Banco de Comercio Exterior de Colombia S.A. - (Foreign Trade Bank of Colombia S.A.) Bancóldex

Financial Statements for the years ended December 31, 2023, and 2022, and Statutory Auditor's Report

Banco de Comercio Exterior de Colombia S.A. - Bancóldex

Financial Statements

(For the years ended December 31, 2023, and 2022)

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Statutory Auditor's Report

To the stockholders of
BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. - BANCÓLDEX:

Opinion

I have audited the attached separate financial statements of the **BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. - BANCÓLDEX**, which are:

- The statement of financial position as of December 31, 2023.
- The statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date, and
- The explanatory notes to the separate financial statements and summary of significant accounting policies.

In my opinion, the attached separate financial statements, that were taken from the accounting ledgers, present fairly in all material respects the financial position of the BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. - BANCÓLDEX, as of December 31, 2023, as well as its results and cash flows, for the year ended on that date, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

Basis for opinion

I conducted my audit in accordance with the Accounting and Financial Reporting Standards accepted in Colombia. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the separate financial statements* section of my report. I am independent of the Banco de Comercio Exterior de Colombia and in accordance to the Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants along with the ethical requirements that are relevant to my Audit of the separate financial statements in Colombia and I have fulfilled my other ethical responsibilities in relation to these requirements. I believe that the Audit evidence I have obtained provides me with reasonable basis to express my opinion.

Key Audit Matters

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

1. ESTIMATION OF IMPAIRMENT OF LOAN PORTFOLIO THE IMPAIRMENT LOSS PROVISION ON THE LOANS PORTFOLIO

Key audit matter

I considered as a key audit matter the estimation of loan portfolio impairment, which is the most important and complex estimate in the preparation of the Bank's financial statements as of December 31, 2023, as it corresponds to the amount resulting from the measurement of the impairment of its loan portfolio. The methodologies for the calculation of portfolio impairment incorporate judgment and estimation factors in the assignment of the risk rating.

The component of the financial statements called "impairment" presents a balance as of December 31 of $272,535,338 thousand pesos, on a portfolio of $7,778,143,314 thousand pesos.

The Bank for the estimation of impairment, it uses several models, as follows:

- Rediscount commercial portfolio – Own methodology - individual provisions of entities authorized to carry out rediscount operations.
- Models under the guidelines of the Financial Superintendence of Colombia
  - Direct commercial portfolio – Reference model of commercial portfolio – MRC
  - Consumer Portfolio – Consumer Portfolio Reference Model – MRCO
  - Housing Portfolio – General regime for the evaluation, qualification and provisioning of the credit portfolio.

Therefore, it is considered a significant matter the individual evaluation of the commercial portfolio, which incorporates judgment factors and estimates relevant to the analysis, related to the evaluation of credit risk factors of each customer regarding their ability to pay. Such assigned risk rating, although performed in accordance with the provisions of the Financial Superintendence of Colombia, management makes judgments and estimates that may change the customer's risk rating.

Related disclosures

View notes 10 (provisions section) of the separate financial statements attached.

Audit Response

My auditing proceeds to the key audit matter included, but were not limited to, the following:

- Evaluation of the design, implementation and operational effectiveness of the controls related to the calculation of the impairment models, including commercial portfolio.
- Evaluation of IT controls for the information of the application that supports the calculations of the portfolio impairment model.
- Verification of the accuracy and integrity of the information used in the model, for which direct traditional and SME portfolio files were verified, as well as the portfolio of promissory notes for rediscounting and certification from intermediaries regarding them.
- The rating assigned to the portfolio, which is part of the impairment model calculation, was validated.
- Recalculations of the Bank's portfolio impairment models.

Responsibilities of Management and those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the Accounting and Financial Reporting Standards accepted in Colombia; and for such internal control as management considers relevant for the preparation and correct presentation of the separate financial statements are free from material misstatement, weather due to fraud or error.

In preparing separate financial statements, management is responsible for assessing the Bank's ability as a going concern, disclosing, as applicable, the matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and or cease operations, or has no realistic alternative but to do so.

Those charged governance are responsible for overseeing the Bank financial reporting process.

Auditor’s Responsibilities for the Audit of the Separate Financial Statements

My objective is to obtain reasonable assurance weather the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion.

Reasonable assurance is a high degree of assurance, but does not guarantee that an audit performed in accordance with International Standards on Auditing accepted in Colombia will always detect material misstatements when they exist. Material misstatements can be caused by fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an Audit in accordance with International Auditing Standards accepted in Colombia. I exercise professional judgment and maintain professional skepticism throughout the audit, I also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity internal control.

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

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that make cast significant doubt on the Bank's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in my Auditor’s report to the related disclosures in the separate financial statements or, if such disclosures are inadequate to modify my opinion. My conclusions are based on the audit evidence report obtained up to the date of my auditor’s report. However future events or condition may cause the Bank to cease to continue as going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For the matters that I have communicated to those charged with governance of the Bank, I have identified those matters that are of most significance to the financial statements as a whole for the current period and, accordingly, have been determined to be key audit matters. Key audit matters are part of my report, unless legal or regulatory provisions prohibit public disclosure of the matter or, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information

The management is responsible for the other information. The other information includes the information included in the Bank's management report but does not include the financial statements or my corresponding audit report.

My opinion on the financial statements does not cover the other information, and I do not express any form of conclusion that provides a degree of assurance on it.

In relation to my audit of the separate financial statements, my responsibility is to read the other information and, in doing so, to consider whether there is a material inconsistency between the other information and the financial statements, or the knowledge obtained by me in the audit, or whether there appears to be a material misstatement in the other information for some other reason.

If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report it. I have nothing to report in this regard.

Other matters

The attached separate financial statements were prepared to comply with the legal requirements to which the Bank is subject and, consequently, do not include the adjustments or eliminations necessary for the presentation of the financial position and consolidated results of the Bank and its subsidiaries. These separate financial statements should be read in conjunction with the consolidated financial statements of **BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. - BANCÓLDEX and its subordinates**.

The Bank's separate financial statements under Accounting and Financial Information Standards accepted in Colombia, as of December 31, 2022, presented for comparative purposes, were audited by another auditor, in accordance with International Audit Standards accepted in Colombia, who expressed an unqualified opinion on them on February 27, 2023.

As detailed in note 2.2., the accompanying separate financial statements are an exact translation into English of those originally prepared by the Company in Spanish, presented in local Colombian pesos and performed in accordance with International Accounting and Financial principles accepted in Colombia.

The effects of any differences, between such International Accounting and Financial principles accepted in Colombia and the accepted accounting principles in the countries where the financial statements going to be used, have not been quantified.

Other legal and regulatory requirements

Additionally, I report that during the year 2023, the Bank has kept its accounts in accordance with the legal regulations and accounting techniques; the transactions recorded in the accounting books and the acts of the administrators are in accordance with the bylaws and the decisions of the Stakeholders' Meeting and the Board of Directors; the correspondence, the account vouchers and the minute and share registry books are duly kept and maintained; the management's management report is duly consistent with the financial statements, and the Bank has made the timely settlement and payment to the Integral Social Security System; likewise, as of the date of issuance of the Financial Statements, the Bank is not in arrears for this last concept. The administrators stated in the management report that they did not hinder the free circulation of invoices from their suppliers of goods and services.

The Bank has complied with the provisions of the Financial Superintendence of Colombia, for which purpose it verified the adequate application of the criteria and proceedings established on the Asset Laundering and Terrorism Financing Risk Management System - SARLAFT, the Integral Risk Management System - SIAR and the Consumer Service System - SAC, especially verifying that the financial statements adequately reflect the impacts generated by the different risks of the operations environment. Likewise, to the norms and instructions of the Financial Superintendence of Colombia related to the adequate administration and provision of goods received in payment.

As part of my duties as Statutory Auditor and in compliance with the first and third paragraphs of article 209 of the Commercial Code, as well as the provisions of articles 1.2.1.2. and 1.2.1.5. of Regulatory Decree 2420 of 2015, modified by articles 4 and 5 of Decree 2496 of 2015, I issued my separate report on February 27, 2024.

VICTOR MANUEL RAMIREZ VARGAS
Statutory Auditor
Professional License 151419-T

Member of
BDO AUDIT S.A.S. BIC
99975-01-6708-24

Bogotá D.C., February 27, 2024

Statutory Auditor's Report on the compliance with Sections 1 and 3 of Article 209 of the Commerce Code

To the stockholders of
BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. - BANCÓLDEX:

Description of the main issue

As part of my duties as a Statutory Auditor of **BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. - BANCÓLDEX** (hereon "The Bank") and in compliance with sections 1 and 3 of the article 209 of the commerce code , as well as the provisions of Regulatory Decree 2420 of 2015 and its subsequent modifications, I must report to the Bank's Stockholders' whether, for the period ending December 31, 2023:

1. Whether the acts of the Company's management are consistent with the bylaws and the orders or instructions of the General Meeting of Stockholders; and
2. Whether adequate internal control measures are in place for the preservation and custody of the properties of the Bank or of third parties in its power, and whether they are adequate.

Applicable criteria

The criteria established to carry out the evaluation of the matters include:

a) Articles of association and proceedings of the Bank's highest governing bodies.
b) Components of internal control adopted by the Bank such as: control environment, risk assessment process, information and communication processes and monitoring of controls by management and those in charge of corporate governance, which are based on what is established in the internal control system implemented by the Bank's management.
c) Requirements of Risk Management Systems established in the Accounting and Financial Basic Circular of the Financial Superintendence of Colombia.

Inherent limitations

Due to inherent limitations, including the possibility of collusion or override of controls by management, the internal control may not prevent, or detect and correct, material misstatements. Additionally, projections of any future period's control evaluation or effectiveness are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management Responsibility

Management is responsible for compliance with the bylaws and the decisions of the Stockholders' Meeting and for the design and implementation of internal control measures, which include the Comprehensive Risk Management System (SIAR), Risk Management System for Money Laundering and Financing of Terrorism (SARLAFT) and the Financial Consumer Service System (SAC), and the measures for the conservation and custody of the Company's assets or those of third parties in its possession, in accordance with the requirements of Part 1, Title 1, Chapter IV of the Basic Legal Circular of the Financial Superintendence of Colombia.

Statutory Auditor's Responsibility

My responsibility is to perform a reasonable assurance work to issue a conclusion supported by procedures designed and executed based on my professional judgment and the evidence obtained as a result of such procedures, applying the International Standard on Assurance Engagements for assurance engagements other than audits or reviews of historical financial information (ISAE-3000) accepted in Colombia, on matters described in section 1 and 3 of article 209 of the Commerce Code. I have complied with the independence requirements and other ethical requirements established in the Code of Ethics accepted in Colombia for accounting professionals, based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct. Additionally, I applied International Standard on Quality Control (ISQC) 1 during the execution of my work.

Procedures Performed

The procedures performed to reach my conclusion were:

- Obtaining a written representation by Management on whether the acts of management are consistent with the bylaws and the decisions of the General Meeting of Stockholders and on whether adequate internal control measures are in place for the preservation and custody of the properties of the **BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. - BANCÓLDEX** and of third parties in its power, that they are adequate.
- Reading of the bylaws and minutes of the Stockholders' Meeting for the period from January 1 to December 31, 2023, and from January 1, 2024, to the date of my report, in order to evaluate whether the provisions or instructions contained therein have been implemented during the period or have an appropriate implementation schedule.
- Inquiring with management on amendments to the bylaws between January 1 to December 31, 2023, as well as any projected changes.
- Inspection of documents supporting compliance with the provisions that led to amendments in the bylaws made during the period from January 1 to December 31, 2023.
- Understanding, evaluation of the design, and operational testing, with scope defined according to the auditor's judgment, of Entity-level controls established by the Bank for each element of internal control.
- Understanding, evaluation of the design, and operational testing, with scope defined according to the auditor's judgment, of controls in significant processes that materially affect the financial information of the Bank.
- Issuing letters to management with my recommendations on internal control deficiencies that are not considered significant, and which were identified during the statutory auditing engagement.
- Following up on the action plans implemented by the Bank in response to deficiencies identified in previous periods or during the period covered by this report.

Conclusion

In accordance with my audit procedures performed as a whole and the inherent limitations detailed above, I can conclude that as of December 31, 2023:

- The acts of management are consistent with the bylaws and the decisions of the General Meeting of Stockholders and board of Directors, and the internal control measures for the preservation and custody of the properties of the Bank or of third parties in its power exist and are adequate, in all material aspects, in accordance with the requirements of Basic Accounting and Financial Circular 100 and Basic Legal Circular 029 issued by the Financial Superintendence of Colombia.

- The Bank has complied with the provisions of the Financial Superintendence of Colombia, verified the adequate application of the criteria and procedures established on the Risk Management System applicable to the Bank and the Internal Control System - ICS, established in External Circular 100 of 1995 and other complementary provisions, especially verifying that the financial statements adequately reflect the impacts generated by the various risks of the operations environment.

VICTOR MANUEL RAMIREZ VARGAS
Statutory Auditor
Professional License 151419-T

Member of
BDO AUDIT S.A.S. BIC
99975-01-6709-24

Bogotá D.C., February 27, 2024

BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. - BANCÓLDEX

SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022
(Figures expressed in thousands of Colombian Pesos)

ASSETS	Note	2023	2022
Cash and cash equivalent	7	$ 143.537.952	$ 161.659.111
Financial Instruments			
Investments at fair value through profit or loss - debt instruments	8.1	67.629.443	30.797.495
Investments at fair value with changes in other comprehensive income - debt instruments	8.2	1.300.706.705	1.143.554.244
Investments at amortized cost	8.3	981.941.242	1.178.413.212
Investments at fair value through profit or loss - equity instruments		-	-
Investments at fair value with changes in other comprehensive income - equity instrumen	8.4	432.732.898	391.517.843
Investments in associates		-	-
Investments in subsidiaries	8.5	59.687.879	50.114.047
Derivative financial instruments	8.6	85.697.815	72.462.121
Other Financial Assets	9	711.735.470	845.007.080
Credit Portfolio and finance lease transactions, net	10	7.505.607.976	8.277.241.753
Trade and other accounts receivables, net	11	106.775.651	125.306.407
Current tax assets	28.1	22.108.926	44.597.257
Other non-financial assets	12	40.990.882	54.996.858
Assets held for sale, net	13	21.678.333	19.903.826
Property, plant, and equipment, net	14	34.428.595	29.141.476
Assets given in operating lease	15	10.866.080	7.838.800
Investment properties	16	12.017.858	11.675.832
Rights -of-use assets	17	8.693.675	11.758.645
Intangible assets	18	4.999.223	5.882.650
Deferred tax assets	28.7	-	20.745.357
Total assets		$ 11.551.836.603	$ 12.482.614.014

Liabilities	Note	2023	2022
Customer deposits	19.1	$ 4.367.018.847	$ 4.269.423.019
Money market operations	19.2	44.659.611	-
Other deposits	19.3	29.411.954	27.910.778
Liabilities for derivative financial instruments	8.6	80.018.886	85.493.802
Bank loans and other financial obligations at amortized cost	20.1	5.223.341.679	6.441.676.685
Lease liabilities	20.2	8.431.911	11.121.912
Current tax liabilities		-	-
Trade accounts and other accounts payable	21	42.300.105	37.881.570
Employee benefits	22	19.521.755	16.714.545
Estimated liabilities and provisions	23	110.014	137.494
Other liabilities	24	141.119.835	179.772.709
Deferred tax liabilities	28.7	10.619.564	-
Total liabilities		9.966.554.161	11.070.132.514
EQUITY			
Capital stock	25.1	1.062.594.968	1.062.594.968
Legal reserve	25.2	197.217.857	190.104.422
Occasional reserves	25.2	27.465.831	27.884.760
Statutory reserves	25.2	113.782.449	49.346.690
Premium on placement of shares		15.795	15.795
Other comprehensive income		135.510.777	11.404.600
Profit for the period		48.694.765	71.130.265
Total Equity		1.585.282.442	1.412.481.500
Total liabilities and equity		$ 11.551.836.603	$ 12.482.614.014

The accompanying notes are an integral part of the financial statements

JAVIER DIAZ FAJARDO
Legal Representative

LUIS MIGUEL MORENO FRANCO
Accountant
Professional Card
No. 77514-T

VICTOR MANUEL RAMIREZ VARGAS
Statutory Auditor
Professional Card No. 151419 -T
Member of BDO Audit S.A.S BIC
(See my attached report)

BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. - BANCÓLDEX -

SEPARATE INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of Colombian pesos, except net profit per share)

	Notes	2023	2022
INCOME FROM GENERAL ORDINARY OPERATIONS:			
Portfolio financial income and financial leasing operations		$ 1.371.756.517	$ 779.923.481
Valuation of investments at fair value - debt instruments, net		129.812.209	78.624.163
Valuation of investments at amortized cost, net		-	199.661.258
Commissions and fees		5.408.101	10.983.320
Income from valuation of money market operations, net		-	979.126
Gain on sale of investments - debt instruments, net		788.128	560.575
Valuation of derivates - speculation, net		-	161.530.115
Profit on sale of goods received in payment and returned		202.618	-
Gain from exchange difference, net		374.707.642	-
Valuation of derivatives - hedging, net		-	21.714.559
		1.882.675.215	1.253.976.597
OPERATING EXPENSES:			
Interest on deposits and current liabilities		401.159.366	271.477.904
Interest on bank loans and other financial obligations		697.503.189	209.594.050
Financial Expenses for money market operations and other interest, net		90.690.735	81.751.698
Loss on sale of goods received as payment and restored		-	444.913
Valuation at amortized cost of investments, net		139.093.776	-
Valuation of investments at fair value - equity instruments, net		1.066.585	-
Comissions		12.283.260	15.188.412
Money market operations expenses, net		1.236.482	-
Valuation of derivatives - speculation, net		241.454.253	-
Exchange difference loss, net		-	396.473.512
Valuation of derivatives – hedging, net		14.283.920	-
		1.598.771.566	974.930.489
ASSET RECOVERY (IMPAIRMENT)			
Loan portfolio and financial leasing operations, net		(36.839.466)	(43.675.728)
Property and equipment, operating lease, net		(1.677.638)	1.495
Accounts receivable, net		(5.787.119)	(9.155.328)
Assets received in payment and returned		(6.012.721)	2.381.829
Other assets		195.562	-
		(50.121.382)	(50.447.732)
OPERATIONAL RESULT		233.782.267	228.598.376
OTHER OPERATING INCOME AND EXPENSES - NET			
OTHER OPERATING INCOME			
Dividends and Shares		7.934.446	2.051.022
Equity participation method, net		10.291.784	849.577
Other income	26	9.974.607	20.568.508
		28.200.837	23.469.107
OTHER OPERATING EXPENSES			
Employee benefits		80.194.811	69.399.978
Fees		5.712.993	6.437.718
Taxes and rates		47.591.148	33.256.641
Leases		5.133.645	4.957.909
Depreciations		5.761.055	4.358.892
Amortizations		2.075.036	1.954.668
Others expenses	27	34.526.365	29.775.643
		180.995.053	150.141.449
PROFIT, BEFORE INCOME TAX		80.988.051	101.926.034
INCOME TAX	28.2	32.293.286	30.795.769
PROFIT FOR THE YEAR		$ 48.694.765	$ 71.130.265
EARNINGS PER SHARE	25.3	$ 45,83	$ 66,94

The accompanying notes are an integral part of the financial statements

JAVIER DIAZ FAJARDO
Legal Representative

LUIS MIGUEL MORENO FRANCO
Accountant
Professional Card 77514-T

VICTOR MANUEL RAMIREZ VARGAS
Statutory Auditor
Professional Card. 151419 -T
Member of BDO Audit S.A.S BIC
(See my attached report)

BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. - BANCÓLDEX

SEPARATE STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of Colombian pesos)

	2023	2022
PROFIT FOR THE YEAR	$ 48.694.765	$ 71.130.265
OTHER COMPREHENSIVE INCOME		
COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT FOR THE PERIOD		
Investments in equity instruments		
Valuation at fair value private equity fund	10.377.128	34.924.179
Valuation at fair value of equity instruments in foreing currency	15.040.431	35.876.867
Valuation at fair value of equity instruments	8.125.649	5.783.412
Devaluation at fair value of equity instruments in foreing currency	-	(20.593.961)
Total other comprehensive income that will not be reclassified to income for the period	33.543.208	55.990.497
COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO PROFIT FOR THE PERIOD		
FINANCIAL ASSETS AVAILABLE FOR SALE		
Investments financial assets available for sale		
Valuation (devaluation) of debt instruments - fixed-rate TES	88.641.786	(34.958.111)
Valuation (devaluation) of debt instruments Green Bonds - TES	7.672.221	(11.247.600)
Valuation (devaluation) of debt instruments - fixed-rate CDT	1.246.168	(41.970)
Valuation of debt instruments Yankee Bonds	-	148.651.685
	97.560.175	102.404.004
CASH FLOW HEDGES		
Cash flow hedges	37.750.478	(28.382.899)
Other comprehensive income, cash flow hedges	37.750.478	(28.382.899)
Participation of other comprehensive income of associates and subordinates accounted for using the equity method that will be reclassified to the result of the period		
Investments in subsidiaries	-	(250)
	-	(250)
Others		
Deferred taxes	(44.747.684)	(36.880.307)
	(44.747.684)	(36.880.307)
Total other comprehensive income that will be reclassified to income for the period, net of taxes	90.562.969	37.140.548
Total other comprehensive income	124.106.177	93.131.045
TOTAL COMPREHENSIVE INCOME	$ 172.800.942	$ 164.261.310

The accompanying notes are an integral part of the financial statements

JAVIER DIAZ FAJARDO
Legal Representative

LUIS MIGUEL MORENO FRANCO
Accountant

VICTOR MANUEL RAMIREZ VARGAS
Statutory Auditor
Professional Card 151419 -T
Member of BDO Audit S.A.S BIC
(See my attached report)

BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. - BANCÓLDEX

SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of Colombian pesos)

			Reserves							
	Note	**Capital Stock**	**Legal**	**Statutory**	**Occasional**	**Premium on placement of shares**	**Other comprehensive income**	**Accumulated earnings from previous years**	**Profit for the year**	**Shareholders' equity**
BALANCE AS OF DECEMBER 31, 2021		$ 1.062.594.968	$ 184.565.184	$ 49.346.690	$ 32.606.525	$ 15.795	$ (81.726.445)	$ -	$ 55.318.307	$ 1.302.721.024
Transfer to accumulated earnings from previous years		-	-	-	-	-	-	55.318.307	(55.318.307)	-
Distribution of net income for the period	25,4		5.539.238		(4.721.765)			(55.318.307)		(54.500.834)
Movement in the year		-	-	-	-	-	93.131.045	-	-	93.131.045
Profit for the year		-	-	-	-	-	-	-	71.130.265	71.130.265
BALANCE AS OF DECEMBER 31, 2022		$ 1.062.594.968	$ 190.104.422	$ 49.346.690	$ 27.884.760	$ 15.795	$ 11.404.600	$ -	$ 71.130.265	$ 1.412.481.500
Transfer to accumulated earnings from previous years		-	-	-	-	-	-	71.130.265	(71.130.265)	-
Distribution of net income for the period	25,4	-	7.113.435	64.435.759	(418.929)	-	-	(71.130.265)	-	-
Movement in the year		-	-	-	-	-	124.106.177	-	-	124.106.177
Profit for the year		-	-	-	-	-	-	-	48.694.765	48.694.765
BALANCE AS OF DECEMBER 31, 2023		$ 1.062.594.968	$ 197.217.857	$ 113.782.449	$ 27.465.831	$ 15.795	$ 135.510.777	$ -	$ 48.694.765	$ 1.585.282.442

The accompanying notes are an integral part of the financial statements

JAVIER DIAZ FAJARDO
Legal Representative

LUIS MIGUEL MORENO FRANCO
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Professional Card 77514-T

VICTOR MANUEL RAMIREZ VARGAS
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Member of BDO Audit S.A. BIC
(See my attached report)

BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A.- BANCÓLDEX

SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of Colombian pesos)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Earnigs for the year	$ 48.694.765	$ 71.130.265
Adjustments to reconcile net income and net cash (used in) provided by operating activities:		
Income tax	32.293.286	30.795.769
Impairment of loan portfolio	108.069.965	114.157.269
Impairment of accounts receivable	17.225.843	18.212.150
Impairment of non-current assets held for sale	9.369.424	5.404.679
Impairment of property and equipment under operating lease	1.677.638	-
Impairment of other assets	(166.790)	-
Layoffs Expense	2.025.314	1.677.332
Depreciation of property and equipment	1.135.868	693.238
Depreciation of property and equipment under operating leases	459.258	374.770
Depreciation of goods in use	4.165.929	3.290.883
Revaluation of property, plant and equipment	(342.024)	(987.532)
Amortization of intangible	2.075.036	1.954.668
Valuation of investments with changes in results	10.348.152	(278.285.421)
Equity method gaings with changes in results	(10.291.784)	(849.577)
Valuation of Derivative financial instruments with changes in results - Trading	241.454.253	(161.530.115)
Valuation Financial instruments of Derivatives with changes in results - hedging	14.283.920	(21.714.559)
Reimbursement of credit portfolio provision	(69.861.462)	(70.489.123)
Reimbursement of accounts receivable provision	(11.438.503)	(9.055.549)
Reimbursement of provision for non-current assets held for sale	(3.356.704)	(7.786.508)
Reimbursement of provision for other assets	362.352	-
Bank restatement in foreign currency	609.526	(8.882.390)
(Gain) loss on sale of non-current assets held for sale, net	(202.618)	444.913
Gain on sale of property and equipment, net	(701.351)	-
Gain on sale of investments, net	(788.129)	(560.575)
Subtotal	348.406.399	(383.135.678)
Variation in operating accounts		
(Increase) decrease in derivative financial instruments	(274.448.783)	292.951.883
Decrease (increase) in credit portfolio and financial leasing operations	733.425.274	(1.363.253.610)
Decrease (increase) trade accounts receivable and other accounts receivable	35.198.906	(14.032.719)
Decrease non-current assets held for sale	5.292.197	-
(Increase) decrease in properties under operating lease	(5.164.176)	5.127.794
Decrease (increase) deferred tax asset	13.843.257	(37.139.487)
Decrease in other assets	145.471.353	19.727.944
(Decrease) increase in financial lease liabilities	(2.690.001)	4.539.881
(Decrease) trade accounts payable and other accounts payable	(28.147.564)	(22.082.919)
(Decrease) increase in deferred tax liabilities	(114.106.432)	46.240.699
(Decrease) other liabilities	(38.652.873)	(77.761.947)
(Decrease) increase in estimated liabilities and provisions	(27.480)	22.014
Increased employee benefits	2.779.747	2.720.624
Severance payment	(1.725.042)	(1.489.846)
Increase in other comprehensive income	124.106.177	93.131.045
Subtotal	595.154.560	(1.051.298.644)
Total adjustments	943.560.959	(1.434.434.322)
Net cash provided by (used in) operating activities	992.255.724	(1.363.304.057)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease (increase) in money market operations	133.271.610	(266.061.184)
Increase in investments	(47.569.566)	(548.725.542)
Additions to non-current assets held for sale	(13.995.006)	(16.309.156)
Purchase property and equipment	(6.517.537)	(332.744)
Purchase assets in use	(1.175.029)	(8.771.334)
Purchase of intangible assets	(1.191.609)	(1.277.683)
Proceeds from the sale of non-current assets held for sale	1.118.200	8.488.946
Proceeds from the sale of property and equipment	795.900	-
Proceeds from the sale of assets in use	74.070	317.683
Net cash provided by (used in) investing activities	64.811.033	(832.671.014)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (decrease) customer deposits	97.595.829	(154.807.176)
Increase passive positions in money market operations	44.659.611	-
Increase (decrease) other deposits	1.501.176	(32.161.198)
(Decrease) increase bank credits and other financial obligations	(1.218.335.006)	2.448.085.637
Payment of dividends	-	(54.500.834)
Net cash (used in) provided by financing activities	(1.074.578.390)	2.206.616.429
Effect of exchange difference on cash and cash equivalents	(609.526)	8.882.390
(DECREASE) NET INCREASE IN CASH AND CASH EQUIVALENT	(18.121.159)	19.523.748
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	161.659.111	142.135.363
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 143.537.952	$ 161.659.111

The accompanying notes are an integral part of the financial statements

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1. REPORTING ENTITY

Banco de Comercio Exterior de Colombia S.A.– BANCÓLDEX (hereafter "the Bank" or "Bancóldex") is a national partially state-owned company incorporated as a bank credit institution. It is attached to the Ministry of Finance and Public Credit, established and organized under Colombian law as of January 1, 1992, in accordance with Law 7 and Decree 2505 of 1991. Its initial term is 99 years as of December 30, 1992, and, pursuant to Resolution Number 0652 of April 15, 1996 issued by the Financial Superintendence of Colombia (hereafter "SFC" or "Superintendence"), the term was extended to December 30, 2091. It is domiciled in the city of Bogotá, D.C., and has no branches or agencies.

Articles 58 and 94 of Law 795 of January 14, 2003 ratify the legal nature of the Bank, exempt it from the compulsory investment scheme and authorize it to rediscount leasing transactions.

Bancóldex' corporate purpose is to finance, mainly but not exclusively, activities linked to exports and domestic industry by acting as a discount or acceptance house rather than as a direct intermediary. It may also carry out credit operations, including financing Colombian export buyers, discounting credits granted by other financial institutions, granting, and receiving endorsements and collateral in legal or foreign currency and performing other activities authorized by the Organic Statute of the Financial System and current regulatory standards.

The Bank is the manager of the Banca de las Oportunidades Investment Program. It derives from the National Government's strategy to reduce poverty, promote social equality, and stimulate economic development in Colombia through access to financial services for lower-income families, entrepreneurs, and MSMEs.

On July 31, 2020, the merger agreement was formalized by a public deed. Bancóldex absorbed its affiliate Arco Grupo Bancóldex Compañía de Financiamiento to complement the financial product offering for SMEs and incorporate the finance leasing, factoring, and direct credit products. Arco was integrated as a business unit that gave rise to the Vice Presidency for SME Direct Credit.

Bancóldex owns 89.62% of Fiduciaria Colombiana de Comercio Exterior S.A. – Fiducóldex, a stock corporation, national indirect partially state-owned company. Fiducóldex is subject to inspection and surveillance by the SFC and was incorporated through Public Deed number 1497 of October 31, 1992, issued at Notary Office 4 of Cartagena (Bolívar) (operating license included in Resolution Number 4535 of November 3, 1992, issued by the SFC). Its headquarters are located in Bogotá, D.C. and its corporate purpose is to enter into a business trust agreement with the Nation (represented by BANCÓLDEX) in order to promote Colombian exports and fulfill other purposes established in Decree 663 of 1993 such as conducting all sorts of business trust agreements, as well as performing all operations, businesses, actions, orders, and services related to normal trust activities.

2. PRESENTATION STANDARDS

2.1. Accounting standards applied – The accompanying separate financial statements of the Bank, in accordance with the current provisions established by Law 1314 of 2009, which was regulated, compilated and updated by Decree 2611 of 2022, Decree 938 of 2021, and previous Decrees, were prepared based on the Accounting and Financial Reporting Standards (NCIF) accepted in Colombia. These standards are based on the International Financial Reporting Standards (IFRS), together with their interpretations, translated into Spanish and issued by the International Accounting Standards Board (IASB) as of December 31, 2018.

Moreover, in compliance with the law, decrees and other existing regulations, the Bank applies the following accounting criteria that differ from IFRS issued by IASB:

Decree 2420 of December 14, 2015 – Whereby the parties responsible for preparing financial information and which may be classified as public interest entities that receive, manage, or administer public resources, shall not apply IAS 39– Financial Instruments: Recognition and Measurement; and IFRS 9– Financial Instruments, regarding the handling of the credit portfolio and impairment, and the classification and valuation of investments. Subsequently, IFRS 9 was adopted within Decree 2131 of 2016, repealing IAS 39.
Therefore, in accordance with the Basic Financial and Accounting Circular Letter issued by the Financial Superintendence of Colombia, the credit portfolio is registered at historical cost and its impairment is determined by the reference models

established in Chapter II. Investments are classified as: negotiable investments, investments to be held until maturity and available-for-sale investments. They are valued at their market value or fair exchange price. Applicable accounting policies are detailed in Note 3 "Significant Accounting Policies".

External Circular No. 36/2014 issued by the Financial Superintendency of Colombia specifies that property received in payment or returned must be registered in accordance with the Payment Management System for Property Received in Payment, as outlined by the Basic Accounting and Financial Circular (External Circular 100/1995). The applicable accounting policies are detailed in Note 3 "Significant Accounting Policies."

2.2. Basis of preparation –

a. The Bank has defined in its bylaws to close its accounts, prepare, and disseminate general-purpose financial statements once a year, December 31. For legal purposes in Colombia, the main financial statements are the separate financial statements expressed in Colombian pesos since this is the presentation currency for all purposes. The functional currency is the Colombian peso, which is the currency of the primary economic environment in which the Bank operates.

b. These financial statements are the exact English translation of those originally issued in Spanish. They are presented in accordance with International Accounting and Financial principles accepted in Colombia. It is possible that some accounting practices applied in Colombia, may not be equal with generally accepted accounting principles in other countries. The effects of any differences, of the generally accepted accounting principles in the countries in which these financial statements may be used against International Accounting and Financial principles accepted in Colombia, have not been quantified. In addition, these financial statements are not intended to present the information on the Bank's financial position, its financial performance and its cash flows for the year then ended, in accordance with International Accounting and Financial principles accepted in Colombia.

2.3. Going concern - At the time of approving the financial statements, the Bank's Management has a reasonable expectation that the Bank has adequate resources to continue operating in the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing financial statements.

The Bank has applied the significant accounting policies, judgments, estimates, and accounting assumptions described in Notes 3 and 4.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in preparing the financial statements are summarized hereafter.

3.1. Functional currency and presentation currency - The items included in the Bank's separate financial statements are expressed in the currency of the primary economic environment where the entity operates (Colombian pesos). The separate financial statements are presented in Colombian pesos, which is the Bank's functional currency and presentation currency. All the information is presented in thousands of Colombian pesos and rounded to the closest unit.

3.2. Foreign currency transactions - In order to present the financial statements, assets and liabilities in functional currency are expressed in Colombian pesos, using the exchange rates prevailing at the cut-off date of the balance sheet. Income and expense items are converted into the exchange rates at the date of the transactions.

On December 31, 2023 and 2022, the exchange rates were $3,822.05 and $4,810.20 respectively.

3.3. Cash and cash equivalents - Cash equivalents are intended to hedge short-term obligations and represent securities that are readily convertible into cash and do not result in a significant change in their value. A financial instrument will be a cash equivalent item, only if it is held to use the surplus and not for investment purposes. The Bank recognizes as cash and cash equivalents, for cash flow statement, the value of the resources it holds for immediate availability such as securities on hand, bank deposits (local and foreign accounts).

3.4. Money market transactions: Money market transactions are repo transactions, simultaneous transactions, temporary transfer of securities transactions and interbank fund transactions. Initial measurement: The Bank will recognize a financial asset at fair value, which is usually the value agreed at the beginning of the transaction. Transaction costs will be directly recognized in the profit and loss statement. Subsequent measurement: The Bank will subsequently recognize the financial assets at amortized cost using the effective interest rate method.

3.5. Financial investment assets - The provision of criteria applicable to the presentation, classification and valuation of investments is designated according to local applicable regulations, since the entities subject to inspection and surveillance by the Financial Superintendence of Colombia are obliged to value and account for investments in debt securities, participative securities and investments in securities and other economic rights in accordance with Chapter I-1 of the Basic Accounting and Financial Circular Letter. Therefore, its provisions will be used regarding the requirements applicable to the issuance of the Bank's separate financial statements. Moreover, numeral 2.8 of Title 9 of the Basic Legal Circular Letter was amended through External Circular Letter Number 041 of 2015 issued by the Financial Superintendence of Colombia in order to clarify the minimum information to be reported when brokering derivative financial instruments.

- *Purpose of investment valuation – The main purpose of investment valuation is the accounting registry and disclosure at fair value of financial instruments at which a given security could be traded on a given date as per its characteristics and within the prevailing market conditions on that date.*

- *Definition of fair value – The measurement of fair value requires the Bank to assess the valuation concepts as well as the criteria and techniques defined by applicable regulations. Therefore, fair value is defined as the fair exchange price at which a security could be traded on a given date in accordance with its characteristics and within the prevailing market conditions at the measurement date by the Financial Superintendence of Colombia in the Basic Accounting and Financial Circular Letter.*

  The international financial reporting standard defines fair value as the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants at the measurement date. For practical purposes and considering the principles mentioned above, the Bank will consider as fair value all measures of value that most accurately represent the market conditions at the valuation date, as well as all measures of value that jointly represent the price that market participants would grant or grant at the measurement date.

- *Price Provider* – The Bank will value the investments considering the regulatory standards by basing its valuation on the inputs provided by PRECIA S.A. - Price Provider, authorized as per the instructions set out in Chapter IV of Title IV of Part II of the Basic Legal Circular Letter of the Financial Superintendence of Colombia.

- *Criteria for investment valuation* – The valuation is carried out as per regulatory models established for investments, based on the valuation inputs provided by the price provider, and following the valuation guidelines given in chapters I and XVIII of the Basic Accounting and Financial Circular Letter. Investments are classified into marketable investments, held-to-maturity investments, or available-for-sale investments. Marketable investments and available-for-sale investments are classified into debt securities or participative securities.

It generally applies to any type of asset that may be part of the investment portfolio. The way those investments are classified, valued, and accounted is detailed below:

Classification	Characteristics	Valuation	Accounting
Debt financial instruments	Portfolio to manage investments in fixed-income and variable-income debt securities in order to obtain profits due to fluctuations in the market value and in the purchase and sale of such securities.	Valuation of securities is conducted daily. Prices determined by PRECIA S.A. price provider are used for valuation. In cases where there is not fair value at valuation day, valuation should be conducted exponentially from the internal return rate. The fair market exchange value or price of the respective security should be calculated by adding the present value of	Accounting should be performed in Investment accounts at Fair Value with changes in Profit and Loss in the Single Financial Reporting Catalogue (CUIF) for monitoring purposes. The difference between the current fair value and the immediately preceding fair value is recorded as goodwill and negative goodwill, and its offsetting

Classification	Characteristics	Valuation	Accounting
		future cash flows for yields and capital. In the case of securities traded abroad, when the price provider appointed as the official price provider for the corresponding segment does not have a valuation methodology for these investments, the dirty price of purchase (BID) published by an information supply platform at 16:00, official Colombian time, is used as an alternative source of information.	entry affects the profit and loss of the period. This procedure is carried out daily.
Instruments at amortized cost	Securities and any general type of investments the Bank may have a serious purpose for as well as the legal, contractual, financial, and operational capacity to hold until maturity or until the redemption period expires. Liquidity operations may not be undertaken on these investments, as well as monetary market operations (simultaneous repurchase agreements or repo or temporary transfer of securities), except in the case of forced or obligatory investments subscribed in the primary market and provided that the counterparty of the operations is the Central Bank of Colombia, the General Office for Public Credit and National Treasury or entities supervised by the Financial Superintendence of Colombia. Similarly, they may be provided as collateral in a central counterparty clearing house in order to support the accepted operation performance for offsetting and settlement and/or as collateral for monetary market operations.	Exponentially, based on the internal return rate calculated at the time of purchase on a 365-day year basis. This procedure is carried out daily.	Accounting should be performed in the Investments accounts at Amortized Cost of the Single Financial Reporting Catalogue (CUIF) for Monitoring purposes. The present value is accounted as investment goodwill and its offsetting entry is recorded in the profit and loss of the period. The uncollected receivable returns are recorded as investment goodwill and their collection is accounted as negative goodwill. This procedure is carried out daily.

