|---|---|
| “A” Normal Risk | Loans that are current, or up to 1 month past due | Payments up-to-date or up to 2 months past due |
| “B” Acceptable Risk | Loans more than 1 month but less than 2 months past due | More than 2 months past due, but less than 5 months |
| “C” Appreciable Risk | Loans more than 2 months but less than 3 months past due | More than 5 months past due, but less than 12 months |
| “D” Significant Risk | Loans more than 3 months but less than 4 months past due | More than 12 months past due, but less than 18 months |
| “E” Risk of Non-recoverability | Loans more than 4 months past due | Loans more than 18 months past due |

In category "D" Significant Risk, will also be classified the restructured obligations incurred in arrears greater than or equal to 60 days for the microcredit modality and 90 days in the case of the mortgage modality, except in the case of restructured mortgages loans at the request of the debtor pursuant to the provisions of article 20 of Law 546 / 1999.

**Allowances and accounts receivable relating to loan portfolio**

The Bank has a system of allowance to cover credit risk. These allowances are calculated on the outstanding balance by applying the commercial loan portfolio reference model and the consumer loan portfolio reference model. In the case of the mortgage and microcredit portfolios, the allowance is determined based on the customer’s record of arrears.

- **The commercial and consumer loan portfolio**

The Bank has adopted the commercial and consumer reference models established by the Financial Superintendence of Colombia to estimate the allowances for this portfolio.

The allowances in the reference models are calculated as the sum of the "pro-cyclical individual component (PIC)" and the "counter-cyclical individual component (CIC)". The respective methodologies are defined according to the accumulative phase applied by the Bank, which includes indicators related to the loan allowances, efficiency and portfolio growth.

The processes used to segment and discriminate the loan portfolios and their potential borrowers serve as a basis for estimating expected losses using the Commercial Loan Portfolio Reference Model (MRC-Spanish acronym). This model is founded on segments differentiated by the debtors' asset level, pursuant to the following criteria:

| Commercial loan classification by asset level | |
|---|---|
| **Company Size** | **Asset Level** |
| Large companies | More than 15,000 legal minimum monthly wages |
| Medium-sized companies | Between 5,000 and 15,000 legal minimum monthly wages |
| Small companies | Under 5,000 legal minimum monthly wages |
| Individual | All private individuals with commercial loans are grouped into the category |

The following segments are defined by the Bank for the Consumer Reference Model (MRCO – Spanish acronym):

| Segment | Description |
|---|---|
| General - Vehicles | Loans to purchase vehicles |
| General - Other | Loans to purchase consumer goods other than vehicles. Credit cards are not included in this segment |
| Credit card | Revolving credit to acquire consumer goods with a credit card |

The reference models for the commercial and consumer loan portfolio make it possible to identify the components of expected losses, based on the following parameters.

### Probability of Default (PD)

This is the probability that borrowers will default within a 12-month period. Probability of default is defined according to the following matrices, which were established by the Financial Superintendence of Colombia:

| Commercial | Consumer | Mortgage | Microcredit |
|---|---|---|---|
| More than or equal to 150 days past due, or being restructured, incur in more than or equal to 60 days past due. | More than 90 days past due, or being restructured, incur in more than or equal to 60 days past due. | More than or equal to 180 days past due. | More than or equal to 180 days past due. |

### Commercial loan portfolio

| Rating | Large Company | | Medium Company | | Small Company | | Natural People | |
|---|---|---|---|---|---|---|---|---|
| | Matrix A | Matrix B | Matrix A | Matrix B | Matrix A | Matrix B | Matrix A | Matrix B |
| AA | 1.53% | 2.19% | 1.51% | 4.19% | 4.18% | 7.52% | 5.27% | 8.22% |
| A | 2.24% | 3.54% | 2.40% | 6.32% | 5.30% | 8.64% | 6.39% | 9.41% |
| BB | 9.55% | 14.13% | 11.65% | 18.49% | 18.56% | 20.26% | 18.72% | 22.36% |
| B | 12.24% | 15.22% | 14.64% | 21.45% | 22.73% | 24.15% | 22.00% | 25.81% |
| CC | 19.77% | 23.35% | 23.09% | 26.70% | 32.50% | 33.57% | 32.21% | 37.01% |
| Default | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

### Consumer loan portfolio

| Rating | Matrix A | | | Matrix B | | |
|---|---|---|---|---|---|---|
| | General – Vehicles | General – Other | Credit Cards | General – Vehicles | General – Other | Credit Cards |
| AA | 0.97% | 2.10% | 1.58% | 2.75% | 3.88% | 3.36% |
| A | 3.12% | 3.88% | 5.35% | 4.91% | 5.67% | 7.13% |
| BB | 7.48% | 12.68% | 9.53% | 16.53% | 21.72% | 18.57% |
| B | 15.76% | 14.16% | 14.17% | 24.80% | 23.20% | 23.21% |
| CC | 31.01% | 22.57% | 17.06% | 44.84% | 36.40% | 30.89% |
| Default | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

### Loss Given Default (LGD)

Loss given default is defined as the economic loss the Bank would incur if any of the default situations were to occur. The LGD for borrowers in the “default category” would increase gradually, according to the days that have passed after their classification in that category.

Loan collateral is considered to calculate the losses expected in the event of default and, therefore, to determine the size of the allowances. The Bank considers suitable collateral as that which has been duly developed, has a value established based on technical and objective criteria, offers legally effective support for payment of the secured loan, and is reasonably easy to execute.

The following is LGD, by type of collateral:

**Commercial portfolio**

| Type of collateral | LGD | Days past default | New LGD | Days past default | New LGD |
|---|---|---|---|---|---|
| **Suitable collateral** | | | | | |
| Subordinated loans | 75% | 270 | 90% | 540 | 100% |
| Admissible financial collateral | 0-12% | 0 | 0% | 0 | 0% |
| Commercial and residential real estate | 40% | 540 | 70% | 1080 | 100% |
| Assets furnished in real estate lease | 35% | 540 | 70% | 1080 | 100% |
| Assets furnished in non-real estate lease | 45% | 360 | 80% | 720 | 100% |
| Collection rights | 45% | 360 | 80% | 720 | 100% |
| Other suitable collateral | 50% | 360 | 80% | 720 | 100% |
| **Unsuitable collateral** | 55% | 270 | 70% | 540 | 100% |
| **Unsecured** | 55% | 210 | 80% | 420 | 100% |

**Consumer portfolio**

| Type of collateral | LGD | Days past default | New LGD | Days past default | New LGD |
|---|---|---|---|---|---|
| **Suitable collateral** | | | | | |
| Admissible financial collateral | 0-12% | 0 | 0% | 0 | 0% |
| Commercial and residential real estate | 40% | 360 | 70% | 720 | 100% |
| Assets furnished in real estate lease | 35% | 360 | 70% | 720 | 100% |
| Assets furnished in non-real estate lease | 45% | 270 | 70% | 540 | 100% |
| Collection rights | 45% | 360 | 80% | 720 | 100% |
| Other suitable collateral | 50% | 270 | 70% | 540 | 100% |
| **Unsuitable collateral** | 60% | 210 | 70% | 420 | 100% |
| Payroll deduction loans collateral | 45% | 0 | 0% | 0 | 0% |
| **Unsecured** | 75% | 30 | 85% | 90 | 100% |

**Additional general allowance**

The Bank has recorded an additional general provision to anticipate the risk of default and as a hedging mechanism for the loan portfolio and a general provision on uncollected accrued interest, as a result of the analysis performed, and in compliance with the provisions established by the Financial Superintendence of Colombia to evaluate the constitution of additional prudential provisions.

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In addition, in accordance with No. 026 of 2022, the Bank performed the analysis corresponding to the following two factors:

- The possible increase in the levels of default of debtors derived from their idiosyncratic conditions and the impact of possible changes in the macroeconomic context; and
- The potential use of quota quotas due to the impact on income in the face of the economic slowdown.

For the results of these analyses see Note 11.15.

**Collateral:**

**Types of collateral**

| Types | Detail |
|---|---|
| **Suitable collateral** | 1. The following are classified as admissible financial collateral (AFC):<br>• Cash collateral deposits have an LGD of 0%.<br>• Stand-by letters have an LGD of 0%.<br>• Loan insurance has an LGD of 12%.<br>• Collateral issued by guarantee funds that manage government resources has an LGD of 12%.<br>• Securities issued by financial institutions and pledged as collateral have an LGD of 12%.<br>2. Commercial and residential real estate.<br>3. Assets furnished under a real estate lease.<br>4. Assets furnished under a non-real estate lease.<br>5. Collection rights (CR)): Collateral that affords the right to charge rent or commercial flows related to the debtor's underlying assets.<br>6. Other suitable collateral: Collateral not listed in the previous points and the collateral referred to in Law 1676/ 2013 (real estate collateral) are classified in this category. |
| **Unsuitable collateral** | This category includes co-signers, guarantors and payroll deduction loans collateral, among others. |
| **Unsecured** | All collateral not listed in any of the foregoing sections and all unsecured loans are classified by the bank in this category. |

**Policy on admitting and managing collateral**

Collateral constitutes additional support in the estimates of expected losses. Collateral is not regarded as a payment instrument. Requirement for the constitution of additional collateral is established when required according to legal regulations on credit limits and collateral may not be shared with any of the customer's other creditors, unless shared to the same degree with the Bank's subordinates outside the country, with its affiliates or in syndicated loans.

**Valuing collateral**

External Circular 043/2011 modified by External Circular 032/2015 issued by the Colombia´s Financial Superintendence included instructions on the mandatory assessment of suitable collateral for loans, that support loans obligations, meeting the established in chapter II of the Basic Accounting and Financial Circular.

- **Mortgages and microcredit**

**General allowance**

The general allowance corresponds to at least one percent (1%) of the total gross portfolio in the case of microcredit and mortgages.

The Bank invariably maintains allowances equal to no less than the following percentages of outstanding balances.

| | Microcredit | | Mortgage | | |
|---|---|---|---|---|---|
| **Category** | **Principal %** | **Interest and other items %** | **Secured principal %** | **Unsecured principal %** | **Interest and other items %** |
| A – Normal | 1 | 1 | 1 | 1 | 1 |
| B – Acceptable | 2.2 | 100 | 3.2 | 100 | 100 |
| C – Appreciable | 20 | 100 | 10 | 100 | 100 |
| D – Significant | 50 | 100 | 20 | 100 | 100 |
| E – Uncollectible | 100 | 100 | 30 | 100 | 100 |

In terms of the mortgage portfolio, if a loan remains in category “E” for two (2) consecutive years, the allowance on the secured portion increases to sixty percent (60.0%). If one (1) additional year passes under these conditions, the allowance on the secured portion increases to one hundred percent (100%).

**Effect of suitable collateral on the constitution of individual allowances**

For the purpose of constituting individual allowances, it is understood that a collateral guarantee secures only the principal of a loan. Therefore, the unamortized balance of loans secured with suitable collateral is provisioned according to the following percentages:

- For the unsecured portion of mortgage loans, the percentage is applied to the difference between the unpaid balance and one hundred percent (100%) of the value of the collateral. For the secured portion, it is applied to one hundred percent (100%) of the balance of the secured debt.

- For commercial, consumer and microcredit, the percentage is applied to the difference between the unpaid balance and seventy percent (70%) of the value of the collateral. In these cases, depending on the nature of the collateral and the amount of time the loan is past due, only the percentages of the total value of the collateral are considered for provisioning, those indicated in annex I of chapter II of the Basic Circular (External Circular 100 of 1995) issued by the Financial Superintendence of Colombia.

Letters of credit support the guarantees granted by the guarantee funds that manage the public resources that meet the conditions for the right of the suitable guarantees, they are taken for 100% of their value for the purposes of the constitution of the individual provisions which they are calculated in accordance with what was indicated in the previous paragraph.

### 3.7.4.3 RECOGNITION OF INCOME FROM YIELDS AND FINANCIAL LEASES

The interest income from the loan portfolio and financial leasing is recognized when accrued.

**Suspension of accrual interest**

When a loan is past due, the Bank suspends accrual of interest, monetary correction, exchange adjustments and revenue from other items, as per the following table according to Chapter II of the Basic Accounting and Financial Circular by the Financial Superintendence of Colombia:

| Type of loan | Arrears over |
|---|---|
| Commercial | 3 months |
| Consumer | 2 months |
| Mortgage | 2 months |
| Microcredit | 1 month |

Therefore, the statement of income is not affected until such amounts are actually collected. Until that time, the respective entry is made in the memorandum accounts.

Interest accrual also is suspended from the first day of default on loans for which yield accrual has been suspended in the past.

**Special rule on allowances for accounts receivable (interest, monetary correction, leasing payments, exchange adjustments and other items)**

When the Bank suspends the accrual of interest, monetary correction, exchange adjustments, leasing payments and other income from these items, a full allowance is made for the total amount accrued and not collected under those headings, except in the following cases:

- No allowance is raised for operations with items entered under deferred credit, as they are offset in liabilities.

- Customers classified in risk categories “C” or “D” who are subject to accrual, since it is being in arrears that activates suspension of accrual, not their classification. This even includes arrears of one day for repeater offenders.

### 3.7.4.4 RESTRUCTURING PROCESSES

Loan restructuring is understood as any exceptional mechanism implemented through the execution of any legal transaction to alter the originally agreed conditions, in order to appropriately address the debtor’s obligation prior to real or potential impairment of its ability to pay. Additionally, agreements signed within the context of Law 550 / 1999, Law 1116 / 2006 and Law 1564 / 2012, or the regulations that add to or replace these statutes, are considered restructuring processes, as are extraordinary restructurings and novation.

The loans that are in the category of modified and has more than 30 days past due, are recognized as restructured loan. However, when the debtor makes regular and effective payments to principal and interest for an uninterrupted period of 12 months for microcredit and 24 months for the other modalities, the restructured condition may be eliminated.

In those events in which the debtor has undergone several restructures, the qualification of the latter is revealed with greater risk.

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**Restructuring agreements**

In the case of loans that were restructured before Law 550/1999 took effect, the Bank suspended interest accrual on the outstanding balance at the onset of restructuring negotiations and maintained the rating assigned to the loan at that particular point in time. However, a customer in risk category “A” was reclassified to at least category “B” and an allowance equal to one hundred percent (100.0%) was established of accounts receivable.

When a customer is admitted to the restructuring process under the terms of Law 1116/ 2006, the Bank suspends interest accrual and classifies the customer in a risk category consistent with its situation at the time. If the customer’s situation subsequently worsens or the proposed agreement is perceived as not meeting the Bank’s expectations, the rating is reviewed and the debt is reclassified in the pertinent risk category. If no agreement is reached, or if the courts order a legal settlement, the customer is classified as being “in default”.

Restructured loans may keep the rating they had immediately prior to restructuring, provided the restructuring agreement leads to an improvement in the borrower’s ability to pay and/or reduces the likelihood of default. If restructuring contemplates grace periods for the repayment of principal, that rating is maintained only when those periods do not extend beyond one (1) year as of the date the agreement is signed. (See Note 11.8).

#### 3.7.4.5 WRITE-OFFS

A loan that is fully-provisioned (100%) may be written off when the Bank’s management believes it is uncollectable or offers only a remote and uncertain possibility of recovery, provided that agencies specializing in debt collection through the courts and the bank´s legal counsel are of the opinion that all possible means of collection have been exhausted.

The Board of Directors is the only body with the authority to write-off loans that are unlikely to be recovered.

### 3.8 DECONSOLIDATION (LOSS OF CONTROL)

Loss of control is a significant economic event in which the parent-subsidiary relationship ceases to exist, and an investor-subsidiary relationship begins that differs significantly from the previous relationship

Accordingly, the following is the accounting treatment of loss of control

- The assets, liabilities and non-controlling interests of the former subsidiary are derecognized.

- The investment held is measured at fair value at the date on which control is lost and is classified in the appropriate category in accordance with the applicable IFRS. The gain or loss arising from such measurement is recognized in income or loss for the period.

- Other comprehensive income items related to the former subsidiary are reclassified to profit or loss for the period or retained earnings in accordance with the applicable IFRS, on the same basis as would have been required had the related assets or liabilities been disposed of.

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### 3.9 SPIN-OFF BETWEEN ENTITIES UNDER COMMON CONTROL

The Bank, based on the principles defined in International Accounting Standard 8 - Accounting Policies, Changes in Accounting Estimates and Errors, and in order to report reliable and relevant financial information, in spin-off processes where the shareholders maintain the same shareholdings before and after the spin-off, the book value measurement would be used, if as a consequence of the spin-off a loss of control is generated, this will be applicable in accordance with IFRS 10 Consolidated Financial Statements.

### 3.10 LOSS OF SIGNIFICANT INFLUENCE

The loss of significant influence is is an economic event in which the investor - associate relationship ceases to exist and an investor - investee relationship begins that differs significantly from the previous relationship.

Accordingly, the following is the accounting treatment of the loss of significant influence:

- The investment in the previous associate is derecognized.

- The investment held is measured at fair value at the date when significant influence is lost and is classified in the appropriate category in accordance with the applicable accounting policies. The gain or loss arising from such measurement is recognized in profit or loss for the period.

- Other comprehensive income items related to the former associate are reclassified to profit or loss for the period or retained earnings in accordance with the applicable accounting policies on the same basis as would have been required had the related assets or liabilities been disposed of.

### 3.11 DISCONTINUED OPERATIONS

The component that has been disposed of and which, in addition, is presented as a discontinued operation:

- Represents a line of business or a geographic area, which is significant and can be considered separate from the rest;

- Is part of a single coordinated plan to dispose of a line of business or geographic area of the operation that is significant and can be considered separate from the rest; or

- It is a subsidiary acquired solely for the purpose of resale.

A component comprises operations and cash flows that can be clearly distinguished from the rest of the entity, both from an operational point of view and for financial reporting purposes.

### 3.12 NON-CURRENT ASSETS HELD FOR SALE

Assets the Bank intends to sell in a period of less than one year, and it is considered highly probable that they will be recovered primarily through sale rather than through continuing use, are recognized as "non-current assets held for sale". These assets are measured at the lower of their carrying value at the time of

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transfer and fair value, less estimated costs to sale; the difference between the two corresponds to impairment and is recognized in income.

Impairment losses due to initial or subsequent reductions in the value of the asset (or the group of assets for disposal) up to the fair value less costs to sale are recognized in the statement of income by the Bank.

If an asset fails to meet the criteria established for recognition as a non-current asset held for sale, it is necessary to evaluate the category where it will be reclassified and will be measured at the lower of:

- Its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortization or revaluation that would have been recognized if the asset had not been classified as held for sale, and

- Its recoverable amount on the date of the subsequent decision not to sell it.

**Foreclosed assets and assets returned from leasing**

The bank registered the value of foreclosed assets on outstanding loans from credits in its favor.

Foreclosed assets (hereinafter, BRDP for the Spanish original) and assets returned from leasing (hereinafter, BRL for the Spanish original), represented in real estate assets are received based on technically determined commercial appraisals, and chattel assets, stocks and shares are based on their market value. To record BRDP or BRL, the following conditions are taken into account:

- Initial recognition takes into consideration the amount established in the legal award, or the amount agreed to with the debtors, at fair value.

- Once the BRDP or BRL is received, it is reviewed in order to determine its accounting classification, which is determined depending on the Bank's intention or the specific use to be given to the asset, in accordance with criteria established in the International Financial Reporting Standards, which may be under investments, investment properties, non-current assets held for sale or in another category of assets according to their nature.

Also, regardless of the accounting classification of the BRDP or BRL, an allowance is calculated according to the instructions of the Financial Superintendence of Colombia, as specified in Chapter III of the Basic Accounting and Financial Regulation. The intention of such allowance is not to impair the asset's value, but to prevent risks and preserve the Bank's equity, as follows:

**Allowances for foreclosures and assets returned from leasing**

**Real estate**

Allowances are constituted using the model developed by the Bank and approved by the Financial Superintendence of Colombia. The model estimates the maximum loss expected on the sale of foreclosed real estate, according to the history of recoveries on assets sold and including expenses incurred in the receipt, upkeep and sale of such properties, which are grouped into common categories to estimate the base allowance rate, this model is updated every six months..

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This rate is adjusted by a factor that takes into account the time has elapsed between receipt of the asset and until eight percent (80%) of the allowance is achieved within a maximum period of forty-eight (48) months. however, if an extension is not requested before the Financial Superintendency of Colombia or if the request is not approved by the Bank's Board of Directors, before the expiration of the term to be disposed of, an additional provision is constituted up to eighty percent (80.0%) of the value of the asset once the two years have completed.

**Movable assets**

In the case of foreclosed movables, an allowance is established within the following year in which the item has been received. It estimates the maximum expected loss on the sale of goods received in foreclosure and is equivalent to 35% of the acquisition cost of the foreclosed item. The allowance is increased during the second year by an additional 35%, until it is equivalent to 70% of the book value of the foreclosed item, prior to provisioning. Once the legal term for the sale has expired without the Bank's Board of Directors having authorized the request for an extension, the allowance is adjusted to 100% of the book value of the foreclosed item, before allowances. If the deadline is extended, the remaining 30% of the allowance may be constituted within the term thereof.

It is important to indicate that the allowance for movable assets and real estate that the model yields is compared with the allowance that the loan portfolio has that is paid with the asset, in such a way that the starting provision with which it is accounted for is the greater of the two.

Notwithstanding the aforementioned rules on allowances, foreclosed movable assets that pertain to investment securities are valued by applying the criteria contemplated to that effect in Chapter I-1 of the Basic Accounting and Financial Circular, taking into account their classification as investments held for trading, available for sale or held to maturity.

## 3.13 PROPERTY, PLANT AND EQUIPMENT

The Bank recognizes as property, plant and equipment, the assets held for use, provision of services or for administrative purposes that are expected to be used for more than one period.

Property, plant and equipment are initially measured in the statement of financial position at their acquisition or construction cost. The Bank chose as an accounting policy the cost model for the subsequent measurement of assets classified as property, plant and equipment, which includes their cost less their accumulated depreciation and any accumulated value from impairment losses.

Depreciation is calculated by applying the straight-line method over the acquisition cost of the assets, less the residual value thereof, during the estimated useful life of the asset. It is understood that the lands on which buildings and other constructions are built have an undetermined useful life; therefore, they are not subject to depreciation.

Depreciation is recognized in net income and calculated according to the following useful life:

| Category | Useful life |
|---|---|
| **Buildings:** | |
| Foundations - structure and cover | 50 to 70 years |

| | |
|---|---|
| Walls and divisions | 20 to 30 years |
| Finishing | 10 to 20 years |
| **Machinery and equipment** | 10 to 25 years |
| **Computers – Infrastructure TI:** | |
| PC / Laptops / Mobile Devices | 3 to 7 years |
| Servers | 3 to 5 years |
| Communications equipment | 5 to 8 years |
| Specific expansion equipment | 5 to 7 years |
| ATMs | 5 to 10 years |
| Medium and high-capacity equipment: Power plant > 40 kW / UPS > 30 kVA / Air conditioning > 15 T.R. | 10 to 12 years |
| Electrical generator/UPS/Air conditioning in headquarters | 5 to 10 years |
| **Office equipment, furniture and fixtures** | 3 to 10 years |
| **Vehicles** | 5 to 10 years |

**Leasehold improvements**

There are adjustments that are made to the leasehold property; they are be evaluated to define their recognition as an asset or as an expense. The adjustments recognized as property, plant and equipment are depreciated at the shortest time between the term of the lease (estimated for Right of use – IFRS 16) and the useful life of the asset, improvement or work performed and in accordance with the established useful life ranges in the accounting policy.

**Derecognition**

The book value of an item of property, plant and equipment is derecognized when it is determined by its disposition or no further associated future economic benefits are expected. The profits or losses from derecognition are recorded in the statement of income.

**Impairment of property, plant and equipment**

At the end of each period, the Bank analyzes whether there is any internal or external evidence that an asset is impaired. If there is evidence of impairment, the Bank determines if the impairment exists by comparing the net value of the asset recorded with its recoverable amount (the recoverable amount is defined as the higher of the fair value, less costs to sale, and the value in use). When the carrying amount exceeds the recoverable amount, the carrying amount is adjusted to the recoverable amount with effect on income by modifying future depreciation charges to bring them in line with the remaining useful life of the asset.

Likewise, if there are indications that the value of a previously impaired asset has been recovered, the Bank estimates the recoverable value of the asset and recognizes the recovery in net income, reversing the impairment loss recorded in previous periods and adjusting future depreciation charges accordingly. In no case the reversal of an impairment loss on an asset may result in an increase in its carrying amount above the value it would have had if impairment losses had not been recognized in previous periods.

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## 3.14 LEASES

A contract is, or contains, a lease if it transfers the right to control the use of an asset identified for a certain period of time in exchange for payment of consideration.

The Bank is a lessee (obtains the right to use an underlying asset) and lessor (provides the right to use an underlying asset) of a variety of assets.

### 3.14.1 LESSOR

**Initial Measurement**

Assets provided on lease by the Bank are classified at the time the contract is signed as financial or operating leases.

A lease is classified as financial when all risks and advantages associated with the ownership are substantially transferred. These are included in the statement of financial position under the item "loan portfolio, net" and they receive the same accounting treatment as all other granted loans.

A lease is classified as operating when all rights and advantages associated with ownership are not substantially transferred. The assets associated with these contracts are included under the financial statements' item they belong to (property, plant and equipment, investment property or others) and they receive an accounting treatment in accordance with the accounting policies of each category.

**Subsequent Measurement**

Financial lease contracts are accounted for in the same manner as other loans granted by the Bank; financial income is recognized over the term of the lease on the basis of a rule that reflects a constant rate of return on the net financial investment the Bank has made in the lease.

In contracts classified as operating leases, lease payments are recognized as income on a straight-line basis. For the measurement of assets, in the case of property, plant and equipment, depreciation is calculated less impairment; in the case of investment properties, fair value is updated in accordance with established accounting policies, depending on their classification in the statement of financial position.

### 3.14.2 LESSEE

**Initial Measurement**

On the date on which a leased asset is available for use by the Bank, the lease is recognized as an asset for the right to use.

The asset is initially measured at cost, which includes:

- The amount of the initial measurement of the lease liability;

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- Any lease payment made before or after the start date minus any lease incentive received;

- Any direct cost initially incurred by the Bank; and

- An estimate of the costs to be incurred by the lessee to dismantle and restore the underlying asset.

In transactions in which control of assets is transferred and they are subsequently leased, the value of the right-of-use asset is measured at the proportion of the previous book value of the asset that relates to the rights of use preserved.

The lease liability is initially measured at the present value of the future lease payments to be made over the term of the lease.

The lease payments are discounted using the incremental interest rate (the rate the lessee would have to pay for taking out a loan with a similar term of the funds required to obtain an asset in the same conditions).

**Subsequent Measurement**

The effective interest rate method is used for subsequent measurement of the liability, which implies increasing the asset amount to reflect the interest (financial cost) and reducing it to reflect the lease payments made. Each payment is distributed between principal repayment and financial cost. The financial cost is recognized through the Bank’s income over the term of the lease.

The Bank uses the cost model for subsequent measurement of the asset, which includes its cost less depreciation and accumulated impairment losses.

The right-to-use asset is depreciated on a straight-line basis over the term of the lease.

## 3.15 INVESTMENT PROPERTY

Investment properties are the land or buildings - considered all or in part - that are held to earn rentals or for capital appreciation or both, rather than for the Bank’s own use.

Investment properties are initially measured at cost, which includes their purchase price and any directly attributable costs.

Directly attributable disbursements include professional fees for legal services, property transfer taxes and other costs associated with the transaction.

Some assets may have been acquired in exchange for one or more non-monetary assets. In such cases, the cost of the asset will be measured at its fair value, unless:

- The exchange transaction is not commercial in nature or,

- The fair value of the asset received or delivered cannot be measured reliably.

The Bank selected the fair value model for subsequent measurement the investment property. Fair value measurement is done through technical appraisals, and the gains or losses deriving from changes in fair value are included in net income for the period, when they arise.

### Transfers

Transfers may be made to and from investment property if and only if a change in use has taken place, as indicated by:

- Occupancy of the property by the owner begins, in the case from transfer of an investment property to owner-occupied property.

- Occupancy of the property by the owner ends, in the case of a transfer from facility with occupancy by the owner to investment property.

The following are details of the accounting treatment for transfers:

- If an investment property is transferred to property, plant and equipment, the cost of the property for the effects of subsequent postings shall be the fair value as of the date on which the change in use took place.

- When an item of property, plant and equipment is transferred to investment property, the cost model shall apply up to the date on which the change in use takes place. At such date, the Bank shall treat the difference between the carrying value of the property, plant and equipment item and its fair value as determined under the new category, in the same manner as revaluation is reported in accordance with IAS 16.

## 3.16 GOODWILL

Goodwill represents the price paid in excess of the fair value of the assets and liabilities acquired in a business combination. Goodwill is considered to have an indefinite useful life and is not amortized; however, it is subject to an annual assessment for impairment. In cases where there are indications that some of the cash-generating units to which goodwill was allocated might be impaired, the Bank conducts an assessment, through an independent expert, and uses that appraisal to determine if any impairment exists. If so, it is recorded against income. Once an impairment loss is recognized, it is not reversed in subsequent periods.

In the annual impairment test, the cash flow valuation method is used for each of the investments that generated the effects of goodwill. If the net present value of discounted future cash flows is less than their carrying amount, impairment is recorded.

## 3.17 OTHER INTANGIBLE ASSETS

The Bank's other intangible assets consist of non-monetary assets that have no physical appearance that are the result of a separate acquisition or are developed internally. These are assets whose cost can be estimated reliably, and the future economic benefits are considered likely to flow into the Bank.

They are measured initially by the cost incurred in their acquisition or during their internal development phase. The costs incurred in the research phase are recorded directly under net income.

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In the subsequent measurement, such assets are amortized on a straight-line basis over their estimated useful life which, in the case of computer software, is up to ten (10) years, based on technical concepts and the Bank's experience, except when the technical study defines longer periods. In the case of licenses, the estimated useful life is up to five (5) years.

At each balance sheet date, the Bank analyzes whether there are external or internal indications of impairment. If evidence of impairment is found, the Bank compares the book value of the asset with its recoverable amount (the higher of its fair value less costs of disposal and its value in use). Any subsequent impairment losses or reversals are recognized in income for the year.

### 3.18 FINANCIAL LIABILITIES

A financial liability is (a) any contractual obligation the Bank has to deliver cash or other financial assets to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Bank (b) an agreement that will or may be settled using equity securities owned by the Bank. Financial liabilities are initially recognized at fair value less transaction costs that are directly attributable to their issuance. Subsequently, financial liabilities are measured at amortized cost in accordance with the effective interest rate method, and the financial expenses are recognized in net income (except for the derivatives that are measured at fair value).

Financial liabilities are derecognized from the statement of financial position if and only if they have been extinguished, namely, when the obligation specified in the corresponding contract has been paid canceled or has expired.

The Bank's financial liabilities include checking accounts, savings accounts, time certificates of deposit, bonds issued, derivatives and financial obligations.

### 3.19 FINANCIAL GUARANTEES

Financial guarantees are those contracts requiring that the issuer makes specified payments to reimburse the holder for losses incurred when a specific debtor defaults its payment obligation, in accordance with the original or modified conditions of a debt instrument, regardless of its legal form. A financial guarantee can take several forms, including bonds and sureties.

Financial guarantees, regardless of the guarantor, instrumentation or other circumstances, are analyzed regularly to determine the credit risk to which they are exposed and, if applicable, to estimate the need to constitute a provision for them, which is determined by applying criteria similar to those established to quantify impairment losses on financial assets.

The provisions established over financial guaranteed agreements classified as impaired, are recognized as liabilities under “Provisions – provisions for contingent risks and commitments” and recognized in net income.

The Income from accrued commissions is recognized on a straight-line basis over the life of the guarantees.

### 3.20 EMPLOYEE BENEFITS

The Bank grants its employees the following benefits as consideration in exchange for their services:

### 3.20.1 SHORT- TERM BENEFITS

Corresponds to the benefits that the Bank expects to pay within the twelve months following the end of the reporting period. In accordance with current labor legislation and agreements, said benefits correspond to salaries, bonuses, severances (after Law 50 / 1990), interests on severance, holidays, holidays premiums, legal and extralegal premiums, aids, and social security contributions and payroll taxes. These benefits are measured at their face value and are recognized by the causation system with a charge to net income or as part of the development of other assets, such as intangible assets, as appropriate.

### 3.20.2 POST- EMPLOYMENT BENEFITS

These are employee benefits that are paid after the employment period has ended, other than indemnities due to contract termination. These benefits correspond to:

- **Defined contribution plans**:

These are post-employment benefit plans in which the Bank makes predetermined contributions to a separate entity (a fund) and has no legal or implicit obligation of making any further contributions in the event the fund has insufficient assets to cover the employee benefits.

These are the pension funds for employees covered by the new labor regime following enactment of Law100/1993 (pensions). The payments made by the Bank to pension management funds are measured on a non-discounted base amount and are recorded using the accrual accounting system against income. The defined contributions plans do not require the use of actuarial assumptions to measure the liability or the expense; consequently, they do not generate actuarial gains or losses.

- **Defined benefit plans**

These are post-employment benefit plans other than the defined contribution plans described above.

These are the retirement pensions and severance benefits taken on directly by the Bank for employees covered by the legacy labor regime prior to Law 100/1993 (pensions) and Law 50/1990 (severance funds), and bonuses awarded to employees when they retire. The liability is determined by the present value of estimated future payments to employees, calculated based on of actuarial studies prepared using the projected unit credit method, taking into consideration actuarial assumptions on mortality rates, salary increases, staff turnover and interest rates determined based on prevailing bond market returns at the close of a National Government issuance or high-quality corporate bonds.

Under the projected unit credit method, future benefits to be paid to employees are assigned to each accounting period in which the employee provides the service. Therefore, the cost of these benefits is reported in the Bank's statement of income, including the cost of the present service assigned in the actuarial calculation plus the calculated financial cost of the liability.

Variations on the liability for post-employment benefits due to changes in actuarial assumptions and adjustments for experience are reported in equity through Other Comprehensive Income (OCI).

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### 3.20.3 OTHER LONG-TERM BENEFITS

These are employee benefits other than short-term employee benefits that are provided in post-employment periods and after any severance payments. According to the Bank's collective bargaining agreements and labor agreements, such benefits a correspond to:

- **Seniority bonuses for unionized employees:** It is a seniority bonus payable by the Bank upon an employee's completion of 5 years of uninterrupted service. These liabilities are determined in the same manner as the post-employment benefits described in the previous number, with the only difference is that changes in actuarial liabilities due to changes in actuarial assumptions are recorded in the statement of income.

- **Contributions to the business plan for non-agreed personnel due to the fulfillment of years of service:** It corresponds to an extra-legal, non-salary benefit and for mere liberality in which the Bank is required to make monthly contributions into a fund in the name of each non-unionized employee. The non-unionized employee is entitled to receive the funds plus accrued interest thereof upon completing five years of uninterrupted employment at the Bank. The accounting treatment of this benefit is the same as that given to defined benefit post-employment plans, as described in item above.

### 3.20.4 WORK CONTRACT TERMINATION BENEFITS

These are payments the Bank is required to make due to a unilateral decision to terminate the contract of an employee or due to an employee's decision to accept an offer from the Bank in exchange for terminating his or her work contract.

These benefits correspond to the number of days of compensation for dismissal required under applicable labor laws and other additional days the Bank unilaterally decides to grant its employees in such cases.

Termination benefits are recorded as a liability charged to net income on the earlier of the following dates:

- When the Bank can no longer withdraw the offer of those benefits.

- When provisions are recognized for the cost of restructuring by a subsidiary or business in the Bank that involves the payment of termination benefits.

Therefore, if termination benefits are expected to be fully settled within twelve months after the reporting period, the Bank applies the requirements of the policy on short-term employee benefits. However, if termination benefits are not expected to be fully settled within twelve months after the reporting period, the Bank applies the requirements of the policy on other long-term employee benefits.

## 3.21 TAXES

### 3.21.1 INCOME TAX

Income tax expenses include current and deferred tax. Tax expenses are recognized in statement of income except for items recognized in Other Comprehensive Income (OCI) or directly in equity.

Additional details are provided below on the policy adopted for each of these items:

- **Current tax**

Current tax includes the expected tax payable or receivable on the taxable income or loss for the year and any adjustments related to prior years. It is measured using the approved tax rates and the fiscal regulations substantially promulgated as of the date of the statement of financial position.

The Bank determines the provision for the tax, based on amounts expected to be paid to the tax authority.

- **Deferred tax**

Deferred taxes are recognized on temporary differences arising between the tax bases for assets and liabilities and the amounts recognized in the financial statements. These differences result in amounts that are deductible or taxable when determining tax gains or losses corresponding to future periods when the asset's carrying value is recovered or the liability is settled. However, deferred tax liabilities are not recognized if: i) they arise from the initial recognition of goodwill ii) they arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, does not affect accounting or tax gain or loss; and iii) on investments in subsidiaries, associates or joint arrangements when the opportunity to reverse temporary differences is controlled by the Bank and it is not likely they will be reversed in the foreseeable future.

Deferred tax is calculated using the tax rates in effect as of the statement of financial position date and at the rates that are expected to apply when the deferred tax asset is to be realized or when the deferred tax liability is to be paid.

Deferred tax assets are recognized only when it is probable that future taxable income will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets against current tax liabilities and when deferred asset and liability tax is related to taxes levied by the same tax authority on the same entity or different entities when there is a legal right, and it is intended to offset balances on a net basis.

### 3.21.2 TAXES AND CONTRIBUTIONS OTHER THAN INCOME TAX

Levies and contributions to the Colombian government, other than income tax, are recorded as liabilities when they occur or when the activity originating tax payment is carried out, according to the legislation in force.

- **Industry and commerce tax**

Municipal tax levied on income obtained from the development of commercial, industrial and service activities.

In applying article 86 of Law 2010 of 2019, the Bank for purposes of determining the income tax corresponding to the 2022 taxable period, may take 50% of the industry and commerce tax, notices and boards effectively paid in the year as tax discount or 100% of the expense incurred in the year as a deductible, however, due to the limit of tax discounts, it is not possible to use it as such. The Bank recognized the industry and commerce tax incurred in the year as a deductible expense.

For the determination of the tax for the year 2021, the expense of the industry and commerce tax was taken as a tax discount.

The Tax Reform for equality and social justice, Law 2277 of 2022, repealed as of taxable year 2023, the possibility of taking 50% of the industry and commerce tax, notices and boards effectively paid in the taxable year or period, a benefit maintained by the Social Investment Law 2155 of 2021 until the year 2022, leaving as of the year 2023 and subsequent years, the option of taking 100% of the expense caused in the year as deductible.

- **VAT on real productive fixed assets**

With the entry into force of Law 1943 of 2018 and subsequently from Law 2010 of 2019, the possibility of treating as income tax discount the VAT paid on the importation, building, construction or acquisition of real productive fixed assets, was incorporated into the national legal system. The assets that the Bank takes into account to classify the benefit are those tangible assets that are acquired to form part of the patrimony, participate directly and permanently in the income-producing activity of the taxpayer and are depreciated for tax purposes.

When the VAT paid becomes a tax discount of the income tax, which allows the amount to be charged directly against the tax calculated on the net income, this is understood as an amount already paid from the income tax (income tax advance), consequently, it is recorded as an account receivable within the statement of financial position that is compensated in accordance with the provisions of paragraph 71 of IAS 12.

## 3.22 PROVISIONS AND CONTINGENCIES

### 3.22.1 PROVISIONS

They are liabilities of uncertain amount or duration. They are recognized in the statement of financial position if:

- The Bank has a present obligation (legal or implicit) arasing of a past events,

- Outflow of resources that embodying economic benefits will probably required to settle the obligation; and

- The Bank can make a reliable estimate of the amount of the obligation.

The amount recognized as a provision is determined at the end of the reporting period, by the best estimate. In cases where settlement is expected in the long run, its present value is discounted as long if the discount is significant and the cost of providing this estimate does not outweigh its benefits.

Provisions are updated regularly, at least at the end of each period, and are adjusted to reflect the best estimate available at the time. The updating of a provision to reflect the passing of time is recognized in statement of income for the period as a financial expense. In the event an outflow of resources to settle the obligation is no longer probable, the provision is reversed, and the contingent liability is disclosed, as

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appropriate. If there is any change in the estimates, it is accounted for prospectively as a change in the accounting estimate.

### 3.22.2 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank. Contingent liabilities are subject to disclosure and, to the extent they become probable liabilities, they are recognized as a provision.

### 3.22.3 CONTINGENT ASSETS

A contingent asset is a possible asset that arises from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not entirely under the control of the Bank, are not recognized in the statement of financial position. Instead, they are disclosed as contingent assets when their occurrence is probable. When the contingent event is certain, the asset and the associated income are recognized in earnings for the period.

## 3.23 INCOME

### 3.23.1 INCOME FROM INTEREST

The Bank recognizes interest income from loans in accordance with the provisions of Note 3.7.4, and for debt securities and other debt instruments as defined in Note 3.7.1. The calculation of the effective interest rate includes all commissions and basic points of interest, paid or received by the parties to the contract, which integrate the effective interest rate, transaction costs and any other discounts or bonuses.

### 3.23.2 COMMISSIONS

Commission income is measured based on the consideration specified in a contract with a customer. The Bank recognizes revenue when it transfers control over a service to a customer. The Bank provides banking services to retail and corporate customers, including account management, provision of overdraft facilities, foreign currency transactions, credit card and servicing fees. Fees for ongoing account management are charged to the customer's account on a monthly basis. The Bank sets the rates separately for retail and corporate banking customers on an annual basis. Transaction-based fees for interchange, foreign currency transactions and overdrafts are charged to the customer's account when the transaction takes place. Servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the Bank. Revenue from banking service and servicing fees is recognized as the services are provided. Revenue related to transactions is recognized at the point in time when the transaction takes place.

### 3.23.3 DIVIDENDS

Dividends are recognized for those shares where the Bank has no control or significant influence, that is, investments below 20% that are not classified as investments on joint ventures, if:

- The Bank probable receives the dividend payment is established.

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- It is probable that the Bank receives economic benefits associated with the dividend; and

- The dividend's amount can be measured in a feasible manner.

### 3.23.4 CUSTOMER LOYALTY PROGRAM

The Bank operates customer loyalty programs in which customers accumulate points for purchases and can redeem reward points in accordance with the policies and rewards plan in effect at the time of redemption. Points for rewards are recognized as an identifiable component separate from the initial sale transaction to fair value. The income of the loyalty programs is deferred and recognized in the statement of income when the entity has complied with its obligations of offering products under the program's terms or when it is not likely that the points under the program rules are redeemed. A contractual liability is recognized until the points are redeemed or the same expire.

The Bank acts as principal in customer loyalty programs if it obtains control of the goods or services in advance, or if transfers control over such goods or services to a customer. The Bank acts as agent if its performance obligation is to arrange that the other party offers such goods or services.

### 3.23.5 OTHER INCOME

When the definition of income is met, as outlined in the Framework for Financial Reporting, income not included in the foregoing categories is recognized by the Bank under earnings for the period.

### 3.24 BASIC AND DILUTED NET EARNINGS PER SHARE

Net earnings per basic share are determined by dividing net income for the period attributable to the Bank's shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are determined on net income in the same way, and the weighted average number of outstanding shares is adjusted to account for the potential dilutive effect, if applicable.

## 4 – NEW ACCOUNTING PRONOUNCEMENTS

The Bank continuously reviews the evolution, changes and impacts on its financial statements arising from the standards and amendments issued by the regulatory entities in Colombia and by the International Accounting Standards Board (IASB).

On August 5, 2022, the National Government issued Decree 1611/2022, modifying the Regulatory Technical Standards to incorporate and give applicability in Colombian legislation to the amendments issued by the IASB in the 2021 period (some of the amendments incorporated in the decree are detailed below). However, the amendments have not been applied by the Bank due to the fact that the validity of the decree in question is effective as from January 1, 2024.

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The new accounting pronouncements issued by the IASB and the Superintendencia Financiera de Colombia, incorporated into Colombian legislation with application after December 31, 2022, and those requirements issued by the IASB that are not included in the Technical Standards Framework and whose application in Colombia will depend on the standards issued by the National Government, are summarized below.

Management is currently evaluating the potential impact of these releases on the separate financial statements.

| New statements of the IASB | Title of the standard or amendment | Summary | International application date |
|---|---|---|---|
| Amendment to IAS 1 | Non-current liabilities with Covenants. | The amendments to IAS 1 Presentation of Financial Statements seek to improve the information that companies report on long-term debt with covenants. | January 1, 2024 |
| Amendment to IFRS 16 | Lease liability on a sale and leaseback amendments Amendments to IFRS 16. | The amendments to IFRS 16 Leases, add requirements for accounting for a sale and leaseback after the date of the transaction. | January 1, 2024 |
| IFRS 17 | Insurance contracts | The new standard sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. | January 1, 2023. |
| Amendment to IFRS 17 | First-time adoption of IFRS 17 and IFRS 9 Comparative Information | This limited scope amendment on the requirements for the transition to IFRS 17 offers insurers an option to improve the usefulness of the information for their investors during the transition following first-time adoption. The amendments are in reference only to the transition and do not affect the requirements of the standard. | January 1, 2023. |
| Amendment to IFRS 4 | Temporary extension - Exemption from applying IFRS 9 | Is extended the current exemption for insurers with respect to the application of IFRS 9 Financial Instruments to allow them to simultaneously implement both IFRS 9 and IFRS 17. | Until January 1, 2023 |
| Amendment to IFRS 10 and IAS 28 | Sale or contribution of assets between an investor and its associate or joint venture | Clarifies that a gain or loss derived from the sale or contribution of assets that constitute a business between an investor and its associate or joint venture must be recognized in its totality. | Indefinite application date. |
| Amendment to IAS 1 | Classification of liabilities as current and non-current | Clarifies how to classify debt and other liabilities as current or non-current. It also includes clarification of the classification requirements for the debt that a company could settle by turning it into equity. | January 1, 2023 |
| Annual improvements to | Improvements in: - IFRS 1 First-time | -IFRS 1: deals with first-time adopters | |

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| New statements of the IASB | Title of the standard or amendment | Summary | International application date |
|---|---|---|---|
| IFRS standards 2018-2020 | Adoption of International Financial Reporting Standards.<br>-IFRS 9 Financial Instruments<br>- Illustrative examples IFRS 16 Leases. | -IFRS 9: on rates in the "10 percent" test for derecognition of financial liabilities.<br><br>- IFRS 16: clarifies example that on lease incentives. | January 1, 2022 |
| Other minor modifications | Modifications to:<br>-IFRS 3-Business Combinations.<br><br>- IAS 16 - Property, Plant and Equipment.<br><br>- IAS 37 - Provisions, Contingent Liabilities and Contingent Assets | Adjustments that clarify the wording or minor corrections, some of these changes are:<br>- IFRS 3: This amendment updates a reference of IFRS 3 to the Conceptual Framework for Financial Reporting, without changing the accounting requirements for business combinations.<br><br>- IAS 16: This amendment prohibits a company from deducting from the cost of property, plant and equipment the amounts received from the sale of items produced while the company prepares the asset for its intended use. Instead, a company will recognize such sales revenue and related costs in the statement of income.<br><br>-IAS 37: This amendment specifies what costs a company includes when assessing whether a contract will generate losses. | January 1, 2022 |
| Reform of the interest rate benchmark | Phase 1: Amendment to IFRS 9, IAS 39 and IFRS 7.<br><br>Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. | Phase 1: The amendments provide relief in relation to possible effects on hedge accounting, given the uncertainty caused by the reform of the interest rate benchmark, and requires companies to provide supplementary information on the hedge relationships.<br>Phase 2: These amendments complement those made in phase 1 and focus on assisting companies in providing useful information in the financial statements when they substitute a previously used interest rate benchmarks (regulatory) for an alternative interest rate benchmark as a result of the reform. | Phase 1: January 01, 2020<br><br>Phase 2: January 1, 2021 |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Amendment to IAS 1 and IFRS Practice Statement 2: | The amendments will help companies improve their disclosure of accounting policies in order to provide more useful information to investors and other main users of the financial statements. | January 1, 2023 |

(Continued)

| New statements of the IASB | Title of the standard or amendment | Summary | International application date |
|---|---|---|---|
| | Disclosure of Accounting Policies | The amendments to IAS 1 clarify disclosure requirements on accounting policies. The amendments to IFRS Practice Statement 2 provide orientation on how to apply the concept of materiality to the disclosure of accounting policies. | |
| Amendments to IAS 8 | Amendment to IAS 8: Definition of accounting estimates | The amendments clarify how companies should distinguish between changes in accounting policies and changes in accounting estimates. This distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other events, whereas changes in accounting policies generally apply retrospectively to past transactions and other events. | January 1, 2023 |
| Amendments to IAS 12 | Amendment to IAS 12- Deferred Tax related to Assets and Liabilities arising from a Single Transaction. | The purpose of the amendment is to clarify the recognition of deferred taxes on leases and dismantling obligations. Taxes are exempt from recognizing deferred taxes when they recognize assets or liabilities for the first time. The amendments clarify that the exemption does not apply to leases and dismantling obligations (transactions on which companies recognize both an asset and a liability) and that companies are required to recognize deferred taxes on such transactions. | January 1, 2023 |

| **Nuevas emisiones SFC** | **Título de la norma o enmienda** | **Resumen** | **Fecha de aplicación** |
|---|---|---|---|
| Issuance of Chapter XXXI of the BAFC. | External Circular 018 of 2021 | Instructions are provided on revelations and adjustments in the value of investments due to the effect of country risk. | June 1, 2023 |
| Amendment of Chapter II of the BAFC | External Circular 026 of 2022 | For the purpose of recognizing the risk of higher leverage of debtors, the calculation in the reference model for the consumer portfolio is modified. | January 1, 2023 |

## 5– USE OF ACCOUNTING JUDGMENTS AND ESTIMATES WITH A SIGNIFICANT EFFECT ON THE FINANCIAL STATEMENTS

The Bank makes certain judgments in the process of applying accounting policies and makes estimates and assumptions that have a significant effect on the amounts recognized in the financial statements and the book value of assets and liabilities. Judgments and estimates are continually evaluated and are based on the Bank's experience and other factors, including the expectation of future events that are believed to be reasonable.

In preparing the separate financial statements as of December 31, 2022, significant judgments made by the Bank in the application of accounting policies and key sources of estimates that have the most significant effects on the amounts recognized in the financial statements and estimates that may cause a material adjustment to the carrying amounts of assets and liabilities in the next period include, in addition to the new judgments and estimates related to the spin-off and loss of control transaction described in Note 2.1 and the transfer of assets to the Nexus private equity fund (see Note 2.3), the following:

## 5.1 FINANCIAL ASSET ALLOWANCE FOR IMPAIRMENT

### 5.1.1 ALLOWANCE OF FINANCIAL ASSETS OF INVESTMENT

For the allowance for impairment of investments, the Bank makes judgments based on the financial information of the issuers, the review of their credit quality and other macroeconomic variables, issuing an internal rating. This rating is reviewed with the rating issued by the risk raters, for those investments that have it. When there is a probability of impairment, the provisions for impairment to be made are estimated in accordance with the provisions of Chapter I-1 of the Basic Accounting and Financial Circular in the percentages indicated in Note 3.7.1 Investment Financial Assets.

### 5.1.2 ALLOWANCES ON LOAN PORTFOLIO

Pursuant to the standards set by the Financial Superintendence of Colombia, the Bank regularly reviews its portfolio of loans and financial leases to assess whether an impairment provision should be recorded against the results of the period. This is done considering the guidelines established in Chapter II of the Basic Accounting and Financial Circular. In the case of commercial loans and commercial leases, the Bank exercises its judgment to decide their credit risk rating in accordance with the borrower’s ability to pay, which is evaluated based on the borrower’s financial statements and the fair value of the collateral granted. The idea is to determine if there is observable information that indicates a decline in the customer's estimated cash flow.

When grading consumer loans and consumer leases, the Bank uses internal scoring models that assign a rating dependent on the risk level. The rating is subsequently adjusted, basically considering the historical performance of these loans, the collateral that supports them, the debtor's performance with other entities and the debtor’s financial information. The risk rating for the mortgage portfolio is based essentially on the number of days the customer is in arrears.

Once the various loan portfolios are rated according to their level of risk, the respective allowances are calculated using the percentages in the allowance tables established specifically for each type of loan by the Financial Superintendence of Colombia.  These percentages also are indicated in Note 3.7.4.2 “Criteria for credit risk assessment, qualification and allowance”.

In addition, as instructed by the Financial Superintendence of Colombia, the Bank establishes a general allowance for home mortgages and microcredit that is equal to 1% of the total portfolio, charged to income.

The Bank deems the loan portfolio allowances on December 31, 2022, and 2021, are sufficient to cover any possible losses on its portfolio of loans that are outstanding on those dates.

## 5.2 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments is an estimated that reflects the price at which an orderly transaction would take place to sell an asset or transfer a liability between market participants. A hierarchy of fair value is established that classifies the input data of valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1 input data) and the lowest priority to unobservable input data (input data Level 3).

The information on the fair values of instruments classified by levels using directly observable data for level 1, based on market data for level 2 and unobservable data in level 3 are disclosed in Note 6.

The determination of what constitutes "observable" requires significant judgment on the part of the Bank's management. The Bank considers observable data those market data already available, distributed or regularly updated by the price vendor and are reliable and verifiable, and that are provided by independent sources that actively participate in the market in reference.

## 5.3 DEFERRED INCOME TAX

The Bank evaluates the possibility of realizing deferred income tax assets over time. These represent taxes on earnings that can be recovered through future deductions from taxable income and are recorded in the statement of financial position. Deferred tax assets are recoverable when the relative tax benefits are regarded as probable. Future tax income and the amount of tax benefits considered to be probable in the future are based on the mid-term plans prepared by management. The business plan is based on management's expectations that are believed to be reasonable under the circumstances.

As of December 31, 2022, and 2021, the Bank deems that the items of the deferred income tax asset shall be recoverable as a function of their future estimated future taxable gains.

Deferred tax liabilities are recognized on temporary differences associated with undistributed income of subsidiaries, except when the Bank controls the reversal of the temporary differences and it is probable that the difference will not reverse in the foreseeable future, see Note 20.4.

## 5.4 EVALUATING IMPAIRMENT OF GOODWILL

The Bank's management evaluates impairment of cash-generating units with distributed goodwill recorded on its financial statements. It does so on an annual basis on September 30 and when there are indications that any of the cash generating units (CGU) to which goodwill was allocated might be impaired, based on studies to that effect conducted by independent experts engaged for this purpose. As of December 31, 2022, the last impairment evaluation of goodwill was performed.

These studies are conducted based on valuations of the cash-generating units to which goodwill was assigned upon its acquisition. This is done by the discounted cash flow method, taking into account a number of factors, such as the economic situation of the country and the sector where the Bank operates, historical financial information, and projections on growth revenues and expenses in the next five years and, subsequently, growth in perpetuity considering its profit capitalization rates discounted at risk-free interest rates that are adjusted according to the risk premiums that are required given the circumstances of each entity.

The methods and assumptions used for the valuations are outlined in Note 18.

## 5.5 ESTIMATES FOR LAWSUITS PROVISIONS

The Bank estimates and records a provision for legal processes. The idea, in this respect, is to be able to cover possible losses in suits involving labor, civil, mercantile, tax or other disputes. This estimate is based on management's opinion, supported by the opinions of external legal advisors, when warranted by the circumstances and when losses are considered probable and can be quantified reasonably. Due to the nature of these claims, lawsuits and/or processes, it is impossible, in some cases, to make an accurate prediction. Therefore, any differences between the amounts disbursed and the initial estimates and provisions are recognized in the period when they are identified, see Note 24.

## 5.6 EMPLOYEE BENEFITS

The measurement of post-employment benefit obligations (pensions, severance and retirement bonuses) and other long-term obligations (seniority bonuses), depends on a wide variety of long-term term actuarial premises and assumptions, including estimates of the present value of future payments projected for the benefits, considering the likelihood of potential future events, such as increases in the minimum wage and demographic experience. These premises and assumptions can have an effect on the amount and on future contributions, if there is any variation.

The discount rate makes it possible to ascertain future cash flows at present value on the measurement date. The Bank determines a long-term rate that represents the market rate for high-quality fixed income investments or for government bonds denominated in the currency in which the benefit will be paid and considers the timing and amounts of future benefit payments. The Bank has selected government bonds for this purpose.

## 5.7 LEASE TERMS

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(Continued)

In order to establish the initial measurement of the lease liability, it is necessary to calculate the present value of the contract payments, using a rate to discount cash flows. The assumption of the discount rate is one of the most important judgments that entities need to make and that can have a significant impact on the valuations of the right-of-use asset and the financial liability for lease.

