Annex II
Financial Statements
Banco de Occidente S.A.
Consolidated as of December 31, 2023

SURVEILLED
FINANCIAL SUPERINTENDENCE OF COLOMBIA
BANCO DE OCCIDENTE S.A.

Banco de Occidente
Del lado de los que hacen.

Grupo AVAL

Financial Statements

Consolidated as of December 31, 2023

Banco de Occidente
PANAMÁ

Occidental Bank
BARBADOS

FiduOccidente

NEXA
BPO

BANCO DE OCCIDENTE S.A.

Consolidated Financial Statements

As of December 31, 2023, and 2022

With the Statutory Auditor's report

KPMG S.A.S.
Calle 6 Norte No. 1 – 42, Torre Centenario, Floor 6
Cali - Colombia

Phone 57 317 6984634
home.kpmg/co

REPORT OF THE STATUTORY AUDITOR

Dear Shareholders
Banco de Occidente S.A.:

Opinion

I have audited the accompanying consolidated financial statements of *Banco de Occidente* and Subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2023 and the consolidated statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, and the related notes, which comprise the significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, the consolidated results of its operations, and its consolidated cash flows for the year then ended, in accordance with Colombian GAAP, applied on a basis consistent with that of the preceding year.

Basis for Opinion

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

Key Audit Issues

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

Assessment of Impairment of Loan Portfolio under IFRS 9 (see notes 2.6, 4.1, and 10 to the consolidated financial statements)	
Key Audit Issue	How it was addressed in the audit
The Group periodically reviews the credit risk exposure of its loan portfolio. This determination is one of the most significant and complex estimates in the preparation of the accompanying consolidated financial statements, due to the high degree of judgment involved in developing the models to determine impairment based on an expected loss approach required by IFRS 9. The value of the loan portfolio and its respective impairment as of December 31, 2023 is COP 49,499,035 million and COP 2,416,920 million, respectively. I considered the assessment of loan portfolio impairment as a key audit matter, because it involved significant measurement complexity that required judgment, knowledge and experience in the industry, particularly in relation to: (1) the evaluation of the methodologies used, including the methodology for estimating loss given default; (2) the probability of loss given default and its key factors and assumptions; (3) the loan grading and qualitative factors that are incorporated into the internal model variables established by the Group; and (4) the estimated credit risk impairment calculations for the entire loan portfolio.	My audit procedures for evaluating the adequacy of the credit risk impairment included, among others, the following: • Involvement of professionals with experience and expertise in credit risk assessment and information technology to evaluate certain internal controls related to the Group's process for determining loan portfolio impairment. This included controls related to: (1) validation of models that determine the probability of loss, loss given default and exposure at default, (2) the Group's monitoring of the determination of portfolio impairment; (3) information technology controls over the inputs to the models that determine credit impairment, as well as the related calculations; (4) the evaluation to identify whether there was a significant change in credit risk; (5) the evaluation of the macroeconomic variables and weighted scenarios used in the models for the determination of credit portfolio impairment; and (6) the verification of controls related to the evaluation of individually analyzed trade receivables and write-offs.
	• Professionals knowledgeable in credit risk assessment and information technology assisted me in: (1) evaluating the methodologies and key data used to determine the probability of loss, loss severity and exposure at default,

	and the parameters produced by the models; (2) evaluating the macroeconomic variables and weighted probability scenarios used in the internal models, including consideration of alternative data for certain variables; (3) recalculating the expected loss model and related data; and (4) evaluating the qualitative adjustments applied to the model.

Other matters

The consolidated financial statements as of and for the year ended December 31, 2022, are presented solely for comparative purposes, and were audited by me, and in my report dated February 24, 2023, I expressed an unconditional opinion thereon.

Responsibility of management and corporate governance officers of the Group regarding the consolidated financial statements

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

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

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

Responsibilities of the statutory auditor in connection with the audit of the consolidated financial statements

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

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

- I 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 greater than that arising from error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override or exceeding of internal control.
- I obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances.
- I evaluate the appropriateness of accounting policies used, and the reasonableness of accounting estimates and related disclosures made by management.
- I conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may indicate significant doubt about the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I should draw attention in my report to the disclosure that describes this situation in the consolidated financial statements or, if this disclosure is inadequate, I should modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Group to cease to operate as a going concern.
- I evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events so as to achieve a fair presentation.

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

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

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

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

Digitally Signed by
ANDRES
MAURICIO ORTIZ
BAHAMON
Date: 2024.FEB.23
16:21:06 -05'00'

Andres Mauricio Ortíz Bahamón
Statutory Auditor of Banco de Occidente
S.A.
LICENSE 146841 – T
Member of KPMG S.A.S.

February 23, 2024

CERTIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

We, the undersigned Legal Representative and Accountant of *Banco de Occidente S.A.*, hereby declare that the consolidated financial statements of the Bank as of December 31, 2023, have been faithfully taken from the accounting books of the parent company and subsidiaries, that the statements contained therein have been previously verified, in accordance with Article 37 of Law 222 of 1995, and that we have ascertained that the explicit and implicit statements contemplated in accounting and financial reporting standards accepted in Colombia are satisfactorily complied with.

Likewise, for the period in reference, in accordance with article 46 of Law 964 of 2005, we certify that the Financial Statements and the relevant annexed reports do not contain flaws, inaccuracies or errors that prevent us from knowing the true net worth situation or the operations of the Bank.

It should be noted that the Chairman's Report approved by the Board and submitted to the General Shareholders' Meeting for the aforementioned period, includes certification in harmony with the provisions of Article 46 of Law 964 of 2005.

Given in Cali, on the 23rd day of the month of February, 2024.

MAURICIO MALDONADO UMAÑA Digitally signed by MAURICIO MALDONADO UMAÑA Date: 2024.FEB.23 15:47:46 -05'00'

Mauricio Maldonado Umaña
Legal Representative

FABIÁN FERNANDO BARONA CAJIAO Digitally signed by FABIÁN FERNANDO BARONA CAJIAO Date: 2024.FEB.23 15:27:44 -05'00'

Fabian Fernando Barona Cajiao
General Accountant, Professional License 80629-T

BANCO DE OCCIDENTE S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in millions of Colombian pesos)

	Notes		December 31, 2023	December 31, 2022
Assets				
Cash and cash equivalents	**6**	$	**4,968,903**	**3,878,224**
Financial assets at fair value through profit or loss	**5 and 7**		**5,445,835**	**2,635,365**
Investments in debt securities	**7**		3,459,592	1,299,887
Investments in equity instruments	**7 and 30**		709,520	580,510
Derivative trading instruments	**9 and 28**		1,276,723	754,968
Financial assets at fair value with changes in ORI	**7**		**4,597,797**	**4,022,140**
Investments in debt securities	**7**		4,465,686	3,899,693
Investments in equity instruments at fair value	**7**		132,111	122,447
Financial assets in debt securities at amortized cost	**8**		**2,034,558**	**1,802,692**
Financial assets per loan portfolio at amortized cost, net			**47,082,115**	**43,668,497**
Loan portfolio at amortized cost	**10**		49,499,035	45,701,675
Commercial portfolio and commercial leasing			34,426,863	32,071,010
Commercial and commercial leasing			34,411,414	30,950,556
Repos and interbank and other			15,449	1,120,454
Consumer portfolio and consumer leasing			12,462,019	11,142,642
Mortgage and mortgage leasing portfolio			2,610,153	2,488,024
Impairment of loan portfolio at amortized cost	**10**		(2,416,920)	(2,033,178)
Impairment of commercial portfolio and commercial leasing			(1,311,753)	(1,241,499)
Impairment of consumer and consumer leasing portfolios			(1,033,280)	(696,132)
Impairment on mortgage and mortgage leasing portfolio			(71,887)	(95,547)
Other accounts receivable, net	**11**		**547,285**	**436,662**
Non-current assets held for sale	**12**		**3,023**	**-**
Investments in associated companies and joint ventures	**13**		**1,800,802**	**1,647,560**
Tangible assets, net	**14**		**654,052**	**712,938**
Property and own equipment for use			107,868	198,310
Equipment under operating lease			64,861	57,234
Property and equipment right of use			267,243	240,497
Investment properties			214,080	216,897
Intangible assets, net	**15**		**600,351**	**540,201**
Capital gains			22,724	22,724
Other intangible assets			577,627	517,477
Income tax asset	**16**		**853,501**	**637,375**
Current			828,490	564,419
Deferred			25,011	72,956
Other assets			**13,562**	**22,755**
Total assets		$	**68,601,784**	**60,004,409**
Liabilities and Shareholders' Equity				
Liabilities				
Financial liabilities at fair value - derivative instruments			**1,058,390**	**930,802**
Derivative trading instruments	**9 and 28**	$	1,055,896	930,802
Derivative hedging instruments	**5**		2,494	-
Financial liabilities at amortized cost			**60,024,334**	**52,516,831**
Customer deposits	**17**		49,175,732	43,095,945
Current accounts			7,092,625	7,586,598
Savings accounts			24,153,811	22,021,958
Term deposit certificates			17,866,450	13,390,805
Other deposits			62,846	96,584
Financial obligations	**18**		10,848,602	9,420,886
Interbank and overnight funds			4,403,111	2,202,043
Loans from banks and others			3,185,957	3,928,990
Bonds and investment securities			2,171,345	2,322,416
Obligations with rediscount entities			1,088,189	967,437
Provisions for legal contingencies and other provisions	**20**		**64,168**	**57,185**
Provision for legal contingencies			2,488	3,395
Other provisions			61,680	53,790
Income tax liability	**16**		**959**	**608**
Current			959	541
Deferred			-	67
Employee benefits	**19**		**88,847**	**91,999**
Other liabilities	**21 and 30**		**1,677,003**	**1,190,909**
Total liabilities		$	**62,913,701**	**54,788,334**
Equity				
Subscribed and paid-in capital	**22**	$	**4,677**	**4,677**
Premium on share placement			**720,445**	**720,445**
Retained earnings			**4,996,219**	**4,770,349**
Other comprehensive income			**(70,255)**	**(311,542)**
Equity of controlling interests		$	**5,651,086**	**5,183,929**
Non-controlling interests			**36,997**	**32,146**
Total equity			**5,688,083**	**5,216,075**
Total liabilities and equity			**68,601,784**	**60,004,409**

See notes 1 to 32, which are an integral part of the consolidated financial statements

MAURICIO MALDONADO UMAÑA — Digitally signed by MAURICIO MALDONADO UMAÑA Date: 2024.FEB.23 15:48:39 -05'00'

FABIÁN FERNANDO BARONA CAJIAO — Digitally signed by FABIÁN FERNANDO BARONA CAJIAO Date: 2024.FEB.23 15:28:23 -05'00'

Digitally Signed by ANDRES MAURICIO ORTIZ BAHAMON Date: 2024.02.23 16:21:34 -05'00'

MAURICIO MALDONADO UMAÑA	**FABIÁN FERNANDO BARONA CAJIAO**	**ANDRÉS MAURICIO ORTIZ BAHAMON**
LEGAL REPRESENTATIVE (*)	ACCOUNTANT (*)	STATUTORY AUDITOR
	LICENSE 80629 - T	LICENSE 146841 - T
		Member of KPMG S.A.S.
		(See my report of February 23, 2024)

(*) The undersigned Legal Representative and Certified Public Accountant, certify that we have previously verified the information contained in these consolidated financial statements, and that they have been prepared with information faithfully taken from the accounting books of the Parent Company and its Subsidiaries.

BANCO DE OCCIDENTE S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in millions of Colombian pesos)

Years ended at:

	Notes		December 31, 2023	December 31, 2022
Interest and valuation income		$	7,732,758	4,691,301
Interest on loan portfolio and financial leasing, repo and interbank transactions:			**7,214,008**	**4,368,348**
Interest on commercial portfolio			4,851,231	2,797,279
Interest on consumer portfolio			1,921,271	1,311,170
Interest on housing portfolio			248,787	208,105
Repo and interbank income			192,719	51,794
Income from deposits			**35,306**	**12,754**
Interest income from other accounts receivable			**1,211**	**2,726**
Interest and valuation of investments in debt securities at amortized cost			**482,233**	**307,473**
Interest and similar expenses			5,495,353	2,491,415
Deposits	**17**		**4,346,644**	**1,912,314**
Current accounts			41,408	16,008
Savings deposits			2,230,879	1,134,737
Term deposit certificates			2,074,357	761,569
Deposits from financial institutions				
Financial Obligations	**18**		**1,148,709**	**579,101**
Interbank loans			431,210	133,287
Loans from banks and others			251,754	100,751
Bonds and investment securities			335,437	286,904
Obligations with rediscount entities			130,308	58,159
Net interest and valuation income			**2,237,405**	**2,199,886**
Impairment loss on financial assets			1,195,579	745,219
Impairment for loan portfolio and interest receivable			1,384,446	943,297
Recovery for investments in debt securities			431	(2,213)
Recovery of write-offs			(189,298)	(195,865)
Income, net of interest after impairment			**1,041,826**	**1,454,667**
Revenue from customer contracts, commissions and fees				
Commission and fee income	**25**		**567,455**	**497,092**
Commissions and fees	**25**		**213,501**	**151,614**
Net income from commissions and fees			**353,954**	**345,478**
Net income (expense) from financial assets or liabilities held for trading			**629,469**	**19,343**
Net gain on marketable investments			526,013	33,239
Net gain (loss) on derivative financial instruments for trading			104,388	(13,896)
Net loss from hedging activities			(932)	
Other income, net	**26**		**470,763**	**591,646**
net (loss) gain on foreign exchange difference			(53,273)	172,640
Net loss on sale of investments			(12,445)	(28,970)
Gain on sale of non-current assets held for sale	12		23,954	6,260
Equity in income of associated companies and joint ventures by ownership interest method	13		218,882	122,041
Dividends			5,702	5,580
Net gain on valuation of investment properties			19,328	30,735
Other operating income			268,615	283,360
Other expenses, net	**26**		**2,043,800**	**1,837,335**
Provision for other assets			**111**	**2,447**
Personnel expenses	**26**		**867,105**	**811,302**
Indemnifications			15,351	4,253
Bonus payments			31,206	30,916
Salaries and employee benefits			820,548	776,133
General administrative expenses			**954,913**	**826,462**
Depreciation and amortization expense			**185,845**	**162,955**
Amortization of intangible assets			74,763	55,988
Depreciation of tangible assets			46,839	47,590
Depreciation of property and equipment for rights of use			64,243	59,377
Other operating expenses, net			**35,826**	**34,169**
Donation expenses	26		3,458	1,571
Other expenses			32,368	32,598
Income before income taxes			**452,212**	**573,799**
Income tax	**16**		**(27,345)**	**117,456**
Profit for the year		$	**479,557**	**456,343**
Profit or loss attributable to:				
Controlling interests		$	**473,547**	**452,509**
Non-controlling interests	23	$	**6,010**	**3,834**

See notes 1 to 32, which are an integral part of the consolidated financial statements.

MAURICIO MALDONADO UMAÑA
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Date: 2024.FEB.23 15:49:09 -05'00'

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Date: 2024.FEB.23 15:28:45 -05'00'

Digitally Signed by ANDRES MAURICIO ORTIZ BAHAMON
Date: 2024.FEB.23 16:21:59 -05'00'

MAURICIO MALDONADO UMAÑA
LEGAL REPRESENTATIVE (*)

FABIÁN FERNANDO BARONA CAJIAO
ACCOUNTANT (*)
LICENSE 80629 - T

ANDRÉS MAURICIO ORTIZ BAHAMON
STATUTORY AUDITOR
LICENSE 146841 - T
Member of KPMG S.A.S.
(See my report of February 23, 2024)

(*) The undersigned Legal Representative and Certified Public Accountant, certify that we have previously verified the information contained in these consolidated financial statements, and that they have been prepared with information faithfully taken from the accounting books of the Parent Company and its Subsidiaries.

BANCO DE OCCIDENTE S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in millions of Colombian pesos)

Years ended at:	Notes		December 31, 2023	December 31, 2022
Profitability of the year:		$	**479,557**	**456,343**
Items that will be subsequently reclassified to profit or loss				
Net foreign exchange difference on conversion of foreign transactions			(38,230)	32,821
Foreign exchange difference on investments in foreign subsidiaries			(73,047)	49,942
Net unrealized gain (loss) on foreign hedging transactions			73,047	(49,942)
Net unrealized gain (loss) on financial instruments measured at fair value in debt securities	7		393,581	(387,260)
Impairment on financial instruments measured at fair value with changes in ORI - debt securities, Net.			80	(2,134)
Net unrealized gain (loss) on investments accounted for by the equity method of accounting	13		21,611	(39,917)
Deferred income tax on items that may be subsequently reclassified to profit or loss	16		(139,430)	113,978
Total items to be subsequently reclassified to profit or loss			**237,612**	**(282,512)**
Items that will not be reclassified to profit or loss				
Revaluation of investment properties			(2,376)	461
Net unrealized gain on equity financial instruments measured at fair value	7		9,263	10,415
Actuarial (loss) gain in defined benefit plans			(4,810)	320
Deferred tax recognized in other comprehensive income	16		2,152	(6,153)
Total items that will not be reclassified to profit or loss			**4,229**	**5,043**
Total other comprehensive income for the year, net of taxes			**241,841**	**(277,469)**
Total comprehensive income for the year		$	**721,398**	**178,874**
Comprehensive income attributable to:				
Controlling interests		$	**714,834**	**178,342**
Non-controlling interests		$	**6,563**	**532**

See notes 1 to 32, which are an integral part of the consolidated financial statements.

MAURICIO MALDONADO UMAÑA — Digitally signed by MAURICIO MALDONADO UMAÑA Date: 2024.02.23 15:49:38 -05'00'

FABIÁN FERNANDO BARONA CAJIAO — Digitally signed by FABIÁN FERNANDO BARONA CAJIAO Date: 2024.FEB.23 15:29:10 -05'00'

Digitally Signed by ANDRÉS MAURICIO ORTIZ BAHAMON Date: 2024.FEB.23 16:22:25 -05'00'

MAURICIO MALDONADO UMAÑA
LEGAL REPRESENTATIVE (*)

FABIÁN FERNANDO BARONA CAJIAO
ACCOUNTANT (*)
LICENSE 80629 - T

ANDRÉS MAURICIO ORTIZ BAHAMON
STATUTORY AUDITOR
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(*) The undersigned Legal Representative and Certified Public Accountant, certify that we have previously verified the information contained in these consolidated financial statements, and that they have been prepared with information faithfully taken from the accounting books of the Parent Company and its Subsidiaries.

BANCO DE OCCIDENTE S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in millions of Colombian pesos)

Years ended December 31, 2023 and 2022:		Subscribed and paid-in capital (Note 22)	Premium on share placement	Retained Earnings	Other comprehensive income	Total equity of controlling interests	Non Controlling Interests	Total equity, net
Balance as of December 31, 2021	**$**	**4,677**	**720,445**	**4,467,443**	**(37,376)**	**5,155,189**	**33,391**	**5,188,580**
Distribution of cash dividends		-	-	(150,000)	-	(150,000)	(1,777)	(151,777)
Withholding tax on dividends declared in prior fiscal year in the statement of changes in stockholders' equity		-	-	323	-	323	-	323
Delivery of other comprehensive income		-	-	(1,435)	(337)	(1,772)	(67)	(1,839)
Effect on retained earnings from delivery of other comprehensive income		-	-	1,772	-	1,772	67	1,839
Withholding tax on dividends for the current year in the statement of changes in stockholders' equity		-	-	(263)	-	(263)	-	(263)
Other comprehensive income for the year		-	-	-	(273,829)	(273,829)	(3,303)	(277,132)
Profit for the year		-	-	452,509	-	452,509	3,834	456,343
Balance as of December 31, 2022	**$**	**4,677**	**720,445**	**4,770,349**	**(311,542)**	**5,183,929**	**32,146**	**5,216,075**
Balance as of December 31, 2022	**$**	**4,677**	**720,445**	**4,770,349**	**(311,542)**	**5,183,929**	**32,146**	**5,216,075**
Distribution of cash dividends		-	-	(251,323)	-	(251,323)	(1,712)	(253,035)
Withholding tax on dividends declared in prior fiscal year in the statement of changes in stockholders' equity		-	-	263	-	263	-	263
Delivery of other comprehensive income and Effect on retained earnings from delivery of ORI		-	-	4,950	(4,950)	-	-	-
Withholding tax on dividends for the current year in the statement of changes in stockholders' equity		-	-	(1,567)	-	(1,567)	-	(1,567)
Other comprehensive income for the year		-	-	-	246,237	246,237	554	246,791
Profit for the year		-	-	473,547	-	473,547	6,010	479,557
Balance as of December 31, 2023	**$**	**4,677**	**720,445**	**4,996,219**	**(70,255)**	**5,651,086**	**36,997**	**5,688,083**

See notes 1 to 32, which are an integral part of the consolidated financial statements.

MAURICIO MALDONADO UMAÑA
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Date: 2024.FEB.23 15:50:04 -05'00'

FABIÁN FERNANDO BARONA CAJIAO
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Date: 2024.FEB.23 15:29:31 -05'00'

Digitally Signed by ANDRES MAURICIO ORTIZ BAHAMON
Date: 2024.FEB.23 16:23:04 -05'00'

MAURICIO MALDONADO UMAÑA
LEGAL REPRESENTATIVE (*)

FABIÁN FERNANDO BARONA CAJIAO
ACCOUNTANT (*)
LICENSE 80629 - T

ANDRÉS MAURICIO ORTIZ BAHAMON
STATUTORY AUDITOR
LICENSE 146841 - T
Member of KPMG S.A.S.
(See my report of February 23, 2024)

(*) The undersigned Legal Representative and Certified Public Accountant, certify that we have previously verified the information contained in these consolidated financial statements, and that they have been prepared with information faithfully taken from the accounting books of the Parent Company and its Subsidiaries.

BANCO DE OCCIDENTE S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in millions of Colombian pesos)

For years ending at:	Notes	December 31, 2023	December 31, 2022
Cash flows from operating activities:			
Profit for the year before income taxes		$ 452,212	573,799
Reconciliation of net income for the period to net cash provided by (used in) operating activities:			
Net interest and valuation income		(2,237,405)	(2,199,886)
Depreciation of tangible assets and property and equipment for rights of use	**14 and 26**	111,082	106,967
Amortization of intangible assets	**15 and 26**	74,763	55,988
Impairment for loan portfolio and accounts receivable, net		1,384,446	943,297
Impairment of tangible assets,net		(85)	1,352
Profit on sale of property and equipment for own use		(258)	(7,388)
Unrealized exchange difference	**26**	53,273	(152,773)
Profit on sale of non-current assets held for sale		(25,437)	(7,910)
Profit on sale of investments,net		(2,637)	(896)
Equity in net income of investments in associated companies and joint ventures	**13 and 26**	(218,882)	(122,041)
Dividends	**7 and 26**	(5,702)	(5,580)
Adjusted fair value over:			
(Profit) loss on valuation of derivative financial instruments		(103,456)	13,896
Profit on valuation of investment properties	**14**	(19,328)	(30,735)
Net change in operating assets and liabilities			
Negotiable investments		(2,149,766)	(622,885)
Derivative financial instruments		(290,709)	108,375
Loan portfolio		(5,737,405)	(8,208,329)
Accounts receivable		(145,546)	(183,659)
Other assets		26,449	34,795
Customer deposits		6,953,537	5,731,455
Interbank loans and overnight funds		2,160,444	157,575
Other liabilities and provisions		198,599	(79,286)
Employee benefits		(2,571)	751
Interest received from financial assets		6,383,490	3,988,295
Interest paid on financial liabilities		(5,295,413)	(2,257,301)
Payment of interest on financial leases		(29,293)	(18,924)
Income tax paid		(38,048)	(37,132)
Net cash provided by (used in) operating activities		**1,496,354**	**(2,218,180)**
Cash flows from investing activities:			
Acquisition of held-to-maturity investments		(1,970,311)	(1,772,133)
Redemption of held-to-maturity investments		1,935,253	926,137
Acquisition of investments with changes in other comprehensive income at fair value		(2,001,896)	(922,625)
Proceeds from the sale of investments with changes in other comprehensive income at fair value		2,184,855	2,515,453
Acquisition of tangible assets		(48,031)	(66,173)
Acquisition of other intangible assets		(135,104)	(141,308)
Proceeds from sale of property and equipment		53,087	47,901
Proceeds from sale of non-current assets held for sale		5,771	6,108
Dividends received		109,492	187,535
Net cash provided by investing activities		**133,116**	**780,895**
Cash flow from financing activities:			
New financial obligations		30,730	541,816
Payments on outstanding investment securities		(148,040)	(470,090)
Payment of leasing fees		(73,901)	(72,436)
Dividends paid to controlling interests		(187,341)	(117,867)
Dividends paid to non-controlling interests		(39,738)	(44,201)
Net cash used in financing activities		**(418,290)**	**(162,778)**
Effect of foreign exchange gains or losses on cash and cash equivalents		(120,501)	368,284
Increase (decrease) in cash, net		1,090,679	(1,231,779)
Cash and cash equivalents at beginning of year	6	3,878,224	5,110,003
Cash and cash equivalents at the end of the year	6	$ **4,968,903**	**3,878,224**

See notes 1 to 32, which are an integral part of the consolidated financial statements.

MAURICIO MALDONADO UMAÑA
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FABIÁN FERNANDO BARONA CAJIAO
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Date: 2024.FEB.23 15:29:54 -05'00'

Digitally Signed by ANDRÉS MAURICIO ORTIZ BAHAMON
Date: 2024.FEB.23 16:23:33 -05'00'

MAURICIO MALDONADO UMAÑA
LEGAL REPRESENTATIVE (*)

FABIÁN FERNANDO BARONA CAJIAO
ACCOUNTANT (*)
LICENSE 80629 - T

ANDRÉS MAURICIO ORTIZ BAHAMON
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Member of KPMG S.A.S.
(See my report of February 23, 2024)

(*) The undersigned Legal Representative and Certified Public Accountant, certify that we have previously verified the information contained in these consolidated financial statements, and that they have been prepared with information faithfully taken from the accounting books of the Parent Company and its Subsidiaries.

Note 1. – Reporting Entity

Banco de Occidente S.A., hereinafter the Parent Company, is a private legal entity, legally constituted as a banking institution, authorized to operate in accordance with Resolution No. 3140 of September 24, 1993 of the Financial Superintendence of Colombia. Duly constituted, as recorded in Public Deed 659 of April 30, 1965 of the Fourth Notary Office of Cali.

The Parent Company has its main domicile in Santiago de Cali. The duration established in the bylaws is 99 years from the date of incorporation. In compliance with its corporate purpose, it may enter into or execute all operations and contracts legally permitted to commercial banking institutions, subject to the requirements and limitations of Colombian law.

In the development of its corporate purpose, the Parent Company makes loan placements to its customers in the form of credit, commercial, consumer, home mortgage and financial, operating and housing leasing portfolios, and also carries out treasury operations in debt securities, mainly in the Colombian market. All these operations are financed with deposits received from customers in the form of checking and savings accounts, term deposit certificates, outstanding investment securities with general guarantee in Colombian pesos, and with financial obligations obtained from correspondent banks in local and foreign currency, and from rediscount entities created by the Colombian government to stimulate various sectors of the Colombian economy.

As of December 31, 2023, the Parent Company has a total of 6,984 employees, distributed as follows: 6,143, with indefinite-term contracts, 496 with fixed-term contracts, and 345 with apprenticeship contracts. The Parent Company provides its services through 182 service centers in Colombia, distributed in 175 offices, 4 vehicle credit centers and 3 leasing, housing and vehicle credit centers.

The Parent Company is controlled by *Grupo Aval Acciones y Valores S.A.*, domiciled in Bogotá D.C., with a total participation of 72.27%, which is its ultimate controlling company, and this in turn, has a control situation over foreign entities of 95% in *Banco de Occidente Panamá S.A.* and 100% in *Occidental Bank Barbados Ltd*. and in the country with 94.98% in *Sociedad Fiduciaria de Occidente S.A.* and 45% in *Ventas y Servicios S.A. - NEXA BPO*. Likewise, Fiduciaria de Occidente S.A. has an indirect participation in Ventas y Servicios S.A. - NEXA BPO of 35% and Occidental Bank Barbados Ltd. in Fiduciaria de Occidente S.A. of 0.58%.

The Parent Company has a non-bank correspondent agreement with Almacenes Éxito S.A. "Exito", Efectivo Ltda "Efecty", Conexred S.A "Puntored", Empresa de Energía del Quindío S.A ESP "EDEQ", Soluciones en Red S.A.S "Punto de Pago" and Red Empresarial de Servicios S.A "SuperGIROS".

Corporate information of subsidiaries

The corporate purpose of *Fiduciaria de Occidente S.A. - Fiduoccidente*, is the execution of mercantile trust agreements and non-translative fiduciary mandates of ownership, in accordance with the legal provisions. Its main purpose is to acquire, dispose of, encumber and manage movable and immovable property, and to intervene as debtor or creditor in all kinds of credit operations. As of December 31, 2023, Fiduciaria de Occidente S.A. has a total of 454 employees, distributed in 47 with fixed-term contracts, 510 with indefinite-term contracts and 25 with apprenticeship contracts, through 10 agencies located in the cities of Bogotá, Medellín, Cali, Barranquilla, Manizales, Bucaramanga, Cartagena, Pereira, Santa Marta, and Montería.

Banco de Occidente Panamá S.A., is an entity incorporated under the laws of the Republic of Panama, and began banking operations in that country on June 30, 1982 under the international license granted by the National Banking Commission of the Republic of Panama. As of December 31, 2023, *Banco de Occidente Panamá S.A.* has a total of 57, employees distributed as follows: 56

with indefinite term contracts and 1 collaborator with a definite term contract. Of the total number of employees, 10 perform special tasks for *Occidental Bank Barbados*, and 13 are shared between the two subsidiaries.

Occidental Bank Barbados Ltd. was incorporated under the laws of Barbados on May 16, 1991, with an international license that allows it to provide financial services to individuals and corporations not resident in Barbados. As of December 31, 2023, *Occidental Bank Barbados Ltd.* has a total of 3 employees with indefinite-term contracts, 2 of whom work directly in Barbados and 1 in Colombia.

The corporate purpose of Ventas y Servicios S.A. - NEXA BPO, is the provision of technical or administrative services referred to in Article 5 of Law 45 of 1990, such as: Computer programming, marketing, creation and organization of files for consultation and statistical calculations and reports in general. The company Ventas y Servicios S.A. - NEXA BPO is consolidated by virtue of the dominant administrative influence exercised by the Parent Company.

As of December 31, 2023, *Ventas y Servicios S.A.* has a total of 7,272 employees, distributed in 229 with fixed-term contracts, 5,620 with indefinite-term contracts, 1,137 with work or labor contracts, and 286 with apprenticeship contracts, who work in 85 cities in Colombia, grouped in 4 regions.

The consolidated financial statements as of December 31, 2023 and 2022 include *Banco de Occidente S.A.* and its subsidiaries, hereinafter referred to as the Group.

Note 2. - Basis of preparation of the consolidated financial statements, and summary of significant material accounting policies

2.1. Statement of compliance and technical regulatory framework

The annual consolidated financial statements have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia for Group 1 entities (NCIF Group 1). Established in Law 1314 of 2009, regulated by Single Regulatory Decree 2420 of 2015, as amended by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018, 2270 of 2019, 1432 of 2020, 938 of 2021 and 1611 of 2022. Group 1 NCIFs are based on the complete International Financial Reporting Standards (IFRS), issued and officially translated into Spanish by the International Accounting Standards Board (IASB).

For legal purposes in Colombia, the main financial statements are the separate financial statements.

2.2. Presentation of consolidated financial statements

The accompanying consolidated financial statements are presented taking into account the following aspects:

- The consolidated statement of financial position is presented showing the different asset and liability accounts, arranged according to their liquidity in case of realization or enforceability, as it is considered that for a financial entity this form of presentation provides more relevant and reliable information. Due to the foregoing, in the development of each of the notes on financial assets and liabilities, the amounts expected to be recovered or paid within the following twelve months and after twelve months are disclosed, in accordance with IAS 1 "Presentation of Financial Statements".
- The consolidated statements of income and other comprehensive income, are presented separately in two statements, as permitted by IAS 1 "Presentation of Financial Statements". Likewise, the consolidated statement of income is presented according to the nature of expenses, which is the model most commonly used in financial institutions, because it provides more appropriate and relevant information.

- The consolidated statement of cash flows is presented using the indirect method, in which net cash flows from operating activities are determined by adjusting net income before income taxes for the effects of items that do not generate cash flows, net changes in assets and liabilities derived from operating activities, and for any other items whose monetary effects are considered investing or financing cash flows. Interest income and interest expense are presented as components of operating activities.

2.3. Basis of consolidation

a. Subsidiaries

In accordance with International Financial Reporting Standard IFRS 10, the Parent Company must prepare consolidated financial statements with the entities in which it has control. The Parent Company has control of another entity if, and only if, it has all of the following elements:

- Power over the investee that gives it the current ability to direct its relevant activities that significantly affect its performance.

- Exposure, or right, to variable returns from its involvement in the investee.

- Ability to use its power over the investee to influence the amount of investor returns.

In the consolidation process, the Parent Company combines the assets, liabilities and results of the entities in which it has control, after homogenizing its accounting policies and converting the controlled entities abroad into Colombian pesos. In this process, reciprocal transactions and unrealized profits between them are eliminated. The share of non-controlling interests in the equity of controlled entities is presented in equity, separately from the equity of the Parent Company's stockholders.

The financial statements of foreign controlled companies in the consolidation process, their financial statements are translated as follows: Assets and liabilities are translated into Colombian pesos at the closing exchange rate, the income statement at the average monthly exchange rate and the equity accounts at historical exchange rates, except for the accounts of Other Comprehensive Income - (OCI) due to fair value adjustments. The net adjustment resulting from the translation process is included in equity as "Adjustment for translation of foreign currency financial statements" in the "Other Comprehensive Income" account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date of termination of control.

The financial statements of the subsidiaries used in the consolidation process, correspond to the same period and the same presentation date as those of the Parent Company.

The consolidated financial statements include the following subsidiaries:

Subsidiaries	Origin	% of Participation	No. of Shares as of December 31, 2023
Fiduciaria de Occidente S.A. (*)	National	94.98%	18,250,806
Ventas y Servicios S. A.	National	45%	1,343,300
Banco de Occidente Panamá S.A.	Foreign	95%	1,561,001
Occidental Bank Barbados Ltd.(*)	Foreign	100%	2,015

(*) Fiduciaria de Occidente S.A. has a 35% interest in Ventas y Servicios S.A. NEXA-BPO and Occidental Bank Barbados Ltd. has a 0.58% interest in Fiduciaria de Occidente S.A.

The total value of assets, liabilities, equity, operating income and results as of December 31, 2023 and 2022 of each of the subsidiaries included in the consolidation is as follows:

December 31, 2023		Assets	% Part.	Liabilities	% Part.	Equity	% Part.	Operating income (*)	% Part.	Results	% Part.
Banco de Occidente S.A. (Parent company)	$	63,485,480	92.5%	58,613,759	93.2%	4,871,721	85.6%	27,998,200	97.6%	329,949	68.8%
Fiduciaria de Occidente S.A.		411,989	0.6%	28,678	0.1%	383,311	6.7%	196,030	0.7%	75,063	15.7%
Banco de Occidente Panamá S.A.		3,558,290	5.2%	3,321,340	5.2%	236,950	4.2%	227,335	0.8%	55,120	11.5%
Occidental Bank Barbados Ltda.		1,045,958	1.5%	898,919	1.4%	147,039	2.6%	71,579	0.2%	19,795	4.1%
Ventas y Servicios S.A.		100,067	0.2%	51,005	0.1%	49,062	0.9%	197,551	0.7%	(370)	-0.1%
Total	**$**	**68,601,784**	**100%**	**62,913,701**	**100%**	**5,688,083**	**100%**	**28,690,695**	**100%**	**479,557**	**100%**

December 31, 2022		Assets	% Part.	Liabilities	% Part.	Equity	% Part.	Operating income (*)	% Part.	Results	% Part.
Banco de Occidente S.A. (Parent company)	$	54,232,274	90.4%	49,716,735	90.7%	4,515,539	86.6%	15,750,027	96.6%	366,695	80.4%
Fiduciaria de Occidente S.A.		362,292	0.6%	31,644	0.1%	330,648	6.3%	128,256	0.8%	26,523	5.8%
Banco de Occidente Panamá S.A.		3,995,338	6.7%	3,817,313	7.0%	178,025	3.4%	158,314	1.0%	44,927	9.8%
Occidental Bank Barbados Ltda.		1,305,142	2.1%	1,164,611	2.1%	140,531	2.7%	51,918	0.3%	16,299	3.6%
Ventas y Servicios S.A.		109,363	0.2%	58,031	0.1%	51,332	1.0%	215,765	1.3%	1,899	0.4%
Total	**$**	**60,004,409**	**100%**	**54,788,334**	**100%**	**5,216,075**	**100%**	**16,304,280**	**100%**	**456,343**	**100%**

(*) Operating income is presented gross, unlike the income statement where it is presented net.

Effect of consolidation

The effect of consolidation on the structure of the Parent Company's financial statements as of December 31, 2023 and 2022 was as follows:

		December 31, 2023					December 31, 2022		
		Total for Parent Company	Total Consolidated	Increase (Decrease)			Total for Parent Company	Total Consolidated	Increase (Decrease)
Assets	**$**	63,485,480	68,601,784	5,116,304	**Assets**	**$**	54,232,274	60,004,409	5,772,135
Liabilities		58,613,759	62,913,701	4,299,942	**Liabilities**		49,716,735	54,788,334	5,071,599
Equity		4,871,721	5,688,083	816,362	**Equity**		4,515,539	5,216,075	700,536
Results	**$**	329,949	479,557	149,608	**Results**	**$**	366,695	456,343	89,648

b. Investments in associated companies

The Parent Company's investments in entities in which it does not have control, but has significant influence, are called "investments in associated companies" and are accounted for by the equity method. Significant influence is presumed to be exercised over another entity, if it owns directly or indirectly between 20% and 50% of the voting rights of the investee, unless it can be clearly demonstrated that such influence does not exist. Conversely, it is presumed that the entity does not exercise significant influence if it holds, directly or indirectly, less than 20 percent of the voting power of the investee, unless it can be clearly demonstrated that such influence exists. The equity method is a method of accounting, whereby the investment is initially recorded at cost and subsequently adjusted periodically for changes in the investor's interest in the investee's net assets. Comprehensive income for the period includes its share in the income for the period of the investee, and in the "other comprehensive income of the investor" account, and equity includes its share in the "other comprehensive income" account of the investee. (See note 13).

c. Joint agreements

Joint arrangements are classified into joint operations and joint ventures, depending on the contractual rights and obligations of each investor. In joint operations, the parties that have joint control of the arrangement, have rights to the assets and obligations with respect to the liabilities related to the arrangement. In joint ventures, the parties that have control of the arrangement, are entitled to the net assets of the arrangement. (See note 13).

Joint operations are included in the consolidated financial statements, based on their proportional and contractual share of each of the assets, liabilities and results of the contract or entity in which the arrangement is held.

Joint ventures are accounted for by the equity method, as indicated above for the accounting of investments in associated companies.

d. Transactions eliminated in consolidation

Intercompany balances and transactions, and any unrealized income or expenses arising from transactions between Group companies, are eliminated during the preparation of the consolidated financial statements. Unrealized gains arising from transactions with companies whose investment is recognized under the equity method, are eliminated from the investment in proportion to the Group's interest in the investment. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

e. Unconsolidated structured entities

The subsidiary *Fiduciaria de Occidente S.A.* carries out operations in the normal course of its activities, through which it transfers financial assets to third parties. Depending on the circumstances, these transfers may result in these financial assets being written off or continuing to be recognized.

2.4. Functional and presentation currency

The primary activity of the Parent Company, is the granting of credit to customers in Colombia, and investment in securities issued by the Republic of Colombia or by national entities, whether or not registered in the National Registry of Securities and Issuers - RNVE - in Colombian pesos; and to a lesser extent, in the granting of credit also to Colombian residents in foreign currency and investment in securities, issued by banking entities abroad, securities issued by foreign companies in the real sector whose shares are listed in one or more internationally recognized stock exchanges, bonds issued by multilateral credit organizations, foreign governments or public entities. These loans and investments are financed primarily with customer deposits and obligations in Colombia, also in Colombian pesos. The Parent Company's performance is measured and reported to its shareholders and the general public in Colombian pesos. Due to the foregoing, the Parent Company's management considers that the Colombian peso is the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Parent Company, and for this reason the consolidated financial statements are presented in Colombian pesos as its functional currency.

The figures reported in the individual financial statements of the Parent Company's subsidiaries, are expressed in the currency of the primary economic environment (functional currency) in which each entity operates:

Countries	**Functional Currency**
Colombia	Colombian Pesos
Panama	U.S. Dollars
Barbados	U.S. dollars

The consolidated financial statements are presented in millions of Colombian pesos, which is the presentation and functional currency of the Parent Company, except where otherwise indicated; consequently, all balances and transactions denominated in currencies other than the Colombian peso are translated into foreign currency.

The Parent Company and its subsidiaries carry out all the effects of translation of their financial statements under IFRS, in accordance with their accounting policies based on IAS 21.

Translation from functional currency to presentation currency: The information reported in the consolidated financial statements of the Parent Company and subsidiaries, is translated from the functional currency to the presentation currency, and translated at the exchange rate in effect at the date of the reporting period.

The information reported in the consolidated financial statements, is translated from functional currency to presentation currency as follows:

a. Assets and liabilities in each of the statements of financial position presented (i.e., including comparative figures), will be translated at the closing exchange rate as of December 31, 2023 and 2022, corresponding to the periods of the statements of financial position.

b. Revenues and expenses for each statement presenting profit or loss for the period and other comprehensive income (i.e., including comparative figures), will be translated at the average exchange rates as of December 31, 2023 and 2022; and

c. All resulting exchange differences will be recognized in other comprehensive income.

As of December 31, 2023 and 2022, the exchange rates used for the translation from functional currency to presentation currency, are as follows in relation to the Colombian peso (in pesos):

Currency Type		December 31, 2023	December 31, 2022
U.S. Dollars (USD/COP)			
At closing	$	3,822.05	4,810.20
Period average		4,325.96	4,257.12
Euros (EUR/COP)			
At closing		4,247.75	5,121.32
Period average	$	4,677.78	4,472.21

Assets and liabilities of foreign operations are translated into Colombian pesos at the exchange rate in effect at the end of the reporting period, and their statements of income are translated at the average rates in effect at the dates of the transactions. Equity at its respective historical rate.

2.5. Transactions in foreign currencies

Transactions in foreign currency are translated into Colombian pesos using the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies, are translated into the functional currency using the exchange rate prevailing at the balance sheet date, and non-monetary assets denominated in foreign currencies are measured at the historical exchange rate. Gains or losses resulting from the translation process are included in the statement of income, unless the financial liabilities serve as a hedging instrument for an investment in foreign operations, in which case they are recorded in equity in the Other Comprehensive Income account.

2.6. Financial assets

i. Recognition and initial measurement

A financial asset in accordance with IFRS 9 is any asset that is:

- cash
- an equity instrument of another entity
- a contractual right:
  - to receive cash or other financial assets from another entity; or
  - to exchange financial assets or financial liabilities with another entity on terms that are potentially favorable to the entity; or
  - a contract that will or may be settled using the entity's own equity instruments.

Regular purchases and sales of investments are recognized on the trade date on which the Parent Company and subsidiaries commit to purchase or sell securities. Financial assets at fair value through profit or loss, are initially recognized at fair value and transaction costs are expensed as incurred.

Financial assets classified at amortized cost are recorded at acquisition or grant at their transaction value in the case of investments, or at their nominal value in the case of loans, which, unless there is evidence to the contrary, coincides with their fair value, plus transaction costs directly attributable to their acquisition or grant, less commissions received.

ii. Classification and measurement

IFRS 9 has a classification and measurement approach for financial assets that reflects the business model in which these assets are managed and their cash flow characteristics.

This standard includes three main classification categories for financial assets: measured at amortized cost (AC), at fair value through other comprehensive income (FVTOCI), and at fair value through profit or loss (FVTPL).

A financial asset is measured at amortized cost, rather than at fair value through profit or loss if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to obtain contractual cash flows; and
- The contractual terms of the financial asset establish specific dates for cash flows derived solely from principal and interest payments on the outstanding balance.

A debt instrument is measured at VRCORI, only if it meets both of the following conditions and has not been designated as VRCR:

- The asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling these financial assets; and
- The contractual terms of the financial asset establish specific dates for cash flows derived solely from principal and interest payments on the outstanding balance.

During the initial recognition of investments in equity instruments not held for trading, the Group may irrevocably elect to record subsequent changes in fair value as part of other comprehensive income in equity. This choice should be made on an instrument-by-instrument basis.

All financial assets not classified as measured at amortized cost or at fair value through profit or loss as described above, are measured at fair value through profit or loss.

In addition, at initial recognition, the Group may irrevocably designate a financial asset that meets the measurement requirements at AC or FVTPL to be measured at FVTPL, if doing so would eliminate or significantly reduce an accounting mismatch that would otherwise occur. The Group will not make use of this option for the time being.

A financial asset is classified in one of the aforementioned categories upon initial recognition.

Under IFRS 9, derivative contracts embedded in other contracts, where the host contract is a financial asset under the scope of IFRS 9, are not separated, and instead the financial instrument is measured and recorded together as one instrument at fair value through profit or loss.

Business model evaluation

The Group conducted an evaluation of the objectives of the business models, in which the different financial instruments are held at the portfolio level to best reflect how the business is managed by the Parent Company, each subsidiary and how information is provided to management. The information that was considered included:

- The policies and objectives outlined for each portfolio of financial instruments, and the operation of those policies in practice. These include whether management's strategy focuses on collecting contractual interest income, maintaining a particular interest yield profile, or coordinating the duration of financial assets with that of the liabilities that are financing them or the expected cash outflows or realizing cash flows through the sale of assets;
- How portfolio performance is evaluated and reported to key management personnel of each Group subsidiary;
- The risks that affect the performance of the business models (and the financial assets held in the business model) and how those risks are managed;
- How business managers are compensated (e.g., whether compensation is based on the fair value of assets under management, or on contractual cash flows earned); and
- The frequency, value and timing of sales in prior periods, the reasons for those sales and expectations about future sales activity. However, information on sales activity is not considered in isolation, but as part of an assessment of how the objectives set by the Group to manage financial assets are achieved and how cash flows are realized.

