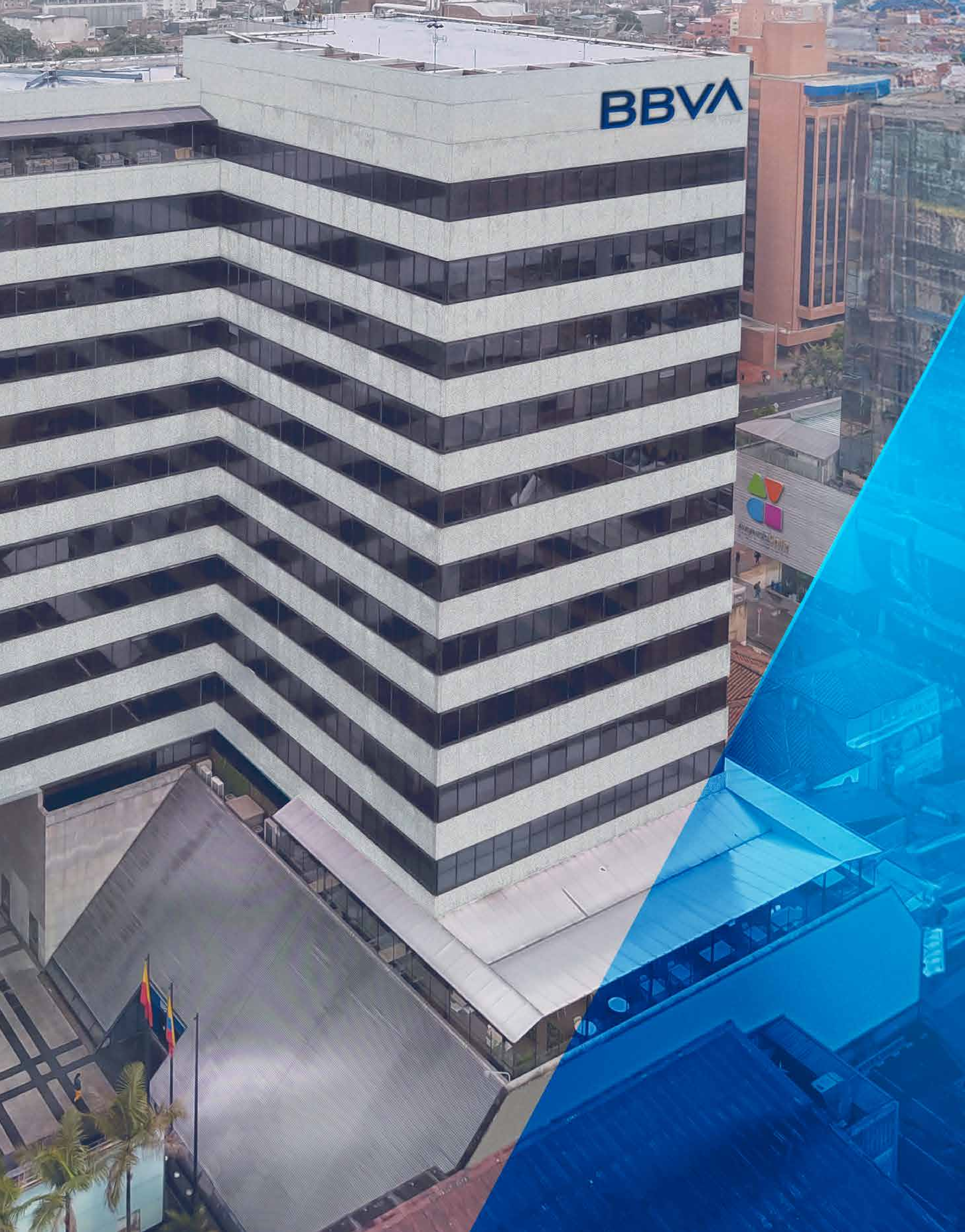

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Consolidated Financial Statements and Explanatory Notes

At December 31, 2023 and 2022

CONSOLIDATION AND FINANCIAL STATEMENTS
BOGOTÁ, FEBRUARY 2024

2023 Consolidated Report

For more information about this document or the data presented in it, you may contact the following people:

Financial accounting

- **Wilson Eduardo Díaz** *wilsoneduardo.diaz@bbva.com*
- **Luz Marina Gutiérrez** *luzmarina.gutierrez@bbva.com*
- **Yeimy Carolina Pérez** *yeimycarolina.perez@bbva.com*
- **Ana María Carrillo** *anamaria.carrillo.leon@bbva.com*

Communication & Image

- **Constanza García** *constanza.garcia@bbva.com*
- **Ana María Sierra** *anamaria.sierra@bbva.com*
- **Jazmin Nathalia Morales** *jazminnathalia.morales@bbva.com*

Style, design and layout editing: Todo Comunica

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Statutory auditor's report

To the Shareholders of Banco Bilbao Vizcaya Argentaria Colombia S.A.

Opinion

I have audited the separate financial statements of Banco Bilbao Vizcaya Argentaria Colombia S.A., which comprise the statement of financial position as at December 31, 2023, and the corresponding statements of income, comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the explanatory notes to the separate financial statements that include information on material accounting policies.

In my opinion, the accompanying separate financial statements, taken from the accounting books, present reasonably, in all material respects, the financial position of the Bank as of December 31, 2023, the results of its operations and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards accepted in Colombia.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing accepted in Colombia. My responsibilities in compliance with these standards are described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of this report. I am independent of the Bank, in accordance with the International Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the separate financial statements in Colombia, and I have fulfilled my other applicable ethical responsibilities. I believe that the audit evidence obtained is sufficient and appropriate to support my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of the most significance in my audit of the attached separate financial statements. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, but not to provide a separate opinion on these matters. Based on the above, below, I explain how each key audit matter was addressed during my audit.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the separate financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the attached separate financial statements.

Ernst & Young Audit S.A.S.
Bogotá D.C.
Carrera 11 No 98 - 07
Edificio Pijao Green Office
Tercer Piso
Tel. +57 (1) 484 7000
Fax. +57 (1) 484 7474

Ernst & Young Audit S.A.S.
Medellín – Antioquia
Carrera 43A No. 3 Sur-130
Edificio Milla de Oro
Torre 1 – Piso 14
Tel: +57 (4) 369 8400
Fax: +57 (4) 369 8484

Ernst & Young Audit S.A.S.
Cali – Valle del Cauca
Avenida 4 Norte No. 6N – 61
Edificio Siglo XXI
Oficina 502-510
Tel: +57 (2) 485 6280
Fax: +57 (2) 661 8007

Ernst & Young Audit S.A.S.
Barranquilla - Atlántico
Calle 77B No 59 – 61
Edificio Centro Empresarial Las Américas II
Oficina 311
Tel: +57 (5) 385 2201
Fax: +57 (5) 369 0580

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Key audit mater	Audit Response
Estimation of Credit Risk Losses of the Commercial Portfolio The estimation of expected credit losses due to credit risk is determined in accordance with Chapter XXXI of the Basic Accounting and Financial Circular – Standards Relating to Credit Risk Management and the Commercial Reference Model (Annex 1), issued by the Financial Superintendence of Colombia, is one of the most significant and complex areas in the process of preparing the Bank's financial information. Note 3.9 – Loan portfolio, financial leasing and interest on loan portfolio and other items in the attached separate financial statements, details the relevant principles and criteria applied by the Bank for the estimation of the expected credit losses on the commercial portfolio and the amounts corresponding to such estimation. The methodology for assigning the credit risk rating for the commercial portfolio is considered a key audit matter, because it incorporates elements of judgment in its analysis. This assigned risk rating is incorporated as a parameter in the reference model for the calculation of allowances for credit losses for the commercial portfolio amounting to $ 833,921 million as of December 31, 2023.	Among the audit procedures carried out in this area: • Evaluated the design and tested the effectiveness of the overall control environment. The audit procedures on the determination of the calculation of the credit risk for expected credit losses of the portfolio focused on: • Review of the policies, procedures and controls established by the Bank, as well as the models required by the applicable regulations. Likewise, involvement of professionals with experience and knowledge in the evaluation of credit risk assessment and information technology, to evaluate certain internal controls related to the Bank's process for determining the allowances for credit losses. • Review of the completeness and accuracy of the data sources used in the calculations for the determination of credit risk impairment, based on the control processes of the Altamira information system. • Review of the conditions of refinancing or restructuring operations. • Review of the rating processes based on the current situation of the debtor through the Credit Committees implemented by the Bank. • Test of completeness of the information used as the basis for the estimation of the Commercial Reference Model (Annex 1), both in financial and non-financial information. • Recalculation of the expected credit risk losses estimated by the Bank in both the procyclical and countercyclical allowances for credit losses. • Inspection of credit portfolio files, to verify that the rating granted to portfolio clients complies with the standards defined by the Financial Superintendence of Colombia for the allowances for credit losses system and that it is supported by the financial, qualitative or economic characteristics of the client and its subsequent incorporation into the reference model for the calculation of allowances for credit losses. • Review of the recoveries of allowances for credit losses recognized during the period. • Review of the attached disclosures, assessing that they contain the information required by the regulatory framework for financial reporting applicable to the Bank.

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audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that could reasonably be expected to affect my independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the separate financial statements of the current period and that are, consequently, key matters of the audit. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, it is determined that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected exceed the public interest benefits of such communication.

Other Issues

The separate financial statements under International Financial Reporting Standards Accepted in Colombia of Banco Bilbao Vizcaya Argentaria Colombia S.A. as of December 31, 2022, which are part of the comparative information of the attached financial statements, were audited by me, in accordance with International Auditing Standards Accepted in Colombia, on which I expressed my unqualified opinion on February 27, 2023.

Report on other legal and regulatory requirements

Based on the scope of my audit, I am not aware of situations of non-compliance with the following obligations of the Bank: 1) keep the minutes book, register of shareholders and accounting, according to the legal and the accounting technical regulations; 2) perform operations in accordance with the bylaws and decisions of the Shareholders' meeting and the Board of Directors; 3) the information contained in the integrated contribution settlement forms, and in particular that related to the affiliates, and that corresponding to their income contribution bases, has been taken from the accounting records and documentation as of December 31, 2023; likewise to date, the Bank is not currently in default for contributions to the Social Security System; 4) keep correspondence and accounting vouchers; (5) the proper administration and provision of assets received in payment; 6) Reflect the impact of the quantified risks in the statement of financial position and the income statement, the impact of the risks to which the Bank is exposed, measured in accordance with the Integrated Risk Management System (SIAR), Money Laundering and Terrorist Financing Risk Management System (SARLAFT), based on what is established by the Basic Accounting and Financial and Legal Circulars of the Financial Superintendence of Colombia and 7) To follow up on my recommendations on internal control and other matters of which, according to my professional

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criteria, as of the date of this report, 60% have been implemented and 40% are in the process of implementation. Additionally, there is concordance between the attached separate financial statements and the accounting information included in the management report prepared by the Administration on the free circulation of invoices with endorsement issued by sellers or suppliers. I issued the report corresponding to what is required by article 1.2.1.2 of Decree 2420 of 2015 separately on February 19, 2024.

Gloria Margarita Mahecha García
Statutory Auditor and Partner in Charge
Professional Card 45058 -T
Designated by Ernst & Young Audit S.A.S. TR-530

Bogotá, Colombia
February 19, 2024, except for note 43 to the separate financial statements dated on March 22, 2024

Certification by the Registered Agent and Accountant

The undersigned Registered Agent and Accountant of BBVA Colombia S.A., in compliance with Article 37 of Law 222/1995, certify that the consolidated financial statements of the Bank at December 31, 2023, along with their explanatory notes, have been prepared based on the Accounting and Financial Reporting Standards accepted in Colombia (NCIF, for the Spanish original), uniformly applied, ensuring that they reasonably present the financial position and the results of its operations, and that before making them available to the General Meeting of Shareholders and third parties we have verified that:

- The figures included in the financial statements and the explanatory notes have been faithfully taken from the books and have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF).
- We have verified that the measurement and valuation procedures have been uniformly applied with the previous year and that they reasonably reflect the financial position at December 31, 2023.
- All the assets and liabilities listed in the Group's consolidated financial statements at December 31, 2023 exist and all the transactions listed in said statements have been carried out during the year ended on that date.
- All the economic events carried out by the Bank during the year ended December 31, 2023 have been recognized in the financial statements.
- All the economic events that affect the Bank have been correctly classified, described and disclosed in the Financial Statements.
- The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic sacrifices (obligations) obtained or on the account of the Group at December 31, 2023.
- All the items have been recognized at their appropriate values in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF).

In compliance with Article 46 of Law 964 / 2005, we hereby certify that the Consolidated Financial Statements and other relevant reports for the public contain no defects, inaccuracies or errors that would prevent knowing the entity's true financial position and operations.

Esther Dafauce Velázquez
Registered Agent

Wilson Eduardo Díaz Sánchez
Accountant
Professional License 62071-T

Consolidated Comparative Statement of Financial Position At December 31, 2023 and 2022

(Amounts in millions of Colombian pesos)

	Note	2023	2022
Assets			
Cash and cash equivalents	(7)	COP 11,185,473	COP 10,312,696
Financial investment assets, net	(8)	9,917,523	8,770,116
Investments at fair value through profit or loss		3,722,995	2,216,382
Investments at fair value through OCI		2,935,939	3,543,800
Investments at amortized cost		3,258,589	3,009,934
Derivative Financial Instruments and Cash Operations	(9)	9,539,609	10,061,268
Loan portfolio and financial lease transactions, net	(10)	72,298,261	67,668,088
Commercial		31,096,712	30,029,689
Consumer		29,642,438	26,458,012
Mortgage		15,161,842	14,660,892
Micro-credit		8	8
Impairment of loan portfolio and financial leases, net		(3,602,739)	(3,480,513)
Accounts receivable, Net	(13)	812,424	1,501,157
Tangible assets, net	(14)	794,005	761,212
Investments in joint arrangements	(15)	167,573	183,496
Intangible assets, net	(16)	234,820	184,918
Non-current assets held for sale, net	(17)	109,970	108,349
Other assets, net	(18)	15,405	7,577
Income tax assets, net		835,070	24,894
Deferred tax, net		0	21,426
Current tax	(38)	835,070	3,468
Total assets		105,910,133	99,583,771

	Note	2023	2022
Liabilities			
Customer deposits	(19)	77,154,318	69,145,364
Derivative Financial Instruments and Cash Operations	(20)	12,277,305	13,395,379
Financial obligations	(21)	5,137,874	5,370,684
Outstanding investment securities	(22)	2,519,332	2,676,790
Accounts Payable	(23)	1,021,094	980,307
Other Liabilities	(24)	495,458	372,917
Employee benefits	(25)	344,902	300,035
Estimated Liabilities and Provisions	(26)	259,419	330,001
Income tax liabilities, net		126,514	292,592
Deferred Tax	(38)	118,024	0
Current tax	(38)	8,490	292,592
Total liabilities		99,336,216	92,864,069
Shareholders' equity			
Share capital	(27)	89,779	89,779
Share issue premium		651,950	651,950
Reserves	(28)	4,559,860	4,093,083
Retained Earnings		447,240	1,134,197
Other comprehensive income (OCI)	(30)	815,570	742,615
Total shareholders' equity		6,564,399	6,711,624
Minority interest	(2)	9,518	8,078
Total equity		6,573,917	6,719,702
Total liabilities and equity		COP 105,910,133	COP 99,583,771

See the notes attached hereto, which are an integral part of the Consolidated Financial Statements

1. The undersigned Registered Agent and Public Accountant hereby certify that we have previously verified the assertions contained in these financial statements and that they have been faithfully taken from the ledgers of Banco Bilbao Vizcaya Argentaria SA and its subsidiaries.

Esther Dafauce Velázquez
Registered Agent [1]

Wilson Eduardo Díaz Sánchez
General Accountant [1]
Prof. License 62071-T

Gloria Margarita Mahecha García
Statutory Auditor. Prof. License 45048-T
Appointed by Ernst & Young Audit S.A.S. TR-530 (See my report dated February 19, 2024)

Consolidated Comparative Statement of Income At December 31, 2023 and 2022

(Amounts in millions of Colombian pesos, except earnings per share)

	Note	For the years ended on December 31	
		2023	2022
Interest and valuation income	(33)		
Loan portfolio and financial lease transactions		COP 9,727,722	COP 6,884,123
Valuation of financial instruments, net		1,636,871	(338,811)
Total interest and valuation income		11,364,593	6,545,312
Interest and valuation expenses	(34)		
Customer deposits		(6,483,201)	(3,052,454)
Financial obligations		(562,721)	(251,446)
Total interest and valuation expenses		(7,045,922)	(3,303,900)
Total net margin of interest and financial instrument valuation		4,318,671	3,241,412
Impairment of financial assets			
Impairment of loan portfolio and financial leases, net		(1,649,576)	(1,446,561)
Impairment of non-current assets held for sale		(4,051)	(8,193)
Recovery of financial investment assets		1,007	3,990
Recovery (impairment) of property and equipment		5,975	1,532
Reversion of other impairment		169,137	215,601
Total impairment of financial assets, net		(1,477,508)	(1,233,631)
Fee revenues	(35)		
Fee revenues		1,016,235	839,175
Fee expenses		(545,872)	(474,309)
Total fee revenues, net		470,363	364,866

	Note	For the years ended on December 31	
		2023	2022
Other operating expenses			
Non-interest Revenues	(36)	575,309	517,107
Income by the equity method		2,748	33,968
Other operating expenses	(37)	(3,473,385)	(1,343,337)
Total other operating expenses		(2,895,328)	(792,262)
Pre-tax income		416,198	1,580,385
Income tax	(38)	(168,835)	(743,171)
Deferred Tax	(38)	(935)	190,452
Total current year net income		246,428	1,027,666
Net income attributable to:			
Owners of the controlling company		243,856	1,026,275
Non-controlling interests		2,572	1,391
Total current year net income		COP 246,428	COP 1,027,666
Earnings per ordinary share (in COP)	(29)	17	71
Number of subscribed and paid-in common and preferred shares		14,387	14,387

See the notes attached hereto, which are an integral part of the Consolidated Financial Statements

1. The undersigned Registered Agent and Public Accountant hereby certify that we have previously verified the assertions contained in these financial statements and that they have been faithfully taken from the ledgers of Banco Bilbao Vizcaya Argentaria SA and its subsidiaries.

Esther Dafauce Velázquez
Registered Agent[1]

Wilson Eduardo Díaz Sánchez
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Prof. License 62071-T

Gloria Margarita Mahecha García
Statutory Auditor. Prof. License 45048-T
Assigned by Ernst & Young Audit S.A.S TR-530 (See my report dated February 19, 2024)

Consolidated Comparative Statement of Other Comprehensive Income at December 31, 2023 and 2022

(Amounts in millions of Colombian pesos

	Note	For the years ended on December 31	
		2023	2022
Current year net income		COP 246,428	COP 1,027,666
Other comprehensive income			
Items that will not be reclassified to profit or loss for the period:			
Gains (losses) in other equity accounts of subsidiaries and joint arrangements		(215)	95
Actuarial losses on defined benefit plans		(8,756)	(2,234)
Impairment adjustment on loan portfolio and financial leasing transactions by application of IFRS 9 to consolidated financial statements		45,458	106,677
Valuation of share in other comprehensive income of non-controlled entities		52,845	(26,786)
Associated deferred tax		(23,922)	(69,493)
Total items that will not be reclassified to income or loss for the period		65,410	8,259
Items that may subsequently be reclassified to profit or loss for the period:			
Gains (losses) from remeasurement of financial assets available for sale		33,928	(31,897)
Gains (losses) on cash flow hedges		(22,642)	16,266
Associated deferred tax		(3,741)	5,481
Total items that may subsequently be reclassified to profit or loss for the period.		7,545	(10,150)
Total Other Comprehensive Income	(30)	72,955	(1,891)
Total current year other comprehensive income		COP 319,383	COP 1,025,775

See the notes attached hereto, which are an integral part of the Consolidated Financial Statements

1. The undersigned Registered Agent and Public Accountant hereby certify that we have previously verified the assertions contained in these financial statements and that they have been faithfully taken from the ledgers of Banco Bilbao Vizcaya Argentaria SA and its subsidiaries.

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Consolidated Comparative Statement of Changes in Equity At December 31, 2023 and 2022

(Amounts in millions of Colombian pesos)

	Note	Subscribed and Paid-in Capital	Share issue premium	Reserves	Retained Earnings: Net income for the period	Retained Earnings: Adjustment on first-time adoption of IFRS	Other comprehensive income (OCI)	Total shareholders' equity	Non-controlling interest	Total equity
Balances at december 31, 2021		COP 89,779	COP 651,950	COP 3,643,860	COP 970,713	COP 30,835	COP 744,506	COP 6,131,643	COP 8,258	CO 6,139,901
Non-controlling interest (minority interest)										
Reserves	(28)	0	0	0	0	0	0	0	82	82
Valuation		0	0	0	0	0	0	0	(95)	(95)
Profit		0	0	0	0	0	0	0	(1,558)	(1,558)
Dividends paid in cash on preferred and common shares		0	0	0	(446,019)	0	0	(446,019)	0	(446,019)
Appropriation for legal reserve		0	0	449,223	(449,223)	0	0	0	0	0
Current year net income		0	0	0	1,026,275	0	0	1,026,275	1,391	1,027,666
Realization of assets subject to first-time adoption		0	0	0	0	7,715	0	7,715	0	7,715
Deferred taxes (net)	(38)	0	0	0	0	(4,031)	0	(4,031)	0	(4,031)
Adjustment by sales force of retained earnings		0	0	0	0	(2,068)	0	(2,068)	0	(2,068)
Other comprehensive income										
Movements of other comprehensive income	(30)	0	0	0	0	0	62,121	62,121	0	62,121
Deferred taxes, net	(30)	0	0	0	0	0	(64,012)	(64,012)	0	(64,012)
Balances at december 31, 2022		COP 89,779	COP 651,950	COP 4,093,083	COP 1,101,746	COP 32,451	COP 742,615	COP 6,711,624	COP 8,078	COP 6,719,702

					Retained Earnings						
	Note	Subscribed and Paid-in Capital	Share issue premium	Reserves	Net income for the period	Net income from previous period	Adjustment on first-time adoption of IFRS	Other comprehensive income (OCI)	Total shareholders' equity	Non-controlling interest	Total equity
Balances at december 31, 2022		COP 89,779	COP 651,950	COP 4,093,083	COP 1,101,746	COP 0	COP 32,451	COP 742,615	COP 6,711,624	COP 8,078	COP 6,719,702
Non-controlling interest (minority interest)											
Reserves	(28)	0	0	0	0	0	0	0	0	46	46
Valuation		0	0	0	0	0	0	0	0	214	214
Loss (Profit)		0	0	0	0	0	0	0	0	(1,392)	(1,392)
Dividends paid in cash on preferred and common shares		0	0	0	(466,737)	0	0	0	(466,737)	0	(466,737)
Appropriation for legal reserve		0	0	466,777	(466,777)	0	0	0	0	0	0
Current year net income		0	0	0	243,856	0	0	0	243,856	2,572	246,428
Realization of assets subject to first-time adoption		0	0	0	0	19,251	(19,251)	0	0	0	0
Deferred taxes (net)	(38)	0	0	0	0	0	(1,984)	0	(1,984)	0	(1,984)
Adjustment by sales force of retained earnings		0	0	0	0	0	4,685	0	4,685	0	4,685
Other comprehensive income											
Movements of other comprehensive income	(30)	0	0	0	0	0	0	100,618	100,618	0	100,618
Deferred taxes, net	(30)	0	0	0	0	0	0	(27,663)	(27,663)	0	(27,663)
Balances at december 31, 2023		**COP 89,779**	**COP 651,950**	**COP 4,559,860**	**COP 412,088**	**COP 19,251**	**COP 15,901**	**COP 815,570**	**COP 6,564,399**	**COP 9,518**	**COP 6,573,917**

See the notes attached hereto, which are an integral part of the Consolidated Financial Statements

1. The undersigned Registered Agent and Public Accountant hereby certify that we have previously verified the assertions contained in these financial statements and that they have been faithfully taken from the ledgers of Banco Bilbao Vizcaya Argentaria SA and its subsidiaries.

Esther Dafauce Velázquez
Registered Agent [1]

Wilson Eduardo Díaz Sánchez
General Accountant [1]
Prof. License 62071-T

Gloria Margarita Mahecha García
Statutory Auditor. Prof. License 45048-T
Assigned by Ernst & Young Audit S.A.S TR-530 (See my report dated February 19, 2024)

Consolidated Comparative Statement of Cash Flow
At December 31, 2023 and 2022

(Amounts in millions of Colombian pesos)

	2023	2022
Balance at the beginning of period	COP 10,312,696	COP 11,029,677
Cash flows in operating activities:		
Disbursements and payments received from loan portfolio and leasing customers	(983,175)	(10,237,757)
Payments and reception of on-demand deposits	474,955	(770,131)
Payments and reception of term deposits	7,923,829	10,540,196
Payments and reception of other deposits and on-demand liabilities	(2,655,714)	1,672,814
Payments and redemptions received on financial debt and derivative instruments	(798,958)	(684,942)
Payments to suppliers and employees	(4,045,456)	(4,413,082)
Interest received from loan portfolio and leasing customers and others	8,765,170	5,738,541
Interest paid on deposits and on-demand liabilities	(6,489,868)	(3,054,781)
Income tax paid	(1,433,058)	(744,097)
Cash advances and loans granted to third parties	(776,202)	(955,041)
Collections on the reimbursement of advances and loans granted to third parties	873,839	891,283
Net cash flow provided by (used in) operating activities	COP 855,362	COP (2,016,997)
Cash flows in investment activities:		
Payments for investments at amortized cost	(434,671,466)	(621,774,201)
Collections on investments at amortized cost	436,241,239	618,840,755
Dividends received	38,680	47,634
Acquisition of property and equipment	(51,341)	(36,397)
Purchases of intangible assets	(116,257)	(1,611)
Payments and other revenue to acquire joint arrangements	1	0
Sale price of property and equipment	11,063	12,258
Cash inflows from investment activities	604,045	251,056
Net cash flow provided by (used in) investment activities	COP 2,055,964	COP (2,660,506)
Cash flow in financing activities:		
Payment of loans and other financial liabilities	(4,243,503)	(3,350,857)
Collection of loans and other financial liabilities	3,796,155	5,057,446
Dividends paid to owners	(478,167)	(461,263)
Cash inflows from financing activities	707,432	398,226
Net cash flow (used in) provided by financing activities	COP (218,083)	COP 1,643,552
Cash and cash equivalents:		
Effect of exchange rate fluctuations on cash held in foreign currency	(1,820,465)	2,316,970

See the notes attached hereto, which are an integral part of the Consolidated Financial Statements

1. The undersigned Registered Agent and Public Accountant hereby certify that we have previously verified the assertions contained in these financial statements and that they have been faithfully taken from the ledgers of Banco Bilbao Vizcaya Argentaria SA and its subsidiaries.

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Gloria Margarita Mahecha García
Statutory Auditor. Prof. License 45048-T
Assigned by Ernst & Young Audit S.A.S TR-530 (See my report dated February 19, 2024)

BBVA

Creating Opportunities

INVESTING IN OUR COUNTRY´S FUTURE

Notes to the consolidated financial statements

OF BANCO BILBAO VIZCAYA ARGENTARIA COLOMBIA S.A.

2023 Consolidated Report

At December 31, 2023 and 2022

(Expressed in millions of COP, except for the exchange rate and net earnings per share)

1. Reporting Entity

Banco Bilbao Vizcaya Argentaria Colombia S.A. (BBVA Colombia) (hereinafter, "the Bank" or "BBVA Colombia S.A."), acting as the Parent Company of Grupo Empresarial BBVA Colombia, registered in the business register, hereinafter "the Group," formed by the subsidiaries of BBVA Asset Management S.A. Sociedad Fiduciaria with a 94.51% share and BBVA Valores Colombia S.A. Comisionista de Bolsa with a 94.44% share held by the Parent Company, reports Consolidated Financial Statements for the following companies:

BBVA Colombia S.A. is a private banking institution incorporated in accordance with Colombian laws on April 17, 1956 through Public Instrument No. 1160 granted in the Notary Public Office 3 of Bogotá and with term of duration until December 31, 2099; this term may be extended according to the law. The Financial Superintendence of Colombia (hereinafter, "the Superintendence" or "SFC") through Resolution No. 3140/September 24, 1993, renewed the operating permit definitively. The main activity of the Bank is to provide loans to public and private sector companies and to individuals. It also carries out international banking activities, privatizations, financial projects and other banking activities in general, and provides leasing services.

The Bank conducts its activities at its main registered office in the city of Bogotá located at Carrera 9 # 72-21, through its 495 and 499 offices for the years ended December 31, 2023 and 2022, respectively, which include branch offices, in-house services at customer facilities, service centers, agencies and cash extensions located in several cities in Colombia, distributed as follows:

	2023	2022
Branch offices	384	360
In house	94	87
Service centers	6	6
Agencies	0	29
Remote banking	24	25
Total offices	508	507

The Bank is a subsidiary of Banco Bilbao Vizcaya Argentaria S.A. España (76% share), which is part of the BBVA Group.
The Bank and its subsidiaries have a national work force that, at the end of December 2023 and 2022, amounted to 5,722 and 5,430 employees, respectively.

BBVA Asset Management S.A. Sociedad Fiduciaria, hereinafter, "the Trust Company", is a private commercial entity of financial services, legally incorporated by Public Instrument 679 issued by the 13th Notary of Bogotá / April 5, 1976.

Through Public Instrument 3742 dated April 29, 2010 issued by the 72nd Notary of Bogotá, the name change to BBVA Asset Management S.A. Sociedad Fiduciaria was made official, and for all legal purposes it may use the name BBVA Asset Management. The Trust Company is a subsidiary of Banco Bilbao Vizcaya Argentaria Colombia S.A. It has its registered office in the city of Bogotá, with a duration up to May 27, 2098, and a permanent operating license from the Financial Superintendence of Colombia (hereinafter "the Superintendence"), according to Resolution 223 of January 12, 1979. At December 31, 2023 and 2022 it had a workforce of 139 and 142 employees, respectively.

The main objective of the Trust Company consists of entering into commercial trust agreements, entering into state trust agreements as provided by Law 80 / 1993 and, in general, doing any business that implies a trust management and all the business that trust companies are legally authorized to do. In fulfilling its purpose, the Trust Company may essentially acquire, dispose of, tax, manage real estate and personal property, legally represent bondholders, intervene as a debtor or creditor in all types of credit transactions, and issue, accept, endorse, collect and negotiate, in general, all types of securities.

BBVA Valores Colombia S.A. Comisionista de Bolsa, "the Brokerage Firm", was incorporated on April 11, 1990 following authorization by the Financial Superintendence of Colombia. Its corporate purpose is the development of the commission contract for the purchase and sale of securities listed in the National Securities Registry, the development of security funds management contracts for its domestic and foreign customers, and the performance of transactions on its own behalf. It is also authorized by the Superintendence to carry out the activities related to the securities market and give advice on capital-market related activities.

The Brokerage Firm is a subsidiary of Banco Bilbao Vizcaya Argentaria Colombia S.A.; its registered office is the city of Bogotá D.C., where its conducts its commercial activity. At December 31, 2023 and 2022, it had 54 and 35 employees, respectively, and its term of duration expires on April 11, 2091.

At December 31, 2023 and 2022, the breakdown of the balance sheet for the consolidated entities was as follows:

Entity	2023				2022			
	Assets	Liabilities	Equity	Income	Assets	Liabilities	Equity	Income
BBVA COLOMBIA S.A	COP105,426,641	-COP99,490,674	-COP5,935,967	COP194,688	COP99,238,481	-COP93,071,570	-COP6,166,911	COP917,960
BBVA Asset Management S.A. Sociedad Fiduciaria	141,469	-23,532	-117,938	35,121	116,842	-12,112	-104,730	23,842
BBVA Valores Colombia S.A. Comisionista de Bolsa	65,398	-10,594	-54,804	11,590	45,206	-3,267	-41,939	1,494
Total	COP105,633,508	-COP99,524,800	-COP6,108,709	COP241,399	COP99,400,529	-COP93,086,949	-COP6,313,580	COP943,296

Eliminations in consolidation:

Description	2023			2022		
	BBVA COLOMBIA S.A	BBVA ASSET MANAGEMENT S.A.	BBVA VALORES S.A.	BBVA COLOMBIA S.A	BBVA ASSET MANAGEMENT S.A.	BBVA VALORES S.A.
Eliminations in consolidation	-65,033	58,731	6,302	-35,820	33,000	2,820
Eliminations of equity	-120,296	82,635	37,661	-119,474	82,635	36,839
Minority interest (equity)	0	-6,472	-3,046	0	-5,747	-2,331
Minority interest (income)	0	-1,927	-644	0	-1,308	-83

The Consolidated Financial Statements of the Bank and its subsidiaries have been adjusted with respect to the separate financial statements of BBVA Colombia, due to the inclusion of the accounting policies applicable to the Group under the technical regulatory framework in force in Colombia for the preparation of consolidated financial statements.

2. Bases for the preparation and presentation of the Consolidated Financial Statements

2.1. Statement of Compliance

The Group prepares its consolidated financial statements in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF), issued by Decree 2420/2015 and its amendments. These accounting and financial reporting standards are equivalent to the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), in the versions accepted by Colombia through the aforementioned Decrees.

Title 4, Chapter 1 of Decree 2420/2015 contains exceptions for the financial statements of entities of the financial sector that were proposed by the Financial Superintendence of Colombia (SFC) for reasons of prudence.
Section 4 of article 2.1.2 of Decree 2420/2015, supplemented by Decree 2496/2015 and its amendments, requires the application of article 35 of Law 222/1995, which indicates that equity interests in subsidiaries must be recognized in the separate financial statements using the equity method, rather than recognition, in accordance with the provisions of IAS 27, at cost, at fair value or by the equity method.

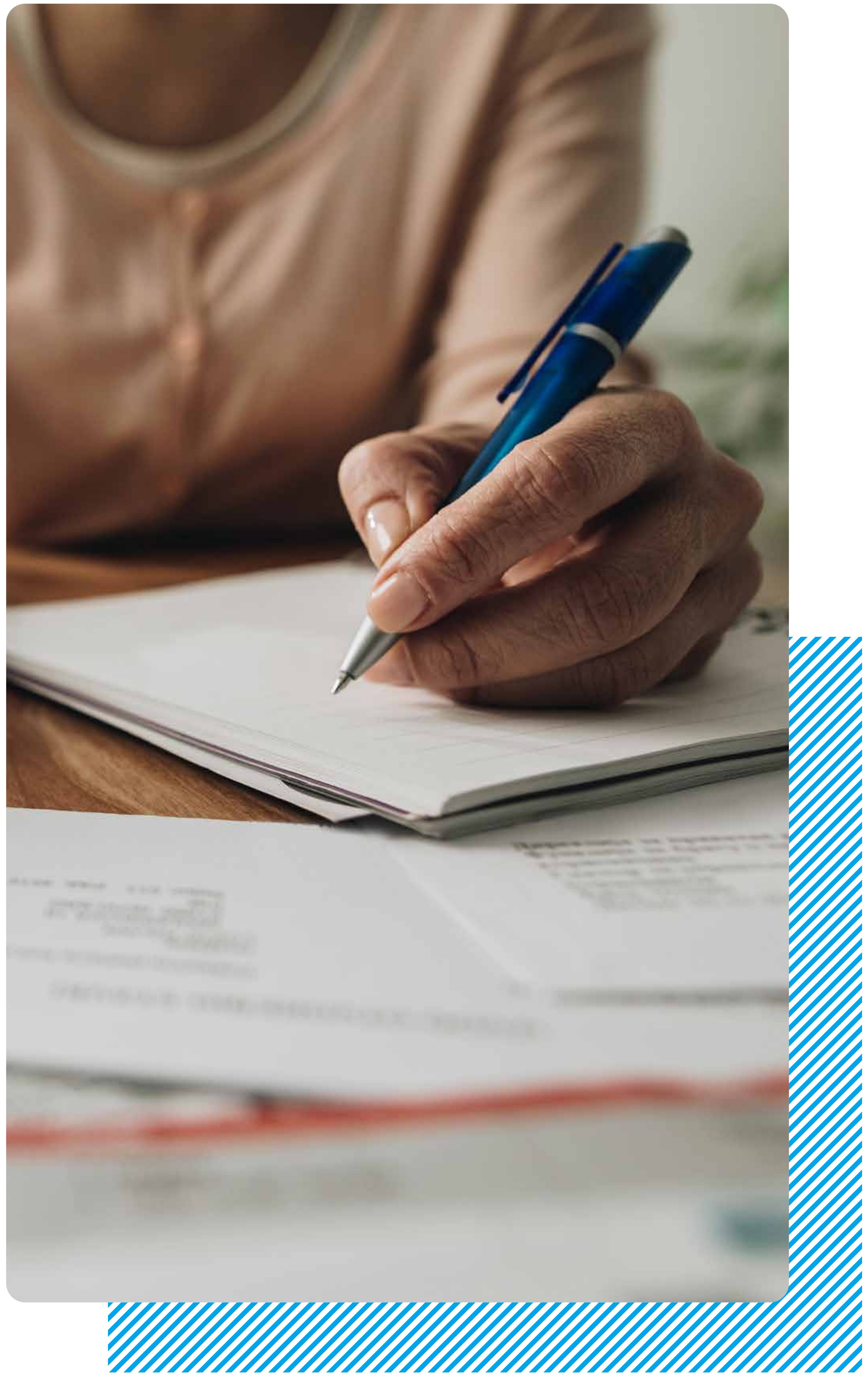
Article 2.2.1 of Decree 2420/2015, supplemented by Decree 2496 of the same year and its amendments, establishes that the measurement of post-employment benefits related to future old age and disability retirement pensions will be made in accordance with the requirements of IAS 19; however, the calculation of the pension liabilities must be disclosed and in accordance with the parameters set out in Decree 1625/2016, article 1.2.1.18.46 and subsequent articles, and in the case of partial pension transfers, in accordance with the provisions of section 5 of article 2.2.8.8.31 of Decree 1833/2016, reporting the variables used and any differences with the calculations performed under the NCIF technical framework.

2.2. Issued Not Yet Effective Standards

The standards and interpretations that have been published, but are not yet effective as of the date of these financial statements are disclosed below. The Group will adopt these standards on the dates on which they become effective, in accordance with the Decrees issued by the local authorities.

IFRS 17: Insurance Contracts

In May 2017, the IASB issued IFRS 17, a new comprehensive accounting standard for insurance contracts, covering measurement and recognition, presentation and disclosure. Once it becomes effective, IFRS 17 will replace IFRS 4, issued in 2005. IFRS 17 applies to all types of insurance contracts, independently from the type of entity that issues them, as well as certain guarantees and financial instruments with discretionary equity features. This standards has very few exceptions.



The overall objective of the standard is to provide an accounting model for instance contracts that is more useful and consistent for insurers. Unlike the requirements of IFRS 4, which mainly seeks to protect previous local accounting policies, IFRS 17 provides a comprehensive model for such contract, covering all the relevant topics. The essence of the standard is a general model, supplemented by:

- A specific adaptation for contracts with direct equity features (variable rate approach)
- A simplified approach (assigned premium approach), mainly for contracts of short duration

To date, IFRS 17 has not been incorporated in the Colombian accounting framework by means of Decree.

2021 Improvements

Amendments to IAS 8: Definition of Accounting Estimates

The amendment was published by the IASB in February 2021 and provides a clear definition of an accounting estimate: “Accounting estimates are monetary amounts in the financial statements that are subject to estimation uncertainty.” It clarifies the use of accounting estimates, and differentiates them from accounting policies. In particular, it mentions that “an accounting may require that items in the financial statements be measured in a manner that involves measurement uncertainty — i.e., the accounting policy could require such items to be measured at monetary amounts that are not directly observable and must be estimated. In this case, an entity makes an accounting estimate to achieve the objective established by the accounting policy.”

The amendments were incorporated by means of Decree 1611/2022, which will become effective starting on January 1, 2024. The Group is evaluating the potential effect of this standard on its financial statements.

Amendments to IAS 1: Accounting Policy Disclosures

The amendments clarify the following matters:

- The term “significant” is replaced for “material”.
- It clarifies the accounting policies that must be disclosed in the notes to the financial statements: “an entity will disclose information about its significant material accounting policies.”
- It clarifies when an accounting policy is considered material.
- It incorporates the following paragraph: “The information about accounting policies focuses on how an entity has applied the IFRS requirements to its own circumstances, providing specific information about the entity, which is more useful for the users of financial statements than standard information or information that simply duplicates or summarizes the IFRS requirements.”

The amendments were incorporated by means of Decree 1611/2022, which will become effective starting on January 1, 2024. The Group is evaluating the potential effect of this standard on its financial statements.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The amendment allows the recognition of a deferred tax asset or liability arising from a transaction that is not a business combination upon the initial recognition of an asset or liability that at the time of the transaction does not give rise to taxable and deductible temporary differences of equal amounts.

The accumulated effect of the change in the accounting policy will be recognized at the beginning of the first comparative period presented as an adjustment to the opening balance of retained earnings at that date.

The amendments were incorporated by means of Decree 1611/2022, which will become effective starting on January 1, 2024. The Group is evaluating the potential effect of this standard on its financial statements.

2.3. Consolidation Criteria

For consolidation purposes, and following the criteria established by the NCIF, the scope of consolidation is defined using the guidelines established by IFRS 10 - Consolidated Financial Statements, which basically concern control (control/returns) as a guide to determine which companies are susceptible to consolidation and the information to be disclosed regarding interests in other entities. The consolidation method to be applied depends on total control and/or significant influence over the controlled entity. The Group applies the global integration method, recognizing shares in non-controlled entities as equity and income.

The Group is made up, in addition to the Bank, of two subsidiary entities controlled by the Group. Such control is obtained when the Bank is exposed, or entitled to, variable returns based on its involvement in the controlled entity and it has the ability to influence these returns through its power over the controlled entity, providing it with the present ability to direct its relevant activities that significantly affect its income.

In all cases, the consolidation of income generated by the companies that make up the Group in any given fiscal year is carried out considering only the income corresponding to the period between the date of acquisition and the close of that fiscal year. Similarly, the consolidation of income generated by companies disposed of in any given fiscal year is carried out considering only the income for the period between the beginning of the fiscal year and the date of disposal.

In the consolidation process, the Group combines the assets, liabilities and income of the entities over which it has control, after standardizing their accounting policies. During this process, it eliminates reciprocal transactions and realized earnings between them. The share of non-controlling interests in the controlled entities is presented in equity, separate from shareholders equity of the Group's controlling company.

To prepare the Consolidated Financial Statements, the financial statements of subsidiaries are included at the dates of their presentation.

Minority interest:

	2023	2022
BBVA Asset Management S.A. Sociedad Fiduciaria	-6,472	-5,747
BBVA Valores Colombia S.A. Comisionista de Bolsa	-3,046	-2,331
Total	-9,518	-8,078

The Bank consolidated the subsidiaries in which it held the following shareholdings at December 31, 2023 and 2022:

Subsidiary	Shareholdings	Location
BBVA Asset Management S.A. Sociedad Fiduciaria	94.51%	Colombia
BBVA Valores Colombia S.A. Comisionista de Bolsa	94.44%	Colombia

2.4. Measurement Basis

The Consolidated Financial Statements have been prepared based on historical cost, except for the following items that are measured using a different basis at each reporting period:

- Financial investment assets measured at fair value through profit or loss or through OCI
- Derivative financial instruments measured at fair value.
- Loan portfolio measured at amortized cost.
- Non-current assets held for sale measured at fair value less cost of sale.
- Consolidated employee benefits related to pension obligations and other long-term obligations through actuarial discounting techniques.
- Consolidated deferred tax measured at current rates according to their recovery.
- Financial Instruments measured at fair value through other comprehensive income and through profit or loss.

The Group has applied the accounting policies described in Note 3, and the judgments and estimates and described in Note 2.7.

2.5. Functional and Presentation Currency

The BBVA Group prepares and presents its Consolidated Financial Statements in Colombian pesos, which is its functional currency and the presentation or reporting currency for all purposes. The functional currency is the currency of the main economic environment in which an entity operates, which influences the transactions it carries out and the services it provides, among other factors.

The figures of the Consolidated Financial Statements and the disclosures detailed in the notes are expressed in COP millions and have been rounded to the nearest full figure, unless otherwise specified.

2.6. Materiality

The Bank, in preparing and presenting its financial statements, has considered the materiality of the amounts in relation to key indicators when determining their relevance, based on the specific item being reported.

There is no mandatory accounting principle or measurement criterion that would have a significant effect on the annual accounts that has not been applied in preparing them.

2.7. Judgments and Estimates

The information contained in these Consolidated Financial Statements is the responsibility of the Group's Management. In their preparation, certain estimates are used to quantify some of the assets, liabilities, income, expenses and commitments that are recorded therein, based on experience and other relevant factors. The final results may vary from said estimates.

These estimates are continually reviewed. Changes to the accounting estimates are recognized prospectively, recognizing the effects of changes made in the corresponding accounts of the Consolidated Statement of Income for the fiscal year, as applicable, starting from the fiscal year in which such changes are made.

The estimates and their most important sources of uncertainty for preparing the Consolidated Financial Statements refer to the impairment of financial assets: determination of the inputs within the expected loss model, including the main assumptions used for the estimate and incorporation of forward-looking information (Note 8).

2.8. Changes in the presentation of the financial statements

In compliance with the provisions of paragraph 41 of IAS 1 regarding changes in the presentation of the financial statements.

The changes in the presentation of the 2023 financial statements compared to 2022 have been made following a careful review of compliance with the international standard and benchmarking with the main local and international banks, with the aim of maintaining uniformity with the sector to facilitate adequate reading by our customers and investors.

Statement of financial position: A condensation is presented for all the items within the same component of assets, liabilities and equity, because a breakdown of such items is provided in the respective notes.

The changes in the Statement of Financial Position for the year ended on December 31, 2022, are presented below in order for the figures to be comparable with those of the year ended on December 31, 2023:

Item	Note	Balance at December 31, 2022, without changes	Balance at December 31, 2022, including changes
Assets			
Cash and cash equivalents	**(7)**	**COP 10,312,696**	**10,312,696**
Cash and deposits in banks		9,390,148	0
Cash equivalent investment funds		24,979	0
Money market transactions		897,569	0
Financial investment assets, net	**(8)**	**8,770,116**	**8,770,116**
Investments at fair value through profit or loss		2,216,381	2,216,382
Investments at fair value through OCI		3,546,670	3,543,800
Investments at amortized cost		3,007,065	3,009,934
Derivative financial instruments and (asset) cash transactions	**(9)**	**10,061,268**	**10,061,268**
For hedging		9,492,092	0
For trading		569,176	0
Loan portfolio and financial lease transactions, net	**(10)**	**66,266,136**	**67,668,088**
Commercial		29,427,960	30,029,689
Consumer		25,524,156	26,458,012
Mortgage		13,779,501	14,660,892
Micro-credit		2	8
Employees (mortgage and consumer)		531,587	0
Impairment of loan portfolio and financial leases, net		-2,997,070	-3,480,513
Interest on loan portfolio and other items (net)	**(10)**	**1,401,952**	**0**
Commercial		598,571	0
Consumer		807,570	0
Mortgage		467,829	0
Micro-credit		6	0
Employees (mortgage and consumer)		3,230	0
Other interest on loan portfolio		8,189	0
Impairment of interest and other loan portfolio and financial lease items, net		-483,443	0
Accounts receivable, Net	(13)	1,249,697	1,501,157
Tangible assets, net	(14)	662,455	761,212
Investments in joint arrangements	(15)	183,496	183,496
Intangible assets, net	(16)	184,918	184,918
Non-current assets held for sale, net	(17)	108,349	108,349
Other assets, net	(18)	7,577	7,577
Other advances to contracts and suppliers	(13)	203,561	0

Item	Note	Balance at December 31, 2022, without changes	Balance at December 31, 2022, including changes
Right-of-use Fixed Assets	(14)	98,757	0
Other tax assets	(13)	647	0
Prepaid expenses	(13)	47,252	0
Income tax assets		**0**	**24,894**
Deferred tax, net		21,426	21,426
Current tax	(38)	0	3,468
Total assets		99,580,303	99,583,771
Liabilities			
Customer deposits	**(19)**	**69,145,364**	**69,145,364**
On-demand		40,582,668	0
Term		28,562,696	0
Money market and simultaneous transactions	**(20)**	**3,204,093**	**0**
Derivative Financial Instruments and (Liability) Cash Transactions	**(20)**	**10,191,286**	**13,395,379**
For trading		10,191,286	0
Financial obligations	**(21)**	**5,370,684**	**5,370,684**
Outstanding investment securities	(22)	2,676,790	2,676,790
Accounts Payable	(23)	802,359	980,307
Other Liabilities	(24)	265,604	372,917
Employee benefits	(25)	300,035	300,035
Estimated Liabilities and Provisions	(26)	330,001	330,001
Lease liabilities	(24)	107,313	0
Other taxes	(23)	177,948	0
Income tax liabilities		**289,124**	**292,592**
Current tax	(38)	289,124	292,592
Total liabilities		92,860,601	92,864,069
Shareholders' equity			
Share capital	(27)	89,779	89,779
Share issue premium		651,950	651,950
Reserves	(28)	4,092,577	4,093,083
Retained Earnings		107,922	1,134,197
Other comprehensive income (OCI)	(30)	742,615	742,615
Net income or loss for year		1,026,275	0
Article 6 Law 4/80		506	0
Total shareholders' equity		**6,711,624**	**6,711,624**

Income statement: The presentation is a condensation, because a breakdown of each item will be provided in the respective notes.

The following are the changes made to the Statement of Income for the year ended on December 31, 2022, in order for the figures to be comparable with those of the year ended on December 31, 2023:

Item	NOTE	Balance at December 31, 2022, without changes	Balance at December 31, 2022, including changes
Interest and valuation income	**(33)**		
Loan portfolio and financial lease transactions		COP 6,884,123	COP 6,884,123
Consumer		2,588,794	0
Commercial		2,099,150	0
Mortgage		975,824	0
Credit Card		595,987	0
Micro-credit		6	0
Factoring		86,515	0
Financial leases		178,691	0
Residential leases		359,156	0
Valuation of financial instruments, net		0	-338,811
Total interest and valuation income		6,884,123	6,545,312
Income from securities		2,457,055	0
Income from derivatives		49,024,753	0
Income from disposals		338,474	0
Securities expenditures		-2,232,348	0
Derivatives expenditures		-49,554,303	0
Disposal expenditures		-286,319	0
Interest and valuation expenses	**(34)**		
Customer deposits		-3,052,454	-3,052,454
Savings accounts		-1,165,190	
Term deposits and adjustment of real value units		-1,887,264	
Financial obligations		-251,446	-251,446
Total interest and valuation expenses		-3,303,900	-3,303,900
Total net margin of interest and financial instrument valuation		3,580,223	3,241,412

Item	NOTE	Balance at December 31, 2022, without changes	Balance at December 31, 2022, including changes
Impairment of financial assets			
Impairment of loan portfolio and financial leases, net		-2,934,507	-1,446,561
Reversion of impairment on loan portfolio		1,487,946	0
Impairment of non-current assets held for sale		-8,193	-8,193
Recovery of financial investment assets		3,990	3,990
Recovery (impairment) of property and equipment		1,532	1,532
Reversion of other impairment		215,601	215,601
Total impairment of financial assets, net		-1,233,631	-1,233,631
Fee revenues	**(35)**		
Fee revenues		839,175	839,175
Fee expenses		-474,309	-474,309
Total fee revenues, net		364,866	364,866
Other operating expenses			
Non-interest Revenues	(36)	177,329	517,107
Income by the equity method		0	33,968
Other operating expenses	(37)	-2,226,430	-1,343,337
Total other operating expenses		-2,049,101	-792,262
Activities in joint operations		1,304	0
Exchange differences, net		1,169,412	0
Pre-tax income		1,580,385	1,580,385
Income tax	(38)	-743,171	-743,171
Deferred Tax	(38)	190,452	190,452
Total current year net income		1,027,666	1,027,666
Net income attributable to:			
Owners of the controlling company		1,026,275	1,026,275
Non-controlling interests		1,391	1,391
Total current year net income		COP 1,027,666	COP 1,027,666

Statement of changes in equity: The presentation is a condensation, because a breakdown of each item will be provided in the respective notes.

The changes made to the Statement of Changes in Equity for the year ended on December 31, 2022, are presented below in order for the figures to be comparable with those of the year ended on December 31, 2023:

		Subscribed and paid-in capital		
		Shares with non-voting rights and preferred dividend	Ordinary shares	Subscribed and Paid-in Capital
Item	Note	Balance at December 31, 2022, without changes	Balance at December 31, 2022, without changes	Balance at December 31, 2022, including changes
Balance at January 1, 2022		COP 2,994	COP 86,785	COP 89,779
Balances at December 31, 2022		COP 2,994	COP 86,785	COP 89,779

		Reserves	Reserve Article 6 Law 4/80	Reserves
Item	Note	Balance at December 31, 2022, without changes	Balance at December 31, 2022, without changes	Balance at December 31, 2022, including changes
Balance at January 1, 2022		3,643,354	506	3,643,860
Appropriation for legal reserve		449,223	0	449,223
Balances at December 31, 2022		COP 4,092,577	COP 506	COP 4,093,083

		Current year net income	Retained earnings	Net income for the period
Item	Note	Balance at December 31, 2022, without changes	Balance at December 31, 2022, without changes	Balance at December 31, 2022, including changes
Balance at January 1, 2022		**890,240**	**80,472**	**970,712**
Transfers		-890,240	890,240	0
Dividends paid in cash on preferred and common shares		0	-446,019	-446,019
Appropriation for legal reserve		0	-449,223	-449,223
Current year net income		1,026,275	0	1,026,275
Balances at December 31, 2022		COP 1,026,275	COP 75,470	COP 1,101,745

3. Main accounting policies for the preparation and presentation of the Consolidated Financial Statements

The following are the significant accounting policies used by the Group in preparing the Consolidated Financial Statements at December 31, 2023. These policies have been applied on a uniform basis in all the presented periods.

3.1. Cash and cash equivalents

The Group classifies cash, immediately available deposits in Banks (including the Central Bank), checks in clearing process and remittances in transit as cash, regarding which the following criteria were validated:

- They must meet the definition of assets.
- It is probable that any economic benefit associated with the item will be received by the entity.
- The amount can be reliably measured.

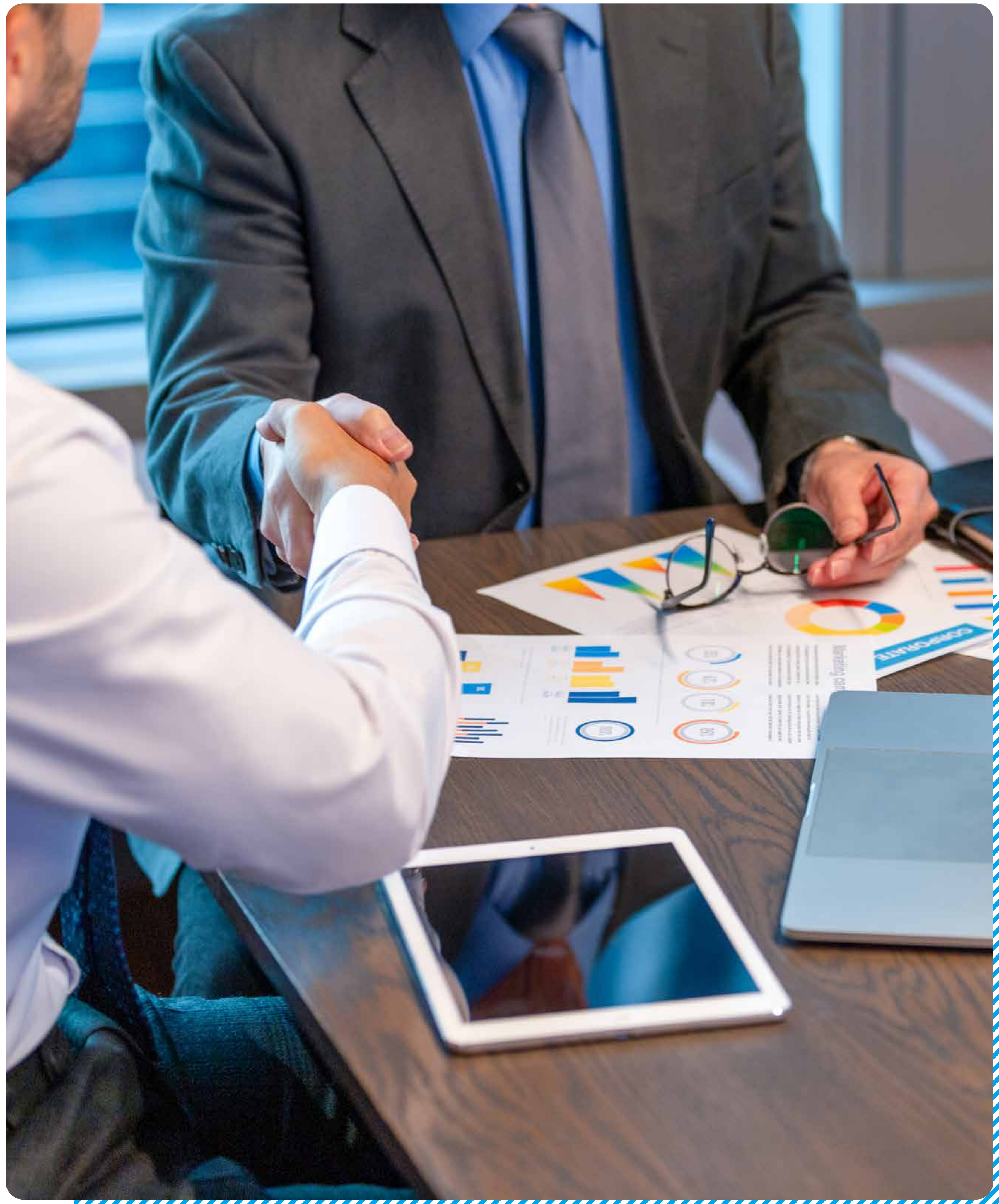
The Group classifies investments of money market transactions (interbank funds, swap transactions and overnight investments) as cash equivalents, validating the following criteria:

- They are short-term highly liquid investments (less than 90 days).
- They are easily convertible into determined amounts of cash.
- They are subject to insignificant risk of changes in value.

At December 31, 2023 and 2022, all the positions held as money market transactions met the conditions to be classified as cash equivalents (Note 7).

3.2. Money market and related operations

Repos, swaps, temporary security transfers, interbank funds and on-demand deposits are recognized at the amount of the transaction and measured at present value over the term of the transaction, using the reference short-term interest rate "IBR" (market indicator developed by the private sector, backed by the Central Bank of Colombia and other entities, in order to reflect the liquidity of the Colombian money market), which reflects the price at which banks are willing to offer or collect funds on the money market.



The agreed returns are calculated exponentially during the term of the transaction and recognized in the income statements in accordance with the accrual accounting principle.

3.3. Transactions in Foreign Currency

Transactions in foreign currency are recognized, at the time of initial recognition, using the functional currency, which is also the presentation currency. To this effect, the amounts in foreign currency are translated into the functional currency applying the exchange rate at the date of the transaction, which is the date on which said transaction meets the conditions for recognition.

The guidelines below are followed at the close of each reporting period:

- Monetary assets and liabilities denominated in foreign currency are converted using the accounting exchange rate at the closing date of the reporting period.
- Non-monetary assets and liabilities, not valued at fair value, are translated using the exchange rate at the date of the transaction.
- Non-monetary assets and liabilities measured at fair value are translated using the exchange rate at the date on which fair value was determined.

Any resulting negative and positive exchange difference is recognized in the exchange difference item of the Consolidated Statement of Income. The exchange rate used to remeasure US Dollar balances at December 31, 2023 and December 31, 2022 was COP and COP 4,810.20 per USD 1, respectively.

3.4. Financial Collateral

The financial collateral provided is recognized initially by recording a liability at fair value, which is usually the current value of the fees and returns to be received for said contracts throughout their useful life, with the amount of assimilated fees and returns collected at the beginning of the operations and the accounts receivable for the current value of the future cash flows pending receipt as an offsetting entry in assets.

The financial collateral, regardless of the holder, instrumentation or other circumstances, are later analyzed on a periodic basis to determine the credit risk to which they are exposed and, if necessary, to estimate the need to create a provision.

The value of the collateral will subsequently be valued in accordance with the contractual terms for this transaction. Depending on the variation of the threshold, the income or expense is adjusted in the statement of income.

If customers default on obligations with third parties derived from an endorsement or bank guarantee issued by the Bank, an asset valued by credit risk is recognized, which is determined by applying criteria similar to those established to quantify impairment losses for financial assets, along with a provision based on the parameters established by IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, by applying the decision tree.

3.5. Financial investment assets, derivative financial instruments and cash transactions

Financial instruments are classified as assets, liabilities or capital, based on the text of the contractual agreement that gave rise thereto and in accordance with the criteria of the business model. Interest, dividends, gains and losses generated by a financial instrument classified as an asset or liability are recognized as income or expenses in the consolidated statement of income.

Classification and measurement of financial instruments. The Group classifies financial assets according to their subsequent measurement in line with the new classification criteria set forth in IFRS 9 within the following categories:

- Amortized cost
- Fair value through other comprehensive income (OCI)
- Fair value through profit or loss

This classification is carried out in accordance with the Group's business model for managing financial assets and assessing the characteristics of the contractual cash flows of the financial asset.

Financial assets are measured at **amortized cost** if they meet the following conditions:

- The financial asset is within a business model whose objective is to hold the financial assets to obtain the contractual cash flows, and
- The contractual conditions of the financial asset on the stipulated dates meet the cash flow conditions that are solely payments of principal and interest on the outstanding principal, i.e., it meets the criterion of "solely payments of principal and interest" (SPPI).

Principal is the fair value of the financial assets at the time of initial recognition.

Interest comprises the consideration for the temporary value of money, for the credit risk associated with the principal amount outstanding over a specific period of time and for other risks and costs of basic loans, as well as a profit margin.

Financial assets are measured at fair value through other comprehensive Income if they meet the following conditions:

- The financial asset is within a business model whose objective is achieved by obtaining the contractual cash flows and selling the financial assets, and
- The contractual conditions of the financial asset on the stipulated dates meet the cash flow conditions that are solely payments of principal and interest on the outstanding principal (meets the SPPI criterion).

Unrealized profits or losses are recognized in other comprehensive income and are subsequently transferred to the consolidated statement of income at the time of their realization.

Any other financial assets not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

As for equity instruments, at the time of initial recognition, it is decided irrevocably to measure subsequent changes in fair value in other comprehensive Income (OCI).

Financial liabilities are measured subsequently at amortized cost, except for financial liabilities measured at fair value, such as derivative liabilities.

Effective Interest Rate Method. The effective interest rate method is a method used to calculate the amortized cost of a financial instrument and to allocate financial income throughout the relevant period. The effective interest rate is the discount rate that exactly matches estimated receivable or payable cash flows (including fees, basic interest points paid or received, transaction costs and other premiums or discounts included when calculating the effective interest rate) over the expected life of the financial instrument or, when applicable, over a shorter period, to the net carrying amount at the time of initial recognition.

Income is recognized based on the effective interest rate for debt instruments other than the financial assets classified at fair value through profit or loss.

Offsetting of Financial Instruments. Financial assets and liabilities may be offset, i.e., presented as a net amount in the Consolidated Statement of Financial Position, only when dependent items specify both a legally enforceable right to offset the amounts recognized in said instruments, as well as the intention to settle the net amount, or realize the asset and settle the liability simultaneously.

Financial assets and liabilities at fair value through profit or loss. The assets and liabilities are recognized at fair value, and the amount of any change in fair value is recognized as income or expense depending on its nature. However, variations arising from exchange rate differences are recorded in the “exchange differences, net” line item of the statement of income.

Impairment of financial assets. The impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at fair value through other comprehensive income, but not to investments in equity instruments.

For assets, impairment losses are expected to increase and become more volatile.
On each reporting date, whenever the credit risk of a financial asset has increased significantly since its initial recognition, the Group recognizes a loan loss adjustment on the financial instrument, which is measured as the amount of the expected credit loss over the lifetime of the asset. The assessment is carried out on a collective or individual basis, considering all the reasonable and adequately supported information, including information referring to the future.

Expected credit losses are an estimate of the weighted probability of credit losses (i.e., the present value of all the cash shortfalls) throughout the expected life of the financial instrument, adjusted by forward-looking factors. A cash shortfall is the difference between the cash flows owed to an entity in accordance with the contract and the cash flows that the entity expects to receive.

When the increase in the credit risk is insignificant, the adjustment in value due to losses of the financial asset is measured at an amount equal to the expected credit losses over the next 12 months. On each reporting date, the Group evaluates whether the credit risk of the loan portfolio has increased significantly since initial recognition, and recognizes the amount of the expected credit losses (or reversals, if appropriate) under Other Comprehensive Income as an impairment gain or loss.