At the beginning, the lessee must use the implicit interest rate in the lease as a discount rate; however, if the implied interest rate cannot be easily determined, the lessee must use the incremental borrowing interest rate that is defined as: "The interest rate that a lessee would have to pay for borrowing in a similar term, the funds necessary to obtain an asset of similar value to the asset by right of use in a similar economic environment."

The Bank has defined that quarterly the areas of Price Management and the Leasing Unit will define the annual effective rate.

## 6 – ESTIMATE OF FAIR VALUE

The fair value of financial assets and liabilities traded in active markets (such as financial assets in debt securities, equity securities and derivatives quoted actively on securities exchanges and interbank markets) is based on dirty prices and/or input supplied by an official price vendor authorized by the Financial Superintendence of Colombia. These prices mainly are based on the weighted averages of the transactions that occurred during the trading day.

An active market is a market in which transactions for assets or liabilities identical to those being measured take place with sufficient frequency and volume to provide price information on an ongoing basis. A dirty price is that which includes accumulated interest on the security as from the date of issuance or last payment of interest, until the valuation date.

The fair value of financial assets and liabilities that are not traded in an active market is determined through appraisal techniques determined by the price vendor. The valuation for non-standardized financial instruments such as options, currency swaps and over-the-counter derivatives is performed using the discounted cash flow technique as of inputs and/or interest-rate valuation curves. Price vendor construct these curves using market data extrapolated to specific conditions of the instrument being appraised. The valuation of instruments with optionality are based on specific models such as Black-Scholes and other valuation techniques commonly used by market players who take maximum advantage of observed market data and rely as least as possible on entity-specific information.

The Bank calculates the fair value of debt securities and derivative instruments daily, using information on prices and/or input supplied by the officially designated official price vendor (PRECIA S.A. Proveedor de Precios para la Valoración S.A.). This vendor was authorized following its compliance with the standards applicable to valuation price vendors in Colombia, including their purpose, operational regulations, the valuation-method approval process, and required technological infrastructure, to name but a few. After assessing the price vendor's methodologies, it was concluded that the fair value calculated for debt securities and derivative instruments based on the prices and input supplied by PRECIA S.A. is adequate.

The Bank can use models developed internally for financial instruments that do not have active markets. Generally, these are based on valuation methods and techniques that are standard in the financial sector. Valuation models are used primarily to assess unlisted equity securities, debt securities and other debt

(Continued)

instruments for which the markets were or have been inactive during the accounting period. Some of the data for these models are not observable in the market and, consequently, are estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques used may not fully reflect all the factors relevant to the Bank's position. Therefore, valuations are adjusted, as needed, to accommodate for additional factors such as model risk, liquidity risk and counterparty risk.

The fair value of non-monetary assets such as loan collateral for the purposes of determining the customer's loans granted and investment properties is based on appraisals by independent expert appraisers who are sufficiently experienced and knowledgeable about the real estate market or the asset being valued. Generally, these assessments are made with reference to market data or based on the replacement cost, when there are not enough market figures.

The classification of the fair value hierarchy by levels is made considering the criteria mentioned in Note 6.3.

In the cases where the entry data are used for measuring fair value may be classified in different hierarchical levels. The measurement of fair value of instrument is classified as a whole at the same level of fair value of the input data of the lowest level which is significant for the whole measurement.

## 6.1 MEASUREMENTS OF FAIR VALUE ON A RECURRING BASIS

Fair value measurements are those required by accounting regulations or allowing the statement of financial position at the end of each accounting period.

The following table shows the Bank's assets and liabilities (by type) measured at fair value on a recurring basis:

| | | December 31, 2022 | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| **Assets** | | | | | |
| **Investments in debt securities for trading issued or secured** | | | | | |
| Colombian government | $ | 13,277 | 79,318 | 0 | 92,595 |
| Other Colombian government entities | | 0 | 131,953 | 0 | 131,953 |
| Other financial entities | | 0 | 106,439 | 0 | 106,439 |
| Others | | 0 | 16,231 | 0 | 16,231 |
| | | 13,277 | 333,941 | 0 | 347,218 |
| **Investments in equity securities for trading** | | 0 | 1,320 | 880,446 | 881,766 |
| **Total investments held for trading** | | **13,277** | **335,261** | **880,446** | **1,228,984** |
| **Investments in debt securities available for sale issued or secured** | | | | | |
| Colombian government | | 4,080,212 | 432,480 | 0 | 4,512,692 |
| Other Colombian government entities | | 14,636 | 177,970 | 0 | 192,606 |

(Continued)

| | December 31, 2022 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Other financial entities | 0 | 156,714 | 0 | 156,714 |
| Foreign governments | 0 | 4,828 | 0 | 4,828 |
| Others | 0 | 205,981 | 0 | 205,981 |
| | 4,094,848 | 977,973 | 0 | 5,072,821 |
| **Investments in equity securities available-for-sale** | 3,627 | 0 | 816,728 | 820,355 |
| **Total investments available for sale** | **4,098,475** | **977,973** | **816,728** | **5,893,176** |
| **Instrument financial derivatives at fair value** | | | | |
| **Trading derivatives** | | | | |
| Currency forwards | 0 | 526,237 | 0 | 526,237 |
| Interest rate swaps | 0 | 121,708 | 0 | 121,708 |
| Cross currency swaps | 0 | 78,456 | 0 | 78,456 |
| Cash operations | 0 | 285 | 0 | 285 |
| Currency options | 0 | 59,414 | 0 | 59,414 |
| | 0 | 786,100 | 0 | 786,100 |
| **Total derivatives at fair value** | **0** | **786,100** | **0** | **786,100** |
| **Investment property** | **0** | **0** | 76,546 | 76,546 |
| **Total assets at fair value on recurring basis** | **4,111,752** | **2,099,334** | **1,773,720** | **7,984,806** |
| **Liabilities** | | | | |
| **Trading derivatives** | | | | |
| Currency forwards | 0 | 291,506 | 0 | 291,506 |
| Interest rate swaps | 0 | 151,077 | 0 | 151,077 |
| Cross currency swaps | 0 | 111,103 | 0 | 111,103 |
| Cash operations | 0 | 16 | 0 | 16 |
| Currency options | 0 | 75,962 | 0 | 75,962 |
| | 0 | 629,664 | 0 | 629,664 |
| **Hedging derivatives** | | | | |
| Interest rate swaps | 0 | 1,228 | 0 | 1,228 |
| **Total liabilities at fair value on recurring basis** | $ **0** | **630,892** | **0** | **630,892** |

| | December 31, 2021 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Assets** | | | | |
| **Investments in debt securities for trading issued or secured** | | | | |
| Colombian government | $ 184,621 | 154,912 | 0 | 339,533 |
| Other Colombian government entities | 0 | 130,951 | 0 | 130,951 |
| Other financial entities | 0 | 443,705 | 0 | 443,705 |
| Non-financial sector entities | 0 | 2,134 | 0 | 2,134 |
| Others | 0 | 24,575 | 0 | 24,575 |
| | 184,621 | 756,277 | 0 | 940,898 |
| **Investments in equity securities for trading** | 0 | 719 | 624,035 | 624,754 |
| **Total investments held for trading** | **184,621** | **756,996** | **624,035** | **1,565,652** |
| **Investments in debt securities available for sale issued or secured** | | | | |

(Continued)

BANCO DE BOGOTÁ
Notes to the Separate Financial Statements
As at December 31, 2022

| | | December 31, 2021 | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| Colombian government | | 2,802,515 | 1,154,044 | 0 | 3,956,559 |
| Other Colombian government entities | | 0 | 154,811 | 0 | 154,811 |
| Other financial entities | | 0 | 238,807 | 0 | 238,807 |
| Foreign governments | | 0 | 4,331 | 0 | 4,331 |
| Others | | 0 | 160,907 | 0 | 160,907 |
| | | 2,802,515 | 1,712,900 | 0 | 4,515,415 |
| **Investments in equity securities available-for-sale** | | 5,128 | 16 | 263,135 | 268,279 |
| **Total investments available for sale** | | **2,807,643** | **1,712,916** | **263,135** | **4,783,694** |
| **Instrument financial derivatives at fair value** | | | | | |
| **Trading derivatives** | | | | | |
| Currency forwards | | 0 | 273,253 | 0 | 273,253 |
| Interest rate swaps | | 0 | 48,314 | 0 | 48,314 |
| Cross currency swaps | | 0 | 39,589 | 0 | 39,589 |
| Cash operations | | 0 | 8 | 0 | 8 |
| Currency options | | 0 | 36,171 | 0 | 36,171 |
| | | **0** | **397,335** | **0** | **397,335** |
| **Hedging derivatives** | | | | | |
| Currency forwards | | 0 | 5,379 | 0 | 5,379 |
| **Total derivatives at fair value** | | **0** | **402,714** | **0** | **402,714** |
| **Investment property** | | **0** | **0** | **86,423** | **86,423** |
| **Total assets at fair value on recurring basis** | | **2,992,264** | **2,872,626** | **973,593** | **6,838,483** |
| **Liabilities** | | | | | |
| **Trading derivatives** | | | | | |
| Currency forwards | | 0 | 205,381 | 0 | 205,381 |
| Interest rate swaps | | 0 | 65,114 | 0 | 65,114 |
| Cross currency swaps | | 0 | 69,858 | 0 | 69,858 |
| Cash operations | | 0 | 62 | 0 | 62 |
| Currency options | | 0 | 53,893 | 0 | 53,893 |
| | | **0** | 394,308 | 0 | 394,308 |
| **Hedging derivatives** | | | | | |
| Currency forwards | | **0** | 33,016 | 0 | 33,016 |
| **Total liabilities at fair value on recurring basis** | $ | **0** | **427,324** | **0** | **427,324** |

## 6.2 NON-RECURRENT MEASUREMENTS OF FAIR VALUE

The fair value is determined using pricing models, discounted cash flow methodologies, using internal models or external experts with experience and knowledge of the real estate market or of assets being appraised. In general, these estimates are made based on market data or based on replacement cost, when not enough market data is available.

Assets that do not need to be measured at fair value on a recurring basis correspond to non-current assets held for sale, which remained assessed for $8,684 and $19,972 at December 31, 2022 and 2021, respectively.

(Continued)

## 6.3 FAIR VALUE CLASSIFICATION

- The financial instruments classified at Level 1 are those whose fair value was established according to the market prices supplied by the price vendor, determined based on liquid markets corresponding to quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- The financial instruments classified as Level 2 are those whose fair value was determined based on alternate techniques for valuation of discounted cash flow, using observable market data supplied by the price vendor. Generally, transfers between Level 1 and Level 2 of investments portfolios correspond mainly to changes in liquidity levels of securities in the markets.
- Investments classified in Level 3 are those whose fair value was established from significant unobservable inputs within the full measurement. Instruments at Level 3 include mainly investments in equity securities which are not traded publicly. Since observable prices are not available for these securities, the Bank uses valuation techniques such as discounted cash flows for determining their fair value.

Valuation techniques and significant inputs used in Level 2 and Level 3 in the financial instruments measured at fair value recurring are described as follows:

| Valuation technique | Significant inputs |
|---|---|
| **Investments in debt securities at fair value** | |
| **Incomes** | ● Market price or price calculated based on benchmarks set by price providers methodologies. |
| | ● Estimated price / Theoretical price |
| **Market** | ● Estimated price / Theoretical price (1) |
| | ● Average price / Market price (2) |
| **Investments in equity securities** | |
| **Discounted cash flow** | ● Growth in residual values after five and ten years |
| | ● Discount interest rates |
| | ● Equity rate of cost |
| | ● Discount interest rates WACC |
| **Net value adjusted of assets** | ● Most relevant variable in assets |
| **Derivatives** | |
| **Incomes** | ● Security or underlying price |
| | ● Currency of interest rate curve by underlying asset |
| | ● Exchange rates curves |
| | ● Implicit curves of exchange rates forwards |
| | ● Swap curves assigned according by underlying |
| | ● Implicit volatilities matrixes and curves |
| **Market** | ● Market price |
| | ● Representative market rate or Exchange rates of other currencies as appropriate |

(1) Estimated Price: A valuation model based on information obtained from a price vendor when it is not able to supply quoted prices (unadjusted) for each security. This model is the basis for the construction of the valuation margin of the securities that is represented on the assigned curve or reference rate. This margin remains constant on the assigned curve or reference rate when calculating the theoretical valuation price.
(2) Quoted market prices (i.e. obtained from price vendors).

The following are the most common methods applicable to derivatives:

- **Valuation of foreign currency forwards:** The price vendor publishes assigned curves (interest rates) according to the currency of origin of the underlying asset, from which the contractual flows of the instrument that are compared against the present value of the agreed value are discounted.

- **Valuation of forwards on bonds:** The future theoretical value of the bond, based on its price on the valuation date and the risk-free rate of the reference country of the underlying asset, is calculated for determining the value of the forward up to a specific date. Then, the present value of the difference between the future theoretical value and the bond price agreed in the forward contract is then obtained; the risk-free rate of the reference country of the underlying asset at the number of days to contract expiration is used for the discount.

- **Valuation of swap operations:** The price vendor publishes assigned curves according to the underlying assets, in addition to swap base curves (exchange of associated payments at variable interest rates), domestic and foreign curves, and implicit curves associated with exchange rate forwards. To determine the valuation of the swap at a certain date, the present value of each one of the legs that compose it is calculated using the zero-coupon rates for projection and discount of flows, considering the conventions agreed regarding the modality of payments of interest, calculation bases, etc. Finally, the difference between the delivery leg and the receipt leg is calculated, which constitutes the fair exchange price of the instrument.

- **Valuation of OTC options:** The price vendor publishes curves assigned according to the currency of the underlying asset, in addition to forward exchange curves for the domestic currency of the transaction, implicit curves associated with exchange forwards, assigned swap curves according to the underlying asset and matrix and implicit volatility curves. The price of the options is calculated using the Black & Scholes & Merton model.

## 6.4 FAIR VALUE MEASUREMENTS CLASSIFIED AT LEVEL 3

The following table presents the movement of financial assets whose fair value measurements are classified in Level 3:

| | | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|---|
| | | Equity securities | Investment property | Equity securities | Investment property |
| **Balance at the beginning of the period** | $ | **887,170** | **86,423** | **793,939** | **57,336** |
| Transfers Level 2 and Level 3 | | 19 | 0 | 0 | 0 |
| Valuation adjustment with effect on net income | | 48,967 | 1,271 | 45,844 | 6,329 |
| Valuation adjustment with effect on OCI | | 33,664 | 0 | 55,049 | 0 |
| Additions | | 0 | 0 | 12,797 | 36,551 |
| Disposals / Sales | | (18,403) | (32,375) | (21,936) | (24,844) |
| Withholding tax on income in special funds | | (752) | 0 | (1,713) | 0 |
| Reclassifications (1) | | 746,564 | 22,760 | 3,134 | 14,572 |
| Subtotal | | **1,697,229** | **78,079** | **887,114** | **89,944** |
| Impairment with effect on results | | (55) | (1,533) | 56 | (3,521) |

(Continued)

| | | | | | |
|---|---|---|---|---|---|
| **Balance at the end of the period** | $ | **1,697,174** | **76,546** | **887,170** | **86,423** |

(1) For equity instruments corresponds to: Recognition of the investment of BHI for 4.1% of the shareholding (See Note 2.1.2) and due to the operation of mobilization of real estate assets owned by the Bank to the Fund - Real Estate Compartment Banco de Bogotá as negotiable investment (see Note 2.3), as of December 2022 and to the transfer of investment of Aportes en Línea due to the loss of control of Porvenir as of December 2021 (See Note 2.2).

### 6.4.1 EQUITY SECURITIES

The Bank´s equity investments are in several entities where its holding is less than 20% of equity in each. Some of this holding was received as payment for customer obligations and some was acquired because it is necessary to develop the Bank operations, such as ACH Colombia S.A., and Cámara de Riesgo Central de Contraparte de Colombia S.A. among others.

In general, all these companies are not listed on the stock exchange and, consequently, their fair value has been determined with the help of external consultants. They have used the discounted cash flow method for this purpose, constructed based on the projections with respect to income, costs and expenses for each entity during a five-year period. Historical information obtained from the companies and their residual value, with determined growth rates for perpetuity established by the appraisers based on their own experience, are the basis for this process. These projections and residual values were discounted, based on interest rates constructed with curves from the price vendors, adjusted for estimated risk premiums based on the risks associated with each company being valued.

The following table summarizes the range of the main variables used in the valuations:

| Variable | Range |
|---|---|
| Inflation growth (1) | Between 11% and 13% |
| Growth of the gross domestic product (1) | Between 7% |
| Income | CPI+1 |
| | Between 1% and 28% |
| Costs and expenses | Inflation |
| Growth in perpetuity after five and ten years | 3% |
| Discount interest rate | Between 14% and 18% |
| Equity rate of cost | Between 15% and 18% |

(1) Information taken from the reports of the valuation price provider (Precia).

The table below contains sensitivity analysis of the changes in these variables in the Bank's equity, considering that the variations in the fair value of these investments are recorded in OCI since they pertain to investments classified as available for sale:

| Methods and variables | Variation | Favorable impact | Unfavorable impact |
|---|---|---|---|
| **Present value adjusted for discount rate** | | | |
| Income | +/-1% | 10,561 | (10,352) |
| Growth residual values after five years | +/-1% | 8,026 | (6,791) |
| Perpetual growth | +/-1% | 9,720 | (8,140) |
| Gradient of perpetuity | +/-30PB | 65 | (57) |
| Discount interest rates | +/-50PB | 4,670 | (4,348) |
| Discount interest rates WACC | +/-50PB | 7,733 | (7,091) |
| Equity rate of cost | +/-50PB | 310 | (285) |

(Continued)

Additionally, it has an investment in the private equity fund Nexus Inmobiliario - Compartment Banco de Bogotá, classified as negotiable for which the valuation methodologies used incorporate fair value measurements classified in the Level 3 hierarchy, the following sensitivity analysis is established and the variables that affect each of the valuation methods applied and finally the impacts are given by the market value approach.

| Methods and variables | Variation | Favorable impact | Unfavorable impact |
|---|---|---|---|
| | | **Comparative market approach** | |
| Market Comparison | -10% | | |
| Initial Cap Rate | -50PB | 8,982 | (13,843) |
| Market Income | -10% | | |
| Discount Rate Cash Flow | -50PB | | |

### 6.4.2 INVESTMENT PROPERTIES

Investment properties are reported in the statement of financial position at their fair value, as determined in reports prepared by independent expert appraisers at the end of each reporting period.

The valuation techniques used consider the type of movable or immovable property, its physical characteristics, location and market. Among the valuation methodologies used are:

**Comparative market method:** Technique that seeks to establish the commercial value of the property, based on the study of recent offers or transactions of similar and comparable properties to the one under appraisal. Such offers or transactions must be classified, analyzed and interpreted to arrive at an estimate of the commercial value.

**Income capitalization method:** This method focuses on establishing the commercial value of the property based on the potential economic production that it will generate from leases, considering the annual return and evaluating the recovery time of the investment. This methodology is generally used in commercial properties such as commercial premises, offices and warehouses, estimating income, expenses and market rates at the time of evaluation.

**Replacement cost method:** In real estate, this method seeks to establish the cost of the infrastructure, adjustments, improvements and additions that an investor would have to incur to recover a construction to its initial state or in optimal conditions of use. This method is mainly used to determine the value of the construction.

**Residual method:** This method is used to establish the value of a land for properties intended for the development of urban or real estate projects of multi-family housing, condominiums, shopping centers, business centers, among others. This method considers variables such as: Urban planning regulations, construction indexes, occupancy, permitted height in floors, type of structure, minimum area to develop the project and destination (housing, commercial, endowment, institutional, industrial, among others), in synthesis, determine based on the development and sales potential of a project, which is the incidence factor of the land and thus determine the value of the same.

The valuations of investment properties are considered in Level 3 of the fair value measurement hierarchy. There have been no changes in the valuation technique for each asset during the year 2022.

Any increase in the leases used in the appraisal would generate an increase in the fair value of the asset, and vice versa.

## 6.5 TRANSFERS BETWEEN LEVELS

In general, the transfers between Level 1 and Level 2 of the held for trading and available for sale investment portfolios correspond mainly to changes in the liquidity levels of securities in the markets. As of December 31, 2022, there were transfers from Level 2 to Level 1 in investments available for sale, corresponding to securities issued or guaranteed by the Colombian Government $635,746 and issued and guaranteed by other entities of the Colombian Government $14,636.

## 6.6 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES RECORDED AT AMORTIZED COST FOR DISCLOSURE PURPOSES

The following table presents a summary of the Bank's financial assets and liabilities recorded at nominal cost or amortized cost, compared to their fair value for which it is practicable to calculate.

| | | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|---|
| | | **Book value** | **Estimate of fair value** | **Book value** | **Estimate of fair value** |
| **Assets** | | | | | |
| Investments held to maturity | $ | 3,130,613 | 3,116,778 | 2,826,597 | 2,791,733 |
| Loan portfolio, net | | 74,126,167 | 77,261,986 | 60,826,164 | 58,572,503 |
| **Total** | | **77,256,780** | **80,378,764** | **63,652,761** | **61,364,236** |
| **Liabilities** | | | | | |
| Customer deposits | | 69,736,981 | 69,261,600 | 61,869,637 | 61,719,592 |
| Financial obligations | | 22,231,983 | 22,954,221 | 18,898,472 | 19,200,196 |
| **Total** | $ | **91,968,964** | **92,215,821** | **80,768,109** | **80,919,788** |

- **Investments in debt securities held to maturity**

The fair value of investments in debt securities held to maturity was determined using the dirty price supplied by the price vendor. Securities that have an active market and have an observable market price for the day of the valuation are classified as Level 1. Those that do not have an active market and / or a price provided by the price vendor; that is, securities with an estimated price (the present value of all future cash flows, discounted with the benchmark rate and the respective margin) are classified as Level 2 and Level 3.

(Continued)

- **Loan portfolio and financial leases transactions**

For the loan portfolio at amortized cost, the fair value was determined based on cash flow models discounted at interest rates using the zero coupon risk-free rate, for operations in legal currency, and the zero coupon curve in USD SOFR (Secured Overnight Financing Ratio), for operations in foreign currency. The credit portfolio valuation process is considered Level 3.

- **Customer deposits**

The fair value of demand deposits is equal to their book value. In the case of term deposits with maturities over 180 days, their fair value was considered to be equal to their book value. For time deposits with maturities over 180 days, the fair value was estimated using a discounted cash flow model at the interest rates offered by banks, according to the maturity period. This is regarded as a Level 2 valuation.

- **Financial obligations**

The book value of financial obligations and other short-term liabilities is regarded as their fair value. The fair value of long-term financial obligations was determined using discounted cash flow models at risk-free interest rates adjusted for the particular risk premiums of each entity. The fair value of bonds outstanding is determined by their prices quoted on the stock market, in which case the valuation is Level 1 and Level 2 for the other obligations.

## 7 – FINANCIAL RISK MANAGEMENT

The Bank manages comprehensive risk management considering compliance with current regulations and internal standards.

### 7.1 DESCRIPTION OF RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES

The Bank’s objective is to maximize returns for its investors, through proper risk management. For this purpose, the Bank’s guiding principles on risk management have been the following:

- Provide security and continuity in the services being offered to customers.
- The integration of risk management into institutional processes.
- Collective decision making for commercial lending and other investments operations, at level of each of the committees and the Board of Directors.

- Extensive and in- depth knowledge of market, as a result of our leadership and experience of the management.

- Establish risk policies based on a top-down approach with respect to:

  - Compliance with know-your-customer policies.

  - Commercial loans credit structured based on a clear identification of sources of repayment and of cash flow generation capacity of the borrower.

- Diversification of the commercial loan portfolio with respect to industries and economic groups.

- Specialization in consumer product niches.

- Extensive use of scoring models and credit ratings updated permanently to ensure the growth of consumer loans with high credit quality.

- Policies in terms of:

  - Trading portfolio composition with bias towards lower volatility instruments.
  - Proprietary trading positions.
  - Variable remuneration for the trading staff.

- Properly administer and manage the risks of money laundering, financing of terrorism and the financing of the proliferation of weapons of mass destruction, in accordance with international standards, current regulations, policies of the parent company and corporate policies of Grupo Aval.

### 7.2 RISK CULTURE

The Bank's risk culture is based on the principles indicated in the section above and are transmitted to all Bank's units, they are supported by the following guidelines:

- The structure of delegation of powers within the Bank requires large number of transactions to be sent to the risk committees at the bank central services. The high number and frequency of meetings held by these committees guarantee great agility in resolving proposals, while ensuring the senior management´s intense participation in the daily management of risk.

- The Bank has detailed manuals on procedures and policies for adequate risk management.

- The Bank has implemented a risk limit system that is updated on a regular basis to address new conditions in the markets and the risks to which they are exposed.

- There are adequate information systems to monitor risk exposure on a recurring basis, so as to ensure the approval limits are systematically met and, if necessary, to take the proper corrective action.

- The main risks are analyzed not only when they arise or when problems occur during the normal course of business, but also on a recurrent basis.

- The Bank offers adequate, permanent training programs on risk culture. These courses are given at every level within the organization.

## 7.3 CORPORATE STRUCTURE FOR RISK MANAGEMENT

According to the guidelines set forth by the Bank, the corporate structure for risk management is comprised of the following levels:

- Board of Directors
- Risk committees
- Credit and treasury risk management.
- Compliance control unit management.
- Comprehensive risk management.
- Administrative process of risk management
- Internal Audit.

### 7.3.1 BOARD OF DIRECTORS

It is the responsibility of the Board of Directors of the Bank to adopt the following decisions or actions, among others, with respect to proper organization of the risk management system:

- Define and approve general policies and strategies on the internal control system for risk management.
- Analyze the existing risk management process and adopt the necessary measures to strengthen it in those aspects that require it.
- Approve policies in relation to the management of different risks, as well as general exposure limits and strategies to manage: (i) risks, (ii) capital, (iii) liquidity and (iv) conflicts of interest and their disclosure.
- Approve the Risk Appetite Framework (MAR) and the Risk Appetite Statement (DAR), as well as their respective updates, upon recommendation of the Integral Management Committee of the Board of Directors, which must reflect the general level of tolerance or exposure to risks based on its corporate strategy, its capital plan and its financial and operating structure.
- Approve the measures to be implemented and follow up on their application and effectiveness when required:
    - Increase in exposure to risks resulting from exceeding the thresholds defined in the DAR.

- ➢ Weaknesses in the Comprehensive Risk Management System to manage risks in accordance with the economies and market in which the entity operates, its level of capital and liquidity, the regulatory framework, the business plan and the entity's risk profile and appetite.
- ➢ Corrective and improvement actions, once the previous instances in the governance structure have been overcome.

- Analyze and evaluate the adequacy of human, physical and technical resources and technological tools for the development of the Bank's risk management function, in order to ensure that the operation of the entity is within the approved MAR.

- Approve the governance structure for the Entity's risk management, as well as the responsibilities and powers assigned to the positions and areas in charge.

- Approve: the guidelines for internal reports submitted to it in relation to risk management.

- Monitor, at least once a year, the effectiveness and suitability of the Comprehensive Risk Management System for adequate risk management and its consistency with the business plan and with the economies and markets in which the entity operates, as well as approve improvement actions.

- Conduct monitoring and follow-up at its regular meetings, based on periodic reports submitted to the Auditing Committee on risk management within the Bank and the measures taken to control or mitigate the more relevant risks.

- Pre-approve the reclassification of a position in the treasury book or in the bank book, as a result of an identified hedging strategy.

- Approve the training policy for personnel who are part of the entity's risk governance structure, as well as the guidelines on ethics or conduct and internal control related to the Comprehensive Risk Management System.

### 7.3.2 THE RISK COMMITTEES

**Comprehensive risk management committee of the Board of Directors**

The purpose of this committee is to assist the Board of Directors in fulfilling its oversight responsibilities in relation to the Bank's risk management. Among its main functions are:

- Advise the Board of Directors regarding the Integrated Risk Management System (IRMS), the Risk Appetite Framework (MAR) and its consistency with the Bank's business plan and strategic plan, capital levels and incentive schemes when applicable.

- Evaluate the methodologies for the definition of the risk appetite, in accordance with the objectives and policies established by the Board of Directors and supervise the implementation of the MAR.

- Monitor the risk profile in order to validate that the risk level is within the limits established in the MAR and DAR.

(Continued)

- Propose to the Board of Directors for its respective approval: i) Exposure and concentration limits, which must be consistent with the risk appetite and risk profile; ii) Guidelines for dealing with overruns of the limits established for operations, as well as corrective and improvement actions to be followed.

- Advise the Board of Directors on operations, events or activities, including the incursion into new markets, that may (i) affect the entity's exposure and risk profile, (ii) constitute deviations from the business plan, risk appetite and internal and regulatory limits, or (iii) compromise the viability of the business.

- Monitor the performance of the risk management function, including risk limits and risk management reports, and make appropriate recommendations.

- Evaluate the evidence and adequacy of the contingency plans defined to face stress scenarios and/or events.

**Assets and liabilities committee**

It is comprised of members of senior management and other officers. The purpose of this committee is to govern the strategy and processes of asset and liability management and the definition of policies and limits, follow-up, control, and measurement systems that accompany the management of liquidity risk and interest rate risk.

Its main duties include:

- Establishing adequate procedures and mechanisms for liquidity risk management.

- Monitoring liquidity risk exposure reports.

- Identify the origin of exposures and determine, through sensitivity analysis, the probability of lower returns or the necessity of resources due to movements in cash flow.

**Audit Committee and Comptroller General**

Its objective is to evaluate and monitor the internal control system.

The main duties of this committee are the following:

- Proposing, for approval of the Board of Directors, the structure, procedures, and methodologies required for the operation of the internal control system.

- Assessing the structure of the internal control of the Bank, to establish if the procedures are designed reasonably to protect its assets, as well as those of third parties under its administration and custody, and if there are controls to verify that transactions are being properly authorized and registered. For such purpose, the areas in charge of the administration of the various systems of risk, the Statutory Auditor and the Internal Auditor submit the established periodical reports to the Committee as well as other reports that the members of the Committee may require.

- Monitoring risk exposure, implications for the entity, and control and mitigating actions.

(Continued)

- The internal audit activity of the Bank is independent from management, the Comptroller General's Office reports directly to the Audit Committee, in the development of its functions it performs periodic evaluations on compliance with policies and procedures in order to support the Bank in meeting their institutional and strategic objectives, adding value through the opportunities, improvements and findings identified in the evaluation of the internal control system, risk management and corporate governance. The reports are submitted directly to the risk committees and the audit committee, which are responsible for following up with management regarding the action plans and corrective measures implemented.

### 7.3.3 CREDIT AND TREASURY RISK MANAGEMENT

This management have, among others, the following duties:

- Oversee of each subsidiary in the Group adequate compliance of the policies and procedures established by the Board of Directors and the various committees for risk management.

- Designing methodologies and procedures to be followed by the administration for risk management.

- Establishing ongoing monitoring procedures to allow timely identification of any deviations of the policies established for risk management.

- Preparing timely reports for the different risk committees, the Board of Directors of each subsidiary and for the government entities in charge of control and supervision in relation with compliance of risk policies and assess the results of indicators, detecting deviations, analyzing causalities and executing corrective actions.

- Measure and analyze market risk for its respective application to the banking book and treasury book, and liquidity risk management.

### 7.3.4 CONTROL AND COMPLIANCE UNIT

The main objective of the Control and Compliance Unit is to verify compliance with the regulations of the risk management systems, namely: Risk Management System for Money Laundering, Financing of Terrorism and Financing the Proliferation of Weapons of Mass Destruction (SARLAFT-FPADM), Operational Risk Management System (SARO), Foreign Account Tax Compliance Act FATCA and Common Reporting Standard CRS, Internal Control System, Compliance Function, Sarbanes - Oxley Act (SOX), Banking and Information Security and Personal Data Protection (Law 1581 of 2012). The operation is reported by the Director on a quarterly basis to the members of the Bank's Board of Directors

### 7.3.5 INTEGRAL RISK MANAGEMENT

The Integral Risk Management, attached to the Vice-Presidency of Financial Control and Regulation, is the area in charge of analyzing risks in an integral and consolidated manner in such a way as to generate synergy of regulatory and organizational guidelines with risk management areas, as well as applying the methodologies for the calculation of liquidity risk indicators using the standard methodologies of the Financial Superintendence of Colombia.

### 7.3.6 ADMINISTRATIVE PROCESSES FOR RISK MANAGEMENT

In accordance with its business models, the Bank has well defined structures and procedures which are documented in manuals on administrative processes that must be followed for risk managing, different risks and also has different technological tools to monitor and control risks.

## 7.4 INDIVIDUAL RISK ANALYSIS

The Bank is exposed to a range of financial, operational, reputational and legal risks in the normal course of their business.

Financial risks include: i) market risk (trading risk, price risks, interest rate risk and exchange rate risk, as explained later), and ii) structural risks stemming from the composition of the assets and liabilities on the Bank's statement of financial position. These include credit risk and liquidity risk.

The following is an analysis of each of these risks.

### 7.4.1 CREDIT RISK

**Consolidated credit risk exposure**

The Bank is exposed to credit risk, which consists of the debtor causing a financial loss by not fulfilling its obligations in a timely manner and in the full amount of the debt. The Bank's exposure to credit risk as a result of their loan activities and transactions with counterparties and/or issuers that give rise to financial assets acquisition.

The maximum exposure to credit risk is reflected in the book value of the financial assets listed in the statement of financial position, as indicated below:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Cash and cash equivalents (1)** | **$** | **4,531,132** | **5,644,907** |
| **Financial assets** | | | |
| **Debt securities investments held for trading** | | | |
| Government | | 92,595 | 339,533 |
| Financial entities | | 106,439 | 443,705 |
| Other sectors | | 148,184 | 157,660 |
| | | **347,218** | **940,898** |
| **Debt securities investments available for sale** | | | |
| Government | | 4,517,520 | 3,960,890 |
| Financial entities | | 156,714 | 238,807 |
| Other sectors | | 398,587 | 315,718 |

(Continued)

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| | | **5,072,821** | **4,515,415** |
| **Investments held to maturity** | | | |
| Government | | 1,216,849 | 1,169,962 |
| Other sectors | | 1,913,764 | 1,656,635 |
| | | **3,130,613** | **2,826,597** |
| **Derivatives at fair value** | | **786,100** | **402,714** |
| **Loans portfolio** | | | |
| Repos, interbank, overnight and money market operations | | 4,451,918 | 75,779 |
| Commercial | | 49,184,047 | 44,409,881 |
| Consumer | | 17,541,703 | 15,094,730 |
| Mortgage | | 7,501,395 | 5,675,403 |
| Microcredit | | 252,404 | 288,243 |
| | | **78,931,467** | **65,544,036** |
| **Other accounts receivable** | | **2,714,555** | **2,374,159** |
| **Total financial assets with credit risk** | | **95,513,906** | **82,248,726** |
| **Off- statement of financial position credit risk instruments at their face value** | | | |
| Financial guarantees and unused letters of credit | | 1,998,449 | 1,520,211 |
| Credit commitments | | 11,274,354 | 10,282,628 |
| **Total exposure to off- statement of financial position credit risk** | | **13,272,803** | **11,802,839** |
| **Total maximum exposure to credit risk** | $ | **108,786,709** | **94,051,565** |

(1) Not including cash held by the entity because they do not have credit risk because they are in their own power.

For guarantees and commitments to extend the credit amounts, the maximum exposure credit risk is the amount of the commitment.

### Credit commitments

The Bank grants guarantees and letters of credit to their customers in the normal course of their operations. In doing so, they irrevocably commit to make payments to third parties in the event the customer does not comply with its commitments with said third parties. These guarantees and letters of credit imply the same credit risk as the financial assets in the loan portfolio, and they are subject to the same authorization policies on loan disbursement in terms of the customer’s credit rating. The collateral considered appropriate under the circumstances is obtained.

Commitments to extend loans represent unused portions of authorizations to extend credit in the form of loans, credit card use, overdraft limits and letters of credit. As for the credit risk involved in commitments to extend lines of credit, the Bank is potentially exposed to losses in an amount equal to the total amount of the unused commitment, if the total unused amount were to be withdrawn in full. However, the amount of the loss is less than the total amount of the unused commitment, since most commitments to extend credit are contingent on the customer maintaining specific credit-risk standards. The Bank monitors the maturities on its lines of credit, since long-term commitments imply more credit risk than short-term commitments.

**Commitments in unused lines of credit**

The following is the detail:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| | | Notional amount | Notional amount |
| Unused credit card limits | $ | 5,544,515 | 4,843,391 |
| Opened lines of credit | | 3,603,312 | 3,370,694 |
| Loans approved but not disbursed | | 2,126,527 | 2,068,543 |
| Guarantees | | 1,708,474 | 1,407,504 |
| Unused letters of credit | | 289,975 | 112,707 |
| **Total** | $ | **13,272,803** | **11,802,839** |

The outstanding balances of unused credit lines and guarantees do not necessarily require future cash requirements because said quotas may expire and not be used in whole or in part.

The following is a detail of credit commitments in millions of pesos by type of currency:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Colombian pesos | $ | 12,207,885 | 11,129,636 |
| US dollars | | 1,059,038 | 665,166 |
| Euros | | 5,880 | 7,014 |
| Others | | 0 | 1,023 |
| **Total** | $ | **13,272,803** | **11,802,839** |

Credit risk is mitigated by guarantees and collateral, as described below:

**Mitigation of credit risk, collateral and other credit risk enhancements**

In specific cases, maximum exposure to credit risk is reduced by collateral and other credit mitigants enhancements, which lower credit risk. The existence of collateral can be a necessary measure; however, in and of itself, collateral only is not enough to accept credit risk. The Bank’s credit risk policies require, first and foremost, an assessment of the debtor's ability to pay and its capacity to generate enough sources of funding to allow for the debt to be paid.

The methods used to assess collateral involve the use of independent real estate appraisers, the market value of securities or the valuation of the companies issuing the securities. All collateral must be legally evaluated and drafted following the parameters for its creation, pursuant to Colombian legal regulations.

The details of the loan portfolio according to the type of collateral received on loans granted are as follows:

| | | December 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Commercial | Consumer | Mortgage | Microcredit | Financial leases | Repos, interbank and others | Total |
| Unsuitable collateral | $ | 278,138 | 1 | 0 | 811 | 0 | 0 | 278,950 |
| Admissible financial collateral | | 2,513,756 | 28,679 | 58,239 | 42,302 | 8,874 | 0 | 2,651,850 |

| | | December 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Commercial | Consumer | Mortgage | Microcredit | Financial leases | Repos, interbank and others | Total |
| Commercial and residential real estate | | 5,850,406 | 106,018 | 6,707,651 | 696 | 111,984 | 0 | 12,776,755 |
| Assets furnished in real estate lease | | 0 | 0 | 0 | 0 | 2,391,579 | 0 | 2,391,579 |
| Assets furnished in non-real estate lease | | 0 | 0 | 0 | 0 | 1,317,614 | 0 | 1,317,614 |
| Other suitable collateral | | 4,584,616 | 1,421,260 | 0 | 51 | 12,477 | 0 | 6,018,404 |
| Collection rights | | 5,825,103 | 867 | 0 | 0 | 145,789 | 0 | 5,971,759 |
| Unsecured | | 26,881,957 | 15,982,137 | 0 | 208,544 | 0 | 4,451,918 | 47,524,556 |
| **Total** | $ | **45,933,976** | **17,538,962** | **6,765,890** | **252,404** | **3,988,317** | **4,451,918** | **78,931,467** |

| | | December 31, 2021 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Commercial | Consumer | Mortgage | Microcredit | Financial leases | Repos, interbank and others | Total |
| Unsuitable collateral | $ | 230,721 | 26 | 0 | 3,284 | 0 | 0 | 234,031 |
| Admissible financial collateral | | 3,188,724 | 31,307 | 66,169 | 116,158 | 7,938 | 0 | 3,410,296 |
| Commercial and residential real estate | | 4,920,914 | 84,225 | 5,022,877 | 988 | 114,955 | 0 | 10,143,959 |
| Assets furnished in real estate lease | | 0 | 0 | 0 | 0 | 2,051,290 | 0 | 2,051,290 |
| Assets furnished in non-real estate lease | | 0 | 0 | 0 | 0 | 1,371,017 | 0 | 1,371,017 |
| Other suitable collateral | | 4,549,310 | 1,194,049 | 0 | 141 | 14,704 | 0 | 5,758,204 |
| Collection rights | | 5,296,426 | 440 | 0 | 0 | 105,996 | 0 | 5,402,862 |
| Unsecured | | 23,148,842 | 13,780,084 | 0 | 167,672 | 0 | 75,779 | 37,172,377 |
| **Total** | $ | **41,334,937** | **15,090,131** | **5,089,046** | **288,243** | **3,665,900** | **75,779** | **65,544,036** |

### Policies to prevent excessive credit-risk concentration

In order to prevent excessive concentrations of credit risk individual, by country or by economics, the Bank maintains updated the maximum risk-level concentration rates at the individual level and for sector portfolios. The Bank’s exposure limit in a loan commitment to a specific customer depends on the customer’s risk rating.

Pursuant to Colombian regulations the Bank cannot grant unsecured loan to a borrower, which on a combined basis exceed 10% of its regulatory capital calculated according to the regulations. However, such loans may be more than 25% of the bank’s regulatory capital, if they are secured by acceptable guarantees.

(Continued)

The following is a breakdown of Bank-wide credit risk in the different geographic areas. It is determined according to the debtor's country of residence, without considering credit-risk impairment allowances, this shown in the Note 11.5.

## Sovereign debt

As of December 31,2022, and 2021, the investment portfolio in debt securities is comprised mainly of securities issued or secured by Colombian government or foreign governments, which represent 68.1% and 66.0%, respectively of the total portfolio.

The following is a breakdown of sovereign debt exposure, by country:

| | | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|---|
| | | **Value** | **Share** | **Value** | **Share** |
| **Investment grade (1)** | | | | | |
| Colombia | $ | 5,323,268 | 91.36% | 5,113,179 | 93.47% |
| USA | | 33,453 | 0.57% | 27,866 | 0.51% |
| Panama | | 4,828 | 0.08% | 4,331 | 0.08% |
| | | **5,361,548** | **92.01%** | **5,145,376** | **94.06%** |
| **Speculative (2)** | | | | | |
| Colombia | | 465,416 | 7.99% | 325,008 | 5.94% |
| | | **465,416** | **7.99%** | **325,008** | **5.94%** |
| **Total sovereign risk** | | **5,826,964** | **100.00%** | **5,470,384** | **100.00%** |
| Others (3) | | **2,723,688** | | **2,812,526** | |
| **Total debt securities** | **$** | **8,550,652** | | **8,282,910** | |

(1) The Investment grade includes F1+ to F3 credit ratings from Fitch Ratings Colombia S.A., Central Bank of Colombia (BR) 1+ to (BR) 3 from Central Bank, and A1 to A3 from and Standard & Poor's.
(2) The Speculative Grade includes B to E credit ratings from Fitch Ratings Colombia S.A., Central Bank of Colombia (BR) 4 to (BR) 6 from Central Bank, and B1 to D from Standard & Poor's.
(3) Pertains to other debt instruments with corporations, financial institutions, and other public and multilateral entities.

## Loan and counterparty approval process

The Bank assumes credit risk on two fronts. One involves lending activity, which includes commercial, consumer, mortgage and microcredit operations. The other is treasury activity, which includes interbank operations, investment portfolio management, transactions in derivatives and foreign exchange trading, among other operations. Although these are independent businesses, the nature of the insolvency risk of the counterparty is equivalent and, therefore, the criteria being applied are the same.

The principles and rules for credit management and credit risk are contained in the credit manual, which is conceived for traditional banking activity, as well as treasury activity. The assessment criteria to measure credit risk follow the principal instructions set forth by the Treasury and Credit Risk Committees.

The maximum authority regarding lending is the Board of Directors of the Bank, which guide general policy and have the power to grant the largest amount of credit allowed. In the banking operation, the authority to grant loans and limits on credit depends on the amount, the term, credit rating and the collateral offered by the customer

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For its part, on operations of treasury activity is the Board of Directors of the Bank, which approves operational and counterparty limits. Risk control is exercised essentially through three mechanisms: annual allocation of operational limits and daily control; quarterly assessment of solvency by issuer; and reporting on the concentration of investments, by economic group.

Additionally, loan approval also hinges on considerations such as probability of default, counterparty limits, the recovery rate on collateral received, the terms of loans, and concentration by economic sector.

The Bank has its Credit Risk Management System (SARC – Spanish acronym), which is managed by the Official of treasury and credit risk and the credit risk vice-presidency, and includes, among others, SARC designing, implementing and assessing the risk policies and tools defined by the risk committees and the Board of Directors. These are reviewed and modified regularly to reflect changes and expectations in the markets where the Bank is active, as well as regulations and other factors to be considered when formulating such policies.

For granting credits, the Bank has different credit-risk assessment models, such as the financial-rating models for commercial portfolio. These models are based on the customer’s financial information and its financial history with the Bank or with the financial system in general. There are also scoring models for massive portfolios (consumer, mortgage and microcredit). These models are based on information regarding behavior towards the Bank and the system, as well as sociodemographic variables and customer profile. Additionally, an analysis of the financial risk of the operation is done, based on the debtor's ability to pay and to generate funds in the future.

**The credit-risk monitoring process**

The monitoring process and follow-up of credit risk of the Bank is carried out in several stages, that include the follow-up and management of daily collections, based on past due portfolio by age, risk levels rating; permanent follow-up of high-risk customers; restructuring process of operations and the receipt of foreclosed assets.

Monthly, the Bank evaluates the risk of each of its debtors according to their financial information and/or performance. Based on that information, it classifies customers into risk levels: A- Normal, B- Acceptable, C- Appreciable, D- Significant and E- Being uncollectible. Each risk categories are explained below.

**Category A – “Normal risk”:** Loans and Financial Leases in this category are appropriately serviced. The debtor’s financial statements or its projected cash flows, and all other credit information available to the Bank, reflect adequate capacity to pay.

**Category B – “Acceptable risk”:** Loans and financial leases in this category are acceptably serviced and guaranty protected. But there are weaknesses that potentially could affect, transitory or on a permanent basis, the debtor’s paying capacity or its projected cash flows. If not corrected in due course, these weaknesses would affect the normal collection of loans or contracts.

**Category C – “Appreciable risk”:** Loans and financial leases in this category have debtors with insufficient paying capacity or relate to projects with an insufficient cash flow, which could compromise normal collection of the obligations.

**Category D – “Significant risk”:** Loans and financial leases in this category have the same deficiencies as those in category C, but to a larger extend; consequently, the probability of collection is highly doubtful.

**Category E – "Risk of being uncollectible":** Loans and Financial Leases in this category are regarded as uncollectible.

In the case of consumer loans, all the elements in the credit cycle are analyzed continuously, from design and origination to the collection process and cross-selling. The Bank has a set of standard reports and a series of committees for regular monitoring and follow-up in this respect.

For commercial loans, the Bank assesses portfolio concentration quarterly in 25 economic sectors and evaluates the level of risk in each of them.

It also has a system of financial alerts that lead to individual customer analysis in situations of possible increased credit risk. These studies are analyzed in evaluation committees that meet periodically. Delinquency, risk, the coverage of allowances and loan concentration are monitored continuously through a system of reports that are conveyed to senior management.

The distribution at December 31, 2022 and 2021 of the impaired portfolio by type of risk and maturity is detailed in Note 11.3 and 11.7.

**Relevant risk factors at the 2022 juncture**

During 2022, inflation levels showed a significant increase, closing the year at 13.12%, the highest figure in 23 years, mainly due to the delta in variables such as food and utilities (energy).

Based on this scenario, early warnings of a reduction in the growth of the economy and greater pressure on Colombian households' spending arose. Therefore, during the first half of 2022, considering a potential deterioration due to macroeconomic conditions, we identified which clients in the consumer portfolio presented greater vulnerability or increased risk and defined changes in approvals restricting exposure in this profile.

On the other hand, the Central Bank's (Banco de la República) monetary policy interest rate increased by 12% during 2022 compared to December 2021, which was at 3%, generating an increase in financial expenses and affecting customers' cash flow, which could weaken their payment capacity. During the 2022 operation, we included this situation in our stress scenario analysis to identify which type of customers could be affected in their cost structure. With the results obtained, we included the clients identified within the semi-annual individual portfolio evaluation process carried out between November and December 2022. Some of these clients were subject to quota or rating adjustment, recognizing their risk and respective provision while maintaining the monitoring and control of exposure.

Another risk factor identified is the devaluation of the Colombian peso, generating possible defaults in our clients from two points of view: i) negative impacts on their cost structure, ii) increase of indebtedness in clients with debt in foreign currency and without hedges to mitigate the effects of the devaluation affecting the balance sheet structure. For the analysis of these risk factors, approaches were made through the following activities: i) the Portfolio Evaluation Committees for the first half of 2022 included the commercial portfolio customers with financial information at the end of 2021, to identify the impact on the EBITDA financial indicator (acronym for Earnings Before Interest Taxes Depreciation and Amortization) of the increase in import costs for customers without natural hedging. In this exercise, no impairment derived from this alert was identified because the clients were able to transfer the higher cost per MER to the price. This

(Continued)

risk is permanently validated with the update of financial information for the 2022 cut-off date. For the situation ii) an analysis will be carried out during the first quarter of 2023 to identify the clients with an impact on their balance sheet indicators due to an increase in debt derived from the increase in the MER during 2022, understanding whether or not they have hedges and the impact of the increase in financial expenses.

During 2023, these risk factors will be monitored through the follow-up and early warning processes inherent to the credit risk management function, to manage the quotas in the granting process, identify emerging risks in the individuality of each client, recognize in the rating that reflects the level of individual risk and constitute adequate provisions to maintain the appropriate portfolio coverage.

**Calculating allowances**

The process of calculating allowances follows the set of guidelines established to that effect by the Financial Superintendence of Colombia, as outlined in Chapter II of the Basic Accounting and Financial Circular, specifically Attachment 3 on commercial loans (Reference Model for the Commercial Portfolio), Attachment 5 on consumer loans (Reference Model for the Consumer Portfolio) and Attachment 1 on home mortgages and microcredit (General System of Loan Assessment, Rating and Provisioning).

**Restructuring credit operations**

The Bank periodically restructures the debts of customers who have problems fulfilling their loan obligations. This restructuring process is done at the borrower’s request and usually consists of extending terms, lowering interest rates or forgiving part of the debt, depending on the customer’s needs.

The fundamental policy on granting this sort of refinancing is to provide the customer with the debt payment conditions required to adapt to a new situation for generating funds, based on financial feasibility.

When a loan is restructured because the debtor has financial problems, it is flagged in the Bank’s files as a restructured loan, pursuant to the regulations established in that respect by the Financial Superintendence of Colombia. The restructuring process has a negative impact on the debtor's credit risk rating. After restructuring, the customer’s risk rating will improve only if the customer complies with the terms of the agreement, within a reasonable period of time, and its new financial situation is adequate, or additional and sufficient collateral is provided.

Restructured loans are included for impairment assessment and to determine impairment allowances. However, flagging a restructured loan does not necessarily mean it is classified as impaired, since new collateral to secure the obligation is obtained in most cases.

The value of restructured loans in domestic currency at December 31, 2022 and 2021, came to $2,826,260 and $2,789,222, respectively.

**Receipt of foreclosed assets**

When persuasive collection or loan restructuring processes do not produce satisfactory results within a reasonable amount of time, collection is carried out through legal means or agreements are reached with the customer to receive foreclosed assets.

The Bank has a set of clearly established policies and has separate specialized departments for the management of these cases, receiving foreclosed assets and subsequent sale.

The following is a breakdown of foreclosed assets and those sold:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Additions (See Note 13) | $ | 26,374 | 62,857 |
| Disposals / Sales (See Note 13) | $ | 19,991 | 15,466 |

### 7.4.2 MARKET RISK

The Bank participate in money, foreign exchange and capital markets to satisfy its needs and those of its customers. This is done pursuant to established policies and risk levels. In that regard, it manages different financial asset portfolios within the allowed limits and risk levels.

Market risk arises from the Bank's positions in investment portfolios of debt securities, equity securities, foreign exchange exposures and derivative operations that are impacted by adverse changes in risk factors such as prices, interest rates, foreign currency exchange rates, share prices, credit margins of instruments.

The activity through which market risks are assumed is based on trading. The Bank trades financial instruments for various reasons. The following are the main ones:

- To offer products tailored to the customer's needs. One such function, among others, is to hedge the customer's financial risks.
- To structure portfolios to take advantage of arbitrage between different curves, assets and markets, and to obtain returns on the adequate use of equity.
- To conduct derivative operations to hedge asset and liability risk positions on the statement of financial position, to act as brokers for customers or to capitalize on opportunities for arbitrage concerning exchange and interest rates on local and foreign markets.

In carrying out these operations, the Bank incurs risks within defined limits or mitigates them with operations in other financial instruments, derivatives or not.

The following is a breakdown of the Bank's financial assets and liabilities at fair value that were subject to trading risk:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Assets** | | | |
| **Debt financial assets** | | | |
| Investments held for trading | $ | 347,218 | 940,898 |
| Investments available for sale | | 5,072,821 | 4,515,415 |
| | | **5,420,039** | **5,456,313** |
| Trading derivatives | | 786,100 | 397,335 |
| Hedging derivatives | | 0 | 5,379 |
| **Total assets** | | **6,206,139** | **5,859,027** |

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Liabilities** | | | |
| Trading derivatives | | 629,664 | 394,308 |
| Hedging derivatives | | 1,228 | 33,016 |
| **Total liabilities** | | **630,892** | **427,324** |
| **Net position** | **$** | **5,575,247** | **5,431,703** |

**Description of risk management objectives, polices and processes**

The risks assumed in bank book and treasury book operations are consistent with the institution's overall business strategy and its risk tolerance, established in the Risk Appetite Statement (DAR – Spanish acronym) and the Risk Appetite Market (MAR – Spanish acronym) Framework approved by the Board of Directors, based on the depth of the markets for each instrument, its impact on risk-weighted assets and the capital adequacy level, the profit budget established for each business unit, and the structure of statement of financial position.

Business strategies are established considering approved limits, seeking a balance in the profit/risk ratio. There also is a structure of limits that is congruent with the Bank's overall philosophy, based on the extent of its capital, the performance of earnings, and its tolerance for risk.

The Market Risk Management System (SARM – Spanish acronym) allows the Bank to identify, measure, control and monitor the market risk it might be exposed to, according to the positions assumed in carrying out their operations.

**Description of risk exposure**

- **Interest rate**

The Bank's treasury portfolios are exposed to interest-rate risk when a change in the market value of asset positions compared to a change in interest rates does not match the change in the market value of the liability position, and this difference is not offset by a change in the market value of other instruments, or when the future margin depends on interest rates, due to pending operations.

- **Exchange rate**

The treasury portfolios are exposed to exchange risk when i) the current value of the asset positions in each currency does not match the current value of the liability positions in the same currency, and the difference is not offset, ii) positions are taken in derivative products where the underlying asset is exposed to exchange risk and the sensitivity of the value to variations in exchange rates has not been immunized completely, iii) positions are taken at interest rate risk in currencies other than the reference currency; these can alter the parity between the value of asset positions and the value of liability positions in said currency, which generates losses or profits, and iv) when the margin depends directly on exchange rates.

**Risk management**

Senior management and the Board of Directors of the Bank play an active role in managing and controlling risks. They do so by analyzing a protocol of established reports and presiding over a number of committees

(Continued)

that comprehensively monitor – both technically and fundamentally – the different variables that influence markets at internal and external. This is intended to support strategic decisions.

Furthermore, analyzing and monitoring the various risks that the Bank incurs in its operations is essential for decision-making and to assess results. On the other hand, an ongoing analysis of macroeconomic conditions is necessary to achieving an ideal combination of risk, return and liquidity.

The risks assumed in the Bank's operations are reflected in a structure of limits and alerts, based on a risk appetite market (MAR -Spanish acronym), on positions in different instruments, according to their specific strategy, the depth of the markets where the Bank operates, the impact on level of risk assets and capital adequacy, as well as the statement of financial position structure and the liquidity management. The Risk Appetite Framework is monitored and periodically reported to the Board of Directors.

In order to minimize interest rate and exchange rate risks to certain statement of financial position items, the Bank implements hedging strategies by taking positions in derivative instruments.

According to the Bank's risk management strategy, the exposure to exchange risk generated by investments in subsidiaries and agencies abroad is partially hedged through a combination of "non-derivative" instruments (debt issued in USD) and "derivative" instruments (a portfolio of dollar – peso forwards). These receive hedge accounting treatment, once they comply with the respective requirements.

The economic relationship between financial instrument and hedged item is contained in Note 10.5.

**Methods used to measure risk**

Market risks are quantified using value-at-risk models (internal and standard), and additional measurements are done according to the historical simulation method. The Board of Directors approves a framework of limits based on the value-at-risk associated with the annual budget for profits and establishes additional limits, according to the different types of risk ((risk appetite market – MAR) and asset appreciation or devaluation alerts for strategic and/or structural positions.

