

**SEPARATED** CONDENSED

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# FINANCIAL STATEMENTS



**Third Quarter**

**2023**

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## 1. ABOUT BANCO POPULAR

Banco Popular S.A. is a Colombian Public Limited (Liability) Company, of a private nature, with a history of more than 70 years in the financial market, throughout which it has been committed to providing financial support and accompaniment to all its clients to help them achieve their goals. The Bank is part of the Aval Financial Conglomerate, one of the most representative financial groups in Colombia, as well as one of the leading banking groups in Central America by asset level.

Banco Popular has established itself as a customer-focused organization that builds trust, shares knowledge, develops its human talent and creates spaces for innovation and transformation. These features have allowed it to give a great value offer, aimed at its customers in the segments of Personal Banking, Small and Medium Enterprise (SME), Business and Government. Thus, the entity has built its leadership servicing pensioners, educators, formal workers and public forces, in addition to building a solid relationship with public and private entities in the country.

In this way, the Bank, leveraging its business model and the 2025 strategy, continues to work to honor its purpose of being a sustainable company that creates experiences that positively transform people's lives and thus continue to be chosen, loved and recommended by people.

In September 2022, the organization received the following risk ratings from BRC Standard & Poor's y Value & Risk Rating:

- AAA (Triple A), with a stable outlook for long-term debt.
- BRC 1+ (one more) and VrR 1+ (one more) for short-term debt.
- AAA for ordinary bonds and AA+ for subordinated bonds, by BRC Standard & Poor's.

**ACCUMULATED FINANCIAL RESULTS FOR THE THIRD  
QUARTER OF 2023**

- As of September 2023, the Bank reported a quarterly Accumulated Net Loss of \$290,797 mainly impacted by the increase in market rates derived from the post-pandemic effect.
- Return on Average Assets at the end of the third quarter of 2023 was (1.2%) and the Return on Average Equity was (13.8%)
- Total Assets were \$29,921,730. Total Liabilities were located at \$27,232,703
- Gross Portfolio totaled \$21,965,343 decreasing 13.91% compared to the third quarter of 2022, and 7.42% compared to the second quarter of 2023.
- Portfolio Quality by temporality reaches a level of 4.16% and the Quality indicator C, D, E, a total of 5.08%.
- The Portfolio Quality Indicator greater than 30 days was 4.18% and the Portfolio Quality Indicator greater than 90 days was 2.91%. Consolidated Net Cost of Risk for the quarter was 0.87%.
- Deposits totaled \$23,335,184, representing 85.69% of Total Liabilities. Savings Accounts contribute 48.65%, followed by CDTs with 46.97% of total Deposits, Checking Accounts with 4.22% and Other Deposits with 0.16%.
- Deposits over Net Portfolio Indicator in the third quarter of 2023 was 1.13x.
- The Total Solvency Indicator was 10.66% under Basel III standards, while Total Basic Solvency was 9.73%.
- The accumulated Net Interest Margin (NIM) was 2.0% at the end of September 2023, decreasing 4 bps compared to the second quarter of 2023. The NIM of Investments was (0.4%) and that of the Portfolio was 2.3%.
- The Commission Income Indicator for the quarter was 4.4%, with a growth of 0.2% compared to the second quarter of 2023.
- The accumulated Efficiency Indicator was 168.4% and Operating Expenses on Average Assets was 4.0% for the third quarter of 2023.

## 2. QUARTERLY INFORMATION

### 2.1 Financial Information

BANCO POPULAR S.A.							
Separate Condensed Statement of Financial Position							
	September 2023	June 2023	September 2022	September 2023 / September 2022		September 2023 / June 2023	
				Abs	%	Abs	%
<b>ASSETS</b>							
Cash and Cash Equivalents	2,288,581	1,658,268	2,319,162	(30,581)	(1.32%)	630,313	38.01%
<b>Investment Financial Assets:</b>							
Financial Assets held for Trading	423,392	453,725	242,492	180,900	74.60%	(30,333)	(6.69%)
Financial Assets available for Sale	2,029,054	2,201,053	3,029,190	(1,000,136)	(33.02%)	(171,999)	(7.81%)
Financial Assets held to Maturity	1,777,594	1,825,019	1,150,244	627,350	54.54%	(47,425)	(2.60%)
Impairment of Financial Investment Assets	(690)	(690)	(690)	-	-	-	-
<b>Total Financial Investment Assets, Net</b>	<b>4,229,350</b>	<b>4,479,107</b>	<b>4,421,236</b>	<b>(191,886)</b>	<b>(4.34%)</b>	<b>(249,757)</b>	<b>(5.58%)</b>
Loan and Financial Leasing Portfolio, Net	20,675,328	22,435,850	24,225,049	(3,549,721)	(14.65%)	(1,760,522)	(7.85%)
Other Accounts Receivable, Net	337,037	328,961	282,751	54,286	19.20%	8,076	2.46%
Investments in Subsidiaries, Associates and Joint Ventures, Net	974,822	981,006	789,558	185,264	23.46%	(6,184)	(0.63%)
Non-current Assets held for Sale	5,236	6,822	-	5,236	100.00%	(1,586)	(23.25%)
Tangible Assets, Net	550,769	571,570	562,025	(11,256)	(2.00%)	(20,801)	(3.64%)
Intangible Assets, Net	343,659	323,381	273,561	70,098	25.62%	20,278	6.27%
<b>Income Tax Asset</b>							
Current	250,870	213,898	91,624	159,246	173.80%	36,972	17.28%
Deferred	264,157	208,358	37,986	226,171	595.41%	55,799	26.78%
Other Assets	1,921	1,386	1,050	871	82.95%	535	38.60%
<b>Total Assets</b>	<b>29,921,730</b>	<b>31,208,607</b>	<b>33,004,002</b>	<b>(3,082,272)</b>	<b>(9.34%)</b>	<b>(1,286,877)</b>	<b>(4.12%)</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
Financial Liabilities at Fair Value	9,133	11,406	30,706	(21,573)	(70.26%)	(2,273)	(19.93%)
Financial Liabilities at Amortized Cost	26,516,915	27,659,447	29,094,086	(2,577,171)	(8.86%)	(1,142,532)	(4.13%)
Accounts Payable and other Liabilities	321,772	369,799	458,098	(136,326)	(29.76%)	(48,027)	(12.99%)
Provisions	17,790	18,499	18,645	(855)	(4.59%)	(709)	(3.83%)
Employee Benefits	367,093	373,273	416,821	(49,728)	(11.93%)	(6,180)	(1.66%)
<b>Total Liabilities</b>	<b>27,232,703</b>	<b>28,432,424</b>	<b>30,018,356</b>	<b>(2,785,653)</b>	<b>(9.28%)</b>	<b>(1,199,721)</b>	<b>(4.22%)</b>
<b>EQUITY</b>							
Subscribed and Paid Capital	77,253	77,253	77,253	-	-	-	-
Premium on Share Placement	63,060	63,060	63,060	-	-	-	-
Reserves	2,762,791	2,762,791	2,674,030	88,761	3.32%	-	-

