Bancolombia Puerto Rico Internacional, Inc.

(A wholly owned subsidiary of Bancolombia, S.A.)

Financial Statements as of and for the Years Ended December 31, 2023 and 2022, and Independent Auditors’ Report

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Report of Independent Auditors

To the Management and Board of Directors of Bancolombia Puerto Rico Internacional, Inc.

Opinion

We have audited the accompanying financial statements of Bancolombia Puerto Rico Internacional, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, of changes in stockholder's equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As disclosed in the financial statements and related notes, the Bank has entered into significant transactions with other affiliates. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

San Juan, Puerto Rico
February 20, 2024

CERTIFIED PUBLIC ACCOUNTANTS
(OF PUERTO RICO)
License No. LLP-216 Expires Dec. 1, 2025
Stamp E548244 of the P.R. Society of
Certified Public Accountants has been
affixed to the file copy of this report

Bancolombia Puerto Rico Internacional, Inc.
(A wholly owned subsidiary of Bancolombia, S.A.)
Balance Sheets
December 31, 2023 and 2022

BALANCE SHEETS

	Note	December 31, 2023	December 31, 2022
ASSETS			
Cash and cash equivalents	2	$151,258,641	$ 68,970,791
Restricted cash	2	300,000	300,000
Investment securities held to maturity, at amortized cost	4	56,346,471	74,330,053
Investment securities trading, at fair value	3	49,707,750	39,816,239
Loans held-in-portfolio			
Loans held-in-portfolio to affiliated parties	11	140,000,000	135,000,000
Loans held-in-portfolio to unaffiliated parties		275,741,050	214,689,989
Less: allowance for loan and lease losses	5	(2,799,491)	(2,154,799)
Total loans held-in-portfolio, net	5	**412,941,559**	**347,535,190**
Interest receivable		7,849,899	4,039,146
Furniture, equipment and leasehold improvements, net	7	47,068	62,051
Right of use assets, lease	6	250,970	350,328
Computer software, net of amortization		12,610	42,873
Other assets, net		283,109	189,243
TOTAL ASSETS		**$678,998,077**	**$ 535,635,914**
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits by customers	8	$427,087,229	$ 372,283,179
Borrowings from affiliates	11	11,164,625	10,666,000
Borrowings from other financial institutions	9	12,600,000	-
Short-term note	10	69,648,000	14,876,000
Interest payable		7,817,796	3,498,598
Lease liabilities	6	468,353	608,962
Accounts payable and accrued liabilities		432,904	692,779
TOTAL LIABILITIES		**529,218,907**	**402,625,518**
EQUITY			
Preferred stock, $10 par value;			
480,000 shares authorized; none issued			
Common stock, $1 par value; 200,000 shares			
authorized; 41,350 shares issued and outstanding		41,350	41,350
Additional paid-in capital		10,296,305	10,296,305
Retained earnings		60,792,479	44,023,705
Legal reserve		78,649,036	78,649,036
TOTAL EQUITY		**149,779,170**	**133,010,396**
TOTAL LIABILITIES AND EQUITY		**$678,998,077**	**$ 535,635,914**

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

Bancolombia Puerto Rico Internacional, Inc.
(A wholly owned subsidiary of Bancolombia, S.A.)
Statements of Income
Years Ended December 31, 2023 and 2022

STATEMENTS OF INCOME

	Note	December 31, 2023	December 31, 2022
Interest income			
Loans		$ 26,666,199	$ 12,530,881
Deposits, overnight funds and other		3,643,328	541,166
Investment securities, net		4,336,658	3,034,933
Total interest income		**34,646,185**	**16,106,980**
Less - Interest expense:			
Deposits		10,185,699	5,519,053
Borrowings		3,792,704	503,908
Total interest expense		**13,978,403**	**6,022,961**
Net interest income		**20,667,782**	**10,084,019**
Provision for (Reversal of) loan and lease losses	5	486,676	(1,204,975)
Provision for (Reversal of) debt instruments at Amortized cost		146,977	(136,796)
Net interest income after provision for loan and lease losses		**20,034,129**	**11,425,790**
Non interest income:			
Service fees and other		258,084	402,045
Total noninterest income		**258,084**	**402,045**
Operating and administrative expenses:			
Operating expenses			
Employee compensation and benefits		1,079,206	1,032,442
Professional services		720,455	775,780
Other expenses		1,723,778	1,350,470
Total operating and administrative expenses		**3,523,439**	**3,158,692**
Net income		**$ 16,768,774**	**$ 8,669,143**

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

STATEMENTS OF CHANGES IN STOCKHOLDER´S EQUITY

	Common Stock	Additional Paid in capital	Legal Reserve	Retained Earnings [1]	Total Stockholder´s Equity
Balance as of December 31, 2021	**41,350**	**10,296,305**	**103,649,036**	**11,795,428**	**125,782,119**
Effect of adoption of new accounting standards (ASC 326) [2]	-	-	-	(1,440,866)	(1,440,866)
Stockholder’s Equity as of January 1, 2022 (adjusted) [2]	**41,350**	**10,296,305**	**103,649,036**	**10,354,562**	**124,341,253**
Transfer to retained earnings [3]	-	-	(25,000,000)	25,000,000	-
Net income	-	-	-	8,669,143	8,669,143
Balance as of December 31, 2022	**$ 41,350**	**$ 10,296,305**	**$ 78,649,036**	**$ 44,023,705**	**$ 133,010,396**
Net income	-	-	-	16,768,774	16,768,774
Balance as of December 31, 2023	**$ 41,350**	**$ 10,296,305**	**$ 78,649,036**	**$ 60,792,479**	**$ 149,779,170**

(1) Based on the decision made by the shareholder during the annual meeting for the years December 2022 and December 2023, the net income for both years must be recognized as retained earnings.

(2) For further information, see Note 16. Impacts on application of new standards.

(3) Transfer to retained earnings to guarantee future application of new standards, and facilitate the optimization of the equity structure.

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

Bancolombia Puerto Rico Internacional, Inc.
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Statements of Cash Flows
Years Ended December 31, 2023 and 2022

STATEMENTS OF CASH FLOWS

	2023	2022
Net income/(loss)	**$ 16,768,774**	**$ 8,669,143**
Adjustments to reconcile net income/(loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	49,244	61,768
Provision for (Reversal of) loan and lease losses	486,676	(1,204,975)
Provision for (Reversal of) debt instruments at Amortized cost	146,977	(136,796)
Loss on sale of trading securities	-	550
Valuation gain on investment securities	(2,150,109)	(566,865)
Amortization of investments premiums	875,107	1,072,505
Change in operating assets and liabilities:		
Trading Securities	(7,741,402)	(9,258,624)
Interest receivable	(3,810,753)	(1,524,405)
Other assets	(93,866)	51,796
Interest payable	4,319,198	(2,119,469)
Accounts payable and accrued liabilities	(259,875)	(114,692)
Total adjustments	**(8,178,803)**	**(13,739,207)**
Net cash provided by (used in) operating activities	**8,589,971**	**(5,070,064)**
Cash flows from investment activities:		
Principal repayments from loans	330,559,118	489,205,482
Loan originations	(397,831,100)	(440,488,142)
Recovery of charged-off loans	1,378,937	-
Proceeds from maturities of held to maturities	24,044,000	6,844,000
Purchase of investment securities held to maturity	(7,082,500)	(7,003,600)
Capital expenditures	(3,998)	(2,787)
Net cash provided by (used in) investing activities	**(48,935,543)**	**48,554,953**
Cash flows from financing activities:		
Net proceeds from borrowings from affiliates	498,625	5,003,000
Proceeds from borrowings from other financial institutions	12,600,000	-
Payments of finance leases liabilities	(41,253)	(34,668)
Proceeds from issuance of short-term notes	78,492,485	39,418,494
Repayments of short-term notes	(23,720,485)	(28,187,494)
Net increase (decrease) in deposits	54,804,050	(187,765,984)
Net cash provided by (used in) financing activities	**122,633,422**	**(171,566,652)**
Net increase (decrease) in cash, cash equivalents, and restricted cash	**82,287,850**	**(128,081,763)**
Cash, cash equivalent, and restricted cash; beginning of year	**69,270,791**	**197,352,554**
Cash, cash equivalent, and restricted cash; end of year	**$ 151,558,641**	**$ 69,270,791**
Supplemental disclosure of cash flows information		
Interest paid	$ 9,659,205	$ 8,142,430

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

NOTE 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis for preparation of the financial statements

The financial statements of the Bank are prepared in accordance with the United States Generally Accepted Accounting Principles (hereinafter, U.S. GAAP) issued by the Financial Accounting Standards Board (hereinafter, FASB).

The preparation of financial statements in conformity with U.S. GAAP requires the use of accounting estimates which, by definition, will seldom equal the actual results. Therefore, the estimates and assumptions are constantly reviewed. Any revision is recognized in the same period if it affects the reviewed period; or in the reviewed period and future periods if it affects all the current and future periods.

Preparation of the financial statements under going concern basis

Management has assessed the Bank's ability to continue as a going concern and confirms that the Bank has adequate liquidity and solvency to continue operating the business for the foreseeable future, which is at least, but is not limited to, 12 months from the end of the reporting period. Based on the Bank's liquidity position at the date of authorization of the financial statements, Management maintains a reasonable expectation that it has adequate liquidity and solvency to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate.

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

The financial statements are stated in units of United States of America Dollars ('U.S. Dollars') and other currencies (Euro) are stated in units too.

B. Presentation of the financial statements

The Bank presents the statement of financial position ordered by liquidity and the statement of income is prepared based on the nature of expenses. Revenues and expenses are not offset unless such compensation is permitted or required by any accounting standard or interpretation and are described in the Bank's policies.

The statement of cash flows was prepared using the indirect method, whereby net income is adjusted for the effects of transactions of a non-cash nature, changes during the period in operating assets and liabilities, and items of income or expense associated with investing or financing cash flows.

C. Significant accounting policies

The significant accounting policies used by the Bank in the preparation of its financial statements are detailed below:

1. Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in

United States of America dollars ("U.S. Dollars"), which is the functional currency and the presentation currency for the financial statements. All transactions and balances in other currency than U.S. Dollars are considered as foreign currency.

2. Transactions and balances in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are generally recognized in net income.

Non-monetary items that are measured at cost are held at the exchange rate at the transaction date, while those which are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. When a gain or loss on a non-monetary item is recognized in net income, any exchange component of that gain or loss shall be recognized in net income.

The following table illustrates the Bank's amounts denominated in Euros as of December 31, 2023 and 2022:

	December 31, 2023		**December 31, 2022**	
	EUR	**USD**	**EUR**	**USD**
Cash	€ 3,419,920	$3,779,012	€ 2,094,936	$ 2,234,459
Loans	13,228,658	14,617,667	11,807,305	12,593,672
Interest receivable	82,084	90,703	59,647	63,620
Deposits	72,439	80,046	96,635	102,815
Borrowing from affiliates	-	-	-	-
Interest payable	€ 5	$ 6	€ 6	$ 6

The table below sets forth the exchange rate used by the Bank to convert statement of financial position accounts and transactions in Euros into U.S. Dollar:

	December 31, 2023	**December 31, 2022**
Year-end exchange rate	1.1050	1.0666

3. Cash and cash equivalents

The Bank considers cash and cash equivalents to include cash and balances at banks, interbank assets and other similar secured lending that have original maturities up to 90 days, as shown in Note 2. Cash and cash equivalents.

4. Restricted assets

The Bank is required by section 232(g) of the IBC Act to maintain $300,000 in assets free of any lien with a financial institution in Puerto Rico. To comply with this requirement, as of December 31, 2023 and December 31, 2022, the Bank has a certificate of deposit of $300,000.

5. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

5.1. Recognition of financial assets and liabilities

Financial assets and liabilities are recognized in the statement of financial position when the Bank becomes party of the contractual provisions of the instrument. This includes regular way purchases and sales, which are those purchases and sales of financial assets that require the delivery of assets within the timeframe established by regulation or convention in the marketplace. The Bank uses trade date accounting for regular way contracts when recording financial asset transactions.

5.2. Offsetting of financial instruments

U.S. GAAP permits securities sold and purchased under repurchase agreements and securities borrowed or loaned under securities loan agreements to be presented net when specified conditions are met, including: (i) there is currently a legally enforceable right to set off the recognized amounts and (ii) there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Bank has elected to net such balances when the specified conditions are met. The Bank does not offset income and expenses, unless required or permitted by a standard.

5.3. Fair value of financial instruments

The fair value of all financial assets and liabilities is determined at the statement of financial position date, for recognition or disclosure in the notes to the financial statements.

To determine fair value, characteristics of the asset or liability are considered in the same way that market participants would use when pricing the asset or liability at the measurement date; the following items are taken into consideration to assess the estimates:

- Based on quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Bank can access at the measurement date (level 1).
- Based on inputs of valuation methodologies commonly used by the market participants, these inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly; considering inputs as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities like interest rates and yield curves observable at commonly quoted intervals, implied volatilities and credit spreads, and market-corroborated inputs (level 2).
- Based on internal valuation techniques of discounted cash flow and other valuation methodologies, where one or more inputs are unobservable and material therefore estimated by the Bank for the assets or liabilities, in the absence of observable inputs (level 3).

The accounting judgments used in determining fair value relate to matters such as liquidity risk, credit risk and volatility. The changes in estimates related to these factors could affect the recognized fair value of the financial instruments.

In Note 12. Fair value of financial instruments, an analysis is provided of the fair values of financial instruments and non-financial assets and liabilities, including further details about the measurement of fair value, hierarchy levels and transfers between levels, if any.

5.4. Financial assets

At initial recognition, the Bank measures financial assets at fair value plus, in the case of a financial asset that is not an investment security measured at fair value, the transaction costs directly attributable to the acquisition of the financial asset. Financial assets are then classified considering their subsequent measurement at fair value or amortized cost, based on the Management purpose of selling them in the near term or the Bank's positive intent and ability to hold those securities to maturity, respectively.

5.5. Interbank assets and interbank deposits

These are funds that the Bank lends to other financial institutions or borrows from other financial institutions. The transactions in an asset position with maturity of up to ninety days are classified as cash equivalents, as long as they are subject to an insignificant risk of changes in value. The operations in an asset position with maturity greater than ninety days and all the operations in a liability position are measured at amortized cost and presented as "Other assets, net" or "interbank deposits", respectively. For further details, see Note 2. Cash and cash equivalents and Note 8. Deposits.

5.6. Investment securities

Investments that have readily determinable fair values are classified by Management in three categories and accounted for as follows:

Held to maturity

Investment securities that the Bank has the intent and ability to hold to maturity are classified as investment securities held-to-maturity and reported at amortized cost, adjusted for premium amortization and discount accretion. The Bank may not sell or transfer held-to-maturity securities without calling into question its intent to hold securities to maturity, unless a nonrecurring or unusual event that could not have been reasonably anticipated has occurred. For further information, see Note 4. Investment securities held to maturity.

Trading

Investment securities that are bought and held principally with the objective of generating profit on short term price differences. This investment is classified as trading securities and reported at fair value with unrealized gains and losses included in the statements of income as part of gain (loss) on changes in fair value of trading securities. Interest revenue arising from trading instruments are included in the statements of income as part of interest income on investment securities. For further information, see Note 3. Trading securities.

Available for sale

Securities not classified as either held to maturity securities or trading securities are classified as available for sale securities and reported at fair value with unrealized gains and losses (including those arising from foreign exchange changes) excluded from earnings and reported in a separate component of stockholder's equity. The impact on equity is maintained until the investment has been collected or sold; therefore, the cumulative gain or loss previously recognized in equity is included in the results of the period. The provision for impairment is included in the net income or loss for the period. As of December 31, 2023, and 2022, there were no available for sale securities outstanding.

As of December 31, 2023, and 2022, there were no unsettled securities.

The amortization of premiums is deducted, and the accretion of discounts is added to net interest income based on the effective interest method (EIR), over the outstanding life of the related investment securities. The cost of investment securities sold is determined by specific identification. For investment securities available for sale and trading, the Bank reports separately in the statements of income, net realized gains or losses on sales of investment securities.

Purchases and sales of securities are recorded on their trade date. Unsettled purchase transactions are recorded as part of the Bank's investment positions and as liability, while unsettled sales transactions are removed from the Bank's investment positions and recorded as a receivable.

Realized gains or losses for securities classified as either available for sale or trading are reported in earnings in the period when the sale takes place. When calculated, the cost of securities is determined on the specific identification method.

U.S. GAAP defines fair value, establishes a consistent framework for measuring fair value, and requires disclosures about fair value instruments. For further information, see Note 12. Fair value of financial instruments.

5.7. Market risk and concentration of credit risk

The Bank lends internationally, which gives rise to significant exposure to risk ranging from the economic and political risk of the different countries as well as the volatility of such markets caused by currencies and local interest rates. The risk that counterparties may not comply with their obligations is monitored on an ongoing basis. To manage the level of risk, the Bank deals with counterparties of good credit standing and transactions are denominated principally in U.S. dollars (USD) and to a lesser extent Euros (EUR), to reduce currency risk. It is the Bank's policy to provide for impairment on its loan portfolio based on risk and credit evaluations, economic conditions and other pertinent factors.

5.8. Loans and advances to customers and financial institutions, leases and other receivables

The Bank established that loans, advances to customers and other receivables are held within a business model whose objective is to hold them to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. They are initially measured at outstanding principal adjusted for transaction costs and origination fees that are directly attributable to the origination. They are subsequently measured at amortized cost using the effective interest rate method.

If the terms of a financial asset are modified, then the Bank performs a quantitative and qualitative evaluation of whether the modification is substantial and should be accounted for as a new financial asset. The financial asset would be derecognised and accounted for as a new asset when both of the following (i.e., the quantitative test) are met:

- The terms of the new loan resulting from a loan modification are at least as favorable to the lender as the terms for comparable loans to other customers with similar credit risk who are not refinancing or restructuring a loan with the lender. This condition would be met if the new loan's effective yield is at least equal to the effective yield for such comparable loans.

- The modification of the instrument is more than minor – i.e., if the present value of the cash flows under the terms of the new debt instrument is at least 10 percent different from the present value of the cash flows under the terms of the original debt instrument.

The qualitative evaluation (including returns based on profit sharing, guarantees, other collateral, or credit enhancements that significantly affect the credit risk profile associated with the loan, changes in currency and/or debtor) is only necessary if the modification of the financial asset does not meet the quantitative test above. For further information, see Note 5. Loans and allowance for loan and lease losses.

5.9. Allowance for loan and lease losses

The allowance for loan and lease losses is established by a charge to operations through the provision for loan and lease losses. Recoveries of loans previously charged off are credited to the allowance for loan and lease losses. Based on Management's opinion, the allowance for loan and lease losses is adequate to absorb Expected Credit Losses on loans and leases that may become uncollectible.

The Bank considers relevant borrower characteristics such as i) internal borrower classification, ii) customer segment, iii) delinquency status, iv) country of origin and v) loan guarantees in estimating the need for a provision for loan and lease losses for the normal risk portfolio.

The new standard does not provide the prescriptive guidance that was previously available to define impaired loans therefore, an entity will need to develop and consistently follow a reasonable policy for determining when it is appropriate to separately evaluate a loan. Removed the "probable" threshold and the "incurred" notion as triggers for credit loss recognition and instead adopted a standard that states that financial instruments carried at amortized cost should reflect the net amount expected to be collected.

Current Expected Credit Loss does not prescribe the use of specific estimation methods. Rather, allowances for credit losses may be determined using various methods that reasonably estimate the expected collectability of financial assets and are applied consistently over time. For example, acceptable methods include loss rate, roll rate, vintage analysis, discounted cash flow, and probability of default/loss given default methods. Neither a vintage nor a discounted cash flow method is required for estimating expected credit losses. Additionally, an institution may apply different estimation methods to different groups of financial assets. To properly apply an acceptable estimation method, in order to incorporate the prospective information to the components defined for the estimation of the expected ECL loss, the Bank uses methodologies that correlate the historical behavior of the portfolio with certain economic variables. The Bank has made the projection of three macro scenarios (base, pessimistic and optimistic); each scenario counts on a plausible probability of occurrences in order to evaluate the best estimate of the expected loss under possible future economic conditions.

A new risk rating model has been developed for 2023 that allow a better classification of the risk of clients in the portfolio of legal entities, measured from a rating or internal qualification model, which uses qualitative and quantitative variables as financial indicators of the client, to then be framed on a scale between 1 and 19 levels. The region's qualification programs, local market factors and the knowledge of the client, beyond their financial figures, intervene in this process. The impact on allowance of the above is immaterial for 2023.

The accrual of interest on loans is discontinued when in Management's opinion there is a clear indication the borrower's cash flows may not be sufficient to meet contractual loan payments as they become due. When a loan is placed on nonaccrual status the loan is accounted for under the cash method, until it qualifies for a return to accrual status. Generally, a loan is returned to accrual status when all delinquent interest and principal payments become current in accordance with the terms of the loan agreement. In general, this characteristic will be fulfilled when the following delinquency conditions are present:

Type	Days past due
Commercial	*90 days*
Leasing	*30 days*

5.10. Impairment of investments measured at amortized cost

To estimate the Expected Credit Loss (ECL) of the investment portfolio valued at amortized cost, the external rating of international agencies is used, it will be understood that there is an external rating when the following events occur:

1. It has an external rating granted by the international rating agency Moody's; if it does not exist, the Bank can go to the international rating agency Fitch. In the absence of the previous two, the S&P rating agency will be used.

2. Priority must be given to the rating of the issue. If it is not possible to have the rating of the issue by any of the rating agencies mentioned in the previous numeral, the rating of the issuer with the same priority indicated in numeral "1" may be used.

If there is no external rating, it will be provisioned as the loan portfolio.

To estimate the expected credit loss over the life of the instrument, the following formula is used:

$$ECL = \frac{E_i * PD_n * LGD_i}{(1 + R_i)^n}$$

Probability of Default ('PD') to the instrument life: It is the estimated probability of occurrence of a default throughout the remaining life of an instrument, where it should be the remaining term (n) for the maturity of the issue under analysis published by external rating agencies.

Loss Given Default ('LGD') of the instrument i: It is the percentage of exposure that the entity ultimately expects to lose in the event of a default on a financial instrument. In all cases, the LGD is the parameter published by the external rating agency for the investment portfolio that is updated periodically.

Ei: Corresponds to instrument exposure.

Ri: Corresponds to the instrument rate i.

5.11. Written-Off loan portfolio and recoveries

Written-Off loan portfolio will be assessed based on the determination of non-recoverability of the obligations and/or loans receivable from third parties. The application of a portfolio charge-off is evaluated taking into consideration the days past due for each type of credit individually, and which are defined below:

Type	Days past due
Consumer	*180 days*
Commercial	*360 days*
Small Business Loan	*180 days*

The Charges-off may be applied only when all the conditions apply described as that the loan complies with the non-recoverability determination, that is, the possibility recovery is not identified due to the lack of economic capacity or debtor's willingness to pay, absence of guarantees, and if the loan meets the minimum number of days in arrears. Loans backed by guarantees can only be charged off once the guarantee recovery process is finished. Client cannot be in the liquidation stage. The charges-off may not be applied to loans that are up to date or whose arrears are less than 60 days.

