Quarterly Term Report

October – December 2023

INDEX

Quarterly Term Report

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 2023, the organization received the following risk ratings:

- BRC Standard & Poor’s: ratified its ratings for long-term debt 'AAA' and for short-term debt ‘BRC 1+’.
- Value and Risk Ratings: maintained 'AAA' ratings for long-term debt and VrR 1+ for short-term debt.

1. Issues of Current Securities

CURRENT ISSUES OF BONDS IN CIRCULATION							
CLASS	ISSUE #	ISSUE DATE	Sub Series	Indicator	Due Date	Amount per Series	Rate
SUBORDINATED BONDS	FIRST SUBORDINATE	10/12/2016	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%
ORDINARY BONDS	EIGHTTEENTH	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. Quarterly Report October – December 2023

Cumulative financial results for the fourth quarter of 2023

- As of December 31, 2023, the Bank reported a quarterly accumulated net loss of $347,409, mainly impacted by the increase in market rates derived from the post-pandemic effect.

- Return on Average Assets at the end of the fourth quarter of 2023 was -1.1% and the Return on Average Equity was -12,6%.

- Total Assets were $29,277,845. Total Liabilities were $26,682,960.

- Gross Portfolio totaled $21,374,629, decreasing 14.27% when compared to the fourth quarter of 2022 and 2.69% compared to the third quarter of 2023.

- Portfolio Quality by temporality reaches a level of 4.10% and the Quality indicator C, D, E, a total of 5,20%.

- Portfolio Quality Indicator greater than 30 days was 4.21% and the Portfolio Quality Indicator greater than 90 days was 3.00%. The consolidated Net Cost of Risk for the quarter was 1,25%.

- Deposits totaled $22,684,098, representing 85.01% of total Liabilities. Savings Accounts contribute 49.13%, followed by CDTs (Term Deposit Certificate) with 46.13% of total Deposits, Checking Accounts with 4.57% and Other Deposits with 0,17%.

- The Deposits to Net Portfolio Indicator in the fourth quarter of 2023 was 1,13x.

- The Total Solvency Indicator was 13.33%, under Basel III standards, while the Total Basic Solvency was 11,51%.

- The accumulated Net Interest Margin (NIM) was 2.0% at the end of December 2023, decreasing 3 bps compared to the third quarter of 2023. The NIM of Investments was -0.8% and Portfolio was 2,4%.

- The Commission Income Indicator for the fourth quarter of 2023 was 4.5%, with a growth of 0.2% compared to the third quarter of 2023.

- The Accumulated Efficiency Indicator was 161.1% and Operating Expenses on Average Assets was 3.9% for the fourth quarter of 2023.

2.1 Financial Information

BANCO POPULAR S.A. Separate Condensed Statement of Financial Position				December 2023 / December 2022		December 2023 / September 2023	
	December 2023	September 2023	December 2022	Abs	%	Abs	%
ASSETS							
Cash and Cash Equivalents	1,959,241	2,288,581	1,713,215	246,026	14.36%	(329,340)	-14.39%
Investment Financial Assets:							
Financial Assets held for Trading	554,557	423,392	333,576	220,981	66.25%	131,165	30.98%
Financial Assets available for Sale	2,170,991	2,029,054	3,093,654	(922,663)	-29.82%	141,937	7.00%
Financial Assets held to Maturity	1,806,114	1,777,594	1,274,194	531,920	41.75%	28,520	1.60%
Impairment of Financial Investment Assets	(690)	(690)	(690)	-	-	-	-%
Total Financial Investment Assets, Net	**4,530,972**	**4,229,350**	**4,700,734**	**(169,762)**	**-3.61%**	**301,622**	**7.13%**
Loan and Financial Leasing Portfolio, Net	20,119,425	20,675,328	23,627,729	(3,508,304)	-14.85%	(555,903)	-2.69%
Other Accounts Receivable, Net	291,461	337,037	256,641	34,820	13.57%	(45,576)	-13.52%
Investments in Subsidiaries, Associates and Joint Ventures, Net	909,888	974,822	860,678	49,210	5.72%	(64,934)	-6.66%
Non-current Assets held for Sale	21,082	5,236	-	21,082	100.00%	15,846	302.64%
Tangible Assets, Net	476,950	550,769	556,106	(79,156)	-14.23%	(73,819)	-13.40%
Intangible Assets, Net	361,170	343,659	288,139	73,031	25.35%	17,511	5.10%
Income Tax Asset							
Current	288,341	250,870	136,075	152,266	111.90%	37,471	14.94%
Deferred	316,671	264,157	98,357	218,314	221.96%	52,514	19.88%
Other Assets	2,644	1,921	1,182	1,462	123.69%	723	37.64%
Total Assets	**29,277,845**	**29,921,730**	**32,238,856**	**(2,961,011)**	**-9.34%**	**(643,885)**	**-2.15%**
LIABILITIES AND EQUITY							
LIABILITIES							
Financial Liabilities at Fair Value	32,809	9,133	18,968	13,841	-70.26%	23,676	259.24%
Financial Liabilities at Amortized Cost	25,870,706	26,516,915	28,502,283	(2,631,577)	-8.86%	(646,209)	-2.44%
Accounts Payable and other Liabilities	380,109	321,772	391,470	(11,361)	-29.76%	58,337	18.13%
Provisions	14,197	17,790	18,196	(3,999)	-4.59%	(3,593)	-20.20%
Employee Benefits	385,139	367,093	408,224	(23,085)	-11.93%	18,046	4.92%
Total Liabilities	**26,682,960**	**27,232,703**	**29,339,141**	**(2,656,181)**	**-9.28%**	**(549,743)**	**-2.02%**
EQUITY							
Subscribed and Paid Capital	77,253	77,253	77,253	-	-	-	-%

