Annex II
Financial Statements
Banco de Occidente S.A.

Consolidated as of December 31, 2022

Banco de Occidente | Del lado de los que hacen.

Grupo AVAL

Financial Statements

Consolidated as of December 31, 2022

Banco de Occidente
PANAMÁ

Occidental Bank
BARBADOS

FiduOccidente

NEXA
BPO

VIGILADO SUPERINTENDENCIA FINANCIERA DE COLOMBIA BANCO DE OCCIDENTE S.A.

Banco de Occidente

Del lado
de los que hacen.

Grupo AVAL

BANCO DE OCCIDENTE S.A.

Consolidated Financial Statements as of December 31, 2022 and 2021 with the Statutory Auditor's Report

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

Phone 317 6984634

home.kpmg/co

STATUTORY AUDITOR'S REPORT

To the Shareholders of
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, 2022 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 include 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, 2022, the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Accounting and Financial Reporting Standards accepted in Colombia, 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 fulfilled 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 a sufficient and appropriate basis for my opinion.

Key Audit Matters

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 Matters	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 the development of 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, 2022 is COP$45,701,675 million and COP$2,033,178 million, respectively. I considered the assessment of loan portfolio impairment as a key audit matter because it involves 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 ratings and qualitative factors that are incorporated within the internal model variables, established by the	My audit procedures for assessing the adequacy of the credit risk impairment included, but were not limited to, the following: • Involvement of professionals with experience and knowledge 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 the models that determine the probability of loss, LGD, and exposure at default; (2) the Group's monitoring of the determination of portfolio impairment; (3) information technology controls over the input data to the models that determine credit impairment, as well as related calculations; (4) the evaluation to identify whether there was a significant change in credit risk; (5) the evaluation of macroeconomic variables and weighted scenarios used in the models for the determination of loan portfolio impairment; and (6) the verification of controls related to the evaluation of individually analyzed trade receivables and write-offs.

Group; and (4) the estimated credit risk impairment calculations for the entire loan portfolio.	• Professionals with expertise in credit risk assessment and information technology assisted me in: (1) evaluating the methodologies and key data used to determine the probability of loss, LGD, 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 its 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, 2021 are presented solely for comparative purposes, were audited by another public accountant, member of KPMG S.A.S., who in his report dated February 25, 2022 expressed an unqualified opinion thereon.

Responsibility of the Group's management and those charged with corporate governance for 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 has no realistic alternative but to do so.

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 does not 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 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 higher than for one arising from error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- I assess 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 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 assess 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, accordingly, are the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes 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: 2023.02.24 23:28:40 -05'00'

Andres Mauricio Ortiz Bahamon Statutory
Auditor of Banco de Occidente S.A.
PL 146841 – T
Member of KPMG S.A.S.

February 24, 2023

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

	Notes		December 31, 2022	December 31, 2021
Assets				
Cash	*6*	$	**3,878,224**	**5,110,003**
Financial assets at fair value through profit or loss	**5 and 7**		**2,635,365**	**1,655,678**
Investments in debt securities	7		1,299,887	711,135
Investments in equity instruments	7 and 30		580,510	480,813
Derivative instruments held for trading	9 and 28		754,968	463,730
Financial assets at fair value through OCI	**7**		**4,022,140**	**5,443,788**
Investments in debt securities	**7**		3,899,693	5,331,756
Investments in equity instruments at fair value	**7**		122,447	112,032
Financial assets in debt securities at amortized cost	**8**		**1,802,692**	**883,207**
Financial assets in loans and receivables at amortized cost, net			**43,668,497**	**35,097,324**
Loan portfolio at amortized cost	**10**		**45,701,675**	**37,065,105**
Commercial portfolio and commercial leasing			32,071,010	26,044,727
Commercial and commercial leasing			30,950,556	25,578,816
Repos and interbank and other			1,120,454	465,911
Consumer portfolio and consumer leasing			11,142,642	8,887,493
Mortgage portfolio and mortgage leasing			2,488,024	2,132,885
Impairment of loan portfolio at amortized cost	**10**		**(2,033,178)**	**(1,967,781)**
Impairment of commercial portfolio and commercial leasing			(1,241,499)	(1,179,907)
Impairment of consumer portfolio and consumer leasing			(696,132)	(676,506)
Impairment of mortgage portfolio and mortgage leasing			(95,547)	(111,368)
Other accounts receivable, net	**11**		**436,662**	**320,896**
Non-current assets held for sale (ANCMV in Spanish)	**12**		**-**	**5,378**
Investments in associated companies and joint ventures	**13**		**1,647,560**	**1,664,990**
Tangible assets, net	**14**		**712,938**	**699,865**
Own property and equipment			198,310	249,295
Equipment under operating lease			57,234	37,521
Property and equipment right of use			240,497	241,630
Investment property			216,897	171,419
Intangible assets, net	**15**		**540,201**	**455,022**
Goodwill			22,724	22,724
Other intangible assets			517,477	432,298
Income tax asset	**16**		**637,375**	**306,417**
Current			564,419	251,999
Deferred			72,956	54,418
Other assets			**22,755**	**20,892**
Total assets		$	**60,004,409**	**51,663,460**
Liabilities				
Financial liabilities at fair value - derivative instruments			**930,802**	**517,293**
Derivative instruments held for trading	**9 and 28**	$	930,802	517,293
Financial liabilities at amortized cost			**52,516,831**	**44,836,621**
Customer deposits	**17**		**43,095,945**	**36,340,252**
Current accounts			7,586,598	7,732,324
Savings accounts			22,021,958	19,385,348
Term deposit certificates			13,390,805	9,169,470
Other deposits			96,584	53,110
Financial obligations	**18**		**9,420,886**	**8,496,369**
Interbank and overnight funds			2,202,043	1,999,608
Bank and other loans			3,928,990	2,767,357
Bonds and investment securities			2,322,416	2,777,578
Obligations with rediscount entities			967,437	951,826
Provisions for legal contingencies and other provisions	**20**		**57,185**	**46,633**
Provision for legal contingencies			3,395	3,395
Other provisions			53,790	43,238
Income tax liability	**16**		**608**	**8,148**
Current			541	8,148
Deferred			67	-
Employee benefits	**19**		**91,999**	**90,221**
Other liabilities	**21 and 30**		**1,190,909**	**975,964**
Total liabilities		$	**54,788,334**	**46,474,880**
Equity				
Subscribed and paid-in capital	**22**	$	**4,677**	**4,677**
Additional paid-in capital			**720,445**	**720,445**
Retained earnings			**4,770,349**	**4,467,443**
Other comprehensive income			**(311,542)**	**(37,376)**
Equity of controlling interests		$	**5,183,929**	**5,155,189**
Non-controlling interests			**32,146**	**33,391**
Total equity			**5,216,075**	**5,188,580**
Total liabilities and equity		$	**60,004,409**	**51,663,460**

The notes on pages 12 to 154 are an integral part of the consolidated financial statements.

Digitally signed by ANDRES MAURICIO ORTIZ BAHAMON Date: 2023.02.24 23:29:03 -05'00'

MAURICIO MALDONADO UMAÑA	FABIÁN FERNANDO BARONA CAJIAO	ANDRÉS MAURICIO ORTIZ BAHAMON
LEGAL REPRESENTATIVE (*)	ACCOUNTANT (*)	STATUTORY AUDITOR
	PL 80629 - T	PL 146841 - T
		Member of KPMG S.A.S.
		(See my report of February 24, 2023).

(*) We, 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 INCOME STATEMENT
(In millions of Colombian pesos)

	Notes		December 31, 2022	December 31, 2021
Interest and valuation income		$	**4,691,301**	**2,741,958**
Interest on loan portfolio and financial leasing and repo and interbank transactions:			**4,368,348**	**2,560,992**
Interest on commercial portfolio			2,797,279	1,402,779
Interest on consumer portfolio			1,311,170	969,567
Interest on home portfolio			208,105	181,016
Repos and interbank income			51,794	7,630
Income from deposits			**12,754**	**5,575**
Interest income on other accounts receivable			**2,726**	**3,831**
Interest and valuation on investments in debt securities at amortized cost			**307,473**	**171,560**
Interest and similar expenses			2,491,415	769,620
Deposits			**1,912,314**	**494,151**
Current accounts			16,008	5,912
Savings deposits			1,134,737	231,553
Term deposit certificates			761,569	256,686
Financial Obligations			579,101	275,469
Interbank loans			133,287	25,892
Bank and other loans			100,751	38,686
Bonds and investment securities			286,904	184,658
Obligations with rediscount entities			58,159	26,233
Net interest and valuation income			**2,199,886**	**1,972,338**
Impairment loss on financial assets			745,219	723,644
Impairment for loan portfolio and interest receivable			943,297	882,538
Recovery for investments in debt securities			(2,213)	(487)
Recovery of write-offs			(195,865)	(158,407)
Income, net of interest after impairment			**1,454,667**	**1,248,694**
Income from customer contracts, commissions and fees				
Fee and commission income	25		**497,092**	**458,215**
Fee and commission expense	25		**151,614**	**126,399**
Net fee and commission income			**345,478**	**331,816**
Net income (expense) from financial assets or liabilities held for trading			**19,343**	**(67,782)**
Net gain on marketable investments			33,239	21,178
Net loss on derivative financial instruments held for trading			(13,896)	(88,960)
Other income, net	26		**591,646**	**789,526**
Net exchange gain			172,640	230,605
Net (loss) gain on sale of investments			(28,970)	1,345
Gain on sale of non-current assets held for sale	12		6,260	12,015
Share of profit of associates and joint ventures by the equity method	13		122,041	245,863
Dividends			5,580	3,138
Net gain on valuation of investment property			30,735	17,691
Other operating income			283,360	278,869
Other expenses, net	26		**1,837,335**	**1,641,444**
Loss on sale of non-current assets held for sale	12 and 26		-	95
Provision for other assets			**2,447**	**1,699**
Personnel expenses	26		**811,302**	**759,171**
Severance pay			4,253	8,009
Bonus payments			30,916	23,963
Salaries and employee benefits			776,133	727,199
General management expenses			**826,462**	**730,655**
Depreciation and amortization expense			**162,955**	**145,982**
Amortization of intangible assets			55,988	45,312
Depreciation of tangible assets			47,590	45,770
Depreciation of property and equipment for rights of use			59,377	54,900
Other operating expenses, net			**34,169**	**3,842**
Donation expense	26		1,571	1,315
Other expenses			32,598	2,527
Income before income taxes			**573,799**	**660,810**
Income tax expense	16		**117,456**	**74,903**
Net income		$	**456,343**	**585,907**
Income attributable to:				
Controlling interests		$	**452,509**	**580,222**
Non-controlling interests		$	**3,834**	**5,685**

The notes on pages 12 to 154 are an integral part of the consolidated financial statements.

Digitally signed by ANDRES MAURICIO ORTIZ BAHAMON Date: 2023.02.24 23:29:27 -05'00'

MAURICIO MALDONADO UMAÑA
LEGAL REPRESENTATIVE (*)

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

ANDRÉS MAURICIO ORTIZ BAHAMON
STATUTORY AUDITOR
PL 146841 - T
Member of KPMG S.A.S.
(See my report of February 24, 2023).

(*) We, 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 OTHER COMPREHENSIVE INCOME
(In millions of Colombian pesos)

Net income:	Notes		December 31, 2022	December 31, 2021
Items to be subsequently reclassified to profit or loss		$	**456,343**	**558,907**
Net exchange difference on translation of foreign transactions			32,821	(828)
Exchange difference on investments in foreign subsidiaries			49,942	46,629
Net unrealized loss on foreign hedging transactions	9		(49,942)	(46,629)
Net unrealized loss on financial instruments measured at fair value in debt instruments	7		(387,260)	(270,415)
Impairment on financial instruments measured at fair value through OCI - debt securities			(2,134)	(1)
Net unrealized loss on investments accounted for by the equity method of accounting	13		(39,917)	(23,260)
Loan portfolio impairment adjustment for consolidated financial statement purposes				
Deferred income tax on items that may be subsequently reclassified to profit or loss	16		113,978	85,240
Total items to be subsequently reclassified to profit or loss			**(282,512)**	**(209,264)**
Items that will not be reclassified to profit or loss				
Net unrealized gain or loss on equity investments . Debt T4.			-	-
Revaluation of investment property			461	1,154
Net unrealized gain or loss on equity financial instruments measured at fair value	7		10,415	23,559
Loss on financial instruments measured at equity changes through OCI			-	-
Actuarial gain on defined benefit plans			320	1,860
Deferred tax recognized in other comprehensive income	16		(6,153)	(3,028)
Total items that will not be reclassified to profit or loss			**5,043**	**23,545**
Total other comprehensive income (loss) for the year, net of taxes			**(277,469)**	**(185,719)**
Total comprehensive income for the year		$	**178,874**	**400,188**
Comprehensive income attributable to:				
Controlling interests		$	**178,342**	**396,073**
Non-controlling interests		$	**532**	**4,115**

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Digitally signed by ANDRES MAURICIO ORTIZ BAHAMON Date: 2023.02.24 23:29:27 -05'00'

MAURICIO MALDONADO UMAÑA	FABIÁN FERNANDO BARONA CAJIAO	ANDRÉS MAURICIO ORTIZ BAHAMON
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BANCO DE OCCIDENTE S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(In millions of Colombian pesos)

Years ended December 31, 2022 and 2021:		**Subscribed and paid-in capital (Note 22)**	**Additional paid-in capital**	**Retained Earnings**	**Other comprehensive income**	**Total equity of controlling interests**	**Non-controlling interests**	**Total equity, net**
Balance as of December 31, 2020	**$**	**4,677**	**720,445**	**4,076,154**	**146,773**	**4,948,049**	**31,161**	**4,979,210**
Distribution of cash dividends		-	-	(192,374)	-	(192,374)	(1,889)	(194,263)
Withholding tax on dividends declared in the previous fiscal year in the statement of changes in equity		-	-	491	-	491	4	495
Realization of other comprehensive income		-	-	-	(3,273)	(3,273)	-	(3,273)
Effect on retained earnings from realization of other comprehensive income		-	-	3,273	-	3,273	-	3,273
Withholding tax on dividends for the current year in the statement of changes in equity		-	-	(323)	-	(323)	-	(323)
Other comprehensive income for the year		-	-	-	(180,876)	(180,876)	(1,570)	(182,446)
Net income		-	-	580,222	-	580,222	5,685	585,907
Balance as of December 31, 2021	$	**4,677**	**720,445**	**4,467,443 -**	**37,376**	**5,155,189**	**33,391**	**5,188,580**
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 the previous fiscal year in the statement of changes in equity		-	-	323	-	323	-	323
Realization of other comprehensive income		-	-	(1,435)	(337)	(1,772)	(67)	(1,839)
Effect on retained earnings from realization 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 equity		-	-	(263)	-	(263)	-	(263)
Other comprehensive income for the year		-	-	-	(273,829)	(273,829)	(3,303)	(277,132)
Net income		-	-	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**

The notes on pages 12 to 154 are an integral part of the consolidated financial statements.

Digitally signed by
ANDRES MAURICIO
ORTIZ BAHAMON
Date: 2023.02.24
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MAURICIO MALDONADO UMAÑA
LEGAL REPRESENTATIVE (*)

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

ANDRÉS MAURICIO ORTIZ BAHAMON
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BANCO DE OCCIDENTE S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(In millions of Colombian pesos)

For the years ended as of:	Notes		December 31, 2022	December 31, 2021
Cash flows from operating activities:				
Income before income taxes		$	**573,799**	**660,810**
Reconciliation of net income for the period to net cash (used in) provided by operating activities:				
Net interest and valuation income			(2,199,886)	(1,972,336)
Depreciation of tangible assets	**14 and 26**		106,967	100,670
Amortization of intangible assets	**15 and 26**		55,988	45,312
Impairment for loan portfolio and accounts receivable, net			943,297	882,536
Impairment of tangible assets, net			1,352	28
Gains on sale of property and equipment for own use			(7,388)	(4,557)
Unrealized exchange difference			(152,773)	(192,958)
Gains on sale of non-current assets held for sale			(7,910)	(26,751)
Gain on sale of investments, net			(896)	(1,246)
Share in net income of investments in associates and joint ventures	**13 and 26**		(122,041)	(245,863)
Dividends	**7 and 26**		(5,580)	(3,138)
Fair value adjusted over:				
Loss on valuation of derivative financial instruments			13,896	88,960
Gain on valuation of investment property	**14**		(30,735)	(17,691)
Net change in operating assets and liabilities				
Marketable investments			(622,885)	604,026
Derivative financial instruments			108,375	(990,980)
Loan portfolio			(8,208,329)	(3,967,699)
Accounts receivable			(183,659)	(86,958)
Other assets			34,795	38,96
Customer deposits			5,731,455	4,854,353
Interbank loans and overnight funds			157,575	677,899
Other liabilities and provisions			(79,286)	206,580
Employee benefits			751	(25,523)
Interest received on financial assets			3,988,295	2,595,473
Interest paid on financial liabilities			(2,257,301)	(673,205)
Interest paid on financial leases			(18,924)	(21,836)
Income tax paid			(37,132)	(37,686)
Net cash (used in) provided by operating activities			**(2,218,180)**	**2,487,016**
Cash flows from investing activities:				
Acquisition of held-to-maturity investments			(1,772,133)	(928,491)
Redemption of held-to-maturity investments			926,137	892,762
Acquisition of investments at fair value through other comprehensive income			(922,625)	(5,339,465)
Proceeds from sale of investments at fair value through other comprehensive income			2,515,453	4,115,023
Acquisition of interests in associates and joint ventures	**13**		-	(3)
Acquisition of tangible assets			(32,180)	(25,739)
Acquisition of assets delivered under operating leases	**14**		(33,993)	(33,762)
Acquisition of other intangible assets			(141,308)	(115,031)
Proceeds from sale of property and equipment			4,461	7,482
Proceeds from sale of non-current assets held for sale			6,108	3,554
Proceeds from sale of investment property			43,440	28,926
Dividends received			187,535	223,303
Net cash provided by (used in) investing activities			**780,895**	**(1,171,441)**
Cash flow from financing activities:				
Acquisition of financial obligations			6,939,381	13,598,697
Payment of financial obligations			(6,397,565)	(13,641,651)
Payments on outstanding investment securities			(470,090)	(346,640)
Lease payments			(72,436)	(61,931)
Dividends paid to controlling interests			(117,867)	(155,708)
Dividends paid to non-controlling interests			(44,201)	(58,510)
Net cash used in financing activities			**(162,778)**	**(665,743)**
Effect of exchange gains or losses on cash and cash equivalents			368,284	1,013,109
(Decrease) increase in cash, net			(1,231,779)	1,662,941
Cash at beginning of year	**6**		5,110,003	3,447,062
Cash at end of year	**6**	**$**	**3,878,224**	**5,110,003**

The notes on pages 12 to 154 are an integral part of the consolidated financial statements.

Digitally signed by ANDRES MAURICIO ORTIZ BAHAMON
Date: 2023.02.24 23:30:22 -05'00'

MAURICIO MALDONADO UMAÑA	FABIÁN FERNANDO BARONA CAJIAO	ANDRÉS MAURICIO ORTIZ BAHAMON
LEGAL REPRESENTATIVE (*)	ACCOUNTANT (*)	STATUTORY AUDITOR
	PL 80629 - T	PL 146841 - T
		Member of KPMG S.A.S.
		(See my report of February 24, 2023).

(*) We, 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 establishment, authorized to operate in accordance with Resolution No. 3140 of September 24, 1993 of the Office of the Financial Superintendent of Colombia. Duly constituted as recorded in Public Deed 659 of April 30, 1965 of the Fourth Notary's Office of Cali.

The Parent Company has its principal place of business 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 establishments, subject to the requirements and limitations of Colombian law.

In the development of its corporate purpose, the Parent Company makes loans to its customers in the form of loan, commercial, consumer, and home mortgage portfolios, and financial and operating leasing, 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, 2022, the Parent Company has a total of 7,113 employees distributed in 6,262 with indefinite contracts, 521 with fixed-term contracts and 330 with apprenticeship contracts. The Parent Company provides its services through 191 service centers in Colombia, distributed in 176 offices, 8 vehicle and motorcycle credit centers and 7 leasing and home credit centers.

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

The Parent Company has a non-bank correspondent agreement with Almacenes Éxito S.A. "Éxito," Efectivo Ltda "Efecty," Conexred S.A "Puntored," Servicios Postales Nacionales S.A "4/72", Empresa de Energía del Quindío S.A ESP "EDEQ," Quiceno y CIA S.C.A "Mercar," 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 business trust agreements and non-transfer of ownership fiduciary mandates, in accordance with the legal provisions. Its main purpose is to acquire, dispose of, encumber, manage movable and immovable property and to intervene as debtor or creditor in all kinds of credit operations. As of December 31, 2022, Fiduciaria de Occidente S.A. has a total of 576 employees distributed in 48 with fixed-term contracts, 499 with indefinite contracts, 29 with apprenticeship contracts, through 10 agencies located in the cities of Bogotá, Medellín, Cali, Barranquilla, Manizales, Bucaramanga, Cartagena, Pereira, Santa Marta, and Monteria.

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, 2022, Banco de Occidente Panamá S.A. has a total of 57 employees distributed in 54 with indefinite contracts and 3 employees with fixed-term contracts. Of the total number of employees, 13 perform special tasks for Occidental Bank Barbados and 10 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, 2022, Occidental Bank Barbados Ltd. has a total of 3 employees with indefinite 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, 2022, Ventas y Servicios S.A. has a total of 7,799 employees distributed in 330 with fixed-term contracts, 5,746 with indefinite contracts, 1,500 with work or labor contracts and 223 with apprenticeship contracts across 85 cities grouped in 4 regions in the Colombian territory.

The consolidated financial statements as of December 31, 2022 and 2021 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 accounting policies

2.1. Statement of compliance and technical regulatory framework

The consolidated financial statements have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (IFRS) in force as of December 31, 2015 included as an annex to Decree 2420 of 2015. Established in Law 1314 of 2009, regulated by Sole 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 and 938 of 2021.
Group 1 IFRS 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.
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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 above, 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 most commonly used model 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 it controls. The Parent Company controls 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 the investee’s returns.
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect the amount of the investor’s returns.

In the consolidation process, the Parent Company combines the assets, liabilities and profit or loss of the entities it controls, after homogenizing its accounting policies and converting the controlled entities abroad to 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 exchange rate for the period and the equity accounts at historical exchange rates, except for the accounts of Other Comprehensive Income - (OCI) due to adjustments to fair value. 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 reporting date as of those of the Parent Company.

The consolidated financial statements include the following subsidiaries:

Subsidiaries	Origin	% of Ownership	No. of Shares as of December 31, 2022
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% shareholding in Ventas y Servicios S.A. NEXA-BPO and Occidental Bank Barbados Ltd. has a 0.58% shareholding in Fiduciaria de Occidente S.A.

The total value of assets, liabilities, equity, operating income and profit or loss as of December 31, 2022 and 2021 of each of the subsidiaries included in the consolidation is as follows:

December 31, 2022	Assets	% Ownership	Liabilities	% Ownership	Equity	% Ownership	Operating Income	% Ownership	Profit or Loss	% Ownership
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%**
Consolidated Financial Statements Banco de Occidente S.A.	**$ 60,004,409**		**54,788,334**		**5,216,075**		**16,304,280**		**456,343**	

December 31, 2021	Assets	% Ownership	Liabilities	% Ownership	Equity	% Ownership	Operating Income	% Ownership	Profit or Loss	% Ownership
Banco de Occidente S.A. (Parent Company)	$ 46,770,830	90.5%	42,305,355	91.0%	4,465,474	86.0%	8,714,991	93.9%	449,715	76.8%
Fiduciaria de Occidente S.A.	380,535	0.8%	29,465	0.1%	351,070	6.8%	166,906	1.8%	80,775	13.8%
Banco de Occidente Panamá S.A.	3,321,021	6.4%	3,128,087	6.7%	192,935	3.7%	120,956	1.3%	35,595	6.1%
Occidental Bank Barbados Ltda.	1,085,812	2.1%	956,145	2.1%	129,667	2.5%	36,284	0.4%	14,381	2.4%
Ventas y Servicios S.A.	105,261	0.2%	55,828	0.1%	49,433	1.0%	237,202	2.6%	5,441	0.9%
Total	**$ 51,663,459**	**100%**	**46,474,880**	**100%**	**5,188,579**	**100%**	**9,276,339**	**100%**	**585,907**	**100%**
Consolidated Financial Statements Banco de Occidente S.A.	**$ 51,663,459**		**46,474,880**		**5,188,579**		**9,276,339**		**585,907**	

(*) The operating income shown is a gross income, as opposed to the income statement, where a net income is reported.

Effect of consolidation

The effect of consolidation on the structure of the Parent Company's financial statements as of December 31, 2022 and 2021 was as follows:

	December 31, 2022				December 31, 2021		
	Total Parent Company	**Total Consolidated**	**Increase (Decrease)**		**Total Parent Company**	**Total Consolidated**	**Increase (Decrease)**
Assets	$ 54,232,274	60,004,409	5,772,135	**Assets**	$ 46,770,830	51,663,459	4,892,629
Liabilities	49,716,735	54,788,334	5,071,599	**Liabilities**	42,305,355	46,474,880	4,169,525
Equity	4,515,539	5,216,075	700,536	**Equity**	4,465,474	5,188,579	723,105
Profit or Loss	$ 366,695	456,343	89,648	**Profit or Loss**	$ 449,715	585,907	136,192

b. Investments in associates

The Parent Company's investments in entities it does not control but over which it has significant influence are called “investments in associates” 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. The equity method is an accounting method 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 investee's income for the period 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 arrangements

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 for the liabilities relating to the arrangement. In joint ventures, the parties that have control of the arrangement have rights 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 profit or loss 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 associates.

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 business whereby 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 Parent Company's core business 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, for its Spanish acronym) - 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 in Colombian pesos as its functional currency.

The figures reported in the individual financial statements of the Parent Company's subsidiaries are 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 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 functional currency to 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 reported (i.e., including comparative figures) are translated at the closing exchange rate as of December 31, 2022 and 2021 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), are translated at the average exchange rates as of December 31, 2022 and 2021; and
- **c.** All resulting exchange differences will be recognized in other comprehensive income.

As of December 31, 2022 and 2021, 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, 2022	December 31, 2021
U.S. dollars (USD/COP)			
At closing	$	4,810.20	3,981.16
Average for the period		4,257.12	3,967.77
Euros (EUR/COP)			
At closing		5,121.32	4,513.08
Average for the period	$	4,472.21	4,482.92

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 is translated at the 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 income statement, 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
  - 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 loan portfolio, 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 give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

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

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling these financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

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 OCI, 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 FVTOCI to be measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. 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 assessment

The Group conducted an assessment 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 the duration of the liabilities that are funding them or the expected cash outflows or realizing cash flows through the sale of assets;
- How performance of the portfolio 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 of whether the contractual cash flows are solely payments of principal and interest (SPPI)

For the purpose of this assessment, "principal" is defined as the fair value of the financial asset at 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
- Features 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 (Fixed Term Deposit, an interest rate calculated from rates of term deposit certificates paid by financial Institutions in Colombia) and IBR (Benchmark Interbank Rate, published by Banco de la República, the Central Bank of Colombia), 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 solely payment of principal and interest criteria by considering a number of factors including whether:

- Debtors 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 solely payment of principal and interest 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 (AC)	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 is recognized in profit or loss.
Debt investments through other comprehensive income (FVTOCI)	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 OCI. On derecognition, gains and losses accumulated in OCI are reclassified to gains or losses on realization of OCI.
Equity investments through other comprehensive income (FVTOCI)	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 OCI and never reclassified to profit or loss.
Marketable 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. The 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 managing company, on 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 income statement 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 derecognition 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 assets being transferred 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 the risks and/or rewards associated with the transferred financial asset are substantially retained:

- The transferred financial asset is not derecognized from the consolidated balance sheet and continues to be measured using the same criteria used before 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 financial asset transferred (but not derecognized) 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. grants 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 owed.

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

Financial assets and liabilities are offset and the net amount is 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 measurement

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 measurements 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)

ECL is the estimated weighted probability of credit loss and is measured as follows:

- Financial assets that are not credit-impaired at the reporting date: ECL is estimated for a 12-month period, considering the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD);
- Financial assets that are impaired at the reporting date: in these cases, ECL is estimated using a PD of 100% given that it is impaired, as well as LGD and EAD;
- Financial assets with indications of credit impairment at the reporting date: ECL 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 being current, it 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 customer moves to stage 2 in the ECL 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

Cash includes 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. Transactions with derivative financial 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 liabilities is hedged with the associated derivative financial instruments, with changes in results, both at the principal and interest levels, the exposure to this risk is neutralized, since the effects of the change in the exchange rate on the available balance are not significant.

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 cash flow speculations above. Gains or losses accumulated in equity are included in the income statement 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 hedge detail 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 fluctuations, represented by a foreign currency obligation for the same dollar value of the investments at each cutoff; the effect on income and OCI resulting from these operations as a whole is neutral.

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 income statement under “net changes in fair value of debt financial assets.” Equity investments classified at fair value through OCI 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 book value 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 OCI.

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 transfers substantially 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 agreements classified as finance leases are included in the balance sheet under “Loan portfolio and financial leasing operations” and are accounted for in the same way as other loans granted (see Note 4). Lease agreements 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 Company 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 Company 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”. These assets are recorded at the lower of their book value at the time of 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 commissions and returns to be received on such contracts over their life, with a balancing entry in assets of the amount of commissions and similar returns collected at the beginning of the transactions and the accounts receivables for the present value of the 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 made for financial guarantee contracts that are deemed to be impaired are recorded as a liability under “Implicit liabilities” 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, that the Parent Company and subsidiaries hold for current or future use and that are expected to be used 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 amount. 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 as:

a. The period over which the asset is expected to be available for use by the entity; or
b. The number of production or similar units expected to be obtained from the asset by an entity.

The residual value of an asset is defined as the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

In accordance with IAS 16, paragraph 50, the depreciable amount of an asset shall be 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 with a cost that is significant in relation to the total cost of the item shall be 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**

For real estate, the Parent Company establishes 3 building components, which are: 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 term of the lease.

