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

## CONSOLIDATED FINANCIAL STATEMENTS

**As of December 31, 2022, and 2021 and Statutory Auditor's Report**

# Banco De Comercio Exterior De Colombia S.A. - Bancóldex And Subsidiary

## Consolidated 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 consolidated financial statements of **BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. - BANCÓLDEX** and its subordinates here on (the Group), which are:

- The consolidated statement of financial position as of December 31, 2022;
- The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year ended on that date, and;
- The explanatory notes to the consolidated financial statements and summary of significant accounting policies.

In my opinion, the attached consolidated financial statements, that were taken from the accounting books, present fairly in all material respects the financial position of the Group, as of December 31, 2022, as well as its consolidated results and cash flows, for the year ended on that date, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

## Basis of the 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 financial statements* consolidated section of my report. I am independent of the Group 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 consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of my Audit of the consolidated financial statements as a whole, and forming my opinion thereon, and I do not provide a consolidated opinion on these matters.

### ASSESSMENT OF IMPAIRMENT OF CREDIT PORTFOLIO UNDER IFRS 9

**Key Audit Matter**

I considered the assessment of impairment of the credit portfolio as a key audit matter, which is the most important and complex estimate in the preparation of the Group'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 impairment of the credit portfolio incorporate significant complexity that requires judgmental factors in its measurement.

The component of the financial statements called "impairment" presents a balance as of December 31 of \$184.521.677 thousand pesos, on a portfolio of \$ 8.704.040.929 thousand pesos.

The Group uses the guidelines established in IFRS 9 (Financial Instruments) for estimating impairment of the credit portfolio, and the impairment measurement is based on the expected loss methodology.

**Related Disclosures**

View notes 10, 4.1 y 3.7 (Impairment - IFRS 9 Expected Loss Approach), of the accompanying consolidated financial statements.

**Audit Response**

I have involved internal specialists (an actuary) in the evaluation of the methodology and assumptions for determining the loss in accordance with compliance.

Recalculation of the impairment estimate of the Group's credit portfolio under the IFRS 9 model to validate the reasonableness of the estimate.

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.

**Responsibilities of Management and those Charged with Governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements are free from material misstatement, weather due to fraud or error.

In preparing consolidated financial statements, management is responsible for assessing the Group’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 Group and or cease operations, or has no realistic alternative but to do so.

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

**Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements**

My objective is to obtain reasonable assurance weather the consolidated 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 consolidated 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 consolidated 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 Group'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 consolidated 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 consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance of the Group, 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 consolidated 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 Group's management report but does not include the consolidated 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 consolidated 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 Group's consolidated financial statements were prepared under the Accounting and Financial Reporting Standards accepted in Colombia, as of December 31, 2021, which are presented for comparative purposes, were audited by another auditor, in accordance with the International Auditing Standards accepted in Colombia, who expressed an unmodified opinion on them on February 27, 2022.

As detailed in note 2.2., the accompanying consolidated 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.

**VICTOR MANUEL RAMIREZ VARGAS**
Statutory Auditor
Professional License 151419-T

Member of
**BDO AUDIT S.A.S. BIC**

Bogotá D.C., February 27, 2023
99783-01-8044-23

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS OF DECEMBER 31, 2022 AND 2021**
**(In thousands of Colombian pesos)**

| ASSETS | Note | 2022 | 2021 |
|---|---|---|---|
| Cash and Cash Equivalents | 7 | $ 166.340.454 | $ 146.445.872 |
| Financial Instruments | | | |
| Investments at fair value through profit or loss - Debt Instruments | 8.1 | 37.446.183 | 295.726.793 |
| 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 through profit or loss - Equity instruments | 8.4 | 24.722.932 | 27.525.039 |
| Investments at fair value with changes in other comprehensive income - equity instruments | 8.5 | 391.517.843 | 316.885.425 |
| Investments in joint agreements | 8,6 | 24.052 | 34.945 |
| Impaired investments | 8,7 | (10.379.152) | (10.051.637) |
| Derivative financial instruments | 8,8 | 72.462.121 | 150.778.052 |
| Other Financial Assets | 9 | 845.007.080 | 578.945.896 |
| Loan Portfolio and finance lease transactions at amortized cost, net | 10 | 8.519.519.252 | 7.146.567.323 |
| Trade and other accounts receivable, net | 11 | 33.932.160 | 53.094.685 |
| Current tax assets | 28.2 | 47.319.347 | 58.925.950 |
| Other non-financial assets | 12 | 37.357.934 | 18.153.692 |
| Assets held for sale, net | 13 | 59.543.505 | 49.905.828 |
| Property and equipment net | 14 | 47.137.000 | 48.090.287 |
| 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 | 11.878.848 | 6.771.095 |
| Intangible assets | 18 | 8.076.758 | 8.393.617 |
| Deferred tax balances | 28,5 | - | 42.354.647 |
| Total assets | | $ 12.633.388.405 | $ 10.268.615.576 |

| LIABILITIES | Note | 2022 | 2021 |
|---|---|---|---|
| Customer deposits | 19,1 | $ 4.269.423.019 | $ 4.424.230.194 |
| Other deposits | 19,2 | 27.910.778 | 60.071.976 |
| Derivative financial instruments | 8,8 | 85.493.802 | 54.102.524 |
| Bank loans and other financial obligations | 20,1 | 6.441.676.685 | 3.993.591.048 |
| Finance lease liabilities | 20,2 | 11.209.957 | 6.718.394 |
| Current tax liabilities | | - | 291.231 |
| Trade and other accounts payable | 21 | 39.693.683 | 30.983.041 |
| Employee Benefits | 22 | 18.593.620 | 15.289.846 |
| Estimated Liabilities and provisions | 23 | 779.585 | 692.661 |
| Other liabilities | 24 | 174.683.913 | 265.728.835 |
| Deferred tax balances | 28,5 | 48.543.836 | - |
| Total liabilities | | 11.118.008.878 | 8.851.699.750 |
| 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 | | 221.965.721 | 114.906.358 |
| Results previous years | | (87.756.287) | (58.668.483) |
| Income for the year | | 46.045.639 | 26.230.504 |
| Equity attributable to owners | | 1.510.201.708 | 1.411.597.541 |
| Non-controlling company's share | | 5.177.819 | 5.318.285 |
| Total Equity | | 1.515.379.527 | 1.416.915.826 |
| Total liabilities and equity | | $ 12.633.388.405 | $ 10.268.615.576 |

The accompanying notes are an integral part of the financial statements

JAVIER DIAZ FAJARDO
Legal Representative

JAIRO PEDRAZA CUBILLOS
Accountant
Professional Card 36799-T

VICTOR MANUEL RAMIREZ VARGAS
Statutory Auditor
Professional Card 151419 -T
Member of BDO Audit S.A.S BIC

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

BANCOLDEX
PROMUEVE EL DESARROLLO EMPRESARIAL

**CONSOLIDATED STATEMENT OF INCOME**
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**
**(In thousands of Colombian pesos, except net profit per share)**

| | Note | 2022 | 2021 |
|---|---|---|---|
| OPERATING INCOME: | | | |
| Portfolio financial income and financial leasing operations | | $ 809.832.277 | $ 409.877.008 |
| Valuation of investments at fair value - debt instruments, net | | 38.664.445 | 156.492.379 |
| Valuation of investments at amortized cost, net | | 199.661.258 | 141.168 |
| Commissions and fees | | 40.711.397 | 33.449.499 |
| Income from valuation of money market operations, net | | 979.126 | 3.615.795 |
| Gain on sale of investments - debt instruments, net | | 565.153 | - |
| Gain on sale of investments - equity instruments, net | | - | 8.574.621 |
| Profit on the valuation of derivatives - speculative, net | | 161.530.115 | 67.423.757 |
| Valuation of derivatives - hedging, net | | 21.714.560 | 143.693.735 |
| | | 1.273.658.331 | 823.267.962 |
| OPERATING EXPENSES:: | | | |
| Interest on deposits and current liabilities | | 271.477.904 | 86.159.606 |
| Interest on bank loans and other financial obligations | | 209.596.634 | 45.753.364 |
| Financial expenses other interest, net | | 81.625.079 | 61.214.610 |
| Loss on sale of assets received in payment and returned, net | | 915.859 | 1.543.313 |
| Valuation of investments at fair value - equity instruments, net | | 1.172.870 | 563.601 |
| Commissions | | 15.296.535 | 22.596.339 |
| Loss on Sale of Investments - debt instruments, net | | - | 2.534.349 |
| Exchange difference loss, net | | 396.485.319 | 353.972.945 |
| | | 976.570.200 | 574.338.127 |
| RECOVERY (IMPAIRMENT) OF ASSETS | | | |
| Loan portfolio and financial leasing operations, net | | (33.097.338) | (43.625.691) |
| Leasing operations operating, ne | | - | 255.982 |
| Accounts receivable, net | | (11.154.596) | (3.045.272) |
| Assets received in payment and returned | | 80.545 | 3.604.113 |
| Investments | | (327.516) | (9.536.330) |
| | | (44.498.905) | (52.347.198) |
| DIRECT OPERATING INCOME | | 252.589.226 | 196.582.637 |
| OTHER OPERATING INCOME AND EXPENSES - NET | | | |
| OPERATING INCOME | | | |
| Dividends and Shares | | 2.051.022 | 1.838.297 |
| Equity method, net | | 51.633 | 1.715.600 |
| Others | 26 | 23.553.258 | 9.742.726 |
| | | 25.655.913 | 13.296.623 |
| OPERATIONAL EXPENSES | | | |
| Employee benefits | | 89.532.936 | 80.449.313 |
| Fees | | 8.113.215 | 7.204.528 |
| Taxes and rates | | 35.101.941 | 25.111.000 |
| Leases | | 5.094.505 | 6.582.873 |
| Depreciations | | 5.316.850 | 4.074.279 |
| Amortizations | | 2.874.323 | 2.906.305 |
| Others | 27 | 36.762.945 | 35.095.811 |
| | | 182.796.715 | 161.424.109 |
| PROFIT, BEFORE INCOME TAX | | 95.448.424 | 48.455.151 |
| INCOME TAX | 28,2 | 49.402.785 | 22.224.647 |
| | | $ 46.045.639 | $ 26.230.504 |
| INCOME FOR THE YEAR | | | |
| EARNINGS OF NON-CONTROLLING COMPANY'S SHARE | | 92.436 | 10.078 |
| EARNINGS ATTRIBUTABLE TO OWNERS | | 45.953.203 | 26.220.426 |
| INCOME FOR THE YEAR | | $ 46.045.639 | $ 26.230.504 |
| EARNINGS PER SHARE | 25,3 | $ 43,33 | $ 24,69 |

The accompanying notes are an integral part of the financial statements

**JAVIER DIAZ FAJARDO**
Legal Representative

**JAIRO PEDRAZA CUBILLOS**
Accountant
Professionl card 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**

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

| | Nota | 2022 | 2021 |
|---|---|---|---|
| EARNINGS FOR THE YEAR | | $ 46.045.639 | $ 26.230.504 |
| 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 | | | |
| (Impairment) valuation at fair value private equity fund | | 65.945.537 | (53.397.106) |
| Valuation (Depreciation) at fair value of equity instruments | | 4.305.013 | 5.548.927 |
| Valoración a valor razonable fondo de capital privado en moneda extranjera | | (21.608.745) | 18.825.911 |
| | | 48.641.805 | (29.022.268) |
| Valuation at fair value private equity fund in foreign currency | | | |
| (Devaluation) valuation of 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** | | 48.663.576 | (32.082.715) |
| **Componentes de otro resultado integral que se reclasificarán al resultado del periodo** | | | |
| Investments financial assets available for sale, net deferred tax | | | |
| (Devaluation) Valuation of debt instruments - fixed-rate TES | | (78.316.150) | (3.745.114) |
| Devaluation of debt instruments TES Green bonds | | (11.247.600) | (1.263.087) |
| Valuation of debt instruments -fixed-rate CDT | | (41.969) | - |
| (Devaluation) Valuation of debt instruments Yankess Bonds | 8,2 | 170.127.787 | (189.978.351) |
| | | 80.522.068 | (194.986.552) |
| Property and equipment | | | |
| Vehicles | | - | (8.583) |
| | | - | (8.583) |
| Cash flow hedges | | | |
| Cash flow hedges, net deferred tax | | (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 joint ventures accounted for using the equity method that will be reclassified to the result of the period | | | |
| Investments in associates | | 117.055 | (109.076) |
| | | 117.055 | (109.076) |
| Others | | | |
| Adjustments in the application for the first time, net deferred tax | | - | 2.318 |
| (losses) profit non-controlling interests | | (31.147) | 97.101 |
| (losses) profits controlling interests | | (117.305) | 812.087 |
| Difference between accumulated profit | | - | 16.716.089 |
| | | (148.452) | 17.627.595 |
| **Total other comprehensive income that will be reclassified to income for the period, net of taxes** | | 58.395.787 | (174.912.992) |
| **Total other comprehensive income** | | 107.059.363 | (206.995.707) |
| TOTAL COMPREHENSIVE INCOME | | $ 153.105.002 | $ (180.765.203) |
| COMPREHENSIVE INCOME ATTRIBUTABLE TO | | | |
| COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY'S OWNERS | | 107.090.510 | (207.089.845) |
| COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING COMPANY'S SHARES | | (31.147) | 94.138 |
| | | $ 107.059.363 | $ (206.995.707) |

The accompanying notes are an integral part of the financial statements.

**JAVIER DIAZ FAJARDO**
Legal Representative

**JAIRO PEDRAZA CUBILLOS**
Accountant

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

**CONSOLIDATED STATEMENTS OF CHANGES IN 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** | **Results previous years** | **Profit for the year** | **Total parent company's share** | **Non-controlling company's share** | **Shareholders equity** |
| BALANCE AS OF JANUARY 1, 2021 | | $ 1.062.594.968 | $ 171.287.664 | $ 49.346.690 | $ 27.845.177 | $ 15.795 | $ 321.902.065 | $ (36.985.932) | $ 127.888.254 | $ 1.723.894.681 | $ 5.291.081 | $ 1.729.185.762 |
| Transfer to accumulated earnings from previous years | | - | - | - | - | | - | 127.888.254 | (127.888.254) | - | - | - |
| Distribution of net income for the period | 25,4 | - | 13.277.520 | - | 4.761.348 | - | - | (132.703.491) | - | (114.664.623) | - | (114.664.623) |
| Movement in the year | | - | - | - | - | - | 94.138 | (16.867.314) | 10.078 | (16.763.098) | (77.012) | (16.840.110) |
| Other comprehensive income | | - | - | - | - | - | (207.089.845) | - | - | (207.089.845) | 94.138 | (206.995.707) |
| Earnings for the year | | - | - | - | - | - | - | - | 26.220.426 | 26.220.426 | 10.078 | 26.230.504 |
| BALANCE AS OF DECEMBER 31, 2021 | | $ 1.062.594.968 | $ 184.565.184 | $ 49.346.690 | $ 32.606.525 | $ 15.795 | $ 114.906.358 | $ (58.668.483) | $ 26.230.504 | $ 1.411.597.541 | $ 5.318.285 | $ 1.416.915.826 |
| Transfer to accumulated earnings from previous years | | - | - | - | - | - | - | 26.230.504 | (26.230.504) | - | - | - |
| Distribution of net income for the period | 25,4 | - | 5.539.238 | - | (4.721.765) | | - | (55.318.308) | - | (54.500.835) | - | (54.500.835) |
| Movement in the year | | - | - | - | - | - | (31.147) | - | 92.436 | 61.289 | (201.755) | (140.466) |
| Other comprehensive income | | - | - | - | - | - | 107.090.510 | - | - | 107.090.510 | (31.147) | 107.059.363 |
| Earnings for the year | | - | - | - | - | - | - | - | 45.953.203 | 45.953.203 | 92.436 | 46.045.639 |
| BALANCE AS OF DECEMBER 31, 2022 | | $ 1.062.594.968 | $ 190.104.422 | $ 49.346.690 | $ 27.884.760 | $ 15.795 | $ 221.965.721 | $ (87.756.287) | $ 46.045.639 | $ 1.510.201.708 | $ 5.177.819 | $ 1.515.379.527 |

The accompanying notes are an integral part of the financial statements.

**JAVIER DIAZ FAJARDO**
Legal Representative

**JAIRO PEDRAZA CUBILLOS**
Accountant
Professional card 36799-T

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

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

**CONSOLIDATED 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: | | |
| Earnings for the year | $ 46.045.639 | $ 26.230.504 |
| Adjustments to reconcile net income and net cash | | |
| (usado en) provisto por las actividades de operación: | | |
| Income tax | 49.402.785 | 22.224.647 |
| Impairment of Investment | 2.924.855 | 9.541.836 |
| Impairment of loan portfolio | 97.509.116 | 85.406.687 |
| Impairment of accounts receivable | 12.308.772 | 5.264.009 |
| Impairment of non-current assets held for sale | 1.859.295 | 6.402.727 |
| Impairment of other assets | 2.000 | 17.000 |
| Layoffs Expense | 2.399.263 | 2.081.627 |
| Depreciation of property and equipment | 1.530.857 | 1.671.480 |
| Depreciation of goods in use | 3.411.223 | 2.009.086 |
| Depreciation of property and equipment under operating leases | 374.770 | 393.712 |
| Valuation of property and equipment | (987.532) | - |
| Amortization of intangible | 2.874.323 | 2.906.305 |
| Loss on sale of non-current assets held for sale, net | 444.913 | 2.591.060 |
| Loss on sale of property and equipment, net | - | 10.896 |
| Gain on sale of investments, net | (565.153) | (6.040.273) |
| Reimbursement of loan portfolio provision | (64.410.964) | (41.789.193) |
| Reimbursement of accounts receivable | (1.154.176) | (2.218.737) |
| Reimbursement of provision for non-current assets held for sale | (1.939.839) | (10.006.829) |
| Reimbursement of provision for goods delivered under operating lease | - | (255.982) |
| Bank restatement in foreign currency | 3.830.719 | 1.961.746 |
| Valuation of investments with changes in results | (237.152.834) | (156.069.946) |
| Equity method profits with changes in results | (51.633) | (1.715.600) |
| Valuation of Derivative financial instruments with changes in results - Trading | (161.530.115) | (67.423.757) |
| Equity decrease as a result of consolidation | (140.466) | (16.840.111) |
| Subtotal | (289.059.821) | (159.877.610) |
| Variation in operating accounts | | |
| Increase (Decrease) in other comprehensive income | 107.059.363 | (206.995.707) |
| (Increase) decrease in derivative financial instruments | 271.237.324 | (161.420.015) |
| (Increase) decrease in loan portfolio | (1.406.058.623) | 403.213.360 |
| Decrease in accounts receivable | 8.016.472 | 43.356.707 |
| (Increase) decrease in property and equipment | (244.825) | 1.250.244 |
| (Increase) assets in use | (65.325) | - |
| Increase in intangible assets | (1.279.782) | (823.231) |
| (Decrease) increase deferred tax asset | 28.118.206 | (197.386.451) |
| (Increase) decrease in other assets | (7.599.638) | 9.741.690 |
| (Decrease) increase in customer deposits | (154.807.176) | 522.223.747 |
| Financial lease liability increase | 4.491.563 | 2.606.679 |
| Deferred tax liability increase | 62.780.277 | 128.137.259 |
| Decrease accounts payable | (40.778.895) | (64.793.012) |
| Increase (decrease) in employee benefits | 2.827.186 | (1.486.332) |
| Increase (decrease) provisions | 86.924 | (334.110) |
| (Decrease) increase others liabilities | (91.044.920) | 14.113.475 |
| Severance pay | (2.127.157) | (1.760.383) |
| Total adjustments | (1.219.389.026) | 487.037.241 |
| Net cash provided by (used in) operating activities | (1.462.403.208) | 353.390.135 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Increase in money market operations | (266.061.184) | (205.147.485) |
| Increase (decrease) in investments | (594.295.581) | 217.314.826 |
| Additions of non-current assets held for sale | (18.490.992) | (5.562.360) |
| Purchase of property and equipment | (332.745) | (46.972) |
| Purchase assets in use | (8.771.334) | (4.428.328) |
| Purchase of property and equipment under operating leases | - | (4.414.737) |
| Purchase of intangible assets | (1.277.682) | (186.627) |
| Proceeds from the sale of property and equipment | 317.683 | 3.500 |
| Proceeds from the sale of goods in use | 5.127.794 | 2.718 |
| Proceeds from the sale of non-current assets held for sale | 8.488.946 | 16.172.112 |
| Net cash provided by (used in) investing activities | (875.295.095) | 13.706.647 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Decrease passive positions in money market operations | - | (58.652.741) |
| Increase (decrease) other deposits in guarantees | (32.161.198) | 24.223.265 |
| (Decrease) increase in bank loans and other financial obligations | 2.448.085.637 | (238.009.741) |
| Payment of dividends | (54.500.835) | (114.664.623) |
| Issuance of shares | - | - |
| Premium on placement of shares | - | - |
| Net cash (used in) provided by financing activities | 2.361.423.604 | (384.497.161) |
| Effect of exchange difference on cash and cash equivalents | (3.830.719) | (1.961.746) |
| INCREASE (DECREASE) NET IN CASH AND CASH EQUIVALENTS | 19.894.582 | (19.362.125) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 146.445.872 | 165.807.997 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | $ 166.340.454 | $ 146.445.872 |

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)

## 1. REPORTING ENTITY

**1.1. Economic 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 pursuant to 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's 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 89.32% of Fiduciaria Colombiana de Comercio Exterior S.A. – Fiducóldex, a stock corporation, a 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.

**1.2. Amounts consolidated by Entity -** Below is a list of the amount of the consolidated assets, liabilities, and equity broken down by entity and their share percentage on the consolidated amount, including eliminations as of December 31, 2022, and 2021 (figures stated in millions of Colombian pesos):

| 2022 | Assets | Share % | Liabilities | Share % | Equity | Share % | Gain for the year | Share % |
|---|---|---|---|---|---|---|---|---|
| Bancóldex | $ 12,858,951 | 101.79 | $ 11,349,378 | 102.08 | $ 1,509,573 | 99.62 | $ 45,898 | 99.68 |
| Fiducóldex | 64,750 | 0.51 | 8,829 | 0.08 | 55,921 | 3.69 | 890 | 1.93 |
| Deferred tax liabilities | (239,283) | (1.89) | (239,283) | (2.15) | - | - | - | - |
| Net Effect of Eliminations | (51,030) | (0.40) | (916) | 0.00 | (50,114) | (3.31) | (743) | (1.61) |
| Consolidated | $ 12,633,388 | 100.00 | $ 11,118,008 | 100.00 | $ 1,515,380 | 100.00 | $ 46,045 | 100.00 |

**2021**

| | Assets | Share % | Liabilities | Share % | Equity | Share % | Gain for the year | Share % |
|---|---|---|---|---|---|---|---|---|
| Bancóldex | $ 10,479,983 | 102.06 | $ 9,068,899 | 102.45 | $1,411,084 | 99.59 | $ 26,285 | 100.21 |
| Fiducóldex | 63,634 | 0.62 | 8,518 | 0.10 | 55,116 | 3.89 | 94 | 0.36 |
| Deferred tax liabilities | (225,046) | (2.19) | (225,046) | (2.54) | - | - | - | - |
| Net Effect of Eliminations | (49,955) | (0.49) | (671) | (0.01) | (49,284) | (3.48) | (150) | (0.57) |
| Consolidated | $ 10,268,616 | 100.00 | $ 8,851,700 | 100.00 | $1,416,916 | 100.00 | $ 26,229 | 100.00 |

## 2. PRESENTATION STANDARDS OF FINANCIAL STATEMENTS

**2.1. Accounting standards applied -** The accompanying consolidated financial statements of the Bank and its subsidiary (hereinafter “the Group”), in accordance with the current provisions established by Law 1314 of 2009, which was regulated, compilated, and updated by Decree 1611 de 2022, Decree 938/2021 and previous Decrees, were prepared pursuant to 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.

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

**2.2. Basis of preparation**

a) The Bank and its subsidiary have defined in its bylaws to close its accounts, prepare, and disseminate general-purpose financial statements once a year. 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** - The consolidated financial statements were prepared on a going concern basis. It was determined that there are no uncertainties about facts, events, or conditions that may cast significant doubt about the Entities’ ability to continue as a going concern. The judgments used to determine whether the Entities are going concerns are related to evaluating the current financial position, ¬current intentions¬, the results of operations, and access to financial resources in the financial market, considering their impact on future operations. No situation was determined that would make it impossible for the Entities to operate as a going concern.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of the consolidated financial statements are summarized hereafter.

**3.1. Consolidation and equity method -** Under Colombian law and IFRS 10, Entities must prepare consolidated and separate financial statements. The separate financial statements serve as the basis for distributing dividends and other allocations by the shareholders. The consolidated financial statements are presented to the General Meeting of Shareholders and show the assets, liabilities, equity, income, expenses, and cash flows of the parent company and its subsidiary as if they were a single economic entity.

*Controlled entities - Following IFRS 10, the Bank is required to prepare consolidated financial statements with Entities where it has control. The Bank has control over another entity if, and only if, it has all of the following elements:*

- *Power over the investee that gives it the ability to direct the relevant activities that significantly affect the investee's returns*

- *Exposure, or rights, to variable returns from its involvement with the investee*

- *The ability to use its power over the investee to influence the amount of investor returns*

In the consolidation process, the Bank combines the assets, liabilities, and profit or loss of the Entities to exercise control after homogenizing their accounting policies. In this process, reciprocal transactions and unrealized profits between them are eliminated. The non-controlling interests in the controlled entities Aare presented in equity separately from the equity of the Bank's stockholders.

*Homogenization of accounting policies.* The Bank homogenizes accounting policies to apply them uniformly to transactions and other events that, being alike, have occurred in similar circumstances.

**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 assets -** All regular purchases or sales of financial assets are recognized and derecognized on the trade date. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the term established by regulation or by the market.

All recognized financial assets are subsequently measured at either amortized cost or fair value, depending on the classification of financial assets.

