Banco de Bogotá
Dirección general
Bogotá D.C. Calle 36 # 7- 47
www.bancodebogota.com

SEPARATE FINANCIAL STATEMENTS
OF BANCO DE BOGOTÁ
AS AT DECEMBER 31, 2023
(FREE TRANSLATION)

Banco de Bogotá
Dirección general
Bogotá D.C. Calle 36 # 7- 47
www.bancodebogota.com

CERTIFICATION OF SEPARATE FINANCIAL STATEMENTS OF BANCO DE BOGOTÁ AS AT DECEMBER 31, 2023

(translation of the report issued in spanish)

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, 2023, 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, 2023, and others 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.

GERMÁN SALAZAR CASTRO
Legal Representative

SERGIO BOTERO PARRA
Accountant
Professional License 23832-T

February 21 de 2024

BANCO DE BOGOTÁ
Separate Statement of Financial Position
As of December 31, 2023 and 2022
(Amounts expressed in millions of Colombian pesos)
(translation of the report isseud in spanish)

	Notes	As of December 31, 2023	2022
Assets			
Cash and cash equivalents	**9**	$ **8,026,760**	$ **6,396,822**
Financial assets	**10**	**12,553,314**	**11,038,873**
Loan portfolio, net	**11**	**77,337,213**	**74,126,167**
Repos, interbank, overnight and money market operations		166,383	4,451,918
Customer and finance lease operations		77,170,830	69,674,249
Other accounts receivable, net	**12**	**3,198,475**	**2,660,058**
Non-current assets held for sale	**13**	**21,543**	**8,684**
Investments in subsidiaries, associates and joint ventures	**14**	**11,702,579**	**11,451,828**
Property, plant and equipment	**15**	**604,158**	**618,631**
Right-of-use assets	**16**	**380,825**	**431,200**
Investment property	**17**	**66,942**	**76,546**
Goodwill	**18**	**465,905**	**465,905**
Other intangible assets	**19**	**754,241**	**588,543**
Income tax	**20**	**1,692,042**	**2,324,223**
Other assets		**20,254**	**20,389**
Total assets		$ **116,824,251**	$ **110,207,869**
Liabilities and Equity			
Liabilities			
Derivative financial liabilities	**10**	**1,033,821**	**630,892**
Financial liabilities at amortized cost		**97,160,798**	**91,968,964**
Customer deposits	21	76,141,052	69,736,981
Financial obligations	22	20,538,384	21,697,678
Lease liability	22.5	481,362	534,305
Employee benefits	**23**	**218,783**	**190,574**
Provisions	**24**	**20,590**	**20,114**
Income tax	**20**	**0**	**1,411**
Accounts payables and other liabilities	**25**	**3,313,123**	**2,345,738**
Total liabilities		$ **101,747,115**	$ **95,157,693**
Equity			
Subscribed and paid-in capital	26.1	3,553	3,553
Additional paid-in capital		6,781,641	6,781,641
Retained earnings	26.2	7,756,624	6,628,295
Net income		1,024,884	2,251,716
Other comprehensive income	27	(489,566)	(615,029)
Total equity		$ **15,077,136**	$ **15,050,176**
Total liabilities and equity		$ **116,824,251**	$ **110,207,869**

See notes 1 to 38 which form an integral part of the separated financial statements.

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Legal Representative
(See certification of February 21, 2024)

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DIANA ALEXANDRA ROZO MUÑOZ
Statutory Auditor
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Member of KPMG S.A.S.
(See my report dated February 21, 2024)

BANCO DE BOGOTÁ
Separate Statement of Income
Years ended at December 31, 2023 and 2022
(Amounts expressed in millions of Colombian pesos, except for basic and diluted net earnings per share, which are expressed in Colombian pesos)
(translation of the report isseud in spanish)

	Notes	Years ended at December 31 2023	2022
Interest income		$ **12,704,109**	$ **8,006,156**
Customer loan portfolio and lease operations	11	11,617,762	7,391,621
Repos, interbank, overnight and money market operations	11	149,046	58,208
Investments		631,133	415,417
Interest income from other receivables		99,295	48,086
Income from deposits		206,873	92,824
Interest expense		**(8,318,198)**	**(3,930,465)**
Customer deposits	21	(6,700,392)	(2,951,807)
Financial obligations	22	(1,584,927)	(954,722)
Lease liability	22.5	(32,879)	(23,936)
Net interest income		**4,385,911**	**4,075,691**
Net allowance on financial assets		**(1,686,602)**	**(1,085,440)**
Loan portfolio, financial leases and accounts receivable	11.7 y 12	(1,952,500)	(1,413,171)
Recovery of charged-off financial assets		265,869	327,786
Recovery (allowance) of investments		29	(55)
Net interest income, after allowance		**2,699,309**	**2,990,251**
Net income from commissions and fees	**28**	**1,015,654**	**844,059**
Net (Expense) income of financial assets or liabilities held for trading		**(2,078,716)**	**1,176,034**
Net (Expense) income on valuation of trading derivative instruments		(2,017,396)	1,184,408
Net (Expense) income on valuation of hedging derivative instruments		(168,773)	13,944
Net Income (expense) on valuation of held-for-trading investments		107,453	(22,318)
Gain on fair value measurement in the deconsolidation (loss of control) of subsidiaries		**0**	**112,817**
Share of the profit or loss of subsidiaries, associates and joint ventures	29	**844,552**	**790,013**
Net Income (expense) foreign exchange	30	**1,644,934**	**(1,479,774)**
Net other income	31	**194,423**	**139,245**
Other expenses		**(2,914,115)**	**(2,569,055)**
Operating expenses	32	(1,837,603)	(1,528,516)
Employee benefits		(851,542)	(807,678)
Depreciation and amortisation	15, 16 y 19	(215,636)	(219,064)
Other expenses		(9,334)	(13,797)
Net income before income tax		$ **1,406,041**	$ **2,003,590**
Income tax expense	20	(381,157)	(218,321)
Net income from continuing operations		$ **1,024,884**	$ **1,785,269**
Income from discontinued operations, net of taxes	14.4	0	466,447
Net income		$ **1,024,884**	$ **2,251,716**
Basic and diluted net earnings per share (in Colombian Pesos)	26.4	$ **2,885**	$ **6,556**

See notes 1 to 38 which form an integral part of the separated financial statements.

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BANCO DE BOGOTÁ
Separate Statement of Comprehensive Income
Years ended at December 31, 2023 and 2022
(Amounts expressed in millions of Colombian pesos)
(translation of the report isseud in spanish)

	Notes	Years ended at December 31 2023	2022
Net income		$ **1,024,884**	$ **2,251,716**
Items that are or may be reclassified to profit or loss			
Hedge accounting			
Cash flow hedging	10.4.3.3	(21,590)	0
Hedge of net investment in foreign countries			
Exchange difference on translation of financial statements of foreign subsidiaries (hedged item)	10.4.3.1	(503,957)	870,451
Exchange difference on derivatives in foreign currency	10.4.3.1	0	38,289
Exchange difference on bonds in foreign currency	10.4.3.1	503,957	(908,740)
Exchange difference on translation of financial statements of foreign subsidiaries (not hedged item)	10.4.3.1	(27,611)	(284,390)
Unrealized gain (loss) from measurement of available for sale investments in debt instruments	20.5	626,581	(518,001)
Realization to income of the valuation of available-for-sale investments in debt instruments	20.5	(43,147)	0
Exchange difference in translation of financial statements in foreign agencys and branche	20.5	(134,723)	68,630
Share in profit/loss from other comprehensive income of subsidiaries and associates	14.1 y 14.2	157,979	(877,612)
Income tax	20.5	(471,954)	538,576
Realization of income tax to profit or loss	20.5	17,259	0
Realization to income of the valuation of available-for-sale investments in equity instruments	20.5	1,657	0
Realization for loss of control of subsidiaries	14.4	0	(1,018,753)
Total Items that are or may be reclassified to profit or loss		**104,451**	**(2,091,550)**
Items that will not be reclassified to profit or loss			
Changes in actuarial assumptions in defined benefits plans	20.5	(16,222)	18,628
Realization to retained earnings in defined benefit plans	20.5	(1,285)	0
Unrealized gain on measurement of available-for-sale investments in equity instruments	20.5	25,097	32,164
Share in profit/loss from other comprehensive income of subsidiaries and associates	14.1 y 14.2	10,378	(55,725)
Income tax	20.5	2,568	(18,032)
Realization of Income tax to retained earnings	20.5	476	0
Realization for loss of control of subsidiaries	10.5	0	377,097
Total Items that will not be reclassified to profit or loss		**21,012**	**354,132**
Total other comprehensive income, net	27	$ **125,463**	$ **(1,737,418)**
Total comprehensive income		$ **1,150,347**	$ **514,298**

See notes 1 to 38 which form an integral part of the separated financial statements.

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BANCO DE BOGOTA
Separate Statement of Changes in Equity
Years ended at December 31, 2023 and 2022
(Amounts expressed in millions of Colombian pesos)
(translation of the report isseud in spanish)

	Notes		Subscribed and paid-in capital	Additional paid-in capital	Retained earnings (26.2)	Net income	Other comprehensive income (OCI)	Total equity
Balances as of december 31, 2021		**$**	**3,313**	**5,721,621**	**13,479,356**	**4,385,556**	**1,122,389**	**24,712,235**
Transfer of net income for the year to retained earnings			0	0	4,385,556	(4,385,556)	0	0
Issuance of shares	26.1		240	1,060,020	0	0	0	1,060,260
Declared dividends	26.3		0	0	(1,103,514)	0	0	(1,103,514)
Others			0	0	(1,350)	0	0	(1,350)
Total comprehensive income			**0**	**0**	**0**	**2,251,716**	**(1,737,418)**	**514,298**
Net income			0	0	0	2,251,716	0	2,251,716
Other comprehensive income (OCI)	27		0	0	0	0	(1,737,418)	(1,737,418)
Remeasuremen of deferred taxes			0	0	(22,250)	0	0	(22,250)
Realization OCI for loss of control	14.4		0	0	(377,097)	0	0	(377,097)
Transactions between shareholders due to spin-off	14.4		0	0	(9,732,406)	0	0	(9,732,406)
Balances as of december 31, 2022		**$**	**3,553**	**6,781,641**	**6,628,295**	**2,251,716**	**(615,029)**	**15,050,176**
Transfer of net income for the year to retained earnings			0	0	2,251,716	(2,251,716)	0	0
Declared dividends	26.3		0	0	(1,112,646)	0	0	(1,112,646)
Others			0	0	(11,550)	0	0	(11,550)
Total comprehensive income			**0**	**0**	**0**	**1,024,884**	**125,463**	**1,150,347**
Net income			0	0	0	1,024,884	0	1,024,884
Other comprehensive income (OCI)	27		0	0	0	0	125,463	125,463
Realization of ORI to retained earnings			0	0	809	0	0	809
Balances as of december 31, 2023		**$**	**3,553**	**6,781,641**	**7,756,624**	**1,024,884**	**(489,566)**	**15,077,136**

See notes 1 to 38 which form an integral part of the separated financial statements.

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BANCO DE BOGOTÁ
Separate Statement of Cash Flows
Years ended at December 31, 2023 and 2022
(Amounts expressed in millions of Colombian pesos)
(translation of the report isseud in spanish)

	Notes	Years ended at December 31 2023	2022
Cash flows from operating activities			
Net income		$ 1,024,884	$ 2,251,716
Reconciliation of net income to net cash provided by (used in) operating activities:			
Allowance for loan portfolio, finance lease operations, and other accounts receivable	11 y 12	1,952,500	1,413,171
Depreciation and amortisation	15, 16 y 19	215,636	219,064
Interest income	11	(12,704,109)	(8,006,156)
Interest expense	21 y 22.5	8,318,198	3,930,465
Income tax expense	20	381,157	218,321
Net profit on sales of non-current assets held for sale		(18,619)	(970)
Net profit on sale of property plant and equipment		(6,430)	(94,159)
Net (gain) loss on exchange difference	30	(1,644,934)	1,479,774
Dividens caused		(14,497)	(13,160)
Share of the profit or loss of subsidiaries, associates and joint ventures	29	(844,552)	(790,013)
Gain on fair value measurement in the deconsolidation (loss of control) of subsidiaries		0	(112,817)
Income from discontinued operations, net of taxes	14.4	0	(466,447)
Profit on sale of investments, net		(3,008)	0
(Recoveries) impaiment of investment properties	17	(63,155)	1,533
Changes in fair value of derivatives		2,186,169	(1,198,352)
Fair value on investment property	17	38,308	(1,271)
Net change in operating assets and liabilities			
(Increase) decrease in derivative financial instruments		(1,685,527)	1,059,924
(Increase) decrease in financial investment assets		(746,145)	230,493
Increase in loan portfolio and finance leases		(6,117,750)	(13,284,838)
Increase in accounts receivable		(1,007,882)	(219,477)
Decrease (increase) in other assets		16,902	(18,271)
Increase in customer deposits		7,903,601	5,505,426
Increase (decrease) in interbank borrowings and overnight funds		3,543,059	(641,019)
Increase in accounts payable and other liabilities		779,643	249,862
Increase in employee benefits		12,141	4,644
Interest received		12,569,233	7,262,532
Interest paid excluding interest on leases		(7,515,527)	(3,453,138)
Interest paid on financial leases		(32,557)	(23,936)
Dividends received		279,529	155,661
Income tax paid		(672,324)	(477,983)
Net cash provided by (used in) operating activities		**6,143,944**	**(4,819,421)**
Cash flows from investing activities:			
Acquisition of investments held to maturity		(3,851,460)	(3,070,147)
Acquisition of property, plant and equipment	15	(108,824)	(127,736)
Acquisition of other intangible assets	19	(237,549)	(177,148)
Redemption of held to maturity investments		3,828,942	2,909,399
Proceeds from sale of investments in associates	14	0	2,645,914
Acquisition of interest in associated companies	14	(2,433)	(7,267)
Proceeds from sale of non-financial asssets		56,531	68,963
Net cash (used in) provided by investing activities		**(314,793)**	**2,241,978**
Cash flows from financing activities:			
Acquisition of financial obligations	22.6	14,097,469	12,118,964
Payment of financial obligations	22.6	(14,249,981)	(11,067,092)
Outstanding bond issues	22.6	1,090,819	0
Payment of bond issues	22.6	(2,645,232)	(478,023)
Payment of capital in rental fees	22.6	(66,951)	(59,090)
Dividends paid	22.6	(831,585)	(314,869)
Net cash (used in) provided by financing activities		**(2,605,461)**	**199,890**
Effect of foreing currency changes on cash and cash equivalents		(1,593,752)	1,452,806
Net Increase (decrease) in cash and cash equivalents		**1,629,938**	**(924,747)**
Cash and cash equivalents at beginning of the year	**9**	**6,396,822**	**7,321,569**
Cash and cash equivalents at the end of the year	**9**	**$ 8,026,760**	**$ 6,396,822**

See notes 1 to 38 which form an integral part of the separated financial statements.

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(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

Note 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 of December 31, 2023, the Bank's operating structure is comprised of nine thousand two hundred eighty-two (9,282) direct employees, seven hundred ninety-two (792) temporary employees and four hundred seventy-eight (478) apprentices from the National Vocational Training Service (SENA– Spanish acronym), this amounts to a total of ten thousand five hundred fifty-two (10,552) employees. The Bank also has two thousand seven hundred eighty-one (2,781) staff members hired through outsourcing with specialized companies. Additionally, it provides a broad range of services for its customers, based on four hundred twelve (412) offices, twenty-two thousand seven hundred twenty-nine (22,729) correspondent banks; and one thousand five hundred fifty-three (1,553) ATMs, for a total of twenty-four thousand six hundred ninety-four (24,694) 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 Panamá 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%.

Note 2 – RELEVANT FACTS AND TRANSACTIONS

2.1. ISSUE, MATURITY AND REPURCHASE OF BONDS

On February 19, 2023, the subordinated bonds issued on February 19, 2013 matured with a 10-year term and a fixed rate of 5.375% US$500 million (equivalent to $2,459,470) and on March 24, 2023 the Company placed sustainable subordinated bonds in the international market for US$230 million (equivalent to $1,090,819), coupon SOFR (Secured Overnight Financing Rate) + 3.75% and maturity in March 2033, (See Note 22.3).

Additionally, on November 17, 2023, a repurchase of the bonds issued in August 2017 maturing in August 2027 was carried out as follows:

Item	Million of USD		COP
Nominal value of issuance	17.6	$	72,477
Adjustment amortized cost	0.1		291
Value in books at repurchase date	**17.7**		**72,768**
Repurchase price	(16.0)		(65,964)
Gain on repurchase (See Note 31)	**(1.7)**	**$**	**(6,804)**

2.2. FAIR VALUE HEDGING

The Bank had hedging transactions for a notional amount of $6,539,684 as of December 31, 2023, to hedge risk the fair value of financial liabilities (CDTs) issued at a fixed rate, using interest rate swaps in which fixed rate flows are exchanged for flows indexed to IBR (Reference Banking Indicator), (See Note 10.4.3.2).

2.3. CASH FLOW HEDGING

2.3.1. HEDGING OF ACCOUNT RECEIVABLE DIVIDEND RECEIVABLE IN USD

In May 2023, the Bank implemented accounting hedging operations with the objective of mitigating the currency risk of future flows of an accounts receivable in dollars for dividends on the investment in BHI, flows that are expected to be received between 2027 and 2031, including an annual amount of US$75 million, for a total of US$375 million, and a fraction of a senior bond in USD issued by the Bank maturing in 2027 for US$351.4 million was designated as an exchange rate hedging instrument, and, as of June 1st, 2023, such designation was adjusted to US$304.7 to gradually increase it on a quarterly basis according to the growth of the hedged item, as of the end of December it amounted to US$309.8 million. Once the debt instruments designated as hedging instruments of the strategy mature, they will be substituted or replaced by other instruments of similar characteristics, if applicable, in order to maintain a dynamic hedge (See Note 10.4.3.3.1).

2.3.2. HEDGING OF FINANCING IN USD

In order to mitigate the currency risk of borrowings in dollars, the Bank implemented cash flow hedging with derivative instruments that allow it to hedge principal and/or interest flows in dollars against movements in the peso-dollar exchange rate, given that the variation in the exchange rate generates volatility in the Bank's cash flows and financial results. The derivative instruments contracted are expected to be highly effective in hedging the aforementioned risk. The credit risk adjustment (CVA or DVA) and the interest rate effect are not part of the risks hedged in this strategy.

The hedged item corresponds to financing in dollars for a nominal amount and payment schedule to be defined in each operation. The hedging instrument is a derivative contract (forward type USD/COP) in which USD flows are exchanged for flows in the Bank's functional currency (COP) to offset the currency risk of flows denominated in USD (See Note 10.4.3.3.2).

2.4. LOAN PORTFOLIO PURCHASES

Loan portfolio purchases were made from Banco Popular, during the year to date, as follows: In July, 11,444 consumer portfolio loans for $380,277 and 33 commercial portfolio loans for $171,308 were acquired, on June 30, 2023, 9,393 consumer portfolio loans were acquired for $369,987 with a discount of $2,394 on the face value of $372,381 and on March 29, 2023, 306 commercial portfolio loans were acquired for $275,216 with a premium of $406 on the face value of $274,810. The accounting treatment of the portfolio purchases in their initial recognition was made in the loan portfolio at their acquisition price, considering that the Bank assumed the benefits and risks of the portfolio acquired, and the premiums or discounts as a greater or lesser value of the portfolio acquired, for subsequent amortization. Additionally, in August and September Banco Popular repurchased 132 loans sold to the Bank in the year 2023 for $4,927.

(continued)

2.5. SALE OF BHI SHARES - 4.1% INTEREST

In March 2023, 1,774,622,820 shares in BAC Holding International were sold, equivalent to the total remaining 4.1% interest that the Bank had in this entity for $293 pesos each, for a total of $519,964, which corresponds to the fair value recognized in books; therefore, there was no impact on income.

2.6. TRANSFER OF ASSETS TO THE NEXUS PRIVATE EQUITY FUND

During the year 2023, the sale of properties to the "Fondo de Capital Privado Nexus Inmobiliario" for $41,993 was carried out, receiving in consideration participation units in the Fund for $43,010, presenting a gain of $1,017 with respect to their book value written off in the statement of financial position. The assets transferred to the Fund were classified as: i) investment properties for $41,412 and came from foreclosed assets (BRPs), which had allowances recorded in accordance with the regulations of the Financial Superintendence of Colombia, generating a reimbursement of the expense with effect in results of $65,583, (see Note 17), additionally, the adjustment to the fair value of these assets prior to their transfer generated an expense with an impact on income of $36,529, (see Note 31) and ii) non-current assets held for sale for $581.

On the other hand, Almaviva also sold and leased back twelve properties to the Nexus Private Equity Fund, which generated a gain on sale of $250,170 with an impact on the Bank of an income from the equity method of $237,480, (see Note 29).

2.7. EXCHANGE RATE VARIATION

The representative market rate as of December 31, 2023, was $3,822.05 pesos and as of December 31, 2022, $4,810.20 pesos, originating a variation of ($988.15) pesos per dollar, which generated a significant impact on the financial statements, mainly a decrease in the loan portfolio for $1,199,037 (Note 11), decrease in customer deposits for $1,961,131 (Note 21), decrease in financial obligations for $$ 2,530,203 (Note 22) and a net income in the income statement for the period for $1,644,934 (see Note 30).

Note 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 the Accounting and Financial Reporting Standards accepted in Colombia (NCIF – Spanish acronym), established in the Law 1314 of 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 the International Financial Reporting Standards Committee (IFRIC), incorporated to the Normative Technical Framework by the Single Regulatory Decree 2420 of 2015 as amended by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018, 2270 of 2019, 1432 of 2020, 938 of 2021 and 1611 of 2022, 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 of 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.

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 of 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.

(continued)

- Financing activities: These are activities that produce changes in the size and composition of the Bank's equity and loans taken by the Bank.

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 investee that give it the ability to direct the relevant activities that significantly affect the investee's returns.
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect the amount of the investor's returns.

Investments in associates

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 in the net income of subsidiaries, associates and joint ventures, and the Bank’s other comprehensive income (OCI) includes its share in the other comprehensive income of the investees or in another appropriate account under equity, as appropriate, in accordance with the application of uniform accounting policies for transactions and other events that, being similar, could have occurred in comparable circumstances.

(continued)

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 has been determined to be the functional currency, regardless of the fact that the foreign businesses owned by the Bank have a different functional currency due to the fact that they carry out their activities with a significant degree of autonomy.
All balances and transactions denominated in currencies other than the Colombian peso (which is the functional and 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. 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 produce gains or losses that are recorded through income or Other Comprehensive Income (OCI), and when in turn such gains or losses produce differences in currency translation, such exchange differences are also recognized through income or through OCI, respectively. Exchange differences are recognized in net income, except for those gains or losses on net investment hedge in a foreign operation or hedges of accounts receivable for dividends in U.S. dollars, 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 their 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

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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 them 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 of the Financial Superintendence of Colombia 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 of 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:

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. 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. 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. 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. 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. 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. 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)".

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. 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. • Equity securities in the National Registry of Securities and Issuers (RNVE – Spanish acronym); listed in foreign securities quoting systems authorized in Colombia: 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. 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. • 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. 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. 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. 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 loan-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.

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 reporting 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 determined.

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.
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 amortisation up to the date of valuation. 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.

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(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

Category / Risk	Characteristics	Allowances
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 amortisation up to the date of valuation. 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 amortisation up to the date of valuation. 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 amortisation prior to the valuation date:

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

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 DERIVATIVE FINANCIAL ASSETS

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 commodity, 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 is settled at a future date.

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.

3.7.3 HEDGE ACCOUNTING

The Bank documents, if applicable, at the initiation of the transaction the hedging relationship between the hedging instrument and the hedged item, as well as the hedging objective, risk and strategy for undertaking the hedging relationship. It also documents its assessment both at the date of initiation of the transaction and on a recurring basis as to whether the hedging relationship is effective.

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 that the effectiveness of the hedge is in a range of 80% to 125%, in accordance with the accounting requirements of IAS 39.

The applicable policy for hedges is described below:

3.7.3.1 HEDGING OF NET INVESTMENTS IN FOREIGN OPERATION

The Bank has decided to use hedge accounting for net investments in foreign operations with non-derivative instruments (foreign currency bonds). The purpose of these operations is to protect the Bank from the exchange risk (dollar/peso) of net investments in foreign currency businesses, denominated in dollars.

Accordingly, the following accounting is performed:

- The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income,

- The ineffective portion is recorded in income for 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 foreign operation.

3.7.3.2 FAIR VALUE HEDGING

The Bank carries out accounting hedging operations for variations in the Fair Value of Financial Liabilities (Time Deposit 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 of the spreads associated with the deposits.

This type of hedging is accounted for as follows:

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- 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.

- The ineffective portion of the hedge is recognized in the income for the period.

3.7.3.3 CASH FLOW HEDGING

The Bank also implemented a cash flow hedging of a dollar-denominated financial asset whose cash flows are expected from 2027 to 2031. In order to mitigate the currency risk of the future cash flows of this asset, fractions of a senior bond in dollars issued by the Bank maturing in 2027 are progressively designated as currency hedging instruments, which allow hedging the future cash flows.

The following is the accounting treatment of this hedging relationship:

- The exchange differential arising from the hedged item is recognized in other comprehensive income.

- The effective portion of the hedging instrument is recognized in other comprehensive income; and

- The ineffective portion is recognized in income for the period.

- The values accumulated in other comprehensive income will be reclassified to income for the period when the cash flows from the asset are received, taking into account that at that time the effect of the hedged risk materializes.

In addition, as a funding strategy, the Bank currently borrows in dollars to finance active operations in pesos. In order to mitigate the currency risk in this type of borrowing, derivative instruments are contracted to hedge the principal and/or interest flows in dollars in the event of movements in the peso-dollar exchange rate. Both the interest rate component and the spot price of the hedging derivative instruments are part of the strategy in such a way that in this structure the financial cost of the indebtedness is composed of both the interest rate of the financing and the devaluation contracted in the hedging instrument.

The accounting treatment for this hedging relationship is as follows:

- The exchange differential of the hedged item is recorded in income.

- The hedging instrument is at fair value and the effective portion of the changes in fair value are recognized in other comprehensive income (OCI). The ineffective portion and the recording of the CVA/DVA are recorded against income, as are the forward points.

- To the extent that the hedged item affects the result for the hedged risk, the values accrued in OCI are reclassified to income.

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(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

3.7.4 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.

3.7.5 LOAN PORTFOLIO AND FINANCE LEASE OPERATIONS

The provisions established by the Financial Superintendence of Colombia in Chapter XXXI 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 fair value. The financial income from leased assets is measured considering a constant rate of return on the net financial investment.

3.7.5.1 LOAN PORTFOLIO CLASSIFICATION

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

Modalities	Characteristics
Commercial portfolio	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 portfolio	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.
Mortgage portfolio and mortgage finance lease	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 or the repair, remodeling, subdivision or improvement of used 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 portfolio	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

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

Modalities	Characteristics
	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.

3.7.5.2 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, in accordance with the regulations, which establish the guidelines for credit risk management, through the Integrated Risk Management System (SIAR - Spanish acronym).

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 loan portfolio**

These are classified and rated in the appropriate risk category, pursuant to the standards and provisions contemplated in Annex 1, which contains the application of the Commercial and Consumer Reference Model of Chapter XXXI of the Basic Accounting and Financial Circular issued by the Financial Superintendence of Colombia.

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	2 Commercial Loans Granted	3 Consumer Loans Granted
“AA”	New loans rated “AA” when granted are classified in this category.	Loans granted that are less than or equal to 29 days past due.	Loans whose rating obtained by applying the rating methodology established by the standard is equal to "AA".
"A"	New loans rated “A” when granted are classified in this category.	Loans granted that are between 30 and 59 days past due on their contractual obligations.	Loans whose rating obtained by applying the rating methodology established by the standard is equal to "A".
“BB”	New loans rated “BB” when granted are classified in this category.	Loans granted with contractual obligations in default between 60 and 89 days past due.	Loans whose rating obtained by applying the rating methodology established by the standard is equal to "BB".
"B"	New loans rated “B” when granted are classified in this category.	Loans already granted that are 90 to 119 days past due on their contractual obligations.	Loans whose rating obtained from the application of the rating methodology established by the standard is equal to "B".

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

Category	1 Granting	2 Commercial Loans Granted	3 Consumer Loans Granted
"CC"	New loans rated "CC" when granted are classified in this category.	Loans already granted with contractual obligations in default between 120 and 149 days.	Loans whose rating obtained from the application of the rating methodology established by the standard is equal to "CC".
"Default"		Loans that are in default for 150 days or more.	Consumer loans that are in default for more than 90 days.

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 All other customers rated as being in default.	D	D
E 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

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

model. In the case of the mortgage and microcredit portfolios, the allowance is determined based on the customer's record of arrears.

- **Commercial and consumer 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 are the segments defined by the Bank for the Reference Model for the Consumer Portfolio:

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 portfolio	Consumer portfolio	Mortgage portfolio	Microcredit portfolio
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 30 days past due.

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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 impairment that 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.

For its quantification, the following must be considered as a minimum:

- The recoveries realized in cash of all non-performing loans.
- The non-performing loans of at least the last 3 years.
- The existence and adequacy of the collateral securing the loans.

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:

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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%	520	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%

Collateral:

Types of collateral

Types	Detail
Suitable collateral	1. The following are classified as admissible financial collateral (AFC): • Cash collateral deposits have an LGD of 0%. • Stand-by letters have an LGD of 0%. • Loan insurance has an LGD of 12%. • Collateral issued by guarantee funds that manage government resources has an LGD of 12%. • Securities issued by financial institutions and pledged as collateral have an LGD of 12%. 2. Commercial and residential real estate. 3. Assets furnished under a real estate lease. 4. Assets furnished under a non-real estate lease. 5. Collection rights (CR)): Collateral that affords the right to charge rent or commercial flows related to the debtor’s underlying assets. 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.

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

Types	Detail
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

The Bank carries out the valuation of the collateral guaranteeing loan portfolio in accordance with the instructions set forth in Chapter XXXI of the Basic Financial Accounting Circular (CBCF) of the Financial Superintendence of Colombia.

- **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 allowed according to the following percentages:

(continued)

- 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 loans, 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 allowances, those indicated in annex 2 chapter XXXI of the Basic Accounting and Financial Circular 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 allowances which they are calculated in accordance with what was indicated in the previous paragraph.

3.7.5.3 RECOGNITION OF INCOME FROM YIELDS AND FINANCE LEASE

The interest income from the loan portfolio and finance lease 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 income from other items, as per the following table according to Chapter XXXI 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.

3.7.5.4 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.

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).

3.7.5.5 CHARGED-OFF PORTFOLIO

A loan that is fully allowance for impairment (100%) may be written off when the Bank’s management believes it is charged-off 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 charged-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 valuation is recognized in the income statement 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.

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 is used, if as a consequence of the spin-off a loss of control is generated, it will be applicable in accordance with IFRS 10 Consolidated Financial Statements.

3.10 LOSS OF SIGNIFICANT INFLUENCE

The loss of significant influence 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 applicable IFRS. 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 applicable IFRS, 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 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, amortisation 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 property, 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 property, which are grouped into common categories to estimate the base allowance rate, this model is updated every six months.

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 Superintendence 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 allowance 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 allowances. 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 allowance 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.

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

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(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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
Computer equipment, networking and communications	
PC / Laptops / Mobile Devices	3 to 10 years
Servers	3 to 10 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

Ages refer to probable useful lives for each element and are defined based on expert judgment. The useful life may vary according to expected use, expected physical wear and tear, technical or commercial obsolescence, legal limits, or similar restrictions on the use of the asset, or other aspects.

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 PP&E 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 PP&E is derecognized when it is determined by its disposition or no further associated future economic benefits are expected from its use or disposal. Gains or losses on derecognition are recognized in the income statement for the period.

Impairment of PP&E

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

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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.

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 (PP&E, investment property or others) and they receive an accounting treatment in accordance with the accounting policies of each category.

Subsequent Measurement

Finance 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 PP&E, depreciation is calculated less impairment; in the case of investment property, fair value is updated in accordance with the established accounting policy, depending on their classification in the statement of financial position.

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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 a right-of-use assets and a lease liability.