BANCO POPULAR S.A.							
Separate Condensed Statement of Results							
	September 2023	June 2023	September 2022	September 2023 / September 2022		September 2023 / June 2023	
				Abs	%	Abs	%
Net (Loss) Profit for the Period	(176,100)	(100,088)	305,877	(481,977)	(157.57%)	(76,012)	75.95%
Other Comprehensive Income	(37,977)	(26,833)	(134,574)	96,597	(71.78%)	(11,144)	41.53%
<b>Equity</b>	<b>2,689,027</b>	<b>2,776,183</b>	<b>2,985,646</b>	<b>(296,619)</b>	<b>(9.93%)</b>	<b>(87,156)</b>	<b>3.14%</b>
<b>Total Liabilities and Equity</b>	<b>29,921,730</b>	<b>31,208,607</b>	<b>33,004,002</b>	<b>(3,082,272)</b>	<b>(9.34%)</b>	<b>(1,286,877)</b>	<b>(4.12%)</b>

BANCO POPULAR S.A.							
Separate Condensed Statement of Results							
	September 2023	June 2023	September 2022	September 2023 / September 2022		September 2023 / June 2023	
				Abs	%	Abs	%
Income from Interests and Similar	2,633,831	1,800,475	2,093,247	540,584	25.83%	833,356	46.29%
Expenses from Interests and Similar	(2,253,171)	(1,529,744)	(1,079,774)	(1,173,397)	108.67%	(723,427)	47.29%
<b>Net Income from Interests and Similar</b>	<b>380,660</b>	<b>270,731</b>	<b>1,013,473</b>	<b>(632,813)</b>	<b>(62.44%)</b>	<b>109,929</b>	<b>40.60%</b>
Losses due to Impairment of Financial Assets, Net	(174,811)	(143,321)	(116,879)	(57,932)	49.57%	(31,490)	21.97%
<b>Net Income from Interests after Impairment Loss</b>	<b>205,849</b>	<b>127,410</b>	<b>896,594</b>	<b>(690,745)</b>	<b>(77.04%)</b>	<b>78,439</b>	<b>61.56%</b>
Net Income from Commissions and Fees	53,990	35,157	80,965	(26,975)	(33.32%)	18,833	53.57%
Net Income (Expenses) from Assets and Liabilities at Fair Value through Profit or Loss	94,047	60,446	(8,347)	102,394	(1,226.72%)	33,601	55.59%
Other Income	79,066	48,123	171,154	(92,088)	(53.80%)	30,943	64.30%
Other Expenses	(943,044)	(659,742)	(921,588)	(21,456)	2.33%	(283,302)	42.94%
<b>(Loss) Profit before Income Taxes</b>	<b>(510,092)</b>	<b>(388,606)</b>	<b>218,778</b>	<b>(728,870)</b>	<b>(333.16%)</b>	<b>(121,486)</b>	<b>31.26%</b>
Income Tax	219,295	171,093	(46,220)	265,515	(574.46%)	48,202	28.17%
<b>Net (Loss) Profit for the Period</b>	<b>(290,797)</b>	<b>(217,513)</b>	<b>172,558</b>	<b>(463,355)</b>	<b>(268.52%)</b>	<b>(73,284)</b>	<b>33.69%</b>

Main Indicators	September de 2023	June 2023	September de 2022
<b>Profitability Ratios</b>			
ROA	(1.21%)	(1.30%)	0.71%
ROE	(13.77%)	(15.20%)	7.67%
<b>Accumulated Administrative Efficiency (Administrative Expenses + Personnel without Depreciation / Profits, Interests and Investments without Dividends + Net Commissions + Other</b>	<b>168.43%</b>	<b>179.00%</b>	<b>79.88%</b>
<b>Portfolio Quality</b>			
Portfolio Quality by Temporality	4.16%	3.60%	2.90%
Quality C, D, E, Total	5.08%	4.50%	3.84%
<b>Solvency</b>	<b>10.66%</b>	<b>10.40%</b>	<b>11.36%</b>

## 2.2 Analysis of the Financial Situation Statement

The following is a summary of the main impacts in the June - September 2023 quarter of the Financial Position Statement of Banco Popular S.A.

### 2.2.1 Assets

The Bank's assets were \$29,921,730 at the end of September 30 2023, compared to the assets recorded at the end of June 30, 2023 of \$31,208,607, with a decrease of \$1,286,877, which in percentage terms represented a net decrease of 4.12%.

#### Cash

As of September 30, 2023, the balance of Cash and Deposits in central banks was \$2,288,581, decreasing 1.32% compared to September 2022 and increasing 38.01% compared to June 2023.