*3.5.1 Classification of financial assets* - Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

- The contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value recognized in other comprehensive income:

- The financial asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling the financial assets; and

- The contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss.

Notwithstanding the preceding, the Bank and its subsidiary may make the following irrevocable election at the time of initial recognition of a financial asset:

- The Bank and its subsidiary may irrevocably elect to present subsequent changes in the fair value of an equity investment in other comprehensive income if certain criteria are met (see 3.5.1.2); and
- The Bank and its subsidiary may irrevocably designate a debt investment that meets the amortized cost or fair value criteria recognized in other comprehensive income measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch (see 3.5.1.3).

*3.5.1.1 Amortized cost and effective interest method:* The effective interest method is a way to calculate the amortized cost of a debt instrument and allocate interest income over the relevant period.

For financial instruments other than acquired or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that are part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, over the debt instrument's expected life or, if shorter, the gross carrying amount on initial recognition. For acquired or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, at the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured on initial recognition less principal repayments, plus the cumulative amortization (using the effective interest method) of any difference between the initial amount and the maturity amount adjusted for any tolerable losses. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjustment for any provision for losses.

Revenue from interest is recognized using the effective interest method for debt instruments subsequently measured at amortized cost and fair value recognized in other comprehensive income. For financial instruments other than acquired or originated credit-impaired financial assets, revenue from interest is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that are subsequently impaired (see 3.5.3). For financial assets that are subsequently impaired, revenue from interest is recognized by applying the effective interest rate to the amortized cost of the financial asset. If in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For acquired or originated credit-impaired financial assets, the Bank and its subsidiary recognize interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset on initial recognition. The calculation does not revert to the gross basis, even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

For financial instruments other than acquired or originated credit-impaired financial assets, the Bank and its subsidiary recognize revenue from interest by applying the effective interest rate without transaction costs if not material because Bancóldex is a second-tier bank.

*3.5.1.2 Equity instruments designated as at fair value through other comprehensive income:* On initial recognition, the Bank and its subsidiary may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments at fair value through other comprehensive income. Designation at fair value recognized in other comprehensive income is not permitted if the equity investment is held for trading or if it is a contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies.

A financial asset is held for trading if:

- it is acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Bank manages together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). Investments in equity instruments at fair value recognized in other comprehensive income are initially measured at fair value.

Subsequently, they are measured at fair value with gains and losses from changes in fair value recognized in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to gain or loss on the disposal of equity investments. Instead, they will be transferred to retained earnings.

Dividends on these equity investments are recognized in profit or loss when the Bank's right to receive the dividends is established following IFRS 15 Income unless the dividends represent a recovery of part of the investment cost.

*3.5.1.3 Financial assets at fair value through profit or loss:* Financial assets that do not meet the criteria to be measured at amortized cost or at fair value recognized in other comprehensive income (see 3.5.1.1 and 3.5.1.2) are measured at fair value through profit or loss. Specifically:

- Investments in equity instruments are classified as measured at fair value through profit or loss unless the Bank and its subsidiary designate an equity investment that is neither held for trading nor has contingent consideration from a business combination at fair value recognized in other comprehensive income on initial recognition (see 3.5.1.2).

- Debt instruments that do not meet the amortized cost criteria or fair value through other comprehensive income criteria (see 3.5.1.1) are classified as fair value through profit or loss. In addition, debt instruments that meet the amortized cost criteria or fair value through other comprehensive income criteria may be designated at fair value through profit or loss on initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing gains and losses on them on different bases.

Financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period, with any fair value gain or loss recognized in profit or loss to the extent that they are not part of a designated hedging relationship (see 3.9).

*3.5.2 Foreign currency gains and losses* - The carrying amount of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss under "other gains and losses";

- For debt instruments measured at fair value recognized in other comprehensive income that are not part of a designated hedging relationship, exchange differences in the amortized cost of the debt instrument are recognized in profit or loss under other gains and losses. Other exchange differences are recognized in other comprehensive income in the investment revaluation reserve;

- For financial assets measured at fair value through profit or loss that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss under other gains and losses; and

- For equity instruments measured at fair value recognized in other comprehensive income, exchange differences are recognized in other comprehensive income in the investment revaluation reserve.

*3.5.3 Impairment of financial assets* - The Bank and its subsidiary recognize a provision for expected credit losses on investments in debt instruments that are measured at amortized cost or fair value recognized in other comprehensive income, as well as on credit commitments. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the financial instrument's initial recognition.

The Bank and its subsidiary always recognize expected credit losses over the life of the loan for the portfolio. Expected credit losses on these financial assets are estimated using a reserve matrix based on the Bank's and its subsidiary's historical credit loss experience, adjusted for factors specific to the obligors, general economic conditions, and an assessment of both current management and expected conditions at the reporting date, including the time value of money where applicable.

For all other financial instruments, the Bank and its subsidiary recognize expected credit losses over the life of the loan when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Bank, and its subsidiary measure the reserve for losses for that financial instrument at an amount equal to 12 months of expected credit losses over the loan's life. The assessment of whether to recognize expected credit losses over the loan's life is based on significant increases in the probability or risk of a default occurring since initial recognition rather than on evidence that a financial asset is impaired at the reporting date or an actual default occurs.

Lifetime expected credit losses represent the expected credit losses that will result from all possible events of default over the expected life of a financial instrument. In contrast, 12 months of lifetime expected credit losses represent the portion of lifetime expected credit losses over the loan's life that is expected to result from potential events of default on a financial instrument within 12 months of the reporting date.

The duration of expected credit losses over the life of other accounts receivable represents the expected credit losses that will result from a significant increase in credit risk. If the risk has not increased since initial recognition, the reserve for losses is measured at an amount equal to the expected credit losses for the next 12 months applying this simplified model for accounts receivable other than those related to the loan portfolio.

*3.5.3.1 Significant increase in credit risk:* In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank and its subsidiary compare the risk of default on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Bank and its subsidiary consider quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information available without cost or effort. Forward-looking information includes the future outlook for the industries in which the Bank's and its subsidiary's debtors operate. It is obtained from reports of economic experts, financial analysts, government agencies, relevant think tanks, and other similar organizations and consideration of various external sources of actual and forecast economic information related to the Bank's and its subsidiary's principal operations.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

- A significant actual or expected deterioration in the external (if available) or internal credit rating of the financial instrument;
- Significant deterioration in external market credit risk indicators for a particular financial instrument; for example, a significant increase in the credit spread, the debtor's credit default of interest rate swap prices, or the time or extent to which the fair value of a financial asset has been less than its amortized cost;
- Existing or anticipated adverse changes in business, financial, or economic conditions that are expected to cause a significant decline in the debtor's ability to meet its debt obligations;
- A significant actual or expected impairment of the debtor's operating profit or loss;
- Significant increases in credit risk in other financial instruments of the same debtor;
- An actual or expected material adverse change in the debtor's regulatory, economic, or technological environment that results in a significant decrease in the debtor's ability to fulfill its debt obligations

Regardless of the outcome of this assessment, the Bank and its subsidiary presume that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days overdue unless the Bank and its subsidiary have reasonable and reliable information to the contrary.

Notwithstanding the above, the Bank and its subsidiary assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have a low credit risk at the reporting date. A financial instrument is bound to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a high capacity to fulfill its contractual cash flow obligations in the short term, and iii) adverse changes in economic performance and business conditions over the longer term may, but do not necessarily, reduce the borrower's ability to fulfill its contractual cash flow obligations. The Bank and its subsidiary consider a financial asset to have a low credit risk when it has an internal or external credit rating of "investment grade" as defined globally.

For loan commitments and financial guarantee contracts, the date on which the Bank and its subsidiary become party to the irrevocable commitment is considered the date of initial recognition for assessing impairment of the financial instrument. In assessing whether there has been a significant increase in credit risk since the initial recognition of a loan commitment, the Bank and its subsidiary consider changes in the risk of default of the loan to which a loan commitment relates.

The Bank and its subsidiary regularly monitor the effectiveness of the criteria used to identify whether a significant increase in credit risk has occurred and review them as appropriate to ensure that the criteria can identify a significant increase in credit risk before the amount is past due.

*3.5.3.2 Definition of credit in default:* The Bank and its subsidiary consider the following to constitute an event of default for internal credit risk management purposes. Historical experience indicates that accounts receivable meeting any of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Bank and its subsidiary, in full (excluding any collateral held by the Bank and its subsidiary).

Regardless of this analysis, the Bank and its subsidiary consider that a default has occurred when a financial asset is more than 90 days overdue unless the Bank and its subsidiary have reasonable and supportable information to demonstrate that a default criterion with more overdue days is appropriate.

*3.5.3.3 Impaired financial assets:* A financial asset is credit-impaired when one or more events have occurred that have a detrimental impact on that financial asset's estimated future cash flows. Evidence that a financial asset is credit-impaired includes observable inputs on the following events:

a) Significant financial difficulty of the issuer or borrower;

b) A breach of contract, such as a default or delinquency (see 3.5.3.2);

c) The lender(s), for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

d) It becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

The disappearance of an active market for that financial asset because of financial difficulties.

*3.5.3.4 Write-off policy:* The Bank and its subsidiary write off a financial asset when there is an indication that the counterparty is in serious financial difficulty and there is no realistic prospect of recovery; for example, when the counterparty has been placed in liquidation or has entered bankruptcy proceedings, or in the case of trade receivables, when balances are over two years past due, whichever is earlier. Derecognized financial assets may still be subject to performance activities following the Bank's and its subsidiary's recovery procedures, as legally advised. Any realized recoveries are recognized in profit or loss.

*3.5.3.5 Measurement and recognition of expected credit losses:* The measurement of expected credit losses is a function of the probability of default, the loss given default (i.e., the magnitude of loss if a default occurs), and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted for forward-looking information as described above. For exposure at default for financial assets, this is represented by the gross carrying amount of the assets at the reporting date. For credit commitments and financial guarantee contracts, the exposure includes the amount stated at the reporting date, together with any additional amount expected to be obtained in the future per default date determined based on historical trend, the understanding of the specific future of the Bank and its subsidiary, the debtors' financing needs, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows owed to the Bank and its subsidiary under the contract, and all cash flows that the Bank and its subsidiary expect to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used to determine expected credit losses are consistent with the cash flows used in measuring the lease receivable under IFRS 16 Leases.

If the Bank and its subsidiary have measured the provision for loss of a financial instrument at an amount equal to the expected lifetime credit losses in the prior reporting period but determine at the current reporting date that the conditions for expected lifetime credit losses are no longer met, the Bank and its subsidiary measure the provision for loss at an amount equal to 12-month expected lifetime credit losses at the current reporting date.

The Bank and its subsidiary recognize an impairment loss or gain in profit or loss for all financial instruments with an adjustment to their carrying amount through a provision for loss account, except for investments in debt instruments that are measured at fair value recognized in other comprehensive income, for which the provision for loss, other comprehensive income, and accruals are recognized in the investment revaluation reserve, without reducing the carrying amount of the financial asset in the statement of financial position.

*3.5.4 Derecognition of financial assets* - The Bank and its subsidiary derecognize a financial asset only when the contractual rights to the cash flows from the asset expire or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Bank and its subsidiary neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Bank and its subsidiary recognize its retained interest in the asset and an associated liability for amounts payable. If the Bank and its subsidiary retain substantially all the risks and rewards of ownership of a transferred financial asset, the Bank and its subsidiary continue to recognize the financial asset and a secured borrowing for the proceeds received.

Upon derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

**3.6. Financial investment assets - The Bank and its subsidiary value most of its investments using the** information provided by the price vendor, PRECIA S.A. The vendor provides inputs for the valuation of investments (prices, rates, curves, spreads, etc.).

*Fair value estimate* - Following IFRS 13 Fair Value Measurement, fair value is 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.
Accordingly, the fair value valuations of the Bank's and its subsidiary's investment financial assets are made as follows:

- The information provided by the price supplier, PRECIA S.A., is used for those instruments for which valuation inputs are published daily, under previously approved investment valuation methods.

- The fair value of financial assets that are not quoted in an active market is determined using valuation techniques. The Bank and its subsidiary use various methods and make assumptions based on market conditions existing at each reporting date. The valuation techniques used include the use of recent comparable and arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models, and other valuation techniques commonly used by market participants, maximizing market data and minimizing unobservable inputs.

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.<br>Prices determined by PRECIA S.A. price provider are used for valuation.<br>In cases where there is not fair value determined at valuation day, valuation should be conducted exponentially from the internal return rate. The fair market exchange value or price of the respective security should be calculated by adding the present value of future cash flows for yields and capital. | 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.<br>The difference between the current fair value and the immediately preceding fair value is recorded as goodwill and negative goodwill, and its offsetting entry affects the profit and loss of the period. |

| Classification | Characteristics | Valuation | Accounting |
|---|---|---|---|
| | | 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. | 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.<br>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.<br>Similarly, they may be provided as collateral in a central counterparty clearing house in order to support the accepted operation performance for offsetting and settlement and/or as collateral for monetary market operations. | Exponentially, based on the internal return rate calculated at the time of purchase on a 365-day year basis.<br>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.<br>The present value is accounted as investment goodwill and its offsetting entry is recorded in the profit and loss of the period.<br>The uncollected receivable returns are recorded as investment goodwill and their collection is accounted as negative goodwill.<br>This procedure is carried out daily. |
| Available-for-sale - in equity instruments | This category includes investments in subsidiaries, associates, private equity funds, Fondo Nacional de | Investments in subsidiaries must be accounted for in Bancóldex or the controlling company's books using the | The effect of the investor's interest valuation is recognized in the respective Unrealized |

| Classification | Characteristics | Valuation | Accounting |
|---|---|---|---|
| | Garantías, Bladex and interests in joint ventures that give the Entities the status of co-owner of the issuer. | equity method in the consolidated financial statements.<br><br>In cases when the standards of the Code of Commerce or other legal provisions do not provide the accounting treatment of investments in subsidiaries, branches, associates, and shares in joint ventures, they should comply with the provisions set out in IAS 27, IAS 28, and IAS 11, as appropriate.<br><br>Equity investments are valued at fair value. Changes in fair value are recorded directly through other comprehensive income until the financial asset is derecognized in the statement of financial position or impaired, when the amount recognized therein is charged to income for the period. | Profit or Loss (other comprehensive income) account, with a charge or credit to the investment.<br><br>Dividends distributed in kind or in cash should be recorded as income, adjusting the corresponding Unrealized Profit or Loss account (maximum up to their accumulated value) and, if necessary, the value of the investment in the amount of the surplus on that account. |

*Fiduciary rights* – The Entities value these investments with the information provided by the relevant management company or PRECIA S.A. (unit value).

*Investment repurchase rights* - These are restricted investments that represent collateral for investment repurchase agreements. The Entities retain the economic rights and benefits associated with the security and all the risks inherent to it although they transfer 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.

*I 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.

**3.7. Loan portfolio and lease operations** - The provision of criteria applicable to the presentation, classification, assessment, and valuation of the loan portfolio, credit risk, restructurings, portfolio impairment, portfolio write-offs, among others, will be recognized under IFRS 9. The resources used in granting loans come from own resources, the public as deposits, and other external and internal financing sources. Loans are posted at the disbursement amount, except for Bancóldex's discounted commercial portfolio accounted for at the discount.

*Classification of the loan portfolio* - The classification of the Entities' loan portfolio includes the following modalities:

- *Commercial* - granted to individuals or legal entities for the performance of organized economic activities other than microcredits. Bancóldex's portfolio is a rediscount portfolio, a traditional mechanism for the placement of second-tier banking resources. It consists of second-tier repurchase or discount of securities for entities of the Colombian financial system, which have made the initial discount of the security to individuals or legal entities.

In the case of Bancóldex, it only applies to the financing of business activities. Currently, promissory notes signed with companies (legal entities or individuals with production activity) before an eligible financial entity, with a current and available limit in Bancóldex—which is assigned through endorsement—are rediscounted.

This portfolio includes:

*Agreements*: These are loans disbursed by Bancóldex under the modality of agreements with contributions from third parties. The Bank grants this portfolio in the following categories:

- - With rate offset with third party resources due to the differential of market lending rates offered by the Bank

- - With rate offset with third party resources and the Bank's resources due to the spread of market lending rates offered by the Bank

The contributor essentially assumes the resulting differential between the contractual rate and the market rate.

*Discount of draft*: Financial instrument that consists of purchasing at a discount and without recourse (eliminating the seller's responsibility for payment in the event of default by the bill acceptor) a percentage of the amount of securities originated in domestic commercial transactions for the sale of goods or services on credit, covered by an insurance policy issued by an eligible insurance company and duly authorized by the Bank.

*Portfolio at market rates:* This is a line of credit granted in Colombian or foreign currency aimed at Colombian financial intermediaries with a credit limit in force and available at the Bank so that they, in turn, may carry out active credit operations in the currency that are expressly authorized by Colombian legislation and aimed at financing operations with the business sector.

*Special lines portfolio*: These are the loans disbursed by the Bank under the special lines modality. This portfolio is granted by the Bank with rate offset directly. Due to the differential of the active rates offered in certain lines, the Bank will assume this rate differential in full.

- *Consumer and Housing* - They are loans to employees and former employees (granted before their retirement.)

*Interest accrual* - Revenue from interest on a financial asset is recognized when it is probable that the economic benefits associated with the transaction will flow to the Bank, and the amount of revenue can be measured reliably. Revenue from interest is recognized over time by reference to the principal outstanding and the applicable effective interest rate, which is the discount rate that exactly matches the estimated cash flows receivable or payable over the financial instrument's expected life to the net carrying amount on initial recognition.

Revenues are recognized on the following bases:

Interest is recognized using the effective interest method. The effective interest method calculates the amortized cost of an asset and allocates revenue or cost from interest over the relevant period. The effective interest rate is the rate that exactly equals the estimated future cash payments or receipts over the financial instrument's expected life, or when appropriate, for a shorter period, to the asset's net carrying amount on initial recognition. To calculate the effective interest rate, cash flows are estimated considering all contractual terms of the financial instrument without future credit losses and the initial transaction or grant balance, transaction costs, and premiums granted less commissions and discounts received that form an integral part of the effective rate.

From a legal point of view, default interest is contractually agreed and can be assimilated to variable interest caused by a debtor's default. Such interest is accrued from the time in which the contractual obligation to do so arises, independent of future credit losses, as established in the definition of the effective interest rate. Therefore, such balance is part of the total indebtedness with the customer assessed for impairment following the procedures for such purpose, either through individual or collective assessment.

*Impairment - IFRS 9 Expected Loss Approach* – The method used by the Entities to measure impairment of financial assets is based on the expected loss method. The Bancóldex Group follows the guidelines defined by IASB in IFRS 9 (Financial Instruments).

IFRS 9 establishes an expected loss model based on three components of credit loss: probability of default (PD), exposure at default (EAD), and loss given default (LGD).

*PD (probability of default)* - It is defined as the probability that a counterparty will not be able to fulfill its obligations within a certain period and thus be classified as default. To estimate default probabilities in the different segments, the Bancóldex Group used two methods: transition matrices and benchmark data. The transition matrices were used for the most representative part of the portfolio using as input the history of risk ratings of the debtors of the group's entities. The benchmark method is used when there is not enough historical information to calculate the probabilities of default. Therefore, the historical information of a similar entity is used.

*LGD (loss given default)* - It represents the portion of the exposure that is not recovered when the borrower defaults. Several approaches were used to determine the LGD, considering the available information and the behavior of the portfolio. For the Bank, industry best practices (Basel, Financial Superintendence of Colombia, and regional Recovery Rates) were used as a reference to assign the LGD to the most significant segments.

IFRS 9 establishes the calculation of the expected loss for credit risk based on a three-step classification of transactions:

Stage 1.- Assets with no significant deterioration in their credit quality since their initial recognition or a low credit risk at the calculation date. The expected loss will be recognized over a 12-month horizon.

Stage 2.- Assets with a significant increase in their credit quality since initial recognition or a low credit risk at the calculation date. The expected loss will be recognized over the life of the asset.

Stage 3.- Assets with objective evidence of impairment. The expected loss will be recognized over the life of the asset.

To establish the stage of each transaction, the rating deterioration from the initial recognition to the calculation date is considered; additionally, the overdue days of the transaction are considered. IFRS 9 defines the maximum overdue days for assigning the transaction to each stage, as follows:

Stage 1.- Transactions with 0 to 30 days past due.

Stage 2.- Transactions with 31 to 90 days past due.

Stage 3.- Transactions over 90 days past due.

*Write-offs of portfolio and receivables* - A loan or receivable is subject to write-off against impairment of loans or receivables, respectively, when all possible collection mechanisms have been exhausted, and it is considered unrecoverable. The Board of Directors defines periodic dates for authorization of write-offs.

The write-off does not relieve the officers of the responsibilities they may have for the approval and management of the loan, nor does it exempt them from the obligation to continue collection efforts

Recoveries of previously written-off financial assets are recognized in the statement of income.

*Restructured loans* - The restructuring of a loan is understood as any exceptional mechanism implemented through any legal transaction, the purpose of which is to modify the conditions originally agreed for the debtor to adequately fulfill its obligation in the face of actual or potential deterioration of its payment capacity. Restructured loans are recognized at the time of restructuring at the present value of the future cash flows expected from the agreement, discounted at the original rate of the asset before the restructuring.

### 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.

The Entities negotiate 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. 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 and its subsidiary.

**3.9. Hedge accounting** – The Bank and its subsidiary designate some hedging instruments, which include derivatives, embedded 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, and its subsidiary document 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, and its subsidiary document 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 covered by the Bank and its subsidiary and the hedging instrument amount used by the Bank and its subsidiary to hedge the hedged item amount.

If a hedging relationship fails to fulfill the hedging effectiveness requirement related to the hedging relationship, but the risk management objective for this hedging relationship is the same, the Bank and its subsidiary adjust the hedging relationship of the hedging relationship (i.e., the hedge is rebalanced) so that it fulfills the rating criteria again.

The Bank and its subsidiary designate 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 8.8 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 and its subsidiary cancel 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 Entities have 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 Entities and there is enough evidence demonstrating that the Entities remain committed to their plan to sell the asset.

The entities will recognize non-current assets held for sale 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 and recognition established in IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

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 Goods received in payment* - It accounts for the amount of goods received by the Bank in payment of unpaid balances from loans and leasing operations. Goods received in payment are assets from which the amount is expected to be recovered through their sale rather than their use. Any real and personal property received in payment will be recognized under this category unless their allocation is provided or restrictions on the availability of the asset are identified, in which case their classification to other assets will be evaluated.

*Initial measurement* - Entities will measure goods received in payment (or groups of assets for disposal) classified as held for sale, at the lower of

- Their carrying amount; or
- fair value less cost of sales.

*Subsequent measurement* - Entities will measure goods received in payment at the lower of their carrying amount or fair value less costs of sales.

When the sale is expected to occur beyond the one-year period, the Entities will measure the costs of sales at present value. Any increase in the present value of those costs of sales arising from the passage of time is presented in the income statement as a financial cost.

Expenses incurred with goods received in payment should be recognized in the statement of income. Moreover, they should be measured at the lower of fair value and their carrying amount, less the costs of sales.

*Impairment of goods received in payment*

Entities will recognize an impairment loss for initial or subsequent write-downs of the asset (or group of assets for disposal) to fair value less costs of sales.

On the other hand, the Entities will recognize a gain for any subsequent write-up derived from the measurement of the fair value less costs of sales of an asset, but not exceeding the accumulated impairment loss that has been recognized (see Impairment of Assets Policy).

Entities will not depreciate (or amortize) goods received in payment while they are classified as held for sale, or while they form part of a disposal group classified as held for sale. However, interest and other expenses attributable to the liabilities of a group of assets held for sale will continue to be recognized.

*Rules regarding the legal term for sale* - 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.

*3.10.2 Goods returned* - It records the amount of goods returned to the Bank and its subsidiary, which have been used by the customer under leases when the parties freely agree to do so or when such restitution is the result of a procedure for non-payment of royalties.

The restitution of these assets should be accounted for at their carrying amount (cost less accumulated depreciation). These assets are not subject to depreciation.

**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 Entities 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 Entities either when it acquired the asset or as a result of having used the asset for purposes other than the productive operation of the Entities.

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 |

| Group description | Method |
|---|---|
| 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 |

Entities 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 management.

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 Entities faithfully consider 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 residual value and useful life of an item of property and equipment will be reviewed at least annually and if expectations differ from previous estimates, the changes will be accounted for as a change in accounting estimates prospectively.

According to the appraisal carried out at the Bank’s offices in May, 2021 (based on International Valuation Standards), it was determined that the useful life is 100 years and the remaining useful life on the appraisal date is 57 years.

The useful lives and residual values determined by the Entities are as follows:

*Bancóldex*

| 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 |
| Terrain | 0% | 0 Years | 0 Years |
| Assets on gratuitous loan | 0% | 0 Years | 0 Years |
| Art and cultural assets | 0% | 0 Years | 0 Years |

*Subsidiary - Fiducoldex*

| Asset group | Residual value | Useful life |
|---|---|---|
| Buildings | The amount of the land | According to the technical study. |
| Furniture and fixtures | 0% | 10 |
| Computer equipment | 0% | 3 |
| Vehicles | 0% | 5 |

The Entities perform an annual impairment review to assess whether it is necessary that a new revalued cost be determined by an expert appraiser, who will use the techniques established in the International Valuation Standards (IVS). If there is reasonable assurance about an increase or decrease in the value of the buildings, the new revalued cost must be determined.

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

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.

*Derecognition 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 Entities 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 produce revenue and/or value capital (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 ownership interests of the Bank and its subsidiary held under operating leases to earn revenue or to obtain capital appreciation are accounted for as investment property and measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in income during the period in which they arise.

An investment property is derecognized when it is disposed of or permanently withdrawn from use and no future economic benefits are expected to be received from its sale. Any gain or loss arising from derecognition of the property (calculated as the difference between the net proceeds from the sale 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 Entities 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 Entities 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 Entities.