Financial assets that are held or managed for trading and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss, because they are not held within business models to collect contractual cash flows or to earn contractual cash flows and sell these financial assets.

Assessment if the contractual cash flows are only principal and interest payments (SPPI)

For the purpose of this evaluation, "principal" is defined as the fair value of the financial asset at the time of initial recognition. "Interest" is defined as the consideration for the time value of money and for the credit risk associated with the principal amount outstanding at a particular period of time and for other basic risks of a loan agreement and other associated costs (e.g., liquidity risk and administrative costs), as well as the profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considered the contractual terms of the instrument. This included assessing whether the financial asset contains a contractual term that could change the period or amount of the contractual cash flows so that it does not meet this condition. In making this assessment the Group considered:

- Contingent events that changed the amount and timing of cash flows;
- Leverage conditions;
- Prepayment terms and extension;
- Terms that limit the Group to obtain cash flows from specific assets (e.g. non-recourse asset agreements); and
- Characteristics that modify the considerations for the time value of money.

Interest rates on certain consumer and commercial loans, are based on variable interest rates that are set at the discretion of the Group. Variable interest rates are generally established in Colombia based on the DTF and IBR (published by *Banco de la República*), and in other countries according to local practices, plus certain additional discretionary points. In these cases, the Group will assess whether the discretionary feature is consistent with the principal and interest only criteria, by considering a number of factors including whether:

- Borrowers are able to prepay loans without significant penalties. In Colombia it is forbidden by law to charge for prepayment of loans.
- Competitive market factors ensure that interest rates are consistent among banks;
- Any regulatory standard of protection put in place in favor of customers in the country that requires Banks to treat customers fairly.

All fixed-rate consumer and commercial loans contain prepayment terms.

A prepayment feature is consistent with the principal and interest only criteria, if the amounts prepaid substantially represent unpaid amounts of principal and interest on the outstanding principal amount, which may include reasonable compensation for early termination of the contract.

In addition, a prepayment feature is treated as consistent with this criterion, if a financial asset is acquired or originated at a premium or discount to its nominal contractual amount, and the amount prepaid substantially represents the contractual amount at par plus contractually accrued but unpaid interest (which may include reasonable compensation for early termination), and the fair value of the prepayment feature is insignificant on initial recognition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at fair value through profit or loss (FVTPL)	These assets are subsequently measured at fair value. Net gains and losses, including interest or dividend income, are recognized in income.
Financial assets at amortized cost (CA)	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition of accounts is recognized in profit or loss.
Debt investments with changes in other comprehensive income (VRCORI)	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and impairment losses are recognized in income. Other gains and valuation losses are recognized in ORI. On derecognition, gains and losses accumulated in ORI are reclassified to gains or losses on realization of oRi.
Equity investments with changes in other comprehensive income (VRCORI)	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in ORI, and are never reclassified to profit or loss.
Negotiable in equity securities	An investment in securities made by mutual funds, which has been acquired for the principal purpose of making a profit from short-term fluctuations in price. Participations in private capital funds, in the development of securitization processes must be valued taking into account the value of the unit calculated by the management company, as of the day immediately prior to the valuation date. The difference between the present value and the immediately preceding value, is recorded as an increase or decrease in the value of the investment, and its balancing entry affects the results of the period. This procedure is performed daily.

iii. Reclassifications

Financial assets are not reclassified after initial recognition, except in the period after *Grupo Aval* entities change their business model for managing financial assets.

iv. Transfers and disposals of financial assets

The accounting treatment of transfers of financial assets is conditioned by the manner in which the risks and rewards associated with the transferred assets are transferred to third parties; thus, financial assets are only derecognized from the consolidated balance sheet, when the cash flows they generate have been extinguished, or when the risks and rewards associated with them have been substantially transferred to third parties. In the latter case, the transferred financial asset is derecognized from the consolidated balance sheet, recognizing simultaneously any right or obligation retained or created as a result of the transfer.

The Parent Company and its subsidiaries *Occidental Bank Barbados Ltd.* and *Banco de Occidente Panamá S.A.* are deemed to transfer substantially all the risks and rewards, if the risks and rewards transferred represent the majority of the total risks and rewards of the transferred assets. If substantially all the risks and/or rewards associated with the transferred financial asset are retained:

- The transferred financial asset is not derecognized from the consolidated balance sheet, and continues to be valued using the same criteria used prior to the transfer.
- An associated financial liability is recorded for an amount equal to the consideration received, which is subsequently measured at amortized cost.
- Both the income associated with the transferred (but not derecognized) financial asset, and the expenses associated with the new financial liability continue to be recorded.

v. Restructured financial assets with collection problems

The Parent Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panamá S.A., consider and identify as restructured financial assets with collection problems those assets in which the Parent Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panamá S.A. grant the debtor a concession that otherwise would not have been considered. Such concessions generally refer to interest rate reductions, extensions of payment terms or reductions in balances due.

vi. Offsetting of financial instruments in the statement of financial position

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legal right to offset the recognized amounts, and there is a management intention to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

vii. Fair value estimate

In accordance with IFRS 13 "Fair value measurement", fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accordingly, the fair value valuations of the Parent Company's financial assets, are made as follows:

- For highly liquid investments, the last traded price at the cut-off date of the financial statements is used, where the last traded price falls within the bid-ask spread. The fair value of financial assets that are not quoted in an active market, is determined using valuation techniques. The Parent Company uses a variety of methods and assumptions based on market conditions existing at each reporting date. 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 employed by market participants, making maximum use of market data and relying as little as possible on Parent Company specific data.

Measurement of Expected Credit Loss (ECL)

The PCE is the estimated weighted probability of credit loss, and is measured as follows:

- Financial assets that are not credit-impaired at the reporting date: PCE is estimated for a 12-month period, considering the Probability of Default (PD), Loss Given Default (PDI) and Exposure at Default (EDI);
- Financial assets that are impaired at the reporting date: in these cases PCE is estimated using a PI of 100%, given that it is impaired, as well as PDI and EDI;
- Financial assets with indications of credit impairment at the reporting date: PCEs are estimated for the remaining life of the loan, additionally incorporating the Probability of Survival (PS); a financial asset shows signs of impairment when: a) it is 30 to 90 days past due, b) when it is current and shows qualitative risk factors and c) when there is a significant increase in its risk levels; this occurs when there is a deterioration in risk with respect to the time of granting that exceeds the previously defined thresholds, in which case the client moves to stage 2 in the PCE model.
- Outstanding loan commitments: the present value of the difference between the contractual cash flows that are due to the Group in the event that the commitment is executed and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: the payments expected to reimburse the holder less any amount the Group expects to recover.

2.7. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with banks and other short-term investments in active markets with original maturities of three months or less, from the date of acquisition and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

2.8. Derivative financial instruments and hedge accounting

a. Trading Derivative Instruments:

In accordance with IFRS 9, a derivative is a financial instrument whose value changes over time based on an underlying variable, requires no or little initial net investment in relation to the underlying asset, and is settled at a future date.

In the development of its operations, the Parent Company generally trades in the financial markets in financial instruments with forward contracts, futures contracts, swaps and options that meet the definition of a derivative.

All derivative transactions are initially recorded at fair value. Subsequent changes in fair value are adjusted with a charge or credit to income, as appropriate, unless the derivative instrument is designated as a hedge and if so, the nature of the hedged item.

Fiduciaria de Occidente S.A. implements economic hedging strategies with changes in results, by taking positions in derivative financial instruments such as forward peso - dollar. Since the foreign currency exposure of the liability is hedged with the associated derivative financial instruments, with changes in results, both at the principal and interest levels, exposure to this risk is neutralized, since the effects of the change in the exchange rate on the available balance are not significant.

b. Hedging of investments abroad:

The Parent Company hedges its investment in foreign subsidiaries as follows:

- Hedges of a net investment in foreign currency, which are recorded in a manner similar to prior cash flow speculations. Gains or losses accumulated in equity are included in the statement of income when the net investment in a foreign subsidiary is fully sold or proportionally when it is partially sold.
  Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of a net investment, are accounted for in a manner similar to cash flow hedges; the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income; and the ineffective portion is recognized in profit or loss. Upon partial or full disposal of a foreign operation, the gain or loss on the hedging instrument related to the effective portion of the hedge that has been recognized in other comprehensive income should be reclassified from equity to profit or loss as a reclassification adjustment.

- For hedging purposes, the Parent Company has decided to hedge its investments in foreign subsidiaries from January 1, 2014 with foreign currency obligations as established in paragraphs 72 and 78 of IFRS 9.

The Parent Company documents at the inception of the transaction, the relationship between the speculation instrument and the hedged item, as well as the risk objective and the strategy for undertaking the speculation relationship. The Parent Company also documents its assessment both at the inception of the transaction and on a recurring basis that the hedging relationship is highly effective in offsetting changes in fair value or cash flows of hedged items, see details of the hedge in note 9.

- Financial assets and liabilities from derivative transactions are not offset in the statement of financial position; however, when there is a legal and enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously, they are presented net in the statement of financial position.

- Foreign investments have a hedge to offset exchange rate variations, represented by a foreign currency obligation for the same dollar value of the investments at each cutoff; the effect on income and ORI resulting from these operations as a whole is neutral.

c. Fair Value Hedging:

The Group uses financial derivatives for the following purposes:

a) To provide these instruments to customers who request them in the management of their market and credit risks;

b) To use them to manage the risks of the Group entities' own positions and their assets and liabilities ("hedging derivatives"), and;

c) To take advantage of changes in the value of these derivatives ("trading derivatives").

Contracts that comply with the following characteristics are recognized as derivative instruments:

a) Their value changes as a consequence of variations in the underlying value, which corresponds to the variable on which the value of the derivative instrument is determined, and may be represented by equity or fixed-income securities, currencies, interest rates, stock market indexes and commodities, among others.

b) They require little or no investment.

c) Their fulfillment or settlement will take place at a previously established future date and their contractual terms require or permit netting, either through cash payment or physical delivery of an asset that leaves the receiving counterparty in a position similar to cash settlement. When a derivative contract is entered into, it must be designated as a derivative instrument for trading or hedging purposes.

Certain derivative transactions that do not qualify for hedge accounting, are treated and reported as trading derivatives, even though they provide an effective hedge for the management of risk positions.

Any gain or loss arising from changes in the fair value of derivatives, is recognized directly in the statement of comprehensive income in the statement of income section, except for those under IAS 39 hedge accounting.

Derivative instruments for speculative purposes

In accordance with IFRS9, a derivative is a financial instrument whose value changes over time based on an underlying variable, requires no or little initial net investment in relation to the underlying asset and is settled at a future date.

In the development of its operations, the Parent Company generally trades in the financial markets in financial instruments with forward contracts, futures contracts, swaps and options that meet the definition of a derivative.

All speculative derivative transactions are initially recorded at fair value. Subsequent changes in fair value are adjusted with a charge or credit to income. In any case, when the value of the right exceeds the value of the obligation, the derivative instrument will be recorded as an asset; otherwise, the derivative instrument will be recorded as a liability.

Hedge accounting IAS 39

Hedge accounting is the strategy whereby one or more derivative financial instruments are used to neutralize the risk of loss to which the Group is exposed, as a result of future fluctuations in market value or cash flows. For this purpose, there will be a hedging relationship between the hedging instrument and the hedged item.

For a financial derivative to be considered a hedging derivative, it must:

1. Cover one of the following types of risk:

   a) Variations in the value of assets and liabilities due to fluctuations in, among others, the interest rate and/or exchange rate to which the position or balance to be hedged is subject ("fair value hedge").

   b) Changes in the estimated cash flows arising from financial assets and liabilities, commitments and highly probable transactions that are expected to be carried out ("cash flow hedges").

   c) The net investment in a foreign operation ("net investment hedge in foreign operations").

2. Effectively eliminate some risk inherent to the hedged item or position for the entire expected term of hedging, which implies that:

   a) At the time of contracting the coverage, it is expected that, under normal conditions, it will act with a high degree of effectiveness ("prospective effectiveness").

   b) There is sufficient evidence that the hedge was actually effective throughout the life of the covered item or position ("retrospective effectiveness").

3. Having adequately documented that the contracting of the financial derivative, took place specifically to serve as a hedge of certain balances or transactions and the manner in which it was intended to achieve and measure such hedge, provided that this manner is consistent with the Group's own risk management.

4. There must be derivative instruments designated in an accounting hedging relationship.

A hedging instrument is represented in a derivative instrument, whose fair value or cash flows are expected to neutralize the losses of the hedged item as a result of changes in market value or cash flows.

The hedged item may be a single asset or liability, a firm commitment or a highly probable forecast transaction. A group of assets, liabilities, firm commitments or highly probable forecast transactions that share the exposure to the risk that has been designated as hedged, may also be designated as a hedged item. Additionally, a hedged item may be a portfolio hedged only for interest rate risk or a portion of the portfolio of financial assets or liabilities that share interest rate risk.

A firm commitment is a binding agreement to exchange a certain amount of resources at a certain price on a specified future date. A highly probable forecast transaction is an uncommitted anticipated future transaction.

If the hedged item is a non-financial asset or a non-financial liability, it will be designated as a hedged item because of the risk associated with the foreign currency or other financial risks it bears, due to the difficulty of isolating and adequately measuring changes in cash flows or market value.

A hedge is effective to the extent that changes in fair value or cash flows directly attributable to the hedged risk are offset by changes in the hedging instrument.

The effectiveness of hedges is determined at the measurement date by comparing the valuation gains or losses on the hedged item and the valuation gains or losses on the hedging instrument. When the difference between the gains or losses from valuation of the hedging instrument covers the gains or losses from changes in the hedged item between 80% and 125%, the hedge qualifies as an effective hedge.

When the hedge effectiveness falls outside the indicated range for two consecutive months and the amount of inefficiency is material, the hedging relationship will be terminated and the criteria for accounting for derivatives for speculative purposes will be applied.

Hedge accounting requirements

a) Existence of an explicit policy defined by the Group for risk management through hedging operations.

b) Formal designation and documentation of the coverage relationship.

c) Expectation that coverage will be effective, and that its effectiveness can be reliably measured.

In the event that a financial derivative is defined as a hedging instrument in an accounting hedging relationship, complying with the appropriate documentation required by the regulations, the relationship may be:

a) Fair value hedge

Fair value hedging is a hedge of the exposure to changes in the market value of assets, liabilities or an unrecognized firm commitment, or a portion thereof, that is attributable to a particular risk and that may affect profit or loss. For example, fair value change risk due to rate sensitivity in CDT's, mortgage loan portfolio, available-for-sale portfolio securities and subordinated loans.

Changes in derivative instruments that are part of a fair value hedging relationship, will increase or decrease the value of the right and obligation, as appropriate, and the difference will be recognized as income or expense for the period.

The hedged item is either an asset or a liability that is part of a fair value hedging relationship, and only for this type of hedge, the asset or liability is measured at its market value at the time the hedging relationship is initiated or, in the absence thereof, at the value resulting from the application of methodologies used in the market for similar items; the difference with the carrying value is recognized as income or expense for the period.

Termination of the coverage relationship

The Parent Company must discontinue hedge accounting prospectively to the extent that any of the following situations arise:

a) Coverage no longer meets efficiency requirements.

b) Interruption of hedging due to disincorporation of the covered item or prospective early termination.

c) The forecasted hedged transaction is not highly probable.

Extraordinary committee approval to discontinue hedging or change its hedging strategy.

2.9. Investment securities

Subsequent recognition

After initial recognition, all financial assets classified as "at fair value through profit or loss" are measured at fair value. Gains and losses resulting from changes in fair value are presented net in the statement of income under "net changes in fair value of debt financial assets". Equity investments classified at fair value with changes in ORI are recorded at fair value.

In turn, financial assets classified as "at amortized cost" after initial recognition, less payments or credits received from debtors, are adjusted with a credit to income based on the effective interest method.

The effective interest method is a method of calculating the amortized cost of an asset, and of allocating interest income or interest cost over the relevant period. The effective interest rate is the rate that exactly equals the estimated future cash payments or receipts over the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount of the asset at initial recognition. To calculate the effective interest rate, the Parent Company estimates cash flows considering all contractual terms of the financial instrument, but does not consider future credit losses, and considering the initial transaction or grant balance, transaction costs and premiums granted less commissions and discounts received which are an integral part of the effective rate.

Dividend income from financial assets in equity instruments is recognized in income in the other dividend income account when the right to receive payment is established, regardless of the decision taken to record changes in fair value in income or in ORI.

2.10. Assets delivered under lease

Assets leased by the Parent Company are classified at the time of signing the contract as finance or operating leases. A lease is classified as a finance lease, when it substantially transfers all the risks and rewards incidental to ownership. A lease is classified as an operating lease, if it does not transfer substantially all the risks and rewards incidental to ownership. Lease contracts classified as financial leases are included in the balance sheet under "Loans and financial leasing operations", and are accounted for in the same way as other loans granted (see Note 4). Lease contracts classified as operating leases, are included in property and equipment, and are recorded and depreciated over the shorter of the useful life of the asset and the term of the lease contract. (See note 14).

2.11. Financial liabilities

A financial liability is any contractual obligation of the Parent and all its subsidiaries to deliver cash or another financial asset to another entity or person, or to exchange financial assets or financial liabilities on terms that are potentially unfavorable to the Parent, or a contract that will or may be settled using the entity's own equity instruments. Financial liabilities are initially recorded at their transaction value at the date on which they are originated, which, unless otherwise determined, is similar to their fair value, less transaction costs that are directly attributable to their issuance. Subsequently, such financial liabilities are measured at amortized cost, in accordance with the effective interest rate method determined at the initial time, and charged to income as financial expenses.

Financial liabilities are only derecognized from the consolidated statement of financial position when the obligations they generate have been extinguished or when they are acquired (either with the intention to cancel them or to reposition them).

2.12. Non-current assets held for sale

Assets received in payment of loans, and non-current assets held for sale, where the Parent Company intends to sell them within a period not exceeding one year, and their sale is considered highly probable, are recorded as "non-current assets held for sale". Such assets are recorded at the lower of their book value at the time of their transfer to this account, or their fair value less estimated costs to sell. Assets received in payment that do not meet the conditions to be held for sale, are recorded in other balance sheet accounts according to their nature, such as investments, other assets or investment properties at cost or fair value, depending on the classification to which the asset applies.

2.13. Financial guarantees

“Financial guarantees” are contracts that require the issuer to make specified payments to reimburse the creditor for the loss incurred when a specified debtor defaults on its payment obligation under the original or modified terms of a debt instrument, regardless of its legal form. Financial guarantees may take the form of a surety bond or financial guarantee, among others.

Upon initial recognition, financial guarantees provided are recorded by recognizing a liability at fair value, which is generally the present value of the fees and returns to be received on such contracts over their life, with a balancing entry in assets of the amount of fees and similar returns collected at the beginning of the transactions, and receivables for the present value of future cash flows to be received.

Financial guarantees, regardless of their ownership, instrumentation or other circumstances, are analyzed periodically in order to determine the credit risk to which they are exposed and, if applicable, to estimate the need to establish a provision for them, which are determined by applying criteria similar to those established for quantifying impairment losses experienced for financial assets.

Provisions for financial guarantee contracts considered impaired are recorded as a liability under "Implicit Obligations" and charged to income.

Income obtained from guarantee instruments is recorded in the commission income account of the income statement, and is calculated by applying the rate established in the underlying contract to the nominal amount of the guarantee.

2.14. Property and equipment for own use

Property and equipment for own use includes assets, owned or leased, which the Group holds for current or future use, and which it expects to use for more than one year. They also include tangible assets received by subsidiaries for the total or partial liquidation of financial assets, representing receivables from third parties, and which are expected to be used on an ongoing basis.

Property and equipment for own use, are recorded in the consolidated statement of financial position at acquisition cost, less accumulated depreciation and, if applicable, estimated losses resulting from comparing the net book value of each item with its corresponding recoverable value. Cost includes expenses that are directly attributable to the acquisition of the asset.

Depreciation is calculated using the straight-line method, on the basis of the acquisition cost of the assets, less their residual value, it being understood that the land on which the buildings and other structures are constructed has an indefinite useful life and, therefore, is not subject to depreciation.

In accordance with the definitions in IAS 16, useful life is defined for purposes of calculating depreciation:

a. The period during which the asset is expected to be used by the entity; or
b. The number of production or similar units expected to be obtained from it by an entity.

The residual value of an asset is defined as the estimated amount that an entity could currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, if the asset had reached the age and other conditions expected at the end of its useful life.

In accordance with IAS 16 paragraph 50, the depreciable amount of an asset is allocated on a systematic basis over its useful life.

In accordance with IAS 16 paragraph 43, each part of an item of property, plant and equipment that has a significant cost in relation to the total cost of the item is depreciated separately.

Such depreciation, which is charged to income, is calculated based on the following useful lives defined for the Parent Company and its subsidiaries:

Assets	Years
Buildings	
Foundations - structure and roof	50 to 70
Walls and partitions	20 to 30
Finishes	10 to 20
Office equipment, furniture and fixtures	**10 to 25**
Furniture and fixtures	**3 to 10**
Transport, traction and lifting fleet and equipment	**5 to 10**
Computer equipment	**3 to 5**
Network and communication equipment	**3 to 5**
Mobilization equipment and machinery	**10 to 25**

The Parent Company establishes three building components for movable property: foundations - roof structure, walls and partitions and finishes, which have the following ranges of residual values:

Component	Residual Value
Foundations - structure and roof	0 - 20%
Walls and partitions	0 - 10%
Finishes	0 - 10%

Leasehold improvements may be capitalized if they are expected to be used for more than one period, and are depreciated over the lease term.

The criteria used by the Parent Company and subsidiaries to determine the useful life and residual value of these assets and, specifically, of the buildings for own use, was based on independent appraisals, so that these are not older than 3 years, unless there are indications of impairment.

At the end of each reporting period, the Group analyzes whether there are any indications, both external and internal, that a tangible asset may be impaired. If there is evidence of impairment, the entity tests for impairment, by comparing the asset's carrying amount with its recoverable amount (the higher of its fair value less costs of disposal and its value in use). When the carrying amount exceeds the recoverable amount, the carrying amount is adjusted to its recoverable amount, modifying future depreciation charges in accordance with its new remaining useful life.

Similarly, when there is an indication of a recovery in the value of a tangible asset, the Group estimates the recoverable amount of the asset and recognizes it in the income statement, recording the reversal of the impairment loss recognized in prior periods, and adjusts future depreciation charges accordingly. In no case may the reversal of an impairment loss on an asset result in an increase in its carrying amount, above that which it would have had if no impairment losses had been recognized in prior years.

Maintenance and upkeep of property and equipment, are recognized as an expense in the year in which they are incurred, and are recorded under "Administrative Expenses".

Gains and losses on the sale of an item of property and equipment are recognized in income.

2.15. Leasing

The Group leases property, equipment and automobiles. Leases are generally for fixed periods of 1 to 10 years, but may have extension options. The terms of the leases are negotiated on an individual basis, with a wide range of terms and conditions. Lease contracts do not impose covenants, however, these leased assets cannot be assigned as collateral for loans.

Leases are recognized as a right-of-use asset and a liability on the date on which the asset is leased and available for use by the Group. Each lease payment is allocated between the liability and the financial cost. The finance cost is recognized in the consolidated statement of income during the lease term, in order to produce a constant periodic interest rate on the balance of the liability for each period. Right-of-use assets are depreciated over the shorter of the useful life of the asset or the end of the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including payments in fixed substance), less lease incentives receivable.
- Variable lease payment that is based on an index or rate.
- Amounts expected to be paid by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- Payments of lease termination penalties, if the term of the lease reflects the lessee exercising that option.

Lease payments are discounted using the interest rate implicit in the lease, if such rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost, which comprises the following:

- The amount of the initial measurement of the lease liability.
- Any lease payments made on or before the commencement date, less any lease incentives received.
- Any initial direct costs.
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets, are recognized on a straight-line basis as an expense in income. Short-term leases are leases with a term of 12 months or less. Low-value assets include computer equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases throughout the Group. These terms are used to maximize operational flexibility in terms of contract management.

2.16 Investment properties

In accordance with the International Accounting Standard IAS 40 "Investment Properties", investment properties are defined as those lands or buildings considered in whole, in part or both that are held by the Parent Company and *Fiduciaria de Occidente* to obtain rents, asset valuation or both, instead of their use for the Parent Company's and *Fiduciaria de Occidente*'s own purposes. Investment properties are recorded in the statement of financial position at fair value through profit or loss. Such fair value is determined based on appraisals performed periodically by independent appraisers, using valuation techniques described in IFRS13 "Fair Value Measurement".

2.17. Assets received under lease

Assets received under lease upon initial receipt, are also classified as finance or operating leases, in the same manner as the leased assets described in paragraph 2.10 above. Lease contracts that are classified as finance leases, are included in the balance sheet as property and equipment by right of use according to their purpose, and are initially recorded in assets and liabilities simultaneously at a value equal to the fair value of the leased asset or at the present value of the minimum lease payments, whichever is lower. The present value of the minimum lease payments, is determined using the interest rate implicit in the lease contract, or in the absence thereof, an average interest rate of the bonds placed by the Parent Company in the market is used. Any initial direct costs of the lessee are added to the amount recognized as an asset. The value recorded as a liability, is included in the financial liabilities account, and is recorded in the same manner as financial liabilities. Leases that are classified as operating leases are recorded as an expense.

2.18. Intangible assets

The Parent Company and its subsidiaries, recognize an intangible asset when it is identifiable, of a non-monetary nature and without physical appearance, its cost can be measured reliably, and it is probable that future economic benefits attributable to the asset will be obtained.

a. Capital gains

The capital gains recorded by the parent company in its financial statements, corresponds to a merger carried out by the parent company in previous years with *Banco Unión*, which in accordance with the transition standard established in IFRS 1, the parent company was exempted from recording under IFRS at its carrying value as of January 1, 2014. In accordance with IAS 38, capital gains is considered to have an indefinite life, and is not amortized, but is subject to annual impairment assessment, for which the parent company performs a valuation by an independent expert of the value of the lines of business that are related to capital gains (*Banco Unión*'s lines of business), and based on such valuation determines whether there is any impairment, which if any is recorded against income; subsequent recoveries in the valuation the parent company do not reverse impairments previously recorded.

In updating the impairment tests performed as of December 31, 2023 in relation to capital gains, property, plant and equipment and intangibles, budgets, forecasts and other assumptions were adjusted to incorporate observed economic conditions, addressing where necessary increased risk and uncertainty. Assumptions used to perform the impairment test, have been updated to reflect lower budgeted earnings in subsequent years and a delayed return to pre-crisis levels of turnover and profitability.

The evaluation of the capital gains recorded by the Parent Company as of December 2023, concluded that the capital gains assigned to the Cash Generating Unit is not impaired as of the valuation date, and presents an excess of $322,869 in value in use with respect to the carrying value. See Note 15 - Intangible assets, net.

b. Other intangibles

Other intangible assets held by the Parent Company, Fiduciaria de Occidente, Occidental Bank Barbados Ltd. and Ventas y Servicios S.A. - NEXA BPO, correspond mainly to computer programs and licenses, which are initially measured at their cost incurred in the acquisition or internal development phase. Costs incurred in the research phase are taken directly to income. Subsequent to initial recognition, these assets are amortized using the straight-line method over their estimated useful lives, which in the case of computer software ranges from 1 to 20 years.

Costs incurred in computer programs under development are capitalized taking into account the following evaluations made by the Parent Company's management:

a) The project is technically feasible to complete for production, so that it can be used in the operations of the Parent Company.
b) The Parent Company's intention is to complete it for use in the development of its business, not to sell it.
c) The Parent Company has the ability to use the asset.
d) The asset will generate economic benefits for the Parent Company, that result in the realization of a greater number of transactions with lower costs.
e) The Parent Company has the necessary resources, both technical and financial, to complete the development of the intangible asset for its use.

f) Disbursements incurred during the development of the project, and which are susceptible to capitalization, are part of the higher value of this asset.
g) Disbursements incurred after the asset has been brought to the condition required by management for its use, will be recorded as an expense affecting the statement of income.

2.19. Employee benefits

In accordance with International Accounting Standard IAS 19 "Employee Benefits", all forms of consideration granted by the Parent Company and its subsidiaries in exchange for services rendered by employees, are divided into four classes for accounting recognition:

a. Short-term benefits

In accordance with Colombian labor regulations, these benefits correspond to salaries, legal and extra-legal bonuses, vacations, severance payments and parafiscal contributions to state entities that are paid within 12 months following the end of the period. These benefits are accrued by the accrual system and charged to income.

b. Post-employment benefits

These are benefits that the Parent Company and subsidiaries pay to their employees at the time of retirement or after completing their term of employment, other than severance payments. In accordance with Colombian labor regulations, these benefits correspond to retirement pensions directly assumed by the Parent Company, severance payments payable to employees who continue in the labor regime prior to Law 50, and certain extra-legal benefits or those agreed upon in collective bargaining agreements.

The liability for post-employment benefits is determined based on the present value of the estimated future payments to be made to employees, calculated based on actuarial studies prepared by the projected unit credit method, using actuarial assumptions of mortality rates, salary increases, employee turnover and interest rates determined by reference to current market yields of bonds, at the end of the period of high quality National Government issues or corporate bonds.

Under the projected unit credit method, future benefits to be paid to employees are allocated to each accounting period in which the employee renders service. Therefore, the corresponding expense for these benefits recorded in the income statement of the Parent Company and subsidiaries, includes the present service cost assigned in the actuarial calculation, plus the financial cost of the calculated liability. Variations in liabilities due to changes in actuarial assumptions are recorded in equity in the "other comprehensive income" account.

Changes in the actuarial liability for changes in employee benefits granted retroactively, are recorded as an expense at the earliest of the following dates:

- When the modification of the employment benefits granted takes place.
- When provisions for restructuring costs are recognized for a subsidiary or business of the Parent Company and subsidiaries.

The mortality table issued by the Superintendence of Finance, RV08, was adjusted to include the effect of longevity for pension calculations.

The adjustment will be made progressively, so that in 4 years there will be a 2-year increase in the life expectancy of men and women at retirement age.

c. Other long-term employee benefits

These are all employee benefits, other than short-term and post-employment employee benefits and severance indemnities. In accordance with the collective bargaining agreements and regulations of the Parent Company and subsidiaries, these benefits correspond mainly to seniority premiums.

Liabilities for long-term employee benefits are determined in the same way as the post-employment benefits described in b) above, with the only difference that changes in the actuarial liability for changes in actuarial assumptions are also recorded in the statement of income.

d. Termination benefits with employees

These benefits correspond to payments to be made by the Parent Company and subsidiaries, arising from a unilateral decision to terminate the contract, or from a decision by the employee to accept an offer of benefits in exchange for the termination of the employment contract. In accordance with Colombian law, these payments correspond to severance indemnities and other benefits that the Parent Company and subsidiaries unilaterally decide to grant to their employees in these cases.

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

- When the Parent Company and subsidiaries formally communicate to the employee their decision to terminate the employee's employment.
- When provisions are recognized for restructuring costs for a subsidiary or business of the Parent Company involving the payment of termination benefits.

2.20.Income tax

Current taxes

The current tax is the amount payable or recoverable for income and supplementary taxes, calculated based on tax laws enacted or substantively enacted at the date of the statement of financial position. Management of the Parent Company and subsidiaries periodically evaluates the position taken in tax returns with respect to situations in which tax laws are subject to interpretation and, if necessary, establishes provisions for amounts expected to be paid to the tax authorities according to the established deadlines.

For the determination of the current income tax and complementary taxes, in the value of assets, liabilities, equity, income, costs and expenses, recognition and measurement systems are applied in accordance with the technical accounting regulatory frameworks in force in Colombia, when the tax law expressly refers to them, and in the cases in which this does not regulate the matter. In any case, tax law may expressly provide for a different treatment, in accordance with Article 4 of Law 1314 of 2009.

Deferred taxes

Deferred taxes are recognized on temporary differences arising between the tax bases of assets and liabilities and the amounts recognized in the separate financial statements, which result in amounts that are deductible or taxable in determining taxable profit or loss for future periods, when the carrying amount of the asset is recovered or the liability is settled. However, deferred tax liabilities are not recognized if they arise from the initial recognition of capital gains; nor is it recognized as a deferred tax if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting or taxable income or loss. Deferred tax is determined using tax rates that are in effect at the balance sheet date, and are expected to apply when the deferred tax asset is realized or when the deferred tax liability is offset.

The deferred tax expense is recognized in the statement of income, except for the portion corresponding to items recognized in the other comprehensive income account in equity, in which case the tax will also be recognized consistently in the equity accounts of other comprehensive income.

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

Deferred tax liabilities are provided on taxable temporary differences that arise, except for deferred tax liabilities on investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary difference is controlled by the Parent and its subsidiaries, and it is probable that the temporary difference will not reverse in the foreseeable future, as required by IAS 12 paragraph 39.

Generally, the Parent Company has the ability to control the reversal of temporary differences of investments in associates, since in the event that there are taxable profits that are likely to be distributed in the foreseeable future, deferred tax liabilities will be recognized.

Deferred tax assets are recognized on deductible temporary differences on investments in subsidiaries, associates and joint ventures, only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient taxable profit against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset in accordance with IAS 12.

On the other hand, current tax assets and liabilities are only offset when there is a legal right, and if they relate to taxes levied by the same tax authority.

2.21.Provisions

Provisions for decommissioning and legal claims, are recognized when the Parent Company and subsidiaries have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

When there are several similar obligations, the probability that a cash outflow will be required is determined by considering the type of obligations as a whole. A provision is recognized even if the probability of a cash outflow in respect of any item included in the same class of obligations may be small.

Where the financial effect of discounting is material, provisions are measured at the present value of the expenses expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as a financial expense.

2.22.Revenue

The Group recognizes revenue from contracts with customers based on a five-step model established in IFRS 15:

Step 1. Identification of customer contracts: A contract is defined as an agreement between two or more parties, which creates enforceable rights and obligations and establishes criteria to be met for each contract. Contracts may be written, verbal or implied through a company's customary business practices.

Step 2. Identification of performance obligations in the contract: A performance obligation is a promise in a contract with a customer for the transfer of goods or services.

Step 3. Determination of the transaction price: The transaction price is the amount of payment to which the Group expects to be entitled in exchange for the transfer of promised goods or services to a customer, without considering amounts received on behalf of third parties.

Step 4. Allocate the transaction price among the performance obligations of the contract: In a contract that has more than one performance obligation, the Group allocates the transaction price among the performance obligations in amounts that represent the amount of consideration to which the Group expects to be entitled in exchange for fulfilling each performance obligation.

Step 5. Revenue recognition when (or as) the Group meets a performance obligation.

The Group meets a performance obligation and recognizes revenue over time if any of the following criteria are met:

a) The Group's performance does not create an asset with an alternative use for the Group, and the Group has an enforceable right to payment for performance completed to date.
b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The customer both receives and consumes the benefits resulting from the Group's performance as it works.

For performance obligations where none of the above conditions are met, revenue is recognized at the time the performance obligation is fulfilled.

When the Group fulfills a performance obligation by delivering promised goods or services, it creates a contractual asset in the amount of the consideration earned for the performance. When the amount of consideration received from a customer exceeds the amount of revenue recognized, this generates a contractual liability.

Revenue is measured based on the consideration specified in the contract with the customer, and excludes amounts received on behalf of third parties. The Group recognizes revenue when it transfers control over a good or service to a customer. Income is presented net of value added tax (VAT), rebates and discounts and after eliminating intra-Group sales.

The Group evaluates its income plans based on specific criteria to determine whether it acts as principal or agent.

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and if revenue and costs, if any, can be measured reliably.

Below is a description of the main activities through which the Group generates revenues from contracts with customers:

i. Interest income

The Parent Company recognizes interest income from loans, debt securities and other debt instruments, using the effective interest method. The calculation of the effective interest rate includes all commissions and interest basis points, paid or received by the parties to the contract, which comprise the effective interest rate, transaction costs and any other premium or discount.

ii. Banking (financial services)

The Parent Company and subsidiaries Banco de Occidente Panamá S.A. and Occidental Bank Barbados Ltd., generally sign contracts covering several different services. Such contracts may contain components that are either within or outside the scope of IFRS 15. For this reason, they only apply the indications of IFRS 15 when all or part of their contracts are outside the scope of IFRS 9.

The sources of income obtained through contracts with customers are as follows:

- **Credit cards:** Exchange fees, general fees (annual, quarterly, monthly), loyalty schemes

There are contracts that create enforceable rights and obligations between the Parent Company and cardholders or merchants, under which the Parent Company provides services, generally in exchange for annual or other fees. The following are some of the services that may exist in the contract with the cardholder:

- Issuance of loyalty points (options to purchase free or discounted goods/services in the future), which are usually based on the monetary volume of card transactions,
- Payment processing service,
- Insurance, where the Parent Company is not the insurer,
- Fraud protection, and
- Processing of certain transactions, such as foreign currency purchases and cash withdrawals.

The transaction price is assigned to each performance obligation, based on the relative selling prices of the goods or services provided to the customer. The allocation of the transaction price to each individual performance obligation, is not entirely necessary when there is more than one performance obligation, but they are all fulfilled at the same time or equally during the period.

- **Commissions**

The Parent Company receives insurance commissions when referring new customers to third party insurance vendors, when the Parent Company is not itself the insurer of the policy. Such commissions are usually paid periodically (monthly, for example) to the Parent Company, based on the volume of new policies (and/or renewal of existing policies) generated with clients introduced by the Parent Company. The transaction price may include an element of consideration that is variable or subject to the outcome of future events, such as policy cancellations, and such element is estimated and included in the transaction price based on the most likely amount, so as to include it in the transaction price, only when it is more likely than not that the resolution of such uncertainty will not lead to a material reversal in income.

Commitment fees are within the scope of IFRS 15, when it is unlikely that a specific loan agreement will be generated and that such commitment is not measured at fair value through profit or loss.

IFRS 15 addresses loan syndication fees received by a bank that arranges a loan, and retains no portion of the loan package for itself (or retains a portion at the same IRR or EIR (internal rate of return or earning interest rate for comparable risk purposes with other participants).

- **Savings and checking accounts**

Savings and checking account agreements generally allow customers to access a range of services, including processing wire transfers, using ATMs to withdraw cash, issuing debit cards, and generating bank statements. Sometimes they include other benefits. Collections are made periodically, and provide the client with access to banking services and additional benefits.

iii. Customer loyalty programs

The Parent Company administers loyalty programs, in which customers accumulate points for their purchases, which entitle them to redeem such points under the policies and reward plan in effect at the redemption date. Reward points are recognized as an identifiable component separate from revenue for services rendered, at fair value. The Parent acts as a principal in a customer loyalty program if it obtains control of goods or services from another party in advance, or if it transfers control of such goods or services to a customer. The Parent acts as agent, if its performance obligation is to arrange for another party to provide the goods or services.

iv. Financing components

The Group adjusts transactional prices to the time value of money for contracts where the period between the transfer of promised goods or services to the customer and payment by the customer is greater than one year.

v. Dividends

Revenue is recognized when the group's right to receive the corresponding payment is established, which generally occurs when the shareholders approve the dividend.

2.23. Going Concern

Based on the liquidity position of the Parent Company as of the date of authorization of these consolidated financial statements, management continues to have a reasonable expectation that the Parent Company has adequate resources to continue in operation for the foreseeable future, and that the going concern basis of accounting continues to be adequate.

These consolidated financial statements have been prepared on a going concern basis, and do not include any adjustments to the carrying amounts and classification of reported assets, liabilities and expenses that might otherwise be required if the going concern basis were not appropriate.

2.24.New accounting pronouncements not yet in force

The following accounting pronouncements issued, are applicable to annual periods beginning after January 1, 2024, and have not been applied in the preparation of these consolidated financial statements. The Group intends to adopt the applicable accounting pronouncements on their respective dates of application and not in advance, and has also evaluated the impact of the adoption of the new or modified standards, concluding that it is not expected to have a significant impact on the financial statements.

Financial reporting standard	Subject of the standard or amendment	Detail
Definition of Accounting Estimates (Amendments to IAS8)	Decree 1611 of 2022.	Annual periods beginning on or after January 1, 2024. Earlier application is permitted, and will be applied prospectively to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the first annual reporting period in which the company applies the amendments.
Disclosures on Accounting Policies Amendments to IAS 1)	Decree 1611 of 2022	Annual periods beginning on or after January 1, 2024. Early application is permitted.
Lease concessions related to covid-19 beyond June 30, 2021 (Amendments to IFRS 16)	Decree 1611 of 2022	Annual periods beginning on or after January 1, 2024. Early application is permitted.
Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)	Decree 1611 of 2022	Annual periods beginning on or after January 1, 2024. Early application is permitted. Its application is retroactive, which could constitute a restatement.

2.25. Changes in accounting policies

The accounting policies applied in these annual consolidated financial statements, are the same as those applied by the Parent Company in the financial statements for the year ended December 31, 2022. In September 2023, the Parent Company implemented hedge accounting. See paragraph 2.8.

Note 3. - Critical accounting judgments and estimates in the application of accounting policies

The preparation of the consolidated financial statements in conformity with Accounting and Financial Reporting Standards accepted in Colombia, requires management to make judgments, estimates and assumptions about the future, including weather-related risks and opportunities, that affect the application of accounting policies and the amounts of assets, liabilities and contingent liabilities at the balance sheet date, as well as the income and expenses for the year. Actual results may differ from these estimates.

Estimates and assumptions are continually evaluated, and are based on management's experience and other factors, are reviewed on an ongoing basis, and are consistent with the Group's risk management and weather-related commitments where appropriate, under the going concern assumption, including the expectation of future events that are believed to be reasonable in the circumstances.

Management also makes certain judgments other than those involving estimates in the process of applying accounting policies. Judgments that have the most significant effects on the amounts recognized in the consolidated financial statements and estimates that may cause a material adjustment to the carrying amounts of assets and liabilities in the following year, include the following:

Fair value of financial instruments: The estimation of fair values of financial instruments, is performed in accordance with the fair value hierarchy, classified in three levels, which reflects the importance of the inputs used in the fair value measurement.

Information on fair values of financial instruments classified by level, using observable inputs for levels 1 and 2 and unobservable inputs for level 3, is disclosed in note 5.

The determination of what constitutes as "observable", requires significant judgment on the part of the Parent Company.

The Parent Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, and reflects the assumptions that market participants would use in pricing the asset or liability.

Business model: In making an assessment of whether the objective of a business model is to hold assets to collect contractual cash flows, the Parent Company considers at what level of its business activities such an assessment should be made. In general, a business model is a matter that can be evidenced by the way the business is managed and the information provided to management. However, in some circumstances, it may not be clear whether a particular activity involves a business model with some infrequent asset sales, or whether anticipated sales indicate that there are two different business models.

In determining whether its business model for managing financial assets is to hold assets to collect contractual cash flows, the Parent Company considers:

- Management's stated policies and procedures for the portfolio and the operation of those policies in practice;
- How management evaluates portfolio performance;
- If management's strategy is focused on obtaining contractual interest income;
- The frequency of any expected sale of assets;
- The reason for any asset sale; and
- If the assets being sold are held for an extended period of time in relation to their contractual maturity, or are sold promptly after acquisition or an extended period of time prior to maturity.

In particular, the Parent Company exercises judgment in determining the business model objective for portfolios held for liquidity purposes. The Parent Company's Central Treasury maintains certain debt instruments in a separate portfolio for long-term yield and as a liquidity reserve. Instruments may be sold to meet unexpected liquidity shortfalls, but it is not anticipated that such sales will become more frequent.

The Parent Company considers that these instruments are held within a business model, whose objective is to hold assets to collect contractual cash flows. The Parent Company's Central Treasury maintains certain other debt instruments in separate portfolios to manage short-term liquidity. Sales are frequently made from this portfolio to meet ongoing business needs. The Parent Company determines that these instruments are not held within a business model, whose objective is to hold the assets to collect contractual cash flows.

When a business model involves transferring contractual rights to cash flows from financial assets to third parties, and the transferred assets are not derecognized, the Parent Company reviews the agreements to determine their impact in assessing the objective of the business model. In this assessment the Parent Company considers whether, under the arrangements, the Parent Company will continue to receive cash flows from the assets, either directly from the issuer or indirectly from the recipient, including whether it will repurchase the assets from the recipient.

The Parent Company exercises judgment in determining whether the contractual terms of the financial assets it generates or acquires, give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and may qualify for measurement at amortized cost. In this evaluation, the Parent Company considers all contractual terms, including any prepayment terms or provisions to extend the maturity of assets, terms that change the amount and timing of cash flows, and whether the contractual terms contain leverage.

For financial assets for which the Parent Company's rights are limited to specific assets of the debtor (non-recourse assets), the Parent Company assesses whether the contractual terms of such financial assets limit cash flows in a manner inconsistent with payments representing principal and interest.

When the Parent Company invests in contractually linked instruments (tranches), it exercises its judgment to determine whether the credit risk exposure in the tranche acquired is equal to or less than the credit risk exposure of the related group of financial instruments, so that the tranche acquired would qualify for measurement at amortized cost.

Other aspects of the classification

The Parent Company's accounting policies provide the scope for assets and liabilities to be designated at inception in different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as fair value through profit or loss, the group has determined that it complies with the description of assets and liabilities for trading set forth in the accounting policy.
- In designating financial assets or liabilities at fair value through equity, the Parent Company has determined that it has met one of the criteria for this designation set forth in the accounting policy.
- In classifying financial assets at amortized cost (held to maturity), the Parent Company has determined that it has the positive intent and ability to hold the assets to maturity as required by accounting policy.

Deferred income tax (Note 16): The Group assesses the realization over time of deferred income tax assets. Deferred tax assets represent income taxes recoverable through future deductions from taxable income, and are recorded in the statement of financial position. Deferred tax assets are recoverable to the extent that the realization of the related tax benefits is probable. Future taxable income and the amount of tax benefits that are probable in the future, are based on medium-term plans prepared by management. The business plan is based on management's expectations that are believed to be reasonable under the circumstances. As a prudent measure for the purpose of determining the realization of deferred taxes, the Group's financial and tax projections have been made.