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 valuations, so that these are not older than 3 years, unless there are indications of impairment.

At each year-end closing, the Parent Company and Ventas y Servicios S.A. - NEXA BPO analyze whether there are 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 net book value of the asset with its recoverable amount (the higher of its fair value less costs of disposal and its value in use). When the book value exceeds the recoverable amount, the book value is adjusted to its recoverable amount, modifying future depreciation charges in accordance with its new remaining useful life.

Similarly, when there are indications that the value of a tangible asset has been recovered, the Parent Company and Fiduciaria de Occidente estimate the recoverable amount of the asset and recognize it in the income statement, recording the reversal of the impairment loss recorded in prior periods, and adjust future depreciation charges accordingly. In no case may the reversal of an impairment loss on an asset result in an increase in its book value above that which it would have had if no impairment losses had been recognized in prior years.

Repair and maintenance expenses for 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 profit or loss.

2.15. Leasing

The Group leases property, equipment, and vehicles. Lease agreements 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. The lease agreements 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 financing cost. The financing cost is recognized in the consolidated income statement 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 shortest period 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 in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or a rate.
- Amounts expected to be payable 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 penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily 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 at 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 profit or loss. Short-term leases are leases with a term of 12 months or less. Retail-value assets include computer equipment and small items of office furniture.

Extension options 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 agreement management.

2.16. Investment property

In accordance with the International Accounting Standard IAS 40 “Investment Property,” investment property is property (land or a building in whole, in part or both) held by the Parent Company and Fiduciaria de Occidente to earn rentals or for capital appreciation or both, rather than for use for the Parent Company's and Fiduciaria de Occidente's own purposes. Investment property is 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 experts using valuation techniques described in IFRS 13 “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 assets leased described in paragraph 2.10 above. Lease agreements 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 asset received under lease 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 agreement, 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 agreements 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 substance. Its cost can be measured reliably and it is probable that future economic benefits attributable to the asset will be obtained.

a. Goodwill

The goodwill 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 book value as of January 1, 2014. In accordance with IAS 38, the goodwill is considered to have an indefinite useful life and is not amortized but is subject to annual impairment testing, for which the parent company performs a valuation by an independent expert of the value of the lines of business that are related to the goodwill (Banco Unión's lines of business) and based on such valuation it is determined whether there is any impairment, which, if any, is recorded against profit or loss. Subsequent recoveries in the valuation, the parent company does not reverse the impairments previously recorded.

In updating the impairment tests performed as of December 31, 2022 in relation to goodwill, property, plant and equipment and intangibles, the budgets, forecasts and other assumptions were adjusted to incorporate the economic conditions observed, addressing, where necessary, increased risk and uncertainty. The 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 assessment of the goodwill recorded by the Parent Company as of December 2022 concluded that the Goodwill assigned to the Cash Generating Unit is not impaired as of the valuation date and has an excess of COP$80,873 in value in use over the book 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 profit or loss. Subsequent to initial recognition, these assets are amortized using the straight-line method over their estimated useful lives, which in the case of computer programs range 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 Parent Company’s operations.
b) The Parent Company’s intention is to complete it for use in the development of its business, not for sale.
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) The 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 income statement.

2.19. Employee benefits

In accordance with International Accounting Standard IAS 19 "Employee Benefits," all forms of consideration given by the Parent Company and its subsidiaries in exchange for service 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 pay 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 profit or loss.

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 pay. In accordance with Colombian labor regulations, these benefits correspond to retirement pensions directly assumed by the Parent Company, severance pay payable to employees who continue in the labor regime prior to Law 50, and certain extra-legal benefits or benefits agreed 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 Colombian Government issues or high quality 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 the 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 financing 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 earlier of the following dates:

- When the modification of the employee 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 Office of the Financial Superintendent 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 employee benefits, post-employment benefits and termination benefits. In accordance with the collective bargaining agreements and regulations of the Parent Company and subsidiaries, these benefits correspond mainly to seniority bonuses.

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 income statement.

d. Termination benefits

These benefits correspond to payments to be made by the Parent Company and subsidiaries arising from a unilateral decision to terminate the employment or an employee's decision to accept an offer of benefits in exchange for the termination of employment. In accordance with Colombian law, these payments correspond to termination 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 profit or loss at the earlier of the following dates:

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

2.20. Income taxes

Current taxes

Current tax is the amount payable or recoverable for income tax and additional 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, makes provisions for amounts expected to be paid to the tax authorities according to the established terms.

To determine the current income tax and additional taxes, in the value of assets, liabilities, equity, revenues, costs, and expenses, the 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 it does not regulate the matter. In any case, the 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 goodwill; nor is deferred tax recognized 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 profit 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 settled.

The deferred tax expense is recognized in the income statement, except for the portion corresponding to items recognized in other comprehensive income 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 taxable profit 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, when the timing of the reversal of the temporary difference is controlled by the Parent Company 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.

Likewise, with Decree 2617 of December 2022, Colombian Government regulated the alternative of recognition and presentation of the deferred tax due to the change in the income tax rate, indicating that it may be recognized within equity.

Therefore, the Parent Company and its subsidiaries did not apply it and the effect caused by Law 2277 of 2022 on the deferred tax was recognized in the result for the period as indicated in IAS 12.

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

On the other hand, current tax assets and liabilities are only offset if 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 arising from 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 a number of similar obligations, the probability that an outflow of resources will be required is determined by considering the class of obligations as a whole. A provision is recognized even if the probability of an outflow of resources 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 expenditures 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 borrowing cost.

2.22. Revenue

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

Step 1. Identifying the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and establishes criteria to be met for each contract. Contracts can be written, oral or implied by an entity's customary business practices.

Step 2. Identifying 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. Determining the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocating the transaction price to performance obligations of the contract: In a contract that has more than one performance obligation, the Group allocates the transaction price to the performance obligations in amounts that depict 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 satisfies a performance obligation.

The Group satisfies 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 to 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 simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where none of the above conditions are met, revenue is recognized at a point in time when the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the 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 creates a contractual liability.

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

The Group evaluates its revenue 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 revenue from contracts with customers:

i. Interest Income

The Parent Company recognizes interest income on loans, debt securities and other debt instruments using the effective interest method. The calculation of the effective interest rate includes all fees and interest basis points, paid, or received between parties to the contract, which comprise the effective interest rate, transaction costs and any other premiums or discounts.

ii. Banking (financial services)

The Parent Company and subsidiaries Banco de Occidente Panamá S.A. and Occidental Bank Barbados Ltd. generally enter into contracts covering several different services. These 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 revenue 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 allocated 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 satisfied 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 customers introduced by the Parent Company. The transaction price may include an element of consideration that is either variable or is subject to the outcome of future events, such as policy cancellations. This element is estimated and included in the transaction price based on the most probable amount, to include it in the transaction price only when it is highly probable that the resolution of such uncertainty will not lead to a material reversal in revenue.

Commitment fees are within the scope of IFRS 15 when it is unlikely that a specific lending arrangement 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 part of the loan package for itself (or retains a part at the same effective interest rate (EIR) for comparable risk as other participants).

- **Savings and checking accounts**

Savings and checking account agreements generally allow customersaccess to a number of services, including processingwire transfers, using ATMs to withdraw cash, issuing debit cards, and generating bank statements. Other benefits are sometimes included. Collections are made periodically and provide the customer 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 force at the redemption date. Reward points are recognized as an identifiable component separate from revenue for services rendered, at fair value. The Parent Company 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 Company acts as an 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 at 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 appropriate.

These consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the book value 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

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 has assessed the impact of the adoption of the new or amended standards, concluding that it is not expected to have a significant impact on the financial statements.

The following is a list of new and amended standards that have been issued by the IASB and are effective for annual periods beginning on or after January 1, 2023:

Financial reporting standard	Subject of the standard or amendment	Details
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 about Accounting Policies (Amendments to IAS 1)	Decree 1611 of 2022	Annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendments to IFRS 16)	Decree 1611 of 2022	Annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Deferred Tax 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. Earlier 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 financial statements are the same as those applied by the Parent Company in the financial statements for the year ended December 31, 2021.

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

The Group's management makes estimates and assumptions that affect the amounts recognized in the consolidated financial statements and the book value of assets and liabilities within the next financial year. Judgments and estimates are continually evaluated and are based on management's experience and other factors, and are reviewed on an ongoing basis and under a going concern assumption, including the expectation of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments other than those involving estimates in the process of applying accounting policies. The 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 book value 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.

Determining what constitutes “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 that 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 the 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 the performance of the portfolio;
- Whether 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
- Whether the assets being sold are held for an extended period relative to their contractual maturity or are sold promptly after acquisition or for an extended period 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 holds 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 holds certain other debt instruments in separate portfolios to manage short-term liquidity. Sales are often 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 arrangements 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 specified 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 assessment, 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 exposure to credit risk in the tranche acquired is equal to or lower than the exposure to credit risk 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 into 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 the accounting policy.

Deferred income tax: The Parent Company assesses the realization over time of deferred income tax assets. Deferred tax assets represent income taxes recoverable through future deductions from taxable profit 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 profit 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 to determine the realization of deferred taxes, the financial and tax projections of the Parent Company and its subsidiaries have been made.

As of December 31, 2022 and 2021, the Parent Company's management estimates that the deferred income tax asset items would be recoverable based on its estimates of future taxable profits. - See Note 16 - Income taxes

Goodwill: Annually, the Parent Company's management performs an impairment test of the goodwill recorded in its financial statements; such test is performed as of December 31 of each year based on a study performed for such purpose by independent experts hired for such purpose. This study is carried out based on the valuation of the lines of business related to the goodwill (Banco Unión's lines of business), using the discounted cash flow method, taking into account factors such as: the economic situation of the country and of the sector in which the Parent Company operates, historical financial information, and projected growth of the Parent Company's revenues and costs in the next five years and subsequently growth in perpetuity taking into account its profit capitalization indexes, discounted at risk-free interest rates that are adjusted by risk premiums that are required under the circumstances. The assumptions used in this valuation are detailed in note 15.

Valuation of investment property: Investment property is reported in the statement of financial position at fair value as determined in reports prepared by independent experts at the end of each reporting period. Due to current conditions in Colombia, 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 property.

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 experts 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 property 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 book value.

Estimate for contingencies: The Parent Company and its subsidiaries estimate and record a provision for contingencies to cover potential losses from labor cases, civil and commercial lawsuits, and tax or other issues depending on the circumstances that, based on the opinion of outside 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, therefore, 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

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) Providing security and continuity of service to customers.
b) Integration of risk management to business processes.
c) Joint 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 interest rates for loans.
g) Diversification of the commercial loan portfolio with respect to industries and economic groups.
h) Specialization in consumer product niches.
i) Extensive use of scoring and credit rating models that are permanently updated to ensure the growth of high credit quality consumer loans.
j) Conservative policies in terms of:
    - Trading portfolio composition with a bias towards lower volatility instruments.
    - Proprietary trading operations 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, and 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) Limits 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 adopt, 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 Office of the Financial Superintendent of Colombia, the corporate structure at the bank level applicable to the Parent Company and the subsidiary Fiduciaria de Occidente for the management of the different risks is composed of the following levels:

- Board of Directors.
- Risk Committee.
- Office of Risk Management.
- Risk management administrative processes.
- Internal Audit.

Board of Directors

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

- Defining and approving the strategies and general policies related to the internal control system for risk management.
- Approving the entity's policies in relation to the management of the different risks.
- Approving the operation and counterparty quotas, according to the defined attributions.
- Approving exposures and limits to different types of risks.
- Approving the different risk management procedures and methodologies.
- Approving the allocation of human, physical and technical resources for risk management.
- Indicating the responsibilities and attributions assigned to the positions and areas in charge of risk management.
- Creating the necessary committees to guarantee the adequate organization, control and follow-up of the operations that generate exposures, and define their functions.
- Approving internal control systems for risk management.
- Requiring the management of the Parent Company and its subsidiaries to report periodically on the levels of exposure to the different risks.
- Evaluating proposals for recommendations and corrective actions on risk management processes.
- Requiring different periodic reports from management on the levels of exposure to the different risks.
- Following 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.
- Approving the nature, scope, strategic business, and markets in which the entity will operate.

Risk Committees

The Parent Company has, among others, credit and treasury risk committees (financial committee) formed by members of the Board of Directors. Additionally, analyses are performed by the full Board of Directors, who periodically discuss, measure, control and analyze the bank's credit risk management (SARC - Credit Risk Management System) and treasury risk management (SARM - Market Risk Management System).
There is also a technical committee on assets and liabilities, or analysis by the Board of Directors, which makes decisions on asset and liability management and liquidity management through the

Liquidity Risk Management System (SARL). The analysis and follow-up of the Operational Risk Management System (SARO) and the Business Continuity Plan (PCN) is carried out by the Audit Committee.

Legal risks are monitored for compliance by the Legal Vice Presidency. The duties of these

committees include, among others, the following:

1. Proposing 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. Conducting systematic reviews of the entity's risk exposures and taking corrective actions as deemed necessary.
3. Ensuring that the actions of the Parent Company and its subsidiaries in relation to risk management are consistent with previously defined levels of risk appetite.
4. Approving 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 financing of terrorism risks. Among its main responsibilities are:

- Measuring the integral risk profile of the entity.
- Designing monitoring and follow-up schemes for the levels of exposure to the different risks faced by the entity.
- Reviewing and proposing 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 implies assessing alternatives to align the risk appetite of the different risk management systems.
- Assessing the risks involved in the entry into 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 risk management (SARC) and treasury risk management (SARM). Among its main responsibilities are:

- Monitoring the credit and treasury risk profile, in order to ensure that the level of risk remains within the established parameters, in accordance with the entity's risk limits and policies.
- Assessing the entry into new markets and products.
- Evaluating policies, strategies, and rules of action in both treasury and credit commercial activities.
- Ensuring 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 (SARL).

Among its main responsibilities are:

- Establishing adequate procedures and mechanisms for liquidity risk management and administration.
- Monitoring reports on exposure to liquidity risk
- Identifying the origin of the exposures and through sensitivity analysis determining the probability of lower returns or resource requirements due to cash flow movements.

iv. Audit Committee

Its objective is to evaluate and monitor the Internal Control System. Among its main responsibilities are:

- Proposing for approval of the Board of Directors the structure, procedures, and methodologies necessary for the operation of the Internal Control System.
- Assessing 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. For this purpose, the areas responsible for the administration of the different risk systems, the Statutory Auditor's Office and the Internal Audit Office submit to the Committee the periodic reports established and any other reports required by the Committee.
- Monitoring the levels of risk exposure, the implications for the entity and the measures adopted for its control or mitigation.

Office of Risk Management

The offices of risk management within the organizational structure have, among others, the following responsibilities:

a) Ensuring 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) Designing methodologies and procedures to be followed by management for risk management.
c) Establishing permanent monitoring procedures that allow timely identification of any type of deviation from the policies established for risk management.
d) Preparing periodic reports to the different risk committees, the 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. They also have different technological tools, which are detailed below, where each risk is analyzed to monitor and control the risks.

Internal Audit

The internal audits of the Parent Company and subsidiaries are independent from management, report directly to the audit committees and, in the performance of their duties, carry out periodic evaluations of compliance with the policies and procedures followed by the Parent Company for risk management. In addition, their reports are submitted directly to the audit committees, which are responsible for following up with the Parent Company's management regarding corrective measures to be taken.

Individual analysis of the different risks

The Parent Company is mainly composed of entities of the financial sector; therefore, these entities are exposed to various financial, operational, reputation 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 business 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 implement the plan for the transition to other alternative rates, which was 100% executed.

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

Considering that the U.S. Alternative Reference Rates Committee (ARRC) defined the Secured Overnight Financing Rate (SOFR) as the reference rate that would be used to replace 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 contracts indexed to LIBOR that expire after the expected cessation of the rate, a policy was established to modify the contractual terms. This modification included the addition of fallback provisions or the replacement of the LIBOR rate with the alternative reference rate. The LIBOR Working Group signed the adherence to the ISDA Ammendment and Protocols, which eliminated the legal (contractual) risk of the transition for derivative contracts, defining the replacement of the LIBOR rate with SOFR plus a fixed spread.

We continue to work with the syndicated loan managers, with whom we still have LIBOR operations, in order to change to SOFR.

Details of the plan implemented during 2022:

Systems:

- Functional tests were carried out validating the processing in BankTrade with the new term SOFR financing rate
- Visual adjustments were made to the drop-down lists, as well as the manual loading of financing rates, adjustments to some reports with affectation of financing rate and Bank Trade Functional Certification SOFR Term Rate Patch.

ALM - financial:

- The CME Group Term SOFR - Banco de Occidente licensing process was carried out.
- A contract was signed with Precia, the official price provider, as a source for rate information.
- A User was set up to bring data via FTP in Precia.

Legal:

- Policies for modifying contractual terms were defined.
- Fallback provisions were established for the contracts and supplementary agreements were created for the replacement of LIBOR with the SOFR alternative rate .

Communication and training strategy:

- Internal areas were trained
- Communication was sent to customers informing them that SOFR would be the reference rate that would replace LIBOR.
- Information on the web page was updated.
- 100% of the customers were contacted to coordinate the acceptance and signature of the supplementary agreement for the change of the reference rate, for the long-term operations that were disbursed before March 1, 2022.

The following is a detail of LIBOR-indexed bonds outstanding at the end of December 2022:

		Total value of contracts indexed to LIBOR on December 31, 2022
Assets		
Commercial portfolio and commercial leasing		203,644
Total	**$**	**203,644**
Liabilities		
Bank loans and similar		141,555
Total	**$**	**141,555**

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

4.1 Credit risk

Consolidated exposure to credit risk

The Parent Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panamá S.A. and its subsidiaries are exposed 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. The exposure to credit risk 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. The 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 book value of financial assets in the consolidated statement of financial position of the Parent Company as of December 31, 2022 and 2021, as indicated below:

Account		December 31, 2022	December 31 2021
Deposits in banks other than Banco de la República	$	1,382,618	2,709,219
Financial instruments at fair value			
Issued or guaranteed by the Colombian government		4,316,675	4,090,137
Issued or guaranteedby other Colombian government entities		74,800	101,075
Issued or guaranteed by other Colombian financial institutions		540,409	1,138,301
Issued or guaranteed by entities of the Colombian real sector		1,483	12,040
Issued or guaranteed by Foreign Governments		52,387	85,819
Issued or guaranteed by other foreign financial institutions		115,571	512,221
Issued or guaranteed by foreign real sector entities		11,664	20,497
Other		86,591	82,801
Derivative instruments		754,968	463,730
Investments in equity instruments		702,957	592,845
Loan portfolio			
Commercial portfolio		25,119,579	20,207,394
Consumer portfolio		11,133,242	8,874,987
Mortgage portfolio		1,165,713	949,867
Leasing portfolio		7,162,687	6,566,946
Repos and Interbank		1,120,454	465,911
Other accounts receivable		438,189	320,896
Total financial assets with credit risk		**54,179,987**	**47,194,686**
Off-balance sheet credit risk at face value			
Financial guarantees and collateral		3,831,593	2,230,767
Credit commitments		5,985,564	3,148,630
Total off-balance sheet credit risk exposure		**9,817,157**	**5,379,397**
Total maximum exposure to credit risk	**$**	**63,997,144**	**52,574,083**

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, the 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, guarantees, and other credit risk enhancements

The maximum exposure to credit risk 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.

The 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.

The 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 the evaluation of credit risk in the consumer portfolio. In the initial evaluation of customers, logistic regression models are applied, which assign a score to the customer, 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 follow-up models that mainly use customer payment behavior variables and some sociodemographic variables, and allow rating customers and establishing the probability of default in the next year. For the commercial portfolio there are 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 input and follow-up models for the Industry, Trade, Services, Construction, Territorial Entities and Financial Institutions 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 collateral received.

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

All collateral must be legally evaluated and prepared 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 collateral received in support of the loans granted by the Group as of December 31, 2022 and 2021:

December 31, 2022

	Commercial	Consumer	Home	Leasing Leasing	Comme rcial Leasing	Consu mer Home Leasing	Repos and Interbank Leasing	Financi al	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:								-	
Home	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 Deposits in	410,669	-	-	-	-	-	-	-	**410,669**
cash or cash equivalents	358,135	665	-	-	-	-	-	-	**358,800**
Leased assets Non-	-	-	-	2,398,802	-	1,321,621	-	3,720,423	**3,720,423**
real estate assets	-	-	-	2,432,234	9,275	-	-	2,441,509	**2,441,509**
Trust agreements, standby letters of credit and	2,660,544	1,984	-	919	-	-	-	919	**2,663,447**
guarantee funds Pledged income	1,259,607	-	-	-	-	-	-	-	**1,259,607**
Pledges	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**

December 31, 2021

	Commercial	Consumer Commercial	Home	Leasing	Consumer Leasing	Home Leasing	Repos and Interbank	Financial Leasing	Total
Unsecured loans	$ 11,514,036	6,903,652	7,484	40,777	137	1,132	465,911	42,046	**18,933,129**
Loans guaranteed by other banks	130,507	2,873	-	-	-	-	-	-	**133,380**
Collateralized loans:		-							
Home	422,464	28,337	942,383	-	-	-	-	-	**1,393,184**
Other real estate	1,392,967	18,968	-	-	-	-	-	-	**1,411,935**
Investments in equity instruments	443,556	-	-	-	-	-	-	-	**443,556**
Deposits in cash or cash equivalents	256,039	974	-	-	-	-	-	-	**257,013**
Leased assets	-	-	-	2,489,718	-	1,181,886	-	3,671,604	**3,671,604**
Non-real estate assets	-	-	-	2,088,473	12,258	-	-	2,100,731	**2,100,731**
Trust agreements, standby letters of credit and guarantee funds	2,609,287	632	-	1,159	-	-	-	1,159	**2,611,078**
Pledged income	1,280,742	-	-	9	-	-	-	9	**1,280,751**
Pledges	680,113	1,844,351	-	-	1	-	-	1	**2,524,465**
Other assets	1,477,683	75,200	-	751,286	110	-	-	751,396	**2,304,279**
Total	**$ 20,207,394**	**8,874,987**	**949,867**	**5,371,422**	**12,506**	**1,183,018**	**465,911**	**6,566,946**	**37,065,105**

Mortgage portfolio

The following tables stratify the credit exposures of mortgage loans and advances to retail customers by 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 collateral valuation excludes any adjustment for obtaining and selling 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, 2022	December 31, 2021
LTV factor			
Less than 50%	$	965,084	876,215
51 – 70%		861,770	711,842
71 – 90%		380,274	289,934
91 – 100%		47,142	39,570
More than 100%		233,754	215,324
Total	**$**	**2,488,024**	**2,132,885**

Loans-Impaired		December 31, 2022	December 31, 2021
LTV factor			
Less than 50%	$	36,009	48,531
51 – 70%		30,624	30,994
More than 70%		39,541	41,341
Total	**$**	**106,174**	**120,866**

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 undue 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:

- 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.

Credit Risk Category Rating

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 the 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 primary 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 impairment risk factors (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 the Consumer Price Index, among others.

The parent company's approach to preparing forward-looking economic information as part of its evaluation is as follows:

> 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 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 expected impairment 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 carried out 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 not generally 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 between:

- 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 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 consist of 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 amendments 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 assess 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 default

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); or
- Due to Delinquency in Portfolio:
  - Commercial loans: When they are 90 days or more past due.
  - Consumer Loans: When they are 90 days or more past due
  - Home loans: When they are 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 rated D.
  - Contractual payments are not made when due or within the stipulated term or 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):
  - Customer in Law 617 of 2000
  - Restructuring Agreements Law 550 of 1999 and Law 1116 of 2006
  - Customer in legal collection (with the exception of customers admitted under Law 1116 of December 27, 2006 and customers admitted under Law 1380 of January 25, 2010 - Insolvency Regime for Natural Persons Not Engaged in Business Activities). Customers in liquidation.
  - Extraordinary Restructurings Circular 039
  - Agreements and ordinary restructurings
  - Dation in payment

When assessing whether a debtor is in default, the Group considers the following indicators:

- Qualitative -e.g., default on 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

The 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 initial recognition, as well as in its measurement of ECL. 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 ECL - Estimated weighted probability of credit loss

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

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

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 PD. The 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, the information on the movements of the loan after default is compiled taking into account payment flows, assets received in dation in payment, write-off recoveries and 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 pledged on vehicles, variations in the price indexes of these assets are used.

EAD represents the expected exposure in the event of default. The Group will derive EAD 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 EAD of a financial asset is the gross value at the time of default. For loan commitments and financial guarantees, EAD 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 EAD by modeling a range of possible outcomes of exposures at various points in time. The Group will measure EAD by considering the risk of default over the maximum contractual period, (including options to extend 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 a 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 EAD 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 individual loan level. This longer period of time will be estimated taking into account the credit risk management actions the Group expects to take that serve to mitigate EAD. 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
- Collateral
- Date of initial recognition
- Remaining term to maturity
- Industry
- Geographic location of debtor

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

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 an Office of Risk Management 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 16 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, 2022

		Commercial	Consumer	Home	Commercial Leasing	Consumer Leasing	Home 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**

December 31, 2021

		Commercial	Consumer	Home	Commercial Leasing	Consumer Leasing	Home Leasing	Repos and Interbank	Financial Leasing	Total
Colombia	$	18,090,720	8,874,826	949,867	5,371,422	12,506	1,183,018	403,729	6,566,946	**34,886,088**
Panama		293,570	48	-	-	-	-	62,182	-	355,800
United States		9,494	11	-	-	-	-	-	-	9,505
Costa Rica		175,119	-	-	-	-	-	-	-	175,119
Honduras		82,802	-	-	-	-	-	-	-	82,802
El Salvador		119,626	-	-	-	-	-	-	-	119,626
Guatemala		195,800	-	-	-	-	-	-	-	195,800
Other countries		1,240,263	102	-	-	-	-	-		1,240,365
Total	**$**	**20,207,394**	**8,874,987**	**949,867**	**5,371,422**	**12,506**	**1,183,018**	**465,911**	**6,566,946**	**37,065,105**

The following is the distribution of the loan portfolio of the Parent Company and subsidiaries by economic purpose as of December 31, 2022 and 2021:

		December 31, 2022		December 31, 2021	
		Total	**% Ownership**	**Total**	**% Ownership**
Sector					
Consumer services	$	16,356,374	35.8%	13,104,877	35.4%
Commercial Services		13,046,802	28.5%	9,934,348	26.8%
Construction		3,816,898	8.4%	3,725,833	10.1%
Other industrial and manufacturing products		2,123,971	4.6%	1,746,146	4.7%
Transportation and communications		2,048,118	4.5%	1,759,888	4.7%
Food, beverages and tobacco		1,582,130	3.5%	1,143,584	3.1%
Chemicals		1,623,081	3.6%	1,135,607	3.1%
Government		1,399,451	3.1%	1,336,777	3.6%
Utilities		1,261,657	2.8%	803,767	2.2%
Agriculture		1,043,592	2.3%	966,372	2.6%
Other		671,255	1.5%	672,635	1.8%
Trade and tourism		430,124	0.9%	410,891	1.1%
Mining and petroleum products		298,222	0.7%	324,380	0.9%
Total by economic purpose	$	**45,701,675**	**100%**	**37,065,105**	**100%**

Sovereign debt

As of December 31, 2022 and 2021, the portfolio of investments in financial assets in debt instruments is mainly composed of securities issued or guaranteed by Colombian Government institutions, which represent 98.96% and 97.94%, respectively, of the total portfolio. The exposure to sovereign debt by country is detailed below:

	Amount	% Ownership	Amount	% Ownership
Investment grade (1)				
Colombia	$ 3,646,232	72.35%	3,053,225	73.11%
Mexico	19,552	0.39%	19,481	0.47%
USA	-	0.00%	35,830	0.86%
Speculative grade (2)				
Colombia	1,340,884	26.61%	1,036,913	24.83%
Costa Rica	-	0.00%	30,507	0.73%
El Salvador	32,836	0.65%	-	0.00%
Total sovereign risk	**$ 5,039,504**	**100%**	**4,175,956**	**100%**

(1) Investment grade includes risk rating 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) The speculative grade includes risk rating 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 institutions 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 institutions are set forth in the Credit Risk Management System (SARC in Spanish) manual, 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 costumer. 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 collateral 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.

The progress made in the SARC has led to important achievements and it has also made possible to integrate 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 costumers, logistic regression models are applied, which assign a score to the costumer, 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 follow-up models that mainly use customer payment behavior variables and some sociodemographic variables and allow rating customers and establishing the probability of default in the next year.

For the commercial portfolio, there are 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 Institutions 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 costumers, the process of restructuring operations and the reception of assets as a form of payment of a debt.

On a daily basis, the banks produce lists of past-due 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 aging of maturity as of December 31, 2022 and 2021:

December 31, 2022

	Current Loan 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
Home 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
Home 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**

December 31, 2021

	Current Loan 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	$ 18,944,925	423,469	42,761	43,809	510,039	114,793	637,637	20,207,394
Consumer	8,071,053	452,934	92,047	61,225	606,206	109,547	88,181	8,874,987
Home Mortgage	793,543	101,893	13,036	4,644	119,573	9,462	27,289	949,867
Commercial Leasing	4,756,897	289,726	29,465	25,050	344,241	54,010	216,274	5,371,422
Consumer Leasing	10,265	1,368	187	161	1,716	525	-	12,506
Home Leasing	993,693	130,569	18,161	9,433	158,163	7,274	23,888	1,183,018
Repos and Interbank	465,911	-	-	-	-	-	-	465,911
Total	**$ 34,036,287**	**1,399,959**	**195,657**	**144,322**	**1,739,938**	**295,611**	**993,269**	**37,065,105**

For the commercial portfolio, the Parent Company and subsidiaries evaluate on a monthly basis the 20 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, collateral 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 aging of maturity and other risk factors. For this purpose, the Parent Company also consolidates the debt of each customer and determines the probability and calculation of impairment at the consolidated level.