Previously written-off loans that are subsequently collected should be credited to the provision during the collection period (the provision is restored when the expense is paid back). Recoveries on previously written-off loans should be applied to the principal, even if interest is incurred.

5.12. Financial liabilities

At initial recognition, the Bank measures its financial liabilities at cost, which deduces transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

5.13. Derecognition of financial assets and liabilities

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or when transferred in the event of a sale.

A transfer of financial assets is accounted for as a sale if all of the following conditions set forth in ASC Topic 860 are met: (i) the assets are isolated from the creditors of the transferor, (ii) the purchaser have the right to pledge or exchange the transferred assets, and (iii) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity. If these conditions are met, the assets are removed from the Bank’s balance sheet and recognizes all assets obtained and liabilities incurred in consideration as proceeds of the sale; and recognizes in earnings any gain or loss on the sale.

However, if the Bank transfers financial assets and the transfer fails any one of these conditions, the Bank is prevented from derecognizing the transferred financial assets and the transaction is accounted for as a secured borrowing and the assets will remain on the Bank’s balance sheet and the sale proceeds are recognized as Bank’s liability.

For transferring a portion of a financial asset that meet the definition of a participating interest qualify for derecognition. A ‘participating interest’ is generally a portion of a financial asset that: conveys proportionate ownership rights with equal priority (including in the event of bankruptcy) to each participating interest holder; does not entitle any participating interest holder to receive cash before any other participating interest holder; and prohibits any party from pledging or exchanging the entire financial asset without the approval of all participating interest holders. Otherwise, the transfer is accounted for as a secured borrowing.

A financial liability is removed from the statement of financial position when it is extinguished, that is when the obligation is discharged, cancelled or expired.

6. Leases

6.1. The Bank as lessee

The Bank as lessee classifies a lease as a finance lease or an operating lease using the same classification criteria as lessors for a sales-type lease. Both classifications result in the lessee recognizing a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The lease liability is initially measured at the present value of the future lease payments calculated using the interest rate implicit in the lease if it is readily determinable. The Bank as lessee cannot readily determine that rate, then it uses its incremental borrowing rate. The Bank as lessee initially measures the right-of-use asset at a cost that includes the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred by the lessee; and an estimate of the dismantling, removal and restoration costs to be incurred by the lessee based on the terms and conditions of the lease.

Subsequently, for finance leases, the Bank measures the right of use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. The Bank measures the lease liability by increasing the carrying amount to reflect interest on the lease liability; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any new expectation or lease modifications.

For operating leases, the Bank as lessee measures the lease liability at the present value of the unpaid lease payments discounted at the discount rate for the lease established at the commencement date. The Bank as lessee measures the right-of-use asset as lease liability carrying amount; plus, unamortized initial direct costs; plus or minus prepaid (accrued) lease payments; and the unamortized balance of lease incentives received. Once a right-of-use asset has been impaired, its post-impairment carrying amount is subsequently amortized on a straight-line basis.

The Bank as lessee has elected not to apply the lessee accounting model to leases with a lease term of 12 months or less (i.e., short-term leases). This election is made by class of underlying asset. When the Bank as lessee elects the short-term lease exemption, then it recognizes the related lease payments as an expense on a straight-line basis over the lease term.

7. Furniture, Equipment and Leasehold Improvements

Premises and equipment include tangible items that are held for use, or for administrative purposes and are expected to be used for more than 12 months.

Items of premises and equipment are expressed at cost less accumulated depreciation and impairment losses. Depreciation is calculated using the straight-line method, in order to derecognize the depreciable amount of promises and equipment over the estimated useful lives of the assets. The depreciable amount is the cost of an asset less its residual value. The estimated useful lives for each asset group are:

Asset group	Useful life range
Furniture and fixtures	5 to 7 years
Computer equipment	3 to 5 years
Vehicles	4 to 6 years

Amortization of leasehold improvements is computed on the straight-line method over the terms of the leases or the estimated useful life of the improvements, whichever is shorter.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. When there is a significant change, the depreciation and the charge to the statement of income are adjusted based on the new estimation.

The Bank assesses at the end of each year whether there is any indication of external or internal reduction in the asset's recoverable value. An impairment loss shall be recognized only if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. If there is any indication of impairment, the Bank estimates the recoverable amount of the assets and then recognizes the impairment loss in the statement of income.

When the carrying value exceeds the recoverable value (fair value as the sum of discounted future cash flows), the carrying value is adjusted to its recoverable value, modifying the future charges for depreciation, according to its new remaining useful life.

In a similar way, when indications exist that the value of an asset has been recovered, reversal of an impairment loss is recognized immediately in the statement of income and consequently the future charges for the asset's depreciation are adjusted. In any case, the reversal of the impairment loss of assets cannot increase its carrying value above the amount that it would have if impairment losses in previous periods had not been recognized.

For purposes of recognition and measurement of an impairment loss, a long-lived asset or assets shall be grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Maintenance expenses of the premises and equipment, which do not improve or extend the useful life of the respective assets, are recognized as an expense in the period in which they are incurred and are registered in the statement of income; otherwise, they are capitalized. Similarly, gains and losses in the sale of premises and equipment are registered in the statement of income.

8. Intangible assets

An intangible asset is an identifiable non-monetary asset with no physical appearance. Separately acquired intangible assets are measured initially at their cost. After the initial recognition, the intangible assets are accounted for at cost less any accumulated amortization and any accumulated impairment loss.

The useful lives of intangible assets are determined as finite or indefinite. The intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives. The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at least annually. The expected changes in the useful life or in the pattern of consumption of the future economic benefits of the asset are accounted for when changing the period or amortization method, as appropriate, and they are treated as changes in the accounting estimates. The amortization expense of intangible assets with finite useful lives is recognized in the statement of income. The useful lives of the intangible assets with finite life ranges between 1 to 10 years.

Intangible assets with indefinite useful lives are not subject to amortization but are periodically tested in order to identify any impairment, either individually or at the cash-generating unit level. The assessment of the indefinite life is reviewed annually to determine if it continues being supportable. In the event that the assessment was not valid, the change from indefinite useful life to finite useful life is recognized prospectively.

The gain or loss that arises when an intangible asset is derecognized are measured as the difference between the disposal value and the carrying value of the asset and is recognized in the statement of income.

The Bank's intangible assets comprise mainly intangibles of finite useful life: licenses, software and computer applications.

As of December 31, 2023 and 2022, the accumulated amortization amounted to $138,157 and $107,894, respectively. No impairment indicators existed during the years ended December 31, 2023 and 2022.

9. Other assets

The Bank presents as other assets, among other things the expenses paid in advance incurred in the development of its business, in order to receive future services, which are amortized during the period in which services are received or the costs or expenses are recorded.

10. Revenue recognition

The Bank recognizes revenue from ordinary activities, which represent the transfer of goods or services committed with customers in exchange for an amount that reflects the consideration to which the entity expects to be entitled in exchange for such assets or services. The Bank evaluates the contracts and commitments with customers, applying the revenue model established in ASC 606, as follows:

1. Identifying the contract: The parties' rights, payment conditions, evaluation of the commercial basis and characteristics of the consideration are identified, and the Bank evaluates if there are modifications or combinations that apply.

2. Identifying performance obligations: The Bank evaluates the commitments included in the entity's contracts to identify when the customer makes use of the service and whether the obligations are identifiable separately.

3. Determining the transaction price: The characteristics of the amounts for which the agreed services were exchanged are reviewed in the Bank's contracts, to estimate the effect of the variable consideration in kind, or others payable to the customer.

4. Allocating the transaction price to performance obligations: In the evaluation of prices to the Bank's contracts, these are designated individually to the services provided by the Bank, even for products where there are packaged commitments.

5. Satisfaction of performance obligations: The obligations established in contracts with customers are satisfied when the control of the service is transferred to the customer and the recognition is performed, over time or at a point in time.

The Bank satisfies a performance obligation and recognizes revenue over time if one of the following criteria is met:

a) The Bank's performance does not create an asset with an alternative use for the entity, and it has an enforceable right to receive payment for the performance completed to date.
b) The Bank's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The customer simultaneously receives and consumes the benefits provided by the Bank's performance as the Bank performs.

For performance obligations where none of the indicated conditions is fulfilled, the Bank satisfies the performance obligation at a point in time, at which the customer obtains control of the promised services and the entity satisfies a performance obligation.

Revenue is measured based on the consideration specified in the contract with the customer, and excludes amounts received on behalf of third parties when the Bank is an agent. The Bank recognizes revenue when it transfers control over a good or service to a customer. Revenue is presented net of reimbursements and discounts. The Bank evaluates its revenue categories based on specific criteria in order to determine whether it acts as principal or agent. Revenue is recognized to the extent that it is likely that economic benefits will flow to the Bank and it is possible to reliably measure the related revenues and costs.

This model is not applicable to financial instruments.

10.1. Interest income and expenses

For all financial instruments measured at amortized cost, interest income and interest expenses are recognized using the effective interest rate. The effective interest rate is the rate that exactly discounts future estimated cash flows payments through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying value of the financial liability or asset. The computation takes into account all the contractual conditions of the financial instrument (for example, prepayment options) and includes incremental fees or expenses that are directly attributed to the instrument and are an integral part of the Effective Interest Rate (EIR), but not future credit losses.

For debt securities classified as trading, gains and losses arising from changes in fair value are included in the statement of income.

11. Income tax

Pursuant to sections 232(u)(v)(w) of the IBC Act, as amended, the Bank is 100% exempt from Puerto Rico income, property, municipal and tollgate taxes, on income derived from international banking activities, as defined.

12. Legal reserve

Given the issuance of the Ministry of Finance in Colombia Decree 1771 of 2012, which regulates the solvency of credit institutions in Colombia and is applicable to Bancolombia consolidated solvency regulatory ratios; the Bank's Board of Directors approved the establishment of the capital reserve called "Legal Reserve".

The legal reserve balances can only be utilized to absorb losses or to increase the Bank's capital. Notwithstanding, balances transferred to the legal reserve can be used for other purposes after five years in the legal reserve balance but only after the approval of such alternate uses by the Bank's shareholder.

The legal reserve was originally established in 2013 for the amount of $71,854,832, which was the retained earnings balance of 2012. The retained earnings from 2014 to 2017 were also transferred to the legal reserve as per shareholder's approval. Currently, no further appropriation of retained earnings to legal reserves has been made. In 2023, no transfers of reserves to retained earnings were made. However, in 2022, the Bank transferred to retained earnings $25,000,000 to guarantee future application of new standards and facilitate the optimization of the equity structure; the transfer was approved by OCIF.

D. Use of estimates and judgments

The preparation of financial statements requires Bank's Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments or changes in assumptions are disclosed in the notes to the consolidated financial statements. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under current circumstances. Actual results may differ from these estimates if assumptions and conditions change.

The significant accounting estimates that the Bank uses in preparing its financial statements are detailed below:

1. Credit risk impairment

The allowance for expected credit losses includes both quantitative and qualitative components. The qualitative component has a higher degree of management subjectivity, and includes factors such as concentrations, economic conditions, and other considerations.
The Bank's Management believes the risk ratings and loss severities currently in use are appropriate. The process of determining the level of the allowance for expected credit losses requires a high degree of judgment. It is possible that others, given the same information, may at any point in time reach different reasonable conclusions.

2. Transaction price determination

With respect to contracts with the Bank's customers, for the determination of the transaction price, the Bank allocates to each one of the performance obligations under the contract the price which represents the value expected to be received in respect of each such performance obligation based on its relative stand-alone selling price. Such price is determined based on the cost of each service, related tax and associated risks to the operation and inherent to the transaction, plus the margin expected to be received for the services, considering in each case the market price for the service, the conditions agreed with the customer and the customer's segment. The Bank has fixed and variable prices considering the characteristics of each service, future events, discounts, returns and other variables that may influence the selling price. No significant financing components are factored in the determination of the selling price.