The asset is initially measured at cost, which includes:

- The amount of the initial measurement of the lease liability,
- 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-of-use asset is depreciated on a straight-line basis over the term of the lease.

3.15 INVESTMENT PROPERTY

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

(continued)

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 to, or from, investment property are made when, and only when, there is a change in use, 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 PP&E, 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 PP&E 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 PP&E 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 initially measured at their cost incurred in the acquisition or in their internal development phase. Costs incurred in the research phase are recognized directly in the income statement.

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 i) 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 and ii) an agreement that will or may be settled using equity instruments 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 deposits, bonds issued, derivatives and financial obligations.

3.19 FINANCIAL GUARANTEES

Financial guarantees are those contracts that require the issuer (guarantor Bank) to make payment in favor of a third party in the event of default on the obligation of the guaranteed debtor. In order for the issuer to assume this responsibility, the obligation of the debtor (the Bank's customer) entered into with the third party must be duly supported by the respective contract. Financial guarantees include bank guarantees, financial guarantees, among others.

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.

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The provisions established over financial guaranteed agreements classified as impaired, are recognized as liabilities under “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 accounted for 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.

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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).

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 book 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 application of Article 86 of Law 2010 of 2019, the Bank for purposes of determining the income tax corresponding to the taxable year 2022, can use 50% of the Industry and Commerce Tax, notices and boards effectively paid in the year as a tax discount or 100% of the expense caused in the year as 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 during the year as a deductible expense.

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.

- **Value added tax (VAT) on real productive fixed assets**

Law 2010/2019, 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) arising of past events,
- Outflow of resources that embodying economic benefits will probably require 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 as 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 appropriate. If there is any change in the estimates, it is accounted for prospectively as a change in the accounting estimate.

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3.22.2 CONTINGENT LIABILITIES

A contingent liability is a possible obligation 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 wholly within the control of the Bank and its Subsidiaries. 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

Assets of a possible nature, arising as a result of past events, the existence of which must be confirmed only by the occurrence or non-occurrence of one or more uncertain events in the future, which are not entirely under the control of the Bank and its Subsidiaries, 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 true, the asset and the associated income are recognized in net income of the period.

3.23 INCOME

3.23.1 INCOME FROM INTEREST

Interest income is recognized as it accrues, considering the contractual conditions and criteria stipulated in notes 3.7.1 for debt securities and/or instruments and 3.7.5 for the loan portfolio.

3.23.2 COMMISSIONS

Commission income is measured based on the consideration specified in a contract with a customer. The Bank recognizes income 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. Income from banking service and servicing fees is recognized as the services are provided. Income 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,
- 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 and its Subsidiaries in the income statement 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.

Note 4 – NEW ACCOUNTING PRONOUNCEMENTS

The Bank continuously analyzes the evolution, modifications and impact on its financial statements of the standards and amendments issued by the regulatory entities in Colombia and by the International Accounting Standards Board - (IASB, issuer of IFRS).

The following is a summary of the accounting pronouncements issued by the IASB and the Colombian Financial Superintendence, incorporated into Colombian legislation with application after December 31, 2023, and those requirements issued by the IASB that are not included in the Technical Regulatory Framework and whose application in Colombia will depend on the standards issued by the National Government.

The amendments contained in the Decree 1611 of 2022 (last decree issued), will be applicable to the Bank's general purpose financial statements as from January 1, 2024. By this Decree, International Accounting Standards 1, 8 and 12 and International Financial Reporting Standard 16 were amended.

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

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(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

New statements of the IASB	Title of the standard or amendment	Summary	International application date
Amendment to IAS 7 and IFRS 7	Supplier Financing Arrangements	The amendments seek greater transparency of financing arrangements with providers and their effects on companies' liabilities, cash flows and exposure to liquidity risk.	January 1, 2024
Amendments to IAS 21	Non-Convertibility	The amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates, will require entities to apply a consistent approach when one currency cannot be exchanged for another, the exchange rate to be used and the information to be reported.	January 1, 2025
Amendment to IAS 12	International Tax Reform Second Pillar Model Rules	The amendments grant companies a temporary exemption from accounting for deferred taxes derived from the international tax reform of the Organization for Economic Cooperation and Development (OECD).	January 1, 2023
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 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 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
Amendments to IAS 1 and IFRS Practice Statement 2	Amendment to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	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. 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.	January 1, 2023
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-	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.	January 1, 2023

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New statements of the IASB	Title of the standard or amendment	Summary	International application date
	Deferred Tax related to Assets and Liabilities arising from a Single Transaction.	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.	

Note 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, 2023, 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 those applied for the evaluation of the transfer to the Bank of the benefits and risks of the acquired portfolio (see Note 2.4), 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 allowances for impairment to be made are estimated in accordance with the provisions of Chapter I-1 of the Basic Accounting and Financial Circular by the Financial Superintendence of Colombia, in the percentages indicated in Note 3.7.1.4 Impairment (allowance) or losses due to the issuer's riks classification.

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 finance lease to assess whether an impairment allowance should be recorded against the results of the period. This is done considering the guidelines established in Chapter XXXI of the Basic Accounting and Financial Circular-Integrated Risk Management System (SIAR - Spanish acronym), Annex 1 Commercial and consumer reference models. In the case of 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.

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In the case of the consumer portfolio, allowances are calculated according to the expected loss model of the Integrated Risk Management System (SIAR- Spanish acronym), which responds to the credit risk of customers based on the Probability of Default (PD), product exposure and Expected Loss Given Default (LGD). Additionally, the expected loss model contemplates two components: i) pro-cyclical individual component (PIC), corresponding to the individual allowance that reflects the current risk and ii) counter-cyclical individual component (CIC), corresponding to the individual allowance that reflects the possible changes in the credit risk of the debtors in times of impairment.

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 3.7.5.2 “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 31,2023 and 2022, 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. This represents income taxes recoverable 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 31,2023, and 2022, the Bank estimates that the deferred income tax asset items will be recoverable based on its estimates of future taxable gains.

Deferred tax liabilities are recognized on temporary differences associated with undistributed income of subsidiaries, except when the Bank controls the recovery of the temporary differences and it is probable that the difference will not reverse in the foreseeable future, see Note 20.3.

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 conducted by independent experts contracted for this purpose. As of December 31, 2023, the last impairment assessment 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 income 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, he differences between the actual amount of disbursements actually incurred and the amounts initially estimated and provided for are recognized in the period in which they are identified, See Note 24.

5.6 EMPLOYEE BENEFITS

Measurement of post-employment benefits (pensions, severance payments, and retirement bonuses) and other long-term obligations (tenure premiums), depend on a wide array of long-term premises and assumptions determined based on actuarial basis, including present-value estimates of future expected payments of the benefits, considering the probability of potential future events, such as increases in the minimum wage and demographic experience. These premises and assumptions may have an effect on future contributions, in case of 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.
The Bank utilizes other key assumptions for appraising actuarial liabilities, calculated depending on the specific experience of the Bank, combined with statistics published as well as market indexes (see Note 23.3 which describes the most important assumptions utilized in actuarial calculations and the respective sensitivity analyses).

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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.

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 the Financial Planning and Management Department will update the discount rate on a three-monthly basis, taking into account factors such as the construction of the marginal funding curve and the estimated term of the contract.

Note 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 instruments 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 are mainly 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 based on 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 designated official price vendor (PRECIA S.A. Proveedor de Precios para la Valoración S.A), this has been authorized following compliance with the standards applicable to valuation price

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

vendors in Colombia, including their purpose, operational regulations, the valuation-method approval process, and required technological infrastructure, to name but a few.

After assessing price vendor PRECIA S.A. methodologies, it is concluded that the fair value calculated for of debt securities and derivatives instruments based on prices and inputs provided by the price vendors is adequate.

The Bank can use models developed internally for financial instruments that do not have active markets. These models are generally based on valuation methods and techniques standardized in the financial sector. Valuation models are used primarily to assess unlisted equity instruments, debt securities and other debt 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 property 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 input data used for measuring fair value may be classified in different hierarchical levels, the fair value measurement of the instrument is classified as a whole at the same fair value hierarchy level of the lowest-level input data which is significant for the whole measurement.

6.1 FAIR VALUE MEASUREMENTS ON 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:

		As of December 31, 2023			
		Level 1	**Level 2**	**Level 3**	**Total**
Assets					
Investments in debt securities for trading issued or secured					
Colombian government	$	44,383	45,475	0	89,858
Other Colombian government entities		0	78,297	0	78,297
Other financial entities		0	62,148	0	62,148
Others		0	13,821	0	13,821
		44,383	**199,741**	**0**	**244,124**
Investments in equity instruments for trading		**0**	**1,774**	**940,310**	**942,084**
Total investments held for trading		**44,383**	**201,515**	**940,310**	**1,186,208**
Investments in debt securities available for sale issued or secured					

(continued)

BANCO DE BOGOTÁ
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022
(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		As of December 31, 2023			
		Level 1	**Level 2**	**Level 3**	**Total**
Colombian government		5,261,663	976,226	0	6,237,889
Other Colombian government entities		0	194,399	0	194,399
Other financial entities		0	272,465	0	272,465
Foreign governments		0	15,053	0	15,053
Others		0	213,761	0	213,761
		5,261,663	**1,671,904**	**0**	**6,933,567**
Investments in equity instruments available-for-sale		**6,075**	**0**	**321,325**	**327,400**
Total investments available for sale		**5,267,738**	**1,671,904**	**321,325**	**7,260,967**
Derivative instruments					
Trading derivatives					
Currency forwards		0	545,976	0	545,976
Interest rate swaps		0	38,468	0	38,468
Cross currency swaps		0	6,976	0	6,976
Cash operations		0	34	0	34
Currency options		0	17,057	0	17,057
		0	**608,511**	**0**	**608,511**
Hedging derivatives					
Interest rate swaps		0	47,975	0	47,975
		0	**47,975**	**0**	**47,975**
Total derivative instruments		**0**	**656,486**	**0**	**656,486**
Investment property		**0**	**0**	**66,942**	**66,942**
Total assets at fair value on recurring basis		**5,312,121**	**2,529,905**	**1,328,577**	**9,170,603**
Liabilities					
Trading derivatives					
Currency forwards		0	753,828	0	753,828
Interest rate swaps		0	36,918	0	36,918
Cross currency swaps		0	3,442	0	3,442
Cash operations		0	11	0	11
Currency options		0	36,377	0	36,377
		0	**830,576**	**0**	**830,576**
Hedging derivatives					
Currency forwards		**0**	192,374	0	192,374
Interest rate swaps		0	10,871	0	10,871
		0	**203,245**	**0**	**203,245**
Total liabilities at fair value on recurring basis	$	**0**	**1,033,821**	**0**	**1,033,821**

		As of 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 instruments for trading		0	1,320	880,446	881,766
Total investments held for trading		**13,277**	**335,261**	**880,446**	**1,228,984**

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

	As of December 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
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
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 instruments 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**
Derivative instruments				
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 derivative instruments	**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**

See more details in Note 10-Financial assets.

6.2 FAIR VALUE MEASUREMENTS ON NON-RECURRING BASIS

The fair value is determined using pricing models and discounted cash flow methodologies, using internal models or external experts with experience and knowledge of the real estate market or of assets being appraised. Generally, these appraisals are carried out based on references to market data or based on the replacement cost, when sufficient market data is not 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 $21,543 and $8,684 as of December 31, 2023 and 2022, respectively.

6.3 FAIR VALUE CLASSIFICATION

- Financial instruments classified in Level 1 are those fair value was established according to the market prices supplied by the price vendor, determined on the basis of liquid markets corresponding to quoted prices (unadjusted) in active markets for identical assets or liabilities that the Entity can access at the measurement date.
- Financial instruments classified in 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.
- 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 instruments 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 for the financial instruments measured at fair value on recurring basis 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 vendor methodologies.
	● Estimated price / Theoretical price
Market	● Estimated price / Theoretical price (1)
	● Average price / Market price (2)
Investments in equity instruments	
Discounted cash flow	● Growth in residual values after five and ten years
	● Discount interest rates
	● Cost of equity rate
	● Discount interest rates WACC
Adjusted net asset valuation method	● Most relevant variable in assets
Equity Instruments - Nexus Investment Fund	
Market comparative	● Cost of acquiring a property
	● Market rent
Incomes	● Capitalization rate
	● Cash flow discount rate
Derivatives	
Incomes	● Security or underlying asset price
	● Interest rate curves by underlying functional currency
	● Exchange rates curves
	· Implicit curves associated with forward exchange contracts
	● Swap curves allocated according to underlying asset
	● Implicit volatility matrixes and curves
Market	● Market price

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

Valuation technique	Significant inputs
	● TRM (representative market exchange 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) and assigned exchange 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 implicit volatility matrix and 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:

		As of December 31, 2023		As of December 31, 2022	
		Equity instruments	**Investment property**	**Equity instruments**	**Investment property**
Balance at the beginning of the period	$	**1,697,174**	**76,546**	**887,170**	**86,423**
Transfers Level 2 and Level 3		0	0	19	0
Valuation adjustment with effect on net income		48,468	(38,308)	48,967	1,271
Valuation adjustment with effect on OCI		24,536	0	33,664	0
Disposals/Sales (1)		(550,530)	(9,562)	(18,403)	(32,375)

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

	As of December 31, 2023		As of December 31, 2022	
	Equity instruments	Investment property	Equity instruments	Investment property
Withholding tax on income in special funds	(1,048)	0	(752)	0
Reclassifications (2)	43,010	(24,890)	746,564	22,760
Diferencia in exchange	(4)	0	0	0
Subtotal	**1,261,606**	**3,786**	**1,697,229**	**78,079**
Movement in allowance, net (2)	28	63,156	(55)	(1,533)
Balance at the end of the period	$ **1,261,634**	**66,942**	**1,697,174**	**76,546**

(1) In equity instruments as of December 31, 2023, corresponds to the sale of participation in BAC Holding Internacional ($519,964) (see Note 2.5) and ($30,566) to the sale of assets of the "Fondo de Capital Privado Nexus Inmobiliario" (Private Equity Fund Nexus Inmobiliario).
(2) For equity instruments corresponds: As of December 31, 2023, transfer of assets to "Fondo de Capital Privado Nexus Inmobiliario", (see Note 2.6), at December 31, 2022 to recognition of BHI's investment for the 4.1% interest for $519,964 and transfer of assets the "Fondo de Capital Privado Nexus Inmobiliario for $226,600.

6.4.1 EQUITY INSTRUMENTS

The Bank has equity investments in various entities with an ownership interest of less than 20% of the equity of entity each. Some of this interest was received as payment for customer obligations and some was acquired because it is necessary to develop of its 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 a stock exchange, consequently, their fair value has been determined with the help of external consultants. For this purpose, they have used the discounted cash flow method. For this purpose, constructed based on the appraiser’s own projections with respect to income, costs and expenses for each entity assessed 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 5% and 9%
Growth of the gross domestic product (1)	Between 1% and 5%
Income	CPI+1
	Between 1% and 15%
Costs and expenses	Inflation
Perpetual growth after five and ten years	3%
Discount interest rate	Between 14% and 18%
Cost of equity rate	Between 15%-14%

(1) Information taken from the reports of the valuation price provider (PRECIA S.A.).

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 other comprehensive income (OCI) since they pertain to investments classified as available for sale:

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

Methods and variables	Variation	Favorable impact	Unfavorable impact
Present value adjusted for discount rate			
Income	+/-1%	8,998	(8,998)
Growth in residual values after five years	+/-1%	128	(112)
Perpetual growth	+/-1%	11,863	(9,849)
Perpetual growth	+/-50PB	171	(160)
Gradient	+/-1%	7,926	(6,576)
Perpetual gradient	+/-30PB	57	(57)
Discount interest rates	+/-50PB	798	(780)
WACC discount interest rate	+/-50PB	9,639	(8,775)
Operational expenses	+/-1%	372	(339)

Additionally, the Bank has an investment in the “Fondo de Capital Privado Nexus Inmobiliario”, classified as trading, for which, the valuation methodologies used incorporate fair value measurements classified in the Level 3 hierarchy under the market value approach. The following is the sensitivity analysis and the variables that affect each of the valuation methods applied.

	Increased sensitivity		Decreases in sensitivity	
Market value (square meter)	+10%	(4,798)	-10%	2,355
Initial capitalization rate	+50PB		-50PB	
Market rent	+10%		-10%	
Cash flow discount rate	+50PB		-50PB	

6.4.2 INVESTMENT PROPERTY

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 take into account the type of movable or immovable properties, its physical characteristics, location and market. Among the valuation methodologies used are:

Comparative Market Approach: It is based on the principle of substitution, which establishes the cost of acquiring an equally desirable property, in the same market area, that is, it 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. The characteristics of the transactions identified are compared to those of the property under study under conditions of location, size, quality, expenses incurred in the purchase, market conditions at the date of sale, physical characteristics, economic situation of the investor, etc., with the objective of defining a range of values based on a unit of value to be compared. In active markets with sufficient applicable comparables, this approach is an appropriate measure of value that best reflects market behavior.

Income Approach: This is based on the premise that properties are acquired for their potential to generate rental income. It considers both the annual return on invested capital and the return on equity. This valuation technique gives special consideration to current contractual rents, projected market rents and other sources of income, vacancy reserves and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to the value of the property can be made either as a single value or as a series of projected flows and is the essence of the Income Approach. The two fundamental methods applied in this valuation technique include direct capitalization and discounted cash flow analysis.

Direct Capitalization: This method converts the Net Operating Income produced by the property into an indication of value by using an appropriate capitalization rate based on market information and investor expectations. In the case of a multi-user property, the capitalization rate can be applied to Stabilized Net Operating Income, less the present value of expenses incurred to achieve income stability, to provide an indication of value.

Cost Approach: In real estate, this valuation is based on the substitution principle, which states that the value of a property should not be greater than the amount required to develop a property of equal characteristics and utility. It is carried out by identifying the new replacement value of the buildings and the market value of the land, discounting the effects of depreciation due to age, conservation and obsolescence.

Residual method: One of the methods applicable for estimating the market value of land when the subdivision or development corresponds to the highest and best use of the property being appraised. When all direct and indirect costs, as well as the investor/developer's expected profit are deducted from an estimate of the anticipated gross sales of the completed units, the net sales are discounted to present value using a market-derived rate for the development time and absorption period, indicating the value of the useful area of the land. This method is used to establish the value of a land for properties intended to develop urban or real estate projects of multifamily housing, condominiums, shopping centers, business centers, among others. This method takes into account 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, infrastructural, institutional, industrial, among others), in synthesis, to determine based on the development and sales potential of a project, what is the incidence factor of the land and thus determine the value of this.

The valuations of investment properties are considered the Level 3 of the fair value measurement hierarchy. There have been no changes in the valuation technique for each asset during the year 2023.

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 HIERARCHY LEVELS

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, 2023, there were no transfers between hierarchy levels.

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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.

		As of December 31, 2023		As of December 31, 2022	
		Book value	**Estimate of fair value**	**Book value**	**Estimate of fair value**
Assets					
Investments held to maturity	$	3,449,653	3,455,854	3,130,613	3,116,778
Loan portfolio, net		77,337,213	83,250,211	74,126,167	77,261,986
Total		**80,786,866**	**86,706,065**	**77,256,780**	**80,378,764**
Liabilities					
Customer deposits		76,141,052	76,335,195	69,736,981	69,261,600
Financial obligations		21,019,746	21,256,801	22,231,983	22,954,221
Total	$	**97,160,798**	**97,591,996**	**91,968,964**	**92,215,821**

- **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.

- **Loan portfolio and finance lease operations**

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 under 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.

Note 7 – INTEGRATED RISK MANAGEMENT SYSTEM - (SIAR)

The Bank manages comprehensive risk management considering compliance with current regulations and the 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.
- 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, the Bank's policies and Grupo Aval's corporate policies.

(continued)

7.2 RISK CULTURE

The Bank's risk culture is based on the principles indicated in the previous paragraph and is transmitted to all units of the Bank, supported by the following guidelines:

- The Bank's delegation structure requires that they be sent to decision-making centers such as risk committees. 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 that risk appetite limits are systematically met and, if necessary, to take the proper corrective action.

- The main risks are analyzed prior to their materialization.

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

7.3 CORPORATE STRUCTURE OF THE RISK FUNCTION

In accordance with the guidelines established by the Bank, the corporate structure for managing the different risks is made up of the following levels:

- Board of Directors.
- Risk committees.
- Legal representative.
- Credit and treasury risk management.
- Compliance control unit management
- Integral risk management.

In order to improve the organizational structure, management decided to create the Vice-Presidency of Risk as of January 2024.

(continued)

7.3.1 BOARD OF DIRECTORS

The Board of Directors of the Bank is responsible for adopting, in accordance with the regulations in force, among others, the following functions related to risk management:

- Approve the governance structure for the Bank's risk management, as well as the responsibilities and attributions assigned to the positions and areas in charge. Approve the Bank's business plan and verify its compliance.

- Approve and verify compliance with SIAR policies, general exposure limits, risk management strategies, capital, and liquidity.

- Verify that such policies are in accordance with the risk profile and appetite, the business plan, the nature, size, complexity, and diversity of the activities carried out by the Entity, and the economic and market environments.

- Ensure that the Legal Representative, members of Senior Management and other Bank employees comply with the aforementioned policies, including those related to timely identification and management, risk limits and escalation of authorizations for exceeding such limits, as well as those related to material risk exposures.

- Approve the Risk Appetite Framework (RAF) and the Risk Appetite Statement (RAS) of the Entity, 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, its financial and operating structure. Verify their compliance.

- To know and make a statement at least once a year, with respect to the Bank's risk profile, to propose and/or approve improvement actions and strengthening measures in those aspects that so require.

7.3.2 RISK COMMITTEES

7.3.2.1 COMPREHENSIVE RISK MANAGEMENT COMMITTEE 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 SIAR, the 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.

- Review the Risk Appetite Framework and Risk Appetite Statement, at least once a year, and propose the corresponding adjustments to the Board of Directors for their respective approval.

- 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, iii) the early warning system with respect to the risks inherent to the corporate purpose of the Entity and iv) the risk governance policies and structure.

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

7.3.2.2 ASSET LIABILITY COMMITTEE (ALCO)

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.

7.3.2.3 AUDIT COMMITTEE AND GENERAL COMPTROLLER

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

Among the main duties of these committees are the following:

- Evaluate the risks that may affect the execution of strategic planning and those derived from changes in Senior Management and their impact on the Internal Control System and, if necessary, recommend the measures deemed appropriate to mitigate such impacts.

- Approve the structure, procedures, and methodologies of the Internal Control System with lines of responsibility and accountability.

- Evaluate the structure of the Internal Control System to determine whether the procedures designed reasonably protect the Bank's assets and those of third parties it manages or has custody of.

- Evaluate whether the Internal Control System reasonably ensures the operation of the information systems, their reliability and integrity for decision making, and propose to the Board of Directors the necessary measures to solve the vulnerabilities detected.

The internal audit activity of the Bank is independent from Management, the General Comptroller Office reports directly to the Audit Committee, in the development of its functions, evaluates the effectiveness of the Internal

Control System in the areas and processes, taking into account the policies defined by the Board of Directors with the purpose of supporting the Bank in meeting their institutional and strategic objectives, adding value through the opportunities, improvements and findings identified in the audit activities developed to evaluate 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 LEGAL REPRESENTATIVE

Some of the functions of the Legal Representative concerning risk management in the Bank are:

- Submit the business plan to the Board of Directors for approval, as well as the MAR, the SIAR policies, procedures, and the general limits of exposure and concentration related to the risks managed, the risk governance structure, the strategies to manage: (i) risks, (ii) capital, (iii) liquidity and (iv) conflicts of interest and their disclosure; and their updates, and ensure their compliance.

- Ensure that the risk management strategy and policies approved by the Board of Directors are implemented.

- Submit the guidelines for reports and reports related to risk management and the liquidity contingency plan to the Board of Directors, as well as their updates.

- Approve the SIAR manual and the contingency and business continuity plans, including the risks associated with interconnectivity with other infrastructures and/or supervised entities or suppliers.

- Monitor that the Comprehensive Risk Management System is adequate to manage risks and is in accordance with the risk profile and appetite, business plan, nature, size and complexity of the Entity, the regulatory framework and the conditions of the economies and markets in which it operates.

- Timely inform the Board of Directors in case of deviations from the defined risk appetite or any event that may compromise the viability of the business or the confidence of the public. Ensure that the register of operational risk events complies with the criteria of integrity, availability, compliance, and confidentiality of the information contained therein, as well as that there is a procedure to feed such register.

- Review the composition, characteristics, and level of diversification of assets, liabilities, capital, liquidity, and funding strategy.

7.3.4 CREDIT AND TREASURY RISK MANAGEMENT

The Credit and treasury risk management have, among others, the following duties:

- Oversee that the Bank adequately complies with the policies and procedures established by the Board of Directors and the and the various committees for risk management.

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

(continued)

- 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 and to the control and supervision entities in relation to compliance with 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.

7.3.5 COMPLIANCE CONTROL UNIT MANAGEMENT

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), Anti-Bribery and Anti-Corruption Policy (ABAC), 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).

7.3.6 INTEGRAL RISK MANAGEMENT

The Integral Risk Department, assigned to the Vice-Presidency of risk, is the area in charge of analyzing risks in an integral and consolidated manner in such a way that it generates synergy of the normative and organizational directives with the 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. Since the entry into force of External Circular 018 associated with the implementation of the SIAR, the Directorate is responsible for the analysis, monitoring and control of country risk based on the aforementioned regulations.

7.4 INDIVIDUAL RISK ANALYSIS

The Bank, in the ordinary course of its business, is exposed to various financial, operational, reputational, legal and country risks.

Financial risks include: i) market risk (trading risk, price risk, 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, among which stand out these include credit and liquidity risks.

The following is an analysis of each of these risks.

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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:

		As of December 31, 2023	As of December 31, 2022
Cash and cash equivalents (1)	$	**6,238,916**	**4,531,132**
Financial assets			
Debt securities investments held for trading			
Government		89,858	92,595
Financial entities		62,148	106,439
Other sectors		92,118	148,184
		244,124	**347,218**
Debt securities investments available for sale			
Government		6,252,942	4,517,520
Financial entities		272,465	156,714
Other sectors		408,160	398,587
		6,933,567	**5,072,821**
Investments held to maturity			
Government		1,223,633	1,216,849
Other sectors		2,226,020	1,913,764
		3,449,653	**3,130,613**
Derivative instruments		**656,486**	**786,100**
Loans portfolio			
Repos, interbank, overnight and money market operations		166,383	4,451,918
Commercial		53,214,189	49,184,047
Consumer		19,528,894	17,541,703
Mortgage		8,918,483	7,501,395
Microcredit		260,101	252,404
		82,088,050	**78,931,467**
Other accounts receivable		**3,242,857**	**2,714,555**
Total financial assets with credit risk		**102,853,653**	**95,513,906**
Off- statement of financial position credit risk instruments at their face value			
Financial guarantees and unused letters of credit		1,606,952	1,998,449
Credit commitments		12,025,160	11,274,354
Total exposure to off- statement of financial position credit risk		**13,632,112**	**13,272,803**
Total maximum exposure to credit risk	$	**116,485,765**	**108,786,709**

(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.

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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 loan-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:

		As of December 31, 2023	As of December 31, 2022
		Notional amount	Notional amount
Unused credit card limits	$	6,157,820	5,544,515
Opened lines of credit		3,544,533	3,603,312
Loans approved but not disbursed		2,322,807	2,126,527
Guarantees		1,510,476	1,708,474
Unused letters of credit		96,476	289,975
Total	$	**13,632,112**	**13,272,803**

The outstanding balances of unused credit lines and guarantees do not necessarily represent future cash requirements, because the amount of credit available can expire and might not be used all or in part.

Following are the details on loan commitments by type of currency, in their equivalent in Colombian pesos:

		As of December 31, 2023	As of December 31, 2022
Colombian pesos	$	12,950,219	12,207,885
US dollars		679,742	1,059,038
Euros		1,717	5,880
Others		434	0
Total	$	**13,632,112**	**13,272,803**

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

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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. At the Bank, collateralized loans accounted for 40.7% of total exposure as of December 31, 2023 (39.8% as of December 31, 2022), including commercial and personal loans. This percentage is higher for mortgage and commercial loans, whereas consumer loans generally are not collateralized.

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:

		As of December 31, 2023						
		Commercial portfolio	**Consumer portfolio**	**Mortgage portfolio**	**Microcredit portfolio**	**Finance lease**	**Repos, interbank and others**	**Total**
Unsuitable collateral	$	336,282	0	0	364	0	0	336,646
Admissible financial collateral		2,157,714	19,998	46,703	19,494	8,614	0	2,252,523
Commercial and residential real estate		6,183,375	126,846	8,094,390	502	134,282	0	14,539,395
Assets furnished in real estate lease		0	0	0	0	2,594,643	0	2,594,643
Assets furnished in non-real estate lease		0	0	0	0	1,440,254	0	1,440,254
Other suitable collateral		4,704,660	1,545,677	0	27	22,484	0	6,272,848
Collection rights		5,965,084	390	0	0	30,370	0	5,995,844
Unsecured		30,415,277	17,834,523	0	239,714	0	166,383	48,655,897
Total	$	**49,762,392**	**19,527,434**	**8,141,093**	**260,101**	**4,230,647**	**166,383**	**82,088,050**

		As of December 31, 2022						
		Commercial portfolio	**Consumer portfolio**	**Mortgage portfolio**	**Microcredit portfolio**	**Finance lease**	**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
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**

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

Policies to prevent excessive loan-risk concentration

In order to prevent excessive concentrations of credit risk at an individual, country or economic sectors level, 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 and no more than 25% of the bank's regulatory capital if they are secured by acceptable guarantees.

