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

Financial Statements for the years ended December 31, 2022, and 2021, and Statutory Auditor’s Report

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

Financial Statements

(For the years ended December 31, 2022, and 2021)

INDEX

Tel: +57 1 623 0199
bdo@bdo.com.co
www.bdo.com.co

Carrera 16 No. 97 - 46 Piso 8
Bogotá D.C., Colombia
Sucursales:
Cali, Medellín y Barranquilla.

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, 2022.
- 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, 2022, 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

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

THE IMPAIRMENT LOSS PROVISION ON THE LOANS PORTFOLIO

Key Audit Matter

I considered the estimation of the impairment of the loan portfolio as a key audit matter, which is the most important and complex estimate in the preparation of the Bank's financial statements as of December 31, 2022, since it corresponds to the amount resulting from measuring the deterioration of its loan portfolio. The methodologies for calculating portfolio impairment incorporate judgment and estimation factors in the estimation of the risk rating.

The component of the financial statements called "impairment" presents a balance as of December 31 of $235,696,153 thousand pesos, on a portfolio of $8,490,125,237 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 comercial 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.

This is why, it is considered as a significant key audit matter, since the estimate of the value of Portfolio Impairment is the most complex estimate in the preparation of the Bank's Financial Statements.

Related disclosures

View notes 10.8 y 3.7 (provisions section) of the separate financial statements attached.

Audit Response

Evaluation of the design, implementation and operational effectiveness of the controls related to the calculation of the impairment models.

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 level of assurance, but it is not a guarantee that an audit conducted in accordance with International Auditing Standards accepted in Colombia will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taking on the basis of this separate 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.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. I describe this matters in my Auditor's report unless law or regulation precludes public disclosure about the matter or when, 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, 2021, 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 25, 2022.

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 2022, the Bank has kept its accounting in accordance with legal norms and accounting techniques; the operations recorded in the accounting books and the actions of the management comply with the bylaws and decisions of the Shareholders' Meeting and the Board of Directors; correspondence, account vouchers, and minute books and share registers are properly kept and maintained; the management report is in proper agreement with the financial statements, and the Bank has timely settled and paid to the Comprehensive Social Security System. The management stated in the management report that they did not impede the free circulation of invoices from their suppliers of goods and services; I verified the proper application of the criteria and procedures established for the Risk Management Systems applicable to Bancoldex and the Internal Control System – ICS; established in External Circulars 100 of 1995, Legal 029 of 2014, 038 of 2009, and other complementary regulations, verifying in particular that the financial statements adequately reflect the impacts generated by the various risks of the operational environment.

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, 2023.

VICTOR MANUEL RAMIREZ VARGAS
Statutory Auditor
Professional License 151419-T

Member of
BDO AUDIT S.A.S. BIC
99783-01-8041-23

Bogotá D.C., February 27, 2023

Tel: +57 1 623 0199
bdo@bdo.com.co
www.bdo.com.co

Carrera 16 No. 97 – 46 Piso 8
Bogotá D.C., Colombia
Sucursales:
Cali, Medellín y Barranquilla.

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

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 3of the article 209 of the code of commerce, as well as the provisions of Regulatory Decree 2420 of 2015 and its subsequent modifications, I must report to the Bank's Shareholders' Assembly whether, for the period ending December 31, 2022:

1. Whether the acts of the Company's management are consistent with the bylaws and the orders or instructions of the General Meeting of Shareholders; 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 the internal control adopted by the Bank, such as parameters established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
c) Requirements established in Part I Title I Chapter IV of the Legal Basic Circular of the Financial Superintendence of Colombia.
d) 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

The Company's management is responsible for complying with the bylaws and the decisions of the General Meeting of Shareholders and for designing, implementing and maintaining adequate internal control measures for the reservation and custody of the properties of the Company and of third parties in its power, and the definition of policies and procedures from it. These internal control measures are defined by the corporate bodies, management, and personnel in order to obtain reasonable assurance regarding the achievement of their operational, reporting, and compliance objectives.

tatutory 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 Code of Commerce. 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 Shareholders 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, 2022, and from January 1, 2023, 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, 2022, 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, 2022.
- 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, 2022:

- 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 the Circular Básica Contable and Financiera 100 and Circular Básica Jurídica 029 issued by the Financial Superintendence of Colombia.
- The Bank has complied with the provisions of the Financial Superintendence of Colombia, and I verified the proper application of the criteria and procedures established for the Management Control System applicable to the Bank and the Internal Control System - SCI, established in the Circular Externa 100 of 1995 and other complementary provisions, especially checking that the financial statements adequately reflect the impacts generated by the various risks of the Bank's operations environment.

VICTOR MANUEL RAMIREZ VARGAS
Statutory Auditor
Professional License 151419-T

Member of
BDO AUDIT S.A.S. BIC
99783-01-8043-23

Bogotá D.C., February 27, 2023

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

SEPARATE STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022 AND 2021
(Figures expressed in thousands of Colombian Pesos)

BANCOLDEX
PROMUEVE EL DESARROLLO EMPRESARIAL

ASSETS	Notes	2022	2021
Cash and Cash Equivalente	7	$ 161.659.111	$ 142.135.363
Financial Instruments			
Investments at fair value through profit or loss - debt instruments	8,1	30.797.495	293.822.483
Investments at fair value with changes in other comprehensive income - debt instruments	8,2	1.143.554.244	1.300.963.036
Investments at amortized cost	8,3	1.178.413.212	5.075.367
Investments at fair value with changes in other comprehensive income - equity instruments	8,4	391.517.843	316.885.425
Investments in subsidiaries	8,5	50.114.047	49.229.415
Derivative financial instruments	8,6	72.462.121	150.778.052
Other financial assets	9	845.007.080	578.945.896
Credit Portfolio and Finance Lease Transactions, Net	10	8.277.241.753	6.957.656.289
Trade and Other Accounts Receivable, Net	11	125.306.407	109.591.611
Current tax assets and liabilities	28,1	44.597.257	55.309.133
Other Non-Financial Assets	12	54.996.858	17.984.171
Assets Held For Sale, Net	13	19.903.826	10.146.700
Property, Plant, And Equipment	14	29.141.476	29.501.970
Assets Given In Operating Lease	15	7.838.800	13.341.364
Investment Properties	16	11.675.832	10.688.300
Rights -Of-Use Assets	17	11.758.645	6.595.878
Intangible Assets	18	5.882.650	6.559.636
Deferred tax balances	28,7	20.745.357	86.714.000
Total assets		$ 12.482.614.014	$ 10.141.924.089

LIABILITIES	Notes	2022	2021
Customer deposits	19,1	$ 4.269.423.019	$ 4.424.230.194
Other deposits	19,2	27.910.778	60.071.976
Liabilities for derivative financial instruments	8,6	85.493.802	54.102.524
Bank loans and other financial obligations	20,1	6.441.676.685	3.993.591.048
Lease liabilities	20,2	11.121.912	6.582.031
Trade and accounts payable	21	37.773.882	29.276.410
Employee benefits	22	16.822.233	13.698.746
Estimated liabilities and provisions	23	137.494	115.480
Other liabilities	24	179.772.709	257.534.656
Total Liabilities		11.070.132.514	8.839.203.065
EQUITY			
Capital stock	25,1	1.062.594.968	1.062.594.968
Legal reserve	25,2	190.104.422	184.565.184
Occasional Reserves	25,2	27.884.760	32.606.525
Statutory Reserves	25,2	49.346.690	49.346.690
Premium on placement of shares		15.795	15.795
Other comprehensive income		11.404.600	(81.726.445)
Income for the year		71.130.265	55.318.307
Total Equity		1.412.481.500	1.302.721.024
Total liabilities and equity		$ 12.482.614.014	$ 10.141.924.089

The accompanying notes are an integral part of the financial statements

JAVIER DIAZ FAJARDO
Legal Representative

JAIRO PEDRAZA CUBILLOS
Accountant
Professional Card No. 36799-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 INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands of Colombian pesos, except net profit per share)

	Notes	2022	2021
INCOME FROM GENERAL ORDINARY OPERATIONS			
Portfolio financial income and financial leasing operations		$ 779.923.481	$ 385.745.936
Valuation of investments at fair value - debt instruments, net		78.624.163	156.682.453
Valuation of investments at amortized cost, net		199.661.258	141.168
Commissions and fees		10.983.320	5.290.569
Income from valuation of money market operations, net		979.126	3.615.795
Gain on sale of investments - debt instruments, net		560.575	-
Gain on sale of investments - equity instruments, net		-	8.574.621
Profit on sale of assets received in payment and returned		-	1.950.341
Valuation of derivates - speculation, net		161.530.115	67.423.757
Valuation of derivatives - hedging, net		21.714.559	143.693.735
		1.253.976.597	773.118.375
OPERATING EXPENSES:			
Interest on deposits and current liabilities		271.477.904	86.159.606
Interest on bank loans and other financial obligations		209.594.050	45.740.912
Financial Expenses for money market operations and other interest, net		81.751.698	61.226.916
Loss on sale of goods received as payment and restored		444.913	-
Comissions		15.188.412	22.480.034
Loss on sale of investments - debt instruments, net		-	2.537.288
Exchange difference loss, net		396.473.512	353.949.369
		974.930.489	572.094.125
ASSET RECOVERY (IMPAIRMENT)			
Loan portfolio and financial leasing operations, net		(43.628.156)	(10.429.232)
Operating leasing operations, net		1.495	627.885
Accounts receivable, net		(9.155.328)	(6.177.821)
Assets received in payment and returned		2.381.828	4.610.892
Other assets		(44.757)	(87.568)
		(50.444.918)	(11.455.844)
DIRECT OPERATING INCOME		228.601.190	189.568.406
OTHER OPERATING INCOME AND EXPENSES - NET			
OTHER OPERATING INCOME			
Dividends and Shares		2.051.022	1.838.297
Equity method, net		849.577	1.809.962
Others expenses	26	20.565.694	7.266.854
		23.466.293	10.915.113
OTHER OPERATING EXPENSES			
Employee benefits		69.399.978	61.861.452
Fees		6.437.718	5.722.281
Taxes and rates		33.256.641	23.445.819
Leases		4.957.909	6.319.119
Depreciation		4.358.892	3.009.536
Amortizations		1.954.668	1.803.409
Otros gastos	27	29.775.643	27.181.554
		150.141.449	129.343.170
PROFIT, BEFORE INCOME TAX		101.926.034	71.140.349
INCOME TAX	28,2	30.795.769	15.822.042
PROFIT FOR THE YEAR		$ 71.130.265	$ 55.318.307
EARNINGS PER SHARE	25,3	$ 66,94	$ 52,06

The accompanying notes are an integral part of the financial statements

JAVIER DIAZ FAJARDO
Legal Representative

JAIRO PEDRAZA CUBILLOS
Acountant
Professional Card No. 36799-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

BANCOLDEX
PROMUEVE EL DESARROLLO EMPRESARIAL

SEPARATE STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands of Colombian pesos)

	2022	2021
PROFIT FOR THE YEAR	$ 71.130.265	$ 55.318.307
OTHER COMPREHENSIVE INCOME		
Components of other comprehensive income that will not be reclassified to profit for the period		
Investments in equity instruments, net deferred tax		
Valuation at fair value private equity fund	30.068.670	4.061.193
Valuation at fair value of equity instruments	4.305.017	5.548.927
Valuation at fair value of equity instruments in foreing currency	35.876.867	(57.458.300)
Valuation at fair value private equity fund in foreign currency	(21.608.747)	18.825.911
Revaluation of property and equipment, net deferred tax		
Buildings	21.771	(3.060.447)
	21.771	(3.060.447)
Total other comprehensive income that will not be reclassified to income for the period	48.663.578	(32.082.716)
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, net deferred tax		
Valuation of debt instruments - fixed-rate TES	(82.047.115)	12.613.046
Valuation of debt instruments - fixed-rate CDT	(41.969)	-
valuation of debt instruments Yankee Bonds	148.651.685	(189.978.350)
	66.562.601	(177.365.304)
Property and equipment		
Vehicles	-	(8.583)
	-	(8.583)
CASH FLOW HEDGES		
Cash flow hedges, net of deferred taxes	(22.094.884)	2.563.624
Other comprehensive income, cash flow hedges	(22.094.884)	2.563.624
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)	872.873
Investments in associates	-	(169.862)
	(250)	703.011
Others		
Adjustments on first-time application, net of deferred taxes	-	2.318
	-	2.318
Total other comprehensive income that will be reclassified to income for the period, net of taxes	44.467.467	(174.104.934)
Total other comprehensive income	93.131.045	(206.187.650)
TOTAL COMPREHENSIVE INCOME	$ 164.261.310	$ (150.869.343)

The accompanying notes are an integral part of the financial statements

JAVIER DIAZ FAJARDO
Legal Representative

JAIRO PEDRAZA CUBILLOS
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, NET
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(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 2020		1.062.594.968	171.287.664	49.346.690	27.845.177	15.795	124.461.205	-	132.703.491	1.568.254.990
Transfer to accumulated earnings from previous years		-	-	-	-	-	-	132.703.491	(132.703.491)	-
Distribution of net income for the period	25,4	-	13.277.520	-	4.761.348	-	-	(132.703.491)	-	(114.664.623)
Movement in the year		-	-	-	-	-	(206.187.650)	-	-	(206.187.650)
Profit for the year		-	-	-	-	-	-	-	55.318.307	55.318.307
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

The accompanying notes are an integral part of the financial statements

JAVIER DIAZ FAJARDO
Legal Representative

JAIRO PEDRAZA CUBILLOS
Accountant
Professional Card No. 36799-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 CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands of Colombian pesos)

		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year		$ 71.130.265	$ 55.318.307
Adjustments to reconcile net income and net cash			
(used in) provided by operating activities:			
Income tax		30.795.769	15.822.042
Impairment of loan portfolio		114.157.269	86.531.234
Impairment of accounts receivable		18.212.150	15.114.552
Impairment of non-current assets held for sale		5.404.679	10.542.913
Impairment of other assets		(2.000)	17.000
Layoffs Expense		1.677.332	1.440.495
Depreciation of property and equipment		693.239	748.012
Depreciation of property and equipment under operating leases		374.771	393.712
Depreciation of goods in use		3.290.883	1.867.811
Amortization of intangible		1.954.667	1.803.409
(Gain) loss on sale of non-current assets held for sale, net		444.913	(3.676.382)
Loss on sale of property and equipment, net		-	15.576
Gain on sale of investments, net		(560.575)	(6.037.333)
Reimbursement of loan portfolio provision		(70.489.123)	(76.403.563)
Reimbursement of accounts receivable provision		(9.055.549)	(8.936.506)
Reimbursement of provision for non-current assets held for sale		(7.786.508)	(15.153.806)
Reimbursement of provision for goods delivered under operating lease		-	(255.982)
Bank restatement in foreign currency		(8.882.390)	1.961.746
Valuation of investments with changes in results		(278.285.421)	(156.823.621)
Equity method loss with changes in results		(849.577)	(1.809.962)
Valuation of Derivative financial instruments with changes in results - Trading		(161.530.115)	(67.423.757)
VValuation Financial instruments of Derivatives with changes in results - hedging		(21.714.559)	(143.693.735)
Subtotal		(382.150.145)	(343.956.145)
Variation in operating accounts			
Decrease (increase) in other comprehensive income		93.131.045	(206.187.650)
Decrease (Increase) in derivative financial instruments		292.951.883	(17.726.280)
Increase (decrease) in loan portfolio		(1.363.253.610)	431.455.490
Increase (decrease) in accounts receivable		(14.032.719)	13.941.516
(Increase) decrease in property, plant and equipment		(987.532)	3.567.800
(Increase) decrease deferred tax assets		65.968.643	(94.103.488)
(Increase) decrease in other assets		(37.137.487)	33.721.378
(Decrease) increase in deposits and liabilities		(154.807.176)	522.223.747
Increase in financial leasing contracts		4.539.881	2.651.450
Decrease in accounts payable		(22.082.919)	(59.246.893)
(Decrease) Increase other liabilities		(77.761.947)	16.645.274
Increase (decrease) in estimated liabilities and provisions		22.014	(362.071)
Increase (decrease) in employee benefits		2.720.624	(1.252.998)
Severance pay		(1.489.846)	(1.101.520)
Subtotal		(1.212.219.146)	644.225.755
Total adjustments		(1.594.369.291)	300.269.610
Net cash provided by (used in) operating activities		(1.523.239.026)	355.587.917
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) in money market operations		(266.061.184)	(205.147.485)
(Increase) decrease in investments		(548.725.542)	218.494.549
Additions of non-current assets held for sale		(16.309.156)	(5.523.639)
Purchase of property and equipment		(332.745)	(46.972)
Increase (decrease) of property and equipment under operating leases		5.127.793	(4.414.737)
Purchase assets in use		(8.771.334)	(4.372.735)
Purchase of intangible assets		(1.277.682)	(186.627)
Proceeds from the sale of property and equipment		-	3.500
Proceeds from the sale of goods in use		317.683	2.718
Proceeds from the sale of non-current assets held for sale		8.488.946	16.180.695
Net cash provided by (used in) investing activities		(827.543.221)	14.989.267
CASH FLOWS FROM FINANCING ACTIVITIES:			
Decrease passive positions in money market operations		-	(58.652.741)
Decrease other deposits in guarantees		(32.161.198)	-
Increase bank acceptances		-	24.223.265
Increase (decrease) in bank loans and other financial obligations		2.448.085.637	(238.009.741)
Payment of dividends		(54.500.834)	(114.664.623)
Net cash (used in) provided by financing activities		2.361.423.605	(387.103.840)
Effect of exchange difference on cash and cash equivalents		8.882.390	(1.961.746)
INCREASE/ NET DECREASE IN CASH AND CASH EQUIVALENTS		19.523.748	(18.488.402)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		142.135.363	160.623.765
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	$ 161.659.111	$ 142.135.363

The accompanying notes are an integral part of the financial statements

JAVIER DIAZ FAJARDO
Legal Representative

JAIRO PEDRAZA CUBILLOS
Accountant
Professional Card No. 36799-T

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

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) Translation of financial statements into English, 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, 2022 and 2021, the exchange rates were $4,810.20 and $3,981.16, 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	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

Classification	Characteristics	Valuation	Accounting
		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 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.	the immediately preceding fair value is recorded as goodwill and negative goodwill, and its offsetting 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	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
	accepted operation performance for offsetting and settlement and/or as collateral for monetary market operations.		
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	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

Classification	Characteristics	Valuation	Accounting
		with the provisions set out in IAS 27, IAS 28, and IAS 11, as appropriate.	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

Category	Risk	Characteristics	Provisions
			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. 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 II 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 category includes, 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.

Evaluation and rating of the credit portfolio – With the issuance of External Circular Letter number 032 of November 2014 by the Financial Superintendence of Colombia for the rating and generation of provisions, rediscount banks must develop internal methodologies for rediscount operations. Regarding direct commercial credit operations, consumption, housing, and microcredit, they must adopt the reference models of the Superintendence.

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 External Circular Letter number 032 of 2014 by the Financial Superintendence of Colombia, the Bank modified the provisions framework (which is based on the guidelines established in Chapter II of External Circular Letter number 100 of 1995 by the Financial Superintendence of Colombia) for the administration of credit risks for each of the portfolios, as per the following annexes of the foresaid chapter:

- Housing portfolio – General regime for assessment, rating, and provisioning of the credit portfolio (Annex 1)
- Direct commercial portfolio – Commercial portfolio reference model – MRC (Annex 3)
- Consumer portfolio – Consumer portfolio reference model – MRCO (Annex 5)
- Rediscount commercial portfolio – Internal methodology. Individual provisions of entities authorized to perform rediscount operations. (Annex 6)

In order to estimate the direct commercial portfolio and consumer portfolio provisions, the models include some common aspects detailed below:

Pro-cyclical individual component and counter-cyclical individual component: The individual provision is the sum of two individual components:

Pro-cyclical individual component (PIC): This corresponds to the share of the credit portfolio individual provision which reflects the current credit risk of each debtor.

Counter-cyclical individual component (CIC): This corresponds to the share of the credit portfolio individual provision which reflects the possible changes in the credit risk of the debtors as the impairment of said assets increases. This share is represented to reduce the impact on the balance sheet when this situation occurs.

The pro-cyclical individual component (PIC) and the counter-cyclical individual component (CIC) require default probability matrices A and B. The matrices defined in Annex 3 are used for the direct commercial portfolio, which adopts the commercial portfolio reference model of the Financial Superintendence of Colombia. The consumer portfolio uses the matrices defined in Annex 5 of the abovementioned External Circular Letter number 100 of 1995.

Cumulative or non-cumulative phase: In order to determine the methodology to be applied and calculate the pro-cyclical and counter-cyclical components, the Bank performs a monthly evaluation of the indicators established by the Financial Superintendence of Colombia (related to impairment, efficiency, credit portfolio growth and the balance sheet of the entity). Once determined, these indicators will decide the calculation methodology for the components of the credit portfolio individual provisions.

The counter-cyclical component is higher in portfolio periods with better credit quality in order to compensate partially those that should be constituted in periods when significant portfolio quality deterioration occurs; therefore, when credit quality is at appropriate levels, the counter-cyclical component is in a cumulative phase, while at low credit quality levels, this component enters a non-cumulative phase.

In accordance with these indicators, as of December 31, 2022 and 2021, the Bank applied the cumulative phase calculation methodology.

Expected loss model: The assessment of expected loss or individual provision under the reference models (direct commercial portfolio and consumer portfolio) and under the internal methodology (rediscount commercial portfolio) is determined using the following formula:

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

Probability of Default (PD): This is the probability that, twelve months after the cut-off date of the financial statements, debtors of a given portfolio enter default (in accordance with the cases described in paragraph b, number 1.3.3.1 of Chapter II, External Circular Letter number 100 of 1995). The probability of default is established in accordance with the matrices indicated below.

Exposure of the asset at default: This corresponds to the value at risk with the debtor, comprised of the current balance of capital, interest and other accounts receivable.

Loss Given Default (LGD): This is defined as the economic impairment the Bank would incur if one of the default situations referred to in paragraph b, number 1.3.3.1 of Chapter II, External Circular Letter number 100 of 1995 occurs. LGD for debtors classified in the category of default will be gradually increased depending on the days passed following their classification in such category.

Therefore, the application of models and the establishment of provisions will be carried out as follows:

Direct commercial portfolio – The methodology of the Financial Superintendence of Colombia (Chapter II of the Basic Accounting and Financial Circular Letter, Annex 3) 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 Large Business	Matrix B Medium Business	Matrix A Small Business	Matrix B Natural Persons	Rating	Matrix A Large Business	Matrix B Medium Business	Matrix A Small Business
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

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%

2021

Internal Rating	Rating	Matrix A	Matrix B
1	A1	0,68%	1,03%
2+	A2	1,03%	1,57%
2	A2	1,55%	2,32%
3+	A3	2,26%	3,66%
3	A3	2,85%	5,31%
4	A3	3,93%	7,58%
5	A4	8,49%	14,22%
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.

All credit losses requests to be submitted to the Board of Directors must be accompanied by concepts from the following Bank departments:

- Report and recommendation of the Vice-President of Operations and Technology, indicating the background of the debenture, the collection actions carried out to recover the credit and the impact on the Bank's profit and loss statement.

- Judgment of the Legal Department on the legal inadmissibility carried out to recover the debenture.