3. Leases

The measurement of the right of use asset and of the lease liabilities requires a series of judgments, among which are the determination of the term of the lease and the rate used in discounting the cash flows. The term of the lease was defined according to the historical information of the contracts and the period over which an asset is expected to be economically usable, which involves a high degree of uncertainty due to the use of relevant information about past events. In the Bank's case, the weighted average lessee's incremental borrowing rate was used to discount the cash flows associated with the leasing contracts. The Bank performs analyses taking in account the currency, lease term, economic environment and class of underlying assets, as to determinate the weighted average lessee's incremental borrowing rate.

4. Fair value of financial assets and liabilities

The fair value of the Bank's assets and liabilities is determined at the date of the statement of financial position. The Bank's fair value measurement process considers the characteristics of the asset or liability in the same way that market participants would take them into account when pricing the asset or liability at the measurement date; the estimate takes into account inputs from valuation techniques used to measure fair value, for further explanation of the hierarchy levels and, if applicable, transfers between levels, see Note 12. Fair value of financial instruments.

Transfers into or out of Level 3 are made if the significant inputs used in the financial models measuring the fair values of the assets and liabilities became unobservable or observable, respectively, in the current marketplace. All transfers between the aforementioned levels are assumed to occur at the end of the reporting period.

The measurement of the fair value of financial instruments generally involves a higher degree of complexity and requires the application of judgments especially when the models use unobservable inputs (level 3) based on the assumptions that would be used in the market to determine the price for assets or liabilities. Determination of these assumptions includes consideration of market conditions and liquidity levels. Changes in the market conditions, such as reduced liquidity in the capital markets or changes in secondary market activities, may reduce the availability and reliability of quoted prices or observable data used to determine fair value.

When developing fair value measurements, the Bank maximizes the use of observable inputs and minimizes the use of unobservable inputs in measuring fair value. Additionally, the Bank uses third-party pricing services to obtain fair values, which are used to either record the price of an instrument or to corroborate internally developed prices. Third-party price validation procedures are performed over the reasonableness of the fair value measurements. For further details regarding carrying amount and sensitivity disclosures, please see Note 12. Fair value of financial instruments.

E. Recently issued accounting pronouncements

1. Effective in 2023 for nonpublic calendar year-end entities

Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326), as updated by FASB ASU 2019-11—Codification Improvements to Topic 326 and FASB ASU 2019-10 Financial Instruments—Credit Losses (Topic 326), and Leases (Topic 842)

The FASB issued ASU 2016-13 in June 2016, which replaces the incurred loss model with a current expected credit loss ("CECL") model. The CECL model applies to financial assets subject to credit losses and measured at amortized cost and certain off-balance sheet exposures. Under current U.S. GAAP, an entity reflects credit losses on financial assets measured on an amortized cost basis only when losses are probable and have been incurred, generally considering only past events and current conditions in making these determinations. ASU 2016-13 prospectively replaces this approach with a forward-looking methodology that reflects the expected credit losses over the lives of financial assets, starting when such assets are first acquired. Under the revised methodology, credit losses will be measured based on past events, current conditions and reasonable and supportable forecasts that affect the collectability of financial assets.

ASU 2016-13 also revises the approach to recognizing credit losses for available-for-sale securities by replacing the direct write-down approach with the allowance approach and limiting the allowance to the amount at which the security's fair value is less than the amortized cost. In addition, ASU 2016-13 provides that the initial allowance for credit losses on purchased credit impaired financial assets will be recorded as an increase to the purchase price, with subsequent changes to the allowance recorded as a credit loss expense. ASU 2016-13 also expands disclosure requirements regarding an entity's assumptions, models and methods for estimating the allowance for credit losses.

For non-public entities, the amendments of this update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years.

The Bank applied this amendment to financial statement on the periods as of January 01, 2022. The estimated adoption effect through a cumulative-effect adjustment decreases retained earnings as a result of replacing the incurred loss model with a current expected credit loss model, which produces an increase to the allowance for credit losses. For further information, see Note 16. Impacts on application of new standards and Items 5.8, 5.9 and 5.10 of C. Significant accounting policies.

Accounting Standards Update 2023-01—Leases (Topic 842): Common Control Arrangements

The amendments in this Update address two issues:

First, the amendments in the Update provide a practical expedient for private entities to use the written terms and conditions of a common control arrangement to determine whether a lease exists and, if so, the classification of and accounting for that lease. A private entity may elect the practical expedient on an arrangement-by-arrangement basis and, under the practical expedient, is not required to determine whether written terms and conditions are enforceable.

Second, the amendments in this Update on leasehold improvements associated with common control leases are applicable for all entities and require that those leasehold improvements be:

- Amortized by the lessee over the useful life of the leasehold improvements to the common control group (regardless of the lease term) as long as the lessee controls the use of the underlying asset (the leased asset) through a lease. However, if the lessor obtained the right to control the use of the underlying asset through a lease with another entity not within the same common control group, the amortization period may not exceed the amortization period of the common control group.
- Accounted for as a transfer between entities under common control through an adjustment to equity (or net assets for not-for-profit entities) if, and when, the lessee no longer controls the use of the underlying asset.

Additionally, those leasehold improvements are subject to the impairment guidance in Topic 360, Property, Plant, and Equipment.

The amendments in the Update are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. If an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period. Early adoption is permitted.

Management evaluated this modification and found no significant impacts on the financial statements as of December 31, 2023, because the Bank does not lease between entities under common control.

2. Effective after 2023 for nonpublic calendar year-end entities

Accounting Standards Update No. 2020-04—Reference Rate Reform (Topic 848)—Facilitation of the Effects of Reference Rate Reform on Financial Reporting

In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting ,in response to concerns about structural risks of interbank offered rates (IBORs), and, particularly, the risk of cessation of the London Interbank Offered Rate (LIBOR), regulators around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction-based and less susceptible to manipulation. The amendments in this Update provide optional guidance for a limited time to ease the potential burden in accounting for (or recognizing the effects) of reference rate reform on financial reporting.

Specifically, the guidance permits an entity, when certain criteria are met, to consider amendments to contracts made to comply with reference rate reform to meet the definition of a modification under U.S. GAAP. It further allows hedge accounting to be maintained and a one-time transfer or sale of qualifying held-to-maturity securities.

The expedients and exceptions provided by the amendments are permitted to be adopted any time through December 31, 2024 and do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2024, except for certain optional expedients elected for certain hedging relationships existing as of December 31, 2024.

The Bank early applied this amendment as of January 1, 2023, with no impact on its financial statements and disclosures.

Accounting Standards Update 2023-06—Disclosure Improvements—Codification Amendments in Response to the Sec's Disclosure Update and Simplification Initiative

On October 9, 2023, the FASB issued an Accounting Standards Update that incorporates certain U.S. Securities and Exchange Commission (SEC) disclosure requirements into the FASB Accounting Standards Codification.

In SEC Release No. 33-10532, Disclosure Update and Simplification, issued August 17, 2018, the SEC referred certain of its disclosure requirements that overlap with, but require incremental information to, generally accepted accounting principles to the FASB for potential incorporation into the Codification. The Update incorporates into the Codification 14 of the 27 disclosures referred by the SEC. The amendments modify the disclosure or presentation requirements of a variety of Topics in the Codification. The amendments are relatively narrow in nature. Certain of the amendments represent clarifications to, or technical corrections of, the current requirements. Due to the variety of modified Topics, the Bank may be affected by the following modifications:

- **230-10 Statement of Cash Flows:** Requires an accounting policy disclosure in annual periods of where cash flows associated with derivative instruments and their related gains and losses are presented in the statement of cash flows.

- **440-10 Commitments**: Requires disclosure of assets mortgaged, pledged, or otherwise subject to lien and the obligations collateralized.

- **470-10 Debt**: Requires disclosure of amounts and terms of unused lines of credit and unfunded.

For entities that are subject to the SEC's existing disclosure requirements and for entities required to file or furnish financial statements with or to the SEC in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer, the effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. For all other entities, the amendments will be effective two years later.

The amendments in this Update should be applied prospectively.

For all entities, if by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity.

Management is evaluating the impact of the modification in the Bank´s financial statements and disclosures.

NOTE 2. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash and balances		
Due from other private financial entities	47,258,641	44,970,791
Total cash and due from banks	**$ 47,258,641**	**$ 44,970,791**
Money market transactions		
Interbank borrowings	104,000,000	24,000,000
Total money market transactions	**104,000,000**	**24,000,000**
Total cash and cash equivalents	**$ 151,258,641**	**$ 68,970,791**

The Bank is required by section 232(g) of the IBC Act to maintain $300,000 in assets free of any lien with a financial institution in Puerto Rico. To comply with this requirement, as of December 31, 2023 and December 31, 2022, the Bank has a certificate of deposit of $300,000.

NOTE 3. TRADING SECURITIES

As of December 31, 2023 and 2022, the proceeds from sales and maturities of trading securities were approximately $470,000,000 and $319,994,050, respectively; and the purchases of trading securities were approximately $477,741,042 and $329,252,124, respectively. As of December 31, 2023, there were trading securities with a face value of $49,707,750 outstanding. As of December 31, 2022, there were trading securities with a nominal value of $39,816,239 outstanding.

The Bank's short-term investments comprise of debt securities, all of which are classified as trading securities and are carried at their fair value based on the quoted market prices of the securities as of December 31, 2023. Composition of trading securities is as follows as of December 31, 2023 and 2022:

	December 31, 2023	
	Purchased cost	**Fair value**
US Treasury Securities due within one year	$49,471,832	$49,707,750
Balance at end of year	**$49,471,832**	**$49,707,750**

	December 31, 2022	
	Purchased cost	**Fair value**
US Treasury Securities due within one year	$ 39,804,252	$ 39,816,239
Balance at end of year	**$ 39,804,252**	**$ 39,816,239**

NOTE 4. INVESTMENT SECURITIES HELD TO MATURITY

The amortized cost, and weighted-average yield of investment securities held to maturity by contractual maturity as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	
	Amortized cost	**Weighted Average Yield**
Obligations of Non-US Corporate Debt Securities		
Before 1 year	3,531,409	4.232%
After 1 to 5 years	24,099,932	3.773%
After 5 to 10 years	12,082,348	7.406%
Total obligations of Corporate Debt Securities	**$ 39,713,689**	**4.553%**
Obligations of Non-US Government		
Before 1 year	5,089,725	8.125%
After 1 to 5 years	9,087,014	4.101%
After 5 to 10 years	2,456,043	3.340%
After 10 to 15 years	-	-
Total obligations of Non-US Government (1)	**$ 16,632,782**	**4.672%**
Total investment securities held to maturity	**$ 56,346,471**	**4.606%**

(1) As of December 31, 2023 the Bank had securities issued by the government of Guatemala for value of USD 7,091,448, representing 43% of total obligations of Non-US Government, by the government of Colombia for value of USD 5,581,235, representing 34%, by the government of Chile for value of USD 1,995,567 representing 12%, and by the government of Panama for value of USD 1,964,533 representing 12%.