As of December 31, 2023 and 2022, the Group's management estimates that the deferred income tax asset items would be recoverable, based on its estimates of future taxable income. - See Note 16 - Income taxes

Capital gains: Annually, the Parent Company's management performs an impairment evaluation of the capital gains recorded in its financial statements; such evaluation is performed as of December 31 of each year based on a study performed for such purpose by independent appraisers hired for such purpose. This study is carried out based on the valuation of the lines of business that are related to the Capital Gains (Banco Unión's lines of business), by the methodology of future dividend flows, which seeks to obtain the total value of the Cash Generating Unit through the projection of the cash that would be paid to the Shareholder, which is determined as a percentage of the net income projections, ensuring compliance with the solvency margin, and the coverage of the needs for reinvestment in assets, operating funds (costs, expenses, taxes, working capital) and the payment of the cost of debt. This analysis requires the projection of the cash flows generated during a determined period of time, to subsequently bring them to present value, by discounting them at an appropriate rate for such operation, also considering a terminal value. The assumptions used in this valuation are detailed in note 15.

Valuation of investment properties: Investment properties are reported in the statement of financial position at fair value, as determined in reports prepared by independent appraisers at the end of each reporting period. Due to current conditions in the country, the frequency of property transactions is low; however, management believes that there is sufficient market activity to provide comparable prices for orderly transactions of similar properties when determining the fair value of investment properties.

In the preparation of the Parent Company's investment property valuation reports, forced sale transactions are excluded. Management has reviewed the assumptions used in the valuation by the independent appraisers, and believes that factors such as inflation, interest rates, etc., have been appropriately determined considering market conditions at the end of the reporting period; however, management believes that the valuation of investment properties is currently subject to a high degree of judgment, and an increased likelihood that the actual proceeds from the sale of such assets may differ from their carrying value.

Estimate for contingencies: The Parent Company and its subsidiaries, estimate and record a provision for contingencies to cover possible losses from labor, civil and commercial lawsuits, and tax assessments, or others, depending on the circumstances that, based on the opinion of external legal counsel and/or in-house counsel, are considered probable of loss and can be reasonably quantified. Given the nature of many of the claims, cases and/or proceedings, it is sometimes not possible to make an accurate forecast or quantify a loss amount in a reasonable manner, so the actual amount of disbursements actually incurred for claims, cases and/or proceedings, is consistently different from the amounts initially estimated and provisioned, and such differences are recognized in the year in which they are identified.

Employee benefits: The measurement of pension obligations, costs and liabilities depend on a variety of long-term assumptions determined on an actuarial basis, including estimates of the present value of projected future pension payments for plan participants, considering the probability of potential future events, such as increases in the urban minimum wage and demographic experience. These assumptions may have an effect on the amount and future contributions, if there is any variation.

The discount rate allows establishing future cash flows at the present value of the measurement date. The Parent Company determines a long-term rate that represents the market rate for high quality fixed income investments or for government bonds that are denominated in Colombian pesos, the currency in which the benefit will be paid, and considers the timing and amounts of future benefit payments, for which the Parent Company has selected government bonds.

The Parent Company uses other key assumptions to value actuarial liabilities, which are calculated based on the Parent Company's specific experience, combined with published statistics and market indicators (See Note 19, which describes the most important assumptions used in the actuarial calculations and the corresponding sensitivity analyses).

Note 4. - Risk Management and Administration

The Parent Company and its subsidiaries in the financial sector, manage the risk management function in accordance with applicable regulations and internal policies.

Risk management objective and general guidelines

The objective is to maximize returns for its investors through prudent risk management; to this end, the principles guiding the Parent Company's risk management are as follows:

a) Provide security and continuity of service to customers.
b) The integration of risk management into business processes.
c) Collegial decisions at the level of each of the Parent Company's boards of directors to make commercial loans.
d) Deep and extensive market knowledge as a result of our leadership and our stable and experienced bank management.
e) Establishment of clear risk policies in a top-down approach with respect to:
   - Compliance with know-your-customer policies, and
   - Commercial lending structures based on a clear identification of repayment sources and debtors' cash flow generation capacity.
f) Use of common tools for analysis and determination of credit interest rates.
g) Diversification of the commercial loan portfolio with respect to industries and economic groups.
h) Specialization in consumer product niches.
i) Extensive use of continuously updated credit scoring and rating models to ensure the growth of high credit quality consumer loans.
j) Conservative policies in terms of:
   - The composition of the trading portfolio with a bias towards lower volatility instruments.
   - Trading operations on own account and
   - Variable compensation of bargaining personnel

Risk culture

The risk culture of the Parent Company is based on the principles indicated in the preceding paragraph, and is transmitted to all entities and units of the Parent Company, supported by the following guidelines:

a) In all the Parent Company's entities, the risk function is independent of the business units.

b) The structure of delegation of powers at the bank level requires that a large number of transactions are sent to decision centers such as risk committees. The large number and frequency of meetings of these committees, ensures a high degree of agility in the resolution of proposals, and ensures the continuous participation of senior management and key areas in the management of the different risks.

c) The Parent Company has detailed action manuals and policies with respect to risk management, the business and risk groups of the banks hold regular orientation meetings with risk approaches that are in line with the risk culture of the Parent Company.
d) Boundary plan: The banks have implemented a system of risk limits which are periodically updated in response to new market conditions and the risks to which they are exposed.
e) Adequate information systems to monitor risk exposures on a daily basis, to check that approval limits are systematically met and to take, if necessary, appropriate corrective measures.
f) Major risks are analyzed, not only when they originate or when problems arise in the ordinary course of business, but on an ongoing basis for all customers.

g) The Parent Company has adequate and permanent training courses at all levels of the organization, regarding risk culture and remuneration plans for certain employees according to their adherence to the risk culture.

Corporate structure of the risk function

In accordance with the guidelines established by the Colombian Superintendence of Finance, the corporate structure applicable to the Group for the management of the different risks is composed of the following levels:

- Board of Directors.
- Risk Committee.
- Risk Vice-Presidency.
- Risk management administrative processes.
- Internal Audit.

Board of Directors

The Board of Directors of the Parent Company and its subsidiaries, are responsible for adopting, among others, the following decisions related to the adequate organization of the risk management system of each entity:

- Define and approve the strategies and general policies related to the internal control system for risk management.
- Approve the entity's policies in relation to the management of the different risks
- Approve the operation and counterpart quotas, according to the defined attributions.
- Approve exposures and limits to different types of risks.
- Approve the different risk management procedures and methodologies.
- Approve the allocation of human, physical and technical resources for risk management.
- Indicate the responsibilities and attributions, assigned to the positions and areas in charge of risk management.
- Create the necessary committees to guarantee the adequate organization, control and follow-up of the operations that generate exposures, and define their functions.
- Approve internal control systems for risk management.
- Require the management of the Parent Company and its subsidiaries to report periodically on the levels of exposure to the different risks.
- Evaluate proposals for recommendations and corrective actions on risk management processes.
- Require different periodic reports from management on the levels of exposure to the different risks.
- To follow up at its regular meetings, through periodic reports submitted by the Audit Committee on risk management, and the measures adopted to control or mitigate the most relevant risks.
- Approve the nature, scope, strategic business and markets in which the entity will operate.

Risk Committees

Risk management monitoring is carried out by each of the Risk Management Departments under the Risk Vice-Presidency, in compliance with External Circular Letter 018 - Comprehensive Risk Management System, which, on a monthly basis, submit the results of such monitoring to the Financial Risk Committee (Corporate Banking, Personal Banking), the Treasury Financial Risk Committee and the SARO Committee for their consideration. There is also a Finance Committee that meets every two weeks, to define short-term liquidity management actions, define the short-term Treasury strategy and examine the biweekly report submitted by the Balance Sheet and Treasury Risk Management. There is also the ALCO Committee, which makes decisions on medium and long-term asset and liability management.

Likewise, on a quarterly basis, they present the evolution and relevant facts of each risk specialty to the Integral Risk Committee of the Board of Directors.

The Integral Risk Committee of the Board of Directors, therefore, has primarily the following functions:

- To monitor the entity's risk profile and risk appetite, as well as to evaluate the entity's
- consistency with the business plan, capital and liquidity levels, and to report to the BoD on
- the main results, and issue the corresponding recommendations, when necessary.
- Advise the BoD on transactions, events or activities, including entering new markets, that may (i) affect the entity's exposure and risk profile, (ii) constitute deviations from the business plan, risk appetite and internal and regulatory limits, or (iii) compromise the viability of the business.
- Review the SIAR policies, at least once a year, and propose the corresponding adjustments to the BoD for approval.
- Advise the BoD on the status of risk culture in the entity.
- Evaluate the adequacy of the business continuity plan and contingency plans.
- Report to the BoD its analysis of the results of the monthly reports received from the person(s) performing the risk management function.

Legal risks are monitored for compliance by the Legal Vice-Presidency.
In addition to the Comprehensive Risk Committee of the Board of Directors, the functions of the other risk

committees include, among others, the following:

1. Propose to the Board of Directors of the respective entity the policies they consider appropriate, for the management of the risks pertaining to each committee and the processes and methodologies for their management.
2. Conduct systematic reviews of the entity's risk exposures, and take corrective actions as deemed necessary.
3. Ensure that the actions of the Parent Company and its subsidiaries in relation to risk management, are consistent with previously defined risk appetite levels.
4. Approve decisions that are within the attributions established for each committee by the board of directors.

The risk committees are listed below:

i. Financial Risk Committee, SARO Committee and Compliance Committee

The purpose of these committees is to establish policies, procedures and strategies for the comprehensive management of credit, market, liquidity, operational, money laundering and terrorist financing risks. Among its main functions are:

- Measure the integral risk profile of the entity.
- Design schemes for monitoring and follow-up of exposure levels to the different risks faced by the entity.
- Review and propose to the Board of Directors, the level of tolerance and the degree of exposure to risk that the entity is willing to assume in the development of the business. This

involves evaluating alternatives to align the risk appetite of the different risk management systems.

- Evaluate the risks involved in entering new markets, products, segments, countries, among others.

ii. Financial Risk Committee (Credit and Treasury Risk)

Its objective is to discuss, measure, control and analyze credit and treasury risk management.

Among its main functions are the following:

- Monitor the credit and treasury risk profile, in order to ensure that the risk level remains within the established parameters, in accordance with the entity's risk limits and policies.
- Evaluate the incursion into new markets and products.
- Evaluate policies, strategies and rules of action in commercial activities, both treasury and credit.
- Ensure that risk measurement and management methodologies are appropriate, given the entity's characteristics and activities.

iii. Assets and Liabilities Committee

Its objective is to support senior management in the definition of policies and limits, monitoring, control and measurement systems that accompany the management of assets and liabilities and liquidity risk management through the different Liquidity Risk Management Systems (SARLs in Spanish).

Among its main functions are:

- Establish adequate procedures and mechanisms for the management and administration of liquidity risks.
- Monitor liquidity risk exposure reporting
- Identify the origin of the exposures and, through sensitivity analysis, determine the probability of lower returns or funds requirements due to cash flow movements.

iv. Audit Committee

Its objective is to evaluate the internal control system, as well as its continuous improvement, without this implying a substitution of the responsibility that collegially corresponds to the Board of Directors, developing functions of an eminently advisory and support nature. Among the main functions of the committee are the following:

- Propose for approval of the Board of Directors, the structure, procedures and methodologies necessary for the operation of the Internal Control System (ICS).
- Submit to the Board of Directors, the proposals related to the responsibilities, attributions and limits assigned to the different positions and areas with respect to the administration of the ICS, including risk management.
- Evaluate the internal control structure of the entity, so as to establish whether the procedures designed reasonably protect its assets, as well as those of third parties it manages or has custody of, and whether there are controls to verify that transactions are being adequately authorized and recorded.
- Ensure that the preparation, presentation and disclosure of financial information is in accordance with applicable standards, verifying that the necessary controls are in place.

- Study the financial statements and prepare the corresponding report to be submitted to the consideration of the Board of Directors, based on the evaluation not only of the corresponding projects, with their notes, but also of the opinions, observations of the control entities, results of the evaluations made by the competent committees and other related documents.
- To follow up on the levels of risk exposure, the implications for the entity and the measures adopted for its control or mitigation and to submit to the Board of Directors a report on the most important aspects of the management performed.
- Follow up on compliance with the instructions given by the Board of Directors in relation to the ICS.
- To prepare the report that the Board of Directors, shall submit to the General Assembly of Shareholders regarding the operation of the ICS.

Risk Vice-Presidency

The risk vice presidencies within the organizational structure have, among others, the following roles:

a) Ensure adequate compliance at the level of the Parent Company and subsidiaries, with the policies and procedures established by the Board of Directors and the different risk committees for risk management.
b) Design methodologies and procedures to be followed by management for risk management.
c) Establish permanent monitoring procedures that allow timely identification of any type of deviation from established risk management policies.
d) Prepare periodic reports to the different risk committees, Board of Directors of the Parent Company and subsidiaries, on the status of control and surveillance in relation to compliance with risk policies.

Risk management administrative processes

In accordance with their business models, each subsidiary of the Parent Company has well-defined structures and procedures documented in manuals on the administrative processes, to be followed for the management of the different risks; in turn, they have different technological tools detailed below, where each risk is analyzed to monitor and control the risks.

Internal Audit

The internal audits of the Parent Company and its subsidiaries are independent from management, they report directly to the audit committees and, in the performance of their duties, periodically perform risk-based assessments on the management and mitigation of risks associated with the policies and procedures approved by the Boards of Directors of the entities; their reports are submitted directly to the audit committees, which are responsible for following up and giving their point of view to management on the corrective measures to be taken, and their implementation and improvements to the internal control system of each entity.

Individual analysis of the different risks

The Parent Company is mainly composed of financial sector entities, and therefore these entities are exposed to various financial, operational, reputational and legal risks in the ordinary course of business.

Financial risks include market risk (which includes trading risk and price risk as indicated below) and structural risks due to the composition of assets and liabilities on the balance sheet, which include credit risk, foreign exchange risk, liquidity risk and interest rate risk.

The Parent Company's entities that have their businesses in economic sectors other than the financial sector, commonly referred to as the "real sector", have a lower exposure to financial risks, but are primarily exposed to operational and legal risks.

Reform of benchmark interest rates

A working group was formed within the Group to design and execute the plan for the transition to other alternative rates, which was 100% executed

This working group was in charge of evaluating the modifications to the contracts that were in force, which were impacted by the loss of LIBOR, as well as following up on the milestones of the transition project on the fronts of alternative rate selection, business, technology, ALM, financial, communications with counterparties, legal, risks, internal and external reporting and processes.

Considering that the U.S. Alternative Reference Rate Committee (ARRC) defined the Secured Overnight Financing Rate (SOFR) as the reference rate to be used to replace the LIBOR in USD, the transition process was initiated for obligations associated with the LIBOR index by adopting the SOFR index. Consequently, as of March 1, 2022, operations in USD were disbursed and/or extended associated with the CME TERM SOFR index, and it was decided not to carry out operations tied to LIBOR in other currencies.

For LIBOR-indexed contracts maturing after the expected cessation of the rate, the policy was established to modify the contractual terms. This modification included the addition of fallback clauses, or the replacement of the LIBOR rate with the alternative reference rate. The LIBOR Working Group signed the adherence to ISDA's Amendment and Protocols, which eliminated the legal (contractual) risk of the transition for derivative contracts, defining the replacement of the LIBOR rate by SOFR plus a fixed spread.

During 2023, the plan was monitored on the business, ALM, financial, communications with counterparties, risk, internal and external reporting and processes fronts, determining that the commercial portfolios that continue to be registered at the Libor rate, correspond to overdue portfolios or syndicated loans that have not had a rate change, for which work continues with the loan administrators to change to the SOFR rate.

The following is a detail of LIBOR-indexed bonds outstanding at December 2023:

		Total nominal value of indexed contracts without reform		Total nominal value of contracts with fallback clauses
Assets				
Commercial portfolio and commercial leasing		59,775		40,452
Total	**Ps.**	**59,775**	**Ps.**	**40,452**

The following is an analysis of each of the above risks in order of importance:

4.1 Credit risk

Consolidated credit risk exposure

The Parent Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panamá S.A., have exposures to credit risk, which consists of the debtor causing a financial loss, by not meeting its obligations in a timely manner and for the total amount of the debt. Credit risk exposure of the Parent Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panamá S.A., arises as a result of their lending activities and transactions with counterparties that give rise to financial assets. Maximum exposure to credit risk of the Parent Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panamá S.A., in accordance with IFRS 7, at the consolidated level is reflected in the carrying value of financial assets in the Group's consolidated statement of financial position as of December 31, 2023 and 2022 as indicated below:

Account		December 31, 2023	December 31, 2022
Deposits in banks other than *Banco de la República*	$	983,092	1,382,618
Financial instruments at fair value			
Issued or guaranteed by the Colombian government		6,244,172	4,316,675
Issued or guaranteed by other Colombian government entities		102,009	74,800
Issued or guaranteed by other Colombian financial institutions		782,228	540,409
Issued or guaranteed by entities of the Colombian real sector		1,840	1,483
Issued or guaranteed by Foreign Governments		120,614	52,387
Issued or guaranteed by other foreign financial institutions		560,619	115,571
Issued or guaranteed by real sector entities abroad		37,951	11,664
Other		75,846	86,591
Derivative instruments		1,276,723	754,968
Investments in equity instruments		841,632	702,957
Loan portfolio			
Commercial portfolio		28,012,502	25,119,579
Consumer portfolio		12,452,988	11,133,242
Mortgage portfolio		1,516,633	1,165,713
Leasing portfolio		7,501,463	7,162,687
Repos and Interbank		15,449	1,120,454
Other accounts receivable		547,285	438,189
Total financial assets with credit risk		**61,073,046**	**54,179,987**
Off-balance sheet credit risk at face valuef			
Financial guarantees and collateral		3,298,224	3,831,593
Credit commitments		6,041,541	5,985,564
Total off-balance sheet credit risk exposure		**9,339,765**	**9,817,157**
Total maximum credit risk exposure	**$**	**70,412,811**	**63,997,144**

The potential impact of netting assets and liabilities to potentially reduce credit risk exposure is not significant. For guarantees and commitments to extend the amount of credits, maximum exposure to credit risk is the amount of the commitment. Credit risk is mitigated by guarantees and collateral as described below:

Credit risk mitigation, collateral and other credit risk enhancements

The maximum credit risk exposure of the Parent Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panamá S.A., is reduced by collateral and other credit enhancements, which reduce the credit risk of the Parent Company and its subsidiaries. The existence of guarantees may be a necessary measure, but not a sufficient instrument for the acceptance of credit risk. Parent Company's credit risk policies require an assessment of the debtor's ability to pay, and that the debtor is able to generate sufficient sources of funds to allow repayment of debts.

Risk acceptance policy is therefore organized at three different levels in the Parent Company and subsidiaries:

- Financial risk analysis: For the granting of loans, there are different models for the evaluation of credit risk: Scoring models for credit risk assessment of the consumer portfolio. In the initial evaluation of clients, logistic regression models are applied, which assign a score to the client, based on sociodemographic variables and some behavioral variables with the sector, and make it possible to establish whether the applicant is eligible for credit in accordance with the Parent Company's policy regarding the minimum score required. There are also monitoring models that use mainly customer payment behavior variables and some sociodemographic variables, and allow customers to be rated and the probability of default in the next year to be established. For the commercial portfolio, it relies on rating models, specifically logistic regression models, whose variables are primarily financial indicators. These variables are used to obtain the input models, and for the follow-up models, payment behavior variables are added, such as the maximum height of delinquency in the last year, delinquency counters, among others. Thus, there are entry and follow-up models for the Industry, Commerce, Services, Construction, Territorial Entities and Financial Entities segments.

- The constitution of guarantees with adequate rates to cover the debt and that are accepted in accordance with the credit policies of each bank, according to the risk assumed in any of the forms, such as personal guarantees, monetary deposits, securities and mortgage guarantees, among others.

- Liquidity risk assessment of guarantees received.

The methods used to evaluate the collateral are in line with market practices and involve the use of independent real estate appraisers, the market value of securities or the valuation of the companies issuing the securities.

All guarantees must be legally evaluated and elaborated following the parameters of their constitution in accordance with the applicable legal norms.

The following is a detail of the loan portfolio by type of guarantee received in support of the loans granted by the Group as of December 31, 2023 and 2022:

December 31, 2023

	Commercial	Consumer	Housing	Commercial Leasing	Consumer Leasing	Housing Leasing	Repos and Interbank	Financial Leasing	Total
Unsecured loans	$ 17,952,367	10,057,537	1,204	311,444	125	73	15,449	311,642	**28,338,199**
Loans guaranteed by other banks	202,667	109	-	-	-	-	-	-	**202,776**
Collateralized loans:									
Housing	1,079,082	36,964	1,515,429	-	-	-	-	-	**2,631,475**
Other real estate	1,208,926	16,661	-	-	-	-	-	-	**1,225,587**
Investments in equity instruments	392,474	-	-	-	-	-	-	-	**392,474**
Deposits in cash or cash equivalents	221,296	454	-	-	-	-	-	-	**221,750**
Leased assets	-	-	-	2,491,260		1,093,447	-	3,584,707	**3,584,707**
Non-real estate	-	-	-	2,718,331	8,714	-	-	2,727,045	**2,727,045**
Trust agreements, stand-by agreements and guarantee funds	2,698,795	1,629	-	745	-	-	-	745	**2,701,169**
Pledging of rents	1,205,701	-	-	-	-	-	-	-	**1,205,701**
Garments	1,089,338	2,290,964	-	-	-	-	-	-	**3,380,302**
Other assets	1,961,856	48,670	-	877,132	192	-	-	877,324	**2,887,850**
Total	**$ 28,012,502**	**12,452,988**	**1,516,633**	**6,398,912**	**9,031**	**1,093,520**	**15,449**	**7,501,463**	**49,499,035**

December 31, 2022

	Commercial	Consumer	Housing	Commercial Leasing	Consumer Leasing	Housing Leasing	Repos and Interbank	Financial Leasing	Total
Unsecured loans	$ 15,284,698	8,773,715	1,352	42,224	119	690	1,120,454	43,033	**25,223,252**
Loans guaranteed by other banks	206,302	774	-	41,023	-	-	-	41,023	**248,099**
Collateralized loans:								-	
Housing	702,411	31,508	1,164,361					-	**1,898,280**
Other real estate	1,293,674	18,099	-	-	-	-	-	-	**1,311,773**
Investments in equity instruments	410,669	-	-	-	-	-	-	-	**410,669**
Deposits in cash or cash equivalents	358,135	665	-	-	-	-	-	-	**358,800**
Leased assets	-	-	-	2,398,802	-	1,321,621	-	3,720,423	**3,720,423**
Non- real estate	-	-	-	2,432,234	9,275	-	-	2,441,509	**2,441,509**
Trust agreements, stand-by agreements and guarantee funds	2,660,544	1,984	-	919	-	-	-	919	**2,663,447**
Pledging of rents	1,259,607	-	-	-	-	-	-	-	**1,259,607**
Garments	1,160,885	2,238,634	-	-	-	-	-	-	**3,399,519**
Other assets	1,782,654	67,863	-	915,775	5	-	-	915,780	**2,766,297**
Total	**$ 25,119,579**	**11,133,242**	**1,165,713**	**5,830,977**	**9,399**	**1,322,311**	**1,120,454**	**7,162,687**	**45,701,675**

Mortgage portfolio

The following tables stratify the credit exposures of mortgage loans and advances to retail customers by loan to loan-to-value (LTV) ratio ranges. LTV is calculated as the ratio of the gross loan amount, or the amount committed for loan commitments, to the value of the collateral. The valuation of the collateral, excludes any adjustment for obtaining and selling the collateral. The collateral value for residential mortgage loans is based on the value of the collateral at origination, based on changes in home price indexes. For credit-impaired loans, the collateral value is based on the most recent appraisals.

		December 31, 2023	December 31, 2022
LTV factor			
Less than 50% of	$	1,074,917	965,084
51 - 70%		946,808	861,770
71 - 90%		359,827	380,274
91 - 100%		39,741	47,142
More than 100% of		188,860	233,754
Total	**$**	**2,610,153**	**2,488,024**

Loans-Impaired		**December 31, 2023**	**December 31, 2022**
LTV factor			
Less than 50% of	$	48,616	36,009
51 - 70%		34,704	30,624
More than 70% of		46,427	39,541
Total	**$**	**129,747**	**106,174**

Significant Increase in Credit Risk

Under IFRS 9, when determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group shall consider reasonable and supportable information that is relevant and available without disproportionate cost or effort, including both quantitative and qualitative information and analysis, based on historical experience, as well as the Group's expert credit assessment including forward-looking information.

The Group expects to identify whether a significant increase in credit risk has occurred by comparing between:

- The probability of default (PD) over the remaining life at the reporting date; with
- The PD during the remaining life at this point in time, which was estimated at the time of initial recognition of the exposure.
- Qualitative aspects and the rebuttable presumption of the standard (30 days) are also considered.

The assessment of whether credit risk has increased significantly since the initial recognition of a financial asset, requires identifying the initial recognition date of the instrument and the thresholds of increase.

Rating by Credit Risk Categories

The Group assigns each exposure to a credit risk rating based on a variety of data to predict the PD. The Group uses these ratings for purposes of identifying significant increases in credit risk under IFRS 9. Credit risk ratings are defined using quantitative factors that are indicative of risk of loss. These factors may vary depending on the nature of the exposure and the type of borrower.

Each exposure is allocated to a credit risk rating at initial recognition based on available information about the debtor. Exposures are subject to ongoing monitoring, which may result in moving an exposure to a different credit risk rating.

Modeling of the PD term

The estimation of probabilities of default is the main input for determining the rating ranges that determine the level of risk.

The Group uses statistical models to analyze the data collected and generate estimates of the probability of impairment over the remaining life of the exposures and how those probabilities of impairment change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in impairment rates and key macroeconomic factors, as well as an in-depth analysis of certain factors in impairment risk (e.g., portfolio write-offs). For most credits the key economic factors are likely to include gross domestic product growth, changes in market interest rates, changes in the unemployment rate and the Consumer Price Index, among others.

The parent company's approach to preparing forward-looking economic information within its evaluation is outlined below:

- The Group has established a general framework that incorporates quantitative and qualitative information to determine whether the credit risk of a financial asset has increased significantly since its initial recognition.

- The initial framework is aligned with the Group's internal credit risk management process.

- The criteria for determining whether credit risk has increased significantly will vary by portfolio or segment, as well as by risk rating.

- The Group assesses whether the credit risk of a particular exposure has increased significantly since initial recognition if, based on quantitative modeling, the probability of impairment expected over the remaining life will increase significantly. In determining the increase in credit risk, the expected impairment loss over the remaining life is adjusted for changes in maturities.

- In certain circumstances, using expert credit judgment and based on relevant historical information the Group may determine that an exposure has experienced a significant increase in credit risk if particular qualitative factors may indicate that and those factors may not be fully captured by its quantitative analyses performed periodically. As a limit, and as required by IFRS 9, the Group presumes that a significant increase in credit risk occurs at the latest when the asset is past due for 30 days.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk based on regular reviews to confirm that:

- The criteria are able to identify significant increases in credit risk before an exposure is impaired.

- The average time to identify a significant increase in credit risk and default appears reasonable.

- Exposures are generally not transferred directly from the Group of probability of expected impairment in the following twelve months to the group of impaired loans.

- There is no unjustified volatility in the provision for impairment of transfers between the groups with probability of expected loss in the next twelve months and the probability of expected loss over the remaining life of the loans.

Modified Financial Assets

The contractual terms of loans may be modified for a number of reasons, including changes in market conditions, customer retention and other factors unrelated to an actual or potential deterioration of the customer's credit.

When the terms of a financial asset are modified under IFRS 9, and the modification does not result in a removal of the asset from the balance sheet the determination of whether the credit risk has significantly increased reflects comparisons of:

- The probability of default over the remaining life at the balance sheet date based on the modified terms.
- The probability of default over the estimated remaining life is based on the date of initial recognition and the original contractual terms.

The Group restructures loans to customers in financial difficulties to maximize collection opportunities and minimize the risk of default. Under the Group's restructuring policies, customers in financial difficulties are granted concessions that generally correspond to reductions in interest rates, extension of payment terms, reductions in balances due or a combination of the above.

For financial assets modified as part of the Group's restructuring policies, the PD estimate will reflect whether the modifications have improved or restored the ability to collect interest and principal and previous experience of similar actions. As part of this process, the Group will evaluate the debtor's payment performance against the modified terms of the debt and will consider various performance indicators of the modified debtor group.

Generally, restructuring indicators are a relevant factor of increased credit risk. Accordingly, a restructured debtor needs to demonstrate consistent payment behavior over a period of time before it is no longer considered an impaired credit or that the PD has decreased such that the provision can be reversed and the credit measured for impairment within twelve months after the closing date of the financial statements.

Definition of noncompliance

Under IFRS 9, the Group considers a financial asset in default when:

- It is unlikely that the debtor will fully pay its credit obligations to the Group, without resources to take actions such as realizing the guarantee (in the event that they maintain it); or
- On Delinquency in Portfolio:
    - Commercial loans: When they are 90 days or more past due.
    - Consumer Loans: When 90 days or more past due
    - Housing loans: When 120 days or more past due
- For fixed-income financial instruments, objective evidence of impairment includes the following items, among others:
    - External rating of the issuer or instrument being rated D.
    - Contractual payments are not made when due or within the stipulated grace period.
    - There is a virtual certainty of suspension of payments.
    - It is likely to enter bankruptcy or a bankruptcy petition or similar action is filed.
    - The financial asset no longer has an active market due to its financial difficulties.
- For other items (in portfolio):
    - Client in Law 617 of 2000
    - Restructuring Agreements Law 550 of 1999 and Law 1116 of 2006
    - Clients in legal collection (with the exception of clients admitted under Law 1116 of December 27, 2006 and clients admitted under Law 1380 of January 25, 2010 - Insolvency Scheme for Non-Commercial Natural Persons). Customers in liquidation.
    - Extraordinary Restructurings Circular Letter 039
    - Agreements and ordinary restructurings
    - Payment in kind

In assessing whether a debtor is in default, the Group considers indicators that are:

- Qualitative, e.g. non-compliance with contractual clauses

- Quantitative, e.g. delinquency status and non-payment on another obligation of the same issuer to the Group; and
- Based on data developed internally and obtained from external sources

Inputs used in assessing whether financial instruments are in default, and their significance may vary over time to reflect changes in circumstances.

Forecast of future economic conditions

Under IFRS 9, the parent company incorporates forward-looking information, both in its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition, as well as in its measurement of PCE. Based on the recommendations of the Group's Market Risk Committee, use of economic experts and consideration of a variety of current and projected external information, the Group formulates a "baseline scenario" projection of relevant economic variables as well as a representative range of other possible projected scenarios. This process involves the development of two or more additional economic scenarios and considers the relative probabilities of each scenario.

External information may include economic data and published projections by governmental committees and monetary authorities in the countries in which the Group operates, Supranational organizations such as the Organization for Economic Cooperation and Development (OECD) and the International Monetary Fund, among others, and academic and private sector projections.

The baseline scenario is expected to represent the most likely outcome and is aligned with information used by the Group for other purposes, such as strategic planning and budgeting. The other scenarios would represent a more optimistic and pessimistic outcome. The Group also plans to conduct periodic stress tests to calibrate the determination of these other representative scenarios.

Measurement of PCE - Estimated weighted probability of credit loss

The key inputs in the measurement of PCE are usually the structures of the following variables:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (ED)

The above parameters will be derived from internal statistical models. These models will be adjusted to reflect forward-looking information as described below:

- PDs are estimated as of a given date, which will be calculated based on statistical rating models, and evaluated using rating tools adjusted to the different counterparty categories and exposures. These statistical models are based on internally compiled data comprising both qualitative and quantitative factors. If a counterparty or exposure migrates between the different ratings, then this will result in a change of the estimated PI. PDs will be estimated considering contractual maturity terms of the exposures and estimated prepayment rates.

- The LGD is the magnitude of the probable loss if there is a default. It depends mainly on the characteristics of the counterparty, and the valuation of the guarantees or collateral associated with the transaction.

In order to calculate the LGD at each balance sheet date, it is necessary to observe the behavior of customer obligations that have been defaulted in a specific period of time. For each case, information is compiled on the movement of the loan after default, taking into account: payment flows, assets received in lieu of payment, write-off recoveries, legal and administrative costs. The LGD estimate determines the percentage (0% -100%) that is lost in those events where the customer incurs impairment. In the commercial portfolio, it is based on the guarantee and on product consumption.

This variable measures the risk of the operation. For loans secured by real estate and pledges on vehicles, variations in the price indexes of these assets are used.

EOD represents the expected exposure in the event of default. The Group will derive the EOD from the counterparty's current exposure and potential changes, in the current amount allowed under the terms of the contract including amortization and prepayments. The EOD of a financial asset, is the gross value at the time of default. For loan commitments and financial guarantees, the EOD will consider the amount drawn, as well as potential future amounts that could be drawn or collected under the contract, which will be estimated based on historical observations. For some financial assets, the Group determines the EOD by modeling a range of possible outcomes of exposures at various points in time. The Group will measure the EOD considering the risk of default over the maximum contractual period, (including options to extend the debt to the customer) over which there is an exposure to credit risk, even if, for risk management purposes, a longer period of time is considered. The maximum contractual period extends to the date on which the Group has the right to require payment of a loan or terminate a loan commitment or guarantee granted.

For consumer overdrafts, credit card balances and certain corporate revolving credit facilities that include both a loan and a loan commitment component not drawn by the customer, the Group will measure the EOD over a period greater than the maximum contractual period, if the Group's contractual ability to demand payment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual period of the contract. These facilities do not have a fixed term or collection structure and are managed on a collective basis. The Group may cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management of the Group, but only when the Parent Company becomes aware of an increase in credit risk at the level of each loan. This longer period of time will be estimated taking into account the credit risk management actions that the Group expects to take and that serve to mitigate the EOD. These measures include a reduction in limits and cancellation of credit contracts.

Parameter modeling is performed on a collective basis, financial instruments are grouped on the basis of risk characteristics that may include:

- Type of instrument
- Credit risk rating
- Guarantee
- Date of initial recognition
- Remaining term to maturity
- Industry
- Geographic location of the debtor

The above groupings are subject to regular review, to ensure that the exposures of a particular Group remain appropriately homogeneous.

Policies to prevent excessive concentrations of credit risk

In order to prevent excessive concentrations of credit risk at the individual, country and economic sector levels, the Parent Company and subsidiaries maintain maximum risk concentration levels indexes updated at the individual level and by sector portfolios. The limit of the Parent Company's exposure on a credit commitment to a specific customer, depends on the customer's risk rating, the nature of the risk involved, and the presence of each bank in a specific market.

In order to avoid concentrations of credit risk at the consolidated level, the Parent Company has a Risk Vice-Presidency that consolidates and monitors the credit risk exposures of all banks, and the Board of Directors establishes policies and maximum consolidated exposure limits.

Under credit risk management, concentration risk is continuously monitored through the exposure or concentration limit of the commercial portfolio, which establishes participation limits on the total portfolio for 18 economic sectors.

The following is the detail of credit risk at the consolidated level in the different geographic areas determined according to the debtor's country of residence, without taking into account provisions for impairment of the debtors' credit risk:

		December 31, 2023								
		Commercial	Consumer	Housing	Commercial Leasing	Consumer Leasing	Housing Leasing	Repos and Interbank	Financial Leasing	Total
Colombia	$	24,893,930	12,452,853	1,516,633	6,398,912	9,031	1,093,520	14,714	7,501,463	46,379,593
Panama		202,929	-	-	-	-	-	735	-	203,664
United States		85,608	-	-	-	-	-	-	-	85,608
Costa Rica		115,868	-	-	-	-	-	-	-	115,868
Nicaragua		605	-	-	-	-	-	-	-	605
Honduras		298,941	-	-	-	-	-	-	-	298,941
El Salvador		6,704	-	-	-	-	-	-	-	6,704
Guatemala		214,404	-	-	-	-	-	-	-	214,404
Other countries		2,193,513	135	-	-	-	-	-	-	2,193,648
Total	**$**	**28,012,502**	**12,452,988**	**1,516,633**	**6,398,912**	**9,031**	**1,093,520**	**15,449**	**7,501,463**	**49,499,035**

		December 31, 2022								
		Commercial	Consumer	Housing	Commercial Leasing	Consumer Leasing	Housing Leasing	Repos and Interbank	Financial Leasing	Total
Colombia	$	22,128,244	11,133,091	1,165,713	5,830,977	9,399	1,322,311	979,941	7,162,687	42,569,676
Panama		111,895	64	-	-	-	-	140,513	-	252,472
United States		42,100	6	-	-	-	-	-	-	42,106
Costa Rica		212,701	-	-	-	-	-	-	-	212,701
Nicaragua		-	-	-	-	-	-	-	-	-
Honduras		77,035	-	-	-	-	-	-	-	77,035
El Salvador		56,066	-	-	-	-	-	-	-	56,066
Guatemala		220,254	-	-	-	-	-	-	-	220,254
Other countries		2,271,284	81	-	-	-	-	-	-	2,271,365
Total	**$**	**25,119,579**	**11,133,242**	**1,165,713**	**5,830,977**	**9,399**	**1,322,311**	**1,120,454**	**7,162,687**	**45,701,675**

The distribution of the loan portfolio of the Parent Company and subsidiaries by economic purpose as of December 31, 2023 and 2022 is shown below:

		December 31, 2023		December 31, 2022	
		Total	% Part.	Total	% Part.
Sector					
Consumer services	$	18,513,412	37.4%	16,356,374	35.8%
Commercial Services		12,960,650	26.2%	13,046,802	28.5%
Construction		4,214,842	8.5%	3,816,898	8.4%
Other industrial and manufacturing products		2,016,908	4.1%	2,123,971	4.6%
Transportation and communications		2,088,233	4.2%	2,048,118	4.5%
Food, beverages and tobacco		1,648,635	3.3%	1,582,130	3.5%
Chemicals		1,764,975	3.6%	1,623,081	3.6%
Government		1,508,040	3.0%	1,399,451	3.1%
Utilities		2,157,230	4.4%	1,261,657	2.8%
Agriculture		1,146,472	2.3%	1,043,592	2.3%
Other		650,219	1.3%	671,255	1.5%
Trade and tourism		460,987	0.9%	430,124	0.9%
Mining and petroleum products		368,432	0.7%	298,222	0.7%
Total by economic destination	$	**49,499,035**	**100%**	**45,701,675**	**100%**

Sovereign debt

As of December 31, 2023 and 2022, the portfolio of investments in financial assets in debt instruments, is mainly composed of securities issued or guaranteed by Colombian Government institutions, which represent 98.63% and 99.18%, respectively, of the total portfolio. Below is a breakdown of sovereign debt exposure by country:

		December 31, 2023		December 31, 2022	
		Amount	Participation %	Amount	Participation %
Investment grade (1)					
Colombia	$	6,294,357	89.26%	3,646,232	72.35%
Brazil		16,268	0.23%	-	0.00%
Mexico		-	0.00%	19,552	0.39%
USA		72,934	1.03%	-	0.00%
Chile		3,768	0.05%	-	0.00%
Speculative (2)					
Colombia		636,980	9.03%	1,340,884	26.61%
El Salvador		-	0.00%	32,836	0.65%
Honduras		27,643	0.39%	-	0.00%
Total sovereign risk	**$**	**7,051,950**	**100%**	**5,039,504**	**100%**

(1) Investment grade includes ratings from Fitch Ratings Colombia S.A. from F1+ to F3, BRC de Colombia from BRC 1+ to BRC 3 and Standard & Poor's from A1 to A3.

(2) Speculative includes ratings from Fitch Ratings Colombia S.A. from BB+ to C, Moody's Ba1 to C and Standard & Poor's from BB+ to C.

Credit granting process and counterparty quotas

The Parent Company's financial entities assume credit risk on two fronts: the lending activity, which includes commercial, consumer and mortgage credit operations, and the treasury activity, which includes interbank operations, investment portfolio management, derivatives operations and foreign currency trading, among others. Although they are independent businesses, the nature of the counterparty insolvency risk is equivalent and, therefore, the criteria used to manage them are the same.

The principles and rules for credit and credit risk management in each of the Parent Company's financial entities, are set forth in the Credit Risk Management System Manual (SARC in Spanish), designed for both traditional banking and treasury activities. The evaluation criteria for measuring credit risk, follow the main instructions issued by the Financial Risk Committees.

The highest authority in credit matters is the Board of Directors, which guides general policy, and has the power to grant the highest levels of credit permitted. In banking operations, the powers to grant quotas and credits depend on the amount, term and guarantees offered by the client. The Board of Directors has delegated part of its lending authority to different departments and executives, who process credit applications and are responsible for the analysis, follow-up and outcome.

For treasury operations, the Board of Directors approves the transaction and counterparty quotas. Risk control is essentially carried out through three mechanisms: annual allocation of operating quotas and daily control, quarterly evaluation of solvency by issuers, and investment concentration report by economic group.

In addition, credit approval takes into account, among other considerations, the probability of default, counterparty quotas, the recovery rate of the guarantees received, the term of the loans and the concentration by economic sector.

The Parent Company has a Credit Risk Management System (SARC), which is managed by the Credit Risk Division and contemplates, among others, the design, implementation and evaluation of risk policies and tools defined by the Financial Risk Committee and the Board of Directors.

Progress made in the SARC, has led to important achievements and in the integration of credit risk measurement tools in the credit granting processes of the Parent Company.

For the consumer portfolio, the Parent Company has scoring models for the evaluation of credit risk. In the initial evaluation of clients, logistic regression models are applied, which assign a score to the client, based on sociodemographic variables and some behavioral variables with the sector, and make it possible to establish whether the applicant is eligible for credit in accordance with the Parent Company's policy regarding the minimum score required. There are also monitoring models that use mainly customer payment behavior variables and some sociodemographic variables, and allow customers to be rated and the probability of default in the next year to be established.

For the commercial portfolio, it relies on rating models, specifically logistic regression models, whose variables are primarily financial indicators. These variables are used to obtain the input models, and for the follow-up models, payment behavior variables are added, such as the maximum height of delinquency in the last year, delinquency counters, among others. Thus, there are entry and follow-up models for the Industry, Commerce, Services, Construction, Territorial Entities and Financial Entities segments.

Credit risk monitoring process

The credit risk monitoring and follow-up process is carried out in several stages, that include daily follow-up and collection management based on an analysis of past-due loans by age, rating by risk level, permanent follow-up of high-risk clients, the process of restructuring operations and the receipt of goods received in payment.

On a daily basis, banks produce lists of overdue accounts receivable and, based on these analyses, various personnel of the Parent Company carry out collection procedures by means of telephone calls, e-mails or written collection requests.

The following is a summary of the portfolio by maturity ages as of December 31, 2023 and 2022:

December 31, 2023

		Current Portfolio	From 1 to 30 days	From 31 to 60 days	From 61 to 90 days	Total delinquency 1 - 90 days	Delinquency > 90 days	More than 180 days	Total loan portfolio
Commercial	$	26,127,129	747,758	69,095	57,079	873,932	109,671	901,770	28,012,502
Consumer		10,394,514	1,175,154	300,344	157,403	1,632,901	299,990	125,583	12,452,988
Housing Mortgage		1,246,437	163,612	33,491	17,095	214,198	11,571	44,427	1,516,633
Microloans		-	-	-	-	-	-	-	-
Commercial Leasing		5,675,669	392,444	76,745	36,599	505,788	45,723	171,732	6,398,912
Consumer Leasing		6,544	981	589	287	1,857	-	630	9,031
Housing Leasing		890,138	141,346	24,099	10,277	175,722	13,622	14,038	1,093,520
Leasing Microloans		-	-	-	-	-	-	-	-
Repos and Interbank		15,449	-	-	-	-	-	-	15,449
Total	**$**	**44,355,880**	**2,621,295**	**504,363**	**278,740**	**3,404,398**	**480,577**	**1,258,180**	**49,499,035**

December 31, 2022

		Current Portfolio	From 1 to 30 days	From 31 to 60 days	From 61 to 90 days	Total delinquency 1 - 90 days	Delinquency > 90 days	More than 180 days	Total loan portfolio
Commercial	$	23,489,629	770,466	53,026	24,228	847,720	100,109	682,121	25,119,579
Consumer		9,810,925	791,485	180,297	105,986	1,077,768	189,083	55,466	11,133,242
Housing Mortgage		969,087	131,164	17,591	8,198	156,953	7,860	31,813	1,165,713
Commercial Leasing		5,237,043	354,132	42,943	28,483	425,558	37,082	131,294	5,830,977
Consumer Leasing		7,397	1,055	51	12	1,118	329	555	9,399
Housing Leasing		1,096,808	162,164	21,599	8,147	191,910	12,820	20,773	1,322,311
Repos and Interbank		1,120,454	-	-	-	-	-	-	1,120,454
Total	**$**	**41,731,343**	**2,210,466**	**315,507**	**175,054**	**2,701,027**	**347,283**	**922,022**	**45,701,675**

For the commercial portfolio, the Parent Company and subsidiaries evaluate on a monthly basis the 18 most representative economic sectors in terms of Gross and Past Due Portfolio, in order to monitor the concentration by economic sector and the level of risk in each of them.

At the individual level, the Parent Company and subsidiaries perform a semiannual individual analysis of the credit risk with outstanding balances over $2,000 based on updated financial information of the customer, compliance with the agreed terms, guarantees received and queries to the credit bureaus; based on this information, it classifies customers by risk level in categories A-Normal, B- Subnormal, C- Deficient, D- Doubtful collection and E- Unrecoverable. For consumer mortgage loans, the above rating by risk level is performed on a monthly basis, taking into account mainly the age of maturity and other risk factors. For this purpose, the Parent Company also consolidates the indebtedness of each customer, and determines the probability and calculation of impairment at the consolidated level.

Credit risk exposure is managed through a periodic analysis of the ability of borrowers or potential borrowers to determine their capacity to pay principal and interest. Exposure to credit risk is also mitigated, in part, by obtaining collateral, corporate and personal guarantees.