- Judgment of the Vice-President of Risk presenting the financial report of the debtor and the risk levels as per economic indicators, in line with the internal methodology applied to analyze the opportunity of servicing the debt and the degree of recoverability of said portfolio.

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 II of External Circular Letter 100 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.

II. 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.

III. 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.

IV. 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.

V. 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 II 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. *2021 improvements included in the Colombian accounting framework by Decree 1611/2022, effective as of January 1, 2024*

Decree 1611 issued on August 5, 2022, whereby International Accounting Standards 1, 8, 12 and International Financial Reporting Standard 16 are amended by Single Regulatory Decree (DUR, for its acronym in Spanish) of Accounting Standards, Financial Information, and Information Assurance, Decree 2420/2015, with the relevant Technical Schedule 2022 of the Financial Information Standards applicable to Group 1 entities in their general-purpose financial statements prepared as of January 1, 2024.

However, if the financial information preparers opt for the application of these regulations, they may be applied voluntarily and early, disclosing this fact. It should be noted that the effective dates of the standards will not be considered in Colombia and, therefore, will only be applied according to the rules of effectiveness outlined in Decree 1611.

The Decree also states that the Technical Council of Public Accounting (CTCP, for its acronym in Spanish) issued electronic documents No. CTCP - 2-2022-001216 dated January 19, 2022, and CTCP with filing No. 2-2022-001215 dated January 19, 2022, related to the Interpretations and Amendments issued by the IASB during the first half of 2021, which were submitted for inclusion in local financial reporting standards as follows:

- IAS 1: Disclosure of Accounting Policies
- IAS 8: Definition of Accounting Estimates
- IAS 12: Deferred Taxes related to Assets and Liabilities Arising from a Single Transaction, and
- IFRS 16: Covid-19-related Rent Concessions beyond June 30, 2021

1. Amendments to IAS 1: Disclosure of Accounting Policies

With the issuance of Decree 1611, the changes analyzed in the memorandum previously documented as of December 31, 2021, were incorporated. Therefore, the Decree ratifies the amendments made by the IASB in February 2021, which are related to the incorporation of new terms and/or further clarify the following aspects:

- Paragraph 7 includes the reference to “Accounting policies defined in paragraph 5 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and is used in this Standard with the same meaning.”

- Paragraph 10 (e) and paragraph 114 (c) (ii) incorporate the new text that notes will comprise “information about policies.”

- Paragraph 114 (c) (ii) clarifies the use of the new text “information about policies.”

- Concerning paragraphs 117 to 117E, which clarify when an accounting policy is material, they analyze:

    - If the information is immaterial, it is not necessary to make a disclosure, unless it is assessed, and despite the amount being immaterial, the accounting policy does have an effect on the decision-making of the users of the information.
    - However, if the entity makes the decision to disclose such information, it will not contain more emphasis than the information about material accounting policies.
    - Additionally, paragraph 117B incorporates examples in which an entity may consider whether the information is material or not:

For example, an entity is likely to consider an accounting policy to be material to its financial statements if that accounting policy relates to material transactions, other events, or conditions and:

(a) *was changed during the reporting period because the entity was required to or chose to change its policy, and this change resulted in a material change to the amounts included in the financial statements;*
(b) *was chosen from one or more alternatives in an IFRS Standard, for example, the option to measure investment property at either historical cost or fair value;*
(c) *was developed in accordance with IAS 8 in the absence of an IFRS Standard that specifically applies;*
(d) *relates to an area for which an entity is required to make significant judgments or assumptions in applying an accounting policy and discloses those judgements or assumptions in accordance with paragraphs 122 and 125 of IAS 1; or*
(e) *the accounting required by the standards is complex, and users of the entity's financial statements would not otherwise understand such material transactions, events, or conditions—this situation could arise if an entity applies more than one IFRS to a class of material transactions."*

Therefore, to the extent that some of the events noted above apply, the relevant information should be disclosed to document the materiality of those events.

- An entity's decision regarding the information on accounting policies that is material or not will not interfere with the information required to be disclosed by other standards.

These amendments will be effective in Colombia as of January 1, 2024. However, early application is permitted, for which the relevant disclosure will be made.

Regarding changes, their application under IAS 1 will depend on the facts and circumstances that the Bank identifies in its information to disclose about material accounting policies and considers in its analysis the aspects incorporated in the amendments.

2. Amendments to IAS 8: Definition of Accounting Estimates

With the issuance of Decree 1611/2022, the changes analyzed in the memorandum previously documented as of December 31, 2021, were incorporated. It should be noted that the Decree ratifies the amendments made by the IASB in February 2021, which are related to the definition of accounting estimates. Consequently, the following paragraphs had changes:

- Paragraph 5 presents the definition of accounting estimate more succinctly, clearly, and specifically with respect to the previous consideration. So, the new definition is "Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty."

- In paragraph 32, some adjustments were made in the wording to clarify the use of accounting estimates, emphasizing the difference from accounting policies. Therefore, text has been removed and adjusted as follows "an accounting policy could require that items of the financial statements be measured in a way that involves measurement uncertainty—that is, the accounting policy could require that these items be measured at monetary amounts that cannot be directly observed and must be estimated. In this case, an entity makes an accounting estimate to achieve the objective established by the accounting policy."

  IAS 8 now references some examples of accounting estimates with their relevant standard to standardize the concepts used by current standards. In the transactions it makes, the entity will use judgments or assumptions based on the latest, reliable information:

  - *a loss allowance for expected credit losses, applying IFRS9 Financial Instruments;*
  - *the net realizable value of an item of inventory, applying IAS 2 Inventories;*
  - *the fair value of an asset or liability, applying IFRS 15 Fair Value Measurement;*
  - *the depreciation expense for an item of property, plant, and equipment, applying IAS 16; and*
  - *a provision for warranty obligations, applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.*

- Paragraph 32A is incorporated to clarify that when an accounting estimate is developed, measurement techniques and observable inputs can be used, including estimation and valuation techniques, such as techniques used to determine the impairment of financial instruments and identify the fair value, respectively.

- Paragraph 32B is also added, which defines the term estimate as "an input used in developing accounting estimates."

The amendment related to paragraph 34 refers to a clarification that the entity may need to review its accounting estimates if changes in the facts and circumstances occur, such as new information, new developments or more experience. This is related to the amendment to paragraph 48 of such standard.

- Paragraph 34A reiterates that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates. Therefore, they will be recognized in the current period and not as prior period errors.

These amendments will be effective in Colombia as of January 1, 2024, with early application permitted by making the relevant disclosure.

According to the amendments proposed for IAS 8, the disclosures to be made by the Bank will include changes related to the definition of Accounting Estimates. Still, this change does not impact the financial statement of Bancóldex as of December 31, 2022, due to the entry into force of the amendment in Colombia.

3. Amendments to IAS 12: Deferred Taxes related to Assets and Liabilities Arising from a Single Transaction

With the issuance of Decree 1611, the changes analyzed in the memorandum previously documented as of December 31, 2021 were incorporated. The amendment aims to reduce the different views that entities use to account for deferred tax on transactions and events, such as leases and decommissioning obligations, that lead to the initial recognition of either an asset or a liability.

Consequently, the Decree ratifies the amendments made by the IASB in May 2021:

- The amendment consists of including (iii) in paragraph 15 (b) and (c) in paragraph 24, where there would be no exception related to whether the initial recognition of an asset or liability at the time of the transaction, does not give rise to equal amounts of taxable and deductible temporary differences. Then, such recognition of deferred tax liabilities and assets, respectively, shall not apply.

- Paragraph 22 (b) emphasizes that if temporary differences arise on initial recognition, the accounting method will depend on the nature of the transaction that led to the initial recognition of the asset or liability if the transaction affects neither accounting profit nor taxable profit and does not result in the recognition of equal amounts of deductible and taxable temporary differences. Paragraph 22 (c) indicates that in a transaction other than a business combination, if there is no effect on tax or accounting profit, then no deductible or taxable temporary differences of the same amount will arise.

- The amendment adds paragraph 22A to make further clarifications that transactions that are not a business combination may lead to the initial recognition of an asset or a liability and affect neither accounting profit nor taxable profit. It incorporates the following example:

  "For example, at the commencement date of a lease, a lessee typically recognizes a lease liability and the corresponding amount as part of the cost of a right-of-use asset. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of the asset and liability in such a transaction. The exemption provided by paragraphs 15 and 24 does not apply to such temporary differences and an entity recognizes any resulting deferred tax liability and asset."

- Moreover, paragraph 98K is added to state that an entity shall apply the amendment on or after the beginning of the earliest comparative period presented as an adjustment to retained earnings as of this date. Together with paragraph 98L, an entity applying the amendment at the beginning of the earliest comparative presented shall also:

  a. recognize a deferred tax asset—to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized—and a deferred tax liability for all deductible and taxable temporary differences associated with:

     i. *right-of-use assets and lease liabilities; and*
     ii. *decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset; and*

  b. recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments to IAS 12 will be effective in Colombia as of January 1, 2024; early application is permitted, including the relevant disclosure in the notes to the financial statements.

These amendments are not expected to have an impact on the financial statements of Bancóldex as of December 31, 2022, since the Bank has not made transactions that meet the criteria mentioned above.

4. Amendments to IFRS 16: Covid-19-related Rent Concessions beyond June 30, 2021

In March 2021, the IASB issued amendments to IFRS 16, related to paragraphs 46B, and new paragraphs C20B to C20C, which are associated with Covid-19 related rent concessions due on June 30, 2022, to enable a practical expedient for lessees. With the issuance of Decree 1611, the changes analyzed in the memorandum previously documented as of December 31, 2021 were incorporated.

- The amendment extends the term to apply the practical expedient in paragraph 46B, for lessees who, during the Covid-19 pandemic, conducted negotiations to reduce their leases. The conditions are maintained and the maximum term had been set to June 30, 2022.

- A lessee applying the practical expedient will recognize the cumulative effect of applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.

- The IASB added paragraph C20B to reflect that, due to the use of the practical expedient, it is not required to include the disclosures required by paragraph 28 (f) of IAS 8 about the effect on a prior year since it is an event specifically arising from the Covid-19 pandemic.

- Additionally, the amendment emphasized in paragraph C20C that the treatment and use of the practical expedient will be applied to leases with similar characteristics, maintaining the homogeneity of the accounting choice for contracts of similar circumstances.

Since these modifications will become effective in Colombia as of January 1, 2024, the regulator has not specified whether the rent concessions would be effective or valid for this period.

Therefore, the amendment to IFRS 16: Covid-19-related Rent Concessions beyond June 30, 2022, will not impact Bancóldex's financial statement as of December 31, 2022, since the Bank has not made transactions that meet the criteria listed in the amendment.

A. 2022 improvements that have not been included in the Colombian accounting framework by any decree as of this date

Standard	Amendment
Amendments to IAS 1: Classifications of Liabilities as Current or Non-Current	In October 2022, the International Accounting Standards Board (IASB) issued an amendment to IAS 1 clarifying that when a liability arises from a loan agreement it will be classified as non-current if an entity has a right to defer the settlement or payment subject to on compliance with covenants within twelve months. Therefore, only the stipulated clauses subject to fulfillment in an agreement on or before the date of presentation of the financial statements will allow the classification of the liability as current or non-current. Useful associated information will be provided along with the requirements to disclose information about the nature of covenants, when the fulfillment of the obligation is applicable, and the carrying amount of the related liabilities. The purpose of this information is to allow users to understand the nature of covenants and to assess the risk that a liability classified as non-current may be repayable within twelve months. Of note is that there is a difference between the 2021 and 2022 amendments. An entity was previously required to present separately non-current liabilities for which the entity's right to defer payment is subject to compliance with covenants within the twelve months. Instead, the 2022 amendment requires entities to disclose information about such covenants and related liabilities in the explanatory notes.
Amendments to IFRS 16: Measurement of a lease liability in a sale and leaseback	In September 2022, the International Accounting Standards Board (IASB) issued the amendment to IFRS 16 for the measurement of a lease liability in a sale and leaseback transaction. In sale and leaseback, one entity transfers an asset to another to lease the same asset. The amendment to IFRS 16 Leases requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendment is associated with the inclusion of paragraph 102A, which mentions that after the start date of a sale and leaseback transaction, the seller-lessee will follow the requirements of the subsequent measurement of right-of-use assets resulting from leaseback, applying the measurement methods to the cost or fair value model according to its choice of accounting policy. Furthermore, it will meet the requirements of the subsequent measurement of the lease liability arising from the leaseback. The seller-lessee will measure the lease obligation according to the increase in the carrying amount to reflect the interests of lease liabilities, carrying amount reduction to reflect lease payments made, and carrying amount remeasurements to reflect reassessment, modifications, or revised fixed lease payments. Paragraph 46 (a) refers to the fact that when the seller-lessee determines the "lease payments" or "revised lease payments," it does not recognize any amount of the loss or gain related to the retained right of use by the seller-lessee. However, the seller-lessee will recognize, on the one hand, the decrease in the carrying amount of the right-of-use asset to reflect the total or partial termination due to modifications that reduce the scope of the lease and, on the other, the effect of any gain or loss related to the partial or total termination of a lease in profit or loss for the period. However, the initial measurement of the lease liability derived from a subsequent lease may cause the seller-lessee to determine "lease payments" that differ from the general definition in Appendix A of IFRS 16. It means that the seller-lessee apply IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Regarding the entry into force, paragraph C1D is incorporated into the amendment, which states that the sellers-lessees will apply the amendment to the annual periods that begin on or after January 1, 2024. However, early application is permitted, disclosing this fact.

Standard	Amendment
	Consequently, paragraph C20E refers to the seller-lessee applying the proposed amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions made after the date of initial application, which would not apply to transactions before the entry into force of 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, 2022, and 2021, on a recurring basis:

	December 31, 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 purchase rights	-	1,396,679,332	-	1,396,679,332
Currency selling rights	-	747,221,952	-	747,221,952
Currency purchase obligations	-	(1,342,180,248)	-	(1,342,180,248)
Currency selling obligations	-	(729,256,602)	-	(729,256,602)
Credit Valuation Adjustment - CVA	-	(2,313)	-	(2,313)

	Level 1	Level 2	Level 3	Total
Future contracts				
Currency purchase rights	-	2,289,976,905	-	2,289,976,905
Currency selling rights	-	2,741,475,050	-	2,741,475,050
Currency purchase obligations	-	(2,289,976,905)	-	(2,289,976,905)
Currency selling obligations	-	(2,741,475,050)	-	(2,741,475,050)
Hedging derivative financial instruments				
Future contracts				
Currency selling rights	-	38,930,787	-	38,930,787
Currency selling obligations	-	(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**	**$ 430,710,994**	**$138,153,805**	**$ 1,650,007,535**

		December 31, 2022		
Recurring liabilities at fair value	**Level 1**	**Level**	**Level 3**	**Total**
Trading derivative financial instruments				
Forward contracts				
Currency purchase rights	-	1,409,517,645	-	1,409,517,645
Currency selling rights	-	691,494,820	-	691,494,820
Currency purchase obligations	-	(1,438,441,326)	-	(1,438,441,326)
Currency selling obligations	-	(733,409,308)	-	(733,409,308)
Debit Valuation Adjustment-DVA	-	12,114	-	12,114
Hedging derivative financial instruments				
Swaps				
Interest rate purchase rights	-	104,374,253	-	104,374,253
Interest rate purchase obligations	-	(119,064,649)	-	(119,064,649)
Debit Valuation Adjustment-DVA	-	22,649	-	22,649
Total recurring liabilities at fair value	$ -	$ (85,493,802)	$ -	$ (85,493,802)

		2021		
Recurring asset at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments at fair value with changes in profit or loss - Debt instruments				
In COP				
Treasury bonds - TES	$ 237.697.350	$ -	$ -	$ 237.697.350
Other national issuers – financial institutions	-	56.125.133	-	56.125.133
Investments at fair value with changes in OCI Equity instruments				
In COP				
National issuers - private equity funds	$ -	$ 111.710.519	$ -	$ 111.710.519

Recurring asset at fair value	Level 1	2021 Level 2	Level 3	Total
National issuers - FNG	-	-	102.276.938	102.276.938
In foreign currency				
Foreign issuers - private equity funds	-	-	70.611.238	70.611.238
Foreign issuers - Bladex	32.286.731	-	-	32.286.731
Investments at fair value with changes in OCI Debt instruments				
In COP				
Treasury bonds - TES	654.531.410	-	-	654.531.410
In foreign currency				
Other securities issued by the national government Yankees	646.431.625	-	-	646.431.625
Trading derivative financial instruments				
Forward contracts				
Currency purchase rights	-	3.062.658.722	-	3.062.658.722
Currency selling rights	-	517.684.552	-	517.684.552
Currency purchase obligations	-	(2.970.944.562)	-	(2.970.944.562)
Currency selling obligations	-	(514.744.528)	-	(514.744.528)
Credit Valuation Adjustment CVA	-	(19.660)	-	(19.660)
Future contracts				
Currency purchase rights	-	3.092.984.722	-	3.092.984.722
Currency selling rights	-	3.186.428.845	-	3.186.428.845
Currency purchase obligations	-	(3.092.984.722)	-	(3.092.984.722)
Currency selling obligations	-	(3.186.428.845)	-	(3.186.428.845)
Hedging derivative financial instruments				
Future contracts				
Currency selling rights	-	103.808.462	-	103.808.462
Currency selling obligations	-	(103.808.462)	-	(103.808.462)
Swaps				
Currency purchase rights	-	601.129.385	-	601.129.385
Currency purchase obligations	-	(544.979.762)	-	(544.979.762)
Credit Valuation Adjustment CVA	-	(6.095)	-	(6.095)
Non-financial assets				
Investment properties	-	10.688.300	-	10.688.300
Total recurring assets at fair value	**$1.570.947.116**	**$ 329.302.004**	**$ 172.888.176**	**$ 2.073.137.296**

Recurring liabilities at fair value	Level 1	2021 Level 2	Level 3	Total
Trading derivative financial instruments				
Forward Contracts				
Currency purchase rights	-	251.249.829	-	251.249.829
Currency selling rights	-	1.804.259.978	-	1.804.259.978
Currency purchase obligations	-	(253.258.559)	-	(253.258.559)
Currency selling obligations	-	(1.856.041.398)	-	(1.856.041.398)
Debit Valuation Adjustment-DVA	-	31.580	-	31.580

Hedging derivative financial instruments				
Swaps				
Currency purchase rights	-	200.369.535	-	200.369.535
Currency purchase obligations	-	(200.714.282)	-	(200.714.282)
Credit Valuation Adjustment-CVA	-	792	-	792
Total recurring liabilities at fair value	$ -	$ (54.102.524)	$ -	$ (54.102.524)

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 to 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 to 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:

	2022		2021	
	FNG Investment	**Private Equity Funds (foreign) Investment**	**FNG Investment**	**Private Equity Funds (foreign) Investment**
Balance at the beginning of the period	$ 102,276,938	$ 70,611,238	$ 159,735,238	$ 42,648,146
Valuation adjustments through profit or loss	-	(457,340)	-	-
Valuation adjustments through OCI	35,876,867	303,641	(57,458,300)	11,414,292
Purchases/calls	-	1,460,384	-	9,858,248
Disposals/sales/distributions	-	-	-	1,442,145
Carryovers	-	(71,538,475)	-	-
Restatement	-	(379,448)	-	8,132,696
Balance at the end of the period	$ 138,153,805	$ -	$ 102,276,938	$ 70,611,238

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, 2022 and 2021:

	2022	2021
Legal currency		
Cash	$ 7,250	$ 8,067
Central Bank		
Checking account [1]	76,197,049	110,784,480
Banks and other financial institutions [2]	74,682,049	26,573,780
	150,886,348	137,366,327
Foreign currency		
Banks and other financial institutions	10,772,763	4,769,036
	10,772,763	4,769,036
	$ 161,659,111	**$ 142,135,363**

(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, 2022 and 2021

	2022		2021	
	Quantity	Amount	Quantity	Amount
Outstanding credit notes in books	36	2,044,686	85	$ 1,027,446
Outstanding debit notes in books	1	8,786	1	10,065
Non-bank debit items	-	-	31	299,557

There are restrictions on the Bank's cash caused by attachments ordered by municipal and government agencies; as of December 31, 2022, and 2021, it amounts to $79,137 and $79,129, respectively. The breakdown of the funds frozen by attachments is as follows

Banking Institution	Account Type	2022	2021
Banco AV Villas	Savings Account	$ 79,137	$ 79,129

8. FINANCIAL INSTRUMENTS

The balance of the investment portfolio as of December 31, 2022, and 2021 is as follows:

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

	2022		2021	
	Interest Rate (%)	Amount	Interest Rate (%)	Amount
Legal tender				
Securities issued by the Nation				
Ministry of Finance FIXED RATE TES	-	$ -	7.45	$ 237,697,350
Securities issued by entities supervised by the SFC				
DTF Term Deposits (TDs) - DTF	-	-	5.39	5,056,650
CPI Bonds	19.56	13,255,415	8.26	23,379,683
DTF Bonds	13.98	9,995,200	6.36	10,062,900
BRI Bonds	19.70	7,546,880	6.05	17,625,900
		30,797,495		56,125,133
		$ 30,797,495		**$ 293,822,483**

Throughout 2022 and as a result of a deterioration in important indicators such as global inflation, all central banks implemented a restrictive monetary policy, increasing their policy-related rates in an accelerated manner to combat the effect on prices. The Treasury's strategy on portfolio management and administration was very conservative, significantly reducing the securities classified as marketable investments to protect the Bank's income statement due to the increase in the yield curves of all assets. This situation decreased investments by $263,024,988 compared to the end of 2021.

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

	2022		2021	
	Interest Rate (%)	Amount	Interest Rate. (%)	Amount
Legal tender				
Securities issued by the Nation				
Ministry of Finance FIXED RATE TES [1]	12.10	$ 1,010,820,990	7.71	$ 654,531,410
Ministry of Finance UVR TES	0.62	32,251,604	-	-
		1,043,072,594		654,531,410
Securities issued by entities supervised by the SFC				
DTF Term Deposits (TDs) - TF	17.37	100,481,650	-	-
Foreign Currency				
Securities issued by the Nation				
Yankees Bonds [2]	-	-	5.89	646,431,626
		$1,143,554,244		$1,300,963,036

Due to the market conditions since 2021, which continued during the first half of 2022, the yield curves worldwide had a quite negative behavior. So, in this period and as part of its business model and trading strategy, the Bank's Treasury decided to reclassify the following within the investment portfolio:

(1) On July 27, 2022, part of the portfolio that was in available-for-sale securities was reclassified to hold-to-maturity securities. The securities transferred to this classification were issued by the Colombian Government in Colombian pesos maturing in 2034 for a nominal value of $224,000,000, with prior authorization of the regulators.

In addition, during the second half of 2022, there is an increase in interest rates. This situation directs the treasury strategy to increase investments at fair value through other comprehensive income in legal tender, which originates an increase of $356,289,580.

(2) On January 25, 2022, investments in USD securities were reclassified as investments at amortized cost, prior authorization of the Financial Superintendence of Colombia on January 17, 2022. Bancóldex requested authorization from the Financial Superintendence of Colombia to treat the exchange loss adjustment for $18,628,405 as a deferred asset, which was not objected to by the Superintendence. This deferred asset will be amortized during the life of the securities, whose last maturity is June 15, 2045.