- 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 Entities 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 Entities determine that intangible assets with a finite useful life are amortized based on the estimation of their useful life as follows:

*Bancóldex*

| Group description | Method | Residual % | Useful Life | |
|---|---|---|---|---|
| Licenses | Cost model | 0% | 1 year | 15 years |
| Computer programs and applications | Cost model | 0% | 1 year | 15 years |

*Fiducoldex* - The subsidiary makes cash payments to purchase licenses. The use of the licenses will be between 3 and 15 years, depending on the type of license. The useful lives and residual value established by the Fiduciary are listed below:

| Asset group | Useful life | Residual value |
|---|---|---|
| Core | 15 years | - |
| Software (licenses) | 3 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 classify them within the available categories or groups of financial assets. These will be classified in the category of other assets, including prepaid expenses, assets to be placed in leases, among others.

*3.14.1 Prepaid expenses* - Prepaid expenses are the expenses incurred by the Entities 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 Entities 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 Entities 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 Entities' 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 Entities 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 according to IFRS 9 applicable requirements.

*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.

*3.16.2 Financial liabilities at fair value through profit or loss* - Any measurement inconsistency (accounting asymmetry) that may arise from the use of different measurement criteria is eliminated or significantly reduced on initial recognition. The Entities have chosen to designate the measurement of derivatives at fair value through profit or loss, considering the availability of information relating to the valuation of these instruments.

The Entities' 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 Entities shall measure the issues of debt instruments at amortized cost by using the effective interest method.

*3.16.3 Derecognized financial liabilities:* Financial liabilities shall be derecognized by the Entities if, and only if, the Entities' 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, except for those where the Bank is able to control the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future. 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/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 Entities:

- Have 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 Entities 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 entity 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 area 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. The Entities only have short-term employee benefits.

*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 Entities' 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.

**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, Governor's Offices and Mayor's Offices result in a liability to the third party that delivers the resources to Bancóldex. Once loans are disbursed under the agreement, the rate differential between the Bank's market rate and the agreement rate is calculated. The result of this difference is discounted from the amount of the contribution in liabilities and recognized as prepaid income received, which is amortized over the life of the promissory note.

**3.21. Leases –**

3.21.1 *The Entities as lessors:* 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 Entities as lessees* - The Entities shall assess whether the contract is or 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 Entities 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 Bank 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.

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 Entities recognize 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 Entities and that ordinary income can be measured reliably).

*Interest* - Interest income on a financial asset is recognized when the Entities are 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 Entities recognize the income not included in the categories above in profit or loss for the period.

**3.23. Joint ventures -** Based on the Fiducóldex's analysis, it recognizes its interest in consortiums as a joint venture for the statement of financial position. Thus, Fiducóldex will account for the assets, liabilities, revenue and expenses related to the interest.

Fiducóldex recognizes the following in connection with its interest in a joint venture:

- Assets, including its interest in jointly held assets.
- Liabilities, including its interest in jointly incurred liabilities.
- Revenue from the sale of its interest in the product arising from the joint venture.
- Interest in the revenue from the sale of the product arising from the joint venture.
- Expenses, including its interest in jointly incurred expenses.
- Assets, liabilities, revenue and expenses related to the interest in a joint venture will be accounted for according to the policies applicable to Fiducóldex.

When Fiducóldex makes a transaction with a joint venture in which it is a joint operator, such as a sale or contribution of assets, it makes the transaction with the other parties to the joint venture. As such, Fiducóldex will recognize gains and losses from this transaction only to the extent of the other parties' interests in the joint venture.

When these transactions provide evidence of a reduction in the net realizable value of the assets to be sold or contributed to the joint venture or of an impairment of those assets, such losses are recognized in full by the joint venture.

Additionally, Fiducóldex has an interest in a joint venture, which is a jointly controlled company, through which the venturers have a contractual agreement that establishes joint control over all economic activities of such company. The contract requires that the agreement between the parties regarding financial and operating decisions be mutual.

Fiducóldex recognizes its interest in the joint venture using the proportional consolidation method. The Fiduciary combines in the consolidated financial statements its proportionate share of the assets, liabilities, income, and expenses of the joint venture with the relevant similar items, line by line. The financial statements of the joint venture are prepared for the same period as those of Fiducóldex and the necessary adjustments are made to homogenize any differences that may exist with respect to Fiducóldex's accounting policies.

Once joint control is lost, Fiducóldex values and recognizes the investments held at fair value. Any difference between the carrying amount of the jointly controlled investment and the fair value of the investment held plus the proceeds from the sale are recognized in the income statement.

When significant influence is exercised over the remaining investment, the investment is accounted for as an associate.

The policies adopted globally with each of the management units include the following:

General - Consortiums are defined as follows as provided in Article 7 of Law 80/ 1993 (General Code for Public Administration Contracting).

> *"When two or more persons jointly submit the same proposal for the awarding, execution, and performance of a contract, being jointly and severally liable for each and every obligation derived from the proposal and the contract. Consequently, the actions, events and omissions that occur in the fulfillment of the proposal and the contract will affect all the members comprising it."*

Characteristics - The main characteristics of the consortia are listed below:

- Mutual aid agreement
- Compliance with taxes
- Processing the RUT
- Obtaining the TIN.
- The term of the consortium is equal to the term of the contract and is generally longer than one year.
- Not a trading company.
- No legal status.

Management unit - The consortium members join to find a way to optimize resources, taking advantage of their technical, administrative, and financial capacities.

This Unit must be created for the provision and performance of the trust agreement.

It must prepare the accounting for the consortium members as well as for the Trustor based on the contractual obligations.

Legal Representation - The consortium members must designate a Legal Representative for all purposes, who will represent the consortium and be informed of the basic rules that regulate the relations between them and their responsibility.

The Legal Representative must create the trust business to be managed before the Financial Superintendence.

It will oversee tax and contractual obligations.

The Legal Representation can be rotated when determined by the consortium members or be fixed until the expiration of the agreement to be managed.

Joint ventures in progress and in liquidation - The status of the joint ventures in which the Trust has an interest is as follows:

a. *Active consortia* - Those consortia that follow the going concern principle, which refers to the future or long-term permanence that a third party expects from an organization without interrupting its activities. This must be considered for the preparation of the financial statements under IFRS.

   In addition, the consortium's management must identify and disclose situations in the financial statements that threaten the continuity of the consortium agreement.

   On the other hand, the benefits corresponding to the Trust's interest in the consortium will be recognized line by line by percentage in the statement of financial position and the statement of comprehensive income, i.e., it will be proportionally consolidated according to the Trust's interest in the consortium.

   However, for the calculation of this method, the policies of the consortium must be homogeneous with those applied by the Fiduciary to prepare the financial statements under IFRS. Otherwise, the Fiduciary must make the respective adjustment to then determine such value.

*b. Consortiums in liquidation* - Consortiums that are intended to be liquidated, cease their activity, or be terminated in accordance with the contractually agreed upon in the trust business or because there is no other alternative but to proceed in this manner.

In this case, such consortia will be measured in accordance with active consortia policies. However, the detailed management is within the consortia policy.

**3.24. Operating Segments -** In order to comply with the provisions of IFRS 8 - Consolidated Operating Segments, the following segments have been defined, which describe the activities carried out by each of the Group's Entities and whose results are permanently monitored internally by the Board of Directors as the highest authority in making operating decisions, through the Financial Vice-Presidency and the Corporate Finance Department.

- *Bancóldex* – The products will be framed within Bancóldex's strategy whose main objective is to promote the business and economic growth of Colombian companies through financial and non-financial products, considering the nature of the activities carried out as a Development Bank and which contribute to the generation of the financial margin.

  The products and/or concepts included in each of the segments with the factors identified for each of them are as follows:

  - *Loan portfolio*: Comprises the portfolio loans that the Bank disburses to promote business development. The factors considered to identify the portfolio operation segments are mainly based on the classification by currencies (COP and USD) and a subsequent grouping of the portfolio lines that the Bank promotes and that contribute to the financial margin. This differentiation is very important and is considered independently at the time of making the pricing and profitability models, since the type of support to the companies and the destination depend on the demand for resources in the currency they require, and this in turn also has repercussions on the funding for each type of portfolio (COP and USD), since Bancóldex, for the COP portfolio is funded in the capital market and with equity, while for the USD portfolio it is funded mainly with multilateral entities and with Correspondent Banking.

Portfolio in pesos: It includes the commercial portfolio in pesos, including discount operations on documents in pesos, leasing, employee, and ex-employee portfolios.
Foreign currency portfolio: It includes the commercial portfolio in foreign currency, including discount operations of documents in foreign currency.

- - *Investments and treasury products*: In the factors for the identification of these segments, the Bank orients the Treasury operation to portfolio management with two objectives: liquidity management in the medium term and obtaining reasonable profitability and benefits through the negotiation of financial assets, framed within the risk guidelines established by the Board of Directors.

  Investment portfolio: Comprises the securities managed by the Bank's Treasury in treasury securities in local or foreign currency and Colombian private debt securities specifically of Issuers Supervised by the Financial Superintendence of Colombia.
  Treasury products: Includes products for the management of liquidity in pesos and foreign currency, derivative transactions, restatement of own position (foreign exchange), short transactions, spot transactions and foreign 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.

• *Fiducoldex* – Trust Business: Corresponds to the segment of the Entities' trust business, which currently manages assets in excess of $9 billion in business in consortiums, investment trusts, private equity funds, collective investment funds, concessions, administration, and payment trusts, among others. In the latter, Procolombia, Fontur, Colombia Productiva and INNPULSA belonging to the Commerce, Industry and Tourism Sector stand out.

*3.25*. **Basic and diluted earnings per share -** Basic net earnings per share is determined by dividing the net income for the period attributable to the Entities' shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share are determined in the same way on net income and the weighted average number of shares outstanding, adjusted for dilutive effects, if applicable.

## 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 consolidated financial statements are presented below.

**4.1. Impairment of financial assets** - For the measurement of impairment of financial assets, IFRS 9 establishes the expected loss model that allows Entities the possibility of estimating losses based on three components of credit loss: probability of default (PD), exposure at default (EAI) and loss given default (PDI). The standard establishes the calculation of the expected loss for credit risk based on a classification of transactions in stages according to the impairment of the asset since its initial recognition.
For the estimation of expected losses, both collective and individual methodologies are used. For losses under the collective methodology, the estimation methods are based on judgments and estimates that consider the use of historical information, the current situation, and reasonable and sustainable forecasts of future economic conditions. The estimation of impairment

charges is a critical accounting policy due to the importance of this item, the sensitivity of the charges to changes in assumptions about future events and other judgments that are incorporated in the individual credit loss models.

The main risk factors included in the measurement of expected losses are: the definition of significant increase in credit risk, the definition of default, projections of the value of collateral, portfolio terms and projections of the main macroeconomic variables, for example: unemployment rates, GDP, interest rate levels, among others; it is also important to consider other variables that influence the payment expectations of customers.

In addition, the individual assessment methodologies consider assumptions about the customer's financial condition and future cash flow that could be affected by factors such as regulatory changes potentially impacting the customer's business, changes in the customer's business and operational dynamics and ability to successfully negotiate for financial difficulties and generate sufficient cash flow to repay debt obligations, changes in the value of collateral and any other internal or external factors of the customer.

The degree of judgment required to estimate expected credit losses depends on the availability of detailed information.

**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. 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.

**4.4. Provisions and contingencies –** A contingency should be classified based on a reliable estimate of the probability of an occurring incident or event. The Entities 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 Entities 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.

The Entities' provisions are determined based on the probability established by the Legal Department for each event, fact, or lawsuit as follows: for lawsuits with a probability of occurrence between 0 and 49%, no provision is recognized. For lawsuits with a probability of occurrence between 50 and 100%, a provision is recognized according to the guide.

| Recognition of Obligations and Disclosure of Liabilities - Cgn ([1]) | Risk of Loss Rating - Andje ([2]) | Homologation under IFRS | Provision | 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, in the event that 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, they will only be applied according to the rules of effectiveness set forth 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.”

- With regard to 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 judgements 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 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. Thus, the text has been deleted 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 13 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 amendments consist 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.*
     ii. *Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset.*

  b. Its cumulative effect due to the change in accounting policy will be recognized at the beginning of the first comparative period as an adjustment to the opening balance of retained earnings on 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 Bancoldex'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.<br><br>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.<br><br>Of note 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. |

| Standard | Amendment |
|---|---|
| **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.<br><br>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.<br><br>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.<br><br>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.<br><br>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.<br><br>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.<br><br>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. |

## 5. 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 Entities calculate 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 Entities deem 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 Entities' assets and liabilities (by class) measured at fair value as of December 31, 2021 and 2020 on recurring basis and within the fair value hierarchy are shown in the following table:

| | **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** | | | | |
| TES treasury bonds | $ 1,535,860 | $ - | $ - | $ 1,535,860 |
| Other national issuers - financial institutions | - | 35,910,323 | - | 35,910,323 |
| **Investments at fair value through profit or loss - Equity instruments** | | | | |
| **In COP** | | | | |
| National issuers | - | 24,722,932 | - | 24,722,932 |
| **Investments at fair value through 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 through OCI Debt instruments** | | | | |
| **In COP** | | | | |
| TES treasury bonds | 1,043,072,594 | - | - | 1,043,072,594 |
| Other domestic 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) |
| **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** | $ 1,082,678,596 | $ 460,546,754 | $ 138,153,805 | $ 1,681,379,155 |

| | December 31, 2022 | | | |
|---|---|---|---|---|
| **Recurring liabilities at fair value** | **Level 1** | **Level 2** | **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 |

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **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) |

| Recurring assets at fair value | December 31, 2021 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Investments at fair value through profit or loss - Debt instruments** | | | | |
| **In COP** | | | | |
| Treasury bonds – TES | $ 239,601,660 | $ - | $ - | $ 239,601,660 |
| Other national issuers - financial institutions | - | 56,125,133 | - | 56,125,133 |
| **Investments at fair value through profit or loss - Equity instruments** | | | | |
| **In COP** | | | | |
| National issuers | - | 27,525,039 | - | 27,525,039 |
| **Investments at fair value through OCI Equity instruments** | | | | |
| **In COP** | | | | |
| National issuers - private equity funds | - | 111,710,519 | - | 111,710,519 |
| 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 through 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) |
| Debit Valuation Adjustment-DVA | - | (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** | $ 1,572,851,426 | $ 356,827,043 | $ 172,888,176 | $ 2,102,566,645 |

| | December 31, 2021 | | | |
|---|---|---|---|---|
| **Recurring liabilities at fair value** | **Level 1** | **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.

- 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 |
| Withdrawals/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 EQUIVALENTS

The cash and cash equivalent balance comprises the following as of December 31, 2022 and 2021:

| | 2022 | 2021 |
|---|---|---|
| *Legal currency* | | |
| Cash | $ 9,959 | $ 10,742 |
| Central Bank | | |
| Checking account (1) | 76,208,316 | 110,788,768 |
| Banks and other financial institutions (2) | 79,349,416 | 35,646,362 |
| *Foreign currency* | | |
| Banks and other financial institutions | 10,772,763 | - |
| | $ 166,340,454 | $ 146,445,872 |

(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 and 5169/TC-CO.

(2) The following is the disaggregation of reconciling items pending regularization for more than 30 days at 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 |
|---|---|---|---|
| AV Villas Bank | 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 |
| **Investments at fair value through profit or loss** | | | | |
| **- Debt instruments** | | | | |
| Legal tender | | | | |
| *Securities issued by the Nation* | | | | |
| Ministry of Finance FIXED RATE TES | 12.71 | $ 1,535,860 | 7.45 | $ 239,601,660 |
| | | 1,535,860 | | 239,601,660 |
| *Securities issued by entities supervised by the SFC* | | | | |
| Term Deposit Certificates - TF | 13.51 | 799,447 | 5.39 | 5,056,650 |
| Term Deposit Certificates - IBR | 16.85 | 2,267,656 | - | - |
| Term Deposit Certificates - IPC | 15.95 | 1,533,345 | - | - |
| CPI Bonds | 19.38 | 13,767,795 | 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 |
| | | 35,910,323 | | 56,125,133 |
| | | $ 37,446,183 | | $ 295,726,793 |

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 decreases 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 TES – UVR | 0.62 | 32,251,604 | - | - |
| | | 1,043,072,594 | | 654,531,410 |
| *Securities issued by entities supervised by the SFC* | | | | |
| Term Deposit Certificates - TF | 17.37 | 100,481,650 | - | - |
| Foreign Currency | | | | |
| *Securities issued by the Nation* | | | | |
| Yankee 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.

### 8.3. Investments at amortized cost

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Interest Rate (%) | Amount | Interest Rate (%) | Amount |
| Legal tender | | | | |
| *Securities issued by the Nation* | | | | |
| 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* | | | | |
| Yankee 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.

### 8.4. Investments at fair value through profit or loss - Equity instruments

| | 2022 | 2021 |
|---|---|---|
| National issuers [5] | $ 24,722,932 | $ 27,525,039 |

(5) Of the Subsidiary's total investments, a Reserve was created for $23.985.143 and $25.224.780, respectively, as of December 31, 2022 and 2021, to guarantee the minimum profitability of the FONPET trust resources, as shown below:

Fonpet Stabilization Reserve - Fiducóldex acts as legal representative of the CONFIAR FONPET Consortium, initially managing 10% of FONPET's resources. It is made up of Fiducóldex and Itau Fiduciaria with shares of 45.5% and 54.5%, respectively, under agreement number 6-003-2012 dated October 2012 signed with the Ministry of Finance and Public Credit.

As provided in Article 7 of Decree 1861/2012, the FONPET managing consortiums must set up a stabilization reserve to guarantee the minimum profitability of the trust resources. Thus, Fiducóldex has set up with its own resources a reserve always equivalent to 1% of the total managed resources, according to its share in the consortium. It is calculated on the monthly average amount at market prices of the assets that comprise the managed portfolio.

This reserve is calculated as provided in Chapter I-1 of External Circular 100/1995 issued by the Financial Superintendence of Colombia. It is administered jointly with the trust funds and must be maintained until the termination of the agreement entered into between the CONFIAR FONPET Consortium and the Ministry of Finance and Public Credit.

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

| | 2022 | 2021 |
|---|---|---|
| Banco Latinoamericano de Exportaciones S.A. – BLADEX (6) | $ 38,070,142 | $ 32,286,731 |
| Fondo Nacional de Garantías (7) | 138,153,805 | 102,276,938 |
| Private Equity Funds (8) | 215,293,896 | 182,321,756 |
| | $ 391,517,843 | $ 316,885,425 |

(6) 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.

(7) 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.

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

**2022**
**COP Portfolio**

| 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 |
| Fondo de Fondos (*) Bancóldex - Bancóldex Capital Sub-fund | 185,447,004 | 168,721,702 | 2,400,000 | 168,721,702 | 77,083,009 | 90.98 | 177,936,634 |
| Fondo de Fondos (*) Bancóldex - Entrepreneurship Capital Sub-fund | 63,000,000 | 31,633,436 | - | 31,633,436 | 4,690,033 | 50.21 | 36,165,339 |
| Fondo de Fondos (*) Bancóldex - SME Private Debt Sub-fund | 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**
**COP Portfolio**

| Entity | Investment commitment | Provision | Capital Call | Redemption | Invested | Valuation | % Executed | 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 II | 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 |
| Entrepreneurship Capital Sub-fund - Bancóldex Fondo de Fondos | 45.000.000 | 32.349.092 | 12.650.908 | - | 12.650.908 | (2,258,627) | 28.11 | 14.751.405 |
| SME Private Debt Sub-fund - Bancóldex Capital Fondo de Fondos (*) | 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**
**USD Portfolio**

| Entity | Investment commitment USD | Provision USD | Capital Call USD | Redemption 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 (Fund of Funds) in 2022. The size of this sub-fund is $185,447,004 million, impacting 88 Colombian companies.

- Capital for Entrepreneurship Sub-Fund: it aims to invest in Colombian and regional entrepreneur equity funds who invest in high-impact, scalable and cross-cutting ventures in the trade, industry, tourism, services industries 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
- Angel Ventures Pacific Alliance Fund II Limited Par
- All VP Fund III, LP

**8.6. Investments in joint agreements**

| | | 2022 | | 2021 |
|---|---|---|---|---|
| Collective investment funds joint transactions | $ | 24,052 | $ | 34,945 |

The 10% share held by the subsidiary Fiducóldex in the investments of the SAYP Consortium in the Collective Investment Funds.

**8.7. Impaired investments: The following is the breakdown of impaired investments:**

| | | 2022 | | 2021 |
|---|---|---|---|---|
| Balance at the beginning of the period | $ | 10,051,637 | $ | 515,307 |
| Creations (charges to profit or loss) | | 2.924.854 | | 9,541,836 |
| Recoveries (credits to profit or loss) | | (2.597.339) | | (5,506) |
| Balance at the end of the period | $ | 10,379,152 | $ | 10,051,637 |

The increase in the impaired amount of investments Available for Sale (AS) and at Maturity during 2021 is mainly due to the decrease in the credit rating in long-term foreign currency, going from (BBB-) until April to BB+ as of May 2021. Therefore, in applying the approved methodology for calculating the impairment of investments under IFRS 9, the Probability of Default (PD) went from 0.21% to 0.79% generating a higher value in the calculation of impairment for these investments.

8.8. **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 [9] | 72,462,121 | 94,634,524 |
| *Hedging swaps* | | |
| Foreign exchange swaps | - | 56,149,623 |
| Credit Valuation adjustment -CVA | - | (6,095) |
| Total hedging swaps (10) | - | 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 Swaps | - | (344,747) |
| Debit Valuation Adjustment -DVA | - | 792 |
| Total foreign currency hedging swaps | - | (343,955) |
| Interest rate swaps | (14,690,396) | - |
| Debit Valuation Adjustment -DVA | 22,649 | - |
| Total interest rate hedging swaps | (14,667,747) | - |
| Total liabilities | $ (85,493,802) | $ (54,102,524) |

(9) 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.

(10) 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.

8.9. **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.

Only Bancóldex carries out forward transactions. Below is a disaggregation of the credit quality of the counterparties with which it transacts, 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 | $ 563.849.564 | $ 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.

The Trust Company's investment grading for 2022 is show below.

| | 2022 | | 2021 | |
|---|---|---|---|---|
| **Calificación** | **Valor a Mercado** | **% de participación** | **Valor a Mercado** | **% de participación** |
| BB+ | 1,535,860,000 | 4.91% | 1,904,310,000 | 6.47% |
| AAA | 1,751,289,667 | 5.59% | 2,300,259,052 | 7.82% |
| BRC1+ | 1,297,312,000 | 4.14% | | |
| VrR1+ | 957,835,000 | 3.06% | | |
| F1+ | 1,780,565,520 | 5.69% | | |
| AAA | 1,751,289,667 | 5.59% | | |
| Sin calificación | 23,985,142,839 | 76.61% | 25,224,779,558 | 85.71% |
| **Total Fiducoldex** | **31,308,005,026** | **100.00%** | **29,429,348,610** | **100.00%** |

8.10. **Financial assets by maturity date:** 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** | **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 | - | - | - | - | - | 933,382,829 | 933,382,829 |
| **Investments at fair value through profit or loss - Debt instruments** | | | | | | | |
| Nation issued securities - TES | - | - | - | 862,220 | - | 673,640 | 1,535,860 |
| Securities issued by entities surveilled by the Financial Superintendence | 14,092,541 | 10,885,887 | - | 7,546,880 | 3,385,015 | - | 35,910,323 |
| **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 |
| | **$ 46,344,145** | **$ 16,143,801** | **$ 100,481,650** | **$ 809,557,920** | **$ 36,377,140** | **$1,350,508,982** | **$2,359,413,639** |

| | 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 | |
| **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 | 968,910 | 104,778,750 | 239,601,660 |
| 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 | 425,698,131 | 654,531,411 |
| Nation Issued Securities - Yankee Bonds | - | - | - | - | - | 646,431,625 | 646,431,625 |
| | $ - | $ 12,248,497 | $ - | $360,037,250 | $ 52,570,943 | $1,176,908,506 | $ 1,601,765,196 |

## 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 | Amount |
| Legal tender [1] | | | | | | | | |
| *Interbank* | | | | | | | | |
| Banks | 11.79 | 5 | - | $ 65,075,863 | 2.91 | 5 | - | $ 25,006,069 |
| Financial institutions | 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 local currency | | | | 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. LOAN PORTFOLIO AND FINANCE LEASE TRANSACTIONS AT AMORTIZED COST, 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 | Principal impairment | Interest impairment | Net amortized cost | Accounts receivable | Impairment of accounts receivable | TOTAL |
| **Business** | $8,482,666,262 | $201,713,810 | $(152,937,781) | $ (31,508,743) | $8,499,933,548 | $6,102,666 | $(1,075,040) | $8,504,961,174 |
| **Consumer** | 1,510,332 | 12,335 | - | - | 1,522,667 | 12 | - | 1,522,679 |
| **Housing** | 17,993,151 | 145,038 | (65,342) | (9,811) | 18,063,036 | 5,545 | (3,121) | 18,065,460 |
| **Balance** | $8,502,169,745 | $201,871,184 | $(153,003,123) | $ (31,518,554) | $8,519,519,252 | $6,108,223 | $(1,078,161) | $8,524,549,314 |

| | | | | 2021 | | | | |
|---|---|---|---|---|---|---|---|---|
| **Type** | **Principal** | **Interest** | **Principal impairment** | **Interest impairment** | **Net amortized cost** | **Accounts receivable** | **Impairment of accounts receivable** | **TOTAL** |
| **Business** | $7,123,896,614 | $146,384,676 | $(120,165,396) | $(22,454,710) | $7,127,661,184 | $ 5,841,084 | $ (847,589) | $7,132,654,679 |
| **Consumer** | 1,829,146 | 6,648 | (5,121) | (1) | 1,830,672 | 11 | - | 1,830,683 |
| **Housing** | 17,074,592 | 67,232 | (64,716) | (1,641) | 17,075,467 | 1,804 | (414) | 17,076,857 |
| **Balance** | $7,142,800,352 | $146,458,556 | $(120,235,233) | $(22,456,352) | $7,146,567,323 | $ 5,842,899 | $ (848,003) | $7,151,562,219 |

