BANCO GNB SUDAMERIS S. A.
Consolidated Financial Statements

December 31, 2022 and 2021

Statutory Auditor’s Report

Messrs
Shareholders of Banco GNB Sudameris S.A.
Opinion

I have audited the attached consolidated financial statements of Banco GNB Sudameris S.A. and its Subsidiaries (hereinafter, the Group), which include the consolidated statement of financial position at December 31, 2022 and its corresponding consolidated statements of income, of other comprehensive income, of changes in equity and of cash flow for the year then ended, and the summary of the significant accounting policies and other explanatory notes.

In my opinion, the attached consolidated financial statements, taken from the accounting records, reasonably present, for all material effects, the financial position of the Group at December 31, 2022, the results of its operations and the cash flows for the year then ended, in accordance with the Generally Accepted Accounting and Financial Reporting Standards of Colombia.

Basis for the Opinion

I have carried out my audit in accordance with the International Standards on Auditing accepted in Colombia. My responsibilities under these standards are described in the section of this report on the Statutory Auditor's Responsibilities for Auditing Consolidated Financial Statements. I am independent from the Group, in accordance with the Code of Ethics for Accounting Professionals, and I fulfill the relevant ethical requirements for my audit of financial statements in Colombia, as well as all other applicable ethical responsibilities. I believe that the audit evidence I have obtained provides sufficient and appropriate grounds to issue my opinion.

Key Audit Matters

The key audit matters are those which, in my professional judgment, were of most significance in my audit of the attached consolidated financial statements. These matters were addressed in the context of my audit of the consolidated financial statements taken as whole, and in the substantiation of my corresponding opinion, but my purpose was not to issue a separate opinion on these matters. Based on the above, below I describe the manner in which I addressed each key matter during my audit.

I have fulfilled the responsibilities described in the section of my report on The Auditor’s Responsibilities in Auditing the Consolidated Financial Statements, including those related to these matters. Consequently, my audit included carrying out procedures to address the material risks that were assessed in the consolidated financial statements. The results of my audit procedures, including the procedures carried out to address the topics described below, represent the basis for my audit opinion on the attached consolidated financial statements.

1. Estimation of Credit Losses on the Loan Portfolio, Interest Accounts Receivable and Other Items

Description	The balance of the loan portfolio and the impairment allowance for credit risk at December 31, 2022, totaled COP 26,082,618 million and COP 1,153,804 million, respectively. The Group periodically reviews its allowance for credit risk impairment of its loan portfolio. Such allowance is one of the most significant and complex estimates made in preparing the consolidated financial statements, due to the high level of judgment involved in developing the models to determine impairment based on the expected credit loss model required by IFRS 9. I considered the assessment of the impairment allowance on the loan portfolio a key audit matter because it involves significant measurement uncertainty, complex judgments and specific industry knowledge and expertise, especially regarding: (1) the assessment of the methodologies and models used, including the methodology to estimate the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), as well as their key factors and assumptions; (2) the ratings assigned to the loans and the qualitative factors that are incorporated in the variables of the internal models established by the Group; (3) the incorporation of prospective information.
Auditor's Response	My audit procedures to assess the sufficiency of the impairment allowance for the loan portfolio's credit risk included the following, among others: • The involvement of professionals with expertise and knowledge in the assessment of credit risk and information technologies, to assess certain internal controls established by the Group for establishing the impairment allowance for the loan portfolio's credit risk. The above included controls related to: (1) the validation of the models used to determine PD, LGD and EAD; (2) monitoring the Group's measurement of impairment of the loan portfolio; (3) information technology controls on the input data of the models that determine loan impairment and their associated calculations; (4) an assessment to determine whether any significant changes have occurred in credit risk; (5) a review of the macroeconomic variables and weighted scenarios used in the models to determine impairment of the loan portfolio. • Professionals knowledgeable on credit risk assisted me to: (1) assess the methodologies and key data used to determine PD, LGD and EAD, and the parameters produced by the models; (2) assess the macroeconomic variables and the probability weighted scenarios used by the internal models, including considering alternative data for certain variables; (3) recalculate a sample of the credit loss model and its associated data; and (4) assess the quantitative adjustments made to the model. • I assessed the disclosures made in the notes to the financial statements.

2. Assessment of the Impairment of Goodwill in accordance with IAS 36

Description	The Consolidated Statement of Financial Position at December 31, 2022 includes a goodwill balance for COP 660,361 million, arising mainly from the acquisition of businesses abroad in previous years. The Group performs annual impairment testing on the value of goodwill. Such decision is one of the most significant and complex estimates made in preparing the attached consolidated financial statements, due to the high level of judgment involved in developing the models to determine the existence of impairment based on the approach required by IAS 36. I considered the assessment of goodwill impairment a key audit matter because it involves complex judgments by the Group in developing the associated models, and because substantial judgment and effort was required by the auditor to assess the evidence obtained regarding (i) the methodology, (ii) the main input data, (iii) the discount rates, and (iv) macroeconomic assumptions.
Auditor's Response	• My audit procedures to assess the impairment of goodwill included the following: An assessment of the design and implementation of certain internal controls established by the Group to carry out the annual impairment testing on goodwill. The above included controls related to determining the hypotheses and macroeconomic variables for the estimation of the discount rates applied in determining the recoverable value of the cash generation units. • The involvement of professionals with expertise and knowledge in valuation, who assisted me to (i) assess whether the methodology is consistent with the valuation practices that are generally used for this purpose; (ii) assess and evaluate the main input data, and (iii) perform independent recalculations to assess the mathematical accuracy of the results. • I assessed the disclosures made in the notes to the financial statements.

Responsibilities of Management and of Those Charged with the Group's Governance Regarding the Financial Statements

Management is responsible for the preparation and adequate presentation of the consolidated financial statements in accordance with the Generally Accepted Accounting and Financial Reporting Standards of Colombia (NCIF, for the Spanish original); for designing, implementing and maintaining the relevant internal controls for the preparation and adequate presentation of consolidated financial statements that are free from material misstatements, either by fraud or error; for selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable under the circumstances.

In the preparation of the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as appropriate, matters relating to such continuation and the use of the going concern accounting basis, except if Management intends to liquidate the Bank or cease operations, or if there is no other realistic alternative than to do so.

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

Statutory Auditor's Responsibilities in Auditing the Consolidated Financial Statements

My objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatements, due to fraud or error, and to issue an audit report that contains my opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with the International Standards on Auditing accepted in Colombia will always detect a material misstatement when it exists.

Misstatements may be arise due to fraud or error, and they are considered material if, individually or in the aggregate, they can reasonably be expected to influence the economic decisions that users make based on the consolidated financial statements.

As part of the audit in accordance with the International Standards on Auditing accepted in Colombia, I must use my professional judgment and maintain my professional skepticism through the audit. I also:

- Identify and assess the risk of material misstatements in the consolidated financial statements, either by fraud or error; design and execute audit procedures to address such risks, and obtain sufficient and appropriate audit evidence to serve as basis for my opinion. The risk of not detecting a material misstatement due to fraud is greater than for one due to error, as fraud may involve collusion, forgery, deliberate omissions, misrepresentations or bypassing the internal control systems.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate under the circumstances.
- Evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and the corresponding disclosures made by Management.
- Conclude on the appropriateness of Management's use of the accounting principle of going concern, and based on the audit evidence obtained, conclude as to whether or not there is material uncertainty related to events or conditions that may generate significant doubts about the Bank's ability to continue as a going concern. If I conclude that there is material uncertainty, I must draw attention in my audit report to the related disclosures included in the consolidated financial statements or, if such disclosures are inadequate, I must change my opinion. The auditor’s conclusions are based on the audit evidence obtained up to the date of my report. However, subsequent events or conditions may cause an entity to become unable to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a reasonable presentation.

I communicated to those charged with the Group’s governance, among other matters, the planned scope and timing of the audit and the significant audit findings, as well as any significant shortcomings in internal control identified in the course of the audit.

I also provided those charged with governance of the Group with a statement on my compliance with the applicable ethical requirements in relation to independence, and I have communicated to them all relationships and any other matters that can reasonably be expected to affect my independence and, if required, the corresponding safeguards.

Among the matters that have been communicated to those charged with governance of the Group, I determined those that were of greatest significance in the audit of the consolidated financial statements of the current period and that are, consequently, the key audit matters.

I have described these matters in my audit report, unless legal or regulatory provisions prohibit public disclosure of a matter or, in extremely rare circumstances, if it is determined that a matter should not be disclosed in my report because it can reasonably be expected that the adverse consequences of doing so would outweigh the benefits to the public interest.

Other Matters

The consolidated financial statements of the Group for the year ended on December 31, 2021, were audited by a different statutory auditor, who issued a clean opinion on February 28, 2022.

Gloria Margarita Mahecha
Principal Statutory Auditor
Professional Card 45048-T
Appointed by Ernst & Young Audit S.A.S TR- 530

Bogotá, Colombia
February 27, 2023

Banco GNB Sudameris S. A. and Subsidiaries

Consolidated Statements of Financial Position

At December 31, 2022 and 2021

(Stated in millions of COP)

	Note	December 31, 2022	December 31, 2021
ASSETS			
CASH AND CASH EQUIVALENTS	**9**	15,846,323	17,433,825
FINANCIAL ASSETS AT FAIR VALUE			
In debt securities		9,073,433	9,119,130
In equity instruments		85,831	111,618
Total securities		**9,159,264**	**9,230,748**
Derivatives		159,976	12,740
Total financial assets at fair value		**9,319,240**	**9,243,488**
AT AMORTIZED COST		**1,754,446**	**1,487,899**
Total investments	**10**	**11,073,686**	**10,731,387**
Loan portfolio			
Commercial		17,470,798	14,315,397
Consumer		8,067,434	7,521,217
Mortgage		1,103,365	943,050
Impairment allowance		(949,085)	(737,334)
Total loan portfolio, net	**11**	**25,692,512**	**22,042,330**
Other accounts receivable, net	**12**	347,696	316,866
NON-CURRENT ASSETS HELD FOR SALE, NET	**13**	97,157	173,616
INCOME TAX ASSETS			
Current	**17**	461,231	387,530
Deferred	**23**	325,544	129,562
TANGIBLE ASSETS, NET			
Investment properties	**15**	289,176	213,489
Own property and equipment	**14**	998,274	900,433
Right-of-use property and equipment, net of depreciation	**14**	99,314	79,281
Total tangible assets		**1,386,764**	**1,193,203**
INTANGIBLE ASSETS, NET			
Goodwill	**16**	790,650	584,514
Other intangible assets		28,135	30,772
Total intangible assets		**818,785**	**615,286**
OTHER ASSETS	**18**	290,886	376,476
TOTAL ASSETS		**56,340,584**	**53,400,081**

	Note	December 31, 2022	December 31, 2021
LIABILITIES AND EQUITY			
LIABILITIES			
FINANCIAL LIABILITIES AT FAIR VALUE			
Derivatives	**10**	171,679	13,408
FINANCIAL LIABILITIES AT AMORTIZED COST			
Customer deposits			
Checking accounts		5,070,515	4,959,387
Savings accounts		19,211,837	19,516,365
Certificates of term deposits		11,692,360	10,442,505
	19	**35,974,712**	**34,918,257**
Financial obligations			
Short-term financial obligations		8,751,662	8,471,482
Obligations with rediscount entities and foreign banks		3,115,370	1,783,386
Total debt		**11,867,032**	**10,254,868**
Long-term financial obligations		3,795,588	4,010,359
Total financial liabilities	**20**	**15,662,620**	**14,265,227**
FINANCE LEASE LIABILITIES	**14**	108,604	87,539
EMPLOYEE BENEFITS	**21**	90,289	59,740
PROVISIONS			
For legal contingencies	**22**	14,878	14,523
Other provisions	**22**	32,887	53,721
INCOME TAX LIABILITIES			
Current (Paraguay)	**17**	11,387	-
OTHER LIABILITIES	**24**	403,616	473,420
TOTAL LIABILITIES		**52,470,672**	**49,885,835**
EQUITY			
Controlling interests			
Subscribed and paid-in capital	**25**	74,966	74,966
Share issue premium		1,009,399	1,020,886
Retained earnings		1,596,619	1,611,873
Reserves	**25**	1,483,786	1,533,044
Net income for the year		202,049	188,222
Income from prior fiscal years		(89,216)	(109,393)
Other comprehensive income		443,663	186,494
Total equity of controlling interests		**3,124,647**	**2,894,219**
Non-controlling interests		**745,265**	**620,027**
TOTAL EQUITY		**3,869,912**	**3,514,246**
TOTAL LIABILITIES AND EQUITY		**56,340,584**	**53,400,081**

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

Camilo Verástegui Carvajal
Registered Agent

David Cardoso Canizales
Professional License 47878-T
Public Accountant

Gloria Margarita Mahecha
Professional License 45048-T
Statutory Auditor
Appointed by Ernst & Young Audit S.A.S.
(See my report attached hereto)

Banco GNB Sudameris S. A. and Subsidiaries
Consolidated Statements of Income
For the years ended December 31, 2022 and 2021
(Stated in millions of COP, except for net profit per share)

		December 31, 2022	December 30, 2021
Interest income from financial assets at amortized cost			
Loan portfolio interest		2,451,628	1,853,511
Interest on debt securities at amortized cost		54,648	9,020
Other interest		310,486	129,807
Total interest income		**2,816,762**	**1,992,338**
Interest expense on deposits financing financial assets at amortized cost			
Deposits			
Checking accounts		73,409	31,783
Term deposits		511,239	288,234
Savings accounts		1,095,255	383,957
Total interest expense on deposits		**1,679,903**	**703,974**
Expense for financial obligations and other interest			
Short-term financial obligations		3,088	486
Long-term financial obligations		218,336	69,030
Bonds and investment securities		302,941	252,784
Obligations with rediscount entities		69,915	31,450
Interest on lease liabilities		6,992	6,902
Total interest expenses		**2,281,175**	**1,064,626**
Net interest income from financial assets at amortized cost		**535,587**	**927,712**
Impairment of financial assets at amortized cost			
Loan portfolio and interest receivable		926,957	864,831
Non-current assets held for sale		272	657
Impairment loss on investments		858	58
Recovered loans and accounts receivable		494,276	428,413
Net interest after impairment losses on financial assets		**101,776**	**490,579**
Commissions and fees			
Commission and fee income		388,452	337,109
Commission and fee expenses		171,056	135,236
Net fee and commission income	**26**	**217,396**	**201,873**
Valuation of financial assets at fair value			
Income from valuation of debt securities at fair value		693,438	164,908
Income (expense) from valuation of equity instruments at fair value		1,506	(1,701)
Income (expense) from valuation of derivatives		5,021	(96,059)
Gain from valuation of financial assets at fair value		**699,965**	**67,148**
Net interest and valuation income		**1,019,137**	**759,600**
Other income			
Gain on sale of investments		5,515	7,982
Dividends		2,166	1,940
Exchange difference, net		79,905	148,685
Industrial and service income - Hotels		45,343	16,195
Others		157,852	161,557
Total other income	**27**	**290,781**	**336,359**
Other expenses			
Personnel expenses		334,684	309,496
Loss on sale of investments		56,169	11,748
General administrative expenses		285,040	252,966
Depreciation expenses		26,529	26,795
Depreciation of right-of-use		29,533	26,682
Amortization expenses		4,610	5,381
Service costs - Hotels		15,342	10,799
Others		239,603	189,039
Total other expenses	**28**	**991,510**	**832,906**
Pre-tax profit		**318,408**	**263,053**
Income tax	**17**	30,644	14,322
NET INCOME FOR THE YEAR		**287,764**	**248,731**
Profit from continuing operations attributable to:			
Controlling interests		202,049	188,222
Non-controlling interests		85,715	60,509
		287,764	**248,731**
Net profit per share of controlling shareholders (in COP)		1,078	1,004

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

Camilo Verástegui Carvajal
Registered Agent

David Cardoso Canizales
Professional License 47878-T
Public Accountant

Gloria Margarita Mahecha
Professional License 45048-T
Statutory Auditor
Appointed by Ernst & Young Audit S.A.S.
(See my report attached hereto)

Consolidated Statement of Other Comprehensive Income
For the years ended December 31, 2022 and 2021
(Stated in millions of COP)

December 31, 2022 December 31, 2021

NET INCOME FOR THE PERIOD	287,764	248,731
Components of other comprehensive income net of taxes		
Items that may be subsequently reclassified to income		
Translation of investment in foreign subsidiaries	478,789	246,618
Exchange difference in the hedge of long-term financial liabilities	(458,353)	(294,481)
Differences between the allowance and impairment recorded in the calculation of the separate and consolidated financial statements	26,631	182,785
Deferred income tax	155,809	51,688
	202,876	**186,610**
Items that will not be reclassified to income		
Revaluation of real estate properties	54,731	7,598
Increase in employee benefit plans	2,752	4,604
Deferred tax on items that will not be reclassified to income	(3,190)	(5,024)
Total other comprehensive income for the period, net of taxes	**257,169**	**193,788**
Total other comprehensive income for the period	**544,933**	**442,519**

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

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Banco GNB Sudameris S. A. and Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2022 and 2021
(Stated in millions of COP)

	Share Capital	Share Issue premium	Net income for the year	Income from prior fiscal years	Retained Earnings	Other Comprehensive Income	Total controlling interests	Non-controlling Interests	Equity
Balance at December 31, 2020	**74,966**	**803,117**	**181,972**	**1,371,990**	**1,553,962**	**(7,294)**	**2,424,751**	**48,121**	**2,472,872**
Transfer to retained earnings	-	-	(181,972)	181,972	-	-	-	-	-
Appropriation of profit to increase reserve	-	-	-	-	-	-	-	-	-
Net movement in other comprehensive income	-	-	-	-	-	377,395	377,395	-	377,395
Payment of dividends	-	-	-	(70,447)	(70,447)	-	(70,447)	-	(70,447)
Sale of equity interest in affiliate	-	(102,520)	-	(57,867)	(57,867)	(183,607)	(343,994)		(343,994)
Adjustment to employee benefits	-	-	-	(1,997)	(1,997)	-	(1,997)	-	(1,997)
Capital increase	-	320,289	-	-	-	-	320,289	-	320,289
Non-controlling interests	-	-	-	-	-	-	-	511,397	511,397
Net income for the year	-	-	188,222	-	188,222	-	188,222	60,509	248,731
Balance at December 31, 2021	**74,966**	**1,020,886**	**188,222**	**1,423,651**	**1,611,873**	**186,494**	**2,894,219**	**620,027**	**3,514,246**
Transfer to retained earnings	-	-	(188,222)	188,222	-	-	-	-	-
Appropriation of profit to increase reserve	-	-	-	-	-	-	-	-	-
Net movement in other comprehensive income	-	-	-	-	-	257,169	257,169	-	257,169
Payment of dividends	-	-	-	(224,077)	(224,077)	-	(224,077)	-	(224,077)
Sale of equity interest in affiliate	-	(11,487)	-	6,774	6,774	-	(4,713)	-	(4,713)
Non-controlling interests	-	-	-	-	-	-	-	39,523	39,523
Net income for the year	-	-	202,049	-	202,049	-	202,049	85,715	287,764
Balance at December 31, 2022	**74,966**	**1,009,399**	**202,049**	**1,394,570**	**1,596,619**	**443,663**	**3,124,647**	**745,265**	**3,869,912**

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

Camilo Verástegui Carvajal
Registered Agent

David Cardoso Canizales
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Gloria Margarita Mahecha
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Statutory Auditor
Appointed by Ernst & Young Audit S.A.S.
(See my report attached hereto)

Banco GNB Sudameris S. A. and Subsidiaries

Consolidated Statement of Cash Flow
For the years ended December 31, 2022 and 2021
(Stated in millions of COP)

	December 31, 2022	December 31, 2021
Cash flows from operating activities:		
Net income for the year	**287,764**	**248,731**
Reconciliation between net income for the year and net cash provided by operating activities:		
Income tax	30,644	14,322
Depreciation of property and equipment	56,062	53,477
Amortization of intangible assets	4,610	5,381
Impairment of financial assets	926,957	864,831
Recovery of losses on financial assets	(494,276)	(428,413)
(Gain) loss on valuation of trading derivatives	(5,021)	96,024
Gain on valuation of debt securities at amortized cost	(54,648)	(9,020)
Gain on valuation of investments at fair value	(694,944)	(163,207)
Loss on sale of investments	50,654	3,766
Impairment of investments	858	58
Gain on sale of property and equipment	(164)	(518)
Interest income from loan portfolio	(2,451,628)	(1,853,511)
Interest expense	2,281,175	1,064,592
Income on valuation of investment properties	(43,367)	-
Currency exchange differences	600,127	324,502
Impairment of properties received as payment	272	657
Gain on early termination of lease agreements	(508)	(645)
Changes in operating assets and liabilities:		
Increase in loan portfolio	(1,375,326)	(1,275,457)
(Increase) decrease in other accounts receivable	(19,898)	148,346
(Decrease) increase in customer deposits	(3,935,415)	1,124,121
Decrease (increase) in other assets	138,713	(114,418)
Decrease in other liabilities	(139,323)	(253,914)
Decrease in allowances	(84,727)	(107,571)
Increase in employee benefit plans	33,490	8,844
Increase in short-term obligations	1,456,694	2,294,835
Principal payments on short-term obligations	(1,354,202)	(29,685)
Increase in obligations with development entities	1,208,856	13,398
Principal payments on loans with development entities	(9,120)	(951,084)
Net variation in non-current assets held for sale	(13,518)	-
Net variation in deferred and current taxes	(81,102)	(51,258)
Net movement of derivative transactions	(9,318)	(148,553)
Interest received	2,285,924	1,817,299
Interest paid	(290,523)	(102,032)
Income tax paid	-	(20,391)
Variation in investments - Debt securities at fair value	1,170,013	(430,083)
Variation in investments - Equity securities	458,251	392,828
Net cash (used in) provided by operating activities	**(65,964)**	**2,536,252**
Cash flow from investment activities:		
Variation in investments in debt securities at amortized cost	(174,765)	(254,144)
Acquisition of property and equipment	(22,655)	(17,675)
Acquisition of investments in subsidiaries	(130,289)	965,293
Variation of intangible assets	(17,430)	(22,061)
Variation of investment properties	82,764	-
Net cash (used in) provided by investment activities	**(262,375)**	**671,413**
Cash flows from financing activities:		
Long-term financial debt	(804,744)	1,289,954
Interest paid on long-term debt	(305,859)	(297,362)
Dividends paid	(224,155)	(70,447)
Cash capitalization	-	320,289
Lease payments	(27,993)	(24,870)
Non-controlling interests	39,524	167,404
Net cash (used in) provided by financing activities	**(1,323,227)**	**1,384,968**
Effect of exchange rate fluctuations on cash and cash equivalents	**64,064**	**(42,153)**
Net (decrease) increase in cash and cash equivalents	(1,587,502)	4,550,480
Cash and cash equivalents at beginning of period	17,433,825	12,883,345
Cash and cash equivalents at end of period	**15,846,323**	**17,433,825**

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

Camilo Verástegui Carvajal Registered Agent	David Cardoso Canizales Professional License 47878-T Public Accountant	Gloria Margarita Mahecha Professional License 45048-T Statutory Auditor Appointed by Ernst & Young Audit S.A.S. (See my report attached hereto)

NOTE 1. REPORTING ENTITY

Banco GNB Sudameris (“the Bank”), as an entity that forms part of a financial group of companies that includes the domestic subsidiaries Servitrust GNB Sudameris, Servivalores GNB Sudameris S.A. Comisionista de Bolsa, Servibanca S.A., Corporación Financiera GNB Sudameris S.A., Servitotal GNB Sudameris; the international subsidiaries Banco GNB Perú and Banco GNB Paraguay, in addition to the Private Capital Funds that form part of the financial group of companies named Fondo de Capital Privado Inmobiliario Servivalores GNB Sudameris and Fondo de Capital Privado Inmobiliario Servitrust GNB Sudameris, reports the Consolidated Financial Statements detailed below:

Banco GNB Sudameris S. A. is a private corporation, incorporated by Public Instrument No. 8067/December 10, 1976 issued by the Fifth Notary of Bogotá, D.C., with a duration established in the Bylaws up to January 1, 2076, which may be dissolved or extended before that date. The corporate purpose of the Bank is to enter into and execute all transactions, acts and contracts typical of banking establishments, subject to the legal provisions in force in Colombia.

By Resolution No. 3140/September 24, 1993, the Financial Superintendence of Colombia ("the Superintendence") renewed its operating license definitively.

The latest reform to the bylaws was formalized by means of Public Instrument No. 0018 of Notary 13 of Bogotá D.C., on January 7, 2021, in which amendments were made to Articles 19 and 32 regarding General Meetings of Shareholders and meetings of the Board of Directors, to Articles 29 and 33 regarding the number of members, quorum requirements, deliberations and votes of the Board of Directors, and all corporate bylaws were compiled.

The Bank's parent company is Gilex Holding S.A., a company whose registered office is in Panama.

At December 31, 2022, the Bank had 1,460 direct employees, compared to 1,496 direct employees at December 31, 2021.

The Consolidated Financial Statements and accompanying notes were authorized for issuance by the Board of Directors and the Bank´s Legal Representative on February 24, 2023, to be submitted to the General Meeting of Shareholders for their approval or amendment.

Servivalores GNB Sudameris S. A. Comisionista de Bolsa, is a commercial company incorporated according to Public Instrument No. 0767/March 14, 2003, issued by the 11th Notary of Bogotá. Its main corporate purpose is to engage in securities brokerage contracts to purchase and sell securities listed in the Colombian Securities Exchange, according to authorization granted by Resolution No. 0133/March 11, 2003, of the Financial Superintendence of Colombia. It may also carry out transactions on its own account, manage securities for its commissioning parties, act as intermediary in the placement of securities, and finance the acquisition of securities, among others.

Servitrust GNB Sudameris S. A. is a financial services company, incorporated by Public Instrument No. 3873/July 10, 1992 issued by the Notary 18 of the Circle of Bogotá, D.C. Its corporate purpose is the performance and execution of all acts, contracts, services and transactions typical of the financial services of trust management companies, subject to the powers, requirements, restrictions and limitations imposed by Colombian law.

Sociedad al Servicio de la Tecnología y Sistematización Bancaria Tecnibanca S. A. (Servibanca S. A.) is a Colombian corporation incorporated by Public Instrument 1945/August 22, 1997 issued by the 16th Notary of Bogotá, whose corporate purpose is the automation and modernization of banking and financial services, as well as operations of supply, dispensing, payment and clearing of cash.

Servitotal GNB Sudameris S. A. is a commercial company incorporated by Public Instrument No. 7177/December 26, 2011 issued by the 13th Notary of Bogotá D.C. Its corporate purpose is the performance of activities of technical and administrative services companies such as data processing, including the definition, analysis, design, construction, configuration, certification, testing, implementation, support and maintenance of software and hardware for communications and information technologies.

Corporación Financiera GNB Sudameris S. A. is a commercial company incorporated by Public Instrument 6428/September 26, 2017 issued by the 13th Notary of Bogotá D.C. and its corporate purpose is the performance and execution of all operations, acts and contracts typical of financial corporations, subject to the legal provisions governing said matters in Colombia. At December 31, 2022, the Corporation has five (5) subsidiaries, which are:

- **Charleston Hotels Group S. A. S.** is a commercial company, registered on February 27, 2019 under number 02429168 of Book IX. The entity's corporate purpose is the operation of and investment in hotels and in general in tourism projects, in the country or abroad, in which it can acquire real estate and personal property to carry out its activity. According to the listing in the Chamber of Commerce on May 17, 2019 under number 02466930 of Book IX, this company absorbed through a merger the foreign company CHARLESTON HOTELS GROUP INC. which was dissolved without liquidation, leaving the new company as owner of the Charleston Bogotá and Casa Medina Hotels operated by the Four Seasons chain; the investment of the Corporation in Panama was canceled and the investment in Colombia remains. This entity has the following subsidiaries: Hoteles Charleston Bogotá S. A. S., which is a company based in Colombia that operates two hotels in Bogotá.

- **Namen Finance Limited**, identified by number 1995253, registered in the British Virgin Islands, may carry out any lawful business or activity, including trading in goods or commodities, perform any act or engage in any transaction. There are no limitations on the business the company can conduct. This entity has the following subsidiary: LGDB LLC, of which it owns 99.9%, is a company registered in the United States that develops real estate businesses.

- **Manforce Overseas Limited**, identified by number 1995256, registered in the British Virgin Islands, may carry out any lawful business or activity, including trading in goods or commodities, perform any act or engage in any transaction. There are no limitations on the business the company can conduct. This entity has the following subsidiary: JGK HOLDING LLC, of which it owns 99.9%, is a company registered in the United States that develops real estate businesses.

- **Inversiones GNB Comunicaciones S.A.S.** is a commercial company, registered on March 26, 2019 under number 02439415 of Book IX. Its main corporate purpose is the investment in any means of communication or broadcasting, public or private, known or to be known, including but not limited to radio broadcasting, TV, press, magazines, journals, written supplements, outdoor advertising, billboards and Internet.

- **GNB Holding S. A. S.** is a commercial company, registered on October 21, 2019 under number 02517132 of Book IX. Its main corporate purpose is the creation and capitalization of commercial companies of any kind, the purchase and sale, investment, management and trading of shares, bonds, securities, the execution of any act or contract involving real estate or personal property, as well as the acquisition, disposal, management and investment in real estate, personal property, real estate projects or in companies that develop real estate projects.

(Stated in millions of COP,
except exchange rates and nominal share values)

Fondo de Capital Privado Inmobiliario Servivalores GNB Sudameris, managed by Servivalores GNB Sudameris S. A. Comisionista de Bolsa, began operating on May 9, 2018. The purpose of the fund is to invest its resources in Real Estate Assets, seeking the formation of a diversified portfolio that provides investors with access to the real estate market in Colombia, allowing them to achieve better profitability compared to similar operations. The backing of the Contributions is recorded in the Real Estate Assets that are part of the portfolio, where the profitability sought is originated by the management and/or administration activities and the variations in the prices of those Real Estate Assets.

The following is the total number of employees per subsidiary:

December 31, 2022

Type of Contract	Servitrust	Servibanca	Servivalores	Corporación Financiera	Total
Permanent	62	69	9	4	**144**
Total	**62**	**69**	**9**	**4**	**144**

December 31, 2021

Type of Contract	Servitrust	Servibanca	Servivalores	Corporación Financiera	Total
Permanent	66	69	9	4	**148**
Total	**66**	**69**	**9**	**4**	**148**

Subsidiaries abroad

The Financial Superintendence of Colombia, through communication filed under number 2013002611-080 dated July 8, 2013, authorized Banco GNB Sudameris S. A., the Parent Company, to acquire the shares of HSBC Bank Perú S. A. and HSBC Bank Paraguay S. A. Also, the Superintendence of Banking, Insurance and Private Pension Administrators (hereinafter the SBS) of the Republic of Peru through SBS Resolution No. 5378-2013/September 6, 2013 and the Central Bank of Paraguay by Resolution 19 of Minute 74/October 24, 2013 and clarified by SB.SG. Note No. 01484/2013/November 7, 2013, authorized the acquisition of the shares of HSBC Bank Peru S. A. and HSBC Bank Paraguay S. A., respectively.

Banco GNB Peru S. A.

Banco GNB Perú S. A. is a financial institution incorporated under the laws of the Republic of Peru by means of Public Instrument under Kardex No. 53960/May 2, 2006, authorized by Notary Public Eduardo Laos de Lama, registered under Entry No. 11877589 of the Registry of Legal Entities of the Public Registries of Lima. The Bank was authorized to operate as a multiple bank by SBS Resolution No. 1256-2006, issued on September 28, 2006 and published on October 4, 2006.

The Bank's registered office is at Calle Begonias No. 415, 25-26th floor, Urbanización Jardín, District of San Isidro, province and department of Lima. To carry out its activities, at December 31, 2022, the Bank operates through a Main Office and 12 branch offices located in Lima and the provinces. At December 31, 2022, the Bank has 551 direct employees. At December 31, 2021, the bank had 522 direct employees and the same number of offices.

Banco GNB Paraguay S. A.

Banco GNB Paraguay S. A. is a Paraguayan private corporation, which began operating in 1920 as the first International Bank, a branch of Banco de Londres y Rio de la Plata. In 1985, the bank changed its name to Lloyds Bank Paraguay Branch and later in 2000 to Lloyds TSB Bank Paraguay Branch. In May 2007, the Bank was acquired by the HSBC group, changing its name to HSBC Bank Paraguay S. A.