Investments at amortized cost	**2022**		**2021**	
	Interest Rate (%)	**Amount**	**Interest Rate (%)**	**Amount**
Legal tender				
Securities issued by the Nation				

Investments at amortized cost

	2022		2021	
	Interest Rate (%)	Amount	Interest Rate (%)	Amount
Ministry of Finance FIXED RATE TES (3)	6.55	$ 239,772,469	-	$ -
Solidarity securities	9.27	5,257,915	2.56	5,075,367
		245,030,384		5,075,367
Foreign currency				
Securities issued by the Nation				
Yankees Bonds (4)	4.38	933,382,828	-	-
		$ 1,178,413,212		$ 5,075,367

During the first half of 2022, due to the market conditions since 2022, the yield curves worldwide had a quite negative behavior. So, as part of its business model and trading strategy, the Bank's Treasury decided to reclassify the following within the investment portfolio:

(3) On July 27, 2022, part of the portfolio that was in available-for-sale securities was reclassified to hold-to-maturity securities. The securities transferred to this classification were issued by the Colombian Government in Colombian pesos maturing in 2034 for a nominal value of $224,000,000, with prior authorization of the regulators.

(4) On January 25, 2022, investments in USD securities were reclassified as investments at amortized cost, prior authorization of the Financial Superintendence of Colombia on January 17, 2022. Bancóldex requested authorization from the Financial Superintendence of Colombia to treat the exchange loss adjustment for $18,628,405 as a deferred asset, which was not objected to by the Superintendence. This deferred asset will be amortized during the life of the securities, whose last maturity is June 15, 2045.

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

	2022	2021
Banco Latinoamericano de Exportaciones S.A. – BLADEX (5)	$ 38,070,142	$ 32,286,731
Fondo Nacional de Garantías (6)	138,153,805	102,276,938
Private Equity Funds (7)	215,293,896	182,321,756
	$ 391,517,843	$ 316,885,425

(5) The investment in Bladex closes the year with a variation of $5,783,411. Despite the drop in the share price that went from 16.60 to 16.20 at the end of 2022, there is an increase in the amount of the investment due to variations in the exchange rate, which stood at $4,810.20 as of December 31, 2022, with an increase of $829.04 compared to the end of 2021.

(6) The investment in the National Guarantee Fund increased by $35,876,867 during 2022 due to variations in the valuation price, which stood at $5,096.02 at the end of 2021 compared to $6,883.61 as of December 31, 2022.

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

2022
Portfolio in Colombian Pesos

Entity	Investment commitment	Capital Call	Redemption	Invested	Valuation profit (loss)	% Executed	Fair Value
Escala	$ 11,000,000	$ 10,999,332	$ 678,051	$ 11,000,000	$ (7,056,081)	100.00	$ 660,991
Aureos	14,000,000	9,993,120	16,829,396	10,011,948	(295,977)	71.51	380,736
Progresa Capital	3,723,480	3,723,480	2,294,631	3,723,480	(1,337,303)	100.00	129,308
Compartment - Bancóldex Capital Fund of Funds (*)	185,447,004	168,721,702	2,400,000	168,721,702	77,083,009	90.98	177,936,634
Capital Compartment for Entrepreneurship - Bancóldex Fund of Funds (*)	63,000,000	31,633,436	-	31,633,436	4,690,033	50.21	36,165,339
SME Private Debt Compartment - Bancóldex Capital Fund of Funds (*)	100,000,000	621,129	-	621,129	(600,241)	0.62	20,888
	$ 377,170,484	$ 225,692,199	$ 22,202,078	$ 225,711,695	$ 72,483,440	59.84	$ 215,293,896

2021
Portfolio in Colombian Pesos

Entity	Investment commitment	Contingency	Capital Call	Redemption	Invested	Valuation	% Execute	Fair Value
Escala	$ 11.000.000	$ -	$ 11.000.000	$ 17.120	$ 11.000.000	$ 7,037,416	100.00	$ 1.340.587
Aureos	14.000.000	3.988.052	9.993.120	16.576.724	10.011.948	364,855	71.51	564.530
Progresa Capital	3.723.480	-	3.723.480	2.101.951	3.723.480	1,357,927	100.00	301.364
Colombia Ashmore	37.686.200	40	37.686.161	35.403.788	37.686.160	(21,356,633)	100.00	41.905.677
Amerigo Ventures Colombia	4.193.000	190.258	4.001.929	279.864	4.002.742	(705,585)	95.46	4.330.230
Velum Early Stage Fund I	7.468.230	-	7.468.245	357.227	7.468.230	(4,974,342)	100.00	12.164.598
Mas equity fund III Colombia	21.000.000	2.489.925	18.510.075	8.593.732	18.510.075	(5,255,238)	88.14	15.171.581
Ashimore Andino II	15.000.000	307.883	14.692.119	5.402.533	14.692.117	(11,774,505)	97.95	21.064.089
Capital Compartment for Entrepreneurship - Bancóldex Fund of Funds	45.000.000	32.349.092	12.650.908	-	12.650.908	(2,258,627)	28.11	14.751.405
SME Private Debt Compartment - Bancóldex Capital Fund of Funds	100.000.000	99.878.074	121.926	-	121.926	5.470	0.12	116.457
	$259.070.910	$139.203.324	$119.847.963	$ 68.732.939	$119.867.586	$(37.559.261)	46.27	$111.710.518

2021
Portfolio in Dollars

Entity	Investment commitment USD	Contingency USD	Capital Call USD	Redempt USD	Invested USD	Valuation USD	% Executed	Fair value USD	Fair value COP
MGM Sustainable Energy Fund L.P.	4,000	-	4,000	656	4,000	(222)	100.00	3,439	$ 13,689,693
Darby Latin American Private Debt Fund Iii, L.P.	5,000	239	4,885	242	4,761	(709)	49.50	5,352	21,308,446
Angel Ventures Pacific Alliance Fund I Limited Par	5,000	1,047	3,953	-	3,953	66	45.26	3,887	15,475,682
Acumen Latin America Early Growth Fund Lp	1,500	401	1,140	148	1,099	(180)	45.67	1,171	4,661,072
Allvp Fund Iii, Lp	3,000	642	2,358	-	2,358	(1,529)	34.57	3,887	15,476,344
	18,500	2,329	16,336	1,046	16,171	(2,574)	56.54	17,736	$ 70,611,237
Total Private Equity Funds									**$182,321,756**

(*) The Bancóldex Capital Fondo de Fondos private equity fund, grouped resources for more than $400,000,000 at the end of 2022, where Bancóldex acts as an anchor investor with an amount of $348,447,004, distributed in three sub-funds:

- Bancóldex Capital Sub-Fund: With the strategic objective of grouping all the Bank's investments in capital funds, the Bank's management decided to transfer these investments from the balance sheet to the Fondo de Fondos. The size of this sub-fund is $185,447 million, impacting 88 Colombian companies.

- Capital para Emprender Sub-Fund: Its objective is to invest in Colombian and regional venture capital funds that invest in high-impact, scalable ventures across the trade, industry, tourism, and service sectors.

- Deuda Privada PYMES Colombia Sub-Fund: It was created as an alternative financing mechanism for SMEs in their post-COVID-19 recovery stage to develop and promote a new asset in the local private debt fund industry.

In 2021, Bancóldex completed 12 years of experience investing in Capital Funds. The path began in 2009 and over the first nine years, it managed to generate $185,248 million in commitments for 144 companies. In 2016, the structuring of the Fondo de Fondos began, seeking to leverage resources with third parties and organize investment strategies by sub-fund. Thus, as part of the strategy to increase the assets under the management of the Private Capital Fund Bancóldex Capital Fondo de Fondos and to have the investments in capital funds made by the Bank grouped together in a single vehicle, the Bank's management decided to transfer the current investment portfolio to Fondo de Fondos in 2021. For this, a sub-fund called "Bancóldex Capital Sub-Fund" was created, centralized in the Fiducóldex Administrator. With this premise, on February 4, 2022, the investments in the following funds were transferred to the new sub-fund:

- Infraestructura Colombia Ashmore I Fund
- Amerigo Ventures Pacifico Fund
- Velum Early Stage Fund I
- Mas Equity Fund III Colombia
- Ashmore Andino II Fund
- Mgm Sustainable Energy Fund L.P.
- Darby Latin American Private Debt Fund III, L.P.
- Acumen Latin America Early Growth Fund Lp
- ngel Ventures Pacific Alliance Fund II Limited Par
- All VP Fund III, LP

Investments in subsidiaries

	2022	2021
Fiduciaria Colombiana de Comercio Exterior S.A. - FIDUCOLDEX	$ 50,114,047	$ 49,229,415

The following is the disaggregation of the investment in the subsidiary as of December 31, 2022, and 2021:

2022

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

2021

Entity	% Share	Initial balance	Dividends received in cash	Income Gains or (Loss)	Other comprehensive income Gains / (Losses)	Ending balance
FIDUCOLDEX S.A.	89.32	$ 48,951,867	$ 741,877	$ 146,553	$ 872,872	$ 49,229,415

8.4. Derivative financial instruments — The disaggregation of the fair value of trading derivative instruments as of December 31, 2022, and 2021 is as follows:

	2022	2021
Assets		
Trading Forward Contracts		
Foreign currency purchase rights	$ 54,499,084	$ 91,714,160
Foreign currency sales rights	17,965,350	2,940,024
Credit Valuation Adjustment -CVA	(2,313)	(19,660)
Total trading forward contracts (8)	72,462,121	94,634,524
Hedging Swaps		
Foreign exchange Swaps	-	56,149,623
Credit Valuation adjustment -CVA	-	(6,095)
Total *Hedging Swaps* (9)	-	56,143,528
Total assets	$ 72,462,121	$ 150,778,052
Liabilities		
Trading Forward Contracts		
Foreign currency purchase rights	$ (28,923,681)	$ (2,008,730)
Foreign currency sales rights	(41,914,488)	(51,781,419)
Debit Valuation Adjustment -DVA	12,114	31,580
Total Forward Contracts	(70,826,055)	(53,758,569)

Hedging Swaps		
Currency purchase swaps	-	(344,747)
Debit Valuation Adjustment -DVA	-	792
Total Hedging Swaps	-	(343,955)
Interest Rate Swaps	(14,690,396)	-
Debit Valuation Adjustment -DVA	22,649	-
Total hedging Swaps interest rate	(14,667,747)	-
Total liabilities	$ (85,493,802)	$ (54,102,524)

(8) Forward trading contracts in asset position decreased by $22,172,403, mainly caused by market movements and trading strategies that changed the structure of the forward portfolio managed by the Treasury.

(9) At the end of 2022, hedging derivatives decreased by $56,143,528. This balance corresponded to the swap that Bancóldex had contracted as hedge for the credit obtained on June 29, 2020, for USD 400 million with a MIGA collateral. Both the primary operation and the Cross Currency Swap had their final maturity on June 29, 2022.

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

	2022	**2021**
BB+	$2.221.485.805	$ 1.543.735.752
No rating	131.279.145	56.125.133
Total	**$ 2.352.764.950**	**$ 1.599.860.885**

In 2022, 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	$ 108.442.728	$ 94.441.804
No rating	455.406.835	238.491.692
Total	**$ 563.849.563**	**$ 332.933.496**

As of December 31, 2022, and 2021, 19% and 28% 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.

8.6. Financial assets by maturity dates: The following is a summary of financial assets by maturity dates as of December 31, 2022 and 2021:

	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

	2021							
	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	$ -	$ 5,075,367	$ -		$ -	$ -	$ -	$ 5,075,367
Investments at fair value through profit or loss - Debt instruments								
Nation issued securities – TES	-	-	-		133,854,000	-	103,843,350	237,697,350
Securities issued by entities surveilled by the Financial Superintendence	-	5,056,650	-		37,672,200	13,396,283	-	56,125,133
Investments at fair value with changes in OCI - Debt instruments								
Nation issued securities – TES	-	2,116,480	-		188,511,050	38,205,750	425,698,130	654,531,410
Nation Issued Securities - Yankee Bonds	-	-	-		-	-	646,431,626	646,431,626
	$ -	$ 12,248,497	$ -		$ 360,037,250	$ 51,602,033	$1,175,973,106	$1,599,860,886

9. OTHER FINANCIAL ASSETS

The balance of money market transactions comprises the following as of December 31, 2022, and 2021:

	2022				2021			
	Interest rate (%)	Trading Term Days	USD Amount	Amount	Interest Rate (%)	Trading Term Days	USD Amount	Value
Legal tender (1)								
Interbank								
Banks	11.79	5	-	$ 65,075,863	2.91	5	-	$ 25,006,069
Financial Corporations	11.79	4	-	35,032,503	2.91	4	-	15,002,421
Simultaneous transactions								
Investment transfer commitments	9.00	5	-	701,590,949	3.00	7	-	310,019,180
Total Legal Tender				801,699,315				350,027,670
Foreign Currency (2)								
Overnight								
Banks	4.55	5	5,002	24,060,119	-	-	-	-
Other Financial Institutions	4.27	5	4,001	19,247,646	0.12	4	57,500	228,918,226
Total Foreign Currency			9,003	43,307,765			57,500	228,918,226
			9,003	$ 845,007,080			57,500	$578,945,896

(1) Money market transactions in legal tender show an increase of $451,671,645, mainly represented by excess liquidity originating in resources received from the MIGA-secured loan.

(2) At the end of 2022, the Bank had a balance in overnight operations lower than that in 2021. The resources committed for disbursements to be made in the first days of 2023 were lower than those of the previous year, which represents a decrease of $185,610,461 equivalent to USD 48.5 million.

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, 2022, and 2021:

2022				
Type	Principal	Interest	Accounts Receivable	Total
Business	$ 8,490,125,237	$ 120,392,687	$ 6,102,667	$ 8,616,620,591

		2022		
Type	Principal	Interest	Accounts Receivable	Total
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

		2021		
Type	Principal	Interest	Account Receivable	Total
Business	$ 7.127.442.874	$ 79.084.725	$ 5.841.085	$ 7.212.368.684
Consumer (1)	1.926.486	4.116	10	1.930.612
Housing (1)	20.310.721	40.940	1.803	20.353.464
Impairment	(192.023.792)	(15.157.024)	(4.495.478)	(211.676.294)
Balance	**$ 6.957.656.289**	**$ 63.972.757**	**$ 1.347.420**	**$ 7.022.976.466**

(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:

		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 consumer 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

2021

Portfolio and accounts receivable in legal tender:

	Principal	Interest	Accounts receivable	Total
Suitable commercial portfolio guarantee:				
Due	$ 1.319.748.969	$ 43.032.880	$ 2.181.334	$ 1.364.963.183
Overdue 1 to 3 months	48.828.749	5.201.384	246.114	54.276.247
Overdue 3 to 6 months	28.960.246	2.926.687	356.217	32.243.150
Overdue 6 to 12 months	12.485.943	1.228.907	365.904	14.080.754
Overdue more than 12 months	44.228.993	2.611.991	1.683.120	48.524.104
	1.454.252.900	55.001.849	4.832.689	1.514.087.438
Other commercial portfolio guarantees:				
Due	4.446.716.565	14.154.781	104.387	4.460.975.733
Overdue 1 to 3 months	30.925	2.404	342	33.671
Overdue 3 to 6 months	500.000	14.632	2.598	517.230
Overdue 6 to 12 months	4.650.104	20.404	-	4.670.508
Overdue more than 12 months	40.791.063	2.069.531	901.069	43.761.663
	4.492.688.657	16.261.752	1.008.396	4.509.958.805

Suitable consumer portfolio guarantee:				
Due	1.919.468	4.114	10	1.923.592
	1.919.468	4.114	10	1.923.592
Other consumer portfolio guarantee:				
Due	7.018	2	-	7.020
	7.018	2	-	7.020
Suitable housing portfolio guarantee:				
Due	20.052.722	40.274	946	20.093.942
Overdue 1 to 4 months	163.499	666	305	164.470
Overdue 12 to 18 months	63.213	-	229	63.442
Overdue past 18 months	31.287	-	323	31.610
	20.310.721	40.940	1.803	20.353.464
Total legal tender	$ 5.969.178.764	$ 71.308.657	$ 5.842.898	$ 6.046.330.319
Portfolio and accounts receivable in foreign currency:				
Suitable commercial portfolio guarantee:				
Due	$ 15.877.422	$ -	$ -	$ 15.877.422
	15.877.422	-	-	15.877.422
Other commercial portfolio guarantee:				
Due	1.164.623.895	7.821.124	-	1.172.445.019
	1.164.623.895	7.821.124	-	1.172.445.019
Total foreign currency	1.180.501.317	7.821.124	-	1.188.322.441
Total gross portfolio and accounts receivable	7.149.680.081	79.129.781	5.842.898	7.234.652.760
Impairment of portfolio and accounts receivable	(192.023.792)	(15.157.024)	(4.495.478)	(211.676.294)
Total net portfolio and accounts receivable	$ 6.957.656.289	$ 63.972.757	$ 1.347.420	$ 7.022.976.466

As of December 2022, the balance of COP receivables was $1,591,734,155 higher than the volume registered in 2021. This is explained by the increase in disbursements, $5.47 trillion so far this year compared to disbursements in 2021 for $3.7 trillion. Payments and prepayments decreased, $3.9 billion in 2022 compared to $4.07 billion in 2021.

As part of the monetary policy that seeks to return inflation to a target of 3%, the Central Bank decided to increase interest rates during 2022. At the end of December 2022, disbursements were made at a weighted average rate of IBR + 5.60% and an average term of 3.40 years. In 2021, disbursements were made at a weighted average rate of DTF + 4.29% and an average term of 3.3 years. Regarding the accounting gross annual return, the rate was 11.61% in December 2022 compared to 5.94% in December 2021.

The balance of the USD loan portfolio at the end of December 2022 registered a reduction of COP 228,476,330 compared to the previous year. This variation is explained by a volume of disbursements of USD 343 million during the last 12 months, compared to a total of payments and prepayments of USD 441 million, which marks an increase in the balance of USD 99 million. Additionally, the exchange rate has devalued by 17% in the last year, with an increase of $829.04 against the USD, which has resulted in an increase in the variation of the balance stated in COP. During the year, USD 343 million have been disbursed, at an average term of 0.9 years and a spread of 2.57% on the SOFR basis. In terms of gross accounting profitability, this stands at 4.11%, compared to 3.12% registered in December 2021.

10.3. Loan portfolio by risk classification – Loan portfolio by portfolio classification is detailed as follows according to the Basic Accounting and Financial Circular Letter Chapter II

2022				Impairment			
	Principal	Interest	Other Items	Principal	Interest	Other Items	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

2021				Impairment			
	Principal	Interest	Other Items	Principal	Interest	Other Items	TOTAL
Housing Loans							
A - Normal	$ 19.849.917	$ 39.879	$ 866	$ 198.499	$ 399	$ 9	$ 19.691.755
B - Acceptable	243.447	965	317	7.790	31	10	236.898
C - Appreciable	186.070	96	298	18.607	10	236	167.611
D - Significant	31.287	-	322	6.257	-	323	25.029
	20.310.721	40.940	1.803	231.153	440	578	20.121.293
Suitable Consumer Loan Guarantee							
A - Normal	1.916.700	4.100	10	39.777	54	29	1.880.950
B - Acceptable	2.768	14	-	155	1	-	2.626
	1.919.468	4.114	10	39.932	55	29	1.883.576
Other Commercial Loan Guarantees							
D - Significant	7.018	2	-	5.264	2	-	1.754
	7.018	2	-	5.264	2	-	1.754
Suitable Commercial Loans Guarantees							
A - Normal	1.187.610.900	31.010.712	719.253	15.896.767	584.634	17.828	1.202.841.636
B - Acceptable	138.128.814	12.336.932	1.291.575	5.844.687	1.169.079	750.506	143.993.049
C - Appreciable	55.735.335	5.533.793	496.745	4.594.062	3.714.411	448.569	53.008.831
D - Significant	60.684.969	4.758.192	1.371.175	29.920.810	4.532.259	1.344.750	31.016.517
E - Irrecoverable	27.970.304	1.362.220	953.941	27.970.304	1.362.220	953.941	-
	1.470.130.322	55.001.849	4.832.689	84.226.630	11.362.603	3.515.594	1.430.860.033
Other Commercial Loan Guarantees							
A - Normal	5.606.307.796	21.761.663	29.303	68.048.111	254.995	551	5.559.795.105
B - Acceptable	8.681.846	299.689	341	1.190.641	281.488	16	7.509.731
C - Appreciable	2.628.762	131.192	2.506	338.025	128.496	2.465	2.293.474
D - Significant	12.656.247	518.148	664.994	10.491.691	517.566	664.993	2.165.139
E - Irrecoverable	27.037.901	1.372.184	311.252	27.037.901	1.372.184	311.252	-
	5.657.312.552	24.082.876	1.008.396	107.106.369	2.554.729	979.277	5.571.763.449
General Impairment (Provision)							
Portfolio / Interest				414.444	1.239.195		1.653.639
	$7.149.680.081	$79.129.781	$5.842.898	$ 192.023.792	$ 15.157.024	$ 4.495.478	$7.022.976.466

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, 2022 and 2021:

Economic Sector	Antioquia and Chocó	Bogotá D.C.	Central	Atlantic Coast	Coffee belt	Abroad	West	Santanderes	South-east	Grand Total
					2022					
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**

2021

Economic sector	Antioquia and Chocó	Bogotá DC	Central	Atlantic coast	Coffee belt	Abroad	West	Santanderes	South-east	Grand total
Artistic, entertainment, and recreation activities	$ 7,904,788	$ 10,297,194	$ 768,531	$ 2,379,007	$ 6,521,590	$ -	$ 2,598,445	$ 519,380	$ 184,810	$ 31,173,745
Hospitality and catering activities	28,441,322	53,597,834	10,516,338	47,760,873	8,383,363	-	10,877,281	6,547,717	2,893,124	169,017,852
Households as employers	235,665	391,381	2,812	261,174	14,583	-	4,064	8,753	-	918,432
Administrative and support services activities	17,548,157	56,274,444	5,605,223	14,047,364	7,524,194	-	15,500,231	6,562,223	632,529	123,694,365
Financial and insurance activities	169,359,260	338,755,596	123,568,832	47,654,196	12,585,301	748,904,510	206,153,300	67,653,962	22,258	1,714,657,215
Real estate activities	20,122,408	54,934,580	7,857,141	11,919,799	5,275,483	-	15,519,904	2,829,253	408,865	118,867,433
Professional, scientific, and technical activities	27,982,045	97,022,367	10,519,286	60,575,719	6,545,966	-	17,920,807	11,812,155	2,493,640	234,871,985
Public administration -defense; social security	228,842	1,080,278	170,000	16,165,785	743,658	-	316,833	6,225	-	18,711,621
Agriculture, livestock, forestry, fishing	13,482,392	14,421,036	10,335,611	29,980,354	11,376,674	-	21,416,880	10,361,283	1,263,848	112,638,078
Employees	955,524	22,353,376	-	-	-	-	-	-	-	23,308,900
Human health care and social assistance	29,891,092	26,878,070	24,659,708	43,733,094	12,698,429	-	30,090,615	16,038,144	4,833,033	188,822,185
Wholesale-retail trade; vehicle repair	216,500,869	439,470,453	163,253,900	195,147,842	68,115,382	58,294,796	232,216,651	129,357,104	56,615,867	1,558,972,864
Construction	58,838,204	128,906,933	25,114,253	48,296,165	13,430,758	-	35,766,415	14,311,207	5,271,693	329,935,628
Teaching	12,891,625	15,411,061	9,915,537	6,166,896	1,308,437	-	6,844,484	6,557,428	1,287,504	60,382,972
Mining and quarrying	13,324,520	5,905,025	6,752,213	312,724	17,015	-	1,602,059	6,611,614	717,997	35,243,167
Manufacturing industries	339,879,782	273,251,887	104,504,807	178,810,706	86,925,790	138,936,916	177,457,317	67,671,989	7,818,667	1,375,257,861
Information and communications	19,899,774	57,928,962	4,628,530	7,807,556	2,240,408	-	10,510,707	3,712,308	1,494,072	108,222,317
Extraterritorial organizations and bodies	-	7,625	6,895	-	-	-	-	52,500	-	67,020
Other service activities	80,161,036	35,504,542	5,528,674	14,773,649	13,575,404	-	48,244,357	2,010,364	1,356,226	201,154,252
Water supply, wastewater, waste, and decontamination	2,508,355	3,827,265	4,554,175	8,809,892	511,445	-	3,768,644	1,307,357	301,352	25,588,485
Electricity, gas, steam, air conditioning	14,562	12,513,167	5,508,743	12,034,397	3,410,938	-	13,480,170	532,001	327,366	47,821,344
Transportation and storage	96,960,054	219,857,253	115,919,349	57,666,745	22,648,402	-	87,487,361	47,658,123	21,526,367	669,723,654
Individual investment income	-	364,858	-	263,848	-	-	-	-	-	628,706
Grand Total	**$1,157,130,276**	**$1,868,955,187**	**$639,690,558**	**$804,567,785**	**$283,853,220**	**$946,136,222**	**$937,776,525**	**$402,121,090**	**$109,449,218**	**$7,149,680,081**