Classification	Characteristics	Valuation	Accounting
Investments accounted at fair value with changes in OCI – debt securities	As per the business model, this portfolio manages fixed-income investments to obtain contractual cash flows and perform sales when circumstances require. Securities classified as available-for-sale investments may be provided as collateral in a central counterparty clearing house to support accepted operation performance for offsetting and settlement. Similarly, monetary market operations (simultaneous repurchase agreements or repo operations or temporary transfer of securities) may be carried out with these investments and provided as collateral for these types of operations.	Prices determined by PRECIA S.A. price provider are used. In cases for which there are not fair exchange prices at valuation day, valuation should be conducted exponentially from the internal return rate. This procedure is carried out daily.	Accounting should be performed in the Investments account at Fair Value with Changes in Other Comprehensive Income (OCI) of the Single Financial Reporting Catalogue (CUIF) for Monitoring purposes. The difference between the present value at valuation day and the immediately preceding present value (calculated from the Internal Return Rate, on the date of purchase on a 365-day year basis) is recorded as goodwill or negative goodwill of the investment with a credit or charge to accounts in the profit and loss statement. The difference between the market value and the present value is recorded in the Unrealized Profit or Loss (OCI) account. This procedure is carried out daily.
Investments accounted at fair value with changes in OCI – participative securities	This category includes investments in subsidiaries, associates, shares in Private Equity Funds, the National Guarantee Fund, Bladex, and joint ventures that grant the Bank the title of issuer joint owner.	Pursuant to Law 222 article 35 of 1995, investments in subsidiaries should be accounted in the books of the parent or holding company using the equity method in separate financial statements. In cases when the standards of the Code of Commerce or other legal provisions do not provide the accounting treatment of investments in subsidiaries, associates, and shares in joint ventures, they should comply with the provisions set out in IAS 27, IAS 28, and IAS 11, as appropriate.	The valuation effect of the share corresponding to the investor is accounted in the respective Unrealized Profit or Loss (OCI) account the investment is charged or credited. Dividends distributed in kind or in cash should be recorded as income, adjusting the corresponding Unrealized Profit or Loss account (maximum up to their accumulated value) and, if necessary, the value of the investment in the amount of the surplus on that account.

- *Variable income investments with changes in Other Comprehensive Income (OCI)* - The Bank values these investments by increasing or decreasing the acquisition cost in the percentage share corresponding to the investor over subsequent variations in the respective issuer's equity. Therefore, the variation in the issuer's equity is calculated on the certified financial statements as of November 30 each year.

- *Investments in participative securities in trust rights* – The Bank values these investments with the information provided by PRECIA S.A., the respective management company (value of unit).

- *Reclassification of investments* – Investments may be reclassified in accordance with the following provisions:

  a. *From held-to-maturity investments to marketable investments* – Reclassification is applicable when any of the following circumstances occur:

     - Significant impairment in the conditions of the issuer, its parent, subsidiaries, or related parties;

     - Changes in the regulation that prevent from keeping the investment;

     - Merger processes that involve investment reclassification or execution to maintain the previous risk position of interest rates or to adjust to the credit risk policy previously established by the merged entity;

     - Other unforeseen events, prior authorization from the Financial Superintendence of Colombia

  b. *From available-for-sale investments to marketable investments or to held-to-maturity investments* - Reclassification is applicable when:

     - The composition of the significant activities of the business is redefined as a result of circumstances such as variations in the economic cycle or market niche where the Bank is operating in or in its risk appetite.

     - Adjustment assumptions are materialized in the management of investments that have been previously defined in the business model;

     - The investor losses its capacity as the parent or holding company, and such circumstance also involves the decision to alienate the investment in the short term as of that date;

     - Significant impairment in the conditions of the issuer, its parent, branches, or related parties;

     - Changes in the regulation that prevent from keeping the investment;

     - Merger processes that involve investment reclassification or execution to maintain the previous risk position of interest rates or to adjust to the credit risk policy previously established by the merged entity.

  When the available-for-sale investments are reclassified to marketable investments, the result of the investment reclassification should be recognized and held in the OCI as unrealized profit or loss until the corresponding investment is sold. Securities that are reclassified to be part of marketable investments may not be reclassified again. As of the reclassification date, they should be valued at the internal return rate of the previous day of reclassification.

  When the available-for-sale investments are reclassified to held-to-maturity investments, unrealized profit or loss recognized in OCI should be paid off against the recorded value of the investment since the effect of the fair value will no longer be realized given the decision to reclassify the held-to-maturity category. The investment is recorded as if it had always been classified in the held-to-maturity category.

- *Investment repurchase rights* – These are restricted investments that represent collateral for investment repurchase agreements. The Bank retains the economic rights and benefits associated with the security and all the risks inherent to it although it transfers legal ownership when carrying out a monetary market operation. These securities continue to be valued daily and accounted in the balance sheet or profit and loss statement as per the methodology and procedure applicable to investments classified as marketable, held-to-maturity and available-for-sale, according to the category in which they are classified prior to the acquisition of the repurchase agreement.

- *Investments delivered as collateral* – These are investments in debt securities that are delivered as collateral to support operations performance accepted by a central counterparty clearing house for offsetting and settlement. These securities are valued daily and accounted in the balance sheet and profit and loss statement as per the methodology and procedure applicable to the category in which they were classified before they were delivered as collateral.

- *Impairment or losses due to credit risk rating* – The price of marketable or available-for-sale investments for which there is not fair exchange prices at the valuation day, and the price of held-to-maturity investments should be adjusted at each valuation date based on the credit risk rating, as per the following criteria:

  - The rating of the issuer or the security concerned, if any.

  - The objective evidence that impairment loss has been incurred or may be incurred on the amount of these assets. This criterion is applicable even to record greater impairment than that which results by taking just the rating of the issuer or/and the security, if so required based on the evidence.

  The amount of the impairment loss shall always be recognized in the result for the period, regardless of whether the respective investment has any amount recorded in Other Comprehensive Income, except public debt securities issued by the Central Bank of Colombia.

- *Securities of unrated issuers or issues* – Securities that do not have an external rating or that are issued by unrated entities will be rated as follows:

Category	Risk	Characteristics	Provisions
A	Normal	They comply with the terms agreed in the security and have adequate capacity to pay capital and interests.	Not applicable.
B	Acceptable	These are issues that present uncertainty factors that may affect the ability to continue fulfilling debt services adequately. Also, its financial statements and other available information present weaknesses that may affect its balance sheet.	In the case of debt securities, the value for which they have been accounted cannot exceed eighty percent (80%) of the net nominal value of amortizations conducted at valuation date. For participative securities, the net value of provisions for credit risk (provision subtracted form cost) for which they have been accounted cannot exceed eighty percent (80%) of the acquisition cost.
C	Appreciable	These are issues that present high or medium probability of default to timely pay capital and interests. Also, its financial statements and other available information present deficiencies in its balance sheet so they involve investment recovery.	In the case of debt securities, the value for which they have been accounted cannot exceed sixty percent (60%) of their net nominal value of amortizations made until the valuation date.

Category	Risk	Characteristics	Provisions
			For participative securities, the net value of provisions for credit risk (provision subtracted form cost) for which they have been accounted cannot exceed sixty percent (60%) of the acquisition cost.
D	Significant	These are issues with breaches in the terms agreed in the security. Their financial statements and other available information present deficiencies in its balance sheet.	In the case of debt securities, the value for which they have been accounted cannot exceed forty percent (40%) of their net nominal value of amortizations made until the valuation date. For participative securities, the net value of provisions for credit risk (provision subtracted form cost) for which they have been accounted cannot exceed forty percent (40%) of the acquisition cost.
E	Uncollectible	Issuers which given their financial statements and other available information, investment is considered uncollectible.	A provision is created for the entire value of these investments.

- *Securities from issues or issuers that have external ratings* – Debt securities that have one or more ratings and those debt securities rated by external rating agencies recognized by the Financial Superintendence of Colombia may not be accounted for an amount exceeding the following percentages of their net nominal value of amortizations made at the valuation date.

The respective issuer's rating is used to estimate provisions on term deposits.

Long-term classification	**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)	5 and 6	Zero (0)

If provisions on investments classified as held-to-maturity, for which a fair value may be established, are greater than those estimated with the previous rule, the latter shall be applied.

Such provision corresponds to the difference between the recorded investment value and the fair value, if lower. If the investment or issuer has ratings from more than one rating agency, the lowest rating should be considered if they were issued within the last three (3) months, or the most recent rating if there is a longer period between one rating and another.

3.6. Investments in associates: The Bank shall have investments with significant influence if these investments directly or indirectly have (for example through subsidiaries) a share equal to or greater than 20% of the voting power over the investee, but less than 50%.

Under the equity method, upon initial recognition, the investment in an associate shall be recorded at cost, and the carrying amount shall increase or decrease to recognize the Bank's share of the associate's net income for the period and other comprehensive income after the acquisition date.

3.7. Loan portfolio and leasing operations - Criteria applicable to the presentation, classification, assessment and evaluation of the credit portfolio, credit risk, restructuring, portfolio provision and provision for credit losses, amongst others, will be recognized according to the policies and practices enacted by the Financial Superintendence of Colombia. Credits granted under different authorized modalities are recognized in portfolios in accordance with the provisions of Chapter XXI of the Basic Accounting and Financial Circular Letter (CBCF) of the Financial Superintendence of Colombia. The resources used to grant credit are own resources, public resources through deposits or resources from other external and internal financing sources.

Loans are recorded at disbursement value, except for the rediscount commercial portfolio and factoring portfolio purchases, which are recorded at discount and cost, respectively.

Classification of the credit portfolio – Classification of the Bank's credit portfolio includes the following types:

- *Commercial Credit* – These are credits granted to natural or legal persons to develop organized economic activities different from microcredits. For the purposes of provision estimation models, the commercial portfolio is divided into the commercial portfolio under the rediscount mechanism and the direct commercial portfolio.

  - Rediscount portfolio – It is a conventional mechanism for the allocation of second-tier bank resources. It refers to the repurchase or discount of securities from entities of the Colombian financial system that have performed the initial discount of the security to natural or legal persons. This only applies to funding business activities of the Bank. Promissory notes are currently rediscounted if they have been signed (by legal or natural persons with productive activities) before an eligible financial entity with a valid and available credit limit in the bank, which the financial entity in turn transfers through endorsement.

  - Direct commercial portfolio – It is a credit line delivered in Colombian pesos or foreign legal tender aimed at Colombian financial intermediaries with a current credit limit available at the Bank so that they, in turn, perform active credit operations in legal tender as expressly authorized by Colombian legislation and which are directed to financing business sector operations. This modality includes direct credit operations carried out with small, medium, large companies and natural persons with commercial activity. In this category you will find, among others:

    - Direct Credit allows entrepreneurs to have a financing option in pesos and dollars to develop their investment plans without intermediaries.

    - The commercial discount portfolio is a financial instrument that implies purchasing at a discount and without recourse (removing the seller's responsibility to pay in the event of default by the party accepting the invoice) up to a percentage of the value of securities derived from domestic commercial operations for the sale of goods or services on credit. These operations are covered by an insurance policy issued by an eligible insurance company that is duly authorized by the Bank.

    - Leasing operations, to acquire new or used productive assets required by the customer through finance leases, in exchange for the payment of a periodic fee for an agreed term. At the end of the contract, the purchase option agreed upon at the beginning of the contract may be exercised.

- *Consumer and Housing Credit* - This arises exclusively from credit to officials and ex-officials which, for the latter, is granted prior to their withdrawal.

Assessment and classification of the loan portfolio—The Financial Superintendence of Colombia (SFC, for its acronym in Spanish) issued External Notice 032 of November 2014, requiring rediscount banks to develop internal methodologies for classifying and creating provisions for rediscount operations. The SFC's reference models were adopted in the cases of direct business, consumer, housing, and microcredit operations.

In accordance with External Circular Letter number 032 of 2014, as of December 2015, operations will be rated based on the methodologies mentioned above and in line with the portfolio type in each of the following risk categories:

Direct Commercial Portfolio – Commercial portfolio contracts must be classified in one of the following credit risk categories: AA, A, BB, B, CC, and Default.

Delinquency and risk profile criteria are included in the assignment of credit ratings.

Commercial rediscount portfolio – Rediscount operations must be classified exclusively to calculate allowances in the following categories: A1, A2, A3, A4 or A5 with the greatest risk profile being A5.

Delinquency and risk profile criteria are included in the assignment of credit ratings.

Consumer portfolio – The Bank's consumer portfolio is classified in the following segments:

- General – Automobiles: credit granted for the acquisition of automobiles.

- General – Other: credit granted for the acquisition of consumer goods other than automobiles.

The consumer portfolio rating per risk category varies according to the segments mentioned above and it is determined by a score named "Z", which considers the following variables: default level at the moment of calculating the provision, maximum default level recorded in the last three years, default levels in the last three quarters, regardless of whether there is active credit in the Bank and regardless of the type of collateral: adequate collateral, pledge, or mortgage.

In accordance with the "Z" score calculated in the previous point, the rating is assigned as per credit risk categories using the following table and considering that the lower the score obtained, the better the risk category rating.

Score up to rating	General Automobiles	General - others
AA	0.2484	0.3767
A	0.6842	0.8205
BB	0.81507	0.89
B	0.94941	0.9971
CC	1	1

Provisions—As of December 2015 and as a result of the adoption of SFC External Notice 032/2014, the Bank modified the provisions scheme, which was based on the guidelines established for credit risk management for each portfolio, as provided in the following annexes to the Basic Accounting and Financial Notice (CBCF, for its acronym in Spanish):

- *Housing portfolio—General system for assessment, classification, and provisioning of loan portfolios (Annex 2 of Chapter XXXI SIAR - Deterministic Provisions Model)*

- *Direct business portfolio—Business portfolio reference model (Annex 1 of Chapter XXXI SIAR - Reference Models)*

- *Consumer portfolio—Consumer portfolio reference model (Annex 1 of Chapter XXXI SIAR - Reference Models)*

- *Rediscount business portfolio—Own methodology. Individual provisions of entities authorized to conduct rediscount operations (Annex 3)*

The models incorporate some common aspects mentioned below to estimate direct business and consumer portfolio provisions.

Individual pro-cyclical component and individual counter-cyclical component: The individual provision is established as the sum of two separate components:

Individual pro-cyclical component (CIP, for its acronym in Spanish) is the portion of the individual provision of the loan portfolio that reflects each debtor's credit risk.

Individual counter-cyclical component (CIC, for its acronym in Spanish) is the portion of the individual provision of the loan portfolio that reflects possible changes in debtors' credit risk when the impairment of the assets increases. This portion reduces the impact on the income statement when such a situation arises.

The CIP and CIC require default probability matrices A and B. The matrices defined in Annex 1 of Chapter XXXI SIAR of External Notice 100/1995 are used for the direct business and consumer portfolios that adopt the SFC reference models.

Expected loss model: The estimated expected loss or individual provision under the reference models (direct business portfolio and consumer portfolio) and under the own methodology (rediscount business portfolio) is determined by the following formula:

EXPECTED LOSS = [Probability of default] x [Exposure at default] x [Loss given default]

Probability of Default (PD) is the likelihood that in twelve (12) months following the cut-off date of the financial statements, the debtors of a specific portfolio will default (per the cases described in 2.3.1. of part III of Chapter XXXI SIAR, External Notice 100/1995). The probability of default is established according to the matrices indicated below.

Exposure at default (EAD) refers to the debtor's amount exposed, comprised of the current balance of principal, interest, and other accounts receivable.

Loss given default (LGD) is the economic loss that the Bank would incur if any default situations referred to in 2.3.1 in Part III of Chapter XXXI SIAR, External Notice 100/1995 materialize. The LGD for debtors classified in the default category will suffer a gradual increase according to the days that have elapsed after classification in this category.

Direct commercial portfolio – The methodology of the Financial Superintendence of Colombia (Chapter XXXI of the Basic Accounting and Financial Circular Letter, Annex 1) is applied for the direct commercial credit portfolio. The calculation is made by considering the following criteria:

Classification: The model requires debtors to be classified by level of assets in accordance with the following table:

Classification of commercial portfolio by level of assets

Business size	Level of assets
Large Businesses	Over 15,000 Current Legal Monthly Minimum Wages
Medium Businesses	Between 5,000 and 15,000 Current Legal Monthly Minimum Wages
Small Businesses	Fewer than 5,000 Current Legal Monthly Minimum Wages

The model also has a category called "Individuals" in which all individuals who are commercial credit debtors are grouped.

Probability of Default (PD): This is taken from the reference model of the Financial Superintendence of Colombia:

	Large Business		Medium Business		Small Business		Natural Persons	
Rating	Matrix A	Matrix B	Matrix A	Matrix B	Rating	Matrix A	Matrix B	Matrix A
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%

Loss Given Default (LGD): The LGD per collateral type is as follows:

Type of Collateral	LGD	Days after default	New LGD	Days after default	New LGD
Subordinated credit	75%	270	90%	540	100%
Eligible financial collateral	0-12%	-	-	-	-
Commercial and residential real estate	40%	540	70%	1080	100%
Property leasing assets	35%	540	70%	1080	100%
Non-property leasing assets	45%	360	80%	720	100%
Collection rights	45%	360	80%	720	100%
Other adequate collateral	50%	360	80%	720	100%
Non-adequate collateral	55%	270	70%	540	100%
No collateral	55%	210	80%	420	100%

Rediscount commercial portfolio – Pursuant to External Circular Letter number 032 of 2014, the Bank designed its own methodology to calculate provisions for the rediscount commercial credit portfolio. This methodology is based on the general guidelines of the commercial portfolio reference model established by the Financial Superintendence of Colombia. The inputs to estimate the probability of default are derived from the historical data on the Bank's customers. Moreover, the estimation of the probability of default is based on the internal risk rating and a probability of default that is calculated for the financial system. Thus, the probabilities of default for each risk rating are obtained from the transition matrix generated for each default category.

Probability of Default (PD): This is assigned depending on the rating and percentages of the table below. PD is calculated based on the Bank's history; these percentages are dynamic; hence, an annual update was carried out in 2021:

2023

Internal Rating	Rating	Matrix A	Matrix B
1	A1	0,71%	1,21%
2+	A2	1,04%	1,79%
2	A2	1,59%	2,60%
3+	A3	2,01%	3,24%
3	A3	3,00%	4,77%
4	A3	3,59%	5,68%
5	A4	8,12%	13,87%
6- Default	A5	100,00%	100,00%

2022

Internal Rating	Rating	Matrix A	Matrix B
1	A1	0,68%	0,90%
2+	A2	0,98%	1,53%
2	A2	1,51%	2,30%
3+	A3	1,98%	3,12%
3	A3	2,84%	4,60%
4	A3	3,46%	5,65%
5	A4	8,12%	13,87%
6- Default	A5	100,00%	100,00%

Loss Given Default (LGD): This corresponds to 45% for all rediscount operations. This percentage corresponds to the one suggested by Basel for preferential credits to bank entities that do not have collateral through a recognized collateral.

Consumer portfolio:

Probability of Default (PD): This is assigned in accordance with the risk rating and the segment of each debtor as per the following table:

	General - Automobiles		**General – Others**	
Rating	**Matrix A**	**Matrix B**	**Matrix A**	**Matrix B**
AA	0,97%	2,75%	2,10%	3,88%
A	3,12%	4,91%	3,88%	5,67%
BB	7,48%	16,53%	12,68%	21,72%
B	15,76%	24,80%	14,16%	23,20%
CC	31,01%	44,84%	22,57%	36,40%
Default	100,00%	100,00%	100,00%	100,00%

Loss Given Default (LGD): The LGD per collateral type is as follows:

Type of Collateral	**LGD**	**Days after default**	**New LGD**	**Days after default**	**New LGD**
Eligible financial collateral	0-12%	-	-	-	-
Commercial and residential real estate	40%	360	70%	720	100%
Property leasing assets	35%	360	70%	720	100%
Non-property leasing assets	45%	270	70%	540	100%
Collection rights	45%	360	80%	720	100%
Other adequate collateral	50%	270	70%	540	100%
Non-adequate collateral	60%	210	70%	420	100%
No collateral	75%	30	85%	90	100%

Portfolio write-offs – Credit portfolios that are considered irrecoverable according to the Administration office or whose recovery is deemed remote or uncertain are susceptible to being written off, after having exhausted relevant collection options, in accordance with the judgments issued by lawyers and collection companies, previously approved by the Board of Directors.

In all write-off credit cases, the Bank will continue to carry out relevant credit collection actions, demonstrating due diligence, until the date when accounting restructuring is performed.

Any request for receivable write-offs to the Board of Directors must meet the requirements in Bancóldex's Comprehensive Risk Management System (SIAR, for its acronym in Spanish) as follows:

- *Write-off must be recommended by the Risk Management Committee (RMC).*
- *They must have a legal opinion on poor credit by the Legal Vice Presidency, an opinion on the financial viability of the write-off by the Financial Vice Presidency, and an opinion on the non-viability of payment capacity by the Risk and Credit Vice Presidency.*
-

Effect of adequate collateral on the constitution of individual provisions – As of December 2015, models incorporate the effect of collateral for direct commercial portfolio, rediscount commercial portfolio and consumer portfolio. Only adequate collateral should be considered to calculate housing provisions; and 100% of its value will be used.

Suspension of accrual of interest - For the loan portfolio, the Bank stops accruing interest, exchange adjustments and income for other concepts when a loan is past due as indicated in the following table in accordance with Chapter XXXI of External Circular Letter 100 of 1995 OF the Financial Superintendence of Colombia.

Credit modality	Overdue longer than
Commercial	3 months
Consumer	2 months
Housing	2 months
Microcredit	1 month

Restructuring processes - Restructuring of a credit is understood as any exceptional mechanism implemented through the execution of any legal transaction, whose purpose is to modify the originally agreed conditions, in order to allow the debtor the adequate attention of his obligation before the real or potential deterioration of their ability to pay. Additionally, agreements entered within the framework of Laws 550 of 1999, 617 of 2000, 1116 of 2006 and 1564 of 2012 or regulations that add or replace them, as well as extraordinary restructurings and novations, are considered restructurings. Loans that are in the modified category and are more than 30 days past due are recognized as a restructured loan. However, when the debtor makes regular and effective payments of capital and interest for an uninterrupted period of 12 months for microcredit and 24 months for other modalities, the restructured condition may be eliminated.

3.8. Derivative financial instruments

3.8.1 Financial derivatives - A derivative is a financial instrument, or another contract whose value changes over time in response to a given underlying variable (a specified interest rate, the price of a financial instrument, an exchange rate for foreign currency, etc.). It does not require an initial net investment or an investment lower than would be required by another type of contract for which a similar response to changes in the market conditions could be expected, and it is liquidated at a future date.

Bancóldex negotiates financial instruments for business purposes such as forward contracts, future contracts, and cash operations in order to develop its operations; and it negotiates future contracts for hedging purposes. Derivative operations are recognized at fair value in accordance with the provisions of the Basic Accounting and Financial Circular of the Financial Superintendence of Colombia - chapter XVIII on financial derivative instruments and structured products. Subsequent changes in the fair value are adjusted by being charged or credited to profit and loss, as the case may be, unless the financial instrument is designated as hedge.

The derivative financial instrument is valued by considering the counterparty credit risk (CVA – Credit Valuation Adjustment) or the credit risk of the entity itself (DVA – Debit Valuation Adjustment). The difference in the calculation of the derivative financial instrument under risk-free circumstances and the risk-adjusted derivative financial instrument will be shown in the CVA or DVA adjustment, as appropriate.

It was decided to incorporate credit risk into the methodology to measure derivative instruments on the premise of affecting the discount rate within the valuation of said instruments at the corresponding closing date.

3.8.2 Embedded derivatives - An embedded derivative is a component of a hybrid contract that also includes a non-derivative host, with the effect that some of the cash flows of the combined instrument vary similarly to a standalone derivative. Derivatives included in hybrid contracts with a financial asset host within the scope of IFRS 9 are not treated separately.

Hybrid contracts are classified and subsequently measured at amortized cost or fair value, as appropriate.

Derivatives incorporated in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives if they meet the definition of a derivative, and their risks and characteristics are not closely related to those of the host contract. Contracts and host contracts are not measured at fair value with changes in profit and loss.

If the hybrid contract is a quoted financial liability, the Bank usually assigns the complete hybrid contract at fair value with changes in profit and loss instead of separating the embedded derivate.

An embedded derivative is classified as a non-current asset or liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is higher than 12 months and it is not expected to pay it or settle it within 12 months.

There are not embedded derivatives as per the analysis undertook by the Bank.

3.9. Hedge accounting – The Bank designates some hedging instruments, which include derivatives, and non-derivatives regarding foreign currency risk, as cash flow hedge. Hedges of the foreign currency risk of a firm commitment may be accounted as cash flow hedges.

At the inception of the hedging relationship, the Bank documents the relation between the hedging instrument and the hedged item, along with their risk management objectives and strategy to undertake hedging transactions. Moreover, at the inception of the hedge and on an ongoing basis, the Bank documents if the hedging instrument is effective to offset changes in fair values or cash flows of the hedged item attributable to the hedged risk. This is possible when hedging relationships fulfill the hedging effectiveness requirements below:

i. There is an economic relationship between the hedged item and the hedging instrument;

ii. The effect of credit risk does not control value changes resulting from that economic relationship; and

iii. The hedging ratio is the same as the one resulting from the hedged item amount actually covered by the Bank and the hedging instrument amount actually used by the Bank to hedge the hedged item amount.

Concerning compliance with IFRS 9, if the Bank does not meet the hedge effectiveness requirements, the Bank must discontinue hedge accounting from the last date it was demonstrated to be effective. However, if the Bank identifies the event or change in circumstances that caused the hedging relationship to cease to be effective and demonstrates that the hedging relationship was effective before the event or change in circumstances occurred, the Bank will discontinue the hedge accounting from the same date of the event or change in circumstances.

The Bank designates the complete change in the fair value of a forward contract (i.e., it includes forward contract elements) as the hedging instrument for all hedging relationships that involve forward contracts.

Note 8.6 includes details on the fair value of derivative instruments used for hedging purposes.

Cash flow hedges – The portion of changes in the fair value of derivatives that is determined to be an effective hedge for cash flows shall be recognized in other comprehensive income and accumulated as cash flow hedge reserve. The ineffective portion in profit or loss of the hedging instrument shall be recognized immediately in the profit and loss of the period in the "Valuation of hedging derivatives" item.

Securities previously recognized in other comprehensive income and accumulated in equity are reclassified to profit and loss of the periods when the hedged item affects the profit and loss in the same line of the recognized hedged item. Nonetheless, if the hedge of a forecast transaction subsequently generates the recognition of a non-financial asset or liability, profits or losses previously recognized in other comprehensive income and accumulated in equity are transferred and included in the initial measurement of the non-financial asset or liability cost.

Hedge accounting shall be discontinued when the Bank cancels the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or the hedge fails to fulfill the requirements established for hedge accounting. The profit or loss that has been recognized in other comprehensive income and accumulated in equity shall remain in equity and is recognized when the forecast transaction is recognized in profit and loss. Any profit or loss accumulated in equity is recognized immediately as profit or loss when the forecast transaction is not expected to occur.

3.10. Non-current assets held for sale - non-current assets and asset disposal groups are classified as held for sale if their carrying amount is recoverable through a sales transaction and not through continued use.

This condition is considered as fulfilled only when the Bank has a formal plan for its sale, which is highly likely, and the asset (or asset disposal group) is available for immediate sale in its current status only subject to common terms that are adapted to the sale of these assets (or asset disposal group). Non-current assets held for sale will be held for a maximum of one year from the classification date. However, there are facts and circumstances that may extend the period beyond one year. The extension of the period required to complete the sale does not prevent the asset from being classified as held for sale if the delay is caused by facts or circumstances beyond the control of the Bank and there is enough evidence demonstrating that the Bank remains committed to its plan to sell the asset.

They will be recognized at the lower value between their carrying amount or fair value minus sales costs. If the asset was acquired as part of a business combination, it will be measured according to its fair value minus sales costs. Sales cost only includes directly attributable incremental costs, excluding financial costs and income tax expenses. The subsequent measurement of non-current assets held for sale will be given by the initial recognition value, minus all sales costs that arise, which are not charged in the initial measurement, and subsequent value impairment losses of the asset.

In subsequent measurement, the value of non-current assets held for sale will be affected by the measurement of the calculation of the applicable provision according to the methods determined by the Financial Superintendence of Colombia, considering the exception mentioned in External Circular Letter number 036 of 2014.

Non-current assets are reclassified from being held for sale to being held for use if they cease to fulfill the criteria required to be classified as held for sale. In the case of fixed assets that were previously transferred to the category of available for sale and those that require classification as held for use once again, this will be measured again at the lower value between their recoverable value and the carrying amount that would have been recognized if the asset had never been classified as held for sale.

3.10.1 Assets received as payment in kind – It records the value of assets received by the Bank in payment of unpaid balances arising from loans and leasing transactions in its favor. Assets received as payment in kind are assets for which the value is expected to be recovered through their sale and not through their use. All payments in kind for immovable and moveable goods will be recognized under this category, unless it is specified that they are for use or restrictions are identified on the availability of the asset, in which case, their classification within other asset classes will be assessed.

Properties received in payment represented by real estate are accepted based on a technically determined commercial appraisal, while personal property, shares, and interests are accepted based on the market value.

The following conditions are considered for recognizing properties received in payment:

- The initial recognition is made at the value determined in the court awarding or the value agreed with the debtors.

- When the good received in payment is not fit for disposal, the necessary sales expenses increase its cost.

- If a credit balance for the debtor results from the difference between the amount at which the asset is received and the amount of the obligation payable, it is recognized as an account payable. If the asset's amount is not sufficient to cover the entire obligation, a provision equivalent to the difference is recognized.

3.10.2 Properties returned - It recognizes the number of properties returned to the Bank that the customer has used under lease agreements when the parties freely agree to do so or when such return results from the non-payment of rents.

The return of these properties should be accounted for at their carrying amount (cost less accumulated depreciation) and is not subject to depreciation.

3.10.3 Provision for properties received in payment and returned- Individual provisions for properties received in payment are calculated based on Chapter III of the Financial Superintendence of Colombia External Circular number 100 of 1995.

Until July 31, 2020, the Bank would immediately create a 100 % provision for each dation in payment. As of August 1, 2020, due to the Bank's merger, through which it acquired Arco Grupo Bancóldex S.A., the method for recognizing provisions was unified. The calculation is based on Chapter III of the Financial Superintendence of Colombia External Circular number 100 of 1995.

For real estate, a provision must be created in monthly aliquots within the year of the reception of the good, equivalent to thirty percent (30 %) of the acquisition cost of the property. It must also be increased in monthly aliquots within the second year by an additional thirty percent (30 %) until reaching sixty percent (60 %) of the acquisition cost.

Once the legal term for sale has expired without the extension being authorized, the provision must be eighty percent (80 %). If an extension is granted, twenty percent (20 %) may be established within this term.

When the market value of the property is lower than the carrying amount of the asset received in payment, a provision is recognized for the difference.

3.10.4 Rules concerning the legal sales period – The sale of goods received as payment in kind must be carried out within two years after their acquisition. Nonetheless, they may be recorded as fixed assets, when necessary, for the ordinary course of business and they fulfill the asset investment limits. Deferral of their transaction may be requested before the Financial Superintendence of Colombia. In any case, it must be presented prior to the expiration of the established legal period and must be approved by the Board of Directors.

The respective request must demonstrate that even when management procedures for the transfer have been diligently followed, it has not been possible to sell the asset. In any case, under no circumstance may the extension of the period exceed two years as of the expiry date of the initial legal term. During this period, the labors relevant to the realization of these non-performing assets must also be continued.

3.11. Property and equipment – Property and equipment items will be registered if it is likely that future economic profits associated with the goods flow towards the Bank and the cost of the item can be measured reliably. As described in the last criterion for initial recognition, it will be necessary to identify all the property and equipment costs at the moment they are incurred.

Initial measurement: Initial recognition of property and equipment is at cost, and this cost will be the cash equivalent at the recognition date in the carrying amount, adding attributable costs.

It will also include import duties, non-recoverable indirect taxes and commercial deductions and reductions, and estimates related to the costs of the dismantling and withdrawal of goods, which may include rehabilitation of the place where the asset is located and the debenture incurred by the Bank either when it acquired the asset or as a result of having used the asset for purposes other than the productive operation of the Bank.

In order to capitalize on improvements, it will be necessary for costs to increase the useful life, its capacity, or the asset value. The repairs and/ or maintenance performed on the property and equipment which only repair or maintain the asset and therefore maintain the asset conditions in terms of useful life or expected future economic profits, for example, derived from the use of the item itself, must be recognized as expenses of the period when they are incurred. Therefore, they will have a net effect on the profit and loss statement.

Implementation costs cannot be capitalized as part of property and equipment cost, except where it is necessary to incur these costs to return the asset to its usual operation conditions, which, in all cases, will require the corresponding analysis prior to its recognition.

Subsequent measurement: After its recognition as an asset, an item of property and equipment shall be measured using two methods

- Historical cost; or
- Revalued Cost

Accordingly, the measurement for the different groups of assets has been determined as follows:

Group Description	**Method**
Buildings	Revalued Model
Land	Revalued Model
Fixtures and fittings	Cost Model
Computer Equipment	Cost Model
Network and communication equipment	Cost Model
Machinery and Equipment	Cost Model
Furniture	Cost Model
Transportation Vehicles	Cost Model
Assets on gratuitous loan	Cost Model
Art and cultural assets	Cost Model

The Bank must review the revalued cost every three years to evaluate whether it is necessary that an expert appraiser determines a new revalued cost using the techniques in the International Valuation Standards (IVS). If there is reasonable assurance of an increase or decrease in the amount of the buildings, the new revalued cost must be determined.

In such a case, when there is an increase in the fair value from one period to another, it will be recognized as part of the cost of property and equipment through Other Comprehensive Income. When there are decreases in the fair value, the valuation in other comprehensive Income will be derecognized first. If there is a remainder, it will be recognized in the statement of income.

Depreciation - The depreciation of an asset begins in the month the asset is found in the location and necessary conditions to operate as intended by the Bank.

The depreciation charge for each period will be recognized in the profit and loss statement of the period, using the straight-line method, and based on the estimated useful lives that the Bank faithfully considers represent the time limit when it is expected that an item classified in this asset group would provide economic profit.

The real useful life corresponds to the period when the asset is expected to be used. The accounting policy describes the residual value as “the estimated value that the entity may currently obtain through the liquidation of an item, after deducting the estimated costs for this disposal if the asset has already matured and fulfilled other expected conditions at the end of its useful life".

The Bank will check, at least at the close of each financial period, whether the useful life or residual value has undergone changes caused by internal and external factors (market, obsolescence, legal operative environment, among others).

According to the appraisal performed in May 2021, the useful life of the floors where the Bank's offices are located was determined to be 100 years and the remaining useful life as of the date of the appraisal is 57 years.

The useful lives and residual values determined by the Bank are:

Group description	% Residual	Useful life	
		Initial range	Final range
Buildings	15%	100 Years	
Fixtures and fittings	10%	5 Years	12 Years
Computer Equipment	10%	2 Years	5 Years
Network and communication equipment	10%	2 Years	6 Years
Machinery and Equipment	10%	6 Years	14 Years
Furniture	10%	5 Years	12 Years
Transportation Vehicles	10%	10 Years	20 Years
Land	0%	0 Years	0 Years
Assets on gratuitous loan	0%	0 Years	0 Years
Art and cultural assets	0%	0 Years	0 Years

Moveable goods whose acquisition value is equal to or less than (50 UVT) are depreciated at the latest the month after they were acquired, regardless of their useful life.

Fall in the price of property and equipment – The carrying amount of a property or equipment item is derecognized when no further associated economic benefits are expected in the future and the profits or losses of removal are recognized in the profit and loss statement of the period.

Impairment of property and equipment – Evaluations will be performed based on impairment evidence once there is evidence on the value impairment of non-financial assets or, at least, at the end of every reporting period. If there is evidence of impairment, the Bank will analyze if there is indeed impairment by comparing the net carrying amount of the asset with its recoverable value (the greater value between the fair value minus sales costs and the usage value of the asset). If the carrying amount exceeds the recoverable value, the carrying amount will be adjusted, modifying future charges on account of depreciation, in accordance with its remaining useful life.

3.12. Investment properties - Investment properties are those held to earn rentals or for capital appreciation (including investment properties under construction for such purposes) and are initially measured at cost, including transaction costs.

After initial recognition, investment properties are measured at fair value.

All the Bank's ownership interests held under operating leases to earn rentals or for capital appreciation are accounted for as investment property and measured using the fair value model. Gains or losses from changes in the fair value of investment property are included in profit or loss for the period in which they occur.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss on (calculated as the difference between the net disposal proceeds and the asset's carrying amount) is included in profit or loss for the period in which the property was derecognized.

3.13. Intangible assets - The Bank shall record intangible assets once the following aspects have been identified. The existence of control, the separability of the asset and the fact that it is expected to produce a future economic benefit. For an asset to be recognized, it is essential that it fulfills all the previously mentioned characteristics.

Initial measurement – Intangible assets are initially measured at cost. However, it depends on how the Bank obtained the asset. An intangible asset may be obtained by different means; separate acquisition, as part of a business combination and through the development or generation of the asset internally developed by the Bank.

- Intangible assets acquired through a separate transaction are measured as the sum of the purchase price, including import duties and non-refundable acquisition taxes, after deducting discounts and reductions, and the cost directly attributable to preparing the asset for its intended use. It is also possible that a group of complementary intangible assets may be recognized as a single asset, provided that the individual assets have similar useful lives.

- In business combinations, the cost value shall correspond to its fair value on the acquisition date.

- In the case of internally generated intangible assets, only the costs of the asset's development stage shall be recognized as intangible. Costs derived from the research phase shall be recognized as an expense in the period when they are incurred.

Amortization should be adjusted to allocate the revised carrying amount of the intangible asset, minus any residual value on a systematic basis throughout its useful life.

Subsequent measurement - In subsequent recognition, intangible assets are amortized using the straight-line method throughout their estimated useful lives. The Bank shall assess whether the useful life of an intangible asset is finite or indefinite. The finite useful life of an intangible asset is amortized, whereas an intangible asset with an indefinite useful life is not amortized. After considering the determining factors to estimate the useful life of an intangible asset, the time measurement that best represents the expected term of use of the asset shall be used.

The Bank determines that intangible assets with a finite useful life are amortized based on the estimation of their useful life as follows:

Group description	Method	% Residual	Useful Residual	
Licenses	Cost Model	0%	1 Year	15 Years
Computer programs and applications	Cost Model	0%	1 Year	15 Years

Licenses with individual costs whose value is equal to, or less than 50 Tax Value Units (UVT) shall be amortized in the same period as they were acquired.

Intangible assets shall be derecognized on sale or when no future economic benefits are expected from their use or sale. The resulting profit or loss is the difference between the carrying amount and the recoverable amount of the intangible asset.

3.14. Other assets. There are assets for which it is not possible to find similar recognition and measurement criteria to be classified within the available categories or groups of financial assets. These will be classified in the category of other assets, including prepaid expenses, art and culture properties, properties for lease agreements, among others.

3.14.1 Prepaid *expenses* - Prepaid expenses are the expenses incurred by the Bank in the conduct of its business, whose benefit is received in several periods, may be recoverable, and involve the successive performance of the services to be received.

The amortization term for prepaid expenses is as follows:

- Insurance during the term of the policy

- Other term during the period in which they are accrued or for duration of the contract

3.14.2 Properties for lease agreements - This item recognizes new assets acquired by the Bank whose agreement has not commenced due to any unmet requirement for its legalization.

3.15. Impairment of other assets - Identification of evidence of impairment should provide sufficient detail on the scenarios that, according to the management office, could or may potentially cause a reduction in the value of the assets; and thus, present it as a reduction in the book balance.

The criteria used to determine impairment indicators should aim at detailing possible internal or external events that lead to a loss in the value of the asset or in the expected economic benefits from its disposal. This evidence of impairment should be considered at least once by the end of the accounting period or when the relevant information for decision-making is submitted.