#### Loan Portfolio

The previous decrease occurs in the Loan Portfolio for \$1,760,522, corresponding to the commercial portfolio for \$371,437 and the consumer portfolio for \$641,099, basically due to portfolio sales operations with the following impact during the third quarter of 2023:

Purchasing Entity	Portfolio Type	Product	Status	# of Oblig.	Capital Balance	Current Interests	Default Interest	Accounts receivable	Total Provision	Sale Price	Sales Provision Recovery	Net Provision Recovery
APEX ASSET MANAGEMENT	CONSUMER	LB	OVERDUE	1,968	74,723	1,734	83	140	75,567	7,696	67,856	7,712
APEX ASSET MANAGEMENT	CONSUMER	NV	OVERDUE	83	1,002	49	2	4	1,057	103	938	119
APEX ASSET MANAGEMENT	CONSUMER	TC	OVERDUE	2,614	6,044	295	29	227	6,554	623	5,876	678
AV VILLAS	CONSUMER	LB	CURRENT	8,473	146,121	1,633	-	-	4,103	147,771	(3)	4,106
BCO BOGOTA	COMMERCIAL	NV	CURRENT	298	264,350	3,777	6	32	3,764	268,157	-	3,764
BCO BOGOTA	CONSUMER	LB	CURRENT	20,837	744,286	8,368	4	-	26,894	750,264	28	26,866
BCO BOGOTA	COMMERCIAL LEASING	LE	CURRENT	6	6,527	116	-	-	85	6,652	-	85
BCO OCCIDENTE	CONSUMER	LB	CURRENT	8,816	146,833	1,725	1	-	3,741	147,723	(57)	3,798
CITI SUMMA	CONSUMER	TC	CURRENT	2,927	8,909	2,288	0	296	6,536	846	10,476	(3,941)
Total Sales Reported				46,022	1,398,795	19,985	125	699	128,301	1,329,835	85,114	43,187

As of September 30 2023, the Consumer Portfolio represented 68.38% of the total portfolio, followed by 26.20% in the Commercial Portfolio, 5.41% in the Mortgage Portfolio and 0.01% in the Microcredit Portfolio. Interbank and Overnight Funds totaled \$7,690 at the end of the third quarter of 2023, with a quarterly decrease of 96.67%. Portfolio Provision was \$1,290,015 as of September 30 2023, bringing the Net Portfolio to \$20,675,328.

The following table shows additional details about the Loan Portfolio by product:

Portfolio Classification							
	September 2023	June 2023	September 2022	September 2023 / September 2022		September 2023 / June 2023	
				Abs.	%	Abs.	%
<b>Portfolio and Leasing Portfolio</b>							
Commercial Portfolio and Commercial Leasing	5,747,340	6,458,135	7,172,373	(1,425,033)	(19.87%)	(710,795)	(11.01%)
Consumer Portfolio and Consumer Leasing	15,020,998	15,828,774	16,479,301	(1,458,303)	(8.85%)	(807,776)	(5.10%)
Mortgage Portfolio and Mortgage Leasing	1,188,200	1,207,190	1,236,585	(48,385)	(3.91%)	(18,990)	(1.57%)
Microcredit Portfolio and Microcredit Leasing	1,115	1,357	1,904	(789)	(41.44%)	(242)	(17.83%)
<b>Total Portfolio and Leasing Portfolio</b>	<b>21,957,653</b>	<b>23,495,456</b>	<b>24,890,163</b>	<b>(2,932,510)</b>	<b>(11.78%)</b>	<b>(1,537,803)</b>	<b>(6.55%)</b>
Repos, Interbank and Others	7,690	231,229	623,891	(616,201)	(98.77%)	(223,539)	(96.67%)
<b>Total Portfolio and Leasing Portfolio</b>	<b>21,965,343</b>	<b>23,726,685</b>	<b>25,514,054</b>	<b>(3,548,711)</b>	<b>(13.91%)</b>	<b>(1,761,342)</b>	<b>(7.42%)</b>
<b>Portfolio and Leasing Portfolio Provision</b>	<b>(1,290,015)</b>	<b>(1,290,835)</b>	<b>(1,289,005)</b>	<b>(1,010)</b>	<b>0.08%</b>	<b>820</b>	<b>(0.06%)</b>
Commercial Portfolio and Commercial Leasing Provision	(302,913)	(304,610)	(303,051)	138	(0.05%)	1,697	(0.56%)
Consumer Portfolio and Consumer Leasing Provision	(950,854)	(950,665)	(949,350)	(1,504)	0.16%	(189)	0.02%
Mortgage Portfolio and Mortgage Leasing Provision	(36,149)	(35,452)	(36,445)	296	(0.81%)	(697)	1.97%
Microcredit Portfolio and Microcredit Leasing Provision	(99)	(108)	(159)	60	(37.74%)	9	(8.33%)
<b>Total Portfolio and Leasing Portfolio at Amortized Cost</b>	<b>20,675,328</b>	<b>22,435,850</b>	<b>24,225,049</b>	<b>(3,549,721)</b>	<b>(14.65%)</b>	<b>(1,760,522)</b>	<b>(7.85%)</b>

The table below details distribution of the Loan Portfolio and Leasing Operations, according to its risk rating, in compliance with the standards established by the Financial Superintendence of Colombia.

Portfolio Classification							
	September 2023	June 2023	September 2022	September 2023 / September 2022		September 2023 / June 2023	
				Abs.	%	Abs.	%
"A" Normal	20,507,438	22,180,164	23,709,876	(3,202,438)	(13.51%)	(1,672,726)	(7.54%)
"B" Acceptable	335,470	249,753	224,793	110,677	49.24%	85,717	34.32%
"C" Poor	280,458	268,292	166,765	113,693	68.18%	12,166	4.53%
"D" Difficult Collection	363,138	373,574	342,304	20,834	6.09%	(10,436)	(2.79%)
"E" Uncollectible	471,149	423,673	446,425	24,724	5.54%	47,476	11.21%
<b>Total Loan Portfolio and Financial Leasing</b>	<b>21,957,653</b>	<b>23,495,456</b>	<b>24,890,163</b>	<b>(2,932,510)</b>	<b>(11.78%)</b>	<b>(1,537,803)</b>	<b>(6.55%)</b>
Repos, Interbank and Others	7,690	231,229	623,891	(616,201)	(98.77%)	(223,539)	(96.67%)
<b>Total Portfolio, Leasing and Accounts Receivable</b>	<b>21,965,343</b>	<b>23,726,685</b>	<b>25,514,054</b>	<b>(3,548,711)</b>	<b>(13.91%)</b>	<b>(1,761,342)</b>	<b>(7.42%)</b>



