FINANCIAL STATEMENTS

Separate

Year 2020

(FREE TRANSLATION OF THE REPORT ISSUED IN SPANISH)
STATUTORY AUDITOR'S REPORT

To the Shareholders
Banco de Bogotá:

Report on the financial statements audit

Opinion

I have audited the separate financial statements of Banco de Bogotá (the Bank), which comprise the separate statement of financial position at December 31, 2020 and the separate statements of income and comprehensive income, changes in equity and cash flows for the year then ended and their respective notes that include the summary of significant accounting policies and other explanatory notes.

In my opinion, the above mentioned separate financial statements, prepared according to information faithfully taken from books and attached to this report, present fairly, in all material aspects, the separate financial position of the Bank at December 31, 2020, the separate results of its operations, and its separate cash flows for the year then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied on a consistent basis with previous year.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) accepted in Colombia. My responsibilities under those standards are further described in the "Statutory Auditor' Responsibilities for the Audit of the Separate Financial Statements" section of my report. I am independent of the Bank in accordance with the Accountant's Professional Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA Code), included in the Information Assurance Standards accepted in Colombia together with the ethical requirements established in Colombia that are relevant to my audit of the separate financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code mentioned.

I believe that the audit evidence I have obtained is enough and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the separate financial statements of the current period. These matters were addressed in the context of my audit of the separate financial statements, considered as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Assessment of the loss allowance for commercial portfolio credit risk according to the Guidelines of the Financial Superintendence of Colombia for the separate financial statements (see notes 3.7.d. and 11.14 to the separate financial statements)	
The key audit matter	**How our audit approached this matter**
The balance of the commercial loan portfolio and loss allowance for credit risk as at December 31, 2020, amount to $44.548.722 and $2.932.086 million, respectively. The Bank records the commercial portfolio loss allowance in accordance with the loss allowance of the Financial Superintendence of Colombia, which establishes the constitution of minimum loss allowance in accordance with the expected losses determined according to the credit risk rating methodology defined in the reference model. I identified as a key audit matter the methodology for assigning the credit risk rating of clients classified in the commercial portfolio, which incorporates significant elements of judgment in the key analysis assumptions, including the variables that allow capturing the associated credit risk to the impacts of the COVID-19 pandemic. This risk rating assigned is incorporated as a parameter in the reference model for calculating the loss allowance for commercial portfolio credit risk.	My audit procedures to assess the assignment of the credit risk rating and the effect on the loss allowance included, among others, the following: • Involvement of professionals with experience and knowledge in the assessment of credit risk and information technology, to evaluate certain internal controls related to the Bank's process for determining the loss allowance of commercial credits. This included controls associated with (1) validation of the methodology and / or models of credit risk rating assignment according to regulatory loss allowance (2) the Bank's monitoring on the credit risk ratings assignment and the result of the value of the loss allowance, (3) information technology controls on the input data to the models for determining the loss allowance of credits, as well as the calculations of loss allowance; and (4) the evaluation to identify if there was a significant change in credit risk. • Inspection of a sample of loan portfolio files to verify that the rating granted to commercial portfolio clients complies with the guidelines defined by the Financial Superintendence of Colombia for the los allowance system and it is supported by the financial, qualitative or economic characteristics of the client and its subsequent incorporation to the reference model for calculating loss allowance. • Recalculation of the loss allowance as of December 31, 2020 on the entire commercial portfolio, in accordance with current regulatory accounting standards.

Assessment of the additional general allowance of loan portfolio for credit risk as established by the Financial Superintendence of Colombia for the separate financial statements (see notes 2.3. And 11.14 to the separate financial statements)	
The key audit matter	**How our audit approached this matter**
As of December 31, 2020, the Bank recorded an additional general allowance for the loan portfolio for $630.411 million, approved by the Board of Directors, which was established, in order to cover the credit risk derived from the COVID 19 situation, in compliance with the allowance of External Circular Letter 022 of 2020 of the Financial Superintendence of Colombia. I identified the additional general allowance as a key audit matter, because its estimation required significant judgment, knowledge of clients and experience in their industry, especially regarding: (1) the definition of the methodologies used, 2) the prospective estimate of the potential impairment in the loan portfolio associated with the economic activity of the debtors, the grace periods and other measures adopted pursuant to Circulars 007, 014 and 022 of 2020 of the Financial Superintendence of Colombia and 3) the prospective estimation of the general macroeconomic effects of the situation generated by Covid-19 on the portfolios exposed to credit risk.	My audit procedures to assess the adequacy of the additional allowance for credit risk included, among others, the following: • Involvement of professionals with experience and knowledge in the assessment of credit risk and information technology, to evaluate certain internal controls related to the Bank's process for determining the additional loss allowance of loan portfolio, established by the Financial Superintendence of Colombia. This included controls associated with (1) Approvals monitoring by the Board of Directors (2) the Bank's monitoring of changes in the clients risk in the loan portfolio; (3) information technology controls on the input data to the models that determine the additional loss allowance of credits, as well as the related calculations; and (4) the assessment of the macroeconomic variables considered to estimate the additional loss allowance. • Professionals with knowledge in assessment of credit risk and information technology assisted me in (1) evaluate the key data and methodologies used to determine the additional portfolio loss allowance; (2) evaluate macroeconomic variables; (3) recalculation of additional loss allowance; and (4) evaluate the qualitative adjustments applied to the model.

Other matters

The separate financial statements at and for the year ending December 31, 2019 are submitted only for comparison purposes, were audited by other public accountant, member of KPMG S.A.S." who in his report dated February 25, 2020 expressed an unqualified opinion thereon".

Responsibilities of Management and those in charge with the Bank's governance for the separate financial statements

Management is responsible for the fair preparation and presentation of these separate financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: designing, implementing and maintaining the internal control relevant that management considers necessary for the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the separate financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to the continuity of the Bank and using the going concern accounting basis unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those in charge with corporate government are responsible for overseeing the Bank's financial reporting process.

Statutory Auditor's responsibilities for the audit of the separate financial statements

My objectives are to obtain reasonable assurance about whether the separate financial statements, considered as a whole, are free from material misstatement, whether due to fraud or error, and to issue an audit report that include my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the users' economic decisions taken based on these separate financial statements.

As part of an audit conducted in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is enough and appropriate to provide a basis for my opinion. 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.

- Obtain an understanding of internal control relevant for the audit in order to design audit

procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness use of the going concern hypothesis by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If I would conclude that a material uncertainty exists, I am required to draw attention in my statutory auditor's report to the related disclosure in the separate financial statements or, if such disclosure is inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Bank ceases to continue as a going concern.

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

- Obtain enough and appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the separate financial statements. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion. I communicate to those in charge with the Bank's governance, among other matters, regarding the planned scope and timing for the audit, as well as significant audit findings, including any significant deficiency in internal control that I identify during my audit.

I also provide those in charge with corporate government with a statement that I have complied with relevant ethical requirements regarding independence and communicate them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

Report about other legal and regulatory requirements

1. Based on the results of my tests, I believe during 2020:

    a) The Bank's bookkeeping has been performed in conformity with legal rules and accounting pronouncements.

b) The operations recorded in the books are in conformity with the bylaws and decisions of the General Shareholders' Meeting.

c) The correspondence, the vouchers of accounts and the books of minutes and record of shares have been properly maintained.

d) The Bank has fulfilled the rules and instructions of the Financial Superintendence of Colombia regarding the appropriate administration and provision of the goods received in payment and the implementation and impact on the statement of financial position and the statement of income and comprehensive income of the Risks Management Systems that apply.

e) The management report prepared by management agrees with the accompanying financial statements, which includes evidence about free circulation of invoices issued by sellers or suppliers.

f) The information contained in the contribution returns submitted to the Social Security System, specifically the information on affiliates and their salary base for determining contributions, has been prepared from the accounting records and supporting documentation. The Bank is up to date in payment of contributions to the Social Security System.

In compliance with the requirements of articles 1.2.1.2. and 1.2.1.5. of Single Regulatory Decree 2420 of 2015, in development of the Statutory Auditor's responsibilities contained in numerals 1 and 3 of article 209 of the Code of Commerce, related to the evaluation whether the Bank's management performance is in accordance with the bylaws and the orders or instructions of the General Shareholders' Meeting and if there are and are adequate the measures of internal control, preservation and custody of the Bank's assets or third parties' assets in its possession, I issued a separate report dated February 25, 2021.

2. I carried out monitoring to the answers about the recommendation letters addressed to the Bank's management and there are no outstanding material issues that can affect my opinion.

Diana Alexandra Rozo Muñoz
Statutory Auditor of Banco de Bogotá
Registration 120741 - T
Member of KPMG S.A.S.

February 25, 2021

BANCO DE BOGOTÁ
Separate Statement of Financial Position
As at December 31
(Figures expressed in millions of Colombian pesos)

	Notes		2020	2019
Assets				
Cash and cash equivalents	**9**	$	**9,178,718**	**9,665,110**
Financial assets			**10,422,627**	**7,641,864**
Investments held for trading	**10**		**1,888,520**	**1,266,960**
Debt securities			1,299,066	921,451
Equity securities			589,454	345,509
Investments available for sale	**10**		**5,337,950**	**4,439,181**
Debt securities			5,126,872	4,224,936
Equity securities			211,078	214,245
Investments held to maturity	**10**		**2,684,490**	**1,441,450**
Derivatives at fair value	**10**		**511,667**	**494,273**
Trading derivatives			394,601	331,269
Hedging derivatives			117,066	163,004
Loan portfolio, net	**11**		**59,898,680**	**55,841,327**
Repos, interbank, overnight and money market operations			1,364,408	40,553
Clients and financial leases transactions, net			**58,534,272**	**55,800,774**
Commercial			44,548,722	41,824,163
Consumer			13,762,108	12,941,197
Mortgage			4,639,221	4,042,047
Microcredits			346,110	384,739
Allowance			(4,761,889)	(3,391,372)
Other accounts receivable, net	**12**		**903,043**	**997,097**
Non-current assets held for sale	**13**		**13,985**	**119,107**
Investments in subsidiaries, associates and joint ventures, net	**14**		**22,266,708**	**21,205,025**
Property, plant and equipment	**15**		**682,282**	**704,878**
Right of use assets	**16**		**501,418**	**574,308**
Investment properties	**17**		**57,336**	**62,377**
Goodwill	**18**		**465,905**	**465,905**
Other intangible assets	**19**		**401,267**	**379,931**
Income tax	**20**		**948,948**	**473,420**
Current			226,029	292,426
Deferred			722,919	180,994
Other assets			**18,562**	**17,885**
Total assets		**$**	**105,759,479**	**98,148,234**

BANCO DE BOGOTÁ
Separate Statement of Financial Position
As at December 31
(Figures expressed in millions of Colombian pesos)

	Notes	2020	2019
Liabilities and Equity			
Liabilities			
Financial liabilities derivatives at fair value	**10**	**487,057**	**422,172**
Trading derivatives		484,692	354,683
Hedging derivatives		2,365	67,489
Financial liabilities at amortized cost		**82,230,792**	**74,781,208**
Customer deposits	**21**	**65,855,634**	**56,210,117**
Checking accounts		17,431,699	14,594,756
Savings accounts		28,668,711	23,791,690
Time certificates of deposit		19,628,508	17,737,941
Others		126,716	85,730
Financial obligations	**22**	**16,375,158**	**18,571,091**
Interbank borrowings and overnight funds		2,876,614	3,345,149
Borrowings from banks and others		2,731,545	5,113,719
Bonds issued		7,894,942	7,379,399
Development entities		2,343,035	2,143,592
Lease contracts		529,022	589,232
Employee benefits	**23**	**229,148**	**235,154**
Provisions	**24**	**24,056**	**25,467**
Income tax	**20**	**4,541**	**4,556**
Current		4,541	4,556
Accounts payables and other liabilities	**25**	**2,226,730**	**2,523,476**
Total liabilities		**$ 85,202,324**	**77,992,033**
Equity			
Subscribed and paid-in capital	26	3,313	3,313
Additional paid-in capital		5,721,621	5,721,621
Retained earnings		14,756,844	13,883,465
Other comprehensive income	27	75,377	547,802
Total equity		**$ 20,557,155**	**20,156,201**
Total liabilities and equity		**$ 105,759,479**	**98,148,234**

The accompanying notes are an integral part of these separated financial statements.