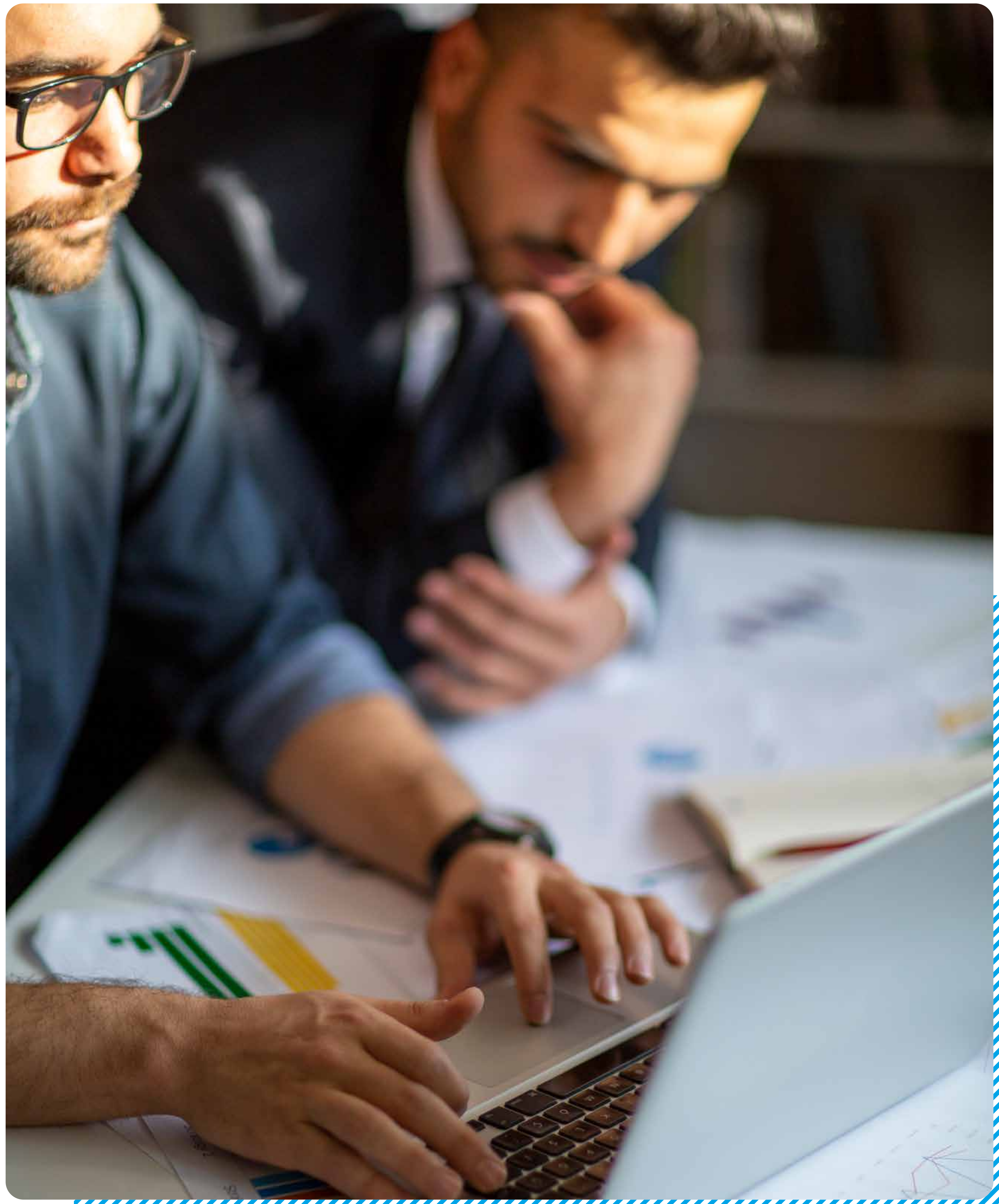
Definition of default: Default is the key aspect for estimating the risk parameters and for allowance calculations. A default occurs in any of the following circumstances:

- There is objective and substantial evidence of impairment, i.e., payment is more than 90 days past due, with a minimum amount of materiality.
- Subjective arrears: all the transactions rated at the local regulatory level of “CC” are considered to be loans in subjective arrears.

In addition to the past due criterion, all the cases in which it is highly unlikely that a debtor will pay its obligations are included as default. The following cases are taken as indicators of unlikely payment:

- Sale of credit obligations: if the Bank sells a credit obligation of a customer, all other credit obligations related to the customer are deemed to be an economic loss, and therefore, the transaction can be classified as in default.
- Rating of carry-over: Transactions affected by the local carry-over criterion are deemed to be in default.
- Refinancing in difficulties or during the cure period.
- Debtor bankruptcy, preventing or delaying the payment of its credit obligations to the Bank.

The expected loss model is applied to loans or debt instruments measured at amortized cost and items recorded outside the balance sheet, including undisbursed credit commitments, letters of credit and financial collateral.



Derecognition of Financial Instruments . Financial assets are derecognized from the Consolidated Statement of Financial Position when the contractual rights to the cash flows of the financial asset have expired or when the implicit risks and rewards of the asset are transferred to third parties and the transfer meets the requirements for derecognition.

In the latter case, the transferred financial asset is derecognized from the Consolidated Statement of Financial Position, simultaneously recognizing any right or obligation retained or created as a result of the transfer. It is considered that the Group substantially transfers the risks and rewards, if the risks and rewards that are transferred represent the majority of the total risks and rewards of the transferred assets.

When the risks and/or rewards associated with the transferred financial asset are substantially retained:

- The transferred financial asset is not derecognized from the Consolidated Statement of Financial Position and it continues to be measured with the same criteria used before the transfer.
- An associated financial liability is recognized for an amount equal to the consideration received, which is subsequently measured at amortized cost.
- Both the income associated with the transferred financial asset (not derecognized) and the expenses associated with the new financial liability continue to be recognized.

In the cases where the derecognition of assets refers to recognition criteria within the Conceptual Framework, they will be written off only following authorization by the Board of Directors and/or in accordance with the levels of authorization established in the Internal Standardization Process (PNI, for its Spanish original).

Asset write-offs applied based on forgiveness shall be made following the due approval process stipulated in the Internal Rules and Procedures (PNI).

Financial liabilities are only derecognized from balance sheet accounts when the Group's obligations have been fulfilled.

Financial Assets in Investment Debt Securities. For the Consolidated Financial Statements, the classification and measurement criteria of investment debt securities established in IFRS 9 are applied, taking into account the business model for managing assets and the contractual cash flow characteristics of the financial asset in three groups:

Debt Securities at Fair Value through Profit or Loss.
They are managed by the Group using a business model whose main purpose is to earn profits as a result of variations in the market value of different instruments and in activities involving securities trading. These assets are classified at fair value through profit or loss and the portfolio consists of debt securities, which the Group measures using the price determined by the valuation price vendor. In the exceptional cases where a determined fair value does not exist on the valuation date, such securities are exponentially valued on a daily basis based on the internal rate of return.

The Global Markets department is an internal department of the Group that manages, classifies and defines the business model for tradeable investments.

Debt Securities at Fair Value through OCI. They are held by the Group in a separate portfolio to yield interest revenue and can be sold to meet the liquidity requirements that arise during the normal course of business. The Group manages these securities under a business model whose objective is fulfilled through the collection of contractual cash flows and the sale of securities. The securities classified as available for sale in accordance with the contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the outstanding principal. Therefore, these assets have been classified as financial assets at fair value through other comprehensive income according to IFRS 9 - Financial Instruments.

Securities at Amortized Cost . The investment debt securities that were formerly classified as held to maturity are now classified as at amortized cost. The Group has the intent and legal, contractual, financial and operating capacity to hold them until the date of their maturity or redemption, considering that the structure of financial instruments eligible for this portfolio only gives rise to payments of principal and interest. They are measured on a daily basis, exponentially, based on the internal rate of return calculated at the time they were acquired.

Investments classified in this category are measured at amortized cost using the effective interest rate method and interest and impairment charges are recognized in the Consolidated Financial Statements.

Impairment of Investments at Amortized Cost. At the end of each period, the Group assesses whether there are signs of impairment of the investments at amortized cost. The amount of the loss is determined by calculating the difference between the carrying value of the investment and the present value of the estimated future cash flows, discounted using the effective interest rate at the date of initial recognition of the investment. The carrying amount of the investment is reduced through an allowance account in the Statement of Income. Subsequently, if there is evidence of recovery, the impairment loss recognized in the Statement of Income is adjusted.

The area of COAP Financial Management is an internal department of the Bank that manages, classifies and defines the business model for investments classified as available for sale and at amortized cost.

Initial Recognition of Investments in Debt Securities. At the time of initial recognition, investments in debt securities are measured at fair value.

Subsequent Measurement of Investments in Debt Securities. Subsequent measurements of investment in debt securities depends on the assigned classification, in three categories: fair value through profit or loss, fair value through OCI and at amortized cost, according to the definition of the Group's business model required in IFRS 9.

Investment valuation. The main objective of valuating investments is determining (measuring) the accounting record and disclosing to the market the fair value at which a security could be traded on a certain date, according to its particular characteristics and in the prevalent market conditions on that date.

Debt securities are valued based on the classification prescribed and the criteria established in IFRS 9, at fair value, taking the prices published by price vendors according to the fair value hierarchy and at amortized cost.

Investment valuation criteria. Determining the fair value of a security considers all criteria necessary to ensure fulfillment of the objective of investment valuation established in IFRS 13, and in all cases: objectivity, transparency and representativeness, permanent assessment and analysis.

Frequency of measurement and recognition thereof. The investments in debt securities must be measured on a daily basis, unless other provisions indicate a different frequency. Likewise, the accounting records necessary for the recognition of the investment valuation must be made with the same frequency used for the valuation.

Investments in Equity Instruments at Fair Value through OCI. For equity instruments, the measurement techniques established in IFRS 13 - Fair Value Measurement are applied, using the fair value hierarchy criteria, based on the internal model of discounted revenue streams, since these shares are not listed on any secondary market and there is no market price available.

The Group estimates the Consolidated Statement of Financial Position, Consolidated Statement of Income and the Consolidated Statement of Changes in Equity of each controlled entity in order to obtain a flow of future dividends.

This flow of dividends is discounted at present value, as for a perpetuity, assuming an indefinite interest in the controlled entity, in order to estimate the fair value thereof.

As for all the figures of the Financial Statements under analysis, the real closing data for three years prior to the analysis date are taken, and based on the current year, the figures are estimated with an outlook of five additional years, in accordance with the criteria presented below.

This valuation is adjusted on a quarterly basis, in accordance with the periodic Financial Statements published by the entity, to compare the estimate made for the following year with the amount executed on each line of the Balance Sheet and Statement of Income, in order to ensure the accuracy of the valuation. The results of the valuation of these investments are recorded under other comprehensive income.

At the end of each period, the Group evaluates whether there is objective evidence of impairment of its investments in non-controlled entities, by applying the internal model described above.

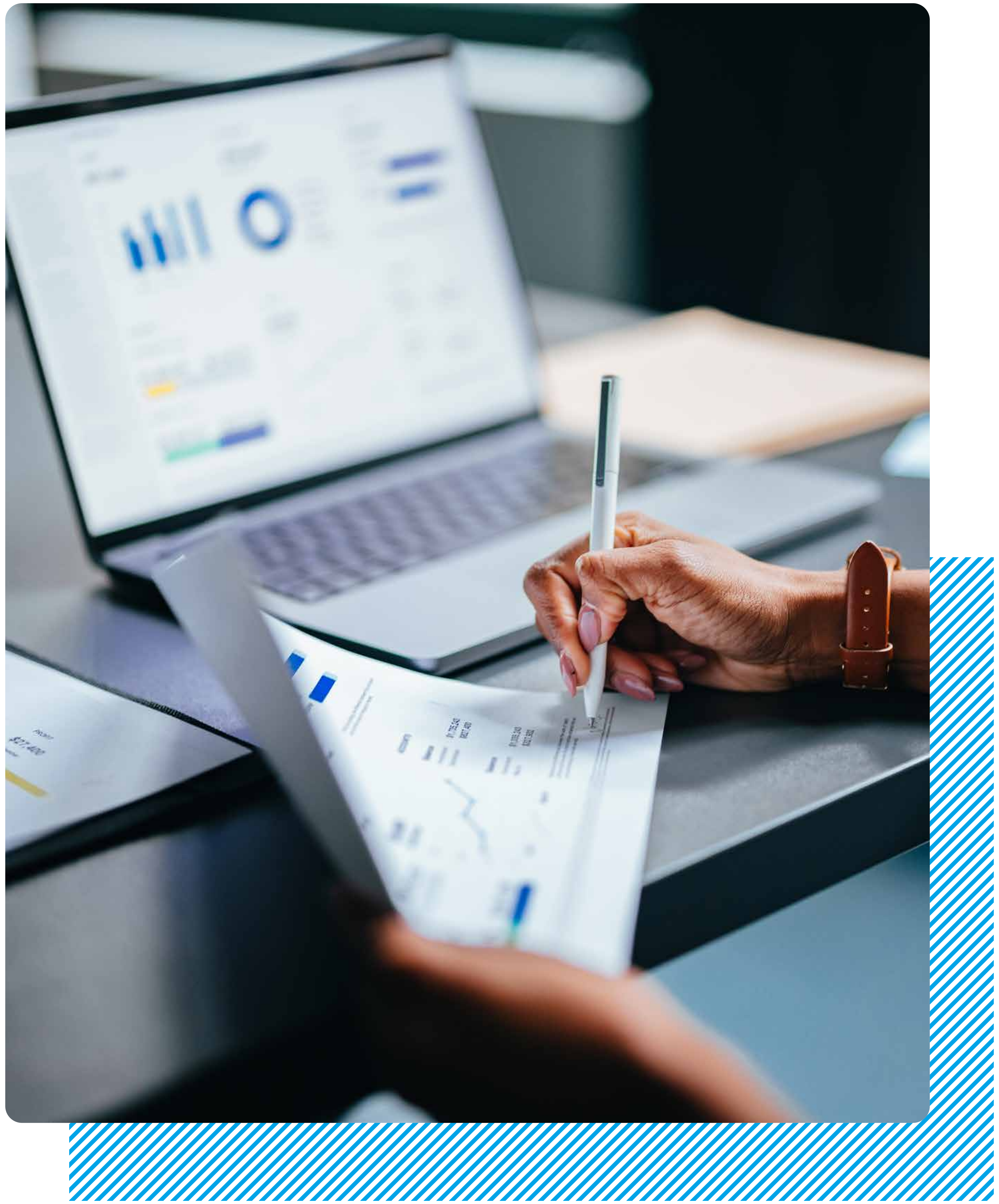
3.6. Investments in joint arrangements

A joint arrangement is that in which two or more parties have joint control over the arrangement, i.e., when decisions regarding relevant activities require the unanimous consent of the parties that share control. Joint arrangements, in turn, are divided into joint operations, in which the parties have joint control and have rights to the assets and obligations regarding related liabilities; and joint ventures, in which the parties that have control are entitled to the net assets and liabilities.

Investments in joint arrangements are measured using the equity method in accordance with the criteria of IAS 28 - Investments in Associates and Joint Ventures. The investment is initially recognized at cost and is later updated for the changes in the Group's interest in the net assets (equity) of the controlled entity.

The Group has a joint arrangement with Compañía de Financiamiento Comercial RCI Colombia, which is part of the Renault Group, with a 49% share, where the adjustments for the joint arrangement for the fiscal year are recorded in profit or loss, and other adjustments to the net asset by the equity method are recognized in Other Comprehensive Income (OCI).

In joint arrangements, the assets and liabilities are recognized including the shares held and incurred jointly, and the revenues from ordinary activities arising from the sales of the joint arrangement and the expenses incurred



jointly. The assets, liabilities, revenues from ordinary activities and expenses will be recognized proportionately to the share of interest held in the joint arrangement in accordance with IFRS 11 Joint Arrangements, as applicable, in particular the assets, liabilities, revenues from ordinary activities and expenses.

Additionally, BBVA Asset Management S.A Sociedad Fiduciaria entered into a cooperation agreement with BBVA Valores Colombia S.A. Comisionista de Bolsa, with a share of interest of 64.91%, whose purpose is to join commercial efforts, based on their operating, product, strategic and commercial capabilities, in order to not only create synergies, but also achieve greater efficiency in the model of expanded offerings of products and overall customer care.

3.7. Derivative financial instruments

The Group subscribes a variety of financial instruments to manage its exposure to interest rate and foreign currency exchange rate risks, including exchange risk, interest rate and currency swap hedging. Note 9 - Derivative Financial Instruments and Money Market Transactions includes a more detailed explanation of derivative financial instruments. The Group continues to apply IAS 39 - Financial Instruments: Recognition and Measurement, for derivative hedging transactions.

Derivatives are initially recognized at fair value on the date that the derivative contract is signed, and subsequent changes are adjusted through debits or credits through profit or loss, as applicable. The resulting profit or loss is recognized in the Consolidated Statement of Income immediately, unless the derivative is designated as an effective hedging instrument, in which case the timing of recognition in profits or losses will depend on the nature of the hedging relationship and on its effectiveness.

Financial derivative contracts are reported as assets when their fair value is positive, and as liabilities when it is negative.

For the effects of valuation, presentation in the Financial Statements, disclosure and financial reporting, the Group must include the credit risk adjustment on a daily basis with the respective counterparty or CVA (Credit Valuation Adjustment) or the own credit risk adjustment or DVA (Debit Valuation Adjustment) in the fair value calculation (“risk-free”) of transactions with OTC (“Over-the-Counter’) or unstandardized derivatives in their portfolios.

CVA and DVA adjustments do not apply when a counterparty clearing house is involved as a counterparty for monitored entities in transactions with derivatives.

The methodologies used to measure a CVA and DVA adjustment for transactions with Over-the-Counter derivatives or unstandardized derivatives should at least consider the following seven (7) criteria:

- Deadline for fulfillment and settlement of the transaction;
- Financial strength: of the counterparty for the CVA, as well as the DVA itself;
- Netting or offsetting agreements with counterparties for transactions with derivative financial instruments. In this case, a CVA and DVA adjustment should be calculated for the entire portfolio of transactions with derivatives that are open with the respective counterparty and not individually by transaction;
- Collateral associated with the transaction;
- Risk rating, if any, granted by at least one internationally recognized or authorized credit rating agency in Colombia, as applicable;
- Exogenous circumstances or events that may affect payment capacity and fulfillment of obligations: of the counterparty for the CVA and of the DVA itself; and
- Any others that the Bank deems relevant.

3.8. Hedge Accounting

A derivative intended to achieve the financial hedging of a certain risk is treated as hedge accounting if, when trading, the changes in its fair value or cash flows are expected to be highly effective in offsetting changes in the fair value or cash flows of the hedged item, directly attributable to the hedged risk from the start, which should be documented in the trading of the derivative and during the hedging period. The Bank continues to apply IAS 39 Financial Instruments: Recognition and Measurement, for hedge accounting.

The Group designates certain hedging instruments, which may include implicit derivatives (if any), and non-derivatives with respect to foreign currency risk, as fair value hedging, cash flow hedging or net investment hedging of a business abroad. Foreign currency risk hedging of a firm commitment may be recorded as cash flow hedging.

At the start of the hedging, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking several hedging transactions.

At the start of the hedge and on a continuous basis, said documentation includes the manner in which the entity measures the effectiveness of the hedging instrument to offset exposure to changes in the fair value of the hedged item or to changes in cash flow attributable to the hedged risk.
Note 9 includes details on the fair value of derivatives used for hedging purposes.

Fair value hedging. Changes in the fair value of derivatives that are designated and rated as fair value hedges are recognized from the time that the effective hedge is designated through profit or loss, along with any other change in the fair value of the hedged asset or liability attributed to the hedged risk. Variations in the fair value of a hedged risk of the hedged item are recognized in the Consolidated Statement of Financial Position under the item related to the hedged item against the Consolidated Statement of Income.

Hedge accounting is suspended when the Bank revokes the hedging relationship, the hedging instrument matures, or is sold, terminated or completed, or it no longer meets the criteria for hedge accounting.

Cash flow hedging. The portion of changes in the fair value of derivatives determined as an effective cash flow hedge will be recognized in other comprehensive income and accumulated under the item “cash flow hedging reserve.” The ineffective part will be immediately recognized through profit or loss for the period, under the line item “other operating profits and losses”.

- The amounts previously recognized as Other Comprehensive Income and accumulated in equity are reclassified to the income statement in the periods when the hedge item affects income, under the same line item as the recognized hedged item. However, if hedging a planned transaction later results in recognizing a non-financial asset or non-financial liability, the profits or losses previously recognized in other comprehensive income and accumulated in equity are transferred and included in the initial measurement of the cost of the non-financial asset or liability.
- Hedge accounting will be suspended when the Bank revokes the hedging relationship, the hedging instrument expires, or is sold, resolved or completed, or it no longer meets the criteria for hedge accounting. The profit or loss that has been recognized as other comprehensive income and accumulated as equity will continue as equity and be recognized when the planned transaction is recognized in the statement of income. When the planned transaction is no longer expected to occur, any profit or loss accumulated in equity is recognized immediately as profit or loss.

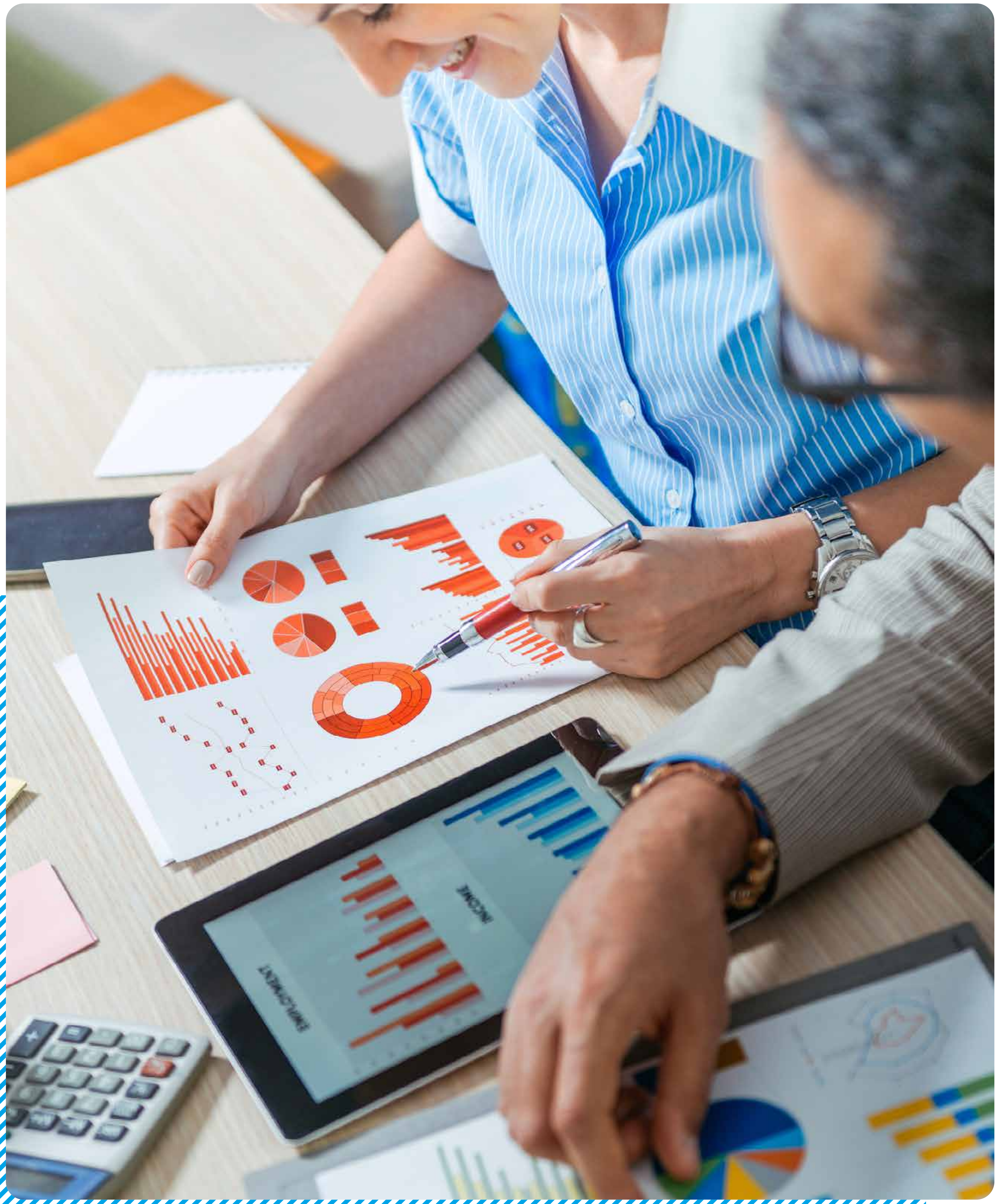
3.9. Loan portfolio and finance lease transactions and Interest on loan portfolio and other items

Considering that the Group’s main objective is the placement and collection of customer loans in accordance with the contractual terms, it has decided to classify the loan portfolio as “at amortized cost”, since they fulfill the contractual conditions that they give rise, on specified dates, to cash flows that are solely payments of principal and interest on the outstanding balance.

Loans are non-derivative financial assets with fixed or determinable payments that are not listed on an active market.

Loans are initially recognized at fair value (value of the transaction), plus the transaction costs that are directly attributable.

Costs directly attributable to the credit investment portfolio are made up of the Bank’s sales force item. The contract on which the amount is paid for this item is specifically identified and is deferred over the average life of each line of business (mortgage, commercial, consumer and micro-credit).



There is the option to pay all or part of a loan at any time in advance without any penalty. In the case of partial payments in advance, the debtor has the right to choose whether the amount paid will reduce the value of the installment or the term of the obligation.

Types of Loan Portfolio. Mortgage loan portfolio: It recognizes, regardless of the amount, the loans granted to individuals for the acquisition of new or used housing, or for the construction of individual housing, with the following characteristics:

- They are denominated in Real Value Units (UVR, for the Spanish original) or local currency. The UVR is used to update long-term loans. This unit allows the value of the loans to be adjusted over time according to the country's cost of living (Consumer Price Index - CPI). The RVU value is currently calculated by the Central Bank of Colombia for every day of the year.
- They are covered by a first degree mortgage on the financed property.
- The amortization term must be between a minimum of five (5) years and a maximum of thirty (30) years.
- It must have a remunerative interest rate, which shall be fixed during the entire term of the credit, unless a reduction thereof is agreed and must be stated only in terms of annual effective rate.
- The loan amount shall be for up to eighty percent (80%) of the value of the property in the case of loans to finance social interest housing (VIS, for the Spanish original) and up to seventy percent (70%) for all other loans. In the case of residential leasing of Non-LIH Housing (Non-low Income Housing), the financing shall be up to eighty five percent (85%).

Early repayment can be made on all or part of the loan at any time without any penalty. In the case of partial prepayments, the debtor has the option of choosing whether the amount paid will be used to reduce the amount of the installment or the term of the loan.

Consumer loan portfolio. It recognizes all credits granted to individuals whose purpose is to finance the acquisition of consumer goods or the payment of services for non-commercial or non-business purposes, regardless of their amount and other than loans classified as micro-credits (see credit risk rating model of reference in Note 10).

Commercial loan portfolio . Credits granted to natural or legal persons to carry out organized economic activities, other than those granted under the type of micro-credit.

Micro-credit portfolio . It recognizes the loans granted to micro-enterprises whose workforce does not exceed ten (10) workers and whose total assets are less than COP 501, and the maximum amount of the loan is 25 legal minimum monthly wages (SMMLV, for the Spanish original). The balance of the debtor's indebtedness may not exceed 120 SMMLV, excluding the mortgage loans to finance housing.

Impairment::

The objective of the model is to recognize the credit losses expected from all the financial instruments for which significant increases in credit risk have occurred, from the time of initial recognition, either assessed on an individual or collective basis, and considering all the reasonable and adequate supporting information, including forward-looking information.

Expected losses are measured according to default risk on one of the two timeframes taken into account, depending on whether the customer's credit risk has increased significantly since origination.

If credit risk quality has not been significantly impaired from the time of initial recognition, or the asset has a low credit risk on the reporting date, it will be established at stage 1 ('Performing') and provisions will be based on an expected loss calculated over 12 months.

If credit risk quality has been significantly impaired from the time of initial recognition, but there is no objective evidence of a credit event, the asset will be classified at stage 2 ('Underperforming'); however, if there is objective evidence of impairment on the reporting date, the asset will be left at stage 3 ('Nonperforming'); in both cases, expected losses will be calculated for the time remaining until the end of the transaction.

Transfer Logic. As initially established, expected credit losses are calculated as a loss over 12 months or a lifetime credit loss, upon occurrence of a significant increase in the credit risk from the time of initial recognition of the transaction to the assessment date.

To assess the level of exposure, the loan portfolio must be segmented in accordance with the possible risk margin of the customer or contract, at the corresponding stage. The assessment of the transfer logic at Stage 2 is defined by quantitative and qualitative factors:
IFRS 9 indicates that "a given change, in absolute terms, in the risk of default will be more significant for a financial instrument with a lower initial risk than a financial instrument with a higher initial risk of occurrence."

Although IFRS 9 does not require the use of an explicit likelihood of default to carry out this assessment, the quantitative analysis is based on the comparison of the lifetime Probability of Default (PD) and the origination PD, adjusted to make a significant comparison possible. The adjustment must ensure that the period is not the same on the reporting date and on the origination date. The origination PD must be adjusted to consider the remaining life of the loan at the reference date. For the initial stock, given that there is no origination PD with the IFRS 9 methodology, an alternative approach is suggested.

In some cases, the modification of a financial asset results in the recognition of a new and modified financial asset. When this occurs, the modification date is considered to be the initial recognition date of that financial asset. This date is considered to be the origination date of the transaction.

Transactions that show a significant increase in the value of the current PD compared to the value of the origination PD will be transferred to stage 2. Two conditions have been defined to carry out this transfer:

- Relative increase in PD greater than X%
- Absolute increase in PD greater than Y%

The two increases must be lower than certain values (X, Y), which are defined using a sensitivity analysis based on a threshold variation process.
According to IFRS 9, the transfer depends on certain indicators, which are included in the quantitative analysis. However, other indicators are not included in this process, so they must be included through the qualitative criteria.

According to this criterion, if certain conditions are met, the contract must be transferred to stage 2, as described below:

- Delinquency of more than 30 days and less than 91 days.
- Classify at Watch List levels 1 and 2
- Refinanced and restructured transactions that have complied with a one-year cure rate following the restructuring, with regular and effective payments.

Stage 3 includes all items classified as in default.

Segmentation. To assess the staging of the exposures and measure loss provisions collectively, it is important to group exposures in segments / risk drivers based on the shared characteristics of credit risk. Selecting the risk drivers for estimating PD is fundamental. For staging purposes, the more granular the segmentation, the better it is to avoid the transfer of enormous exposures from stage 1 to stage 2. To assess the provisions, the different segmentations and risk drivers will reflect the differences in PDs, better discrimination and thus, lead to a better calculation of the amount of the expected loss.

There are certain minimum risk drivers that are taken into account, showing that the default behavior is clearly different between them:

- Days past due
- Watchlist level (for wholesale portfolio)
- Restructured

The final selection of the risk drivers requires additional analysis to determine whether they are relevant, assessing whether there is sufficient discrimination, and they are supported with sufficient data. A joint analysis of the risk drivers is necessary to take the joint discrimination into account. The final combination must lead to different homogeneous groups, each of which will have a different temporary PD and Loss Given Default (LGD) structure.

Families have also been established, based on the procedures defined for each of the Bank's portfolios, whose objective is to create groups of transactions that share similar characteristics.

Parameters (PD, LGD, CCF)

PD. PD refers to the probability that a loan will be in default within a specific time frame, which is usually set at 12 months, given certain characteristics. PD is a very important component to calculate expected loss and assess whether there has been a significant increase in credit risk.

To calculate expected loss, two different PDs are required:

- The PD at 12 months: is the estimated probability of default that is calculated within the next 12 months (or the remaining life of the financial instrument, if it is less than 12 months).
- The Lifetime PD (LT PD): is the estimated probability of default that is calculated during the remaining life of the financial instrument.

The main requirements of IFRS 9 for measuring PD are as follows:

- Lifetime requirement: means that a temporary PD structure must be created.
- The PD must be "Point in time" (PIT).
- The PD must be conditioned to the expectation of future macroeconomic conditions, i.e., incorporating forward-looking information.

In the process of estimating the PD, it is important to define the concept of marginal PD (the frequency of default observed in the interval between t and t+1, which refers to the initial number of contracts at t=0), which allows the calculation of the probability of default at each specific point in time. The time sequence of PDs is known as the term structure of PD.

In accordance with the scope of IFRS 9, the provisions for contracts at stage 1 will be calculated by using the first year of the term structure of the marginal PD, while for contracts at stage 2 the term structure of total PD will be used.

The term structure will also be used in the “Transfer Logic” process. The significant increase in credit risk (SICR) can be assessed by comparing the term structure of PD at origination with the term structure of PD on the reporting date.

LGD. Is the loss if the financial instrument is in default (loss given default). It captures the proportion of the exposure to loss, and it is determined using the expected cash flows for a financial instrument with such characteristics. It is the complement of the amount recovered.

The severity assessment is based on the calculation of LGD, using the historical data that best reflect current conditions, by segmenting each portfolio with the risk drivers considered relevant and including a projection in the future to take the forward-looking information into account.

The LGD summarizes all the cash flows charged to the customer following the default. It includes the costs and recoveries during the recovery cycle, including those derived from collateral. It also includes the time value of money, calculated as the present value of the net recoveries of the cost and additional losses.

It uses a historical period that is long enough to cover at least one expansion and recession period, in order to develop a relational model between the LGD and the economic cycle with the readjustment carried out in 2023 (in this case, from January 2011 to 2022, seen at the end of 2023).

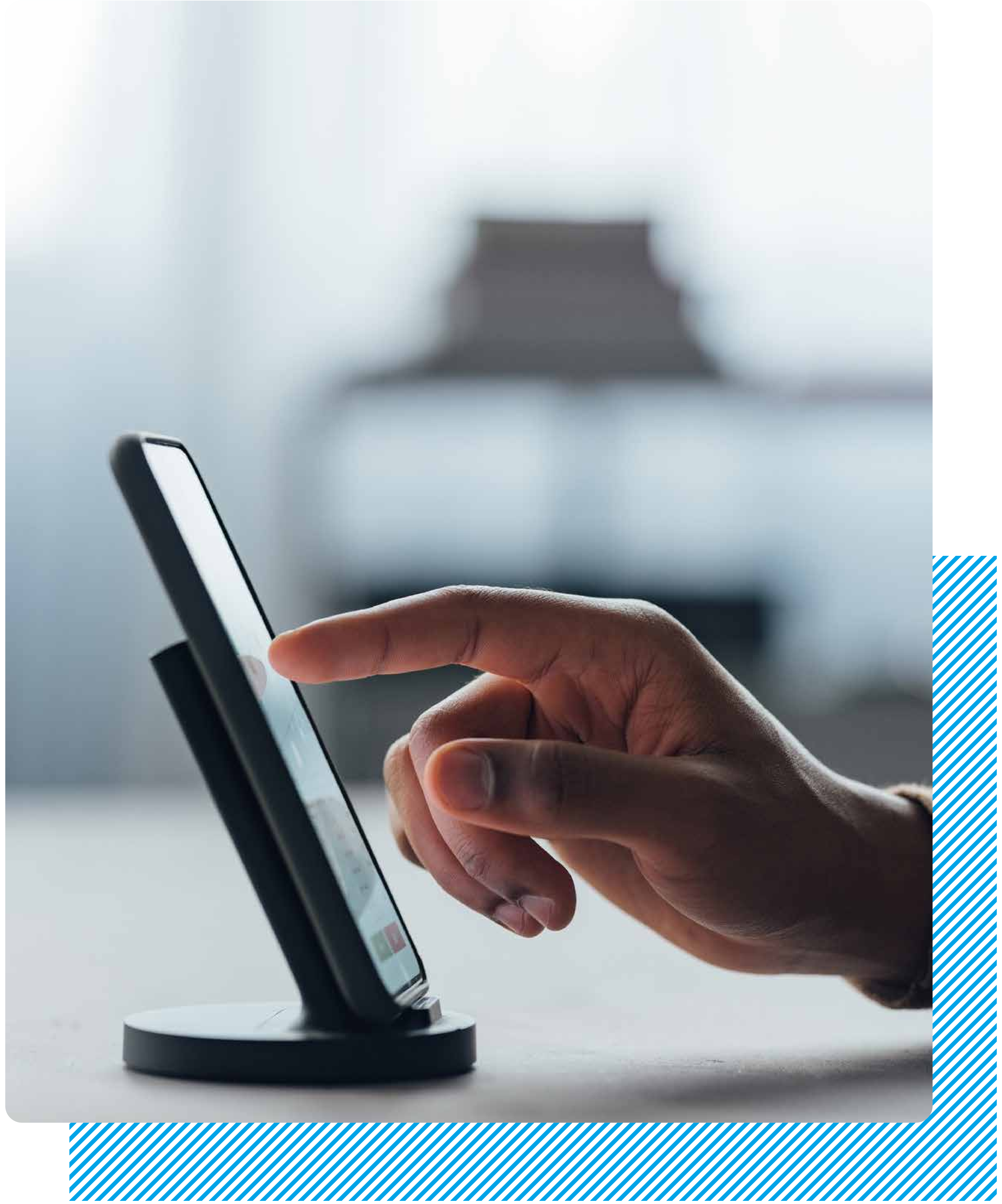
The databases include::

- Information on recovery cycles in that period: default date, default type (actual - +90 days past due-, subjective, carry-over effect) cash flows, cure date, foreclosure date, among others.
- Forward-looking information: IFRS 9 requires an expected loss assessment based on historical and current information. Therefore, it is necessary to predict how the economy will evolve in the future. To make this prediction, economic indicators such as the Gross Domestic Product, the Unemployment Rate or the Consumer Price Index are used, among others.

Due to the time value of money, the cash flows observed (from recoveries, as well as costs) must be discounted at the default date and, in accordance with IFRS 9, the discount rate must be the Effective Interest Rate (EIR) of each financial instrument.

To obtain an estimated LGD, the direct costs of the recovery process (such as customer contact costs or legal expenses, among others), must be included as a cash flow that reduces the final recovery. The costs to be included are the direct costs of the process.

As regards the LGD parameter, for assets at stage 1 just one LGD PIT is needed (including relevant forward-looking information) to record attributable losses for the next 12 months. At stage 3, the LGD for loans in default already include all expected future losses (adjusted to current and future economic conditions). On the contrary, for assets at stage 2, where lifetime losses must be calculated, a term structure of LGD will be required, which means one parameter for each possible future default date.



In the case of collateralized assets, IFRS 9 establishes that, in order to estimate expected credit losses, the estimation of expected cash deficits will reflect the expected cash flows of the collateral and other credit improvements that are part of the contractual terms and are not separately recognized by the entity. The estimation of expected cash deficits in a collateralized financial instrument reflects the amount and time frame of the cash flows expected from the foreclosure on the collateral, less the costs of obtaining and selling the collateral, regardless of whether the foreclosure is probable.

The indirect costs of the process do not have to be included. Only the incremental costs directly attributable to the disposal of an asset (or disposal of a group of assets) must be considered, excluding the financial costs and income tax.

CCF. The estimation of the CCF captures the potential increase in exposure between the current date and the default date; i.e., the CCF is the percentage of the balance off the balance sheet that will be used before the default date.

$$EAD = Established\ t + (CCF * Available\ t)$$

The estimated EAD is the amount expected from the contract of a customer that is not currently in default and could be so in the next 12 months.

So, the empirical CCF of a financial instrument is:

$$CCF = \frac{Established_{t+k} - Established_{t}}{Available_{t}}$$

The factors are estimated based on the entity's historical experience.

The final CCF is calculated using the contract or debtor CCFs (depending on the approach) through the statistics considered. If the average statistical method is chosen, it is weighted according to the number of contracts.

Based on a customer approach, the database contains customers in default who have a contract (whether in default or not) on the customer default date. They are grouped in one-year intervals called cohorts. Each customer in default must be included in each cohort that contains the customers default date.

Within each cohort, the same reference date is defined for all customers in default, as well as for all the contracts of each customer in default.
The required database contains all the customers in default and records the information necessary in the 12 months preceding the customer's default of all the contracts (whether in default or not).

This way, monthly cohorts will be created, with a duration of one year or less, which contain customer defaults and whose dates of reference belong to the end of each month, where the first cohort is the oldest and the last cohort is the most recent. For the cohorts in which there is a default, in the beginning, all the necessary information (balance available, balance drawn, limit, etc.) of all the contracts must be available to calculate the CCF in each cohort.

Forward-Looking and Macroeconomic Models. According to IFRS 9, the expected loss must be forward-looking, i.e., the credit risk parameters must include future projections. The relevant macroeconomic factors, such as GDP, stock index, interest rate, unemployment rates, etc. are used to forecast PD and LGD parameters.

The forecasts and the IFRS 9 models must be consistent with those used in capital planning (stress testing / budget processes). Therefore, to incorporate forward-looking information, the macro-scenarios provided by the Research Area are used, which are updated on a quarterly basis. The ones already in use for these purposes, and the models must be in line with those used for stress testing.
The approach to include the forward-looking information in PD consists of developing macroeconomic models that reflect the historical correlation observed between the defaults and the state of the economy. In the case of the LGD, it consists of developing macro-models that reflect the historical correlation observed between the recovery cycles or cure rates, and the state of the economy. The macro-variables chosen must be the ones that best explain the behavior of the portfolio and make economic sense. In this sense, the econometric model must comply with the goodness of fit and statistical significance of the variables, and it must be easily understandable and explainable.

Restructured financial assets with collection issues. Restructured financial assets are those that have collection issues and whose debtor has been granted a concession by the Group, which would not have been considered in a different situation. These concessions are usually reductions in the interest rate, extension of terms for payment or reductions in the balances due. Restructured financial assets are recognized at the present value of expected future cash flows, discounted at the original rate of the asset before restructuring.

According to Public Notice 009/2022 of the Financial Superintendence of Colombia standardizes the policies for the adequate management of credits that present modifications in their conditions due to presenting potential or real deterioration of the payment capacity of their debtors and establishes that the Bank may amend the

terms and conditions that were initially agreed upon without this being considered restructuring in the terms of Subsection 2.3.2.3.1 of Chapter XXXI of the Basic Accounting and Financial Notice 100/1995, as long as during the latest 6 months the loan has not incurred in past due payments of more than 60 days for micro-credit and consumer loans and more than 90 days for commercial and mortgage loans. These amendments can be made at the request of the debtor or by initiative of the entity, subject to prior agreement with the debtor. Amendments to loan terms must not become a generalized practice for regularizing the behavior of the loan portfolio. This regulation establishes special criteria for rating of restructured loans at the time they are restructured and subsequently therefrom.

Agreements with creditors . Loans to customers that are admitted to a bankruptcy proceeding are immediately rated "E" (Uncollectible) and are subject to the provisions defined for this category. Once the payment agreement is made within the proceedings, the loans may be reclassified as "D" (Significant). Subsequently, reclassifications to lower-risk categories can be made provided that all requirements established by the Superintendence in that respect are met.

3.10. Accounts receivable

Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not traded on an active market.
These assets are initially recognized at fair value plus the transaction costs directly attributable to their acquisition or issuance.

In subsequent measurement, the fair value of the accounts receivable is deemed to be equal to their carrying value, where this is the best estimate. Some accounts receivable involve less complexity, have short terms and are of low financial value. Based on the simplified approach under which impairment is calculated over the lifetime of the asset, the accounts receivable recognized by BBVA fit in the assessment that enables determining possible impairment while the instrument is active. In terms of the process of implementing IFRS 9 paragraph 5.5.15, entities may apply the simplified approach when the term of the asset is one year or less or when it does not incorporate a significant financing component; however, item b of the same paragraph establishes that entities may adopt the simplified approach even when the asset has a significant financing component, but when by accounting policy it decides to measure the value adjustment over the entire lifetime of the asset.

The Group has defined that, to calculate the provision of the accounts receivable, taking into account the type of accounts it holds, their volume and the risk involved in recovering said accounts, it must make a provision equivalent to 100% of the account receivable in the event of a default equal to or greater than 180 days.

For accounts receivable related to lease advance payments that record the items disbursed to suppliers during the process of acquiring an asset to include it in the lease contract, in amounts that are recognized on behalf of the customers, they are subject to impairment and shall be those that meet any of the following conditions:

- Lease contracts in the advance payment stage where one or more installments for payment of monthly interest is past due.
- Lease contracts in the advance payment stage that have not been activated by the expiration of the maximum term defined for each line.
- Customers who do not fit any of the above two categories may be subject to impairment when, due to various different circumstances, it is found that a situation of impairment or risk to be Bank may arise.

If the customer meets any of the above conditions, the Lease Operations Area will include the customer in the list of customers to be reviewed and assessed in the Advance Payments Committee. The Leasing Specialist, or his/her assigned replacement, will present to the Committee members the details or circumstances that led to non-payment of the interest or the reasons for not meeting the established due date for the advance payments stage. In both cases, the established maximum due date for advance payment transactions will be taken into consideration, and a provision will be established for each of the suggested customers, according to the methodology described below.

3.11. Loan write-offs

A loan or account receivable is subject to write-off by debiting impairment of the loan portfolio or accounts receivable, respectively, when all possible collection mechanisms have been exhausted and it is deemed uncollectible. Write-offs are approved by the Board of Directors.
Financial assets are derecognized from the balance sheet by debiting the impairment provision when they are deemed uncollectible. The recoveries of previously derecognized financial assets are recognized as recovery income.

3.12. Non-current Assets Held for Sale

Non-current assets and groups of assets for disposal are classified as held-for-sale if their carrying value is recoverable through a sales transaction, rather than through continuous use. This condition is considered to be met only when the sale is highly probable and the asset (or disposal group) is immediately available for sale in its current state, subject only to the terms that are usual and adapted to the sale of these assets (or disposal groups). Management must commit to the sale, which must be recognized as a final sale within one year of the date of classification.
Non-current assets (and disposal groups) classified as held for sale are calculated at the lowest value between the carrying value and the fair value of the assets less estimated costs of sale. The difference between both amounts is recognized in profit or loss.
If the assets are not sold within the established term, they are reclassified to the categories from which they originated. The Group does not depreciate (or amortize) the asset while it is classified as held for sale.

Transfers. If the asset has not been sold within the maximum term established for the sale (one year from the date of its classification and/or justified actions for deferment), due to actions or circumstances beyond of the Bank's control, and there is sufficient evidence that the Bank is still committed to its plan to sell the asset, under the conditions indicated in IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, the period needed to complete the sale will be extended.

Derecognition due to sale of the asset. A sale is considered complete when the significant risks and rewards derived from ownership of the assets have been transferred to the buyer, the seller does not retain any involvement in management associated with ownership, and does not retain effective control over the asset. The amount of revenue from ordinary activities can be measured reliably, and it is probable that the economic rewards associated with the transaction will be received, and the costs incurred, or to be incurred, related to the sale can be measured reliably.

The Group recognizes profits or losses not previously recognized at the date of sale of a non-current asset on the date that the derecognition occurs.

3.13. Properties Taken Through a Financial Lease

At the beginning of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee. At the beginning or upon amendment of a contract containing a lease component, the Group assigns the consideration in the contract to each lease component on the basis of a separate relative price. However, for property leases, the Group has chosen not to separate the non-lease components and to account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the start date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the start date, plus the initial direct costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site where it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the start date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank at the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as property and equipment. In addition, the right-of-use asset is periodically reduced for impairment losses, if applicable, and adjusted for certain new measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments not paid at the start date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The Bank defined the funding rate of similar liabilities as the discount rate.

The lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate on the start date;
- Amounts expected to be paid as a residual value guarantee; and
- The exercise price of a call option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

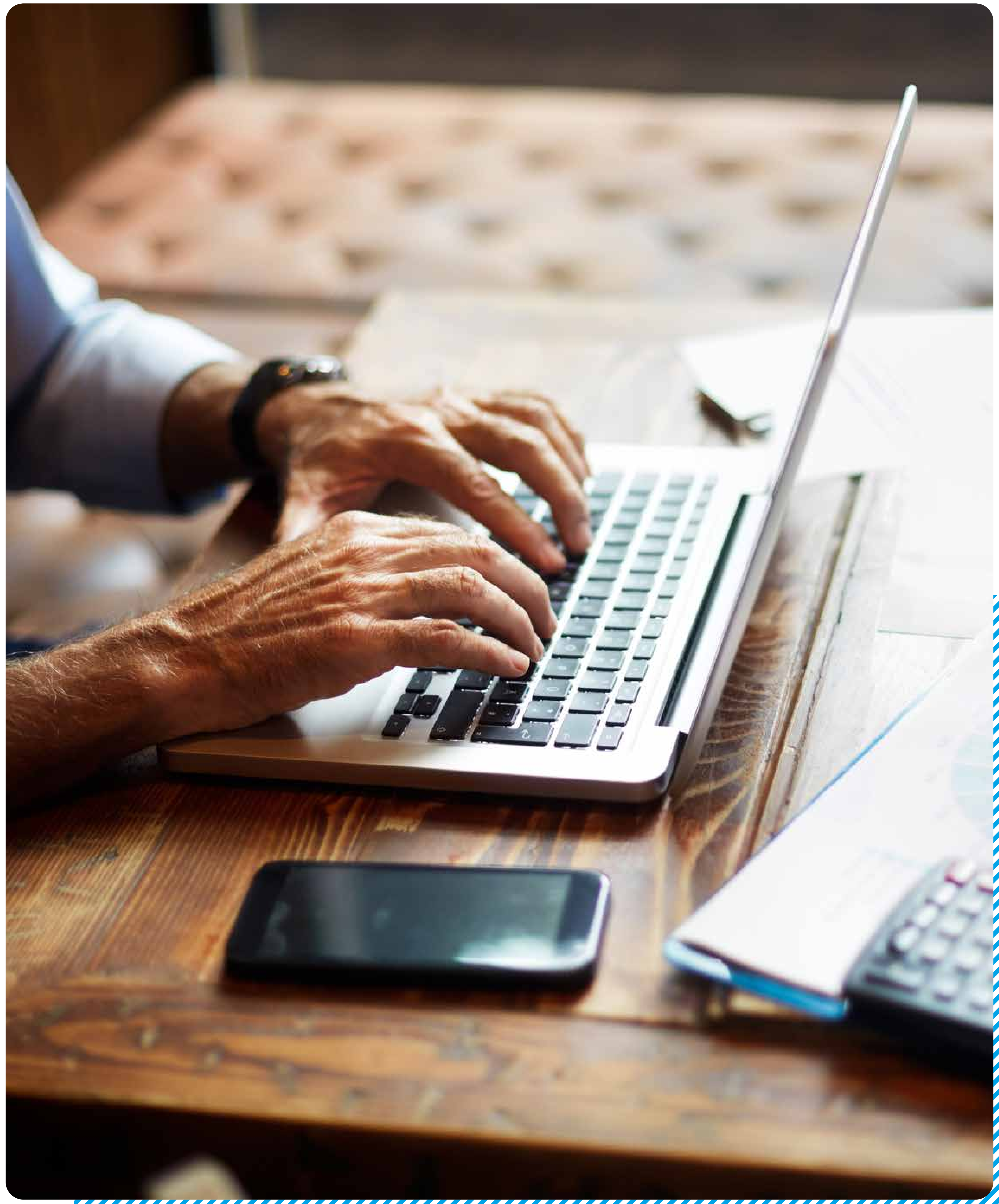
The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the estimate of the amount expected to be paid under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a call, extension or termination option, or if there is a revised in-substance fixed lease payment.
When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying value of the right-of-use asset, or it is recognized in the statement of income if the carrying value of the right-to-use asset has been reduced to zero.
The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "loans and obligations" in the consolidated statement of financial position.

Short-term leases and leases of low value assets

The Group has decided not to recognize right-of-use assets and lease liabilities for leases of low-value assets (new contracts for less than USD 5,000) and short-term leases (less than or equal to 12 months), including technological equipment and common areas. BBVA Colombia recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

As a lessor. At the beginning or upon amendment of a contract containing a lease component, the Group assigns the consideration in the contract to each lease component on the basis of their separate relative prices.
When the Bank acts as lessor, it determines at the beginning of the lease whether each lease is a finance or operating lease.

To classify each lease, the Group makes a general assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the



underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for most of the economic life of the asset.

If a contract contains both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.
The Group applies the derecognition and impairment requirements of IFRS 9 to the net investment in the lease.
In addition, the Group periodically reviews the estimated unguaranteed residual values used in the calculation of the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the term of the lease as part of "other income."
In general, the accounting policies applicable to the Group as a lessor in the comparative period did not differ from IFRS 16, except for the classification of the sublease made during the current reporting period, which resulted in a classification as a finance lease.

3.14. Property and Equipment

Property and equipment are tangible assets held by an entity for use in the production or supply of goods and services for administrative purposes, and they are expected to be used for more than one term.

Initial recognition. Property and equipment are initially recognized at cost, which includes the purchase price (import duties and indirect, non-recoverable taxes that make up part of the acquisition, after deducting any commercial discount or price rebate), the costs directly attributable to the startup of the asset in situ and in the conditions necessary for it to function in the manner expected by the Group and the initial estimated disassembly costs, notwithstanding the amount.

New acquisitions are recognized in the financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable in Colombia.
Initially attributable costs – The cost of property and equipment items includes:

a. Their acquisition price, including import duties and indirect and non-recoverable indirect taxes accrued in the acquisition, after deducting any discounts or rebates.

b. All costs directly attributable to the placement of the asset at the location and in the conditions necessary for it to operate in the manner intended by Management.

c. The initial estimate of disassembly and disposal costs of the element, as well as the restoration of the space where it is located.

Useful life. The Group determines the useful life of an asset in terms of the profit it is expected to provide to the entity. IAS 16 Property, Plant, and Equipment establishes that the useful life of an asset is a matter of judgment, based on the entity's experience with similar assets, and consequently the Group, based on the historical behavior of its assets, has established the useful life of its assets as follows:

Assets	Useful Life
Buildings	Economic life established by the appraiser (50 to 100 years)
Computer equipment	Between 2 and 6 years, according to the obsolescence management policy
Furniture and fixtures	10 years
Machinery and equipment	10 years
Vehicles	5 years

Later recording. Later measurement of the property and equipment is valued using the cost model, which equals the cost of acquisition less the accumulated depreciation and, if applicable, the accumulated amount of losses due to value impairment.
Interest costs that are directly attributed to the acquisition, construction or production of a qualified asset will form part of the asset's cost under the terms of IAS 23- Borrowing Costs. At December 31, 2023 and 2022, there is no balance recorded for these transactions.

Costs following initial recognition. Costs following initial recognition, such as additions and improvements that increase efficiency, will be capitalized and included as a greater cost of the asset only if it is probable that such costs will result in future economic rewards in addition to those originally assessed and they can be reliably measured; regarding certain maintenance costs in which the elements significantly affect the proper operation of the asset, this amount will be included in the value of the asset. Capitalization as a greater value of the asset for refurbishment must be supported by the preparation of a technical document (business case) demonstrating the importance and relevance of said refurbishment for the asset.

Preservation and maintenance expenses of material assets for the entity's own use are recognized as an expense during the fiscal year in which they are incurred. The Group will not recognize the daily maintenance costs of the elements that are considered necessary for repair and preservation, and that do not significantly influence the operation of the asset, are recognized directly as expenses. Routine maintenance costs are mainly labor and consumables, which may include the costs of small parts.

Replacement of parts or repairs that extend future economic rewards are capitalized, and in turn, the cost of existing items is removed.

Depreciation. The Group uses the straight line method to depreciate its property and equipment. In addition, the depreciable amount is determined after deducting its residual value. An impairment test will be performed on an annual basis for long-lived assets in order to indicate possible evidence of impairment, in which case the Property and Equipment (PE) will be reassessed, which will include the new useful life and the residual value. The residual value is considered insignificant and therefore irrelevant for the calculation of the depreciation amount.

Residual Value. This is the estimated amount that an entity may obtain at present for the disposal of an asset, after deducting the estimated disposal costs, if the asset has already aged and the other conditions expected at the end of its useful life have been met.

The factors listed below, among others, may indicate that the residual value or useful life of an asset has changed from the most recent annual reporting date, namely:

- A change in the use of the asset,
- Unexpected, significant wear and tear,
- Changes in market prices.

If these indicators are present, the Group reviews its previous estimates and, if the current expectations are different, it modifies the residual value and records the change in residual value, the impairment method or the useful life as a change in the accounting estimate.

Impairment. At the close of each reporting period, the Group analyzes whether there are internal or external signs that a material asset may be impaired. If there is evidence of impairment, the Group requests an update of the appraisal so the asset can generate the respective alert, if necessary. Based on the result of the appraisal, the Group compares said amount with the net carrying value of the asset and when the carrying value exceeds the appraised value, a loss for value impairment of the asset is recognized and the charges for the asset's depreciation will be adjusted in future periods systematically throughout the remaining useful life thereof.

The Group determines the recoverable value of its buildings by taking the greater value between the sale price less sales costs and the value in use. The sale price is established through independent appraisals by authorized suppliers and, particularly, in the case of the buildings for own use, based on independent appraisals, in such a way that they are no more than 3-5 years old, except when there are signs of impairment.

Improvements to Leased Third-party Properties. The Group recognizes improvements to properties under lease in this category, as well as the estimated disassembly costs, amortizing the amounts in the lesser period between the useful life and the term of the lease contract for the property.

Derecognition due to sale of the asset. A sale is considered complete when the significant risks and rewards derived from ownership of the asset have been transferred to the buyer, no involvement is retained by the seller in connection with management of the asset, nor is effective control retained over it, the amount of revenue from ordinary activities can be measured reliably, it is probable that the economic rewards associated with the transaction will be received, and the costs incurred, or to be incurred, related to the transaction can be measured reliably.

The Group recognizes profits or losses not previously recognized at the date of sale for a non-current asset, on the date that the derecognition occurs.
The revaluation surplus recognized in first-time adoption adjustments in the process of transition to IFRS, due to the application of the attributed cost exemption included in equity, will be reduced by the realization of such properties when they are sold and by the depreciation of such revaluation charged against retained earnings.

3.15. Prepaid expenses

Transactions are recognized in prepaid expenses provided that they meet the criteria for recognizing assets, such as the software and hardware maintenance insurance policies that represent an enforceable right due to non-compliance of the supplier for the Group, and contributions.

Contributions that are recognized in this category include payments made for contributions or memberships with entities as long as their amortization does not exceed the fiscal period. Therefore, they are amortized during the accounting period, and they must have a balance of zero at the end of the period.

Prepaid expenses on account of insurance policies are amortized during the term of such expenses.

3.16. Intangible Assets

These are non-monetary identifiable assets without physical substance, which are held to be used for the production or supply of goods and services.

Initial recognition. Intangible assets are recognized, if and only if, it is probable that the expected future economic rewards attributable to the asset will flow to the entity and their cost can be reliably measured.

Probability criteria are applied to intangible assets that are acquired independently or in a business combination. In addition, their fair value can be measured with sufficient reliability to be recognized separately from goodwill.

Later disbursements. Los desembolsos posteriores se reconocen como un gasto cuando se incurre en ellos, por concepto de desembolsos de investigación, cuando se traten de desembolsos de desarrollo que no satisfacen los criterios de reconocimiento de activo intangible. Los desembolsos posteriores, se reconocen como un activo intangible si es un desembolso de desarrollo que satisface los criterios de reconocimiento de activo intangible.

All IT software that is strategic for the Group is classified under this category, in addition to projects that have a long estimated useful life. These projects generally involve substantial amounts, and the Group includes software licenses in this category.
Substantial local IT developments are also included.

Useful life. An intangible asset is considered to have an indefinite useful life when, based on the analysis of all relevant factors, there is no foreseeable limit to the period in which the asset is expected to generate net cash inflows for the Group.

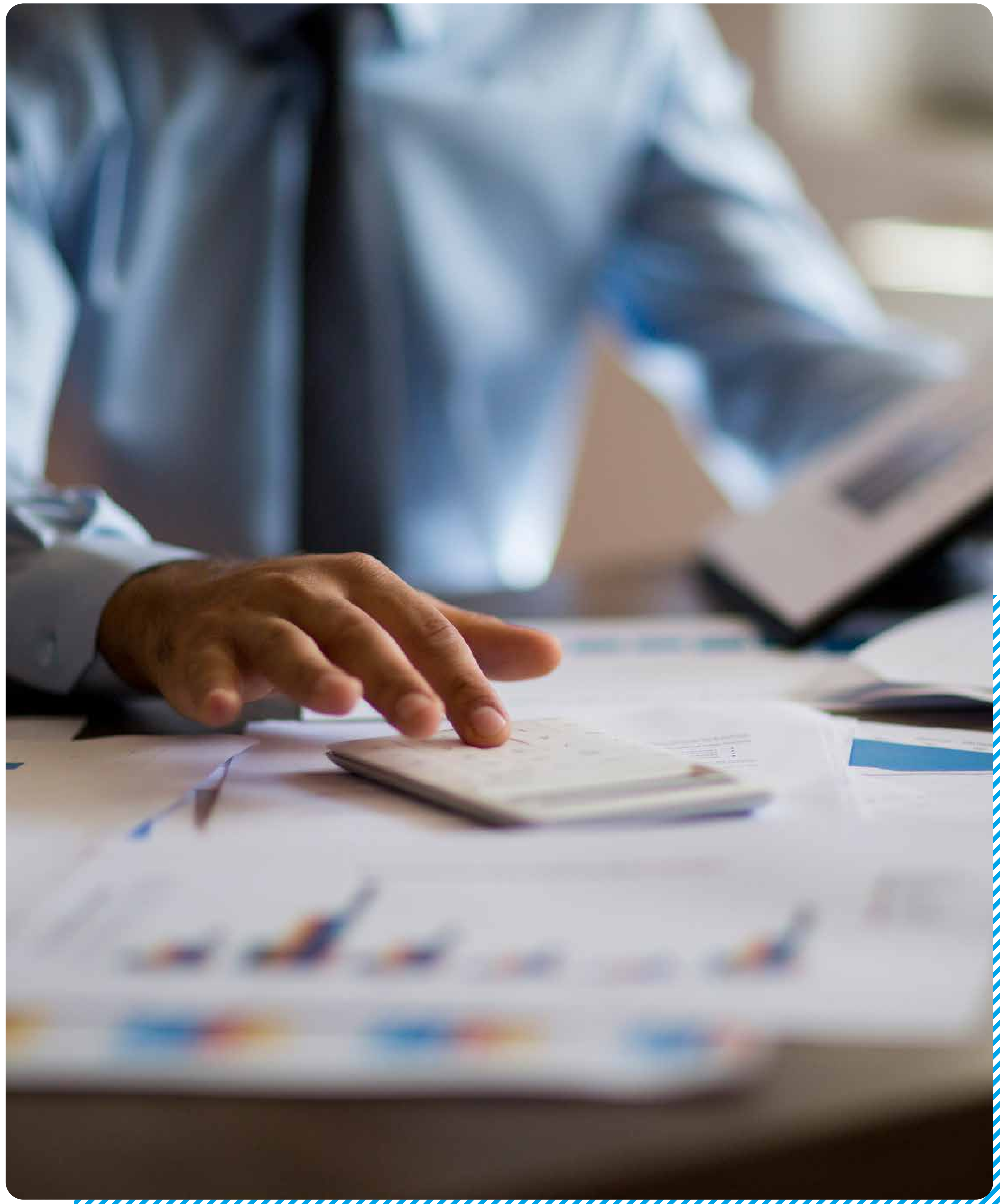
The Group, in line with the policies adopted by its parent company, has established a period of five (5) years for amortization of intangible assets (software, licenses and substantial applications), except when, after an analysis of the expected future economic rewards, this term could be extended.

Subsequent measurement. The Group measures its intangible assets using the cost model. Based on the criteria established in IAS 38 - Intangible Assets, for its own software, useful life is defined as finite and the amortization period is dependent upon the time during which the future economic rewards are expected to be obtained, which is five years according to the Group's accounting policies (see above paragraph).

The subsequent measurement of intangible assets is its cost less, when applicable, the accumulated amortization and any impairment loss.

Intangible assets with a defined useful life are amortized based on the benefit generation pattern during their useful life. When this pattern cannot be reliably determined, the asset is amortized using the straight line method.

Amortization begins when the asset is in the conditions expected for its use and will end when the asset is classified as a non-current asset for sale or when it is derecognized from the balance sheet.
Subsequent disbursements of an intangible item are recognized as an expense unless they are part of the intangible asset meeting the recognition criteria for this category.



Impairment of Software

Impairment tests must be made twice a year (at the June and December cut-off dates), both for software in use and in the development phase.

Impairment tests have two phases:

The first phase is to assess whether there are any indications of impairment. The following are considered indications of software impairment:

- If the software is not used, it must necessarily be impaired.
- Verification that the software is not expected to be used or to provide the service for which it was developed.
- Any other circumstances that indicates that the recoverable value of the asset is less than its carrying amount.
- Substitution of an old platform or application for a new one. In these cases, in order to determine whether indications of impairment effectively exist, an assessment must be made of any transition periods in which both platforms/applications may coexist.
- When the software was allocated to a business line that was abandoned.

In any of the above circumstances, or in the event of any other perceived circumstance of impairment, the process should move on to the second phase of test to calculate the estimated impairment.

The second phase consists in calculating the impairment value.

Performance of an impairment test does not necessarily imply impairment of the full value of the asset. In other words, the outcome of the analysis is not necessarily that the software has no value. In the event the software is in use but there are indications of its impairment and it is considered that it is not appropriate to fully impair it, the value in use of the asset must be determined, to which end the net cash flows (inflows and outflows) derived from its use must be estimated and discounted using a market rate.

If the loss of value arises because a given functionality of a specific software package is no longer used, and a separate cost of development of such functionality is available, the amount pending amortization of that functionality will be impaired. If it is not possible to estimate a recoverable value in a reliable manner, the full amount of the asset is impaired.

In the case of software under development, the following circumstances could indicate that the development is not expected to be completed and deployed. It should be noted that it may include debatable indications and not hard evidence that determines the existence of impairment.

- No funds for the project's expenses or budget.
- Programming issues that cannot be resolved in a timely manner.
- Substantial cost overruns.
- Information indicating that the costs of internally developed software exceed the cost of comparable software provided by third parties, in such a manner that it indicates that management should attempt to acquire the third-party software rather than complete the internal development.
- The introduction of new technologies that increase the probability that management will choose to acquire third-party software rather than complete the internal project.
- Insufficient profitability of the segment/business unit the software belongs to or the potential discontinuation of the line.

At the end of each period, the Group evaluates the end date of the amortization to validate whether there is any sign of impairment in value of the intangible assets, by analyzing variables such as the right to use, term of use of the asset, condition of the asset and time of amortization.

3.17. Impairment of non-financial assets

Non-financial assets include property and equipment, and intangible assets are recognized at cost.