BANCO POPULAR S.A. Separate Condensed Statement of Results	December 2023	September 2023	December 2022	December 2023 / December 2022 Abs	December 2023 / December 2022 %	December 2023 / September 2023 Abs	December 2023 / September 2023 %
Premium on Share Placement	63,060	63,060	63,060	-	-	-	-%
Retained Earnings	2,457,864	2,586,691	2,879,736	(421,872)	3.32%	(128,827)	-4.98%
Other Comprehensive Income	(3,292)	(37,977)	(120,334)	117,042	-71,78%	34,685	-91,33%
Equity	**2.594.885**	**2.689.027**	**2.899.715**	**(304.830)**	**-9.93%**	**(94,142)**	**-3.50%**
Total Liabilities and Equity	**29.277.845**	**29.921.730**	**32.238.856**	**(3.082.272)**	**-9.34%**	**(643,885)**	**-2.15%**

BANCO POPULAR S.A. Separate Condensed Statement of Results	December 2023	September 2023	December 2022	December 2023 / December 2022 Abs	December 2023 / December 2022 %	December 2023 / September 2023 Abs	December 2023 / September 2023 %
Income from Interests and Similar	3,433,121	2,633,831	2,939,099	494,022	16.81%	799,290	76.72%
Expenses from Interests and Similar	(2,943,645)	(2,253,171)	(1,748,801)	(1,194,844)	68.32%	(690,474)	76.54%
Net Income from Interests and Similar	**489,476**	**380,660**	**1,190,298**	**(700,822)**	**-58.88%**	**108,816**	**77.77%**
Losses due to Impairment of Financial Assets, Net	(251,339)	(174,811)	(175,148)	(76,191)	43.50%	(76,528)	69.55%
Net Income from Interests after Impairment Loss	**238,137**	**205,849**	**1,015,150**	**(777,013)**	**-76.54%**	**32,288**	**86.44%**
Net Income from Commissions and Fees	75,349	53,990	105,329	(29,980)	-28.46%	21,359	71.65%
Net Income (Expenses) from Assets and Liabilities at Fair Value through Profit or Loss	122,769	94,047	(3,366)	126,135	-3,747.33%	28,722	76.60%
Other Income	142,412	79,066	213,397	(70,985)	-33.26%	63,346	55.52%
Other Expenses	(1,212,270)	(943,044)	1,284,462	(2,496,732)	-194.38%	(269,226)	77.79%
(Loss) Profit before Income Taxes	**(633,603)**	**(510,092)**	**46,048**	**(679,651)**	**-1,475.96%**	**(123,511)**	**80.51%**
Income Tax	(286,194)	(219,295)	(26,987)	(259,207)	960.49%	(66,899)	76.62%
Net (Loss) Profit for the Period	**(347,409)**	**(290,797)**	**73,035**	**(420,444)**	**-575.67%**	**(56,612)**	**83.70%**

Main Indicators	**December 2023**	**September 2023**	**December 2022**
Profitability Ratios			
ROA	-1.10%	-1.21%	0.20%
ROE	-12.60%	-13.77%	2.50%
Accumulated Administrative Efficiency (Administrative Expenses + Personnel without Depreciation / Profits, Interests and Investments without Dividends + Net Commissions + Other Operational)	**161.10%**	**168.43%**	**92.00%**
Portfolio Quality			
Portfolio Quality by Temporality	4.10%	4.16%	3.10%
Quality C, D, E, Total	5.20%	5.08%	4.10%
Solvency	**13.33%**	**10.66%**	**11.18%**

2.2 Analysis of the Statement of Financial Position

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

2.2.1 Assets

The Bank's assets were $29,277,845 at the close of December 31, 2023, compared to the assets recorded at the close of September 30, 2023 of $29,921,730, with a decrease of $643,885, which in percentage terms represented a net decrease of 2,20%.

Cash

As of December 31, 2023, the balance of cash and deposits in central banks was $1,959,241, increasing 14.36% compared to December 2022 and decreasing 14.39% compared to September 2023.

Loan Portfolio

There is a decrease in the loan portfolio of $3,508,303, compared to December 2022 and $555,903 compared to September 2023.

Basically, due to portfolio sales operations during the year 2023 for $1,634,718 million, among which the one carried out to Banco de Bogotá for $1,196,376 million stands out. Additionally, due to the operation of the business, a decrease of $1,762,567 million was recorded, which mainly corresponds to the cancellation of obligations of the different portfolio modalities, taking into account that during almost the entire year 2023 no credits were granted.