(Stated in millions of COP,
except exchange rates and nominal share values)

By Resolution No. 19, Minutes No. 74/October 24, 2013, the Central Bank of Paraguay authorized the change of the business name of HSBC Bank Paraguay S. A. to Banco GNB Paraguay S. A. Said change was agreed in Minutes 12 of the Extraordinary Meeting of Shareholders held on November 29, 2013.

At December 31, 2022, the Bank operates through one (1) main office and 22 branch offices located in Asunción and Departments, with 182 direct employees. At December 31, 2021, the bank had 197 direct employees and the same number of offices.

In 2021, capitalizations were made in Banco GNB Paraguay for the amount of USD 57 million.

Regarding the foreign entities, there are no restrictions on the transfer of dividends to Colombia.

At December 31, 2022 and 2021, the assets, liabilities, equity and income of the Bank and the Subsidiaries and the Bank's interest therein were as follows:

December 2022	of total	Assets	Liabilities	Equity
Banco GNB Sudameris		36,805,100	33,733,258	3,071,842
Servitrust S, A,	94.99%	60,560	7,339	53,221
Servibanca S, A,	93.87%	320,295	49,197	271,098
Servivalores S, A,	94.99%	62,871	19,138	43,733
Servitotal	94.80%	550	-	550
Corporación Financiera	94.99%	1,218,930	211,633	1,007,297
Fondo Inmobiliario	99.86%	608,782	7,133	601,649
Banco GNB Paraguay	67.98%	14,839,365	12,732,920	2,106,445
Banco GNB Perú	99.99%	7,082,463	5,902,369	1,180,094
Eliminations of intercompany transactions		(4,658,332)	(192,314)	(4,466,018)
Consolidated		**56,340,584**	**52,470,673**	**3,869,911**

December 2021	of total	Assets	Liabilities	Equity
Banco GNB Sudameris		36,039,684	33,295,300	2,744,384
Servitrust S, A,	94.99%	54,509	2,971	51,538
Servibanca S, A,	93.03%	167,769	38,083	129,686
Servivalores S, A,	94.99%	63,073	21,387	41,686
Servitotal	94.80%	544	-	544
Corporación Financiera	94.99%	829,643	129,925	699,718
Fondo Inmobiliario	99.86%	537,716	14,156	523,560
Banco GNB Paraguay (1)	67.98%	13,082,630	11,298,039	1,784,592
Banco GNB Perú	99.99%	6,079,697	5,178,390	901,307
Eliminations of intercompany transactions		(3,455,184)	(92,416)	(3,362,769)
Consolidated		**53,400,081**	**49,885,835**	**3,514,246**

(1) In a session held in July 2019, the Board of Directors of Banco GNB Sudameris approved the purchase by its subsidiary, Banco GNB Paraguay, of 100% of the capital stock of Banco Bilbao Vizcaya Argentaria S. A. (BBVA Paraguay S. A.), registered in the Republic of Paraguay, for a total price of approximately USD 251 million. Closure of the operation was authorized by the competent regulatory entities in Colombia and abroad. Moreover, in order to facilitate the acquisition of shares of BBVA Paraguay S. A., Grupo Vierci made a significant capital contribution to increase its share capital. This operation was made official in January 2021. On July 1, 2022, these two entities were merged through absorption.

NOTE 2. - BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

a. Statement of Compliance

The attached Consolidated Financial Statements of the Bank and its Subsidiaries have been prepared in accordance with the Generally Accepted Accounting and Financial Reporting Standards of Colombia, issued by the national government, and standards of a special nature issued by the Financial Superintendence of Colombia for the preparation of consolidated financial statements of financial entities.

In accordance with Colombian law, the Bank and its subsidiaries are required to prepare separate and consolidated financial statements. The separate financial statements are considered the basic financial statements considering that, among other factors, they are the basis for declaring dividends, filing and paying income taxes, decision-making by the Board of Directors, etc., whereas the consolidated financial statements are presented solely for information purposes.

Presentation of the financial statements

The following comments apply to the presentation of the attached Consolidated Financial Statements:

- The statement of financial position presents assets and liabilities on the basis of their liquidity, as it provides relevant and reliable information, in accordance with the International Accounting Standard (IAS 1) "Presentation of Financial Statements".

- The consolidated statement of income and other comprehensive income are presented separately in two statements as permitted by IAS 1 “Presentation of Financial Statements”. Also, the consolidated statement of income is presented according to its nature as it provides reliable 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 taxes, changes due to 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 effects are derived from operating activities and for any other items whose effects are from investing or financing activities. Interest income and expenses received and paid are part of the operating activities.

- The statement of changes in equity of the reported period reflects the increase or reduction of net assets. Except for changes arising from transactions with owners (dividend payments, capitalizations, etc.) and their associated costs. The change in equity during the period represents the total amounts of income and expenses, including any gains or losses arising from the Bank’s activities.

b. Consolidation of controlled entities

In accordance with International Financial Reporting Standard (IFRS 10), the Bank prepares Consolidated Financial Statements with entities over which it has control. The Bank has control over another entity if, and only if, it meets the following conditions:

- Power over the controlled entity that provides the Bank with the present ability to direct its relevant activities that affect its returns.

- Exposure or entitlement to variable returns from Its interest as a controlled entity.

- Ability to use its power over the controlled entity to influence the amounts of the investor's returns.

In the consolidation process, the Bank and its subsidiaries combine the assets, liabilities and income of the entities over which they have control, after standardizing their accounting policies and translating the figures of the controlled entities abroad into Colombian pesos. In this process, reciprocal transactions and profits made between them are eliminated. The share of non-controlling interests in the equity of subsidiaries is presented in consolidated equity separately from the equity of controlling interests.

Regarding the financial statements of the subsidiaries abroad, for the consolidation process, their financial statements are translated from foreign currency to Colombian pesos at the closing exchange rate, in the case of assets and liabilities; at the average exchange rate for the year, for the statement of income; and at the historical exchange rate for equity accounts. The net adjustment resulting from the translation process is included in equity as "Translation adjustments on foreign subsidiaries' financial statements" under the "other comprehensive income" (OCI) account.

c. Functional and presentation currency

The functional currency of the Bank and its Subsidiaries has been determined by taking into account the definition of functional currency for reporting purposes, considering that its transactions are mainly related to lending activities. The main activities of the Bank and its Subsidiaries consist of granting loans to customers in Colombia, investing 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 the Spanish original) in Colombian pesos; and to a lesser extent, granting loans to Colombian residents in foreign currency and investing in securities issued by foreign banking entities, securities issued by foreign companies in the real sector whose shares are listed in one or more internationally recognized stock exchanges, and bonds issued by multilateral credit entities, foreign governments or public entities. These loans and investments are financed mainly by customer deposits and financial obligations in Colombia, also in Colombian pesos. The performance of the bank and its subsidiaries in Colombia is measured and reported to their shareholders and the general public in Colombian pesos. As a result, Management of the Bank and its Subsidiaries defined the Colombian Peso as the currency that most closely represents the economic effects of underlying transactions, events and conditions of the Bank and its Subsidiaries. Therefore, the functional and presentation currency defined for the presentation of the Consolidated Financial Statements is also the Colombian peso. Foreign subsidiaries have different functional currencies.

d. Transactions in foreign currency

Transactions in foreign currency are translated into the functional currency, using the exchange rate prevalent at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the prevailing exchange rate at the reporting date of the consolidated statement of financial position. Non-monetary assets and liabilities denominated in foreign currencies carried in terms of historical cost are measured using the exchange rate at the transaction date. Financial instruments measured at fair value are translated using the exchange rate at the date on which the fair value was determined. Profits or losses resulting from the transfer process are included in the consolidated statement of income.

Unless the financial liabilities serve as a hedging instrument for an investment in foreign operations, in which case they are recorded in equity in the Other Comprehensive Income account.

As of December 31, 2022 and 2021, the representative market rates calculated and certified by the Financial Superintendence were (in pesos): COP 4,810.20 (in pesos) per USD 1.00, and COP 3,981.16 (in pesos) per USD 1.00, respectively. The average representative market exchange rates at December 31, 2022 and 2021, which are used for the translation of the financial statements of affiliates abroad, were COP 4,257.16 and COP 3,744.48, respectively.

e. Measurement basis

The consolidated financial statements have been prepared on the historical cost basis except for the following significant items included in the statement of financial position:

- Derivative financial instruments are measured at fair value through profit or loss.
- Financial instruments in debt securities through profit or loss are measured at fair value.
- Real estate properties are measured at reassessed value.
- Investment properties are measured at fair value through profit or loss.
- Non-current assets held for sale, represented in real estate assets received as payment, are received on the basis of a technically determined commercial appraisal, and chattel assets, shares and equity interests are received based on market value.

NOTE 3. - ACCOUNTING POLICIES

a. Cash and cash equivalents

Cash and cash equivalents include cash, deposits in banks and other short-term investments in active markets with maturities of less than three months. For a financial investment to qualify as a cash equivalent, it must be held to meet a short-term payment commitment and not for investment purposes, be readily convertible to a defined amount of cash and be subject to an insignificant risk of changes in value.

b. Financial instruments

IFRS 9 establishes requirements for recognizing and measuring financial assets, financial liabilities and certain contracts to buy or sell non-financial items.

Details of significant new accounting policies and the nature and effect of changes in previous accounting policies are set out below.

Classification and measurement of financial assets and liabilities

IFRS 9 (2014 version) contains a new approach for classification and measurement of financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 (2014 version) 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).

The new standard complements the two existing categories in the previous IFRS 9 of AC and FVTPL that are currently in force in Colombia for Consolidated Financial Statements, by adding the category of FVTOCI.

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

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

- The contractual terms of the financial asset establish specific dates for cash flows derived solely from principal and interest payments on the current balance.

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 collecting contractual cash flows and selling those financial assets; and

- The contractual terms of the financial asset establish specific dates for cash flows derived solely from principal and interest payments on the current balance.

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

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

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

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

Assessment of the business model

Banco GNB, as the parent company, will assess the objectives of the business models under which it holds financial instrument portfolios, to best reflect how each subsidiary manages its business risks and how it reports information to Management. Such information includes:

- The specified objectives and policies of each financial instrument portfolio, as well as their operation policies. Such strategies may include earning income on the contractual interest, maintaining a yield profile at a specific rate, or matching the terms of financial assets with the terms of liabilities or with expected cash outflows, or realizing the cash flows through the sale of the assets.

- How they assess and report to the Parent Company and key management personnel of each Group subsidiary the performance of the portfolios.

- The risks that affect the performance of the business models (and the financial assets held in the business model) and how such 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 obtained); and

- The frequency, amount and timing of sales in previous periods, the sales ratios and expectations about future sales activities. 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 met and how cash flows are realized.

Financial assets held or managed for trading and whose performance is assessed 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 obtain contractual cash flows and to subsequently sell these financial assets.

Assessment of whether the contractual cash flows are Solely Payments of Principal and Interest (SPPI)

For the purpose of this evaluation, "principal" is defined as the fair value of the financial asset at the time of initial recognition. "Interest" is defined as the consideration for the time value of money and for the credit risk associated with the principal amount outstanding at a particular period of time and for other basic risks of a credit agreement and other associated costs (e.g., liquidity risk and administrative costs), as well as the profitability 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 will change the amount and timing of cash flows;
- Hedging conditions;
- Prepayment and extension terms;
- Terms that limit the Group in achieving cash flows for specific assets (e.g. unfunded asset agreements); and
- Terms that change the considerations on the value of money over time, for example periodic revision of interest rates.

Interest rates on certain consumer and commercial loans are based on variable interest rates established at the discretion of the Group. Variable interest rates are generally established in Colombia based on the DTF[1] (Fixed-term Deposit Rate published by the Central Bank of Colombia) and the IBR[2] (Interbank Reference Rate published by 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 principal and interest only criteria by considering a number of factors including whether:

- Debtors are able to prepay loans without significant penalties. In Colombia, it is prohibited by law to collect prepayments of loans.
- Competitive market factors ensure that interest rates are consistent between banks;
- Any regulatory protection standard in favor of customers in the country requiring banks to treat customers fairly.

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

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

[1] The DTF is the interest rate that on average was committed by those with savings accounts in banks, savings and loan corporations, financial corporations and commercial finance companies for certificates of deposit (CDs) with a term of 90 days opened over the last week.

[2]The IBR is a short-term reference interest rate denominated in Colombian pesos, which reflects the price at which banks are willing to offer or to raise funds in the money market. The IBR is calculated based on market participants' quotes.

Subsequent measurement of financial assets

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 (see (ii) below). Interest income, 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 with changes in other comprehensive income (FVTOCI)	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, exchange gains and impairment losses are recognized in income. Other net 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 with changes in 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 are never reclassified to profit or loss.

Impairment of financial assets

IFRS 9 (2014 version) replaces the incurred loss model of IAS 39 with an expected credit loss (ECL) model. This new model requires considerable judgment to be applied with respect to how changes in economic factors affect ECL, which will be determined on a weighted average basis.

The new impairment model is applicable to the following financial assets that are not measured at FVTPL and FVTOCI:

- Debt instruments;
- Lease receivables;
- Other accounts receivable
- Loan portfolio
- Financial guarantee contracts

Loan commitments. Under IFRS 9 (2014 version), there is no requirement to recognize impairment losses on investments in equity instruments.

The allowance on accounts receivable under IFRS 9 is determined for each loan portfolio, by means of an estimation based on statistical models for expected credit losses for loans assessed collectively, and using the difference between the carrying value of the asset and the present value of the cash flows discounted at the original effective interest rate of the financial assets for loans that are individually assessed. The statistical estimates of expected credit losses are calculated using credit loss statistical factors, specifically the probability of default and the loss given default.

In this regard, the Bank uses its judgment to assess the estimated loss statistics, taking into consideration different scenarios, external factors and economic events that have taken place but that are not yet reflected in the loss factors.

IFRS 9 (2014 version) requires recognizing an allowance for impairment of financial assets measured at fair value through OCI in an amount equal to an expected impairment loss over a twelve-month period following the cut-off date of the financial statements or over the remaining life of the loan. The expected loss over the remaining life of the loan is the expected loss resulting from all possible impairment events over the expected life of the financial instrument, while the expected loss over the twelve-month period is the portion of the expected loss that will result from impairment events that are possible within twelve months following the reporting date of the financial statements.

Under IFRS 9 (2014 version), loss reserves shall be recognized in an amount equal to the ECL over the life of the asset, except in the following cases in which the amount recognized equals the ECL for 12 months following the measurement date:

- Investments in debt instruments determined to represent low credit risk at the reporting date; and
- Other financial instruments (other than short-term accounts receivable) on which the credit risk has not increased significantly since initial recognition.

The impairment requirements of IFRS 9 are complex and require estimated judgments and assumptions by Management, particularly in the following areas:

- Assess whether the credit risk has increased significantly since initial recognition; and
- Incorporate prospective information in the measurement of expected impairment losses.

Measuring Expected Credit Loss (ECL)

ECL is the expected value of credit loss according to an exposure under credit risk characteristics and is measured as follows:

- Financial assets with no credit impairment at the reporting date: the present value of all contractual cash payment arrears (i.e. the difference between the Group cash flows in accordance with the contract and the cash flows the Group expects to receive);
- Impaired financial assets at the reporting date: the difference between the carrying value and the present value of estimated future cash flows;
- 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.

Definition of default

Under IFRS 9, the Group will consider a financial asset to be in default when:

- The debtor is unlikely to fully pay its credit obligations to the Group, without recourse to take actions such as enforcing the collateral (if any);
- The debtor is more than 90 days past due on any material credit obligation. Overdrafts are considered delinquent once the customer has exceeded the recommended limit or has been recommended a limit lower than the current balance.
- Customers in bankruptcy proceedings, such as Law 1116 in the case of the Republic of Colombia.
- The following items, among others, are included for fixed-income financial instruments:

    - External rating of the issuer or instrument as 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 that the debtor will enter bankruptcy or file a bankruptcy petition or similar action.

When assessing whether a debtor is in default, the Group will consider indicators that are:

- Qualitative -e.g. failure to comply with contractual clauses
- Quantitative -e.g. delinquency status and default on another obligation of the same issuer to the Group; and
- Based on data developed internally and obtained from external sources.

The inputs used to assess whether financial instruments are in default and their significance may vary over time to reflect changes in circumstances.

Significant increase in credit risk

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

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

- The probability of default (PD) during 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 refutable presumption of the standard (90 days) are also considered.

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

Rating by credit risk categories

The Group will assign each exposure to a credit risk rating based on a variety of data that is determined to be predictive of the PD and by applying expert credit judgment, the Group expects to use these ratings for purposes of identifying significant increases in credit risk under IFRS 9 (2014 version). Credit risk ratings are defined using qualitative and 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 will be allocated to a credit risk rating at the time of initial recognition based on available information regarding the debtor. Exposures will be subject to ongoing monitoring, which may result in moving an exposure to a different credit risk rating.

Generating the PD term structure

Credit risk ratings are expected to be the primary input for determining the PD term structure for the different exposures. The Group intends to obtain performance and loss information on credit risk exposures analyzed by jurisdiction or region, product type and debtor as well as by credit risk rating. For certain portfolios, information compared with external credit reference agencies may also be used.

The Group will use 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 will change as a result of the passage of time.

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

For exposures in specific industries and/or regions, the analysis can be extended to relevant products and/or real estate prices.

The Group's approach to preparing prospective economic information as part of its assessment is outlined below.

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

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

The criteria for determining whether credit risk has significantly increased will vary by portfolio and will include limits based on defaults.

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

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

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

- The criteria can identify significant increases in credit risk before an exposure becomes impaired.
- The criterion is inconsistent with the point in time when an asset is more than 30 days past due.
- The average time to identify a significant increase in credit risk and default appears to be reasonable.
- Exposures are generally not transferred directly from the group of impairment expected in the next twelve months to the group of impaired loans.
- There is no unjustified volatility in the allowance for impairment from transfers between the groups with expected loss probability in the next twelve months and expected loss probability 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 impairment of the customer's loan.

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

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

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

For financial assets modified as part of the Group's renegotiation policies, the estimation of the PD will reflect whether the modifications have improved or restored the Group's ability to collect principal and interest and the Group's previous experiences in 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 several performance indicators of the modified debtor group.

Generally, restructuring indicators are a relevant factor of increased credit risk. Accordingly, a restructured debtor must demonstrate consistent payment behavior over a period of time before no longer being considered an impaired loan or that the PD has decreased such that the allowance can be reversed and the loan measured for impairment over a period of twelve months following the reporting date.

Inputs in measuring ECL

Key inputs in measuring ECL are usually the structures of the terms 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 prospective information as described below:

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

LGD is the magnitude of probable losses in the event of default. The Group will estimate LGD parameters based on the history of loss recovery rates against defaulting parties. LGD models will consider the structure, collateral and priority of the lost debt, the counterpart industry and the recovery costs of any collateral integrated in the financial asset. For loans secured by property, such loans will be calculated on a discounted cash flow basis using the effective interest rate of the loan.

EAD represents the expected exposure in the event of default. The Group will derive the EAD from the counterpart's current exposure and potential changes in the current amount permitted 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, the 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 and projected prospective information. For some financial assets, the Group will determine the EAD by modeling a range of possible outcomes of exposures at various points in time using scenarios and statistical techniques.

As described above and subject to using a maximum PD of twelve months for which credit risk has significantly increased, the Group will measure the EADs considering the risk of default over the maximum contractual period, (including options to extend the customer's debt) on which there is an exposure to credit risk, even if, for risk management purposes, the Group considers a longer period of time. The maximum contractual period is extended to the date on which the Group has the right to require payment of a loan or terminate a loan commitment or guarantee granted.

For consumer overdrafts, credit card balances and certain corporate revolving credit facilities that include both a loan and a loan commitment component not drawn by the customer, the Group will measure the EADs 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 effective immediately, but this contractual right is not enforced in the normal day-to-day management of the Group, but only when the Group becomes aware of an increase in credit risk for each loan. This longer period of time will be estimated taking into account the credit risk management actions the Group expects to take to mitigate the EAD. These measures include a reduction in limits and termination of loan agreements.

Where parameter modeling is performed on a collective basis financial instruments will be grouped on the basis of similar risk characteristics, which include:

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

The above grouping will be subject to regular review to ensure that the exposures of a particular Group remain appropriately uniform.

For portfolios for which the Group has limited historical information, comparative information will be used to supplement the internal information available.

Models to estimate or quantify expected credit loss under IFRS 9

The Bank and its subsidiaries perform a prospective assessment of the expected credit loss associated with debt instruments measured at amortized cost and at fair value through other comprehensive income, and of the exposure derived from loan commitments and financial guarantee contracts. The Bank recognizes an allowance for such expected losses as of each reporting date. The measurement of expected credit loss reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Bank and its subsidiaries measure the allowance as the amount equivalent to the Expected Credit Losses estimated according to the parameters of internal risk models. Consequently, the change in the amount of the allowance between reporting dates reflects the change in the estimation of expected credit losses at the same reporting dates.

The expected credit loss is measured as the present value of the difference between the contractual cash flows and the expected cash flows from the instrument.

In the case of contingent products, the expected credit loss is additionally associated with the expected probability of materialization of the instrument within the expected flows.

Credit loss is the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls),

discounted at the original effective interest rate (or

credit-adjusted effective interest rate for purchased or

originated credit-impaired financial assets).

- Modality There are two modalities for determining the parameters of the allowance model, based on the type of loan with the entity: Legal entity or individual. Even though the parameters apply equally to all modalities, the risk parameters for estimating expected credit loss differ depending on the modality.

- Segment/ Product This second segmentation criterion involves the use of differentiated risk parameters to achieve a better fit of the model to the instruments. In the case of loans to legal entities, customers are also grouped into eight segments by size (segments 0 to 7), which indicate in ascending order the significance of the customer within the overall loan portfolio.

- Similarly, individuals are segmented by product to reflect the differentiated behavior of the instruments depending on their contractual characteristics, usage and purpose. Seven segments have been established that characterize the type of product within the loan portfolio: Payroll loans (LIB), Leasing (LEA), Revolving (ROT), Overdrafts (SOB), Others (OTR). The last segment is that of restructured loans (RST), which is defined based on whether or not the instrument is restructured at the reporting date.

The risk parameters are estimated depending on the characteristics of the segment/product, which are specified in the specialized documents.

Depending on the status or risk rating of the instrument, different expected credit loss estimation models are applied, which also depend on parameters related to the instrument's risk. It should be noted that the Bank defines the risk classification based on a comparison of the risk at the time of origination and at the reporting date, in accordance with the requirements of IFRS 9.

The segmentation by instrument characteristics is complemented with the risk classification, based on the Significant Increase in Credit Risk (SICR) model included in IFRS 9. A differentiated method is used depending on the instrument's risk:

- Stage 1 (STG1). Financial instruments whose credit quality has not decreased since initial recognition or whose credit risk is low as of the reporting date. The expected credit loss is recognized over a 12-month horizon and the interest income over the gross carrying amount of the instrument.

- Stage 2 (STG2). Financial instruments whose credit risk has increased significantly since initial recognition (except when their credit risk is low at the reporting date) but on which no objective evidence exists on any loss event, default or impairment. The expected credit loss is recognized over the lifetime of the instrument and the interest income is also calculated over the gross carrying value of the asset.

- Stage 3 (STG3). Instruments with Objective Evidence of Impairment (OEI) in the reporting period. The expected credit loss is recognized over the life of the asset and the interest income is calculated on the net carrying value of the asset.

In this manner, the segmentation by the instrument characteristics for all loan modalities enables defining and estimating specific parameters, while the segmentation by credit rating involves an expected credit loss model by classification of risk and usage, depending on classification, of the specific parameters.

Forecast of future economic conditions

Under IFRS 9 (2014 version), the Bank and its Subsidiaries will incorporate prospective information both in the assessment of whether the credit risk of an instrument has increased significantly since initial recognition and in the measurement of ECL. Based on recommendations of economic experts and consideration of a variety of current and projected external information, the Bank and its Subsidiaries will formulate a "base case" 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 outcome.

External information may include economic data and publication of projections by governmental committees and monetary authorities in the countries in which the Group is operating, 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 base case is expected to represent the most likely outcome and is consistent with information used by the Bank and its Subsidiaries for other purposes, such as strategic planning and budgeting. The other scenarios would represent a more optimistic and pessimistic outcome. The Bank and its Subsidiaries also plan to conduct periodic stress tests to calibrate the determination of these other representative scenarios.

The Bank and its Subsidiaries will identify and document key credit risk and credit loss guidelines for each financial instrument portfolio and, using an analysis of historical data, to estimate the relationships between macroeconomic variables, credit risk and credit losses.

Restructuring processes

Restructuring a loan is understood as any exceptional mechanism implemented through the execution of any legal transaction, the purpose of which is to change the conditions originally agreed upon, in order to allow the debtor to adequately meet its obligation in view of the actual or potential impairment of its payment capacity.

Additionally, agreements entered into within the framework of Laws 550/1999, 617/2000 and 1116/2006 or the regulations that add to or replace them, as well as extraordinary restructuring and novations, are considered restructuring.

It is important to mention that restructuring was suspended during the term the PAD was in effect, and as a result priority was assigned to supporting debtors through the mechanisms and programs issued by the Financial Superintendence of Colombia to address the economic situation derived from the pandemic. The valid term of this program ended on August 31, 2021. It defined the terms and characteristics of the loans eligible for the PAD, which included not increasing interest rates and not charging late payment interest, as well as not reporting the debtors to the credit bureaus.

Law 2157/2021

The national government enacted Law 2157 on October 29, 2021, also known as the "Start Over with a Clean Slate Law," the purpose of which is to amend and supplement certain aspects of Statutory Law 1266/2008, issue general provisions on Habeas Data regarding financial, credit, commercial and services information received from other countries, and issue other provisions on amnesties for debtors with negative reports.

Portfolio sales

The loan portfolios eligible for sale, in accordance with the Bank's Management guidelines, may be either performing or non-performing loans, which must be approved by the Bank's Board of Directors. The specific loan portfolio is derecognized at the carrying value at the trade date and sold at the loan portfolio's market value. The result of the sale will be recognized in other income/expense accounts in the period of the transaction.

As of the reporting date of these financial statements, the Bank and its subsidiaries have not derecognized loans due to sales, and do not expect to sell loans in the next 12 months.

For mortgage loans and micro-credit, the above classification by risk level is carried out on a monthly basis taking into account the number of days past due.

The difference between the impairment calculated in accordance with the rules of the Financial Superintendence, on a separate basis, compared to the calculation made under IFRS 9, on a consolidated basis, is recorded in OCI. In 2022 it increased by COP 26,631, and by COP 182,785 in 2021.

Derivative financial instruments and hedge accounting

A derivative is a financial instrument whose value changes as a result of one or more underlying variables (specific interest rate, the price of a financial instrument or a listed commodity, foreign currency exchange rate, etc.), which has a lower initial net investment than would be required for other instruments that have a similar response to the variable traded at a future date.

The Bank and its Subsidiaries trade in the following financial markets: forward contracts, futures contracts and swaps that meet the definition of a derivative.

Derivative transactions are initially recognized at fair value. Subsequent changes in fair value are recognized in the statement of income, unless the derivative is designated as a hedging instrument and, in this case, the accounting criteria will depend on the nature of the hedged item, as described below:

- For the hedges of the fair value of assets or liabilities and firm commitments, the changes in fair value are recognized in the consolidated statement of income, or in the consolidated statement of other comprehensive income if the hedge is for an equity instrument on which the entity has chosen to record changes in fair value through other comprehensive income, as well as any other change in the fair value of the asset, liability or firm commitment attributable to the hedged risk.

- Cash flow hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, the effective portion of changes in the derivative's fair value is recognized in other comprehensive income (OCI) in equity. The gain or loss related to the portion that is not effective for the hedge or is not related to the hedged risk is recognized immediately in the statement of income.

  Amounts accumulated in other comprehensive income (OCI) are transferred to profit or loss in the same period in which the hedged item is taken to profit or loss.

- The hedge of a net investment in a foreign operation is recognized in a manner that is similar to a cash flow hedge: The gain or loss on the hedge instrument linked to the effective portion are recognized through other comprehensive income, while the amounts linked to the ineffective portion are recognized in the consolidated income statement. Accumulated gains or losses under equity are reclassified to the consolidated income statement upon the partial or full disposal of the business abroad.

The Bank and its Subsidiaries document the relationship between the hedging instrument and the hedged item at the inception of the transaction, as well as the hedging objective and the strategy for undertaking the hedging relationship. It also documents its assessment, both at the inception of the transaction and on a recurring basis, of whether the hedging relationship is highly effective in offsetting changes in the fair value or cash flows of the hedged items. The Group has designated bonds as hedging instrument for its exchange rate risk exposure on its investments in the subsidiaries Banco GNB Perú and Banco GNB Paraguay, whose functional currencies are the Peruvian Sol and Paraguayan Guaraní, respectively.

c. Trade and other accounts receivable

The Bank and its Subsidiaries recognize fees receivable and other accounts receivable as financial assets, depending on the terms established in the contractual clauses with the clients or third parties. The accounts receivable are initially measured at fair value. They are subsequently measured at amortized cost, given that the cash flows associated with these accounts are not intended as financing transactions and do not carry agreed interest rates. Impairment testing is performed according to the impairment model that provides objective, historical and verifiable evidence of its existence and assigns a recognizable amount for presentation in the consolidated financial statements.

d. Non-current assets held for sale

Properties received as payment and non-current assets held for sale, which the Bank and its Subsidiaries will sell in a period of no less than one year, and whose sale is considered highly probable, are recognized as "non-current assets held for sale". These assets are measured at the lower of their carrying value at the time of transfer and fair value, less estimated costs of disposal. If the term expires and the assets have not been sold, they are reclassified to the categories from which they came (Property and Equipment, Other Assets).

The Bank and its Subsidiaries will recognize impairment losses due to initial or subsequent write-downs of assets for disposal in the statements of income at fair value less costs to sell.

e. Own property and equipment

Property and equipment include assets, owned or leased, held by the Bank and its Subsidiaries for current or future use and expected to be used for more than one period.

Banco GNB Sudameris S. A. and its subsidiaries measure land and buildings under the fair value revaluation model, taking the commercial appraisal value, and not by the cost model. The revalued cost is reviewed annually, and if necessary appraisals are performed on the properties to update them to fair value. These appraisals are carried out annually by expert independent property appraisers engaged by the Bank.

Other property and equipment, other than real estate, are measured at acquisition cost, less accumulated depreciation and, if applicable, estimated losses resulting from comparing the net carrying value of each item with its corresponding recoverable value.

Costs related to the repair and maintenance of property and equipment are recognized as an expense in the period in which they are incurred and are recorded as "Overhead".

Property and equipment is initially measured at cost, which includes:

a. Purchase price, including import costs and non-deductible taxes, after deducting discounts;
b. Any directly attributable costs to bring the goods to their place and conditions necessary for their use;

(Stated in millions of COP,
except exchange rates and nominal share values)

c. Dismantling cost. This is an initial estimate of restoration costs.
d. Cost of debt.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset. The annual depreciation rates for each asset item are as follows:

Item	Useful Life
Buildings	60 - 80 years
Hardware - IT infrastructure	9 - 25 years
PCs, laptops	3 - 7 years
Servers	3 - 5 years
Communications	6 - 8 years
Specific extension equipment	5 - 7 years
ATMs	5 - 10 years
Medium/high capacity equipment: power plant >40 KW/UPS > 30 KVA/ - Air conditioning for the facilities	10 - 12 years
Generators /UPS/ Air conditioning in offices	5 - 10 years
Furniture and fixtures	3 - 10 years
Vehicles	5 - 10 years

Derecognition of tangible assets

The carrying value, including the residual value of an item of property and equipment is derecognized when no further associated future economic benefit is expected. Gains or losses on derecognition are recognized in the consolidated statement of income.

f. Investment properties

Land and buildings, held in whole or in part to earn rental income or for capital appreciation and not for own use or sale in the ordinary course of business, are classified as Investment Properties. Investment Properties are initially measured at cost, including all costs associated with the operation, and subsequently measured at fair value with changes in fair value recognized in the consolidated statement of income.

g. Right-of-use property and equipment

A lease is an agreement whereby a lessor assigns to a lessee, in exchange for a payment or series of payments, the right to use an asset for a specified period of time.

The Group is lessor and lessee of various properties, equipment and vehicles. Lease agreements are generally for fixed periods of 1 to 10 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The extension and termination options included in the Group's leases are used to maximize operational flexibility in terms of contract management. Most of the extension and termination options held are exercisable simultaneously by the Group and the respective counterpart.