The Group has a periodic review scheme that incorporates a measurement of optimal recovery in order to detect and alert of asset impairment, through impairment testing based on internal and external sources. If, as a result of applying the test, signs or evidence of impairment are obtained for a type of asset, its recoverable amount will be calculated, i.e., the greater between its fair value and its value in use.

The value of an asset is impaired when its carrying value exceeds its recoverable value. This, in turn, is the greater between its fair value less the costs of disposal and its value in use, and the value in use is the present value of the future cash flows estimated to be obtained from an asset or cash-generating unit.
The recoverable value of an intangible asset is the greater between the value in use and its fair value less costs of disposal. The fair value of this type of asset will be calculated by the entity whenever there is evidence of impairment.

After recognizing a loss for impairment, the charges for the asset's depreciation will be adjusted in future periods, in order to distribute the revised carrying amount of the asset, minus its potential residual value, systematically over the remaining useful life.

3.18. Deposits and on-demand liabilities

Deposits and other on-demand liabilities. En este rubro se incluyen todas las obligaciones a la vista, con excepción de las cuentas de ahorro a plazo, que por sus características especiales no se consideran a la vista. Se entiende que son obligaciones a la vista aquellas cuyo pago pudo ser requerido en el periodo, es decir, no se consideran a la vista aquellas operaciones que pasan a ser exigibles el día siguiente del cierre. Los depósitos a la vista se reconocen inicialmente por el monto de la transacción, menos los costos inherentes a la misma.

Term deposits and other funding. This category presents the balances for funding transactions, in which there has been a period established with the customer through a security, at the end of which they are considered payable. Term deposits are initially recognized at the amount of the transaction less the inherent costs thereof.

Term deposits and other term liabilities are financial liabilities measured at amortized cost, which is determined using the effective interest rate method, given that the entity's intention is to hold these instruments until maturity.

For term liability transactions, the Group offers the CD Gift product, in which it provides a gift according to the amount and term of the security; the cost of this item is linked to the CD and is amortized during the period thereof, simulating amortized cost for accounting purposes.

Attributable costs . Transaction costs are treated as a lesser amount of the liability measured at amortized cost.

3.19. Financial obligations

They are financial liabilities that are initially recognized at fair value net of incurred transaction costs, and are subsequently classified as at amortized cost. They include obligations with other local banks; obligations with banks abroad are subsequently measured at amortized cost using the effective interest rate.

Banker's acceptances, which are bills accepted by financial entities to be paid to the beneficiaries within a term not to exceed six (6) months, are included in financial obligations. They may only be originated in import and export transactions or transactions for the purchase-sale of chattel assets in the country. When said bills are accepted, the net value of the right and the obligation of the banker's acceptance are recognized in liabilities. Subsequently, the value of the rights is assessed for credit risk.

3.20. Outstanding Investment Securities

These instruments include liabilities with subordinated bonds or ordinary bonds placed on the local market or abroad.

Regarding bonds issued in foreign currency, the Group, for initial recognition, records them at the price of the transaction, including the costs of the transaction, deferred over the life of the security and its subsequent measurement of the initially recorded amount, less principal reimbursements, plus or less the accumulated amortization of any difference between the initial amount and reimbursement value upon maturity. The effective interest rate in the amortized cost method is the IRR (Internal Rate of Return).

3.21. Labor liabilities

Labor liabilities are recognized on a monthly basis and adjusted at the end of each year based on legal provisions and labor agreements currently in force. The payroll system calculates the liability amount for each active employee.

Benefits are recorded when the Group has consumed the economic rewards derived from the provision of service by employees. In order to recognize it as a personnel or general expense, the entity differentiates between benefits and work tools.

Cumulative short-term benefits: Short-term employee benefits are those that the Group expects to fully settle within 12 months from the reporting date, such as wages and salaries, vacation and severance pay, among others. These benefits accrue as they are incurred by debiting income.

Long-term benefits: The Group has chosen to apply financial discounting techniques (accounting method and actuarial discount techniques) where it is required to use the actuarial hypotheses, directly affecting actuarial gains and losses in the income statement for benefits given to employees per five years of employment (seniority bonus).

Post-retirement and termination benefits: Post-retirement and termination benefits other than defined benefit contributions are recorded based on the report generated by the independent actuary by applying the Projected Credit Unit method and affecting the other comprehensive income account.

Retirement pensions: Current values for these commitments are calculated on an individual basis, having applied, in the case of active employees, the valuation method of the "projected credit unit"; this includes each year of service as generating an additional unit of entitlement to benefits, and values each of these units separately.

Post-employment liabilities are calculated following the criteria of IAS 19 - Employee Benefits of Annex 1.1 of the Technical Regulatory Framework (Decree 2420/2015 and its amendments), and the calculation of pension liabilities to be paid by the Group are disclosed in the notes to the financial

statements in accordance with the parameters established in Decree 1625/2016 (Articles 1.2.1.18.46 and following), reporting the variables used and the difference with the calculation made under IAS 19 - Employee Benefits.

Actuarial methods. Liabilities and the cost of services for the current period are calculated using the Projected Credit Unit method. This method quantifies the benefits of each participant in the plan as long as they are entitled to them, taking into account future salary increases and the formula for the plan to assign benefits. Therefore, the total estimated benefit that each participant is expected to be entitled to after departure from the entity is divided into units, each associated with one year of proven service, whether it is in the past or future.

The valuation will be carried out individually for each employee. By applying actuarial hypotheses, the amount of the projected benefit that depends on the estimated date of termination, the proven service and the salary at the time of the act is calculated.

The estimated benefit to which an individual is entitled, for purposes of a valuation associated with a termination date, corresponds to the benefit described in the plan calculated with the projected salary for the benefit at the expected date of termination.

The benefit attributed to service provided during a period is the difference between the liability from the valuation at the end of the period less the liability at the start of the period, i.e., at the valuation date.

Therefore, the liability for defined benefits at the end of the period is calculated by applying the proportion between proven service at the date of measurement and the total service that each participant will provide until the expected date of termination to the total amount of estimated benefits.

The liability for benefits defined under the plan is the sum of the liability for each individual at the date of measurement, and the cost of services for the current plan period is calculated as the sum of costs of individual services for the current period.

The Group establishes its pension liability based upon the actuarial valuation that covers all personnel, who according to legal standards are entitled to, or have the expectation of, a retirement pension at the expense of the company, and covers the benefits established in the current pension system.

For commitments for post-employment compensation, the Group applies the defined contribution plan and the defined benefits plan.

Defined contribution plans. In these plans, the Group's liability is limited to the contribution that it has agreed to deliver to a pension fund or insurance company. As a result, the actuarial and investment risk is assumed by the employee.

Defined benefits plans. The liability of the Group is to provide the agreed benefits to current and former employees. The actuarial risk (in the event that people have a greater cost than expected) and the investment risk are assumed by the Group.

Currently, Colpensiones (formerly, Instituto de Seguros Sociales "ISS") and other entities authorized by law (private AFPs since 1994), receive contributions from the Group and its employees to the General Pension System, so those entities are responsible for covering the disability, old age and death risks defined by the System in favor of the employees. The pension liability directly under the Group's responsibility essentially corresponds to personnel hired during or before 1960, and/or those hired up to 1984 who worked in certain regions of the country where the Group had offices but where the ISS did not cover disability, old age and death risks. The liability amount is determined based on actuarial studies adjusted in accordance with the applicable provisions and regulations on the matter.

The total amount of the reserve, as well as the actuarial gains or losses generated were assumed by the Group and were accounted for based on the guidelines of IAS 19 - Employee Benefits, where the present cost of the service and the net interest of the liability are recognized in the statement of income for the period, while new measurements of the liability for defined benefits (actuarial gains and losses) are recognized in Other Comprehensive Income.

3.22. Estimated Liabilities and Provisions

They include the amounts recognized to cover the Group's current liabilities derived from past events that are clearly identified according to their nature, but have an undetermined amount or payment date, settlement of which will probably require an outflow of resources embodying economic benefits from the Group.

These liabilities may arise from legal or contractual provisions, valid expectations created by the Group regarding third parties in connection with taking on certain types of liabilities or through the expected development of the regulatory standards of the entities' operations, and specifically, draft regulations from which the Group cannot be released.

Provisions are liabilities in which there is uncertainty as to their amount or due date. These provisions are recognized in the balance sheet when there is a current liability (legal or implicit) as a result of past actions or events and an outflow of resources from the Group to settle the liability is probable, and the amount of these resources can be reliably measured.

When the effect of the time value of money is significant, the amount of the provision is the present value of the expenses expected to be incurred in settlement.

Among other items, these provisions include commitments made with employees, as well as provisions for tax and legal disputes.

The provisions are recalculated at each reporting date and are used to cover the specific liabilities for which they were originally recognized; they may be subsequently reversed, in full or in part, when such liabilities cease to exist or decrease.

The provisions are classified based on the liabilities covered, as follows:

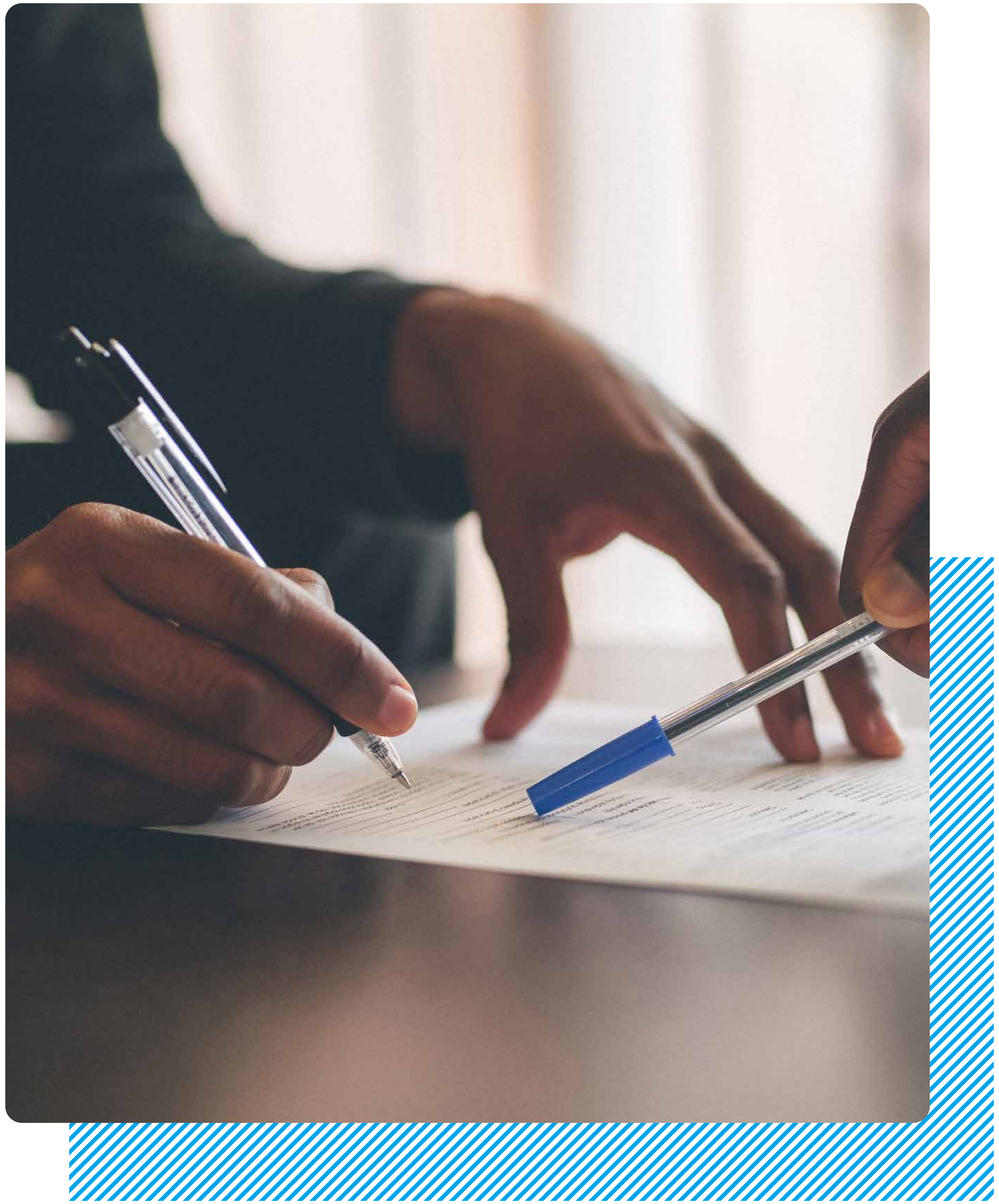
- Provisions for tax and legal disputes.
- Provisions for contingent credit risk.
- Provisions for other contingencies.

Contingent assets are not recognized in the balance sheet or in profit and loss, but they are reported in the financial statements provided the increase in resources that embody economic rewards for this reason is probable.

Additionally, BBVA Colombia uses a decision tree to find the best estimate for the establishment of provisions, under the following criteria:

- Probable: They are recognized and disclosed
- Probable: They are recognized and disclosed
- Remote: They are neither recognized nor disclosed.

Contingent liabilities are the Group's possible liabilities, arising as are a result of past events, whose existence is conditional on the occurrence or non-occurrence of future events that are beyond the Group's control. They also include the entity's current liabilities whose settlement is not probable to produce an outflow of resources embodying economic benefits or whose amount, in extremely rare cases, cannot be quantified with sufficient reliability.



3.23. Income tax

The income tax expense represents the amount of the current income tax payable and the deferred income tax.

Current income tax. The current tax payable is based on the taxable income recording during the year. Taxable income is different from the income recorded in the profit and loss statement and other comprehensive income, due to the taxable or deductible income or expense items in other years and items that are never taxable or deductible. The Bank's liabilities for current income tax are calculated using the tax rates enacted or substantially enacted at the end of the reporting period. The Bank determines the provision for income tax based on the taxable profit or presumptive income, whichever is higher, estimated at the rates specified by the tax law.

Deferred income tax. The deferred income tax is recognized on temporary differences between the carrying value of the assets and liabilities included in the financial statements and the corresponding tax bases used to determine taxable income. The deferred income tax liability is generally recognized for all temporary tax differences. A deferred income tax asset will be recognized for all the deductible temporary differences, to the extent that it is probable that the entity will have future taxable income against which it can offset the deductible temporary differences. These assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that does not affect taxable income or accounting income.

The deferred tax from taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, must be recognized, except those in which the Bank can control the underlying temporary difference and when there is the possibility that it may not be reversed in the near future.

The carrying value of a deferred income tax asset must be subject to review at the end of each reporting period and it must be reduced, inasmuch as there will not be sufficient taxable income in the future to recover all or part of the asset.

The deferred income tax assets and liabilities must be measured using the tax rates expected to be applicable in the period in which the assets are realized or the liabilities are canceled, based on the rates (and tax laws) enacted or substantially enacted at the end of the reporting period following the approval process.

Accounting record. Current and deferred income taxes shall be recognized in the profit and loss statement, except when they are related to items recorded in other comprehensive income or directly in equity, in which case the current or deferred income tax is also recognized in other comprehensive income or directly in equity, respectively; in the case of a business combination when the current or deferred income tax arises from the opening entry of the business combination, the tax effect is considered in the entry of the business.

3.24. Real value unit – RVU

The Real Value Unit (UVR, for the Spanish original) is certified by the Central Bank and reflects purchasing power based on the variation of the Consumer Price Index (CPI) during the calendar month immediately prior to the month when the calculation period starts.

The UVR is a unit of measure used for calculating the cost of mortgage loans that allows financial entities to maintain the purchasing power of the money lent. The methodology used for calculating such indicator was established by the Board of Directors of the Central Bank, in strict compliance with the order issued by the Constitutional Court in Ruling C-955/2000.

The Group carries out transactions to obtain savings deposits, and grant short- and long-term loans and investments in real value units (RVU) translated into local currency in conformity with the provisions of Law 546 / December 23, 1999, which created the legal framework for housing financing.
This law established the general objectives and criteria the National Government should be subject to in order to regulate the system, further creating savings instruments devoted to such financing; the financing system is stated in Real Value Units (UVR) and reflects the purchasing power of money, which implies that it is linked to the consumer price index.

3.25. Adequate equity

According to the provisions of Section 2.1 of Chapter XIII-16 of the Basic Accounting and Financial Notice (Public Notice 100/1995 of the Financial Superintendence of Colombia (SFC)), the Bank's adequate equity must comply with the following two minimum levels of solvency:

- Basic solvency ratio: The value of Ordinary Basic Equity Net of Deductions (hereinafter PBO, for the Spanish original) divided by the value of credit risk weighted assets (APNR, for the Spanish original) and market and operational risks. This ratio must not be lower than 4.5%.

$$\text{Basic solvency} = \frac{PBO}{APNR + \frac{100}{9}\left(VaR_{RM} + VaR_{RO}\right)} \geq 45\%$$

- Additional Basic Solvency Ratio: It is defined as the sum of the value of the PBO and the Additional Basic Equity (PBA, for the Spanish original) divided by the value of the APNR and market and operational risks. This ratio must not be lower than 6%.

$$\text{Additional Basic Solvency} = \frac{PBO + PBA}{APNR + \frac{100}{9}\left(VaR_{RM} + VaR_{RO}\right)} \geq 6\%$$

- Leverage Ratio: It is defined as the sum of the values of PBO and PBA divided by the leverage value. This ratio must not be lower than 3%.

$$\text{Leverage Ratio} = \frac{PBO + PBA}{\text{Leverage Value}} \geq 3\%$$

- Total Solvency Ratio: It is defined as the value of Technical Equity (PT, for the Spanish original) divided by the value of the APNR and market and operational risks. This ratio must not be lower than 9%.

$$\text{Total Solvency} = \frac{PT}{APNR + \frac{100}{9}\left(VaR_{RM} + VaR_{RO}\right)} \geq 9$$

Where:

***PT* =** Value of Technical Equity calculated as per the instructions given in Subsection 2.3 of this Chapter.

***APNR* =** Assets Weighted by Credit Risk Level calculated in accordance with the instructions given in Section 2.4 of Chapter XIII-16 of the Basic Accounting and Financial Notice (Public Notice 100/1995 of the Financial Superintendence of Colombia - SFC) and in Form 239 (Proforma F.1000-141 "Solvency Margin Information Report and Other Equity Requirements and Solvency Margin Law Control Statement".

⟦VaR⟧_RM = Value of market risk exposure calculated as per the instructions given in Chapter XXI "Rules Concerning the Market Risk Management System" of the Basic Accounting and Financial Notice (CBCF).

⟦VaR⟧_RO = Value of the operational risk exposure calculated in accordance with the instructions set forth in Chapter XXIII "Rules Related to Operational Risk Management" of the Basic Accounting and Financial Notice (CBCF).

Leverage value. It is the sum of the value of all assets net of allowances; net exposures in all repurchase and repo, simultaneous and temporary security transfer transactions; credit exposures in all derivative financial instruments; and the exposure value of all contingencies. To determine the exposure value of the contingencies, the nominal amount of the exposure, net of allowances, must be multiplied by the applicable credit conversion factor as established in items a) to c) of Article 2.1.1.3.5 of Decree 2555/2010.

The value of the assets deducted to calculate the PBO, pursuant to Article 2.1.1.1.11 of Decree 2555/2010, or deducted to calculate the PT, pursuant to Article 2.1.1.3.2 (10) of Decree 2555/2010, must be computed at a value of zero for purposes of determining the leverage value.

The calculation of each of the items that make up the minimum solvency ratios and buffers must be made considering the monthly and quarterly information of the Exclusive Financial Reporting Catalog for Monitoring Purposes and Form 239 (Proforma F.1000-141 "Report on the Solvency Margin and Other Equity Requirements and Solvency Margin Control Statement"), as indicated in each of the components of the solvency ratios and buffers, as well as the current instructions established for the Consolidated Financial Statements..

3.26. Share issue premium

The share issue premium is the additional value to the nominal value of the shares that is charged when transferring them and arises when the shares are placed in the market at a price that is higher than the nominal value.

It is originated in a share subscription agreement and is a legally valid option; however, while the shares obtained as a result of the aforementioned contract are part of the share capital, the premium, as an additional value to the nominal value of the share, constitutes an equity item crediting the legal reserve.

3.27. Recognition of revenue and expenses

Interest revenue and expenses and service fees are recognized in the statement of income for the fiscal year as they accrue, based on the time of the transactions that give rise thereto. Revenues are measured at the fair value of the consideration received or to be received, and represent amounts receivable for the services provided, net of discounts and value added tax. The Group recognizes revenue when its amount can be reliably measured, it is probable that the future economic rewards will flow to the entity and when specific criteria have been met for each of the Group's activities.

The recognition of interest revenue is applied using the effective interest method, which is a method to calculate the amortized cost of an asset and allocate the interest revenue over the relevant period. The effective interest rate exactly equals estimated future cash payments or collections during the expected life of the financial instrument, or whenever appropriate, for a shorter period, at the initial net carrying value of the asset. To calculate the effective interest rate, cash flows are estimated considering all the contractual terms of the financial instrument, without considering future credit losses and considering the initial balance of the transaction or loan granted, transaction costs and premiums granted, less the fees and discounts received, which are an integral part of the effective rate.

For the recognition of general revenues and expenses, the Group uses the general principles of the conceptual framework, such as: accrual basis, record, certainty, reliable measurement, correlation of revenues and expenses, consideration of cost/benefit, valuation and materiality.

The Group recognizes revenue on the sale of property when the risks and rewards of ownership are transferred to the buyer, it does not retain ownership or control of the properties sold, the amount of revenue can be reliably measured, it is probable to receive the economic rewards associated with the transaction and the costs incurred in the transaction can be reliably measured.

Revenue and expenses arising from transactions or services that extend over time are recognized over the life of said transactions or services.

Dividends received by non-controlled entities and joint ventures are recognized when the right to receive them has been established.

From the legal standpoint, default interests are contractually agreed and can be equated with variable interests incurred on account of debtor default. These interests are incurred when the contractual obligation to do so arises, regardless of future credit losses, as established by the definition of the effective interest rate; therefore, said balance is part of the total debt with the customer, which is assessed to determine impairment by following the procedures in place to do so, either through individual or collective assessment.

IFRS 15 establishes a conceptual framework to determine the time and the amount of revenue recognition. This standard is applicable since January 1, 2018 and replaced IAS 18 Revenue from Ordinary Activities, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs.

Customer Loyalty. The Group classifies the system of points awarded to its customers for the use of electronic means of payment under this item; these points can be redeemed in different forms.

On account of customer loyalty, the Bank recognizes a deferred liability that is amortized as customers redeem their points, based on the model designed for points awarded for customer loyalty. The Group runs a loyalty program, in which customers accumulate points for purchases, entitling them to redeem the points for rewards in accordance with the policies and the reward scheme at the time of redemption.

Fee revenues. In general, revenues are recorded at the time of accrual of the service, as required in the new standard; no variable components related to the revenues are observed, nor are any remunerations other than cash received.

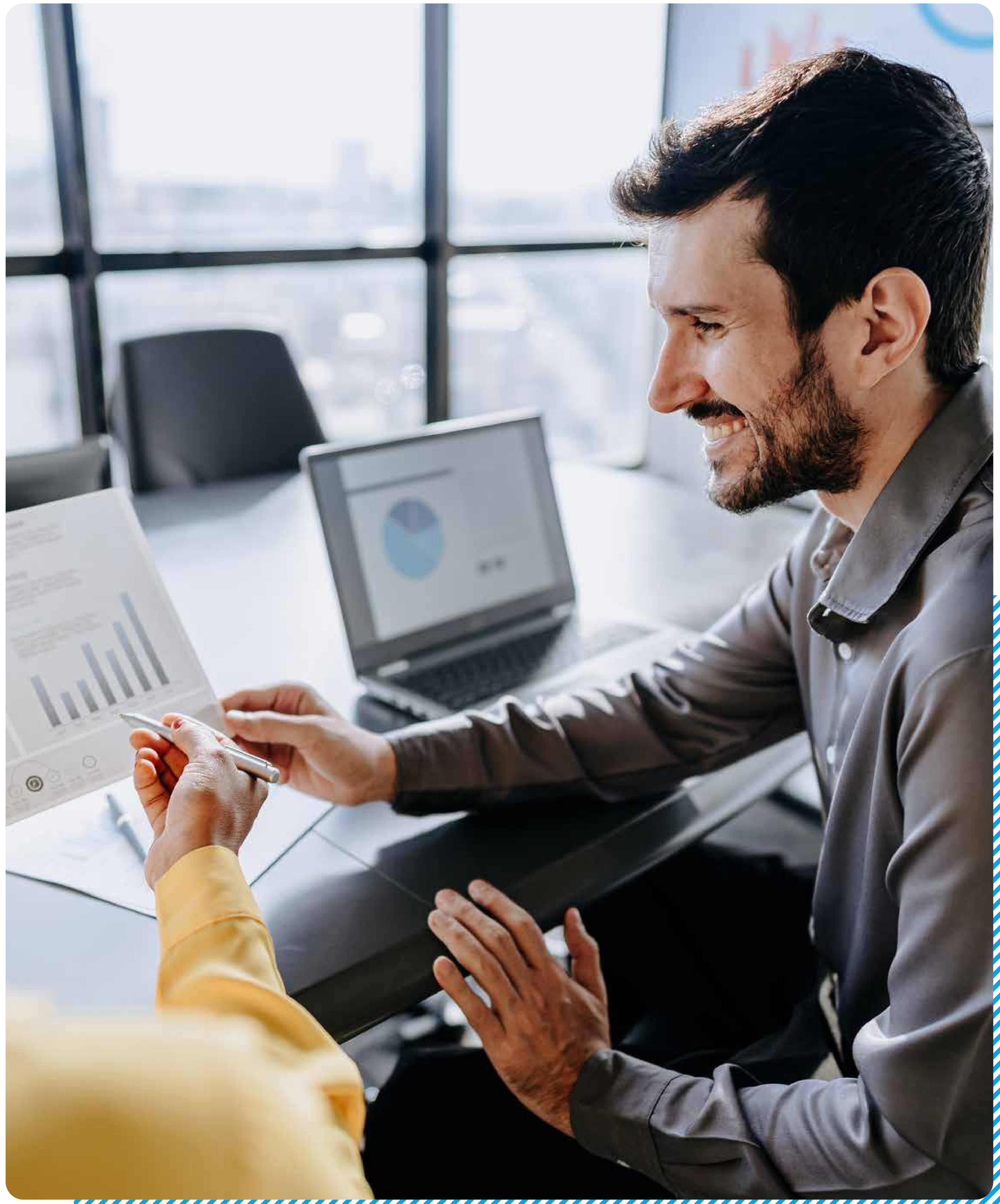
3.28. Earnings per share

Basic earnings per share are calculated by dividing the earnings or losses attributable to the holders of ordinary equity instruments of the controlling company (numerator) by the weighted average of ordinary subscribed and paid-in shares, both common and preferred, outstanding (denominator), during the year.

Diluted earnings per share are calculated by adjusting the year's earnings attributable to the owners of the controlling company and the weighted average ordinary shares outstanding for all the dilutive effects inherent to potential ordinary shares.

This information is intended to provide a measure of the interest of each ordinary share of the controlling company in the entity's performance during the reporting period.

Since the Bank has no financial instruments with a dilutive effect, basic and diluted earnings per share are the same.



4. Business Segments

4.1. Description of the Segments

For BBVA it is essential to make available to customers opportunities of value that fit their needs; it consequently directs and values the performance of its operations by business segments, and transactions between them are made under regulated commercial terms and conditions. This disclosure reports how the Group has managed the business segments at December 31, 2023 compared to the same period in 2022.

To carry out the commercial activity, BBVA Colombia has established a specialized banking structure to serve different business segments, as follows:

- Commercial Banking: responsible for managing the retail business and the segment of individuals. Commercial banking manages the entire segment of individuals, which is made up of consumer and mortgage loans, means of payment and consumer finance.
- Enterprise and Institutional Banking (EIB): Responsible for managing corporate customers from the public and private sector.
- Corporate and Investment Banking (CIB): the banking segment responsible for corporate customers, in addition to treasury transactions and investment banking. Corporate and Investment Banking Colombia: Is the area within the Bank responsible for serving major corporate customers and financial institutions, by offering, in addition to the traditional financial products, services and products with high value added in order for them to fulfill their objectives in the different local and international markets.
- Assets and Liabilities Committee (COAP, for the Spanish original): It is the unit that manages the Bank's liquidity and sets the transfer prices for resources and portfolio going to and from all other banking segments.

In addition, several business sub-segments have been defined within these banking segments in order to direct commercial actions effectively, in accordance with customer profiles, framed within the Group's strategic objectives for the growth of the franchise in Colombia.

On its part, BBVA Colombia as a group actively promotes its participation through its affiliates:

- BBVA Valores: Its corporate purpose is the development of the commission contract for the purchase and sale of securities, the development of security funds management contracts for its domestic and foreign customers, and the performance of transactions on its own behalf.
- BBVA Fiduciaria: BBVA Asset Management is the unit of the BBVA Group that encompasses the investment and pension fund management companies at the global level.

Allocation of operating expenses

In relation to the accounting of BBVA Colombia's direct and indirect expenses, they are recorded in each of the cost centers generating said expenses; however, if there are any items affecting the cost centers of core areas after this distribution, they are distributed to the banking segments using the apportionment line, in accordance with the distribution criteria established by the business areas of the Bank's general management.

Cross-selling

When two business areas are involved in the sale or placement of the bank's products, the actual accounting record of the profit from the transaction is made in just one area in order to avoid duplication. However, the Bank has cross-selling agreements through which the profitability generated by such sales is analyzed and the percentage to be paid to the banking or business area that arranged the transaction is established, decreasing by the same value the profitability of the other banking segment in which the profit was initially recorded, using the Bank's offsetting accounts.

Other Segments

The banking segments other than those mentioned above are grouped in the "other" segment, including the Core and Complementary Areas.

4.2. Income by Segment at December 31, 2023 and December 31, 2022

The information below contains the distribution by the Group's segments, which is carried out based on corporate guidelines that allow the monitoring and management areas to maintain efficient control of customer behavior for capture and placement products.

To this effect, the Group has created a strategic structure of categories that groups the activity into each segment based on accounting information. This allows the business and financial areas to establish suitable market and monitoring strategies based on the behavior of each assessed segment.

The comparative analysis of balance sheet figures at year-end 2022 and 2023 allows the assessment of business behavior in comparable and similar periods.

Below are the details of the accumulated balance sheet for the periods at December 2023 and 2022 by business segments:

Results by Business Segment at December 31, 2023

Item	Group Total	Commercial Banking	EIB	BBVA VALORES	BBVA FIDUCIARIA	CIB	COAP	Other
Cash and central banks	4,791,350	2,202,100	16,327	29,745	66,591	19,084	2,451,045	6,458
Financial intermediaries	6,662,525	1,604,197	11,081,750	0	0	4,272,365	-10,366,385	70,598
Securities portfolio	19,136,342	0	0	27,133	55,882	13,113,894	6,022,448	-83,015
Net credit investment	72,196,110	45,955,773	16,041,42 8	0	0	10,310,297	1,071	-112,459
Consumer	23,373,459	23,401,969	971	0	0	7	0	-29,488
Cards	3,679,770	3,679,486	105	0	0	18	0	160
Mortgage	13,928,476	13,915,359	2,617	0	0	0	0	10,500
Enterprise	30,516,369	4,021,427	16,158,993	0	0	10,440,157	0	-104,208
Other	698,036	937,532	-121,258	0	0	-129,885	1,071	10,576
Net fixed assets	1,099,566	181,717	1,571	0	0	15,459	-1	900,820
Other assets	2,024,281	599,902	15,953	8,520	18,996	-112,506	234,453	1,258,964
Total assets	105,910,174	50,543,689	27,157,0 29	65,398	141,469	27,618,593	-1,657,369	2,041,36 5
Financial intermediaries	2,606,869	19,686,013	4,680,344	-10	0	11,543,100	-34,624,412	1,321,834
Customer resources	79,703,150	27,478,200	20,493,972	0	0	5,649,597	26,073,120	8,261
On-demand	8,209,694	3,139,662	3,865,852	0	0	1,196,760	0	7,420
Savings	31,601,482	14,264,515	12,952,125	0	0	4,384,297	0	545
CDs	36,471,945	10,074,023	3,675,995	0	0	68,540	22,653,091	296
Bonds	3,420,029	0	0	0	0	0	3,420,029	0
Other liabilities	17,026,197	1,768,616	1,065,395	10,583	23,532	9,795,452	2,471,372	1,891,259
Total liabilities	COP 99,336,216	COP 48,932,829	COP 26,239,711	COP 10,573	COP 23,532	COP 26,988,149	COP -6,079,920	COP 3,221,354

Note: For the effects of segmentation, the groups are presented differently from the financial statements, following the corporate model. Closing balance at December 31, 2023.

Note: The eliminations were included in the COAP segment

Results by Business Segment at December 31, 2022

Item	Group Total	Commercial Banking	EIB	BBVA VALORES	BBVA FIDUCIARIA	CIB	COAP	Other
Cash and central banks	COP 3,576,818	COP 2,264,716	COP 3,953	COP 17,853	COP 35,983	COP 18,688	COP 1,020,669	COP 214,956
Financial intermediaries	7,013,099	1,270,090	7,880,061	0	0	8,130,300	-10,260,061	-7,291
Securities portfolio	18,567,958	0	0	21,890	64,397	11,778,255	6,789,702	-86,286
Net credit investment	67,817,628	42,700,240	15,396,803	0	0	9,739,734	652	-19,801
Consumer	21,936,273	21,965,348	1,380	0	0	119	0	-30,574
Cards	3,021,035	3,020,880	123	0	0	0	0	32
Mortgage	13,656,987	13,654,690	2,442	0	0	0	0	-145
Enterprise	29,582,913	4,143,605	15,559,588	0	0	9,879,697	0	23
Other	-379,580	-84,283	-166,730	0	0	-140,082	652	10,863
Net fixed assets	1,013,337	155,663	1,610	0	0	17,539	0	838,525
Other assets	1,594,931	446,656	32,929	5,463	16.461	451,689	196,486	445,247
Total assets	99,583,771	46,837,365	23,315,356	45,206	116,841	30,136,205	(2,252,552)	1,385,350
Financial intermediaries	2,730,486	19,029,318	3,926,670	10,915	0	11,610,919	-31,952,116	104,780
Customer resources	70,442,803	24,361,822	17,527,899	0	0	5,809,763	22,734,512	8,807
On-demand	9,267,388	3,415,967	4,407,376	0	0	1,435,886	0	8,159
Savings	30,001,359	15,057,710	10,579,196	0	0	4,363,881	0	572
CDs	28,525,003	5,888,145	2,541,327	0	0	9,996	20,085,459	76
Bonds	2,649,053	0	0	0	0	0	2,649,053	0
Other liabilities	19,690,780	1,610,842	1,029,671	3,256	12,111	12,182,225	2,761,865	2,090,810
Total liabilities	COP 92,864,069	COP 45,001,982	COP 22,484,240	COP 14,171	COP 12,111	COP 29,602,907	COP -6.455,739	COP 2,204,397

Note: For the effects of segmentation, the groups are presented differently from the financial statements, following the corporate model. Balance at December 31, 2022

Note: The eliminations were included in the COAP segment

The breakdown by banking type at December 2023 indicates that the banking segments with the greatest shares of the Group's total assets are Commercial at 47.7%, Corporate and Investment Banking (CIB) with 26.1%, and Companies and Institutional Banking (BEI) with 25.6%.

Regarding liabilities, the banking segments with the highest share in terms of customer funds are Commercial at 34.5%, COAP at 32.7%, BEI at 25.7% and CIB at 7.1%.

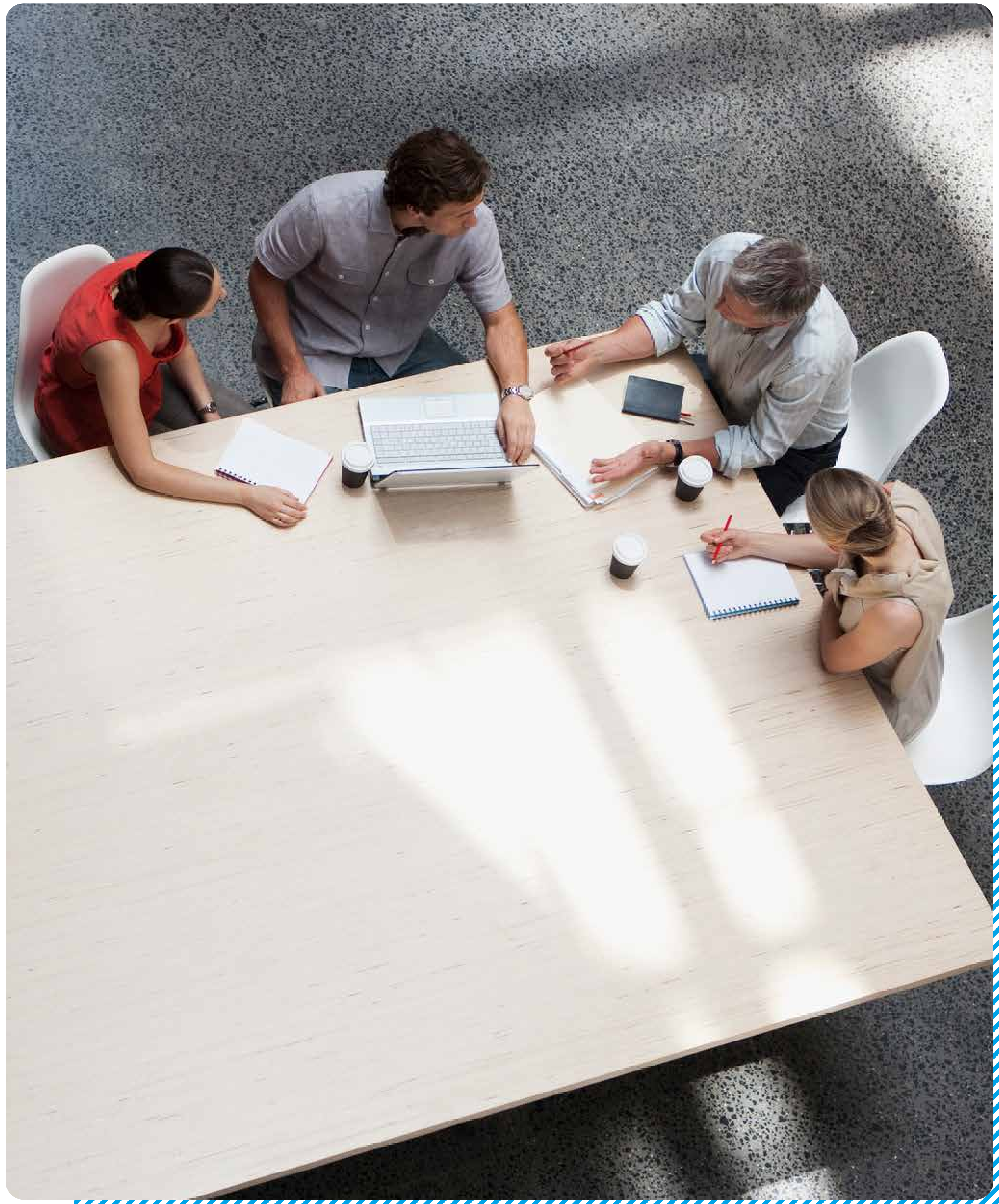
In terms of line items, BBVA Group's Cash and Central Banks item recorded an annual variation of 34% compared to 2022. The securities portfolio increased by 3.1%, explained by growth of CIB by +COP 1,335,639, due to the effective management of high-value legal entity clients, with the aim of maximizing benefits from the appreciation of the Colombian peso at the end of 2023.

Net Credit Investments increased by 6.5%, driven mainly by the variations recorded in Commercial (+COP 3,255,534), BEI (+COP 644,626), and EIB (+COP 570,564). This growth is the result of the digital approach in offering credit products, with the aim of offering customized opportunities to customers, making them more accessible and adapting to their needs. In Commercial Banking, the growth of Credit Investment is mainly due to the +21.8% increase in Cards, the +6.5% increase in Consumer Loans. In EIB, the growth in credit is also mainly due to the 3.9% increase in loans to companies.

Total assets increased by 6.4%, mainly thanks to the increase of BEI by +COP 3,841,673, in line with BBVA's commitment to the business sector, becoming a partner that facilitates the development of new projects through financing, contributing to the creation of more job opportunities for Colombians, in addition to driving economic growth.
In turn, liability financial intermediaries showed a decrease of -4.5%. In relation to customer deposits through on-demand and savings accounts, they increased by +COP 1,831,405 at EIB, and decreased by -COP 1,069,145 in Commercial and by -COP 218,710 in CIB.

In turn, the COAP, which is the area responsible for raising corporate customer funds through certificates of deposit, accounts for 62.1% of the Bank's total CDs. These CDs increased by +COP 2,567,632 compared to December 31, 2022, due to greater appetite for these instruments because of the high rates during 2023. On the other hand, the growth in bonds 2023 (+COP 770,976) was driven by the issuance of the first blue bond and first social bond of Colombia in international markets, demonstrating a strong commitment to inclusive growth in the country.

The COAP showed negative assets and liabilities driven by the Financial Intermediaries lines of assets and liabilities. Each banking segment has its primary function, acting as either attractors (bringing funds to the Group) or placement agents (generating credit investment). Therefore, the COAP is the area responsible for collecting the excess funds from an attractor banking segment and "transferring" them to a placement banking segment. However, in order not to affect the financial statements of the attractor banking segment, the COAP "transfers" the investment generated to the attractor banking segment. This is done to reconcile the balance sheets of the banking segments and to show how the Bank functions as a whole, without punishing



and recognizing the function of each banking segment. The asset financial intermediaries decreased by -COP 106,324 year-on-year, while the liability financial intermediaries decreased by -COP 2,672,296 year-on-year, behaving in line with the Bank's activity.

The "other" areas segment includes the central, means and financial complementary areas. They are all areas that provide support for the other banking segments. The Means area includes the Formalization Center, which mainly manages credit investments that are not segmented. The Core areas includes the central account, which reconciles the Bank's balance sheet and is where the investment assets for holdings in subsidiaries are included. The assets of the "Other" segment are mostly made up of net fixed assets. The total assets of this segment reported an increase of +COP 656,015. The "other" area is also responsible for eliminating duplicates caused by transactions between banking segments or in which more than one banking segment participates. It also includes all the components of the central areas and the adjustments of the Financial Statements of the Business Areas (EFAN, for the Spanish original). Adjustments through the EFAN include the standardization of local vs. international regulations and reciprocal activities between different countries/banking segments.

In this note it is important to highlight the results of BBVA Valores Colombia S.A. Comisionistas de Bolsa and BBVA Asset Management S.A. Sociedad Fiduciaria. The total assets of BBVA Valores Colombia S.A. Comisionistas de Bolsa reported an increase of +COP 20,192, thus closing with a total of COP 65,398 in December 2023.

Total assets of BBVA Asset Management S.A. Sociedad Fiduciaria increased by +COP 24,628 reaching a total of COP 141,469 in December 2023.

Below are the details of the accumulated income statement for the periods at December 2023 and 2022 by business segments:

Results by Segment at December 31, 2023

Item	Total Bank	Commercial Banking	EIB	BBVA VALORES	BBVA FIDUCIARIA	CIB	COAP	Other
Interest margin	3,226,472	3,870,372	1,035,658	5,180	8,001	324,624	-1,728,031	-289,332
Net fees	564,667	126,361	341,719	16,953	92,723	167,926	-16,074	-164,941
Other financial transactions	386,940	76,900	54,744	5,217	8,900	490,104	-231,694	-17,231
Other net ordinary income	-274,484	-41,781	-16,660	5,451	-5,128	-7,858	-140,878	-67,630
Gross margin	3,903,595	4,031,852	1,415,461	32,801	104,496	974,796	-2,116,677	-539,134
General administrative expenses	-1,802,459	-982,503	-115,366	-14,056	-37,490	-111,186	-941	-540,917
Personnel expenses	-841,683	-299,920	-60,350	-11,328	-18,413	-45,210	-84	-406,378
Overhead	-788,672	-583,824	-22,089	-2,302	-16,845	-30,225	1,060	-134,447
Taxes (Contributions and Taxes)	-172,104	-98,759	-32,927	-426	-2,232	-35,751	-1,917	-92
Amortization and depreciation	-129,310	-47,147	-568	-239	-2,471	-4,931	0	-73,954
Apportionment of expenses	0	-426,075	-132,500	0	0	-47,384	-45,831	651,790
Net margin	1,971,826	2,576,127	1,167,027	18,506	64,535	811,295	-2,163,449	-502,215
Asset impairment loss	-1,537,388	-1,525,240	11,523	0	0	10,156	957	-34,784
Credit to provisions	-20,739	-7,882	-1,287	-19	-1,422	-1,058	-135	-8,936
Other non-ordinary income	-73	0	0	0	0	-734	0	661
Profit Before Taxes	413,626	1,043,005	1,177,263	18,487	63,113	819,659	-2,162,627	-545,274
Corporate tax	-169,770	-325,486	-368,900	-6,897	-27,991	-255,805	696,028	119,281
Profit After Taxes	243,856	717,519	808,363	11,590	35,122	563,854	-1,466,599	-425,993
Non-controlling interest	2,572	0	0	0	0	0	0	2,572
Total PAT	246,428	717,519	808,363	11,590	35,122	563,854	-1,466,599	-423,421

Note: For the effects of segmentation, the groups are presented differently from the financial statements, following the corporate model. Closing balance at December 31, 2023.

Note: The eliminations were included in the COAP segment.

Results by Segment at December 31, 2022

Item	Total Bank	Commercial Banking	EIB	BBVA VALORES	BBVA FIDUCIARIA	CIB	COAP	Other
Interest margin	COP 3,753,849	COP 3,493,967	COP 1,076,409	COP 1,984	COP 5,046	COP 319,472	COP -1,326,876	COP 183,847
Net fees	559,092	269,209	269,231	4,992	66,916	155,095	-7,751	-198,600
Other financial transactions	473,883	67,531	44,490	3,995	1,408	426,152	-70,692	999
Other net ordinary income	-191,802	-17,594	-9,110	273	331	-3,529	-139,353	-22,820
Gross margin	4,595,022	3,813,113	1,381,020	11,244	73,701	897,190	-1,544,672	-36,574
General administrative expenses	-1,592,792	-908,517	-84,063	-9,135	-31,011	-94,200	-2,354	-463,512
Personnel expenses	-798,689	-309,727	-48,283	-7,244	-15,320	-39,425	-78	-378,612
Overhead	-694,397	-532,534	-19,509	-1,731	-14,375	-28,466	-1,532	-96,250
Taxes (Contributions and Taxes)	-99,706	-66,256	-16,271	-160	-1,316	-26,309	-744	11,350
Amortization and depreciation	-116,747	-46,241	-510	-652	-1,122	-3,186	0	-65,036
Apportionment of expenses	0	-372,346	-105,687	0	0	-36,290	-30,914	545,237
Net margin	2,885,483	2,486,009	1,190,760	1,457	41,568	763,514	-1,577,940	-19,885
Asset impairment loss	-1,046,358	-866,911	-92,516	0	0	-61,951	3,619	-28,599
Credit to provisions	-315,438	-6,681	-893	0	-755	-881	-318	-305,910
Other non-ordinary income	55,307	0	0	188	0	0	0	55,119
Profit Before Taxes	1,578,994	1,612,417	1,097,351	1,645	40,813	700,682	-1,574,639	-299,275
Corporate tax	-552,719	-521,632	-366,426	152	-16,969	-233,971	448,013	138,114
Profit After Taxes	COP 1,026,275	COP 1,090,785	COP 730,925	1,797	23,844	COP 466,711	COP -1,126,626	COP -161,161
Non-controlling interest	1,391	0	0	0	0	0	0	1,391
Total PAT	1,027,666	1,090,785	730,925	1,797	23.844	466,711	-1,126,626	-159,770

Note: For the effects of segmentation, the groups are presented differently from the financial statements, following the corporate model. Closing balance at December 31, 2022.

Note: The eliminations were included in the COAP segment

In viewing the income statements at December 2023, the banking line that produced greatest benefits for the Group was BEI, followed by Commercial, CIB, BBVA Asset Management S.A. Sociedad Fiduciaria and BBVA Valores Colombia S.A Comisionistas de Bolsa, which confirms the Group's focus on the business sector, and its adaptation to slower growth in the commercial portfolio due to the effect of a healthy reduction in credit. In turn, the performance of the "other" areas was negative, because their main function is to oversee the Bank's correct internal operation.

COAP is the unit that manages the Group's liquidity and sets the transfer prices for the resources and portfolios flowing to and from all other banking segments. There was a decrease of -COP 401,155 in the interest margin. The gross margin was -COP 2,116,677.

The other areas are responsible for eliminating duplicates caused by transactions between banking segments or in which more than one banking segment participates. Also, the latter includes all the expenses of the core areas and the adjustments to the Financial Statements of the Business Areas (EFAN, for the Spanish original). The central and means areas perform activities related to investment assets and central account, and the activities of the formalization center (credit investment). Finally, the central area is the segment with highest expenses (including the salaries of all the individuals from areas that are not in the business areas and administrative overhead).

BBVA Asset Management S.A. Sociedad Fiduciaria displays PAT growth of 47.3%, closing with PAT of COP 35,122 year to date at December 2023. The PAT of BBVA Valores Colombia S. A Comisionistas de Bolsa was COP 11,590, up by +COP 9,793 compared to the same period in 2022.

The Group's interest margin showed a decrease of 14% compared to December 2022, a figure primarily attributed to an increase in interest expense. Even though the increase of 100 Bp in the Central Bank's intervention rate over the year has an impact that lowers demand, it should be noted that Commercial Banking grew by +COP 376,405 (+10.8%) and CIB grew by +COP 5,152 (+1.6%), displaying healthy growth.

The Bank's gross margin grew 15.0% compared to the fourth period of 2022 for which Commercial Banking showed the best performance with a variation of +COP 218,739 (+5.7%), followed by EIB with a variation of +COP 77,606 (+8.6%). These variations are mainly driven by Net Fees, thanks to the digital transformation approach that increases transactions providing effective tools that enhance the clients' experience.

The Group's general administrative expenses increased by 13.2%, explained by the variation of COAP (-60%).

Lastly, the Group's after-tax profit decreased by 76.2% compared to December 31, 2022, as the sustained increase in inflation produced an impact on Impairment Losses on Assets of 46.9% and a drop in the Interest Margin of 14%. The best performing banking segments were BEI and CIB.

5. Maturity of assets or expiration of liabilities

The Group has analyzed the maturities of derivative and non-derivative financial assets and liabilities, showing the following contractual maturities that have not been discounted for:

Loan portfolio and financial lease transactions; bank loans and other financial liabilities. The Group's loan portfolio maturity analysis involves an assessment of the expiration dates of financial assets and liabilities, for which the periodic amortization of the principal and interest of each obligation is taken into account, as contractually agreed with the customer.

The aging process is carried out by considering the balance sheet asset positions of the credit investments and segmented according to the final maturity date of each contract, classified by commercial, consumer, mortgage and micro-credit loan portfolios, assessing them separately for local currency and total currency.

Investment Financial Assets. The maturity of the principal and interest of investment financial assets in fixed-yield debt securities at fair value through profit or loss and at amortized cost are classified in the time periods defined by the Superintendence, taking into account the financial conditions of each security. The portfolio of investment financial assets includes securities issued by the Nation and, to a lesser extent, private debt securities, with an average maturity of more than twelve months. The securities consist mainly of Treasury Securities (TES), Short-term Treasury Securities (TCO) and Certificates of Deposit (CDs).

Deposits and current liabilities . The maturity of savings deposits and checking accounts is carried out statistically by combining the historical behavior of the specific balances and the cancellation of accounts, in a system of conditioned probabilities, thus generating a logarithmic behavior in the aging of the deposits. Fixed term certificates of deposit are aged according to the conditions agreed with the customer.

Below is a list of the maturities of discounted and non-discounted financial assets and liabilities:

December 31, 2023 - Maturity of Assets

Item	0-1	1-3	3-5	More than 5	Total
Cash and deposits in banks	COP 8,580,285	COP 0	COP 0	COP 0	COP 8,580,285
Cash equivalent investment funds	29,057	0	0	0	29,057
Money market transactions	2,576,131	0	0	0	2,576,131
Investments at fair value through profit or loss	1,913,315	856,833	360,743	592,104	3,722,995
Investments at fair value through OCI	38,942	2,339,576	121,301	436,120	2,935,939
Investments at amortized cost	0	3,254,551	4,038	0	3,258,589
Investments in Subsidiaries and Joint Ventures	0	0	0	167,573	167,573
Derivative financial instruments and cash hedging transactions	0	218,963	0	0	218,963
Derivative financial instruments and money market trading	6,132,532	1,098,246	915,835	1,174,033	9,320,646
Commercial loan portfolio	16,491,881	5,791,188	6,252,997	2,560,646	31,096,712
Consumer loan portfolio	6,700,385	7,858,980	8,994,667	6,088,406	29,642,438
Mortgage loan portfolio	1,803,067	2,181,371	3,023,475	8,153,929	15,161,842
Micro-credit loan portfolio	0	1	1	6	8
Other non-maturing assets	0	0	0	2,493,058	2,493,058
Total maturity of assets	COP 44,265,595	COP 23,599,709	COP 19,673,057	COP 21,665,875	COP 109,204,236

The total of the loan portfolio and leasing transactions does not include an allowance for COP 3,602,739, intangible assets or investments in joint arrangements.

December 31, 2023 - Maturity of Liabilities

Item	0-1	1-3	3-5	More than 5	Total
Checking accounts	COP 7,926,833	COP 0	COP 0	COP 0	COP 7,926,833
Certificates of deposit	24,021,907	7,146,213	3,635,503	1,670,245	36,473,868
Savings deposits, single deposits, special savings accounts, electronic deposits, banks and correspondents, and real value savings certificates	10,005,156	2,627,273	4,090,331	14,824,336	31,547,096
Current liabilities for services	522,286	0	0	0	522,286
Money market transactions	2,718,258	0	0	0	2,718,258
Special deposits	684,235	0	0	0	684,235
Derivative financial instruments and cash hedging transactions	14,336	0	0	0	14,336
Derivative financial instruments and money market trading	6,412,091	1,131,429	822,357	1,178,834	9,544,711
Bank credits and other financial obligations	1,067,995	1,248,814	1,440,274	1,380,791	5,137,874
Outstanding investment securities	0	1,535,545	746,540	237,247	2,519,332
Other non-maturing financial liabilities	0	0	0	2,247,387	2,247,387
Total maturity of liabilities	COP 53,373,097	COP 13,689,274	COP 10,735,005	COP 21,538,840	COP 99,336,216

December 31, 2022 - Maturity of Assets

Item	0-1	1-3	3-5	More than 5	Total
Cash and deposits in banks	COP 9,390,148	COP 0	COP 0	COP 0	COP 9,390,148
Cash equivalent investment funds	24,979	0	0	0	24,979
Money market transactions	897,569	0	0	0	897,569
Investments at fair value through profit or loss	855,968	524,626	241,582	594,205	2,216,381
Investments at fair value through OCI	2,040,213	1,059,711	116,522	330,224	3,546,670
Investments at amortized cost	3,009,738	0	0	4,045	3,013,783
Investments in Subsidiaries and Joint Ventures	0	0	0	183,496	183,496
Derivative financial instruments and cash hedging transactions	0	569,176	0	0	569,176
Derivative financial instruments and money market trading	3,154,003	2,034,864	1,475,223	2,828,002	9,492,092
Commercial loan portfolio	17,118,181	6,501,897	4,086,025	2,323,586	30,029,689
Consumer loan portfolio	12,700,659	9,150,164	4,283,573	323,616	26,458,012
Mortgage loan portfolio	3,322,142	3,440,384	3,839,389	4,058,977	14,660,892
Micro-credit loan portfolio	1	1	6	0	8
Other non-maturing assets	0	0	0	2,064,565	2,064,565
Total maturity of assets	COP 52,513,601	COP 23,280,823	COP 14,042,320	COP 12,710,716	COP 102,547,460

The total of the loan portfolio and leasing transactions does not include an allowance for COP 3,480,513.

December 31, 2022 - Maturity of Liabilities

Item	0-1	1-3	3-5	More than 5	Total
Checking accounts	COP 9,022,045	COP 0	COP 0	COP 0	COP 9,022,045
Certificates of deposit	9,320,120	2,636,786	3,777,971	12,816,090	28,550,967
Savings deposits, single deposits, special savings accounts, electronic deposits, banks and correspondents, and real value savings certificates	15,537,325	7,727,311	4,376,968	2,338,671	29,980,275
Current liabilities for services	417,958	0	0	0	417,958
Money market transactions	3,204,093	0	0	0	3,204,093
Special deposits	1,174,119	0	0	0	1,174,119
Derivative financial instruments and money market trading	3,559,106	2,490,858	1,520,211	2,621,111	10,191,286
Bank credits and other financial obligations	520,812	1,079,331	1,765,481	2,005,060	5,370,684
Outstanding investment securities	176,874	1,685,739	177,094	637,083	2,676,790
Other non-maturing financial liabilities	0	0	0	2,272,384	2,272,384
Total maturity of liabilities	COP 42,932,452	COP 15,620,025	COP 11,617,725	COP 22,690,399	COP 92,860,601

6. Foreign currency transactions

The Group carried out transactions in the year 2023 in Euro (EUR), British pound (GBP), Canadian dollar (CAD), Swiss franc (CHF), Japanese yen (JPY), Swedish krona (SEK), Chinese yuan (CNY), Mexican peso (MXN) and US dollar (USD), the latter currency being the most representative currency of operation for the Group.

Therefore, at December 31, 2023 and 2022, the balances in foreign currency were restated in terms of US dollars (USD):

* Amounts in millions of USD

Item	2023	2022
Spot proprietary position	USD 512	USD 939
Proprietary position	11	-29
Gross leverage position	USD 36,484	USD 35,279

These values are within the legal limits in force and effect established by the Central Bank of Colombia.

At December 31, 2023 and 2022, the breakdown of foreign-currency assets and liabilities, equivalent in thousands of US dollars, is as follows:

* Amounts in millions of USD

	NOTE	2023		2022	
Assets					
Cash and cash equivalents	(7)	USD	967	USD	1,204
Loan portfolio and financial lease transactions (net)	(10)		352		400
Accounts Receivable, Net	(13)		76		181
Total assets in foreign currency			1,395		1,785
Liabilities					
Customer deposits	(19)	USD	146	USD	175
Financial obligations	(21)		487		600
Outstanding investment securities	(22)		522		403
Accounts Payable	(23)		9		5
Other Liabilities			1		1
Total liabilities in foreign currency			1,165		1,184
Net assets (liabilities) in foreign currency			230		601
Spot transactions in USD			8		9
Cash transactions in foreign currencies			2		1
Forex			5		12
Total rights			15		22
Spot transactions in USD			68		1
Forex			5		12
Total liabilities			73		13
Net rights (liabilities) in foreign currency			-58		9
Exclusions according to the standards of DODM-139/05-25-2015 issued by the Central Bank of Colombia			340		330
Spot proprietary position		USD	512	USD	940

Exchange differences

The functional and presentation currency of the financial statements of BBVA Colombia is the Colombian peso, known as COP; foreign currency transactions and balances are translated at the official exchange rate regulated by the Central Bank of Colombia and supervised by the Financial Superintendence of Colombia (SFC, for the Spanish original).

The market representative exchange rates for the 2023 and 2022 periods were:

Item	2023	2022
Spot exchange rate (TRM)	COP 3,822.05	COP 4,810.20

*Market Representative Exchange Rate in Pesos

The exchange difference reflected in the statement income, both in revenue and expenses, is a result of the restatement of assets and liabilities, as well as asset realization of transactions in currencies other than the functional currency, all subject to translation at the exchange rates in force.

At December 31, 2023 and 2022, the details of the exchange difference in income are as follows:

Item	2023	2022
Operating revenue - exchange gain	COP 1,375,251	COP 1,934,763
Operating expenses - exchange loss	-1,851,907	-765,350
Net loss (gain)	COP -476,656	COP 1,169,413
Item	**2023**	**2022**
Operating revenue - gain on sales	COP 20,473	COP 632,593
Net gain	20,473	632,593
Operating revenue -gain due to exchange adjustment	1,354,778	1,302,170
Operating revenue -loss due to exchange adjustment	-1,851,907	-765,350
Net loss	-497,129	536,820
Net loss (gain)	COP -476,656	COP 1,169,413

Below is the calculation of the gain and/or loss from the exchange difference in 2023:

Item	Amount in millions of USD	Amount in millions of Colombian pesos	Average Exchange Rate
Spot proprietary position in Dec 2023	939	4,516,276	4,810.20
Purchases	51,053	219,646,790	4,302.34
Position before sales	51,992	224,163,066	4,311.51
Sales	51,480	222,350,281	4,276.65

Item	Amount in millions of USD	Amount in millions of Colombian pesos	Average Exchange Rate
Gain in sales		20,473	
Adjusted proprietary position	512	1,956,233	3,822.05
Loss due to exchange difference		-497,129	
Net loss		COP -476,656	

Al December 31, 2023 the spot exchange rate (TRM) decreased by 20.54%, equivalent to -COP 988.15 pesos, compared to December 31, 2022.

At year-end 2023, the net loss totaled 476,656. At December 2023, assets displayed a -21.84% decrease, equivalent to USD 389,420. Similarly, liabilities decreased by -2.11%, equivalent to -USD 18,042.

In turn, the volume of both purchases and sales for 2023 increased by USD 1,946,820 million and USD 2,185,358 million, respectively.

The net loss is basically the effect of the exchange rate volatility, particularly during July and December 2023, in the amount of COP 3,898.48 and COP 3,822.05 respectively.

7. Cash and cash equivalents

At December 31, 2023, the balance of this account is summarized as follows:

Item	2023	2022
Local currency in Colombian pesos:		
Cash	COP 2,633,812	COP 2,654,400
Deposits in the Central Bank	2,246,028	936,965
Deposits in other banks	4,699	6,156
Remittances in transit of negotiated checks	26	1,636
Subtotal cash and deposits in banks in local currency	4,884,565	3,599,157
Foreign currency		
Cash	668	15
Foreign correspondents	3,695,090	5,791,292
Impairment foreign correspondents	-38	-316
Subtotal cash and bank deposits in foreign currency	3,695,720	5,790,991
Total cash and deposits in banks	8,580,285	9,390,148
Investment funds	29,057	24,979
Money market and related operations	2,576,131	897,569
Total cash and cash equivalents	COP 11,185,473	COP 10,312,696

Cash and/or cash equivalents include cash, bank deposits, remittances, funds in clearance and money market asset transactions. Between 2022 and 2023, the most significant transactions in legal currency as reflected in the Central Bank of Colombia balance increased by 139.71%, equivalent to COP 1,309,063, due to Treasury strategies. On the foreign currency side, foreign correspondent banks reported a decrease of 36.20%, in an amount of COP 2,096,202, arising from the number of transactions in foreign currency.

Legal reserve in Colombia: at December 31, 2023 and 2022, the legal reserve required and maintained in the Central Bank of Colombia amounted to COP 3,918,725 and COP 3,684,094, to cover liquidity requirements in deposits and current liabilities, respectively. The restriction is determined according to the cash reserve standards set by the Central Bank of Colombia's Board of Directors and is based on percentages of the average deposits held in the Bank by its customers.

There was a reduction in the provision for foreign exchange between 2023 and 2022 of 87.97%, equivalent to COP 278, based on the activities performed by each area.

(1) At December 31, the balance of money market and related operations was broken down as follows:

Description	Days	Rate	2023	Days	Rate	2022
Ordinary interbank funds sold						
Banks	4 to 8 days	12.05%	COP 80,107	4 to 8 days	11.15%	COP 120,167
Subtotal ordinary interbank funds sold			80,107			120,167
Active simultaneous transactions						
Central Bank of Colombia	4 to 8 days	11.76%	1,899,845	4 to 8 days	6.66%	385,555.6
Insurance and reinsurance companies	More than 15 days	12.50%	50,212	More than 15 days	11.08%	77,354.4
Counterparty Clearing House	More than 15 days	12.12%	545,967		8.31%	314,492
Subtotal active simultaneous transactions			2,496,024			777,402
Total money market and related transactions			COP 2,576,131			COP 897,569

The COP 1,678,562 increase in 2023 compared to 2022 of money market transaction balances is mainly due to transactions with the Central Bank of Colombia.

There are no restrictions on cash and cash equivalents to meet the liquidity requirements in deposits and on-demand liabilities.

The quality indicators of the Central Bank of Colombia, as the sovereign entity where BBVA's funds are located, have the following international credit rating:

International Rating Agency	Moody's	Fitch Ratings
BBVA Colombia rating	Baa2	BBB-

Credit Quality					
Bank Name	Currency	Internal	External		
			S&P	FITCH	Moody's
Jp Morgan Chase	USD	A+	A+	AA	AA1
Citibank N.Y	USD	A+	A+	A	AA3
Wachovia	USD	A+	BBB-	A+	A1
Toronto Dominion	CAD	AA-	AA-	AA-	AA1
U.B.S.	CHF	A+	A+	A+	AA2
Barclays	GBP	A+	A+	A+	A1
Bank Of Tokyo	JPY	A1	A	A	A-
BBVA Hong Kong	CNY	-	-	-	-
BBVA N.Y. USA PNC	USD	A+	A	A+	AA3
BBVA Madrid	EUR	A	A	BBB+	A2
Bank Of America N.Y.	USD	AA	A+	AA	AA1
BBVA Bancomer México	MXN	BBB	BBB	BBB	BAA1
China Citic Bank	USD	BBB	BBB+	BBB	BAA2
BBVA Madrid	SEK	A	A	BBB+	A2

8. Financial investment assets, net

The following is a summary of financial investment assets:

Investments at fair value through profit or loss	2023	2022
Investments at fair value through profit or loss		
Treasury securities - TES	COP 2,420,506	COP 1,164,117
Other securities issued by the National Government	0	18,013
Other domestic issuers	1,302,489	1,034,252
Other foreign issuers	0	0
Subtotal investments at fair value through profit or loss (1)	COP 3,722,995	COP 2,216,382
Investments at fair value through OCI		
Treasury securities - TES	2,518,818	3,176,552
Other domestic issuers	421,381	370,118
Impairment of investments	-4,260	-2,870
Subtotal investments at fair value through OCI (2)	COP 2,935,939	COP 3,543,800
Investments at amortized cost		
Other securities issued by the National Government (3)	3,260,018	3,009,738
Other domestic issuers	4,045	4,045
Impairment of investments	-5,474	-3,849
Subtotal of investments at amortized cost	COP 3,258,589	COP 3,009,934
Total financial investment assets	COP 9,917,523	COP 8,770,116

1. Between December 2023 and December 2022, there was an increase of COP 1,506,613 in the portfolio measured at fair value through profit or loss, especially in Treasury Securities (TES) due to the purchase and sale of tradeable securities for speculative purposes, which due to the nature of the business, are carried out as part of the Bank's liquidity management activities.