Purchasing Entity	Portfolio Type	Product	Status	# of Oblig.	Capital Balance	Current Interests	Default Interest	Accounts receivable	Sales Provision Recovery	Sale Price (1)	Provision Used	Net Provision Recovery
APEX ASSET MANAGEMENT S.A.S.	Consumer	LB	Overdue	3,285	134,701	3,517	168	205	137,116	13,874	124,717	12,398
	Consumer	NV	Overdue	316	5,319	224	11	20	5,618	548	5,026	592
	Consumer	TC	Overdue	6,102	14,521	2,500	76	574	16,598	1,496	16,175	423
BANCO AV VILLAS	Consumer	LB	Current	8,473	146,121	1,633	-	-	4,103	147,755	-	4,103
BANCO BOGOTA	Commercial	NV	Current	331	434,962	9,031	6	32	5,899	444,031	-	5,899
	Consumer	LB	Current	20,837	744,286	8,368	-	-	26,894	750,260	2,394	24,500
	Commercial Leasing	NV	Current	6	2,064	21	-	-	24	2,085	-	24
BANCO DE OCCIDENTE	Commercial	NV	Current	43	124,274	893	-	-	1,607	125,166	-	1,607
	Consumer	LB	Current	8,816	146,833	1,725	-	-	3,741	148,558	-	3,741
CITI SUMMA	Consumer	TC	Overdue	3,210	9,807	2,333	26	320	10,113	945	11,540	(1,428)
TOTAL SALES REPORTED				**51,419**	**1,762,888**	**30,245**	**287**	**1,151**	**211,713**	**1,634,718**	**159,852**	**51,859**

As of December 31, 2023, the Consumer Portfolio represented 68.49% of the Total Gross Portfolio, followed by 26.06% in the Commercial Portfolio, 5.44% in the Mortgage Portfolio and 0.00% in the Microcredit Portfolio. Repos and Interbank totaled $14,391 at the end of the fourth quarter of 2023, with a quarterly increase of 46.57%. Portfolio Provision was $1,255,204 as of December 31, 2023, bringing the Net Portfolio to $20,119,425.

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

Portfolio Classification							
				December 2023 / December 2022		December 2023 / September 2023	
Portfolio and Leasing Portfolio	**December 2023**	**September 2023**	**December 2022**	**Abs.**	**%**	**Abs.**	**%**
Commercial Portfolio and Commercial Leasing	5,556,859	5,747,340	7,302,418	(1,745,559)	-23.90%	(190,481)	-3.31%
Consumer Portfolio and Consumer Leasing	14,640,277	15,020,998	16,377,284	(1,737,007)	-10.61%	(380,721)	-2.53%
Mortgage Portfolio and Mortgage Leasing	1,162,135	1,188,200	1,240,706	(78,571)	-6.33%	(26,065)	-2.19%
Microcredit Portfolio and Microcredit Leasing	967	1,115	1,705	(738)	-43.28%	(148)	-13.27%
Total Portfolio and Leasing Portfolio	**21,360,238**	**21,957,653**	**24,922,113**	**(3,561,875)**	**-14.29%**	**(597,415)**	**-2.72%**
Repos, Interbank and Others	14,391	7,690	9,653	4,738	49.08%	6,701	87.14%
Total Portfolio and Leasing Portfolio	**21,374,629**	**21,965,343**	**24,931,766**	**(3,557,137)**	**-14.27%**	**(590,714)**	**-2.69%**
Portfolio and Leasing Portfolio Provision	**(1,255,204)**	**(1,290,015)**	**(1,304,037)**	**48,833**	**-3.74%**	**34,811**	**-2.70%**
Commercial Portfolio and Commercial Leasing Provision	(296,935)	(302,913)	(309,608)	12673	-4.09%	5,978	-1.97%
Consumer Portfolio and Consumer Leasing Provision	(921,506)	(950,854)	(957,758)	36,252	-3.79%	29,348	-3.09%
Mortgage Portfolio and Mortgage Leasing Provision	(36,670)	(36,149)	(36,509)	(161)	0.44%	(521)	1.44%
Microcredit Portfolio and Microcredit Leasing Provision	(93)	(99)	(162)	69	-42.59%	6	-6.06%
Total Portfolio and Leasing Portfolio at Amortized Cost	**20,119,425**	**20,675,328**	**23,627,729**	**(3,508,304)**	**-14.85%**	**(555,903)**	**-2.69%**

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							
				December 2023 / December 2022		December 2023 / September 2023	
	December 2023	**September 2023**	**December 2022**	**Abs.**	**%**	**Abs.**	**%**
"A" Normal	19,942,315	20,507,438	23,693,633	(3,751,318)	-15.83%	(565,123)	-2.76%
"B" Acceptable	311,961	335,470	214,344	97,617	45.54%	(23,509)	-7.01%
"C" Poor	279,528	280,458	225,544	53,984	23.94%	(930)	-0.33%
"D" Difficult Collection	391,408	363,138	350,459	40,948	11.68%	28,270	7.78%
"E" Uncollectible	435,026	471,149	438,133	(3,107)	-0.71%	(36,123)	-7.67%
Total Loan Portfolio and Financial Leasing	**21,360,238**	**21,957,653**	**24,922,113**	**(3,561,875)**	**-14.29%**	**(597,415)**	**-2.72%**
Repos, Interbank and Others	14,391	7,690	9,653	4,738	49.08%	6,701	87.14%
Total Portfolio, Leasing and Accounts Receivable	**21,374,629**	**21,965,343**	**24,931,766**	**(3,557,137)**	**-14.27%**	**(590,714)**	**-2.69%**