The following is a summary of the portfolio by risk level rating as of December 31, 2023 and 2022:

December 31, 2023

		Commercial	Consumer	Housing	Commercial Leasing	Consumer Leasing	Housing Leasing	Repos and interbank	Total Financial Leasing	Total
A	$	25,581,187	11,008,416	1,413,221	5,414,693	7,437	1,021,842	15,449	6,443,972	44,462,245
B		709,760	338,517	24,868	342,451	435	21,470	-	364,356	1,437,501
C		522,660	288,927	1,715	244,796	188	2,406	-	247,390	1,060,692
D		388,119	435,055	44,942	154,781	825	41,463	-	197,069	1,065,185
E		810,776	382,073	31,887	242,191	146	6,339	-	248,676	1,473,412
Total	**$**	**28,012,502**	**12,452,988**	**1,516,633**	**6,398,912**	**9,031**	**1,093,520**	**15,449**	**7,501,463**	**49,499,035**

December 31, 2022

		Commercial	Consumer	Housing	Commercial Leasing	Consumer Leasing	Housing Leasing	Repos and interbank	Total Financial Leasing	Total
A	$	23,146,375	10,313,849	1,096,832	4,974,550	8,238	1,255,186	1,120,454	6,237,974	41,915,484
B		425,163	215,016	14,917	227,580	-	19,839	-	247,419	902,515
C		526,272	200,127	811	213,019	51	2,246	-	215,316	942,526
D		385,081	242,728	28,928	208,849	1,046	33,345	-	243,240	899,977
E		636,688	161,522	24,225	206,979	64	11,695	-	218,738	1,041,173
Total	**$**	**25,119,579**	**11,133,242**	**1,165,713**	**5,830,977**	**9,399**	**1,322,311**	**1,120,454**	**7,162,687**	**45,701,675**

Based on the above ratings, each bank prepares a list of customers that could potentially have a significant impact of loss for the Parent Company and subsidiaries and, based on this list, assigns persons to follow up individually with each customer, which includes meetings with the customer to determine the potential causes of risk, and seek solutions together to achieve compliance with the debtor's obligations.

Restructuring of credit operations due to debtor's financial problems

The Parent Company and its subsidiaries periodically restructure the debt of customers who have problems meeting their credit obligations with the Parent Company and its subsidiaries, at the request of the debtor. Such restructurings generally consist of term extensions, interest reductions or partial forgiveness of debts, or a combination of the above.

The basic policy for granting such restructurings at the Parent Company level, is to provide the customer with a financial viability that allows it to adapt the debt repayment conditions to a new cash flow generation situation. The use of restructurings for the sole purpose of delaying the constitution of provisions, is prohibited at the Parent Company level.

When a loan is restructured due to financial problems of the debtor, such debt is marked in the files of each financial entity of the Parent Company as a restructured loan, in accordance with the regulations of the Financial Superintendence of Colombia. The risk rating made at the time of restructuring, is only upgraded when the client has been satisfactorily complying with the terms of the agreement for a prudent period of time and its new financial situation is adequate.

Significant restructured loans are included for individual assessment of impairment loss; however, the marking of a loan as restructured does not necessarily imply its qualification as impaired, because in most cases new collateral is obtained to support the obligation.

The following is the detail of restructured loans as of December 31, 2023 and 2022:

Restructured loans		**December 31, 2023**	**December 31, 2022**
Local	**$**	**1,792,080**	**1,033,648**
Commercial		909,350	733,450
Consumer		783,391	245,673
Mortgage		99,339	54,525
Foreign		**36,427**	**57,773**
Commercial		36,392	57,773
Consumer		35	-
Total restructured		**1,828,507**	**1,091,421**

Prospective Information

The Bank, through Grupo Aval Acciones y Valores, S.A., incorporates information with projections of future conditions, both in its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition, as well as in its measurement of PCE. Based on three scenarios of the macroeconomic variables applicable to each model, the estimation of the probability of default is affected. Subsequently, the PCE result is the product of weighting the probability of occurrence of each scenario.

Based on the recommendations of the Market Risk Committee of Grupo Aval Acciones y Valores, S.A., use of economic experts, and consideration of a variety of current and projected external information, Grupo Aval Acciones y Valores, S.A. formulates a "base scenario" projection of relevant economic variables, as well as a representative range of two other possible projected scenarios, called: "unfavorable scenario" and "favorable scenario". In the favorable scenario, the economic situation is booming, so its macroeconomic indicators are better than in the base scenario. In the unfavorable scenario, the country's economic situation is in a recessionary stage. In other words, there is a decrease in economic activity over a one-year period. In the latter case, macroeconomic indicators are worse than in the baseline scenario. The weights of the three macroeconomic scenarios are defined by Grupo Aval Acciones y Valores,

S.A., in which the sum of the relative weights or probabilities of the three scenarios equals the unit value. In any scenario, projections of macroeconomic variables are made for a one-year period.

This analysis includes the identification and calibration of relationships between changes in impairment rates and key macroeconomic factors, as well as an in-depth analysis of certain factors in impairment risk (e.g., portfolio write-offs). For most loans, the key economic factors are likely to include gross domestic product growth, changes in market interest rates, changes in the unemployment rate and CPI, among others.

The main macroeconomic variables and scenarios used as of December 31, 2023 are as follows:

	2024			**2023**		
	Unfavorable Scenario	**Base Scenario**	**Favorable Scenario**	**Unfavorable Scenario**	**Base Scenario**	**Favorable Scenario**
Annual variation of CPI (*)	9.33%	9.57%	9.89%	4.44%	6.05%	8.26%
GDP growth (*)	0.65%	1.13%	1.30%	-1.07%	0.99%	2.70%
Unemployment rate (*)	10.32%	9.82%	9.14%	11.96%	10.43%	8.77%
DTF (*)	12.56%	12.90%	13.13%	7.10%	9.04%	10.62%
Banco de la República rate (*)	12.75%	13.00%	13.50%	6.25%	8.50%	10.15%

(*) Macroeconomic variables corresponding to the Republic of Colombia.

For the determination of the forward-looking information factor incorporated in the calculations of the allowance for loan loss reserves at amortized cost, the main macroeconomic variables used are those corresponding to the Republic of Colombia, since the loan flows come mainly from that country.

In the projection, GDP growth is used, i.e., information from December 2023 is required, so that the risk of default during the next year can be projected. Another important variable is the unemployment rate and *Banco de la República*'s intervention rate.

Weighted probability assigned to the scenarios:

	Unfavorable Scenario	Base Scenario	Favorable Scenario
Scenarios as of December 31, 2023	26.67%	56.67%	16.66%

Receipt of goods received in payment

When persuasive collection or loan restructuring processes do not produce satisfactory results within a reasonable time period, collection is carried out through legal channels, or agreements are reached with the client for the reception of goods received in payment. The Parent Company has clearly established policies for the receipt of goods received in payment, and has separate departments specialized in the handling of these cases, receipt of goods in payment and their subsequent sale.

The following is the detail of assets received in payment, and sold during the years ended December 31, 2023 and 2022:

		December 31, 2023	December 31, 2022
Assets received in payment	$	3,614	17,876
Goods sold		(22,269)	(7,093)
	$	**(18,655)**	**10,783**

Financial assets other than loan portfolio by credit risk rating

The following is the detail of financial assets other than loan portfolio by credit risk rating issued by an independent credit risk rating agency:

- **Cash and cash equivalents**

Below is a detail of the credit quality determined by independent risk rating agents of the main financial institutions, in which the Parent Company and its subsidiaries maintain cash funds:

Credit quality		December 31, 2023	December 31, 2022
Investment grade	$	**4,470,383**	**3,435,105**
Central Bank of Colombia		3,030,785	2,054,545
Financial entities		982,626	1,380,560
Other		456,972	-
Speculative		**466**	**-**
Central Bank		466	-
Unqualified or not available		**-**	**2,058**
Central Bank of Colombia		-	2,058
Total Cash with third parties		**4,470,849**	**3,437,163**
Cash held by the entity (1)		**498,055**	**441,061**
	$	**4,968,904**	**3,878,224**

(1) Corresponds to cash held by the Bank in vaults, ATMs and cash drawers

- **Financial assets in debt securities and equity instruments at fair value**

Below is a detail of the credit quality determined by independent risk rating agents, of the main counterparties in debt securities and investments in equity instruments, in which the Parent Company and subsidiaries have financial assets at fair value:

		December 31, 2023	December 31, 2022
Investment grade			
Sovereign	$	5,700,162	2,995,342
Other public entities		98,893	68,844
Corporate		48,856	57,924
Financial entities		975,144	519,152
Multilateral		31,764	62,018
Total investment grade		**6,854,819**	**3,703,280**
Speculative			
Sovereign		664,623	1,373,720
Other public entities		3,116	5,957
Corporate		45,923	24,183
Financial entities		367,703	136,828
Multilateral		-	1,872
Total speculative		**1,081,365**	**1,542,560**
Unqualified or not available		**830,726**	**656,697**
Total	**$**	**8,766,910**	**5,902,537**

- **Financial investment assets at amortized cost**

Below is a detail of the credit quality determined by independent risk rating agents of the main counterparties in debt securities, in which the Parent Company and subsidiaries have financial assets at amortized cost as of December 31, 2023 and 2022:

Credit quality		**December 31, 2023**	**December 31, 2022**
Issued and Guaranteed by the Nation and/or Central Bank	$	2,035,116	1,803,214
Unqualified or not available		-	-
		2,035,116	**1,803,214**
Impairment of investments		(558)	(522)
Issued and Guaranteed by the Nation and/or Central Bank	$	**2,034,558**	**1,802,692**

- **Derivative financial instruments**

The following is a detail of the credit quality determined by independent risk rating agents of the main counterparties in active derivative instruments for the Parent Company and subsidiaries as of December 31, 2023 and 2022:

Credit quality		**December 31, 2023**	**December 31, 2022**
Investment Grade	$	1,222,095	701,032
Speculative		22,274	4,165
Unqualified or not available		32,354	49,771
Total	$	**1,276,723**	**754,968**

4.2 Market risks

The Parent Company participates in the money, foreign exchange and capital markets seeking to satisfy its needs and those of its customers, in accordance with established policies and risk levels.

In this sense, it manages different portfolios of financial assets within the limits and levels of risk allowed.

Market risk arises from the Parent Company's open positions in investment portfolios in debt securities, derivative instruments and equity instruments recorded at fair value, due to adverse changes in risk factors such as: interest rates, inflation, foreign currency exchange rates, share prices, credit spreads of the instruments and their volatility, as well as in the liquidity of the markets in which the Parent Company operates.

For analysis purposes, we have segmented market risk into price risk and/or interest rate, and exchange rate risk of fixed income securities and price risk of investments in equity securities.

4.2.1 Financial instrument risk

The Parent Company trades financial instruments for various purposes, among which the following are noteworthy:

- To offer products tailored to the needs of clients, which fulfill, among others, the function of hedging their financial risks.
- Structuring portfolios to take advantage of arbitrage between different curves, assets and markets, and obtain returns with adequate asset consumption.
- To carry out operations with derivatives for intermediation purposes with clients, or to capitalize arbitrage opportunities, both in exchange rates and interest rates in the local and foreign markets.

In carrying out these transactions, the Parent Company incurs risks within defined limits, or mitigates such risks through the use of other derivative or non-derivative financial instruments.

As of December 31, 2023 and 2022, the Parent Company had the following financial assets and liabilities subject to market risk:

		December 31, 2023	December 31, 2022
Assets			
Financial assets at fair value through profit or loss			
Investments in debt securities	$	3,459,592	1,299,887
Derivative trading instruments		1,276,723	754,968
Subtotal		**4,736,315**	**2,054,855**
Equity instruments at fair value with changes in ORI			
Investments in debt securities	$	4,465,686	3,899,693
Subtotal		**4,465,686**	**3,899,693**
Financial assets at amortized cost			
Investments in debt securities		2,034,558	1,802,692
Subtotal		**2,034,558**	**1,802,692**
Total assets		**11,236,559**	**7,757,240**
Liabilities			
Derivative trading instruments		(1,055,896)	(930,802)
Hedging derivative instruments		(2,494)	-
Total liabilities		**(1,058,390)**	**(930,802)**
Net position	**$**	**10,178,169**	**6,826,438**

Description of objectives, policies and processes for market risk management

The Parent Company participates in the money, foreign exchange and capital markets seeking to satisfy its needs and those of its customers, in accordance with established policies and risk levels. In this sense, it manages different portfolios of financial assets within the limits and levels of risk allowed.

The risks assumed in the operations of both the banking book and the treasury book, are consistent with the Parent Company's overall business strategy and risk appetite, based on the depth of the markets for each instrument, their impact on the risk weighting of assets and solvency level, the profit budget established for each business unit, and the balance sheet structure.

Business strategies are established in accordance with approved limits, seeking a balance in the profitability/risk ratio. Likewise, there is a structure of limits congruent with the general philosophy of the banks, based on their capital levels, profit performance and the entity's tolerance to risk.

The comprehensive risk management system - SIAR in Spanish, for market risk management, allows entities to identify, measure, control and monitor the market risk to which they are exposed, based on the positions assumed in the performance of their operations.

There are several scenarios under which the Parent Company is exposed to market risk:

- Interest rate: The Parent Company's portfolios are exposed to this risk when the variation in the market value of asset positions in the event of a change in interest rates, does not coincide with the variation in the market value of liability positions, and this difference is not offset by the variation in the market value of other instruments or when the future margin, due to pending transactions, depends on interest rates.
- Exchange rate: The Parent Company's portfolios are exposed to exchange rate risk, when the current value of the asset positions in each currency, does not match the current value of the liability positions in the same currency, and the difference is not offset, positions are taken in derivative products whose underlying is exposed to exchange rate risk, and the sensitivity of the security to changes in exchange rates has not been fully immunized, exposure to interest rate risk is taken in currencies other than its reference currency, which may alter the equality between the value of the asset positions and the value of the liability positions in that currency and generate losses or gains, or when the margin is directly dependent on exchange rates.

Risk management

The Parent Company's senior management and Board of Directors, actively participate in risk management and control, through the analysis of an established reporting protocol and the conduction of various Committees, which comprehensively monitor, both technically and fundamentally, the different variables that influence the markets internally and externally, in order to support strategic decisions.

Likewise, analysis and follow-up of the different risks incurred by the Parent Company in its operations, is fundamental for decision making and for the evaluation of results. On the other hand, a permanent analysis of macroeconomic conditions, is fundamental in achieving an optimal combination of risk, profitability and liquidity.

The risks assumed in carrying out operations, are reflected in a structure of limits for positions in different instruments according to their specific strategy, the depth of the markets in which they operate, their impact on the risk weighting of assets and level of solvency, as well as the balance sheet structure.

These limits are monitored daily, and reported biweekly to the Finance Committee, and quarterly to the Board of Directors.

In addition, in order to minimize the interest rate and exchange rate risks of certain items of its balance sheet, the Parent Company implements hedging strategies, by taking positions in derivative instruments such as forward transactions, futures and swaps.

By the year 2023, and in compliance with the provisions of the Colombian Financial Superintendence, the implementation of the Comprehensive Risk Management System (SIAR, for its acronym in Spanish) is highlighted. In the particular case of market risk management, in addition to the current elements, the strengthening of performance and stress test models was contemplated, as well as an increase in the generation of key management reports.

Methods used to measure risk

Market risks are quantified through value-at-risk models (internal and standard). Likewise, measurements are made using the historical simulation methodology. The Board of Directors approves a limit structure, based on the value at risk associated with the annual profit budget, and establishes additional limits by type of risk.

The Parent Company uses the standard model for the measurement, control and management of market risk of interest rates and exchange rates in the treasury and banking books. These measurements are performed daily for the Parent Company, and monthly for each of its subsidiaries, in order to measure and monitor the conglomerate risk.

Currently, the asset and liability positions of the treasury book are mapped, within zones and bands, according to the duration of the portfolios, the investments in equity securities, and the net position (assets minus liabilities) in foreign currency, both in the banking book and in the treasury book, in line with the standard model recommended by the Basel Committee.

Likewise, the Parent Company has parametric and non-parametric internal management models, based on the Value at Risk (VaR) methodology, which have allowed it to complement market risk management based on the identification and analysis of variations in risk factors (interest rates, exchange rates and price indexes) on the value of the different instruments comprising the portfolios. These models are JP Morgan's Risk Metrics, with a 99% confidence level and EWMA (exponential weighted moving average) volatility.

The use of these methodologies has made it possible to estimate earnings and capital at risk, facilitating the allocation of resources to the different business units, as well as to compare activities in different markets, and identify the positions that have a greater contribution to the risk of the treasury businesses. Similarly, these tools are used to determine limits to traders' positions, and to revise positions and strategies quickly as market conditions change.

The methodologies used to measure VaR are periodically evaluated and subjected to backtesting to determine their effectiveness. In addition, the Parent Company has tools for stress testing and/or portfolio sensitization under the simulation of extreme scenarios.

Additionally, limits have been established by "Type of Risk", associated with each of the instruments comprising the different portfolios (sensitivities or effects on the value of the portfolio as a consequence of movements in interest rates or corresponding factors - impact of variations in specific risk factors: Interest rate (Rho), Exchange rate (Delta), Volatility (vega), among others).

Likewise, the Parent Company has established counterparty and trading quotas per operator for each of the trading platforms of the markets in which it operates. These limits and quotas are monitored on a daily basis by the Parent Company's Balance Sheet and Treasury Risk Management. The trading attributions per trader are assigned to the different hierarchical levels of the treasury based on the experience that the officer has in the market, in the trading of this type of products, and in the management of portfolios.

Likewise, there is a process for estimating the results (P&L) of fixed income investments and forward derivatives, which is compared with the results obtained from the valuation of the systems with inputs from the price provider, Precia.

This process is complemented with the periodic review of the valuation methodologies of the Fixed Income and Derivatives Investment portfolios.

Similarly, a qualitative analysis of the liquidity of fixed-income bond prices is performed to determine the depth of the market for this type of instrument.

Finally, as part of the monitoring of operations, different aspects of the negotiations are controlled, such as agreed conditions, unconventional operations or operations outside the market, operations with related parties, etc.

According to the standard model, the market value at risk (VaR) as of December 31, 2023 and 2022 was as follows

		December 31, 2023		December 31, 2022	
Entity		**Amount**	**Regulatory Capital Basics**	**Amount**	**Regulatory Capital Basics**
Parent Company	$	184,778	57	229,199	76
Occidental Bank (Barbados) Ltd.		7,537	2	8,276	3
Banco de Occidente Panamá S.A.		20,495	6	24,288	8
Fiduciaria de Occidente S.A.		5,545	2	10,752	3
		218,355		**272,515**	

The VaR indicators presented by the Parent Company and subsidiaries for the years ended December 31, 2023 and 2022, are summarized below:

		December 31, 2023			
		Minimum	**Average**	**Maximum**	**Last**
Interest rate	$	179,858	205,998	251,416	217,031
Exchange rate		717	3,662	11,894	717
Collective Portfolios		569	15,259	85,455	607
Portfolio VaR					**218,355**

		December 31, 2023			
		Minimum	Average	Maximum	Last
Interest rate	$	173,356	196,810	243,326	173,355
Exchange rate		99	3,354	15,681	15,681
Collective Portfolios		75,869	80,639	83,479	83,479
Portfolio VaR					**272,515**

As a consequence of the performance of the VaR, the Parent Company's market risk-weighted assets, remained on average around 7.60% of total risk-weighted assets, during the period ended December 31, 2022, and 5.21% as of December 31, 2023.

As a management tool for the administration of investment portfolios, different sensitivity analyses are performed on these portfolios at different basis points.

Sensitivity results as of December 31, 2023 and 2022 are presented below:

		December 31, 2023				
		Portfolio Value	25 PB	50 PB	75 PB	100 PB
Fair Value Parent Company	$	6,514,161	(48,951)	(97,055)	(144,314)	(190,804)
Fair Value Occidental Bank Barbados Ltd.		344,778	(2,675)	(5,303)	(7,886)	(10,425)
Fair Value Banco de Occidente Panamá S.A.		984,474	(7,054)	(13,998)	(20,835)	(27,566)
Fair Value Fiduciaria de Occidente S.A.		81,817	(768)	(1,535)	(2,303)	(3,070)
Total	$	**7,925,230**	**(59,448)**	**(117,891)**	**(175,338)**	**(231,865)**

		December 31, 2022				
		Portfolio Value	25 PB	50 PB	75 PB	100 PB
Fair Value Parent Company	$	3,587,142	(22,972)	(45,629)	(68,005)	(90,086)
Fair Value Occidental Bank Barbados Ltd.		390,000	(2,996)	(5,934)	(8,817)	(11,646)
Fair Value Banco de Occidente Panamá S.A.		1,178,942	(8,329)	(16,523)	(24,584)	(32,515)
Fair Value Fiduciaria de Occidente S.A.		43,496	(347)	(695)	(1,042)	(1,390)
Total	$	**5,199,580**	**(34,644)**	**(68,781)**	**(102,448)**	**(135,637)**

4.2.2 Price risk of investments in equity instruments

Equity investments

The Parent Company classifies its investments in equity instruments where it has no control or significant influence, in the category of financial assets at fair value with changes in ORI, when its main purpose is not to obtain profits from fluctuations in their market price, they are not listed on the stock exchange or are of low marketability, nor are they awaiting maturity of the investment, nor are they part of the portfolio that supports its liquidity in financial intermediation, or expected to be used as collateral in passive operations, since their purpose is strategic, coordinated directly with the Parent Company.

In accordance with the business model, these investments will be sold when some of the following conditions are met:

- The investment no longer meets the conditions of the Parent Company's investment policy (e.g., the credit rating of the asset falls below that required by the Parent Company's investment policy).
- When significant adjustments to the maturity structure of assets are required to meet unexpected changes in the maturity structure of the Parent Company's liabilities.
- When the Parent Company needs to make important capital investments, such as the acquisition of other financial entities.
- When significant expenses are required for the acquisition or construction of property and equipment and there is no liquidity for such purpose.
- In corporate reorganization processes of *Grupo Aval*.
- To address unusual credit disbursement requirements or needs.

Risk of changes in foreign currency exchange rates

The Parent Company operates internationally, and is exposed to exchange rate fluctuations arising from exposures in various currencies, mainly with respect to U.S. dollars and Euros.

Foreign currency exchange rate risk arises mainly from recognized assets and liabilities and investments in subsidiaries and branches abroad, in loans and receivables, and in foreign currency obligations and future commercial transactions also in foreign currency.

Banks in Colombia are authorized by *Banco de la República* to trade foreign currency and maintain foreign currency balances in foreign accounts. Legal regulations in Colombia require the Parent Company to maintain its own daily position in foreign currency, determined by the difference between the rights and obligations denominated in foreign currency recorded inside and outside the statement of financial position, which average is for three business days, and may not exceed twenty percent (20%) of the technical equity; likewise, such average of three business days in foreign currency may be negative without exceeding five percent (5%) of the technical equity expressed in U.S. dollars.

It must also comply with its own cash position, which is determined by the difference between assets and liabilities denominated in foreign currency, excluding derivatives, and certain investments.

Additionally, it must comply with the gross leverage position, which is defined as the sum of rights and obligations in contracts with future performance denominated in foreign currency: spot transactions denominated in foreign currency with performance between one banking day (t+1) and three banking days (t+3) and other exchange rate derivatives.

The determination of the maximum or minimum amount of the daily own position in foreign currency, must be established based on the technical equity of the Parent Company on the last day of the second preceding calendar month, converted at the exchange rate established by the Superintendence of Finance of Colombia at the close of the immediately preceding month.

Substantially all of the Parent Company's foreign currency assets and liabilities are maintained in U.S. dollars.

The following is a detail of the main financial assets and liabilities in foreign currency denominated in Colombian pesos held by the Parent Company and its subsidiaries as of December 31, 2023 and 2022:

December 31, 2023

	Millions		
	U.S. dollars	**Other currencies expressed in U.S. dollars**	**Total Colombian pesos**
Assets			
Cash and cash equivalents	257.01	1.23	987,030.59
Investments at fair value through profit or loss	57.30	-	219,015.84
Investments at fair value with changes in the ORI	359.81	-	1,375,195.52
Investments at amortized cost	-	-	-
Financial assets for loan portfolio at amortized cost	1,435.19	-	5,485,375.78
Derivative trading instruments	(3,603.36)	-	(13,772,217.47)
Derivative hedging instruments	-	-	-
Other accounts receivable	6.36	-	24,291.18
Total Assets	**(1,487.69)**	**1.23**	**(5,681,309)**
Liabilities			
Derivative trading instruments	(3,414.29)	-	(13,049,603.47)
Derivative hedging instruments	-	-	-
Customer deposits	1,116.87	0.86	4,272,027.50
Financial Obligations	730.21	-	2,790,887.82
Other accounts payable	98.38	-	376,004.43
Total liabilities	**(1,468.84)**	**0.86**	**(5,610,684)**
Net asset (liability) position	**(18.85)**	**0.37**	**(70,625)**

December 31, 2022

	Millions		
	U.S. dollars	**Other currencies expressed in U.S. dollars**	**Total Colombian pesos**
Assets			
Cash and cash equivalents	285.65	1.74	1,382,428.21
Investments at fair value through profit or loss	16.65	-	80,094.77
Investments at fair value with changes in the ORI	330.91	-	1,591,766.57
Investments at amortized cost	-	-	-
Financial assets for loan portfolio at amortized cost	1,184.81	-	5,699,153.43
Derivative trading instruments	1,116.38	-	5,369,999.09
Derivative hedging instruments	-	-	-
Other accounts receivable	3.84	-	18,488.00
Total Assets	**2,938.25**	**1.74**	**14,141,930**
Liabilities			
Derivative trading instruments	1,154.78	-	5,554,712.93
Derivative hedging instruments	-	-	-
Customer deposits	978.48	1.42	4,713,551.09
Financial Obligations	840.05	-	4,040,790.33
Other accounts payable	3.14	-	15,105.36
Total liabilities	**2,976.45**	**1.42**	**14,324,160**
Net asset (liability) position	**(38.20)**	**0.32**	**(182,230)**

The Parent Company's objective in relation to foreign currency transactions, is to meet primarily the needs of customers for international trade and financing in foreign currency, and to take positions in accordance with authorized limits.

The Parent Company's management has established policies that require its subsidiaries to manage their foreign currency exchange rate risk against their functional currency. The subsidiaries of the Parent Company are required to economically hedge their exchange rate exposure by using derivative transactions, especially forward contracts. The net foreign currency position of the Parent Company is controlled daily by the treasury divisions of each subsidiary, which are in charge of closing the positions, adjusting them to the established tolerance levels.

The estimated effect of the increase or decrease of each 10/US1 with respect to the exchange rate at December 31, 2023 and 2022, would be an increase in income of $999 and $947, respectively.

4.3 Interest rate structure risk

The Parent Company is exposed to fluctuations in the interest rate market that impact its financial position and future cash flows, which are recorded in the banking book. The risk may arise from the mismatch of maturities between assets, liabilities and off-balance sheet positions, the use of different types of interest rates (IBR, DTF, SOFR, Fixed, etc.) and optionalities, that may generate changes in cash flows of both asset or liability positions made by the Parent Company (for example, prepayments). Interest margins can increase or decrease as a result of changes in interest rates, which can have an impact on the Bank's results; however, the Bank has mechanisms such as hedges through derivative instruments, to address the risks associated with interest rates in the banking book

The ALM team and ALCO, use two indicators to manage interest rate risks at Banco de Occidente. The first is the Net Interest Margin (NIM), which measures the impact on this margin over a one-year period, with a shock of +/- 100 bps (short-term approach). On the other hand, there is the measurement of the Economic Value of Equity (EVE), in which different scenarios are used to measure how the present value of interest rate sensitive assets and liabilities would change within the institution, and therefore their final impact on equity (long-term approach). Each of the above indicators has established limits, which are monitored on a monthly basis.

The Parent Company has a positive sensitivity to interest rate decreases, since it has faster repricing of its liabilities compared to its assets (repricing gap)

Below are the results of the NIM with a 100bp shock, and the EVE, with a 400bp comparative 2023 vs 2022 shock at the close of each year:

	December 31, 2023	December 31, 2022
Δ NIM	(16,092)	21,570
Δ NIM / Annualized Interest Margin	-0.59%	1.01%
Δ EVE	(567,415)	(434,482)
Δ EVE / Basic Ordinary Net Worth	-13.05%	-11.00%

Key factors explaining the variation in metrics: At the end of 2023, exposure to interest rate risk, measured by the Economic Value of Equity (EVE) in the Parallel Up scenario (400 bps), increased compared to 2022, mainly due to the growth of the commercial and medium-term consumer portfolio, together with the increase in the size of the portfolio (however, the impact of the latter is not greater, because there was a decrease in the time of its repricing), this was partially offset by an increase in CDT and Demand Deposits.

On the other hand, the NIM decreased in the scenario of rising interest rates, due to the attraction of demand deposits and CDTs, partially offset by the higher than expected portfolio growth. Therefore, exposure to interest rate risk presented an increasing trend reflecting opposite effects in terms of portfolio (↑) and deposit (↓) durations.

The following table shows the interest rate exposure for assets and liabilities at December 31, 2023 and 2022. In this table, fixed rate instruments are classified according to the maturity date, and variable rate instruments are classified according to the price change date. The following analysis includes all global interest rate exposure:

December 31, 2023

Assets		Less than one month	One to six months	Six to twelve months	More than one year	No Interest	Total
Cash and cash equivalents	$	1,937,652	-	-	-	3,031,251	4,968,903
Investments in debt securities at fair value VRPYG		11,353	94,688	111,298	3,242,253	-	3,459,592
Investments in debt securities at fair value VRORI		60,913	262,231	952,060	3,190,482	-	4,465,686
Investments at amortized cost		145,463	1,102,493	786,602	-	-	2,034,558
Commercial portfolio and commercial leasing		636,736	28,339,120	1,217,900	4,217,658	-	34,411,414
Consumer portfolio and consumer leasing		81,330	2,192,801	249,288	9,938,600	-	12,462,019
Mortgage portfolio and Mortgage Leasing		24,985	192,909	747	2,391,512	-	2,610,153
Repos and interbank		15,449	-	-	-	-	15,449
Other accounts receivable		-	-	-	80,022	467,263	547,285
Total Assets		**2,913,881**	**32,184,242**	**3,317,895**	**23,060,527**	**3,498,514**	**64,975,059**

Liabilities		Less than one month	One to six months	Six to twelve months	More than one year	No Interest	Total
Checking Accounts		428,233	-	-	-	6,664,393	7,092,626
Term deposit certificates		2,628,792	12,042,470	2,812,605	382,584	-	17,866,451
Savings Accounts		24,153,811	-	-	-	-	24,153,811
Other Deposits		-	-	-	-	62,846	62,846
Interbank Funds		3,680,934	722,177	-	-	-	4,403,111
Lease liabilities		-	-	-	409,211	-	409,211
Loans from banks and similar institutions		352,073	1,723,461	317,422	383,790	-	2,776,746
Bonds and investment securities		37,835	2,133,510	-	-	-	2,171,345
Obligations with rediscount entities		39,262	67,153	36,329	945,445	-	1,088,189
Total Liabilities	$	**31,320,940**	**16,688,771**	**3,166,356**	**2,121,030**	**6,727,239**	**60,024,336**

December 31, 2022

Assets		Less than one month	One to six months	Six to twelve months	More than one year	No Interest	Total
Cash and cash equivalents	$	1,821,621	-	-	-	2,056,603	3,878,224
Investments in debt securities at fair value VRPYG		1,002	80,389	116,568	1,101,927	-	1,299,886
Investments in mandatorily converted debt securities		-	-	-	-	-	-
Investments in debt securities at fair value VRORI		25,487	322,040	219,557	3,332,609	-	3,899,693
Investments at amortized cost		135,838	968,085	698,770	-	-	1,802,693
Other financial assets in concession contracts		-	-	-	-	-	-
Commercial portfolio and commercial leasing		568,187	26,759,746	969,072	2,653,550	-	30,950,555
Consumer portfolio and consumer leasing		42,503	2,470,888	112,282	8,516,969	-	11,142,642
Mortgage portfolio and Mortgage Leasing		1,695	64,506	1,062	2,420,761	-	2,488,024
Microloans and Leasing Microloans Portfolio		-	-	-	-	-	-
Repos and interbank		1,120,454	-	-	-	-	1,120,454
Other accounts receivable		-	-	-	79,303	357,359	436,662
Total Assets		**3,716,787**	**30,665,654**	**2,117,311**	**18,105,119**	**2,413,962**	**57,018,833**

Liabilities		Less than one month	One to six months	Six to twelve months	More than one year	No Interest	Total
Checking Accounts		699,854	-	-	-	6,886,744	7,586,598
Term deposit certificates		1,638,514	9,140,572	2,287,918	323,801	-	13,390,805
Savings Accounts		22,021,958	-	-	-	-	22,021,958
Other Deposits		-	-	-	-	96,584	96,584
Interbank Funds		1,389,139	246,260	-	566,644	-	2,202,043
Lease liabilities		-	-	-	374,521	-	374,521
Loans from banks and others		473,508	2,503,690	92,152	485,119	-	3,554,469
Bonds and investment securities		188,906	2,133,510	-	-	-	2,322,416
Obligations with rediscount entities		570	142,295	31,355	793,217	-	967,437
Total Liabilities	$	**26,412,449**	**14,166,327**	**2,411,425**	**2,543,302**	**6,983,328**	**52,516,831**

The following is a detail of the main interest-bearing assets and liabilities, by interest rate, variable and fixed, according to maturity as of December 31, 2023 and 2022

December 31, 2023

		Less than one year		More than one year			
Assets		**Variable**	**Fixed**	**Variable**	**Fixed**	**No interest**	**Total**
Cash and cash equivalents	$	1,937,652	-	-	-	3,031,251	4,968,903
Investments in debt securities at fair value VRPYG		40,907	176,432	7,724	3,234,529	-	3,459,592
Investments in mandatorily convertible debt securities		-	-	-	-	-	-
Investments in debt securities at fair value VRORI		105,750	1,169,454	9,843	3,180,639	-	4,465,686
Investments in debt securities at amortized cost		1,344,827	689,731			-	2,034,558
Commercial portfolio and commercial leasing		14,963,208	5,286,209	12,289,752	1,872,244	-	34,411,413
Consumer portfolio and consumer leasing		662,024	2,916,982	1,428,786	7,454,227	-	12,462,019
Mortgage portfolio and Mortgage Leasing		18,156	257,150	169,832	2,165,015	-	2,610,153
Repos and interbank		-	15,449	-	-	-	15,449
Other accounts receivable		-	-	80,022	-	467,263	547,285
Total		**19,072,524**	**10,511,407**	**13,985,959**	**17,906,654**	**3,498,514**	**64,975,058**

Liabilities		Less than one year		More than one year			
		Variable	**Fixed**	**Variable**	**Fixed**	**No interest**	**Total**
Checking Accounts		372,498	55,735	-	-	6,664,393	7,092,626
Term deposit certificates		5,316,774	9,394,852	827,224	2,327,601	-	17,866,451
Savings Accounts		1,108,932	23,044,879	-	-	-	24,153,811
Other Deposits		-	-	-	-	62,846	62,846
Interbank Funds		-	4,403,111	-	-	-	4,403,111
Lease liabilities		-	-	-	409,211	-	409,211
Loans from banks and similar institutions		1,914,361	478,595	383,790	-	-	2,776,746
Bonds and Investment Securities		196,325	119,000	1,856,020	-	-	2,171,345
Obligations with rediscount entities		9,025	133,720	23,882	921,562	-	1,088,189
Total	$	**8,917,915**	**37,629,892**	**3,090,916**	**3,658,374**	**6,727,239**	**60,024,336**

December 31, 2022

Assets		Less than one year		More than one year			
		Variable	**Fixed**	**Variable**	**Fixed**	**No interest**	**Total**
Cash and cash equivalents	$	1,821,621	-	-	-	2,056,603	3,878,224
Investments in debt securities at fair value VRPYG		65,719	132,240	1,495	1,100,432	-	1,299,886
Investments in mandatorily convertible debt securities VR		-	-	-	-		-
Investments in debt securities at fair value VRORI		236,623	330,461	98,964	3,233,646	-	3,899,694
Investments at amortized cost		1,132,250	670,442	-	-	-	1,802,692
Other financial assets in concession contracts		-	-	-	-	-	
Commercial portfolio and commercial leasing		13,150,122	4,326,664	12,188,768	1,285,001	-	30,950,555
Consumer portfolio and consumer leasing		645,706	2,367,259	1,739,759	6,389,918	-	11,142,642
Mortgage portfolio and Mortgage Leasing		10,978	231,383	49,321	2,196,342	-	2,488,024
Microloans and Leasing Microloans Portfolio		-	-	-	-	-	
Repos and interbank		-	1,120,454	-	-	-	1,120,454
Other accounts receivable		-	-	79,303	-	357,359	436,662
Total		**17,063,019**	**9,178,903**	**14,157,610**	**14,205,339**	**2,413,962**	**57,018,833**

		Less than one year		More than one year			
Liabilities		**Variable**	**Fixed**	**Variable**	**Fixed**	**No interest**	**Total**
Checking Accounts		650,969	48,885	-	-	6,886,744	7,586,598
Term deposit certificates		2,303,792	6,158,951	3,157,873	1,770,188	-	13,390,804
Savings Accounts		1,717,218	20,304,740	-	-	-	22,021,958
Other Deposits		-	-	-	-	96,584	96,584
Interbank Funds		-	1,635,400	566,644	-	-	2,202,044
Lease liabilities		-	-	-	374,521	-	374,521
Loans from banks and others		2,389,064	680,285	485,119	-	-	3,554,468
Bonds and investment securities		188,906	-	2,014,510	119,000	-	2,322,416
Obligations with rediscount entities		6,873	170,406	43,740	746,419	-	967,438
Total Liabilities	$	**7,256,822**	**28,998,667**	**6,267,886**	**3,010,128**	**6,983,328**	**52,516,831**

4.4 Liquidity risk

Liquidity risk is related to the impossibility of each of the Group's entities to meet the obligations acquired with customers and counterparties in the financial market at any time, currency and place, for which each entity reviews its available resources on a daily basis.

The Parent Company manages liquidity risk in accordance with the standard model established in Chapter XXXI (Annex 9 and 12) of the Basic Accounting and Financial Circular Letter of the Financial Superintendence of Colombia, and in accordance with the basic principles of the Comprehensive Risk Management System - SIAR for Liquidity, which establishes the minimum prudential parameters that entities must implement in their operations to efficiently manage the liquidity risk to which they are exposed.

To measure liquidity risk, the Parent Company calculates a weekly Liquidity Risk Indicator (LRI) for terms of 7, 15, 30 and 90 days, as established in the standard model of the Colombian Financial Superintendence, and quarterly for its subsidiaries to measure the liquidity risk of the conglomerate.

Additionally, the Parent Company measures the stability of its funding on a monthly basis in relation to the composition of its assets and positions outside the statement of financial position, over a one-year horizon through the net stable funding ratio (CFEN in Spanish), as established in the standard model of the Colombian Financial Superintendence.

With regard to liquidity risk management, and given the guidelines of the Financial Superintendence of Colombia in the implementation of the Comprehensive Risk Management System (SIAR), in addition to the elements already established, the definition of new limits for liquid assets, the strengthening of internal models and stress tests, as well as the increase in the generation of key management reports, were contemplated.

As part of the liquidity risk analysis, the Parent Company measures the volatility of deposits, debt levels, the structure of assets and liabilities, the degree of liquidity of assets, the availability of financing lines and the overall effectiveness of asset and liability management, in order to maintain sufficient liquidity (including liquid assets, guarantees and collateral) to face potential own or systemic stress scenarios.

The quantification of the funds obtained in the money market, is an integral part of the liquidity measurement performed by the Parent Company; based on technical studies, the Parent Company determines the primary and secondary sources of liquidity to diversify the providers of funds, in order to guarantee the stability and sufficiency of the resources and to minimize the concentration of the sources.

Once the sources of funds are established, they are allocated to the different businesses according to the budget, nature and depth of the markets.

The availability of funds monitored on a daily basis, not only to comply with reserve requirements, but also to foresee and/or anticipate possible changes in the liquidity risk profile of the Parent Company, and to be able to make strategic decisions as the case may be. In this sense, the Parent Company has liquidity alert indicators that allow establishing and determining the scenario in which it is, as well as the strategies to be followed in each case. Such indicators include the level of high quality liquid assets, deposit concentration levels, and use of *Banco de la República*'s liquidity quotas, among others.

Through the assets and liabilities technical committees (Finance Committee and ALCO Committee) and the Comprehensive Risk Committee with the full Board of Directors, the Parent Company's senior management is aware of the liquidity situation, and makes the necessary decisions taking into account the high quality liquid assets to be maintained, the liquidity management tolerance or minimum liquidity, strategies for lending and fund raising, policies on placement of surplus liquidity, changes in the characteristics of existing products, as well as new products, diversification of sources of funds, to avoid concentration of deposits in a few investors or savers, hedging strategies, the results of the Parent Company, and changes in the balance sheet structure.

To control the liquidity risk between assets and liabilities, the Parent Company performs statistical analyses, to quantify, with a predetermined level of confidence, the stability of deposits with and without contractual maturity.

In order to comply with the requirements of *Banco de la República* and the Financial Superintendence of Colombia, the Parent Company must maintain cash on hand and restricted banks as part of the required legal reserve, calculated on the daily average of the different customer deposits; the current percentage is 11% of the deposits with the exception of term certificates of deposit, with a term of less than 180 days, which percentage is 4.5% and 0% when exceeding such term. The Parent Company has been complying adequately with this requirement.

The following is a summary table of projected available liquid assets as of December 31, 2023 and 2022:

December 31, 2023
Subsequent net available balances

Entity		Liquid assets available at the end of the period (1)	From 1 to 7 days (2)	From 1 to 30 days later (2)	From 31 to 90 days later (2)
Parent Company	$	7,367,675	5,610,245	1,816,402	(8,313,196)
Occidental Bank Barbados Ltd.		339,540	320,774	180,074	(97,083)
Banco de Occidente Panamá S.A.		931,350	796,326	534,710	(63,229)
TOTAL	$	**8,638,565**	**6,727,345**	**2,531,186**	**(8,473,508)**

December 31, 2022
Subsequent net available balances

Entity		Liquid assets available at the end of the period (1)	From 1 to 7 days (2)	From 1 to 30 days later (2)	From 31 to 90 days later (2)
Parent Company	$	6,166,592	5,338,046	1,921,325	(6,205,501)
Occidental Bank Barbados Ltd.		545,205	520,737	401,746	17,668
Banco de Occidente Panamá S.A.		1,146,878	1,096,283	920,400	357,581
TOTAL	$	**7,858,675**	**6,955,066**	**3,243,471**	**(5,830,252)**

(1) Liquid assets correspond to the sum of those assets existing at the end of each period which, due to their characteristics, can be rapidly converted into cash. These assets include: cash on hand and in banks, securities or coupons transferred to the entity in active money market operations carried out by the entity, and not subsequently used in passive operations in the money market, investments in debt securities at fair value and investments at amortized cost, provided that in the latter case they are mandatory or compulsory investments subscribed in the primary market and that money market operations may be carried out with them. For purposes of calculating liquid assets, all of the investments listed above, without exception, are computed at their fair exchange price at the valuation date.

(2) The balance corresponds to the residual value of the entity's liquid assets in the days following the end of the period, after discounting the net difference between the entity's cash inflows and outflows in that period. This calculation is made by analyzing the mismatch of contractual and non-contractual cash flows of assets, liabilities and positions outside the statement of financial position in time bands from 1 to 90 days.

The above liquidity calculations are prepared assuming a normal liquidity situation, in accordance with the contractual cash flows and historical experience of the Parent Company. For cases of extreme liquidity events due to withdrawal of deposits, the Parent Company has contingency plans that include the existence of credit lines from other entities and access to special credit lines with Banco de la República in accordance with current regulations, which are granted when required with the backing of securities issued by the Colombian Government and with a loan portfolio of high credit quality, in accordance with the regulations of *Banco de la República*. During the periods ended December 31, 2023 and 2022, the Parent Company did not have to use these last resort credit quotas.

The following is the result of the net stable funding ratio CFEN of the Parent Company as of December 31, 2023 and 2022, in accordance with the provisions established for such purpose by the Financial Superintendence of Colombia:

December 31, 2023

Entity	Available Stable Funding (FED in Spanish) (in millions of Colombian pesos)	Required Stable Funding (FER in Spanish) (in millions of Colombian pesos)	Net Stable Funding Ratio (CFEN in Spanish)* (in percent)
Banco de Occidente	36,944,157	33,973,159	108.75

December 31, 2022

Entity	Available Stable Funding (FED in Spanish) (in millions of Colombian pesos)	Required Stable Funding (FER in Spanish) (in millions of Colombian pesos)	Net Stable Funding Ratio (CFEN in Spanish)* (in percent)
Banco de Occidente	33,854,952	31,187,852	108.55

The Parent Company has performed a consolidated maturity analysis for derivative and non-derivative financial assets and liabilities, showing the remaining undiscounted contractual cash flows, as shown below:

December 31, 2023

Assets		Less than one month	One to six months	Six to twelve months	More than one year	Total
Cash and cash equivalents	$	4,968,903	-	-	-	4,968,903
Investments in debt securities at fair value VRPYG		12,566	170,383	225,701	3,868,671	4,277,321
Investments in debt securities at fair value VRORI		79,127	312,634	415,808	2,068,054	2,875,623
Investments at amortized cost		505	208,767	20,427	-	229,699
Commercial portfolio and commercial leasing		6,132,552	10,555,547	5,779,308	20,636,172	43,103,579
Consumer portfolio and consumer leasing		578,059	2,541,817	2,370,618	13,219,828	18,710,322
Mortgage portfolio and Mortgage Leasing		68,377	250,635	234,903	5,028,307	5,582,222
Repos and interbank		15,449	-	-	-	15,449
Derivative trading instruments		477,389	552,332	97,596	105,797	1,233,114
Other accounts receivable		396,100	104,745	5,587	80,022	586,454
Other assets		13,562	-	-	-	13,562
Total assets	**$**	**12,742,589**	**14,696,860**	**9,149,948**	**45,006,851**	**81,596,248**

Liabilities		Less than one month	One to six months	Six to twelve months	More than one year	Total
Checking Accounts	$	7,092,626	-	-	-	7,092,626
Term deposit certificates		2,984,133	8,051,168	5,325,519	3,457,236	19,818,056
Savings Accounts		24,153,811	-	-	-	24,153,811
Other Deposits		62,846	-	-	-	62,846
Interbank Funds		3,687,655	745,578	-	-	4,433,233
Lease liabilities		9,002	45,132	49,250	402,257	505,641
Loans from banks and others		354,767	1,791,574	352,597	1,709,774	4,208,712
Bonds and Investment Securities		42,798	179,284	134,613	2,099,530	2,456,225
Obligations with rediscount entities		40,336	69,696	42,945	7,707,196	7,860,173
Derivative trading instruments		380,037	448,794	78,559	112,184	1,019,574
Hedging derivative instruments		-	-	1,459	-	1,459
Other accounts payable		1,605,834	-	-	-	1,605,834
Total liabilities	**$**	**40,413,845**	**11,331,226**	**5,984,942**	**15,488,177**	**73,218,190**

December 31, 2022

Assets		Less than one month	One to six months	Six to twelve months	More than one year	Total
Cash and cash equivalents	$	$ 3.878.224	-	-	-	3,878,224
Investments in debt securities at fair value VRPYG		2,149	60,232	95,059	993,151	1,150,591
Investments in debt securities at fair value VRORI		35,465	344,965	335,628	2,817,057	3,533,115
Investments at amortized cost		151,076	1,028,160	721,220	-	1,900,456
Commercial portfolio and commercial leasing		5,311,848	9,033,975	5,039,027	17,642,446	37,027,296
Consumer portfolio and consumer leasing		428,254	1,988,446	1,946,833	10,987,280	15,350,813
Mortgage portfolio and Mortgage Leasing		37,480	222,361	200,344	4,175,562	4,635,747
Microloans and Leasing Microloans Portfolio		-	-	-	-	-
Repos and interbank		1,120,454	-	-	-	1,120,454
Derivative trading instruments		91,684	286,686	166,065	232,097	776,532
Derivative hedging instruments		-	-	-	-	-
Other accounts receivable		357,359	-	-	79,303	436,662
Other assets		22,755	-	-	-	22,755
Total assets	**$**	**11,436,748**	**12,964,825**	**8,504,176**	**36,926,896**	**69,832,645**

Liabilities		Less than one month	One to six months	Six to twelve months	More than one year	Total
Checking Accounts	$	7,586,598	-	-	-	7,586,598
Term deposit certificates		1,994,563	5,856,788	3,405,007	3,342,914	14,599,272
Savings Accounts		22,021,958	-	-	-	22,021,958
Other Deposits		96,584	-	-	-	96,584
Interbank Funds		1,386,413	247,689	-	858,411	2,492,513
Lease liabilities		7,524	37,127	42,993	386,775	474,419
Loans from banks and others		467,524	2,567,022	100,607	2,613,990	5,749,143
Bonds and Investment Securities		46,227	-	167,463	2,413,427	2,627,117
Obligations with rediscount entities		568	158,383	37,513	3,955,067	4,151,531
Derivative trading instruments		142,133	423,734	190,911	249,945	1,006,723
Hedging derivative instruments		-	-	-	-	-
Other accounts payable		1,146,962	-	-	-	1,146,962
Total liabilities	**$**	**34,897,054**	**9,290,743**	**3,944,494**	**13,820,529**	**61,952,820**

4.5 Adequate capital management

The parent company's objectives regarding the management of its adequate capital, are oriented to: a) Comply with the capital requirements established by the Colombian Government for financial entities and, b) Maintain an adequate equity structure that allows it to keep the parent company as a going concern and generate value for its shareholders.