2. Between December 2023 and December 2022 there was a reduction in the investments at fair value through OCI delivered in money market transactions of COP 607,861, basically TES treasury securities, and a slight increase in other national issuers.

3. Investments at amortized cost increased by COP 250,626 in other securities issued by the national government delivered in money market transactions and in financial instruments no transactions were made.

For the years 2023 and 2022, the entities with non-controlled interests declared dividends as follows:

Entity	2023			2022		
	In Shares	In Cash	Total	In Shares	In Cash	Total
Fondo para el Financiamiento del Sector Agropecuario “FINAGRO”	COP 1,082	COP 4,328	COP 5,410	COP 759	COP 3,036	COP 3,795
Bolsa de Valores de Colombia	0	3,874	3,874	0	2,605	2,605
ACH Colombia S.A	0	10,039	10,039	0	10,250	10,250
Cámara de Riesgo Central de Contraparte de Colombia S.A.	0	0	0	0	149	149
Credibanco	0	1,571	1,571	0	605	605
Redeban Multicolor S.A	0	0	0	0	474	474
Total	COP 1,082	COP 19,812	COP 20,894	COP 759	COP 17,119	COP 17,878

Investments in non-controlled interests. These are investments in equity instruments in non-controlled entities, consisting of the following at December 31, 2023 and 2022:

December 31, 2023

Item	Domicile	Share Capital	Shareholdings	Shareholdings Percentage %	Carrying Value	Assets	Liabilities	Profits and/or Losses
Investments in non-controlled entities								
Holding Bursatil Chilena SA	Bogotá D.C.	450,368	58,066	0	64,528	450,368	0	0
Credibanco S.A.	Bogotá D.C.	9,031	1,143	0	135,909	431,534	180,505	31,768
Fondo para el Financiamiento del Sector Agropecuario “FINAGRO”	Bogotá D.C.	413,051	37,535	0	40,951	18,215,627	17,009,890	150,454
A.C.H. Colombia S.A.	Bogotá D.C.	6,595	707	0	118,349	529,470	411,574	107,889
Redeban Multicolor S.A.	Bogotá D.C.	15,792	1,616	0	25,586	2,101,985	1,918,782	32,351
Total investments in non-controlled entities					385,323			

December 31, 2022

Item	Domicile	Capital	Equity Capital	Share Percentage %	Carrying Value	Assets	Liabilities	Profits and/or Losses
Investments in non-controlled entities								
Bolsa de Valores de Colombia S.A.	Bogotá D.C.	30,257	2,218	7.33%	36,435	632,260	29,164	37,579
Credibanco S.A.	Bogotá D.C.	9,031	1,142	12.65%	116,366	416,819	189,622	25,742
Fondo para el Financiamiento del Sector Agropecuario “FINAGRO”	Bogotá D.C.	408,640	37,145	9.09%	30,596	17,071,216	15,968,503	67,216
A.C.H. Colombia S.A.	Bogotá D.C.	6,595	707	10.72%	119,916	215,653	120,605	85,040
Redeban Multicolor S.A.	Bogotá D.C.	15,792	1,628	10.31%	26,913	981,505	817,262	33,799
Total investments in non-controlled entities					330,226			

For investments categorized as non-controlled holdings, their value is determined based on the valuation provided by "Precia" at the valuation date, considering any changes in equity that have occurred since acquiring the investment. To this effect, the variation in the issuer's equity is calculated based on the latest certified financial statements at December 31, 2023.

The valuation of investments held in Credibanco S.A., ACH Colombia S.A. and Redeban S.A. is recorded in Other Comprehensive Income.

Regarding investments classified as non-controlling interests, specifically those related to Fondo para el Financiamiento del Sector Agropecuario (FINAGRO), it is noted that their fair value cannot be determined because there are no quoted prices in the market.

To address this situation, an internal valuation is made using forecasts or estimates of future returns. This approach is aligned with best accounting practices and fair value is recognized through Internal Methods, which is considered the most appropriate option to accurately reflect the economic reality of such investments in the absence of an observable market value.

In November 2023 recognition was recorded of a share swap with no commercial or profit motive of the new Holding Bursátil Chilena S.A, also known as Nuam, which was created from the merger of the Securities Exchanges of Chile, Peru and Colombia. Such recognition was made based on the historical data of the investment held in shares of Bolsa de Valores de Colombia S.A (BVC), which were valued at a market price of COP 9,370 pesos at the cut-off date of November 14, 2023, and was updated at the price of the new shares of Holding Chilena, which will represent the acquisition price of the new entity. The OCI generated by BVC will be maintained as the historical cost of the new investment.

In the case of the interest in the new Holding Bursátil Chilena S.A., any valuation is recognized through other comprehensive income.

The following is the breakdown of investment financial assets by classification and type, excluding impairment, at December 31, 2023:

Breakdown of the Securities Portfolio at year-end 2023

Class of Security	Inv. at Fair Value through Profit or Loss		Inv. At Amortized Cost		Amortized Inv. at Fair Value through OCI		Overall Total
	Amount	%	Amount	%	Amount	%	
Ordinary Bonds	COP 15,843	0.43%	-	0.00%	-	0.00%	COP 15,843
CDs	1,286,646	34.56%	0	0.00%	20,485	0.70%	1,307,131
TDAs	0	0.00%	2,106,983	64.55%	0	0.00%	2,106,983
TIPS	0	0.00%	4,045	0.12%	15,573	0.53%	19,618
TDS	0	0.00%	1,153,035	35.33%	0	0.00%	1,153,035
Treasury Securities - TES	2,420,506	65.02%	0	0.00%	2,518,818	85.67%	4,939,324
Holding Brusatil Chilena	0	0.00%	0	0.00%	54,811	1.86%	54,811
Bolsa de Valores de Colombia	0	0.00%	0	0.00%	9,717	0.33%	9,717
A.C.H. Colombia S.A.	0	0.00%	0	0.00%	118,349	4.03%	118,349
Redeban Multicolor S.A.	0	0.00%	0	0.00%	25,586	0.87%	25,586
Credibanco S.A.	0	0.00%	0	0.00%	135,909	4.62%	135,909
Finagro	0	0.00%	0	0.00%	40,951	1.39%	40,951
Overall Total	COP 3,722,995	100%	COP 3,264,063	100%	COP 2,940,199	100%	COP 9,927,257
Contribution to year's net income	- 480,053		- 278,117		- 336,809		- 1,094,979
% Profitability		13%		9%		12%	

The composition of the investment portfolio as of December 31, 2022 was:

Breakdown of the Securities Portfolio at year-end 2022

Class of Security	Inv. at Fair Value through Profit or Loss		Inv. At Amortized Cost		Amortized Inv. at Fair Value through OCI		Overall Total
	Amount	%	Amount	%	Amount	%	
Ordinary Bonds	COP 46,454	2.10%	-	0.00%	COP 4,064	0.11%	COP 50,518
CDs	998,126	45.03%	0	0.00%	21,467	0.61%	1,019,593
TDAs	0	0.00%	1,871,817	62.11%	0	0.00%	1,871,817
TIPS	0	0.00%	4,044	0.13%	14,364	0.40%	18,408
TDS	0	0.00%	1,137,921	37.76%	0	0.00%	1,137,921
Treasury Securities - TES	1,164,117	52.52%	0	0.00%	3,176,552	89.56%	4,340,669
Constant value bonds	7,684	0.35%	0	0.00%	0	0.00%	7,684
Yankee bonds	0	0.00%	0	0.00%	36,434	1.03%	36,434
Credibanco	0	0.00%	0	0.00%	119,916	3.38%	119,916
Bolsa de Valores S.A.	0	0.00%	0	0.00%	26,913	0.76%	26,913
Redeban Multicolor S.A	0	0.00%	0	0.00%	116,366	3.28%	116,366
A.C.H Colombia S.A.	0	0.00%	0	0.00%	30,595	0.86%	30,595
Overall Total	COP 2,216,381	100%	COP 3,013,782	100%	COP 3,546,671	100%	COP 8.776,834
Contribution to year's net income	- 77,483		- 72,775		- 341,627		-491,885
% Profitability		4%		2%		10%	

The maturity of investment financial assets at December 31 was as follows:

December 31, 2023

Maturities Securities Portfolio (in Millions of Colombian Pesos)			2023	
Range	Inv. at Fair Value through Profit or Loss	Inv. At Amortized Cost	Inv. at Fair Value through OCI	Overall Total
Less than 1 year	COP 1,913,316	COP 3,260,018	COP 41,345	5,214,679
From 1 to 5 years	1,216,070	4,045	2,501,003	3,721,118
More than 5 years	593,609	-	397,851	991,460
Overall Total	COP 3,722,995	COP 3,264,063	COP 2,940,199	9,927,257

December 31, 2022

Maturities Securities Portfolio (in Millions of Colombian Pesos)			2022	
Range	Inv. at Fair Value through Profit or Loss	Inv. At Amortized Cost	Inv. at Fair Value through OCI	Overall Total
Less than 1 year	COP 846,973	COP 3,009,738	COP 2,036,150	5,892,861
From 1 to 5 years	774,453	0	1,180,297	1,954,750
More than 5 years	594,955	4,044	330,224	929,223
Overall Total	COP 2,216,381	COP 3,013,782	COP 3,546,671	8,776,834

Securities issued by Titularizadora Colombia TIPS, derived from Mortgage Portfolio Securitization processes in Colombian pesos, were issued in 10 and 15-year terms.

At December 31, 2023 and 2022, provisions were established on securities (INSC15061232/ INSZ15061232) for a total of COP 3,912 in accordance with the guidelines established by Chapter I – 1 of the Basic Accounting and Financial Notice (CBCF, for the Spanish original) (Public Notice 100/95) of the SFC, according to the instruction of Section 2.4 of Chapter XV of the CBCF.

In the years 2023 and 2022, the Bank did not participate in securitization processes.

There are currently 4 series on the market, of which the Group holds series B, MZ and C of the N-16 Pesos issue, for a total balance at December 31, 2023 and 2022 of COP 19,619 and COP 18,409, respectively.

The details and balance of the securities from securitization processes (TIPS) are shown in the table below:

Series	Nominal Value	Issue Date	Maturity Date	Term	2023	2022
TIPS Colombian Pesos N-16 B 2032	COP 16,604	12/07/2017	12/07/2032	15	COP 15,573	COP 14,363
TIPS Colombian Pesos N-16 MZ 2032	3,180	12/07/2017	12/07/2032	15	3,207	3,207
TIPS Colombian Pesos N-16 C 2032	830	12/07/2017	12/07/2032	15	839	839
Total	COP 20,614				COP 19,619	COP 18,409

At December 31, 2023, the distribution by rating of debt securities of investments at fair value through other comprehensive income and investments at amortized cost through profit or loss, was as follows:

Debt Securities Available for Sale				Debt Securities Held to Maturity			
S&P Global Rating issue	Carrying Value Sovereign Debt	Carrying Value Other Debt	%	S&P Global Rating issue	Carrying Value Sovereign Debt	Carrying Value Other Debt	%
A	COP 0	COP 336,777	0%	A	COP 0	COP 0	0%
BB+	2,518,818	0	99%	BB+	3,260,018	0	100%
Unclassified	0	15,573	1%	Unclassified	0	4,045	0%
Total	COP 2,518,818	COP 352,350	100%	Total	COP 3,260,018	COP 4,045	100%

December 2023

Valores representativos de deuda DPV				Valores representativos de deuda DPV			
S&P Global Rating issue	Carrying Value Sovereign Debt	Carrying Value Other Debt	%	S&P Global Rating issue	Carrying Value Sovereign Debt	Carrying Value Other Debt	%
A		COP 294,185	8%	A			0%
BB+	3,176,552	4,544	91%	BB+	3,009,738		100%
Unclassified		COP 14,364	0%	Unclassified		4,045	0%
Total	COP 3,176,552	COP 313,093	100%	Total	COP 3,009,738	COP 4,045	100%

Global Rating Agency

Issuer	CDT	TDA	TES	TIPS
Bancolombia S.A.	AAA			
DTN National Government (TES)			BBB	
FINAGRO		AAA		
Titularizadora Colombiana				
INSC15061232-229718				BB
INSZ15061232-229722				BBB-
TIPN16B32-229723				A-

Securities of issues or issuers with one or more ratings granted by external ratings agencies recognized by the Financial Superintendence of Colombia, or debt securities issued by entities that have been rated by the same agencies, may not be recognized in an amount exceeding the following percentages of their nominal value net of the amortization made up to the measurement date:

Long-term Rating	Maximum Value %	Short-term Rating	Maximum Value %
BB, BB, BB-	Ninety (90)	3	Ninety (90)
B, B, B-	Seventy (70)	4	Fifty (50)
CCC	Fifty (50)	5 and 6	Zero (0)
DD, EE	Zero (0)	-	-

Restrictions on Investments

At December 31, 2023, there are no restrictions on the aforementioned investments, except securities under the status of seizure, which increased compared to December 31, 2022; they are classified as at fair value through profit or loss. The seizures arise from legal rulings against the Bank, which arrive through the offices, Depósito Centralizado de Valores (DECEVAL) and/or the Central Bank of Colombia:

Class of Security	December 31, 2023	December 31, 2022
Certificates of deposit	850	77
Total	COP 850	COP 77

9. Derivative financial instruments and cash transactions- assets

The financial instruments traded by BBVA are classified as assets or liabilities (see Note 20) according to their results. At December 31, the balance of this account classified as an asset is summarized as follows:

Derivative financial instruments and (asset) cash transactions	2023	2022
Trading (1)	COP 9,320,646	COP 9,492,092
Hedging (2)	218,963	569,176
Total derivative financial instruments and (asset) cash transactions	COP 9,539,609	COP 10,061,268

9.1. Derivative Financial Instruments - Hedging

For this class of financial instrument, the difference in valuation between previous GAAP and the IFRS is the incorporation of the credit risk in each transaction, which is known as the CVA and DVA (credit or debit value adjustments), as applicable.

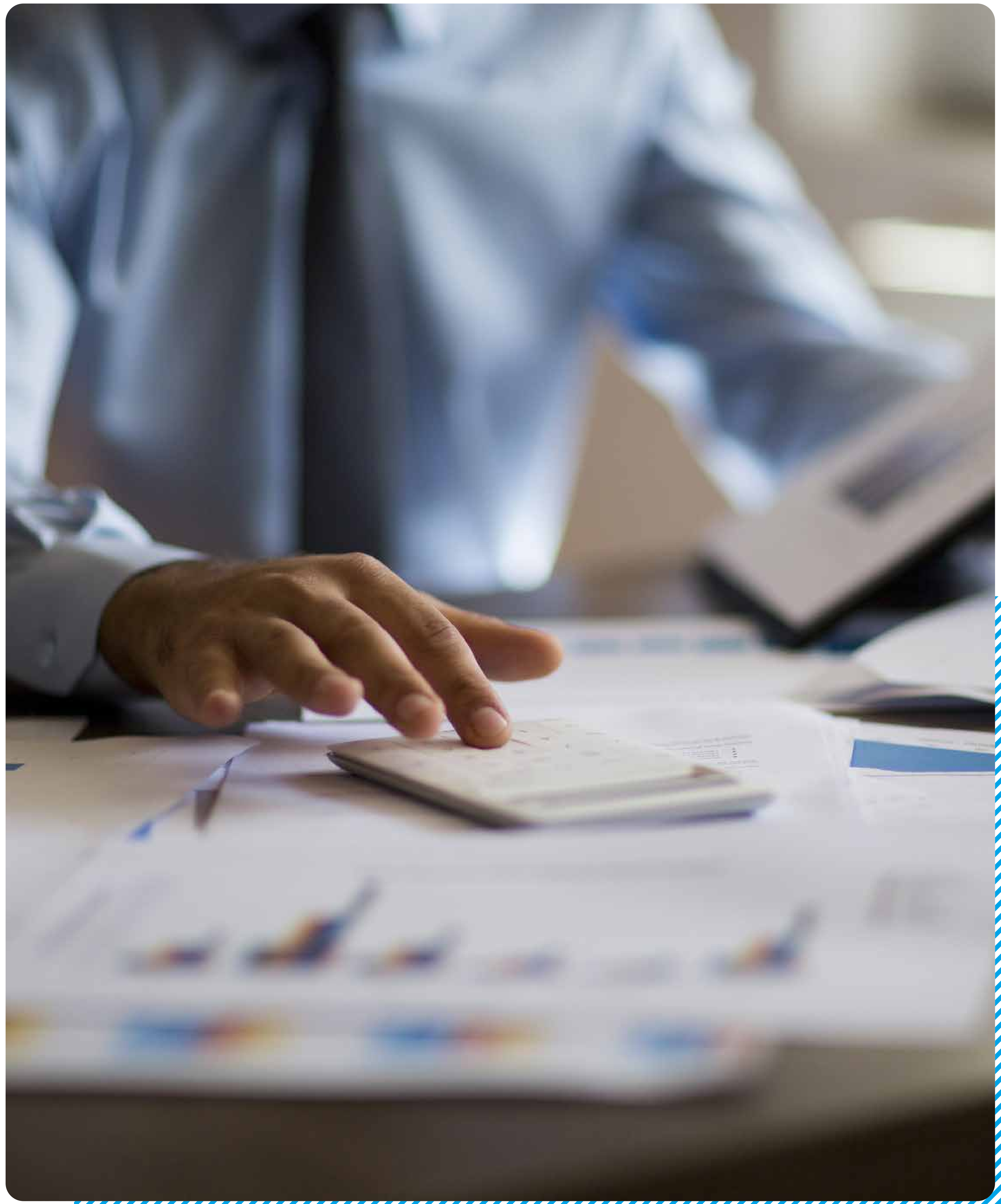
The financial instruments traded by BBVA are classified as assets or liabilities according to their results. At December 31, 2023, the balance of this account classified as an asset is summarized as follows:

Item	Notional Value		Fair Value	
Forward transactions	2023	2022	2023	2022
Purchase on foreign currency				
Rights	COP 699,237	COP 27,099,936	COP 665,697	COP 27,932,708
Obligations	0	0	-631,155	-26,129,743
Sale on foreign currency				
Rights	62,489,752	41,092,945	60,483,036	39,999,670
Obligations	0	0	-54,760,067	-39,195,858
Less credit risk	0	0	-1,429	-916
Total forward contracts	COP 63,188,989	COP 68,192,881	COP 5,756,082	COP 2,605,861

Item	Notional Value		Fair Value	
Cash transactions	2023	2022	2023	2022
Purchase on foreign currency				
Rights	COP 34,855	COP 8,361	COP 34,858	COP 8,413
Obligations	0	0	-34,666	-8,321
Sale on foreign currency				
Rights	183,545	0	183,422	0
Obligations	0	0	-182,901	0
Purchase on securities				
Rights	196,953	26,547	192,105	20,753
Obligations	0	0	-191,848	-20,733
Sale on securities				
Rights	18,024	53,130	16,047	40,424
Obligations	0	0	-16,030	-40,389
Total cash transactions	COP 433,377	COP 88,038	COP 987	COP 147

Item	Notional Value		Fair Value	
Options	2023	2022	2023	2022
Purchase - Put	COP 544,773	COP 514,897	COP 47,400	COP 11,764
Purchase - Call	796,623	766,208	5,672	37,433
Less CVA credit risk	0	0	-31	-79
Total options	COP 1,341,396	COP 1,281,105	COP 53,041	COP 49,118

Item	Notional Value		Fair Value	
Swaps	2023	2022	2023	2022
On interest rates				
Rights	COP 63,252,041	COP 63,089,163	COP 14,062,010	COP 13,408,911
Obligations	0	0	-11,834,967	-9,420,663
On currencies				
Rights	12,898,360	9,776,825	13,657,075	12,887,758
Obligations	0	0	-12,362,368	-10,017,033
Less CVA credit risk	0	0	-11,212	-22,007
Total swaps	COP 76,150,401	COP 72,865,988	COP 3,510,538	COP 6,836,966



Item	Notional Value		Fair Value	
Futures	**2023**	**2022**	**2023**	**2022**
Purchase on foreign currency				
Rights	COP 10,463,242	COP 8,070,501	COP 10,463,242	COP 8,070,501
Obligations	0	0	-10,463,242	-8,070,501
Sale on foreign currency				
Rights	13,038,777	13,237,057	13,038,777	13,237,057
Obligations	0	0	-13,038,777	-13,237,057
Total futures	23,502,019	21,307,558	0	0
Total cash transactions and derivatives	COP 164,616,182	COP 163,735,570	COP 9,320,648	COP 9,492,092

Below is the information on the value of CVA and DVA broken down by product, showing the product with the greatest impact for 2023 and 2022, respectively. Swaps represent 88.5% of the total CVA and DVA, also due to the higher volume and volatility in the rate and macroeconomic changes of transactions contracted up to 2023:

At December 31, 2023 and 2022, the total CVA (Credit Value Adjustments) was COP 12,672 and COP 23,002, and DVA (Debit Value Adjustments) was COP 17,399 and COP 29,178, respectively.

Product	2023	2022
	CVA	
FW Foreign Currencies	COP 24	COP 20
FW Dollars	1,405	896
Options	31	79
Swap	11,212	22,007
Total	12,672	23,002
	DVA	
FW Foreign Currencies	10	27
FW Dollars	2,042	1,149
Options	16	8
Swap	15,270	27,994
Total	COP 17,338	COP 29,178

Derivative transactions are basically covered with cross forwards.

The Group has conducted forward operations on foreign currencies, forwards on securities, futures on national bonds, at the spot exchange rate (TRM, for the Spanish original) and standardized forwards, options on foreign currencies, swaps on foreign currencies and swaps on interest rates, which are valued according to the provisions of Chapter XVIII of the Basic Accounting and Financial Notice.

As a general policy for derivative transactions, the Group is ruled by the standards issued by the Financial Superintendence of Colombia and it takes into account the restrictions and limits of proprietary position, the spot proprietary position, the leveraging position, and the interest rates established by the BBVA Group.

At December 31, 2023 and 2022, derivative transactions showed no charges, restrictions or levies of a legal or financial nature, or pledges, seizures, litigation or any other limitation on the rights inherent to these transactions.

The variation in both rights and obligations of the foreign currency forwards and futures contracts is a result of the fluctuations of the exchange rate throughout the year 2023.

At December 31, 2023, the breakdown of transactions with derivative financial instruments was as follows

			Maturity in Days		Figures in COP millions		
Type of Instrument	Type of Transaction	Currency	Minimum	Maximum	Value Right	Value Obligation	Net Result
Currency forward	Purchase	USD/COP	2	3,063	76,193,579	82,048,179	5,854,600
	Purchase	EUR/COP	22	79	45,917	-46,134	-217
	Purchase	EUR/USD	5	379	274,422	-279,182	-4,760
	Purchase	JPY/USD	16	284	43,832	-42,771	1,061
	Purchase	MXN/USD	24	204	3,677	-3,020	657
	Purchase	SEK/COP	65	65	1,005	-1,019	-14
	Sale	USD/COP	2	1,305	82,310,303	-76,616,880	5,693,423
	Sale	COP/EUR	10	254	105,356	-90,933	14,423
	Sale	USD/JPY	31	239	29,495	-29,876	-381
	Sale	USD/CNH	239	239	3,613	-3,714	-101
	Sale	USD/SEK	65	239	1,960	-2,138	-178
	Sale	USD/CHF	239	239	8,786	-9,090	-304
	Sale	USD/EUR	5	379	157,896	-150,449	7,447
	Sale	USD/GBP	240	240	4,718	-4,749	-31
	Sale	COP/JPY	16	284	28,800	-27,558	1,242
	Sale	USD/CAD	239	239	4,129	-4,228	-99
	Sale	USD/MXN	24	239	11,007	-11,774	-767
Total currency forward					159,228,495	-159,371,694	-143,199
Spot on currency	Purchase	USD/COP	2	2	29,999	-29,995	4
	Purchase	EUR/COP	2	2	9,343	-9,177	166
	Purchase	CHF/COP	3	3	46	-45	1
	Sale	USD/COP	2	4	259,458	-258,992	466
Total spot on currency					298,846	-298,209	637
Spot on securities	Purchase	COP	2	67	269,829	-269,595	234
	Sale	COP	2	67	35,984	-35,975	9
Total spot on securities					305,813	-305,570	243

			Maturity in Days		Figures in COP millions		
Type of Instrument	Type of Transaction	Currency	Minimum	Maximum	Value Right	Value Obligation	Net Result
Total spot					604,659	-603,779	880
Financial options	Purchase - PUT	USD/COP	2	549	47,387	0	47,387
	Purchase - CALL	USD/COP	2	549	5,657	0	5,657
	Sale - PUT	USD/COP	2	549	0	-47,387	-47,387
	Sale - CALL	USD/COP	2	549	0	-5,673	-5,673
Total financial options					53,044	-53,060	-16
Interest rate swap	IRS	COP	2	4,720	22,802,610	-22,959,806	-157,196
	IRS	USD	8	3,497	1,667,946	-1,735,234	-67,288
Total swap on interest rates					24,470,556	-24,695,040	-224,484
Swap currencies	CCS	EUR	0	0	0	0	0
	CCS	USD	5	3,522	23,008,780	-22,866,026	142,754
Total swap on currencies					23,008,780	-22,866,026	142,754
Swap on currencies hedging	CCS	COP	51	477	1,336,532	-1,131,902	204,630
Total swap on currencies hedging					1,336,532	-1,131,902	204,630
Total swap					48,815,868	-48,692,968	122,900
Futures	Purchase	COP			175,828	-175,828	0
	Sale	COP			184,566	-184,566	0
Total futures					360,394	-360,394	0
Total transactions with derivative financial instruments					209,062,460	209,081,895	19,435

At December 31, 2022, the breakdown of transactions with derivative financial instruments was as follows:

			Maturity in Days		Figures in COP millions		
Type of Instrument	Type of Transaction	Currency	Minimum	Maximum	Value Right	Value Obligation	Net Result
Currency forward	Purchase	USD/COP	2	3428	87,640,616	86,883,041	757,575
	Purchase	EUR/COP	17	74	617	-548	70
	Purchase	EUR/USD	11	744	105,555	-116,798	-11,244
	Purchase	JPY/USD	13	13	2,445	-2,563	-118
	Purchase	MXN/USD	30	44	5,020	-4,464	556
	Purchase	CNH/USD	30	149	192,191	-194,075	-1,883
	Sale	USD/COP	2	1670	90,390,600	-91,455,765	-1,065,165
	Sale	COP/EUR	5	171	39,821	-42,095	-2,274
	Sale	COP/CNH	30	149	190,363	-192,192	-1,829
	Sale	USD/EUR	3	744	95,548	-83,396	12,152
	Sale	COP/JPY	13	164	7,672	-7,975	-303
	Sale	USD/CAD	6	6	3,581	-3,543	37
	Sale	USD/MXN	44	44	2,424	-2,728	-304
Total currency forward					178,676,453	-178,989,183	-312,730
Spot on currency	Purchase	USD/COP	3	4	43,919	-43,981	-62
	Purchase	EUR/COP	3	3	2,516	-2,483	33
	Sale	USD/COP	3	3	3,687	-3,722	-35
Total spot on currency					50,122	-50,186	-64
Total spot					50,122	-50,186	-64

			Maturity in Days		Figures in COP millions		
Type of Instrument	Type of Transaction	Currency	Minimum	Maximum	Value Right	Value Obligation	Net Result
Financial options	Purchase - PUT	USD/COP	5	727	11,761	-	11,761
	Purchase - CALL	USD/COP	5	727	37,364	-	37,364
	Sale - PUT	USD/COP	5	727	-	-11,761	-11,761
	Sale - CALL	USD/COP	5	727	-	-37,426	-37,426
Total financial options					49,125	-49,187	-62
Interest rate swap	IRS	COP	2	5,085	19,790,061	-20,018,609	-228,548
	IRS	USD	9	3,653	2,085,339	-2,163,149	-77,810
Total swap on interest rates					21,875,400	-22,181,758	-306,358
Swap currencies	CCS	EUR	0	0	0	0	0
	CCS	USD	4	3,434	23,246,978	-23,326,673	-79,695
Total swap on currencies					23,246,978	-23,326,673	-79,695
Swap on currencies hedging	CCS	COP	842	842	1,654,118	-1,084,942	569,176
Total swap on currencies hedging					1,654,118	-1,084,942	569,176
Total swap					46,776,496	-46,593,373	183,123
Total transactions with derivative financial instruments					225,552,196	225,681,929	129,733

The collateral provided in derivative transactions at December 31, 2023 and 2022, were:

Counterparty	DIV	2023	2022
Assets			
Banco Santander S.A. NY	EUR	COP 212,415	COP 212,415
Bbva Bancomer S.A. México	USD	-	3,460,000
Bbva Madrid Tesoreria (1)	USD	61,708,000	158,904,000

(1) The amount under BBVA Madrid corresponds to the collateral agreement on all the Group's derivative transactions with this counterparty.

The financial collateral, regardless of the holder, instrumentation or other circumstances, is analyzed on a periodic basis to determine the credit risk to which they are exposed and, if necessary, to estimate the need to create a provision therefor.

Credit Value Adjustment

The purpose of the CVA is to calculate the amount of expected losses during the life of the transactions stated at present value in the Treasury derivatives portfolio, at a certain point in the future, credit risk losses depend on three components: the counterparties' likelihood of default at that time, severity in the case of default and exposure at the time of default.

Starting in 2016, the DVA (Debit Value Adjustment) calculation was included in the credit risk valuation adjustments. The nature of this adjustment is contrary to that of the CVA, such that it considers the likelihood that BBVA will default on a positive value transaction for a counterparty due to a credit event. This adjustment is used to report for CVA those counterparties whose portfolio value is positive for BBVA and DVA of portfolios with a negative value for the Group.

The CVA and DVA report is made at the transaction level; therefore, the adjustment is distributed between counterparty transactions with the same market value nature as that of the portfolio aggregate; otherwise, a value of zero is allocated to the credit risk adjustment.

The CVA reported in the Group's derivatives portfolio is sensitive to USD/COP exchange rate movements, which had a negative effect on the market value of the portfolio, after going from COP 4,810.20 per USD 1 to COP 3,822.05 in 2023, and netting out is allowed between transactions of the same counterparty, because calculations are carried out at the aggregate level. The data reported in the DVA is exclusively due to the model to calculate credit risk value adjustments.

9.2 Financial Instruments - Hedging Derivatives

Bond issuance in foreign currency. The Group issued subordinated notes abroad in the amount of USD 400 million on April 21, 2015, maturing on February 19, 2025. These bonds mature in 10 years with a coupon rate of 4.875% and will earn interest on a semi-annual basis.

Bullet Loan in foreign currency. The Group established a new cash flow hedge accounting by taking out a bullet loan in the amount of USD 10,000,000, which is intended to hedge changes in cash flow of the hedged item, associated with changes in dollar interest rates and peso-dollar exchange rates that may affect the Group's income.

The Subordinated Notes have been issued pursuant to Rule 144A/Regulation S of the US Securities Act of 1933.

BBVA Securities Inc. and Morgan Stanley & Co. LLC., acted as the placement agents.

Hedge Accounting. The Group constituted cash flow and fair value hedges to hedge the exchange risk and interest rate risk in US dollars, as follows:

Cash flow hedge accounting

These financial instruments were designated as cash flow hedges because both their right and obligation are at a fixed rate and the purpose is to hedge future cash flows for the payment of interest and principal in accordance with the nominal value agreed.

Operation	Nominal Value of Right	EA Right Rate	Nominal Value of Obligation	EA Obligation Rate	Right Value 2023	Obligation Value 2023	Other Comprehensive Income 2023
47936511	USD 40	9.98%	COP 129,200	4.88%	COP 157,106	COP 131,994	COP 25,112
47936513	USD 40	10.64%	124,000	4.88%	157,106	127,825	29,281
47936514	USD 40	10.71%	117,600	4.88%	157,106	121,342	35,764
50087279	USD 10	14.62%	48,550	6.42%	40,400	54,736	-14,336
Total					COP 511,718	COP 435,897	COP 75,821

Operation	Nominal Value of Right	EA Right Rate	Nominal Value of Obligation	EA Obligation Rate	Right Value 2022	Obligation Value 2022	Other Comprehensive Income 2022
47936511	USD 40	9.98%	COP 129,200	4.88%	COP 200,499	COP 128,679	COP 71,820
47936513	USD 40	10.64%	124,000	4.88%	200,499	125,295	75,204
47936514	USD 40	10.71%	117,600	4.88%	200,499	119,009	81,490
Total					COP 601,497	COP 372,983	COP 228,514

Fair value hedge accounting

It was designated at fair value because the obligation is indexed at the IBR (Reference Bank Indicator), which was developed by the private sector, with the backing of the Central Bank of Colombia and other entities, in order to reflect the liquidity of the Colombian money market, that is to say when a debt is acquired on the market today, it will be estimated at a rate similar to the reference rate.

Operation	Nominal Value of Right	EA Right Rate	Nominal Value of Obligation	EA Obligation Rate	Right Value 2023	Obligation Value 2023	Income Statement 2023
47936512	USD 70	4.88%	COP 226,100	IBR+ 3.19%	274,936	COP 241,549	COP 33,387
47936885	USD 70	4.88%	217,000	IBR+ 3.57%	274,936	232,980	41,956
47936887	USD 70	4.88%	205,800	IBR+ 3.75%	274,936	221,472	53,463
Total					COP 824,808	COP 696,001	COP 128,806

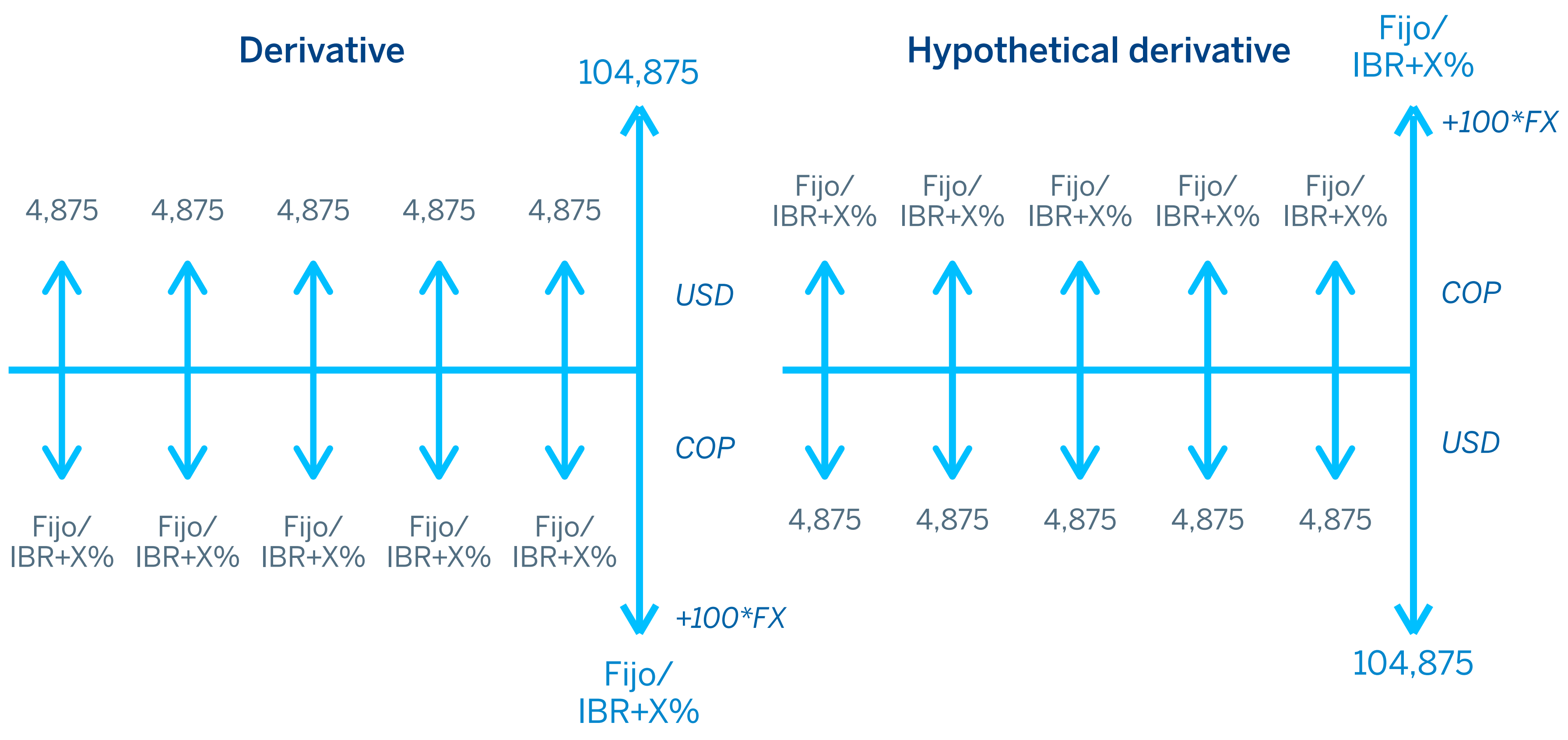
Operation	Nominal Value of Right	EA Right Rate	Nominal Value of Obligation	EA Obligation Rate	Right Value 2022	Obligation Value 2022	Income Statement 2022
47936512	USD 70	4.87%	COP 226,100	IBR+ 3.19%	COP 350,873	COP 246,560	COP 104,313
47936885	USD 70	4.87%	217,000	IBR+ 3.57%	350,873	238,446	112,427
47936887	USD 70	4.87%	205,800	IBR+ 3.75%	350,873	226,952	123,921
Total					COP 1,052,619	COP 711,958	COP 340,661

Measurement of Hedge Effectiveness

IFRS 9, Paragraph B6.4.14 indicates that "when the fundamental conditions (such as nominal amount, maturity and underlying) of the hedging instrument and the hedged item match or are closely aligned, an entity can conclude, based on a qualitative assessment of said fundamental conditions, that the hedging instrument and the hedged item have values that will generally move in the opposite direction due to the same risk and, therefore, there is an economic link between the hedged item and the hedging instrument."

IFRS 9 Paragraph B6.5.5 indicates that "To calculate the change in the value of the hedged item for the purposes of measuring the hedge ineffectiveness, an entity can use a derivative with the conditions that match the fundamental conditions of the hedged item (which is commonly known as a hypothetical derivative)."

The hypothetical derivative is defined as the perfect mirror in which a leg is fully in line with the economic characteristics of the hedged item, therefore, it is the method used by the Group to measure the effectiveness of its hedging instruments, concluding that it will be 100% effective over time.



Based on the above the effective part of the profit or loss of the cash flow hedging instrument was recognized in equity (OCI) and the ineffective part will be recognized in the statement of income. Since the conditions of the CCS (cross currency swap) of the payment received by the Group in US dollars match those of the hedged item (coupon date, coupon rate, settlement basis of the coupon and final exchange of flows), its effect on the Group's income statement is expected to be neutral.

At December 31, 2023 and 2022, the items of valuation and accrual of the cash flow hedging swap were recorded in Other Comprehensive Income (OCI) for COP 75,821 and COP 228,514, respectively. On the same dates, no reclassifications of equity were made to the statement of income for the year.

The recognition of hedging derivatives at December 31, 2023 and 2022 is as follows:

Asset hedging - CCS swap

Valuation

At December 31, 2023

Hedge Type	Currency	Value of Right	Value of Obligation	Statement of Financial Position 2023	Statement of Income	Statement of Other Comprehensive Income 2023
Fair Value	USD	-824,808	696,001	128,806	0	0
Cash flow		-471,318	381,161	0	0	90,157
Total				128,806	0	COP 90,157
Total asset hedging						COP 218,963

At December 31, 2022

Hedge Type	Currency	Value of Right	Value of Obligation	Statement of Financial Position	Statement of Income	Statement of Other Comprehensive Income
Fair Value	USD	-1,052,619	711,958	340,661	0	0
Cash flow		-601,497	372,983		0	228,514
Total				340,661	0	COP 228,514
Total asset hedging						COP 569,175

Passive hedging - CCS swap 2023

Accrued Interest

Hedge Type	Currency	Value of Right	Value of Obligation	Statement of Financial Position	Statement of Income	Statement of Other Comprehensive Income
Fair Value	USD	0	0	0	0	0
Cash flow	USD	-40,400	54,736	0	0	14,336
Total				0	0	COP 14,336
Total passive hedging						COP 14,336

Passive hedging - CCS swap 2022

Accrued Interest

Hedge Type	Currency	Value of Right	Value of Obligation	Statement of Financial Position	Statement of Income	Statement of Other Comprehensive Income
Fair Value	USD	0	0	0	0	0
Cash flow	USD	0	0	0	3,242	-3,242
Total				0	3,242	-3,242
Total passive hedging						0,00

In 2023, the amount equivalent to the restatement of the cash flow hedge was COP 90,563 over USD 120 million.

10. In 2023, the amount equivalent to the restatement of the cash flow hedge was COP 90,563 over USD 120 million.

The following is a summary by portfolio type, net:

December 31, 2023

Modalities	Stage 1	Stage 2	Stage 3	Impairment	Total
Commercial Loan Portfolio	COP 29,203,630	COP 1,224,205	COP 668,885	COP -817,431	COP 30,279,289
Consumer Loan Portfolio	24,048,773	3,331,924	2,261,741	-2,226,800	27,415,638
Mortgage portfolio	12,791,560	1,594,614	775,668	-558,508	14,603,334
Total net loan portfolio and finance lease transactions	COP 66,043,963	COP 6,150,743	COP 3,706,294	COP -3,602,739	COP 72,298,261

December 31, 2022

Modalities	Stage 1	Stage 2	Stage 3	Impairment	Total
Commercial Loan Portfolio	COP 27,652,856	COP 1,646,310	COP 730,531	COP -987,723	COP 29,041,974
Consumer Loan Portfolio	22,057,973	2,908,433	1,491,606	-1,764,643	24,693,369
Mortgage portfolio	11,771,480	2,023,533	865,879	-728,147	13,932,745
Total net loan portfolio and finance lease transactions	COP 61,482,309	COP 6,578,276	COP 3,088,016	COP -3,480,513	COP 67,668,088

The Group's net portfolio increased by 6.8% in the amount of COP 4,630,173. The commercial loan portfolio increased by COP 1,237,315. This category consists of corporate loans and loans to territorial entities, with a variation of 4.3% compared to December 2022. Similarly the consumer loan increased by COP 2,722,269, a variation of 11%, and the housing portfolio increased slightly by COP 670,598, a variation of 4.8% compared to December 2022.

The loan portfolio remained in line with the macroeconomic events faced by the country, impacted by the rise in inflation and interest rates. The Group seeks to maintain growth aligned with the intention of achieving the inflation objectives set by the Central Bank, generating benefits to customers through healthy financing.

The Group maintains its focus on the individuals segment, which accounts for 58.2% of gross loans at the end of December 2023. This segment has displayed a recovery trend thanks to the economic reactivation that has been developing over this period.

Consumer loans, which include payroll, vehicle, unrestricted use loans, revolving credit lines, individual credit cards and individual overdrafts, was the fastest-growing segment, which enabled the Group to come in second place among the country's banks and in first place in payroll loans.

Additionally, the commercial portfolio continues to growth within the Group's loan portfolio compared to December 2022. Growth derived from the current market situation, combined with adequate risk management, is reflected in an overall increase of 6.8% in the loan portfolio at year-end 2023.

December 31, 2023

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Expected credit losses over the lifetime of the asset	Stage 3 Credit losses expected during the lifetime of the asset with impairment	Total
Commercial Loan Portfolio				
Enterprise	COP 11,188,146	COP 612,733	COP 424,959	COP 12,225,838
Institutional	2,406,455	44,340	507	2,451,302
Corporate	8,138,311	153,493	0	8,291,804
Financial entities	2,389,529	11,378	75	2,400,982
Territorial Entities	2,949,899	121,507	0	3,071,406
Representative	992,517	22,208	96,213	1,110,938
Small Enterprises	1,138,773	258,546	147,131	1,544,450
	29,203,630	1,224,205	668,885	31,096,720
Impairment	-334,588	-99,004	-383,839	-817,431
Net commercial loan portfolio	28,869,042	1,125,201	285,046	30,279,289
Consumer Loan Portfolio				
Vehicle	1,287,516	184,521	130,280	1,602,317
Payroll Loan	14,433,902	1,870,946	379,488	16,684,336
Consumer	4,767,848	865,266	1,157,253	6,790,367
Overdraft	691	295	365	1,351
Cards	3,360,377	383,905	566,749	4,311,031
Revolving	198,439	26,991	27,606	253,036
	24,048,773	3,331,924	2,261,741	29,642,438
Impairment	-871,080	-367,665	-988,055	-2,226,800
Net consumer loan portfolio	23,177,693	2,964,259	1,273,686	27,415,638
Mortgage portfolio				
Mortgage	12,791,560	1,594,614	775,668	15,161,842
	12,791,560	1,594,614	775,668	15,161,842
Impairment	-150,577	-85,787	-322,144	-558,508
Net mortgage portfolio	12,640,983	1,508,827	453,524	14,603,334
Total gross loan portfolio and finance lease transactions	66,043,963	6,150,743	3,706,294	75,901,000
Total impairment	-1,356,245	-552,456	-1,694,038	-3,602,739
Total net loan portfolio and finance lease transactions	COP 64,687,718	COP 5,598,287	COP 2,012,256	COP 72,298,261

December 31, 2022

	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit losses over the lifetime of the asset	Credit losses expected during the lifetime of the asset with impairment	
Commercial Loan Portfolio				
Enterprise	COP 10,401,126	COP 889,753	COP 444,054	COP 11,734,933
Institutional	1,793,044	57,241	492	1,850,777
Corporate	7,444,950	79,525	-	7,524,475
Financial entities	2,589,615	4,149	1,255	2,595,019
Territorial Entities	3,226,495	250,651	-	3,477,146
Representative	853,664	6,582	138,404	998,650
Small Enterprises	1,343,962	358,409	146,326	1,848,697
	27,652,856	1,646,310	730,531	30,029,697
Impairment	-134,108	-136,110	-717,505	-987,723
Net commercial loan portfolio	27,518,748	1,510,200	13,026	29,041,974
Consumer Loan Portfolio				
Vehicle	1,225,309	174,626	119,510	1,519,445
Payroll Loan	13,103,709	1,610,939	383,420	15,098,068
Consumer	4,754,398	820,322	704,971	6,279,691
Overdraft	647	292	163	1,102
Cards	2,766,633	271,320	251,505	3,289,458
Revolving	207,277	30,934	32,037	270,248
	22,057,973	2,908,433	1,491,606	26,458,012
Impairment	-374,017	-311,789	-1,078,837	-1,764,643
Net consumer loan portfolio	21,683,956	2,596,644	412,769	24,693,369
Mortgage portfolio				
Mortgage	11,771,480	2,023,533	865,879	14,660,892
	11,771,480	2,023,533	865,879	14,660,892
Impairment	-119,876	-150,456	-457,815	-728,147
Net mortgage portfolio	11,651,604	1,873,077	408,064	13,932,745
Total gross loan portfolio and finance lease transactions	61,482,309	6,578,276	3,088,016	71,148,601
Total impairment	-628,001	-598,355	-2,254,157	-3,480,513
Total net loan portfolio and finance lease transactions	COP 60,854,308	COP 5,979,921	COP 833,859	COP 67,668,088

Reconciliation of loan portfolio impairment - provision movements

The following is the reconciliation between the expected loss provision by class of financial instrument:

December 31, 2023

	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit losses over the lifetime of the asset	Credit losses expected during the lifetime of the asset with impairment	
Commercial Loan Portfolio				
Opening balance at January 1, 2023	COP -134,108	COP -136,110	COP -717,505	COP -987,723
Impairment	-216,731	-14,738	-502,637	-734,106
Reversal of loan loss provision	220,118	27,994	459,570	707,682
Loans written off	0	0	200,295	200,295
Impairment adjustment as per IFRS 9 in the Consolidated Statement of Other Comprehensive Income	-203,134	23,881	169,255	-9,998
Debt forgiveness	0	0	7,200	7,200
Other movements	-733	-31	-17	-781
Net reconciliation of the commercial loan portfolio allowance	-334,588	-99,004	-383,839	-817,431
Consumer Loan Portfolio				
Opening balance at January 1, 2023	-374,017	-311,789	-1,078,837	-1,764,643
Impairment	-200,833	-53,547	-2,418,828	-2,673,208
Reversal of loan loss provision	175,370	-208	875,596	1,050,758
Loans written off	0	0	1,188,190	1,188,190
Impairment adjustment as per IFRS 9 in the Consolidated Statement of Other Comprehensive Income	-470,845	-2,016	408,078	-64,783

	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit losses over the lifetime of the asset	Credit losses expected during the lifetime of the asset with impairment	
Debt forgiveness	0	0	37,817	37,817
Other movements	-755	-105	-71	-931
Net reconciliation of the consumer loan portfolio allowance	-871,080	-367,665	-988,055	-2,226,800
Mortgage portfolio				
Opening balance at January 1, 2023	-119,876	-150,456	-457,815	-728,147
Impairment	-87,322	-12,276	-55,878	-155,476
Reversal of loan loss provision	52,581	446	101,747	154,774
Loans written off	0	0	32,250	32,250
Impairment adjustment as per IFRS 9 in the Consolidated Statement of Other Comprehensive Income	4,098	76,506	36,387	116,991
Debt forgiveness	0	0	21,169	21,169
Other movements	-58	-7	-4	-69
Net reconciliation of the mortgage portfolio allowance	-150,577	-85,787	-322,144	-558,508
Amount without deducting from portfolio originated with credit impairment upon initial recognition				
Total balance at December 31, 2023	COP -1,356,245	COP -552,456	COP -1,694,038	COP -3,602,739

December 31, 2022

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Expected credit losses over the lifetime of the asset	Stage 3 Credit losses expected during the lifetime of the asset with impairment	Total
Commercial Loan Portfolio				
Opening balance at January 1, 2022	COP -68,536	COP -117,109	COP -732,915	COP -918,560
Impairment	-266,164	-19,541	-635,312	-921,017
Reversal of loan loss provision	128,848	14,779	477,801	621,428
Loans written off	0	0	158,650	158,650
Impairment adjustment as per IFRS 9 in the Consolidated Statement of Other Comprehensive Income	70,378	-14,320	-9,860	46,198
Debt forgiveness	0	0	24,095	24,095
Other movements	1,366	81	36	1,483
Net reconciliation of the commercial loan portfolio allowance	-134,108	-136,110	(717.505)	-987,723
Consumer Loan Portfolio				
Opening balance at January 1, 2022	-206,372	-330,088	-1,135,882	-1,672,342
Impairment	-375,015	-26,337	-1,365,060	-1,766,412
Reversal of loan loss provision	-416	-117	691,282	690,749
Loans written off	0	0	776,939	776,939
Impairment adjustment as per IFRS 9 in the Consolidated Statement of Other Comprehensive Income	205,771	44,487	-85,666	164,592
Debt forgiveness	0	0	39,414	39,414
Other movements	2,015	266	136	2,417
Net reconciliation of the consumer loan portfolio allowance	-374,017	-311,789	-1,078,837	-1,764,643

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Expected credit losses over the lifetime of the asset	Stage 3 Credit losses expected during the lifetime of the asset with impairment	Total
Mortgage portfolio				
Opening balance at January 1, 2022	-63,284	-181,496	-387,468	-632,248
Impairment	-74,325	-13,479	-159,274	-247,078
Reversal of loan loss provision	37,845	0	137,924	175,769
Loans written off	0	0	57,669	57,669
Impairment adjustment as per IFRS 9 in the Consolidated Statement of Other Comprehensive Income	-20,340	44,480	-127,491	-103,351
Debt forgiveness	0	0	20,808	20,808
Other movements	228	39	17	284
Net reconciliation of the mortgage portfolio allowance	-119,876	-150,456	-457,815	-728,147
Amount without deducting from portfolio originated with credit impairment upon initial recognition				
Total balance at December 31, 2022	COP -628,001	COP -598,355	COP -2,254,157	COP -3,480,513

The following is a breakdown of loan portfolio impairment by type of client and product:

December 31, 2023

	Stage 1		Stage 2			Stage 3			
Modality	Risk not past due	Risk past-due < = 30 days	Risk not past due	Risk past-due < = 30 days	Risk past-due 30-90 days	Risk not past due	Risk past-due < = 30 days	Risk past-due 30-90 days	Risk past-due> 90 days
Loan portfolio by type of customer									
Government agencies	COP -5,493	COP -173	COP -35,936	COP -60	COP 0	COP 0	COP 0	COP 0	COP 0
Credit institutions	-516	0	0	0	0	0	0	-2	0
Other financial institutions	-1,227	-358	-11	0	-2	-9	-22	0	0
Non-financial corporations	-43,603	-8,483	-63,115	-47,494	-10,180	-127,278	-42,042	-21,875	-234,839
Individuals	-1,221,048	-51,193	-179,867	-49,508	-166,283	-243,970	-161,012	-226,942	-660,198
Total segment	-1,271,887	-60,207	-278,929	-97,062	-176,465	-371,257	-203,076	-248,819	-895,037
Loan portfolio by products									
Commercial loan portfolio	-4,122	-158	0	0	-76	0	0	-76	-6,492
Short-term loans	0	-30	0	0	0	0	0	-5	-724
Credit cards	-80,785	-6,827	-34,760	-7,034	-48,337	-27,131	-10,343	-29,744	-319,294
Finance lease	-8,067	-2,042	-11,752	-4,865	-1,356	-11,509	-10,910	-11,996	-14,902
Other credits	-1,178,913	-51,150	-232,417	-85,163	-126,696	-332,617	-181,823	-206,998	-553,625
Total Product	COP -1,271,887	COP -60,207	COP -278,929	COP -97,062	COP -176,465	COP -371,257	COP -203,076	COP -248,819	COP -895,037

December 31, 2022

	Stage 1		Stage 2			Stage 3			
Modality	**Risk not past due**	**Risk past-due < = 30 days**	**Risk not past due**	**Risk past-due < = 30 days**	**Risk past-due 30-90 days**	**Risk not past due**	**Risk past-due < = 30 days**	**Risk past-due 30-90 days**	**Risk past-due> 90 days**
Loan portfolio by type of customer									
Government agencies	COP -4,014	COP -169	COP -33,197	COP -710	COP 0	COP 0	COP 0	COP 0	COP 0
Credit institutions	-155	0	0	0	0	0	0	0	0
Other financial institutions	-1,054	-38	-36	-1	0	-55	-40	-14	-21
Non-financial corporations	-76,394	-11,995	-76,408	-62,669	-3,721	-81,408	-29,021	-46,790	-360,421
Individuals	-508,926	-25,256	-266,947	-60,436	-94,230	-338,372	-237,630	-206,415	-953,970
Total segment	-590,543	-37,458	-376,588	-123,816	-97,951	-419,835	-266,691	-253,219	-1,314,412
Loan portfolio by products									
Commercial loan portfolio	-8,575	-630	-1	0	-74	0	0	-146	-9,066
Short-term loans	0	-21	0	0	-1	0	-5	-3	-835
Credit cards	-31,788	-2,211	-18,787	-3,246	-20,941	-35,896	-8,485	-17,579	-137,713
Finance lease	-9,091	-4,752	-20,955	-4,361	-1,753	-24,066	-9,426	-12,629	-13,861
Other credits	-541,089	-29,844	-336,845	-116,209	-75,182	-359,873	-248,775	-222,862	-1,152,937
Total Product	COP -590,543	COP -37,458	COP -376,588	COP -123,816	COP -97,951	COP -419,835	COP -266,691	COP -253,219	COP -1,314,412

In compliance with the regulatory criteria and conditions, risks that are not past due are listed in stages 2 and 3, based on the financial instrument and restructuring policy.

The following is a breakdown of the loans by sector:

December 31, 2023

Modality	Total Gross Risk	Total Provision	Net Carrying Value	%
Government agencies	COP 6,622,230	COP -41,662	COP 6,580,568	-1%
Credit institutions	134,668	-518	134,150	0%
Other financial institutions	1,166,120	-1,629	1,164,491	0%
Non-financial corporations	22,412,034	-598,909	21,813,125	
Agriculture, forestry and fishing	589,945	-27,919	562,026	-5%
Extractive industries	336,417	-48,157	288,260	-14%
Manufacturing industry	5,924,147	-83,883	5,840,264	-1%
Supply of electricity, gas, steam and air conditioning	2,157,636	-2,427	2,155,209	0%
Water supply	43,580	-3,205	40,375	-7%
Wholesale and retail trade	5,461,982	-99,836	5,362,146	-2%
Transport and storage	1,213,804	-40,541	1,173,263	-3%
Catering	202,110	-18,137	183,973	-9%
Information and communications	422,503	-7,468	415,035	-2%
Professional, scientific and technical activities	673,805	-5,743	668,062	-1%
Administrative activities and back-office	444,300	-8,296	436,004	-2%
Education	417,419	-2,132	415,287	-1%
Health activities and social work activities	611,684	-11,391	600,293	-2%
Artistic, recreational and entertainment activities	163,684	-13,804	149,880	-8%
Other services	35,849	-1,767	34,082	-5%
Construction	1,202,122	-137,623	1,064,499	-11%
Real estate activities	305,189	-14,650	290,539	-5%
Financial and insurance-related activities	1,923,378	-71,671	1,851,707	-4%
Individuals	45,565,948	-2,960,021	42,605,927	-6%
Total balance at December 31, 2023	COP 75,901,000	COP -3,602,739	COP 72,298,261	-5%

December 31, 2022

Modality	Total Gross Risk	Total Provision	Net Carrying Value	%
Government agencies	COP 6,208,256	COP -38,090	COP 6,170,166	1%
Credit institutions	498,794	-155	498,639	0%
Other financial institutions	1,271,300	-1,259	1,270,041	0%
Non-financial corporations	21,676,003	-748,827	20,927,176	0%
Agriculture, forestry and fishing	577,408	-27,870	549,538	5%
Extractive industries	230,698	-58,480	172,218	25%
Manufacturing industry	5,953,822	-96,324	5,857,498	2%
Supply of electricity, gas, steam and air conditioning	2,189,334	-1,821	2,187,513	0%
Water supply	33,171	-1,795	31,376	5%
Wholesale and retail trade	5,153,385	-94,224	5,059,161	2%
Transport and storage	947,850	-53,807	894,043	6%
Catering	181,348	-28,630	152,718	16%
Information and communications	350,274	-7,781	342,493	2%
Professional, scientific and technical activities	724,045	-13,726	710,319	2%
Administrative activities and back-office	411,466	-15,785	395,681	4%
Education	379,585	-1,806	377,779	0%
Health activities and social work activities	670,768	-14,355	656,413	2%
Artistic, recreational and entertainment activities	143,719	-17,628	126,091	12%
Other services	49,662	-3,543	46,119	7%
Construction	1,069,992	-174,659	895,333	16%
Real estate activities	291,977	-22,095	269,882	8%
Financial and insurance-related activities	2,073,754	-114,384	1,959,370	6%
Individuals	41,494,248	-2,692,182	38,802,066	6%
Total balance at December 31, 2022	COP 71,148,601	COP -3,480,513	COP 67.668.088	5%

Portfolio sales

Year 2023

During 2023, the Bank conducted portfolio sale transactions for a total of COP 991,499, where 98% of said assets had been written-off.

The breakdown of the portfolio transferred by modality was: Mortgage, 7%; Commercial, 6%; and Consumer, 87%; these transactions were conducted in the months listed below:

		Total Debt by Portfolio Type		
Month	Consumer	Mortgage	Commercial	Total Debt
January	COP 608	COP 749	COP 0	COP 1,357
February	1,412	2,065	0	3,477
March	72,054	352	248	72,654
April	486	673	317	1,476
May	51	230	1,775	2,056
June	261,085	85	2,653	263,823
July	8	108	1,427	1,543
August	41,652	82	796	42,530
September	11,807	22	2,612	14,441
October	13,289	59,529	386	73,204
November	463,007	362	30,931	494,300
December	152	898	19,588	20,638
Total	COP 865,611	COP 65,155	COP 60,733	991,499
% of portfolio share sold	87.30%	6.57%	6.13%	100%

Year 2022

During 2022, the Group conducted portfolio sale transactions for a total of COP 1,011,934, where 95% of said assets had been written-off.

The breakdown of the portfolio transferred by modality was: Mortgage, 39%; Commercial, 6%; and Consumer, 55%; these transactions were conducted in the months listed below:

		Total Debt by Portfolio Type		
Month	Consumer	Mortgage	Commercial	Total Debt
January	212	0	0	212
February	527	795	851	2,173
March	635	17,788	729	19,152
April	441,254	335,466	36,858	813,578
May	136	1,034	130	1,300
June	356	29	749	1,134
July	117,637	12,169	14,862	144,668
August	41	0	89	130
September	283	0	602	885
October	27	146	337	510
November	308	24,127	588	25,023
December	547	1,508	1,114	3,169
Total	COP 561,963	COP 393,062	COP 56,909	1,011,934
% of portfolio share sold	55.53%	38.84%	5.62%	100%

11. Securitization and Buyback of Securitized Portfolio

In the securitization processes, the Group aims to eliminate the market risk of loans in Colombian pesos, turning the current portfolio into liquid assets by favorably improving the LRI ratio, reducing regulatory capital consumption in the balance sheet, optimizing the solvency ratio and creating opportunities for growth in the placement of a new portfolio at better rates on the market.

In this sense, it is the Group's policy to select customers that will allow the efficient performance of the transaction, for which it chooses sound portfolios.

Productive portfolio securitization. During 2023, the Group did not participate in securitization processes.

The balances of the current issuances and portfolio in which the Bank has participated at December 31 are as follows:

	2023		2022	
Issuance	Managed portfolio – total principal	Balances in BBVA TIPS securities	Managed portfolio – total principal	Balances in BBVA TIPS securities
TIPS N-16	$34,586	$19,618	$45,136	$18,392
Total	$34,586	$19,618	$45,136	$18,392

Portfolio buyback. In 2023, 63 credits were bought back from Titularizadora Colombiana S.A. of issuance N16 PESOS, for a total of COP 1,975, which includes buybacks due to the request to decrease rates and remodeling.

Item	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
No. of credits	0	0	1	3	0	1	2	2	2	1	51	0	63
Total balance of principal	0	0	5	40	0	34	95	74	166	120	1,442	0	$1,976
Total balance of debt	0	0	5	54	0	34	95	82	167	120	1,580	0	$2,137

Portfolio buyback. In 2022, 323 credits were bought back from Titularizadora Colombiana S.A. of Issuances N6 PESOS and N16 PESOS, for a total of COP 10,624 which include buybacks due to the request to decrease rates, refurbishment, and write-offs, as well as the liquidation of the N6 issue.

Item	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
No. of credits	1	248	3	48	19	0	1	0	1	0	0	2	323
Total balance of principal	51	7.630	172	1.866	806	0	64	0	16	0	0	19	$10,624
Total balance of debt	51	9.456	172	2.163	895	0	64	0	18	0	0	19	$12,838

History of productive portfolio securitization

TIPS E-9 Pesos

In December 2008, TIPS E-9 were issued for a total of COP 401,000, of which BBVA had a share of COP 140,000. The Class A TIPS for COP 369,000, Class B TIPS for COP 30,000 and Class MZ TIPS for COP 2,000 have ratings of AAA, AA- and BBB, respectively, and their maturity is between 2010 and 2023.

In March 2016, the securities of the TIPS E-9 issuance were paid.

The close-out clause was triggered for the issuance due to the full repayment of the securities, and each bank proceeded to wind up the overall fund. This procedure gave rise to payment of the Residual Rights that the Group had on these four issuances, with in-kind payment of loans that were under management by these issuances.

The close-out date of these funds was November 23, 2021.

TIPS E-10 Pesos

In March 2009, TIPS E-10 were issued for a total of COP 498,593, of which BBVA had a share of COP 74,233. The Class A TIPS for COP 458,000, Class B TIPS for COP 37,000 and Class MZ TIPS for COP 10,000 issued have ratings of AAA, AA-, and BBB, respectively, and their maturity is between 2019 and 2024.

In May 2015, the securities of the TIPS E-10 issuance were paid.

The close-out clause was triggered for the issuance due to the full repayment of the securities, and each bank proceeded to wind up the overall fund. This procedure gave rise to payment of the Residual Rights that the Bank had on these four issuances, with in-kind payment of loans that were under management by these issuances.

The close-out date of these funds was November 23, 2021.

TIPS E-11 Pesos

In May 2009, TIPS E-11 were issued for a total of COP 431,857, of which BBVA had a share of COP 48,650. The TIPS E-11 in Class A for COP 399,000, Class B for COP 32,000 and Class MZ for COP 11,000 issued have ratings of AAA, AA, and BBB-, respectively, and their maturity is between 2019 and 2024.

In November 2014, the securities of the TIPS E-11 issuance were paid.

The close-out clause was triggered for the issuance due to the full repayment of the securities, and each bank proceeded to wind up the overall fund. This procedure gave rise to payment of the Residual Rights that the Group had on these four issuances, with in-kind payment of loans that were under management by these issuances.