Below are the main indicators of the Loan Portfolio:

Name of Indicator	December 2023	September 2023	December 2022
Portfolio "C", "D" & "E" / Total Portfolio	5.18%	5.08%	4.07%
Portfolio Overdue for more than 30 days / Total Portfolio	4.21%	4.18%	3.09%
Portfolio Overdue for more than 90 days / Total Portfolio	3.00%	2.91%	2.23%
Portfolio Provision / Portfolio C". "D" & "E"	113.49%	115.72%	5.18%
Portfolio Provision / Portfolio overdue for more than 30 days	139.44%	140.46%	3.09%
Portfolio Provision / Portfolio overdue for more than 90 days	196.08%	201.59%	2.23%
Portfolio Provision / Total Portfolio	5.88%	5.88%	5.18%
Provision Expense. Net / Portfolio "C". "D" & "E"	29.97%	18.55%	22.43%
Provision Expense. Net / Overdue Portfolio of more than 30 days	40.06%	22.51%	29.98%
Provision Expense. Net / Overdue Portfolio of more than 90 days	52.89%	32.31%	39.58%
Provision Expense. Net / Total Average Portfolio	1.25%	0.87%	0.91%
Penalties / Total Average Portfolio	0.77%	0.57%	0.62%

Investment Portfolio

As of December 31, 2023, the Net Investment Portfolio totaled $4,530,972, decreasing 3.61% compared to December 2022 and increasing 7.13% quarterly. Financial Assets Available for Sale represent 47.91% of the Total Portfolio, followed by Investments Held to Maturity 39.85% and Financial Assets Held for Trading 12.24%. The following table presents the details of the Investment Portfolio:

Financial Investment Assets				December 2023 / December 2022		December 2023 / September 2023	
	December 2023	September 2023	December 2022	Abs.	%	Abs.	%
Financial Assets Held for Trading							
Investments in Debt Securities	244,701	266,903	160,351	84,350	52.60%	(22,202)	-8.32%
Investments in Equity Instruments	274,879	132,514	153,869	121,010	78.64%	142,365	107.43%
Derivative Trading Instruments	34,977	23,975	19,356	15,621	80.70%	11,002	45.89%
Total Financial Assets Held for Trading	**554,557**	**423,392**	**333,576**	**220,981**	**66.25%**	**131,165**	**30.98%**
Financial Assets Available for Sale							
Investments in Debt Securities	1,979,120	1,851,417	2,916,444	(937,324)	-32.14%	127,703	6.90%
Investments in Equity Instruments	191,871	177,637	177,210	14,661	8.27%	14,234	8.01%
Total Financial Assets Available for Sale	**2,170,991**	**2,029,054**	**3,093,654**	**(922,663)**	**-29.82%**	**141,937**	**7.00%**
Investments Held to Maturity	**1,806,114**	**1,777,594**	**1,274,194**	**531,920**	**41.75%**	**28,520**	**1.60%**
Investment Provisions	(690)	(690)	(690)	-	-%	-	-%
Total Financial Investment Assets	**4,530,972**	**4,229,350**	**4,700,734**	**(169,762)**	**-3.61%**	**301,622**	**7.13%**

2.2.2 Liabilities

The Bank reported $26,682,960 of Liabilities as of December 2023, with a decrease compared to December 2022 of 9.05% and a quarterly decrease of 2.02%.

The Bank's main source of funding is Deposits, representing 87.68% of Total Financial Liabilities at Amortized Cost, followed by Bonds 8.72%, Financial Obligations 3.51% and Bank and Correspondents 0.08%

Deposits

Deposits were $22,684,098 as of December 31, 2023, decreasing 6.82% compared to December 2022 and decreasing 2.79% quarterly. As of December 2023, of the Total Financial Liabilities at Amortized Cost, Savings Accounts represent 49.13%, CDTs 46.13% and Current Accounts 4.57%.

A composition of the deposits is presented below:

Deposits at Amortized Cost				December 2023 / December 2022		December 2023 / September 2023	
	December 2023	September 2023	December 2022	Abs.	%	Abs.	%
Current Accounts	1,036,388	984,703	1,104,012	(67,624)	-6.13%	51,685	5.25%
Term Deposit Certificates	10,465,150	10,960,493	10,793,002	(327,852)	-3.04%	(495,343)	-4.52%
Savings Accounts	11,144,573	11,353,057	12,419,228	(1,274,655)	-10.26%	(208,484)	-1.84%
Other Deposits	37,987	36,931	28,985	9,002	31.06%	1,056	2.86%
Total Deposits	**22,684,098**	**23,335,184**	**24,345,227**	**(1,661,129)**	**-6.82%**	**(651,086)**	**-2.79%**

Loans from Banks and Others

Loans from Banks and Others reached $310,869 in the fourth quarter of 2023, decreasing 19.28% compared to the fourth quarter of 2022 and increasing 38.08% compared to the third quarter of 2023.