Below are the main indicators of the Loan Portfolio:

Name of Indicator	September 2023	June 2023	September 2022
Portfolio "C", "D" & "E" / Total Portfolio	5.08%	4.54%	3.84%
Portfolio Overdue for more than 30 days / Total Portfolio	4.18%	3.65%	2.91%
Portfolio Overdue for more than 90 days / Total Portfolio	2.91%	2.53%	2.21%
Portfolio Provision / Portfolio "C", "D" & "E"	115.72%	121.14%	133.06%
Portfolio Provision / Portfolio overdue for more than 30 days	140.46%	150.70%	177.87%
Portfolio Provision / Portfolio overdue for more than 90 days	201.59%	217.26%	234.84%
Portfolio Provision / Total Portfolio	5.88%	5.49%	5.18%
Provision Expense, Net / Portfolio "C", "D" & "E"	18.55%	14.90%	14.74%
Provision Expense, Net / Overdue Portfolio of more than 30	22.51%	18.54%	19.71%
Provision Expense, Net / Overdue Portfolio of more than 90	32.31%	26.73%	26.02%
Provision Expense, Net / Total Average Portfolio	0.87%	0.65%	0.60%
Penalties / Total Average Portfolio	0.57%	0.70%	0.37%

## Investment Portfolio

As of September 30 2023, the Net Investment Portfolio totaled \$4,229,350, decreasing 4.34% compared to September 2022 and 5.58% quarterly.

Financial Assets Available for Sale represent 47.96% of the Total Portfolio, followed by Investments Held to Maturity 42.03% and Financial Assets Held for Trading 10.01%. The following table presents the details of the Investment Portfolio:

Financial Investment Assets							
	September 2023	June 2023	September 2022	September 2023 / September 2022		September 2023 / June 2023	
				Abs.	%	Abs.	%
<b>Financial Assets Held for Trading</b>							
Investments in Debt Securities	266,903	248,514	94,764	172,139	181.65%	18,389	7.40%
Investments in Equity Instruments	132,514	165,820	117,180	15,334	13.09%	(33,306)	(20.09%)
Derivative Trading Instruments	23,975	39,391	30,547	(6,572)	(21.51%)	(15,416)	(39.14%)
<b>Total Financial Assets Held for Trading</b>	<b>423,392</b>	<b>453,725</b>	<b>242,491</b>	<b>180,901</b>	<b>74.60%</b>	<b>(30,333)</b>	<b>(6.69%)</b>
<b>Financial Assets Available for Sale</b>							
Investments in Debt Securities	1,851,417	2,026,628	2,860,379	(1,008,962)	(35.27%)	(175,211)	(8.65%)
Investments in Equity Instruments	177,637	174,425	168,811	8,826	5.23%	3,212	1.84%
<b>Total Financial Assets Available for Sale</b>	<b>2,029,054</b>	<b>2,201,053</b>	<b>3,029,190</b>	<b>(1,000,136)</b>	<b>(33.02%)</b>	<b>(171,999)</b>	<b>(7.81%)</b>
<b>Investments Held to Maturity</b>	<b>1,777,594</b>	<b>1,825,019</b>	<b>1,150,244</b>	<b>627,350</b>	<b>54.54%</b>	<b>(47,425)</b>	<b>(2.60%)</b>
Investment Provisions	(690)	(690)	(690)	-	-	-	-

Financial Investment Assets							
	September 2023	June 2023	September 2022	September 2023 / September 2022		September 2023 / June 2023	
				Abs.	%	Abs.	%
Total Financial Investment Assets	4,229,350	4,479,107	4,421,235	(191,885)	(4.34%)	(249,757)	(5.58%)

## 2.2.2 Liabilities

The Bank reported Liabilities for \$27,232,703 as of September 2023, with a decrease compared to September 2022 of 9.28% and a quarterly decrease of 4.22%.

The Bank's main source of funding is Deposits, representing 88.00% of Total Financial Liabilities at Amortized Cost, followed by Bonds 8.68%, Financial Obligations 3.25% and Interbank & Overnight Funds 0.07%.

## Deposits

Deposits were \$23,335,184 as of September 30 2023, decreasing 7.41% compared to September 2022 and decreasing 4.18% quarterly. As of September 2023, of the total Financial Liabilities at Amortized Cost, Savings Accounts represent 42.81%, CDTs 41.33% and Checking Accounts 3.71%.

Composition of the Deposits is presented below:

Deposits at Amortized Cost							
	September 2023	June 2023	September 2022	September 2023 / September 2022		September 2023 / June 2023	
				Abs.	%	Abs.	%
Current Accounts	984,703	1,270,843	1,094,304	(109,601)	(10.02%)	(286,140)	(22.52%)
Term Deposit Certificates	10,960,493	11,869,558	10,442,109	518,385	4.96%	(909,065)	(7.66%)
Savings Accounts	11,353,057	11,176,742	13,651,051	(2,297,994)	(16.83%)	176,315	1.58%
Other Deposits	36,931	36,806	15,494	21,437	138.36%	125	0.34%
<b>Total Deposits</b>	<b>23,335,184</b>	<b>24,353,949</b>	<b>25,202,958</b>	<b>(1,867,774)</b>	<b>(7.41%)</b>	<b>(1,018,765)</b>	<b>(4.18%)</b>

## Loans from Banks and Others

Loans from Banks and Others reached \$225,130 in the third quarter of 2023, decreasing 46.54% compared to the third quarter of 2022 and 24.93% compared to the second quarter of 2023.