Exposure to credit risk 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, 2022 and 2021:

December 31, 2022

	Commercial	Consumer	Home	Commercial Leasing	Consumer Leasing	Home 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**

December 31, 2021

	Commercial	Consumer	Home	Commercial Leasing	Consumer Leasing	Home Leasing	Repos and Interbank	Total Financial Leasing	Total
A	$ 18,210,060	8,247,338	896,738	4,349,632	11,415	1,124,264	465,911	5,485,311	33,305,358
B	479,553	146,108	6,547	322,674	-	11,297	-	333,971	966,179
C	542,611	202,708	1,938	266,728	528	1,111	-	268,367	1,015,624
D	334,412	160,161	25,413	138,808	537	33,013	-	172,358	692,344
E	640,758	118,672	19,231	293,580	26	13,333	-	306,939	1,085,600
Total	**$ 20,207,394**	**8,874,987**	**949,867**	**5,371,422**	**12,506**	**1,183,018**	**465,911**	**6,566,946**	**37,065,105**

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. This process 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 difficulties

The Parent Company and its subsidiaries periodically restructure the debt of customers who have difficulties in complying with their credit obligations with the Parent Company and its subsidiaries, at the request of the debtor. Such restructurings generally consist of term extensions, interest rate 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 debtor's financial difficulties, such debt is marked in the files of each financial institution of the Parent Company as a restructured loan in accordance with the regulations of the Office of the Financial Superintendent of Colombia. The risk rating made at the time of restructuring is only upgraded when the customer 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, 2022 and 2021:

Restructured loans	December 31, 2022	December 31, 2022
Local	$ **1,033,648**	**743,206**
Commercial	733,450	677,841
Consumer	245,673	65,365
Mortgage	54,525	-
Foreign	**57,773**	**10,960**
Commercial	57,773	10,960
Total restructured loans	**1,091,421**	**754,166**

Forward-Looking Information

The Bank, through Grupo Aval Acciones y Valores, S.A., incorporates forward-looking information, both in its assessment of whether the credit risk of an instrument has increased significantly since initial recognition, as well as in its measurement of ECL. Based on three scenarios of the macroeconomic variables applicable to each model, the estimation of the probability of default is affected. Subsequently, the ECL 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 "baseline scenario" of the 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 baseline scenario. In the unfavorable scenario, the country's economic situation is in recession. In other words, there is a decrease in economic activity over a one-year period. In the unfavorable scenario, the 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 is equal to 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 impairment risk factors (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 (Consumer Price Index), among others.

The main macroeconomic variables and scenarios used as of December 31, 2022 are as follows:

	2023			2022		
	Unfavorable Scenario	**Baseline Scenario**	**Favorable Scenario**	**Unfavorable Scenario**	**Baseline Scenario**	**Favorable Scenario**
Annual CPI change (*)	7.93%	7.83%	7.86%	12.63%	12.76%	12.97%
GDP growth (*)	-0.53%	1.29%	2.37%	7.82%	8.13%	8.27%
Unemployment rate (*)	11.15%	10.44%	9.46%	10.15%	9.78%	9.32%
DTF (*)	8.64%	8.90%	9.36%	10.15%	9.78%	9.32%
Banco de la República rate (*)	8.00%	8.75%	9.25%	11.75%	12.00%	12.00%

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

To determine the forward-looking information factor incorporated in the calculations of the allowance for ECL on loans 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	**Baseline Scenario**	**Favorable Scenario**
Scenarios as of December 31, 2022	28.33%	56.67%	15.00%

Reception of assets as a form of payment of a debt

When persuasive loan collection or loan restructuring processes do not produce satisfactory results within a reasonable period of time, collection is carried out through legal channels. Agreements may also be reached with the customer for the reception of assets as a form of payment of the debt. The Parent Company has clearly established policies for the reception of assets as a form of payment and has separate departments specialized in the handling of these cases, reception of assets as a form of payment and their subsequent sale.

The following is the detail of assets received as payment and sold during the years ended December 31, 2022 and 2021:

		December 31, 2022	December 31, 2021
Assets received as payment	$	17,876	10,132
Assets sold		(7,093)	(46,637)
	$	**10,783**	**(36,505)**

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**

The following 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, 2022	December 31, 2021
Investment grade	$	**3,435,105**	**4,614,873**
The Central Bank of Colombia		2,054,545	1,906,454
Financial institutions		1,380,560	2,708,419
Unrated or not available		**2,058**	**800**
The Central Bank of Colombia		2,058	800
Total Cash with third parties		**3,437,163**	**4,615,673**
Cash held by the entity (1)		**441,061**	**494,330**
	$	**3,878,224**	**5,110,003**

(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**

The following 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, 2022	December 31, 2021
Investment grade			
Sovereign	$	2,995,342	3,108,536
Other public institutions		68,844	-
Corporate		57,924	64,194
Financial institutions		519,152	269,517
Multilaterals		62,018	60,232
Total investment grade		**3,703,280**	**3,502,479**
Speculative grade			
Sovereign		1,373,720	1,067,420
Other public institutions		5,957	105,074
Corporate		24,183	32,686
Financial institutions		136,828	1,375,084
Multilaterals		1,872	3,846
Total speculative grade		**1,542,560**	**2,584,110**
Unrated or not available		**656,697**	**549,148**
Total	**$**	**5,902,537**	**6,635,737**

- **Investment financial assets at amortized cost**

The following 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, 2022 and 2021:

Credit quality		**December 31, 2022**	**December 31, 2021**
Issued and Guaranteed by the Nation and/or the Central Bank	$	1,803,214	883,552
		1,803,214	**883,552**
Impairment of investments		(522)	(345)
Issued and Guaranteed by the Nation and/or the Central Bank	$	**1,802,692**	**883,207**

- **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, 2022 and 2021:

Credit quality		**December 31, 2022**	**December 31, 2021**
Investment Grade	$	701,032	445,056
Speculative Grade		4,165	1,395
Unrated or not available		49,771	17,279
Total	$	**754,968**	**463,730**

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 the volatility of these, 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 several purposes, among which are the following:

- Offering products tailored to costumers' needs, 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.
- Carrying out operations with derivatives for intermediation purposes with costumers 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, 2022 and 2021, the Parent Company had the following financial assets and liabilities subject to market risk:

		December 31, 2022	December 31, 2021
Assets			
Financial assets at fair value through profit or loss			
Investments in debt securities	$	1,299,887	711,135
Derivative instruments held for trading		754,968	463,730
Subtotal		**2,054,855**	**1,174,865**
Equity instruments at fair value through OCI			
Investments in debt securities	$	3,899,693	5,331,756
Subtotal		**3,899,693**	**5,331,756**
Financial assets at amortized cost			
Investments in debt securities		1,802,692	883,207
Subtotal		**1,802,692**	**883,207**
Total assets		**7,757,240**	**7,389,828**
Liabilities			
Derivative instruments held for trading		(930,802)	(517,293)
Total liabilities		**(930,802)**	**(517,293)**
Net position	**$**	**6,826,438**	**6,872,535**

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 SARM market risk management system allows entities to identify, measure, control and monitor the market risk to which they are exposed, based on the positions taken in 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, when 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, when 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 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, the analysis and monitoring of the different risks incurred by the Parent Company in its operations is essential for decision-making and for the evaluation of results. On the other hand, a permanent analysis of macroeconomic conditions is key 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 solvency level, as well as the balance sheet structure.

These limits are monitored daily and reported biweekly to the Finance Committee and monthly 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.

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 structure of limits, 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 and historical simulation.

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 review 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 officer’s experience 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 profit (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 by the periodic review of the valuation methodologies of the Fixed Income Investments and Derivatives portfolios.

Likewise, 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 or out-of-market operations, operations with related parties, etc.

According to the standard model, the market value at risk (VaR) as of December 31, 2022 and 2021 was as follows:

	December 31, 2022		December 31, 2021	
Entity	**Value**	**Regulatory Capital Basis Points**	**Value**	**Regulatory Capital Basis Points**
Parent Company	$ 229,199	76	275,365	115
Occidental Bank (Barbados) Ltd.	8,276	3	9,655	4
Banco de Occidente Panamá S.A.	24,288	8	31,018	12
Fiduciaria de Occidente S.A.	10,752	3	11,574	4
	272,515		327,612	

The VaR indicators presented by the Parent Company and subsidiaries for the years ended December 31, 2022 and 2021 are summarized below:

	December 31, 2022			
	Minimum	**Average**	**Maximum**	**Last**
Interest rate	$ 173,356	196,810	243,326	173,355
Exchange rate	99	3,354	15,681	15,681
Mutual funds	75,869	80,639	83,479	83,479
VaR Portfolio				**272,515**

	December 31, 2021			
	Minimum	**Average**	**Maximum**	**Last**
Interest rate	$ 165,412	252,604	298,420	255,312
Exchange rate	305	1,462	2,948	2,749
Mutual funds	53,521	65,460	76,636	69,551
VaR Portfolio				**327,612**

As a consequence of the performance of the VaR, the Parent Company's market risk-weighted assets remained on average around 10.88% of total risk-weighted assets during the period ended December 31, 2021 and 7.60% as of December 31, 2022.

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

The sensitivity results as of December 31, 2022 and 2021 are as follows:

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

	December 31, 2021					
		Portfolio Value	25 BPS	50 BPS	75 BPS	100 BPS
Parent Company Fair Value	$	4,143,890	(25,992)	(51,613)	(76,871)	(101,777)
Occidental Bank Barbados Ltd. Fair Value		411,981	(3,571)	(7,068)	(10,492)	(13,846)
Banco de Occidente Panamá S.A. Fair Value		1,440,619	(10,914)	(21,640)	(32,184)	(42,550)
Fiduciaria de Occidente S.A. Fair Value		46,401	(386)	(772)	(1,159)	(1,545)
Total	**$**	**6,042,891**	**(40,863)**	**(81,093)**	**(120,706)**	**(159,718)**

4.2.2 Price risk on 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 through OCI, when their 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 are expected to be used as collateral in liability operations, since their purpose is strategic and 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's investment policy (e.g., the credit rating of the asset falls below that required by the Parent'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 institutions.
- When significant disbursements 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.
- Address unusual credit disbursement requirements or needs.

Foreign exchange risk

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

Foreign exchange risk arises mainly from recognized assets and liabilities and investments in subsidiaries and branches abroad, in loan portfolio, 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. The 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 of 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 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. The average of three business days of this own cash position may not exceed fifty percent (50%) of the entity's adequate equity; likewise, it may not be negative.

Additionally, it must comply with the gross leverage position limits, 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 three-business day average of the gross leverage position may not exceed five hundred and fifty percent (550%) of the amount of the entity's adequate equity.

The determination of the maximum or minimum amount of the daily own position and of the own cash 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 Office of the Financial Superintendent 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, 2022 and 2021:

December 31, 2022

	Millions		
	U.S. dollars	**Other currencies in U.S. dollars**	**Total Colombian pesos**
Assets			
Cash	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 through OCI	330.91	-	1,591,766.57
Investments at amortized cost	-	-	-
Financial assets from loan portfolio at amortized cost	1,184.81	-	5,699,153.43
Derivative instruments held for trading	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 instruments held for trading	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)**

December 31, 2021

	Millions		
	U.S. dollars	**Other currencies in U.S. dollars**	**Total Colombian pesos**
Assets			
Cash	678.11	1.59	2,699,670
Investments at fair value through profit or loss	42.87	-	170,654
Investments at fair value through OCI	493.34	-	1,964,049
Investments at amortized cost	-	-	-
Financial assets from loan portfolio at amortized cost	1,190.87	-	4,741,036
Derivative instruments held for trading	506.67	-	2,017,141
Derivative hedging instruments	-	-	-
Other accounts receivable	4.13	-	16,448
Total Assets	**2,915.98**	**1.59**	**11,608,999**
Liabilities			
Derivative instruments held for trading	1,283.73	-	5,110,749
Derivative hedging instruments	-	-	-
Customer deposits	1,034.57	1.31	4,118,788
Financial Obligations	616.58	-	2,454,695
Other accounts payable	3.93	-	15,654
Total liabilities	**2,938.81**	**1.31**	**11,699,886**
Net asset (liability) position	**(22.83)**	**0.28**	**(90,887)**

The Parent Company's objective with respect to foreign currency transactions is to primarily meet the needs of international trade and financing customers 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 exchange 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 monitored on a daily basis by the treasury divisions of each subsidiary, which are responsible for closing the positions and 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, 2022 and 2021 would be an increase in income of $947 and $558, respectively.

4.3 Interest rate structure risk

The Parent Company is exposed to the effects of fluctuations in the interest rate market that affect its financial position and future cash flows. The risk arises as a consequence of making investments and loans at variable interest rates and funding them with liabilities with fixed interest rate costs or vice versa. Interest margins may increase as a result of changes in interest rates but may also decrease and create losses in the event of unexpected movements in interest rates.

Generally, the Parent Company obtains long-term borrowings at variable interest rates, such as rediscounts with second-tier financial institutions, whose rates are implicitly offset with portfolio loans.

The following table shows the interest rate exposure for assets and liabilities at December 31, 2022 and 2021. 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, 2022

Assets	Less than one month	Between one and six months	From six to twelve months	More than one year	No Interest	Total
Cash	$ 1,821,621	-	-	-	2,056,603	3,878,224
Investments in debt securities at fair value FVTPL	1,002	80,389	116,568	1,101,927	-	1,299,886
Investments in debt securities at fair value FVTOCI	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
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
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	Between one and six months	From six to twelve months	More than one year	No Interest	Total
Checking Accounts	699,854	-	-	-	6,886,744	7,586,598
Term deposit certificates (CDT)	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
Bank and other loans	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

December 31, 2021

Assets	Less than one month	Between one and six months	From six to twelve months	More than one year	No interest	Total
Cash	$ 2,400,783	-	-	-	2,709,219	5,110,003
Investments in debt securities at fair value FVTPL	-	149,991	139,746	421,398	-	711,135
Investments in debt securities at fair value FVTOCI	107,004	719,758	617,327	3,887,667	-	5,331,756
Investments at amortized cost	93,781	221,944	567,482	-	-	883,207
Commercial portfolio and commercial leasing	3,689,975	6,260,739	3,606,527	12,021,575	-	25,578,816
Consumer portfolio and consumer leasing	299,601	1,124,787	1,088,702	6,374,403	-	8,887,493
Mortgage portfolio and mortgage leasing	15,185	118,214	80,018	1,919,468	-	2,132,885
Repos and interbank	401,610	64,301	-	-	-	465,911
Other accounts receivable	-	-	-	69,040	251,856	320,896
Total Assets	7,007,939	8,659,734	6,099,802	24,693,551	2,961,075	49,422,102

Liabilities	Less than one month	Between one and six months	From six to twelve months	More than one year	No interest	Total
Checking Accounts	511,154	-	-	-	7,221,170	7,732,324
Term deposit certificates (CDT)	1,281,405	6,113,027	1,447,448	327,590	-	9,169,470
Savings Accounts	19,385,347	-	-	-	-	19,385,347
Other Deposits	-	-	-	-	53,110	53,110
Interbank Funds	1,524,800	271,851	200,719	2,238	-	1,999,608
Lease liabilities	-	-	-	377,043	-	377,043
Bank and other loans	264,875	1,678,824	400,182	46,434	-	2,390,315
Bonds and investment securities	173,978	2,603,600	-	-	-	2,777,578
Obligations with rediscount entities	240	11,896	27,322	912,368	-	951,826
Total Liabilities	$ 23,141,799	10,679,198	2,075,671	1,665,673		44,836,621

The Parent Company is exposed to prepayment risk on loans placed at fixed interest rates including home mortgage loans, which give the borrower the right to repay the loans early without penalty. The Parent Company's earnings for the periods ended December 31, 2022 and 2021 have not been materially changed by changes in the prepayment rate because the loan portfolio and the prepayment right is similar in value to the loans.

The following is a detail of the main interest-bearing assets and liabilities, by interest rate, variable and fixed, according to maturity at December 31, 2022 and 2021:

December 31, 2022

Assets	Less than one year		More than one year			
	Variable	Fixed	Variable	Fixed	No interest	Total
Cash	$ 1,821,621	-	-	-	2,056,603	3,878,224
Investments in debt securities at fair value FVTPL	65,719	132,240	1,495	1,100,432	-	1,299,886
Investments in debt securities at fair value FVTOCI	236,623	330,461	98,964	3,233,646	-	3,899,694
Investments in debt securities at amortized cost	1,132,250	670,442	-	-	-	1,802,692
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
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

Liabilities	Less than one year		More than one year			
	Variable	Fixed	Variable	Fixed	No interest	Total
Checking Accounts	650,969	48,885	-	-	6,886,744	7,586,598
Term deposit certificates (CDT)	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
Bank and other loans	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	$ 7,256,822	28,998,667	6,267,886	3,010,128	6,983,328	52,516,831

December 31, 2021

Assets	Less than one year		More than one year			
	Variable	Fixed	Variable	Fixed	No interest	Total
Cash	$ 2,400,783	-	-	-	2,709,219	5,110,003
Investments in debt securities at fair value FVTPL	31,923	257,814	2,473	418,925	-	711,135
Investments in debt securities at fair value FVTOCI	45,502	1,289,174	469,934	3,527,146	-	5,331,756
Investments at amortized cost	883,207	-	-	-	-	883,207
Commercial portfolio and commercial leasing	12,170,200	1,644,972	11,046,940	716,704	-	25,578,816
Consumer portfolio and consumer leasing	568,566	1,944,528	1,404,639	4,969,760	-	8,887,493
Mortgage portfolio and mortgage leasing	10,114	203,304	36,188	1,883,279	-	2,132,885
Repos and interbank	-	465,911	-	-	-	465,911
Other accounts receivable	-	-	69,040	-	251,856	320,896
Total	16,110,295	5,805,703	13,029,214	11,515,814	2,961,075	49,422,102

Liabilities	Less than one year		More than one year			
	Variable	Fixed	Variable	Fixed	No interest	Total
Checking Accounts	481,171	29,983	-	-	7,221,170	7,732,324
Term deposit certificates (CDT)	3,395,361	3,509,928	1,401,860	862,321	-	9,169,470
Savings Accounts	1,131,838	18,253,510	-	-	-	19,385,348
Other Deposits	-	-	-	-	53,110	53,110
Interbank Funds	1,992,363	5,007	-	2,238	-	1,999,608
Lease liabilities	-	-	-	377,043	-	377,043
Bank and other loans	2,343,881	-	46,433	-	-	2,390,314
Bonds and investment securities	392,088	103,940	2,162,550	119,000	-	2,777,578
Obligations with rediscount entities	11,169	28,288	73,480	838,889	-	951,826
Total	$ 9,747,871	21,930,656	3,684,323	2,199,491	7,274,280	44,836,621

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 VI of the Basic Accounting and Financial Circular of the Office of the Financial Superintendent of Colombia and in accordance with the rules related to liquidity risk management through the basic principles of the Liquidity Risk Management System (SARL), 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 Office of the Financial Superintendent of Colombia 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 (NSFR), as established in the standard model of the Office of the Financial Superintendent of Colombia.

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 lines of credit 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 adequacy of the resources and to minimize the concentration of the sources.

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

The availability of resources is 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, among others, the LRI, deposit concentration levels, the use of Banco de la República liquidity quotas, among others.

Through the assets and liabilities technical committees (Finance Committee and ALCO Committee), 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 tolerance in liquidity management or minimum liquidity, the strategies for granting loans and raising funds, 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 Office of the Financial Superintendent 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, except for term deposit certificates (CDT) with a term of less than 180 days, for which the percentage is 4.5%, and 0% when the term exceeds 180 days. 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, 2022 and 2021:

December 31, 2022
Subsequent net available balances

Entity		Liquid assets available at the end of the period (1)	1 to 7 days (2)	1 to 30 days later (2)	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)**

December 31, 2021
Subsequent net available balances

Entity		Liquid assets available at the end of the period (1)	1 to 7 days (2)	1 to 30 days later (2)	31 to 90 days later (2)
Parent Company	$	6,598,351	5,923,470	2,935,981	(4,254,187)
Occidental Bank Barbados Ltd.		408,588	392,190	284,178	(63,929)
Banco de Occidente Panamá S.A.		1,250,685	1,164,341	513,445	(62,912)
TOTAL	**$**	**8,257,624**	**7,480,001**	**3,733,604**	**(4,381,028)**

(1) Liquid assets correspond to the sum of those assets existing at the end of each period that, due to their characteristics, may be rapidly converted into cash. These assets include: cash on hand and in banks, securities or coupons transferred to the entity in lending operations in the money market carried out by the entity and not subsequently used in borrowing 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 the purpose of calculating liquid assets, all 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 lines of credit from other entities and access to special lines of credit with Banco de la Republica 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 Republica. During the periods ended December 31, 2022 and 2021, the Parent Company did not have to use these last resort credit lines.

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

Entity	Available Stable Funding (ASF) (in millions of pesos)	Required Stable Funding (RSF) (in millions of pesos)	Net Stable Funding Ratio (NSFR)* (in percentage)
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, 2022

Assets	Less than one month	Between one and six months	From six to twelve months	More than one year	Total
Cash	$ 3,878,224	-	-	-	3,878,224
Investments in debt securities at fair value FVTPL	2,149	60,232	95,059	993,151	1,150,591
Investments in debt securities at fair value FVTOCI	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
Repos and interbank	1,120,454	-	-	-	1,120,454
Derivative instruments held for trading	91,684	286,686	166,065	232,097	776,532
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	Between one and six months	From six to twelve months	More than one year	Total
Checking Accounts	$ 7,586,598	-	-	-	7,586,598
Term deposit certificates (CDT)	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
Bank and other loans	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 instruments held for trading	142,133	423,734	190,911	249,945	1,006,723
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**

December 31, 2021

Assets	Less than one month	Between one and six months	From six to twelve months	More than one year	No interest	Total
Cash	$ 2,400,783	-	-	-	2,709,219	5,110,002
Investments in debt securities at fair value FVTPL	2,902	54,052	148,530	234,960	-	440,444
Investments in debt securities at fair value FVTOCI	110,647	394,400	493,971	3,405,158	-	4,404,176
Investments at amortized cost	94,435	99,433	584,304	-	-	778,172
Commercial portfolio and commercial leasing	3,814,909	6,773,431	4,098,426	14,130,553	-	28,817,319
Consumer portfolio and consumer leasing	391,058	1,554,416	1,546,416	8,419,297	-	11,911,187
Mortgage portfolio and mortgage leasing	31,146	197,131	172,763	3,569,794	-	3,970,834
Microcredit portfolio and microcredit leasing	-	-	-	-	-	-
Repos and interbank	401,610	64,301	-	-	-	465,911
Derivative instruments held for trading	61,529	204,291	84,975	133,720	-	484,515
Derivative hedging instruments	-	-	-	-	-	-
Other accounts receivable	-	-	-	69,040	251,856	320,896
Other assets	20,891	-	-	-	-	20,891
Total assets	$ 7,329,910	9,341,455	7,129,385	29,962,522	2,961,075	56,724,347

Liabilities	Less than one month	Between one and six months	From six to twelve months	More than one year	No interest	Total
Checking Accounts	$ 511,154	-	-	-	7,221,170	7,732,324
Term deposit certificates (CDT)	1,313,256	6,315,853	1,477,554	337,783	-	9,444,446
Savings Accounts	19,385,348	-	-	-	-	19,385,348
Other Deposits	53,110	-	-	-	-	53,110
Interbank Funds	1,559,079	273,500	204,192	2,240	-	2,039,011
Lease liabilities	6,944	34,070	39,466	344,966	-	425,446
Bank and other loans	365,261	1,590,087	406,559	47,250	-	2,409,157
Bonds and Investment Securities	180,450	2,700,454	-	-	-	2,880,904
Obligations with rediscount entities	248	12,272	28,119	938,058	-	978,697
Derivative instruments held for trading	-	222,070	84,291	151,433	-	457,794
Derivative hedging instruments	-	-	-	-	-	-
Other accounts payable	947,631	-	-	-		947,631
Total liabilities	$ 24,322,481	11,148,306	2,240,181	1,821,730	7,221,170	46,753,868

4.5 Adequate capital management

The parent company's objectives regarding the management of its adequate capital are oriented to a) Complying with the capital requirements established by the Colombian Government for financial institutions, and b) Maintaining an adequate equity structure that allows it to keep the parent company as a going concern and create 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.

Risk assets are classified in each category based on the regulatory provisions established by the Ministry of Finance in Decree 2555 of 2010 and the instructions issued by the Office of the Financial Superintendent of Colombia through External Circular 020 of September 2019.

The following is a summary of the parent company's solvency ratios as of December 31, 2022 and December 31, 2021:

Technical equity	December 31, 2022 Current Period	December 31, 2021 Previous Period
	Entity	Entity
A. Basic Ordinary Equity (PBO in Spanish)	**4,418,771**	**3,976,479**
B. Additional Basic Equity (PBA in Spanish)	-	-
C.Total Basic Equity (C= A+B)	4,418,771	3,976,479
D. Additional Equity (AP in Spanish)	834,895	464,650
E. Technical Equity Deductions	-	-
F. Technical Equity (PT in Spanish) (F=C+D-E)	5,253,666	4,441,129
G. Credit Risk Weighted Assets by Risk Level	37,591,858	30,661,940
H. Market risk (VaR_{MR})	3,027,946	3,640,125
I. Operational risk (VaR_{OR})	2,524,786	1,670,957
J. Risk Weighted Assets by Risk Level (Credit + Market + Operational)	43,144,590	35,973,022

Ordinary Basic Solvency Ratio (RSB in Spanish) I min 4.5%	10.24%	11.05%
Additional Basic Solvency Ratio (RSBA in Spanish) I min 6% [1/]	10.24%	11.05%
Total Solvency Ratio (RST in Spanish) I min 9%.	12.18%	12.35%
Combination cushion (RSB% - 4.5%)	5.74%	6.55%
Leverage Value -$ MM	62,211,737	54,343,878
Leverage Ratio (min. 3%)	7.10%	7.32%

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

4.6 Operational risk

The Parent Company has an Operational Risk Management System (SARO) implemented in accordance with the guidelines established in Chapter XXIII of the Basic Accounting and Financial Circular (External Circular 100 of 1995) by the Office of the Financial Superintendent 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. 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 Board of Directors, respectively, are informed about the most important aspects of the operational risk, including the follow-up on the implementation of corrective actions to mitigate risks classified in extreme and high-risk zones, the evolution of operational risk losses, action plans based on the events that have materialized, 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 reports to the Office of Risk Management and Collections and 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, 2022 and 2021 is shown below:

	December 31, 2022	**December 31, 2021**
Processes	288	284
Risks (*)	1,231	1,286
Failures	2,415	2,740
Controls (*)	4,270	4,510

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

Net losses recorded for operational risk events for the year 2022 amounted to $15,938, broken down as follows: Loan portfolio claims (42%), other assets (22%), damage to physical assets (15%), other litigation (14%) and miscellaneous operational risk (7%).

According to the Basel risk classification, the events originated in: external fraud (69%, $10,939), damage to physical assets (16%, $2,610), process execution and management (7%, $1,064) and Other (8%, $1,325).

In external fraud, the most relevant events are originated by credit card fraud for $7,236, under the modalities of online purchases, impersonation, forgery or copying of magnetic stripe, substitution, lost card, improper use, lower value and stolen card. On the other hand, there were fraud events under the modality of impersonation that affected several products for $1,155.

In damages to physical assets, the events correspond to vandalism during the protests of 2021 and other cases of adjustments due to external damages to offices and buildings, which resulted in repairs and replacement of computer equipment and furniture and fixtures for $2,610.

In process execution and management, the most relevant events correspond to: Payment of penalties for errors or untimely filing of withholding tax returns, VAT, ICA (local business tax in Colombia), exogenous information and magnetic media for $487.

Due to technological failures, an event of double payments or payments without recourse was generated, canceling the credits in the Banca Personas (Personal Banking) portfolio for $696.

Business Continuity Plan

The Business Continuity Plan refers to the detailed set of actions that describe the procedures, systems and resources necessary to return and continue operations in case of interruption.

The Parent Company has been working on the implementation and maintenance of continuity schemes, both technological and operational, which allow it to address critical business processes in the event of a crisis situation. In this way, tests are structured on an ongoing basis to identify improvements to the plans developed.

4.7 Money laundering and terrorist financing risk

Within the framework of the regulations of the Office of the Financial Superintendent of Colombia, and especially following the instructions given in the Basic Legal Circular, Part I, Title IV, Chapter IV, the Parent Company has an Anti-Money Laundering and Counter Terrorism 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 under the highest ethical and control standards, placing ethical and moral principles before the achievement of business goals. From a practical point of view, these aspects 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 operations and report suspicious operations 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 operations carried out in the Parent Company in order to detect unusual operations 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 on 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 of the Office of the Financial Superintendent of Colombia, the Parent Company timely submitted the institutional reports and reports to the different supervisory agencies.

During the year 2021, 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 Anti-Money Laundering and Counter Terrorism Financing 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 legal risk management work 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 and are documented. It also analyzes and drafts the contracts that support the operations carried out by the different business units. The Financial Vice Presidency supports the Parent Company's tax legal risk management, while the Human Resources Vice Presidency supports the Parent Company’s labor legal risk management.

The Parent Company, in accordance with the instructions issued by the Office of the Financial Superintendent of Colombia, assessed the claims of the lawsuits against it based on the analysis and opinions of the attorneys in charge. In the required cases, the respective contingencies are duly provided for.

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.

Provisions for legal contingencies and other provisions are detailed 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 provider 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 price providers 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 appraisals 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 within 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 entire fair value measurement 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 IFRS 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 at December 31, 2022 and 2021 on a recurring basis.