The Bank uses the standard model to measure, control and manage market interest and exchange risk and share price risk in both the treasury and bank books, as stipulated by the Financial Superintendence of Colombia. Actually, the asset and liability positions in the treasury book are mapped within zones and bands according to the duration of the portfolios, the investment in equity securities and the net position (asset minus liability) in foreign currency (excluding the value of the uncovered portion of its controlled investments abroad), both in the bank book and the treasury book. This process is consistent with the standard model recommended by the Basel Committee.

The Bank also has parametric and non-parametric models for internal management based on the value-at-risk (VaR) method. These models allow to supplement market risk management by identifying and analyzing variations in risk factors (interest rates, exchange rates and price indexes) with respect to the value of the different instruments that constitute the portfolios. The Bank has adopted for its internal management uses several models: VaR parametric, C-VaR and the historical simulation.

The use of these methods makes it possible to estimate profits and capital at risk, facilitating resource allocation to the various business units, as well as a comparison of activities in different markets and identification of the positions that pose the most risk to the treasury business. These tools also are used to set limits on traders' positions and to carry out a sensitivity analysis of positions and strategies, as market conditions changes.

The methods used to measure different types of risk are assessed regularly and backtested to check their efficiency. In addition, the Bank also has tools to carry out portfolio stress and/or sensitivity tests, using simulations of extreme scenarios. Comparisons are made between the scenarios provided for the Resistance Testing Scheme by the Financial Superintendence of Colombia, compared to the historical scenarios used in the internal methodologies that have been used to set limits for the risk management of treasury portfolios, with the purpose to verify that they are contained in them.

Additionally, there are limits according to the "risk type" associated with each of the instruments that comprise the different portfolios. These limits are related to sensitivity or impact on portfolio value as a result of fluctuations in interest rate or respective factors – effect of variations in specific risk factors: interest rate (Rho), exchange rate (Delta) and volatility (Vega), among others.

The Bank has counterparty and trading limits, per operator, for each trading platforms in the markets where it operates. These limits are controlled daily by the back office and the middle office of the bank. Trading limits, per operator, are assigned to the different levels of hierarchy within the treasury business, based on the officer's experience in the market, in trading the type of product in question, and in portfolio management.

There is also a process to monitor the prices and valuation input published by PRECIA S.A. (the price vendor) that allows to identify on a daily basis those prices and/or inputs with significant differences between the information provided by the pricing service and the prices observed on the market.

Monitoring of this sort is intended to provide the pricing service with feedback on the most significant differences in prices and/ or input and to strengthen the variation methodologies.

There is also has a model to analyze the liquidity of debt securities (bonds) issued abroad to determine the depth of the market for instruments of this type and their level in the fair value hierarchy.

Finally, as part of the effort to monitor operations, the different aspects of trading are controlled, such as the terms agreed on, unconventional or off-market operations, operations with related parties, etc.

According to the standard model, the value at market risk VaR (maximum, minimum and average values) for the Bank was as follows:

| | | **December 31, 2022** | | | | **December 31, 2021** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Minimum | Average | Maximum | Latest | Minimum | Average | Maximum | Latest |
| Tasa de interés en pesos | $ | 279,197 | 293,694 | 306,284 | 287,279 | 343,980 | 400,977 | 445,021 | 343,980 |
| Tasa de cambio | | 74,624 | 87,342 | 98,561 | 74,624 | 8,377 | 55,700 | 76,796 | 72,908 |
| Acciones | | 3,759 | 4,182 | 4,650 | 3,870 | 2,714 | 3,046 | 3,669 | 2,820 |
| Carteras colectivas | | 93,605 | 104,038 | 129,620 | 129,620 | 86,726 | 89,009 | 91,839 | 91,839 |
| **VeR Total** | $ | **467,497** | **489,256** | **506,620** | **495,393** | **510,140** | **548,732** | **589,338** | **511,547** |

The following is the sensitivity of the average portfolio of debt securities held for trading would have had on earnings, if the market interest rates had increased by 25 or 50 basis points (BP):

(Continued)

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Promedio del portafolio | $ | 644,058 | 1,119,982 |
| 25 puntos básicos | | 1.610 | 2.800 |
| 50 puntos básicos | | 3.220 | 5.600 |

**Investment price risk in equity instruments**

**Equity securities**

The Bank also is exposed to financial asset price risk in equity securities listed on the stock exchange (Colombian Stock Exchange). If the prices of these investments had changed by +/-1% higher or lower, the greater or lesser impact on the Bank´s OCI, before taxes, would have been $36 and $51 at December 31, 2022 and 2021, respectively.

The Bank also has equity investments that are not listed on the stock exchange, in which their fair value is provided by the official price vendor. A sensitivity analysis of the variables used by the price vendor is provided, see Note 6.4.

- **Risk of variation in the foreign exchange rate**

The Bank operate internationally and is exposed to changes in the exchange rate that come from exposure in several currencies, primarily the United States dollar and the Euro. For the most part, foreign exchange risk is present when there are assets and liabilities and the investments made in subsidiaries and branches abroad, loan portfolios, obligations in foreign currency, and in future commercial transactions, also in foreign currency.

Banks in Colombia are authorized by the Central Bank of Colombia to trade currencies and to maintain balances in foreign currency in accounts abroad. The legal standards in Colombia allow banks to hold their own positions in foreign currency, determined by the difference between foreign currency-denominated rights and obligations recorded on and off the statement of financial position, whose three-day average cannot exceed the equivalent in foreign currency of twenty percent (20%) of the regulatory capital as indicated further below in Note 32. Also, the three business-day average in foreign currency can be negative, without exceeding the equivalent in foreign currency of five percent (5%) of said regulatory capital.

To calculate the own position, the value of investments controlled abroad must be excluded. They must also be excluded derivatives and other obligations designated as hedging instruments for investments controlled abroad.

Determination of the maximum or minimum amount of the own daily position and its own spot position in foreign currency is established based on the regulatory capital reported with the financial statements to the Financial Superintendence of Colombia corresponding to the second previous calendar month. Regulatory capital is converted to US dollars using the average of the official exchange rate for the previous calendar month on which the own position is calculated.

The following is a breakdown of assets and liabilities in foreign currency, by its equivalent in Colombian pesos, held by the Bank:

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| | December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | **Millions of US dollars** | **Millions of US euros** | **Other currencies expressed in millions of US dollars** | | **Total in millions of Colombian pesos** |
| **Assets** | | | | | |
| Cash and cash equivalents | 636.62 | 11.42 | 4.50 | $ | 3,142,402 |
| Debt securities investments held for trading | 27.40 | 0.00 | 0.00 | | 131,813 |
| Debt securities investments available for sale | 125.61 | 0.00 | 0.00 | | 604,190 |
| Investments held to maturity | 6.95 | 0.00 | 0.00 | | 33,453 |
| Loan portfolio | 1,327.10 | 0.17 | 0.94 | | 6,388,966 |
| Other accounts receivable | 304.83 | 0.00 | 0.00 | | 1,466,272 |
| **Total assets** | **2,428.51** | **11.59** | **5.44** | | **11,767,096** |
| **Liabilities** | | | | | |
| Checking accounts deposits | 987.31 | 0.00 | 0.00 | | 4,749,178 |
| Savings accounts deposits | 57.80 | 0.00 | 0.00 | | 278,006 |
| Time certificates of deposit | 620.89 | 0.00 | 0.00 | | 2,986,608 |
| Other deposits | 73.54 | 0.74 | 0.08 | | 357,933 |
| Interbank borrowings and overnight funds | 79.03 | 1.41 | 0.00 | | 387,371 |
| Borrowings from banks and others | 1,640.79 | 0.17 | 0.94 | | 7,897,881 |
| Bonds issued | 2,089.07 | 0.00 | 0.00 | | 10,048,865 |
| Development entities | 0.09 | 0.00 | 0.00 | | 451 |
| Accounts payable and other liabilities | 1.08 | 0.00 | 0.00 | | 5,215 |
| **Total liabilities** | **5,549.60** | **2.32** | **1.02** | | **26,711,508** |
| **Net asset (liabilities) position** | **(3,121.09)** | **9.27** | **4.42** | **$** | **(14,944,412)** |

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | **Millions of US dollars** | **Millions of US euros** | **Other currencies expressed in millions of US dollars** | | **Total in millions of Colombian pesos** |
| **Assets** | | | | | |
| Cash and cash equivalents | 1,001.01 | 9.01 | 4.16 | $ | 4,042,411 |
| Debt securities investments held for trading | 110.85 | 0.00 | 0.00 | | 441,297 |
| Debt securities investments available for sale | 138.19 | 0.00 | 0.00 | | 550,142 |
| Investments held to maturity | 7.00 | 0.00 | 0.00 | | 27,866 |
| Loan portfolio | 1,333.91 | 0.23 | 0.00 | | 5,311,543 |
| Other accounts receivable | 329.51 | 0.01 | 0.00 | | 1,311,878 |
| **Total assets** | **2,920.47** | **9.25** | **4.16** | | **11,685,137** |
| **Liabilities** | | | | | |
| Checking accounts deposits | 839.08 | 0.00 | 0.00 | | 3,340,514 |
| Savings accounts deposits | 28.70 | 0.00 | 0.00 | | 114,242 |
| Time certificates of deposit | 1,018.64 | 0.00 | 0.00 | | 4,055,362 |
| Other deposits | 11.08 | 0.86 | 0.05 | | 48,179 |
| Borrowings from banks and others | 1,439.20 | 0.36 | 0.00 | | 5,731,309 |
| Bonds issued | 2,215.32 | 0.00 | 0.00 | | 8,819,545 |
| Development entities | 1.68 | 0.00 | 0.00 | | 6,701 |
| Accounts payable and other liabilities | 2.61 | 0.00 | 0.00 | | 10,404 |
| **Total liabilities** | **5,556.31** | **1.22** | **0.05** | | **22,126,256** |

(Continued)

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | Millions of US dollars | Millions of US euros | Other currencies expressed in millions of US dollars | | Total in millions of Colombian pesos |
| **Net asset (liabilities) position** | **(2,635.84)** | **8.03** | **4.11** | **$** | **(10,441,119)** |

The Bank has a number of investments in foreign subsidiaries and branches whose net assets are exposed to risk from translation of financial statements consolidation purposes.

The exposure arising from net assets in foreign operations is hedged partially with financial obligations, bonds and derivatives in foreign currency, see Note 10.5.

If the exchange rate increased by $10 Colombian pesos to $1 USD, the effect on the net position of the Bank would decrease $31,068 and $26,226 at December 31, 2022 and 2021, respectively.

- **Interest rate structure risk**

The Bank has exposures to the effects of fluctuations in the interest rate market that affect capital and earnings, because they modify the present value and future cash flows of the entity's assets, liabilities and off-balance sheet items and, therefore, the Economic Value of Equity (EVA). Changes in interest rates also affect the Net Interest Margin (NIM) by altering interest rate sensitive revenues and expenses.

The main sources of interest rate risk in the banking book are: i) Gap risk (repricing), generated by the difference in the maturity terms in which assets or liabilities are held, ii) Basis risk, which corresponds to the impact for financial instruments with similar maturity terms, but whose prices are set with different interest rate indexes (v. g. fixed vs. floating rate) and iii) Option risk, which is the probability of incurring losses as a result of the exercise of implicit or explicit options, such as prepayment of loans. (v.g. fixed rate vs. variable rate) and iii) Option Risk, which is the probability of incurring losses as a consequence of the exercise of implicit or explicit options, such as loan prepayments.

The following table shows the financial assets and liabilities subject to repricing bands:

| | | December 31, 2022 | | | | |
|---|---|---|---|---|---|---|
| | | Up to 1 Month | From 1 to 6 Months | From 6 to 12 Months | More than 1 year | Total |
| **Assets** | | | | | | |
| Cash and cash equivalents | $ | 6,396,822 | 0 | 0 | 0 | 6,396,822 |
| Debt securities investments held for trading | | 347,218 | 0 | 0 | 0 | 347,218 |
| Debt securities investments available for sale | | 19,425 | 320,034 | 61,019 | 4,672,343 | 5,072,821 |
| Investments held to maturity | | 1,913,765 | 1,032,844 | 184,004 | 0 | 3,130,613 |
| Repos, interbank, overnight and others | | 4,451,918 | 0 | 0 | 0 | 4,451,918 |
| Commercial loans | | 4,384,795 | 10,638,988 | 7,449,589 | 26,710,675 | 49,184,047 |
| Consumer loans | | 288,826 | 196,624 | 985,897 | 16,070,356 | 17,541,703 |
| Mortgages loans | | 103,209 | 440 | 1,844 | 7,395,902 | 7,501,395 |
| Microcredits loans | | 9,158 | 9,288 | 30,772 | 203,186 | 252,404 |
| Abandoned accounts - ICETEX | | 0 | 0 | 0 | 226,381 | 226,381 |
| Other accounts receivable (1) | | 0 | 0 | 0 | 1,445,881 | 1,445,881 |

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| | | December 31, 2022 | | | | |
|---|---|---|---|---|---|---|
| | | Up to 1 Month | From 1 to 6 Months | From 6 to 12 Months | More than 1 year | Total |
| **Total assets** | | **17,915,136** | **12,198,218** | **8,713,125** | **56,724,724** | **95,551,203** |
| **Liabilities** | | | | | | |
| Checking accounts deposits | | 15,523,635 | 0 | 0 | 0 | 15,523,635 |
| Savings accounts deposits | | 29,448,745 | 0 | 0 | 0 | 29,448,745 |
| Time certificates of deposit | | 3,685,899 | 10,687,972 | 7,150,759 | 2,830,037 | 24,354,667 |
| Interbank borrowings and overnight funds | | 543,395 | 0 | 0 | 0 | 543,395 |
| Borrowings from banks and others | | 658,291 | 7,239,590 | 0 | 0 | 7,897,881 |
| Bonds issued | | 174,725 | 3,051,003 | 203,791 | 7,527,422 | 10,956,941 |
| Development entities | | 2,299,204 | 257 | 0 | 0 | 2,299,461 |
| Lease contracts | | 2,697 | 37,984 | 71,619 | 422,005 | 534,305 |
| **Total liabilities** | $ | **52,336,591** | **21,016,806** | **7,426,169** | **10,779,464** | **91,559,030** |

| | | December 31, 2021 | | | | |
|---|---|---|---|---|---|---|
| | | **Up to 1 Month** | **From 1 to 6 Months** | **From 6 to 12 Months** | **More than 1 year** | **Total** |
| **Assets** | | | | | | |
| Cash and cash equivalents | $ | 7,321,569 | 0 | 0 | 0 | 7,321,569 |
| Debt securities investments held for trading | | 940,898 | 0 | 0 | 0 | 940,898 |
| Debt securities investments available for sale | | 0 | 157,850 | 81,165 | 4,276,400 | 4,515,415 |
| Investments held to maturity | | 1,656,635 | 991,837 | 178,125 | 0 | 2,826,597 |
| Repos, interbank, overnight and others | | 75,779 | 0 | 0 | 0 | 75,779 |
| Commercial loans | | 3,457,840 | 9,316,144 | 5,934,832 | 25,701,065 | 44,409,881 |
| Consumer loans | | 320,803 | 91,609 | 797,524 | 13,884,794 | 15,094,730 |
| Mortgages loans | | 66,989 | 553 | 2,294 | 5,605,567 | 5,675,403 |
| Microcredits loans | | 18,932 | 9,982 | 35,747 | 223,582 | 288,243 |
| Abandoned accounts - ICETEX | | 0 | 0 | 0 | 203,511 | 203,511 |
| Other accounts receivable (1) | | 0 | 0 | 0 | 1,157,893 | 1,157,893 |
| **Total assets** | | **13,859,445** | **10,567,975** | **7,029,687** | **51,052,812** | **82,509,919** |
| **Liabilities** | | | | | | |
| Checking accounts deposits | | 14,541,023 | 0 | 0 | 0 | 14,541,023 |
| Savings accounts deposits | | 29,307,390 | 0 | 0 | 0 | 29,307,390 |
| Time certificates of deposit | | 4,263,194 | 8,830,353 | 2,002,847 | 2,836,375 | 17,932,769 |
| Interbank borrowings and overnight funds | | 1,184,331 | 0 | 0 | 0 | 1,184,331 |
| Borrowings from banks and others | | 725,648 | 3,069,907 | 1,935,754 | 0 | 5,731,309 |
| Bonds issued | | 118,712 | 628,650 | 232,149 | 8,743,885 | 9,723,396 |
| Development entities | | 1,149,657 | 527,638 | 5,929 | 103,654 | 1,786,878 |
| Lease contracts | | 49,537 | 172,952 | 102,522 | 147,547 | 472,558 |
| **Total liabilities** | $ | **51,339,492** | **13,229,500** | **4,279,201** | **11,831,461** | **80,679,654** |

(1) Corresponds to dividends receivable declared by BAC Holding International (BHI).

(Continued)

**The following is a breakdown of financial assets and liabilities, by interest rate type:**

| | December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | Under one year | | More than one year | | Total |
| | Variable | Fixed | Variable | Fixed | |
| **Assets** | | | | | |
| Debt securities Investments held for trading | $ 63,097 | 128,153 | 6,597 | 149,371 | 347,218 |
| Debt securities Investments available for sale | 0 | 283,372 | 117,105 | 4,672,344 | 5,072,821 |
| Investments held to maturity | 1,913,764 | 1,216,849 | 0 | 0 | 3,130,613 |
| Repos, interbank, overnight and others | 0 | 4,451,918 | 0 | 0 | 4,451,918 |
| Commercial loans | 19,634,534 | 4,059,153 | 22,439,593 | 3,050,767 | 49,184,047 |
| Consumer loans | 14,328 | 5,232,218 | 306,730 | 11,988,427 | 17,541,703 |
| Mortgages loans | 0 | 417,925 | 0 | 7,083,470 | 7,501,395 |
| Microcredits loans | 7 | 141,860 | 0 | 110,537 | 252,404 |
| Abandoned accounts - ICETEX | 0 | 0 | 226,381 | 0 | 226,381 |
| Other accounts receivable (1) | 0 | 0 | 0 | 1,445,881 | 1,445,881 |
| **Total assets** | **21,625,730** | **15,931,448** | **23,096,406** | **28,500,797** | **89,154,381** |
| **Liabilities** | | | | | |
| Checking account deposits | 0 | 15,523,635 | 0 | 0 | 15,523,635 |
| Savings accounts deposits | 310,429 | 29,138,316 | 0 | 0 | 29,448,745 |
| Time certificates of deposit | 6,654,225 | 14,857,262 | 909,628 | 1,933,552 | 24,354,667 |
| Interbank borrowings and overnight funds | 0 | 543,395 | 0 | 0 | 543,395 |
| Borrowings from banks and others | 2,065,210 | 5,832,671 | 0 | 0 | 7,897,881 |
| Bonds issued | 114,252 | 2,451,304 | 396,804 | 7,994,581 | 10,956,941 |
| Development entities | 143,780 | 0 | 2,155,681 | 0 | 2,299,461 |
| Lease contracts | 0 | 112,299 | 0 | 422,006 | 534,305 |
| **Total liabilities** | $ **9,287,896** | **68,458,882** | **3,462,113** | **10,350,139** | **91,559,030** |

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | Under one year | | More than one year | | Total |
| | Variable | Fixed | Variable | Fixed | |
| **Assets** | | | | | |
| Debt securities Investments held for trading | $ 56,301 | 449,946 | 0 | 434,651 | 940,898 |
| Debt securities Investments available for sale | 139,603 | 99,411 | 0 | 4,276,401 | 4,515,415 |
| Investments held to maturity | 1,656,636 | 1,169,961 | 0 | 0 | 2,826,597 |
| Repos, interbank, overnight and others | 0 | 75,779 | 0 | 0 | 75,779 |
| Commercial loans | 17,041,022 | 2,365,006 | 22,962,602 | 2,041,251 | 44,409,881 |
| Consumer loans | 53,414 | 4,343,114 | 276,801 | 10,421,401 | 15,094,730 |
| Mortgages loans | 0 | 315,816 | 0 | 5,359,587 | 5,675,403 |
| Microcredits loans | 7 | 161,727 | 0 | 126,509 | 288,243 |
| Abandoned accounts - ICETEX | 0 | 0 | 203,511 | 0 | 203,511 |
| Other accounts receivable (1) | 0 | 0 | 0 | 1,157,893 | 1,157,893 |
| **Total assets** | **18,946,983** | **8,980,760** | **23,442,914** | **23,817,693** | **75,188,350** |
| **Liabilities** | | | | | |
| Checking account deposits | 117,152 | 14,423,871 | 0 | 0 | 14,541,023 |

(Continued)

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | Under one year | | More than one year | | Total |
| | Variable | Fixed | Variable | Fixed | |
| Savings accounts deposits | 937,258 | 28,370,132 | 0 | 0 | 29,307,390 |
| Time certificates of deposit | 2,832,698 | 11,506,951 | 758,823 | 2,834,297 | 17,932,769 |
| Interbank borrowings and overnight funds | 0 | 1,184,331 | 0 | 0 | 1,184,331 |
| Borrowings from banks and others | 2,999,797 | 2,731,512 | 0 | 0 | 5,731,309 |
| Bonds issued | 0 | 475,853 | 503,658 | 8,743,885 | 9,723,396 |
| Development entities | 421,187 | 50,519 | 1,251,660 | 63,512 | 1,786,878 |
| Lease contracts | 0 | 325,011 | 0 | 147,547 | 472,558 |
| **Total liabilities** | $ **7,308,092** | **59,068,180** | **2,514,141** | **11,789,241** | **80,679,654** |

(1) Corresponds to dividends receivable declared by BAC Holding International (BHI).

If interest rates had been 50 basis points lower (higher) with all other variables held constant, the Bank's net income for the years ended December 31, 2022, and 2021, would have increased (decreased) by $28,570 and $38,502, respectively. This as a result, mainly due to a lower (higher) interest expense on financial obligations and customer deposits, lower (higher) interest income on loan portfolio and a lower (higher) investment valuation.

**Benchmark interest rate reform**

The world is currently undergoing a fundamental reform in the main benchmark interest rates, in which certain inter-bank offered rates (IBOR) are being replaced for alternative near risk-free rates (called "IBOR reform"). The Bank is significantly exposed to the LIBOR in its financial instruments, which is in the process of being reformed as part of these market initiatives.

On July 29, 2021, the Alternative Reference Rates Committee (ARRC) announced its recommendation on the use of the SOFR term rates (Term SOFR) of the Chicago Mercantile Exchange (CME), after completing a key change in the commercial conventions between market intermediaries on July 26, 2021, under the SOFR First initiative, which recommends the end of the use of LiborUSD and instead the use of SOFR for linear swaps trades. This initiative accelerated the transition for all types of products. Additionally, the ARRC recommendation on the use of Term SOFR has facilitated the change towards loans in SOFR. According to an ARRC report, the transition has moved forward with no major obstacles, particularly in derivatives, consumer loans and floating rate markets. The market perceives fluid progress in commercial loans and securitization markets, observing a greater trend towards issuances indexed to SOFR.

During 2022, a successful transition process was evidenced in the markets after the closing of operations in LiborEUR, LiborCHF, LiborYEN and LiborGBP, even though financial institutions have faced some challenges related to the selection of benchmark rates and the renegotiation of contracts indexed to the previous benchmark rates. With respect to LiborUSD, companies are already trading SOFR-indexed products. On May 5, 2022, CME Group launched the SOFR First initiative for options contracts, in order to accelerate the transition to products of this type. The greatest challenges found have been in operating and system aspects.

During 2022 and 2021, Banco de Bogotá had the following LIBOR exposures with respect to financial instruments subject to LIBOR references, the following table shows the value of financial assets and liabilities indexed to LIBOR rates and those with "fallback" clauses:

| | December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | | Total amount of contracts expiring before June 30, 2023 | | Total amount of contracts expiring after June 30, 2023 | | Total Libor indexed contracts |
| | | Total value of indexed contracts | Amount with appropriate fallback clause | Total value of indexed contracts | Amount with appropriate fallback clause | |
| **Assets** | | | | | | |
| **Trading derivatives** | | | | | | |
| Interest rate swaps | $ | 935 | 935 | 8,014 | 8,014 | 8,949 |
| Cross-currency swaps | | 35,942 | 35,942 | 36,298 | 36,298 | 72,240 |
| | | **36,877** | **36,877** | **44,312** | **44,312** | **81,189** |
| **Loan portfolio** | | | | | | |
| commercial | | 6,233 | 0 | 889,566 | 392,801 | 895,799 |
| | | **6,233** | **0** | **889,566** | **392,801** | **895,799** |
| **Total assets** | | **43,110** | **36,877** | **933,878** | **437,113** | **976,988** |
| **Liabilities** | | | | | | |
| **Trading derivatives** | | | | | | |
| Interest rate swaps | | 881 | 881 | 10,182 | 10,182 | 11,063 |
| Cross-currency swaps | | 44,536 | 44,536 | 69,114 | 69,114 | 113,650 |
| | | **45,417** | **45,417** | **79,296** | **79,296** | **124,713** |
| **Financial obligations** | | | | | | |
| Development entities | | 29 | 0 | 418 | 0 | 447 |
| | | **29** | **0** | **418** | **0** | **447** |
| **Total Liabilities** | **$** | **45,446** | **45,417** | **79,714** | **79,296** | **125,160** |

| | December 31, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | | Total amount of contracts expiring before June 30, 2023 | | Total amount of contracts expiring after June 30, 2023 | | Total Libor indexed contracts |
| | | Total value of indexed contracts | Amount with appropriate fallback clause | Total value of indexed contracts | Amount with appropriate fallback clause | |
| **Assets** | | | | | | |
| **Trading derivatives** | | | | | | |
| Interest rate swaps | $ | 1,624 | 0 | 593 | 0 | 2,217 |
| Cross-currency swaps | | 17,275 | 0 | 8,950 | 0 | 26,225 |
| | | **18,899** | **0** | **9,543** | **0** | **28,442** |
| **Loan portfolio** | | | | | | |
| commercial | | 3,542,753 | 0 | 1,489,110 | 647,485 | 5,031,863 |
| | | **3,542,753** | **0** | **1,489,110** | **647,485** | **5,031,863** |
| **Total assets** | | **3,561,652** | **0** | **1,498,653** | **647,485** | **5,060,305** |
| **Liabilities** | | | | | | |
| **Trading derivatives** | | | | | | |
| Interest rate swaps | | 3,758 | 0 | 6,179 | 0 | 9,937 |
| Cross-currency swaps | | 40,725 | 0 | 29,133 | 0 | 69,858 |

| | | December 31, 2021 | | | | |
|---|---|---|---|---|---|---|
| | | Total amount of contracts expiring before June 30, 2023 | | Total amount of contracts expiring after June 30, 2023 | | Total Libor indexed contracts |
| | | Total value of indexed contracts | Amount with appropriate fallback clause | Total value of indexed contracts | Amount with appropriate fallback clause | |
| | | **44,483** | **0** | **35,312** | **0** | **79,795** |
| **Financial obligations** | | | | | | |
| Borrowings from banks and others | | 0 | 0 | 2,999,797 | 0 | 2,999,797 |
| Development entities | | 6,214 | 0 | 487 | 0 | 6,701 |
| | | **6,214** | **0** | **3,000,284** | **0** | **3,006,498** |
| **Total Liabilities** | **$** | **50,697** | **0** | **3,035,596** | **0** | **3,086,293** |

While some of these outstanding LiborUSD-based loans and contracts include back-up provisions to alternative reference rates, most of the outstanding LiborUSD-based loans and contracts may be difficult to modify due to the requirement that all affected parties consent to the respective modifications.

Banco de Bogotá's activities are framed under a work plan which has been subject to adjustments according to the guidelines recommended by local and international regulators, and, according to the best practices that have been adopted in the market during this transition. These activities have focused on the preparation of products indexed to the new reference rates and the conversion of existing contracts based on Libor to other alternative rates through: i) identification of asset and liability operations indexed to the Libor rate, ii) negotiations with clients and counterparties, iii) contract modifications, iv) adjustments in information systems, v) modifications in procedures and policies, vii) modifications in valuation models.

### 7.4.3 LIQUIDITY RISK

Liquidity risk is related to the Bank inability to fulfill the obligations acquired with customers and financial market counterparties at any time, currency and place, for which each entity reviews its available resources on a daily basis.

The Bank manages liquidity risk according to the standard model described in Chapter VI of the Basic Accounting and Financial Circular issued by the Financial Superintendence of Colombia and pursuant to the applicable rules on liquidity risk management. This process adheres to the fundamental principles of the Liquidity Risk Management System (SARL – Spanish acronym), which establish the minimum reasonable parameters that the entities must monitor in their operations to effectively manage the liquidity risk to which they are exposed.

To measure liquidity risk, the Bank calculates a short-term liquidity risk indicator (LRI) under the standard model at terms of 7, 15 and 30 days and the Net Stable Funding Coefficient (CFEN - Spanish acronym).

As part of the liquidity risk analysis, the Bank measures the volatility of deposits, the structure of assets and liabilities, the degree of liquidity of assets, the availability of funding lines and the management of assets and liabilities. The idea is to have enough liquidity on hand (including liquid assets, guarantees and collateral) to deal with possible scenarios involving own or systemic stress.

Liquid assets include cash plus investments (held for trading, available for sale or held to maturity) adjusted by a liquidity haircut at 33 days, which is calculated monthly by the Central Bank of Colombia. This haircut reflects the premium a financial entity would have to pay to carry out interbank or simultaneous repo operations. By the same token, liquid assets in foreign currency are adjusted by an exchange rate haircut at one month that reflects their volatility in the event positions in foreign currency must be sold to meet liquidity needs. Entities must maintain a level of high-quality liquid assets equivalent to at least 70% of their total liquid assets. High-quality liquid assets are understood as cash and the liquid assets the Central Bank of Colombia receives for its monetary contraction and expansion operations.

A quantification of funds obtained on the money market is an integral part of the liquidity measurement carried out by Bank. Based on technical studies, primary and secondary sources of liquidity are identified in order to ensure funding stability and sufficiency by having a range of funding suppliers. This also minimize any concentration of funding sources. Once identified, sources of funding are assigned to the different lines of business, according to budget, nature and depth of the markets.

The availability of resources is monitored daily, not only to meet reserve requirements, but also to forecast and/or anticipate possible changes in the entity's liquidity risk profile and to be able to make strategic decisions, as appropriate. In this respect, the Bank has liquidity warning indicators to ascertain the current situation, as well as strategies to be implemented in each case. Among others, these indicators include the LRI, deposit concentration levels, and use of the Central Bank's liquidity quotas, among others.

The Bank must adequately manage its capacity to respond to disturbances in liquidity to avoid compromising its financial stability. CFEN indicator measures the Bank's funding in relation to its asset composition and its off-balance-sheet positions, over a one-year horizon. Where CFEN must always be equal to or greater than 100 %.

The methodology for measuring and reporting the Net Stable Funding Coefficient (CFEN - Spanish acronym) is defined in Annex 4 of Chapter VI of the Basic Accounting and Financial Circular of the Financial Superintendence of Colombia, which defines the following variables:

- Available stable funding (FED – Spanish acronym), which is measured based on the general features of the relative stability of the Bank's sources of funds, including the term to maturity of its liabilities and the financing providers' propensity to exit. Calculation of the FED excludes liabilities associated with rediscounted loans received by the entity. Additionally, liability instruments that form part of Technical Reserves should not be reported as liabilities.

- The required stable funding (FER – Spanish acronym) is calculated based on the general features of the liquidity risk profile of the assets and off-balance-sheet positions of the Bank, excluding the amount of the assets that was deducted from Technical Reserves as, as well as rediscounting operations.

The results obtained must be assessed by the Bank in order to adequately manage its capacity to respond to disturbances in liquidity so as to avoid compromising its financial stability. The transformation of maturities carried out by the Bank is a key component of financial intermediation.
The following is the FER calculation:

(Continued)

| | | Available stable funding (FED) | Required stable funding (FER) | Net Stable Funding Coefficient (FER) % |
|---|---|---|---|---|
| December 31, 2022 | $ | 68,769,289 | 65,419,993 | 105.12% |
| December 31, 2021 | $ | 75,420,191 | 70,020,267 | 107.71% |

There is a Risk Appetite Statement (DAR) and a Risk Appetite Framework (MAR) approved by the Board of Directors, which defines limits and alert levels for the Liquidity Risk indicators and the CFEN mentioned above.

Through the committees on assets and liabilities, senior management at the Bank´s knows the entity's liquidity situation and makes the necessary decisions. These take into account the high-quality liquid assets that must be maintained, tolerance in liquidity management or minimum liquidity, legal floating reserve requirements, the strategies for granting loans and obtaining funds; policies on placing surplus liquidity, changes in the characteristics of new and existing products, diversification of the funding sources to prevent concentration of deposits funds in few investors or savers, hedging strategies; the Bank's results, and the changes in the structure of the statement of financial position.

For complying with Central Bank of Colombia and the Financial Superintendence of Colombia requirements, the Bank must maintain cash on hand and in banks in order to comply with legal floating reserve requirements, according to the following percentages calculated on daily average of deposits in the following accounts:

| Item | Required percentage |
|---|---|
| Deposits and demand accounts and up to 30 days | 8% |
| Public entity deposits | 8% |
| Deposits and demand accounts after 30 days | 8% |
| Ordinary savings deposits | 8% |
| Fixed-term savings deposits | 8% |
| Trading securities repurchase agreements | 8% |
| Accounts other than deposits | 8% |
| **Time certificates of deposit:** | |
| Under 540 days | 3.5% |
| 540 days or more | 0% |
| **Savings deposits with term certificate** | |
| With a term of less than 30 days without early redemption | 8% |
| Redeemable before expiration | 8% |
| With a term equal to or greater than 30 days and less than 540 days without early redemption. | 3.5% |
| With a term equal to or greater than 540 days without early redemption. | 0% |

The following is a summary of available liquid assets projected over a period of 30 days:

| | | Liquid assets available at the end of the period (1) | From 1 to 7 days (2) | From 1 to 15 days (2) | From 1 to 30 days (2) |
|---|---|---|---|---|---|
| December 31, 2022 | $ | 11,749,890 | 10,865,287 | 7,758,033 | 6,445,745 |
| December 31, 2021 | $ | 12,019,528 | 10,233,924 | 7,497,866 | 2,928,010 |

(Continued)

(1) Liquid assets are the sum of the assets at the end of each period that are readily convertible to cash, given the characteristics of such assets. These assets include cash on hand and in banks, securities or coupons that have been transferred to the entity in development of the active money market operations that it conducts and have not subsequently been used in borrowing operations on the money market, investment in debt securities at fair value, investments in open mutual funds with no permanence agreement, and debt securities at amortized cost, provided they involve forced or mandatory investments subscribed in the primary market and can be used for money market operations. For purposes of calculating the liquid assets, all the aforementioned investments, without exception, are calculated at their fair value market price on the date of the assessment.

(2) This balance is the residual value of the entity' liquid assets in the days following the end of the period, after deducting the net difference between its cash inflows and outflows during that time. This calculation is done by analyzing the mismatch of contractual and non-contractual cash flows from assets, liabilities and off- statement of financial position in 1-to-30-day time bands.

The liquidity calculations described above assume normal liquidity conditions, according to the contractual flows and and flows not due to contractual maturities in accordance with the methodology defined by the Financial Superintendence of Colombia. For cases involving extreme liquidity events occasioned by the unusual withdrawal of deposits, the Bank has contingency plans that include the existence of a line of credit with other institutions and access to special lines of credit with the Central Bank of Colombia, in accordance with current regulations. These lines of credit are granted when required and are backed by securities issued by the Colombian government and a portfolio of high-quality loans, as stipulated in the regulations of the Central Bank of Colombia.

The Bank analyzed the maturities for financial assets and liabilities showing the following remaining contractual maturities:

| | | December 31, 2022 | | | | |
|---|---|---|---|---|---|---|
| | | **Less than one month** | **From one to six months** | **From six to twelve months** | **More than one year** | **Total** |
| **Assets** | | | | | | |
| Cash and cash equivalents | $ | 6,396,822 | 0 | 0 | 0 | 6,396,822 |
| Debt securities Investments held for trading | | 347,218 | 0 | 0 | 0 | 347,218 |
| Debt securities Investments available for sale | | 21,002 | 285,074 | 348,485 | 6,551,801 | 7,206,362 |
| Investments held to maturity | | 334,991 | 1,543,229 | 1,332,187 | 0 | 3,210,407 |
| Trading derivatives | | 786,100 | 0 | 0 | 0 | 786,100 |
| Repos, interbank, overnight and others | | 4,451,918 | 0 | 0 | 0 | 4,451,918 |
| Commercial loans | | 4,907,291 | 13,470,334 | 9,565,603 | 33,930,263 | 61,873,491 |
| Consumer loans | | 876,257 | 3,389,165 | 3,614,157 | 17,265,151 | 25,144,730 |
| Mortgages loans | | 140,986 | 446,760 | 532,423 | 14,884,289 | 16,004,458 |
| Microcredits loans | | 33,047 | 81,547 | 81,303 | 139,256 | 335,153 |
| Abandoned accounts - ICETEX | | 0 | 0 | 0 | 226,381 | 226,381 |
| Other accounts receivable (1) | | 0 | 0 | 0 | 1,445,881 | 1,445,881 |
| **Total Assets** | | **18,295,632** | **19,216,109** | **15,474,158** | **74,443,022** | **127,428,921** |
| **Liabilities** | | | | | | |
| Trading derivatives | | 629,664 | 0 | 0 | 0 | 629,664 |
| Hedging derivatives | | 1,228 | 0 | 0 | 0 | 1,228 |
| Checking accounts deposits | | 15,523,635 | 0 | 0 | 0 | 15,523,635 |
| Savings accounts deposits | | 29,448,745 | 0 | 0 | 0 | 29,448,745 |
| Time certificates of deposit | | 5,077,828 | 11,538,647 | 7,813,326 | 3,289,756 | 27,719,557 |
| Other deposits | | 409,934 | 0 | 0 | 0 | 409,934 |
| Interbank borrowings and overnight funds | | 543,395 | 0 | 0 | 0 | 543,395 |
| Borrowings from banks and others | | 997,229 | 4,069,132 | 2,995,840 | 0 | 8,062,201 |
| Bonds issued | | 1,146 | 2,683,902 | 388,202 | 10,535,718 | 13,608,968 |
| Development entities | | 73,724 | 431,479 | 439,338 | 2,040,321 | 2,984,862 |

(Continued)

| | | December 31, 2022 | | | | |
|---|---|---|---|---|---|---|
| | | Less than one month | From one to six months | From six to twelve months | More than one year | Total |
| Lease contracts | | 2,697 | 37,984 | 71,619 | 422,005 | 534,305 |
| Accounts payable and other liabilities | | 2,318,741 | 0 | 0 | 0 | 2,318,741 |
| **Total Liabilities** | $ | **55,027,966** | **18,761,144** | **11,708,325** | **16,287,800** | **101,785,235** |

| | | December 31, 2021 | | | | |
|---|---|---|---|---|---|---|
| | | Less than one month | From one to six months | From six to twelve months | More than one year | Total |
| **Assets** | | | | | | |
| Cash and cash equivalents | $ | 7,321,569 | 0 | 0 | 0 | 7,321,569 |
| Debt securities Investments held for trading | | 940,898 | 0 | 0 | 0 | 940,898 |
| Debt securities Investments available for sale | | 788 | 64,577 | 341,733 | 5,844,399 | 6,251,497 |
| Investments held to maturity | | 383,266 | 1,455,700 | 988,852 | 0 | 2,827,818 |
| Trading derivatives | | 397,335 | 0 | 0 | 0 | 397,335 |
| Hedging derivatives | | 5,379 | 0 | 0 | 0 | 5,379 |
| Repos, interbank, overnight and others | | 75,779 | 0 | 0 | 0 | 75,779 |
| Commercial loans | | 3,820,738 | 10,617,148 | 6,899,176 | 29,356,649 | 50,693,711 |
| Consumer loans | | 727,708 | 2,588,424 | 2,911,377 | 14,321,000 | 20,548,509 |
| Mortgages loans | | 108,038 | 330,362 | 393,851 | 10,435,650 | 11,267,901 |
| Microcredits loans | | 54,954 | 87,721 | 87,038 | 169,532 | 399,245 |
| Abandoned accounts - ICETEX | | 0 | 0 | 0 | 203,511 | 203,511 |
| Other accounts receivable (1) | | 0 | 0 | 0 | 1,157,893 | 1,157,893 |
| **Total Assets** | | **13,836,452** | **15,143,932** | **11,622,027** | **61,488,634** | **102,091,045** |
| **Liabilities** | | | | | | |
| Trading derivatives | | 394,308 | 0 | 0 | 0 | 394,308 |
| Hedging derivatives | | 33,016 | 0 | 0 | 0 | 33,016 |
| Checking accounts deposits | | 14,541,023 | 0 | 0 | 0 | 14,541,023 |
| Savings accounts deposits | | 29,307,390 | 0 | 0 | 0 | 29,307,390 |
| Time certificates of deposit | | 2,847,959 | 8,831,642 | 2,953,040 | 3,803,784 | 18,436,425 |
| Other deposits | | 88,455 | 0 | 0 | 0 | 88,455 |
| Interbank borrowings and overnight funds | | 1,184,331 | 0 | 0 | 0 | 1,184,331 |
| Borrowings from banks and others | | 721,753 | 3,091,268 | 1,957,073 | 0 | 5,770,094 |
| Bonds issued | | 388 | 263,291 | 263,958 | 11,300,718 | 11,828,355 |
| Development entities | | 39,735 | 224,218 | 261,724 | 1,441,994 | 1,967,671 |
| Lease contracts | | 49,537 | 172,952 | 102,522 | 147,547 | 472,558 |
| Accounts payable and other liabilities | | 2,335,179 | 0 | 0 | 0 | 2,335,179 |
| **Total Liabilities** | $ | **51,543,074** | **12,583,371** | **5,538,317** | **16,694,043** | **86,358,805** |

(1) Corresponds to dividends receivable declared by BAC Holding International (BHI).

### 7.4.4 OPERATIONAL RISK

Operational risk is defined as the possibility that due to the definitions of inadequate or failed people, infrastructure, technology, or internal processes; as well as, those produced by external causes, “including legal risk”, losses and negative impacts are generated that go against the fulfillment of the entity's objectives.

The Bank's Operational Risk Management System (SARO – Spanish acronym) implemented according to the guidelines established by the Financial Superintendence of Colombia. This system is managed by the Operational Risk Management, which is part of the Control and Compliance Unit.

The Bank has strengthened the understanding and control of risks in processes, activities, products and operational lines; has managed to reduce errors and identify opportunities for improvement that support the development and operation of new products and / or services.

The Operational Risk Manual outlines the policies, standards and procedures that have been adopted to guarantee business management within adequate levels of risk. There is also a manual on the Business Continuity Management System, which contains guidelines for operations in the event basic resources are not available.

The Operational Risk and SOX Management participates in the activities of the organization through its presence in the different Committees, to monitor the management and compliance with the entity's standards, which can be of order: strategic, tactical, prevention, monitoring of risk indicators and complaints and claims. It is also responsible for the Operational Risk Committee, which monitors and follows up on the most relevant events, with the purpose of implementing improvement plans aimed at strengthening the processes.

This has been accomplished by using the SARO methodology (risk identification, measurement, control and monitoring) when implementing standards and regulations, such as the Sarbanes-Oxley Law (SOX), ISO 27001 (Information Security), Law 1328 on financial consumer protection, the Anti-corruption and Anti-fraud Act, and Law 1581 on data protection. As a result, it has been possible to obtain important synergies.

The operational-risk management model considers the best practices outlined by the Basel Committee on Banking Supervision and by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In addition, it also meets the regulatory requirements that were designed for that purpose by the supervisory bodies in the countries where the Bank operates.

The Bank also has formally established policies to manage information security, business continuity and fraud prevention. Likewise, there is an ethics code to support the proper management of operational risks within the organization.

The Bank keeps a detailed log of incidents that involve operational risk that are reported by the risk managers. These incidents are recorded in the assigned expense and income accounts to ensure proper accounting follow-up.

The entity's priority is to identify and manage primary risk factors, regardless of whether or not they might result in monetary loss. This measurement also helps to establish priorities in managing operational risk.

The operational risk management system is a continuous multi-stage process:

- Identification.
- Measurement.
- Control.
- Monitoring - Opportunities to improve action plans.

(Continued)

As of December 31, 2022, the operational risk profile had risks and controls in place for its 266 processes. The model is dynamically updated and takes into consideration the validation of control designs (changes in structure, positions, periodicity, evidence), the correction of ineffective risks and controls (based on audit findings), changes in applications and procedures (updates), and the creation of new processes.

Following table shows the figures resulting from each update of the operational risk profile of the Bank at December 31, 2022 and 2021:

| | December 31, 2021 | December 31, 2021 |
|---|---|---|
| Controls | 3.859 | 4.268 |
| Causes | 1.908 | 1.953 |
| Risks | 1.816 | 1.738 |
| Processes | 266 | 273 |

The net losses recorded for operational risk events during the year 2022 according to the Basel risk classification amounted to $22,710, distributed as follows:

| Risk of Basel | Amount | | Loss | Recovery | Net loss |
|---|---|---|---|---|---|
| External Fraud | 58.345 | $ | 30,782 | 8,074 | 22,709 |
| Process execution and administration | 3.027 | | 3,189 | 390 | 2,799 |
| Labor relations and occupational safety | 51 | | 2,650 | 909 | 1,742 |
| Customers, products and business practices | 1.115 | | 289 | 0 | 289 |
| Technology failures | 255 | | 146 | 0 | 146 |
| Internal fraud | 155 | | 245 | 2,074 | (1,829) |
| Damage to physical assets | 257 | | 528 | 3,672 | (3,145) |
| **Total** | **63.205** | **$** | **37,829** | **15,119** | **22,710** |

For the Basel risk classification, the events with the highest incidence in relation to external fraud were:

- Customer impersonation in the application and use of digital credit products includes tablet management for $10,950, including recoveries with the insured for $823.
- Fraudulent use of credit and debit cards for $6,565, including recovery via commerce for $664.
- Spoofing in digital products through allied links - Crediconvenios $5,288, includes recovery for the return of allied resources for $505.
- Recovery with the insurer in the amount of $4,791 for Dual Tone Multi Frequency (DTMF) through social engineering techniques.
- Recovery with the supplier Emergía for $1,110, impacting the fraud purchase of portfolio through Servilínea.

**Damages to Physical Assets**: Indemnification derived from damages due to vandalism during the national strike of the year 2021, for $3,058.

(Continued)

**Internal Fraud**: Recovery of $1,284 for fraud in the placement of a financial leasing loan from client QM Proveedores y Consultoría; and $549 for fraud in the placement of digital credit products via tablet in office center 93.

### 7.4.5 ANTI-BRIBERY - ANTI-CORRUPTION RISK

Banco de Bogotá has recognized that corruption is a conduct reproached by society and cannot be accepted by our entity, since it erodes values and affects the interests of the community, deteriorates the credibility of our leaders, the governing class and the institutions of our society, as well as the trust of collaborators, investors, shareholders, suppliers, customers and the public in general, within the business scenario. For this reason, the Bank has a commitment of "Zero Tolerance" against corruption and its different modalities, for which it has adopted and implemented an Anti-Bribery and Anti-Corruption Policy "ABAC" within the entity and of mandatory compliance for all members of the organization.

With the firm purpose of complying with local laws and regulations and those applicable to it as an issuer of securities in international markets, different international norms and standards have been taken into account for the development of this policy, such as: The Foreign Corrupt Practices Act - for its acronym in English (FCPA), Law 1474 of 2011 - Anti-Corruption Statute, Law 1778 of 2016 - Transnational Bribery, Law 2195 of 2022 on the liability of legal persons for acts of transnational corruption, International Standard ISO 37001 - Anti-Bribery Management System, among others.

- **Risk management stages and steps**

The risk management model adopted by the Bank allows identifying, assessing, documenting, managing and mitigating corruption risks. The purpose of this evaluation is to monitor the entity's risk profile, identifying those risks considered as the ones that could have the greatest impact on the organization. Through the implementation of controls and the allocation of resources and activities, the previously detected risks are mitigated.

The phases comprising the management of anti-corruption and anti-bribery risks include identification, measurement and assessment, monitoring and control. Regarding the identification stage, aimed at characterizing the risks to which the entity is exposed in the development of its activity, 14 risks and 31 causes have been identified, related within the catalog of generic risks of Grupo AVAL. Regarding the measurement and valuation phase, a committee of experts is formed by the relevant areas for the ABAC processes, within this the inherent risk level is measured under the factors of monetary and reputational impact of each of the risks and causes.

Regarding the monitoring stage, reports have been implemented related to the follow-up of processes that have an impact on ABAC policies, as well as transactional alert models that allow a more effective follow-up of operations related to transactions with a high risk of corruption. Finally, in the control stage, a methodology has been designed to verify the effectiveness of the controls assigned to each risk to subsequently establish ABAC's residual risk profile.

- **Special control operations**

In accordance with the foregoing, and with Colombia's anti-corruption regulations and the typologies defined in studies conducted by organizations that analyze this scourge, the Bank has developed a program to identify risks related to operations with a higher risk of corruption, which mainly monitors transactions that, due to their characteristics, may be used as a vehicle for the payment of bribes or corruption-related activities, such as those described below:

- Donations.
- Sponsorships.
- Public or political contributions.
- Gifts, hospitality and gratuities.
- Third party intermediaries (TPI).
- Financial Conglomerate.
- Conflicts of Interest.

- **Other activities**

The Bank has developed a communication and training plan for all employees, as we recognize that this is fundamental in the fight against bribery and corruption. The communication plan includes training through different media, in order to maintain the awareness process, providing tools for the protection of the risk of corruption in the development of their tasks. During the year 2022, the commitment of "Zero Tolerance" to the scourges of corruption and bribery was strengthened within the collaborators, for which training sessions were conducted through different models and strategies that seek to cover all members of the organization; as well as the generation of specialized sessions with focus groups that are relevant to ABAC processes.

Finally, the Bank's commitment to comply with the Anti-Corruption and Anti-Bribery policies, as well as to society, is highlighted.

## 7.4.6 RISK OF CYBERSECURITY

**Information security model and cybersecurity risk**

The Bank in order to manage information security and cybersecurity risk, has designed a model that supports corporate IT protection policies, in accordance with legal, regulatory, technical and business requirements.

Within the model of information security and cybersecurity risk, the Bank has defined and implemented a set of principles, policies, standards, procedures and regulatory requirements, for information management and administration of computer resources, based on best practices and globally recognized standards, focused on preserving and protecting the confidentiality, integrity, availability, privacy and auditability of the information, which allow clear guidelines to maintain a reasonably safe environment in the Bank, in order to support the strategies and objectives of the business.

The implementation of the Bank's information security and cybersecurity model has been implemented gradually, in accordance with the priorities established in senior management regarding risk control activities, strategic business plans, information technology and requirements of current regulations.

The model is applied to all levels of the organization: users (including Bank employees and shareholders), customers, third parties (suppliers, contractors, control entities, among others) and subsidiaries of the Bank;

independent of its location (own, third-party infrastructure or in cyberspace), it applies to all information created, stored, processed or used in the business support.

**Process of updating and monitoring compliance with the information security and cybersecurity model**

The process of monitoring and follow-up on compliance with the information security and cybersecurity model is reviewed and / or updated annually or when there are significant changes in the law, regulation or regulations adopted by the Bank. The adjusted model must be approved by the Strategic Information Security Committee**.**

**Principles of Information Security and Cybersecurity**

The Bank has established as fundamental the following principles that govern the information security and cybersecurity model, based on international security standards in accordance with NTC-ISO, COBIT, NIST SP800-53, COSO - Security techniques, ISO/IEC 27001:

- Confidentiality.
- Integrity.
- Availability.
- Privacy.
- Auditability.

The Bank during the year 2022 focused on strengthening its principles, policies, standards, processes and new operating schemes, as well as continuous alignment with the digital strategy, and everything related to information security and cybersecurity, with the aim of increasing the capacity to prevent, detect and defend in a way timely possible threats and/or cyber-attack.

During the year 2022, there was a security event associated with malware, which was contained by the security controls available to the Bank and which operated to mitigate the risk; According to the above, it can be indicated that the situation did not present material losses for the entity or unavailability of services for customers.

### 7.4.7 ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT SYSTEM (ESRMS)

The Environmental and Social Risk Management System (ESRMS), which consists of a set of mechanisms, tools and policies to identify, assess and manage environmental and social risks. As part of the sustainability strategy, and aware of the need to preserve, protect and conserve the environment and the search for social wellbeing.

During 2022. An assessment was carried out of the customers that underwent the Commercial Loan granting process, based on the environmental and social information they provided, which enabled us to categorize them into three risk levels: high-risk for clients who could cause negative environmental impacts in the absence of adequate risk management; medium-risk for clients who may have negative environmental and social impacts but have effective risk management and mitigation plans in place; and low-risk for clients with little or no probability of causing such effects.

During 2022, 361 analyses were performed, of which 202 are new concepts, 159 renewals. Of the analyses carried out during the year, special conditions were defined for 320 clients for follow-up before and after disbursement. The amount assessed including new requests and renewals at the end of December totaled $$23,436,182, The results of these assessments indicate that 18.6% of the assessed customers were rated as high-risk, 69.8% as medium-risk and 11.6% as low-risk.

It is important to highlight that in addition to the information obtained from the client through the Environmental and Social Risk Identification Form - FIRAS, validations are performed on platforms and tools with public information, according to the geographical location of the main operation of the clients through the Environmental Information System of Colombia - (SIAC) or information from environmental offenders such as: National System of Protected Areas - (SINAP), Integral Window of Environmental Procedures Online - (VITAL), among others. In this way, the entity evaluates the strategies or actions that are in the design or implementation stage by the clients, in terms of mitigation of possible impacts. This allows generating conclusions within the analysis, which imply possible opportunities to include in the sustainability processes of the clients, such as mitigation plans and even the identification and management of climate change risk with actions according to the nature of each activity such as Greenhouse Gas (GHG) inventories, forestry compensation, investment in sustainable portfolios, among others.

The most relevant change within the SARAS policy was the inclusion of the climate change risk analysis methodology, starting with the transition risk, which is understood as the risk inherent to the transformations that take place throughout the processes of decarbonization of the economy, such as regulatory, technological or market changes.

The methodology adopted by the Bank to manage transition risks consists of assigning a score, called "transition score", initially to the clients of the corporate and business segments of the commercial portfolio, to identify their level of exposure to transition risk and their capacity to mitigate it. The estimate of the inherent risks is obtained by evaluating the exposure to changes: regulatory, technological and market, for the main economic activities of the target portfolio. In this first exercise (15) macro-sectors are analyzed, divided into (60) sub-sectors, with which four sectorial classifications were defined to make the respective distribution of the portfolio.

The results of the first estimate for each of the sector classifications are presented below, defining the calculation baseline:

**Exposure of the corporate and business credit portfolio to inherent transition risk (1)**

| Ranking | Most significant sectors | % Exposure |
|---|---|---|
| Sectors with uncertain impact > 10 years | Agriculture, gas-fired power generation, food and beverages, textiles, automotive. | 56.1% |
| Sectors with no significant impact | Communication, financial services, logistics, entertainment, hospitality, among others. | 33.1% |
| Sectors with significant impact > 10 years | Oil & Gas, cement, steel, iron, transportation, livestock, construction, plastics and chemicals. | 9.4% |
| Sectors with significant impact < 10 years | Coal mining, coal-fired power generation. | 1.4% |

(1) The results presented correspond to companies in the corporate and business segments, which represent 69% of the total commercial portfolio and 47% of the Bank's total portfolio as of December 2022. Does not include: (SMEs, consumer, housing, microcredit).

SARAS is focused using the new methodologies through the initial credit granting process, based on clients with indebtedness greater than or equal to $21 billon, through which it is concluded that within this same flow a concept on the client's exposure to the inherent transition risk, and its mitigation capacity, will be included. To this end, elements of climate change risk management are being included in the credit policy, and the training plan for the areas involved is being defined.

In addition, following the road map proposed for climate change risk management, in the third quarter of 2022, the construction of a methodology to measure the impact of physical risk on the portfolio began. The methodology was defined considering three components:

- Threat: potential for damage that may occur to assets.
- Sensitivity: which considers exposure to geographically identified hazards and vulnerability to potential impacts.
- Adaptive capacity: to reduce the damage caused by the identified hazards.

In the same way as in the transition risk methodology, the evaluation began with clients belonging to the corporate and business segments, taking into account the impacts that may materialize, given the variations in climate conditions according to different scenarios with time horizons to 2030 and 2050, in order to have a medium- and long-term vision where the effects of climate change are tangible and relevant.