Lessee's accounting

Leases are recognized as a right-of-use asset and a corresponding liability on the date on which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and the financial cost. The financial cost is charged to income over the lease term to produce a constant periodic interest rate on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the straight-line lease term.

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 substantial fixed payments), less any lease incentive receivable
- Variable lease payment based on an index or rate
- Amounts expected to be paid by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the condition of the lease reflects that the lessee exercised that option.

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

Right-of-use assets are measured at cost and comprise the following:

- The amount of the initial measurement of the lease liability
- All lease payments made on or prior to the commencement date
- Any direct upfront costs, and
- Dismantling and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized using the straight-line method as an expense in the statement of income. Short-term leases have a term of 12 months or less. Low-value assets include computers and small items of office furniture.

Lessor's accounting

When assets are leased under finance leases, the present value of future lease payments is recognized as an account receivable. The difference between the gross amount receivable and the present value of the account receivable is recognized as financial income.

The account receivable is amortized by allocating each of the installments between financial income and amortization of principal in each accounting period, so that the recognition of financial income reflects in each period a constant rate of return on the net financial investment that the lessor has made in the finance lease.

When assets are leased under operating leases, the asset is included in the consolidated statement of financial position according to the nature of the asset. Revenues from operating leases are recognized over the term of the lease on a straight-line basis.

h. Intangible assets

1) Business combination / Goodwill

Business combinations are recorded using the "acquisition method" when control is transferred. The cost transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. The resulting goodwill is tested annually for impairment. If non-controlling interests exist during the acquisition of control of the entity, the assets are recognized at fair value or at the proportional interest for the recognized amount of the identifiable net assets of the acquiree. This choice is allowed on a transaction-by-transaction basis.

Goodwill represents the excess of the price paid over the fair value of the assets and liabilities acquired in a business combination (with some exceptions, where the carrying value is used).

Goodwill acquired in a business combination is allocated to each of the groups of cash-generating units from which a benefit is expected as a result of the acquisition. Goodwill is not subsequently amortized, but will be subject to an annual impairment assessment of the Cash Generating Unit (CGU) to which the goodwill has been allocated, from which benefits are expected to be derived from the synergies of the business combinations.

An impairment loss recognized in goodwill cannot be reversed in subsequent periods. In addition, the income statement of the acquired business of the Bank and its Subsidiaries is included as of the acquisition date as part of the Consolidated Financial Statements.

The Group performs impairment testing at December 31 each year, or with greater frequency if events or circumstances indicate that the carrying value of goodwill may be impaired. Impairment is determined by comparing the recoverable amount of the Cash Generating Unit to its carrying value, including goodwill. Management estimates the recoverable amount using a discounted cash flow model. Management's forecasts for the Cash Generating Unit involve substantial judgments and assumptions regarding the perpetuity rate, forecast inflation, the discount rate, the growth rate and credit solvency.

2) Other intangible assets

Other Intangible assets comprise computer programs (software) that are initially measured at the cost incurred during acquisition or during their internal development phase. Costs incurred during the research phase are recognized directly in the statement of income.

Development expenses directly attributable to the design and testing of identifiable software are recognized as intangible assets when the following conditions are met:

- The technical feasibility of completing the intangible asset can be demonstrated so that it is available for use;
- Management intends to complete the corresponding intangible asset for use;
- The Bank has the ability to use the intangible asset;
- It is probable that future economic benefits attributable to the asset will flow to the entity;
- Adequate technical, financial or other resources are available to complete the development and to use the intangible asset; and
- The costs attributable to intangible assets during their development phase can be reliably estimated and reliably measured.

Costs that are directly attributable to and capitalized as part of software include personnel expenses of the individuals developing such software and an appropriate percentage of overhead.

Expenses that do not meet these criteria are recognized as expenses on an accrual basis. Disbursements on intangible assets are initially recognized as an expense for the period and will not be subsequently recognized as intangible assets.

Subsequent to their recognition, these assets are measured at cost less amortization, which is provided over their estimated useful life as follows: Computer software and licenses: 10 years. Amortization is recognized using the straight-line method according to the estimated useful life. Impairment testing is performed at the end of each period whenever there are indications that the intangible asset may be impaired.

When an intangible asset with finite useful life is derecognized, the expected period of future benefits is reduced to increase the amortization amount, which has the effect of derecognizing the intangible asset in a shorter period than initially estimated.

i. Other assets

This line item includes prepaid expenses incurred by the Group in performing its activities in order to receive services in the future, which are amortized over the period in which the services are received or when the costs and expenses are incurred, as well as properties received as payment (PRP) that do not meet the requirements to be recognized as an asset held for sale and that are not intended for own use.

PRP are initially recognized at whichever is lowest between the net amount of the financial assets paid and the net realizable value of the property received as payment (the net realizable value is the estimated sales price of the asset or the amount of the award, less the estimated costs required to carry out the sale), while a plan is prepared for its commercialization. If the value of the financial assets paid is greater than the net realizable value of the received asset, a credit risk impairment adjustment is made on the financial asset, through the current period's profit or loss.

j. Customer deposits

The Bank and its Subsidiaries recognize deposits (savings accounts, checking accounts, CDs) they receive on the date on which they were deposited. A financial asset is initially measured at fair value. If the liability is subsequently measured at amortized cost, the transaction costs directly attributable to its acquisition are subtracted, as long as they meet the materiality criteria established by the entity. Financial liabilities are subsequently measured at amortized cost, except for financial liabilities measured at fair value through profit or loss, including derivatives with a liability position, which are subsequently measured at fair value.

k. Financial Obligations

A financial obligation is any contractual obligation of the Bank and its Subsidiaries to deliver cash or another financial asset to another entity or individual, or to exchange financial assets or financial liabilities under conditions that are potentially unfavorable to the Bank and its Subsidiaries, or a contract that will be terminated or that could be settled using equity instruments owned by the entity. Financial liabilities are initially recognized based on their fair value, which is usually equal to the transaction value less directly attributable costs. Such financial liabilities are subsequently measured at amortized cost in accordance with the effective interest rate method determined at initial recognition and recognized in the statement of income as financial expenses.

l. Employee benefits

The Bank and its Subsidiaries provide the following benefits in exchange for services rendered by their employees:

- Short-term employee benefits
  In accordance with Colombian labor regulations, such benefits are salaries, legal and extra-legal bonuses, paid vacation, severance payments and payroll taxes to government agencies, which are paid within 12 months following the end of the period. Such benefits are recognized on an accrual basis and recognized in the consolidated statement of income.

- Post-employment benefits (defined benefit plans)
  These are the benefits paid by the Bank and its Subsidiaries to their employees when they retire or when they complete their term of employment, other than severance payments. In accordance with Colombian labor regulations, these benefits comprise retirement pensions and benefits that are assumed directly by the Bank and its Subsidiaries, outstanding severance payments to employees belonging to the labor regime prior to Law 50/1990, and certain extra-legal benefits or those agreed upon in collective labor agreements.

  Post-employment benefit liabilities are determined based on the present value of estimated future payments, calculated based on actuarial assessments using the projected credit unit method, actuarial assumptions about mortality rates, salary increases, employee turnover and interest rates determined by reference to market yields on bond issues at the reporting date for National Government bonds or high quality business liabilities. Under the projected credit unit method, future benefits to be paid to employees are allocated to each accounting period in which the employee renders the service. Therefore, the expense corresponding to these benefits recognized in the statement of income of the Bank and its Subsidiaries includes the current service cost assigned in the actuarial calculation, plus the financial cost of the calculated obligations. Changes in liabilities due to changes in actuarial assumptions are recognized in other comprehensive income (OCI).

Changes in actuarial liabilities due to changes in employee benefits granted to employees with a retroactive effect are recognized as an expense on the earlier of the following dates:

- When there is a change in the employment benefits granted, or
- When provisions for restructuring costs are recognized by a subsidiary or a business of the Bank and its Subsidiaries.

The Group does not make benefit payments to employees in the form of shares.

The Group does not have an asset and/or insurance policy, intended to cover the payment of post-employment benefits. Therefore, it has fully recorded this liability in its financial statements.

- Other long-term benefits

Other long-term benefits include all employee benefits other than short-term employee benefits, post-employment benefits and severance payments. In accordance with the collective labor agreements and regulations of each company of the Bank and its Subsidiaries, these benefits are mainly seniority bonuses. Long-term employee benefit liabilities are determined in the same manner as post-employment benefits described in (b) above; the only difference is that changes in the actuarial liability due to changes in actuarial assumptions are recognized in the statement of income.

The Group does not have an asset and/or insurance policy, intended to cover the payment of other long-term employment benefits. Therefore, it has fully recorded this liability in its financial statements.

- Severance payments (indemnities)

These benefits are payments made by the Bank and its Subsidiaries as a result of a unilateral decision to terminate a contract of employment or the employee's decision to accept the benefits offered by a company in exchange for terminating the contract of employment. In accordance with Colombian law, such payments comprise compensation and other benefits that entities unilaterally decide to grant to their employees in these cases.

Termination benefits are recognized as a liability and in the statement of income on the earlier of the following dates:

- When the Bank and its Subsidiaries formally inform the employee of their decision to dismiss him/her; or
- When provisions for restructuring costs are recognized by a subsidiary or a business of the Bank and its Subsidiaries.

I. Income taxes

The income tax expense includes current and deferred taxes. This tax is recognized in the statement of income, except for items that are recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

1) Current income tax

Current income tax is calculated based on the tax legislation in force (enacted or substantially enacted) in Colombia at the reporting date of the financial statements, or of the country where the affiliates of each subsidiary are located. Management periodically assesses, for each subsidiary, income tax return positions regarding situations where applicable tax regulations are subject to interpretation and establishes provisions, where applicable, based on the amounts expected to be paid to the tax authorities.

2) Deferred tax

Deferred taxes are recognized on temporary differences arising between the tax bases of assets and liabilities and the amounts recognized in the Consolidated Financial Statements. However, deferred taxes are not recognized if they arise from the initial recognition of goodwill; temporary differences on the initial recognition of an asset and a liability in a transaction other than a business combination that do not affect accounting or taxable profit or loss regarding investments in subsidiaries to the extent that they are not likely to be reversed in the foreseeable future. Deferred tax is determined using tax rates in effect at the balance sheet date.

Deferred tax assets are recognized only to the extent that it is likely that future taxable income will be available to offset temporary differences.

Deferred tax assets arise from taxable temporary differences, except for tax liabilities on investments in subsidiaries, when the timing of the reversal of the temporary differences is controlled by the Bank and its Subsidiaries, and is not reversed in the foreseeable future. The Bank and its Subsidiaries generally have the ability to control the reversal of temporary differences on investments in associates.

Current and deferred taxes are offset only when the Bank has an enforceable legal right to offset and will settle on a net basis or realize the asset and settle the liability at the same time. Deferred taxes are offset when there is a legal right to offset deferred taxes against current tax liabilities, and when the deferred tax assets and liabilities refer to income taxes levied by the same tax authority on the same taxable entity or on different entities. However, these different entities intend to settle current tax liabilities and assets on a net basis or their assets and liabilities will be realized simultaneously for each period in which these differences are reversed.

m. Allowances

An allowance is recognized if: it results from a past event, the Bank has a present obligation (legal or constructive) that can be reliably estimated and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Allowances are measured at the present value of the disbursements 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.

Each allowance must be used only to make the disbursements for which it was originally recognized.

If the entity has an onerous contract, the present obligations arising therefrom must be recognized and measured in the financial statements as allowances.

The allowances are updated periodically at least at the closing date of each period and are adjusted to reflect the best estimate possible at any given time. The allowance is reversed if it is no longer probable that the funds will have to be distributed to cover the respective obligation. In the event of changes in estimates, they are accounted for prospectively as changes in accounting estimates, in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

n. Net profit per share

Net profit per share is calculated by dividing net income for the period attributable to the controlling interest by the weighted average number of ordinary shares issued and delivered during the period. The Bank and its subsidiaries have no financial instruments with potential voting rights. Therefore, only basic earnings per share are shown in these financial statements.

m. Operating segments

An operating segment is a component of an entity that:

a) Engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses from operations with other components in the same entity);

b) Its operating profit or loss is periodically reviewed by the decision-maker, who decides on the allocation of resources to the segment and assesses its performance; and

c) Has differentiated financial information available.

The Bank and its Subsidiaries disclose separate information for each identified operating segment that exceeds the minimum quantitative thresholds of a segment:

a) Reported revenues from ordinary activities, including revenues from external customers, as well as revenues or transfers between segments, equal to or greater than 10% of the combined revenues from ordinary activities, internal and external, of all operating segments.

b) The amount of net profit reported is, in absolute terms, equal to or greater than 10% of the greater of: (i) the combined reported net profit of all operating segments that have not incurred losses; or (ii) the combined reported loss of all operating segments that have incurred losses.

c) Its assets are equal to or greater than 10% of the combined assets of all operating segments.

n. Income

1.1 Contract assets

A contract asset is the Group's right to receive payment in exchange for goods or services that the Group has transferred to a customer where that right is contingent on something other than the passage of time (e.g., billing or delivery of other elements under the contract). The Group perceives contract assets as current assets, as they are expected to be realized within the normal operating cycle.

Contract costs eligible for capitalization as incremental costs of obtaining a contract are recognized as a contract asset. Contract underwriting costs are capitalized as incurred if the Group expects to recover such costs. Contract underwriting costs are non-current assets to the extent that the economic benefits of such assets are expected to be received over a period of more than twelve months. Contracts are amortized systematically and consistently upon transfer to the customer of the services once the related revenues have been recognized. Capitalized contract underwriting costs are impaired if the customer withdraws or if the carrying value of the asset exceeds the projected discounted cash flows related to the contract.

1.2 Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer, for which the Group has received payment from the end customer or if the amount is overdue. They also include deferred income related to goods or services to be delivered or rendered in the future, which are billed to the customer in advance, but are not yet due.

1.3 Revenue from contracts with customers

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

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

Step 2. Identification of performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the latter.

Step 3. Determination of the transaction price: The transaction price is the amount of payment to which the Group expects to be entitled in exchange for the transfer of goods or services promised to a customer, regardless of amounts received on behalf of third parties.

Step 4. Allocate the transaction price among the performance obligations of the contract: In a contract that has more than one performance obligation, the Group allocates the transaction price among the performance obligations in amounts that represent the 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 fulfills a performance obligation.

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

- 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.

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

- The customer both receives and consumes the benefits provided by the Group's performance as it works.

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

When the Group fulfills a performance obligation by delivering the goods or services promised, it creates a contract 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, it generates a contract liability.

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

The Group assesses its revenue plans based on specific criteria to determine whether it is acting 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.

The following is a description of the principal activities through which the Group generates revenues from contracts with customers:

(i) Banking (Financial services):

The Bank usually signs contracts covering several different services. Such contracts may contain components that are either within or outside the scope of IFRS 15. For this reason, banks only apply the indications of IFRS 15 when they have all or part of their contracts outside the scope of IFRS 9.

The sources of revenue obtained by the Bank through contracts with customers are as follows:

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

There are contracts that create enforceable rights and obligations between the Bank and cardholders or merchants, under which the Bank 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 bank is not the insurer,
- fraud protection, and
- processing of certain transactions, such as foreign currency purchases and cash withdrawals.

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

- **Commission:**

The Bank receives insurance commission when they refer new customers to third-party insurance vendors, when the Bank is not itself the insurer of the policy. Such commission is usually paid periodically (monthly, for example) to the Bank based on the volume of new policies (and/or renewal of existing policies) generated with customers introduced by the Bank. The transaction price may include an element of consideration that is variable or subject to the outcome of future events, such as policy cancellations, and such element is estimated and included in the transaction price based on the most probable amount, so as 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 income.

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

The Group receives commissions on trust and stand-alone share contracts, which correspond to performance obligations, agreed with the customer from the beginning of the contract and are included in the value of the commission generated each month during the term of the contract.

In addition, the Group receives commissions for technical and administrative services carried out with a low-value payment system which is an increase in interbank financial transactions and from charging commissions for transactions carried out through the Group's ATM network. Clearing is performed on a daily basis and therefore, commission income is recognized to the extent of the performance obligation performed by the system.

- **Savings and checking accounts: Transactional and account charges**

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

(ii) Customer loyalty programs

The Bank and its subsidiaries manage loyalty programs in which customers accumulate points for purchases, which entitle them to redeem such points under the policies and rewards plan in effect at the redemption date. Reward points are recognized as an identifiable component separate from revenue for services rendered, at fair value. Loyalty program revenues are deferred and are recognized in the statement of income when the entity has fulfilled its obligations to provide the products under the terms of the program or when it is not likely that the points will be redeemed under the rules of the program. A contract liability is recognized until the points are redeemed or expire.

The Bank and its subsidiaries act as principals in customer loyalty programs if they obtain control over the goods or services of another party in advance, or if they transfer control over such goods or services to a customer. The Bank and its subsidiaries act as agents if their performance obligation is to arrange for another party to provide the goods or services.

o. Unconsolidated structured entities

The parent company carries out transactions 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. The term "non-consolidated structured entities" refers to all the structured entities not controlled by the Bank. The parent company engages in transactions with unconsolidated structured entities in the normal course of business to facilitate customer transactions and for specific investment opportunities.

p. Changes in accounting policies

At December 31, 2022, the Bank had not made any significant changes to its accounting policies.

NOTE 4. - JUDGMENTS AND ESTIMATES IN THE APPLICATION OF ACCOUNTING POLICIES.

Management of the Bank and its Subsidiaries makes estimates and assumptions that affect the amounts recognized in the Consolidated Financial Statements and the carrying values of assets and liabilities during the year. Judgments and estimates are continually evaluated and are based on Management's experience and other factors, including the occurrence of future events that are believed to be reasonable under current circumstances. Management also makes certain judgments in addition to those involving the estimates adopted in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognized in the Consolidated Financial Statements and estimates that could cause material adjustments to the carrying value of assets and liabilities in the following year include the following:

Going concern: Management of the Bank and its Subsidiaries prepares the consolidated financial statements on a going concern basis. For the purposes of this judgment, Management takes into account the financial situation, its current intentions, the results of operations and its access to financial resources in the market; and analyzes the impact of these factors on its operations in the future. At the reporting date, Management is not aware of any situation that would cause the Bank and its Subsidiaries to believe that they did not have the ability to continue as a going concern in the coming year.

1) Business model for financial assets

The Bank and its Subsidiaries apply significant levels of judgment in determining their business model for the management of financial assets and in assessing whether such assets meet the conditions defined in the business model to be classified as "at fair value" or "at amortized cost". As a result, the Bank and its Subsidiaries have classified their investments in debt securities as "at fair value"; however a small portion of these investments are "at amortized cost", which correspond to investments in Colombian Government debt securities and investments which are mandatory under Colombian regulations. The Bank and its Subsidiaries classify their loan portfolios at amortized cost. Under the terms of the business model, financial assets at amortized cost can only be sold in restricted circumstances, and are not material in relation to the total portfolio. This may occur when an asset no longer complies with the accounting policy for the investments of the Bank and its Subsidiaries or due to adjustments to the maturity structure of assets and liabilities, the need to fund major disbursements or to meet seasonal liquidity needs. During the years ended December 31, 2022 and 2020, the Bank and its Subsidiaries did not make any significant changes in the business model, and there have been no significant sales of financial assets classified at amortized cost.

2) Allowance for loan portfolio impairment losses

In the process of calculating allowances against individual loans considered significant, using the discounted cash flow method, Management of the Bank and its Subsidiaries makes assumptions regarding the recoverable amount of each loan and the time within which such recovery would be made effective. Any variation in the value of this estimate may cause significant variations in the value of the corresponding allowance. Management makes an estimate to calculate the allowance against individual loans that are considered significant based on the collateral in order to establish their fair value, with the assistance of independent experts. Any variation in the price obtained in the recovery eventually effected through the collateral may in turn cause significant variations in the value of the allowances.

In the process of calculating collective impairment allowances for loans that are not assessed individually or those that are individually significant and not impaired and whose impairment is tested collectively, historical loss rates are periodically updated to include the most recent data reflecting current economic conditions, industry performance trends, geographic and borrower concentrations in each portfolio segment, and any other relevant information that may affect the calculation of the allowance for loan portfolio impairment. Many factors influence the Bank's and Subsidiaries' estimates of allowances for loan losses, including volatility in the likelihood of impairment, migration and estimates of loss severity.

In order to quantify potential losses in collectively assessed portfolios, the Bank and its Subsidiaries have calculation methods that take into account four main factors: exposure, probability of default, loss identification period and loss severity. For this purpose, loans are considered to be in default when they are more than 90 days past due, or restructured due to financial problems of the borrower, customers in bankruptcy and customers included in risk categories D or E, under the terms of the internal credit risk assessment model.

- Exposure at Default (EAD) is the amount of risk if the debtor defaults.

- Probability of Default (PD) is the probability that a debtor will default on its principal or interest obligations. The PD is associated with the rating or score or time of default of each debtor or transaction. In the specific case of non-performing loans, the PD assigned is 100%. A loan is classified as "doubtful" when it is 90 days or more past due, or where there is no default in payments but there are doubts about the debtor's solvency ("subjective doubt").

- The Loss Given Default (LGD) is the estimated loss in the event of default, and depends mainly on the characteristics of the debtor and the valuation of the collateral associated with the transaction.

- The Loss Identification Period (LIP) is the time elapsed between the occurrence of an event causing a particular loss and the time at which the loss becomes evident at the individual level. The analysis of LIPs is performed on the basis of homogeneous risk portfolios.

3) Deferred income tax

The Bank and its Subsidiaries assess the realization of deferred tax assets over time. These assets consist of income tax recoverable through future deductions from taxable income, and are recorded in the Consolidated Statement of Financial Position. They are recoverable in view of the probability that there will be corresponding tax benefits. Future taxable income and the amount of probable future tax benefits are based on Management's plans for the medium term. The business plan is based on Management expectations that are considered reasonable in the current circumstances.

At December 31, 2022 and 2021, Management of the Bank and its Subsidiaries estimates that deferred income tax assets would be recovered based on estimated future taxable profit together with the financial statement translation adjustment. No deferred tax liability has been recorded on the profits of subsidiaries that the Bank does not expect to repatriate in the near future because the Bank controls the dividend policy of subsidiaries and does not intend to distribute dividends or sell the corresponding investments in the near future.

4) **Goodwill**

Annually, Management of the Bank and its Subsidiaries assesses the possible impairment of goodwill recognized in their financial statements. This assessment is based on a valuation of lines of business related to goodwill, using the discounted cash flow method and considering factors such as the country's economic situation, the industry in which it operates, historical financial information and projections of growth in revenue and costs over the next five years and into the indefinite future, taking into account the capitalization rate of profits, discounted at risk-free rates with the risk premiums required by the circumstances. The key assumptions used in these valuations are shown in Note 16.

5) Provisions for contingencies

The Bank and its Subsidiaries calculate and recognize estimates for contingencies to cover possible losses from labor, civil and commercial litigation, requirements of tax authorities and other matters, depending on the circumstances, which, in the opinion of internal or external legal advisors, are considered to be probable sources of loss and can be reasonably quantified.

For many of these claims or cases, given their nature, it is not reasonably feasible to make an accurate projection or quantify the loss. Therefore, the actual amount of the disbursement actually made for the claims or litigation is consistently different from the amounts initially estimated and provisioned. These differences are recognized in the year in which they are identified.

6) Pension plans

The measurement of pension obligations, costs and liabilities depends on a wide variety of long-term assumptions determined on an actuarial basis, including the present value of projected future pension payments for plan members, taking into account the probability of potential future events such as increases in urban minimum wages and demographic experiences. These considerations may affect the amount and future contributions in the event of any changes in these assumptions.

The discount rate used represents future cash flows at their present value at the measurement date. The Bank and its Subsidiaries set a long-term rate that represents the market rate for high-quality fixed-yield investments or government bonds denominated in Colombian pesos (i.e., the currency in which the yields will be paid) and considers the timing and amounts of future yield payments. Colombian Government bonds were selected for this purpose.

The Bank and its Subsidiaries use other key assumptions to value the actuarial liability calculated on the basis of specific experiences in combination with published statistics and market indicators. The most relevant assumptions used in the actuarial calculations and the related sensitivity analysis are shown in Note 21.

7) Revenue recognition

The application of IFRS 15 requires the Bank and its Subsidiaries to make judgments that affect the determination of the amount and timing of revenue from contracts with customers. They include:

- determination of the time to fulfill performance obligations,
- determination of the transaction price assigned to such obligations,
- determination of individual selling prices.

8) Uncertainty and sensitivity in the calculation of goodwill

The estimates and judgments involved in the calculation of the recoverable amounts are based on historic experience and other factors, including Management's expectations on future events that are considered reasonable under the current circumstances. However, the assumptions used are subject to a substantial amount of uncertainty and actual future results may differ from the forecasts. For example:

- The model for estimation of the recoverable value of the Colombia, Peru and Paraguay CGUs assumes that they are profitable since 2023.
- The above, in combination with other measures, has repercussions on the growth rates of the different loan portfolios that are higher than the system's average. Management believes that a reasonably possible change in the discount rates or perpetuity growth rates used to determine the recoverable amount of the CGU would cause the carrying value of that CGU to be greater than the recoverable value.

NOTE 5. - ACCOUNTING PRONOUNCEMENTS ISSUED BY THE IASB AT THE INTERNATIONAL LEVEL

New standards incorporated in the accounting framework accepted in Colombia whose application must be assessed on a mandatory basis in periods subsequent to January 1, 2023.

Decree 1611/2022 updated the technical framework of Colombia's Generally Accepted Accounting and Financial Reporting Standards, incorporating the amendments to International Accounting Standards 1, 8 and 12, and International Financial Reporting Standard 16 of the technical annex of the Financial Reporting Standards of Decree 2270/2019, updated by Decree 936/2021, compiled in the Single Regulatory Decree of Accounting, Financial Reporting and Information Assurance Standards, Decree 2420/2015.

New standards issued by the International Accounting Standards Board (IASB) that will be incorporated in the accounting framework accepted in Colombia, starting on January 1, 2024

Amendment to IAS 1 Presentation of Financial Statements – Presentation

The term "significant" is replaced by "material," because the term "significant" is not defined in the IFRS. Clarification is also provided on the accounting policies that must be disclosed in the notes to the financial statements, and also specifically points out that the information on accounting policies related to transactions, other events or conditions that are not material do not have to be disclosed.

Amendment to IAS 8 Accounting Policies, changes in accounting estimates and errors

It defines the concept of accounting estimate, clarifies the use of accounting estimates, and indicates how they differ from accounting policies. It also clarifies that the term “estimate” may differ from the term “accounting estimate.”

Amendment to IAS 12 Income Tax

It establishes that at the time of the initial recognition of deferred tax liabilities and assets arising from a transaction that is not a business combination, there are no grounds for temporary differences that can be charged or deducted in equal amounts.

Amendment to IFRS 16 Leases
It provides that the practical solution for lessors that have offered rent concessions arising directly from the COVID-19 pandemic is extended until June 30, 2022.

These amendments become effective starting on January 1, 2024, when they will apply to the general purpose financial statements of the entities classified in Group 1.

NOTE 6. - FAIR VALUE ESTIMATE

The fair value of financial assets and liabilities traded in active markets (such as financial assets in debt securities, equity security certificates and derivatives listed and actively traded on stock exchanges or in interbank markets) is based on dirty prices provided by a price vendor.

An active market is a market where transactions in assets or liabilities take place with sufficient frequency and volume to be able to provide price information on a continuous basis. A dirty price is the price that includes accrued and unpaid interest on the corresponding security from the date of issuance or the last interest payment until the actual date of the purchase and sale transaction. The fair value of financial assets and liabilities not traded in an active market is determined through valuation techniques selected by the price vendor or Management of the Bank and its Subsidiaries.

Valuation techniques used for non-standardized financial instruments, such as currency swaps and derivatives in the Over The Counter (OTC) market include the use of interest rates or currency valuation curves constructed by market data providers and extrapolated for the specific conditions of the instrument to be valued. Discounted cash flow analysis and other valuation techniques commonly used by market participants who make the most use of market data are also applied.

The Bank and its Subsidiaries may use internally developed models to value instruments that do not belong to an active market. Such models are generally based on valuation techniques and methods widely standardized in the financial sector. The valuation models are mainly used for the valuation of financial instruments of unlisted equity security certificates, debt certificates and other debt instruments for which the markets have been inactive during the period. Some of the 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 Bank's position. Therefore, valuations are adjusted, if necessary, to allow for additional factors, including model risks, liquidity risks and counterparty risks.

The fair value hierarchy has the following levels:

- Level 1 inputs are listed 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 listed prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are non-observable inputs for the asset or liability.

The level of fair value within which a fair value can be justified as a whole is determined on the basis of the lowest level of input that is significant to measuring fair value as a whole. The significance of an input is then assessed in relation to the fair value measurement as a whole. If the fair value measurement uses observable inputs that require significant adjustments based on non-observable inputs, it is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement requires judgment that takes into account factors specific to the asset or liability.

A significant level of judgment on the part of the Bank and its Subsidiaries is required for determining "observable" significance. The Bank and its Subsidiaries consider data to be "observable" if they are market data that are available, regularly distributed or updated, reliable, verifiable, non-proprietary and provided by independent sources that play an active role in the reference market.

a) Fair value measurement on a recurring basis

These are the measurements required or permitted by IFRS accounting standards in the consolidated statement of financial position at the end of each period.

The most common methods applied to derivatives are as follows:

- Valuation of currency forwards: The vendor publishes the curves assigned according to the currency of origin of the underlying asset. These curves are made up of end-of-period nominal rates associated with forward exchange rate contracts.

- Valuation of bond forwards: To determine the valuation of the forward at a given date, the theoretical future value of the Bond is calculated based on its price on the valuation day and the risk-free rate of the reference country of the underlying asset. After that, the present value of the difference between the theoretical future value and the price of the bond agreed in the forward contract is obtained, using as discount rate the risk-free rate of the country of reference of the underlying asset at the number of days to maturity of the contract.

- Valuation of swap transactions: The vendor publishes the curves assigned according to the underlying asset, basis swap curves (exchange of payments associated with floating interest rates), domestic and foreign curves, and implicit curves associated with forward exchange rate contracts.

- Valuation of OTC options: The vendor publishes the curves assigned according to the currency of origin of the underlying asset, forward exchange rate curve of the domestic currency of the transaction, implied curves associated with forward exchange rate contracts, swap curves assigned according to the underlying asset, and matrix and implied volatility curves.

The valuation of real estate recognized as property and equipment and as investment property at fair value is measured using a Level 3 market approach, with data available in relation to prices available in the different regions of Colombia.

The table below analyzes, within the fair value hierarchy, the assets and liabilities (by category) held by the Bank and its Subsidiaries at December 31, 2022 and 2021, on a recurring basis.

(Stated in millions of COP,
except exchange rates and nominal share values)

December 31, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Debt securities	9,073,433	-	-	9,073,433
Equity security certificates - issuers in Colombia	-	85,831	-	85,831
Derivatives	-	159,976		159,976
Investment properties	-	-	289,176	289,176
Property and equipment (real estate)	-	-	933,143	933,143
Total assets at fair value, recurring basis	**9,073,433**	**245,807**	**1,222,319**	**10,541,559**
Liabilities				
Derivatives	-	171,679	-	171,679
Total liabilities at fair value, recurring basis	**-**	**171,679**	**-**	**171,679**

December 31, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Debt securities	9,119,130	-	-	9,119,130
Equity security certificates - issuers in Colombia	-	111,618	-	111,618
Derivatives	-	12,740		12,740
Investment properties	-	-	213,489	213,489
Property and equipment (real estate)	-	-	840,771	840,771
Total assets at fair value, recurring basis	**9,119,130**	**124,358**	**1,054,260**	**10,297,748**
Liabilities				
Derivatives	-	13,408	-	13,408
Total liabilities at fair value, recurring basis	**-**	**13,408**	**-**	**13,408**

No transfers were made between Level 1 and Level 2 for December 2022 and 2021.

To determine the fair value hierarchy level, an instrument-by-instrument assessment is performed, according to the calculation type information reported by PRECIA S. A. (price vendor), and the expert criteria of the Front and Middle Office, who issue their opinion taking into account aspects such as: Continuity in the publication of prices on a historical basis, amount outstanding, record of transactions made, number of price contributors as a measure of depth, market knowledge, constant quotes by one or more counterparties of the specific security, and bid offer spreads, among others.

b) Items measured at fair value, non-recurring basis

Fair value determination

The Bank and its Subsidiaries determined that the financial instruments traded in an active market are Level 1. Their fair value was established based on prices (unadjusted), which determine the price as the weighted average of the transactions carried out during the course of the day.