The following is a breakdown of the credit risk concentration in the different geographic areas, determined according to the debtor's place of residence, without considering loan-risk impairment allowances of debtors:

		Suitable collateral					
		As of December 31, 2023					
					Loss allowance		
		Principal	Interest	Others	Principal	Interest	Others
Commercial portfolio							
Amazon Region	$	21,014	68	2	1,233	3	1
Andean Region		16,772,646	230,076	257	912,432	9,896	84
Caribbean Region		2,266,620	36,728	38	223,423	493	5
Island Region		20,125	92	0	435	3	0
Orinoco Region		269,358	3,005	5	8,846	37	0
Pacific Region		6,958	13	0	842	0	0
		19,356,721	**269,982**	**302**	**1,147,211**	**10,432**	**90**
Consumer portfolio							
Amazon Region		6,119	50	4	573	0	0
Andean Region		1,562,837	12,436	399	84,087	188	41
Caribbean Region		192,505	1,593	68	15,552	30	3
Island Region		433	5	1	11	0	0
Orinoco Region		41,579	366	7	2,581	9	0
Pacific Region		1,826	21	1	167	4	0
		1,805,299	**14,471**	**480**	**102,971**	**231**	**44**
Mortgage portfolio							
Amazon Region		10,486	106	21	302	28	14
Andean Region		6,487,055	83,675	9,658	103,441	7,409	3,667
Caribbean Region		1,388,272	14,086	2,940	29,199	2,452	1,466
Insular Region		3,431	43	7	68	3	4
Orinoco Region		129,606	1,606	327	3,726	356	202
Pacific Region		9,647	100	27	256	34	18
		8,028,497	**99,616**	**12,980**	**136,992**	**10,282**	**5,371**
Microcredit portfolio							
Amazon Region		93	0	0	50	0	0
Andean Region		16,036	5	0	3,095	0	0
Caribbean Region		3,286	0	0	631	0	0
Insular Region		21	0	0	1	0	0
Orinoco Region		258	0	0	86	0	0
Pacific Region		689	0	0	172	0	0

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		Suitable collateral					
		As of December 31, 2023					
					Loss allowance		
		Principal	Interest	Others	Principal	Interest	Others
		20,383	**5**	**0**	**4,035**	**0**	**0**
Commercial finance lease							
Amazon Region		189	1	0	7	0	0
Andean Region		3,150,460	29,882	6,777	105,702	4,621	4,888
Caribbean Region		239,832	1,878	704	17,682	238	562
Orinoco Region		20,688	566	274	1,786	201	233
Pacific Region		281	1	0	10	0	0
Panamá		262	2	0	11	0	0
		3,411,712	**32,330**	**7,755**	**125,198**	**5,060**	**5,683**
Consumer finance lease							
Andean Region		926	9	211	40	0	109
Caribbean Region		182	14	45	95	14	41
Orinoco Region		72	1	0	1	0	0
		1,180	**24**	**256**	**136**	**14**	**150**
Mortgage finance lease							
Amazon Region		142	1	0	1	0	0
Andean Region		659,501	7,962	1,466	9,684	828	518
Caribbean Region		97,032	1,211	287	2,236	170	172
Insular Region		2,850	2	12	28	0	0
Orinoco Region		6,100	85	16	129	14	8
Pacific Region		718	5	0	7	0	0
		766,343	**9,266**	**1,781**	**12,085**	**1,012**	**698**
Total	$	**33,390,135**	**425,694**	**23,554**	**1,528,628**	**27,031**	**12,036**

		No suitable collateral					
		As of December 31, 2023					
					Loss allowance		
		Principal	Interest	Others	Principal	Interest	Others
Commercial portfolio							
Amazon Region	$	14,465	1,151	438	1,725	400	206
Andean Region		21,508,557	461,008	32,179	981,294	108,406	22,730
Caribbean Region		2,076,754	60,599	6,234	137,684	24,836	4,175
Insular Region		7,218	154	94	445	40	34
Orinoco Region		151,926	6,629	2,287	14,254	2,518	1,223
Pacific Region		5,143	274	165	827	148	111
Miami		3,232,031	32,232	0	115,181	317	0
New York		2,462,443	28,329	0	117,392	268	0
Panamá		44,594	483	0	583	5	0
		29,503,131	**590,859**	**41,397**	**1,369,385**	**136,938**	**28,479**
Consumer portfolio							
Amazon Region		174,313	2,179	642	11,187	375	145
Andean Region		14,046,597	230,726	117,614	1,106,307	48,583	24,663
Caribbean Region		2,232,436	37,227	19,160	190,635	8,617	5,002
Insular Region		45,676	773	250	3,214	128	53

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		No suitable collateral					
		As of December 31, 2023					
					Loss allowance		
		Principal	Interest	Others	Principal	Interest	Others
Orinoco Region		693,074	10,868	4,501	52,559	2,335	1,048
Pacific Region		88,967	1,407	774	6,824	286	154
		17,281,063	**283,180**	**142,941**	**1,370,726**	**60,324**	**31,065**
Microcredit portfolio							
Amazon Region		132	5	8	87	4	8
Andean Region		195,921	5,310	1,041	19,385	1,191	787
Caribbean Region		31,967	786	220	3,193	165	166
Insular Region		23	0	0	2	0	0
Orinoco Region		319	18	18	155	4	18
Pacific Region		3,819	96	30	370	27	26
		232,181	**6,215**	**1,317**	**23,192**	**1,391**	**1,005**
Repos, interbank and others							
Andean Region		166,269	107	0	0	0	0
Panamá		7	0	0	0	0	0
		166,276	**107**	**0**	**0**	**0**	**0**
General Allowance		**0**	**0**	**0**	**159,764**	**873**	**0**
Total	$	**47,182,651**	**880,361**	**185,655**	**2,923,067**	**199,526**	**60,549**

		Suitable collateral					
		As of December 31, 2022					
					Loss allowance		
		Principal	Interest	Others	Principal	Interest	Others
Commercial portfolio							
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
Insular 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 portfolio							
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
Insular 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 portfolio							
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
Insular 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

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		Suitable collateral					
		As of December 31, 2022					
					Loss allowance		
		Principal	Interest	Others	Principal	Interest	Others
		6,672,743	**83,687**	**9,460**	**107,470**	**6,958**	**3,723**
Microcredit portfolio							
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
Insular 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 finance lease							
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
Insular Region		143	0	57	83	0	57
Orinoco Region		20,329	323	240	1,826	179	193
Pacific Region		339	1	0	12	0	0
Panamá		384	2	0	16	0	0
		3,202,102	**41,199**	**6,770**	**257,768**	**21,446**	**5,224**
Consumer finance lease							
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 finance lease							
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
Insular 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					
		As of December 31, 2022					
					Loss allowance		
		Principal	Interest	Others	Principal	Interest	Others
Commercial portfolio							
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
Insular 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

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

	No suitable collateral					
	As of December 31, 2022					
				Loss allowance		
	Principal	Interest	Others	Principal	Interest	Others
New York	1,733,830	10,396	0	152,872	124	0
Panamá	69,999	600	0	929	8	0
	26,091,025	**436,751**	**37,280**	**1,353,084**	**108,146**	**23,074**
Consumer portfolio						
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
Insular 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 portfolio						
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
Insular 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
Panamá	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**

The following is a breakdown of loan portfolio by economic sector:

	As of December 31, 2023							
	Commercial portfolio	Consumer portfolio	Mortgage portfolio	Micro-credit portfolio	Finance lease	Repos, interbank and others	Total	Share %
Wage and salary earners	$ 549,558	16,385,006	6,737,683	6,924	638,894	7	24,318,072	29.62%
Manufacturing industries	9,773,023	127,940	64,719	33,329	806,539	5	10,805,555	13.16%
Wholesale and Retail	8,246,857	1,224,307	318,879	147,667	700,596	0	10,638,306	12.96%
Construction	7,465,589	80,658	39,237	846	206,652	0	7,792,982	9.49%
Financial and insurance	4,683,864	16,295	8,299	109	23,408	146,137	4,878,112	5.94%
Public services	3,823,754	619	309	33	10,196	0	3,834,911	4.67%
Transport and storage	2,288,510	237,959	119,671	2,466	520,700	0	3,169,306	3.86%
Professional, scientific and technical	1,878,861	565,553	438,348	3,045	160,027	0	3,045,834	3.71%
Public administration and defense	2,418,487	0	0	0	1,375	0	2,419,862	2.95%
Health care	1,346,572	139,148	83,630	455	226,381	146	1,796,332	2.19%
Agriculture	1,342,755	164,425	46,567	34,217	100,067	0	1,688,031	2.06%

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

Real estate		1,010,447	43,583	18,514	841	308,566	0	1,381,951	1.68%
Administrative services		821,326	74,424	36,120	2,319	205,944	0	1,140,133	1.39%
Information and communications		973,078	36,037	19,911	1,408	44,828	0	1,075,262	1.31%
Lodging and food services		868,678	64,569	35,149	12,582	29,820	0	1,010,798	1.23%
Education		748,958	26,324	18,577	181	51,361	1	845,402	1.03%
Capital rentiers		90,782	259,733	118,659	2,618	57,122	0	528,914	0.64%
Other sectors		1,431,293	80,854	36,821	11,061	138,171	20,087	1,718,287	2.11%
		49,762,392	**19,527,434**	**8,141,093**	**260,101**	**4,230,647**	**166,383**	**82,088,050**	**100.00%**
Loss allowance (1)		(2,709,068)	(1,616,007)	(242,524)	(33,202)	(150,036)	0	(4,750,837)	
Total	$	**47,053,324**	**17,911,427**	**7,898,569**	**226,899**	**4,080,611**	**166,383**	**77,337,213**	

		As of December 31, 2022							
		Commercial portfolio	**Consumer portfolio**	**Mortgage portfolio**	**Micro-credit portfolio**	**Finance lease**	**Repos, interbank and others**	**Total**	**Share %**
Wage and salary earners	$	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%
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%
Lodging 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 rentiers		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%**
Loss 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**	

(1) Includes $70,163 and $348,395 of prudential allowance as of December 31, 2023, and December 31, 2022, respectively (See Note 11.8).

Sovereign debt

As of December 31,2023, and 2022, the investment portfolio in debt securities is comprised mainly of securities issued or secured by Colombian government or foreign governments, which represent 71.2% and 68.1%, respectively of the total portfolio.

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

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		As of December 31, 2023		As of December 31, 2022	
		Value	Shareholding %	Value	Shareholding %
Investment grade (1)					
Colombia	$	6,503,164	85.95%	5,323,268	91.36%
USA		26,515	0.35%	33,453	0.57%
Panamá		15,052	0.20%	4,828	0.08%
		6,544,731	**86.50%**	**5,361,548**	**92.01%**
Speculative (2)					
Colombia		1,021,702	13.50%	465,416	7.99%
		1,021,702	**13.50%**	**465,416**	**7.99%**
Total sovereign risk		**7,566,433**	**100.00%**	**5,826,964**	**100.00%**
Others (3)		**3,060,911**		**2,723,688**	
Total debt securities	**$**	**10,627,344**		**8,550,652**	

(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 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) Corresponds to debt instruments with corporations, financial entities, other public and multilateral entities and unrated or not available.

Process for granting loans and counterparty allocations

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 loan and credit risk management are outlined in its loan manual, which are designed for both traditional banking and treasury activities. The assessment criteria applied to measure credit risk follows the principal guidelines set by the Credit and Treasury Risk Committee.

The Board of Director is the highest authority on loan within the Bank, which guide general policy and have the power to grant the largest amount of loan allowed. In the banking operation, the authority to grant loans and limits on loan depends on the amount, the term, loan rating and the collateral offered by the customer.

In terms of treasury operations, it is the Board of Director that approve operational and counterparty limits. Risk control is carried out 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, for the approval of loans certain considerations are taken into account, including but not limited to the probability of default, counterpart lines of loan, and recovery percentage of guarantees received, tenor and concentration by economic sector.

The Bank has its Credit Risk Management System (SARC – Spanish acronym), managed by the Credit Treasury Risk Direction and the Credit Vice Presidency, SARC focuses on designing, implementing and assessing the risk policies and tools defined by the risk committee and the Board of Director. These policies are reviewed and amended regularly in light of changes and expectations in the markets where operate, in regulations and in other factors to be considered when formulating guidelines of this type.

(continued)

For granting loans, the Bank has different loan-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 conducted in several stages. These include daily collection monitoring and management based on an analysis of past due loans according to the amount of time they are overdue, classification according to risk levels, permanent monitoring of high-risk customers, a restructuring process, 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": Loan and finance lease portfolios in this category are appropriately serviced. The debtor's financial statements or its projected cash flows, and all other loan information available to the Bank, reflect adequate capacity to pay.

Category B – "Acceptable risk": Loan and finance lease portfolios 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": Loan and finance lease portfolios 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": Loan and finance lease portfolios 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": Loan and finance lease portfolios in this category are regarded as uncollectible.

In the case of consumer portfolio, all the elements in the loan 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 portfolio, 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.

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

The following is the distribution of loan portfolio by type of risk:

	Suitable collateral					
	As of December 31, 2023					
				Loss allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial portfolio						
A – Normal	$ 16,452,595	239,283	103	192,803	2,184	4
B – Acceptable	1,023,315	20,142	65	32,519	3,132	3
C – Appreciable	631,423	5,975	57	70,763	534	6
D – Significant	812,692	1,616	4	414,430	1,616	4
E – Uncollectible	436,696	2,966	73	436,696	2,966	73
	19,356,721	**269,982**	**302**	**1,147,211**	**10,432**	**90**
Consumer portfolio						
A – Normal	1,607,756	13,712	317	28,444	83	6
B – Acceptable	42,057	522	120	2,285	13	3
C – Appreciable	49,145	113	9	7,720	11	1
D – Significant	97,406	118	18	55,587	118	18
E – Uncollectible	8,935	6	16	8,935	6	16
	1,805,299	**14,471**	**480**	**102,971**	**231**	**44**
Mortgage portfolio						
A – Normal	7,629,823	93,082	8,344	76,481	3,947	746
B – Acceptable	171,086	2,851	739	5,498	2,696	731
C – Appreciable	101,728	1,568	802	10,173	1,525	799
D – Significant	45,335	728	529	9,074	727	529
E – Uncollectible	80,525	1,387	2,566	35,766	1,387	2,566
	8,028,497	**99,616**	**12,980**	**136,992**	**10,282**	**5,371**
Microcredit portfolio						
A – Normal	14,746	5	0	147	0	0
B – Acceptable	832	0	0	27	0	0
C – Appreciable	667	0	0	133	0	0
D – Significant	819	0	0	409	0	0
E – Uncollectible	3,319	0	0	3,319	0	0
	20,383	**5**	**0**	**4,035**	**0**	**0**
Commercial finance lease						
A – Normal	3,107,700	25,257	2,150	37,695	283	383
B – Acceptable	112,676	1,276	219	3,732	52	76
C – Appreciable	71,354	2,010	261	6,671	938	99
D – Significant	87,066	1,488	1,211	44,184	1,488	1,211
E – Uncollectible	32,916	2,299	3,914	32,916	2,299	3,914
	3,411,712	**32,330**	**7,755**	**125,198**	**5,060**	**5,683**
Consumer finance lease						
A – Normal	1,029	10	147	14	0	45
B – Acceptable	0	0	0	0	0	0
C – Appreciable	32	0	5	4	0	1
D – Significant	2	0	2	1	0	2
E – Uncollectible	117	14	102	117	14	102
	1,180	**24**	**256**	**136**	**14**	**150**

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		Suitable collateral					
		As of December 31, 2023					
					Loss allowance		
		Principal	Interest	Others	Principal	Interest	Others
Mortgage finance lease							
A – Normal		734,235	8,815	1,184	7,341	579	103
B – Acceptable		14,060	233	57	450	233	57
C – Appreciable		8,739	122	91	874	104	89
D – Significant		3,067	34	72	613	34	72
E – Uncollectible		6,242	62	377	2,807	62	377
		766,343	**9,266**	**1,781**	**12,085**	**1,012**	**698**
Total	$	**33,390,135**	**425,694**	**23,554**	**1,528,628**	**27,031**	**12,036**

		No suitable collateral					
		As of December 31, 2023					
					Loss allowance		
		Principal	Interest	Others	Principal	Interest	Others
Commercial portfolio							
A – Normal	$	27,591,627	438,055	11,343	347,491	5,251	1,078
B – Acceptable		286,102	16,379	2,012	12,620	2,567	326
C – Appreciable		286,626	30,221	3,334	37,440	22,916	2,367
D – Significant		823,066	64,945	14,773	456,124	64,945	14,773
E – Uncollectible		515,710	41,259	9,935	515,710	41,259	9,935
		29,503,131	**590,859**	**41,397**	**1,369,385**	**136,938**	**28,479**
Consumer portfolio							
A – Normal		15,341,666	207,682	125,478	422,650	4,730	15,069
B – Acceptable		487,578	18,226	2,572	41,973	1,964	1,105
C – Appreciable		442,602	13,777	2,656	64,716	10,136	2,656
D – Significant		804,400	33,703	9,059	636,570	33,702	9,059
E – Uncollectible		204,817	9,792	3,176	204,817	9,792	3,176
		17,281,063	**283,180**	**142,941**	**1,370,726**	**60,324**	**31,065**
Microcredit portfolio							
A – Normal		201,361	4,974	388	2,015	170	80
B – Acceptable		5,169	169	37	165	161	36
C – Appreciable		3,539	119	45	708	107	42
D – Significant		3,616	122	65	1,808	122	65
E – Uncollectible		18,496	831	782	18,496	831	782
		232,181	**6,215**	**1,317**	**23,192**	**1,391**	**1,005**
Repos, interbank and others							
A – Normal		166,276	107	0	0	0	0
		166,276	**107**	**0**	**0**	**0**	**0**
General Allowance		**0**	**0**	**0**	**159,764**	**873**	**0**
Total	$	**47,182,651**	**880,361**	**185,655**	**2,923,067**	**199,526**	**60,549**

(continued)

BANCO DE BOGOTÁ
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022
(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

	Suitable collateral					
	As of December 31, 2022					
				Loss allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial portfolio						
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 portfolio						
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
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 portfolio						
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 portfolio						
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 finance lease						
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 finance lease						
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 finance lease						
A – Normal	704,872	8,234	775	7,048	495	99
B – Acceptable	7,524	142	29	240	142	29

(continued)

BANCO DE BOGOTÁ
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022
(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		Suitable collateral As of December 31, 2022					
					Loss allowance		
		Principal	Interest	Others	Principal	Interest	Others
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**

		No suitable collateral As of December 31, 2022					
					Loss allowance		
		Principal	Interest	Others	Principal	Interest	Others
Commercial portfolio							
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 portfolio							
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 portfolio							
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**

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The following is a breakdown of the restructured loan portfolio:

	As of December 31, 2023					
				Loss allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial portfolio						
Law 1116	$ 486,335	8,262	200	353,519	4,738	200
Law 550	563	116	0	135	116	0
Ordinary	810,669	22,631	1,886	356,788	17,935	1,818
Proceedings for creditors' meeting	517,729	25,273	4,097	378,483	25,204	4,095
Other types of restructuring	261,176	11,403	1,439	252,017	11,367	1,439
	2,076,472	**67,685**	**7,622**	**1,340,942**	**59,360**	**7,552**
Consumer portfolio						
Law 1116	2,460	18	12	2,257	18	12
Ordinary	646,533	13,642	8,453	321,521	9,598	7,061
Proceedings for creditors' meeting	46,210	1,594	1,115	37,214	1,594	1,115
Other types of restructuring	12,430	477	510	11,888	477	510
	707,633	**15,731**	**10,090**	**372,880**	**11,687**	**8,698**
Mortgage portfolio						
Law 1116	1,367	3	1	376	3	1
Ordinary	47,661	717	215	3,667	490	190
Proceedings for creditors' meeting	15,421	281	405	6,870	279	405
Other types of restructuring	12,376	238	453	6,392	225	453
	76,825	**1,239**	**1,074**	**17,305**	**997**	**1,049**
Microcredit portfolio						
Ordinary	8,073	155	256	5,457	139	253
Proceedings for creditors' meeting	136	11	15	136	11	15
Other types of restructuring	54	1	5	54	1	5
	8,263	**167**	**276**	**5,647**	**151**	**273**
Commercial finance lease						
Law 1116	10,878	208	271	5,822	150	271
Ordinary	44,462	246	139	17,108	124	120
Proceedings for creditors' meeting	28,404	2,033	2,204	17,988	1,948	2,121
Other types of restructuring	21,526	939	701	17,060	939	701
	105,270	**3,426**	**3,315**	**57,978**	**3,161**	**3,213**
Consumer finance lease						
Proceedings for creditors' meeting	102	14	72	102	14	72
	102	**14**	**72**	**102**	**14**	**72**
Mortgage finance lease						
Ordinary	2,313	24	16	253	10	15
Proceedings for creditors' meeting	2,049	28	38	409	23	38
Other types of restructuring	1,435	16	70	493	2	69
	5,797	**68**	**124**	**1,155**	**35**	**122**
Totals						
Law 1116	501,040	8,491	484	361,974	4,909	484
Law 550	563	116	0	135	116	0

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	As of December 31, 2023					
				Loss allowance		
	Principal	Interest	Others	Principal	Interest	Others
Ordinary	1,559,711	37,415	10,965	704,794	28,296	9,457
Proceedings for creditors' meeting	610,051	29,234	7,946	441,202	29,073	7,861
Other types of restructuring	308,997	13,074	3,178	287,904	13,011	3,177
Total	$ **2,980,362**	**88,330**	**22,573**	**1,796,009**	**75,405**	**20,979**

	As of December 31, 2022					
				Loss allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial portfolio						
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
Proceedings for creditors' meeting	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 portfolio						
Law 1116	1,688	11	11	1,476	11	11
Ordinary	318,898	4,349	3,825	161,042	3,151	3,195
Proceedings for creditors' meeting	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 portfolio						
Law 1116	1,429	3	0	41	3	0
Ordinary	6,172	110	58	577	81	54
Proceedings for creditors' meeting	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 portfolio						
Ordinary	7,293	149	288	4,866	135	284
Proceedings for creditors' meeting	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 finance lease						
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
Proceedings for creditors' meeting	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 finance lease						
Proceedings for creditors' meeting	102	14	63	102	14	63

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	As of December 31, 2022					
				Loss allowance		
	Principal	Interest	Others	Principal	Interest	Others
	102	**14**	**63**	**102**	**14**	**63**
Mortgage finance lease						
Ordinary	1,907	18	8	93	14	7
Proceedings for creditors' meeting	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
Proceedings for creditors' meeting	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**

The following is a breakdown of the restructured loan portfolio by type of risk:

	Suitable collateral						
	As of December 31, 2023						
					Loss allowance		
	No. Loans	Principal	Interest	Others	Principal	Interest	Others
Commercial portfolio							
A – Normal	20	$ 29,846	2,723	0	447	34	0
B – Acceptable	43	61,568	2,368	0	1,927	60	0
C – Appreciable	334	113,964	354	2	11,338	25	0
D – Significant	873	405,431	328	0	216,543	328	0
E – Uncollectible	696	371,999	2,961	73	371,999	2,961	73
	1,966	**982,808**	**8,734**	**75**	**602,254**	**3,408**	**73**
Consumer portfolio							
A – Normal	41	914	1	0	28	0	0
B – Acceptable	92	2,472	7	1	187	0	0
C – Appreciable	152	3,654	11	0	601	1	0
D – Significant	578	14,788	15	5	8,110	15	5
E – Uncollectible	79	3,752	0	10	3,752	0	10
	942	**25,580**	**34**	**16**	**12,678**	**16**	**15**
Mortgage portfolio							
A – Normal	219	16,434	274	52	188	114	33
B – Acceptable	267	17,790	235	60	569	168	55
C – Appreciable	61	5,187	100	25	519	85	24
D – Significant	221	15,496	268	111	3,099	268	111
E – Uncollectible	253	21,918	362	826	12,930	362	826
	1,021	**76,825**	**1,239**	**1,074**	**17,305**	**997**	**1,049**
Microcredit portfolio							
A – Normal	6	41	0	0	0	0	0
B – Acceptable	26	195	0	0	6	0	0

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	Suitable collateral							
	As of December 31, 2023							
					Loss allowance		
	No. Loans		Principal	Interest	Others	Principal	Interest	Others
C – Appreciable	28		242	0	0	48	0	0
D – Significant	56		447	0	0	224	0	0
E – Uncollectible	116		1,310	0	0	1,310	0	0
	232		**2,235**	**0**	**0**	**1,588**	**0**	**0**
Commercial finance lease								
B – Acceptable	11		5,109	70	19	259	3	1
C – Appreciable	29		14,435	459	110	1,273	261	26
D – Significant	97		60,617	1,024	520	31,337	1,024	520
E – Uncollectible	211		25,109	1,873	2,666	25,109	1,873	2,666
	348		**105,270**	**3,426**	**3,315**	**57,978**	**3,161**	**3,213**
Consumer finance lease								
E – Uncollectible	3		102	14	72	102	14	72
	3		**102**	**14**	**72**	**102**	**14**	**72**
Mortgage finance lease								
A – Normal	5		774	14	2	7	0	1
B – Acceptable	2		370	0	1	12	0	1
C – Appreciable	6		1,917	27	3	192	8	2
D – Significant	4		1,169	10	13	234	10	13
E – Uncollectible	10		1,567	17	105	710	17	105
	27		**5,797**	**68**	**124**	**1,155**	**35**	**122**
Total restructured	**4,539**	$	**1,198,617**	**13,515**	**4,676**	**693,060**	**7,631**	**4,544**

	No suitable collateral							
	As of December 31, 2023							
					Loss allowance		
	No. Loans		Principal	Interest	Others	Principal	Interest	Others
Commercial portfolio								
A – Normal	14	$	5,228	51	0	62	1	0
B – Acceptable	80		8,532	1,354	21	323	96	3
C – Appreciable	604		71,088	6,717	299	8,711	5,026	249
D – Significant	1,477		570,600	21,861	2,544	291,376	21,861	2,544
E – Uncollectible	3,646		438,216	28,968	4,683	438,216	28,968	4,683
	5,821		**1,093,664**	**58,951**	**7,547**	**738,688**	**55,952**	**7,479**
Consumer portfolio								
A – Normal	3,866		23,199	279	166	1,216	26	23
B – Acceptable	22,584		99,698	2,500	1,117	11,147	362	279
C – Appreciable	29,556		161,127	2,397	1,061	27,612	762	651
D – Significant	70,448		341,308	8,497	5,887	263,506	8,497	5,887
E – Uncollectible	7,965		56,721	2,024	1,843	56,721	2,024	1,843
	134,419		**682,053**	**15,697**	**10,074**	**360,202**	**11,671**	**8,683**
Microcredit portfolio								
A – Normal	12		80	4	0	1	0	0

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	No suitable collateral							
	As of December 31, 2023							
					Loss allowance		
	No. Loans		Principal	Interest	Others	Principal	Interest	Others
B – Acceptable	78		507	9	6	17	7	5
C – Appreciable	142		942	20	7	188	10	5
D – Significant	192		1,291	32	24	645	32	24
E – Uncollectible	530		3,208	102	239	3,208	102	239
	954		**6,028**	**167**	**276**	**4,059**	**151**	**273**
Total restructured	**141,194**	$	**1,781,745**	**74,815**	**17,897**	**1,102,949**	**67,774**	**16,435**

	Suitable collateral							
	As of December 31, 2022							
						Loss allowance		
	No. Loans		Principal	Interest	Others	Principal	Interest	Others
Commercial portfolio								
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 portfolio								
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 portfolio								
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 portfolio								
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 finance lease								
A – Normal	1		17	0	0	0	0	0
B – Acceptable	8		1,800	3	0	57	0	0

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	Suitable collateral							
	As of December 31, 2022							
					Loss allowance		
	No. Loans		Principal	Interest	Others	Principal	Interest	Others
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 finance lease								
E – Uncollectible	3		102	14	63	102	14	63
	3		**102**	**14**	**63**	**102**	**14**	**63**
Mortgage finance lease								
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							
	As of December 31, 2022							
					Loss allowance		
	No. Loans		Principal	Interest	Others	Principal	Interest	Others
Commercial portfolio								
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 portfolio								
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 portfolio								
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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The following is a breakdown of the restructured loan portfolio by economic sector:

		As of December 31, 2023						
		Commercial portfolio	Consumer portfolio	Mortgages portfolio	Microcredit portfolio	Finance lease	Total	Share %
Agriculture	$	43,783	6,564	1,283	722	4,717	57,069	1.85%
Mining and quarrying		72,331	244	0	0	135	72,710	2.35%
Manufacturing industries		445,842	7,094	1,878	1,388	42,879	499,081	16.14%
Public services		703	15	0	0	0	718	0.02%
Water distribution and waste management		6,256	310	73	36	42	6,717	0.22%
Construction		423,739	5,165	418	78	4,406	433,806	14.03%
Wholesale and retail		321,229	76,408	5,449	4,723	21,165	428,974	13.88%
Transport and storage		472,979	10,121	2,668	208	20,481	506,457	16.38%
Lodging and food services		68,250	4,201	1,467	361	1,916	76,195	2.46%
Information and communications		20,706	1,683	261	54	0	22,704	0.73%
Financial and insurance		29,344	896	0	8	0	30,248	0.98%
Real estate activities		79,102	1,342	142	5	3,712	84,303	2.73%
Professional, scientific and technical		70,439	29,222	8,006	231	8,932	116,830	3.78%
Administrative services		25,867	3,688	768	54	1,718	32,095	1.04%
Public administration and defense		1,627	0	0	0	0	1,627	0.05%
Education		6,584	1,315	568	24	11	8,502	0.28%
Health care		29,005	4,199	1,036	12	2,263	36,515	1.18%
Artistic and entertainment		5,998	651	79	28	80	6,836	0.22%
Other service activities		6,005	2,672	441	359	212	9,689	0.31%
Activities of individual households		0	110	0	0	0	110	0.00%
Wage and salary earners		9,005	569,598	53,076	360	4,820	636,859	20.62%
Capital rentiers		12,985	7,956	1,525	55	699	23,220	0.75%
Total	$	**2,151,779**	**733,454**	**79,138**	**8,706**	**118,188**	**3,091,265**	**100.00%**

		As of December 31, 2022						
		Commercial portfolio	Consumer portfolio	Mortgages portfolio	Microcredit portfolio	Finance lease	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%
Lodging 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%

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		As of December 31, 2022						
		Commercial portfolio	**Consumer portfolio**	**Mortgages portfolio**	**Microcredit portfolio**	**Finance lease**	**Total**	**Share %**
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%
Wage and salary earners		7,694	271,177	12,797	441	3,189	295,298	10.46%
Capital rentiers		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%**

The following is a breakdown of the restructured loan portfolio by geographic area:

		Suitable collateral					
		As of December 31, 2023					
					Loss allowance		
		Principal	**Interest**	**Others**	**Principal**	**Interest**	**Others**
Commercial portfolio							
Amazon Region	$	414	0	0	359	0	0
Andean Region		840,976	8,034	75	515,040	3,350	73
Caribbean Region		135,262	699	0	84,542	57	0
Insular Region		5	0	0	1	0	0
Orinoco Region		6,032	1	0	2,277	1	0
Pacific Region		119	0	0	35	0	0
		982,808	**8,734**	**75**	**602,254**	**3,408**	**73**
Consumer portfolio							
Amazon Region		186	0	0	98	0	0
Andean Region		20,019	29	16	10,054	14	15
Caribbean Region		4,791	4	0	2,266	2	0
Insular Region		36	0	0	3	0	0
Orinoco Region		548	1	0	257	0	0
		25,580	**34**	**16**	**12,678**	**16**	**15**
Mortgage portfolio							
Amazon Region		126	0	1	21	0	1
Andean Region		51,440	900	760	12,202	709	742
Caribbean Region		21,849	287	257	4,121	241	250
Orinoco Region		3,133	42	55	955	38	55
Pacific Region		277	10	1	6	9	1
		76,825	**1,239**	**1,074**	**17,305**	**997**	**1,049**

(continued)

BANCO DE BOGOTÁ
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022
(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		Suitable collateral					
		As of December 31, 2023					
					Loss allowance		
		Principal	Interest	Others	Principal	Interest	Others
Microcredit portfolio							
Amazon Region		36	0	0	36	0	0
Andean Region		1,706	0	0	1,150	0	0
Caribbean Region		328	0	0	267	0	0
Insular Region		1	0	0	1	0	0
Orinoco Region		58	0	0	50	0	0
Pacific Region		106	0	0	84	0	0
		2,235	**0**	**0**	**1,588**	**0**	**0**
Commercial finance lease							
Andean Region		78,593	3,066	2,676	43,397	2,813	2,575
Caribbean Region		25,401	220	469	13,933	209	468
Orinoco Region		1,276	140	170	648	139	170
		105,270	**3,426**	**3,315**	**57,978**	**3,161**	**3,213**
Consumer finance lease							
Andean Region		12	0	33	12	0	33
Caribbean Region		90	14	39	90	14	39
		102	**14**	**72**	**102**	**14**	**72**
Mortgage finance lease							
Andean Region		4,406	51	108	960	26	107
Caribbean Region		1,101	17	15	176	9	15
Orinoco Region		290	0	1	19	0	0
		5,797	**68**	**124**	**1,155**	**35**	**122**
Total	$	**1,198,617**	**13,515**	**4,676**	**693,060**	**7,631**	**4,544**

		No suitable collateral					
		As of December 31, 2023					
					Loss allowance		
		Principal	Interest	Others	Principal	Interest	Others
Commercial portfolio							
Amazon Region	$	76	9	8	40	7	8
Andean Region		640,939	44,700	5,747	515,514	42,485	5,703
Caribbean Region		59,402	13,899	1,426	44,666	13,143	1,408
Insular Region		157	1	16	152	1	16
Orinoco Region		3,594	328	343	3,038	302	337
Pacific Region		56	6	7	31	6	7
Miami		185,072	8	0	83,282	8	0
New York		204,368	0	0	91,965	0	0
		1,093,664	**58,951**	**7,547**	**738,688**	**55,952**	**7,479**
Consumer portfolio							
Amazon Region		4,594	80	33	2,392	57	29

(continued)

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Notes to the Separate Financial Statements
As of December 31, 2023 and 2022
(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		No suitable collateral					
		As of December 31, 2023					
					Loss allowance		
		Principal	Interest	Others	Principal	Interest	Others
Andean Region		550,915	12,713	8,019	291,993	9,464	6,904
Caribbean Region		98,190	2,279	1,636	51,247	1,691	1,416
Insular Region		1,783	36	20	852	24	16
Orinoco Region		23,185	519	317	12,141	387	276
Pacific Region		3,386	70	49	1,577	48	42
		682,053	**15,697**	**10,074**	**360,202**	**11,671**	**8,683**
Microcredit portfolio							
Amazon Region		46	2	3	46	2	3
Andean Region		4,882	139	203	3,182	124	201
Caribbean Region		870	23	52	646	22	51
Insular Region		2	0	0	1	0	0
Orinoco Region		83	1	8	77	1	8
Pacific Region		145	2	10	107	2	10
		6,028	**167**	**276**	**4,059**	**151**	**273**
Total	$	**1,781,745**	**74,815**	**17,897**	**1,102,949**	**67,774**	**16,435**

		Suitable collateral					
		As of December 31, 2022					
					Loss allowance		
		Principal	Interest	Others	Principal	Interest	Others
Commercial portfolio							
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
Insular 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 portfolio							
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
Insular Region		41	0	0	6	0	0
Orinoco Region		575	1	0	345	0	0
		20,754	**29**	**8**	**10,405**	**9**	**6**
Mortgage portfolio							
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**

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Notes to the Separate Financial Statements
As of December 31, 2023 and 2022
(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		Suitable collateral					
		As of December 31, 2022					
					Loss allowance		
		Principal	Interest	Others	Principal	Interest	Others
Microcredit portfolio							
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
Insular Region		25	0	0	11	0	0
Orinoco Region		112	0	0	84	0	0
Pacific Region		127	0	0	69	0	0
		3,222	**0**	**0**	**2,152**	**0**	**0**
Commercial finance lease							
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 finance lease							
Andean Region		12	0	30	12	0	30
Caribbean Region		90	14	33	90	14	33
		102	**14**	**63**	**102**	**14**	**63**
Mortgage finance lease							
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					
		As of December 31, 2022					
					Loss allowance		
		Principal	Interest	Others	Principal	Interest	Others
Commercial portfolio							
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
Insular 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 portfolio							
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

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		No suitable collateral					
		As of December 31, 2022					
					Loss allowance		
		Principal	Interest	Others	Principal	Interest	Others
Insular 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 portfolio							
Amazon Region		63	1	2	38	1	2
Andean Region		3,346	138	241	2,236	127	238
Caribbean Region		605	18	51	460	17	51
Insular 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**

The value of restructured loans in domestic currency as of December 31, 2023, and as of December 31, 2022, came to $3,091,265 and $2,826,260, 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 in the years ended in:

		As of December 31, 2023	As of December 31, 2022
Additions (See Note 13)	$	32,200	26,374
Disposals / Sales (See Note 13)	$	(4,719)	(19,856)

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 various portfolios of financial assets within the limits and the risk levels allowed.