ALEJANDRO FIGUEROA JARAMILLO
Legal Representative

NÉSTOR ANTONIO PUPO BALLESTAS
Chief Accountant
Professional License 43967 -T

DIANA ALEXANDRA ROZO MUÑOZ
Statutory Auditor
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Member of KPMG S.A.S.
(See my report dated February 25, 2021)

BANCO DE BOGOTÁ

Separate Statement of Income
Years ended at December 31
(Figures expressed in millions of Colombian pesos, except net earnings per share)

	Notes	2020	2019
Interest income		$ **5,527,915**	**5,757,411**
Client portfolio and financial leases transactions		5,275,842	5,512,380
Repos, interbank, overnight and money market operations		5,574	24,858
Investments		246,499	220,173
Interest expenses		**2,274,217**	**2,565,226**
Customer deposits		**1,499,122**	**1,784,508**
Checking accounts		108,104	176,372
Savings accounts		574,717	653,749
Time certificates of deposit		816,301	954,387
Financial obligations		**775,095**	**780,718**
Interbank borrowings and overnight funds		124,511	125,601
Borrowings from banks and others		72,765	119,439
Bonds issued		465,354	416,702
Development entities		81,551	85,647
Lease contracts		30,914	33,329
Net interest income		**3,253,698**	**3,192,185**
Net allowance on financial assets		**2,331,703**	**1,352,730**
Loan portfolio, financial leases and accounts receivable	11 y 12	2,468,968	1,506,244
Recovery of write-offs	11	(137,523)	(153,165)
Investments	10.2	258	(349)
Net interest income, after allowance		**921,995**	**1,839,455**
Income from contracts with customers for commissions and other services		**908,579**	**1,013,269**
Banking services		527,959	622,808
Credit cards		360,108	358,952
Drafts, checks and checkbooks		16,432	25,610
Office network services		4,080	5,899
Costs and expenses of contracts with customers for commissions and others services	**28**	**255,432**	**172,394**
Net income from contracts with customers for commissions and other services		**653,147**	**840,875**
Net income from trading financial assets or liabilities		**588,871**	**214,177**
Gain on valuation of derivatives instruments for trading		271,555	12,338
Gain on valuation of derivatives instruments for hedging		154,495	125,301
Gain on valuation of investments for trading		162,821	76,538
Other income	**29**	**2,324,044**	**2,531,008**
Equity method		2,117,940	2,208,183
Others		206,104	322,825
Other expenses		**2,246,912**	**2,551,855**
Administrative	30	1,292,358	1,511,161
Employee benefits		776,509	747,727
Depreciation and amortization		231,797	222,944
Others		(53,752)	70,023
Net income before income tax		$ **2,241,145**	**2,873,660**
Income tax expense	20	30,086	232,794
Net income for the period		$ **2,211,059**	**2,640,866**
Basic and diluted net earnings per share (in Colombian Pesos)		$ **6,674**	**7,972**

The accompanying notes are an integral part of these separated financial statements.

ALEJANDRO FIGUEROA JARAMILLO
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BANCO DE BOGOTÁ

Separate Statement of Comprehensive Income

As at December 31

(Figures expressed in millions of Colombian pesos)

	Notes		2020	2019
Net income		**$**	**2,211,059**	**2,640,866**
Items that may be reclassified to profit or loss			**(179,632)**	**589,638**
Hedge accounting	10.5			
Exchange difference on foreign subsidiaries			1,355,960	105,194
Exchange difference on derivatives in foreign currency			(1,034,816)	(50,318)
Exchange difference on bonds in foreign currency			(321,145)	(56,618)
Exchange difference on foreign subsidiaries (not hedging part)	10.5		(511,482)	0
Unrealized gain from measurement of investments available for sale			252,615	155,469
Exchange difference in foreign branches			110,149	3,456
Share in other comprehensive income of subsidiaries and associates	14.1 y 14.2		(319,762)	441,653
Income tax	20		288,849	(9,198)
Items that will not be reclassified to profit or loss			**(2,045)**	**(5,958)**
Changes in actuarial assumptions from defined benefits plans			(2,899)	(8,589)
Income tax	20		854	2,631
Items that reclassified to profit or loss			**(290,748)**	**(58,062)**
Realization of gain from measurement of investments available for sale			(196,017)	(92,378)
Realization difference in exchange for repatriation results of foreign agencies			(246,504)	0
Income tax	20		151,773	34,316
Total other comprehensive income, net		**$**	**(472,425)**	**525,618**
Total comprehensive income		**$**	**1,738,634**	**3,166,484**

The accompanying notes are an integral part of these separated financial statements.

ALEJANDRO FIGUEROA JARAMILLO
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BANCO DE BOGOTÁ
Separate Statement of Changes in Equity
Years ended at December 31
(Figures expressed in millions of Colombian pesos)

	Notes	Subscribed and paid-in capital	Additional paid-in capital	Retained earnings	Other comprehensive income (OCI)	Total equity
Balance at december 31, 2018		**$ 3,313**	**5,721,621**	**12,515,447**	**22,184**	**18,262,565**
Dividends decreed	26	0	0	(1,272,117)	0	(1,272,117)
Others		0	0	(731)	0	(731)
Total comprehensive income	27	0	0	2,640,866	525,618	3,166,484
Balance at december 31, 2019		**$ 3,313**	**5,721,621**	**13,883,465**	**547,802**	**20,156,201**
Dividends decreed	26	0	0	(1,335,723)	0	(1,335,723)
Others		0	0	(1,957)	0	(1,957)
Total comprehensive income	27	0	0	2,211,059	(472,425)	1,738,634
Balance at december 31, 2020		**$ 3,313**	**5,721,621**	**14,756,844**	**75,377**	**20,557,155**

The accompanying notes are an integral part of these separated financial statements.

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BANCO DE BOGOTÁ
Separate Statement of Cash Flows
Years ended at December 31
(Figures expressed in millions of Colombian pesos)

	Notes		2020	2019
Cash flows from operating activities				
Net income for the period		$	2,211,059	2,640,866
Adjustments to reconcile net income for the period to net cash provided by operating activities:				
Allowance of the loan portfolio, financial leases and other accounts receivable, net	11 y 12		2,468,968	1,506,244
Depreciation and amortization	15, 16, 17 y 19		231,797	222,944
Equity method income	29		(2,117,940)	(2,208,183)
Income valuation and sale of financial assets, net			(620,444)	(232,018)
Interest income			(5,527,915)	(5,757,411)
Interest expenses			2,274,217	2,565,226
Employee benefits expense			672,963	238,975
Provisions expenses			2,456	3,110
Income tax expense	20		30,086	232,794
Others adjustments to reconcile net income for the period			(125,467)	13,039
Changes in operating assets and liabilities				
Increase of investments in financial assets			(1,433,637)	(1,891,930)
Increase in the loan portfolio and finance leases			(5,890,776)	(1,546,140)
Decrease (increase) in other accounts receivable			74,570	(35,460)
(Increase) decrease in other assets			(17,262)	35,771
Increase in customer deposits			9,277,387	2,079,069
(Decrease) increase in interbank borrowings and overnight funds			(555,078)	2,637,835
Decrease in accounts payables and other liabilities			(1,002,392)	(790,392)
Interest received			5,040,581	5,498,915
Interest paid			(2,227,523)	(2,509,195)
Interest paid financial leases			(30,916)	(33,323)
Dividends received			1,607,419	164,941
Income tax paid			(322,784)	(324,517)
Net cash provided by operating activities			**4,019,368**	**2,511,160**
Cash flows from investing activities:				
Purchases of investments held to maturity			(2,368,559)	(932,804)
Acquisition of property, plant and equipment	15		(79,133)	(108,822)
Acquisition of other intangible assets	19		(105,277)	(74,233)
Additions of investments in subsidiaries			0	(2,369)
Redemption of held to maturity investments			1,156,753	890,866
Capitalization of investments in subsidiaries and associates			(9,223)	(2,334)
Proceeds from sale of non-financial asssets			277,153	102,610
Net cash used in investing activities			**(1,128,286)**	**(127,086)**
Cash flows from financing activities:				
Acquisition of financial obligations			8,630,862	9,382,896
Decrease of financial obligations			(11,274,341)	(9,036,192)
Issuance of outstanding bonds			299,771	0
Payment of outstanding bonds issued			(130,461)	0
Payment leases			(55,811)	(52,170)
Dividends paid			(1,314,241)	(1,218,323)
Net cash used in financing activities			**(3,844,221)**	**(923,789)**
Effect of foreing currency changes on cash and cash equivalents			466,747	(8,803)
Net (Decrease) increase in cash and cash equivalents			(486,392)	1,451,482
Cash and cash equivalents at beginning of the year	9		9,665,110	8,213,628
Cash and cash equivalents at the end of the year	**9**	**$**	**9,178,718**	**9,665,110**

The accompanying notes are an integral part of these condensed separated financial statements.

ALEJANDRO FIGUEROA JARAMILLO
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Note 1 – Reporting entity

Banco de Bogotá (the Bank) is a private entity based in the city of Bogotá D.C. at Calle 36 # 7-47. It was incorporated through Public Deed No. 1923, dated November 15, 1870 granted before the Second Notary Public in Bogotá D.C., the Financial Superintendence of Colombia renewed the Bank's operating license definitely, as per Resolution 3140, of September 24, 1993. The term of the institution, according to its bylaws, is until June 30, 2070; however, that term may be reduced due to dissolution or extended prior to that date. The corporate purpose of the Bank is to enter into or perform all operations and agreements legally permitted to commercial banking businesses pursuant to the requirements and limitations of law in Colombia.

At December 31, 2020 the Bank's operating structure is comprised of nine thousand and nine hundred eighty-nine (9,989) direct employees, one thousand and two hundred thirty-six (1,236) employees on fixed-term contracts and four hundred ninety-two (492) apprentices from the National Vocational Training Service (SENA), this amounts to a total of eleven thousand and seven hundred seventeen (11,717) employees. The Bank also has three thousand and three (3,003) staff members hired through outsourcing with specialized companies. Additionally, it provides a broad range of services for its customers, based on five hundred seventy-two (572) offices, of which seventeen (17) payment and collection centers; ten thousand and six hundred twenty-four (10,624) correspondent banks; and one thousand and seven hundred forty-nine (1,749) ATMs for a total of twelve thousand and nine hundred fourty-five (12,945) service points in Colombia, this is in addition to its two (2) agencies in the United States of America: one in Miami and another in New York, which are licensed to carry out banking activities abroad, and (1) a bank branch in Panama City, which has a general license for banking on the local market.

Banco de Bogotá is a subordinate of Grupo Aval Acciones y Valores S.A. which has a total shareholding of 68.74%.

Note 2 – Relevant transaction

2.1 Exchange rate variation

The representative market rate at the end of December 31, 2020 was $3,432.50, as of December 31, 2019 $3,277.14, originating a variation of $155.36 pesos/dollar, which generated an impact on the financial statements, mainly in portfolio credit, customer deposits and financial obligations.

2.2 Business combinations

On May 22, 2020, Leasing Bogotá S.A. Panamá subsidiary of Banco de Bogotá, acquired Multi Financial Group Inc. (MFG), comprised primarily of 96.6% of the issued and outstanding shares of Multibank Inc. and subsidiaries in Panama. MFG provides a wide variety of financial services primarily in corporate, investment, mortgage and consumer banking, as well as insurance, securities brokerage, factoring, leasing and real estate services. The purchase price was US$433.8 millions ($1,613,409) paid on May 22, 2020, thus acquiring 96.6% of the outstanding shares, with an option to acquire the remaining 3.40% of the outstanding shares in the short term, from the date of the transaction to December an additional 2.97% has been acquired.. In September, Leasing Bogotá S.A. Panamá received US $1.6 million ($6,334) as an adjustment to the price for reimbursement of items that should not have been included in the transaction. The final adjusted purchase price is US $432.2 million ($1,607,075). At December 31, 2020, the non-controlling interest is 0.43%.

Leasing Bogotá S.A. Panamá has completed the evaluation and allocation of the purchase price based on the acquisition accounting method. It identified that intangible assets correspond mainly to Relationship with Depositors, Relationship with Clients and Trademarks and Trade Names. It recognized the amortization and depreciation of the fair value adjustments for the seven-month period from May 22 (acquisition date) to December 31, 2020 for a net amount of US$0.37 million ($1,311).

MFG's consolidated results have been recognized in the consolidated financial statements as of that date. The acquisition was made primarily to increase the Leasing Bogotá S.A. Panamá operation through MFG's future business potential by means of international expansion considering different factors such as geographic proximity, similarity in population size and growth expectations; strengthening the leadership position in Central America, synergies and economies of scale expected from the operations and from MFG, where this transaction is complementary to the lines of business in which the Leasing Bogotá S.A. Panamá is already participating in Panama. The goodwill has been allocated to MFG as a single operating segment. The goodwill that was recognized is not deductible for tax purposes.

2.3 COVID-19

During the year 2020, the Coronavirus (COVID-19) has spread around the world, bringing about the closure of production and supply chains and interrupting international trade, which is causing a global economic slowdown and affecting various industries. The Colombian authorities have had to adopt, among other measures, the temporary closure of establishments and mandatory preventive isolation in various zones, preventing employees, suppliers and customers from carrying out their activities as usual. This could have an adverse effect on the results of operations, financial position and liquidity of the Bank. The above aspects are being assessed daily by management in order to take all appropriate measures to minimize the negative impacts that could arise from this situation.

At December 31, 2020, the following aspects have been assessed and, in some cases, have caused impacts on the financial statements, the Bank's operations. During the period subsequent to the date of these financial statements and up to the date of issue hereof, they continue to be monitored by management to address their effects on the Bank's operations and those of its customers.