December 31, 2022

		Fair values calculated using internal models					Effect of reasonable assumptions on fair value
		Level 1	Level 2	Level 3	Total	Valuation technique for levels 2 and 3	Key inputs
Assets							
Recurring fair value measurements							
Investments in debt securities through profit or loss							
Issued or guaranteed by the Colombian government	$	1,031,887	174,904	-	1,206,791	Market Price	Market Price
Issued or guaranteed by other Colombian government entities		-	31,381	-	31,381	Market Price	Market Price
Issued or guaranteed by other Colombian financial institutions		-	58,359	-	58,359	Market Price	Market Price
Issued or guaranteed by entities of the Colombian real sector		-	1,483	-	1,483	Market Price	Market Price
Other		-	1,873	-	1,873	Interest Rates	Transactional systems
Investments in debt securities through OCI							
Issued or guaranteed by the Colombian Government	$	1,846,928	1,262,956	-	3,109,884	Market Price	Market Price
Issued or guaranteed by other Colombian government entities		-	43,420	-	43,420	Market Price	Market Price
Issued or guaranteed by other Colombian financial institutions		-	482,049	-	482,049	Market Price	Market Price
Issued or guaranteed by foreign governments		-	52,387	-	52,387	Market Price	Market Price
Issued or guaranteed by other foreign financial institutions		-	115,571	-	115,571	Market Price	Market Price
Issued or guaranteed by foreign real sector entities		-	11,664	-	11,664	Market Price	Market Price
Other		-	84,718	-	84,718	Interest Rates	Transactional systems
Investments in equity instruments through profit or loss		-	39,866	540,644	580,510	Unit value	Market value of underlying assets, less fees and management expenses
Investments in equity instruments through OCI		2,851	-	119,596	122,447	Discounted cash flow	Growth over the five-year projection Net income. Growth in residual values after five years. Discount interest rates.
Trading derivatives							
Currency forwards		-	316,887	-	316,887	Discounted cash flow	Curves by functional currency of the underlying
Interest rate forward		-	1,691	-	1,691	Discounted cash flow	Price of the underlying security. Curves by functional currency of the underlying.
Interest rate swap		-	398,028	-	398,028	Discounted cash flow	Swap curves assigned according to the underlying
Other		-	38,362	-	38,362	Black & Scholes & Merton	Implied volatility curves and matrices
Investment property at fair value		-	216,897	-	216,897	Discounted cash flow	The processes used to collect data and determine the fair value of investment property are described in valuation of investment property.
Total recurring fair value assets		**2,881,666**	**3,332,496**	**660,239**	**6,874,401**		
Liabilities							
Trading derivatives							
Currency forwards		-	446,222	-	446,222	Discounted cash flow	Curves by functional currency of the underlying
Interest rate forward		-	2,144	-	2,144	Discounted cash flow	Price of the underlying security. Curves by functional currency of the underlying.
Interest rate swap		-	452,760	-	452,760	Discounted cash flow	Swap curves assigned according to the underlying
Other		-	29,676	-	29,676	Black & Scholes & Merton	Implied volatility curves and matrices
Total recurring fair value liabilities	**$**	**-**	**930,802**	**-**	**930,802**		

December 31, 2021

	Fair values calculated using internal models					Effect of reasonable assumptions on fair value
	Level 1	Level 2	Level 3	Total	Valuation technique for levels 2 and 3	Key inputs
Assets						
Recurring fair value measurements						
Investments in debt securities through profit or loss						
Issued or guaranteed by the Colombian government	$ 302,652	50,736	-	353,388	Market Price	Market Price
Issued or guaranteed by other Colombian government entities	-	19,199	-	19,199	Market Price	Market Price
Issued or guaranteed by other Colombian financial institutions	-	273,536	-	273,536	Market Price	Market Price
Issued or guaranteed by entities of the Colombian real sector	-	1,874	-	1,874	Market Price	Market Price
Issued or guaranteed by Foreign Governments	-	-	-	-	Market Price	Market Price
Issued or guaranteed by other foreign financial institutions	-	61,215	-	61,215	Market Price	Market Price
Issued or guaranteed by foreign real sector entities	-	-	-	-	Interest Rates	Transactional systems
Other	-	1,923	-	1,923	Interest Rates	Transactional systems
Investments in debt securities through OCI						
Issued or guaranteed by the Colombian government	$ 1,453,728	2,283,022	-	3,736,750	Market Price	Market Price
Issued or guaranteed by other Colombian Government entities	-	81,876	-	81,876	Market Price	Market Price
Issued or guaranteed by other Colombian financial institutions	-	864,765	-	864,765	Market Price	Market Price
Issued or guaranteed by entities of the Colombian Real sector	-	10,166	-	10,166	Market Price	Market Price
Issued or guaranteed by foreign governments	35,830	49,988	-	85,818	Market Price	Market Price
Issued or guaranteed by other foreign financial institutions	-	451,006	-	451,006	Market Price	Market Price
Issued or guaranteed by foreign real sector entities	-	20,497	-	20,497	Market Price	Market Price
Other	-	80,878	-	80,878	Interest Rates	Transactional systems
Investments in equity instruments through profit or loss	-	36,566	444,247	480,813	Unit value	Market value of underlying assets, less fees and management expenses Growth over the five-year projection
Investments in equity instruments through OCI	4,031	-	108,001	112,032	Discounted cash flow	Net income. Growth in residual values after five years. Discount interest rates.
Trading derivatives						
Currency forwards	-	291,987	-	291,987	Discounted cash flow	Curves by functional currency of the underlying Price of the underlying security.
Interest rate forward	-	278	-	278	Discounted cash flow	Curves by functional currency of the underlying.
Interest rate swap	-	151,228	-	151,228	Discounted cash flow	Swap curves assigned according to the underlying
Currency swap	-	-	-	-	Discounted cash flow	Swap curves assigned according to the underlying
Other	-	20,237	-	20,237	Black & Scholes & Merton	Implied volatility curves and matrices
Investment property at fair value	-	171,419	-	171,419	Discounted cash flow	The processes used to collect data and determine the fair value of investment property are described in Valuation of investment property.
Total recurring fair value assets	**1,796,241**	**4,922,396**	**552,248**	**7,270,885**		
Liabilities						
Trading derivatives						
Currency forwards	-	344,872	-	344,872	Discounted cash flow	Curves by functional currency of the underlying Price of the underlying security.
Interest rate forward	-	276	-	276	Discounted cash flow	Curves by functional currency of the underlying.
Interest rate swap	-	161,205	-	161,205	Discounted cash flow	Swap curves assigned according to the underlying
Currency Swap	-	40	-	40	Discounted cash flow	Swap curves assigned according to the underlying
Other	-	10,900	-	10,900	Black & Scholes & Merton	Implied volatility curves and matrices
Total recurring fair value liabilities	**$ -**	**517,293**	**-**	**517,293**		

Investments, the values of which 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 quoted in markets that are not considered assets but are valued according to quoted market prices, broker quotes or alternative price sources supported by observable inputs are classified in Level 2. They include 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 property. 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 property is determined based on the appraisal performed by independent expert appraisers as of December 31, 2022, 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 goods, as well as data obtained from the market, and establishes an estimate of value using processes that include comparison.

b) Transfer of levels

The following table presents the transfers between levels 1 and 2 for the periods ended December 31, 2022 and 2021:

Recurring fair value measurements		December 31, 2022 Level 1 to Level 2	December 31, 2022 Level 2 to Level 1		December 31, 2021 Level 1 to Level 2	December 31, 2021 Level 2 to Level 1
Assets						
Investments at fair value of fixed income	$	-	420,145	$	676,346	-

The investments transferred from Level 2 to Level 1 as of December 31, 2022 are fixed rate TES (bonds issued by the Colombian Government and managed by Banco de la República) maturing in 2028, 2030, 2032, 2034 and 2036 and TES denominated in real value units (UVR in Spanish) maturing in 2027, whose issuer is the national government, which have gained liquidity in the market and present greater trading depth.

The investments transferred from level 1 to level 2 correspond to fixed rate TES of references TFIT16280428, TFIT16180930, TFIT16181034 and TFIT16300632, which by December 31, 2021 lost liquidity due to the low volume traded in the last week of the year.

The following table presents the movement of equity instruments with lower interest (less than 20%) classified in level 3 measured at fair value for the periods ended December 31, 2022 and 2021:

		Equity instruments
Balance at December 31, 2021	**$**	**552,248**
Valuation adjustment with effect on income (1)		62,653
Valuation adjustments with effect on OCI		11,595
Additions (1)		65,378
Withdrawals / Sales (1)		(1,363)
Redemptions (1)		(30,272)
Balance at December 31, 2022	**$**	**660,239**
Balance at December 31, 2020	**$**	**398,217**
Valuation adjustment with effect on income		34,344
Valuation adjustments with effect on OCI		24,378
Additions		115,800
Redemptions (1)		(20,491)
Balance at December 31, 2021	**$**	**552,248**

(1) As of December 31, 2022 in investments in equity instruments at fair value through profit or loss, there is a variation of $97,411 with respect to December 31, 2021, where the most significant movement is in the Nexus Inmobiliario Private Equity Fund due to the mobilization of 6 properties of the Bank to the Nexus Inmobiliario Private Equity Fund, with a capital call of $65,378, redemptions of ($30,239) and a valuation with effect in profit or loss of $62,272.

The OCI at the end of December 2022 corresponding to the valuation of financial instruments measured at fair value level 3 is $11,595.

The OCI recognized at the end of December 2021 corresponding to the valuation of financial instruments measured at fair value level 3 was $24,378,378

Valuation of equity instruments through OCI 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 share of less than 20% of the entity'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. These instruments are valued 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., which are not listed on a public stock market, the determination of their fair value as of December 31, 2022 was made with the help of an external advisor to the Bank who has used for such purpose the discounted cash flow method, constructed based on the valuator's own projections of revenues, 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 providers, adjusted by risk premiums estimated based on the risks associated with each entity valued.

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

Variable	Range
revenues (% 10-year growth)	8.8% - 28.3%
revenues (% 5-year growth)	1%
revenues (% 5-year growth)	7% - 15.9%
Growth in residual values after 10 years	3.10%
Growth in residual values after 5 years	3.10%
Growth in residual values after 5 years	3.30%
Discount rates	15.06% - 18.43%
Cost of Equity Rate	15.06% - 17.50%
Average WACC discount interest rates	24.88%

The following table includes the sensitivity analysis of changes in such variables used in the valuation of the investment, taking into account that the 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%	$ 2,043,830.39	$ 1,897,465.66
Growth in residual values after 5 years	+/- 1% of gradient	2,028,706.69	1,886,633.34
Perpetual growth	+/- 1% of gradient	17,938.88	15,757.65
Gradient	+/- 30BPS	3.33	3.18
Discount Rates	+/- 50BPS	2,074,516.36	1,878,060.14

In accordance with the variations and impacts presented in the previous box, as of December 31, 2022, there would be a favorable effect on the Bank's equity of $9,603 and an unfavorable effect of $13,399. 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.

Valuation of equity instruments through profit or loss Level 3

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 revenue 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	Unfavorable impact
Market comparison	+/-10%		
Initial Cap Rate	+/-50BPS	$ 7,593.00	$ 12,731.00
Market Income	+/-10%		
Discount Rate Cash Flow	+/-50BPS		

c) Non-recurring fair value measurements

The following is the detail as of December 31, 2022 and 2021 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 are not required to be measured at fair value on a recurring basis:

December 31, 2022	Level 1	Level 2	Level 3	Total
Collateralized loan portfolio financial instruments	$ -	-	346,849	346,849
	$ -	-	346,849	346,849

December 31, 2021	Level 1	Level 2	Level 3	Total
Collateralized loan portfolio financial instruments	$ -	-	469,187	469,187
Non-current assets held for sale	-	-	5,378	5,378
	$ -	-	474,565	474,565

The following table presents a summary of the financial assets and liabilities of the Parent Company and subsidiaries recorded at amortized cost as of December 31, 2022 and 2021 compared to the values determined at fair value, for which it is practicable to calculate fair value:

	December 31, 2022		December 31, 2021	
	Book value	Estimated Fair Value	Book value	Estimated Fair Value
Assets				
Fixed-income investments at amortized cost	$ 1,802,692	1,812,491	883,207	883,644
Loan Portfolio, net	43,668,497	45,606,276	35,097,325	37,390,388
Other accounts receivable	436,662	436,663	320,896	320,896
	$ 45,907,851	47,855,430	36,301,428	38,594,928
Liabilities				
Term deposit certificates	$ 13,390,805	13,814,281	9,169,470	9,205,191
Interbank funds	2,202,043	1,909,058	1,999,608	1,999,608
Bank and other loans	3,928,990	4,177,777	2,767,357	2,507,580
Obligations with rediscount entities	967,437	1,151,610	951,826	1,008,706
Bonds issued	2,322,416	2,104,154	2,777,578	2,794,257
	$ 22,811,691	23,156,880	17,665,839	17,515,342

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 discounted at the discount rate was obtained, 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:

Discount Rate: Cost of capital

- **Loans rated A, B or C:** Risk-free rate + Risk points + Portfolio management fees
- **Loans rated D or E:** Risk-free rate + Risk points

The **Discount Rate** is defined as the sum of the risk-free rate, risk points and portfolio management fees (portfolio management fees are only added for loans rated A, B or C; for those loans rated D or E only risk points are considered).

The **risk-free rate** represents the opportunity cost incurred in placing funds through credit. It varies according to the remaining term of each obligation for loans in legal currency or as the annual average of the 10-year U.S. treasury bonds rate for loans in foreign currency.

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 provider 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 provider.

Other accounts receivable mature in a period equal to or less than one year. Therefore, it is not considered necessary to calculate the fair value, considering that this value is the best estimate since it is a short period.

The fair value methodology of the Parent Company's liabilities (CDT's and Bonds) is performed by means of the PWPREI software, which values the Parent Company's standardized liabilities in 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.

Note 6. - Cash

Cash balances as of December 31, 2022 and 2021 comprise the following:

		December 31, 2022	December 31, 2021
In Colombian pesos			
In cash	$	433,530	485,839
At Banco de la República de Colombia		2,054,545	1,906,454
Bank and other financial institutions on demand		5,663	17,240
Exchange		2,058	800
		2,495,796	**2,410,333**
In foreign currency			
In cash		7,532	8,491
Bank and other financial institutions on demand		1,374,896	2,691,179
		1,382,428	**2,699,670**
Total cash	**$**	**3,878,224**	**5,110,003**

Reserve requirement

The following is the reserve requirement:

Item		**December 31, 2022**	**December 31, 2021**
Reserve requirement 3.5%.	$	200,973	100,535
Reserve requirement 8%.		2,187,932	1,989,656
Total Reserve requirement	**$**	**2,388,905**	**2,090,191**

As of December 31, 2022, the legal reserve in Colombia is 8% for deposits in checking, savings and other accounts and 3.5% for term deposit certificates of less than 18 months.

As of December 31, 2022, the legal reserve required to meet liquidity requirements for deposits in checking, savings and other accounts is $2,187,932.

As of December 31, 2022, the legal reserve required to meet liquidity requirements for term deposit certificates of less than 18 months is $200,973.

Note 7. - Financial assets of 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, 2022 and 2021:

		December 31, 2022	December 31, 2021
Debt securities with changes in profit or loss			
In Colombian pesos			
Issued or guaranteed by the Colombian Government	$	1,128,863	348,749
Issued or guaranteed by other Colombian Government entities		31,381	19,199
Issued or guaranteed by other Colombian financial institutions		56,192	167,276
Issued or guaranteed by entities of the Colombian real sector		1,483	1,874
Other		1,873	1,923
		1,219,792	**539,021**
In foreign currency			
Issued or guaranteed by the Colombian Government		77,928	4,639
Issued or guaranteed by other Colombian financial institutions		2,167	106,260
Issued or guaranteed by other foreign financial institutions		-	61,215
		80,095	**172,114**
Total debt securities with changes in profit or loss	**$**	**1,299,887**	**711,135**
Debt securities with changes in OCI			
In Colombian pesos			
Issued or guaranteed by the Colombian Government	$	1,846,928	2,704,475
Issued or guaranteed by other Colombian Government entities		43,420	81,876
Issued or guaranteed by other Colombian financial institutions		417,579	554,051
Other		1,873	-
		2,309,800	**3,367,707**
In foreign currency			
Issued or guaranteed by the Colombian Government		1,262,956	1,032,275
Issued or guaranteed by other Colombian financial institutions		64,470	310,714
Issued or guaranteed by Foreign Governments		52,387	85,818
Issued or guaranteed by other foreign financial institutions		115,571	433,867
Issued or guaranteed by foreign real sector entities		11,664	20,497
Other		82,845	80,878
		1,589,893	**1,964,049**
Total debt securities with changes in OCI (1)	**$**	**3,899,693**	**5,331,756**

		December 31, 2022	December 31, 2021
Equity instruments with changes in profit or loss			
In Colombian pesos			
Mutual funds	$	580,510	480,813
Total equity instruments with changes in profit or loss		**580,510**	**480,813**
Total derivative instruments held for trading with changes in profit or loss	$	**754,968**	**463,730**
Total financial instruments at fair value through profit or loss	$	**2,635,365**	**1,655,678**
Equity instruments with changes in equity OCI			
In Colombian pesos			
Corporate shares	$	122,447	112,032
Total equity instruments		**702,957**	**592,845**
Total financial assets in debt securities and investments in equity instruments at fair value	**$**	**6,657,505**	**7,099,466**
Total financial instruments at fair value with changes in OCI	**$**	**4,022,140**	**5,443,788**

(1) The valuation effect recognized in OCI for debt securities at December 31, 2022 is ($387,260) and ($270,415) at December 31, 2021.

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.

Below is a detail of equity instruments with changes in other comprehensive income:

Entity		December 31, 2022	December 31 2021
Redeban Multicolor S.A. (1)	$	18,883	21,745
A.C.H Colombia S.A. (1)		53,544	43,080
Cámara de Riesgo Central de Contraparte de Colombia S.A. (1)		2,680	2,433
Bolsa de Valores de Colombia S.A. (1)		2,851	4,031
Credibanco (1)		36,933	35,225
Aportes en Línea S.A. (Management and Contact) (1)		3,741	2,419
Casa de Bolsa S.A Sociedad Comisionista de Bolsa (1)		3,815	3,099
Total	**$**	**122,447**	**112,032**

(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 OCI for fair value of equity instruments for $10,415 as of December 31, 2022 and for $23,559 as of December 31, 2021.

Financial assets in equity instruments at fair value with changes in 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. In addition, there is a higher degree of uncertainty in determining the fair value, which generates significant fluctuations from one period to another. During the period ended December 31, 2022, dividends of $5,580 ($3,138 during the period ended December 31, 2021) have been recognized in the income statement for these investments.

Collateralizing money market operations and central counterparty risk clearinghouse (futures)

The following is a list of financial assets at fair value that are collateralizing 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, 2022	December 31, 2021
Pledged in money market operations			
Issued or guaranteed by the Colombian government	$	1,307,927	1,278,841
Issued or guaranteed by other Colombian government entities		1,006	125,010
Issued or guaranteed by other financial institutions		4,980	447,697
Issued or guaranteed by other foreign financial institutions		-	45,504
		1,313,913	**1,897,052**
Pledged as collateral for derivatives transactions			
Issued or guaranteed by the Colombian government		393,462	228,820
Total	**$**	**1,707,375**	**2,125,872**

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, 2022, fixed income investments hedging Money Market operations are presented in Simultaneous Liabilities of $1,307,927 and Repo Liabilities of $5,986 and in derivative instruments of $393,462 (as of December 31, 2021, they were presented in Simultaneous Liabilities of $1,278,842 and Repo Liabilities of $618,210 and in derivative instruments of $228,820). Also, the total amount of debt securities that do not guarantee money market operations or derivatives amounts to a total of $3,492,205 for 2022 and $3,917,019 for 2021.

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 at December 31, 2022 and 2021:

		December 31, 2022	December 31, 2021
Debt securities			
In Colombian pesos			
Issued or guaranteed by the Colombian Government		670,442	-
Issued or guaranteed by other Colombian Government entities	$	1,132,772	883,552
Total debt securities		**1,803,214**	**883,552**
Provisions for investments		(522)	(345)
Total financial assets in debt securities at amortized cost	$	**1,802,692**	**883,207**

The following is the change in the provision for investments for the period ended December 31, 2022:

		December 31, 2022	December 31, 2021
Balance at beginning of period	$	345	358
Reversal of impairment of Banco de Occidente Panama bond		-	37
(Recovery) of impairment expense on investments at amortized cost		177	(50)
Balance at end of period	$	**522**	**345**

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

		December 31, 2022	December 31, 2021
Up to 1 month	$	135,877	93,781
more than 3 months and no longer than 1 year		1,667,337	789,771
Subtotal		**1,803,214**	**883,552**
Provisions for investments		(522)	(345)
Total	$	**1,802,692**	**883,207**

Note 9. - Derivative instruments and hedges of foreign investments

a. Derivative financial instruments held for trading

The following table sets forth the fair values as of December 31, 2022 and 2021 of forward contracts, futures, options, interest rate swaps and foreign currency swaps in which the Parent Company is engaged:

Item	December 31, 2022		December 31, 2021	
	Value notional	Value fair	Value notional	Value fair
Assets				
Forward contracts				
Non-Peso/Dollar currency forward contracts	$ 103,476	3,108	38,759	689
Forward contracts in Peso/Dollar currencies	12,074,018	313,779	13,848,552	291,296
Securities forward contracts	966,132	1,691	75,000	278
Subtotal	**13,143,626**	**318,578**	**13,962,311**	**292,263**
Swap				
Interest rate swap contracts	7,355,745	398,028	6,727,852	151,230
Subtotal	**7,355,745**	**398,028**	**6,727,852**	**151,230**
Call options				
Foreign currency call options	825,753	38,362	607,780	20,237
Subtotal	**825,753**	**38,362**	**607,780**	**20,237**
Total assets	**$ 21,325,124**	**754,968**	**21,297,943**	**463,730**
Liabilities				
Forward contracts			14,514,558	343,954
Forward contracts in Peso/Dollar currencies	$ 14,738,027	443,281		
Non-Peso/Dollar currency forward contracts	103,711	2,942	170,286	919
Securities forward contracts	617,142	2,143	165,000	276
Subtotal	**15,458,880**	**448,366**	**14,849,844**	**345,149**
Swap				
Foreign currency swap contracts	-	-	260	39
Interest rate swap contracts	8,896,296	452,760	11,725,235	161,205
Subtotal	**8,896,296**	**452,760**	**11,725,495**	**161,244**
Option contracts				
Foreign currency put options	856,310	29,676	591,656	10,900
Subtotal	**856,310**	**29,676**	**591,656**	**10,900**
Total liabilities	**25,211,486**	**930,802**	**27,166,995**	**517,293**
Net position	**$ (3,886,362)**	**(175,834)**	**(5,869,052)**	**(53,563)**

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 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, 2022, there are no derivative contracts in other contracts that must be separated, accounted for and disclosed in accordance with IFRS 9.

The maturities by term of derivative instruments held for trading as of December 31, 2022 and 2021 are as follows:

LESS THAN ONE YEAR

Item		December 31, 2022		December 31, 2021	
		Value notional	Value fair	Value notional	Value fair
Assets					
Forward contracts					
Non-Peso/Dollar currency forward contracts	$	103,476	3,108	-	689
Forward contracts in Peso/Dollar currencies		11,899,867	295,247	13,622,462	278,382
Securities forward contracts		966,132	1,691	75,000	278
Subtotal		**12,969,475**	**300,046**	**13,697,462**	**279,349**
Swap					
Interest rate swap contracts		4,068,034	87,355	6,727,852	17,707
Subtotal		**4,068,034**	**87,355**	**6,727,852**	**17,707**
Call options					
Foreign currency call options		455,450	21,094	553,502	13,860
Subtotal		**455,450**	**21,094**	**553,502**	**13,860**
Total assets	**$**	**17,492,959**	**408,495**	**20,978,816**	**310,916**
Liabilities					
Forward contracts					
Forward contracts in Peso/Dollar currencies	$	14,591,316	423,770	14,231,713	325,626
Non-Peso/Dollar currency forward contracts		103,711	2,942	170,286	919
Securities forward contracts		617,142	2,144	165,000	276
Subtotal		**15,312,169**	**428,856**	**14,566,999**	**326,821**
Swap					
Foreign currency swap contracts		-	-	260	39
Interest rate swap contracts		4,826,383	103,788	7,417,140	20,301
Subtotal		**4,826,383**	**103,788**	**7,417,400**	**20,340**
Option contracts					
Foreign currency put options		486,007	15,764	521,454	8,966
Subtotal		**486,007**	**15,764**	**521,454**	**8,966**
Total liabilities	**$**	**20,624,559**	**548,408**	**22,505,853**	**356,127**
Net position	**$**	**(3,131,600)**	**(139,913)**	**(1,527,037)**	**(45,211)**

MORE THAN ONE YEAR

Item	December 31, 2022 Value notional	December 31, 2022 Value fair	December 31, 2021 Value notional	December 31, 2021 Value fair
Assets				
Forward contracts				
Non-Peso/Dollar currency forward contracts	$ -	-	38,759	-
Forward contracts in Peso/Dollar currencies	174,151	18,532	226,090	12,914
Subtotal	**174,151**	**18,532**	**264,849**	**12,914**
Swap				
Interest rate swap contracts	3,287,711	310,673	-	133,523
Subtotal	**3,287,711**	**310,673**	**-**	**133,523**
Call options				
Foreign currency call options	370,303	17,268	54,278	6,377
Subtotal	**370,303**	**17,268**	**54,278**	**6,377**
Total assets	**$ 3,832,165**	**346,473**	**319,127**	**152,814**
Liabilities				
Forward contracts				
Non-Peso/Dollar currency forward contracts	$ 146,711	19,511	282,845	18,328
Subtotal	**146,711**	**19,510**	**282,845**	**18,328**
Swap				
Interest rate swap contracts	4,069,913	348,972	4,308,095	140,904
Subtotal	**4,069,913**	**348,972**	**4,308,095**	**140,904**
Option contracts				
Foreign currency put options	370,303	13,912	70,202	1,934
Subtotal	**370,303**	**13,912**	**70,202**	**1,934**
Total liabilities	**$ 4,586,927**	**382,394**	**4,661,142**	**161,166**
Net position	**$ (754,762)**	**(35,921)**	**(4,342,015)**	**(8,352)**

Trading derivative financial instruments contain the CVA/DVA component associated with the credit component of these contracts. At December 31, 2022 and 2021, the effect of CVA/DVA on the income statement was an expense of $3,588 and $677, respectively.

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

- The incorporation of credit risk to the valuation methodology under IFRS 13 for the Parent Company's derivative instruments was decided to be carried out under the premise of affecting the discount rate, within the valuation of such instruments at the corresponding closing date. This is done by forming groups or sets, within the Derivatives Portfolio, according to the currency (e.g., pesos, euros or dollars) of the Instrument, the accounting nature of its valuation (asset or liability) and the type of counterparty with which the transaction is carried out.
- 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, IRS, CCS) that do not include this concept, the analysis was performed.
  The credit risk was calculated for all non-standardized or novated derivative instruments held by the entities. To determine the credit risk adjustment for the portfolios.

b. Financial instruments and hedges of foreign investments

In the development of its operations, the Parent Company has the following investments in foreign subsidiaries as of December 31, 2022 and 2021, whose financial statements in the consolidation process generate translation adjustments that are recorded in the other comprehensive income account in equity, as follows:

		December 31, 2022				
		Thousands of U.S. dollars			Millions of Colombian pesos	
Detail of investment		Value of the hedged investment	Value of the hedge in 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)**

		December 31, 2021				
		Thousands of U.S. dollars			Millions of Colombian pesos	
Detail of investment		Value of the hedged investment	Value of the hedge in foreign currency obligations		Adjustment for translation of financial statements	Exchange difference on foreign currency obligations
Occidental Bank Barbados Ltd.	USD	32,329	(32,329)	$	51,478	(51,478)
Banco de Occidente Panamá S.A.		46,039	(46,039)		72,590	(72,590)
Total	**USD**	**78,368**	**(78,368)**	**$**	**124,068**	**(124,068)**

Since these investments are denominated in U.S. dollars, which is the functional currency of the above subsidiaries, the Parent Company is subject to the risk of changes in the exchange rate of the 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 of USD$63,906 as of December 31, 2022, and $78,368 as of December 31, 2021, 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.

Since the obligations are in the same currency in which the foreign investments are recorded, the hedge is considered perfect, and therefore no hedge ineffectiveness is recorded; accordingly, no hedge ineffectiveness was recognized in the income statement. As of December 31, 2022 and 2021, $49,942 and ($46,629), respectively, were recognized in the OCI as a result of hedge effectiveness.