An impairment loss occurs when the carrying amount of an asset exceeds the recoverable amount. Identification of the impairment value of assets requires that the Bank consider and carry out an assessment of the impairment indicators. At the end of each reporting period, the entities shall assess whether there is any evidence of impairment of the value of any asset. If evidence is found, the Bank shall estimate the recoverable amount of the asset.

Impairment indicators may obey to observable internal or external sources of significant changes that cause a considerable impairment loss in the carrying amount of non-financial assets. The following factors shall be considered as impairment indicators: changes in the legal, economic, technological or market environment where the asset is operated; or changes in the market for which it is intended, internal reports indicating that the economic performance of the asset is, or shall be, worse than expected; changes in the market rates or rates of return that may affect the measurements of the recoverable amount (e.g. Increase in financing costs), evidence of obsolescence or physical impairment of an asset, changes in strategies (e.g. Office closures), significant changes in the market for Bank's assets (e.g. Effects of demand, competition or other economic factors). Impairment indicators are not limited to those previously mentioned.

Once an impairment loss has been recognized, depreciation or amortization charges on the asset shall be adjusted in future periods in order to systematically allocate the revised carrying amount of the asset over its useful life.

If there is any evidence that an asset is impaired, the recoverable amount shall be estimated for the individual asset. However, if it is not possible to estimate the recoverable amount of the individual asset, the Bank shall determine the recoverable amount of the cash-generating unit to which the asset belongs (the cash-generating unit of the asset).

3.16. Financial liabilities. An instrument is classified as a financial liability when it contains a contractual obligation to transfer cash or other financial assets. When estimated, it will or may be settled within a variable number of own equity instruments. Financial liabilities are recognized and measured at amortized cost, except for derivatives measured at fair value as provided in the Financial Superintendence of Colombia Basic Accounting and Financial Circular - Chapter XVIII on financial derivatives and structured products.

3.16.1 Financial liabilities at amortized cost - All financial liabilities are classified as measured subsequently at amortized cost using the effective interest method, except for those derivative financial instruments that are measured at fair value with changes in profit or loss. The amortized cost of financial liabilities in term deposit certificates, subordinated bonds and financial obligations is determined based on the nominal value of the obligation, including interest expenses payable as transaction costs are not associated since they are not material.

The Bank' initial recognition shall classify the issues of debt instruments as financial liabilities measured at amortized cost. Additionally, based on a cost/benefit and materiality analysis according to the provisions of the Conceptual Framework, transaction costs are recognized directly in the profit and loss statement of the period when they are incurred.

In subsequent measurements, the Bank shall measure the issues of debt instruments at amortized cost by using the effective interest method.

3.16.2 Financial liabilities at fair value through profit or loss. On initial recognition, any measurement inconsistency (accounting asymmetry) that may arise from using different measurement criteria will be eliminated or significantly reduced. The Bank has chosen to designate the measurement of derivatives at fair value through profit or loss, considering the availability of information related to the valuation of these instruments.

3.16.3 Derecognized financial liabilities: Financial liabilities shall be derecognized by the Bank if, and only if, the Bank's obligations expire, are canceled, or fulfilled. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profits or losses.

3.17. Income taxes. Income tax expense represents the amount of income tax payable and the amount of deferred tax

3.17.1 Current tax - The current tax payable is based on tax profit recognized during the year. The taxable profit differs from the profit reported in the statement of income and other comprehensive income due to items of taxable or deductible income or expense in other years and items that are never taxable or deductible. The Bank's current tax liability is calculated using enacted tax rates as of the end of the reporting period.

A provision is recognized for those matters for which the tax assessment is uncertain, but it is considered probable that there will be a future outflow of funds to a taxation authority. Provisions are measured at the best estimate of the amount expected to be paid. The assessment is based on the judgment of tax professionals within the Bank supported by prior experience in such activities and, in some instances, specialized independent tax advice.

3.17.2 Deferred tax - Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities included in the consolidated financial statements and the relevant tax bases used to determine taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences will be utilized. These assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

A deferred tax liability for temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements should be recognized. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that taxable profit will be available against which the temporary differences will be utilized, and it is probable that the temporary difference will reverse in the foreseeable future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and fiscal laws) that have been enacted or substantively enacted by the end of the reporting period.

For measuring deferred tax liabilities and deferred tax assets arising from investment property that is measured using the fair value model, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all economic benefits embodied in the investment property over time, rather than through sale. The Bank's investment property is held under a business model whose objective is to consume substantially all economic benefits embodied in the investment property over time, rather than through sale. Therefore, the Bank's Management has determined that the "sale" presumption established in IAS 12 is not rebutted. Accordingly, the Bank has not recognized any deferred tax for changes in the fair value of investment property as the Bank is not subject to any income tax on the sale of investment property.

Deferred tax assets and liabilities are offset if the Bank has a legally enforceable right to set off current tax assets against current tax liabilities when they relate to income taxes levied by the same taxation authority and the Bank intends to settle on a net basis its current tax assets and liabilities.

3.17.3 *Current and deferred tax for the year* - Current and deferred taxes are recognized in profit or loss, except when they relate to items recognized in other comprehensive income or directly in equity, in which case, current and deferred taxes are also recognized in other comprehensive income or directly in equity. Where current tax or deferred tax arising from the initial recognition of a business combination arises, the tax effect is included as part of the accounting for the business combination.

3.18. Contingent Provisions and Obligations – These are recognized when the Bank:

- Has a present obligation due to a past event;
- Might have to dispose of resources that include economic benefits to settle the obligation;
- Can make a reliable estimation of the obligation value.

The amount recognized as a provision should be the best estimate of the disbursement required to settle the present obligation at the end of the reporting period. The best estimate of the disbursement required to settle the present obligation shall be the rationally assessed value that the Bank would have to pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that date.

Provisions should be reviewed at the end of each reporting period and adjusted to reflect the best available estimate. When it is no longer possible that resources including economic benefits will flow out of the Bank to meet the obligation, the provision should be reversed and used to hedge only the disbursements for which it was originally recognized. Provisions on legal disputes shall be determined based on the probability established by the Legal Division for each proceeding described in the note of judgments and estimates.

3.19. Employee benefits - Employee benefits comprise all types of benefits provided to employees or to those who depend on or are beneficiaries of employees and may be paid in full. Employee benefits shall be classified into short-term benefits and long-term benefits. Employee benefits granted by the Bank are exclusively short-term.

3.19.1 Short-term benefits - Benefits that are expected to be fully settled before the twelve months after the end of the annual reporting period. A liability and an expense are recognized as a result of contractual obligations acquired with the employee. Incurred liabilities shall be recognized without being discounted and at the amount at the measurement date.

The Bank's contractual or constructive obligation shall be limited to the recognition of the amount agreed with the employee and shall be calculated based on a reliable estimate of the amounts to be paid; the expense is generated only based on the occurrence of the consideration since the services rendered by the employees do not increase the amount of the benefits.

In accordance with Colombian labor law, different Bank employees are entitled to short-terms benefits such as salaries, vacation time, legal and extralegal bonuses, severance pay and interests on severance pay under labor regulations of Law 50 of 1990. These benefits granted to employees shall be recognized once all requirements of enforceability are met, not only as required by law but also with respect to those extralegal benefits determined by the Bank and in consideration. However, regarding conditions such as contract type, type and amount of salary, service time, amongst other particularities, they will be handled as established in the internal policies of the Bank. Therefore, the recognition is expected to take place once the employee expresses his/her intention to dispose of the benefits, either by the end of the terms determined by law or by a final settlement of his/her employment contract.

3.20. Other liabilities – It mainly records deferred payment letters of credit, deferred payments, income received in advance, the latter corresponding to securities received to address special agreements for financing loan portfolio operations with interest rate differential; as well as liabilities under Agreements representing resources received from Ministries, Governments and Municipalities for financing lines with rate differentials.

3.20.1 *Agreements:* The resources received from Ministries, Governors' Offices, and Mayors' Offices give rise to a liability to the third party that delivers the resources to the Bank. Once credits are disbursed under the agreement modality, the differential rate is calculated between the Bank's market rate and the agreement rate. The result is discounted from the amount of the contribution recognized in liabilities and recognized as prepaid income, amortized over the life of the promissory note.

3.21. Leases –

3.21.1 *The Bank as lessor:* Leases are classified as financial leases when all risks and rewards incident to ownership are substantially transferred to the lessee under the lease terms. All other leases are classified as operating leases.

Amounts owed by lessees under financial leases are recorded as amounts receivable at the Company's net investment amount in the leases item. Income from financial leases is allocated in accounting periods to reflect a regular constant rate of return in the Company's outstanding net investment regarding leases.

Rental income under operating leases is recognized by using the straight-line method during the term corresponding to the lease. Initial direct costs incurred when negotiating and agreeing on an operating lease are added to the carrying amount of the leased asset and recognized during the lease term on a linear basis.

3.21.2 *The Bank as lessee* – The Bank shall assess whether the contract contains a lease at the inception of the contract. A contract contains a lease if it transfers the right to direct the use of an identified asset throughout the period of use in exchange for consideration.

At the beginning of the lease, the Bank shall recognize a right-of-use asset and a lease liability, except for short-term leases (12-month term or less) and leases whose underlying asset is a low value asset (such as tablets, laptops, small office products and telephones). For these leases, the Company recognizes lease payments as an expense by using the straight-line method throughout the lease term.

The right-of-use asset is initially measured at cost; the cost of the right-of-use asset shall comprise:

a) The amount equal to the lease liability at initial measurement.

b) Lease payments made at or before the commencement date, less any lease incentives received.

c) Initial direct costs incurred by the lessee, which may include commissions, legal fees (if they are contingent at the moment the lease arises) and collateral proceeding costs.

d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease; unless those costs are incurred to produce inventories. The lessee incurs in obligations as a result of those costs either at the commencement date or as a result of having used the underlying asset throughout a given period.

The lessee shall recognize the costs involved in dismantling and removing the underlying asset as part of the cost of the right-of-use asset when it incurs in an obligation as a result of those costs.

Assets held under finance leases are depreciated over their useful lives, which are estimated in the same manner as for the assets owned. However, when there is no reasonable assurance that ownership will be obtained at the end of the lease term, the assets are depreciated over the shorter of the lease term or useful life.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by the rate implicit in the contract. If this rate cannot be readily determined, the Company shall use the rate of increase for lessee's loans.

Lease payments included in the lease liability measurement consist in:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives received;

- Variable lease payments that depend on a rate, which are initially measured by using the rate at the commencement date;

After the commencement date, the lessee shall measure its right-of-use asset by using the cost model. The Bank shall implement the provisions established in the asset impairment policy to determine whether the value of a right-of-use asset has been impaired and to record the impairment.

If the lease transfers the ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise the purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

After the commencement date, the lessee shall measure a lease liability by:

a) Increasing the carrying amount to reflect the interest on the lease liability.

b) Reducing the carrying amount to reflect the lease payments made.

c) Measuring again the carrying amount to reflect new measurements or specified lease adjustments, and to reflect the in essence fixed lease payments that had been reviewed.

After the commencement date, the lessee shall recognize in the profit and loss statement of the period (unless the costs may be included as an increase in the value of other assets):

a) The interest on the lease liability.

b) Variable lease payments not included in the lease liability measurement for the period when the event or condition occurs and generates such payments.

3.22. Revenue recognition - Revenues are measured at the fair value of the consideration received or receivable, represent amounts receivable for services rendered and are net of discounts and taxes.

The Bank recognizes revenue when:

- Their amount can be measured reliably

- It is possible that future economic benefits shall flow to the Bank.

Income from dividends, interest, commissions, gain on sale of goods and other income

Dividends: Investment dividend income is recognized once the shareholders rights to receive this payment have been established (provided that it is probable that economic benefits shall flow to the Bank and that ordinary income can be measured reliably).

Interest: Interest income on a financial asset is recognized when the Bank is likely to receive the economic benefits associated with the transaction and when the amount of income from ordinary activities can be measured reliably. Interest income is recorded on a time basis, in accordance with the outstanding capital and the applicable effective interest rate, which is the discount rate that exactly matches the estimated cash flows receivable or payable over the expected life of the financial instrument with the net carrying amount of the financial asset on initial recognition.

Commissions - Commissions are measured based on the consideration specified in a contract and recognized in each period when the performance obligations associated with the service are met.

Equity method - Income is recognized by the equity method on the income generated in the period of the investee.

Other Income - When the definition of income according to the Conceptual Framework for Financial Reporting is met, the Bank recognizes the income not included in the categories above in profit or loss for the period.

3.23. Operating segments - The Bank manages and analyses the entity's performance in terms of financial results by business segments. The factors used to identify the operating segments are based on the financial products the Bank promotes to boost the business and economic growth of Colombian companies and to manage their financial margin.

In order to comply with the provisions of IFRS 8 – Operating Segments, the Bank has identified the following segments, which are periodically assessed by the Board of Directors in order to allocate resources and assess their profitability.

The products and/or concepts included within each of the segments are the following:

- Portfolio in pesos: It includes the commercial portfolio in pesos, including discount operations on documents in pesos, portfolio of employees and former employees.
- Foreign currency portfolio: It includes the commercial portfolio in foreign currency, including discount operations of documents in foreign currency.
- Investment portfolio: It includes securities managed by the Bank's Treasury in treasury securities in national or foreign currency and Colombian private debt securities, specifically those issued by issuers supervised by the Financial Superintendence of Colombia.
- Treasury Products: It includes operations with derivatives (from speculation and hedging), restatement of own position (exchanges), cash operations and currency trading.
- Commissions: It includes products of international banking operations, guarantee of issues, guarantee shared with the National Guarantee Fund, micro-insurance, amongst others.
- Other products: It includes investments in private equity funds, investments in subsidiaries and affiliates, other assets and new products developed by the Bank, whose share is less than 10% of the asset or income.

In accordance with the foregoing, the main factors considered in the profit management methodology defined by the Bank are explained below:

I. *Loan portfolio*

The Bank's general segmentation policy for profit management of the portfolio bases on the "Profit Management Methodology" defined by the Bank for internal monitoring, which is managed, reviewed, and analyzed by different areas and even at different levels of the organization.

During the first instance (first layer of the analysis), the factors considered by the Bank to identify portfolio operating segments base on the classification by currencies (COP and USD), and on the subsequent grouping of the portfolio lines promoted by the Bank.

This differentiation is very important, and it is independently considered when making pricing and profitability models, since the type of support to companies and the destination of resources are converted into funding for each type of portfolio (COP and USD). Regarding the COP portfolio, the Bank is funded mainly in the capital market and with its own resources (equity), while as for the USD portfolio, the Bank obtains resources from multilateral entities and the Correspondent Bank.

Additionally, the loan portfolio requires available resources to address credit loans, as well as the debt service. Hence, the management net of the required liquidity is included within the credit business margin.

I. Investments

The Bank leads the treasury operation to portfolio management with two objectives: managing medium-term liquidity and obtaining profitable and reasonable benefits through trading financial assets framed within the risk guidelines established by the Board of Directors.

II. Treasury Products

This segment includes products managed by the Bank's Treasury other than its fixed-income investment portfolio. For derivative products, the Bank's Treasury Department may carry out derivative transactions to hedge the financial risks associated with its balance sheet structure in order to offer hedging to third parties or as part of its trading strategy, and in accordance with established risk parameters and limits. It also includes results of exchange differences, in which cash and currency trading operations are identified; and results generated by the Bank's own position.

III. Commissions

This segment includes all international banking operation commissions, guarantees of issues and other commissions collected and paid that do not correspond to other business segments.

IV. Other

This category includes Private Equity Funds and equity investments; it also groups together all those concepts whose generation of income and expenses are not particularly defined within the policies of the Bank's main margin generation segments.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In applying significant accounting policies described in Note 3, the Bank's Management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that do not appear to arise from other sources. The associated estimates and assumptions are based on historical experience and other factors considered to be relevant. Actual results could differ from those estimates.

The underlying estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the revision period if the revision affects only that period or future periods if the revision affects both current and subsequent periods.

The Management's judgments and estimates in applying the Bank's accounting policies that have a significant effect on the amounts recognized in the financial statements are presented below:

4.1. Loan portfolio impairment – While following the standards of the Financial Superintendence of Colombia, the Bank reviews the loan portfolio regularly to assess whether impairment should be recorded with charges to profit and loss of the period by following the guidelines established in Chapter XXXI of the Basic Accounting and Financial Circular Letter.

In line with these regulations, Bancóldex has established as part of its policies the semiannual performance of the portfolio rating process. The Bank comprehensively assesses the payment behavior of its customers with the entity and other institutions in the financial system and their financial positions. The results of this assessment are submitted to the Portfolio Rating Committee for approval.

On a quarterly basis, Bancóldex reviews the alignment of customers' ratings by credit bureaus. The results are also submitted to the Portfolio Rating Committee.

Based on the periodicity defined in the specific policies for each customer segment, the financial position of debtors is monitored, which is submitted to the External Credit Committee.

4.2. Deferred tax - Deferred tax assets and liabilities are recognized for deductible or taxable temporary differences between the tax bases and the accounting bases, considering the current tax regulations applicable to Colombia. Due to the changing conditions of the political, social, and economic environment, constant modifications in tax legislation and continuous changes in tax doctrine, determining the tax bases of deferred tax involves complex judgments to estimate future taxable income, offsets, or deductions.

The determination of the deferred tax is considered a critical accounting policy since it involves future estimates of profits or losses affected by changes in economic, exchange, social and political conditions and the taxpayers' and taxation authorities' interpretations.

The Bank assesses the realization over time of deferred income taxes, which represent income taxes recoverable through future deductions from taxable income and are recognized in the statement of financial position. Deferred tax assets are recoverable to the extent that the realization of the related tax benefits is probable. Deferred income tax assets will be recoverable based on the Bank's estimates of future taxable income.

Deferred tax liabilities are recognized on the temporary differences associated with profits not attributed by the subsidiary. The Bank estimates that the deferred income tax liability items will be paid on the income realized in future periods.

4.3. *Current tax* – In determining the current tax for periods subject to review by the taxing authority, the relevant regulations have been applied and interpretations have been made to take positions when interpretations could differ from those made by the Bank. Due to the complexity of the tax system, the continuous amendments to tax regulations, accounting changes with implications in the tax bases and, generally, the country's legal instability, the taxing authority could have different criteria from those of the Bank at any time. Therefore, a dispute or inspection by the taxing authority over a specific tax treatment may affect the accounting of the deferred or current tax asset or liability, in accordance with the requirements of IAS 12.

Management and its advisers consider that their actions on the estimates and judgments made in each fiscal period are as indicated by the current tax regulations; therefore, they have not deemed it necessary to recognize any provision additional to those in Note 28 Income Tax.

4.4. Fair value of financial instruments - The estimate of fair values of financial instruments reflects the price at which an orderly transaction to sell an asset or transfer a liability would take place between market participants. A fair value hierarchy categorizes the inputs used in valuation techniques into three levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The fair value measurement of financial instruments generally involves a high degree of complexity. It requires the application of judgments, mainly when the models use unobservable inputs (Level 3) constructed from assumptions used in the market to determine the price of the asset or liability.

The determination of what constitutes “observable” requires significant judgment by the Bank’s Management. The Bank considers observable inputs to be market data that is already available, distributed, or regularly updated by the provider of reliable and verifiable prices and that is provided by independent sources actively participating in the relevant market.

4.5. Provisions and contingencies - A contingency should be classified based on a reliable estimate of the probability of an occurring incident or event. The Bank shall disclose a brief description of its nature for each kind of contingent liability at the end of the reporting period unless the possibility of any outflow of resources in settlement is remote. When an inflow of economic benefits becomes probable, the Bank shall disclose a brief description of the nature of the contingent assets at the end of the reporting period and, whenever feasible, an estimate of their financial impact. Contingency estimates are based on the criteria adopted by IFRS as detailed below.

The Bank’s provisions are determined based on the probability established by the Legal Department for each event, fact or legal process as follows: no provision is recognized for processes with a probability of occurrence between 0% and 49%; provision is recognized according to the established guidelines for processes with a probability of occurrence between 50% and 100%.

Recognition of Obligations and Disclosure of Liabilities CGN (1)	Risk of Loss Rating- ANDJE (2)	Homologation under IFRS	Provision	[fuzzy]Disclosure
Probable	High	Probable	-	-
Possible	Medium	Possible (eventually)	X	-
Remote	Low	Remote	X	X

(1) General Accounting Office of the Nation

(2) National Agency for State Legal Defense

5. NEW STANDARDS ISSUED, INTERPRETATIONS AND AMENDMENTS

5.1. 2023 improvements that have not been included in the Colombian accounting framework through any decree as of this date

1. Amendments to IAS 21 Lack of Exchangeability:

In August 2023, the International Accounting Standards Board (IASB) amended IAS 21—The Effects of Changes in Foreign Exchange Rates. The amendment provides guidance on when a lack of exchangeability between two currencies is not temporary and, therefore, the spot exchange rate is not observable. It also provides guidelines for determining the exchange rate for translation purposes.

The standard includes requirements that will help entities determine if a currency is exchangeable into another currency and other requirements applicable when a currency is not exchangeable, along with a new application appendix and a new illustrative example.

As mentioned, the amendment specifies when a currency is exchangeable and when it is not. It establishes that a currency is exchangeable when an entity is able to exchange it through markets or exchange mechanisms that preserve its value. Currency, however, is not exchangeable if an entity can only obtain an insignificant amount of the other currency.
Accordingly, the guidance suggests that the Entity considers the following aspects:
Assess whether the functional currency is exchangeable into another currency.

a. Determine the spot exchange rate when exchangeability is lacking:

   - If currency is not exchangeable, assess whether an observable exchange rate on the measurement date applicable for a purpose other than currency translation is used.

   - Otherwise, assess whether the currency is exchangeable into another currency after the measurement date.

   - If given the above, the first post-measurement exchange rate is determined to meet the conditions of paragraph 19A, which is incorporated as part of the amendment and provides that the estimated spot exchange rate must meet the following conditions:

     - A rate at which an entity would have been able to make an exchange transaction if the currency were exchangeable into another currency,
     - A rate that would have been applied to an orderly transaction between market participants; and
     - A rate that would faithfully reflect the economic conditions prevailing.

This allows the entity to decide whether the estimation technique proposed in the amendment will be used to determine the exchange rate or whether an observable exchange rate is allowed.
When a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the prevailing economic conditions.

The amendment also requires the disclosure of additional information that would enable users of financial statements to evaluate how a currency's lack of exchangeability affects its financial performance and financial position.
This amendment applies to annual reporting periods beginning on or after January 1, 2025. Depending on local regulations, earlier application is permitted. A retrospective application will not be required for this amendment. Any effect of initially applying the amendments as an adjustment to retained earnings will be recognized when the entity uses a functional currency other than its presentation currency.
Regarding its application, the IASB issued this amendment in August 2023; therefore, it is not regulated in Colombia through a decree.

The amendments to IAS 21 do not impact the Bank's financial statements, given that the disclosures that accompany the Entity's financial statement package for the years ended December 2023 and 2022 indicate that the Bank makes foreign currency transactions in US dollars (USD) and euros (EUR); therefore, for presentation purposes, assets and liabilities are expressed in the functional currency (COP).

2. Amendment to IAS 12: International Tax Reform—Pillar Two Model Rules

The IASB published the amendment in May 2023, and its applicability is retrospective and immediate after issuance.
The amendment introduces a mandatory exception to IAS 12 to recognize and disclose deferred tax assets and liabilities related to Pillar Two income taxes. It also requires disclosure requirements for affected entities to assist users in better understanding an entity's exposure to Pillar Two income taxes arising from such international legislation, particularly before its effective date.

The Pillar Two model published by the OECD aims to introduce the new "global minimum tax" regime to limit and regulate tax competition between jurisdictions and combat the erosion of tax bases by multinational companies. The adopted tax refers to global taxation of 15 % and will apply to multinational companies whose revenues exceed 750 million euros.

Therefore, the IASB also established that the amendments provide a timely exemption to the affected entities and prevent inconsistent interpretations of IAS 12 Income Tax in practice.

Regarding its application, the IASB issued this amendment in May 2023. Therefore, it is not regulated in Colombia through a decree.
The amendment to IAS 12 does not impact the Bank's financial statements because it will apply to multinational companies with revenues exceeding 750 million euros.

5.2. The IASB issued improvements in 2021 and 2022 that will apply to January 1, 2023, and 2024

According to the information available as of the reporting date about the amendments and improvements to the current International Financial Reporting Standards, no additional standards to those set forth above by the IASB or by a decree from the National Government of Colombia were issued.

1. 2021 improvements included in the Colombian accounting framework through Decree 938/2021, effective as of January 1, 2023

On the other hand, the amendments applicable as of January 1, 2023, were regulated by Decree 938/2021, for which a summary and applicability to the Bank are included below:

Standard	Amendment	Application
Amendments to IFRS 9, IFRS 7, and IAS 39: Interest Rate Benchmark Reform	The amendments provide several exemptions for all hedging relationships directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of cash flows based on the benchmarks of the hedged item or hedging instrument.	It impacts the current asset and liability portfolio of financial instruments.
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	The IASB amended paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify the following points: • The meaning of the right to defer the settlement of a liability. • The right to defer the liability settlement must be granted at the close of the fiscal year. • The classification is not affected by the probability that the entity exercises its right to defer a liability settlement. • Only if any derivative embedded in a convertible liability represents an equity instrument would the liability terms not affect its classification.	It has no impact as long as Bancóldex does not make transactions meeting the amendment's criteria.
Amendments to IFRS 3: Reference to the Conceptual Framework	The amendments are intended to replace the reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with the reference to the Conceptual Framework for Financial Reporting, issued in March 2018, without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the problem of potential "day 2" gains or losses arising from liabilities and contingent liabilities, which would fall within the scope of IAS 37 or IFRIC 21 Liens if incurred separately. At the same time, the Board decided to clarify existing IFRS 3 guidance regarding contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.	The amendments will be covered to the extent the Bank deems it appropriate; therefore, no relevant inputs are identified when applying the definitions described in the Conceptual Framework.
Amendments to IAS 16: Property, Plant, and Equipment—Proceeds before Intended Use	The IASB issued the Property, Plant, and Equipment—Proceeds Before Intended Use standard, which prohibits entities from deducting the cost of an item of property, plant, and equipment, that is, any proceeds from selling items produced while bringing an asset into the location and condition necessary to it to be capable of operating in the manner intended by management. Instead, the entity	They do not impact Bancóldex's financial statement as long as they do not make transactions that meet the amendment's criteria.

	must recognize the proceeds from the sale of such items and the costs incurred in their production in profit or loss.	
Amendments to IAS 37: Onerous Contracts—Costs of Fulfilling a Contract	The IASB issued amendments to IAS 37 to specify what costs an entity should include when assessing whether a contract is onerous or loss-making. The amendments state that a "directly related costs approach" should be applied.	They do not impact Bancóldex's financial statement as long as they do not make transactions that meet the amendment's criteria.
Amendment to IFRS 1: First-Time Adoption of International Financial Reporting Standards	The amendment allows subsidiaries that elect to apply paragraph D16(a) of IFRS 1 to measure accumulated exchange differences using the amounts reported by the parent based on the parent's date of transition to the International Financial Reporting Standards (IFRS). This amendment also applies to associates or joint ventures that choose to apply paragraph D16(a) of IFRS 1. ´	They do not impact Bancóldex's financial statement because the Bank already applies the IFRS regulatory framework.
Amendment to IFRS 9: Fees in the '10 percent' Test for Derecognition of Financial Liabilities	The amendment clarifies the fees that entities include when assessing whether the terms of any new or modified financial liability differ substantially from those of the original. These fees include only those paid or received between the borrower and the lender, including fees paid or received by the borrower or the lender on behalf of the other. Entities must apply the amendment to financial liabilities modified or exchanged from the beginning of the annual period in which they use this amendment for the first time.	The amendment for the derecognition of financial liabilities does not impact the financial statement since the Bank has not made transactions that meet the criteria listed in the amendment.
IAS 41 Agriculture: Taxation in Fair Value Measurements	This amendment eliminates paragraph 22 of IAS 41, which requires entities to exclude tax cash flows when measuring the fair value of assets within the scope of IAS 41.	The improvement made to IAS 41 does not apply to Bancoldex's activity.

2. 2021 improvements included in the Colombian accounting framework through Decree 1611/2022, effective January 1, 2024

The amendments that will come into force on January 1, 2024, were regulated by Decree 1611/2022; therefore, a summary and their applicability to Bancóldex are detailed below.

Standard	Amendment	Application
Amendments to IAS 1: Disclosure of Accounting Policies	The amendments clarify the following points: • The word "significant" is modified by "material." • The accounting policies must be disclosed in the notes to the financial statements: "An entity is now required to disclose its material accounting policy information." • When an accounting policy is considered material. • The following paragraph is incorporated: "Accounting policy information that focuses on how an entity has applied the requirements of IFRS to its circumstances provides specific details on the entity that is more useful to users of financial statements than information standardized or information that only duplicates or summarizes the requirements of the IFRS."	The amendments will be covered to the extent the Bank deems it appropriate in its accounting policies.
Amendments to IAS 8: Definition of Accounting Estimates	The IASB published the amendment in February 2021 and clearly defines an accounting estimate: "Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty."	The new definition of accounting estimates has no impact on Bancóldex's financial statements.
Amendments to IAS 12: Deferred Taxes related to Assets and Liabilities arising from a Single Transaction	The amendment allows recognition of a deferred tax liability or asset other than in a business combination upon the initial recognition of an asset or liability that, at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.	It has no impact as long as Bancóldex does not make transactions meeting the amendment's criteria.

Amendments to IFRS 16: COVID-19-Related Rent Concessions beyond June 30, 2021	The IASB issued amendments to IFRS 16 to extend from June 30, 2021, to June 30, 2022, the practical expedient for tenants affected by rent concessions caused by the COVID-19 pandemic.	It has no impact as long as Bancóldex does not make transactions meeting the amendment's criteria.

3. 2022 improvements not included in the Colombian accounting framework through any decree to date

The following amendments were issued by the IASB in 2022; however, no decree regulates them in Colombia. Therefore, a summary of the applicability to the Bank is included below.

Standard	**Amendment**	Application
Amendments to IAS 1: Non-current Liabilities with Covenants	The amendment requires an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current, and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The disclosures must include information about the nature of the covenants and liabilities in the explanatory notes.	It does not impact the Bank because it has not made transactions associated with non-current liabilities from loan agreements.
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	The amendment incorporates use and disclosure requirements for the seller-lessee when measuring the lease liability arising from the sale and leaseback transaction to prevent the seller-lessee from recognizing a gain or loss associated with the right of use it retains.	It does not impact Bancoldex's financial statement since it has not made transactions that meet the amendment.

6. FAIR VALUE ESTIMATION

The fair value of financial assets and liabilities traded in active markets (such as financial assets in debt securities, equity instruments and derivatives actively quoted in stock exchanges or in interbank markets) is based on dirty prices provided by an official price provider authorized by the Financial Superintendence of Colombia, which determines such prices through weighted averages of transactions occurring during the trading day.

An active market is a one where asset or liability transactions are carried out with the right frequency and volume to provide price information on an ongoing basis. A dirty price includes the accrued and outstanding interests on the security from the issuance date or last interest payment to either the compliance date of the purchase-sale transaction or the valuation date. The fair value of financial assets and liabilities not traded in an active market is determined through valuation techniques determined by the price provider.

Valuation techniques used for non-standardized financial instruments such as options, foreign currency swaps and over-the-counter (OTC) derivatives market include the use of interest rate or currency valuation curves constructed by price providers from market data and extrapolated to the specific conditions of the instrument that is valued, discounted cash flow analysis, option pricing model and other valuation techniques commonly used by market participants that use market data fully and place as little reliance as possible on specific data of entities.

The Bank calculates the fair value of fixed-income instruments and derivatives daily using price and/or input information provided by official price provider PRECIA S.A. This provider has been authorized after due compliance with the standards applicable to price providers for valuation in Colombia, including its purpose, operating regulations, approval process of valuation methodologies and required technological infrastructure, among other aspects. After evaluating the methodologies of the price provider PRECIA S.A. it is concluded that the fair value calculated for derivative instruments based on prices and inputs delivered by the price provider is appropriate.

The fair value of non-monetary assets, such as investment properties, is determined by independent experts using the replacement cost method.

Fair value hierarchy is based on the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities which the entity may access at the measurement date.
- Level 2 inputs are different from the quoted prices included in Level 1, which may be observable for the asset or liability either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy where the fair value measurement is entirely classified is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Therefore, the importance of an input is assessed in relation to the fair value measurement in its entirety.

Financial instruments quoted on markets that are not considered active but are valued using quoted market prices, quotations from price providers or alternative price sources supported by observable inputs are classified in Level 2.

A Level 3 fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs. Assessing the importance of a particular input to the fair value measurement in its entirety requires professional judgment, and consideration of specific factors of the asset or liability.

The Bank deems as observable data the market data that is already available, distributed or regularly updated by the price provider, reliable and verifiable; data that does not have ownership rights, and is provided by independent sources that actively participate in the relevant market.

6.1. Fair Value measurements on a recurring basis

The following table presents, within the fair value hierarchy, the Bank's assets and liabilities (by class) measured at fair value as of December 31, 2023, and 2022, on a recurring basis:

		2023		
Recurring assets at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments at fair value through profit or loss Debt instruments				
In COP				
TES treasury bonds	$ 55,746,030	$ -	$ -	$ 55,746,030
Other national issuers - financial institutions	-	11,883,413	-	11,883,413
Investments at fair value with changes in OCI Equity instruments				
In COP				
National issuers - private equity funds	-	233,342,871	-	233,342,871
National issuers - FNG	-	-	153,194,236	153,194,236
In foreign currency				
Foreign issuers Bladex	46,195,791	-	-	46,195,791
Investments at fair value with changes in OCI Debt instruments				
In COP				
TES treasury bonds	1,195,205,535	-	-	1,195,205,535
Other national issuers - financial institutions	-	105,501,170	-	105,501,170
Trading derivative financial instruments				
Forward contracts				
Currency Forward	-	58,503,737	-	58,503,737
Futures contracts				
Currency futures rights	-	2,887,510,620	-	2,887,510,620
Currency futures obligations	-	(2,887,510,620)	-	(2,887,510,620)

	Level 1	Level 2	Level 3	Total
Hedging derivative financial instruments				
Future contracts				
Currency futures rights	-	47,323,378	-	47,323,378
Currency futures obligations	-	(47,323,378)	-	(47,323,378)
Swaps				
Swaps IRS - Interest rate Swaps	-	27,194,078	-	27,194,078
Non-financial assets				
Investment properties	-	12,017,858	-	12,017,858
Total recurring assets at fair value	$ 1,297,147,356	$ 448,443,127	$ 153,194,236	$ 1,898,784,719

		2023		
Recurring liabilities at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Trading derivative financial instruments				
Forward contracts				
Currency Forward	-	79,394,899	-	79,394,899
Hedging derivative financial instruments				
Swaps				
Swaps IRS - Interest rate Swaps	-	623,987	-	623,987
Total recurring liabilities at fair value	$ -	$ 80,018,886	$ -	$ 80,018,886

		2022		
Recurring assets at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments at fair value through profit or loss				
Debt instruments				
In COP				
Other national issuers - financial institutions	-	30,797,495	-	30,797,495
Investments at fair value with changes in OCI				
Equity instruments				
In COP				
National issuers - private equity funds	-	215,293,896	-	215,293,896
National issuers - FNG	-	-	138,153,805	138,153,805
In foreign currency				
Foreign issuers Bladex	38,070,142	-	-	38,070,142
Investments at fair value with changes in OCI				
Debt instruments				
In COP				

TES treasury bonds	1,043,072,594	-	-	1,043,072,594
Other national issuers - financial institutions	-	-	100,481,650	100,481,650
Trading derivative financial instruments				
Forward Contracts				
Currency Forward	-	72,462,121	-	72,462,121
Future contracts				
Currency futures rights	-	5,031,451,955	-	5,031,451,955
Currency futures obligations	-	(5,031,451,955)	-	(5,031,451,955)
Hedging derivative financial instruments				
Future contracts				
Currency futures	-	38,930,787	-	38,930,787
Currency futures	-	(38,930,787)	-	(38,930,787)
Non-financial assets				
Investment properties	-	11,675,832	-	11,675,832
Total recurring assets at fair value	$ 1,081,142,736	$ 330,229,344	$ 238,635,455	$ 1,650,007,535

	2022			
Recurring liabilities at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Trading derivative financial instruments				
Forward Contracts				
Currency Forward	-	70,826,054	-	70,826,054
Hedging derivative financial instruments				
Swaps				
Swaps IRS - Interest rate Swaps	-	14,667,748	-	14,667,748
Total recurring liabilities at fair value	$ -	$ 85,493,802	$ -	$ 85,493,802

a. Determination of fair values

The price provider receives the information from all external and internal sources of negotiation and registration within the fixed schedules according to the methodologies approved by the Financial Superintendence of Colombia. In order to determine the hierarchy level 1 and 2 of the fair value, an instrument-by-instrument assessment is carried out according to the calculation type information reported by PRECIA S.A., the expert judgment of the Front and Middle Office which issue their concepts by considering the following aspects: Continuity in the historical publication of prices, circulation amount, record of operations performed, number of price contributors as a measurement of depth, market knowledge, steady quotations by one or more counterparties of the specific security, and bid-offer spreads, amongst others.

The methodologies applicable to the most common derivative instruments are:

- Valuation of foreign currency forwards: The provider publishes curves assigned according to the currency of origin of the underlying. These curves are made up of nominal rates for the past due period associated with forward exchange rate contracts.

- Valuation of bond forwards: In order to determine the valuation of the forward at a given date, the theoretical future value of the bond is calculated from its price on the valuation day and the risk-free rate of the reference country of the underlying. Then, the present value of the difference between the theoretical future value and the bond price agreed in the forward contract is obtained by using the risk-free rate of the reference country of the underlying to the term of days for expiration of the contract for the discount.

- Valuation of swap operations: The provider publishes curves assigned according with the underlying, basis swap curves (exchange of payments associated with variable interest rates), domestic and foreign curves, implicit curves associated with forward exchange rate contracts.

- Valuation of OTC options: The provider publishes curves assigned according to the currency of origin of the underlying, the forward exchange rate curve of the domestic currency, which is subject of the operation, implicit curves associated with forward exchange rate contracts, swap curves assigned according with the underlying, matrix and implicit volatility curves.

- Valuation of investments at fair value by the FNG: The price vendor submits the report for the Fund valuation quarterly using the Fair Value Measurement of Equity Instruments of Non-Controlling Interest method. The result is the updated price for the period with which the investment is valued.

- Investment property: The fair value is calculated based on appraisals by Nestor Mora & Asociados. This independent firm has the capacity and experience in appraising the sites and types of assets valued using the comparison or market method and the analysis of price appraisals in the same area.

6.2. Fair value measurements classified as Level 3 - The following table presents a reconciliation of fair value measurements classified as Level 3:

	2023	2022	
	FNG Investment	FNG Investment	Private Equity Funds (foreign) Investment
Balance at the beginning of the period	$ 138,153,805	$ 102,276,938	$ 70,611,238
Valuation adjustments through profit or loss	-	-	(457,340)
Valuation adjustments through OCI	15,040,431	35,876,867	303,641
Purchases/calls	-	-	1,460,384
Carryovers	-	-	(71,538,475)
Restatement	-	-	(379,448)
Balance at the end of the period	$ 153,194,236	$ 138,153,805	$ -

The fair value of the position in a foreign currency equity fund is updated quarterly based on the net asset value (or "NAV") reported by the general partner or fund administrator of the relevant fund. This NAV is calculated as of the end of March, June, September, and December. However, it is obtained approximately two months after the quarterly reporting date, so the fair value also includes the positive (called capital) or negative activity (distributions) between the quarterly reporting date and the date of NAV update.