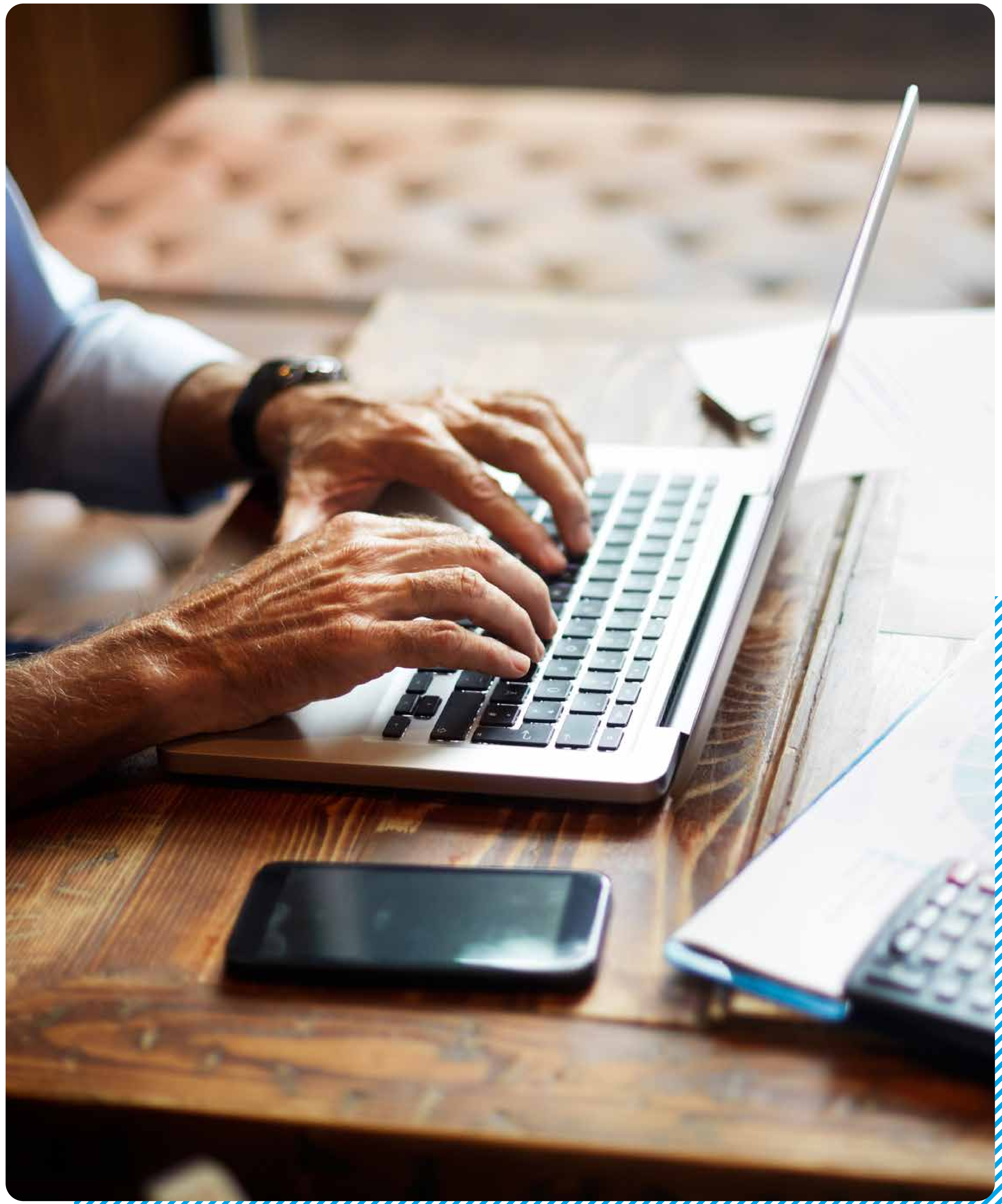
The close-out date of these funds was November 23, 2021.

TIPS E-12 Pesos

In August 2009, TIPS E-12 were issued for a total of COP 376,820, of which BBVA had a share of COP 78,745. The TIPS E-12 in Class A for COP 349,000, Class B for COP 28,000 and MZ for COP 9,000 issued have ratings of AAA, AA, and BBB-, respectively, and their maturity is between 2019 and 2024.

In June 2015, the securities of the TIPS E-12 issue were paid.

The close-out clause was triggered for the issuance due to the full repayment of the securities, and each bank



proceeded to wind up the overall fund. This procedure gave rise to payment of the Residual Rights that the Bank had on these four issuances, with in-kind payment of loans that were under management by these issuances.

The close-out date of these funds was November 23, 2021.

TIPS N-6 Pesos

In August 2012, TIPS N6 Pesos Non-LIH were issued; they represent housing loans originated by BBVA Colombia S.A. for a total of COP 213,130 represented in 2,847 loans and Davivienda S.A. for an amount of COP 155,867, represented in 1,661 loans.

On August 23, 2012, Non-LIH TIPS N6 Pesos were issued, for a total of COP 381,882 distributed in the following classes and amounts: Series A2022, for COP 322,872; series B2027 for COP 46,125; series MZ for COP 11,040; and Series C for COP 1,845.

The first lot: Total TIPS purchased by the market (87.5%) corresponded to Series A2022 for COP 322,872; of this first lot, the TIPS sold according to share percentage of the BBVA portfolio were: Series A2022 for COP 186,489.

The second lot: TIPS purchased by the originators (12.5%) from their portfolio + excess NPV cash flow (MZ-C) distributed as follows: B2027 for COP 46,125, MZ 2027 for COP 11,040; and C2027 for COP 1,845. Of the second lot: TIPS purchased by BBVA according to the share percentage of its portfolio (12.5%) + excess NPV cash flow distributed as follows: TIPS B2027 for COP 26,641; TIPS MZ 2027 for COP 6,104; and C2027 for COP 1,066, for a total of COP 33,811.

Class B, MZ and C TIPS issued are rated BBB+, CC and CC, respectively.

Once the cause for early close-out was met, as set in section 12.3.1 of the Issuance Rules, the early close-out of this issuance was carried out on February 24, 2022. “When the total balance of principal of the mortgage loans on the payment date is less than or equal to 5% of the total balance of principal of all the mortgage loans at the date of issuance (August 23, 2012).”

TIPS N-16 Pesos

In November 2017, TIPS N16 Pesos LIH and Non-LIH were issued, representing mortgage loans originated by BBVA Colombia S.A. for a total of COP 167,252, Bancolombia COP 105,599 and Davivienda S.A. COP 106,359.

On December 6, LIH and Non-LIH TIPS N16 Pesos were issued, for a total of COP 385,473 distributed in the following classes and amounts: Series A2027 for COP 339,124, Series B2032 for COP 37,680, Series MZ for COP 6,785 and Series C for COP 1,884.

The first lot: Total TIPS purchased by the market (90%) corresponded to Series A2027 for COP 339,124; of this first lot TIPS sold according to the share percentage of the BBVA portfolio were Series A2027 for COP 149,443.

The second lot: TIPS purchased by the originators (12.5%) from their portfolio + excess NPV cash flow (MZ-C) distributed as follows: B2027 for COP 46,125, MZ 2027 for COP 11,040; and C2027 for COP 1,845. Of the second lot: TIPS purchased by BBVA according to the share percentage of its portfolio (12.5%) + excess NPV cash flow distributed as follows: TIPS B2027 for COP 16,604, TIPS MZ 2032 for COP 3,180 and C2032 for COP 830, for a total of COP 20,614.

The Class B, MZ and C TIPS issued are rated BBB, BB+ and BB- respectively.

12. Fair Value

According to IFRS 13, fair value is the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between participants of the main market on the measurement date, or in the absence thereof, the most advantageous market to which the Group has access at the time.

Financial instruments are initially recognized at fair value, which is equivalent to the transaction price, unless there is evidence otherwise on an active market; after that, and depending on the nature of the financial instrument, it can continue to be recorded at fair value through adjustments in the income statements or in equity or at amortized cost. Whenever applicable, the Group measures the fair value of an instrument by using a listed price on an active market for said instrument. A market is considered to be active if listed prices can be obtained easily and regularly either from a stock market, operator, broker, industry group and/or pricing service, and these prices represent actual market transactions occurring regularly between independent parties in arm's length conditions.

The Group uses widely recognized valuation models to determine the fair value of common, simpler financial instruments, such as currency swap and interest rates that only use observable market data and require few judgments and calculations by management.

Accordingly, the Group uses market prices and methodologies as a basis to establish the fair values of its financial instruments, which are provided by the valuation price vendor "Precia – Precia Proveedor de Precios Para Valoración" selected by the Group and authorized by the Financial Superintendence of Colombia to do so.

When there is no listed price on an active market, the Group uses valuation techniques that maximize the use of observable input and minimize the use of non-observable input. The objective of the valuation techniques is to reach a determination regarding fair value that will reflect the price of the financial instrument on the reporting date, that would have been determined by market participants separately.

In the case of financial instruments that are traded infrequently, several degrees of judgment are required, depending on liquidity, concentration, uncertainty of market factors, valuation assumptions and other risks that affect the specific instruments, which requires additional work during the valuation process.

Valuation techniques

Approach of the internal valuation techniques.
BBVA Group shall use the valuation techniques that are appropriate for the circumstances and on which there is information available to determine the fair value of financial instruments, always maximizing the use of observable inputs and minimizing the use of non-observable inputs.

Accordingly, the Group shall use, as the case may be, the following approaches according to IFRS 13 to measure the fair value of financial instruments.

Market Approach. Listed prices, and in the absence thereof, other relevant information generated by market transactions involving identical or comparable financial instruments, will be used to determine the fair value of financial instruments, when applicable.

Income Approach. Present value techniques and options valuation models (Black & Scholes Model) will be used to measure the fair value of financial instruments, as the case may be. The observable input will be maximized always using discount curves, volatilities and other market variables that are observable and reflect the assumptions that the market participants would use for pricing the financial instrument.

Valuation of financial instruments. BBVA Group Colombia measures fair values using the following hierarchy, according to the importance of the input variables used for measurement:

- **Level 1:** The market price listed (unadjusted) on an active market for an identical instrument.
- **Level 2:** Valuation techniques based on observable factors, whether directly (such as prices) or indirectly (such as price derivatives). This category includes instruments valued using: market prices listed on active markets for similar instruments; listed prices for similar instruments on markets that are not considered very active; or other valuation techniques where all significant input is directly or indirectly observable based on market data.
- **Level 3 Fixed income:** Input for assets or liabilities that is not based on observable market data. This category includes all the instruments where the valuation technique includes factors that are not based on observable data and the non-observable factors can have a significant effect on the valuation of the instrument. This category includes instruments that are valued based on prices listed for similar instruments where significant non-observable assumptions or adjustments are required to reflect the differences between instruments. If a fair value measurement uses observable market data that require significant adjustments based on non-observable data, the measurement is classified as level 3.
- Equities that belong to other references and that are assets with low liquidity because they are low marketability shares and are not valued by an official price vendor are conditioned by the internal valuation assumptions and thus are classified at levels 2 and 3.

Determining what falls under the term "observable" requires significant use of judgment by the Group. Therefore, observable data are understood as the market data that can be easily obtained, are distributed or updated on a regular basis, are reliable and verifiable, are not private (exclusive) and are provided by independent sources that play an active role on the relevant market.

The assumptions and factors used in valuation techniques include risk-free interest rates, reference interest rates, credit spreads and other premiums used to determine discount rates, foreign exchange rates and expected price volatilities.

The availability of observable market prices and factors reduce the need for judgments and calculations by management, along with the uncertainty associated with determining fair values. The availability of observable market prices and input varies depending on the products and markets and is prone to changes based on specific events and general conditions on financial markets.

Below we summarize the methods and valuation forms for investments in equity instruments:

		Approach	
Investments in Equity Instruments	**Levels**	**2023**	**2022**
Credibanco S.A.	3	Income	Income
Redeban Multicolor S.A.	3	Income	Income
ACH Colombia S.A.	3	Income	Income

For investments traded on the stock exchange Holding Bursátil Chilena S.A., also known as Nuam, fair value is updated on a monthly basis, considering the quoted price on the last day of the month as published by our price vendor, Precia S.A.

Following is a detailed analysis of the sensitivity of changes in the Group's equity instrument investments:

			Present Value Adjusted by Discount Rate			
			2023		2022	
Entity	Variables	Variation	Favorable Impact	Unfavorable Impact	Favorable Impact	Unfavorable Impact
Credibanco S.A.	Income	+/ - 1%	122.76	115.08	106.43	97.30
	Growth in residual values after 5 years	+/ - 1% of gradient	126.93	112.27	108.08	96.58
	WACC Discount Rates	+/ - 50PB	125.37	113.05	106.93	97.13
Redeban Multicolor S.A.	Income	+/ - 1%	26,038.00	24,607.00	19,297.02	14,165.96
	Growth in Perpetuity	+/ - 50PB	26,012.00	25,075.00	17,830.80	15,661.07
	Equity Cost Rate	+/ - 1%	25,565.00	25,494.00	17,466.83	15,909.54
ACH Colombia S.A.	Income	+/ - 1%	171,220.58	163,589.14	186,254.38	138,792.80
	Growth in residual values after 5 years	+/ - 1%	177,499.04	159,030.43	187,467.46	139,096.07
	Discount rate	+/ - 50PB	168,219.38	166,600.77	186,709.29	139,854.24

The fair value of these products is also based on product compliance assumptions, as in the case of products that have implicit prepayment assumptions, while on-demand and term deposits have assumptions regarding their maturity. Additionally, when discounted by a market curve, they include effects such as credit spread that applies to the portfolio and deposits.

Valuation sensitivity at hierarchy level 3 - Investments at fair value through OCI Equity instruments

Investments classified at Level 3 have significant non-observable input. Level 3 instruments mainly include investments in equity instruments, which are not traded on the stock market. Since observable prices are not available for these securities, the Group has used valuation techniques, such as discounted cash flow, to obtain the fair value thereof. The Group has equity investments in different entities with shareholdings of less than 20% of the entity's share capital, which were acquired because they are necessary for developing the operations, such as Fondo para el Financiamiento del Sector Agropecuario (FINAGRO).

Discounted flow of dividends methodology

The discounted flow of dividends methodology shall be applied on the following financial assets classified at hierarchy level 3:

Investee	BBVA valuation			Long-term rate		
	Lower limit	Average	Upper limit	Lower limit	Average	Upper limit
Fondo para el financiamiento del sector agropecuario "FINAGRO"	41,206,651	40,936,399	40,671,135	25.55%	25.80%	26.05%
Average	41,206,651	40,936,399	40,671,135	25.55%	25.80%	26.05%

	Lower limit	Lower limit	Average	Upper limit
Ke FINAGRO	40,936,399	25.55%	25.80%	26.05%
		25.55%	25.80%	26.05%

Sensitivity analysis. The Ke rate was sensitized using the criteria CPI +25 basis points/-25 basis points.

Sensitivity analysis. The variable to be sensitized during the period was the Ke discount rate; the particular component to be sensitized was inflation. This process took into account the estimates of the Group's economic research area and the expectations of changes in the Central Bank's intervention rate.

It is important to mention that the Group's investments include investments in financial service institutions and in Fondo para el Financiamiento del Sector Agropecuario "Finagro". This means that the variables that make up the discount rate are different for the two types of investments.

Additionally, it is important to briefly mention the methodology to measure the entities. On one hand, there are the financial service institutions, which basically reflect the upward trend of the latest of each of the entities, always adjusted using the inflation variable estimated by the economic research area. On the other hand, the valuation of Fondo para el Financiamiento del Sector Agropecuario "Finagro" is not only in line with the evolution of the figures, but also represents growth in the investment portfolio, and the statement of income is simulated using the DTF provided by economic research, because it is the variable at which Fondo para el Financiamiento del Sector Agropecuario "Finagro" issues its securities.

Determining what falls under the term "observable" requires significant criteria on behalf of the entity. Therefore, observable data are understood as the market data that can be easily obtained, are distributed or updated on a regular basis, are reliable and verifiable, are not private (exclusive) and are provided by independent sources that play an active role on the relevant market.

The assumptions and factors used in valuation techniques include risk-free interest rates, reference interest rates, credit spreads and other premiums used to determine discount rates, foreign exchange rates and expected price volatilities.

The availability of observable market prices and factors reduce the need for judgments and calculations by management, along with the uncertainty associated with determining fair values.

The availability of observable market prices and input varies depending on the products and markets and is prone to changes based on specific events and general conditions on financial markets.

Fair value hierarchy of the Group's financial instruments

Debt Securities in Local Currency

Investments in debt securities are valued on a daily basis and their results are also recorded daily.

The BBVA Group measures the market value of investments, based on liquidity and depth of the market in debt securities that are marketable and available for sale by using the "unadjusted" prices published on a daily basis by the price vendor "Precia – Proveedor de Precios Para Valoración", selected by the Group.

The market price bases are provided by the price vendor authorized by the Financial Superintendence of Colombia. The securities that meet these conditions are classified as Level 1 of the fair value hierarchy.

In the case of instruments that are not 100% observable on the market, but whose price is determined based on other prices that are observable on the market, the entity shall classify these instruments at level 2.

Investments in debt securities at amortized cost in local currency for which there is no price published on a given date are valued exponentially based on the Internal Rate of Return (IRR) calculated at the time of the purchase and recalculated on the coupon payment dates or the indicator's re-pricing of the variable indicator. These securities are assigned a classification depending on when the position is closed out.

Debt Securities in Foreign Currency

In the first place, the market value of the respective security is determined in its own currency, based on unadjusted quoted market prices published by the price vendor selected by the entity and authorized by the Financial Superintendence of Colombia for this purpose, in which case the fair value hierarchy will be level 1. In the absence of market prices on the part of the official price vendor, the prices determined by international markets, published by Bloomberg will be used; since they are observable on a financial information platform known by all market agents, they would be classified as Level 1 in the fair value hierarchy.

Finally, when there are no observable inputs on the market, the fair value is determined exponentially based on the internal rate of return (IRR) calculated at the time of the purchase and recalculated on the coupon payment dates or the variable indicator's re-price date as applicable. Securities calculated based on the latter model (IRR) shall be classified as Level 3.

Derivative Financial Instruments

Transactions with derivatives are defined as contracts between two or more parties to purchase or sell financial instruments at a future date, or contracts where the underlying asset is a market spot price or index. The BBVA Group carries out transactions with commercial purposes or hedging purposes in forwards, options and swaps.

All derivatives are measured at fair value. Changes in fair value are recognized in the consolidated statement of income.

For the derivative financial instruments listed below, except for futures, fair value is calculated based on listed market prices of comparable contracts and represents the amount that the entity would have received from or paid to a counterparty to write-off the contract at market rates on the date of the consolidated statement of financial position; therefore, the valuation process is described by product:

- **Forward (Fwd).** Discounted cash flow is the valuation model used. The vendor publishes encrypted curves in accordance with the source currency of the underlying asset. These market inputs are published by Precia, the official price vendor, based on observable market data.
- **Interest and exchange rate swaps.** The valuation model is based on discounted cash flows. These market inputs are taken from the information published by "Precia", the official price vendor, which publishes the encrypted curves in accordance with the underlying asset, base swap curves.
- **European Options - USD/COP.** The valuation model is based on the Black Scholes methodology using the variables provided by the official price vendor.

The Group has determined that derivative assets and liabilities measured at fair value are classified as Level 2 as illustrated below, indicating the fair value hierarchy of the derivatives recorded at fair value.

Fair value of financial assets and liabilities recorded at amortized cost determined only for disclosure purposes

Below are the details of the way in which the financial assets and liabilities, managed in accounting at amortized cost, were measured at fair value solely for the purposes of this disclosure.

Sensitivity of loan portfolio and lease transactions and investments and customer deposits

Due to the unavailability of observable market valuation inputs, these assets and liabilities were classified at level 3. Fair value is estimated using the present value of flows method at discount market rates at the time of valuation.

In the case of the loan portfolio, expected cash flows are projected by taking into account balance reductions due to early payments made by customers that are modeled based on historical information.

Financial Assets and Liabilities not measured at fair value

December 31, 2023

	2023				
Assets	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Commercial Loan Portfolio	30,300,587	29,911,624	0	0	29,911,624
Consumer portfolio	27,402,510	14,584,024	0	0	14,584,024
Mortgage portfolio	14,595,164	28,512,765	0	0	28,512,765
Loan portfolio	72,298,261	73,008,413	0	0	73,008,413
Agricultural development securities	2,103,449	2,105,097	0	0	2,105,097
Solidarity Securities	1,151,101	1,157,111	0	0	1,157,111
Mortgage securities - TIPS	4,039	4,044	0	0	4,044
Held-to-maturity investments	3,258,589	3,266,252	0	0	3,266,252
Total loan portfolio and investments	75,556,850	76,274,665	0	0	76,274,665

	2023				
Liabilities	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Demand deposits	40,667,499	40,667,499	0	0	40,667,499
Checking deposits	7,926,833	7,926,833	0	0	7,926,833
Savings deposits	31,525,134	31,525,134	0	0	31,525,134
Other deposits	1,215,532	1,215,532	0	0	1,215,532
Term deposits	36,486,819	33,451,258	0	0	33,451,258
Certificates of deposit and real value savings certificates	36,486,819	33,451,258	0	0	33,451,258
Total deposits and current liabilities	77,154,318	74,118,757	0	0	74,118,757

December 31, 2022

	2022				
Assets	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Commercial Loan Portfolio	29,041,974	25,749,626	0	0	25,749,626
Consumer portfolio	24,693,369	25,290,698	0	0	25,290,698
Mortgage portfolio	13,932,745	12,382,475	0	0	12,382,475
Loan portfolio	67,668,088	63,422,799	0	0	63,422,799
Agricultural development securities	1,868,911	1,872,424	0	0	1,872,424
Solidarity Securities	1,137,220	1,125,114	0	0	1,125,114
Mortgage securities - TIPS	3,804	4,045	0	0	4,045
Held-to-maturity investments	3,009,935	3,001,583	0	0	3,001,583
Total loan portfolio and investments	70,678,023	66,424,382	0	0	66,424,382

	2022				
Liabilities	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Demand deposits	40,582,668	40,582,668	0	0	40,582,668
Checking deposits	9,022,045	9,022,045	0	0	9,022,045
Savings deposits	29,959,699	29,959,699	0	0	29,959,699
Other deposits	1,600,924	1,600,924	0	0	1,600,924
Term deposits	28,562,696	25,828,602	0	0	25,828,602
Certificates of deposit and real value savings certificates	28,562,696	25,828,602	0	0	25,828,602
Total deposits and current liabilities	69,145,364	66,411,270	0	0	66,411,270

The following is a summary of the fair value hierarchy at December 31, 2023:

Assets and Liabilities	2023				
Hierarchies	**Carrying Value**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets	**16.198.543**	**16.198.543**	**4.140.759**	**11.721.457**	**336.327**
Assets at fair value measured on a recurring basis	16,198,543	16,198,543	4,140,759	11,721,457	336,327
Investments	6,658,934	6,658,934	4,140,759	2,181,848	336,327
Investments at fair value through profit or loss	3,722,995	3,722,995	1,561,621	2,161,374	0
Bonds	15,843	15,843	0	15,843	0
Certificate of deposit	1,286,646	1,286,646	0	1,286,646	0
Treasury securities - TES	2,420,506	2,420,506	1,561,621	858,885	0
Investments at fair value through OCI	2,550,615	2,550,615	2,514,594	20,474	15,547
Treasury securities - TES	2,514,594	2,514,594	2,514,594	0	0
Certificate of deposit	20,474	20,474	0	20,474	0
Mortgage securities - TIPS	15,547	15,547	0	0	15,547
Investments in Equity Instruments	344,388	344,388	64,544	0	279,844
Holding Bursatil Chilena SA	64,544	64,544	64,544	0	0
Credibanco S.A.	135,909	135,909	0	0	135,909
Redeban Multicolor S.A.	25,586	25,586	0	0	25,586
ACH Colombia S.A.	118,349	118,349	0	0	118,349
Investments in non-controlled entities	40,936	40,936	0	0	40,936
Fondo para el Financiamiento del Sector Agropecuario "FINAGRO"	40,936	40,936	0	0	40,936
Derivative financial instruments and (asset) cash transactions	9,539,609	9,539,609	0	9,539,609	0
Trading	9,320,646	9,320,646	0	9,320,646	0
Forward contracts	5,756,081	5,756,081	0	5,756,081	0
Cash transactions	986	986	0	986	0
Options	53,042	53,042	0	53,042	0
Swaps	3,510,537	3,510,537	0	3,510,537	0
Hedging	218,963	218,963	0	218,963	0
Swaps	218,963	218,963	0	218,963	0

Assets and Liabilities	2023				
Liabilities	**9,559,047**	**9,559,047**	**0**	**9,559,047**	**0**
Liabilities at fair value measured on a recurring basis	9,559,047	9,559,047	0	9,559,047	0
Derivative Financial Instruments and (Liability) Cash Transactions	9,559,047	9,559,047	0	9,559,047	0
Trading	9,544,711	9,544,711	0	9,544,711	0
Forward contracts	5,899,280	5,899,280	0	5,899,280	0
Cash transactions	107	107	0	107	0
Options	53,056	53,056	0	53,056	0
Swaps	3,592,268	3,592,268	0	3,592,268	0
Hedging	14,336	14,336	0	14,336	0
Swaps	14,336	14,336	0	14,336	0
Hierarchies	**Carrying Value**	**Amortized Cost**	**Level 1**	**Level 2**	**Level 3**
Assets	**11,997,897**	**11,997,897**	**8,580,285**	**2,605,188**	**0**
Assets measured on a non-recurring basis	11,997,897	11,997,897	8,580,285	2,605,188	0
Cash, cash balances in central banks and other demand deposits	11,185,473	11,185,473	8,580,285	2,605,188	0
Cash and deposits in banks	8,580,285	8,580,285	8,580,285	0	0
Investment funds	29,057	29,057	0	29,057	0
Money market and related transactions	2,576,131	2,576,131	0	2,576,131	0
Others	812,424	812,424	0	0	0
Advances to contracts and suppliers	105,939	105,939	0	0	0
Accounts receivable (net)	706,485	706,485	0	0	0
Liabilities	**9,173,758**	**9,173,758**	**0**	**2,519,332**	**5,137,874**
Investment securities	2,519,332	2,519,332	0	2,519,332	0
Outstanding Investment Securities	2,519,332	2,519,332	0	2,519,332	0
Financial Obligations	5,137,874	5,137,874	0	0	5,137,874
Bank credits and other financial obligations	5,137,874	5,137,874	0	0	5,137,874
Others	1,516,552	1,516,552	0	0	0
Accounts payable	1,021,094	1,021,094	0	0	0
Other Liabilities	495,458	495,458	0	0	0
Total assets and liabilities at fair value	46,929,245	46,929,245	12,721,044	26,405,024	5,474,201

No transfers between hierarchy levels were made in 2023

The following is a summary of the fair value hierarchy at December 31, 2022:

Assets and Liabilities	2022				
Hierarchies	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets	15,821,450	15,821,450	4,366,365	11,147,792	307,293
Assets at fair value measured on a recurring basis	15,821,450	15,821,450	4,366,365	11,147,792	307,293
Investments	5,760,181	5,760,181	4,366,365	1,086,523	307,293
Investments at fair value through profit or loss	2,216,381	2,216,381	1,155,380	1,061,001	0
Bonds	46,454	46,454	0	46,454	0
Certificate of deposit	998,126	998,126	0	998,126	0
Treasury securities - TES	1,164,117	1,164,117	1,155,380	8,737	0
Other domestic issuances	7,684	7,684	0	7,684	0
Investments at fair value through OCI	3,213,575	3,213,575	3,174,551	25,522	13,502
Bonds	4,064	4,064	0	4,064	0
Treasury securities - TES	3,174,551	3,174,551	3,174,551	0	0
Certificate of deposit	21,458	21,458	0	21,458	0
Mortgage securities - TIPS	13,502	13,502	0	0	13,502
Investments in Equity Instruments	299,629	299,629	36,434	0	263,195
Bolsa de Amountes de Colombia S.A.	36,434	36,434	36,434	0	0
Credibanco S.A.	116,366	116,366	0	0	116,366
Redeban Multicolor S.A.	26,913	26,913	0	0	26,913
ACH Colombia S.A.	119,916	119,916	0	0	119,916
Investments in non-controlled entities	30,596	30,596	0	0	30,596
Fondo para el Financiamiento del Sector Agropecuario "FINAGRO"	30,596	30,596	0	0	30,596
Derivative financial instruments and (asset) cash transactions	10,061,269	10,061,269	0	10,061,269	0
Trading	9,492,093	9,492,093	0	9,492,093	0
Forward contracts	2,605,861	2,605,861	0	2,605,861	0
Cash transactions	147	147	0	147	0
Options	49,118	49,118	0	49,118	0
Swaps	6,836,967	6,836,967	0	6,836,967	0
Hedging	569,176	569,176	0	569,176	0
Swaps	569,176	569,176	0	569,176	0

Assets and Liabilities	2022				
Liabilities	10,201,815	10,201,815	0	10,201,815	0
Liabilities at fair value measured on a recurring basis	10,201,815	10,201,815	0	10,201,815	0
Derivative Financial Instruments and (Liability) Cash Transactions	10,201,815	10,201,815	0	10,201,815	0
Trading	10,191,285	10,191,285	0	10,191,285	0
Forward contracts	2,918,594	2,918,594	0	2,918,594	0
Cash transactions	467	467	0	467	0
Options	49,179	49,179	0	49,179	0
Swaps	7,223,045	7,223,045	0	7,223,045	0
Hedging	10,530	10,530	0	10,530	0
Swaps	10,530	10,530	0	10,530	0
Hierarchies	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets	11,765,954	11,765,954	9,390,148	922,548	0
Assets measured on a non-recurring basis	11,765,954	11,765,954	9,390,148	922,548	0
Cash, cash balances in central banks and other demand deposits	10,312,696	10,312,696	9,390,148	922,548	0
Cash and deposits in banks	9,390,148	9,390,148	9,390,148	0	0
Investment funds	24,979	24,979	0	24,979	0
Money market and related transactions	897,569	897,569	0	897,569	0
Others	1,453,258	1,453,258	0	0	0
Advances to contracts and suppliers	203,561	203,561	0	0	0
Accounts receivable (net)	1,249,697	1,249,697	0	0	0
Liabilities	9,115,437	9,115,437	0	2,676,790	5,370,684
Investment securities	2,676,790	2,676,790	0	2,676,790	0
Outstanding Investment Securities	2,676,790	2,676,790	0	2,676,790	0
Financial Obligations	5,370,684	5,370,684	0	0	5,370,684
Bank credits and other financial obligations	5,370,684	5,370,684	0	0	5,370,684
Others	1,067,963	1,067,963	0	0	0
Accounts payable	802,359	802,359	0	0	0
Other Liabilities	265,604	265,604	0	0	0
Total assets and liabilities at fair value	46,904,656	46,904,656	13,756,513	24,948,945	5,677,977

No transfers between hierarchy levels were made in 2022

The Group discloses transfers between the levels of fair value hierarchy at the end of the period during which the change occurred. At December 31, 2023 and 2022, no transfers of financial instruments measured at fair value were made between hierarchy levels.

Fair Value measurements classified in level 3

The following are the movements of assets classified in the level 3 hierarchy level:

Level 3 investments disclosure	2023	2022
Balance at the beginning of year	$3,015,085	$2,076,762
Purchases	3,182,712	2,931,159
Sales / maturities	(3,043,327)	(2,082,569)
Valuation	126,493	90,595
Impairment	836	(862)
Balance at the end of year	$3,281,799	$3,015,085

During 2023, there were variations in the investments classified as level 3, which arise from the acquisition of securities by the Bank in accordance with the nature and dynamics of the business.

13. Accounts Receivable, Net

The following is a summary of accounts receivable, net:

Item	2023	2022
Deposits for executive proceedings, collateral and others (1)	$355,183	942,932
Accounts transferred to ICETEX (2)	155,145	156,264
Other advances to contracts and suppliers (3)	105,939	203,561
Prepaid expenses	45,488	47,252
Inactive National Treasury Department accounts	29,577	29,541
To parent company, subsidiaries, related parties and associates	464	233
Other tax assets	455	646
To employees	263	257
Fees	19,887	13,069
Other (4)	112,940	129,908
Subtotal	825,341	1,523,663
Impairment of other accounts receivable (5)	(12,917)	(22,506)
Total accounts receivable, net	$812,424	$1,501,157

1 The following are the main changes in security deposits for executive proceedings, guarantees and others:

a. The reduction in accruals for purchases of goods placed in commercial and residential leasing arises from lower placement in operations and the increase in interest rates.
b. The reduction in temporary deposits required as collateral in foreign markets is because in December only two transactions remained outstanding for USD 61,708,000 and EUR 212,415.

2 These are abandoned accounts transferred to ICETEX, whose balance is greater than 322 RVU and have been inactive for more than 36 months, in accordance with Law 1777/2016, regulated by Decree 953/June 15, 2016 of the Ministry of Finance and Public Credit. The reduction in 2023 mainly reflects the activation of accounts with frozen status.

3 The reduction arises from payments to contract suppliers with advances in the agricultural leasing and commercial leasing lines.

4 Accounts receivable from the settlement of derivative transactions in foreign currency for -COP 26,924 and Counterparty Clearing House for COP 10,816.

5 The movement of the accounts receivable impairment account in the years ended December 31, 2023 and 2022 was as follows:

Movement of impairment account	2023	2022
Balance at the beginning of year	$(22,505)	$(20,657)
Provision charged to expenses in the year (a)	(1,073)	(2,530)
Transfer other items	(99)	(86)
Provision recovery (b)	10,760	767
Total at year end	(12,917)	(22,506)

a. Provision on accounts receivable for leasing advance payments due to the high rate of temporary non-payment and interest pending payment by customers.
b. Recovery from payment, activation or cancellation of contracts: in accounts receivable releasing COP 7,435 and COP 2,408 in loans provisioned at December 2023.

13.1 (*) Prepaid expenses

Prepaid expenses are summarized as follows:

Item	2023	2022
Corporate software maintenance	$26,455	$33,232
Insurance	11,012	9,382
Electronics	284	1,039
Others	7,737	3,599
Total prepaid expenses	$45,488	$47,252

Prepaid expenses includes major local and corporate software maintenance contracts; the amortization period cannot be longer than the term of the legal and contractual rights, but it can be less than that established by the parties. The time indicated in useful life depends on the period during which the Entity expects to use the asset.

Additions presented in 2023 in Prepaid Expenses correspond to payments made as follows:

a. Payments made to acquire global, multi-risk, life and vehicle insurance policies.
b. Payments made for renewals of software maintenance and support, transfer prices and technical data storage services.
c. Deferred municipal tax generated during 2023.

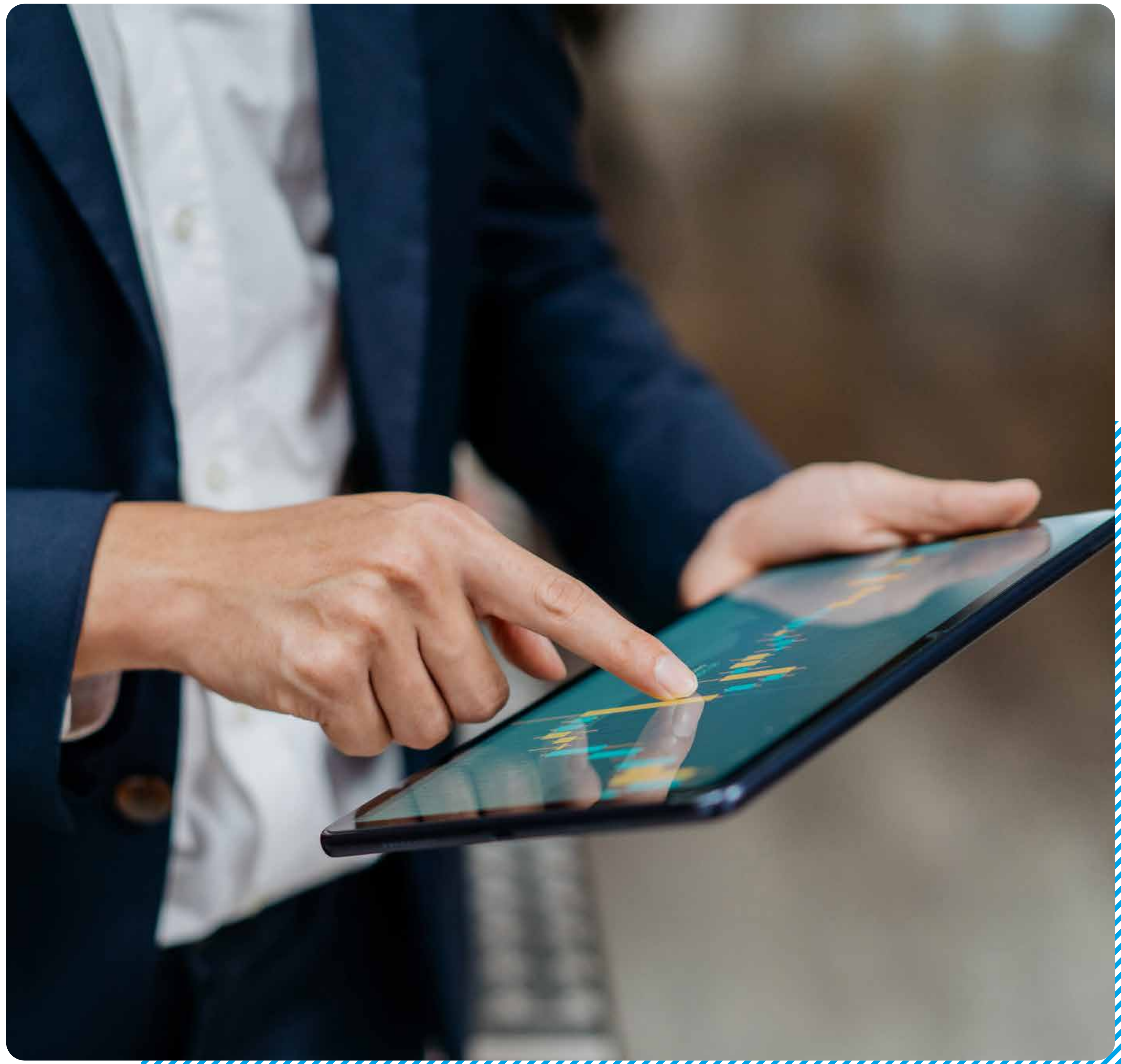
The removals generated in 2023 correspond to amortizations generated during the year in which the services were received or the costs or expenses were incurred.

December 31, 2023

Item	Balance 2022	Additions	Amortization	Balance 2023
Corporate software maintenance	$33,232	$111,030	$(117,807)	$26,455
Insurance	9,382	26,679	(25,049)	11,012
Electronics	1,039	343	(1,098)	284
Others	3,599	35,677	(31,539)	7,737
Total	$47,252	$173,729	$(175,493)	$45,488

December 31, 2022

Item	Balance 2021	Additions	Amortization	Balance 2022
Corporate software maintenance	$30,050	$79,768	$(76,586)	$33,232
Insurance	5,308	16,520	(12,446)	9,382
Electronics	3,009	3,404	(5,374)	1,039
Others	324	23,534	(20,259)	3,599
Total	$38,691	$123,226	$(114,665)	$47,252



14. Tangible assets, net

The following is a summary of tangible assets, net:

December 31, 2023

Item	Land (9) (11) (12)	Buildings (3) (6) (9) (10) (12)	Vehicles	Fixtures and accessories (2) (8)	Computer equipment(1) (6) (7) (9)	Machinery, plant and equipment in assembly (4) (6)	Improvements to assets under lease	Constructions in progress (5) (6)	Right-to-use assets	Properties in joint operations	Total
Cost											
Balance at December 31, 2022	$143,297	$619,432	$965	$247,865	$316,737	$623	$14,367	$1,481	$203,836	$1,942	$1,550,545
Purchases	0	465	0	11,426	33,401	1,914	0	5,146	66,109	208	118,669
Activations / additions	0	2,517	0	0	1,619	0	3,032	0	0	0	7,168
Removals	0	0	0	(11,977)	(11,913)	(75)	0	(1	0	0	(23,966)
Transfer to assets not held for sale	(64)	(605)	0	0	(10,393)	0	0	0	0	0	(11,062)
Capitalization of equipment being assembled and construction in progress	0	0	0	0	0	(1,619)	0	(5,549)	0	0	(7,168)
Canceled contracts	0	0	0	0	0	0	0	0	(10,647)	0	(10,647)
Cost balance at December 31, 2023	143,233	621,809	965	247,314	329,451	843	17,399	1,077	259,298	2,150	1,623,539
Depreciation											
Balance at December 31, 2022	0	(226,141)	(633)	(173,262)	(252,879)	0	0	0	(105,079)	(753)	(758,747)
Depreciation for the fiscal year	0	(6,531)	0	(18,674)	(26,330)	0	(2,023)	0	(30,500)	(230)	(84,288)
Removals	0	0	0	11,977	11,421	0	0	0	0	0	23,398
Transfer to assets not held for sale	0	166	0	0	10,393	0	0	0	0	0	10,559
Canceled contracts	0	0	0	0	0	0	0	0	4,138	0	4,138
Impairment balance at December 31, 2023	0	(232,506)	(633)	(179,959)	(257,395)	0	(2,023)	0	(131,441)	(983)	(804,940)
Impairment											
Balance at December 31, 2022	(9,738)	(20,848)	0	0	0	0	0	0	0		(30,586)
Impairment / recoveries on impairment	569	5,423	0	0	0	0	0	0	0	0	5,992
Impairment balance at December 31, 2023	(9,169)	(15,425)	0	0	0	0	0	0	0		(24,594)
Carrying value at December 31, 2023	$134,064	$373,878	$332	$67,355	$72,056	$843	$15,376	$1,077	$127,857	$1,167	$794,005

In 2023, purchases of tangible assets totaled COP 118,669. The following are the most important items:

1 Computer equipment purchases totaled COP 33,401, the most important of which was the acquisition and installation of 150 ATMs FL Extended without coins module for COP 6,924, the second payment for renewal of the base data storage and management software for COP 6,500, renewal of firewall due to obsolescence for COP 4,452, and acquisition of 5,729 technological devices.

2 Purchases of fixtures and accessories totaled COP 11,426, the acquisition of 2,615 furniture pieces for offices and central areas for COP 7,297, the purchase of 254 telecommunications equipment items (switches) for COP 2,850 and the acquisition of 182 security equipment items including cameras and shielded doors for COP 1,277.

3 Building purchases totaled COP 465, for the acquisition of a vehicle platform at the Teusaquillo building.

4 Purchases of machinery, plant and equipment for installation totaled COP 1,914, for adaptation and transfer works to relocate ATMs and offices, in accordance with business requirements.

5 Works purchases totaled COP 5,146, the most important of which was for the transfer of Wealth Banking to the headquarters building.

6 Activations and additions are transfers between accounts, from machinery, plant and equipment in installation, which is a temporary account for adaptation works and ATM relocations, to the computer equipment account. The constructions in progress account is a temporary account for improvements on buildings and leased properties.

7 The Board of Directors approved derecognitions totaling COP 23,966, the most important of which are: derecognition of computer equipment approved on April 26, 2023 in minutes 1714, directly derecognizing 2,019 assets whose purchase cost was COP 11,913.

8 Fixtures and accessories were derecognized in the amount of COP 11,977, mainly the derecognition of communications equipment for COP 7,080 and security equipment for COP 4,897.

9 1,501 computer equipment assets were transferred with purchase cost of COP 10,393, approved by minutes 1714 of April 26, 2023.

10 Movements in the buildings account totaled COP 605 for the transfer of the offices at Avenida Libertador, approved in minutes 1704 of June 29, 2022.

11 The movement in land for a total amount of COP 64 arises from the transfer of land at Avenida Libertador in the amount of COP 54 and the transfer of 6.131% of the land at Puente Aranda for COP 10; the latter was required under IDU Resolution 3610/2023.

12 Impairment: Amortization was recognized in 2023 based on the valuation of assets, which generated a recovery of impairment of COP 5,974 in buildings and land.

	2023	2022
Initial balance	**$(30,586)**	**$(42,702)**
(-) Effect on equity	0	7,714
Net effect on profit and loss	5,974	1,534
Transfers	18	2,868
Closing balance	$(24,594)	$(30,586)

December 31, 2022

Item	Land	Buildings	Vehicles	Fixtures and accessories	Computers	Machinery, plant and equipment in assembly	Improvements to assets under lease	Constructions in progress	Right-to-use assets	Properties in joint operations	Total
Cost											
Balance at December 31, 2021	$146,900	$626,415	$1,164	$243,732	$298,038	$2,076	$15,648	$1,349	$187,909	$1,933	$1,525,164
Purchases	0	0	0	11,262	16,241	3,127	0	0	0	9	30,639
Activations / additions	0	1,475	0	0	4,293	0	643	2,261	22,346	0	31,018
Removals	0	0	0	(7,129)	(1,835)	(287)	0	(12)	0	0	(9,263)
Transfer to assets not held for sale	(3,603)	(8,458)	(199)	0	0	0	0	0	0	0	(12,260)
Capitalization of equipment being assembled and construction in progress	0	0	0	0	0	(4,293)	(1,924)	(2,117)	0	0	(8,334)
Canceled contracts	0	0	0	0	0	0	0	0	(6,419)	0	(6,419)
Cost balance at December 31, 2022	143,297	619,432	965	247,865	316,737	623	14,367	1,481	203,836	1,942	1,550,545
Depreciation											
Balance at December 31, 2021	0	(223,997)	(832)	(161,689)	(235,538)	0	0	0	(78,785)	(556)	(701,397)
Depreciation for the fiscal year	0	(6,071)	0	(18,266)	(24,583)	0	0	0	(27,821)	(197)	(76,938)
Removals	0	0	0	6,693	7,242	0	0	0	0	0	13,935
Transfer to assets not held for sale	0	3,927	199	0	0	0	0	0	0	0	4,126
Canceled contracts	0	0	0	0	0	0	0	0	1,527	0	1,527
Impairment balance at December 31, 2022	0	(226,141)	(633)	(173,262	(252,879)	0	0	0	(105,079	(753)	(758,747
Impairment											
Balance at December 31, 2021	(5,862)	(36,840)	0	0	0	0	0	0	0	0	(42,702)
Impairment / recoveries on impairment	(3,876)	15,992	0	0	0	0	0	0	0	0	12,116
Impairment balance at December 31, 2022	(9,738)	(20,848)	0	0	0	0	0	0	0		(30,586)
Carrying value at December 31, 2022	$133,559	$372,443	$332	$74,603	$63,858	$623	$14,367	$1,481	$98,757	$1,189	$761,212

Depreciation. Fixed assets are depreciated using the straight line method and begin depreciating when they are in optimal conditions of use. The useful life and cost of the assets are determined through appraisal by independent experts every 36 months and the basis of depreciation is calculated by subtracting the residual value of each fixed asset (buildings) from the cost.

All the Group's property and equipment are duly insured against fire, related hazards, damage to electrical and electronic equipment, mechanical breakdown, HAMCCop (malicious acts) and theft, through insurance policies that are in force, and there is no restriction on ownership.

For purposes of constituting provisions or individual valuations of real estate properties, commercial appraisals are carried out with independent firms registered at the Realtors Association ("Lonja de Propiedad Raíz"). The term applied to these appraisals is three (3) years; at December 31, 2023, appraisals were conducted on 3% of the Group's immovable assets.

Appraisal Date	Number	Share %
2021	245	2%
2022	229	96%
2023	237	3%

15. Investments in joint arrangements

The following is a breakdown of investments in joint arrangements:

Item	Domicile	Capital	Equity Capital	Shareholdings Percentage %	Carrying Value
RCI Banque Colombia S.A.	Medellín	$234,942	$115,122	49,00%	$167,495
FAP Asobolsa	Bogotá D.C.	1,526	115,820	5,26%	78
Total Inversiones en acuerdos conjuntos					$167,573

Item	Rating	Assets	Liabilities	Profits and/or Losses
RCI Banque Colombia S.A.	A	$4,213,192	$3,871,386	$5,628
FAP Asobolsa	A	$1,491	0	$(2)

The investment in RCI Colombia S.A. decreased by 9%, equivalent to (COP 15,845) M

The Group measures its investments in joint arrangements using the equity method, which applies to FAP Asobolsa and RCI Banque Colombia SA.

Investments in joint arrangements - These are investments in equity instruments in controlled entities, consisting of the following at December 31, 2022:

December 31, 2022

Item	Domicile	Capital	Equity Capital	Shareholdings Percentage %	Carrying Value
RCI Banque Colombia S.A.	Medellín	234,942	115,122	0	183,418
FAP Asobolsa	Bogotá D.C.	1,526	115,820	0	78
Total investments in joint arrangements					$183,496

Item	Rating	Assets	Loans	Profits and/or Losses
RCI Banque Colombia S.A.	A	3,872,057	3,497,730	69,326
FAP Asobolsa	A	1,489	0	(0)

RCI Banque Colombia S.A. Compañía de Financiamiento" (hereinafter "RCI" or "the Company"). Its purpose is to enter into or carry out all that transactions and contracts legally permitted for financing companies, subject to the requirements and limitations of Colombian Law, namely:

1. Attracting term funds for the primary purpose of carrying out active consumer credit, payroll loan, factoring and remittance transactions.
2. Provide retail financing (credit, leasing) for buyers of new Renault vehicles and new vehicles of related brands and used vehicles of all brands.
3. Provide wholesale financing to Renault dealers and distributors and related brands and spare part inventories.
4. Transfer and sell accounts receivable from vehicle loans.
5. Obtain loans from financial institutions, related parties or affiliates of their shareholders in the form of loans, bonds, asset-backed securities, commercial papers and other instruments and to guarantee such obligations to the extent necessary.
6. Facilitate the sale of related insurance and other services (including life insurance, payment protection insurance and all-risk vehicle insurance).
7. Remarket the vehicles returned by leasing customers and those recovered from defaulted customers.

At the end of 2023 a business cooperation agreement was in place between BBVA Asset Management Sociedad Fiduciaria and BBVA Amountes Colombia S.A. Comisionista de Bolsa, whose purpose is to join commercial efforts, based on their operating, product, strategic and commercial capabilities, in order to not only create synergies, but also achieve greater efficiency in the model of expanded offerings of products and overall customer care. At December 31, the joint arrangement generated a total of COP 5,055 million.

16. Intangible assets, net

The following is a summary of intangible assets, net:

December 31, 2023

Intangible assets, net	Licenses (2) (5)	Developments (1) (3) (4)	Total
Cost			
Balance at December 31, 2022	$48,239	$554,956	$603,195
Purchases	216	107,113	107,329
Activations / additions	0	6,823	6,823
Removals	(166)	(24,336)	(24,502)
Cost balance at December 31, 2023	48,289	644,556	692,845
Depreciation			
Balance at December 31, 2022	(43,557)	(374,720)	(418,277)
Depreciation for the fiscal year	(1,561)	(52,577)	(54,138)
Removals	56	14,359	14,415
Depreciation balance at December 31, 2023	(45,062)	(412,938)	(458,000)
Impairment			
Balance at December 31, 2022	0	0	0
Impairment in the fiscal year	0	(12,123)	(12,123)
Removals	0	12,098	12,098
Impairment balance at December 31, 2023	0	(25)	(25)
Total intangible assets, net	$3,227	$231,593	$234,820

December 31, 2022

Intangible assets, net	Licenses	Developments	Developments
Cost			
Balance at December 31, 2021	$43,601	$484,377	$527,978
Purchases	4,638	86,397	91,035
Activations / additions	0	4,046	4,046
Removals	0	(19,864)	(19,864)
Cost balance at December 31, 2022	48,239	554,956	603,195
Depreciation			
Balance at December 31, 2021	(42,709)	(345,648)	(388,357)
Depreciation for the fiscal year	(848)	(40,538)	(41,386)
Removals	0	11,466	11,466
Depreciation balance at December 31, 2022	(43,557)	(374,720)	(418,277)
Impairment			
Balance at December 31, 2021	0	0	0
Impairment in the fiscal year	0	(9,533)	(9,533)
Removals	0	9,533	9,533
Impairment balance at December 31, 2022	0	0	0
Total intangible assets	$4,682	$180,236	$184,918

In 2023, purchases of intangible assets totaled COP 107,329:

1. Acquisitions of software development totaled COP 107,113, the most important of which are developments related to the CDD project in the amount of COP 8,858, Horizon for COP 8,802 and Glomo for COP 5,062.

2. Information security licenses for multi-cloud environments were acquired for COP 216.

3. Additions were made to 155 software development for COP 6,823, mainly for the following developments: Implementation of the net tool for COP 2,888 and deployment of Sas Aml at BBVA Colombia for COP 1,256.

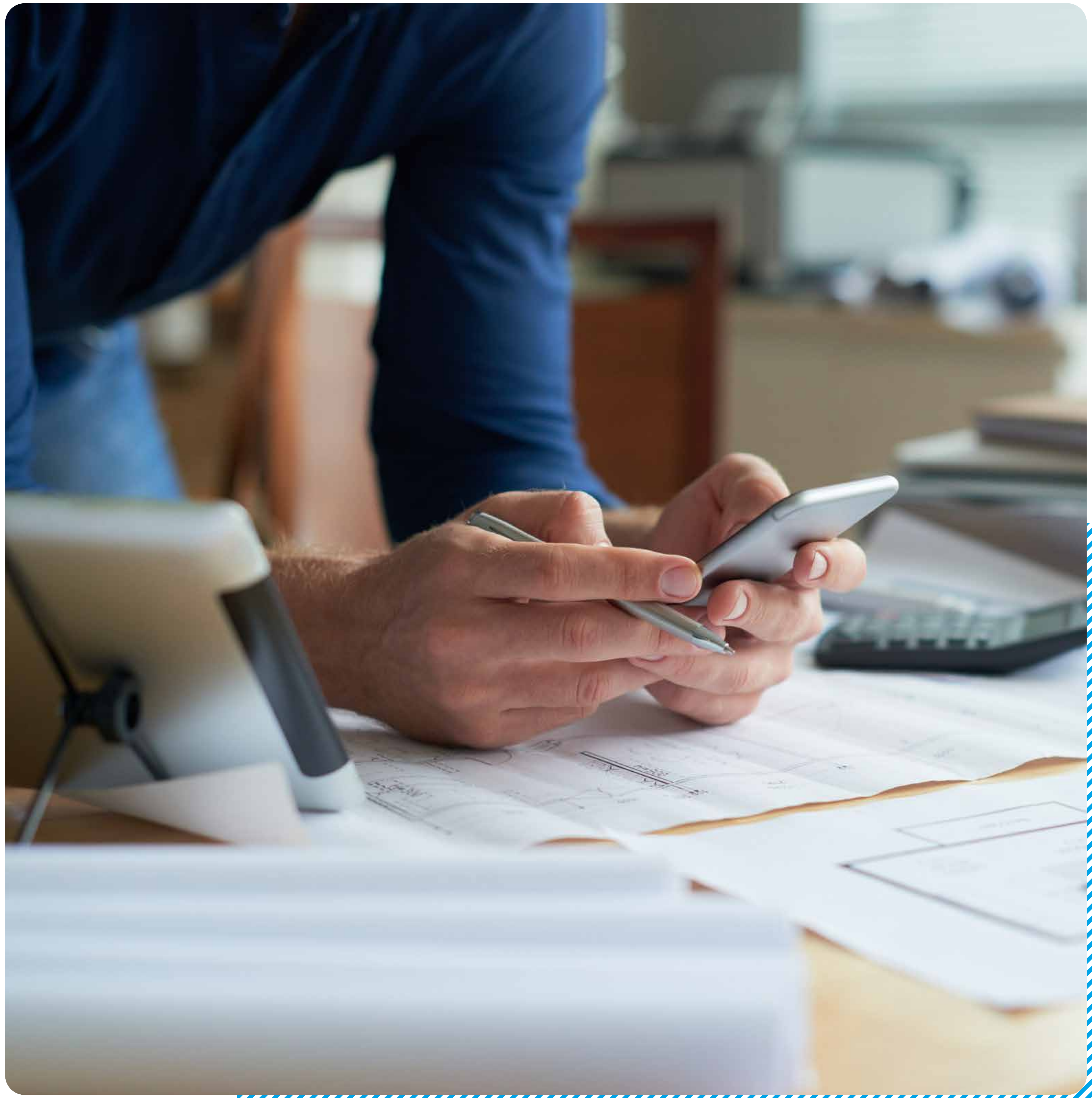
During 2023, derecognitions of intangible assets totaled COP 24,332.

4. In developments, 256 technical initiatives were derecognized in the amount of COP 23,543, and the acquisition cost of 28 initiatives was reduced for COP 623.

5. In licenses, derecognitions totaled COP 166; the acquisition cost of the license for the MLC application changed by COP 104, which was the most significant variation, because the exchange rate of reception of the goods was higher than the payment exchange rate.

The Group performs the impairment testing on its assets to assesses whether it is an intangible asset and whether it is being amortized; after this step, certain indicators are used to identify whether the software associated with the asset was rejected, released, or its amortization was completed.

Based on this assessment, the Group recognizes the assets that are subject to impairment, estimates their value and makes their accounting adjustment to reflect the real value in the inventory. Impairment in 2023 totaled COP 12,123.



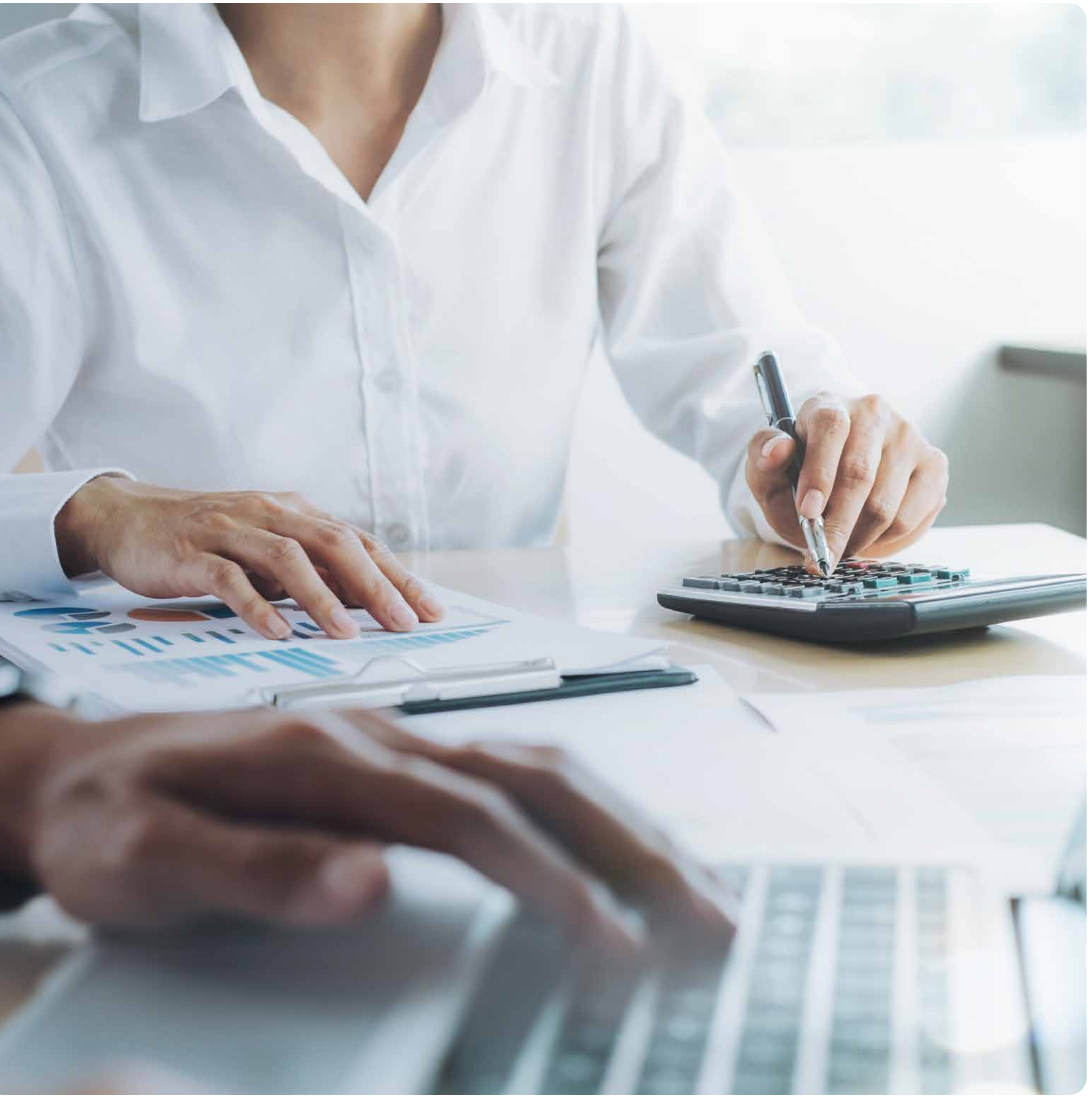
17. Non-current assets held for sale, net

Non-current assets held for sale are mainly realizable assets received from the loan portfolio debtors, which the Group intends to sell in the short term; there are departments, processes and programs in place for their sale, either in cash or by granting financing to potential buyers.

At December 31, the balance of this account is summarized as follows:

Item	2023	2022
Realizable assets		
Real estate	$33,901	$34,692
Subtotal realizable assets	33,901	34,692
Assets restituted in lease agreements		
Real estate	20,454	16,824
Vehicles	510	232
Machinery and equipment	293	293
Real estate given under residential leasing	26,549	26,927
Others	34	44
Subtotal assets restituted in lease agreements	47,840	44,320

Item	2023	2022
Assets not used for the corporate purpose		
Lands	2,521	4,063
Buildings	15,586	21,384
Furniture and fixtures	556	556
Computers	8,940	2,127
Subtotal assets not used for the corporate purpose	27,603	28,130
Trusts	7,175	7,176
Subtotal trusts	7,175	7,176
Subtotal realizable and restituted assets	116,519	114,318
Impairment of non-current assets held for sale		
Realizable assets	(955)	(1,864)
Assets restituted in lease agreements	(564)	(765)
Item	2023	2022
Trusts	(3,086)	(1,365)
Disaffected real estate properties	768	708
Furniture and fixtures	(556)	(556)
Computers	(2,156)	(2,127)
Subtotal impairment	(6,549)	(5,969)
Total Non-current assets held for sale, net	$109,970	$108,349



At 2023, the Group reviewed all its non-current assets held for sale, in compliance with paragraph 91 (B) Disclosures, of IFRS 13 - Fair Value Measurement.

At December 31, 2023, the Group had 444 non-current assets held for sale amounting to COP 116,519 and impairment of COP 6,549. At December 31, 2022, the Group had 385 non-current assets held for sale amounting to COP 114,318 and impairment of COP 5,969.

Non-current assets held for sale that are over two years old in 2023 and 2022 amounted to COP 78,453 and COP 57,655 respectively.

During 2023, the Group sold 110 non-current assets held for sale for a total of COP 27,591, recording a loss of COP 3,006.

The change in the provision for protection of non-current assets held for sale during the years ended on December 31, 2023 and 2022, was as follows:

Item	2023	2022
Balance at the beginning of year	$(5,969)	$(51,775)
Provision charged to expenses in the year	(941)	(8,193)
Transfers of fully depreciated assets	(209)	(266)
Less – Withdrawal for sales and recoveries	570	54,265
Total impairment balance	$(6,549)	$(5,969)

18. Other assets, net

The balance of the account at December 31 consisted of the following:

Other assets, net	2023	2022
Art and cultural assets (1)	$1,286	$1,108
Activities in joint operations	4	3
Sundries (2)	16,496	10,466
Subtotal	17,786	11,577
Impairment of other assets	(2,381)	(4,000)
Total other assets, net	$15,405	$7,577

1 The increase of COP 178 between 2023 and 2022 is due to updating of the art collection held by BBVA in Colombia.

2 Notable changes can be seen in miscellaneous accounts due to the following increases in different transactions:

- In collections of Swap derivatives, the customers made advance payments on December 28, which left a large amount for the next business day. The main change is related to the customer AVIATUR, with a payment of COP 1,761.
- National taxes collected through PSE, which include tax payments made after 17:30 until 23:00, which left a large amount pending for the next business day.
- Card transactions made through PSE on the last day of the year, in which the transactions of December 29 are updated on the next business day, which is January 2, 2024.
- In December there was an increase in payments from sales of our business establishments to cardholders abroad.