Bonds
The composition of the Investment Securities as of December 31, 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	SUBORDINATED BONDS	10/12/2016	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	6.12%
			B7	Fixed Rate	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	2.58%
			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%
ORDINARY BONDS	EIGHTTEENTH	03/10/2022	B3	Fixed Rate	03/10/2025	332,948,000,000	10.20%
			C5	CPI	03/10/2026	53,102,000,000	3.84%
			D2	IBR	03/10/2024	104,715,000,000	2.68%
SUBORDINATED BONDS	PRIVATE ISSUE	10/10/2023	PRIVATE ISSUE	IBR	10/10/2025	250,000,000,000	7.70%

*IBR: Reference Banking Indicator

2.2.3 Total Equity and Regulatory Capital

Equity as of December 31, 2023 was $2,594,885, decreasing 10.51% compared to December 31, 2022 and 3.50% quarterly.

The Bank's solvency indicators as of September 2023 under Basel III standards, were 13.33% for Total Solvency and 11.51% for Total Basic Solvency.

Basic Equity increased $313,804 in the quarter, due to the consolidation of Corficolombiana, which generates a significant decrease in the deduction of investments made from other institutions not supervised by the Financial Superintendence of Colombia.

The higher Basic Solvency of 2.15%, compared to the year 2022, corresponds mainly to the issuance of Subordinated Bonds to Corficolombiana for $250,000, during the year 2023.

Below are the main Solvency figures:

Solvency Ratio			
	December 2023	September 2023	December 2022
Technical Equity	**2,547,977**	**2,066,897**	**2,372,451**
Total Basic Equity	2,200,184	1,886,380	2,169,607
Additional Equity	347,793	180,517	202,844
Assets Weighted by Risk Level	**19,109,451**	**19,381,528**	**21,223,112**
Assets Weighted by Loan Risk	16,670,145	16,592,399	18,453,236
Assets Weighted by Market Risk	923,539	1,033,429	1,516,695
Assets Weighted by Operational Risk	1,515,767	1,755,700	1,253,181
Solvency Ratio	**13.33%**	**10.66%**	**11.18%**
Total Basic Solvency Ratio	**11.51%**	**9.73%**	**10.22%**

2.3 Income Statement

Accumulated Net Loss for the fourth quarter of 2023 was $347,409, mainly explained due to: Net Interest Income $489,476, Net Commissions $75,349, Net Income or Expenses from Financial Assets or Liabilities held for Trading $122,769, Other Income $142,412 and Operating Expenses $1,212,270.

Net Interest Income

Net Interest Income							
				December 2023 / December 2022		December 2023 / September 2023	
	December 2023	September 2023	December 2022	Abs.	%	Abs.	%
Interest Income							
Interest from Loan portfolio	3,035,188	2,322,127	2,577,005	458,183	17.78%	713,061	30.71%
Income from Deposits	21	-	-	21	100.00%	21	100.00%
Interest Income from Other Accounts Receivable	40,841	30,853	13,060	27,781	212.72%	9,988	32.37%
Interest from Investments in Debt Securities	357,071	280,851	349,034	8,037	2.30%	76,220	27.14%
Total Interest Income	**3,433,121**	**2,633,831**	**2,939,099**	**494,022**	**16.81%**	**799,290**	**30.35%**
Interest and Similar Expenses							
Current Accounts	2,550	1,636	1643	907	55.20%	914	55.87%
Savings Deposits	989,733	747,576	714,067	275,666	38.61%	242,157	32.39%
Term Deposit Certificates	1,585,411	1,227,887	748,286	837,125	111.87%	357,524	29.12%
Total Deposits	**2,577,694**	**1,977,099**	**1,463,996**	**1,113,698**	**76.07%**	**600,595**	**30.38%**
Financial Obligations							
Interbank and Overnight Funds	26,185	21,977	5,172	21,013	406.28%	4,208	19.15%
Loans from Banks and Others	25,010	19,899	14,505	10,505	72.42%	5,111	25.68%
Bonds and Investment Securities	246,069	183,850	231,281	14,788	6.39%	62,219	33.84%
Obligations with Rediscount Entities	68,687	50,346	33,847	34,840	102.93%	18,341	36.43%
Total Financial Obligations	**365,951**	**276,072**	**284,805**	**81,146**	**28.49%**	**89,879**	**32.56%**
Total Interest and Similar Expenses	**2,943,645**	**2,253,171**	**1,748,801**	**1,194,844**	**68.32%**	**690,474**	**30.64%**
Net Interest Income	**489,476**	**380,660**	**1,190,298**	**(700,822)**	**-58.88%**	**108,816**	**28.59%**

Net Interest Income as of December 31, 2023 was $489,476, decreasing 58.44% compared to December 31, 2022 and increasing 28.59% compared to the third quarter of 2023. The decrease occurred due to the increase of 68. 32% in Total Interest and Similar Expenses, mainly explained by an increase in interest on deposits of $600,595, determined by the increase in interest rates set by the Bank of the Republic, measures that notably influenced rates of Liabilities with Cost.