## Bonds

Composition of Investment Securities as of September 30, 2023 is as follows:

CURRENT ISSUES OF BONDS IN CIRCULATION							
CLASS	ISSUE #	DATE OF ISSUE	Sub Series	Indicator	Due date	Amount per Series	Rate
SUBORDINATED BONDS	FIRST SUBORDINATE	10/12/2016	B7	Fixed Rate	10/12/2023	155,078,000,000	8.10%
			C10	CPI	10/12/2026	144,922,000,000	4.13%
ORDINARY BONDS	FOURTEENTH	02/13/2019	B5	Fixed Rate	02/13/2024	144,790,000,000	6.84%
ORDINARY BONDS	FIFTEENTH	02/04/2020	B5	Fixed Rate	02/04/2025	217,540,000,000	6.68%
			B7	CPI	02/04/2027	119,000,000,000	3.08%
ORDINARY BONDS	SIXTEENTH	07/15/2021	B5	Fixed Rate	07/15/2026	267,285,000,000	6.78%
			C5	CPI	07/15/2026	114,715,000,000	2.56%
			D3	IBR*	07/15/2024	118,000,000,000	1.59%
ORDINARY BONDS	SEVENTEENTH	11/11/2021	B3	Fixed Rate	11/11/2024	256,299,000,000	7.34%
			C5	CPI	11/11/2026	105,705,000,000	3.38%
			D2	IBR	11/11/2023	137,996,000,000	2.61%
ORDINARY BONDS	EIGHTEENTH	03/10/2022	B3	Fixed Rate	03/10/2025	332,948,000,000	10.20%
			C5	CPI	03/10/2027	53,102,000,000	3.84%
			D2	IBR	03/10/2024	104,715,000,000	2.68%

\* IBR: Reference Banking Indicator

### 2.2.3 Total Equity and Regulatory Capital

Equity as of September 30, 2023 was \$2,689,027, decreasing 9.93% compared to September 30, 2022 and 3.14% quarterly.

The Bank's Solvency Indicators as of September 2023 under Basel III standards, were 10.66% for Total Solvency and 9.73% for Total Basic Solvency.

Basic Equity decreased by \$85,760 in the quarter mainly due to a negative contribution from Net Loss of \$73,284.

The lower Basic Solvency, at 5.17% compared to September 2022, corresponds to the redemption of Bonds and investment securities during year 2023.

Below are the main Solvency figures:

Solvency Ratio			
	September 2023	June 2023	September 2022
<b>Technical Equity</b>	<b>2,066,897</b>	<b>2,152,865</b>	<b>2,428,098</b>
Total Basic Equity	1,886,380	1,972,140	2,237,735
Additional Equity	180,517	180,725	190,363
<b>Assets Weighted by Risk Level</b>	<b>19,381,528</b>	<b>20,764,982</b>	<b>21,378,237</b>
Assets Weighted by Loan Risk	16,592,399	17,725,098	18,634,851
Assets Weighted by Market Risk	1,033,429	1,324,144	1,533,670

Solvency Ratio			
	September 2023	June 2023	September 2022
Assets Weighted by Operational Risk	1,755,700	1,715,740	1,209,716
<b>Solvency Ratio</b>	<b>10.66%</b>	<b>10.37%</b>	<b>11.36%</b>
<b>Total Basic Solvency Ratio</b>	<b>9.73%</b>	<b>9.50%</b>	<b>10.47%</b>

## 2.3 Income Statement

Accumulated Net Loss for the third quarter of 2023 was \$290,797 mainly due to: Net Interest Income \$380,660, Net Commissions \$53,990, Net Income from Financial Assets and Liabilities at Fair Value \$94,047, Other Income \$79.066 and Operating Expenses \$943.044.

### Net Interest Income

Net Interest Income							
				September 2023 / September 2022		September 2023 / June 2023	
	September 2023	June 2023	September de 2022	Abs.	%	Abs.	%
<b>Interest Income</b>							
Interest from Loan portfolio	2,322,127	1,576,882	1,834,543	487,584	26.58%	745,245	47.26%
Interest Income from Other Accounts Receivable	30,853	20,219	7,383	23,470	317.89%	10,634	52.59%
Interest from Investments in Debt Securities	280,851	203,374	251,321	29,530	11.75%	77,477	38.10%
<b>Total Interest Income</b>	<b>2,633,831</b>	<b>1,800,475</b>	<b>2,093,247</b>	<b>540,584</b>	<b>25.83%</b>	<b>833,356</b>	<b>46.29%</b>
<b>Interest and Similar Expenses</b>							
Current Accounts	1,636	1,077	1044	592	56.70%	559	51.90%
Savings Deposits	747,576	508,182	429,409	318,167	74.09%	239,394	47.11%
Term Deposit Certificates	1,227,887	830,179	449,760	778,127	173.01%	397,708	47.91%
<b>Total Deposits</b>	<b>1,977,099</b>	<b>1,339,438</b>	<b>880,213</b>	<b>1,096,886</b>	<b>124.62%</b>	<b>637,661</b>	<b>47.61%</b>
<b>Financial Obligations</b>							
Interbank and Overnight Funds	21,977	16,737	3,911	18,066	461.93%	5,240	31.31%
Loans from Banks and Others	19,899	15,089	8,288	11,611	140.09%	4,810	31.88%
Bonds and Investment Securities	183,850	126,597	166,548	17,302	10.39%	57,253	45.22%
Obligations with Rediscount Entities	50,346	31,883	20,814	29,532	141.89%	18,463	57.91%
<b>Total Financial Obligations</b>	<b>276,072</b>	<b>190,306</b>	<b>199,561</b>	<b>76,511</b>	<b>38.34%</b>	<b>85,766</b>	<b>45.07%</b>
<b>Total Interest and Similar Expenses</b>	<b>2,253,171</b>	<b>1,529,744</b>	<b>1,079,774</b>	<b>1,173,397</b>	<b>108.67%</b>	<b>723,427</b>	<b>47.29%</b>
<b>Net Interest Income</b>	<b>380,660</b>	<b>270,731</b>	<b>1,013,473</b>	<b>(632,813)</b>	<b>(62.44%)</b>	<b>109,929</b>	<b>40.60%</b>

Net Interest Income as of September 2023 was \$380,660, decreasing 62.44% compared to September 30, 2022 and increasing 40.60% compared to the second quarter of 2023. The decrease occurred due to a 108.67% increase in Total Interest and Similar Expenses, mainly due to an increase in Interest on Deposits of

\$778,127, determined by an increase in interest rates set by the Bank of the Republic, measures that significantly influenced the rates of Liabilities with Cost.