Note 10. - Financial assets from loans 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 Office of the Financial Superintendent in the Unified Catalog of Financial Information (CUIF in Spanish). However, considering the importance of the financial leasing portfolio at the Group level, for disclosure purposes, these loans have been separated in all the tables of the note on financial credit risks and in this note according to the following reclassification detail:

December 31, 2022

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

December 31, 2021

Type		Balance according to balance sheet	Reclassification of leasing	Balance with unbundling Leasing
Commercial	$	25,578,816	5,371,422	20,207,394
Consumer		8,887,493	12,506	8,874,987
Home		2,132,885	1,183,018	949,867
Commercial Leasing		-	(5,371,422)	5,371,422
Consumer Leasing		-	(12,506)	12,506
Home Leasing		-	(1,183,018)	1,183,018
Repos and interbank		465,911	-	465,911
Total	**$**	**37,065,105**	**-**	**37,065,105**

10.1. Loan portfolio by type of loan

The distribution of the loan portfolio of the Parent Company and its subsidiaries by type of loan is shown below:

		December 31, 2022	December 31, 2021
Unsecured loans	$	28,783,399	19,432,721
Leased real estate		4,519,937	4,262,431
Payroll loans		3,988,697	3,010,338
Leased personal property		2,642,750	2,304,515
Credit cards		1,611,523	1,418,330
Home mortgage letter		1,165,712	949,867
Other		1,120,454	462,727
Loans with resources from other entities		871,782	4,912,343
Construction loans		668,030	-
Discounts		177,083	155,008
Bank current account overdrafts		71,058	55,115
Letters of credit covered		53,908	72,632
Employee loans		27,342	25,894
Deferred payment letters of credit		-	3,184
Total gross loan portfolio	**$**	**45,701,675**	**37,065,105**
Provision for impairment of financial assets for loan portfolio		(2,033,178)	(1,967,781)
Total net loan portfolio	**$**	**43,668,497**	**35,097,324**

10.2. Loan portfolio - changes in impairment

The following is the change in the impairment of the loan portfolio during the years ended December 31, 2022 and 2021:

	Commercial				Repos and Interbank				Consumer			
	Stage 1	Stage 2	Stage 3	Total	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**	**162,034**	**200,701**	**312,815**	**675,550**
Write-offs for the period	(1,572)	(1,000)	(304,566)	(307,138)	-	-	-	-	(122,493)	(162,564)	(259,161)	(544,218)
Reversal of accrued interest Stage 3	-	-	96,107	96,107	-	-	-	-	-	-	32,731	32,731
Expense	290	13,762	621,117	635,169	15	-	-	15	134,052	166,378	225,134	525,564
Disbursement or origination fees	180,275	22,896	47,722	250,893	1,391	-	-	1,391	124,628	34,690	116,500	275,818
Reimbursement	(46,673)	(10,424)	(17,683)	(74,780)	-	-	-	-	(128,238)	(19,849)	(2,521)	(150,608)
Repayment or payment in full	(62,806)	(29,859)	(378,910)	(471,575)	(49)	-	-	(49)	(41,305)	(41,956)	(36,406)	(119,667)
Reclassification from Stage 1 to Stage 2	(4,868)	4,868	-	-	-	-	-	-	(7,916)	7,916	-	-
Reclassification from Stage 1 to Stage 3	(959)	-	959	-	-	-	-	-	(4,323)	-	4,323	-
Reclassification from Stage 2 to Stage 3	-	(7,742)	7,742	-	-	-	-	-	-	(14,198)	14,198	-
Reclassification from Stage 3 to Stage 2	-	10,090	(10,090)	-	-	-	-	-	-	13,583	(13,583)	-
Reclassification from Stage 2 to Stage 1	28,307	(28,307)	-	-	-	-	-	-	100,322	(100,322)	-	-
Reclassification from Stage 3 to Stage 1	8,179	-	(8,179)	-	-	-	-	-	44,542	-	(44,542)	-
Exchange difference	5,688	-	-	5,688	-	-	-	-	-	-	-	-
Balance as of December 31, 2022	**$ 251,648**	**50,722**	**700,164**	**1,002,534**	**1,434**	**-**	**-**	**1,434**	**261,303**	**84,379**	**349,488**	**695,170**

		Home				Commercial Leasing				Consumer Leasing			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2021	**$**	**11,615**	**7,926**	**33,753**	**53,294**	**22,839**	**24,661**	**264,160**	**311,660**	**202**	**274**	**480**	**956**
Write-offs for the period		-	-	-	-	(28)	-	(169,936)	(169,964)	-	-	(2,361)	(2,361)
Reversal of accrued interest Stage 3		-	-	2,117	2,117	-	-	16,791	16,791	-	-	58	58
Expense		214	1,314	10,973	12,501	2,899	2,433	125,050	130,382	2	10	2,441	2,453
Disbursement or origination fees		3,944	732	101	4,777	7,949	868	4,788	13,605	74	-	165	239
Reimbursement		(13,278)	(892)	(1,631)	(15,801)	(22,091)	(8,904)	(23,935)	(54,930)	(204)	(54)	(25)	(283)
Repayment or payment in full		(1,060)	(974)	(2,688)	(4,722)	(1,628)	(1,833)	(6,551)	(10,012)	(48)	(48)	(4)	(100)
Reclassification from Stage 1 to Stage 2		(214)	214	-	-	(1,179)	1,179	-	-	(5)	5	-	-
Reclassification from Stage 1 to Stage 3		(64)	-	64	-	(449)	-	449	-	-	-	-	-
Reclassification from Stage 2 to Stage 3		-	(958)	958	-	-	(3,538)	3,538	-	-	(62)	62	-
Reclassification from Stage 3 to Stage 2		-	978	(978)	-	-	5,499	(5,499)	-	-	61	(61)	-
Reclassification from Stage 2 to Stage 1		5,252	(5,252)	-	-	12,103	(12,103)	-	-	161	(161)	-	-
Reclassification from Stage 3 to Stage 1		5,539	-	(5,539)	-	6,161	-	(6,161)	-	-	-	-	-
Exchange difference		-	-	-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2022	**$**	**11,948**	**3,088**	**37,130**	**52,166**	**26,576**	**8,262**	**202,694**	**237,532**	**182**	**25**	**755**	**962**

	Home Leasing				Total Financial Leasing				Total			
	Stage 1	Stage 2	Stage 3	Total	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**	**356,547**	**322,429**	**1,288,805**	**1,967,781**
Write-offs for the period	-	-	(2,398)	(2,398)	(28)	-	(174,695)	(174,723)	(124,093)	(163,564)	(738,422)	(1,026,079)
Reversal of accrued interest Stage 3	-	-	928	928	-	-	17,777	17,777	-	-	148,732	148,732
Expense	310	1,363	7,906	9,579	3,211	3,806	135,397	142,414	137,782	185,260	992,621	1,315,663
Disbursement or origination fees	3,336	492	709	4,537	11,359	1,360	5,662	18,381	321,597	59,678	169,985	551,260
Reimbursement	(19,149)	(938)	(2,355)	(22,442)	(41,444)	(9,896)	(26,315)	(77,655)	(229,633)	(41,061)	(48,150)	(318,844)
Repayment or payment in full	(988)	(1,050)	(2,860)	(4,898)	(2,664)	(2,931)	(9,415)	(15,010)	(107,884)	(75,720)	(427,419)	(611,023)
Reclassification from Stage 1 to Stage 2	(208)	208	-	-	(1,392)	1,392	-	-	(14,390)	14,390	-	-
Reclassification from Stage 1 to Stage 3	(117)	-	117	-	(566)	-	566	-	(5,912)	-	5,912	-
Reclassification from Stage 2 to Stage 3	-	(807)	807	-	-	(4,407)	4,407	-	-	(27,305)	27,305	-
Reclassification from Stage 3 to Stage 2	-	1,426	(1,426)	-	-	6,986	(6,986)	-	-	31,637	(31,637)	-
Reclassification from Stage 2 to Stage 1	9,611	(9,611)	-	-	21,875	(21,875)	-	-	155,756	(155,756)	-	-
Reclassification from Stage 3 to Stage 1	7,025	-	(7,025)	-	13,186	-	(13,186)	-	71,446	-	(71,446)	-
Exchange difference	-	-	-	-	-	-	-	-	5,688	-	-	5,688
Balance as of December 31, 2022	**$ 13,813**	**3,512**	**26,055**	**43,380**	**40,571**	**11,799**	**229,504**	**281,874**	**566,904**	**149,988**	**1,316,286**	**2,033,178**

	Commercial				Repos and Interbank				Consumer			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at December 31, 2020	$ 127,377	49,268	663,491	840,136	28	-	59	87	190,103	160,481	412,571	763,155
Write-offs for the period	(104)	(2,244)	(394,276)	(396,624)	-	-	-	-	(44,148)	(54,064)	(395,109)	(493,321)
Reversal of accrued interest Stage 3	-	-	56,396	56,396	-	-	-	-	-	-	26,503	26,503
Expense	(4,729)	29,874	454,089	479,234	11	-	-	11	46,128	113,744	255,612	415,484
Disbursement or origination fees	106,206	25,168	49,016	180,390	49	-	-	49	99,949	51,061	137,248	288,258
Reimbursement	(26,048)	(8,109)	(20,040)	(54,197)	-	-	-	-	(53,363)	(18,728)	(8,245)	(80,336)
Repayment or payment in full	(60,266)	(14,198)	(165,027)	(239,491)	(11)	-	(59)	(70)	(66,492)	(63,747)	(113,954)	(244,193)
Reclassification from Stage 1 to Stage 2	(10,398)	10,398	-	-	-	-	-	-	(48,413)	48,413	-	-
Reclassification from Stage 1 to Stage 3	(2,336)	-	2,336	-	-	-	-	-	(4,621)	-	4,621	-
Reclassification from Stage 2 to Stage 3	-	(5,797)	5,797	-	-	-	-	-	-	(9,246)	9,246	-
Reclassification from Stage 3 to Stage 2	-	2,378	(2,378)	-	-	-	-	-	-	8,574	(8,574)	-
Reclassification from Stage 2 to Stage 1	10,300	(10,300)	-	-	-	-	-	-	35,787	(35,787)	-	-
Reclassification from Stage 3 to Stage 1	3,459	-	(3,459)	-	-	-	-	-	7,104	-	(7,104)	-
Exchange difference	2,326	-	-	2,326	-	-	-	-	-	-	-	-
Balance as of December 31, 2021	$ 145,787	76,438	645,945	868,170	77	-	-	77	162,034	200,701	312,815	675,550

	Home				Commercial Leasing				Consumer Leasing			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at December 31, 2020	$ 14,106	6,231	30,269	50,606	20,863	17,170	231,977	270,010	262	348	239	849
Write-offs for the period	-	-	-	-	-	-	(99,270)	(99,270)	-	-	(5,128)	(5,128)
Reversal of accrued interest Stage 3	-	-	1,490	1,490	-	-	16,527	16,527	-	-	4	4
Expense	109	4,156	10,423	14,688	2,627	14,732	128,307	145,666	19	69	5,167	5,255
Disbursement or origination fees	4,614	396	-	5,010	7,484	1,101	6,197	14,782	45	80	257	382
Reimbursement	(6,470)	(2,977)	(3,102)	(12,549)	(11,614)	(3,462)	(10,737)	(25,813)	(135)	(73)	(55)	(263)
Repayment or payment in full	(2,458)	(881)	(2,612)	(5,951)	(2,127)	(1,591)	(6,524)	(10,242)	(46)	(57)	(40)	(143)
Reclassification from Stage 1 to Stage 2	(1,605)	1,605	-	-	(2,614)	2,614	-	-	(29)	29	-	-
Reclassification from Stage 1 to Stage 3	(109)	-	109	-	(548)	-	548	-	-	-	-	-
Reclassification from Stage 2 to Stage 3	-	(1,237)	1,237	-	-	(2,881)	2,881	-	-	(70)	70	-
Reclassification from Stage 3 to Stage 2	-	2,352	(2,352)	-	-	3,376	(3,376)	-	-	34	(34)	-
Reclassification from Stage 2 to Stage 1	1,719	(1,719)	-	-	6,398	(6,398)	-	-	86	(86)	-	-
Reclassification from Stage 3 to Stage 1	1,709	-	(1,709)	-	2,370	-	(2,370)	-	-	-	-	-
Exchange difference	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2021	**$ 11,615**	**7,926**	**33,753**	**53,294**	**22,839**	**24,661**	**264,160**	**311,660**	**202**	**274**	**480**	**956**

	Home Leasing				Total Financial Leasing				Total			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at December 31, 2020	$ 18,670	7,354	31,045	57,069	39,795	24,872	263,261	327,928	371,409	240,852	1,369,651	1,981,912
Write-offs for the period	-	-	(1,845)	(1,845)	-	-	(106,243)	(106,243)	(44,252)	(56,308)	(895,628)	(996,188)
Reversal of accrued interest Stage 3	-	-	1,117	1,117	-	-	17,648	17,648	-	-	102,037	102,037
Expense	142	6,808	9,274	16,224	2,788	21,609	142,748	167,145	44,307	169,383	862,872	1,076,562
Disbursement or origination fees	4,286	705	336	5,327	11,815	1,886	6,790	20,491	222,633	78,511	193,054	494,198
Reimbursement	(8,067)	(2,485)	(3,062)	(13,614)	(19,816)	(6,020)	(13,854)	(39,690)	(105,697)	(35,834)	(45,241)	(186,772)
Repayment or payment in full	(1,992)	(686)	(3,526)	(6,204)	(4,165)	(2,334)	(10,090)	(16,589)	(133,392)	(81,160)	(291,742)	(506,294)
Reclassification from Stage 1 to Stage 2	(2,616)	2,616	-	-	(5,259)	5,259	-	-	(65,675)	65,675	-	-
Reclassification from Stage 1 to Stage 3	(177)	-	177	-	(725)	-	725	-	(7,791)	-	7,791	-
Reclassification from Stage 2 to Stage 3	-	(1,424)	1,424	-	-	(4,375)	4,375	-	-	(20,655)	20,655	-
Reclassification from Stage 3 to Stage 2	-	1,340	(1,340)	-	-	4,750	(4,750)	-	-	18,054	(18,054)	-
Reclassification from Stage 2 to Stage 1	1,799	(1,799)	-	-	8,283	(8,283)	-	-	56,089	(56,089)	-	-
Reclassification from Stage 3 to Stage 1	1,948	-	(1,948)	-	4,318	-	(4,318)	-	16,590	-	(16,590)	-
Exchange difference	-	-	-	-	-	-	-	-	2,326	-	-	2,326
Balance as of December 31, 2021	**$ 13,993**	**12,429**	**31,652**	**58,074**	**37,034**	**37,364**	**296,292**	**370,690**	**356,547**	**322,429**	**1,288,805**	**1,967,781**

10.3. Individual and collectively assessed loan portfolio

The following is a detail of the credit risk impairment constituted as of December 31, 2022 and 2021, 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 loan portfolio considers only days past due or default by the customer (without identifying whether there is associated credit risk or not). Allowances for loan portfolio are determined based on the impaired loan portfolio.

December 31, 2022

December 31, 2022		Commercial	Consumer	Home	Leasing Commercial	Leasing Consumer	Leasing Home	Leasing Financial	Repos and Interbank	Total
Provision for impairment										
Individually assessed loans	$	479,932 Ps.	361 Ps.	256 Ps.	134,726 Ps.	- Ps.	-	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**

		Commercial	Consumer	Home	Leasing Commercial	Leasing Consumer	Leasing Home	Total Leasing Financial	Repos and Interbank	Total
Gross balance of financial assets by loan portfolio										
Individually assessed loans (1)	$	19,395,585 Ps.	24,051 Ps.	9,679 Ps.	4,234,304 Ps.	- Ps.	21,115	4,255,419	-	23,684,734
Collectively assessed loans		5,723,994	11,109,191	1,156,034	1,596,673	9,399	1,301,196	2,907,268	1,120,454	22,016,941
Total provision for impairment	$	**25,119,579**	**11,133,242**	**1,165,713**	**5,830,977**	**9,399**	**1,322,311**	**7,162,687**	**1,120,454**	**45,701,675**

December 31, 2021

		Commercial	Consumer	Home	Leasing Commercial	Leasing Consumer	Leasing Home	Leasing Financial	Repos and Interbank	Total
Provision for impairment										
Individually assessed loans	$	438,764	-	-	166,927	-	-	166,927	-	605,691
Collectively assessed loans		429,406	675,550	53,294	144,733	956	58,074	203,763	77	1,362,090
Total provision for impairment	$	**868,170**	**675,550**	**53,294**	**311,660**	**956**	**58,074**	**370,690**	**77**	**1,967,781**

		Commercial	Consumer	Home	Leasing Commercial	Consumer Leasing	Home Leasing	Total Financial Leasing	Repos and Interbank	Total
Gross balance of financial assets by loan portfolio										
Individually assessed loans(1)	$	15,164,005	32,770	8,903	3,759,620	20	17,554	3,777,194	-	18,982,872
Collectively assessed loans		5,043,389	8,842,217	940,964	1,611,802	12,486	1,165,465	2,789,753	465,911	18,082,234
Total provision for impairment	$	**20,207,394**	**8,874,987**	**949,867**	**5,371,422**	**12,506**	**1,183,019**	**6,566,947**	**465,911**	**37,065,106**

(1) Include the total of assessed loans over $2,000 regardless of whether they were considered impaired or not impaired as a result of the assessment.

10.4. Individually assessed loan portfolio

The following is a detail of loans individually assessed for impairment as of December 31, 2022 and 2021:

		December 31, 2022		
		Gross value recorded	Guarantees collateral	Provision constituted
No impairment recorded				
Commercial Leasing	$	5,302	-	-
Subtotal		**5,302**	**-**	**-**
With impairment recorded				
Commercial		1,175,945	174,709	479,932
Consumer		3,020	-	361
Home		3,996	-	256
Commercial Leasing		525,421	124,710	134,726
Subtotal		**1,708,382**	**299,419**	**615,275**
Totals				
Commercial		1,175,945	174,709	479,932
Consumer		3,020	-	361
Home		3,996	-	256
Commercial Leasing		530,723	124,710	134,726
Total	**$**	**1,713,684**	**299,419**	**615,275**

		December 31, 2021		
		Gross value recorded	Guarantees collateral	Provision constituted
No impairment recorded				
Commercial Leasing	$	7,969	500	-
Subtotal		**7,969**	**500**	**-**
With impairment recorded				
Commercial		1,235,527	228,636	438,764
Commercial Leasing		563,010	118,738	166,927
Subtotal		**1,798,537**	**347,374**	**605,691**
Totals				
Commercial		1,235,527	228,636	438,764
Commercial Leasing		570,979	119,238	166,927
Total	**$**	**1,806,506**	**347,874**	**605,691**

10.5. Loan portfolio maturity period

The following is the distribution of the loan portfolio in the Parent Company and subsidiaries by maturity period:

	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
Home		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
Home Leasing		127,357	190,466	176,966	827,522	1,322,311
Repos and interbank		1,120,454	-	-	-	1,120,454
Total portfolio	**$**	**21,852,568**	**12,745,801**	**6,152,550**	**4,950,756**	**45,701,675**

	December 31, 2021					
		Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Commercial	$	12,172,054	5,331,139	1,698,987	1,005,214	20,207,394
Consumer		2,507,908	3,526,176	1,982,444	858,459	8,874,987
Home		94,306	138,674	132,127	584,760	949,867
Commercial Leasing		1,643,119	1,896,508	932,294	899,501	5,371,422
Consumer Leasing		5,187	5,459	1,693	167	12,506
Home Leasing		119,112	171,626	160,674	731,606	1,183,018
Repos and interbank		465,911	-	-	-	465,911
Total portfolio	**$**	**17,007,597**	**11,069,582**	**4,908,219**	**4,079,707**	**37,065,105**

10.6. Loan portfolio by type of currency

The following is the classification of the loan portfolio by type of currency:

	December 31, 2022			
		Colombian pesos	Foreign [1] currency	Total
Commercial	$	19,750,511	5,369,068	**25,119,579**
Consumer		11,075,611	57,631	**11,133,242**
Home		1,165,713	-	**1,165,713**
Commercial Leasing		5,830,977	-	**5,830,977**
Consumer Leasing		9,399	-	**9,399**
Home Leasing		1,322,311	-	**1,322,311**
Repos and interbank		848,000	272,454	**1,120,454**
Total portfolio	$	**40,002,522**	**5,699,153**	**45,701,675**

(1) The main foreign currency is the U.S. dollar (USD).

	December 31, 2021		
	Colombian pesos	Foreign [1] currency	Total
Commercial	$ 15,813,511	4,393,883	**20,207,394**
Consumer	8,824,008	50,979	**8,874,987**
Home	949,867	-	**949,867**
Commercial Leasing	5,371,422	-	**5,371,422**
Consumer Leasing	12,506	-	**12,506**
Home Leasing	1,183,018	-	**1,183,018**
Repos and interbank	148,683	317,228	**465,911**
Total portfolio	**$ 32,303,015**	**4,762,090**	**37,065,105**

[1] The main foreign currency is the U.S. dollar (USD).

10.7. Finance lease receivable portfolio

The following is the reconciliation between the gross investment in finance leases and the present value of the minimum lease payments to be received as of December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Total gross lease payments receivable in the future $	11,846,285	11,667,764
Plus Estimated residual value of assets delivered under leases (not guaranteed)	696	696
Gross investment in finance leases	**11,846,981**	**11,668,460**
Less unrealized financial income	(4,684,294)	(5,101,514)
Net investment in finance leases	**7,162,687**	**6,566,946**
Impairment of net investment in finance leases **$**	**281,875**	**370,690**

The following is a detail of the gross investment and net investment in finance leases to be received as of December 31, 2022 and 2021 in each of the following years:

	December 31 ,2022		December 31 , 2021	
	Gross investment	Net Investment	Gross Investment	Net Investment
Up to 1 year	$ 3,745,685	1,609,384	7,143,847	3,972,453
Between 1 and 5 years	5,019,048	2,995,241	3,401,075	2,238,834
More than 5 years	3,082,248	2,558,062	1,123,538	355,659
Total	**$ 11,846,981**	**7,162,687**	**11,668,460**	**6,566,946**

In financial leasing transactions, the Parent Company, as lessor, delivers properties to the lessee for use during an established term in exchange for a royalty. The lessee, upon termination, has the right to acquire the assets through a call option agreed upon from the beginning, which generally corresponds to a price substantially lower than the commercial value when practicing it. Most contracts calculate the royalty based on the DTF or IBR, adding a few nominal points. The lessee is responsible for the insurance, maintenance, and any charges on the asset. Moreover, there are lease transactions without a call option that, from the beginning, have guaranteed residual values or, if not guaranteed, the residual values correspond to a low percentage of the asset value. In most prior contracts, the royalty is calculated based on the DTF or IBR, adding or subtracting a few nominal points; however, the lessee is still responsible for asset's VAT, insurance, and maintenance.

Note 11. - Other accounts receivable, net

The following is the detail of the other current accounts receivable as of December 31, 2022 and 2021:

Detail		December 31, 2022	December 31, 2021
Others	$	138,868	81,856
Donations		84,036	59,800
Abandoned ICETEX accounts		79,303	69,040
Supplier contract advance		50,129	20,761
Accounts receivable from the sale of goods and services		30,971	39,639
Taxes		18,545	8,189
Dividends		16,578	28,668
Commissions		10,799	8,645
Prepaid expenses		9,460	6,916
Deposits		4,810	3,422
Transfers to the National Directorate of Treasury		3,790	3,668
Credit card clearings and networks clearings		2,886	4,558
Credit balance in compliance with forward contracts (*)		1,739	635
Industry and trade tax advance		1,051	943
Royalties of property put up for operating lease		939	598
Contractionary monetary deposits		515	-
Wire transfers in process		323	
Fees, services, and advances		300	1
Contributions		271	237
Claims to insurance companies		222	1,203
Leases		210	989
Interests		186	77
To parent company, subsidiaries, related parties, and associates	$	79	36
Shortages in exchange		61	99
Shortages in cash		38	9
Subtotal	$	**456,109**	**339,989**
Provision of other accounts receivable		(19,447)	(19,093)
Total	$	**436,662**	**320,896**

(*) The balance in accounts receivable from forward settlements is due to the rate conditions; in this case, it favors the Bank, increasing the accounts receivable in settlements and impacts the number of operations maturating that month.

Accounts receivable from contracts with customers for compliance with IFRS 15

The items comprising the balance of accounts receivable, commissions resulting from contracts with customers are detailed below:

Goods and Services		December 31, 2022	December 31, 2021
Banking services commissions	$	29	26
Fiduciary activities		5,334	3,511
Other commissions		5,436	5,108
Total		10,799	8,645

The following is the impairment movement for the years ended as of December 31, 2022 and 2021:

		December 31, 2022	December 31, 2021
Balance as of December 31, 2021	$	**19,093**	**23,426**
Provision charged to profits and loss		6,488	5,425
Other accounts receivable recoveries		(247)	(582)
Write-off		(5,883)	(9,143)
Adjustment for foreign currency difference		(4)	(34)
Balance as of September 30, 2022	$	**19,447**	**19,093**

Note 12. - Income from non-current assets held for sale

Below is detailed the net income generated by the sale of property classified as held for sale during the periods ended on December 31, 2022 and 2021:

		December 31, 2022			December 31, 2021		
		Book value	Sale value	Income	Book value	Sale value	Income
Real estate (1)	$	13,058	18,299	5,241	30,514	42,174	11,660
Movable goods		1,969	2,988	1,019	1,850	2,110	260
	$	15,027	21,287	6,260	32,364	44,284	11,920

(1) The income of COP$6,260 recorded in the note of non-current assets held for sale (ANCMV in Spanish), COP$4,529 corresponds to the mobilization of 5 real state assets to the Nexus Inmobiliario Private Equity Fund as of December 2022, and COP$1,731 corresponds to the sale of real estate and movable goods that entered and were sold in the same period.

The assets held for sale movement are presented below.

		December 31, 2022
Balance as of December 31, 2021	$	**5,378**
Increases by addition during the period		4,378
Cost of ANCMV, net		152
Sale- Leaseback		(15,179)
Reclassifications from/to own use		5,271
Balance as of December 31, 2022	$	**-**

		December 31, 2021
Balance as of December 31, 2020	**$**	**33,969**
Increases by addition during the period		3,204
Cost of ANCMV sold, net		8,366
Sale- Leaseback		(40,730)
Reclassifications		569
Balance as of December 31, 2021	**$**	**5,378**

Note 13. - Investments in associates, joint ventures, and joint operations

13.1. Investments in associates and joint ventures

The investments in associates and joint ventures are detailed below:

		December 31, 2022	December 31, 2021
Associates	$	1,645,976	1,663,510
Joint ventures		1,584	1,480
Total	**$**	**1,647,560**	**1,664,990**

The shareholding percentages in each of the associates and joint ventures are presented below:

	December 31, 2022			December 31, 2021		
	% of ownership		Book value	% of ownership		Book value
Associates						
A Toda Hora S.A.	20.00%		2,577	20.00%		2,454
Corficolombiana	4.18%		760,263	4.14%		709,424
Aval Soluciones Digitales	26.60%		3,859	26.60%		4,425
Porvenir (*)	33.09%		879,277	33.09%		947,207
		$	1,645,976		$	1,663,510
Joint ventures						
A Toda Hora S.A	25.00%	$	1,581	25.00%	$	1,477
Aval Soluciones Digitales S.A. - Joint Ventures	26.34%		3	0.00%		3
		$	**1,584**		**$**	**1,480**

(*) The book value of the investment in Porvenir S.A. includes the goodwill for the acquisition of the Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. (Pension and Severance Fund Management Company Porvenir S.A. in English) on December 2013 for COP$64,724.

The movement of investments in associates and joint ventures for the years ended on December 31, 2022 and 2021 are presented below:

Associated companies		December 31,2022	December 31, 2021
Balance at beginning of the period	**$**	**1,663,510**	**1,613,221**
Declared Dividends		(99,554)	(172,243)
Equity method with effect in OCI		(39,917)	(23,260)
Equity method with effect on income		121,937	245,792
Balance at end of the period	**$**	**1,645,976**	**1,663,510**

Joint ventures		December 31,2022	December 31, 2021
Balance at beginning of the period	**$**	**1,480**	**1,407**
Acquisitions in subsidiaries and associated companies		-	2
Method of participation with effect on income		104	71
Balance at end of the period	**$**	**1,584**	**1,480**

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 supplementary regulations, particularly programming of computers, marketing of programs, representation of national or foreign companies producing or marketing programs, organization, and management of ATMs networks to conduct transactions or operations; as well as, processing data, and managing information in own or third-party equipment to establish accounts, create and organize files, and execute calculations, statistics, and general information, and communicating and electronic transferring of data.

The corporate purpose of Pension and Severance Fund Management Company Porvenir S.A. is to manage the pension and severance funds authorized by law, as well as to manage the autonomous equities forming the territorial entities, their decentralized entities, and private companies, in accordance with Article 16 of Decree 941 of 2002, in order to provide resources to pay their pension obligations; including pensions, retirement payments, quota-shares of retirement payments, and quota-shares of pensions in accordance with article 23 of Decree 1299 of 1994, regulated by Decrees 810 of 1998 and 941 of 2002; which constitute Autonomous Equities independent from the Company's equity.

The sole and exclusive purpose of Aval Soluciones Digitales S.A. shall 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.(or Corficolombiana) is a credit institution whose primary function is to collect term funds through deposits or short-term debt instruments to carry out lending transactions and investments with the primary object of fostering or promoting the creation, reorganization, merger, transformation, and expansion of companies in the sectors established by the regulations of their activity; organized in accordance with the regulations established by the Organic Statute of the Financial System (Decree 663 of 1993) and other regulations modifying, abolishing, or replacing them. As the act and deed of the Annual General Meeting, the Corporation may change its place of business and, as the act and deed of the Board of Directors, may establish branches or agencies within the national territory or abroad.

The condensed financial information of investments in associates, recorded based on the equity method, is below:

December 31, 2022		Assets	Liabilities	Equity	Revenues	Expenditures	Profit and 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

December 31, 2021		Assets	Liabilities	Equity	Revenues	Expenditures	Profit and loss
A Toda Hora S.A.		13,598	1,327	12,271	12,512	11,799	713
Corficolombiana		21,712,809	11,414,739	10,298,070	5,084,297	3,368,621	1,715,676
Aval Soluciones Digitales		24,656	8,021	16,634	2,690	2,293	397
Porvenir		4,111,970	1,445,269	2,666,701	2,766,126	2,186,523	579,603
	$	25,863,033	12,869,356	12,993,676	7,865,625	5,569,236	2,296,389

The following is the detail of dividends received from associates during the years ended as of December 31, 2022 and 2021:

Porvenir S.A.		**December 31, 2022**	**December 31, 2021**
Cash	$	99,315	171,741

Corficol S.A.		**December 31, 2022**	**December 31, 2021**
Shares	$	31,722	27,128

The condensed financial information of investments in joint ventures, recorded based on the equity method, is presented below:

December 31, 2022		Assets	Liabilities	Equity	Revenues	Expenditures	Profit or loss
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	-

December 31, 2021	Assets	Liabilities	Equity	Revenues	Expenditures	Profit or loss
A Toda Hora	75,731	69,820	5,911	304,583	304,299	284
Aval Soluciones Digitales S.A. - Joint Ventures - Dale! (*)	41,446	41,436	10	17,347	17,347	-
	-	-	-	-	-	-

No dividends were received from joint ventures during the years ended as of December 31, 2022 and 2021.

ATH has entered into a joint venture agreement with other financial institutions of Grupo Aval to develop all commercial operations related to the centralized management of transactions of electronic transfer of data and funds through ATMs, the Internet, or any other electronic means.

ATH engages in its capacity as manager of such agreement to develop on its behalf and at its own credit the subject of the agreement.

(1) Dale! - Aval Soluciones Digitales is Company Specializing in Electronic Deposits and Payments (SEDPE in Spanish) that, through a technological platform, allows banked and unbanked people and businesses to open a deposit whereby they can carry out financial operations 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 agreement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators.

Such joint operations are recognized in each category of the Entity's financial statement in the proportional part of its shareholdings in the assets, liabilities, revenues, and expenditures of each joint operation in force during the period.