Provisions for Financial Assets

Net Provision Expense grew 43.78% compared to the third quarter of 2023, reaching $251,339, 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 Assets							
				December 2023 / December 2022		December 2023 / September 2023	
	December 2023	September 2023	December 2022	Abs.	%	Abs.	%
Provision for Loan Portfolio and Interest Receivable	292,330	208,275	218,734	73,596	33.65%	84,055	40.36%
Recovery of Penalties	(40,991)	(33,464)	(43,585)	2,594	-5.95%	(7,527)	22.49%
Total Net Prov. for Losses due to Portfolio Impairment and Others	**251,339**	**174,811**	**175,149**	**76,190**	**43.50%**	**76,528**	**43.78%**

Commissions and Other Operating Income

Accumulated Gross Commission Income as of the fourth quarter of 2023 was $163,798, decreasing 5.80% compared to the fourth quarter of 2022 and increasing 35.02% compared to the third quarter of 2023, mainly due to Banking Service Commissions and Credit and Debit Card Transactions.

Net Commission Income totaled $75,349, decreasing 28.46% compared to the fourth quarter of 2022 and increasing 39.56% compared to the third quarter of 2023. In the fourth quarter of 2023, Accumulated Commission Expenses totaled $88,449.

Accumulated Other Operating Income was $142.412 in the fourth quarter of 2023, coming from:

1. Income by Participation Method and Dividends $77,892, mainly from Corficolombiana.
2. Gain on sale of property and equipment for own use $59,466, mainly from Nexus transfer.
3. Other Operating Income, $33,395.

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

Net Interest Income							
				December 2023/ December/2022		December 2023/ September/2023	
	December 2023	September 2023	December 2022	Abs.	%	Abs.	%
Income from Commissions and Other Services							
Banking Service Commissions	114,468	86,031	126,841	(12,373)	-9.75%	28,437	33.05%
Credit and Debit Card Commissions	47,841	34,123	45,181	2,660	5.89%	13,718	40.20%
Commissions from Money Orders, Checks and Checkbooks	1090	835	1380	(290)	-21.01%	255	30.54%
Office Network Services	399	321	477	(78)	-16.35%	78	24.30%

Net Interest Income							
				December 2023 / December, 2022		December, 2023/ September, 2023	
	December 2023	September 2023	December 2022	Abs.	%	Abs.	%
Income from Commissions and Other Services	**163,798**	**121,310**	**173,879**	**(10,081)**	**-5.80%**	**42,488**	**35.02%**
Expenses for Commissions and Other Services	**88,449**	**67,320**	**68,549**	**19,900**	**29.03%**	**21,129**	**31.39%**
Net Income from Commissions and Other Services	**75,349**	**53,990**	**105,330**	**(29,981)**	**-28.46%**	**21,359**	**39.56%**
Net Income or Expenses from Financial Assets or Liabilities held for Trading	**122,769**	**94,048**	**(3,366)**	**126,135**	**-3.747,33%**	**28.721**	**30.54%**
Net Gain on Marketable Investments	64,136	46,000	16,327	47,809	292,82%	18.136	39.43%
Net Gain on Trading Derivative Financial Instruments	58,633	48,048	(19,693)	78,326	-397,74%	10.585	22.03%
Other Operating Income							
Exchange Adjustments	-38,168	-31,242	45,526	(83,694)	-183,84%	(6.926)	22.17%
Net (Loss) Gain on Sale of Investments	-306	2,710	2,625	(2,931)	-111,66%	(3.016)	-111.29%
Adjustment to Fair Value of Investment Properties	4,353	1,661	12,635	(8,282)	-65,54%	2.692	162.10%
Profit from Sale of Non-Current Assets Held for Sale	2,996	1,114	-	2,996	100,00%	1.882	168.90%
Dividends and Participation Method	77,892	48,141	109,679	(31,787)	-28,98%	29.751	61.80%
Other Operating Income	95,645	56,682	42,932	52,713	122,78%	38.963	68.74%
Other Operating Income	**142,412**	**79,066**	**213,397**	**-70,985**	**-33,26%**	**63.346**	**80.12%**

2.4 Other Financial Information

Until December 2023, Banco Popular S.A. carried out various unusual operations in line with its financial strategy, aimed at meeting solvency levels and indicators. These operations are the following:

Acquisition of controlling position in Corporación Financiera Colombiana S.A.

On November 22, 2023, an agreement was signed between Grupo Aval Acciones y Valores and its main shareholders, composed of Grupo Aval S.A., Banco de Bogotá S.A., Banco de Occidente S.A. and Banco Popular S.A. As a result of this strategic collaboration, Banco Popular S.A. acquired the controlling position in Corporación Financiera Colombiana S.A.

The execution of this agreement is carried out in accordance with the provisions of article 2.1.1.1.11 of Decree 2555 of 2010, generating a positive impact on both the technical assets and the regulatory solvency indicators of Banco de Bogotá S.A., Banco de Occidente S.A. and Banco Popular S.A.

It is important to highlight that the signing of this agreement does not entail changes in the current shareholding of the subscribers or alterations in the beneficial ownership of Corficolombiana. This milestone marks a significant step in the consolidation of strategic alliances within the financial sector, strengthening the position of the actors involved and contributing positively to the development and stability of the market.