The Bank and Subsidiaries have defined financial instruments traded in non-active markets as Level 2. The table below provides information on valuation techniques and critical inputs when measuring assets and liabilities.

The Bank and its Subsidiaries determined that financial instruments that are not traded in an active market are Level 3. The detail below provides information on the various inputs and valuation techniques:

(Stated in millions of COP,
except exchange rates and nominal share values)

	Valuation Technique	Significant Inputs
Assets		
Debt securities	Market prices	Market price or price calculated based on benchmarks established in the pricing vendor's methodology
Equity security certificates - issuers in Colombia	Market prices	Market price or price calculated based on benchmarks established in the pricing vendor's methodology
Derivatives	Market prices	- Price of the underlying asset. - Currency, by underlying asset. - Forward exchange rate. - Matrices and curves.
Investment properties	Technical appraisal	Valuation performed at the end of each period by an independent expert for comparable transactions in the market.
Property and equipment (real estate)	Technical appraisal	Valuation performed at the end of each period by an independent expert for comparable transactions in the market.

Fair value of financial assets and liabilities recognized at amortized cost

The table below shows a summary of financial assets and liabilities recognized at amortized cost solely for the purposes of this disclosure at December 31, 2022 and 2021:

	December 31, 2022		December 31, 2021	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Assets				
Cash and cash equivalents	15,846,323	15,846,323	17,433,825	17,433,825
Debt securities at amortized cost	1,754,446	1,692,002	1,487,899	1,542,500
Loan portfolio and accounts receivable (1)	26,641,597	26,675,099	22,779,664	22,676,591
Total financial assets	**44,242,366**	44,213,424	**41,701.388**	**41,652,916**
Liabilities				
Term deposits (2)	11,692,360	11,588,428	10,442,505	10,346,374
Financial obligations (3)	6,910,958	6,012,565	5,793,745	5,687,083
Bank loans	3,115,370	2,948,607	1,783,386	1,500,428
Debt securities (bonds)	3,795,588	3,063,958	4,010,359	4,186,655
Total financial liabilities	**18,603,318**	17,600,993	**16,236,250**	**16,033,457**

(1) The fair value of the loan portfolio at amortized cost is determined by applying discounted cash flow models at the interest rates offered by banks for new loans, taking into account credit risk and maturity. This valuation process is considered to have been carried out at Level 3.

(2) The fair value of demand deposits is equal to their carrying value. For fixed-term deposits with maturities of less than 180 days, the fair value was considered to be equal to the carrying value. For fixed-term deposits of more than 180 days, the cash flow model was used, discounted at the rates offered by the banks according to their maturities. This valuation process is considered to have been carried out at Level 2.

(3) For short-term liabilities, the carrying value was considered to be the fair value. For short-term liabilities, the carrying value was considered to be the fair value. For long-term financial liabilities, fair value was considered, using discounted cash flow models at risk-free interest rates adjusted by risk premiums for each entity. The fair value of outstanding bonds is determined based on listed prices or prices determined by the price vendor. This valuation is considered to have been carried out at Level 2.

NOTE 7. - RISK MANAGEMENT

Risk management is a fundamental element for achieving operating efficiency and effectiveness, reliable reports and compliance with laws, rules and regulations, hence its importance in achieving the Group's strategic objectives.

The analysis of the strategic context in which it carries out its activities allows the Group to determine methods to prevent the occurrence of events that affect the normal development of processes and the achievement of its objectives, or if this is not reasonably possible, to implement risk treatment and mitigation measures to reduce their impact.

Risk management organizational structure

The Board of Directors, as the highest authority responsible for the risk management of the Group's entities, determines the profile and defines risk management policies and procedures aligned with the internal control system, framed in the development of the entity's strategic plan, goals and objectives. For this reason, it monitors each of the the Risk Management Systems in terms of their objectives, plans and compliance and control indicators, in accordance with current legislation.

In order to preserve the efficacy, efficiency and effectiveness of its management and operating capacity, as well as to safeguard the resources it manages, the Group has a Comprehensive Risk Management System and an organizational structure that allows minimizing costs and damages caused by these risks, based on the following structure:

Board of Directors

The Board of Directors is responsible for adopting, among others, the following decisions regarding the adequate organization of the risk management system of each entity:

- Define and approve the entity's policies regarding Risk Management.
- Approve the regulations, procedures and functions handbooks of the areas belonging to the overseen entity, as well as their respective updates.
- Approve the code of ethics, the internal control system and the organizational and technological structure of the Risk Management Systems.
- Approve the operation and counterpart quotas, according to the defined attributions.
- Approve exposures and limits for different types of risks.
- Approve the actions in cases of exceeding or surpassing the exposure limits or any exception to the rule, as well as the contingency plans to be adopted for each extreme scenario.
- Appoint the risk committee, define its functions and approve its rules of procedure in accordance with the applicable laws.
- Approve methodologies and models for the administration of the Risk Management Systems.
- Carry out permanent monitoring of compliance with the guidelines and policies of the Risk Management Systems.

For the adequate management of the different risk management systems, the Board of Directors relies mainly on the following committees:

Risk Committee

The Risk Management Committee must fulfill the roles and responsibilities described below:

- Advise the Board of Directors in the definition of exposure limits by type of risk, term, amount, currency and instruments and ensure their compliance.

- Advise the Board of Directors and the President of the Bank in the definition of information security and cybersecurity risk prevention policies and procedures.
- Perform analyses and forecasts on the behavior of the main economic and monetary variables, showing the situation of the economy, the behavior of the different financial instruments and their impact on the risks to which the entity is exposed.
- Verify comprehensive risk management by estimating and controlling the degree of exposure to the different risks to which the entity is exposed, in order to protect itself from possible changes that may cause losses in the financial statements.
- Review on a monthly basis the limits of exposure to market, liquidity, credit and operating risks, any conditions that exceed such limits, and proposals for adjustments thereto.
- Review on a monthly basis the results related to information security and cybersecurity risk management.
- Submit proposals to the President regarding the contingency plans to be adopted for each extreme scenario and risk identified.
- Review on a monthly basis the exposure to operating risk, the assessment of type "A" events and the actions taken during the period.
- Review on a quarterly basis the results of the interaction of the National Risk Management Department with the General Auditor of Banco GNB Sudameris.
- Analyze and review methodologies for measuring market, liquidity and credit risks on a semi-annual basis.
- Ensure timely, efficient and full compliance with the instructions issued by the Financial Superintendence of Colombia (SFC, for the Spanish original) regarding the identification, measurement, control and monitoring of the different risk management, information security and cybersecurity systems.
- Analyze stress test results for market, liquidity and credit risk backtesting.
- Analyze the entity's counterparty limits and request their presentation for approval by the Board of Directors.
- Other matters related to the purpose of the Committee and the regulations on risk management that are not assigned to other bodies and those issued by the competent body and which are mandatory.

Loan Committee

- Analyze results of the permanent and semi-annual rating.
- Perform sectoral analysis by customers and outlooks by customers' economic activity.
- Perform monthly analysis and variation of delinquent customers.
- Perform monthly variation analysis of portfolio quality by risk category.
- Follow up on past-due loans under administrative collection and legal collection.
- Analyze the figures, trends and evolution of the past-due portfolio in the regional offices and channel efforts to avoid operating losses.
- Evaluate, design and recommend policies aimed at recovering past-due loans.
- Present the figures and recommendations of strategies to be followed for the collection of delinquent obligations of the main customers.
- Perform analysis and assessment of allowance projections by portfolio.

Credit Committee

- Analyze, assess, monitor, review and approve credit proposals within its authority. Also, recommend the presentation of proposals that, due to their amount, must be approved by the Board of Directors.
- Verify and approve, by signing the specific credit transactions of the respective bank collectively, ensuring that the assignment of limits within its authority is listed in the Board Form and FC-4, with the corresponding signature.
- Present to the Board of Directors the proposed limits in accordance with the attributions of each category.

- Ensure compliance with the selection and maintenance policies for Corporate Banking, Institutional Banking, Consumer Banking and Payroll Loan Banking Customers, in accordance with the policies defined by the Board of Directors.

Audit Committee

- Propose for the approval of the Board of Directors the structure, procedures and methodologies necessary for the operation of the Internal Control System (ICS).
- Assess the internal control structure of the Bank and its subsidiaries, so as to establish whether the procedures designed reasonably protect the Entity's assets, as well as those of third parties it manages or has custody of, and whether there are controls in place to verify that transactions are being properly authorized and recorded.
- Ensure that the preparation, presentation and disclosure of financial information is in accordance with the applicable regulations, verifying that the necessary controls are in place.
- Review the financial statements and prepare the corresponding report to be submitted for consideration by the Board of Directors, based on the assessment not only of the corresponding drafts and notes, but also of any opinions issued, observations of the Oversight Entities, results of the assessments made by the competent committees and other related documents.
- Propose to the Board of Directors programs and controls to prevent, detect and properly respond to risks of fraud and misconduct.
- Oversee the functions and activities of the Auditing area, in order to determine its independence and objectivity in relation to the activities it audits, determine the existence of limitations that prevent its adequate performance and verify whether the scope of its work satisfies the Bank's internal control needs.
- Monitor the levels of risk exposure, the implications for the Bank and its subsidiaries and the measures adopted to control or mitigate them, at least every six (6) months, or more frequently if appropriate, and submit to the Board of Directors a report on the most important aspects of the measures taken.
- Assess the internal control reports issued by the Audit, verifying that Management has followed up on its suggestions and recommendations.
- Follow up on compliance with the instructions given by the Board of Directors or equivalent body.
- Submit to the highest corporate body, through the Board of Directors, the candidates for the position of Statutory Auditor.
- Analyze the operation of information systems, their reliability and integrity for decision making.
- Any others established by the Board of Directors in its Rules of Procedure.

Risk management framework

The Board of Directors is responsible for establishing and overseeing the Bank's risk management structure. The Board of Directors has created Risk Committees, responsible for the development and monitoring of the Bank's risk management policies in their specific areas. All committees are duly established and regulated and report regularly to the Bank's General Management on their activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and compliance with limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions, products and services offered. The Parent Company, through its management policies and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Bank and its Subsidiaries oversees how Management monitors compliance with the Group's risk management policies and procedures and reviews the appropriateness of the risk management framework regarding the risks faced by the Bank and its subsidiaries. This committee is assisted by Internal Audit in its supervisory role. Internal Audit performs regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee of the Bank and its Subsidiaries.

(Stated in millions of COP,
except exchange rates and nominal share values)

Individual risk analysis

In the ordinary course of business, the Bank and its subsidiaries are exposed to various financial, operational, reputational and legal risks. Financial risks include: i) market risk, ii) credit risk (which includes trading risk and price risk as indicated below), and iii) structural risks due to the composition of assets and liabilities on the balance sheet, which include variations in exchange rates, liquidity and interest rates. The following is an analysis of each of the above risks in order of importance:

- Credit risk;
- Liquidity risk;
- Market risk;
- Exchange rate risk; and
- Interest rate risk.

a) Credit risk

The Bank and its Subsidiaries are exposed to credit risk because they are at risk of financial loss as a result of a debtor's failure to pay its obligations on time and in full. Exposure to credit risk also arises in the course of lending activities and transactions with counterparties.

For risk management reporting purposes, all elements of credit risk exposure (e.g., risk of individual debtor default, country risk, sector risk) are considered and consolidated.

For risk management purposes, credit risk arising from trading assets is managed separately, and information about them is disclosed in the table below.

The maximum exposure of the Bank and its Subsidiaries to credit risk, in terms of IFRS 7, and at the consolidated level, is reflected in the carrying value of financial assets in the Consolidated Statement of Financial Position at December 31, 2022 and 2021, as follows:

	December 31, 2022	December 31, 2021
Deposits in banks other than the Central Bank of Colombia	2,006,544	1,291,860
Financial instruments at fair value		
Government	8,230,604	8,576,950
Financial entities	869,670	522,034
Other sectors	58,990	131,764
Derivatives	159,976	12,740
Loan portfolio and accounts receivable		
Commercial	17,470,798	14,315,397
Consumer	8,067,434	7,521,217
Mortgage	1,103,365	943,050
Other accounts receivable	347,696	316,866
Total financial assets with credit risk	**38,315,077**	**33,631,878**
Off Balance sheet financial instruments with credit risk at their nominal value		
Financial guarantees and letters of credit	17,807,364	14,436,329
Credit commitments	121,147	251,009
Total off-balance-sheet credit risk exposure	**17,928,511**	**14,687,338**
Total maximum credit risk exposure	**56,243,588**	**48,319,216**

The Board of Directors has delegated responsibility for credit risk oversight to the Bank's Portfolio Committee. The Credit Risk Area reports to the Loan Committee and is responsible for credit risk management, including:

- **Definition of credit policy** in consultation with the business units, including collateral requirements, ratings, credit reporting, and compliance with regulatory and statutory requirements.

- **Monitoring of the authorization structure for approval and renewal of lines of credit**: Authorization limits are assigned collectively, i.e., at least two officers with authority to approve new lines of credit are involved, depending on the amount of the transaction. Approval of at least two officers or the Credit Committee or the Board is required depending on the amount of the line of credit.

- **Monitoring of Credit Risk:** The Credit area evaluates all credit exposures that exceed the assigned limits before the corresponding business unit can inform the customer of the commitment. Loan extensions and revisions are subject to the same review process.

- **Exposure concentration limits:** Limits apply to counterparties, geographic locations and industries (for loans and advances) and to issuers, credit rating band, market liquidity and country (for investment instruments).

- **Development and maintenance of risk classification in the Group:** The purpose is to classify exposures according to the degree of risk of financial loss faced and to focus management on the risks that arise. The risk rating system is used to determine when impairment allowances may be necessary against specific credit exposures. The current risk rating framework consists of six classifications reflecting the various risks of uncollectibility and available collateral or other credit risk mitigating factors. The Credit Risk area is responsible for establishing the degrees of risk and informs the Parent Company's Loan Committee for final approval, as appropriate. Degrees of risk are subject to regular review by the Credit Risk area.

- **Verification of compliance for business units with agreed exposure limits** including those for selected industries, country risk and product types. Reports on the credit quality of local portfolios are submitted to the Parent Company's Loan Committee and appropriate corrective actions are taken.

- **Advice, guidance and specialized skills** for the business units, in order to promote best practices in credit risk management throughout the Bank.

The Parent Company and the subsidiaries define the Group's credit policies, as well as the procedures for establishing approval limits for the letters of credit for each business unit. Each Business Unit has a Credit Director who reports to local management and the Risk Committee for all credit related matters. Each business entity is responsible for the quality and performance of its credit portfolio, for monitoring and controlling all credit risk in its portfolio, and for the representation of its reports to the Bank.

Internal Auditing performs periodic audits of the Business Units and processes in the Credit Area in the Risk Management Department of the Bank and its subsidiaries.

(Stated in millions of COP,
except exchange rates and nominal share values)

Details of loans by type of collateral in the GNP Group, consolidated at December 31, 2022 and 2021 are as follows:

December 31, 2022	**Commercial**	**Consumer**	**Mortgage**	**Total**
Unsecured loans	10,626,638	8,009,313	-	18,635,951
Collateralized loans:	-	-	-	
Housing	-	-	1,102,428	1,102,428
Other real estate	5,232,527	534	-	5,233,061
Admissible financial collateral 0%	267,759	552	937	269,248
Admissible financial collateral 12%	65,077	20	-	65,097
Other collateral	1,278,797	57,015	-	1,335,812
Total gross loan portfolio	**17,470,798**	**8,067,434**	**1,103,365**	**26,641,597**

December 31, 2021	**Commercial**	**Consumer**	**Mortgage**	**Total**
Unsecured loans	8,190,264	7,516,767	-	15,707,031
Collateralized loans:	-	-	-	
Housing	-	-	942,377	942,377
Other real estate	3,632,279	965	-	3,633,244
Admissible financial collateral 0%	393,442	1,252	673	395,367
Admissible financial collateral 12%	160,717	27	-	160,744
Other collateral	1,938,695	2,206	-	1,940,901
Total gross loan portfolio	**14,315,397**	**7,521,217**	**943,050**	**22,779,664**

At December 31, 2022 and 2021, the portfolio summary by risk level classification is as follows:

	Loans to customers		**Interbank loans**		**Total**	
	December 31, 2022	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Commercial						
A	15,711,252	12,975,189	211,147	104,434	15,922,399	13,079,623
B	582,251	493,081	-	-	582,251	493,081
C	270,306	202,676	-	-	270,306	202,676
D	536,982	431,111	-	-	536,982	431,111
E	158,860	108,906	-	-	158,860	108,906
Subtotal Commercial	**17,259,651**	**14,210,963**	**211,147**	**104,434**	**17,470,798**	**14,315,397**
Consumer						
A	7,668,423	7,210,454	-	-	7,668,423	7,210,454
B	76,570	69,180	-	-	76,570	69,180
C	175,401	108,438	-	-	175,401	108,438
D	71,321	60,718	-	-	71,321	60,718
E	75,719	72,427	-	-	75,719	72,427
Subtotal Consumer	**8,067,434**	**7,521,217**	**-**	**-**	**8,067,434**	**7,521,217**
Mortgage						
A	993,016	844,421	-	-	993,016	844,421
B	46,169	47,698	-	-	46,169	47,698
C	6,747	7,735	-	-	6,747	7,735
D	15,369	9,756	-	-	15,369	9,756
E	42,064	33,440	-	-	42,064	33,440
Subtotal Mortgage	**1,103,365**	**943,050**	**-**	**-**	**1,103,365**	**943,050**
Total gross loan portfolio	**26,430,450**	**22,675,230**	**211,147**	**104,434**	**26,641,597**	**22,779,664**
Allowances	(947,024)	(735,661)	(2,061)	(1,673)	(949,085)	(737,334)
Total net loan portfolio	**25,483,426**	**21,939,569**	**209,086**	**102,761**	**25,692,512**	**22,042,330**

(Stated in millions of COP,
except exchange rates and nominal share values)

Impaired loans and investments in debt instruments

Impaired loans and debt instruments are loans, advances and investments in debt instruments (other than instruments recorded at fair value through profit or loss) for which the Bank and its Subsidiaries decide that recovery of the principal amount and interest due in accordance with the terms of the loan or investment instrument, loans, advances and investments in debt instruments at fair value through profit or loss are not assessed for impairment but are subject to the same internal classification system (see Note 11 - Loan Portfolio).

Loans and investments in debt instruments past due but not impaired

Loans and investment debt instruments that are past due but not impaired, other than those recognized at fair value through profit or loss, are those where the contractual interest or principal payments are past due but the Parent Company believes that impairment is not appropriate based on the level of security/collateral available and/or the stage of collection of amounts due to the Group.

Loans with renegotiated terms

Loans with renegotiable terms are those that have been restructured due to the impairment of the lender's final situation and where the Parent Company has made concessions that it would not otherwise consider.

Once the loan is restructured, it remains in this category regardless of satisfactory performance after restructuring.

Write-off policy

The Parent Company and its subsidiaries write off a loan balance or investment debt instrument, and any related allowance for impairment losses, when the Parent Company's Recoveries and Collections department determines that the loan or instrument is not collectible.

This determination is made after considering information such as the occurrence of significant changes in the lender's/issuer's financial condition such as that they may not be able to continue to pay the obligation, or that collections from collateral will not be sufficient to pay the exposure in full.

In the case of smaller standardized loans, write-off decisions are generally based on the specific delinquency status of a product.

Below is an analysis of the gross and net amounts of write-offs of impaired assets individually by degree of risk.

	Colombia	Peru	Paraguay	Total
	Written off	Written off	Written off	Written off
December 31, 2022				
Commercial	28,043	1,077	25,506	54,626
Consumer	151,659	57,684	6,974	216,317
Mortgage	0	284	636	920
Total	179,702	59,045	33,116	271,863
December 31, 2022				
Commercial	52,831	28,251	66,203	147,285
Consumer	119,869	41,253	27,481	188,603
Mortgage	108	-	804	912
Total	**172,808**	**69,504**	**94,488**	**336,800**

(Stated in millions of COP,
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The Bank and its subsidiaries take collateral on customer loans and advances in the form of mortgages on properties and other instruments recorded as assets and collateral. Fair value estimates are based on the value of the collateral assessed at the time of the loan, and are generally updated in accordance with current regulations, except when a loan is individually assessed as impaired. Collateral is generally not taken on loans and advances from Banks, except when the instruments are held as part of the resale and lending activity.

The following is an estimate of the fair value of collateral and other instrument improvements taken against loans and advances to customers and banks:

	Loans to customers	
	December 31, 2022	**December 31, 2021**
Against individual impairments		
Properties	230,107	207,080
Debt instruments	6,003	53,228
Equity instruments	63,627	69,129
Others	392,618	424,961
Against collective Impairment		
Properties	96,032	86,652
Against accounts that are not past due or impaired		
Properties	4,800,176	4,222,876
Debt instruments	121,351	538,823
Equity instruments	1,217,461	1,138,132
Others	1,344,644	2,040,265
	8,272,019	**8,781,146**

When the Bank and its subsidiaries acquire financial and non-financial assets during the year for the execution of the collateral backing loans and advances, this results in other credit improvements.

It is the policy of the Bank and its subsidiaries to collect on collateral in an orderly and timely manner. As a general rule, the Bank and its Subsidiaries do not use non-cash collateral to back their own transactions.

Concentration of credit risk

The Bank and its subsidiaries monitor the concentration of credit risk by sector and by geographic location. The following is an analysis of the concentration of credit risk in loans and advances and investment instruments at the closing dates:

	Loans to customers	**Interbank loans**	**Total**	**Loans to customers**	**Interbank loans**	**Total**
	December 31, 2022	**December 31, 2022**	**December 31, 2022**	**December 31, 2021**	**December 31, 2021**	**December 31, 2021**
Concentration by Sector						
Business	3,586,235	-	3,586,235	2,969,891	-	2,969,891
Agriculture	3,520,548	-	3,520,548	2,660,148	-	2,660,148
Manufacturing	1,633,913	-	1,633,913	1,412,212	-	1,412,212
Real Estate	2,155,368	-	2,155,368	1,509,473	-	1,509,473
Financial Brokerage	1,179,539	-	1,179,539	726,680	-	726,680
Transportation	371,829	-	371,829	319,049	-	319,049
Healthcare	613,167	-	613,167	527,246	-	527,246
Education	341,391	-	341,391	352,358	-	352,358
Energy and Gas	86,686	-	86,686	55,574	-	55,574
Communications	30,660	-	30,660	67,299	-	67,299
Mining	22,410	-	22,410	16,509	-	16,509
Others	3,677,164	-	3,677,164	3,538,086	-	3,538,086
Government	40,741	-	40,741	56,438	-	56,438
Banks	-	211,147	211,147	-	104,434	104,434
Without collateral	8,067,434	-	8,067,434	7,521,217	-	7,521,217
Mortgage	1,103,365	-	1,103,365	943,050	-	943,050
Allowances	(947,024)	(2,061)	(949,085)	(735,661)	(1,673)	(737,334)
Total	**25,483,425**	**209,086**	**25,692,512**	**21,939,569**	**102,761**	**22,042,330**

(Stated in millions of COP,
except exchange rates and nominal share values)

The concentration of loans and advances by geographic area is measured based on the location of the Group entity holding the assets with a high correlation with the location of the borrower. Concentration by location for investment securities is measured based on the issuance location of the instrument.

Geographic concentration	**Loans to customers**	**Interbank loans**	**Total**
	December 31, 2022		
Colombia	8,854,250	68,837	8,923,087
Peru	4,335,345	142,310	4,477,655
Paraguay	10,114,410	-	10,114,410
Panama	2,684,538	-	2,684,538
Virgin Islands	441,907	-	441,907
Total Allowances	(947,024)	(2,061)	(949,085)
Total	**25,483,426**	**209,086**	**25,692,512**

Geographic concentration	**Loans to customers**	**Interbank loans**	
	December 31, 2021		**Total**
Colombia	9,097,747	3,339	9,101,086
Peru	3,183,362	101,074	3,284,436
Paraguay	8,378,586	21	8,378,607
Panama	2,015,536	-	2,015,536
Total Allowances	(735,662)	(1,673)	(737,335)
Total	**21,939,569**	**102,761**	**22,042,330**

1. Market risk:

Market risk is defined as the potential loss in the value of financial assets due to adverse movements in factors that determine their price, also known as risk factors such as interest rates, exchange rates, share prices and other factors that affect the value of financial products traded in the entity that is part of the Group.

The purpose of the Market Risk Management System (SARM, for the Spanish original) implemented by the Parent Company and its subsidiaries is to identify, measure, control and monitor the market risk to which it is exposed in the development of treasury transactions, considering the entity's structure and size.

The Group participates in the money, foreign exchange and capital markets aiming 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 allowable risk limits and levels.

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

Business strategies are established in accordance with approved limits aimed at achieving a balance in the profitability/risk ratio. There is also a structure of limits consistent with the Parent Bank's general philosophy, based on its capital levels, earnings and risk tolerance.

(Stated in millions of COP,
except exchange rates and nominal share values)

The Group is exposed to the following risk factors:

- **Interest rate risk:** is defined as the possibility that changes in interest rates may adversely affect the value of financial instruments held by the entity. The Group's investments are exposed to this risk due to the effects of interest rate fluctuations that can affect its financial position and future cash flows. Interest margins can be increased as a result of interest rate changes, but can also be reduced and generate losses in the event of unexpected interest rate movements.

- **Exchange rate risk:** is defined as the sensitivity of the value of the own position in currencies other than the Colombian peso to a potential change in the exchange rates to which the the Parent Company and its subsidiaries are exposed. This risk is mainly implicit in the purchase and sale of foreign currencies and forwards. Exchange rate risk arises when there is a mismatch in the net foreign currency position and it is affected by fluctuations in exchange rates.

- **Hedging:** As part of its regional strengthening strategy, and in accordance with the acquisition of subsidiaries Banco GNB Peru and Banco GNB Paraguay, Banco GNB Sudameris has developed hedging mechanisms through the issuance of subordinated bonds. In this way, the Entity aims to mitigate the foreign exchange risk through the use of hedge accounting tools.

This hedge accounting treatment is subject to compliance with the methodological requirements to ensure its effectiveness. The Group performs quarterly tests to ensure compliance with the required assumptions.

The Group constantly reviews the models used to manage market risk based on the identification and analysis of variations in risk factors (interest rate, exchange rate and price index) on the value of the different financial instruments that make up the portfolios.

Taking into account the standard risk measurement methodology (VaR) at December 31, 2022 and 2021, the following results are presented:

Group VaR

Maximum, Minimum and Average VaR	**December 31, 2022**			
	Minimum	**Average**	**Maximum**	**Year-end**
Interest rate	103,621	124,994	135,404	103,621
Exchange rate	21,722	52,004	69,505	66,770
Equity securities	264	306	340	264
Collective funds	8,331	16,149	22,881	8,331
Total VaR		**193,453**		**178,986**

Maximum, Minimum and Average VaR	**December 31, 2021**			
	Minimum	**Average**	**Maximum**	**Year-end**
Interest rate	109,491	127,188	135,064	131,199
Exchange rate	35,427	52,692	86,109	35,427
Equity securities	335	369	398	340
Collective funds	21,266	23,713	26,171	22,881
Total VaR		**203,962**		**189,847**

(Stated in millions of COP,
except exchange rates and nominal share values)

The Group's VaR at December 31, 2022, compared to December 31, 2021, decreased by COP 10,862 million. This reduction mainly arises from the separate VaR of Banco GNB Perú of COP 16,324 million under the interest rate item. The separate VaR of Corporación Financiera GNB Sudameris also decreased by COP 14,343 million due to a reduction in the exchange rate and Collective Investment Funds items, as a result of a lower level of exposure of the investments of these components. Instead, the separate VaR of Banco GNB Sudameris increased by COP 26,873 million, primarily through the exchange rate component, due to the position it holds in Peruvian Sol forwards.

The VaR indicators presented separately by the Bank and its subsidiaries at December 31, 2022 and December 31, 2021 were:

Entity	December 31, 2022 Amount	December 31, 2022 Level I basis points	December 31, 2021 Amount	December 31, 2021 Level I basis points
Banco GNB Sudameris	131,379	91,6	104,506	84.4
Servitrust	1,282	0,9	243	0.2
Servivalores	1,730	1,3	1,604	1.4
Servibanca	2,333	1,7	4,511	3.8
Paraguay	15,782	11,5	21,836	18.2
Peru	13,267	9,7	29,590	24.6
Corporación Financiera	13,213	9,6	27,556	23.0
Private Capital Fund	3	-	-	-
Total VaR, Consolidated subsidiaries	**178,989**	126,3	**189,847**	**155.6**

2. Risk of changes in foreign currency exchange rates

The Group is exposed to exchange rate risk due to the positions taken in currencies other than the Colombian peso, mainly US dollars and Euros, both in its proprietary position and in investments in foreign affiliates.

In the Global Proprietary Position, derivatives are excluded and the nominal values recorded in memorandum accounts are reported, which include both purchases and sales, with a limit of 20% of the Entity's technical capital for the two preceding months restated with the average market exchange rate.

The following is a breakdown by currency at December 31, 2022 and 2021:

December 31, 2022	US dollars (millions)	Euros (millions)	Other currencies translated to US dollars (millions)	Total in Colombian pesos (millions)
Cash and cash equivalents	963	28	235	5,895,873
Debt investments	137	-	491	3,021,253
Equity investments	-	-	2	7,497
Derivatives	1	-	31	155,081
Loans	1,306	-	1,664	14,287,457
Others	241	-	239	2,308,279
Assets	**2,648**	**28**	**2,662**	**25,675,439**
Checking accounts	343	-	371	3,431,062
Savings accounts	669	-	658	6,386,627
Term deposits	561	-	954	7,283,717
Others	1,116	28	219	6,554,834
Liabilities	2,688	**28**	2,202	23,656,241
Net position	**(40)**	**-**	**460**	**2,019,198**

December 31, 2021	US dollars (millions)	Euros (millions)	Other currencies translated to US dollars (millions)	Total in Colombian pesos (millions)
Cash and cash equivalents	1,016	4	353	5,466,496
Debt investments	103	-	524	2,496,830
Equity investments	2	-	2	12,352
Derivatives	8	-	1	32,777
Loans	1,255	-	1,742	11,931,427
Others	127	-	418	2,168,212
Assets	**2,510**	**4**	**3,039**	**22,108,093**
Checking accounts	399	-	433	3,311,076
Savings accounts	731	-	750	5,897,609
Term deposits	544	-	962	5,995,344
Others	1,236	4	210	5,773,764
Liabilities	**2,911**	**4**	**2,355**	**20,977,793**
Net position	**- 400**	**-**	**684**	**1,130,299**

IMPACT ON THE BANK'S OWN POSITION IN THE EVENT OF A COP 10 CHANGE IN THE EXCHANGE RATE

Rate and rate fluctuations in COP	Asset positions	Liability positions	Own position	Sensitivity COP 10 / USD 1	Amount in pesos
4,810,20	5,337,71	4,917,93	419,77		
4,820,20	5,326,63	4,907,73	418,90	0,87	870,865
4,800,20	5,348,83	4,928,18	420,65	(0,87)	(874,493)

Figures in millions of USD, unless otherwise indicated

The estimated effect of a COP 10/US 1 increase or decrease compared to the exchange rate at December 31, 2022, would be COP 870,865; at December 31, 2021 it was COP 909,504

3. Interest rate risk on structure

The Bank's consolidated assets and liabilities are exposed to market fluctuations in interest rates affecting its financial position. This risk is based on the relationship between asset and liability positions. On the asset side, positions are taken from investments and loan portfolio placements at fixed and variable rates, which in turn are funded with liabilities, such as: collecting deposits and financial obligations at fixed and variable rates. This leads to margins of interest increasing or decreasing as a consequence of movements in these rates, which can increase margins and generate greater or lower profit as a consequence of unexpected events in the market.

The sensitivity analysis of the main productive assets and liabilities with costs due to exposure to interest rate changes is presented below. The table shows average volumes and cumulative amounts as of December 31, 2022 and December 2021, as well as the impact in light of a variation of 50 basis points.