Economic sector	Commercial	Consumer	Housing	Finance leases	Total	Share
			2022			
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	
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%
Grand Total	**$ 8,017,455,469**	**$ 1,602,309**	**$ 21,210,360**	**$ 472,669,768**	**$ 8,512,937,906**	

Economic sector	Commercial	2021 Consumer	Housing	Finance leases	Total	Share
Artistic, entertainment, and recreation activities	$ 29,223,956	$ -	$ -	$1,949,789	$31,173,745	0.44%
Hospitality and catering activities	153,958,000	-	-	15,059,852	169,017,852	2.36%
Households as employers	918,432	-	-	-	918,432	0.01%
Administrative and support services activities	112,251,818	-	-	11,442,547	123,694,365	1.73%
Financial and insurance activities	1,707,950,664	-	-	6,706,551	1,714,657,215	23.98%
Real estate activities	86,458,968	-	-	32,408,465	118,867,433	1.66%
Professional, scientific, and technical activities	214,697,804	-	-	20,174,181	234,871,985	3.29%
Public administration -defense; social security	18,711,621	-	-	-	18,711,621	0.26%
Agriculture, livestock, forestry, fishing	101,902,733	-	-	10,735,345	112,638,078	1.58%
Employees	247,946	1,926,486	20,310,722	823,746	23,308,900	0.33%
Human health care and social assistance	151,413,727	-	-	37,408,458	188,822,185	2.64%
Wholesale-retail trade; vehicle repair	1,448,279,686	-	-	110,693,178	1,558,972,864	21.80%
Construction	281,512,099	-	-	48,423,529	329,935,628	4.61%
Teaching	54,562,215	-	-	5,820,757	60,382,972	0.84%
Mining and quarrying	34,241,498	-	-	1,001,669	35,243,167	0.49%
Manufacturing industries	1,229,066,325	-	-	146,191,536	1,375,257,861	19.24%
Information and communications	98,360,356	-	-	9,861,961	108,222,317	1.51%
Extraterritorial organizations and bodies	67,020	-	-	-	67,020	0.00%
Other service activities	196,245,586	-	-	4,908,666	201,154,252	2.81%
Water supply, wastewater, waste, and decontamination	24,058,263	-	-	1,530,222	25,588,485	0.36%
Electricity, gas, steam, air conditioning	40,592,609	-	-	7,228,735	47,821,344	0.67%
Transportation and storage	637,397,154	-	-	32,326,500	669,723,654	9.37%
Individual investment income	168,115	-	-	460,591	628,706	0.01%
Grand Total	$ 6,622,286, 595	$ 1,926,486	$ 20,310,722	$ 505,156,278	$ 7,149,680,081	

10.5. Portfolio by monetary unit – Capital balances

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	$,560,912,919	$ 952,024,987	$ 8,512,937,906	$ 235,696,153	$ 8,277,241,753

2021

Modalities	Legal tender	Foreign currency	Gross portfolio	Impairment	Net portfolio
Business	$ 5.946.941.557	$ 1.180.501.317	$ 7.127.442.874	$ 191.544.335	$ 6.935.898.539
Consumer	1.926.486	-	1.926.486	45.196	1.881.290
Housing	20.310.721	-	20.310.721	434.261	19.876.460
Total	$ 5.969.178.764	$ 1.180.501.317	$ 7.149.680.081	$ 192.023.792	$ 6.957.656.289

10.6. Portfolio by maturity period

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

2021

	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	$1,863,645,453	$3,302,874,493	$1,105,614,071	$647,298,929	$208,009,927	$7,127,442,874	$ 191,544,335	$ 6,935,898,539
Consumer	28,261	476,480	1,309,745	112,000	-	1,926,487	45,196	1,881,291
Housing	33,917	50,461	944,532	6,237,191	13,044,619	20,310,720	434,261	19,876,459
Total	$1,863,707,631	$ 3,303,401,435	$1,107,868,348	$653,648,120	$221,054,546	$7,149,680,081	$ 192,023,792	$ 6,957,656,289

10.7. Portfolio write-offs – During 2021 and 2022 there were no portfolio write-offs.

10.8. Recovery of written-off portfolio - The breakdown of the recovery of written-off portfolio capital is as follows

	2022	2021
Commercial	$ 2.814	$ 176,547

(*) In 2021, the recovery is mainly represented by the assets returned from the written-off portfolio for $167,744.

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, 2020	$ 180,226,913	$ 56,278	$ 202,111	$ 1,030,149	$ 181,515,451
Expenses	86,382,682	27,027	84,035	37,189	86,530,933
Recovery	(75,276,597)	(38,109)	(54,992)	(652,894)	(76,022,592)
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

(1) For 2022 y 2021, the amount recognized in the general provision is the additional general provision created in compliance with External Circular 022/2020 issued by the SFC for $32.818 y $211.337, respectively and the general provision created on housing loans for $212.104 y $203.107, respectively.

11. TRADE AND OTHER ACCOUNTS RECEIVABLE, NET

The following is the breakdown of trade and other receivables, net, as of December 31, 2022 and 2021:

	2022	2021
Interest and financial component (note 10)	$ 120,577,087	$ 79,129,781
Security deposits (1)	13,263,854	34,917,419
Advances to contracts and suppliers (2)	8,160,349	2,106,181
Payments by customers (Note 10) (3)	6,108,224	5,842,898
Sundry	3,294,683	930,260
Debtors	1,054,978	669,982
Opportunity Banking Investment Program	837,420	789,815
By ARCO GRUPO Bancóldex (4)	745,788	730,077
Other debtors (4)	722,108	719,307
Employees	486,199	482,719
Reimbursable expenses of trusts	86,543	69,203

Charges for leased assets	31,159	30,355
Commissions	8,481	904
Settlement of derivative transactions - CRCC [5]	-	1,919,219
Settlement of derivative transactions - OTC	-	2,168,757
	155,376,873	130,506,878
Less impairment of accounts receivable:		
Loan portfolio (Note 10)	(26,598,411)	(19,652,502)
Other	(3,472,055)	(1,262,765)
	(30,070,466)	(20,915,266)
	$ 125,306,407	$ 109,591,611

(1) Represented mainly by guarantee deposits of Forward - OTC transactions with entities abroad.

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

(3) 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.

(4) Amounts receivable from customers with no portfolio balances, including amounts for traffic tickets and accounts receivable after restoring the contracts, and VAT receivable for operating leases.

(5) 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 21.

The following is the disaggregation of the impairment of accounts receivable as of December 31, 2022, and 2021:

	2022	2021
Balance at the beginning of the period	$ 20,915,266	$ 15,109,088
Constitutions (credits to profit or loss)	18,212,244	15,114,854
Recoveries (credits to profit or loss)	(9,057,044)	(9,308,676)
Closing balance for the period	**$ 30,070,466**	**$ 20,915,266**

12. OTHER NON-FINANCIAL ASSETS

The following is the breakdown of other non-financial assets as of December 31, 2022, and 2021:

	2022	2021
Prepaid expenses [1]	$ 32,264,240	$ 7,969,813
Art and cultural properties	33,216	33,216
Properties given in bailment	14,489	14,489
Properties for lease agreements [2]	22,080,386	9,214,639
Taxes	283,464	410,265
Other	321,063	341,749
	$ 54,996,858	**$ 17,984,171**

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

	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**

	2020	Charges	Amortization	2021
Insurance	$ 486.020	$ 1.522.446	$ 1.573.668	$ 434.798
Commissions (*)	16.605.383	661.638	12.668.570	4.598.451
Prepaid health care	841.253	1.965.079	1.912.016	894.316
Other	2.273.332	968.520	1.199.604	2.042.248
	$ 20.205.988	**$ 5.117.683**	**$ 17.353.858**	**$ 7.969.813**

(*) 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 2022 is $2,799,884 and $6,642,624, respectively.

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

	2022	2021
Machinery and equipment	$ 18,411,984	$ 5,904,543
Vehicles	1,090,291	-
Real estate	2,578,111	3,310,096
	$ 22,080,386	**$ 9,214,639**

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.

	2022	2021
13.1 Properties received in payment	$ 2,884,963	$ 2,519,686
13.2 Returned properties	17,018,863	7,627,014
Total	**$ 19,903,826**	**$ 10,146,700**

13.1. Properties received in payment - The following is the activity of properties received in payment as of December 31, 2022 and 2021

	2022	2021
Opening balance	$ 2,519,686	$ 3,526,943
Additions (1)	528,926	-
Sales (2)	(80,571)	(4,790,800)
Leasing placement (3)	-	(4,503,852)
Provision expenses	(772,885)	(1,958,993)
Recovery of provision	695,468	5,904,983
Profit (Loss) on sale of goods	(5,661)	2,619,863
Profit on leasing placement (3)	-	1,721,542
Total	$ 2,884,963	$ 2,519,686

The breakdown of properties received in payment is as follows:

2022

	Cost	Provision	% 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**

2021

	Cost	Provision	% Prov.	Total
Personal property	$ 422,844	$ (367,578)	87	$ 55,266
Real estate for housing	8,021,550	(7,147,470)	89	874,080
Real estate other than housing	13,625,381	(12,035,041)	88	1,590,340
Total	**$ 22,069,775**	**$ (19,550,089)**		**$ 2,519,686**

(1) The addition registered in 2022 is due to real estate other than housing related to a commercial office and two garage easements.

(2) In 2022, the share that the Bank had in real estate other than housing and personal property related to machinery was sold for an amount of $80,571, which caused the reimbursement of a provision of $47,749 and a loss on the sale of assets for $5,661. In 2021, personal property related to machinery, two real estate properties and one vehicle were sold for $2,458,222, which caused a provision refund of $199,780 and a loss on the sale of assets for $669,523.

(3) In 2021, the lease of some real estate other than housing and one property for housing was made for $4,503,852, which caused the provision reimbursement of $1,141,806 and a profit on the sale of assets for $1,721,542.

13.2. Returned properties - The following is the activity of returned properties as of December 31, 2022 and 2021:

		2022		2021
Opening balance	$	7,627,014	$	8,980,955
Additions [(1)]		11,401,121		5,523,639
Sales (2)		(5,138,000)		(2,458,222)
Leases		(3,270,375)		
Provision expenses		(4,631,793)		(8,583,920)
Transfer [(3)]		4,379,110		(4,414,738)
Provision recovery		7,091,038		9,248,823
(Loss)profit on sale of properties [(2)]		(439,252)		(669,523)
Total	**$**	**17,018,863**	**$**	**7,627,014**

The disaggregation of returned properties as of December 31, 2022, and 2021 is as follows

2022

	Cost	Provision	% 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**

2021

	Cost	Provision	% Prov.	Total
Machinery	$ 3,757,023	$ (3,276,088)	87	$ 480,935
Vehicles	1,438,536	(1,438,536)	100	-
Furniture and Fixtures	84,169	(58,918)	70	25,251
Real estate	31,220,984	(24,100,156)	77	7,120,828
Total	**$ 36,500,712**	**$ (28,873,698)**		**$ 7,627,014**

(1) During 2022, additions of returned assets related to machinery and equipment were received for $1,162,453 and real estate for $10,238,668. The 2021 additions correspond to the return of seven properties and four pieces of machinery.

(2) In 2022, personal property related to machinery, equipment, and vehicles was sold for $5,138,000, which cause a refund of provisions of $7,064,763 and a loss on the sale of assets for $439,252. In 2021, personal property related to machinery, two real estate properties, and a vehicle were sold for $2,458,222, which caused the reimbursement of a provision of $199,780 and a loss on the sale of assets for $669,523.

(3) In 2022, the voluntary return of the plot delivered in 2021 occurred through an operating lease.

14.PROPERTY, PLANT, AND EQUIPMENT

The following is the breakdown of property, plant, and equipment, net, as of December 31, 2022 and 2021:

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, 2021	$ 5,221,108	$ 31,261,635	$ 2,448,602	$ 261,700	$ 45,408	$ 3,962,183	$ 2,006,386	$ 2,152,051	$ 47,359,073
Revaluation [1]	(532,991)	(3,217,384)	-	-	-	-	-	-	(3,750,375)
Acquisitions	-	-	26,266	-	-	20,706	-	-	46,972
Transfers [2]	(2,371,793)	(2,479,636)	-	-	-	-	-	-	(4,851,429)
Derecognitions	-	-	(27,007)	-	(1,084)	(150,405)	-	-	(178,496)
Balance as of December 31, 2021	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 [1]	-	-	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

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, 2021	$ -	$ (270,747)	$ (1,771,766)	$ (259,882)	$ (41,922)	$ (2,970,037)	$ (1,863,342)	$ (1,966,408)	$ (9,144,104)
Depreciation	-	(431,435)	(110,908)	-	(275)	(163,430)	(34,998)	(6,966)	(748,012)
Transfers	-	608,921	-	-	-	-	-	-	608,921
Derecognitions	-	-	25,177	-	1,084	133,159	-	-	159,420
Balance as of December 31, 2021	-	(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)
Net carrying amount									
Balance as of December 31, 2021	$ 2,316,324	$ 25,471,354	$ 590,364	$ 1,818	$ 3,211	$ 832,176	$ 108,046	$ 178,677	$ 29,501,970
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

The main activity registered in 2022 is described below.

(1) 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.

The main activity registered in 2021 is described below:

(1) In May, the Bank re-appraised the real estate of the International Trade Center building. For this purpose, it hired the appraiser Néstor Mora & Asociados, resulting in a negative net adjustment for revaluation of ($3,750,375) in the cost.

(2) Due to a change in the use of the property located on floor 21 of the International Trade Center building, the amount of the asset was reclassified to Investment Properties, causing net transfers in cost and depreciation of ($4,851,429) and ($608,921), respectively.

As of December 31, 2022, and 2021, the assessment made by the Bank indicates no evidence of impairment of its property and equipment.

As of December 31, 2022, and 2021, 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:

		2022		2021
Cost				
Initial balance	$	14,091,953	$	9,677,215
Additions (*)		-		4,414,738
Transfer to returned		(5,140,970)		-
Ending balance	$	8,950,983	$	14,091,953
Depreciation				
Initial balance	$	(750,589)	$	(356,876)
Depreciation		(374,770)		(393,713)
Transfer to returned		13,176		-
Ending balance	$	(1,112,183)	$	(750,589)
Net carrying amount	$	7,838,800	$	13,341,364

(*) The variation in 2022 is due to the cancellation of two operating leases related to business premises in the municipality of Itagüí and a plot in Gacheta, Cundinamarca. In 2021, it is due to the activation of an operating lease.

16. INVESTMENT PROPERTIES

The following is the disaggregation of investment properties as of December 31, 2022 and 2021:

	Land and buildings 2022	2021
Cost	$ 1,866,556	$ 1,866,556
Revaluation	9,809,276	8,821,744
	$ 11,675,832	$ 10,688,300

The variation in the Revaluation item in 2022 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 $987,532. The appraisal was carried out by the firm Néstor Mora & Asociados in July 2022.

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

The amounts recognized in income and expenses as of December 31, 2022, and 2021 are disaggregated below.

	2022	2021
Lease income (1)	$ 1,655,278	$ 761,386
Direct Expenses (2)	(229,794)	(367,794)
Total	$ 1,425,484	$ 393,592

(1) The variation in 2022 is mainly due to the new rental fee received as of January for the beneficial ownership of floor 21, rented to the Banca de las Oportunidades Program, whose income in the year was $803,004.

(2) The expenses are those incurred in the properties located on floors 21 and 37 of the International Trade Center building, such as utilities $46,686, maintenance fee $76,806, property tax $102,102, and other sundry $4,200.

17. RIGHTS -OF-USE ASSETS

The following is the disaggregation of right-of-use assets as of December 31, 2022 and 2021:

	Computer equipment	Vehicles	Machinery and equipment	Real estate	Total
Cost					
Balance as of December 31,2020	$ 3,359,743	$ 948,053	$ 188,816	$ 2,604,372	$ 7,100,984
Acquisitions (*)	4,287,277	-	-	85,458	4,372,735
Derecognitions	(923,742)	-	-	(195,357)	(1,119,099)
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

Accumulated amortization					
Balance as of December 31, 2020	$ 1,863,623	$ 427,966	$ 131,123	$ 584,600	$ 3,007,312
Amortization expense	1,170,250	187,716	57,693	452,153	1,867,812
Derecognitions	(923,742)	-	-	(192,640)	(1,116,382)
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
Net carrying amount					
As of December 31, 2021	$ 4,613,147	$ 332,371	$ -	$ 1,650,360	$ 6,595,878
As of December 31, 2022	$ 8,971,895	$ 223,460	$ -	$ 2,563,290	$ 11,758,645

(*) The main variation in 2022 derives from the signing of the property lease for the Medellín regional office, the improvements made to the properties leased for the regional offices of Cali and Medellín, and the signing of new computer equipment leases for infrastructure solutions, including right-of-use contracts with a cost of $1,563,460 and $6,928,275, respectively. The main variation in 2021 results from the signing of the lease for computer equipment for a term of five years and the renewal of the server lease, including right-of-use contracts with a cost of $3,581,915 and $705,362, 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, 2022, and 2021, the balance of this account breaks down as follows:

	Licenses	Computer programs	Fiduciary rights	Software	Total
Cost					
Balance as of January 1, 2021	$ 9,391,365	$ 17,250,005	$ 362,351	$ -	$ 27,003,721
Acquisitions	155,597	29,751	-	-	185,348
Balance as of December 31, **2021**	9,546,962	17,279,756	362,351	-	27,189,069
Acquisitions (*)	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
Accumulated amortization and Impairment					
Balance as of January 1, 2021	$ 7,391,675	$ 11,073,277	$ 362,351	$ -	$ 18,827,303

Amortization expense	642,613	1,160,796	-	-	1,803,409
Transfer	(1,279)	-	-	-	(1,279)
Balance as of January 1, 2021	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
Net carrying amount					
As of December 31, **2021**	$ 1,513,953	$ 5,045,683	$ -	$ -	$ 6,559,636
As of December 31, **2022**	$ 1,323,631	$ 4,109,019	$ -	$ 450,000	$ 5,882,650

(*) The additions in 2022 correspond to the purchase of licenses and software for the Bank's operation, such as the purchase of ORACLE licenses worth $250,841 and software for Neocrédito for $392,685 and Conecta Digital for $175,000.

The software is due to a technological development under construction for exchange hedges, which amounts to $450,000 at the end of the year.

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, 2022 and 2021:

	2022	**2021**
Term Deposit Certificates (1)		
Issued for less than 6 months	$ 759,061,021	$ 479,594,093
Issued for 6 to 12 months	399,550,086	620,565,441
Issued for 12 to 18 months	243,845,889	785,800,833
Issued for more than 18 months	1,515,649,778	1,147,844,466
	2,918,106,774	3,033,804,833
Savings deposits (2)	240,970,868	346,656,446
Common bonds for more than 18 months (3)	1,110,345,377	1,043,768,915
	1,351,316,245	1,390,425,361
	$ 4,269,423,019	**$ 4,424,230,194**

(1) During 2022, term deposit certificates show a decrease of $115,698,059 compared to 2021 because Bancóldex was financed mainly with loans from local and international banks and swap operations with significant rate differentials compared to those offered in the TD market. As a result, the balances of these securities were reduced between the collection bands of 6 and 18 months. During the last quarter, the balance of deposits of less than six months increased, according to the strategy proposed by the Treasury for collection in the short term.

(2) This item decreased compared to 2021 for $105,685,578 as a result of the Bank's Treasury strategy to obtain a MIGA-secured credit, disbursed in December 2022 for $1.4 trillion. This funding made it possible to obtain medium-term resources at competitive rates.

(3) The bond conditions are as follows:

Lots	Placement date	Issue date	Maturity date	Interest rate	Interest payment modality	Issue amount	Balance 2022	Balance 2021
Lots 1	09-06-12	09-06-12	09-06-22	Indexed to IPC	Quarterly	$ 238,890,000	$ -	$ 240,327,248
Green Bonds	08-09-17	08-09-17	08-09-22	Fixed rate	Quarterly	200,000,000	-	202,002,428
Social Bonds	05-24-18	05-25-18	05-24-23	Indexed to CPI	Quarterly	100,000,000	101,533,889	100,830,156
Business Recovery Bonds	05-27-21	05-28-21	05-27-24	Indexed to IBR	Monthly	159,000,000	159,227,371	159,081,315
Business Recovery Bonds	05-27-21	05-28-21	05-27-23	Fixed rate	Quarterly	100,000,000	100,409,066	100,409,065
Business Recovery Bonds	05-27-21	05-28-21	05-27-23	Indexed to IBR	Monthly	241,000,000	241,340,086	241,118,703
Social Bonds	05-11-22	05-12-22	05-11-24	Fixed rate	Quarterly	209,000,000	212,204,419	-
Social Bonds	05-11-22	05-12-22	05-11-25	Fixed rate	Quarterly	291,000,000	295,630,546	-
						$1,538,890,000	**$1,110,345,377**	**$1,043,768,915**

- Issuance of Green Bonds: In August 2017, Bancóldex successfully conducted its first issuance of Green Bonds through the Colombian Stock Exchange for $200 billion and a term of five years, obtaining demands for 2.55 times the amount issued and a cut-off rate of 7.10% EA.

  This issuance is the first issuance of this kind in the Colombian public securities market. It seeks to channel resources from the capital market and direct them exclusively to projects in the business sector that bring environmental benefits, including the optimized use of natural resources, the exploitation and correct management of production waste, the increasingly efficient use of energy, and the incorporation of sustainable practices such as the replacement of inefficient or fossil fuel-based technologies with clean technologies in all economic sectors. This issuance had the technical cooperation of the Inter-American Development Bank (IDB) and the Swiss State Secretariat for Economic Affairs (SECO).