The changes in the impairment of other assets account for the years ended December 31, 2023, and December 31, 2022 are detailed below:

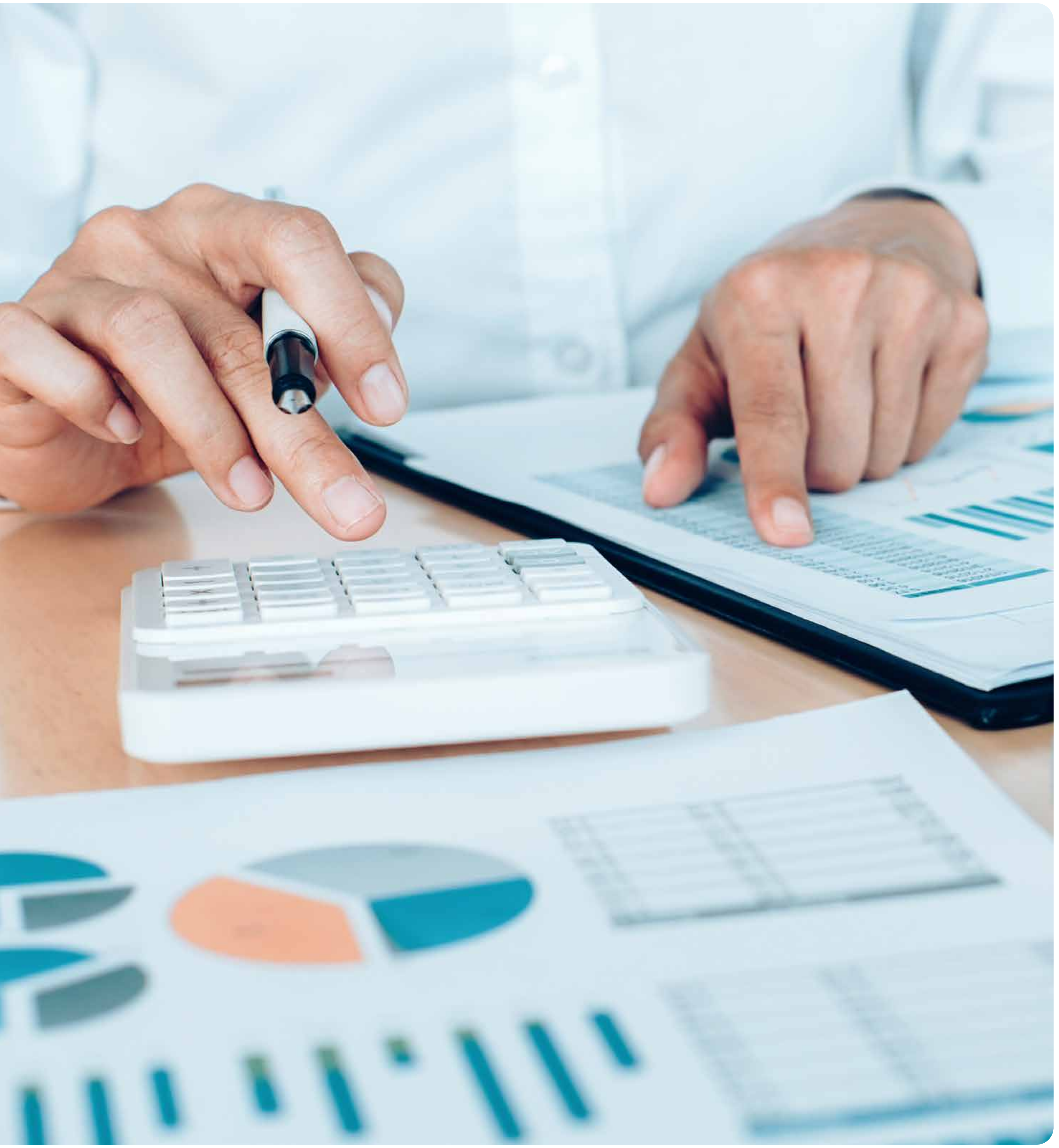
Movements of impairment accounts	2023	2022
Balance at the beginning of year	$(4,000)	$(1,122)
Impairment during the year (3)	(1,760)	(2,899)
Impairment recoveries	3,380	21
Balance at year end	$(2,380)	$(4,000)

3 Impairment is based on technical effects in linking accounts, where the automatic process does not complete the posting to the Group's provisions application.

19. Customer deposits

BBVA Colombia's liability portfolio at December 31, 2023 and 2022, consisted of the following:

Customer deposits	2023	2022
Savings deposits	$31,248,590	$29,628,375
Deposits in checking accounts	7,926,833	9,022,045
Current liabilities for services	522,286	417,958
Special deposits	684,235	1,174,119
Special savings accounts	275,223	329,709
Single deposits	1,321	1,615
Canceled accounts	762	744
Banks and correspondents	1,439	1,794
Electronic deposits	6,810	6,309
Subtotal customer on-demand deposits	40,667,499	40,582,668
Certificates of deposit	36,473,868	28,550,967
Real value savings certificates	12,951	11,729
Subtotal customer term deposits	36,486,819	28,562,696
Subtotal customer deposits	$77,154,318	$69,145,364



Below is a summary of deposits and current liabilities as of December 31, 2023:

Item	Local Currency	Foreign Currency	Total Currency
Checking account			
Public sector	$1,524,834	$0	$1,524,834
Private sector	6,394,903	7,096	6,401,999
Subtotal checking accounts	7,919,737	7,096	7,926,833
Single deposit			
Private sector	1,321	0	1,321
Subtotal single deposits	1,321	0	1,321
CDs - COP			
Public sector	3,574,259	0	3,574,259
Private sector	32,899,609	0	32,899,609
Subtotal CDs - Pesos	36,473,868	0	36,473,868
Savings deposits			
Deposits:			
Public sector	10,520,763	0	10,520,763
Private sector	20,727,827	0	20,727,827
Special savings:			
Private sector	275,223	0	275,223
Subtotal savings deposits	31,523,813	0	31,523,813
CDs - RVU			
Private sector	12,951	0	12,951
Item	**Local Currency**	**Foreign Currency**	**Total Currency**
Subtotal CDs-RVU	12,951	0	12,951
Other deposits			
Banks and correspondents	1,439	0	1,439
Special deposits	295,357	395,679	691,036
Tax collections	9	0	9
Banking services	365,343	156,943	522,286
Others			
Canceled accounts	762	0	762
Subtotal customer deposits	$76,594,600	$559,718	$77,154,318

Below is a summary of deposits and current liabilities as of December 31, 2022:

Item	Local Currency	Foreign Currency	Total Currency
Checking account			
Public sector	$1,510,922	$0	$1,510,922
Private sector	7,483,662	27,461	7,511,123
Subtotal checking accounts	8,994,584	27,461	9,022,045
Single deposits			
Private sector	1,615	0	1,615
Subtotal single deposits	1,615	0	1,615
CDs - COP			
Public sector	3,062,131	0	3,062,131
Private sector	25,488,836	0	25,488,836
Subtotal CDs - Pesos	28,550,967	0	28,550,967
Savings deposits			
Deposits:			
Public sector	8,105,841	0	8,105,841
Private sector	21,522,534	0	21,522,534
Special savings:			
Private sector	329,709	0	329,709
Subtotal savings deposits	29,958,084	0	29,958,084
CDs - RVU			
Private sector	11,729	0	11,729
Subtotal CDs-RVU	11,729	0	11,729
Other deposits			
Banks and correspondents	1,235	559	1,794
Special deposits	485,082	695,327	1,180,409
Tax collections	300,681	117,277	417,958
Banking services	19	0	19
Others			
Canceled accounts	744	0	744
Subtotal customer deposits	$68,304,740	$840,624	$69,145,364

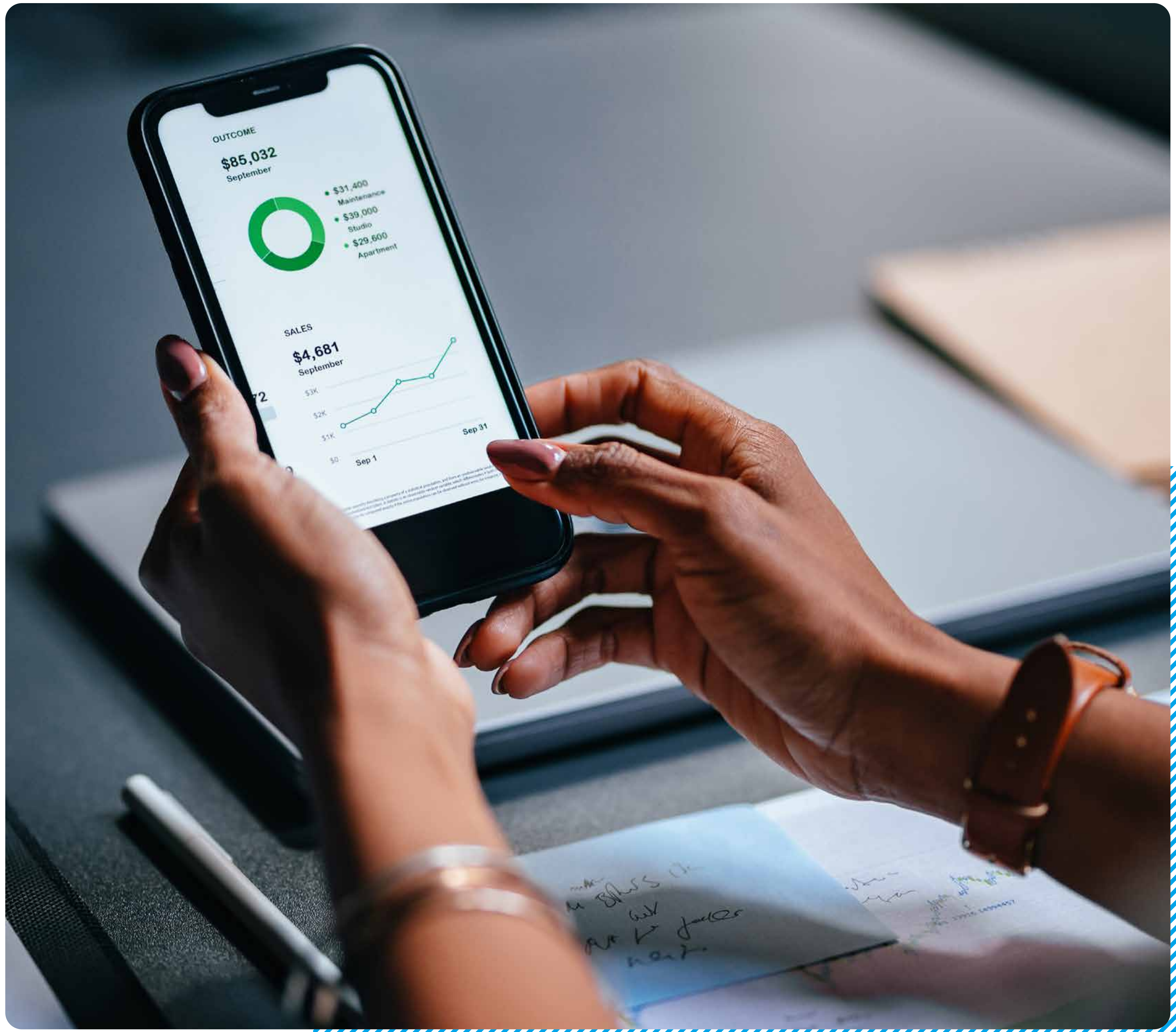
- The 12% increase compared to the previous year consists of changes in the certificates of deposit accounts, up 28%, and accounts receivable from services, up 25% compared to the previous year. There was also a substantial reduction in the special deposits items, down 42%, and correspondent banks by 20%.
- The reduction in special accounts is related to the collateral required in USD, agreed at T+1, due to a reduction in transactions with the counterparty Morgan Stanley, for a 2023 balance of COP 224,005.
- Payments received at the Bank's branches or other channels related to tax and customs payments, which depend on the taxpayers' flows.
- Certificates of deposit increased by 27.75% compared to the previous year, with a significant share of private sector customers.
- Checking accounts decreased by 12.14%, with a private sector reduction of 14.77% compared to the previous year.

20. Derivative Financial Instruments and (Liability) Cash Transactions

The financial instruments traded by BBVA are classified as assets or liabilities (see Note 24) according to their results.

At December 31, the balance of this account classified as liabilities is summarized as follows:

Derivative Financial Instruments and (Liability) Cash Transactions	2023	2022
Trading (1)	$9,544,711	$10,191,286
Hedging (2)	14,336	0
Money market and simultaneous transactions	(3)	3,204,093
Total derivative financial instruments and (liabilities) cash transactions	$12,277,305	$13,395,379



20.1 Financial instruments - trading derivatives (liabilities)

At December 31, 2023, the balance of this account classified as liabilities is summarized as follows:

	Notional Value		Fair Value	
Forward Contracts	2023	2022	2023	2022
Purchase on foreign currency				
Rights	$65,226,464	$45,041,029	$(57,143,437)	$(42,523,019)
Obligations	0	0	63,037,829	43,603,987
Sale on foreign currency				
Rights	696,150	29,237,757	(631,457)	(28,184,931)
Obligations	0	0	638,398	30,023,732
Less credit risk	0	0	(2,052)	(1,176)
Total forward contracts	65,922,614	74,278,786	5,899,281	2,918,593

	Notional Value		Amount Contable	
Cash transactions	2023	2022	2023	2022
Purchase on foreign currency				
Rights	4,534	38,190	(4,515)	(38,022)
Obligations	0	0	4,535	38,143
Sale on foreign currency				
Rights	76,081	3,690	(76,024)	(3,687)
Obligations	0	0	76,082	3,722
Purchase on securities				
Rights	76,646	5,159	(77,714)	(4,724)
Obligations	0	0	77,734	4,726
Sale on securities				
Rights	22,851	107,490	(19,930)	(82,103)
Obligations	0	0	19,939	82,412
Total cash transactions	180,112	154,529	107	467

	Notional Value		Amount Contable	
Options	2023	2022	2023	2022
Sales - Put	544,773	514,897	47,402	11,761
Sales - Call	796,623	766,208	5,671	37,426
Less DVA credit risk			(16)	(6)
Total options	1,341,396	1,281,105	53,057	49,181

	Notional Value		Amount Contable	
Swaps	2023	2022	2023	2022
On interest rates				
Rights	64,478,838	69,200,561	(10,397,913)	(8,462,442)
Obligations	0	0	12,853,577	12,760,299
On currencies				
Rights	9,701,942	10,261,606	(9,345,038)	(10,346,179)
Obligations	0	0	10,496,910	13,299,363
Less CVA credit risk			(15,270)	(27,996)
Total swaps	74,180,780	79,462,167	3,592,266	7,223,045
Total cash transactions and derivatives	$141,624,902	$155,176,587	$9,544,711	$10,191,286

BBVA Colombia is one of the main participants in the public debt market makers arrangement, which requires it to have a structurally high balance of treasury bonds (both fixed-rate TES and RVU TES). This need has increased over time as the Public Credit Office's strategy has been to increase the duration of On the Run bonds.

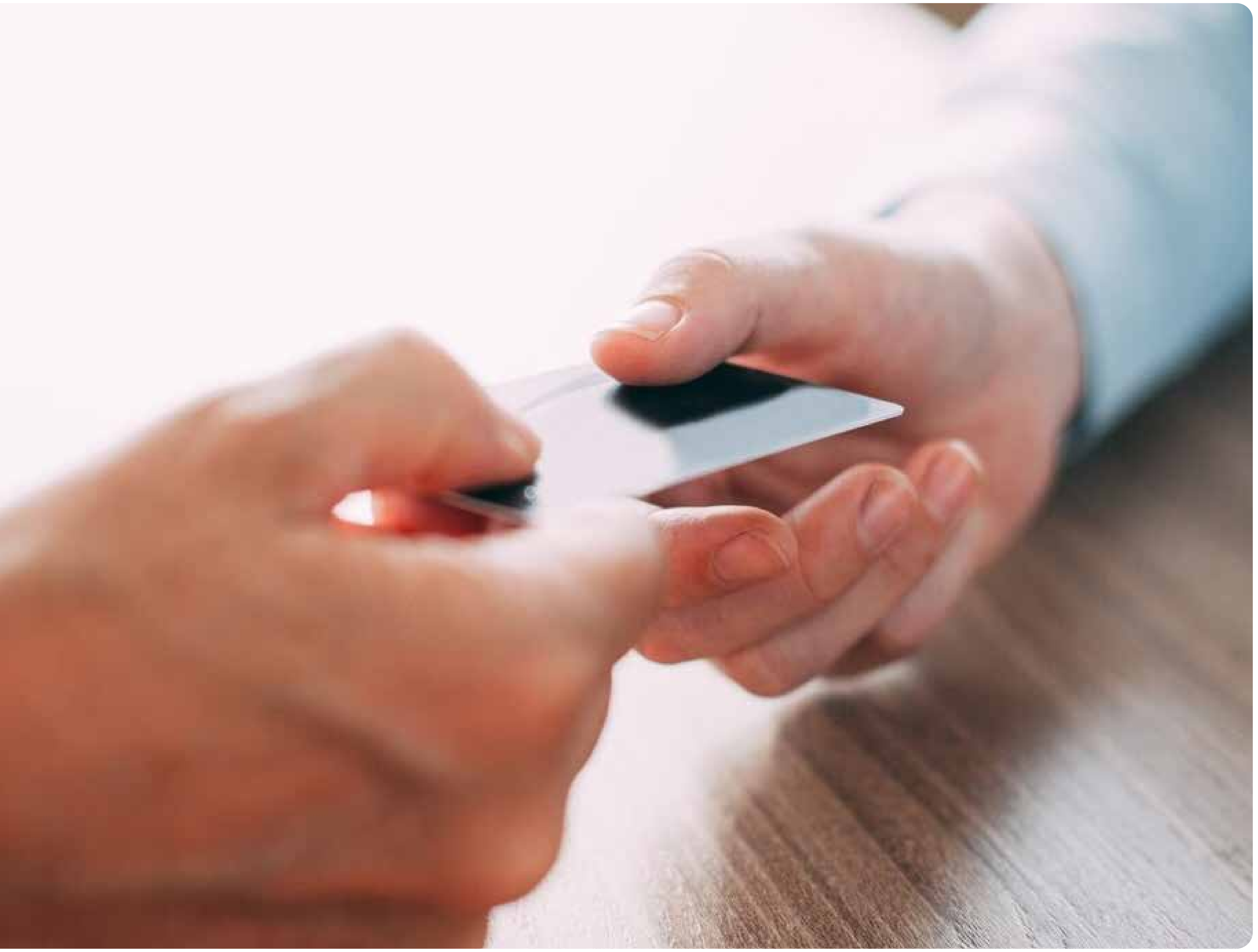
The collateral received in derivative transactions at December 31, 2023 and 2022, were:

Counterparty	DIV	2023	2022
Liabilities			
Bbva bancomer s.a. México	USD	$1,630,000	$0
Bbva Madrid clearing broker	USD	43,286,425	29,853,825
Morgan Stanley and Co International	USD	58,608,850	114,698,850

20.2 Financial instruments - hedging derivatives (liabilities)

• Fair value hedge accounting

It was designated at fair value because the obligation is indexed at the IBR (Reference Bank Indicator), which was developed by the private sector, with the backing of the Central Bank of Colombia and other entities, in order to reflect the liquidity of the Colombian money market, that is to say when a debt is acquired on the market today, it will be estimated at a rate similar to the reference rate.



The accounting of hedging derivatives at December 31, is as follows:

Passive hedging - CCS swap 2023

Accrued Interest

Hedge Type	Currency	Value of Right	Value of Obligation	Statement of Financial Position	Income Statement	Statement of Other Comprehensive Income
Fair Value	USD	0	0	0	0	0
Cash flow		(40,400)	54,736	0	3,242	11,094
Total				0	3,242	11,094
Total passive hedging						14,336

Passive hedging - CCS swap 2022

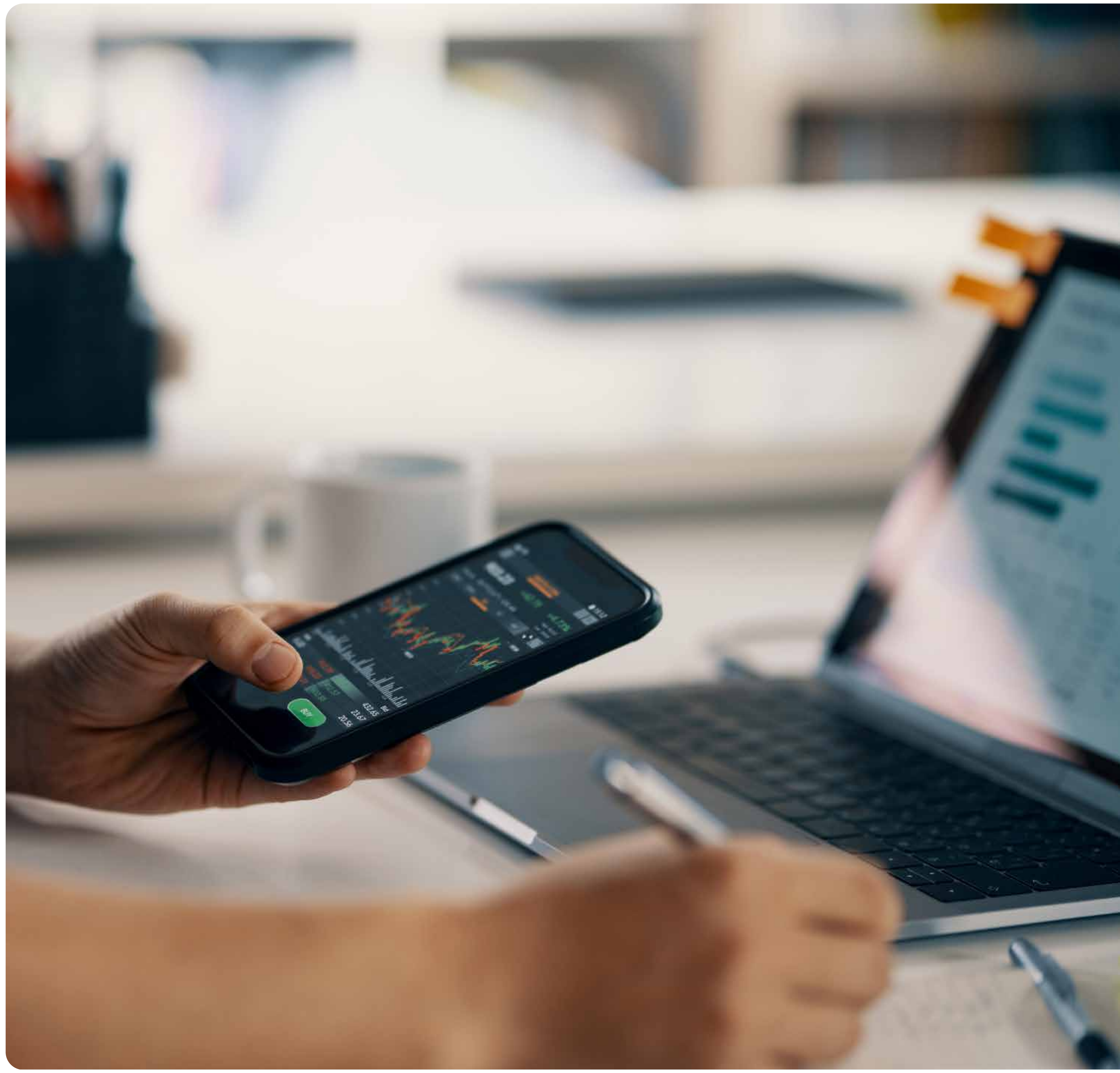
Accrued Interest

Hedge Type	Currency	Value of Right	Value of Obligation	Statement of Financial Position	Income Statement	Statement of Other Comprehensive Income
Fair Value	USD	0	0	0	0	0
Cash flow		0	0	0	2,099	(2,099)
Total				0	2,099	(2,099)
Total passive hedging						0

20.3 Money Market and Simultaneous Transactions

At December 31, 2023, the balance of this account is summarized as follows:

Description	Rate	2023	Rate	2022
Ordinary interbank funds purchased:				
Banks (1)	0	0	11.15%	322,349
Residents abroad	0	0	16.25%	729,625
Subtotal interbank funds purchased		$0		$1,051,974
Transfer commitments in closed repo transactions:				
Central Bank of Colombia (2)	12.23%	1,649,847	10.94%	1,381,121
Securities broker	0	0	0	0
Insurance and reinsurance companies	0	0	0	0
Counterparty Clearing House (3)	12.06%	113,753	10.96%	154,264
Subtotal closed repo transactions		1,763,600		1,535,385
Commitments originated in short positions for simultaneous transactions				
Central Bank of Colombia	0	567,881	0	279,392
Banks	0	32,191	0	35,420
Insurance companies	0	0	0	22,556
Brokerage Firms	0	1,823	0	100,388
Banks and financial corporations	0	0	0	0
Trust companies	0	6,966	0	0
Fund management companies	0	0	0	69,437
Other entities non-financial	0	0	0	0
Foreign residents	0	345,797	0	109,541
Subtotal commitments for simultaneous transactions		954,658		616,734
Total passive positions in money market transactions		$2,718,258		$3,204,093



1 In December 2023, no ordinary purchased interbank funds were agreed with Banks, while at December 2022, they were agreed at a rate of 11.15% with a maturity of 3 days.

2 In turn, at December 31, 2023, repo transactions were agreed with the Central Bank of Colombia at an average rate of 12.23%, with maturities between 1 and 3 calendar days, while at the end of December 2022, closed repo transactions were agreed with the Central Bank of Colombia at an average rate of 10.94% and a maturity between 3 and 8 calendar days.

3 There was a slight reduction with the Counterparty Clearing House at an average rate of 12.06%, with maturities of 1 day and 8 calendar days, whereas in December 2022, closed repo transactions were negotiated with the Counterparty Clearing House at an average rate of 10.96%, with maturities between 4 and 7 calendar days.

Transaction costs were in line with estimates for liquidity coverage needs.

21. Financial obligations

The following is a summary of bank loans and other financial obligations:

Financial obligations	2023	2022
Foreign Currency		
Bancoldex S.A.	$33,736	$46,711
Wells Fargo Bank N.A.	0	73,253
The Toronto Dominion Bank	0	268,376
BBVA Madrid	598,288	752,969
International Finance Corporation IFC	1,142,973	1,433,166
Banco Del Estado De Chile-Chile	0	73,274
Bank of America, N.A- San Francisco Ca Us	0	175,174
Citibank Na	0	48,546
Caixabank, S.A.	40,339	0
Bladex- Panama	38,463	0
Total foreign currency	1,853,799	2,871,469
Local Currency		
Financiera de Desarrollo Territorial - FINDETER	688,845	833,213
Banco de Comercio Exterior S.A. - BANCOLDEX	488,029	527,320
Fondo para el Fomento del Sector Agropecuario - FINAGRO	780,016	732,663
International Finance Corporation IFC	406,736	406,019
AT1 BBVA Madrid	920,449	0
Total legal currency	3,284,075	2,499,215
Total Bank credits and other financial obligations	$5,137,874	$5,370,684

The reduction between 2023 and 2022 of foreign currency funds is derived from the cancellation of financing arrangements with Bank Of America, Banco del Estado de Chile, Citibank, Toronto Dominion Bank and Wells Fargo Bank.

The primary financings are notably those procured through IFC, amounting to USD 300 million, and BBVA Madrid, amounting to USD 150 million. These are managed by COAP, making up 94% of all current outstanding financings.

The rate for foreign currency obligations averaged Sofr + 0.60% for short-term obligations maturing within 1 year from December 31, 2023.

The financial costs of the obligations are calculated on a daily basis, based on 360 days on principal defined by their frequency and interest rate.

Maturity of the loans varies according to the program (typically between one and ten years), and the funds directly provided by the Group vary from 0% to 40% of the total value of the loan, whereas the balance is provided by Government, The obligations are guaranteed by the corresponding loans made to the customers.

In June 2023, the Group took out an AT1 loan with BBVA Madrid in the amount of COP 822,878.
The classification bases for the temporality of financing are:

Foreign Currency			Local Currency		
No.	Category	Time	No.	Category	Time
1	Short-term	<365	1	Short-term	<364
2	Medium-term	>365 <1,825	2	Medium-term	>365 <1,095
3	Long-term	>1,825	3	Long-term	>1,096

The breakdown by term in foreign currency is as follows:

Foreign currency obligations

December 31, 2023	Capital				
	Interest		Total		
		Short-term	Medium-term	Long-term	
BANCOLDEX S.A.	$219	$1,418	$9,167	$22,932	$33,736
Bladex - Panamá	242	0	38,221	0	38,463
The Toronto Dominion Bank	0	0	0	0	0
BBVA Madrid	24,980	0	0	573,308	598,288
International Finance Corporation - IFC	3,744	0	1,139,229	0	1,142,973
Banco del Estado de Chile - Chile	0	0	0	0	0
Caixabank, S.A.	2,118	38,221	0	0	40,339
Citibank, N.A.	0	0	0	0	0
Total	$31,303	$39,639	$1,186,617	$596,240	$1,853,799

December 31, 2022	Capital				
	Interest		Total		
		Short-term	Medium-term	Long-term	
BANCOLDEX S.A.	$234	$0	$17,616	$28,861	$46,711
Bank of Nova Scotia	0	0	0	0	0
Wells Fargo Bank, N.A.	1,100	72,153	0	0	73,253
The Toronto Dominion Bank	3,815	264,561	0	0	268,376
BBVA Madrid	31,439	0	0	721,530	752,969
International Finance Corporation - IFC	4,325	0	1,428,841	0	1,433,166
Banco del Estado de Chile - Chile	1,121	72,153	0	0	73,274
Bank Of America, N.A. - San Francisco, CA US	2,007	173,167	0	0	175,174
Citibank, N.A.	444	48,102	0	0	48,546
Total	$44,485	$630,136	$1,446,457	$750,391	$2,871,469

The breakdown by term in local currency is as follows:

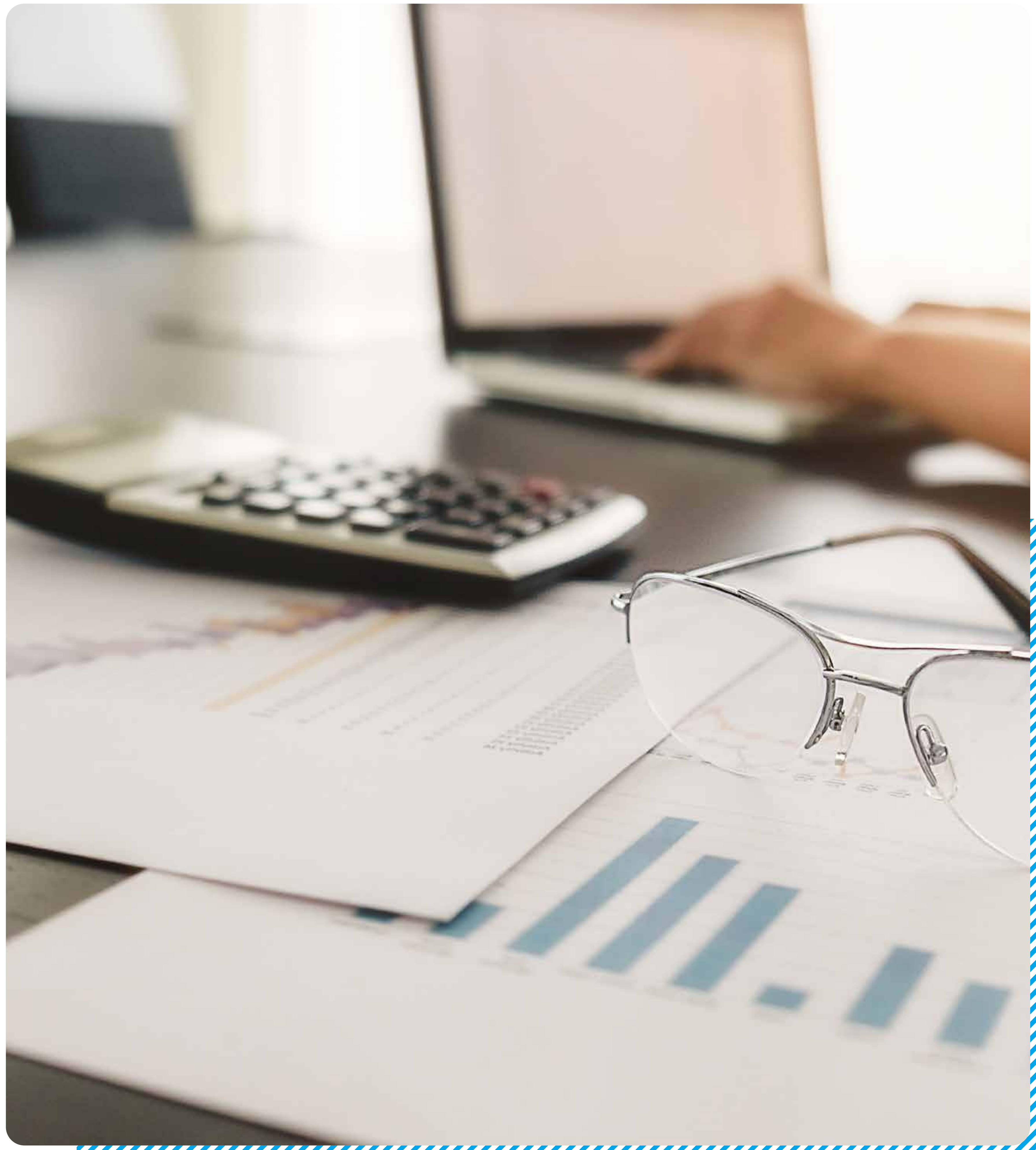
December 31, 2023

	Capital				
	Interest	Short-term	Medium-term	Long-term	Total
Financiera de Desarrollo Territorial - Findeter	$10,298	$21,819	$78,862	$577,866	$688,845
Banco de Comercio Exterior S.A. - BANCOLDEX	3,761	60,162	307,676	116,430	488,029
Fondo para el Fomento del Sector Agropecuario - FINAGRO	12,827	81,295	263,394	422,500	780,016
International Finance Corporation - IFC	1,304	0	0	405,432	406,736
BBVA Madrid - AT1	97,571	0	0	822,878	920,449
Total	$125,761	$163,276	$649,932	$2,345,106	$3,284,075

December 31, 2022

	Capital				
	Interest	Short-term	Medium-term	Long-term	Total
Financiera de Desarrollo Territorial - Findeter	$9,877	$662,553	$52,491	$108,292	$833,213
Banco de Comercio Exterior S.A. - BANCOLDEX	3,232	73,920	340,219	109,949	527,320
Fondo para el Fomento del Sector Agropecuario - FINAGRO	11,727	341,703	218,160	161,073	732,663
International Finance Corporation - IFC	1,346	0	0	404,673	406,019
Total	$26,182	$1,078,176	$610,870	$783,987	$2,499,215

In compliance with IAS 07 - Statement of Cash Flows, Paragraphs 44a and 44c, the reconciliation of cash flow in financing activities is disclosed



	Bank Credits and Other Financial Obligations	Outstanding Investment Securities	Subscribed and Paid-in Capital	Share issue premium	Other Comprehensive Income (OCI)	Retained Earnings	Reserves	Article 6 Law 4/80
Updated balance at January 1, 2023	$5,370,683	$2,676,790	$89,779	$651,950	$141,227	$1,190,871	$4,092,577	506
Changes in financing cash flows	0	0	0	0	0	0	0	0
Payment of loans and other financial liabilities	(1,610,798)	(200,000)	0	0	0	0	0	0
Collection of loans and other financial liabilities	1,069,072	0	0	0	0	0	0	0
Dividends and coupons paid on equity instruments	0	0	0	0	0	(454,455)	0	0
Other cash inflows (outflows)	6,834	(7,898)	0	0	0	0	467,240	0
Total changes in cash flow from financing	(534,892)	(207,898)	0	0	0	(454,455)	467,240	0
Effect of changes in foreign currency exchange rates	580,575	48,519	0	0	0	0	0	0
Changes in fair value	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	0	0	0	0
Interest expenses	146,427	176,737	0	0	0	0	0	0
Interest payment	(424,921)	(174,814)	0	0	0	0	0	0
Total other changes related to liabilities	302,081	50,442	0	0	0	0	0	0
Total other changes related to equity	0	0	0	0	43,089	(347,031)	(463)	0
Balances at December 31, 2023	$5,137,872	$2,519,334	$89,779	$651,950	$184,316	$389,385	$4,559,354	506

22. Outstanding Investment Securities

At December 31, 2023, the balance of this account is summarized as follows:

	2023			2022		
Item	Subordinated Bonds	Ordinary Bonds	Total	Subordinated Bonds	Ordinary Bonds	Total
Capital	$2,099,820	$447,180	$2,547,000	$2,695,080	$0	$2,695,080
Interest	19,737	6,520	26,257	27,737	0	27,737
Costs and valuation	(48,684)	(5,241)	(53,925)	(46,027)	0	(46,027)
Total	$2,070,873	$448,459	$2,519,332	$2,676,790	$0	$2,676,790

The second issuance of Series G - 2009 subordinated bonds amounting to COP 365,000 was made on February 19, 2013 with a redemption term between 10 and 15 years, with yield of maximum variable rate of CPI + 3.60% for 10 years, and of CPI + 3.89% for 15 years.

The third issuance of Series G - 2014 subordinated bonds amounting to COP 250,000 was made on November 26, 2014 with a redemption term between 15 and 20 years, with yield of maximum variable rate of CPI + 4.38% for 15 years, and of CPI + 4.50% for 20 years.

The first issuance of subordinated bonds in USD was carried out on April 21, 2015 with a redemption term of 10 years and a fixed-rate yield of 4.875%.

During 2023, BBVA Colombia issued Blue Bonds, with maturity term of 5 years, with "bullet" amortization type, which means that the full amount of the principal will be paid at the maturity of the bond. Interest is calculated on an "Actual/360" base and will be paid semi-annually. The applicable interest rate will be TERM SOFR at 6 months, plus an additional margin of 1.85%. The objective is this bond is to finance projects and activities related to sustainability and environmental protection, reflecting the commitment of BBVA Colombia to responsible financial practices and the fight against climate change.

- The first Blue Bond issuance was carried out on September 22, 2023, for USD 50 million. The term to maturity of this bond is 5 years, with "bullet" amortization type, which means that the full amount of the principal will be paid at the maturity of the bond.
- The second Blue Bond issuance was carried out on October 27, 2023, for USD 67 million. The term to maturity of this bond is 5 years, with "bullet" amortization type, which means that the full amount of the principal will be paid at the maturity of the bond.

The issuance prospectus contemplate the following characteristics:

Subordinated 2009 Bonds (issued in September 2011, February 2013 and November 2014)

- Subordination of obligations: Since they are subordinated bonds, in case of the issuer's settlement, the redemption of the subscribed capital is subordinated to the prior payment of the external liabilities; which constitutes an irrevocable obligation.
- Capital amortization method, prepayments and buy-back events: The principal of the bonds will be amortized under the following modalities: month in arrears, quarter in arrears, semester in arrears, and/or year in arrears, and/or only one payment on the maturity date thereof, as determined in the corresponding public offering notice. Pre-payable bonds may be issued, which is determined in the respective public offering notice. The issuance of subordinated bonds under this Program in 2011, 2013 and 2014 does not contemplate the prepayment thereof.

The Issuer may buy back its own subordinated bonds. The buyback shall be conducted through the Colombian Securities Exchange, provided that five years have elapsed since the issuance of the bonds. This transaction is voluntary for the Bondholders. If the issuer acquires its own bonds, the confusion principle shall apply without having to wait until the maturity of the securities.

This issuance is not covered by the deposit insurance of the Financial Institutions Collateral Fund (FOGAFIN, for the Spanish original).

Subordinated Bonds in USD 2015

- Subordination of obligations: Since they are subordinated bonds, in case of the issuer's settlement, the redemption of the subscribed capital is subordinated to the prior payment of the external liabilities; which constitutes an irrevocable obligation.

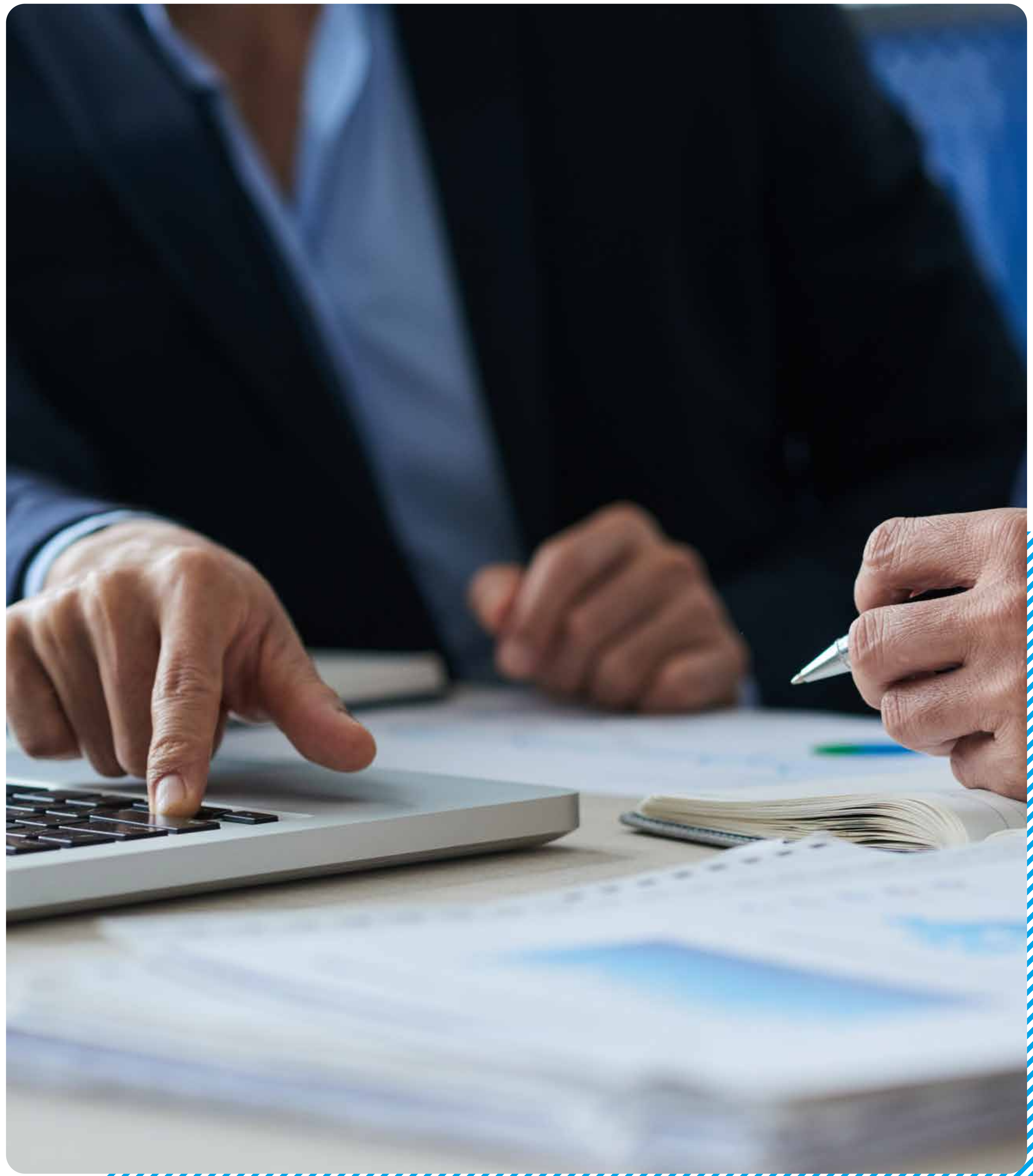
- Capital amortization method. Prepayments and reacquisition events: The principal of the bonds will be amortized under the following modalities: month in arrears, quarter in arrears, semester in arrears, and/or year in arrears, and/or only one payment on the maturity date thereof, as determined in the corresponding public offering notice.

The issuer cannot buy back its own subordinated bonds until a term of at least 5 years has elapsed. The buyback can only be carried out with the approval and authorization of the Financial Superintendence of Colombia.

This issuance is not covered by the deposit insurance of the Financial Institutions Collateral Fund (FOGAFIN, for the Spanish original).

A summary of the issuances and bonds is shown in the table below:

Bond Issuance	Authorized Amount	Term in Years	Face Rate	Coupon	Nominal Value	Issuance Date	Maturity Date
Subordinated	$3,000,000	15	IPC+4.70%	TV	$156,000	19/09/2011	19/09/2026
Subordinated		15	IPC+3.89%	TV	165,000	19/02/2013	19/02/2028
Subordinated		15	IPC+4.38%	TV	90,000	26/11/2014	26/11/2029
Subordinated		20	IPC+4.50%	TV	160,000	26/11/2014	26/11/2034
Subordinated in USD	USD 500	10	4.88%	SV	USD 400	21/04/2015	21/04/2025
Ordinary	USD 150	5	SOFR 6M + 1.85%	SV	USD 117	22/09/2023	22/09/2028
Total bonds COP	$3,000,000				$571,000		
Total bonds millions of USD	USD 650				USD 517		



23. Accounts Payable

At December 31, the balance of this account is summarized as follows:

Item	2023	2022
Suppliers (1)	$129,063	$181,889
Fogafin deposit insurance (2)	123,650	115,615
Dividends and surplus (3)	81,998	101,271
Settlement and offsetting of POS Counterparty Clearing House (4)	66,119	119,159
Loan transaction surplus and others	65,668	56,688
National Law 546/1999	58,334	50,242
Uncashed Checks Drawn (5)	56,483	27,684
Intended purchasers	18,499	23,663
Labor contributions	7,364	6,161
Collection of fees and VAT payable to the Fondo Nacional de Garantías	7,090	8,241
Transfer of check disbursements from other cities	4,941	2,561
Commissions and fees	4,088	2,573
Seizure management	2,575	5,805
Visa and MasterCard advertising campaigns	1,388	988
Costs and expenses payable	414	148
Other taxes (6)	270,706	177,948
Other accounts payable (7)	122,714	99,671
Total accounts payable	$1,021,094	$980,307

1 The suppliers item decreased by COP 52,826 in terms of pending payments to the suppliers associated with our different Leasing lines. This reduction is mainly due to the drop in product placement in the market during the period.

2 During the reported period, a provision was recognized on the pending quarterly payment of the Fogafin deposit insurance premium.

3 The dividends payable item decreased, which reflects the amounts not collected by shareholders at the closing date of December 31. This change is due to specific circumstances, mainly the expiration of terms to collect dividends.

4 The change reported in POS Settlement and Clearing of the Counterparty Clearing House reflects the amounts of contract settlement transactions contracted with the Counterparty Clearing House at the end of the period. This disclosure provides transparency regarding the transactions made with the CRCC and its impact on our financial statements.

5 The change in the amount of COP 28,799 reflects checks drafted to customers that are pending collection for more than 6 months at December.

6 Under other taxes, there was an increase in self-withholdings, which are calculated based on the revenues earned by the Group and an increase in the withholdings made on financial yields.

7 The "Other accounts payable" items increase mainly due to returns of fees of the National Guaranty Fund (FNG, for the Spanish original) related to the early payment of obligations by customers who do not have an account with the Group.

24. Other Liabilities

At December 31, the balance of the account consisted of the following:

Item	2023	2022
Overdue principal and interest CD (1)	$149,370	$69,457
Customer installment payments pending recording	22,872	14,631
Deferred partial payments	3,638	3,990
Balances to apply to obligations (3)	14,403	10,913
Network clearance	11,900	10,554
Anticipated income	20,974	21,339
Interest arising from restructuring processes	1,151	1,480
Network transaction surplus	80,197	78,414
Ascredibanco international purchases	15,135	14,138
Credit balances in foreign currency	5,248	3,587
Other liabilities (4)	39,441	37,101
Lease liabilities (5)	131,129	107,313
Total other liabilities	$495,458	$372,917

1 The increase of COP 79,913 is mainly due to the effect of CDs created when the security has instruction to “Pay at Office” upon maturity of principal or yields. They are held as liabilities awaiting for the customer to appear to collect them. The balance increases depending on the customers of this type, and especially the securities that are traded in Deceval.

2 Amounts received on customer obligations with the Group that are made in checks from other financial entities. It effect is merely transitory while the checks clear (2 days), confirming that the funds were successfully received and applied to the customer’s obligation, and the balance is circumstantial, depending on the number of checks in this status as of the closing date.

3 The variation arises become it holds the balances in favor of customers to be applied to the lease payments. Since the last business day was the December 28, the account holds the balances for payments that expire on December 29 and 30, whole payment date is 01/02/2024. It additionally holds the balances in favor of customers pending application, such as the extra payment (down payment) of commercial lease contracts.

4 In other liabilities, the variations arise because:

- In 2022 a remittance check was received at the Cartagena office for Banco Agrario in the municipality of Repelón. BBVA has no offices in that area, so it was processed as a remittance, which caused the reduction in 2023.
- Increase in central balances for excess amounts of payroll loans, excess amounts of cash, FNG and transfers voided due to expiration at 90 days.

24.1 * Lease liabilities

At the end of 2023 the balance increased by COP 23,816 compared to the same period in 2022. There are 750 currently valid office lease contracts that expire in 2024, which are governed by IFRS16. Many of these contracts had probable end date in 2024, and for this reason it was decided that the term should be extended.

The following is a summary of lease liabilities:

Lease liabilities (5)	2023	Movement in 2023	2022
Lease liabilities premises	$76,299	$(24,339)	$51,960
Lease liabilities ATMs	54,830	523	55,353
Total lease liabilities	$131,129	$(23,816)	$107,313

The chart below list the expirations of short and long-term lease contracts for offices and ATMs:

Lease liabilities for premises	2023	2022
No more than one year	$26,367	$1,208
More than one year and less than three years	40,258	26,079
More than three years and less than five years	20,031	5,875
More than five years	4,288	24,012
Total undiscounted lease liabilities	$90,944	$57,174

Lease liabilities for ATMs	2023	2022
No more than one year	$11,545	$22,969
More than one year and less than three years	21,993	20,183
More than three years and less than five years	21,518	19,542
More than five years	14,469	10,579
Total undiscounted ATM lease liabilities	$69,525	$73,273

Amounts recognized in the Consolidated Statement of Income:

Item	2023	2022
Interest on lease liabilities	$(7,878)	$(7,954)
Real estate rental expenses	(2,719)	(2,581)
Depreciation right-of-use ATMs	(22,403	(20,690)
Depreciation right-of-use premises	(8,097)	(7,131)
Total	$(41,097)	$(38,356)

There is a difference between the change in depreciation in asset accounts and the amounts carried to profit or loss, due to contracts that were canceled during the year, including 10 ATM and 14 office contracts at December 2023, compared to one ATM and 13 office contracts during 2022.

25. Employee benefits

The details of the component of short-term labor liabilities at December 31, 2023 and 2022 are as follows:

Employee benefits	2023	2022
Severance pay	$25,657	$17,543
Interest on severance	72	2,022
Vacations	37,807	41,829
Mandatory and extra-legal bonuses	0	16
Current provisions for employee benefits (1)	105,505	112,328
Other Benefits (2)	65,853	36,433
Subtotal short-term benefits	234,894	210,171
Seniority bonus	62,830	51,120
Seniority-based vacation bonus	2,335	2,309
Retirement pension actuarial calculation	43,056	34,924
Retirement plan bonus	1,787	1,511
Subtotal long-term benefits	110,008	89,864
Total employee benefits	$344,902	$300,035

1. Current provisions for employee benefits include variable remuneration incentives, namely Individual Performance Evaluation (EDI) and Corporate and Investment Banking (CIB). There was a reduction of COP 6,823 in 2023 compared to 2022, as it is linked to achieving certain performance targets.

2. It represents the balance payable at December 2023 for social security, which increased by COP 29,420 in 2023 compared to 2022, due to salary increases.

Actuarial calculation. As part of the long-term benefits, the Group pays its employees a seniority bonus for every five years they work with the Group. This benefit is calculated in days of salary for each five-year period and, if contract termination is not for cause, the bonus is paid in proportion to the time worked.

Upon reaching milestones of 30, 35, or 40 years of service with the Group, employees will be granted an additional vacation period of 15 days in recognition for their stability for those who legally reach the above milestones. The additional vacation period created herein may be paid in cash at 100%. Likewise, the Group shall pay employees who complete the aforementioned years of service a vacation bonus equal to and in addition to that agreed upon, in relation to the extralegal vacations recognized. The vacation bonus is equivalent to twenty-three (23) days of basic salary without exceeding a fixed amount for each year. For the year 2023, the fixed amount is equivalent to COP 2,518,092:

Item	2023	2022
Benefits liabilities at the beginning of the period	$51.120	$49.917
1- Cost of services	6.763	5.785
2- Cost of interest	5.950	4.092
3- Cash flow	(10.783)	(5.347)
Adjustment for experience	7.544	892
Adjustment for change in financial assumptions	2.236	(4.219)
Liabilities at the end of the 2023 and 2022 period	$62.830	$51.120

Reconciliation:

Item	2023	2022
Balance at December 31, 2022 and 2023	$51.120	$49.917
Payment of seniority bonus	(10.783)	(5.347)
Expense for seniority bonus benefit	6.763	5.785
Financial cost of seniority bonus	5.950	4.092
Change in demographic variables	9.780	(3.327)
Liabilities at the end of the 2023 and 2022 period	$62.830	$51.120

Actuarial calculation of retirement plan bonus:

The Bank has carried out the actuarial valuation at December 31, 2023 and 2022 for the retirement plan premium commitment made by BBVA with its pensioned and active participants.

Item	2023	2022
Benefits liabilities at the beginning of the period	$1.511	$1.953
1- Cost of services	80	100
2- Cost of interest	184	161
3- Cash flow	(58)	(49)
Adjustment for experience	(139)	(228)
Adjustment for change in financial assumptions	209	(426)
Liabilities at the end of the 2023 and 2022 period	$1.787	$1.511

Reconciliation:

Item	2023	2022
Balance at December 31, 2023 and 2022	$1.511	$1.954
Actuarial calculation adjustment by hypothesis	70	-654
Actuarial calculation adjustment debited to expenses	264	260
Transfer (1)	(58)	(49)
Liabilities at the end of the 2023 and 2022 period	$1.787	$1.511

1 Pension transfer due to individual retirement plan premium entry.

Pensions (Prior to Law 100/1993)

Monthly pension payment. To determine the number of monthly pension payments for each pension, the legal and constitutional regulatory framework applicable at the time that the pension entitlement is accrued is taken into account.

The number of monthly pension payments recognized by the ISS in this valuation was determined as follows:

- All pensions accrued before July 29, 2005 are calculated based on 14 monthly pension payments per year;
- All pensions accrued after July 29, 2005 are calculated based on 13 monthly pension payments per year;
- All pensions accrued before July 31, 2011 and whose amount is less than three minimum monthly salaries are calculated based on 14 monthly pension payments per year.

BBVA, in turn, recognizing for all its retirees 15 monthly payments per year, thus providing them with one additional monthly payment in some cases, and two additional monthly payments in others. As for retirees whose pension benefits are managed through pension funds, in which BBVA is not responsible for the final pension, only the contribution equivalent to 14 monthly payments per year is recognized.

For the purposes of the proforma, monthly payment number 15 is valued as an additional benefit established via a collective agreement, and monthly payment number 14, for retirees granted 13 monthly payments by the ISS, is considered in the pension reserve (columns 31 and 32).

Additional benefits. according to Notice 039 / October 21, 2009, the reserves are calculated for extralegal benefits offered by the Company to its retirees and their beneficiaries.

In the case of BBVA, these benefits are as follows:

- One monthly payment is granted as extra-legal bonus, payable on June 15 and December 15.
- One funeral benefit for a total of COP 4,054,530 upon the death of the retiree and COP 951,843 upon the death of the retiree's spouse.
- One life insurance policy for all retirees and survivors entitled to a survivor's pension at a cost of COP 109,800 pesos per year in the case of natural death and COP 73,320 pesos per year in the case of accidental death.
- The Company pays the value of a Hospitalization and Surgery policy for some of its retirees (according to family group). The value paid depends on the number of beneficiaries and, for the current year, for participants in the valuation, the maximum amount of this premium is COP 178,645.

Types of pensions and/or contingencies to be assessed

Retirees to be paid by the Bank. These pensions are calculated based on the provisions established in Article 260 of the Labor Code, which applies to all individuals in the transitional system who have provided services for companies that recognize and pay pensions. The amount of the pension is 75% of the average salaries earned in the last year of service, provided the person has worked 20 or more years for the pension paying company. This pension is granted for life.

Pension Substitutes. Survivors' pensions or substitutions payable by the Bank are recognized to surviving beneficiaries of retirees to be paid by the Bank, in accordance with the regulations established in Law 12/1975, Law 113/1985 and Law 71/1988 and all other related regulations, as follows:

- To the surviving spouse for life in the amount of 100% if there are no children named as beneficiaries.
- If there are children named as beneficiaries, it will be shared in equal parts with the surviving spouse. The beneficiaries must be within the required ages and/or certify their status as students as required by the aforementioned regulations.

According to the provisions set forth in Decree 1889/1994, the funeral benefit is not calculated.

Dismissals without just cause after 10 to 15 years of service. Determined in accordance with Article 8 of Law 171/1961, which establishes that a person dismissed without just cause who has accrued more than ten (10) and less than fifteen (15) years of service, shall be entitled to a pension for life payable by the entity, once he/she reaches the age of 60 years. The amount of the pension is proportional to the amount that would have been applicable if he/she had completed the time of service established in Article 260 of the Labor Code (20 years).

Dismissals without just cause after 15 years of service. Determined in accordance with Article 8 of Law 171 / 1961 which establishes that a person that is dismissed without just cause and has accrued more than fifteen (15) years of services, shall be entitled to a pension for life payable by the entity once he/she reaches the age of 50 years. The amount of the pension is proportional to the amount that would have been applicable if he/she had completed the time of service established in Article 260 of the Labor Code (20 years).

Voluntarily retirement after 15 years of service. Paid in accordance with the provisions of Article 8 of Law 171/1961, which states that any employee with 15 or more years of services who retires from the Company voluntarily shall be entitled to with pension for life to be paid by the Company, once he/she reaches the age of 60 years. The amount of the pension is proportional to the amount that would have been applicable if he/she had completed the time of service established in Article 260 of the Labor Code (20 years).

Active employees entitled to a pension from the Bank expected to receive a pension from the ISS. The actuarial reserve is recognized to cover a retirement pension for life in accordance with Article 260 of the Labor Code, which is applicable because they were working at the service of the Bank for more than 10 years at the time of enrollment in the General Pension System. The Bank shall pay this pension on a permanent basis until said employee, on whose behalf it continues to make contributions to the ISS, meets the minimum requirements established by the General Pension System. This is based on the date on which the weeks of contribution requirement (increasing annually up to a limit of 1,300 weeks in the year 2015) and the age of retirement (men 60 and women 55, and as of January 1, 2014, men 62 and women 57) will be met. Once the old-age pension is accrued in the ISS, an actuarial reserve is calculated to cover a monthly payment for life in an amount equal to the difference resulting between the pension that was being paid by the company and the pension that will be paid by the ISS.

Retirees to be paid by the Bank with a quota-part. An actuarial reserve is recognized on these individuals to cover a retirement pension for life in accordance with Article 260 of the Labor Code. These retirees include those whose final pension is the responsibility of BBVA as well as those to whom the BBVA only grants the corresponding proportion without responsibility for the final pension. As for the retirees for whom the BBVA is not responsible for their final pension, the actuarial reserve is calculated proportional to the quota-part determined by the time of service that said employee worked for the Bank. At the request of the BBVA, the actuarial reserve of the retirees for whom the BBVA is responsible for their final pension, it is calculated as 100% payable by the Company and not proportional to the corresponding quota-part, except for the individuals mentioned in innovations.

Survivors' pensions payable by the Group with a pension fund. These pensions are paid to surviving beneficiaries of retirees to be paid by the Group, in accordance with the regulations established in Law 12/1975, Law 113/1985 and Law 71/1988 and all other related regulations, as follows:

- To the surviving spouse for life in the amount of 100% if there are no children named as beneficiaries.
- If there are children named as beneficiaries, it will be shared in equal parts with the surviving spouse. The beneficiaries must be within the required ages and/or certify their status as students as required by the aforementioned regulations.

As for beneficiaries whose final pension is the responsibility of the BBVA, the actuarial reserve is calculated as 100% payable by the BBVA and not in proportion to the corresponding quota-part, as requested by the BBVA. As for beneficiaries whose final pension is not the responsibility of the BBVA, the actuarial reserve is calculated in accordance with the value of the pension fund contributions payable by the Bank. According to the provisions set forth in Decree 1889/1994, the funeral benefit is not calculated.

Shared pensions and pensions to be paid by the Group with an expected pension from the ISS:

Pension sharing. As a result of the transition to the Pension System of the Colombian Social Security Institute (ISS, for the Spanish original), the legislation established the possibility of pension compatibility, in order for any individual who can eventually become entitled to a pension to maintain the right to be paid by their employer, but with the possibility for the company to transfer this pension obligation to the Social Security Institute, provided the company continues to make the contributions to enable the individual to eventually meet the pension requirements established by the system. The regulatory framework of this possibility has been established in Article 16 of Agreement 049/1990, which sets out the conditions for the application of pension sharing.

Retirees to be paid by the company with the expectation of a pension from the ISS. A monthly retirement pension is paid in accordance with the requirements set out in Article 260 of the Labor Code, that the Bank shall pay on a permanent basis until the employee, on whose behalf it continues to make contributions to the ISS, meets the minimum requirements established by the General Pension System. This is based on the date on which the weeks of contribution requirement (increasing annually up to a limit

of 1,300 weeks in the year 2015) and the age of retirement (men 60 and women 55, and as of January 1, 2014, men 62 and women 57) will be met. Once the old-age pension is accrued in the ISS, an actuarial reserve is calculated to cover a monthly payment for life in an amount equal to the difference resulting between the pension that was being paid by the company and the pension that will be paid by the ISS.

Shared pensions. These pensions recognize only the difference between the value of the pension that the company was paying and that paid by the ISS. They are calculated as a life annuity.

The following methodologies and actuarial bases were used for the evaluation of the mathematical reserve of retirement, pension bonds and securities. They are adjusted to the current regulations for the preparation of actuarial calculations (Decrees 1625/2016 and 2420/2015).

Pension reconciliation:

Item	2023	2022
Balance at December 31, 2023 and 2022	$ 34,924	$43,546
Pension payments	(4,810)	(4,083)
Pension expenses	4,256	3,630
Adjustment against equity	8,686	(8,169)
Liabilities at the end of the 2023 and 2022 period	$43,056	$34,924

Sensitivity of the actuarial calculation

2023 Disclosure and 2024 Expense	Pensions	Additional Benefits	Retirement bonus	Seniority bonus	Vacation bonus	2023 Disclosure and 2024 Expense	Comments
Refund obligation at year end						P.V. Defined Benefit Obligation (DBO) at year end	
Ref. Refund at year end due to a 25 bp increase	42	810	2	62	2	DBO at year end from a 25 bps increase	This is the sensitivity to the discount rate: if the discount rate decreases or increases by 25 points.
Ref. Refund at year end due to a 25 bp decrease	43	839	2	63	2	DBO at year end from a 25 bps decrease	
Long-term inflation rate (CPI)						Long term inflation rate	
Ref. Refund at year end due to a 25 bp increase	43	842	N/A	N/A	N/A	DBO at year end from a 25 bps increase	This is the sensitivity to CPI: if the CPI increases or decreases by 25 points using the same discount rate.
Ref. Refund at year end due to a 25 bp decrease	41	807	N/A	N/A	N/A	DBO at year end from a 25 bps decrease	

Bases of the actuarial hypothesis. Over time, the total cost of the plan will depend on a number of factors, including the amount of the benefits paid, the number of individuals receiving benefits, the administrative expenses of the plan and the returns obtained on the assets used to pay the benefits. These amounts and other variables are uncertain and unknown at the time of the calculation and are only predicted within a reasonable range of possibility. Since it is not possible or practical to measure all the variables, summarized information, estimates or simplified information were used to facilitate the efficient measurement of future events. Also, the figures stated in the actuarial calculation are based on the Group's accounting policies.

The actuarial technical bases and hypotheses used in the calculation according to IAS 19, are:

Economic and Demographic Hypotheses	For the financing situation at December 31, 2022 and the determination of cost for the 2023 fiscal year
Discount rate	10.75%
Inflation	3.00%
Salary increase rate	5.00%
Pension increase rate	Equal to inflation
Minimum salary increase rate	4.0%
Increase rate for the benefits granted by the Bank	Equal to inflation
Growth rate of the retirement and disability bonus	Equal to inflation
Medical expense increase rate	5.00%
Mortality	Colombian Mortality Table of Life Annuities 2008 (RV08)
Disability	Active employee disability table - Banking Superintendence Resolution 0585/1994
Turnover	BBVA turnover table based on age, adjusted to 90%

Technical bases and hypothesis for the actuarial calculation based on the application of Decree 1625/2016:

Technical bases and hypothesis for the actuarial calculation based on the application of Decree 1625/2016	
Mortality table	Mortality Table of Valid Male and Female Annuitants "2005 – 2008 Experience", as per Resolution 1555/2010 issued by the Financial Superintendence of Colombia.
Salary and pension adjustment	The formulation employed explicitly includes the future increases in salaries and pensions using a rate equal to the average resulting from adding three (3) times the inflation of the year k-1, plus two (2) times the inflation of year k-2, plus one (1) time the inflation of the year k-3 according to Article 1 of Decree 2984/2009 and Article 1 of Decree 2783/2001. This is a nominal annual rate of 3.98%.
Technical interest rate	The real technical interest rate of 4.80% was used in accordance with Article 1 of Decree 2984/2009 and Article 1 of Decree 2783/2001.

Actuarial Methodology. The prospective method of calculation was used, valuing future benefits segmented from the expired period (segmented income).

Comparison	
Decree 1625/2016	NIC 19
51,770	43,056

26. Estimated liabilities and provisions

The Group recognizes provisions on liabilities based on the assessment of experts from the Legal, Labor Relations and Tax Advisory areas. These experts, based on the current status of each legal proceedings, rate and categorize each case. In addition, decision trees are developed in accordance with the type of contingency, either legal, labor or tax, for classification according to the following criteria to create the provision:

- Probable obligation: recognized and disclosed.
- Possible obligation: disclosed
- Remote obligation: Neither recognized nor disclosed.

At December 31, 2023, the balance of this account is summarized as follows:

Item	2023	2022
Expenses for invoices pending payment (1)	$91,372	$103,823
Lawsuits due to breach of contracts (2)	47,837	51,696
Labor lawsuits (3)	10,710	17,557
Fines and penalties other administrative authorities(4)	200	180
FOGAFIN contingencies (5)	0	8,565
Commission sales force (CF, for the Spanish original)	1,300	1,188
IFRS 16 disassembly costs (6)	15,044	8,809
Other (7)	92,952	138,179
Other personnel expenses	4	4
Total accrued liabilities and provisions	$259,419	$330,001

Between December 2023 and December 2022, there was a COP 70,582 reduction, specifically in the other provisions item in the estimated expenses payable account for general expenses, personal expenses and fees.

1 The COP 12,451 decrease is attributable to the release of unused provisions from 2022, which turned out to be unnecessary. Additionally, estimated provisions are recognized on invoices pending payment at the end of each period, covering various items, including correspondent banking services, ANCMV maintenance, electricity and waste collection, among others.

2 The total number of civil lawsuits in progress is 931, with estimated claims of COP 451,592. Provisions of COP 47,837, corresponding to 16 lawsuits considered probable, were recognized as of December 31, 2023. These lawsuits primarily involve alleged contract breaches.
Additionally, the Group reports 3 criminal cases with total claims of COP 284. Given that they are classified as remote, no provision has been made.

3 In relation to labor lawsuits, the Group reports a total of 84 cases, with claim values amounting to COP 15,507, of which 51 lawsuits are provisioned for a value of COP 10,710. Claims mainly pertain to payment of pension contributions, reinstatement, salaries, and compensation for alleged unfair dismissals, among others.