Transfer of Real Estate

Transfer of Real Estate to Private Capital Fund– Nexus

Banco Popular S.A. and Alpopular S.A., have maintained a stake in the Private Capital Fund - Nexus Inmobiliario since 2018, carrying out a real estate transfer transaction during 2023. This strategy was implemented with the objective of optimizing the financial position of both entities, specifically focused on the release of basis points to improve the Solvency Ratio indicator.

Under this operation, properties were transferred to the Investment Fund, which created benefits for Banco Popular S.A. and Alpopular S.A. Through this strategic initiative, both entities have managed to not only strengthen their financial position, but also diversify their asset portfolio by incorporating real estate units to the Private Capital Fund.

Portfolio Sale

Following the criteria defined by management and in line with the portfolio business model, the Bank has carried out portfolio sales in consumer and commercial products throughout 2023. This strategy has enabled the Bank to have resources available to achieve the objective of minimizing costs and mitigating the risk of insufficient funds. These actions are aligned with current regulations and best banking practices, executed through financial operations designed to preserve the stability of the financial margin.

The corresponding value of the sold portfolio corresponds to Capital, Current Interest, Default Interest, among others. These measures reinforce the Bank's financial health and strength, reaffirming its commitment and vision to its clients through solid practices and responsible management in the current banking landscape.

2.5 ESG Management

For each of the Corporate Governance, Risk Management and Sustainability dimensions, the material changes during the fourth quarter of 2023 (Oct – Dec) are listed below:

2.5.1 Corporate Governance

Regarding what was revealed in the last annual 2022 Sustainable Management Report, and the three quarterly reports revealed at the time so far in 2023, it is reported that, during the fourth quarter of 2023, at Banco Popular S.A., the following material changes in Corporate Governance matters took place:

Vice President of Business Innovation Resigns. On November 3, 2023, the Bank's Board of Directors accepted the resignation of Mr. Joaquín Eduardo Uribe Franco, as Vice President of Business Innovation, who held the position until October 31, 2023. On January 12, 2024, the Board of Directors unanimously approved to eliminate the position of Vice President of Business Innovation. The information was disclosed to the market through the website of the Financial Superintendency and the Entity's website.

Shareholders Agreement. On November 22, 2023, a shareholder agreement was signed between Grupo Aval, Banco de Bogotá S.A., Banco de Occidente S.A. and Banco Popular S.A., as a result of which Banco Popular S.A. acquired the status of controller of Corporación Financiera Colombiana S.A. ("Corficolombiana") under the terms of articles 260 and 261 of the Commercial Code. The information was disclosed to the market through the website of the Financial Superintendency and the Entity's website.

Comprehensive Risk Manager Resigns. On December 29, 2023, the President of the Bank accepted the resignation of Mr. Yibrán Ortegón Botello, as Comprehensive Risk Manager; Mr. Ortegón held the position until January 16, 2024. On January 12, 2024, the Board of Directors unanimously approved to modify the position of Comprehensive Risk Manager to that of Vice President of Risks, as well as the appointment of Mr. Helber Alonso Melo Hernández as Vice President of Risks, who may also exercise legal representation of the Bank, once the respective appointment is authorized by the Financial Superintendence. The previous news was disclosed to the market through the website of the Financial Superintendency and the Entity's website.

2.5.2 Risk Management System

During 2023, Banco Popular completed implementation of the regulatory requirements of Official Letter 018 of 2021 (SIAR), which establishes the implementation of a system that integrates risk management. This is how the Bank aligns itself with the provisions of the Official Letter, updating the Policies for comprehensive risk management, the risk management governance structure and its functions and the models for risk management.

Likewise, the Risk Appetite Framework was updated, which, although it has specific governance, is subordinated to the Bank's comprehensive risk management guidelines. Finally, during the last quarter of the year, compliance was achieved with respect to data aggregation issues, where monitoring of the risk appetite declaration was incorporated into the corporate tool of the Bank and its subsidiaries.

Main Impacts, Risks and Opportunities

Risk management has become a fundamental work pillar for financial entities that, after the severity of the crises that have occurred, are forced to respond and implement complex mitigation measures and greater resilience against 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 an analysis that begins with the international situation and, subsequently, continues with the identification of vulnerabilities at the national and local level.

This report is prepared 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 sense, this report serves as a basis to review and update the Bank's relevant risks for the year 2023.

Management of Relevant Risks 2023

- Transformation and modernization of the organization in the face of changes that affect the sector.
- Financial impacts on the loan and investment portfolios, derived from instabilities in the economic, social and political environment.
- CFEN Compliance and Funding Concentration Risk.
- Structural position of RTILB Balance Sheet.
- Talent Management and Labor Relations.
- Climate Risk.

Operational Risk Management 2023

- 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.

Risk Culture

- The Bank has implemented quarterly risk management metrics in each vice presidency where risk management is involved, depending on its role in the organization in relation to Financial Risks, Operations, ABAC, Sarlaft, SOX, Portfolio, and Information Security. This synthetic indicator allows us continuous improvement in risk management practices through the participation of different leaders of the organization in favor of due diligence of instructions and management of the different risks in the organization.
- All training modules for different risk systems were created for all Bank staff, and attached are the coverage statistics.
- Implementation of the SIAR has allowed the organization to monitor the entity´s risk profile and risk appetite.