- 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.

- 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.

- 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.

The following is the summary of the financial liabilities by maturity date to the remaining term as of December 31, 2022, and 2021:

BLANK SPACE

	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

	2021						
	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	$ 1.172.453.133	$ 469.901.540	$ 490.191.032	$ 899.848.361	$ 1.410.767	$ -	$ 3.033.804.833
Securities issued - General bonds	-	-	442.329.676	601.439.239	-	-	1.043.768.915
	$ 1.172.453.133	$ 469.901.540	$ 932.520.708	$1.501.287.600	$ 1.410.767	$ -	$ 4.077.573.748

19.2. Other deposits:

Entity	2022 USD Amount (Thousands)	2022 Amount COP (Thousands)	2021 USD Amount (Thousands)	2021 Amount COP (Thousands)
Banks and correspondents				
National banks	-	$ -	-	$ 1,537,397
Other security deposits				
Legal tender	-	$ 5,481,783	-	$ 1,747,881
Foreign currency	4,663	22,428,996	14,264	56,786,698
	4,663	27,910,778	14,264	58,534,579
Total other deposits	4,663	$ 27,910,778	14,264	$ 60,071,976

The balance of guarantee deposits in legal tender corresponds to the creation of guarantees for credit portfolio operations. The variation of $3,534,832 is due to guarantees for Liquidex operations. USD guarantees are guarantees on derivative CSA agreements, with balances according to the valuation result of these financial instruments. The deposits decreased by USD 9,740 thousand equivalent to $35,112,142 as of December 31, 2021, compared to those received in December 2021.

20. BANK LOANS AND OTHER FINANCIAL OBLIGATIONS

20.1. Bank loans and other financial obligations (1):

	2022	2021
Legal Tender		
Finagro	$ 732,652	$ 1,526,915
Loans from other banks and local financial institutions (1)	200,294,892	-
Credits with foreign banks (1) (2)	2,250,144,633	-
Inter-American Development Bank	318,759,549	313,365,103
Andean Development Corporation	851,789,355	-
	3,621,721,081	314,892,018
Foreign Currency		
Credits with foreign banks (1) (2)	666,783,098	1,067,114,247
International organizations	773,771,270	587,214,919
Inter-American Development Bank	1,273,504,487	1,031,069,316
Andean Development Corporation	105,896,749	993,300,548
	2,819,955,604	3,678,699,030
	$ 6,441,676,685	$ 3,993,591,048

(1) The year 2022 was characterized by a restricted local market with rising interest rates and longer-term funding regulatory requirements (CFEN). In response to the situation described above, Bancóldex's liquidity strategy included structured operations with international and local banks. It took advantage of arbitration opportunities to obtain resources in local currency under favorable conditions in specific market windows to cover its requirements and needs. It caused the increase in the obligations with local and foreign financial entities for $2,448,085,637. These operations were carried out from the second quarter and throughout the year. The MIGA-secured credit with an international entity was disbursed on December 19 for an amount of $1.4 billion (equivalent to USD 300 million) for a three-year term.

(2) The breakdown of bank loans is as follows:

	2022			2021		
Foreign Currency	Int. Rate (%)	USD Amount (thousands)	COP Amount	Int. Rate (%)	USD Amount (thousands)	COP Amount
Short-term						
Bank of Nova Scotia	4.22	35,348	$ 170,031,566	-	-	$ -
Toronto Dominion Bank Canada	4.72	42,141	202,705,587	0.53	7,974	31,746,533
Banco del Estado de Chile	5.63	35,319	169,891,082	0.88	60,051	239,073,726
Interamerican Investment Corp.	-	-	-	1.19	45,057	179,377,428
BNP Paribas USA	5.73	25,811	124,154,863	-	-	-
Banco Latinoamericano de Exportaciones Bladex	7.75	159,535	767,395,641	1.25	100,235	399,050,939
Corporación Andina de Fomento CAF Venezuela	5.32	22,015	105,896,749	0.71	249,500	993,300,548
JP Morgan Chase Bank USA	-	-	-	0.94	35,003	139,351,448
Banco Santander Madrid España	-	-	-	0.94	100,008	398,146,994
Bankinter S.A.	-	-	-	0.94	15,001	59,722,049
Banco BBVA Milan Branch	-	-	-	0.94	50,004	199,073,497
		320,169	1,540,075,488		662,833	2,638,843,161
Medium term						
Instituto de Crédito Oficial del Reino de España	5.67	1,325	6,375,629	0.86	2,207	8,786,553
Long-term						
Interamerican Development Bank Usa	1.10	264,751	1,273,504,486	1.10	258,987	1,031,069,316
Total Foreign Currency		586,245	$ 2,819,955,604		924,027	$ 3,678,699,030
Legal tender						
Short-term						
Finagro	13.14	-	150,795	2.97	-	158,467
Banco Santander Negocios	11.23	-	200,294,892	-	-	-
Banco Santander España	10.88	-	449,113,929	-	-	-
		-	649,559,616		-	158,467
Medium-term						
Interamerican Development Bank Usa	12.12	-	318,759,549	3.25	-	313,365,103
Finagro	12.85	-	581,857	2.76	-	1,368,449
Banco Bilbao Vizcaya Argentaria	10.65	-	404,152,243	-	-	-
JP Morgan Chase	11.20	-	1,396,878,461	-	-	-

Corporación Andina de Fomento CAF	10.98	-	851,789,355	-	-	-
		-	2,972,161,465		-	314,733,552
Total legal tender		-	$ 3,621,721,081		-	$ 314,892,018
Short term		320,169	2,189,635,104		662,833	2,639,001,628
Medium term		1,325	2,978,537,094		2,207	323,520,104
Long term		264,751	1,273,504,486		258,987	1,031,069,316
		586,245	$ 6,441,676,685		924,027	$ 3,993,591,048

The following is the summary of bank loans and other financial obligations by maturity dates and entity as of December 31, 2022 and 2021:

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**	
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		-	-	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

2021

	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**	
Finagro	$ 43,195	$ 115,271	$ -	$ 958,751	$ 409,697	$ -	$ 1,526,914
Foreign banks	39,073,726	828,040,520	-	-	-	-	1,067,114,246
Andean Development Corporation CAF	478,184,975	338,609,706	176,505,868	-	-	-	993,300,549
Inter-American Development Bank IDB	-	-	-	313,365,103	-	1,031,069,317	1,344,434,420
International organizations	40,216,330	-	538,212,036	8,786,553	-	-	587,214,919
	$757,518,226	$1,166,765,497	$714,717,904	$323,110,407	$ 409,697	$1,031,069,317	$3,993,591,048

20.2. Lease liabilities:

		2022		2021
Initial balance	$	6,582,031	$	3,930,581
Additions (*)		7,277,362		4,372,736
Interest accrual		2,037,177		584,306
Less Payments		(4,593,067)		(2,377,775)
Withdrawals		(287,838)		-
Restatement		106,247		72,183
Ending balance	**$**	**11,121,912**	**$**	**6,582,031**

(*) In 2022, the main variation resulted from the signing of the property lease for the regional office in Medellín for $729,530 and the renewal of the server lease, including right-of-use contracts for $6,243,074. In 2021, the main variation resulted from the signing of the lease for computer equipment for a five-year term and the renewal of the server lease, including right-of-use contracts with a cost of $3,581,915 and $705,362.

The following is the breakdown of the finance lease as of December 31, 2022, and 2021:

	2022			**2021**		
Asset Type	**USD Capital**		**Capital**	**USD Capital**		**Capital**
Computer equipment	-	$	8,661,863	-	$	4,105,024
Computer equipment	113,019		543,642	162,525		647,037
Vehicles	-		283,875	-		416,180
Real estate	-		1,632,532	-		1,413,790
	113,019	**$**	**11,121,912**	162,525	**$**	**6,582,031**

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.

BLANK SPACE

					2022			
	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

	2020	Cash flows from financing activities	Accrual	Payment of principal and interest	Exchange Rate impact	Profit for the year	Other comprehensive income	2021
Money Market Operations	$ 58,652,741	$ 20,054,981,640	$ 3,282,920	$20,116,159,071	$ (758,230)	$ -	$ -	$ -
Loans and other financial obligations	4,231,600,789	2,816,653,705	45,156,541	3,637,844,997	538,025,010	-	-	3,993,591,048
Equity dividends in cash	1,568,254,989	-	-	114,664,623	-	55,318,307	(206,187,649)	1,302,721,024
	$5,858,508,519	$ 22,871,635,345	$48,439,461	$23,868,668,691	$ 537,266,780	$ 55,318,307	$(206,187,649)	$ 5,296,312,072

21. TRADE AND ACCOUNTS PAYABLE

The following is the breakdown of accounts payable, as of December 31, 2022 and 2021:

		2022		2021
Commissions and fees	$	578,316	$	1,022,767
Costs and expenses payable		77,775		65,366
Taxes		3,252,819		1,391,411
Dividends		404,989		421,990
Leases		-		1,505
Promising buyers		200		-
Suppliers		9,061,820		5,119,137
Withholdings and labor contributions		7,943,515		5,439,217
Insurance		308,931		552,566
Accounts payable to FNG		319,083		289,286
Accounts Payable to VPN Unutilized Award (1)		4,086		1,248,392
Settlement of future contracts - CRCC(2)		3,898,017		-
Payable PTP Agreement (3)		163,902		211,756
Payable GIZ - NAMA Agreement (4)		9,119,031		5,218,920
Payable MINCIENCIAS Agreements (5)		252,863		300,000
Credits for applying credit portfolio		301,773		3,480,842
Payable in Foreign Currency (6)		736,617		1,026,697
Sundry		1,350,145		3,486,558
	$	37,773,882	$	29,276,410

(1) 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.

(2) 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.

(3) 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 2023.

(4) On October 23, 2020 Bancóldex and GIZ (German Society for International Cooperation) signed Agreement 81253328 within the project "NAMA SUPPORT FOR THE DOMESTIC REFRIGERATION SECTOR." Bancóldex is currently signing an addendum associated with the extension of the term of the program until August 2023. This project seeks to structure financial mechanisms that promote the production and marketing of domestic refrigeration with low environmental impact, the results of which are aimed at contributing to the country's climate change goals. At the end of 2022, GIZ has made two transfers to Bancóldex: (a.) the first transfer was for 1.2 million euros, which entered Bancóldex on January 5, 2021, and (b.) the second transfer took place on August 12, 2022, for 830 thousand euros. These resources were duly monetized and deposited in a Banco de Occidente account. The resources have been

committed as follows: (a.) the NAMA Bond program was published by External Circular 023 of 2021 for $2 billion and, at the end of 2022, was discontinued while the signing process of the addendum above is completed and (b.) the structuring of a rediscount credit operation for $3 million under the "blended finance" mechanism. The other resources will be committed to schemes designed that will contribute to the fulfillment of the NAMA objectives.

(5) Under Special Cooperation Agreement 80740-421-2021 entered into by Fiduciaria La Previsora S.A. FIDUPREVISORA S.A., acting as spokesperson and administrator of the National Financing Fund for Science and Technology, and the Bank, these resources were allocated to hire an expert third party to assess and monitor the Science, Technology, and Innovation project to be financed as part of the credit line "MinCiencias CTeI Line - Promotion of Investments in Science, Technology, and Innovation for Bioeconomy," Circular 003 dated March 7, 2022. At the end of 2022, the expert third party was hired (01/28/2022) and fees in the amount of $47,137 were paid.

(6) As of December 31, 2022, the balance of foreign currency accounts payable corresponds mainly to accounts payable to the IDB for $374,083 and accounts payable for operations of the Liquidex portfolio product for $260,996.

22. EMPLOYEE BENEFITS

The information of the balances by employee benefits as of December 31, 2022, and 2021 is as follows. It should be noted that the Bank only has short-term benefits for employees:

		2022		2021
Payroll to be paid	$	178,140	$	75,826
Severance pay		1,644,698		1,457,212
Interest on severance payments		189,945		169,711
Vacation periods		6,544,922		6,197,804
Other Accounts Payable to employees		7,543,834		5,798,193
Current Provisions		720,694		-
	$	16,822,233	$	13,698,746

23. ESTIMATED LIABILITIES AND PROVISIONS

The following is the disaggregation of the provisions, as of December 31, 2022 y 2021:

		2022		2021
Labor lawsuits (1)	$	27,480	$	25,480
Other (2)		110,014		90,000
	$	137,494	$	115,480

(1) As of December 31, 2022, there is a lawsuit against the Bank for $25,480 and a judgment for legal costs amounting to $2,000 in the proceedings with Salud Total.

The following is the breakdown of these provisions, as of December 31, 2022 y 2021:

		2022		2021
Balance at the beginning of the period	$	25,480	$	227,551
Provision creation		2,000		19,941
Withdrawals (*)		-		(222,012)
Closing balance for the period	$	27,480	$	25,480

(*) Withdrawal of labor proceedings because in 2021 a judgment was handed down against the Bank.

Details of current proceedings as of December 31, 2022, and 2021, with a probable rating (high):

Proceeding Type	Parties	General Information	Status	2022	2021
LABOR	**CARLOS HELÍ GOMEZ BRAVO VS. BANCOLDEX and others.**	Nature: Ordinary labor proceedings of indeterminate amount. (110013105014200700021-01) Identification: Supreme Court of Justice. Probability of loss: Probable. Provision: $25,480,000 Contingency $0.0	A judgment was handed down against the Bank, ordering it to pay costs of $25,480,000 and the pension bonus settled by Colpensiones, which was paid on December 16, 2020. 07-06-22: The order that settled costs and admits appeal is not revoked. Referral to the Court is ordered. 08-31-22: The order that settled the costs borne by Bancóldex in the amount of $25,480,000 is confirmed. 10-28-22: Court proceeding is received confirming the decision. 12-12-22: Final order	25,480	25,480
Total				**25,480**	**25,480**

(2) As of December 31, 2022, there is an estimated provision of $110,014 which complies with IFRS 16 on the costs to be incurred when dismantling or restoring the place where the properties rented for regional offices are located. In 2022, a provision was made for dismantling the Medellín and Cali offices for $30,000, of which $10,000 was used for the Medellín office.

24. OTHER LIABILITIES

The following is the breakdown of other liabilities as of December 31, 2022, and 2021:

	2022	2021
Prepaid income [1]	$ 138,270,174	$ 141,294,854
Interest arising from restructuring processes	2,176,418	2,287,557
Deferred Payment Letters of Credit	-	-
Deferred credits - other	-	1,067,178
Credits to obligations receivable [2]	4,472,667	4,124,067
Income received for third parties	401	507
Sundry - Agreements [3]	34,853,049	108,760,493
	$ 179,772,709	$ 257,534,656

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

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

	2020	Charges	Amortization	2021
Interests	$ 88,064,232	$ 144,132,316	$ 90,901,694	$ 141,294,854

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) These balances are mainly resources received from Ministries, Governors' Offices and Mayors' Offices for financing lines with rate differentials. For 2021, the payment received on November 27, 2020, from the National Treasury Department for $42,225,000 for the SMEs direct support line stands out. As of December 31, 2022, and 2021, there were 88 and 206 agreements, respectively.

25. EQUITY

25.1. Capital stock: The following is the breakdown of capital, as of December 31, 2022 y 2021:

		2022		2021
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:

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 31,2022 and 2021 is a follows:

		2022		2021
Legal				
Appropriation of net income	$	190,104,422	$	184,565,184
Statutory				
Protección – Private Equity Funds		49,346,690		49,346,690
Occasional				
Tax Provisions		27,884,760		32,606,525
	$	**267,335,872**	**$**	**266,518,399**

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, 2022 and 2021:

Item	2022	2021
Circulating common shares	1,062,594,968	1,062,594,968
Profit for the year	$ 71,130,265	$ 55,318,307
Earnings per Share (COP)	66.94	52.06

The Bank does not have shares with dilutive effects.

25.4. **Net distribution for the period -** The following is the breakdown of the distribution as of December 31, 2022 and 2021:

	2022	2021

Statutory reserve	$	5.539.238	$	13.277.520
Occasional reserve		(4.721.764)		4.761.348
Accumulated earnings from previous years		(55.318.307)		(132.703.491)
Net income distribution	$	(54.500.833)	$	(114.664.623)

In 2022, the payment of cash dividends was made for $54,500,833, represented in series A common shares for $51.29, paid on December 5, 2022, series B common shares for 51.29, and series C preferred shares of $51,66, paid on June 14, 2022, for a total of 1,062,556,872 shares.

In 2021, the payment of cash dividends was made for $114,664,623, represented in series A common shares for $107.91, paid on December 7, 2021, series B common shares, and series C preferred shares of $ 107.91, paid on June 23, 2021, for a total of 1,062,556,872 shares.

26. OTHER INCOME

The breakdown of other income is as follows:

		2022		2021
Reversal of impairment loss	$	90,138	$	219,151
Property leases		1,655,278		1,670,458
Sale of property and equipment		-		5,458
Income from the F.N.G		1,073,221		1,200,381
Reimbursement of expenses from previous periods (1)		12,656,923		1,424,640
Revaluation of investment properties		987,532		951,741
Other (2)		4,102,602		1,795,025
	$	20,565,694	$	7,266,854

(1) 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.

(2) 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:

		2022		2021
Contributions and enrollments	$	3,384,426	$	3,504,663
Insurance		1,891,619		1,620,419
Maintenance and repairs		6,297,184		5,251,802
Adaptation and installation of offices		294,713		381,178
Fines and penalties		3,008		24,484
Legal and notarial expenses		10,619		21,763
Sale of property and equipment		-		16,534
Management and brokerage services		95,082		99,657
Cleaning and security services		832,062		792,816
Temporary services		346,953		2,121,151

Advertising and publicity	827,222	273,351
Public relations	72,075	52,626
Utilities	762,896	742,337
Travel expenses	852,074	557,049
Transportation	888,527	418,598
Supplies and stationery	30,716	45,844
Publications and subscriptions	376,852	369,866
Loss on sale of leased assets	-	391,806
Photocopying and Authentication Service	2,346	4,382
Digitization service	-	1,510
Reference books	390	2,733
Working lunches	182,412	101,662
Cafeteria supplies	67,593	72,760
Toiletries	80,157	56,515
Postage and courier services	155,099	156,093
Telex data transmission. SWIFT	1,428,685	1,589,016
Building management	773,523	735,260
Minor Fixtures and Fittings	21,018	12,107
Commercial information	1,111,980	946,089
Storage and custody of magnetic files	163,223	190,943
Contact Center	1,814,099	1,278,406
Stock exchange registrations	72,200	81,050
Alternate contingency processing service	711,294	735,855
Institutional Notices and Announcements	48,584	66,363
Corporate communications	132,650	220,977
Withholdings borne	170,165	156,746
VAT borne by Bancóldex	9,653	7,600
Prior period expenses	1,456,188	235,227
Business Training and Business Sector Support Activities	589,521	564,955
Properties received in payment	794,505	942,374
Properties returned	1,415,185	748,284
Other minor expenses	1,609,145	1,588,703
	$ 29,775,643	**$ 27,181,554**

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 the tax authorities or to be paid. The tax rate and tax laws used to record the amount are those enacted or substantively enacted.

The tax provisions applicable to the Bank establish the income tax rate for 2022 and 2021 at 35% and 31%, respectively. Law 2155/2021 provided for financial institutions the payment of additional points to income tax for 2022 to 2025 equivalent to 3%, and Law 2010/2019 set an income surtax for 2021 equivalent to 3%. Thus, Bancóldex determined the income tax expense for 2022 and 2021 at the rate of 38% and 34%, 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:

	2022	2021
Current tax assets		
Tax prepayment	$ -	$ 33,535,119
Other self-withholdings and withholdings by third parties	46,304,690	22,059,688
	46,304,690	55,594,807
Current tax liabilities		
Income tax payable	1,707,433	285,674
Total	**$ 44,597,257**	**$ 55,309,133**

28.2. Income tax

For 2022 and 2021, 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, 2022, and 2021, respectively, are as follows:

	2022	2021
Current tax:		
Income tax for current year	$ 1,707,433	$ 285,674
Deferred tax:		
Current period	25,049,443	5,654,189
Deferred tax adjustments attributable to changes in tax laws and rates	4,038,893	9,882,179
	29,088,336	15,536,368
Total income tax recognized in the period	**$ 30,795,769**	**$ 15,822,042**

28.3. Reconciliation between profit before taxes and net income

The reconciliation between profit before taxes and net taxable income for 2022 and 2021 is as follows:

	2022	2021
Income tax:		
Profit before taxes	$ 101,926,034	$ 71,140,349
Plus items that increase income		
Non-deductible taxes	12,170,820	18,678
Non-deductible debit tax (GMF)	7,330,735	6,263,379
Non-deductible provision for loan portfolio and returned assets	7,804,580	9,037,999
Restatement of unrealized foreign currency liabilities for tax purposes	81,062,213	266,060,813
Revenue from tax realization of financial derivatives	94,098,166	-
Loss on valuation of financial derivatives	47,170,318	-
Tax income from investment portfolio at nominal rate	87,238,118	174,668,239
Higher non-deductible accounting depreciation expense	939,049	2,201,384
Non-deductible devaluation of property and equipment	-	769,167
Recovery of depreciation on the sale of fixed assets	-	7,701
Effects of the sale of fixed assets	164,174	-
Other non-deductible expenses / expenses abroad subject to limits	3,138,522	6,140,099
	341,116,695	**465,167,459**
Less items that decrease income		
Untaxed dividends	(75,856)	-
Non-tax equity method income	(849,577)	(1,974,677)
Untaxed income from financial derivative valuation	-	(209,898,159)
Loss from tax realization of financial derivatives	-	(56,204,350)
Untaxed income from portfolio valuation at market prices	(79,184,738)	(154,145,165)
Restatement of unrealized foreign currency assets for tax purposes	(198,673,360)	(194,400,887)
Recovery of untaxed provisions	(11,945,690)	(38,870,541)
Revaluation of untaxed properties and equipment	(987,532)	(951,741)
Effect of the sale of fixed assets	-	(10,680,782)
Tax credit amortization	(130,818,494)	-
	(422,535,247)	(667,126,302)
Net taxable income	$ 20,507,482	$ (130,818,494)
Revenue from capital gains - sale of fixed assets	4,348,571	26,494,761
Tax cost of the sale of fixed assets	(4,512,745)	(23,638,019)
Taxed capital gains	-	2,856,742
At the legal tax rate	35%	0%
Income tax	7,177,619	-
Additional points for financial institutions 3%	615,224	-
Income tax 10%	-	285,674
Tax discount - 50% ICA PAID	(6,085,410)	-
Current tax	$ **1,707,433**	$ **285,674**

28.4. Tax loss offset

Tax losses are offset as of 2022 in the amount of $130,818,494, derived from the 2021 income tax return.

28.5. Accumulated presumptive income and accumulated tax losses

Deductible temporary differences for tax losses for which deferred tax assets have been recognized are as follows:

Accumulated tax loss	130,818,494

The Bank may offset tax losses, with ordinary net income obtained in the twelve (12) following taxable periods.