It should be noted that this NAV reflects Bancóldex's participation in the movements of flows and accruals for the period of the accounts that affect the equity amount of the invested fund. The accounts that are flows include new contributions from investors, distributions to them, payments to advisers and commissions, among other fund expenses. Accounts that are usually accruals include increases in value or impairments in assets that remain on the balance sheet and those generated at the time of investment sales.

7. CASH AND CASH EQUIVALENT

The cash and cash equivalent balance comprises the following as of December 31, 2023 and 2022:

	2023	2022
Legal currency		
Cash	$ 7,410	$ 7,250
Central Bank		
Checking account (1)	91,058,763	76,197,049
Banks and other financial institutions (2)	39,889,552	74,682,049
	130,955,725	150,886,348
Foreign currency		
Banks and other financial institutions	12,582,227	10,772,763
	12,582,227	10,772,763
	$ 143,537,952	$ 161,659,111

(1) These funds are allocated to the Nation under the borrowing contract entered into between Bancóldex and the Inter-American Development Bank (IDB), through which Bancóldex pledges the income it receives from the collection of the credit portfolio up to an amount of 130% for agreements 2983/TC-CO, 3003/TC-CO, 3661/TC-CO, 2949/OC-CO, 4439 /OC-CO, 4939 /OC-CO y 5169/TC-CO

(2) The following is the disaggregation of reconciling items pending regularization for more than 30 days on December 31, 2023 and 2022:

	2023		2022	
	Quantity	**Amount**	**Quantity**	**Amount**
Legal currency				
Outstanding credit notes in books	61	1,976,820	36	2,044,686
Outstanding debit notes in books	-	-	1	8,786
Non-bank debit items	16	348,844	-	-

There are restrictions on the Bank's cash caused by attachments ordered by municipal and government agencies; as of December 31, 2023, and 2022, it amounts to $79,144 and $79,137, respectively. The breakdown of the funds frozen by attachments is as follows:

Banking Institution	Account Type	2023	2022
Banco AV Villas	Savings Account	$ 79,144	$ 79,137

8. FINANCIAL INSTRUMENTS

The balance of the investment portfolio as of December 31, 2023, and 2022 is as follows:

8.1. Investments at fair value through profit or loss - debt instruments

	2023	2022
	Amount	Amount
Legal currency		
Securities issued by the Nation		
Ministry of Finance FIXED RATE TES	$ 55,746,030	$ -
Securities issued by entities supervised by the SFC		
CPI Bonds	3,735,413	13,255,415
DTF Bonds	-	9,995,200
BRI Bonds	8,148,000	7,546,880
	11,883,413	30,797,495
	$ 67,629,443	$ 30,797,495

At the end of 2023, the trading strategy increased investments in TES by $36,831,948 compared to 2022, closing with a balance of $55,746,030. This was offset by a decrease in investments in securities issued by SFC-supervised entities, given that some IPC and DTF bonds with a face value of $20,000,000 reached their maturity dates in February and June 2023.

8.2. Investments at fair value with changes in other comprehensive income - debt instruments

	2023	2022
	Amount	Amount
Legal tender		
Securities issued by the Nation		
Ministry of Finance FIXED RATE TES	$ 1,195,205,535	$ 1,010,820,990
Ministry of Finance UVR TES	-	32,251,604
	1,195,205,535	1,043,072,594
Securities issued by entities supervised by the SFC		
DTF Term Deposits (TDs) - TF	105,501,170	100,481,650
	105,501,170	100,481,650
	$ 1,300,706,705	$ 1,143,554,244

The portfolio in this classification saw a substantial increase of $157,152,461 compared to the end of 2022. This was primarily due to the rise in market prices and valuations of positions in fixed-rate TES securities, coupled with a general drop in the yield curve of approximately 330 bps during 2023.

We took new positions throughout the year as part of the liquidity portfolio rebalancing, a proactive measure to maintain the Bank's liquidity indicator standards. In February 2023, the TES UVR matured, leaving a balance of $32,251,604 at the end of 2022.

8.3. Investments at amortized cost

	2023	2022
	Amount	Amount
Legal tender		
Securities issued by the Nation		
Ministry of Finance FIXED RATE TES	$ 239,020,288	$ 239,772,469
Solidarity securities	5,317,629	5,257,915
	244,337,917	245,030,384
Foreign currency		
Securities issued by the Nation		
Yankees Bonds	737,603,325	933,382,828
	$ 981,941,242	$ 1,178,413,212

Investments classified at amortized cost decreased by $196,471,970 at the end of 2023 compared to 2022. This was mainly due to the restatement of the investment to Colombian pesos, which was significantly affected by the exchange rate variation, dropping from $4,810.20 in 2022 to $3,822.05 in 2023.

8.4. Investments at fair value with changes in other comprehensive income - equity instruments

	2023	2022
Banco Latinoamericano de Exportaciones S.A. - BLADEX (1)	$ 46,195,791	$ 38,070,142
Fondo Nacional de Garantías (2)	153,194,236	138,153,805
Private Equity Funds (3)	233,342,871	215,293,896
	$ 432,732,898	$ 391,517,843

(1) The investment in Bládex closes in 2023 with a variation of $8,125,649 compared to 2022. Despite the drop in the representative market rate of $988.15, the amount of the investment increased by USD 8.54, going from USD 16.20 in 2022 to USD 24.74 in 2023, due to movements in the share value.

(2) The investment in the National Guarantee Fund shows an increase of $15,040,431 during 2023 as a result of an appreciation in the share price that went from $6,883.61 at the end of 2022 to $7,633.01 at the end of 2023.

(3) At the end of 2023, investments in Private Equity Funds increased by $18,048,975 compared to 2022, mainly due to capital calls for $9,808,058, redemptions for $1,069,625, and the valuation effect from movements in the unit value for $10,377,127. Moreover, on September 25, 2023, the General Meeting of Investors of the SME Debt Subfund requested the liquidation of the subfund. This caused a loss of $1,066,585 due to the realization of the OCI accrued since its establishment.

The investments that the Bank maintains in Private Equity Funds are presented below:

2023
Portfolio in Colombian Pesos

Entity	Investment commitment	Capital Call	Redemption	Invested	Accumulated valuation (loss) profit	Annual valuation (loss) profit	% Executed	Fair Value
Escala	$ 11,000,000	$ 10,999,332	$ 1,127,138	$ 11,000,000	$ (7,259,646)	$ (203,565)	100.00	$ 8,339
Aureos	14,000,000	9,993,120	17,371,615	10,011,948	149,854	445,831	71.51	284,348
Progresa Capital	3,723,480	3,723,480	2,371,337	3,723,480	(1,161,168)	176,135	100.00	228,737
Compartment - Bancóldex Capital Fund of Funds (1)	185,447,004	168,721,702	2,400,000	168,721,702	89,118,974	12,035,965	90.98	189,972,599
Capital Compartment for Entrepreneurship - Bancóldex Fund of Funds (1)	63,000,000	40,994,424	-	40,994,424	2,012,553	(2,677,480)	65.07	42,848,848
	$ 277,170,484	$ 234,432,058	$ 23,270,090	$ 234,451,554	$ 82,860,567	$ 9,776,886	84.59	$ 233,342,871

2022
Portfolio in Colombian Pesos

Entity	Investment commitment	Capital Call	Redemption	Invested	Accumulated valuation (loss) profit	Annual valuation (loss) profit	% Executed	Fair Value
Escala	$ 11,000,000	$ 10,999,332	$ 678,051	$ 11,000,000	$ (7,056,081)	$ (5,583)	100.00	$ 660,991
Aureos	14,000,000	9,993,120	16,829,396	10,011,948	(295,977)	(6,851)	71.51	380,736
Progresa Capital	3,723,480	3,723,480	2,294,631	3,723,480	(1,337,303)	(999)	100.00	129,308
Compartment - Bancóldex Capital Fund of Funds (1)	185,447,004	168,721,702	2,400,000	168,721,702	77,083,009	11,614,933	90.98	177,936,634
Fondo de Fondos Capital Compartment for Entrepreneurship - Bancóldex Fund of Funds(1)	63,000,000	31,633,436	-	31,633,436	4,690,033	2,431,406	50.21	36,165,339
SME Private Debt Compartment - Bancóldex Capital Fund of Funds (2)	100,000,000	621,129	-	621,129	(600,241)	(594,771)	0.62	20,888
	$ 377,170,484	$ 225,692,198	$ 22,202,078	$225,711,694	$ 72,483,440	$13,438,135	59.84	$ 215,293,896

(1) In July 2023, the private equity fund Bancoldex Capital Fondo de Fondos completed four years of operation as a natural evolution of the Bancóldex Capital Program, in which the Bank acts as a Professional Manager. The Fund pooled resources at the end of 2023 for $323,539 million, where Bancóldex acts as anchor investor with an amount of $230,447 million, distributed in two subfunds:

a. Capital para Emprender Subfund: It aims to invest in entrepreneurial equity funds, which invest in Latin American ventures in the early stage (Pacific Alliance approach), which have financed their first operational phases and have a proven product.

This subfund pooled resources for $138,092 million. In addition to the Bank, iNNpulsa Colombia, MinCiencias, a multilateral entity, a Japanese corporation, and a Colombian insurance company participated in this subfund.

Regarding investments, the subfund comprises nine entrepreneurial equity funds, with USD 26.5 million in investment commitments signed. These funds have managed to make 192 investments (40 of which are Colombian) for USD 238 million.

b. Bancóldex Capital Subfund: With the strategic objective of pooling all the Bank's investments in equity funds, the Bank's management decided to transfer these investments from the balance sheet to Fondo de Fondos. This process was carried out in 2022. This subfund is $185,447 million. It has a portfolio of 11 equity funds with a total investment commitment of $164,622 million. These funds have made 173 investments (70 are Colombian) for $3 trillion.

(2) During its session on September 25, 2023, the General Meeting of Investors of the Deuda Pymes Subfund requested the liquidation of the subfund, choosing Fiducoldex as the liquidation agent. This procedure was completed in October 2023. The disposal of this investment was mainly due to the following reasons:

- The Deuda Pymes Subfund was created in 2021 to invest in private equity funds. Its thesis was to offer structured debt to small and medium-sized Colombian companies. Thus, it complemented the Bank's credit offer.

- At the beginning of the subfund's operation, a sufficient pipeline was identified to implement the strategy. However, the increase in rates and the low appetite of institutional investors for this type of equity fund caused many managers to give up their efforts to obtain resources, thus leaving a market with few investment alternatives.

- In this context, the Bank focused on studying the remaining funds more inclined to offer debt for medium and small companies. Thus, the approval of the Subfund Investment Committee of two (2) equity funds was gained, the formalization of which was subject to these funds achieving their initial closing.

- During subsequent sessions of the Subfund Investment Committee, it was reported that the first approved fund had not obtained sufficient resources for its initial closing. This led the fund manager to give up on continuing the initiative, thus canceling this approval.

- The Investment Committee was subsequently informed that the second approved fund had not reached its initial closing within the expected time (September 2023), rendering its previous approval invalid.

- Because of these situations and the absence of private debt funds aligned with the Subfund strategy, it was concluded that continuing this investment line was not viable.

8.5. Investments in subsidiaries

	2023	**2022**
Fiduciaria Colombiana de Comercio Exterior S.A. - FIDUCOLDEX	$ 59,687,879	$ 50,114,047

The following is the disaggregation of the investment in the subsidiary as of December 31, 2023, and 2022:

2023

Entity	% Share	Initial balance	Buy Shares	Dividends received in cash	Income Gains or (Loss)	Other comprehensive income Gains / (Losses)	Ending balance
Fiduciaria Colombiana de Comercio Exterior S.A. - FIDUCOLDEX	89.62	$50,114,047	$ -	$ 717,953	$10,291,784	$ -	$59,687,878

2022

Entity	% Share	Initial balance	Buy Shares Acciones	Dividends received in cash	Income Gains or (Loss)	Other comprehensive income Gains / (Losses)	Ending balance
Fiduciaria Colombiana de Comercio Exterior S.A. - FIDUCOLDEX	89.62	$49,229,415	$ 162,793	$ 75,856	$ 797,944	$ (249)	$50,114,047

8.6. Derivative financial instruments - The disaggregation of the fair value of trading derivative instruments as of December 31, 2023, and 2022 is as follow:

	2023			2022		
	Asset position	**Liability position**	**Total derivatives**	**Asset position**	**Liability position**	**Total derivatives**
Forward trading contracts						
Currency forward	$ 58,503,737	$ 79,394,899	$ (20,891,162)	$ 72,462,121	$ 70,826,055	$ 1,636,066
Total forward trading contracts [4]	58,503,737	79,394,899	(20,891,162)	72,462,121	70,826,055	1,636,066
Future trading contracts						
Currency futures, rights	2,887,510,620	-	2,887,510,620	5,031,451,955	-	5,031,451,955
Currency futures, obligations	(2,887,510,620)	-	(2,887,510,620)	(5,031,451,955)	-	5,031,451,955)
Total future trading contracts	-	-	-	-	-	-
	58,503,737	79,394,899	(20,891,162)	72,462,121	70,826,055	1,636,066
Future hedging contracts						
Currency futures, rights	47,323,378	-	47,323,378	38,930,787	-	38,930,787
Currency futures, obligations	(47,323,378)	-	(47,323,378)	(38,930,787)	-	(38,930,787)
Total future hedging contracts	-	-	-	-	-	-
Hedging swap contracts						

Interest rate swaps	27,194,078	623,987	26,570,091	-	14,667,747	(14,667,747)
Total hedging swap contracts (5)	27,194,078	623,987	26,570,091	-	14,667,747	(14,667,747)
	27,194,078	623,987	26,570,091	-	14,667,747	(14,667,747)
	$ 85,697,815	$ 80,018,886		$ 72,462,121	$ 85,493,802	

(1) Trading derivatives show a decrease of $22,527,228, originating from the Treasury's strategy in this type of operation. The number of synthetic indices in 2023 closes USD 50 million above the balance in 2022, with operations impacted by market curve movements.

(2) The Bank has recently issued social bonds under the following conditions:

- On May 11, 2022, social bonds were issued for $500,000 million at 24 and 36 months and fixed cut-off rates of 11.50 % EA and 11.96 % EA, respectively.

- On October 25, 2023, it issued social bonds for $600,000 million with terms of 18, 24, and 36 months and fixed cut-off rates of 14.85 % EA., 14.19 % EA, and 13.60 % EA, respectively.

To offer bond investors the indicator of their preference (fixed rate) and index Bancóldex's liabilities to the primary indicator of its assets (IBR 1 month), the Bank contracted interest rate hedging swaps (IRS) for each of the issues.

These operations allowed Bancóldex to hedge base risk and match its assets and liabilities. The Bank obtained significant savings in its cost of funds by taking advantage of the arbitration window in the market. The hedging IRS swaps closed with a net position of $26,570,091 as of December 2023, delivering a positive variation of $41,861,825 compared to the end of 2022.

8.7. Creditworthiness of debt securities - Creditworthiness information of debt securities is presented below according to the international risk rating assigned by recognized rating agencies

	2023	2022
BB+	$ 2,231,551,183	$ 2,221,485,805
No rating	117,273,566	131,279,145
Total	$ 2,348,824,749	$ 2,352,764,950

In 2023, there was a slight increase in the amount of the investment portfolio. There were two reclassifications of investments at maturity, Yankee and TES 34 securities. However, the proportion above 90% of these investments is maintained at a BB+ rating in accordance with the assignment issued by international rating agencies.

Below is a breakdown of the credit quality of the counterparties with which the derivative transactions are made, according to the international risk rating assigned by recognized rating agencies:

Investment Grade	$ 113,980,938	$ 108,442,728
No Rating	74,059,842	455,406,835
Total	$ 188,040,780	$ 563,849,563

As of December 31, 2023, and 2022, 39% and 61% of the exposure, respectively, is in counterparties with an international investment grade rating. Those that do not have a rating are mostly local pension and severance funds.

The credit exposure of transactions with derivative financial instruments increased due to greater exposure and volatility of the exchange rate.

8.8. Financial assets by maturity dates: The following is a summary of financial assets by maturity dates as of December 31, 2023 and 2022:

BLANK SPACE

	2023					
	More than three months and less than one year		More than one year			Total
	More than three months and less than six months	More than six months and less than one year	Between one and three years	More than three years and less than five years	More than five years	
Investments at amortized cost						
Nation Issued Securities – TDS	$ 4,266,847	$ 1,050,782	$ -	$ -	$ -	$ 5,317,629
Nation issued Securities – TES	-	-	-	-	239,020,288	239,020,288
Nation Issued Securities - Yankee Bonds	-	-	-	-	737,603,325	737,603,325
Investments at fair value through profit or loss - Debt instruments						
Nation issued Securities – TES	-	-	55,746,030	-	-	55,746,030
Securities issued by entities surveilled by the Financial Superintendence	-	8,148,000	3,735,413	-	-	11,883,413
Investments at fair value with changes in OCI - Debt instruments						
Nation issued Securities – TES	-	160,142,000	550,881,010	163,024,225	321,158,300	1,195,205,535
Securities issued by entities surveilled by the Financial Superintendence	31,595,760	73,905,410	-	-	-	105,501,170
	$ 35,862,607	$ 243,246,192	$ 610,362,453	$ 163,024,225	$ 1,297,781,913	$ 2,350,277,391

	2022							
	Up to three months	More than three months and less than one year			More than one year			Total
	More than one month and less than three months	More than three months and less than six months	More than six months and less than one year	More than six months and less than one year	Between one and three years	More than three years and less than five years	More than five years	
Investments at amortized cost								
Nation Issued Securities – TDS	$ -	$ 5,257,915	$ -		$ -	$ -	$ -	$ 5,257,915
Nation issued securities – TES	-	-	-		-	-	239,772,469	239,772,469
Nation Issued Securities - Yankee Bonds	-	-	-		-	-	933,382,828	933,382,828
Investments at fair value through profit or loss - Debt instruments								
Securities issued by entities surveilled by the Financial Superintendence	9,995,200	9,870,400	-		7,546,880	3,385,015	-	30,797,495
Investments at fair value with changes in OCI - Debt instruments								
Nation issued securities – TES	32,251,604	-	-		801,148,820	32,992,125	176,680,045	1,043,072,594
Securities issued by entities surveilled by the Financial Superintendence	-	-	100,481,650		-	-	-	100,481,650
	$ 42,246,804	$ 15,128,315	$ 100,481,650		$ 808,695,700	$ 36,377,140	$ 1,349,835,342	$ 2,352,764,950

9. OTHER FINANCIAL ASSETS

The balance of money market transactions comprises the following as of December 31, 2023, and 2022:

	2023			2022		
	Trading Term Days	USD Amount	Amount	Trading Term Days	USD Amount	Amount
Legal tender (1)						
Interbanks						
Banks	9	-	$ 60,100,150	5	-	$ 65,075,863
Financial Corporations	-	-	-	4	-	35,032,503
Simultaneous transactions						
Investment transfer commitments	10	-	651,635,320	5	-	701,590,949
Total Legal Tender			711,735,470			801,699,315
Foreign Currency (2)						
Overnight						
Banks	-	-	-	5	5,002	24,060,119
Other Financial Institutions	-	-	-	5	4,001	19,247,646
Total Foreign Currency		-	-		9,003	43,307,765
		-	$ 711,735,470		9,003	$ 845,007,080

(1) Money market operations in legal tender show a decrease in the balance of December 2023 compared to December 2022. In December 2022, the MIGA secured loan resources were received, which generated liquidity surpluses in money market operations. However, by December 2023, the Bank had liquidity, but not in the same proportion, as a result of inflows in the savings accounts due to the market's high liquidity.

(2) At the end of 2023, the Bank did not have a balance in overnight operations; this decrease was due to liquidity needs in December 2023.

10. CREDIT PORTFOLIO AND FINANCE LEASE TRANSACTIONS, NET

10.1. Loan portfolio by type: The following was the breakdown of the loan portfolio by type as of December 31, 2023, and 2022:

2023				
Type	Principal	Interest	Accounts Receivable	Total
Business	$ 7,752,169,767	$ 117,595,572	$ 9,603,351	$ 7,879,368,690
Consumer (1)	2,207,178	7,951	27	2,215,156
Housing (1)	23,766,369	102,862	7,313	23,876,544
Impairment	(272,535,338)	(24,011,304)	(8,492,910)	(305,039,552)
Balance	$ 7,505,607,976	$ 93,695,081	$ 1,117,781	$ 7,600,420,838

2022				
Type	Principal	Interest	Accounts Receivable	Total
Business	$ 8,490,125,237	$ 120,392,687	$ 6,102,667	$ 8,616,620,591
Consumer (1)	1,602,309	10,702	12	1,613,023
Housing (1)	21,210,360	173,698	5,545	21,389,603
Impairment	(235,696,153)	(21,221,719)	(5,376,692)	(262,294,564)
Balance	$ 8,277,241,753	$ 99,355,368	$ 731,532	$ 8,377,328,653

(1) The consumer and housing portfolio involves loans granted to employees and former employees before their retirement.

10.2. Loan portfolio by modality and age - The following was the breakdown of the loan portfolio by modality and age as of December 31, 2022, and 2021:

	2023			
Portfolio and accounts receivable in legal tender:	Capital	Intereses	Cuentas por cobrar	Total
Suitable commercial portfolio guarantee:				
Due	$ 892,811,358	$ 30,325,322	$ 2,620,432	$ 925,757,112
Overdue 1 to 3 months	24,130,219	908,576	161,106	25,199,901
Overdue 3 to 6 months	28,725,784	2,624,748	189,973	31,540,505
Overdue 6 to 12 months	67,621,460	4,865,982	946,928	73,434,370
Overdue more than 12 months	80,185,629	6,227,921	2,586,852	89,000,402
	1,093,474,450	44,952,549	6,505,291	1,144,932,290
Other commercial portfolio guarantees:				
Due	6,050,207,194	57,161,803	223,749	6,107,592,746

Overdue 1 to 3 months	36,176	773	-	36,949
Overdue 3 to 6 months	119,530	-	7	119,537
Overdue 6 to 12 months	2,470,369	55,344	472,270	2,997,983
Overdue more than 12 months	56,780,582	2,954,924	2,402,034	62,137,540
	6,109,613,851	60,172,844	3,098,060	6,172,884,755
Suitable consumer portfolio guarantee:				
Due	2,197,296	7,899	24	2,205,219
Overdue 1 to 2 months	9,882	52	3	9,937
	2,207,178	7,951	27	2,215,156
Suitable housing portfolio guarantee :				
Due	23,073,692	86,475	1,269	23,161,436
Overdue 1 to 4 months	485,784	16,387	298	502,469
Overdue 4 to 6 months	69,576	-	109	69,685
Overdue 6 to 12 months	42,816	-	925	43,741
Overdue more than 18 months	94,501	-	4,712	99,213
	23,766,369	102,862	7,313	23,876,544
Total legal tender	7,229,061,848	105,236,206	9,610,691	7,343,908,745
Portfolio and accounts receivable in foreign currency:				
Suitable commercial portfolio guarantee :				
Due	65,079,423	656,756	-	65,736,179
Overdue 1 to 3 months	2,443,722	-	-	2,443,722
Overdue 3 to 6 months	1,224,153	-	-	1,224,153
	68,747,298	656,756	-	69,404,054
Other commercial portfolio guarantee:				
Due	480,334,168	11,813,423	-	492,147,591
	480,334,168	11,813,423	-	492,147,591
Total foreign currency	549,081,466	12,470,179	-	561,551,645
Total gross portfolio and accounts receivable	7,778,143,314	117,706,385	9,610,691	7,905,460,390
Impairment of portfolio and accounts receivable	(272,535,338)	(24,011,304)	(8,492,910)	(305,039,552)
Total net portfolio and accounts receivable	$ 7,505,607,976	$ 93,695,081	$ 1,117,781	$ 7,600,420,838

	2022			
Portfolio and accounts receivable in legal tender:	**Principal**	**Interest**	**Accounts receivable**	**Total**

Suitable commercial portfolio guarantee:				
Due	$ 1,078,672,506	$ 35,526,703	$ 2,454,033	$ 1,116,653,242
Overdue 1 to 3 months	38,388,076	3,010,971	75,823	41,474,870
Overdue 3 to 6 months	38,948,482	3,405,052	195,153	42,548,687
Overdue 6 to 12 months	37,151,156	3,533,706	481,823	41,166,685
Overdue more than 12 months	48,226,943	3,724,226	1,781,078	53,732,247
	1,241,387,163	49,200,658	4,987,910	1,295,575,731
Other commercial portfolio guarantees				
Due	6,235,378,850	53,081,108	171,019	6,288,630,977
Overdue 1 to 3 months	1,469,391	101,986	542	1,571,919
Overdue 3 to 6 months	3,645,393	129,635	1,066	3,776,094
Overdue 6 to 12 months	13,971,633	351,559	33,544	14,356,736
Overdue more than 12 months	42,247,820	2,052,481	908,586	45,208,887
	6,296,713,087	55,716,769	1,114,757	6,353,544,613
Suitable consumer portfolio guarantee:				
Due	1,602,309	10,702	12	1,613,023
Suitable housing portfolio guarantee:				
Due	21,005,962	172,406	1,250	21,179,618
Overdue 1 to 4 months	109,897	1,292	134	111,323
Overdue past 18 months	94,501	-	4,161	98,662
	21,210,360	173,698	5,545	21,389,603
Total legal tender	7,560,912,919	105,101,827	6,108,224	7,672,122,970
Portfolio and accounts receivable in foreign currency:				
Suitable Commercial portfolio guarantee :				
Due	57,631,935	464,214	-	58,096,149
Overdue 1 to 3 months	1,157,127	-	-	1,157,127
	58,789,062	464,214	-	59,253,276
Other commercial portfolio guarantee:				
Due	893,235,925	15,011,046	-	908,246,971
Total foreign currency	952,024,987	15,475,260	-	967,500,247
Total gross portfolio and accounts receivable	8,512,937,906	120,577,087	6,108,224	8,639,623,217
Impairment of portfolio and accounts receivable	(235,696,153)	(21,221,719)	(5,376,692)	(262,294,564)
Total net portfolio and accounts receivable	$ 8,277,241,753	$ 99,355,368	$ 731,532	$ 8,377,328,653

At the end of December 2023, the portfolio balance in Colombian pesos was $331,851,071, lower than the volume recorded in 2022. This is explained by: a) an increase in disbursements, $5.63 trillion so far this year compared to disbursements reported in 2022 for $5.47 trillion; b) an increase in payments and prepayments, $5.67 trillion in 2023 compared to $3.9 trillion in 2022.

The loan portfolio balance in US dollars at the end of December 2023 registered a reduction of $402,943,521 in local currency compared to the previous year. This variation is explained by a disbursement volume of USD 165.5 million in 2023 compared to USD 343 million in 2022 and total payments and prepayments of USD 208.19 in 2023 compared to USD 441 million in 2022.

10.3. Loan portfolio by risk classification: The following is the detail of the loan portfolio by rating:

2023

				Impairment			
	Principal	**Interest**	**Other Items**	**Principal**	**Interest**	**Other Items**	**Principal**
Housing Loans							
A - Normal	$ 23,301,346	$ 100,924	$ 1,471	$ 233,014	$ 1,009	$ 15	$ 23,169,703
B - Acceptable	136,080	1,511	81	4,355	48	19	133,250
C - Appreciable	234,442	427	1,049	23,444	408	1,048	211,018
E - Irrecoverable	94,501	-	4,712	94,501	-	4,712	-
	23,766,369	**102,862**	**7,313**	**355,314**	**1,465**	**5,794**	**23,513,971**
Suitable Consumer Loan Guarantee							
A - Normal	**2,207,178**	**7,951**	**27**	**45,596**	**115**	**49**	**2,169,396**
Suitable Commercial Loans Guarantees							
A - Normal	789,924,380	20,338,489	666,473	12,760,600	704,407	24,588	797,439,747
B - Acceptable	120,569,770	6,592,194	369,673	3,921,941	583,567	24,193	123,001,936
C - Appreciable	45,220,272	3,606,060	1,210,697	3,534,907	2,725,361	1,138,045	42,638,716
D - Significant	157,002,219	12,092,337	2,314,987	73,155,202	11,821,733	2,270,012	84,162,596
E – Irrecoverable	49,505,107	2,980,225	1,943,461	49,505,107	2,980,225	1,943,461	-
	1,162,221,748	**45,609,305**	**6,505,291**	**142,877,757**	**18,815,293**	**5,400,299**	**1,047,242,995**
Other Commercial Loan Guarantees							
A - Normal	6,519,330,696	68,388,877	11,408	72,028,032	759,570	151	6,514,943,228
B - Acceptable	9,165,403	392,675	38	1,193,611	285,858	2	8,078,645
C - Appreciable	3,138,940	56,887	312	304,050	7,306	311	2,884,472
D - Significant	30,359,114	1,763,756	2,640,905	27,539,448	1,763,757	2,640,907	2,819,663
E – Irrecoverable	27,953,866	1,384,072	445,397	27,953,866	1,384,072	445,397	-
	6,589,948,019	**71,986,267**	**3,098,060**	**129,019,007**	**4,200,563**	**3,086,768**	**6,528,726,008**
General Impairment (Provision)							
Portfolio / Interest				237,664	993,868		1,231,532
	$ 7,778,143,314	$117,706,385	$ 9,610,691	$ 272,535,338	$ 24,011,304	$8,492,910	$ 7,600,420,838

2022

				Deterioro			
	Capital	**Intereses**	**Otros Conceptos**	**Capital**	**Intereses**	**Otros Conceptos**	**TOTAL**
Housing Loans							
A - Normal	$ 20,814,915	$ 172,386	$ 1,166	$ 208,149	$ 1,724	$ 12	$ 20,778,582
B - Acceptable	198,843	1,286	218	6,363	41	12	193,931
C - Appreciable	102,101	26	-	10,210	3	-	91,914
E - Irrecoverable	94,501	-	4,161	50,251	-	4,161	44,250

	21,210,360	**173,698**	**5,545**	**274,973**	**1,768**	**4,185**	**21,108,677**
Suitable Consumer Loan Guarantee							
A – Normal	**1,602,309**	**10,702**	**12**	**33,051**	**149**	**72**	**1,579,751**
Suitable Commercial Loans Guarantees							
A - Normal	991,322,624	26,120,017	462,664	14,830,763	695,377	22,681	1,002,356,484
B - Acceptable	114,018,084	7,597,339	949,493	3,959,617	829,048	722,192	117,054,059
C - Appreciable	62,512,873	5,978,223	397,941	5,500,382	5,073,046	351,413	57,964,196
D - Significant	102,148,106	8,708,581	1,835,715	48,645,562	8,460,351	1,832,701	53,753,788
E – Irrecoverable	30,174,538	1,260,712	1,342,097	30,174,538	1,260,712	1,342,097	-
	1,300,176,225	**49,664,872**	**4,987,910**	**103,110,862**	**16,318,534**	**4,271,084**	**1,231,128,527**
Other Commercial Loan Guarantees							
A - Normal	7,124,467,897	67,880,310	14,302	82,299,063	774,925	1,017	7,109,287,504
B - Acceptable	9,969,295	386,310	278	1,279,451	380,454	157	8,695,821
C - Appreciable	2,361,202	76,570	393	271,707	44,281	393	2,121,784
D - Significant	24,487,945	961,988	681,290	19,519,451	961,992	681,290	4,968,490
E – Irrecoverable	28,662,673	1,422,637	418,494	28,662,673	1,422,637	418,494	-
	7,189,949,012	**70,727,815**	**1,114,757**	**132,032,345**	**3,584,289**	**1,101,351**	**7,125,073,599**
General Impairment (Provision)							
Portfolio / Interest				244,922	1,316,979		1,561,901
	$8,512,937,906	$ 120,577,087	$ 6,108,224	$ 235,696,153	$ 21,221,719	$ 5,376,692	$8,377,328,653

10.4. Portfolio distribution by geographic area and economic sector - The loan portfolio is distributed by the following geographic areas and economic sectors as of December 31, 2023 and 2022:

	2023									
Economic Sector	**Antioquia and Choco**	**Bogota D.C.**	**Central**	**Atlantic Coast**	**Coffee belt**	**Abroad**	**West**	**Santanderes**	**South-east**	**Total general**
Artistic, entertainment, and recreation activities	$ 2,364,176	$ 7,627,841	$ 537,773	$ 3,019,555	$ 4,752,826	$ -	$ 2,180,426	$ 41,960	$ 161,183	$ 20,685,740
Hospitality and catering activities	38,419,341	36,807,626	7,417,717	41,181,275	4,900,326	-	7,776,107	3,018,156	3,261,723	142,782,271
Households as employers	54,074	7,778	36,783	31,613	-	-	-	-	-	130,248
Administrative and support services activities	22,537,917	93,699,661	11,496,281	240,733,592	3,332,764	-	11,445,347	8,557,002	3,357,098	395,159,662
Financial and insurance activities	165,183,828	458,328,119	486,177,658	69,437,984	24,999,194	179,589,344	369,695,755	125,554,787	1,824,624	1,880,791,293
Real estate activities	9,725,769	44,755,904	3,421,201	11,474,116	3,640,052	-	14,308,061	4,978,001	1,941,054	94,244,158
Professional, scientific, and technical activities	23,073,634	74,308,909	11,885,506	57,236,296	7,380,618	-	20,660,884	8,111,028	2,890,684	205,547,559
Public administration - defense; social security	174,802	398,576	256,667	9,125,697	1,185,589	-	123,119	1,560,714	-	12,825,164
Agriculture, livestock, forestry, fishing	15,733,161	13,934,957	8,239,356	15,518,656	5,107,466	177,600	20,389,868	9,321,286	1,673,655	90,096,005
Employees	-	25,973,548	-	-	-	-	-	-	-	25,973,548
Human health care and social assistance	40,678,844	30,751,492	27,881,885	59,903,352	10,424,726	-	31,084,077	15,800,053	13,443,537	229,967,966
Wholesale-retail trade; vehicle repair	288,323,798	420,667,320	145,583,977	224,225,116	65,099,598	97,309,453	185,020,487	143,848,541	72,606,841	1,642,685,131
Construction	55,859,082	140,900,631	29,848,070	66,553,788	16,464,774	115,579	32,883,225	26,412,391	17,743,294	386,780,834
Teaching	19,634,895	16,341,916	7,909,074	9,668,873	1,381,736	-	5,334,123	3,036,677	2,225,396	65,532,690
Mining and quarrying	2,886,888	14,015,587	8,878,440	1,554,854	2,446,918	-	2,233,228	4,476,547	882,679	37,375,141
Manufacturing industries	325,897,948	305,585,155	101,126,535	110,896,523	85,342,356	144,726,751	143,259,782	84,405,915	12,090,128	1,313,331,093
Information and communications	18,177,041	60,411,252	8,448,007	6,539,780	2,023,956	-	7,613,171	1,928,369	3,419,266	108,560,842
Other service activities	87,341,800	50,477,692	9,432,578	6,531,827	13,785,691	-	114,066,120	3,355,355	5,252,445	290,243,508
Other classifications	-	-	-	5,333	-	-	16,827	-	-	22,160
Water supply, wastewater, waste, and decontamination	5,349,574	3,182,367	7,785,170	107,749,612	1,011,428	-	6,282,906	3,245,618	6,522,341	141,129,016
Electricity, gas, steam, air conditioning	944,444	25,240,977	1,244,344	6,142,406	1,582,545	-	6,173,515	1,225,765	552,300	43,106,296
Transportation and storage	110,077,027	141,826,679	89,800,535	95,586,934	17,260,509	13,468,904	70,848,045	54,898,027	57,406,329	651,172,989
Grand Total	**$1,232,438,043**	**$1,965,243,987**	**$967,407,557**	**$1,143,117,182**	**$272,123,072**	**$435,387,631**	**$1,051,395,073**	**$503,776,192**	**$207,254,577**	**$7,778,143,314**

2022

Economic Sector	Antioquia and Chocó	Bogotá D.C.	Central	Atlantic Coast	Coffee belt	Abroad	West	Santanderes	South-east	Grand Total
Artistic, entertainment, and recreation activities	$ 4,578,018	$ 8,545,258	$ 908,647	$ 2,528,241	$ 5,461,423	$ -	$ 1,669,728	$ 299,329	$ 306,754	$ 24,297,398
Hospitality and catering activities	21,736,404	42,980,541	11,108,942	40,713,214	6,120,245	-	9,465,315	4,462,383	4,065,102	140,652,146
Households as employers	71,852	32,044	5,583	55,698	2,917	-	457	1,167	-	169,718
Administrative and support services activities	24,590,248	43,456,692	7,999,057	234,898,354	4,163,711	-	8,437,479	5,707,511	3,689,665	332,942,717
Financial and insurance activities	275,805,172	807,075,967	469,035,046	52,896,235	21,832,970	208,647,610	459,150,894	107,796,506	2,865,578	2,405,105,978
Real estate activities	17,832,676	41,773,388	5,785,428	11,730,212	3,374,934	-	14,204,259	5,040,377	1,133,795	100,875,069
Professional, scientific, and technical activities	35,061,758	77,622,902	9,436,110	58,751,441	6,910,455	-	23,980,065	8,556,172	2,359,437	222,678,340
Public administration -defense; social security	137,416	1,498,014	130,000	10,181,648	1,343,460	-	187,953	1,832,143	-	15,310,634
Agriculture, livestock, forestry, fishing	18,454,633	12,429,789	8,595,137	16,296,095	5,222,862	-	19,137,248	7,697,707	2,475,537	90,309,008
Employees	890,901	22,901,721	-	-	-	-	-	-	-	23,792,622
Human health care and social assistance	40,307,565	27,783,747	26,353,063	49,630,487	9,242,328	-	24,224,499	12,772,589	8,101,039	198,415,317
Wholesale-retail trade; vehicle repair	305,179,259	456,385,428	143,493,662	217,399,704	59,582,712	80,948,398	205,186,233	134,422,851	82,132,986	1,684,731,233
Construction	63,097,541	110,560,714	27,475,793	48,974,094	11,220,443	-	33,165,040	25,764,050	8,968,248	329,225,923
Teaching	14,929,255	6,683,225	11,743,360	9,985,688	1,654,724	-	4,314,200	5,792,149	1,327,954	56,430,555
Mining and quarrying	1,227,916	4,005,908	6,107,812	392,884	-	-	2,454,854	3,080,437	438,861	17,708,672
Manufacturing industries	309,919,477	281,457,186	114,970,520	101,857,183	83,262,969	326,364,721	186,997,645	82,359,422	12,072,448	1,499,261,571
Information and communications	16,895,617	51,014,608	4,290,224	7,602,660	2,512,436	-	7,759,914	2,440,753	1,871,681	94,387,893
Other service activities	98,983,132	42,143,050	4,737,521	8,699,518	13,730,701	-	73,342,410	2,216,887	5,276,196	249,129,415
Other classifications	-	-	-	9,333	-	-	40,140	-	-	49,473
Water supply, wastewater, waste, and decontamination	4,399,047	1,392,899	4,338,840	104,823,795	582,375	-	4,851,433	2,380,022	1,831,530	124,599,941
Electricity, gas, steam, air conditioning	3,188	13,681,694	3,573,887	9,385,455	1,160,708	-	10,263,031	457,862	1,075,167	39,600,992
Transportation and storage	166,092,592	224,285,576	121,436,012	98,107,563	22,035,994	16,951,145	92,961,305	61,086,677	59,732,411	862,689,275
Individual investment income	-	310,168	-	263,848	-	-	-	-	-	574,016
Grand Total	$1,420,193,667	$2,278,020,519	$981,524,644	$1,085,183,350	$259,418,367	$632,911,874	$1,181,794,102	$474,166,994	$199,724,389	$8,512,937,906