	December 31, 2022	
	Amortized cost	**Weighted Average Yield**
Obligations of Non-US Corporate Debt Securities		
Before 1 year	15,181,721	5.258%
After 1 to 5 years	22,501,105	3.848%
After 5 to 10 years	2,935,491	6.250%
Total obligations of Corporate Debt Securities	**$40,618,318**	**4.552%**
Obligations of Non-US Government		
Before 1 year	1,001,561	3.500%
After 1 to 5 years	28,034,198	4.822%
After 5 to 10 years	4,675,975	4.022%
After 10 to 15 years	-	-
Total obligations of Non-US Government (1)	**$ 33,711,735**	**4.672%**
Total investment securities held to maturity	**$ 74,330,053**	**4.606%**

(1) As of December 31, 2022 the Bank had securities issued by the government of Colombia for value of USD 20,538,078, representing 61% of total obligations of Non-US Government, by the government of Guatemala for value of USD 7,166,159, representing 21%, by the government of Panama for value of USD 1,977,697 representing 6%, by the government of Chile for value of USD 1,991,553 representing 6%, by the government of Mexico for value of USD 1,036,687, representing 3%, and by the government of Peru for value of USD 1,001,561, representing 3%.

The weighted-average yield on investment securities held to maturity is based on nominal amount of the instrument.

As of December 31, 2023, and 2022, all debt securities were in an unrealized gain position due to the changes in market interest rate. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than the amortized cost of the investment.

To determine the provision for impairment of investments under ASC326, the Bank evaluates the impairment model based on the expected loss over the life of the instrument of the financial assets of the investment portfolio valued at maturity. It uses external rating of international agencies.

Contractual maturities on certain securities could differ from actual maturities since certain issuers may have the right to call or prepay these securities.

As of December 31, 2023, and 2022, the Bank does not have any debt security asset pledge as collateral.

NOTE 5. LOANS AND ALLOWANCE FOR LOAN AND LEASE LOSSES

As of December 31, 2023, and 2022, the loan portfolio consisted primarily of commercial loans, and loans collateralized by equipment and advances thereon.

The components of the loan portfolio consist of the following:

	December 31, 2023	December 31, 2022
Commercial loans	$ 275,741,050	$ 214,163,356
Collateralized with equipment and advances	-	526,633
Loans with affiliated parties	140,000,000	135,000,000
Total Loans	**415,741,050**	**349,689,989**
Allowance for loan and lease losses	(2,799,491)	(2,154,799)
Total	**$ 412,941,559**	**$ 347,535,190**

As of December 31, the Bank had loans outstanding in the following countries:

December 31, 2023			
Loans	**Commercial loans**	**Loans Collateralized With Equipment and Advances**	**Total**
Colombia	$289,944,107	$-	$289,944,107
Costa Rica	67,877,317	-	67,877,317
Guatemala	30,000,000	-	30,000,000
Peru	17,124,089	-	17,124,089
Panama	6,817,537	-	6,817,537
Mexico	3,978,000	-	3,978,000
Total	**$ 415,741,050**	**$ -**	**$ 415,741,050**

December 31, 2022			
Loans	**Commercial loans**	**Loans Collateralized With Equipment and Advances**	**Total**
Colombia	$ 225,157,763	$ -	$ 225,157,763
Costa Rica	72,667,323	-	72,667,323
Guatemala	20,000,000	-	20,000,000
Peru	14,615,000	-	14,615,000
Panama	11,326,412	-	11,326,412
Mexico	5,396,858	-	5,396,858
El Salvador	-	526,633	526,633
Total	**$ 349,163,356**	**$ 526,633**	**$ 349,689,989**

The contractual maturities of the loan portfolio as of December 31, 2023 are as follows:

	December 31, 2023
2024	$ 219,584,106
2025	100,290,158
2026	73,582,590
2028	22,284,196
Total	**$ 415,741,050**

As of December 31, 2023, and 2022, adjustable-rate loans amounting to $304,675,637 and $277,645,633, respectively, have interest rate adjustments linked to the SOFR and EURIBOR rate index. Future market factors may affect the correlation of the interest rate adjustment with the rate the Bank pays on the short-term deposits that have primarily funded these loans.

As of December 31, 2023, there were no loans individually evaluated for impairment. As of December 31, 2022 are as follows:

December 31, 2022				
	Recorded Investment	**Loans Unpaid Principal Balance**	**Related Allowance**	**Average Recorded Investment**
Commercial loans	$ 1,220,921	$ 5,699,911	$ 1,193,450	$ 1,220,921

December 31, 2022				
	Recorded Investment	Loans Unpaid Principal Balance	Related Allowance	Average Recorded Investment
Subtotal impaired loans with no allowance recorded	**$ 1,220,921**	**$ 5,699,911**	**$ 1,193,450**	**$ 1,220,921**
Total loans individually evaluated for impaired	**$ 1,220,921**	**$ 5,699,911**	**$ 1,193,450**	**$ 1,220,921**

An age analysis of past due loans (excluding allowance for loan and lease losses), segregated by class of loans, as of December 31, 2023 and 2022 is shown as follows:

December 31, 2023					
Past-due					
Period	Greater than 90 days	Total Past- due	Current	Total Recorded Investment	Recorded Investment > 90 Days and Accruing
Commercial Loans	$ 597,921	$ 597,921	$ 415,143,129	$ 415,741,050	$ -
Total	**$ 597,921**	**$ 597,921**	**$ 415,143,129**	**$ 415,741,050**	**$ -**

December 31, 2022					
Past-due					
Period	Greater than 90 days	Total Past- due	Current	Total Recorded Investment	Recorded Investment > 90 Days and Accruing
Commercial Loans	$ 1,289,051	$ 1,289,051	$ 347,874,305	$ 349,163,356	$ -
Collateralized with equipment and advances	-	-	526,633	526,633	-
Total	**$ 1,289,051**	**$ 1,289,051**	**$ 348,400,938**	**$ 349,689,989**	**$ -**

The following is a summary of the changes in the allowance for loan and lease losses for the year ended December 31, 2023 and 2022:

December 31, 2023			
	Commercial Loans	Loans Collateralized With Equipment and Advances	Total
Balances at beginning of year	**$ 2,154,691**	**$ 108**	**$ 2,154,799**
Provision for (Reversal of) loan and lease losses	486,784	(108)	486,676
Charge-offs	(1,220,921)	-	(1,220,921)
Recovery of charged-off loans	1,378,937	-	1,378,937
Balances at end of year	**$ 2,799,491**	**$ -**	**$ 2,799,491**

December 31, 2022			
	Commercial Loans	**Loans Collateralized With Equipment and Advances**	**Total**
Balances at beginning of year	**$ 2,457,921**	**$ 16,362**	**$ 2,474,283**
Remeasurement [1]	886,950	(1,459)	885,491
Reversal for loan and lease losses	(1,190,180)	(14,795)	(1,204,975)
Balances at end of year	**$ 2,154,691**	**$ 108**	**$ 2,154,799**

[1] For further information, see Note 16. Impacts on application of new standards.

As of December 31, 2023, one of the corporate clients had an unpaid principal balance amounting to $1,220,921 which has remained outstanding for 1,888 days. Due to the non-accrual status of the loan and as approved by the Board of Directors of the Bank, during June 2023, the Bank recorded a charge-off amounting to $ 1,220,921.

The Board of Directors of the Bank, during September 2023, approved sale of loan which was charged-off in 2021. The Bank recognized a recovery on charged-off loan amounting to $ 1,378,937.

The following is a summary of the allowance for loan and lease losses by portfolio segment and the allowance that pertains to loans individually or collectively evaluated for the year ended December 31, 2023 and 2022:

December 31, 2023			
	Commercial Loans	**Loans Collateralized with Equipment and Advances**	**Total**
Allowance for loan and lease losses by allowance methodology			
Collectively evaluated	$ 2,799,491	$ -	$ 2,799,491
Balances at end of year	**$ 2,799,491**	**$ -**	**$ 2,799,491**

December 31, 2022			
	Commercial Loans	**Loans Collateralized with Equipment and Advances**	**Total**
Allowance for loan and lease losses by allowance methodology			
Collectively evaluated	$ 961,241	$ 108	$ 961,349
Individually evaluated	1,193,450	-	1,193,450
Balances at end of year	**$ 2,154,691**	**$ 108**	**$ 2,154,799**

As of December 31, 2023, the Bank had 4 commercial loans classified as Category D and E with an unpaid principal balance of $841,022 and a related allowance of $394,477.

As of December 31, 2022, the Bank had 4 commercial loans classified as Category C, D and E with an unpaid principal balance of $1,521,390 and a related allowance of $1,281,789.

Income recognized on loans categorized C and below, segregated by class of loans as of December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Commercial loans	**$ 50,283**	**$ 970,703**

The year-end nonaccrual status segregated by class of loans are as follows:

	December 31, 2023	December 31, 2022
Commercial loans	$ 841,022	$ 1,281,789
Total	**$ 841,022**	**$ 1,281,789**

Interest income which would have been recorded if the loans had not been classified as non-accruing was $44,492 and $2,155,113 during the years ended December 31, 2023 and 2022, respectively.

Modifications of loans to commercial borrowers that are experiencing financial difficulties are designed to reduce the Bank's loss exposure, often to avoid foreclosure or bankruptcy.

At the time of restructuring, the loans are remeasured to reflect the impact, if any, on projected cash flows resulting from modified terms.

The recorded investment of TDRs as of December 31, 2022 are summarized as follows (TDRs entered into, before 2022):

	December 31, 2022
Commercial loans	$ 1,220,921
Total	**$ 1,220,921**
Accrual Status	
Current	$ -
30-89 days past-due accruing	-
90 + days past-due accruing	-
Non-accrual	1,220,921
Total recorded investment of TDRs	**$ 1,220,921**
TDR´s classified as impaired loans	**$ 1,220,921**
Valuation allowance on TDRs	**$ 1,193,450**

There were no financing leases outstanding during the years ended December 31, 2023, and 2022.

There were no sales of loans during the years ended December 31, 2023, and 2022.

NOTE 6. LEASES

As of December 31, 2023, the Bank as lessee was obligated under noncancelable leases, operating leases for premises for business purposes. These leases generally have terms of 8 years, determined based on the contractual maturity of the lease, and include periods covered by options to extend or terminate the lease when the Bank is reasonably certain that it will exercise those options.

Operating lease liabilities and right-of-use asset are recognized at the lease commencement date based on the present value of the future minimum lease payments over the lease term. The future lease payments are discounted at a rate that represents the Bank´s collateralized borrowing rate for financing instruments of a similar term and are included in accounts payable and other liabilities. The operating lease right-of-use asset also includes any lease prepayments made, plus initial direct costs incurred, less any lease incentives received. Rental expense associated with operating leases is recognized on a straight-line basis over the lease term, and generally included in occupancy expense in the statements of income.

The following tables provide information related to the Bank´s operating leases:

	December 31, 2023
Right of use assets	$ 250,970
Lease liabilities	468,353
Weighted average remaining lease term (in years)	4
Weighted average discount rate	7.020%

	December 31, 2023
Rental expense	-
Gross rental expense	146,297
Sublease rental income	-
Net rental expense	**$ 146,297**

The following table presents future payments under operating leases as of December 31, 2023:

	December 31, 2023
2024	153,461
2025	122,861
2026	122,861
2027	122,861
2028 and thereafter	10,238
Total future minimum leases payments	**532,282**
Less: Imputed interest	**63,929**
Total	**$ 468,353**

NOTE 7. FURNITURE, EQUIPMENT AND LEASESHOLD IMPROVEMENTS

The components of furniture, equipment, and leasehold improvements as of December 31, 2023 and 2022 were as follows:

Composition	Estimated Useful lives (year)	December 31, 2023	December 31, 2022
Vehicles	4-6	$58,394	$58,394
Computer equipment	3-5	101,087	101,087
Furniture and fixtures	5-7	126,220	122,222
Total cost		**$ 285,701**	**$ 281,703**
Less accumulated depreciation[1]		**$ (238,633)**	**$ (219,652)**
Furniture, equipment and leasehold improvements		**$ 47,068**	**$ 62,051**

(1) Depreciation expense was $18,981 and $24,005, for the years ended as of December 31, 2023 and 2022, respectively.