## Provisions

Net Provision Expense grew 49.57% compared to the first quarter of 2023, reaching \$143,321, as a result of an increase in Overdue Loans, especially in the consumer segment.

Net Provisions for Losses due to Impairment of Portfolio and Other							
	September 2023	June 2023	September 2022	September 2023 / September 2022		September 2023 / June 2023	
				Abs.	%	Abs.	%
Provision for Loan Portfolio and							
Interest Receivable	208,275	158,931	144,179	64,096	44.46%	49,344	31.05%
Recovery of Penalties	(33,464)	(15,610)	(27,300)	(6,164)	22.58%	(17,854)	114.38%
<b>Total Net Prov. for Losses due to Portfolio Impairment and Others</b>	<b>174,811</b>	<b>143,321</b>	<b>116,879</b>	<b>57,932</b>	<b>49.57%</b>	<b>31,490</b>	<b>21.97%</b>

## Commissions and Other Operating Income

Accumulated Gross Commission Income as of the third quarter of 2023 was \$121,310, decreasing 7.38% compared to the third quarter of 2022 and increasing 50.95% compared to the second quarter of 2023, mainly due to Banking Service Commissions and Credit and Debit Card Transactions.

Net Commission Income totaled \$53,990, decreasing 33.32% compared to the third quarter of 2022 and increasing 53.57% compared to the second quarter of 2023. In the third quarter of 2023, Accumulated Commission Expenses totaled \$67,320.

Accumulated Other Operating Income was \$79,066 in the third quarter of 2023, coming from:

1. Income by Participation and Dividends Method, mainly from Corficolombiana \$36,668.
2. Gain on sale of property and equipment for own use, mainly from Nexus transfer \$31,427.
3. Other Operating Income \$22,728.

Details of Commissions and Other Operating Income are shown in the table below:

Net Interest Income							
	September 2023	June 2023	September 2022	September 2023 / September 2022		September 2023 / June 2023	
				Abs.	%	Abs.	%
<b>Income from Commissions and Other Services</b>							
Banking Service Commissions	86,031	57,689	97,296	(11,265)	(11.58%)	28,342	49.13%
Credit and Debit Card Commissions	34,123	21,858	32,259	1,864	5.78%	12,265	56.11%
Commissions from Money Orders, Checks and Office Network Services	835	585	1039	(204)	(19.63%)	250	42.74%
	321	232	375	(54)	(14.40%)	89	38.36%
<b>Total Income from Commissions and Other Services</b>	<b>121,310</b>	<b>80,364</b>	<b>130,969</b>	<b>(9,659)</b>	<b>(7.38%)</b>	<b>40,946</b>	<b>50.95%</b>
<b>Expenses for Commissions and Other Services</b>	<b>67,320</b>	<b>45,207</b>	<b>50,004</b>	<b>17,316</b>	<b>34.63%</b>	<b>22,113</b>	<b>48.91%</b>
<b>Net Income from Commissions and Other Services</b>	<b>53,990</b>	<b>35,157</b>	<b>80,965</b>	<b>(26,975)</b>	<b>(33.32%)</b>	<b>18,833</b>	<b>53.57%</b>
<b>Net Income or Expenses from Financial Assets or Liabilities Held for Trading</b>	<b>94,048</b>	<b>60,446</b>	<b>(8,346)</b>	<b>102,394</b>	<b>(1,226.86%)</b>	<b>33,602</b>	<b>55.59%</b>
Net Gain on Marketable Investments Net	46,000	31,618	9,009	36,991	410.60%	14,382	45.49%
Gain on Trading Derivative Financial Instruments	48,048	28,828	(17,355)	65,403	(376.85%)	19,220	66.67%
<b>Other Operating Income</b>	<b>(31,242)</b>	<b>(19,612)</b>	<b>36,300</b>	<b>(67,542)</b>	<b>(186.07%)</b>	<b>(11,630)</b>	<b>59.30%</b>
Net Gain (Loss) from Exchange Difference	2,710	2,523	1,874	836	44.61%	187	7.41%
Net Gain on Sale of Investments	1,661	430	5,483	(3,822)	(69.71%)	1,231	286.28%
Net Gain on Asset Valuation	1,114	-	-	1,114	100.00%	1,114	100.00%
Profit from sale of non-current assets held for sale	48,141	45,941	103,473	(55,332)	(53.47%)	2,200	4.79%
Dividends and Participation Method	56,682	18,841	24,024	32,658	135.94%	37,841	200.84%
Other Operating Income	79,066	48,123	171,154	(92,088)	(53.80%)	30,943	64.30%
<b>Other Operating Income</b>							

## 2.4 Additional Information

As of September 2023, Banco Popular S.A. has carried out the following unusual operations, in accordance with its financial strategy of complying with solvency levels and indicators, as follows:

### Portfolio Sale

In accordance with the criteria established by the administration, and in line with the portfolio business model, the Bank has carried out portfolio sales in consumer and commercial products during the year 2023. This has allowed the Bank to have availability of resources to meet the objective of minimizing costs and reducing the risk of insufficient funds. These actions are aligned with regulations and best banking practices, and are carried out through financial operations aimed at preserving the stability of the financial margin.

The corresponding value of the portfolio sold includes capital, current interest, and default interest, among others.

## Assignment of Real Estate

### Private Equity Fund- Nexus

Banco Popular S.A. who has a stake in the Private Equity Fund - Nexus Inmobiliario since 2018, has carried out a real estate transfer transaction during 2023 as a strategy to release basis points and improve the Solvency Ratio indicator. The above implies that, for each contribution in kind made to the Investment Fund, the entities have a right corresponding to participation units.

### Sales to Third Parties:

In turn, Banco Popular S.A has carried out external sales to third parties, as listed below: Anoranzas ING SAS and Salazar Daza Soret H.