A summary of the shareholding in joint operations, in which the subsidiary Fiduciaria de Occidente has a shareholding, as of December 31, 2022 and 2021 is presented below:

		December 31, 2022		December 31, 2021	
	% Ownership	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Emcali	25	$ 112	88	198	82
Fosyga under liquidation	6.55	47	1,272	62	1,146
Pensiones Cundinamarca 2012	55	27	27	27	
Concesionaria Calimio	56	8.9	2.8	7	3
Consorcio Sop 2012	33.33	612	21	152	31
Adaptation Fund	50	304	18.3	310	15
Consorcio Vinus	33	201	117	81	49
Total		**$ 1,312**	**1,546**	**837**	**1,326**

		December 31, 2022			December 31, 2021		
	% Ownership	**Revenues**	**Expenditures**	**Income (Losses)**	**Revenues**	**Expenditures**	**Income (Losses)**
Emcali	25	416	320	97	377	264	113
Fosyga under liquidation	6.55	1	147	(146)	1	68	(67)
Pensiones Cundinamarca 2012	55	-	-	-	-	-	-
Concesionaria Calimio	56	47	14	33	44	13	31
Consorcio Sop 2012	33.33	597	648	(52)	400	667	(267)
Adaptation Fund	50	486	243	243	447	198	249
Consorcio Vinus	33	144	60	84	68	36	32
Total		**1,691**	**1,432**	**259**	**1,337**	**1,246**	**91**

The joint operations' shareholdings of the company's asset, as of December 31, 2022 and 2021, include:

Asset shareholding		**December 31, 2022**	**December 31, 2021**
Cash and cash equivalents	$	334	568
Deposits and investments in debt securities		8	3
Accounts receivable		918	212
Property and equipment for own use		43	54
Other activities in joint operations		10	-
Total assets	**$**	**1,312**	**837**

The joint operations' shareholdings of the subsidiary Fiduciaria de Occidente S.A. liabilities as of December 31, 2022 and 2021 include:

Liabilities shareholding		**December 31, 2022**	**December 31, 2021**
Accounts payable	$	243	223
Other liabilities contributions		84	-
Other provisions		1,173	1,048
Liabilities at amortized cost		47	55
Total liabilities	**$**	**1,546**	**1,326**

The economic activity of joint operations (consortiums) is listed below:

Name	**ACTIVITY**
Emcali	Through the contract 160GF-CF-001-2005,the Special Purpose Vehicle is constituted, which shall have the following purposes, among others: (i) to collect all of Emcali's revenues through the mechanisms and procedures defined in the Operational Manual; (ii) to manage the trust income as established in this contract; (iii) to pay, under the instruction from EMCALI and in accordance with the provisions of this contract, all operating and business administration expenses through the trust, having regard to the provisions established in Annex No.4 of the contract. The principal place of business where the consortium operates is at Carrera 5 No. 12-42 in the city of Cali.
Fosyga (under liquidation)	The purpose of this contract is to collect, manage, and pay by the consortium the funds of the Solidarity and Guarantee Fund (FOSYGA in Spanish) of the General System of Social Security in Health pursuant to the provisions set forth in Law 100 of 1993. The principal place of business where the consortium operates is at Calle 31 No. 6-39 on the 19th floor in the city of Bogota.
Pensiones Cundinamarca (under liquidation)	Management of the funds of Cundinamarca Public Pension Fund, destined to cover the department of Cundinamarca's pension liabilities. The principal place of business where the consortium operates is at Carrera 13 No. 26A-47 on the 9th floor in the city of Bogota.
SOP 2012 Consortium	Administration of the resources that make up the autonomous assets that make up the National Pension Fund of the Territorial Entities (FONPET in Spanish) and the related and complementary activities involved in such administration. The main domicile where the consortium operates is at Carrera 13 No. 26A-47, 9th floor in the City of Bogota.

Name	ACTIVITY
Adaptation Fund	THE TRUSTEE undertakes with THE FUND to form a special purpose vehicle with the investment funds of the Adaptation Fund to collect, manage, invest, and pay inside Colombia and abroad by virtue of the provisions of Article 5 of Decree 4819 of 2010, ruled 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 entering into the contract, and the offer submitted by the Trustee on December 30, 2013 to enter into the Supplementary Agreement No. 1, documents that are an integral part of this contract. In addition, the Trustee, as spokesperson of the special purpose vehicle, may enter into credit operations with the National Treasury and/or financial institutions supervised by the Office of the Financial Superintendent in accordance with the Article 84 of Law 1687 of 2013. PARAGRAPH: The Trustee undertakes to develop the contractual object with total autonomy and independence at its own account and risk, and under its own responsibility; therefore, this contract does not involve any employment relationship between the Trustee and the Fund. The principal place of business where the consortium operates is at Carrera 13 No. 26A-47 on the 9th floor in Bogota.
Concesionaria Calimio	Collection and management of the funds for developing the projects and those derived from thereof, including the capital contributions made by the trustor, the results from using the syndicated loan, and the payments corresponding to the economic interest received from the Western Integrated Mass (MIO in Spanish) System. The principal place of business where the consortium operates is at Carrera 13 No. 26A-47 on the 9th floor in Bogota.
Consorcio Vinus FBO	The CONCESIÓN VÍAS DEL NUS S.A.S. requested the assignment of the rights in the contract as fiduciary manager of the PROJECT TRUST AGREEMENT to FIDUCIARIA BANCOLOMBIA S.A. so that once the assignment of the rights in the contract takes effect, it is managed by FIDUCIARIA DE OCCIDENTE S.A. and FIDUCIARIA BOGOTÁ S.A., having to constitute for that purpose a consortium that allows them to manage the trust business. The purpose of the Consortium Agreement: (i)To constitute the CONSORTIUM;(ii) To establish the terms and conditions which shall regulate their joint will to implement and begin the management, organizational, and technological structure required for the Special Purpose Vehicle trusteeship, in order to develop the Project in accordance with the PROJECT TRUST AGREEMENT. The shareholding corresponds to 33% of Fiduciaria de Occidente S.A. and 67% of Fiduciaria Bogotá S.A. The principal place of business where the consortium operates is at Calle 67 No. 7 - 37 on the 3rd floor in the city of Bogota.

As of December 31, 2022 and 2021, the joint arrangements managed by Fiduciaria de Occidente S.A., such as Calimio, Pensiones Cundinamarca (under liquidation), Adaptation Fund, Sop 2012, Emcali, and Consorcio Vinus FBO in their financial statements do not have contingent liabilities or assets that could jeopardize their normal operational functioning. However, for the Consorcio Fosyga (under liquidation) case, a provision for possible contingencies by way of penalty by the Ministry of Social Protection (MPS in Spanish) and risk of lawsuits.

Legal and Financial Situation of the joint operation (consortium) FOSYGA 2005 "Under liquidation"

Concerning the legal contingencies related to the FIDUFOSYGA Consortium 2005, under liquidation, in which Fiduoccidente S.A. has a shareholding of 6.55%, there are contingencies in third party proceedings against the State in which the Consortium has been included as allegedly liable without contingencies derived from tax liability proceedings. The provisions in this Consortium, as of December 31, 2022, add up to
COP$17,900.

Note 14. - Tangible assets, net

The following is the movement in the carrying amount of tangible asset accounts (property and equipment for own use, properties leased out under operating lease, and investment property) for the periods ended December 31, 2022 and 2021:

		For own use	Operating lease	Investment property	Right-of-use assets	Total
Cost or fair value:						
Balance as of December 31, 2021	$	**577,433**	**47,657**	**171,419**	**358,510**	**1,155,019**
Increase or decrease due to change in the 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)
Withdrawals from impairment(net)		(6,647)	-	-	(43,959)	(50,606)
Transfers from / to non-current assets held for sale		(8,531)	-	-	-	(8,531)
Transfers from / to investment property		(12,546)	-	11,492	-	(1,054)
Adjustment for foreign exchange difference		(1,831)	-	-	412	(1,419)
Other reclassifications		-	(6,287)	-	-	(6,287)
Change in fair value		-	-	30,735	-	30,735
Investment property revaluation		-	-	797	-	797
Balance as of December 31, 2022	$	**502,303**	**75,363**	**216,897**	**385,432**	**1,179,995**
Balance as of December 31, 2020	$	**584,914**	**16,103**	**164,595**	**342,278**	**1,107,890**
Increase or decrease due to change in lease variables		-	-	-	23,318	23,318
Purchases		25,739	33,762	35,121	29,790	124,412
Addition for decommissioning costs		-	-	-	117	117
Intangible capitalized to capital plant, and equipment		918	-	-	-	918
Withdrawals from sales (net)		(26,907)	-	(53,144)	(260)	(80,311)
Withdrawals from impairment (net)		(2,083)	-	-	(34,822)	(36,905)
Transfers from / to non-current assets held for sale		(569)	-	-	-	(569)
Transfers from / to investment property		(5,798)	-	-	-	(5,798)
Adjustment for foreign exchange difference		1,271	-	-	(1,911)	(640)
Other reclassifications		(52)	(2,208)	2,730	-	470
Change in fair value		-	-	17,691	-	17,691
Investment property revaluation		-	-	4,426	-	4,426
Balance as of December 31, 2021	$	**577,433**	**47,657**	**171,419**	**358,510**	**1,155,019**
Accumulated Depreciation:						
Balance as of December 31, 2021	$	**(327,844)**	**(9,979)**	**-**	**(116,880)**	**(454,703)**
Depreciation for the year charged to expenditure		(33,605)	(13,986)	-	(59,377)	(106,968)
Withdrawals from sales (net)		45,331	-	-	1,519	46,850
Withdrawals from impairment(net)		5,472	-	-	29,902	35,374
Transfers from / to non-current assets held for sale		3,260	-	-	-	3,260
Transfers from / to investment property		1,055	-	-	-	1,055
Adjustment for foreign exchange difference		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)**
Balance as of December 31, 2020	$	**(308,959)**	**(7,109)**	**-**	**(87,417)**	**(403,485)**
Depreciation for the year charged to expenditure		(40,692)	(5,078)	-	(54,900)	(100,670)
Withdrawals from sales (net)		17,775	-	-	260	18,035
Withdrawals from impairment(net)		1,978	-	-	23,091	25,069
Transfers from / to investment property		3,068	-	-	-	3,068
Adjustment for foreign exchange difference		(1,066)	-	-	2,086	1,020
Other reclassifications		52	2,208	-	-	2,260
Balance as of December 31, 2021	$	**(327,844)**	**(9,979)**	**-**	**(116,880)**	**(454,703)**
Impairment losses:						
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)**
Balance as of December 31, 2020	$	**(281)**	**(85)**	**-**	**-**	**(366)**
Impairment charge for the year		(19)	(72)	-	-	(91)
Impairment recovery		63	-	-	-	63
Other reclassifications		(57)	-	-	-	(57)
Balance as of December 31, 2021	$	**(294)**	**(157)**	**-**	**-**	**(451)**
Tangible assets, net:						
Balance as of December 31, 2021	$	**249,295**	**37,521**	**171,419**	**241,630**	**699,865**
Balance as of December 31, 2022	$	**198,310**	**57,234**	**216,897**	**240,497**	**712,938**

The real estate assets were transferred to the Nexus Inmobiliario Private Equity Fund - Compartimento Inmuebles Occicliente, managed by Nexus Capital Partners S.A.S and operated by Fiduciaria de Occidente, as consideration for the sale. The Parent Company and its subsidiaries received interest units from the Fondo de Capital, which at the end of December 31, 2022 amounted equal to COP$538,105; at 2021 COP$440,694; and at 2020 COP$314,593, which are recorded in the account 1302050001 - Restricted Domestic Issuers.

From the beginning of the project in 2020 until December 31, 2022, 42 real estate assets were mobilized by the parent company and 5 assets by Fiduciaria, 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, 2022 and 2021 by type of property and equipment for own use:

For own use		Cost	Depreciation Accumulated	Loss Impairment	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 third-party property		35,410	(26.959)	-	8,451
Ongoing constructions		4,672	-	-	4,672
Balance as of December 31, 2022	**$**	**502,303**	**(303,766)**	**(227)**	**198,310**

for own use		Cost	Depreciation Accumulated	Loss impairment	Carrying amount
Land	$	37,512	-	-	37,512
Buildings		173,123	(54,911)	-	118,212
Office equipment, fixtures, and fittings		120,751	(84,721)	(294)	35,736
Computer equipment		203,226	(157,897)	-	45,329
Vehicles		1,791	(1,663)	-	128
Mobilization equipment and machinery		49	(39)	-	10
Improvements to third-party property		38,989	(28,613)	-	10,376
Ongoing constructions		1,992	-	-	1,992
Balance as of December 31, 2021	**$**	**577,433**	**(327,844)**	**(294)**	**249,295**

Once such assets' useful life ends, they will be transferred internally to the corresponding asset account.

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. do not have mortgages nor pledged as securities.

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 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., as well as the properties leased 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., Ventas y Servicios S.A., Fiduciaria de Occidente S.A. and Fiduciaria de Occidente S.A. - NEXA BPO, Banco de Occidente Panamá S.A., and Occidental Bank Barbados Ltd.

have insurance policies to protect their property and equipment for COP$947,637 and COP$940,720 as of December 31, 2022 and 2021, respectively, which covering risks of theft, fire, lightning, explosion, earthquake, strikes, riots, among 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 asset's value has significantly decreased more than expected, resulting from the passage of time or normal use.
b. During the period, significant changes have occurred or will occur in the immediate future with an adverse impact on the entity relating to the legal, economic, technological, or market environment where it operates or in the market for which the asset is intended.
c. During the period, the market interest rates or other yield rates of the market on investments have increased, which are likely to affect the discount rate used to calculate the value in use of the asset so that their recoverable amount decreases significantly.
d. The carrying amount of the net assets of the institution is greater than its market capitalization.

Internal sources of information:

a. There is evidence of the obsolescence or physical impairment of an asset.
b. During the period, significant changes have occurred or are expected to happen in the immediate future in the scope or way the asset is used or expected to be used, which will adversely affect the entity.
c. There is evidence of internal reports indicating that the economic yield of the asset is, or will be, worse than expected.

b) Property and equipment under operating lease

The following is the detail of the balance as of December 31, 2022 and 2021 by type of property and equipment under operating lease:

December 31, 2022		**Cost**	**Depreciation Accumulated**	**Loss Impairment**	**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**

December 31, 2021		**Cost**	**Depreciation Accumulated**	**Loss Impairment**	**Carrying amount**
Computer equipment	$	33,547	(6,871)	(126)	26,550
Vehicles		9,045	(1,700)	(32)	7,313
Mobilization equipment and machinery		5,064	(1,407)	-	3,657
Total	**$**	**47,656**	**(9,978)**	**(157)**	**37,521**

The following is the summary of the minimum lease royalties to be received by the Parent Company in the next installments on properties delivered under operating lease as of December 31, 2022 and 2021:

		December 31, 2022	December 31, 2021
Not older than one year	$	18,734	9,796
Older than one year and less than five years		35,976	24,098
Total	**$**	**54,710**	**33,894**

During the years ended as of December 31, 2022 and 2021, no revenue was recorded in the profit or loss period as contingent royalties received on properties delivered under operating lease.

In operating lease transactions, the Parent Company, as lessor, delivers properties to the lessee for use for an established term in exchange for a royalty. Once the lease term ends, the lessee may purchase the asset at its commercial value, extend the lease, or return it. In most contracts, the royalty is calculated based on the DTF or IBR, adding or subtracting some nominal points. For extensions, fixed fees are established. The lessee is responsible for VAT, insurance, maintenance, and any charges on the asset. The returned assets are relocated or marketed by the Parent Company.

c) Investment properties

The following is the detail of the balance as of December 31, 2022 and 2021 by type of investment properties for the Parent Company and subsidiaries:

Investment properties		Cost	Accrued adjustments at fair value	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**

Investment properties		Cost	Accrued adjustments at fair value	Carrying Amount
Land	$	69,856	24,551	94,407
Buildings		65,943	11,069	77,012
Balance as of December 31, 2021	**$**	**135,799**	**35,620**	**171,419**

The following amounts have been recognized in the income statement from investment property management during the periods ended as of December 31, 2022 and 2021:

		December 31, 2022	December 31 2021
Rental income	$	1,131	558
Direct operating expenses arising from investment properties generating rental income		(362)	(94)
Direct operating expenses arising from investment properties that do not generate rental income		(3,919)	(3,042)
Net	**$**	**(3,150)**	**(2,578)**

The investment properties of the Parent Company and subsidiaries are valued annually at fair value based on market values determined by qualified independent experts who have sufficient experience in the valuation of similar properties. The significant methods and assumptions used in determining the fair value in accordance with the IFRS 13 were as follows:

- **Comparative market method**

  It is the devaluation technique that seeks to establish the commercial value of the asset based on the study of recent offers or transactions of similar and comparable properties to the object of the appraisal. Such offers or transactions must be classified, analyzed, and interpreted to get an estimate of commercial value.

- **Sales comparison approach**

  The sales comparison approach allows for determining the value of the property being appraised by comparing it with similar properties that are being or have recently been traded in the real estate market.

This comparative approach considers sales of similar or substitute property and data obtained from the market and establishes a value estimate using processes that include comparison. In general, a property whose value (the asset under appraisal) is compared with sales of similar properties that have been traded on the open market. Advertisements and offers can also be considered.

The Parent Company has to date any restrictions on collecting rental income or on the realization of property classified as an investment property.

d) Right-of-use assets

The following is the detail of the balance as of December 31, 2022 and 2021 of the right of use by type of property and equipment:

Rights of use		Cost	Depreciation Accumulated	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**

Rights of use		Cost	Depreciation Accumulated	Carrying Amount
Land		-	-	-
Buildings	$	291,460	(94,666)	196,794
Office equipment, fixtures, and fittings		120	(4)	116
Computer equipment		66,930	(22,210)	44,720
Vehicles		-	-	-
Balance as of December 31, 2021	**$**	**358,510**	**(116,880)**	**241,630**

Note 15. - Intangible assets, net

The following is the movement in the intangible asset accounts for the periods ended as of December 31, 2022 and 2021:

Cost:		Goodwill	Other Intangibles	Total assets intangibles
Balance as of December 31, 2021	**$**	**22,724**	**558,109**	**580,833**
Additions / Purchases (net)		-	141,308	141,308
Withdrawals / Sales (net)		-	(5,505)	(5,505)
Exchange difference		-	55	55
Balance as of December 31, 2022		**22,724**	**693,967**	**716,691**
Balance as of December 31, 2020		**22,724**	**458,893**	**481,617**
Additions / Purchases (net)		**-**	115,031	115,031
Withdrawals / Sales (net)		-	(15,840)	(15,840)
Exchange difference		-	25	25
Balance as of December 31, 2021	**$**	**22,724**	**558,109**	**580,833**
Accumulated amortization:				
Balance as of December 31, 2021	**$**	**-**	**125,811**	**125,811**
Amortization for the year charged to profit or loss		-	55,988	55,988
Withdrawals / Sales (net)		-	(5,319)	(5,319)
Exchange difference		-	10	10
Balance as of December 31, 2022	**$**	**-**	**176,490**	**176,490**
Balance as of December 31, 2020	**$**	**-**	**85,917**	**85,917**
Amortization for the year charged to profit or loss		-	45,312	45,312
Withdrawals / Sales (net)		-	(5,419)	(5,419)
Exchange difference		-	1	1
Balance as of December 31, 2021	**$**	**-**	**125,811**	**125,811**
Intangible assets, net:				
Balance as of December 31, 2021	**$**	**22,724**	**432,298**	**455,022**
Balance as of December 31, 2022	**$**	**22,724**	**517,477**	**540,201**

In the periods mentioned above, the Parent Company and subsidiaries, Fiduciaria de Occidente S.A. and Ventas y Servicios S.A.– NEXA BPO, do not have impairment losses on these intangibles.

Goodwill

The goodwill recorded arose from the merger of the Bank with Banco Unión. And to evaluate it, the capital gain has been allocated to the Bank as a single cash generating unit.

The technical valuation study of 2022 for the goodwill arising from the acquisition of Banco Unión was prepared with the technical support of PricewaterhouseCoopers Asesores Gerenciales S.A.S. (2021: Deloitte Asesores and Consultores Ltda). The evaluation of the goodwill recorded by the Bank as of December 2022 concluded that the goodwill assigned to the cash-generating unit is not impaired and has an excess of COP$80,873 in the value in use (2021: COP$33,770) concerning the carrying value.

The recoverable amount of the cash-generating unit was determined based on the use value calculations. These calculations used management-approved cash flow projections covering five-year and three-month periods. The following are the main macroeconomic assumptions used in the 2022 valuation:

Macroeconomic Information						
Index	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Gross Domestic Product (Real GDP)	6.6%	-1.5%	3.2%	3.7%	3.7%	3.7%
CPI Colombia	9.8%	7.4%	2.7%	2.9%	2.9%	2.9%
CPI U.S.	7.9%	3.7%	2.2%	2.2%	2.2%	2.2%
IBR	11.4%	8.4%	6.2%	6.2%	6.2%	6.2%
Income tax rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
Financial sector surtax	3.00%	5.00%	5.00%	5.00%	5.00%	5.00%

According to IAS 36, the latest cash flow projections on financial budgets or forecasts have been approved by the Bank's management, excluding any estimations on cash inflows or outflows expected to arise from future restructuring or improvements in asset performance. The 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 a revenue approach based on expected dividend flows (2021: Deloitte Asesores and Consultores Ltda. revenues approach).

Income approach

The future dividend flow methodology seeks to obtain the total value of the cash-generating unit through the cash projection that would be paid to the shareholder, which is determined as a percentage of the net income projections. Thus, compliance with the solvency margin, the coverage of the reinvestment needs in assets, operating funds (costs, expenses, taxes, working capital) and payment of the cost of debt are ensured. This analysis requires the projection of the flows generated during a determined period to bring them later to present value by discounting them at an appropriate rate for such operation, also considering a terminal value.

Discount rate

The discount rate must consider the time value of money, inflation, and the risk inherent in the transaction being carried out.

The concept of cost of capital is taken as a reference framework from the CAPM (Capital Asset Pricing Model) model to define the discount rate. It is determined based on a risk-free rate added with a market risk premium component, which may increase or decrease depending on the market behavior of the asset whose valuation will be done (Beta coefficient).

The following aspects were considered in the construction of the discount rate used in the business valuation of 2022:

a) Risk-free rate (Rf): The risk-free rate was taken as the United States Treasury rate with a 10-year term. Rf = 3.8%. Source: U.S. Department of the Treasury

b) Country risk (Rc): The Colombian EMBI was used, which indicates the difference in return between the U.S. and the Colombian bonds. Rc= 4.6%. Source: Invenómica.

c) Market risk premium (Rp): It is the extra return 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 (β): The beta coefficient was applied based on the data from comparable companies. The result was 1.02. Source: S&P Global – Capitaliq.

f) Implicit devaluation (Ri): To calculate the implicit devaluation, the long-term inflation rates of the United States and Colombia are considered to express the effect of the Colombian peso devaluation compared to the US dollar. Source: Oxford Economics - EMI.

g) Cost of equity COP (Ke): In accordance with the methodology used, a nominal discount rate of 16.5% in Colombian pesos was estimated.

Considering the above assumptions, the following is the discount rate obtained:

Discount rate

Banco de Occidente: Banco Unión

Variable	Rate
Levered Beta	1.02
Market risk premium	6.00%
Risk-free rate	3.80%
Country risk	4.60%
Cost of Equity (USD)	**14.50%**
Long-term inflation Colombia	9.80%
Long-term inflation U.S.	7.90%
Inflation differential	1.80%
Cost of equity (COP)	**16.50%**

Sensitivity Analysis.

The sensitivity analysis shows the profit or loss of the value-in-use of Banco Unión (9.8% of the Banco de Occidente valuation). The central value has a spread of 0.0% for both the Ke and the gradient. This value corresponds to the base scenario, which coincides with the value-in-use of Banco Unión (COP$532,292).

The values on the right and above the base value will be lower, considering that the discount rate is increasing, and the gradient of the perpetuity growth is decreasing. Thus, the upper right corner value is the most conservative scenario. In contrast, the values below and to the left of the base value will be higher, considering that the discount rate is decreasing, and the growth gradient is increasing. Thus, the value in the bottom left corner is the most optimistic scenario. It should be mentioned that no impairment scenarios are evident with the analyzed values of variation on the growth gradient and the discount rate since no value is lower than the book value (COP$451,420).

Spread on Ke

Spread on growth gradient (g)	1.00%	-0.50%	0.00%	0.50%	1.00%
1.0%	508,467	497,600	487,028	4,917,145	4,744,062
-0.5%	530,854	519,444	508,345	4,932,995	4,759,123
0.0%	556,005	543,984	532,292	4,948,845	4,774,184
0.5%	584,465	571,754	559,391	4,964,695	4,789,244
1.0%	616,932	603,433	590,305	4,980,545	4,804,305

December 31, 2022

CGU	$ Goodwill	Book Value	Recoverable Amount	Excess
Banco Unión	22,724	451,420	532,293	80,873

December 31, 2021

CGU	$ Goodwill	Book Value	Recoverable Amount	Excess
Banco Unión	22,724	290,383	324,154	33,770

Detail of intangible assets other than goodwill

The following is the detail of intangible assets other than goodwill as of December 31, 2022 and 2021:

As of December 31, 2022		Cost	Amortization Accumulated	Carrying amount
Licenses	$	4,802	1,510	3,292
Computer programs and applications		689,164	174,979	514,185
Total	**$**	**693,966**	**176,489**	**517,477**

As of December 31, 2022		Cost	Amortization Accumulated	Carrying amount
Licenses	$	6,329	2,186	4,143
Computer programs and applications		551,780	123,625	428,155
Total	**$**	**558,109**	**125,811**	**432,298**

Note 16. - Income taxes

In Colombia.

The current tax provisions applicable to the parent company stipulate that:

In accordance with Article 22 of Law 1819 of 2016 for the determination of income tax and complementary taxes in the value of assets, liabilities, equity, income, costs, and expenses, the liable taxpayers of this tax obliged to keep accounting records will apply the recognition and measurement systems, in accordance with the technical accounting regulatory frameworks in force in Colombia, when the tax law explicitly refers to them and in cases where this does not regulate the matter. In any case, the tax law may expressly provide for a different treatment in accordance with Article 4 of Law 1314 of 2009.

On December 13, 2022, law 2277 (Law for Equality and Social Justice) was passed, which includes regulations to contribute to the equity, progressiveness, and efficiency of the tax system. The most important considerations are described below:

- ✓ The income tax rate applicable to domestic and similar institutions will be 35%.
- ✓ For the tax years 2023, 2024, 2025, 2026, and 2027, the financial institutions are subject to a surtax provided that they have obtained a taxable base equal to or greater than 120,000 Tax Value Units (TVU) as follows: of five (5) percentage points. The surtax will be subject to an advance payment of 100%
- ✓ The irregular income rate increases by 5 percentage points, resulting in a rate of 15%.
- ✓ The 50% tax discount to the industry and trade, notices, and boards tax is derogated and becomes deductible.
- ✓ The percentage for profits resulting from the disposal of shares registered in a Colombian stock exchange and owned by one ultimate beneficiary not to constitute incomes or irregular income is modified. Such disposal must not exceed three percent (3%) of the outstanding shares of the respective company during the same tax year; the percentage previously was 10%.
- ✓ A minimum tax rate of 15% was established for taxpayers of the income tax, referred to in Articles 240 and 240-1 of the Tax Code, excluding foreign legal persons without residence in the country, to whom it will be calculated based on the adjusted accounting income.
- ✓ A limit of 3% on tax incentives and benefits was established.
- ✓ The tax discount for investment in research, technological development, and innovations was extended from 25% to 30%. However, costs and expenditures giving rise to the discount will not be capitalized or taken as a cost or deduction by the same taxpayer.
- ✓ Article 36-3 T.C., which allowed taxpayers to consider the dividend distribution in shares or capital shares, or their transfer to the capital account, product of the capitalization due to a revaluation of equity account, as revenue that does not represent a taxable income or irregular income was repealed.
- ✓ From 2023, the tax rate in the case of documents that have been elevated to the public deed concerning the real estate disposal for any reason, whose value is equal to or greater than twenty thousand (20,000) TVU, the rate will be determined based on the following table:

TVU Ranges		**Marginal Rate**	**Tax**
From	**To**		
>0	20,000	0%	0
>20,000	50,000	1.5%	(Disposal value in TVU minus 20,000 TVU) x 1.5%.
>50,000	onwards	3%	(Disposal value in TVU minus 50,000 TVU) x 3% + 450 TVU

- ✓ The payments or credits to account susceptible of constituting a tax revenue in favor of natural person non-VAT-payer due to ordinary activities from transfers in or through payment service providers, aggregators, and acquiring or paying institutions will not be subject to withholding tax by income tax.

- ✓ The withholding tax system on dividends is in force, the ranges are extended, and the rates are modified as follows:

Beneficiary Payment	**Withholding tax rate**		
	Revenue (Dividend) in TVU	**Susceptible of distribute as Non-taxable. Art. 49 T.C. From profits taxed on behalf of the company**	**(Susceptible to distribute as taxable Art. 49 T.C.) From profits that were untaxed on behalf of the company**
Resident natural person	> 0 up to 1,090	0	The applicable general rate for income according to the tax year. After that, the designated table, for those susceptible to distributing as non-taxable, must be applied to the net resulting after deducting this tax.
	> 1,090 onwards	(Dividends in TVU -1,090TVU) *15%	
Non-resident natural person		20%	The applicable general rate for income according to the taxable year. After that, the table allocated for the susceptible of distributing as non-taxable must be applied to the net resulting after deducting this tax.
Legal persons			
National (residents)		10%	
Non-resident Legal Person		20%	

- ✓ The provision compelling to adopt an information system that allows the Bank Debit Tax (BDT) verification, control, and withholding was added so that a single account does not have to be marked as exempt. The system must be developed within 2 years after the Law comes into force.

- ✓ The BDT exemption is established to the mass payments to retail made through payment gateways or payment service providers.

In line with this, the determination of the income tax and additional taxes' taxable base for the periods ended December 31, 2022 and 2021 was carried out based on the tax provisions applicable in each period.

The income tax expense is recognized based on the management's best estimate of the current and deferred income tax.