In accordance with current legislation, financial institutions in Colombia must maintain a minimum technical equity that cannot be less than 9% of assets weighted by credit risk, market risk exposure and operational risk exposure.

The classification of risk assets in each category is made based on the regulatory provisions established by the Ministry of Finance in Decree 2555 of 2010 and the instructions issued by the Financial Superintendence of Colombia through External Circular Letter 020 of September 2019.

The following is a summary of the parent company's solvency ratios as of December 31, 2023 and December 31, 2022:

	December 31, 2023	December 31, 2022
Technical Equity	**Current Period**	**Previous Period**
	Entity	**Entity**
A. Basic Ordinary Equity- PBO	**5,064,770**	**4,418,771**
B. Additional Basic Equity - PBA	-	-
C.Total Basic Equity (C= A+B)	5,064,770	4,418,771
D. Additional Equity (AP)	649,305	834,895
E. Technical Equity Deductions	-	-
F. Technical Equity - PT (F=C+D-E)	5,714,075	5,253,666
G. Credit APNR	41,324,390	37,591,858
H. Market risk (VaR $_{RM}$)	2,426,174	3,027,946
I. Operational risk (VaR $_{RO}$)	2,624,877	2,524,786
J. Assets Weighted by Risk Level (Credit + Market + Operational)	46,375,441	43,144,590

Ordinary Basic Solvency Ratio (RSB in Spanish) I min 4.5%	10.92%	10.24%
Additional Basic Solvency Ratio (RSBA in Spanish) I min 6% [1/]	10.92%	10.24%
Total Solvency Ratio (RST in Spanish) I min 9%	12.32%	12.18%
Combination Buffer (RSB% - 4.5%)	6.42%	5.74%
Leverage Value -$ MM	70,759,147	62,211,737
Leverage ratio (min. 3%)	7.16%	7.10%

1. For the additional basic solvency ratio, the transition scheme established in Article 13 of Decree 1477 of 2018 must be taken into account (from the first (1st) of January 2021 min. 4.875%, from the first (1st) of January 2022 min. 5.25%, from the first (1st) of January 2023 min. 5.625%, From the first (1st) of January 2024 min. 6%)

4.6 Operational risk

The Parent Company has an Operational Risk Management System (SARO in Spanish) included in the Comprehensive Risk Management System (SIAR), implemented in accordance with the guidelines established in Chapter XXXI of the Basic Accounting and Financial Circular Letter (External Circular 100 of 1995) by the Financial Superintendence of Colombia.

Thanks to SARO, the Parent Company has strengthened the understanding and control of risks in processes, activities, products and operating lines; it has been able to reduce errors and identify opportunities for improvement that support the development and operation of new products and/or services.

The Operational Risk Manual, contains the policies, standards and procedures that guarantee the management of the business within defined risk appetite levels. There is also a Business Continuity Plan Manual for the operation of the Parent Company in the event of interruption of critical processes.

The Parent Company keeps a detailed record of its Operational Risk events, provided by the information systems and Risk Managers. This record is posted to the expense accounts assigned for the correct accounting follow-up.

On a monthly and quarterly basis, the SARO Committee and the Integral Risk Committee of the Board of Directors, respectively, are informed on the most important aspects of the operational risk, including the follow-up of the implementation of corrective actions aimed at mitigating the risks rated in extreme and high zones, the evolution of operational risk losses, and the action plans based on the materialized events, among others. Likewise, changes in the risk profile are reported, based on the identification of new risks and controls in current and new processes.

The Operational Risk and Business Continuity Management, which reports to the Risk and Collections Vice-Presidency, is in charge of two Business Continuity analysts, a regulatory reporting control analyst, a high impact inherent risk analyst, a technology specialist, and an Operational Risk Coordination with five analysts.

The evolution of the figures for the Parent Company and its subsidiaries resulting from each update of the operational risk profile during the periods ended December 31, 2023 and 2022, is shown below:

	December 31, 2023	**December 31, 2022**
Processes	289	288
(*) Risks	1,227	1,231
Faults	2,267	2,415
(*) Controls	4,104	4,270

*The variation in risks and controls, is due to the dynamics of updating risk and control matrices.

The net losses recorded for operational risk events for the year 2023 were $14,005, broken down as follows: gross loss for operational risk events of $23,787, and recoveries of $9,782.

Therefore, when grouping the allocation of accounting accounts by account group, the behavior of gross losses is as follows: loan portfolio claims 76%, other assets 12%, other operational risk 7%, penalties and other litigation in administrative, judicial or arbitration proceedings and other operational risk accounts 5%.

On the other hand, recoveries equivalent to $9,782 are broken down as follows: insurance recoveries 59% and non-insurance recoveries 41%.

According to the Basel risk classification, the events originated in: external fraud 109%, $15,228, technological failures 8%, $1,047, others 7%, $1,035; in turn, for damage to physical assets, recoveries of $3,305 were received, which in percentage terms of the total, represents -24%.

In external fraud, the most relevant events were: an event for $11,595, in which the QR code was falsified, which allowed the granting of loans with false information; on the other hand, fraud with credit and debit cards for $1,135 and $62 respectively, under the modalities of non-face-to-face purchases, impersonation, falsification or copying of magnetic strip, substitution, lost card, improper use, lower value and stolen card; and 21 fraud events under the modality of impersonation that affected several products for $1,573.

In technological failures, the most relevant events were as follows

• $305 for erroneous credit to beneficiaries of the Solidarity Income Program - PIS.

• $223 for untimeliness in the presentation of the report to the District Treasury Department, containing the information on collections corresponding to the 2020 period.

• $275 corresponding to two events due to failures in the core business application (Flexcube) that generated duplicity of transactions and non-collection of unpaid amounts from customers.

In labor relations, there was an event for $586 for loss of supporting documentation for pension payments made between 1994 and 2006.

However, recoveries were received for the April 2021 vandalism related to the national strike, in the amount of $3,305.

Business Continuity Plan

In accordance with the definition of the Financial Superintendence of Colombia, and as part of Operational Risk management, the Business Continuity Plan refers to the detailed set of actions that describe the procedures, systems and resources necessary to return and continue the operation in case of interruption.

During 2023, work continued on the permanent updating of the Continuity model (updating of strategies, process tests, business impact analysis (BIA), and call tree), as well as monitoring compliance with service level agreements for their respective updating.

On the other hand, in order to strengthen the business continuity management system, the bank developed a crisis communication drill, with the participation of senior management. The purpose of the drill was to ratify roles and responsibilities, the decision-making process and communication management in the event of a crisis.

At the technological level, throughout the year 2023, activities were carried out on the infrastructure that supports the critical applications of the Parent Company; some applications were able to operate in the Alternate Computer Center, guaranteeing that, in the event of a service failure in the main computer center, the banking operation would continue.

Finally, and in order to comply with External Circular Letter 042 of 2012 issued by the Superintendence of Finance, the continuity plans of third parties that provide critical services to the Bank were monitored, a scheme that has been strengthened with the support of Asobancaria.

4.7 Risk of money laundering and financing of terrorism

Within the framework of the regulations of the Financial Superintendence of Colombia, and especially following the instructions given in the Basic Legal Circular Letter, Part I, Title IV, Chapter IV, the Parent Company has a Money Laundering and Terrorist Financing Risk Management System (SARLAFT), adjusted to the regulations in force, the policies and methodologies adopted by our Board of Directors, and the recommendations of international standards related to this scourge.

Following the recommendations of international bodies and national legislation on SARLAFT, the risks of Money Laundering and Financing of Terrorism (ML/FT) identified by the Parent Company, are satisfactorily managed within the concept of continuous improvement, and aimed at reasonably minimizing the existence of these risks in the organization.

The Parent Company maintains the policy that states that operations must be processed within the highest ethical and control standards, placing ethical and moral principles before the achievement of business goals, aspects that from a practical point of view have been translated into the implementation of criteria, policies and procedures used for the management of the risk of money laundering and financing of terrorism and related crimes, which have been arranged for the mitigation of these risks, reaching the lowest possible level of exposure.

For the continuous development of this management, we have technological tools that allow us to identify unusual transactions and report suspicious transactions to the Financial Information and Analysis Unit (UIAF) in a timely manner. It should be noted that our entity is continuously improving the functionalities that support the development of SARLAFT in the Compliance Division, related to the different applications and analysis methodologies that allow the mitigation of possible risks of Money Laundering and Financing of Terrorism.

This risk management system is strengthened by the segmentation of risk factors developed by the Parent Company using data mining tools of recognized technical value, which allow us, for each risk factor (customer, product, channel and jurisdiction), to identify risk and monitor the transactions carried out in the Parent Company, in order to detect unusual transactions based on the profile of the segments.

On the other hand, the Parent Company maintains its institutional training program for employees, in which guidelines are given regarding the regulatory framework and control mechanisms for ML/FT prevention, thus promoting a culture of compliance to the satisfaction of the organization and in accordance with the program.

In compliance with the provisions of legal regulations, and in accordance with the amounts and characteristics required in Part I, Title IV, Chapter IV of the Basic Legal Circular Letter of the Financial Superintendence of Colombia, the Parent Company timely submitted the institutional reports and reports to the different control entities.

During the year 2023, we followed up on the reports prepared by the Internal Audit and the Statutory Auditor's Office, regarding the management of the risk of money laundering and financing of terrorism, in order to address the recommendations aimed at optimizing the System.

The Bank, as parent company, communicates to the subsidiaries the policies, guidelines and best practices to carry out the processes related to the operation of the ML and FT Risk Management System - SARLAFT in each of them. For foreign subsidiaries, policies and guidelines are implemented taking into account the regulations governing each jurisdiction.

4.8 Legal risk

The Legal Vice-Presidency of the Parent Company supports the work of legal risk management in the operations carried out by the Parent Company and the proceedings that may be brought against it. In particular, it defines and establishes the necessary procedures to adequately control the legal risk of operations, ensuring that they comply with legal regulations, that they are documented, and analyzes and drafts the contracts that support the operations carried out by the different business units. The Financial Vice-Presidency supports the management of the Parent Company's legal tax risk, and the Human Resources Vice-Presidency supports the management of the legal labor risk of the Parent Company.

The Parent Company, in accordance with the instructions issued by the Superintendence of Finance of Colombia, valued the claims of the lawsuits against it based on the analysis and concepts of the attorneys in charge; and in the required cases, the respective contingencies are duly provisioned.

With regard to copyrights, the Parent Company uses only legally acquired software or licenses, and does not allow any software other than those officially approved to be used on its equipment.

Details of provisions for legal contingencies and other provisions are shown in note 20 to the financial statements.

Note 5. - Estimated fair values

The fair value of financial assets and liabilities traded in active markets (such as financial assets in debt and equity securities and derivatives actively traded on stock exchanges or in interbank markets) is based on prices provided by the price vendor, Precia PPV S.A., which determines them through weighted averages of transactions occurring during the trading day.

An active market is a market in which transactions for assets or liabilities take place with sufficient frequency and volume to provide price information on an ongoing basis.

The fair value of financial assets and liabilities that are not traded in an active market, is determined using valuation techniques determined by the provider. Valuation techniques used for non-standardized financial instruments such as options, currency swaps and over-the-counter derivatives, include the use of interest rate or currency valuation curves constructed by pricing vendors,from market data and extrapolated to the specific conditions of the instrument being valued, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants that make maximum use of market data, and rely as little as possible on entity-specific data.

The Parent Company and subsidiaries may use internally developed models for financial instruments that do not have active markets. These models are generally based on valuation methods and techniques generally standardized in the financial sector. The valuation models are mainly used to value unlisted equity financial instruments, debt securities and other debt instruments for which the markets were or have been inactive during the financial year. Some inputs to these models may not be observable in the market, and are therefore estimated based on assumptions.

The output of a model, is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques employed may not fully reflect all factors relevant to the Parent Company's positions. Therefore, valuations are adjusted, if necessary, to allow for additional factors, including country risk, liquidity risk and counterparty risk.

The fair value of non-monetary assets, such as investment property or loan guarantees for purposes of determining impairment, is based on appraisals performed by independent appraisers, with sufficient experience and knowledge of the real estate market or the asset being appraised. These valuations are generally made by reference to market data or based on replacement cost when there is insufficient market data.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets, for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included in Level 1, that are 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, within which the fair value measurement is categorized in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed in relation to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement as a whole requires judgment, taking into account factors specific to the asset or liability.

The determination of what constitutes as "observable", requires significant judgment on the part of the Parent Company. The Parent Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, non-proprietary, and provided by independent sources actively participating in the relevant market.

a) Fair value measurements on a recurring basis

Fair value measurements on a recurring basis, are those that are required or permitted by MFRS in the statement of financial position at the end of each accounting period.

The following table analyzes, within the fair value hierarchy, the assets and liabilities (by class) of the Parent Company measured at fair value as of December 31, 2023 and 2022 on a recurring basis.

December 31, 2023

		Fair values calculated using internal models			
		Level 1	Level 2	Level 3	Total
Assets					
Investments in debt securities with changes in income					
Issued or guaranteed by the Colombian government	$	3,086,047	35,860	-	3,121,907
Issued or guaranteed by other Colombian government entities		-	34,609	-	34,609
Issued or guaranteed by other Colombian financial institutions		-	116,718	-	116,718
Issued or guaranteed by entities of the Colombian real sector		-	1,840	-	1,840
Issued or guaranteed by Foreign Governments		382	-	-	382
Issued or guaranteed by other foreign financial institutions		-	161,722	-	161,722
Issued or guaranteed by real sector entities abroad		-	3,412	-	3,412
Other		-	19,002	-	19,002
Investments in debt securities with changes in ORI					
Issued or guaranteed by the Colombian government	$	2,439,340	682,922	-	3,122,262
Issued or guaranteed by other Colombian government entities		-	67,400	-	67,400
Issued or guaranteed by other Colombian financial institutions		-	665,510	-	665,510
Issued or guaranteed by foreign governments		72,552	47,680	-	120,232
Issued or guaranteed by other foreign financial institutions		-	398,898	-	398,898
Issued or guaranteed by real sector entities abroad		-	34,539	-	34,539
Other		-	56,845	-	56,845
Investments in equity instruments with changes in income		-	5,532	703,988	709,520
Investments in equity instruments with changes in ORI		4,774	-	127,337	132,111
Trading derivatives					
Currency forward		-	949,020	-	949,020
Forward interest rate		-	18,447	-	18,447
Interest rate swap		-	264,056	-	264,056
Currency swap		-	13,219	-	13,219
Other		-	31,981	-	31,981
Investment property at fair value		-	214,080	-	214,080
Total recurring fair value assets		**5,603,095**	**3,823,292**	**831,325**	**10,257,712**

		Fair values calculated using internal models			
		Level 1	Level 2	Level 3	Total
Liabilities					
Trading derivatives					
Currency forward		-	614,533	-	614,533
Forward interest rate		-	120,647	-	120,647
Interest rate swap		-	285,952	-	285,952
Other		-	34,764	-	34,764
Hedging Derivatives					
Interest rate swap		-	2,494	-	2,494
Total recurring fair value liabilities	$	**-**	**1,058,390**	**-**	**1,058,390**

December 31, 2022

		Fair values calculated using internal models			
		Level 1	Level 2	Level 3	Total
Assets					
Investments in debt securities with changes in income					
Issued or guaranteed by the Colombian government	$	1,031,887	174,904	-	1,206,791
Issued or guaranteed by other Colombian government entities		-	31,381	-	31,381
Issued or guaranteed by other Colombian financial institutions		-	58,359	-	58,359
Issued or guaranteed by entities of the Colombian real sector		-	1,483	-	1,483
Other		-	1,873	-	1,873
Investments in debt securities with changes in ORI					
Issued or guaranteed by the Colombian government	$	1,846,928	1,262,956	-	3,109,884
Issued or guaranteed by other Colombian government entities		-	43,420	-	43,420
Issued or guaranteed by other Colombian financial institutions		-	482,049	-	482,049
Issued or guaranteed by foreign governments		-	52,387	-	52,387
Issued or guaranteed by other foreign financial institutions		-	115,571	-	115,571
Issued or guaranteed by real sector entities abroad		-	11,664	-	11,664
Other		-	84,718	-	84,718
Investments in equity instruments with changes in income		-	39,866	540,644	580,510
Investments in equity instruments with changes in ORI		2,851	-	119,596	122,447
Trading derivatives					
Currency forward		-	316,887	-	316,887
Forward interest rate		-	1,691	-	1,691
Interest rate swap		-	398,028	-	398,028
Currency swap		-	-	-	-
Other		-	38,362	-	38,362
Investment property at fair value		-	216,897	-	216,897
Total recurring fair value assets		**2,881,666**	**3,332,496**	**660,239**	**6,874,401**

		Fair values calculated using internal models			
Liabilities		Level 1	Level 2	Level 3	Total
Trading derivatives					
Currency forward		-	446,222	-	446,222
Forward interest rate		-	2,144	-	2,144
Interest rate swap		-	452,760	-	452,760
Currency swap		-	-	-	-
Other		-	29,676	-	29,676
Total recurring fair value liabilities	$	**-**	**930,802**	**-**	**930,802**

Investments, whose values are based on quoted market prices in active markets, and are therefore classified in Level 1, include equity investments active in the stock market, certain investments issued or guaranteed by the Colombian government, other Colombian financial institutions, and Colombian real sector entities.

Financial instruments that are quoted in markets that are not considered active, but are valued according to quoted market prices, broker quotes or alternative price sources supported by observable inputs, are classified in Level 2. Includes other investments issued or guaranteed by the Colombian government, other Colombian financial institutions, Colombian real sector entities, foreign governments, other foreign financial institutions, foreign real sector entities, derivatives and investment properties. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity or non-transferability, which are generally based on available market information.

As indicated above, the fair value of investment properties is determined based on the appraisal performed by independent expert appraisers as of December 31, 2023, which were prepared under the methodology of comparative sales approach (market approach), determining the value of the assets based on comparison with other similar assets that are being or have been traded in the real estate market, this comparative approach considers the sale of similar or substitute assets, as well as data obtained from the market, and establishes an estimate of value using processes that include comparison.

b) Determination of fair values

The following table shows information about valuation techniques and significant inputs when measuring fair value on a recurring basis for assets and liabilities whose fair value hierarchy classification is level 2 or level 3.

Assets and Liabilities	Valuation technique for levels 2 and 3	Main input data
Investments in debt securities at Fair Value		
Through profit or loss		
Issued or guaranteed by the Colombian government Issued or guaranteed by other Colombian government entities Issued or guaranteed by other Colombian financial institutions Issued or guaranteed by real sector entities abroad Issued or guaranteed by foreign governments Issued or guaranteed by other foreign financial institutions Issued or guaranteed by real sector entities abroad	Market focus	*Market Price
Issued or guaranteed by foreign real sector entities Other	Interest rate	Transactional Systems
With changes in ORI		
Issued or guaranteed by the Colombian government Issued or guaranteed by other Colombian government entities Issued or guaranteed by other Colombian financial institutions Issued or guaranteed by real sector entities abroad Issued or guaranteed by foreign governments Issued or guaranteed by other foreign financial institutions Issued or guaranteed by real sector entities abroad	Market focus	*Market Price
Other	Interest rate	Transactional Systems
Investments in equity instruments with changes in income	Unit value	*Market value of the underlying assets, are real estate, minus management fees and expenses.
Investments in equity instruments with changes in ORI	Discounted cash flow	*Growth during the five-year projection period. *Net income *Growth in residual values after five years *Discounted interest rate
Trading derivatives		
Currency forward Forward interest rate Interest rate swap Currency swap	Discounted cash flow	*Curves by functional currency of underlying *Underlying security price/ Curves by functional currency of underlying *Swap curves assigned according to the underlying *Swap curves assigned according to the underlying
Other	Black & Scholes & Merton	*Matrices and implied volatility curves
Hedging derivatives		
Interest rate swap		*Swap curves assigned according to underlying
Investment property at fair value	Discounted cash flow	*Processes used to collect data and determine the fair value of investment properties

c) Transfer of levels

The following table presents the transfers between levels 1 and 2 for the years ended December 31, 2023 and 2022:

Fair value measurements for recurring		December 31, 2023			December 31, 2022	
		Level 1 to Level 2	Level 2 to Level 1		Level 1 to Level 2	Level 2 to Level 1
Assets						
Fixed-income fair value investments	$	-	-	$	-	420,145

At the December 2023 cut-off date, there were no transfers between level 1 and 2 and between level 2 and 1.

Investments transferred from Level 2 to Level 1 as of December 31, 2022, are fixed TES, maturing in 2028, 2030, 2032, 2034 and 2036, and UVR TES, maturing in 2027, whose issuer is the national government, which have gained liquidity in the market and present greater depth in trading.

d) Fair value measurements on non-recurring basis

Valuation of equity instruments with changes in ORI Level 3

Investments classified in Level 3, have significant unobservable inputs. Level 3 instruments primarily include investments in equity instruments, which are not publicly traded.

The Bank has equity investments in various entities with a participation of less than 20% of the Bank's equity, some of them received in payment of customer obligations in the past, and others acquired because they are necessary for the development of operations, such as: ACH S.A., Cámara de Riesgo Central de Contraparte S.A., Redeban S.A. and Credibanco S.A. The valuation of these instruments is made with the following frequency:

- Monthly: Credibanco S.A.
- Quarterly: ACH S.A.
- Semiannual: Redeban S.A.
- Annual: Cámara de Riesgo Central de Contraparte S.A, Aportes En Línea S.A and Casa de Bolsa S.A. The frequency is due to the fact that their fair value does not vary significantly, and yet possible effects on fair value are monitored at each reporting date.

For ACH S.A, Redeban S.A, Cámara de Riesgo Central de Contraparte S.A, Aportes En Línea S.A and Casa de Bolsa S.A. the determination of their fair value as of December 31, 2023, given they do not list their shares in a public stock market and therefore, was made with the help of an external advisor to the Bank, who has used the discounted cash flow method for such purpose, constructed based on the valuator's own projections of income, costs and expenses of each valuation entity over a period of five years, taking as a basis for them some historical information obtained from the companies, and residual values determined with growth rates in perpetuity established by the valuator according to his experience. These projections and residual values were discounted based on interest rates constructed with curves taken from price vendors, adjusted by risk premiums estimated based on the risks associated with each valued entity.

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

Variable	Range
Revenues (% Growth)	Average 9.96%
Revenue (% growth over 5 years min - max.)	6.19% - 6.78%
Growth in residual values after 5 years	6.19%
Discount rates	15.60% - 13.74%
Average WACC discount interest rates	15.36%

The following table includes the sensitivity analysis of changes in such variables used in the valuation of the investment, taking into account that changes in fair value of such investments are recorded in equity, as they correspond to investments classified as equity instruments at fair value with changes in equity:

Methods and Variables	Variation	Favorable impact	Unfavorable impact
Revenues	+/- 1%	$ 2.376.195.71	$ 2.297.164.51
Growth in residual values after 5 years	+/- 1%	2,197,312.21	2,114,373.37
Perpetuity growth	+/- 1% of gradient	16,407.89	15,527.34
Gradient	+/- 1% +/- 30PB	177,503.02	159,034.27
Operating Expenses	+/- 1%	16,809.53	14,946.00
Discount Rate	+/- 50PB	2,357,864.51	2,285,950.38

Based on the variations and impacts presented in the previous box, as of December 31, 2023, there would be a favorable effect on the Bank's equity of $5,044 and an unfavorable effect of $4,518. These values were calculated by valuing the investment with the favorable and unfavorable price, according to the variations presented and the number of shares held by the Bank in each entity.

The following table presents the movement of equity instruments of lesser interest (less than 20%) classified in level 3 measured at fair value for the years ended December 31, 2023 and 2022:

		Equity instruments
Balance as of December 31, 2022	**$**	**660,239**
Valuation adjustment with effect on income (1)		61,209
Valuation adjustments with effect on ORI		7,742
Additions (1)		140,105
Redemptions (1)		(37,970)
Balance as of December 31, 2023	**$**	**831,325**
Balance as of December 31, 2021	**$**	**552,248**
Valuation adjustment with effect on income		62,653
Valuation adjustments with effect on ORI		11,595
Additions		65,378
Withdrawals / Sales		(1,363)
Redemptions		(30,272)
Balance as of December 31, 2022	**$**	**660,239**

(1) As of December 31, 2023 in investments in equity instruments at fair value through profit or loss, the most significant variation is presented in the Nexus Inmobiliario Private Equity Fund for $162,153 with respect to December 31, 2022, with a capital call of $139,176, redemptions of ($37,970) and a valuation with effect in profit or loss of $60,947.

The ORI as of December 2023 and 2022 corresponding to the valuation of financial instruments measured at fair value level 3 is $7,742 and $11,595, respectively.

The following is the detail as of December 31, 2023 and 2022 of the assets that were measured at fair value as a result of impairment assessment in the application of IFRS standards applicable to each account, but that are not required to be measured at fair value on a recurring basis:

December 31, 2023		**Level 3**	**Total**
Collateralized loan portfolio financial instruments	$	534,910	534,910
Non-current assets held for sale		3,023	3,023
	$	**537,933**	**537,933**
December 31, 2022		**Level 3**	**Total**
Collateralized loan portfolio financial instruments	$	346,849	346,849
	$	**346,849**	**346,849**

The following table presents a summary of the Group's financial assets and liabilities recorded at amortized cost as of December 31, 2023 and 2022 compared to the values determined at fair value, for which it is practicable to calculate fair value:

		December 31, 2023		**December 31, 2022**	
		Carrying value	**Estimated Fair Value**	**Carrying value**	**Estimated Fair Value**
Assets					
Fixed-income investments at amortized cost	$	2,034,558	2,035,192	1,802,692	1,812,491
Loan Portfolio, net		47,082,116	57,752,515	43,668,497	45,606,276
Other accounts receivable		547,285	547,285	436,662	436,663
	$	**49,663,959**	**60,334,992**	**45,907,851**	**47,855,430**
Liabilities					
Certificates of Deposit	$	17,866,450	18,367,377	13,390,805	13,814,281
Interbank funds		4,403,111	4,403,108	2,202,043	1,909,058
Loans from banks and others		3,185,957	3,444,288	3,928,990	4,177,777
Obligations with rediscount entities		1,088,189	1,100,069	967,437	1,151,610
Bonds issued		2,171,345	2,166,124	2,322,416	2,104,154
	$	**28,715,052**	**29,480,966**	**22,811,691**	**23,156,880**

The estimated fair value of the loan portfolio is calculated as follows:

Portfolio rated A, B and C: the net present value of the contractual flows is obtained, discounted at the discount rate, which is equivalent to the market value of the transactions, based on the balances of each obligation, the maturity date of the transaction, the contractual rate, among others.

Portfolio rated D or E: calculated on the book value in percentage expected to be recovered from such obligations.

The **Discount Rate** comprises the following:

- **Credits rated A, B or C:** Risk-free rate + Risk points + Portfolio management fees.

The Risk Free Rate represents the opportunity cost incurred in placing resources through credit. Varies according to the remaining term of each obligation. For loans in legal currency, the TES curve is used as a reference and for foreign currency transactions, the 10-year U.S. treasury bond rate is used as a reference.

Credit risk points are obtained through the product of the Probability of Default (customer risk) and the Loss Given Default. The latter represents the risk of the credit operation, which in the commercial portfolio depends on the collateral.

In the Portfolio Management Expense Ratio, the costs for human resources and outsourcing are reported.

The fair value methodologies for fixed income securities at time zero, correspond to the adjustment of the difference between the purchase price (IRR purchase) and the market price published by the price vendor *Precia PPV S.A*. For subsequent measurement, this fair value on each of the investments is determined with the daily valuation using the market price published by the same price vendor.

Other accounts receivable mature in a period equal to or less than one year; therefore, it is not considered necessary to perform a fair value calculation on the understanding that this value is the best estimate, since it is a short period.

The fair value methodology of the Parent Company's liabilities (CDTs and Bonds) is performed by means of the PWPREI application, which values the Parent Company's standardized liabilities in Colombian pesos at market prices, using the information published by the price provider *Precia PPV S.A*.

For Financial Obligations, the calculation is performed manually, in which the valuation is made using the discount curve calculated by the Parent Company's Treasury Risk Division.

Valuation of equity instruments with changes in Level 3 results

Likewise, the bank has an equity investment in the Nexus Private Equity Fund, in which the properties that are part of the fund are restated daily with the UVR, and the value of the unit is the result of how the income and expense moves in the Fund/compartment, the difference between the current fair value and the immediately preceding one is recorded as a higher or lower value of the investment, affecting the results of the period.

The following table summarizes the sensitivity analysis performed by the appraiser on the properties comprising the Private Equity Fund:

Sensitivity	Variation	Favorable impact	Variation	Unfavorable impact
Market comparison	+/-10%		+/-10%	
Initial Cap Rate	+/-50PB	$ 16,417	+/-50PB	$ 20,137
Market Income	+/-10%		+/-10%	
Discount Rate Cash Flow	+/-50PB		+/-50PB	

Note 6. - Cash and cash equivalents

Cash and cash equivalents balances as of December 31, 2023 and 2022, comprise the following:

		December 31, 2023	December 31, 2022
In Colombian pesos			
Cash	$	491,791	433,530
At *Banco de la República de Colombia*		3,030,785	2,054,545
Bank and other financial institutions on demand		1,859	5,663
Exchange		466	2,058
Liquidity management (*)		456,972	-
		3,981,873	**2,495,796**
In foreign currency			
Cash		6,264	7,532
Bank and other financial institutions on demand		980,766	1,374,896
		987,030	**1,382,428**
Total cash	**$**	**4,968,903**	**3,878,224**

(*) Money market operations (Repos and Simultaneous) with a term of less than 90 days, whose purpose is liquidity and whose counterparty is *Banco de la República* and/or are cleared or settled through the Central Counterparty Risk Clearing House - CRCC in Spanish, mitigating the credit risk.

Required bank reserves

The following is the bank reserve requirement:

Concept		December 31, 2023	December 31, 2022
Reserves 3.5%	$	350,793	200,973
Reserves 8%		2,499,222	2,187,932
Total Reserves	**$**	**2,850,015**	**2,388,905**

As of December 31, 2023, the legal reserve in Colombia is 8% for deposits in checking, savings and other accounts, and 3.5% for certificates of deposit of less than 18 months.

As of December 31, 2023, the legal reserve required to meet liquidity requirements for deposits in checking, savings and other accounts is $2,499,222.

As of December 31, 2023, the legal reserve required to meet liquidity requirements of certificates of deposit of less than 18 months was $350,793.

Note 7. - Financial assets from investment in debt securities and equity instruments at fair value

The balance of Financial Assets in debt securities and investments in equity instruments at fair value, comprises the following at December 31, 2023 and 2022:

Debt securities with changes in income		**December 31, 2023**	**December 31, 2022**
In Colombian pesos			
Issued or guaranteed by the Colombian government	$	3,105,170	1,128,863
Issued or guaranteed by other Colombian government entities		34,609	31,381
Issued or guaranteed by other Colombian financial institutions		96,631	56,192
Issued or guaranteed by entities of the Colombian real sector		1,840	1,483
Other		-	1,873
		3,238,250	**1,219,792**
In foreign currency			
Issued or guaranteed by the Colombian government		16,737	77,928
Issued or guaranteed by other Colombian financial institutions		20,087	2,167
Issued or guaranteed by Foreign Governments		382	-
Issued or guaranteed by other foreign financial institutions		161,722	-
Issued or guaranteed by real sector entities abroad		3,412	-
Other		19,002	-
		221,342	**80,095**
Total debt securities through profit or loss	$	**3,459,592**	**1,299,887**
Debt securities with changes in ORI In Colombian pesos			
Issued or guaranteed by the Colombian government	$	2,439,339	1,846,928
Issued or guaranteed by other Colombian government entities		67,400	43,420
Issued or guaranteed by other Colombian financial institutions		583,751	417,579
Other		-	1,873
		3,090,490	**2,309,800**
In foreign currency			
Issued or guaranteed by the Colombian government		682,923	1,262,956
Issued or guaranteed by other Colombian financial institutions		81,759	64,470
Issued or guaranteed by Foreign Governments		120,232	52,387
Issued or guaranteed by other foreign financial institutions		398,898	115,571
Issued or guaranteed by real sector entities abroad		34,539	11,664
Other		56,845	82,845
		1,375,196	**1,589,893**
Total debt securities with changes in ORI (1)	$	**4,465,686**	**3,899,693**

Equity instruments with adjustment to income		**December 31, 2023**	**December 31, 2022**
In Colombian pesos			
Mutual funds	$	709,520	580,510
Equity instruments with adjustment to income total		**709,520**	**580,510**
Trading derivative instruments with changes to income total	$	**-**	**754,968**
Financial instruments at fair value with changes total in profit or loss	$	**4,169,112**	**2,635,365**
Equity instruments with adjustment to ORI equity in Colombian pesos			
Corporate actions	$	132,111	122,447
Total equity instruments		**841,631**	**702,957**
Total financial assets in debt securities and investments in equity instruments at fair value	$	**8,766,909**	**6,657,505**
Total financial instruments at fair value with changes in ORI	$	**4,597,797**	**4,022,140**

(1) The valuation effect recognized in ORI for debt securities at December 31, 2023 is $393,581 and at $387,260 at December 31, 2022.

Financial assets at fair value, are carried at fair value based on observable market data, which also reflects the credit risk associated with the asset.

The following, is a detail of equity instruments with changes in other comprehensive income:

Entity		December 31, 2023	December 31, 2022
Redeban Multicolor S.A. (1)	$	17,951	18,883
A.C.H Colombia S.A. (1)		52,844	53,544
Central Counterparty Risk Clearing House of Colombia S.A. (1)		3,225	2,680
Bolsa de Valores de Colombia S.A. (1)		-	2,851
Credibanco (1)		43,136	36,933
Holding Bursátil Regional (1)		4,774	-
Aportes en Línea S.A. (Gestión y Contacto) (1)		4,495	3,741
Casa de Bolsa S.A Sociedad Comisionista de Bolsa (1)		5,686	3,815
Total	**$**	**132,111**	**122,447**

(1) These financial instruments were recognized at fair value, according to the market prices provided by Precia S.A. as indicated in paragraph i) of section 6.25 of chapter I-I; the effect of this valuation was recognized against ORI for the fair value of the equity instruments for $9,263 as of December 31, 2023 and as of December 31, 2022 for $10,415.

(2) On November 14, 2023, the merger was completed as part of the regional integration process of the Colombian Stock Exchange (BVC), the Santiago Stock Exchange and the BVL Group. In this share exchange transaction, Banco de Occidente delivered 408,231 shares to the BVC, and received 245,683 shares from Holding Bursátil Regional, recorded in an account in the records kept by Deceval. At initial recognition, the matching contribution or exchange ratio was 0.6018241658, and the price subscribed per share was 4,946.589190746520 Chilean pesos:

14/11/2023 - 1 Chilean peso = 4.492230	4.492230
Price per share in Chilean pesos	4,946.59
CLP units	1,215,294,262.28
Initial Recognition	**5,459,381,343.84**

Financial assets in equity instruments at fair value with adjustment to other comprehensive income, have been designated considering that they are strategic investments for the Parent Company, and therefore are not expected to be sold in the near future, and there is a higher degree of uncertainty in the determination of fair value that generates significant fluctuations from one period to another. During the period ended December 31, 2023, dividends of $5,702 ($5,580 during the period ended December 31, 2022) have been recognized in the statement of income for these investments.

Guaranteeing money market and central counterparty risk clearinghouse (futures) transactions

The following is a list of financial assets at fair value, that are used to guarantee repo transactions, those that have been pledged as collateral for transactions with financial instruments, and those that have been pledged as collateral to third parties in support of financial obligations with other banks (see note 18).

		December 31, 2023	December 31, 2022
Delivered in money market operations			
Issued or guaranteed by the Colombian government	$	2,731,746	1,307,927
Issued or guaranteed by other Colombian government entities		1,325,304	1,006
Issued or guaranteed by entities of the foreign real sector		-	-
Issued or guaranteed by other financial institutions		-	4,980
		4,057,050	**1,313,913**
Delivered as collateral for derivative transactions			
Issued or guaranteed by the Colombian government		542,733	393,462
Total	**$**	**4,599,783**	**1,707,375**

Changes in fair values primarily reflect changes in market conditions, due mainly to changes in interest rates and other economic conditions in the country in which the investment is held.

As of December 31, 2023, fixed income investments hedging Money Market operations are presented in Simultaneous Liabilities $2,082,478 and Repo Liabilities $1,783,598 and in derivative instruments $542,733 (in December 31, 2022 were presented in Simultaneous Liabilities $1,307,927 and Repo Liabilities $5,986, and in derivative instruments $393,462). Also, total debt securities that do not guarantee money market operations or derivatives, amount to $3,325,459 for 2023 and $3,492,205 for 2022.

There are no legal or economic restrictions, pledges or liens on financial assets in the form of debt securities and equity instruments at fair value, and there is no limitation on their ownership.

Note 8. - Financial assets in debt securities at amortized cost

The balance of financial assets in debt securities at amortized cost, comprises the following as of December 31, 2023 and 2022:

		December 31, 2023	December 31, 2022
Debt securities			
In Colombian pesos			
Issued or guaranteed by the Colombian government		689,731	670,442
Issued or guaranteed by other Colombian government entities	$	1,345,385	1,132,772
Total debt securities		**2,035,116**	**1,803,214**
Provisions for investments		(558)	(522)
Total financial assets in debt securities at amortized cost	**$**	**2,034,558**	**1,802,692**

The following is the movement in the provision for investments for the year ended December 31, 2023 and 2022:

		December 31, 2023	December 31, 2022
Balance at beginning of period	$	522	345
Reimbursement for impairment of investments at amortized cost		36	177
Balance at end of period	**$**	**558**	**522**

The following is a summary of financial assets in debt securities at amortized cost by maturity date:

		December 31, 2023	December 31, 2022
Up to 1 month	$	146,021	135,877
more than 3 months and no longer than 1 year		1,889,095	1,667,337
Subtotal		**2,035,116**	**1,803,214**
Provisions for investments		(558)	(522)
Total	**$**	**2,034,558**	**1,802,692**

Note 9. - Derivative instruments and hedge accounting

a. Derivative financial instruments for trading

The following table sets forth the fair values as of December 31, 2023 and 2022 of forward contracts, futures, options, interest rate swaps and foreign currency swaps in which the Parent Company is engaged:

Concept		December 31, 2023		December 31, 2022	
		Notional amount	Fair value	Notional amount	Fair value
Assets					
Forward contracts					
Forward contracts of different currencies Peso/Dollar	$	29,126	631	103,476	3.108
Forward currency contracts Peso/Dollar		13,034,328	948,389	12,074,018	313.779
Securities forward contracts		635,918	18,447	966,132	1.691
Subtotal		**13,699,372**	**967,467**	**13,143,626**	**318,578**
Swap					
Foreign currency swap contracts		61,153	13,219	-	-
Interest rate swap contracts		20,614,820	264,056	7,355,745	398,028
Subtotal		**20,675,973**	**277,275**	**7,355,745**	**398,028**
Purchase of options					
Currency purchase options		623,757	31,981	825,753	38,362
Subtotal		**623,757**	**31,981**	**825,753**	**38,362**
Total assets	$	**34,999,102**	**1,276,723**	**21,325,124**	**754,968**
Liabilities					
Forward contracts					
Forward currency contracts Peso/Dollar	$	8,405,709	613,939	14,738,027	443,281
Forward contracts of different currencies Peso/Dollar		29,348	594	103,711	2,942
Securities forward contracts		2,513,460	120,647	617,142	2,143
Subtotal		**10,948,517**	**735,180**	**15,458,880**	**448,366**
Swap					
Interest rate swap contracts		22,336,013	285,952	8,896,296	452,760
Subtotal		**22,336,013**	**285,952**	**8,896,296**	**452,760**
Options contracts					
Currency put options		683,247	34,764	856,310	29,676
Subtotal		**683,247**	**34,764**	**856,310**	**29,676**
Total liabilities	$	**33,967,777**	**1,055,896**	**25,211,486**	**930,802**
Net position		**$ 1.031.325**	**220,827**	**(3,886,362)**	**(175,834)**

Derivative instruments entered into by the Parent Company, are generally traded in organized markets and with local and foreign customers and counterparties of the Parent Company. Derivative instruments have net favorable (assets) or unfavorable (liabilities) terms as a result of fluctuations in foreign currency exchange rates and in the interest rate market or other variables related to their terms. The cumulative amount of the fair values of derivative assets and liabilities, may vary significantly from time to time.

As of December 31, 2023, there are no derivative contracts in other contracts that must be separated, accounted for and disclosed in accordance with IFRS 9.

Maturities by term of the derivative instruments held for trading as of December 31, 2023 and 2022 are as follows:

LESS THAN ONE YEAR

Concept		December 31, 2023 Notional amount	December 31, 2023 Fair value	December 31, 2022 Notional amount	December 31, 2022 Fair value
Assets					
Forward contracts					
Forward contracts of different currencies Peso/Dollar	$	29,126	631	103,476	3,108
Forward currency contracts Peso/Dollar		12,957,594	940,262	11,899,867	295,247
Securities forward contracts		635,918	18,447	966,132	1,691
Subtotal		**13,622,638**	**959,340**	**12,969,475**	**300,046**
Swap					
Foreign currency swap contracts		42,043	11,735	-	-
Interest rate swap contracts		16,567,800	108,638	4,068,034	87,355
Subtotal		**16,609,843**	**120,373**	**4,068,034**	**87,355**
Purchase of options					
Currency purchase options		511,007	27,110	455,450	21,094
Subtotal		**511,007**	**27,110**	**455,450**	**21,094**
Total assets	$	**30,743,488**	**1,106,823**	**17,492,959**	**408,495**
Liabilities					
Forward contracts					
Forward currency contracts Peso/Dollar	**$**	8,296,929	607,751	14,591,316	423,770
Forward contracts of different currencies Peso/Dollar		29,348	594	103,711	2,942
Securities forward contracts		2,513,460	120,647	617,142	2,144
Subtotal		**10,839,737**	**728,992**	**15,312,169**	**428,856**
Swap					
Interest rate swap contracts		17,738,310	133,969	4,826,383	103,788
Subtotal		**17,738,310**	**133,969**	**4,826,383**	**103,788**
Options contracts					
Currency put options		570,496	28,892	486,007	15,764
Subtotal		**570,496**	**28,892**	**486,007**	**15,764**
Total liabilities	$	**$ 29.148.543**	**891,853**	**20,624,559**	**548,408**
Net position	$	**$ 1.594.945**	**214,970**	**(3,131,600)**	**(139,913)**

OVER ONE YEAR

Concept	December 31, 2023 Notional amount	December 31, 2023 Fair value	December 31, 2022 Notional amount	December 31, 2022 Fair value
Assets				
Forward contracts				
Forward currency contracts Peso/Dollar	76,734	8,127	174,151	18,532
Subtotal	**76,734**	**8,127**	**174,151**	**18,532**
Swap				
Foreign currency swap contracts	19,110	1,484	-	-
Interest rate swap contracts	4,047,020	155,418	3,287,711	310,673
Subtotal	**4,066,130**	**156,902**	**3,287,711**	**310,673**
Purchase of options				
Currency purchase options	112,750	4,871	370,303	17,268
Subtotal	**112,750**	**4,871**	**370,303**	**17,268**
Total assets	**4,255,614**	**169,900**	**3,832,165**	**346,473**
Liabilities				
Forward contracts				
Forward contracts of different currencies Peso/Dollar	108,780	6,188	146,711	19,511
Subtotal	**108,780**	**6,188**	**146,711**	**19,510**
Swap				
Interest rate swap contracts	4,597,703	151,983	4,069,913	348,972
Subtotal	**4,597,703**	**151,983**	**4,069,913**	**348,972**
Options contracts				
Currency put options	112,751	5,872	370,303	13,912
Subtotal	**112,751**	**5,872**	**370,303**	**13,912**
Total liabilities	**4,819,234**	**164,043**	**4,586,927**	**382,394**
Net position	**(563,620)**	**5,857**	**(754,762)**	**(35,921)**

Trading derivative financial instruments contain the CVA/DVA component associated with the credit component of these contracts. At December 31, 2023 and 2022, the effect of CVA/DVA on the statement of income was an expense of $1,242 and $3,588, respectively.