28.6. Income tax recognized in other comprehensive income

		2022		2021
Deferred tax From income and expenses recognized in other comprehensive income:				
Revaluations of available-for-sale financial assets	$	(33,267,533)	$	(69,108,936)
Revaluations of financial instruments treated as cash flow hedges		(12,483,378)		(6,195,363)
Valuation (devaluation) at fair value of private equity fund		26,634,624		21,779,117
Profit (loss) from exchange difference of investments abroad		2,032,815		1,018,029
Property revaluations		2,084,536		2,106,307
Valuation (devaluation) of investments in associates		1,827,134		348,735
Other - Expected loss impairment		69,115		69,117
Total income tax recognized in other comprehensive income	**$**	**(13,102,687)**	**$**	**(49,982,994)**

28.7. Deferred tax balances

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

		2022		2021
Deferred tax assets	$	228,262,458	$	247,990,402
Deferred tax liabilities		(207,517,101)		(161,276,402)
Total	**$**	**20,745,357**	**$**	**86,714,000**

2022	Opening balance			Activity		Closing balance		
	Assets	Liabilities	Net	Recognized in profit or loss	Recognized in other comprehensive income	Assets	Liabilities	Net
Deferred tax items								
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
	217,350,714	(161,276,400)	56,074,314	1,551,350	(36,880,307)	228,262,458	(207,517,101)	20,745,357
Tax losses	30,639,686	-	30,639,686	(30,639,686)	-	-	-	-
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

2021	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	$ 29,100,358	$ (76,189)	$ 29,024,169	$(61,821,401)	$ 3,232,777	$ 6,197,678	$ (35,762,133)	$(29,564,455)
Financial assets at fair value through profit or loss	-	(7,645,496)	(7,645,496)	5,703,682	-	-	(1,941,814)	(1,941,814)
Available-for-sale financial assets	-	(21,008,630)	(21,008,630)	-	90,117,566	69,108,936		69,108,936
Financial assets at fair value through OCI - Equity instruments	-	(11,231,744)	(11,231,744)	(643,049)	(14,754,393)		(26,629,185)	(26,629,185)
Exchange difference of foreign currency assets and liabilities	24,533,293	(10,217,635)	14,315,658	42,677,028	(721,078)	138,813,946	(82,542,338)	56,271,608
Property and equipment	149,742	(11,552,531)	(11,402,789)	(1,021,980)	689,928	216,841	(11,951,682)	(11,734,841)
Finance leases	1,217,249	(1,157,974)	59,275	49,572	4,293	2,493,273	(2,380,133)	113,140
Intangible assets	87,302	-	87,302	14,550	-	101,852		101,852
Provisions (administrative expenses)	98,654	-	98,654	22,608	-	121,263		121,263
Impairment of other accounts receivable	381,255	(67,142)	314,113	(84,328)	(1,975)	296,927	(69,117)	227,810
	55,567,853	(62,957,341)	(7,389,488)	(15,103,318)	78,567,118	217,350,716	(161,276,402)	56,074,314
Tax losses	-	-	-	30,639,686	-	30,639,686	-	30,639,686
Total	$ 55,567,853	$(62,957,341)	$ (7,389,488)	$ 15,536,368	$ 78,567,118	$247,990,402	$(161,276,402)	$ 86,714,000

28.8. Recognized deferred tax assets

The deferred tax asset recognized in the financial statements amounts to $20,745,357, mainly composed of the following items:

	2022	2021
Derivative financial instruments - valuation	$ 31,348,858	$ (29,564,455)
Financial assets at fair value through profit or loss	4,263,979	(1,941,814)
Available-for-sale financial assets	33,267,533	69,108,936
Financial assets at fair value through OCI - Equity instruments	(32,874,656)	(26,629,185)
Exchange difference of foreign currency assets and liabilities	(3,906,742)	56,271,608
Property and equipment	(12,752,115)	(11,734,841)
Finance leases	(128,612)	113,140
Intangible assets	20,105	101,852
Provisions (administrative expenses)	379,254	121,263
Impairment of other accounts receivable	1,127,753	227,810
Tax credit	-	30,639,686
Total deferred tax assets	$ 20,745,357	$ 86,714,000

The Bank decided to recognize the previous amount since it has convincing evidence of the realization of the deferred tax asset in future periods and supports its recognition.

For this, the Bank evaluated how to realize the deferred tax asset. It is expected that in the coming years tax profit will be generated against which the deferred tax asset recognized in financial statements would be recovered.

The amount of deferred tax expense (income) related to changes in tax rates, going from 38% to 40% in 2022 and from 34% to 35% in 2021, corresponds to the increase in the general income tax rate and surtax applicable to financial institutions (3%), according to Law 2277/2022 and Law 2155/2021, respectively:

	2022	2021
Derivative financial instruments - valuation	$ (943,274)	$3,764,191
Financial assets at fair value through profit or loss	(213,199)	204,401
Financial assets at fair value through OCI - Equity instruments	-	128,610
Exchange difference of foreign currency assets and liabilities	5,261,234	6,396,475
Property and equipment	-	306,945
Finance leases	13,943	3,906
Intangible assets	(1,005)	(2,910)
Provisions (administrative expenses)	(18,963)	(12,765)
Impairment of other accounts receivable	(59,843)	(31,255)
Tax losses	-	(875,420)
Total	**$ 4,038,893**	**$9,882,179**

28.9. 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 and 2021 are within the legal term to become final.

29. CONTINGENCIES

As of December 31, 2022, and 2021, the Bank deals with lawsuits for and against it. The claims of the proceedings were assessed based on the analysis and opinions of the lawyers in charge, and the following contingencies were determined:

Loss contingencies (lawsuits against)

Labor proceedings - As of December 31, 2022, and 2021, labor lawsuits were reported for $287,388.

The following is the disaggregation of the labor proceedings, with likelihood assessment (medium).

Proceeding Type:	LABOR			
Parties	**General Information**	**Status**	**2022**	**2021**
JORGE MARIO JARAMILLO CARDONA VS BANCÓLDEX AND OTHERS	Nature: Ordinary labor proceedings of indeterminate amount. Identification: Labor Court 8 of the Bogota Circuit. . (11001310500820190068000)	07-27-22: The hearing date is set for November 22, 2022, at 3:30 pm. 11-22-22: The necessary party integration and jurisdictional pleas filed by Bancóldex and the Ministry of Foreign Relations are decided on. The attorney of the Ministry files an appeal.	**287,388**	**287,388**
ANDRÉS ESPINOSA FENWARTH Vs. BANCOLDEX and Colpensiones	Nature: Ordinary labor proceedings of indeterminate amount. Identification: Labor Court 34 of the Bogota Circuit. (11001310503420180003600)	05-20-2022: Hearing is held. The stages of conciliation, decision of demurrers, remediation of hidden defects, determination of disagreements between the parties, and decree of evidence are completed. The testimony requested by the Bank is denied. Then, the court holds a hearing for processing and judgment. The documentary evidence is incorporated. The closing arguments are presented, and the hearing is suspended to issue a ruling, which will be in writing. 07-18-2022: Lower court judgment is notified, in which the claims of the lawsuit are denied with no order to pay costs. 10-31-22: Appeal granted and referred to the Court.	-	-
ALBERTO RIVADENEIRA TELLEZ COLPENSIONES AND OTHERS	Nature: Ordinary labor proceedings of indeterminate amount. Identification: Labor Court 37 of the Bogota Circuit. 11001310503720190075800	08-04-22: Initial hearing is held in which the stages of conciliation and demurrers are completed, according to Section 77 of the CPT and SS. The jurisdictional plea filed by the Nation - Ministry of Foreign Relations is rendered unproven. The Ministry files an appeal, for which the case file was sent to the Court.	-	-
Total			**287,388**	**287,388**

Civil Proceedings - As of December 31, 2022, there were no proceedings with likelihood assessment (medium).

Gain contingencies (lawsuits in favor)

Labor proceedings - As of December 31, 2022, and 2021, the result of the assessment of the lawsuit claims amounted to $1,096, 098 and $1,202,206 for the two reporting dates, with the following variation due to the withdrawal of the following proceedings:

	2021
COOMEVA E.P.S. - ADRES	47,225
Nueva E.P.S. - ADRES	32,949
Salud Total E.P.S. - ADRES	25,934
	106,108

The following is the disaggregation of labor proceedings:

Parties	General Information	Status	2022	2021
BANCÓLDEX vs. ALIANSALUD E.P.S. - ADRES	Nature: Ordinary labor proceedings. Identification: Labor Court 5 of the Bogota Circuit. 11001310500520190017300	On September 2, 2021, the appeal is admitted. On September 13, 2021, closing arguments are presented by the Bank's attorney. 11-04-2022: The lawsuit is referred to the Secretary of the Court to be distributed to another Office under Agreement PCSJA22-11978 of July 29, 2022 (Expediting).	68,275	68,275
BANCÓLDEX vs. CAFESALUD E.P.S. - ADRES	Nature: Ordinary labor proceedings. Identification: Labor Court 15 of the Bogota Circuit. 11001310501520190017100	08-08-21: Order to notify the motion for dismissal proposed by ADRES (3 days). Cafesalud is notified for conclusive behavior. A copy is served within 10 days. 08-25-21: Reception of the petition. The plaintiff requests to set a hearing date and the plaintiff's attorney forwards a response to the motion for dismissal. 10-04-21: Bancóldex's lawsuit revision petition is submitted. 04-04-2022: Correction is submitted to the response of the lawsuit by the UGPP	565,515	565,515

Parties	General Information	Status	2022	2021
BANCÓLDEX vs. COMPENSAR E.P.S. - ADRES	Nature: Ordinary labor proceedings. Identification: Labor Court 12 of the Bogota Circuit. 11001310501220190016500	9-9-22: Judgment is issued in favor of the Bank. ADRES is ordered to pay through Compensar the sum of $87 million and Compensar is ordered to pay the sum of $30 million, as well as 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 presented by the Bank and Compensar. 11-3-22: Closing arguments are filed by ADRES.	132,811	132,811
BANCÓLDEX vs. SURA E.P.S. - ADRES	Nature: Ordinary labor proceedings. Identification: Labor Court 25 of the Bogota Circuit. 11001310502520190018500	A hearing date is set for April 22, 2022, at 12:00 p.m. 04-04-22: Hearing is rescheduled for May 20, 2022, at 9:30 am. 05-20-2022: Hearing, remediation, and determination of disagreements between the parties are completed. The evidentiary debate is closed, closing arguments are heard, and a date is set for reading the ruling, next November 4, 2022, at 9:00 am. Hearing does not take place and is rescheduled for April 21, 2023.	55,701	55,701
BANCÓLDEX vs. FAMISANAR E.P.S. - ADRES	Nature: Ordinary labor proceedings. Identification: Labor Court 36 of the Bogota Circuit 11001310502120200011300	02-28-2022: Answer to the Adres and Famisanar lawsuit is not admitted. 08-08-22: The lawsuit is considered answered. 06-06-22: Initial hearing is held, and a jurisdictional motion is put forward, for which it is referred to the Administrative Courts.	61,374	61,374
BANCÓLDEX vs. SANITAS E.P.S. - ADRES	Nature: Ordinary labor proceedings.	02-21-2021: Conviction. Defendant files an appeal, and it is ordered to send it to court. 5-19-22: Appeal ruling is notified, which partially revokes the ruling and orders the payment of $27,117,900. 06-08-2021: Bancóldex files an appeal for annulment. 09-12-2022: Court denies appeal.	145,997	145,997
BANCÓLDEX vs.	Nature: Ordinary labor proceedings.	November 5, 2020. Judgment favorable to the Bank. Coomeva is ordered to pay, recognizing default interest from the time the refund was requested. Order to pay	-	47,225

Parties	General Information	Status	2022	2021
COOMEVA E.P.S. - ADRES	Identification: Labor Court 31 of the Bogota Circuit 11001310503120190050100	costs by means of SMLMV (Legal Minimum Salaries). Appeal filed.		
BANCÓLDEX vs. Cruz Blanca E.P.S. - ADRES	Nature: Ordinary labor proceedings.	06-29-22: Under Section 139 of the C.G.P., it is considered that the order whereby the court declared itself without jurisdiction to hear the matter does not admit appeal. The court again ordered to refer the lawsuit to the Administrative Courts. 08-23-22: The Bank's attorney files an appeal for reversal against the order that rejects the lawsuit. 11-10-22: Order is not answered, and appeal is denied, for which the term of correction of the lawsuit is counted. 11-25-22: Correction of the lawsuit is forwarded by Bancóldex.	19,024	19,024
BANCÓLDEX vs. Nueva E.P.S. - ADRES	Nature: Ordinary labor proceedings. Identification: Labor Court 33 of the Bogota Circuit. 11001310503320190013700	Lawsuit notified to the defendants. Lawsuit is answered.	-	32,949
BANCÓLDEX vs. Salud Total E.P.S. - ADRES	Nature: Ordinary labor proceedings. Identification: Labor Court 38 of the Bogota Circuit. 11001310503820190018000	04-08-2022: Ruling by the Court is notified, confirming lower court judgment and denying Bancóldex's claims. 07-07-2022: Costs are assessed and approved in favor of the plaintiffs for $1 million each.	-	25,934
BANCÓLDEX vs. SALUDCOOP E.P.S. - ADRES	Nature: Ordinary labor proceedings. Identification: Labor Court 20 of the Bogota Circuit. 11001310502020190019800	On October 10, the court receives notice and on October 21, the case file enters the office. On May 14, the lawsuit is answered by order and the hearing date is set for June 1, 2021, at 10:00 am. 06-09-21: Conviction. Appeal barring execution of judgment is granted, and the case file is referred to the Court.	41,099	41,099

Parties	General Information	Status	2022	2021
BANCÓLDEX vs. Servicios Occidentales de Salud E.P.S. - ADRES	Nature: Ordinary labor proceedings. Identification: Court 3 of Small Labor Claims of Cali, Valle del Cauca. 760014105003201900415 00	04-08-22: Initial hearing is held but suspended. It is ordered to notify ADRES of the lawsuit at the request of the defendant's attorney. The date to resume the hearing is set for July 2, 2022. 11-10-22. Ruling is issued in favor of the Bank, and ADRES is ordered to pay by means of EPS S.O.S. the sum of $6,301,600 for the return of health care contributions paid erroneously. The EPS is ordered to pay interest that runs from June 28, 2018, and until the payment of the obligation is made, according to Section 4 of Decree 1281/2002, for the sum of $6,301,600. Legal costs are set at $700,000, and the UGPP is dissociated.	6,302	6,302
Total			1,096,098	1,202,206

Administrative litigation proceedings – As of December 31, 2022, and 2021, the result of the claim assessment of the administrative proceedings against the Comptroller General of the Republic amounted to $0 and $5,232,227, respectively. This variation corresponds to the following:

On March 17, 2022, the Council of State's Administrative Litigation Chamber, in an appeal ruling, accepted the Bank's claims. To restore the right, it ordered the Comptroller General of the Republic to return to Bancóldex the sum of $5,203,936 duly updated together with the relevant interest, according to Section 192 of the C.P.A.C.A.

Additionally, there were three lawsuits assessed as Possible:

Cartagena Tourist District	No amount
Cartagena Tourist District	No amount
Paipa Municipality	No amount

Civil proceedings - As of December 31, 2022, and 2021, the result of the claim assessment of civil proceedings is as follows:

	2022	2021
Carlos Guillermo Rojas Prieto	$ 17,903	17,903
SHATEX S.A.	No amount	No amount
Brilla Capital Management	No amount	No amount
Francisco Antonio Forero Rojas	Withdrawn	No amount

Foreclosure proceedings - As of December 31, 2022, and 2021, the result of the claim assessment of the lawsuits amounted to $6,432,420 and $6,337,776, respectively.

The following is the disaggregation of foreclosure proceedings:

Parties	General Information	Status	2022	2021
BANCÓLDEX vs. Giraldo y Duque S.A. y C.I. Giraldo Duque Ltda. (C.F. International Portfolio)	Nature: Singular foreclosure proceeding of greater amount. Identification: Civil Court 5 of the Palmira Circuit. 2017-0006	This lawsuit became three reorganization processes (005 CIVIL PALMIRA CIRCUIT 201700006) (014 CIVIL CALI CIRCUIT 201700244) (016 CIVIL CALI CIRCUIT 201800048). In the hearing, the prescription plea proposed by the plaintiff succeeds. The Bank appeals. Awaiting decision.	320,833	320,833
BANCÓLDEX vs. ALVARO PIO ARCINIEGAS ESPAÑA (C.F. International Portfolio)	Nature: Mortgage foreclosure proceedings. Identification: Civil Municipal Court 2 of Pasto. 52001400300220170014600	A notice of seizure of the real estate mortgaged in favor of the Bank is registered. Sequestration is decreed, and delegation of authority is filed at the inspection of Pasto for the sequestration procedure. Awaiting the setting of a date for the sequestration procedure, which depends on the resolution of an appeal filed by the Bank. Proceedings with an order to go ahead with the foreclosure. Credit settlement approved, without effective precautionary measures.	43,793	43,793
BANCÓLDEX vs. IKONOS INMOBILIARIA S.A.S, MARIA ANGELICA NIÑA PEÑA, CAMPO ELÍAS LÓPEZ DAZA, and DIANA JUDITH LOPÉZ CAICEDO (C.F. International Portfolio)	Nature: Singular foreclosure proceeding of greater amount. Identification: Civil Court 5 of the Barranquilla Circuit. 2017-279	An investigative and trial hearing was held on March 13, 2019, and a judgment is issued that orders to go ahead with the foreclosure. Awaiting a date to sequester seized assets.	1,860,336	1,860,336
BANCÓLDEX	Nature: Singular foreclosure	On September 23, 2019, a hearing with a ruling was held, which rendered the defenses unproven and ordered to go ahead with the foreclosure.	2,407,407	2,407,407

Parties	General Information	Status	2022	2021
vs. TRITURADOS Y PREFABRICADOS	Identification: Civil Court 1 of the Neiva Circuit 41001310300120170018800	December 1, 2020: The material seizure of the subsoil on which the mining titles fall is decreed in the share or proportion that the defendant Yaved Cantillo has or may have as co-owner		
BANCÓLDEX vs. José Luis Ovalle (C.F. International Portfolio)	Nature: Singular mortgage foreclosure proceedings of small claims (initial) - 20001400300720180021500 Identification: Municipal Civil Court 1 of Valledupar.	On May 21, 2018, a lawsuit is filed. Payment order is issued on June 22, 2018. Displacement of the attachment is requested by Bancolombia under the mortgage guarantee with the Bank. On June 29, 2018, the insolvency process of a non-merchant individual is admitted before the Valledupar Chamber of Commerce. On July 31, 2018, a writ of proceedings is issued, and the secretary orders to issue authentic copies of the assignment of the mortgage attached to the lawsuit.	50,000	50,000
BANCÓLDEX vs. Reimpex S.A.S. (C.F. International)	Nature: Singular foreclosure proceeding of small claims 05001400302420180049500. Identification: Municipal Civil Oral Court 24 of Medellín.	The main debtor was admitted in the reorganization process and has a confirmed agreement. The Court records that neither the court of origin, nor the civil enforcement office have monies to be delivered in the reference lawsuit, according to information from the court deposit system of the municipal civil enforcement office and the Banco Agrario system.	88,430	88,430
BANCÓLDEX vs. Centro Internacional de Biotecnología - CIBRE (C.F. International)	Nature: Singular foreclosure proceeding of greater amount 05001400302420180049500. Identification: Civil Court 1 of the Bogotá Execution Circuit. (Origin Court: 1 of the Bogotá Civil Circuit.	The auction date is set for January 28, 2020. Auction declared void due to a lack of offer	270,000	270,000
BANCÓLDEX	Nature: Foreclosure proceedings	A payment order was issued, and attachments of the located properties	381,421	381,421

Parties	General Information	Status	2022	2021
vs. Districacharrería la 13 S.A.S. (C.F. International)	Identification: Civil Court 1 of the Santa Marta Circuit 47001315300120190008300.	were registered. The seizure of a real estate property in the Sierra Nevada de Santa Marta was achieved.		
BANCÓLDEX vs. Artefacto Constructores S.A.S.	Nature: Foreclosure Identification: Municipal Court 08 of Cali. Lawsuit No. 76001400300820190043400	A payment order was issued, and precautionary measures were registered.	106,470	106,470
BANCÓLDEX vs. Comercializadora Seul FD LTDA. - Francisco Oriel Duque Zuluaga	Nature: Mortgage foreclosure Identification: Court 02 of the Bogotá Civil Circuit 1.10013103002201E	A payment order was issued, and a measure was registered.	219,515	219,515
BANCÓLDEX vs. ASOCIACION ONG AVANSAR	Nature: Foreclosure proceedings Identification: Mixed Jurisdiction Court of the Saravena Circuit (Arauca) 81-736-31-89-001-2019-00376-00	Lawsuit was filed on December 19, 2019. On January 21, 2020, a payment order was issued. Attachments measures were decreed for the following real estate: 1. Attachment of real estate identified with Real Estate Registration Folio 410-64763. A payment agreement is reached for a term of 4 months, the lawsuit being suspended until May 29, 2021.	589,571	589,571
BANCÓLDEX vs. OSCAR WILLIAM VARGAS	Nature: Mortgage foreclosure Identification: In distribution Probability of success or recovery of the obligation: Possible Attorney: Gloria Stella Suárez Status: Active portfolio Contingency: $34,551,123	Complaint filed online with receipt number 115488 ($34,551,123)	34,552	-
BANCÓLDEX vs.	Nature: Singular foreclosure proceeding of small claims. Identification: Municipal Civil Court 2 of Dosquebradas. 66170400300220170023400	On January 15, 2018, the sentence is pronounced. On June 27, 2018, the settlement of the credit and legal costs is notified. A property whose owner is María Fernanda Hernández was found and the	60,092	-

Parties	General Information	Status	2022	2021
COMERCIALIZADORA FUNDIALUMINIOS ALVARO HERNANDEZ GIRALDO MARIA FERNANDA HERNANDEZ MEDINA (CF International Portfolio)	Probability of success or recovery of the obligation: Possible Provision amount: N/A Contingency: $60,091,908	court was asked to attach it. Attachment registered.		
Total (*)			**6,432,420**	**6,337,776**

(*) The variation compared to 2021 is due to the registration of two new lawsuits:

Oscar William Vargas	$ 34.552
Fundialuminios	$ 60.092

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, 2022 y 2021:

BLANK SPACE

Cifras en miles de pesos	31 de diciembre de 2022						
	Cartera COP	Cartera USD	Portafolio	Tesoreria (*)	Comisiones	Otros	Total
Monto activo principal Relacionado*	7.560.912.919	952.024.986	2.352.764.951	1.079.128.312	0	745.299.946	12.690.131.115
ESTADO DE RESULTADOS:							
Ingresos generados	589.543.302	188.325.180	111.624.954	4.098.585	4.837.450	5.902.561	906.856.968
Gastos financieros	458.275.063	133.828.157	23.392.359	656.524	185.915	17.395	617.323.108
Ingresos y/o gastos Financieros (incluye comisiones)	-4.685.901	-2.570.916	-1.417.047	-1.737.237	0	-95.082	-10.506.182
Margen financiero bruto	**126.582.338**	**51.926.107**	**86.815.549**	**1.704.824**	**4.651.535**	**5.790.084**	**279.027.677**
Provisiones saldo cartera	45.294.316	-1.624.898					43.669.418
Margen financiero neto	**81.288.022**	**53.551.005**	**86.815.549**	**1.704.824**	**4.651.535**	**5.790.084**	**235.358.259**
Gastos de funcionamiento:	45%	25%	6%	4%	2%	14%	
Gastos administrativos	50.837.664	27.504.938	7.162.037	4.153.805	2.316.651	15.882.166	111.707.604
Impuestos del negocio financiero	22.018.646	7.601.085	477.226	1.785.044	187.217	859.903	32.929.121
Otras provisiones	515.089	6.430.821	0	0	0	-170.409	6.775.500
Utilidad operacional	**7.916.623**	**12.014.161**	**79.176.286**	**-4.234.026**	**2.147.668**	**-10.781.576**	**83.685.262**
Neto otros ingresos/gastos (incluye dividendos)	1.073.221	0	0	0	803.004	16.364.546	18.240.772
Utilidad antes de TX	**8.989.844**	**12.014.161**	**79.176.286**	**-4.234.026**	**2.950.672**	**5.582.971**	**101.926.034**
Impuesto de renta							30.795.769
Utilidad neta							**71.130.265**