IN BARBADOS:

Occidental Bank (Barbados) Ltd. was incorporated under the laws of Barbados on May 16, 1991, and is licensed to conduct banking and trust business from and within Barbados. The Bank's registered office is at Chelsea House, Chelsea Road, St. James. Michael, Barbados.

The table below details the percentage of the calculation at the close of the 2022 fiscal year, updated on the Barbados Revenue Authority's website:

Rates according to taxable income:

- 5.5% on taxable profits and income up to Bds$1,000,000 (Approximately COP$1,878,015,000)
- 3.00% on taxable profits and income exceeding Bds$1,000,000, but not exceeding Bds$20,000,000 (approximately COP$37,560,300,000)
- 2.5% on taxable profits and income of up to Bds$20,000,000 but not exceeding Bds$30,000,000 (approximately COP$56,340,450,000)

In accordance with current tax regulations, the tax returns on the company's income may be subject to review by the tax authorities during the last nine years.

IN PANAMA:

Banco de Occidente (Panama) S.A. is an institution organized and incorporated in accordance with the laws of the Republic of Panama and began operations on June 30, 1982, in the light of an International License granted by the Superintendency of Banks of Panama through Resolution No. 9-82 of March 16, 1982.

The bank transactions in the Republic of Panama are regulated and supervised by the Superintendency of Banks of Panama (hereinafter referred to as "the Superintendence") in accordance with the legislation established by the Executive Decree No. 52 of April 30, 2008, which adopts the single text of Decree Law 9 of February 26, 1998, amended by the Decree Law 2 of February 22, 2008, whereby the banking regime of the Republic of Panama is established and the Superintendency and the regulations governing it are created. The Bank is also subject to the regulations and supervision of the Office of the Financial Superintendent of Colombia, the home country supervisor.

In accordance with the Panamanian tax laws, the Bank is not subject to income tax by way of profits because it exclusively conducts transactions that are completed, consummated, and take effect abroad from an office established in Panama; hence, most of its income comes from foreign sources. In addition, the income from interest on time deposits at banks operating in Panama is exempt from the income tax.

a. Components of the income tax expense

The income tax expense for the years ended as of December 31, 2022 and 2021 comprises the following:

		December 31, 2022	December 31, 2021
Income tax for the current-period	$	25,053	135,292
Rent surtax		4,546	13,093
Subtotal current-period taxes		**29,599**	**148,385**
Prior periods adjustment		6,039	(71,282)
Adjustment for uncertain tax positions		(7,536)	34
Net deferred taxes for the period		97,529	(62,059)
Adjustment of deferred income tax of prior periods		(8,175)	59,825
Deferred taxes subtotal		**89,354**	**(2,234)**
Total	**$**	**117,456**	**74,903**

b. Reconciliation of the nominal tax rate and the effective tax rate

The following is a reconciliation between the Group's total income tax and supplementary tax expense calculated at the current tax rates and the income tax expense actually recorded in the income statement for each year:

		December 31, 2022	December 31, 2021
Profit before income tax	**$**	**573,799**	**660,810**
Total tax rate		38%	34%
Notional tax expense calculated according to the current tax rates		218,044	224,675
Non-deductible expenses		17,816	10,183
Untaxed dividends received		(2,120)	(1,067)
Untaxed equity method income		(46,376)	(83,498)
Interest and other non-taxable income		(1,056)	(10,321)
Exempt income		(6,294)	(3,186)
Irregular income with different tax rates		(1,406)	-
Tax benefit in the acquisition of productive assets		(25,747)	(14,333)
Tax discounts		(6,077)	(16,197)
Profits of subsidiaries in tax-free countries		(17,072)	(12,102)
Difference in the tax rate on profits of subsidiaries in countries with different tax rates		8,305	(4,836)
Effect on the application of different rates to determine the deferred tax		(5,779)	4,117
Prior periods adjustment		6,039	(71,282)
Adjustment for uncertain tax positions of prior periods		(7,536)	34
Adjustment of prior periods' deferred tax		(8,175)	59,825
Other items		(5,109)	(7,108)
Total tax expense for the period	**$**	**117,456**	**74,903**

The income tax expense is recognized based on the management's best estimate of the current and deferred income tax.

The effective tax rate of the parent company, Banco de Occidente, and its subsidiaries regarding the continuing operations for the annual period ended as of December 31, 2022, was 20.47% and 11.34% for the annual period ending as of December 31, 2021. The variation was 9.13 p.p. The effective tax rate, with a tax liability of COP$117,456 for December 2022 and a tax liability of COP$74,903 for December 2021, is mainly due to the following factors:

• For the annual period ended on December 31, 2022, compared to the period ended on December 31, 2021, an increase in the effective rate of 1.4 p.p. was generated by way of non-deductible expenses in this category, including the following non-deductible items: provision of returned property, BDT, penalties, and fines.

• For the annual period ended on December 31, 2022, compared to the period on December 31, 2021, the dividends of the non-controlled institution were delivered as non-taxable generating for the year 2022, a decrease in the effective rate of -0.2 p.p.

• For the annual period ended on December 31, 2022, compared to the period ended on December 31, 2021, the non-taxable equity method income increased, representing an increase of 6.9 p.p. over the effective tax rate for the year ended as of December 31, 2021.

• For the year ended as of December 31, 2022, compared to the period ended on December 31, 2021, there was a decrease of -0.6 p.p. regarding the effective tax rate due to an increase in exempt income corresponding to lease purchase agreements and income obtained in countries included in the 578 Agreement of the Andean Community (CAN in Spanish).

• For the year ended on December 31, 2022, compared to the period ended as of December 31, 2021, there was a decrease of -2.1 p.p. in the effective rate, which corresponds to the tax benefit of 30% for the purchase of real productive fixed assets of the leasing unit and, in turn, the refund requested by the management in the event of non-compliance with the conditions stipulated by the regulation.

• For the year ended on December 31, 2022, compared to the period ended on December 31, 2021, there was an increase of 1.9 p.p. caused by the increase in the industry and trade tax taken as a tax discount and not as a deduction. It also corresponds to the tax discount approved by the Ministry of Science, Technology and Innovation (Minciencias in Spanish) for research and development of the estimated amount of COP$9,191 from Banco de Occidente and COP$885 from Fiduciaria.
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• For the period ended on December 31, 2022, compared to the period ended on December 31, 2021, a decrease of -1.8 p.p. was generated concerning the effective tax rate, given the changes generated by Law 2155 of 2021 and Law 2277 of 2022, which resulted in an increase of tax rates for the years 2022 to 2027 at the rate of 40%, the Bank had a deferred tax asset.

• For the year ended December 31, 2022, compared to the period as of December 31, 2021, in the item of prior period adjustments, there was an increase of 1.7 p.p. corresponding to an adjustment of $6,039 in the income tax return for the year 2021, which is offset by the adjustment of deferred tax for prior periods of -$8,175, giving a net of COP$2,136.

• For the year ended on December 31, 2022, compared to the period ended on December 31, 2021, a decrease in the effective rate of -1.4 p.p. was generated concerning the same item of 2021, corresponding to the recovery of the liability for tax uncertainties.

c. Deferred income taxes regarding to subsidiaries, associates, and joint ventures

In compliance with IAS 12, the Group did not record deferred tax liabilities related to temporary differences in investments in subsidiaries and associates because: i) The Parent Company has control over the subsidiaries and, therefore, can decide about the reversal of such temporary differences; and ii) The Parent Company does not expect their realization in the medium term; therefore, it is probable that such temporary differences will not be reversed in the foreseeable future. As of December 31, 2022 and 2021, in compliance with IAS 12, paragraph 39, there was no deferred tax liability related to the taxable temporary difference on investments in subsidiaries.

The temporary differences for the items indicated as of December 31, 2022, amounted to COP$1,017,974.

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d. Deferred taxes by type of temporary difference

The differences between the book value 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 as of December 31, 2022 and 2021, based on the tax rates currently in force for the years in which such temporary differences will be reversed.

As of December 31, 2022

		December 31, 2021	Credited (charged) to profit and loss	Credited (charged) to OCI	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
Investments provision		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 agreements		53,577	6,664		60,241
Others		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)
Property, plant, and equipment depreciation		(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)
Others		(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**

As of December 31, 2021

		December 31, 2020	Credited (charged) to profit and loss	Credited (charged) to OCI	December 31, 2021
Deferred tax assets					
Valuation of fixed income investments	$	121	6,059	66,376	72,556
Valuation of derivatives		46,372	(26,552)	-	19,820
Provision for investments		-	1	-	1
Loan portfolio		-	10	-	10
Provision for loan portfolio		48	(48)	-	-
Investment properties		-	(79)	79	-
Non-deductible passive provisions		-	593	-	593
Employee benefits		19,177	(7,874)	(598)	10,705
Financial leasing agreements		45,363	8,214		53,577
Others		46,409	15,296	18,864	80,569
Subtotal		**157,490**	**(4,380)**	**84,721**	**237,831**
Deferred tax liabilities					
Valuation of fixed income investments		(17,472)	17,472	-	-
Equity investments		(8,218)	369	(2,509)	(10,358)
Provision for loan portfolio		(92,035)	13,189	-	(78,846)
Property, plant, and equipment		(44,783)	861	-	(43,922)
Property, plant, and equipment depreciation		(280)	(1)	-	(281)
Right of use		-	(5,261)	-	(5,261)
Deferred charges for intangible assets		(9,617)	(23,991)	-	(33,608)
Goodwill		(6,817)	(1,136)	-	(7,953)
Financial leasing agreements		(7,504)	7,504	-	-
Others		(792)	(2,392)	-	(3,184)
Subtotal		**(187,518)**	**6,614**	**(2,509)**	**(183,413)**
Total	**$**	**(30,028)**	**2,234**	**82,212**	**54,418**

The following is an analysis of current and deferred tax assets and liabilities as of December 31, 2022 and 2021:

Deferred tax balances:

December 31, 2022		**Gross amount of deferred tax**	**Reclassifications of clearing**	**Balances in financial position statements**
Deferred income tax asset	$	387,008	(314,052)	72,956
Deferred income tax liability		(314,119)	314,052	(67)
Net	**$**	**72,889**	**-**	**72,889**

December 31, 2022		**Gross amount of deferred tax**	**Reclassifications of clearing**	**Balances in financial position statements**
Deferred income tax asset	$	237,831	(183,413)	54,418
Deferred income tax liability		(183,413)	183,413	-
Net	**$**	**54,418**	**-**	**54,418**

Current tax balances:

December 31, 2022		Gross amount of current tax	Reclassifications of clearing	Balances in financial position statements
Deferred income tax asset	$	589,234	(24,815)	564,419
Deferred income tax liability		(25,356)	24,813	(541)
Net	**$**	**563,878**	**-**	**563,878**

December 31, 2021		Gross amount of current tax	Reclassifications of clearing	Balances in financial position statements
Deferred income tax asset	$	253,520	(1,521)	521,999
Deferred income tax liability		(9,669)	1,521	(8,148)
Net	**$**	**243,851**	**-**	**243,851**

e. Effect of current and deferred taxes on each component of the other comprehensive income account in the equity

The effects of current and deferred taxes on each component of other comprehensive income are detailed below for the years ended as of December 31, 2022 and 2021:

		Year ended on: December 31, 2022			Year ended on: December 31, 2021		
		Amount before tax	Deferred tax expense (revenue)	Net	Amount before tax	Deferred tax expense (revenue)	Net
Items that may be subsequently reclassified to profit and loss	$	49,942	-	**49,942**	46,629	-	**46,629**
Exchange difference of net investment abroad - Hedged portion							
Hedge of net investment abroad - Unearned hedging instrument		(49,942)	21,482	**(28,460)**	(46,629)	18,864	**(27,765)**
Difference exchange on foreign transactions		32,823	-	**32,823**	(828)	-	**(828)**
Shareholding in OCI of investments in associated companies and joint ventures		(39,917)	-	**(39,917)**	(23,260)	-	**(23,260)**
Unrealized net gain/loss on debt securities		(389,396)	92,496	**(296,900)**	(270,415)	66,376	**(204,039)**
Subtotals		**(396,490)**	**113,978**	**(282,512)**	**(294,503)**	**85,240**	**(209,263)**
Items that will not be reclassified to income							
Revaluation of investment properties		461	(863)	**(402)**	1,154	79	**1,233**
Unrealized net gain/loss on financial instruments at a fair value		10,415	(5,136)	**5,279**	23,558	(2,509)	**21,049**
Actuarial gain/loss from employee benefits		320	(154)	**166**	1,860	(598)	**1,262**
Subtotals		**11,196**	**(6,153)**	**5,043**	**26,572**	**(3,028)**	**23,544**
Total other comprehensive income during the period	**$**	**(385,294)**	**107,825**	**(277,469)**	**(267,931)**	**82,212**	**(185,719)**

f. Tax uncertainties

Tax uncertainties

The following is the movement of tax uncertainties during the years ended as of December 31, 2022 and 2021:

		December 31, 2022	December 31,2021
Opening balance	$	**7,536**	**7,502**
Increase in the provision		-	933
Use of provision		(87)	(1,742)
Amount of unused provisions		(7,461)	-
Financial cost		12	843
Conversion effect		0	-
Ending balance	$	**0**	**7,536**

The liability for tax uncertainties as of December 31, 2021, had a balance of COP$7,462 corresponding to uncertain positions. However, for 2022, the Bank's management, together with the advisors, reviewed the case and based on tax case law and other current regulations, concluded that for 2022 there is no tax uncertainty and proceeded with the release of the provision recognized.

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 transactions:

Detail		December31, 2022	December31, 2021
Demand			
Checking accounts	$	7,586,598	7,732,324
Savings accounts		22,021,958	19,385,348
Other demand funds		96,584	53,110
		29,705,140	**27,170,782**
Time			
Term deposit certificate		13,390,805	9,169,470
Total deposits	**$**	**43,095,945**	**36,340,252**
By currency			
In Colombian pesos	$	38,382,393	32,221,464
In U.S. dollars		4,692,943	3,601,950
Other currencies		20,609	516,838
Total by Currency	**$**	**43,095,945**	**36,340,252**

Below is a detail of the maturity of the term deposit certificates in force as of December 31, 2022:

Year		December 31, 2022 Value
2022	$	2,297,210
2023		7,401,615
2024		1,598,643
2025		1,492,573
2026		353,487
After 2027		247,277
Total	**$**	**13,390,805**

For 2022, there are still those CDTs (term deposit certificates in English) that mature on the last days of December 2022, which are not business days, so they are paid on the following business day; that is, January 2023; therefore, they are still in force on the cut-off date. The year 2022 also has the value of the interest per CDT as of December 31, 2022.

The following is a summary of the effective interest rates charged on customer deposits:

	December 31, 2022				December 31, 2021			
	Deposits in pesos		Deposits in dollars		Deposits in pesos		Deposits in dollars	
	Minimum rate %	Maximum rate %	Minimum rate %	Maximum rate %	Minimum rate %	Maximum rate %	Minimum rate %	Maximum rate %
Checking accounts	0.00%	13.20%	0.00%	2.80%	0.00%	2.50%	0.10%	2.75%
Savings account	0.1%	17.20%	0.00%	2.00%	0.00%	3.50%	0.01%	0.50%
Term deposit certificates	0.00%	17.40%	0.25%	6.50%	0.01%	8.67%	0.15%	4.00%

Interest payment frequency: For term deposit certificates, the interest payment frequency corresponds to what was agreed with each customer in their security. For savings accounts, the frequencies are daily payments.

The following is the detail of concentration of deposits received from customers by economic sector:

Sector		December 31, 2022 Amount	%	December 31, 2021 Amount	%
Government or Colombian government entities (1)	$	6,292,153	14.60%	5,428,933	14.94%
Manufacturing		886,456	2.06%	705,444	1.94%
Real estate		508,446	1.18%	346,118	0.95%
Trade		5,339,261	12.39%	5,405,649	14.88%
Agriculture and animal husbandry		276,004	0.64%	208,782	0.57%
Individuals		4,664,241	10.82%	4,040,951	11.12%
Others (2)		25,139,653	58.33%	20,211,830	55.62%
Eliminations		(10,269)	-0.02%	(7,455)	-0.02%
Total	**$**	**43,095,945**	**100%**	**36,340,252**	**100%**

(1) The government includes sections 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 (section K), which as of December 31, 2022, had a total balance of COP$16,696,053 million, representing 67.65% of the total of the category. (As of December 31, 2021, it had a total balance of COP$12,796,972, representing 64.7% of the total of the category).

As of December 31, 2022, there were 13,221 customers with balances over COP$250 pesos for a total value of $38,480,228 million. (As of December 31, 2021, there were 10,028 customers with balances over COP$250 for a total value of COP$29,820,932 million).

For customer deposits, the expense incurred in profit and loss by way of interest on savings accounts, term deposit certificates, and checking accounts in the years ended as of December 31, 2022 and 2021 are COP$1,912,314 and COP$494,151, 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, 2022 and 2021 with the main purpose of financing their international trade transactions:

	December 31, 2022		December 31, 2021	
Colombian legal tender	**Short term portion**	**Long term portion**	**Short term portion**	**Long term portion**
Interbank and overnight funds				
Banks and correspondents	$ 1,157	-	505	-
Ordinary bought interbank funds	-	-	245,077	-
Transfer commitments in repo transactions	1,103,078	-	1,159,282	-
Simultaneous transactions	44,986	-	469,969	-
Commitments arising from short selling	-	566,644	-	53,329
Total interbank and overnight funds	**1,149,221**	**566,644**	**1,874,833**	**53,329**
Banks credits				
Credits	-	1,995	-	10,572
Bank credits total	**-**	**1,995**	**-**	**10,572**
Lease agreements				
Lease liabilities	-	372,825	-	375,262
Total lease agreements	**-**	**372,825**	**-**	**375,262**
Total liabilities in legal tender	**1,149,221**	**941,464**	**1,874,833**	**439,163**
Foreign currency				
Interbank and overnight funds				
Banks and correspondents	-	-	1,733	-
Ordinary bought interbank funds	70,591	-	80	-
Transfer commitments in repo transactions	342,399	-	-	-
Simultaneous transactions	73,188	-	69,633	-
Total interbank and overnight funds	**486,178**	**-**	**71,446**	**-**
Banks credits				
Credits	2,817,867	702,785	1,925,455	363,040
Letters of credit	-	-	3,184	-
Acceptances	31,821	-	88,064	-
Total bank credits	**2,849,688**	**702,785**	**2,016,703**	**363,040**
Lease agreements				
Lease liabilities	1,696	-	1,781	-
Total lease agreements	**1,696**	**-**	**1,781**	**-**
Total liabilities in foreign currency	**3,337,562**	**702,785**	**2,089,930**	**363,040**
Total financial obligations	**$ 4,486,783**	**1,644,249**	**3,964,763**	**802,203**

As of December 31, 2022, the short-term financial obligations corresponding to simultaneous and repo transactions of COP$2,130,295 were collateralized by investments of COP$1,313,913 (as of December 31, 2021 for COP$1,629,251 collateralized by investments of COP$1,897,052).

The following is a summary of the effective interest rates to be accrued on the financial obligations, as of December 31, 2022 and 2021:

	December 31, 2022 in Colombian pesos		December 31, 2021 in Colombian pesos	
	Minimum rate %	Maximum rate %	Minimum rate %	Maximum rate %
Interbank funds and repo and simultaneous transactions	1.00	16.00	1.00	4.75
Correspondent banks	2.18	3.45	-	-

	December 31, 2022 in foreign currency		December 31, 2021 in foreign currency	
	Minimum rate %	Maximum rate %	Minimum rate %	Maximum rate %
Interbank funds and repo and simultaneous transactions	4.20	5.53	0.68	0.90
Correspondent banks	2.17	7.93	0.49	3.25

For short-term financial obligations, the expense incurred in the profit and loss by way of interest on money market transactions of the interbank funds, transfer commitments in repo and simultaneous transactions, and other interest type for the years ended as of December 31, 2022 and 2021 are COP$133,287 and $25,892, respectively.

18.2. Bonds and investment securities

The Parent Company is authorized by the Office of the Financial Superintendent of Colombia to issue or place bonds or general collateral bonds. All bond issues by the Parent Company have been issued without collaterals and represent exclusively the liabilities of each of the issuers.

The following is the detail of liabilities as of December 31, 2022 and 2021, by issue date and maturity date in legal tender:

Issuer	Issue date	December 31, 2022	December 31, 2021	Maturity date	Interest Rate
Ordinary Bonds Banco de Occidente	Between08/09/2012 and 08/20/2020	1,609,382	1,949,773	Between 06/20/2023 and 12/14/2032	Between CPI + 2.37% and 4.65%; Fixed 5.71%+ IBR 1.37%
Subordinated bonds Banco de Occidente	Between 01/30/2013 and 10/12/2017	713,034	827,805	Between 01/30/2025 and 06/10/2026	Between CPI + 3.58% - 3.64%
Total	**$**	**2,322,416**	**2,777,578**		

Future maturities as of December 31, 2022 of outstanding investment securities in long-term debt are the following:

Year		December 31, 2022 Value
2023	$	148,557
2024		281,547
After 2024		1,892,312
Total	**$**	**2,322,416**

For long-term financial obligations by the issuance of bonds, the interest accrued in profit and loss for the periods ended on December 31, 2022, and 2021 was COP$286,904 and COP$184,658, respectively.

18.3. Financial obligations with rediscount institutions

The Colombian Government has established certain credit programs to promote the development of specific economy sectors, including foreign trade, agriculture, tourism, housing construction, and other industries. The programs are managed by various government entities such as the Colombian Foreign Trade Bank ("BANCOLDEX" in Spanish). the Fund for the Financing of the Agricultural Sector ("FINAGRO" in Spanish), and the Financial Corporation for the Territorial Development ("FINDETER" in Spanish).

The following is the detail of loans obtained by the Parent Company from these institutions as of December 31, 2022 and 2021:

	Interest rates in force at cutoff		December31, 2022	December31, 2021
Legal tender				
Colombian Foreign Trade Bank- “BANCOLDEX”	Between DTF -1.50% and 3.80%; IBR -1.00% and 3.40%; Fixed 2.19% and 18.83%.	$	361,243	316,545
Fund for the Financing of the Agricultural Sector- "FINAGRO".	Between DTF 0.0% and 2.0%; IBR 0.9% Fixed 6.31% and 15.2%.		80,584	34,070
Financial Corporation for the Territorial Development "FINDETER"	Between DTF -3.0% and 1.95%; IBR -0.90% and 0.0%; Fixed 5.23% and 18.83%.		525,168	599,485
Total legal tender		**$**	**966,995**	**950,100**
Foreign currency				
Colombian Foreign Trade Bank- “BANCOLDEX”	SOFR 180	$	442	1,726
Total foreign currency			**442**	**1,726**
Total rediscount institutions		**$**	**967,437**	**951,826**

The following is a detail of the maturities of the financial obligations with rediscount institutions in force as of December 31, 2022:

Year		December 31, 2022 Value
2023	$	177,278
2024		111,984
2025		131,068
After 2025		547,107
Total	**$**	**967,437**

For financial obligations with rediscount institutions, the interest accrued in profit and loss for the periods ended as of December 31, 2022 and 2021 were COP$58,159 and $26,233, respectively.

Total financial obligations	COP$	9,420,886	8,496,369

Note 19. - Provisions for employee benefits

In accordance with the Colombian labor law and based on the labor agreements and collective 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 interests on severance funds of long-term, such as: extra-legal bonuses and retirement benefits, including: severance pay to employees who continue with the labor regime 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. The compensation of key management personnel 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, 2022 and 2021:

		December 31, 2022		December 31, 2021
Short-term benefits	$	75,779	$	72,253
Post-employment benefits		9,630		10,925
Long-term benefits		6,590		7,043
Total liabilities	**$**	**91,999**	**$**	**90,221**

a) Post-employment benefits

- In Colombia, retirement pensions, when employees retire after certain years old and years of service, are assumed by public or private pension funds based on defined contribution plans where the institutions and employees contribute monthly amounts defined by law to have access to the pension upon the retirement of the employee. However, for some employees hired by the Parent Company before 1968 who met the age and years of service requirements, the Parent Company assumes the pensions directly.
- In accordance with IAS 19, the pension liability was updated, resulting in a pension liability of COP$2,329.
- 45 employees hired by the Parent Company before 1990 are entitled to receive upon their retirement date at the employee's or the company's will a compensation corresponding to the last month's salary multiplied by each year worked. As of December 31, 2022, the provision caused by this item corresponds to COP$2,464.
- In the Parent Company and its subsidiary, Fiduciaria de Occidente S.A., an additional premium is recognized extra-legally or by collective agreements to the employees who retire upon reaching the age and years of service to begin enjoying the pension granted by the pension funds. As of December 31, 2022, the provision caused by this item corresponds to COP$4,837.
- The Parent Company and its subsidiary, Fiduciaria de Occidente S.A., recognize an extra-legal bonus to employees who retire upon reaching the age and years of service required to receive the pension granted by the pension funds. This bonus is paid at the time of the employee’s retirement. The value assigned to professional personnel is COP$10, and to operational personnel is COP$5 (Retirement bond, retirement pension).
- In the Parent Company, some employees belong to previous labor regimes, according to which their severance payments are assumed by the Parent Company upon their retirement (severance payments of previous law employees). The new regimes 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, grant their employees long-term extra-legal bonuses during their working life, depending on the number of years of service, every five, ten, fifteen, and twenty years, etc., each payment calculated as days of salary (between 15 and 180 days). For the Parent Company from 2021, only the unionized employees continue in the plan since a change in the payment model was made to the non-unionized employees.
- 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 in accordance with the same parameters of the retirement benefits. As of December 31, 2022, the retirement benefits correspond to COP$6,590.

The following is the movement in employee retirement benefits and long-term benefits during the years ended as of December 31, 2022 and 2021:

	Post-employment benefits		Long-term benefits	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Balance at beginning of period	$ 10,925	$ 13,503	$ 7,043	$ 37,098
Costs incurred during the period	299	391	592	2,604
Interest costs	743	676	442	1,459
Past service costs	-	-	-	(28,377)
	$ 11,967	$ 14,570	$ 8,077	$ 12,784
(Gain)/losses due to changes in demographic assumptions	581	297	(99)	(2,162)
(Gain)/losses due to changes in financial assumptions	(902)	(2,157)	72	(1,262)
	$ (321)	$ (1,860)	$ (27)	$ (3,424)
Payments to employees	(2,016)	(1,785)	(1,460)	(2,317)
Balance at end of period	$ 9,630	$ 10,925	$ 6,590	$ 7,043

The 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, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Discount rate	13.63%	7.43%	13.75%	7.00%
Inflation rate	3.00%	3.00%	0.00%	3.01%
Salary increase rate	4.00%	3.60%	4.00%	4.00%
Pension increase rate	3.00%	3.00%	0.00%	0.00%
Employee turnover	19.87%	14.47%	19.87%	14.47%
Average duration of the plan (in years)	3.75	5.67	3.33	4.09

The expected life of employees is calculated based on the mortality tables published by the Office of the Financial Superintendent of Colombia, which have been made based on the mortality experience provided by the different insurance companies operating in Colombia.

The following is the sensitivity analysis of the liability in the retirement benefit of employees of the different financial and actuarial variables, with the other variables constant:

	-0.50 Points		+0.50 Points	
As of December 2022	Post-employment	Long-term	Post-employment	Long-term
Discount rate	$ 185	112	$ (176)	(107)
Salary increase rate	(99)	(111)	101	114
Pension increase rate	(53)	-	55	-

c) Expected future benefits payments

Expected future benefits payments, reflecting services as appropriate, are expected to be paid as follows:

Year	Post-employment benefits	Other long-term benefits
2022	$ 2,447	$ 1,127
2023	1,618	1,477
2024	1,456	1,463
2025	1,288	1,397
2026	1,205	1,510
Years 2027-2031	6,379	5,281

The Parent Company will cover the future cash flows for extra-legal and pension benefits payments with its own resources.

As of December 31, 2022 and 2021, the number of post-employment and long-term benefit participants are as follows:

Benefit	2022	2021
Post-employment participants	6,776	6,813
Long-term participants	2,878	3,052

Note 20. - Provisions for legal contingencies and other provisions

The movement and balances of legal and other provisions during the periods ended as of December 31, 2022 and 2021 are described below:

	Legal provisions	Other provisions	Total provisions
Balance as of December 31, 2021	**$ 3,395**	**43,238**	**46,633**
Adjustment for adoption of new regulations	-	-	-
Balance as of January 1, 2022	**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
Uses 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**
Balance as of December 31, 2020	**$ 4,214**	**55,714**	**59,928**
Adjustment for adoption of new regulations	-	-	-
Balance as of January 1, 2021	**4,214**	**55,714**	**59,928**
Increase due to new provisions in the period	709	15,931	16,640
Increase in existing provisions in the period	282	424	706
Increases due to adjustments arising from the passage of time	-	21	21
Uses of provisions	(924)	(2,934)	(3,858)
Amounts reversed for unused provisions	(886)	(25,918)	(26,804)
Balance as of December 31, 2021	**$ 3,395**	**43,238**	**46,633**

Other legal provisions

The sixteen (17) civil lawsuits filed against the Bank arising from the development of its purpose and are mainly related to claims from customers who consider that (i) checks were improperly paid from its accounts or (ii) the withdrawal of resources was allowed without their authorization through electronic channels, as well as one (01) administrative investigation by a state control and surveillance body and the labor demands that represent a risk are duly provisioned to an amount of COP$2,776 as of December 31, 2022.

Labor provisions

Among the labor lawsuits filed against the parent company arising from the development of its purpose, and representing a risk, due to nonconformities in the termination of the employment contractor or the conditions for the development of the contract, as of December 31, 2022, 3 are duly provisioned in the amount of COP$299 for Banco de Occidente, and 2 are duly provisioned in the amount of COP$33 for the subsidiaries, pursuant to the analysis of the case and the risk and probability by the external labor consultant.

Tax provisions

Tax lawsuits filed against the Parent Company arising from the development of its purpose and which represent a risk, (i) an annulment action and the re-establishment of rights amounting to COP$286 duly provisioned as of December 31, 2022.