### 7.4.8 RISK OF MONEY LAUNDERING, TERRORISM FINANCING AND FINANCING OF THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION

The purpose of the Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction Risk Management System (SARLAFT- FPWMD, for the Spanish original) is to prevent the entry of resources derived from illegal activities into the financial system; resources coming from illicit activities; detect and report in a timely manner transactions where it is intended to give the appearance of legality to operations related to Money Laundering and underlying crimes, Financing of Terrorism or Financing of the Proliferation of Weapons of Mass Destruction (LAFT/FPADM).

The Bank has maintained adequate management and administration of the prevention and control of ML/TF/FPWMD risks, in compliance with instructions issued by the Financial Superintendence of Colombia in Part I, Title IV, Chapter IV of the Basic Legal Public Notice; the recommendations, standards, and good practices related to risk prevention published by international bodies; as well as the policies, procedures and methodologies adopted by our Board of Directors and the Corporate Policy of Grupo Aval on this matter.

- **Risk Management**

Risk identification methodologies were used in different activities that enabled the timely and efficient risk management of each of the risk factors (Clients/Users, Products, Distribution Channels and Jurisdictions) by means of the identification of causes and the application of controls that enabled maintaining a residual risk profile tending towards zero.

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- **Stages in the risk management system**

In response to international recommendations and Colombian law on SARLAFT, the approach to dealing with what the Bank has identified as the risks of money laundering, terrorism financing and financing the proliferation of weapons of mass destruction (ML/TF/FPWMD) is based on the idea of continuous improvement and on minimizing the existence of such risks, insofar as is reasonably possible. For the development of the stages of the ML/FT/FPADM Risk Management System (identification, measurement, control and monitoring), the Bank executed the following activities during the year 2022:

- **Identification:** This stage involves the ongoing identification of risks and their documentation in the risk matrix. At the moment, 3 risks derived from the analysis of the Bank's internal and external context, the risk catalog (10 generic risks) defined by Grupo AVAL and the evaluation of the Bank's processes were identified and documented.

- **Measurement:** No significant changes were made to the measurement methodology, which is based on the calculation of the inherent risk of each associated risk. The thorough identification of SARLAFT risks in each risk factor is an aspect worth highlighting in performance of this stage.

- **Control:** Based on the recommendations of the regulatory agency, run- through tests are performed each six months on the design and efficiency of the controls, which corroborated their effectiveness.

At this point in time, there is an inventory of 143 controls which are classified as follows:

**Control of the client/user risk factor**: In order to mitigate the ML/TF/FPWMD risk in the client risk factor, the Bank has implemented controls in the different processes related to initial registration, data updates and validation of public information, among others. The control activities carried out for this risk factor include: analysis of communications media; management of the communications media system; monitoring of PEP clients; management of registration of clients with matches in public lists; risk assessment prior to the launch or use of any product, or the use of new commercial practices, including new service provision channels, and the use of new technologies or technologies under development for new or existing products; changes in product features; venturing into new markets; launching of operations in new jurisdictions; launches or changes in distribution channels; analysis of information quality in the CRM; monitoring of the registration, identification and individualization process of shareholders and final beneficiaries of potential legal entity customers; updating of financial information; product cross-checking in liabilities; assessment of suppliers, shareholders and assets received in lieu of payment; assessment of requests to register foreigners and the analysis of unusual transactions, among others.

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**Controlling the product risk factor:** Considering the standard definition of a product and pursuant to the methodology adopted by the Bank, the activities developed to combat this risk factor include analyzing product transactions through the implementation of SMT- SARLAFT; monitoring cashier's checks and tracking cash transactions. The goal is look at the way products perform and particularly those that are more exposed to ML/TF/FPWMD risk. This is done according to international and national recommendations and the respective procedures establish by the Bank.

**Controlling distribution-channel risk factor**: Different routes and models have been developed to identify unusual events in the distribution channel, as part of the controls to mitigate risk. This is done with IBM SPSS Modeler, software of data mining, which allows for a more detailed analysis. Specifically, it lets us select transactions that do not fit a customer's normal behavior when using a particular channel, or transactions that require more attention by virtue of their nature. The advanced control activities for this factor include monitoring AVAL operations, monitoring ACH transactions, tracking acquisitions, and monitoring Internet operations.

**Controlling jurisdiction risk factor:** The jurisdiction risk factor is interpreted as the geographical location where the Bank is present and is involved by providing its services. This factor is analyzed in light of social, political, economic and security circumstances that might affect transactions at certain geographic locations, both domestically and internationally. The Bank has designed an illogical site method to identify transactions that seem to be unrelated to the place where they originate and their destination.

**Monitoring:** Banco de Bogotá, in compliance with instructions issued by the regulatory agency in Part I, Title IV, Chapter IV of the Basic Legal Public Notice, has adopted and implemented a Risk Matrix that enables comparing the evolution of the ML/TF/FPWMD inherent risk profile, as well as measure the efficiency of the controls implemented to mitigate the risks.

The documentation of the SARLAFT described above is carried out in the module for the Management of Money Laundering and Terrorism Financing Risks in the Enterprise Risk Assessor (ERA) application, a tool that provides risk management solutions and helps to maintain flexible and effective information on ML/TF/FPWMD risk management and administration.

Likewise, the tool is used to track the risk level of ML/TF/FPWMD. This software also made it possible to calculate the residual risk at Level 1, which translates into a frequency and impact tending towards zero, maintaining stable performance compared to previous periods. In addition, several indicators have been defined that reflect, in a general way, SARLAFT management with respect to points that are sensitive and have more of an impact in terms of the objectives of ML/TF/FPWMD risk management.

- **Elements of the risk management system**

The Bank guides its activities within the framework of its guiding principle, which indicate the institution’s operations must comply with the highest ethical and control standards. Therefore, sound banking practices and compliance with the law are the top priority, above and beyond business goals. In practical terms, this translates into application of the criteria, policies procedures and controls used for the adequate administration and management of the SARLAFT - FPWMD, which has allowed the mitigation of these risks to the lowest possible level.

The SARLAFT operates as a supplement to the commercial work carried out by the Bank, given that the controls form part of the commercial process, during which these processes are used to address client requirements in an optimal and timely manner.

In compliance with the provisions of the legal regulations and in accordance with the amounts and characteristics required, the Bank submitted the institutional reports and reports to the Financial Information and Analysis Unit (UIAF – Spanish acronym) and in the same way, it provided the competent authorities with the information that was required in accordance with the principle of collaboration and within the indicated terms and deadlines.

Likewise, the Bank followed up on the reports prepared by the internal and external Control Bodies, both in relation to SARLAFT - FPWMD, in order to address the recommendations aimed at the continuous improvement of the System. According to the reports received, the results of the Bank's SARLAFT- FPWMD management are considered satisfactory.

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Likewise, the Bank has technological tools that have allowed it to implement the policy of knowing the client, knowing the market, among others in an effective, efficient and timely manner; with the purpose of identifying unusual operations and reporting suspicious operations to the Financial Information and Analysis Unit (UIAF – Spanish acronym) in accordance with the criteria and objectives established by the Bank, under the terms established by current regulations. It is noteworthy that the entity generates continuous improvements in the elements and mechanisms that support the correct development of the SARLAFT, related to the different applications and analysis methodologies, which allow the management of monitoring, prevention, and control of ML/TF/ FPWMD.

The SARLAFT - FPWMD in the Bank is reinforced and strengthened by the segmentation of risk factors (clustering process) using data mining tools that allow for each risk factor (customer, user, product, channel and jurisdiction) to identify the risk and generate the monitoring of the operations carried out in the entity in order to detect unusual operations carried out through the channels offered by the entity, based on the profile identified for each segment of each risk factor.

During the segmentation process carried out by the Bank in the first half of 2022, we highlight the implementation of new statistical models developed based on the adoption of the main recommendations made by the Financial Superintendence of Colombia regarding segmentation models.

On the other hand, the Bank has maintained and strengthened its institutional training program for all employees in accordance with the instructions issued by the regulator and considering the employee's level of exposure according to the functions performed within the entity. in which The guidelines are given regarding the regulatory framework and the control mechanisms that the Bank has implemented on the prevention and mitigation of ML/TF/ FPWMD risks in the organization, all of which helps to strengthening the SARLAFT culture, reaching every Bank collaborator, both direct and indirect, through the different established training schemes, as well as making use of the virtual tools that have enabled by the Bank in terms of learning in order to achieve total coverage as indicated in the current regulation.

The risk of ML/TF/FPWMD is managed by adhering to each step in the SARLAFT system. The focus is on adequate risk management, as described herein, particularly management that reflects an undeviating commitment from our employees to be part of the SARLAFT culture the Bank has developed.

During the year 2022, the Bank, complied with the policies, guidelines and instructions established by the regulator, as well as by Grupo Aval on AML/CFT/FPDM issues; and maintains its commitment to manage and administer AML/CFT/FPDM risks, as part of its corporate responsibility, before society and the regulator.

### 7.4.9 LEGAL RISK

The Legal Vice-Presidency supports the legal risk management work in the operations carried out by the Bank. In particular, it defines and establishes the policies and procedures necessary to adequately control the legal risk of the operations, ensuring that they comply with the legal regulations, that they are documented and analyzes and drafts the contracts that support the operations carried out by the different business units.

The Bank, in accordance with the instructions issued by the controlling entity, valued the claims of the lawsuits against it based on the analysis and concepts of the lawyers in charge and constituted the necessary provisions to cover the probabilities of loss. Note 31 to the financial statements details the significant lawsuits against the Bank, other than those classified as remote probability.

## 8 – OPERATING SEGMENTS

Operating segments are defined as a component of an entity that: (i) develops business initiatives through which it may earn revenues from ordinary activities and incur expenses; (ii) generates operating income that are reviewed regularly by the highest operational decision-making authority within the Bank, to make decisions about on the resources to be allocated to the segment and assess its performance; and (iii) has discrete financial information about its operations.

Based on this definition and consider the fact that the Board of Directors, which is the maximum decision-making authority on operational matters, conducts a regularly review and assessment of information, key financial data and of the outcome of the Bank's operations as a whole, separating the income of subsidiaries from the other activities in the banking operation and including additional information on four defined strategic units of the business. The Bank operates with two segments:

- The banking operation, which includes all the Bank's activities apart from investment in its subsidiaries.
- Investments in subsidiaries, associates and joint ventures.

The following are the main strategic units. The first three pertain to the banking segment of banking operation:

### 8.1 CORPORATE BANKING

This channel is for large and medium-sized companies. Its focus is on services such as cash flow management, risk coverage, specialized lines of credit and structured financing for energy, infrastructure and real estate projects, among others. This channel serves territorial and decentralized entities, members of the military and the police force. These are made available through financing to develop projects with a high social impact.

### 8.2 CONSUMER AND SME BANKING

A channel that offers in a timely manner comprehensive and specialized advice to its customers for each of their financial needs, providing a broad portfolio of products and services according to each of the segments of individuals, SMEs and micro enterprises whose main objective is to offer financing and savings solutions, through products and processes that meet the needs of the customer and the market.

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## 8.3 TREASURY

This area managed liquidity, the fixed-income investment portfolio, and operations in foreign currency and in the derivatives markets.

The Bank's surpluses are managed by this area, as stipulated by law and according to the strategies defined by the Board of Directors and the Committee on Assets and Liabilities.

Likewise, the Bank maintains a portfolio of fixed-income investments, whose main objective is to provide risk diversification to the statement of financial position and to support the daily liquidity management of the Treasury.

The composition, duration and strategy of these portfolios follow the guidelines set by the Board of Directors of the Bank and its Risk Management Office, which are the highest authorities in such matters.

The Treasury Division also manages the business with foreign exchange and derivatives. Its two primary mandates in this respect are to manage currency risk on the Bank's statement of financial position and to move into different markets to meet the specific needs of our position and to offer innovative products to customers. It has two trading desks for this purpose. One is the Products Desk, which operates in the professional market; the other is the Distribution Desk, which is connected directly to customers in the different commercial segments served by the Bank.

## 8.4 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Follow-up the strategies that make it possible to optimize the value of the portfolio.

The information presented monthly to the Board of Directors is measured according to applicable accounting standards. Within this segment, the investment in BAC Holding International (BHI) in March it was transferred from Subsidiary to Associate and in December it was transferred to available-for-sale investment (see Notes 2.1.1 and 2.1.2).

The following are figures, by segment, on the assets, liabilities, income and expenses that must be reported.

### Assets and liabilities, by segments

| | | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|---|
| | | Bank operation | Investments in subsidiaries, associates and joint ventures | Total | Bank operation | Investments in subsidiaries, associates and joint ventures | Total |
| **Cash and cash equivalents** | $ | **6,396,822** | **0** | **6,396,822** | **7,321,569** | **0** | **7,321,569** |
| **Financial assets** | | **11,038,873** | **0** | **11,038,873** | **9,573,278** | **5,379** | **9,578,657** |
| Investments held for trading | | 1,228,984 | 0 | 1,228,984 | 1,565,652 | 0 | 1,565,652 |
| Investments available for sale | | 5,893,176 | 0 | 5,893,176 | 4,783,694 | 0 | 4,783,694 |

(Continued)

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| | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Bank operation | Investments in subsidiaries, associates and joint ventures | Total | Bank operation | Investments in subsidiaries, associates and joint ventures | Total |
| Investments held to maturity | 3,130,613 | 0 | 3,130,613 | 2,826,597 | 0 | 2,826,597 |
| Derivatives at fair value | 786,100 | 0 | 786,100 | 397,335 | 5,379 | 402,714 |
| **Loan portfolio, net** | **74,126,167** | **0** | **74,126,167** | **60,826,164** | **0** | **60,826,164** |
| Repos, interbank, overnight and money market operations | **4,451,918** | **0** | **4,451,918** | **75,779** | **0** | **75,779** |
| **Clients and financial leases transactions, net** | **69,674,249** | **0** | **69,674,249** | **60,750,385** | **0** | **60,750,385** |
| Commercial | 49,184,047 | 0 | 49,184,047 | 44,409,881 | 0 | 44,409,881 |
| Consumer | 17,541,703 | 0 | 17,541,703 | 15,094,730 | 0 | 15,094,730 |
| Mortgage | 7,501,395 | 0 | 7,501,395 | 5,675,403 | 0 | 5,675,403 |
| Microcredits | 252,404 | 0 | 252,404 | 288,243 | 0 | 288,243 |
| Allowance | (4,805,300) | 0 | (4,805,300) | (4,717,872) | 0 | (4,717,872) |
| **Other accounts receivable, net** | **1,195,916** | **1,464,142** | **2,660,058** | **1,110,270** | **1,209,230** | **2,319,500** |
| **Non-current assets held for sale** | **8,684** | **0** | **8,684** | **19,972** | **0** | **19,972** |
| **Investments in subsidiaries, associates and joint ventures (See Note 14)** | **0** | **11,451,828** | **11,451,828** | **0** | **24,496,118** | **24,496,118** |
| **Property, plant and equipment** | **618,631** | **0** | **618,631** | **661,775** | **0** | **661,775** |
| **Right of use assets** | **431,200** | **0** | **431,200** | **437,378** | **0** | **437,378** |
| **Investment properties** | **76,546** | **0** | **76,546** | **86,423** | **0** | **86,423** |
| **Goodwill** | **465,905** | **0** | **465,905** | **465,905** | **0** | **465,905** |
| **Other intangible assets** | **588,543** | **0** | **588,543** | **479,883** | **0** | **479,883** |
| **Income tax** | **2,324,223** | **0** | **2,324,223** | **1,792,048** | **0** | **1,792,048** |
| Current | 486,663 | 0 | 486,663 | 259,184 | 0 | 259,184 |
| Deferred | 1,837,560 | 0 | 1,837,560 | 1,532,864 | 0 | 1,532,864 |
| **Other assets** | **20,389** | **0** | **20,389** | **20,146** | **0** | **20,146** |
| **Total assets** | **97,291,899** | **12,915,970** | **110,207,869** | **82,794,811** | **25,710,727** | **108,505,538** |
| **Liabilities** | | | | | | |
| **Financial liabilities derivatives at fair value** | **630,892** | **0** | **630,892** | **394,308** | **33,016** | **427,324** |
| **Financial liabilities at amortized cost** | **89,515,762** | **2,453,202** | **91,968,964** | **76,743,704** | **4,024,405** | **80,768,109** |
| **Customer deposits** | **69,736,981** | **0** | **69,736,981** | **61,869,637** | **0** | **61,869,637** |
| Checking accounts | 15,523,635 | 0 | 15,523,635 | 14,541,023 | 0 | 14,541,023 |
| Savings accounts | 29,448,745 | 0 | 29,448,745 | 29,307,390 | 0 | 29,307,390 |
| Time certificates of deposit | 24,354,667 | 0 | 24,354,667 | 17,932,769 | 0 | 17,932,769 |
| Others | 409,934 | 0 | 409,934 | 88,455 | 0 | 88,455 |
| **Financial obligations** | **19,778,781** | **2,453,202** | **22,231,983** | **14,874,067** | **4,024,405** | **18,898,472** |
| Interbank borrowings and overnight funds | 543,395 | 0 | 543,395 | 1,184,331 | 0 | 1,184,331 |
| Borrowings from banks and others | 7,897,881 | 0 | 7,897,881 | 5,731,309 | 0 | 5,731,309 |
| Bonds issued | 8,503,739 | 2,453,202 | 10,956,941 | 5,698,991 | 4,024,405 | 9,723,396 |

(Continued)

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| | | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|---|
| | | Bank operation | Investments in subsidiaries, associates and joint ventures | Total | Bank operation | Investments in subsidiaries, associates and joint ventures | Total |
| Development entities | | 2,299,461 | 0 | 2,299,461 | 1,786,878 | 0 | 1,786,878 |
| Lease contracts | | 534,305 | 0 | 534,305 | 472,558 | 0 | 472,558 |
| **Employee benefits** | | **190,574** | **0** | **190,574** | **207,443** | **0** | **207,443** |
| **Provisions** | | **20,114** | **0** | **20,114** | **23,527** | **0** | **23,527** |
| **Income tax** | | **1,411** | **0** | **1,411** | **1,411** | **0** | **1,411** |
| Current | | 1,411 | 0 | 1,411 | 1,411 | 0 | 1,411 |
| Deferred | | 0 | 0 | 0 | 0 | 0 | 0 |
| **Accounts payables and other liabilities** | | **2,345,738** | **0** | **2,345,738** | **2,365,489** | **0** | **2,365,489** |
| **Total liabilities** | **$** | **92,704,491** | **2,453,202** | **95,157,693** | **79,735,882** | **4,057,421** | **83,793,303** |

## Statement of income for the period, by segment

| | | Year ended at | | | | | |
|---|---|---|---|---|---|---|---|
| | | December 31, 2022 | | | December 31, 2021 | | |
| | | Bank operation | Investments in subsidiaries, associates and joint ventures | Bank operation | Investments in subsidiaries, associates and joint ventures | Bank operation | Investments in subsidiaries, associates and joint ventures |
| **Interest income** | **$** | **7,964,642** | **41,514** | **8,006,156** | **5,020,166** | **20,047** | **5,040,213** |
| Client portfolio and financial leases transactions | | 7,491,017 | 41,514 | 7,532,531 | 4,769,624 | 20,047 | 4,789,671 |
| Repos, interbank, overnight and money market operations | | 58,208 | 0 | 58,208 | 3,777 | 0 | 3,777 |
| Investments | | 415,417 | 0 | 415,417 | 246,765 | 0 | 246,765 |
| **Interest expenses** | | **3,441,492** | **488,973** | **3,930,465** | **1,457,018** | **183,823** | **1,640,841** |
| **Customer deposits** | | **2,951,807** | **0** | **2,951,807** | **973,207** | **0** | **973,207** |
| Checking accounts | | 157,624 | 0 | 157,624 | 51,710 | 0 | 51,710 |
| Savings accounts | | 1,368,968 | 0 | 1,368,968 | 366,896 | 0 | 366,896 |
| Time certificates of deposit | | 1,425,215 | 0 | 1,425,215 | 554,601 | 0 | 554,601 |
| **Financial obligations** | | **489,685** | **488,973** | **978,658** | **483,811** | **183,823** | **667,634** |
| Interbank borrowings and overnight funds | | 163,840 | 0 | 163,840 | 62,475 | 0 | 62,475 |
| Borrowings from banks and others | | 68,171 | 0 | 68,171 | 22,672 | 0 | 22,672 |
| Bonds issued | | 85,926 | 488,973 | 574,899 | 314,772 | 183,823 | 498,595 |
| Development entities | | 147,812 | 0 | 147,812 | 57,721 | 0 | 57,721 |
| Lease contracts | | 23,936 | 0 | 23,936 | 26,171 | 0 | 26,171 |
| **Net interest income** | | **4,523,150** | **(447,459)** | **4,075,691** | **3,563,148** | **(163,776)** | **3,399,372** |
| **Net allowance on financial assets** | | **1,085,440** | **0** | **1,085,440** | **1,398,249** | **0** | **1,398,249** |
| Loan portfolio, financial leases and accounts receivable | | 1,413,171 | 0 | 1,413,171 | 1,617,909 | 0 | 1,617,909 |

BANCO DE BOGOTÁ
Notes to the Separate Financial Statements
As at December 31, 2022

| | | Year ended at | | | | | |
|---|---|---|---|---|---|---|---|
| | | December 31, 2022 | | | December 31, 2021 | | |
| | | Bank operation | Investments in subsidiaries, associates and joint ventures | Bank operation | Investments in subsidiaries, associates and joint ventures | Bank operation | Investments in subsidiaries, associates and joint ventures |
| Recovery of write-offs | | (327,786) | 0 | (327,786) | (219,603) | 0 | (219,603) |
| Investments | | 55 | 0 | 55 | (57) | 0 | (57) |
| **Net interest income, after allowance** | | **3,437,710** | **(447,459)** | **2,990,251** | **2,164,899** | **(163,776)** | **2,001,123** |
| **Income for commissions and other services** | | **1,248,984** | **0** | **1,248,984** | **1,053,340** | **0** | **1,053,340** |
| Banking services | | 716,329 | 0 | 716,329 | 633,519 | 0 | 633,519 |
| Credit cards | | 515,889 | 0 | 515,889 | 403,626 | 0 | 403,626 |
| Drafts, checks and checkbooks | | 12,925 | 0 | 12,925 | 12,352 | 0 | 12,352 |
| Office network services | | 3,841 | 0 | 3,841 | 3,843 | 0 | 3,843 |
| **Expenses for commissions and other services** | | **404,925** | **0** | **404,925** | **316,092** | **0** | **316,092** |
| **Net income for commissions and other services** | | **844,059** | **0** | **844,059** | **737,248** | **0** | **737,248** |
| **Net income from trading financial assets or liabilities** | | **1,163,318** | **12,716** | **1,176,034** | **485,117** | **38,602** | **523,719** |
| Gain on valuation of derivatives instruments for trading | | 1,184,408 | 0 | 1,184,408 | 537,638 | 0 | 537,638 |
| Gain on valuation of derivatives instruments for hedging | | 1,228 | 12,716 | 13,944 | 0 | 38,602 | 38,602 |
| Gain (loss) on valuation of investments for trading | | (22,318) | 0 | (22,318) | (52,521) | 0 | (52,521) |
| **Gain on fair value measurement in the deconsolidation (loss of control) of subsidiaries** | | **0** | **112,817** | **112,817** | **0** | **1,302,301** | **1,302,301** |
| Income from participation in the results of subsidiaries, associates and joint ventures | | **0** | **790,013** | **790,013** | **0** | **902,807** | **902,807** |
| Net gain on exchange difference | | **1,479,774** | **0** | **1,479,774** | **408,433** | **0** | **408,433** |
| Other income | | **139,245** | **0** | **139,245** | **98,313** | **0** | **98,313** |
| **Other expenses** | | **2,569,055** | **0** | **2,569,055** | **2,368,154** | **0** | **2,368,154** |
| Administrative | | 1,528,516 | 0 | 1,528,516 | 1,308,226 | 0 | 1,308,226 |
| Employee benefits | | 807,678 | 0 | 807,678 | 779,461 | 0 | 779,461 |
| Depreciation and amortization | | 219,064 | 0 | 219,064 | 209,478 | 0 | 209,478 |
| Others | | 13,797 | 0 | 13,797 | 70,989 | 0 | 70,989 |
| **Net income before income tax** | | **1,535,503** | **468,087** | **2,003,590** | **708,990** | **2,079,934** | **2,788,924** |
| Income tax expense | | 218,321 | 0 | 218,321 | 128,314 | 0 | 128,314 |
| **Income for the year from continuing operations** | **$** | **1,317,182** | **468,087** | **1,785,269** | **580,676** | **2,079,934** | **2,660,610** |

(Continued)

Given the nature of its businesses, and the main countries in which they were originated, the Bank has the following distribution, by geographic area of income obtained from ordinary activities and main non-current assets on which it must report:

| | | Year ended at December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Colombia | Miami | New York | Panamá | Others (4) | Total |
| **Income for the period** | $ | **10,880,335** | **153,789** | **120,884** | **79,334** | **5** | **11,234,347** |
| Income from banking activity (1) | | 10,151,457 | 153,789 | 120,884 | 5,044 | 0 | 10,431,174 |
| Income from dividends | | 13,046 | 0 | 0 | 114 | 0 | 13,160 |
| Income by the equity method (2) | | 715,832 | 0 | 0 | 74,176 | 5 | 790,013 |
| **Non-current assets** | | **4,014,361** | **851** | **421** | **2,752** | **0** | **4,018,385** |
| Property, plant and equipment | | 617,758 | 851 | 0 | 22 | 0 | 618,631 |
| Right of use assets | | 431,200 | 0 | 0 | 0 | 0 | 431,200 |
| Intangible assets (3) | | 1,051,297 | 0 | 421 | 2,730 | 0 | 1,054,448 |
| Investment properties | | 76,546 | 0 | 0 | 0 | 0 | 76,546 |
| Deferred income tax | $ | 1,837,560 | 0 | 0 | 0 | 0 | 1,837,560 |

| | | Year ended at December 31, 2021 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Colombia | Miami | New York | Panamá | Others (4) | Total |
| **Income for the period** | $ | **7,392,826** | **61,445** | **43,725** | **29,006** | **3** | **7,527,005** |
| Income from banking activity (1) | | 6,508,145 | 61,445 | 43,725 | 3,957 | 0 | 6,617,272 |
| Income from dividends | | 6,926 | 0 | 0 | 0 | 0 | 6,926 |
| Income by the equity method (2) | | 877,755 | 0 | 0 | 25,049 | 3 | 902,807 |
| **Non-current assets** | | **3,662,215** | **350** | **55** | **1,608** | **0** | **3,664,228** |
| Property, plant and equipment | | 661,376 | 350 | 0 | 49 | 0 | 661,775 |
| Right of use assets | | 437,378 | 0 | 0 | 0 | 0 | 437,378 |
| Intangible assets (3) | | 944,174 | 0 | 55 | 1,559 | 0 | 945,788 |
| Investment properties | | 86,423 | 0 | 0 | 0 | 0 | 86,423 |
| Deferred income tax | $ | 1,532,864 | 0 | 0 | 0 | 0 | 1,532,864 |

(1) Includes: Interest income, commissions and other services and income from financial assets or liabilities held for trading, net.
(2) In Colombia includes: Corporación Financiera Colombiana S.A., Porvenir S.A., Fiduciaria Bogotá S.A., Almaviva S.A., Casa de Bolsa S.A., Megalinea S.A., Aval Soluciones Digitales S.A. and others; for Panama includes: Multi Financial Holding, Banco de Bogotá Panama S.A., and Ficentro S.A.
(3) Includes Goodwill and Other intangible assets.
(4) Corresponds to Bogotá Finance Corporation.

The Bank offers a large portfolio of products and services to meet the financial needs of its customers. These include different types of products with different terms, mainly assets such as loans and commercial leasing, consumer loans, mortgages and microcredit. Similarly, following the strategy of raising funds, it offers products such as savings accounts, checking accounts and time certificates of deposit according to the needs of customers.

In addition, the Bank offers banking services which involve office network, dispersion of funds, credit card, debit card, collections, credit transactions, letters of credit, guarantees, direct orders and collections, internet, Servilínea and mobile banking, among others.

(Continued)

The Bank reported no concentration of income in customers with more than a 10% share of income from ordinary activities. For this purpose, the Banks considers single customers as those, apart from related parties, who are under common control, based on the information available in the Bank. See Note 33.

## 9– CASH AND CASH EQUIVALENTS

The following is a breakdown of cash and cash equivalents:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **In Colombian pesos** | | | |
| Cash | $ | 1,857,747 | 1,665,892 |
| Bank of the Republic (Central Bank of Colombia) | | 1,396,376 | 1,612,909 |
| Banks and other financial entities | | 297 | 357 |
| | | **3,254,420** | **3,279,158** |
| **In foreign currency** | | | |
| Cash | | 7,943 | 10,770 |
| Banks and other financial entities | | 3,134,459 | 4,031,641 |
| | | 3,142,402 | **4,042,411** |
| **Total** | $ | **6,396,822** | **7,321,569** |

Principal variation in correspondent banks for ($1,085,102) especially in the account of the Federal Reserve Bank of Miami for ($2,310,280) and increase in the Citibank account for $962,282.

Cash in foreign currency at December 31,2022 is US$653 million and at December 31,2021 is US$1,015 million.
The credit ratings determined by independent credit-rating agencies for the principal financial institutions where the Bank has cash accounts are determined as follows:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Investment grade | $ | 4,531,132 | 5,644,907 |
| Cash held by the entity (1) | | 1,865,690 | 1,676,662 |
| **Total** | $ | **6,396,822** | **7,321,569** |

(1) Cash held by the Bank in custody in vaults ATMs and cash.

For December 31, 2022, and 2021, there are no restrictions on cash and cash equivalents, except for the legal reserve required in Colombia for $3,844,989 and $3,579,080 respectively. See table of required reserve percentages in Note 7.4.3.

## 10 – FINANCIAL ASSETS

### 10.1 INVESTMENTS HELD FOR TRADING

The balance of investments in debt and equity securities held for trading includes the following:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Debt securities issued or secured** | | | |
| **In Colombian Pesos** | | | |
| Colombian Government (1) | $ | 92,595 | 339,533 |
| Other Colombian Government entities | | 131,953 | 130,951 |
| Other financial entities | | 106,439 | 425,243 |
| Non-financial sector entities | | 0 | 2,134 |
| Others | | 16,231 | 24,575 |
| | | **347,218** | **922,436** |
| **In foreign currency** | | | |
| Other financial entities | | 0 | 18,462 |
| | | **0** | **18,462** |
| **Total debt securities** | | **347,218** | **940,898** |
| **Equity securities** | | | |
| **In Colombian Pesos** | | | |
| Collective investment funds | | 1,320 | 719 |
| Private investment fund (2) | | 880,446 | 624,035 |
| **Total equity securities** | | **881,766** | **624,754** |
| **Total investments held for trading** | $ | **1,228,984** | **1,565,652** |

(1) As of December 31, 2022, there is a variation in debt securities investments with respect to December 31, 2021, mainly due to the reduction of positions in securities of the National Treasury.
(2) The increase is due to the transfer of assets to the Nexus Private Equity Fund for $226,600 (see Note 2.3).

The following is the breakdown of the credit quality, by credit risk level and type of issuer based on the rating issued by the independent credit rating agency:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Debt securities issued or secured** | | | |
| **Investment grade** | | | |
| Sovereign (1) | $ | 13,277 | 339,533 |
| Financial entities | | 62,261 | 365,230 |
| | | **75,538** | **704,763** |
| **Speculative grade** | | | |
| Sovereign (1) | | 79,318 | 0 |
| Corporate | | 16,231 | 26,709 |
| Financial entities | | 44,178 | 78,475 |
| Other Colombian Government entities (2) | | 131,953 | 130,951 |
| | | **271,680** | **236,135** |
| **Total debt securities** | | **347,218** | **940,898** |

(Continued)

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Equity securities** | | | |
| Investment grade | | 1,319 | 624,754 |
| Not rated or not available | | 880,447 | 0 |
| **Total Equity securities** | | **881,766** | **624,754** |
| **Total investments held for trading** | $ | **1,228,984** | **1,565,652** |

(1) A sovereign credit rating considers the risk of Treasury issuer or similar agency (government debt portfolio).
(2) Derived from operations with government entities, including public administrations regional and local governments.

As of December 31, 2022, and 2021, there are no investments in debt securities held for trading pledged as collateral.

## 10.2 INVESTMENTS AVAILABLE FOR SALE

The balance of investments in debt and equity securities available for sale includes the following:

| December 31, 2022 | | | | | |
|---|---|---|---|---|---|
| | | Cost | Unrealized gain | Unrealized loss (1) | Fair value |
| **Debt securities issued or secured** | | | | | |
| **In Colombian Pesos** | | | | | |
| Colombian Government | $ | 5,097,018 | 6,900 | (930,363) | 4,173,555 |
| Other Colombian Government entities | | 214,350 | 0 | (36,380) | 177,970 |
| Others | | 141,268 | 0 | (24,163) | 117,105 |
| | | **5,452,636** | **6,900** | **(990,906)** | **4,468,630** |
| **In foreign currency** | | | | | |
| Colombian Government | | 353,483 | 0 | (14,346) | 339,137 |
| Other Colombian Government entities | | 15,002 | 0 | (366) | 14,636 |
| Other financial entities | | 168,300 | 0 | (11,586) | 156,714 |
| Foreign Governments | | 5,077 | 0 | (249) | 4,828 |
| Others | | 91,420 | 4 | (2,548) | 88,876 |
| | | **633,282** | **4** | **(29,095)** | **604,191** |
| **Total debt instruments** | | **6,085,918** | **6,904** | **(1,020,001)** | **5,072,821** |
| **Equity securities** | | | | | |
| **In Colombian Pesos** | | | | | |
| Corporate stock | | 673,430 | 164,346 | (2,936) | 834,840 |
| **In foreign currency** | | | | | |
| Corporate stock | | 18 | 0 | 0 | 18 |
| | | 673,448 | 164,346 | (2,936) | 834,858 |
| Allowance equity securities | | (14,503) | 0 | 0 | (14,503) |
| **Total equity securities** | | **658,945** | **164,346** | **2,936** | **820,355** |
| **Total investments available for sale** | $ | **6,744,863** | **171,250** | **(1,022,937)** | **5,893,176** |

(1) The unrealized loss in debt instruments is due to the market behavior for December 2022 where there was a significant impact by the risk rating agencies, causing the market price to decrease for the Dirección del Tesoro Nacional (TES), the Bank's main type of investment.

| December 31, 2021 | | Cost | Unrealized gain | Unrealized loss | Fair value |
|---|---|---|---|---|---|
| **Debt securities issued or secured** | | | | | |
| **In Colombian Pesos** | | | | | |
| Colombian Government | $ | 4,133,387 | 16 | (475,379) | 3,658,024 |
| Other Colombian Government entities | | 153,080 | 0 | (11,166) | 141,914 |
| Other financial entities | | 26,032 | 0 | (300) | 25,732 |
| Others | | 145,121 | 0 | (5,518) | 139,603 |
| | | **4,457,620** | **16** | **(492,363)** | **3,965,273** |
| **In foreign currency** | | | | | |
| Colombian Government | | 301,319 | 19 | (2,803) | 298,535 |
| Other Colombian Government entities | | 12,791 | 106 | 0 | 12,897 |
| Other financial entities | | 212,768 | 1,191 | (884) | 213,075 |
| Foreign Governments | | 4,343 | 0 | (12) | 4,331 |
| Others | | 21,671 | 0 | (367) | 21,304 |
| | | **552,892** | **1,316** | **(4,066)** | **550,142** |
| **Total debt securities** | | **5,010,512** | **1,332** | **(496,429)** | **4,515,415** |
| **Equity securities** | | | | | |
| **In Colombian Pesos** | | | | | |
| Corporate stock | | 153,465 | 131,420 | (2,174) | 282,711 |
| **In foreign currency** | | | | | |
| Corporate stock | | 16 | 0 | 0 | 16 |
| | | 153,481 | 131,420 | (2,174) | 282,727 |
| Allowance equity securities | | (14,448) | 0 | 0 | (14,448) |
| **Total equity securities** | | **139,033** | **131,420** | **(2,174)** | **268,279** |
| **Total investments available for sale** | $ | **5,149,545** | **132,752** | **(498,603)** | **4,783,694** |

Following is a breakdown of the equity securities available for sale:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| BAC Holding International (1) | $ | 519,964 | 0 |
| Credibanco S.A. | | 150,800 | 143,824 |
| ACH Colombia S.A. | | 133,191 | 107,160 |
| Redeban Multicolor S.A. | | 6,358 | 7,321 |
| Bolsa de Valores de Colombia S.A. | | 3,627 | 5,128 |
| Cámara de Riesgo Central de Contraparte de Colombia S.A. | | 2,653 | 2,408 |
| Others | | 3,762 | 2,438 |
| **Total** | $ | **820,355** | **268,279** |

(1) Recognition of the 4.1% interest in BHI after the sale through the tender offer (See Notes 2.1.2 and 14.2).

The following is the breakdown of the credit quality, by credit risk level and type of issuer based on the rating issued by the independent credit rating agency:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Debt securities issued or secured** | | | |
| **Investment grade** | | | |
| Sovereign (1) | $ | 4,131,423 | 3,635,882 |
| Financial entities | | 156,714 | 175,507 |
| Multilaterals | | 88,876 | 21,304 |
| Other Colombian Government entities (2) | | 95,529 | 114,758 |
| | | **4,472,542** | **3,947,451** |
| **Speculative grade** | | | |
| Sovereign (1) | | 386,097 | 325,008 |
| Corporate | | 117,105 | 139,603 |
| Financial entities | | 0 | 63,300 |
| Other Colombian Government entities (2) | | 97,077 | 40,053 |
| | | **600,279** | **567,964** |
| **Total debt securities** | | **5,072,821** | **4,515,415** |
| **Equity securities** | | | |
| Investment grade | | 523,592 | 256,112 |
| Without grade or not available | | 296,763 | 12,167 |
| **Total equity securities** | | **820,355** | **268,279** |
| **Total investments available for sale** | $ | **5,893,176** | **4,783,694** |

(1) A sovereign credit rating considers the risk of Treasury issuer or similar agency (government debt portfolio).
(2) Derived from operations with government entities, including public administrations regional and local governments.

## Debt securities pledged as collateral

The following is a list of investments available for sale that are being used as collateral in repo operations, pledged as collateral for transactions with financial instruments, or pledged to third parties as collateral to secure financial obligations with other banks.

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Pledged as collateral in money market operations** | | | |
| Colombian Government | $ | 114,988 | 1,071,751 |
| **Pledged as collateral to special entities such as CRCC, BR and/or BVC (1)** | | | |
| Colombian Government | | 473,949 | 521,076 |
| **Total** | $ | **588,937** | **1,592,827** |

(1) Cámara de Riesgos Central de Contraparte (CRCC), Banco de la República (BR), Bolsa de Valores de Colombia (BVC).

### Allowance of investments in equity securities available for sale

The following is the movement in allowance of investments in equity securities available for sale:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Balance at the beginning of the period** | $ | **14,448** | **15,629** |
| Provision with effect on result | | 134 | 61 |
| Recovery with effect on income | | (79) | (117) |
| Write-offs (1) | | 0 | (1,125) |
| **Balance at the end of the period** | $ | **14,503** | **14,448** |

(1) Write-off of the investment in INCA S.A. in April 2021.

## 10.3 INVESTMENTS HELD TO MATURITY

The balance of investments in debt securities held to maturity includes the following:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Debt securities issued or secured** | | | |
| **In Colombian Pesos** | | | |
| Colombian Government | $ | 1,183,396 | 1,142,096 |
| Other Colombian Government entities | | 1,913,764 | 1,656,635 |
| | | **3,097,160** | **2,798,731** |
| **In foreign currency** | | | |
| Foreign Governments | | 33,453 | 27,866 |
| | | **33,453** | **27,866** |
| **Total debt securities** | $ | **3,130,613** | **2,826,597** |

The following is the breakdown of the credit quality, by credit risk level and type of issuer based on the rating issued by the independent credit rating agency:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Investment grade** | | | |
| Sovereign (1) | $ | 1,216,849 | 1,169,962 |
| **Speculative grade** | | | |
| Other Colombian Government entities (2) | | 1,913,764 | 1,656,635 |
| **Total** | $ | **3,130,613** | **2,826,597** |

(1) A sovereign credit rating considers the risk of Treasury issuer or similar agency (government debt portfolio).
(2) Derived from operations with government entities, including public administrations regional and local governments.

### Debt securities pledged as collateral

The following is a list of investments held to maturity that are being used as collateral in repo operations, pledged as collateral for transactions with financial instruments, or pledged to third parties as collateral to secure financial obligations with other banks.

(Continued)

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Pledged as collateral to special entities such as CRCC, BR and/or BVC (1)** | | | |
| Other Colombian Government entities | | 1,021,156 | 100,000 |
| **Total** | $ | **1,021,156** | **100,000** |

(1) Cámara de Riesgos Central de Contraparte (CRCC), Banco de la República (BR), Bolsa de Valores de Colombia (BVC).

**Maturity by time bands of investments held to maturity**

The following is a summary of investments held to maturity, by time bands.

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Up to 1 month | $ | 296,915 | 381,383 |
| More than 1 month and no more than 3 months | | 33,453 | 27,866 |
| More than 3 months and no more than 1 year | | 2,800,245 | 2,417,348 |
| **Total** | **$** | **3,130,613** | **2,826,597** |

There were no reclassifications between investment categories for the period reported.

## 10.4 TRADING DERIVATIVES

The following is a detail of the derivatives:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Asset** | | | |
| Trading derivatives | $ | 786,100 | 397,335 |
| Hedging derivatives | | 0 | 5,379 |
| **Total assets** | | **786,100** | **402,714** |
| **Liabilities** | | | |
| Trading derivatives | | 629,664 | 394,308 |
| Hedging derivatives | | 1,228 | 33,016 |
| **Total liabilities** | **$** | **630,892** | **427,324** |

### 10.4.1 TRADING DERIVATIVES

The face value and fair value of forwards, futures, options and swaps to which the Bank is committed during periods under reference are shown in the table below:

| | | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|---|
| | | Notional amount | Fair value | Notional amount | Fair value |
| **Assets** | | | | | |
| **Forward contracts (1)** | | | | | |
| Foreign currency to buy | $ | 6,042,839 | 400,595 | 6,991,846 | 259,555 |
| Foreign currency to sell | | (4,831,041) | 125,642 | (1,970,529) | 13,698 |

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | Notional amount | Fair value | Notional amount | Fair value |
| | **1,211,798** | **526,237** | **5,021,317** | **273,253** |
| **Swaps** | | | | |
| Cross currency | 274,559 | 78,456 | 248,424 | 39,589 |
| Interest rate | 3,437,477 | 121,708 | 4,573,790 | 48,314 |
| | **3,712,036** | **200,164** | **4,822,214** | **87,903** |
| **Futures contracts (2)** | | | | |
| Currency to buy | 13,782,907 | 0 | 12,156,870 | 0 |
| Currency to sell | (4,164,912) | 0 | (2,251,744) | 0 |
| Sale of securities | 0 | 0 | (10,000) | 0 |
| | **9,617,995** | **0** | **9,895,126** | **0** |
| **Cash transactions** | **37,902** | **285** | **9,906** | **8** |
| **Options contracts** | | | | |
| Currency to buy | **582,934** | **59,414** | 523,222 | 36,171 |
| **Total assets** | **15,162,665** | **786,100** | **20,271,785** | **397,335** |
| **Liabilities** | | | | |
| **Forward contracts (1)** | | | | |
| Foreign currency to buy | (5,693,670) | 123,883 | (1,512,309) | 9,771 |
| Foreign currency to sell | 4,072,046 | 167,623 | 6,606,913 | 195,610 |
| | **(1,621,624)** | **291,506** | **5,094,604** | **205,381** |
| **Swaps** | | | | |
| Cross currency | 361,173 | 111,103 | 447,597 | 69,858 |
| Interest rate | 4,289,410 | 151,077 | 5,294,850 | 65,114 |
| | **4,650,583** | **262,180** | **5,742,447** | **134,972** |
| **Futures contracts (2)** | | | | |
| Currency to buy | (8,751,872) | 0 | (2,420,545) | 0 |
| Currency to sell | 8,096,529 | 0 | 7,312,794 | 0 |
| Buy of titles | 0 | 0 | 10,000 | 0 |
| | **(655,343)** | **0** | **4,902,249** | **0** |
| **Cash transactions** | **(3,217)** | **16** | **(6,967)** | **62** |
| **Negotiation options** | | | | |
| Currency to sale | 691,651 | 75,962 | 674,316 | 53,893 |
| **Total liabilities** | **$ 3,062,050** | **629,664** | **16,406,649** | **394,308** |

(1) The main change in the trading portfolios corresponds to the strategic management of each portfolio due to conditions created in the market by the variations and high fluctuations in the representative market rate of exchange and/or interest rates, within limits and/or risk profile defined by Bank's Board of directors. This type of derivatives is traded on organized markets, in which gains, and losses are settled daily. The Central Counterpart Clearing House (CRCC) reports the results of settlement by the parties, then debits or credits the losses or gains that are made.

(2) In the case of futures, the dollar / peso exchange rate at contract maturity is settled against the underlying price published on the last trading day. Since futures are cleared and settled daily, the amount of the obligation is equal to the amount of the right. These amounts are updated daily, according to the market price of the respective future, and the effect on profit and loss is equivalent to the change in the fair price of the future.

The net change in fair value of the trading derivatives as of December 31, 2022, and 2021, is shown as a consequence of the movement of the valuation curves (interest rates differential), the exchange rates, adjustments for credit risk of the counterparties and variation in the volume of them.

Financial derivatives contracted by the Bank are traded in offshore markets and in the domestic financial markets. The fair value of derivatives varies positively or negatively as a result of fluctuations in foreign exchange rates, interest rates or other risk factors, depending on the type of instrument and the underlying.

### 10.4.2 HEDGING DERIVATIVES

The financial derivatives used for hedging include following:

| | | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|---|
| | | **Notional amount** | **Fair value** | **Notional amount** | **Fair value** |
| **Assets** | | | | | |
| **Forward contracts** | | | | | |
| Foreign currency to buy | $ | 0 | 0 | 236,927 | 4,629 |
| Foreign currency to sell | | 0 | 0 | (113,463) | 750 |
| | | **0** | **0** | **123,464** | **5,379** |
| **Futures contracts** | | | | | |
| Foreign currency to buy | | 0 | 0 | 437,928 | 0 |
| Foreign currency to sell | | 0 | 0 | (1,031,120) | 0 |
| | | **0** | **0** | **(593,192)** | **0** |
| **Total assets** | | **0** | **0** | **(469,728)** | **5,379** |
| **Liabilities** | | | | | |
| **Forward contracts** | | | | | |
| Foreign currency to buy | | 0 | 0 | (44,023) | 484 |
| Foreign currency to sell | | 0 | 0 | 1,854,822 | 32,532 |
| | | **0** | **0** | **1,810,799** | **33,016** |
| **Swap** | | | | | |
| **Interest rate** | | **235,000** | **1,228** | **0** | **0** |
| **Futures contracts** | | | | | |
| Foreign currency to buy | | 0 | 0 | (1,264,815) | 0 |
| Foreign currency to sell | | 0 | 0 | 1,592,464 | 0 |
| | | **0** | **0** | **327,649** | **0** |
| **Total liabilities** | $ | **235,000** | **1,228** | **2,138,448** | **33,016** |

As of December 31, 2022, there are no hedging derivatives on the foreign net investment, the balance corresponds to the fair value hedge on term deposit certificates described below.

Following is a breakdown of the credit ratings determined by independent rating agencies for the principal counterparties in derivative assets:

(Continued)

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Investment grade | $ | 171,610 | 292,637 |
| Speculative | | 0 | 108 |
| Without grade or not available | | 614,490 | 109,969 |
| **Total** | $ | **786,100** | **402,714** |

## Derivatives guarantees

Following shows the nominal amounts delivered and received as guarantees to support operations with derivatives:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Cash** | | | |
| Delivered | $ | 22,489 | 9,874 |
| Received | | 231,824 | 152,797 |
| **Equity securities** | | | |
| Delivered | $ | 1,490,500 | 581,595 |

## Hedge accounting

The Bank has decided to use hedge accounting for net investments in foreign operations with non-derivative instruments (foreign currency bonds) and derivative transactions (forward contracts). The purpose of these operations is to protect the Bank from the exchange risk (dollar/peso) of net investments in foreign currency business, denominated in dollars.

It has also implemented Fair Value Hedge accounting on Term Certificates of Deposit (CDT's) in pesos.

## Hedging instruments

**Non-derivatives**: Financial asset or liability that is not a derivative may be designated as a hedging instrument only to hedge a risk in foreign currency. Likewise, a portion of a complete instrument for hedging, such as 50% of the notional amount, may be designated as a hedging instrument in a hedging relationship.

The effects of variations in the peso/ US dollar exchange rate generated by debt in US dollars designated for hedging are recorded under other comprehensive income (OCI).

**Derivatives**: The Bank uses financial derivatives (dollar - peso forwards) seeking to protect their balance sheet and solvency indicators as much as possible from the effect of the dollar/peso spot exchange rate. Derivative instruments are valued daily, discriminating the result attributable to the exchange risk. In addition, the effect of the exchange rate variation on the portion of net investments abroad hedged with derivative instruments is determined daily. In this way, the effectiveness of the hedging relationship is calculated on a day-by-day basis.

On the other part, it uses interest rate swaps, exchanging flows indexed to a fixed rate for flows indexed to IBR, to hedge the variation in the fair value of financial liabilities Term Certificates of Deposit (TCD's).

(Continued)

**Measuring effectiveness and ineffectiveness**

A hedge is considered effective if, at the beginning of the period and in subsequent periods, the changes in the fair value or in the cash flows attributable to the hedged risk during the period for which the hedge has been designated are offset and effectiveness of the hedge is in a range of 80% to 125%, in accordance with the accounting requirements of IAS 39.

The Bank have documented the tests of the effectiveness of hedging its assets and liabilities in foreign currency of foreign subsidiaries and branches, based on the portion of the net investment hedged at the inception of the hedging relationship. The hedge is considered perfectly effective, since the critical terms and risks of the obligations that serve as hedging instruments are identical to those of the primary hedged position. Hedge effectiveness is measured on a pre-tax basis.

In the case of fair value hedges of financial liabilities, it documents evidence of effectiveness, comparing the changes in the fair value of the hedged instrument compared to the changes in the fair value of the hedging instrument.

With the adoption of the new regulatory framework provided in Decree 1477 of 2018 on Adequate Equity Requirement, in accordance with Basel III standards, the core solvency ratio is more sensitive to movements in the USD to peso exchange rate. A devaluation generates a decrease in the goodwill in dollars in the Basic Ordinary Equity - PBO and at the same time increases the Assets Weighted by Risk Level (APNRs) for the portion denominated in foreign currency, generating a decrease in the basic solvency. Given the above, and as an alternative to immunize the solvency ratio to the exchange rate, the Board of Directors approved according to minutes Nos. 1639 of November 16, 2021, and 1662 of March 30, 2022, to continue "uncovering" part of the value of the net investment abroad through the reduction in the size of the hedge with debt instruments and derivatives. The amount authorized to exclude must not exceed 150% of the value of the "technical equity for Controlled Investments Abroad" nor the value of the investments in foreign subsidiaries, for individual financial statements. Likewise, it may not exceed 40% of the Technical Equity for consolidated financial statements.

- **Effectiveness of hedge forward type contracts**

For measuring the hedging effectiveness of derivative instruments, the Dollar offset method is utilized, determining the ratio between the exchange in fair value of the forward contract attributable to USD/COP exchange rate variations and daily changes of the value in pesos of the portion of the net investment hedged abroad.

- **Effectiveness of hedging with debt instruments in foreign currency**

For foreign currency debt designates as hedge instrument, the gain or loss arising from debt conversion into Colombian pesos is based on the current US dollar exchange rate for the peso, which is the functional currency of the Bank. The effectiveness tests are based on the Comparison Method of the critical terms. To the extent that the amount (fixed) of the hedge instrument matches exactly the portion of the net investment hedged in foreign operations, the relationship is perfectly effective.

**Hedging net investments in foreign currency**

The assets and liabilities of the hedging strategy of the foreign exchange risk exposure of i net investments in foreign currency business, are converted from dollars to Colombian pesos at the market representative rate certified daily by the Financial Superintendency of Colombia, which generates an unrealized gain or loss from exchange differences that is recognized in Other Comprehensive Income in equity.

The following is the detail of the hedges on investments in foreign subsidiaries:

| | | | Millions of U.S. dollars | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | December 31, 2022 | | | December 31, 2021 | | |
| | | | Multi Financial Holding | Banco de Bogotá Panamá, other subsidiaries and agencies (1) | Total | BAC Holding International (BHI) and Multi Financial Holding (3) | Banco de Bogotá Panamá, other subsidiaries and agencies (1) | Total |
| Book value of the investment | | $ | 394 | 132 | 526 | 3,862 | 145 | 4,007 |
| Value of the investment (hedging part) | | | 390 | 120 | 510 | 2,858 | 85 | 2,943 |
| Value of foreign currency bond hedge | | | (390) | (120) | (510) | (1,486) | 0 | (1,486) |
| Value of hedging with forward and futures contracts | Assets | | 0 | 0 | 0 | (72) | (13) | (85) |
| | Liabilities | $ | 0 | 0 | 0 | (512) | (131) | (643) |

| | | Millions of Colombian pesos | | | | | |
|---|---|---|---|---|---|---|---|
| | | December 31, 2022 | | | December 31, 2021 | | |
| | | Multi Financial Holding | Banco de Bogotá Panamá, other subsidiaries and agencies (1) | Total | BAC Holding International (BHI) and Multifinancial Holding (3) | Banco de Bogotá Panamá, other subsidiaries and agencies (1) | Total |
| Exchange difference | $ | 400,811 | 302,638 | 703,449 | 6,084,158 | 197,384 | 6,281,542 |
| Exchange difference Investment (hedging part) (2) | | 339,795 | 192,366 | 532,161 | 5,624,812 | 196,732 | 5,821,544 |
| Exchange difference on bonds in foreign currency | | (339,360) | (3,470) | (342,830) | (2,410,164) | 0 | (2,410,164) |
| Exchange difference on derivatives in foreign currency (forward and futures contracts) | | (435) | (188,896) | (189,331) | (3,214,648) | (196,732) | (3,411,380) |
| Net | $ | 0 | 0 | 0 | 0 | 0 | 0 |

(1) Includes the subsidiaries Finance and Ficentro, the Panama branch and the agencies in Miami and New York.
(2) The exchange difference on the unhedged investment amounted to $171,289 and $459,998 at December 31, 2022 and 2021, respectively, giving rise to a movement in December 2022 of ($288,709). (See Note 27)
(3) The significant variation from one period to another is due to the loss of control of BAC Holding International (BHI) and the dismantling of the hedge (see Note 2.1.1).

**Hedging with forwards type contracts**

Forward sale contracts in US dollars were formally designated as hedging instruments for part of the net foreign investment of BAC Holding International (BHI), Multi Financial Holding, Banco de Bogota Panama S.A and the foreign agencies of Banco de Bogotá. The forward contracts were executed with other financial sector counterparts and subsequently documented as a "dynamic hedging strategy" through which new forward contracts are entered into simultaneously when the previous ones expire. As of December 31, 2022, there were no derivative instruments designated as hedges of net investments in foreign currency.

**Hedging with financial liabilities in foreign currency in U.S. dollars**

Debt financial instruments that are not derivatives may be designated as hedging instruments for the risk of changes in foreign currency exchange rates. Based on the foregoing, the Bank proceeded to designate debt securities as hedging instruments for its net investments in foreign operations. With the spin-off of 75% of BAC Holding International (BHI) (see Note 2.1.1), the value of the investments abroad was reduced and, therefore, the hedging strategy was redefined by unmarking bonds for US$305 million. To cover the investment in BHI, resulting from the spin-off process whose initial amount was US$894 million, part of tranches I and II of subordinated bonds issued by the Bank maturing in 2026 were designated for US$861 million.

With the sale of shares of BAC Holding International (BHI) through the tender offer (see Note 2.1.2.), the Board of Directors approved the revocation of this hedging designation and made a new designation as follows:

- Position 1: To hedge the investment in Multi Financial Holding, US$390 million in subordinated bonds tranche I coupon 6.25% maturing in 2026, distributed in 39 tranches of US$10 million each, and

- Position 2: To cover the investments in Agencies and Branches abroad and the foreign subsidiaries Banco de Bogotá Panamá, Finance and Ficentro, subordinated bonds tranche I, coupon 6.25% maturing in 2026 distributed in 12 parts with a nominal value of US$10 each for a total of US$120 million.