It should be noted that based on their assessment, the Group's legal counsel believes that the final outcome of these proceedings will be favorable for the institution, and that in the event of loss, it will not be significant.

4 The Group is addressing through administrative channels, before the contentious administrative jurisdiction, 15 tax proceedings with estimated claims worth COP 1,421, and provisions recognized at December 31, 2023 in the amount of COP 200, associated with 5 proceedings rated as probable. The provisions correspond to the class action proceedings for withholding tax on financial transactions, regional taxes, public lighting, untimely provision of information and tax collection proceedings.

5 Arising from the termination of the contract with FOGAFIN, reflecting a transaction for COP 8,565

6 Increase in the dismantling provision, in view of the contractual clauses of each contract in which the Group is committed to restore the property in the conditions in which it was received. Since each contract is different, the real estate properties area seeks the expert opinion of an architect to estimate the provision, in accordance with the implementation of IFRS16 and the associated regulations (Decree 2170/2017, amended by Single Decree 2420/2015 and Resolution 033/2018 of the National General Accounting Office – CGN, for the Spanish original).

7 At December 2023 and December 2022, various provisions decreased by a total of COP 45,227, mainly those related to electric services for debit and credit card holders (ACH, CENIT, SOI and PSE), general expenses, personal expenses and fees.

The movements of estimated liabilities were as follows:

December 31, 2023

Item	Legal proceedings	Others	Total
Opening balance at January 1, 2023	$69,433	$260,568	$330,001
Increase	7,536	7,829	15,365
Income	5,691	0	5,691
Payment	(3,792)	(67,725)	(71,517)
Removal	(20,121)	0	(20,121)
Decrease	0	0	0
Closing balance at December 31, 2023	$58,747	$200,672	$259,419

December 31, 2022

Item	Legal proceedings	Others	Total
Opening balance at January 1, 2023	$67,175	$217,658	$284,833
Increase	2,824	46,402	49,226
Income	4,599	0	4,599
Payment	(2,309)	(3,492)	(5,801)
Removal	(2,856)	0	(2,856)
Decrease	0	0	0
Closing balance at December 31, 2022	$69,433	$260,568	$330,001

27. Share capital

The Bank's subscribed and paid-in capital is divided into ordinary shares and non-voting preferential dividend shares. The latter may not represent more than 50% of subscribed capital. At December 31, 2023 and 2022, 13,907,929,071 ordinary shares and 479,760,000 preferred shares were subscribed and paid-in, at a nominal value of COP 6.24, for a total subscribed and paid-in capital of COP 89,779.

BBVA COLOMBIA					
MAJOR SHAREHOLDERS					
Name	ID No.	No. of Ordinary shares	No. of Preferred shares	Total shares	Share %
BBV AMERICA SL	900.504.684-6	2,511,124,962	256,150,000	2,767,274,962	19.23363
BANCO BILBAO VIZCAYA ARGENTARIA S.A	830.070.454-0	10,766,099,008	196,857,652	10,962,956,660	76.19679
OTROS		630,705,101	26,752,348	657,457,449	4.56958
TOTAL		13,907,929,071	479,760,000	14,387,689,071	100.00

28. Reserves

At December 31, the balance of this account is summarized as follows:

Reserves	2023	2022
Legal reserve	$4,559,327	$4,092,550
Occasional reserves:		
Available to the Board of Directors	1	1
To protect investments	532	532
Total reserves	$4,559,860	$4,093,083

Legal Reserve. In accordance with legal provisions, 10% of Group's net profit each year must be credited to a "reserve fund" until its balance reaches as a minimum the 50.01% of subscribed capital. As a result, the legal reserve may not be reduced below this percentage, except to cover losses in excess of undistributed profits. Share issue premiums are also credited to the legal reserve.

Available to the Board of Directors and others. These reserves may be used for future distributions, and include:

- Non-taxed available to the Board of Directors, with a balance of COP 1.
- For investment protection, with a balance of COP 532.

Declared dividends. During the years ended on December 31, the following dividends were declared payable:

Item	2023	2022
Net income from previous year, 2022 and 2021	$933,513	$895,242
Outstanding preferred shares (units)	479,760,000	479,760,000
Dividends per preferred share (Colombian pesos)	32,44 per share	31,00 per share
Total dividends declared for preferred shares	15,563	14,873
Ordinary shares outstanding (units)	13,907,929,071	13,907,929,071
Dividends per ordinary share (Colombian pesos)	32,44 per share	31,00 per share
Total dividends declared for ordinary shares	451,173	431,145
Dividends declared at December 31, 2023, and 2022	466,736	446,018
Dividends payable at December 31, 2023 and 2022	81,991	101,264

Preferred and ordinary dividends of the 2022 period were paid in cash in a single installment on June 15, 2023.

Preferred and ordinary dividends of the 2021 period were paid in cash in two (2) equal installments on June 16 and October 13, 2022.

Restrictions on dividend payments

According to Decree 4766/December 14, 2011, shareholders who have acquired shares during an ex-dividend period, which is equivalent to four (4) stock market trading days prior to a dividend payment, shall be exempt from dividend.

Regarding dividend payments, the Shareholders Office publishes in the Official Journal and on the Bank's website the dates on which the dividends declared in each period will be paid to shareholders. It has also worked on updating mandatory information on

remaining legacy customers from Banco Ganadero that it had not been able to update.

29. Earnings per share

Basic and diluted earnings per share are calculated in accordance with the criteria set forth in IAS 33.

Basic earnings per ordinary and preferred share	2023	2022
Net earnings attributable to shareholders	$243,856	$1,026,275
Average number of shares outstanding	14,387,689,071	14,387,689,071
Basic earnings per share (*)	17	71
Diluted earnings per share (*)	$17	$71

(*) Values in Colombian pesos

During the years ended December 31, 2023 and 2022, there were no other financial instruments or commitments to employees based on shares that may affect the calculation of the diluted earnings per share for those years. Therefore, the basic and diluted earnings per share are the same.

30. Other Comprehensive Income

The details on the movements in Other Comprehensive Income for the years ended on December 31, 2023, and 2022 are as follows:

Item	2023	Movements During the Fiscal Year	2022
Gains from other equity items in joint arrangements and trust rights(1)	$871	$(215)	$(1,086)
Actuarial losses on defined benefit plans, before taxes	68	(8,756)	8,824
Share in other comprehensive income of non-controlled entities (2)	136,637	52,845	83,792
Income tax related to investments in equity instruments in Other Comprehensive Income	(22,878)	7,280	(30,158)
Impairment adjustment on loan portfolio and financial leasing transactions by application of IFRS 9 to consolidated financial statements	638,317	45,458	592,859
Income tax on loan portfolio and finance leasing impairment measurements according to IFRS 9	(396,602)	(31,202)	(365,400)
Total other comprehensive income that will not be reclassified to the statement of income, before taxes	356,413	65,410	291,003
Loss on remeasurement of financial assets available for sale (3)	48,113	38,472	9,641
Reclassification adjustments, financial assets available-for-sale, before taxes (4)	(18,051)	(4,544)	(13,507)
Income tax on remeasurement of financial assets	(11,954)	(12,798)	844
Gain from application of IFRS 9	447,949	0	447,949
Gain on cash flow hedging (5)	(11,500)	(22,642)	11,142
Income tax related to cash flow hedges of other comprehensive income	4,600	9,057	(4,457)
Total OCI that is not reclassified to the Statement of Income, before taxes	459,157	7,545	451,612
Total other comprehensive income	$815,570	$72,955	$742,615

1 The following were the changes in investments in equity securities before taxes at December 31, 2023:

Entity	2023	2022	Variation
BBVA Asset Management Fiduciaria S.A. (OCI valuation)	$1,228	$1,334	$(106)
BBVA Amountes Comisionista de Bolsa S.A. (OCI valuation)	(1,093)	(985)	(108)
RCI Banque Colombia	736	737	(1)
Total	$871	$1,086	$(215)

2 Movement of non-controlled equity interests under other comprehensive income (OCI):

Name	2023	2022	Variation
Credibanco S.A.	$37,074	$17,531	$19,543
Holding Bursatil Chilena S.A. (previously Bolsa de Valores de Colombia S.A.)	5,272	(21,669)	26,941
Fondo para el Financiamiento del sector pecuario "FINAGRO"	23,394	15,114	8,280
Redeban Multicolor S.A.	21,887	23,214	-1,327
ACH Colombia S.A.	49,005	49,594	-589
Cámara de Riesgo Central de Contraparte de Colombia S.A	4	7	-3
Total	$136,636	$83,791	$52,845

3 The variation of COP 38,472 from the remeasurement of financial assets available-for-sale before taxes is mainly due to the maturity of fixed rate and UVR treasury securities (TES) and TIPs recognized in 2023.

4 The COP 4,544 reduction for adjustment from reclassifications of financial assets available-for-sale reflects the sale of the security TUVT17230223-269885_3C251 of DTN GOBIERNO NACIONAL TES, which was held at December 2022.

5 The following were the movements of cash flow hedges:

Name	Valuation	Accrued Interest	Exchange Difference	Variation
December 2023	$75,822	$3,242	$(90,563)	$(11,499)
December 2022	228,514	2,099	(219,470)	11,143
Total	$(152,692)	$1,143	$128,907	$(22,642)

31. Legal controls

In the years 2023 and 2022, the Group complied with all regulations related to legal controls established by the Financial Superintendence of Colombia, as follows:

- As regards the limit on proprietary position in foreign currency, the minimum legal reserve required on deposits in local currency, the standard liquidity risk indicator (LRI, for the Spanish original) and mandatory investments in agricultural investment securities (TDA, for the Spanish original).

The Bank's portfolio policy is compliant with the current mortgage law, according to which mortgage loans can be granted as follows:

- Social Interest housing: Up to 80% financing on the value of the housing unit.
- Non-Social Interest housing: Up to 70% financing on the value of the housing unit.

After having obtained internal approvals and approval from the Financial Superintendence of Colombia, BBVA Colombia opted for the early application of decrees 1477/2018 and 1421/2019, which became effective in January 2021. This process was completed with submission as of June 2020 to the SFC of the Solvency Ratio indicator in accordance with the above decrees.

In this manner, starting in June 2020, BBVA Colombia abides by the regulatory limits contained in said decrees regarding the Solvency Ratio, which at December 2022 stood at 10.88%, and at year-end 2023 at 11.5%, within the adjustment period provided for in the regulations.

At December 31, 2023 and 2022, the Group's consolidated technical reserve represented 12.43% and 13.29%, of its assets and credit-related contingencies weighted by risk level calculated on the Consolidated Financial Statements.

32. Commitments and Contingencies

During the normal course of business, the Group issues financial instruments, which are recorded in contingent accounts. Bank management does not expect any material losses as a result of these transactions.

The Bank issues endorsements and guarantees to guarantee contracts and obligations of special customers. These guarantees expire in 1 to 15 years, and Bank correspondents are charged for this service, whether or not they belong to the Group.

At December 31, 2023, the Bank recognized the following balances:

In legal currency

Item	2023	2022
Endorsements	$4,513	$615
Bank guarantees	3,294,172	4,046,738
Total Bank Guarantees and Collateral in local currency	$3,298,685	$4,047,353

En Foreign Currency

December 31, 2023

Item	USD	EUR
Bank guarantees	$440	$38
Letters of Credit (LC)	75	15
Total in foreign currency	515	53
Exchange rates (applied on cutoff date)	3,822	4,245
Total in COP	$1,968,330	$224,985

December 31, 2022

Item	USD	EUR	CHF
Bank guarantees	$435	$36	$0,00
Letters of Credit (LC)	50	11	0,05
Total in foreign currency	485	47	0,05
Exchange rates (applied on cutoff date)	4,151	4,340	4,336,00
Total in COP	$2,013,235	$203,980	$217,00

Historically, there has been no default on Bank Guarantees in legal or foreign currency in the Group.

In the event of a default by any of our customers on the obligations incurred with third parties derived from an endorsement or Bank Guarantee issued by Banco BBVA Colombia S.A., a provision would be recognized based on the parameters established by IAS 37-Provisions, Contingent Liabilities and Contingent Assets, by applying the following decision tree:

32.1. Discriminated decision tree - concepts to be evaluated to define criteria

Contingent liability - endorsements, letters of credit and bank guarantees

- Is a possible obligation generated by past events and whose existence will only be confirmed upon occurrence of uncertain future events that are not controlled by the entity?
- Is it not likely that, in order to be fulfill the obligation, an outflow of resources incorporating future economic benefits will be required?
- Can the amount be measured with sufficient reliability?

We asked the risk department for the rating of customers who, at December 31, 2023, had balances outstanding in local and foreign currency, with the following result:

Since Bank Guarantees are not part of the rating processes established for asset credit transactions, the Risk Department carried out the following activities:

a. Perform a search on the identification submitted by the Bank Guarantee, and assign it a credit rating if the identification has active credit transactions at December 2022.

b. A rating was assigned to identifications that do not have active credit transactions.

The rating is assigned by the analysis of a set of qualitative and quantitative variables established in models, which are analyzed by the Group's Tools Department; these variables assign a final weight to each customer in order to establish and define the overall rating.

Bank guarantees in local currency
(stated in COP millions)

The rating of the information at December 31, 2023 and 2022 is as follows:

	2023		2022	
Stage	COP	Percentage	COP	Percentage
1	$4,513	100%	$615	100%
Total in Colombian pesos	$4,513	100%	$615	100%

Bank guarantees in local currency
(stated in COP millions)

The rating of the information at December 31, 2023 and 2022 is as follows:

	2023		2022	
Stage	COP	Percentage	COP	Percentage
1	$2,953,291	90%	$3,711,207	92%
2	340,881	10%	335,530	8%
Total in Colombian pesos	$3,294,172	100%	$4,046,737	100%

Bank guarantees in foreign currency (stated in millions of foreign currency)

(stated in COP millions)

The rating of the information at December 31, 2023 is as follows:

Stage 2023	USD	EUR	CNY	CHF	Percentage
1	$160.00	$22.00	$0.00	$0.00	100.00%
Total in foreign currency	160.00	22.00	0.00	0.00	
Exchange rates (applied on cutoff date)	3,822.05	4,244.58	537.84	4,569.89	
Total in COP	$1,681,618.79	$159,183.66	$0.00	$0.00	100.00%

The rating of the information at December 31, 2022 is as follows:

Stage 2022	USD	EUR	CNY	CHF	Percentage
1	$153.00	$23.00	$0.00	$0.00	99.98%
2	12.00	2.00	0.00	0.00	0.01%
Total in foreign currency	165.00	25.00	0.00	0.00	
Exchange rates (applied on cutoff date)	4,151.21	4,339.88	620.09	4,336.30	
Total in COP	1,803,704.00	$ 155,549.00	$0.00	$0.00	99.99%

Letters of credit in foreign currency (stated in millions of foreign currency)

(stated in COP millions)

The rating of the information at December 31, 2023 is as follows:

Stage 2023	USD	EUR	CAD	CHF	Percentage
1	$73.00	$14.00	$0.00	$0.00	100.00%
Total in foreign currency	73.00	14.00	0.00	0.00	
Exchange rates (applied on cutoff date)	3,822.05	4,244.58	2,898.43	4,569.89	
Total in COP	$292,001.01	$61,615.38	$0.00	$0.00	100.00%

The rating of the information at December 31, 2022 is as follows:

Stage 2022	USD	EUR	CAD	CHF	Percentage
1	$47.00	$10.00	$0.00	$0.05	99.90%
2	1.00	0.00	0.00	0.00	0.05%
Total in foreign currency	48.00	10.00	0.00	0.05	
Exchange rates (applied on cutoff date)	4,151.21	4,339.88	3,218.10	4,336.13	
Total in COP	$206,317.00	$45,677.00	$0.00	$217.00	99.95%

In accordance with the revised bases, at the end of 2023, no allowances are must be established for the products of Endorsements, Bank Guarantees and Letters of Credit in Local and Foreign Currencies, in accordance with the criteria of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

33. Interest and valuation income

Loan portfolio and financial lease transactions	2023	2022
Commercial loan portfolio		
Commercial loans	$3,271,195	$1,743,179
Overdrafts commercial loans	21,010	9,289
Commercial loan portfolio discount operations	25,430	6,159
Commercial loan portfolio rediscount operations	279,356	172,291
Commercial portfolio late payment interest	27,379	168,231
Micro-credit	(6)	6
Subtotal commercial loan portfolio (1)	3,624,364	2,099,155
Consumer loan portfolio		
Consumer loans	3,096,330	2,415,675
Consumer loan portfolio late charge interest	67,120	173,119
Subtotal consumer loan portfolio (2)	3,163,450	2,588,794
Credit card loan portfolio		
Commercial credit card loan portfolio	9,744	6,613
Consumer credit card portfolio	979,230	589,374
Subtotal credit card loan portfolio	$988,974	$595,987

Loan portfolio and financial lease transactions	2023	2022
Mortgage portfolio		
Mortgage loans and residential leases	$1,004,593	$924,015
Readjustment of the real value unit (UVR)	56,594	51,809
Subtotal mortgage loan portfolio	1,061,187	975,824
Factoring transactions loan portfolio		
Factoring transactions	188,124	86,516
Subtotal factoring transactions loan portfolio (3)	188,124	86,516
Finance lease portfolio		
Penalties for breach of finance lease agreements	4,554	2,459
Financial component of finance leases - consumer	529	610
Financial component of finance leases - commercial	299,400	175,622
Subtotal finance lease portfolio (4)	304,483	178,691
Residential lease portfolio		
Financial component of residential lease	397,140	359,156
Subtotal residential lease portfolio (4)	397,140	359,156
Total loan portfolio and finance lease transactions	$9,727,722	$6,884,123

Valuation of financial instruments, net	2023	2022
Securities		
Money market transactions		
Financial income from money market transactions and other interest	(195,237)	(235,219)
Valuation of short positions for open repo and simultaneous transactions and temporary security transfers (5)	(173,679)	61,474
Valuation of spot transactions	1,200	(2,702)
Investments at fair value		
Valuation of debt instruments at fair value (6)	665,910	(47,218)
Investments at amortized cost		
Valuation of investments at amortized cost	614,945	414,403
Subtotal securities	913,139	190,738
Derivatives		
Trading Derivatives (7)	801,156	(492,891)
Hedging Derivatives	(77,424)	(36,659)
Subtotal derivatives	723,732	(529,549)
Total valuation of financial instruments, net	1,636,871	(338,811)
Total interest and valuation income	11,364,593	6,545,312

Interest margin recorded a year-over-year increase of 29.23%.

1 Interest income from the commercial portfolio increased by COP 1,525,209, presenting its main variations in commercial portfolio interest for COP 1,528,016 and rediscount operations of the commercial portfolio of COP 107,065.

2 The consumer loan portfolio generated additional revenue of COP 574,656, mainly attributable to the payroll loans product. The corresponding rise in loan placement rates across all products also contributed to this increase.

3 Revenues from Discounting and Factoring/Confirming operations increased by COP 101,608, mainly due to a rate reduction of 156 Bp.

4 Finance lease transaction revenues increased by COP 125,792, mainly in the commercial financial lease category, which increased by COP 123,778, combined with an increase of COP 37,984 in residential leases.

This rise in interest is tied to new loan portfolio placements across all products and the increase in the intervention rate of the Central Bank of Colombia, which closed at 13% as of December 31, 2023, compared to the same period of the previous year, which closed at 12%.

5 Short transactions in the money market decreased by COP 235,153 compared to the previous year, as a result of the strategies implemented by the trading desk, aimed at achieving greater liquidity in performing trades in response to balances in transactions such as repos, simultaneous transactions and other money market operations.

6 The variation in fair value displays an increase in the debt instruments issued as collateral by the Nation for COP 713,128.

7 The change in the trading derivatives item mainly reflects the settlement and valuation of peso/dollar currency forward transactions for COP 1,294,046.

34. Interest and valuation expenses

For the years ended December 31, 2023 and 2022, the balances of these accounts are summarized as follows:

Item	2023	2022
Customer deposits		
Savings accounts (1)	$2,153,036	$1,165,190
Certificates of deposit (2)	4,329,021	1,885,954
Other interest expenses	1,144	1,310
Total customer deposits	6,483,201	3,052,454
Financial obligations		
Bank credits and financial obligations (3)		
Total financial obligations	562,721	251,446
Total interest and valuation expenses	562,721	251,446
Total interest and valuation expenses	$7,045,922	$3,303,900

1 The interest generated by savings account at December 2023 gave rise to a greater expense for COP 987,846, mainly in the Ganadiario product for non-financial companies and public administrations.

2 The certificates of deposit (CD) item increased by COP 2,443,067, which reflects deposits from non-financial entities and individuals, with terms of more than 12 months.

3 At December 2023, the financial obligations interest expense increased by COP 311,275 compared to the previous year, mainly from the accrual of interest for financing with Corporación Financiera Internacional (IFC) and BBVA Madrid; additionally, accrual was recognized for the coupon of subordinated loan AT1 in the amount of COP 97,571.

This rise in interest is tied to new loan portfolio placements across all products and the increase in the intervention rate of the Central Bank of Colombia, which closed at 13% as of December 31, 2023, compared to the same period of the previous year, which closed at 12%.

35. Net fee revenues

The following is a summary of fee revenues, net:

Fee revenues, net	2023	2022
Letters of credit	$3,215	$3,084
Endorsements	23	0
Bank guarantees	30,301	31,609
Banking services	71,124	71,643
Card affiliated establishments	213,888	163,317
Office network service	148,085	127,732
For fund transfers	6,243	6,170
Credit card handling fees	115,532	92,522
Debit card handling fees	44,538	43,434
Derivative products	249	360
Others	383,037	299,304
Subtotal fee revenues	1,016,235	839,175
Data processing	(98,326)	(54,938)
External loan placement	(208,519)	(194,596)
Network services	(19,075)	(13,703)
Banking services	(19,029)	(19,594)
Franchises	(44,711)	(38,347)
Others	(156,212)	(153,131)
Subtotal fee expenses	(545,872)	(474,309)
Total fee revenues, net	$470,363	$364,866

Fee revenues increased by COP 177,060, mainly due to an increase in other fees in the amount of COP 83,733, such as PSE fees, fees for issuance of credit limit letters, and ACH transactions; establishment credit card affiliations increased by COP 50,571, in which the largest change is in fees for acquisition of Visa Master; credit card handling fees for COP 23,010, and office network services for COP 20,353. The "others" item increased by COP 83,733, for services such as manual reimbursement of fees, ACH, in-house fees and loan disbursement fees, commissions for securities and Fick Money Market placement.

Fee expenses increased by COP 71,563, mainly related to data processing for COP 43,388, franchises for COP 6,364, and other fee expenses for COP 3,081, such as placement of payroll and consumer loans. Network services increased by COP 5,372, mainly for usage fees of the Redeban and Credibanco network.

36. NON-INTEREST REVENUES

Item	2023	2022
Sale of non-current assets held-for-sale	$ 3,915	$4,187
Sale of financial investment assets	324,498	334,287
Subtotal sales	328,413	338,474
Dividends	21,572	18,333
Leases	3,450	2,769
Other - Miscellaneous	192,655	146,366
Recovery of operational risk	22,116	9,861
Joint arrangement activities	7,103	1,304
Subtotal other operating revenues	246,896	178,633
Total other operating revenues	$575,309	$517,107

In 2023 other operating revenues increased by COP 58,202 compared to 2022. The following are the main items:

Others-Sundry Items increased by COP 46,289, mainly due to expiration of dividends, changes for international purchases with credit cards, management fees for payroll advances, charges and fees for card payments.

37. Other operating expenses

Other operating expenses for the years ended December 31, 2023 and 2022 consist of the following:

Other operating expenses	2023	2022
Net exchange difference (1)	$(476,927)	$1,169,414
Loss on sale of assets received in payment and repossessed assets	(234)	(991)
Employee benefits (2)	(928,864)	(839,057)
Sale of financial investment assets (3)	(318,844)	(262,174)
Non-current assets held for sale	(5,502)	(10,654)
Loss on sale of accounts receivable	(10,936)	(23,154)
Fees	(40,886)	(35,899)
Legal expenses	(12)	(11)
Taxes and duties (4)	(281,705)	(158,711)
Operating leases	(7,371)	(6,645)
Contributions, affiliations and transfers	(25,901)	(20,001)
Insurance (5)	(271,151)	(219,330)
Maintenance and repairs	(123,959)	(131,065)
Adaptations and installations	(14,156)	(8,478)
Fines and penalties, litigation, indemnities, and lawsuits - operating risk	(10,360)	(8,946)
Depreciation of property, plant and equipment	(51,536)	(48,922)
Impairment of right-of-use property, plant and equipment	(30,499)	(27,821)
Amortization of intangible assets	(55,925)	(42,660)
Sundries (6)	(760,933)	(637,886)
Loss events	(46,785)	(25,004)
Management and brokerage services and systems	(2,593)	(2,436)
Activities in joint operations	(8,306)	(2,906)
Total other operating expenses	$(3,473,385)	$(1,343,337)

In 2023, other expenses increased by COP 2,071,934, equivalent to 283% over the previous year. The following are the main items that contributed to this increase:

1. Exchange difference, which increased by 140.8% compared to the previous year, equivalent to an increase of COP 1,646,069, mainly due to net exchange differences. The result in 2023 was of losses arising from exchange rate volatility generated by uncertainty as to increases in interest rates in the United States.

2. During 2023, substantial increases were made in employee benefits, for a total increase of COP 82,563. The following is a breakdown of the changes: Salaries increased by COP 41,659, and comprehensive salaries increased by COP 20,938. Social security contributions increased to COP 15,501, which is tied to increases in Severance Fund and Interest on Severance fund for COP 5,659, and in Paid Vacations and Vacations Bonus for COP 11,385. These increases highlight the approach of strengthening employee salary and benefit structures.

   In the actuarial calculations, there was a substantial increase in the seniority bonus, up by COP 15,944. This highlights the special focus on the recognition of seniority as one of the labor policies and benefits. The pensions item had a substantial increase of COP 15,501, which demonstrate a commitment to the long-term financial well-being of employees.

   Lastly, we highlight a substantial reduction in indemnities, which decreased by COP 19,832. Additionally, bonuses paid as part of the Incentive Packages decreased by COP 30,895. These adjustments reflect a careful strategy of optimization and review of compensation structures.

3. Sales of investments increased by COP 54,318, which mainly reflects higher expenditures on the sale of financial instruments: treasury securities (TES) financial assets, debt instruments with maturities measured at fair value and which consequently affect the period's profit of loss.

4. The taxes and duties item increased by COP 121,828; the main expenses under this header are municipal taxes *(impuesto de industria y comercio)*, and tax on financial transactions (GMF).

5. Insurance increased by 24.4%, mainly due to higher expenses on deposit insurance.

6. Other sundry expenses increased by COP 122,295, where the most important items are rental payments, applications support and call center, software tools and projects of the Group, incurred to improve internal operating and customer service processes.

38. Income Tax and Deferred Tax

38.1 Components of the income tax expense

The income tax expense for the years 2023 and 2022 is made up of the following:

Item	2023	2022
Current income tax	$136,724	$741,033
Capital gains tax	435	872
Deferred tax	935	(190,452)
Income tax of previous years	31,677	1,266
Total income tax	$169,771	$552,719

38.2 Reconciliation of the tax rate in accordance with the tax provisions and the effective rate:

The current tax provisions applicable to the Group stipulate that in Colombia:

According to Equality and Social Justice Law 2277/2022, the income tax rate for legal entities from 2023 to 2027 will be 35%. Additionally, financial institutions, insurers and reinsurers, securities brokers, and securities market infrastructure vendors whose taxable income is equal to or greater than 120,000 UVTs must add 5 additional percentage points to the income tax, for all overall rate of 40%.

The income tax rate for fiscal year 2022 was 35% plus a 3-point surcharge applicable to financial institutions whose taxable income in the period was equal to or greater than 120,000 UVTs; these additional three percentage points (3%) were to apply from 2023 to 2027, for an overall rate of 38%.

For 2023, Brokerage and Trust management company will calculate their current tax at the rate of 40%.

Based on the tax treatment for adjusting taxable income of the Bank for tax year 2023, a tax loss was reported, on which the deferred tax is calculated at the tax rate of 40%. Said loss may be offset against ordinary taxable income reported within the following twelve (12) tax years, pursuant to the provisions of article 147 of the Tax Statute. The Trust management company and Securities broker reported ordinary taxable income of more than 120,000 UVTs in 2023, which implies that their current tax rate is 40%, with no effect on deferred tax.

For 2023 and 2022, no presumed income was determined, as it was applicable only until tax year 2020, the final year, when it was calculated at a rate of 0.5% in accordance with Article 188 of the Tax Statute.

Through the Economic Growth Law (Law 2010/2019), the income tax and complementary tax returns of taxpayers who determine or offset tax losses or are subject to the transfer pricing regime, will become final in 5 years.

The capital gains tax rate is 15%.

Social Investment Law 2155/2021 established a new audit benefit. In tax years 2022 and 2023, taxpayers whose net income tax for the current tax year increases by 35% compared to the preceding year, the tax return will become final in 6 months, and when the increase is 25%, the return will become final in 12 months. The Bank applied this benefit on its income tax return for tax year 2022, which became final in December 2023, after 6 months had elapsed from the tax filing.

For tax year 2023, the provisions of article 115 of the Tax Statute apply, according to which one hundred percent (100%) of taxes, levies and contributions that were effectively paid are tax deductible, except the tax on financial transactions, which is fifty percent (50%) tax-deductible.

Below are the details of the reconciliation between the total income tax expense calculated at the tax rates in force for 2023 and 2022 and the tax expense actually recognized in the Statement of Income.

Item	2023		2022	
Profit before Taxes from Continuing Operations	Ratio %	282,959	Ratio %	1,401,596
Income tax expense calculated at 35% plus 5% for the year 2023 and 35% plus 3% for the year 2022	40.00%	$166,479	38.00%	$600,546
Dividends received that are not taxable income	(1.74%)	(7,254)	(0.42%)	(6,570)
Exempt income	0.00%	0	(1.63%)	(25,779)
Gain from valuation using the equity method	(3.28%)	(13,663)	0.76%	11,961
Other non-taxable income	(6.09%)	(25,338)	(0.79%)	(12,478)
Other non-deductible expenses	6.98%	29,044	2.43%	38,384
Non-deductible taxes	4.52%	18,806	2.77%	43,741
Rate difference effect of deferred tax vs. nominal rate	(91.01%)	(378,788)	(1.81%)	(28,602)
Fines, penalties and other non-deductible expenses	0.83%	3,436	0.21%	3,385
Retirement pensions and social security expenses	0.00%	0	0.00%	0
Income tax of previous years	7.47%	31,083	0.08%	1,266
Tax credits	0.00%	0	0.28%	4,492
Amortization of tax credits	0.00%	0	(3.07%)	(48,510)
Tax loss credit	69.94%	291,086	0.00%	0
Others	13.19%	54,879	(1.84%)	(29,117)
Income tax expense recognized in the statement of income (related to continuing operations)	40.81%	$169,770	34.97%	$552,719

38.3. Current tax assets and liabilities

Current tax assets and liabilities	2023	2022
Current tax assets		
Current tax credit balance	$828,295	$3,468
VAT on physical and productive assets	6,775	0
Total current tax assets	835,070	3,468
Current tax liabilities		
Income tax payable	8,490	292,592
Total current tax assets and liabilities	$826,580	$(289,124)

38.4 Deferred taxes by type of temporary difference:

The differences between the asset and liability bases for IFRS purposes and the tax bases of the same assets and liabilities for tax purposes give rise to temporary differences that generate deferred taxes that were measured and recognized at December 31, 2023 and 2022 based on the tax rates currently in force for the years in which said temporary differences will be reversed.

The following is the net result of the deferred tax assets and liabilities presented in the Statements of Financial Position at December 31, 2023 and 2022:

Deferred tax assets and liabilities	2023	2022
Deferred tax asset	$574,036	$601,996
Deferred tax liability	(692,06)	(580,570)
Total deferred tax assets and liabilities	$(118,024)	$21,426

Year ended December 31, 2023

2023	Opening balance (restated)	Recognized in the Income Statement	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Closing Balance
Deferred tax asset related to:					
Cash flow hedges	$1,947	$0	$4,600	$0	$6,547
Net investment hedges	286,579	(190,680)	(138	0	95,761
Property, plant and equipment	45,424	(10,211)	0	(1,983)	33,230
Intangible Assets	0	(2)	0	0	(2)
Financial assets at fair value through profit or loss and amortized cost	19,582	(19,582)	0	0	0
Deferred income	7,566	0	0	0	7,566
Provisions	84,201	(21,762)	0	0	62,439
Defined benefit liabilities	39,576	(10,859)	0	0	28,717
Restatement of assets and liabilities in FC	116,889	(116,761)	0	0	128
Leases	6,946	380	0	0	7,326
Tax loss	0	332,669	0	0	332,669
Others [describe]	(766)	421	0	0	(345)
Subtotal impuesto diferido Assets	607,944	(36,387)	4,462	(1,983)	574,036

2023	Opening balance (restated)	Recognized in the Income Statement	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Closing Balance
Deferred tax liability related to:					
Cash flow hedges	(6,404)	0	4,457	0	(1,947)
Associates	(57,663)	5,022	7,279	0	(45,362)
Property, plant and equipment	(142,257)	3,481	0	0	(138,776)
Repos, simultaneous transactions and temporary security transfers	(570)	(1,561)	0	568	(1,563)
Intangible Assets	(6,851)	(4,922)	0	0	(11,773)
Financial assets at fair value through profit or loss and amortized cost	(809)	(16,981)	(12,642)	0	(30,432)
Portfolio	(17,921)	(24,383)	0	(5,724)	(48,028)
Portfolio provisions	(295,244)	0	(31,202)	8,456	(317,990)
Convertible instruments	(4,834)	0	0	0	(4,834)
Provisions	(7,178)	1,511	0	0	(5,667)
Defined benefit liabilities	375	0	0	0	375
Unclaimed issuance and buyback costs	(1,548)	675	0	0	(873)
Investment hedges	(4,376)	0	0	0	(4,376)
Others [describe]	(41,237)	23,958	0	(46,745)	(64,024)
Restatement of assets and liabilities in FC	0	(16,790)	0	0	(16,790)
Subtotal deferred tax liabilities	(586,517)	(29,990)	(32,108)	(43,445)	(692,060)
Total deferred tax, net	$21,427	$(66,377)	$(27,646)	$(45,428)	$(118,024)

Year ended December 31, 2022

2022	Opening balance (restated)	Recognized in the Income Statement	Recognized in Other Compre-hensive Income	Recognized Directly in Equity	Closing Balance
Deferred tax asset related to:					
Cash flow hedges	$1,947	$0	$0	$0	$1,947
Net investment hedges	192,223	94,356	0	0	286,579
Property, plant and equipment	37,205	12,249	0	(4,030)	45,424
Financial assets at fair value through profit or loss and amortized cost	3,918	15,664	0	0	19,582
Deferred income	7,566	0	0	0	7,566
Provisions	0	84,201	0	0	84,201
Defined benefit liabilities	29,320	10,256	0	0	39,576
Restatement of assets and liabilities in FC	41,718	75,171	0	0	116,889
Leases	5,806	1,140	0	0	6,946
Industry and commerce tax	8,349	(8,349)	0	0	0
Others	0	(766)	0	0	(766)
Subtotal deferred tax assets	328,052	283,922	0	(4,030)	607,944
Deferred tax liability related to:					
Cash flow hedges	0	0	(6,404)	0	(6,404)
Associates	(32,310)	(12,316)	(13,037)	0	(57,663)
Property, plant and equipment	(132,320)	(9,937)	0	0	(142,257)
Repos, simultaneous transactions and temporary security transfers	(90)	(568)	0	88	(570)
Intangible Assets	(2,609)	(4,242)	0	0	(6,851)
Financial assets at fair value through profit or loss and amortized cost	(11,349)	(1,345)	11,885	0	(809)
Portfolio	0	(19,100)	0	1,179	(17,921)
Portfolio provisions	(238,787)	0	(56,457)	0	(295,244)
Convertible instruments	0	(4,834)	0	0	(4,834)
Provisions	(7,178)	0	0	0	(7,178)
Defined benefit liabilities	0	375	0	0	375
Unclaimed issuance and buyback costs	(1,421)	(127)	0	0	(1,548)
Investment hedges	(4,376)	0	0	0	(4,376)
Others [describe]	0	(41,237)	0	0	(41,237)
Subtotal deferred tax liabilities	(430,440)	(93,331)	(64,013)	1,267	(586,517)
Total deferred tax, net	$170,325	$259,622	$(5,728)	$(4,030)	$420,189

For the purposes of presentation in the statement of financial position, the Groups and its Subsidiaries offset the deferred tax assets and liabilities pursuant to the provisions of Paragraph 74 of IAS 12, considering the application of the tax provisions in force in Colombia on the legal right to offset current tax assets and liabilities.

38.4.1. Deferred taxes of subsidiaries and joint arrangements

At December 31, 2023 and 2022, the Group has not recognized deferred tax liabilities regarding temporary differences of the investment in its subsidiaries, as it has the power to control the reversal of these temporary differences, and it is not planning on reversing them in the near future (exception of IAS 12). If this deferred tax liability had been recognized, the difference would amount to COP 40,634 and COP 21,470 at December 31, 2023 and 2022, respectively.

38.4.2. Effect of current and deferred taxes on each component of other comprehensive income in equity

The effects of current and deferred taxes on each component of other comprehensive income are detailed below:

	Movement at December 31, 2023			Movement at December 31, 2022		
	Amount Before Taxes	Deferred Tax	Net	Amount Before Taxes	Deferred Tax	Net
Items that will not be reclassified to the statement of income for the period						
Gains (losses) on investments by the equity method	$(215)	$0	$(215)	$95	$0	$95
Share in other comprehensive income of non-controlled entities	52,845	7,280	60,125	(26,786)	(13,036)	(39,822)
Loan portfolio	45,458	(31,202)	14,256	106,677	(56,457)	50,220
Defined benefit liabilities	(8,756)	0	(8,756)	(2,234)	0	(2,234)
Items that may be subsequently reclassified to the statement of income for the period						
Items that may be subsequently reclassified to the statement of income for the period						
Financial assets available-for-sale	33,928	(12,798)	21,130	(31,897)	11,885	(20,012)
Cash flow hedges	(22,642)	9,057	(13,585)	16,266	(6,404)	9,862
Total	$100,618	$(27,663)	$72,955	$62,121	$(64,012)	$(1,891)

38.5 Transfer prices

Pursuant to the provisions of Laws 788/2002, 863/2003, 1607/2012 and 1819/2016, regulated by Decree 2120/2017, the Group has prepared a transfer price study on the transactions carried out with related parties abroad during the 2021 tax year. The study did not give rise to adjustments affecting the Group's revenues, costs and tax expense.

Although the transfer price study for the year 2023 is currently in progress, no significant changes are expected in relation to the preceding year.

38.6 Uncertainty in tax positions

As of January 1, 2020 and through Decree 2270/2019, which was adopted for the purposes of the local financial statements of Group 1, the interpretation IFRIC 23- Uncertainties in Income Tax Treatments, in the application of this standard, the Group and its subsidiaries have analyzed the tax positions adopted in the returns still subject to review by the tax authority, in order to identify uncertainties associated with a difference between such positions and those of the tax administration. According to the evaluation, no facts were identified that would imply recognition of additional provisions on this account.

In addition to the above, the provisions of article 10 of Law 2277/2022, paragraph 6, require establishing a minimum tax rate, called the "Cleansed" Tax Rate *(Tasa de Tributación Depurada - TTD)*, which must not be less than fifteen percent (15%), and which is calculated by dividing the Cleansed Tax (ID) into Cleansed Income (UD), and whenever the Cleansed Tax Rate (TTD) is less than fifteen percent (15%), a Tax to be Added (IA) must be calculated until reaching the rate of fifteen percent (15%). The Bank and its subsidiaries have performed and documented their respective separate assessments, finding that in 2023 the TTD is not applicable, and therefore there is no additional tax.

39. Related Parties

Controlling Entity and Main Controlling Entity

The BBVA Colombia S.A. Group's main controlling entity is Banco Bilbao Vizcaya Argentaria, which holds a 95.43% equity interest, as disclosed below under shareholders with more than a 10% share of the company.

Recognition of Relationship with Related Parties

Individuals Related to the Entity

BBVA Colombia S.A. recognizes as a related party the members of the Board of Directors and the Registered Agents and/or key management personnel who exercise significant influence over the organization's decision-making.

Subsidiaries

BBVA Colombia holds a 94.44% equity interest in BBVA Amountes Colombia S.A. Comisionista de Bolsa S.A., whose main activity is securities brokerage. It also holds a 94.51% equity interest in BBVA Asset Management S.A. Sociedad Fiduciaria, whose economic activity consists of trust management activities. These activities are carried out at the General Office of Banco BBVA based at Cra. 9 No. 72-21 on the 6th and 7th floors in Bogotá D.C.

Joint ventures

In July 2015, Compañía de Financiamiento RCI Colombia was incorporated in a joint venture with RCI Banque Colombia S.A., owned by the Renault Group. The Bank holds a 48.99% equity interest in this investment, represented by 7,154,979 shares. This company carries out its activities at Cra 49 No. 39 Sur 100 Envigado, Antioquia.

Other related parties in Colombia

BBVA recognizes the following companies as related parties: BBVA Seguros Generales, which is in the business of selling general or damage insurance products; and BBVA Seguros de Vida, which only sells life insurance. Since its shareholding structure reflects 99.95% of BBVA Group's share, they are recognized as economically related parties. These companies carry out their activities at Cra 15 No. 95-65 on the 5th and 6th floors.

Comercializadora de Servicios Financieros is also considered a local related party, since it is a partner responsible for facilitating access to the products and services of BBVA Colombia by presenting the offerings of some of its products to certain customers.

Said company holds significant shareholdings in BBVA Seguros Colombia.

This same group includes Telefónica Factoring Colombia, S.A., Fideicomiso de Administración Redetrans, Fideicomiso Horizontes Villa Campestre and Fideicomiso Lote 6.1 Zaragoza.

Compensation received by key management personnel and Board members

In addition to their remuneration, the Company has a system for the calculation and payment of the annual variable compensation for individuals whose professional activities have a significant impact on the Bank's risk profile, as well as other employees who have oversight roles, including executive directors and other members of BBVA's Senior Colombia S.A.'s Senior Management.

The deferred amounts of the annual variable compensation, both in cash and in shares, are subject to long-term indicators, so the degree of fulfillment of these objectives determines the amount of the benefit granted to each related party.

Below are the other remunerations paid to key management personnel:

Details	2023	2022
Short-term employee benefits	$13,492	$10,220
Post-employment benefits	55	72
Other long-term employee benefits	0	0
Termination benefits	0	0
Share-based payment	4,093	2,350
Remuneration of key management personnel	17,848	10,902
Total	$35,488	$23,544

In addition to the remunerations mentioned above, key management personnel and Board members claimed travel expenses in the amount of COP 705, which they paid using corporate credit cards.

At December 2023, the members of the Board of Directors received remuneration in professional fees and attendance to Board meetings for COP 431.

Transactions Recognized with Shareholders Who Hold a Share of More Than 10% in the Company

For comparison effects, at December 2023, BBVA Colombia S.A. had balances of COP 45,737 in correspondent banks of BBVA Madrid, COP 8,886 in BBVA Hong Kong, and COP 37,382 in BBVA New York. With BBVA Madrid, accounts receivable for COP 143,307 and accounts payable for COP 731,432 have been recognized as a result of the settlement of trading derivatives. Moreover, BBVA Colombia S.A. has recognized fee revenues of COP 31,923 and expenses of COP 158,799 pertaining to fees and technology transfer. With respect to trading derivatives, Mark to Market (MTM) was recognized on the asset side of COP 8,357,605,923 and on the liability side of COP 8,503,207. Regarding the contingent commitments recognized, the Bank issues Endorsements, Letters of Credit and Bank Guarantees to its economically related parties, which are recorded in contingent accounts. These guarantees expire in one to fifteen years, and a 0.2% fee is charged for this service, with a USD 80 minimum for members of the Group, and 0.3% of the value of the endorsement or guarantee, with a USD 100 EQQ minimum for corresponding banks that are not members of the BBVA Group.

Details	2023	2022
Bank Guarantees in domestic currency	$93,051	$539,015
Bank Guarantees in foreign currency	167,729	209,168
Letters of credit in foreign currency	74,018	1,517
Total	$334,798	$749,700

Other Transactions with Related Parties

Transactions with related parties are a normal part of trade and business. BBVA often carries out part of its activities through subsidiaries, joint ventures and other related parties.

The following are the details of transactions with related parties at December 31, 2023:

		Joint Ventures			Other companies of the BBVA Group that are not subsidiaries of BBVA Colombia			
Item	Shareholders with Over 10% of Shares	RCI COLOMBIA	Board Members	Registered Agents and Key Management Personnel	BBVA Seguros	BBVA Seguros de Vida	Other Domestic Related Parties	Other Related Parties Abroad
Assets								
Loan portfolio and interest	$0	$893,001	$233	$3,927	$3	$23	$63	$0
Investments	0	182,633	0	0	0	0	0	0
Derivatives and spot transactions	8,357,605	0	0	0	0	0	0	86,645
Banks and other financial entities	92,004	0	0	0	0	0	0	6,898
Accounts receivable	14,306	5,910	0	0	0	0	0	521
Deposits as collateral	235,851	0	0	0	0	0	0	0
Prepaid expenses	0	0	0	0	3,247	0	0	0
Non-current assets held-for-sale	0	0	0	0	0	0	14,349	0
Total	$8,699,766	$1,081,544	$233	$3,927	$3,250	$23	$14,412	$94,064
Liabilities:								
Deposits (savings and checking accounts)	0	127,979	200	2,563	80,750	167,052	20,000	0
Outstanding Investment Securities	0	0	0	0	0	39,580	0	0
Derivatives and spot transactions	8,503,207	0	0	0	0	0	0	82,738
Margin call	165,443	0	0	0	0	0	0	6,230
Accounts Payable	744,595	0	0	0	906	0	6,576	981
Total	$9,413,245	$127,979	$200	$2,563	$81,656	$206,632	$26,576	$89,949
Revenue:								
Dividends from the equity method	0	2,748	0	0	0	0	0	0
Interest and/or return on investments	31,305	121,727	71	467	0	0	3	1,485
Fees	618	718	2	24	33,771	105,711	23	2,829
Leases	0	0	0	0	19	0	1,223	0
Total	$31,923	$125,193	$73	$491	$33,790	$105,711	$1,249	$4,314
Expenses:								
Interest	5,574	14,657	38	346	6,015	14,905	138	0
Fees	154,355	0	0	32	0	0	158,995	13,152
Employee benefits	0	0	0	13	0	0	0	0
Insurance	0	0	0	0	7,393	5,627	0	0
Other expenses	0	0	35	670	0	0	0	0
Advisory and consultancy fees	0	0	0	1	0	0	0	0
Corporate application services	4,445	0	0	0	0	0	3,989	94,765
Total	$164,374	$14,657	$73	$1,062	$13,408	$20,532	$163,122	$107,917
Contingent commitments and obligations	232,318	0	0	0	0	0	0	102,481
Call and put purchase commitments	0	0	0	0	0	0	0	1,341,396
Total	$ 232,318	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,443,877
Other – Dividends paid on preferred and ordinary shares	0	0	0	0	0	0	0	0

The following are the details of transactions with related parties at December 31, 2022:

		Joint Ventures			Other companies of the BBVA Group that are not subsidiaries of BBVA Colombia			
Item	Shareholders with Over 10% of Shares	RCI COLOMBIA	Board Members	Registered Agents and Key Management Personnel	BBVA Seguros	BBVA Seguros de Vida	Other Domestic Related Parties	Other Related Parties Abroad
Assets								
Loan portfolio and interest	$0	$1,012,057	$255	$2,008	$2	$7	$44	$0
Investments	0	210,957	0	0	0	0	437	0
Derivatives and spot transactions	8,089,683	0	0	0	0	0	0	45,769
Banks and other financial entities	269,567	0	0	0	0	0	0	0
Accounts receivable	40,224	11,081	0	0	0	0	40	210
Deposits as collateral	764,360	0	0	0	0	0	0	16,643
Prepaid expenses	0	0	0	0	3,282	0	0	0
Non-current assets held-for-sale	0	0	0	0	0	0	14,349	0
Total	$9,163,834	$1,234,095	$255	$2,008	$3,284	$7	$14,870	$62,622
Liabilities:								
Deposits (savings and checking accounts)	0	100,260	616	1,353	54,691	150,182	5,665	0
Outstanding Investment Securities	0	0	0	0	0	105,000	0	0
Derivatives and spot transactions	8,711,609	0	0	0	0	0	0	58,496
Margin call	144	0	0	0	0	0	0	0
Accounts Payable	2,274,137	0	0	0	4	371	619	146
Total	$11,129,349	$100,260	$616	$1,353	$54,695	$255,553	$6,284	$58,642
Revenue:								
Dividends from the equity method	0	36,467	0	0	0	0	0	0
Interest and/or return on investments	13,011	52,552	35	287	0	0	1,915	451
Fees	7,497	494	1	24	27,558	93,691	46	701
Leases	0	0	0	0	17	67	1,230	0
Total	$20,508	$89,513	$36	$311	$27,575	$93,758	$3,191	$1,152
Expenses:								
Interest	3,415	3,142	13	167	935	5,412	105	0
Fees	88,869	0	3	20	0	0	161,713	8,390
Employee benefits	0	0	0	2,350	0	0	0	0
Insurance	0	0	0	0	9,711	0	0	0
Other expenses	0	0	15	424	0	0	0	0
Advisory and consultancy fees	0	0	8	0	0	0	4,482	0
Corporate application services	138,699	0	0	0	0	0	5,384	97,053
Total	$230,983	$3,142	$39	$2,961	$10,646	$5,412	$171,684	$105,443
Contingent commitments and obligations	688,177	0	0	0	0	0	0	61,523
Call and put purchase commitments	0	0	0	0	0	0	0	1,281,105
Total	$ 688,177	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$1,342,628
Other – Dividends paid on preferred and ordinary shares	0	0	0	0	0	0	0	0

40. Market, Interest and Structural Risk Report

The Risk Management principles and policies, as well as the tools and procedures meet the criteria for recognition, pursuant to IFRS 7 - Financial Instruments: Disclosures. Below is the distribution of the credit risk exposure of Grupo BBVA Colombia by heading of Consolidated Financial Statement at December 31, 2023 and 2022, in gross terms excluding provisions.

As for financial assets held for trading, the nominal value stated in Colombian pesos of the fixed-income trading position held by treasury was used as a methodology to assess the risk. As for financial assets available for sale and investments held to maturity, the nominal value stated in Colombian pesos of the Available for Sale and Held to Maturity investments held by the COAP was considered as a methodology to assess the risk. As regards the derivatives portfolio and hedge accounting, the methodology of the Financial Superintendence of Colombia was used.

In order to determine the risk of credit investments, it is calculated using the original gross exposure, excluding active current provisions and guarantees, listed by portfolio type.

The Bank's maximum exposure to credit risk is reflected in the carrying amounts of the financial assets in the condensed consolidated statement of financial position, as indicated below:

Item	2023	2022
Cash and cash equivalents	$7,013,178	$8,965,818
Financial assets held for trading	3,724,824	2,399,725
Financial assets available-for-sale	2,486,802	3,114,018
Investments at fair value through OCI	3,157,408	2,933,429
Derivatives and hedge accounting	3,886,233	5,050,559
Consumer portfolio	29,187,967	26,139,389
Commercial loan portfolio	30,975,526	29,891,940
Mortgage portfolio	14,974,638	14,485,368
Credit investment	75,138,131	70,516,697
Loans approved but not disbursed	1,467,540	1,144,505
Credit limits	6,443,999	5,693,115
Bank guarantees	3,298,685	4,047,353
Letters of credit	1,367,816	1,345,329
Total net maximum risk exposure	$12,578,040	$12,230,302

With respect to cash equivalents for risk exposure, deposits in the Central Bank of Colombia are not considered since it is the country's Central Bank.

During the year the Colombian economy has slowed down due to strong dampening of internal demand, with a decrease of GDP of 0.3% in the third party, following 2.9% in the fourth quarter of 2022.

In December 2023, the annual inflation rate was 9.28%, which confirms the downward trend and reaching this level for the first time since June 2022. The year began with inflation at December 2022 of 13.12%. The decrease was largely influenced by the substantial reduction in the annual inflation of food products, which decreased by 22.84 percentage points, with annual variation totaling 5.0% at the end of the year. Inflation excluding food product peaked in June, reaching a level of 11.6%, after which it began to drop to a final year-end rate of 10.3% in 2023. Despite the observed downward trend, the year-end rate ended 34 Bp higher than in December 2022.

The majority of Central Bank board members decided to reduce the monetary policy rate by 25 basis points to 13.0%, which was the first reduction since September 2020. Looking forward, inflation will continue to decrease, widening its difference with interest rates, which will put pressure on the Central Bank to speed up the pace of rate reductions. Economic activity will remain weak.

Over the year, the economic slowdown consolidated and deepened, explained by the sharp slowdown of internal demand. In this area, both private consumption and fixed investment slowed down, even though the latter was more evident because it moved to negative two-digit figures in the third quarter of the year.

The national unemployment rate in November 2023 was 9.0%, lower than the 11.2% rate of November 2022, and urban unemployment was 8.7%, lower than the 9.1% rate reported the previous year. In levels, with seasonally-adjusted figures, in November, with 22.8 million people employed, national employment was slightly higher than in October (22.7 million) this year, but slightly below the peak observed between June and August (23.2 million on average).

Internationally, both growth and inflation are slowing down following the recent monetary hardening. Additionally, lower commodity prices have contributed to the drop in inflation, and at the same time have supported growth, but without interrupting the process of moderate economic indicators. The latter have been weaker in Europe, where the loss of steam of services is compounded by the weakness of the manufacturing sector. The United States economy also slowed down, more in manufacturing than in services, but maintaining motor vehicle production (due to the normalization of bottlenecks), the good performance of the non-residential sector and changes above zero in service sectors. At the same time, excess savings by families, which dampened consumption during 2021 and 2022, are gradually being exhausted.

Public and private debt trading volumes was around COP 74.4 trillion in the month of December 2023. TES COP displayed average devaluation of 79 Bp, while TES UVR displayed average valuation of 36 Bp. Monthly trading volume of Corporate Debt was COP 26 trillion.

The exchange rate (TRM) closed the year at COP 3,822.05 pesos per dollar, which is COP 988.15 pesos per US dollar lower than at year-end 2022 (4,810.20).

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40.1. BBVA Colombia S.A.

Market Risk

Market risk is defined as the possibility that the Group will incur in losses associated with the decrease in value of its portfolio due to changes in the prices of the financial instruments on which it holds positions. Although the Bank, the trust company and the securities broker manage their risks separately, they maintain a common corporate methodology, which manages the market risk resulting from the activity of their operations with the basic objective of limiting possible losses, quantifying the economic capital necessary to carry out their activity and optimizing the relationship between the level of exposure assumed and the expected results.

To optimize management of these exposures, the Group has developed a series of organizational, identification, measurement, control and monitoring systems and policies of the risks inherent to trading, as well as balance sheet transactions.

Segregation of roles. Depending on the role that the contracting, accounting, compliance or risk monitoring activities are related to, the responsibility was assigned to each of the following areas:

Global Markets. Department responsible for managing the application of defined policies and programs to ensure the efficient management of the Group's financial resources, as well as to control that there is the necessary liquidity for the normal course of the institution's operations, by designing policies on the investment portfolios that contribute to the strengthening of the Group's financial, competitive and expansion position at the national and international levels.

Market management. Area responsible for controlling the trading floor's daily transactions, as well as for confirming, settling and clearing the transactions of the Treasury. In turn, it is responsible for the custody of the contracts and the management of securities deposits, reporting to the Media Vice-Presidency.

Market accounting. Area responsible for validating and ensuring the appropriate incorporation of the treasury transactions in the Bank's balance sheet, as well as controlling, calculating and reporting the proprietary position of foreign currency, reporting to the Finance Vice-Presidency.

Market and structural risks. Area responsible for quantifying, assessing and promptly reporting the risks of Global Market operations, as well as liquidity and structural balance risks, dependent of the Risk Vice-Presidency.

Legal Area. Responsible for analyzing and assessing the legal risks that may result from the arrangements or contracts that formalize the transactions, so as to avoid any legal situation that can legally affect the instrumentation or documentation thereof. As part of its duties, the Legal Area verifies that the relevant legal regulations are observed and that the Entity's policies and standards are in line with them. In all cases, it legally structures transactions based on the current legal regulations that the Group is subject to, including participation in new markets or products.

Internal control and operational risk. Responsible for analyzing, assessing and managing internal control (processes) together with the operational risks that may result from the Global Market operations, identifying them and proposing mitigating control measures in compliance with the corporate model and local regulatory guidelines required for adequate maintenance of the Internal Control System (SCI, for the Spanish original) and the Operational Risk Management System (SARO, for the Spanish original).

Nature and scope of the risks arising from financial instruments

Senior Management has assigned the following objectives to the Treasury Department:

- Management of the Bank's short-term liquidity; and
- Management of the necessary tools and mechanisms for hedging interest, exchange rate and liquidity risks in the operation of own resources, as well as in operations with customers.

Therefore, the Global Markets Department carries out procedures through its proprietary account to meet its liquidity needs and those of external customers. It also actively participates as a market maker in fixed income and in foreign currency and spot and term transactions, as well as in money market transactions. To this end, it has an organizational structure comprised of a trading desk (interest rates and foreign currency transactions), front office

(customer needs) and the structuring activity.
Taking into account the objectives assigned to the Treasury Department and with the aim of optimizing, managing and administrating the risks inherent thereto, Senior Management has decided to establish roles by areas, quantifiable limits and risk measurement tools.

Methods used to measure risk: The Group uses the standard model for risk measurement, control and management; it also uses tools to determine limits for trading positions and to revise positions and strategies quickly as the market conditions change.

The main sources of market risk that affect the Group are:

a. ***Interest rate***. The portfolios of the Global Markets area are exposed to this risk when their value depends on the level of certain interest rates on the financial market.
b. ***Exchange rate.*** The banking book and the trading book are exposed to this risk when their values and transactions depend on the exchange rate between currencies on the financial market.

The methodologies used to measure VaR are assessed on a periodic basis and subjected to back testing to determine their effectiveness. In addition, the Group has tools to conduct stress and/or sensitivity tests on portfolios under the simulation of extreme scenarios.

Limits. Limits were established for the exposures to risk of the global market activity, by assigning the following::

The main metric is *the target average economic capital (CEMO, for the Spanish original) in accordance with the standards defined by Basel 2.5. This indicator is calculated using the VaR; a measurement of stressed VaR is also added, resulting in a final measurement that is the higher of the two (VaR and Stressed VaR) during an average of three months. This way, more weight is given to the stress events of the current or past market. This measurement is rescaled by the multiplier set by Basel of three by the square root of ten to calculate the economic capital charge.*

Monitoring is carried out through a "global limit", which, in turn, is broken down by risk factor, as well as by trading desk, currency and product, for which there are internal warning signs when the consumption thereof is 85% or higher. Overrunning this warning sign requires express communication from the person in charge of the Global Markets Department to the Market and Structural Risk Department, indicating the strategy to be followed. The Market and Structural Risk Department informs senior management and the Global Market Risk Unit, which will then indicate up to what point said strategy may continue.

The limits are approved by the Board of Directors, while measurement, monitoring and control are carried out daily by the Market and Structural Risk Department, issuing regular reports to Senior Management and monthly reports to the Board of Directors.

Measurement and monitoring tools. The main risk measurement tools include Value at Risk (VaR), Stress VaR and delta sensitivity. However, other tools are used, such as stress testing and stop loss.

- **Value at Risk- VaR** The VaR measurement methodology used by the Group is based on historical simulation, in order to collect the negative impacts that the statements of income of the trading portfolio may undergo due to negative impacts generated by the history of risk factors on the Bank's current position. When historical data are used, the correlation between these data and their occurrence distributions is included naturally.
- To monitor and control limits for the Global Market operations, a measurement is carried out based on the "VaR without exponential smoothing" methodology, using two years of information on the financial markets.

VaR Figures in COP million				
	December	Minimum	Maximum	Average
Year 2023	$7,113	$5,115	$30,847	$12,478
Year 2022	9,205	3,752	15,733	7,779

- **Stop loss:** This is a monitoring measure of the accumulated losses in the global market portfolios with the aim of limiting the negative impact on the income statement.

The stop loss was monitored in 2023 through a double control mechanism, implementing an annual limit with the aim of controlling possible accumulated losses in the income statement, accompanied by a monthly loss limit. These limits aim to minimize the impact on the income statement.

- **Stress Testing:** It is the generation of a set of historical scenarios, which puts pressure on the different risk factors related to the different Global Market positions. The period observed starts in June 2009 and extends to December 2022.

SVaR according to Lehman, Figures in COP million				
	December	Minimum	Maximum	Average
Year 2023	$8,299	$5,690	$36,797	$14,775
Year 2022	16,908	6,102	22,918	11,879

- **Sensitivity (Delta).** This is another measure BBVA Colombia uses to estimate the exposure of the global market portfolios. The tool estimates portfolio sensitivity in response to a variation of one basis point in the interest rates, and its purpose is to raise internal warnings of interest rate risk. Therefore, additional sublimits are established by products.

Market risk profile and positions

Positions of global markets for the years 2023 and 2022 (in billions)

Below is a comparative table of the Bank's portfolio positions.

Classification	Dec-2023	Local Currency		Other Currencies		Dec-2022	Local Currency		Other Currencies	
	Amount	Average	Maximum	Average	Maximum	Amount	Average	Maximum	Average	Maximum
Public debt	$2,518	$2,162	$2,823	$31	$152	$1,286	$2,170	$3,624	$6	$64
Corporate securities	1.176	1.174	1.641	0	0	896	702	896	0	0
Cash FX	1	0	0	0	0	0	0	1	0	1
Forward	(169)	(46)	643	9	18	(313)	(67)	232	(4)	16
Shares excluding subsidiaries *	609	620	714	0	0	578	565	578	0	0

*These are strategic investments made by Banco BBVA Colombia. As a result, they are not included in market risk metrics

Bank's 2023 and 2022 market risk profile (in COP billion)

Global Market Risks	Dec-2023	Average	Maximum	Minimum	Dec-2022	Average	Maximum	Minimum
VaR - Interest rates	$7,366	$11,934	$27,693	$4,908	$9,089	$7,560	$14,745	$3,787
VaR - Exchange rates	891	2,964	15,781	125	1,307	1,328	15,385	70
Total VaR	7,113	12,478	30,847	5,115	9,205	7,779	15,733	3,752
Economic capital consumption limit	55%	60%	75%	41%	50%	49%	57%	41%
Total Delta to 1 bp	(65)	(190)	205	(655)	113	(113)	362	(439)
Delta consumption sublimit	10%	31%	98%	0.12%	17%	21%	65%	0.02%

In 2023, the average market risk consumption (VaR) of trading operations was COP 12,478, with a consumption exceeding the internal limit for authorized economic capital by 60%. The average sensitivity of the interest rate to one basis point (Delta) was COP 190 with 31% consumption over the authorized internal limit.

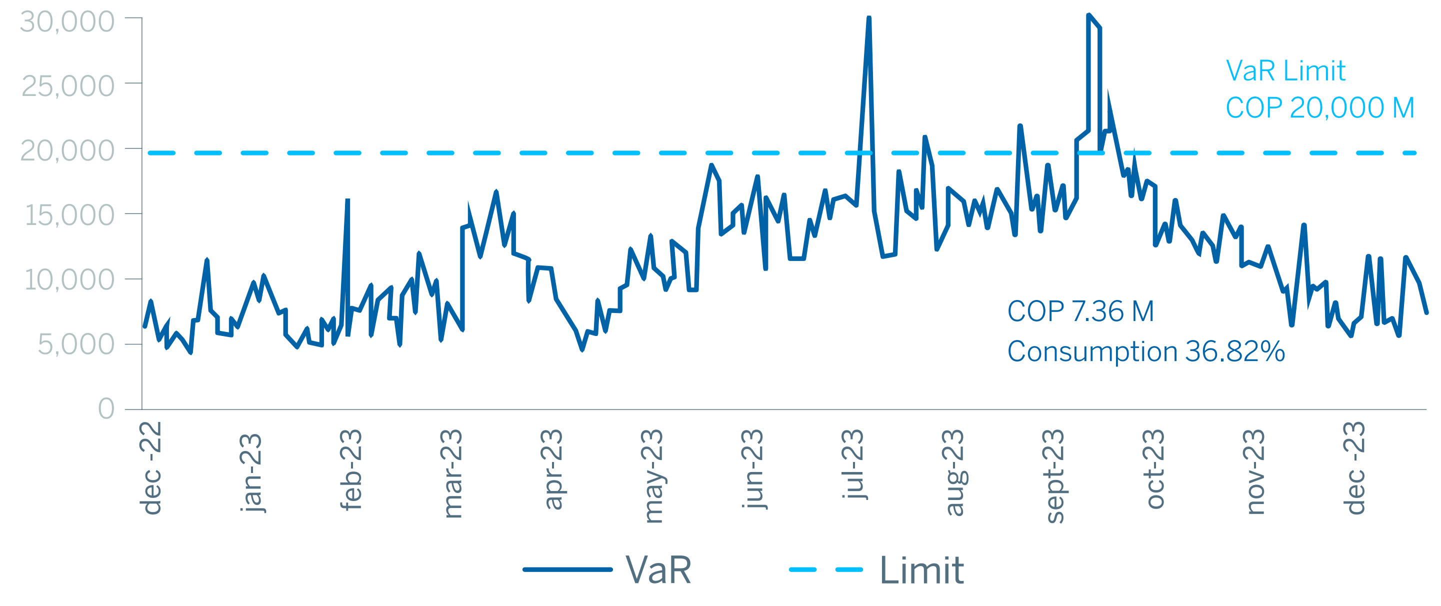
Evolution of the trading market risk. Daily measurements and controls were carried out in 2023 on the consumption levels of the authorized internal limits, regularly reporting their compliance to Senior Management.