The main impacts suffered by the Bank's financial statements based on the information and analyzes performed to date are described below:

a. Impairment of financial instruments - Loan Portfolio

Banco de Bogotá shall continue to comply with the impairment of the loan portfolio according to the reference models issued by the Financial Superintendence of Colombia (SFC, for the Spanish original) and the respective regulatory disclosures, adopting the minimum characteristics issued by the SFC in Public Notices (PN) 007, 014, 022, 026 and 039/2020 so that credit policies contain support plans for debtors whose payment capacity has been affected as a consequence of COVID-19.

The Bank continues to periodically monitor information that allows for the timely identification of possible impacts on the portfolio's exposure to the most vulnerable segments; this would indicate the possibility of a significant expansion of the non-performing portfolio.

Relief for customers on debt payments

Actions taken or suggested by the Government have encouraged the generation of aid for companies or individuals in relation to existing loans or loan agreements that involve the renegotiation of their terms. Through Public Notice (PN) 007/2020, the Financial Superintendence of Colombia provided measures to preventively mitigate the effects that may arise on the credit portfolio of companies and households due to the circumstances and the health emergency declared by the Colombian Government by means of Resolution 385/March 12, 2020.

PN 007 indicates that credit institutions must establish effective policies and procedures to identify customers who will be subject to the agile application of special measures to deal with the situation. These measures consider that, as a minimum, loans that are not 30 days or more past due (including modified and/or restructured loans) at February 29, 2020, may establish grace periods to address the customer's particular situation, without the customer being considered a factor of greater risk.

Similarly, Public Notice 014/2020 discussed the minimum changes to the terms of the loans and basic information for financial consumers to make an informed decision, indicating that the policies on changes to loan terms, including grace periods or extensions, must be structured based on characteristics such as: the interest rate cannot be increased and they must not contemplate the collection of interest on interest or any payment system that contemplates the capitalization of interest, among others, and clarifies that the instructions given in Public Notice 007/2020 may also be applied to loans that are between 30 and 60 days past due at February 29, 2020.

However, in view of the persistence of the COVID-19 phenomenon and other external shocks whose effects have reflected in credit behavior and, in order to continue the risk management strategy established by Public Notices 007 and 014/2020, the Financial Superintendence of Colombia (SFC, for the Spanish original) issued Public Notice 022, which gives instructions for the definition of the Debtor Support Program and the incorporation of complementary prudent measures in the area of credit risk. This notice establishes that credit institutions have the authority to determine the debtors or segments to which they will offer relief measures, through the design and development of policies and procedures aimed at implementing the Debtor Support Program (PAD, for the Spanish original); the application of the measures indicated there on the debtors began as of August 1, 2020.

For the implementation of this program, the Bank has established the following aspects and characteristics as defined by the Public Notice:

Groups		Considerations
1	These are debtors regarding whom there is an objective basis to reasonably infer that they **can continue making the ordinary payments of their credits in the terms in force at the beginning of the program.**	
2	These are the debtors whose income or payment capacity is partially affected and regarding whom there is an objective basis to reasonably infer that, by redefining the conditions of the credit, the debtor will be able to continue to fulfill the obligations in the new agreed terms.	• Reduction in the value of payments, and • No increase in the initially agreed interest rate
3	These are debtors who are temporarily facing a **substantial or total impairment in their income or payment capacity** and regarding whom the entity has an objective basis to reasonably infer that the debtor will be able to overcome this impairment.	• Reduction in the value of payments. • No increase in the initially agreed interest rate of the obligation, and • Grace periods or extensions, which must comply with the conditions of the instruction.

Similarly, this public notice gave instructions to constitute a general interest provision on the uncollected interest incurred (hereinafter, ICNR for the Spanish original) during the grace periods and extensions granted on the occasion of Public Notices 007 and 014/2020 and also generated by the Debtor Support Program (PAD).

On the other hand, the Financial Superintendence of Colombia, by means of Public Notice No. 26, established regulations for the effects of determining the amount of the allowance for accrued not collected interest (ICNR, for the Spanish original) on housing loans, which must be calculated based on the difference between the individual allowance and the ICNR, using the percentages for allowances on the guaranteed portion listed in subsection 2.1.1.1, Annex 1, Chapter II of the Basic Accounting and Financial Notice, associated with the debtor's current stressed rating with at least two additional risk categories, and the individual allowance on the ICNR.

Lastly, on December 15, 2020, the Financial Superintendence of Colombia (SFC, for the Spanish original) issued Public Notice No. 039, in which it extends the duration of the Debtor Relief Program (PAD, for the Spanish original) until June 30, 2021, and makes certain amendments to Public Notice No.022 establishing supplementary measures related to credit risk, such as:

- For the effects of processing new loans and redefining the loans covered by said public notice, the supervised entities may use procedures involving alternative information that enables providing a reasonable and objective outlook of the debtor's actual or potential capacity to repay the loan.

- Credit institutions must continue to assess and rate their loan portfolios according to the terms and deadlines established in Chapter II of the CBCF.

- Credit institutions must continue to establish general provisions on interest for accrued and unpaid interest (ICNR, for the Spanish original) over the terms and extensions granted by virtue of public notices No. 007 and 014 and the implementation of the PAD measures.

- Credit institutions must continue to maintain in their prospective estimations of potential loan portfolio impairment linked to the debtors' economic activity the grace periods and other measures adopted by means of public notices No. 007 and 014 and the implementation of the PAD measures.

.As of December 31, 2020, as a result of the analysis carried out by the Bank and in compliance with the allowance of the Financial Superintendence of Colombia, an additional general allowance for the portfolio was recorded for $ 616,800 and a general allowance on ICNR for $ 13,611, in order to anticipate the risk of default and as a hedging mechanism.

Consequently, to the extent that an expense for individual allowances generated for those debtors who move to higher risk categories in the months after their constitution is recorded, the reimbursement of the additional general allowance may offset it. The foregoing led the Bank to recognize a deferred tax asset of $209,712, with respect to the additional general allowance mentioned.

The following table summarizes the volume of reliefs granted by the Bank and which are in force at the end of the December:

	Commercial	Consumer	Mortgage	Microcredit	Commercial leases	Consumer leases	Mortgage leases
Number of credits with relief granted	44,893	616,581	25,614	32,251	4,223	71	1,343
Total credits	157,252	1,658,710	57,961	50,999	7,125	218	2,526
% of credits with relief/Total portfolio	28.55%	37.17%	44.19%	63.24%	59.27%	32.57%	53.17%

b. Measurement of financial instruments – Leases

Since April 2020, lessors and lessees have been renegotiating the terms of their lease agreements, as a result of which the lessors have granted the lessees concessions of some kind in relation to the lease payments.

The Bank has renegotiated the terms of its lease agreements as a result of the crisis triggered by COVID-19, for which reason it has considered, in its role as lessee, the appropriate accounting of these concessions, analyzing whether or not they are amendments to the contract.

Also, in May 2020, the IASB published an amendment to IFRS 16 to address changes in lease payments that have occurred or are expected to occur as a result of the pandemic.

The amendment aims to address issues affecting the implementation of the requirements of IFRS 16 in order to provide practical relief to lessees during the pandemic while allowing them to continue to provide useful information about their leases to users of financial statements.

The amendment allows lessees not to assess whether reductions of lease payments due on June 30, 2021 and related to COVID-19 are lease modifications and, as a practical remedy, to recognize such reductions in the same manner that they would account for a change as if it were not a lease contract amendment. It also allows lessees to apply the amendment comprehensively to the financial statements covering periods that began on January 1, 2020.

c. Investment properties

The fair value of investment properties is determined by external and independent property appraisers, who have appropriate recognized professional qualifications and recent experience in the location and category of the property being appraised.

As of December 31, 2020, the appraisers did not disclose any modifications to the assumptions used in estimating the valuations performed from the prior year, nor did they report any "material valuation uncertainties" due to the market disruption caused by the pandemic, which could result in a reduction in transactional evidence and market returns, accordingly, no significant impact of COVID-19 on the determined fair value is currently considered.

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d. Impairment of assets - Goodwill

As of December 31, 2020, the annual impairment test was carried out, which sought to incorporate the economic conditions that were observed and the results at the end of the year, addressing in cases where it has been necessary the increase in risk and uncertainty and no new ones were observed. impairment indicators compared to December 31, 2019.

The ranges of the main assumptions taken as a basis for the analysis of impairment of goodwill are described below:

Banco de Crédito and Desarrollo Social – MEGABANCO S.A.	**December 31, 2020**	**December 31, 2019**
Assets interest rate on loan portfolio and investments	Between 6.7% and 9.6%	Between 9.0 % and 10.4%
Liability interest rate	Between 1.8% and 3.9%	Between 3.7% and 4.4%
Growth of income from commissions	Between 8.5% and 44.0%	Between 7.6% and 13.4%
Growth of expenses	Between 3.6% and 12.6%	Between 0.1% and 5.7%
Inflation	Between 2.9% and 4.4%	Between 2.7% and 3.5%
Discount rate after taxes	Between 12.8% and 13.0%	13.0%
Growth rate after ten years	3.3%	3.3%

Since the procedures to determine the recoverable values include in some cases projections of up to more than ten years, the table above shows the ranges with the lowest and highest point values for each assumption during that time period.

The factors used to determine the discount rates will have to be revised to reflect the impact of the measures taken by governments to control the virus (risk-free rate, country risk and asset risk).

In conclusion, there is no impairment of goodwill as of December 31, 2020 according to the following result:

		December 31, 2020		
Group of cash generating units		CGU carrying amount	CGU fair value	Impairment
CGU in Banco de Bogotá (MEGABANCO)	$	9,103,322	10,474,819	N/A

		December 31, 2019		
Group of cash generating units		CGU carrying amount	CGU fair value	Impairment
CGU in Banco de Bogotá (MEGABANCO)	$	8,239,489	11,106,623	N/A

e. Going Concern

The COVID-19 pandemic and the measures adopted by governments in countries around the world to mitigate the spread of the virus have negatively impacted the economy. However, with the approval of the vaccine produced by the different laboratories during the last quarter of 2020 and the implementation of the vaccination plans by the different governments, has generated changes in the restrictions and confinements proposed at the beginning of the pandemic, revealing a progressive return to economic and social reactivation, thus reducing the adverse effect of the pandemic on the economy, and therefore improving the results on customer segments and therefore on the Bank's business operation.

Based on the Bank's liquidity position at the date of authorization of these separate financial statements, management continues to have a reasonable expectation that the Bank has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate. These separate financial statements have been prepared on a going concern basis and do not

(Continued)

include any adjustments to the carrying amounts and classification of reported assets, liabilities and expenses that might otherwise be required if the going concern basis were not appropriate.

f. Other Matters

Through Decree 685/May 22, 2020, the Government ordered the issuance of internal public debt securities, called Solidarity Bonds (TDS, from the Spanish original), to strengthen the budget of the Fund for the Mitigation of Emergencies (FOME, from the Spanish original). On May 28, 2020, Banco de Bogotá should have subscribed securities for a nominal value of $950,000, at annual nominal fixed rate of 3.05%, which are classified in the "Held to maturity" category. (see note 10.3)

These Solidarity Bonds are freely traded on the market at a fixed rate and have a term of one year from the date of issue and may be extended, in full or in part, automatically for equal periods at the request of the Ministry of Finance.

At December 31, 2020, no impairment was identified for other non-financial assets, such as investments measured using the equity method, nor were any situations identified that would have given rise to present obligations arising from the effects of COVID-19 and which, at that date, had a high probability of resource outflows.

Note 3 – Basis for presentation of the separate financial statements and summary of significant accounting policies

3.1 Compliance statement

The accompanying separate financial statements have been prepared in accordance with accounting and Financial Reporting Standards accepted in Colombia (NCIF – Spanish acronym), established in the Law 1314/2009, includes the International Financial Reporting Standards (IFRS) officially translated into Spanish and issued by International Accounting Standards Board (IASB) as well as the interpretations issued by International Financial Reporting Interpretations Committee (IFRIC), incorporated into the Regulating Technical Framework by the sole regulatory Decree 2420/2015 and the modifying decrees, issued by the Colombian government, except in relation to the accounting treatment of classification and valuation of investments under IFRS 9, the loan portfolio and its allowance, the allowance of foreclosed and returned assets from leasing, regardless of their accounting classification, for which the accounting provisions issued by the Financial Superintendence of Colombia, included in the Basic Accounting and Financial Circular (BAFC).

These separate financial statements were prepared to comply with the legal requirements to which the Bank is subject in its capacity as a legally independent entity. Some accounting principles may differ relative to those applied to the consolidated financial statements. Therefore, the separate financial statements should be read in conjunction with the consolidated financial statements of Banco de Bogotá.

3.2 Basis of presentation of the financial statements

Presentation of the financial statements

The accompanying financial statements are prepared according to the following issues:

Statement of financial position

It is presented showing the different asset and liability accounts, these are ordered according to liquidity, in the case of sale or enforceability, since this type of presentation provides more relevant reliable information for a financial institution. Therefore, the amount expected to be recovered or paid within twelve months and after twelve months is presented in each of the notes on financial assets and liabilities.