**Fair value hedges of financial liabilities**

Following table shows the gains or losses for current hedges and the items currently:

| | | December 31, 2022 | | | | |
|---|---|---|---|---|---|---|
| **Fair value hedging** | | **Notional value of investment hedged** | **Book value of hedged investment** | | **Change in fair value** | **Accumulated result** |
| | | | **Assets** | **Liabilities** | | |
| **Hedging instrument** | | | | | | |
| Interest rate swaps | $ | 235,000 | 0 | (1,228) | 1,228 | 1,228 |
| **Item covered** | | | | | | |
| Certificate of deposit | $ | 235,000 | 0 | 0 | (1,242) | (1,242) |

(Continued)

### 10.5 TRANSFER OF FINANCIAL ASSETS

Banco de Bogotá carry out transactions in the normal course of business, whereby the bank transfers financial assets to third parties. Depending on the circumstances, these transfers may result in these financial assets being derecognized or continue to be recognized in the Bank's financial statements. As of December 31, 2022, and 2021, the Bank continues to recognize securities pledged as collateral in money market operations (see note 10.2), as well as the associated financial liabilities as of December 31, 2022, and 2021 for $114,753 and $1,072,413, respectively.

Additionally, as of December 31, 2022, and 2021, Banco de Bogotá have not recorded any securities loans.

## 11 – LOAN PORTFOLIO, NET

The loan portfolio in the statement of financial position is classified into commercial, consumer, mortgage and microcredit portfolios, however, taking into account the importance that the financial leases portfolio represents at the Bank, for disclosure purposes, these loans have been separated in all tables of the note of credit risks and in this note as follows:

| | | December 31, 2022 | | |
|---|---|---|---|---|
| | | **Balance according to local accounting** | **Reclassification of financial leases** | **Balance on the separated statement of financial position** |
| Commercial | $ | 45,933,976 | 3,250,071 | 49,184,047 |
| Consumer | | 17,538,962 | 2,741 | 17,541,703 |
| Mortgage | | 6,765,890 | 735,505 | 7,501,395 |
| Microcredit | | 252,404 | 0 | 252,404 |
| Repos, interbank and others | | 4,451,918 | 0 | 4,451,918 |
| **Total** | $ | **74,943,150** | **3,988,317** | **78,931,467** |

| | | December 31, 2021 | | |
|---|---|---|---|---|
| | | **Balance according to local accounting** | **Reclassification of financial leases** | **Balance on the separated statement of financial position** |
| Commercial | $ | 41,334,937 | 3,074,944 | 44,409,881 |
| Consumer | | 15,090,131 | 4,599 | 15,094,730 |
| Mortgage | | 5,089,046 | 586,357 | 5,675,403 |
| Microcredit | | 288,243 | 0 | 288,243 |
| Repos, interbank and others | | 75,779 | 0 | 75,779 |
| **Total** | $ | **61,878,136** | **3,665,900** | **65,544,036** |

The foreign currency portfolio as of December 31, 2022, and December 31, 2021, is US$ 1,328 million and US$ 1,334 million, respectively.

The net increase in the loan portfolio of $13,300,003 as of December 31, 2022, compared to December 31, 2021, is mainly due to:

- Increase in the commercial portfolio for $4,599,039 (mainly in ordinary loans, liquidity loans and builder loans), in the consumer portfolio for $2,448,831 (mainly in unrestricted loans and credit cards) and in the mortgage portfolio for $1,676,844 (mainly in ordinary loans).
- Increase of simultaneous operations with the Central Counterpart Clearing House of Colombia for $4,376,139.
- An increase of $1,030,132 in the foreign currency portfolio, as a result of the fluctuation in the exchange rate (peso/dollar).

The variation in portfolio interest at December 31, 2022 for $2,742,860, with respect to December 31, 2021, is mainly due to: Increase in the commercial portfolio by $2,070,526 generated by rate effect (+≈450bps) as a result of the increase in market rates; increase in the consumer portfolio by $440,475 due to increase colocations of free investment,payroll installment loans and credit card, and by rate effect (+≈120bps) in line with the increase in market rates; and increased inthe mortgage portfolio bt $188,281 given that the Bank has shown a good dynamic in this type of credit this year, maintaining a stable increase month after month, added to a rate effect (+≈170 bps) in line with the behavior of market rates.

## 11.1 LOAN PORTFOLIO BY MODALITY

| | | December 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Suitable collateral | | | No suitable collateral | | | Total |
| | | Principal | Interest | Others | Principal | Interest | Others | |
| Commercial | $ | 19,141,332 | 227,364 | 224 | 26,091,025 | 436,751 | 37,280 | 45,933,976 |
| Consumer | | 1,659,463 | 12,078 | 302 | 15,551,148 | 213,831 | 102,140 | 17,538,962 |
| Mortgage | | 6,672,743 | 83,687 | 9,460 | 0 | 0 | 0 | 6,765,890 |
| Microcredit | | 43,854 | 6 | 0 | 201,115 | 5,466 | 1,963 | 252,404 |
| Commercial financial leases | | 3,202,102 | 41,199 | 6,770 | 0 | 0 | 0 | 3,250,071 |
| Consumer financial leases | | 2,436 | 47 | 258 | 0 | 0 | 0 | 2,741 |
| Mortgage financial leases | | 725,742 | 8,521 | 1,242 | 0 | 0 | 0 | 735,505 |
| Repos, interbank and others | | 0 | 0 | 0 | 4,451,758 | 159 | 1 | 4,451,918 |
| **Total gross portfolio** | | **31,447,672** | **372,902** | **18,256** | **46,295,046** | **656,207** | **141,384** | **78,931,467** |
| Allowance | | (1,716,561) | (40,945) | (9,823) | (2,843,591) | (148,523) | (45,857) | (4,805,300) |
| **Total net portfolio** | $ | **29,731,111** | **331,957** | **8,433** | **43,451,455** | **507,684** | **95,527** | **74,126,167** |

| | | December 31, 2021 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Suitable collateral | | | No suitable collateral | | | Total |
| | | Principal | Interest | Others | Principal | Interest | Others | |
| Commercial | $ | 18,295,768 | 124,893 | 141 | 22,637,874 | 239,873 | 36,388 | 41,334,937 |
| Consumer | | 1,394,265 | 8,706 | 327 | 13,415,742 | 191,256 | 79,835 | 15,090,131 |
| Mortgage | | 5,028,096 | 52,191 | 8,759 | 0 | 0 | 0 | 5,089,046 |
| Microcredit | | 120,557 | 13 | 0 | 152,098 | 9,406 | 6,169 | 288,243 |
| Commercial financial leases | | 3,037,697 | 31,376 | 5,871 | 0 | 0 | 0 | 3,074,944 |
| Consumer financial leases | | 4,400 | 58 | 141 | 0 | 0 | 0 | 4,599 |
| Mortgage financial leases | | 580,513 | 4,545 | 1,299 | 0 | 0 | 0 | 586,357 |
| Repos, interbank and others | | 0 | 0 | 0 | 75,779 | 0 | 0 | 75,779 |
| **Total gross portfolio** | | **28,461,296** | **221,782** | **16,538** | **36,281,493** | **440,535** | **122,392** | **65,544,036** |

(Continued)

| | | December 31, 2021 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Suitable collateral | | No suitable collateral | | | Total |
| | | Principal | Interest | Others | Principal | Interest | Others | |
| Allowance | | (1,511,722) | (41,571) | (9,095) | (2,936,117) | (166,947) | (52,420) | (4,717,872) |
| **Total net portfolio** | $ | **26,949,574** | **180,211** | **7,443** | **33,345,376** | **273,588** | **69,972** | **60,826,164** |

## 11.2 LOAN PORTFOLIO BY CREDIT LINES

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Ordinary loans | $ | 48,670,907 | 43,413,292 |
| Payroll installment loans | | 6,427,720 | 6,160,331 |
| Home mortgage loans | | 6,416,785 | 4,807,492 |
| Repos and interbank | | 4,451,918 | 75,779 |
| Credit cards | | 3,599,592 | 3,027,803 |
| Financial leases out immovable property | | 2,498,360 | 2,253,419 |
| Loans with resources from other institutions | | 2,304,275 | 1,811,119 |
| Loans to builders | | 2,009,567 | 1,477,568 |
| Financial leases out movable assets | | 1,489,957 | 1,412,481 |
| Employee loans | | 354,842 | 291,378 |
| Microcredits | | 252,404 | 288,243 |
| Bank overdrafts in checking accounts | | 135,113 | 107,150 |
| Loans to micro-businesses and SMEs | | 132,226 | 140,734 |
| Non-recourse factoring | | 98,562 | 195,053 |
| Credit cards – covered | | 62,300 | 62,316 |
| Other | | 26,939 | 19,878 |
| | | **78,931,467** | **65,544,036** |
| Allowance | | (4,805,300) | (4,717,872) |
| **Total** | **$** | **74,126,167** | **60,826,164** |

## 11.3 LOAN PORTFOLIO BY TYPE OF RISK

| | | Suitable collateral | | | | | |
|---|---|---|---|---|---|---|---|
| | | December 31, 2022 | | | | | |
| | | | | | Allowance | | |
| | | Principal | Interest | Others | Principal | Interest | Others |
| **Commercial** | | | | | | | |
| A – Normal | $ | 16,760,413 | 206,610 | 62 | 212,008 | 2,326 | 4 |
| B – Acceptable | | 460,019 | 8,191 | 51 | 18,043 | 372 | 3 |
| C – Appreciable | | 561,946 | 4,330 | 22 | 59,715 | 494 | 10 |
| D – Significant | | 990,061 | 7,785 | 18 | 593,684 | 7,785 | 18 |
| E – Uncollectible | | 368,893 | 448 | 71 | 368,893 | 448 | 71 |
| | | **19,141,332** | **227,364** | **224** | **1,252,343** | **11,425** | **106** |
| **Consumer** | | | | | | | |
| A – Normal | | 1,528,630 | 11,607 | 196 | 30,341 | 203 | 6 |
| B – Acceptable | | 24,815 | 309 | 63 | 1,630 | 21 | 8 |
| C – Appreciable | | 40,577 | 92 | 11 | 7,490 | 15 | 2 |

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Notes to the Separate Financial Statements
As at December 31, 2022

| | Suitable collateral | | | | | |
|---|---|---|---|---|---|---|
| | December 31, 2022 | | | | | |
| | | | | Allowance | | |
| | Principal | Interest | Others | Principal | Interest | Others |
| D – Significant | 61,778 | 70 | 29 | 36,370 | 70 | 29 |
| E – Uncollectible | 3,663 | 0 | 3 | 3,663 | 0 | 3 |
| | **1,659,463** | **12,078** | **302** | **79,494** | **309** | **48** |
| **Mortgage** | | | | | | |
| A – Normal | 6,444,850 | 80,117 | 6,249 | 64,628 | 3,439 | 518 |
| B – Acceptable | 81,612 | 1,267 | 364 | 2,614 | 1,219 | 358 |
| C – Appreciable | 52,374 | 722 | 450 | 5,247 | 719 | 450 |
| D – Significant | 28,469 | 421 | 411 | 5,706 | 421 | 411 |
| E – Uncollectible | 65,438 | 1,160 | 1,986 | 29,275 | 1,160 | 1,986 |
| | **6,672,743** | **83,687** | **9,460** | **107,470** | **6,958** | **3,723** |
| **Microcredit** | | | | | | |
| A – Normal | 32,599 | 6 | 0 | 326 | 0 | 0 |
| B – Acceptable | 1,284 | 0 | 0 | 41 | 0 | 0 |
| C – Appreciable | 1,417 | 0 | 0 | 283 | 0 | 0 |
| D – Significant | 1,477 | 0 | 0 | 739 | 0 | 0 |
| E – Uncollectible | 7,077 | 0 | 0 | 7,077 | 0 | 0 |
| | **43,854** | **6** | **0** | **8,466** | **0** | **0** |
| **Commercial financial leases** | | | | | | |
| A – Normal | 2,771,106 | 18,410 | 1,709 | 36,933 | 270 | 351 |
| B – Acceptable | 61,651 | 899 | 132 | 2,933 | 75 | 18 |
| C – Appreciable | 63,235 | 985 | 156 | 5,654 | 196 | 82 |
| D – Significant | 226,825 | 16,128 | 1,295 | 132,963 | 16,128 | 1,295 |
| E – Uncollectible | 79,285 | 4,777 | 3,478 | 79,285 | 4,777 | 3,478 |
| | **3,202,102** | **41,199** | **6,770** | **257,768** | **21,446** | **5,224** |
| **Consumer financial leases** | | | | | | |
| A – Normal | 1,763 | 17 | 146 | 35 | 0 | 48 |
| B – Acceptable | 232 | 4 | 0 | 5 | 0 | 0 |
| C – Appreciable | 42 | 1 | 6 | 6 | 0 | 2 |
| D – Significant | 238 | 8 | 16 | 162 | 8 | 16 |
| E – Uncollectible | 161 | 17 | 90 | 161 | 17 | 90 |
| | **2,436** | **47** | **258** | **369** | **25** | **156** |
| **Mortgage financial leases** | | | | | | |
| A – Normal | 704,872 | 8,234 | 775 | 7,048 | 495 | 99 |
| B – Acceptable | 7,524 | 142 | 29 | 240 | 142 | 29 |
| C – Appreciable | 5,465 | 56 | 67 | 546 | 56 | 67 |
| D – Significant | 1,700 | 31 | 31 | 340 | 31 | 31 |
| E – Uncollectible | 6,181 | 58 | 340 | 2,477 | 58 | 340 |
| | **725,742** | **8,521** | **1,242** | **10,651** | **782** | **566** |
| **Total** | $ **31,447,672** | **372,902** | **18,256** | **1,716,561** | **40,945** | **9,823** |

(Continued)

| | No suitable collateral | | | | | |
|---|---|---|---|---|---|---|
| | December 31, 2022 | | | | | |
| | | | | Allowance | | |
| | Principal | Interest | Others | Principal | Interest | Others |
| **Commercial** | | | | | | |
| A – Normal | $ 24,266,921 | 323,339 | 13,415 | 327,966 | 4,846 | 934 |
| B – Acceptable | 223,052 | 6,704 | 1,448 | 12,063 | 725 | 287 |
| C – Appreciable | 234,696 | 16,737 | 1,753 | 32,281 | 12,665 | 1,189 |
| D – Significant | 819,637 | 49,819 | 12,834 | 434,055 | 49,818 | 12,834 |
| E – Uncollectible | 546,719 | 40,152 | 7,830 | 546,719 | 40,092 | 7,830 |
| | **26,091,025** | **436,751** | **37,280** | **1,353,084** | **108,146** | **23,074** |
| **Consumer** | | | | | | |
| A – Normal | 14,224,092 | 170,639 | 91,322 | 434,519 | 6,367 | 10,994 |
| B – Acceptable | 372,155 | 12,237 | 1,468 | 39,697 | 1,872 | 881 |
| C – Appreciable | 316,374 | 9,920 | 1,994 | 56,278 | 8,124 | 1,994 |
| D – Significant | 552,870 | 17,727 | 5,931 | 437,475 | 17,725 | 5,931 |
| E – Uncollectible | 85,657 | 3,308 | 1,425 | 85,657 | 3,308 | 1,425 |
| | **15,551,148** | **213,831** | **102,140** | **1,053,626** | **37,396** | **21,225** |
| **Microcredit** | | | | | | |
| A – Normal | 183,595 | 4,287 | 551 | 1,939 | 215 | 151 |
| B – Acceptable | 2,744 | 115 | 54 | 88 | 106 | 53 |
| C – Appreciable | 2,425 | 98 | 62 | 485 | 89 | 58 |
| D – Significant | 2,412 | 102 | 67 | 1,206 | 102 | 67 |
| E – Uncollectible | 9,939 | 864 | 1,229 | 9,939 | 864 | 1,229 |
| | **201,115** | **5,466** | **1,963** | **13,657** | **1,376** | **1,558** |
| **Repos, interbank and others** | | | | | | |
| A – Normal | 4,451,758 | 159 | 1 | 0 | 0 | 0 |
| | **4,451,758** | **159** | **1** | **0** | **0** | **0** |
| **General Allowance** | **0** | **0** | **0** | **423,224** | **1,605** | **0** |
| **Total** | **$ 46,295,046** | **656,207** | **141,384** | **2,843,591** | **148,523** | **45,857** |

| | Suitable collateral | | | | | |
|---|---|---|---|---|---|---|
| | December 31, 2021 | | | | | |
| | | | | Allowance | | |
| | Principal | Interest | Others | Principal | Interest | Others |
| **Commercial** | | | | | | |
| A – Normal | $ 15,687,724 | 108,221 | 59 | 184,649 | 1,192 | 6 |
| B – Acceptable | 773,281 | 3,285 | 40 | 46,106 | 1,450 | 4 |
| C – Appreciable | 638,823 | 4,732 | 18 | 68,281 | 504 | 3 |
| D – Significant | 1,030,213 | 8,605 | 22 | 595,235 | 8,605 | 22 |
| E – Uncollectible | 165,727 | 50 | 2 | 165,727 | 50 | 2 |
| | **18,295,768** | **124,893** | **141** | **1,059,998** | **11,801** | **37** |
| **Consumer** | | | | | | |
| A – Normal | 1,266,300 | 8,341 | 243 | 23,765 | 152 | 18 |
| B – Acceptable | 19,938 | 211 | 49 | 1,234 | 12 | 6 |
| C – Appreciable | 28,257 | 66 | 4 | 4,832 | 11 | 1 |
| D – Significant | 77,506 | 83 | 28 | 45,695 | 83 | 28 |
| E – Uncollectible | 2,264 | 5 | 3 | 2,264 | 5 | 3 |
| | **1,394,265** | **8,706** | **327** | **77,790** | **263** | **56** |

(Continued)

| | Suitable collateral | | | | | | |
|---|---|---|---|---|---|---|---|
| | December 31, 2021 | | | | | | |
| | | | | | Allowance | | |
| | | Principal | Interest | Others | Principal | Interest | Others |
| **Mortgage** | | | | | | | |
| A – Normal | | 4,836,280 | 48,148 | 5,814 | 48,587 | 2,132 | 621 |
| B – Acceptable | | 62,189 | 1,183 | 348 | 1,990 | 1,166 | 339 |
| C – Appreciable | | 49,502 | 1,373 | 486 | 4,968 | 1,368 | 484 |
| D – Significant | | 24,707 | 868 | 426 | 4,941 | 868 | 425 |
| E – Uncollectible | | 55,418 | 619 | 1,685 | 23,051 | 619 | 1,685 |
| | | **5,028,096** | **52,191** | **8,759** | **83,537** | **6,153** | **3,554** |
| **Microcredit** | | | | | | | |
| A – Normal | | 92,943 | 13 | 0 | 929 | 0 | 0 |
| B – Acceptable | | 3,148 | 0 | 0 | 101 | 0 | 0 |
| C – Appreciable | | 2,418 | 0 | 0 | 484 | 0 | 0 |
| D – Significant | | 2,298 | 0 | 0 | 1,149 | 0 | 0 |
| E – Uncollectible | | 19,750 | 0 | 0 | 19,750 | 0 | 0 |
| | | **120,557** | **13** | **0** | **22,413** | **0** | **0** |
| **Commercial financial leases** | | | | | | | |
| A – Normal | | 2,550,712 | 7,803 | 1,168 | 33,734 | 130 | 187 |
| B – Acceptable | | 102,053 | 559 | 91 | 4,022 | 55 | 24 |
| C – Appreciable | | 66,400 | 546 | 150 | 6,252 | 133 | 92 |
| D – Significant | | 240,654 | 17,684 | 1,615 | 137,133 | 17,684 | 1,615 |
| E – Uncollectible | | 77,878 | 4,784 | 2,847 | 77,878 | 4,784 | 2,847 |
| | | **3,037,697** | **31,376** | **5,871** | **259,019** | **22,786** | **4,765** |
| **Consumer financial leases** | | | | | | | |
| A – Normal | | 3,764 | 21 | 56 | 71 | 0 | 43 |
| B – Acceptable | | 0 | 0 | 0 | 0 | 0 | 0 |
| C – Appreciable | | 186 | 5 | 1 | 26 | 5 | 1 |
| D – Significant | | 139 | 6 | 5 | 81 | 6 | 5 |
| E – Uncollectible | | 311 | 26 | 79 | 311 | 26 | 79 |
| | | **4,400** | **58** | **141** | **489** | **37** | **128** |
| **Mortgage financial leases** | | | | | | | |
| A – Normal | | 560,352 | 4,203 | 901 | 5,604 | 215 | 159 |
| B – Acceptable | | 9,068 | 151 | 79 | 290 | 134 | 78 |
| C – Appreciable | | 3,943 | 92 | 64 | 394 | 83 | 63 |
| D – Significant | | 2,498 | 77 | 83 | 500 | 77 | 83 |
| E – Uncollectible | | 4,652 | 22 | 172 | 1,688 | 22 | 172 |
| | | **580,513** | **4,545** | **1,299** | **8,476** | **531** | **555** |
| **Total** | $ | **28,461,296** | **221,782** | **16,538** | **1,511,722** | **41,571** | **9,095** |

| | No suitable collateral | | | | | | |
|---|---|---|---|---|---|---|---|
| | December 31, 2021 | | | | | | |
| | | | | | Allowance | | |
| | | Principal | Interest | Others | Principal | Interest | Others |
| **Commercial** | | | | | | | |
| A – Normal | $ | 20,670,526 | 116,498 | 12,023 | 277,571 | 2,256 | 868 |
| B – Acceptable | | 178,383 | 4,571 | 1,141 | 9,900 | 827 | 203 |
| C – Appreciable | | 288,362 | 20,173 | 2,257 | 38,084 | 13,971 | 1,501 |

| | No suitable collateral | | | | | | |
|---|---|---|---|---|---|---|---|
| | December 31, 2021 | | | | | | |
| | | | | | Allowance | | |
| | | Principal | Interest | Others | Principal | Interest | Others |
| D – Significant | | 978,668 | 70,987 | 14,683 | 525,168 | 70,987 | 14,683 |
| E – Uncollectible | | 521,935 | 27,644 | 6,284 | 521,474 | 27,625 | 6,284 |
| | | **22,637,874** | **239,873** | **36,388** | **1,372,197** | **115,666** | **23,539** |
| **Consumer** | | | | | | | |
| A – Normal | | 12,207,121 | 147,042 | 65,488 | 372,744 | 5,886 | 9,129 |
| B – Acceptable | | 250,527 | 7,114 | 972 | 28,405 | 1,579 | 717 |
| C – Appreciable | | 285,072 | 7,790 | 1,592 | 50,163 | 5,817 | 1,189 |
| D – Significant | | 468,643 | 17,592 | 7,261 | 373,285 | 17,592 | 7,261 |
| E – Uncollectible | | 204,379 | 11,718 | 4,522 | 204,379 | 11,717 | 4,522 |
| | | **13,415,742** | **191,256** | **79,835** | **1,028,976** | **42,591** | **22,818** |
| **Microcredit** | | | | | | | |
| A – Normal | | 109,109 | 4,068 | 924 | 1,092 | 332 | 830 |
| B – Acceptable | | 3,967 | 187 | 112 | 127 | 179 | 107 |
| C – Appreciable | | 3,112 | 127 | 94 | 622 | 116 | 87 |
| D – Significant | | 2,820 | 149 | 38 | 1,410 | 149 | 38 |
| E – Uncollectible | | 33,090 | 4,875 | 5,001 | 33,090 | 4,875 | 5,001 |
| | | **152,098** | **9,406** | **6,169** | **36,341** | **5,651** | **6,063** |
| **Repos, interbank and others** | | | | | | | |
| A – Normal | | 75,779 | 0 | 0 | 0 | 0 | 0 |
| | | **75,779** | **0** | **0** | **0** | **0** | **0** |
| **General Allowance** | | **0** | **0** | **0** | **498,603** | **3,039** | **0** |
| **Total** | $ | **36,281,493** | **440,535** | **122,392** | **2,936,117** | **166,947** | **52,420** |

## 11.4 LOAN PORTFOLIO BY ECONOMIC SECTOR

| | December 31, 2022 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Commercial | Consumer | Mortga-ges | Micro-credit | Financial leases | Repos, interbank and others | Total | Share % |
| Salaried employee | $ | 491,053 | 14,652,300 | 5,509,990 | 7,929 | 604,564 | 0 | 21,265,836 | 26.94% |
| Manufacturing industries | | 10,228,760 | 128,975 | 57,632 | 32,928 | 615,165 | 676 | 11,064,136 | 14.02% |
| Wholesale and Retail | | 8,009,019 | 978,103 | 268,057 | 144,000 | 647,693 | 592 | 10,047,464 | 12.73% |
| Financial and insurance | | 3,285,848 | 15,525 | 7,206 | 134 | 33,012 | 4,430,631 | 7,772,356 | 9.85% |
| Construction | | 6,426,917 | 80,932 | 35,590 | 1,078 | 189,045 | 0 | 6,733,562 | 8.53% |
| Transport and storage | | 2,283,803 | 238,328 | 111,960 | 3,290 | 661,697 | 0 | 3,299,078 | 4.18% |
| Public services | | 3,113,249 | 595 | 318 | 16 | 7,340 | 0 | 3,121,518 | 3.95% |

(Continued)

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| | December 31, 2022 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | **Commercial** | **Consumer** | **Mortga-ges** | **Micro-credit** | **Financial leases** | **Repos, interbank and others** | **Total** | **Share %** |
| Professional, scientific and technical | | 1,883,894 | 569,455 | 416,049 | 3,944 | 147,418 | 0 | 3,020,760 | 3.83% |
| Public administration and defense | | 2,328,097 | 0 | 0 | 3 | 2,235 | 0 | 2,330,335 | 2.95% |
| Health care | | 1,443,202 | 134,902 | 71,210 | 445 | 190,059 | 0 | 1,839,818 | 2.33% |
| Agriculture | | 1,246,681 | 161,427 | 43,565 | 28,672 | 97,094 | 0 | 1,577,439 | 2.00% |
| Real estate | | 1,031,114 | 39,595 | 15,147 | 863 | 308,144 | 0 | 1,394,863 | 1.77% |
| Accommodation and food services | | 882,387 | 65,226 | 31,689 | 12,358 | 31,745 | 0 | 1,023,405 | 1.30% |
| Administrative services | | 730,144 | 71,129 | 27,904 | 2,424 | 145,632 | 0 | 977,233 | 1.24% |
| Information and communications | | 857,452 | 32,185 | 15,247 | 1,592 | 41,074 | 0 | 947,550 | 1.20% |
| Education | | 734,173 | 27,221 | 15,944 | 193 | 35,734 | 0 | 813,265 | 1.03% |
| Capital investors | | 85,758 | 266,682 | 106,848 | 2,814 | 50,460 | 0 | 512,562 | 0.65% |
| Other sectors | | 872,425 | 76,382 | 31,534 | 9,721 | 180,206 | 20,019 | 1,190,287 | 1.50% |
| | | 45,933,976 | 17,538,962 | 6,765,890 | 252,404 | 3,988,317 | 4,451,918 | 78,931,467 | **100.00%** |
| Allowance (1) | | (2,859,380) | (1,413,819) | (201,225) | (33,889) | (296,987) | 0 | (4,805,300) | |
| **Total** | $ | **43,074,596** | **16,125,143** | **6,564,665** | **218,515** | **3,691,330** | **4,451,918** | **74,126,167** | |

| | December 31, 2021 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | **Commercial** | **Consumer** | **Mortga-ges** | **Micro-credit** | **Financial leases** | **Repos, interbank and others** | **Total** | **Share %** |
| Salaried employee | $ | 347,938 | 12,344,393 | 3,982,572 | 11,824 | 481,934 | 0 | 17,168,661 | 26.19% |
| Manufacturing industries | | 9,138,384 | 134,068 | 51,896 | 37,861 | 574,996 | 4,536 | 9,941,741 | 15.17% |
| Wholesale and Retail | | 6,795,120 | 753,497 | 228,868 | 154,927 | 552,885 | 892 | 8,486,189 | 12.95% |
| Construction | | 5,785,199 | 87,753 | 29,903 | 2,225 | 179,938 | 0 | 6,085,018 | 9.28% |
| Financial and insurance | | 3,297,388 | 14,548 | 4,553 | 106 | 26,627 | 69,926 | 3,413,148 | 5.21% |
| Transport and storage | | 2,270,423 | 252,060 | 99,131 | 6,737 | 660,234 | 0 | 3,288,585 | 5.02% |
| Professional, scientific and technical | | 1,995,714 | 617,819 | 402,375 | 7,911 | 146,496 | 0 | 3,170,315 | 4.84% |
| Public services | | 2,454,253 | 444 | 72 | 26 | 6,824 | 0 | 2,461,619 | 3.76% |
| Public administration and defense | | 1,689,907 | 0 | 0 | 6 | 2,885 | 0 | 1,692,798 | 2.58% |
| Agriculture | | 1,247,099 | 169,713 | 38,121 | 28,154 | 103,840 | 0 | 1,586,927 | 2.42% |
| Health care | | 1,199,804 | 129,158 | 52,205 | 773 | 159,903 | 0 | 1,541,843 | 2.35% |
| Real estate | | 1,018,401 | 40,288 | 13,430 | 702 | 316,489 | 0 | 1,389,310 | 2.12% |
| Information and communications | | 957,578 | 31,591 | 11,726 | 2,180 | 31,553 | 0 | 1,034,628 | 1.58% |
| Accommodation and food services | | 863,660 | 71,048 | 26,560 | 15,306 | 35,744 | 0 | 1,012,318 | 1.54% |
| Administrative services | | 635,380 | 66,830 | 19,989 | 4,403 | 149,430 | 10 | 876,042 | 1.34% |
| Education | | 681,976 | 25,076 | 14,439 | 383 | 41,231 | 0 | 763,105 | 1.16% |
| Capital investors | | 85,755 | 275,198 | 84,517 | 3,509 | 47,025 | 415 | 496,419 | 0.76% |
| Other sectors | | 870,958 | 76,647 | 28,689 | 11,210 | 147,866 | 0 | 1,135,370 | 1.73% |
| | | 41,334,937 | 15,090,131 | 5,089,046 | 288,243 | 3,665,900 | 75,779 | 65,544,036 | **100.00%** |
| Allowance (1) | | (2,748,129) | (1,430,739) | (158,420) | (83,798) | (296,786) | 0 | (4,717,872) | |
| **Total** | $ | **38,586,808** | **13,659,392** | **4,930,626** | **204,445** | **3,369,114** | **75,779** | **60,826,164** | |

(Continued)

(1) Includes $348,395 and $442,829 of prudential allowance at December 31, 2022 and December 31, 2021, respectively (See note 11.15).

## 11.5 LOAN PORTFOLIO BY GEOGRAPHIC AREA

| | Suitable collateral | | | | | | |
|---|---|---|---|---|---|---|---|
| | December 31, 2022 | | | | | | |
| | | | | | Allowance | | |
| | | Principal | Interest | Others | Principal | Interest | Others |
| **Commercial** | | | | | | | |
| Amazon Region | $ | 19,556 | 40 | 1 | 1,455 | 1 | 0 |
| Andean Region | | 16,696,207 | 197,185 | 197 | 1,016,765 | 11,022 | 103 |
| Caribbean Region | | 2,136,495 | 27,672 | 22 | 219,335 | 365 | 3 |
| Island Region | | 17,357 | 70 | 0 | 384 | 1 | 0 |
| Orinoco Region | | 263,983 | 2,373 | 4 | 13,217 | 35 | 0 |
| Pacific Region | | 7,734 | 24 | 0 | 1,187 | 1 | 0 |
| | | **19,141,332** | **227,364** | **224** | **1,252,343** | **11,425** | **106** |
| **Consumer** | | | | | | | |
| Amazon Region | | 5,291 | 50 | 1 | 436 | 1 | 0 |
| Andean Region | | 1,437,261 | 10,330 | 243 | 64,944 | 261 | 34 |
| Caribbean Region | | 175,583 | 1,358 | 48 | 11,392 | 37 | 9 |
| Island Region | | 382 | 5 | 0 | 14 | 0 | 0 |
| Orinoco Region | | 39,232 | 322 | 6 | 2,540 | 9 | 1 |
| Pacific Region | | 1,714 | 13 | 4 | 168 | 1 | 4 |
| | | **1,659,463** | **12,078** | **302** | **79,494** | **309** | **48** |
| **Mortgage** | | | | | | | |
| Amazon Region | | 9,433 | 81 | 13 | 185 | 10 | 8 |
| Andean Region | | 5,419,002 | 71,214 | 7,112 | 82,359 | 5,155 | 2,604 |
| Caribbean Region | | 1,111,447 | 10,834 | 2,044 | 21,172 | 1,538 | 927 |
| Island Region | | 3,032 | 40 | 4 | 40 | 3 | 2 |
| Orinoco Region | | 121,562 | 1,443 | 269 | 3,471 | 236 | 170 |
| Pacific Region | | 8,267 | 75 | 18 | 243 | 16 | 12 |
| | | **6,672,743** | **83,687** | **9,460** | **107,470** | **6,958** | **3,723** |
| **Microcredit** | | | | | | | |
| Amazon Region | | 219 | 0 | 0 | 62 | 0 | 0 |
| Andean Region | | 35,138 | 6 | 0 | 6,731 | 0 | 0 |
| Caribbean Region | | 6,677 | 0 | 0 | 1,252 | 0 | 0 |
| Island Region | | 39 | 0 | 0 | 16 | 0 | 0 |
| Orinoco Region | | 662 | 0 | 0 | 205 | 0 | 0 |
| Pacific Region | | 1,119 | 0 | 0 | 200 | 0 | 0 |
| | | **43,854** | **6** | **0** | **8,466** | **0** | **0** |
| **Commercial financial leases** | | | | | | | |
| Amazon Region | | 273 | 1 | 0 | 11 | 0 | 0 |
| Andean Region | | 2,914,660 | 37,105 | 5,909 | 187,337 | 18,588 | 4,529 |
| Caribbean Region | | 265,974 | 3,767 | 564 | 68,483 | 2,679 | 445 |
| Island Region | | 143 | 0 | 57 | 83 | 0 | 57 |
| Orinoco Region | | 20,329 | 323 | 240 | 1,826 | 179 | 193 |

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| | | Suitable collateral | | | | | |
|---|---|---|---|---|---|---|---|
| | | December 31, 2022 | | | | | |
| | | | | | Allowance | | |
| | | Principal | Interest | Others | Principal | Interest | Others |
| Pacific Region | | 339 | 1 | 0 | 12 | 0 | 0 |
| Panama | | 384 | 2 | 0 | 16 | 0 | 0 |
| | | **3,202,102** | **41,199** | **6,770** | **257,768** | **21,446** | **5,224** |
| **Consumer financial leases** | | | | | | | |
| Andean Region | | 2,089 | 29 | 219 | 264 | 11 | 121 |
| Caribbean Region | | 131 | 14 | 38 | 96 | 14 | 35 |
| Orinoco Region | | 216 | 4 | 1 | 9 | 0 | 0 |
| | | **2,436** | **47** | **258** | **369** | **25** | **156** |
| **Mortgage financial leases** | | | | | | | |
| Amazon Region | | 145 | 1 | 0 | 1 | 0 | 0 |
| Andean Region | | 623,837 | 7,363 | 978 | 8,433 | 637 | 384 |
| Caribbean Region | | 92,502 | 1,074 | 236 | 2,000 | 144 | 169 |
| Island Region | | 2,921 | 3 | 10 | 29 | 0 | 0 |
| Orinoco Region | | 5,694 | 76 | 17 | 182 | 1 | 13 |
| Pacific Region | | 643 | 4 | 1 | 6 | 0 | 0 |
| | | **725,742** | **8,521** | **1,242** | **10,651** | **782** | **566** |
| **Total** | $ | **31,447,672** | **372,902** | **18,256** | **1,716,561** | **40,945** | **9,823** |

| | | No suitable collateral | | | | | |
|---|---|---|---|---|---|---|---|
| | | December 31, 2022 | | | | | |
| | | | | | Allowance | | |
| | | Principal | Interest | Others | Principal | Interest | Others |
| **Commercial** | | | | | | | |
| Amazon Region | $ | 11,633 | 796 | 342 | 1,063 | 208 | 176 |
| Andean Region | | 19,112,177 | 343,716 | 29,780 | 910,043 | 82,985 | 18,503 |
| Caribbean Region | | 1,804,992 | 47,180 | 5,298 | 135,878 | 22,987 | 3,379 |
| Island Region | | 6,323 | 154 | 34 | 334 | 50 | 18 |
| Orinoco Region | | 118,394 | 4,287 | 1,663 | 9,383 | 1,312 | 887 |
| Pacific Region | | 5,031 | 215 | 163 | 593 | 113 | 111 |
| Miami | | 3,228,646 | 29,407 | 0 | 141,989 | 359 | 0 |
| New York | | 1,733,830 | 10,396 | 0 | 152,872 | 124 | 0 |
| Panama | | 69,999 | 600 | 0 | 929 | 8 | 0 |
| | | **26,091,025** | **436,751** | **37,280** | **1,353,084** | **108,146** | **23,074** |
| **Consumer** | | | | | | | |
| Amazon Region | | 169,857 | 1,903 | 492 | 10,390 | 294 | 110 |
| Andean Region | | 12,647,354 | 173,541 | 83,600 | 845,661 | 29,707 | 16,683 |
| Caribbean Region | | 1,981,808 | 28,240 | 14,066 | 144,395 | 5,421 | 3,502 |
| Island Region | | 39,183 | 566 | 169 | 2,617 | 88 | 30 |
| Orinoco Region | | 627,907 | 8,412 | 3,251 | 43,939 | 1,634 | 783 |
| Pacific Region | | 85,039 | 1,169 | 562 | 6,624 | 252 | 117 |
| | | **15,551,148** | **213,831** | **102,140** | **1,053,626** | **37,396** | **21,225** |
| **Microcredit** | | | | | | | |
| Amazon Region | | 247 | 8 | 13 | 86 | 5 | 11 |
| Andean Region | | 170,067 | 4,632 | 1,537 | 10,720 | 1,117 | 1,201 |
| Caribbean Region | | 26,803 | 704 | 326 | 2,249 | 207 | 270 |

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| | | No suitable collateral December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | Allowance | | |
| | | Principal | Interest | Others | Principal | Interest | Others |
| Island Region | | 47 | 0 | 1 | 20 | 0 | 1 |
| Orinoco Region | | 780 | 38 | 51 | 320 | 22 | 47 |
| Pacific Region | | 3,171 | 84 | 35 | 262 | 25 | 28 |
| | | **201,115** | **5,466** | **1,963** | **13,657** | **1,376** | **1,558** |
| **Repos, interbank and others** | | | | | | | |
| Andean Region | | 4,451,693 | 159 | 1 | 0 | 0 | 0 |
| Caribbean Region | | 16 | 0 | 0 | 0 | 0 | 0 |
| Panama | | 49 | 0 | 0 | 0 | 0 | 0 |
| | | **4,451,758** | **159** | **1** | **0** | **0** | **0** |
| **General Allowance** | | **0** | **0** | **0** | **423,224** | **1,605** | **0** |
| **Total** | $ | **46,295,046** | **656,207** | **141,384** | **2,843,591** | **148,523** | **45,857** |

| | | Suitable collateral December 31, 2021 | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | Allowance | | |
| | | Principal | Interest | Others | Principal | Interest | Others |
| **Commercial** | | | | | | | |
| Amazon Region | $ | 18,745 | 26 | 0 | 1,689 | 1 | 0 |
| Andean Region | | 15,949,081 | 112,247 | 116 | 900,146 | 11,535 | 34 |
| Caribbean Region | | 1,998,019 | 11,305 | 20 | 142,969 | 241 | 3 |
| Island Region | | 9,521 | 24 | 0 | 303 | 1 | 0 |
| Orinoco Region | | 312,439 | 1,280 | 5 | 13,747 | 21 | 0 |
| Pacific Region | | 7,963 | 11 | 0 | 1,144 | 2 | 0 |
| | | **18,295,768** | **124,893** | **141** | **1,059,998** | **11,801** | **37** |
| **Consumer** | | | | | | | |
| Amazon Region | | 4,527 | 37 | 0 | 481 | 2 | 0 |
| Andean Region | | 1,187,201 | 7,237 | 268 | 61,400 | 207 | 40 |
| Caribbean Region | | 161,644 | 1,122 | 50 | 13,410 | 44 | 12 |
| Island Region | | 359 | 6 | 0 | 21 | 1 | 0 |
| Orinoco Region | | 38,879 | 294 | 6 | 2,346 | 8 | 1 |
| Pacific Region | | 1,655 | 10 | 3 | 132 | 1 | 3 |
| | | **1,394,265** | **8,706** | **327** | **77,790** | **263** | **56** |
| **Mortgage** | | | | | | | |
| Amazon Region | | 6,083 | 51 | 8 | 127 | 13 | 4 |
| Andean Region | | 4,145,099 | 44,143 | 6,764 | 65,011 | 4,460 | 2,577 |
| Caribbean Region | | 770,877 | 7,066 | 1,707 | 15,116 | 1,445 | 785 |
| Island Region | | 2,999 | 29 | 2 | 36 | 6 | 1 |
| Orinoco Region | | 96,229 | 848 | 267 | 3,131 | 220 | 182 |
| Pacific Region | | 6,809 | 54 | 11 | 116 | 9 | 5 |
| | | **5,028,096** | **52,191** | **8,759** | **83,537** | **6,153** | **3,554** |
| **Microcredit** | | | | | | | |
| Amazon Region | | 730 | 0 | 0 | 298 | 0 | 0 |
| Andean Region | | 97,452 | 12 | 0 | 17,037 | 0 | 0 |
| Caribbean Region | | 17,411 | 1 | 0 | 3,706 | 0 | 0 |

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| | | Suitable collateral | | | | | |
|---|---|---|---|---|---|---|---|
| | | December 31, 2021 | | | | | |
| | | | | | Allowance | | |
| | | Principal | Interest | Others | Principal | Interest | Others |
| Island Region | | 58 | 0 | 0 | 15 | 0 | 0 |
| Orinoco Region | | 2,564 | 0 | 0 | 1,029 | 0 | 0 |
| Pacific Region | | 2,342 | 0 | 0 | 328 | 0 | 0 |
| | | **120,557** | **13** | **0** | **22,413** | **0** | **0** |
| **Commercial financial leases** | | | | | | | |
| Amazon Region | | 401 | 2 | 7 | 21 | 0 | 7 |
| Andean Region | | 2,763,931 | 28,587 | 5,224 | 191,126 | 20,567 | 4,246 |
| Caribbean Region | | 255,341 | 2,428 | 401 | 65,890 | 1,936 | 307 |
| Island Region | | 292 | 1 | 36 | 73 | 0 | 35 |
| Orinoco Region | | 17,200 | 349 | 189 | 1,756 | 275 | 157 |
| Pacific Region | | 529 | 9 | 14 | 153 | 8 | 13 |
| Panama | | 3 | 0 | 0 | 0 | 0 | 0 |
| | | **3,037,697** | **31,376** | **5,871** | **259,019** | **22,786** | **4,765** |
| **Consumer financial leases** | | | | | | | |
| Andean Region | | 3,830 | 33 | 94 | 304 | 15 | 82 |
| Caribbean Region | | 296 | 22 | 46 | 174 | 22 | 46 |
| Orinoco Region | | 274 | 3 | 1 | 11 | 0 | 0 |
| | | **4,400** | **58** | **141** | **489** | **37** | **128** |
| **Mortgage financial leases** | | | | | | | |
| Andean Region | | 493,119 | 3,909 | 1,087 | 6,821 | 430 | 424 |
| Caribbean Region | | 78,443 | 571 | 175 | 1,509 | 85 | 117 |
| Orinoco Region | | 2,995 | 21 | 19 | 30 | 0 | 0 |
| Pacific Region | | 5,465 | 43 | 18 | 111 | 16 | 14 |
| | | 491 | 1 | 0 | 5 | 0 | 0 |
| | | **580,513** | **4,545** | **1,299** | **8,476** | **531** | **555** |
| **Total** | $ | **28,461,296** | **221,782** | **16,538** | **1,511,722** | **41,571** | **9,095** |

| | | No suitable collateral | | | | | |
|---|---|---|---|---|---|---|---|
| | | December 31, 2021 | | | | | |
| | | | | | Allowance | | |
| | | Principal | Interest | Others | Principal | Interest | Others |
| **Commercial** | | | | | | | |
| Amazon Region | $ | 11,781 | 599 | 447 | 1,725 | 327 | 313 |
| Andean Region | | 16,444,728 | 192,120 | 28,960 | 944,299 | 89,428 | 18,566 |
| Caribbean Region | | 1,901,794 | 34,750 | 5,217 | 158,354 | 23,811 | 3,586 |
| Island Region | | 8,549 | 113 | 53 | 543 | 28 | 33 |
| Orinoco Region | | 94,423 | 2,791 | 1,553 | 8,816 | 1,360 | 913 |
| Pacific Region | | 4,225 | 209 | 158 | 744 | 141 | 128 |
| Miami | | 2,402,315 | 3,862 | 0 | 117,307 | 167 | 0 |
| New York | | 1,673,495 | 5,049 | 0 | 139,242 | 399 | 0 |
| Panama | | 96,564 | 380 | 0 | 1,167 | 5 | 0 |
| | | **22,637,874** | **239,873** | **36,388** | **1,372,197** | **115,666** | **23,539** |
| **Consumer** | | | | | | | |
| Amazon Region | | 161,576 | 2,195 | 447 | 10,871 | 466 | 158 |
| Andean Region | | 10,829,379 | 152,400 | 64,109 | 813,105 | 32,846 | 17,523 |

(Continued)

| | No suitable collateral | | | | | |
|---|---|---|---|---|---|---|
| | December 31, 2021 | | | | | |
| | | | | Allowance | | |
| | Principal | Interest | Others | Principal | Interest | Others |
| Caribbean Region | 1,703,524 | 25,886 | 11,823 | 148,022 | 6,705 | 4,032 |
| Island Region | 34,886 | 512 | 133 | 2,368 | 86 | 32 |
| Orinoco Region | 607,509 | 9,063 | 2,876 | 48,337 | 2,193 | 938 |
| Pacific Region | 78,868 | 1,200 | 447 | 6,273 | 295 | 135 |
| | **13,415,742** | **191,256** | **79,835** | **1,028,976** | **42,591** | **22,818** |
| **Microcredit** | | | | | | |
| Amazon Region | 796 | 72 | 78 | 342 | 61 | 70 |
| Andean Region | 125,142 | 7,552 | 4,566 | 28,116 | 4,358 | 4,566 |
| Caribbean Region | 21,304 | 1,420 | 1,164 | 6,231 | 966 | 1,096 |
| Island Region | 75 | 3 | 3 | 20 | 3 | 3 |
| Orinoco Region | 2,643 | 252 | 279 | 1,203 | 210 | 257 |
| Pacific Region | 2,138 | 107 | 79 | 429 | 53 | 71 |
| | **152,098** | **9,406** | **6,169** | **36,341** | **5,651** | **6,063** |
| **Repos, interbank and others** | | | | | | |
| Andean Region | 75,779 | 0 | 0 | 0 | 0 | 0 |
| | **75,779** | **0** | **0** | **0** | **0** | **0** |
| **General Allowance** | **0** | **0** | **0** | **498,603** | **3,039** | **0** |
| **Total** | $ **36,281,493** | **440,535** | **122,392** | **2,936,117** | **166,947** | **52,420** |

## 11.6 LOAN PORTFOLIO BY TYPE OF CURRENCY

| | December 31, 2022 | | | | December 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Colombian pesos | Foreign currency | UVR (1) | Total | Colombian pesos | Foreign currency | UVR (1) | Total |
| Commercial | $ 39,593,190 | 6,340,786 | 0 | 45,933,976 | 36,067,341 | 5,267,596 | 0 | 41,334,937 |
| Consumer | 17,538,962 | 0 | 0 | 17,538,962 | 15,090,131 | 0 | 0 | 15,090,131 |
| Mortgage | 6,765,126 | 0 | 764 | 6,765,890 | 5,087,903 | 0 | 1,143 | 5,089,046 |
| Microcredit | 252,404 | 0 | 0 | 252,404 | 288,243 | 0 | 0 | 288,243 |
| Commercial leases | 3,203,186 | 46,885 | 0 | 3,250,071 | 3,036,829 | 38,115 | 0 | 3,074,944 |
| Consumer leases | 2,741 | 0 | 0 | 2,741 | 4,599 | 0 | 0 | 4,599 |
| Mortgage leases | 735,505 | 0 | 0 | 735,505 | 586,357 | 0 | 0 | 586,357 |
| Repos, interbank and others | 4,450,623 | 1,295 | 0 | 4,451,918 | 69,947 | 5,832 | 0 | 75,779 |
| **Total** | $ **72,541,737** | **6,388,966** | **764** | **78,931,467** | **60,231,350** | **5,311,543** | **1,143** | **65,544,036** |

(1) Real value unit (UVR for its acronym in spanish).