Definition of credit risk adjustment model - CVA/DVA for derivative instruments of the Parent Company:

- For the incorporation of credit risk into the valuation methodology under IFRS 13 for the Parent Company's derivative instruments, it was decided to do so under the premise of affecting the discount rate, within the valuation of such instruments at the corresponding closing date. This is done by consolidating all derivative transactions by counterparty.

- In the case of derivatives traded in a standardized market or novated before a Central Counterparty Risk Clearing House, the price includes the concept of credit risk equal to zero, since a central counterparty risk clearing house is involved, and therefore, there is no need to perform the exercise. In the case of derivatives traded in the OTC market (Options, Forwards, Swaps), which do not include this concept, the analysis was performed.

  Credit risk was calculated for all non-standardized or novated derivative instruments held by the entities. For the determination of the credit risk adjustment for the portfolios.

b. Financial instruments and hedging of investments abroad

In the development of its operations, the Parent Company has the following investments in foreign subsidiaries as of December 31, 2023 and 2022, whose financial statements in the consolidation process generate translation adjustments that are recorded in the other comprehensive income account in shareholders' equity, as follows:

December 31, 2023

		Thousands of U.S. dollars			Millions of Colombian pesos	
Detail of investment		**Value of covered investment**	**Value of hedged foreign currency obligations**		**Adjustment for translation of financial statements**	**Exchange difference on foreign currency obligations**
Occidental Bank Barbados Ltd.	USD	37,341	(37,341)	$	43,626	(43,626)
Banco de Occidente Panamá S.A.		58,877	(58,877)		57,337	(57,337)
Total	**USD**	**96,218**	**(96,218)**	**$**	**100,963**	**(100,963)**

December 31, 2022

		Thousands of U.S. dollars			Millions of Colombian pesos	
Detail of investment		**Value of covered investment**	**Value of hedged foreign currency obligations**		**Adjustment for translation of financial statements**	**Exchange difference on foreign currency obligations**
Occidental Bank Barbados Ltd.	USD	28,755	(28,755)	$	74,582	(74,582)
Banco de Occidente Panamá S.A.		35,151	(35,151)		99,428	(99,428)
Total	**USD**	**63,906**	**(63,906)**	**$**	**174,010**	**(174,010)**

Since these investments are denominated in U.S. dollars, which is the functional currency of the aforementioned subsidiaries, the Parent Company is subject to the risk of changes in the exchange rate of the Colombian peso, which is the Bank's functional currency, against the U.S. dollar. To cover this risk, the Parent Company has entered into foreign currency debt operations, and as such has designated foreign currency obligations for USD $96,218 as of December 31, 2023 and $63,906 as of December 31, 2022, which cover 100% of the current investments in those subsidiaries, the financial obligations have a short-term maturity; therefore, once such obligations mature, the Parent Company's management designates new obligations in foreign currency to maintain coverage for 100% of the investments.

For foreign currency debt designated as a hedging instrument, the gain or loss arising on translation of the debt into Colombian pesos, is based on the current exchange rate between the U.S. dollar and the Colombian peso, which is the Group's functional currency. To the extent that the notional amount of the hedging instrument exactly matches the portion of the hedged investment in the foreign operations, there is no hedge ineffectiveness.

c. Fair value hedge

During the third quarter of 2023, the Parent Company carried out hedging operations for $435,000 million to hedge the fair value of fixed rate CDTs in COP, in the event of changes in the IBR market rate.

As a risk management strategy, the Parent Company has determined that in order to hedge the fair value of a group of CDTs, it is necessary to contract a derivative swap instrument, which allows redenominating fixed rate flows to flows indexed to a variable rate based on the IBR. The derivative instrument contracted is expected to be highly effective in hedging and mitigating the aforementioned risk.

Type of hedging

These types of hedges will be classified as fair value hedges under IAS 39, for which all the necessary procedures and documentation established in the regulations and compendium of accounting standards must be complied with. Under the accounting rules for this hedge category, changes in the market value of the derivative must be recorded in profit or loss (income or expense).

Nature of risk covered

The hedged risk corresponds to the variability of the fair value of the fixed rate CDTs in COP, due to the effect of the variation of the market rate (IBR prime rate).

The nature of this hedge will only cover the prime rate component of the CDTs, leaving out of the hedge the spreads associated with the financing.

The following is a detail of the fair value hedging derivatives as of December 31, 2023:

		December 31, 2023		
		Notional Amount		**Fair value**
		3 months to one year	Total	Liabilities
Fair value hedging derivatives	$			
Interest rate swaps		435,000	435,000	(1,351)
Subtotal		**435,000**	**435,000**	**(1,351)**

Quantitative results fair value hedges

The following is a breakdown of gains or losses on hedging instruments and hedged items of the fair value hedge as of December 31, 2023:

		Notional value	Assets	Liabilities	Fair value for the calculation of effectiveness	Efficiency coverage
Item hedged by covered item **Term deposit certificates**	$	435,000	-	734	(734)	-
Hedging instrument **Interest rate swaps**	$	435,000	850	-	850	(116)

Note 10. - Financial assets from loans and receivables at amortized cost, net

The financial assets account for loan portfolio at amortized cost in the consolidated statement of financial position, is shown classified by commercial, consumer and home mortgage portfolio, taking into account that this is the classification adopted by the Superintendence of Finance in the Single Catalogue of Financial Information "CUIF". However, taking into account the importance that the financial leasing portfolio represents at the Group level, for disclosure purposes, these loans have been separated in all tables of the note on financial credit risks and in this note according to the following reclassification detail:

December 31, 2023

Modality		Balance according to balance sheet	Reclassification of leasing	Balance with disaggregation Leasing
Commercial	$	34,411,414	6,398,912	28,012,502
Consumer		12,462,019	9,031	12,452,988
Housing		2,610,153	1,093,520	1,516,633
Commercial Leasing		-	(6,398,912)	6,398,912
Consumer Leasing		-	(9,031)	9,031
Housing Leasing		-	(1,093,520)	1,093,520
Repos and interbank		15,449	-	15,449
Total	**$**	**49,499,035**	**-**	**49,499,035**

December 31, 2022

Modality		Balance according to balance sheet	Reclassification of leasing	Balance with disaggregation Leasing
Commercial	$	30,950,556	5,830,977	25,119,579
Consumer		11,142,641	9,399	11,133,242
Housing		2,488,024	1,322,311	1,165,713
Commercial Leasing		-	(5,830,977)	5,830,977
Consumer Leasing		-	(9,399)	9,399
Housing Leasing		-	(1,322,311)	1,322,311
Repos and interbank		1,120,454	-	1,120,454
Total	**$**	**45,701,675**	**-**	**45,701,675**

10.1. Loan portfolio by type

The distribution of the Group's loan portfolio by type is shown below:

		December 31, 2023	December 31, 2022
Ordinary loans	$	31,577,112	28,783,399
Real estate leased		1,028,661	4,519,937
Payroll deductions		4,351,414	3,988,697
Movable property leased		4,610,234	2,642,750
Credit cards		3,150,049	1,611,523
Home mortgage letter		1,812,989	1,165,712
Other		1,516,633	1,120,454
Loans with resources from other entities		15,449	871,782
Developer's credit		215,058	668,030
Discounts		30,049	177,083
Bank current account overdrafts		83,929	71,058
Letters of credit covered		32,387	53,908
Loans to employees		-	27,342
Deferred payment letters of credit		1,075,071	-
Total gross loan portfolio	**$**	**49,499,035**	**45,701,675**
Provision for impairment of financial assets for loan portfolio		(2,416,920)	(2,033,178)
Total net loan portfolio	**$**	**47,082,115**	**43,668,497**

10.2. Loan portfolio movement in impairment

The following is the movement in the impairment of the loan portfolio during the years ended December 31, 2023 and 2022:

		Commercial				Repos and Interbank			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2022	**$**	**251,647**	**50,722**	**700,164**	**1,002,533**	**1,434**	**-**	**-**	**1,434**
Period write-offs		(101)	-	(222,171)	(222,272)	-	-	-	-
Sale of loan portfolio		-	-	-	-	-	-	-	-
Reversal of accrued interest Stage 3		-	-	105,065	105,065	-	-	-	-
Expenses		1,322	4,589	535,648	541,559	-	-	-	-
Expenses for disbursements or originations		151,879	16,622	36,304	204,805	-	-	-	-
Reimbursement		(83,369)	(10,702)	(49,799)	(143,870)	(25)	-	-	(25)
Cancellation or payment in full		(118,290)	(12,638)	(293,606)	(424,534)	(1,391)	-	-	(1,391)
Reclassification from Stage 1 to Stage 2		(3,953)	3,953	-	-	-	-	-	-
Reclassification from Stage 1 to Stage 3		(5,728)	-	5,728	-	-	-	-	-
Reclassification from Stage 2 to Stage 3		-	(4,505)	4,505	-	-	-	-	-
Reclassification from Stage 3 to Stage 2		-	3,194	(3,194)	-	-	-	-	-
Reclassification from Stage 2 to Stage 1		23,574	(23,574)	-	-	-	-	-	-
Reclassification from Stage 3 to Stage 1		10,609	-	(10,609)	-	-	-	-	-
Difference in exchange		(5,379)	-	(2,031)	(7,410)	-	-	-	-
Balance as of December 31, 2023	**$**	**222,211**	**27,661**	**806,004**	**1,055,876**	**18**	**-**	**-**	**18**

	Consumer				Housing			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2022 $	**261,303**	**84,379**	**349,488**	**695,170**	**11,948**	**3,088**	**37,130**	**52,166**
Period write-offs	(516)	(1,017)	(856,313)	(857,846)	-	-	-	-
Sale of loan portfolio	(3)	(162)	(1,637)	(1,802)	-	-	-	-
Reversal of accrued interest Stage 3	-	-	57,244	57,244	-	-	2,443	2,443
Expenses	304,550	198,715	474,849	978,114	162	1,299	5,466	6,927
Expenses for disbursements or originations	125,947	24,666	211,190	361,803	3,935	832	397	5,164
Reimbursement	(90,311)	(9,722)	(3,565)	(103,598)	(5,464)	(648)	(11,124)	(17,236)
Cancellation or payment in full	(50,627)	(14,765)	(31,314)	(96,706)	(539)	(204)	(1,849)	(2,592)
Reclassification from Stage 1 to Stage 2	(12,907)	12,907	-	-	(464)	464	-	-
Reclassification from Stage 1 to Stage 3	(299,036)	-	299,036	-	(242)	-	242	-
Reclassification from Stage 2 to Stage 3	-	(210,725)	210,725	-	-	(1,006)	1,006	-
Reclassification from Stage 3 to Stage 2	-	4,851	(4,851)	-	-	330	(330)	-
Reclassification from Stage 2 to Stage 1	17,581	(17,581)	-	-	1,137	(1,137)	-	-
Reclassification from Stage 3 to Stage 1	16,875	-	(16,875)	-	1,476	-	(1,476)	-
Difference in exchange	-	-	-	-	-	-	-	-
Balance as of December 31, 2023 $	**272,856**	**71,546**	**687,977**	**1,032,379**	**11,949**	**3,018**	**31,905**	**46,872**

	Commercial Leasing				Consumer Leasing			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2022 $	**26,576**	**8,262**	**202,694**	**237,532**	**182**	**25**	**755**	**962**
Period write-offs	-	-	(65,816)	(65,816)	-	-	(3,027)	(3,027)
Sale of loan portfolio	-	-	-	-	-	-	-	-
Reversal of accrued interest Stage 3	-	-	18,640	18,640	-	-	85	85
Expenses	8,038	6,226	89,650	103,914	11	-	2,951	2,962
Expenses for disbursements or originations	8,610	2,047	10,907	21,564	55	106	-	161
Reimbursement	(13,729)	(6,519)	(17,768)	(38,016)	(188)	(18)	(4)	(210)
Cancellation or payment in full	(1,786)	(605)	(19,566)	(21,957)	(24)	(8)	-	(32)
Reclassification from Stage 1 to Stage 2	(1,019)	1,019	-	-	(2)	2	-	-
Reclassification from Stage 1 to Stage 3	(875)	-	875	-	(32)	-	32	-
Reclassification from Stage 2 to Stage 3	-	(1,505)	1,505	-	-	-	-	-
Reclassification from Stage 3 to Stage 2	-	6,475	(6,475)	-	-	18	(18)	-
Reclassification from Stage 2 to Stage 1	3,652	(3,652)	-	-	17	(17)	-	-
Reclassification from Stage 3 to Stage 1	4,366	-	(4,366)	-	119	-	(119)	-
Difference in exchange	-	-	-	-	-	-	-	-
Balance as of December 31, 2023 $	**33,833**	**11,748**	**210,280**	**255,861**	**138**	**108**	**655**	**901**

	Housing Leasing				Total Financial Leasing			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2022 $	**13,814**	**3,512**	**26,055**	**43,381**	**40,572**	**11,799**	**229,504**	**281,875**
Period write-offs	-	-	(6,724)	(6,724)	-	-	(75,567)	(75,567)
Sale of loan portfolio	-	-	-	-	-	-	-	-
Reversal of accrued interest Stage 3	-	-	439	439	-	-	19,164	19,164
Expenses	173	1,305	7,051	8,529	8,222	7,531	99,652	115,405
Expenses for disbursements or originations	1,635	314	177	2,126	10,300	2,467	11,084	23,851
Reimbursement	(4,173)	(168)	(5,773)	(10,114)	(18,090)	(6,705)	(23,545)	(48,340)
Cancellation or payment in full	(3,714)	(1,368)	(7,542)	(12,624)	(5,524)	(1,981)	(27,108)	(34,613)
Reclassification from Stage 1 to Stage 2	(428)	428	-	-	(1,449)	1,449	-	-
Reclassification from Stage 1 to Stage 3	(231)	-	231	-	(1,138)	-	1,138	-
Reclassification from Stage 2 to Stage 3	-	(898)	898	-	-	(2,403)	2,403	-
Reclassification from Stage 3 to Stage 2	-	-	-	-	-	6,493	(6,493)	-
Reclassification from Stage 2 to Stage 1	900	(900)	-	-	4,569	(4,569)	-	-
Reclassification from Stage 3 to Stage 1	796	-	(796)	-	5,281	-	(5,281)	-
Difference in exchange	-	-	-	-	-	-	-	-
Balance as of December 31, 2023 $	**8,772**	**2,225**	**14,016**	**25,013**	**42,743**	**14,081**	**224,951**	**281,775**

		Total			
		Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2022	$	**566,904**	**149,988**	**1,316,286**	**2,033,178**
Period write-offs		(617)	(1,017)	(1,154,051)	(1,155,685)
Sale of loan portfolio		(3)	(162)	(1,637)	(1,802)
Reversal of accrued interest Stage 3		-	-	183,916	183,916
Expenses		314,256	212,134	1,115,615	1,642,005
Expenses for disbursements or originations		292,061	44,587	258,975	595,623
Reimbursement		(197,259)	(27,777)	(88,033)	(313,069)
Cancellation or payment in full		(176,371)	(29,588)	(353,877)	(559,836)
Reclassification from Stage 1 to Stage 2		(18,773)	18,773	-	-
Reclassification from Stage 1 to Stage 3		(306,144)	-	306,144	-
Reclassification from Stage 2 to Stage 3		-	(218,639)	218,639	-
Reclassification from Stage 3 to Stage 2		-	14,868	(14,868)	-
Reclassification from Stage 2 to Stage 1		46,861	(46,861)	-	-
Reclassification from Stage 3 to Stage 1		34,241	-	(34,241)	-
Difference in exchange		(5,379)	-	(2,031)	(7,410)
Balance as of December 31, 2023	$	**549,777**	**116,306**	**1,750,837**	**2,416,920**

		Commercial				Repos and Interbank			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2021	$	**145,787**	**76,438**	**645,945**	**868,170**	**77**	**-**	**-**	**77**
Period write-offs		(1,572)	(1,000)	(304,566)	(307,138)	-	-	-	-
Reversal of accrued interest Stage 3		-	-	96,107	96,107	-	-	-	-
Expenses		290	13,762	621,117	635,169	15	-	-	15
Expenses for disbursements or originations		180,275	22,896	47,722	250,893	1,391	-	-	1,391
Reimbursement		(46,673)	(10,424)	(17,683)	(74,780)	-	-	-	-
Cancellation or payment in full		(62,806)	(29,859)	(378,910)	(471,575)	(49)	-	-	(49)
Reclassification from Stage 1 to Stage 2		(4,868)	4,868	-	-	-	-	-	-
Reclassification from Stage 1 to Stage 3		(959)	-	959	-	-	-	-	-
Reclassification from Stage 2 to Stage 3		-	(7,742)	7,742	-	-	-	-	-
Reclassification from Stage 3 to Stage 2		-	10,090	(10,090)	-	-	-	-	-
Reclassification from Stage 2 to Stage 1		28,307	(28,307)	-	-	-	-	-	-
Reclassification from Stage 3 to Stage 1		8,179	-	(8,179)	-	-	-	-	-
Difference in exchange		5,688	-	-	5,688	-	-	-	-
Balance as of December 31, 2022	$	**251,648**	**50,722**	**700,164**	**1,002,534**	**1,434**	**-**	**-**	**1,434**

		Consumer				Housing			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2021	$	**162,034**	**200,701**	**312,815**	**675,550**	**11,615**	**7,926**	**33,753**	**53,294**
Period write-offs		(122,493)	(162,564)	(259,161)	(544,218)	-	-	-	-
Reversal of accrued interest Stage 3		-	-	32,731	32,731	-	-	2,117	2,117
Expenses		134,052	166,378	225,134	525,564	214	1,314	10,973	12,501
Expenses for disbursements or originations		124,628	34,690	116,500	275,818	3,944	732	101	4,777
Reimbursement		(128,238)	(19,849)	(2,521)	(150,608)	(13,278)	(892)	(1,631)	(15,801)
Cancellation or payment in full		(41,305)	(41,956)	(36,406)	(119,667)	(1,060)	(974)	(2,688)	(4,722)
Reclassification from Stage 1 to Stage 2		(7,916)	7,916	-	-	(214)	214	-	-
Reclassification from Stage 1 to Stage 3		(4,323)	-	4,323	-	(64)	-	64	-
Reclassification from Stage 2 to Stage 3		-	(14,198)	14,198	-	-	(958)	958	-
Reclassification from Stage 3 to Stage 2		-	13,583	(13,583)	-	-	978	(978)	-
Reclassification from Stage 2 to Stage 1		100,322	(100,322)	-	-	5,252	(5,252)	-	-
Reclassification from Stage 3 to Stage 1		44,542	-	(44,542)	-	5,539	-	(5,539)	-
Difference in exchange		-	-	-	-	-	-	-	-
Balance as of December 31, 2022	$	**261,303**	**84,379**	**349,488**	**695,170**	**11,948**	**3,088**	**37,130**	**52,166**

		Commercial Leasing				Consumer Leasing			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2021	**$**	**22,839**	**24,661**	**264,160**	**311,660**	**202**	**274**	**480**	**956**
Period write-offs		(28)	-	(169,936)	(169,964)	-	-	(2,361)	(2,361)
Reversal of accrued interest Stage 3			-	16,791	16,791	-	-	58	58
Expenses		2,899	2,433	125,050	130,382	2	10	2,441	2,453
Expenses for disbursements or originations		7,949	868	4,788	13,605	74	-	165	239
Reimbursement		(22,091)	(8,904)	(23,935)	(54,930)	(204)	(54)	(25)	(283)
Cancellation or payment in full		(1,628)	(1,833)	(6,551)	(10,012)	(48)	(48)	(4)	(100)
Reclassification from Stage 1 to Stage 2		(1,179)	1,179	-	-	(5)	5	-	-
Reclassification from Stage 1 to Stage 3		(449)	-	449	-	-	-	-	-
Reclassification from Stage 2 to Stage 3		-	(3,538)	3,538	-	-	(62)	62	-
Reclassification from Stage 3 to Stage 2		-	5,499	(5,499)	-	-	61	(61)	-
Reclassification from Stage 2 to Stage 1		12,103	(12,103)	-	-	161	(161)	-	-
Reclassification from Stage 3 to Stage 1		6,161	-	(6,161)	-	-	-	-	-
Difference in exchange		-	-	-	-	-	-	-	-
Balance as of December 31, 2022	**$**	**26,576**	**8,262**	**202,694**	**237,532**	**182**	**25**	**755**	**962**

		Total Housing Leasing				Financial Leasing			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2021	**$**	**13,993**	**12,429**	**31,652**	**58,074**	**37,034**	**37,364**	**296,292**	**370,690**
Period write-offs		-	-	(2,398)	(2,398)	(28)	-	(174,695)	(174,723)
Reversal of accrued interest Stage 3		-	-	928	928	-	-	17,777	17,777
Expenses		310	1,363	7,906	9,579	3,211	3,806	135,397	142,414
Expenses for disbursements or originations		3,336	492	709	4,537	11,359	1,360	5,662	18,381
Reimbursement		(19,149)	(938)	(2,355)	(22,442)	(41,444)	(9,896)	(26,315)	(77,655)
Cancellation or payment in full		(988)	(1,050)	(2,860)	(4,898)	(2,664)	(2,931)	(9,415)	(15,010)
Reclassification from Stage 1 to Stage 2		(208)	208	-	-	(1,392)	1,392	-	-
Reclassification from Stage 1 to Stage 3		(117)	-	117	-	(566)	-	566	-
Reclassification from Stage 2 to Stage 3		-	(807)	807	-	-	(4,407)	4,407	-
Reclassification from Stage 3 to Stage 2		-	1,426	(1,426)	-	-	6,986	(6,986)	-
Reclassification from Stage 2 to Stage 1		9,611	(9,611)	-	-	21,875	(21,875)		-
Reclassification from Stage 3 to Stage 1		7,025	-	(7,025)	-	13,186		(13,186)	-
Difference in exchange		-	-	-	-	-	-	-	-
Balance as of December 31, 2022	**$**	**13,813**	**3,512**	**26,055**	**43,380**	**40,571**	**11,799**	**229,504**	**281,874**

		Total			
		Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2021	**$**	**356,547**	**322,429**	**1,288,805**	**1,967,781**
Period write-offs		(124,093)	(163,564)	(738,422)	(1,026,079)
Reversal of accrued interest Stage 3		-	-	148,732	148,732
Expenses		137,782	185,260	992,621	1,315,663
Expenses for disbursements or originations		321,597	59,678	169,985	551,260
Reimbursement		(229,633)	(41,061)	(48,150)	(318,844)
Cancellation or payment in full		(107,884)	(75,720)	(427,419)	(611,023)
Reclassification from Stage 1 to Stage 2		(14,390)	14,390	-	-
Reclassification from Stage 1 to Stage 3		(5,912)	-	5,912	-
Reclassification from Stage 2 to Stage 3		-	(27,305)	27,305	-
Reclassification from Stage 3 to Stage 2		-	31,637	(31,637)	-
Reclassification from Stage 2 to Stage 1		155,756	(155,756)	-	-
Reclassification from Stage 3 to Stage 1		71,446	-	(71,446)	-
Difference in exchange		5,688	-	-	5,688
Balance as of December 31, 2022	**$**	**566.904**	**149,988**	**1,316,286**	**2,033,178**

10.3. Individual and collectively evaluated loan portfolio

The following is a detail of the credit risk impairment constituted as of December 31, 2023 and 2022, taking into account the manner in which they were determined, individually for loans over $2,000 and collectively for other loans.

The impaired portfolio represents loans with associated credit risk, while the past-due portfolio considers only days past due or default by the client (without identifying whether there is associated credit risk or not). Allowances for loan portfolio are determined based on the impaired loan portfolio.

December 31, 2023

		Commercial	Consumer	Housing	Commercial Leasing	Consumer Leasing	Housing Leasing	Financial Leasing	Repos and Interbank	Total
Provision for impairment										
Credits assessed individually	$	544,726	84	529	125,649	-	219	125,868	-	671,207
Collectively assessed loans		511,149	1,032,295	46,343	130,212	901	24,795	155,908	18	1,745,713
Total provision for impairment	$	**1,055,875**	**1,032,379**	**46,872**	**255,861**	**901**	**25,014**	**281,776**	**18**	**2,416,920**

December 31, 2022

		Commercial	Consumer	Housing	Commercial Leasing	Consumer Leasing	Housing Leasing	Financial Leasing	Repos and Interbank	Total
Provision for impairment										
Credits assessed individually	$	479,932	361	256	134,726	-	-	134,726	-	615,275
Collectively assessed loans		522,601	694,809	51,910	102,806	962	43,381	147,149	1,434	1,417,903
Total provision for impairment	$	**1,002,533**	**695,170**	**52,166**	**237,532**	**962**	**43,381**	**281,875**	**1,434**	**2,033,178**

(1) Include the total of appraised assets over $2,000,regardless of whether they were considered impaired or not impaired as a result of the appraisal.

10.4. Individually assessed loan portfolio

The following is a detail of loans individually assessed for impairment as of December 31, 2023 and 2022:

December 31, 2023

		Gross book value	Collateral guarantees	Provision constituted
No impairment recorded				
Commercial Leasing	$	421	-	-
Subtotal		**421**	**-**	**-**
With recorded impairment				
Commercial		1,394,777	246,694	544,726
Consumer		361	-	84
Housing		2,167	1,970	529
Commercial Leasing		518,751	108,737	125,649
Housing Leasing		219	-	219
Subtotal		**1,916,275**	**357,401**	**671,207**
Totals				
Commercial		1,394,777	246,694	544,726
Consumer		361	-	84
Housing		2,167	1,970	529
Commercial Leasing		519,172	108,737	125,649
Housing Leasing		219	-	219
Total	$	**1,916,696**	**357,401**	**671,207**

December 31, 2022

		Gross book value	Collateral guarantees	Provision constituted
No impairment recorded				
Commercial Leasing	$	5,302	-	-
Subtotal		**5,302**	-	-
With recorded impairment				
Commercial		1,175,945	174,709	479,932
Consumer		3,020	-	361
Housing		3,996	-	256
Commercial Leasing		525,421	124,710	134,726
Housing Leasing		**1,708,382**	**299,419**	**615,275**
Subtotal		**Totals**		
Totals				
Commercial		1,175,945	174,709	479,932
Consumer		3,020	-	361
Housing		3,996	-	256
Commercial Leasing		530,723	124,710	134,726
Total	**$**	**1,713,684**	**299,419**	**615,275**

10.5. Loan portfolio maturity period

The distribution of the Group's loan portfolio by maturity period is shown below:

		December 31, 2023				
		Up to 1 year	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years**	**Total**
Commercial	$	18,203,831	6,471,700	2,043,366	1,293,605	28,012,502
Consumer		3,575,025	4,708,795	2,770,974	1,398,194	12,452,988
Housing		162,999	218,382	208,140	927,112	1,516,633
Commercial Leasing		2,045,587	2,272,349	1,108,548	972,428	6,398,912
Consumer Leasing		3,980	3,838	1,001	212	9,031
Housing Leasing		112,308	157,955	144,339	678,918	1,093,520
Repos and interbank		15,449	-	-	-	15,449
Total portfolio	**$**	**24,119,179**	**13,833,019**	**6,276,368**	**5,270,469**	**49,499,035**

		December 31, 2022				
		Up to 1 year	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years**	**Total**
Commercial	$	15,649,472	5,992,359	2,189,908	1,287,840	25,119,579
Consumer		3,008,656	4,280,541	2,596,962	1,247,083	11,133,242
Housing		115,005	169,098	161,651	719,959	1,165,713
Commercial Leasing		1,827,316	2,109,468	1,025,939	868,254	5,830,977
Consumer Leasing		4,308	3,869	1,124	98	9,399
Housing Leasing		127,357	190,466	176,966	827,522	1,322,311
Repos and interbank		1,120,454	-	-	-	1,120,454
Total loan portfolio	**$**	**21,852,568**	**12,745,801**	**6,152,550**	**4,950,756**	**45,701,675**

10.6. Loan portfolio by type of currency

The classification of the loan portfolio by type of currency is presented below:

		December 31, 2023		
		Colombian pesos	Foreing [(1)] currency	Total
Commercial	$	22,580,253	5,432,249	**28,012,502**
Consumer		12,401,961	51,027	**12,452,988**
Housing		1,516,633	-	**1,516,633**
Commercial Leasing		6,398,912	-	**6,398,912**
Consumer Leasing		9,031	-	**9,031**
Housing Leasing		1,093,520	-	**1,093,520**
Repos and interbank		13,349	2,100	**15,449**
Total loan portfolio	$	**44,013,659**	**5,485,376**	**49,499,035**

[(1)] The main foreign currency is the US dollar (USD)

		December 31, 2022		
		Colombian pesos	Foreing [(1)] currency	Total
Commercial	$	19,750,511	5,369,068	**25,119,579**
Consumer		11,075,611	57,631	**11,133,242**
Housing		1,165,713	-	**1,165,713**
Commercial Leasing		5,830,977	-	**5,830,977**
Consumer Leasing		9,399	-	**9,399**
Housing Leasing		1,322,311	-	**1,322,311**
Repos and interbank		848,000	272,454	**1,120,454**
Total loan portfolio	$	**40,002,522**	**5,699,153**	**45,701,675**

(1) The main foreign currency is the US dollar (USD)

10.7. Lease receivables

The following is the reconciliation between the gross investment in capital leases, and the present value of the minimum lease payments receivable as of December 31, 2023 and 2022:

		December 31, 2023	December 31, 2022
Total gross lease payments to be received in the future	$	17,981,028	11,846,285
Plus Estimated residual value of leased assets (unsecured)		696	696
Gross investment in leasing contracts		**17,981,724**	**11,846,981**
Minus unrealized financial income		(10,480,261)	(4,684,294)
Net investment in capital leases		**7,501,463**	**7,162,687**
Impairment of net investment in finance leases	**$**	**281,776**	**281,875**

The following is a detail of the gross investment and net investment in capital leases to be received as of December 31, 2023 and 2022 in each of the following years:

		December 31, 2023		December 31, 2022	
		Gross investment	Net Investment	Gross investment	Net Investment
Up to 1 year	$	12,901,404	6,159,307	3,745,685	1,609,384
Between 1 and 5 years		2,728,241	277,752	5,019,048	2,995,241
More than 5 years		2,352,079	1,064,404	3,082,248	2,558,062
Total	**$**	**17,981,724**	**7,501,463**	**11,846,981**	**7,162,687**

In financial leasing transactions, the Parent Company, as lessor, delivers assets to the lessee for use for an established term, in exchange for a fee, and the lessee, upon termination, has the right to acquire the assets through a purchase option agreed from the beginning, which generally corresponds to a price substantially lower than the commercial value at the time it is exercised. In most contracts, the fee is calculated based on the DTF or IBR plus a few nominal points. Insurance, maintenance, and any charges on the asset are the responsibility of the lessee. On the other hand, there are lease transactions without purchase option that have guaranteed residuals from the beginning or, if not guaranteed, the residuals correspond to a low percentage of the value of the asset. In most of the above contracts, the rent is calculated based on the DTF or IBR, plus or minus a few nominal points, and the lessee is responsible for VAT, insurance and maintenance of the asset.

Note 11. - Other accounts receivable, net

The following is the detail of other current accounts receivable as of December 31, 2023 and 2022

Detail		December 31, 2023	December 31, 2022
Other	$	199,932	138,868
Donations		88,151	84,036
ICETEX abandoned accounts		80,022	79,303
Advance payment of supplier contract		74,539	50,129
Accounts receivable on sale of goods and services		48,230	30,971
Taxes		27,851	18,545
Commissions		13,884	10,799
Prepaid expenses		13,788	9,460
Deposits		13,361	4,810
Credit Card Offsets and Network Offsets		12,571	2,886
Transfers to the National Treasury Directorate		4,052	3,790
Balances in favor in compliance with forward contracts		3,811	1,739
Rentals of assets given under operating leases		1,469	939
Contributions		1,349	271
Claims to insurance companies		1,266	222
Advance payment of industry and commerce tax		965	1,051
Leases		879	210
Shortfalls in exchange		146	61
Deficiency in savings accounts		55	-
Dividends		39	16,578
Interests		33	186
To parent company, subsidiaries, related companies and associates		28	79
Shortages in cash		28	38
Fees, Services and Advances		4	300
Wire transfers in process		1	323
Currency Contraction Deposits	**$**	-	515
Subtotal		**586,454**	**456,109**
Provision for other accounts receivable		(39,169)	(19,447)
Total	**$**	**547,285**	**436,662**

(*) The balance in accounts receivable from Forward settlements, is due to the conditions of the rate, and in this case, it is in favor of the Bank; this increases the accounts receivable in settlements, and also impacts the amount of operations that have compliance for that month.

Accounts receivable from contracts with customers for compliance with IFRS 15

The following is a detail of the items comprising the balance of accounts receivable commissions arising from contracts with customers:

Goods and Services		**December 31, 2023**	**December 31, 2022**
Fees for banking services	$	151	29
Fiduciary Activities		7,703	5,334
Other Commissions		6,030	5,436
Total	**$**	**13,884**	**10,799**

The following is the movement in impairment for years ended December 31, 2023 and 2022:

		December 31, 2023	**December 31, 2022**
Balance as of December 31, 2022	**$**	**19,447**	**19,093**
Provision charged to profit or loss		21,311	6,488
Recoveries of other accounts receivable		(1,588)	(247)
Reclassification of Manifestly Bad Debts		3,729	-
Write-offs		(3,666)	(5,883)
Adjustment for foreign exchange differences		(64)	(4)
Balance as of December 31, 2023	**$**	**39,169**	**19,447**

Note 12. - Profit from non-current assets held for sale

The following is a detail of the net income generated on the sale of assets, classified as held for sale during the periods ended December 31, 2023 and 2022:

		December 31, 2023			**December 31, 2022**		
		Carrying value	**Amount of the sale**	**Profit**	**Carrying value**	**Amount of the sale**	**Profit**
Real estate (1)	$	80,144	103,637	23,493	13,058	18,299	5,241
Movable assets		1,690	2,151	461	1,969	2,988	1,019
	$	**81,834**	**105,788**	**23,954**	**15,027**	**21,287**	**6,260**

(1) The profit recorded in non-current assets held for sale note of $23,954, corresponds to $191 for the sale of two repositioned real estate assets; $462 corresponding to the sale of 38 repositioned movable assets that entered and were sold in the same period, and $23,301 corresponding to the sale of 1 asset and the mobilization of 21 own assets that were reclassified to held for sale.

Changes in assets held for sale are presented below.

		December 31, 2023
Balance as of December 31, 2022	**$**	**-**
Increases by addition during the year		2,890
Cost of ANCMVs sold, net		18,183
Sale and leaseback		(100,017)
Reclassifications from/to own use		81,967
Balance as of December 31, 2023 $	$	**3,023**

		December 31, 2022
Balance as of December 31, 2021	**$**	**5,378**
Increases by addition during the year		4,378
Cost of ANCMVs sold, net		152
Sale and leaseback		(15,179)
Reclassifications from/to own use		5,271
Balance as of December 31, 2022	$	-

Note 13. - Investments in associates, joint ventures and joint operations

13.1. Investments in associates and joint ventures

Below is a detail of investments in associates and joint ventures:

		December 31, 2023	December 31, 2022
Associated	$	1,799,081	1,645,976
Joint ventures		1,721	1,584
Total	**$**	**1,800,802**	**1,647,560**

The percentages of ownership interest in each of the associates and joint ventures are presented below:

	December 31, 2023			December 31, 2022		
	% of participation		Carrying value	% of participation		Carrying value
Associated						
A Toda Hora	20.00%		2,779	20.00%		2,577
Corficolombiana	4.18%		779,450	4.18%		760,263
Aval Soluciones Digitales	26.60%		3,731	26.60%		3,859
Porvenir (*)	33.09%		1,013,121	33.09%		879,276
		$	**1,799,081**		**$**	**1,645,975**
Joint ventures						
A Toda Hora S.A	25.00%	$	1,718	25,00%	$	1,580
Aval Soluciones Digitales S.A. - Joint Ventures	26.34%		3	0.00%		3
		$	**1,721**		**$**	**1,583**

(*) The carrying value of the investment in *Porvenir S.A.*, includes capital gains for the acquisition of the company *Administradora de Fondos de Pensiones y Cesantías Porvenir S.A.* in December 2013 for $ 64,724

Changes in investments in associates and joint ventures for the years ended December 31, 2023 and 2022 are presented below:

Associated companies		December 31, 2023	December 31, 2022
Balance at beginning of year	$	**1,645,976**	**1,663,510**
Dividends Declared		(87,251)	(99,554)
Equity method with effect in ORI		21,611	(39,917)
Equity method with effect in income		218,745	121,937
Balance at the end of the year	**$**	**1,799,081**	**1,645,976**

Joint ventures		December 31, 2023	December 31, 2022
Balance at beginning of year	**$**	**1,584**	**1,480**
Equity method with effect in income		137	104
Balance at the end of the year	**$**	**1,721**	**1,583**

The corporate purpose of *A Toda Hora S.A.*, is to provide the services referred to in Article 5 of Law 45 of 1990 and other complementary regulations, specifically the programming of computers, the commercialization of programs, the representation of national or foreign companies that produce or commercialize programs, the organization and administration of networks of automatic teller machines for the execution of transactions or operations; data processing and management of information in its own or third party equipment for the elaboration of accounting, the creation and organization of files and the execution of calculations, statistics and information in general; as well as the communication and electronic transfer of data.

The corporate purpose of *Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A.*, is the administration of the Pension and Severance Funds authorized by law, as well as the administration of the Autonomous Trusts constituted by the territorial entities, their decentralized entities and private companies, in accordance with Article 16 of Decree 941 of 2002, with the purpose of providing resources for the payment of their pension obligations; such as pensions, pension bonds, parts of pension bonds and parts of pension quotas, under the terms of article 23 of Decree 1299 of 1994, regulated by Decrees 810 of 1998 and 941 of 2002; which constitute Autonomous Trusts independent of the Company's assets.

The exclusive purpose of *Aval Soluciones Digitales S.A.*, will be to provide authorized services to companies specialized in electronic deposits and payments in the development of its corporate purpose.

Corporación Financiera Colombiana S.A. Corficolombiana, is a credit institution whose main function is to collect term funds through deposits or term debt instruments, in order to carry out active credit operations and make investments, with the primary purpose of fostering or promoting the creation, reorganization, merger, transformation and expansion of companies in the sectors established by the rules that regulate its activity, organized in accordance with the rules established by the Organic Statute of the Financial System (Decree 663 of 1993) and other rules that modify, repeal or replace them. The Corporation may change its registered office at the will of the General Meeting of Shareholders, and may establish branches or agencies within the national territory or abroad at the will of the Board of Directors.

The condensed financial information of investments in associates accounted for under the equity method is as follows:

	December 31, 2023					
	Assets	**Liabilities**	**Equity**	**Revenues**	**Expenses**	**Profit or loss**
A Toda Hora	15,169	1,276	13,893	16,879	15,870	1,009
Corficolombiana	26,732,793	14,848,630	11,884,163	9,688,435	8,879,454	808,982
Aval Soluciones Digitales	38,874	24,847	14,027	7,063	7,545	(482)
Porvenir	3,540,313	674,432	2,865,881	2,677,008	2,118,350	558,658
$	**30,327,149**	**15,549,185**	**14,777,964**	**12,389,385**	**11,021,219**	**1,368,167**

	December 31, 2022					
	Assets	**Liabilities**	**Equity**	**Revenues**	**Expenses**	**Profit or loss**
A Toda Hora	14,616	1,731	12,885	15,838	15,225	613
Corficolombiana	24,180,664	12,755,765	11,424,899	2,820,617	1,037,752	1,782,865
Aval Soluciones Digitales	40,511	26,002	14,509	941	3,066	(2,125)
Porvenir	3,493,763	1,032,337	2,461,426	3,058,424	2,904,457	153,967
$	**27,729,554**	**13,815,835**	**13,913,719**	**5,895,820**	**3,960,500**	**1,935,320**

The following is the detail of dividends received from associates during the years ended December 31, 2023 and 2022:

Porvenir S.A.		**December 31, 2023**	**December 31, 2022**
Cash	$	66,354	99,315

Corficol S.A.		**December 31, 2023**	**December 31, 2022**
Cash	$	20,897	-
Shares		-	31,722

The condensed financial information of investments in joint ventures accounted for under the equity method is presented below:

		December 31, 2023					
		Assets	Liabilities	Equity	Revenues	Expenses	Results
A Toda Hora - Joint Ventures	$	80,435	73,564	6,871	397,891	397,345	546
Aval Soluciones Digitales S.A. - Joint Ventures - Dale! (*)		123,480	123,470	10	80,111	80,111	--
		December 31, 2022					
		Assets	Liabilities	Equity	Revenues	Expenses	Results
A Toda Hora		78,721	72,396	6,325	350,131	349,718	414
Aval Soluciones Digitales S.A. - Joint Ventures - Dale! (*)		88,331	88,321	10	40,801	40,801	-

During the years ended December 31, 2023 and 2022, no dividends were received from joint ventures.

For the development of its operations, ATH has entered into a joint account agreement with other financial entities of Grupo Aval, in order to develop all commercial operations related to the centralized management of electronic data, and funds transfer operations through ATMs, Internet or any other electronic means.

ATH participates in its capacity as manager of said contract to develop in its sole name and under its personal credit the purpose of the contract.

(1) Dale! - Aval Soluciones Digitales, is a company specialized in Electronic Deposits and Payments - SEDPE, which through a technological platform allows banked and unbanked individuals and businesses to open a deposit, with which they can perform financial transactions from a single 100% digital solution.

13.2 Jointly controlled operations

A joint operation is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the assets, and obligations with respect to the liabilities, relating to the arrangement. These parts are called joint operators.

These joint operations are recognized in each line item of the Entity's financial statement in the proportional part of its share of the assets, liabilities, revenues and expenses of each joint operation in effect during the period.

The following is a summary of the participation in joint operations in which the subsidiary Fiduciaria de Occidente has an interest as of December 31, 2023 and 2022:

			December 31, 2023		December 31, 2022	
	Participation %		Assets	Liabilities	Assets	Liabilities
Emcali	25	$	106	73	112	88
Fosyga in Liquidation	6.55		28	1,202	47	1,272
Pensions Cundinamarca 2012	55		6	30	27	27
Calimio Concessionaire	56		11	4	8.9	2.8
Sop 2012 Consortium	33.33		1,242	(12)	612	21
Adaptation Fund	50		326	16	304	18.3
Vinus Consortium	33		165	145	201	117
Total		**$**	**1,884**	**1,458**	**1,312**	**1,546**

			December 31, 2023			December 31, 2022		
	Participation %		Revenues	Expenses	Profit (Loss)	Revenues	Expenses	Profit (Losses)
Emcali	25	$	488	342	146	416	320	97
Fosyga in Liquidation	6.55		179	128	51	1	147	(146)
Pensions Cundinamarca 2012	55		-	24	(24)	-	-	-
Calimio Concessionaire	56		57	17	40	47	14	33
Sop 2012 Consortium	33.33		3,030	458	2,572	597	648	(52)
Adaptation Fund	50		516	252	264	486	243	243
Vinus Consortium	33		160	60	100	144	60	84
Total		$	4,430	1,281	3,149	1,691	1,432	259

The interests of the joint ventures in the assets of the company, comprise the following as of December 31, 2023 and 2022:

Asset participation		**December 31, 2023**	**December 31, 2022**
Cash and cash equivalents	$	329	334
Deposits and investments in debt securities		11	8
Accounts receivable		1,512	918
Property and equipment for own use		33	43
Other activities in joint operations		-	10
Total assets	**$**	**1,885**	**1,312**

Participations of the joint liability operations of the subsidiary Fiduciaria de Occidente S.A., comprise the following as of December 31, 2023 and 2022:

Share of liabilities		**December 31, 2023**	**December 31, 2022**
Accounts payable	$	187	243
Other liabilities		-	-
Other liabilities contributions		133	84
Other provisions		1,102	1,173
Liabilities at amortized cost		37	47
Total liabilities	**$**	**1,459**	**1,546**

The economic activity of joint ventures (consortiums) is listed below:

Name	ACTIVITY
Emcali	By means of contract 160GF-CF-001-2005, the Autonomous Trust is constituted, which will have the following purposes, among others: (i) collect all of Emcali's revenues through the mechanisms and procedures defined in the Operating Manual; (ii) administer the Trust Revenues in the manner established in this contract; (iii) pay, upon EMCALI's instructions, and in accordance with the provisions of this contract, all operating and administrative expenses of the business through the trust, observing the provisions of Annex No. 4 of the contract. The main domicile where the consortium develops its operations, is at Carrera 5 No. 12-42 in the city of Cali.
Fosyga (in liquidation)	The purpose of this contract is the collection, administration and payment by the consortium of the resources of the Solidarity and Guarantee Fund of the General Social Security Health System, under the terms established in Law 100 of 1993. The main domicile where the consortium carries out its operations, is at Calle 31 No. 6-39, 19th floor, in the city of Bogotá.
Pensiones Cundinamarca (in liquidation)	Administration of the funds of the Public Pension Fund of Cundinamarca, destined to cover the Department's pension liabilities. The main domicile where the consortium carries out its operations, is at Carrera 13 No. 26A-47, 9th floor, in the city of Bogotá.
SOP 2012 Consortium	Administration of the funds that make up the autonomous assets that make up the National Pension Fund of the Territorial Entities (FONPET), and the related and complementary activities involved in such administration. The main domicile where the consortium carries out its operations, is at Carrera 13 No. 26A-47, 9th floor, in the city of Bogotá.
Adaptation Fund	THE TRUST undertakes with THE FUND to constitute an autonomous trust with the investment funds of the Adaptation Fund for the collection, administration, investment and payments inside and outside Colombia, pursuant to the provisions of Article 5 of Decree 4819 of 2010, regulated by Decree 2906 of 2011. The contract shall be performed in accordance with the terms, conditions and requirements set forth in the contractual terms and conditions and its technical annex, as well as the offer submitted by THE TRUSTEE on April 27, 2012 for the original execution of the contract, and the offer submitted by the Trust on December 30, 2013 for the execution of Addendum No. 1, documents that are an integral part of this contract. Additionally, the Trust as spokesperson of the autonomous trust, may enter into credit operations with the National Treasury and/or financial entities supervised by the Financial Superintendence, under the terms of Article 84 of Law 1687 of 2013. PARAGRAPH: The Trust undertakes to carry out the contractual purpose with complete autonomy and independence, at its own risk and under its sole responsibility, for which reason, this contract does not generate any labor relationship between the Trustee and the Fund. The main domicile where the consortium carries out its operations, is at Carrera 13 No. 26A-47, 9th floor, in the city of Bogotá.
Calimio Concessionaire	Collection and Administration of the resources destined to the development of the projects, and those derived from it, including capital contributions made by the trustor, the proceeds from the use of the Syndicated loan, and the payments corresponding to the Economic Participation received from the MIO System.