Statement of income and statement of comprehensive income

These items are presented separately in two statements (statement of income for the period and statement of comprehensive income). Moreover, the statement income for the period is broken down according to the nature of the expenses; this is the model used by financial institutions, because it provides more appropriate and relevant information.

Statement of cash flows

It is presented using the indirect method, in this case, net cash flow from operating activities are determined by reconciling net income, for the effects of items that do not generate cash flows, the net changes in assets and liabilities derived from operating activities, and for any other item whose monetary effects are regarded as cash flows from investment or financing. Interest income and interest expenses received and paid are part of operating activities.

The following concepts are taken into consideration when preparing the cash flows statement:

- Operating activities: These are the activities that constitute the Bank's main source of income.
- Investment activities: These concern the acquisition, sale or disposal by any other means of long-term assets and other investments that are not included in cash and cash equivalents.
- Financing activities: These are activities that produce changes in the size and composition of net equity and liabilities that are not part of operating activities or investment activities.

3.3 Investments in subsidiaries, associates and joint arrangements

The following describes the accounting treatment afforded to investments in subsidiaries, associates, and joint arrangements according to Chapter I-1 of Basic Accounting and Financial Circular of the Financial Superintendence of Colombia and the accounting policies of the Bank:

Investments in subsidiaries

Investments in subsidiaries are those in which the Bank has direct or indirect control; in other words, when the Bank has all the following elements:

- Power over the entity; that is, has existing rights that give it the ability to direct the relevant activities that significantly affect the subsidiary's returns.
- Exposure, or rights to variable returns from its involvement with the subsidiary; and
- The ability to use its power over the subsidiary to affect the amount of the Bank's returns.

Investments in associates

An associate is an entity over which the Bank has significant influence; namely, where it has the power to intervene in decisions on financial and operating policy, but without having control or joint control. It is considered that significant influence is exercised in another entity if the Bank directly or indirectly owns 20% or more of the voting rights of the investee, unless it can be clearly demonstrated that such influence does not exist.

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control; namely, only when decisions about the relevant activities require unanimous consent of the parties sharing control. A joint arrangement is either a:

- Joint operation, whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement; and
- Joint venture, whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Measurement

Investments in subsidiaries, associates and joint ventures are measured through the equity method, whereby the investment is initially recognized at cost and adjusted thereafter for the changes in the investee's equity according to the share percentage. The Bank's net income includes its share of the net income of subsidiaries, associates and joint ventures, and the Bank's other comprehensive income (OCI) includes its share of the other comprehensive income of the investees or in another appropriate account under equity, as applicable, pursuant to the application of uniform accounting policies for transactions and other events which, being similar, might have occurred under comparable circumstances.

The joint operation is included in the Bank's separate financial statements based on the proportional and contractual share of each of the assets, liabilities, income and expenses under the terms of the arrangements.

3.4 Functional and reporting currency

The items included in the financial statements are measure using the currency of the main economic environment in which the Bank operates (the Colombian peso is the functional currency, except for the branch and agencies which functional currency is US Dollar). Therefore, all balances and transactions denominated in currencies other than the Colombian peso (presentation currency) are considered as "foreign currency".

Convenience translation into U.S. Dollars

The U.S. dollar amounts disclosed in the accompanying separate financial statements are presented solely for the convenience of the reader, dividing the peso amounts by the exchange rate of $3,432.50 per USD 1.00, which is the market exchange rate at December 31, 2020, date of the latest issued consolidated financial statements, as published by the Central Bank of Colombia. The use of this methodology in translating Colombian pesos to U.S. dollars is referred to as the "U.S. dollar convenience translation methodology," and should not be construed as a representation that the Colombian peso amounts actually represent or have been or could be converted into U.S. dollars at that or any other rate.

3.5 Translation of foreign currency transactions

The transactions in foreign currency are converted into Colombian pesos at the exchange rate effective on the transaction date. Monetary assets and liabilities in foreign currency are converted into the functional currency, using the close exchange rate on the date of the corresponding statement of financial position. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are converted at the exchange rate on the date of the transaction, non-monetary assets and liabilities that are denominated in foreign currencies and valued at fair value are converted using the exchange rate on the date the fair value was determined. When non-monetary items produce gains or losses that are recorded through income or Other Comprehensive Income (OCI), and when in turn such gains or losses produce differences in currency translation, such exchange differences are also recognized through income or through OCI, respectively. Exchange differences are recognized in net income, except for those gains or losses on net investment hedge in a foreign operation, which are recognized in OCI.

At December 31, 2020 and 2019, the exchange rates were $3,432.50 and $3,277.14 respectively.

3.6 Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other short-term investments in active markets with original maturities of three months or less, that must be readily convertible to a specific amount of cash, subject to an insignificant risk of changes in their value and used by the Bank in the management of its short-term commitments.

3.7 Financial assets

Business model

In Chapter I-1 of its Basic Accounting and Financial Circular, the Financial Superintendence of Colombia determined that investments would be classified according to the business model established by the Bank. Therefore, when making an assessment as to whether or not the objective of a business model is to hold assets in order to collect contractual cash flows, the Bank considers at what level of its commercial activities that assessment should be made. Generally speaking, a business model is something that can be illustrated by the way the business is managed and the information that is provided to management. However, in some circumstances, more judgment may be required to determine whether a particular activity involves a business model with certain infrequent sales of assets or if the anticipated sales indicate there are two separate business models.

The Bank takes the following into consideration when determining if its business model for financial asset

management is to maintain assets to collect contractual cash flows:

- The policies and procedures indicated for the loan portfolio, by management, and how those policies operate in practice.
- How management assesses loan performance.
- Whether or not the management strategy is focused on obtaining income from contract interest.
- The frequency of any expected sale of assets.
- The reason for any sale of assets.
- If the assets for sale are held for a prolonged period in relation to their contract maturity, or if they are sold shortly after being acquired or far in advance of their maturity.

Specifically, the Bank uses its judgment to determine the objective of the business model for loans that are held for liquidity purposes.

The Bank's central treasury maintains some debt instruments in a separate loan portfolio to obtain a long-term yield and as a liquidity reserve. These instruments may be sold to resolve unexpected liquidity deficits, but such sales are not expected to be more frequent. The Bank considers these instruments as part of a business model that is intended to hold assets to collect contractual cash flows. It maintains other debt instruments in separate loan portfolios for the purpose of managing short-term liquidity. Sales of this portfolio are frequent in order to satisfy continuous commercial needs. The Bank has determined these instruments are not maintained within a business model bent on maintaining assets to collect contractual cash flows.

When a business model involves transferring the contract rights to cash flows from financial assets to third parties and the transferred assets are not derecognized, the Bank reviews the agreements in order to determine their impact when assessing the objective of the business model.

In this assessment, the Bank considers whether or not, under the agreements, it will continue to receive cash flows from the assets, either directly from the issuer or indirectly form the receiver, including whether or not the assets will be repurchased from the receiver.

In the case of contractual cash flows from financial assets, the Bank uses its judgment to determine if the contract terms of the financial assets it generates or acquires, lead to cash flows on specific dates that represent only payment of principal and interest on outstanding principal and that qualify for measurement at amortized cost. In this assessment, the Bank takes all the contract terms into account, including any pre-payment term or allowances in order to extend the maturity of the assets. It also considers the terms that change the amount and timing of the cash flows, and whether or not the contract terms contain leveraging.

a. Financial assets investment

The Bank classifies its investments as "trading," "held to maturity" and "available for sale". This is according to the business model approved by the Board of Directors of the Bank and the provisions outlined in Chapter I -1 on the Basic Accounting and Financial Circular related to classification, valuation and accounting treatment of investments for the separate financial statements.

The Bank values most of its investments using the information supplied by a pricing service designated PRECIA S.A. Proveedor de Precios para la Valoración S.A., which supplies the information required to value investments (prices, rates, curves, margins, etc.) and has valuation methods approved in accordance with Decree 2555 / 2010 and with the instructions outlined in the Basic Legal Circular issued by the Financial Superintendence of Colombia.

The way the different types of investments are classified, valued and recorded, according to the business model defined by the Bank, is described below:

Held for trading	
Characteristics	Corresponds to investments in debt securities and equity securities other than shares, primarily to obtain profits as a result of variations in the short-term market value of such instruments and the purchase and sale of securities.
Valuation	The investments represented in debt securities are assessed at fair value based on the price determined by the valuation pricing service. For exceptional cases where an established fair value does not exist on the day of valuation, these securities are valued exponentially at the internal rate of return. Holdings in collective investment funds, private capital funds, hedge funds and mutual funds, among others, and the securities issued in the development of securitization processes are to be valued taking into account the unit value calculated by the management company on the day immediately prior to the measurement date. Unless they are listed on securities exchanges that mark to the secondary market in which case they are to be valued with at that price provided by the valuation pricing service designated as official.
Entered on the books	These investments are to be recorded in the respective "Investments at Fair Value through profit or loss" accounts. The difference between the current fair value and the value immediately prior is recorded as a greater or lesser value of the investment, thereby affecting income for the period.

Held to maturity	
Characteristics	These are securities for which the Bank has the intent and the legal, contractual, financial and operational capacity to hold until maturity or redemption, considering the structure of the financial instruments eligible for this portfolio involves only principal and interest payments.
Valuation	They are valued exponentially, according to the internal rate of return calculated at the moment of acquisition, based on a 365-day period. For investments in debt securities at a floating rate, when the use of the value of the indicator for the start date of the period to be remunerated has been established under the conditions of the issue, the internal rate of return is recalculated once the value of the facial indicator changes and when coupon expiration occurs, when the use of the value of the expiration date indicator of the period to be remunerated has been established, the internal rate of return must be recalculated each time the value of the facial indicator change. In the case of securities that include the prepayment option, the internal rate of return is recalculated once the future flows and the payment date change.
Entered on the books	These investments are to be recorded in the respective "Investments at Amortized Cost" account. The difference between the present fair value and that immediately preceding the respective value is recorded as a greater value of the investment, affecting income for the period. Receivable returns pending collection are recorded as a greater value of the investment. Consequently, the collection of said returns is entered on the books as a lesser value of the investment.

Available for sale - Debt securities	
Characteristics	These include securities and, in general, any kind of investment that is not classified as a trading security or as an investment held to maturity. According to the business model, fixed income investments are managed in this portfolio primarily for the purpose of obtaining contractual flows and making sales when required by circumstances to maintain an

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Available for sale - Debt securities	
	optimum combination of profitability, liquidity and coverage that provides the kind of profitability support relevant to the Bank's statement of financial position.
Valuation	Investments represented in debt securities are to be valued based on the valuation price determined by the pricing service. For exceptional cases where an established fair value does not exist on the day of valuation, these securities are valued exponentially at the internal rate of return.
Entered on the books	These investments must be recorded in the respective "Investments at Fair Value through Other Comprehensive Income- (OCI)". The difference beteen the actual fair value on reappraisal day and the day immediately prior (calculated at the internal rate of return at the time of purchase, based on a 365-day period) must be recorded as a greater value of the investment, with credit to the income accounts. The difference between the fair value and the present value calculated according to the preceding paragraph must be recorded in the respective unrealized gain or loss account (OCI).

Available for sale - Equity securities	
Characteristics	Investments in subsidiaries and associates, as well as shareholding in joint Arrangements and other investments, are part of this category and make the Bank part owner of the issuer.
Valuation	• Investments in subsidiaries, associates and joint arrangements are recognized by the equity method. • Equity securities in the National Registry of Securities and Issuers (RNVE – Spanish acronym); listed in foreign securities quoting systems authorized in Colombia: These securities are valued according to the price determined by the official pricing service selected by the entity and authorized by the Financial Superintendence of Colombia. • Equity securities listed only on foreign stock exchanges: In the absence of a valuation method, the most recent closing price in the last 5 trading days shall be used, including the valuation day, or the simple average of the closing prices reported during the last 30 days. • Equity securities not listed on stock exchanges: (investments in equity instruments through Other Comprehensive Income - OCI) are valued according to the valuation price determined by the pricing service designated as official for the respective segment. When the pricing service does not have a method for valuing these investments, the acquisition cost is increased or decreased by the percentage the investor´s shareholding interest in subsequent changes in the equity of the issuer.
Entered on the books	These investments are recorded initially at cost and are adjusted subsequently according to the changes in the equity of the investee in accordance to the shareholding. The effect of the valuation or assessment of investments in equity securities, other than those in subsidiaries, associates and joint arrangements, is recorded in the respective “Unrealized Gain or Loss” account under other comprehensive income (OCI), charged or credited to the investment. Dividends that are distributed in kind or in cash, from investments in equity securities, other than subsidiaries, associates and joint ventures, must be recorded as income, adjustment the corresponding profit or loss account (maximum up to its accumulated value) and, if necessary, also the value of the investment in the amount of the surplus on that account.

Investment reclassification

Investments may be reclassified when the following requirements are met:

Reclassification from investments held to maturity to held for trading

Reclassification is possible in any of the following circumstances:

- When the conditions of the issuer, its parent company, its subsidiaries or affiliated parties are seriously impaired.

- When changes in regulations make it impossible to maintain the investment.