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

10.2. **Loan portfolio by type and age -** The following is a breakdown of the loan portfolio by type and age as of December 31, 2022, and 2021:

| | | | 2022 | | |
|---|---|---|---|---|---|
| **Local currency portfolio and accounts receivable** | **Principal** | **Interest** | **Amortized cost** | **Accounts receivable** | **Total** |
| *Suitable business portfolio guarantee:* | | | | | |
| Effective | $1,079,165,619 | $41,400,256 | $1,120,565,875 | $ 2,454,031 | $1,123,019,906 |
| Overdue 1 to 3 months | 38,388,076 | 3,459,542 | 41,847,618 | 75,823 | 41,923,441 |
| Overdue 3 to 6 months | 38,948,482 | 5,339,104 | 44,287,586 | 195,153 | 44,482,739 |
| Overdue 6 to 12 months | 37,151,156 | 6,782,045 | 43,933,201 | 481,823 | 44,415,024 |
| Overdue more than 12 months | 53,981,426 | 24,621,366 | 78,602,792 | 1,946,509 | 80,549,301 |
| | 1,247,634,759 | 81,602,313 | 1,329,237,072 | 5,153,339 | 1,334,390,411 |
| *Other business portfolio guarantees:* | | | | | |
| Effective | 6,227,426,989 | 57,982,796 | 6,285,409,785 | 171,019 | 6,285,580,804 |
| Overdue 1 to 3 months | 1,469,391 | 149,255 | 1,618,646 | 542 | 1,619,188 |
| Overdue 3 to 6 months | 3,645,393 | 293,730 | 3,939,123 | 1,066 | 3,940,189 |
| Overdue 6 to 12 months | 13,971,633 | 1,851,031 | 15,822,664 | 33,544 | 15,856,208 |
| Overdue more than 12 months | 36,493,336 | 44,137,691 | 80,631,027 | 743,156 | 81,374,183 |
| | 6,283,006,742 | 104,414,503 | 6,387,421,245 | 949,327 | 6,388,370,572 |
| *Suitable consumer portfolio guarantee:* | | | | | |
| Effective | 1,510,332 | 12,335 | 1,522,667 | 12 | 1,522,679 |
| *Suitable housing portfolio guarantee:* | | | | | |
| Effective | 17,808,854 | 130,226 | 17,939,080 | 1,250 | 17,940,330 |
| Overdue 1 to 4 months | 97,174 | 1,730 | 98,904 | 134 | 99,038 |
| Overdue more than 18 months | 87,123 | 13,082 | 100,205 | 4,161 | 104,366 |
| | 17,993,151 | 145,038 | 18,138,189 | 5,545 | 18,143,734 |
| **Total local currency** | 7,550,144,984 | 186,174,189 | 7,736,319,173 | 6,108,223 | 7,742,427,396 |

| | | | | | |
|---|---|---|---|---|---|
| **Foreign currency portfolio and accounts receivable:** | | | | | |
| *Suitable business portfolio guarantee:* | | | | | |
| Effective | 57,631,935 | 460,366 | 58,092,301 | - | 58,092,301 |
| Overdue 1 to 3 months | 1,157,127 | - | 1,157,127 | - | 1,157,127 |
| | 58,789,062 | 460,366 | 59,249,428 | - | 59,249,428 |
| *Other business portfolio guarantees:* | | | | | |
| Effective | 893,235,699 | 15,236,628 | 908,472,327 | - | 908,472,327 |
| **Total foreign currency** | 952,024,761 | 15,696,994 | 967,721,755 | - | 967,721,755 |
| **Total gross portfolio and accounts receivable** | 8,502,169,745 | 201,871,183 | 8,704,040,928 | 6,108,223 | 8,710,149,151 |
| Impairment of portfolio and accounts receivable | (153,003,123) | (31,518,554) | (184,521,677) | (1,078,161) | (185,599,838) |
| **Total net portfolio and accounts receivable** | $8,349,166,622 | $170,352,629 | $8,519,519,252 | $ 5,030,062 | $8,524,549,314 |

**2021**

| Local currency portfolio and accounts receivable: | Principal | Interest | Amortized cost | Accounts receivable | Total |
|---|---|---|---|---|---|
| *Suitable business portfolio guarantee:* | | | | | |
| Effective | $ 1,320,671,972 | $ 50,993,496 | $ 1,371,665,468 | $ 2,181,333 | $ 1,373,846,801 |
| Overdue 1 to 3 months | 48,828,749 | 5,271,844 | 54,100,593 | 246,114 | 54,346,707 |
| Overdue 3 to 6 months | 28,960,246 | 3,536,023 | 32,496,269 | 356,217 | 32,852,486 |
| Overdue 6 to 12 months | 12,491,120 | 1,759,106 | 14,250,226 | 365,904 | 14,616,130 |
| Overdue more than 12 months | 50,822,439 | 18,745,362 | 69,567,801 | 1,683,120 | 71,250,921 |
| | 1,461,774,526 | 80,305,831 | 1,542,080,357 | 4,832,688 | 1,546,913,045 |
| *Other business portfolio guarantees:* | | | | | |
| Effective | 4,442,248,401 | 19,606,878 | 4,461,855,279 | 104,387 | 4,461,959,666 |
| Overdue 1 to 3 months | 30,925 | 79,012 | 109,937 | 342 | 110,279 |
| Overdue 3 to 6 months | 500,000 | 79,983 | 579,983 | 2,598 | 582,581 |
| Overdue 6 to 12 months | 4,644,927 | 223,338 | 4,868,265 | - | 4,868,265 |
| Overdue more than 12 months | 34,197,618 | 38,290,422 | 72,488,040 | 901,069 | 73,389,109 |
| | 4,481,621,871 | 58,279,633 | 4,539,901,504 | 1,008,396 | 4,540,909,900 |
| *Local currency portfolio and accounts receivable:* | | | | | |
| Effective | 1,822,318 | 6,646 | 1,828,964 | 11 | 1,828,975 |
| *Other consumer portfolio guarantees:* | | | | | |
| Effective | 6,828 | 2 | 6,830 | - | 6,830 |
| *Suitable housing portfolio guarantee:* | | | | | |
| Effective | 16,849,457 | 64,699 | 16,914,156 | 947 | 16,915,103 |
| Overdue 1 to 4 months | 138,849 | 346 | 139,195 | 305 | 139,500 |
| Overdue 12 to 18 months | 54,999 | 496 | 55,495 | 229 | 55,724 |
| Overdue more than 18 months | 31,287 | 1,691 | 32,978 | 323 | 33,301 |
| | 17,074,592 | 67,232 | 17,141,824 | 1,804 | 17,143,628 |
| **Total local currency** | 5,962,300,135 | 138,659,344 | 6,100,959,479 | 5,842,899 | 6,106,802,378 |

**Foreign currency portfolio and accounts receivable:**

| | | | | | |
|---|---|---|---|---|---|
| *Suitable business portfolio guarantee:* | | | | | |
| Effective | 15,877,422 | - | 15,877,422 | - | 15,877,422 |
| *Other business portfolio guarantees:* | | | | | |
| Effective | 1,164,622,795 | 7,799,212 | 1,172,422,007 | - | 1,172,422,007 |
| **Total foreign currency** | 1,180,500,217 | 7,799,212 | 1,188,299,429 | - | 1,188,299,429 |
| **Total gross portfolio and accounts receivable** | 7,142,800,352 | 146,458,556 | 7,289,258,908 | 5,842,899 | 7,295,101,807 |
| Impairment of portfolio and accounts receivable | (120,235,233) | (22,456,352) | (142,691,585) | (848,003) | (143,539,588) |
| **Total net portfolio and accounts receivable** | $ 7,022,565,119 | $ 124,002,204 | $ 7,146,567,323 | $ 4,994,896 | $ 7,151,562,219 |

As of December 2022, the balance of COP receivables was $1,635,359,694 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.

The balance of the USD loan portfolio at the end of December 2022 registered a reduction of COP 220,577,674 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.

10.3. **Loan portfolio by risk classification** - The following is the disaggregation of the loan portfolio by risk classification:

| | 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Principal balance** | **Interest balance** | **Impairment of principal** | **Impairment of interest** | **Net amortized cost** | **Accounts receivable** | **Impairment of accounts receivable** |
| *Business* | | | | | | | |
| Category A | $ 8,108,331,546 | $ 99,867,649 | $ (36,779,895) | $ (390,704) | 8,171,028,596 | $ 476,966 | $ (216) |
| Category B | 123,987,379 | 10,376,722 | (9,780,636) | (1,102,135) | 123,481,330 | 949,771 | (2,165) |
| Category C | 64,874,075 | 8,855,295 | (19,315,561) | (514,150) | 53,899,659 | 398,334 | (2,696) |
| Category D | 126,636,052 | 24,489,070 | (62,004,998) | (5,478,261) | 83,641,863 | 2,517,006 | (582,018) |
| Category E | 58,837,210 | 58,125,074 | (25,056,691) | (24,023,493) | 67,882,100 | 1,760,589 | (487,945) |
| | 8,482,666,262 | 201,713,810 | (152,937,781) | (31,508,743) | 8,499,933,548 | 6,102,666 | (1,075,040) |
| *Consumer* | | | | | | | |
| Category A | 1,510,332 | 12,335 | - | - | 1,522,667 | 12 | - |
| *Housing* | | | | | | | |
| Category A | 17,597,706 | 130,096 | - | - | 17,727,802 | 1,166 | - |
| Category B | 198,843 | 1,839 | - | - | 200,682 | 218 | - |
| Category C | 102,101 | 21 | - | - | 102,122 | - | - |
| Category E | 94,501 | 13,082 | (65,342) | (9,811) | 32,430 | 4,161 | (3,121) |
| | 17,993,151 | 145,038 | (65,342) | (9,811) | 18,063,036 | 5,545 | (3,121) |
| **Total** | $ 8,502,169,745 | $201,871,184 | $(153,003,123) | $(31,518,554) | $8,519,519,252 | $6,108,223 | $(1,078,161) |

| | 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Principal balance | Interest balance | Impairment of principal | Impairment of interest | Net amortized cost | Accounts receivable | Impairment of accounts receivable |
| *Business* | | | | | | | |
| Category A | $6,790,372,439 | $ 64,155,069 | $(40,661,590) | $ (226,260) | $6,813,639,658 | $ 748,556 | $ (1,454) |
| Category B | 146,810,660 | 13,398,550 | (13,333,469) | (580,794) | 146,294,947 | 1,291,916 | (3,627) |
| Category C | 58,364,097 | 6,934,352 | (12,668,022) | (59,940) | 52,570,487 | 499,251 | (3,543) |
| Category D | 73,341,216 | 11,735,177 | (28,756,212) | (1,498,024) | 54,822,157 | 2,036,169 | (512,895) |
| Category E | 55,008,202 | 50,161,528 | (24,746,103) | (20,089,692) | 60,333,935 | 1,265,192 | (326,070) |
| | 7,123,896,614 | 146,384,676 | (120,165,396) | (22,454,710) | 7,127,661,184 | 5,841,084 | (847,589) |
| *Consumer* | | | | | | | |
| Category A | 1,819,360 | 6,633 | - | - | 1,825,993 | 10 | - |
| Category B | 2,768 | 13 | - | - | 2,781 | 1 | - |
| Category D | 7,018 | 2 | (5,121) | (1) | 1,898 | - | - |
| | 1,829,146 | 6,648 | (5,121) | (1) | 1,830,672 | 11 | - |
| *Housing* | | | | | | | |
| Category A | 16,613,788 | 64,308 | - | - | 16,678,096 | 866 | - |
| Category B | 243,447 | 640 | - | - | 244,087 | 317 | - |
| Category C | 186,070 | 592 | (41,250) | (372) | 145,040 | 298 | (172) |
| Category D | 31,287 | 1,692 | (23,466) | (1,269) | 8,244 | 323 | (242) |
| | 17,074,592 | 67,232 | (64,716) | (1,641) | 17,075,467 | 1,804 | (414) |
| **Total** | $7,142,800,352 | $ 146,458,556 | $(120,235,233) | $ (22,456,352) | $7,146,567,323 | $ 5,842,899 | $ (848,003) |

10.4. **Portfolio distribution by geographic area and economic sector -** The loan portfolio is distributed by areas and economic sectors as of December 31, 2022, and 2021:

| | | | | | 2022 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Economic Sector** | **Antioquia and Chocó** | **Bogotá D.C.** | **Central** | **Atlantic Coast** | **Coffee Belt** | **Abroad** | **West** | **Santanderes** | **South-east** | **Grand total** |
| Artistic, entertainment, and recreational activities | $ 4,612,275 | $ 8,957,431 | $ 917,542 | $ 2,559,246 | $ 5,660,920 | $ - | $ 1,692,813 | $ 304,503 | $ 306,736 | $ 25,011,466 |
| Hospitality and catering activities | 22,867,716 | 44,824,551 | 11,225,259 | 41,579,398 | 6,216,486 | - | 9,580,918 | 4,465,952 | 4,173,371 | 144,933,652 |
| Homes as employers activities | 72,173 | 32,329 | 5,618 | 55,963 | 2,930 | - | 462 | 1,179 | - | 170,655 |
| Administrative and assistance service activities | 25,127,325 | 43,998,028 | 8,382,677 | 238,024,027 | 4,294,671 | - | 8,528,824 | 5,761,423 | 3,539,583 | 337,656,559 |
| Financial and insurance activities | 277,389,816 | 828,712,783 | 472,079,457 | 54,134,621 | 21,982,718 | 212,429,766 | 463,471,007 | 108,484,836 | 2,894,651 | 2,441,579,654 |
| Real estate activities | 18,140,680 | 45,290,800 | 6,079,419 | 14,995,544 | 3,405,314 | - | 14,680,357 | 5,083,010 | 1,161,820 | 108,836,943 |
| Professional, scientific, and technical activities | 35,817,948 | 80,804,219 | 9,511,364 | 60,540,948 | 6,975,967 | - | 24,345,190 | 8,648,375 | 2,359,915 | 229,003,926 |
| Public administration - defense; social security | 138,639 | 1,505,998 | 131,317 | 10,251,608 | 1,354,856 | - | 189,506 | 1,853,724 | - | 15,425,649 |
| Agriculture, livestock, forestry, fishing | 18,745,838 | 12,574,879 | 8,702,950 | 18,311,069 | 5,453,171 | - | 19,454,640 | 7,993,770 | 2,567,464 | 93,803,782 |
| Employees | 1,043,196 | 19,762,140 | - | - | - | - | - | - | - | 20,805,336 |
| Human health care and social care | 42,825,776 | 28,337,317 | 26,948,546 | 51,281,324 | 9,339,601 | - | 24,300,294 | 12,942,317 | 8,190,355 | 204,165,531 |
| Retail and wholesale; car repair | 310,922,677 | 466,996,492 | 145,342,805 | 221,618,672 | 60,142,587 | 82,188,679 | 206,622,438 | 134,850,135 | 83,136,030 | 1,711,820,514 |
| Construction | 64,497,942 | 138,359,534 | 28,160,682 | 50,328,417 | 11,323,932 | - | 33,754,221 | 26,746,285 | 9,053,337 | 362,224,351 |
| Teaching | 15,495,499 | 6,819,603 | 12,203,870 | 10,214,638 | 1,663,294 | - | 4,369,658 | 5,947,906 | 1,336,021 | 58,050,488 |
| Mining and quarrying | 1,236,178 | 4,253,785 | 6,237,652 | 397,523 | - | - | 2,489,621 | 3,102,817 | 439,509 | 18,157,085 |
| Manufacturing industries | 316,811,288 | 290,407,778 | 116,915,512 | 107,007,714 | 84,600,360 | 332,701,545 | 192,116,854 | 84,166,685 | 12,342,669 | 1,537,070,405 |
| Information and communications | 17,373,393 | 51,653,223 | 4,429,587 | 7,664,018 | 2,533,504 | - | 7,811,047 | 2,452,076 | 1,876,356 | 95,793,204 |
| Other service activities | 99,254,350 | 37,680,087 | 4,648,282 | 7,919,152 | 13,873,618 | - | 73,659,349 | 1,965,288 | 4,719,866 | 243,719,993 |
| Other classifications | 582,051 | 4,872,458 | 159,398 | 865,420 | - | - | 730,686 | 260,684 | 735,052 | 8,205,749 |
| Water supply; wastewater, waste | 4,460,663 | 1,737,850 | 1,932,644 | 100,257,703 | 586,012 | - | 1,647,953 | 2,347,968 | 1,836,781 | 114,807,573 |
| Energy, gas, steam, air conditioning supply | 3,218 | 9,292,955 | 3,979,044 | 11,065,660 | 1,172,498 | - | 11,566,009 | 461,455 | 1,081,783 | 38,622,622 |
| Transport and storage | 161,748,113 | 200,252,317 | 125,919,814 | 93,548,404 | 21,170,628 | 17,160,268 | 88,500,609 | 58,278,524 | 57,370,319 | 823,948,996 |
| Individual capital rentiers | 5,838,175 | 30,921,928 | 7,311,762 | 11,709,533 | 1,051,028 | - | 7,474,568 | 2,893,324 | 3,026,478 | 70,226,796 |
| **Grand total** | **$1,445,004,930** | **$ 2,358,048,485** | **$1,001,225,202** | **$1,114,330,602** | **$ 262,804,095** | **$ 644,480,258** | **$1,196,987,023** | **$479,012,237** | **$ 202,148,097** | **$8,704,040,929** |

| | | | | | 2021 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Economic Sector | Antioquia and Chocó | Bogotá D.C. | Central | Atlantic Coast | Coffee Belt | Abroad | West | Santanderes | South-east | Grand total |
| Artistic, entertainment, and recreational activities | $ 7,935,446 | $ 10,663,313 | $ 770,307 | $ 2,389,491 | $ 6,608,422 | $ - | $ 2,635,721 | $ 524,411 | $ 185,043 | $ 31,712,153 |
| Hospitality and catering activities | 29,524,251 | 55,276,699 | 12,081,026 | 49,146,166 | 8,432,866 | - | 10,992,229 | 6,596,993 | 2,980,538 | 175,030,768 |
| Homes as employers activities | 236,261 | 392,472 | 2,813 | 262,049 | 14,610 | - | 4,068 | 8,771 | - | 921,045 |
| Administrative and assistance service activities | 17,921,564 | 56,872,046 | 5,849,609 | 14,666,237 | 7,633,011 | - | 15,564,145 | 6,582,454 | 634,504 | 125,723,568 |
| Financial and insurance activities | 169,515,672 | 348,643,635 | 123,911,766 | 48,174,497 | 12,615,304 | 754,400,323 | 206,952,237 | 67,825,717 | 22,281 | 1,732,061,432 |
| Real estate activities | 20,531,519 | 58,046,436 | 8,147,579 | 14,553,994 | 5,286,827 | - | 15,780,752 | 2,845,667 | 409,139 | 125,601,915 |
| Professional, scientific, and technical activities | 28,858,576 | 99,996,827 | 10,587,929 | 63,223,054 | 6,617,405 | - | 18,074,174 | 11,899,320 | 2,524,247 | 241,781,531 |
| Public administration - defense; social security | 229,317 | 1,084,465 | 170,381 | 16,196,662 | 747,297 | - | 318,056 | 6,234 | - | 18,752,414 |
| Agriculture, livestock, forestry, fishing | 13,693,787 | 14,481,668 | 10,424,765 | 31,291,375 | 11,674,905 | - | 21,705,282 | 10,567,025 | 1,289,432 | 115,128,239 |
| Employees | 1,057,208 | 19,101,733 | - | - | - | - | - | - | - | 20,158,941 |
| Human health care and social care | 31,597,108 | 27,433,689 | 25,015,023 | 45,010,045 | 12,771,654 | - | 30,064,120 | 16,151,963 | 4,904,345 | 192,947,945 |
| Retail and wholesale; car repair | 220,782,943 | 447,131,055 | 164,573,704 | 199,075,133 | 68,392,534 | 58,789,434 | 234,771,287 | 131,024,625 | 57,561,669 | 1,582,102,383 |
| Construction | 59,756,162 | 151,776,525 | 25,474,533 | 49,466,973 | 13,471,933 | - | 36,131,020 | 14,832,459 | 5,310,886 | 356,220,491 |
| Teaching | 13,507,814 | 15,567,077 | 10,296,939 | 6,307,990 | 1,311,680 | - | 6,891,573 | 6,660,700 | 1,306,510 | 61,850,284 |
| Mining and quarrying | 13,420,776 | 6,130,939 | 6,764,096 | 313,492 | 17,018 | - | 1,618,417 | 6,626,046 | 720,786 | 35,611,571 |
| Manufacturing industries | 345,570,208 | 283,903,623 | 106,203,059 | 183,181,067 | 88,095,580 | 139,979,242 | 181,659,963 | 69,138,830 | 7,913,658 | 1,405,645,229 |
| Information and communications | 20,553,393 | 58,693,267 | 4,775,120 | 7,923,932 | 2,248,542 | - | 10,545,786 | 3,750,950 | 1,501,109 | 109,992,099 |
| Organizations and extraterritorial bodies | - | 7,632 | 6,911 | - | - | - | - | 52,211 | - | 66,754 |
| Other service activities | 80,369,229 | 35,653,038 | 5,541,541 | 14,865,598 | 13,640,234 | - | 48,712,556 | 2,009,806 | 1,449,162 | 202,241,165 |
| Water supply; wastewater, waste | 2,520,003 | 3,946,533 | 4,571,842 | 8,826,562 | 512,647 | - | 3,875,606 | 1,309,937 | 302,091 | 25,865,220 |
| Energy, gas, steam, air conditioning supply | 14,608 | 12,522,869 | 5,516,865 | 12,943,083 | 3,425,843 | - | 13,508,690 | 532,868 | 327,996 | 48,792,820 |
| Transport and storage | 97,721,142 | 219,872,789 | 123,598,932 | 58,842,422 | 22,736,070 | - | 88,027,483 | 47,888,981 | 21,659,872 | 680,347,691 |
| Individual capital rentiers | - | 392,093 | - | 311,157 | - | - | - | - | - | 703,250 |
| **Grand total** | **$1,175,316,986** | **$1,927,590,423** | **$654,284,739** | **$826,970,978** | **$286,254,381** | **$953,168,999** | **$947,833,165** | **$406,835,970** | **$111,003,267** | **$7,289,258,908** |

| Economic Sector | Business | 2022 Consumer | Housing | Finance lease | Total | Share |
|---|---|---|---|---|---|---|
| Artistic, entertainment, and recreational activities | $ 23,518,435 | $ - | $ - | $ 1,493,031 | $ 25,011,466 | 0.29% |
| Hospitality and catering activities | 130,452,542 | - | - | 14,481,110 | 144,933,652 | 1.67% |
| Homes as employers activities | 170,655 | - | - | - | 170,655 | 0.00% |
| Administrative and assistance service activities | 327,894,790 | - | - | 9,761,769 | 337,656,559 | 3.88% |
| Financial and insurance activities | 2,431,280,061 | - | - | 10,299,593 | 2,441,579,654 | 28.05% |
| Real estate activities | 79,408,031 | - | - | 29,428,912 | 108,836,943 | 1.25% |
| Professional, scientific, and technical activities | 211,765,013 | - | - | 17,238,913 | 229,003,926 | 2.63% |
| Public administration - defense; social security | 15,425,649 | - | - | - | 15,425,649 | 0.18% |
| Agriculture, livestock, forestry, fishing | 81,410,255 | - | - | 12,393,527 | 93,803,782 | 1.08% |
| Employees | 196,127 | 1,522,679 | 18,143,734 | 942,796 | 20,805,336 | 0.24% |
| Human health care and social care | 163,520,098 | - | - | 40,645,433 | 204,165,531 | 2.35% |
| Retail and wholesale; car repair | 1,600,306,485 | - | - | 111,514,029 | 1,711,820,514 | 19.67% |
| Construction | 315,021,008 | - | - | 47,203,343 | 362,224,351 | 4.16% |
| Teaching | 52,393,901 | - | - | 5,656,587 | 58,050,488 | 0.67% |
| Mining and quarrying | 17,251,249 | - | - | 905,836 | 18,157,085 | 0.21% |
| Manufacturing industries | 1,378,878,370 | - | - | 158,192,035 | 1,537,070,405 | 17.66% |
| Information and communications | 90,450,413 | - | - | 5,342,791 | 95,793,204 | 1.10% |
| Other service activities | 243,719,993 | - | - | - | 243,719,993 | 2.80% |
| Other classifications | 2,173,970 | - | - | 6,031,779 | 8,205,749 | 0.09% |
| Water supply; wastewater, waste | 114,260,643 | - | - | 546,930 | 114,807,573 | 1.32% |
| Energy, gas, steam, air conditioning supply | 36,386,571 | - | - | 2,236,051 | 38,622,622 | 0.44% |
| Transport and storage | 813,544,689 | - | - | 10,404,307 | 823,948,996 | 9.47% |
| Individual capital rentiers | 33,649,761 | - | - | 36,577,035 | 70,226,796 | 0.81% |
| **Grand total** | **$ 8,163,078,709** | **$ 1,522,679** | **$ 18,143,734** | **$ 521,295,807** | **$ 8,704,040,929** | |

| 2021 | | | | | |
|---|---|---|---|---|---|
| **Economic Sector** | **Business** | **Consumer** | **Housing** | **Finance lease** | **Total** |
| Artistic, entertainment, and recreational activities | $ 29,518,054 | $ - | $ - | $ 2,194,099 | $ 31,712,153 |
| Hospitality and catering activities | 157,076,250 | - | - | 17,954,518 | 175,030,768 |
| Homes as employers activities | 921,045 | - | - | - | 921,045 |
| Administrative and assistance service activities | 113,305,669 | - | - | 12,417,899 | 125,723,568 |
| Financial and insurance activities | 1,720,340,146 | - | - | 11,721,286 | 1,732,061,432 |
| Real estate activities | 90,662,604 | - | - | 34,939,311 | 125,601,915 |
| Professional, scientific, and technical activities | 219,503,338 | - | - | 22,278,193 | 241,781,531 |
| Public administration - defense; social security | 18,752,414 | - | - | - | 18,752,414 |
| Agriculture, livestock, forestry, fishing | 103,092,039 | - | - | 12,036,200 | 115,128,239 |
| Employees | 252,870 | 1,835,806 | 17,144,012 | 926,253 | 20,158,941 |
| Human health care and social care | 152,206,512 | - | - | 40,741,433 | 192,947,945 |
| Retail and wholesale; car repair | 1,463,902,332 | - | - | 118,200,051 | 1,582,102,383 |
| Construction | 303,950,598 | - | - | 52,269,893 | 356,220,491 |
| Teaching | 55,553,742 | - | - | 6,296,542 | 61,850,284 |
| Mining and quarrying | 34,485,612 | - | - | 1,125,959 | 35,611,571 |
| Manufacturing industries | 1,245,159,650 | - | - | 160,485,579 | 1,405,645,229 |
| Information and communications | 99,383,179 | - | - | 10,608,920 | 109,992,099 |
| Organizations and extraterritorial bodies | 66,754 | - | - | - | 66,754 |
| Other service activities | 197,243,311 | - | - | 4,997,854 | 202,241,165 |
| Water supply; wastewater, waste | 24,254,629 | - | - | 1,610,591 | 25,865,220 |
| Energy gas, steam, air conditioning supply | 40,724,295 | - | - | 8,068,525 | 48,792,820 |
| Transport and storage | 646,861,545 | - | - | 33,486,146 | 680,347,691 |
| Individual capital rentiers | 176,580 | - | - | 526,670 | 703,250 |
| **Grand total** | **$ 6,717,393,168** | **$ 1,835,806** | **$ 17,144,012** | **$ 552,885,922** | **$ 7,289,258,908** |