December 31, 2022				Variation of 50 bps in interest rates	
Account details	Average for the period	Interest income/expense	Average Interest Rate	Favorable	Unfavorable
Portfolio in Colombian pesos	10,840,276	1,384,966	12.78%	111,710	(111,710)
Portfolio in foreign currency	12,756,713	1,013,297	7.94%	143,850	(143,850)
Asset money market transactions in Colombian pesos	1,861,685	163,806	8.80%	42	(42)
Asset money market transactions in foreign currency	630,315	150,621	23.90%	3	(3)
Investments in tradable debt securities and debt securities available for sale in Colombian pesos	11,614,877	862,606	7.43%	35,203	(35,203)
Interest-bearing financial assets	**37,703,866**	**3,575,296**	**9.5%**	**290,808**	**(290,808)**

(Stated in millions of COP,
except exchange rates and nominal share values)

December 31, 2022				Variation of 50 bps in interest rates	
Account details	**Average for the period**	**Interest income/expense**	**Average Interest Rate**	**Favorable**	**Unfavorable**
Customer deposits in checking accounts, savings accounts and CDs in Colombian pesos	13,352,175	931,494	6.98%	62,404	(62,404)
Customer deposits in savings accounts and CDs in foreign currency	5,960,370	164,160	2.75%	29,003	(29,003)
Customer deposits in fixed term certificates of deposit in Colombian pesos	4,398,445	325,683	7.40%	6,542	(6,542)
Customer deposits in fixed term certificates of deposit in foreign currency	6,282,403	185,556	2.95%	38,376	(38,376)
Bonds in Colombian pesos	332,405	41,086	12.36%	3,442	(3,442)
Bonds in foreign currency	3,431,531	257,141	7.49%	22,972	(22,972)
Financial obligations in Colombian pesos	2,401,643	207,162	8.63%	35,219	(35,219)
Financial obligations in foreign currency	1,342,668	96,922	7.22%	5,645	(5,645)
Total financial liabilities with financial costs in Colombian pesos	**20,484,668**	**1,505,425**	**4.42%**	**107,607**	**(107,607)**
Total financial liabilities with financial costs in foreign currency	**17,016,972**	**703,779**	**4.14%**	**95,996**	**(95,996)**
Total financial liabilities with financial costs	**37,501,640**	**2,209,204**	**5.89%**	**203,603**	**(203,603)**
Total net financial assets subject to interest rate risk in Colombian pesos	**3,832,170**	**905,953**	**23.64%**	**39,349**	**(39,349)**
Total net financial liabilities subject to interest rate risk in foreign currency	**(3,629,944)**	**460,138**	**-12.68%**	**47,857**	**(47,857)**
Total net financial assets subject to interest rate risk	**202,226**	**1,366,092**	**675.53%**	**87,206**	**(87,206)**

December 31, 2021				Variation of 50 bps in interest rates	
Account details	**Average for the period**	**Interest income/expense**	**Average Interest Rate**	**Favorable**	**Unfavorable**
Portfolio in Colombian pesos	9,253,579	974,715	10.53%	109,601	(109,601)
Portfolio in foreign currency	11,518,284	891,831	7.74%	120,248	(120,248)
Asset money market transactions in Colombian pesos	3,146,086	85,156	2.71%	159	(159)
Asset money market transactions in foreign currency	1,150,202	41,257	3.59%	57	(57)
Investments in tradable debt securities and debt securities available for sale in Colombian pesos	11,139,406	304,931	2.74%	56,797	(56,797)
Interest-bearing financial assets	**36,207,557**	**2,297,890**	**6.3%**	**286,862**	**(286,862)**

December 31, 2021				Variation of 50 bps in interest rates	
Account details	**Average for the period**	**Interest income/expense**	**Average Interest Rate**	**Favorable**	**Unfavorable**
Customer deposits in checking accounts, savings accounts and CDs in Colombian pesos	13,182,369	255,724	1.94%	64,654	(64,654)
Customer deposits in savings accounts and CDs in foreign currency	5,151,438	129,376	2.51%	25,126	(25,126)
Customer deposits in fixed term certificates of deposit in Colombian pesos	4,558,773	153,861	3.38%	9,468	(9,468)
Customer deposits in fixed term certificates of deposit in foreign currency	6,085,897	134,372	2.21%	48,801	(48,801)
Bonds in Colombian pesos	332,405	21,956	6.61%	5,062	(5,062)
Bonds in foreign currency	3,045,715	218,476	7.17%	50,321	(50,321)
Financial obligations in Colombian pesos	1,882,703	51,493	2.74%	32,359	(32,359)
Financial obligations in foreign currency	1,133,987	67,136	5.92%	5,410	(5,410)
Total financial liabilities with financial costs in Colombian pesos	**19,956,249**	**483,034**	**4.42%**	**111,544**	**(111,544)**
Total financial liabilities with financial costs in foreign currency	**15,417,037**	**549,361**	**3.56%**	**129,658**	**(129,658)**
Total financial liabilities with financial costs	**35,373,287**	**1,032,395**	**2.92%**	**241,202**	**(241,202)**
Total net financial assets subject to interest rate risk in Colombian pesos	**3,582,822**	**881,767**	**24.61%**	**55,014**	**(55,014)**
Total net financial liabilities subject to interest rate risk in foreign currency	**(2,748,551)**	**383,727**	**-13.96%**	**(9,353)**	**9,353**
Total net financial assets subject to interest rate risk	**834,271**	**1,265,494**	**151.69%**	**45,660**	**(45,660)**

1) If a variation of 50 basis points had occurred in interest rates during 2022, the financial assets that earn interest would have had an income variation of +/- COP 290,809 million at December 31.

2) If a variation of 50 basis points had occurred in interest rates during 2022, liabilities with financial costs that earn interest would have had a cost variation of +/- COP 203,603 million at December 31.

3) If a variation of 50 basis points had occurred in interest rates during 2022, total net financial assets subject to interest rate risk would have had a variation of +/- COP 87,206 million at December 31.

4. Liquidity risk

1. Management and models

The consolidated Liquidity Risk Management System (SARL, for the Spanish original) assesses the liquidity risk exposure of the Group, enabling the adoption of timely decisions for proper risk mitigation and, when applicable, determining the proper amount of capital corresponding to the risk levels of the Group and managing its liquidity policy.

The Group manages liquidity risk in accordance with the standard model established in Chapter VI of the Basic Accounting and Financial Notice of the Financial Superintendence of Colombia and in accordance with the rules related to liquidity risk management through the basic principles of the Liquidity Risk Management System, which establishes the minimum prudential parameters that must be monitored by the entities in their operations to efficiently manage the liquidity risk to which they are exposed, through the Elements and Stages of the SARL (Identification, Measurement, Control and Monitoring) in accordance with the structure, complexity and size of the Consolidated Entity.

Each international subsidiary is responsible for measuring the Liquidity Risk indicator and other measurements. However, the overall management of liquidity is the responsibility of the National Risk Management Department of the Parent Company, through the Group´s Risk and Model Management Department, which analyzes the implications in terms of funding and liquidity of the liquidity structures and their compatibility in accordance with the policies and guidelines of the Parent Company and its limits and warning system, approved by the Board of Directors, which enables the joint management of liquidity risk.

The development and updating of Liquidity Risk policies has contributed to the proper structuring of the risk management system, not only in terms of limits and warnings, but also in terms of procedures, developing complementary management tools and performing periodic stress exercises for its models, which will serve as a basis for taking preventive or risk mitigation actions and thus limiting exposure, designing a liquidity buffer, adjusting the risk profile and structuring the contingency plan.

As part of the Liquidity Risk analysis, the Group measures, among others, the volatility of deposits without contractual maturity through statistical analysis, the evolution of financial assets and liabilities, the structure of interest rates, the normal Liquidity Coverage Indicator (LCI) and the Stressed Liquidity Coverage Indicator (Stressed LCI), the concentration of funding sources, the proprietary position, the Liquidity gap by currency and funding positions between related parties.

Through the Group's Risk Committee, Senior Management reviews the liquidity situation of the consolidated group and recommends the necessary actions, while taking into account the high quality liquid assets to be maintained, liquidity management tolerance or minimum liquidity, the raising of funds, policies on liquidity surplus placement, changes in the characteristics of existing products and new products, the diversification of sources of funds to avoid a concentration of funds from few investors or savers, hedging strategies and changes in the balance sheet structure.

(Stated in millions of COP,
except exchange rates and nominal share values)

The Parent Company and its subsidiaries each have a Liquidity Contingency Plan, which clearly specifies the roles and responsibilities for activating the contingency, as well as the constitution of the liquidity crisis group whose function and responsibility is to take the necessary actions to mitigate the effects of an exposure to liquidity risk of any of the entities that make up the group, using a series of strategies aimed at correcting the liquidity structure based on support either from the Central Bank of Colombia, the entity's assets, main customers, shareholders or FOGAFIN as a last resort, in addition to defining the management of communicating internal information to the media, control entities and the general public through the Communications Plan.

High-quality liquid assets consist of cash and marketable investments in debt securities, investments in open-end collective portfolios, available-for-sale investments in debt securities and held-to-maturity investments, as long as they are money market transactions.

The Group complies with legal reserve requirements according to the local regulations of each country in the case of foreign subsidiaries, maintaining the Cash, Banks and their respective deposits in the Central Banks by applying the percentages established on deposits and liabilities as required by each regulation.

Quantitative information

During the fourth quarter of 2022, the Group kept sufficient liquidity levels to cover all its requirements, as explained in the table below at December 31, 2022, also indicating the maximum, minimum and average levels throughout the year:

December 31, 2022

Entity	Amount	Percentage
Banco GNB Sudameris	5,359,352	53.38%
Banco GNB Perú	2,268,597	22.60%
Banco GNB Paraguay	2,038,433	20.30%
Servibanca	268,960	2.68%
Servitrust GNB Sudameris	44,258	0.44%
Corporación Financiera GNB	32,155	0.32%
Fondo de Capital Privado Inmobiliario Servivalores	23,909	0.24%
Servivalores GNB Sudameris	3,025	0.03%
Fondo de Capital Privado Inmobiliario Servitrust	469	0.00%
Total	**10,039,158**	**100.00%**
Maximum	10,367,417	
Minimum	9,224,369	
Average	9,876,981	

At the end of December 31, 2021, the following summary of the Group's liquidity analysis was presented in accordance with the provisions established for such purpose by the Financial Superintendence of Colombia.

December 31, 2021

Entity	Amount	Percentage
Banco GNB Sudameris	6,060,748	55.19%
Banco GNB Perú	2,424,465	22.08%
Banco GNB Paraguay	2,275,847	20.72%
Servibanca	145,921	1.33%
Servitrust GNB Sudameris	10,293	0.09%
Corporación Financiera GNB	43,452	0.40%
Servivalores GNB Sudameris	5,937	0.05%
Fondo Inmobiliario	14,788	0.13%
Total	**10,981,451**	**100.00%**
Maximum	10,981,451	
Minimum	10,836,225	
Average	10,930,397	

(Stated in millions of COP,
except exchange rates and nominal share values)

At the end of December 31, 2022 and 2021, the Parent Company performed the analysis of maturities for financial liabilities showing the following consolidated contractual maturities:

Analysis of maturities of consolidated financial liabilities at December 31, 2022

Financial liabilities	< 1 month	1-3 months	3-12 months	More than 12 months
Customer deposits	9,634,204	4,629,027	5,146,522	16,564,958
Short-term financial obligations	3,913,602	4,457,033	88,102	292,925
Investment securities outstanding	712	-	-	3,794,876
Bank loans	126,768	828,765	654,733	1,505,105
Total financial liabilities	**13,675,286**	**9,914,825**	**5,889,357**	**22,157,864**

Analysis of maturities of consolidated financial liabilities at December 31, 2021

Financial liabilities	< 1 month	1-3 months	3-12 months	More than 12 months
Customer deposits	8,945,038	4,878,587	5,912,634	15,484,246
Short-term financial obligations	3,740,902	4,271,941	87,206	371,434
Investment securities outstanding	589	8,168	159,270	3,850,500
Bank loans	74,874	456,620	555,052	696,840
Total financial liabilities	**12,761,403**	**9,615,316**	**6,714,162**	**20,403,020**

5. Operating risk

i. Operating Risk Management System (ORMS)

For the Group, operating risk is a key aspect for management, which permanently monitors the different events that may or may not imply losses resulting from failures in internal processes, human resources, infrastructure and technology, or derived from external circumstances.

1. Operating Risk Management

During the fourth quarter of 2022, the Operating Risk Department, which reports to the Parent Company's National Risk Management Department, in compliance with the provisions of current regulations, continued managing Operating Risk by performing the following activities, among others:

1.1. Banco GNB Sudameris and National Subsidiaries:

1.1.1. Banco GNB Sudameris

In 2022, the Operating Risk Department assigned to the National Risk Management Department, in compliance with the provisions of current regulations, continued managing Operating Risk by performing the following activities, among others:

a) The Board of Directors of Banco GNB Sudameris approved an update to the Operating Risk Management Rules of Procedure, mainly in connection with the policies and procedures to manage treatment plans, functions and responsibilities, early warning signs, and Operating Risk Appetite limits, among others.

b) Along with the respective areas, the review and update to the risk assessment matrices of the Entity's processes and areas were concluded, in accordance with the defined schedule. In this way, the risks to which it is exposed and the controls that allow mitigating them were determined and identified, maintaining exposure levels within tolerable limits.

c) The Operating Risk Department provided support identifying the risks for new projects, products and services developed in 2022.

d) As an important part of strengthening the risk culture within the Entity, training sessions were performed periodically for employees in the Entity's departments. These sessions helped reinforce knowledge on operating risk, as well as the GNB ORMS tool's functionality and usage, highlighting the importance of reporting operating risk events.

e) On the other hand, operating risk indicators were calculated and analyzed, which allowed monitoring the behavior of operating risk events and validated the timely, effective and efficient functioning of controls.

f) The various requirements of the Statutory , Risk Audit, Internal Audit and the Financial Superintendence of Colombia were met regarding follow-up of the Entity's Management and Administration of the Operating Risk Management System (ORMS) and the respective reports were received with satisfactory results.

g) During this period, training, support and alignment with the methodology, rules, policies and procedures continued, following the guidelines of the Parent Company for International affiliates and support provided in terms of operating risk to all Group Entities.

1.1.2. Servitrust

In 2022, the Operating Risk Department assigned to the National Risk Management Department, in compliance with the provisions of current regulations, and under the synergies agreement, continued managing Operating Risk by performing the following activities, among others:

a. The Board of Directors of Servitrust GNB Sudameris approved an update to the Operating Risk Management Rules of Procedure, in connection with the early warning system, as a tool to monitor the Operating Risk Appetite limits, the changes related to the Asset Management Significant Activity and the Advisory Duty as part of the Advisory Activity, among others.

b. Along with the respective areas, the review and update to the risk assessment matrices of the Entity's processes and areas were concluded, in accordance with the defined schedule. In this way, the risks to which the Entity is exposed and the controls that allow mitigating them were determined and identified, maintaining exposure levels within tolerable limits.

c. As an important part of strengthening the risk culture within the Entity, training sessions were performed periodically for employees in the Entity's departments. These sessions helped reinforce knowledge on operating risk, as well as the GNB ORMS tool's functionality and usage, highlighting the importance of reporting operating risk events.

d. The various requirements of the Statutory Audit, Internal Audit and the Financial Superintendence of Colombia were met regarding follow-up of the Entity's Management and Administration of the Operating Risk Management System (ORMS) and the respective reports were received with satisfactory results.

1.1.3. Servivalores

In 2022, the Operating Risk Department assigned to the National Risk Management Department, in compliance with the provisions of current regulations, and the synergies agreement with the Parent Company, continued managing Operating Risk by performing the following activities, among others:

a) The Board of Directors of Servivalores approved an update to the Operating Risk Management Rules of Procedure, in connection with the early warning system as a tool to monitor the Operating Risk Appetite limits, the changes related to the Asset Management Significant Activity and the Advisory Duty as part of the Advisory Activity, among others.

b) Along with the respective areas, the review and update to the risk assessment matrices of the Entity's processes and areas were concluded, in accordance with the defined schedule. In this way, the risks to which the Entity is exposed and the controls that allow mitigating them were determined and identified, maintaining exposure levels within tolerable limits.

c) As an important part of strengthening the risk culture within the Entity, training sessions were performed periodically for employees in the Entity's departments. These sessions helped reinforce knowledge on operating risk, as well as the GNB ORMS tool's functionality and usage, highlighting the importance of reporting operating risk events.

d) The various requirements of the Statutory Audit, the Internal Audit, the Financial Superintendence of Colombia and the Ratings Agency were met regarding follow-up of the Entity's Management and Administration of the Operating Risk Management System (ORMS) and the respective reports were received with satisfactory results.

1.1.4. Servibanca

In 2022, the Operating Risk Department assigned to the National Risk Management Department, in compliance with the provisions of current regulations, and the synergies agreement with the Parent Company, continued managing Operating Risk by performing the following activities, among others:

a) The Board of Directors of Servibanca approved an update to the Operating Risk Management Rules of Procedure, in connection with the early warning system, as a tool to monitor the Operating Risk Appetite limits.

b) It approved the Comprehensive Risk Management Model for Servibanca Participants, in compliance with Decree 1692/2020.

c) Along with the respective areas, the review and update to the risk assessment matrices of the Entity's processes and areas were concluded, in accordance with the defined schedule. In this way, the risks to which the Entity is exposed and the controls that allow mitigating them were determined and identified, maintaining exposure levels within tolerable limits.

d) As an important part of strengthening the risk culture within the Entity, training sessions were performed periodically for employees in the Entity's departments. These sessions helped reinforce knowledge on operating risk, as well as the GNB ORMS tool's functionality and usage, highlighting the importance of reporting operating risk events.

e) The various requirements of the Statutory Audit, Internal Audit and the Financial Superintendence of Colombia were met regarding follow-up of the Entity's Management and Administration of the Operating Risk Management System (ORMS) and the respective reports were received with satisfactory results.

1.1.5. Corporación Financiera GNB Sudameris

In 2022, the Operating Risk Department assigned to the National Risk Management Department, in compliance with the provisions of current regulations, and the synergies agreement with the Parent Company, continued managing Operating Risk by performing the following activities, among others:

a. The Board of Directors of Corporación Financiera GNB Sudameris approved an update to the Operating Risk Management Rules of Procedure, mainly in connection with the policies and procedures to manage treatment plans, functions and responsibilities, early warning signs, and Operating Risk Appetite limits, among others.

b. Along with the respective areas, the review and update to the risk assessment matrices of the Entity's processes and areas were concluded, in accordance with the defined schedule. In this way, the risks to which the Entity is exposed and the controls that allow mitigating them were determined and identified, maintaining exposure levels within tolerable limits.

c. As an important part of strengthening the risk culture within the Entity, training sessions were performed periodically for employees in the Entity's departments. These sessions helped reinforce knowledge on operating risk, as well as the GNB ORMS tool's functionality and usage, highlighting the importance of reporting operating risk events.

d. The various requirements of the Statutory Audit, Internal Audit and the Financial Superintendence of Colombia were met regarding follow-up of the Entity's Management and Administration of the Operating Risk Management System (ORMS) and the respective reports were received with satisfactory results.

1.2. International Subsidiaries

We continued to monitor and follow up on the methodology, standards, policies and procedures of the Parent Company guidelines for international subsidiaries, and to monitor operating risk events in the GNB ORMS tool.

1.2.1. Banco GNB Perú

The Operating Risk Management System is considered a fundamental effort at Banco GNB Peru, based on the risk culture and Internal Control of Banco GNB Peru, through the Risk Coordinators, the Management Department / Vice Presidencies and each one of the employees with the guidance provided by the Operating Risk area, maintaining the identification, measurement, control and monitoring of operating risks in compliance with the local regulatory framework and corporate policies.

In 2022, the Risk Committee assessed the main operating risk events, controlled the Operating Risk Appetite, and reviewed significant contractual clauses of critical suppliers, among others.

1.2.2. Banco GNB Paraguay

For Banco GNB Paraguay, Operating Risk plays a significant role in the development of its activity, because thanks to the constant monitoring of operational events, focal points of possible financial losses can be detected, as well as internal weaknesses in the control systems.

During 2022, risk events continued to be monitored, identified and recorded in the GNB ORMS tool.

2. Operating Value at Risk

Pursuant to the provisions issued by the Financial Superintendence of Colombia in Chapter XXIII of the Basic Accounting Public Notice, in Decrees 415/2018 and 1421/2019, which issue instructions related to the calculation of the Operating Value at Risk, the following are the results of each Entity:

(Stated in millions of COP,
except exchange rates and nominal share values)

2.1. Banco GNB Sudameris

Pursuant to the provisions of Decree 1421/2019, regarding capital adequacy requirements for operating risks at credit establishments, and Public Notice 025/2020 issued by the Financial Superintendence of Colombia, Banco GNB Sudameris implemented the calculation of OpVaR on a monthly basis since January 2021, generating the required reports in accordance with applicable regulations.

The average OpVaR of Banco GNB Sudameris during the period from December 31, 2021 to December 31, 2022, was COP 150,362 million, with a maximum value of COP 169,017 million and a minimum value of COP 94,214 million.

Figures in COP million **OpVaR** **Banco GNB Sudameris**	
Period	**OpVaR**
December 2021	94,214
December 2022	168,464

Figures in COP million **OpVaR** **Banco GNB Sudameris**	
Maximum	169,017
Minimum	94,214
Average	150,362

Compared to December 31, 2021, at December 31, 2022 OpVaR changed by COP 74,249 million, equivalent to 44.07%, mainly arising from the update of the Internal Loss Indicator (ILI) for the new year (transition regime), which increased from 0.7 to 1.0.

2.2. Servitrust GNB Sudameris

According to the measurement of the Operating Value at Risk established by the Financial Superintendence of Colombia through Chapter XXIII of the Basic Accounting Notice and Decree 415/ 2018, the average OpVaR of Sociedad Fiduciaria Servitrust GNB Sudameris S.A. in the period from December 31, 2021 to December 31, 2022 was COP 1,762 million, with a maximum value in December 2021 of COP 1,786 million and a minimum value of COP 1,748 million in November 2022:

Figures in COP million **OpVaR** **Servitrust GNB Sudameris**	
December 2021	1,786
December 2022	1,755

Figures in COP million **OpVaR** **Servitrust GNB Sudameris**	
Maximum	1,786
Minimum	1,748
Average	1,762

According to the analyses performed, the OpVaR has not had a significant impact on the Entity's solvency margin, which remained above the thresholds defined by applicable regulations.

2.3. Servivalores GNB Sudameris

According to the measurement of Operating Value at Risk established by the Financial Superintendence of Colombia in Chapter XXIII of the Basic Accounting Public Notice and Decree 415/2018, the OpVaR of Servivalores in December 2022 was COP 1,342.5 million.

Figures in COP million **OpVaR Sociedad Comisionista** **Servivalores GNB Sudameris**	
Average	1,287.3
Maximum	1,342.5
Minimum	1,239.5

Figures in COP million **OpVaR Sociedad Comisionista** **Servivalores GNB Sudameris**	
December 2021	1,184.7
December 2022	1,342.5

According to the analyses performed, the OpVaR has not had a significant impact on the Entity's solvency margin, which remained above the thresholds defined by applicable regulations.

(Stated in millions of COP,
except exchange rates and nominal share values)

2.4. Corporación Financiera GNB Sudameris

According to the measurement of Operating Value at Risk established by the Financial Superintendence of Colombia through Chapter XXIII of the Basic Accounting Notice and Decree 1421/ 2019, the average OpVaR of Corporación Financiera in the period from December 31, 2021 to December 31, 2022 was COP 4,310 million, with a maximum value in October 2022 of COP 7,975 million and a minimum value of COP 2,115 million in May 2022:

Figures in COP million	
OpVaR Corporación Financiera	
December 2021	2,205
December 2022	7,698

Figures in COP million	
OpVaR Corporación Financiera	
Maximum	7,975
Minimum	2,115
Average	4,310

The change in the OpVaR of Corporación Financiera GNB Sudameris between December 2021 and December 2022, mainly arises from the Internal Loss Indicator (ILI) established in Public Notice 025 issued by the Financial Superintendence of Colombia, which increased from 0.70 to 1.

According to the analyses performed, the OpVaR has not had a significant impact on the Entity's solvency margin, which remained above the thresholds defined by applicable regulations.

2.5. OpVaR of the Group

According to current regulations in Colombia regarding capital adequacy for operating risk and Public Notice 025 issued by the Financial Superintendence of Colombia, the following are the comparative figures of OpVaR for the Group between December 2021 and December 2022:

Figures in COP million	
OpVaR of the Group	
December 2021	153,964.9
December 2022	208,430.4

3. Operating Risk Events

During 2022, the events with greatest impact were related to the Banco GNB Merger Project for COP 2,080.4 million and Banco GNB Perú for COP 1,051 million. This amount is within the established operating risk limit.

Regarding Servibanca, operating risk events took place that impacted the financial statements in the amount of COP 453.8 million. This amount is within the established operating risk limit. Type B events also occurred, associated mainly with
"damages to physical assets" and "technological failure," which were corrected in a timely manner.

At Banco GNB Paraguay, Type A events impacted the financial statements in the amount of COP 68.1 million. This amount is within the established operating risk limit.

At Banco GNB Sudameris, Type A events impacted the financial statements in the amount of COP 41.3 million. This amount is within the established operating risk limit. Type B events also occurred, associated mainly with "process management and execution" and "technological failures," which were remedied in a timely manner.

(Stated in millions of COP,
except exchange rates and nominal share values)

At the subsidiary Servitrust GNB Sudameris, an event occurred for COP 5.4 million, while at Corporación Financiera two events took place for COP 0.4 million, and at Servivalores there was one event for COP 0.003 million.

The following are the type “A” operating risk events as of year-end 2022 as a percentage of total events:

Figures in COP million		
	2022	
Entity	**Amount**	**% of total**
Banco GNB PF*	2,080.4	56.2%
Banco GNB Perú*	1,051.0	28.4%
Servibanca	453.8	12.3%
Banco GNB Paraguay*	68.1	1.8%
Banco GNB Sudameris	41.3	1.1%
Servitrust	5.4	0.1%
CorfiGNB	0.4	0.01%
Servivalores	0.003	0.0001%
	3,700.3	**100%**

Source: GNB ORMS application

** Calculations made using the exchange rate as of the last business day of each month, as appropriate for each country.*

4. Risk Profile

The Financial Group has defined a conservative risk appetite in the development of its operations. During 2022, considering the risks identified in each of the Entities, we report that the residual risk level for the Group is LOW.

ii. Business Continuity Plan (BCP)

1. Business Continuity Plan (BCP) management

1.1. Banco GNB Sudameris and Subsidiaries in Colombia

In accordance with the Business Continuity Plan defined and approved by the corresponding authorities, during 2022, the Operating Risk Management Department carried out the following activities, among others:

- The Risk Assessment Matrix that is part of the Business Continuity Plan was updated, along with all its associated strategies.
- Business Impact Analysis (BIA) and Operating Contingency Plan (OCP) were updated for all critical areas, which aligns them with the business continuity strategy and enables taking expedite action if any event shout arise.
- The “Critical Positions Backup Matrix” was updated, which supports business sustainability by establishing guidelines on the competencies required to perform critical positions in terms of the duties performed and within the scope of the objectives set by the Entities.
- The annual Business Continuity Management System training and assessment session was held virtually for all Entity employees.
- Specific training on topics related to the BCP was offered to Senior Management, Middle Management, members of the Risk Committee and members of the Business Continuity Committee.
- The user areas performed an assessment of critical suppliers to review the efficiency and effectiveness of the services provided during the assessed period.
- In order to assess the Organization’s level of preparedness in terms of its Business Continuity Plan (BCP), the National Risk Management Department perform an annual assessment of the maturity of the BCMS.

The requirements of the Financial Superintendence of Colombia, the Internal Auditor and the Statutory Auditor in terms of the Business Continuity Management System were fulfilled in a timely fashion, with satisfactory results.

- The Business Continuity Committee monitored the continuous improvement of the BCP at its quarterly meetings.
- During 2022, the Entity continued strengthening the Business Continuity Plan by means of functional operational tests developed at the facilities of the Alternate Computing Center (CCA, for the Spanish original) and Contingency Operation Center (COC).

1.2. Activities Carried Out - International Subsidiaries

1.2.1. Banco GNB Perú

Business Continuity Management is a process, carried out by the Board of Directors, Management and staff, that implements effective responses so that the Bank's operations continue in a reasonable manner, in order to safeguard the interests of its main stakeholders, in the occurrence of events that may cause an interruption or instability in the Bank's operations.

During 2022, maintenance issues that could have an impact on business continuity were monitored; emergency call lists were updated; performance of scheduled tests was checked, and validation of the Chacarrilla Contingency Operations Center (COC) continued, which included changing some PCs and validating the correct operation of the systems and applications of the the critical positions at the COC.

1.2.2. Banco GNB Paraguay

During 2022, the Processes area of GNB “In Merger Process” continued to work on alignment with the Business Continuity Planning Rules of Procedure, following the methodology of Banco GNB Sudameris, and ended the year with 58% completion of the transitory BIAs that are being prepared by the areas with the support of the Business Continuity area.

NOTE 8. - OPERATING SEGMENTS

The consolidated operations of Banco GNB Sudameris are segmented by geographic location in the countries in which it operates. The segments are components of the parent company responsible for performing commercial activities that generate income and expenses, and their results are periodically reviewed by the Board of Directors.

The parent company is organized into three business segments: Colombia, Peru and Paraguay. All the companies that make up these segments provide services related to the financial sector, and each complies with the laws of its country of residence and with the guidelines from the parent company.

Colombia

The Colombia segment is comprised by Banco GNB Sudameris and its domestic affiliates: Servitrust GNB Sudameris, Servibanca S. A. and Servivalores GNB Sudameris. Banco GNB Sudameris, with over 95 years of experience in the country, offers a portfolio of products and services to its customers in different economic sectors, including consumer, commercial and institutional services, complemented by those offered by its domestic affiliates. The trust company Servitrust GNB Sudameris has broad experience in managing Collective Investment Funds and Management and Guarantee Trusts. The affiliate Servibanca S. A. is a strategic partner for the Bank in implementing technology-based products, and has a network of over 2,700 ATMs nationwide in close to 700 cities and municipalities. Servivalores GNB Sudameris is the parent company’s stock broker, with over 20 years of experience, exclusively devoted to stock trading in Colombia. Corporación GNB Sudameris began operations in late 2018 investing in the hotel and mass media industries (equity securities).

(Stated in millions of COP,
except exchange rates and nominal share values)

Peru

This segment is comprised by Banco GNB Perú, which was acquired in 2013 from Banco HSBC. It began operations in 2007 and is increasingly consolidating its position as a key player in the Peruvian banking system. GNB Perú operates in the consumer, commercial and corporate segments.

Paraguay

This segment is comprised by Banco GNB Paraguay, a bank with a long track record in Paraguay, in operation since 1920, and acquired by Banco GNB Sudameris from Banco HSBC in 2013. The Bank's activities focus on two business segments: retail banking and commercial and corporate banking.

The segmentation by country is based on the parent company's strategic organization in terms of its product and service offerings, aimed at meeting the needs of its customers in various economic sectors in the countries where it operates.

The Board of Directors receives both consolidated and separate financial reports from each company included in the segments, and monitors their performance based on the results obtained under the various items of the balance sheet and income statements, as well as various performance indicators that complement the information.