- When mergers or institutional restructuring lead to reclassification or realization of the investment, either to maintain the previous position concerning interest-rate risk or to adjust to the credit-risk policy established previously by the resulting entity.

- In the case of other unforeseen events, subject to prior authorization from the Financial Superintendence of Colombia.

When the investments held to maturity are reclassified into trading investments, the regulations on valuation and accounting of the latter must be observed. As a result, unregistered gains or losses should be recognized as income or expenses on the day of reclassification.

Reclassification from investments available for sale to held for trading or held to maturity

Reclassification is possible when any of the circumstances described in the previous paragraphs occurs or when:

- When the significant activities of the business are redefined as a result of situations such as a change in the economic cycle or the market niches where the supervised entity operates, or changes in its appetite for risk.

- When assumptions of the business model have defined previously on adjustment in the management of investments materialize.

- When the investor loses its status as a parent or controlling company and this also implies the decision to dispose investments in the short term, at that date.

When investments available for sale are reclassified as trading investments, the income from the reclassification of such investments must be recognized and maintained in Other Comprehensive Income (OCI) as an unrealized gain or loss, until the respective investment is sold. The accounting treatment afforded to trading investments, as previously described, is applied from the date of reclassification.

When investments available for sale are reclassified as investments held to maturity, the standards on valuing and recording the latter must be observed. Therefore, unrealized gains or losses that are recorded in the OCI account are cancelled out against the registered value of the investment. In this way, the inversion will remain registered as if it had always been classified in the held-to-maturity category. As of that date, those are value based at the internal rate of return; on the day prior to reclassification.

Investments repurchase rights

These are investments that represent the collateral in money market transactions such as repos and simultaneous operations. The Bank retains the economic rights and benefits associated with the investment and all the risks inherent therein, although legal ownership is transferred when the money market operation is carried out.

These securities continue to be valued daily and accounted for in the statement of financial position and statement of income, consistent with the methodology and procedure applicable to investments, according to the category in which they are included prior to acquisition of the repurchase agreement.

Investments delivered as collateral

These are investments in bonds or debt securities that are delivered as collateral to support the fulfillment of operations accepted for clearing and settlement by a central counterparty risk clearing house.

These securities are valued daily and accounted for in the statement of financial position and statement of income, consistent with the methodology and procedures applicable to the category in which they were included prior to being furnished as collateral.

Impairment (allowance) or losses due to the issuer's risk classification

The price of held for trading or available for sale investments for which no fair value exists on the valuation day, and the price of investments classified as investments held to maturity, as well as equity investments that are valued according to changes in equity, are adjusted on each valuation date based on their credit risk rating. This is done according to the following criteria:

- The rating of the issuer and/or security in question, when it exists.
- Objective evidence that an impairment loss on the value of these assets has occurred or could occur. This criterion applies even for recording a larger impairment than the one resulting from simply using the rating of the issuer and/or security, if required based on the evidence.

The amount of an impairment loss is always recognized in the statement of income for the period, regardless of whether an amount for the respective investment is recorded in Other Comprehensive Income (OCI).

Domestic or foreign bonds and/or securities issued or secured by the Colombian government, those issued by the Central Bank of Colombia, and those issued or secured by the Financial Institution Guarantee Fund (FOGAFIN – Spanish acronym) are not subject to impairment adjustment.

Investments in subsidiaries, associates and Joint ventures are evaluated at each reporting date of the financial statements, if there is evidence of impairment, the recoverable amount is estimated and the investment impairment is determinate.

(i) Securities and/or bonds of unrated issues or issuers

Securities or bonds that are not externally rated or issued by entities that are not classified will be rated as follows.

Category / Risk	Characteristics	Allowances
A – Normal	Complies with the terms agreed on in the stock or security, with adequate ability to pay principal and interest.	None required.
B – Acceptable	Issues with uncertainty factors that could affect the ability to continue to comply adequately with debt service. Moreover, the issuer's financial statements and additional available information	With respect to debt securities and/or stocks, the value at which they are entered on the books may not exceed eighty percent (80%) of the net face value of amortization up to the date of valuation.

(Continued)

Category / Risk	Characteristics	Allowances
	reflect weaknesses that could affect its financial position.	In the case of equity securities and/or stocks, the net value of credit risk allowances (cost less the allowance) entered on the books may not be more than eighty percent (80%) of the acquisition cost.
C – Appreciable	Issues with high or medium probability of defaulting on timely payment of principal and interest. Moreover, the issuer's financial statements and other available information show deficiencies in its financial position that compromise recovery of the investment.	In terms of debt securities and/or stock, the values at which they are entered on the books may not exceed sixty percent (60%) of the net face value of amortization up to the date of valuation. In the case of equity securities and/or stocks, the net value of credit risk allowances (cost less the allowance) entered on the books may not exceed sixty percent (60%) of the acquisition cost.
D – Significant	Issues that default on the terms agreed in the instrument. In addition, the respective financial statements and other available data show serious weaknesses in the issuer's financial situation.	In terms of debt securities and/or stock, the values entered on the books may not exceed forty percent (40%) of the net face value of amortization up to the date of valuation. In the case of equity securities and/or stocks, the net value of credit risk allowances (cost less the allowance) entered on the books may not exceed forty percent (40%) of the acquisition cost.
E – Uncollectible	Issuers with financial statements and other available data that suggests the investment is uncollectible.	The value of these investments is provisioned in its entirety.

(ii) Externally rated issues or issuers

Debt securities or stocks with one or more ratings and debt securities or stocks ranked by external credit rating agencies that are recognized by the Financial Superintendence of Colombia may not be recorded for an amount that exceeds, the following percentages of the net face value of amortization prior to the valuation date:

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

If the allowances for investments that are classified as "held to maturity" and for which it is possible to establish at fair value are higher than those estimated according to the standard indicated above, the latter shall apply. This allowance pertains to the difference between the registered value of the investment and the fair value, when it is less.

In the event the investment or the issuer is rated by more than one rating agency, the lowest rating is taken into account, provided these ratings were issued within the last three (3) months, or the most recent rating when there is a lapse of more than three (3) months between the two ratings.

b. Derivatives and hedge accounting

A derivative is a financial instrument or other contract whose value changes in response to changes in one or more variables denominated as "underlying" (a specific interest rate, the price of a financial instrument or a listed raw material, a foreign currency exchange rate, etc.) that does not require an initial net investment (or requires a smaller investment that would be required for certain types of contracts for which a similar

response could be expected before changes in the market conditions) and its compliance or settlement is done to a later time.

In the normal course of its operations the Bank trades on financial markets with financial instruments that meet the definition derivatives, for hedging purposes or trading or investment. Such as forward contracts, futures contracts, swaps, currency options over currencies.

Derivatives are measured at fair value at the initial recognition. Subsequent adjustments to the fair value are recognized by credit or debit directly in net income, when appropriate, unless the derivative instrument is designated as a hedging instrument, in which case it will depend on the nature of the hedged item and the type of hedging relationship.

The Bank designates hedging derivatives of a net investment in foreign currency, making the following accounting: the part of the gain or loss of the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income and the ineffective part is recognized in net income in the period. Gains or losses on the hedging instrument accumulated in equity are reclassified to the statement of income at the time of the total or partial disposal of the business abroad.

At the beginning of the transaction, the Bank documents the relationship between the hedge instrument and the hedged item, as well as the risk-management objective and the strategy behind the hedging. The Bank also documents, at the beginning of the transaction and on a recurring basis, its evaluation of the effectiveness of the hedge relationship by compensating the exposure to exchange risk generated by the net investment abroad or the fair value of other assets (investments in debt securities).

c. Estimating fair value

Fair value is the price that would be received for the sale of an asset or paid to transfer a liability in an ordered transaction between market participants at the date of measurement, either in a principal market, or otherwise in the most advantageous market to which the Bank has access.

Based on the foregoing, fair value of financial assets is measured as follows:

- For high liquidity assets in Colombia, The Bank uses dirty prices supplied by an official price vendor authorized by the Financial Superintendence of Colombia (see Note 6).

- The fair value of financial assets that are not listed on an active market is determined using valuation techniques. The Bank uses a variety of methods and assumptions based on the existing market conditions as of each reporting date. The valuation techniques include the use of recent comparable transactions in equal conditions, reference to other substantially equal instruments, discounted cash flow analysis, options price models and other valuation techniques that are commonly employed by market participants, taking maximum advantage of market data (see Note 6).

- Collective investment funds are recorded by the deposited value and based on the variations in the value of the equity unit, reported by the trust company that manages it, is adjusted daily with a charge or credit to results.

d. Loan portfolio and financial leases transactions

The provisions established by the Financial Superintendence of Colombia in Chapter II of the Basic Accounting and Financial Circular are applied to accounting treatment of the loan portfolio.

Loans are recorded at their disbursement value, except for portfolio purchases and / or factoring, which are recorded at the acquisition cost that involves both principal and allowance. The financial income from assets delivered under a financial lease is measured based on a constant rate of return on the net financial investment.

(i) Loans portfolio classification

The loans portfolio is classified into four (4) types of credit, as described below:

Modalities	Characteristics
Commercial	These are loans granted to individuals or legal entities for the development of organized business activities and are different from loans granted in the microcredit category.
Consumer	These loans, regardless of their amount, are granted to individuals to finance the acquisition of consumer goods or the payment of services for non-commercial or non-business purposes. They are different from loans in the microcredit category.
Mortgages	These loans, regardless of their amount, are granted to individuals for the purchase of a new or existing home, or for the construction of an individual home. According to Law 546 / 1999, home loans are denominated in constant value units (UVR) or Colombian pesos and are backed by a first mortgage on the property being financed.
	A mortgage may be for as much as seventy-percent (70%) of the value of the property, as determined by the purchase price or by a professional appraisal done within six (6) months before the loan is granted. Loans to finance low-income housing may be for as much as eighty percent (80%) of the value of the property. The repayment period ranges from a minimum of five (5) years to a maximum of twenty (20) years.
Microcredit	These are the loans referred to in Article 39, Law 590/2000, or the regulations that amend, substitute or add to it, and loans made to a micro-business where the primary source of repayment is the income derived from its commercial activities.
	A micro-business is understood as an economic production unit that is operated by a private individual or legal entity and is engaged in activities related to business, farming and livestock, industry, trade or services, they are rural or urban, with a staff of not more than ten (10) workers and total assets amounting to less than five hundred (500) times the current minimum monthly wage.
	The borrower's debt balance may not exceed one hundred and twenty (120) times the legal minimum monthly wage in effect when the loan is approved.

(ii) Criteria for credit risk assessment, qualification and allowance

Loan portfolio assessment and qualification

The Bank continuously assesses the risk inherent in its loan assets. This is done when a loan is granted and throughout the life of the loan, even in cases of restructuring. The Credit Risk Management System (SARC – Spanish acronym) comprised of credit-risk management policies and processes.

The loan approval process involves a series of variables established for each of the portfolios. These variables make it possible to identify borrowers who fit the Bank's risk profile. The methods and procedures included in the loan approval process allow the Bank to monitor and control credit exposure for the various individual portfolios.

Nevertheless, the Bank assesses and reclassifies the loan portfolio i) when loans fall into arrears after being restructured, in which case they must be reclassified immediately, and ii) during May and November, at the

(Continued)

very least, recording the results of the assessment and reclassifying, at the close of the following month, as appropriate.

In the evaluation of territorial public entities, the Bank verifies compliance with the conditions established in Laws 358 of 1997, 550 of 1999 and 617 of 2000 and the other norms that regulate or modify it.

Credit risk rating

- **Commercial and consumer loans**

These are classified and rated in the appropriate risk category, pursuant to the standards and provisions outlined in Chapter II of Basic Accounting and Financial Circular 100/1995, as detailed in Attachment 3 on application of the Commercial Loan Reference Model (MRC- Spanish acronym) and Attachment 5, which contains instructions on the Consumer Loan Reference Model (MRCO- Spanish acronym).

Credit risk assessment is based on a variety of criteria; namely, information on the past performance of portfolios and loans, the particular characteristics of borrowers, their credit history with other lenders and their financial information, as indicated below:

Category	Granting	Commercial Loans Granted	Consumer Loans Granted
“AA”	New loans rated “AA” when granted are classified in this category.	Loans not in default more than 29 days in their contractual obligations, this is between 0 and 29 days past due.	Loans with a rating equivalent to “AA” obtained through application of the MRCO, as provided for in the respective standard.
"A"	New loans rated “A” when granted are classified in this category.	Existing loans 30 days or more but less than 60 days past due in their contractual obligations.	Loans with a rating equivalent to “A” obtained through application of the MRCO rating methods, as provided for in the respective standard".
“BB”	New loans rated “BB” when granted are classified in this category.	Existing loans 60 days or more but less than 90 days past due in their contractual obligations.	Loans with a rating equivalent to “BB” obtained through application of the MRCO rating method, as provided for in the respective standard".
"B"	New loans rated “B” when granted are classified in this category.	Existing loans 90 days or more but less than 120 days past due in their contractual obligations.	Loans with a rating equivalent to “B” obtained through application of the MRCO rating method, as provided for in the respective standard.
“CC”	New loans rated “CC” when granted are classified in this category.	Existing loans 120 days or more but less than 150 days past due in their contractual obligations.	Loans with a rating equivalent to “CC” obtained through application of the MRCO rating method, as provided for in the respective standard.
"Default"		Existing loans 150 days or more past due.	Consumer loans more than 90 days past due.