The following graphs show their evolution:

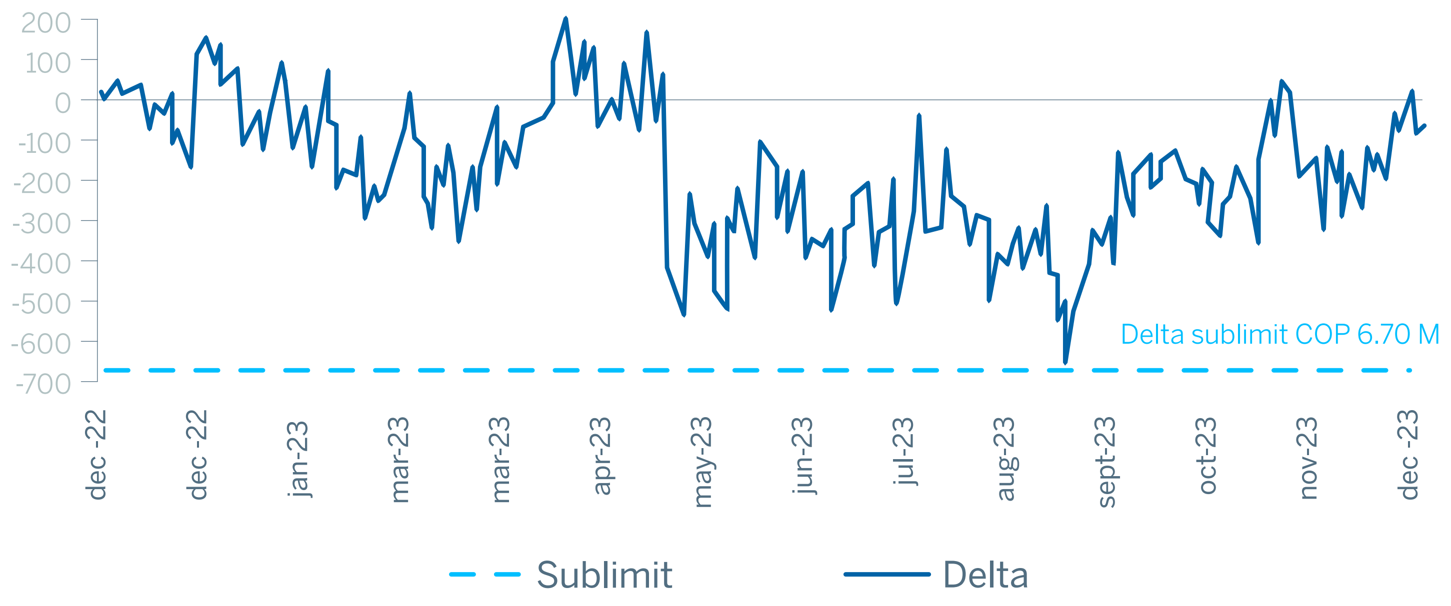
Monitoring of Market Risk

Monitoring of Market Risk

VaR evolution
December 2022 - December 2023



Total sensitivity evolution in response to one basis point
December 2022 - December 2023



During the year, the fixed income trading portfolio was characterized by a concentration of the position in the medium and long term, holding mainly TES with short-term maturity as well as Certificates of Deposit (CDs). While traditional financial instruments continue to be our mainstay, in 2023 we also maintained investments in so-called GREEN TES, which are sovereign green bonds issued by the Ministry of Finance and Public Credit. The objective of these bonds is to align with international best practices concerning environmental benefits, sustainable financing, transparency, and accountability to investors. Green bond issues finance associated expenditures in areas such as water management and sanitation, clean transportation, ecosystem services and biodiversity protection, renewable energy, circular economy, and sustainable and climate resilient agricultural production. In turn, the derivatives portfolio maintained the composition by type of product; the main products are USD-COP forwards and IRS in IBR. The sensitivities are concentrated by type in COP and USD, consistently with portfolio composition.

The market risk monitoring process is complemented with stress-testing scenarios, which aim to estimate the losses that the Group would incur in the event that extreme situations should arise in the markets.

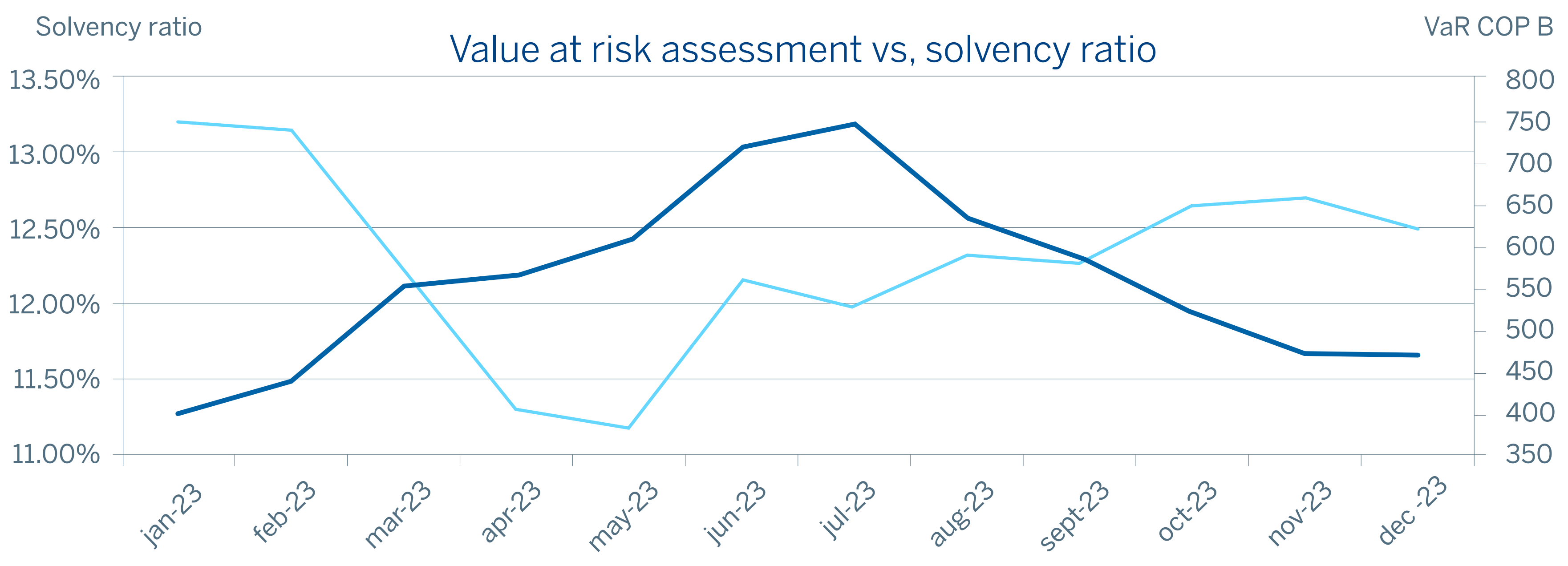
It subjects the positions held to strong hypothetical market oscillations based on historical or possible situations obtained through the generation of scenarios. This is done to quantify the effect of the results in order to identify possible adverse impacts and those greater than the VaR figures that could potentially occur, and design contingency plans to be applied immediately in the event of an abnormal situation.

Monitoring of Value at Risk Regulatory Model - Standard Model

In accordance with Public Notice 09/2007 of the Financial Superintendence of Colombia, the Group has been assessing its exposure to market risks, of both interest rate and exchange rate, on a daily basis. This includes the measurement for Global Markets' available-for-sale and tradeable positions, and securities classified as to maturity that are delivered as collateral in a counterparty clearing house. This is done in order to determine the effect that possible changes in market conditions may have on the economic value of the Group's equity. This impact is also reflected in the solvency ratio.

The following graph shows the value at risk assessment and the solvency margin:

Consolidated market risk profile



VaR (Figures in millions)	Dec-2023	Dec-2022
Interest rate	$463,149	$356,468
Exchange rate	5,818	22,829
Share price	1,338	880
Mutual funds	4,325	4,810
Total Value at Risk	$474,630	$ 384,987

The Bank performs the risk exposure under the methodology published in Annex 1 of Chapter XXI of Notice 100/1995 issued by the Financial Superintendence of Colombia, which shows an increase between 2023 and 2022. This increase is seen in the increase of interest rate exposure, which increased by 23%, due to a near 1 billion increase in the total Fixed Income position, primarily based on TCOs and TES positions (e.g., TES28& TES50).

Liquidity Risk

The liquidity and financing risk is defined as the potential loss caused by events that affect the capacity to have funds available to fulfill liability obligations, either because of the impossibility to sell the assets, an unexpected reduction in commercial liabilities or the closing of the regular sources of financing both in normal situations and under stress.

The management of financing and liquidity at BBVA Colombia is based on the principle of financial autonomy, which means that management is decentralized and independent from the BBVA Group's other regions. This principle helps prevent and limit the liquidity risk of each of the entities by limiting their vulnerability to events that affect the BBVA Group in periods of elevated risk. Therefore, the Entity acts independently to cover its liquidity needs on the market in which it operates.

BBVA Colombia

In 2023, there were no changes in the metrics of the internal model to measure the financing structure liquidity in comparison with 2022; these calculations were made on a daily basis using three indicators defined as follows:

- Monitoring of the balance sheet financing structure, Loan to Stable Customer Deposits (LtSCD), which compares the net credit investment granted with stable customer resources, and has an upper limit set at 120%. The objective is to preserve a stable financing structure in the medium term, considering that maintaining an adequate volume of stable customer resources is key to achieving a solid liquidity profile.
- Basic Capacity is the management and control metric for short-term liquidity risk, which is defined as the ratio between the explicit assets available and the maturities of wholesale liabilities and volatile funds, in different time frames, with particular relevance for those of 30 days. This metric aims to promote the short-term resistance of the liquidity risk profile, by ensuring that BBVA Colombia has sufficient collateral to deal with the risk of closing wholesale markets. The limit for 2023 is set at 150% at 30 days.
- To achieve the proper diversification of the financing structure, avoiding high dependency on short-term financing, a limit is set on the attraction of Short-

term Financing (STF), which consists of both wholesale financing and less stable customer funds. For 2023, the limit was set at COP 13,500,000.

The Liquidity Committee and Senior Management are informed on a monthly basis of the evolution of these indicators for timely decision-making.

During 2023, BBVA Colombia maintained a solid liquidity position in order to hold an adequate GAP. Customer funds increased more that net credit investments, as well as bond issuances and credits from multilateral banks with specific allocations. The strategy to maintain the diversification of the sources of financing and the robustness of the financing structure is maintained.

The following tables show the evolution of short-term liquidity for 2023 and 2022:

Month	2023			2022		
	LtSCD (%)	CB 30 D (%)	FNCP (blln)	LtSCD (%)	CB 30 D (%)	FNCP (blln)
January	117%	N,C	9,036	110%	622%	7,234
February	118%	N,C	8,621	108%	N,C	6,809
March	118%	N,C	9,519	110%	318%	10,621
April	119%	771%	10,877	109%	698%	8,731
May	118%	20627%	10,592	109%	750%	7,654
June	119%	281%	12,794	108%	N,C	6,736
July	118%	327%	12,510	108%	N,C	5,570
August	116%	972%	10,679	110%	N,C	6,465
September	114%	1019%	11,030	112%	N,C	6,193
October	111%	N,C	8,164	114%	10159%	8,374
November	111%	N,C	8,541	114%	N,C	7,539
December	111%	2398%	10,217	115%	N,C	8,054
Limit	120%	150%	13,500	120%	140%	13,000

Details of Basic Capacity by timeframes

2023			2022		
1 Month	3 Month	12 Month	1 Month	3 Month	12 Month
2398%	179%	96%	N.C	197%	92%

Regulatory model. In addition to the main indicators mentioned above, BBVA Colombia reports the regulatory Liquidity Risk Indicator (LRI) using the regulatory weekly and monthly format, which contains the short-term contractual and non-contractual flows. For each of the time frames (7 and 30 days), the ratio between liquid assets adjusted according to market liquidity and exchange risk, and the total net liquidity requirement for the LRI must be at a level above 100% (regulatory limit). In 2023, the Liquidity Risk Indicator (LRI) with a 7-day time frame stood at average levels (712%), while the 30-day LRI stood at an average of (184%), which indicates that for a short-term horizon, BBVA Colombia has more than enough liquidity to fulfill its short-term financing commitments.

LRI	2023		2022	
	7 days (%)	30 days (%)	7 days (%)	30 days (%)
January	640.3%	188.4%	692.5%	207.7%
February	371.9%	185.7%	1277.6%	213.0%
March	826.4%	168.5%	606.3%	148.9%
April	641.6%	176.6%	596.0%	174.9%
May	723.8%	165.2%	558.6%	168.5%
June	486.1%	159.3%	780.4%	223.6%
July	770.4%	178.4%	967.7%	177.1%
August	586.1%	194.7%	749.4%	182.3%
September	883.9%	194.9%	632.8%	139.0%
October	899.1%	198.0%	622.6%	171.8%
November	812.7%	207.9%	836.8%	186.4%
December	905.2%	191.3%	755.5%	167.1%
Limit	100.0%	100.0%	100.0%	100.0%
Management Limit	140.0%	140.0%	150.0%	150.0%

In all cases, the indicators remain above the internal and regulatory thresholds.

At the end of 2023 and 2022, the 30-day LRI is summarized as follows:

LRI	Contractual Maturities in 2023			
	Days 1 to 7 - Total	Days 8 to 15 - Total	Days 16 to 30 - Total	Days 31 to 30 - Total
CDs	$788,995	$1,133,843	$1,417,675	$3,340,513
Repos, simultaneous and temporary transfer of securities.	1,727,897	0	0	1,727,897
Transactions with derivative financial instruments	181,189	1,040,699	1,054,000	2,275,888
Bank credits and other financial obligations	219	0	478	697
Accounts payable not associated with CDs and savings certificates (CDATs)	114,103	130,403	244,506	489,012
Other liabilities and credit contingencies	2,139,564	129,438	378,809	2,647,811

LRI	Contractual Maturities in 2022			
	Days 1 to 7 - Total	Days 8 to 15 - Total	Days 16 to 30 - Total	Days 31 to 30 - Total
CDs	$373,508	$729,851	$1,665,330	$2,768,689
Interbank funds	322,473	0	0	322,473
Repos, simultaneous and temporary transfer of securities.	1,525,650	0	0	1,525,650
Transactions with derivative financial instruments	174,273	465,360	986,225	1,625,858
Bank credits and other financial obligations	233	73,326	629	74,188
Accounts payable not associated with CDs and savings certificates (CDATs)	174,160	199,041	373,201	746,402
Other liabilities and credit contingencies	550,844	233,254	225,044	1,009,142

Note: They are contractual maturities of principal and interest for time frames of no more than 90 days.

Structural Risk

Structural interest rate risk. The control and monitoring of the management of BBVA Colombia's structural interest rate risk is based on a set of metrics and tools that allow the proper monitoring of the entity's risk profile. Structural interest-rate risk refers to the potential impact caused by variations in market interest rates on the Entity's interest margin and equity value. At BBVA Colombia, the following are considered to be the main sources of this risk: repricing risk, yield curve risk, optionality risk and basis risk, which are analyzed from two complementary perspectives: income (the interest margin and MtM Fixed Rate Portfolios) (short-term) and economic value (long-term). Under this kind of structure, a dynamic (going concern) model is used, which is consistent with the corporate assumptions of results forecasting.

The monitoring encompasses the Banking Book positions and excludes all the Trading Book positions, is carried out on a monthly basis and consists of a wide range of scenarios, which include sensitivities in the event of changes parallel to the different impacts, and changes in slope and curvature. Other probabilistic metrics are assessed based on statistical methods for the simulation of scenarios, such as Margin at Risk (MaR) and Economic Capital (EC), which are defined as the maximum adverse deviations in the interest margin and the economic value, respectively, for a given time frame and confidence level. Impact thresholds are established based on these management metrics, in terms of deviations from the interest margin, as well as from the standpoint of impact on economic value. This is all done differently for each of the main foreign currencies to which the BBVA balance sheet is exposed, and subsequently considers the diversification effect between foreign currencies.

Below are the average interest-rate risk levels in terms of sensitivity for the BBVA Colombia balance sheet during the 2023 fiscal year:

Item	Limit	2023	2022
Aggregate margin sensitivity warning	5.00%	0.52%	1.24%
Margin at risk limit (*)	4.00%	2.11%	2.96%
Economic value sensitivity warning	425,000	377,921	266,529
Economic capital limit	550,000	571,209	438,191

(*) Percentage in relation to the projected "1 year" interest margin of each unit.
Values presented in the balance

Structural currency risk.

Its purpose is to assess and control potential impacts caused by fluctuations in exchange rates on positions in foreign currency, on the solvency and income of BBVA Colombia. In 2023, an exposure limit was set at 4.5% of the solvency ratio in the event of movements of 20% of the TRM:

Sensitivity to solvency to variations in exchange rates for December 2023 and 2022:

Impact in the event of a 10% / 25% change in the TRM			
2023		2022	
Impact on Solvency Ratio	Real Solvency Ratio	Impact on Solvency Ratio	Real Solvency Ratio
2.58%	12.37%	4.10%	13.29%

Credit risk

Evolution of Credit Risk Quality and Exposure

The integrated management of credit, market and operational risks is carried out in accordance with BBVA Colombia's internal Risk Policy and the Colombian regulations in force, and it is implemented through the development of models and tools that enable the coordination of monitoring and control activities, in order to identify and mitigate the different risks to which the loan portfolio is exposed.

BBVA Colombia closed 2023 with moderate growth in terms of investment. In 4Q23 the variation compared to the previous quarter was as follow (3Q23 +1.6%; 4Q22 +0.6%). The growth in investment is concentrated in the private sector segment, Consumer loans (+COP 361,131; +1.5%); mainly in payroll loans (+COP 305,263; +2.0%), mortgage loans (+COP 315,034; +2.2%), and TDC (+COP 310,726; +7.7%). In the Commercial segment, a decrease of (-COP 547,224; -1.7%), mainly in Companies (-COP 427,806; -3.7%).

At 4Q23 the quarterly increase of the doubtful loan portfolio was 11.4% (COP 252,272), and the annual increase was COP 771,905 (+45.6%). The doubtful ratio at the end of 2023 was 3.28%, equivalent to a 32 Bp increase compared to the previous quarter and an 88 Bp increase compared to year-end 2022. The recovery efficiency rate of the quarter was 30.7%, i.e., -2.7 Bp compared to the rate in 4Q22. The cumulative figure for the year is 34.9%.

Portfolio Management, Risk Reporting & Sustainability

Planning & Reporting.

In consolidation, the balances are adjusted by stage in the output of the holding driver, according to the risk parameters set in the Default document, following the guidelines of IFRS 9.

Continuous monitoring is performed, verifying compliance with the thresholds established in the risk appetite framework with the follow-up of core metrics for compliance with the Group's objectives expressed in terms of solvency, liquidity and funding, and profitability and recurrence of income.

We are working proactively, together with the Recovery area, in order to be able to focus management on customers who can reduce the impact on local and consolidated past-due loans.

Solutions Development Risk

This division handles the evolving maintenance needs and development of new functionalities that originate from the management of teams in the Risk department: Wholesale Credit, Recovery & Workout, Planning & Reporting, COE Risks, and Market and Structural Risks. All these are managed under the project attention framework defined by the Processes Department, Single Development Agenda (SDA), and Agile Office.

We work proactively with various engineering teams, starting in the ideation stage of the project or need, until completion of the post-implementation stage.

During the last quarter of 2023, the committed deliverables were successfully implemented, with the following highlights:

- Cronos collections
- NGA
- Improvements to CAP Pymes
- Transformation of the SME registration process
- Module to control payment agreements
- Incoming mortgage guarantees
- Enabling payment of last installment with own account and PSE through BBVANet

Data & AA Risks

Its responsibilities focus on developing, monitoring, and maintaining the models that support decision-making in both reactive and proactive admission processes, both for individual and corporate segment portfolios. It measures the risk of concession, utilizing variables related to a client's profile within the Group and the financial sector, as well as the client's socio-economic data, based on the scores assigned by the scoring and rating tools.

Within the proactive area, we assign a rating at the customer level, taking into account variables such as the overall customer behavior with the bank, as well as their payment track record across all products contracted with the Group and within the broader financial sector. Our aim is to monitor the credit quality of our customers and use this as a basis for pre-approving new transactions.

During the last quarter of 2023, progress was made through execution of the NGA initiative, whose main pillars are the development and implementation of risk models in less time, and the incorporation of non-traditional estimation algorithms (machine learning) to produce more robust and stable estimations over time. In this period, the first stage consists of analytical re-estimation, and the implementation in the Bank's tools (Cronos and Arce) for the behavior models of private parties and early warning systems (EWS) for the SMEs and Companies segments. We also continue the deployment in the Group's different channels, tools and drivers of the new Mortgages model, which is scheduled to come on stream in February 2024.

We also began to develop two new models under the NGA framework, (1) for the SMEs segment, a model for granting in the reactive and behavioral areas with 360º vision, (2) collections model for the early past-due segments.

In the data area, support is also provided to develop the data migration plan as part of the initiatives of Risk Data Transformation,

BCBS, Next Generation Analytics, with assistance of the leaders of the risk processes and the data technical team. The current phase of the risk processes focuses on uploading information in the DATIO corporate data platform of the core risk processes, as well as the implementation and monitoring data quality controls.

Retail Credit

The Retail Credit Department includes the following areas:

Individuals Admission Management.
It is dedicated to the analysis and decision-making process of credit transactions granted to individuals through the various channels, by managing and applying the policies established for the various credit lines.

Specialized assessment of customer profiles according to the established risk levels, focused on the Group's customers that process payrolls and in payroll loans.

Adjustments are made to the admission process based on policy changes, in line with the generalized impairment of loans and in accordance with the Group's risk appetite. Ongoing assistance and training is provided to the commercial area for the adequate implementation of the operations, focusing on the Group's target market.

Retail Monitoring Department.
It performs assessments aimed at measuring risk in individual loans, and to control their evolution it monitors growth trends and the behavior of loans granted to individuals, by monitoring the quality of new and active loans by means of IFRS 9 indicators, as well as fulfillment of KPIs to support the growth of banking for individuals.

Updating of processes to generate monitoring figures with a comprehensive view, as well as the inclusion of new focus areas, has enabled us to quickly address the demands of the Group in terms of risk appetite, proposing changes in admissions and providing support for decision-making. Support is also provided to preventively manage customer loans, in order to anticipate any impairment of the portfolios based on statistical information according to the risk group associated with each client's profile.

Continuous monitoring of the quality of the placements made under the attribution of the office network while the portfolio matures in order to ensure the performance of the risk indicators.

Policies, Campaigns, Products, Guarantees and Appraisals for Individuals Department.
It is responsible for updating and implementing the regulations in accordance with the guidelines of the corporate and the local regulator. It also defines the new policies and adjustments of admissions based on the periodic review of the portfolio behavior and economic evolution.

The Specific Policies area promotes cross-cutting and comprehensive automated credit processes, and while they involve and adapt to the established risk levels, they allow the development of a digital culture both within the Bank and for an enhanced customer experience. To this end, action plans are defined to control the main credit variables, desk, effort rate and income level.

Campaigns adequately manages the processes and procedures for mass approval of current and new loan portfolios; periodically updates information sources to assure the quality of product placement, to adjust the profiles that display impairment in the generation of pre-approved offers to Payroll and Non-payroll customers.

The appraisals area assesses the real estate guarantees used to mitigate risk, using as reference the Retail Risk General Policy, the Guarantees Rules and local procedures, and ensures due diligence in the valuation of properties and the adequate performance of the providers selected to these effects.

SME Risks

Responsible for the analysis and decision process for loan transactions originated for legal customers and self-employed individuals, according to the Group's defined segmentation, with annual sales of up to COP 15,000.

A strategy aligned with the economic situation of the country and the business behavior in each territory; the admission and product policies were kept in line with the Global Risk Framework defined by the Holding Company and the national regulatory notices. Main actions include:

1. Continuity of the proactive-reactive admission policy in resilient profiles, with high level of engagement and a stable-growing financial outlook in the medium term.
2. Viability was maintained in sectors with stable and financial dynamics, offering financing propositions aligned with their working capital and investment needs.
3. Collateral allocation strategy continued to be leveraged on FNG and real guarantees with a structure tailored to the risk profile of each customer, financing term, and resource destination.

Improvements and efficiencies continue to be achieved in the reactive flow, in accordance with the segment transformation plan, the guiding rule of customer experience and increase in invoicing, funds and credit investments.

Recovery & Workout

The combination of higher interest rates, constant inflation and the economic slowdown, as well as the application of Law 2300/2023, had substantial impacts in 2023 on debtors' payment behavior, leading to an increase of past-due payments in a sustained manner during the year.

Based on the above, the BBVA Recovery department establishes different plans, focusing efforts and seeking to anticipate, contain, and mitigate a greater impact on defaults for the year, with the following initiatives representing the most relevant milestones:

Specialization in Management of Collections Cells
The Group has redefined the collections management arrangement to enable the collections channels to maximize their performance by specializing on past-due loans of different ages, in order to provide BBVA customers different alternatives to normalize the status of their loans.

ReTarget Plan
With the aim of focusing loans that are prone to becoming past-due, the ReTarget plan was structured, which directly involves the managers, commercial staff and SME executives of the office network to manage the loans of customers in significant amounts, defining objectives and measurement arrangements to monitor and control recovery and contain these loans on a daily basis, and with an impact on incentives for managers.

Ascender Plan
Plan designed to focus and anticipate management of high-value customer loans with an impact on past-due and doubtful loan recovery and contention, managed through specialized advisors in external collection channels, who provide care and offer alternatives depending on the customers' loan status. This plan involves a monitoring and measurement arrangement for the daily control of the status and evolution of loans.

Digital Collections
As a strategy for Recovery management, BBVA implemented collections management through digital channels, making available to customers different self-management tools and options for the normalization of loans, through channels such as Chatbot, WhatsApp, Voicebot, IVR, among others, enhancing the management experience for the Group's customers.

Solution for normalization of accounts receivable
BBVA continues to offer different solution products that offer customers alternatives that adapt to their economic situation and facilitate normalization processes, which improve recovery and roll-over ratios.

Management - High Impact Groups
As a strategy for the recovery management of high-impact customers, the portfolio allocation is marked for customers categorized as Default according to the consolidated criteria, as well as Target customers, enabling collection channels to define strategies for focused management of these profiles. Lastly, we continue to prioritize contention and recovery of

accounts entering doubtful and past-due status, with the support of the Collections Factory, highlighting the management performance of external collection agencies, the management of Risk Anticipation Executives (EAR's, for the Spanish original), network office managers, commercial managers and SME executives.

Wholesale Credit

In 2023, the Wholesale Risk Department managed the admission and monitoring of risks in accordance with the guidelines of the credit risk framework defined by the Holding Company. The portfolio recorded a 4.17% growth, highlighting an increase of COP 0.5 trillion in Corporate banking (5.68% annual variation), COP 0.3 trillion in Business banking (3.05% annual variation), COP 0.1 trillion in Government banking (2.48% annual variation).

Leveraging a strategy to anticipate portfolio impairment, efforts were focused on the early warning of customers active in more vulnerable economic sectors, with a decrease in their rating score and potential early defaults in BBVA and other financial sector entities, through joint monitoring with the business area. This allowed the doubtful portfolio ratio to decrease from 1.15% in December 2022 to 0.77% in the same period of 2023.

Finally, at the end of 2023, the rating validation indicator was 99% in terms of amount and 83% in terms of number of customers.

40.2 BBVA Amountes Colombia S.A.

Risk management at BBVA Amountes Colombia S.A. is carried out based on guidelines established by the Group, which have been approved by the Board of Directors and are consistent with local regulations. The Securities Broker has a Risk Committee, which periodically meets to discuss, measure, control and manage the Comprehensive Risk Management System, which covers market risk (SARM), liquidity risk (SARL) and counterparty risk (SARiC) factors.

Market Risk

Market risk is the potential loss faced by the Broker as a result of adverse movements in market rates or prices, such as interest rates, exchange rates, share prices and other factors that affect the value of the portfolio. The market risk management system (SARM) has stages and elements that enable the Broker to identify, measure, control and monitor the market risk to which it is exposed, based on the positions taken in conducting its business.

Interest rate risk. It is the risk that changes in interest rates will affect the value of the financial instruments. It indicates the maximum loss that would be suffered for positions denominated in local currency, depending on volatility and the duration of the change.

Share price risk. It is the risk arising from fluctuations in share prices, producing losses. In accordance with the regulatory model and based on the daily position in shares, volatility of 14.7% is assumed for the VaR of shares.

Currently, BBVA Amountes is not exposed to exchange rate and investment fund factors, because it does not engage in foreign currency transactions and does not have interests in collective investment funds.

The Broker manages market risk with the basic objectives of limiting potential losses, optimizing the ratio between the level of exposure assumed and the target results, and by managing the mechanisms and tools necessary to hedge interest rate and equity risks.

To have the maximum guarantees for this management, the Broker has developed a series of organizational systems and policies for the identification, measurement, control and monitoring of the risks inherent to transactions. Therefore, the Front Office carries out procedures on its own account to meet its liquidity needs and those of external customers.

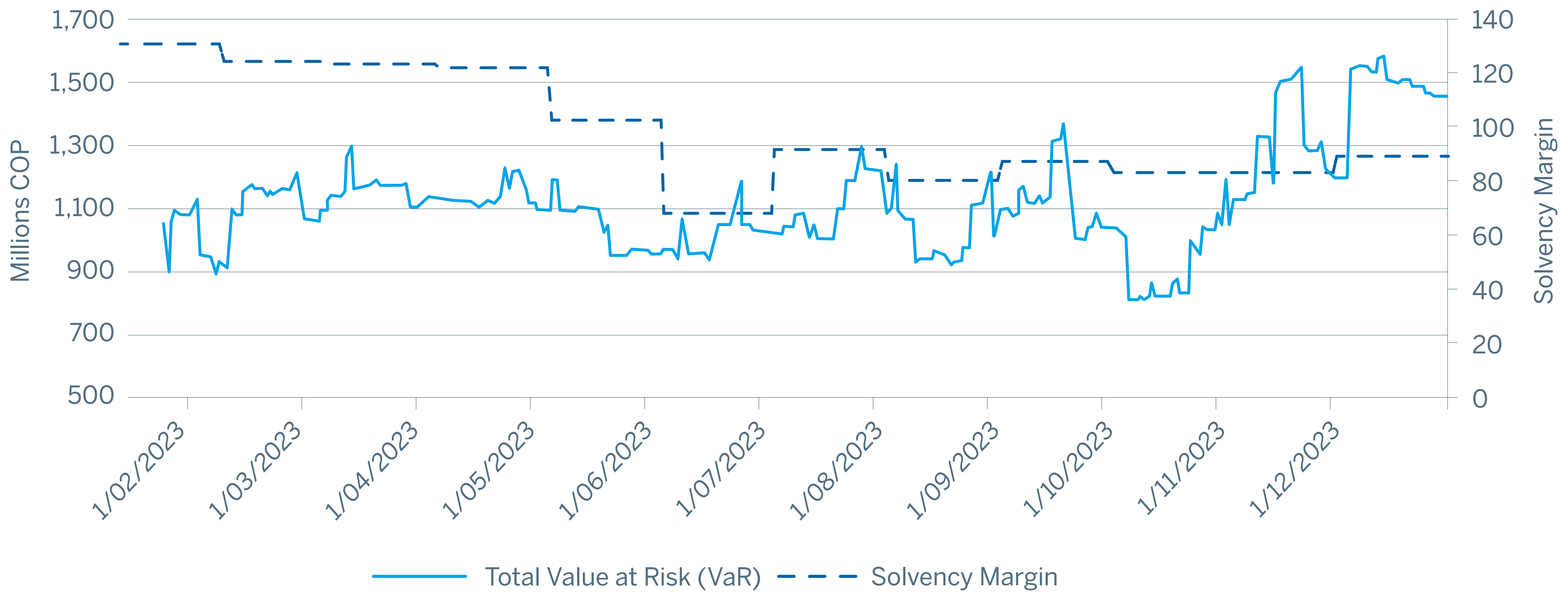
Taking into account these objectives and with the aim of optimizing, managing and administrating inherent risks, Management establishes the following risk measurement tools:

Value at Risk (VaR) - Regulatory Model

According to Annex 6 of Chapter XXXI of the Basic Accounting and Financial Notice (Public Notice No. 100/1995) of the Financial Superintendence of Colombia, the Broker measures its exposure to market risk (interest rate and equity), which incorporates the measurement for the positions held with proprietary resources in order to establish the effect that possible changes in market conditions may have on the economic value of the Broker's equity, whose impact is reflected in the solvency ratio, measured on a monthly basis.

The following figure shows the evolution of the value at risk and the solvency margin:

Value at risk assessment vs, solvency ratio



Below is a report on the market risk at the end of December 2023 in accordance with the regulatory parameters set out by the Financial Superintendence of Colombia:

2023					
Factor	VPN	End of year	Average	Maximum	Minimum
Interest rate	$20,876	$551	$369	$655	$117
Share price	6,258	908	746	1,081	618
Total Value at Risk		$1,459	$1,115	$1,736	$735

The total exposure of the Brokerage to market risk is calculated as the arithmetic sum of each risk factor involved and to which it is exposed in its operations. A risk factor is any market variable that may produce values in the portfolio of instruments.

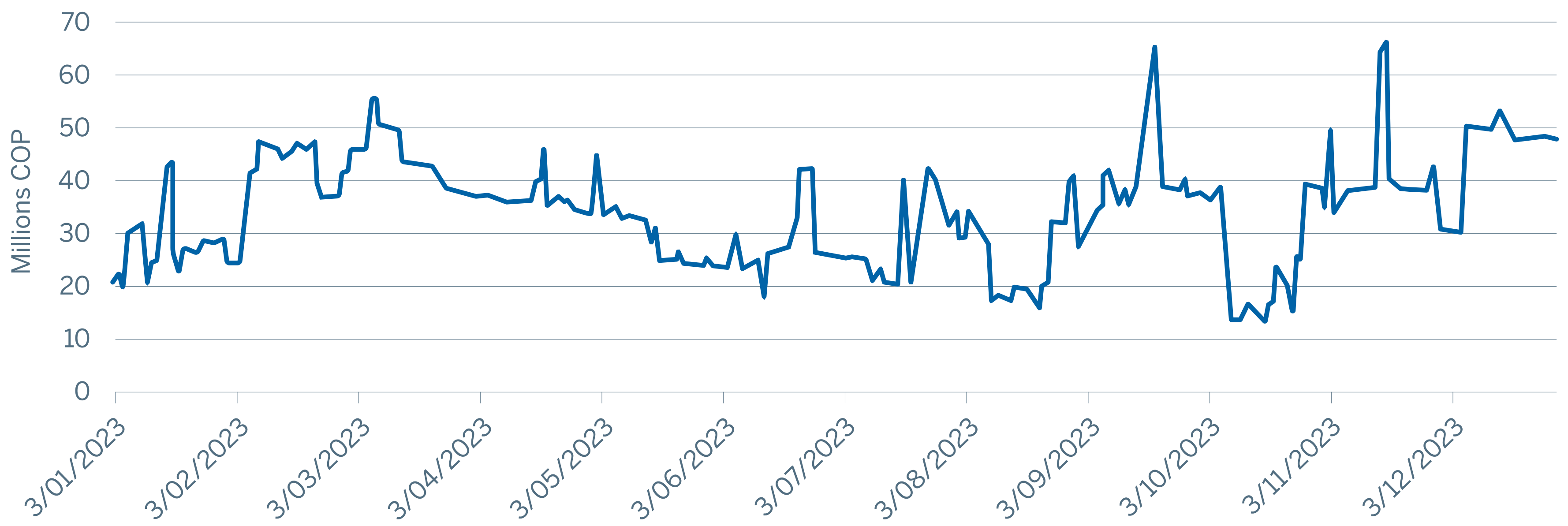
Value at Risk (VaR) - Internal Model

The VaR measurement methodology used by the Broker is based on historical simulation, which uses the past values of the risk factors during a two-year time frame, so it naturally includes the correlation existing between them and their distributions of occurrence, and the sensitivities of the portfolio on the measurement date. The model has a confidence level of 99%.

To monitor and control limits, a measurement is carried out based on the "VaR without exponential smoothing" methodology using two years of information on the financial markets.

During 2023, daily measurements and controls were carried out in year 2023 on the consumption levels of the authorized internal limits, regularly reporting their compliance to Senior Management. The figures below show their evolution:

Daily evolution of Total Internal VaR



During 2023, consumption of VaR totaled COP 48, equivalent to 21.80% of the internal limit.

Stop Loss

This is a monitoring measure of the accumulated losses in the portfolio with the aim of limiting the negative impact on the income account.

The stop loss was monitored in 2022 through a double control mechanism; an annual limit with the aim of controlling possible accumulated losses in the profit and loss account, accompanied by a monthly loss limit. These limits aim to minimize the impact on the income statement.

Backtesting

The risk measurement model is regularly contrasted with the real results in terms of profits and losses. The purpose of this test is to confirm the quality and accuracy of the internal model. Backtesting is carried out on a daily basis and it compares the VaR to clean results.

Stress Testing

In addition to the risk measurements in terms of VaR, Stress Testing scenarios are analyzed on a daily basis to estimate the losses in which the Broker would incur, if extreme situations occurred on the markets, taking into account historical and simulated scenarios.

Liquidity Risk

It is the risk that the Brokerage will be unable to totally fulfill its payment obligations in a timely manner on the defined dates due to insufficient liquid funds or the need to take on unusual funding costs.

The Liquidity Risk Management System (SARL, for the Spanish original) enables to Broker to maintain sufficient liquidity to address possible scenarios of own or systemic stress. To this effect, the Broker has liquidity warning indicators to establish and determine its current scenario, as well as the strategies to be followed in each case.

According to Annex 10 of Chapter XXXI of the Basic Accounting and Financial Notice (Public Notice No. 100/1995) of the Financial Superintendence of Colombia, the Broker measures the Liquidity Risk Indicator to quantify the adequate level of liquid assets that must be maintained daily and to prevent or mitigate liquidity risk during high-risk periods.

The limits are approved by the Board of Directors, while measurement, monitoring and control are carried out daily by the Market Risk Department, issuing regular reports to senior management and monthly reports to the Board of Directors.
To estimate liquidity risk, a liquidity risk indicator (LRI) is calculated, which corresponds to the ratio between liquid assets, Own Net Liquidity Requirement and Third-party Net Liquidity Requirement for timeframes of one business day and between the second business day and seven calendar days. This indicator shows the liquidity coverage for the different timeframes. During 2023, the indicator did not exceed the regulatory limits.

2023				
	VPN	Fin de periodo	Average	Maximum
ALAC	$39	$30	$12	$39
Liquidity Requirement	0	0	0	4
LRI amount 1 day	35	36	17	18

LRI amount at 1 day at year-end 2023 was COP 35. The maximum was COP 37. In the stressed scenarios the indicator did not display signs for review. The minimum was a mixed stress scenario with coverage of 254.45%; backtesting of the model did not display signs for review.

The evolution of the indicator during 2023 is presented below:

In addition to the Regulatory Liquidity Measurement, the Broker monitors other metrics and limits on trading positions to quickly review positions and strategies as market conditions change. This way, limits and controls are set for the maximum amount per transaction, transaction volumes per counterparty and accrued defaults per counterparty.

The Liquidity Committee and Board of Directors are periodically informed of the evolution of these indicators for timely decision-making.

Counterparty Risk

It is the contingency to which the Broker is subjected in the event of default of one or more transactions by the counterparties, in which case it must cover said default with its own resources or recognize a loss in the balance sheets.

The Market Risk Department is responsible for the daily control and monitoring of issuer and counterparty risk limits and the settlement of transactions according to the current authorizations provided by the Board of Directors.

The counterparty risk measurement process comprises all the transactions and starts with the initial process of identifying the type of customer with which the transaction is closed for each type of risk.

The management procedures include the authorization processes of the counterparty limits and an internal monitoring model, using tools to control and measure counterparty limits, compared to the transactions pending completion. BBVA Amountes Colombia S.A. applies clear policies in the event that limits are transferred and for the procedure in the case of exceeded limits.

Allocation of Limits

The limits for the operation of the firm's proprietary position are allocated as follows:

- Front Office proposes the credit limits that it considers appropriate for the development of the operations of the business. This proposal is prepared with the support of the Market Risk Department of BBVA Amountes Colombia S.A.
- The Market Risk Department of BBVA Amountes Colombia S.A. sends a proposal to the Credit Risk Area of BBVA Colombia S.A. for study. The Credit Risk Department of the bank BBVA Colombia S.A. studies the proposal and

issues an opinion thereon, making recommendations regarding the limits. The recommendations of the Credit Risk department of BBVA Colombia S.A. are taken into account by BBVA Amountes Colombia S.A. and are submitted for authorization by Risk Committee, for subsequent approval by the Board of Directors.

The approved issuer, settlement, counterparty and concentration risk limits are monitored on a daily basis.

Credit risk

BBVA Amountes Colombia S.A., in accordance with its investment policy for proprietary resources, limits its exposure to credit risk by investing in liquid debt instruments and with issuers that have a long-term credit rating of at least AA+ (international BB+). Management actively monitors credit ratings and given that the Broker, at the end of December 2023, had only investments in instruments with investment grade ratings, Management does not expect any of its counterparties to fail to fulfill their obligations.

Below is the position by issuer at December 31, 2023 and 2022, with their respective ratings:

	Rating				
Issuer	Long-term debt	Short-term debt	Rating agency	2023	2022
Ministry of Finance and Public Credit	BB+	B	Ficth Rating S.A.	$8	$10
FAP Asobolsa	-	F1+	Ficth Rating S.A.	0	0
Bolsa de Amountes de Colombia S.A.	-	F1+	Ficth Rating S.A.	4	0
Holding Bursatil Chilena S.A.	-	F1+	Ficth Rating S.A.	0	6
Banco de Bogotá S.A.	AAA	F1+	Ficth Rating S.A.	0	4
Bancolombia S.A.	AAA	F1+	Ficth Rating S.A.	2	3
Corporación Financiera de Colombia S.A.	AAA	F1+	Ficth Rating S.A.	0	1
Banco Davivienda S.A.	AAA	F1+	Ficth Rating S.A.	4	2
Banco Popular S.A.	AAA	F1+	Ficth Rating S.A.	1	1
				$19	$27

Cash

The Broker held cash at December 31, 2023 and 2022 in the amount of COP 29,745 and COP 17,845, respectively, representing its maximum credit risk exposure for these assets. Cash is held in banks rated AAA by Fitch Ratings.

Cash is mainly held in deposits of the Central Bank of Colombia. The following are the balances at year-end 2023:

	Rating				
Issuer	Long-term debt	Short-term debt	Rating agency	2023	2022
Central Bank of Colombia	Nation	Nation	-	$23,400	$14,545

40.3 BBVA Asset Management S.A. Sociedad Fiduciaria

The following is a summary of exposure to credit risk, market risk and liquidity risk of the portfolio at December 31, 2023, compared to December 31, 2022.

Credit Risk

Credit risk is the probability of incurring in losses associated with default of the contractual obligations by an issuer of a financial instruments, and mainly arises in instruments held in the investment portfolio.

BBVA Asset Management S.A. Sociedad Fiduciaria entered into a service agreement with the area that specialized in credit risk at BBVA Group in Colombia; this area is in charge of performing financial analysis based on profitability, quality, stability, liquidity and management indicators of each entity in which risk positions are to be taken. To this effect, the Risk Department is supported by the financial analysis performed by the Credit Risk Corporate Unit (UCRC, for the Spanish original); information from credit rating agencies for entities with risk exposure, and the CAMEL financial analysis model, to generate information as input to establish limits and credit lines. Information on local and international watch lists is also used, which display which entities face financial difficulties that may cause them to default on their obligations, as well as information from the internal credit ratings assigned by the UCRC unit and which are taken into consideration for the analysis of counterparties and issuers of the Trust company.

Updates to the credit ratings assigned by the authorized entities are periodically monitored, and in the event of any downgrades, the Entity proceeds to mitigate its exposure to the assessed counterparty or issuer.

Method of analysis of issuers and counterparties

In order to establish limits for issuers and counterparties, BBVA Asset Management has designed a credit risk assessment structure for issuers and counterparties, based on information from different reliable sources. This structure unifies and defined a probable credit limit for the assessed entities based on different internal and external variables for each company.

The following are the information sources on the different issuers and counterparties under assessment, used in the methodology:

- **CAMEL.** It consists in the calculation of various financial indicators that show the efficiency of the assessed companies in connection with the quality of their assets, expense management, stability, profitability and liquidity. The indicators used for this assessment are calculated based on the financial statements published by the regulatory agency, which in the case of Colombia is the Financial Superintendence of Colombia. The base information for running the CAMEL model are the financial statements of the latest twelve months for financial sector issuers and the latest cut-off date for all other sectors. In order to assign specific credit lines, the investment policies of the portfolio and existing regulations on conflicts of interest applicable to each portfolio are taken into consideration.

- **External ratings.** Based on the information published by the various local and international credit rating agencies that publish rating for capital market issuers, the published ratings are consolidated in order to assign risk levels and their corresponding credit limits in terms of credit risk.

- **BBVA Group Relations.** BBVA Asset Management S.A. Sociedad Fiduciaria has a service agreement in place with the corporate analytics area, the Central Credit Risk Unit (URC, for the Spanish original) of Banco BBVA Colombia S.A., which receives analysis on issuers, particularly for those on which no information is directly available through the Financial Superintendence of Colombia (non-supervised entities).

- **Trust framework.** A concentration scale is determined for each issuer based on two important principles for the assessment of risk in the Colombian market: the credit ratings issued by certified credit rating agencies, and a comparison of the level of market risk at country level between the Colombian, Spanish and Mexican markets, the latter as a guide of applied risk.

Unified Ratings

Based on the above sources, the ratings are unified internally to determine the maximum level of risk of each issuer. The internal rating Nodes are on a scale ranging from AAA as best and A- as worst. These define the proposed limit to be assigned to each entity, which is submitted to the Risk and Investments Committee, and if approved, the decision is confirmed by the Board of Directors.

The credit quality of the issuers of instruments that make up the Company's investment portfolio remained stable. Because the investment portfolio mainly consists of instruments with an AAA rating. The liquid funds of the portfolio were deposited in accounts with expected low risk of default.

Issuer concentrations remained within the approved limits. Additionally, all issuers have investment grade ratings granted by the credit rating agencies Fitch Ratings Colombia S.A., BRC Investor Service S.A., Value and Risk Ratings S.A., Moody´s, Standard & Poor´s and Fitch Ratings International.

The following is a list of issuers, number of securities per issuer, average term in days, and the credit risk rating of the issuer:

Issuer	Term in days	Number of securities (1)	Rating
Banco Davivienda S.A.	392	1	AAA
Banco de Bogota	436	1	AAA
Bancolombia S.A.	165	2	AAA
BBVA Colombia	N/A	1	AAA
Open-ended Collective Investment Fund BBVA Cash	N/A	1	AAA
Open-ended Collective Investment Fund with a Holding Agreement BBVA Term 30	N/A	1	AAA
Open-ended Collective Investment Fund BBVA Páramo Fund	N/A	3	AAA
Holding Bursatil Chilena S.A.	N/A	1	NO RATING

A. The following is the maximum exposure to credit risk by rating of the investments at December 31, 2023 and 31 December, 2022:

	2023		2022	
Rating	Amount	%	Amount	%
AAA	$119,398	97.61%	$90,805	90.58%
No rating (1)	2,925	2.39%	1,755	1.75%
Non-manageable portfolio (2)	0	0.00%	7,684	7.67%
Total (*)	$122,323	100%	$100,244	100%

(1) They are portfolio positions in equity instruments.

(2) They are portfolio investments established on the value of the yield stabilization reserve amount management by the stand-alone trust FONPET 2012.

(*) The reported data include the position in savings accounts.

B. The following is the maximum exposure to credit risk by economic sector of the investment portfolio at December 31, 2023 and December 31, 2022:

Sector	2023		2022	
	Amount	%	Amount	%
Financial	$93,401	76.36%	$67,701	67.54%
Securities funds	28,907	23.63%	24,841	24.78%
Non-manageable portfolio	0	0.00%	7,684	7.67%
Real	15	0.01%	18	0.02%
Total (*)	$122,323	100%	$100,244	100%

(*) The reported data include the position in savings accounts.

C. The following is the accounting classification of the investments and/or the disaggregation of the investment portfolio at December 31, 2023:

Classification	%
Marketable	87.31%
Available for sale	12.69%
Total	100%

Market Risk

In performing transactions on its own portfolio funds, the Company is exposed to market risk, due to a reduction the portfolio could suffer in the event of changes in the prices of the financial instruments that are part of the investment portfolio. Market risk is quantified by means of value at risk (VaR), which is the maximum loss that would potentially be suffered by the fund over a given time horizon and an established confidence level.

Value at risk (VaR) analysis. The Trust company has a market risk management system that enables adequate management of this risk. Total and diversified VaR of the portfolio is calculated on the INNOVAR platform (used by Global AM), under a VaR methodology with Montecarlo parameters at 99% and with a 63-day horizon.

The model implemented by Public Notice 051 of October 2007 of the Financial Superintendence of Colombia (SFC) is also followed, which considers 17 risk factors: Zero Coupon Curve in pesos (analyzed according to its 3 main components, namely parallel rate shocks, slope and convexity), Zero Coupon Curve in UVR (3 components), Zero Coupon Curve in US Treasury Bonds, DTF (short and long term), CPI, TRM exchange rate, Euro/Pesos, IGBC, World Index and investment funds.

The following is the composition of the portfolio by type at December 31, 2023 and December 31, 2022:

Composition	2023		2022	
	Amount	%	Amount	%
Highly liquid shares	$2,910	5.22%	$1,755	2.73%
Shares with low liquidity	15	0.03%	0	0.00%
Fixed Rate CD	8,139	14.60%	8,994	14.00%
IBR CD	2,011	3.61%	11,966	18.62%
Non-manageable portfolio	0	0.00%	7,684	11.96%
Investment funds	28,908	51.87%	24,842	38.66%
CPI Bonds	0	0.00%	4,064	6.32%
CPI CD	13,750	24.67%	4,956	7.71%
Total*	$55,733	100%	$64,261	100%

(*) The reported data include the position in savings accounts.

At December 31, 2023, the portfolio has investments in FICs, which account for 51.87% of the total portfolio value.

Portfolio	Amount	%
BBVA open FIC cash	$11,434	20.52%
BBVA open FIC with permanence agreement term 30	15,835	28.41%
BBVA open FIC cash	1,639	2.94%
Total	$28,908	51.87%

At December 31, 2023, the portfolio holds investments in shares, which account for 5.25% of the total value.

The following is the exposure of the portfolio to the various risk factors defined under the methodology of the Financial Superintendence of Colombia, at December 31, 2023 and December 31, 2022. In the tables, the "Balance" field is the value of the portfolio exposed to the corresponding risk factor, and the "Regulatory VaR" field displays the calculation made for the report to the SFC.

a. **Interest rate risk.** Given the portfolio's exposure to interest rate risk due to positions in debt instruments denominated in local currency, VaR is calculated for this risk factor in order to estimate the maximum potential losses the proprietary funds portfolio might experience due to changes in interest rates.

Interest rate risk table

Interest rate risk	Balance		Regulatory VaR	
	2023	2022	2023	2022
Fixed rate	$8,139	$8,994	$25	$3
IBR	2,011	11,966	1	7
CPI	13,750	9,020	152	216
Total	$23,900	$29,980		

b. **Exchange rate risk.** VaR is calculated for the exchange rate risk factor in order to estimate the maximum potential losses the proprietary funds portfolio might experience due to fluctuations of this factor. The following is the exposure of the proprietary own funds portfolio at December 31, 2023 and December 31, 2022, according to the methodology established by the Financial Superintendence of Colombia.

Exchange rate risk table

Exchange rate risk	Balance		Regulatory VaR	
	2023	2022	2023	2022
Euro	$15	$18	$0	$0
US dollar	2,910	0	62	0
Total	$2,925	$18		

c. **Share price risk.** VaR is calculated for this risk factor to estimate the maximum potential losses the proprietary fund portfolio might experience due to price variations in positions taken in local and international shares. The following is the exposure of the proprietary own funds portfolio at December 31, 2023 and December 31, 2022, according to the methodology established by the Financial Superintendence of Colombia (SFC).

Share price risk table

Share price risk	Balance		Regulatory VaR	
	2023	2022	2023	2022
Local shares	$2,910	$1,738	$54	$50
Foreign shares	15	18	0	1
Total	$2,925	$1,756		

Investment fund risk. VaR is calculated for this risk factor to estimate the maximum potential losses the proprietary fund portfolio might experience due to price variations in such investment fund units. The following is the exposure of the fund at December 31, 2023 and December 31, 2022, according to the methodology established by the Financial Superintendence of Colombia (SFC).

Investment fund risk table

Investment fund risk	Balance		Regulatory VaR	
	2023	2022	2023	2022
Investment funds	$28,908	$24,842	$44	$13
Total	$28,908	$24,842		

Diversified VaR. The following are the risk factors of the fund and the total regulatory VaR at December 31, 2023 and December 31, 2022.

Market risk factor	2023	2022
Interest rate CEC pesos - component 1	$19	$2
Interest rate CEC pesos - component 2	6	1
Interest rate DTF - Node 1 (short term)	1	3
Interest rate DTF - Node 2 (long term)	0	4
IPC Interest rate	152	216
Exchange rate - TRM	62	0
Share price - IGBC	54	50
Share price -world index	0	1
Mutual funds	44	13
Regulatory VaR	$338	$290

Liquidity Risk

In carrying out transactions with its proprietary funds, the Company is exposed to liquidity risk due to the possible insufficiency of liquid assets available to fulfill the obligations on its account. In order to mitigate the probability of occurrence of this risk, the Trust Company has mechanisms in place to control and monitor this risk. The Trust company has established indicators and tests to control and monitor this risk, to enable it to monitor the inflows and outflows of resources and establishing a quantitative analysis, with models and indicators that seek to anticipate possible scenarios of liquidity shortcomings and take timely management measures.

Liquidity management is subject to the investment policy defined by Global and must abide by local regulations.

The following are the liquidity indicators of the portfolio at December 31, 2023 and December 31, 2022.

Measurement of the liquidity risk indicator	2023	2022
Cash and cash equivalents	$66,412	$35,677
Open-end funds	10,634	9,179
Other liquid assets	19,120	23,984
7-Day net liquidity requirement	966	718
30-Day net liquidity requirement	3,770	4,424
7-Day LRI	95,199	68,123
30-Day LRI	$92,395	$64,417

The results of LRI at 7 and 30 days indicates that the Company's own funds are adequate to fully meet its net liquidity requirements.

41. Corporate governance

BBVA Colombia's Corporate Governance System is in line with international, corporate and local trends and recommendations. It is continuously evolving to align with the bank's strategy, its unique circumstances, and needs, all while adhering to the Corporate Culture and Values that define BBVA's identity.

Its principles, elements and practices are contained in different instruments that guide the structure and roles of the corporate bodies, such as the Corporate Bylaws, the Corporate Governance Code, the Rules of Procedure of the General Meeting of Shareholders, the Rules of Procedure of the Board of Directors and the Rules of Procedure of the Board's Supporting Committees Managers.

The System is also complemented with the internal rules of conduct, included in the BBVA's Code of Conduct, Code of Conduct in the Securities Market and Code of Conduct for the Prevention of Money Laundering and Terrorist Financing, which state the tenets that govern the actions of its executives, managers and employees.

BBVA's Corporate Governance System is designed to foster the bank's long-term objectives and interests, and it has been shaped over time based on the following pillars: (i) Suitable composition of governing bodies; (ii) Distribution of roles and interaction between governing bodies and Management; (iii) Robust decision-making process; Follow-up, oversight, and control system; and (v) Parent-subsidiary relationship model.

The Bank's Bylaws establish that the Board of Directors is the Company's administration, management and oversight body, and in 2023, it was made up of five Board members, three of whom are of independent origin, who are aware of the responsibility involved in managing the financial and non-financial risks, and are familiar with the Bank's business structure and processes, which enables them to provide the proper support and oversight.

For the 2023 fiscal year, the Board of Directors performed its functions in compliance with the previously agreed meeting schedule, maintaining continuous contact with the Bank's Senior Management, showing great dedication and capacity to adapt to the circumstances; its knowledge, both of the environment and of the Group in Colombia, has served for the proper performance of the functions of the corporate bodies.

The four supporting committees of the Board of Directors (Audit, Comprehensive Risk, Corporate Governance, Sustainability and Corporate Social Responsibility and the Diversity, Appointment and Remuneration) perform their functions as assigned in their respective rules of procedure, in matters within their purview, with an established working arrangement between the committees, and between the committees and the Board. In this way, the corporate bodies' awareness of the relevant matters is ensured, reinforcing the existing control environment in BBVA Colombia.

These Committees are chaired by independent directors with extensive experience in the matters within their purview, and who have the support of Bank executives and external experts whenever they consider it appropriate, depending on the importance or relevance of the topics to be discussed, as well as information from other committees based on the coordination mechanism between committees for the better performance of their respective functions.

As part of the annual assessment of the Board of Directors, the Corporate Governance, Sustainability and Social Responsibility Committee has analyzed, in accordance with its Rules of Procedure, the structure and composition of the corporate bodies, considering that they should be balanced and kept in line with its needs at all times, and that the Board of Directors as a whole should have the relevant knowledge, skills and experience to understand the business, activities and main risks of the Bank and its subsidiaries and ensure its effective capacity to perform its functions.

The rules of procedure of the Board of Directors and the Supporting Committees, as well as their Annual Corporate Governance Reports can be referred to on the BBVA Colombia website: www.bbva.com.co Investor Service/Corporate Governance.

The Risk Governance Model of BBVA Colombia highlights the active participation of the Board of Directors in the strategy, supervision and monitoring of risks. It approves the overall strategy and policies, which the Risk, Internal Control and Compliance areas implement them, periodically reporting to the Comprehensive Risk Committee and the Board of Directors.

The Executive Vice-president leads the specialized units that manage financial risks, which periodically report to the Risk Committee and the Board of Directors. Regarding non-financial risks, Internal Control and Compliance, an independent and specialized unit, is responsible for leading management and control, submitting detailed reports both to the Board of Directors and its Support Committees on relevant exposures and events.

The Bank has an organizational and operating structure that assures independence between the business area, the control area and accounting. This enables offering the various decision-making bodies of the Bank the technical information and judgment required for adequate risk management. The employees assigned to the Risk Department have the experience and qualifications required to fulfill their assigned duties.

The risk management system covers the risk appetite framework, which establishes the limits and risks that can be assumed, the reporting lines and monitoring metrics, which are consistent with the Group’s general guidelines, adapted to the reality and specific needs of BBVA Colombia.

The implementation of the risk management system is backed by an adequate technological infrastructure that facilitates the comprehensive management of the risks by providing the required information and results, adapted to the type and volume of transactions. The active supervision by Internal Auditing and the Statutory Auditor assures the transparency and efficiency of the entire implementation and development process.

For additional information on the process to identification, control and management of financial and non-financial risks, see chapter 5 “Risk Management” of the document. This chapter discusses several aspects, including the General Risk Management and Control Model, Governance and Organization, Risk Appetite Framework, Assessment, Monitoring and Reporting, Infrastructure, Credit Risk, Market Risk, Liquidity Risk, Structural Risks and Operating Risk Management. Detailed information is provided on each of these topics and the strategies and practices related to risk management within the organization.

Note on Legal Situations of the Bank

During the period, the Bank maintain fluid communications with the oversight bodies, addressing in a timely manner all requirements, instructions, inspections and other administrative acts, and in compliance with the prudential regulations and other requirements related to risks, including new and amended regulations, in order to assure compliance, implement action plans and other measures defined to correct identified weaknesses.

Note on Intellectual Property and Copyrights

Pursuant to the provisions of article 47 of Law 222/1995, amended by Law 603/2000, BBVA Colombia complied with regulations related to intellectual property and copyrights in carrying out its corporate purpose, holding ownership over the brands, slogans, trade names and marks and logos, among others, and/or holding the required licenses, sub-licenses or authorizations for their use by means of contracts signed with the owners or authorized third parties. During fiscal year 2023, and after the closing date, we have no knowledge of any pending claims by authorities or third parties involving possible breaches of intellectual property or copyright regulations. Regard installed software in use or held by BBVA Colombia, it has the corresponding licenses and has implemented controls to comply with legal requirements regarding copyrights, privacy and e-commerce during the software purchasing, development, installation and maintenance processes.

Note on Evaluation of Other Reports

BBVA Colombia declares that pursuant to the provisions of article 57 of Decree 2649/1993, the information and assertions contained in the Financial Statements, both separate and consolidated, have been duly verified and obtained from the Bank's accounting ledgers, do not contain material misstatements or errors, and have been prepared in accordance with the applicable accounting standards and principles. It also declares that all other reports required in accordance with article 446 of the Code of Commerce have been disclosed in the Financial Statements and their Notes.

Lastly, it is stated for the record that BBVA Colombia does not hinder the free circulation of invoices issued by suppliers or vendors, pursuant to article 87, second paragraph, of Law 1676/2013.

42. Other Matters of Interest

Company's Recent Situation

In order to conclude on the continuity of the business, the Group's recent situation will be analyzed so that its financial situation can be demonstrated.

When analyzing the consolidated balance sheet at December 2023, it is found that Total Assets grew by 6.4% (+COP 6,326,403), mainly explained by an increase of +COP 4,506,511 in the loan and leasing portfolio, and +COP 1,147,448 in investments.

In the account by account analysis, it is found that the derivative financial instruments line changed by -COP 521,659 and other assets increased by 8.6% or +COP 360,232.

On their part, liabilities increased by 7.0% or (+COP 6,472,160), in which demand deposits and short-term accounts payable was the line with greatest growth (11.6%), mainly explained by the increase of customer deposits through CDs.

The Group's interest margin showed a decrease of 25.1% compared to December 2022, a figure primarily attributed to an increase in interest expense. Operating expenses increased by 19.8% compared to the same period in 2022, where the line items with the highest increases were personnel and taxes.

Lastly, the Group's net income for fiscal year 2023 decreased by 76.2% compared to the same period in 2022, ending the year with profits of COP 243,856.

Projected Financial Information

When reviewing the Group's forecasts in Colombia, it was found that the Financial Planning area estimated profits over the next 12 months of more than COP 121,224 million for the next twelve months and portfolio growth of more than 10.1% based on the strategic plan, as well as on the country's good macroeconomic conditions, which will allow for a year of considerable growth.

Conclusions

In this regard, bearing in mind both the situation in the recent past, as well as what is expected in the near future, it can be said that the Group has an adequate financial structure, which will allow it to carry on with its operation in a profitable manner, besides obtaining the necessary funds to comply with its short and medium-term obligations; due to the proper management of the accounts of the Statement of Financial Position and Statement of Income.

Performance Measures and Indicators December 2023 and 2022

The following are the financial yields and indicators defined by Decree 854/2021 as the minimums to assess business continuity. In this case, the results for the 2022 and 2023 periods are provided, in order to assess the financial management carried out and thus assess whether the going concern assumption is appropriate:

Indicator	dec 2022	dec 2023	Formula	Income
Negative equity position:	$6,719,702	$6,573,946	Total equity <COP 0	Total equity >COP 0
Consecutive losses in two closing periods or several monthly periods, depending on the business model	1,027,666	246,428	Statement of income < 0) and (Statement of income for the preceding year < 0)	Statement of income Dec 2023 > 0) and (Statement of income 2022 >0)
Net working capital over short-term debt:	0,02	0	(Trade accounts receivable customers + current inventory - Trade accounts payable) / Current Liabilities (<0.5)	Income < 0.5
UAII / Total Assets < Liabilities	0.97%	0.23%	(Earnings before interest and taxes / Total assets) < Total liabilities	Income > 0

The proper management carried out in BBVA Group allows it to develop its operations while maintaining good equity and solvency quality indicators.

It is therefore concluded that there is no material uncertainty related to events or conditions that would give rise to significant doubts on the Group's capacity to continue as a going concern.

(a) Adjustment to Results of First Time Adoption - OSFP

The Bank reviewed the historical adjustments of the OSFP, in order to establish the required mechanisms and methodologies to ensure the constant updating of the impact produced by the first-time adoption, carried out on January 1, 2014, on retained earnings, following the accounting principles and policies accepted in Colombia.

Adjustments made during 2023

The Bank identified the following positive net items that were subject to adjustments:

Item	2023
Recovery of the revaluation of assets in sale of properties	$16,298
Recovery of valuation of Almaagrario in sale in March 2015	18,685
Recovery of non-existent provisions and contingencies	122
Recovery of provisions and depreciations for non-effectiveness and ANMV	4,823
Impact of deferred tax on PP&E	(20,677)
Total adjustments in 2023	$19,251

43. Subsequent events

On March 21, 2024 the Bank received notice number 2023121622-022-000 of the Financial Superintendence of Colombia, requesting us to reclassify the amount of COP 44,515 in retained earnings to the first-time adoption account, and resubmit reports 00, 04 and 31 from October to December.

44. Glossary

The Bank: Refers to BBVA Colombia S.A.

ANMV: Spanish acronym for non-current assets held for sale

GMF: Spanish acronym for levy on financial transactions

BRDP: Spanish acronym for Disaffected Assets and Assets returned in lease contracts

COAP: Spanish acronym for Assets and Liabilities Committee

CIB: Corporate and Investment Banking

GANF: Spanish acronym for Non-Financial Asset Management

EFAN: Spanish acronym for Financial Statements of Business Areas

Apportionment: This term refers to the distribution of operating expenses from the central departments to the bank segments.

Margin Call: It is the notice given by the broker when our deposit level is very close to the minimum, or stated otherwise, that the guarantees are insufficient to cover the risk of our position.

TES: They are National Government Debt Securities issued by the Government of Colombia to finance its operations and projects. These debt securities are issued through the Ministry of Finance and Public Credit and are acquired both by local and international investors.

BBVA

Creating Opportunities