## 11.7 LOAN PORTFOLIO BY MATURITY

| | December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | 0 to 1 year | 1 to 3 years | 3 to 5 years | 5 to 10 years | More than 10 years | Total |
| Commercial | $ 23,009,533 | 13,049,198 | 5,818,422 | 3,710,545 | 346,278 | 45,933,976 |
| Consumer | 5,245,374 | 5,811,364 | 3,787,580 | 2,488,086 | 206,558 | 17,538,962 |

(Continued)

| | | December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|---|
| | | 0 to 1 year | 1 to 3 years | 3 to 5 years | 5 to 10 years | More than 10 years | Total |
| Mortgage | | 379,278 | 605,446 | 656,562 | 4,766,271 | 358,333 | 6,765,890 |
| Microcredit | | 141,866 | 103,917 | 5,549 | 1,036 | 36 | 252,404 |
| Commercial leases | | 684,152 | 965,725 | 709,887 | 800,570 | 89,737 | 3,250,071 |
| Consumer leases | | 1,172 | 1,268 | 301 | 0 | 0 | 2,741 |
| Mortgage leases | | 38,648 | 62,213 | 70,436 | 522,348 | 41,860 | 735,505 |
| Repos, interbank and others | | 4,451,918 | 0 | 0 | 0 | 0 | 4,451,918 |
| **Total** | $ | **33,951,941** | **20,599,131** | **11,048,737** | **12,288,856** | **1,042,802** | **78,931,467** |

| | | December 31, 2021 | | | | | |
|---|---|---|---|---|---|---|---|
| | | 0 to 1 year | 1 to 3 years | 3 to 5 years | 5 to 10 years | More than 10 years | Total |
| Commercial | $ | 18,718,956 | 12,495,605 | 6,009,063 | 3,730,412 | 380,901 | 41,334,937 |
| Consumer | | 4,394,907 | 5,025,083 | 3,181,483 | 2,241,468 | 247,190 | 15,090,131 |
| Mortgage | | 288,998 | 487,895 | 530,538 | 3,495,502 | 286,113 | 5,089,046 |
| Microcredit | | 161,734 | 108,755 | 13,641 | 3,917 | 196 | 288,243 |
| Commercial leases | | 687,071 | 902,391 | 644,736 | 670,731 | 170,015 | 3,074,944 |
| Consumer leases | | 1,622 | 1,922 | 1,054 | 1 | 0 | 4,599 |
| Mortgage leases | | 26,819 | 46,865 | 54,000 | 426,253 | 32,420 | 586,357 |
| Repos, interbank and others | | 75,779 | 0 | 0 | 0 | 0 | 75,779 |
| **Total** | $ | **24,355,886** | **19,068,516** | **10,434,515** | **10,568,284** | **1,116,835** | **65,544,036** |

## 11.8 RESTRUCTURED LOAN PORTFOLIO

| | | December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | Allowance | | |
| | | Principal | Interest | Others | Principal | Interest | Others |
| **Commercial** | | | | | | | |
| Law 1116 | $ | 522,795 | 9,632 | 251 | 396,637 | 6,726 | 251 |
| Law 550 | | 766 | 116 | 0 | 338 | 116 | 0 |
| Ordinary | | 875,330 | 16,199 | 1,522 | 420,153 | 15,058 | 1,437 |
| Universal processes pending of creditors | | 470,579 | 20,285 | 5,014 | 392,024 | 20,261 | 5,013 |
| Other types of restructuring | | 208,036 | 9,206 | 958 | 196,261 | 9,206 | 958 |
| | | **2,077,506** | **55,438** | **7,745** | **1,405,413** | **51,367** | **7,659** |
| **Consumer** | | | | | | | |
| Law 1116 | | 1,688 | 11 | 11 | 1,476 | 11 | 11 |
| Ordinary | | 318,898 | 4,349 | 3,825 | 161,042 | 3,151 | 3,195 |
| Universal processes pending of creditors | | 27,876 | 1,253 | 888 | 24,055 | 1,253 | 888 |
| Other types of restructuring | | 7,211 | 237 | 252 | 6,750 | 237 | 252 |
| | | **355,673** | **5,850** | **4,976** | **193,323** | **4,652** | **4,346** |
| **Mortgage** | | | | | | | |
| Law 1116 | | 1,429 | 3 | 0 | 41 | 3 | 0 |

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| | December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | | | | Allowance | | |
| | Principal | Interest | Others | Principal | Interest | Others |
| Ordinary | 6,172 | 110 | 58 | 577 | 81 | 54 |
| Universal processes pending of creditors | 15,565 | 276 | 390 | 6,600 | 261 | 389 |
| Other types of restructuring | 7,785 | 126 | 241 | 3,637 | 126 | 241 |
| | **30,951** | **515** | **689** | **10,855** | **471** | **684** |
| **Microcredit** | | | | | | |
| Ordinary | 7,293 | 149 | 288 | 4,866 | 135 | 284 |
| Universal processes pending of creditors | 177 | 14 | 21 | 177 | 14 | 21 |
| Other types of restructuring | 33 | 1 | 2 | 33 | 1 | 2 |
| | **7,503** | **164** | **311** | **5,076** | **150** | **307** |
| **Commercial financial leases** | | | | | | |
| Law 1116 | 7,214 | 126 | 109 | 3,110 | 64 | 109 |
| Law 550 | 17 | 0 | 0 | 0 | 0 | 0 |
| Ordinary | 161,457 | 95 | 136 | 94,659 | 80 | 127 |
| Universal processes pending of creditors | 76,823 | 4,413 | 1,766 | 66,742 | 4,333 | 1,764 |
| Other types of restructuring | 20,534 | 966 | 597 | 15,954 | 966 | 597 |
| | **266,045** | **5,600** | **2,608** | **180,465** | **5,443** | **2,597** |
| **Consumer financial leases** | | | | | | |
| Universal processes pending of creditors | 102 | 14 | 63 | 102 | 14 | 63 |
| | **102** | **14** | **63** | **102** | **14** | **63** |
| **Mortgage financial leases** | | | | | | |
| Ordinary | 1,907 | 18 | 8 | 93 | 14 | 7 |
| Universal processes pending of creditors | 1,731 | 24 | 36 | 291 | 24 | 36 |
| Other types of restructuring | 747 | 14 | 22 | 130 | 0 | 21 |
| | **4,385** | **56** | **66** | **514** | **38** | **64** |
| **Totals** | | | | | | |
| Law 1116 | 533,126 | 9,772 | 371 | 401,264 | 6,804 | 371 |
| Law 550 | 783 | 116 | 0 | 338 | 116 | 0 |
| Ordinary | 1,371,057 | 20,920 | 5,837 | 681,390 | 18,519 | 5,104 |
| Universal processes pending of creditors | 592,853 | 26,279 | 8,178 | 489,991 | 26,160 | 8,174 |
| Other types of restructuring | 244,346 | 10,550 | 2,072 | 222,765 | 10,536 | 2,071 |
| **Total** | $ **2,742,165** | **67,637** | **16,458** | **1,795,748** | **62,135** | **15,720** |

| | December 31, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | | | | Allowance | | |
| | Principal | Interest | Others | Principal | Interest | Others |
| **Commercial** | | | | | | |
| Law 1116 | $ 347,508 | 3,649 | 207 | 293,528 | 3,623 | 207 |
| Law 550 | 1,364 | 116 | 0 | 936 | 116 | 0 |
| Ordinary | 258,641 | 12,391 | 1,478 | 134,781 | 11,788 | 1,433 |
| Universal processes pending of creditors | 1,340,542 | 32,308 | 4,046 | 735,123 | 32,294 | 4,044 |

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| | December 31, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | | | | Allowance | | |
| | Principal | Interest | Others | Principal | Interest | Others |
| Other types of restructuring | 177,344 | 7,762 | 748 | 146,244 | 7,762 | 748 |
| | **2,125,399** | **56,226** | **6,479** | **1,310,612** | **55,583** | **6,432** |
| **Consumer** | | | | | | |
| Law 1116 | 718 | 6 | 10 | 580 | 6 | 10 |
| Ordinary | 257,221 | 4,449 | 2,552 | 142,675 | 3,601 | 2,169 |
| Universal processes pending of creditors | 26,256 | 1,265 | 743 | 22,492 | 1,264 | 743 |
| Other types of restructuring | 7,305 | 297 | 228 | 6,591 | 297 | 228 |
| | **291,500** | **6,017** | **3,533** | **172,338** | **5,168** | **3,150** |
| **Mortgage** | | | | | | |
| Law 1116 | 395 | 0 | 0 | 4 | 0 | 0 |
| Ordinary | 10,187 | 101 | 126 | 978 | 82 | 119 |
| Universal processes pending of creditors | 11,396 | 253 | 242 | 3,533 | 253 | 242 |
| Other types of restructuring | 6,563 | 103 | 203 | 2,729 | 103 | 203 |
| | **28,541** | **457** | **571** | **7,244** | **438** | **564** |
| **Microcredit** | | | | | | |
| Ordinary | 11,282 | 430 | 802 | 8,758 | 411 | 790 |
| Universal processes pending of creditors | 175 | 12 | 17 | 175 | 12 | 17 |
| Other types of restructuring | 14 | 0 | 0 | 14 | 0 | 0 |
| | **11,471** | **442** | **819** | **8,947** | **423** | **807** |
| **Commercial financial leases** | | | | | | |
| Law 1116 | 8,129 | 28 | 169 | 8,126 | 28 | 169 |
| Law 550 | 48 | 0 | 0 | 1 | 0 | 0 |
| Ordinary | 141,505 | 148 | 124 | 79,313 | 146 | 124 |
| Universal processes pending of creditors | 85,440 | 4,538 | 1,456 | 67,684 | 4,500 | 1,455 |
| Other types of restructuring | 7,233 | 1,861 | 601 | 7,061 | 1,861 | 601 |
| | **242,355** | **6,575** | **2,350** | **162,185** | **6,535** | **2,349** |
| **Consumer financial leases** | | | | | | |
| Universal processes pending of creditors | 102 | 14 | 31 | 102 | 14 | 31 |
| | **102** | **14** | **31** | **102** | **14** | **31** |
| **Mortgage financial leases** | | | | | | |
| Ordinary | 3,898 | 60 | 66 | 130 | 42 | 65 |
| Universal processes pending of creditors | 1,863 | 17 | 19 | 317 | 6 | 18 |
| Other types of restructuring | 409 | 0 | 8 | 74 | 0 | 8 |
| | **6,170** | **77** | **93** | **521** | **48** | **91** |
| **Totals** | | | | | | |
| Law 1116 | 356,750 | 3,683 | 386 | 302,238 | 3,657 | 386 |
| Law 550 | 1,412 | 116 | 0 | 937 | 116 | 0 |
| Ordinary | 682,734 | 17,579 | 5,148 | 366,635 | 16,070 | 4,700 |
| Universal processes pending of creditors | 1,465,774 | 38,407 | 6,554 | 829,426 | 38,343 | 6,550 |
| Other types of restructuring | 198,868 | 10,023 | 1,788 | 162,713 | 10,023 | 1,788 |
| **Total** | $ **2,705,538** | **69,808** | **13,876** | **1,661,949** | **68,209** | **13,424** |

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## 11.9 RESTRUCTURED LOAN PORTFOLIO BY TYPE OF RISK

| | Suitable collateral | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | December 31, 2022 | | | | | | | |
| | | | | | Allowance | | |
| | No. Loans | | Principal | Interest | Others | Principal | Interest | Others |
| **Commercial** | | | | | | | | |
| A – Normal | 7 | $ | 8,196 | 16 | 0 | 105 | 0 | 0 |
| B – Acceptable | 62 | | 36,054 | 2,919 | 0 | 2,065 | 164 | 0 |
| C – Appreciable | 300 | | 108,037 | 657 | 1 | 9,878 | 69 | 0 |
| D – Significant | 897 | | 445,265 | 2,693 | 2 | 276,302 | 2,693 | 2 |
| E – Uncollectible | 542 | | 314,788 | 442 | 71 | 314,788 | 442 | 71 |
| | **1,808** | | **912,340** | **6,727** | **74** | **603,138** | **3,368** | **73** |
| **Consumer** | | | | | | | | |
| A – Normal | 64 | | 1,281 | 6 | 1 | 47 | 0 | 0 |
| B – Acceptable | 41 | | 1,103 | 8 | 1 | 155 | 1 | 0 |
| C – Appreciable | 132 | | 2,846 | 8 | 0 | 485 | 1 | 0 |
| D – Significant | 522 | | 13,735 | 7 | 3 | 7,929 | 7 | 3 |
| E – Uncollectible | 39 | | 1,789 | 0 | 3 | 1,789 | 0 | 3 |
| | **798** | | **20,754** | **29** | **8** | **10,405** | **9** | **6** |
| **Mortgage** | | | | | | | | |
| A – Normal | 57 | | 5,173 | 86 | 11 | 51 | 47 | 8 |
| B – Acceptable | 34 | | 2,691 | 43 | 12 | 85 | 38 | 10 |
| C – Appreciable | 37 | | 2,917 | 32 | 28 | 292 | 32 | 28 |
| D – Significant | 36 | | 3,063 | 81 | 46 | 613 | 81 | 46 |
| E – Uncollectible | 169 | | 17,107 | 273 | 592 | 9,814 | 273 | 592 |
| | **333** | | **30,951** | **515** | **689** | **10,855** | **471** | **684** |
| **Microcredit** | | | | | | | | |
| A – Normal | 12 | | 83 | 0 | 0 | 1 | 0 | 0 |
| B – Acceptable | 25 | | 166 | 0 | 0 | 5 | 0 | 0 |
| C – Appreciable | 74 | | 544 | 0 | 0 | 109 | 0 | 0 |
| D – Significant | 98 | | 783 | 0 | 0 | 391 | 0 | 0 |
| E – Uncollectible | 168 | | 1,646 | 0 | 0 | 1,646 | 0 | 0 |
| | **377** | | **3,222** | **0** | **0** | **2,152** | **0** | **0** |
| **Commercial financial leases** | | | | | | | | |
| A – Normal | 1 | | 17 | 0 | 0 | 0 | 0 | 0 |
| B – Acceptable | 8 | | 1,800 | 3 | 0 | 57 | 0 | 0 |
| C – Appreciable | 27 | | 12,306 | 170 | 14 | 1,174 | 16 | 3 |
| D – Significant | 109 | | 184,729 | 1,171 | 441 | 112,041 | 1,171 | 441 |
| E – Uncollectible | 224 | | 67,193 | 4,256 | 2,153 | 67,193 | 4,256 | 2,153 |
| | **369** | | **266,045** | **5,600** | **2,608** | **180,465** | **5,443** | **2,597** |
| **Consumer financial leases** | | | | | | | | |
| E – Uncollectible | 3 | | 102 | 14 | 63 | 102 | 14 | 63 |
| | **3** | | **102** | **14** | **63** | **102** | **14** | **63** |

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| | Suitable collateral | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | December 31, 2022 | | | | | | | |
| | | | | | Allowance | | | |
| | No. Loans | | Principal | Interest | Others | Principal | Interest | Others |
| **Mortgage financial leases** | | | | | | | | |
| A – Normal | 9 | | 1,653 | 35 | 4 | 16 | 17 | 2 |
| B – Acceptable | 2 | | 905 | 1 | 1 | 29 | 1 | 1 |
| C – Appreciable | 1 | | 707 | 0 | 20 | 71 | 0 | 20 |
| D – Significant | 1 | | 133 | 12 | 4 | 27 | 12 | 4 |
| E – Uncollectible | 9 | | 987 | 8 | 37 | 371 | 8 | 37 |
| | **22** | | **4,385** | **56** | **66** | **514** | **38** | **64** |
| **Total restructured** | **3,710** | $ | **1,237,799** | **12,941** | **3,508** | **807,631** | **9,343** | **3,487** |

| | No suitable collateral | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | December 31, 2022 | | | | | | | |
| | | | | | Allowance | | | |
| | No. Loans | | Principal | Interest | Others | Principal | Interest | Others |
| **Commercial** | | | | | | | | |
| A – Normal | 28 | $ | 221 | 5 | 0 | 9 | 0 | 0 |
| B – Acceptable | 123 | | 2,046 | 513 | 16 | 96 | 167 | 6 |
| C – Appreciable | 440 | | 40,785 | 1,538 | 313 | 4,858 | 1,178 | 238 |
| D – Significant | 1,534 | | 640,980 | 17,743 | 3,846 | 316,178 | 17,742 | 3,846 |
| E – Uncollectible | 2,884 | | 481,134 | 28,912 | 3,496 | 481,134 | 28,912 | 3,496 |
| | **5,009** | | **1,165,166** | **48,711** | **7,671** | **802,275** | **47,999** | **7,586** |
| **Consumer** | | | | | | | | |
| A – Normal | 5,053 | | 20,107 | 264 | 199 | 1,297 | 40 | 46 |
| B – Acceptable | 9,754 | | 39,705 | 640 | 428 | 5,765 | 172 | 147 |
| C – Appreciable | 15,235 | | 75,761 | 839 | 501 | 15,095 | 353 | 307 |
| D – Significant | 36,104 | | 169,938 | 2,989 | 3,061 | 131,353 | 2,989 | 3,061 |
| E – Uncollectible | 3,848 | | 29,408 | 1,089 | 779 | 29,408 | 1,089 | 779 |
| | **69,994** | | **334,919** | **5,821** | **4,968** | **182,918** | **4,643** | **4,340** |
| **Microcredit** | | | | | | | | |
| A – Normal | 24 | | 139 | 1 | 4 | 1 | 0 | 4 |
| B – Acceptable | 37 | | 179 | 6 | 7 | 6 | 2 | 7 |
| C – Appreciable | 108 | | 652 | 21 | 17 | 130 | 12 | 13 |
| D – Significant | 154 | | 1,047 | 29 | 31 | 523 | 29 | 31 |
| E – Uncollectible | 323 | | 2,264 | 107 | 252 | 2,264 | 107 | 252 |
| | **646** | | **4,281** | **164** | **311** | **2,924** | **150** | **307** |
| **Total restructured** | **75,649** | $ | **1,504,366** | **54,696** | **12,950** | **988,117** | **52,792** | **12,233** |

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| | Suitable collateral | | | | | | |
|---|---|---|---|---|---|---|---|
| | December 31, 2021 | | | | | | |
| | | | | | Allowance | | |
| | No. Loans | Principal | Interest | Others | Principal | Interest | Others |
| **Commercial** | | | | | | | |
| A – Normal | 8 | $ 4,944 | 14 | 0 | 61 | 0 | 0 |
| B – Acceptable | 30 | 107,397 | 1,383 | 0 | 8,251 | 1,347 | 0 |
| C – Appreciable | 277 | 124,874 | 21 | 2 | 13,162 | 3 | 0 |
| D – Significant | 918 | 543,929 | 3,100 | 15 | 355,951 | 3,100 | 14 |
| E – Uncollectible | 309 | 123,481 | 14 | 2 | 123,481 | 14 | 2 |
| | **1,542** | **904,625** | **4,532** | **19** | **500,906** | **4,464** | **16** |
| **Consumer** | | | | | | | |
| A – Normal | 73 | 1,534 | 3 | 1 | 60 | 0 | 1 |
| B – Acceptable | 26 | 472 | 1 | 0 | 40 | 0 | 0 |
| C – Appreciable | 142 | 2,660 | 3 | 1 | 434 | 1 | 1 |
| D – Significant | 599 | 15,988 | 7 | 3 | 9,250 | 6 | 3 |
| E – Uncollectible | 30 | 927 | 0 | 1 | 927 | 0 | 1 |
| | **870** | **21,581** | **14** | **6** | **10,711** | **7** | **6** |
| **Mortgage** | | | | | | | |
| A – Normal | 72 | 6,868 | 48 | 56 | 67 | 31 | 53 |
| B – Acceptable | 47 | 3,329 | 38 | 33 | 107 | 36 | 29 |
| C – Appreciable | 23 | 1,626 | 51 | 15 | 181 | 51 | 15 |
| D – Significant | 49 | 4,359 | 171 | 62 | 872 | 171 | 62 |
| E – Uncollectible | 115 | 12,359 | 149 | 405 | 6,017 | 149 | 405 |
| | **306** | **28,541** | **457** | **571** | **7,244** | **438** | **564** |
| **Microcredit** | | | | | | | |
| A – Normal | 19 | 149 | 0 | 0 | 1 | 0 | 0 |
| B – Acceptable | 22 | 140 | 0 | 0 | 4 | 0 | 0 |
| C – Appreciable | 78 | 562 | 0 | 0 | 112 | 0 | 0 |
| D – Significant | 73 | 544 | 0 | 0 | 272 | 0 | 0 |
| E – Uncollectible | 323 | 3,079 | 0 | 0 | 3,079 | 0 | 0 |
| | **515** | **4,474** | **0** | **0** | **3,468** | **0** | **0** |
| **Commercial financial leases** | | | | | | | |
| A – Normal | 1 | 47 | 0 | 0 | 1 | 0 | 0 |
| B – Acceptable | 7 | 1,287 | 0 | 0 | 23 | 0 | 0 |
| C – Appreciable | 45 | 8,934 | 50 | 16 | 892 | 10 | 15 |
| D – Significant | 118 | 165,343 | 2,248 | 352 | 94,525 | 2,248 | 352 |
| E – Uncollectible | 310 | 66,744 | 4,277 | 1,982 | 66,744 | 4,277 | 1,982 |
| | **481** | **242,355** | **6,575** | **2,350** | **162,185** | **6,535** | **2,349** |
| **Consumer financial leases** | | | | | | | |
| E – Uncollectible | 3 | 102 | 14 | 31 | 102 | 14 | 31 |
| | **3** | **102** | **14** | **31** | **102** | **14** | **31** |
| **Mortgage financial leases** | | | | | | | |
| A – Normal | 9 | 2,094 | 20 | 31 | 21 | 18 | 30 |
| B – Acceptable | 10 | 2,993 | 40 | 30 | 96 | 22 | 29 |
| C – Appreciable | 3 | 202 | 10 | 5 | 20 | 1 | 5 |
| D – Significant | 1 | 188 | 2 | 6 | 38 | 2 | 6 |
| E – Uncollectible | 7 | 693 | 5 | 21 | 346 | 5 | 21 |
| | **30** | **6,170** | **77** | **93** | **521** | **48** | **91** |

(Continued)

| | Suitable collateral | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | December 31, 2021 | | | | | | | |
| | | | | | Allowance | | |
| | No. Loans | | Principal | Interest | Others | Principal | Interest | Others |
| **Total restructured** | **3,747** | $ | **1,207,848** | **11,669** | **3,070** | **685,137** | **11,506** | **3,057** |

| | No suitable collateral | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | December 31, 2021 | | | | | | | |
| | | | | | Allowance | | |
| | No. Loans | | Principal | Interest | Others | Principal | Interest | Others |
| **Commercial** | | | | | | | | |
| A – Normal | 28 | $ | 2,491 | 6 | 7 | 33 | 0 | 7 |
| B – Acceptable | 139 | | 8,448 | 442 | 16 | 818 | 425 | 7 |
| C – Appreciable | 444 | | 98,876 | 1,798 | 213 | 14,843 | 1,246 | 178 |
| D – Significant | 1,930 | | 664,318 | 30,266 | 3,678 | 347,371 | 30,266 | 3,678 |
| E – Uncollectible | 2,490 | | 446,641 | 19,182 | 2,546 | 446,641 | 19,182 | 2,546 |
| | **5,031** | | **1,220,774** | **51,694** | **6,460** | **809,706** | **51,119** | **6,416** |
| **Consumer** | | | | | | | | |
| A – Normal | 3,090 | | 14,691 | 194 | 203 | 982 | 37 | 54 |
| B – Acceptable | 4,118 | | 16,288 | 283 | 171 | 2,484 | 88 | 58 |
| C – Appreciable | 10,652 | | 59,307 | 890 | 302 | 10,825 | 400 | 181 |
| D – Significant | 19,651 | | 137,844 | 3,021 | 1,792 | 105,547 | 3,021 | 1,792 |
| E – Uncollectible | 4,492 | | 41,789 | 1,615 | 1,059 | 41,789 | 1,615 | 1,059 |
| | **42,003** | | **269,919** | **6,003** | **3,527** | **161,627** | **5,161** | **3,144** |
| **Microcredit** | | | | | | | | |
| A – Normal | 48 | | 223 | 6 | 8 | 2 | 5 | 7 |
| B – Acceptable | 56 | | 339 | 13 | 12 | 11 | 5 | 9 |
| C – Appreciable | 108 | | 698 | 18 | 30 | 140 | 8 | 22 |
| D – Significant | 141 | | 823 | 19 | 37 | 412 | 19 | 37 |
| E – Uncollectible | 664 | | 4,914 | 386 | 732 | 4,914 | 386 | 732 |
| | **1,017** | | **6,997** | **442** | **819** | **5,479** | **423** | **807** |
| **Total restructured** | **48,051** | $ | **1,497,690** | **58,139** | **10,806** | **976,812** | **56,703** | **10,367** |

## 11.10 RESTRUCTURED LOAN PORTFOLIO BY ECONOMIC SECTOR

| | | December 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Commercial | Consumer | Mortgages | Microcredit | Financial leases | Total | Share % |
| Agriculture | $ | 48,697 | 5,183 | 937 | 516 | 2,267 | 57,600 | 2.04% |
| Mining and quarrying | | 89,295 | 274 | 0 | 0 | 46,695 | 136,264 | 4.82% |
| Manufacturing industries | | 392,921 | 5,902 | 1,332 | 1,190 | 41,038 | 442,383 | 15.65% |
| Public services | | 534 | 13 | 0 | 2 | 0 | 549 | 0.02% |
| Water distribution and waste management | | 1,884 | 148 | 0 | 13 | 41 | 2,086 | 0.07% |
| Construction | | 384,095 | 4,029 | 136 | 58 | 9,166 | 397,484 | 14.06% |
| Wholesale and retail | | 304,164 | 26,169 | 4,296 | 4,139 | 20,002 | 358,770 | 12.69% |
| Transport and storage | | 574,557 | 8,083 | 1,982 | 258 | 147,485 | 732,365 | 25.91% |

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| | December 31, 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Commercial | Consumer | Mortgages | Microcredit | Financial leases | Total | Share % |
| Accommodation and food services | | 45,017 | 3,617 | 1,171 | 519 | 1,955 | 52,279 | 1.85% |
| Information and communications | | 28,581 | 1,070 | 81 | 43 | 0 | 29,775 | 1.05% |
| Financial and insurance | | 48,518 | 768 | 0 | 33 | 0 | 49,319 | 1.75% |
| Real estate activities | | 54,804 | 1,347 | 259 | 21 | 0 | 56,431 | 2.00% |
| Professional, scientific and technical | | 62,180 | 22,352 | 5,131 | 258 | 2,051 | 91,972 | 3.25% |
| Administrative services | | 34,915 | 2,306 | 533 | 156 | 1,556 | 39,466 | 1.40% |
| Public administration and defense | | 1,986 | 0 | 0 | 0 | 18 | 2,004 | 0.07% |
| Education | | 5,573 | 868 | 357 | 21 | 10 | 6,829 | 0.24% |
| Health care | | 28,955 | 2,987 | 589 | 1 | 2,275 | 34,807 | 1.23% |
| Artistic and entertainment | | 7,100 | 311 | 79 | 20 | 332 | 7,842 | 0.28% |
| Other service activities | | 6,013 | 1,719 | 286 | 231 | 137 | 8,386 | 0.30% |
| Activities of individual households | | 0 | 43 | 0 | 0 | 0 | 43 | 0.00% |
| Salaried employee | | 7,694 | 271,177 | 12,797 | 441 | 3,189 | 295,298 | 10.46% |
| Capital investors | | 13,206 | 8,133 | 2,189 | 58 | 722 | 24,308 | 0.86% |
| **Total** | $ | **2,140,689** | **366,499** | **32,155** | **7,978** | **278,939** | **2,826,260** | **100.00%** |

| | December 31, 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Commercial | Consumer | Mortgages | Microcredit | Financial leases | Total | Share % |
| Agriculture | $ | 65,632 | 6,585 | 209 | 500 | 10,056 | 82,982 | 2.98% |
| Mining and quarrying | | 91,296 | 575 | 0 | 7 | 38,302 | 130,180 | 4.67% |
| Manufacturing industries | | 451,004 | 5,622 | 1,583 | 1,673 | 37,132 | 497,014 | 17.82% |
| Public services | | 462 | 7 | 0 | 0 | 0 | 469 | 0.02% |
| Water distribution and waste management | | 1,009 | 213 | 0 | 28 | 40 | 1,290 | 0.05% |
| Construction | | 417,476 | 4,661 | 178 | 32 | 7,702 | 430,049 | 15.42% |
| Wholesale and retail | | 287,813 | 22,657 | 3,193 | 6,388 | 16,910 | 336,961 | 12.08% |
| Transport and storage | | 552,006 | 10,578 | 1,285 | 540 | 132,062 | 696,471 | 24.97% |
| Accommodation and food services | | 45,089 | 3,691 | 1,005 | 1,093 | 1,930 | 52,808 | 1.89% |
| Information and communications | | 26,147 | 1,279 | 181 | 111 | 0 | 27,718 | 0.99% |
| Financial and insurance | | 48,318 | 708 | 0 | 3 | 0 | 49,029 | 1.76% |
| Real estate activities | | 47,043 | 1,295 | 397 | 31 | 0 | 48,766 | 1.75% |
| Professional, scientific and technical | | 66,233 | 24,705 | 4,507 | 580 | 3,797 | 99,822 | 3.58% |
| Administrative services | | 29,351 | 2,148 | 578 | 205 | 3,649 | 35,931 | 1.29% |
| Public administration and defense | | 1,034 | 0 | 0 | 0 | 54 | 1,088 | 0.04% |
| Education | | 2,045 | 758 | 357 | 15 | 0 | 3,175 | 0.11% |
| Health care | | 26,230 | 3,042 | 383 | 67 | 804 | 30,526 | 1.09% |
| Artistic and entertainment | | 6,380 | 350 | 0 | 59 | 330 | 7,119 | 0.26% |
| Other service activities | | 4,610 | 1,686 | 242 | 407 | 133 | 7,078 | 0.25% |
| Activities of individual households | | 0 | 4 | 0 | 0 | 0 | 4 | 0.00% |

(Continued)

| | December 31, 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Commercial | Consumer | Mortgages | Microcredit | Financial leases | Total | Share % |
| Salaried employee | 7,686 | 203,055 | 13,076 | 874 | 4,081 | 228,772 | 8.20% |
| Capital investors | 11,240 | 7,431 | 2,395 | 119 | 785 | 21,970 | 0.78% |
| **Total** | $ **2,188,104** | **301,050** | **29,569** | **12,732** | **257,767** | **2,789,222** | **100.00%** |

## 11.11 RESTRUCTURED LOAN PORTFOLIO BY GEOGRAPHIC AREA

| | Suitable collateral | | | | | |
|---|---|---|---|---|---|---|
| | December 31, 2022 | | | | | |
| | | | | Allowance | | |
| | Principal | Interest | Others | Principal | Interest | Others |
| **Commercial** | | | | | | |
| Amazon Region | $ 416 | 0 | 0 | 374 | 0 | 0 |
| Andean Region | 800,734 | 6,686 | 72 | 537,818 | 3,335 | 72 |
| Caribbean Region | 102,471 | 39 | 2 | 58,526 | 33 | 1 |
| Island Region | 542 | 0 | 0 | 53 | 0 | 0 |
| Orinoco Region | 8,077 | 2 | 0 | 6,343 | 0 | 0 |
| Pacific Region | 100 | 0 | 0 | 24 | 0 | 0 |
| | **912,340** | **6,727** | **74** | **603,138** | **3,368** | **73** |
| **Consumer** | | | | | | |
| Amazon Region | 148 | 0 | 0 | 138 | 0 | 0 |
| Andean Region | 16,465 | 25 | 8 | 8,160 | 8 | 6 |
| Caribbean Region | 3,525 | 3 | 0 | 1,756 | 1 | 0 |
| Island Region | 41 | 0 | 0 | 6 | 0 | 0 |
| Orinoco Region | 575 | 1 | 0 | 345 | 0 | 0 |
| | **20,754** | **29** | **8** | **10,405** | **9** | **6** |
| **Mortgage** | | | | | | |
| Amazon Region | 65 | 0 | 1 | 19 | 0 | 1 |
| Andean Region | 23,340 | 417 | 518 | 8,104 | 376 | 513 |
| Caribbean Region | 5,869 | 83 | 125 | 1,867 | 81 | 125 |
| Orinoco Region | 1,677 | 15 | 45 | 865 | 14 | 45 |
| | **30,951** | **515** | **689** | **10,855** | **471** | **684** |
| **Microcredit** | | | | | | |
| Amazon Region | 56 | 0 | 0 | 33 | 0 | 0 |
| Andean Region | 2,485 | 0 | 0 | 1,630 | 0 | 0 |
| Caribbean Region | 417 | 0 | 0 | 325 | 0 | 0 |
| Island Region | 25 | 0 | 0 | 11 | 0 | 0 |
| Orinoco Region | 112 | 0 | 0 | 84 | 0 | 0 |
| Pacific Region | 127 | 0 | 0 | 69 | 0 | 0 |

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| | Suitable collateral | | | | | |
|---|---|---|---|---|---|---|
| | December 31, 2022 | | | | | |
| | | | | Allowance | | |
| | Principal | Interest | Others | Principal | Interest | Others |
| | **3,222** | **0** | **0** | **2,152** | **0** | **0** |
| **Commercial financial leases** | | | | | | |
| Andean Region | 195,725 | 2,948 | 2,302 | 117,121 | 2,794 | 2,291 |
| Caribbean Region | 68,928 | 2,511 | 137 | 62,491 | 2,508 | 137 |
| Orinoco Region | 1,392 | 141 | 169 | 853 | 141 | 169 |
| | **266,045** | **5,600** | **2,608** | **180,465** | **5,443** | **2,597** |
| **Consumer financial leases** | | | | | | |
| Andean Region | 12 | 0 | 30 | 12 | 0 | 30 |
| Caribbean Region | 90 | 14 | 33 | 90 | 14 | 33 |
| | **102** | **14** | **63** | **102** | **14** | **63** |
| **Mortgage financial leases** | | | | | | |
| Andean Region | 3,662 | 48 | 56 | 455 | 38 | 55 |
| Caribbean Region | 607 | 8 | 10 | 58 | 0 | 9 |
| Orinoco Region | 116 | 0 | 0 | 1 | 0 | 0 |
| | **4,385** | **56** | **66** | **514** | **38** | **64** |
| **Total** | $ **1,237,799** | **12,941** | **3,508** | **807,631** | **9,343** | **3,487** |

| | No suitable collateral | | | | | |
|---|---|---|---|---|---|---|
| | December 31, 2022 | | | | | |
| | | | | Allowance | | |
| | Principal | Interest | Others | Principal | Interest | Others |
| **Commercial** | | | | | | |
| Amazon Region | $ 61 | 14 | 26 | 38 | 13 | 25 |
| Andean Region | 590,749 | 39,358 | 5,922 | 514,564 | 38,675 | 5,848 |
| Caribbean Region | 57,439 | 8,815 | 1,388 | 51,191 | 8,790 | 1,379 |
| Island Region | 148 | 42 | 15 | 147 | 42 | 15 |
| Orinoco Region | 3,553 | 461 | 317 | 2,938 | 458 | 316 |
| Pacific Region | 26 | 8 | 3 | 19 | 8 | 3 |
| Miami | 236,346 | 13 | 0 | 106,356 | 13 | 0 |
| New York | 276,844 | 0 | 0 | 127,022 | 0 | 0 |
| | **1,165,166** | **48,711** | **7,671** | **802,275** | **47,999** | **7,586** |
| **Consumer** | | | | | | |
| Amazon Region | 3,066 | 37 | 26 | 1,397 | 29 | 24 |
| Andean Region | 266,472 | 4,626 | 3,913 | 145,743 | 3,661 | 3,409 |
| Caribbean Region | 48,659 | 855 | 809 | 26,246 | 695 | 708 |
| Island Region | 800 | 9 | 6 | 373 | 7 | 5 |
| Orinoco Region | 13,686 | 260 | 190 | 8,086 | 225 | 174 |
| Pacific Region | 2,236 | 34 | 24 | 1,073 | 26 | 20 |
| | **334,919** | **5,821** | **4,968** | **182,918** | **4,643** | **4,340** |
| **Microcredit** | | | | | | |
| Amazon Region | 63 | 1 | 2 | 38 | 1 | 2 |
| Andean Region | 3,346 | 138 | 241 | 2,236 | 127 | 238 |

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| | | No suitable collateral | | | | | |
|---|---|---|---|---|---|---|---|
| | | December 31, 2022 | | | | | |
| | | | | | Allowance | | |
| | | Principal | Interest | Others | Principal | Interest | Others |
| Caribbean Region | | 605 | 18 | 51 | 460 | 17 | 51 |
| Island Region | | 26 | 0 | 0 | 11 | 0 | 0 |
| Orinoco Region | | 132 | 4 | 8 | 110 | 3 | 8 |
| Pacific Region | | 109 | 3 | 9 | 69 | 2 | 8 |
| | | **4,281** | **164** | **311** | **2,924** | **150** | **307** |
| **Total** | $ | **1,504,366** | **54,696** | **12,950** | **988,117** | **52,792** | **12,233** |

| | | Suitable collateral | | | | | |
|---|---|---|---|---|---|---|---|
| | | December 31, 2021 | | | | | |
| | | | | | Allowance | | |
| | | Principal | Interest | Others | Principal | Interest | Others |
| **Commercial** | | | | | | | |
| Amazon Region | $ | 339 | 0 | 0 | 309 | 0 | 0 |
| Andean Region | | 814,343 | 4,523 | 19 | 452,580 | 4,459 | 16 |
| Caribbean Region | | 82,765 | 4 | 0 | 41,670 | 4 | 0 |
| Orinoco Region | | 7,000 | 1 | 0 | 6,289 | 0 | 0 |
| Pacific Region | | 178 | 4 | 0 | 58 | 1 | 0 |
| | | **904,625** | **4,532** | **19** | **500,906** | **4,464** | **16** |
| **Consumer** | | | | | | | |
| Amazon Region | | 99 | 0 | 0 | 70 | 0 | 0 |
| Andean Region | | 16,406 | 13 | 6 | 7,854 | 6 | 6 |
| Caribbean Region | | 4,561 | 1 | 0 | 2,483 | 1 | 0 |
| Orinoco Region | | 515 | 0 | 0 | 304 | 0 | 0 |
| | | **21,581** | **14** | **6** | **10,711** | **7** | **6** |
| **Mortgage** | | | | | | | |
| Amazon Region | | 66 | 4 | 0 | 13 | 4 | 0 |
| Andean Region | | 22,071 | 359 | 443 | 5,542 | 343 | 436 |
| Caribbean Region | | 4,621 | 72 | 86 | 1,011 | 70 | 86 |
| Orinoco Region | | 1,783 | 22 | 42 | 678 | 21 | 42 |
| | | **28,541** | **457** | **571** | **7,244** | **438** | **564** |
| **Microcredit** | | | | | | | |
| Amazon Region | | 82 | 0 | 0 | 70 | 0 | 0 |
| Andean Region | | 3,453 | 0 | 0 | 2,667 | 0 | 0 |
| Caribbean Region | | 648 | 0 | 0 | 526 | 0 | 0 |
| Island Region | | 30 | 0 | 0 | 15 | 0 | 0 |
| Orinoco Region | | 163 | 0 | 0 | 127 | 0 | 0 |
| Pacific Region | | 98 | 0 | 0 | 63 | 0 | 0 |
| | | **4,474** | **0** | **0** | **3,468** | **0** | **0** |
| **Commercial financial leases** | | | | | | | |
| Andean Region | | 199,884 | 4,524 | 2,122 | 122,918 | 4,486 | 2,122 |
| Caribbean Region | | 40,878 | 1,805 | 91 | 38,235 | 1,803 | 90 |
| Orinoco Region | | 1,593 | 246 | 137 | 1,032 | 246 | 137 |
| | | **242,355** | **6,575** | **2,350** | **162,185** | **6,535** | **2,349** |

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| | | Suitable collateral | | | | | |
|---|---|---|---|---|---|---|---|
| | | December 31, 2021 | | | | | |
| | | | | | Allowance | | |
| | | Principal | Interest | Others | Principal | Interest | Others |
| **Consumer financial leases** | | | | | | | |
| Andean Region | | 12 | 0 | 6 | 12 | 0 | 6 |
| Caribbean Region | | 90 | 14 | 25 | 90 | 14 | 25 |
| | | **102** | **14** | **31** | **102** | **14** | **31** |
| **Mortgage financial leases** | | | | | | | |
| Andean Region | | 5,348 | 73 | 76 | 461 | 46 | 74 |
| Caribbean Region | | 822 | 4 | 17 | 60 | 2 | 17 |
| | | **6,170** | **77** | **93** | **521** | **48** | **91** |
| **Total** | $ | **1,207,848** | **11,669** | **3,070** | **685,137** | **11,506** | **3,057** |

| | | No suitable collateral | | | | | |
|---|---|---|---|---|---|---|---|
| | | December 31, 2021 | | | | | |
| | | | | | Allowance | | |
| | | Principal | Interest | Others | Principal | Interest | Others |
| **Commercial** | | | | | | | |
| Amazon Region | $ | 138 | 16 | 25 | 106 | 16 | 25 |
| Andean Region | | 648,651 | 41,452 | 5,108 | 540,440 | 40,893 | 5,068 |
| Caribbean Region | | 65,011 | 9,293 | 999 | 53,432 | 9,282 | 995 |
| Island Region | | 690 | 1 | 18 | 217 | 1 | 18 |
| Orinoco Region | | 3,543 | 459 | 296 | 3,093 | 454 | 296 |
| Pacific Region | | 81 | 10 | 14 | 58 | 10 | 14 |
| Miami | | 198,446 | 121 | 0 | 90,572 | 121 | 0 |
| New York | | 304,214 | 342 | 0 | 121,788 | 342 | 0 |
| | | **1,220,774** | **51,694** | **6,460** | **809,706** | **51,119** | **6,416** |
| **Consumer** | | | | | | | |
| Amazon Region | | 2,381 | 58 | 21 | 1,436 | 53 | 20 |
| Andean Region | | 213,956 | 4,735 | 2,685 | 127,959 | 4,052 | 2,381 |
| Caribbean Region | | 38,870 | 872 | 624 | 23,077 | 759 | 564 |
| Island Region | | 751 | 7 | 4 | 315 | 5 | 3 |
| Orinoco Region | | 11,978 | 297 | 178 | 7,762 | 267 | 164 |
| Pacific Region | | 1,983 | 34 | 15 | 1,078 | 25 | 12 |
| | | **269,919** | **6,003** | **3,527** | **161,627** | **5,161** | **3,144** |
| **Microcredit** | | | | | | | |
| Amazon Region | | 65 | 4 | 9 | 53 | 4 | 9 |
| Andean Region | | 5,557 | 353 | 618 | 4,338 | 338 | 609 |
| Caribbean Region | | 1,046 | 62 | 146 | 856 | 60 | 145 |
| Island Region | | 32 | 0 | 2 | 16 | 0 | 2 |
| Orinoco Region | | 178 | 16 | 24 | 123 | 15 | 23 |
| Pacific Region | | 119 | 7 | 20 | 93 | 6 | 19 |
| | | **6,997** | **442** | **819** | **5,479** | **423** | **807** |
| **Total** | $ | **1,497,690** | **58,139** | **10,806** | **976,812** | **56,703** | **10,367** |

(Continued)

## 11.12 PORTFOLIO WRITE-OFFS

| | | December 31, 2022 | | | |
|---|---|---|---|---|---|
| | | Principal | Interest | Others | Total |
| Commercial | $ | 82,059 | 9,077 | 7,985 | 99,121 |
| Consumer | | 1,047,883 | 44,445 | 33,204 | 1,125,532 |
| Mortgage | | 8,621 | 112 | 391 | 9,124 |
| Microcredit | | 41,849 | 4,595 | 5,064 | 51,508 |
| Commercial leases | | 1,662 | 16 | 314 | 1,992 |
| Consumer leases | | 117 | 4 | 27 | 148 |
| Mortgage leases | | 0 | 0 | 2 | 2 |
| **Total** | $ | **1,182,191** | **58,249** | **46,987** | **1,287,427** |

| | | December 31, 2021 | | | |
|---|---|---|---|---|---|
| | | Principal | Interest | Others | Total |
| Commercial | $ | 221,859 | 12,978 | 7,144 | 241,981 |
| Consumer | | 1,191,963 | 79,586 | 33,743 | 1,305,292 |
| Mortgage | | 5,870 | 48 | 255 | 6,173 |
| Microcredit | | 25,338 | 2,274 | 2,305 | 29,917 |
| Commercial leases | | 16,869 | 901 | 2,361 | 20,131 |
| Consumer leases | | 65 | 0 | 127 | 192 |
| Mortgage leases | | 302 | 1 | 29 | 332 |
| **Total** | $ | **1,462,266** | **95,788** | **45,964** | **1,604,018** |

## 11.13 RECOVERY OF WRITE-OFFS AND LOAN PORTFOLIO ALLOWANCES:

| | | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|---|
| | | Recovery of loans written off | Recovery of allowance | Recovery of loans written off | Recovery of allowance |
| Commercial | $ | 19,845 | 777,192 | 15,757 | 619,201 |
| Consumer | | 281,678 | 427,071 | 191,304 | 438,542 |
| Mortgage | | 1,788 | 23,048 | 1,733 | 20,125 |
| Microcredit | | 15,365 | 20,558 | 7,536 | 18,506 |
| Commercial leases | | 8,761 | 56,115 | 3,180 | 62,405 |
| Consumer leases | | 68 | 189 | 73 | 160 |
| Mortgage leases | | 281 | 2,705 | 20 | 2,455 |
| **Total** | $ | **327,786** | **1,306,878** | **219,603** | **1,161,394** |

(Continued)

## 11.14 LOAN PORTFOLIO ALLOWANCE AND FINANCIAL LEASES:

| | | Commercial | Consumer | Mortgage | Microcredit | Financial leases | Total |
|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2020** | $ | **2,631,529** | **1,628,217** | **129,769** | **63,291** | **309,083** | **4,761,889** |
| Allowance charged to expenses | | 995,354 | 1,573,761 | 58,771 | 70,710 | 75,009 | 2,773,605 |
| Write-offs and forgiveness | | (259,553) | (1,332,697) | (9,995) | (31,697) | (22,286) | (1,656,228) |
| Recovery of allowance | | (619,201) | (438,542) | (20,125) | (18,506) | (65,020) | (1,161,394) |
| **Balance at December 31, 2021** (1) | $ | **2,748,129** | **1,430,739** | **158,420** | **83,798** | **296,786** | **4,717,872** |
| Allowance charged to expenses | | 1,003,426 | 1,553,392 | 78,079 | 23,721 | 61,582 | 2,720,200 |
| Write-offs and forgiveness | | (114,983) | (1,143,241) | (12,226) | (53,072) | (2,372) | (1,325,894) |
| Recovery of allowance | | (777,192) | (427,071) | (23,048) | (20,558) | (59,009) | (1,306,878) |
| **Balance at December 31, 2022** (1) | $ | **2,859,380** | **1,413,819** | **201,225** | **33,889** | **296,987** | **4,805,300** |

(1) Includes $348,395 and $442,829 of prudential allowance at December 31, 2022 and December 31, 2021, respectively. (See note 11.15)

## 11.15 GENERAL PRUDENTIAL PROVISIONS

In accordance with External Circular No. 026 of 2022 and the communication received from the Financial Superintendency of Colombia on November 18, 2022, the Bank conducted the analysis related to the emerging risks derived from the increase in inflationary pressures, the slowdown in international and local economic activity, and the increase in interest rates, and the effect on the entity's risk due to the increase in the financial burden of households and the deterioration in the payment capacity under these macroeconomic stress scenarios.

The result of this analysis was as follows:

- Client profile with greater exposure to changes in macroeconomic indicators, with income between 1 to 3 SMMLV, acceptable and high risk (15% of the free investment stock and 18.5% in credit cards). Focused on 2022 crops.

- The econometric model projections show $34 thousand million of additional provisions for Free Investment, $24 thousand million for Credit Card and $2.3 thousand million for Crediservice.

- In the case of Bookings, no significant correlations were found with inflation. However, a correlation was found with the unemployment rate, but the projection of this indicator is stable. It is not necessary to make an additional provision on this portfolio.

- Policies were implemented to reduce the maximum capacity of customers with income of more than 10 SMMLV in order to avoid future disconnections.

- The tools for monitoring early warnings of stock and recent harvests allow us to take preventive risk management and collection normalization actions to mitigate the impact of the country's macroeconomic situation.

(Continued)

In conclusion, the projected additional impairment is $60.8 thousand million, which represents 17.5% of the coverage of the Additional General Provision as of December 31, 2022, of $346.8 thousand million, therefore, it is not considered necessary to set up an Additional General Provision for the current year.

At December 31, 2022 and December 31, 2021, the balance of the additional general allowance for loan portfolio amounted to $346,790 and $439,790, respectively, and the balance of the general allowance for uncollected accrued interest amounted to $1,605 and $3,039, respectively. During the year of 2022, allowances of $93,000 of the additional general allowance and $1,434 of the general allowance for uncollected accrued interest were allocated individually.

## 11.16 LOAN PORTFOLIO AND FINANCIAL LEASES

The following is the reconciliation of the gross investment in financial leases to the present value of the minimum payment's receivable:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Total gross rent receivable in the future | $ | 6,915,758 | 5,749,358 |
| Less unrealized financial income | | (2,927,441) | (2,083,458) |
| **Net investment in financial leases agreements** | $ | **3,988,317** | **3,665,900** |

Below is a breakdown of the gross and net investment in financial leases contracts receivable:

| | | December 31, 2022 | | | |
|---|---|---|---|---|---|
| | | 0-1 year | 1-5 years | More than 5 years | Total |
| Gross investment in financial leases | $ | 121,352 | 1,746,085 | 5,048,321 | 6,915,758 |
| Financial income not earned from financial leases - interest | | (1,552) | (414,665) | (2,511,224) | (2,927,441) |
| **Total minimum financial leases receivable (present value)** | $ | **119,800** | **1,331,420** | **2,537,097** | **3,988,317** |

| | | December 31, 2021 | | | |
|---|---|---|---|---|---|
| | | 0-1 year | 1-5 years | More than 5 years | Total |
| Gross investment in financial leases | $ | 123,802 | 1,770,862 | 3,854,694 | 5,749,358 |
| Financial income not earned from financial leases - interest | | (1,616) | (682,541) | (1,399,301) | (2,083,458) |
| **Total minimum financial leases receivable (present value)** | $ | **122,186** | **1,088,321** | **2,455,393** | **3,665,900** |

The Bank grants loans in the form of financial leases for machinery and equipment, computer equipment, movable goods, furniture and fixtures, vehicles, trains and airplanes. The amount of financing generally fluctuates between a maximum of 100% of the value of the asset, in the case of new assets, and 70% for used assets. The installments for these loans are between 120 months maximum and 24 months minimum for borrowers who have a tax benefit. In most cases, the option to buy is a maximum of 20% of the value of the asset and a minimum of 1% in the specific case of furniture and fixtures.

## 12 – OTHER ACCOUNTS RECEIVABLE, NET

Following is a breakdown of other accounts receivable:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Dividends (1) | $ | 1,464,183 | 1,209,245 |
| Prepayments to contractors and suppliers (2) | | 502,818 | 372,270 |
| Electronic transfers in process | | 311,362 | 288,117 |
| Abandoned account transfers to “Instituto Colombiano de Credito Educativo y Estudios Técnicos en el Exterior (ICETEX)” | | 226,381 | 203,511 |
| Prepaid expenses | | 47,270 | 32,602 |
| Transfers to the National Treasury - inactive accounts | | 46,701 | 42,436 |
| Collateral deposits and others (3) | | 40,301 | 158,869 |
| Commissions | | 24,592 | 23,840 |
| Insufficiency in savings accounts | | 9,612 | 9,651 |
| Cash shortage | | 2,960 | 1,904 |
| Disabilities | | 2,271 | 2,469 |
| Electronic deposits Offset - Credibanco | | 2,171 | 1,369 |
| Other | | 33,933 | 27,876 |
| | | **2,714,555** | **2,374,159** |
| Allowance of the other accounts receivable | | (54,497) | (54,659) |
| **Total** | $ | **2,660,058** | **2,319,500** |

(1) Increase for dividends decreed in the entities where the Bank has investments, generating the following balances receivable as of December 31, 2022, and December 31, 2021, respectively: BAC Holding International (BHI) for $1,445,881 and $1,157,893, Porvenir S.A. for $18,262 and $31,579, others for $40 and $19,773.

(2) Increase as of December 31, 2022, with respect to December 31, 2021, for $130,548, mainly in advance for donation to Fundación CTIC - Centro de Tratamiento e Investigación sobre Cáncer Luis Carlos Sarmiento Angulo (Spanish acronym) with balances of $361,982 and $275,500 respectively.

(3) Decrease of $118,568 in collateral deposits for derivative transactions.

The following are the details of activity in the allowance:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Balance at the beginning of the period** | $ | 54,659 | **48,971** |
| Allowance charged to expenses | | 1,002 | 6,165 |
| Write-offs and forgiveness | | (11) | (10) |
| Recoveries | | (1,153) | (467) |
| **Balance at the end of the period** | $ | **54,497** | **54,659** |

## 13 – NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are primarily assets received through foreclosure on assets pledged as loan collateral. Accordingly, the Bank's intention is to sell them immediately, and it has processes and special sales programs to foreclose assets are either sold for cash or financing for their sale is provided to potential buyers under normal market conditions. Consequently, they are expected to be sold within a period of 12 months subsequent to their classification as assets held for sale. In fact, purchase commitment agreements already exist for some of these assets.

At December 31, 2022, exist 44 assets classified as available for sale: 37 real properties (land plots, apartments, wineries, farms and offices) and 7 restituted assets (offices, land plots, apartments, offices, houses, wineries).

The following is a breakdown:

| | | December 31, 2022 | | | | December 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Cost | Allowance | % A | Total | Cost | Allowance | % A | Total |
| **Foreclosed assets** | | | | | | | | | |
| Residential real estate | | 3,668 | (2,206) | 60% | 1,462 | 4,110 | (2,339) | 57% | 1,771 |
| Non-mortgaged real estate | | 15,763 | (9,761) | 62% | 6,002 | 27,286 | (15,857) | 58% | 11,429 |
| | | **19,431** | **(11,967)** | **62%** | **7,464** | **31,396** | **(18,196)** | **58%** | **13,200** |
| **Assets returned from leasing agreements** | | | | | | | | | |
| Machinery and equipment | | 0 | 0 | 0% | 0 | 140 | (133) | 95% | 7 |
| Vehicles | | 0 | 0 | 0% | 0 | 17 | (17) | 100% | 0 |
| Property | | 3,297 | (2,551) | 77% | 746 | 18,872 | (12,538) | 66% | 6,334 |
| Real estate leasing | | 1,618 | (1,144) | 71% | 474 | 782 | (351) | 45% | 431 |
| | | **4,915** | **(3,695)** | **75%** | **1,220** | **19,811** | **(13,039)** | **66%** | **6,772** |
| **Total** | $ | **24,346** | **(15,662)** | **64%** | **8,684** | **51,207** | **(31,235)** | **61%** | **19,972** |

The following table shows the activity of cost:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Balance at the beginning of the period** | $ | **51,207** | **27,992** |
| Additions | | 26,374 | 62,857 |
| Reclassifications (1) | | (32,959) | (22,880) |
| Disposals / Sales | | (19,856) | (15,466) |
| Allowance used in sales | | (402) | (102) |
| Changes in fair value (1) | | (18) | (1,194) |
| **Balance at the end of the period** | $ | **24,346** | **51,207** |

(1) As of December 31, 2022, assets were transferred to investment property for $31,184 and to marketable investments for ($1,775) (see note 2.3). As of December 31, 2021, assets were transferred to investment property for $22,851 and to other assets for $29.

The following table shows the activity in the allowance:

| | | Foreclose assets | Assets returned from leasing agreements | Total |
|---|---|---|---|---|
| **Balance at December 31, 2020** | $ | **(8,166)** | **(5,841)** | **(14,007)** |
| Allowance charged to expenses | | (17,583) | (12,605) | (30,188) |
| Recoveries | | 520 | 416 | 936 |
| Allowance used in sales | | 85 | 17 | 102 |
| Reclassifications (1) | | 6,948 | 4,974 | 11,922 |

| | | Foreclose assets | Assets returned from leasing agreements | Total |
|---|---|---|---|---|
| **Balance at December 31, 2021** | $ | **(18,196)** | **(13,039)** | **(31,235)** |
| Allowance charged to expenses | | (11,916) | (3,561) | (15,477) |
| Recoveries | | 17,915 | 12,732 | 30,647 |
| Allowance used in sales | | 230 | 173 | 403 |
| **Balance at December 31, 2022** | $ | **(11,967)** | **(3,695)** | **(15,662)** |

(1) Corresponds to transfers from assets held for sale to property investments for $11,893 and other assets for $29.

The liabilities associated with the groups of assets held for sale at December 31, 2022 and 2021, came to $3,719 and $4,582, respectively.

**Marketing plan**

For the marketing of non-current assets held for sale, the Bank carry out the following actions:

- A commercial force specialized in real estate sales has been hired to promote sales, support the commercial areas in the management of the proposals, visit the regions to strengthen the marketing of the properties.

- According to budget availability, periodic visits are made to the properties so that the sales force and the administration know the properties we have for sale; in this way, the strengths of each property, its marketing potential and its state of conservation are identified, which allows us to effectively direct the sales efforts.

- The sale is promoted through the publication of the properties available for sale in specialized real estate web pages, in the Bank's Internet and Intranet pages, BdB's digital portfolio, installation of billboards and advertisements for sale in each property, targeted offerings to potential clients, investors and real estate brokers.

- The sale of available properties is promoted with the support of the Bank's sales force, with economic benefits for effective customer referrals in accordance with the Incentive Plan for direct Bank employees, efforts that have yielded satisfactory results.

## 14 – INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, NET

Following is a breakdown of investments in subsidiaries, associates, and joint ventures:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Subsidiaries | $ | 2,974,316 | 16,372,253 |
| Associates | | 8,475,927 | 8,122,383 |
| Joint ventures | | 1,585 | 1,482 |
| **Total** | $ | **11,451,828** | **24,496,118** |

### 14.1 INVESTMENTS IN SUBSIDIARIES

(Continued)

The following is the corporate purpose and headquarters of the subsidiaries:

| | | Corporate Purpose | Headquarters |
|---|---|---|---|
| | **Local Subsidiaries** | | |
| 1 | Fiduciaria Bogotá S.A. | Enters into commercial trust agreements and fiduciary mandates, as provided for by law. | Bogotá D.C. |
| 2 | Almaviva S.A. | General storage deposit, customs agent, and comprehensive logistics operator. | Bogotá D.C. |
| 3 | Megalinea S.A. | A technical and administrative services company. | Bogotá D.C. |
| 4 | Aval Soluciones Digitales S.A. | A specialized company in deposits and electronic payments. | Bogotá D.C. |
| | **Foreign Subsidiaries** | | |
| 5 | Multi Financial Holding | Financial services, insurance services and investment activities. | Panama |
| 6 | Banco de Bogota Panama S.A. and subsidiary | Licensed internationally for banking outside the country. | Panama |
| 7 | Bogotá Finance Corporation | Financial transactions and investment activities. | Cayman Islands |
| 8 | Corporación Financiera Centroamericana S.A. (Ficentro) | Loan recovery. | Panama |

The following is a summary of the financial information of investments in subsidiaries, showing the percentages of ownership and their book value:

**December 31, 2022**

| **Local Subsidiaries** | | **Fiduciaria Bogotá S.A.** | **Almaviva S.A.** | **Megalinea S.A.** | **Aval Soluciones Digitales S.A.** |
|---|---|---|---|---|---|
| Percentage direct Shareholding | | 94.99% | 94.93% | 94.90% | 38.90% |
| Percentage Indirect shareholding | | 0.00% | 0.88% | 0.00% | 0.00% |
| Book value | $ | 459,071 | 69,269 | 6,816 | 5,644 |
| Current assets | | 237,912 | 65,742 | 29,160 | 40,417 |
| Non-current assets | | 289,904 | 80,943 | 1,487 | 94 |
| **Total assets** | | **527,816** | **146,685** | **30,647** | **40,511** |
| Current liabilities | | 44,547 | 69,347 | 23,465 | 26,002 |
| Non-current liabilities | | 0 | 4,064 | 0 | 0 |
| **Total liabilities** | | **44,547** | **73,411** | **23,465** | **26,002** |
| **Equity** | | **483,269** | **73,274** | **7,182** | **14,509** |
| Revenue | | 184,037 | 167,238 | 139,478 | 941 |
| Expenses | | 139,675 | 164,647 | 138,956 | 3,066 |
| Net income | | 44,362 | 2,591 | 522 | (2,125) |
| Other comprehensive income | | (6,147) | 1,161 | 0 | 0 |
| **Total comprehensive income** | $ | **38,215** | **3,753** | **522** | **(2,125)** |

**December 31, 2022**

| **Foreign Subsidiaries** | | **Multi Financial Holding** | **Banco de Bogotá Panamá S.A.** | **Bogotá Finance Corporation** | **Corporación Financiera Centroamericana S.A. (Ficentro)** |
|---|---|---|---|---|---|
| Percentage Shareholding | | 100.00% | 100.00% | 100.00% | 49.78% |
| Book value | $ | 1,897,007 | 536,067 | 442 | 0 |
| Current assets | | 23,423,289 | 5,826,247 | 442 | 0 |
| Non-current assets | | 1,512,331 | 1,393,312 | 0 | 0 |

(Continued)

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Notes to the Separate Financial Statements
As at December 31, 2022

| | | December 31, 2022 | | | |
|---|---|---|---|---|---|
| **Foreign Subsidiaries** | | **Multi Financial Holding** | **Banco de Bogotá Panamá S.A.** | **Bogotá Finance Corporation** | **Corporación Financiera Centroamericana S.A. (Ficentro)** |
| **Total assets** | | **24,935,620** | **7,219,559** | **442** | **0** |
| Current liabilities | | 22,623,661 | 6,683,491 | **0** | **0** |
| Non-current liabilities | | 406,612 | 0 | 0 | 0 |
| **Total liabilities** | | **23,030,273** | **6,683,491** | **0** | **0** |
| *Equity* | | *1,905,347* | *536,068* | *442* | ***0*** |
| Revenue | | 1,465,393 | 469,512 | 5 | 0 |
| Expenses | | 1,398,984 | 461,746 | 0 | 0 |
| Net income | | 66,409 | 7,766 | 5 | 0 |
| Other comprehensive income | | 49,090 | 31,928 | 76 | 0 |
| **Total comprehensive income** | $ | **115,499** | **39,694** | **81** | **0** |

| | | December 31, 2021 | | | |
|---|---|---|---|---|---|
| **Local Subsidiaries** | | **Fiduciaria Bogotá S.A.** | **Almaviva S.A.** | **Megalinea S.A.** | **Aval Soluciones Digitales S.A.** |
| Percentage direct Shareholding | | 94.99% | 94.93% | 94.90% | 38.90% |
| Percentage Indirect shareholding | | 0.00% | 0.88% | 0.00% | 0.00% |
| Book value | $ | 422,770 | 65,839 | 6,320 | 6,471 |
| Current assets | | 254,230 | 51,379 | 24,888 | 24,477 |
| Non-current assets | | 312,034 | 94,567 | 1,458 | 178 |
| **Total assets** | | **566,264** | **145,946** | **26,346** | **24,655** |
| Current liabilities | | 121,210 | 72,427 | 19,686 | 8,021 |
| Non-current liabilities | | 0 | 4,162 | 0 | 0 |
| **Total liabilities** | | **121,210** | **76,589** | **19,686** | **8,021** |
| **Equity** | | **445,054** | **69,357** | **6,660** | **16,634** |
| Revenue | | 237,748 | 125,389 | 130,902 | 2,690 |
| Expenses | | 151,525 | 125,556 | 129,978 | 2,293 |
| Net income | | 86,223 | (167) | 924 | 397 |
| Other comprehensive income | | (3,396) | 555 | 0 | 0 |
| **Total comprehensive income** | $ | **82,827** | **388** | **924** | **397** |

| | | December 31, 2021 | | | | |
|---|---|---|---|---|---|---|
| **Foreign Subsidiaries** | | **BAC Holding International (BHI)** | **Multi Financial Holding** | **Banco de Bogotá Panamá S.A.** | **Bogotá Finance Corporation** | **Corporación Financiera Centroamericana S.A. (Ficentro)** |
| Percentage Shareholding | | 100.00% | 100.00% | 100.00% | 100.00% | 49.78% |
| Book value | $ | 13,592,611 | 1,781,508 | 496,373 | 362 | 0 |
| Current assets | | 107,794,777 | 18,290,037 | 5,005,578 | 362 | 0 |
| Non-current assets | | 9,297,898 | 1,409,470 | 1,945,483 | 0 | 0 |
| **Total assets** | | **117,092,675** | **19,699,507** | **6,951,060** | **362** | **0** |
| Current liabilities | | 100,242,327 | 16,276,648 | 6,454,686 | 0 | 0 |
| Non-current liabilities | | 3,255,685 | 1,633,582 | 0 | 0 | 0 |
| **Total liabilities** | | **103,498,011** | **17,910,230** | **6,454,686** | **0** | **0** |
| **Equity** | | **13,594,663** | **1,789,277** | **496,375** | **362** | **0** |
| Revenue | | 11,937,403 | 307,028 | 356,589 | 3 | 0 |
| Expenses | | 10,223,743 | 287,380 | 351,188 | 0 | 0 |

(Continued)

| December 31, 2021 | | | | | | |
|---|---|---|---|---|---|---|
| **Foreign Subsidiaries** | | **BAC Holding International (BHI)** | **Multi Financial Holding** | **Banco de Bogotá Panamá S.A.** | **Bogotá Finance Corporation** | **Corporación Financiera Centroamericana S.A. (Ficentro)** |
| Net income | | 1,713,660 | 19,648 | 5,401 | 3 | 0 |
| Other comprehensive income | | 1,652,546 | 48,843 | 32,413 | 50 | 0 |
| **Total comprehensive income** | $ | **3,366,206** | **68,491** | **37,814** | **53** | **0** |

The following is the movement of investments in subsidiaries:

| | | December 31, 2022 | December 31, 2022 |
|---|---|---|---|
| **Balance at the beginning of the period** | $ | **16,372,253** | **16,843,834** |
| Share in net income (1) | | 118,451 | 237,302 |
| Share in other comprehensive income (2) | | (721,986) | (299,182) |
| Exchange difference | | (366,488) | 2,423,394 |
| Dividends | | 0 | (3,570,225) |
| Deconsolidation of the investment (3) | | (12,976,541) | (987,603) |
| discontinuous operation (4) | | 548,948 | 1,724,946 |
| | | **2,974,637** | **16,372,466** |
| Allowance for impairment | | (321) | (213) |
| **Balance at the end of the period** | $ | **2,974,316** | **16,372,253** |

(1) See Note 29.
(2) Corresponds mainly to the participation in other comprehensive income of BAC Holding International (BHI) from January to March 2022 for ($384,825) and participation in Multi Financial Holding for ($275,712).
(3) Corresponds to the deconsolidation of BAC Holding International (BHI) for 2022 and Porvenir for 2021 (See notes 2.1.2 and 2.2).
(4) Corresponds to BHI's share in results.