Other provisions

Other provisions for the periods ended as of December 31, 2022 and 2021, composed by:

Decommissioning of assets

The Parent Company and the subsidiary Ventas y Servicios S.A.– NEXA BPO established a provision for decommissioning of assets corresponding to the infrastructure improvements of the offices under lease as of December 31, 2021 and 2022. The decommissioning is caused by the disassembly of improvements to leave the leased facilities in their original state or as agreed in the contract. As of December 31, 2022, the Parent Company recorded a provision of COP$1,754 and Ventas y Servicios S.A.– NEXA BPO, COP$191. As of December 31, 2021, the Parent Company recorded a provision of COP$1,754 and Ventas y Servicios S.A.– NEXA BPO of COP$493.

Provision for loan commitments

As of December 31, 2022, the provisions for contingencies on behalf of the parent company amounting to COP$50,389 were included. 53.55% corresponds to credit cards, and the remaining 46.45% to letters of credit and bank guarantees. Meanwhile, as of December 31, 2021, the provisions for contingencies on behalf of the parent company amounting to COP$39,942 were included. 51.82% corresponds to letters of credit and bank guarantees, and the remaining 48.18% to credit cards.

Other provisions

Fiduciaria de Occidente S.A. by December 31, 2022, constituted provisions by demand in Consorcio Fidufosyga for joint operations amounted to COP$1,172. As of December 31, 2021, the balance recorded is COP$1,048.

Note 21. - Other liabilities

Other liabilities as of December 31, 2022 and 2021, comprise the following:

Concepts		December 31, 2022	December 31, 2021
Suppliers and accounts payable	$	375,300	270,606
Cashier's checks		250,668	182,013
Taxes, withholdings, and labor contributions		128,871	81,654
Collections made		59,200	100,620
International exchange received		57,829	48,282
Withdrawals payable		43,450	45,071
Dividends and surplus		41,354	51,968
Credit surpluses		40,368	32,719
Clearing bank items		30,880	17,534
Others		26,545	11,308
National Guarantees Fund		22,942	12,994
Payments to third parties OcciRed		21,147	10,575
Peace bonds		20,769	25,501
Contributions on transactions		13,310	9,509
Credit balances of credit card		11,242	9,642
Sales tax payable		10,169	8,124
Uncollected drawn checks		8,907	14,382
Promising buyers		8,359	6,312
Terminated accounts		5,342	5,763
Trading derivates		3,857	8,422
Loan portfolio disbursements		2,971	14,463
Commissions and fees		2,288	2,150
Collection services		2,134	1,250
Loyalty programs		751	737
Deferred credits		656	688
Prepaid revenue		644	458
Leases		530	2,720
Non- deliverable forwards		341	392
Cash and exchange surpluses		40	46
Insurances and insurance premiums		39	28
Contributions and affiliations		4	-
ATH and ACH transactions		2	5
Non-financial liabilities		-	28
	$	**1,190,909**	**975,964**

Note 22. - Equity

The number of authorized, issued, and outstanding shares as of December 31, 2022 and 2021 were as follows:

		December 31, 2022	December 31, 2021
Prior year's profits determined in the Parent Company's separate financial statements (*)	$	492,074	320,628
Dividends paid in cash		150,000	192,374
Outstanding ordinary shares		155,899,719	155,899,719
Total outstanding shares		**155,899,719**	**155,899,719**
Withholding tax (**)		**(323)**	**(410)**
Total dividends declared	**$**	**150,000**	**192,374**

(*) The profits reported correspond with the closing of December 2021 and 2020.
(**) Withholding at source to be carried forward to shareholders (Art.242-1 T.C.)

Appropriated retained earnings in reserves

The following is the detail of the composition as of December 31, 2022 and 2021:

		December 31, 2022	December 31, 2021
Statutory reserve	$	3,134,027	3,134,027
Mandatory and voluntary reserves		823,923	490,745
Total	**$**	**3,957,950**	**3,624,772**

Statutory reserve

Pursuant to the legal norms in force, the Parent Company and its subsidiaries, Fiduciaria de Occidente S.A., and Ventas y Servicios S.A.– NEXA BPO, must create a statutory reserve by appropriating the ten percent (10%) of the net incomes 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 stem losses in the retained earnings excesses. The statutory reserve cannot be lower than the abovementioned percentage except to cover losses in the retained earnings excesses.

Dividends Declared

Dividends are declared and paid to shareholders based on net profits for the immediately preceding year. The dividends declared by the Parent Company were the following:

	December 31, 2022	December 31, 2021
Preceding year's profits established in the Parent Company's separate financial statements (*)	$ 492,074	320,628
Dividends paid in cash	150,000	192,374
Outstanding ordinary shares	155,899,719	155,899,719
Preferred share	-	-
Total outstanding shares	**155,899,719**	**155,899,719**
Withholding tax (**)	**(323)**	**(410)**
Total dividends declared	**$ 150,000**	**192,374**

(*) The profits reported correspond with the closing of December 2021 and 2020.

(**) Withholding at source to be carried forward to shareholders (Art.242-1 T.C.)

The Parent Company and its subsidiaries have a simple capital structure; therefore, there is no difference between the basic profit per share and the diluted profit.

Note 23. - Non-controlling interests

The following table provides information about each subsidiary that has significant non-controlling interests as of December 31, 2022 and 2021:

December 31, 2022

Institution	Country	Ownership	Shareholding value in the equity	Shareholding value in profits (losses)	Dividends declared in the period
Fiduciaria de Occidente S.A.	Colombia	4.44%	$ 15,479	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	-
			$ 34,641	**3,833**	**1,776**

December 31, 2021

Institution	Country	Ownership	Shareholding value in the equity	Shareholding value in in profits (losses)	Dividends declared in the period
Fiduciaria de Occidente S.A.	Colombia	4.44%	$ 16,356	3,671	1,888
Ventas y Servicios S.A.	Colombia	19.99%	9,882	1,088	-
Banco de Occidente Panamá S.A.	Panama	5.00%	9,647	1,780	-
			$ 35,884	**6,538**	**1,888**

The following table shows information about each of the direct subsidiaries in which the Company has a significant non-controlling shareholding as of December 31, 2022 and 2021:

		December 31, 2022					
Institution		Assets	Liabilities	Total income	Net income	Other comprehensive income	Transaction
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	44,927	(22,361)	(214,612)
	$	**4,499,848**	**3,921,874**	**623,206**	**74,017**	**(21,981)**	**(181,271)**

		December 31, 2021					
Institution		Assets	Liabilities	Total income	Net income	Other comprehensive income	Transaction cash flow
Fiduciaria de Occidente S.A.	$	408,364	39,994	174,057	82,677	3,545	40,140
Ventas y Servicios S.A.		105,615	56,182	327,372	5,441	-	32,404
Banco de Occidente Panamá S.A.		3,324,500	3,131,565	123,570	35,595	37,476	136,146
	$	**3,838,479**	**3,227,741**	**624,999**	**123,713**	**41,021**	**208,690**

As of December 31, 2022, there are no significant transactions with uncontrolled shareholdings of the Parent Company, nor protective rights or restrictions on access to the use of assets or payment of liabilities thereof.

Note 24. - Commitments and contingencies

a. Commitments

Commitments Credit

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 pay third parties if 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 customers' creditworthiness, and the guarantees deemed appropriate under the circumstances are obtained.

The commitments to extend credits represent unused portions of authorizations to extend credit in the form of loans, credit card use, or letters of credit. Concerning credit risk on commitments to extend credit lines, the Parent Company is potentially exposed to losses at an amount equal to the total amount of unused commitments if the unused amount were to be fully withdrawn. However, the amount of loss is lower than the total amount of unused commitments since most commitments to extend credit are contingent once the customer maintains the specific credit risk standards. The Parent Company monitors the maturity terms of the credit lines’ relative commitments 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 credit lines as of December 31, 2022 and 2021:

		December 31, 2022		December 31, 2021	
		Notional amount	Fair value	Notional amount	Fair value
Guarantees	$	2,552,685	58,291	1,280,344	43,368
Unused letters of credit		255,381	375	191,197	566
Overdrafts quotas		2,241,656	2,241,656	-	
Unused credit card limits		3,565,446	3,565,446	2,983,051	2,983,051
Credit agreement		158,696	158,696	128,182	128,182
Not-disbursed approved loans		19,766	19,766	37,397	37,397
Others		1,023,527	1,023,527	759,226	759,226
Total	**$**	**9,817,157**	**7,067,757**	**5,379,397**	**3,951,790**
Provision for loss contingencies		(50,394)	(50,394)	(39,944)	(39,944)
Total	**$**	**9,766,763**	**7,017,363**	**5,339,453**	**3,911,846**

The outstanding balances of unused lines of credit and guarantees do not necessarily represent future cash requests because such quotas may expire and not be used totally or partially.

The following is a detail of credit commitments by type of currency:

		December 31, 2022	December 31, 2021
Colombian pesos	$	7,663,151	4,645,848
U.S. dollars		2,130,280	718,642
Euros		22,054	7,976
Others		1,672	6,931
Total	**$**	**9,817,157**	**5,379,397**

Capital expenditures disbursement commitments

As of December 31, 2022 and 2021, the Parent Company and subsidiaries had contractual commitments of capital expenditures (intangible and other) of COP$45,305 and COP$112,524, respectively. The Parent Company and subsidiaries have already allocated the necessary resources to meet such commitments, and they believe that net income and funds will be enough to cover these and similar commitments.

b. Contingencies

Legal contingencies

As of December 31, 2022, the result of the valuation of the claims of the judicial proceedings by civil suits, excluding those of remote probability, amounted to COP$117,051.

Then in effect, in the normal course of transactions, claims arise against the Bank, which, based on its own estimates, it is the Bank's management opinion that there will be no losses regarding such claims.

As of December 31, 2022, the Bank has the following proceedings against it that affect the financial statements (equal to or greater than COP$3,521):

(i) Public interest claim filed by Carlos Julio Aguilar against Banco de Occidente and other financial institutions before the Eleventh Administrative Court of the Circuit of Cali, under file number 2004-1924. The lawsuit was brought against the financial institutions that participated in the Performance Plan of Valle department in 1998 on the grounds that the interest on interest was agreed upon. The process is still in the discovery process; no first-instance ruling has been delivered, and there is no evidence to prove the facts of the claim. Therefore, as of December 31, 2022, estimating provisions for this process is not yet necessary. The claims were estimated to be the sum of COP$15,900 million.

(ii) Process of survey and marking of boundaries promoted by Mr. Carmen Capella de Escolar against Mosel SAS and others, before the Second Civil Judge of the Specialized Circuit Court in Land Restitution of Cartagena, with file number 0205 of 2014. The Bank attends to this proceeding due to a complaint in a lawsuit filed by the company Mosel SAS since the Bank was the owner of the real estate that is the object of the proceeding. As such, it established the boundaries of the property, which was subsequently sold. The claim was answered in on time, and it is firmly believed that the merit exceptions raised by the Bank will be recognized by the judge when entering judgment, coupled with the fact that the compensation for damages claimed by the plaintiff for the sum of COP$4,000 million is not duly supported.

(iii) Incident of joint and several liability initiated against the Bank and other banking institutions by MEDICAL DUARTE ZF and other entities within the executory proceeding they promoted against a bank's customer before the Fifth Labor Court of the Circuit of Barranquilla. The incident rests on the fact that the Bank allegedly did not comply with the garnishee 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 resources and were already embargoed by another judicial authority. the Bank answered the incident promptly with the appropriate factual and legal arguments. However, the court decided to declare it jointly and severally liable along with two other financial institutions for COP$70,980 million based on a regulation that is clearly not applicable to the case. The Bank filed a motion for reversal and supplementary appeal against this decision. When deciding on the reversal appeal, the court confirmed its decision and processed it. It is currently being processed. However, it is firmly believed that it should be vacated because it lacks factual basis, coupled with the fact that there is no regulation in the law allowing to declare a Bank jointly and severally liable for default with a garnishee order issued by an executive labor proceeding.

(iv) Reversal action filed before the Superintendence of Corporate Affairs, through which it is aimed to revoke a leasing contract entered into by and between the Bank and a company under business reorganization so that the leased assets return to the supplier's equity. It is grounded on the fact that the entity allegedly did not pay the price of the property. In this case, the Bank acted in good faith and has the payment support of the assets delivered in leasing; therefore, it is considered that there are no requirements for the action to succeed. The plaintiff estimated its claims at COP$8,255 million.

Concerning the forgoing proceedings against the Company, after the corresponding evaluation, it was established that they do not require provision.

Tax contingencies

As of December 31, 2022, the Parent Company and its subsidiaries have no claims for the existence of national and local tax proceedings establishing, while exercising its activity as a taxpayer entity, penalties that imply the constitution of contingent liabilities due to the remote possibility of a resources outflow for such items.

Labor contingencies

In the course of the labor relationship between the Group and its employees, as a consequence of the grounds for the termination of the employment contract or the development thereof, different claims arise against which possible lawsuits are estimated for COP$1,484 as of December 31, 2022. It does not include those cases of remote qualification, which based on the analysis and reports of the lawyers in charge, do not require provisioning or disclosure because they are uncertain obligations that do not imply an outflow of resources.

Note 25. - Revenues and expenditures from contracts with customers

The following is a detail of commission revenues and expenditures for the years ended as of December 31, 2022 and 2021:

Revenues		**December 31, 2022**	**December 31, 2021**
Banking services commissions	$	270,351	246,467
Credit card commissions		143,319	123,596
Fiduciary activities		76,271	80,402
Transfers, checks, and		5,852	6,344
office network services commissions		1,299	1,406
Total	**$**	**497,092**	**458,215**
Expenditures			
Banking services	$	22,887	18,534
Bank expenses		1,056	1,034
Sales and service charge		12,681	7,998
Bank guarantees		42	37
Placements		48,902	43,349
Credit cards		5,715	3,694
Others		60,331	51,753
Total		**151,614**	**126,399**
Net commission revenue	**$**	**345,478**	**331,816**

The following table discloses the revenues from customer contracts as of December 2022 and 2021:

		December 31,_2022	**December 31, 2021**
Revenues			
Revenue from contracts with customers	$	497,092	458,215
Timing of revenue recognition			
At a point in time		7,151	7,750
Over time		489,941	450,465

Note 26. - Other income, net, and other expenses

The following is a detail of other income and other expenses for the years ended as of December 31, 2022 and 2021:

Other income		December 31, 2022	December 31, 2021
Other operating income	$	273,652	273,818
Share of net profits of associates and joint ventures		122,041	245,863
Income on sale of property and equipment		9,708	5,051
Dividends		5,580	3,138
Profit on sale of non-current assets held for sale		6,260	12,015
Net income on valuation of investment property		30,735	17,691
Net (Loss) profit on sale of investments		(28,970)	1,345
Net income from foreign currency exchange difference		172,640	230,605
Total other income	**$**	**591,646**	**789,526**

Other expenses		December 31, 2022	December 31, 2021
Personnel expenses	$	811,302	759,171
Taxes and rates		208,810	161,892
Insurance		122,563	111,775
Consulting, audit, and other fees		127,279	126,882
Contributions, affiliations, and transfers		113,604	97,818
Others(*)		82,541	53,606
Depreciation of right-of-use assets		59,377	54,900
Amortization of intangible assets		55,988	45,312
Depreciation of tangible assets		47,590	45,770
Maintenance and repairs		45,236	38,341
Utilities		30,982	28,415
Advertising services		35,520	30,966
Electronic data processing		15,306	15,568
Leases		15,745	14,630
Transportation services		12,755	11,065
Losses on sale of property and equipment		9,594	8,314
Cleaning and security services		12,721	12,588
Supplies and stationery		4,470	3,432
Casualty losses		10,331	6,595
Adequacy and installation		6,982	4,559
Impairment losses of other assets		2,447	1,699
Travel expenses		4,328	2,427
Donation expenses		1,571	1,315
Derecognition in assets		293	4,310
Loss on sale of non-current assets held for sale		-	95
Total other expenses	**$**	**1,837,335**	**1,641,444**

(*) Other expenses category mainly comprises administrative expenses, outsourcing services, contingent quota provisions, systematization services, and database queries.

Note 27. - Analysis of operating segments

Operating segments are components of the Parent Company that are responsible for developing 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 income:** The Parent Company is organized into four business segments integrated by 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 institutions 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 address the different economic sectors in Colombia, Panama, and Barbados, considering 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 National Registry of Securities of Colombia.

c. **Measurement of net income, assets, and liabilities of the operating segments:** The Board of Directors of the Parent Company reviews the consolidated financial information prepared in accordance with the IFRS of each of its operating segments.

   The Board of Directors evaluates each segment performance based on the net income of each segment and certain credit risk indicators.

d. **Information on net income, assets, and liabilities of the reportable operating segments:** The following is the detail of the summarized reportable financial information for each segment of the periods ended as of December 31, 2022 and 2021:

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 with changes in profit and loss	$	2,549,767	73,206	11,285	1,107	-	-	2,635,365
Financial assets at fair value through OCI		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 associates and joint ventures		2,091,323	237,836	-	-	-	(681,599)	1,647,560
Financial assets in loans 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	**$**	**54,984,334**	**390,603**	**110,142**	**3,998,939**	**1,309,570**	**(789,179)**	**60,004,409**
Customer deposits		38,479,688	-	-	3,468,809	1,161,304	(13,856)	43,095,945
Financial obligations		9,121,922	18,854	8,830	344,095	-	(72,815)	9,420,886
Other liabilities		2,203,630	23,132	49,981	8,010	3,705	(16,955)	2,271,503
Total liabilities	**$**	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**

	Banco de Occidente S.A. (Parent Company)	Fiduciaria de Occidente S.A.	Ventas y Servicios S.A.	Banco deOccidente Panamá S.A.	Occidental Bank (Barbados) Ltd.	Eliminations	Total
Income from parent's 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**
Borrowing costs							
Provision for impairment of financial assets	$ 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
Paid commissions and fees	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	(4,381)	13,646,150
Income tax	110,228	5,348	1,178	-	702	-	117,456
Total expenses	**$ 15,386,697**	**110,814**	**318,557**	**119,816**	**35,617**	**(123,567)**	**15,847,934**
Income for the period	**$ 452,551**	**27,191**	**1,900**	**44,929**	**16,534**	**(86,759)**	**456,346**

December 31, 2021

	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 with changes in profit and loss	$ 5,222,409	76,657	7,012	1,441,447	411,981	-	7,159,506
Financial assets at fair value through OCI	3,564,297	26,891	-	1,440,619	416,432	(4,451)	5,443,788
Financial assets in debt securities at amortized cost	883,207	-	-	-	-	-	883,207
Investments in associates and joint ventures	2,112,679	255,504	-	-	-	(703,193)	1,664,990
Financial assets in loans portfolio at amortized cost	35,286,355	(73)	-	1,377,136	500,795	(99,106)	37,065,107
Other assets	500,508	49,312	98,603	(934,701)	(238,944)	(27,917)	(553,139)
Total assets	**$ 47,569,455**	**408,291**	**105,615**	**3,324,501**	**1,090,264**	**(834,667)**	**51,663,459**
Liabilities							
Customer deposits	32,273,799	-	-	3,123,343	954,031	(10,921)	36,340,252
Financial obligations	8,560,315	17,216	16,558	1,781	-	(99,501)	8,496,369
Other liabilities	1,584,052	22,706	39,624	6,441	2,114	(16,678)	1,638,259
Total liabilities	**$ 42,418,166**	**39,922**	**56,182**	**3,131,565**	**956,145**	**(127,100)**	**46,474,880**
Equity	**$ 5,151,289**	**368,369**	**49,433**	**192,936**	**134,119**	**(707,567)**	**5,188,579**

	Banco de Occidente S.A. (Parent Company)	Fiduciaria de Occidente S.A.	Ventas y Servicios S.A.	Banco de Occidente Panamá	Occidental Bank (Barbados) Ltd	Eliminations	Total (Barbados) Ltd.
Revenues from parent's continuing operations							
Financial income	$ 2,643,585	418	128	73,771	27,652	(3,596)	2,741,958
Fees and commissions	371,970	81,415	-	7,338	2,664	(5,172)	458,215
Other operating income	5,832,514	92,223	327,244	42,462	6,214	(224,490)	6,076,167
Total income	**$ 8,848,069**	**174,056**	**327,372**	**123,571**	**36,530**	**(233,258)**	**9,276,340**
Borrowing costs							
Provision for impairment of financial assets	$ 878,025	(57)	(20)	3,195	1,395	-	882,538
Depreciation and amortization	120,988	4,966	19,618	898	115	(603)	145,982
Paid commissions and fees	182,190	2,053	29	2,503	728	(61,104)	126,399
Administrative expenses	690,096	19,997	43,409	7,511	4,967	(35,325)	730,655
Other operating expenses	6,326,603	62,182	257,185	73,869	13,921	(3,804)	6,729,956
Income tax	70,091	2,239	1,709	-	778	86	74,903
Total expenses	**$ 8,267,993**	**91,380**	**321,930**	**87,976**	**21,904**	**(100,750)**	**8,690,433**
Income for the period	**$ 580,076**	**82,676**	**5,442**	**35,595**	**14,626**	**(132,508)**	**585,907**

e. Reconciliation of net income, assets, and liabilities of the reportable operating segments

The following is a detail of the reconciliation of total income, expenses, assets, and liabilities of the segments with the corresponding consolidated items at the Parent Company level:

1. Income

	December 31, 2022	December 31, 2021
Total reportable income by segment	$ 16,514,605	9,509,598
a. Demand deposits yields	(2,989)	(691)
b. Dividends	(234)	-
c. Equity method	(87,805)	(12,417)
d. Others	(119,297)	(220,150)
Total consolidated income	**$ 16,304,280**	**9,276,340**

2. Expenditures

		December 31, 2022	December 31, 2021
Total reportable expenditures by segment	$	15,971,504	8,791,183
a. Interest on bank credits		(3,024)	(668)
b. Equity method		(1,283)	-
c. Others		(119,263)	(100,082)
Total consolidated expenditures	**$**	**15,847,934**	**8,690,433**

3. Assets

		December 31, 2022	December 31, 2021
Total reportable assets by segment	$	60,793,589	52,498,126
a. Banks and other correspondents		(13,856)	(69,435)
b. Interbank funds sold		(71,228)	(108,442)
c. Investments		(685,630)	(696,334)
d. Accounts receivable		(16,562)	(30,963)
e. Others		(1,904)	70,507
Total consolidated assets	**$**	**60,004,409**	**51,663,459**

4. Liabilities

		December 31, 2022	December 31, 2021
Total reportable liabilities by segment	$	54,891,960	46,601,980
a. Checking accounts		(5,695)	(63,087)
b. Banks credits		(71,228)	(108,442)
c. Accounts payable		(16,558)	1,121
d. Bonds		-	(18,745)
e. Others		(10,145)	62,053
Total consolidated liabilities	**$**	**54,788,334**	**46,474,880**

5. Equity

		December 31, 2022	December 31, 2021
Total reportable equity by segment	$	5,901,628	5,896,146
a. Capital stock		(41,351)	(41,574)
b. Additional paid-in capital		(198,940)	(198,940)
c. OCI		(951,468)	(922,102)
d. Surplus equity method		169,366	(46,799)
e. Gain or loss		342,525	536,468
f. Others		(5,685)	(34,620)
Total equity	**$**	**5,216,075**	**5,188,579**

Equity by country

Country		December 31, 2022	December 31, 2021
Colombia	$	4,897,520	4,865,977
Panama		318,555	322,602
Total equity	**$**	**5,216,075**	**5,188,579**

6. Revenues by country

Country		December 31, 2022	December 31, 2021
Colombia	$	16,239,206	9,234,667
Brazil		9,264	10,751
Costa Rica		8,680	3,617
Mexico		8,191	4,480
Ecuador		7,779	2,030
Peru		7,351	5,150
Chile		6,263	4,105
Paraguay		5,087	1,582
Guatemala		3,901	1,434
Grand Cayman Island		3,183	851
Uruguay		1,760	157
Honduras		1,558	416
Salvador		594	384
U.S.		543	1,493
Dominican Republic		439	280
Panama		320	4,076
Ireland		158	-
Barbados		2	3
Luxembourg		-	651
Belize		-	129
Singapore		-	84
Total consolidated revenues	**$**	**16,304,280**	**9,276,340**

f. Largest customers of the parent company

There are no customers representing 10% of the Parent Company's total revenues during the periods ended as of December 31, 2022 and 2021.

Note 28. - Offsetting of financial assets with financial liabilities

The following is a detail of financial instruments subject to contractually required offsetting as of December 31, 2022 and 2021:

As of December 31, 2022

				Related amounts not offset in the financial position	
		Gross amounts of financial assets financial recognized	Net amount of financial assets presented in the 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**

As of December 31, 2021

				Related amounts not offset in the financial position	
		Gross amounts of financial assets recognized	Net amount of financial assets presented in the financial position	Financial instruments	Net amount
Assets					
Derivative financial instruments	$	463,730	463,730	-	463,730
Repo and simultaneous transactions		72,587	72,587	228,820	(156,233)
Total	$	**536,317**	**536,317**	**228,820**	**307,497**
Liabilities					
Derivative financial instruments	$	517,293	517,293	-	517,293
Repo and simultaneous transactions		1,752,214	1,752,214	1,403,851	348,363
Total	$	**2,269,507**	**2,269,507**	**1,403,851**	**865,656**

The Parent Company and its subsidiary, Fiduciaria de Occidente S.A., have derivative financial instruments that, in accordance with Colombian law or the country where the counterparty is located, are legally enforceable. In addition, Colombian legal norms allow the Parent Company to offset instruments derived from its same 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 a shareholding on the reporting date and their maximum loss exposure to loss concerning such shareholdings:

Funds managed by Grupo Aval		December 31, 2022	December 31, 2021
Total assets under management	**$**	8,411,430	8,839,301
Investments at fair value with changes in profit and loss		580,510	480,813
Other accounts receivable		2	1
Total assets in relation to the Grupo Aval interests in unconsolidated structured entities		**8,991,942**	**9,320,115**
Maximum exposure of Grupo Aval	**$**	**8,991,942**	**9,320,115**

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 a controlling company of the reporting entity. The related party definition includes persons and/or relatives related to the entity (key management personnel), entities that are members of the same group (controlling company and subsidiary), associates, or joint ventures of the entity or Grupo Aval's entities.

In accordance with the above, 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. Natural persons that exercise control or joint control over the Parent Company; that is, who own more than 50% shareholding in the reporting entity. Additionally, it includes close relatives who could be expected to influence or be influenced by such a person.

2. Key management personnel include members of the Board of Directors and the 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 those institutions, who are the persons involved in the planning, direction, and control of such institutions.

3. Companies belonging to the same group, the controlling, subsidiaries, or other subsidiaries of the same controlling company of Grupo Aval are included.

4. Associates and joint ventures: companies in which Grupo Aval has significant influence, which is generally considered when between 20% and 50% of their capital is owned.

5. This category includes entities controlled by natural persons included in categories 1 and 2.

6. This item includes institutions in which the persons included in categories 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, 2022 and 2021 with the related parties are included in the following tables, whose headings correspond to the definitions of related parties recorded in the three previous categories:

December 31, 2022

		Categories					
		1	2	3	4	5	6
		Natural persons with control over Banco de Occidente	Key management personnel	Companies belonging to the same group	Associates and joint ventures	Institutions controlled by the persons included in categories 1 and 2	Entities that are significantly influenced by persons included in categories 1 and 2
Asset	$	-	-	8,129	-	-	-
Cash and its equivalents		-	-	-	103,796	-	-
Financial assets in investments							
Financial assets in loan transactions		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	-	-	-

December 31, 2021

		Categories					
		1	2	3	4	5	6
		Natural persons with control over Banco de Occidente	Key management personnel	Companies belonging to the same group	Associates and joint ventures	Entities that are controlled by the persons included in the categories 1 and 2	Entities that are significantly influenced by persons included in categories 1 and 2
Asset							
Cash and its equivalents	$	-	-	8,763	-	-	-
Financial assets in investments		-	-	-	-	794	-
Financial assets in credit operations		21	17,464	304,813	9,050	320,705	602
Accounts receivable		-	212	33,872	10	73,323	1
Other assets		-	-	8,298	-	32	-
Liabilities							
Deposits		156,619	32,973	1,505,680	56,172	386,905	656
Accounts payable		105	3,127	37,281	-	7,386	-
Financial obligations		-	130	97,041	1,000	52,710	-
Other liabilities	$	-	14	3,202	-	402	-

The most representative transactions for the years ended as of December 31, 2022 and 2021 with related parties comprise:

a. Sales, services, and transfers

December 31, 2022

	Categories					
	1	2	3	4	5	6
	Natural persons with control over Banco de Occidente	Key management personnel	Companies belonging to the same group	Associates and joint ventures	Entities that are controlled by the persons included in the categories 1 and 2	Entities that are significantly influenced by persons included in categories 1 and 2
Interest income	$ 4	1,015	37,593	1,243	27,979	43
Borrowing costs	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	-

December 31, 2021

	Categories					
	1	2	3	4	5	6
	Natural persons with control over Banco de Occidente	Key management personnel	Companies belonging to the same group	Associates and joint ventures	Entities that are controlled by the persons included in the categories 1 and 2	Entities that are significantly influenced by persons included in categories 1 and 2
Interest income	$ 7	741	14,753	62	13,421	48
Borrowing costs	788	320	8,150	519	9,115	4
Fee and commission income	3	136	9,856	28,800	66,050	6
Fees and commissions expense	-	774	78,163	12,968	231	-
Other operating income	7	784	190,187	6,126	11,094	2
Other expenses	-	106	2,393	26,024	8,349	-

The 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 about bad debt or doubtful accounts related to amounts due by related parties.

b. Compensation for key management personnel

For the periods ended as of December 31, 2022 and 2021, the compensation received by key management personnel consists of the following:

Items	December 31, 2022	December 31, 2021
Salaries	$ 25,593	25,022
Short-term employee benefits	4,924	3,928
Other long-term benefits	35	20
Termination benefits	229	-
Total	**$ 30,781**	**28,970**

Note 31. - Events after the closing date of the preparation of the consolidated financial statements

No subsequent events occurred between the closing date as of December 31, 2022, and February 24, 2023, the date of the statutory auditor's report, that had an impact on the consolidated financial statements to such date nor in the Bank's income and equity.

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 Minute No.1632 dated February 24, 2023, to be submitted to the Annual General Meeting for approval, which may approve or modify them.