The Bank applies the following table to standardize the commercial and consumer loan portfolio risk ratings in the borrowing reports and in the entries in its financial statements.

Group Category	Reporting Categories	
	Commercial	Consumer
A	AA	AA
		“A” - currently 0-30 days past due
B	A	“A” - currently 30 days past due
	BB	BB
C	B	B
	CC	CC

Group Category	Reporting Categories	
	Commercial	Consumer
	C	C
D All other customers rated as being in default.	D	D
E Customers in default with an assigned LGD equal to one hundred percent (100%).	E	E

- **The mortgage and microcredit portfolio**

The loan arrears aging is classified in:

Category	Microcredit	Mortgage
“A” Normal Risk	Loans that are current, or up to 1 month past due	Payments up-to-date or up to 2 months past due
“B” Acceptable Risk	Loans more than 1 month but less than 2 months past due	More than 2 months past due, but less than 5 months
“C” Appreciable Risk	Loans more than 2 months but less than 3 months past due	More than 5 months past due, but less than 12 months
“D” Significant Risk	Loans more than 3 months but less than 4 months past due	More than 12 months past due, but less than 18 months
“E” Risk of Non-recoverability	Loans more than 4 months past due	Loans more than 18 months past due

In category "D" Significant Risk, will also be classified the restructured obligations incurred in arrears greater than or equal to 60 days for the microcredit modality and 90 days in the case of the mortgage modality, except in the case of restructured mortgages loans at the request of the debtor pursuant to the provisions of article 20 of Law 546 / 1999.

Allowances and accounts receivable relating to loan portfolio

The Bank has a system of allowance to cover credit risk. These allowances are calculated on the outstanding balance by applying the commercial loan portfolio reference model and the consumer loan portfolio reference model. In the case of the mortgage and microcredit portfolios, the allowance is determined based on the customer’s record of arrears.

- **The commercial and consumer loan portfolio**

The Bank has adopted the commercial and consumer reference models established by the Financial Superintendence of Colombia to estimate the allowances for this portfolio.

The allowances in the reference models are calculated as the sum of the "pro-cyclical individual component (PIC)" and the "counter-cyclical individual component (CIC)". The respective methodologies are defined according to the accumulative phase applied by the Bank, which includes indicators related to the loan allowances, efficiency and portfolio growth.

The processes used to segment and discriminate the loan portfolios and their potential borrowers serve as a basis for estimating expected losses using the Commercial Loan Portfolio Reference Model (MRC-

Spanish acronym). This model is founded on segments differentiated by the debtors' asset level, pursuant to the following criteria:

Commercial loan classification by asset level	
Company Size	**Asset Level**
Large companies	More than 15,000 legal minimum monthly wages
Medium-sized companies	Between 5,000 and 15,000 legal minimum monthly wages
Small companies	Under 5,000 legal minimum monthly wages
Individual	All private individuals with commercial loans are grouped into the category

The following segments are defined by the Bank for the Consumer Reference Model (MRCO – Spanish acronym):

Segment	Description
General - Vehicles	Loans to purchase vehicles
General - Other	Loans to purchase consumer goods other than vehicles. Credit cards are not included in this segment
Credit card	Revolving credit to acquire consumer goods with a credit card

The reference models for the commercial and consumer loan portfolio make it possible to identify the components of expected losses, based on the following parameters.

Probability of Default (PD)

This is the probability that borrowers will default within a 12-month period. Probability of default is defined according to the following matrices, which were established by the Financial Superintendence of Colombia:

Commercial	Consumer	Mortgage	Microcredit
More than or equal to 150 days past due, or being restructured, incur in more than or equal to 60 days past due.	More than 90 days past due, or being restructured, incur in more than or equal to 60 days past due.	More than or equal to 180 days past due.	More than or equal to 180 days past due.

Commercial loan portfolio

Rating	Large Company		Medium Company		Small Company		Natural People	
	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B
AA	1.53%	2.19%	1.51%	4.19%	4.18%	7.52%	5.27%	8.22%
A	2.24%	3.54%	2.40%	6.32%	5.30%	8.64%	6.39%	9.41%
BB	9.55%	14.13%	11.65%	18.49%	18.56%	20.26%	18.72%	22.36%
B	12.24%	15.22%	14.64%	21.45%	22.73%	24.15%	22.00%	25.81%
CC	19.77%	23.35%	23.09%	26.70%	32.50%	33.57%	32.21%	37.01%
Default	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Consumer loan portfolio

Rating	Matrix A			Matrix B		
	General - Vehicles	General - Other	Credit Cards	General - Vehicles	General - Other	Credit Cards
AA	0.97%	2.10%	1.58%	2.75%	3.88%	3.36%
A	3.12%	3.88%	5.35%	4.91%	5.67%	7.13%
BB	7.48%	12.68%	9.53%	16.53%	21.72%	18.57%
B	15.76%	14.16%	14.17%	24.80%	23.20%	23.21%

(Continued)

Rating	Matrix A			Matrix B		
	General - Vehicles	General - Other	Credit Cards	General - Vehicles	General - Other	Credit Cards
CC	31.01%	22.57%	17.06%	44.84%	36.40%	30.89%
Default	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Loss Given Default (LGD)

Loss given default is defined as the economic loss the Bank would incur if any of the default situations were to occur. The LGD for borrowers in the “default category” would increase gradually, according to the days that have passed after their classification in that category.

Loan collateral is considered to calculate the losses expected in the event of default and, therefore, to determine the size of the allowances. The Bank considers suitable collateral as that which has been duly developed, has a value established based on technical and objective criteria, offers legally effective support for payment of the secured loan, and is reasonably easy to execute.

The following is LGD, by type of collateral:

Commercial portfolio

Type of collateral	LGD	Days past default	New LGD	Days past default	New LGD
Suitable collateral					
Subordinated loans	75%	270	90%	540	100%
Admissible financial collateral	0-12%	0	0%	0	0%
Commercial and residential real estate	40%	540	70%	1080	100%
Assets furnished in real estate lease	35%	540	70%	1080	100%
Assets furnished in non-real estate lease	45%	360	80%	720	100%
Collection rights	45%	360	80%	720	100%
Other suitable collateral	50%	360	80%	720	100%
Unsuitable collateral	55%	270	70%	540	100%
Unsecured	55%	210	80%	420	100%

Consumer portfolio

Type of collateral	LGD	Days past default	New LGD	Days past default	New LGD
Suitable collateral					
Admissible financial collateral	0-12%	0	0%	0	0%
Commercial and residential real estate	40%	360	70%	720	100%
Assets furnished in real estate lease	35%	360	70%	720	100%
Assets furnished in non-real estate lease	45%	270	70%	540	100%
Collection rights	45%	360	80%	720	100%
Other suitable collateral	50%	270	70%	540	100%
Unsuitable collateral	60%	210	70%	420	100%
Payroll deduction loans collateral	45%	0	0%	0	0%
Unsecured	75%	30	85%	90	100%

(Continued)

Collateral:

Types of collateral

Types	Detail
Suitable collateral	1. The following are classified as admissible financial collateral (AFC): • Cash collateral deposits have an LGD of 0%. • Stand-by letters have an LGD of 0%. • Loan insurance has an LGD of 12%. • Sovereign guarantees (Law 617/2000) have an LGD of 0%. • Collateral issued by guarantee funds that manage government resources has an LGD of 12%. • Securities issued by financial institutions and pledged as collateral have an LGD of 12%. 2. Commercial and residential real estate. 3. Assets furnished under a real estate lease. 4. Assets furnished under a non-real estate lease. 5. Collection rights (CR)): Collateral that affords the right to charge rent or commercial flows related to the debtor's underlying assets. 6. Other suitable collateral: Collateral not listed in the previous points and the collateral referred to in Law 1676/ 2013 (real estate collateral) are classified in this category.
Unsuitable collateral	This category includes co-signers, guarantors and payroll deduction loans collateral, among others.
Unsecured	All collateral not listed in any of the foregoing sections and all unsecured loans are classified by the bank in this category.

Policy on admitting and managing collateral

Collateral constitutes additional support in the estimates of expected losses. Collateral is not regarded as a payment instrument. Requirement for the constitution of additional collateral is established when required according to legal regulations on credit limits and collateral may not be shared with any of the customer's other creditors, unless shared to the same degree with the Bank's subordinates outside the country, with its affiliates or in syndicated loans.

Valuing collateral

External Circular 043/2011 modified by 032/2015 issued by the Financial Superintendence of Colombia included instructions on the mandatory assessment of suitable collateral for loans, that support loans obligations, meeting the established in chapter II of the Basic Accounting and Financial Circular.

- **Mortgages and microcredit**

General allowance

The general allowance corresponds to at least one percent (1%) of the total gross portfolio in the case of microcredit and mortgages.

The Bank invariably maintains allowances equal to no less than the following percentages of outstanding balances.

	Microcredit		Mortgage		
Category	**Principal %**	**Interest and other items %**	**Secured principal %**	**Unsecured principal %**	**Interest and other items %**
A – Normal	1	1	1	1	1
B – Acceptable	2.2	100	3.2	100	100
C – Appreciable	20	100	10	100	100
D – Significant	50	100	20	100	100
E – Uncollectible	100	100	30	100	100

In terms of the mortgage portfolio, if a loan remains in category “E” for two (2) consecutive years, the allowance on the secured portion increases to sixty percent (60.0%). If one (1) additional year passes under these conditions, the allowance on the secured portion increases to one hundred percent (100%).

Effect of suitable collateral on the constitution of individual allowances

For the purpose of constituting individual allowances, it is understood that a collateral guarantee secures only the principal of a loan. Therefore, the unamortized balance of loans secured with suitable collateral is provisioned according to the following percentages:

- For the unsecured portion of mortgage loans, the percentage is applied to the difference between the unpaid balance and one hundred percent (100%) of the value of the collateral. For the secured portion, it is applied to one hundred percent (100%) of the balance of the secured debt.

- For commercial, consumer and microcredit, the percentage is applied to the difference between the unpaid balance and seventy percent (70%) of the value of the collateral. In these cases, depending on the nature of the collateral and the amount of time the loan is past due, only the percentages of the total value of the collateral are considered for provisioning, those indicated in annex I of chapter II of the Basic Circular (External Circular 100 of 1995) issued by the Financial Superintendence of Colombia.

Letters of credit support the guarantees granted by the guarantee funds that manage the public resources that meet the conditions for the right of the suitable guarantees, they are taken for 100% of their value for the purposes of the constitution of the individual provisions which they are calculated in accordance with what was indicated in the previous paragraph.

(iii) Recognition of Income from yields and financial leases

The interest income from the loan portfolio and financial leasing is recognized when accrued.

Suspension of accrual interest

When a loan is past due, the Bank suspends accrual of interest, monetary correction, exchange adjustments and revenue from other items, as per the following table according to Chapter II of the External Circular 100 by the Financial Superintendence of Colombia:

Type of loan	Arrears over
Commercial	3 months
Consumer	2 months
Mortgage	2 months
Microcredit	1 month

Therefore, the statement of income is not affected until such amounts are actually collected. Until that time, the respective entry is made in the memorandum accounts.

Interest accrual also is suspended from the first day of default on loans for which yield accrual has been suspended in the past.

Special rule on allowances for accounts receivable (interest, monetary correction, leasing payments, exchange adjustments and other items)

When the Bank suspends the accrual of interest, monetary correction, exchange adjustments, leasing payments and other income from these items, a full allowance is made for the total amount accrued and not collected under those headings, except in the following cases:

- No allowance is made for operations with items entered under deferred credit, as they are offset in liabilities.
- Customers classified in risk categories "C" or "D" who are subject to accrual, since it is being in arrears that activates suspension of accrual, not their classification. This even includes arrears of one day for repeater offenders.

(iv) Restructuring processes

Loan restructuring is understood as any exceptional mechanism implemented through the execution of any legal transaction to alter the originally agreed conditions, in order to appropriately address the debtor's obligation prior to real or potential impairment of its ability to pay. Additionally, agreements signed within the context of Law 550 / 1999, Law 617 / 2000 and Law 1116 / 2006, or the regulations that add to or replace these statutes, are considered restructuring processes, as are extraordinary restructurings and novation.

The loans that are in the category of modified and has more than 30 days past due, are recognized as a restructured loan. However, when the debtor makes regular and effective payments to principal and interest for an uninterrupted period of 12 months for microcredit and 24 months for the other modalities, the restructured condition may be eliminated.

In those events in which the debtor has undergone several restructures, the qualification of the latter is revealed with greater risk.

Tax reform Law 617/2000

In the case of restructuring under the tax and financial reform programs subscribed as per Law 617/ 2000, sovereign guarantees were provided for loans contracted by regional government agencies with financial institutions supervised by the Financial Superintendence of Colombia, provided they met the requirements outlined in that legislation and the respective fiscal adjustment were entered into before June 30, 2001.