Cifras en miles de pesos	31 de diciembre de 2021						
	Cartera COP	Cartera USD	Portafolio	Tesoreria (*)	Comisiones	Otros	Total
Monto activo principal Relacionado*	5.969.178.766	1.180.501.315	1.599.860.885	871.859.311	0	681.800.213	10.303.200.491
ESTADO DE RESULTADOS:							
Ingresos generados	354.292.404	31.450.091	52.173.465	204.200	0	1.337.471	439.457.631
Gastos financieros	206.263.856	10.363.138	9.802.886	1.238.345	0	0	227.668.226
Ingresos y/o gastos Financieros (incluye comisiones)	-13.661.397	-5.918.843	-2.667.175	-1.731.269	3.055.312	-99.657	-21.023.030
Margen financiero bruto	**134.367.150**	**15.168.109**	**39.703.404**	**-2.765.415**	**3.055.312**	**1.237.815**	**190.766.376**
Provisiones saldo cartera	17.551.981	-7.424.174					10.127.807
Margen financiero neto	**116.815.170**	**22.592.283**	**39.703.404**	**-2.765.415**	**3.055.312**	**1.237.815**	**180.638.569**
Gastos de funcionamiento:	65%	13%	9%	4%	3%	6%	
Gastos administrativos	66.268.195	13.134.059	9.278.754	4.504.002	3.022.100	6.362.214	102.569.324
Impuestos del negocio financiero	20.287.004	1.126.245	538.097	916.094	183.397	327.632	23.378.471
Otras provisiones	6.238.390	-43.480	0	0	0	-4.351.194	1.843.717
Utilidad operacional	**24.021.581**	**8.375.458**	**29.886.552**	**-8.185.511**	**-150.185**	**-1.100.837**	**52.847.058**
Neto otros ingresos/gastos (incluye dividendos)	1.200.381	0	0	0	909.071	16.183.840	18.293.292
Utilidad antes de TX	**25.221.962**	**8.375.458**	**29.886.552**	**-8.185.511**	**758.886**	**15.083.003**	**71.140.349**
Impuesto de renta							15.822.042
Utilidad neta							**55.318.307**

Assets and liabilities

Cifras en miles de pesos	Cartera COP	Cartera USD	Portafolio	Tesoreria (*)	Comisiones	Otros	Total
				31 de diciembre de 2022			
Activos	7.560.912.919	952.024.986	2.352.764.951	72.462.121	-	1.544.449.037	12.482.614.014
Pasivos	7.560.912.919	952.024.986	933.382.829	72.462.121	-	1.551.349.659	11.070.132.514

Cifras en miles de pesos	Cartera COP	Cartera USD	Portafolio	Tesoreria (*)	Comisiones	Otros	Total
				31 de diciembre de 2021			
Activos	5.969.178.766	1.180.501.315	1.599.860.885	150.778.052	-	1.241.605.070	10.141.924.089
Pasivos	5.969.178.766	1.180.501.315	646.431.625	150.778.052	-	892.313.307	8.839.203.065

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, 2022 and 2021, 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

	2022	2021
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

	2022	2021
ASSET		
Loan Portfolio		
Housing	$ 1,908,716	$ 998,327
Consumer	93,143	129,952
Accounts receivable		
Interest receivable	15,967	2,610
Social welfare	16,400	13,579
Other	19,764	22,803
Impairment		
Principal	(21,008)	(10,180)
Interest	(167)	(23)
	$ 2,032,815	$ 1,157,068
LIABILITIES		
Accounts payable		
Social welfare	$ 998	$ 584,485
Other	736,081	34
Other liabilities		
Vacation	819,889	699,859
	$ 1,556,968	$ 1,284,377
INCOME		
Portfolio income		
Loan interest	$ 137,250	$ 23,168
Income - Sundry		
Recoveries	1,012	2,433
Furniture sale profit	-	-
Other Income	22	-
	$ 138,284	$ 25,600
EXPENSES		
Employee benefits		
Personnel Expenses	$ 4,964,375	$ 4,685,073
Expenses - Sundry	-	-
Other	79,837	61,346
Provisions	9,495	2,628
	$ 5,053,707	$ 4,749,047

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

	2022	2021
ASSETS		
Investments	$ 50,114,047	$ 49,229,415
Dividends and shares	-	-
Accounts receivable - Sundry	257,968	4,494
	$ 50,372,015	$ 49,233,910
LIABILITIES		
Accounts payable	$ 18,435	$ -
EQUITY		
Surplus under the equity method	$ 13,438,184	$ 13,438,434
	$ 13,438,184	$ 13,438,434
INCOME		
Equity method	$ 797,944	$ 146,553
Lease income	852,274	761,387
Other income	-	2,247
	$ 1,650,218	$ 910,187
EXPENSES		
Other expenses	$ 0	$ 24

Investments for 2022 correspond to the 89.62% share that the Bank holds in Fiducóldex S.A.

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

	2022	2021
ASSETS		
Accounts receivable – Other	$ 3,391	$ 207
LIABILITIES		
Suppliers	$ 27,802	$ 3,609
EXPENSES		
Fees	$ 1,354,662	$ 1,088,051
Other	1,817	-
	$ 1,356,479	**$ 1,088,051**

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 throughout the organization. This process is carried out in a comprehensive manner and in compliance with current regulations and internal guidelines defined by the Board of Directors. Risk management includes the identification, measurement, control, and mitigation of risks in pursuit of the Bank's financial sustainability; and it is supported by an organizational structure that guarantees the independence of functions among the front, middle and back-office areas. This management is materialized through the interrelation of the Credit Risk Management System (SARC), the Market Risk Management System (SARM), the Liquidity Risk Management System (SARL), the Strategic Risk Management System (SARE), the Operational Risk Management System (SARO), the Environmental and Social Risk Management System (SARAS), and the Asset Laundering and Financing of Terrorism Risk Management System (SARLAFT). Each of these systems includes policies, methodologies for measuring and monitoring risks, and clear identification of processes and procedures, amongst others.

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
Audit Committee	Credit Risk	• Analyze audit results for risk management process.

Instance	Risk category	Main functions
	Operational Risk Liquidity Risk Market Risk AL/FT Risk Strategic Risk	• 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.

Risk appetite framework statement- The Bank incorporated the risk appetite framework statement into the comprehensive risk management system, which the Board of Directors approved. In this regard, the Bank has consolidated risk limits and indicators for each type of risk (top-down and bottom-up approaches). These estimates consider adverse scenarios and the negative impact that could be produced on profitability, solvency, and liquidity levels if any of them materializes. The risk appetite framework also incorporates a governance structure that establishes responsibilities and powers to establish 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 2022, 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

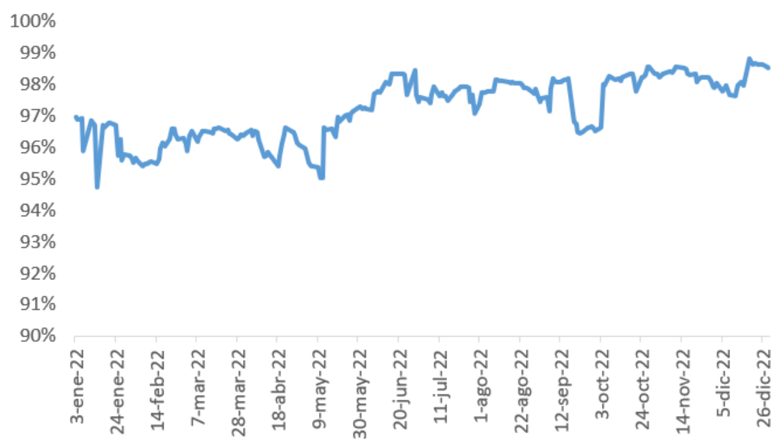
Liquid Assets	2022	2021
Cash	$ 147,598,339	$ 138,604,797
Investments High-quality securities	1,603,289,805	1,395,960,182
Other liquid assets	69,137,893	40,170,484
Total liquid assets	$ 1,820,026,037	$ 1,574,735,463

Liquid assets increased by 15.58% compared to the previous year and, on average, stood at a level of $1,322,465,960. Part of the increase observed during 2022 originated in resources from MIGA (Multilateral Investment Guarantee Agency)-secured credit obtained with banks.

High-quality liquid assets indicator – HQLA. During 2022, on average, the high-quality liquid assets indicator remained at 97.21 %, almost all these assets can be used in money market transactions with the Central Bank, and their haircut is low

The average of high-quality liquid assets increased compared to the previous year (96.52%) due to the increase in investment portfolios, including strategic, trading, and liquidity. These portfolios are made up of TES treasury bonds considered high-quality investments.

High Quality Liquid Assets %- HQLA Indicator



Liquidity risk indicator - As of December 31, 2022, the Bank recorded a seven-day IRL of $1,615,657,279, while the same indicator in 2021 reached $1,540,107,155 representing an increase of 4.90% compared to last year.

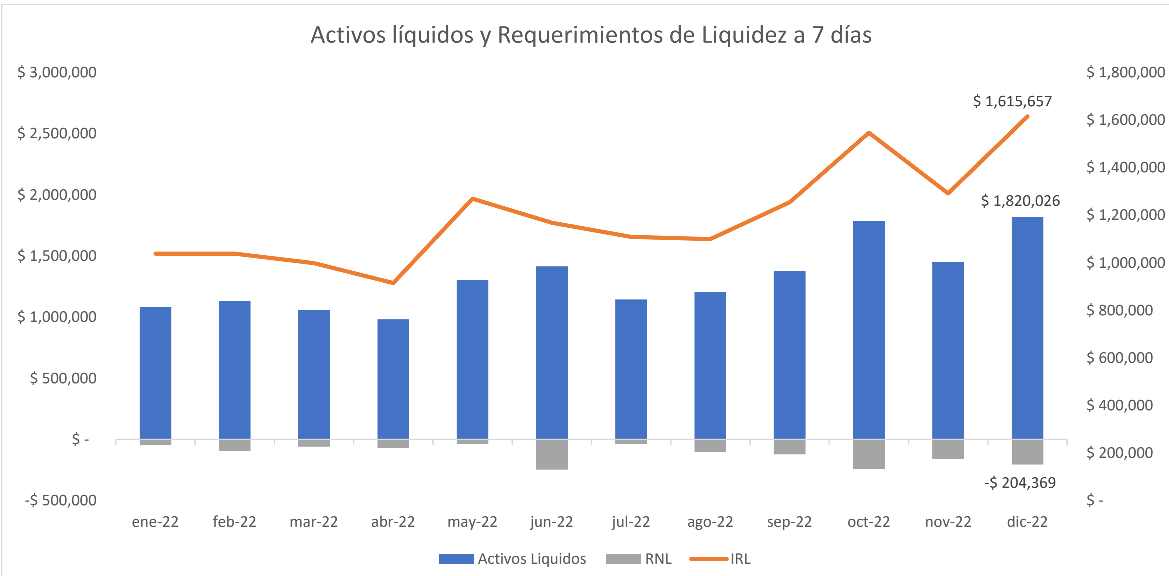
The net liquidity requirements reported a stable behavior in 2022 (7-day average, $120,442,427 and 30-day average, $357,619,379). This liquidity allowed the Bank to fulfill the necessary commitments to cover TD maturities, bonds, and loans and support its credit and treasury activity.

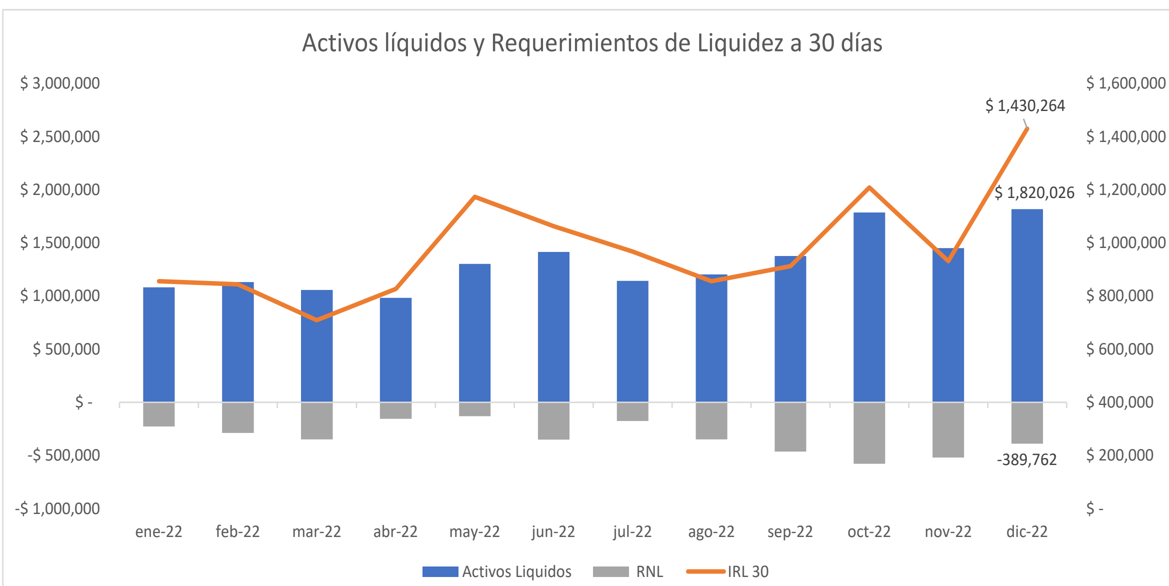
IRL 7 DAYS		2022		2021
Liquidity risk indicator	$	1,615,657,279	$	1,540,107,155
Liquid market assets		1,820,026,037		1,574,735,463
Net liquidity requirements		204,368,758		34,628,309
IRL		891%		4.55%

IRL 30 DAYS		2022		2021
Liquidity risk indicator	$	1,430,264,188	$	1,411,083,515
Liquid market assets		1,820,026,037		1,574,735,463
Net liquidity requirements		389,761,849		163,651,949

IRL	467%	962%

At the end of 2022, 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.

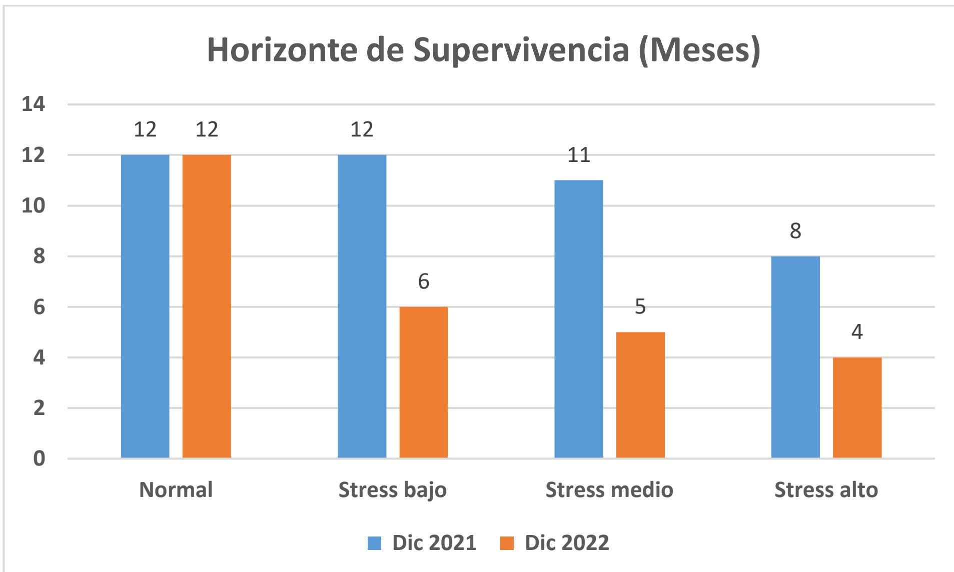




Internal liquidity risk measurement model: Survival Horizon - The survival horizon indicates the time (in months) in which liquid assets cover forecast payment commitments for some time. The survival horizon is calculated based on 12-month cash flow forecasts, including contractual obligations and the 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 Medium Several	80% 65% 50%	6 months 3 months 1 months



At the end of 2022, 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.

			dic-21	dic-22	Variación
Fuentes de Financiación		Patrimoniales	1,201,354,936	1,239,414,260	3%
	Deuda Corto plazo	Depositos	406,728,422	268,881,056	-34%
		CDT corto plazo	2,080,414,229	2,591,513,191	25%
		Bono Corto plazo	442,329,676	443,283,041	0%
		Créditos corto plazo	2,462,495,760	2,143,786,469	-13%
	Deuda Largo plazo	CDT largo plazo	953,390,604	326,593,583	-66%
		Bono largo plazo	601,439,239	667,062,335	11%
		Créditos largo plazo	1,354,589,420	3,779,167,382	179%
		Total Ponderado	**6,009,859,864**	**8,292,194,807**	

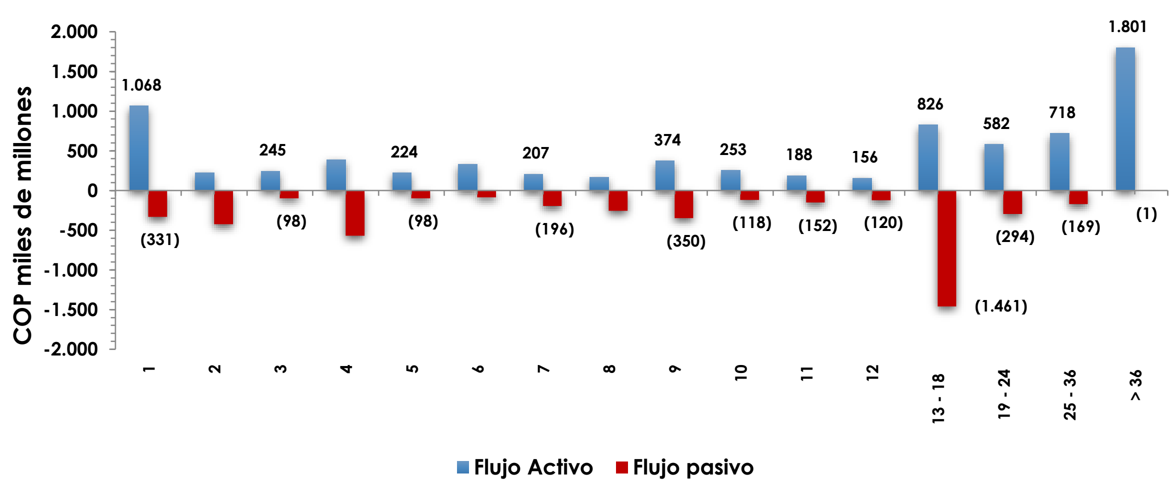
			dic-21	dic-22	Variación
Activos con necesidad de Financiación		Activos Líquidos	1,686,936,723	2,076,051,356	23%
		Cartera	6,964,712,423	8,376,611,789	20%
	Activos sujetos a cargas	Acciones no liquidas	183,793,084	440,460,855	140%
		Activos sujetos a cargas	461,265,062	255,698,027	-45%
	Derivados	Garantias Derivados	133,812,590	205,104,374	53%
		Neto derivados activos	75,219,722	0	0%
		Derivados pasivos 5%	959,255	3,449,821	0%
		Total Ponderado	**6,653,160,010**	**7,713,414,027**	
		INDICADOR CFEN	**90.33**	**107.5**	

At the end of 2022, the indicator increases compared to the previous year due to the significant increase in financing sources, emphasizing long-term loans.

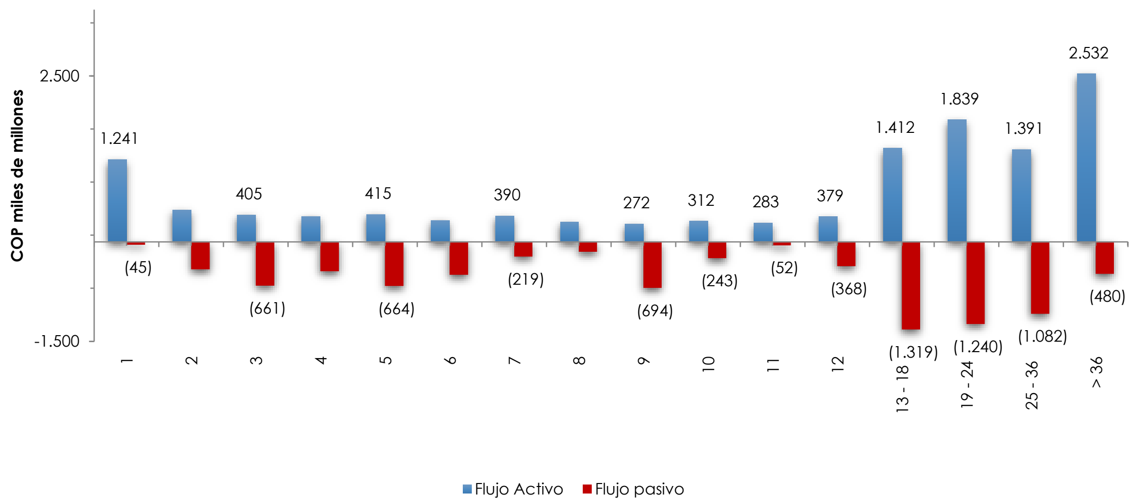
Maturity of assets and maturity of liabilities

<u>*PESOS*</u>

Maturities 2021 – maturity in months

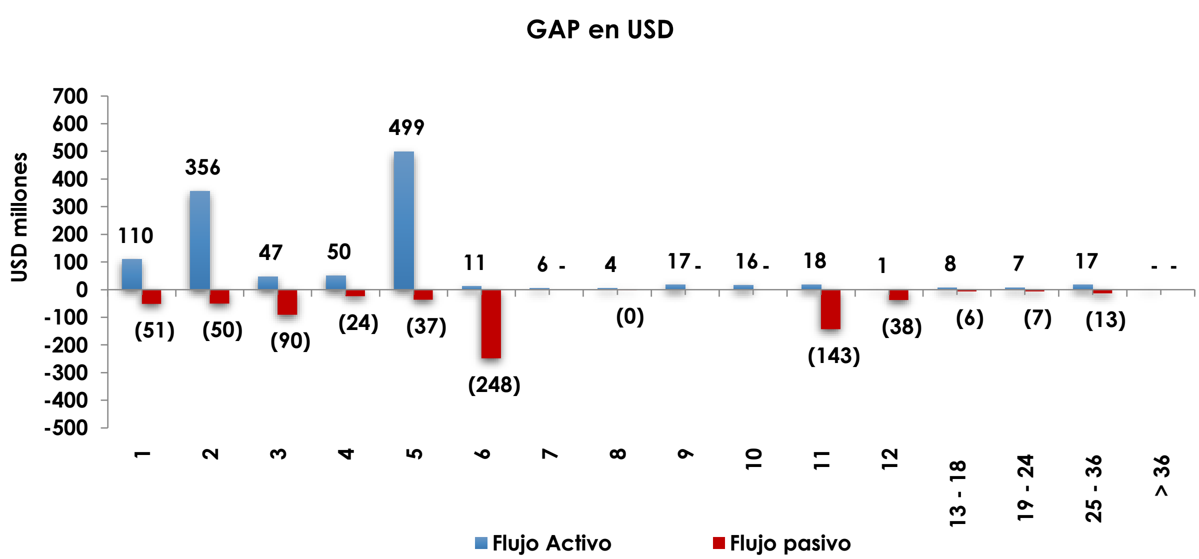


Maturities 2022 - maturity in months

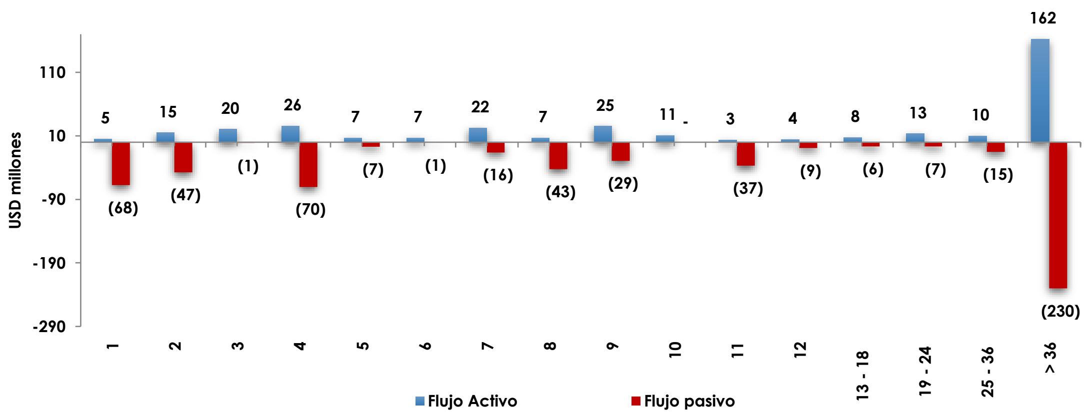


DOLLARS

Maturities 2021 – maturity in months



Maturities 2022 – 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 2022, an Interest Rate Swap (IRS) transaction was structured to hedge the interest rate risk of a liability credit operation in US dollars.