**10.5. Portfolio by monetary unit**

| Modalities | Legal tender | Foreign currency | 2022 Gross amortized cost | Impairment | Net amortized cost |
|---|---|---|---|---|---|
| Business | $ 7,716,658,317 | $ 967,721,755 | $ 8,684,380,072 | $ 184,446,524 | $ 8,499,933,548 |
| Consumer | 1,522,668 | - | 1,522,668 | - | 1,522,668 |
| Housing | 18,138,189 | - | 18,138,189 | 75,153 | 18,063,036 |
| **Total** | $ 7,736,319,174 | $ 967,721,755 | $ 8,704,040,929 | $ 184,521,677 | $ 8,519,519,252 |

| Modalities | Legal tender | Foreign currency | 2021 Gross amortized cost | Impairment | Net amortized cost |
|---|---|---|---|---|---|
| Business | $ 6,081,981,861 | $ 1,188,299,429 | $ 7,270,281,290 | $ 142,620,108 | $ 7,127,661,182 |
| Consumer | 1,835,794 | - | 1,835,794 | 5,122 | 1,830,672 |
| Housing | 17,141,824 | - | 17,141,824 | 66,355 | 17,075,469 |
| **Total** | $ 6,100,959,479 | $ 1,188,299,429 | $ 7,289,258,908 | $ 142,691,585 | $ 7,146,567,323 |

**10.6. Portfolio by maturity period –**

| | 0 to 1 year | 1 to 3 years | 3 to 5 years | 2022 5 to 10 years | More than 10 years | Gross Portfolio | Impairment | Net Portfolio |
|---|---|---|---|---|---|---|---|---|
| Business | $1,681,392,102 | $ 3,548,019,625 | $ 1,694,396,547 | $1,015,352,612 | $ 745,219,187 | $ 8,684,380,073 | $184,446,524 | $8,499,933,549 |
| Consumer | 15,305 | 342,533 | 1,095,273 | 69,566 | - | 1,522,677 | - | 1,522,677 |
| Housing | 32,593 | 95,805 | 826,353 | 4,377,929 | 12,805,499 | 18,138,179 | 75,153 | 18,063,026 |
| Total | $1,681,440,000 | $ 3,548,457,963 | $ 1,696,318,173 | $1,019,800,107 | $ 758,024,686 | $ 8,704,040,929 | $184,521,677 | $8,519,519,252 |

| | 0 to 1 year | 1 to 3 years | 3 to 5 years | 2021 5 to 10 years | More than 10 years | Gross portfolio | Impairment | Net portfolio |
|---|---|---|---|---|---|---|---|---|
| Business | $ 1,919,423,086 | $ 3,345,585,612 | $ 1,123,264,495 | $ 659,609,642 | $222,398,455 | $7,270,281,290 | $142,620,106 | $7,127,661,184 |
| Consumer | 27,738 | 463,798 | 1,236,612 | 107,646 | - | 1,835,794 | 5,122 | 1,830,672 |
| Housing | 35,257 | 49,047 | 840,737 | 5,390,907 | 10,825,876 | 17,141,824 | 66,357 | 17,075,467 |
| Total | $ 1,919,486,081 | $ 3,346,098,457 | $ 1,125,341,844 | $ 665,108,196 | $233,224,331 | $7,289,258,908 | $142,691,585 | $7,146,567,323 |

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

10.8. **Recovery of written-off portfolio** - The breakdown of written-off portfolio is as follows:

| | 2022 | 2021 |
|---|---|---|
| Business | $ 2.814 | $ 176,547 |

(*) In 2021, recovery is mainly due to assets that were returned from written-off portfolios for $ 167,744.

10.9. **Impairment of loan portfolio -** The following is the disaggregation of the impairment of the loan portfolio:

| | Business | | Consumer | | Housing | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| Balance as of December 31, 2020 | $ 76,989,097 | $ 18,441,724 | $ 22,395 | $ 579 | $ 56,131 | $ 2,489 | $77,067,623 | $18,444,792 |
| Expense | 84,428,948 | 6,278,243 | - | - | 41,250 | 731 | 84,470,198 | 6,278,974 |
| Recovery | (41,252,648) | (2,265,253) | (17,274) | (578) | (32,665) | (1,579) | (41,302,587) | (2,267,410) |
| Balance as of December 31, 2021 | 120,165,397 | 22,454,714 | 5,121 | 1 | 64,716 | 1,641 | 120,235,234 | 22,456,356 |
| Expense | 96,514,430 | 10,634,144 | - | - | 626 | 8,170 | 96,515,056 | 10,642,314 |
| Recovery | (63,742,046) | (1,580,115) | (5,121) | (1) | - | - | (63,747,167) | (1,580,116) |
| Balance as of December 31, 2022 | $152,937,781 | $ 31,508,743 | $ - | $ - | $ 65,342 | $ 9,811 | $153,003,123 | $31,518,554 |

Increase in the impairment of business type, supported by an increase in the portfolio classified as stage 3. It was originated mainly by temporal deterioration of customers of the SME segment over the second half who completed the grace periods granted by the relief in Circulars 007, 014/2020, and 022/2021 issued by the SFC.

**10.10. Portfolio by stage:** The breakdown of the portfolio by stage is as follows:

| | 2022 | | | |
|---|---|---|---|---|
| **Type** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Business | $ 8,304,500,444 | $ 103,905,849 | $ 275,973,779 | $ 8,684,380,072 |
| Consumer | 1,522,668 | - | - | 1,522,668 |
| Housing | 17,934,784 | 99,039 | 104,366 | 18,138,189 |
| Gross portfolio at amortized cost | 8,323,957,896 | 104,004,888 | 276,078,145 | 8,704,040,929 |
| Impairment | (40,144,516) | (8,980,500) | (135,396,661) | (184,521,677) |
| Net portfolio at amortized cost | $ 8,283,813,380 | $ 95,024,388 | $ 140,681,484 | $ 8,519,519,252 |

| Type | Stage 1 | 2021<br>Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| Business | $ 7,013,656,447 | $ 61,339,106 | $ 195,285,737 | $ 7,270,281,290 |
| Consumer | 1,828,965 | - | 6,830 | 1,835,795 |
| Housing | 16,914,154 | 139,196 | 88,474 | 17,141,824 |
| Gross portfolio at amortized cost | 7,032,399,566 | 61,478,302 | 195,381,041 | 7,289,258,909 |
| Impairment | (45,536,432) | (10,511,114) | (86,644,039) | (142,691,586) |
| Net portfolio at amortized cost | $ 6,986,863,134 | $ 50,967,187 | $ 108,737,002 | $ 7,146,567,323 |

## 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 |
|---|---|---|
| Commissions | $ 2,058,391 | $ 2,439,884 |
| Leases | 39,949 | 27,711 |
| Rentals of assets under operating leases | 31,159 | 30,355 |
| Payments from customers (1) | 6,108,223 | 5,842,899 |
| Advances to contracts and suppliers (2) | 8,160,467 | 2,106,700 |
| Advances to employees | 516,557 | 499,540 |
| Security deposits (3) | 13,263,854 | 34,917,419 |
| Settlement of derivative transactions - CRCC (4) | - | 1,919,219 |
| Settlement of derivative transactions – OTC | - | 2,168,757 |
| Other accounts receivable from SMEs (5) | 745,788 | 730,076 |
| Reimbursable expenses of trusts | 923,963 | 859,018 |
| Joint ventures | 1,490,843 | 904,704 |
| Sundry | 5,141,167 | 2,771,831 |
| | 38,480,360 | 55,218,114 |
| Less impairment of accounts receivable: | (4,548,200) | (2,123,429) |
| | $ 33,932,160 | $ 53,094,685 |

(1) 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.

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

(3) Represented mainly in security deposits of Forward - OTC transactions with foreign entities.

(4) In this type of transaction, the Central Counterparty Risk Clearing House (CRCC) settles daily and communicates the result of the clearing for the participating entities to recognize the accounts receivable or payable. See the liabilities in Note 21.

(5) 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.

## 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 | $ 14,611,242 | $ 8,119,397 |
| Art and cultural assets | 33,216 | 33,216 |
| Machinery and equipment to be leased | 18,411,984 | 5,904,543 |
| Vehicles to be leased | 1,090,291 | - |
| Real estate to be leased | 2,578,111 | 3,310,096 |
| Activities in joint ventures | 14,075 | 19,937 |
| Taxes | 283,463 | 410,265 |
| Other | 335,552 | 356,238 |
| | $ 37,357,934 | $ 18,153,692 |

## 13. ASSETS HELD FOR SALE, NET

Non-current assets held for sale include real and personal property received in payment from and returned by loan portfolio debtors, and other non-current assets such as vehicles transferred from the property and equipment group.

The Bank's intention for these assets is to sell them immediately, including special sales plans through posts 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 |
|---|---|---|
| **Goods received in payment** | | |
| Personal property | $ 409,061 | $ 422,843 |
| Real estate for housing | 8,021,548 | 8,021,548 |
| Real estate other than housing | 13,957,037 | 13,500,560 |
| | 22,387,646 | 21,944,951 |
| Less: Impairment of goods received in payment | (2,188,134) | (2,756,640) |
| Total revalued cost of goods received in payment | $ 20,199,512 | $ 19,188,311 |
| **Returned goods** | | |
| Machinery and equipment | 3,681,645 | 3,757,023 |
| Vehicles | - | 1,438,537 |
| Computer equipment | 48,541 | 84,169 |
| Real estate | 41,884,964 | 31,220,984 |
| | 45,615,150 | 36,500,713 |
| Less: Impairment of returned goods | (6,271,157) | (5,783,196) |
| Total revalued cost of returned goods | $ 39,343,993 | $ 30,717,517 |
| Total | $ 59,543,505 | $ 49,905,828 |

In 2022 there is a variation of $ 9,637,677 compared to 2021, mainly concentrated in the following items:

- Additions for $ 18,490,992 corresponding to the return of seven real estate properties and four sets of machinery.

- Sales of real estate received in lieu of payment and returned, machinery and vehicles, which represented sales for $5,218,571; these sales resulted in a refund of provisions in the amount of $1,939,839 and an expense for loss on sale of $444,913.

- Transfer to assets under operating lease due to the leasing placement of a real estate property for $ 4.379.110, causing the reimbursement of 100% of the established provision.

## 14. PROPERTY AND EQUIPMENT NET

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

***BLANK SPACE***

*Cost of property and equipment*

| Cost | Land and Buildings | Machinery, Furniture and Fixtures, and Office Equipment | Transportation Vehicles | Computer, Networking, and Communications Equipment | Total |
|---|---|---|---|---|---|
| Balance as of December 31, 2020 | $ 55,484,225 | $ 8,760,550 | $ 423,757 | $ 7,453,283 | $ 72,121,815 |
| Acquisitions (1) | - | 46,972 | - | 223,700 | 270,672 |
| Revaluation (2) | (1,081,464) | - | - | - | (1,081,464) |
| Derecognitions / Withdrawals | - | (178,496) | - | (1,799) | (180,295) |
| Transfers | (4,851,429) | - | - | - | (4,851,429) |
| Balance as of December 31, 2021 | 49,551,332 | 8,629,026 | 423,757 | 7,675,184 | 66,279,299 |
| Acquisitions (1) | 21,497 | 315,056 | - | 241,639 | 578,192 |
| Balance as of December 31, 2022 | $ 49,572,829 | $ 8,944,082 | $ 423,757 | $ 7,916,823 | $ 66,857,491 |

*Accumulated depreciation and net carrying amount of property and equipment*

| | Land and Buildings | Machinery, Furniture and Fixtures, and Office Equipment | Transportation Vehicles | Computer, Networking, and Communications Equipment | Total |
|---|---|---|---|---|---|
| **Accumulated depreciation** | | | | | |
| Balance as of December 31, 2020 | $ (3,336,445) | $ (6,170,458) | $ (346,314) | $ (6,865,337) | $ (16,718,554) |
| Depreciation | (938,107) | (480,082) | (32,412) | (220,881) | (1,671,482) |
| Revaluation | (569,995) | - | - | - | (569,995) |
| Derecognitions | - | 159,420 | | 1,799 | 161,219 |
| Transfers | 608,921 | - | - | - | 608,921 |
| Balance as of December 31, 2021 | (4,235,626) | (6,491,120) | (378,726) | (7,084,419) | $ (18,189,891) |
| Depreciation | (899,416) | (477,838) | (32,411) | (121,191) | (1,530,856) |
| Balance as of December 31, 2022 | $ (5,135,042) | $ (6,968,958) | $ (411,137) | $ (7,205,610) | $ (19,720,747) |

| | Land and Buildings | Machinery, Furniture and Fixtures, and Office Equipment | Transportation Vehicles | Computer, Networking, and Communications Equipment | Total |
|---|---|---|---|---|---|
| Joint ventures 2022 | | | | | |
| Cost | - | 360,070 | - | - | 360,070 |
| Depreciation | - | (359,814) | - | - | (359,814) |
| Joint ventures 2021 | | | | | |
| Cost | - | 360,059 | - | - | 360,059 |
| Depreciation | - | (359,180) | - | - | (359,180) |
| **Net carrying amount** | | | | | |
| Balance as of December 31, 2021 | $ 45,315,706 | $ 2,138,785 | $ 45,031 | $ 590,765 | $ 48,090,287 |
| Balance as of December 31, 2022 | $ 44,437,787 | $ 1,975,380 | $ 12,620 | $ 711,213 | $ 47,137,000 |

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

As of December 31, 2021, and 2020, there are no restrictions on the ownership of property and equipment.

The main activity registered in 2022 is described below:

(1) Additions: They include capitalizable purchases and/or disbursements that meet the recognition criteria for items of property and equipment, goods received from third parties, costs for dismantling, and disposal of items of property, plant and equipment.

In the second half of the year, the Parent remodeled the offices located in Medellín and Cali, which required the acquisition of furniture, fixtures, and office equipment.

(2) For the Parent, the appraisal of the real estate at the International Trade Center building was carried out by the appraiser Néstor Mora & Asociados in May 2021.

For the subsidiary, the fair values of the properties were based on valuations carried out in 2021 by the independent appraiser FILFER Sociedad de Inversiones S.A.S.

## 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. En 2021 corresponds to the activation of an operating leasing contract.

## 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 or income in the realization of investment properties.

The amounts recognized in income and expenses as of December 31, 2022, and 2021 are broken down 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 | $ 3,017,209 | $ 7,513,821 |
| Acquisitions | 4,287,277 | - | - | 141,049 | 4,428,326 |
| Derecognitions | (923,742) | - | - | (195,357) | (1,119,099) |
| Balance as of December 31, 2021 | 6,723,278 | 948,053 | 188,816 | 2,962,901 | 10,823,048 |
| Acquisitions (*) | 6,993,601 | 84,847 | - | 1,758,212 | 8,836,660 |
| Derecognitions | 1,257,796) | - | (188,816) | (947,315) | (2,393,927) |
| Balance as of December 31, 2022 | $12,459,083 | $1,032,900 | $ - | $ 3,773,798 | $ 17,265,781 |

**Accumulated depreciation**

| | | | | | |
|---|---|---|---|---|---|
| Balance as of December 31, 2020 | $ 1,863,623 | $ 427,966 | $ 131,123 | $ 736,538 | $ 3,159,250 |
| Amortization expense | 1,170,250 | 187,716 | 57,693 | 593,426 | 2,009,085 |
| Derecognitions | (923,742) | - | - | (192,640) | (1,116,382) |
| Balance as of December 31, 2021 | 2,110,131 | 615,682 | 188,816 | 1,137,324 | 4,051,953 |
| Amortization expense | 2,665,188 | 193,758 | - | 552,277 | 3,411,223 |
| Derecognitions | (1,233,117) | - | (188,816) | (654,310) | (2,076,243) |
| Balance as of December 31, 2022 | $3,542,202 | $ 809,440 | $ - | $ 1,035,291 | $ 5,386,933 |
| Net carrying amount | | | | | |
| As of December 31, 2021 | $ 4,613,147 | $ 332,371 | $ - | $ 1,825,577 | $ 6,771,095 |
| As of December 31, 2022 | $ 8,916,881 | $ 223,460 | $ - | $ 2,738,507 | $ 11,878,848 |

(*) 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 is broken down as follows:

| | Licenses | Computer software | Fiduciary Rights | Total |
|---|---|---|---|---|
| **Balance as of December 31, 2020** | $ 2,731,957 | $ 7,558,107 | $ 362,352 | $ 10,652,416 |
| Acquisitions / additions | 1,171,091 | 64,352 | - | 1,235,443 |
| Derecognitions | 1,279 | - | - | 1,279 |
| Amortization expense | (1,704,380) | (1,428,789) | (362,352) | (3,495,521) |
| **Balance as of December 31, 2021** | $ 2,199,947 | $ 6,193,670 | $ - | $ 8,393,617 |
| Acquisitions / additions (*) | 2,029,113 | 1,171,141 | - | 3,200,254 |
| Derecognitions | - | - | - | - |

| | | | | |
|---|---|---|---|---|
| Amortization expense | (1,730,948) | (1,786,165) | - | (3,517,113) |
| **Balance as of December 31, 2022** | $ 2,498,112 | $ 5,578,646 | $ - | $ 8,076,758 |

(*) 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.

For Fiducóldex, intangible assets recognize the items related to the supply and installation of the SIFI technological solution, the licensing and consulting required for the installation and start-up of this system, and the Oracle Data Base licenses.

As of December 31, 2022, and 2021, the Entities do 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, 2021, 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 mode | Issue amount | Balance 2022 | Balance 2021 |
|---|---|---|---|---|---|---|---|---|
| Lot 1 | 06-Sep-12 | 06-Sep-12 | 06-Sep-22 | Indexed to IPC | Quarterly | $ 238,890,000 | $ - | $ 240,327,248 |
| Green Bonds | 09-Aug-17 | 09-Aug-17 | 09-Aug-22 | Fixed rate | Quarterly | 200,000,000 | - | 202,002,428 |
| Social Bonds | 24-May-18 | 25-May-18 | 24-May-23 | Indexed to IPC | Quarterly | 100,000,000 | 101,533,889 | 100,830,156 |
| Business Recovery Bonds | 27-May-21 | 28-May-21 | 27-May-24 | Indexed to IBR | Monthly | 159,000,000 | 159,227,371 | 159,081,315 |
| Business Recovery Bonds | 27-May-21 | 28-May-21 | 27-May-23 | Fixed rate | Quarterly | 100,000,000 | 100,409,066 | 100,409,065 |
| Business Recovery Bonds | 27-May-21 | 28-May-21 | 27-May-23 | Indexed to IBR | Monthly | 241,000,000 | 241,340,086 | 241,118,703 |
| Social Bonds | 11-May-22 | 12-May-22 | 11-May-24 | Fixed rate | Quarterly | 209,000,000 | 212,204,419 | - |
| Social Bonds | 11-May-22 | 12-May-22 | 11-May-25 | Fixed rate | Quarterly | 291,000,000 | 295,630,546 | - |
| | | | | | | **$1,538,890,000** | **$1,110,345,377** | **$1,043,768,915** |

- Issue of Green Bonds: In August 2017, Bancóldex successfully completed its first issue of Green Bonds through the Colombian Stock Exchange for an amount worth $200 billion and a 5-year term. It obtained demands for 2.55 of the issue value and a cut-off rate of 7.10% EA.

  This is the first issue of this type that takes place in the Colombian stock market, which seeks to channel resources from the capital market and direct them exclusively to projects of the business sector that generate environmental benefits. Some of those benefits are optimization in the use of natural resources, the use and correct handling of waste from production processes, the increasingly-efficient consumption of energy and the incorporation of sustainable practices that include the replacement of inefficient or fossil fuel-based technologies with clean technologies in all economic sectors. This issue received technical cooperation from the Inter-American Development Bank (IDB) and the Secretariat of State for Economic Affairs of Switzerland (SECO).

- Issue of Social Impact Bonds: In May 2018, Bancóldex successfully completed its first issue of Social Impact Bonds through the Colombian Stock Exchange for an amount worth $400 billion and a term of 3 and 5 years. It obtained demands for 4.17 of the issue value and a cut-off rate of BRI+1.15% and T.F. 6.05% for 3 years; and CPI+2.85% for 5 years.

  This is the first issue of this type that takes place in the Colombian stock market and its main objective is to promote Financial Inclusion for Micro and Small Enterprises while focusing on financing rural companies, women who own companies 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 and increasing employment, reducing income inequality, promoting financial inclusion, and promoting integration and generating jobs in groups vulnerable to social exclusion. This issue received technical cooperation from the Inter-American Development Bank (IDB) and the Secretariat of State for Economic Affairs of Switzerland (SECO).

- Issuance of Business Recovery Bonds: In May 2021, Bancóldex generated the first issue 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 labeled bonds. With these resources, the banks seeks to leverage the 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 effective annual rate of 11.50% and three years for $291 billion with a cut-off effective annual rate of 11.96%. 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 |
| Issued securities - 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 |
| Issued securities - 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 COP amount (thousands) | 2021 USD amount (Thousands) | 2021 COP amount (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 currency is due to the creation of guarantees for credit portfolio operations. The variation of $3,534,832 corresponds to Liquidex guarantee operations. Regarding USD guarantees, it corresponds to the guarantees on derivative CSA agreements, with balances according to the valuation result of these financial instruments mentioned. Deposits decreased by USD 9,740 thousand, equivalent to $35,112,142 at the end of December 31, 2022, 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 | - |
| Loans 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* | | |
| Loans 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 |
| Financial entities of the country | - | 200,294,892 | - | - | - | - | 200,294,892 |
| Foreign banks | 312,915,722 | - | 802,981,306 | 404,152,243 | 1,396,878,461 | - | 2,916,927,732 |
| Andean Development Corporation CAF | 9,037,040 | - | 96,859,709 | 851,789,355 | - | - | 957,686,104 |
| Inter-American Development Bank IDB | - | - | - | 318,759,549 | - | 1,273,504,487 | 1,592,264,036 |
| International organizations | 242,469,378 | 330,609,619 | 194,316,643 | 6,375,629 | - | - | 773,771,269 |
| | $564,436,149 | $530,938,748 | $1,094,260,207 | $1,581,658,633 | $1,396,878,461 | $1,273,504,487 | $6,441,676,685 |

**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. Finance lease liabilities

| | 2022 | 2021 |
|---|---|---|
| Initial balance | $ 6,718,394 | $ 4,111,715 |
| Additions (*) | 8,072,177 | 4,372,735 |
| Interest accrual | 2,039,761 | 596,758 |
| Less Payments | (5,596,693) | (3,101,578) |
| Restatement | 106,247 | 72,183 |
| Eliminations | (129,929) | 666,581 |
| **Ending balance** | $ 11,209,957 | $ 6,718,394 |

(*) 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. En 2021, the main variation is due to the signing of the computer equipment lease for five years and the renewal of the server lease in which right-of-use contracts were integrated at a cost of $3,581,915 and $705,362.

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, interest, dividends | Exchange Rate impact | Profit for the year | Increase (decrease) on consolidation | 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 | 1,416,915,825 | - | - | 54,500,834 | - | 46,045,639 | (140,466) | 107,059,363 | 1,515,379,527 |
| | $ 5,410,506,873 | $23,163,535,662 | $ 213,906,896 | $21,580,373,676 | $ 596,515,920 | $ 46,045,639 | $ (140,466) | $ 107,059,363 | $ 7,957,056,211 |

| | 2020 | Cash flows from financing activities | Accrual | Payment of principal, interest, dividends | Exchange Rate impact | Profit for the year | Increase (decrease) on consolidation | 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 | 1,729,185,762 | - | - | 114,664,623 | - | 26,230,504 | (16,840,111) | (206,995,707) | 1,416,915,825 |
| | $6,019,439,292 | $22,871,635,345 | $48,439,461 | $23,868,668,691 | $ 537,266,780 | $26,230,504 | $(16,840,111) | $(206,995,707) | $5,410,506,873 |

## 21. TRADE AND OTHER ACCOUNTS PAYABLE

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

| | 2022 | 2021 |
|---|---|---|
| Commissions and fees | $ 763,027 | $ 1,209,858 |
| Costs and expenses payable | 77,775 | 65,366 |
| Taxes | 3,459,216 | 1,665,888 |
| Dividends | 404,989 | 421,990 |
| Leases | 7,280 | 17,969 |
| Promising buyers | 200 | - |
| Contributions on transactions | 9,190 | 19,271 |
| Suppliers | 9,560,799 | 5,443,235 |
| Withholdings and labor contributions | 8,410,827 | 5,925,358 |
| Insurance | 308,931 | 552,566 |
| Accounts payable in joint ventures | 549,037 | 405,843 |
| Accounts payable for NPV unused Award (1) | 4,086 | 1,248,392 |
| Future Contract Liquidation CRCC (2) | 3,898,017 | - |
| Accounts payable for PTP Agreement (3) | 163,902 | 211,756 |
| Accounts payable for GIZ - NAMA Agreement (4) | 9,119,031 | 5,218,920 |
| Accounts payable for MINCIENCIAS Agreement (5) | 252,863 | 300,000 |
| Credit notes to be applied loan portfolio | 301,773 | 3,480,842 |
| Foreign currency accounts payable (6) | 736,617 | 1,026,697 |
| Sundry | 1,666,123 | 3,769,090 |
| | $ 39,693,683 | $ 30,983,041 |

(1) It corresponds to the value of the resources not used by the beneficiaries of loans of the credit lines created with the benefit mechanism in the reduction of the loan rate; and it is presented at the moment when the client prepays or settles the entire obligation with Bancóldex for final maturity and the client did not request the benefit. These unsolicited resources are returned to the contributor of the agreement that gave the resources for this type of operations.