The respective guarantee could be as much as forty percent (40.0%) for loans outstanding at December 31, 1999 and up to one hundred percent (100.0%) in the case of new loans used for tax adjustment purposes.

These restructurings reversed the allowances constituted for the sovereign-secured portion of the restructured debt. The restructured portion not secured by the government kept the rating it had at June 30, 2001.

Restructuring agreements

In the case of loans that were restructured before Law 550/1999 took effect, the Bank suspended interest accrual on the outstanding balance at the onset of restructuring negotiations and maintained the rating assigned to the loan at that particular point in time. However, a customer in risk category “A” was reclassified to at least category “B” and an allowance equal to one hundred percent (100.0%) was established of accounts receivable.

When a customer is admitted to the restructuring process under the terms of Law 1116/ 2006, the Bank suspends interest accrual and classifies the customer in a risk category consistent with its situation at the time. If the customer’s situation subsequently worsens or the proposed agreement is perceived as not meeting the Bank’s expectations, the rating is reviewed and the debt is reclassified in the pertinent risk category. If no agreement is reached, or if the courts order a legal settlement, the customer is classified as being “in default”.

Restructured loans may keep the rating they had immediately prior to restructuring, provided the restructuring agreement leads to an improvement in the borrower’s ability to pay and/or reduces the likelihood of default. If restructuring contemplates grace periods for the repayment of principal, that rating is maintained only when those periods do not extend beyond one (1) year as of the date the agreement is signed.

(v) Write-offs

A loan that is fully-provisioned (100%) may be written off when the Bank’s management believes it is uncollectable or offers only a remote and uncertain possibility of recovery, provided that agencies specializing in debt collection through the courts and the bank´s legal counsel are of the opinion that all possible means of collection have been exhausted.

The Board of Directors is the only body with the authority to write-off loans that are unlikely to be recovered.

3.8 Non-current assets held for sale

Assets the Bank intends to sell in a period of less than one year, and it is considered highly probable that they will be recovered primarily through sale rather than through continuing use, are recognized as "non-current assets held for sale". These assets are measured at the lower of their carrying value at the time of transfer and fair value, less estimated costs to sale; the difference between both is recognized in net income.

Impairment losses due to initial or subsequent reductions in the value of the asset (or the group of assets for disposal) up to the fair value less costs to sale are recognized in the statement of income by the Bank.

If an asset fails to meet the criteria established for recognition as a non-current asset held for sale, it is necessary to evaluate the category where it will be reclassified and will be measured at the lower of:

- Its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortization or revaluation that would have been recognized if the asset had not been classified as held for sale, and

- Its recoverable amount on the date of the subsequent decision not to sell it.

Foreclosed assets

The bank registered the value of foreclosed assets on outstanding loans from credits in its favor.

Foreclosed assets (hereinafter, BRDP for the Spanish original) represented in real estate assets are received based on technically determined commercial appraisals, and chattel assets, stocks and shares are based on their market value. To record foreclosed assets, the following conditions are taken into account:

- Initial recognition takes into consideration the amount established in the legal award, or the amount agreed to with the debtors, at fair value.

- Once the foreclosed asset is received, it is reviewed in order to determine its accounting classification, which is determined depending on the Bank's intention or the specific use to be given to the asset, in accordance with criteria established in the International Financial Reporting Standards, which may be under investments, investment properties, non-current assets held for sale or other assets.

Also, regardless of the accounting classification of the foreclosed asset, an allowance is calculated according to the instructions of the Financial Superintendence of Colombia, as specified in Chapter III of the Basic Accounting and Financial Regulation. The intention of such allowance is not to impair the asset's value, but to prevent risks and preserve the Bank's equity, as follows:

Allowances for foreclosures

Real estate

Allowances are constituted using the model developed by the Bank and approved by the Financial Superintendence of Colombia. The model estimates the maximum loss expected on the sale of foreclosed real estate, according to the history of recoveries on assets sold and including expenses incurred in the receipt, upkeep and sale of such properties, which are grouped into common categories to estimate the base allowance rate. This rate is adjusted by a factor that takes into account the time has elapsed between receipt of the asset and until eight percent (80%) of the allowance is achieved within a maximum period of forty-eight (48) months. However, in the event an extension is not requested prior to expiration of the deadline for disposal of the property, or if an extension is not granted, the Bank must constitute an additional allowance of up to 80% of the value of the foreclosed asset. This is done pursuant to its internal models and once two (2) years have passed.

Movable assets

In the case of foreclosed movables, an allowance is established within the following year which the item has been received. It estimates the maximum expected loss on the sale of goods received in foreclosure and is equivalent to 35% of the acquisition cost of the foreclosed item. The allowance is increased during the second year by an additional 35%, until it is equivalent to 70% of the book value of the foreclosed item, prior to provisioning. Once the legal deadline for the sale has expired, without an extension being authorized, the

allowance is adjusted to 100% of the book value of the foreclosed item, before allowances. If the deadline is extended, the remaining 30% of the allowance may be constituted within the term thereof.

Notwithstanding the aforementioned rules on allowances, foreclosed movable assets that pertain to investment securities are valued by applying the criteria contemplated to that effect in Chapter I-1 of the Basic Accounting and Financial Circular, taking into account their classification as investments held for trading, available for sale or held to maturity.

3.9 Property, plant and equipment

The Bank recognizes as property, plant and equipment, the assets held for use, provision of services or for administrative purposes that are expected to be used for more than one period.

Property, plant and equipment are initially measured in the statement of financial position at their acquisition or construction cost. The Bank chose as an accounting policy the cost model for the subsequent measurement of assets classified as property, plant and equipment, which includes their cost less their accumulated depreciation and any accumulated value from impairment losses.

Depreciation in property, plant and equipment is calculated by applying the straight-line method over the acquisition cost of the assets, less the residual value thereof, during the estimated useful life of the asset. It is understood that the lands on which buildings and other constructions are built have an undetermined useful life; therefore, they are not subject to depreciation.

Depreciation is recognized in net income and calculated according to the following useful life:

Category	Useful life
Buildings:	
Foundations - structure and cover	50 to 70 years
Walls and divisions	20 to 30 years
Finishing	10 to 20 years
Machinery and equipment	10 to 25 years
Computers – Infrastructure TI:	
PC / Laptops / Mobile Devices	3 to 7 years
Servers	3 to 5 years
Communications equipment	5 to 8 years
Specific expansion equipment	5 to 7 years
ATMs	5 to 10 years
Medium and high-capacity equipment: Power plant > 40 kW / UPS > 30 kVA / Air conditioning > 15 T.R.	10 to 12 years
Electrical generator/UPS/Air conditioning in headquarters	5 to 10 years
Office equipment, furniture and fixtures	3 to 10 years
Vehicles	5 to 10 years

Leasehold improvements

There are adjustments that are made to the leasehold property; they are be evaluated to define their recognition as an asset or as an expense. The adjustments recognized as property, plant and equipment are depreciated at the shortest time between the term of the lease (estimated for Right of use – IFRS 16) and the useful life of the asset, improvement or work performed and in accordance with the established useful life ranges in the accounting policy.

Derecognition

The book value of an item of property, plant and equipment is derecognized when it is determined by its disposition or no further associated future economic benefits are expected. The profits or losses from derecognition are recorded in the statement of income.

Impairment of property, plant and equipment

At the end of each period, the Bank analyzes whether there is any internal or external evidence that an asset is impaired. If there is evidence of impairment, the Bank determines if the impairment exists by comparing the net value of the asset recorded with its recoverable amount (the recoverable amount is defined as the higher of the fair value, less costs to sale, and the value in use). When the carrying amount exceeds the recoverable amount, the carrying amount is adjusted to the recoverable amount with effect on income by modifying future depreciation charges to bring them in line with the remaining useful life of the asset.

Likewise, if there are indications that the value of a previously impaired asset has been recovered, the Bank estimates the recoverable value of the asset and recognizes the recovery in net income, reversing the impairment loss recorded in previous periods and adjusting future charges for depreciation accordingly. In no case the reversal of an impairment loss on an asset may result in an increase in its carrying amount above the value it would have had if impairment losses had not been recognized in previous periods.

3.10 Leased assets

A contract is, or contains, a lease if it transfers the right to control the use of an asset identified for a certain period of time in exchange for payment of consideration.

The Bank is a lessee (obtains the right to use an underlying asset) and lessor (provides the right to use an underlying asset) of a variety of assets.

a. Lessor

Initial Measurement

Assets provided on lease by the Bank are classified at the time the contract is signed as financial or operating leases.

A lease is classified as financial when all risks and advantages associated with the ownership are substantially transferred. These are included in the statement of financial position under the item “loan portfolio and financial leases transactions at amortized cost” and they receive the same accounting treatment as all other granted loans.

A lease is classified as operating when all rights and advantages associated with ownership are not substantially transferred. The assets associated with these contracts are included under the financial statements’ item they belong to (property, plant and equipment, investment property or others) and they receive an accounting treatment in accordance with the accounting policies of each category.

Subsequent Measurement

Financial lease contracts are accounted for in the same manner as other loans granted by the Bank; financial income is recognized over the term of the lease on the basis of a rule that reflects a constant rate of return on the net financial investment the Bank has made in the lease.

Contracts classified as operating leases will recognize lease payments as income on a straight-line basis and will calculate depreciation and amortized according to accounting policies established to their classification in the statement of financial position.

b. Lessee

Initial Measurement

On the date on which a leased asset is available for use by the Bank, the lease is recognized as an asset for the right to use.

The asset is initially measured at cost, which includes:

- The amount of the initial measurement of the lease liability;
- Any lease payment made before or after the start date minus any lease incentive received;
- Any direct cost initially incurred by the Bank; and

The lease liability is initially measured at the present value of the future lease payments to be made over the term of the lease.

The lease payments are discounted using the incremental interest rate (the rate the lessee would have to pay for taking out a loan with a similar term of the funds required to obtain an asset in the same conditions).

- An estimate of the costs to be incurred by the lessee to dismantle and restore the underlying asset.

Subsequent Measurement

The effective interest rate method is used for subsequent measurement of the liability, which implies increasing the asset amount to reflect the interest (financial cost) and reducing it to reflect the lease payments made. Each payment is distributed between principal repayment and financial cost. The financial cost is recognized through the Bank's income over the term of the lease.

The Bank uses the cost model for subsequent measurement of the asset, which includes its cost minus accumulated depreciation and accumulated impairment losses.

The right-to-use asset is depreciated on a straight-line basis over the term of the lease.

3.11 Investment property

Investment properties are the land or buildings - considered all or in part - that are held to earn rentals or for capital appreciation or both, rather than for the Bank's own use.

Investment properties are initially measured at cost, which includes their purchase price and any directly attributable costs.

Directly attributable disbursements include professional fees for legal services, property transfer taxes and other costs associated with the transaction.

Some assets may have been acquired in exchange for one or more non-monetary assets. In such cases, the cost of the asset will be measured at its fair value, unless:

- The exchange transaction is not commercial in nature or,
- The fair value of the asset received or delivered cannot be measured reliably.

The Bank selected the fair value model for subsequent measurement the investment property. Fair value measurement is done through technical appraisals, and the gains or losses deriving from changes in fair value are included in net income for the period, when they arise.

Transfers

Transfers may be made to and from investment property if and only if a change in use has taken place, as indicated by:

- Occupancy of the property by the owner begins, in the case from transfer of an investment property to owner-occupied property;
- Occupancy of the property by the owner ends, in the case of a transfer from facility with occupancy by the owner to investment property.

The following are details of the accounting treatment for transfers:

- If an investment property is transferred to property, plant and equipment, the cost of the property for the effects of subsequent postings shall be the fair value as of the date on which the change in use took place.
- When an item of property, plant and equipment is transferred to investment property, the cost model shall apply up to the date on which the change in use takes place. At such date, the Bank shall treat the difference between the carrying value of the property, plant and equipment item and its fair value as determined under the new category, in the same manner as revaluation is reported in accordance with IAS 16.

3.12 Goodwill

Goodwill represents the price paid in excess of the fair value of the assets and liabilities acquired in a business combination (with some exceptions, where the book value is used). Goodwill is considered to have an indefinite useful life and is not amortized; however, it is subject to an annual assessment for impairment. In cases where there are indications that some of the cash-generating units to which goodwill was allocated might be impaired, the Bank conducts an assessment, through an independent expert, and uses that

appraisal to determine if any impairment exists. If so, it is recorded against income. Once an impairment loss is recognized, it is not reversed in subsequent periods.

In the annual impairment test, the cash flow valuation method is used for each of the investments that generated the effects of goodwill. If the net present value of discounted future cash flows is less than their carrying amount, impairment is recorded.

3.13 Other intangible assets

The Bank's intangible assets consist of non-monetary assets that have no physical appearance and are the result of a legal transaction or are developed internally. These are assets whose cost can be estimated reliably, and the future economic benefits are considered likely to flow into the Bank.