Market risk arises from the Bank's positions in investment portfolios of debt securities, equity instruments, 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, loan margins of instruments.

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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 market risk:

		As of December 31, 2023	As of December 31, 2022
Assets			
Debt financial assets			
Investments held for trading	$	244,124	347,218
Investments available for sale		6,933,567	5,072,821
		7,177,691	**5,420,039**
Trading Derivatives		608,511	786,100
Hedging Derivatives		47,975	0
Total assets		**7,834,177**	**6,206,139**
Liabilities			
Trading derivatives		830,576	629,664
Hedging derivatives		203,245	1,228
Total liabilities		**1,033,821**	**630,892**
Net position	**$**	**6,800,356**	**5,575,247**

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 based on approved limits, in an effort to balance the risk / return ratio. Moreover, there is a structure of limits consistent with the Bank general philosophy; it is based on its capital levels, earnings performance and 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 the 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 that comprehensively monitor, both technically and fundamentally, the different variables that influence domestic and foreign markets. This process is intended to support strategic decisions.

Likewise, the analysis and monitoring of the different risks that the Bank incurs in their operations is essential for decision-making and for the evaluation of results. An ongoing analysis of macroeconomic conditions is vital to achieving an ideal combination of risk, return and liquidity.

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

In addition, and 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 foreign subsidiaries and agencies abroad is partially hedged through "non-derivative" instruments (bonds issued in USD), which are treated as "hedging" accounting treatment once they comply with the respective requirements.

The economic relationship between financial instrument and hedged item is contained in Note 10.4.3.1.

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, it also maps the asset and liability positions in the treasury book within zones and bands according to the duration of the portfolios, the investments in equity instruments 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 adopted by the Financial Superintendence of Colombia.

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 backtesting to verify their efficiency. In addition, the Bank has tools for stress testing and/or portfolio sensitization under the simulation of extreme scenarios. Comparisons are made between the scenarios contemplated for the Stress Testing Scheme submitted to carry out portfolio stress and/or sensitivity tests, using simulations of extreme scenarios.to 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 also limits that depend on the "risk type" associated with each of the instruments that comprise the portfolios (sensitivity or impact on portfolio value due to interest rate fluctuations 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 platform in the markets where it does business. These limits are controlled daily by the Back Office and the Middle Office of the Bank. The 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.

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

This monitoring is done to contest the prices published by these services, if necessary.

In the same way, it 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:

		As of December 31, 2023				As of December 31, 2022			
		Minimum	Average	Maximum	Latest	Minimum	Average	Maximum	Latest
Interest rate in pesos	$	285,640	302,600	322,986	322,986	279,197	293,694	306,284	287,279
Exchange rate		80,730	120,141	155,383	130,494	74,624	87,342	98,561	74,624
Shares		3,874	116,245	1,315,263	37,830	3,759	4,182	4,650	3,870
Collective portfolios		47	21,964	131,623	261	93,605	104,038	129,620	129,620
VaR Total	$	**374,853**	**560,950**	**1,768,295**	**491,571**	**467,497**	**489,256**	**506,620**	**495,393**

The Bank's market risk-weighted assets represented on average about 6.20% and 6.87% of total risk-weighted assets during as of December 31, 2023, and 2022.

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):

		As of December 31, 2023	As of December 31, 2022
Portfolio average	$	295,671	644,058
25 basis points		739	1,610
50 basis points		1,478	3,220

Price risk of investments in equity instruments

The Bank has exposures to price risk of financial assets in equity instruments that are listed on the 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 $61 and $36 as of December 31, 2023, and 2022, 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 6.4.1.

- **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 34. 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:

	As of December 31, 2023			
	Millions of US Dollars	**Millions of Euros**	**Other currencies expressed in millions of US Dollars**	**Total in millions of Colombian pesos**
Assets				
Cash and cash equivalents	936.39	4.52	4.37	$ 3,614,859
Debt securities investments held for trading	32.38	0.00	0.00	123,773
Debt securities investments available for sale	347.76	0.00	0.00	1,329,167
Debt securities investments available for equity	0.00	0.00	1.59	6,090
Investments held to maturity	6.94	0.00	0.00	26,515
Loan portfolio	1,758.90	0.00	0.02	6,722,662
Other accounts receivable	358.46	0.00	0.00	1,370,044
Total assets	**3,440.83**	**4.52**	**5.98**	**13,193,110**
Liabilities				
Checking accounts deposits	979.91	0.00	0.00	3,745,248
Savings accounts deposits	33.63	0.00	0.00	128,547
Time deposits	1,104.72	0.00	0.00	4,222,296
Other deposits	51.36	3.75	0.12	212,685
Interbank borrowings and overnight funds	0.00	1.25	0.00	5,306
Borrowings from banks and others	1,529.83	0.00	0.00	5,847,086
Bonds issued	1,797.51	0.00	0.00	6,870,173
Borrowings from development entities	0.15	0.00	0.00	580
Lease liability	3.42	0.00	0.00	13,081
Accounts payable and other liabilities	4.01	0.00	0.00	15,328
Total liabilities	**5,504.54**	**5.00**	**0.12**	**21,060,330**
Net asset (liabilities) position	**(2,063.71)**	**(0.48)**	**5.86**	**$ (7,867,220)**

(continued)

	As of December 31, 2022				
	Millions of US Dollars	Millions of 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 deposits	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
Borrowings from 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)**

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 foreign currency bonds (see Note 10.4.3.1).

If the exchange rate increased by $10 Colombian pesos to $1 USD, the effect on the net position of the Bank would decrease $20,584 and $31,068 as of December 31, 2023, and 2022, respectively.

- **Interest rate structure risk**

The Bank has exposures to 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 income 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. (e.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.

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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

	As of December 31, 2023				
	Up to 1 Month	From 1 to 6 Months	From 6 to 12 Months	More than 1 year	Total
Assets					
Cash and cash equivalents	$ 8,026,760	0	0	0	8,026,760
Debt securities investments held for trading	244,124	0	0	0	244,124
Debt securities investments available for sale	15,673	282,901	617,645	6,017,348	6,933,567
Investments held to maturity	2,226,019	1,039,108	184,526	0	3,449,653
Repos, interbank, overnight and money market operations	166,383	0	0	0	166,383
Commercial portfolio	4,818,940	12,203,006	9,430,485	26,761,758	53,214,189
Consumer portfolio	407,330	217,301	1,037,274	17,866,989	19,528,894
Mortgages portfolio	124,158	477	1,874	8,791,974	8,918,483
Microcredit portfolio	11,733	10,380	32,259	205,729	260,101
Abandoned accounts - ICETEX	0	0	0	243,403	243,403
Other accounts receivable (1)	0	0	0	1,187,343	1,187,343
Total assets	**16,041,120**	**13,753,173**	**11,304,063**	**61,074,544**	**102,172,900**
Liabilities					
Checking accounts deposits	13,851,010	0	0	0	13,851,010
Savings accounts deposits	28,213,457	0	0	0	28,213,457
Time deposits	5,171,548	13,336,885	8,748,137	6,550,280	33,806,850
Interbank borrowings and overnight funds	4,077,439	0	0	0	4,077,439
Borrowings from banks and others	915,169	2,409,838	2,058,765	463,314	5,847,086
Bonds issued	0	1,498,966	0	6,164,293	7,663,259
Borrowings from development entities	1,816,919	1,006,179	127,307	195	2,950,600
Lease liability	3,087	39,090	70,576	368,609	481,362
Total liabilities	**$ 54,048,629**	**18,290,958**	**11,004,785**	**13,546,691**	**96,891,063**

	As of 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 money market operations	4,451,918	0	0	0	4,451,918
Commercial portfolio	4,384,795	10,638,988	7,449,589	26,710,675	49,184,047
Consumer portfolio	288,826	196,624	985,897	16,070,356	17,541,703
Mortgages portfolio	103,209	440	1,844	7,395,902	7,501,395
Microcredit portfolio	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
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

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		As of December 31, 2022				
		Up to 1 Month	From 1 to 6 Months	From 6 to 12 Months	More than 1 year	Total
Savings accounts deposits		29,448,745	0	0	0	29,448,745
Time deposits		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
Borrowings from development entities		2,299,204	257	0	0	2,299,461
Lease liability		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**

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

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

		As of December 31, 2023				
		Under one year		More than one year		Total
		Variable	Fixed	Variable	Fixed	
Assets						
Debt securities Investments held for trading	$	5,130	131,733	1,873	105,388	244,124
Debt securities Investments available for sale		0	791,249	124,970	6,017,348	6,933,567
Investments held to maturity		2,226,020	1,223,633	0	0	3,449,653
Repos, interbank, overnight and money market operations		0	166,383	0	0	166,383
Commercial portfolio		22,753,172	5,091,931	21,880,027	3,489,059	53,214,189
Consumer portfolio		20,931	6,061,321	278,752	13,167,890	19,528,894
Mortgages portfolio		0	478,405	0	8,440,078	8,918,483
Microcredit portfolio		7	147,122	0	112,972	260,101
Abandoned accounts - ICETEX		0	0	243,403	0	243,403
Other accounts receivable (1)		0	0	0	1,187,343	1,187,343
Total assets		**25,005,260**	**14,091,777**	**22,529,025**	**32,520,078**	**94,146,140**
Liabilities						
Checking account deposits		0	13,851,010	0	0	13,851,010
Savings accounts deposits		805,877	27,407,580	0	0	28,213,457
Time deposits		3,519,310	23,697,021	2,314,660	4,275,859	33,806,850
Interbank borrowings and overnight funds		0	4,077,439	0	0	4,077,439
Borrowings from banks and others		1,929,442	3,454,330	394,587	68,727	5,847,086
Bonds issued		0	210,979	1,287,987	6,164,293	7,663,259
Borrowings from development entities		318,541	0	2,632,059	0	2,950,600
Lease liability		0	98,057	0	383,305	481,362
Total liabilities	$	**6,573,170**	**72,796,416**	**6,629,293**	**10,892,184**	**96,891,063**

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		As of 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 money market operations		0	4,451,918	0	0	4,451,918
Commercial portfolio		19,634,534	4,059,153	22,439,593	3,050,767	49,184,047
Consumer portfolio		14,328	5,232,218	306,730	11,988,427	17,541,703
Mortgages portfolio		0	417,925	0	7,083,470	7,501,395
Microcredit portfolio		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 deposits		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
Borrowings from development entities		143,780	0	2,155,681	0	2,299,461
Lease liability		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**

(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 as of December 31, 2023, and 2022, would have increased (decreased) by $22,331 and $28,570, 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

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 had significant exposure to the Libor rate in its financial instruments, which were 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 proceeded smoothly, particularly in derivatives, consumer loans and floating rate markets. The market perceived fluid progress in commercial loans and securitization markets, observing a greater trend towards issuances indexed to SOFR.

(continued)

Banco de Bogotá's activities were framed under a work plan which was subject to adjustments according to the guidelines and recommendations of local and international regulators, and, according to the best practices that were adopted in the market during this transition. These activities 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 to information systems, v) modifications to procedures and policies, vii) modifications to valuation models.

As of July 1, 2023, the London Interbank Offered Rate (LIBOR) ceased to be used and was replaced in its entirety by the Secured Overnight Financing Rate (SOFR) reference rate, after running a parallel that began on March 5, 2021, the date on which the Financial Conduct Authority (FCA) will indicate the cessation of the reference rate.

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 the Annex 9 of Chapter XXXI 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).

On the other hand, there are internal models that aim to anticipate the degree of short-term exposure to liquidity risk and identify and issue early alerts for risk management, through a 30 days LRI forecast, under various time windows by mapping all the expected flows of different balance sheet items with contractual and non-contractual maturities, as well as expected movements by business areas.

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 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.

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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. The 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 CFEN calculation:

		Available stable funding (FED)	Required stable funding (FER)	Net Stable Funding Coefficient (CFEN) %
As of December 31, 2023	$	76,043,915	70,008,453	108.62%
As of December 31, 2022	$	68,769,289	65,419,993	105.12%

On the other hand, there is an internal model for CFEN indicator prospection, with the purpose of evaluating weekly the management performed by the business and ALM areas and its impact on the CFEN indicator. In this way, the necessary alerts are generated so that the Bank's strategy can be redirected to ensure that adequate structural funding is maintained and, additionally, to anticipate regulatory compliance with the indicator.

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.

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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 deposits:	
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)
As of December 31, 2023	$	11,924,823	9,811,253	7,608,462	2,568,828
As of December 31, 2022	$	11,749,890	10,865,287	7,758,033	6,445,745

(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 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 loan with other institutions and access to special lines of loan with the Central Bank of Colombia, in accordance with current regulations. These lines of loan 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.

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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

		As of December 31, 2023				
		Less than one month	**From one to six months**	**From six to twelve months**	**More than one year**	**Total**
Assets						
Cash and cash equivalents	$	8,026,760	0	0	0	8,026,760
Debt securities Investments held for trading		244,124	0	0	0	244,124
Debt securities Investments available for sale		25,387	272,267	890,898	7,573,997	8,762,549
Investments held to maturity		431,581	1,515,486	1,596,722	0	3,543,789
Trading Derivatives		608,511	0	0	0	608,511
Hedging Derivatives		47,975	0	0	0	47,975
Repos, interbank, overnight and money market operations		166,383	0	0	0	166,383
Commercial portfolio		5,518,621	15,306,595	11,871,530	34,285,401	66,982,147
Consumer portfolio		1,085,842	3,926,234	4,201,623	19,350,345	28,564,044
Mortgages portfolio		185,893	558,976	666,486	19,192,415	20,603,770
Microcredit portfolio		37,815	85,075	85,062	145,284	353,236
Abandoned accounts - ICETEX		0	0	0	243,403	243,403
Other accounts receivable (1)		0	0	0	1,187,343	1,187,343
Total Assets		**16,378,892**	**21,664,633**	**19,312,321**	**81,978,188**	**139,334,034**
Liabilities						
Trading derivatives		830,576	0	0	0	830,576
Hedging derivatives		203,245	0	0	0	203,245
Checking accounts deposits		13,851,010	0	0	0	13,851,010
Savings accounts deposits		28,213,457	0	0	0	28,213,457
Time deposits		4,643,169	14,809,902	9,822,140	8,024,271	37,299,482
Other deposits		269,735	0	0	0	269,735
Interbank borrowings and overnight funds		4,077,439	0	0	0	4,077,439
Borrowings from banks and others		963,664	2,521,204	2,202,249	477,088	6,164,205
Bonds issued		0	407,436	195,902	8,079,459	8,682,797
Borrowings from development entities		95,923	573,958	643,421	2,779,449	4,092,751
Lease liability		941	40,220	56,896	383,305	481,362
Accounts payable and other liabilities		3,289,991	0	0	0	3,289,991
Total Liabilities	$	**56,439,150**	**18,352,720**	**12,920,608**	**19,743,572**	**107,456,050**

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		As of 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 money market operations		4,451,918	0	0	0	4,451,918
Commercial portfolio		4,907,291	13,470,334	9,565,603	33,930,263	61,873,491
Consumer portfolio		876,257	3,389,165	3,614,157	17,265,151	25,144,730
Mortgages portfolio		140,986	446,760	532,423	14,884,289	16,004,458
Microcredit portfolio		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 deposits		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
Borrowings from development entities		73,724	431,479	439,338	2,040,321	2,984,862
Lease liability		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**

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

7.4.4 COUNTRY RISK

Country risk is related to the possibility that the Bank incurs in losses by virtue of financial operations abroad due to a detriment of the economic and/or socio-political conditions of the country receiving such operations. Country risk management is carried out by means of the instruction of numeral 6 of Part III of Chapter XXXI of the Basic Accounting and Financial Circular of the Financial Superintendence of Colombia, which establishes the methodologies for identification, measurement, control, and monitoring.

In order to measure country risk, the Bank monitors on a semiannual basis, also, for the evaluation of new markets and jurisdictions where the Bank wants to establish investments, economic variables, market, political, institutional, social and environmental factors of the countries where it has capital investments in order to classify them according to their own conditions; this classification is made on a scale of 1 to 5, being 1 the lowest rating, i.e. E, and 5 the best rating being A. Likewise, this rating is compared with the ratings of the main international

(continued)

risk rating agencies, and the final rating is defined as the minimum value between the monitored variables and the rating of the risk rating agencies.

The Bank's country risk exposure is defined by its subsidiaries Multi Financial Holding and Banco de Bogotá Panamá S.A. mainly, these Entities have their strategic and operational function in Panama. For this reason, the currency exposure to which the Bank is exposed is U.S. dollars.

The methodology for measuring and reporting country risk includes, among others, the following variables:

- **Economic**: annual inflation rate, unemployment rate, benchmark deposit interest rate, annual real GDP variation, export level trend, import level trend.

- **Market:** The following indicators i) 5-year Credit Default Swap (CDS) and ii) Emerging Market Bond Indicator (EMBI), ratings from major credit rating agencies, total external debt/export level.

- **Other Factors:** Level of trust in institutions, degree of popular participation, possibility of civil conflict, income and wealth distribution and probability of occurrence of natural catastrophes.

The Bank designed a model that considers the aforementioned factors and their respective variables in each information cutoff period, in order to classify the country, object of the analysis and thereby evaluate the level of country risk to which it is exposed. As of December 31, 2023, the following results were obtained:

Evaluation of variables	Weighted score
Economic, market, political, institutional, social and natural hazards segments	4.0

Standard & Poor's (S&P), in its evaluation of Panama rated the country investment grade with a stable outlook for its strong economic performance, highlighting the country's accelerated GDP growth compared to its peers in the region; on the other hand, it emphasizes the country's fiscal challenges.

Regarding Moody's, although it reduced its rating on Panama, it maintains the investment grade, with a stable outlook, this downgrade in the rating is explained in the fiscal pressures for government spending during the current and future period, however, the rating agency notes that the solid prospects for GDP growth in the coming years, with annual rates in the range of 4% to 5%, provide key support to Panama's credit profile.

As a result of the country risk assessment, it was estimated that it is not necessary to generate provisions related to the Bank's exposures in Panama, due to the stable performance of Panama's economic, market, social and environmental indicators, supported by an investment grade rating from the main risk rating agencies.

7.4.5 OPERATIONAL RISK

Operational risk is “the possibility that due to deficiencies in people, infrastructure, technology or inadequate or failed 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.

As of December 31, 2023, the operational risk profile had risks and controls in place for its 262 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. Below is the evolution of the figures resulting from each update of the Bank's operational risk profile:

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

	As of December 31, 2023	As of December 31, 2022
Controls	3,442	3,859
Causes	1,824	1,908
Risks	1,848	1,816
Processes	262	266

The net losses recorded for operational risk events during the year 2023, according to the Basel risk classification amounted to $45,270, distributed as follows:

Risk of Basel	Quantity		Loss	Recovery	Net loss
External Fraud	32,775	$	37,884	731	37,153
Labor relations and occupational safety	63		4,002	1,018	2,984
Process execution and administration	1,972		2,141	247	1,894
Internal fraud	71		1,302	7	1,295
Customers, products and business practices	10,624		1,146	12	1,134
Technology failures	3,187		694	93	601
Damage to physical assets	157		546	337	209
Total	**48,849**	**$**	**47,715**	**2,445**	**45,270**

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

- Customer impersonation in applications and use of digital credit products and self-management to update data for $21,087.
- Fraudulent use of loan and debit card for $9,684, including recovery via commerce for $363.
- Spoofing under the Dual Tone Multi Frequency (DTMF) modality through social engineering techniques for $2,496.

Labor relations and safety: Constitution of provisions for claims involving the recalculation of the actuarial calculation or recalculation of the pension of former employees for $2,984, including recovery of provisions for $1,018.

7.4.6 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 this reason 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.

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- **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, 13 risks and 29 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.
- Possible Conflicts of Interest.
- Environment pillar (society and environment).

- **Others 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 2023, the commitment of "Zero Tolerance" to the 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.

7.4.7 RISK OF CYBERSECURITY

Information Security and Cybersecurity Model

The Bank for Information Security and Cybersecurity Management 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, 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 and Cybersecurity 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 and Auditability.

The Bank during the year 2023 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.

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During the year 2023, there were no Cybersecurity incidents that should be disclosed in the financial statements, as a result of the support given by Management to this front and the management carried out by the areas that execute the Bank's Security and Cybersecurity Strategy.

7.4.8 ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT AND CLIMATE CHANGE SYSTEM (ESRMS)

The Environmental and Social Risk Management and Climate Change 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 2023, 402 clients were analyzed within the SARAS methodology, an increase of 11% compared to the previous year, where each client was categorized in one of the 3 risk levels (High, Medium and Low). Of the total analysis, 112 were new concepts, 186 were renewals and 104 were follow-ups of special conditions before and after disbursement. The total amount evaluated at the end of December is $31,417,027, distributed in 18.5% in high risk, 76.5% in medium risk and 5.0% in low risk.

It is important to highlight that adjustments were made to the Environmental and Social Risk Identification Form - FIRAS, in order to obtain information on the mitigation capacity of our clients in the face of climate change risk and strengthen their analysis. In addition to the information obtained directly from the client through the FIRAS, validations are performed in 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.

Climate change risk

Climate change risk is a cross-cutting risk that impacts the Bank through other risks. The measurement of climate risk will be done through the implementation of a transition risk score at client level, which should consider two components:

- Inherent climate risk, mainly associated with the client's activity and sector of operation.
- Transition risk mitigation, associated with the client's transition strategy and efforts to mitigate the inherent risk.

Climate change risk impacts the environment of our clients, affecting the development of their economic activities, therefore, their stability and operation, increasing credit risk and the probability of default.

The methodology adopted by the Bank to manage transition risks consists of a "transition score", starting with the corporate and business segments, which represent 71% of the corporate portfolio. As of December 31, 2023, the results of this analysis showed that 1% and 8% are at risk with a possible significant impact in the short and long term, respectively. With these two risk levels being our monitoring focus, the Bank is in the process of evaluating the information in order to understand the mitigation capacity of our clients.

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(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

The following are the first results of the transition matrix:

Inherent transition risk				
Ranking	**Sectors with possible significant impact in the short and medium term**	**Sectors with potential significant long-term impact**	**Sectors with low impact**	**Sectors with very low impact**
%Exposure	1%	8%	59%	32%
Mitigation Capacity				
Leader	55%	31%	0%	0%
Advanced	6%	4%	0%	0%
In development	16%	6%	0%	0%
Lagging behind	0%	4%	0%	0%
Under evaluation	23%	55%	100%	100%

(1) The results presented correspond to companies in the corporate and business segments, which represent 71% of the total commercial portfolio and 65% of the Bank's total portfolio as of December 31, 2023. Does not include small and medium-sized companies, consumer, mortgage, microcredit portfolios.

7.4.9 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.

- **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 2023:

- **Identification:** This stage involves the ongoing identification of risks and their documentation in the risk matrix. At the moment, 3 risks and 83 causes derived from the analysis of the Bank's internal and external context and in compliance with Grupo Aval's guidelines 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 134 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.

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

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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.

During the year 2023, it can be established that the residual risk is calculated 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.

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 during the year 2023, 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 2023, 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.

7.4.10 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 and assumes the legal defense of the Entity in civil proceedings brought against it.

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 33.3 to the financial statements details the significant lawsuits against the Bank, other than those classified as remote probability.

Note 8 – OPERATING SEGMENTS

Operating segments are defined as a component of an entity that: (i) develops business initiatives through which it may earn income from ordinary activities and incur expenses; (ii) generates operating income that is reviewed regularly by the highest operational decision-making authority within the Bank, to make decisions about the resources to be allocated to the segment and assess its performance; and (iii) has discrete financial information about its operations.

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Based on this definition and considering the fact that the Board of Directors, which is the highest 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:

Banking operation, which comprises all of the Bank's activities other than investments in subsidiaries, associates and joint ventures.

- Investments in subsidiaries, associates and joint ventures.

The following are the strategic units, the first three which correspond to the banking operation segment:

8.1 CORPORATE BANKING

Channel for large, medium-sized and small companies with focus on cash flow management services, risk hedging, specialized credit lines 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 services are made available through financing to develop projects with a high social impact.

8.2 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 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.

8.3 TREASURY AND INTERNATIONAL

This segment is in charge of liquidity management, management of fixed income investment portfolios and operations in the foreign exchange and derivatives markets.

The Treasury manages the Bank's liquidity surpluses in accordance with legal requirements and the strategies defined by the Board of Directors and the Assets and Liabilities Committee, and also manages access to local and international institutional funding sources.

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 the portfolios follow the guidelines of the Bank's Board of Directors and Committees such as ALCO and the Integral Risk Committee, the highest bodies in this matter.

Additionally, the foreign exchange and derivatives businesses are managed within the segment, with two fundamental mandates: i) to implement the hedging strategies for foreign exchange or interest rate risk of the Bank's state approved by ALCO and managed by the ALM Department, and ii) to offer innovative products and competitive prices to customers. To this end, there are two trading desks: the Products Desk, which operates in

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(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

the professional market, and the Distribution Desk, which is in direct contact with clients from the different commercial segments served by the Bank.

8.4 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Follow-up to 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.

The following is the breakdown on assets, liabilities, income, and expenses of the reportable operating segments:

Assets and liabilities, by segments

		As of December 31, 2023			As of December 31, 2022		
		Banking operation	Investments in subsidiaries, associates and joint ventures	Total	Banking operation	Investments in subsidiaries, associates and joint ventures	Total
Cash and cash equivalents	$	8,026,760	0	8,026,760	6,396,822	0	6,396,822
Financial assets		12,553,314	0	12,553,314	11,038,873	0	11,038,873
Loan portfolio, net		77,337,213	0	77,337,213	74,126,167	0	74,126,167
Repos, interbank, overnight and money market operations		166,383	0	166,383	4,451,918	0	4,451,918
Customer and finance lease operations		77,170,830	0	77,170,830	69,674,249	0	69,674,249
Other accounts receivable, net (1)		3,198,475	0	3,198,475	1,195,916	1,464,142	2,660,058
Non-current assets held for sale		21,543	0	21,543	8,684	0	8,684
Investments in subsidiaries, associates and joint ventures (See Note 14)		0	11,702,579	11,702,579	0	11,451,828	11,451,828
Property, plant and equipment		604,158	0	604,158	618,631	0	618,631
Right-of-use assets		380,825	0	380,825	431,200	0	431,200
Investment property		66,942	0	66,942	76,546	0	76,546
Goodwill		465,905	0	465,905	465,905	0	465,905
Other intangible assets		754,241	0	754,241	588,543	0	588,543
Income tax		1,692,042	0	1,692,042	2,324,223	0	2,324,223
Other assets		20,254	0	20,254	20,389	0	20,389
Total assets		**105,121,672**	**11,702,579**	**116,824,251**	**97,291,899**	**12,915,970**	**110,207,869**
Liabilities							
Derivative financial liabilities		1,033,821	0	1,033,821	630,892	0	630,892
Financial liabilities at amortized cost		95,211,552	1,949,246	97,160,798	89,515,762	2,453,202	91,968,964
Customer deposits		76,141,052	0	76,141,052	69,736,981	0	69,736,981
Financial obligations (2)		18,589,138	1,949,246	20,538,384	19,244,476	2,453,202	21,697,678
Lease liability		481,362	0	481,362	534,305	0	534,305
Employee benefits		218,783	0	218,783	190,574	0	190,574
Provisions		20,590	0	20,590	20,114	0	20,114
Income tax		0	0	0	1,411	0	1,411

(continued)

BANCO DE BOGOTÁ
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022
(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		As of December 31, 2023			As of December 31, 2022		
		Banking operation	Investments in subsidiaries, associates and joint ventures	Total	Banking operation	Investments in subsidiaries, associates and joint ventures	Total
Accounts payables and other liabilities		3,313,123	0	3,313,123	2,345,738	0	2,345,738
Total liabilities	**$**	**99,797,869**	**1,949,246**	**101,747,115**	**92,704,491**	**2,453,202**	**95,157,693**

(1) The value reported in investments in subsidiaries, associates and joint ventures as of December 2022 corresponds to long-term dividends receivable from BHI, the amount of which for December 2023 was transferred to the Banking Operation segment taking into account the sale of this investment.
(2) The value reported in investments in subsidiaries, associates and joint ventures corresponds to the bonds issued designated as hedging on net investments in foreign operation.