Risk Management Fourth Quarter 2023

During the last quarter of 2023, a low risk profile was maintained in the portfolios. In the last quarter of the year, the Bank reduced its exposure to market risks by around 11%, reaching $83 billion with the standard methodology at the end of December, where the interest rate risk factor made the greatest contribution. During the period, controls established in market risk management were carried out, ensuring that the positions and results remained within the approved limits. Additionally, continuity was given to the standards established in the Market Risk Management System, allowing adequate measurement and control of market risk.

✓ **Liquidity Risk Management**

During the last quarter, a solid liquidity position was kept, with ample high-quality liquidity buffers. During the last quarter, the Bank has maintained an average of $4.8 trillion in high-quality liquid assets. In general terms, the liquidity ratios are above the regulatory thresholds for the period, with the thirty-day liquidity coverage ratio standing at 145.3% as of December 31 and the net stable financing ratio (CFEN) at 112.6%. Controls established in liquidity risk management were carried out, ensuring that the limits and alerts remained within the approved levels. Additionally, the standards established in the Liquidity Risk Management System were continued, for adequate measurement and control of liquidity risk.

✓ **Risks of Money Laundering and Terrorist Financing**

During the fourth quarter, Compliance Management continued, developing SARLAFT activities with the objective of preventing materialization of risks through the application of stages and elements of the system. Additionally, the respective report was presented to the Board of Directors with the details of management, compliance given to regulatory reports, residual risk position located at low in accordance with the limits approved by the directors, among other aspects.

✓ **Fraud Prevention**

The Bank keeps its proactive approach to preventing transactional fraud, through the implementation of solutions to mitigate fraud due to social engineering, among which the following stand out:

- Implementation and refinement of rules in tools for real-time monitoring for fraud prevention in digital and financial transactions, achieving a decrease in the value of materialized fraud for the fourth quarter of 2023 of 74%, compared to the fourth quarter of 2022.
- Implementation and refinement of rules in Near Real Time and Real Time engines, with approximately more than 120 adjustments applied to the rules focused on digital and financial transactions, achieving on average a fraud detection of more than 90% in the total transactional amount.

Likewise, clients are kept informed regarding security aspects since communications are issued 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 by social engineering.

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

During the last quarter of 2023, support to other areas of the Bank continued regarding identification of risks and definition of controls in different digital projects and initiatives, the plan for follow-up visits to critical third parties, the communication, training and awareness plan in Information Security and Cybersecurity aimed at the Bank's employees and clients. Process owners were also supported in the identification and assessment of information assets in the processes.

An “A” rating of Cybersecurity Scoring at the level of cyber risk made by the Financial Superintendence of Colombia was continued. Specialized security tests were carried out on our internal technological infrastructure and that exposed in cyberspace, in order to identify possible vulnerabilities or deficiencies in the controls defined for the protection of the Bank.

At the end of December, there was no evidence or report of situations that could be framed as information security and/or cybersecurity incidents.

From risk management to privacy, support within the Bank continued in meeting requirements from the Superintendence of Industry and Commerce, related to the rights of holders of personal data and activities planned within the Comprehensive Personal Data Program for this quarter.

✓ **Business Continuity**

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

Likewise, individual tests of the defined recovery strategies (COC, VPN and Citrix) were permanently executed during the year and the execution of one (1) comprehensive test of the Continuity Management System (SGCN) that involved the recovery plan of processes (BCP), disaster recovery plan (DRP), emergency plan and crisis communication plan, for 4 days and during business hours with successful results.

On the other hand, and through regulated mechanisms within the Bank, 97% effectiveness was achieved in monitoring Critical Suppliers identified in the 2022 Business Impact Analysis (BIA), ensuring that they have implemented and tested their Business Continuity Plan (PCN).

✓ **Operational Risk**

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

The Bank obtained approval from the Financial Superintendency regarding the operational risk event base, to calculate the Loss Component (CP), which is a component of the risk exposure value.

2.5.3 Management of ESG Criteria -Sustainability

During 2023, work was carried out on the development of the Environmental and Social Risk Management System (SARAS). With the support of an expert consulting team, in the fourth quarter of 2023 the diagnosis and design phases of the risk management tools, environmental and social assessment and due diligence were completed, as well as the creation of the SARAS policy and manual. Additionally, a pilot was carried out with business and government banking clients in order to test the tools and process, prior to its launch. By 2024, the approval and implementation process of the SARAS system is expected to be carried out, which will strengthen analysis and monitoring of the loan process.

In relation to climate risks, during 2023 an exposure analysis of the commercial portfolio to physical risks was carried out, analyzing sensitivity of the portfolio by type of loans, economic sectors and departments of the country. Within the framework of the TCFD methodology, the management strategy against climate change was structured, vulnerability maps were built and the process of prioritizing physical and transition risks began. Based on this analysis, during 2024 the climate risks working group will be formed to establish controls by geographical areas and economic sectors, as well as identification of new financing opportunities that leverage the country's energy transition.