2023

Economic sector	Commercial	Consumer	Housing	Finance leases	Total	Share

Artistic, entertainment, and recreation activities	$ 19,679,764	$ -	$ -	$ 1,005,976	$ 20,685,740	0.27%
Hospitality and catering activities	132,970,254	-	-	9,812,017	142,782,271	1.84%
Households as employers	130,248	-	-	-	130,248	0.00%
Administrative and support services activities	363,018,758	-	-	32,140,904	395,159,662	5.08%
Financial and insurance activities	1,876,818,926	-	-	3,972,367	1,880,791,293	24.18%
Real estate activities	72,819,986	-	-	21,424,172	94,244,158	1.21%
Professional, scientific, and technical activities	190,128,809	-	-	15,418,750	205,547,559	2.64%
Public administration -defense; social security	12,825,164	-	-	-	12,825,164	0.16%
Agriculture, livestock, forestry, fishing	80,643,340	-	-	9,452,665	90,096,005	1.16%
Employees	-	2,207,179	23,766,369	-	25,973,548	0.33%
Human health care and social assistance	190,519,226	-	-	39,448,740	229,967,966	2.96%
Wholesale-retail trade; vehicle repair	1,544,603,443	-	-	98,081,688	1,642,685,131	21.12%
Construction	349,805,344	-	-	36,975,490	386,780,834	4.97%
Teaching	60,373,106	-	-	5,159,584	65,532,690	0.84%
Mining and quarrying	33,421,736	-	-	3,953,405	37,375,141	0.48%
Manufacturing industries	1,150,627,166	-	-	162,703,927	1,313,331,093	16.88%
Information and communications	99,748,531	-	-	8,812,311	108,560,842	1.40%
Other service activities	284,539,998	-	-	5,703,510	290,243,508	3.73%
Other classifications	22,160	-	-	-	22,160	0.00%
Water supply, wastewater, waste, and decontamination	139,103,512	-	-	2,025,504	141,129,016	1.81%
Electricity, gas, steam, air conditioning	36,092,711	-	-	7,013,585	43,106,296	0.55%
Transportation and storage	617,958,664	-	-	33,214,325	651,172,989	8.37%
Total general	**$ 7,255,850,846**	**$ 2,207,179**	**$ 23,766,369**	**$ 496,318,920**	**$ 7,778,143,314**	

2022

Economic sector	Commercial	Consumer	Housing	Finance leases	Total	Share
Artistic, entertainment, and recreation activities	$ 23,014,491	$ -	$ -	$ 1,282,907	$ 24,297,398	0.29%
Hospitality and catering activities	127,728,025	-	-	12,924,121	140,652,146	1.65%
Households as employers	169,718	-	-	-	169,718	0.00%
Administrative and support services activities	324,079,828	-	-	8,862,889	332,942,717	3.91%
Financial and insurance activities	2,401,042,561	-	-	4,063,417	2,405,105,978	28.25%
Real estate activities	73,883,044	-	-	26,992,025	100,875,069	1.18%
Professional, scientific, and technical activities	207,486,568	-	-	15,191,772	222,678,340	2.62%
Public administration -defense; social security	15,310,634	-	-	-	15,310,634	0.18%
Agriculture, livestock, forestry, fishing	79,853,468	-	-	10,455,540	90,309,008	1.06%
Employees	190,061	1,602,309	21,210,360	789,892	23,792,622	0.28%
Human health care and social assistance	161,464,845	-	-	36,950,472	198,415,317	2.33%
Wholesale-retail trade; vehicle repair	1,581,405,027	-	-	103,326,206	1,684,731,233	19.79%
Construction	286,380,665	-	-	42,845,258	329,225,923	3.87%
Teaching	51,142,969	-	-	5,287,586	56,430,555	0.66%
Mining and quarrying	16,930,322	-	-	778,350	17,708,672	0.21%
Manufacturing industries	1,354,082,505	-	-	145,179,066	1,499,261,571	17.61%
Information and communications	89,400,819	-	-	4,987,074	94,387,893	1.11%
Other service activities	243,207,209	-	-	5,922,206	249,129,415	2.93%
Other classifications	49,473	-	-	-	49,473	0.00%
Water supply, wastewater, waste, and decontamination	122,408,250	-	-	2,191,691	124,599,941	1.46%
Electricity, gas, steam, air conditioning	30,309,110	-	-	9,291,882	39,600,992	0.47%
Transportation and storage	827,802,452	-	-	34,886,823	862,689,275	10.13%
Individual investment income	113,425	-	-	460,591	574,016	0.01%
Total general	**$ 8,017,455,469**	**$ 1,602,309**	**$ 21,210,360**	**$ 472,669,768**	**$ 8,512,937,906**	

10.5. Portfolio by monetary unit - Capital balances

2023					
Modalities	Legal tender	Foreign currency	Gross portfolio	Impairment	Net portfolio
Business	$ 7,203,088,301	$ 549,081,466	$ 7,752,169,767	$ 272,134,428	$ 7,480,035,339
Consumer	2,207,178	-	2,207,178	45,596	2,161,582
Housing	23,766,369	-	23,766,369	355,314	23,411,055
Total	$7,229,061,848	$ 549,081,466	$ 7,778,143,314	$ 272,535,338	$ 7,505,607,976

2022					
Modalities	Legal tender	Foreign currency	Gross portfolio	Impairment	Net portfolio
Business	$ 7,538,100,250	$ 952,024,987	$ 8,490,125,237	$ 235,388,129	$ 8,254,737,108
Consumer	1,602,309	-	1,602,309	33,051	1,569,258
Housing	21,210,360	-	21,210,360	274,973	20,935,387
Total	$ 7,560,912,919	$ 952,024,987	$ 8,512,937,906	$ 235,696,153	$ 8,277,241,753

10.6. Portfolio by maturity period

2023								
	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Gross portfolio	Impairment	Net portfolio
Business	$1,135,409,736	$3,345,831,326	$1,628,182,750	$1,100,517,454	$ 542,228,501	$7,752,169,767	$ 272,134,428	$7,480,035,339
Consumer	35,158	616,601	1,372,627	182,792	-	2,207,178	45,596	2,161,582
Housing	31,288	288,247	1,220,204	4,860,084	17,366,546	23,766,369	355,314	23,411,055
Total	$1,135,476,182	$3,346,736,174	$1,630,775,581	$1,105,560,330	$ 559,595,047	$7,778,143,314	$ 272,535,338	$7,505,607,976

2022								
	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Gross portfolio	Impairment	Net portfolio
Business	$1,680,856,958	$3,995,708,475	$1,394,711,365	$ 978,809,726	$ 440,038,715	$8,490,125,239	$ 235,388,129	$8,254,737,110
Consumer	15,236	360,640	1,152,133	74,300	-	1,602,309	33,051	1,569,258
Housing	33,247	101,683	911,188	4,872,021	15,292,219	21,210,358	274,973	20,935,385
Total	$1,680,905,441	$3,996,170,798	$1,396,774,686	$ 983,756,047	$ 455,330,934	$8,512,937,906	$ 235,696,153	$8,277,241,753

10.7. Castigos de cartera - Durante 2023 y 2022 no se presentaron castigos de cartera.

10.8. Recuperación de cartera castigada - El detalle de la recuperación de capital de cartera castigado es el siguiente:

	2023	2022
Commercial	$ 308,380	$ 2,814

For 2023, the recovery corresponds to $276,666 from customer Eduardo Cañón Bravo y Cía. S. E. and $31,714 from Banco Santos Brasil. For 2022, it corresponds to a recovery from customer Confecciones Altieri Ltda.

10.9. Loan portfolio impairment - The following is the detail of the loan portfolio impairment:

	Business	Consumer	Housing	General impairment (Provision) (1)	Total
Balance as of December 31, 2021	$ 191,332,998	$ 45,196	$ 231,154	$ 414,444	$ 192,023,792
Expenses	114,028,307	11,066	104,475	13,328	114,157,176
Recovery	(70,218,099)	(23,211)	(60,655)	(182,850)	(70,484,815)
Balance as of December 31, 2022	235,143,206	33,051	274,974	244,922	235,696,153
Expenses	106,217,009	27,260	116,494	31,504	106,392,267
Recovery	(69,463,449)	(14,717)	(36,154)	(38,762)	(69,553,082)
Balance as of December 31, 2023	$ 271,896,766	$ 45,594	$ 355,314	$ 237,664	$ 272,535,338

(1) For 2023 and 2022, the amount recognized in the general provision is the additional general provision created in compliance with External Circular 022 of 2020 issued by the SFC for $0.00 y $32,818, respectively and the general provision created on housing loans for $237,664 y $212,104 respectively.

11. TRADE AND OTHER ACCOUNTS RECEIVABLE, NET

The following is the breakdown of trade and other receivables, net, as of December 31, 2023 and 2022

	2023	2022
Interest and financial component (note 10)	$ 117,706,385	$ 120,577,087
Payments by customers (Note 10) (1)	9,610,691	6,108,224
Advances to contracts and suppliers (2)	4,659,163	8,160,349
Security deposits (3)	4,109,902	13,263,854
Debtors	1,345,674	1,054,978
Other accounts receivable SME portfolio (4)	1,227,097	745,789
Miscellaneous (5)	1,192,727	3,294,682
Other debtors	1,111,716	722,108
Employees	535,283	486,199
Opportunity Banking Investment Program	954,995	837,420
Charges for leased assets	87,245	31,159
Reimbursable expenses of trusts	62,752	86,543
Settlement of Forward NDF and Swaps	26,258	-
Commissions	3,630	8,481
	142,633,518	155,376,873
Less impairment of accounts receivable:		
Loan portfolio (Note 10)	(32,504,214)	(26,598,411)
Other	(3,353,653)	(3,472,055)
	(35,857,867)	(30,070,466)
	$ 106,775,651	$ 125,306,407

(1) These are amounts receivable from customers without receivable balances, including amounts for tickets and accounts receivable after reinstating contracts; they also involve the amount receivable from VAT for operational leases.

(2) Mainly due to advance payments made to suppliers for the acquisition of goods to be leased.

(3) These are represented mainly in guarantee deposits for forward/OTC operations with entities abroad

(4) Within this item are amounts paid by the Bank and charged to the customers. The items are insurance, fees, and commissions of the National Guarantee Fund. It also includes the freezes of Law 1116 transferred as accounts receivable.

(5) The variation is due to the $2,072,753 payment the Comptroller General of the Republic made for principal and interest on the 2012 fiscal control fee.

The following is the disaggregation of the impairment of accounts receivable as of December 31, 2023, and 2022:

	2023	2022
Balance at the beginning of the period	$ 30,070,466	$ 20,915,266
Constitutions (credits to profit or loss)	17,225,905	18,212,244
Recoveries (credits to profit or loss)	(11,438,504)	(9,057,044)
Closing balance for the period	$ 35,857,867	$ 30,070,466

12. OTHER NON-FINANCIAL ASSETS

The following is the breakdown of other non-financial assets as of December 31, 2023, and 2022

	2023	2022
Prepaid expenses (1)	$ 25,890,731	$ 32,264,240
Taxes and contributions	316,306	283,464
Properties for lease agreements (2)	14,416,495	22,080,386
Art and cultural properties	33,216	33,216
Properties given in bailment	14,489	14,489
Other	486,436	321,063
Impairment (3)	(166,791)	-
	$ 40,990,882	$ 54,996,858

(1) The disaggregation and activity of prepaid expenses are as follows:

	2022	Charges	Amortization	2023
Insurance	$ 560,307	$ 2,322,809	$ 2,355,876	$ 527,240
Commissions (*)	10,953,896	2,998,931	8,042,476	5,910,351
Prepaid health care	1,033,399	4,729,311	4,582,101	1,180,609
Difference Market Value Securities	17,789,200	-	899,148	16,890,052
Other	1,927,438	326,215	871,174	1,382,479
	$ 32,264,240	$ 10,377,266	$ 16,750,775	$ 25,890,731

	2021	Charges	Amortization	2022
Insurance	$ 434,798	$ 2,028,515	$ 1,903,006	$ 560,307
Commissions (*)	4,598,451	17,065,114	10,709,669	10,953,897
Prepaid health care	894,316	2,066,797	1,927,714	1,033,399
Difference Market Value Securities	-	18,628,405	839,205	17,789,200
Other	2,042,247	793,504	908,314	1,927,437
	$ 7,969,813	$ 40,582,335	$ 16,287,908	$ 32,264,240

(*) Mainly comprise the guarantees paid year in advance to the Nation to secure the credits received from the IDB and the upfront fee payments and credit risk mitigation commission with BBVA. The balance of these commissions in 2023 is $1,690,470 and $3,909,114, respectively.

(2) The following is the disaggregation of the assets to be placed in leases:

	2023	2022
Machinery and equipment	$ 9,228,139	$ 18,411,984
Vehicles	3,273,406	1,090,291
Real estate	1,914,950	2,578,111
	$ 14,416,495	$ 22,080,386

13. ASSETS HELD FOR SALE, NET

Non-current assets held for sale correspond to real and personal property received in payment and returned from credit portfolio debtors, and other non-current assets correspond to vehicles transferred from the group of property and equipment.

The Bank's intention for these assets is to sell them immediately. For this, it has established special sales plans through publication on the Website, management of the internal sales force, real estate brokers, and direct management. There are agreements with real estate agents operating throughout the country and sales agents that facilitate the relevant procedures, in which case the external contracting and the payment of applicable commissions will be the responsibility of the relevant approval body.

	2023	2022
13.1 Properties received in payment	$ 2,322,483	$ 2,884,963
13.2 Returned properties	19,355,850	17,018,863
Total	$ 21,678,333	$ 19,903,826

13.1. Properties received in payment – The following is the activity of properties received in payment as of December 31, 2023 and 2022

	2023	2022
Opening balance	$ 2,884,963	$ 2,519,686
Additions [(1)]	728,249	528,926
Sales [(2)]	(386,500)	(80,571)
Transfer [(3)]	(104,865)	-
Provision expenses	(1,392,441)	(772,885)
Recovery of provision	620,864	695,468
Loss on sale of goods	(27,787)	(5,661)
Total	$ 2,322,483	$ 2,884,963

2022

	Cost		Provisión		% Prov.	Total	
Personal property	$	409,060	$	(391,876)	96	$	17,184
Real estate for housing		8,021,550		(6,931,214)	86		1,090,336
Real estate other than housing		14,081,858		(12,304,415)	87		1,777,443
Total	$	22,512,468	$	(19,627,505)		$	2,884,963

(1) The additions recorded in 2023 are mainly due to: i. rights in the Bosques de Karon trust business, where the Bank has a 4.83 % share for $362,351, and ii. a real estate property located in the municipality of Santana (Boyacá) for $350,000. The 2022 period corresponds to a property other than housing related to a commercial office and two garages under easement.

(2) In 2023, the sale of a vehicle and a real estate property intended for housing located in the city of Barrancabermeja, valued at $171,500 and $215,000, respectively, generated the refund of the provision of personal property for $243,599 and real estate for $130,891 and a loss on sale of personal property of $72,059 offset by a gain on real property of $44,272. In 2022, the Bank's interest in real property other than housing and personal property related to machinery was sold, valued at $80,571, which resulted in the refund of the provision of $47,749 and a loss on the sale of property of $5,661.

(3) It refers to the relocation of assets through an operational lease.

13.2. Returned properties - The following is the activity of returned properties as of December 31, 2023 and 2022:

		2023		2022
Opening balance	$	17,018,863	$	7,627,014
Additions [(1)]		13,266,758		11,401,121
Sales (2)		(731,700)		(5,138,000)
Leases		-		(3,270,375)
Provision expenses		(7,976,983)		(4,631,793)
Transfer [(3)]		(5,187,334)		4,379,110
Provision recovery		2,735,841		7,091,038
(Loss)profit on sale of properties [(2)]		230,405		(439,252)
Total	$	19,355,850	$	17,018,863

The disaggregation of returned properties as of December 31, 2023, and 2022 is as follows:

2023

	Cost		Provisión		% Prov.	Total	
Machinery	$	3,770,345	$	(3,561,254)	94	$	209,091
Furniture and Fixtures		48,542		(48,542)	100		-
Real estate		47,192,561		(28,045,802)	59		19,146,759
Total	**$**	**51,011,448**	**$**	**(31,655,598)**		**$**	**19,355,850**

2022

	Cost	Provisión	% Prov.	Total
Machinery	$ 3,681,645	$ (3,253,847)	88	$ 427,798
Furniture and Fixtures	48,542	(41,261)	85	7,281
Real estate	39,703,131	(23,119,347)	58	16,583,784
Total	**$ 43,433,318**	**$ (26,414,455)**		**$ 17,018,863**

(1) During 2023, goods related to machinery and equipment were received for $255,894 and real estate for $13,010,864. For the 2022 period, the additions corresponded to machinery and equipment for $1,162,453 and real estate for $10,238,668. In 2022, additions of returned property related to machinery and equipment for $1,162,453 and real property for $10,238,668 were received.

(2) In 2023, machinery and real estate other than housing in Ibagué were sold, valued at $246,700 and $485,000, respectively. This resulted in a reimbursement of $112,645 for the provision of machinery, $255,145 for the provision of real estate, and a profit on the sale of machinery for $79,507 and $150,898.

In 2022, personal property related to machinery, equipment, and vehicles was sold for $5,138,000, which caused a refund of provisions of $7,064,763 and a loss on the sale of goods of $439,252.

(3) Properties will be relocated through operational leases in 2023. In 2022, the voluntary return of the plot delivered in 2021 was received through an operational lease.

14. PROPERTY, PLANT, AND EQUIPMENT

The following is the breakdown of property, plant, and equipment, net, as of December 31, 2023 and 2022:

BLANK SPACE

Cost of property and equipment

	Land	Buildings	Machinery	Transport vehicles	Fixtures and fittings	Office equipment	Computer equipment	Network and Communications equipment	Total
Cost									
Balance as of January 1, 2022	$ 2,316,324	$ 25,564,615	$ 2,447,861	$ 261,700	$ 44,324	$ 3,832,484	$ 2,006,386	$ 2,152,051	$ 38,625,745
Acquisitions s	-	-	128,311	-	-	179,866	9,591	14,976	332,744
Balance as of December 31, 2022	2,316,324	25,564,615	2,576,172	261,700	44,324	4,012,350	2,015,977	2,167,027	38,958,489
Acquisitions [1]	-	-	16,396	720,847	15,155	23,973	4,573,842	1,793,621	7,143,834
Sales	-	-	-	(800,747)	-	-	-	-	(800,747)
Balance as of December 31, 2023	$ 2,316,324	$ 25,564,615	$ 2,592,568	$ 181,800	$ 59,479	$ 4,036,323	$ 6,589,819	$ 3,960,648	$ 45,301,576

BLANK SPACE

Accumulated depreciation and net carrying amount of property and equipment

	Land	Buildings	Machinery	Transport vehicles	Fixtures and fittings	Office equipment	Computer equipment	Network and communications equipment	Total
Accumulated depreciation									
Balance as of January 1, 2022	$ -	$ (93,261)	$ (1,857,497)	$ (259,882)	$ (41,113)	$ (3,000,308)	$ (1,898,340)	$ (1,973,374)	$ (9,123,775)
Depreciation	-	(373,046)	(106,837)	-	(275)	(186,827)	(25,602)	(651)	(693,238)
Balance as of December 31, 2022	-	(466,307)	(1,964,334)	(259,882)	(41,388)	(3,187,135)	(1,923,942)	(1,974,025)	(9,817,013)
Depreciation	-	(373,046)	(112,381)	(626,298)	(5,910)	(132,833)	(306,675)	(205,023)	(1,762,166)
Sales	-	-	-	706,198	-	-	-	-	706,198
Balance as of December 31, 2023	$ -	$ (839,353)	$ (2,076,715)	$ (179,982)	$ (47,298)	$ (3,319,968)	$ (2,230,617)	$ (2,179,048)	$ (10,872,981)
Net carrying amount									
Balance as of December 31, 2022	$ 2,316,324	$ 25,098,308	$ 611,838	$ 1,818	$ 2,936	$ 825,215	$ 92,035	$ 193,002	$ 29,141,476
Balance as of December 31, 2023	$ 2,316,324	$ 24,725,262	$ 515,853	$ 1,818	$ 12,181	$ 716,355	$ 4,359,202	$ 1,781,600	$ 34,428,595

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The primary movements registered in 2023 are described below:

The Bank acquired computer equipment worth $4,573,842 related to servers, expansion libraries, and switches IBM, and networking and communications equipment worth $1,793,621 associated with Aruba Instant On access point equipment, which improves device connection and increases speed. Moreover, the Bank exercised the purchase option on the seven (7) vehicles leased for $720,847, which were sold together with a KIA Carnaval 2009 for $800,747.

Revaluation of land and buildings—The Bank measures land and buildings using the revaluation model. Following the accounting policy, the Bank will review the revalued cost every three years.

The last revaluation was carried out in October 2021, based on the new appraisal by the Bank for the Entity's offices (land and building) in May 2021. The firm Néstor Mora y Asociados was hired for this purpose. The firm is independent and has the capacity and experience to perform valuations in the valued sites and types of assets. The IFRS valuation of properties refers to the valuation of land and buildings at fair value based on IFRS definitions.

Impairment of property and equipment—No signs of impairment were identified for each comparative date of presentation of the current financial statements. The Bank has not perceived internal or external indicators that reflect a significant measure of impairment of fixed assets represented in real and personal property. Therefore, the amounts stated in the financial statements correspond to the measure of the cost adjusted to the forecast of the end of the expected useful life for each group of assets represented in buildings, machinery, fixtures, and accessories, among others, classified as property and equipment.

The main activity registered in 2022 is described below.

In the second half of the year, the Bank remodeled the offices located in Medellín and Cali, which required the acquisition of machinery and office equipment for $128,311 and $179,866, respectively.

As of December 31, 2023, and 2022, the assessment made by the Bank indicates no evidence of impairment of its property and equipment.

As of December 31, 2023, and 2022, there are no restrictions on ownership of property, plant, and equipment.

15. ASSETS GIVEN IN OPERATING LEASE

This item corresponds to real estate contracts placed under operating lease. Its structure is as follows:

	2023	2022
Cost		
Initial balance	$ 8,950,983	$ 14,091,953
Additions (*)	5,164,176	-
Transfer to returned	-	(5,140,970)
Ending balance	14,115,159	8,950,983
Depreciation		
Initial balance	(1,112,183)	(750,589)
Expenses	(459,258)	(374,770)
Transfer to returned	-	13,176
Ending balance	(1,571,441)	(1,112,183)
Impairment		
Initial balance	-	-
Impairment expense	(1,677,638)	-
Ending balance	(1,677,638)	-
	$ 10,866,080	$ 7,838,800

Net carrying amount

(*) The additions are due to a transfer of an asset under a finance lease in the name of Fabrica de Hielos Barranquillita to an operating lease for $2,427,123 and the transfer of property and furniture returned for $2,737,153 to an operating lease, creating a provision of $1,677,638.

16. INVESTMENT PROPERTIES

The following is the disaggregation of investment properties as of December 31, 2023 and 2022:

	Land and buildings	
	2023	**2022**
Cost	$ 1,866,556	$ 1,866,556
Revaluation	10,151,302	9,809,276
	$ 12,017,858	$ 11,675,832

The variation in the Revaluation item in 2023 is due to the update of the technical appraisal of floors 21 and 37 of Bancóldex in Bogotá, which increased the fair value of this property by $342,026. The appraisal was carried out by the firm Néstor Mora & Asociados in June 2023.

There are no restrictions on the disposal of or proceeds from investment properties.

The amounts recognized in income and expenses as of December 31, 2023, and 2022 are disaggregated below:

	2023	**2022**
Lease income (1)	$ 1,873,123	$ 1,655,278
Direct Expenses (2)	(287,204)	(229,794)
Total	$ 1,585,919	$ 1,425,484

(1) There is a variation of $217,845 compared to 2022. It is mainly due to the adjustment in the rental fee received for the use of the 21st floor, rented to the Banca de las Oportunidades Program, whose income increased by $126,564, going from $803,004 to $929,568, and the lease of the 37th floor to Fiducoldex, whose income increased by $91,281, going from $852,273 to $943,554.

(2) In 2023, the expenses are those incurred in the properties located on floors 21 and 37 of the International Trade Center building, such as utilities $42,531, maintenance fee $96,357, property tax $108,627, and other sundry $39,689.

17. RIGHTS -OF-USE ASSETS

The following is the disaggregation of right-of-use assets as of December 31, 2023 and 2022:

	Computer equipment	Vehicles	Machinery and equipment	Real estate	Total

Cost					
Balance as of December 31, 2021	$ 6,723,278	$ 948,053	$ 188,816	$ 2,494,473	$ 10,354,620
Acquisitions (*)	6,928,275	84,847	-	1,758,212	8,771,334
Derecognitions	(1,257,796)	-	(188,816)	(947,315)	(2,393,927)
Balance as of December 31, 2022	12,393,757	1,032,900	-	3,305,370	16,732,027
Acquisitions (*)	237,599	937,430	-	-	1,175,029
Derecognitions	-	(720,847)	-	(166,266)	(887,113)
Balance as of December 31, 2023	$ 12,631,356	$ 1,249,483	$ -	$ 3,139,104	$ 17,019,943
Accumulated amortization					
Balance as of December 31, 2021	$ 2,110,131	$ 615,682	$ 188,816	$ 844,113	$ 3,758,742
Amortization expense	2,544,848	193,758	-	552,277	3,290,883
Derecognitions	(1,233,117)	-	(188,816)	(654,310)	(2,076,243)
Balance as of December 31, 2022	3,421,862	809,440	-	742,080	4,973,382
Amortization expense	3,332,552	198,115	-	635,262	4,165,929
Derecognitions	(1,389)	(645,388)	-	(166,266)	(813,043)
Balance as of December 31, 2023	$ 6,753,025	$ 362,167	$ -	$ 1,211,076	$ 8,326,268
Net carrying amount					
As of December 31, 2022	$ 8,971,895	$ 223,460	$ -	$ 2,563,290	$ 11,758,645
As of December 31, 2023	$ 5,878,331	$ 887,316	$ -	$ 1,928,028	$ 8,693,675

(*) The main variation in 2023 occurs due to the signing of finance leases for six vehicles for five years and the renewal of the server lease, including right-of-use contracts at $937,430 and $237,599, respectively. The main variation in 2022 occurs as a result of the signing of the lease of the Medellín regional office property, the improvements made to the properties leased for the Cali and Medellín regional offices, and the signing of new computer equipment leases for infrastructure solutions, including right-of-use contracts for $1,563,460 and $6,928,275, respectively.

According to the analysis of the contracts for goods and services within the scope of IFRS 16, the real estate leased for the operation of the regional offices, a warehouse for the storage of property received in payment and returned goods, leases for computer equipment and finance leases for vehicles were included as right-of-use assets. The amounts of the obligations to pay derived from finance leases are in Note 20.2

18. INTANGIBLE ASSETS

As of December 31, 2023, and 2022, the balance of this account breaks down as follows:

	Licenses	Computer programs	Fiduciary rights	Software	Total
Cost					
Balance as of January 1, 2022	$ 9,546,962	$ 17,279,756	$ 362,351	$ -	$ 27,189,069
Acquisitions [(1)]	259,817	567,865	-	450,000	1,277,682

Balance as of December 31, 2022	9,806,779	17,847,621	362,351	450,000	28,466,751
Acquisitions (1)	1,088,347	56,979	-	46,282	1,191,608
Transfer (2)	-	450,000	(362,351)	(450,000)	(362,351)
Balance as of December 31, 2023	$ 10,895,126	$ 18,354,600	$ -	$ 46,282	$ 29,296,008
Accumulated amortization and Impairment					
Balance as of January 1, 2022	$ 8,033,009	$ 12,234,073	$ 362,351	$ -	$ 20,629,433
Amortization expense	450,139	1,504,529	-	-	1,954,668
Balance as of December 31, 2022	8,483,148	13,738,602	362,351	-	22,584,101
Amortization expense	467,420	1,607,615	-	-	2,075,035
Transfer	-	-	(362,351)	-	(362,351)
Balance as of December 31, 2023	$ 8,950,568	$ 15,346,217	$ -	$ -	$ 24,296,785
Valor neto en libros					
As of December 31, 2022	$ 1,323,631	$ 4,109,019	$ -	$ 450,000	$ 5,882,650
As of December 31, 2023	$ 1,944,558	$ 3,008,383	$ -	$ 46,282	$ 4,999,223

(1) The 2023 acquisitions correspond to the purchase of licenses and computer programs for the Bank's operation, which include 90 Aruba central licenses and 4 Aruba clear licenses valued at $66,799 for wireless connectivity, the implementation of the technological platform intended to support and restore the structured and unstructured information produced and processed by the Bank for $970,402 and the development of an API for the prequalification of SMEs integrated into the Digital Leasing platform worth $42,000.

The 2022 additions are owing to the purchase of licenses and computer programs for the Bank's operation, including ORACLE licenses worth $250,841, computer programs for neo-credit worth $392,685, and Conecta Digital for $175,000.

(2) The transfers made in 2023 correspond to the activation of the technological development of a digital exchange hedging platform for SME customers worth $450,000 and the reclassification of fiduciary rights to the group of other non-current assets held for sale for $362,351.

As of December 31, 2022, and 2021, the Bank does not have intangible assets with restricted ownership.

19. LIABILITIES FROM FINANCIAL INSTRUMENTS AT AMORTIZED COST

19.1. Customer deposits: The following is the disaggregation of financial instruments at amortized cost as of December 31, 2023 and 2022:

	2023	2022
Term Deposit Certificates (1)		
Issued for less than 6 months	$ 367,787,420	$ 759,061,021
Issued for 6 to 12 months	715,839,303	399,550,086
Issued for 12 to 18 months	361,360,640	243,845,889
Issued for more than 18 months	728,671,491	1,515,649,778

	2,173,658,854	2,918,106,774
Savings deposits (2)	911,340,557	240,970,868
Common bonds for more than 18 months (3)	1,282,019,436	1,110,345,377
	2,193,359,993	1,351,316,245
	$ 4,367,018,847	$ 4,269,423,019

(1) At the end of 2023, term deposit certificates showed a decrease of $744,447,920 compared to 2022, caused by securities maturities throughout the year. Additionally, the issuance of Social Bonds in October replaced the funding for these deposits.

(2) This item increased by $670,369,690 compared to the end of 2022, generated by the high liquidity in the market and investors holding significant resources in the Bank's savings accounts.

(3) The bond conditions are as follows:

Lots	Placement date	Issue date	Maturity date	Interest rate	Interest payment modality	Issue amount	Balance 2023	Balance 2022
Social Bonds	24-may-18	25-may-18	24-may-23	Indexed to IPC	Quarterly	$ 100,000,000	$ -	$ 101,533,889
Business Recovery Bonds	27-may-21	28-may-21	27-may-24	Indexed to IBR	Monthly	159,000,000	159,242,237	159,227,371
Business Recovery Bonds	27-may-21	28-may-21	27-may-23	Fixed rate	Quarterly	100,000,000	-	100,409,066
Business Recovery Bonds	27-may-21	28-may-21	27-may-23	Indexed to IBR	Monthly	241,000,000	-	241,340,086
Social Bonds	11-may-22	11-may-22	11-may-24	Fixed rate	Quarterly	209,000,000	212,204,010	212,204,419
Social Bonds	11-may-22	11-may-22	11-may-25	Fixed rate	Quarterly	291,000,000	295,630,523	295,630,546
Social Bonds	25-oct-23	25-oct-23	25-oct-26	Fixed rate	Quarterly	300,000,000	307,213,626	-
Social Bonds	25-oct-23	25-oct-23	25-oct-25	Fixed rate	Quarterly	100,000,000	102,502,393	-
Social Bonds	25-oct-23	25-oct-23	25-abr-25	Fixed rate	Quarterly	200,000,000	205,226,648	-
						$1,700,000,000	**$1,282,019,436**	**$1,110,345,377**

- Issuance of Social Bonds: In May 2018, Bancóldex successfully conducted its first issuance of Social Bonds through the Colombian Stock Exchange for $400 billion and a term of three and five years, obtaining demands for 4.17 times the amount issued and cut-off rates of IBR+1.15%, TF 6.05% for three years, and CPI+2.85% for five years.

  This issuance constitutes the first issuance of this kind in the Colombian public securities market and its main objective is to promote Financial Inclusion of micro- and small-sized enterprises, focusing on financing rural companies, women business owners, and victims of the armed conflict who own companies. These projects contribute significantly to social development in Colombia, mainly by meeting objectives such as generating income, creating jobs, reducing income inequality, promoting financial inclusion, and fostering integration and job creation in groups vulnerable to social exclusion. This issuance had the technical cooperation of the IDB and the SECO.

  The 5-year term bonds, with a nominal value of $100 billion, will mature in May 2023. As of June 30, 2023, the bonds issued in 2018 have been fully paid.

- Issuance of Business Recovery Bonds: In May 2021, Bancóldex conducted the first issuance to finance business recovery in Colombia, which is part of the “Línea Adelante” product portfolio. Thus, the Bank remains a pioneer in the issuance of tagged bonds. With these resources, the banks seeks to leverage credits so that companies can resume their business and grow after the economic contraction in 2020 due to the COVID-19 pandemic.

  This issuance was made for $500 billion, awarded in two-year terms for $341 billion with cut-off rates of 4.35% EA and IBR + 1.53% nominal monthly in arrears, and over three years for $159 billion with IBR cut-off rate + 1.70% nominal monthly in arrears. The auction registered an excess demand of more than 1.2 trillion COP, equivalent to 3.1 times the amount that was initially offered. The operation involved 214 investors among individuals, legal entities, and foreign investors.

  The $341 billion bonds awarded for a 2-year term mature in May 2023, leaving the $159 billion three-year bonds in force until May 2024.

- Issuance of Social Bonds to Grow with Equity: In May 2022, Bancóldex conducted its second issuance of Social Bonds to finance leading empowered women’s companies and inclusive businesses in rural areas affected by the conflict, thus contributing to reducing the income gap and promoting micro- and small-sized enterprises to be more productive and competitive. With this, the Bank contributes to fulfilling the Sustainable Development Goals (SDG) of the 2030 Agenda: 1. No poverty, 5. Gender equality, 8. Decent work and economic growth, 9. Industry, innovation, and infrastructure and 10. Reduced inequalities.

  This issuance was conducted in the Colombian public stock market for an amount of $500 billion, awarded in terms of two years for $209 billion with a cut-off rate of 11.50% EA and three years for $291 billion with a cut-off rate of 11.96% EA. The auction registered a demand for $781,444 million, equivalent to a bid to cover of 1.95 times the initial amount of the offer of $400,000 million. The issuance received 380 demands from investors among individuals, legal entities, and foreign investors.

- Issue of Social Bonds: On October 25, 2023, Bancóldex made its third issue of social bonds in the public securities market for $600,000 million. The securities were offered in series of 18, 24, and 36 months and were oversubscribed 3.7 times compared to the initial offer. The auction was awarded $200,000 million at a fixed cut-off rate of 14.85 % EA for 18 months, $100,000 million at a fixed rate of 14.19 % EA for 24 months, and $300,000 million at a fixed rate of 13.60 % EA for 36 months. With this issue, the Bank will continue to drive the growth of micro and small businesses, focusing on those led by women, victims of the armed conflict, and those located in rural areas affected by the conflict.

The following is the summary of the financial liabilities by maturity date to the remaining term as of December 31, 2023, and 2022:

	2023						
	Up to three months	More than three months and less than one year		More than one year			Total
	More than one month and less than three months	More than three months and less than six months	More than six months and less than one year	Between one and three years	More than three years and less than five years	More than five years	
Instruments at amortized cost							
Term deposit certificates	$ 739,185,726	$ 377,752,380	$ 1,055,309,981	$ 1,410,767	$ -	$ -	$ 2,173,658,854
Securities issued - General bonds	-	371,446,247	-	910,573,189	-	-	1,282,019,436
	$ 739,185,726	$ 749,198,627	$ 1,055,309,981	$ 911,983,956	$ -	$ -	$ 3,455,678,290

	2022						
	Up to three months	More than three months and less than one year		More than one year			Total
	More than one month and less than three months	More than three months and less than six months	More than six months and less than one year	Between one and three years	More than three years and less than five years	More than five years	
Instruments at amortized cost							
Term deposit certificates	$ 1,416,427,544	$ 534,366,631	$ 640,719,016	$ 326,593,583	$ -	$ -	$ 2,918,106,774
Securities issued - General bonds	-	443,283,042	-	667,062,335	-	-	1,110,345,377
	$ 1,416,427,544	$ 977,649,673	$ 640,719,016	$ 993,655,918	$ -	$ -	$ 4,028,452,151

19.2. Money Market Operations:

	2023			2022		
	Plazo Negociación Días	Valor USD	Valor Pesos	Plazo Negociación Días	Valor USD	Valor Pesos
Foreign Currency:						
Overnight Banks	7	2,502	$ 9,560,911	-	-	$ -
Legal tender:						
Short Operations Simultaneous short operations CRCC		-	35,098,700		-	-
			$ 44,659,611			$ -

At the end of 2023, overnight operations were made because the Bank had liquidity needs, funded partly with overnight liabilities and partly with cash resources from the forward portfolio.

As part of the trading portfolio strategy, the Bank closes 2023 with simultaneous short operations for $35,098,700.

19.3. Other deposits:

	2023		2022	
Entity	USD Amount (Thousands)	Amount COP (Thousands)	USD Amount (Thousands)	Amount COP (Thousands)
Other guarantee deposits				
Legal tender	-	$ 5,946,462	-	$ 5,481,783
Foreign currency	6,140	23,465,492	4,663	22,428,995
Total other deposits	6,140	$ 29,411,954	4,663	$ 27,910,778

USD collateral deposits varied by $1,036,497 compared to the end of 2022, caused by movements in the valuation of derivatives whose positions generated higher guarantees required from offshore counterparties.

20. BANK LOANS AND OTHER FINANCIAL OBLIGATIONS

20.1. Bank loans and other financial obligations [1]:

	2023	2022
Legal Tender		
Finagro	$ 275,891	$ 732,652
Loans from other banks and local financial institutions	-	200,294,892
Credits with foreign banks [1], [2], [3]	2,314,447,071	2,250,144,633
Inter-American Development Bank	320,258,761	318,759,549
Andean Development Corporation	633,717,323	851,789,355
	3,268,699,046	3,621,721,081
Foreing Currency		
Credits with foreign banks [1], [2], [3]	519,162,862	666,783,098
Bank acceptances [4]	266,875	-
International organizations	177,683,325	773,771,270
Inter-American Development Bank	1,005,328,449	1,273,504,487
Andean Development Corporation - CAF	252,201,122	105,896,749
	1,954,642,633	2,819,955,604
	$ 5,223,341,679	$ 6,441,676,685

(1) By 2023, financial obligations close with a drop of $1,218,335,006; this variation is mainly explained by: a) the maturities of COP operations with Banco Santander for $200,000 million and capital amortizations with CAF for $408,358 million, offset by a new agreement with this entity for $191,050 million; b) the portfolio of USD financial obligations dropped $865,312,971 owing to a lower requirement for foreign currency resources, which resulted in a decrease of USD 74,833, coupled with a drop in the exchange rate of $988.15.

(2) The following is the summary of bank loans and other financial obligations by maturity dates and entity as of December 31, 2023 and 2022:

2023

	Up to three months	More than three months and less than one year		More than one year			Total
	More than one month and less than three months	More than three months and less than six months	More than six months and less than one year	Between one and three years	More than three months and less than five months	More than 5 years	
Finagro	$ 3,794	$ 55,152	$ 23,387	$ 193,558	$ -	$ -	$ 275,891
Foreign banks	39,368,462	85,325,523	394,468,877	2,314,447,071	-	-	2,833,609,934
Andean Development Corporation CAF	-	223,444,297	662,474,148	-	-	-	885,918,445
Inter-American Development Bank IDB	-	-	320,258,761	-	-	1,005,328,449	1,325,587,210
International organizations	-	1,688,789	175,994,536	-	-	-	177,683,325
Bank acceptances	266,875	-	-	-	-	-	266,875
	$39,639,131	$310,513,761	$1,553,219,708	$2,314,640,630	$ -	$1,005,328,449	$5,223,341,679

2022

	Up to three months	More than three months and less than one year		More than one year			Total
	More than one month and less than three months	More than three months and less than six months	More than six months and less than one year	Between one and three years	More than three months and less than five months	More than 5 years	
Finagro	$ 14,009	$ 34,237	$ 102,549	$ 581,857	$ -	$ -	$ 732,652
Local financial institutions	-	200,294,892	-	-	-	-	200,294,892
Foreign banks	312,915,722	-	802,981,306	404,152,243	1,396,878,461	-	2,916,927,732
Andean Development Corporation CAF	9,037,040	-	96,859,709	851,789,355	-	-	957,686,104
Inter-American Development Bank IDB	-	-	-	318,759,549	-	1,273,504,487	1,592,264,036
International organizations	242,469,378	330,609,619	194,316,643	6,375,629	-	-	773,771,269
	$564,436,149	$530,938,748	$1,094,260,207	$1,581,658,633	$1,396,878,461	$1,273,504,487	$6,441,676,685

(3) Regarding bank acceptances as of December 31, 2023, an operation resulting from a confirmed letter of credit for USD 69,825 is recorded.