Name	ACTIVITY
	The main domicile where the consortium carries out its operations, is at Carrera 13 No. 26A-47, 9th floor, in the city of Bogotá.
Vinus FBO Consortium	CONCESION VÍAS DEL NUS S.A.S., requested the assignment of the contractual position of trustee of the PROJECT'S TRUST AGREEMENT to FIDUCIARIA BANCOLOMBIA S.A., so that once the assignment of the contractual position is formalized, it will be administered by FIDUCIARIA DE OCCIDENTE S.A. and FIDUCIARIA BOGOTÁ S.A., having to constitute for such purpose a consortium that allows them to manage the trust business. The purpose of the Consortium Agreement is: (i) The constitution of the CONSORTIUM; (ii) To establish the terms and conditions under which the joint will of these will be regulated to implement and start up the administrative, organizational and technological structure required for the fiduciary administration of the Autonomous Trust for the development of the Project, under the terms of the PROJECT'S TRUST AGREEMENT. The participation corresponds to Fiduciaria de Occidente S.A. 33% and Fiduciaria Bogotá S.A. 67%. The main domicile where the consortium carries out its operations is at Calle 67 No. 7 - 37 Piso 3 in the city of Bogotá.

As of December 31, 2023 and 2022, the joint agreements managed by Fiduciaria de Occidente S.A., such as Calimio, Pensiones Cundinamarca (in liquidation), Fondo de Adaptación and Sop 2012, Emcali and Consorcio Vinus FBO, in their financial statements do not present contingent liabilities or assets that could jeopardize their normal operating performance; however, for Consorcio Fosyga (in liquidation) a provision is recorded for possible contingencies for MPS fines and risk of lawsuits.

Legal and Financial Situation of the joint operation (consortium) FOSYGA 2005 "In Liquidation"

In relation to the legal contingencies related to the FIDUFOSYGA 2005 Consortium, in liquidation, in which Fiduoccidente S.A. has a 6.55% shareholding, there are contingencies in third party proceedings against the State in which the Consortium has been included as allegedly liable without contingencies derived from fiscal responsibility proceedings. Provisions in this Consortium, as of December 31, 2023, decreased by COP 2,954.7 million, of which were recognized as a recovery in expense; to date the value amounts to the sum of COP 16,829 million.

Note 14. - Tangible assets, net

The following is the movement in the carrying amount of tangible asset accounts (property and equipment for own use, operating leases and investment properties) for the years ended December 31, 2023 and 2022:

		For own use	Leased under operating leases	Investment properties	Right-of-use assets	Total
Cost or fair value:						
Balance as of December 31, 2022	**$**	**502,303**	**75,363**	**216,897**	**385,432**	**1,179,995**
Increase or decrease due to change in lease variables					30,845	30,845
Purchases		24,127	23,905	51,841	63,576	163,449
Addition for decommissioning costs		-	-	-	46	46
Withdrawals from sales (net)		(12,234)	-	(74,167)	(2,124)	(88,525)
Impairment charges (net)		(13,373)	-	-	(20,704)	(34,077)
Transfers from / to ANCMV		(113,151)	-	-	-	(113,151)
Transfers from / to Investment Properties		(128)	-	36	-	(92)
Adjustment for exchange differences		(1,809)	-	-	(495)	(2,304)
Other reclassifications		-	(2,290)	-	-	(2,290)
Change in fair value		-	-	19,328	-	19,328
Revaluation of investment properties		-	-	145	-	145
Balance as of December 31, 2023	$	385,735	96,978	214,080	456,576	1,153,369
Balance as of December 31, 2021	**$**	577,433	47,657	171,419	358,510	1,155,019
Increase or decrease due to change in lease variables					26,399	26,399
Purchases		32,180	33,993	57,518	45,545	169,236
Addition for decommissioning costs		-	-	-	44	44
Withdrawals from sales (net)		(77,755)	-	(55,064)	(1,519)	(134,338)
Impairment charges (net)		(6,647)	-	-	(43,959)	(50,606)
Transfers from / to ANCMV		(8,531)	-	-	-	(8,531)
Transfers from / to Investment Properties		(12,546)	-	11,492	-	(1,054)
Adjustment for exchange differences		(1,831)	-	-	412	(1,419)
Other reclassifications		-	(6,287)	-	-	(6,287)
Change in fair value		-	-	30,735	-	30,735
Revaluation of investment properties		-	-	797	-	797
Balance as of December 31, 2022	**$**	**502,303**	**75,363**	**216,897**	**385,432**	**1,179,995**
Accumulated Depreciation:						
Balance as of December 31, 2022	**$**	**(303,766)**	**(17,755)**	**-**	**(144,935)**	**(466,456)**
Depreciation for the year charged to expense		(30,596)	(16,243)	-	(64,243)	(111,082)
Withdrawals from sales (net)		11,527	-	-	2,125	13,652
Impairment charges (net)		12,714	-	-	17,510	30,224
Transfers from / to ANCMV		31,184	-	-	-	31,184
Transfers from / to Investment Properties		92	-	-	-	92
Adjustment for exchange differences		1,085	-	-	210	1,295
Other reclassifications		-	2,290	-	-	2,290
Balance as of December 31, 2023	**$**	**(277,760)**	**(31,708)**	**-**	**(189,333)**	**(498,801)**
Balance as of December 31, 2021	**$**	**(327,844)**	**(9,979)**		**(116,880)**	**(454,703)**
Depreciation for the year charged to expense		(33,605)	(13,986)	-	(59,377)	(106,968)
Withdrawals from sales (net)		45,331	-	-	1,519	46,850
Impairment charges (net)		5,472	-	-	29,902	35,374
Transfers from / to ANCMV		3,260	-	-	-	3,260
Transfers from / to Investment Properties		1,055	-	-	-	1,055
Adjustment for exchange differences		2,565	-	-	(99)	2,466
Other reclassifications		-	6,210	-	-	6,210
Balance as of December 31, 2022	**$**	**(303,766)**	**(17,755)**	**-**	**(144,935)**	**(466,456)**
Impairment losses:						
Balance as of December 31, 2022	**$**	(227)	(374)	-	-	(601)
Impairment charge for the year		(77)	(35)	-	-	(112)
Impairment recovery		197	-	-	-	197
Balance as of December 31, 2023	**$**	**(107)**	**(409)**	**-**	**-**	**(516)**
Balance as of December 31, 2021	**$**	(294)	(157)	-	-	(451)
Impairment charge for the year		(1,400)	(217)	-	-	(1,617)
Impairment recovery		265	-	-	-	265
Withdrawals from sales (net)		1,202	-	-	-	1,202
Balance as of December 31, 2022	**$**	**(227)**	**(374)**	**-**	**-**	**(601)**
Tangible assets, net:						
Balance as of December 31, 2022	**$**	**198,310**	**57,234**	**216,897**	**240,497**	**712,938**
Balance as of December 31, 2023	**$**	**107,868**	**64,861**	**214,080**	**267,243**	**654,052**

The real estate assets were transferred to the Private Equity Fund of Nexus Inmobiliario Compartimento Inmuebles Occicliente, managed by "Nexus Capital Partners S.A.S", and managed by "Fiduciaria de Occidente", as consideration for the sale; the Parent Company and its subsidiaries received participation units from the Capital Fund, amounting at the closing of December 31, 2023 to $ 709,520, at 2022 in $ 538,105, at 2021 in $440,694 and in 2020 at 314,593, which are recorded in account 1302050001 - National Issuers with restriction.

From the beginning of the project in 2020 until December 31, 2023, 71 real estate assets were transferred by the parent company and 5 assets by the Trust, in accordance with the sale plan defined by management.

a) Property and equipment for own use

The following is the detail of the balance as of December 31, 2023 and 2022, by type of property and equipment for own use:

For own use		Cost	Accumulated depreciation	Impairment loss	Carrying amount
Land	$	8,954	-	-	8,954
Buildings		17,382	(6,635)	-	10,747
Office equipment, fixtures and accessories		110,923	(81,656)	(49)	29,218
Computer equipment		206,613	(160,493)	(58)	46,062
Vehicles		800	(575)	-	225
Mobilization equipment and machinery		49	(47)	-	2
Improvements to other people's property		36,498	(28,353)	-	8,145
Construction in progress		4,515	-	-	4,515
Balance as of December 31, 2023	**$**	**385,734**	**(277,759)**	**(107)**	**107,868**

For own use		Cost	Accumulated depreciation	Impairment loss	Carrying amount
Land	$	26,720	-	-	26,720
Buildings		112,763	(36,251)	-	76,512
Office equipment, fixtures and fittings		118,793	(86,699)	(29)	32,065
Computer equipment		202,750	(153,029)	(198)	49,523
Vehicles		1,146	(785)	-	361
Mobilization equipment and machinery		49	(43)	-	6
Improvements to other people's property		35,410	(26,959)	-	8,451
Construction in progress		4,672	-	-	4,672
Balance as of December 31, 2022	**$**	**502,303**	**(303,766)**	**(227)**	**198,310**

There are no mortgages or pledges on the property and equipment of the Parent Company and its subsidiaries Fiduciaria de Occidente S.A., Ventas y Servicios S.A., NEXA BPO, Banco de Occidente Panamá S.A. and Occidental Bank Barbados Ltd.

The Parent Company and its subsidiaries Fiduciaria de Occidente S.A., Ventas y Servicios S.A., NEXA BPO, Banco de Occidente Panamá S.A. and Occidental. - All property and equipment of the Parent Company and its subsidiaries Fiduciaria de Occidente S.A., Ventas y Servicios S.A., NEXA BPO, Banco de Occidente Panamá S.A. and Occidental Bank Barbados Ltd. - NEXA BPO, Banco de Occidente Panamá S.A. and Occidental Bank Barbados Ltd., as well as the assets under operating leases, are duly covered against fire, weak current and other risks with insurance policies in force. The Parent Company and its subsidiaries Fiduciaria de Occidente S.A., Ventas y Servicios S.A., NEXA BPO, Banco de Occidente Panamá S.A. and Occidental Bank Barbados Ltd., have insurance policies for the protection of their property and equipment for $995,574 and $947,637 as of December 31, 2023 and 2022, respectively, covering risks of theft, fire, lightning, explosion, earthquake, strikes, riots and others.

Occidental Bank Barbados Ltd. establishes impairment on property and equipment, when their carrying amount exceeds their recoverable amount. The Parent Company and its subsidiaries Fiduciaria de Occidente S.A., Ventas y Servicios S.A., NEXA BPO, Banco de Occidente Panamá S.A. and Occidental Bank Barbados Ltd. evaluate at the end of each reporting period whether there is any indication of impairment of the value of any asset, and if such indication exists, the recoverable amount of the asset is estimated.

The following factors are considered in assessing whether there is any indication that an asset may be impaired:

External sources of information:

a. There are observable indications that the value of the asset has decreased during the period, significantly more than would be expected as a result of the passage of time or normal use.

b. During the period, significant changes have taken place, or will take place in the immediate future, with an adverse effect on the entity, relating to the legal, economic, technological or market environment in which it operates, or in the market for which the asset is intended.

c. During the period, market interest rates, or other market rates of return on investments, have increased and are likely to affect the discount rate used to calculate the asset's value in use, thereby significantly decreasing its recoverable amount.

d. The carrying amount of the entity's net assets is greater than its market capitalization.

Internal sources of information:

a. Evidence of obsolescence or physical deterioration of an asset is available.

b. Significant changes in the scope or manner in which the asset is used or expected to be used that will adversely affect the entity, have occurred or are expected to occur in the foreseeable future.

c. Evidence is available from internal reports indicating that the economic performance of the asset is, or will be, worse than expected.

b) Property and equipment leased under operating leases

The following is the detail of the balance as of December 31, 2023 and 2022, by type of property and equipment leased under operating leases:

December 31, 2023		**Cost**	**Accumulated depreciation**	**Impairment loss**	**Carrying amount**
Computer equipment	$	45,873	(19,959)	(409)	25,505
Vehicles		22,905	(6,360)	-	16,545
Mobilization equipment and machinery		28,198	(5,387)	-	22,811
Total	**$**	**96,976**	**(31,706)**	**(409)**	**64,861**

December 31, 2022		**Cost**	**Accumulated depreciation**	**Impairment loss**	**Carrying amount**
Computer equipment	$	47,094	(11,807)	-	35,288
Vehicles		22,772	(3,580)	-	19,192
Mobilization equipment and machinery		5,496	(2,366)	(375)	2,755
Total	**$**	**75,362**	**(17,753)**	**(375)**	**57,234**

The following is a summary of the minimum lease payments to be received by the Parent Company in the next installments on assets delivered under operating leases as of December 31, 2023 and 2022:

		December 31, 2023	December 31, 2022
Not older than one year	$	24,904	18,734
Older than one year and less than five years		39,849	35,976
Total	**$**	**64,753**	**54,710**

During the years ended December 31, 2023 and 2022, no income was recorded in profit or loss for the period for contingent rents received on assets delivered under operating leases.

In operating leases, the Parent Company, as lessor, delivers goods to the lessee for use for an established term in exchange for a fee. At the end of the lease term, the lessee may purchase the asset at its market value, extend the lease or return the asset. In most contracts, the fee is calculated based on the DTF or IBR, with the addition or subtraction of nominal points, and fixed fees are established for extensions. VAT, insurance, maintenance and any charges on the asset are borne by the lessee. Returned assets are repositioned or marketed by the Parent Company.

c) Investment properties

The following is a detail of the balance as of December 31, 2023 and 2022, by type of investment property for the Group:

Investment properties		**Cost**	**Fair value adjustments**	**Carrying amount**
Land	$	69,006	9,823	78,829
Buildings		102,636	32,615	135,251
Balance as of December 31, 2023	**$**	**171,642**	**42,438**	**214,080**

Investment properties		**Cost**	**Fair value adjustments**	**Carrying amount**
Land	$	79,229	32,509	111,738
Buildings		90,002	15,156	105,158
Balance as of December 31, 2022	**$**	**169,231**	**47,665**	**216,896**

The following amounts have been recognized in the statement of income from investment property management during the years ended December 31, 2023 and 2022:

		December 31, 2023	December 31, 2022
Rental income	$	2,577	1,131
Direct operating expenses arising from investment properties that generate rental income		(422)	(362)
Direct operating expenses arising from investment properties that do not generate rental income		(6,566)	(3,919)
Net		**(4,411)**	**(3,150)**

The investment properties of the Parent Company and subsidiaries are valued annually at fair value based on market values determined by qualified independent appraisers who have sufficient experience in the valuation of similar properties. The significant methods and assumptions used in determining fair value in accordance with IFRS 13 were as follows:

- **Comparative market method**

  It is the devaluation technique that seeks to establish the commercial value of the property, based on the study of recent offers or transactions of similar and comparable properties to the one under appraisal. Such offers or transactions must be classified, analyzed and interpreted to arrive at an estimate of commercial value.

- **Sales comparison approach**

  The sales comparison approach, allows determining the value of the property being appraised by comparison with other similar properties that are being or have recently been traded in the real estate market.

This comparative approach considers sales of similar or substitute goods, as well as data obtained from the market, and establishes a value estimate using processes that include comparison. In general, a property whose value (the property being appraised) is compared with sales of similar properties that have been traded on the open market. Advertisements and offers may also be considered.

To date, the Parent Company has no restrictions on the collection of rental income, or on the realization of assets classified as investment property.

d) Assets from rights of use

The following is the detail of the balance as of December 31, 2023 and 2022 of the right of use by type of property and equipment:

Rights of use		**Cost**	**Accumulated depreciation**	**Carrying amount**
Buildings	$	383,798	(143,640)	240,158
Office equipment, fixtures and fittings		120	(52)	68
Computer equipment		70,079	(44,373)	25,706
Vehicles		2,579	(1,268)	1,311
Balance as of December 31, 2023	**$**	**456,576**	**(189,333)**	**267,243**
Rights of use		**Cost**	**Accumulated depreciation**	**Carrying amount**
Buildings	$	315,477	(111,641)	203,836
Office equipment, fixtures and fittings		120	(28)	92
Computer equipment		67,673	(32,883)	34,790
Vehicles		2,162	(383)	1,779
Balance as of December 31, 2022	**$**	**385,432**	**(144,935)**	**240,497**

Note 15. - Intangible assets, net

The following is the movement in intangible asset accounts for the years ended December 31, 2023 and 2022:

		Capital gains	Other Intangibles	Total intangible assets
Cost:				
balance as of December 31, 2022	**$**	**22,724**	**693,967**	**716,691**
Additions / Purchases (net)		-	135,103	135,103
Withdrawals / Sales (net)		-	(964)	(964)
Difference in exchange		-	(211)	(211)
balance as of December 31, 2023		**22,724**	**827,895**	**850,619**
balance as of December 31, 2021		**22,724**	**558,109**	**580,833**
Additions / Purchases (net)		**-**	141,308	141,308
Withdrawals / Sales (net)		-	(5,505)	(5,505)
Difference in exchange		-	55	55
balance as of December 31, 2022	**$**	**22,724**	**693,967**	**716,691**
Accumulated Depreciation:				
balance as of December 31, 2022	**$**		**176,490**	**176,490**
Amortization for the year charged to income		-	74,763	74,763
Withdrawals / Sales (net)		-	(952)	(952)
Difference in exchange		-	(33)	(33)
balance as of December 31, 2023	**$**	**-**	**250,268**	**250,268**
balance as of December 31, 2021	**$**	-	**125,811**	**125,811**
Amortization for the year charged to income		-	55,988	55,988
Withdrawals / Sales (net)		-	(5,319)	(5,319)
Difference in exchange		-	10	10
balance as of December 31, 2022	**$**	**-**	**176,490**	**176,490**
Intangible assets, net:				
balance as of December 31, 2022	**$**	**22,724**	**517,477**	**540,201**
balance as of December 31, 2023	**$**	**22,724**	**577,627**	**600,351**

In the aforementioned cutoffs, the Parent Company and subsidiaries Fiduciaria de Occidente S.A. and Ventas y Servicios S.A. - NEXA BPO, do not present impairment loss of these intangibles.

Capital gains

Capital gains recorded arose from the merger of the Parent Company with Banco Unión. For valuation purposes, capital gains have been allocated to the Parent Company as a single cash generating unit.

The technical valuation study for the year 2023 of the capital gains arising from the acquisition of Banco Unión, was prepared with the technical support of the firm PricewaterhouseCoopers Asesores Gerenciales S.A.S. Evaluation of the capital gains recorded by the Parent Company as of December 2023, concluded that the capital gains assigned to the Cash Generating Unit is not impaired, and presents an excess of $322,869 in value in use (2022: 80,873) with respect to book value.

The recoverable amount of the cash generating unit, was determined based on value in use calculations. These calculations used management-approved cash flow projections, covering periods of five years and three months. The following are the main macroeconomic assumptions used in the 2023 valuation:

Macroeconomic Information						
Index	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Gross Domestic Product (Real GDP)	0.9%	0.1%	2.7%	3.6%	3.3%	3.3%
CPI Colombia	11.8%	5.8%	3.5%	3.2%	3.1%	3.1%
US CPI	4.1%	2.8%	2.1%	2.1%	2.1%	2.1%
IBR	12.8%	9.0%	8.0%	6.8%	5.8%	5.8%
Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
Financial Sector Surcharge	5.00%	5.00%	5.00%	5.00%	5.00%	0.00%

In accordance with IAS 36, cash flow projections in the most recent financial budgets or forecasts, have been approved by the Bank's management, excluding any estimates of cash inflows or outflows expected to arise from future restructuring or improvements in asset performance. Projections based on these budgets or forecasts, will cover a maximum period of five years.

The valuation approach and methodology applied by PricewaterhouseCoopers Asesores Gerenciales S.A.S., considers an income approach based on expected dividend flows.

Income Approach

The future dividend flow methodology, seeks to obtain the total value of the Cash Generating Unit, through the projection of the cash that would be paid to the Shareholder, which is determined as a percentage of the net income projections, ensuring compliance with the solvency margin, and the coverage of the reinvestment needs in assets, operating funds (costs, expenses, taxes, working capital) and the payment of the cost of debt. This analysis requires the projection of the cash flows generated during a determined period of time, to subsequently bring them to present value, by discounting them at an appropriate rate for such operation, also considering a terminal value.

Discount rate

The discount rate should consider the time value of money, inflation and the risk inherent in the transaction being carried out.

To define the discount rate, the concept of cost of equity is used as a reference framework, based on the Capital Asset Pricing Model (CAPM). This is defined as a function of a risk-free rate, considering a series of additional premiums, such as the market risk premium, which may increase or decrease depending on the market performance of the asset whose valuation is to be advanced (beta coefficient).

The following aspects were considered in the construction of the discount rate used in the valuation of the 2023 business:

a) Risk-free rate (Rf): The risk-free rate was taken as the U.S. Treasury rate with a 10-year term. Rf = 4.6%. Source: US Treasury Department.

b) Country risk (Cr): The Colombian EMBI was used, which indicates the difference in return between U.S. bonds and Colombian bonds. Cr= 3.4%. Source: Invenómica.

c) Market risk premium (Rp): Extra return that the stock market has historically provided over the risk-free rate as compensation for market risk. Rp=6.0%. Source: PwC Research.

d) Size premium (Rt): Result 0.0%.

e) Beta (p): The beta coefficient was applied on the basis of data from comparable companies, resulting in 1.04. Source: S&P Global - Capitaliq.

f) Implicit Devaluation (Ri): For the calculation of the implicit devaluation, the long-term inflation rates of the United States and Colombia are considered to express the effect of the devaluation of the Colombian peso against the U.S. dollar. Source Oxford Economics - EMI.

g) Cost of Equity COP (Ke): According to the methodology used, a discount rate of 22.6% nominal in Colombian pesos was estimated.

Considering the above assumptions, the discount rate obtained is as follows:

Variable	Rate
Beta of leveraged equity	1.04
Market Risk Premium	6.00%
Risk-free rate	4.60%
Country risk	3.40%
Cost of Equity (USD)	**14.20%**
Long-term inflation Colombia	11.80%
Long-term inflation US	4.10%
Inflation differential	7.40%
Cost of Equity (COP)	**22.60%**

Sensitivity Analysis.

The sensitivity analysis shows the results of the Value in Use of Banco Unión (9.8% of Banco de Occidente's valuation). The central value has a spread of 0%, for both the Ke and the gradient; this value corresponds to the base scenario, which coincides with the Value in Use of Banco Unión ($803,877).

The values to the right and above the base value will be lower, considering that the discount rate is increasing and the perpetuity growth gradient is decreasing, with the value in the upper right corner being the most conservative scenario. Conversely, values downward and to the left of the base value will be higher, considering that the discount rate is decreasing and the growth gradient is increasing, with the value in the lower left corner being the most optimistic scenario. It is important to mention that, with the analyzed values of variation on the growth gradient and the discount rate, no impairment scenarios are evident, since no value is lower than the book value ($481,008).

Spread over Growth gradient (g)	Spread on Ke 1.00%	-0.50%	0.00%	0.50%	1.00%
1.0%	721,178	704,956	689,183	673,843	658,923
-0.5%	776,006	758,461	741,403	724,814	708,679
0.0%	841,601	822,474	803,877	785,794	768,207
0.5%	921,481	900,427	879,957	860,054	840,698
1.0%	1,020,882	997,429	974,629	952,461	930,905

December 31, 2023

UGE $	**Capital gains**	**Carrying value**	**Recoverable amount**	**Surplus**
Banco Unión	22,724	481,008	803,877	322,869

December 31, 2022

UGE $	**Capital gains**	**Carrying value**	**Recoverable amount**	**Surplus**
Banco Unión	22,724	451,420	532,293	80,873

Detail of intangible assets other than capital gains

The following is the detail of intangible assets other than capital gains as of December 31, 2023 and 2022:

As of December 31, 2023		**Cost**	**Accumulated amortization**	**Amount in books**
Licenses	$	8,623	5,763	2,860
Computer programs and applications		819,272	244,505	574,767
Total	**$**	**827,895**	**250,268**	**577,627**

As of December 31, 2022		**Cost**	**Accumulated amortization**	**Amount in books**
Licenses	$	4,802	1,510	3,292
Computer programs and applications		689,164	174,979	514,185
Total	**$**	**693,966**	**176,489**	**517,477**

Note 16. - Income tax

a. Components of income tax expense

Income tax expense for the years ended December 31, 2023 and 2022 comprises the following:

		December 31, 2023	December 31, 2022
Current year income tax	$	60,174	25,053
Rent surcharge		1,440	4,546
Subtotal for current year taxes		**61,614**	**29,599**
Adjustment for prior years		451	6,039
Adjustment for uncertain tax positions		-	(7,536)
Net deferred taxes for the year		(89,399)	97,529
Adjustment of deferred taxes of prior years		(11)	(8,175)
Subtotal deferred taxes		**(89,410)**	**89,354**
Total	**$**	**(27,345)**	**117,456**

In compliance with the provisions of paragraph 6 of article 240 of the Tax Code, the calculation of the Group's Tax Deduction Rate (TTDG) was made, the result of which from the consolidated for *Grupo AVAL* is higher than the 15% indicated in the current tax regulation and, therefore, did not give rise to any additional recognition to the current income tax expense.

b. Reconciliation of the nominal tax rate and the effective tax rate

Current tax provisions applicable to the Group stipulate that in Colombia:

- The income tax rate for the years 2023 and 2022 is 35%.

- In the year 2023, for financial institutions, insurance companies, reinsurance companies, stock exchange commission agent companies, agricultural commission agent companies, agricultural, agroindustrial or other commodities goods and products exchanges and stock market infrastructure providers, a surtax of 5 additional points of the general income tax rate is established during the taxable periods 2023 to 2027, being the total rate 40% if they have a taxable income equal to or higher than 120,000 UVTs.

- In the year 2022 for financial institutions that obtain in the period a taxable income equal or higher than 120,000 UVTs, 3 additional points are applied, being the rate 38%.

- As of taxable year 2021, the presumptive income rate is zero percent (0%).

In accordance with paragraph 81 (C) of IAS 12, the following is a reconciliation between the Group's total income tax expense calculated at current tax rates and the tax expense (income) actually recorded in the results of operations for the periods ended December 31, 2023 and 2022:

		December 31, 2023	December 31, 2022
Profit before income tax	$	452,212	573,799
Total tax rate		40%	38%
Theoretical tax expense calculated according to current tax rates		180,885	218,044
Non-deductible expenses		16,120	17,816
Dividends received not constituting income		(2,281)	(2,120)
Income from the equity method not constituting income		(87,553)	(46,376)
Interest and other income not subject to income tax		(8,708)	(1,056)
Exempt income		(1,238)	(6,294)
Occasional income with different tax rates		-	(1,406)
Tax benefit in acquisition of productive assets		(31,057)	(25,747)
Tax discounts		(19,106)	(6,077)
Profits of subsidiaries in tax-exempt countries		(22,048)	(17,072)
Rate difference in earnings of subsidiaries with different tax rates		(7,349)	8,305
Effect of the application of different rates for the determination of deferred taxes		(36,523)	(5,779)
Adjustment for prior years		451	6,039
Adjustment for uncertain tax positions from prior years		-	(7,536)
Adjustment of deferred taxes of prior years		(11)	(8,175)
Other concepts		(8,927)	(5,109)
Total tax expense for the year	**$**	**(27,345)**	**117,456**

c. Tax uncertainties

The following is the movement in tax uncertainties during the years ended December 31, 2023 and 2022:

		December 31, 2022
Balance at beginning of year	**$**	**7,536**
Increase in the provision		-
Use of provision		(87)
Amount of unused provisions		(7,461)
Financial cost		12
Ending balance	**$**	**0**

As of December 31, 2023 and 2022, the Group has no tax uncertainties that would generate a provision for such concept, taking into account that the income and complementary taxes process is regulated under the current tax framework. Consequently, there are no risks that could imply an additional tax liability.

d. Deferred income taxes with respect to subsidiaries, associates and joint ventures

During the years ended December 31, 2023 and 2022 the Parent Company did not record deferred tax liabilities in respect of temporary differences on investments in subsidiaries and associates, as a result of the application of the exception provided in paragraph 39 of IAS 12, taking into account that the requirements established in such standard are met, because the Parent Company and subsidiaries have control over the reversal of such temporary differences, and management believes that it is probable that they will not reverse in the foreseeable future.

Temporary differences for the above items as of December 31, 2023 and 2022 amount to $953,734 and $800,314, respectively.

e. Deferred taxes by type of temporary difference

Differences between the carrying amounts of assets and liabilities and their tax bases, give rise to the following temporary differences that generate deferred taxes, calculated and recorded in the periods ended December 31, 2023 and 2022 based on the tax rates currently in effect for the years in which such temporary differences will be reversed.

As of December 31, 2023

		Balance at January 1, 2023	Credited (debited) to income	Credited (debited) to ORI	Exchange difference on translation of financial statements	December 31, 2023
Deferred tax assets						
Valuation of fixed income investments	$	159,010	(46,372)	(110,211)	-	2,427
Fixed Income Impairment		209	(209)	-	-	-
Valuation of derivatives		82,931	(31,688)	-	-	51,243
Impairment Accounts Receivable		2	(1)	-	-	1
Loan portfolio		-	9	-	(9)	-
Impairment of Loan Portfolio		9	16	-	-	25
Property, plant and equipment		12	5,242	-	-	5,254
Depreciation on Property, Plant and Equipment		-	45	-	-	45
Impairment of Property, Plant and Equipment		-	27	-	-	27
Tax losses		-	190,378	-	-	190,378
Non-deductible passive provisions		79	(3)	-	-	76
Employee benefits		10,983	(3,636)	1,935	-	9,282
Financial leasing contracts		60,241	4,694	-	-	64,935
Customer loyalty program		301	(10)	-	-	291
Other		73,434	35,369	(29,219)	-	79,584
Subtotal (1)		**387,211**	**153,861**	**(137,495)**	**(9)**	**403,568**
Deferred tax liabilities						
Investments in Equity Instruments		(18,218)	(331)	(820)	-	(19,369)
Loan portfolio		(88,146)	(149,793)	-	-	(237,939)
Impairment of Loan Portfolio		(95,936)	95,936	-	-	-
Property, Plant and Equipment		(51,883)	15,790	1,051	-	(35,042)
Depreciation on Property, Plant and Equipment		-	(5,147)	-	-	(5,147)
Rights of Use		(2,383)	(3,846)	-	-	(6,229)
Intangible Assets		(30,715)	(16,032)	-	-	(46,747)
Employee benefits		(17)	17	(15)	-	(15)
Goodwill		(9,089)	1,136	-	-	(7,953)
Financial leasing contracts		(4,273)	(847)	-	-	(5,120)
Other		(13,662)	(1,334)	-	-	(14,996)
Subtotal (2)		**(314,322)**	**(64,451)**	**216**	**-**	**(378,557)**
Total	**$**	**72,889**	**89,410**	**(137,279)**	**(9)**	**25,011**

As of December 31, 2022

		December 31, 2021	Credited (debited) to income	Credited (debited) to ORI	December 31, 2022
Deferred tax assets					
Valuation of fixed income investments	$	72,556	(5,833)	92,496	159,219
Valuation of derivatives		19,820	63,111	-	82,931
Provision for investments		1	(1)	-	-
Loan portfolio		10	(10)	-	-
Provision for loan portfolio		-	2	-	2
Property, plant and equipment		-	12	-	12
Non-deductible passive provisions		593	(514)	-	79
Employee benefits		10,705	278	-	10,983
Financial leasing contracts		53,577	6,664		60,241
Other		80,569	(28,510)	21,482	73,541
Subtotal (1)		**237,831**	**35,199**	**113,978**	**387,008**
Deferred tax liabilities					
Equity investments		(10,358)	(2,724)	(5,136)	(18,218)
Provision for loan portfolio		(78,846)	(105,033)	-	(183,879)
Property, plant and equipment		(43,922)	(7,590)	-	(51,512)
Depreciation of property, plant and equipment		(281)	105	-	(176)
Investment Properties		-	863	(863)	-
Right of use		(5,261)	(1,395)	-	(6,656)
Deferred charges for intangible assets		(33,608)	2,894	-	(30,714)
Employee benefits		-	(999)	(154)	(1,153)
Goodwill		(7,953)	-	-	(7,953)
Other		(3,184)	(10,674)	-	(13,858)
Subtotal (2)		**(183,413)**	**(124,553)**	**(6,153)**	**(314,119)**
Total	$	**54,418**	**(89,354)**	**107,825**	**72,889**

The following is an analysis of current and deferred tax assets and liabilities as of December 31, 2023 and 2022:

Deferred tax balances:

December 31, 2023		Gross amounts of deferred tax	Compensation reclassifications	Balances in statements of financial position
Deferred income tax assets	$	404,003	(378,992)	25,011
Deferred income tax liability		(378,992)	378,992	-
Net	**$**	**25,011**	**-**	**25,011**

Balance at December 31, 2022		Gross amounts of deferred tax	Compensation reclassifications	Balances in statements of financial position
Deferred income tax assets	$	387,008	(314,052)	72,956
Deferred income tax liability		(314,119)	314,052	(67)
Net	**$**	**72,889**	**-**	**72,889**

Current tax balances:

Balance at December 31, 2022		Gross current tax amounts	Compensation reclassifications	Balances in statements of financial position
Deferred income tax assets	$	877,764	(49,274)	828,490
Deferred income tax liability		(50,233)	49,274	(959)
Net	**$**	**827,531**	**-**	**827,531**

Balance at December 31, 2022		**Gross current tax amounts**	**Compensation reclassifications**	**Balances in statements of financial position**
Deferred income tax assets	$	589,234	(24,815)	564,419
Deferred income tax liability		(25,356)	24,815	(541)
Net	**$**	**563,878**	**-**	**563,878**

f. Effect of current and deferred taxes on each component of other comprehensive income in shareholders' equity

The effects of current and deferred taxes on each component of other comprehensive income, are detailed below for the years ended December 31, 2023 and 2022:

		Amount before tax	Deferred tax expense (income)	Net	Amount before tax	Deferred tax expense (income)	Net
Items that may be subsequently reclassified to profit or loss							
Exchange difference on net investment in foreign operations - Hedged portion	$	(73,047)	-	(73,047)	49,942	-	49,942
Hedge of net investment in foreign operations - Non Derivative Hedging Instrument		73,047	(29,219)	43,828	(49,942)	21,482	(28,460)
Diff. in Foreign Operations Exchange		(38,230)	-	(38,230)	32,823	-	32,823
Equity in ORI of investments in associated companies and joint ventures		21,610	-	21,610	(39,917)	-	(39,917)
Unrealized Net Gain/Loss on debt securities		393,661	(110,211)	283,450	(389,396)	92,496	(296,900)
Subtotals		377,041	(139,430)	237,611	(396,490)	113,978	(282,512)
Items that will not be reclassified to profit or loss							
Revaluation of Investment Properties		(2,375)	1,051	(1,324)	461	(863)	(402)
Unrealized Net Gain/Loss on Financial Instruments at Fair Value		9,263	(820)	8,443	10,415	(5,136)	5,279
Actuarial gain/loss from employee benefits		(4,810)	1,920	(2,890)	320	(154)	166
Subtotals		2,078	2,151	4,229	11,196	(6,153)	5,043
Total other comprehensive income for the period	$	379,119	(137,279)	241,840	(385,294)	107,825	(277,469)

g. Transfer pricing

Taxpayers who have entered into transactions with foreign related parties are required to determine, for income and supplementary tax purposes, their ordinary and extraordinary income, their costs and deductions, and their assets and liabilities, considering for these transactions the prices or profit margins that would be agreed upon by independent third parties (market value principle). To date, the management of the Parent Company and subsidiaries and their advisors, have not yet completed the study for the year 2023. However, they believe that based on the results of the study for the year 2022, no additional income tax provisions derived from the transfer pricing analysis will be required to affect the results for the period.

As of 2017, in accordance with Article 260-5 of the Tax Code, the country-by-country report containing information regarding the global allocation of income and taxes paid by the multinational group, together with certain indicators related to its economic activity at a global level, must be submitted as evidentiary documentation; the Parent Company and subsidiaries do not meet the requirements for its submission, therefore it will be submitted by the controlling company *Grupo Aval Acciones y Valores S.A.*

h. Realization of deferred tax assets

In future periods, it is expected to continue to generate taxable net income, against which the amounts recognized as deferred tax assets can be recovered. The estimate of future fiscal results, is based primarily on the projection of the entity's strategic plan.

The estimates of these financial projections are the basis for the recovery of deferred tax assets on tax credits arising from tax loss carryforwards to be offset against future taxable income.

Note 17. - Customer deposits

The following is a detail of the balances of deposits received from customers of the Parent Company and its subsidiaries in the development of their deposit-taking operations:

Detail		**December 31, 2023**	**December 31, 2022**
Demand deposits			
Current accounts	$	7,092,625	7,586,598
Savings accounts		24,153,811	22,021,958
Other funds at sight		62,846	96,584
		31,309,282	**29,705,140**
Term			
Term deposit certificates		17,866,450	13,390,805
Total Deposits	**$**	**49,175,732**	**43,095,945**
By currency			
In Colombian pesos	$	44,903,705	38,382,393
In U.S. dollars		4,259,323	4,692,943
Other currencies		12,704	20,609
Total by Currency	**$**	**49,175,732**	**43,095,945**

Below is a detail of the maturity of the certificates of deposit outstanding as of December 31, 2023:

		December 31, 2023
Year		**Amount**
2024	$	11,660,115
2025		4,618,887
2026		495,785
2027		334,997
2028		646,976
After 2029		109,690
Total	$	**17,866,450**

The following is a summary of the effective interest rates charged on customer deposits:

	December 31, 2023		December 31, 2022	
	Deposits in Colombian pesos		Deposits in Colombian pesos	
	Minimum rate %	Maximum rate %	Minimum rate %	Maximum rate %
Current accounts	0.00%	13.25%	0.00%	13.20%
Savings account	0.00%	13.79%	1.00%	17.20%
Term deposit certificates	0.04%	17.72%	0.00%	17.40%

Frequency of Interest Settlement: For Term Certificates of Deposit, the frequency of interest settlement corresponds to that agreed with each client within their security; for savings accounts, these frequencies are daily settlement.

The following is a detail of the concentration of customer deposits received by economic sector:

Sector		December 31, 2023 Amount	%	December 31, 2022 Amount	%
Government or entities of the Colombian Government (1)	$	6,872,366	13.98%	6,292,153	14.60%
Manufacturing		1,146,077	2.33%	886,456	2.06%
Real Estate		424,981	0.86%	508,446	1.18%
Trade		5,018,214	10.20%	5,339,261	12.39%
Agricultural and livestock		282,668	0.57%	276,004	0.64%
Individuals		4,905,341	9.98%	4,664,241	10.82%
Other (2)		30,536,533	62.10%	25,139,653	58.33%
Eliminations		(10,448)	-0.02%	(10,269)	-0.02%
Total	**$**	**49,175,732**	**100%**	**43,095,945**	**100%**

(1) The government includes sectors O and U (according to ISIC classification) corresponding to public administration and defense and compulsory social security schemes and activities of extraterritorial organizations and bodies, respectively.

(2) The most representative item included in this category, corresponds to financial and insurance activities (sector K), which as of December 31, 2023 presented a total balance of $21,194,553 million, representing 70.08% of the total of the category. (As of December 31, 2022, it presented a total balance of $16,696,053, representing 67.65% of the total of the category).

As of December 31, 2023, there were 13,699 customers with balances over $250 million for a total value of $43,523,419 million. (As of December 31, 2022, there were 13,221 customers with balances over $250 for a total value of $38,480,228 million)

For customer deposits, the expense incurred in income for interest on savings accounts, term deposit certificates and checking accounts in the years ended December 31, 2023 and 2022 are $4,346,644 and $1,912,314, respectively.

Note 18. - Financial Obligations

18.1. Financial obligations

The following is a summary of the financial obligations obtained by the Parent Company and its subsidiaries as of December 31, 2023 and 2022, mainly for the purpose of financing their international trade operations:

		December 31, 2023		December 31, 2022	
		Short-term portion	Long-term portion	**Short-term portion**	Long-term portion
Colombian Legal Currency					
Interbank and overnight funds					
Banks and correspondents	$	126	-	1,157	-
Ordinary purchased interbank funds		80,107	-	-	-
Transfer commitments in repo transactions		1,783,598	-	1,103,078	-
Simultaneous operations		2,082,478	-	44,986	-
Commitments arising from short positions		447,868	-	-	566,644
Total Interbank and overnight funds		**4,394,177**	**-**	**1,149,221**	**566,644**
Bank loans					
Loans		25	-	-	1,995
Total loans from banks		**25**	**-**	**-**	**1,995**
Lease agreements					
Lease liabilities		-	408,260	-	372,825
Total Lease agreements		**-**	**408,260**	**-**	**372,825**
Total liabilities in legal currency		**4,394,202**	**408,260**	**1,149,221**	**941,464**
Foreign Currency					
Interbank and overnight funds					
Banks and correspondents		8,934	-	-	-
Ordinary purchased interbank funds		-	-	70,591	-
Transfer commitments in repo transactions		-	-	342,399	-
Simultaneous operations		-	-	73,188	-
Total Interbank and overnight funds		**8,934**	**-**	**486,178**	**-**
Bank loans					
Loans		2,340,673	383,790	2,817,867	702,785
Acceptances		52,258	-	31,821	-
Total loans from banks		**2,392,931**	**383,790**	**2,849,688**	**702,785**
Lease agreements					
Lease liabilities		**951**	-	**1,696**	-
Total Lease agreements		**951**	**-**	**1,696**	**-**
Total foreign currency obligations		**2,402,816**	**383,790**	**3,337,562**	**702,785**
Total financial obligations	**$**	**6,797,018**	**792,050**	**4,486,783**	**1,644,249**

As of December 31, 2023, financial obligations corresponding to simultaneous and repo transactions for $4,313,944, were guaranteed with investments for $4,599,783 (as of December 31, 2022 for $2,130,295, guaranteed with investments for $1,313,913).

For loans from banks and others, interest expense for the years ended December 31, 2023 and 2022 is $251,754 and $100,751, respectively.

The following is a summary of the effective interest rates to be accrued on financial obligations as of December 31, 2023 and 2022:

	December 31, 2023		December 31, 2022	
	in Colombian pesos		in Colombian pesos	
	Minimum rate %	Maximum rate %	Minimum rate %	Maximum rate %
Interbank funds and repo and simultaneous transactions	1.00	13.15	1.00	16.00
Correspondent banks	0.00	3.50	2.18	3.45
	December 31, 2023		December 31, 2022	
	in foreign currency		in Colombian pesos	
	Minimum rate %	Maximum rate %	Minimum rate %	Maximum rate %
Interbank funds and repo and simultaneous transactions	0.00	0.00	4.20	5.53
Correspondent banks	1.00	8.78	2.17	7.93

For short-term financial obligations, the expense incurred in income for interest on money market operations of the interbank funds type, transfer commitments in repo and simultaneous operations and other interest for the years ended December 31, 2023 and 2022, are $431,210 and $133,287, respectively.

18.2. Bonds and investment securities

The Parent Company is authorized by Colombian Finance Superintendence, to issue or place Bonds or general guarantee bonds. All bond issues by the Parent Company, have been issued without guarantees, and represent exclusively the obligations of each of the issuers.

The detail of liabilities as of December 31, 2023 and 2022, by issuance date and maturity date in legal currency, is presented below:

Issuer	Date of Issue	December 31, 2023	December 31, 2022	Maturity Date	Interest Rate
Ordinary Bonds Banco de Occidente	Between 09/AUG/2012 and 20/AUG/2020	1,458,983	1,609,382	Between 27/APR/2024 and 14/DEC/2032	Between CPI + 2.37% and 4.65% ; Fixed 5.83%
Subordinated bonds Banco de Occidente	Between 30/01/2013 and on 12/OCT/2017	712,362	713,034	Between 30/JAN/2025 and on 10/JUN/2026	Between CPI + 3.58% - 3.64% and 4,60%
Total		**$ 2,171,345**	**2,322,416**		

Future maturities as of December 31, 2023 of outstanding investment securities in long-term debt are as follows:

	December 31, 2023
Year	**Amount**
2024	$ 315,325
2025	450,000
After 2026	1,406,020
Total	**2,171,345**

For long-term financial obligations from the issuance of bonds, interest accrued in income for the periods ended December 31, 2023 and 2022 was $335,437 and $286,904, respectively.

18.3. Financial obligations with rediscount entities

The Colombian government has established certain credit programs to promote the development of specific sectors of the economy, including foreign trade, agriculture, tourism, housing construction and other industries. The programs are managed by various government entities such as Banco de Comercio Exterior ("BANCOLDEX"). Fondo para el Financiamiento del Sector Agropecuario ("FINAGRO") and Financiera de Desarrollo Territorial ("FINDETER").

The following is a detail of the loans obtained by the Parent Company from these entities as of December 31, 2023 and 2022:

	Interest rates in effect at the cutoff		December 31, 2023	December 31, 2022
Legal Tender				
Banco de Comercio Exterior - "BANCOLDEX'	Between DTF 0% and 3.60%; IBR 0% and 6.10%; Fixed 2.96% and 20.963%; SOFR 180	$	312,279	361,243
Financing Fund of the Agricultural and Livestock Sector - "FINAGRO"	Between DTF 0% and 1%; IBR 0% Fixed 0.11% and 15.69%		171,943	80,584
Financiera de Desarrollo Territorial "FINDETER" (Territorial Development Financial Institution)	Between DTF 1.90% and 3%; IBR 0% and 0.90%; Fixed 9.47% and 19.57%		599,687	525,168
Total legal currency		$	**1,083,909**	**966,995**
Foreign Currency				
Foreign Trade Bank - "BANCOLDEX"	SOFR 180	$	4,280	442
Total foreign currency			**4,280**	**442**
Total rediscount entities		**$**	**1,088,189**	**967,437**

The following is a detail of the maturities of the financial obligations with rediscount entities outstanding as of December 31, 2023:

		December 31, 2023
Year		**Amount**
2024	**$**	142,744
2025		111,274
2026		224,670
After 2027		609,501
Total	**$**	**1,088,189**

For financial obligations with rediscount entities, interest accrued in income for the periods ended December 31, 2023 and 2022 was $130,308 and $58,159, respectively.