The following is a summary of the financial information by segment at December 31, 2022 and 2021:

Consolidated Statement of Financial Position at December 31, 2022

Assets	**Colombia**	**Peru**	**Paraguay**	**Eliminations of intercompany transactions**	**Consolidated**
Cash and cash equivalents	11,563,541	1,455,033	2,928,129	(100,380)	15,846,323
Financial assets at fair value	11,968,780	878,725	1,250,235	(4,778,500)	9,319,240
Financial assets at amortized cost	1,171,972	394,711	187,763	-	1,754,446
Portfolio	11,828,657	4,220,169	9,643,686	-	25,692,512
Other accounts receivable	333,961	13,043	56,928	(56,236)	347,696
Non-current assets held for sale	230	-	96,927	-	97,157
Tangible assets	1,167,718	28,184	211,659	(20,797)	1,386,764
Intangible assets	136,653	1,855	365,231	315,046	818,785
Income tax assets	1,002,254	81,333	8,476	(305,288)	786,775
Other assets	191,146	9,410	90,330	-	290,886
Total Assets	**39,364,912**	**7,082,463**	**14,839,364**	**(4,946,155)**	**56,340,584**
Liabilities					
Financial liabilities at fair value	39,218	262	150,430	(18,231)	171,679
Customer deposits	19,038,631	5,360,225	11,676,237	(100,381)	35,974,712
Short-term liabilities	8,274,559	84,062	393,041	-	8,751,662
Loans from development entities	2,518,029	309,517	287,824	-	3,115,370
Long-term loans	3,722,695	72,893	-	-	3,795,588
Finance lease liabilities	88,810	8,737	11,057	-	108,604
Employee benefits	43,488	6,649	40,152	-	90,289
Allowances	27,102	1,371	19,292	-	47,765
Income tax	305,140	-	11,536	(305,289)	11,387
Other liabilities	275,315	58,651	143,351	(73,701)	403,616
Total Liabilities	**34,332,987**	**5,902,367**	**12,732,920**	**(497,602)**	**52,470,672**

(Stated in millions of COP,
except exchange rates and nominal share values)

Statement of Income

	Colombia	Peru	Paraguay	Eliminations of intercompany transactions	Consolidated
Interest and valuation income	1,640,942	397,654	783,066	(4,900)	2,816,762
Interest expenses:					
Interest expense on deposits	1,325,608	168,811	190,384	(4,900)	1,679,903
Financial debt and other interest	547,727	35,983	17,562	-	601,272
Total interest expenses	1,873,335	204,794	207,946	(4,900)	2,281,175
Net interest and valuation income	**(232,393)**	**192,860**	**575,120**	**-**	**535,587**
Impairment loss on financial assets	192,109	51,747	189,955	-	433,811
Net interest and valuation income	**(424,502)**	**141,113**	**385,165**	**-**	**101,776**
Net fee and commission income	141,825	12,243	63,255	73	217,396
Net income from valuation at fair value	754,265	87,417	(3,989)	(137,728)	699,965
Other income	667,918	(16,052)	95,158	(456,243)	290,781
Other expenses	632,297	133,747	268,229	(42,765)	991,508
Net pre-tax profit	**507,209**	**90,974**	**271,360**	**(551,133)**	**318,410**
Income taxes	13,656	(5,544)	22,534	-	30,646
Net profit	**493,553**	**96,518**	**248,826**	**(551,133)**	**287,764**

Consolidated Statement of Financial Position at December 31, 2021

Assets	Colombia	Peru	Paraguay	Eliminations of intercompany transactions	Consolidated
Cash and cash equivalents	12,573,075	1,702,781	3,223,920	(65,951)	17,433,825
Financial assets at fair value	11,012,283	859,459	988,779	(3,617,033)	9,243,488
Financial assets at amortized cost	1,185,554	302,345	-	-	1,487,899
Portfolio	10,843,914	3,091,025	8,107,391	-	22,042,330
Other accounts receivable	273,213	11,021	35,576	(2,944)	316,866
Non-current assets held for sale	230	-	173,386	-	173,616
Tangible assets	1,052,328	29,961	128,698	(17,784)	1,193,203
Intangible assets	136,517	3,253	214,478	261,038	615,286
Income tax assets	603,387	74,987	(2,683)	(158,599)	517,092
Other assets	158,526	4,865	213,085	-	376,476
Total Assets	**37,839,027**	**6,079,697**	**13,082,630**	**(3,601,273)**	**53,400,081**
Liabilities					
Financial liabilities at fair value	19,882	697	3,838	(11,009)	13,408
Customer deposits	19,815,089	4,625,152	10,543,968	(65,952)	34,918,257
Short-term liabilities	7,937,070	70,159	464,253	-	8,471,482
Loans from development entities	1,473,716	282,941	26,729	-	1,783,386
Long-term loans	3,850,500	60,330	99,529	-	4,010,359
Finance lease liabilities	71,783	8,945	6,811	-	87,539
Employee benefits	44,779	5,604	9,357	-	59,740
Allowances	22,173	615	45,456	-	68,244
Income tax	158,599	-	-	(158,599)	-
Other liabilities	266,828	123,947	98,098	(15,454)	473,419
Total Liabilities	**33,660,419**	**5,178,390**	**11,298,039**	**(251,014)**	**49,885,834**

(Stated in millions of COP,
except exchange rates and nominal share values)

Statement of Income

	Colombia	Peru	Paraguay	Eliminations of intercompany transactions	Consolidated
Interest and valuation income	1,133,203	256,651	603,627	(1,143)	1,992,338
Interest expenses:					
Interest expense on deposits	436,620	94,873	173,623	(1,142)	703,974
Financial debt and other interest	313,708	21,492	25,451	-	360,652
Total interest expenses	750,328	116,365	199,074	(1,142)	1,064,626
Net interest and valuation income	**382,875**	**140,286**	**404,553**	**(1)**	**927,712**
Impairment loss on financial assets	305,843	13,867	117,423	-	437,133
Net interest and valuation income	**77,032**	**126,419**	**287,130**	**(1)**	**490,579**
Net fee and commission income	116,831	13,670	71,266	106	201,873
Net income from valuation at fair value	186,073	(37,875)	(19,954)	(61,096)	67,148
Other income	623,764	49,379	99,135	(435,919)	336,359
Other expenses	512,260	112,116	245,574	(37,044)	832,906
Net pre-tax profit	**491,440**	**39,477**	**192,003**	**(459,866)**	**263,053**
Income taxes	(431)	(558)	15,311	-	14,322
Net profit	**491,871**	**40,035**	**176,692**	**(459,866)**	**248,731**

The following are the main eliminations of total income, expenses, assets and liabilities arising from the consolidation of the segments of the Bank and its Subsidiaries:

- Investments in term deposits and bonds outstanding in other segments.
- Investments in subsidiary eliminations and records of non-controlling interests.
- Fee income and expenses.

Analysis of income by products and services

The income of the Bank and its Subsidiaries is broken down by products and services in the statement of income.

Income by country

The table below displays the income of the Bank and its Subsidiaries in each country with significant income, for the years ended on December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Colombia	1,465,887	1,055,519
Paraguay	783,067	603,627
Peru	397,654	256,651
Panama	103,136	49,157
British Virgin Islands	67,018	27,384
Total consolidated profit	**2,816,762**	**1,992,338**

The above analysis is based on the customer's domicile, where the offshore income of Colombian customers is reported as Colombian income. The profit includes income from interest, commissions, fees and other operating income.

(Stated in millions of COP,
except exchange rates and nominal share values)

Assets per country

The table below displays the significant non-current assets of the Bank and its Subsidiaries in each country for the years ended on December 31, 2022 and 2021:

December 31, 2022	**Tangible assets**	**Intangible assets**
Colombia	1,167,718	136,653
Peru	28,184	1,855
Paraguay	211,659	365,231
Eliminations of intercompany transactions	(20,797)	315,046
Total	**1,386,764**	**818,785**

December 31, 2021	**Tangible assets**	**Intangible assets**
Colombia	1,052,328	136,517
Peru	29,961	3,253
Paraguay	128,698	214,478
Eliminations of intercompany transactions	(17,784)	261,038
Total	**1,193,203**	**615,286**

During the years ended on December 31, 2022 and 2021, the Bank and its Subsidiaries did not report any concentration of income in customers accounting for more than 10% of income from ordinary activities.

(Stated in millions of COP,
except exchange rates and nominal share values)

NOTE 9. - CASH AND CASH EQUIVALENTS

The following is the breakdown of cash and cash equivalents:

	December 31, 2022	December 31, 2021
Local currency		
Cash	373,670	340,551
Central Bank	2,367,114	1,851,494
Banks and other financial entities	3,725	2,493
Interbank funds	80,426	80,013
Simultaneous operations (with repurchase agreements)	6,522,553	8,734,051
Subtotal	**9,347,488**	**11,008,602**
Foreign currency		
Cash	274,776	293,235
Central Bank	3,028,257	3,104,406
Banks and other financial entities	2,586,502	2,059,630
Checks on hold	6,320	9,224
Remittances in transit	18	-
Interbank funds	602,962	958,728
Subtotal	**6,498,835**	**6,425,223**
Total	**15,846,323**	**17,433,825**

There are no restrictions to cash and cash equivalents. The cash and cash equivalents are held in central banks and financial institution counterparties that are rated at least AA- to AA+, based on Standard & Poor's ratings. No items were pending reconciliation.

At December 31, 2022 and 2021, the financial investments in debt securities are guaranteeing repos and simultaneous operations for a total amount of COP 7,205,940 and COP 9,772,791, respectively.

NOTE 10. – FINANCIAL ASSETS (INVESTMENTS)

a) At fair value through profit or loss

The balance of financial assets in debt instruments and shares is as follows at December 31, 2022 and 2021:

Debt securities	December 31, 2022	December 31, 2021
Denominated in local currency		
Securities issued or guaranteed by the National Government	5,990,797	6,730,454
Securities issued or guaranteed by national public entities	271,358	89,069
Securities issued or guaranteed by financial entities	524,297	213,390
Total denominated in local currency	**6,786,452**	**7,032,913**
Denominated in foreign currency		
Securities issued or guaranteed by financial entities	-	298
Securities issued or guaranteed by foreign governments	2,286,981	2,019,109
Other securities	-	66,810
Total denominated in foreign currency	**1,968,449**	**2,086,217**
Total debt securities, net	**9,073,433**	**9,119,130**
Equity securities, net	58,990	64,954
Investment funds, net	26,841	46,664
Total equity instruments	**85,831**	**111,618**
Total investment securities, net	**9,159,264**	**9,230,748**

(Stated in millions of COP,
except exchange rates and nominal share values)

b) In debt securities at amortized cost

The following breakdown presents the carrying value of investments in debt securities, net of allowances for investment losses, as of the indicated dates:

Debt securities	**December 31, 2022**	**December 31, 2021**
Denominated in pesos		
Securities issued or guaranteed by the National Government	332,774	320,883
Issued or guaranteed by other financial institutions	839,504	864,984
Total denominated in local currency	**1,172,278**	**1,185,867**
Denominated in foreign currency		
Securities issued by national public entities	114,933	
Securities issued by foreign governments	394,921	302,410
Other securities	73,544	
Total denominated in foreign currency	**583,398**	**302,410**
Total debt securities	**1,755,676**	**1,488,277**
Impairment of investments as per IFRS 9	(1,230)	(378)
Total investments, net	**1,754,446**	**1,487,899**

There are no restrictions on the debt instruments.

c) At fair value by rating

The following are details of credit quality, as defined by independent risk rating agencies, for the issuers of debt securities of interest for the Bank:

Fair value	**December 31, 2022**	**December 31, 2021**
Issued or guaranteed by central banks	2,286,981	2,019,109
Issued or guaranteed by governments	5,943,623	6,557,840
Investment grade	524,297	213,689
Speculative transactions	-	66,810
Not classified / not available	404,363	373,300
Total	**9,159,264**	**9,230,748**

d) Maturities of financial assets

The following is the summary of financial assets by maturity dates:

December 31, 2022

Description	**0 to 30 days**	**31 to 180 days**	**181 to 360 days**	**361 to 720 days**	**>720 days**	**Impairment**	**Balance**
Investments in debt securities at fair value	139,677	5,325,992	1,413,523	1,200,728	993,513	-	9,073,433
Investments in debt securities at amortized cost	171,397	642,788	444,050	352,679	144,762	(1,230)	1,754,446
Cash transactions and derivative instruments	159,976	-	-	-	-	-	159,976
Total investments	**471,050**	**5,968,780**	**1,857,573**	**1,553,407**	**1,138,275**	**(1,230)**	**10,987,855**

(Stated in millions of COP,
except exchange rates and nominal share values)

December 31, 2021

Description	0 to 30 days	31 to 180 days	181 to 360 days	361 to 720 days	>720 days	Impairment	Balance
Investments in debt securities at fair value	826,552	2,625,263	992,494	3,530,097	1,144,724	-	9,119,130
Investments in debt securities at amortized cost	242,826	583,212	359,829	66,515	235,895	(378)	1,487,899
Cash transactions and derivative instruments	12,740	-	-	-	-	-	12,740
Total investments	**1,082,118**	**3,208,475**	**1,352,323**	**3,596,612**	**1,380,619**	**(378)**	**10,619,769**

e) Derivatives

Traded derivatives

The following table shows the fair value at the end of the period of interest rate forward, future and swap contracts, securities and foreign currencies in which the Bank and its subsidiaries hold commitments.

The derivative financial instruments taken by the Bank and its Subsidiaries are traded on off-shore and national financial markets. The fair value of derivatives has positive or negative variations as a result of fluctuations in the exchange rates of foreign currencies, interest rates or other risk factors, depending on the type of instrument and underlying variables.

	December 31, 2022			December 31, 2021		
	Amount in USD	**Amount in local currency**	**Fair value**	**Amount in USD**	**Amount in local currency**	**Fair value**
ASSETS		**TRM 4,810,20**			**TRM 3,981,16**	
Spot foreign currency	57,501	277	277	23,515	80	80
Foreign currency forwards	32,801,758	157,783	157,783	3,094,895	12,321	12,321
Interest rate swaps	154,521	743	743	77,530	309	309
Hedging forwards	243,943	1,173	1,173	27,628	110	110
TOTAL ASSETS	**33,257,723**	**159,976**	**159,976**	**3,200,053**	**12,740**	**12,740**
LIABILITIES						
Currency forwards	32,748,097	157,525	157,525	942,437	3,752	3,752
Interest rate swaps	178,879	860	860	91,342	364	364
Spot foreign currency	56,970	274	274			
Foreign currency futures	579,989	2,790	2,790	206,967	824	824
Hedging forwards	2,126,653	10,230	10,230	2,127,107	8,468	8,468
TOTAL LIABILITIES	**35,690,588**	**171,679**	**171,679**	**3,367,853**	**13,408**	**13,408**
NET POSITION	**(2,432,865)**	**(11,703)**	**(11,703)**	**(167,800)**	**(668)**	**(668)**

(Stated in millions of COP,
except exchange rates and nominal share values)

f) Offsetting of financial assets and financial liabilities

The following is a breakdown of the financial instruments subject to contractual offsetting at December 31, 2022 and 2020:

December 31, 2022

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position
Assets			
Derivatives	357,960	(198,261)	159,699
Repos and simultaneous operations (with repurchase agreements)	277	-	277
Total	**358,237**	**(198,261)**	**159,976**

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position
Liabilities			
Derivatives	(733,715)	562,310	(171,405)
Repos and simultaneous operations (with repurchase agreements)	(274)	-	(274)
Total	**(733,989)**	**562,310**	**(171,679)**

December 31, 2021

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position
Assets			
Derivatives	197.315	(184,575)	12.740
Repos and simultaneous operations (with repurchase agreements)	180	(180)	-
Total	**197.495**	**(184,755)**	**12.740**

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position
Liabilities			
Derivatives	(275,610)	262.202	(13,408)
Repos and simultaneous operations (with repurchase agreements)	-	-	-
Total	**(275,610)**	**262.202**	**(13,408)**

Hedging Financial Instruments

The Bank and its Subsidiaries opted for managing hedge accounting at the following affiliates abroad: Banco GNB Perú and Banco GNB Paraguay with non-derivative instruments (obligations in foreign currency).

These operations seek to protect the Parent Company from the exchange rate risk generated by the structural positions of its foreign affiliates.

The primary position to be hedged was net initial investments abroad (cost of the investment).

(Stated in millions of COP,
except exchange rates and nominal share values)

In 2017, the hedge was extended to include the goodwill originated by acquiring the foreign affiliates.

Banco GNB Sudameris hedges its initial investments and the goodwill on these investments abroad by means of subordinated bonds with maturity in 2027 at 100% and bonds with maturity in 2031 at 54.07%.

The following information is the breakdown of the total investments with hedging and type of hedge used outside of Colombia.

December 31, 2022	Foreign currency (millions)		Colombian pesos (millions)		
Investment details	**Hedged amount**	**Amount of hedge in USD obligations - net**	**Accumulated adjustment on translation of obligations in foreign currency**	**Hedging Obligations - net**	**OCI account**
Investment in Banco GNB Perú (Soles)	1,083	284	470,545	470,545	199,949
Investment in Banco GNB Paraguay (Guaranís)	1,705,642	232	536,693	536,693	228,057
Total		**516**	**1,007,238**	**1,007,238**	**428,006**

December 31, 2021	Foreign currency (millions)		Colombian pesos (millions)		
Investment details	**Hedged amount**	**Amount of hedge in USD obligations - net**	**Accumulated adjustment on translation of obligations in foreign currency**	**Hedging Obligations - net**	**OCI account**
Investment in Banco GNB Perú (Soles)	828	220	245,443	245,443	89,342
Investment in Banco GNB Paraguay (Guaranís)	1,456,884	231	257,216	257,216	147,179
Goodwill		65	72,591	72,591	35,743
Total		**516**	**575,250**	**575,250**	**272,264**

Hedge effectiveness tests

The IFRS 9 Standard, in terms of the effectiveness of a hedge, is derived from the requirements of the IAS 39 Standard. In this sense, it considers that a hedge is highly effective if it exists at the beginning of the period, and during subsequent periods it offsets the changes in the fair value or cash flows attributable to the hedged risk.

The Group, according to regulations, performs prospective tests quarterly to establish the stability of economic conditions and ensure the efficacy of hedges. Moreover, it performs a correlation analysis for the exchange rate flows that verifies historical behavior. In this way, it complements the prospective analyses with actual behaviors.

For the year ending December 31, 2022, the portion of the gain or loss of the hedging instrument determined to be an effective hedge was recognized in other comprehensive income.

The Group has documented the effectiveness of the hedge of its net investments in foreign currency. The net value of investment fluctuates during the year and, consequently, the Group evaluates the hedge and the results of the effectiveness test every quarter.

(Stated in millions of COP,
except exchange rates and nominal share values)

The hedge type is on net investment abroad. The risk management strategy focuses on hedging the effect of exchange range fluctuations on the investments and goodwill of GNB Perú and GNB Paraguay, whose functional currencies are the Peruvian New Sol and Paraguayan Guaraní, respectively, through the fluctuations of the Subordinated Bonds in dollars, denominated as hedge accounting. This objective is achieved by maintaining the placement of bonds in the market, to which end said instruments will be renewed before their maturity, and if necessary issuances will be made to maintain the hedge in the future.

Nature of the hedged risk

Hedge accounting applies to the exchange differences that arise between the functional currency of the investment in GNB Perú (New Sol) and GNB Paraguay (Guaraní) and the Colombian peso (COP), which is the functional currency of Banco GNB Sudameris.

The Group demonstrates the economic link between the hedged item and the hedge instrument by determining the positive correlation between COPUSD – COPPYG, and COPUSD – COPPEN, which indicates that if one rate increases, the other rate increases as well. In this sense, the following are the effects both of the hedged item and the hedge instruments in the financial statements:

Hedged Item: Exchange difference in OCI arising from the consolidation.

Hedge Instrument: Exchange difference on the debt (Bonds in USD)

Hedge of Corporación Financiera GNB

The Corporation opted for managing its hedge accounting with derivative instruments (forwards). These operations seek to protect the Corporation from the exchange rate risk generated by the structural positions of some of its investments abroad.

The primary position to be hedged is the net investment abroad (cost of the investment) in Namen Finance Limited and Manforce Overseas Limited.

The Group has documented the effectiveness of the hedge of its net investments in foreign currency. The net value of investment fluctuates during the year and, consequently, the Corporation evaluates the hedge and the results of the effectiveness test every quarter.

According to daily information provided by Proveedor de Precios para Valoración S.A. (Precia), at December 31, 2022, the following valuation was reported for the hedging forwards:

Original Value	Effective date		Counterparty	Value of Right	Value of Obligation	Valuation
USD 5,000,000	November 11, 2022	January 17, 2023	Bancolombia	20,965	23,969	(3,004)
USD 5,000,000	November 01, 2022	March 14, 2023	Corficolombiana	22,067	23,984	(1,917)
USD 5,000,000	November 01, 2022	March 14, 2023	Corficolombiana	22,102	23,984	(1,882)
USD 5,000,000	October 13, 2022	January 13, 2023	Banco de Bogotá	22,459	23,979	(1,520)
USD 5,000,000	November 10, 2022	January 19, 2023	Corficolombiana	22,373	23,964	(1,591)
USD 5,000,000	November 16, 2022	February 08, 2023	Corficolombiana	24,506	23,937	569
USD 5,000,000	November 22, 2022	January 30, 2023	Bancolombia	24,563	23,959	604
USD 5,000,000	December 15, 2022	March 15, 2023	Bancolombia	23,801	23,815	(14)
USD 5,000,000	December 23, 2022	March 21, 2023	Corficolombiana	23,495	23,798	(303)
USD 45,000,000				**206,331**	**215,389**	**(9,058)**

(Stated in millions of COP,
except exchange rates and nominal share values)

NOTE 11 – LOAN PORTFOLIO

The following is an analysis of the loan portfolio.

Loan portfolio by modality

The following is a breakdown of the loan portfolio of the Bank and its Subsidiaries at amortized cost:

Description	December 31, 2022	December 31, 2021
Payroll Loans	7,386,251	6,854,496
Ordinary loans **(1)**	16,059,173	13,027,999
Loans with funds from development entities	1,046,871	785,789
Overdrafts	134,991	52,442
Credit cards	254,236	220,347
SME loans	600,796	894,587
Mortgage (housing) loans **(2)**	1,103,365	943,050
Vehicle loans	55,914	954
Gross total of loan portfolio financial assets	**26,641,597**	**22,779,664**
Impairment allowance	(949,085)	(737,334)
Net total of loan portfolio financial assets	**25,692,512**	**22,042,330**
(1) Includes consumer loans to employees for:	9,168	10,535
(2) Includes mortgage (housing) loans to employees for:	32,085	29,827

The following were the movements of the specific impairment allowances on the loan portfolio during the years ended on December 31, 2022 and 2021:

	December 31, 2022			
Specific impairment allowances	**Commercial**	**Consumer**	**Mortgage**	**Total**
Balance at December 31, 2021	**398,358**	**254,353**	**84,623**	**737,334**
Current period impairment loss:				
Current period charges	466,288	404,435	56,234	926,957
Recoveries	(267,375)	(175,178)	(51,723)	(494,276)
Effect of foreign currency fluctuations	50,933	-	-	50,933
Write-offs	(54,626)	(216,317)	(920)	(271,863)
Subtotal impairment allowances - Customers	**593,578**	**267,293**	**88,214**	**949,085**

	December 31, 2021			
Specific impairment allowances	**Commercial**	**Consumer**	**Mortgage**	**Total**
Balance at December 31, 2020	**310,202**	**202,265**	**93,362**	**605,829**
Current period impairment loss:	0	0	0	-
Charge for the period	456,336	371,477	37,018	864,831
Recoveries	(252,781)	(130,786)	(44,846)	(428,413)
Effect of foreign currency fluctuations	31,887	-	-	31,887
Write-offs	(147,286)	(188,603)	(911)	(336,800)
Subtotal impairment allowances - Customers	**398,358**	**254,353**	**84,623**	**737,334**

(Stated in millions of COP,
except exchange rates and nominal share values)

The following is a breakdown of the loan portfolio of the Bank and its Subsidiaries by maturities:

December 31, 2022

	Up to 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 Years	Total
Commercial	9,325,652	2,131,315	3,650,155	2,363,676	17,470,798
Consumer	115,252	679,714	1,154,330	6,118,138	8,067,434
Mortgage	9,004	22,015	41,575	1,030,771	1,103,365
Total gross loan portfolio	9,449,908	2,833,044	4,846,060	9,512,585	26,641,597

December 31, 2021

	Up to 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 Years	Total
Commercial	8,223,631	1,726,320	2,750,128	1,615,318	14,315,397
Consumer	397,307	488,443	732,423	5,903,044	7,521,217
Mortgage	167,058	16,042	32,967	726,983	943,050
Total gross loan portfolio	**8,787,996**	**2,230,805**	**3,515,518**	**8,245,345**	**22,779,664**

The following is a breakdown of the loan portfolio of the Bank and its Subsidiaries by status:

December 31, 2022

	Loans by Status			
	Status 1	**Status 2**	**Status 3**	**Total**
Commercial	16,103,628	603,430	763,740	17,470,798
Consumer	7,441,741	478,653	147,040	8,067,434
Mortgage	900,835	129,990	72,540	1,103,365
Total loan portfolio	**24,446,204**	**1,212,073**	**983,320**	**26,641,597**

December 31, 2021

	Loans by Status			
	Status 1	**Status 2**	**Status 3**	**Total**
Commercial	13,289,338	415,319	610,740	14,315,397
Consumer	6,359,018	1,029,054	133,145	7,521,217
Mortgage	506,614	373,234	63,202	943,050
Total loan portfolio	**20,154,970**	**1,817,607**	**807,087**	**22,779,664**

Loan portfolio by maturity:

The following is a summary of the loan portfolio by maturity at December 31, 2022 and 2021:

December 31, 2022	0 to 30 days	31 to 60 days	31 to 90 days	More than 91 days	Total
Commercial	16,920,963	112,397	61,096	376,342	17,470,798
Consumer	7,864,761	49,480	28,428	124,765	8,067,434
Mortgage	996,582	31,243	17,813	57,727	1,103,365
Total Portfolio	**25,782,306**	**193,120**	**107,337**	**558,834**	**26,641,597**

(Stated in millions of COP,
except exchange rates and nominal share values)

December 31, 2021	0 to 30 days	31 to 60 days	31 to 90 days	More than 91 days	Total
Commercial	13,927,521	92,042	16,955	278,879	14,315,397
Consumer	7,322,662	61,940	47,751	88,864	7,521,217
Mortgage	843,379	29,142	17,560	52,969	943,050
Total Portfolio	**22,093,562**	**183,124**	**82,266**	**420,712**	**22,779,664**

1. No reclassifications between status groups were made in the period
2. All loans were assessed using the global model, which implies that no individual evaluations are available for the period.

NOTE 12. – OTHER ACCOUNTS RECEIVABLE

The following is a breakdown of other accounts receivable at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Commissions and fees	1,640	1,249
Leases	143	139
Sales of goods and services	10,601	739
Deposits	15,541	13,072
Taxes	366	286
Advance payments to suppliers	1,017	961
Advance payments to employees	1,839	2,224
Payments on behalf of customers	13,806	44,868
Purchase/sale agreements	24,051	19,906
Insurance claims	27,127	27,127
Abandoned accounts of ICETEX	9,067	8,210
National Treasury Direction	2,333	2,333
Servibanca clearing	147	13,418
Others (1)	262,105	213,899
Subtotal	**369,783**	**348,431**
Impairment	(22,087)	(31,565)
TOTAL	**347,696**	**316,866**

(1) It includes claims to insurance companies for COP 22,560, other amounts in judicial proceedings for COP 111,179, other accounts receivable at overseas subsidiaries for COP 68,742 and other minor accounts receivable at less than 90 days for COP 60,347 in Colombia.

The following is a breakdown of the impairment movements of other accounts receivable at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Balance at the beginning of period	31,565	25,784
Charge for the period	39,601	32,158
Recoveries	(26,490)	(7,356)
Write-offs	(22,589)	(19,021)
Final balance	**22,087**	**31,565**

The accounts receivable model uses the simplified impairment approach that assumes that the assets are classified under stage 2, to then perform an analysis of the remaining useful life of the account receivable. However, since they are normally for less than 1 year, the analysis is not different from the assets classified under stage 1.

(Stated in millions of COP,
except exchange rates and nominal share values)

NOTE 13. – NON-CURRENT ASSETS HELD FOR SALE

The following is a breakdown of non-current assets held for sale at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Assets received as payment		
Chattel assets	1,465	2,067
Real estate	105,472	194,576
Subtotal	**106,937**	**196,643**
Impairment	(9,780)	(23,027)
TOTAL	**97,157**	**173,616**

The following is the movement of impairment of non-current assets held for sale for the years ended on December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Initial balance	(23,027)	**(3,958)**
Acquisitions and disposals of properties	13,519	(18,412)
Impairment movements through profit or loss	(272)	(657)
Final balance	**(9,780)**	**(23,027)**

NOTE 14. – PROPERTY AND EQUIPMENT

The following is a breakdown of property and equipment at December 31, 2022 and 2021:

December 31, 2022	Cost	Accumulated Depreciation	Net
Land	407,219	-	407,219
Buildings	614,358	(88,434)	525,924
Vehicles	5,898	(4,524)	1,374
Furniture and fixtures	91,749	(74,091)	17,658
Computers	163,592	(117,493)	46,099
Total	**1,282,816**	**(284,542)**	**998,274**

December 31, 2021	Cost	Accumulated Depreciation	Net
Land	354,634	-	354,634
Buildings	569,751	(83,614)	486,137
Vehicles	5,686	(4,533)	1,153
Furniture and fixtures	82,556	(63,268)	19,288
Computers	138,569	(99,348)	39,221
Total	**1,151,196**	**(250,763)**	**900,433**

The Bank and its Subsidiaries reviewed the assets classified as long-life property and equipment for evidence of impairment, and found no grounds to perform impairment testing on such assets in the current period. Consequently, no impairment was recognized. There are no restrictions of ownership over the property, plant and equipment.

Land and buildings are carried under the revaluation model. At the end of December 2022, their fair value was updated by a qualified appraiser, in accordance with the requirements of IFRS 13, on December 20, 2022.

(Stated in millions of COP,
except exchange rates and nominal share values)

The following are the movements in carrying values of property and equipment during the years ended on December 31, 2022 and 2021:

	December 31, 2021	Additions	Derecognition	Revaluation	December 31, 2022
Land	354,634	38,131	-	14,454	407,219
Buildings	569,751	4,330	-	40,277	614,358
Vehicles	5,686	526	(314)	-	5,898
Furniture and fixtures	82,556	9,193	-	-	91,749
Computers	138,569	25,024	-	-	163,592
Total	**1,151,196**	**77,204**	**(314)**	**54,731**	**1,282,816**

	December 31, 2020	Additions	Derecognition	Revaluation	December 31, 2021
Land (1)	313,276	38,851	-	2,507	354,634
Buildings (1)	513,328	51,332	-	5,091	569,751
Vehicles	2,759	2,927	-	-	5,686
Furniture and fixtures	48,609	33,953	(6)	-	82,556
Computers	108,789	29,780	-	-	138,569
Total	**986,761**	**156,843**	**(6)**	**7,598**	**1,151,196**

The addition of land and buildings in 2021 is primarily from the acquisition of Banco GNB Paraguay in the process of being merged.

The following are the movements of accumulated depreciation on property and equipment during the years ended on December 31, 2022 and 2021:

	Buildings	Furniture and fixtures	Computers	Vehicles	Total
December 31, 2020	**(53,159)**	**(30,485)**	**(65,024)**	**(1,837)**	**(150,505)**
Current period depreciation charges	(4,874)	(3,117)	(18,503)	(301)	(26,795)
Derecognition and additions of PPE	(25,580)	(29,666)	(15,822)	(2,395)	(73,463)
December 31, 2021	**(83,614)**	**(63,268)**	**(99,348)**	**(4,533)**	**(250,763)**
Current period depreciation charges	(5,494)	(3,207)	(17,605)	(223)	(26,529)
Additions	674	-	-	232	906
Derecognition	-	(7,616)	(540)	-	(8,156)
December 31, 2022	**(88,434)**	**(74,091)**	**(117,493)**	**(4,524)**	**(284,542)**

Right-of-use property and equipment, net of depreciation

The following is a breakdown of right-of-use property and equipment at December 31, 2022 and 2021:

	December 31, 2022		
Assets:	**Cost**	**Depreciation**	**Net**
Buildings	145,608	(72,431)	73,177
Transportation equipment	26,465	(1,470)	24,995
Technological equipment	3,960	(2,818)	1,142
Total	**176,033**	**(76,719)**	**99,314**

(Stated in millions of COP,
except exchange rates and nominal share values)

	December 31, 2021		
Assets:	**Cost**	**Depreciation**	**Net**
Buildings	123,883	(52,675)	71,208
Transportation equipment	18,115	(12,076)	6,039
Technological equipment	3,911	(1,877)	2,034
Total	**145,909**	**(66,628)**	**79,281**

Assets:

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

	December 31, 2022	**December 31, 2021**
Initial balance	79,281	96,346
Additions and derecognition of contracts	51,435	15,642
Contract derecognition	(1,870)	(6,025)
Depreciation expenses	(29,532)	(26,682)
Final balance	**99,314**	**79,281**

There are no restrictions on the underlying assets of the lease agreements.