20.2. Lease liabilities

	2023	2022
Initial balance	$ 11,121,912	$ 6,582,031
Additions (*)	1,139,669	7,277,362
Interest accrual	2,498,361	2,037,177
Less Payments	(6,254,214)	(4,593,067)
Withdrawals	-	(287,838)
Restatement	(73,817)	106,247
Ending balance	$ 8,431,911	$ 11,121,912

(*) In 2023, the main variation occurred due to the signing of a finance lease for $937,430 and the renewal of the warehouse lease in which the goods received in payment for $197,814 are stored. In 2022, the main variation resulted from signing the lease for the Medellín regional office property for $729,530 and the renewal of the server lease, including right-of-use contracts, for $6,243,074.

The following is the breakdown of the finance lease as of December 31, 2023, and 2022:

	2023		2022	
Asset Type	**USD Capital**	**Capital**	**USD Capital**	**Capital**
Computer equipment	-	$ 5,904,790	-	$ 8,661,863
Computer equipment	34,971	133,663	113,019	543,642
Vehicles	-	945,883	-	283,875
Real estate	-	1,447,575	-	1,632,532
	34,971	**$ 8,431,911**	113,019	**$ 11,121,912**

The real estate agreements correspond to the six offices leased for the operation of the regional offices and a warehouse for goods received in payment and returned, while computer equipment leases correspond to leases of computer equipment and servers.

20.3. Reconciliation of liabilities arising from financing activities - The following table details the changes in liabilities arising from the Bank's financing activities, including changes and no changes in cash. The liabilities arising from financing activities are those for which the cash flows were used, and they will be classified in the cash flow statement of the Bank as cash flows from financing activities.

	2022	Cash flows from financing activities	Accrual	Payment of principal and interest	Exchange Rate impact	Profit for the year	Other comprehensive income	2023
Money Market Operations	$ -	$ 25,847,036,627	$ 20,998,277	$ 25,822,185,772	$ (1,189,520)	$ -	$ -	$ 44,659,611
Loans and other financial obligations	6,441,676,684	2,493,899,272	695,004,828	3,836,100,597	(571,138,516)	-	-	5,223,341,671
Equity dividends in cash	1,412,481,500	-	-	-	-	48,391,259	124,106,177	1,584,978,936
	$ 7,854,158,184	$ 28,340,935,898	$ 716,003,105	$ 29,658,286,369	$ (572,328,036)	$ 48,391,259	$ 124,106,177	$ 6,852,980,218

	2021	Cash flows from financing activities	Accrual	Payment of principal and interest	Exchange Rate impact	Profit for the year	Other comprehensive income	2022
Money Market Operations	$ -	$ 17,099,283,329	$ 6,350,419	$ 17,118,938,327	$ 13,304,580	$ -	$ -	$ -
Loans and other financial obligations	3,993,591,048	6,064,252,333	207,556,477	4,406,934,515	583,211,340	-	-	6,441,676,684
Equity dividends in cash	1,302,721,024	-	-	54,500,834	-	71,130,265	93,131,045	1,412,481,500
	$ 5,296,312,072	$ 23,163,535,662	$213,906,896	$ 21,580,373,676	$ 596,515,920	$ 71,130,265	$ 93,131,045	$7,854,158,184

21. TRADE AND ACCOUNTS PAYABLE

The following is the breakdown of accounts payable, as of December 31, 2023 and 2022:

		2023		2022
Commissions and fees	$	913,538	$	578,316
Costs and expenses payable		180,600		77,775
Taxes		3,505,754		3,252,819
Dividends		398,846		404,989
Promising buyers (1)		230,402		200
Suppliers		11,879,149		9,061,820
Withholdings and labor contributions		11,014,413		7,943,515
Insurance		1,075,550		308,931
Accounts payable to FNG		171,913		319,083
Accounts Payable to VPN Unutilized Award (2)		16,109		4,086
Settlement of future contracts - CRCC (3)		2,863,802		3,898,017
Payable PTP Agreement (4)		163,902		163,902
Payable GIZ - NAMA Agreement (5)		7,778,436		9,119,031
Payable MINCIENCIAS Agreements (6)		129,408		252,863
Credits for applying credit portfolio		160,761		301,773
Payable in Foreign Currency		305,290		736,617
Sundry		1,347,111		1,350,145
	$	42,134,984	$	37,773,882

(1) The amount of the resources received from negotiation processes on the sale of goods received in payment and returned, which will be formalized during the following term.

(2) The amount of resources not used by the loan beneficiaries of the credit lines created with the benefit of the loan rate reduction. It occurs when the customer prepays or settles the entire obligation with Bancóldex due to maturity and did not request this benefit at any time. These unsolicited resources are returned to the contributor to the agreement that provided the resources for this type of operation.

(3) In this type of transaction, the Central Counterparty Risk Chamber (CRCC, for its acronym in Spanish) settles daily and communicates the result of the clearing so that the participating entities book the accounts receivable or payable. See the liability part in Note 11.

(4) Under Inter-Administrative Framework Agreement 375, signed between Bancóldex and the Ministry of Trade, Industry, and Tourism, a transfer was received through Resolution 1946 dated October 27, 2016, for $1,500,000 from the budget support of the National Planning Department (DNP, for its acronym in Spanish) for the PRODUCTIVE TRANSFORMATION PROGRAM (PTP, for its acronym in Spanish, known today as Colombia Productiva). It aims to contract the development of the second stage of the Atlas of Economic Complexity for Colombia (DATLAS 2.0) to enhance and enrich the tool, aligning the information it provides with the new strategy of the Ministry of Trade, Industry, and Tourism. Of these resources, $1,336,098 have been performed. For the remaining resources, $163,902, their performance is expected in 2024.

(5) On October 23, 2020, Bancóldex and GIZ signed Agreement 81253328 framed in the project “NAMA Support for the Domestic Refrigeration Sector in Colombia.” In November 2023, Bancóldex signed the third addendum to extend the program’s term until June 2024. This project seeks to structure financial mechanisms that promote the

production and marketing of domestic refrigeration with low environmental impact, the results of which aim to contribute to the country's climate change goals. At the end of 2023, GIZ had disbursed 2.03 million euros to Bancóldex divided as follows: (a.) the first transfer was for an amount of 1.2 million euros, which entered Bancóldex on January 5, 2021, and (b.) the second transfer took place on August 12, 2022, for an amount of 830 thousand euros. Notably, as of December 31, 2023, $7,778 million is being used.

(6) Under Special Cooperation Agreement 80740-421-2021 concluded between Fiduciaria La Previsora S.A. FIDUPREVISORA S.A., acting as spokesperson and manager of the National Financing Fund for Science and Technology, and the Bank, these resources were allocated to hire a third-party expert to assess and monitor Science, Technology, and Innovation projects to be financed by the line of credit "MinCiencias CTeI Line – Promotion of Investments in Science, Technology, and Innovation for the Bioeconomy" (Notice 003 dated March 7, 2022). The third-party expert was hired at the end of 2022, and $47,137 fees were paid. During 2023, under the agreement, $123,455 was spent. The remainder payable is $129,408, which will be returned to the contributor, considering that in December 2023, the line of credit was closed, and the agreement started the settlement process.

22. EMPLOYEE BENEFITS

The following is the detail of the balances for employee benefits as of December 31, 2023 and 2022, the number of employees amounts to 449 and 445 respectively, likewise, it is necessary to indicate that the Bank only has short-term employee benefits

	2023	2022
Payroll to be paid	$ 154,956	$ 178,140
Severance pay	1,944,970	1,644,698
Interest on severance payments	229,414	189,945
Vacation periods	7,321,122	6,544,922
Other Accounts Payable to employees	9,327,707	7,543,834
Current Provisions	708,707	720,694
	$ 19,686,876	$ 16,822,233

23. ESTIMATED LIABILITIES AND PROVISIONS

The following is the disaggregation of the provisions, as of December 31, 2023 and 2022:

	2023	**2022**
Labor lawsuits (1)	$ -	$ 27,480
Other (2)	110,014	110,014
	$ 110,014	$ 137,494

(1) During 2023, the amount of the judgment condemning the Bank to pay litigation expenses amounting to $25,480 in the lawsuit against Carlos Helí Gomez Bravo and $2,000 in the lawsuit against Salud Total was transferred to accounts payable to the plaintiff. Subsequently, the payment was made according to the court's orders.

(2) The provision created corresponds to the costs incurred when dismantling or restoring the place where the properties leased for the regional offices are located. The latest dismantling costs were updated during 2022 for the Medellín and Cali offices.

The following is the breakdown of these provisions, as of December 31, 2023 and 2022:

	2023	2022
Balance at the beginning of the period	$ 27,480	$ 25,480
Constituciones	-	2,000
Withdrawals	27,480	-
Closing balance for the period	$ -	$ 27,480

24. OTHER LIABILITIES

The following is the breakdown of other liabilities as of December 31, 2023, and 2022:

	2023	2022
Prepaid income [(1)]	$ 102,012,612	$ 138,270,174
Interest arising from restructuring processes	2,337,038	2,176,418
Credits to obligations receivable [(2)]	3,549,178	4,472,667
Income received for third parties	364	401
Sundry - Agreements [(3)]	33,220,642	34,853,049
	$ 141,119,834	$ 179,772,709

(1) The disaggregation of prepaid income is as follows:

	2022	Charges	Amortization	2023
Interests	$ 138,270,174	$ 74,143,210	$ 110,400,772	$ 102,012,612

	2021	Charges	Amortization	2022
Interests	$ 141,294,854	$ 114,090,022	$ 117,114,702	$ 138,270,174

The interests are due to the amortization of the anticipated income of the agreements that calculate NPV in specific credit lines for this purpose

(2) Payments made by customers for excess ordinary and extraordinary rent and prepaid rent. Permanent monitoring and communication with customers are carried out to define their correct application.

(3) The balances are mainly the resources received from Ministries, Governments, and Mayors' Offices for financing lines with rate differentials. As of December 31, 2023, and 2022, there were 142 and 88 agreements, respectively.

25. EQUITY

25.1. Capital stock: The following is the breakdown of capital, as of December 31, 2023 and 2022:

	2023	2022
Bicentenario Group S.A.S.	$ 1,059,563,515	$ 1,059,563,515
Private parties	3,031,453	3,031,453
	$ 1,062,594,968	$ 1,062,594,968

The number of subscribed and paid-in shares is as follows:

	2023	2022
Bicentenario Group S.A.S. (Class "A" Shares) Common	$ 1,059,563,515	$ 1,059,563,515
Private Investors (Class "B" Shares) Common	2,118,779	2,118,779
Private Investors (Class "C" Shares)	912,674	912,674
	$ 1,062,594,968	$ 1,062,594,968

The shares of the C series have a minimum annual preferential dividend equivalent to 3.5% of the equity value of the share at the beginning of the year, charged to the profits the General Assembly decrees for calculation. This minimum preferential dividend will be effective in principle for eight (8) years. At the end of such period, the Bank will compare the average value of the share registered in the Colombian Stock Exchange during the twelve (12) months prior to the month of the comparison, against the average equity value of the share during the same period.

If the average value on the Stock Exchange is equal to or greater than 110% of the average equity value, the privilege will be extinguished and, as a result, the preferred minimum dividend will be suspended. Otherwise, the privilege will be extended for five (5) years, at the end of which the Bank will perform again the comparison of average values in the same order. If the average value in the stock market continues to be less than 110% of the average equity value, the privilege will be extended for three (3) successive periods of two (2) years, under the understanding that at the end of each of such periods the Bank will perform the comparison of average values. If the indicated periods have expired and the average value in the Stock Market continues to be less than 110% of the average equity value, the privilege will be extended for one (1) more year, after which it shall be extinguished.

The extinction of the privilege, regardless of the moment it occurs, will cause these shares to become ordinary and give rise to the consequent substitution of the securities. If the General Assembly provides for the recognition of a dividend higher in value to the preferential minimum, the payment of the latter shall prevail over the former.

Regarding the settlement of the privilege enshrined in the preceding paragraphs, Bancóldex will proceed in accordance with the following formula:

Minimum Preferential Dividend = Equity Value of the Share at the beginning of year N x 3.5%.

Where:

Equity Value of the Share at the beginning of Year N = Total equity as of December 31 of year N - 1 / Total shares outstanding.

The payment of the anticipated minimum preferential dividend is ordered by the General Assembly of Shareholders of the Bank and charged to the net profits of the respective period. Therefore, notwithstanding the provisions established in section 2 of Article 381 of the Commercial Code, the payment dates of the preferred dividend correspond to the dates indicated by such instance and, if the Bank does not yield profits in a given fiscal year, or they are not enough to meet the foresaid payment, the total or partial value of the unpaid dividend will be accumulated to be paid from the net profits of the following period. If there are not profits during the foresaid fiscal year, or if they are not sufficient, they will be accumulated in the same manner and so on.

An economic privilege was established for the shareholders of the "C" series and for a period of eight (8) years starting in 1994. It consists in an annual preferential minimum dividend equivalent to 3.5% of the equity value of the share at the beginning of the year, charged to the profits decreed by the General Assembly for its calculation. By decision of the General Assembly of Shareholders of August 21, 2002, March 31, 2008, March 22, 2013 and March 26, 2018, the privilege has been extended for a term of five more years; considering that the listing value is a simple reference to know whether the privilege is extended or not, in principle for five years and then for three successive periods of two years. The General Shareholders Assembly ordered to take zero (0) as the listing value in stock exchanges and continue with the privilege for five additional years.

25.2. Reserves: The information on reserves as of December 31, 2023 and 2022:

		2023		2022
Legal				
Appropriation of liquid profits	$	197,217,857	$	190,104,422
Statutory				
Protección - Private Capital Funds		113,782,449		49,346,690
Occasional				
For loan portfolio protection		-		-
Tax provisions		27,465,831		27,884,760
	$	338,466,137	$	267,335,872

Legal reserve: As per legal provisions, every credit establishment must constitute a legal reserve, appropriating ten percent (10.0%) of the net profits of each year until reaching fifty percent (50.0%) of the subscribed capital. The legal reserve cannot be used to pay dividends or to cover expenses or losses during the time the Bank has undistributed profits.

Statutory and occasional reserves: They are approved by the General Shareholders Assembly. Law 1819 of December 29, 2016 in section 10 of article number 376, validity, and derogations, repealed Article 1, Decree 2336 of 1995, which set forth the obligation to establish tax reserves, on fiscally unrealized income. However, the General Shareholders Assembly approved the constitution of an occasional reserve supported by tax regulations, on unrealized profits, such as valuation of investment portfolio, valuation of private equity funds and valuation of operations with financial derivatives

25.3. Net earnings per share - The following table summarizes the net earnings per share for the periods ended December 31, 2023 and 2022:

Concept	2023	2022
Circulating common shares	1,062,594,968	1,062,594,968
Profit for the year	48,694,764.87	71,130,265.00
Earnings per Share (COP)	45.83	66.94

The Bank does not have shares with dilutive effects

26. OTHER INCOME

The breakdown of other income is as follows:

		2023		2022
Reversal of impairment loss	$	633	$	90,138
Property leases		1,873,123		1,655,278
Sale of property and equipment (1)		701,351		-
Operational risk recovery (2)		15,321		52,289
Recovery of damaged portfolio		308,380		2,814
Income from the F.N.G		825,484		1,073,221
Prepaid income from portfolio operations (3)		4,251,648		-
Reimbursement of expenses from previous periods (4)		883,909		12,714,094
Other (5)		1,114,758		4,980,674
	$	9,974,607	$	20,568,508

(1) $701,351 is the profit on the sale of the vehicles under finance leases, on which the Bank exercised the purchase option for their subsequent sale.

(2) For 2023, the insurer CHUBB de Colombia reimbursed $15,31,000 for the claim for laptop accidents.

(3) For 2023, it comprises the recognition of penalties for prepayment in second-tier credit operations and operations under the direct credit mechanism for microfinance with Bancóldex's resources that are paid partially or totally before maturity, as provided in Bancóldex's Notice 017 dated October 27, 2022.

(4) For 2022, it is the credit balance reported by the Ministry of Finance and Public Credit due to the change of method used to calculate the fees that the Bank must pay to the Contingency Fund of State Entities for credit operations with the IDB. The excess contributions made by the Bank in the 2015-2019 period amounts to $7,298,464. In addition, the registration of ruling 17032022 of the Council of State in favor of the Bank in the contentious-administrative proceeding against the Comptroller General of the Republic for $5,203,936 corresponded to the tax control rate for 2012.

(5) For 2022, it is mainly the registration of the IPC update by ruling 17032022 listed in the previous item from January 15, 2014, to March 17, 2022, for $2,325,288.

27. OTHER EXPENSES

The disaggregation of other expenses is as follows

	2023	2022
Contributions and enrollments	$ 4,027,634	$ 3,384,426
Insurance	2,341,591	1,891,619
Maintenance and repairs	7,162,288	6,297,184
Adaptation and installation of offices	240,061	294,713
Fines and penalties	2,320	3,008
Legal and notarial expenses	87,774	10,619
Management and brokerage services	86,225	95,082
Cleaning and security services	970,626	832,062
Temporary services	706,886	346,953
Advertising and publicity	525,191	827,222
Public relations	119,935	72,075
Utilities	826,311	762,896
Travel expenses	1,109,821	852,074
Transportation	940,398	888,527
Supplies and stationery	45,627	30,716
Publications and subscriptions	439,074	376,852
Photocopying and Authentication Service	829	2,346
Reference books	1,456	390
Working lunches	160,580	182,412
Cafeteria supplies	86,455	67,593
Toiletries	110,459	80,157
Postage and courier services	142,106	155,099
Telex data transmission. SWIFT	1,525,645	1,428,685

Building management	888,359	773,523
Minor Fixtures and Fittings	4,556	21,018
Commercial information	1,116,958	1,111,980
Storage and custody of magnetic files	114,574	163,223
Contact Center	2,233,484	1,814,099
Stock exchange registrations	88,000	72,200
Alternate contingency processing service	689,108	711,294
Institutional Notices and Announcements	56,960	48,584
Corporate communications	186,215	132,650
Withholdings borne	171,194	170,165
VAT borne by Bancóldex	-	9,653
Prior period expenses	1,922,511	1,456,188
Business Training and Business Sector Support Activities	528,341	589,521
Properties received in payment	667,112	794,505
Properties returned	1,783,036	1,415,185
Other minor expenses	2,416,665	1,609,145
	$ 34,526,365	$ 29,775,643

28. INCOME TAX

Income tax expenses include current income and ancillary taxes and deferred taxes and are accounted for in accordance with IAS 12, Income Taxes.

Current Income Tax

Current income and ancillary tax assets and liabilities for the current period are measured as the amount expected to be recovered from or paid to tax authorities. The tax rate and laws used to account for the amount are those in force or nominally in force.

The tax provisions applicable to the Entities set the income tax rate for 2022 and subsequent years at 35 %. Law 2155/2021 provided that financial institutions should pay additional points to the income tax for 2022 to 2025, equivalent to 3 %. However, Law 2277/2022 established that financial institutions should pay additional points to the income tax for 2023 to 2027, equivalent to 5 %. Thus, Bancóldex determined the income tax expense for 2023 and 2022 at 40 % and 38 %, respectively.

Deferred Income Tax

Deferred income and ancillary taxes are recognized for temporary differences between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax assets are recognized to the extent that it is probable that temporary differences, the carrying amount of unused tax credits and unused tax losses can be used.

Deferred taxes are measured at the tax rate expected to be applied to temporary differences when they are reversed based on laws that have been enacted or substantively enacted as of the reporting date.

Accordingly, the deferred tax must be measured for 2023 to 2027 at a general income tax rate of 35% and some additional points for being a financial institution of 5%, for a total rate of 40%, which was modified by Law 2277 of December 13, 2022.

Finally, Decree 2617 of December 29, 2022, issued by the Ministry of Trade, Industry, and Tourism, provided an accounting alternative to mitigate the effects of the income tax rate change in the 2022 taxable period. It consists of recognizing the amount of the deferred tax derived from the change in the rate of additional points applicable to financial institutions in accumulated profit or loss for prior periods within an entity’s equity; that is, the two additional points of going from a rate of 3% to 5%. As background, Decree 1311/2021 gave the same option for the effect caused by the modification of the income tax rate and additional points enshrined in Law 2155/2021. By Circular 002 of December 17, 2021, Grupo Bicentenario S.A.S. established as a guideline for all subordinate entities not to take the alternative of recognizing it in the accumulated profit or loss for prior periods within an entity's equity. Thus, the effects of the rate change were recognized in profit or loss.

28.1. Current tax assets and liabilities: The following is the disaggregation of current tax assets and liabilities:

	2023	2022
Current tax assets		
Other self-withholdings and withholdings by third parties	$ 67,784,854	$ 46,304,690
Current tax liabilities		
Income tax payable	45,676,049	1,707,433
Total	$ 22,108,805	$ 44,597,257

28.2. Income tax

For 2023 and 2022, the Bank calculated the provision for income tax based on ordinary income.

The main items of income tax expense for the twelve-month periods ended December 31, 2023, and 2022, respectively, are as follows:

	2023	2022
Current tax:		
Adjustment of previous periods		
Income tax for current year	$ 45,676,049	$ 1,707,433
	45,676,049	1,707,433
Deferred tax:		
Adjustment of previous periods		
Current period	(13,703,808)	25,049,443
Deferred tax adjustments attributable to changes in tax laws and rates	321,045	4,038,893
	(13,382,763)	29,088,336
Total income tax recognized in the period	$ 32,293,286	$ 30,795,769

28.3. Reconciliation between profit before taxes and net income

The reconciliation between profit before taxes and net taxable income for 2023 and 2022 is as follows:

	2023	2022
Income tax:		
Profit before taxes	$ 80,988,051	$ 101,926,034
Plus items that increase income		
Non-deductible taxes	-	12,170,820
Non-deductible debit tax (GMF)	10,001,962	7,330,735
Non-deductible provision for loan portfolio and returned assets	10,752,266	7,804,580
Restatement of unrealized foreign currency liabilities for tax purposes	316,565,292	81,062,213
Revenue from tax realization of financial derivatives	-	94,098,166
Loss on valuation of financial derivatives	89,144,853	47,170,318
Tax income from investment portfolio at nominal rate	116,607,715	87,238,118
Higher non-deductible accounting depreciation expense	1,123,189	939,049
Recovery of depreciation on the sale of fixed assets	651,599	-
Effects of the sale of fixed assets	-	164,174
Other non-deductible expenses / expenses abroad subject to limits	5,991,067	3,138,522
	550,837,944	341,116,695
Less items that decrease income		
Untaxed dividends	(6,548,569)	(75,856)
Non-tax equity method income	(10,291,784)	(849,577)
Loss from tax realization of financial derivatives	(47,196,151)	-
Untaxed income from portfolio valuation at market prices	(130,058,119)	(79,184,738)
Restatement of unrealized foreign currency assets for tax purposes	(317,663,024)	(198,673,360)
Recovery of untaxed provisions	(4,844,583)	(11,945,690)
Revaluation of untaxed properties and equipment	(342,026)	(987,532)
Effect of the sale of fixed assets	(715,628)	-
Tax credit amortization	-	(130,818,494)
	(517,659,883)	(422,535,247)
Net taxable income	$ 114,166,111	$ 20,507,482
Revenue from capital gains - sale of fixed assets	1,589,100	4,348,571
Tax cost of the sale of fixed assets	(1,525,071)	(4,512,745)
Taxed capital gains	64,029	(164,174)
At the legal tax rate	35%	35%
Income tax	39,958,139	7,177,619
Additional points for financial institutions 5% and 3%	5,708,306	615,224
Income tax 15% and 10%	9,604	-
Tax discount - 50% ICA PAID	-	(6,085,410)
Current tax	$ 45,676,049	$ 1,707,433

28.4. Tax loss offset

The Bank does not have tax losses to offset.

28.5. Accumulated presumptive income and accumulated tax losses

The determination of the current income tax for 2023 exceeds the Minimum Tax Rate of 15 % set out in paragraph 6 of Section 240 of the Tax Code added in Law 2277/2023 for 2023 onwards.

No additional tax recognition is required.

28.6. Income tax recognized in other comprehensive income

	2023	2022
Deferred tax		
From income and expenses recognized in other comprehensive income:		
Revaluations of available-for-sale financial assets	$ 878,528	$ (33,267,533)
Revaluations of financial instruments treated as cash flow hedges	(2,916,710)	(12,483,378)
Valuation (devaluation) at fair value of private equity fund	30,266,620	26,634,624
Profit (loss) from exchange difference of investments abroad	823,271	2,032,815
Property revaluations	2,084,536	2,084,536
Valuation (devaluation) of investments in associates	439,635	1,827,134
Other - Expected loss impairment	69,117	69,115
Total income tax recognized in other comprehensive income	$ 31,644,997	$ (13,102,687)

28.7. Deferred tax balances

The analysis of deferred tax assets and liabilities presented in the statements of financial position is as follows:

	2023	2022
Deferred tax assets	$ 82,791,105	$ 228,262,458
Deferred tax liabilities	(93,410,669)	(207,517,101)
Total	$ (10,619,564)	$ 20,745,357

BLANK SPACE

2023	Opening balance			Activity		Closing balance		
	Activo	Pasivo	Neto	Reconocido en los resultados	Reconocido en otro resultado integral	Activo	Pasivo	Neto
Deferred tax items								
Derivative financial instruments - valuation	$ 31,362,763	$ (13,905)	$ 31,348,858	$ 16,779,481	$ (9,566,668)	$ 38,562,719	$ (1,048)	$ 38,561,671
Financial assets at fair value through profit or loss	4,263,979	-	4,263,979	(6,417,862)	-	-	(2,153,884)	(2,153,884)
Available-for-sale financial assets	33,267,533	-	33,267,533		(34,146,062)	-	(878,529)	(878,529)
Financial assets at fair value through OCI - Equity instruments	-	(32,874,656)	(32,874,656)	189,780	(2,244,498)	-	(34,929,374)	(34,929,374)
Exchange difference of foreign currency assets and liabilities	152,971,552	(156,878,294)	(3,906,742)	2,628,101	1,209,544	39,091,111	(39,160,208)	(69,097)
Property and equipment	314,939	(13,067,054)	(12,752,115)	80,499	-	424,351	(13,095,967)	(12,671,617)
Finance leases	4,485,465	(4,614,077)	(128,612)	150,729	-	3,144,661	(3,122,544)	22,117
Intangible assets	20,105	-	20,105	(6,809)	-	13,296	-	13,296
Provisions (administrative expenses)	379,254	-	379,254	(13,669)	-	365,586	-	365,586
Impairment of other accounts receivable	1,196,868	(69,115)	1,127,753	(7,486)	-	1,189,382	(69,115)	1,120,267
Total	$228,262,458	$(207,517,101)	$ 20,745,357	$ 13,382,763	$ (44,747,684)	$ 82,791,105	$ (93,410,669)	$ (10,619,564)

2022		Opening balance		Activity		Closing balance		
Deferred tax items	Assets	Liabilities	Net	Recognized in profit or loss	Recognized in other comprehensive income	Assets	Liabilities	Net
Derivative financial instruments - valuation	$ 6,197,678	$(35,762,133)	$(29,564,455)	$54,625,297	$ 6,288,016	$31,362,764	$ (13,906)	$ 31,348,858
Financial assets at fair value through profit or loss	-	(1,941,814)	(1,941,814)	6,205,794	-	4,263,980	-	4,263,980
Available-for-sale financial assets	69,108,936	-	69,108,936	-	(35,841,403)	33,267,533	-	33,267,533
Financial assets at fair value through OCI - Equity instruments -		(26,629,185)	(26,629,185)	88,435	(6,333,906)	-	(32,874,656)	(32,874,656)
Exchange difference of foreign currency assets and liabilities	138,813,946	(82,542,338)	56,271,608	(59,163,564)	(1,014,786)	152,971,552	(156,878,293)	(3,906,741)
Property and equipment	216,841	(11,951,682)	(11,734,841)	(1,039,045)	21,772	314,939	(13,067,054)	(12,752,115)
Finance leases	2,493,273	(2,380,133)	113,140	(241,752)	-	4,485,465	(4,614,077)	(128,612)
Intangible assets	101,852	-	101,852	(81,747)	-	20,105	-	20,105
Provisions (administrative expenses)	121,263	-	121,263	257,991	-	379,254	-	379,254
Impairment of other accounts receivable	296,925	(69,115)	227,810	899,941	-	1,196,866	(69,115)	1,127,751
Total	$ 247,990,400	$(161,276,400)	$ 86,714,000	$(29,088,336)	$(36,880,307)	$228,262,458	$(207,517,101)	$ 20,745,357

28.8. Other tax regulatory matters

Finality of income and ancillary tax returns

The tax returns for 2019 and prior are final. The tax returns for 2020, 2021 and 2022 are within the legal term to become final

29. CONTINGENCIES

As of December 31, 2023, and 2022, the Bank dealt with lawsuits in favor and against. The claims of the lawsuits were assessed based on the analysis and opinions of the lawyers, and the following contingencies were determined:

Contingencies payable (lawsuits against)

As of December 31, 2023, and 2022, employment litigation totaling $287,388 was recorded. The following table details the lawsuits classified as possible (medium).

Parties	General Information	Status of the Lawsuit	2023	2022
JORGE MARIO JARAMILLO CARDONA v. BANCÓLDEX AND OTHERS	Nature: Ordinary labor lawsuit Identification: Administrative Court 25 of Bogotá	It intends to order the defendant entities to make labor payments derived from failure to make timely pension contributions for Mr. Jaramillo between 1990 and 1992 at the commercial offices of the Government of Colombia in Los Angeles. A judicial decree rejects the lawsuit. 8-24-23: The plaintiff files a motion for reconsideration with a supplementary appeal. 8-31-23: The document submitted by the plaintiff is notified. 9-8-23: It is set for judicial decision. A judicial decree rejects the lawsuit. 8-24-23: The plaintiff files a motion for reconsideration with a supplementary appeal against the order that rejected the lawsuit. 8-31-23: The document submitted by the plaintiff is notified. 9-8-23: It is set for judicial decision.	**287,388**	**287,388**
ANDRÉS ESPINOSA FENWARTH v. BANCÓLDEX and Colpensiones	Nature: Administrative Litigation. Identification: Administrative Court of Cundinamarca	The lawsuit seeks to order the defendant Colpensiones to recognize the plaintiff's old-age pension, to which he has been entitled since he turned 60, and the Bank to pay the contributions not made to Colpensiones from August 16, 1989, to December 15, 1993. 7-18-2022: The lower court ruling is notified, denying the lawsuit claims with no order to pay court costs. 10-31-22: The appeal is admitted and referred to the Court. 3-21-23: The lawsuit is set for judicial decision.	**-**	**-**
ALBERTO RIVADENEIRA TELLEZ v. COLPENSIONES AND OTHERS	Nature: Ordinary labor lawsuit Identification: Labor Court 37 of the Bogotá Circuit	It intends to order the defendant entities to make labor payments derived from failure to make timely pension contributions. 8-4-22. An initial hearing is set up in which the conciliation stages, with prior exceptions, take effect under Section 77 of the Labor and Social Security Procedural Code. The exception of lack of jurisdiction proposed by the Nation/Ministry of Foreign Affairs is rendered unproven. The latter files an appeal, so the case is ordered to be submitted to the Court. 1-20-2023: The appeal is reviewed, and the appealed decision is confirmed, so the competent jurisdiction is the ordinary labor court. 8-3-23: The lawsuit is set for judicial decision. 6-9-23: The hearing is set for February 15, 2024, at 8:30 am.	**-**	**-**
Total			**287,388**	**287,388**

Contingencies receivable (lawsuits in favor)

Employment litigation—As of December 31, 2023, and 2022, the valuation result of the lawsuit claims amounted to $714,188 and $1,096,098, respectively, with the following variation due to the withdrawal of the following lawsuits.

The following table details the litigation:

Parties	General Information	Status of the Lawsuit	2023	2022
BANCÓLDEX v. ALIANSALUD E.P.S. - ADRES	Nature: Ordinary labor lawsuit Identification: Labor Court 5 of the Bogotá Circuit 11001310500520190017300	9-2-21: The appeal is admitted. 9-1-21: Closing arguments are submitted by the Bank's attorney. 4-11-22: The lawsuit is forwarded to the secretary of the Court so that it can be distributed to another Office under Agreement PCSJA22-11978 dated July 29, 2022 (Case Expedition) 12-15-22: The closing arguments are notified. 1-12-23: A writing is received from Bancóldex's attorney. 1-19-23: A writing is received from Aliansalud. 9-28-23: The lawsuit is set for judicial decision.	68,275	68,275
BANCÓLDEX v. CAFESALUD E.P.S. - ADRES	Nature: Ordinary labor lawsuit Identification: Labor Court 47 of the Bogotá Circuit 11001310501520190017100	4-4-2022: Rectification of the response to the lawsuit by the UGPP is provided. 7-7-22: The lawsuit is deemed answered, and the amended lawsuit is notified. 4-26-23: Considering that the answers are available, Bancóldex files a burden to advance the legal proceedings memorial. 5-16-23: The lawsuit is ordered to be submitted to Labor Court 47 of the Circuit to continue with the proceedings and hold the hearing under Section 77 of the Labor Procedural Code. 5-23-23: A motion for reconsideration is filed against the judicial decree dated May 16, 2023. 5-30-23: The judicial decree is not reconsidered, and the appeal is not admitted. Hence, the decision remains final, and the lawsuit is forwarded to Labor Court 47 of the Bogotá Circuit. 6-16-23: The lawsuit is forwarded to Labor Court 47 of Bogotá. 7-24-23: Substitution of the defendant's power of attorney is provided. 11-24-23: Labor Court 47 of the Circuit acknowledges it and sets the initial hearing date for November 21, 2024, at 2:00 pm.	565,515	565,515
BANCÓLDEX v. COMPENSAR E.P.S. - ADRES	Nature: Ordinary labor lawsuit Identification: Labor Court 12 of the Bogotá Circuit 11001310501220190016500	7-21-22: A hearing is held in which the stages of conciliation, litigation establishment, decree, evidence examination, and closing argument submission are exhausted. The trial hearing is set for September 9, 2022, at 8:00 am. 9-9-22: Judgment is issued in favor of the Bank. ADRES is ordered to pay through Compensar the sum of $87 billion, and Compensar is ordered to pay the sum of $30 billion, with the interest accrued since June 28, 2018, under Section 4 of Decree 1281/2002. The defendants file an appeal. 10-18-22: The appeal is admitted. 11-1-22: Closing arguments are submitted by the Bank and Compensar. 11-3-22: ADRES submits closing arguments.	-	132,811
BANCÓLDEX v. SURA E.P.S. - ADRES	Nature: Ordinary labor lawsuit Identification: Labor Court 25 of the Bogotá Circuit 11001310502520190018500	4-21-23: A judgment is issued in favor of Bancóldex, and EPS SURA is ordered to pay court costs for $1,800,000. 5-9-23: The Superior Court of Bogotá - Labor Chamber admits the appeal. 10-11-23: Closing arguments are notified. 10-18-23: The Bank's attorney submits closing arguments.	-	55,701
BANCÓLDEX v.	Nature: Ordinary labor lawsuit	2-28-22: The response to the lawsuit by ADRES and Famisanar is inadmissible. 8-8-22: The claim is deemed answered. 6-6-22: The initial hearing is held, rendering a lack of jurisdiction. Therefore, it is decided to refer it to the Administrative Courts. 10-4-22: A motion for reconsideration is filed by the Bank's attorney, considering that the matter does not fall under the jurisdiction of the Administrative Judge but of the Ordinary Justice. 12-15-22: The judicial decree is not reconsidered, and the appeal is denied. 1-16-23: Rectification of the lawsuit is submitted. 6-16-23: The lawsuit is again rendered inadmissible, and ten days are	61,374	61,374

FAMISANAR E.P.S. - ADRES	Identification: Administrative Court 42 of Bogotá 11001333704220220029600	granted for rectification. 6-23-23: Rectification of the lawsuit is submitted. 9-11-23: The lawsuit is rejected due to the expiration of the action. 9-22-23: An appeal is filed against the judicial decree that rejected the lawsuit. 10-20-23: An appeal barring the execution of the judicial decree that rejected the lawsuit is admitted.		
BANCÓLDEX v. SANITAS E.P.S. - ADRES	Nature: Ordinary labor lawsuit Identification: Labor Court 32 of the Bogotá Circuit 11001310503220190072300	2-21-21: Sentence. The defendant files an appeal, which is ordered to be sent to the court. 5-19-22: The appeal ruling is notified, which partially revokes the initial ruling and orders the payment of $27,117,900. 6-8-21: Bancóldex files an appeal. 9-12-22: Court denies appeal. 2-5-23: Sanitas pays Bancóldex the amount ordered in the ruling.	-	145,997
BANCÓLDEX v. Cruz Blanca E.P.S. - ADRES	Nature: Ordinary labor lawsuit Identification: Administrative Court 42 of Bogotá 11001333704220220009500	6-29-22: Under Section 139 of the General Code of Procedure, it is considered that the judicial decree whereby a lack of jurisdiction to hear the matter is rendered does not allow an appeal. It is ordered to forward the lawsuit to the Administrative Courts again. 8-23-22: The Bank's attorney files a motion for reconsideration against the order that did not admit the lawsuit. 11-10-22: The judicial decree is not responded to, and the appeal is denied, so the term for rectifying the lawsuit starts to run. 11-25-22: Rectification of the lawsuit is submitted by Bancóldex. 2-27-23: The administrative court admits the lawsuit and orders notification. 3-14-23: Response to the lawsuit is received from Cruz Blanca. 4-18-23: Response to the lawsuit is received from the ADRES. 6-30-23: The exception of an improper lawsuit due to lack of formal requirements is rendered proven, and the lawsuit is terminated. 7-5-23: The Bank's attorney files an appeal against the judicial decree that terminates the lawsuit. 9-8-23: The appeal is admitted and forwarded to the Administrative Court of Cundinamarca. 10-6-23: It is set for judicial decision.	19,024	19,024
BANCÓLDEX v. SALUDCOOP E.P.S. - ADRES	Nature: Ordinary labor lawsuit Identification: Labor Court 20 of the Bogotá Circuit 11001310502020190019800	On October 10, the notification was received at the court, and on October 31, the case was set for judicial decision. The lawsuit was answered on May 14 by judicial decree, and a hearing date was set for June 1, 2021, at 10:00 a.m. 6-9-21: Sentence. The appeal barring the execution of judgment is granted, and the case is forwarded to the Court. 7-12-23: The Court admits the appeal and notifies the parties of closing arguments. 7-26-23: The Bank's attorney submits closing arguments. 8-1-23: The defendant submits closing arguments.	-	-
BANCÓLDEX v. Servicios Occidentales de Salud E.P.S. - ADRES	Nature: Ordinary labor lawsuit Identification: Small Labor Claims Court 3 of Cali, Valle del Cauca. 76001410500320190041500	4-8-22: Initial hearing is held and adjourned, and the ADRES is ordered to be notified of the lawsuit at the plaintiff's attorney's request. The hearing is set to be resumed on July 2, 2022. 11-10-22: A ruling is issued in favor of the Bank, and ADRES is ordered to pay the sum of $6,301,600 through EPS SOS for the refund of social security health contributions paid in error. SOS is ordered to pay interest on the sum of $6,301,600 accrued from June 28, 2018, to the date of payment of the obligation under Section 4 of Decree 1281/2002. Legal representation costs are $700,000, and the UGPP is released. 5-4-2023: EPS SOS pays Bancóldex the amount ordered in the ruling.	-	6,302
BANCÓLDEX	Nature: Ordinary labor lawsuit	The notification was received at the court on October 10, and on October 31, the case was set for judicial decision. The lawsuit was answered on May 14 by judicial decree, and a hearing was set for June 1, 2021, at 10:00 a.m. 06-09-21: Sentence. The appeal barring the execution of judgment is admitted, and the case is set for judicial decision.	-	41,099
Total			714,188	1,096,098

Civil litigation—As of December 31, 2023, and 2022, the valuation result of civil claims include:

	2023	2022
Carlos Guillermo Rojas Prieto	Withdrawn	$ 17,903
Boyacá Province	$ 26,932	-

Executive litigation—As of December 31, 2023, and 2022, the valuation result of executive claims amounted to $3,647,740 and $6,432,420, respectively.