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, 2022, and 2021:

	Nominal OTC		**Clearing House**	
	2022	**2021**	**2022**	**2021**
Purchase Forward	1,054	867	467	767
Sales Forward	877	619	571	819
Net	177	248	(104)	(52)

* Figures in USD million

The average exposure of purchases and sales was approximately USD 1,429 million, which is within the limits of the Gross Leverage Position (GLP). The portfolio's net exposure has remained on average at USD 12 million and a maximum of USD 60 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 $191,840,520.

	<u>2022</u>	<u>2021</u>
Guarantees provided to the CCRC	191,840,520	133,812,590

- *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 2022, 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).
    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 2022 are described below:

Forwards - FWD

Type of Transaction	Trading date	Completion date.	Expiration date	Nominal Value (USD)
FWD - Sale	21-Nov-22	04-Jan-23	03-Jan-23	8,090,338

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 2022 there are two IRS Swap transactions in force for the purchase of USD, fixed rate, COP delivery, and variable rate:

Transaction Type	**Trading date**	**Expiration date**	**Expiration date**	**Nominal Value (USD)**
Swap IRS	05-11-22	05-11-25	Quarterly	291,000,000
Swap IRS	05-11-22	05-11-24	Quarterly	209,000,000

These SWAP IRS hedge the bond issuance for $500,000,000.

• 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 %
1.110.414.300	1.043.340.110	(61.074.190)	(5.5)

The difference between the carrying amount and the market value amounts to $61,074,190, that is, 5.5% 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 Market Risk Management System Manual (SARM, 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 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 XXI 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, 2022, and 2021 is presented below:

	2022	Share	2021	Share
At amortized cost	$ 1,178,413,212	42.94%	$ 5,075,367	0.26%
At Fair Value with changes in other comprehensive income	1,535,072,087	55.94%	1,617,848,460	84.41%
At Fair Value	30,797,495	1.12%	293,822,483	15.33%
Total	$ 2,744,282,794		$ 1,916,746,310	

At the end of 2022, there was a 43.2% increase 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 USD (Yankees) 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:

	2022				2021			
Module	**Maximum**	**Minimum**	**Average**	**Year-End Closing**	**Maximum**	**Minimum**	**Average**	**Year-End Closing**
Interest Rate	86,767,739	43,331,161	56,812,566	43,331,161	150,706,685	100,690,268	128,546,094	136,181,704
Exchange Rate	6,299,047	73,005	2,390,399	2,024,761	4,221,216	41,100	669,195	628,809
Share Price	2,603,149	1,805,820	2,108,184	2,537,161	2,250,442	1,778,271	1,993,379	2,170,355
Collective Portfolios	31,288,317	27,070,370	29,093,687	31,288,317	44,944,848	22,212,610	26,385,741	26,768,867
Total	$126,958,252	$72,280,356	$90,404,836	$79,181,400	$202,123,191	$124,722,249	$157,594,409	$165,749,735

The average exposure to market risk of the Bank registered a 52% decrease compared to 2021, which is explained by the reclassification of investments in public debt securities denominated in USD (Yankees) to the portfolio at amortized cost, significantly decreasing the interest rate factor.

b) Operational risk

Qualitative information - The policies and methodologies in which the Bank frames the operational risk management are contained in the Operational Risk Management System Manual (SARO, for its acronym in Spanish). It follows the bases and guidelines required by the Financial Superintendence of Colombia for the development of an operational risk management system according to External Circular 025 of July 29, 2020. The manual also includes the policies for the implementation and maintenance of the Internal Control System in Circular 014/2009.

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.

The Bank's SARO 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. This follow-up is carried out at least annually or in accordance with operational risk events.

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 2022:

As of December 31, 2022, 7,773 events were reported and classified as follows:

Event	No.	Share
They cause losses and affect the entity’s income statement.	14	0.2%
They do not cause losses and therefore do not affect the entity’s income statement.	7,759	99.8%
TOTAL	**7,773**	**100%**

During 2022, the operational risk-related economic losses caused by the events were $61,082,025 and the recoveries amounted to $52,288,780. These were accounted for in their relevant operational risk GL accounts. The net effect of economic losses for 2021 is $8,793,245. For 2021, economic losses due to operational risk were $40,639 and recoveries amounted to $2,400. The net effect of economic losses for 2021 is $38,239.

c) *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 Credit Risk Management System (SARC, 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.

During 2022, adjustments were made in all segments to strengthen credit granting and monitoring processes. In the credit segment for local financial intermediaries, foreign financial intermediaries, and microenterprise credit-oriented entities, the forecast and scenario models and the periodic monitoring reports of these customers were consolidated. In the SME segment, a new statistical model was incorporated for granting credits.

During 2022, within the framework of the Bank's risk appetite statement, adjustments were made to the established limits of the SME direct credit indicator as a result of the lagged effects of the COVID-19 pandemic.]To estimate the appetite, tolerance, and risk capacity limits, different stress scenarios, from baseline to worst-case, were considered.

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 II 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.

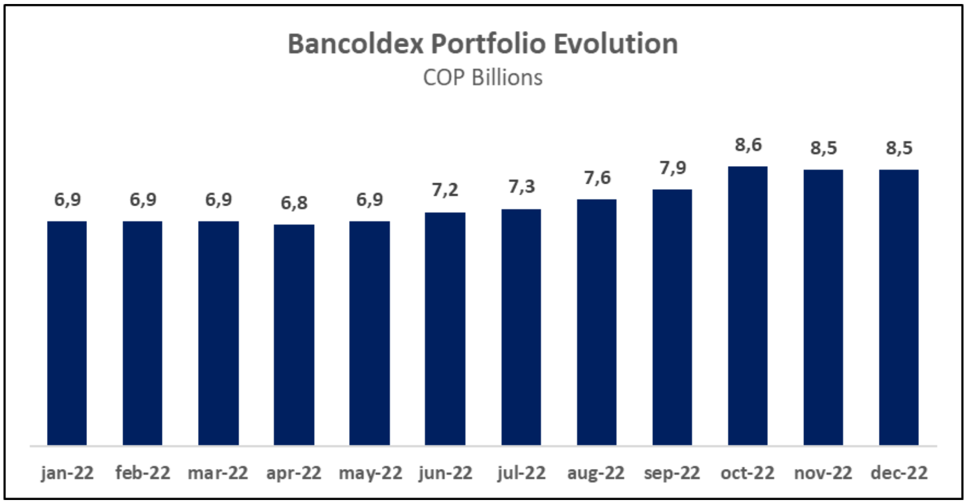
The processes and technology adopted by the Bank allow it to manage any credit operation in the granting, monitoring, and recovery stages.

In 2022, companies were affected by the post-pandemic effects, the increase in interest rates, rising inflation, and periods of high exchange rate volatility, among others. Additionally, the impacts of the end of the relief and support derived from the National Government policies to contain the COVID-19 effects were noted. In this context, the SME loan portfolio registered higher levels of risk due to profile and delinquency. Thus, the Bank implemented important actions to reverse the impairment of receivables and intensify collection. As a result, a reduction in portfolio turnover and the normalization of overdue obligations was achieved.

Quantitative information

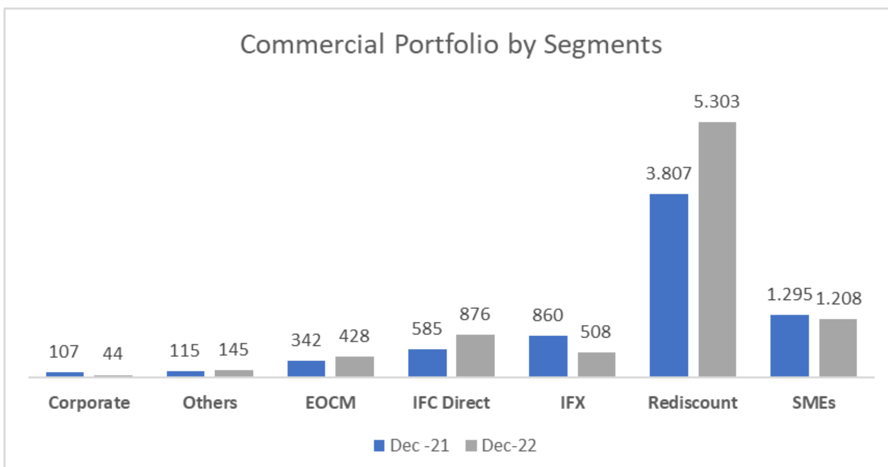
Consolidated exposure to credit risk - The Bank's maximum exposure to credit risk is reflected in the carrying amount of financial assets in the statement of financial position as of December 31, 2022, and 2021, as shown below:

	2022	2021
Loan portfolio	$ 8,512,937,906	$ 7,149,680,081
Debt securities	2,352,764,950	1,599,860,885
Equity securities	443,372,614	184,417,056
Derivatives	563,849,564	332,933,496
Financial guarantees	191,840,520	133,812,590
Active money market transactions	845,007,080	578,945,895
Maximum credit risk exposure	$ 12,909,772,634	$ 9,979,650,003



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

Distribution by type of portfolio

Type of portfolio	2022	2021
Commercial	$ 8,490,125,238	$ 7,127,442,874
Consumption	1,602,309	1,926,486
Housing	21,210,360	20,310,721
Total	$ 8,512,937,907	$ 7,149,680,081

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	2022	2021
A	$ 8,138,207,745	$ 6,815,685,313
B	124,186,222	147,056,875
C	64,976,176	58,550,167
D	126,636,052	73,379,521
E	58,931,712	55,008,205
Total	$ 8,512,937,907	$ 7,149,680,081

Portfolio quality indicators

Portfolio quality		2021	2021
Delinquency	Indicator[1]	2,65%	2,45%
	Hedging (times)	1,04	1.01
Risk Profile	Indicator[2]	4,40 %	4,51 %
	Hedging (times)	0.63	0.57

1 Delinquency indicator = past-due portfolio / gross portfolio

2 Risk profile indicator = qualified portfolio B-E/ gross portfolio

As of December 2022, the balance of the net portfolio amounted to $8.5 trillion, with a 19% increase compared to the previous year. The past-due portfolio indicator was 2.6%, slightly higher than that in December 2021 (2.4%) due to the lower value of the SME portfolio and a higher value of the past-due SME portfolio.

Non-performing loans by segment

Segment	Overdue receivables		Overdue receivables indicator %	
	2022	2021	2022	2021
Financial intermediaries	8.448.624	8.163.701	0,12	0,15
SMEs	183.120.503	144.442.437	15.15	11,50
Other	33.841.291	28.338.804	17,89	12,79

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.

d) 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 that includes policies, methodologies, external communication, continuous improvement, organization and internal capacity tools, and an exclusion list of activities that cannot be financed by the Bank, aligned with international standards.

During 2022, the project to strengthen the Environmental and Social Risk Management System (SARAS, for its acronym in Spanish) continued with the capacity building phase at each level of the organization and the pilot test phase, in which each of the established methodologies and tools have been tested on the large company direct credit, SME direct credit, and rediscount segments. This was done with the support of expert international consultants and technical cooperation.

The distribution of environmental and social risks in the portfolio was reported periodically.

e) Money Laundering and Terrorist Financing Risk Management System (SARLAFT) -

During 2022, Bancóldex continued to strengthen its money laundering and terrorist financing risk prevention system (SARLAFT, for its acronym in Spanish). The Bank updated and serviced support tools, incorporating the adjustments required by the Financial Superintendence of Colombia in External Circulars 027/2020 and 011/2022, especially the policies and procedures on due diligence of customer data from a risk-based approach, data of the end beneficiary, and identification of Politically Exposed Persons (PEP). Adjustments were made to various methodologies to strengthen the management, prevention, and control of such risks in the Bank's businesses and transactions. Customers and transactions were monitored, alerts and unusual events were managed, and suspicious transaction and other regulatory reports on SARLAFT were submitted in a timely manner, meeting specific requirements of competent authorities.

As part of the Bank's digital transformation strategy, the new electronic form was implemented for customer registration and update with electronic signature for individuals and legal entities. The SARLAFT Manual was updated, including the adjustments required by current regulations. SARLAFT training was provided to Bank officials on updates to the System, the Manual, due diligence of customer and counterparty data, cases and unusual events, and alert management. Similarly, the assessment of risk factors and the ML/TF risk profile by risk factor, associated risk and the Bank's consolidated risk, both inherent and residual, were updated and monitored, keeping the latter within the level approved by the Board of Directors.

f) *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 adopted a corporate governance system that has been documented since 2001 in the Good Governance Code, which contains the policies and procedures for proper separation of duties and responsibilities of shareholders, the Board of Directors, Senior Management, and control bodies. The Code aims at ensuring information transparency, risk management and the protection of the interests of shareholders, investors, and the market in general.

Board of Directors and Senior Management – The Board of Directors is permanently informed of the Bank's processes and businesses. After the General Shareholders' Meeting, the Board is the highest governing body and defines the general risk policies of the entity. Based on such policies, the board establishes a delegation scheme for the approval of the operations to be carried out by the Risk Management Committee, External Credit Committee, Assets and Liabilities Management Committee, Internal Credit Committee and by the Administration.

Reports to the Board of Directors – The Board of Directors and the Risk Management Committee receive periodic reports on the situation of the Bank's loan placements, monitoring of the financial situation of the different debtors (financial intermediaries, countries, etc.), reports of progress on the Credit Risk Management System Sis (SARC), Market Risk Management System (SARM), Operational Risk Management System (SARO), Liquidity Risk Management System (SARL), Strategic Risk Management System (SARE), Environmental and Social Risk Management System (SARAS) and Asset Laundering and Financing of Terrorism Risk Management System (SARLAFT), review of policies and methodologies for assessing risks related to credit, market, liquidity and operational risks, compliance with limits, among other risks. The Bank's risk exposure is also reported periodically to the Board of Directors.

In addition to reports on Bancóldex risk management systems, the Bank's Board of Directors receives reports related to the Conglomerate Risk Management System. Similarly, all the significant risk events detected by the different areas of the Bank are reported to the Board of Directors, the Risk Management Committee and Senior Management.

Technological infrastructure – All areas of the Bank have adequate technological support infrastructure. The risk control and management area also has the adequate technological infrastructure to obtain the necessary information for the analysis and monitoring of risk of current operations.

Methodologies for measuring risks – In order to identify the different types of risk, the Bank relies on methodologies and measurement systems that allow to determine its exposure to the risks inherent to the business, as mentioned in the Risk Management section, and which are documented in the respective manuals.

The Risk Vice-Presidency is the area specialized in identifying, monitoring, and controlling the risks inherent to the different business classes. The Risk Vice-Presidency assesses credit risk, market risk, liquidity risk, operational risk, and country risk. The Legal Vice-Presidency General Secretariat carries out the legal risk assessment.

***Organizational structure* –** The areas that make up the back, middle and front offices are clearly defined at Bancóldex. Similarly, there is an adequate segregation of duties at all levels of the organization and in all operations.

Verification of operations – The Bank has verification mechanisms for the negotiations carried out, such as recording agreements of telephone calls for treasury operations and written communications with the counterparts where the conditions of each negotiation are set forth. Similarly, and in order to comply with operations, funds are received or transferred through systems that provide a high degree of security such as Sebra of the Central bank, SWIFT, Deceval (which manages and safeguards dematerialized collection instruments) and DCV (which manages and safeguards fixed income securities).

The Bank publishes the loan portfolio placement rates in national newspapers monthly; as well as the financial conditions of the different credit lines and requirements for their access are disclosed through external circular letters.

Via Internet (wwwBancóldex.com), Bancóldex credit users can obtain information about the operations for which they are responsible, and they can get to know the current financial conditions of the different credit lines.

The Bank transaction systems record the asset and liability operations on the dates of their occurrence, guaranteeing timely and accurate accounting records.

Audit **–** The Board of Directors is the main management body of the Internal Control System (SCI), which relies on its Audit Committee to ensure the proper functioning of the Bancóldex' SCI and Risk Management Systems. The Board of Directors performs its functions as per the Internal Regulations and as established in the applicable standards, both for State entities in general and for Financial Institutions in particular.

In compliance with its responsibilities, the Audit Committee has been a permanent support and communication channel with the Board of Directors in making decisions regarding the Internal Control System and its continuous improvement.

The Audit Committee held four (4) sessions during 2022 to remain informed about the results of the audits, the follow-ups to the improvement plans, the strengths, weaknesses, and effectiveness of the Bank's internal control.

Through the works and P&L reports submitted by the Internal Comptroller's Office, the Audit Committee monitored the development and compliance of the different Risk Management Systems applicable to the Bank. In compliance with the Basic Legal Circular Letter from the Financial Superintendence of Colombia, the Audit Committee continued to monitor the Bank's comprehensive risk management upon receiving consolidated reports about the different management systems; i.e., from the point of view of operational risks (SARO), market risks (SARM), liquidity risks (SARL), credit risks (SARC), asset laundering and financing of terrorism risks (SARLAFT).

The reference model for the Internal Control System is COSO®, and the Internal Control Policy contemplates a structure based on lines of defense. The Bank's Internal Control Model, which by rule is integrated into the Quality Management and Administrative Development Systems in the Integrated Planning and Management Model - MIPG, has helped the organization focus on the continuous improvement of the systems. The preceding is consistent with the progress and maturity of the risk management systems applicable to the Bank and the Internal Control System regulated by the SFC in Part I, Title I, Chapter IV of the Basic Legal Circular Letter. It shows favorable results in the implementation and operation evaluations performed by different external control entities.

Standards for the Professional Practice of Internal Auditing and the Code of Ethics issued by the Institute of Internal Auditors (IIA Global®). According to such standards, the audit is governed by principles of Independence, Objectivity, and Authority, and its mission and main purpose is to "improve and protect the value of the organization by contributing to achieve the business goals through assurance and consulting services; and providing the Board of Directors and the organization's administration with an independent assessment to improve the operational effectiveness and the management of strategic, financial, regulatory, and operational risks."

Bancóldex' Audit function is certified internationally under the standards of the aforementioned International Professional Practices Framework of the Institute of Internal Auditors (IIA Global®). This means that the assurance and consulting work performed by the Comptroller Office focuses on risks, and aims at strengthening governance, assurance of controls and proper functioning of risk management in all processes, including the processes that correspond to the internal accounting control and to the generation, regulatory compliance, reliability, preservation, and security of financial information.

Along with current regulations, the audit works implement –as criteria and reference– the regulatory practices and frameworks or control standards, including COSO, COSO ERM, COBIT, IFRS and ISAs.

The internal Audit team is made up of a certified auditor (CIA Certification issued by IIA), who is devoted to the assurance for risks and processes, and complying with accounting, financial and tax issues. Other professional accountants in the team, as well as administrative and financial professionals of the Comptroller Office, are also aware of the operations related to the business processes of their expertise. Moreover, technology and information security auditors provide assurance for the general controls, governance and risks inherent to applications, databases and role assignments that support both the operation and the accounting information, amongst others. This enables the internal audit to maintain clear and constant overview of the operations, risks, and controls of processes that generate or secure the financial and operational information. The Comptroller Office was also aware of the operations performed by the Bank during 2022 by participating, with the right to speak and without vote, in the different Committees established to decide, define, and monitor the strategies and operations.

The audit cycle is based on the risk appetite of the Audit Committee (covering the universe of auditable entities) with annual planning. The review periods for individual work are variable according to the type and objective of each audit engagement. They, in turn, depend on the risk analysis by the audit in the annual planning and pre-planning phases, which in any case, are identified in the Reports.

Audits were carried out in accordance with the Annual Audit Plan, which is known and approved by the Audit Committee of the Board of Directors under the terms outlined in the Basic Legal Circular Letter of the Financial Superintendence of Colombia (Part I, Tile I, Chapter IV – Internal Control System).

Similarly, the corresponding authorities were informed about the impacts and risks resulting from the situations observed, and the relevant recommendations and action plans were submitted as established in the regulations in order to comply with the limits, conditions for the closing of operations, relationship between market conditions and the terms of the operations performed; and parameters and minimum requirements of the different Risk Management Systems applicable to the Bank.

Among some of the aforementioned observations, there are not situations that may systematically or significantly impact the internal control system, the institutional goals, or the disclosure of financial information. Information on the audit results is available in the Bank's Documentary System, and its consultation is subject to relevant legal authorizations.

The reports gathered by the Tax Auditing Office for the stated period were known and documented in the Audit Committees held during the year.

34. STATUTORY CONTROLS

During 2022 and 2021, 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 28, 2023, 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, 2022, was authorized by the Board of Directors, as recorded in Board of Directors Minutes No. 448 dated February 27, 2023, 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, 2022 and 2021

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, 2022 and 2021, 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, 2022 were authorized for disclosure by the Board of Directors on February 27, 2023. 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-eighth (28th) day of February 2023.

JAVIER DIAZ FAJARDO
Legal Representative

JAIRO PEDRAZA CUBILLOS
Accountant