Type	Month	Property	Transfer Value / Sale Price	Fair Value	Cost	Accumulated Depreciation	Book Balance	Provision	Gain/ Loss Effect	Third Party
Own	September	Cúcuta	3,358	-	2,772	(505)	2,268	-	(1,090)	PRIVATE EQUITY FUND INMOBILIARIO NEXUS
Own	September	Pasto	4,323	-	3,787	(1,098)	2,689	-	(1,634)	PRIVATE EQUITY FUND INMOBILIARIO NEXUS
Own	September	Cosmocentro	2,426	-	3,913	(1,280)	2,633	-	207	PRIVATE EQUITY FUND INMOBILIARIO NEXUS
Own	September	Medellín	15,016	-	9,057	(1,308)	7,749	-	(7,267)	PRIVATE EQUITY FUND INMOBILIARIO NEXUS
Own	September	Pereira	3,312	-	2,529	(706)	1,823	-	(1,489)	PRIVATE EQUITY FUND INMOBILIARIO NEXUS
Own	September	Bucaramanga	10,145	-	7,543	(1,275)	6,268	-	(3,877)	PRIVATE EQUITY FUND INMOBILIARIO NEXUS
Own	July	Office 401 edf. Sodecon	537	-	73	(51)	23	-	(514)	ANORANZAS ING SAS
Own	July	Office 301 edf. Sodecon	567	-	80	(49)	31	-	(536)	ANORANZAS ING SAS
Own	July	Office edf. Sodecon	537	-	79	(55)	24	-	(512)	ANORANZAS ING SAS
Own	July	Arauca	270	-	242	(38)	204	-	(66)	SALAZAR DAZA SORET H
Investment Prop.	September	Hipódromo del valle	19,111	21,459	-	-	-	(17,167)	(14,819)	PRIVATE EQUITY FUND INMOBILIARIO NEXUS
Total			59,602	21,459	30,075	(6,365)	23,712	(17,167)	(31,597)	

For each of the Corporate Governance, Sustainability and Risk dimensions, the material changes during the third quarter are listed below:



## 2.4.1 CORPORATE GOVERNANCE

In relation to what was revealed in the last annual Sustainable Management Report 2022, and the two quarterly reports revealed at the time so far in 2023, it is reported that, during the third quarter of this year, at Banco Popular S.A. The following material changes were presented in Corporate Governance matters:

**Resignation of President and appointment of interim President.** On August 30, 2023, the Bank's Board of Directors accepted the resignation of Mr. Carlos Eduardo Upegui Cuartas, who held the position until September 15, 2023. In his place, the Board of Directors appointed Mr. Diego Fernando Solano Saravia as acting President. This information was revealed to the market through the website of the Financial Superintendency and the Bank's website.

**President Appointment.** On September 22, 2023, the Board of Directors appointed Ms. María Fernanda Suárez as President of the Bank. The information was revealed to the market through the website of the Financial Superintendency and the Entity's website as well. As well, it is indicated that after the cut-off date of this report, the taking office process was approved by the Financial Superintendency on October 19, 2023.

## 2.4.2 SUSTAINABILITY STRATEGY

During the third quarter of 2023, no material changes have occurred in environmental, social issues, or aspects related to climate change, in relation to the latest 2022 Sustainable Management Report.

## 2.4.3 RISK MANAGEMENT SYSTEM

During the third quarter of 2023, the Bank continued advancing in the implementation of risk data aggregation and reporting schemes under principles of accuracy, completeness and integrity, to comply with the guidelines of the SIAR Circular which comes into effect in December 2023.

Based on the Risk Appetite Framework (MAR), it has carried out monitoring management of the primary, secondary and complementary indicators of the different risks in the risk committees and the corresponding management from the governance structure established in the Comprehensive Risk Management System.

### Main impacts, risks and opportunities

Risk management has become a fundamental work pillar for financial institutions that, after the severity of the crises that have occurred, are forced to respond and implement complex mitigation measures and greater resilience to external events. In this way, entities can timely identify threats to financial systems, sustainability and consumer confidence.



In this context, Banco Popular produces an annual report with a general summary of the risks that constitute cause for concern and alert. These are extracted from the main sources on the subject, addressing the events from six categories: Economic, Political, Social, Environmental, Regulatory and Technological, with a journey of analysis that begins with the international situation and, subsequently, continues with the identification of vulnerabilities at the national and local level.

This report is done with the objective of expanding knowledge of the current context of financial activity, understanding the macroeconomic trends that at the industry level may be affecting the banking business at a local and international level, and understanding the risks that are impacting banking establishments. In this aspect, this report serves as a basis to review and update the Bank's relevant risks for the year 2023.

The relevant risks approved for 2023 are listed below.

*Table. Strategic and Operational Risks for the year 2023*

Strategic Risks	Operational Risks
Financial impacts on the credit portfolio and investment portfolios, derived from instabilities in the economic, social and political environment. CFEN risk compliance and deposits concentration. Possibility of generating losses derived from a structural balance sheet position exposed to the RTILB. Talent management and labor relations. Transformation and modernization of the organization in the face of changes that affect the sector. Climate risk	Massive leaks of critical data due to cyber threats and/or cyber-attacks. Unavailability in the provision of transactional services in channels due to failures in the technological infrastructure.

The relevant risks are classified according to their nature into Strategic Risks and Operational Risks, this classification is carried out during the annual review and is approved along with the risks by the Board of Directors.

Once the relevant risks have been established, for each risk a responsible area is assigned that is responsible for defining and implementing the control measures that allow its mitigation, as well as reacting in a timely manner when the implementation of action plans is required. These control measures are monitored in the Risk Committee and Board of Directors on a twice a year, where the results and mitigation actions are presented if required. Moreover, the second and third lines of defense monitor the implementation of the controls established in the risks classified as operational.