Lease liabilities:

The following is the breakdown of other lease liabilities at December 31, 2022 and 2021, which are calculated with effective annual discount rates of 6.37%, 6.87% and 9.33% for the Bank and domestic affiliates, and 5.46%, 5.48% and 5.84% EAR for foreign affiliates, for the short, medium and long-term, respectively.

	December 31, 2022	**December 31, 2021**
Initial balance	87,539	103,436
Contract income	51,435	15,642
Contract derecognition	(2,377)	(6,669)
Interest expenses	6,991	6,901
Payments made	(34,984)	(31,771)
Final balance	**108,604**	**87,539**

The following is a breakdown of the minimum future payments on the short and long-term balances of lease liabilities:

December 31, 2022	Balance from amortization less than 12 months	Balance from amortization greater than 12 months
Other lease liabilities	9,776	98,828

December 31, 2021	Balance from amortization less than 12 months	Balance from amortization greater than 12 months
Other lease liabilities	7,880	79,659

(Stated in millions of COP,
except exchange rates and nominal share values)

NOTE 15. – INVESTMENT PROPERTIES

The following is a summary of the investment properties at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Cost	186,128	135,114
Fair value	103,049	78,375
Total	**289,176**	**213,489**

During the years ended on December 31, 2022 and 2021, rental income from investment properties amounted to COP 1,060 and COP 994, respectively.

The investment properties are measured at fair value (as measured or disclosed in the financial statements) based on an appraisal made by an independent expert of recognized professional competence and recent experience in the area and type of investments properties that are appraised. If this type of valuation has not been performed, this fact will be disclosed.

No commitment to acquire the investment properties was made in 2022.

There are no restrictions for the sale of the investment properties.

The table below provides a reconciliation between the opening and final balances with the fair value measurements classified under Level 3:

Investment properties

December 31, 2020	**155,823**
Transfers	8,722
Fair value update	48,944
December 31, 2021	**213,489**
Transfers	51,014
Fair value update	24,673
December 31, 2022	**289,176**

Investment properties:

Investment properties are measured at fair value, based on a valuation carried out at the end of each year by an independent expert. In Colombia, the frequency of market transactions is low, but Management considers that the volume of activities is sufficient to assess the fair value of the investment properties of the Bank and its Subsidiaries based on comparable market transactions. Management has reviewed the key assumptions used by the independent appraisers (such as inflation, interest rates, etc.) and believes that they are consistent with market conditions at the end of each year. However, Management believes that the estimation of the fair value of investment properties depends on a significant level of judgment on the part of independent appraisers, and therefore there is a significant possibility that the actual selling price of a property will be different from such fair value.

(Stated in millions of COP,
except exchange rates and nominal share values)

NOTE 16. - INTANGIBLE ASSETS

a) Goodwill

The following are the movements of the goodwill account for the periods ended on December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Balance at the beginning of year	**584,514**	**357,781**
Adjustment for exchange difference	75,847	36,225
Adjustment to the transferred consideration (1)	130,289	193,508
Balance at year end	**790,650**	**584,514**

(1) Business combination

On January 22, 2021, through the Banco GNB (Paraguay) subsidiary, the banking operations of Banco Bilbao Vizcaya Argentaria S. A. (BBVA Paraguay S. A.) were acquired. As a result of this transactions, the required assessments and evaluations were carried out to assign the purchase price in accordance with IFRS 3 "Business Combinations," disclosing at December 31, 2021, the final and provisional fair values of the identifiable assets and liabilities of the business as of the date on which control was acquired. These amounts are subject to changes and adjustments as the process of assigning the purchase price is completed, which is allowed to occur up to one year after the acquisition date. As part of the assessment carried out during the measurement period, we identified an adjustment to the transferred consideration of USD 29 million. The amount paid in this business combination totals USD 251.3 million, which gives rise to goodwill in the amount of USD 77 million and an equity interest of 100% of the acquired company. Closure of the operation was authorized by the competent regulatory entities in Colombia and abroad. Also, in order to facilitate the acquisition of the shares of BBVA Paraguay S. A., Banco GNB Sudameris made a share capital contribution for approximately USD 75 million and Grupo Vierci contributed approximately USD 173 million, changing the shareholding percentages of the affiliate.

Millions of dollars	Banco GNB in merger process
Assets	
Cash and cash equivalents	529
Financial assets at fair value	2
At amortized cost	1,298
Non-current assets held for sale, net	14
Tangible assets, net	12
Intangible assets, net	4
Total Assets	**1,859**
Liabilities	
Customer deposits	(1,469)
Financial obligations	(113)
Allowances	(13)
Taxes	(1)
Other liabilities	(89)
Total liabilities	**(1,685)**
Total net assets	**174**
Amount paid	**251**
Goodwill recognized	**77**

In its consolidated financial statements, Banco GNB considered making an adjustment in the goodwill amount from the business combination of its subsidiary Banco GNB Paraguay with Banco BBVA Paraguay, which was assigned to Banco GNB Paraguay as a Cash Generation Unit (CGU). It was consequently subject to annual impairment testing, as indicated below.

(Stated in millions of COP,
except exchange rates and nominal share values)

Impairment testing was performed on goodwill as of December 31, 2022, and no impairment was found. The table below summarizes the amounts observed in the analyses performed at December 31, 2022 and 2021:

December 31, 2022 Cash Generation Unit (CGU)	Goodwill on balance sheet	CGU Carrying value	CGU Recoverable value	Surplus
Banco GNB Perú	306,896	1,002,986	1,511,847	508,861
Banco GNB Paraguay	341,835	1,428,787	3,026,478	1,597,691
HSBC Colombia	15,756	2,695,155	2,846,299	151,144
Charleston Hotels Group	106,163	226,460	283,976	57,516
	790,650	**5,353,388**	**7,668,600**	**2,315,212**

December 31, 2022 Cash Generation Unit (CGU)	Goodwill on balance sheet	CGU Carrying value	CGU Recoverable value	Surplus
Banco GNB Perú	254,002	787,931	1,028,636	240,705
Banco GNB Paraguay	5,352	986,766	1,933,367	946,601
HSBC Colombia	15,756	2,422,651	2,752,679	330,028
Charleston Hotels Group	106,163	217,505	236,737	19,232
	381,273	**4,414,853**	**5,951,419**	**1,536,566**

The following are the assumptions used to test for any impairment of goodwill at December 31, 2022 and 2021:

- **December 2022**

Banco GNB Perú

Macroeconomic variables	2022	2023	2024	2025	2026	2027
Annual GDP growth (Real)	2.60%	3.20%	2.60%	3.00%	3.00%	3.00%
Annual inflation	7.90%	3.50%	3.00%	3.00%	3.00%	3.00%
Exchange rate (USD/PEN)	3.81	3.80	3.70	3.55	3.50	3.45
Central Bank interest rate	7.50%	5.25%	4.25%	4.00%	3.75%	3.00%

Average cost of capital USD	8.966%
Average cost of capital PEN	6.988%

Business Assumptions	2022	2023	2024	2025	2026	2027
Loan portfolio growth	7.08%	12.18%	7.78%	7.76%	8.10%	8.12%
Net loan allowance	6.65%	7.84%	6.54%	8.92%	6.40%	8.02%
Deposit growth	-8.55%	1.58%	9.43%	7.76%	8.82%	6.04%
Average financial margin	-4.51%	26.30%	23.11%	8.73%	5.15%	10.38%

Banco GNB Paraguay

Macroeconomic variables	2022	2023	2024	2025	2026	2027
Annual GDP growth (estimated)	-0.30%	4.50%	4.10%	4.00%	4.00%	4.00%
Annual inflation rate	8.10%	5.02%	4.00%	4.50%	4.50%	4.50%
Market Benchmark Interest Rate	8.50%	7.25%	6.00%	5.00%	4.00%	4.00%

Average cost of capital USD	9.27%
Average cost of capital ₲	10.35%

Business Assumptions	2022	2023	2024	2025	2026	2027

Net loan portfolio growth	3.74%	14.30%	15.70%	9.0%	9.0%	9.0%
Deposit growth	-2.40%	9.01%	11.77%	9.0%	9.0%	9.0%
Increase in allowance on loan portfolio	46.8%	0.25%	0.39%	7.0%	9.0%	9.0%
Financial margin	33.50%	17.54%	12.54%	10.54%	9.98%	10.98%

Banco GNB Colombia

Macroeconomic variables	2022	2023	2024	2025	2026	2027
Annual GDP growth (real)	7.00%	1.75%	2.00%	3.00%	3.25%	4.00%
Annual inflation rate	13.12%	9.25%	7.00%	4.20%	3.50%	3.00%
LIBOR rate - year-end	5.14%	5.50%	6.00%	5.50%	5.00%	4.50%
Exchange rate (year-end)	4,810.20	4,965.00	5,233.87	5,270.97	5,549.01	5,595.97
Central Bank of Colombia interest rate	12.00%	11.50%	9.50%	5.50%	5.00%	4.75%

Average cost of capital USD	10.59%
Average cost of capital PEN	14.01%

Business Assumptions	2022	2023	2024	2025	2026	2027
Net loan portfolio growth	7.67%	4.24%	5.61%	4.32%	8.67%	8.42%
Deposit growth	-4.01%	10.00%	12.65%	10.25%	8.46%	8.01%
Increase in allowance on loan portfolio	-45.01%	12.45%	10.93%	10.04%	10.49%	11.51%
Financial margin	-28.75%	4.17%	20.75%	6.45%	1.52%	11.29%

Charleston Hotels Group

Macroeconomic	2023	2024	2025	2026	2027	2028
Annual GDP growth (real)	1.75%	2.00%	3.00%	3.25%	4.00%	4.00%
Annual inflation rate	9.25%	7.00%	4.20%	3.50%	3.00%	3.00%
Exchange rate (year-end)	5,046	5,293	5,552	5,824	6,109	6,408

Average cost of capital COP	13.49%

Business Assumptions	2023	2024	2025	2026	2027	2028
Occupancy rate	70.10%	72.55%	75.00%	75.00%	75.00%	75.00%
Revenue growth	49.43%	24.59%	15.50%	6.95%	6.95%	7.24%
Operating margin	27.30%	31.49%	35.28%	35.89%	36.04%	36.23%

- **December 2021**

Banco GNB Perú

Macroeconomic Variables	2021	2022	2023	2024	2025	2026
Annual GDP growth (Real)	13.20%	3.40%	3.20%	3.20%	3.20%	3.20%
Annual inflation	6.40%	3.70%	3.00%	3.00%	3.00%	3.00%
Exchange rate (USD/PEN)	3.99	4.00	4.02	4.05	4.09	4.13
Central Bank interest rate	2.50%	4.1%	4.00%	4.00%	4.00%	4.00%

Average cost of capital USD	5.91%
Average cost of capital PEN	6.65%

Business Assumptions	2021	2022	2023	2024	2025	2026
Loan portfolio growth	-2.70%	16.40%	9.30%	9.10%	9.00%	8.90%

(Stated in millions of COP,
except exchange rates and nominal share values)

Net loan allowance	1.57%	1.35%	1.35%	1.35%	1.35%	1.35%
Deposit growth	2.62%	3.19%	6.94%	4.38%	9.01%	8.90%
Average financial margin	6.74%	5.96%	5.99%	6.25%	6.51%	6.51%

Banco GNB Paraguay

Macroeconomic Variables	2021	2022	2023	2024	2025	2026
Annual GDP growth (estimated)	5.0%	3.7%	4.0%	4.0%	4.0%	4.0%
Annual inflation rate	6.8%	4.5%	4.0%	4.0%	4.0%	4.0%
Market Benchmark Interest Rate	5.3%	5.5%	5.5%	5.5%	5.5%	5.5%

Average cost of capital USD	11.6%
Average cost of capital ₲	12.2%

Business Assumptions	2021	2022	2023	2024	2025
Net loan portfolio growth	8.4%	9.1%	6.7%	7.0%	6.3%
Deposit growth	3.4%	5.3%	4.5%	5.1%	5.0%
Increase in allowance on loan portfolio	12.2%	0.6%	2.7%	5.0%	5.0%
Financial margin	13.6%	21.1%	10.1%	10.3%	9.9%

Banco GNB Colombia

Macroeconomic Variables	2021	2022	2023	2024	2025	2026
Annual GDP growth (real)	10.00%	4.20%	4.00%	4.00%	4.00%	4.00%
Annual inflation rate	5.62%	6.00%	4.50%	3.40%	3.00%	3.00%
LIBOR rate - year-end	0.34%	0.25%	0.28%	0.29%	0.30%	0.30%
Exchange rate (average)	3,776.85	4,151.83	4,190.88	4,018.29	3,950.00	3,950.00
Central Bank of Colombia interest rate	3.00%	6.25%	5.50%	4.25%	4.25%	4.25%
Average cost of capital USD	11.06%					
Average cost of capital PEN	12.39%					

Business Assumptions	2021	2022	2023	2024	2025	2026
Net loan portfolio growth	12.49%	11.73%	9.30%	10.46%	11.30%	12.02%
Deposit growth	5.28%	9.88%	9.71%	6.31%	4.58%	5.03%
Increase in allowance on loan portfolio	102.77%	5.55%	9.24%	9.91%	12.98%	11.49%
Financial margin	14.26%	12.81%	1.94%	13.60%	6.25%	14.94%

Charleston Hotels Group

Macroeconomic	2021	2022	2023	2024	2025	2026
Annual GDP growth (real)	3.00%	3.50%	4.00%	4.00%	4.00%	4.00%
Annual inflation rate	5.62%	3.30%	3.20%	3.10%	3.00%	3.00%
Exchange rate (year-end)	COP 3,981	COP 4,106	COP 4,234	COP 4,271	COP 4,308	COP 4,346

Average cost of capital COP	13.49%

Business Assumptions	2021	2022	2023	2024	2025	2026
Occupancy rate	20.54%	42.01%	54.56%	65.00%	66.00%	67.00%
Revenue growth	76.87%	143.29%	42.84%	27.05%	4.19%	4.44%
Operating margin	-30.12%	8.84%	24.82%	34.82%	34.59%	34.42%

a. Forecasting period and perpetuity

The cash flows were forecast for a 5-year period, from 2022 to 2027. From this period on, the present value of cash flows in 2027 are forecast to perpetuity using the expected growth rates of Gross Domestic Product of the markets in which the Perú CGU operates, and the long-term inflation rate.

The decision to forecast 5 years is consistent with the time required to deploy the Corporate Integration Plan, the purpose of which is to better capture opportunities to create value at the Bank. The strategy being implemented implies, in addition to changes in the Bank's management arrangement and operating models, a shift towards a new mix of products, customer segments and medium and long-term objectives.

For Colombia and Paraguay, the output multiple method was used for the long-term forecast.

b. Payment of dividends

Dividend payments were made by maximizing the cash flows for shareholders, subject to the restriction of the solvency indicator (ratio of technical equity to risk-weighted assets) not being greater than that required by the regulatory agencies, plus an additional 20%. Based on the above, a 70% dividend was considered for Peru and Paraguay, and 50% for Colombia.

Conclusions on the key assumptions used, forecast period, perpetuity and payment of dividends

As a result of the impairment assessment described earlier, the Bank concluded that the recoverable amount of the CGU is greater than its carrying value (CV), as follows:

	Colombia	Peru	Paraguay
Recoverable amount/carrying value (%)	105.61	150.73	211.82

Consequently, the Bank has not identified any impairment charges that should be recognized in these financial statements.

The Bank has carried out sensitivity analysis on the discount rate and output multiple ranges for Colombia, Peru and Paraguay, in a combined and interrelated manner, to establish the estimated changes in recoverable amounts. The following are the results of these calculations:

Peru CGU (amounts in millions of COP):

Variable	Sensitivity analysis	Recoverable value	Carrying Value
Discount rate	+1%	1,310,072	1,002,986
Discount rate	-1%	1,784,756	
Dividend payout	90%		

Paraguay CGU (amounts in millions of COP):

Variable	Sensitivity analysis	Recoverable value	Carrying Value
Discount rate	+1%	2,766,319	1,428,787
Discount rate	-1%	3,347,830	
Dividend payout	70%		

Colombia CGU (amounts in millions of COP):

Variable	Sensitivity analysis	Recoverable value	Carrying Value
Discount rate	+1%	2,610,515	2,695,155
Discount rate	-1%	3,123,839	
Dividend payout	50%		

b) Other intangible assets

The following is a breakdown of the balances of computer software and other applications at December 31, 2022 and 2021:

	December 31, 2021	**Additions and removals**	**Amortization**	**December 31, 2022**
Licenses	10,534	780	-	11,314
Acquired programs	48,304	-	-	48,304
Programs in transit	20	552	-	572
Finished programs	28,081	641	-	28,722
Amortization of licenses	(3,831)	-	(1,723)	(5,554)
Accumulated amortization of acquired programs	(25,357)	-	(1,983)	(27,340)
Accumulated amortization of finished programs	(26,979)	-	(904)	(27,883)
Total intangible assets	**30,772**	**1,973**	**(4,610)**	**28,135**

	December 31, 2020	**Additions and removals**	**Amortization**	**December 31, 2021**
Licenses	9,828	706	-	10,534
Acquired programs	39,806	8,498	-	48,304
Programs in transit	358	(338)	-	20
Finished programs	26,016	2,065	-	28,081
Amortization of licenses	(2,105)	-	(1,726)	(3,831)
Accumulated amortization of acquired programs	(23,976)	-	(1,381)	(25,357)
Accumulated amortization of finished programs	(24,705)	-	(2,274)	(26,979)
Total intangible assets	**25,222**	**10,931**	**(5,381)**	**30,772**

(Stated in millions of COP,
except exchange rates and nominal share values)

NOTE 17. - CURRENT INCOME TAX

Details of the surplus in the calculation of consolidated income tax:

December 31, 2022

Entity	Advance payment	Provision	Assets(liabilities)
Banco GNB Sudameris	432,612	-	432,612
Servitrust	208	(888)	(680)
Servibanca	-	(11,087)	(11,087)
Servivalores	854	-	854
Servitotal	-	-	-
Fondo Inmobiliario	-	(5,343)	(5,343)
Corporación Financiera	5,212	-	5,212
Banco GNB Perú	39,663	-	39,663
Total income tax assets	**478,549**	**(17,318)**	**461,231**

Banco GNB Paraguay	13,199	(24,586)	(11,387)
Total income tax liabilities	**13,199**	**(24,586)**	**(11,387)**

December 31, 2021

Entity	Advance payment	Provision	Assets(liabilities)
Banco GNB Sudameris	350,633	-	350,633
Servitrust	318	(481)	(163)
Servibanca	-	(7,285)	(7,285)
Servivalores	865	-	865
Servitotal	3	-	3
Fondo Inmobiliario	-	(12,510)	(12,510)
Corporación Financiera	3,683	-	3,683
Banco GNB Perú	46,260	-	46,260
Banco GNB Paraguay	21,749	(15,705)	6,044
Total income tax assets	**423,511**	**(35,981)**	**387,530**

ii. Components of the income tax expense:

The following is a breakdown of the components of the income tax expense for the periods ended on December 31, 2022 and 2021:

Item	December 31, 2022	December 31, 2021
Current period income tax	62,398	45,971
Subtotal	**62,399**	**45,971**
Deferred tax (See Note 23)	(31,754)	(31,649)
Total	**30,644**	**14,322**

iii. Reconciliation of the tax rate in accordance with the tax provisions and effective rate

The tax provisions that apply to income taxes for fiscal years 2022 and 2021 establish the following, among others:

Taxable income is taxed at a rate of 35% plus a 3% surcharge for financial entities in tax year 2022, and in 2021 the tax rate was 31% with a 3% surcharge.

Income from capital gains is taxed at a rate of 10%.

The taxable income of entities that belong to the special free trade zone regime in Colombia is taxed at a rate of 20%.

In 2022 and 2021, presumed income was 0% of net assets as of the last day of the previous tax year.

In 2022 and 2021, a tax credit can be taken on income tax for 50% of the municipal taxes (ICA, for the Spanish original) effectively paid during the tax year. The tax rule allows treating the ICA tax as either a tax deduction or a tax credit, at each entity's convenience (though not both).

Tax losses reported before 2017 can be offset in the terms described in the tax laws that were in effect at December 31, 2016, but cannot be readjusted for tax purposes. Tax losses reported after 2017 can be offset against ordinary taxable income reported within the next 12 tax years.

The excess amounts of presumed income reported before 2017 can be offset in the terms described in the tax laws that were in effect at December 31, 2016, but cannot be readjusted for tax purposes. The excess amounts of presumed income reported after 2017 can be offset against ordinary taxable income reported by companies within the next 5 years.

For the effects of determining the income tax, starting on January 1, 2017, the amounts of assets, liabilities, equity, income, costs and expenses shall be determined based on the recognition and measurement systems defined in the accounting technical regulatory standards in effect in Colombia, whenever tax law expressly refers to such standards, and whenever tax law does not regulate such matters. In any case, tax law may expressly provide for a different treatment.

The latest tax reform in effect as of the reporting date of these financial statements is Law 2021/2019, called the Economic Growth Law. This Law replaced Law 1943/2018, named the Financing Law, which was declared unenforceable, effective as of January 1, 2020, by the Colombian Constitutional Court by means of Ruling C-481 of October 2019, although it was in effect for tax year 2019. The Economic Growth Law establishes, among other provisions, the following:

The income tax rate for 2021 was 31%, and in 2022, Law 2155/21 established a rate of 35%. Additionally, financial institutions that report taxable income for the year of 120,000 Tax Value Units (UVT, for the Spanish original), or more, which in 2022 is equivalent to COP 38,004, an additional 3 percentage points shall apply to the income tax rate for tax years 2022 and 2021.

A tax credit can be taken on income tax for 50% of the municipal taxes (ICA) effectively paid during the tax year or period.

(Stated in millions of COP,
except exchange rates and nominal share values)

The audit benefit is made extensive to taxpayers who increase their net income tax for the current tax year compared to the net income tax of the previous year by at least 30% or 20%. The benefit consists in that the income tax return will be deemed final within 6 or 12 months from the filing date, respectively.

The tax returns of taxpayers who report or offset tax losses or are subject to the transfer prices regime will be deemed final in 5 years.

The following is the breakdown of the reconciliation between the total income tax expense of the Bank calculated at the currently valid tax rates and the tax expenses effectively recognized in profit and loss for the years ending December 31, 2022 and 2021.

Item	December 31, 2022	December 31, 2021
Pre-tax profit	318,408	263,053
Theoretical tax expense calculated according to the current tax rates (2022 - 38% and 2021 - 34%),	211,543	150,022
Plus or less taxes that increase or decrease the income tax expense		
Non-deductible expenses	6,491	4,634
Interest and other non-taxable income	(10,590)	(7,334)
Non-taxable income	-	(1,468)
Other items		
Losses in subsidiaries in countries that are tax-free or with different tax rates	(176,800)	(131,532)
Total current period tax expense	**30,644**	**14,322**
Effective tax rate	**9,62%**	**5,44%**

NOTE 18. – OTHER ASSETS

The following is the breakdown of the balances of other assets at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Other parts of interest – Repossessed assets (1)	113,966	112,107
Constructions in progress (2)	69,828	34,381
Prepaid expenses	49,425	42,422
Hotel inventories	441	387
Other	69,796	188,638
Art and cultural assets	1,784	1,787
Impairment of other assets	(14,354)	(3,247)
Total	**290,886**	**376,476**

(1) Other parts of interest are rights in stand-alone trusts received by the Bank as dation in payment, on which it holds a percentage.
(2) This is the real estate development undertaken by Namen and Manforce through their affiliates in the United States.

The following is the breakdown of impairment movements for other assets at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Initial balance	**(3,247)**	**(2,599)**
Allowance charged to income	(1,020)	(3,861)
Exchange difference	(10,097)	3,213
Final balance	**(14,354)**	**(3,247)**

(Stated in millions of COP,
except exchange rates and nominal share values)

NOTE 19. – CUSTOMER DEPOSITS

Customer deposits

The following is a breakdown of the customer deposits received by the Bank and its Subsidiaries in the ordinary course of business:

Checking accounts	December 31, 2022	December 31, 2021
Private - active	4,494,730	4,344,985
Private- inactive	14,266	14,915
Government - active	521,359	594,577
Government - inactive	36,596	1,368
Private - abandoned	3,553	3,528
Government - abandoned	11	14
Total checking accounts	**5,070,515**	**4,959,387**

Savings accounts	December 31, 2022	December 31, 2021
Ordinary - active	18,910,514	19,191,241
Ordinary - inactive	296,341	320,287
With term deposit	103	212
Abandoned	4,879	4,625
Total savings accounts	**19,211,837**	**19,516,365**

Term deposits	December 31, 2022	December 31, 2021
Maturities up to 6 months from initial date	8,529,357	7,052,212
6-12 months	1,414,136	1,340,645
12-18 months	1,323,964	1,346,396
18 months or longer	424,903	703,252
Total term deposits	**11,692,360**	**10,442,505**

A summary of effective interest rates earned on customer deposits in Colombia is included below:

	December 31, 2022			
	Local currency		Foreign currency	
	Minimum	Maximum	Minimum	Maximum
	%	%	%	%
Checking accounts	1.79	7.24	1.79	7.24
Savings accounts	3.03	11.99	3.03	11.99
Term deposits	3.72	11.95	-	-

	December 31, 2021			
	Local currency		Foreign currency	
	Minimum	Maximum	Minimum	Maximum
	%	%	%	%
Checking accounts	1.00	1.89	1.00	1.89
Savings accounts	1.76	2.74	1.76	2.74
Term deposits	3.15	3.9	-	-

(Stated in millions of COP,
except exchange rates and nominal share values)

Banco GNB Perú can freely set the interest rates on its deposits based on supply and demand and the type of deposit. The rates in effect at December 31, 2022 for the main products were within the following ranges (effective annual rate):

	December 31, 2022		December 31, 2021	
Product	**Local currency %**	**Foreign currency %**	**Local currency %**	**Foreign currency %**
Term deposits	0.10 – 5.50	0.05 – 1.75	0.1 – 3.5	0.05 – 0.65
Savings accounts	0.25 – 4.25	0.10 – 1.00	0.25 – 3.75	0.10 – 1.00
Checking accounts	3.75 – 5.50	1.30 – 2.00	3.75 – 5.50	1.30 – 2.00

A summary of effective interest rates earned in customer deposits in Paraguay is included below:

	December 31, 2022		December 31, 2021	
	Local currency %	**Foreign currency %**	**Local currency %**	**Foreign currency %**
On-demand deposits	0.62	0.2	0.45	0.45
Term deposits				
180 days	6.2	3.55	0.85	0.29
Up to 365 days	7.81	3.73	3.41	0.93
More than 365 days	8.91	5.07	5.72	2.74

Deposits by economic sector.

The exposure of customer deposits by economic sector according to the classification of the Central Bank of Colombia is presented below, separately indicating the deposits of individuals corresponding to employees and rentiers.

Checking accounts at December 31, 2022

Sector	Colombia	Peru	Paraguay	Total
Agriculture and livestock farming	4,175	1,313	253,123	258,611
Business	224,895	38,714	609,642	873,251
Construction	153	132,620	207,325	340,098
Services	548,803	65,161	453,877	1,067,841
Transportation	2,880	11,656	-	14,536
Financial	698,081	107,416	139,846	945,343
Industry	170,145	4,303	482,041	656,489
Mines and energy	453	2,051	-	2,504
Solidarity	3,196	-	-	3,196
Others - employees and rentiers	51,617	11,308	845,719	908,644
Total	**1,704,398**	**374,542**	**2,991,575**	**5,070,515**

Savings accounts at December 31, 2022

Sector	Colombia	Peru	Paraguay	Total
Agriculture and livestock farming	6,282	2,371	243,112	251,765
Business	592,379	28,662	1,224,551	1,845,592
Construction	152	10,273	45,524	55,949
Services	3,609,812	35,909	595,480	4,241,201
Transportation	15,189	4,628	-	19,817
Financial	7,843,667	946,202	240,847	9,030,716
Industry	176,417	10,067	1,035,413	1,221,897
Mines and energy	29,596	386	-	29,982
Solidarity	28,197	-	-	28,197
Others - employees and rentiers	523,519	723,508	1,239,694	2,486,721
Total	**12,825,210**	**1,762,006**	**4,624,621**	**19,211,837**

(Stated in millions of COP,
except exchange rates and nominal share values)

Term deposits at December 31, 2022

Sector	Colombia	Peru	Paraguay	Total
Agriculture and livestock farming	1,041,530	1,030	153,813	1,196,373
Business	19,102	456,810	206,316	682,228
Construction	282,343	64,892	26,574	373,809
Services	634	442,673	334,795	778,102
Transportation	1,622,107	29,306	-	1,651,413
Financial	6,435	1,654,174	327,864	1,988,473
Industry	1,226,286	9,018	133,072	1,368,376
Mines and energy	194,388	5,107	-	199,495
Solidarity	10,428	-	-	10,428
Others - employees and rentiers	5,389	560,667	2,877,608	3,443,664
Total	**4,408,642**	**3,223,677**	**4,060,041**	**11,692,360**

Checking accounts at December 31, 2021

Sector	Colombia	Peru	Paraguay	Total
Agriculture and livestock farming	3,810	226	247,103	251,139
Business	305,877	12,036	595,142	913,055
Construction	268	957	202,394	203,619
Services	585,598	46,124	443,082	1,074,804
Transportation	6,209	192	-	6,401
Financial	584,671	292,150	136,520	1,013,341
Industry	142,152	1,471	470,576	614,199
Mines and energy	222	2,589	-	2,811
Solidarity	3,626	-	-	3,626
Others - employees and rentiers	50,788	-	825,604	876,392
Total	**1,683,221**	**355,745**	**2,920,421**	**4,959,387**

Savings accounts at December 31, 2021

Sector	Colombia	Peru	Paraguay	Total
Agriculture and livestock farming	6,708	33	213,023	219,764
Business	858,921	560	1,072,992	1,932,473
Construction	699	2	39,890	40,591
Services	4,641,778	2,167	521,779	5,165,724
Transportation	21,180	247	-	21,427
Financial	7,293,975	1,835,464	211,038	9,340,477
Industry	175,372	383	907,263	1,083,018
Mines and energy	21,663	-	-	21,663
Solidarity	42,273	-	-	42,273
Others - employees and rentiers	556,188	6,506	1,086,261	1,648,955
Total	**13,618,757**	**1,845,362**	**4,052,246**	**19,516,365**

Term deposits at December 31, 2022

Sector	Colombia	Peru	Paraguay	Total
Agriculture and livestock farming	1,040,889	-	135,297	1,176,186
Business	17,364	156,124	181,480	354,968
Construction	289,584	62,772	23,375	375,731
Services	811	78,285	294,493	373,589
Transportation	1,598,216	-	-	1,598,216
Financial	3,717	2,070,985	288,396	2,363,098
Industry	1,210,849	120	117,053	1,328,022
Mines and energy	270,386	-	-	270,386
Solidarity	8,681	-	-	8,681
Others - employees and rentiers	6,664	55,757	2,531,207	2,593,628
Total	**4,447,161**	**2,424,043**	**3,571,301**	**10,442,505**

(Stated in millions of COP,
except exchange rates and nominal share values)

NOTE 20. - FINANCIAL OBLIGATIONS

Deposits by financial institutions

The following is a breakdown of deposits by financial institutions

Short-term financial obligations

	December 31, 2022	December 31, 2021
Banks	362,798	358,435
Special deposits	77,659	163,567
Services	108,999	108,882
Interbank funds	33,671	354,325
Repo operations	2,252,097	1,660,269
Simultaneous operations (with repurchase agreements)	5,916,438	5,826,004
Total	**8,751,662**	**8,471,482**

Obligations with rediscount entities and foreign banks

The following is a summary of the financial obligations of the Bank and its Subsidiaries at December 31, 2022 and 2021:

Entity	Interest rate	December 31, 2022	December 31, 2021
Central Bank	Between 1,04% and 4,25%	71,362	20,400
Banco de Comercio Exterior (Bancoldex)	6,132%	411,439	145,518
Fondo para el Financiamiento del Sector Agropecuario "FINAGRO S, A,	Between 0,0% and 9,06%	10,220	11,458
Financiera de Desarrollo Territorial S, A, (FINDETER)	Between 9,06% and 14,58%	587,939	514,885
Foreign banks		1,633,451	715,736
Other financial obligations		400,959	375,389
Total		**3,115,370**	**1,783,386**

These obligations with rediscount entities are associated with funds that government entities make available to the Bank to make loans to companies in economic sectors that have been targeted by the national government for promotion. This implies that the counterparties of the loans are entities involved in agriculture, livestock farming, national production for export, etc. The loan disbursements have been previously authorized by the rediscount entities and collections on the loans are to be allocated to repaying these financial obligations.