Counterparty	Action	2023	2022
Comercializadora Seul Fd Ltda.	Executive	219,515	-
Majolica Trading C.I S.A.	Executive	1,113,883	-
Estudios De Ingeniería Y Construcciones Escinco	Executive	766,049	-
Jaime Guinovart Avendaño	Executive	1,548,293	-
Giraldo y Duque S.A. y C.I. Giraldo Duque Ltda. (Cartera Internacional C.F.)	Executive	-	320,833
ALVARO PIO ARCINIEGAS ESPAÑA	Executive	-	43,793
IKONOS INMOBILIARIA S.A.S., MARIA ANGELICA NIÑA PEÑA, CAMPO ELÍAS LÓPEZ DAZA, and DIANA JUDITH LOPÉZ CAICEDO (Cartera Internacional C.F.)	Executive	-	1,860,336
TRITURADOS Y PREFABRICADOS	Executive	-	2,407,407
José Luis Ovalle (Cartera Internacional C.F.)	Executive	-	50,000
Reimpex S.A.S. (Internacional C.F.)	Executive	-	88,430
Centro Internacional de Biotecnología - CIBRE (Internacional C.F.)	Executive	-	270,000
Districacharrería la 13 S.A.S.	Executive	-	381,421
Artefacto Constructores S.A.S.	Executive	-	106,470
Comercializadora Seul FD LTDA. - Francisco Oriel Duque Zuluaga	Executive	-	219,515
ASOCIACION ONG AVANSAR	Executive	-	589,571
OSCAR WILLIAM VARGAS	Executive	-	34,552
COMERCIALIZADORA FUNDIALUMINIOS ALVARO HERNANDEZ GIRALDO MARIA FERNANDA HERNANDEZ MEDINA	Executive	-	60,092
Total		**3,647,740**	**6,432,420**

The amounts decreased for the specified years due to a change in the risk rating of some executive proceedings.

Restitution litigation—The following is the disaggregation of the restitution processes classified as possible:

Counterparty	Action	2023
Manufacturera De Grandes Cocinas S.A.S. (Internacional C.F.)	Oral - Restitution of Leased Property	1,084,256
El Universo Del Ajo	Oral - Restitution of Leased Property	2,104,378
Ici Inversiones Y Construcciones Industrializadas S.A.S.	Oral - Restitution of Leased Property	1,256,424
H.A.C. Constructora S.A.S.	Oral - Restitution of Leased Property	213,394
Balanceados del Magdalena	Oral - Restitution of Leased Property	957,529
Bamocol S.A.	Oral - Restitution of Leased Property	21,318
Industria Colombiana De Salsas Y Sazonadores S.A.S.	Oral - Restitution of Leased Property	567,880
Unitel Sa Esp	Oral - Restitution of Leased Property	248,278
Nestor Eduardo Ariza	Oral - Restitution of Leased Property	490,850
Zona Franca Sur Colombiana	Oral - Restitution of Leased Property	200,563
Manuel Barreto Urrego	Oral - Restitution of Leased Property	477,295
Proturismo De Colombia S.A.S.	Oral - Restitution of Leased Property	-
Flamingo Mar Ltda.	Oral - Restitution of Leased Property	210,000
Ferreteria Puntialambres S.A.S.	Oral - Restitution of Leased Property	-
Soluciones Globales Y Logisticas De Transporte S.A.S.	Oral - Restitution of Leased Property	-
Jby Servicios S.A.S.	Oral - Restitution of Leased Property	-
Plasticos Y Desechables C M Cía. Ltda.	Oral - Restitution of Leased Property	-
Fantasias Y Accesorios Holguin S.A.S.	Oral - Restitution of Leased Property	-
Fabrica De Hielo Barranquillita Ltda.	Oral - Restitution of Leased Property	2,059,864
Generamos Del Caribe S.A.S.	Oral - Restitution of Leased Property	1,524,706
Tecnobloques S.A.	Oral - Restitution of Leased Property	17,318
Inversiones Trout Lastra, Jorge Enrique Trout Guardiola	Oral - Restitution of Leased Property	399,334
Inversiones Ch & D Ltda.	Oral - Restitution of Leased Property	
Lagomar San Jose	Oral - Restitution of Leased Property	-
Ingenieria Servicios Y Logistica Isl S.A.S.	Oral - Restitution of Leased Property	-
Yamhure Acosta S.A.S.	Oral - Restitution of Leased Property	1,159,235
Productos Alimenticios Alapresa S.A.	Oral - Restitution of Leased Property	144,518
Modulor S.A.S.	Oral - Restitution of Leased Property	
Jm Security Advisors	Oral - Restitution of Leased Property	-
Transportes Alto Nivel S.A.S.	Oral - Restitution of Leased Property	-
Click Distribuciones S.A.S.	Oral - Restitution of Leased Property	410,468
Industrias Alimenticias La Reina S.A.S.	Oral - Restitution of Leased Property	88,560
Distribuidora Y Comercializa	Oral - Restitution of Leased Property	40,374
Dora Festival S.A.S.		
Reencahucadora Hercules S.A.	Oral - Restitution of Leased Property	1,396,420
Redecom Ot S.A.S.	Oral - Restitution of Leased Property	-

Empresa Internacional De Soluciones De Energia Electrica Temporal S.A.S. Enertem S.A.S.	Oral - Restitution of Leased Property	214,978
Comercuializadora La Rochela S.A.S. - Comercializadora Disfruver Nueva Era S.A.S.	Oral - Restitution of Leased Property	50,054
Familia Indutobon	Oral - Restitution of Leased Property	105,000
Presmo Integral Zomac S.A.S.	Oral - Restitution of Leased Property	-
Diseños Creativos D.C. Ltda.	Oral - Restitution of Leased Property	-
Marketing Store S.A.S.	Oral - Restitution of Leased Property	-
Construcciones Lar Y Cia S.A.S.	Oral - Restitution of Leased Property	-
Sanseu S.A.S.	Oral - Restitution of Leased Property	1,569,859
Grupo All Digital S.A.S.	Oral - Restitution of Leased Property	91,347
Patacol S.A.S.	Oral - Restitution of Leased Property	1,320,223
M&M Defense Ltda.	Oral - Restitution of Leased Property	128,880
Formetacol	Oral - Restitution of Leased Property	3,300,000
Cms Arquitectos S.A.S.	Oral - Restitution of Leased Property	392,763
Todo Plasticos Bogota S.A.S.	Oral - Restitution of Leased Property	540,000
Soluciones Empresariales Pw S.A.S.	Oral - Restitution of Leased Property	20,349
Enmetalica S.A.S.	Oral - Restitution of Leased Property	348,000
Multinacional De Productos S.A.S.	Oral - Restitution of Leased Property	330,000
Productos De Seguridad Industrial Ltda. - Prodesein.	Oral - Restitution of Leased Property	43,056
Soluciones Outsourcing Bpo. S.A.S.	Oral - Restitution of Leased Property	2,682,286
Inmejosa S.A.S.	Oral - Restitution of Leased Property	181,629
Gayco Ingenieros Constructores S.A.S.	Oral - Restitution of Leased Property	92,445
Maderas Y Manufacturas S.A.S.	Oral - Restitution of Leased Property	92,445
Movicon Constructores S.A.S.	Oral - Restitution of Leased Property	4,422,000
Distribuciones Ores S.A.S.	Oral - Restitution of Leased Property	-
Sabys Garcia Hnos. Y Cía. Ltda.	Oral - Restitution of Leased Property	-
Clinica Del Sistema Nervioso	Oral - Restitution of Leased Property	-
		30,998,276

30. OPERATING SEGMENTS

Operating segments are defined as a component of an entity: (i) that carries out business activities from which it can obtain revenue and incur expenses; (ii) whose operating results are reviewed on a regular basis by the highest authority in making the entity's operating decisions on the funds that should be allocated to the segment and assess its performance; and (iii) for which differentiated financial information is available.

In accordance with this definition, the Board of Directors, the highest authority in making operational decisions, regularly reviews and evaluates a variety of information and key financial figures of the Bank's results as a whole to assess the performance and make decisions related to the investment and allocation of funds. So, the Bank operates in the following business segments as of December 31, 2023 y 2022:

Figures in thousands of pesos	Loan Portfolio COP	Loan Portfolio USD	Portfolio	Treasury (*)	Commissions	Others	Total
				December 31, 2023			
Related Principal Asset Amount*	7.229.061.848	549.081.465	2.350.277.391	940.971.237	0	482.444.662	11.551.836.603
STATEMENT OF INCOME:							
Income generated	1.316.589.487	55.167.029	175.259.826	24.101.900	1.100.306	3.897.945	1.576.116.493
Financial expenses	1.198.126.639	27.342.607	47.339.709	9.436.323	151.322	0	1.282.396.600
Financial income and/or expenses (includes commissions)	744.473	-2.357.300	-2.239.119	-1.747.832	0	-86.225	-5.686.003
Gross financial margin	**119.207.320**	**25.467.122**	**125.680.999**	**12.917.745**	**948.984**	**3.811.720**	**288.033.890**
Portfolio balance provisions	41.511.789	-4.980.702					36.531.088
Net financial margin	**77.695.531**	**30.447.823**	**125.680.999**	**12.917.745**	**948.984**	**3.811.720**	**251.502.802**
Operating expenses:	62%	10%	6%	4%	4%	15%	
Administrative expenses	79.513.211	12.567.884	7.851.397	4.590.863	4.883.386	18.557.778	127.947.069
Financial business taxes	42.369.138	1.506.018	533.366	1.896.060	252.053	931.791	47.488.426
Other provisions	5.945.331	-39.528	0	0	0	7.738.463	13.644.266
Operating Profit	**-50.132.149**	**16.413.449**	**117.296.235**	**6.430.822**	**-4.186.454**	**-23.416.311**	**62.405.591**
Net other income/expenses (includes dividends)	825.484	0	0	0	929.568	16.827.407	18.582.460
Profit before TX	**-49.306.664**	**16.413.449**	**117.296.235**	**6.430.822**	**-3.256.886**	**-6.588.904**	**80.988.051**
Income tax							32.293.286
Net profit							**48.694.765**

* The asset amount for Treasury includes derivatives and liquidity represented in money market operations and in banks.

Figures in thousands of pesos	Loan Portfolio COP	Loan Portfolio USD	Portfolio	Treasury (*)	Commissions	Others	Total
				December 31, 2023			
Related Principal Asset Amount*	7.560.912.919	952.024.986	2.352.764.951	1.079.128.312	0	537.782.845	12.482.614.014
STATEMENT OF INCOME:							
Income generated	733.190.156	47.203.261	111.624.954	4.098.585	4.837.450	5.902.561	906.856.968
Financial expenses	558.962.055	34.108.860	23.392.359	656.524	185.915	17.395	617.323.108
Financial income and/or expenses (includes commissions)	-5.141.996	-2.114.821	-1.417.047	-1.737.237	0	-95.082	-10.506.182
Gross financial margin	**169.086.105**	**10.979.580**	**86.815.549**	**1.704.824**	**4.651.535**	**5.790.084**	**279.027.677**
Portfolio balance provisions	45.294.316	-1.624.898					43.669.418
Net financial margin	**123.791.789**	**12.604.478**	**86.815.549**	**1.704.824**	**4.651.535**	**5.790.084**	**235.358.259**
Operating expenses:	60%	13%	6%	4%	2%	14%	
Administrative expenses	68.078.007	14.138.170	7.161.009	4.153.334	2.316.651	15.887.383	111.707.604
Financial business taxes	28.359.863	1.497.407	478.253	1.785.515	187.217	854.686	33.162.942
Other provisions	6.846.541	99.369	0	0	0	-170.409	6.775.500
Operating Profit	**20.507.378**	**-3.130.468**	**79.176.286**	**-4.234.026**	**2.147.668**	**-10.781.576**	**83.685.262**
Net other income/expenses (includes dividends)	1.073.221	0	0	0	803.004	16.364.546	18.240.772
Profit before taxes	**21.580.600**	**-3.130.468**	**79.176.286**	**-4.234.026**	**2.950.672**	**5.582.971**	**101.926.034**
Income tax							30.795.769
Net profit							**71.130.265**

* The asset amount for Treasury includes derivatives and liquidity represented in money market operations and in banks.

Assets and liabilities

Figures in thousands of pesos	Loan Portfolio COP	Loan Portfolio USD	Portfolio	Treasury (*)	Commissions	Others	Total
			December 31, 2023				
Assets	7.229.061.848	549.081.465	2.350.277.391	85.697.815	-	1.327.098.520	11.541.217.039
Liabilities	7.229.061.848	549.081.465	737.603.325	85.697.815	-	1.354.490.143	9.955.934.597

Figures in thousands of pesos	Loan Portfolio COP	Loan Portfolio USD	Portfolio	Treasury (*)	Commissions	Others	Total
			December 31, 2022				
Assets	7.560.912.919	952.024.986	2.352.764.951	72.462.121	-	1.544.449.037	12.482.614.014
Liabilities	7.560.912.919	952.024.986	933.382.829	72.462.121	-	1.551.349.659	11.070.132.514

31. RELATED PARTIES

The Bank considered the participation of the related parties in profit generation; the existence of the relationship with related parties such as shareholders, members of the Board of Directors and Directors of the Bank, subordinated entities and entities of the same parent company are clear examples of persons or entities that influence or may influence P&L and the financial situation of the Bank. It was also considered that the previously listed parties could carry out transactions that other parties, lacking relationship, could not. Therefore, a register is kept with the balances of assets and liabilities resulting from the reconciliation of balances, as well as the income and expenses incurred in each period corresponding to operations with related parties, as explained in detail below:

- Shareholders: set of transactions performed as a related party as defined in IAS24.
- Administrators: the President and Vice-Presidents of the Bank are considered administrators.
- Subordinates: entity over which control is held as per the definition of control of IFRS 10, Fiduciaria Colombiana de Comercio Exterior S.A. – Fiducóldex.

Transactions with related parties - The Bank may carry out operations and enter into agreements or contracts with related parties, under the understanding that any such operations will be carried out at fair values in accordance with market conditions and rates.

During the periods completed on December 31, 2023 and 2022, none of the following operations were carried out between the Bank and its related parties:

- Loans that imply an obligation for the borrower that does not correspond to the essence or nature of the loan contract.
- Loans with interest rates different from those that are ordinarily paid or charged to third parties under similar conditions of term, risk, etc.
- Operations whose characteristics differ from those conducted with third parties.

The grouping of balances and operations with shareholders, administrators, subsidiaries, and members of the Board of Directors is as follows:

Transactions with shareholders

	2023	2022
EQUITY		
Subscribed and paid-in capital		
Bicentenario Group S.A.S.	$ 1.059.563.515	$ 1.059.563.515

There were no free or compensated services, loans without interest or any other consideration, or transactions whose characteristics differ from those performed with third parties between the Bank and the aforementioned shareholder.

Operations with administrators

		2023		2022
ASSET				
Loan Portfolio				
Housing	$	3,201,092	$	1,908,716
Consumer		119,770		93,143
Accounts receivable				
Interest receivable		11,313		15,967
Social welfare		16,680		16,400
Other		17,727		19,764
Impairment				
Principal		(34,481)		(21,008)
Interest		(117)		(167)
	$	3,331,983	$	2,032,815
LIABILITIES				
Accounts payable				
Social welfare	$	6,087	$	998
Other		986,002		736,081
Other liabilities				
Vacation		828,207		819,889
	$	1,820,295	$	1,556,969
INCOME				
Portfolio income				
Loan interest	$	152,807	$	137,250
Income - Sundry				
Recoveries		4,503		1,012
Furniture sale profit		662,251		-
Other Income		9,029		22
	$	828,590	$	138,284
EXPENSES				
Employee benefits				
Personnel Expenses	$	5,357,733	$	4,964,375
Expenses - Sundry				
Other		97,483		79,837
Provisions		17,926		9,495
	$	5,473,142	$	5,053,707

Assets mainly correspond to home loans and auto loans (their accounts receivable) granted in accordance with the term and rate conditions in force in the internal regulations for home loans and auto loans for the Bank’s employees.

Transactions with subsidiary

		2023		2022
ASSETS				
Investments	$	59,687,879		50,114,047
Accounts receivable - Sundry		698,622		257,968
	$	60,386,501	$	50,372,015
LIABILITIES				
Accounts payable	$	20,716	$	18,435
	$	20,716	$	18,435
EQUITY				
Surplus under the equity method	$	13,438,185	$	13,438,184
	$	13,438,185	$	13,438,184
INCOME				
Equity method	$	10,291,784	$	797,944
Lease income		943,555		852,274
	$	11,235,339	$	1,650,217

Investments for 2023 correspond to the 89.62% share that the Bank holds in Fiducóldex S.A.

Los otros ingresos corresponden principalmente a pagos por arrendamientos y reintegro de gastos compartidos, recibidos de Fiducoldex.

Other income corresponds mainly to lease payments and reimbursement of shared expenses from Fiducóldex.

Between the Bank and the subsidiary, there were no free or compensated services, loans without interest or any other consideration, or transactions whose characteristics differ from those made with third parties.

Transactions with members of the Board of Directors

		2023		2022
ASSETS				
Accounts receivable – Other	$	-	$	3,391
		-		3,391
LIABILITIES				
Suppliers		-		27,802
		-		27,802
EXPENSES				
Fees		1,388,060		1,354,662
Other		-		1,817
	$	1,388,060	$	1,356,479

It corresponds to fees paid for attending meetings of the Board of Directors, Credit Committee, GAP Committee, Audit Committee and Capital Funds Committees, among others. Neither free-of-charge services nor paid services were offered between the Bank and the members of the Board of Directors. Neither were interest-free loans nor operations different from those carried out with third parties.

32. RISK MANAGEMENT

The Bank's risk management is a "cross-cutting" process across the organization. It is carried out comprehensively in compliance with current regulations and the internal guidelines defined by the Board of Directors. Risk management includes identifying, measuring, monitoring, controlling, and minimizing risks in pursuing the Bank's financial sustainability. It is supported by an organizational structure that ensures the independence of functions between the front-, middle-, and back-office areas. This management materializes in implementing and applying SIAR, which is interrelated with credit, market, liquidity, operational, environmental, and social risk management. The Strategic Risk Management System (SARE, for its acronym in Spanish) and the Money Laundering and Terrorist Financing Risk Management System (SARLAFT, for its acronym in Spanish) are part of comprehensive risk management. Each system includes policies, risk measurement and monitoring methodologies, and clear identification of processes and procedures.

The Board of Directors is the main body responsible for the Bank's risk management and as such it is responsible for the risk and organizational structure that supports the Bank's management procedures through the different risk systems on an individual and consolidated basis.

The organizational structure includes committees and dedicated areas whose priority is the activities related to risk management. They also support the definition of guidelines and strategies and the monitoring and control of such management. Similarly, the internal audit (on behalf of the Internal Comptroller Officer) and the Tax Auditing Office are informed of the operations carried out by the Bank and regularly submit reports related to their assessments on risk management.

Committees are decision-making bodies that support the Board of Directors for the management of different risk categories:

Instance	Risk category	Main functions
Risk Management Committee of the Board of Directors	Credit Risk Operational Risk Liquidity Risk Market Risk Strategic Risk Environmental and Socials Risks	• Analyze policy proposals to address credit risk, market risk, liquidity risk and operational risk and recommend their adoption or rejection before the Board of Directors. • Approve general guidelines for credit risk management methodologies. • Provide input about the Bank's operational risk profile. • Approve contingency and business continuity plans and arrange necessary resources for their timely implementation.
External Credit Committee	Credit Risk	• Approve the counterparty credit limit for financial entities. • Recommend to the Board of Directors the approval of direct credit operations, in accordance with the defined attributions. • Approve direct credit operations with companies, in accordance with the defined attributions.
SME Credit External Committee		• Approve direct credit operations with companies, in accordance with the defined attributions

Instance	Risk category	Main functions
Audit Committee	Credit Risk Operational Risk Liquidity Risk Market Risk AL/FT Risk Strategic Risk	• Analyze audit results for risk management process. • Monitor risk exposure, its implication for the entity, mitigation measures and control measures implemented
Internal Credit Committee	Credit Risk	• Approve direct credit operations with companies, according to attributions.
Portfolio Rating Committee	Credit Risk	• Approve debtors' credit ratings to calculate provisions. • Monitor debtors risk profile.
Asset and Liability Management Committee	Market Risk and Liquidity Risk	• Approve procedures and methodologies for managing market and liquidity risks. • Approve strategies for resource mobilization, resource attraction and hedging • Monitor the Bank's liquidity position
Inter-institutional Management and Performance Committee	Operational Risk and Strategic Risk	• Monitor the effectiveness and performance of SARO, MECI, and the Quality Management System by acting as the body that integrates and strengthens these management systems. • Acting as a body that is subordinate to the Board of Directors, recommend and approve risk profile measures, methodologies, and procedures for the management of operational risks. • Monitor the Bank's operational risk profile. • Analyze and approve information security policies and business continuity policies. • Recommend, control, and monitor the implementation of the Information Security Plan at the Bank. • Decision making in administrative processes and document management strategies.
Conglomerate Risk Committee	Credit Risk Operational Risk Liquidity Risk Market Risk SARLAFT Risk Strategic Risk	• Appear before Bancóldex' Board of Directors to propose the general policies on risk management that will apply to the entities of Bancóldex Group. • Monitor exposure to different types of risk, both for each entity of the Group and at a consolidated level..

Instance		Risk category	Main functions
Receivables Committee	Normalization	Credit Risk	• Assess and make decisions to recover overdue receivables or anticipate non-payment situations derived from the financial condition up to the level of powers assigned as appropriate to reprofiling, modifications, restructuring, and portfolio arrangements.

Risk appetite framework statement—The Bank incorporates the risk appetite framework statement into the SIAR, which is approved and periodically reviewed by the Board of Directors. The Bank has limits and indicators for consolidated risk and each type of risk (top-down and bottom-up approaches). These estimates consider adverse scenarios and assess the negative impact on the Bank's profitability, solvency, and liquidity levels if any of them materialize. The risk appetite framework incorporates a governance structure that establishes responsibilities and powers to create action plans and procedures to maintain the defined risk profile.

As far as the Bank is concerned, risk appetite, risk tolerance and risk capacity are determined based on three variables that are essential for financial sustainability: profitability, measured through ROE; capital, measured with the solvency margin; and liquidity, defined in terms of assets required to meet short-term obligations.

The established metrics and limits are reviewed on an annual basis; however, compliance with risk appetite limits is monitored regularly and its results are submitted before the respective authority. Should breaches for the limits defined in the risk appetite framework arise, these should be reported to the pertinent instance together with the actions to be taken to correct them.

a) Liquidity risk

Qualitative information - The liquidity risk management falls within the segregation of functions and the observance and adoption of best practices and requirements of regulatory and control entities. In this sense, the Bank's Treasury manages cash flow, considering funding costs and short-term cash commitments. The Financial Risk Department prepares and applies methodologies to warn, monitor, and forecast possible liquidity risk situations. The Operations Department ensures operational compliance with the Bank's cash transactions. The Internal Controller's Office guarantees compliance with the rules, policies, and processes related to the liquidity risk management system.

To measure liquidity risk, the Bank uses the reference method of SFC, which establishes the degree of exposure to such risk by calculating the Liquidity Risk Indicator (LRI) and the Net Stable Funding Ratio (NSFR / CFEN, acronym in Spanish). Likewise, the Bank has an internal model for measuring liquidity, early warning indicators, and stress scenarios.

The Bank's early warning system simulates scenarios that make up leeway for timely decision making. These alerts are an integral part of the liquidity contingency plan, together with the tools and procedures to mitigate potential liquidity risk situations. On the other hand, liquidity risk management includes periodic reports (daily, weekly, and monthly) to monitor the different indicators and alerts and thus expose this risk.

On an annual basis, the Bank reviews the policies, limits, processes, methodologies, and tools for the evaluation of the liquidity risk exposure to establish their validity and corroborate that they are following the regulations in force, the structure of the balance sheet positions and the best market practices. The internal model is validated through back testing tests to establish its level of reliability and, if necessary, adjust according to the business model environment.

The liquidity risk appetite framework statement is established through the level of liquid assets that the Bank must have to cover short-term needs or obligations. It uses the 30-day liquidity risk index (IRL30). The Bank's historical information is used to define the indicators and metrics as a basis. The appetite, tolerance, and capacity limits were established, considering confidence levels of 99 %, 99.9 %, and 99.99 %, respectively.

In 2023, the liquidity indicators remained at adequate levels. The risk appetite and the internal and regulatory limits established in the liquidity risk management manual were met. The Bank's liquidity satisfactorily covered short- and medium-term needs. The funding managed by the Treasury made it possible to comfortably fulfill the Bank's contractual commitments and funding requirements.

Quantitative information

Liquid assets. The following table shows the liquid assets at the market (discounting "haircut") discriminated by their degree of liquidity. The Bank has a high percentage of high-quality assets, which could be delivered to the Central Bank (Banco de la República) in case repo transactions are required.

Liquid assets broken down

Activos líquidos	**2023**	**2022**
Cash	$ 129,718,658	**$ 147,598,339**
Investments High-quality securities	1,738,704,899	1,603,289,805
Other liquid assets	99,776,896	69,137,893
Total liquid assets	$ 1,968,202,475	$ 1,820,026,037

Liquid assets increased 8.14 % compared to the end of the previous year and, on average, were at $1,434,247,422. Part of the increase in these liquid assets occurred due to the increase in strategic and trading investment portfolios. These portfolios are made up of TES treasury securities, considered high-quality investments.

High-quality liquid assets indicator HQLA— In 2023, the HQLA indicator remained at 89.4 % on average. In other words, many of those assets can be used in money market operations, with the Central Bank applying the haircuts published by the latter.

High Quality Liquid Assets %- HQLA Indicator

Liquidity risk indicator— As of December 31, 2023, the Bank recorded a seven-day IRL of $1,849,474,668, while the same indicator reached $1,615,657,279 in 2022, which represents an increase of 14.5 %. For its part, the 30-day indicator reported $1,618,462,939, while the same indicator reached $1,430,264,188 in 2022, representing an increase of 13.2 %.

Net liquidity requirements registered stable behavior in 2023 (7-day average, $151,775,022, and 30-day average, $357,940,433). This liquidity allowed the Bank to meet the necessary commitments to cover the maturities of TDs, bonds, and loans and support its credit and treasury activity.

IRL 7 DAYS	**2023**	**2022**
Liquidity risk indicator	$ 1,849,474,668	$ 1,615,657,279
Liquid market assets	1,965,482,691	1,820,026,037
Net liquidity requirements	116,008,023	204,368,758
IRL	**1694%**	**891.00%**

IRL 30 DAYS	**2023**	**2022**
Liquidity risk indicator	$ 1,618,462,939	$ 1,430,264,188
Liquid market assets	1,965,482,691	1,820,026,037
Net liquidity requirements	347,019,752	389,761,849
IRL	**566%**	**467%**

At the end of 2023, the Bank's ample liquidity condition is shown to cover its short-term obligations. The following graphs show the evolution of liquid assets and the liquidity requirement during the last year, as well as the behavior of the IRL.

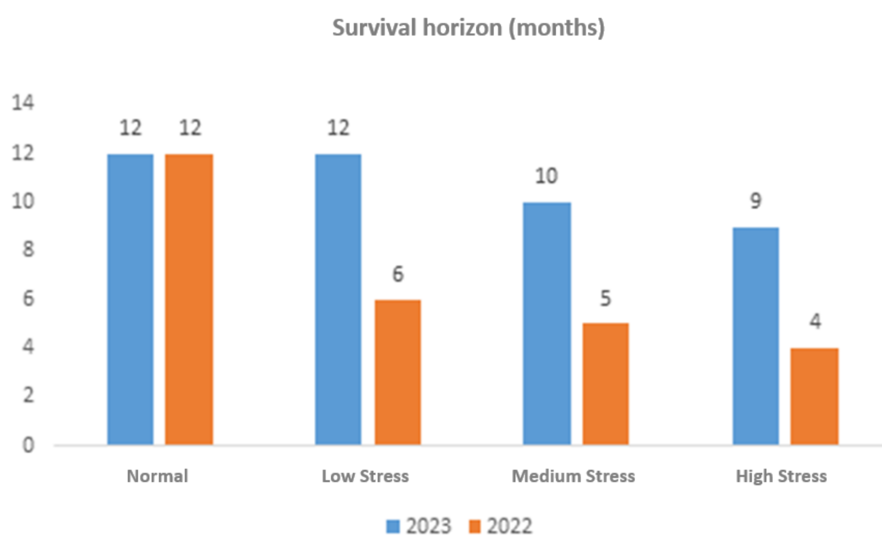
IRL 7 days

IRL 30 days

Internal liquidity risk measurement model: Survival Horizon - The survival horizon indicates the time (in months) in which liquid assets cover forecast payment commitments for some time. The survival horizon is calculated based on 12-month cash flow forecasts, including contractual obligations and the annual budget approved by the Board of Directors at the end of each year.

On the other hand, this model has a series of alerts, defined under different scenarios, as follows:

	Scenario	Stress Level	Funding Level	Alert
Normal	Normal course of business		100%	12 months
Stress	• TD renewal rate = 0% • Limited access to the estimated funding	Low	80%	12 months
		Medium	65%	10 months
		Several	50%	9 months



At the end of 2023, the internal model results show an adequate liquidity position. Liquid resources and portfolio prepayments make it possible to broadly and sufficiently cover the payment of liabilities both in the normal scenario and in various stress scenarios.

Net Stable Funding Ratio – (NSFR / CFEN, acronym in Spanish)

Within the convergence towards international standards and best practices, the SFC complemented liquidity risk management with an indicator called Net Stable Funding Ratio - CFEN, starting in 2020. The main objective of this indicator is to limit excessive dependence on unstable sources of funding for strategic assets, which are often illiquid, and to maintain a stable funding profile concerning assets.

			dec -22	Weighted	dec - 23	Weighted	% variation
Sources of funding		Patrimonial	1.239.432	1.239.432	1.542.864	1.542.864	24,48%
	Short term debt	Deposits	268.881	68.591	940.726	236.661	245,03%
		Short term CDT	2.591.513	1.273.261	2.172.248	1.022.793	-19,67%
		Short term Bond	443.283	221.642	371.446	185.723	-16,21%
		Créditos corto plazo	2.661.777	716.464	2.702.549	972.011	35,67%
	Long-term debt	Long term CDT	326.594	326.594	1.411	1.411	-99,57%
		Long term Bond	667.062	667.062	910.573	910.573	36,50%
		Long term credits	3.779.167	3.779.167	2.520.517	2.520.517	-33,30%
	Other Items	Deferred tax	207.517	0	93.567	0	0,00%
		Net derivative assets	21.029	0	12.761	0	0,00%
		Total	**12.206.255**	**8.292.213**	**11.268.662**	**7.392.553**	

			dec -22	Weighted	dec - 23	Weighted	% variation
Assets in need of financing		Liquid assets	1.917.495	90.535	2.068.771	101.902	12,55%
	Loan Portfolio	Short term	1.714.946	257.242	1.317.378	197.607	-23,18%
		Medium term	1.964.692	982.346	1.915.458	957.729	-2,51%
		Long term	4.583.712	4.397.450	4.259.631	4.106.006	-6,63%
		Default	113.261	113.261	107.268	107.268	-5,29%
		Non-liquid shares	440.461	440.461	490.561	490.561	11,37%
	Assets subject to charges	Assets subject to charges	990.704	990.704	794.297	794.297	-19,82%
		Other assets	254.005	254.005	145.298	145.298	-42,80%
	Derivates	Contingent obligations	158.556	7.928	114.320	5.716	-27,90%
		Derived guarantees	205.104	174.339	196.372	166.917	-4,26%
		Passive derivatives 5%	3.450	3.450	3.795	3.795	10,02%
		Total	**12.346.387**	**7.711.721**	**11.413.150**	**7.077.095**	

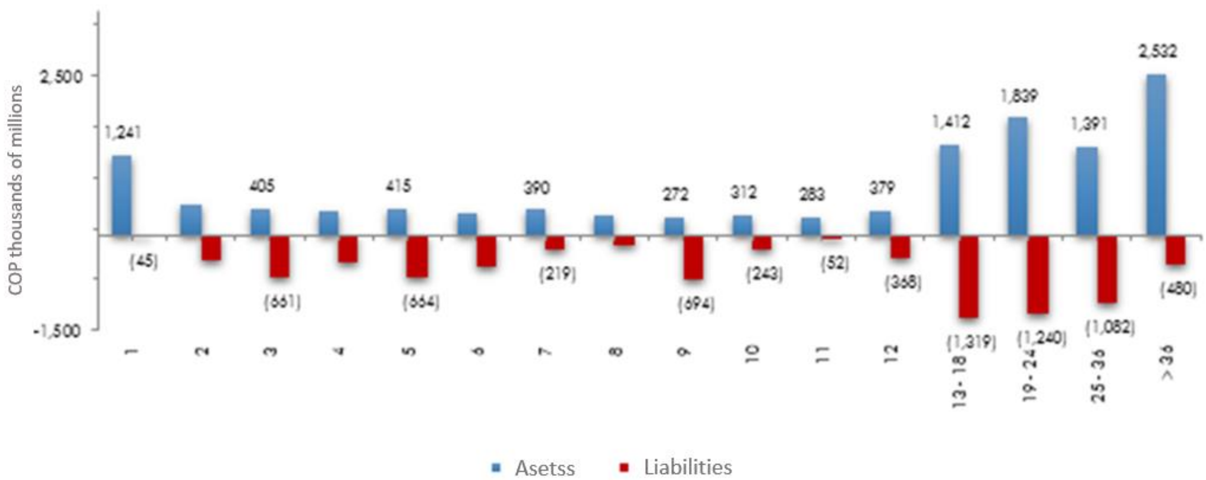
Net Stable Funding Ratio – (NSFR / CFEN, acronym in Spanish) **107,50%** **104,50%**

At the end of 2023, the indicator decreases compared to the previous year due to a lower value in financing sources.

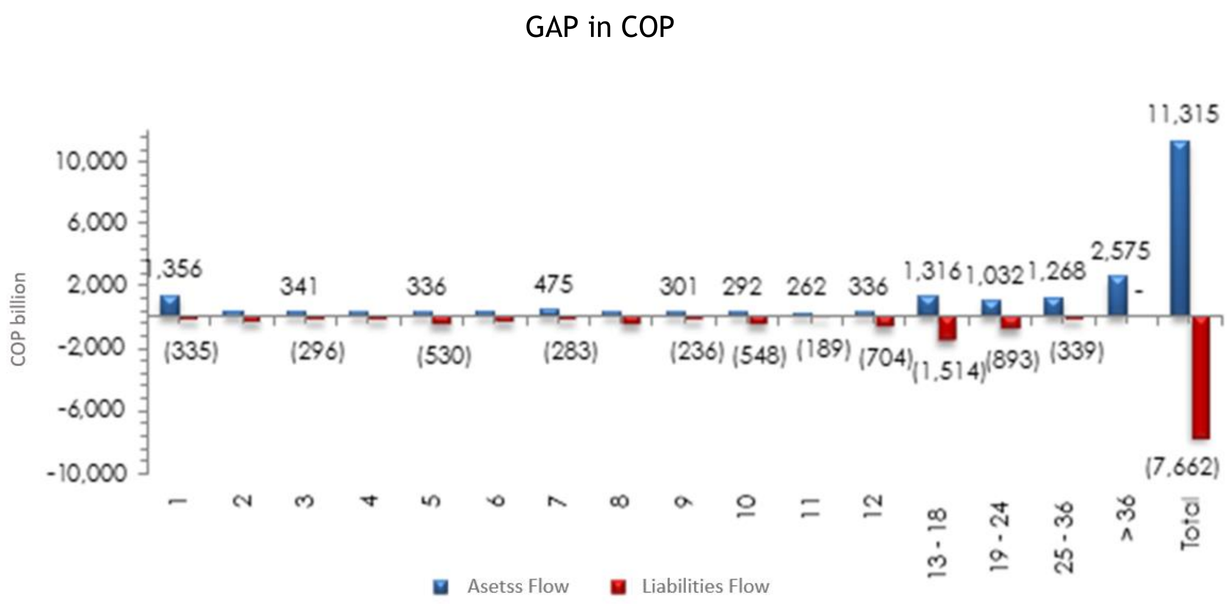
Maturity of assets and maturity of liabilities

IN COP

Maturities 2022 – maturity in months

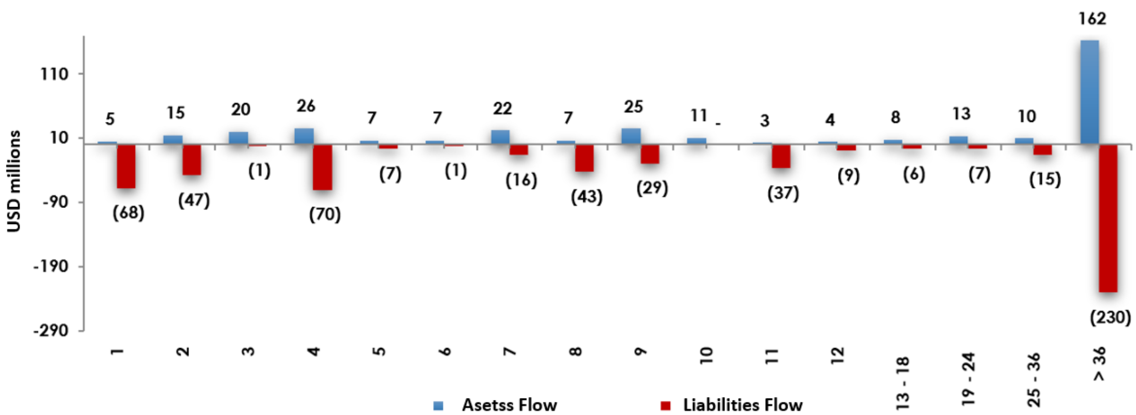


Maturities 2023 – maturity in months

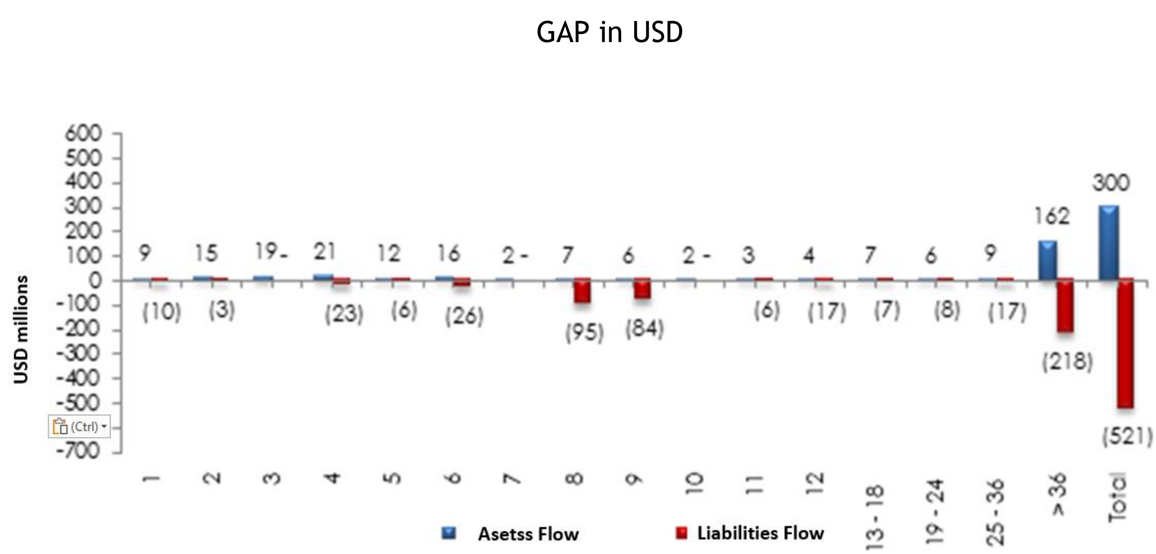


DOLLARS

Maturities 2022 – maturity in months



Maturities 2023 – maturity in months



Derivative financial and structured product instruments

The Bank carries out derivative operations to contribute to profitability and, in very specific cases, to cover the financial risks of some balance sheet positions. In this context, forward trading, hedging forward, and recently hedging swap transactions are made. In 2023, an Interest Rate Swap - IRS transaction was structured with the purpose of covering the interest rate risk of a Bond issue in Colombian pesos.