The first half of 2022, the subsidiary Multi Financial Holding, in order to strengthen the financial and commercial situation, as well as to continue with the process of simplification of the organizational structure, carried out the merger of Sociedad Desarrollo Inmobiliario Benagil, S. A. with Sociedad Inmobiliaria Morelos, S. A., the latter prevailing, both entities domiciled in Panama.

The following is the movement of allowance of investments in subsidiaries:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Balance at the beginning of the period** | $ | **1,543** | **1,330** |
| Allowance charged to expenses | | 321 | 213 |
| **Balance at the end of the period** | $ | **1,864** | **1,543** |

## 14.2 INVESTMENTS IN ASSOCIATES

The following is the corporate purpose and headquarters of the associates:

| | Associates | Corporate Purpose | Headquarters |
|---|---|---|---|
| 1 | Corporación Financiera Colombiana S.A. | Specializes in a wide range of products for private banking, investment banking, treasury operations and investments in equity securities. | Bogotá D.C. |
| 3 | Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. | Pension and severance fund manager. | Bogotá D.C. |
| 4 | Casa de Bolsa S.A. | Brokerage house (securities brokerage and securities fund management). | Bogotá D.C. |
| 5 | Servicios de Identidad Digital S.A.S. | Provide basic and special digital citizen services, and digital procedures. | Bogotá D.C. |
| 6 | A Toda Hora S.A. | Financial transactions services. | Bogotá D.C. |

The following is a summary of the financial information of investments in associates, showing the percentages of ownership and their book value:

| December 31, 2022 | | Corporación Financiera Colombiana S.A. | Porvenir S.A. | Casa de Bolsa S.A. | Servicios de Identidad Digital S.A.S. | A Toda Hora S.A. |
|---|---|---|---|---|---|---|
| Percentage Shareholding | | 34.72% | 36.51% | 22.80% | 33.33% | 20.00% |
| Book value | $ | 6,166,472 | 2,288,535 | 11,293 | 7,050 | 2,577 |
| Current assets | | 8,240,861 | 2,840,203 | 77,612 | 8,002 | 13,901 |
| Non-current assets | | 15,788,582 | 653,560 | 5,405 | 17,993 | 715 |
| **Total assets** | | **24,029,443** | **3,493,763** | **83,017** | **25,995** | **14,616** |
| Current liabilities | | 11,677,819 | 1,032,337 | 37,914 | 4,794 | 1,731 |
| Non-current liabilities | | 926,724 | 0 | 245 | 52 | 0 |
| **Total liabilities** | | **12,604,544** | **1,032,337** | **38,159** | **4,846** | **1,731** |
| **Equity** | | **11,424,899** | **2,461,426** | **44,858** | **21,149** | **12,885** |
| Revenue | | 11,222,647 | 3,058,424 | 161,303 | 754 | 15,838 |
| Expenses | | 9,439,782 | 2,904,457 | 146,024 | 22,100 | 15,225 |
| Net income | | **1,782,865** | **153,967** | **15,279** | **(21,346)** | 613 |
| Other comprehensive income | | (489,166) | (59,130) | (2,928) | 0 | 0 |
| **Total comprehensive income** | | **1,293,699** | **94,837** | **12,351** | **(21,346)** | **613** |
| Cash and cash equivalents | | 2,063,716 | 96,768 | 14,491 | 5,727 | 6,906 |
| Current financial liabilities | | 11,020,763 | 445,497 | 30,162 | 0 | 304 |
| Non-current financial liabilities | | 919,437 | 0 | 0 | 52 | 0 |
| Income from ordinary activities | | 351,153 | 1,022,156 | 45,557 | 22 | 14,964 |
| Depreciation and amortization | | 5,457 | 14,486 | 1,757 | 0 | 166 |
| Interest income | | 332,173 | 136,366 | 3,278 | 732 | 504 |
| Interest expense | | 910,357 | 62,699 | 3,588 | 157 | 41 |
| Income tax expense | $ | 120 | 83,191 | 0 | 0 | 292 |

(Continued)

| | | December 31, 2021 | | | | |
|---|---|---|---|---|---|---|
| | | **Corporación Financiera Colombiana S.A.** | **Porvenir S.A.** | **Casa de Bolsa S.A.** | **Servicios de Identidad Digital S.A.S.** | **A Toda Hora S.A.** |
| Percentage Shareholding | | 34.42% | 36.51% | 22.80% | 33.33% | 20.00% |
| Book value | $ | 5,743,979 | 2,363,480 | 8,481 | 3,989 | 2,454 |
| Current assets | | 8,652,993 | 3,517,871 | 108,355 | 5,269 | 12,960 |
| Non-current assets | | 13,059,816 | 594,099 | 3,421 | 9,857 | 638 |
| **Total assets** | | **21,712,809** | **4,111,970** | **111,776** | **15,126** | **13,598** |
| Current liabilities | | 10,396,384 | 1,445,269 | 79,254 | 3,089 | 1,327 |
| Non-current liabilities | | 1,018,355 | 0 | 0 | 70 | 0 |
| **Total liabilities** | | **11,414,739** | **1,445,269** | **79,254** | **3,159** | **1,327** |
| **Equity** | | **10,298,070** | **2,666,701** | **32,522** | **11,967** | **12,271** |
| Revenue | | 5,084,297 | 2,766,126 | 62,631 | 118 | 12,512 |
| Expenses | | 3,368,621 | 2,186,523 | 60,526 | 17,007 | 11,799 |
| Net income | | 1,715,676 | 579,603 | 2,105 | (16,889) | 713 |
| Other comprehensive income | | (268,396) | (32,666) | (5,309) | 0 | 0 |
| **Total comprehensive income** | | **1,447,280** | **546,937** | **(3,204)** | **(16,889)** | **713** |
| Cash and cash equivalents | | 1,602,384 | 96,780 | 7,994 | 3,931 | 7,828 |
| Current financial liabilities | | 10,331,011 | 768,494 | 76,347 | 0 | 463 |
| Non-current financial liabilities | | 1,012,103 | 0 | 0 | 70 | 0 |
| Income from ordinary activities | | 148,143 | 1,287,005 | 25,081 | 1 | 11,701 |
| Depreciation and amortization | | 4,084 | 12,162 | 1,456 | 0 | 607 |
| Interest income | | 137,458 | 88,731 | 128 | 117 | 102 |
| Interest expense | | 320,495 | 39,844 | 1,354 | 129 | 40 |
| Income tax expense | $ | 32 | 185,229 | 12 | 0 | 276 |

The following is the movement in investments in associates:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Balance at beginning of the period** | $ | **8,122,383** | **5,421,467** |
| Share in net income (1) | | 671,459 | 665,434 |
| Share in other comprehensive income (2) | | (191,370) | (109,211) |
| Withheld for deferred tax remeasurement (3) | | (22,250) | (143,865) |
| Withholding at source for dividends | | (1,992) | (1,691) |
| Dividends | | (109,570) | 0 |
| Acquisitions | | 7,267 | 4,539 |
| Increase due to loss of control of subsidiaries (4) | | 3,356,952 | 2,285,710 |
| Discontinuous operation (4) | | (191,074) | 0 |
| Investment sale (4) | | (2,645,914) | 0 |
| Derecognition of the investment as available for sale (4) | | (519,964) | 0 |
| **Balance at end of the period** | $ | **8,475,927** | **8,122,383** |

(1) See Note 29
(2) Includes mainly the share in other comprehensive income of Corficolombiana.
(3) See Note 2.4
(4) See Note 2.1.1. and 2.1.2

## 14.3 INVESTMENTS IN JOINT VENTURES

The following is the corporate purpose and headquarters of the joint venture:

| | Joint ventures | Corporate Purpose | Headquarters |
|---|---|---|---|
| 1 | A Toda Hora S.A. JV | Financial transactions services. | Bogotá D.C. |
| 2 | Aval Soluciones Digitales S.A. JV | Electronic Deposits and Payments - 100% digital financial transactions. | Bogotá D.C. |

The following is a summary of the financial information of investments in joint ventures, showing the percentages of ownership and their book value:

| | | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|---|
| | | A Toda Hora S.A. Joint ventures | Aval Soluciones Digitales S.A. Joint ventures | A Toda Hora S.A. Joint ventures | Aval Soluciones Digitales S.A. Joint ventures |
| Percentage Shareholding | | 25.00% | 38.50% | 25.00% | 38.50% |
| Book value | $ | 1,581 | 4 | 1,478 | 4 |
| Current assets | | 68,541 | 23,085 | 59,485 | 11,047 |
| Non-current assets | | 10,180 | 65,246 | 16,246 | 30,399 |
| **Assets** | | **78,721** | **88,331** | **75,731** | **41,446** |
| Current liabilities | | 72,396 | 88,321 | 69,820 | 41,436 |
| **Liabilities** | | **72,396** | **88,321** | **69,820** | **41,436** |
| Net assets | | 6,325 | 10 | 5,911 | 10 |
| Revenue | | 350,132 | 40,801 | 304,583 | 17,347 |
| Expenses | | 349,718 | 40,801 | 304,299 | 17,347 |
| Net income | | 414 | 0 | 284 | 0 |
| **Total comprehensive income** | | **414** | **0** | **284** | **0** |
| Cash and cash equivalents | | 31,126 | 9,873 | 21,124 | 5,994 |
| Current financial liabilities | | 5,928 | 0 | 7,945 | 0 |
| Income from ordinary activities | | 184,530 | 534 | 186,637 | 0 |
| Depreciation and amortization | | 6,888 | 1,761 | 7,014 | 2,233 |
| Interest income | | 830 | 0 | 249 | 0 |
| Interest expense | $ | 662 | 0 | 720 | 0 |

The following is the movement of investments in joint ventures:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Balance at the beginning of the period** | $ | **1,482** | **1,407** |
| Share in net income | | 103 | 71 |
| Acquisitions | | 0 | 4 |
| **Balance at the end of the period** | $ | **1,585** | **1,482** |

There is no contingent liability for the Bank’s shareholding in investments in associates and joint ventures.

(Continued)

## 15 – PROPERTY, PLANT AND EQUIPMENT

The following is a breakdown of property, plant and equipment:

| | December 31, 2022 | | |
|---|---|---|---|
| | Cost | Accumulated depreciation | Net |
| Land | $ 130,873 | | 130,873 |
| Buildings and constructions | 417,425 | (194,812) | 222,613 |
| Machinery | 4,556 | (832) | 3,724 |
| Vehicles | 2,067 | (1,214) | 853 |
| Office furniture, fixtures and equipment | 256,428 | (199,914) | 56,514 |
| Computer hardware, networking and communications | 647,156 | (478,207) | 168,949 |
| Leasehold improvements | 61,303 | (26,868) | 34,435 |
| Construction in progress | 670 | | 670 |
| **Total** | **$ 1,520,478** | **(901,847)** | **618,631** |

| | December 31, 2021 | | |
|---|---|---|---|
| | Cost | Accumulated depreciation | Net |
| Land | $ 149,457 | 0 | 149,457 |
| Buildings and constructions | 515,225 | (225,419) | 289,806 |
| Machinery | 2,752 | (171) | 2,581 |
| Vehicles | 2,696 | (1,893) | 803 |
| Office furniture, fixtures and equipment | 248,570 | (192,723) | 55,847 |
| Computer hardware, networking and communications | 573,122 | (445,936) | 127,186 |
| Leasehold improvements | 58,216 | (22,149) | 36,067 |
| Construction in progress | 28 | 0 | 28 |
| **Total** | **$ 1,550,066** | **(888,291)** | **661,775** |

The following is the activity in property, plant and equipment:

| | Land | Buildings and construc-tions | Machi-nery | Vehicles | Office furniture, fixtures and equip-ment | Computer hardware, networking and communi-cations | Leasehold improve-ments | Constru-ction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2020** | **$ 154,610** | **521,881** | **248** | **3,565** | **250,122** | **528,447** | **76,556** | **1,226** | **1,536,655** |
| Additions (1) | 0 | 515 | 2,692 | 0 | 8,494 | 51,308 | 514 | 27,282 | 90,805 |
| Disposals / Sales | (5,153) | (19,262) | (3) | (888) | (14,766) | (3,114) | (25,282) | (69) | (68,537) |
| Reclassifications (1) | 0 | 12,091 | (185) | 0 | 4,464 | (3,760) | 6,341 | (28,411) | (9,460) |
| Diferencia en cambio | 0 | 0 | 0 | 19 | 256 | 241 | 87 | 0 | 603 |
| **Balance at December 31, 2021** | **149,457** | **515,225** | **2,752** | **2,696** | **248,570** | **573,122** | **58,216** | **28** | **1,550,066** |
| Additions (1) | 2,562 | 4,463 | 1,831 | 186 | 14,138 | 74,964 | 198 | 29,591 | 127,933 |
| Disposals / Sales | (8,093) | (13,820) | 0 | (844) | (7,084) | (13,102) | (712) | (48) | (43,703) |
| Reclassifications (1) | (13,053) | (88,443) | (27) | 0 | 416 | 11,675 | 3,505 | (28,901) | (114,828) |

(Continued)

| | | Land | Buildings and construc-tions | Machi-nery | Vehicles | Office furniture, fixtures and equip-ment | Computer hardware, networking and communi-cations | Leasehold improve-ments | Constru-ction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Effect of movements in exchange rates | | 0 | 0 | 0 | 29 | 388 | 497 | 96 | 0 | 1,010 |
| **Balance at December 31, 2022** | **$** | **130,873** | **417,425** | **4,556** | **2,067** | **256,428** | **647,156** | **61,303** | **670** | **1,520,478** |

(1) Includes dismantlement costs of $197 and $446 for 2022 and 2021, respectively.
(2) Corresponds to: For December 2022 transfer to investments ($115,084) (see Note 2.3) and from investment property $8,426 and deductible VAT of ($8,171) and for 2021, deductible VAT on productive assets of ($6,105), capitalized intangibles of $259 and transfer to investment property of ($3,614).

The following is the activity in depreciation on property, plant and equipment:

| | | Buildings and construc-tions | Machinery | Vehicles | Office furniture, fixtures and equipment | Computer hardware, networking and communi-cations | Leasehold improve-ments | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2020** | **$** | **(212,553)** | **(72)** | **(2,631)** | **(192,512)** | **(407,479)** | **(39,126)** | **(854,373)** |
| Depreciation | | (23,760) | (99) | (146) | (13,279) | (41,076) | (5,331) | (83,691) |
| Disposals / Sales | | 10,894 | 0 | 889 | 13,301 | 2,805 | 22,380 | 50,269 |
| Reclassifications | | 0 | 0 | 0 | (5) | 5 | 0 | 0 |
| Effect of movements in exchange rates | | 0 | 0 | (5) | (228) | (191) | (72) | (496) |
| **Balance at December 31, 2021** | $ | **(225,419)** | **(171)** | **(1,893)** | **(192,723)** | **(445,936)** | **(22,149)** | **(888,291)** |
| Depreciation | | (23,274) | (661) | (153) | (13,380) | (45,002) | (5,282) | (87,752) |
| Disposals / Sales | | 7,402 | 0 | 844 | 6,559 | 13,054 | 579 | 28,438 |
| Reclassifications (1) | | 46,479 | 0 | 0 | (1) | 1 | 75 | 46,554 |
| Effect of movements in exchange rates | | 0 | 0 | (12) | (369) | (324) | (91) | (796) |
| **Balance at December 31, 2022** | $ | **(194,812)** | **(832)** | **(1,214)** | **(199,914)** | **(478,207)** | **(26,868)** | **(901,847)** |

(1) Corresponds to the transfer of assets to investments (see Note 2.3).

There were no restrictions on ownership of property, plant and equipment registered.

The Bank conducted a qualitative analysis of impairment taking into account internal and external sources of information. Considering that analysis, it was determined that certain assets might have some impairment and their recoverable value was identified based on their fair value, which was determined through an independent technical appraisal.

The Bank has property, plant and equipment that is fully depreciated but still in use as of December 31, 2022. Additionally, the Bank has property, plant and equipment that is temporarily out of service for $5,079.

## 16 – RIGHT OF USE ASSETS

The following is a breakdown by type of property:

| | December 31, 2022 | | | |
|---|---|---|---|---|
| | | Cost | Accumulated depreciation | Net |
| Buildings | $ | 599,834 | (180,212) | 419,622 |
| Machinery | | 313 | (118) | 195 |
| Computer hardware | | 29,694 | (18,311) | 11,383 |
| **Total** | $ | **629,841** | **(198,641)** | **431,200** |

| | December 31, 2021 | | | |
|---|---|---|---|---|
| | | Cost | Accumulated depreciation | Net |
| Buildings | $ | 572,934 | (152,906) | 420,028 |
| Machinery | | 113 | (85) | 28 |
| Computer hardware | | 29,694 | (12,372) | 17,322 |
| **Total** | $ | **602,741** | **(165,363)** | **437,378** |

The activity of cost in assets right of use:

| | | Buildings | Machinery | Computer hardware | Total |
|---|---|---|---|---|---|
| **Balance at December 31, 2020** | $ | **589,383** | **111** | **32,854** | **622,348** |
| Additions | | 24,283 | 0 | 0 | 24,283 |
| Contracts adjustment | | 7,203 | 2 | 0 | 7,205 |
| Cancellations | | (47,935) | 0 | (3,160) | (51,095) |
| **Balance at December 31, 2021** | $ | **572,934** | **113** | **29,694** | **602,741** |
| Additions (1) | | 63,907 | 200 | 0 | 64,107 |
| Contracts adjustment | | 24,423 | 0 | 0 | 24,423 |
| Cancellations | | (61,430) | 0 | 0 | (61,430) |
| **Balance at December 31, 2022** | $ | **599,834** | **313** | **29,694** | **629,841** |

(1) For the year 2022 contains $23,114 for property, plant and equipment transferred to Nexus under leaseback (See Note 2.3).

The activity of depreciation in assets right of use:

| | | Buildings | Machinery | Computer hardware | Total |
|---|---|---|---|---|---|
| **Balance at December 31, 2020** | $ | **(112,991)** | **(47)** | **(7,892)** | **(120,930)** |
| Depreciation | | (57,727) | (38) | (6,546) | (64,311) |
| Cancellations | | 17,812 | 0 | 2,066 | 19,878 |
| **Balance at December 31, 2021** | $ | **(152,906)** | **(85)** | **(12,372)** | **(165,363)** |

| | | | | | |
|---|---|---|---|---|---|
| Depreciation | | (57,399) | (33) | (5,939) | (63,370) |
| Cancellations | | 30,093 | 0 | 0 | 30,093 |
| **Balance at December 31, 2022** | $ | **(180,212)** | **(118)** | **(18,311)** | **(198,641)** |

In the development of its operations, the Bank lease several properties such as buildings, computer hardware and mobilization equipment. Normally, lease contracts are made for 1 to 15 years fixed periods. The lease conditions are negotiated individually and have a wide range of different terms and conditions. Lease contracts do not impose any agreement, but leased assets cannot be used as collateral for loan purposes.

## 17 – INVESTMENT PROPERTY

The following is a breakdown of investment property:

| | | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|---|
| | | **Land** | **Buildings** | **Total** | **Land** | **Buildings** | **Total** |
| Cost | $ | 104,649 | 49,445 | 154,094 | 116,673 | 48,746 | 165,419 |
| Accumulated adjustments to fair value | | 61,991 | 7,962 | 69,954 | 59,123 | 7,850 | 66,973 |
| Impairment | | (114,035) | (33,466) | (147,501) | (119,016) | (26,953) | (145,969) |
| **Total** | $ | **52,605** | **23,941** | **76,546** | **56,780** | **29,643** | **86,423** |

The following table shows the activity in the cost of investment property:

| | | Land | Buildings | Total |
|---|---|---|---|---|
| **Balance at December 31, 2020** | $ | **105,846** | **20,569** | **126,415** |
| Additions (1) | | 12,367 | 24,184 | 36,551 |
| Reclassifications (2) | | 14,244 | 12,217 | 26,461 |
| Disposals / Sales | | (15,784) | (8,224) | (24,008) |
| **Balance at December 31, 2021** | $ | **116,673** | **48,746** | **165,419** |
| Reclassifications (2) | | 11,078 | 3,934 | 15,011 |
| Disposals / Sales | | (23,102) | (3,234) | (26,336) |
| **Balance at December 31, 2022** | $ | **104,649** | **49,445** | **154,094** |

(1) Corresponds to transfers directly from the portfolio for assets received as dation payment
(2) Corresponds to transfers from non-current assets held for sale for $31,184 and $22,847, to property, plant and equipment for ($8,426) and from property, plant and equipment for $3,614 as of December 31, 2022, and 2021, respectively; additionally for 2022 to trading investments for ($7,747) (see Note 2.3).

The following table shows the activity in the fair value of investment property:

| | | Land | Buildings | Total |
|---|---|---|---|---|
| **Balance at December 31, 2020** | $ | **57,491** | **3,989** | **61,480** |
| Changes in fair value | | 2,590 | 3,739 | 6,329 |
| Disposals / Sales | | (958) | 122 | (836) |
| **Balance at December 31, 2021** | $ | **59,123** | **7,850** | **66,973** |
| Changes in fair value | | (1,623) | 2,894 | 1,271 |
| Reclassifications (1) | | (375) | (3,741) | (4,116) |
| Disposals / Sales | | 4,866 | 960 | 5,826 |
| **Balance at December 31, 2022** | $ | **61,991** | **7,962** | **69,954** |

1) Corresponds to transfers to property, plant and equipment for ($1,364) and to trading investments for ($2,753) (see note 2.3).

The following is the activity of investment property impairment:

| | | Land | Buildings | Total |
|---|---|---|---|---|
| **Balance at December 31, 2020** | $ | **(120,942)** | **(9,617)** | **(130,559)** |
| Impairment charged to expenses | | (12,865) | (17,401) | (30,266) |
| Reclassifications (1) | | (5,129) | (6,760) | (11,889) |
| Recovery | | 19,920 | 6,825 | 26,745 |
| **Balance at December 31, 2021** | $ | **(119,016)** | **(26,953)** | **(145,969)** |
| Impairment charged to expenses | | (11,256) | (19,206) | (30,462) |
| Recovery | | 16,237 | 12,692 | 28,929 |
| **Balance at December 31, 2022** | $ | **(114,035)** | **(33,466)** | **(147,501)** |

(1) Corresponds to transfers from non-current assets held for sale for $11,889

The following is the detail of figures included in net income of the period:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Rental income from investment property | $ | 2,823 | 50 |
| Direct operating expenses arising from investment property generating rental income | | (195) | (32) |
| **Total** | $ | **2,628** | **18** |

There were no contractual obligations to acquire investment property, nor repairs, maintenance and improvements, during the periods in question.

There are no restrictions on the sale of investment property.

## 18 – GOODWILL

### 18.1 ASSESSMENT OF IMPAIRMENT OF THE CASH-GENERATING UNITS TO WHICH GOODWILL IS ALLOCATED

The Group's management assesses goodwill impairment recorded annually in its consolidated financial statements. This is regarded as an asset with an indefinite useful life, based on studies performed by independent experts hired for that purpose and in accordance with IAS 36 – “Impairment of Assets”.

These studies are carried out based on valuations of the groups of cash-generating units that are assigned the different capital gains in their acquisition, by the discounted future cash flow method, taking into account factors such as: the economic situation of the country and the sector in which the acquired entity operates, historical financial information, and projected growth of the entity's income and costs in the coming years and, subsequently, growth in perpetuity taking into account its earnings capitalization ratios, discounted at free interest rates that are adjusted by risk premiums that are required in the circumstances of each entity.

The methodologies and assumptions used when valuing the different cash-generating units with allocated goodwill were reviewed by management and based on that review, it was concluded there was no need to record any impairment as of December 31, 2022, since their recoverable amounts exceeds the book value.

The value of goodwill registered in the Bank's separate financial statements it has be made after the acquisition of Megabanco, the balance of which is recorded at $465,905 as of December 31, 2022, and 2021.

Below is the detail of the goodwill assigned by Group of Cash Generating Units that represent the lowest level at which they are monitored within the Bank by management and are not greater than the operating segments.

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Book value of goodwill | $ | 465,905 | 465,905 |
| Book value of CGU | | 7,849,212 | 7,234,420 |
| Fair value of CGU (1) | | 14,436,755 | 9,166,267 |
| Excess | $ | 6,587,543 | 1,931,847 |

(1) Fair value determined in the impairment analysis exercise carried out in December 2022, based on real figures with a September 2022 cut-off.
(2) Fair value determined in the impairment analysis exercise carried out in December 2021, based on real figures with a September 2021 cut-off.

## 18.2 DETAILS OF GOODWILL, BY ACQUIRED COMPANY:

### Banco de Crédito and Desarrollo Social - Megabanco S.A.

Goodwill was generated with the acquisition of ninety-four-point ninety-nine percent (94.99%) of the shares of stock in Banco de Crédito y Desarrollo Social - MEGABANCO S.A. This operation was authorized by the Financial Superintendence of Colombia as per Resolution No. 917 dated 2 June 2006.

The goodwill is allocated to the banking operation segment, according to the operating segments defined by the Bank.

The last update of the valuation of the business lines corresponding to the groups of cash-generating units to which the goodwill was assigned, was carried out by the firm PricewaterhouseCoopers S.A., in its February 2023 report based on the financial statements of the Bank as of September 30, 2022, given the

(Continued)

merger with the acquired company and it was concluded that in no case are there situations that indicate a possible impairment, because the fair value resulting from said valuation of $14,436,755 exceeds the book value of $6,587,543 the cash generating units of the banking operation segment which is located at $7,849,212.

The following table shows the averages of the primary premises used in the impairment test at December 2022 and 2021:

| | **December 31, 2022** | | | | |
|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 | 2027 |
| Lending rate on the loan portfolio and investments | 12.3% | 11.2% | 10.5% | 10.4% | 10.2% |
| Borrowing rate | 6.9% | 5.4% | 4.6% | 4.5% | 4.5% |
| Growth in income from commissions | 15.4% | 10.8% | 14.9% | 15.3% | 15.3% |
| Growth in expenses | 14.6% | 8.2% | 8.2% | 8.2% | 8.2% |
| Inflation | 7.4% | 2.7% | 2.9% | 2.9% | 2.9% |
| Discount rate after taxes | 17.6% | 12.6% | 11.8% | 10.9% | 10.7% |
| Growth rate after five years | 6.4% | | | | |

| | **December 31, 2021** | | | | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2026 |
| Lending rate on the loan portfolio and investments | 7.8% | 8.4% | 8.6% | 8.7% | 8.7% |
| Borrowing rate | 2.4% | 3.1% | 3.5% | 3.5% | 3.5% |
| Growth in income from commissions | 10.2% | 7.5% | 9.1% | 9.8% | 1.7% |
| Growth in expenses | 5.2% | 9.0% | 7.1% | 7.1% | 6.6% |
| Inflation | 3.5% | 3.8% | 3.4% | 3.6% | 3.6% |
| Discount rate after taxes | 12.5% | 13.2% | 13.2% | 13.2% | 13.2% |
| Growth rate after five years | 3.6% | | | | |

To estimate goodwill, a 5-year projection was made using macroeconomic and business assumptions that are detailed in the table above, determined as follows:

- The lending rates on loans and investments were projected based on the expectations of the company and independent specialists.

- Liability interest rates were projected taking into account the expectations of the company and independent specialists

- The estimated growth for commissions are based on historical percentages, income over the net portfolio and expenses over the level of deposits.

- The estimated growth for administrative and personnel expenses are based on the Company's expectations to support the growth of assets and the development of its operation.

- The inflation used in the projections is based on reports from external sources such as Oxford Economics.

- The growth rate used for the terminal value was 6.4%, which corresponds to the growth company expectation for the long term.

The after-tax discount rates used to discount dividend flows reflect the specific risks related to each cash-generating unit. If the estimated discount rates had been 50 basis points higher than the rates estimated in the independent studies, the book value of goodwill would not need to be decreased, since the fair value of groups of cash-generating units with this sensitivity would be $12,954,539, higher than its book value of $7,849,212.

## 19 – OTHER INTANGIBLE ASSETS

### 19.1 INTANGIBLE ASSETS OTHER THAN GOODWILL:

The activity of intangible assets other than goodwill is shown below:

| | | Cost | Amortization | Total |
|---|---|---|---|---|
| **Balance at December 31, 2020** | $ | **638,731** | **(237,464)** | **401,267** |
| Additions | | 31,318 | 0 | 31,318 |
| Costs capitalized | | 84,414 | 0 | 84,414 |
| Other capitalized costs acquired separately | | 24,432 | 0 | 24,432 |
| Reclassifications | | (259) | 0 | (259) |
| Disposals / Sales | | (78) | 78 | 0 |
| Amortization charged to expenses | | 0 | (61,476) | (61,476) |
| Effect of movements in exchange rates | | 301 | (114) | 187 |
| **Balance at December 31, 2021** | $ | **778,859** | **(298,976)** | **479,883** |
| Additions | | 13,915 | 0 | 13,915 |
| Costs capitalized (1) | | 141,377 | 0 | 141,377 |
| Other capitalized costs acquired separately | | 21,856 | 0 | 21,856 |
| Disposals / Sales (2) | | (20,803) | 19,821 | (982) |
| Amortization charged to expenses | | 0 | (67,941) | (67,941) |
| Effect of movements in exchange rates | | 629 | (194) | 435 |
| **Balance at December 31, 2022** | $ | **935,833** | **(347,290)** | **588,543** |

(1) Increase corresponds to the capitalization of internal development projects, including ADL $16,994, digital solutions platform $18,109, office transformation $4,774, treasury platform $6,585, CDTS, front linkage, core platform optimization, SME dedd-024, digital ecosystems, fis Factory upgrade, server migration for $44,650.
(1) Corresponds to recognition of private grant in development program MVP DEDD Allied Solutions e-commerce, credit card.

### 19.2 INTANGIBLE ASSETS INTERNAL AND OTHER COSTZS CAPITALIZED ACQUIRED SEPARATE

These concerns the assets developed that are fully internally of entity; in the development process the costs can be capitalized, when the asset is finished it is used in production, activating the amortization.

Other capitalized costs acquired separate corresponds to the Intangible assets be buy to external and requires an additional adaptation so that they can be used in their total.

(Continued)

The following is the movement:

| | | Computer software and applications | | |
|---|---|---|---|---|
| | | Cost | Amortization | Total |
| **Balance at December 31, 2020** | $ | **323,082** | **(61,826)** | **261,256** |
| Costs capitalized | | 84,414 | 0 | 84,414 |
| Other capitalized costs acquired separately | | 24,432 | 0 | 24,432 |
| Reclassifications | | (3,499) | 0 | (3,499) |
| Amortization charged to expenses | | 0 | (21,770) | (21,770) |
| Effect of movements in exchange rates | | 142 | 0 | 142 |
| **Balance at December 31, 2021** | $ | **428,571** | **(83,596)** | **344,975** |
| Costs capitalized | | 141,377 | 0 | 141,377 |
| Other capitalized costs acquired separately | | 21,856 | 0 | 21,856 |
| Reclassifications | | (21,301) | 0 | (21,301) |
| Disposals / Sales | | (5,779) | 4,797 | (982) |
| Amortization charged to expenses | | 0 | (31,798) | (31,798) |
| Effect of movements in exchange rates | | 264 | 0 | 264 |
| **Balance at December 31, 2022** | $ | **564,988** | **(110,597)** | **454,391** |

## 19.3 EXTERNAL INTANGIBLE ASSETS

Those intangible assets ready in place and in necessary conditions to be used at the time of acquisition.

The following is the movement:

| | | Licenses | | Computer software and applications | | Total | | |
|---|---|---|---|---|---|---|---|---|
| | | Cost | Amortization | Cost | Amortization | Cost | Amortization | Total |
| **Balance at December 31, 2020** | **$** | **144,522** | **(100,473)** | **171,127** | **(75,165)** | **315,649** | **(175,638)** | **140,011** |
| Additions | | 31,194 | 0 | 124 | 0 | 31,318 | 0 | 31,318 |
| Reclassifications | | (259) | 0 | 3,499 | 0 | 3,240 | 0 | 3,240 |
| Disposals / Sales | | 0 | 0 | (78) | 78 | (78) | 78 | 0 |
| Amortization charged to expenses | | 0 | (19,401) | 0 | (20,305) | 0 | (39,706) | (39,706) |
| Effect of movements in exchange rates | | 0 | 0 | 159 | (114) | 159 | (114) | 45 |
| **Balance at December 31, 2021** | **$** | **175,457** | **(119,874)** | **174,831** | **(95,506)** | **350,288** | **(215,380)** | **134,908** |
| Additions | | 7,361 | 0 | 6,554 | 0 | 13,915 | 0 | 13,915 |
| Reclassifications | | 0 | 0 | 21,301 | 0 | 21,301 | 0 | 21,301 |
| Disposals / Sales | | (14,994) | 14,994 | (30) | 30 | (15,024) | 15,024 | 0 |
| Amortization charged to expenses | | 0 | (18,072) | 0 | (18,071) | 0 | (36,143) | (36,143) |
| Effect of movements in exchange rates | | 0 | 0 | 365 | (194) | 365 | (194) | 171 |
| **Balance at December 31, 2022** | **$** | **167,824** | **(122,952)** | **203,021** | **(113,741)** | **370,845** | **(236,693)** | **134,152** |

Significant intangible assets are: Licenses for $44,871, programs and applications under development for $89,212.

(Continued)

The Bank has fully amortized intangible assets that are still in use and correspond to licenses and computer software and applications amounting to $104,597. Development costs as of December 31, 2022, and 2021 amount to $4,522 and $4,104, respectively. There are no contractual commitments for the acquisition of intangible assets as of December 31, 2022.

There are no restrictions on the ownership of other intangible assets.

## 20 – INCOME TAX

### 20.1 COMPONENTS OF THE INCOME TAX EXPENSE

The income tax expense for the years ended December 31,2022 and 2021 includes the following:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Income tax of the current period | $ | 8,922 | 67,274 |
| Income tax surcharge | | 0 | 7,587 |
| Recovery of current tax of previous periods | | (6,449) | (12,982) |
| **Subtotal current tax** | | **2,473** | **61,879** |
| Net deferred taxes of the period | | 215,606 | 62,775 |
| Adjustment deferred tax of previous period | | 242 | 6,789 |
| **Subtotal deferred taxes** | | **215,848** | **69,564** |
| Recovery for uncertain tax positions | | 0 | (3,129) |
| **Total income tax** | $ | **218,321** | **128,314** |

Current and deferred taxes are recognized as income or expense in net income, except to the extent if they derive from transaction or event that is recognized outside net income in other comprehensive income (OCI), in equity. Therefore, during the years ended December 31, 2022 and 2021, an expense and an income of ($965,145) and $879,510 for deferred tax, was recognized in other comprehensive income, respectively, mainly related to the unrealized loss of investments available for sale, the exchange difference of hedging instruments, bonds and investments in foreign subsidiaries that for accounting purposes are recorded in the OCI account and for tax purposes, would be understood as realized at the time they are reclassified to another equity account or presented in the statement of income in accordance with the accounting technique (see Note 20.5).

Additionally, as of December 31, 2022, a deferred tax expense and current tax of ($1,125,507) and ($881,312), respectively, were recognized, which were transferred to income as a result of the deconsolidation and loss of control of BAC Holding International on March 25, 2022. Likewise, a deferred tax expense of ($360,182) was recognized for the transfer to income as a result of the sale of the 20.9% interest in BHIC on December 19, 2022.

### 20.2 RECONCILIATION OF THE NOMINAL TAX RATE AND EFFECTIVE RATE

The basic parameters in force for income tax in Colombia are as follows:

- In accordance with the Economic Growth Law 2010/2019, income tax rates for the year 2021 is 31%. For financial institutions that obtain a tax income equal to or greater than 120,000 TVU (Tax Value Units) in the period, they apply a few additional points of income tax of 3% for the year 2021.

- For the year 2022, in accordance with the Social Investment Law 2155/2021, the income tax rate is 35% and for financial institutions that obtain taxable income equal to or greater than 120,000 Tax Value Units (UVT- Spanish acronym) in the period, apply a few additional percentage points of income tax of 3%.

- The Economic Growth Law 2010/2019 reduces presumptive income to 0% of net worth on the last day of the immediately preceding taxable year beginning in 2021.

- With the Social Investment Law, the audit benefit is extended for the years 2022 and 2023 when the net income tax is increased by 35% or 25%, with which the income tax return will become final within 6 and 12 months respectively.

- With the Economic Growth Law 2010/2019, the term of firmness of the income tax return from taxpayers who determine or compensate tax losses or are subject to the transfer pricing regime, will be 5 years, from the presentation of the income tax return.

- Surplus presumptive income can be offset during the five (5) tax years thereafter.

- The tax losses may be offset with ordinary liquid income to be received during the 12 following periods.

- The occasional income is taxed at a rate of 10%.

The following is a breakdown of the reconciliation between the Bank's income tax expense, calculated at current tax rates, and the income tax expense actually recorded in net income:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Net income before income tax | $ | 2,003,590 | 2,788,924 |
| Theoretical tax expense at a rate of 38% (2022) and 34% (2021) | | 761,364 | 948,234 |
| More or (less) taxes that increase (decrease) the theoretical tax: | | | |
| Non-deductible expenses | | 57,098 | 45,192 |
| Effect of dividends received in the period | | (4,941) | 768,384 |
| Nontaxable equity method income | | (300,204) | (306,954) |
| Interests and other not taxable income | | (172,738) | (52,435) |
| Effect of deconsolidation Porvenir and Aportes en Línea | | 0 | (442,782) |
| Effect of deconsolidation BHI | | (42,870) | 0 |
| Non-accountable tax income from partial sale of BCHI - exchange difference | | 543,879 | 0 |
| Exempt income CHC and housing VIS and VIP (1) | | (513,564) | (819,032) |
| Tax discounts | | (16,308) | (11,831) |
| Occasional income (10%) | | 8,922 | 1,062 |
| Effect on deferred tax due to tax rates different tan 38% (2022) and 34% (2021) | | (96,110) | 7,798 |
| Recovery for uncertain tax positions | | 0 | (3,129) |
| Adjustment for previous periods | | (6,207) | (6,193) |
| **Total tax expense of the period** | **$** | **218,321** | **128,314** |

(1) Colombian Holding Company (CHC-Spanish acronym), Social Interest Housing (VIS-Spanish acronym) and Priority Interest Housing (VIP- Spanish acronym).

### 20.3 DEFERRED TAXES REGARDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Bank did not record deferred taxes liability relating to temporary differences of investments in subsidiaries and associates. This because: i) the Bank has control over the subsidiaries and of the decision of selling its investments in associates, thus, it may decide regarding the reversion of such temporary differences; and ii) the Bank has not foreseen its realization in a foreseeable future.

Temporary differences of the items indicated at December 31, 2022 and 2021 reached a $6,582,784 and $15,230,876, respectively.

### 20.4 DEFERRED INCOME TAXES, BY TYPE OF TEMPORARY DIFFERENCE:

The differences between the carrying value of the assets and liabilities and their tax bases give rise to the temporary differences which result in deferred taxes, calculated and for the years ended on December 31, 2022, and 2021, based on tax rates in force for the years wherein such temporary differences will be reversed.

| | | Balance at December 31, 2022 | Income (expense) in net income | Unrealized income (expense) in OCI | Discon-tinued operation | Reclassi-fications | Balance at December 31, 2021 |
|---|---|---|---|---|---|---|---|
| Deferred tax assets | | | | | | | |
| Valuation of debt securities investments | $ | 191,493 | 7,444 | 217,103 | 0 | 0 | 416,040 |
| Unrealized loss in derivatives | | 664,064 | 0 | 0 | 0 | (664,064) | 0 |
| Loan portfolio | | 178,270 | (30,073) | 0 | 0 | 0 | 148,197 |
| Deferred charges and prepaid expenses | | 20 | 356 | 0 | 0 | 0 | 376 |
| Unrealized exchange difference for financial obligation | | 83,072 | 282,492 | 0 | 0 | 0 | 365,564 |
| Provisions other expenses | | 4,523 | 3,380 | 0 | 0 | 0 | 7,903 |
| Employee benefits | | 17,901 | (653) | (6,697) | 0 | 0 | 10,551 |
| Tax discounts on application | | 0 | 16,308 | 0 | 0 | 0 | 16,308 |
| Lease contracts IFRS 16 | | 164,476 | 33,063 | 0 | 0 | 0 | 197,539 |
| Exchange difference on bonds in foreign currency | | 720,109 | 341,037 | (570,328) | 930,722 | 0 | 1,421,540 |
| Other items | | 3,073 | 2,587 | 0 | 0 | 1 | 5,661 |
| **Subtotal** | | **2,027,001** | **655,941** | **(359,922)** | **930,722** | **(664,063)** | **2,589,679** |
| Deferred tax liabilities | | | | | | | |
| Valuation of equity investments | | 30,051 | 12,850 | 11,335 | 0 | 0 | 54,236 |
| Unrealized gain on derivatives | | 0 | 839,855 | 569,295 | (554,967) | (663,621) | 190,562 |
| Investment property | | 10,308 | 60 | 0 | 0 | 0 | 10,368 |
| Cost of property, plant and equipment | | 36,620 | (1,223) | 0 | 0 | 0 | 35,397 |
| Intangible assets cost - deferred charges | | 42,933 | 10,461 | 0 | 0 | 0 | 53,394 |
| Goodwill | | 194,622 | 0 | 0 | 0 | 0 | 194,622 |
| Exchange difference on branches abroad | | 23,270 | 0 | 24,593 | 0 | (443) | 47,420 |
| Right of use IFRS 16 | | 153,133 | 6,961 | 0 | 0 | 0 | 160,094 |
| Other items | | 3,200 | 2,825 | 0 | 0 | 1 | 6,026 |
| **Subtotal** | | **494,137** | **871,789** | **605,223** | **(554,967)** | **(664,063)** | **752,119** |
| **Total** | $ | **1,532,864** | **(215,848)** | **(965,145)** | **1,485,689** | **0** | **1,837,560** |

(Continued)

| | | Balance at December 31, 2020 | Income (expense) in net income | Unrealized income (expense) in OCI | Reclassi-fications | Balance at December 31, 2021 |
|---|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | | |
| Valuation of debt securities investments | $ | 0 | 10,109 | 207,217 | (25,833) | 191,493 |
| Unrealized loss in derivatives | | 519,383 | (134,602) | 275,834 | 3,449 | 664,064 |
| Loan portfolio | | 219,025 | (40,755) | 0 | 0 | 178,270 |
| Deferred charges and prepaid expenses | | 460 | (440) | 0 | 0 | 20 |
| Unrealized exchange difference for financial obligation | | 0 | 122,646 | 0 | (39,574) | 83,072 |
| Provisions other expenses | | 3,392 | 1,131 | 0 | 0 | 4,523 |
| Employee benefits | | 21,802 | 1,762 | (5,663) | 0 | 17,901 |
| Tax Discounts | | 5,542 | (5,542) | 0 | 0 | 0 |
| Lease contracts IFRS 16 | | 154,456 | 10,020 | 0 | 0 | 164,476 |
| Exchange difference on bonds in foreign currency | | 267,668 | 29,792 | 422,649 | 0 | 720,109 |
| Other items | | 5,205 | (2,132) | 0 | 0 | 3,073 |
| **Subtotal** | | **1,196,933** | **(8,011)** | **900,037** | **(61,958)** | **2,027,001** |
| **Deferred tax liabilities** | | | | | | |
| Valuation of debt securities investments | | 25,833 | 0 | 0 | (25,833) | 0 |
| Valuation of equity investments | | 39,125 | (14,656) | 5,582 | 0 | 30,051 |
| Investment property | | 6,638 | 3,670 | 0 | 0 | 10,308 |
| Cost of property, plant and equipment | | 36,939 | (319) | 0 | 0 | 36,620 |
| Intangible assets cost - deferred charges | | 32,149 | 10,784 | 0 | 0 | 42,933 |
| Goodwill | | 138,690 | 55,932 | 0 | 0 | 194,622 |
| Exchange difference on branches abroad | | 4,876 | 0 | 14,945 | 3,449 | 23,270 |
| Right of use IFRS 16 | | 146,988 | 6,145 | 0 | 0 | 153,133 |
| Unrealized exchange difference for financial obligations | | 39,574 | 0 | 0 | (39,574) | 0 |
| Other items | | 3,202 | (3) | 0 | 1 | 3,200 |
| **Subtotal** | | **474,014** | **61,553** | **20,527** | **(61,957)** | **494,137** |
| **Total** | **$** | **722,919** | **(69,564)** | **879,510** | **(1)** | **1,532,864** |

The Bank offset deferred tax assets and liabilities pursuant to paragraph 74 of IAS 12, considering tax regulations in force in Colombia regarding the legal right to offset assets and liabilities for current taxes:

| | | December 31, 2022 | | |
|---|---|---|---|---|
| | | Gross amounts deferred tax | Reclasificaciones de compensación | Saldo en el estado de situación financiera |
| Deferred tax asset | $ | 2,589,679 | (752,119) | 1,837,560 |
| Deferred tax liability | | 752,119 | (752,119) | 0 |
| Net | $ | **1,837,560** | **0** | **1,837,560** |

| | | December 31, 2021 | | |
|---|---|---|---|---|
| | | Gross amounts deferred tax | Reclasificaciones de compensación | Saldo en el estado de situación financiera |
| Deferred tax asset | $ | 2,027,001 | (494,137) | 1,532,864 |
| Deferred tax liability | | 494,137 | (494,137) | 0 |
| Net | $ | **1,532,864** | **0** | **1,532,864** |

## 20.5 EFFECT OF CURRENT AND DEFERRED TAXES IN EACH COMPONENT OF OTHER COMPREHENSIVE INCOME IN EQUITY

The effect of current and deferred taxes in each component of other comprehensive results is as follows:

| | | December 31, 2022 | | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|---|---|
| | | Amount before tax | (Expense) income of Current tax | (Expense) income of Deferred tax | Net | Amount before tax | (Expense) income of Deferred tax | Net |
| **Items that may be reclassi-fied to net income of the period** | | | | | | | | |
| Exchange difference on derivatives in foreign currency | $ | 38,289 | 0 | (14,328) | 23,961 | (403,983) | 275,834 | (128,149) |
| Exchange difference on bonds in foreign currency | | (908,740) | 0 | 360,394 | (548,346) | (1,049,016) | 422,649 | (626,367) |
| Exchange difference of foreign subsidiaries | | 586,061 | 0 | 0 | 586,061 | 2,421,868 | 0 | 2,421,868 |
| Unrealized loss (gain) from measurement of available for sale investments | | (518,001) | 0 | 217,103 | (300,898) | (529,283) | 199,760 | (329,523) |
| Loss realized in income from measurement of available-for-sale investments in debt instruments | | 0 | 0 | 0 | 0 | (21,933) | 7,457 | (14,476) |
| Share in other comprehensive income of subsidiaries and associates | | (877,612) | 0 | 0 | (877,612) | (408,930) | | (408,930) |
| Exchange difference of foreign branches | | 68,630 | 0 | (24,593) | 44,037 | 55,372 | (14,945) | 40,427 |
| Realization of OCI for loss of control of Subsidiaries | | 1,348,248 | (881,312) | (1,485,689) | (1,018,753) | (1,059) | 0 | (1,059) |
| **Subtotal** | | **(263,125)** | **(881,312)** | **(947,113)** | **(2,091,550)** | **63,036** | **890,755** | **953,791** |
| **Items that will not to be reclassified to net income** | | | | | | | | |
| Changes in actuarial assumptions in defined benefit plans. | | 18,628 | 0 | (6,697) | 11,931 | 21,122 | (5,663) | 15,459 |
| Share in other comprehensive income of subsidiaries and associates | | (55,725) | 0 | 0 | (55,725) | 537 | 0 | 537 |
| Unrealized gain on measurement of investments available for sale equity instruments | | 32,164 | 0 | (11,335) | 20,829 | 54,008 | (5,582) | 48,426 |
| Realization of OCI for loss of control of Subsidiaries | | 377,097 | 0 | 0 | 377,097 | 28,799 | 0 | 28,799 |
| **Subtotal** | | **372,164** | **0** | **(18,032)** | **354,132** | **104,466** | **(11,245)** | **93,221** |
| **Total other comprehensive income for the period** | **$** | **109,039** | **(881,312)** | **(965,145)** | **(1,737,418)** | **167,502** | **879,510** | **1,047,012** |

## 20.6 PROVISION FOR TAX POSITIONS

As of January 1, 2020, and by Decree 2270/2019, the interpretation of IFRIC 23 - Uncertainty regarding income tax treatments was adopted for purposes of the local financial statements Group I, which clarifies when the criteria are applied of recognition and measurement of IAS 12 - Income tax, in the event that there is uncertainty about tax treatments in income tax.

Banco de Bogotá has been applying IFRIC 23 in advance regarding uncertainties regarding positions adopted for the purposes of determining income tax, which may not be accepted by the tax authority in the event of a review. Consequently, as of December 31, 2022, and 2021, provisions for tax positions amount to $1,411 for the two years. The charge to income during the years ended December 31, 2022, and 2021 corresponds to $0 and ($3,129), respectively.

No additional taxes are anticipated as a result of possible visits by tax authorities or uncertainties related to tax positions applied by the Bank.

Balances at December 31, 2022 are expected to be utilized in whole or released upon expiration of the inspection rights of tax authorities.

### 20.7 REALIZATION OF DEFERRED TAX ASSETS:

In future periods, it is expected to continue to generate taxable income against which to recover the amounts recognized for deferred tax assets.

The estimate of future tax results is based mainly on the projection of the Bank's banking operations, whose positive trend is expected to be realized and allow the recovery of deferred tax assets.

The estimates of these financial and tax projections are the basis for the recovery of deferred tax assets mainly for exchange differences on foreign currency bonds, unrealized loss from measurement of available-for-sale investments and exchange difference on financial obligations in foreign currency.

### 20.8 TRANSFER PRICES

Pursuant to the provisions of Laws 788/2002, 863/2003, 1607/2012 and 1819/2016 regulated by Decree 2120/2017, regulated by Decree 2120/2017, the Bank prepared a transfer pricing study on transactions carried out with foreign economic related parties during the taxable year 2021. The study did not result in adjustments that would affect the Bank's taxable income, costs and expenses in the 2021 income tax declaration presented.

Although the transfer pricing study for the year 2022 is in the process of preparation, no significant changes are anticipated in relation to that of the previous year.

### 20.9 TAX REFORM FOR EQUALITY AND SOCIAL JUSTICE

A tax reform was adopted by means of Law 2277 of December 13, 2022, which introduces some modifications in income tax matters, which are presented below:

- The general income tax rate is maintained at 35% for domestic companies and their assimilated companies, permanent establishments of foreign entities and foreign legal entities with or without residence in the country required to file annual income tax returns.

- For financial institutions, insurance companies, reinsurance companies, stock brokerage companies, agricultural brokerage companies, agricultural, agro-industrial or other commodities exchanges and stock market infrastructure providers, a surtax of 5 additional points on the general income tax rate is established for taxable periods 2023 to 2027, for a total rate of 40% if they have a taxable income equal to or higher than 120,000 Tax Value Units (UVT- Spanish acronym) ($5,089 for year 2023). The surcharge will be subject to a 100% advance payment.
- A minimum tax is established for residents in Colombia, setting an additional tax in the event that the adjusted income tax is less than 15% of the pre-tax accounting profit with certain adjustments. Thus, taxpayers must: (i) Determine the adjusted tax for the Colombian taxpayer, or the adjusted tax for the group in case of being part of a corporate group, (ii) Determine the adjusted profit for the Colombian taxpayer or for the group in case of being part of a corporate group, and (iii) Determine the adjusted tax rate for the Colombian taxpayer or for the corporate group in case of being part of a corporate group. If the effective rate (adjusted tax/adjusted profit) is less than 15%, the tax to be added for the taxpayer or for the group in the case of being part of a corporate group must be calculated.

- Economic and Social Zones (ZESE Spanish acronym) are exempted from this rule during the period that their income tax rate is zero (0%), taxpayers whose adjusted profit is equal to or less than zero, those who are subject to the provisions of Art 32 of the Tax Code (Concessions), state-owned industrial and business enterprises or mixed economy companies that hold monopolies of luck, chance and liquor; hotels and theme parks provided they are not required to submit a country-by-country report.

- The amount of the sum of certain income not constituting income, special deductions, exempt income and tax discounts is limited to 3% per year of the ordinary net income.

- Article 158-1 is repealed, eliminating the possibility of deducting costs and expenses associated with investments in Science and Technology, i.e., these investments will only be eligible for a tax discount. The possibility of taking a 30% tax discount on investments in Science, Technology and Innovation (CTeI- Spanish acronym) that have been approved by the National Council of Tax Benefits (CNBT- Spanish acronym) is maintained; the previous regulation established a 25% discount.

- The possibility of taking 50% of the industry and commerce tax (ICA- Spanish acronym) tax effectively paid before filing the tax return as a tax discount is eliminated. One hundred percent of the amount accrued and paid prior to the filing of the income tax return will be deductible.

- One hundred percent of the taxes, levies and contributions effectively paid in the taxable year, which have a causal relationship with the generation of income (except income tax), will continue to be deductible; fifty percent of the tax on financial transactions (GMF) will be deductible, regardless of whether or not it has a causal relationship with the income-generating activity.

- Payments for memberships to social clubs, labor expenses for housing support of personnel or other activities unrelated to the income-generating activity, personal expenses of members, participants, shareholders, clients and/or their relatives, all of which will be considered income in kind for their beneficiaries, will not be deductible.

- It is established that non-deductible amounts for rulings arising from administrative, judicial or arbitration

(Continued)

proceedings correspond to punitive, sanctioning or compensatory amounts (paragraph 3 of article 105 of the Tax Code).

- The occasional profit tax rate is established at 15%.

- A withholding tax rate of 10% is established for dividends received by domestic companies that do not constitute income or occasional profit (formerly 7.5%), which will be transferable to the resident natural person or foreign investor. The exceptions established in the regulations in force are maintained. Dividends and interests received by permanent establishments of national foreign companies that do not constitute income or occasional profit will be taxed at the special rate of 20%.

- It was provided that the tax on taxable dividends will be determined: (i) by applying the income rate for the year in which they are declared (35%) and (ii) on the remainder, the rate corresponding to the non-taxed dividend will be applied, depending on the beneficiary (if the beneficiary is a resident natural person or an unliquidated estate of a deceased resident, the table of article 241 of the Tax Code will apply).

- Dividends declared and charged to profits of 2016 and prior years will retain the treatment in effect at that time, and those corresponding to profits obtained as of 2017 declared as of 2023 will be governed by the rates set forth in Law 2277 of December 2022.