18.4 Analysis of changes in the movements of financing activities

The following is a reconciliation of the movements of liabilities to cash flows derived from financing activities, as of December 31, 2023 and 2022:

		Dividends Payable	Loans from banks and rediscount entities	Finance Lease	Bonds and investment securities	Total
Balance at December 31, 2022	**Ps**	**41,354**	**4,521,906**	**374,521**	**2,322,416**	**7,260,197**
Cash flows from financing activities						
Dividends paid on controlling interest		(187,341)				(187,341)
Dividends paid on non-controlling interest		(39,738)	-	-	-	(39,738)
Lease payments		-	-	(73,901)	-	(73,901)
Payments on outstanding bonds		-	-	-	(148,040)	(148,040)
Acquisition of financial obligations		-	8,441,163	-	-	8,441,163
Payment of financial obligations		-	(8,410,433)	-	-	(8,410,433)
Cash used in financing activities		**(185,725)**	**4,552,636**	**300,620**	**2,174,376**	**6,841,907**
Cash flows from operating activities						
Interest accrued		-	351,175	30,887	335,437	717,499
Interest paid		-	(322,274)	(29,293)	(338,468)	(690,035)
Other Changes (*)		252,772	(716,602)	106,997	-	(356,833)
Balance at December 31, 2023		**67,047**	**3,864,935**	**409,211**	**2,171,345**	**6,512,538**

		Dividends Payable	Loans from banks and rediscount entities	Finance Lease	Bonds and investment securities	Total
Balance at December 31, 2021	**Ps**	**51,968**	**3,342,140**	**377,043**	**2,777,578**	**6,548,729**
Cash flows from financing activities						
Dividends paid on controlling interest		(117,867)				(117,867)
Dividends paid on non-controlling interest		(44,201)				(44,201)
Lease payments		-	-	(72,436)	-	(72,436)
Payments on outstanding bonds		-	-	-	(470,090)	(470,090)
Acquisition of financial obligations		-	6,939,381	-	-	6,939,381
Payment of financial obligations		-	(6,397,565.00)	-	-	(6,397,565)
Cash used in financing activities		**(110,100)**	**3,883,956**	**304,607**	**2,307,488**	**6,385,951**
Cash flows from operating activities						
Interest accrued			139,981	18,929	286,904	445,814
Interest paid		-	(104,166)	(18,924)	(271,976)	(395,066)
Other Changes (*)		151,454	602,135	69,909	-	823,498
Balance at December 31, 2022		**41,354**	**4,521,906**	**374,521**	**2,322,416**	**7,260,197**

(*) Other changes consist of dividends declared, exchange differences and changes in lease agreements.

Note 19. - Provisions for employee benefits

In accordance with Colombian labor legislation, and based on the labor agreements and collective bargaining agreements applicable to the Parent Company and its subsidiaries Fiduciaria de Occidente S.A. and Ventas y Servicios S.A., NEXA BPO, are entitled to short term benefits such as: salaries, vacations, legal and extra-legal bonuses and severance and severance interests, long term benefits such as: extra-legal bonuses and retirement benefits such as: severance to employees who continue with a labor scheme before Law 50 of 1990 and legal and extra-legal retirement pensions. In the case of the foreign subsidiaries Banco de Occidente Panamá S.A. and Occidental Bank (Barbados) Ltd., according to the labor legislation of their country, they only have short-term benefits. For compensation of key management personnel, this includes salaries, non-cash benefits and contributions to a defined benefit post-employment plan, see note 30.

The following is a detail of the balances of provisions for employee benefits as of December 31, 2023 and 2022:

		December 31, 2023		December 31, 2022
Short-term benefits	$	77,520	$	75,779
Post-employment benefits		5,167		9,630
Long-term benefits		6,160		6,590
Total Liabilities	**$**	**88,847**	**$**	**91,999**

a) Post-employment benefits

- In Colombia, retirement pensions when employees retire after certain years of age and service, are assumed by public or private pension funds based on defined contribution plans, where entities and employees contribute monthly amounts defined by law, to have access to the pension at the time of retirement of the employee; however, for some employees hired by the Parent Company before 1968 who met the requirements of age and years of service, pensions are assumed directly by the Parent Company.
- In accordance with IAS 19, the pension liability was restated, resulting in a pension liability of $2,850.
- 34 employees hired by the Parent Company before 1990 are entitled to receive at the date of their retirement at the employee's or the Parent Company's discretion, a compensation corresponding to the last month's salary multiplied by each year worked; in December 31, 2023 the provision for this concept corresponds to $2,101.
- In the subsidiary Fiduciaria de Occidente S.A. an additional premium is recognized extra-legally or by collective bargaining agreements, to employees who retire when they reach the age and years of service to start enjoying the pension granted by the pension funds; as of December 31, 2023 the provision for this concept corresponds to $215.
- The subsidiary Fiduciaria de Occidente S.A., recognizes an extra-legal bonus to employees who retire when they reach the age and years of service required to receive the pension granted by the pension funds; this bonus is paid at the time of retirement of the employee. The amount assigned to professional personnel is $10 and to operational personnel is $5 (retirement pension bonus).
- In the Parent Company, there are employees who belong to previous labor schemes, according to which their severance payments are assumed by the Parent Company at the time of their retirement (severance payments of employees of previous law), the new schemes involve this benefit in the defined contribution plans.

b) Long-term employee benefits

- The Parent Company and its subsidiary, Ventas y Servicios S.A. - NEXA BPO, grants its employees long-term extralegal bonuses during their working life, depending on the number of years of service, every five, ten, fifteen and twenty years, etc., calculated as days of salary (between 15 and 180 days) for each payment. For the Parent Company as of the year 2021, only the employees who are covered by the Agreement continue in the plan, since the payment model was changed for those who are not covered by the Agreement.

- The Parent Company and its subsidiary, Ventas y Servicios S.A. - NEXA BPO, have recorded the liabilities corresponding to these benefits, based on the actuarial calculations made under the same parameters of the retirement benefits; the retirement benefits correspond to $6,160 as of December 31, 2023.

The following is the movement in employee retirement benefits and long-term benefits during the years ended December 31, 2023 and 2022:

		Post Employment Benefits				Long Term Benefits		
		December 31, 2023		December 31, 2022		December 31, 2023		December 31, 2022
Balance at beginning of period	$	9,630	$	10,925	$	6,590	$	7,043
Costs incurred during the period		60		299		608		592
Interest costs		583		743		829		442
Past service costs		(2,079)		-		-		-
	$	8,194	$	11,967	$	8,027	$	8,077
(Gain)/loss on changes in demographic assumptions		1,130		581		(411)		(99)
(Gain)/loss on changes in financial assumptions		(203)		(902)		(329)		72
	$	927	$	(321)	$	(740)	$	(27)
Payments to employees		(3,954)		(2,016)		(1,128)		(1,460)
Balance at end of period	$	**5,167**	$	**9,630**	$	**6,159**	$	**6,590**

Variables used to calculate the projected obligation for the different retirement and long-term employee benefits are shown below:

	Post Employment Benefits		Long-term benefits	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Discount rate	11.51%	13.63%	11.43%	13.75%
Inflation rate	0.00%	3.00%	0.00%	0.00%
Rate of salary increase	4.00%	4.00%	4.00%	4.00%
Pension increase rate	3.00%	3.00%	0.00%	0.00%
Employee turnover	15.81%	19.87%	15.81%	19.87%
Average plan duration (in years)	3.89	3.75	2.92	3.33

The expected life expectancy of employees, is calculated based on mortality tables published by the Colombian Superintendence of Finance, which have been constructed based on the mortality experience provided by the different insurance companies operating in Colombia.

The sensitivity analysis of the employee retirement benefit liability for the different financial and actuarial variables is as follows, holding all other variables constant:

		-0.50 Points			+0.50 Points	
As of December 2023		Post Employment	Long Term		Post Employment	Long Term
Discount rate	$	103	92	$	(98)	(88)
Rate of salary increase		(87)	(120)		89	124
Pension increase rate		(84)	-		88	-

c) Expected future benefit payments

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

Year		Post-employment benefits	Other benefits Long-term
2024	$	1,216	$ 1.558
2025		917	1,205
2026		862	1,003
2027		731	933
2028		715	637
Years 2029-2032		2,696	2,369

The Parent Company will use its own funds to cover future cash flows for extra-legal and pension benefit payments.

As of December 31, 2023 and 2022, the number of post-employment and long-term benefit participants are as follows:

Benefit	2023	2022
Post-employment participants	566	6,776
Long-term participants	2,852	2,878

Note 20. - Provisions for legal contingencies and other provisions

The movement and balances of legal and other provisions during the periods ended December 31, 2023 and 2022 are described below:

		Legal provisions	Other Provisions	Total provisions
Balance as of December 31, 2022	**$**	**3,395**	**53,790**	**57,185**
Increase due to new provisions in the period		1,315	20,805	22,120
Increase in existing provisions in the period		223	304	527
Utilization of provisions		(958)	(356)	(1,314)
Amounts reversed for unused provisions		(1,487)	(12,861)	(14,348)
Conversion adjustments		-	(2)	(2)
Balance as of December 31, 2023	**$**	**2,488**	**61,680**	**64,168**
Balance as of December 31, 2021	**$**	**3,395**	**43,238**	**46,633**
Increase due to new provisions in the period		2,180	20,062	22,242
Increase in existing provisions in the period		177	182	359
Increases due to adjustments arising from the passage of time		-	13	13
Utilization of provisions		(1,898)	-	(1,898)
Amounts reversed for unused provisions		(459)	(9,706)	(10,165)
Conversion adjustments		-	1	1
Balance as of December 31, 2022	**$**	**3,395**	**53,790**	**57,185**

Other Provisions

Other legal provisions

The ten (8) civil lawsuits filed against the Parent Company, arising from the development of its business, which are mainly related to claims from customers who consider that: (i) checks were improperly paid from their accounts or (ii) without their authorization, funds were allowed to be withdrawn through electronic channels, as well as one (01) administrative investigation by State control and surveillance agencies and labor lawsuits that represent a risk, are duly provided for in the amount of $1,882 as of December 31, 2023.

Labor provisions

Of the labor lawsuits filed against the Group derived from the development of its purpose and that represent a risk, due to disagreements in the termination of the labor contract or the conditions of the contract, 3 are duly provisioned for the total amount of $184 as of December 31, 2023; on the other hand, the remaining 57 are not provisioned due to the analysis of the case and the risk and probability rating by the external labor advisor.

Tax provisions

Tax litigations of the Parent Company and subsidiaries derived from the development of its purpose, and which represent a risk are: i) an action for annulment and reestablishment of the right between the Tax Authority (DIAN) and Aloccidente, an entity merged with Banco de Occidente, provisioned for $229 and ii) statements of objections for sending information as a collecting entity, provisioned for $280 as of December 31, 2023.

Other provisions

Other provisions for the periods ended December 31, 2023 and 2022, consist of the following:

Asset stripping

The Parent Company and the subsidiary, Ventas y Servicios S.A. - NEXA BPO, established a provision for dismantling of assets, corresponding to the improvements made in the infrastructure of the leased offices as of December 31, 2022 and 2023. Dismantling is caused by the dismantling of improvements to leave the leased facilities in their original condition or as agreed in the contract. As of December 31, 2023, the Parent Company recorded a provision of $1,754, and Ventas y Servicios S.A. - NEXA BPO for $104; and as of December 31, 2022 the Parent Company recorded a provision for $1,754 and Ventas y Servicios S.A. - NEXA BPO for $191.

Provision for loan commitments

As of December 31, 2023, provisions for contingencies amounting to $58,251 were included at the head office, of which 78.43% correspond to Credit Cards and 21.57% to Letters of Credit and Bank Guarantees. Meanwhile, as of December 31, 2022, provisions for contingencies were included at the head office in the amount of $50,389, of which 53.55% correspond to Credit Cards and the remaining 46.45% to Letters of Credit and Bank Guarantees.

Other provisions

Fiduciaria de Occidente S.A. for December 31, 2023 constituted provisions for demand in Consorcio *Fidufosyga* for joint operations for $1,102; as of December 31, 2022 the balance recorded is $1,172.

Note 21. - Other liabilities

Other liabilities as of December 31, 2023 and 2022, comprise the following:

Items		December 31, 2023	December 31, 2022
Security deposit - Margin Call	$	355,795	-
Cashier's checks		294,056	250,668
Suppliers and accounts payable		254,512	375,300
Taxes, withholdings and labor contributions		148,026	128,871
Collections made		108,478	59,200
International exchange received		96,006	57,829
Withdrawals payable		72,848	43,450
Other		71,409	26,545
Dividends and surplus		67,047	41,354
Credit surpluses		36,955	40,368
National Guarantee Fund		29,758	22,942
Peace bonds		25,164	20,769
Payments to third parties Occired		21,310	21,147
Sales tax payable		17,452	10,169
Contributions on transactions		13,865	13,310
Bank items in clearing		12,349	30,880
Credit card receivables		11,536	11,242
Derivatives trading		11,267	3,857
Uncashed checks drawn		9,060	8,907
Accounts cancelled		5,488	5,342
Portfolio disbursements		3,835	2,971
Collection services		2,709	2,134
Prospective buyers		2,218	8,359
Forwards non delivery		1,665	341
Commissions and fees		1,432	2,288
Anticipated income		926	644
Loyalty programs		728	751
Deferred credits		424	656
Leases		391	530
Insurance and insurance premiums		146	38
Cash surpluses and redemption		114	40
Ath and ach transactions		30	2
Contributions and memberships		4	4
	$	**1,677,003**	**1,190,909**

Note 22. - Equity

The number of shares authorized, issued and outstanding as of December 31, 2023 and 2022 were as follows:

		December 31, 2023	December 31, 2022
Number of shares authorized	$	200,000,000	200,000,000
Number of shares subscribed and paid		155,899,719	155,899,719
Total shares outstanding		**155,899,719**	**155,899,719**

Total shares outstanding are as follows:

Common shares		155,899,719	155,899,719
Subscribed and paid-in capital, common shares	**$**	**4,677**	**4,677**

Appropriated retained earnings in reserves

The following is the detail of the composition as of December 31, 2023 and 2022:

		December 31, 2023	December 31, 2022
Legal reserve	$	3,134,027	3,134,027
Mandatory and voluntary reserves		1,075,910	823,923
Total		**4,209,937**	**3,957,950**

Legal reserve

Pursuant to current legal regulations, the Parent Company and its subsidiaries Fiduciaria de Occidente S.A. and Ventas y Servicios S.A. - NEXA BPO, must create a legal reserve by appropriating ten percent (10%) of the net profits of each year, until reaching an amount equal to fifty percent (50%) of the subscribed capital stock. This reserve may be reduced below fifty percent (50%) of the subscribed capital stock, to cover losses in excess of retained earnings. The legal reserve cannot be less than the aforementioned percentage, except to cover losses in excess of retained earnings.

Dividends Declared

Dividends are declared and paid to shareholders, based on net income for the immediately preceding year. Dividends declared by the Parent Company were as follows:

		December 31, 2023	December 31, 2022
Profits for the previous year, determined in the separate financial statements of the Parent Company	$	502,643	492,074
Dividends paid in cash		251,323	150,000
Outstanding common shares		155,899,719	155,899,719
Outstanding preferred shares		-	-
Total shares outstanding		**155,899,719**	**155,899,719**
Withholding tax (**)		**(263)**	**(323)**
Total Dividends Declared	**$**	**251,323**	**150,000**

(*) Earnings reported correspond to the end of December 2022 and 2021.
(**) Withholding tax transferable to shareholders (Art.242-1 ET)

The Parent Company and its subsidiaries have a simple capital structure, and therefore there is no difference between basic earnings per share and diluted earnings.

Note 23. - Non-controlling interests

The following table provides information about each subsidiary that has significant non-controlling interests as of December 31, 2023 and 2022:

December 31, 2023

Entity	Country	Participation		Value of equity interest	Value of profit (losses) sharing	Dividends declared in the period
Fiduciaria de Occidente S.A.	Colombia	4.44%	$	15,342	3,327	1,332
Ventas y Servicios S.A.	Colombia	19.99%		9,807	(73)	-
Banco de Occidente Panamá S.A.	Panama	5.00%		11,848	2,756	-
			$	**36,997**	**6,010**	**1,332**

December 31, 2022

Entity	Country	Participation		Value of equity interest	Value of equity in income (loss)	Dividends declared in the period
Fiduciaria de Occidente S.A.	Colombia	4.44%	$	12,984	1,207	1,776
Ventas y Servicios S.A.	Colombia	19.99%		10,261	380	-
Banco de Occidente Panamá S.A.	Panama	5.00%		8,901	2,246	-
			$	**32,146**	**3,833**	**1,776**

The following table shows information about each of the direct subsidiaries in which the Company has a significant non-controlling interest as of December 31, 2023 and 2022:

December 31, 2023

Entity		Assets	Liabilities	Total Revenues	Net income	Other Comprehensive Income	Operating cash flow
Fiduciaria de Occidente S.A.	$	437,019	36,537	204,698	74,933	3,177	21,010
Ventas y Servicios S.A.		100,067	51,005	297,534	(370)	-	9,377
Banco de Occidente Panamá S.A.		3,561,350	3,324,400	233,681	55,120	(18,556)	(375,208)
	$	**4,098,436**	**3,411,942**	**735,913**	**129,683**	**(15,379)**	**(344,821)**

December 31, 2022

Entity		Assets	Liabilities	Total Revenues	Net income	Other Comprehensive Income	Operating cash flow
Fiduciaria de Occidente S.A.	$	390,766	42,149	138,005	27,191	380	12,491
Ventas y Servicios S.A.		110,143	58,811	320,457	1,899	-	20,850
Banco de Occidente Panamá S.A.		3,998,939	3,820,914	164,744		(22,361)	(214,612)
	$	**4,499,848**	**3,921,874**	**623,206**	**29,090**	**(21,981)**	**(181,271)**

As of December 31, 2023, there are no significant transactions with non-controlling interests of the Parent Company, as well as protective rights or restrictions on access to the use of assets or cancellation of liabilities of them.

Note 24. - Commitments and contingencies

a. Commitments

Credit commitments

In the development of its normal operations, the Parent Company grants guarantees or letters of credit to its customers, in which it irrevocably undertakes to make payments to third parties in the event that the customers do not comply with their obligations to such third parties, with the same credit risk for the loan portfolio. The granting of guarantees and letters of credit, are subject to the same loan disbursement approval policies regarding the creditworthiness of customers, and guarantees are obtained as deemed appropriate under the circumstances.

Commitments to extend credit, represent unused portions of authorizations to extend credit in the form of loans, use of credit cards or letters of credit. With respect to credit risk on commitments to extend credit lines, the Parent Company is potentially exposed to losses in an amount equal to the total amount of unused commitments, if the unused amount were to be fully drawn down; however the amount of loss is less than the total amount of unused commitments, since most commitments to extend credit are contingent upon the customer maintaining specific credit risk standards. The Parent Company monitors the maturity terms of the relative commitments of credit quotas, because long-term commitments have a higher credit risk than short-term commitments.

The following is the detail of guarantees, letters of credit and credit commitments on unused lines of credit as of December 31, 2023 and 2022:

	December 31, 2023		December 31, 2022	
	Notional amount	Fair Value	Notional amount	Fair Value
Collateral $	1,246,647	50,741	2,552,685	58,291
Unused letters of credit	138,249	1,002	255,381	375
Overdraft limits	2,014,636	2,014,636	2,241,656	2,241,656
Unused credit card limits	3,848,307	3,848,307	3,565,446	3,565,446
Opening of credit	173,598	173,598	158,696	158,696
Approved loans not disbursed	5,000	5,000	19,766	19,766
Other	1,913,328	1,913,329	1,023,527	1,023,527
Total $	**9,339,765**	**8,006,613**	**9,817,157**	**7,067,757**
Provision for loss contingencies	(58,263)	(58,263)	(50,394)	(50,394)
Total $	**9,281,502**	**7,948,350**	**9,766,763**	**7,017,363**

The outstanding balances of unused lines of credit and collateral, do not necessarily represent future cash requirements, because such limits may expire and not be used in whole or in part.

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

		December 31, 2023	December 31, 2022
Colombian Pesos		7,432,997	7,663,151
Dollars		1,894,087	2,130,280
Euros		11,868	22,054
Other		813	1,672
Total	$	**9,339,765**	**9,817,157**

Capital expenditure disbursement commitments

As of December 31, 2023 and 2022, the Parent Company and subsidiaries had contractual commitments for capital expenditures (intangible and other) of $34,991 and $45,305, respectively. The Parent Company and subsidiaries have already allocated the necessary resources to meet these commitments, and believe that net income and funds will be sufficient to cover these and similar commitments.

b. Contingencies

Legal contingencies

From time to time, in the normal course of operations claims arise against the Group, which, based on its own estimates and with the assistance of external advisors, the Parent Company's management is of the opinion that it is not probable that losses will be incurred in connection with the proceedings detailed below, and therefore no provision has been recognized in the consolidated financial statements.

As of December 31, 2023, the Group had civil lawsuits against it with claims for $114,619, not including those of remote qualification, which, based on analysis and opinions of the lawyers in charge, do not require provisioning, because they are uncertain obligations that do not imply an outflow of resources.

As of December 31, the following proceedings against it which are material (equal to or greater than $3,865) are:

(i) Popular action, filed by Carlos Julio Aguilar against Banco de Occidente and other financial entities before the Eleventh Administrative Court of the Circuit of Cali, under file number 2004-1924. The lawsuit was brought against the financial entities that participated in the Performance Plan of the Department of Valle in 1998, on the grounds that they agreed to charge interest on interest. The conclusion arguments were presented based on the evidence, which is considered not to prove the facts of the lawsuit, the proceeding is for first instance ruling. The claims were estimated at $15,900.

(ii) Process of delimitation and marking of boundaries promoted by Mrs. Carmen Capella de Escolar against Mosel SAS and others, before the Second Civil Judge of the Specialized Circuit in Land Restitution of Cartagena, with file number 0205 of 2014. The Bank appears in these proceedings, due to a complaint filed by the company Mosel SAS, by virtue of the fact that the Bank was the owner of the property that is the object of the proceedings, and in such capacity established the boundaries of the property, which was subsequently sold. The claim was timely answered, and it is firmly believed that the exceptions of merit raised by the Bank will be recognized by the judge at the time of rendering judgment, in addition to the fact that the damages claimed by the plaintiff in the amount of $4,000 are not duly supported.

(iii) Procedural incident of joint and several liability initiated against the Bank and other banking establishments by MEDICAL DUARTE ZF and other entities, within the collection proceeding that they are promoting against a client of the bank before the Fifth Labor Court of the Circuit of Barranquilla. The incident is based on the fact that the Bank allegedly did not comply with the attachment orders issued by the court on the customer's deposits, a situation that does not correspond to reality, since the customer's bank accounts had no funds and had already been previously seized by another judicial authority. The incident was answered in a timely manner by the Bank with the pertinent factual and legal arguments, however, the court decided to declare it jointly and severally liable, along with two other financial entities, for the amount of $70,980, based on a rule that is clearly not applicable to the case. The Bank filed a motion for reconsideration and an appeal against this decision. When deciding the motion for reconsideration, the court confirmed its decision, and processed the appeal, which is currently being processed, but it is firmly believed that it should be revoked, because it lacks factual support, in addition to the fact that there is no rule in the legislation that allows declaring a Bank jointly and severally liable for the breach of a seizure order issued from an labor collection proceeding.

(iv) Revocation action filed before the Superintendence of Companies, through which the revocation of a leasing contract entered into between the Bank and a company that is in corporate reorganization is sought, so that the assets given under the lease return to the supplier's assets, based on the fact that the entity allegedly did not pay the price of the goods. In the present case, the Bank acted in good faith, and has the payment supports of the assets delivered in leasing, therefore it is considered that the requirements for the action to prosper do not exist. The plaintiff estimated its claims in $8,255.

In relation to the aforementioned proceedings against the Company, after the corresponding evaluation, it was established that they do not require provision.

Tax contingencies

As of December 31, 2023, the Parent Company and subsidiaries have no claims for the existence of national and local tax proceedings that establish penalties in the exercise of its activity as a taxpayer entity, and that imply the constitution of contingent liabilities due to the remote possibility of an outflow of resources for such concepts.

Labor contingencies

In the course of the labor relationship between the Group and its employees, as a consequence of the reasons for the termination of the employment contract or its development, different claims arise against, on which it is not considered possible that significant losses will arise in relation to such claims according to the opinion of the lawyers as of December 31, 2023.

Note 25. - Revenues and expenses from contracts with customers

The following is a detail of commission income and expenses for the years ended December 31, 2023 and 2022:

Revenues		December 31, 2023	December 31, 2022
Fees for banking services	$	290,632	270,351
Credit card fees		161,012	143,319
Fiduciary activities		108,683	76,271
Commissions for drafts, checks and checkbooks		5,220	5,852
Office network services		1,908	1,299
Total	**$**	**567,455**	**497,092**
Expenses			
Banking services	$	99,158	22,887
Bank charges		1,622	1,056
Sales and service commissions		13,626	12,681
Bank guarantees		42	42
Fiduciary business		5	-
Placements		34,132	48,902
Credit Cards		428	5,715
Other		64,488	60,331
Total		**213,501**	**151,614**
Net commission income	**$**	**353,954**	**345,478**

The following table discloses revenues from customer contracts as of December 2023 and 2022:

		December 31, 2023	December 31, 2022
Revenues			
Revenues from customer contracts	$	567,454	497,092
Timing of revenue recognition			
At a point in time		22,966	7,151
Over time		544,488	489,941

Note 26. - Other income, net and other expenses

Following is a detail of other income and other expenses for the years ended December 31, 2023 and 2022:

Other income		**December 31, 2023**	**December 31, 2022**
Other operating[i] income**[1]	$	267,371	273,652
Equity in net income of associates and joint ventures		218,882	122,041
Profit on sale of property and equipment		1,244	9,708
Dividends		5,702	5,580
Profit on sale of non-current assets held for sale		23,954	6,260
Net gain on valuation of investment properties		19,328	30,735
Net loss on sale of investments		(12,445)	(28,970)
Net (loss) gain on foreign currency exchange differences		(53,273)	172,640
Other income total	**$**	**470,763**	**591,646**

(*) Other operating income is mainly composed of sales of other services, lease payments, operating leasing and profit on sale of BRPs and restituted.

For the period ended December 31, 2023 and 2022, the variation in other income was ($119,542), mainly due to the share in net income of associated companies and joint ventures for $96,841, due to the difference in foreign currency exchange, due to fluctuations in the TRM in the market, generating a variation of ($225,913), with gain on sale of non-current assets held for sale $17,694 and a gain on valuation of investment properties ($11,407).

Other expenses		December 31, 2023	December 31, 2022
Personnel expenses	$	867,105	811,302
Taxes and fees		315,805	208,810
Insurance		138,060	122,563
Consulting, audit and other fees		142,666	127,279
Contributions, memberships and transfers		47,433	113,604
Other(*)		95,750	82,541
Depreciation of right-of-use assets		64,243	59,377
Amortization of intangible assets		74,763	55,988
Depreciation of tangible assets		46,839	47,590
Maintenance and repairs		54,258	45,236
Utilities		32,458	30,982
Advertising Services		41,848	35,520
Electronic data processing		16,259	15,306
Leases		17,655	15,745
Transportation services		13,645	12,755
Losses on sale of property and equipment		16,326	9,594
Cleaning and security services		18,051	12,721
Supplies and stationery		5,501	4,470
Insurance claims losses		20,870	10,331
Adaptation and installation		5,895	6,982
Impairment losses on other assets		111	2,447
Travel expenses		4,323	4,328
Donation expenses		3,458	1,571
Assets write-off		479	293
Other expenses total	**$**	**2,043,800**	**1,837,335**

(*) Other expenses are mainly composed of administrative expenses, outsourcing services, contingent limits provisions, systematization services and database queries.

Note 27. - Analysis of operating segments

Operating segments are components of the Parent Company that engage in business activities that may generate revenues or incur expenses, and whose operating results are regularly reviewed by the Board of Directors, and for which specific financial information is available:

a. **Description of products and services from which each reportable segment derives its revenues:** The Parent Company is organized into four business segments comprised of the following companies: Fiduciaria de Occidente S.A., Banco de Occidente Panamá S.A., Occidental Bank Barbados Ltd. and Ventas y Servicios S.A. - NEXA BPO. All these entities provide banking and financial services in Colombia in corporate or commercial banking, consumer and mortgage banking.

b. **Factors used by management to identify reportable segments:** The operating segments identified above, are based on the strategic organization of the Parent Company to serve the different sectors of the economy in Colombia, Panama and Barbados, taking into account that under the laws of these countries each of these companies have been operating for several years.

The consolidated information of each entity is reviewed by the Parent Company's Board of Directors, which is available to the stock market only for the Parent Company, considering that it has its shares and securities registered in the Colombian National Securities Registry.

c. **Measurement of net income and assets and liabilities of operating segments:** The Board of Directors of the Parent Company, reviews the consolidated financial information of each of its operating segments prepared in accordance with MFRS.

The Board of Directors evaluates the performance of each segment, based on each segment's net income and certain credit risk indicators.

d. **Information on net income, assets and liabilities of reportable operating segments:** The following is a detail of the summarized reportable financial information for each segment for the periods ended December 31, 2023 and 2022:

December 31, 2023

		Banco de Occidente S.A. (Parent Company)	Fiduciaria de Occidente S.A.	Ventas y Servicios S.A.	Banco de Occidente Panamá S.A.	Occidental Bank (Barbados) Ltd.	Eliminations	Total
Assets								
Financial assets at fair value through profit or loss	$	5,363,274	77,439	4,235	887	-	-	5,445,835
Financial assets at fair value with changes in ORI		3,231,197	37,349	-	984,473	349,511	(4,733)	4,597,797
Financial assets in debt securities at amortized cost		2,034,558		-	-	-	-	2,034,558
Investments in associated companies and joint ventures		2,317,326	273,168	-	-	-	(789,692)	1,800,802
Financial assets for loan portfolio at amortized cost		46,808,300	(185)	-	2,143,867	547,053	-	49,499,035
Other Assets		4,510,469	49,064	95,832	432,123	154,128	(17,859)	5,223,757
Total Assets	$	**64,265,124**	**436,835**	**100,067**	**3,561,350**	**1,050,692**	**(812,284)**	**68,601,784**
Liabilities								
Customer deposits		44,973,650	-	-	3,317,028	895,502	(10,448)	49,175,732
Financial obligations		10,816,956	13,580	17,635	952	-	(521)	10,848,602
Other Liabilities		2,830,583	22,771	33,370	6,420	3,418	(7,195)	2,889,367
Total Liabilities	$	**58,621,189**	**36,351**	**51,005**	**3,324,400**	**898,920**	**(18,164)**	**62,913,701**
Equity	$	**5,643,935**	**400,484**	**49,062**	**236,950**	**151,772**	**(794,120)**	**5,688,083**

December 31, 2022

		Banco de Occidente S.A. (Parent Company)	Fiduciaria de Occidente S.A.	Ventas y Servicios S.A.	Banco de Occidente Panamá S.A.	Occidental Bank (Barbados) Ltd.	Eliminations	Total
Assets								
Financial assets at fair value through profit or loss	$	2,549,767	73,206	11,285	1,107	-	-	2,635,365
Financial assets at fair value with changes in ORI		2,425,803	27,395	-	1,178,941	394,032	(4,031)	4,022,140
Financial assets in debt securities at amortized cost		1,802,692	-	-	-	-	-	1,802,692
Investments in associated companies and joint ventures		2,091,323	237,836	-	-	-	(681,599)	1,647,560
Financial assets for loan portfolio at amortized cost		43,245,944	(162)	-	1,971,234	555,887	(71,228)	45,701,675
Other Assets		2,868,805	52,328	98,857	847,657	359,651	(32,321)	4,194,977
Total Assets	**$**	**54,984,334**	**390,603**	**110,142**	**3,998,939**	**1,309,570**	**(789,179)**	**60,004,409**
Liabilities								
Customer deposits		38,479,688	-	-	3,468,809	1,161,304	(13,856)	43,095,945
Financial obligations		9,121,922	18,854	8,830	344,095	-	(72,815)	9,420,886
Other Liabilities		2,203,630	23,132	49,981	8,010	3,705	(16,955)	2,271,503
Total Liabilities	**$**	**49,805,240**	**41,986**	**58,811**	**3,820,914**	**1,165,009**	**(103,626)**	**54,788,334**
Equity	**$**	**5,179,094**	**348,617**	**51,331**	**178,025**	**144,561**	**(685,553)**	**5,216,075**

December 31, 2023

		Banco de Occidente S.A. (Parent Company)	Fiduciaria de Occidente S.A.	Ventas y Servicios S.A.	Banco de Occidente Panamá S.A.	Occidental Bank (Barbados) Ltd.	Eliminations	Total
Income from continuing operations								
Financial Income	$	7,468,355	4,248	1,159	198,380	62,818	(2,202)	7,732,758
Fees and commissions		449,449	116,695	-	7,220	2,116	(8,025)	567,455
Other operating income		20,226,576	83,757	296,375	28,081	6,819	(251,125)	20,390,483
Total income	**$**	**28,144,380**	**204,700**	**297,534**	**233,681**	**71,753**	**(261,352)**	**28,690,696**
Financial Expenses								
Provision for impairment of Assets	$	1,385,134	662	1	539	(1,808)	(82)	1,384,446
Depreciation and amortization		163,006	6,062	15,458	1,775	142	(598)	185,845
Commissions and fees paid		275,279	3,124	59	3,598	993	(69,552)	213,501
Administrative expenses		906,515	27,775	48,012	10,918	7,254	(45,561)	954,913
Other operating expenses		24,982,304	80,622	235,215	161,731	44,443	(4,537)	25,499,778
Income tax		(38,785)	11,523	(841)	-	759	-	(27,344)
Total expenses	**$**	**27,673,453**	**129,768**	**297,904**	**178,561**	**51,783**	**(120,330)**	**28,211,139**
Profit for the period	**$**	**470,927**	**74,932**	**(370)**	**55,120**	**19,970**	**(141,022)**	**479,557**

December 31, 2022

		Banco de Occidente S.A. (Parent Company)	Fiduciaria de Occidente S.A.	Ventas y Servicios S.A.	Banco de Occidente Panamá S.A.	Occidental Bank (Barbados) Ltd.	Eliminations	Total
Income from continuing operations								
Financial Income	$	4,521,395	3,554	720	126,958	41,664	(2,989)	4,691,302
Fees and commissions		412,207	85,311	-	6,021	2,398	(8,845)	497,092
Other operating income		10,905,646	49,140	319,737	31,766	8,089	(198,492)	11,115,886
Total income	**$**	**15,839,248**	**138,005**	**320,457**	**164,745**	**52,151**	**(210,326)**	**16,304,280**
Financial Expenses								
Provision for impairment of financial	$	932,174	199	4	9,556	1,364	-	943,297
Depreciation and amortization		138,417	5,023	18,097	1,714	184	(480)	162,955
Commissions and fees paid		223,672	1,783	41	2,656	903	(77,441)	151,614
Administrative expenses		785,460	20,651	45,414	9,548	6,654	(41,265)	826,462
Other operating expenses		13,196,746	77,810	253,823	96,342	25,810	(4,378)	13,646,153
Income tax		110,228	5,348	1,178	-	702	-	117,456
Total expenses	**$**	**15,386,697**	**110,814**	**318,557**	**119,816**	**35,617**	**(123,564)**	**15,847,937**
Profit for the period	**$**	**452,551**	**27,191**	**1,900**	**44,929**	**16,534**	**(86,762)**	**456,343**

e. Reconciliation of net income, assets and liabilities of the reportable operating segments

The following is a detail of the reconciliation of total segment revenues, expenses, assets and liabilities to the corresponding items consolidated at the Parent Company level:

1. Revenues

		December 31, 2023	December 31, 2022
Total reportable revenues by segment	$	28,952,047	16,514,605
a. Yield on demand deposits		(2,202)	(2,989)
b. Dividends		(177)	(234)
c. Equity Method		(143,190)	(87,805)
d. Other		(115,782)	(119,297)
Total consolidated revenues	**$**	**28,690,696**	**16,304,280**

2. Expenses

		December 31, 2023	December 31, 2022
Total reportable expenses by segment	$	28,350,208	15,971,504
a. Interest on bank loans		(2,288)	(3,024)
b. Equity Method		(2,112)	(1,283)
c. Others		(115,438)	(119,263)
Total consolidated expenses	**$**	**28,230,370**	**15,847,934**

3. Assets

		December 31, 2023	December 31, 2022
Total reportable assets by segment	$	69,414,068	60,793,589
a. Banks and other correspondents		(10,448)	(13,856)
b. Interbank funds sold		-	(71,228)
c. Investments		(794,425)	(685,630)
d. Accounts receivable		(6,981)	(16,562)
e. Other		(430)	(1,904)
Total consolidated assets	**$**	**68,601,784**	**60,004,409**

4. Liabilities

		December 31, 2023	December 31, 2022
Total reportable liabilities by segment	$	62,931,865	54,891,960
a. Checking accounts		(6,172)	(5,695)
b. Credit from Banks		-	(71,228)
c. Accounts payable		(7,194)	(16,558)
d. Other		(4,798)	(10,145)
Total consolidated liabilities	**$**	**62,913,701**	**54,788,334**

5. Equity

		December 31, 2023	December 31, 2022
Total reportable equity by segment	$	6,482,204	5,901,628
a. Capital stock		(36,500)	(41,351)
b. Additional paid-in capital		(198,940)	(198,940)
c. ORI		(855,390)	(951,468)
d. Surplus Equity method		75,002	169,366
e. Profit or loss		227,395	342,525
f. Other		(5,688)	(5,685)
Total consolidated liabilities	**$**	**5,688,083**	**5,216,075**

Assets by country

Country		December 31, 2023	December 31, 2022
Colombia	$	5,304,094	4,897,520
Panama		236,950	178,025
Barbados		147,039	140,530
Total Equity	**$**	**5,688,083**	**5,216,075**

6. Revenues by Country

Country		December 31, 2023	December 31, 2022
Colombia	$	28,391,782	16,094,049
Panama		227,335	158,314
Barbados		71,579	51,917
Total Consolidated Revenues	**$**	**28,690,696**	**16,304,280**

f. Largest customers of the parent company

There are no customers representing 10% of the Parent Company's total revenues during the periods ended December 31, 2023 and 2022.

Note 28. - Offsetting of financial assets with financial liabilities

The following is a detail of the financial instruments subject to contractually required offsetting as of December 31, 2023 and 2022:

As of December 31, 2023

		Gross amounts of recognized financial assets	Net amount of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position	Net Amount
				Financial Instruments	
Assets					
Derivative financial instruments	$	1,276,723	1,276,723	542,733	733,990
Total	$	**1,276,723**	**1,276,723**	**542,733**	**733,990**
Liabilities					
Derivative financial instruments	$	1,058,390	1,058,390	-	1,058,390
Repo and simultaneous transactions		4,309,278	4,309,278	4,599,783	(290,505)
Total	$	**5,367,668**	**5,367,668**	**4,599,783**	**767,885**

As of December 31, 2022

				Related amounts not offset in the statement of financial position	
		Gross amounts of recognized financial assets	Net amount of financial assets presented in the statement of financial position	Financial Instruments	Net Amount
Assets					
Derivative financial instruments	$	754,968	754,968	-	754,968
Repo and simultaneous transactions		766,848	766,848	393,462	373,386
Total	$	**1,521,816**	**1,521,816**	**393,462**	**1,128,354**
Liabilities					
Derivative financial instruments	$	930,802	930,802	-	930,802
Repo and simultaneous transactions		2,130,296	2,130,296	1,734,217	396,079
Total	$	**3,061,098**	**3,061,098**	**1,734,217**	**1,326,881**

The Parent Company and its subsidiary, Fiduciaria de Occidente S.A., have derivative financial instruments which are legally enforceable according to Colombian legislation or the country where the counterparty is located. In addition, Colombian legal regulations allow the Parent Company to offset instruments derived from its own liability obligations.

Note 29. - Unconsolidated structured entities

The following table shows the total assets of the unconsolidated structured entities, in which the Bank and Subsidiaries had an interest as of the reporting date and their maximum exposure to loss with respect to such interests:

Funds managed by Grupo Aval	**December 31, 2023**	**December 31, 2022**
Total assets under management	817,316	8,411,430
Investments at fair value through profit or loss	709,520	580,510
Other accounts receivable	1	2
total assets in relation to Grupo Aval's interests in unconsolidated structured entities	**1,526,837**	**8,991,942**
Maximum exposure of Grupo Aval	**1,526,837**	**8,991,942**

Note 30. - Related parties

In accordance with IAS 24, a related party is a person or entity that is related to the entity preparing its financial statements, which may exercise control or joint control over the reporting entity, exercise significant influence over the reporting entity, or be regarded as a member of key management personnel of the reporting entity or of a parent of the reporting entity. The definition of related party includes: persons and/or relatives related to the entity (key management personnel), entities that are members of the same group (parent company and subsidiary), associates or joint ventures of the entity or of Grupo Aval entities.

In accordance with the foregoing, the related parties for the Parent Company and subsidiaries, Fiduciaria de Occidente S.A., Occidental Bank Barbados Ltd, Banco de Occidente Panamá S.A. and Ventas y Servicios S.A. - NEXA BPO, are classified in the following categories:

1. Individuals who exercise control or joint control over the Parent, i.e. who own more than a 50% interest in the reporting entity; additionally, includes close relatives who could be expected to influence or be influenced by that person.

2. Key management personnel, this category includes the Members of the Board of Directors and President of Grupo Aval, the Parent Company, Fiduciaria de Occidente S.A., the General Manager of Ventas y Servicios S.A. - NEXA BPO, Occidental Bank Barbados Ltd.and Banco de Occidente Panamá S.A., plus the key management personnel of these entities, which are the persons who participate in the planning, direction and control of such entities.

3. Companies belonging to the same group, this category includes the controlling company, subsidiaries or other subsidiaries of the same controlling company of Grupo Aval.

4. Associated Companies and Joint Ventures: companies in which Grupo Aval has significant influence, which is generally considered when it owns between 20% and 50% of their capital.

5. This category includes entities that are controlled by individuals included in categories 1 and 2.

6. This item includes entities in which the persons included in items 1 and 2 exercise significant influence.

All transactions with related parties are carried out at market conditions, the most representative balances as of December 31, 2023 and 2022, with related parties are included in the following tables, whose headings correspond to the definitions of related parties, recorded in the three categories above:

December 31, 2023

		Categories					
		1	2	3	4	5	6
		Individuals with control over Banco de Occidente	Key Management Personnel	Companies belonging to the same group	Associates and joint ventures	Entities that controlled by persons included in category 1 and 2	Entities that have significant influence by persons included in category 1 and 2
Assets							
Elective and its equivalents	$	-	-	1,696	-	-	-
Financial assets in investments		-	-	-	113,931	-	-
Financial assets in credit operations		20	19,585	553,728	65,984	441,531	7,206
Accounts receivable		-	205	26,307	457	144,219	66
Other assets		-	1,065	26,300	-	233	-
Liabilities							
Deposits	$	141,699	69,872	1,423,443	19,455	342,812	7,820
Accounts payable		18	3,965	50,105	-	9,653	-
Financial obligations		-	133	70,051	-	59,325	-
Other liabilities		-	-	1,630	-	-	-

December 31, 2022

		Categories					
		1	2	3	4	5	6
		Individuals with control over Banco de Occidente	Key Management Personnel	Companies belonging to the same group	Associates and joint ventures	Entities that are controlled by persons included in category 1 and 2	Entities with significant influence by persons included in category 1 and 2
Assets							
Cash and cash equivalents	$	-	-	8,129	-	-	-
Financial assets in investments		-	-	-	103,796	-	-
Financial assets in credit operations		14	16,986	331,057	21,603	326,530	-
Accounts receivable		-	189	25,937	927	112,019	-
Other assets		-	208	16,731	-	968	-
Liabilities							
Deposits		182,872	60,416	1,002,228	78,738	288,440	2,376
Accounts payable		292	2,977	30,273	-	53	-
Financial obligations		-	130	54,465	-	58,107	-
Other liabilities	$	-	21	1,905	-	-	-

The most representative transactions for the years ended December 31, 2023 and 2022 with related parties comprise:

a. Sales, services and transfers

December 31, 2023

		Categories					
		1	2	3	4	5	6
		Individuals with control over Banco de Occidente	Key Management Personnel	Companies belonging to the same group	Associates and joint ventures	Entities that are controlled by persons included in category 1 and 2	Entities with significant influence by persons included in category 1 and 2
Interest income	$	1	1,332	71,341	4,382	57,192	583
Financial expenses		3,350	3,927	55,783	2,795	34,894	11
Fee and commission income		4	205	14,653	25,525	58,027	33
Fees and commissions expense		-	796	93,186	33,202	426	-
Other operating income		3	136	141,303	4,553	26,496	8
Other Expenses		-	214	23,152	11,726	10,139	-

December 31, 2022

		Categories					
		1	2	3	4	5	6
		Individuals with control over Banco de Occidente	Key Management Personnel	Companies belonging to the same group	Associates and joint ventures	Entities that are controlled by persons included in category 1 and 2	Entities with significant influence by persons included in category 1 and 2
Interest income	$	4	1,015	37,593	1,243	27,979	43
Financial expenses		2,174	1,925	39,528	2,746	19,160	35
Fee and commission income		3	199	11,903	25,451	77,023	6
Fees and commissions expense		-	698	83,697	21,968	510	-
Other operating income		5	109	159,575	6,191	21,327	1
Other Expenses		-	129	13,472	11,641	7,424	-

Outstanding amounts are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current or prior years in respect of uncollectible or doubtful accounts related to amounts due from related parties.

b. Compensation of key management personnel

Compensation received by key management personnel, consists of the following for the periods ended December 31, 2023 and 2022:

Items		December 31, 2023	December 31, 2022
Salaries	$	28,803	25,593
Short-term employee benefits		5,690	4,924
Other long-term benefits		47	35
Termination benefits		156	229
Total	**$**	**34,696**	**30,781**

Note 31. - Events after the closing date of preparation of the consolidated financial statements

There are no subsequent events that have occurred between the closing date as of December 31, 2023 and February 23, 2024, the date of the statutory auditor's report, that have an impact on the consolidated financial statements as of that date or on the results and equity of the bank.

Note 32. - Approval of consolidated financial statements

The consolidated financial statements and accompanying notes were approved by the Board of Directors and the Legal Representative, in accordance with Minutes No.1660 dated February 23, 2024, to be submitted to the General Shareholders' Meeting for approval, which may approve or modify them.