Statement of income for the period, by segment

		Years ended at December 31					
		2023			2022		
		Banking operation	Investments in subsidiaries, associates and joint ventures	Total	Banking operation	Investments in subsidiaries, associates and joint ventures	Total
Interest income	**$**	**12,704,109**	**0**	**12,704,109**	**7,964,642**	**41,514**	**8,006,156**
Customer loan portfolio and leasing operations		11,617,762	0	11,617,762	7,391,621	0	7,391,621
Repos, interbank, overnight and money market operations		149,046	0	149,046	58,208	0	58,208
Investments		631,133	0	631,133	415,417	0	415,417
Interest income from other receivables		99,295	0	99,295	6,572	41,514	48,086
Income from deposits		206,873	0	206,873	92,824	0	92,824
Interest expense		**(8,111,097)**	**(207,101)**	**(8,318,198)**	**(3,441,492)**	**(488,973)**	**(3,930,465)**
Customer deposits		(6,700,392)	0	(6,700,392)	(2,951,807)	0	(2,951,807)
Financial obligations		(1,377,826)	(207,101)	(1,584,927)	(465,749)	(488,973)	(954,722)
Lease liability		(32,879)	0	(32,879)	(23,936)	0	(23,936)
Net interest income		**4,593,012**	**(207,101)**	**4,385,911**	**4,523,150**	**(447,459)**	**4,075,691**
Net allowance on financial assets		**(1,686,602)**	**0**	**(1,686,602)**	**(1,085,440)**	**0**	**(1,085,440)**
Loan portfolio, finance lease and accounts receivable		(1,952,500)	0	(1,952,500)	(1,413,171)	0	(1,413,171)
Recovery of charged-off financial assets		265,869	0	265,869	327,786	0	327,786
Recovery (allowance) of investments		29	0	29	(55)	0	(55)
Net interest income, after allowance		**2,906,410**	**(207,101)**	**2,699,309**	**3,437,710**	**(447,459)**	**2,990,251**
Net income from commissions and fees		**1,015,654**	**0**	**1,015,654**	**844,059**	**0**	**844,059**
Net (Expense) income of financial assets or liabilities held for trading		**(2,078,716)**	**0**	**(2,078,716)**	**1,163,318**	**12,716**	**1,176,034**
Net (Expense) income on valuation of trading derivative instruments		(2,017,396)	0	(2,017,396)	1,184,408	0	1,184,408

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		Years ended at December 31					
		2023			2022		
		Banking operation	Investments in subsidiaries, associates and joint ventures	Total	Banking operation	Investments in subsidiaries, associates and joint ventures	Total
Net (Expense) income on valuation of hedging derivative instruments		(168,773)	0	(168,773)	1,228	12,716	13,944
Net Income (expense) on valuation of held-for-trading investments		107,453	0	107,453	(22,318)	0	(22,318)
Gain on fair value measurement in the deconsolidation (loss of control) of subsidiaries		**0**	**0**	**0**	**0**	**112,817**	**112,817**
Share of the profit or loss of subsidiaries, associates and joint ventures		**0**	**844,552**	**844,552**	**0**	**790,013**	**790,013**
Net Income (expense) foreign exchange		**1,644,934**	**0**	**1,644,934**	**(1,479,774)**	**0**	**(1,479,774)**
Net other income		**194,423**	**0**	**194,423**	**139,245**	**0**	**139,245**
Other expenses		**(2,914,115)**	**0**	**(2,914,115)**	**(2,569,055)**	**0**	**(2,569,055)**
Operating expenses		(1,837,603)	0	(1,837,603)	(1,528,516)	0	(1,528,516)
Employee benefits		(851,542)	0	(851,542)	(807,678)	0	(807,678)
Depreciation and amortisation		(215,636)	0	(215,636)	(219,064)	0	(219,064)
Other expenses		(9,334)	0	(9,334)	(13,797)	0	(13,797)
Net income before income tax		**768,590**	**637,451**	**1,406,041**	**1,535,503**	**468,087**	**2,003,590**
Income tax expense		(381,157)	0	(381,157)	(218,321)	0	(218,321)
Net income for the period from continuing operations	**$**	**387,433**	**637,451**	**1,024,884**	**1,317,182**	**468,087**	**1,785,269**

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, which is required to be reported:

		Year ended at December 31, 2023					
		Colombia	**Miami**	**New York**	**Panamá**	**Others (4)**	**Total**
Income for the period	$	**12,342,411**	**344,841**	**218,236**	**52,915**	**9**	**12,958,412**
Income from banking activity (1)		11,526,947	344,841	218,236	9,339	0	12,099,363
Income from dividends		14,497	0	0	0	0	14,497
Income by the equity method (2)		800,967	0	0	43,576	9	844,552
Non-current assets other than financial instruments		**3,263,117**	**10,349**	**3,209**	**2,025**	**0**	**3,278,700**
Property, plant and equipment		603,615	533	0	10	0	604,158
Right-of-use assets		368,052	9,816	2,957	0	0	380,825
Intangible assets (3)		1,217,879	0	252	2,015	0	1,220,146
Investment property		66,942	0	0	0	0	66,942
Deferred income tax assets	$	1,006,629	0	0	0	0	1,006,629

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		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 other than financial instruments		**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 property		76,546	0	0	0	0	76,546
Deferred income tax assets	$	1,837,560	0	0	0	0	1,837,560

(1) Includes income for commissions and fees 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 Panamá includes: Multi Financial Holding, Banco de Bogotá Panamá 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 fundraising, it offers products such as savings accounts, checking accounts and time deposits 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 retrieval, internet, Servilínea and mobile banking, among others.

The Bank does not report a concentration of income from customers with a share of more than 10% of income from ordinary activities. For this purpose, a customer is defined exclusively as any customer, other than Related Parties, which is under joint control based on the information available, (See Note 35).

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

Note 9 – CASH AND CASH EQUIVALENTS

The following table shows the breakdown of cash and cash equivalents:

		As of December 31, 2023	As of December 31, 2022
In Colombian pesos			
Cash in hand	$	1,784,091	1,857,747
Banco de la República (Central Bank of Colombia) (1)		2,559,248	1,396,376
Banks and other financial entities		6,068	297
Cash equivalents (2)		62,494	0
		4,411,901	**3,254,420**
In foreign currency			
Cash in hand		3,753	7,943
Banks and other financial entities (3)		3,611,106	3,134,459
		3,614,859	**3,142,402**
Total	$	**8,026,760**	**6,396,822**

(1) Increase of $1,162,872 mainly due to money market operations as a strategy to cover the required reserve requirement and deposit constituted by liquidity.
(2) Corresponds to repo and simultaneous transactions whose counterparty is the Cámara de Riesgo Central de Contraparte (CRCC) and whose term is between 1 and 2 days.
(3) Increase in correspondent banks for $476,647, especially in the Federal Reserve Bank account for checking account deposits and term certificates of deposit in the agencies in Miami and New York.

Cash and cash equivalents in foreign currencies as of December 31, 2023, is US$946 million and as of December 31, 2022, is US$653 million.

The credit quality determined by independent risk rating agents, of the main financial institutions in which the Bank maintains cash funds is determined as follows:

		As of December 31, 2023	As of December 31, 2022
Investment grade	$	6,238,916	4,531,132
Cash held by the entity (1)		1,787,844	1,865,690
Total	$	**8,026,760**	**6,396,822**

(1) Cash held by the Bank in vaults, ATMs and cash.

As of December 31, 2023, and December 31, 2022, there are no restrictions on cash and cash equivalents, except for the legal reserve required in Colombia, amounting to $3,870,376 and $3,844,989, respectively.

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

Note 10 – FINANCIAL ASSETS

Below is the composition of financial assets:

		As of December 31, 2023	As of December 31, 2022
Investments held for trading	**$**	1,186,208	1,228,984
Investments available for sale		7,260,967	5,893,176
Investments held to maturity		3,449,653	3,130,613
Derivative instruments		656,486	786,100
Total financial assets	**$**	**12,553,314**	**11,038,873**

10.1 INVESTMENTS HELD FOR TRADING

The balance of investments in debt and equity instruments held for trading includes the following:

		As of December 31, 2023	As of December 31, 2022
Debt securities issued or secured			
In Colombian Pesos			
Colombian Government	$	44,383	92,595
Other Colombian Government entities		78,297	131,953
Other financial entities		62,148	106,439
Others		13,821	16,231
		198,649	**347,218**
In foreign currency			
Other financial entities		45,475	0
		45,475	**0**
Total debt securities		**244,124**	**347,218**
Equity instruments			
In Colombian Pesos			
Collective investment funds		1,774	1,320
Private investment fund (1)		940,310	880,446
Total equity instruments		**942,084**	**881,766**
Total investments held for trading	$	**1,186,208**	**1,228,984**

(1) Increase mainly due to the transfer of assets to the “Fondo de Capital Privado Nexus Inmobiliario” see Note 2.6.

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:

		As of December 31, 2023	As of December 31, 2022
Debt securities issued or secured			
Investment grade			
Sovereign (1)	$	44,383	13,277
Financial entities		26,683	62,261
		71,066	**75,538**

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		As of December 31, 2023	As of December 31, 2022
Speculative grade			
Sovereign (1)		45,475	79,318
Corporate		13,821	16,231
Financial entities		35,465	44,178
Other Colombian Government entities (2)		78,297	131,953
		173,058	**271,680**
Total debt securities		**244,124**	**347,218**
Equity instruments			
Investment grade		1,774	1,319
Not rated or not available		940,310	880,447
Total Equity instruments		**942,084**	**881,766**
Total investments held for trading	$	**1,186,208**	**1,228,984**

(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, 2023, and 2022, 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 instruments available for sale includes the following:

		As of December 31, 2023			
		Cost	Unrealized gain	Unrealized loss	Fair value
Debt securities issued or secured					
In Colombian Pesos					
Colombian Government	$	5,699,219	42,142	(456,330)	5,285,031
Other Colombian Government entities		213,283	0	(18,884)	194,399
Others		133,154	0	(8,184)	124,970
		6,045,656	**42,142**	**(483,398)**	**5,604,400**
In foreign currency					
Colombian Government		933,931	21,987	(3,060)	952,858
Other financial entities		278,082	320	(5,937)	272,465
Foreign Governments		15,135	0	(82)	15,053
Others		90,427	27	(1,663)	88,791
		1,317,575	**22,334**	**(10,742)**	**1,329,167**
Total debt instruments (1)		**7,363,231**	**64,476**	**(494,140)**	**6,933,567**
Equity instruments					
In Colombian Pesos					
Corporate stock (2)		146,943	188,887	(45)	335,785
In foreign currency					
Corporate stock		6,768	0	(678)	6,090
		153,711	188,887	(723)	341,875
Allowance equity instruments		(14,475)	0	0	(14,475)
Total equity instruments		**139,236**	**188,887**	**(723)**	**327,400**
Total investments available for sale	$	**7,502,467**	**253,363**	**(494,863)**	**7,260,967**

(continued)

BANCO DE BOGOTÁ
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022
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	As of December 31, 2022				
		Cost	Unrealized gain	Unrealized loss	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 (1)		**6,085,918**	**6,904**	**(1,020,001)**	**5,072,821**
Equity instruments					
In Colombian Pesos					
Corporate stock (2)		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 instruments		(14,503)	0	0	(14,503)
Total equity instruments		**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) Variation is mainly presented by: Additions $ 3,371,202, valuation $ 583,434 and sales ($ 2,077,733).
(2) Decrease from sale of investment in BHI (See Note 2.5).

The following is a breakdown of the equity instruments available for sale:

		As of December 31, 2023	As of December 31, 2022
BAC Holding International (see Note 2.5)	$	0	519,964
Credibanco S.A.		176,125	150,800
ACH Colombia S.A.		131,450	133,191
Redeban Multicolor S.A.		6,044	6,358
Cámara de Riesgo Central de Contraparte de Colombia S.A.		3,191	2,653
Holding Bursátil Regional S.A. (1)		6,075	3,627
Others		4,515	3,762
Total	$	**327,400**	**820,355**

(1) Exchange of shares of Bolsa de Valores de Colombia S.A. for shares of Holding Bursátil Regional S.A., the value reported as of December 31, 2022 corresponds to Bolsa de Valores de Colombia S.A.

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:

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		As of December 31, 2023	As of December 31, 2022
Debt securities issued or secured			
Investment grade			
Sovereign (1)	$	5,276,716	4,131,423
Financial entities		272,465	156,714
Multilaterals		88,791	88,876
Other Colombian Government entities (2)		106,890	95,529
		5,744,862	**4,472,542**
Speculative grade			
Sovereign (1)		976,226	386,097
Corporate		124,970	117,105
Other Colombian Government entities (2)		87,509	97,077
		1,188,705	**600,279**
Total debt securities		**6,933,567**	**5,072,821**
Equity instruments			
Investment grade		0	523,592
Without grade or not available		327,400	296,763
Total equity instruments		**327,400**	**820,355**
Total investments available for sale	$	**7,260,967**	**5,893,176**

(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.

		As of December 31, 2023	As of December 31, 2022
Pledged as collateral in money market operations			
Colombian Government (1)	$	3,734,351	114,988
Pledged as collateral to special entities such as CRCC, BR and/or HBR (2)			
Colombian Government		307,641	473,949
Total	$	**4,041,992**	**588,937**

(1) There is a significant variation since there were 576 titles for $2,253,312, which went from not being delivered as collateral to being delivered in money market operations and 250 new titles for $1,342,501.
(2) Cámara de Riesgo Central de Contraparte (CRCC), Banco de la República (BR), Holding Bursátil Regional S.A. (HBR).

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

Allowance of investments in equity instruments available for sale

The following is the movement in the allowance of investments in equity instruments available for sale:

		As of December 31, 2023	As of December 31, 2022
Balance at the beginning of the period	$	**14,503**	**14,448**
Allowance charged to expenses		183	134
Recovery of allowance		(211)	(79)
Balance at the end of the period	$	**14,475**	**14,503**

10.3 INVESTMENTS HELD TO MATURITY

The balance of investments in debt securities held to maturity includes the following:

		As of December 31, 2023	As of December 31, 2022
Debt securities issued or secured			
In Colombian Pesos			
Colombian Government	$	1,197,118	1,183,396
Other Colombian Government entities		2,226,020	1,913,764
		3,423,138	**3,097,160**
In foreign currency			
Foreign Governments		26,515	33,453
		26,515	**33,453**
Total debt securities	$	**3,449,653**	**3,130,613**

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:

		As of December 31, 2023	As of December 31, 2022
Investment grade			
Sovereign (1)	$	1,223,633	1,216,849
Speculative grade			
Other Colombian Government entities (2)		2,226,020	1,913,764
Total	$	**3,449,653**	**3,130,613**

(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)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		As of December 31, 2023	As of December 31, 2022
Pledged as collateral to special entities such as CRCC, BR and/or HBR (1)			
Colombian Government		539,339	0
Other Colombian Government entities		395,375	1,021,156
Total	$	**934,714**	**1,021,156**

(1) Cámara de Riesgo Central de Contraparte (CRCC), Banco de la República (BR), Holding Bursátil Regional S.A. (HBR).

Maturity by time bands of investments held to maturity

The following is a summary of investments held to maturity, by time bands.

		As of December 31, 2023	As of December 31, 2022
Up to 1 month	$	387,738	296,915
More than 1 month and no more than 3 months		26,515	33,453
More than 3 months and no more than 1 year		3,035,400	2,800,245
Total	**$**	**3,449,653**	**3,130,613**

There were no reclassifications between investment categories for the period reported.

10.4 DERIVATIVE INSTRUMENTS

The following is a detail of the derivatives:

		As of December 31, 2023	As of December 31, 2022
Asset			
Trading derivatives	$	608,511	786,100
Hedging derivatives		47,975	0
Total assets		**656,486**	**786,100**
Liabilities			
Trading derivatives		830,576	629,664
Hedging derivatives		203,245	1,228
Total liabilities	**$**	**1,033,821**	**630,892**

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

10.4.1 TRADING DERIVATIVES

The nominal 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:

		As of December 31, 2023		As of December 31, 2022	
		Notional value	**Fair value**	**Notional value**	**Fair value**
Assets					
Forward contracts (1)					
Foreign currency to buy	$	127,074	1,572	6,042,839	400,595
Foreign currency to sell		(7,319,645)	544,404	(4,831,041)	125,642
		(7,192,571)	**545,976**	**1,211,798**	**526,237**
Swaps					
Cross currency		77,523	6,976	274,559	78,456
Interest rate		2,753,796	38,468	3,437,477	121,708
		2,831,319	**45,444**	**3,712,036**	**200,164**
Futures contracts (2)					
Currency to buy		15,288	0	13,782,907	0
Currency to sell		(4,531,996)	0	(4,164,912)	0
		(4,516,708)	**0**	**9,617,995**	**0**
Cash transactions		**23,440**	**34**	**37,902**	**285**
Options contracts					
Currency to buy		**168,044**	**17,057**	**582,934**	**59,414**
Total assets		**(8,686,476)**	**608,511**	**15,162,665**	**786,100**
Liabilities					
Forward contracts (1)					
Foreign currency to buy		(7,537,381)	752,053	(5,693,670)	123,883
Foreign currency to sell		124,152	1,775	4,072,046	167,623
		(7,413,229)	**753,828**	**(1,621,624)**	**291,506**
Swaps					
Cross currency		49,686	3,442	361,173	111,103
Interest rate		2,338,306	36,918	4,289,410	151,077
		2,387,992	**40,360**	**4,650,583**	**262,180**
Futures contracts (2)					
Currency to buy		(7,208,195)	0	(8,751,872)	0
Currency to sell		87,907	0	8,096,529	0
		(7,120,288)	**0**	**(655,343)**	**0**
Cash transactions		**3,141**	**11**	**(3,217)**	**16**
Options contracts					
Currency to sell		215,662	36,377	691,651	75,962
Total liabilities	**$**	**(11,926,722)**	**830,576**	**3,062,050**	**629,664**

(1) The main change in the speculative portfolios corresponds to the strategic management of each portfolio due to conditions created in the market by trading with respect to variations and high fluctuations in the representative market rate of exchange and/or interest rates. With

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

derivatives of this type, gains and losses are settled daily. The Cámara de Riesgo Central de Contraparte (CRCC) reports the results of settlement by the parties, then debits or credits the losses or gains that are made. This is done on a daily basis.

(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, 2023, and 2022, 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.

Derivative financial instruments 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 derivative financial instruments for hedging include the following:

		As of December 31, 2023		As of December 31, 2022	
		Notional amount	**Fair value**	**Notional amount**	**Fair value**
Assets					
Swap					
Interest rate	$	3,686,399	47,975	0	0
Total assets		**3,686,399**	**47,975**	**0**	**0**
Liabilities					
Forward contracts					
Foreign currency to buy		(1,546,019)	192,374	0	0
		(1,546,019)	**192,374**	**0**	**0**
Futures contracts					
Currency to buy		(2,654,222)	0	0	0
		(2,654,222)	**0**	**0**	**0**
Swap					
Interest rate		**2,853,285**	**10,871**	**235,000**	**1,228**
Total liabilities	$	**(1,346,956)**	**203,245**	**235,000**	**1,228**

As of December 31, 2023, and 2022, there are no hedging derivatives of net investment in foreign operations, the balance corresponds to the fair value hedge on time deposits described below.

The following is a breakdown of the credit ratings determined by independent rating agencies for the principal counterparties in derivative assets:

		As of December 31, 2023	As of December 31, 2022
Investment grade	$	141,573	171,610
Without grade or not available		514,912	614,490
Total	$	**656,485**	**786,100**

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

Derivatives guarantees

The following shows the nominal amounts delivered and received as guarantees to support operations with derivatives:

		As of December 31, 2023	As of December 31, 2022
Cash			
Delivered	$	173,985	22,489
Received		120,548	231,824
Financial instruments			
Delivered	$	1,191,000	1,490,500

10.4.3 HEDGE ACCOUNTING

Hedging instruments

Non-derivatives: A 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 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 (fixed-rate certificates of deposit CDTs). It also uses forward derivative instruments to hedge the cash flows of foreign currency debt transactions.

Measuring of Hedging Effectiveness and Ineffectiveness

The Bank has documented the effectiveness tests 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 hedges are 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. Hedges effectiveness is measured on a pre-tax basis.

In the case of fair value hedges of financial assets or liabilities, it documents evidence of effectiveness, comparing the changes in the fair value of the hedged instrument against 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-COP 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 risk-weighted assets (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 “unhedging" 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 be excluded must not exceed 150% of the value of

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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.

Moreover, for fair value hedges on CDTs, at the beginning of the transactions, the Bank documents each hedging relationship clearly identifying the primary positions hedged (CDTs) and the hedging instruments used. Prospective and retrospective effectiveness tests are performed, using the "dollar offset" measurement method, comparing the changes in the fair value of the hedged instrument versus the changes in the fair value of the hedging instrument.

For cash flow hedges on USD financing, the effectiveness and ineffectiveness of the strategy will be measured using a quantitative analysis in which all sources of ineffectiveness of the strategy will be analyzed and monitored on a monthly basis. For this type of hedge, the hypothetical derivative will be used as the effectiveness measurement method, which consists of comparing the changes in the fair value of the actual derivative (hedging instrument) versus the changes in the fair value of the hypothetical derivative under different scenarios (prospective) and as time elapses (retrospective).

In the case of cash flow hedges of the foreign currency dividend receivable, hedge effectiveness tests are performed by applying the "regression analysis" method. This statistical technique is used to analyze, based on historical information, the relationship between changes in the present value of the account receivable (hedged item) and changes in the present value of the dollar bond issued (hedging instrument).

In the event that an effectiveness ratio outside the 80%-125% range, the Hedging Committee will evaluate the procedures to be followed within the framework of the policies.

10.4.3.1 HEDGING OF NET INVESTMENTS IN FOREIGN OPERATION

The assets and liabilities of the hedging strategy of the foreign exchange risk exposure of net investments in foreign businesses are converted from US dollars to Colombian pesos at the representative market exchange rate certified daily by the Financial Superintendence 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 hedging on net investments in foreign operation:

		Millions of US dollars					
		As of December 31, 2023			As of December 31, 2022		
		Multi Financial Holding	Banco de Bogotá Panamá, other subsidiaries and agencies (1)	Total	Multi Financial Holding	Banco de Bogotá Panamá, other subsidiaries and agencies (1)	Total
Book value of the investment	$	406	153	559	394	132	526
Hedged value of investment		390	120	510	390	120	510
Value of hedge with foreign currency bonds	$	(390)	(120)	(510)	(390)	(120)	(510)

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		Millions of Colombian pesos					
		As of December 31, 2023			As of December 31, 2022		
		Multi Financial Holding	Banco de Bogotá Panamá, other subsidiaries and agencies (1)	Total	Multi Financial Holding	Banco de Bogotá Panamá, other subsidiaries and agencies (1)	Total
Exchange difference in subsidiaries and agencies abroad	$	6,974	164,908	171,882	400,812	302,638	703,450
Exchange difference on hedged investment (2)		(45,584)	73,788	28,204	339,795	192,366	532,161
Exchange difference on foreign currency bonds		46,019	115,108	161,127	(339,360)	(3,470)	(342,830)
Exchange difference on foreign currency derivatives		(435)	(188,896)	(189,331)	(435)	(188,896)	(189,331)
Net of hedging	**$**	**0**	**0**	**0**	**0**	**0**	**0**

(1) Includes: Bogotá Finance Corporation, Corporación Financiera Centroamericana S.A. (Ficentro), investment in the Panamá Branch and agencies in Miami and New York.

(2) The exchange difference on the unhedged investment amounted to $143,678 and $171,289 as of December 31, 2023, and 2022, respectively, resulting in a movement of ($27,611) (See Note 27).

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 businesses as follows:

- Hedging of the investment in the subsidiary Multi Financial Holding assigned to 22 "parts" of US$10 million each, of the subordinated bond SOFR + 3.75% and maturing in 2033, for an amount of US$220 million (Position 1).

- Hedging of the investment in the subsidiary Multi Financial Holding a balance of 17 "parts", of US$10 million each, of the Subordinated Bond Tranche I, maturing in 2026 and coupon 6.25%, for an amount of US$170 million (Position 1).

- Hedging of investments in Agencies and Branches abroad and of 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 million each for a total of US$120 million (Position 2).

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

10.4.3.2 FAIR VALUE HEDGING

The following tables present a breakdown of gains or losses on hedging instruments and hedged items outstanding on the fair value hedge of interest rates on time deposits:

	As of December 31, 2023					
		Notional value of hedged item	Book value of hedged item		Change in fair value	Accumulated income
			Assets	Liabilities		
Hedging instrument						
Interest rate swaps	$	6,539,684	47,975	10,871	38,333	(20,375)
Hedged item						
Time deposits	$	6,539,684	0	40,289	41,531	(41,531)

	As of December 31, 2022					
		Notional value of hedged item	Book value of hedged item		Change in fair value	Accumulated income
			Assets	Liabilities		
Hedging instrument						
Interest rate swaps	$	235,000	0	1,228	1,228	(1,228)
Hedged item						
Time deposits	$	235,000	1,242	0	(1,242)	1,242

10.4.3.3 CASH FLOW HEDGING

10.4.3.3.1 HEDGING OF ACCOUNT RECEIVABLE DIVIDEND RECEIVABLE IN USD

As described in Note 2.3.1, the following is the detail of the cash flow hedging of dividend receivable in USD:

	As of December 31, 2023					
	Millions of USD		Book value		Change in fair value	Result in OCI for the period
			Assets	Liabilities		
Hedging instrument						
Bonds issued	309.8	$	0	1,184,025	(270,064)	270,064
Hedged item						
Dividend receivable	309.8	$	1,184,025	0	(258,981)	(258,981)

(continued)

10.4.3.3.2 HEDGING OF FINANCING IN USD

As described in note 2.3.2, the following is the detail of the hedging of financing in USD:

	As of December 31, 2023					
		Notional value in millions of USD	Book value		Changes in the value of the hedging instrument recognized in OCI	Ineffectiveness of hedging recognized in P&L
			Assets	Liabilities		
Hedging instrument						
Forwards OTC (1)	$	405	0	192,374	(9,949)	392
Forward Novados CRCC (2)		694			(22,724)	(191)
Hedged item						
Financing	$	1,097	0	4,192,933	0	0

(1) Over The Counter
(2) Cámara de Riesgo Central de Contraparte

10.5 TRANSFER OF FINANCIAL ASSETS

Banco de Bogotá carries 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, 2023, and 2022, the Bank continues to recognize securities pledged as collateral in money market operations (see Note 10.2), as well as the associated financial liabilities for $3,745,106 and $114,753, respectively.

Additionally, Banco de Bogotá has not recorded any securities loans.

Note 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 finance lease 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:

		As of December 31, 2023		
		Balance as per local accounting	Reclassification of finance lease	Balance on the separated statement of financial position
Commercial portfolio	$	49,762,392	3,451,797	53,214,189
Consumer portfolio		19,527,434	1,460	19,528,894
Mortgage portfolio		8,141,093	777,390	8,918,483
Microcredit portfolio		260,101	0	260,101
Repos, interbank and others		166,383	0	166,383
Total	$	**77,857,403**	**4,230,647**	**82,088,050**

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		As of December 31, 2022		
		Balance as per local accounting	Reclassification of finance lease	Balance on the separated statement of financial position
Commercial portfolio	$	45,933,976	3,250,071	49,184,047
Consumer portfolio		17,538,962	2,741	17,541,703
Mortgage portfolio		6,765,890	735,505	7,501,395
Microcredit portfolio		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**

The foreign currency portfolio as of December 31, 2023, and December 31, 2022, is US$ 1,759 million and US$ 1,328 million, respectively.

The net increase in the loan portfolio of $3,156,583 as of December 31, 2023, compared to December 31, 2022, is mainly due to:

- Increase in the commercial portfolio for $5,027,453 (mainly in liquidity loans and development loans), in the consumer portfolio for $1,988,472 (mainly in unrestricted loans and credit cards) and in the mortgage portfolio for $1,375,203 (mainly in ordinary loans).

- Decrease of simultaneous operations with the Cámara de Riesgo Central de Contraparte de Colombia for $4,285,535.

- Decrease of $1,199,037 in the commercial portfolio in foreign currency, as a result of the fluctuation of the exchange rate (peso/dollar).

Interest income

		Years ended at December 31	
		2023	2022
Commercial portfolio	$	7,308,915	4,322,480
Consumer portfolio		3,400,596	2,406,400
Mortgage portfolio		839,267	600,883
Microcredit portfolio		68,984	61,858
Repos, interbank and others		149,046	58,208
Total portfolio interest	$	**11,766,808**	**7,449,829**

Variation in interest income due to increase in portfolio placements and interest rates (approximately 13% and 4% on average, respectively).

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

11.1 LOAN PORTFOLIO BY MODALITY

		As of December 31, 2023						
		Suitable collateral			No suitable collateral			Total
		Principal	Interest	Others	Principal	Interest	Others	
Commercial portfolio	$	19,356,721	269,982	302	29,503,131	590,859	41,397	49,762,392
Consumer portfolio		1,805,299	14,471	480	17,281,063	283,180	142,941	19,527,434
Mortgage portfolio		8,028,497	99,616	12,980	0	0	0	8,141,093
Microcredit portfolio		20,383	5	0	232,181	6,215	1,317	260,101
Commercial finance lease		3,411,712	32,330	7,755	0	0	0	3,451,797
Consumer finance lease		1,180	24	256	0	0	0	1,460
Mortgage finance lease		766,343	9,266	1,781	0	0	0	777,390
Repos, interbank and others		0	0	0	166,276	107	0	166,383
Total gross portfolio		**33,390,135**	**425,694**	**23,554**	**47,182,651**	**880,361**	**185,655**	**82,088,050**
Loss allowance		(1,528,628)	(27,031)	(12,036)	(2,923,067)	(199,526)	(60,549)	(4,750,837)
Total net portfolio	$	**31,861,507**	**398,663**	**11,518**	**44,259,584**	**680,835**	**125,106**	**77,337,213**

		As of December 31, 2022						
		Suitable collateral			No suitable collateral			Total
		Principal	Interest	Others	Principal	Interest	Others	
Commercial portfolio	$	19,141,332	227,364	224	26,091,025	436,751	37,280	45,933,976
Consumer portfolio		1,659,463	12,078	302	15,551,148	213,831	102,140	17,538,962
Mortgage portfolio		6,672,743	83,687	9,460	0	0	0	6,765,890
Microcredit portfolio		43,854	6	0	201,115	5,466	1,963	252,404
Commercial finance lease		3,202,102	41,199	6,770	0	0	0	3,250,071
Consumer finance lease		2,436	47	258	0	0	0	2,741
Mortgage finance lease		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**
Loss 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**

11.2 LOAN PORTFOLIO BY CREDIT LINES

		As of December 31, 2023	As of December 31, 2022
Ordinary loans	$	52,521,557	48,670,907
Home mortgage portfolio		7,707,742	6,416,785
Payroll installment loans		6,741,501	6,427,720
Credit cards		4,105,578	3,599,592
Loans with resources from other institutions		2,934,110	2,304,275
Leasing of immovable property		2,712,642	2,498,360
Loans to constructors		2,426,651	2,009,567
Leasing of movable property		1,518,005	1,489,957
Employee loans		436,155	354,842

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		As of December 31, 2023	As of December 31, 2022
Microcredits		260,101	252,404
Bank overdrafts in checking accounts		197,398	135,113
Non-recourse factoring		169,972	98,562
Repos and interbank		166,383	4,451,918
Loans to micro-businesses and SMEs		132,134	132,226
Hedged letters of credit		46,681	62,300
Other		11,440	26,939
		82,088,050	**78,931,467**
Loss allowance		(4,750,837)	(4,805,300)
Total	**$**	**77,337,213**	**74,126,167**

11.3 LOAN PORTFOLIO BY TYPE OF CURRENCY

		As of December 31, 2023				As of December 31, 2022			
		Colombian pesos	Foreign currency	UVR (1)	Total	Colombian pesos	Foreign currency	UVR (1)	Total
Commercial portfolio	$	43,126,265	6,636,127	0	49,762,392	39,593,190	6,340,786	0	45,933,976
Consumer portfolio		19,527,434	0	0	19,527,434	17,538,962	0	0	17,538,962
Mortgage portfolio		8,140,632	0	461	8,141,093	6,765,126	0	764	6,765,890
Microcredit portfolio		260,101	0	0	260,101	252,404	0	0	252,404
Commercial finance lease		3,451,533	264	0	3,451,797	3,203,186	46,885	0	3,250,071
Consumer finance lease		1,460	0	0	1,460	2,741	0	0	2,741
Mortgage finance lease		777,390	0	0	777,390	735,505	0	0	735,505
Repos, interbank and others		80,112	86,271	0	166,383	4,450,623	1,295	0	4,451,918
Total	$	**75,364,927**	**6,722,662**	**461**	**82,088,050**	**72,541,737**	**6,388,966**	**764**	**78,931,467**

(1) Real value unit (UVR- Spanish acronym).