(2) The Central Counterparty Clearing House (CRCC) daily settles and reports the result of clearing for this type of operations so that the participating entities register the accounts receivable and/or payable. See the asset section in Note 11.

(3) Under Inter-administrative Framework Agreement 375, signed between Bancóldex and the Ministry of Commerce, Industry and Tourism, a transfer was received through Resolution number 1946 of October 27, 2016, for an amount worth $1,500,000 coming from the budget support of the National Planning Department (DNP), for the PRODUCTIVE TRANSFORMATION PROGRAM – PTP (currently, Colombia Productiva) with the objective of contracting the development of the second stage of the Economic Complexity Atlas for Colombia (DATLAS 2.0). The aim is to enhance and enrich the tool, allowing the alignment of the information it provides with the new strategy of the Ministry of Commerce, Industry and Tourism. Resources up to $1.336.098 have already been executed. The remaining resources ($163,902) are expected to be performed 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 trillion 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 the Special Cooperation Agreement No. 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 proposals to finance within the credit line "MinCiencias CTeI Line - Promoting Science, Technology and Innovation Investments 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. Of note is that the Bank only has short-term employee benefits:

| | 2022 | 2021 |
|---|---|---|
| Payroll to be paid | $ 187,635 | $ 86,012 |
| Severance pay | 2,296,678 | 2,024,571 |
| Interest on severance payments | 265,863 | 234,890 |
| Vacation periods | 7,575,681 | 7,146,096 |
| Legal bonus | 3,235 | 84 |
| Other Accounts Payable to employees (1) | 7,543,834 | 5,798,193 |
| Current provisions | 720,694 | - |
| | $ 18,593,620 | $ 15,289,846 |

(1) This amount mainly corresponds to a discretionary bonus granted by Bancóldex to employees for contributing to achieving the organization's results in 2022 and 2021, respectively. This benefit does not constitute salary for any legal purpose, as provided in Article 15 of Law 50/1990. The payment was made in February 2023 and January 2022 respectively, applying Article 30 of Law 1393/2010 and statutory withholdings.

## 23. ESTIMATED LIABILITIES AND PROVISIONS

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

| | 2022 | 2021 |
|---|---|---|
| Labor lawsuits (1) | $ 27,480 | $ 25,480 |
| Other provision (2) | 110,014 | 90,000 |
| Other litigation (3) | 642,091 | 577,181 |
| | $ 779,585 | $ 692,661 |

(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 activity of these provisions as of December 31, 2022, and 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 |

(*) This corresponds to the withdrawal of a labor proceeding because, during 2021, a judgment was rendered against the Bank.

Disaggregation of the proceedings in force as of December 31, 2022, and 2021, with probable rating (high):

| Proceeding Type | Parties | General Information | Proceeding Status | 2022 | 2021 |
|---|---|---|---|---|---|
| LABOR | **CARLOS HELÍ GOMEZ BRAVO VS. BANCOLDEX and others** | Nature: Ordinary labor proceeding concerning an undetermined claim (11001310501420070002 1-01) Identification: Supreme Court of Justice. Probability of loss: Probable Provision: $25,480,000 Contingency: $0.0 | The Bank was ordered to pay court costs and attorney's fees for COP $25.480.000 and the pension bond settled by Colpensiones, which was paid on December 16, 2020. 07-06-22: The decree that settled costs is not revoked, and the appeal is admitted. 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.

(3) The following is the breakdown of the litigation provisions held by Fiducóldex under the joint ventures as of December 31, 2022, and 2021:

| | 2022 | 2021 |
|---|---|---|
| Balance at the beginning of the period | $ 577.181 | $ 549.220 |
| Additions | 81.651 | 105.051 |
| Reversals, unused amounts (-) | (16.741) | (77.090) |
| Closing balance for the period | $ 642.091 | $ 577.181 |

The provision recognized as of December 31, 2022 corresponds to the Fosyga Consortium. It is composed of the 3.57 % share in the Consortium's financial reporting, covering 100 % of the amount of the claims and estimated probable losses related to labor, civil, and fiscal (administrative and governmental) litigation. The main assumptions considered in the calculation of the provision are:

| Proceeding No. | Plaintiff | Claim Amount | Provision Calculated 100 % Dec 2022 | Provision share Dec 2022 |
|---|---|---|---|---|
| 2010-0119 | Sanitas Eps | $ 862.453 | $ 1.511.646 | $ 53.966 |
| 2012-00467 | Coomeva Eps | 1.153.877 | 1.889.803 | 67.466 |
| 2010-00772 | Coomeva Eps | 196.769 | 344.882 | 12.312 |
| 2012-00616 | Sanitas Eps | 20.163 | 33.022 | 1.179 |
| 2009-0268 | Sanitas Eps | 1.526.864 | 2.729.703 | 97.450 |
| 2010-00807 | Cafesalud Eps- Cruz Blanca Eps Y Saludcoop Eps | 6.499.215 | 11.391.362 | 406.672 |
| | Total | $ 10.259.341 | $ 17.900.418 | $ 639.045 |

Proceedings related to the collection of default interest within the Fidufosyga 2005 Consortium in Liquidation: Currently, there are seven (7) court proceedings filed against the Fidufosyga 2005 Consortium in Liquidation that deal with the recognition of default interest for the EPS accrued by apparent delays in the payments of medical service benefits that, according to applicable regulations, should have been charged to the FOSYGA subaccount. Despite having been provided by the claimants, together with the relevant monetary update derived from the application of the consumer price index CPI)

Lawsuits related to the collection of default interest within the Fidufosyga 2005 Consortium under Liquidation: Seven (7) lawsuits are currently in progress against the Fidufosyga 2005 Consortium under Liquidation that deal with the recognition of default interest in favor of the EPS accrued due to apparent delays in payments related to medical services. According to applicable regulations, these payments should have been charged to the FOSYGA sub-account, despite having been covered by the plaintiffs, together with the relevant monetary update derived from the application of the consumer price index (CPI).

*Contingent liabilities:*

Lawsuits in which the Trust Company is involved in its own name:

Ordinary labor litigation initiated by Maria Iraidis López against the SAYP 2011 Consortium and the Trustees comprising it.

This lawsuit derived from an alleged dismissal without cause by the SAYP 2011 CONSORTIUM under liquidation, which gave rise to economic claims in the amount of $16,798,236, together with the request for reinstatement.

Current Status: By means of Decreed dated October 26, 2020, the extraordinary appeal for reversal filed against the appeal ruling that confirmed the sentence imposed by the lower court was granted. On June 29, 2022, the Court of Labor Appeals of the Supreme Court of Justice confirmed the lower-court and appeal rulings against the SAYP 2011 Consortium and the Trust Companies. To date, the lawsuit is complete, and the Trust Company is responsible for the recognition of the settlement of the amounts that, according to the interest of the Trust Company in the SAYP 2011 Consortium, are outstanding.

The Accountability Lawsuit against the Cundinamarca Pensions Consortium 2012, of which Fiducoldex is a member, may become a contingent liability. As of December 2022, the accountability lawsuit to which the Cundinamarca Pensions Consortium was linked is underway 2012, whose information is as follows:

| Consortium | Fiducoldex's interest | Total amount | Fiducoldex amount |
|---|---|---|---|
| Cundinamarca Pension Consortium 2012 | 45% | $ 3.285.543.974 | $ 1.478.494.788,3 |

Current Status: As reported by the attorney in August 2022, the matter was under study by the Delegate Comptroller's Office. Later, on December 26, 2022, the Comptroller's Office reiterated that it was studying the possibility of decreeing an ex officio evidence to make a decision.

Regarding the lawsuit initiated by the Ministry of National Education against Fiducoldex, filed under number 2017-00601, for a breach of contract 672/2012 by the Trust Company, on December 7, 2022, a lower-court ruling was handed down, which was favorable to the interests of the Trust Company. The ruling ordered the judicial settlement of the trust agreement, establishing the duty of the Trust Company to refund to the contracting entity, that is, the Ministry of National Education, the sum of ONE MILLION THREE HUNDRED SEVENTY THOUSAND FIVE HUNDRED EIGHTY-NINE COLOMBIAN PESOS ($1,370,589), with no damages and/or legal fees.

-Settlement of Trust Agreement 467/2011

Trust Agreement 467/2011 entered into between the SAYP 2011 Consortium and the Ministry of Health and Social Protection ended in August 2017. However, because of the settlement and succession process to deliver the entire operation to ADRES as the new entity in charge of managing FOSYGA, there have been discrepancies with the Ministry of Health and Social Protection and/or ADRES. The Ministry partially failed to fulfill the obligations contained in Trust Agreement 467/2011 for not having paid for the higher costs related to technological infrastructure management to the SAYP 2011 Consortium, which has delayed the bilateral or mutually agreed settlement.

For the purposes of solving these disagreements, the SAYP 2011 Consortium under liquidation and the Trust Companies comprising it initiated a legal action against the Ministry of Health and Social Protection.

The mediation process is currently underway before the ANDJE at the request of ADRES to reach a bilateral agreement with the SAYP 2011 Consortium on settling trust agreement 467- 2011.

The agreement was unilaterally settled by ADRES through Resolution 544/2021, seeking payment of the sum of $1,340,156,875. In order to amicably resolve the differences, the SAYP 2011 Consortium approached ADRES, offering to pay the sum of $575,175,589 and thereby end current legal proceedings and reciprocally waive filing future lawsuits.

In the course of the negotiation, ADRES asked the Consortium to increase the amount proposed to reconcile because there was evidence of partial failure to fulfill the obligations. Therefore, Fiduciaria La Previsora, together with the attorney assisting in the out-of-court conciliation at law, proposed a methodology to reach a new conciliation proposal, weighting the unfulfilled obligations at a rate of 35%, and not 50% as occurs in a court dispute scenario, which resulted in a conciliation amount of $760,536,433.

This proposal was submitted to the Conciliation Committees of the Trust Companies for consideration, which approved submitting the proposal to ADRES for an amount not exceeding the amount above. Fiducoldex will be responsible for covering ten percent (10%) of the final conciliation amount, 50% of which will be paid in 2023 and the remaining 50% in 2024, if the agreement is reached.

## 24. OTHER LIABILITIES

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

| | 2022 | 2021 |
|---|---|---|
| Deferred income (1) | $ 133,181,381 | $ 149,489,033 |
| Interest arising from restructuring processes | 2,176,418 | 2,287,557 |
| Deferred credits | - | 1,067,178 |
| Credits to apply to obligations receivable (2) | 4,472,664 | 4,124,067 |
| Income received for third parties | 401 | 507 |
| Sundry - Agreements (3) | 34,853,049 | 108,760,493 |
| | $ 174,683,913 | $ 265,728,835 |

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

| | 2021 | Charges | Amortization | 2022 |
|---|---|---|---|---|
| Interest | $ 149,489,033 | $ 9,392,220 | $ 25,699,872 | $ 133,181,381 |

| | 2020 | Charges | Amortization | 2021 |
|---|---|---|---|---|
| Interest | $ 98,790,209 | $ 76,414,962 | $ 25,716,138 | $ 149,489,033 |

Interest corresponds to the amortization of prepaid income from the agreements that calculate NPV in the specific lines of credit for this purpose.

(2) It corresponds to payments made by customers for surpluses of ordinary and extraordinary rents, and prepaid rents. These applications are subject to permanent follow-up and communication with customers.

(3) These balances are mainly resources received by Bancóldex from Ministries, Governors' Offices and Mayors' Offices to finance lines with rate differentials. For 2021, they include the payment received on November 27, 2020, from the National Treasury Directorate in the amount of $42,225,000, for the direct support line for SMEs. 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, and 2021:

| | | 2022 | | 2021 |
|---|---|---|---|---|
| Grupo Bicentenario 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:

| | | 2022 | | 2021 |
|---|---|---|---|---|
| Grupo Bicentenario 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 as 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:

| | 2022 | 2021 |
|---|---|---|
| Common shares outstanding | 1,062,594,968 | 1,062,594,968 |
| Profit for the year | $ 46,045,639 | $ 26,230,504 |
| Earnings per Share (In Colombian pesos) | 43.33 | 24.69 |

The entities do 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, which was paid on December 5, 2022, series B common shares for $51.29. and series C preferred shares for $51.66, paid on June 14, 2022, out of a total of 1,062,556,872 shares.

In 2022, the payment of cash dividends was made for $114,664,623, represented in series A common shares for $107.91, which was paid on December 7, 2021, series B common shares, and series C preferred shares for $107.91, paid on June 23, 2021, out of 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 | $ 90,137 | $ 226,123 |
| Own property leases | 1,611,863 | 1,364,171 |
| For sale of property and equipment | - | 5,638 |
| Activities in joint operations | 2,889,204 | 2,585,159 |
| Revenue from F.N.G. | 1,073,221 | 1,200,381 |
| Reimbursement of expenses from previous periods (1) | 12,656,923 | 1,424,640 |
| Other | 5,231,910 | 2,936,614 |
| | $ 23,553,258 | $ 9,742,726 |

(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. For 2021, this amount corresponds mainly to the recovery of the 2020 income tax provision for $1,052,445, arising from the determination of exempt income and non-taxed reimbursement of leasing transactions.

(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 affiliations | $ 3,679,844 | $ 3,801,122 |
| Administration services | 95,082 | 99,657 |
| Legal and notarial | 24,067 | 53,985 |
| Equity method | - | 164,715 |
| Insurance | 3,137,076 | 2,681,077 |
| Maintenance and repairs | 6,946,905 | 5,891,466 |
| Adaptation and installation of offices | 296,381 | 385,438 |
| Activities in joint ventures | 2,115,769 | 1,963,492 |
| Fines and penalties | 3,008 | 24,484 |
| Cleaning and security services | 1,230,277 | 1,098,411 |
| Staffing services | 495,415 | 2,134,916 |
| Advertising and publicity | 827,222 | 273,351 |
| Public relations | 72,075 | 52,626 |
| Utilities | 1,088,461 | 1,056,207 |
| Travel expenses | 863,235 | 561,187 |
| Transportation | 898,668 | 433,647 |
| Supplies, stationery, and reference books | 118,267 | 88,268 |

| | | |
|---|---|---|
| Publications and subscriptions | 416,344 | 396,263 |
| Photocopying service | 2,346 | 4,382 |
| Digitization service | - | 1,510 |
| Working lunches | 182,412 | 101,662 |
| Cafeteria supplies | 92,842 | 100,648 |
| Toiletries | 80,157 | 56,515 |
| Postage and courier services | 163,448 | 161,748 |
| Telex data transmission. tas. SWIFT | 1,428,685 | 1,589,016 |
| Building management | 1,101,108 | 1,016,331 |
| 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 |
| Bancóldex 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 |
| Internet services and electronic communications | 1,370,047 | 1,130,164 |
| Withholdings and taxes borne | 179,818 | 164,346 |
| Disaster recovery service | 247,308 | 265,308 |
| Prior period expenses | 1,456,188 | 235,227 |
| Events and refreshments, business training, and strategic planning | 589,521 | 564,955 |
| Goods received in payment and returned | 2,209,690 | 1,690,658 |
| Loss on sale of leased assets | - | 391,806 |
| Derecognition of receivables interest accounts IFRS 9 | - | 613,148 |
| Reversal of prior years' income | 1,011,767 | 78,342 |
| Other | 264,464 | 2,237,943 |
| | $ 36,762,945 | $ 35,095,811 |

## 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 Entities establish an 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, Bancoldex 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 | $ - | $ 33,820,793 |
| Other self-withholdings and withholdings by third parties | 50,220,593 | 25,846,041 |
| | 50,220,593 | 59,666,834 |
| **Current tax liabilities** | | |
| Income tax payable | 2,901,246 | 740,884 |
| **Total** | $ 47,319,347 | $ 58,925,950 |

### 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: | | |
| Adjustment of prior periods | | |
| Income tax for current year | $ 2,901,246 | $ 740,884 |
| | 2,901,246 | 740,884 |
| Deferred tax: | | |
| Adjustment of prior periods | | |
| Current period | 39,417,046 | 11,601,584 |
| Adjustments to deferred taxes attributable to changes in tax laws and rates | 7,084,493 | 9,882,179 |
| | 46,501,539 | 21,483,763 |
| **Total income tax recognized in the period** | $ 49,402,785 | $ 22,224,647 |

### 28.3. Reconciliation between profit before taxes and net income

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

| | 2022 | 2021 |
|---|---|---|
| Income tax: | | |
| Earnings before tax | $ 95,448,426 | $ 71,340,743 |
| Plus items that increase income | | |
| Non-deductible taxes | 14,679,469 | 1,598,624 |
| Non-deductible debit tax (GMF) | 7,330,735 | 6,263,379 |
| Non-deductible provision for loan portfolio and returned assets | 15,600,462 | 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 |
| | 351,421,225 | 466,747,404 |
| 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 | (12,460,530) | (39,182,461) |
| 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) | - |
| | (423,050,087) | (667,438,222) |
| Net taxable income | $ 23,819,564 | $ (129,350,074) |
| 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 | 8,596,882 | 455,210 |
| Additional points for financial institutions 3% | 615,224 | 0 |
| Income tax 10% | 0 | 285,674 |
| Tax discount - 50% ICA PAID | (6,310,860) | (163,979) |
| Current tax | $ 2,901,246 | $ 576,905 |

### 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 | $ (39,206,083) | $ (82,564,121) |
| Revaluations of financial instruments treated as cash flow hedges | (12,483,378) | (6,195,362) |
| Finance lease | (150,250) | (150,250) |
| Valuation (devaluation) at fair value of private equity fund | 26,634,625 | 21,779,117 |
| Foreign exchange gain (loss) on investments in foreign investments | 2,032,815 | 1,018,029 |
| Property revaluations | 4,799,839 | 4,821,610 |
| Valuation (devaluation) of investments in associates | 1,827,134 | 348,735 |
| Other - Expected loss impairment | 69,117 | 69,117 |
| Total income tax recognized in other comprehensive income | $ (16,476,181) | $ (60,873,125) |

### 28.7 Deferred tax balances

The following is an analysis of the deferred tax assets/liabilities presented in the Statement of Financial Position:

| | 2022 | 2021 |
|---|---|---|
| Deferred tax assets | $ 239,282,860 | $ 267,401,066 |
| Deferred tax liabilities | (287,826,696) | (225,046,419) |
| Total | $ (48,543,836) | $ 42,354,647 |

*BLANK SPACE*

| 2022 | Opening balance | | | Activity | | Closing balance | | |
|---|---|---|---|---|---|---|---|---|
| Deferred tax items | Assets | Liabilities | Net | Recognized in profit or loss | Recognized in other comprehensive income | Assets | Liabilities | Net |
| Derivative financial instruments - valuation | $ 6,197,678 | $ (35,762,133) | $ (29,564,455) | $ 54,625,297 | $ 6,288,015 | $ 31,362,763 | $ (13,906) | $ 31,348,857 |
| Financial assets at fair value through profit or loss | 1,890,722 | - | 1,890,722 | 6,709,415 | - | 8,600,137 | - | 8,600,137 |
| Available-for-sale financial assets | 82,564,121 | - | 82,564,121 | - | (43,358,038) | 39,206,083 | - | 39,206,083 |
| Financial assets at fair value through OCI - Equity instruments | - | (26,629,185) | (26,629,185) | 88,435 | (6,333,907) | - | (32,874,657) | (32,874,657) |
| 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 | (156,878,294) | (3,906,742) |
| Loan portfolio and accounts receivable | | (47,011,433) | (47,011,433) | (13,900,573) | | | (60,912,006) | (60,912,006) |
| Property, plant, and equipment | 348,946 | (14,973,463) | (14,624,517) | (1,166,909) | 21,772 | 379,004 | (16,148,658) | (15,769,654) |
| Non-current assets | | (15,155,901) | (15,155,901) | (749,900) | - | - | (15,905,801) | (15,905,801) |
| Finance leases | 2,796,053 | (2,694,008) | 102,045 | (219,399) | - | 4,751,473 | (4,868,827) | (117,354) |
| Intangible assets | 611,394 | (208,841) | 402,553 | (116,673) | - | 441,310 | (155,430) | 285,880 |
| Provisions (administrative expenses) | 121,263 | | 121,263 | 257,992 | - | 379,255 | - | 379,255 |
| Impairment of other accounts receivable | 303,469 | (69,117) | 234,352 | 887,814 | - | 1,191,283 | (69,117) | 1,122,166 |
| Agreements | 3,113,788 | - | 3,113,788 | (3,113,788) | - | - | - | - |
| | 236,761,380 | (225,046,419) | 11,714,961 | (15,861,853) | (44,396,944) | 239,282,860 | (287,826,696) | (48,543,836) |
| Tax losses | 30,639,686 | - | 30,639,686 | (30,639,686) | - | - | - | - |
| Total | $ 267,401,066 | $(225,046,419) | $ 42,354,647 | $ (46,501,539) | $ (44,396,944) | $ 239,282,860 | $ (287,826,696) | $ (48,543,836) |

| 2021 | Opening balance | | | Activity | | | Closing balance | | |
|---|---|---|---|---|---|---|---|---|---|
| | Assets | Liabilities | Net | Recognized in profit or loss | Recognized in other comprehensive income | Recognized directly in equity | Assets | Liabilities | Net |
| Deferred tax items | | | | | | | | | |
| Derivative financial instruments - valuation | $ 29,100,358 | $ (76,189) | $ 29,024,169 | $(94,168,751) | $ 165,664 | $ 35,414,462 | $ 6,197,678 | $(35,762,133) | $ (29,564,455) |
| Financial assets at fair value through profit or loss | - | (7,358,684) | (7,358,684) | 12,607,221 | | (3,357,816) | 1,890,721 | - | 1,890,721 |
| Available-for-sale financial assets | - | 10,067,802 | 10,067,802 | | 72,496,319 | | 82,564,121 | | 82,564,121 |
| Financial assets at fair value through OCI - equity instruments | | (11,423,625) | (11,423,625) | (643,049) | (14,562,511) | | | (26,629,185) | (26,629,185) |
| Exchange difference of foreign currency assets and liabilities | 24,533,293 | (10,204,280) | 14,329,013 | 40,772,352 | (912,960) | 2,083,203 | 138,813,946 | (82,542,338) | 56,271,608 |
| Loan portfolio and accounts receivable | - | (37,050,772) | (37,050,772) | (9,960,661) | | - | | (47,011,433) | (47,011,433) |
| Property, plant, and equipment | 149,742 | (13,327,207) | (13,177,465) | (851,327) | (595,725) | - | 348,946 | (14,973,463) | (14,624,517) |
| Non-current assets | | (15,809,228) | (15,809,228) | 653,327 | | - | - | (15,155,901) | (15,155,901) |
| Finance leases | 1,206,154 | (1,157,974) | 48,180 | 49,572 | 4,293 | - | 2,796,053 | (2,694,008) | 102,045 |
| Intangible assets | 285,635 | - | 285,635 | 112,345 | - | - | 611,394 | (208,841) | 402,553 |
| Provisions (administrative expenses) | 129,254 | - | 129,254 | 23,508 | - | - | 121,263 | | 121,263 |
| Impairment of other accounts receivable | 363,133 | (67,142) | 295,991 | (86,589) | (1,975) | - | 303,469 | (69,117) | 234,352 |
| Agreements | 3,745,185 | - | 3,745,185 | (631,397) | - | - | 3,113,788 | - | 3,113,788 |
| | 59,512,754 | (86,407,299) | (26,894,545) | (52,123,449) | 56,593,105 | 34,139,849 | 236,761,379 | (225,046,419) | 11,714,960 |
| Tax losses | - | - | - | 30,639,686 | - | - | 30,639,686 | - | 30,639,686 |
| Total | $ 59,512,754 | $ (86,407,299) | $(26,894,545) | $(21,483,763) | $ 56,593,105 | $ 34,139,849 | $267,401,065 | $(225,046,419) | $ 42,354,646 |

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 |
| Available-for-sale financial assets | - | - |
| 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 |
| Loan portfolio and accounts receivable | 2,943,824 | - |
| Property, plant, 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) |
| Agreements | 101,776 | - |
| Tax losses | - | (875,420) |
| Total | $ 7,084,493 | $ 9,882,179 |

## 29. CONTINGENCIES

As of December 31, 2022, and 2021, the Bank had legal proceedings in favor and against it. The claims of the proceedings were valued based on the attorneys' analysis and opinions. The following contingencies were determined:

***Creditor contingencies (proceedings against)***

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

The following is the breakdown of the labor proceedings, with possible classification (medium):

Proceeding Type: LABOR

| Parties | General Information | Proceeding Status | 2022 | 2021 |
|---|---|---|---|---|
| JORGE MARIO JARAMILLO CARDONA VS BANCÓLDEX AND OTHERS | Nature: Ordinary labor proceeding concerning an undetermined claim.<br><br>Identification: Labor Court 8 of the Bogotá 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 Bancoldex and the Ministry of Foreign Relations are decided on. The attorney of the Ministry files an appeal. | **287,388** | **287,388** |
| ANDRÉS ESPINOSA FENWARTH | Nature: Ordinary labor proceedings of indeterminate amount. | 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. | - | - |

| | | | | |
|---|---|---|---|---|
| vs. BANCOLDEX and Colpensiones | Identification: Labor Court 34 of the Bogota Circuit. (11001310503420180003600) | 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<br><br>COLPENSIONES AND OTHERS | Nature: Ordinary labor proceedings of indeterminate amount.<br><br>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 Proceeding* - As of December 31, 2022, there were no ongoing proceedings, with possible assessment (medium).