NOTE 8. DEPOSITS

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

	December 31, 2023	December 31, 2022
Certificates of deposits	$ 264,321,677	$ 219,254,777
Savings accounts	29,351,592	37,784,745
Checking accounts	133,413,960	115,243,657
Total deposits	**$ 427,087,229**	**$ 372,283,179**

The following tables details saving and checking accounts by interest bearing and non-interest bearing as of December 31:

	December 31, 2023		December 31, 2022	
Savings accounts	**Count**	**Balance**	**Count**	**Balance**
Interest bearing	386	$ 29,258,740	334	$ 37,665,922
Non-interest bearing	55	92,852	68	118,823
	441	**$ 29,351,592**	**402**	**$ 37,784,745**
Checking accounts				
Interest bearing	77	$ 37,042,419	76	$ 31,399,134
Non-interest bearing	194	96,371,541	169	83,844,523
	271	**$ 133,413,960**	**245**	**$ 115,243,657**

The following tables details the certificates of deposit (CD) as originally were issued by the Bank as of December 31, 2023 and 2022:

December 31, 2023				
Cd Modality	**Minimum Interest Rate**	**Maximum Interest Rate**	**Average Yield**	**Balance**
Less than 6 months	3.85%	5.90%	4.53%	$52,521,222
Equal to 6 months and less than 12 months	0.01%	6.25%	4.83%	48,036,063

December 31, 2023				
Equal to 12 months and less than 18 months	0.03%	6.25%	4.98%	67,810,782
Equal to or greater than 18 months	1.25%	6.65%	4.92%	95,953,610
				$ 264,321,677

December 31, 2022				
Cd Modality	**Minimum Interest Rate**	**Maximum Interest Rate**	**Average Yield**	**Balance**
Less than 6 months	2.95%	4.75%	3.82%	$ 68,622,263
Equal to 6 months and less than 12 months	0.01%	5.95%	3.54%	42,735,621
Equal to 12 months and less than 18 months	0.03%	6.00%	2.92%	25,641,470
Equal to or greater than 18 months	0.40%	5.34%	2.21%	82,255,423
				$ 219,254,777

The following tables show CD's current and non-current maturities as of December 31, 2023 and 2022 as follows:

December 31, 2023	
2024	$ 190,132,045
2025	64,181,828
2026	1,286,613
2027 and thereafter	8,721,191
Total	**$ 264,321,677**

December 31, 2022	
2023	$ 171,877,561
2024	20,894,766
2025	20,481,738
2026 and thereafter	6,000,712
Total	**$ 219,254,777**

Certificates of deposits in denominations of $100,000 or higher amount to $254,988,860 and $213,370,643 during the years ended December 31, 2023 and 2022, respectively. Deposits are not insured by FDIC or US and PR governmental agencies.

NOTE 9. CREDIT FACILITIES

As of December 31, 2023, and 2022, the Bank has available lines of credit amounting to $400,000 and $10,000,000 with various financial institutions, respectively. As of December 31, 2023, the Bank had borrowings from other financial institutions outstanding amounting to $12,600,000. As of December 31, 2022 there were no borrowings outstanding under these lines of credit.

The borrowings from other financial outstanding are as follows:

December 31, 2023			
Entity	**Amount Outstanding**	**Interest Rate**	**Maturity Date**
Wells Fargo Bank, N.A.	$ 6,300,000	6.44%	March 19, 2024
Wells Fargo Bank, N.A.	6,300,000	6.67%	June 20, 2024
	$ 12,600,000		

NOTE 10. SHORT-TERM NOTES

The Short-term note is a debt instrument issued under a program called "Global Program for the Issuance of Notes." Under the aforementioned program, the Bank may issue from time to time, notes denominated in U.S. dollars or other currencies, up to the maximum amount established in the program. The notes have maturities of not less than 30 days and not more than 3 years. The notes bear interest at fixed rates or at floating rate as established in each final terms and confirmation letter delivered to the issuing and paying agent. The notes constitute direct, unsecured and unsubordinated obligations of the Bank. The notes are not deposits and are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other U.S. or Puerto Rico governmental agency.

As of December 31, 2023, and 2022, the Bank had short-term notes outstanding amounting to $69,648,000 and $14,876,000, respectively, as follows:

December 31, 2023			
Balance	**Interest Payable**	**Interest Rate**	**Maturity Date**
$ 4,925,000	$ 237,016	5.50%	February 18, 2025
4,107,000	126,906	5.40%	June 5, 2024
4,101,000	168,870	5.45%	April 2, 2025
3,473,000	163,424	5.50%	February 25, 2025
2,848,000	116,198	5.40%	April 2, 2024
2,684,000	112,959	5.45%	March 26, 2024
2,351,000	107,754	5.50%	March 6, 2025
2,219,000	69,202	5.45%	June 5, 2025
1,855,000	68,728	5.40%	April 24, 2024
1,845,000	80,163	5.45%	March 14, 2025
1,841,000	60,758	5.45%	May 23, 2025
1,839,000	78,893	5.40%	March 15, 2024
1,821,000	59,822	5.45%	May 27, 2025
1,723,000	69,006	5.40%	April 4, 2024
1,691,000	55,042	5.40%	May 24, 2024
1,687,000	44,963	5.05%	June 21, 2024
1,637,000	55,494	5.40%	May 15, 2024
1,628,000	71,135	5.50%	March 18, 2025
1,608,000	51,988	5.15%	May 15, 2026
1,608,000	52,582	5.40%	May 23, 2024
1,599,000	54,708	5.45%	May 15, 2025
1,585,000	56,822	5.40%	April 7, 2024
1,458,000	61,803	5.45%	March 21, 2025
1,429,000	49,944	5.40%	May 8, 2024

December 31, 2023			
Balance	**Interest Payable**	**Interest Rate**	**Maturity Date**
1,397,000	47,149	5.40%	May 16, 2024
1,388,000	50,681	5.50%	May 6, 2025
1,249,000	44,057	5.45%	May 8, 2025
1,223,000	48,139	5.45%	April 11, 2025
1,130,000	43,452	5.45%	April 22, 2025
1,129,000	47,249	5.40%	March 22, 2024
1,119,000	43,641	5.40%	April 11, 2024
1,091,000	50,568	5.40%	February 22, 2024
1,090,000	50,358	5.40%	February 25, 2024
1,088,000	45,131	5.45%	March 27, 2025
1,083,000	23,852	5.05%	July 24, 2024
1,048,000	42,361	5.45%	April 4, 2025
1,029,000	33,804	5.45%	May 24, 2024
1,022,000	38,061	5.45%	April 25, 2025
$ 69,648,000	**$ 2,682,683**		

December 31, 2022			
Balance	**Interest Payable**	**Interest Rate**	**Maturity Date**
$ 3,447,000	$ 34,125	3.60%	March 22,2023
3,371,000	25,470	3.40%	February 14,2023
3,005,000	38,389	3.65%	February 28,2023
2,793,000	20,482	3.30%	January 11,2023
1,243,000	16,257	3.65%	February 22, 2023
1,017,000	7,396	3.40%	February 14,2023
$ 14,876,000	**$ 142,119**		

As of December 31, 2023, and 2022 the Weighted Average interest rate of short-term notes were 5.42% and 3.50%, respectively.

NOTE 11. RELATED PARTY TRANSACTIONS

The Bank has material transactions with affiliated entities at terms and conditions arranged by management of the affiliated group. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions or results of operations that would have existed if the Bank had been operating as an unaffiliated entity.

Over time, the Bank has granted loans, borrowed money and engaged in other transactions with related parties.

The transactions and outstanding balances with related parties are the following:

	Related Party	
	December 31 2023	**December 31, 2022**
Assets		
Cash and cash equivalents	$ 17,734,295	$ 18,102,668
Loans	140,000,000	135,000,000

	Related Party	
	December 31 2023	December 31, 2022
Interest receivable	2,912,628	1,357,554
Liabilities		
Deposits	83,977,216	66,039,564
Borrowing from affiliates	11,164,625	10,666,000
Income		
Interest income	9,887,786	3,978,161
Expense		
Interest expense	547,360	167,891
Other expense	595,264	74,977

The Bank had a total amount of $140,000,000 and $135,000,000 in loans outstanding with related parties as of December 31, 2023 and 2022. The principal amounts outstanding under these loans as of December 31, 2023 and 2022 are:

December 31, 2023					
Entitiy	Amount Outstanding (1)	Interest Receivable	Interest Income	Interest Rate	Maturity Date
Bancolombia S.A.	$ 25,000,000	$ 435,801	$1,723,508	7.56%	October 16, 2025
Bancolombia S.A.	20,000,000	305,675	1,386,421	7.54%	July 21, 2025
Bancolombia S.A.	20,000,000	284,690	1,261,811	7.54%	July 25, 2025
Banco Agromercantil De Guatemala S.A.	20,000,000	143,377	1,192,304	6.79%	May 22, 2024
Bancolombia S.A.	15,000,000	792,786	792,786	5.66%	January 25, 2024
Banco Agromercantil De Guatemala S.A.	10,000,000	508,177	506,381	6.46%	March 18, 2024
Bancolombia S.A.	10,000,000	107,796	294,303	7.46%	August 18, 2026
Bancolombia S.A.	10,000,000	8,239	6,591	5.93%	December 23, 2024
Bancolombia S.A.	10,000,000	326,087	493,071	6.08%	June 21, 2024
Bancolombia S.A. (2)	-	-	1,424,215	7.37%	December 1, 2023
Bancolombia S.A. (2)	-	-	241,921	2.41%	March 24, 2023
Bancolombia S.A. (2)	-	-	564,474	5.87%	December 1, 2023
	$ 140,000,000	**$ 2,912,628**	**$ 9,887,786**		

(1) These amounts are being paid to the affiliates regularly.

(2) As of December 31, 2023, these loans were paid by the affiliates.

December 31, 2022					
Entitiy	Amount Outstanding (1)	Interest Receivable	Interest Income	Interest Rate	Maturity Date
Bancolombia S.A.	$ 25,000,000	$ 331,206	$328,424	5.82%	October 16, 2025
Bancolombia S.A.	20,000,000	234,820	457,670	5.87%	July 21, 2025
Bancolombia S.A.	20,000,000	220,203	446,519	5.92%	July 25, 2025
Bancolombia S.A.	20,000,000	122,114	708,157	1.90%	December 1, 2023
Banco Agromercantil De Guatemala S.A.	20,000,000	105,855	105,855	0.88%	November 24, 2023
Bancolombia S.A.	10,000,000	186,299	186,299	0.70%	March 24, 2023
Bancolombia S.A.	10,000,000	117,857	117,857	0.50%	January 27, 2023
Bancolombia S.A.	10,000,000	39,200	39,200	0.75%	December 1, 2023
Banco Agromercantil de Guatemala S.A. (2)	-	-	515,086	1.77%	June 1, 2022

December 31, 2022					
Entitiy	**Amount Outstanding [1]**	**Interest Receivable**	**Interest Income**	**Interest Rate**	**Maturity Date**
Bancolombia S.A. [2]	-	-	486,996	1.57%	October 3, 2022
Bancolombia S.A. [2]	-	-	270,225	0.96%	December 5, 2022
Bancolombia S.A. [2]	-	-	224,815	1.29%	August 17, 2022
Bancolombia S.A. [2]	-	-	32,140	0.60%	February 18, 2022
Bancolombia S.A. [2]	-	-	23,663	0.69%	August 18, 2022
Bancolombia S.A. [2]	-	-	17,989	0.60%	February 28, 2022
Bancolombia S.A. [2]	-	-	13,995	0.61%	March 31, 2022
	$ 135,000,000	**$ 1,357,554**	**$ 3,974,890**		

(1) These amounts are being paid to the affiliates regularly.