11.4 LOAN PORTFOLIO BY MATURITY

		As of December 31, 2023					
		0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Total
Commercial portfolio	$	27,010,755	13,086,902	5,776,604	3,617,139	270,992	49,762,392
Consumer portfolio		6,081,466	6,676,561	4,148,557	2,445,120	175,730	19,527,434
Mortgage portfolio		438,282	690,337	748,756	5,851,689	412,029	8,141,093
Microcredit portfolio		147,129	106,726	5,110	1,117	19	260,101
Commercial finance lease		834,347	1,074,528	750,808	710,182	81,932	3,451,797
Consumer finance lease		787	583	90	0	0	1,460
Mortgage finance lease		40,124	63,974	74,131	554,996	44,165	777,390
Repos, interbank and others		166,383	0	0	0	0	166,383
Total	$	**34,719,273**	**21,699,611**	**11,504,056**	**13,180,243**	**984,867**	**82,088,050**

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		As of 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 portfolio	$	23,009,533	13,049,198	5,818,422	3,710,545	346,278	45,933,976
Consumer portfolio		5,245,374	5,811,364	3,787,580	2,488,086	206,558	17,538,962
Mortgage portfolio		379,278	605,446	656,562	4,766,271	358,333	6,765,890
Microcredit portfolio		141,866	103,917	5,549	1,036	36	252,404
Commercial finance lease		684,152	965,725	709,887	800,570	89,737	3,250,071
Consumer finance lease		1,172	1,268	301	0	0	2,741
Mortgage finance lease		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**

11.5 PORTFOLIO WRITE-OFFS

		As of December 31, 2023			
		Principal	**Interest**	**Others**	**Total**
Commercial portfolio	$	75,148	6,690	7,042	88,880
Consumer portfolio		1,517,645	72,334	45,643	1,635,622
Mortgage portfolio		8,895	84	394	9,373
Microcredit portfolio		11,633	977	1,206	13,816
Commercial finance lease		42,994	2,313	405	45,712
Consumer finance lease		273	11	53	337
Mortgage finance lease		121	4	11	136
Total	$	**1,656,709**	**82,413**	**54,754**	**1,793,876**

		As of December 31, 2022			
		Principal	**Interest**	**Others**	**Total**
Commercial portfolio	$	82,059	9,077	7,985	99,121
Consumer portfolio		1,047,883	44,445	33,204	1,125,532
Mortgage portfolio		8,621	112	391	9,124
Microcredit portfolio		41,849	4,595	5,064	51,508
Commercial finance lease		1,662	16	314	1,992
Consumer finance lease		117	4	27	148
Mortgage finance lease		0	0	2	2
Total	$	**1,182,191**	**58,249**	**46,987**	**1,287,427**

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

11.6 RECOVERY OF WRITE-OFFS AND LOAN PORTFOLIO ALLOWANCES:

		As of December 31, 2023		As of December 31, 2022	
		Recovery of charged-off financial assets	Recovery of allowance	Recovery of charged-off financial assets	Recovery of allowance
Commercial portfolio	$	16,304	734,463	19,845	777,192
Consumer portfolio		239,014	479,147	281,678	427,071
Mortgage portfolio		2,587	24,433	1,788	23,048
Microcredit portfolio		5,164	11,262	15,365	20,558
Commercial finance lease		2,434	60,607	8,761	56,115
Consumer finance lease		22	48	68	189
Mortgage finance lease		183	3,333	281	2,705
Total portfolio	$	**265,708**	**1,313,293**	**327,786**	**1,306,878**
Other accounts receivable		161	2,743	0	0
Total	$	**265,869**	**1,316,036**	**327,786**	**1,306,878**

11.7 LOAN PORTFOLIO ALLOWANCE AND FINANCE LEASE:

		Commercial portfolio	Consumer portfolio	Mortgage portfolio	Microcredit portfolio	Finance lease	Total
Balance as of December 31, 2021	$	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
Charged-off and recovery agreements		(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 as of December 31, 2022		**2,859,380**	**1,413,819**	**201,225**	**33,889**	**296,987**	**4,805,300**
Allowance charged to expenses		753,044	2,368,259	78,877	24,373	41,755	3,266,308
Charged-off and recovery agreements		(117,159)	(1,686,846)	(13,145)	(14,464)	(46,907)	(1,878,521)
Recovery of allowance		(734,463)	(479,147)	(24,433)	(11,262)	(63,988)	(1,313,293)
Purchase of portfolio		0	0	0	666	0	666
Sale of portfolio		(51,734)	(78)	0	0	(77,811)	(129,623)
Balance as of December 31, 2023	$	**2,709,068**	**1,616,007**	**242,524**	**33,202**	**150,036**	**4,750,837**

During the year 2023, the expense of allowances net of recoveries for $1,953,015 represented an increase of $539,693 with respect to the net expense of 2022 for $1,413,322, mainly due to an increase of $762,791 in allowances for the consumer portfolio, due to an increase in the credit risk indicators; and a reduction in allowances for the commercial portfolio for $207,651, due to the effect of the variation in the USD/ COP exchange rate and the improvement in the financial situation of some customers.

On the other hand, in order to promote financial stability, fortify the healthy growth of the loan portfolio and mitigate the impact of the current credit cycle in the financial system, the Financial Superintendence of Colombia issued External Circular 017 of November 2023 with transitory measures related to the accounting of counter-cyclical allowances, allowing the financial system to make use of such allowances under special conditions, maintaining a prudential level of allowances, to be constituted later in a term no longer than 24 months. The Bank complied with the indicators and other conditions set forth in the regulatory framework and, as of November 2023, it began the accrual of such allowances.

(continued)

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11.8 GENERAL PRUDENTIAL ALLOWANCES

As of December 31, 2023, and December 31, 2022, the balance of the additional general allowance for loan portfolio amounted to $69,290 and $346,790, respectively, and the balance of the general allowance for uncollected accrued interest amounted to $873 and $1,605, respectively. During the year of 2023, allowances of $277,500 of the additional general allowance and $731 of the general allowance for uncollected accrued interest were allocated individually.

11.9 LOAN PORTFOLIO FINANCE LEASE

The following is the reconciliation between the gross investment in finance lease agreements and the present value of the minimum payments to be received at these dates.

		As of December 31, 2023	As of December 31, 2022
Total gross rent receivable in the future	$	7,401,578	6,915,758
Less unrealized financial income		(3,170,931)	(2,927,441)
Net investment in finance lease agreements	$	**4,230,647**	**3,988,317**

Below is a breakdown of the gross and net investment in finance lease agreements receivable:

		As of December 31, 2023			
		0-1 year	**1-5 years**	**More than 5 years**	**Total**
Gross investment in finance lease	$	145,860	2,037,674	5,218,044	7,401,578
Financial income not earned from finance lease - interest		(2,833)	(512,094)	(2,656,004)	(3,170,931)
Total minimum finance lease payments receivable (present value)	$	**143,027**	**1,525,580**	**2,562,040**	**4,230,647**

		As of December 31, 2022			
		0-1 year	**1-5 years**	**More than 5 years**	**Total**
Gross investment in finance lease	$	121,352	1,746,085	5,048,321	6,915,758
Financial income not earned from finance lease - interest		(1,552)	(414,665)	(2,511,224)	(2,927,441)
Total minimum finance lease payments receivable (present value)	$	**119,800**	**1,331,420**	**2,537,097**	**3,988,317**

The Bank grants loans in the form of finance lease for machinery and equipment, computer equipment, immovable property, 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.

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

Note 12 – OTHER ACCOUNTS RECEIVABLE, NET

The following is a breakdown of other accounts receivable:

		As of December 31, 2023	As of December 31, 2022
Dividends (1)	$	1,187,475	1,464,183
Electronic transactions in compensation process (2)		789,748	311,362
Prepayments to contractors and suppliers		560,540	502,818
Transfers of abandoned accounts to Instituto Colombiano de Crédito Educativo y Estudios Técnicos en el Exterior (ICETEX)		243,403	226,381
Guarantee deposits and others (3)		210,142	40,301
Prepaid expenses		62,428	47,270
Advances and withholdings (taxes)		51,889	0
Transfers of inactive accounts to the National Treasury		41,468	46,701
Daily liquidation Cámara de Riego Central de Contraparte (4)		30,150	0
Commissions		25,369	24,592
Other interest		6,547	3,405
Electronic deposits Offsetting - Credibanco		3,340	2,171
Sick leave		1,840	2,271
Balances in favor of leasing operations		1,160	1,099
Forward compliance		1,043	1,107
Other accounts receivable		26,315	40,894
		3,242,857	**2,714,555**
Allowance for impairment of other accounts receivable		(44,382)	(54,497)
Total	$	**3,198,475**	**2,660,058**

(1) Decrease due to dividends declared in entities where the Bank has investments, generating the following balances receivable as of December 31, 2023 and 2022, respectively: BAC Holding International (BHI) for USD $311 million (equivalent to $1,187,343) and for USD $301 million (equivalent to $1,445,881) decrease with respect to December 2022 for $302,036 as a result of the fluctuation of the exchange rate (peso/dollar), and others for $132 and $18,302.
(2) Increase as of December 31, 2023, mainly due to the compensation of ATH (Shared Services Center of the AVAL Group Entities) transactions, a process that depends on the number of transactions and days of the week according to the cut-off cycles; at the end of the year 2023, there is a higher amount due to the annual bank closing, leaving more days pending to compensate.
(3) Increase of $169,838 in guaranteed deposits for derivative transactions.
(4) Corresponds to daily payments and liquidations made at Banco República for the management of securities and derivatives market operations.

The following are the details of activity in the allowance:

		As of December 31, 2023	As of December 31, 2022
Balance at the beginning of the period	$	**54,497**	**54,659**
Allowance charged to expenses		2,228	1,002
Charged-off and recovery agreements		(9,600)	(11)
Recovery of allowance		(2,743)	(1,153)
Balance at the end of the period	$	**44,382**	**54,497**

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

Note 13 – NON-CURRENT ASSETS HELD FOR SALE

The following is a breakdown:

		As of December 31, 2023	As of December 31, 2022
Foreclose assets			
Personal property	$	51	0
Real estate for housing		3,378	1,462
Real estate other than housing		3,671	6,002
		7,100	**7,464**
Assets returned from leasing agreements			
Vehicles		26	0
Real estate		2,343	747
Real estate under housing leases		54	473
		2,423	**1,220**
Other non-current assets held for sale			
Land		7,484	0
Real estate		4,536	0
		12,020	**0**
Total	$	**21,543**	**8,684**

The next table details the movement:

		Cost	Allowance	Total
Balance as of December 31, 2021	**$**	**51,207**	**(31,235)**	**19,972**
Additions		26,374	0	26,374
Reclassifications		(32,959)	0	(32,959)
Allowance charged to income, net		0	15,171	15,171
Disposals / Sales		(19,856)	0	(19,856)
Allowance used in sales		(402)	402	0
Impact on results due to change in sales plan		(18)	0	(18)
Balance as of December 31, 2022	**$**	**24,346**	**(15,662)**	**8,684**
Additions		32,200	0	32,200
Reclassifications		10,683	0	10,683
Allowance charged to income, net		0	(10,396)	(10,396)
Disposals / Sales		(19,628)	0	(19,628)
Allowance used in sales		(62)	62	0
Balance as of December 31, 2023	**$**	**47,539**	**(25,996)**	**21,543**

(1) As of December 31, 2023, and 2022, property, plant and equipment were transferred from PP&E for $27,510 and to investment property for ($16,246) and ($31,184), respectively, and to investments held for trading for ($581) and ($1,775), respectively.

For these assets special sale processes and programs have been established, either in cash or with the granting of financing to potential buyers under normal market conditions and they are expected to be sold within a period of 12 months after their classification non-current assets held for sale. In its marketing plan, the Bank advances the steps contemplated in the Asset Management Manual - Marketing and accounting of foreclosed assets and assets returned from leasing.

The liabilities associated with the groups of assets held for sale as of December 31, 2023, and 2022, came to

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$1,510 and $3,719, respectively.

Note 14 – INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, NET

The following is a breakdown of investments in subsidiaries, associates, and joint ventures:

		As of December 31, 2023	As of December 31, 2022
Subsidiaries	$	2,919,180	2,974,316
Associates		8,781,677	8,475,927
Joint ventures		1,722	1,585
Total	$	**11,702,579**	**11,451,828**

14.1 INVESTMENTS IN SUBSIDIARIES

The following is the corporate purpose and headquarters of the subsidiaries:

		Corporate Purpose	Headquarters
	Domestic 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. and Subsidiaries	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 company specialized in deposits and electronic payments.	Bogotá D.C.
	Foreign Subsidiaries		
5	Multi Financial Holding and Subsidiaries	Financial services, insurance services and investment activities.	Panamá
6	Banco de Bogotá Panamá S.A.	Licensed internationally for banking outside the country.	Panamá
7	Bogotá Finance Corporation	Financial transactions and investment activities.	Cayman Islands
8	Corporación Financiera Centroamericana S.A. (Ficentro)	Provision of loans and loan portfolio operations without collection of public funds	Panamá

The following is a summary of the financial information of investments in subsidiaries, showing the shareholding percentages and their book value:

As of December 31, 2023					
Domestic 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%
Book value	$	572,620	275,953	7,506	5,456
Current assets		330,085	482,342	28,574	38,842
Non-current assets		329,071	112,916	1,386	32
Total assets		**659,156**	**595,258**	**29,960**	**38,874**
Current liabilities		54,749	300,669	22,051	24,847
Non-current liabilities		1,604	3,596	0	0
Total liabilities		**56,353**	**304,265**	**22,051**	**24,847**
Equity		602,803	290,993	7,909	14,027
Income		307,151	418,760	129,354	7,063

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Domestic Subsidiaries		**Fiduciaria Bogotá S.A.**	**Almaviva S.A.**	**Megalinea S.A.**	**Aval Soluciones Digitales S.A.**
Expenses		(192,432)	(200,399)	(128,627)	(7,545)
Net income		114,719	218,361	727	(482)
Other comprehensive income		4,814	(628)	0	0
Total comprehensive income	$	**119,533**	**217,733**	**727**	**(482)**

As of December 31, 2023

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	$	1,551,243	506,042	360	0
Current assets		17,908,235	4,606,394	360	0
Non-current assets		1,063,211	2,487,749	0	0
Total assets		**18,971,446**	**7,094,143**	**360**	**0**
Current liabilities		15,979,355	6,588,100	0	0
Non-current liabilities		1,433,878	0	0	0
Total liabilities		**17,413,233**	**6,588,100**	**0**	**0**
Equity		1,558,213	506,043	360	0
Income		1,699,264	587,623	16	0
Expenses		(1,690,220)	(565,940)	(6)	0
Net income		9,044	21,683	10	0
Other comprehensive income		(354,808)	(51,708)	(92)	0
Total comprehensive income	**$**	**(345,764)**	**(30,025)**	**(82)**	**0**

As of December 31, 2022

Domestic 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%
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**
Income		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)**

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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
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**
Income		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**

The following is the movement of investments in subsidiaries:

		As of December 31, 2023	As of December 31, 2022
Balance at the beginning of the period	$	**2,974,316**	**16,372,253**
Share of the profit or loss (1)		362,267	118,451
Share in profit/loss from other comprehensive income (2)		95,157	(721,986)
Exchange difference		(512,943)	(366,488)
Deconsolidation of the investment (3)		0	(12,976,541)
Discontinued operation (3)		0	548,948
		2,918,797	**2,974,637**
Movement in impairment, net		383	(321)
Balance at the end of the period	$	**2,919,180**	**2,974,316**

(1) See Note 29.
(2) Corresponds mainly to equity in other comprehensive income of Multi Financial Holding for $27,061, Banco de Bogotá Panamá for $66,044 and Fiduciaria Bogotá for $4,573.
(3) See Note 14.4.

During 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 Panamá.

The following is the movement of the allowance for investments in subsidiaries:

		As of December 31, 2023	As of December 31, 2022
Balance at the beginning of the period	$	1,864	1,543
Allowance charged to expenses		(383)	321
Balance at the end of the period	$	**1,481**	**1,864**

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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 instruments.	Bogotá D.C.
2	Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A.	Pension and severance fund manager.	Bogotá D.C.
3	Casa de Bolsa S.A.	Brokerage house (securities brokerage and securities fund management).	Bogotá D.C.
4	Servicios de Identidad Digital S.A.S.	Provide basic and special digital citizen services, and digital procedures.	Bogotá D.C.
5	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 shareholding percentages and their book value:

As of December 31, 2023

		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	$	6,325,922	2,436,201	12,736	4,039	2,779
Current assets		9,064,539	2,892,440	130,996	4,793	15,064
Non-current assets		17,668,255	647,873	5,443	45,635	105
Total assets		**26,732,794**	**3,540,313**	**136,439**	**50,428**	**15,169**
Current liabilities		13,922,251	674,432	84,899	5,080	1,276
Non-current liabilities		926,379	0	352	17,732	0
Total liabilities		**14,848,630**	**674,432**	**85,251**	**22,812**	**1,276**
Equity		**11,884,164**	**2,865,881**	**51,188**	**27,616**	**13,893**
Income		9,688,435	2,677,008	151,965	857	16,879
Expenses		(8,879,454)	(2,118,350)	(149,977)	(22,267)	(15,870)
Net income		808,981	558,658	1,988	(21,410)	1,009
Other comprehensive income		129,293	46,308	4,381	0	0
Total comprehensive income		**938,274**	**604,966**	**6,369**	**(21,410)**	**1,009**
Cash and cash equivalents		1,007,574	128,292	17,609	1,106	5,407
Current financial liabilities		13,854,710	98,119	78,852	0	112
Non-current financial liabilities		918,396	0	0	13,000	0
Income from commissions and fees		23,184	979,018	27,093	265	15,522
Depreciation and amortisation		9,012	16,786	1,919	0	162
Interest income		463,190	87,851	6,237	592	536
Interest expense		1,778,755	56,322	6,914	2,697	35
Income tax expense	$	3,044	162,301	1	(7,484)	589

(continued)

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As of 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**
Income		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 amortisation		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

The following is the movement in investments in associates:

		Years ended at December 31 2023	2022
Balance at beginning of the period	$	**8,475,927**	**8,122,383**
Share of the profit or loss (1)		482,148	671,459
Share in profit/loss from other comprehensive income (2)		73,200	(191,370)
Withheld for deferred tax remeasurement		0	(22,250)
Withholding at source for dividends		0	(1,992)
Dividends		(246,864)	(109,570)
Acquisitions		2,433	7,267
Increase due to the retained interest in BHI (Note 14.4)		0	3,356,952
Discontinued operation		0	(191,074)
Sale of investment in BHI (Note 14.4)		0	(2,645,914)
Deregistration due to recognition of the investment as available for sale		0	(519,964)
		8,786,844	**8,475,927**
Movement in impairment, net (3)		(5,167)	0
Balance at end of the period	$	**8,781,677**	**8,475,927**

(1) See Note 29.
(2) Mainly includes equity in other comprehensive income of Corficolombiana and Porvenir.
(3) To cover the probability of recovery of the investment in the entity Servicios de Identidad Digital S.A.S.

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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. Joint Venture	Financial transactions services.	Bogotá D.C.
2	Aval Soluciones Digitales S.A. Joint Venture	Electronic Deposits and Payments - 100% digital financial transactions.	Bogotá D.C.

The following is a summary of the financial information of investments in joint venture, showing the shareholding percentages and their book value:

		As of December 31, 2023		As of December 31, 2022	
		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	$	1,718	4	1,581	4
Current assets		76,487	15,582	68,541	23,085
Non-current assets		3,948	107,898	10,180	65,246
Assets		**80,435**	**123,480**	**78,721**	**88,331**
Current liabilities		73,564	123,470	72,396	88,321
Liabilities		**73,564**	**123,470**	**72,396**	**88,321**
Equity		**6,871**	**10**	6,325	10
Income		397,891	80,111	350,132	40,801
Expenses		397,345	80,111	349,718	40,801
Net income		546	0	414	0
Total comprehensive income		**546**	**0**	**414**	**0**
Cash and cash equivalents		31,701	5,293	31,126	9,873
Current financial liabilities		3,420	42	5,928	0
Income from commissions and fees		201,751	2,064	184,530	534
Depreciation and amortisation		6,836	5,595	6,888	1,761
Interest income		1,493	0	830	0
Interest expense	$	618	0	662	0

The following is the movement of investments in joint ventures:

		As of December 31, 2023	As of December 31, 2022
Balance at the beginning of the period	$	1,585	1,482
Share of the profit or loss		137	103
Balance at the end of the period	$	**1,722**	**1,585**

14.4 DISCONTINUED OPERATIONS IN 2022

BAC Holding International ("BHI") is a former foreign subsidiary of Banco de Bogotá, which has operations in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panamá. As of March 31, 2022, as a result of

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

the spin-off process of 75% of its equity, Banco de Bogotá's shareholding in BHI went from 100% to 25%, ceasing to be a subsidiary and becoming an associate which remained a line of business with significant revenue for the Bank. Subsequently, as of December 31, 2022, as a result of the Bank's participation in a public takeover offer (TOB), 20.9% of said equity was sold, leaving 4.1%; thus, BHI ceased to be an associate and was classified as an available-for-sale financial asset.

As a result of the spin-off, the Bank discontinued the former BHI line of business as a subsidiary, and as a result of the TOB it subsequently discontinued the line of business as an associate. The following is the detail of the discontinued operation:

		Spin-Off	TOB	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, net of taxes	$	**1,197,792**	**(731,345)**	**466,447**

The following are the accumulated balances for OCI that are not transferred to BHI-related income until March 31, 2022, instead transferred to retained earnings at the spin-off date:

		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
Others items		30,994	0	30,994
Total	**$**	**495,922**	**(118,825)**	**377,097**

The following are the accumulated balances for OCI that are transferred to BHI-related income until March 31, 2022, transferred to the income statement as income at the spin-off date:

		Amount before income tax	Current tax income	(Expense) - Deferred income tax income	Net
Exchange difference of foreign subsidiaries	$	5,259,380	0	0	5,259,380
Exchange difference 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**	

As of March 31, 2022, the equity impact recognized as transactions with shareholders in the Statement of Changes in Equity for the 75% spin-off of the investment in BHI was:

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

	USD Millions	COP
Derecognition of assets and equity accounts		
Derecognition of direct investment in BHI as a subsidiary	(3,455)	(12,976,541)
Spun-off interest as of March 31, 2022		75%
Transactions with shareholders for the 75% spin-off of the investment in BHI	**(2,591)**	**(9,732,406)**

Considering the applicable accounting requirements, 100% of the net income related to BHI as a subsidiary due to the effect of the loss of control is presented in discontinued operations.

Note 15 – PROPERTY, PLANT AND EQUIPMENT

The following is a breakdown the PP&E:

		As of December 31, 2023			As of December 31, 2022		
		Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Land	$	112,428	0	112,428	130,873	0	130,873
Buildings		381,892	(188,228)	193,664	417,425	(194,812)	222,613
Machinery and equipment		6,197	(1,830)	4,367	4,556	(832)	3,724
Vehicles		3,034	(1,369)	1,665	2,067	(1,214)	853
Office equipment, furniture, and fixtures		263,968	(208,621)	55,347	256,428	(199,914)	56,514
Computer equipment, networking and communications		666,211	(461,418)	204,793	647,156	(478,207)	168,949
Leasehold improvements		59,232	(29,444)	29,788	61,303	(26,868)	34,435
Construction in progress		2,106	0	2,106	670	0	670
Total	$	**1,495,068**	**(890,910)**	**604,158**	**1,520,478**	**(901,847)**	**618,631**

The following is the activity of costs:

		Land	Buildings and construc-tions	Machi-nery and equipment	Vehicles	Office equipment, furniture, and fixtures	Computer equipment, networking and communi-cations	Leasehold improve-ments	Constru-ction in progress	Total
Balance as of December 31, 2021	**$**	**149,457**	**515,225**	**2,752**	**2,696**	**248,570**	**573,122**	**58,216**	**28**	**1,550,066**
Additions (1)		2,562	4,463	1,831	186	14,138	74,964	198	29,591	127,933
Disposals / Sales		(8,093)	(13,820)	0	(844)	(7,084)	(13,102)	(712)	(48)	(43,703)
Reclassifications (2)		(13,053)	(88,443)	(27)	0	416	11,675	3,505	(28,901)	(114,828)
Exchange difference		0	0	0	29	388	497	96	0	1,010
Balance as of December 31, 2022	**$**	**130,873**	**417,425**	**4,556**	**2,067**	**256,428**	**647,156**	**61,303**	**670**	**1,520,478**
Additions (1)		0	0	1,897	1,035	9,097	69,055	101	27,740	108,925
Disposals / Sales		(2,850)	(5,228)	(81)	(34)	(4,482)	(60,380)	(3,122)	(94)	(76,271)
Reclassifications (2)		(15,595)	(30,305)	(175)	0	3,384	11,001	1,090	(26,210)	(56,810)
Exchange difference		0	0	0	(34)	(459)	(621)	(140)	0	(1,254)
Balance as of December 31, 2023	**$**	**112,428**	**381,892**	**6,197**	**3,034**	**263,968**	**666,211**	**59,232**	**2,106**	**1,495,068**

(1) Includes dismantlement costs of $101 and $197, respectively.

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

(2) Corresponds to: transfer to non-current assets held for sale for ($48,284) during 2023, deductible VAT on productive assets for ($8,526) and ($8,171) as of December 31, 2023 and 2022 and transfer to investments ($115,084) (see Note 2.6) during 2022.

The following is the activity in depreciation:

		Buildings and construc-tions	Machi-nery and equip-ment	Vehicles	Office equipment, furniture, and fixtures	Computer equipment, networking and communi-cations	Leasehold improve-ments	Total
Balance as of 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
Exchange difference		0	0	(12)	(369)	(324)	(91)	(796)
Balance as of December 31, 2022	$	**(194,812)**	**(832)**	**(1,214)**	**(199,914)**	**(478,207)**	**(26,868)**	**(901,847)**
Depreciation		(17,253)	(1,013)	(214)	(13,533)	(44,010)	(5,038)	(81,061)
Disposals / Sales		3,063	15	34	4,365	60,341	2,311	70,129
Reclassifications		20,774	0	0	0	0	0	20,774
Exchange difference		0	0	25	461	458	151	1,095
Balance as of December 31, 2023	$	**(188,228)**	**(1,830)**	**(1,369)**	**(208,621)**	**(461,418)**	**(29,444)**	**(890,910)**

(1) Corresponds to the transfer to non-current assets held for sale.

There were no restrictions registered on ownership of PP&E for.

The Bank conducted a qualitative analysis of impairment taking into account internal and external sources of information. Based upon 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 PP&E that is fully depreciated but still in use as of December 31, 2023. Additionally, the Bank has PP&E that is temporarily out of service for $9,306.

Note 16 – RIGHT-OF-USE ASSETS

The following is a breakdown by type of property:

		As of December 31, 2023			As of December 31, 2022		
		Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Buildings	$	589,753	(214,547)	375,206	599,834	(180,212)	419,622
Machinery		313	(138)	175	313	(118)	195
Computer equipment		29,694	(24,250)	5,444	29,694	(18,311)	11,383
Total	$	**619,760**	**(238,935)**	**380,825**	**629,841**	**(198,641)**	**431,200**

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

The following is the activity of costs:

		Buildings	Machinery	Computer equipment	Total
Balance as of December 31, 2021	**$**	**572,934**	**113**	**29,694**	**602,741**
Additions		63,907	200	0	64,107
Adjustments to contracts		24,423	0	0	24,423
Disposals/ Sales		(61,430)	0	0	(61,430)
Balance as of December 31, 2022	**$**	**599,834**	**313**	**29,694**	**629,841**
Additions		14,623	0	0	14,623
Adjustments to contracts		38,487	0	0	38,487
Disposals/ Sales		(62,601)	0	0	(62,601)
Exchange difference		(590)	0	0	(590)
Balance as of December 31, 2023	**$**	**589,753**	**313**	**29,694**	**619,760**

The following is the activity in depreciation:

		Buildings	Machinery	Computer equipment	Total
Balance as of December 31, 2021	**$**	**(152,906)**	**(85)**	**(12,372)**	**(165,363)**
Depreciation		(57,399)	(33)	(5,939)	(63,371)
Disposals/ Sales		30,093	0	0	30,093
Balance as of December 31, 2022	**$**	**(180,212)**	**(118)**	**(18,311)**	**(198,641)**
Depreciation		(58,139)	(20)	(5,939)	(64,098)
Disposals/ Sales		23,804	0	0	23,804
Balance as of December 31, 2023	**$**	**(214,547)**	**(138)**	**(24,250)**	**(238,935)**

In the development of its operations, the Bank leases several properties such as buildings and computer and transportation equipment. Normally, lease contracts are made for fixed periods of 1 to 15 years. 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.

Note 17 – INVESTMENT PROPERTY

The following is a breakdown by type of property:

		As of December 31, 2023			**As of December 31, 2022**		
		Land	**Buildings**	**Total**	**Land**	**Buildings**	**Total**
Cost	$	89,705	52,338	142,043	104,649	49,445	154,094
Accumulated adjustments to fair value		5,985	3,260	9,245	61,991	7,962	69,953
Impairment		(49,893)	(34,453)	(84,346)	(114,035)	(33,466)	(147,501)
Total	**$**	**45,797**	**21,145**	**66,942**	**52,605**	**23,941**	**76,546**

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

The following table shows the activity in the cost:

		Land	Buildings	Total
Balance as of December 31, 2021	**$**	**116,673**	**48,746**	**165,419**
Reclassifications (1)		11,078	3,933	15,011
Disposals / Sales		(23,102)	(3,234)	(26,336)
Balance as of December 31, 2022	**$**	**104,649**	**49,445**	**154,094**
Reclassifications (1)		(9,268)	6,941	(2,327)
Disposals / Sales		(5,676)	(4,048)	(9,724)
Balance as of December 31, 2023	**$**	**89,705**	**52,338**	**142,043**

1) As of December 31, 2023, and 2022, assets were transferred from non-current assets held for sale for $16,246 and $31,184, respectively, and to investments held for trading for ($18,850) and ($7,747), respectively, (see Note 2.6), and to PP&E for ($8,426) in 2022.

The following table shows the activity in the fair value:

		Land	Buildings	Total
Balance as of December 31, 2021	**$**	**59,123**	**7,850**	**66,973**
Changes in fair value		(1,623)	2,894	1,271
Reclassifications (1)		(375)	(3,741)	(4,116)
Disposals / Sales		4,866	959	5,825
Balance as of December 31, 2022	**$**	**61,991**	**7,962**	**69,953**
Changes in fair value		(34,412)	(3,896)	(38,308)
Reclassifications (1)		(22,028)	(534)	(22,562)
Disposals / Sales		434	(272)	162
Balance as of December 31, 2023	**$**	**5,985**	**3,260**	**9,245**

1) At December 31, 2023 and 2022 it was transferred to investments held for trading for ($22,562) and ($2,753) respectively, (see Note 2.6), and to PP&E for ($1,363) in 2022.

The following is the movement in the allowance for impairment:

		Land	Buildings	Total
Balance as of December 31, 2021	**$**	**(119,016)**	**(26,952)**	**(145,968)**
Allowance charged to expenses		(11,256)	(19,206)	(30,462)
Recovery		16,237	12,692	28,929
Balance as of December 31, 2022	**$**	**(114,035)**	**(33,466)**	**(147,501)**
Allowance charged to expenses		(8,190)	(7,797)	(15,987)
Recovery (1)		72,332	6,810	79,142
Balance as of December 31, 2023	**$**	**(49,893)**	**(34,453)**	**(84,346)**

(1) Generated mainly to the transfer of assets to “Fondo de Capital Privado Nexus Inmobiliario” (see Note 2.6).

The following is a detail of the amounts included in income for the period:

		As of December 31, 2023	**As of December 31, 2022**
Rental income from investment property	$	1,420	2,823
Direct operating expenses arising from investment property generating rental income		(2,204)	(195)
Total	$	**(784)**	**2,628**

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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.

Note 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, 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, 2023, since their recoverable amounts exceeds the book value.

The value of goodwill registered in the Bank's separate financial statements was made after the acquisition of Megabanco, the balance of which is recorded at $465,905 as of December 31, 2023, and 2022.

Below is the detail of the goodwill assigned by Group of Cash Generating Units (CGUs) that represent the lowest level at which they are monitored within the Bank by Management and are not greater than the operating segments.

		As of December 31, 2023	As of December 31, 2022
Book value of goodwill	$	465,905	465,905
Book value of CGU		6,352,238	7,849,212
Value in use CGU (1)		12,391,866	14,436,755
Surplus	$	6,039,628	6,587,543

(1) Value in use determined in the impairment analysis exercise carried out in December 2023, based on real figures as of September 2023.

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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 Price Waterhouse Coopers S.A., in its January 2024 report based on the financial statements of the Bank as of September 30, 2023, given the merger with the acquired company and it was concluded that in no case are there situations that indicate a possible impairment, because the value in use resulting from said valuation of $12,391,866 exceeds the book value of $6,039,628 of the cash generating units of the banking operation segment which amounts to $6,352,238.

The following table shows the averages of the primary premises used in the impairment test as of December 31, 2023, and 2022:

	As of December 31, 2023				
	2024	**2025**	**2026**	**2027**	**2028**
Lending rate on the loan portfolio and investments	12.1%	10.8%	10.2%	10.0%	9.8%
Liability interest rates	7.1%	5.5%	4.9%	4.7%	4.5%
Growth in income from commissions	16.0%	14.7%	14.1%	11.3%	11.2%
Growth in expenses	11.7%	8.3%	7.9%	6.2%	5.6%
Inflation	5.8%	3.5%	3.2%	3.1%	3.1%
Discount rate after taxes	16.5%	13.7%	12.4%	11.3%	11.6%
Growth rate after five years	6.5%				

	As of 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%
Liability interest rates	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%				

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.