***Contingencies on accounts receivable (proceedings in favor)***

*Labor proceedings* - As of December 31, 2022 and 2021, judicial proceedings claims assessment 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 a disaggregation of the labor proceedings:

| Parties | General Information | Proceeding Status | 2022 | 2021 |
|---|---|---|---|---|
| BANCÓLDEX<br><br>vs.<br><br>ALIANSALUD E.P.S. - ADRES | Nature: Ordinary labor proceedings.<br><br>Identification: Bogotá Circuit Labor Court 5. 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 |

| Parties | General Information | Proceeding Status | 2022 | 2021 |
|---|---|---|---|---|
| BANCÓLDEX<br>vs.<br>CAFESALUD E.P.S. - ADRES | Nature: Ordinary labor proceeding.<br><br>Identification: Bogotá Circuit Labor Court 15. 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: Bancoldex'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 |
| BANCÓLDEX<br>vs.<br>COMPENSAR E.P.S. - ADRES | Nature: Ordinary labor proceeding.<br><br>Identification: Labor Court 12 of the Bogotá 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<br>vs.<br>SURA E.P.S. - ADRES | Nature: Ordinary labor proceeding.<br><br>Identification: Labor Court 25 of the Bogotá 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<br>vs.<br>FAMISANAR E.P.S. - ADRES | Nature: Ordinary labor proceeding.<br><br>Identification: Labor Court 36 of the Bogotá Circuit 11001310505021202000011300 | 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 |

| Parties | General Information | Proceeding Status | 2022 | 2021 |
|---|---|---|---|---|
| BANCÓLDEX vs. SANITAS E.P.S. - ADRES | Nature: Ordinary labor proceeding. | 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. COOMEVA E.P.S. - ADRES | Nature: Ordinary labor proceeding. Identification: Labor Court 31 of the Bogotá 11001310503120190050100 | On November 5, 2020, the court passed judgment in favor of the Bank. Coomeva is sentenced to pay, including default interest from the time the refund was requested. The judgement ordered to pay court costs and attorney's fees in the amount of half a statutory minimum wage. An appeal was filed. | - | 47.225 |
| BANCÓLDEX vs. Cruz Blanca E.P.S. - ADRES | Nature: Ordinary labor proceeding. | 06-29-22: Under Section 139 of the General Code of Procedure., 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 proceeding. Identification: Labor Court 33 of the Bogotá Circuit. 11001310503320190013700 | Lawsuit notified to the defendants. Lawsuit is answered. | - | 32.949 |
| BANCÓLDEX vs. | Nature: Ordinary labor proceeding. | 04-08-2022: Ruling by the Court is notified, confirming lower court judgment and denying Bancóldex's claims. 06-07-2022: Costs are assessed and approved in favor of the plaintiffs for $1 million each. | - | 25.934 |

| Parties | General Information | Proceeding Status | 2022 | 2021 |
| --- | --- | --- | --- | --- |
| Salud Total E.P.S. - ADRES | Identification: Labor Court 38 of the Bogotá Circuit. 11001310503820190018000 | | | |
| BANCÓLDEX vs. SALUDCOOP E.P.S. - ADRES | Nature: Ordinary labor proceeding. Identification: Labor Court 20 of the Bogotá 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 |
| BANCÓLDEX vs. Servicios Occidentales de Salud E.P.S. - ADRES | Nature: Ordinary labor proceeding. Identification: Court 3 of Small Labor Cases 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 assessing the claims of the administrative proceedings against the Comptroller General's Office amounted to $0 and $5,232,227, respectively, as follows:

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 C.P.A.C.A.

Additionally, there were three proceedings assessed as Possible:

| | |
| --- | --- |
| Cartagena Tourism District | No Amount |
| Cartagena Tourism District | No Amount |
| Paipa Municipality | No Amount |

*Civil proceedings* - As of December 31, 2022, and 2021, the result of the valuation of the claims in civil proceedings corresponded to:

| | 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 | v |

*Executory proceedings* - As of December 31, 2022, and 2021, the result of assessing the claims of the court proceedings amounted to $6,432,420 and $6,337,776, respectively.

The following is a breakdown of the executory proceedings:

| Parties | General Information | Proceeding Status | 2022 | 2021 |
|---|---|---|---|---|
| BANCÓLDEX vs. Giraldo y Duque S.A. and C.I. Giraldo Duque Ltda. (International portfolio C.F.) | Nature: Singular Executory Proceeding Concerning a Large Claim.<br>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).<br>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 (International portfolio C.F.) | Nature: Mortgage Executive Proceeding.<br>Identification: Second Municipal Civil Court of Pasto. 52001400300220170014600 | Official notice of a lien placed against real property which is affected by mortgage in favor of the Bank was recorded. Seizure is enacted and a writ delegating the authority to examine evidence to another judge is filed at Pasto inspection to process seizure.<br>Date to process the seizure is pending to be designated. It depends on the decision for an appeal filed by the Bank.<br>Process with an order to continue with the execution; credit liquidation approved, and without effective precautionary measures. | 43,793 | 43,793 |
| BANCÓLDEX vs. | Nature: Singular Executory Proceeding concerning a Large Claim.<br>Identification: 5th Civil Court of the Circuit of Barranquilla. 2017-279 | An investigation and trial hearing were held on March 13, 2019. The court passed judgment that ordered to continue with the execution. The Bank is awaiting the setting of a date for sequestration of the seized assets. | 1,860,336 | 1,860,336 |

| Parties | General Information | Proceeding Status | 2022 | 2021 |
|---|---|---|---|---|
| IKONOS INMOBILIARIA S.A.S, MARIA ANGELICA NIÑA PEÑA, CAMPO ELÍAS LÓPEZ DAZA and DIANA JUDITH LOPÉZ CAICEDO (International portfolio C.F.) | | | | |
| BANCÓLDEX vs. TRITURADOS Y PREFABRICADOS | Nature: Singular Executory<br>Identification: Civil Court 1 of the Neiva Circuit 41001310300120170018800 | On September 23, 2019, a judgment hearing was held. The court declared that the exceptions were not proven and ordered to continue with the execution.<br>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 | 2,407,407 | 2,407,407 |
| BANCÓLDEX vs. José Luis Ovalle (International portfolio C.F.) | Nature: Mortgage Executory Proceeding (initial) Concerning Small Claims - 20001400300300720180021500<br>Identification: Valledupar Municipal Civil Court 1 | A lawsuit was filed on May 21, 2018. A payment order was issued on June 22, 2018. Bancolombia requested displacement of the seizure by under the mortgage guarantee with the Bank. On June 29, 2018, the Valledupar Chamber of Commerce admitted the insolvency proceeding of a non-trading individual. On July 31, 2018, the court issues a processing order to give authentic copies of the assignment of the mortgage attached to the claim. | 50,000 | 50,000 |
| BANCÓLDEX vs. Reimpex S.A.S. (International C.F.) | Nature: Small Claims Singular Executive Proceeding 05001400302420180049500.<br>Identification: Municipal Civil Oral Court 24 of Medellín | The main debtor was admitted in a reorganization process and an agreement thereof has been confirmed.<br>According to information found in the legal deposit system of the municipal civil execution office and in the Agrarian Bank system, the court confirms that there are no pending monies to deliver in this process either in the original court or in the civil execution office. | 88,430 | 88,430 |
| BANCÓLDEX | Nature: Singular Executory Proceeding Concerning Large Claims 11001310300120140052900. | The auction date was set for January 28, 2020. Auction declared void due to a lack of bids | 270,000 | 270,000 |

| Parties | General Information | Proceeding Status | 2022 | 2021 |
|---|---|---|---|---|
| vs.<br><br>Centro Internacional de Biotecnología - CIBRE (International C.F.) | Identification: Civil Court 1 of the Bogotá Executory Circuit (Originating Court: Civil Court 1 of the Bogotá Circuit). | | | |
| BANCÓLDEX<br><br>vs.<br><br>Districacharrería la 13 S.A.S.<br><br>(International C.F.) | Nature: Executory Proceeding<br><br>Identification: Civil Court 1 of the Santa Marta Circuit 47001315300120190008300. | A payment order was issued, and seizures were recorded on the properties found. The seizure of real estate in the Sierra Nevada de Santa Marta is achieved. | 381,421 | 381,421 |
| BANCÓLDEX<br><br>vs.<br><br>Artefacto Constructores S.A.S. | Nature: Executory<br><br>Identification: Municipal Court 08 of Cali.<br><br>Proceeding No. 76001400300820190090043400 | A payment order was issued, and precautionary measures were registered. | 106,470 | 106,470 |
| BANCÓLDEX<br><br>vs.<br><br>Comercializadora Seul FD LTDA.<br><br>- Francisco Oriel Duque Zuluaga | Nature: Mortgage foreclosure<br><br>Identification: Court 02 Bogotá Civil Circuit<br><br>1.10013103002201E | A payment order was issued and precautionary measures were registered. | 219,515 | 219,515 |
| BANCÓLDEX<br><br>vs.<br><br>ASOCIACION ONG AVANSAR | Nature: Executory proceeding<br><br>Identification: Mixed Court of the Saravena (Arauca)<br><br>81-736-31-89-001-2019-00376-00 | A lawsuit was filed on December 19, 2019. The payment order was issued on January 21, 2020. Seizure measures were decreed for the following real estate properties 1. Seizure of the real estate property identified with Property 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<br><br>vs.<br><br>OSCAR WILLIAM VARGAS | Nature: Mortgage foreclosure<br><br>Identification: In distribution<br><br>Probability of success or recovery of the obligation: Possible<br><br>Attorney: Gloria Stella Suárez Status: Active portfolio Contingency: $34,551,123 | Complaint filed online with receipt number 115488 ($34,551,123) | 34,552 | - |

| Parties | General Information | Proceeding Status | 2022 | 2021 |
|---|---|---|---|---|
| BANCÓLDEX<br><br>vs.<br><br>COMERCIALIZADORA FUNDIALUMINIOS ALVARO HERNANDEZ GIRALDO<br>MARIA FERNANDA HERNANDEZ MEDINA<br><br>(International portfolio CF) | Nature: Singular foreclosure proceeding of small claims.<br><br>Identification: Municipal Civil Court 2 of Dosquebradas. 66170400300220170023400<br><br>Probability of success or recovery of the obligation: Possible<br>Provision amount: N/A<br>Contingency: $60,091,908 | 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 court was asked to attach it. Attachment registered. | 60,092 | - |
| 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. BUSINESS MANAGED BY THE FIDUCIARY

The amount of the assets and liabilities for all the businesses managed by Fiducóldex as of December 31, 2022, and 2021 is broken down below:

| Business category | 2022<br>Number of businesses | Assets | Liabilities |
|---|---|---|---|
| Management and Payments | | | |
| Real Estate Business | 2 | $ 30.263.802 | $ 7.652.116 |
| Management and Payment Business | 81 | 2.444.568.646 | 489.640.861 |
| **Total Management and Payments** | **83** | **2.474.832.448** | **497.292.977** |
| Securitizations | | | |
| Securitization Business | 1 | 217.124.145 | 4.762.151 |
| **Total Securitizations** | **1** | **217.124.145** | **4.762.151** |
| Collateral Trust | | | |
| Collateral Trust Business | 46 | 44.204.612 | 902.599 |
| **Total Guarantee Trust** | **46** | **44.204.612** | **902.599** |
| Pension Liabilities | | | |
| Pension Liability Business | 7 | 5.338.175.246 | 14.230.056 |
| **Total pension liabilities** | **7** | **5.338.175.246** | **14.230.056** |

| 2022 | | | |
|---|---|---|---|
| **Collective Investment Fund** | | | |
| Fics Fiducoldex | 1 | 20.946 | 58 |
| Fics 60 Moderate | 1 | 17.812.733 | 22.013 |
| **Total Collective Investment Funds** | **2** | **17.833.679** | **22.071** |
| Private Equity Fund | | | |
| Fondo Áureos Colombia | 1 | 5.278.957 | 2.192.437 |
| Bancóldex Fund of Funds | 3 | 525.323.838 | 10.859.782 |
| **Total Private Equity Fund** | **4** | **530.602.796** | **13.052.220** |
| **Total** | **147** | $ 8.622.772.925 | $ 530.262.074 |

| **Business category** | **2021 Number of businesses** | **Assets** | **Liabilities** |
|---|---|---|---|
| Management and Payments | | | |
| Real Estate Business | 5 | $ 29.463.707 | $ 7.669.268 |
| Management and Payment Business | 68 | 2.389.561.960 | 483.622.133 |
| | 73 | 2.419.025.667 | 491.291.401 |
| Securitizations | | | |
| Securitization Business | 1 | 194.137.010 | 19.741 |
| | 1 | 194.137.010 | 19.741 |
| Collateral Trust | | | |
| Collateral Trust Business | 45 | 45.640.341 | 496.071 |
| | 45 | 45.640.341 | 496.071 |
| Pension Liabilities | | | |
| Pension Liability Business | 11 | 5.924.416.328 | 14.574.498 |
| | 11 | 5.924.416.328 | 14.574.498 |
| **Collective Investment Fund** | | | |
| Fics Fiducoldex | 1 | 319.346.243 | 252.132 |
| Fics 60 Moderate | 1 | 25.899.238 | 22.962 |
| | 2 | 345.245.481 | 275.094 |
| Private Equity Fund | | | |
| Fondo Áureos Colombia | 1 | 6.396.394 | 1.764.672 |
| Bancóldex Fund of Funds | 1 | 38.511.761 | 92 |
| | 2 | 44.908.155 | 1.764.764 |

| Business category | 2021 Number of businesses | Assets | Liabilities |
|---|---|---|---|
| Total | 134 | $ 8.973.372.982 | $ 508.421.569 |

## 31. 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 and 2021:

| 2022 | Bancoldex Business | Fiducóldex Fiduciary Business | Subtotal | Eliminations | | Consolidated Statement |
|---|---|---|---|---|---|---|
| | | | | Debit | Credit | |
| Related Principal Asset Amount | **12,858,951,217** | **64,750,319** | **12,923,701,536** | **0** | **51,030,270** | **12,872,671,266** |
| Assets managed(Trust management business) | - | 8,973,372,983 | 8,973,372,983 | | | 8,973,372,983.42 |
| **INCOME STATEMENT:** | | | | | | |
| Financial income generated | 3,531,711,446 | 32,835,471 | 3,564,546,917 | 0 | 0 | 3,564,546,917 |
| Financial expenses | 3,256,335,745 | 216,388 | 3,256,552,134 | 0 | 103,429 | 3,256,448,704 |
| Other Financial Income or Expenses (including commissions) | -6,187,084 | 126,619 | -6,060,465 | | | -6,060,465 |
| **Gross financial margin** | **269,188,617** | **32,745,701** | **301,934,319** | | | **302,037,748** |
| Provisions for portfolio balance | 33,095,338 | 28,212 | 33,123,550 | 0 | 0 | 33,123,550 |
| **Net financial margin** | **236,093,279** | **32,717,489** | **268,810,768** | | | **268,914,198** |
| **Operating expenses:** | | | | | | |
| Administrative expenses | 116,338,475 | 30,101,133 | 146,439,608 | | 803,831 | 145,635,777 |
| Financial business taxes (*) | 33,256,641 | 1,552,259 | 34,808,900 | | | 34,808,900 |
| Other provisions (**) | 14,680,426 | 0 | 14,680,426 | | | 14,680,426 |
| **Operating income** | **71,817,738** | **1,064,097** | **72,881,835** | | | **73,789,095** |
| Net other income/expenses (including dividends) (***) | 22,312,415 | 997,132 | 23,309,547 | 1,650,217 | 0 | 21,659,330 |

| 2022 | Bancoldex Business | Fiducóldex Fiduciary Business | Subtotal | Eliminations | | Consolidated Statement |
|---|---|---|---|---|---|---|
| | | | | Debit | Credit | |
| **Income before tax** | **94,130,153** | **2,061,229** | **96,191,381** | | | **95,448,424** |
| Income tax | 48,231,719 | 1,171,066 | 49,402,785 | | | 49,402,785 |
| **Net profit** | **45,898,434** | **890,163** | **46,788,596** | | **149,349** | **46,045,639** |

| 2021 | Bancoldex Business | Fiducóldex Fiduciary Business | Subtotal | Eliminations | | Consolidated Statement |
|---|---|---|---|---|---|---|
| | | | | Debit | Credit | |
| Related Principal Asset Amount | **10,479,983,645** | **63,633,828** | **10,543,617,473** | **0** | **49,955,477** | **10,493,661,996** |
| Assets managed (Trust management business) | - | 8,965,656,428 | 8,965,656,428 | | | 8,965,656,428.20 |
| **INCOME STATEMENT:** | | | | | | |
| Financial income generated | 2,039,103,478 | 31,135,676 | 2,070,239,154 | 0 | 0 | 2,070,239,154 |
| Financial expenses | 1,806,822,500 | 163,264 | 1,806,985,764 | 0 | 34,507 | 1,806,951,257 |
| Other Financial Income or Expenses (including commissions) | -17,407,162 | 12,305 | -17,394,857 | | | -17,394,857 |
| **Gross financial margin** | **214,873,815** | **30,984,717** | **245,858,533** | | | **245,893,040** |
| Provisions for portfolio balance | 43,608,690 | 55,219 | 43,663,909 | 0 | 0 | 43,663,909 |
| **Net financial margin** | **171,265,125** | **30,929,498** | **202,194,623** | | | **202,229,131** |
| **Operating expenses:** | | | | | | |
| Administrative expenses | 104,943,604 | 29,861,872 | 134,805,476 | | 671,893 | 134,133,583 |
| Financial business taxes (*) | 23,445,819 | 1,552,259 | 24,998,078 | | | 24,998,078 |
| Other provisions (**) | 9,880,245 | 0 | 9,880,245 | | | 9,880,245 |
| **Operating income** | **32,995,456** | **(484,632)** | **32,510,824** | | | **33,217,225** |
| Net other income/expenses (including dividends) (***) | 15,408,648 | 684,846 | 16,093,495 | 855,749 | 0 | 15,237,746 |
| **Income before tax** | **48,404,105** | **200,214** | **48,604,319** | | | **48,454,971** |

| 2021 | Bancoldex Business | Fiducóldex Fiduciary Business | Subtotal | Eliminations | | Consolidated Statement |
|---|---|---|---|---|---|---|
| | | | | Debit | Credit | |
| Income tax | 22,118,615 | 106,032 | 22,224,647 | | | 22,224,647 |
| **Net profit** | **26,285,490** | **94,183** | **26,379,672** | | **149,349** | **26,230,324** |

**Asset and Liabilities**

| 2022 | Bancoldex Business | Fiducóldex Fiduciary Business | Subtotal | Eliminations | | Consolidated Statement |
|---|---|---|---|---|---|---|
| | | | | Debit | Credit | |
| **Asset** | **12,620,621,553** | **63,797,122** | **12,684,418,675** | - | 51,030,270 | **12,633,388,405** |
| **Liabilities** | **11,113,587,556** | **5,337,546** | **11,118,925,102** | 916,224 | | **11,118,008,878** |

| 2021 | Bancoldex Business | Fiducóldex Fiduciary Business | Subtotal | Eliminations | | Consolidated Statement |
|---|---|---|---|---|---|---|
| | | | | Debit | Credit | |
| **Asset** | **10,255,920,384** | **62,650,669** | **10,318,571,053** | - | 49,955,477 | **10,268,615,576** |
| **Liabilities** | **8,847,397,243** | **4,973,583** | **8,852,370,826** | 671,076 | | **8,851,699,750** |

## 32. RELATED PARTIES

The Entities consider 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 are clear examples of persons or Entities that influence or may influence P&L and the financial situation of the Entities. It was also considered that the 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 Entities as well as Directors and Managers of Fiducóldex subsidiary are considered administrators.

***Transactions with related parties*** – The Entities 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 Entities 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, and members of the Board of Directors is as follows:

***Parent***

***Transactions with shareholders***

| | 2022 | 2021 |
|---|---|---|
| **EQUITY** | | |
| Subscribed and paid-in capital | | |
| Grupo Bicentenario 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 | $ 1,433,267 | $ 705,219 |
| Consumer | 89,642 | 123,676 |
| Accounts receivable | | |
| Interest receivable | 14,872 | 4,484 |
| Social welfare | 16,400 | 13,579 |
| Other | 19,764 | 22,803 |
| | $ 1,573,945 | $ 869,761 |
| **LIABILITIES** | | |
| Accounts payable | | |
| Social welfare | $ 737,080 | $ 584,485 |
| Other | - | 34 |
| Other liabilities | | |
| Vacation | 819,889 | 699,859 |
| | $ 1,556,969 | $ 1,284,377 |
| **INCOME** | | |
| Receivables income | | |
| Loan interest | $ 199,043 | $ 84,712 |
| Income - Sundry | | |
| Recoveries | - | - |
| Furniture sale profit | - | - |
| Other Income | 22 | 0 |
| | $ 199,065 | $ 84,712 |
| **EXPENSES** | | |
| Employee benefits | | |
| Personnel Expenses | $ 5,208,704 | $ 4,871,917 |
| Expenses – Sundry | - | - |
| Other | 91,812 | 61,346 |
| | $ 5,300,516 | $ 4,933,263 |

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 the Board of Directors members:***

| | 2022 | 2021 |
|---|---|---|
| **ASSET** | | |
| 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.

***Fiducoldex -*** The total amount of transactions carried out by Fiducóldex with related parties during the relevant period is presented below:

Disaggregation of balances of transactions with related parties:

| | 2022 | 2021 |
|---|---|---|
| Operating expenses | | |
| Banco de Comercio Exterior Lease – Others | $ 803.831 | $ 671.893 |
| Cámara de Comercio de Bogotá Renewal, Membership, Certificates | $ 6.716 | 7157 |
| Total | $ 810.545 | $ 679.050 |

***Remuneration to key personnel of the Trust Company*** - Key personnel members of the Trust Company include shareholders, managers, and members of the board of directors.

| | 2022 | 2021 |
|---|---|---|
| Fees, wages, and other short-term benefits | $ 1.554.514 | $ 6.196.731 |
| Remuneration of key management personnel | $ 1.554.514 | $ 6.196.731 |

The amounts disclosed are those recognized as a cost or expense during the reporting period for compensation of the subsidiary's key personnel:

| | 2022 | 2021 |
|---|---|---|
| Transactions with members of the Board of Directors | | |
| Operating expenses | | |
| Board of Directors Fees | $ 282.550 | $ 190.790 |

| | | |
|---|---|---|
| Audit Committee Fees | 4.780 | 4.799 |
| Risk management committee fees | 7.000 | 19.079 |
| Total | $ 294.330 | $ 214.668 |

| | 2022 | 2021 |
|---|---|---|
| Transactions with directors | | |
| Salaries | $ 1.187.326 | $ 4.886.091 |
| Leaves | 46.912 | 55.53 |
| Education monetary aid | | - |
| Vacation | 118.472 | 267.804 |
| Bonuses | 885 | 5.010 |
| Benefits and other | 140.372 | 796.125 |
| Special loans | - | 5.567 |
| Health assistance | 18.313 | 55.397 |
| Compensations | 42.234 | 100.154 |
| Maternity leave | - | 25.054 |
| **Total** | **$ 1.554.514** | **$ 6.196.731** |

## 33. 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 Operational Risk Management System (SARO), 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.

Each Entity's Board of Directors is the main body responsible for risk management and as such it leads the process and decisions in this area. Each Board approves the risk management general policies and the organizational structure that supports the Entities' management procedures through the different risk systems.

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 each affiliate and regularly submit reports related to their assessments on risk management.

Committees are decision-making bodies that support the Boards of Directors for the management of different risk categories. Bancóldex has the following committees; however, there are also similar instances at each subsidiary, which support all the decisions made by each Board of Directors.

| Instance | Risk category | Main functions |
| --- | --- | --- |
| Risk Management Committee of the Board of Directors | Credit Risk<br>Operational Risk<br>Liquidity Risk<br>Market Risk<br>Strategic Risk<br>Environmental and Social 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.<br>• Approve general guidelines for credit risk management methodologies.<br>• Provide input about the Bank's operational risk profile.<br>• Approve contingency and business continuity plans and arrange necessary resources for their timely implementation. |
| External Credit Committee Corporate | Credit Risk | • Approve the counterparty credit limit for financial entities.<br>• Recommend the approval of direct credit operations to the Board of Directors, according to powers.<br>• Approve direct credit operations with companies, according to powers. |
| SME External Credit Committee | | • Approve direct credit operations with companies, according to powers. |
| Audit Committee | Credit Risk<br>Operational Risk<br>Liquidity Risk<br>Market Risk<br>ML/TF risk<br>Strategic Risk | • Analyze audit results for risk management process.<br>• Monitor risk exposure levels, its implication for the entity, mitigation measures and control measures implemented. |
| Internal Credit Committee | Credit Risk | • Approve direct credit operations with companies, according to powers. |
| Portfolio Rating Committee | Credit Risk | • Approve debtors' credit ratings to calculate provisions.<br>• Monitor debtors risk profile. |
| Asset and Liability Management Committee | Market Risk and Liquidity Risk | • Approve procedures and methodologies for managing market and liquidity risks.<br>• Approve strategies for resource mobilization, resource attraction and hedging.<br>• 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.<br>• Recommend and approve risk profile measures, methodologies, and procedures for the management of operational risks.<br>• Monitor the Bank's operational risk profile.<br>• Analyze and approve information security policies and business continuity policies. |

| Instance | Risk category | Main functions |
|---|---|---|
| | | • Recommend, control, and monitor the implementation of the Information Security Plan at the Bank.<br>• Decision making in administrative processes and document management strategies. |
| Conglomerate Risk Committee | Credit Risk<br>Operational Risk<br>Liquidity Risk<br>Market Risk<br>SARLAFT risk<br>Strategic Risk | • Propose to the Bank's Board of Directors the general risk management policies that will apply to the entities of the Bancóldex Group.<br>• Monitor exposure to the different types of risks, both for each Group entity and in the aggregate. |

***a) Credit risk***

*Qualitative information* - The Bank's credit risk management is aligned with the standards established by the Financial Superintendence of Colombia and the principles are framed within international best practices. Therefore, the Bank has a Credit Risk Management System (SARC) that includes policies, processes, and procedures, granting and monitoring methodologies, and audit processes that cover the different products and segments serviced by the Bank.