Effective interest rates for short-term financial obligations

A summary of the annual effective interest rates on short-term financial obligation is shown below:

	December 31, 2022				December 31, 2021			
	Rate in Colombian pesos		Rate in foreign currency		Rate in Colombian pesos		Rate in foreign currency	
	Min %	Max %	Min %	Max %	Min %	Max %	Min %	Max %
Interbank funds **(I)**	0,000	0,000	3.20%	4.55%	2.91	2.910	0.3	0.3
Repo operations **(R)**	11.340	11.340			2.95	2.956		
Simultaneous operations **(S)**	10.802	11.370			(0.51)	3.025		

(Stated in millions of COP,
except exchange rates and nominal share values)

Long-term financial obligations

Type	December 31, 2022	December 31, 2021
Subordinated bonds outstanding – COP	337,431	334,604
Subordinated bonds outstanding - Foreign currency	3,458,157	3,675,755
Total	**3,795,588**	**4,010,359**

The following is a breakdown of the bond features on a consolidated basis:

				December 31, 2022				
Issue period	**Type of issue**	**Amount of issue**	**Balance**	**Interest rate**	**Interest expense**	**Issue date**	**Maturity date**	**Payment method**
2016 Issuance	Subordinated bonds Peru	USD 15,006,000	72,894	5.437%	3,474	Oct-27-16	Oct-27-26	Interest semester in arrears
2017 Issuance	Subordinated Bonds	USD 300,000,000	1,461,752	6.50%	89,578	Apr 03, 17	Apr 03, 27	Interest semester in arrears
2021 Issuance	Subordinated Bonds	USD 400,000,000	1,923,511	7.50%	130,182	Apr 16, 21	Apr 16, 31	Interest semester in arrears
		Total foreign-currency bonds	**3,458,157**					
2017 Issuance	Subordinated Bonds	COP 119,205	121,007	3.85%	13,969	Nov 23, 17	Nov 23, 24	Interest quarter in arrears
2017 Issuance	Subordinated Bonds	COP 213,200	216,424	4.05%	27,117	Nov 23, 17	Nov 23, 26	Interest quarter in arrears
		Total bonds Local currency	**337,431**					
		Total bonds issued	**3,795,588**					

The amount of the Subordinated Bonds forms part of additional equity and is verified each quarter by the Statutory Auditor.

				December 31, 2021				
Issue period	**Type of issue**	**Amount of issue**	**Balance**	**Interest rate**	**Interest expense**	**Issue date**	**Maturity date**	**Payment method**
2012 Issuance	Subordinated Bonds	USD 250,000,000	725,732	7.50%	44,848	Jul 30, 12	Jul 30, 22	Interest semester in arrears
2015 Issuance	Subordinated Bonds Paraguay	USD 25,000,000	99,529	6.70%	2,202	Nov 24, 15	Nov 18, 22	Interest semester in arrears
2016 Issuance	Subordinated bonds Peru	USD 15,006,000	60,330	5.437%	2,256	Oct-27-16	Oct-27-26	Interest semester in arrears
2017 Issuance	Subordinated Bonds	USD 300,000,000	1,205,955	6.50%	54,904	Apr 03, 17	Apr 03, 27	Interest semester in arrears
2021 Issuance	Subordinated Bonds	USD 400,000,000	1,584,209	7.50%	52,807	Apr 16, 21	Apr 16, 31	Interest semester in arrears
		Total foreign-currency bonds	**3,675,755**					
2017 Issuance	Subordinated Bonds	COP 119,205	113,765	3.85%	5,133	Nov 23, 17	Nov 23, 24	Interest quarter in arrears
2017 Issuance	Subordinated Bonds	COP 213,200	220,839	4.05%	9,965	Nov 23, 17	Nov 23, 26	Interest quarter in arrears
		Total bonds Local currency	**334,604**					
		Total bonds issued	**4,010,359**					

(Stated in millions of COP,
except exchange rates and nominal share values)

NOTE 21. – EMPLOYEE BENEFITS

In accordance with Colombian labor law, labor bargaining agreements and collective agreements, the employees of the Bank and its Subsidiaries receive short-term benefits (salaries, vacations, mandatory bonus, extra-legal bonus, severance fund and interest on severance fund) and long-term benefits, such as seniority bonus and medical care, and post-employment and retirement benefits. The latter include severance pay for employees covered by the regime prior to Law 50/1990, and mandatory and extra-legal pensions. The remuneration for key executives includes salaries, in-kind benefits and contributions to their post-employment benefits plan.

The employees at the subsidiaries in Peru and Paraguay only receive short-term benefits.

The employee benefit plans expose the Bank and its Subsidiaries to several risks (interest rate and operating risks), which they seek to minimize through the application of the defined risk management policies and procedures.

The following is the breakdown of provisions for employee benefits at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Short-term	20,068	15,328
Post-employment	56,506	18,918
Long-term	13,715	25,494
Estimated liabilities	-	-
Total	**90,289**	**59,740**

Short-term benefits

The payment of such benefits (other than severance payments) must be made within twelve months following the end of the fiscal year in which the employees rendered their services. These benefits accrue as they are incurred and charged to income. In accordance with Colombian labor regulations, as well as with the provisions of the Collective Labor Agreement between the Bank and the labor unions, as well as the extra-legal benefits applicable to employees excluded from the aforementioned collective agreement, such benefits are: Basic salaries, all-inclusive salaries, severance payments under Law 50/1990, interest on severance payments, paid vacation, legal bonuses, extra-legal bonuses, allowances, paid leave, as well as contributions to the social security system for pension, healthcare and payroll taxes.

Post-employment - benefits

Benefits of this type are paid to employees when they retire or after they complete their employment period (excluding severance payments). Said benefits, in accordance with Colombian labor law and the provisions of the Collective Labor Agreement between the Bank and the labor unions, correspond to retirement pensions (retirees to be paid by the Bank or with pension shared with Colpensiones) and retirement benefits, which are paid to employees whose positions are covered by the Collective Agreement, to whom old-age pensions have been granted.

The post-employment benefits liability is determined based on the present value of estimated future payments to be made to employees whose entitlement to an old-age pension has been recognized. It is calculated based on actuarial studies. Therefore, the expense associated with these benefits is recorded in the Bank’s statement of income, which includes the present cost of service assigned in the actuarial calculation plus the financial cost of the calculated liability.

The Bank does not have assets and/or an insurance policy allocated to covering the payment of post-employment benefits. Therefore, it has fully recognized this liability in its financial statements.

The Bank does not make benefit payments to employees based on shares.

Severance benefits (severance payments)

Severance payments are the remunerations payable to employees as a result of:

(a) the company's decision to terminate the employee's contract prior to the normal retirement age; or
(b) the employee's decision to voluntarily accept the termination of the relationship of employment in exchange for such compensation.

The Bank has no retirement plans or programs for its employees. However, in the event of a decision to unilaterally terminate the contract of employment without cause, the Bank, in accordance with Colombian labor legislation, as well as the provisions of the Collective Labor Agreement in effect, shall pay the corresponding indemnity.

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

- When the Bank formally informs the employee of its decision to remove him/her from employment.
- When provisions are recognized for restructuring costs for a Bank subsidiary or business involving the payment of termination benefits.

Other long-term benefits

These are all employee benefits other than short-term benefits, post-employment benefits and severance payments. In accordance with Colombian labor regulations, the Collective Labor Agreement between the Bank and labor unions, as well as the extra-legal benefits applicable to employees excluded from the aforementioned collective agreement, these benefits include: the seniority bonus and severance payments to employees under the regime prior to Law 50/1990.

Long-term employee benefit liabilities are determined in the same way as post-employment benefits, i.e. by performing actuarial calculations as described above. Therefore, the corresponding expense for these benefits is recognized in the Bank's statement of income, which includes the present service cost assigned in the actuarial calculation, plus the financial cost of the calculated liability.

The Bank does not have assets and/or an insurance policy allocated to covering the payment of post-employment benefits. Therefore, it has fully recognized this liability in its financial statements.

Actuarial calculations

The measurement of obligations for retirement pensions, retirement benefits, seniority bonuses and severance payments with retroactive effect depends on a variety of premises and long-term assumptions, which are determined on an actuarial basis, including estimates of the present value of future benefit payments, considering the likelihood of future events such as salary increases, as well as changes in staffing, etc. Possible variations in the premises and long-term assumptions may have a significant effect on the amount of the actuarial calculations and therefore, on future payments, with a consequent variation in the interest and service cost of such actuarial calculations.

Actuarial studies are performed using the projected credit unit method, using actuarial assumptions such as percentage of cost of living, mortality rates, average working life, salary increases, employee turnover and discount rates.

The discount rate used in the actuarial calculations to establish the present value of future cash flows is the rate for long-term investments. This rate represents the market rate for fixed income investments or for government bonds denominated in the currency in which the benefit will be paid and considers the timing and amount of the payments of future benefits.

(Stated in millions of COP,
except exchange rates and nominal share values)

Pension benefits

In Colombia, the retirement pensions received by employees after reaching a certain age and time of service are taken on by public or private pension funds, which are based on defined contributions in which both the companies and the employees contribute monthly amounts defined by law in order for the employee to be entitled to the retirement pension. However, in the case of certain employees who were hired before1968 and who fulfill the age and years of service requirements, the pensions are taken on directly by the parent company.

The following were the movements of retirement benefits and long-term benefits for the periods ended on December 31, 2022 and 2021:

	Post-employment		Other long-term	
	2022	**2021**	**2022**	**2021**
Initial balance	18,918	22,058	25,494	16,420
Cost of services	244	272	1,019	1,118
Interest cost	1,375	1,241	1,090	855
Paid to employees	(2,122)	(2,144)	(2,730)	(2,166)
Adjustments (OCI)	-	(2,607)	-	-
Changes in actuarial assumptions	(2,752)	(36)	(1,833)	3,127
Other long-term Peru and Paraguay	40,843	134	(9,325)	6,140
Final balance	**56,506**	**18,918**	**13,715**	**25,494**

Actuarial assumptions

The variables used for the calculation of the projected obligations of the different employee post-employment and other long-term benefits are shown below:

Actuarial Assumptions	December 31, 2022	December 31, 2021
Discount rate	12.75%	7.75%
Inflation rate	3.00%	3.50%

Employee turnover rate: The SOA 2003 Turnover Table was used for the different actuarial calculations.

The expected life of employees was calculated based on the Colombian mortality table published by the Superintendence, which is based on the mortality experience of several insurers with operations in Colombia.

Other long-term benefits:

The parent company grants its employees long-term extra-legal seniority bonuses over their work life, depending on the number of years of service, every 5, 10, 15 and 20 years, etc., in which each payment is calculated in terms of days of salary (between 15 and 180 days).

The parent company has a group of employees who were entitled to severance payments prior to the issuance of Law 50 of 1990. Such benefits is cumulative and calculated based on the employee’s latest salary multiplied by the number of years of service minus any severance advance payments that have been made on the new benefit.

The remuneration of key management personnel in each category of benefits offered are disclosed in Note 31, Related Parties.

(Stated in millions of COP,
except exchange rates and nominal share values)

Sensitivity analysis

The sensitivity analysis of the employee retirement benefits liability to the different financial and actuarial variables is all follows, maintaining all other variables constant:

December 31, 2022

Post-employment - benefits	Change to the Variable	Increase in the variable	Decrease in the Variable
		+50 points	-50 points
Discount rate	12.75%	(334)	351
Salary growth rate	4.00%	150	(142)
Pension growth rate	3.00%	285	(274)
Long-term benefits	**Change to the Variable**	**Increase in the variable**	**Decrease in the Variable**
		+50 points	-50 points
Discount rate	12.75%	(249)	261
Salary growth rate	4.00%	344	(330)

December 31, 2021

Post-employment - benefits	Change to the Variable	Increase in the variable	Decrease in the Variable
		+50 points	-50 points
Discount rate	8.00%	(547)	582
Salary growth rate	4.50%	219	(205)
Pension growth rate	3.50%	65	(65)
Long-term benefits	**Change to the Variable**	**Increase in the variable**	**Decrease in the Variable**
		+50 points	-50 points
Discount rate	7.75%	(377)	398
Salary growth rate	4.50%	485	(461)

NOTA 22 - PROVISIONS FOR LEGAL CONTINGENCIES AND OTHER PROVISIONS

The following is the breakdown of provisions at December 31, 2022 and 2021:

For legal contingencies	December 31, 2022	December 31, 2021
Fines and penalties of other administrative authorities	558	122
Labor proceedings	2,543	3,066
Other litigation in legal administration or arbitration proceedings	11,777	11,335
Subtotal for legal contingencies	**14,878**	**14,523**

	December 31, 2022	December 31, 2021
Other provisions	**32,887**	**53,721**

Said provisions are estimated based on the evolution of each proceeding, as well as the opinions of the respective attorneys regarding the probability of a ruling in favor in each case.

Labor Proceedings

At December 31, 2022, provisions for labor proceedings against Banco GNB Sudameris were recognized. Most of these proceedings have historically been resolved in favor of the Bank.

Said provisions are estimated based on payments made during the year and the evolution of each proceeding, as well as the opinions of the respective attorneys regarding the probability of a decision in favor or against in each case.

	December 2022	December 2021
Labor proceedings against the Bank	2,543	3,066

Other proceedings

At December 31, 2022 and December 31, 2021, the following provisions were recognized on legal proceedings: labor proceedings COP 2,543 and COP 3,066, respectively; judicial proceedings COP 10,323 and COP 9,493, respectively; and administrative proceedings COP 122. According to the opinion of attorneys, these proceedings will generate expenditures for the Bank. Said provisions are estimated based on the evolution of each proceeding, as well as the opinions of the respective attorneys regarding the probability of a ruling in favor in each case.

NOTE 23. – DEFERRED INCOME TAX

- **Deferred tax on temporary differences**

The difference between the carrying values of assets and liabilities and their values for tax purposes give rise to the following temporary differences. In turn, these differences give rise to deferred taxes, which were calculated and recognized in the years ended on December 31, 2022 and 2021, based on the currently enacted rates for the years in which said differences will revert.

Year ending on December 31, 2022

Stated in millions of COP

	Dec-21	Reclassifications	Credited (charged) to profit and loss	Credited (charged) to OCI	Dec-22
Presumed income	393	-	-	-	393
Employee benefits	1,495	-	197	821	2,513
Exchange difference assets	3,947	-	15,299	-	19,246
Cash flow hedges	14,417	-	-	-	14,417
Generic allowance on loan portfolio	22,448	-	6,071	-	28,519
Surplus in depreciation of facilities	3,162	-	871	-	4,033
Others	151,287	-	84,240	-	235,527
Financial instruments at fair value	120,320	-	22,162	173,008	315,490
Cash and cash equivalents (Exchange Rate Difference)	1,411	-	3,898	-	5,309
Derivatives (exchange differences)	2,107	-	(30)	2,334	4,411
Deferred tax assets	**320,987**	**-**	**132,708**	**176,163**	**629,858**
Property plant and equipment	(33,714)	-	3,885	(6,341)	(36,170)
Loan portfolio impairment allowance Full IFRS	(90,394)	-	-	(17,604)	(107,998)
Financial instruments at fair value	(2,393)	-	590	-	(1,803)
Loan Portfolio (Exchange Rate Difference)	(29,856)	-	24,903	-	(4,953)
Other accounts receivable (Exchange Rate Difference)	(5,080)	-	(5,148)	-	(10,228)
Others	(29,988)	12,009	(125,183)	-	(143,162)
Deferred tax liabilities	**(191,425)**	**12,009**	**(100,953)**	**(23,945)**	**(304,314)**
Total	**129,562**	**12,009**	**31,755**	**152,218**	**325,544**

Year ending on December 31, 2021

Stated in millions of COP

	Dec-20	Reclassifications	Credited (charged) to profit and loss	Credited (charged) to OCI	Dec-21
Presumed income	8,626	-	(8,233)	-	393
Employee benefits	8,493	-	(6,998)	-	1,495
Exchange difference assets	(36)	-	3,983	-	3,947
Cash flow hedges	17,225	-	(2,808)	-	14,417
Generic allowance on loan portfolio	21,925	-	523	-	22,448
Surplus in depreciation of facilities	2,814	-	348	-	3,162
Others	8,822	-	142,465	-	151,287
Financial instruments at fair value	23,054	-	(20,846)	118,112	120,320
Cash and cash equivalents (Exchange Rate Difference)	10,403	-	(8,992)	-	1,411
Derivatives (exchange differences)	8	-	2,099	-	2,107
Deferred tax assets	**101,334**	-	**101,541**	**118,112**	**320,987**
Property plant and equipment	(34,708)	-	5,422	(4,428)	(33,714)
Loan portfolio impairment allowance Full IFRS	(11,616)	-	(14,151)	(64,627)	(90,394)
Financial instruments at fair value	(4,588)	-	4,588	(2,393)	(2,393)
Loan Portfolio (Exchange Rate Difference)	-	-	(29,856)	-	(29,856)
Other accounts receivable (Exchange Rate Difference)	-	-	(5,080)	-	(5,080)
Others	-	830	(30,818)	-	(29,988)
Deferred tax liabilities	**(50,912)**	**830**	**(69,895)**	**(71,448)**	**(191,425)**
Total	**50,422**	**830**	**31,646**	**46,664**	**129,562**

The Group offsets deferred assets and liabilities for the same entity and tax authority in accordance with applicable tax laws in Colombia and other countries in which the subsidiaries operate, based on the legal right to offset the tax assets and liabilities and other requirements of IAS 12, with the following details:

December 31, 2022	**Gross amounts of Deferred tax**	**Offset**	**Balances Offset**
Deferred income tax assets	629,858	**(304,314)**	325,544
Deferred income tax liabilities	**(304,314)**	**304,314**	-
Net	**325,544**	**-**	**325,544**

December 31, 2021	**Gross amounts of Deferred tax**	**Offset**	**Balances Offset**
Deferred income tax assets	320,987	(191,425)	129,562
Deferred income tax liabilities	(191,425)	191,425	-
Net	**129,562**	**-**	**129,562**

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

The following is the effect of current and deferred taxes on each component of other comprehensive income:

Stated in millions of COP Items that may be subsequently reclassified to income	Consolidated December 31, 2022	Consolidated December 31, 2021
Differences between the allowance and impairment recorded in the calculation of the separate and consolidated financial statements	(17,604)	(64,627)
Gains on cash flow hedges	-	-
Financial instruments at fair value	173,008	115,719
Subtotal	**155,404**	**51,092**
Items that will not be reclassified to income		
(Loss) on revaluation of assets	(6,341)	(4,428)
Loss in employee benefit plans	821	-
Gains on exchange differences on derivatives	2,334	
Subtotal	**(3,186)**	**(4,428)**
Total other comprehensive income for the period	**152,218**	**46,664**

NOTE 24. – OTHER LIABILITIES

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

Item	December 31, 2022	December 31, 2021
Fogafín	43,455	29,500
Ascredibanco	-	400
Closed accounts	5,200	5,187
Commissions and fees	4,652	4,496
Taxes	15,430	11,730
Dividends and surpluses	27,322	2,416
Leases	293	80
Tax on financial transactions	3,651	2,523
Suppliers and services payable	29,173	23,481
Contributions, affiliations and transfers	2,151	1,529
Income tax and payroll tax withholdings	40,564	27,263
Income received in advance	10,753	7,599
Letters of credit - deferred payment	48,102	39,812
Deferred payments	7,597	9,514
Other contributions	146	6,110
Others (1)	165,127	301,779
Total	**403,616**	**473,419**

(1) It includes offsetting and sundry transactions at Servibanca for COP 19,251; at Banco GNB Perú it includes currency sales with buyback commitment for COP 18,918, currency interest buybacks for COP 1,451 and sundry transactions for COP 15,918; at Banco GNB Paraguay COP 33,709 in other accounts payable.

(Stated in millions of COP,
except exchange rates and nominal share values)

NOTE 25. - EQUITY

Share

The shares of the parent company have a nominal value of COP 400 (pesos) each at December 31, 2022 and 2021, with the following breakdown:

	December 31, 2022	December 31, 2021
Number of authorized shares	250,000,000	250,000,000
Number of shares to be subscribed	62,585,559	62,585,559
Total subscribed and paid-in shares	**187,414,441**	**187,414,441**
Authorized capital	100,000	100,000
Capital to be subscribed	(25,034)	(25,034)
Total subscribed and paid-in shares	**74,966**	**74,966**

Reserves

Legal Reserve (Mandatory)

Banks are required to establish a "Legal Reserve" by appropriating at least 10% of their net profits each year until the reserve reaches at least 50% of subscribed capital. The reserve may be decreased below this level in order to cover losses that are greater than non-distributed profits. This reserve cannot be used to pay dividends nor to cover expenses or losses if the bank has non-distributed profits.

Appropriation of retained earnings

The following is a breakdown of the appropriation of retained earnings at December 31, 2022 and 2021:

Reserves	December 31, 2022	December 31, 2021
Local	1,483,786	1,517,799
Occasional	-	15,245
Total reserves	**1,483,786**	**1,533,044**

Declared Dividends

Dividends are declared and paid to shareholders based on the net profit recognized in the separate financial statements of the previous year.

The following is the calculation of earnings per share for the periods ended on December 31, 2022 and 2021:

Basic earnings per share	December 31, 2022	December 31, 2021
Net profit for the fiscal year	287,764	248,731
Less: Non-controlling interests	85,715	60,509
Current period's income attributable to controlled interests	**202,049**	**188,222**
Weighted average of ordinary shares used for the calculation of basic net earnings per share	187,414,441	187,414,441
Net basic earnings per share of controlled interests (pesos)	**1,078**	**1,004**

(Stated in millions of COP,
except exchange rates and nominal share values)

NOTE 26. – COMMISSIONS AND FEE INCOME AND EXPENSES

The following is the breakdown of commissions and fee income and expenses for the years ended on December 31, 2022 and 2021:

Item	December 31, 2022	December 31, 2021
Banker's acceptances	51	33
Letters of credit	125	121
Bank guarantees	1,311	932
Bank services	150,748	139,711
Debit and credit card affiliated establishments	12,285	6,928
Use of means of payment other than cash	178,769	118,349
Credit card handling fees	773	894
Others (1)	44,391	70,141
SUBTOTAL	**388,453**	**337,109**
Bank services	(84,055)	(51,958)
Bank guarantees	(4,892)	(4,444)
Trust businesses	-	(2)
Collective investment funds management	(8,518)	(7,743)
Commissions on sales and services	-	-
Board of Directors	(285)	(147)
Statutory Auditor and external auditing	(4,250)	(3,633)
Appraisals	(11)	(31)
Legal counsel	(4,374)	(4,212)
Others (2)	(64,672)	(63,066)
SUBTOTAL	(171,057)	**(135,236)**
TOTAL	**217,396**	**201,873**

(1) It includes fees at Servitrust for trust businesses in the amount of COP 15,247; at Servivalores securities and investment fund management fees for COP 13,511; and payment of insurance at Banco GNB Peru for COP 15,040.

(2) It includes fees and sundry items paid by the Bank for COP 33,970, and COP 24,110 paid by Servibanca and 3,990 for payment of fees and commissions at affiliates abroad.

NOTE 27. – OTHER INCOME

The following is the breakdown of other income for the years ended on December 31, 2022 and 2021:

Item	December 31, 2022	December 31, 2021
Sales of Investments	5,515	7,982
Dividends	2,166	1,940
Sale of property and equipment	211	543
Leases	8,631	8,267
Industrial and service income	45,343	16,195
Exchange difference	79,904	148,686
Others (1)	149,011	152,746
Total	**290,781**	**336,359**

(1) It includes income on written-off assets for COP 19,396; reversal of other allowances COP 1,241; on returns of insurance banking management for COP 14,423; sundry items at national affiliates for COP 11,579, and valuation of assets received as payment in Peru and Paraguay for COP 20,183 at December 31, 2022. It also includes sundry revenues in Paraguay in the merger process for COP 42,408.

(Stated in millions of COP,
except exchange rates and nominal share values)

NOTE 28. – OTHER EXPENSES

The following is the breakdown of other expenses for the years ended on December 31, 2022 and 2021:

Item	December 31, 2022	December 31, 2021
Employee benefits	**334,684**	**309,496**
Loss on sale of investments	**56,169**	**11,748**
Automation	63	80
Legal expenses	355	736
Leases	57,424	47,348
Contributions, affiliations and transfers	76,910	67,135
Insurance	80,958	77,538
Repairs and maintenance	66,897	58,439
Upgrades and installations	2,224	1,511
Joint operations	209	179
Total general administrative expenses	**285,040**	**252,966**
Depreciation of property and equipment	**26,529**	**26,795**
Depreciation of right-of-use	**29,533**	**26,682**
Amortization of intangible assets	**4,610**	**5,381**
Cost of production – Hotels	15,342	10,799
Management and brokerage services	310	224
Loss from operating risks	425	588
Taxes and levies	61,801	31,573
Penalties, fines, litigation, indemnities, operating risks	464	857
Others (1)	176,603	155,797
Other expenses	**239,603**	**189,039**
Total other expenses	**991,510**	**832,906**

(1) The “other” item mainly includes cleaning and security services for COP 7,135, outsourcing, advertising and publicity for COP 23, public utilities for COP 13,070, courier services for COP 2,223.

NOTE 29. – COMMITMENTS AND CONTINGENCIES

Credit commitments

As part of its normal course of operations, the Bank grants guarantees and letters of credit to customers in which the Group irrevocably commits to make payments to third parties in the event that the customers fail to fulfill their obligations with said third parties, with the same credit risk as the financial assets of the loan portfolio. Granting the guarantees and letters of credit is subject to the same policies for the approval of loan disbursements in terms of the customers' credit quality and the customers are required to establish the guarantees deemed appropriate in the circumstances.

The commitments for extending credits represent unused portions of authorizations to extend credits in the form of loans, use of credit cards, overdraft limits and letters of credit. Regarding the credit risk of commitments to extend lines of credit, the parent company is potentially exposed to losses in an amount equal to the total of the unused commitments, if the unused amount were withdrawn in full. However, the amount of the loss is less than the total unused commitments because most of the commitments to extend credits are contingent once the customer maintains the specific standards of the credit risks. The parent company monitors the terms of maturity of the commitments in terms of the credit limits, because long-term commitments have a greater credit risk than short-term commitments.

The outstanding balances of the unused lines of credit and guarantees do not necessarily represent future cash requirements because these limits can expire if they are not used in full or in part.

Contingencies

Legal contingencies

At December 31, 2022 and 2021, the parent company was addressing administrative and judicial proceedings against it. The claims of the proceedings were assessed based on analysis and opinions from the responsible attorneys, and the following contingencies were established:

Labor Proceedings

At December 31, 2022 and 2021, claims related to labor proceedings totaled COP 626 million, respectively. Historically, most decisions in these proceedings have been in favor of the parent company and its subsidiaries.

Civil proceedings

At December 31, 2022 and 2021, the assessment of legal claims in civil proceedings, excluding those with remote probability, totaled COP 5,931, respectively.

Administrative and other proceedings

Claims from administrative and judicial tax proceedings, initiated by national and regional tax authorities, establish in some cases penalties in which the parent company would incur derived from performing its activities as National and Territorial tax collector. In other cases, higher taxes are determined in its condition as taxpayer. At December 31, 2022 and 2021, the amount of the various claims totaled COP 618, respectively.

NOTE 30. – RELATED PARTIES

The following are considered related parties:

a. Shareholders that individually own over 10% of the parent company's share capital and those whose individual share is less than 10%, but with respect to whom there are operations that exceed 5% of the technical equity.

The only shareholder with over 10% of share capital is:

- GILEX HOLDING S.ar.l

Shareholders with less than a 10% share, but with transactions that exceed 5% of technical equity. At December 31, 2022 and 2021, there were no transactions at the parent company for more than 5% of the parent company's technical equity with shareholders with less than a 10% share.

b. Key management personnel: people who have the authority and responsibility to directly or indirectly plan, direct and control the entity's activities, including any director or manager (whether or not they are executives) of the parent company. This includes members of the Board of Directors, the president and vice-presidents.

(Stated in millions of COP,
except exchange rates and nominal share values)

c. Subsidiaries controlled by the parent company.

- Banco GNB Perú
- Banco GNB Paraguay
- Servitrust GNB Sudameris
- Servivalores GNB Sudameris
- Servibanca S. A
- Servitotal
- Corporación Financiera GNB Sudameris
- Charleston Hotels Group S. A. S
- Namen Finance Limited
- Manforce Overseas Limited
- Inversiones GNB Comunicaciones S. A. S
- GNB Holding S. A. S
- Fondo de Capital Privado Inmobiliario
- Lulo Bank

d. Other non-subsidiary related parties

Transactions with related parties:

The parent company may engage in transactions, agreements or contracts with related parties, with the understanding that any such transactions shall be made at fair value and on an arm's length basis in terms of market terms and rates.

There were none of the following between the parent company and its related parties during the periods ending December 31, 2022 and 2021:

- Loans that imply an obligation for the borrower that does not correspond to the essence or nature of the loan agreement.
- Loans with interest rates different to those regularly paid or charged to third parties in similar term, risk and other conditions.
- During the periods ending December 31, 2022 and 2021, fees were paid to directors worth COP 284 and COP 147, respectively, for attending Board of Directors and Committee meetings.

Most operations were performed at market prices. The average rate of loan placement the parent company grants to its related parties is equal to DTF+3.45. Credit card operations and overdrafts were performed at the full rates for said products.

The Bank, in developing its commercial operations, performs transactions with its related parties, such as with shares in said entities, loan portfolios and financial liabilities, which are presented below:

December 31, 2022	**Shareholders**	**Members of the Board**	**Key Executives**
Assets			
Loan portfolio	-	1	92
Liabilities			
Deposits	-	-	649

(Stated in millions of COP,
except exchange rates and nominal share values)

	Shareholders	Members of the Board	Key Executives
Interest income	-	-	51
Fee income	-	-	7
Financial expenses	-	-	34
Fee expenses	-	261	-
Other expenses	-		7

December 31, 2021	Shareholders	Members of the Board	Key Executives
Assets			
Loan portfolio	-	-	**81**
Liabilities			
Deposits	-	**77**	**677**

	Shareholders	Members of the Board	Key Executives
Interest income	-	1	42
Fee income	-	1	7
Financial expenses	-	-	9
Fee expenses	-	147	-
Other expenses	-		5

Key personnel employee benefits

There is no exclusive benefit plan at Banco GNB Sudameris that applies to the Bank's key Senior Management personnel that is different from the benefits for all employees excluded from the current Collective Labor Agreement.

Some key executives of the parent company are at the same time key executives in certain subsidiaries.

The compensation key management personnel receive is composed of the following:

Items	December 31, 2022	December 31, 2021
Salaries	5,149	4,458

The compensation of key management personnel includes salaries, benefits other than cash and contributions to a defined benefit post-employment plan.

NOTE 31. – NON-CONSOLIDATED STRUCTURED ENTITIES

The term "non-consolidated structured entities" refers to all the structured entities not controlled by the Bank. The Bank engages in transactions with structured entities within the regular course of business to facilitate customer transactions and for specific investment opportunities.

The following table shows the total assets of structured entities in which the Bank has a share as of the date of the report and its maximum exposure to loss with respect to those shares.

(Stated in millions of COP,
except exchange rates and nominal share values)

December 31, 2022

	Funds managed by the Bank in FIC
Interest - Bank´s assets	
Investments at fair value through profit or loss	8,140
Total assets related to Bank interests in unconsolidated structured entities	**8,140**
Bank´s maximum exposure	**8,140**

December 31, 2021

	Funds managed by the Bank in FIC
Interest - Bank´s assets	
Investments at fair value through profit or loss	7,462
Total assets related to Bank interests in unconsolidated structured entities	**7,462**
Bank´s maximum exposure	**7,462**

Within the normal course of operations, the Bank has a trust company and stock broker, which manage collective investment funds and the assets of third parties on which trust management fees are received.

In managing these assets, these entities take on only obligations of means, and they do not guarantee results. Their maximum exposure to the risk of loss is determined by any possible failures in managing the funds under management in connection with the yields and the income earned from the customer’s assets.

NOTE 32. – SUBSEQUENT EVENTS

Other than what was mentioned above, we are not aware of any other subsequent events that occurred between the date of the consolidated financial statements and February 24, 2023, their date of issuance, that would require changing the figures presented as of December 31, 2022.