## Risk Culture

Banco Popular manages the risk management function considering the applicable

regulations and internal policies. In relation to the management and results from the Bank's risk systems, including Money Laundering Risk and Terrorist Financing; Anti-Corruption Program; Fraud Prevention; Cybersecurity Risk, Information Security and Privacy; Operational Risk; Business continuity; Financial risk; and Bank Security Risk, Credit Risk, it is important to mention that there have been no relevant management changes for the second quarter of 2023, we share a brief description of some of the risk systems under the Title "Risk Management of the Third Quarter 2023":

In alignment with External Circular 012 of 2022, the materiality of the different market operational risks, liquidity, credit and the relevant risks mentioned in this document are an integral part of the notes to the financial statements at the end of the second quarter 2023.

### **Third Quarter 2023 Risk Management**

#### ***Market Risk Management***

During the quarter, a low risk profile was maintained in the negotiable portfolios. In the last year, the Bank reduced its exposure to market risks by around 36%, reaching \$93 billion at the end of June with the standard methodology. The controls established in market risk management were carried out, ensuring that positions and results remained within approved limits. Likewise, so that market risk activities can be adequately monitored, periodic monitoring and control reports were distributed to senior management and other interest groups, both internal and external. Additionally, continuity was given to the standards established in the Market Risk Management System that allows adequate measurement and control of market risks.

#### ***Liquidity Risk Management***

During this quarter, a solid liquidity position was maintained, with ample high-quality liquidity buffers. During the last twelve months, the Bank has maintained an average liquid asset of \$5,0 billion, of which 93% corresponds to high quality assets. In general, the liquidity ratios are above the regulatory thresholds for the period, with the thirty-day liquidity coverage ratio standing at 137.3% as of September 30 and the net stable financing ratio at 110.41%. (CFEN). The controls established in liquidity risk management were carried out, ensuring that the limits and alerts remained within the approved levels. Likewise, so that liquidity risk activities can be adequately monitored, periodic monitoring and control reports were distributed to senior management and other interest groups, both internal and external. Additionally, the standards established in the Liquidity Risk Management System continued, which allow for adequate measurement and control of liquidity risk.

#### ***Credit Risk Management***

At the end of September 2023, the Bank's portfolio balance had a reduction of 12.42%, as a result of lower levels of disbursements, due to the strengthening of granting policies that seek to improve the risk profile of new clients, as well as the impact of the country's macroeconomic environment: high inflation rate, high interest rates and decrease in clients' payment capacity.

The Bank observes a moderate deterioration in portfolio risk as of the last quarter of 2022, mainly due to the aforementioned macroeconomic impact, which mainly impacts the consumer portfolio, in the personal loan and credit card portfolios, which have a low participation (less than 6%) in the composition of the Bank's credit portfolio. At the end of September, the consumer portfolio, in relation to the CDE risk indicator, reached 4.58%, 68 basis points higher than the indicator at the end of 2022. The total coverage of the portfolio closed at 145%.

The commercial portfolio and housing credit portfolios present stability in their risk indicators, maintaining good performance in relation to the results of the previous year. The Bank continues to present one of the best performances, in terms of past due loan ratio, both for the consumer credit portfolio and for the commercial credit portfolio.

### ***Risk of money laundering and terrorist financing***

The activities carried out regarding the Money Laundering and Terrorism Financing Risk Management System - SARLAFT - were developed taking into account the methodological framework for the mitigation of the exposed risks, a process supported by technological tools and the adequate application of designed controls for each of the risk factors, which focus mainly on knowledge of clients, users and the market, with the active participation of the commercial force, as well as staff ongoing training.

To this end, a work plan is executed to provide methodological support to the management systems for this risk, in order to promote best practices and operational efficiency. The timely detection of unusual operations and the reporting of suspicious operations, the updating of policies and processes, the updating of the segmentation model and the strengthening of the Compliance Management work team continue advancing in accordance with the work plan.

### ***Fraud Prevention***

The Bank has maintained a proactive approach of developing strategies to mitigate fraud due to social engineering, among which the implementation of rules in real-time engines for the prevention of fraud due to digital and financial transactions is maintained, which has shown a decrease in the fraud value of 34% compared to the second quarter of the year.

A new customer self-management functionality was also implemented in the Banking Portal web channel so that they can block their Credit Card based on unrecognized transactions or unblock the card if the transaction is genuine.

Additionally, actions to refine conditions on the tools have been maintained, which have involved reviewing and making at least 170 updates to the fraud prevention rules.

Finally, communications to clients have been maintained in order to reiterate the message of prevention and education regarding the protection and non-disclosure of their confidential data or their products, in order to avoid fraud due to social engineering.

### ***Cybersecurity Risk, Information Security and Privacy***

During this quarter, support continued to the other areas of the Bank in the identification of risks and definition of controls in the different projects and initiatives, follow-up visits to critical third parties, identification and assessment of information assets in the processes, training and awareness sessions for bank employees.

Support was provided in the identification and design of controls in the digital initiatives of the Bank's digital laboratory and at the end of September there was no evidence or reports received of situations that could be framed as information security and/or cybersecurity incidents. The A rating of the Cybersecurity stance at the level of cyber risk made by the Financial Superintendency of Colombia is maintained, through the recurring execution of specialized security tests in our internal infrastructure and in that exposed in cyberspace.

From risk management to privacy, we also continued to support the Bank in meeting requirements from the SIC, related to the attention of the rights of the holders of personal data, and the activities planned within the Comprehensive Program of Personal Data for this quarter were executed.

### ***Business continuity***

During this period, the different plans that make up the Entity's Continuity Management System (SGCN) have carried out important actions to improve the levels of maturity and effectiveness in terms of business continuity, which allows the Bank to prepare to face events or incidents that may affect it.

At the same time, during this period individual tests were carried out for the process recovery plan (BCP) with the different recovery strategies implemented for the Bank's critical subprocesses, simultaneously reaching 100% effectiveness.

On the other hand, the annual plan established for monitoring and executing tests with the Critical Suppliers identified for Continuity Risk has been satisfactorily executed.

### ***Operational risk***

The methodology for operational risk management is maintained, with good administration of risk events, where actions have been executed aimed at strengthening the management and registration of operational risk events, through the development of reports that allow ensuring opportunity and quality in event management.

Currently, in accordance with the provisions of the regulations, the Bank is seeking approval of the basis for operational risk events by the Financial Superintendence.