The policies include the general policies that frame the Bank's credit operation such as business strategy, provisions, write-offs, restructuring, amongst others, as well as specific policies for each one of the Bank's products and segments that define granting and monitoring criteria, maximum credit exposure and guarantees to be demanded.

The Bank has methodologies and credit risk analysis models that support specialized granting and monitoring processes for its different segments. In the case of local credit institutions, foreign financial intermediaries and entities oriented to microenterprise credit, 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. In line with the above, the Bank has a granting and monitoring methodology for direct loans to companies. It is based on the client's financial information and financial history with the financial system in general, and seeks to assess the payment capacity of the debtor and his capacity for future fund generation. For loans to the SME segment, the Bank applies methodologies, both for granting and follow-up, which, based on specific models, incorporate quantitative, qualitative, financial, and sectorial elements and technical considerations, in addition to the sensitized and projected cash flow of the clients for each of the products (leasing, credit and factoring), which allow determining their payment capacity by the credit factory to be considered in different credit committees.

The Risk Vice-Presidency is responsible for proposing before the Board of Directors the methodologies and models to be applied to originate and monitor loans. These models must be validated periodically in order 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 entities oriented to microenterprise credit, 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. The Bank continued with the provision over gross portfolio indicator to monitor credit risk appetite and defined this indicator for the total portfolio and the segments comprising it. To estimate the limits of appetite, tolerance, and risk capacity, different stress scenarios, from baseline to worst-case, were considered.

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.

The Vice Presidency for Risk periodically reports to the Board of Directors and the different 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 and considering the financial position and payment capacity of each debtor. According to the rating assigned, the required provisions is created.

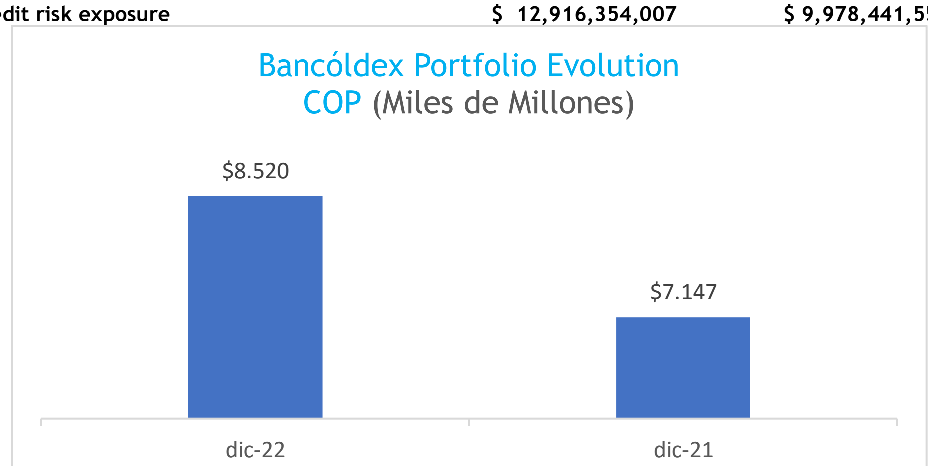
The methodology used by the Bank to measure the impairment of financial assets is based on the expected loss model. The provisions of the guidelines by the IASB in IFRS 9 (Financial Instruments) are followed.

IFRS 9 establishes an expected loss model, based on three components of credit loss: probability of default (PD), exposure at default (EAD) and loss given default (LGD) under the guidelines of IFRS 9.

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

*Quantitative information* - Consolidated exposure to credit risk. The maximum exposure to credit risk of the Bancóldex Group is reflected in the amount of financial assets in the Statement of Financial Position as of December 31, 2022, and 2021 as follows:

| | 2022 | 2021 |
|---|---|---|
| Loan portfolio | $ 8,519,519,252 | $ 7,146,567,323 |
| Debt securities | 2,352,764,950 | 1,601,765,195 |
| Equity securities | 443,372,641 | 184,417,056 |
| Derivatives | 563,849,564 | 332,933,496 |
| Financial guarantees | 191,840,520 | 133,812,590 |
| Active money market operations | 845,007,080 | 578,945,895 |
| **Maximum credit risk exposure** | **$ 12,916,354,007** | **$ 9,978,441,555** |




*Risk concentration* – The Bancóldex Group monitors credit risk concentration through different portfolio groupings such as type of entity, type of portfolio, risk category, and country, as shown below:

*Distribution by type of portfolio*

| Type of portfolio | 2022 | 2021 |
|---|---|---|
| Business | $ 8,499,933,548 | $ 7,127,661,182 |
| Consumer | 1,522,667 | 1,830,673 |
| Housing | 18,063,037 | 17,075,468 |
| Total | $ 8,519,519,252 | $ 7,146,567,323 |

The structure of the Bank's loan portfolio mainly contemplates the business loan modality. This type of portfolio is divided into business portfolio under the rediscount mechanism and direct business portfolio for provision estimation models. Notwithstanding the preceding, and in compliance with External Circular Letter 054/2009 issued by the Financial Superintendence of Colombia, the Bank has housing and consumer portfolio corresponding exclusively to loans to officers and former officers granted before their retirement.

*Distribution by risk rating*

| Rating | 2022 | 2021 |
|---|---|---|
| A | $ 8,190,279,066 | $ 6,832,208,773 |
| B | 123,682,012 | 146,502,564 |
| C | 54,001,781 | 52,690,034 |
| D | 83,641,863 | 54,832,018 |
| E | 67,914,530 | 60,333,934 |
| Total | $ 8,519,519,252 | $ 7,146,567,323 |

*Portfolio quality indicators*

| Portfolio quality | | 2022 | 2021 |
|---|---|---|---|
| Risk Profile | Indicator1[1] | 4,40% | 4,40% |
| | Coverage (times) | 0,63 | 0,38 |

1. Risk profile indicator = portfolio rated B-E/gross portfolio

2. Coverage= provisions/ portfolio rated B-E

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 due to the lower value of the SME portfolio and a higher value of the past-due SME portfolio.

*Impairment indicators:*

Impairment is understood as the recognition of the expected loss of the credit portfolio under IFRS 9.

| Impairment | 2022 | 2021 |
|---|---|---|
| Impairment amount | $ 184,521,677 | $ 142,691,585 |
| Impairment indicator | 2.12% | 1.96% |

*Credit risk management* – Other financial instruments: The basic policies and rules for managing credit operations also cover treasury operations, particularly counterparties with which interbank and derivative transactions are carried out, among others. For each position that make up the investment portfolio, the Bancóldex Group has policies and limits that seek to minimize exposure to credit risk, including:

- *Credit and term limits for each counterparty* - defined by Bancóldex's Risk Management Committee according to the results of the risk rating model for each counterparty.

- *Trading limits* - verified by the front office before closing operations to ensure enough available to carry out the transaction.

- *Local master agreements and ISDAs/Credit Support Annex* - these bilateral agreements describe the handling of transactions between counterparties following international best practices and limit the legal and financial risk in the event of non-compliance. These documents establish risk exposure mitigation mechanisms (*threshold*), the procedures to be followed in the event of default, and the special conditions per type of transaction applied to derivatives.

- *Alerts by counterparty* – the Bancóldex Group has alert indicators that allow timely identification of changes in the financial position of counterparties. Bancóldex's Risk Vice-Presidency submits periodic reports to the Risk Management Committee on the financial position of the counterparties with an assigned limit to operate.

***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 as a result of changes in interest rates, exchange rates, and other important variables on which the economic value of such instruments depends.

*Market risk management* - In the Bancóldex Group, market risk is managed by identifying, measuring, monitoring, and controlling the different exposures to interest rate risk, exchange rate, positions in collective portfolios, stock price risk, and investment funds. Market risk management is permanent and generates daily, weekly, and monthly reports to senior management and all front, middle and back-office officers to make timely decisions for the adequate mitigation of the risks assumed and guarantee the risk appetite and risk limits approved by the Board of Directors. Such management falls within the guidelines of the Financial Superintendence of Colombia (Chapter XXI of External Circular Letter 100) and is supported by internal methodologies to monitor the exposure of the different products traded in the Bank's Treasury. The above is consolidated in each Entity's Market Risk Management System (SARM) Manuals, which define policies, organizational structure, methodologies, among others.

In addition to the guidelines established for market risk management, Bancoldex follows the guidelines in Chapter XVIII – Derivative Financial Instruments and Structured Products. In December 2019, the Financial Superintendence of Colombia issued circular letter 031 to amend this chapter regarding the calculation of the credit exposure for financial instruments. This calculation considers the amounts of the guarantees received when the exchange of guarantees with counterparties has been agreed in the framework agreement. To comply with the provisions of this standard, the Bank contracted the services of a software provider to calculate the amount of the credit exposure automatically, affect the limits with this amount, and automate guarantee management, making processes more efficient and significantly reducing associated operational risks.

Bancóldex has the proper segregation of front, middle and back-office areas to identify, measure, and analyze the market risk information inherent to the different transactions.

The businesses in which Bancóldex is exposed to market risks are purchase and sale of local currency and foreign currency fixed income products, spot and forward market positions, bonds, TDs of the financial sector indexed at variable rates (IPC, DTF, and BRI). The Bank has a treasury business strategy and derivative financial instruments, ensuring that the risks assumed do not affect the Bank's soundness and equity stability.

At Bancóldex, the Vice-Presidency of Risk and Credit is responsible for proposing, developing, and ensuring adequate compliance with the policies, methodologies, procedures, and general guidelines approved by the Board of Directors and the Risk Management Committee of the Board of Directors for market risk management. It is also responsible for measuring, analyzing, and controlling the risks inherent to the business and the periodic review and assessment of the valuation methodologies for the different products 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 may take on in each Treasury product.

To know the level of risk assumed in the treasury book transactions, Bancóldex uses the standard value at risk (VaR) methodology in Chapter XXI of the Basic Accounting and Financial Circular Letter by the Financial Superintendence of Colombia under Annex I of said circular, calculating the total value at risk of the investment portfolio is the sum of the exposure to interest rate, share price, collective portfolios, and exchange rate. This value is calculated daily by the Financial Risk Department. The calculated VaR is included in the solvency level under current regulations.

In addition to regulatory compliance, Bancóldex uses an internal value-at-risk measurement model, the results of which are used as a complementary analysis and management mechanism. These internal models allow daily monitoring of the market risk exposure of the Treasury's product portfolio, the results of which are permanently reported to the areas and Committees involved. The results of the market risk assessment are the starting point for daily negotiations. The VaR calculation with the internal model is performed daily according to market conditions and risk factors defined in such methodology. The internal model is back tested and stress-tested to determine the validity of the model and know how accurate the forecasts of losses are compared to the accounting reality and estimate the possible losses in situations of market stress.

*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 due to fluctuations in interest rates, exchange rates, and 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.

A stress scenario of the Value at Risk (VaR) is considered to define tolerance to market risk. 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.

*Maximum, minimum, and average amounts of the investment portfolio:*

| Investments | 2022 Maximum | Minimum | Average |
|---|---|---|---|
| At amortized cost | $ 1,108,651,910,118 | $ 731,911,925,192 | $ 894,187,238,547 |
| At Fair Value | 144,672,980,320 | 30,758,679,760 | 65,279,682,900 |
| At Fair Value with changes in other comprehensive income | 1,143,554,243,597 | 731,983,410,000 | 978,431,087,593 |

| Investments | 2021 Maximum | Minimum | Average |
|---|---|---|---|
| At amortized cost | $ 17,498,414,302 | $ 5,021,775,992 | $ 7,973,247,632 |
| At Fair Value | 694,115,700,000 | 56,059,823,120 | 424,681,975,005 |
| At Fair Value with changes in other comprehensive income | 1,300,963,035,079 | 1,056,870,151,025 | 1,196,231,890,021 |

The investment portfolio of Fiducóldex as of December 31, 2022, and 2021 is presented below (figures in thousands of Colombian pesos):

| | 2022 | Share | 2021 | Share |
|---|---|---|---|---|
| At Fair Value | $ 31.308.005 | 100% | $29.429.349 | 100% |

The amount of the investment portfolio at fair value increased 6.38% with respect to 2021.

*Maximum, minimum, and average amounts of the investment portfolio:*

| Investments | 2022 Maximum | Minimum | Average |
|---|---|---|---|
| At Fair Value | $ 32.678.837 | $ 28.988.403 | $ 30.632.518 |

| Investments | 2021 Maximum | Minimum | Average |
|---|---|---|---|
| At Fair Value | $ 30.694.739 | $ 27.186.079 | $ 28.548.265 |

*Total market risk*

The total market risk exposure of Bancóldex brings together the exposures to interest rate risk, exchange rate risk, stock price risk, and collective portfolio risk.

The total variation of market risk for Bancóldex and its components is shown below:

| | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| **Module** | **Maximum** | **Maximum** | **Average** | **Year end** | **Maximum** | **Maximum** | **Average** | **Year end** |
| 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 |

Bancóldex's average exposure to market risk registered a decrease of 52% 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.

Fiducóldex's total exposure to market risk is calculated by applying the Financial Superintendence of Colombia methodology in Annex 2, Chapter XXI of the Basic Accounting and Financial Circular Letter (called standard methodology).

The disaggregation of the risk factors for exposure to market risk of the regulatory model is shown below (figures in thousands of COP):

| | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| **Risk factor** | **Maxi mum** | **Max imu m** | **Ave rage** | **Year end** | **Maxi mum** | **Maxi mum** | **Aver age** | **Year end** |
| Interest rate CEC COP - component 1 | 33.469 | 16.028 | 23.206 | 28.248 | 30.959 | 7.337 | 15.508 | 19.566 |
| Interest rate CEC COP - component 2 | 10.237 | 4.599 | 6.471 | 5.532 | 8.813 | 2.927 | 5.024 | 5.494 |
| Interest rate CEC COP - component 3 | 5.293 | 1.595 | 2.950 | 3.731 | 4.926 | 2.040 | 3.339 | 3.550 |
| DTF interest rate - node 1 (short term) | 1.317 | 0 | 297 | 933 | 0 | 0 | 0 | 0 |
| CPI interest rate | 10.603 | 0 | 3.023 | 7.627 | 0 | 0 | 0 | 0 |
| Collective portfolios (FICs) | 192.756 | 9.954 | 68.947 | 9.954 | 46.316 | 16.446 | 25.966 | 26.079 |
| Non-diversified VaR | 235.198 | 24.340 | 102.100 | 56.025 | 71.891 | 32.458 | 49.837 | 54.688 |
| Diversified VaR | 190.3 78 | 15.6 83 | 71.2 46 | 23.01 3 | 43.50 6 | 8.131 | 21.67 4 | 20.61 1 |

*c) Liquidity risk*

*Qualitative information* - The liquidity risk management process within the segregation of functions and the observance and adoption of best practices and requirements of regulatory and control entities. The Bank's Treasury manages cash flow, considering funding costs and short-term cash commitments. The Financial Risk Department prepares and applies methodologies to alert, monitor, and project possible liquidity risk. The Operations Department ensures operational compliance with the Entity's cash movements, and the Internal Comptroller's Office guarantees compliance with the rules, policies, and processes related to the liquidity risk management system.

To measure the liquidity risk, Bancóldex uses the Financial Superintendence of Colombia's reference methodology, which establishes the degree of exposure to such risk by calculating the Liquidity Risk Indicator (IRL) and the Net Stable Funding Ratio (CFEN). In addition, the Bank has an internal liquidity measurement model, setting early warning indicators and stress scenarios.

The Bank's early warning system simulates scenarios that allow room for maneuver to make decisions promptly. These alerts are an integral part of the liquidity contingency plan, along with the tools and procedures to mitigate potential liquidity risks. This management involves periodic reports (daily, weekly, and monthly) to monitor indicators and alerts and thus the exposure to this risk.

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

The liquidity risk appetite framework is determined by the level of liquid assets that the Bank must have to cover short-term needs or obligations, for which it uses the 30-day liquidity risk index (IRL30). To define the indicators and metrics, the Bank's historical information is taken as a basis, and the limits of appetite, tolerance, and capacity were set taking into account 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 liquidity buffers, both Buffer and Liquidity Endorsement, 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

Below are the liquid assets at market value (discounting "haircut") disaggregated by their degree of liquidity. The Bank has a high percentage of high-quality assets, which could be delivered to the Central Bank if repo operations are required.

| **Liquid Assets** | | **2022** | | **2021** |
|---|---|---|---|---|
| Available | $ | 159,332,195 | $ | 141,105,251 |
| High liquidity | | 1,672,427,697 | | 1,436,130,666 |
| Investments in high-quality securities | | 1,603,289,805 | | 1,395,960,182 |
| Other liquid assets | | 69,137,892 | | 40,170,484 |
| Total liquid assets | $ | 1,831,759,892 | $ | 1,577,235,917 |

Liquid assets increased by 16.14% compared to the previous year and, on average, stood at a level of $1,222,572. Part of the increase observed during 2022 originated in resources from MIGA (Multilateral Investment Guarantee Agency)-secured credit obtained with banks.

Fiducóldex's liquid market assets decreased compared to the previous year, but are sufficient to cover liquidity requirements.

| **Liquid Assets** | **2022** | **2021** |
|---|---|---|
| Available | $ 3,706,611 | $ 2,635,005 |
| High liquidity | 6,116,297 | 3,706,742 |
| Total liquid assets | $ 9,822,908 | $ 6,341,747 |

*Liquidity Risk Indicator (IRL)* - The Group's Entities calculate the liquidity risk indicator to measure the level of liquidity of the Entities in the short term and thus identify possible alerts. Bancóldex does it through the standard model established by the SFC, while Fiducóldex applies the internal methodology for the company since they are not required to use the standard method.

As of December 31, 2022, Bancóldex reported a seven-day IRL of COP 1,632,479,590 thousand, while the same indicator in 2021 reached COP 1,567,322,166 thousand, which represents an increase of 4.16% compared to the previous year.

The net liquidity requirements reported stable behavior in 2022 (7-day average: COP 177,450,270 thousand and 30-day average: COP 387,667,761 thousand). 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 30 DAYS | Dec-22 | Dec-21 |
|---|---|---|
| Liquidity risk indicator | $ 1,440,422,474 | $ 1,421,655,056 |
| Liquid market assets | 1,831,759,892 | 1,577,235,917 |
| Net liquidity requirements | 391,337,418 | 155,580,861 |
| IRL | 468% | 1.014% |

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.

As of December 31, 2022, Fiducóldex had a thirty-day percentage IRL of -8.14%, which means that, although the expenses were higher than the income, the difference only covers -8.14% of the liquid assets equivalent to coverage of liquid assets over estimated net withdrawals of 4.61 times. In 2022, there was a stable behavior of the net liquidity requirements (average $2,192,288 thousands), which allowed the Fiduciary to ensure the liquid assets necessary to fulfill the obligations expected in a timely and efficient manner during the year.

**IRL 30 days – Entities**

| IRL 30 DAYS | 2022 | 2021 |
|---|---|---|
| Liquid market assets | $ 9,822,908 | $6,341,747 |
| Net withdrawal factor | (799,375) | 707,211 |
| IRL (Liquidity Requirement Indicator) | -8.14% | 11.15% |

*d) Operational risk*

*Qualitative information* - The policies and methodologies in which Bancóldex frames the operational risk management are included in the SARO Manual. These follow the bases and guidelines required by the Financial Superintendence of Colombia for developing an operational risk management system according to External Circular Letter 025 dated July, 2020. This circular letter adopts the policies for implementing and maintaining the Internal Control System established in Circular Letter 014/2009.

For the effective management of Operational Risk in the Bancóldex Group, the Group has established its own measurement parameters according to the structure, size, corporate purpose, and processes of each Entity. It is aligned with the best practices for managing Operational Risk in an operational model built under the principles developed by the Basel II Committee.

The SARO of each Entity is based on general and specific policies determined by the Board of Directors and is supported by an organizational structure that guarantees adequate segregation of functions between front, middle, and back-office. Likewise, suitable methodologies allow the identification, measurement, control, and monitoring of operational risks.

Given that this type of risk 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 mitigate current risks through the execution of action plans. This monitoring will be carried out at least annually or as operational risk events occur.

Regarding the operational risks of fraud and corruption, the adopted guidelines respond to those 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 Formulating an Anticorruption and Citizen Service Plan." This guide was published as provided in the Anticorruption Code - Art. 73, Law 1474/2011, "Whereby rules are set to strengthen the mechanisms for preventing, investigating, and punishing acts of corruption and the effectiveness of public management control."

Quantitative information – The following is a description of the main activities carried out in relation to the operational risk management system during 2022:

Identification, measurement, control, and monitoring of operating risks - As of December 31, 2022, the residual operating risk profile of the Group remains concentrated in the "Medium" severity level, which is the acceptable risk level defined by the organizations.

Management of operational risk events - The officers reported the operational risk events in each area.

During 2022, the Group's economic losses from operational risk were approximately $65,407,419 and were recorded in their respective operational risk accounting accounts.

*Assistance in developing projects or products* - During 2022, the different Operational Risk Units participated and supported the Entities' project development.

Visits to control and supervisory bodies - The Bank met the requirements by delegations of the Superintendence of Finance, Internal Audit, and the Statutory Auditor's Office.

*e) Environmental and social risks*

*Qualitative information* - To manage and administer the environmental and social risks derived from credit operations, the Bank has an Environmental and Social Risk Management System 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.

*f) 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 transactions and other regulatory reports on SARLAFT were submitted promptly, meeting the 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.

*g) FATCA (Foreign Account Tax Compliant Act) and CRS (Common Reporting Standard) Compliance System –*

As provided in the FATCA, for 2022, the Bank maintained its status as a participating Foreign Financial Institution (FFI) before the United States Internal Revenue Service (IRS) and transmitted the CRS report according to the regulations for the TD product. The Bank updated the FATCA due diligence of the intermediaries and financial institutions with which the Bank has relationships or makes transactions and met the requirements of other local and international financial entities on FATCA and OECD's (Organization for Cooperation and Economic Development) CRS.

## 34. CORPORATE GOVERNANCE

*Board of Directors and Senior Management* - The Board of Directors of each Entity is permanently informed of the Entity's processes and business. After the General Meeting of Shareholders, the Board is the highest governing body and makes the Entity's general management policies, mainly in terms of the risk level. It establishes a delegation scheme for the approval of operations in the Risk Management Committee, External Credit Committee, Assets and Liabilities Management Committee, Internal Credit Committee, and Management.

*Policies and division of duties* - The Board of Directors of the Entities sets the policies for all business activities.

*Reports to the Board of Directors* - Periodically, reports are submitted to the Board of Directors and the Risk Management Committee regarding the status of the Entities' credit placements, monitoring of the debtors' financial position (financial intermediaries, countries), the progress of the Credit Risk Management System (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 Money Laundering and Terrorist Financing Risk Management System (SARLAFT), review of policies and methodologies for credit, market, and liquidity risk assessment, operational risk, compliance with limits, among others. The Entities' risk exposure is periodically reported to the Board of Directors.

In the case of Bancóldex, in addition to the risk management systems, reports related to the Conglomerate Risk Management System are submitted to the Board of Directors.

All significant risk events detected by the different areas of the Entities are reported to the Board of Directors and Senior Management.

***Technological infrastructure*** - All areas of the Entities have the appropriate technological support infrastructure. The risk control and management area also has the appropriate technological infrastructure to obtain the information needed for risk analysis and monitoring current operations.

***Methodologies for risk measurement -*** To identify the different types of risks, the Entities have methods and measurement systems to determine their exposure to the business risks, as mentioned in the Risk Management part and documented in the respective manuals.

The Vice Presidency of Risk and Credit is the area specialized in identifying, monitoring, and controlling the risks inherent to the types of businesses. This Vice Presidency assesses credit risk, market risk, liquidity risk, operational risk, environmental and social risks, and country risk. The Legal Vice-Presidency - Secretary General's office makes the legal risk assessment.

***Organizational structure*** - In the Entities, the back, middle, and front office areas are clearly defined. Likewise, there is adequate segregation of duties at all levels of the organization and in all operations.

***Verification of operations*** - The Entities have mechanisms to verify the negotiations carried out, such as telephone call recording agreements for treasury operations and written communications with the counterparties where the conditions of each negotiation are recorded. For transactions, funds are received or transferred through systems that provide a high degree of security, such as Banco de la República's Sebra, SWIFT, Deceval (manages and safeguards dematerialized deposit instruments), and DCV (manages and protects fixed-income securities).

***Audit -*** The main body managing the Internal Control System (ICS) is the Board of Directors. Through its Audit Committee, the Board has ensured the proper functioning of the SCI of Bancóldex and the Risk Management Systems, performing its functions in accordance with the Internal Regulations and the provisions of the applicable regulations, both for State entities in general and for Financial Institutions in particular.

Under its responsibilities, the Audit Committee has served as a support and permanent channel of communication with the Board of Directors in making decisions about the Internal Control System and its continuous improvement.

## 35. 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.

## 36. EVENTS OCCURRING AFTER THE REPORTING PERIOD

After Banco de Comercio Exterior de Colombia S.A. – Bancóldex's management evaluated the subsequent events occurring from January 1 to February 28, 2023, date when the financial statements were available to be issued and determined that no subsequent events have occurred that require the recognition or disclosure of additional information in these statements.

## 37. APPROVAL OF THE FINANCIAL STATEMENTS

The issuance of the Bank's consolidated 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 consolidated financial statements of the Bank 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-seventh (27th) day of February 2023.

**JAVIER DIAZ FAJARDO**
Legal Representative

**JAIRO PEDRAZA CUBILLOS**
Accountant