(2) As of December 31, 2022, this loan was paid by the affiliate.

Additionally, the Bank had a total amount of $11,050,000 and $10,666,000 in uncollateralized borrowings outstanding with related parties as of December 31, 2023 and 2022. The principal amounts outstanding under these uncollateralized borrowings as of December 31, 2023 and 2022 are:

December 31, 2023					
Entity	**Amount Outstanding**	**Interest Payable**	**Interest Expense**	**Interest Rate**	**Maturity Date**
Bancolombia Panamá S.A.	$ 11,050,000	$ 114,625	$ 281,246	3.89%	March 26, 2024
	$ 11,050,000	**$ 114,625**	**$ 281,246**		

December 31, 2022					
Entity	**Amount Outstanding**	**Interest Payable**	**Interest Expense**	**Interest Rate**	**Maturity Date**
Bancolombia Panamá S.A.	$ 9,599,400	$ -	$ -	0.00%	March 31, 2023
Bancolombia Panamá S.A.	1,066,600	$ -	$ -	0.00%	March 31, 2023
	$ 10,666,000	**$ -**	**$ -**		

During the years ended December 31, 2023 and 2022, the administrative services fees were charged by an affiliate amounting to approximately $423,361 and $4,355, respectively.

NOTE 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying amount and the fair value of the assets and liabilities as of December 31, 2023 and 2022:

	December 31, 2023		December 31, 2022	
	Carrying amount	**Fair Value**	**Carrying amount**	**Fair Value**
Assets				
Investment securities trading, at fair value	$ 49,707,750	$ 49,707,750	$ 39,816,239	$ 39,816,239
Total	**$ 49,707,750**	**$ 49,707,750**	**$ 39,816,239**	**$ 39,816,239**

Fair Value Measurements

Under GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability.

GAAP establishes a fair value hierarchy that prioritizes the inputs and valuation techniques used to measure fair value into three levels in order to increase consistency and comparability in fair value measurements and disclosures. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for the fair value measurement are observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect the Bank's estimates about assumptions that market participants would use in pricing the asset or liability based on the best information available. The hierarchy is broken down into three levels based on the reliability of inputs as follow:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. Valuation on these instruments does not need a significant degree of judgment since valuations are based on quoted prices that are readily available in an active market. As of December 31, 2023 and 2022, all the Bank's trading securities are classified at level 1.

Level 2 Quoted prices other than those included in Level 1 that are observable either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or that can be corroborated by observable market data for substantially the full term of the financial instrument. As of December 31, 2023 and 2022, there were no securities classified at level 2.

Level 3 Unobservable inputs are significant to the fair value measurement. Unobservable inputs reflect the Bank's own assumptions about assumptions that market participants would use in pricing the asset or liability. For disclosure purposes, Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain loans and held to maturities instruments.

The Bank maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The inputs or methodologies used for valuating securities are not necessarily an indication of the risk associated with investing on these securities. As of December 31, 2023 and 2022, the Bank had trading securities measured at fair value. Fair value measurement is based upon quoted prices.

Assets and liabilities measured at fair value on a recurring basis

The following table presents for each of the Fair-Value hierarchy levels the Bank's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2023 and 2022:

Financial Assets								
Type of instrument	**December 31, 2023**				**December 31, 2022**			
	Fair value hierarchy			**Total fair value**	**Fair value hierarchy**			**Total fair value**
	Level 1	**Level 2**	**Level 3**		**Level 1**	**Level 2**	**Level 3**	
Investment securities								
Treasury securities issued by U.S. government	$ 49,707,750	$ -	$ -	$ 49,707,750	$ 39,816,239	$ -	$ -	$ 39,816,239
Total debt instruments at fair value through profit or loss	**$ 49,707,750**	**$ -**	**$ -**	**$ 49,707,750**	**$ 39,816,239**	**$ -**	**$ -**	**$ 39,816,239**

NOTE 13. CONCENTRATION OF CREDIT RISK

Credit Risk Quality

As of December 31, 2023, and 2022, management believes that the allowance for loan and lease losses represents an adequate estimate for loan and lease losses based upon an analysis of individual loans and the inherent risk characteristics of the portfolio.

As part of the on-going monitoring of the credit quality of the Bank's loan portfolio, management tracks certain credit quality indicators including trends related primarily to (i) the risk rating of loans, (ii) the loan payment status, (iii) net charge-offs, (iv) nonperforming loans, and (v) the general economic conditions in the main geographies where the Bank's borrowers conduct their businesses.

The Bank assigns a credit risk rating to identify the risk characteristics of each of its loans. Loans are rated on a monthly basis (or more frequently when the circumstances require it) on a scale from a category "E" (worst credit quality) to category "A" (best credit quality). The loans are grouped in these five credit risk categories for purposes of monitoring rising levels of potential loss risks and to enable the activation of collection or recovery processes as defined in the Bank's credit risk policies. The following is a summary of the risk ratings, as well as a description of the general characteristics of each of the risk ratings:

Category "A" rated loans reflect excellent structure and care. The financial statements of the debtors or cash flows of the project, as well as other credit information, indicate an optimum affordability in terms of the amount and source of income that borrowers have to meet required payments. At a minimum, a loan classified in this category should comply with this condition: loans granted and not showing more than 60 days delinquent on their contractual obligations; that is, between 0 and 60 days in arrears.

Category "B" rated loans are cared for and protected in an acceptable manner, but there are weaknesses that could potentially affect, temporarily or permanently, the debtor's ability to pay or cash flows of the project, so that, if not corrected promptly, they would affect the normal collection of credit or contract. A loan might be classified in this category with this condition: loans granted and showing arrears of not less than 61 days and less than 120 days in their contractual obligations; that is, between 61 and 120 days in arrears. However, other qualitative factors are considered to assign this Category.

Category "C" loans or contracts have insufficient capacity in the debtor's payment or cash flows of the project, which compromise the normal collection of the obligation on agreed terms. A loan might be classified in this category with this condition: loans granted and showing arrears of not less than 121 days but less than 150 days on its contractual obligations; that is, between 121 and 150 days in arrears. However, other qualitative factors are considered to assign this Category.

Category "D" loans or contracts have serious deficiencies in the payment capacity of the obligor or cash flows of the project that significantly compromise the collection of the obligation on agreed terms. A loan might be classified in this category with this condition: loans granted and showing arrears of not less than 151 days and less than 360 days on its contractual obligations; that is, between 151 and 360 days in arrears. However, other qualitative factors are considered to assign this Category.

Category "E" loans or contracts are considered in default and very unlikely to be collectible. Loans or contracts within this category are 361 days or more in arrears and/or present a high risk of default due to other qualitative factors.

The following is a detail of the loan portfolio by rating:

		December 31, 2023		
Rating	**Loan Count**	**Balance**	**Allowance**	**Total**
Category A	362	$ 414,280,193	$ (2,399,238)	$ 411,880,955
Category B	6	619,835	(5,776)	614,059
Category D	5	677,526	(291,702)	385,824
Category E	2	163,496	(102,775)	60,721
Total	**375**	**$ 415,741,050**	**$ (2,799,491)**	**$ 412,941,559**

		December 31, 2022		
Rating	**Loan Count**	**Balance**	**Allowance**	**Total**
Category A	*343*	$ 347,894,498	$ (872,620)	$ 347,021,878
Category B	6	274,101	(390)	273,711
Category C	3	227,940	(88,299)	139,641
Category D	1	72,529	(40)	72,489
Category E	1	1,220,921	(1,193,450)	27,471
Total	**354**	**$ 349,689,989**	**$ (2,154,799)**	**$ 347,535,190**

A concentration of credit risk exists within the Bank's loan portfolio since most of its business activity is concentrated in Latin America.

The Bank's loans outstanding at December 31,2023 and 2022 by country, are summarized as follows:

Loans	**December 31, 2023**	**December 31, 2022**
Colombia	289,944,107	225,157,763
Costa Rica	67,877,317	72,667,323
Guatemala	30,000,000	20,000,000
Peru	17,124,089	14,615,000
Panama	6,817,537	11,326,412
Mexico	3,978,000	5,396,858
El Salvador	-	526,633
Total	**$ 415,741,050**	**$ 349,689,989**

As of December 31, 2023 and 2022, the Bank has granted loans to six customers aggregating approximately $283,147,528 and $242,447,966 respectively. The Bank is not subject to limitations on loans to one borrower.

Credit Risk Management

1. Loans and financial leases

The Bank's comprehensive risk management is developed in compliance with current regulations and internal standards as defined by the Board of Directors, in relation to credit risk.

The efforts were aimed at managing the portfolio, permanent review processes continue to be carried out on the quality of the portfolio, to continue ensuring adequate coverage of the past-due portfolio, the methodologies used to calculate provisions continue to recognize the incidence of changes in the macroeconomic environment in all markets in the estimate of expected losses. Similarly, the estimation processes for individual provisions continue to recognize the impact generated by the situation on the financial and risk profile of each debtor, adapting the best practices available in the industry.

The following table shows the 30+ day past due loan ratio on portfolio loans:

	December 31, 2023	December 31, 2022
Total Past-due loans	$ 597,921	$ 1,289,051
% Past-due loans	0.14%	0.37%

The monitoring of the credit portfolio continues to be a key factor in the identification and application of strategies in different credit cycle stages.

Risk management during the credit life cycle is developed through the fulfillment of the policies, procedures and methodologies stipulated in the Credit Risk Administration System, in accordance with the strategy approved by the Board of Directors for monitoring and controlling credit risk.

The Credit Risk Administration System also contains the general criteria to evaluate, classify, measure, and mitigate credit risk. In addition, the credit risk department has developed methodologies and manuals that specify the policies and procedures for different products and segments managed by the Bank.

To maintain credit quality and manage the risk arising from its lending activities, the Bank has established general loan policies, including the following:
Credit exposure limits: Contains guidelines with regards to the establishment of credit exposure limits. This is set as a result of legal requirements and according to the Bank's internal guidelines.

Origination policies: These policies aim to acquire ample and sufficient knowledge of the characteristics of potential borrowers and to select them properly. The risk level of the individual and legal entities is determined using rating and scoring models which define cut-off points that are applied in the process of issuing credit. These models use information such as the credit history of the borrower, sociodemographic particularities, the type of business the borrower engages in, the borrower's ability to repay the loan, and information received from the credit risk bureaus. In addition, sectorial and macroeconomic behavior is taken into account. Loan applications, depending on their amount and risk level, are presented for approval at the level of management authority required.

Collateral policies: For the purpose of mitigating risk associated with non-fulfillment of obligations agreed upon by the borrower, the Bank has established policies for the valuation of collateral received as well as for the determination of the maximum loan amount that can be granted against the value of the collateral.

Allowance policies: The objective of this policy is to fulfill legal requirements and the Bank's business policies. In addition, this policy is meant to provide the guidelines to analyze the client's status and take the necessary actions in order to mitigate credit risk to which the Bank is exposed.

Monitoring policies: Contains various monitoring procedures, portfolio reports and policies for the purpose of overseeing, in an adequate and timely manner, the evolution of credit risk. These procedures include a continuous process of classification and reassessment of credit operations, and they maintain consistency with the policies implemented for granting loans.

Portfolio recovery policies: Through these policies, the Bank aims to establish those mechanisms that allow it to anticipate the action to be taken in the event of possible delays and minimize the impact resulting from non-fulfillment of payment or delays by the borrower. Additionally, the aspects established in this policy delimit what the Bank has defined as collection management and that make it possible to obtain information to improve the origination policies and the allowances for loans and advances and lease losses models. The established actions are combined with strategies to adjust to the economy, market and costumer conditions, allowing the Bank to offer alternatives tailored to each case, such as modifications, restructuring, and so on.