Types of derivative financial instruments

- *Non-Delivery Forwards (NDF)*

Bancóldex operates exchange rate forwards (COP - USD) for trading, under the OTC mechanism and through the Central Counterparty Risk Chamber. The following table shows the amount of derivatives in force as of December 31, 2023, and 2022:

	Nominal OTC		**Clearing House**	
	2022	**2023**	**2022**	**2023**
Purchase Forward	1,054	238	467	428
Sales Forward	877	182	571	319
Net	177	56	(104)	109

* Figures in USD million

The average exposure of purchases and sales was approximately USD 795 million, which is within the limits of the Gross Leverage Position (GLP). The portfolio's net exposure has remained on average at USD 35 million and a maximum of USD 105 million, which reflects a low exchange rate risk, according to the conservative profile defined by the Bank for this product.

To mitigate the credit risk of forward operations, the Bank operates through the Counterparty Central Risk Chamber (CRCC), for which it uses treasury bonds (TES). In 2022, the balance was $ 4,618,250,000.

	2023	**2022**
Guarantees provided to the CCRC	4,618,250	191,840,520

- *Counterparty Risk Measurement for OTC (Over the Counter) traded USD/COP Forwards*

In addition to market risks, to reflect the fair value of forwards and swaps traded OTC, counterparty risk is considered, based on IFRS international accounting standards and the guidelines and concepts established by Basel III for the Credit Valuation Adjustment - CVA and the Debit Valuation Adjustment - DVA. For this purpose, the Bank has an internal method based on three aspects, namely:

- ✓ Monte Carlo simulations to estimate the expected exposure - EE of each of the NDF and OTC Swaps transactions.
- ✓ Probability of loss given default (PDI)
- ✓ Probability of default (PI).

The calculation allows for a charge (positive-negative) at the fair value of each NDF OTC and Cross Currency Swaps (CCS) transactions, quantifying the risk of each transaction based on the estimates made for each transaction and each third parties with whom the transactions were made.

- *Derivative instruments for hedging purposes*

At the end of 2023, Bancóldex has derivative financial instruments for hedging purposes. These transactions are made to cover the exchange rate risk of foreign investment positions and liability credit operations. For this purpose, a qualitative methodology evaluates the effectiveness of the hedge, which is aligned with the requirements in IFRS 9, as described below:

- ✓ Hedged item
- ✓ Nature of the risk to be hedged and type of hedge
- ✓ Qualitative hedge assessment, namely:

  - o Economic relationship: To guarantee an offset between the hedged item and the hedging instrument, the following aspects are evaluated: the derivative must be denominated in the same currency as the instrument/risk to be hedged and the amount must match and the item to be hedged does not have an expiration date. Therefore, the derivative must be rolled-over (at the end of the month).

  - o Non-predominance of credit risk: Credit risk must not affect the offset between the derivative and the hedged item. To eliminate credit risk, hedging instruments (NDF) must be negotiated through the Central Counterparty Risk Chamber (CRCC).

  - o Hedging ratio: The hedging instrument and the item to be hedged must maintain a 1:1 ratio.

  - o Prospective assessment

The hedging forwards and Interest Rate Swaps (IRS Swap) that the Bank has at the end of December 2023 are described below:

Forwards - FWD

Type of Transaction	Trading date	Completion date.	Expiration date	Nominal Value (USD)
FWD- Venta	14-Dec-23	17-jan-24	16-jan-24	12,335,811

Said FWD hedges the exchange rate risk originated from the USD asset positions (investments) with Bládex.

Interest Rate Swap (CCS IRS)

At the end of 2023, eight (8) interest rate swap operations in force cover the issuance of bonds at a fixed rate in COP, including the payment of the inflow of bonds at a fixed rate and outflow of indexed Colombian pesos at a variable rate:

Transaction Type	**Trading date**	**Expiration date**	**Expiration date**	**Nominal Value (USD)**
Swap IRS	11-may-22	11-may-25	Quarterly	291.000.000
Swap IRS	11-may-22	11-may-24	Quarterly	209.000.000
Swap IRS	25-oct-23	25-oct-25	Quarterly	200.000.000
Swap IRS	25-oct-23	25-oct-25	Quarterly	50.000.000
Swap IRS	25-oct-23	25-oct-26	Quarterly	100.000.000
Swap IRS	25-oct-23	25-oct-26	Quarterly	50.000.000
Swap IRS	25-oct-23	25-oct-26	Quarterly	100.000.000
Swap IRS	25-oct-23	25-oct-26	Quarterly	100.000.000

These IRS swaps cover the bond issuances of $500,000,000 in May 2022 and $600,000,000 in October 2023.

- *Risk management of derivative transactions*

The Bank has policies for operating with derivative financial instruments. The risks assumed with this type of transaction are consistent with the general business strategy. They are managed based on a structure of limits defined based on the risk profile, the profit budget established for each business unit, and the balance sheet structure.

Forward transactions on Colombian peso-US dollar currencies are hedged through the closing of the opposite forward transaction or through the purchase/sale of the currency in the spot market to mitigate the exchange rate risk. The transactions are made for a maximum term of 360 days to reduce the interest rate risk,

In addition, foreign exchange forward transactions have different limits to control exposure.

- ✓ Maximum open position limit at the end of the day to have a good match between positions, either with contracts or with positions in the spot market.

- ✓ Credit exposure limit per counterparty to mitigate concentration risk.

- ✓ Value at Risk (VaR) limits to limit the maximum exposure to market risks.

On the other hand, Bancóldex has tools and reports to monitor and control the level of business risks daily, which quantifies the contribution of each risk factor or position in the Bank's profit or loss and has a measure of the real risk of losses borne by this business. Likewise, it has defined attributions for the negotiation by the operator, assigned to the different hierarchical levels of the Treasury.

Cross-currency swap transactions in force were negotiated to hedge a credit transaction. These transactions comply with the policies, limits, guidelines, processes, and procedures established by the different bodies for the adequate management of the risks associated with the product.

- *Disclosure of fair value of securities issued (Bonds):*

The market value of current issues and their comparison with the carrying amount is presented below.

Carrying amount	Market Value	Difference	Diff %
1,283,619,435	1,317,345,730	(35,326,294)	(2.8)

The difference between the carrying amount and the market value amounts to ($35,326,294), that is, 2.8% below what is registered in the books. This difference corresponds to the activity of the market and the reduced trading rates of these papers.

b) *Market risk*

Qualitative information - Market risk is defined as the possibility of incurring losses, reducing the financial margin, or decreasing the economic value of equity due to changes in the price of financial instruments in which on- or off-balance sheet positions are held. These changes in the price of the instruments may occur due to changes in interest rates, exchange rates, and other essential variables on which the economic value of such instruments depends.

Market risk management - The Bank manages market risk by identifying, measuring, monitoring, and controlling the exposures to interest rate, exchange rate, positions in collective portfolios, and share price risks. Market risk management is permanent. It generates daily, weekly, and monthly reports for senior management and all front, middle, and back-office officials to make timely decisions on appropriate risk mitigation and guarantee risk appetite and the risk limits approved by the Board of Directors. This management falls within the guidelines of the Financial Superintendence of Colombia (Chapter XXI of C. E. 100) and is supported by internal methodologies that allow monitoring the exposure of the products traded in the Bank's Treasury. The foregoing is consolidated in the Comprehensive Risk Management System Manual (SIAR, for its acronym in Spanish), which defines policies, organizational structure, methodologies, etc.

In addition to the guidelines established for market risk management, Bancoldex follows the guidelines in Chapter XVIII – Derivative Financial Instruments and Structured Products and the provisions in External Circular 031/2019 on credit exposure for derivative financial instruments.

The Bank has a proper segregation of front, middle and back office areas to identify, measure, and analyze the information of the market risks inherent to operations.

The businesses carried on by the Bank in which it is exposed to market risks are purchase and sale of fixed income products in legal tender and foreign currency, positions in the spot and forward market, and bonds and TDs of the financial sector indexed at variable rates such as CPI, DTF, and IBR. The Bank has a business strategy for treasury and derivative financial instruments, ensuring that the risks taken do not affect the solidity and stability of the Bank's equity.

At the Bank, the Vice Presidency of Risk and Credit is the body responsible for proposing, developing, and ensuring proper compliance with the policies, methodologies, procedures, and general guidelines on market risk management approved by the Board of Directors and the Risk Management Committee of the Board of Directors. It is also responsible for measuring, analyzing, and controlling the risks inherent to the business, as well as the periodic review and assessment of the valuation methodologies of the products that are traded in the Treasury.

The Asset and Liability Management Committee is the body to which the Board of Directors has delegated the responsibility of approving the maximum levels of exposure to market risks that the Bank can take for each Treasury product.

To know the level of risk taken in Treasury book operations, the Bank uses the standard value-at-risk (VaR) methodology established in Chapter XXXI of the Basic Accounting and Financial Circular issued by the Financial Superintendence of Colombia. Pursuant to Annex I of this circular, the calculation of the total value at risk of the investment portfolio results from the sum of the exposure to interest rate, share price, collective portfolios, and exchange rate risks. This value is calculated daily by the Financial Risk Department. The calculated VaR is included in the solvency level in accordance with current regulations.

In addition to regulatory compliance, the Bank uses an internal risk value measurement model, the results of which are used as a complementary analysis and management mechanism. This internal model allows daily monitoring of the exposure to market risk of the Treasury product portfolio, the results of which are permanently reported to the areas and committees involved. The market risk assessment results constitute the starting point for daily trading. VaR is calculated using the internal model on a daily basis in accordance with market conditions and the risk factors defined in this methodology. Back and stress tests are performed on this internal model that allow the Bank to know the validity of the model and how accurate the forecasts of losses are compared to accounting reality and to determine possible losses in market stress situations.

Market Risk Appetite - The Bank's market risk appetite is defined based on the value at risk (VaR) calculated for all Treasury products, according to the methodology approved to determine each limit. VaR is defined as the possibility of incurring economic losses as a result of fluctuations in interest rates, exchange rates, share prices, among others, which have an (adverse) impact on the income statement and therefore on the solvency level. The value-at-risk limit is approved by the Board of Directors.

To define tolerance to market risk, a stress scenario of the Value at Risk (VaR) is considered. This involves the recalculation of the VaR using the average of the volatilities calculated for tolerance and capacity of the most relevant reference asset in each portfolio.

To establish the capacity to market risk, a stress scenario of the Value at Risk (VaR) is considered, which entails the recalculation of the VaR of the most relevant reference asset in each portfolio with the maximum historical volatility in the last three years.

Quantitative information - The Bank's investment portfolio as of December 31, 2023, and 2022 is presented below:

	2023	Share	2022	Share.
At amortized cost	$ 794,296,960	33.80%	$ 1,178,413,212	42.94%
At Fair Value with changes in other comprehensive income	1,300,706,705	55.3%	1,535,072,087	55.94%
At Fair Value	255,173,725	10.9%	30,797,495	1.12%
Total	$ 2,350,277,390		$ 2,744,282,794	

At the end of 2023, there was a 14.0% decrease in the total value of the fixed-income investment portfolio compared to the previous year, explained by the reclassification of public debt securities denominated in COP (TES 2034) to the portfolio at amortized cost.

Total market risk - The Bank's total market risk exposure consolidates exposures to interest rate risk, exchange rate risk, share price risk, and collective portfolio risk.

The total variation of market risk, as well as that of its components, is shown below:

	2023				2022			
Module	**Maximum**	**Minimum**	**Average**	**Year-End Closing**	**Maximum**	**Minimum**	**Average**	**Year-End Closing**
Interest Rate	75,694,978	40,978,852	55,106,134	65,752,761	86,767,739	43,331,161	56,812,566	43,331,161
Exchange Rate	8,837,203	84,076	2,691,097	731,800	6,299,047	73,005	2,390,399	2,024,761
Share Price	3,231,667	2,625,703	2,938,542	3,198,574	2,603,149	1,805,820	2,108,184	2,537,161
Collective Portfolios	34,091,086	2,540,893	12,916,027	2,936,097	31,288,317	27,070,370	29,093,687	31,288,317
Total	92,123,902	55,912,086	73,651,800	72,619,232	$126,958,252	$72,280,356	$90,404,836	$79,181,400

The Bank's average exposure to market risk decreased by 19 % compared to 2022, which is explained by the reclassification of the available-for-sale portfolio and the methodology modification for calculating the value at risk of collective portfolios. This means that interest rate and collective portfolio risk factors decreased significantly.

c) Operational risk

Qualitative information - The policies and methodologies in which the Bank frames the operational risk management are contained in the Comprehensive Risk Management System Manual (SIAR, for its acronym in Spanish), It follows the bases and guidelines required by the Financial Superintendence of Colombia.

For the effective Operational Risk management, the Bank has its own measurement parameters in place, in accordance with its structure, size, corporate purpose, and processes. It is also aligned with the best practices for Operational Risk management in an operating model built under the Basel II Committee's principles.

Bancóldex's operational risk management is based on general and specific policies determined by the Board of Directors and is supported by an organizational structure that guarantees proper segregation of functions between front, middle, and back office. There are suitable methodologies to identify, measure, control, and monitor operational risks.

Given that this risk typology is dynamic and susceptible to constant changes in the business and its environment, monitoring schemes are adopted to facilitate the rapid identification of new risks and the minimization of current ones by implementing action plans.

Regarding the operational risks of fraud and corruption, the guidelines adopted respond to the principles established by the Transparency Secretariat of the Presidency of the Republic, DNP, DAFP, and the United Nations Office on Drugs and Crime (UNODC), "Strategies for Building the Anti-Corruption and Citizen Service Plan." This guide was published as provided in the Anti-Corruption Statute - Law 1474/2011 "Whereby regulations are issued aimed at strengthening the mechanisms for the prevention, investigation, and punishment of acts of corruption and the effectiveness of public management control," Section 73.

Quantitative information

Identification, measurement, control and monitoring of operational risks - Below are the figures of the events reported, the losses due to operational risk, and their recoveries for 2023:

As of December 31, 2023, 5,549 events were reported and classified as follows:

Event	No.	Share
They cause losses and affect the entity's income statement.	10	0.2%
They do not cause losses and therefore do not affect the entity's income statement.	5,539	99.8%
TOTAL	5,549	100%

During 2023, the operational risk-related economic losses caused by the events were $37,738 and the recoveries amounted to $15,321. These were accounted for in their relevant operational risk GL accounts. The net effect of economic losses for 2023 is $22,417.

d) *Credit Risk*

Qualitative information – The Bank's credit risk management is aligned with the standards established by the Financial Superintendence of Colombia, whose principles fall within international best practices. Therefore, the Bank has a Comprehensive Risk Management System (SIAR, for its acronym in Spanish), that includes policies, processes, and procedures, granting and monitoring methodologies, and audit processes that cover the products and segments served by the Bank.

The policies include the general policies that frame the Bank's credit operation such as business strategy, provisions, write-offs, restructuring, among others, and specific policies for each f the Bank's products and segments that set out granting and monitoring criteria, maximum credit exposure, and guarantees to be demanded.

The Bank has credit risk analysis methodologies and models that support specialized granting and monitoring processes for its various segments. In the case of local credit institutions, foreign financial intermediaries, and microenterprise credit-oriented entities, the models are based on the CAMEL methodology and incorporate quantitative, qualitative, and prospective analysis aspects. These models include statistical information and are complemented with expert criteria. The Bank has a granting and monitoring methodology for direct loans to companies. It is based on the client's financial information, payment behavior in the financial system in general, payment capacity, and future fund generation. For loans to the SME segment, the Bank applies methodologies, both for granting and monitoring, which, based on specific models, incorporate quantitative, qualitative, financial, and sectorial elements and technical considerations, in addition to the sensitized and forecast cash flow of customers for each product (leasing, credit, and factoring). They help the credit factory determine SME's payment capacity to be submitted to credit committees for consideration.

The Vice-Presidency of Risk and Credit is responsible for proposing to the Board of Directors the methodologies and models to be applied to grant and monitor loans. These models must be validated periodically to measure their effectiveness.

In 2023, adjustments were made to strengthen the credit granting and monitoring processes aligned with the strategies required by the organization. The intermediary credit segment, country risk methodologies, entities aimed at microenterprise credit, and fintech were consolidated. The new statistical model for granting credit was launched in the SME segment. Besides, the Bank's database storage of SME direct credit granting information was improved.

The Vice Presidency of Risk and Credit periodically reports to the Board of Directors and the various Committees the results of the credit risk analyses and the evolution of the risk profile for both Bank's and counterparties' credit operations. As part of the follow-up and monitoring process, the entire credit portfolio must be rated monthly, following the regulatory guidelines, which consider the financial position and payment capacity of each debtor. According to the rating assigned, the required provisions are created.

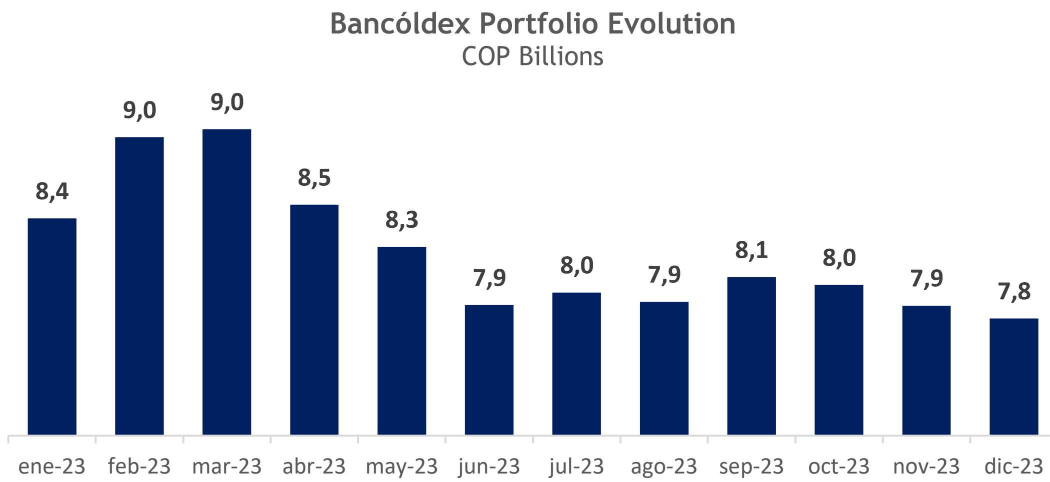
With respect to provisions, the Bank applies Chapter XXXI of the Basic Accounting and Financial Circular and its annexes to each portfolio. In the case of the rediscount portfolio according to regulations, provisions are created using a proprietary methodology based on an expected loss model that incorporates default and loss parameters, estimated based on the history of the Bank's debtors. It also incorporates procyclical and countercyclical components, considering systemic risk components.

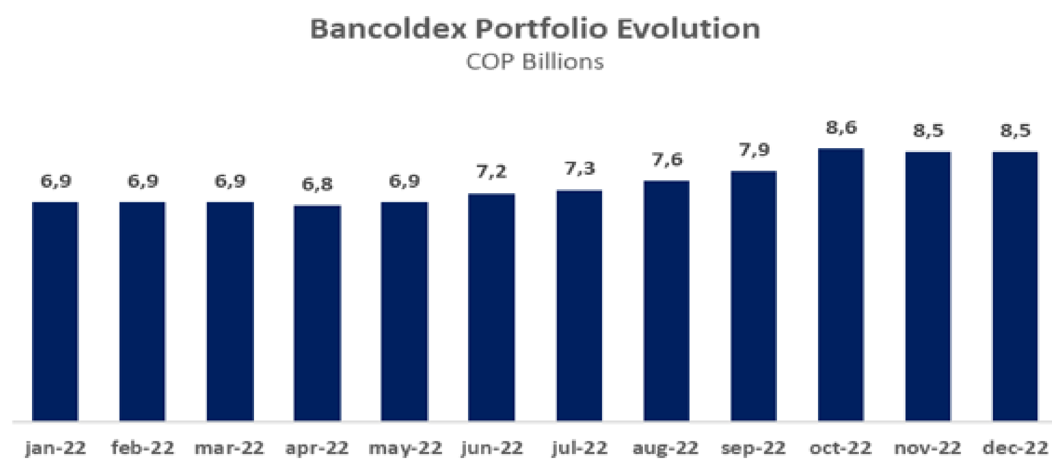
During 2023, the processes and technology adopted by the Bank allow it to manage any credit operation in the granting, monitoring, and recovery stages.

Quantitative information

Consolidated exposure to credit risk - The Bank's maximum exposure to credit risk is reflected in the carrying amount of financial assets in the statement of financial position as of December 31, 2023, and 2022, as shown below:

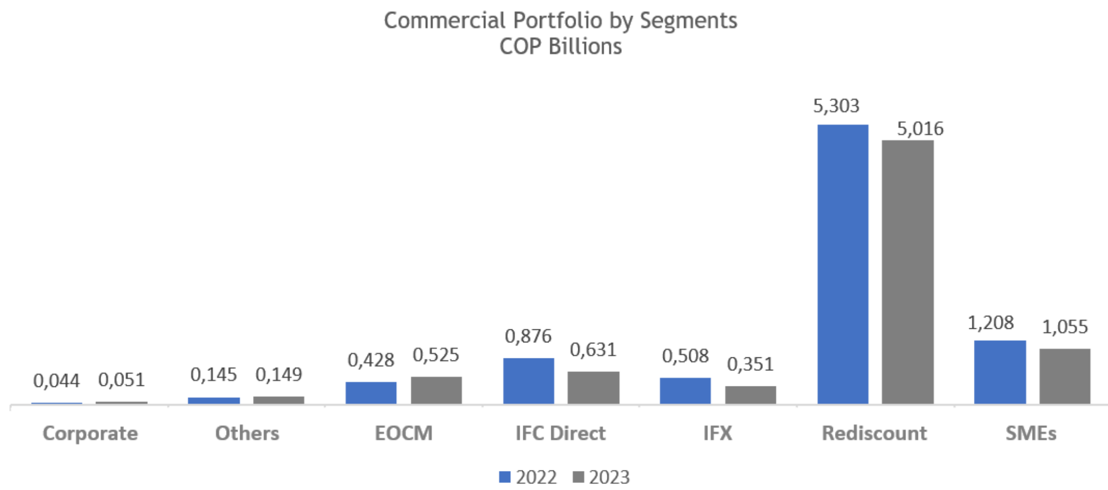
	2023	**2022**
Loan portfolio	$ 7,778,143,314	$ 8,512,937,906
Debt securities	2,348,824,749	2,352,764,950
Equity securities	57,828,585	443,372,614
Derivatives	188,040,780	563,849,564
Financial guarantees	4,618,250	191,840,520
Active money market transactions	711,735,470	845,007,080
Maximum credit risk exposure	$ 11,089,191,148	$ 12,909,772,634





The maximum exposure to credit risk corresponds to its carrying amount at the end of the period without considering any guarantee received or other credit enhancements.

Risk concentration – The Bank monitors credit risk concentration through different portfolio groupings such as type of entity, type of portfolio, risk category, and country, as presented below:



EOCM: entities oriented to microenterprise credit, IFX: foreign banks,
Companies: portfolio received from liquidated financial entities and others: liquidex product operations

The structure of the Bank's loan portfolio mainly includes the business credit modality. For purposes of provision estimation models, this type of portfolio is divided into a business portfolio under the rediscount mechanism and a direct business portfolio. Notwithstanding the foregoing, and in compliance with External Circular 054/2009 issued by the Financial Superintendence of Colombia, the Bank has a housing and consumer portfolio, appertaining exclusively to loans to employees and former employees granted prior to their retirement.

Distribution by risk rating

Rating	2023	2022
A	$ 7,334,763,600	$ 8,138,207,745
B	129,871,253	124,186,222
C	48,593,654	64,976,176
D	187,361,333	126,636,051
E	77,553,474	58,931,712
Total	$ 7,778,143,314	$ 8,512,937,906

Portfolio quality indicators

Portfolio quality		**2023**	**2022**
Delinquency	Indicador[1]	3.40%	2.65%
	Cobertura (veces)	1.03	1.04
Risk Profile	Indicador[2]	5.70%	4.40 %
	Cobertura (veces)	0.61	0.63

1 Delinquency indicator = past-due portfolio / gross portfolio

2 Risk profile indicator = qualified portfolio B-E/ gross portfolio

As of December 2023, the balance of the gross portfolio amounted to $7.8 trillion, with a reduction of 9 % compared to the previous year, mainly due to a decrease in the direct corporate portfolio and rediscounting. The past-due portfolio indicator was 3.4 % higher than that in December 2022 (2.6 %) due to a higher value of the SME past-due portfolio caused by poor economic dynamics, high interest rates, and inflation.

Non-performing loans by segment

Segment	Overdue receivables		**Overdue receivables indicator %**	
	2023	**2022**	**2023**	**2022**
Financial intermediaries	8,448,624	8,448,624	0.13	0.12
SMEs	216,854,070	183,120,503	20.56	15.15
Other	39,137,488	33,841,291	19.58	17.89

1. Financial intermediaries: Includes entities supervised and not supervised by the SFC, both local and foreign.

2. SMEs: ARCO receivables

3. Other: Includes receivables from CF Internacional in liquidation, Liquidex product customers, and former employees with consumer or housing loans.

Credit risk management - Other financial instruments: The basic policies and rules for managing credit operations also cover treasury operations, particularly in the case of counterparties with which interbank and derivative transactions are made, among others. For each position that make up the investment portfolio, the Bank has policies and limits that seek to minimize exposure to credit risk, including, but not limited to:

- Credit limits and term for each counterparty, which are defined by the External Credit Risk Committee according to the results of the risk rating model of each counterparty.

- Trading limits, which are verified by the front office prior to the closing of operations to guarantee that there is cash to make it.

- Local master agreements and ISDAs/Credit Support Annex, which describe the management of counterparty transactions under good international practices and limit legal and financial risk in the event of default. These documents agree on the risk exposure mitigation mechanisms (threshold), the procedures to be performed in case of default, and the special conditions by type of operation, which apply to derivatives.

- Alerts by counterparty. The Bank has alert indicators to identify promptly changes in the financial position of counterparties. The Vice Presidency of Risk periodically reports the financial position of the counterparties that have an assigned limit to operate to the External Credit Committee.

e) Environmental and social risks

Qualitative information — To manage and administer the environmental and social risks derived from credit operations, the Bank has an Environmental and Social Risk Management System (SARAS, for its acronym in Spanish) that includes policies, processes, methodologies, tools, and organizational structure aligned with international standards.

The project to strengthen SARAS continued in 2023, running the pilot testing phase. In this phase, each methodology and tool instituted in the SME direct credit and rediscount segments was tested, allowing adjustments in SARAS as part of the continuous improvement program. This process is assisted by expert international consultants and supported by technical cooperation.

The comprehensive risk report shows the portfolio's environmental and social risks in three categories: i) Risk A—High, ii) Risk B—Medium, and iii) Risk C—Low.

Furthermore, the plan submitted before the SFC to identify and manage climate risks began to be implemented, as provided in Notice 031/2021. The actions were performed internally and with the support of a consultant, incorporating the climate variable into i) environmental and social risks, ii) liquidity risk, iii) market risk, iv) credit risk, and v) operational risk.

f) Money Laundering and Terrorist Financing Risk Management System (SARLAFT)

During 2023, Bancóldex continued to strengthen its SARLAFT, updated and maintained the SARLAFT support tools, and incorporated the adjustments required by the SFC related to the updating of the methodology for identifying and assessing money laundering and terrorist financing (ML/TF) risks and controls. The Bank upgraded the risk management system by implementing the SARLAFT module in the new application acquired by the Bank to administer risk maps. It also deployed the ML/TF risk and control assessment methodology in the Bank's processes. Bancóldex updated the segmentation models, monitored customers and transactions, managed alerts and unusualities, promptly prepared suspicious transactions and other regulatory reports on SARLAFT, and met the specific requirements of competent authorities.

As part of the Bank's strategy for digital transformation, improvements continued to be incorporated in the navigation of the electronic customer registration and update form to improve the customer experience. The SARLAFT Manual was also updated, including the adjustments required by current regulations. SARLAFT training was provided to bank officials on updates to the system and the manual, due diligence on knowing your customer and counterparty, cases and unusualities, and alert management. The Bank updated and monitored the assessment of risk factors and the ML/TF risk profile by risk factor, associated risks, and the Bank's consolidated inherent and residual risks, keeping the latter within the level of risk approved by the Board of Directors.

g) FATCA (Foreign Account Tax Compliant Act) and CRS (Common Reporting Standard) Compliance System –

As provided in the FATCA, for 2022, the Bank maintained its status as a participating Foreign Financial Institution (FFI) before the United States Internal Revenue Service (IRS) and transmitted the CRS report according to the regulations for the TD product. The Bank updated the FATCA due diligence of the intermediaries and financial institutions with which the Bank has relationships or makes transactions and met the requirements of other local and international financial entities on FATCA and OECD's (Organization for Cooperation and Economic Development) CRS.

33. CORPORATE GOVERNANCE

Bancóldex has a corporate governance system that has been documented in the Good Governance Code since 2001. This code contains the policies and procedures for adequately assigning the roles and responsibilities of shareholders, the Board of Directors, Senior Management, and control bodies. The system is oriented toward information transparency, risk management, and protecting the interests of shareholders, investors, and the market at large.

Board of Directors and Senior Management—The Board of Directors of each Entity is permanently informed of its processes and business. After the General Meeting of Shareholders, the Board is the highest governing body. It makes the general management policies of the Entity, mainly in terms of the level of risk, and, based on them, creates a delegation scheme for transaction approval in the Risk Management Committee, External Credit Committee, Asset and Liability Management Committee, Internal Credit Committee, and Management.

Reports to the Board of Directors—Reports are periodically submitted to the Board of Directors and Risk Management Committee on the status of the Bank's credit placements, monitoring of the financial crisis of debtors (financial intermediaries, countries, etc.), progress of the SIAR (Comprehensive Risk Management System for credit, market, operational, liquidity, environmental, and social risks), SARE, and SARLAFT, review of policies and methodologies for evaluating credit risk, market and liquidity, operational, compliance with limits, among others. The Bank's risk exposure is reported periodically to the Board of Directors.

Additionally, reports related to Conglomerate Risk are submitted to the Bank's Board of Directors. Any significant risk event detected by the Bank's areas is reported to the Board of Directors, the Risk Management Committee, and Senior Management.

Technological infrastructure—All areas of the Bank have an adequate technological support infrastructure. Risk control and management also have the appropriate technological infrastructure to obtain the information necessary to analyze and monitor current operations.

Methodologies for risk measurement — In order to identify the different types of risk, the Bank has methodologies and measurement systems to determine their exposure to the risks inherent to the business, as mentioned in the Risk Management section and documented in the relevant manuals.

The Vice Presidency of Risk and Credit specializes in identifying, monitoring, and controlling risks inherent to various types of businesses. This Vice Presidency assesses credit, market, liquidity, operational, environmental, social, and country risks. The Legal Vice Presidency's Secretary General conducts the legal risk assessment.

Organizational structure — The areas that form the back, middle, and front offices are clearly defined at Bancóldex. Functions are adequately segregated at all levels of the organization and across operations.

Operation Verification — The Bank has mechanisms to verify the negotiations conducted, such as agreements to record telephone calls for treasury operations and written communications with counterparties where the conditions of each negotiation are reflected. In order to make transactions, funds are received or transferred through systems that provide high security, such as the Central Bank's Sebra, SWIFT, Deceval (manager and custodian of dematerialized deposit instruments), and DCV (manager and custodian of fixed interest securities).

The Bank publishes the placement rates of the loan portfolio in national newspapers monthly, and external notices inform the public of the financial conditions of the different lines of credit and access requirements.

Bancóldex' website (www.bancoldex.com) allows credit users to obtain information on the operations they are responsible for and learn about the current financial conditions of the different lines of credit.

The Bank has transactional systems that record asset and liability transactions on the dates of their occurrence, ensuring timeliness and accuracy in the accounting record.

Audit — The Board of Directors is the principal managing body of the Internal Control System (ICS). Its Audit Committee has ensured the proper operation of Bancóldex's ICS and Risk Management Systems, performing its duties according to the Internal Regulations and the applicable regulations for state entities in general and financial institutions in particular.

In compliance with its responsibilities, the Audit Committee has supported and provided a permanent communication channel with the Board of Directors in making decisions related to the ICS and its continuous improvement.

In 2023, the Audit Committee held five (5) sessions, remaining informed about the audit results, the follow-ups to the improvement plans, the strengths, weaknesses, and the effectiveness of the Bank's internal control.

The Audit Committee monitored the development and compliance of the Bank's SIAR through the engagement and results reports submitted by the Internal Comptroller.

In compliance with the Basic Legal Notice and Chapter XXXI of the SFC Basic Accounting and Financial Notice, the Audit Committee continued monitoring the effectiveness and compliance of the SIAR through consolidated reports of the different managed risks; that is, from the point of view of operational, market, liquidity, credit, and ML/TF risks.

The model adopted as a reference by the Bank's Internal Control Policy for the development of the system is COSO®. This policy encompasses a control structure or governance based on the IIA® lines model. The Bank's Internal Control Model, which, as a rule, is integrated into the Quality Management and Administrative Development Systems in the Integrated Planning and Management Model (MIPG, for its acronym in Spanish, which governs State entities), has allowed the organization to focus on the continuous improvement of the elements of these systems. This is consistent with the advancement and maturity of the risk management systems applicable to the Bank and with the ICS regulated by the SFC in Part I, Title I, Chapter IV of the Basic Legal Notice, which shows favorable results in the implementation and operation assessments conducted by external control entities.

The Internal Audit function administered by the Bank's Comptroller's Office adopted, as references for the operation of the process, the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics of the Institute of Internal Auditors (IIA® Global). Under these standards, it is governed by independence, objectivity, and authority. Its mission and primary objective is "to improve and protect the value of the organization and contribute to the achievement of business objectives, to provide assurance, advice, and analysis based on risks, and giving the Board of Directors and management of the organization an independent assessment to improve the governance, operational effectiveness, and management of strategic, financial, regulatory and operational risks."

Bancóldex's Audit function is internationally certified under the standards of the International Framework for Professional Practice (IPPF®) of IIA® Global. This means that the assurance and consultation conducted by the Comptroller's Office are based on risks, tend to strengthen governance, and ensure controls and the adequate operation of risk management in all processes, including those of internal accounting control and the generation, regulatory compliance, reliability, retention, and security of financial and operational information.

In addition to current regulations, audit engagements use practices and regulatory frameworks or control standards as criteria and references, including COSO, COSO ERM, COBIT, IFRS, and NIAs.

The Internal Audit team has two certified auditors (CIA®, by the IIA) to ensure risk, process, accounting, financial, and tax compliance. Other professional accountants on the team, as well as the administrative and economic profiles of the Comptroller's Office, are also aware of the operations in the business processes of their specialty. Technology and information security auditors, in turn, ensure general controls, governance, application risks, databases, and role assignment, among other elements supporting operation and accounting information. The above allows internal audits to get a clear picture of the operations, risks, and controls of the processes that generate or ensure financial and operational information. The Comptroller's Office was also aware of the Bank's operations during 2023 by participating, with the right to speak and not vote, in the Committees set up to decide, define, and monitor strategies and operations.

The audit cycle is based on the Audit Committee's risk appetite and is three years long (to cover the universe of auditable entities) with annual planning. The review periods for individual engagements vary depending on each audit's type and objective. These, in turn, rely on the audit's risk analysis in the annual planning and pre-planning phase of each specific engagement; in any case, they are identified in the reports.

Audits were performed per the Annual Audit Plan, known and approved by the Audit Committee of the Board of Directors in the terms of the SFC Basic Legal Notice (Part I, Title I, Chapter IV – Internal Control System). The relevant authorities were informed about the impacts and risks of the situations observed, and the appropriate recommendations and action plans were submitted as provided in the regulations. This aims to ensure compliance with limits, conditions for closing operations, the relationship between market conditions and the terms of the transactions made, operations between related companies, technological risks, reliability and integrity of information, effectiveness and efficiency of operations, regulatory compliance, and requirements of the Risk Management Systems applicable to the Bank.

Among the observations reported for the year, there are not any situations that may systematically or significantly affect the ICS, the accomplishment of institutional objectives, or the adequate disclosure of financial information. Information on the audit results is available in the Bank's Documentation System, and access to it is subject to the relevant legal authorizations.

The reports submitted by the Statutory Auditor for the reporting period were also known and documented in the Audit Committees held during the year.

34. STATUTORY CONTROLS

During 2023 and 2022, the Bank complied with all the statutory controls under the regulation established by the Financial Superintendence of Colombia for credit institutions, in relation to reserve requirements, own position and solvency ratio.

35. EVENTS AFTER THE END OF THE REPORTING PERIOD

Management of Banco de Comercio Exterior de Colombia S.A. - Bancóldex has evaluated the events that occur from January 1 to February 27, 2024, the date on which the financial statements were available for issue and determined that no subsequent events have occurred that require recognition or disclosure of additional information in these statements.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The issuance of the Bank's separate financial statements for the year ended December 31, 2023, was authorized by the Board of Directors, as recorded in Board of Directors Minutes No. 460 dated February 27, 2024, to be submitted to the General Meeting of Shareholders as required by the Code of Commerce. These financial statements will be submitted for consideration of the highest corporate body, which may approve or disapprove these financial statements.

BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. - BANCÓLDEX

Certificate to the Financial Statements

For years ended on December 31, 2023 and 2022

We hereby declare that we have previously verified the statements contained in the financial statements of Banco de Comercio Exterior de Colombia S.A. – Bancóldex as of December 31, 2023 and 2022, which have been faithfully taken from the accounting books. Therefore:

- The assets and liabilities of the Bank do exist on the cut-off date; and the recorded operations have been conducted during such period.
- The assets represent probable future economic benefits (rights), and the liabilities represent probable future economic sacrifices (obligations), obtained by, or charged to the Bank on the cut-off date.
- All items have been recognized as appropriate amounts.
- The economic facts have been correctly classified, described, and disclosed.

Similarly, the Financial Statements as of December 31, 2023 were authorized for disclosure by the Board of Directors on February 27, 2024. These financial statements will be submitted before the Shareholders' Meeting, and they may either approve or disapprove these Financial Statements.

This certification is issued on the twenty-seventh (27th) day of February 2024.

Javier Díaz Fajardo
Legal Representative

Luis Miguel Moreno
Accountant