## 21 – CUSTOMER DEPOSITS

Following is a breakdown of the deposits:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Checking accounts | $ | 15,523,635 | 14,541,023 |
| Savings accounts | | 29,448,745 | 29,307,390 |
| Time certificates of deposit | | 24,354,667 | 17,932,769 |
| Others | | 409,934 | 88,455 |
| | $ | **69,736,981** | **61,869,637** |

The following is the detail of customer deposits in U.S. dollars or their equivalent in U.S. dollars:

| **USD million** | | **December 31, 2022** | **December 31, 2021** |
|---|---|---|---|
| Checking accounts | US | 987 | 839 |
| Savings accounts | | 58 | 29 |
| Time certificates of deposit | | 621 | 1,019 |
| Others | | 74 | 12 |
| **Total** | US | **1,740** | **1,899** |

Customer deposits showed a net change at December 31, 2022 compared to December 31, 2021 of $7,867,344 mainly an increase in term certificates of deposit of $5,383,958, an increase in savings accounts of $134,204 and a decrease in checking accounts of ($28,269) and an increase due to exchange differences of $2,051,539.

The increase in accrued interest expense at December 2022 compared to December 2021 is mainly due to:

- Savings accounts for $1,002,072 correspond to an increase in the interest rate.
- Term Certificates for $870,614 generated by an increase in renewals and deposits.
- Current Accounts for $105,914 due to higher interest accrual, increase in interest rate and Automatic processes, Internet Collective Portfolio, Electronic Transfers, transfer Sebra.

## 21.1 CUSTOMER DEPOSITS - INTEREST RATES

Effective annual interest rates on customer deposits are shown below:

| | December 31, 2022 | | | | December 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Colombian pesos | | Foreign currency | | Colombian pesos | | Foreign currency | |
| | Min % | Max % | Min % | Max % | Min % | Max % | Min % | Max % |
| Checking accounts | 0.01% | 0.13% | 0.05% | 4.40% | 0.10% | 3.69% | 0.01% | 0.14% |
| Savings accounts | 0.10% | 14.93% | 0.05% | 1.50% | 0.50% | 6.03% | 0.01% | 0.08% |
| Time certificates of deposit | 0.10% | 19.54% | 0.15% | 5.30% | 0.05% | 10.15% | 0.01% | 0.18% |

## 21.2 CUSTOMER DEPOSITS, BY SECTOR

The following is a breakdown of the concentration of customer deposits, by economic sector:

| | | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| Financial | | 15,631,613 | 22.42% | 12,143,867 | 19.63% |
| Individuals | $ | 10,488,032 | 15.04% | 6,421,969 | 10.38% |
| Colombian government or Colombian government entities | | 8,036,920 | 11.52% | 9,509,622 | 15.37% |
| Insurance | | 7,444,326 | 10.67% | 5,404,711 | 8.74% |
| Services | | 5,455,203 | 7.82% | 5,510,528 | 8.91% |
| Commerce | | 3,253,732 | 4.67% | 3,935,385 | 6.36% |
| Manufacturing | | 2,913,785 | 4.18% | 2,304,307 | 3.72% |
| Real estate | | 2,104,318 | 3.02% | 1,898,346 | 3.07% |
| Mining and quarrying | | 1,700,628 | 2.44% | 2,412,335 | 3.90% |
| Transport | | 1,689,535 | 2.42% | 1,348,194 | 2.18% |
| Public utilities | | 1,587,051 | 2.28% | 1,310,462 | 2.12% |
| Education | | 1,072,709 | 1.54% | 988,436 | 1.60% |
| Agriculture and livestock | | 961,428 | 1.38% | 852,903 | 1.38% |
| Telecommunications | | 616,252 | 0.88% | 547,088 | 0.88% |
| Arts, entertainment, and recreation | | 268,617 | 0.39% | 263,860 | 0.43% |
| Religious organizations | | 229,917 | 0.33% | 168,310 | 0.27% |
| Others | | 6,282,914 | 9.01% | 6,849,314 | 11.07% |
| **Total** | $ | **69,736,981** | **100.00%** | **61,869,637** | **100.00%** |

(Continued)

### 21.3 MATURITIES OF TIME CERTIFICATES OF DEPOSIT

The following is a breakdown:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| 2022 | $ | 0 | 14,314,278 |
| 2023 | | 21,474,958 | 2,403,432 |
| 2024 | | 2,313,678 | 898,489 |
| 2025 | | 415,536 | 316,530 |
| 2026 y siguientes | | 150,495 | 40 |
| **Total** | **$** | **24,354,667** | **17,932,769** |

## 22 – FINANCIAL OBLIGATIONS

Following is a breakdown of the financial obligations:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Bonds issued | $ | 10,956,941 | 9,723,396 |
| Borrowings from banks and others | | 7,897,881 | 5,731,309 |
| Development entities | | 2,299,461 | 1,786,878 |
| Interbank borrowings and overnight funds | | 543,395 | 1,184,331 |
| Lease contracts | | 534,305 | 472,558 |
| **Total** | $ | **22,231,983** | **18,898,472** |

The following is a detail of the financial obligations in dollars or their equivalent in dollars:

| **USD Millones** | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Bonds issued | US | 2,089 | 2,215 |
| Borrowings from banks and others | | 1,642 | 1,440 |
| Interbank borrowings and overnight funds | | 81 | 0 |
| Development entities | | 0 | 2 |
| **Total** | US | **3,812** | **3,657** |

The net variation as of December 31, 2022, in financial obligations of $3,333,511 with respect to December 31, 2021, is mainly due to: Impact on the increase in the exchange rate of $2,287,180 with effect in results and $908,740 effect in Other comprehensive income (OCI) of the bonds that fulfill the hedging function. On the other hand, there is an increase in loans from banks and others (See Note 22.2) and a decrease in interbank and overnight funds (See Note 22.1).

(Continued)

## 22.1 INTERBANK BORROWINGS AND OVERNIGHT FUNDS

| | | December 31, 2022 | December 31, 2021 | Interest rate December 31, 2022 |
|---|---|---|---|---|
| **In Colombian pesos** | | | | |
| Simultaneous operations | $ | 114,753 | 1,072,413 | 0.00% a 12.00% |
| Commitments to transfer in repo operations | | 0 | 80,013 | 2.91% |
| Interbank funds purchased | | 40,305 | 29,405 | 11.95% |
| Commitments arising short-term operations | | 966 | 2,500 | 0.00% |
| Corresponding Banks | | **156,024** | **1,184,331** | |
| **Foreign currency** | | | | |
| Commitments to transfer in repo operations | | 380,172 | 0 | 4.45% a 4.75% |
| Corresponding Banks | | 7,199 | 0 | 0.00% |
| | | **387,371** | **0** | |
| **Total** | $ | **543,395** | **1,184,331** | |

Decrease in interbank and overnight funds of $641,019, mainly due to repo and simultaneous operations, is due to the reduced need to borrow resources in the money market to meet liquidity requirements.
The following shows the contractual maturities of interbank and overnight funds:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| 2022 | $ | 0 | 1,184,331 |
| 2023 | | 543,395 | 0 |
| **Total** | $ | 543,395 | 1,184,331 |

## 22.2 BORROWINGS FROM BANKS AND OTHERS

The following table shows the detail of item:

| | | December 31, 2022 | December 31, 2021 | Interest rate December 31, 2022 |
|---|---|---|---|---|
| **In Foreign currency** | | | | |
| Credits | $ | 3,062,772 | 2,377,660 | 1.47% a 4.10%<br>SOFR 1 + 5.18%<br>SOFR 3 + 2.35% a 6.39%<br>SOFR 6 + 4.22% a 7.10%<br>SOFR 12 + 1.34% a 6.04%<br>SOFR - OTROS + 3.92% a 5.72% |
| Acceptances | | 3,578,826 | 1,418,105 | 0.00% a 6.99% |
| Letter of credit | | 1,256,283 | 1,307,944 | 0.00% a 6.67% |
| Corporación Andina de Fomento | | 0 | 627,600 | LIBOR 1 + 0.75%<br>LIBOR 3 + 0.71% a 0.75%<br>LIBOR 6 + 0.76% a 0.93%<br>LIBOR OTRAS + 0.89% |
| **Total** | $ | **7,897,881** | **5,731,309** | |

(Continued)

The increase in the December 2022 cut-off with respect to December 2021 includes Structured Funding operations, acceptances for $2,160,721 that increased by 65%, due to the greater number of operations in force, the most significant operations were opened with (Cobank, Sumitomo Mitsui Banking Corporation, Citibank, N.A. - New York Branch and HSBC Bank - Zurich). Additionally, there was an increase of 21% for $685,111 in obligations with foreign financial entities (JP Morgan Chase Bank - New York Branch and Bank of America - New York Branch) and a decrease due to cancellations of obligations with the foreign financial entity Corporación Andina De Fomento for $627,600.

The following shows the contractual maturities of borrowings from bank and others:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| 2022 | $ | 0 | 5,731,309 |
| 2023 | | 7,727,533 | 0 |
| 2026 and following | | 170,348 | 0 |
| **Total** | $ | **7,897,881** | **5,731,309** |

## 22.3 BONDS ISSUED

The Bank is authorized by the Financial Superintendence of Colombia to issue or market bonds or general guarantee bonds. All bonds issued by the Bank is unsecured and represent only the obligations.

The Bank is in complying with the related covenants agreed with investors.

The detail is as follows:

| | Date | | | December 31, 2022 | December 31, 2021 | Interest rate December 31, 2022 |
|---|---|---|---|---|---|---|
| | Issue | Expiration | | | | |
| **Colombian pesos** | | | | | | |
| Ordinary bonds | sep-20 | sep-23 | $ | 114,252 | 114,033 | IBR+ 1.14% |
| Ordinary bonds | sep-20 | sep-25 | | 186,086 | 186,059 | 4.75% |
| Ordinary bonds | feb-21 | feb-24 | | 210,934 | 210,890 | 3.40% |
| Ordinary bonds | feb-21 | feb-26 | | 396,804 | 392,869 | IPC + 1.16% |
| | | | | **908,076** | **903,851** | |
| **Foreign currency** | | | | | | |
| Subordinated bonds | feb-13 | feb-23 | | 2,451,304 | 2,027,716 | 5.38% SV |
| Subordinated bonds (1) y (2) | may-16 | may-26 | | 2,882,970 | 2,380,151 | 6.25% SV |
| Subordinated bonds | nov-16 | may-26 | | 2,427,340 | 2,009,447 | 6.25% SV |
| Ordinary bonds (3) | aug-2017 | aug-2027 | | 2,287,251 | 2,402,231 | 4.38% SV |
| | | | | **10,048,865** | **8,819,545** | |
| **Total** | | | **$** | **10,956,941** | **9,723,396** | |

(1) Securities issued I tranche ME 2016 of which are designated as hedging instruments for the investment in Multi Financial Holding for $1,875,978, amount in US$390 (see Note 10.5).
(2) Securities issued I tranche ME 2016 of which are designated as hedging instruments for the investment in Foreign Agencies Banco de Bogota Panamá for $577,224, amount in US$120 (see Note 10.5).
(3) Investment securities that are part of the bond repurchase process (See Note 2.2).

The following is the detail of the maturities of the outstanding securities:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| 2022 | $ | 0 | 37,258 |
| 2023 | | 2,610,320 | 2,104,490 |
| 2024 | | 209,868 | 210,890 |
| 2025 | | 185,861 | 186,059 |
| 2026 and following | | 7,950,892 | 7,184,699 |
| **Total** | $ | **10,956,941** | **9,723,396** |

## 22.4 DEVELOPMENT ENTITIES

The Colombian government has created a number of lending programs to develop specific sectors of the economy, including foreign trade, agriculture, tourism, home construction and other industries. These programs are managed by a variety of government agencies, such as “Banco de Comercio Exterior (BANCOLDEX - Spanish acronym)”, “Fondo para el financiamiento del sector Agropecuario (FINAGRO - Spanish acronym)” and “Financiera de Desarrollo Territorial (FINDETER - Spanish acronym)”.

The following is a breakdown:

| | | December 31, 2022 | December 31, 2021 | Interest rate December 31, 2022 |
|---|---|---|---|---|
| **Colombian pesos** | | | | |
| FINDETER | $ | 1,145,924 | 1,088,441 | DTF + (4.00) a 4.80%<br>IBR + (2.80%) a 6.60%<br>IPC + (1.00%) a 5.00% |
| BANCOLDEX | | 756,907 | 418,756 | DTF + (2.00%) a 7.00%<br>IBR + (1.80%) a 7.10% |
| FINAGRO | | 396,179 | 272,980 | DTF + (3.50%) a 2.50%<br>IBR + (3.50%) a 2.60% |
| | | **2,299,010** | **1,780,177** | |
| **Foreign currency** | | | | |
| BANCOLDEX | | 451 | 6,701 | LIBOR 6 + 2.95% a 3.20% |
| | | **451** | **6,701** | |
| **Total** | $ | **2,299,461** | **1,786,878** | |

The following is a breakdown of the maturities of development entities:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| 2022 | $ | 0 | 509,704 |
| 2023 | | 746,525 | 397,175 |
| 2024 | | 552,797 | 301,472 |
| 2025 | | 390,046 | 198,948 |
| 2026 and following | | 610,093 | 379,579 |
| **Total** | $ | **2,299,461** | **1,786,878** |

## 22.5 LEASE CONTRACTS

The following table shows the detail of item:

| | | December 31, 2022 | December 31, 2021 | Interest rate December 31, 2022 |
|---|---|---|---|---|
| **Colombian pesos** | | | | |
| Lease liabilities | $ | 534,305 | 472,558 | 1.36% a 14.67% |
| **Total** | $ | **534,305** | **472,558** | |

The following is a breakdown of the maturities from lease contracts:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| 2022 | $ | 0 | 325,011 |
| 2023 | | 179,690 | 79,705 |
| 2024 | | 62,122 | 26,173 |
| 2025 | | 48,096 | 15,756 |
| 2026 and following | | 244,397 | 25,913 |
| **Total** | $ | **534,305** | **472,558** |

The following is an analysis of the net variation of $311,024 corresponding to interest expense generated during the years ended December 31, 2022, and 2021 by the financial obligations, which is mainly due to:

- Interbank borrowings and overnight funds for $101,365 greater impact in structured funding operations, behavior in the average interest rate of simultaneous operations, repos and interbank operations.
- Development entities for $90,091 increase in operations
- Bonds issued for $76,304 increase due to the effect of the exchange rate and causation of interest on subordinated bonds and ordinary bonds and
- Borrowings from banks and others for $45,499 interest caused mainly by financing operations with foreign banks.

## 22.6 ANALYSIS OF CHANGES IN FINANCING DURING THE PERIOD

The following is a reconciliation of movements of liabilities to cash flows arising from financing activities:

| | | Dividends payable | Bonds issued | Borrowings from banks and development entities | Lease contracts | Total |
|---|---|---|---|---|---|---|
| **Balances at December 31, 2021** | **$** | **304,538** | **9,723,396** | **7,518,187** | **472,558** | **18,018,679** |
| **Cash flows from financing activities** | | | | | | |
| Dividends paid controlling interest | | (189,455) | 0 | 0 | 0 | (189,455) |
| Dividends paid non-controlling interest | | (125,414) | 0 | 0 | 0 | (125,414) |
| Payment of issuance of bonds issued | | 0 | (478,023) | 0 | 0 | (478,023) |
| Acquisition of financial obligations | | 0 | 0 | 12,118,964 | 0 | 12,118,964 |
| Payment of financial obligations | | 0 | 0 | (11,067,092) | 0 | (11,067,092) |

(Continued)

| | | Dividends payable | Bonds issued | Borrowings from banks and development entities | Lease contracts | Total |
|---|---|---|---|---|---|---|
| Payment of principal on lease contracts | | 0 | 0 | 0 | (59,090) | (59,090) |
| **Net cash used in investing activities** | | **(314,869)** | **(478,023)** | **1,051,872** | **(59,090)** | **199,890** |
| Accrued interest | | 0 | 574,899 | 215,983 | 23,936 | 814,818 |
| Interest paid | | 0 | (573,606) | (167,346) | (23,936) | (764,888) |
| Exchange difference on foreign currency bonds (OCI) | | 0 | 908,740 | 0 | 0 | 908,740 |
| Dividends declared in cash | | 43,255 | 0 | 0 | 0 | 43,255 |
| Exchange difference expense | | 0 | 801,535 | 1,578,646 | 0 | 2,380,181 |
| Other changes | | (662) | 0 | 0 | 120,837 | 120,175 |
| **Total liabilities related to other changes** | | **42,593** | **1,711,568** | **1,627,283** | **120,837** | **3,502,281** |
| **Balances at December 31, 2022** | **$** | **32,262** | **10,956,941** | **10,197,342** | **534,305** | **21,720,850** |

| | | Dividends payable | Bonds issued | Borrowings from banks and development entities | Lease contracts | Total |
|---|---|---|---|---|---|---|
| **Balances at December 31, 2020** | **$** | **359,145** | **7,894,942** | **5,074,580** | **529,022** | **13,857,689** |
| **Cash flows from financing activities** | | | | | | |
| Dividends paid controlling interest | | (797,862) | 0 | 0 | 0 | (797,862) |
| Dividends paid non-controlling interest | | (359,857) | 0 | 0 | 0 | (359,857) |
| Payment of issuance of bonds issued | | 0 | 599,616 | 0 | 0 | 599,616 |
| Acquisition of financial obligations | | 0 | 0 | 12,821,929 | 0 | 12,821,929 |
| Payment of financial obligations | | 0 | 0 | (11,006,019) | 0 | (11,006,019) |
| Payment of principal on lease contracts | | 0 | 0 | 0 | (56,672) | (56,672) |
| **Net cash used in investing activities** | | **(1,157,719)** | **599,616** | **1,815,910** | **(56,672)** | **1,201,135** |
| Accrued interest | | 0 | 498,595 | 80,393 | 26,171 | 605,159 |
| Interest paid | | 0 | (487,510) | (84,079) | (26,181) | (597,770) |
| Exchange difference on foreign currency bonds (OCI) | | 0 | 1,049,016 | 0 | 0 | 1,049,016 |
| Dividends declared in cash (See Note 26.4) | | 1,105,152 | 0 | 0 | 0 | 1,105,152 |
| Exchange difference expense | | 0 | 168,737 | 631,383 | 166 | 800,286 |
| Other changes | | (2,040) | 0 | 0 | 52 | (1,988) |
| **Total liabilities related to other changes** | | **1,103,112** | **1,228,838** | **627,697** | **208** | **2,959,855** |
| **Balances at December 31, 2021** | **$** | **304,538** | **9,723,396** | **7,518,187** | **472,558** | **18,018,679** |

## 23 – EMPLOYEE BENEFITS

The following is a breakdown of the provisions for employee benefits:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Short-term benefits | $ | 86,387 | 79,118 |
| Post-employment benefits | | 67,307 | 90,105 |
| Long-term benefits | | 37,021 | 38,336 |

(Continued)

| | | | |
|---|---|---|---|
| | | **190,715** | **207,559** |
| Post-employment asset plan | | (141) | (116) |
| **Total** | $ | **190,574** | **207,443** |

The Bank is exposed to several risks (interest rate and operational risks) inherent in its employee benefit plans. It tries to minimize them by implementing policies and procedures for risk management.

### 23.1 POST-EMPLOYMENT BENEFITS

In Colombia, pensions for employees who retire after reaching a certain age and completing a specific period of service are assumed by public or private pension funds, based on defined contribution plans in which the company and the employee pay monthly amounts determined by law, so the employee will have a pension upon retirement. However, in the case of some employees who were hired before 1968 and have met the requirements with respect to time of service and age, their pensions are assumed directly by the Bank.

The Bank recognizes an additional bonus, either discretionary or provided for in collective bargaining agreements, for employees who retire once they comply with the age and years of service required for a pension fund to grant them a retirement pension.

The Bank has a group of employees with severance pay benefits that were recognized by law prior to the enactment of Law 50/ 1990. In this case, the benefit is cumulative and is paid based on the last salary earned by the employee, multiplied by the number of years of service, less any advances the employee might have received against the new benefit.

### 23.2 LONG-TERM EMPLOYEE BENEFITS

The Bank grants its employees voluntary long-term seniority bonuses on each fifth anniversary of continuous employment, which are calculated in terms of days of salary (between 15 and 180 days).

The following table shows the activity in post-employment and other long-term employee benefits:

| | | **Post-employment Benefits** | | **Other long-term benefits** | |
|---|---|---|---|---|---|
| | | **December 31, 2022** | **December 31, 2021** | **December 31, 2022** | **December 31, 2021** |
| **Balance Liabilities at the beginning of the period** | $ | **90,105** | **116,439** | **38,336** | **42,257** |
| Current service cost | | 621 | 6,544 | 3,407 | 2,468 |
| Interest expense | | 6,359 | 779 | 2,626 | 3,807 |
| Loss on changes in financial assumptions | | (18,408) | (21,083) | (2,943) | (5,460) |
| Benefit payments from employer | | (11,271) | (12,847) | (4,405) | (4,523) |
| Difference in exchange | | 17 | 19 | 0 | 0 |
| Reclassifications | | (116) | 253 | 0 | (213) |
| **Total Liabilities** | | **67,307** | **90,105** | **37,021** | **38,336** |
| **Asset plan** | | **(116)** | **0** | **0** | **0** |
| Interest income | | (4) | (2) | 0 | 0 |

| | | | | | |
|---|---|---|---|---|---|
| Return on plan assets | | 3 | (39) | 0 | 0 |
| Difference in exchange | | (44) | (15) | 0 | 0 |
| Reclassifications | | 20 | (60) | 0 | 0 |
| **Total asset** | | **(141)** | **(116)** | **0** | **0** |
| **Balance net at the end of the period** | $ | **67,166** | **89,989** | **37,021** | **38,336** |

The expense for post-employment benefits and long-term benefits, is related as follows:

| | | Post-employment Benefits | | Long-term benefits | |
|---|---|---|---|---|---|
| | | December 31, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| Defined contribution plans | $ | 56,772 | 54,635 | 8,639 | 8,517 |
| Defined benefit plans | | 7,199 | 7,321 | 3,090 | 815 |
| | **$** | **63,971** | **61,956** | **11,729** | **9,332** |

## SIGNIFICANT ACTUARIAL ASSUMPTIONS

The variables used to calculate the projected liability for retirement and other long-term benefits are listed below:

| | Post-employment Benefits | | Long Term Benefits | |
|---|---|---|---|---|
| | December 31, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| Discount rate | 13.67% | 7.60% | 13.75% | 7.25% |
| Price Inflation rate | 3.00% | 2.99% | 3.00% | 3.00% |
| Salary increases rate | 4.00% | 2.96% | 4.00% | 3.00% |
| Pensions in payment increase rate | 3.00% | 3.00% | N/A | N/A |

Employee turnover is calculated based on each entity's own experience. For those entities that do not yet have sufficiently long statistics to support the actuarial bases, the SoA2003 table is used as a reference. This table is used to establish the probability of personnel remaining in the entity, modified according to the population factor of each benefit.

The expected life of employees is calculated based on mortality tables published by the Financial Superintendence of Colombia, which have been constructed based on the mortality experience provided by the different insurance companies operating in Colombia. The expected life of employees is calculated based on mortality tables RV08 (Colombia) and GA83 (Central America).

The discount rate is assigned according to the duration of the plan. Those with a longer horizon have a higher rate than short-term plans. Accordingly, for plans with longer horizons, the higher rate will be the TES curve.

### 23.3 SENSITIVITY ANALYSIS

The sensibility analysis for post-employment and long-term benefits liabilities to different actuarial and financial variables, maintaining other variables at constant values (increase or decrease 0.5 basis points), for the year ended at December 31, 2022, is shown below:

| | | Post-employment Benefits | | Long Term Benefits | |
|---|---|---|---|---|---|
| | | - 0.50 basis points | + 0.50 basis points | - 0.50 basis points | + 0.50 basis points |
| Discount rate | $ | 1,501 | (1,520) | 617 | (591) |
| Salary increase rate | | (74) | 75 | (807) | 838 |
| Pensions-in-payment increase rate | $ | (1,105) | 1,057 | N/A | N/A |

### 23.4 EXPECTED CASH FLOWS FOR FOLLOWING YEAR

Anticipated future benefits, which reflect service, as appropriate, are expected to be paid as follows:

| | | Post-employment Benefits | Other benefits |
|---|---|---|---|
| 2023 | $ | 15,067 | 9,756 |
| 2024 | | 13,309 | 7,403 |
| 2025 | | 13,703 | 7,061 |
| 2026 | | 13,822 | 4,345 |
| 2027 | | 14,019 | 4,185 |
| Years 2028 – 2031 | $ | 76,415 | 28,721 |

As of December 31, 2022, in post-employment benefits, employee participation was as follows: retirement bonuses 9,875, pensions 709, other 62, and in long-term five-year benefits 5,603 and airline tickets 9,875 employees.

Compensation for key management personnel in each benefit category is described in Note 33 – Related Parties.

## 24 – PROVISIONS

The following is the activity in provisions:

| | | Legal proceedings | Other provisions | Total |
|---|---|---|---|---|
| **Balance at December 31, 2020** | **$** | **9,628** | **14,428** | **24,056** |
| New provisions | | 3,210 | 446 | 3,656 |
| Increase in existing provisions | | 1,157 | 1 | 1,158 |
| Increase due to adjustments that arise over time | | 0 | 145 | 145 |
| Used provisions | | (2,814) | (1,284) | (4,098) |
| Reverted unused provisions | | (102) | (1,288) | (1,390) |
| **Balance at December 31, 2021** | **$** | **11,079** | **12,448** | **23,527** |

| | | Legal proceedings | Other provisions | Total |
|---|---|---|---|---|
| New provisions | | 1,137 | 198 | 1,335 |
| Increase in existing provisions | | 1,514 | 0 | 1,514 |
| Increase due to adjustments that arise over time | | 0 | 619 | 619 |
| Used provisions | | (5,280) | (425) | (5,705) |
| Reverted unused provisions | | (785) | (391) | (1,176) |
| **Balance at December 31, 2022** | **$** | **7,665** | **12,449** | **20,114** |

### Legal provisions

Corresponds mainly to labor, civil and administrative lawsuits filed against the Bank for which provisions were recognized for which it is not possible to determine a disbursement schedule due to the diversity of lawsuits in different instances. However, the Bank does not expect significant changes in the amounts provisioned as a result of the payments to be made on each of the processes. There is no established periodicity for these processes.

### Other provisions

At December 31, 2022 and 2021, the bank reported $10,951 and $10,950 in respective estimated provisions for expenses required to dismantling teller machines and improving in leased properties.

## 25 – ACCOUNTS PAYABLE AND OTHER LIABILITIES

The following is a breakdown of accounts payable and other liabilities:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Electronic transactions in processes (1) | $ | 746,310 | 543,330 |
| Liabilities payable for services collections | | 408,332 | 471,407 |
| Payments to suppliers and payments for services | | 332,884 | 291,766 |
| Withholdings and other labor contributions | | 129,450 | 97,386 |
| Visa smart card payments - Visa Electron | | 86,850 | 76,249 |
| Certificates of time deposit - matured | | 83,011 | 83,688 |
| Other taxes | | 80,153 | 57,960 |
| Leasing to activate | | 73,229 | 72,922 |
| Funds pending credit to customers (2) | | 49,767 | 70,474 |
| Collect of services and payments of credit cards or Aval entities | | 44,407 | 27,905 |
| Security and peace bonds | | 35,475 | 35,673 |
| Transaction with Aval entities | | 35,349 | 16,985 |
| Payable dividends and surpluses (3) | | 32,263 | 304,538 |
| Tax on financial transactions | | 31,033 | 23,952 |
| Checks drawn but not cashed | | 26,753 | 36,499 |
| Cancelled accounts | | 16,147 | 16,089 |
| Interest from restructuring processes (4) | | 14,668 | 12,862 |
| Loyalty programs | | 10,647 | 6,128 |
| Lien orders | | 8,466 | 7,719 |
| Cash surpluses – clearing | | 7,922 | 15,475 |
| Electronic purse for coffee growers | | 6,256 | 11,779 |

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Other accounts payable | | 86,366 | 84,703 |
| | $ | **2,345,738** | **2,365,489** |

(1) Increase due to the transactional reconciliation with related entities that occur one business day later. At the end of the year 2022, there is a higher amount due to the annual bank closing, leaving more days pending reconciliation.
(2) Corresponds to approved credits not credited to customer accounts.
(3) The decrease is due to the payment of dividends declared at the General Shareholders' Meeting held in March 2021 for $1,105,152 (See Note 14), which were paid in full during the year 2022.
(4) Corresponds to deferred income from the restructured portfolio.

# 26 – EQUITY

## 26.1 CAPITAL IN SHARES

The face value of authorized ordinary, issued, and outstanding common shares in the Bank was $10.00 pesos each. These shares are represented as follows:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Number of authorized ordinary shares | | 500,000,000 | 500,000,000 |
| Number of ordinary shares subscribed and paid | | 355,251,068 | 331,280,555 |
| Subscribed and paid-in capital | $ | 3,553 | 3,313 |

On June 28, 2022, after the corresponding authorization by the Shareholders' Meeting, 23,970,513 shares were issued, generating an increase in Capital Stock of $240 million (see Note 26.3 and 26.4).

## 26.2 RETAINED EARNINGS

Following shows the composition of Retained earnings:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Legal Reserve** | | | |
| Appropriation of net profits | $ | 12,965,926 | 11,663,625 |
| **Statutory and occasional Reserve** | | | |
| Charity and donations | | 400,500 | 332,500 |
| Tax provisions | | 360 | 536 |
| **Others Reserve** | | 3,499,364 | 1,589,105 |
| Spin-off transactions between stockholders (1) | | (9,732,406) | 0 |
| Income from previous years (2) | | (505,449) | (106,410) |
| **Net income for the period** | | 2,251,716 | 4,385,556 |
| **Total** | $ | **8,880,011** | **17,864,912** |

(1) Spin-off BAC Holding International (BHI) (See Note 2.1.2)
(2) Includes remeasurement of deferred tax due to change in tariffs (See Note 2.4).

(Continued)

**Legal reserve**

By law, all lending institutions are required to create a legal reserve by appropriating ten percent (10%) their net earnings, each year, until the reserve equals fifty percent (50.0%) of subscribed capital. This legal reserve may be reduced to less than fifty percent (50.0%) of subscribed capital to cover losses in excess of undistributed profits. However, it may not be used to pay dividends or to cover expenses or losses as long as the Bank has undistributed profits.

**Statutory and occasional reserves**

They are approved by the Shareholders' Meetings.

## 26.3 DIVIDENDS DECREED

The dividends decreed were the following:

| | December 31, 2022 | December 31,2021 |
|---|---|---|
| Dividends decreed | A dividend in shares at the rate of $3,336.00 pesos per share on the 331,280,555 ordinary shares outstanding as of March 31, 2022, at a ratio of one share for every 13.26 ordinary shares. The unit value of the shares corresponded to the book value (intrinsic value per share) as of March 31, 2022, of $44,232 pesos, of which $10 pesos was recorded in the capital account and $44,222 pesos in the additional paid-in capital account. These dividends were taken from 2021 Income and retained earnings of 2016 and prior years, eligible for distribution to shareholders as non-taxable. | A dividend at the rate of $278.00 pesos per share and per month to be paid in cash between April 2021 and March 2022, both months inclusive, the first working day of each month, to people who have the quality of shareholders at the time each payment is due. These dividends will be taken from the profits of the year 2020 and the retained earnings of the years 2016 and earlier, which may be distributed to shareholders as not taxed. |
| Ordinary shares outstanding | 355,251,068 | 331,280,555 |
| **Total dividends decreed (1)** | **1,105,152** | **1,105,152** |

(1) During the year 2022, the value of $1,638 was recognized for withholding in the payment of dividends in shares and cash.

## 26.4 BASIC AND DILUTED NET EARNINGS PER SHARE

The following table summarizes net earnings per share:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Net income for the period from continuing operations | $ | 1,785,269 | 2,660,610 |
| Net incomer for the period from discontinued operations | | 466,447 | 1,724,946 |
| Weighted average common shares outstanding (1) | | 355,251,068 | 331,280,555 |
| Basic and diluted net income per share from continuing operations | | 5,198 | 8,031 |
| Basic and diluted net income per share from discontinued operations | | 1,358 | 5,207 |
| Total basic income per share | **$** | **6,556** | **13,238** |

(Continued)

(1) During the year 2022, the weighted average of outstanding shares was calculated, taking into account that on June 28, 2022, 23,970,513 shares were issued.

### Adjustments for first-time adoption of IFRS

As instructed by the Financial Superintendence of Colombia in Circular 36/2014, the net positive differences that are generated when supervised institutions adopt IFRS for the first time may not be distributed to cover losses, nor may they be capitalized, distributed as profits/ dividends, or recognized as reserves. They may be used only when effectively realized with third parties, other than related parties, and in accordance with IFRS principles.

Net positive differences generated when adopting IFRS for the first time may not be used to comply with prudent requirements of minimum capital required to operate, depending on the nature of each institution supervised by the Financial Superintendence of Colombia.

## 27 – OTHER COMPREHENSIVE INCOME

The following is a breakdown of the balances and activity in “other comprehensive income” included under equity:

| | Balance as at December 31, 2021 | Changes during the period other than loss of control | Realization for loss of control of subsidiaries (1) | Balance as at December 31, 2022 |
|---|---|---|---|---|
| **Hedge accounting** | | | | |
| Foreign exchange difference of foreign subsidiaries | $ 5,821,544 | 870,451 | (6,159,834) | 532,161 |
| Exchange differences on foreign currency derivatives | (3,411,380) | 38,289 | 3,183,760 | (189,331) |
| Foreign exchange difference on foreign currency bonds | (2,410,164) | (908,740) | 2,976,074 | (342,830) |
| Foreign exchange difference of foreign subsidiaries and associates (non-hedged item) | 459,998 | (284,390) | (4,319) | 171,289 |
| Unrealized loss on measurement of available-for-sale investments in debt instruments (2) | (495,097) | (518,001) | 0 | (1,013,098) |
| Foreign exchange difference of foreign branches | 99,635 | 68,630 | (33,882) | 134,383 |
| Equity in other comprehensive income of subsidiaries and associates | (1,427,692) | (933,337) | 1,763,546 | (597,483) |
| Actuarial measurements in defined benefit plans | (15,017) | 18,628 | 0 | 3,611 |
| First-time adoption of NCIFs | 27,064 | 0 | 0 | 27,064 |
| Unrealized gain on measurement of available-for-sale investments equity instruments | 129,246 | 32,164 | 0 | 161,410 |
| Income tax (3) | 2,344,252 | 520,544 | (2,367,001) | 497,795 |
| **Other comprehensive income** | **$ 1,122,389** | **(1,095,762)** | **(641,656)** | **(615,029)** |
| **Total other comprehensive income** | | | **(1,737,418)** | |

1. See Note 2.1
2. The main variation in available-for-sale investments with respect to December 31, 2021, corresponds to valuation loss in securities of the National Treasury Directorate (TES fixed rate) in the amount of ($444,324).
3. Includes transactions accounted for in OCI related to BHI for $2,339,843 and $27,158 for participation in OCI of BHI recognized through the application of the equity method.

| | | Balance as at December 31, 2020 | Changes during the period | Balance as at December 31, 2021 |
|---|---|---|---|---|
| **Hedge accounting** | | | | |
| Foreign exchange difference of foreign subsidiaries (hedged item) | $ | 4,368,545 | 1,452,999 | 5,821,544 |
| Exchange differences on foreign currency derivatives | | (3,007,397) | (403,983) | (3,411,380) |
| Foreign exchange difference on foreign currency bonds | | (1,361,148) | (1,049,016) | (2,410,164) |
| Foreign exchange difference of foreign subsidiaries (non-hedged item) | | (508,871) | 968,869 | 459,998 |
| Unrealized loss on measurement of available-for-sale investments in debt instruments | | 56,119 | (551,216) | (495,097) |
| Unrealized gain from measurement of available for sale investments in equity securities | | 75,238 | 54,008 | 129,246 |
| Foreign exchange difference of foreign branches | | 44,263 | 55,372 | 99,635 |
| Equity in other comprehensive income of subsidiaries and associates | | (1,047,039) | (380,653) | (1,427,692) |
| Actuarial measurements in defined benefit plans | | (36,139) | 21,122 | (15,017) |
| Income tax | | 1,464,742 | 879,510 | 2,344,252 |
| First-time adoption of NCIFs | | 27,064 | 0 | 27,064 |
| **Total other comprehensive income** | $ | **75,377** | **1,047,012** | **1,122,389** |

## 28 –COMMISSIONS AND OTHER SERVICES

The following is a breakdown of expenses for commissions and other services for the years ended December 31, 2022, and 2021:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Banking services | $ | 285,089 | 224,992 |
| Information processing service | | 15,926 | 14,302 |
| Services of the network of offices | | 10,085 | 9,064 |
| Others | | 93,825 | 67,734 |
| **Total** | $ | **404,925** | **316,092** |

## 29 – OTHER INCOME

The following is a breakdown of other income for the years ended December 31, 2022, and 2021:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Equity in investments using the equity method** | | | |
| **Subsidiaries** | | | |
| Multi Financial Holding Inc | $ | 66,409 | 19,648 |
| Fiduciaria Bogota S.A. | | 42,141 | 81,905 |
| Banco de Bogota Panama S.A. | | 7,767 | 5,401 |
| Almaviva S.A. | | 2,460 | (158) |
| Megalinea S.A. | | 496 | 877 |
| Bogota Finance Corporation | | 5 | 3 |
| Porvenir S.A. | | 0 | 129,310 |
| Aportes en Linea S.A. | | 0 | 162 |

(Continued)

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Aval Soluciones Digitales S.A. | | (827) | 154 |
| | **$** | **118,451** | **237,302** |
| **Associates and jointjoint ventures** | | | |
| Corporación Financiera Colombiana S.A. | | 615,846 | 587,964 |
| Porvenir S.A. | | 56,213 | 82,302 |
| Casa de Bolsa S.A. | | 3,483 | 480 |
| A Toda Hora S.A. | | 123 | 214 |
| A Toda Hora S.A. N.C. | | 103 | 0 |
| Servicios de Identidad Digital S.A.S. | | (4,206) | (5,455) |
| | | **671,562** | **665,505** |
| **Total** | $ | **790,013** | **902,807** |

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Other's income** | | | |
| Gain on sales of property and equipment | $ | 95,731 | 11,848 |
| Fees legal and pre - legal collection | | 36,375 | 19,217 |
| Others | | 20,313 | 29,570 |
| Gain on repurchase of bonds (Note 2.5) | | 13,447 | 0 |
| Dividends and participations | | 13,160 | 6,926 |
| Franchise incentives for debit and credit cards | | 209 | 8,909 |
| Gain on sale of investments, net | | 0 | 21,302 |
| Loss on portfolio sale (1) | | (39,990) | 541 |
| **Total** | $ | **139,245** | **98,313** |

1) The variation is mainly due to the sale of the portfolio to Sigma Steel.

The following table details the difference in change:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Income exchange difference | | 2,346,792 | 1,004,273 |
| Expense exchange difference | | 3,826,566 | 1,412,705 |
| **Exchange difference expense, net** | $ | **1,479,774** | **408,433** |

## 30 – ADMINISTRATIVE EXPENSES

The following is a breakdown of administrative expenses for the years ended December 31, 2022, and 2021:

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Taxes and fees | $ | 330,770 | 242,285 |
| Outsourcing amd specialized | | 208,979 | 193,480 |
| Insurance | | 179,660 | 158,387 |
| Fees | | 155,340 | 155,680 |
| Advertising and publicity | | 80,173 | 75,042 |
| Other | | 79,267 | 62,012 |
| ATH joint venture account | | 77,597 | 42,948 |

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Maintenance and repairs | | 77,055 | 69,986 |
| Software development services | | 58,823 | 47,493 |
| Public services | | 39,807 | 38,693 |
| Transport | | 31,038 | 28,883 |
| Contributions and affiliations | | 29,334 | 29,854 |
| Database and consulting | | 28,611 | 26,823 |
| Electronic data processing | | 25,008 | 19,772 |
| Cleaning and security services | | 22,056 | 23,282 |
| Incentives payroll | | 20,479 | 23,138 |
| Supplies and stationery | | 20,428 | 17,587 |
| Building administration fee | | 17,449 | 17,707 |
| Leases | | 16,893 | 14,953 |
| Temporary services | | 11,822 | 6,352 |
| Adaptation and installation | | 9,221 | 9,408 |
| Travel expenses | | 8,706 | 4,461 |
| **Total** | $ | **1,528,516** | **1,308,226** |

## 31 – COMMITMENTS AND CONTINGENCIES

### 31.1 COMMITMENTS TO DISBURSE FUNDS FOR CAPITAL DISBURSEMENTS

As of december 31, 2022, the Bank incurred capital expenditures of $10,258, corresponding to contracts for the purchase of property, plant and equipment (real estate) and intangible assets (licenses). These contracts have no disbursement commitments.

### 31.2 LEASE COMMITMENTS

The Bank opted not to implement IFRS 16 requirements for short-term contracts and low-value underlying assets. Lease fees are adjusted as agreed in the lease contract and/or the legal requirements.

At december 31, 2022, and 2021, there are commitments to pay lease payments not exceeding for the years of $1,429 and $3,543, respectively.

As a lessee, the Bank recognizes the payment of leases as an expense on a straight-line basis during the term of the contract. The lease fee recognized in the statement of income for the year ended on december 31, 2022, and 2021 amounts to $16,893 y $14,953, respectively.

### 31.3 LEGAL CONTINGENCIES

As december 31, 2022, and 2021, the Bank had administrative and judicial proceedings against it, with claims amounting to $173,768 and $158,795, respectively. Based on the analysis and concepts of the

(Continued)

lawyers in charge of such processes, it is estimated that the resolution of such processes will not imply the outflow of economic resources for the Bank; therefore, the recording of provisions has not been required.

Following is a breakdown of the contingencies against the Bank for over $5,000:

**Popular Action - Valle del Cauca Department**

Banco de Bogota together with several banks of the financial sector were sued in a popular action alleging the alleged payment of excess interest by the Department of Valle in connection with a debt restructuring made by several banks in its favor. It is also alleged that the defendants did not recognize the real value of the shares of Sociedad Portuaria de Buenaventura and Empresa de Energía del Pacífico in a dation in payment of such shares in favor of the banks. The claims amount to $18,000. Because the probability of loss is considered to be low, no provision has been recorded.

**Incident within the labor process of Clínica la Asunción against Cafesalud E.P.S.**

Incident of joint and several liabilities borne by the Bank for alleged breach of embargo payment orders given within the process of Clínica la Asunción and others against Cafesalud E.P.S., the claims amount to $70,980. By means of an order of November 15, 2017, a sanction was imposed against the Bank, which is not in force for the appeals filed by the Bank of Bogota. Given the untouchable nature of the accounts on which the precautionary measure fell and the absence of a rule that would make it possible to impose a solidary sentence on a banking establishment for the alleged breach of an attachment order, The Bank considers that the decision should be revoked.

**Action for the protection of financial consumers Alba Cecilia Londoño Gomez**

Banco de Bogota and Fiduciaria Bogota were sued in an action for the protection of financial consumers due to the alleged execution of a commercial offer of an investment trust between Banco de Bogota and Luis Guillermo Sorzano Espinosa or Mrs. Alba Cecilia Londoño Gomez as trustors for $14, in 1990. The plaintiff seeks the payment of the invested capital and the alleged profitability agreed for $41,215. The first instance judgment was obtained in favor of the Bank, which was appealed by the plaintiff; recently the appeal was declared abandoned and the judgment became final.

**Asesorías y servicios de ingeniería Aser LTDA.**

Executive lawsuit in which the plaintiff seeks the execution of a memorial of termination of an executive process followed against it by Banco de Bogota S.A., for alleged damages allegedly caused by the Bank for not having complied with the payment agreement signed between the parties and that the Bank be ordered to pay an indemnity of $7,097. The decision was obtained in favor of the Bank and confirmed in the second instance, which is currently being disputed by the plaintiff through a tutela action.

## 32 – CAPITAL MANAGEMENT

### 32.1 REGULATION IN MATTERS OF CAPITAL

In line with the definitions of capital ratio of Basel III and the objective of increasing both the quality and quantity of the capital of credit institutions, the Ministry of Finance and Public Credit issued decrees 1477

(Continued)

of 2018 and 1421 of 2019, which modified decree 2555 of 2010 with respect to the adequate capital requirements of credit institutions.

Furthermore, the Ministry updated the methodology (standard method) for calculating credit risk-weighted assets and included capital requirements due to exposure to operational risk. The dispositions contained in Decrees 1477 of 2018 and 1421 of 2019 are being applied as of January 1, 2021.

The total solvency ratio, defined as the relationship between technical reserves and total risk-weighted assets (credit, market and operational), cannot be lower than 9.0%, and the basic solvency ratio, defined as the relationship between ordinary basic equity and the total risk-weighted assets (credit, market and operational), cannot be lower than 4.5%.

The following indicators were also included: The additional basic solvency ratio (minimum 6%), the Combined Buffer (conservation buffer (1.5%) and the buffer for entities with systemic importance (1%)) and the leverage ratio (minimum 3%). These indicators (except for the leverage ratio) must be achieved gradually from 2021 to 2024, in accordance with the transition plan established in the regulation. For the year 2022 the requirements are as follows: i) the Additional Basic Solvency Ratio (5.25%) and ii) Combined Buffer: conservation buffer (0.75%) and systemic buffer (0.5%). Banco de Bogotá was considered an Entity of Systemic Importance, according to Circular Letter 72 of November 30, 2021, issued by the Financial Superintendence of Colombia, and therefore must comply with this systemic buffer.

## 32.2 RESULTS OF THE SOLVENCY RELATION

The following is the detail of the calculation of the Bank's Individual Solvency Ratio for the years December 31, 2022, and 2021, under the rules described above (Basel III):

| | | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| A. Ordinary Basic Equity (PBO- Spanish acronym) | $ | 10,088,159 | 21,603,881 |
| B. Additional Basic Equity (PBA - Spanish acronym) | | 0 | 0 |
| **C. Total Basic Equity (C= A+B)** | | **10,088,159** | **21,603,881** |
| D. Additional Equity (PA - Spanish acronym) | | 3,560,700 | 3,940,294 |
| E. Deductions from Technical Reserves | | 0 | 0 |
| **F. Technical Reserves (PT, for the Spanish original) (F=C+D-E)** | | **13,648,858** | **25,544,175** |
| G. Credit RWA | | 68,771,856 | 73,993,046 |
| H. Weighted Market risk (VaR MR) | | 5,504,360 | 5,683,859 |
| I. Weighted Operational Risk (VaR OR) | | 5,860,219 | 6,096,797 |
| **J. Risk-Weighted Assets (Credit + Market + Operational)** | | **80,136,435** | **85,773,702** |
| Basic Solvency relation (RSB - Spanish acronym) I min 4.5% | | 12.59% | 25.19% |
| Additional Basic Solvency relation (RSBA - Spanish acronym) I min 6% (1) | | 12.59% | 25.19% |
| Total relation solvency (RST- Spanish acronym) I min 9% | | 17.03% | 29.78% |
| Basic Solvency relation available for Mattress compliance (RSB – Spanish acronym % - 4.5%) | | 8.09% | 20.69% |
| Combined mattress required (Conservation + Systemic) (%) (1) | | 1.25% | 0.625% |
| Leverage Value - $ Million | $ | 106,717,652 | 109,746,904 |
| Leverage Ratio (min. 3%) | | 9.45% | 19.69% |

(Continued)

(1) Compliance in accordance with the transition plan (Article 13 of Decree 1477 of 2018, as amended by Article 8 of Decree 1421 of 2019): 1. The Additional Basic Solvency Ratio (5.250% of 6%); 2. Combined Cushion: conservation cushion (0.750% of 1.5%) and systemic cushion (0.50% of 1%).

## 33 – RELATED PARTIES

Related party is a person or entity that is related to the entity that prepares its financial statements, which could exercise control or joint control over the reporting entity, significant influence, or could be considered a key member of management or of a parent. The definition of related parties includes people and/or family members related to the entity, entities that belong to the same group (parent and subsidiary), associates or business combinations of the entity or of the entities of the Group, or post-employment plans benefitting the employees of the reporting entity or a related entity.

The relevant related parties are defined as follow:

- An economically related party is a person or entity that is related to any entity in the Group through transactions such as the transfer of resources, services or obligations, regardless of whether or not a price is charged.

- For the Bank, transactions between related parties are defined as all economic events entered into with the shareholders and entities of Grupo Aval Acciones y Valores S.A. (hereinafter Grupo Aval S.A.).

- Shareholders who individually own more than 10% of the Bank’s capital stock.

- Key management personnel: People with authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly, including any manager or administrator (executive or otherwise) of the Bank, as well as the president and vice presidents and the members of the Board of Directors.

- Subordinate entities: Companies in which the Bank exercises control, according to the definition of control outlined in the Commercial Code and in “IFRS 10 – Consolidated Financial Statements”.

- Associate entities: These are entities wherein the Group exercises significant influence, which generally is regarded as owning between 20% and 50% of the firm’s equity.

**Transactions with related parties**

The Bank may enter into transactions, agreements or contracts with related parties, with the understanding that any such operation shall be conducted at fair value, considering market conditions and rates.

There were none of the following between the Bank and its related parties for the years ended at December 31, 2022 and December 2021, respectively.

- Loans involving an obligation to the borrower that does not coincide with the essence or nature of a loan agreement.

- Loans at interest rates other than those normally paid or charged under similar terms with respect to risk, maturity, etc.

(Continued)

- Operations of a nature that is different from those conducted with third parties.

According to the Banco de Bogota manual on agreements, specifically Chapter VI- “Special Agreements with Subsidiaries on Using the Bank’s Network,” Banco de Bogota has agreements with Fiduciaria Bogota S.A. and Porvenir S.A.to allows them to use its network of offices.

Fiduciaria Bogota S.A. entered into a contract with Banco de Bogota to use the Bank’s network of offices for its operations. The agreement outlines how the transactions of customers with mutual funds managed by Fiduciaria Bogota S.A. will be handled, from an operational standpoint.

In keeping with the provisions outlined in Law 50/1990 (Labor Reform Act) and Law 100/1993 (General Social and Comprehensive Security System), the Bank entered into an agreement with Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A., whereby Porvenir uses the Bank’s offices as a support network to provide services related to the severance and mandatory pension funds it manages.

Fees were paid to directors for attendance at meetings of the Board of Directors and Committees for the years ended December 31, 2022, and 2021, for $1,632 and $1,351 respectively.

See Notes 2.1 and 2.2 for details of relevant transactions with related entities.

All transactions and disbursements were conducted at market prices. Credit card operations and overdrafts were done at the full rates for those products.

The grouping of balances with related parties, including the detail of the balances of key management personnel, is shown below:

**Statement of financial position**

| | | December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | Related entities | | |
| | | Economically related parties | Grupo Aval S.A. | Key management personnel | Others related parties | Associates and joint ventures | Subordinates |
| **Assets** | | | | | | | |
| Cash and cash equivalents | $ | 0 | 0 | 0 | 0 | 0 | 262,841 |
| Investments accounted for using the equity method | | 0 | 0 | 0 | 0 | 8,485,153 | 2,976,180 |
| Impairment of investments | | 0 | 0 | 0 | 0 | (7,641) | (1,864) |
| Derivatives at fair value | | 3,478 | 0 | 0 | 0 | 0 | 0 |
| Financial investment assets | | 519,964 | 0 | 0 | 0 | 3,745 | 0 |
| Loan portfolio | | 1,619,382 | 506,500 | 16,217 | 22 | 1,009,824 | 84 |
| Other accounts receivable (1) | | 1,807,863 | 0 | 0 | 0 | 40,185 | 3,059 |
| Right of use assets | | 0 | 0 | 0 | 0 | 672 | 0 |
| Other assents | | 1 | 0 | 0 | 0 | 0 | 0 |
| **Liabilities** | | | | | | | |
| Financial liabilities derivatives at fair value | | 5,018 | 0 | 0 | 0 | 0 | 0 |

(Continued)

| | | December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | Related entities | | |
| | | Economically related parties | Grupo Aval S.A. | Key management personnel | Others related parties | Associates and joint ventures | Subordinates |
| Financial liabilities at amortized cost | | 1,062,852 | 271,217 | 31,987 | 820 | 1,393,049 | 2,698,518 |
| Accounts payable and other liabilities | $ | 0 | 0 | 0 | 0 | 8,482 | 5 |

| | | December 31, 2021 | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | Related entities | | |
| | | Economically related parties | Grupo Aval S.A. | Key management personnel | Others related parties | Associates and joint ventures | Subordinates |
| **Assets** | | | | | | | |
| Cash and cash equivalents | $ | 0 | 0 | 0 | 0 | 0 | 15,662 |
| Investments accounted for using the equity method | | 0 | 0 | 0 | 0 | 8,131,506 | 16,373,796 |
| Impairment of investments | | 0 | 0 | 0 | 0 | (7,641) | (1,543) |
| Derivatives at fair value | | 330 | 0 | 0 | 0 | 0 | 0 |
| Loan portfolio | | 1,739,019 | 527,379 | 17,772 | 1,269 | 917,443 | 71 |
| Other accounts receivable (1) | | 80,000 | 0 | 0 | 0 | 39,160 | 1,177,672 |
| Right of use assets | | 0 | 0 | 0 | 1,903 | 737 | 0 |
| Other assents | | 986 | 0 | 0 | 0 | 0 | 0 |
| **Liabilities** | | | | | | | |
| Financial liabilities derivatives at fair value | | 15 | 0 | 0 | 0 | 0 | 0 |
| Financial liabilities at amortized cost | | 1,638,831 | 674,433 | 39,019 | 2,661 | 962,021 | 3,209,290 |
| Accounts payable and other liabilities | $ | 50,312 | 189,911 | 321 | 20 | 9,246 | 8,084 |

(1) Includes dividends declared and pending to be received from BH, as of December 2022, they are contained in economic related parties and by December 2021 in subordinated companies.

## Statement of income

| | | December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | Related entities | | |
| | | Economically related parties | Grupo Aval S.A. | Key management personnel | Others related parties | Associates and joint ventures | Subordinates |
| **Income** | | | | | | | |
| Interest | **$** | 339,949 | 49,467 | 1,235 | 490 | 117,039 | 1,437 |
| Commissions and other services | | 0 | 53 | 0 | 1,281 | 5,590 | 1,005 |
| Other income (1) | | 0 | 0 | 0 | 1,360 | 671,711 | 118,914 |
| **Expenses** | | | | | | | |
| Interest | | 191,491 | 33,849 | 4,606 | (35) | 69,959 | 65,437 |
| Commissions and other services | | 0 | 0 | 0 | 2,505 | 4,754 | 1,433 |
| Other expenses | **$** | 4,291 | 112,127 | 1,671 | 28,919 | 84,125 | 136,272 |

| | | December 31, 2021 | | | | |
|---|---|---|---|---|---|---|
| | | | | Related entities | | |
| | Economically related parties | Grupo Aval S.A. | Key management personnel | Others related parties | Associates and joint ventures | Subordinates |
| **Income** | | | | | | |
| Interest | $ 221,688 | 22,667 | 1,041 | 715 | 58,435 | 20,051 |
| Commissions and other services | 0 | 234 | 0 | 173 | 4,082 | 824 |
| Other income (1) | 0 | 0 | 0 | 2,369 | 676,936 | 1,963,208 |
| **Expenses** | | | | | | |
| Interest | 18,022 | 19,337 | 826 | 90 | 15,714 | 10,890 |
| Commissions and other services | 0 | 0 | 0 | 73 | 3,611 | 1,176 |
| Other expenses | $ 295 | 112,127 | 1,387 | 32,135 | 41,607 | 129,907 |

(1) Includes income from the equity method in the results of subordinate companies, associates and joint ventures (See Note 29).

Outstanding amounts are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current or prior periods in respect of uncollectible or doubtful accounts related to amounts due from related parties.

### Benefits for key management personnel

The benefits for key management personnel include the following to short-term employee benefits for the years ended December 31, 2022, and 2021 of $22,970 and $24,135, respectively.

## 34 – STATUTORY CONTROLS

Statutory controls are the regulations the Financial Superintendence of Colombia has established for credit institutions (banks, financial corporations and finance companies) with respect to the required reserve ratio (see note 7.4.3 Liquidity Risk), the proprietary position (see Note 7.4.2 Market risk), the capital adequacy ratio (see note 32), and the mandatory investments to be made in securities issued by "Fondo para el Financiamiento del Sector Agropecuario (FINAGRO-Spanish acronym)".

The Bank complied with all these requirements during the years ended at December 31, 2022 and December 31, 2021.

## 35 –PRESENTATION OF FINANCIAL STATEMENTS

The Board of Directors of Banco de Bogotá, in a meeting held on February 28, 2023, approved the presentation of the separate financial statements as of December 31, 2022, and the accompanying notes.