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

- Liability interest rates were projected taking into account the expectations of the company and independent specialists.

- The estimated growth for commissions is 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 6.5%, which corresponds to the Company's growth 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 with this sensitivity, the fair value of groups of cash-generating units with this sensitivity would be $11,213,981, higher than its book value of $6,352,238.

Note 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 as of December 31, 2021	**$**	**778,859**	**(298,976)**	**479,883**
Additions		13,915	0	13,915
Costs capitalized		141,377	0	141,377
Other costs capitalized acquired separately		21,856	0	21,856
Disposals / Sales		(20,803)	19,821	(982)
Amortization charged to expenses		0	(67,941)	(67,941)
Exchange difference		629	(194)	435
Balance as of December 31, 2022	**$**	**935,833**	**(347,290)**	**588,543**
Additions		5,173	0	5,173
Costs capitalized personnel expenses (1)		122,049	0	122,049
Costs capitalized		89,564	0	89,564
Other costs capitalized acquired separately		20,763	0	20,763
Disposals / Sales (2)		(760)	0	(760)
Amortization charged to expenses		0	(70,477)	(70,477)
Exchange difference		(939)	325	(614)
Balance as of December 31, 2023	**$**	**1,171,683**	**(417,442)**	**754,241**

(1) Corresponds to personnel expenses that are being capitalized in the intangible assets under development for the optimization of the Bank's processes and platforms.
(2) Corresponds to recognition of private subsidy in a program under development on credit cards.

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

19.2 INTERNAL INTANGIBLE ASSETS AND OTHER COSTS CAPITALIZED ACQUIRED SEPARATE

Internal intangible assets correspond to those assets that are developed within the entity; the costs can be capitalized in the development process when the finished asset is used in production, activating the amortization.

Other costs capitalized acquired separately correspond to intangible assets that are purchased externally and require an additional adjustment so that they can be fully utilized.

The following is the movement for these items:

		Computer Software and Applications		
		Cost	**Amortization**	**Total**
Balance as of December 31, 2021	**$**	**428,571**	**(83,596)**	**344,975**
Other costs capitalized		141,377	0	141,377
Other costs capitalized acquired separately		21,856	0	21,856
Reclassifications		(21,301)	0	(21,301)
Disposals / Sales		(5,779)	4,797	(982)
Amortization charged to expenses		0	(31,798)	(31,798)
Exchange difference		264	0	264
Balance as of December 31, 2022	**$**	**564,988**	**(110,597)**	**454,391**
Costs capitalized personnel expenses		122,049	0	122,049
Other costs capitalized		89,564	0	89,564
Other costs capitalized acquired separately		20,763	0	20,763
Reclassifications		(8,593)	0	(8,593)
Disposals / Sales		(760)	0	(760)
Amortization charged to expenses		0	(35,791)	(35,791)
Exchange difference		(8)	0	(8)
Balance as of December 31, 2023	**$**	**788,003**	**(146,388)**	**641,615**

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 as of 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)
Exchange difference		0	0	365	(194)	365	(194)	171

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		Licenses		Computer Software and Applications		Total		
		Cost	Amortization	Cost	Amortization	Cost	Amortization	Total
Balance as of December 31, 2022		**167,824**	**(122,952)**	**203,021**	**(113,741)**	**370,845**	**(236,693)**	**134,152**
Additions		5,171	0	2	0	5,173	0	5,173
Reclassifications		0	0	8,593	0	8,593	0	8,593
Amortization charged to expenses		0	(17,120)	0	(17,566)	0	(34,686)	(34,686)
Exchange difference		0	0	(931)	325	(931)	325	(606)
Balance as of December 31, 2023	**$**	**172,995**	**(140,072)**	**210,685**	**(130,982)**	**383,680**	**(271,054)**	**112,626**

The following items are significant intangible assets: licenses for $32,923, programs and applications under development which include optimization of platforms and services to strengthen the internal and external products required by the Bank, for $165,546 and programs and applications in use for $29,186.

The Bank has fully amortized intangible assets that are still in use and correspond to licenses and computer software and applications amounting to $161,123. Development costs as of December 31, 2023, and 2022 amount to $13,359, and $4,522, respectively. These amounts increase due to fees paid to the supplier Mckinsey & Company Colombia INC. for the consultancy service concerning the diagnosis and definitions to be taken for the development of the AVAL Payment Ecosystem Project.

There are no restrictions on the ownership of other intangible assets.

Note 20 – INCOME TAX

20.1 COMPONENTS OF THE INCOME TAX EXPENSE

The income tax expense for the years ended December 31,2023 and 2022 includes the following:

		Years ended at December 31	
		2023	**2022**
Income tax for the current period	$	3,765	8,922
Recovery of current tax of previous periods		(5,740)	(6,449)
Subtotal current tax		**(1,975)**	**2,473**
Net deferred taxes for the period		397,875	215,606
Adjustment deferred tax of previous period		(13,332)	242
Subtotal deferred taxes		**384,543**	**215,848**
Recovery for uncertain tax positions		(1,411)	0
Total income tax	$	**381,157**	**218,321**

Current and deferred taxes are recognized as income or expense in net income, except to the extent they have arisen from a transaction or event that is recognized outside net income in other comprehensive income (OCI), in equity. Therefore, during the years ended December 31, 2023, and 2022, deferred tax expense and income of ($437,935) and $520,544, respectively, were recognized in OCI, mainly related to the unrealized loss on investments available for sale and the exchange difference of hedging instruments, bonds and investments in foreign subsidiaries. For accounting purposes these are recorded in the OCI account and for tax purposes they would be understood as realized at the time they are reclassified to another equity account or presented in the

(continued)

statement of income in accordance with the accounting technique (see Note 20.5).

Additionally, as of December 31, 2022, a deferred tax and current tax expense 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 BHI on December 19, 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.

For the year 2023, a current tax expense of ($13,716) was recognized as a result of the adjustment made to the foreign exchange component of the derivatives liquidated during 2015 and 2016.

20.2 RECONCILIATION OF THE NOMINAL TAX RATE AND EFFECTIVE RATE

The following are the basic parameters in force with respect to income tax in Colombia:

- For the year 2022, in accordance with the Social Investment Law 2155 of 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, as per its Spanish acronym) in the period, apply a few additional percentage points of income tax of 3%.

- The Tax Reform for Equality and Social Justice, Law 2277 of 2022, establishes that financial institutions that in the taxable year have a taxable income equal or higher than 120,000 Tax Value Units (UVTs), must pay 5 additional points for the income tax (35% during the years 2023 to 2027), being in total a rate of 40%.

- The Tax Reform for Equality and Social Justice, Law 2277 of 2022, establishes an Adjusted Tax Rate (TTD, per its Spanish acronym) as the minimum tax rate for income taxpayers (national corporations and their assimilated companies), which may not be less than 15%, calculated by dividing the Adjusted Tax (ID, per its Spanish acronym) over the Adjusted Profit (UD, per its Spanish acronym).

- The Economic Growth Law 2010 of 2019 reduces the presumptive income to 0% of the net equity of the last day of the immediately preceding taxable year starting in 2021.

- Law 2277 of 2022 repeals as from 2023 the possibility of taking 50% of the Industry and Trade Tax and the Notices and Boards Tax effectively paid in the taxable year or period, which was maintained until 2022 by the Social Investment Law 2155 of 2021, as a tax discount in the income tax.

- With the Social Investment Law 2155 of 2022, 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 of 2019, the term of finality of the income and complementary tax returns of taxpayers who determine or offset tax losses or are subject to the transfer pricing regime, will be 5 years from the filing of the income tax return.

- The excess of presumptive income may be offset in the following 5 taxable periods.

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

- Tax losses may be offset against ordinary net income obtained in the following 12 taxable periods.

- The tax on casual income for the year 2022 is set at a rate of 10%.

- The Tax Reform for Equality and Social Justice, Law 2277 of 2022, sets the casual income tax rate at 15% as from 2023.

The following is a breakdown of the reconciliation between the Bank's income tax expense, calculated at currently effective tax rates, to the tax expense effectively recorded in the results of the period as follows:

		Years ended at December 31	
		2023	**2022**
Net income before income tax	**$**	**1,406,041**	**2,003,590**
Theoretical tax expense at a rate of 40% (2023) and 38% (2022)		562,416	761,364
Plus (minus) taxes that increase (decrease) the theoretical tax:			
Non-deductible expenses		105,607	57,098
Effect of dividends received in the period		(5,799)	(4,941)
Nontaxable equity method income		(337,821)	(300,204)
Interests and other non- taxable income		(32,175)	(172,738)
Effect of BHI interest deconsolidation		0	(42,870)
Non-accountable tax income from partial sale of BHI-exchange difference		114,201	543,879
Exempt income for CHC and VIS and VIP housing (1)		0	(513,564)
Tax discounts		(2,081)	(16,308)
Casual income 15% (2023) and 10% (2022)		3,765	8,922
Effect on deferred tax due to tax rates different tan 40% (2023) and 38% (2022)		(5,719)	(96,110)
Recovery for uncertain tax positions		(1,411)	0
Adjustment for previous periods		(19,071)	(6,207)
Other concepts		(755)	0
Total income tax expense from continuing operations	**$**	**381,157**	**218,321**

(1) CHC: Colombian Holding Company (Spanish acronym), VIS: Social Interest Housing (Spanish acronym), VIP: Priority Interest Housing (Spanish acronym).

20.3 DEFERRED TAXES REGARDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Bank does not record deferred taxes liabilities relating to temporary differences on investments in subsidiaries and associates, considering: i) the Bank has control of its subsidiaries and decides of sells its investments in associates, therefore, it can decide on the reversal of such temporary differences; and ii) the Bank has not foreseen its realization in a foreseeable future.

Temporary differences on which no deferred tax liabilities were recognized as of December 31, 2023 and 2022 amounted to $6,755,173 and $6,582,784, respectively.

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

20.4 INCOME TAXES FROM THE SEPARATE STATEMENT OF FINANCIAL POSITION

Income taxes for the years ended December 31, 2023 and 22 are composed as follows:

Income taxes assets

Concept		As of December 31, 2023	As of December 31, 2022
Current income tax asset	$	685,413	486,663
Deferred income tax asset		1,006,629	1,837,560
Net	**$**	**1,692,042**	**2,324,223**

Income tax liabilities

Concept		As of December 31, 2023	As of December 31, 2022
Current income tax liabilities	$	0	1,411
Net	**$**	**0**	**1,411**

20.4.1 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 recorded in the years ended December 31, 2023 and 2022, based on tax rates in force for the years wherein such temporary differences will be reversed.

		Balance as of December 31, 2022	Income (expense) in P&L	Unrealized income (expense) in OCI	Reclassi-fications	Balance as of December 31,2023
Deferred tax assets						
Valuation of debt securities investments	$	416,040	(8,380)	(233,374)	0	174,286
Unrealized loss on derivatives		0	422,708	20,774	(7,977)	435,505
Loan portfolio		148,197	(111,001)	0	0	37,196
Deferred charges and prepaid expenses		376	(215)	0	0	161
Tax credits to be amortized		0	267,880	0	0	267,880
Unrealized exchange difference for financial obligations		365,564	(365,564)	0	0	0
Provisions for other expenses		7,903	(47)	0	0	7,856
Employee benefits		10,551	1,324	6,615	(476)	18,014
Tax discounts to be applied		16,308	5,717	0	0	22,025
Finance lease contracts under IFRS 16		197,539	(24,161)	0	0	173,378
Exchange difference on foreign currency bonds		1,421,540	(620,539)	(273,608)	1	527,394
Other items		5,661	4,433	0	(1)	10,093
Subtotal		**2,589,679**	**(427,845)**	**(479,593)**	**(8,453)**	**1,673,788**
Deferred tax liabilities						
Valuation of equity investments		54,236	4,930	3,571	0	62,737
Unrealized gain on derivatives		190,562	(190,562)	0	0	0
Investment property		10,368	(2,106)	0	0	8,262

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

	Balance as of December 31, 2022	Income (expense) in P&L	Unrealized income (expense) in OCI	Reclassi-fications	Balance as of December 31,2023
Cost of property, plant and equipment	35,397	(5,845)	0	0	29,552
Intangible assets cost - Deferred charges	53,394	(204)	0	0	53,190
Goodwill	194,622	0	0	0	194,622
Exchange difference on branches abroad	47,420	0	(45,229)	0	2,191
Right-of-use under IFRS 16	160,094	(23,037)	0	0	137,057
Unrealized exchange difference on financial obligations	0	177,767	0	0	177,767
Other items	6,026	(4,245)	0	0	1,781
Subtotal	**752,119**	**(43,302)**	**(41,658)**	**0**	**667,159**
Total	**$ 1,837,560**	**(384,543)**	**(437,935)**	**(8,453)**	**1,006,629**

	Balance as of December 31, 2021	Income (expense) in P&L	Unrealized income (expense) in OCI	Discon-tinued operation	Reclassi-fications	Balance as of December 3,2022
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 to be applied		16,308	0	0	0	16,308
Finance lease contracts under 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 under 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**

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:

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		As of December 31, 2023		
		Gross amounts of deferred tax	Offsetting reclassifications	Balance in the statement of financial position
Deferred tax asset	$	1,673,788	(667,159)	1,006,629
Deferred tax liability		667,159	(667,159)	0
Net	**$**	**1,006,629**	**0**	**1,006,629**

		As of December 31, 2022		
		Gross amounts of deferred tax	Offsetting reclassifications	Balance in the statement of financial position
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**

20.4.2 CURRENT TAXES

The balance of current tax assets and liabilities is composed as follows:

		As of December 31, 2023	As of December 31, 2022
Income tax prepayments	$	16,909	8,439
Credit balance of income tax		668,504	478,224
Liability for tax uncertainties		0	(1,411)
Net current tax assets	**$**	**685,413**	**485,252**

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 OCI results is as follows:

		As of December 31, 2023				As of December 31, 2022			
		Amount before tax	(Expense) income of current tax	(Expense) income of deferred tax	Net	Amount before tax	(Expense) income of current tax	(Expense) income of deferred tax	Net
Items that may be reclassified to P&L of the period									
Exchange difference on financing	$	(32,673)	0	13,069	(19,604)	0	0	0	0
Exchange difference on bonds hedging of cash flow operations		270,064	0	(97,223)	172,841	0	0	0	0
Exchange difference on dividends (hedged item)		(258,981)	0	0	(258,981)	0	0	0	0
Exchange difference on foreign currency derivatives		0	(13,716)	8,050	(5,666)	38,289	0	(14,328)	23,961
Exchange difference on foreign currency bonds		503,957	0	(176,385)	327,572	(908,740)	0	360,394	(548,346)

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

	As of December 31, 2023				As of December 31, 2022			
	Amount before tax	**(Expense) income of current tax**	**(Expense) income of deferred tax**	**Net**	**Amount before tax**	**(Expense) income of current tax**	**(Expense) income of deferred tax**	**Net**
Exchange differences of foreign subsidiaries	(531,568)	0	0	(531,568)	586,061	0	0	586,061
Unrealized gain (loss) on measurement of available-for-sale investments in debt instruments	626,581	0	(250,633)	375,948	(518,001)	0	217,103	(300,898)
Share in other comprehensive income of subsidiaries and associates	157,979	0	0	157,979	(877,612)	0	0	(877,612)
Exchange difference in translation of financial statements of foreign agencies and branches	(134,723)	0	44,884	(89,839)	68,630	0	(24,593)	44,037
Realization of the valuation of available-for-sale investments in debt instruments	(43,147)	0	17,259	(25,888)	0	0	0	0
Realization to income from measurement of available-for-sale investments equity instrument	1,657	0	0	1,657	0	0	0	0
Realization of OCI for loss of control of Subsidiaries	0	0	0	0	1,348,248	(881,312)	(1,485,689)	(1,018,753)
Subtotal	**559,146**	**(13,716)**	**(440,979)**	**104,451**	**(263,125)**	**(881,312)**	**(947,113)**	**(2,091,550)**
Items that will not to be reclassified to net income								
Changes in actuarial assumptions in defined benefit plans.	(16,222)	0	6,139	(10,083)	18,628	0	(6,697)	11,931
Realization to retained earnings from changes in actuarial assumptions in defined benefit plans	(1,285)	0	476	(809)	0	0	0	0
Unrealized gain from measurement of available-for-sale investments in equity instruments	25,097	0	(3,571)	21,526	32,164	0	(11,335)	20,829
Share in other comprehensive income of subsidiaries and associates	10,378	0	0	10,378	(55,725)	0	0	(55,725)
Realization of OCI for loss of control of Subsidiaries	0	0	0	0	377,097	0	0	377,097
Subtotal	**17,968**	**0**	**3,044**	**21,012**	**372,164**	**0**	**(18,032)**	**354,132**
Total other comprehensive income for the period	**$ 577,114**	**(13,716)**	**(437,935)**	**125,463**	**109,039**	**(881,312)**	**(965,145)**	**(1,737,418)**

20.6 PROVISION FOR TAX POSITIONS

As of January 1, 2020, and by means of Decree 2270 of 2019, the interpretation of IFRIC 23 - Uncertainty over Income Tax Treatments was adopted for purposes of Group I local financial statements, which clarifies when the

(continued)

recognition and measurement criteria of IAS 12 - Income tax are applied, in the event that there is uncertainty about income tax treatments.

Banco de Bogotá has been applying IFRIC 23 in advance regarding uncertainties over tax 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, 2023 and 2022, the provisions for tax positions amount to $0 and $1,411, respectively. The charge to income during the years ended December 31, 2023 and 2022 corresponds to ($1,411) and $0, 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.

20.7 REALIZATION OF DEFERRED TAX ASSETS:

In future periods, the Bank 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 primarily from foreign exchange difference on foreign currency bonds, unamortized tax credits and unrealized loss on measurement of available-for-sale investments.

20.8 TRANSFER PRICING

Pursuant to the provisions of Laws 788/2002, 863/2003, 1607/2012 and 1819/2016, regulated by Decree 2120 of 2017, the Bank prepared a transfer pricing study on transactions carried out with foreign economic related parties during the taxable year 2022. The study did not result in adjustments that would affect the Bank's taxable income, costs and expenses in the income tax return for taxable year 2022 filed as of April 12, 2023.

Although the 2023 transfer pricing study 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

By means of Law 2277 of December 13, 2022, a Tax Reform was adopted, such provision introduces some modifications regarding income tax, which are presented below:

- The general income tax rate is maintained at 35% for domestic companies and their affiliates, permanent establishments of foreign entities, and foreign legal entities with or without residence in the country obliged to file the annual income and complementary tax returns.

- For financial institutions, insurance companies, reinsurance companies, stockbroker companies, agricultural commission agent companies, agricultural, agro-industrial or other commodities goods and products exchanges and stock market infrastructure providers, a surtax of 5 additional points of the general income tax rate is established during the taxable periods 2023 to 2027, being the total rate 40% if they have a taxable income equal or higher than 120,000 Tax Value Units [UVTs] ($5,089 for 2023). The surtax will be subject to an advance payment of 100%.

- 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 proceedings correspond to punitive, sanctioning or compensatory amounts (paragraph 3 of article 105 of the Tax Code).

- The casual income tax rate is established at 15%.

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

- A withholding tax rate of 10% is established for dividends received by domestic companies that do not constitute income or casual income (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 casual income 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.

Note 21 – CUSTOMER DEPOSITS

The following is a breakdown of customer deposits:

		As of December 31, 2023	As of December 31, 2022
Checking accounts	$	13,851,010	15,523,635
Savings accounts		28,213,457	29,448,745
Time deposits		33,806,850	24,354,667
Others		269,735	409,934
Total	$	**76,141,052**	**69,736,981**

The following is the detail of customer deposits in U.S. dollars or their equivalent in U.S. dollars:

Million USD		As of December 31, 2023	As of December 31, 2022
Checking accounts	USD	980	987
Savings accounts		34	58
Time deposits		1,105	621
Others		56	74
Total	**USD**	**2,175**	**1,740**

Customer deposits presented a net increase as of December 31, 2023 with respect to December 31, 2022 of $6,404,072, mainly due to the increase in time deposits of $10,265,838, the decrease in savings accounts of $1,194,228 and in checking accounts of $670,169 as well as a decrease of $1,961,131 due to exchange difference. Interest paid as of December 31,2023 was $6,238,790.

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

A detail interest expenses is a following:

		Years ended at December 31	
		2023	2022
Checking accounts	$	(304,746)	(157,624)
Savings accounts		(2,234,352)	(1,368,968)
Time deposits		(4,161,294)	(1,425,215)
Total	**$**	**(6,700,392)**	**(2,951,807)**

Variation in interest expense due to an increase in deposits and interest rates (approximately 11% and 4.5%, respectively).

The detail of some macroeconomic indicators:

Rates	As of December 31, 2023	As of December 31, 2022	Variation %
Bank of the Republic (BR) (1)	13.00%	12.00%	1.00%
Benchmark Banking Indicator (IBR 3M) (1)	12.71%	12.36%	0.36%
Fixed Term Deposit (DTF) (1)	12.69%	13.70%	(1.01%)
Consumer Price Index (IPC) (1)	9.28%	13.12%	(3.84%)
Secured Overnight Financing Rate (SOFR 3M) (1)	5.33%	4.59%	0.74%

(1) Spanish acronym

21.1 CUSTOMER DEPOSITS - INTEREST RATES

Effective annual interest rates on customer deposits are shown below:

	As of December 31, 2023				As of December 31, 2022			
	Colombian Pesos		Foreign currency		Colombian pesos		Foreign currency	
	Min %	Max %	Min %	Max %	Min %	Max %	Min %	Max %
Checking accounts	0.16%	13.40%	0.05%	5.40%	0.01%	0.13%	0.05%	4.40%
Savings accounts	0.10%	13.61%	0.05%	4.85%	0.10%	14.93%	0.05%	1.50%
Time deposits	0.10%	23.52%	0.60%	6.01%	0.10%	19.54%	0.15%	5.30%

21.2 CUSTOMER DEPOSITS, BY SECTOR

The following is a breakdown of the concentration of customer deposits, by economic sector:

		As of December 31, 2023		As of December 31, 2022	
		Amount	%	Amount	%
Financial	$	18,488,955	24.28%	15,631,613	22.42%
Colombian government or Colombian government entities		9,635,882	12.66%	8,036,920	11.52%
Individuals		10,670,873	14.01%	10,488,032	15.04%
Insurance		7,525,541	9.88%	7,444,326	10.67%
Services		7,269,281	9.55%	5,455,203	7.82%
Commerce		3,705,521	4.87%	3,253,732	4.67%

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		As of December 31, 2023		As of December 31, 2022	
		Amount	**%**	**Amount**	**%**
Manufacturing		2,541,578	3.34%	2,913,785	4.18%
Public services		1,499,446	1.97%	1,587,051	2.28%
Real estate		8,188,997	10.76%	2,104,318	3.02%
Transport		1,213,228	1.59%	1,689,535	2.42%
Education		1,454,435	1.91%	1,072,709	1.54%
Mining and quarrying		1,070,389	1.41%	1,700,628	2.44%
Agriculture and livestock		991,290	1.30%	961,428	1.38%
Telecommunications		566,244	0.74%	616,252	0.88%
Arts, entertainment, and recreation		316,956	0.42%	268,617	0.39%
Religious organizations		326,147	0.43%	229,917	0.33%
Others		676,287	0.89%	6,282,915	9.01%
Total	**$**	**76,141,052**	**100.00%**	**69,736,981**	**100.00%**

21.3 MATURITIES OF TIME DEPOSITS

The following is a breakdown:

		As of December 31, 2023	As of December 31, 2022
2023	$	0	21,474,959
2024		27,046,209	2,313,677
2025		3,271,083	415,536
2026		1,986,631	3,486
2027 and onwards		1,502,927	147,009
Total	**$**	**33,806,850**	**24,354,667**

Note 22 – FINANCIAL OBLIGATIONS

The following is a breakdown of the financial obligations:

		As of December 31, 2023	As of December 31, 2022
Bonds issued	$	7,663,259	10,956,941
Borrowings from banks and others		5,847,086	7,897,881
Interbank borrowings and overnight funds		4,077,439	543,395
Borrowings from development entities		2,950,600	2,299,461
Total	$	**20,538,384**	**21,697,678**

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

The following is a detail of the financial obligations in US dollars or their equivalent in US dollars:

Million USD		As of December 31, 2023	As of December 31, 2022
Bonds issued	USD	1,798	2,089
Borrowings from banks and others		1,530	1,642
Interbank borrowings and overnight funds		1	81
Total	**USD**	**3,329**	**3,812**

The net variation as of December 31, 2023, in financial obligations of $1,159,294 with respect to December 31, 2022, is mainly due to:

- Impact on the decrease in the exchange difference of $2,530,203 with effect in P&L and $774,021 effect in Other Comprehensive Income (OCI) of the bonds that fulfill the hedging function.

- Increase in Interbank borrowings and overnight funds for $3,543,059, mainly due to repo and simultaneous operations, as a result of the greater need to borrow resources in the money market to meet liquidity requirements.

- Decrease in: i) Borrowings from banks and others payments were made for $14,249,981 and acquisition of new financial obligations for $14,097,469 for a net decrease of $152,512 and ii) Bonds issued corresponding to the issuance of $1,090,819 and payment of $2,645,232, generating a net decrease of $1,554,413.

The following is a detail of interest expense generated by financial obligations:

		Years ended at December 31	
		2023	2022
Bonds issued	$	(558,596)	(574,899)
Interbank borrowings and overnight funds		(494,040)	(163,840)
Borrowings from development entities		(355,065)	(147,812)
Borrowings from banks and others		(177,226)	(68,171)
Total	$	**(1,584,927)**	**(954,722)**

The increase of $630,205 is mainly due to a higher interest rate of new obligations and those obligations that are maintained whose rate is variable (See macroeconomic indicators in Note 21). Interest paid as of December 31, 2023, and 2022 was $1,276,737 and $811,710, respectively.

22.1 INTERBANK BORROWINGS AND OVERNIGHT FUNDS

		As of December 31, 2023	As of December 31, 2022	Interest rate As of December 31, 2023
In Colombian pesos				
Simultaneous operations	$	3,745,106	114,753	13.00%
Interbank funds purchased		288,566	0	12.04% to 12.06%
Commitments arising short-term operations		34,735	40,305	13.00%
Correspondent Banks		3,726	966	0.00%
		4,072,133	**156,024**	

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		As of December 31, 2023	As of December 31, 2022	Interest rate As of December 31, 2023
In foreign currency				
Correspondent Banks		5,306	7,199	0.00%
Interbank funds purchased		0	380,172	4.45% to 4.75%
		5,306	**387,371**	
Total	$	**4,077,439**	**543,395**	

The following table shows the contractual maturities of interbank and overnight funds:

		As of December 31, 2023	As of December 31, 2022
2023	$	0	543,395
2024		4,077,439	0
Total	$	**4,077,439**	**543,395**

22.2 BORROWINGS FROM BANKS AND OTHERS

The following table shows the detail of this item:

		As of December 31, 2023	As of December 31, 2022	Interest rate As of December 31, 2023
In foreign currency				
Credits	$	2,549,168	3,062,772	6.44% to 7.18% SOFR 3 + 6.44% to 7.77% SOFR 4 + 6.41% to 6.52% SOFR 5 + 6.39% to 6.53% SOFR 6 + 6.32% to 8.04% SOFR 7 + 6.21% SOFR 9 + 7.20% to 7.24% SOFR 11 + 6.39% SOFR 12 + 5.95% to 7.46%
Acceptances		2,271,514	3,578,826	0.00% to 7.61%
Letter of credit		1,026,404	1,256,283	0.00% to 7.76%
Total	$	**5,847,086**	**7,897,881**	

The following table shows the contractual maturities of borrowings from bank and others:

		As of December 31, 2023	As of December 31, 2022
2023	$	0	7,897,881
2024		5,383,772	0
2025		463,314	0
Total	$	**5,847,086**	**7,897,881**

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

22.3 BONDS ISSUED

The Bank is authorized by the Financial Superintendence of Colombia to issue or market bonds or general guaranteed bonds. All of the Bank's bond issues have been issued on an unsecured basis and represent only debentures.

The Bank is in complying with the related covenants agreed with investors.

The detail is as follows:

	Date			As of December 31, 2023	As of December 31, 2022	Interest rate As of December 31, 2023
	Issuance	Expiration				
Colombian pesos						
Straight bonds	sep-20	sep-23	$	0	114,252	IBR+ 1.14%
Straight bonds	sep-20	sep-25		186,114	186,086	4.75%
Straight bonds	feb-21	feb-24		210,979	210,934	3.40%
Straight bonds	feb-21	feb-26		395,993	396,804	IPC + 1.16%
				793,086	**908,076**	
In foreign currency						
Straight bonds (1)	aug-17	aug-27		1,753,156	2,287,251	4.38% SV
Subordinated bonds	feb-13	feb-23		0	2,451,304	5.38% SV
Subordinated bonds (2)	may-16	may-26		2,296,796	2,882,970	6.25% SV
Subordinated bonds	nov-16	may-26		1,928,227	2,427,340	6.25% SV
Subordinated bonds (3)	mar-23	mar-33		891,994	0	SOFR 6 + 3.75%
				6,870,173	**10,048,865**	
Total			$	**7,663,259**	**10,956,941**	

(1) Designated as cash flow hedging instruments on account receivable for dividends from BAC Holding International $1,184,025 (US$309.8 million) are (see Notes 2.3.1 and 10.4.3.3.1).
(2) Designated as hedging instruments $649,749 (US$170) of the foreign investment of Multi Financial Holding and Agencies, Branch and other subsidiaries abroad $458,646 (US$120) (see Note 10.4.3.1).
(3) Designated as hedging instruments $840,851 (US$220) of Multi Financial Holding's foreign investment (see Note 10.4.3.1).

The following is the detail of the maturities of the outstanding bonds issued:

		As of December 31, 2023	As of December 31, 2022
2023	$	0	2,565,556
2024		210,979	210,934
2025		186,114	186,085
2026		4,621,017	5,707,115
2027 and onwards		2,645,149	2,287,251
Total	$	**7,663,259**	**10,956,941**

22.4 BORROWINGS FROM DEVELOPMENT ENTITIES

The Colombian Government has created a number of lending programs to develop specific sectors of the economy, including foreign trade, agriculture, tourism, housing 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)”.

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

The following is a breakdown of said item:

		As of December 31, 2023	As of December 31, 2022	Interest rate As of December 31, 2023
Colombian pesos				
FINDETER	$	1,247,963	1,145,924	DTF -4.00% to 4.80% IBR -2.80% to 7.10% IPC -1.00% to 5.00%
BANCOLDEX		743,122	756,907	DTF -2.00% to 7.00% IBR -1.70% to 9.75%
FINAGRO		958,935	396,179	DTF -3.50% to 2.00% IBR -3.50% to 2.60%
		2,950,020	**2,299,010**	
In foreign currency				
BANCOLDEX		580	451	SOFR 6 + 5.44% to 5.46%
		580	**451**	
Total	$	**2,950,600**	**2,299,461**	

The following is a breakdown of the maturities of borrowings from development entities:

		As of December 31, 2023	As of December 31, 2022
2023	$	0	143,780
2024		318,542	235,158
2025		444,123	614,042
2026		470,448	165,575
2027 and onwards		1,717,487	1,140,906
Total	$	**2,950,600**	**2,299,461**

22.5 LEASE LIABILITY

The following table shows the detail of the item:

		As of December 31, 2023	As of December 31, 2022	Interest rate As of December 31, 2023
Colombian pesos				
Lease liabilities	$	468,282	534,305	1.36% to 16.27%
		468,282	**534,305**	
In foreign currency				
Lease liabilities		13,080	0	1.37% to 2.54%
		13,080	0	
Total	$	**481,362**	**534,305**	

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

The following is a breakdown of the lease liability maturities:

		As of December 31, 2023	As of December 31, 2022
2023	$	0	112,299
2024		112,753	31,210
2025		15,324	13,140
2026		13,017	15,617
2027 and onwards		340,268	362,039
Total	$	**481,362**	**534,305**

Interest expense of ($32,879) and ($23,936) was presented at December 31, 2023 and 2022, respectively.