Management of credit risk is carried out through all the credit life cycle. These processes are defined in the following way:

Origination: Knowing the borrower, payment capacity analysis, payment behavior and credit approval and structure.

Monitoring: Knowing the borrower's situation during the life of the credit.

Recovery: Collection management during the different stages of the same credit.

In order to support the credit origination processes, the Bank develops models, methodologies and analytic techniques based on statistical information or criteria from experts, which differentiate the risk levels of potential borrowers in order to support the decision-making process.

The Risk Corporate Vice Presidency is in charge of defining and documenting the specific characteristics of the models, methodologies and analytics techniques, as well as the parameters, variables and the cut-off points that are applied in the process of issuing credit, according to market and product conditions, as well as the appetite framework approved by the board of directors. Those models, methodologies and analytic techniques can incorporate different kinds of variables such as social demographic, qualitative issues, internal and external behavior, product parameters, etc. In addition, as defined for regulatory basis, Risk Corporate Vice Presidency performs back testing to these models and methodologies in order to evaluate their effectiveness, reporting their results to the board of directors.

The Risk Corporate Vice Presidency establishes through internal guidelines the scoring or cut-off points required in the different process of issuing credit. In the same way, this Vice Presidency can adjust parameters to give a different score considering relevant qualitative and quantitative information, such as customer´s sector, financial indicators, historical payment behavior, etc.

In addition to the evaluation and qualification of the portfolio, the monthly allowance for loans and advances and lease losses serves to measure the present condition of the portfolio and the methodologies used for its calculation serve as a tool to evaluate risk, be it in a collective or individual manner. Collective evaluation of the portfolio applies the following parameters for measuring risk: probability of default (PD), loss given default (LGD) and exposure at default (EAD).

Rating System for Credit Risk Management

The principal aim of this rating system is to determine the risk profile of the borrower, which is obtained through a rating.

The rating for corporate loans is assigned principally based on the analysis of the interrelation of both qualitative and quantitative elements that can affect the fulfillment of the financial commitments acquired by a borrower. Information from financial statements, profit and loss statements, historical payment behavior both with the Bank and with other entities, and qualitative information on variables that are not explicit in the financial statements are taken into account.

Analysis of the behavior and impairment of the loan portfolio and financial leases

The 30-day past due loan ratio stood at 0.14% in December 2023 compared to 0.37% in December 2022, this decrease has been driven by the support given for the bank to costumers, in the conditions of their credits.

In order to monitor credit risk associated with clients, the Bank has established regular meetings conducted by the AEC (Specialized Client Administration) Committee to identify events that can lead to a reduction in borrowers' ability to pay. Generally, clients with good credit behavior could be included in the watch list in case of detecting any event that can lead to future financial difficulties to repay their loans; for instance, internal factors such as the economic activity and sector, financial weakness, impacts of macroeconomic conditions, changes in corporate governance and other situations that could affect clients' business. The amount included in the described watch list, as of December 31, 2023 and December 2022 is shown below.

	December 31, 2023		December 31, 2022	
Risk level	**Balance**	**% Part.**	**Balance**	**% Part.**
Level 1 - Low Risk	$ 60,058,883	14.45%	$ 14,944,856	4.27%
Level 2 - Medium Risk	4,076,924	0.98%	6,237,230	1.78%
Level 3 - High Risk	434,426	0.10%	-	0.00%
Level 4 - High Risk	-	0.00%	1,220,921	0.34%
Not Risk Level	351,170,817	84.47%	327,286,982	93.61%
Total	**$ 415,741,050**	**100.00%**	**$ 349,689,989**	**100.00%**

Concentration by past due days

The following table shows the loans and leases according to past due days. Loans or leases are considered past due if it is more than one month overdue (i.e. 31 days):

December 31, 2023						
		Past-due				
Period	0 – 30 days	31 – 90 days	91 – 120 days	121 – 360 days	More than 360 days	Total
Commercial	$ 415,143,129	$ -	$ -	$ 597,921	$ -	$ 415,741,050
Total	**$ 415,143,129**	**$ -**	**$ -**	**$ 597,921**	**$ -**	**$ 415,741,050**

December 31, 2022						
		Past-due				
Period	0 – 30 days	31 – 90 days	91 – 120 days	121 – 360 days	More than 360 days	Total
Commercial	$ 347,874,305	$ -	$ -	$ 68,130	$ 1,220,921	$ 349,163,356
Financial Leases	526,633	-	-	-	-	526,633
Total	**$ 348,400,938**	**$ -**	**$ -**	**$ 68,130**	**$ 1,220,921**	**$ 349,689,989**

Concentration of loans by economic sector

The following table contains the detail of the portfolio of loans and leases by main economic activity of the borrower:

	December 31, 2023		December 31, 2022	
Economic Sector	**Balance**	**% Part.**	**Balance**	**% Part.**
Financial services	$ 153,844,355	37.00%	$ 140,505,598	40.18%
Commerce	90,638,168	21.80%	67,747,131	19.37%
Agroindustry	103,916,799	25.00%	65,777,410	18.81%
Manufacture	51,561,969	12.40%	59,525,806	17.02%
Construction	3,941,467	0.95%	8,432,286	2.41%
Non-financial services	11,838,292	2.85%	7,701,758	2.20%
Total	**$ 415,741,050**	**100.00%**	**$ 349,689,989**	**100.00%**

2. Other Financial Instruments:

Each one of the positions that make up the portfolio complies with the policies and limits that seek to diminish credit risk exposure. Those policies are, among others:

● Term Limits: Each borrower is evaluated by the Risk Committee, in which the result of the authorized model for this type of borrower is reviewed (quantitative and qualitative variables), which allows the Committee to establish the maximum term for which the Bank wishes to have exposure.

● Credit Limits: Limits approved under the model and with authorization from the Risk Committee, as well as the exposure, are monitored in line or batch, in such a way that the presentation of excesses is mitigated.

● Counterparty Limits: These limits, derived from the credit limits or from allocation models and are verified by the Front Office prior to the close of operations.

● Counterparty Alerts: There are financial, qualitative and market indicators that allow the Bank to establish damages to the credit quality of an issuer or counterparty.

Credit Quality Analysis

In order to evaluate the credit quality of a counterparty or issuer (to determine a risk level or profile), the Bank relies on two rating systems: an external one and an internal one, both of which allow to identify a degree of risk differentiated by segment and country and to apply the policies that have been established for issuers or counterparties with different levels of risk, in order to limit the impact on liquidity and/or the income statement of the Bank.

- **External credit rating system** is divided by the type of rating applied to each instrument or counterparty; in this way the geographic location, the term and the type of instrument allow the assignment of a rating according to the methodology that each examining agency uses.

- **Internal credit rating system**: The "ratings or risk profiles" scale is created with a range of levels that go from low exposure to high exposure (this can be reported in numerical or alphanumerical scales), where the rating model is sustained by the implementation and analysis of qualitative and quantitative variables at sector level, which according to the relative analysis of each variable, determine credit quality; in this way the internal credit rating system aims to establish adequate margin in decision-making regarding the management of financial instruments.

In accordance with the criteria and considerations specified in the internal rating allocation and external credit rating systems methodologies, the following schemes of relation can be established, according to credit quality given to each one of the qualification scales:

- **Low Risk:** All investment grade positions (from AAA to BBB-), as well as those issuers that according to the information available (financial statements, relevant information, external ratings, CDS, among others) reflect adequate credit quality.

- **Medium Risk:** All speculative grade positions (from BB+ to BB-), as well as those issuers that according to the available information (Financial statements, relevant information, external qualifications, CDS, among others) reflect weaknesses that could affect their financial situation in the medium term.

- **High Risk:** All positions of speculative grade (from B+ to D), as well as those issuers that according to the information available (Financial statements, relevant information, external qualifications, CDS, among others) reflect a high probability of default of financial obligations or that already have failed to fulfill them.

The following table shows the maximum exposure to credit risk according to risk level as of December 31, 2023 and December 2022:

	Debt Instruments	
Risk level	**December 31, 2023**	**December 31, 2022**
Low Risk	$ 52,425,220	$ 62,057,615
Medium Risk	1,795,672	10,186,254
High Risk	2,963,842	2,974,727
Total	**$ 57,184,734**	**$ 75,218,596**

Credit risk concentration

The Bank must control on a periodic basis the risk of positions of the Investment companies with the same issuer or counterparty stands, below the legal limits.

By the same way, the positions of the Bank are verified in respect of the authorized risk levels in each country in order to guarantee the alerts and positions limits, that are considered outside of the Bank risk appetite.

Concentration by economic sector

The following table shows the maximum exposure to credit risk according to economic sector as of December 31, 2023 and December 2022:

	December 31, 2023		December 31, 2022	
Economic Sector	**Balance**	**% Part.**	**Balance**	**% Part.**
Corporate	$ 26,719,385	46.72%	$ 35,066,270	46.61%
Financial	15,730,259	27.51%	17,858,398	23.75%
Government	14,735,090	25.77%	22,293,928	29.64%
Total	**$ 57,184,734**	**100.00%**	**$ 75,218,596**	**100.00%**

Concentration by geographical region

The following table shows the maximum exposure to credit risk according to geographical region as of December 31, 2023 and December 2022:

	December 31, 2023		December 31, 2022	
Geographical region	**Balance**	**% Part.**	**Balance**	**% Part.**
Latin America	$ 57,184,734	100.00%	68,001,687	90.40%
Others	-	0.00%	7,216,909	9.60%
Total	**$ 57,184,734**	**100.00%**	**$ 75,218,596**	**100.00%**

NOTE 14. REGULATORY REQUIREMENTS

Each international banking entity operating pursuant to the IBC Act's provisions is required to maintain certain minimum capital levels. The IBC Act provides that an international banking entity may be deemed insolvent when its capital has been reduced to less than one-third of the institution's original common stock and paid-in capital. At December 31, 2023 and 2022, the Bank's capital exceeded this amount.

NOTE 15. SAVING PLAN

The Bank has a defined contribution plan named "Bancolombia Puerto Rico International, Inc. CODA Profit Sharing Plan" in which the employees make contributions to their established accounts in a master trust sponsored by a financial institution. Any employee who meets certain service requirements is eligible for participation in the Plan. Members of the Plan can contribute up to $15,000 of their annual salaries of wages which is the maximum deferrable amount allowed by local law. The Bank's contribution to the plan is discretionary. The Bank generally contributes 50 cents for each dollar contributed by the employees up to the maximum allowed by local law. The Bank's contributions to the plan amounted to $12,344 and $24,679 for the years ended December 31, 2023 and 2022, respectively. In addition, the Bank paid $10,945 and $3,573 related to the administrative expenses of the defined contribution plan for the years ended December 31, 2023 and 2022, respectively.

NOTE 16. IMPACTS ON APPLICATION OF NEW STANDARDS

Upon adoption of ASC 326 on January 1, 2022, the Bank recognized the following impacts as first-time adoption adjustment related to CECL model for allowances for financial instruments losses:

Retained earnings: The following table analyses the impact of transition to ASC 326 on Retained earnings:

	Impact of adopting ASC 326
Retained earnings	
Closing balance as of 31 December 2021 under ASC 310	**$ 11,795,428**
Recognition of expected credit losses for loans and financial leases	(885,491)
Recognition of expected credit losses for debt instruments at Amortized cost	(555,375)
Retained earnings after impact on application ASC 326	**$ 10,534,562**

NOTE 17. SUBSEQUENT EVENTS

The Bank has performed an evaluation of subsequent events through February 20, 2024, the date the financial statements were available to be issued, and has determined that there are no other subsequent events that require recognition or disclosure on these financial statements.