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 liability	Total
Balances as of December 31, 2022	$	**32,263**	**10,956,941**	**10,197,342**	**534,305**	**21,720,851**
Cash flows from financing activities						
Dividends paid for controlling interest		(575,172)	0	0	0	(575,172)
Dividends paid for non-controlling interest		(256,413)	0	0	0	(256,413)
Issuance of outstanding bonds		0	1,090,819	0	0	1,090,819
Payment of outstanding bonds		0	(2,645,232)	0	0	(2,645,232)
Acquisition of financial obligations		0	0	14,097,469	0	14,097,469
Payment of financial obligations		0	0	(14,249,981)	0	(14,249,981)
Payment of principal on lease liability		0	0	0	(66,951)	(66,951)
Net cash used in financing activities		**(831,585)**	**(1,554,413)**	**(152,512)**	**(66,951)**	**(2,605,461)**
Accrued interest		0	(558,596)	(532,291)	(32,879)	(1,123,766)
Interest paid		0	(570,300)	(468,743)	(32,557)	(1,071,600)
Exchange difference on foreign currency bonds with effect in (OCI)		0	(503,957)	0	0	(503,957)
Exchange difference of cash flow hedge bonds with effect in (OCI)		0	(270,064)	0	0	(270,064)
Declared dividends in cash (See Note 26.3)		1,112,646	0	0	0	1,112,646
Income exchange difference		0	(953,544)	(1,310,692)	(605)	(2,264,841)
Other changes		(1,494)	0	0	14,291	12,797
Total liabilities related to other changes		**1,111,152**	**(1,739,269)**	**(1,247,144)**	**14,008**	**(1,861,253)**
Balances as of December 31, 2023	$	**311,830**	**7,663,259**	**8,797,686**	**481,362**	**17,254,137**

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		Dividends payable	Bonds issued	Borrowings from banks and development entities	Lease liability	Total
Balances as of December 31, 2021	**$**	**304,538**	**9,723,396**	**7,518,187**	**472,558**	**18,018,679**
Cash flows from financing activities						
Dividends paid for controlling interest		(189,455)	0	0	0	(189,455)
Dividends paid for non-controlling interest		(125,414)	0	0	0	(125,414)
Payment of outstanding bonds		0	(478,023)	0	0	(478,023)
Acquisition of financial obligations		0	0	12,118,964	0	12,118,964
Payment of financial obligations		0	0	(11,067,092)	0	(11,067,092)
Payment of principal on lease liability		0	0	0	(59,090)	(59,090)
Net cash used in financing activities		**(314,869)**	**(478,023)**	**1,051,872**	**(59,090)**	**199,890**
Accrued interest		0	(574,899)	(215,983)	(23,936)	(814,818)
Interest paid		0	(573,606)	(167,346)	(23,936)	(764,888)
Exchange difference on foreign currency bonds with effect in (OCI)		0	908,740	0	0	908,740
Declared dividends in cash		43,255	0	0	0	43,255
Expense exchange difference		0	801,535	1,578,646	0	2,380,181
Other changes		(662)	0	0	120,837	120,175
Total liabilities related to other changes		**42,593**	**1,711,568**	**1,627,283**	**120,837**	**3,502,281**
Balances as of December 31, 2022	**$**	**32,262**	**10,956,941**	**10,197,342**	**534,305**	**21,720,850**

Note 23 – EMPLOYEE BENEFITS

The following is a breakdown of the provisions for employee benefits:

		As of December 31, 2023	As of December 31, 2022
Short-term benefits	$	92,144	86,387
Post-employment benefits		79,479	67,307
Long-term benefits		47,290	37,021
		218,913	**190,715**
Post-employment plan assets		(130)	(141)
Total	$	**218,783**	**190,574**

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.

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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	
		As of December 31, 2023	As of December 31, 2022	As of December 31, 2023	As of December 31, 2022
Balance of liabilities at the beginning of the period	$	**67,307**	**90,105**	**37,021**	**38,336**
Costs incurred during the period		387	621	2,615	3,407
Interest expense		8,175	6,359	4,408	2,626
Past services costs		0	0	9,766	0
Loss (gain) on changes in demographic assumptions		11,885	0	6,481	0
Loss (gain) on changes in financial assumptions		4,423	(18,408)	(2,048)	(2,943)
Employee benefits payable		(12,668)	(11,271)	(10,953)	(4,405)
Exchange difference		(30)	17	0	0
Reclassifications		0	(116)	0	0
Total liabilities		**79,479**	**67,307**	**47,290**	**37,021**
Plan assets		**(141)**	**(116)**	**0**	**0**
Interest income		(6)	(4)	0	0
Asset remeasurements		(12)	3	0	0
Exchange difference		29	(44)	0	0
Reclassifications		0	20	0	0
Total asset		**(130)**	**(141)**	**0**	**0**
Net balance at the end of the period	$	**79,349**	**67,166**	**47,290**	**37,021**

The following table shows the post-employment and long-term benefits expense for the years ended:

		Post-employment Benefits		Long-term benefits	
		Years ended December 31		Years ended December 31	
		2023	**2022**	**2023**	**2022**
Defined contribution plans	$	(58,016)	(56,772)	(8,845)	(8,639)
Defined benefit plans		(8,555)	(7,199)	(21,222)	(3,090)
	$	**(66,571)**	**(63,971)**	**(30,067)**	**(11,729)**

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

23.3 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	
	As of December 31, 2023	**As of December 31, 2022**	**As of December 31, 2023**	**As of December 31, 2022**
Discount rate	11.60%	13.67%	11.37%	13.75%
Price Inflation rate	3.00%	3.00%	3.00%	3.00%
Salary increases rate	3.96%	4.00%	4.00%	4.00%
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 life expectancy 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 life expectancy 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.

23.4 SENSITIVITY ANALYSIS

The effect of the change in the liability for post-employment and long-term employee benefits, applying a sensitivity to the different financial and actuarial variables of 0.5 basis points (increase or decrease) and holding all other variables constant, for the year ended December 31, 2023, is as follows:

		Post-employment Benefits		Long Term Benefits	
		- 0.50 basis points	+ 0.50 basis points	- 0.50 basis points	+ 0.50 basis points
Discount rate	$	2,002	(1,940)	960	(917)
Salary increase rate		(125)	656	(1,285)	961
Pensions-in-payment increase rate	$	(1,952)	2,044	N/A	N/A

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

23.5 EXPECTED CASH FLOWS FOR FOLLOWING YEAR

Expected future benefit payments, reflecting service as appropriate, are expected to be paid as follows:

		Post-employment Benefits	Other benefits
2024	$	14,826	9,355
2025		13,419	8,119
2026		12,911	5,061
2027		12,243	4,616
2028		11,709	8,729
year 2029 – 2032	$	49,793	23,966

As of December 31, 2023, in post-employment benefits, employee participation was as follows: retirement bonuses: 9,296 employees; pensions: 639 employees; other benefits: 52 employees; long-term benefits for every five-year milestone: 5,025 employees; and airline tickets: 9,296 employees.

Compensation for key management personnel in each benefit category is described in Note 35 – Related Parties.

Note 24 – PROVISIONS

The following is the activity in provisions:

		Legal proceedings	Other provisions	Total
Balance as of December 31, 2021	**$**	**11,079**	**12,448**	**23,527**
New provisions		1,137	198	1,335
Increase in existing provisions		1,514	0	1,514
Increase due to adjustments that arise over time		0	619	619
Used provisions		(5,280)	(425)	(5,705)
Unused reversed provisions		(785)	(391)	(1,176)
Balance as of December 31, 2022	**$**	**7,665**	**12,449**	**20,114**
New provisions		3,546	101	3,647
Increase in existing provisions		410	0	410
Increase due to adjustments that arise over time		0	1,165	1,165
Used provisions		(2,051)	(1,296)	(3,347)
Unused reversed provisions		(1,238)	(161)	(1,399)
Balance as of December 31, 2023	**$**	**8,332**	**12,258**	**20,590**

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.

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

Other provisions

As of December 31, 2023, and 2022, the Bank reported $10,765 and $10,951 in respective estimated provisions for expenses required to dismantling teller machines and leasehold improvements.

Note 25 – ACCOUNTS PAYABLE AND OTHER LIABILITIES

The following is a breakdown of accounts payable and other liabilities:

		As of December 31, 2023	As of December 31, 2022
Electronic transactions in progress (1)	$	920,066	746,310
Liabilities payable for services and collections		449,460	408,332
Payments to suppliers and payments for services (2)		410,360	332,884
Payable dividends and surpluses (3)		311,830	32,263
Transaction with AVAL Group entities (4)		286,124	35,349
Withholdings and other labor contributions		126,227	129,450
Other taxes		122,882	80,153
VISA smart card payments - VISA Electron		91,408	86,850
Time deposits at maturity		75,741	83,011
Leasing contract prepayments		71,745	73,229
Daily settlement Cámara de Riego Central de Contraparte (5)		63,161	0
Collection of services and credit card payments for AVAL Group Entities		53,159	44,407
Disbursements pending payment to customers (6)		53,144	49,767
Solidarity Bonds for Peace and Security		35,282	35,475
Tax on financial transactions (GMF)		29,081	31,033
Checks drawn but not cashed		25,908	26,753
Resources in custody		24,073	22,516
Cancelled accounts		16,120	16,147
Interest from restructuring processes (7)		14,573	14,668
Loyalty programs		12,498	10,647
Cash surpluses – clearing		7,661	7,922
Liens and garnishments		7,635	8,466
Electronic purse for coffee growers		7,297	6,256
Accrued income		3,342	4,763
Other accounts payable		94,346	59,087
	$	**3,313,123**	**2,345,738**

(1) Increase due to the transactional compensation with related entities that occur one business day later. At the end of the year 2023, there is a higher amount due to the annual bank closing, leaving more days pending to compensate.
(2) Increase mainly in suppliers in general by $126,276 and also, payments in suppliers in leasing contracts by $52,891.
(3) Increase is due to the dividends declared at the General Shareholders' Meeting held in March 2023 for $1,112,646 (see Note 26); of which $831,585 has been paid during the year 2023.
(4) Increase mainly due to the leftovers in withdrawals made at Aval Group offices, with outstanding days to be compensated due to the annual bank closure.
(5) Corresponds to daily payments and settlements made at Banco República for the management of securities and derivatives market operations.
(6) Corresponds to approved credits not credited to customer accounts. Increase corresponding to the opening of Digital CDTS which are cleared the following business day.
(7) Corresponds to deferred income from the restructured portfolio.

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

Note 26 – EQUITY

26.1 SHARE CAPITAL

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:

		As of December 31, 2023	As of December 31, 2022
Number of authorized ordinary shares		500,000,000	500,000,000
Number of ordinary shares subscribed and paid-up		355,251,068	355,251,068
Subscribed and paid-in capital	$	3,553	3,553

26.2 RETAINED EARNINGS

The following table shows the composition of retained earnings:

		As of December 31, 2023	As of December 31, 2022
Legal reserve			
Appropriation of net profits	$	13,727,585	12,965,926
Statutory and occasional reserve			
Charity and donations		401,512	400,500
Tax provisions		0	360
Others reserves		3,876,103	3,499,364
Prior period losses (1)		(10,248,576)	(10,237,855)
Total	$	**7,756,624**	**6,628,295**

(1) Include the value for ($9,732,406) Spin-off transactions between stockholders, See Note 14.4.

Legal reserve

By law, all credit 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.

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

26.3 DECLARED DIVIDENDS

The declared dividends were the following:

	As of December 31, 2023	As of December 31, 2022
Dividends declared	A dividend at the rate of $261.00 pesos per share per month to be paid in cash between April 2023 and March 2024. In the month of April 2023, the payment was be made on the second business day of the month, thereafter on the first business day of each month, to the persons who have the status of shareholders at the time each payment becomes due. These dividends were taken from the profits of the year 2022 and from the retained earnings of the years 2016 and prior years and may be distributed to the shareholders as non-taxable.	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 share capital account and $44,222 pesos in the additional paid-in capital account. These dividends were taken from the profits of the year 2021 and the retained earnings of 2016 and prior years, eligible for distribution to shareholders as non-taxable.
Ordinary shares outstanding	355,251,068	355,251,068
Total dividends declared (1)	**1,112,646**	**1,105,152**

(1) During the year 2022, the amount of $1,638 was recognized for withholding tax in the payment of dividends in shares and cash.

26.4 BASIC AND DILUTED NET EARNINGS PER SHARE

The following is the calculation of basic earnings per share:

		Years ended at December 31	
		2023	2022
Net income for the period from continuing operations	$	1,024,884	1,785,269
Net income for the period from discontinued operations		0	466,447
Weighted average number of ordinary shares outstanding (1)		355,251,068	355,251,068
Basic and diluted net earnings per share from continuing operations		2,885	5,198
Basic and diluted net earnings per share from discontinued operations		0	1,358
Total basic earnings per share	**$**	**2,885**	**6,556**

(1) During the year 2022, the weighted average number of outstanding shares was calculated, taking into account that 23,970,513 shares were issued on June 28, 2022.

There are no rights or privileges over the outstanding common shares.

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

Note 27 – OTHER COMPREHENSIVE INCOME

The following is a breakdown of the balances and activity in other comprehensive income included under equity:

		Balance as of December 31, 2022	Changes during the period	Balance as of December 31, 2023
Hedge accounting				
Cash flow hedging	$	0	(21,590)	(21,590)
Hedge of net investment in foreign operation				
Exchange difference on translation of financial statements of foreign subsidiaries (hedged item)		532,161	(503,957)	28,204
Exchange difference on foreign currency derivatives		(189,331)	0	(189,331)
Exchange difference on foreign currency bonds		(342,830)	503,957	161,127
Exchange difference on translation of financial statements of foreign subsidiaries (not hedged item)		171,289	(27,611)	143,678
Unrealized gain from measurement of available-for-sale investments in debt instruments (1)		(1,013,098)	583,434	(429,664)
Unrealized gain from measurement of available-for-sale investments in equity instruments		161,410	26,754	188,164
Exchange difference in translation of financial statements of foreign agencies and branches		134,383	(134,723)	(340)
Share in other comprehensive income of subsidiaries and associates (2)		(597,483)	168,357	(429,126)
Changes in actuarial assumptions from defined benefits plans		3,611	(17,507)	(13,896)
Income tax		497,795	(451,651)	46,144
First-time adoption of NCIFs		27,064	0	27,064
Total other comprehensive income	$	**(615,029)**	**125,463**	**(489,566)**

1) The main variation in investments in available-for-sale with respect to December 31, 2022, corresponds to the unrealized loss in valuation of securities of the National Treasury Directorate (TES fixed rate) for an amount of ($505,865).
2) See Note 14.1 and 14.2.

		Balance as of December 31, 2021	Changes during the period other than loss of control	Realization for loss of control of subsidiaries (1)	Balance as of December 31, 2022
Hedge accounting					
Exchange difference on translation of financial statements of foreign subsidiaries (hedged item)	$	5,821,544	870,451	(6,159,834)	532,161
Exchange difference on foreign currency derivatives		(3,411,380)	38,289	3,183,760	(189,331)
Exchange difference on foreign currency bonds		(2,410,164)	(908,740)	2,976,074	(342,830)
Exchange difference on translation of financial statements of foreign subsidiaries (not hedged item)		459,998	(284,390)	(4,319)	171,289
Unrealized loss on measurement of available-for-sale investments in debt instruments		(495,097)	(518,001)	0	(1,013,098)
Unrealized gain from measurement of available-for-sale investments in equity instruments		129,246	32,164	0	161,410
Exchange difference in translation of financial statements of foreign agencies and branches		99,635	68,630	(33,882)	134,383
Share in other comprehensive income of subsidiaries and associates		(1,427,692)	(933,337)	1,763,546	(597,483)
Changes in actuarial assumptions from defined benefits plans		(15,017)	18,628	0	3,611
Income tax		2,344,252	520,544	(2,367,001)	497,795

(continued)

BANCO DE BOGOTÁ
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022
(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		Balance as of December 31, 2021	Changes during the period other than loss of control	Realization for loss of control of subsidiaries (1)	Balance as of December 31, 2022
First-time adoption of NCIFs		27,064	0	0	27,064
Other comprehensive income	$	**1,122,389**	**(1,095,762)**	**(641,656)**	**(615,029)**
Total other comprehensive income				**(1,737,418)**	

(1) See Note 14.4

Note 28 – NET INCOME FROM COMMISSIONS AND FEES

The following is a breakdown:

		Years ended at December 31	
		2023	2022
Income from commissions and fees			
Banking services	$	793,870	716,329
Credit and debit cards		665,200	515,889
Drafts, checks and checkbooks		12,120	12,925
Office network services		2,780	3,841
		1,473,970	**1,248,984**
Expenses from commissions and fees			
Banking services		(324,645)	(285,089)
Others		(102,831)	(93,825)
Data processing service		(18,806)	(15,926)
Office network services		(12,034)	(10,085)
		(458,316)	**(404,925)**
Total	$	**1,015,654**	**844,059**

Note 29 – SHARE OF THE PROFIT OR LOSS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The following is the detail:

		Years ended at December 31	
		2023	2022
Subsidiaries			
Almaviva S.A. (1)	$	209,205	2,460
Fiduciaria Bogotá S.A. (3)		108,975	42,141
Multi Financial Holding Inc		21,892	66,409
Banco de Bogotá Panamá S.A.		21,683	7,767
Megalinea S.A.		690	496
Bogotá Finance Corporation		9	5
Aval Soluciones Digitales S.A.		(187)	(827)
		362,267	**118,451**
Associates and joint ventures			
Corporación Financiera Colombiana S.A. (2)		277,805	615,846

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		Years ended at December 31	
		2023	2022
Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. (4)		203,965	56,213
Casa de Bolsa S.A.		453	3,483
A Toda Hora S.A.		202	123
A Toda Hora S.A. N.C.		137	103
Servicios de Identidad Digital S.A.S.		(277)	(4,206)
		482,285	**671,562**
Total	$	**844,552**	**790,013**

1) The variation corresponds mainly to the gain generated by the transfer of PP&E to Nexus for $237,480 in accordance with the Bank's equity in the entity (See Note 2.6).
2) Mainly corresponds to income from MPU (Investments in subsidiaries: Colombiana de licitaciones, CFC Gas Holding, Promigas, infrastructure projects, among others.
3) The variation is generated by the purchase of COCREA certificates "Entity for the support of cultural projects and entrepreneurship", MPP on Porvenir due to a lower valuation of the company's own portfolio, FONNPET commission, among others.
4) The variation is mainly generated by the valuation of the Variable Income portfolio as a consequence of the behavior of the value of the unit, movements in non-operating income due to adjustments in the process of annulment of affiliations.

Note 30 – NET INCOME (EXPENSE) FOREIGN EXCHANGE

The following table details:

		Years ended at December 31	
		2023	2022
Income exchange difference	$	5,083,623	2,346,792
Expense exchange difference		(3,438,689)	(3,826,566)
Net (1)	$	**1,644,934**	**(1,479,774)**

1) The net variation as of December 31, 2023 and December 31, 2022 corresponds mainly to the effect of the exchange rate variation of ($988.15) pesos, where the most significant impacts of assets are: Cash and cash equivalents for $1,265,135, Loan portfolio for $190,738 and Other accounts receivable for $303,805. The most significant impacts of liabilities are: Bonds outstanding for $1,755,079 and Due from banks for $3,031,014.

Note 31 – NET OTHER INCOME

The following is a breakdown:

		Years ended at December 31	
		2023	2022
Incentives from debit and credit card franchises	$	57,053	209
Fees for legal and pre-legal debt collection		48,994	36,375
Gain on sale of non-current assets held for sale, net (2)		18,619	918
Gain (loss) on sale of loan portfolio		16,775	(39,990)
Dividends and equity interest		14,497	13,160
Other income		13,681	17,138
Gain on repurchase of bonds		6,804	13,447

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		Years ended at December 31	
		2023	2022
Gain on sale of PP&E		6,522	95,731
Gains on sale and valuation of assets, net (1)		6,191	1,271
reinstatement of provisions		5,287	986
Total	$	**194,423**	**139,245**

1) Includes ($38,308) for the valuation of investment properties and $44,499 for net gain on sale of investments.
2) Sale of fixed assets held for sale other than BRPS.

Note 32 – OTHER OPERATING EXPENSES

The following is a breakdown:

		Years ended at December 31	
		2023	2022
Taxes and duties	$	(475,016)	(330,770)
Insurance		(222,884)	(179,660)
Outsourcing and specialized services		(209,513)	(208,979)
Fees		(184,130)	(155,340)
ATH joint venture account		(100,056)	(77,597)
Publicity and advertising		(99,392)	(80,173)
Maintenance and repairs		(89,136)	(77,055)
Other operating expenses		(81,934)	(79,267)
Software development services		(77,322)	(58,823)
Public services		(39,994)	(39,807)
Electronic data processing		(33,401)	(25,008)
Contributions, affiliations, and transfers		(31,610)	(29,334)
Transportation		(31,129)	(31,038)
Database and consulting		(26,029)	(28,611)
Payroll incentives		(25,245)	(20,479)
Cleaning and security services		(22,498)	(22,056)
Supplies and stationery		(20,856)	(20,428)
Building administration fee		(18,702)	(17,449)
Leases		(18,260)	(16,893)
Temporary services		(14,745)	(11,822)
Adaptation and installation		(9,213)	(9,221)
Travel expenses		(6,538)	(8,706)
Total	$	**(1,837,603)**	**(1,528,516)**

(continued)

Note 33 – COMMITMENTS AND CONTINGENCIES

33.1 COMMITMENTS TO DISBURSE FUNDS FOR CAPITAL OUTLAY

As of December 31, 2023, the Bank did incur capital expenditures for $18,447, corresponding to contracts for purchases of PP&E (real estate) and intangible assets (licenses). These contracts require commitments of disbursements in the next twelve months for $9,874.

33.2 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.

As of December 31, 2023, and 2022, there are commitments to pay lease payments not exceeding one year of $1,245 and $1,429, 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 December 31, 2023, and 2022 amounts to $18,260 y $16,893, respectively.

33.3 LEGAL CONTINGENCIES

As of December 31, 2023, and December 31, 2022, the Bank had administrative and judicial proceedings against it, with claims amounting to $254,090 and $173,768, respectively. Based on the analysis and concepts of the lawyers in charge of such processes, it is estimated that their 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 Bogotá together with several banks of the financial sector were sued in the context of an Action Popular public interest lawsuit claiming the alleged payment of excess interest by the Department of Valle del Cauca 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 Case of Clinica 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 court ruling of November 15, 2017, a sanction was imposed against the Bank, which is not in force for the appeals filed by the Bank. Given the untouchable nature of the accounts on which the precautionary measure

(continued)

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 a lien order, the Bank considers that the decision should be revoked.

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 her by Banco de Bogotá and that for alleged damages allegedly caused by the Bank for not having complied with the payment agreement signed between the parties, the Bank be ordered to pay an indemnity of $7,097, The first instance judgment was obtained in favor of the Bank, which was appealed by the plaintiff, and the appeal is currently being.

Fiduciaria Bogota S.A. vs. Previsora S.A.

Claim of an arbitration proceeding filed by Fiduciaria Bogotá against La Previsora S.A. Compañía de Seguros through which it is sought to declare the existence of the insurance contract subscribed between Banco de Bogotá and La Previsora Seguros S.A., to declare the existence of a loss that affected the professional liability coverage and that, in effect, La Previsora S.A. be convicted to fully indemnify Fiduciaria Bogotá S.A. for $110,427. Said amount derived from the payments that the Fiduciaria had to make for the attention and the settlement agreement entered into in the process filed by Carlos Hakim Daccach before the courts of the State of Florida, who claimed to be entitled to receive resources from the autonomous patrimony that arose from the administration and payment trust agreement entered into on July 30, 2015. The Court ordered to integrate the claim with Banco de Bogotá to the extent that the Bank is a party to the insurance contracts whose declaration of existence is sought by the plaintiff. The Bank has already ruled in relation to the connection.

NOTE 34 – CAPITAL MANAGEMENT

34.1 REGULATION IN MATTERS OF CAPITAL

In line with the definitions of solvency ratio of Basel III Standards 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 of 2018 and 1421 of 2019, which modified Decree 2555 of 2010 with respect to the adequate capital requirements of credit institutions.

In this way, it updated the methodology for the calculation of assets weighted by credit risk level and included capital requirements for exposure to operational risk, adopting the standardized approaches for credit risk and operational risk, from the document "Basel III: Financing Post-Crisis Reforms" of December 2017. The aforementioned provisions 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

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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, in accordance with the transition plan established in the regulation. For the year 2023 the requirements are as follows: i) The Additional Basic Solvency Ratio (5.625%) and ii) Combined Buffer: conservation buffer (1.125%) and systemic buffer (0.75%). Banco de Bogotá was considered an Entity of Systemic Importance, according to Circular Letter 75 of November 30, 2022, issued by the Financial Superintendence of Colombia, and therefore must comply with this systemic buffer.

34.2 RESULTS OF THE SOLVENCY RELATION

The following is the detail of the calculation of the Bank's Individual Solvency Ratio under the Standards described above (Basel III) as of December 31, 2023 and 2022:

		As of December 31, 2023	As of December 31, 2022
A. Ordinary Basic Equity (PBO- Spanish acronym)	$	13,637,037	10,088,159
B. Additional Basic Equity (PBA - Spanish acronym)		0	0
C. Total Basic Equity (C= A+B)		**13,637,037**	**10,088,159**
D. Additional Equity (PA - Spanish acronym)		2,734,333	3,560,700
E. Deductions from Technical Reserves		0	0
F. Technical Reserves (PT, for the Spanish original) (F=C+D-E)		**16,371,370**	**13,648,858**
G. Credit RWA		76,811,668	68,771,856
H. Weighted Market risk (VaR MR)		5,461,900	5,504,360
I. Weighted Operational Risk (VaR OR)		5,790,384	5,860,219
J. Risk-Weighted Assets (Credit + Market + Operational)		**88,063,952**	**80,136,435**
Basic Solvency Ratio (RSB - Spanish acronym) I min 4.5%		15.49%	12.59%
Additional Basic Solvency Ratio (RSBA - Spanish acronym) I min 6% (1)		15.49%	12.59%
Total Solvency Ratio (RST- Spanish acronym) I min 9%		18.59%	17.03%
Basic Solvency relation available for Mattress compliance (RSB – Spanish acronym % - 4.5%)		10.99%	8.09%
Combined Required Buffer (Conservation + Systemic) (%) (1)		1.88%	1.25%
Leverage Value	$	120,114,582	106,717,652
Leverage Ratio (min. 3%)		11.35%	9.45%

(1) Additional Basic Solvency Ratio (ABR) and Combined Required Buffer (Conservation and Systemic) are included in transition plan from 2021 to 2024. For 2023, the RSBA cannot be less than 5.625%, and the Basic Solvency Ratio less minimum way requirement of 4.5%, cannot be less than 1.875%, corresponding to the combined required buffer, discriminated the following way: Conservation 1.125% and Systemic 0.75%. As of January 2024, 100% of these indicators must be met (RSBA 6% and buffers 2.5%).

NOTA 35 – 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.

(continued)

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 share capital.

- 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 periods ended December 31, 2023, and 2022, 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.
- 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 Bogotá has agreements with Fiduciaria Bogotá S.A. and Porvenir S.A.to allows them to use its network of offices.

Fiduciaria Bogotá S.A. entered into a contract with Banco de Bogotá 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 Bogotá S.A. will be handled, from an operational standpoint.

In accordance with the provisions outlined in Law 50 of 1990 (Labor Reform Act) and Law 100 of 1993 (General Social and Comprehensive Security System), the Bank entered into an agreement with Sociedad Administradora

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

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, 2023, and 2022, for $2,468 and $1,632 respectively.

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 transactions with key Management personnel, is shown below:

Statement of financial position

		As of December 31, 2023					
						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	5,361	0	600,475
Investments accounted for using the equity method		0	0	0	0	8,796,207	2,920,661
Impairment of investments		0	0	0	0	(12,808)	(1,481)
Derivatives at fair value		48	0	0	0	0	0
Financial investment assets		0	0	0	0	4,499	0
Loan portfolio, net		1,273,332	427,724	13,381	20,064	1,197,874	47,297
Other accounts receivable		1,562,480	0	0	43	36,548	49
Right-of-use assets		0	0	0	0	639	0
Other assets		1	0	0	0	0	0
Total		**2,835,861**	**427,724**	**13,381**	**25,468**	**10,022,959**	**3,567,001**
Liabilities							
Derivative financial liabilities at fair value		239	0	0	0	0	0
Financial liabilities at amortized cost		514,900	292,294	27,682	214	611,569	3,614,545
Accounts payables and other liabilities		23,826	191,724	267	5,040	10,283	395
Total	$	**538,965**	**484,018**	**27,949**	**5,254**	**621,852**	**3,614,940**

(continued)

BANCO DE BOGOTÁ
Notes to the Separate Financial Statements
As of December 31, 2023 and 2022
(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

	As of December 31, 2022						
		Economically related parties	Grupo Aval S.A.	Key Management personnel	Related entities		
					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, net		1,619,382	506,500	16,217	22	1,009,824	84
Other accounts receivable		1,807,863	0	0	0	40,185	3,059
Right-of-use assets		0	0	0	0	672	0
Other assets		1	0	0	0	0	0
Total		**3,950,688**	**506,500**	**16,217**	**22**	**9,531,938**	**3,240,300**
Liabilities							
Derivative financial liabilities at fair value		5,018	0	0	0	0	0
Financial liabilities at amortized cost		1,062,852	271,217	31,987	820	1,393,049	2,698,518
Accounts payables and other liabilities		0	0	0	0	8,482	5
Total	$	**1,067,870**	**271,217**	**31,987**	**820**	**1,401,531**	**2,698,523**

(1) Corresponds to sale of interest in BAC Holding International.

Statement of income

	Year ended December 31, 2023						
		Economicall y related parties	Grupo Aval S.A.	Key Managemen t personnel	Related entities		
					Others Related Parties	Associate s and joint ventures	Subordinates
Income							
Interest	**$**	187,689	73,667	1,162	291	185,698	15,376
Commissions and other services		0	48	0	2,469	6,519	1,013
Other income (1)		3	0	0	1,071	477,726	362,732
Total		**187,692**	**73,715**	**1,162**	**3,831**	**669,943**	**379,121**
Expenses							
Interest		(48,951)	(13,209)	(3,006)	(50)	(101,703)	(181,515)
Commissions and other services		0	0	0	(4,653)	(5,285)	(3,926)
Other expenses		(12,412)	(125,257)	(2,370)	(37,145)	(107,103)	(126,768)
Total	**$**	**(61,363)**	**(138,466)**	**(5,376)**	**(41,848)**	**(214,091)**	**(312,209)**

(continued)

(Amounts expressed in millions of Colombian pesos, except where otherwise indicated)

		Year ended 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	1235	490	117,039	1,437
Commissions and other services		0	53	0	1281	5,590	1005
Other income (1)		0	0	0	1360	671,711	118,914
Total		**339,949**	**49,520**	**1235**	**3,131**	**794,340**	**121,356**
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)
Total	$	**(195,782)**	**(145,976)**	**(6,277)**	**(31,389)**	**(158,838)**	**(203,142)**

(1) Includes income from the equity method in the results of subordinate companies, associates and joint ventures.

Pending amounts are not guaranteed and they shall be settled in cash. No guarantees have been granted or received. No expense has been recognized in the current period, or in previous periods with respect to uncollectible or accounts of doubtful collection relating to the amounts owed by related parties.

Benefits for key Management personnel

The benefits for key management personnel include the following:

		Years ended December 31	
		2023	2022
Short-term employee benefits	$	30,958	22,970
Post-employment benefits		12	0
Total	$	**30,970**	**22,970**

NOTA 36 – 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), solvency margin and other equity requirements (see Note 34), 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 the aforementioned requirements during the years ended December 31, 2023, and 2022.

NOTE 37 – SUBSEQUENT EVENTS

There are no events occurring after the reporting period that require disclosure, corresponding to the period ended December 31, 2023, up to the date of authorization of the financial statements.

(continued)

NOTA 38 –AUTHORIZATION FOR THE PRESENTATION OF FINANCIAL STATEMENTS

The Board of Directors of Banco de Bogotá, in a meeting held on February 21, 2024, approved the presentation of the separate financial statements as of December 31, 2023, and the accompanying notes.

(continued)