Such assets consist mainly of computer software. They are measured initially by the cost incurred in their acquisition or during their internal development phase. The costs incurred in the research phase are recorded directly under net income. After their initial recognition, these assets are amortized over their estimated useful life. In the case of computer software, this is up to 10 years, based on technical opinions and the Bank's experience, except when the technical study defines higher periods.

Licenses have been defined as assets with a finite useful life, which are amortized during their useful life. Amortization is recognized on a straight-line basis, according to the estimated useful life, which is up to five (5) years.

At the close date of each accounting period, the Bank analyzes whether there are indications, both external and internal, that an asset may be impaired. If there is evidence of impairment, the Bank analyzes whether such impairment actually exists by comparing the net book value of the asset with its recoverable value (the greater of its fair value less disposal costs and its value in use). Any impairment losses or subsequent reversals are recognized in net income of the year.

3.14 Financial liabilities

A financial liability is (a) any contractual obligation the Bank has to deliver cash or another financial assets to another entity, or to exchange financial assets or financial liabilities whit another entity under conditions that are potentially unfavorable to the Bank (b) an agreement that will or may be settled using equity securities owned by the Bank. Financial liabilities are initially recognized at fair value less transaction costs that are directly attributable to their issuance. Subsequently, financial liabilities are measured at amortized cost in accordance with the effective interest rate method, and the financial expenses are recognized in net income (except for the derivatives that are measured at fair value).

Financial liabilities are derecognized from the statement of financial position if and only if they have been extinguished, namely, when the obligation specified in the corresponding contract has been paid canceled or has expired.

The Bank's financial liabilities include checking accounts, savings accounts, time certificates of deposit, bonds issued, derivatives and financial obligations.

3.15 Financial guarantees

Financial guarantees are those contracts requiring that the issuer makes specified payments to reimburse the holder for losses incurred when a specific debtor defaults its payment obligation, in accordance with the original or modified conditions of a debt instrument; regardless of its legal form. A financial guarantee can take several forms, including bonds and sureties.

Financial guarantees, regardless of the guarantor, instrumentation or other circumstances, are analyzed regularly to determine the credit risk to which they are exposed and, if applicable, to estimate the need to constitute an provision for them, which is determined by applying criteria similar to those established to quantify impairment losses on financial assets.

The provisions established over financial guarantee agreements classified as impaired, are recognized as liabilities under “Provisions – provisions for contingent risks and commitments” and recognized in net income.

The fee income earned is recognized on a straight-line basis over the life of the guarantees.

3.16 Employee benefits

The Bank grants its employees the following benefits as consideration in exchange for their services:

a. Short- term benefits

Corresponds to the benefits that the Bank expects to pay within the twelve months following the end of the reporting period. In accordance with current labor legislation and agreements, said benefits correspond to salaries, bonuses, severances (after Law 50 / 1990), interests on severance, holidays, holidays premiums, legal and extralegal premiums, aids, and social security contributions and payroll taxes. These benefits are measured at their face value and are recognized by the causation system with a charge to net income.

b. Post- employment benefits

These are employee benefits that are paid after the employment period has ended, other than indemnities due to contract termination.

- **Defined contribution plans**:

These are post-employment benefit plans in which the Bank makes predetermined contributions to a separate entity (a fund) and has no legal or implicit obligation of making any further contributions in the event the fund has insufficient assets to cover the employee benefits.

These are the pension funds for employees covered by the new labor regime following enactment of Law100/1993 (pensions). The payments made by the Bank to pension management funds are measured on a non-discounted base amount and are recorded using the accrual accounting system against income. The defined contributions plans do not require the use of actuarial assumptions to measure the liability or the expense; consequently, they do not generate actuarial gains or losses.

- **Defined benefit plans**

These are post-employment benefit plans other than the defined contribution plans described above.

These are the retirement pensions and severance benefits taken on directly by the Bank for employees covered by the legacy labor regime prior to Law 100/1993 (pensions) and Law 50/1990 (severance funds), and bonuses awarded to employees when they retire. The liability is determined by the present value of estimated future payments to employees, calculated on the basis of actuarial studies prepared using the projected unit credit method, taking into consideration actuarial assumptions on mortality rates, salary increases, staff turnover and interest rates determined based on prevailing bond market returns at the close of a National Government issuance or high-quality corporate bonds.

Under the projected unit credit method, future benefits to be paid to employees are assigned to each accounting period in which the employee provides the service. Therefore, the cost of these benefits is reported in the Bank's statement of income, including the cost of the present service assigned in the actuarial calculation plus the calculated financial cost of the liability.

Variations on the liability for post-employment benefits due to changes in actuarial assumptions are reported in equity through other comprehensive income (OCI).

c. Other long-term benefits

These are employee benefits other than short-term employee benefits that are provided in post-employment periods and after any severance payments. According to the Bank's collective bargaining agreements and labor agreements, such benefits are primarily seniority bonuses. At the Bank there are two categories for this benefit:

- **Seniority bonuses for unionized employees:** It is a seniority bonus payable by the Bank upon an employee's completion of 5 years of uninterrupted service. These liabilities are determined in the same manner as the post-employment benefits described in item b. above, the only difference is that changes in actuarial liabilities due to changes in actuarial assumptions are recorded in the statement of income.

- **Seniority bonuses for non-unionized employees:** This is an additional benefit to those required by law that does not form part of salary and that is granted as a liberality, called a quinquennium. This benefit requires the Bank to make monthly contributions into a fund in the name of each non-unionized employee. The non-unionized employee is entitled to receive the funds plus accrued interest thereof upon completing five years of uninterrupted employment at the Bank. The accounting treatment of this benefit is the same as that given to defined benefit post-employment plans, as described in item b. above.

d. Work contract termination benefits

These are payments the Bank is required to make due to a unilateral decision to terminate the contract of an employee or due to an employee's decision to accept an offer from the Bank in exchange for terminating his or her work contract.

These benefits correspond to the number of days of compensation for dismissal required under applicable labor laws and other additional days the Bank unilaterally decides to grant its employees in such cases.

Termination benefits are recorded as a liability charged to net income on the earlier of the following dates:

- When the Bank can no longer withdraw the offer of those benefits.
- When provisions are recognized for the cost of restructuring by a subsidiary or business in the Bank that involves the payment of termination benefits.

Therefore, if termination benefits are expected to be fully settled within twelve months after the reporting period, the Bank applies the requirements of the policy on short-term employee benefits. However, if termination benefits are not expected to be fully settled within twelve months after the reporting period, the Bank applies the requirements of the policy on other long-term employee benefits.

3.17 Taxes

a. Income tax

Income tax expenses include current and deferred tax. Tax expenses are recognized in statement of income except for items recognized in Other Comprehensive Income (OCI) or directly in equity.

Additional details are provided below on the policy adopted for each of these items:

- **Current tax**

Current tax includes tax expected to be paid or received on the taxable earnings or losses of the year, and any adjustment related to previous years. It is measured using the tax rates in effect, or tax rates whose approval is nearly completed as of the date of the statement of financial position.

- **Deferred tax**

Deferred taxes are recognized on temporary differences arising between the tax bases for assets and liabilities and the amounts recognized in the financial statements. These differences result in amounts that are deductible or taxable when determining tax gains or losses corresponding to future periods when the asset's carrying value is recovered or the liability is settled. However, deferred tax liabilities are not recognized if: i) they arise from the initial recognition of goodwill ii) they arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, does not affect accounting or tax gain or loss; and iii) on investments in subsidiaries, associates or joint arrangements when the opportunity to reverse temporary differences is controlled by the Bank and it is not likely they will be reversed in the foreseeable future.

Deferred tax is calculated using the tax rates in effect as of the statement of financial position date and at the rates that are expected to apply when the deferred tax asset is to be realized or when the deferred tax liability is to be paid.

Deferred tax assets are recognized only when entities are probable to have future taxable profist gains against which temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets against current tax liabilities and when deferred asset and liability tax is related to taxes levied by the same tax

authority on the same entity or different entities when there is a legal right and it is intended to offset balances on a net basis.

b. Taxes and contributions other than income tax

Levies and contributions to the Colombian government, other than income tax, are recorded as liabilities when they occur or when the activity originating tax payment is carried out, according to the legislation in force.

- **Industry and commerce tax**

In applying article 86 of Law 2010 of 2019, the Bank recognized as an expense for the year the total industry and commerce tax caused in the year, the value that could be attributed as a tax discount is treated as a non-deductible expense in determining the income tax of the year. The tax discount applied decreases the value of the current income tax expense for the period and on the balances that may be applied as a tax discount in the following period, a deferred tax asset was recognized.

- **VAT on capital goods**

With the entry into force of Law 1943 of 2018 and subsequently from Law 2010 of 2019, the possibility of treating as income tax discount the VAT paid on the importation, building, construction or acquisition of real productive fixed assets, was incorporated into the national legal system. The assets that the Bank takes into account to classify the benefit are those tangible depreciable assets, which are not disposed of in the ordinary course of business, used to provide services directly related to the customer.

When the VAT paid becomes a tax discount of the income tax, which allows the amount to be charged directly against the liquid income tax, this is understood as an amount already paid from the income tax (income tax advance), consequently , it is recorded as an account receivable within the statement of financial position that is compensated in accordance with the provisions of paragraph 71 of IAS 12.

3.18 Provisions and contingencies

a. Provisions

They are liabilities of uncertain amount or duration. They are recognized in the statement of financial position if:

- The Bank has an present obligation (legal or implicit) arasing of a past events,
- It is probable that an outflow of resources that embodying economic benefits will be required to settle the obligation; and
- The Bank can make a reliable estimate of the amount of the obligation.

The amount recognized as a provision is determined at the end of the reporting period, by the best estimate. In cases where settlement is expected in the long run, its present value is discounted as long if the discount is significant and the cost of providing this estimate does not outweigh its benefits.

Provisions are updated regularly, at least at the end of each period, and are adjusted to reflect the best estimate available at the time. The updating of a provision to reflect the passing of time is recognized in statement of income for the period as a financial expense. In the event an outflow of resources to settle the obligation is no longer probable, the provision is reversed, and the contingent liability is disclosed, as appropriate. If there is any change in the estimates, it is accounted for prospectively as a change in the accounting estimate.

b. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank. Contingent liabilities are subject to disclosure and, to the extent they become probable liabilities, they are recognized as a provision.

c. Contingent assets

A contingent asset is a possible asset that arises from past events, existence and whose will be confirmed only by the occurrence or non-occurrence of one or more uncertain. Future events not entirely under the control of the Bank, are not recognized in the statement of financial position. Instead, they are disclosed as contingent assets when their occurrence is probable. When the contingent event is certain, the asset and the associated income are recognized in earnings for the period.

3.19 Income

a. Income from interest

The Bank recognizes income from interest of loans, debt securities and other debt instruments, using the effective interest rate method. The calculation of the effective interest rate includes all commissions and basic points of interest, paid or received by the parties to the contract, which integrate the effective interest rate, transaction costs and any other discounts or bonuses; except for portfolio loans where the costs and commissions associated with origination are recognized directly in profit or loss.

b. Commissions

Commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Bank recognizes revenue when it transfers control over a service to a customer. The Bank provides banking services to retail and corporate customers, including account management, provision of overdraft facilities, foreign currency transactions, credit card and servicing fees. Fees for ongoing account management are charged to the customer’s account on a monthly basis. The Bank sets the rates separately for retail and corporate banking customers on an annual basis. Transaction-based fees for interchange, foreign currency transactions and overdrafts are charged to the customer’s account when the transaction takes place. Servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the Bank. Revenue from banking service and servicing fees is recognized as the services are provided. Revenue related to transactions is recognized at the point in time when the transaction takes place.

c. Dividends

Dividends are recognized for those shares where the Bank has no control or significant influence, that is, investments below 20% that are not classified as investments on joint ventures, if:

- The Bank's right to receive the dividend payment is established;
- It is probable that the Bank receives economic benefits associated with the dividend; and
- The dividend's amount can be measured in a feasible manner.

d. Customer loyalty program

The Bank operate customer loyalty programs in which customers accumulate points for purchases and can redeem reward points in accordance with the policies and rewards plan in effect at the time of redemption. Points for rewards are recognized as an identifiable component separate from the initial sale transaction, to fair value. The income of the loyalty programs is deferred and recognized in the statement of income when the entity has complied with its obligations of offering products under the program's terms or when it is not likely that the points under the program rules are redeemed. A contractual liability is recognized until the points are redeemed or the same expire.

The Bank acts as principal in customer loyalty programs if it obtains control of the goods or services in advance, or if transfers control over such goods or services to a customer. The Bank acts as agent if its performance obligation is to arrange that the other party offers such goods or services.

e. Other income

When the definition of income is met, as outlined in the Framework for Financial Reporting, income not included in the foregoing categories is recognized by the Bank under earnings for the period.

3.20 Basic and diluted net earnings per share

Net earnings per basic share are determined by dividing net income for the period attributable to the Bank's shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are determined on net income in the same way, and the weighted average number of outstanding shares is adjusted to account for the potential dilutive effect, if applicable.

Note 4 – New accounting pronouncements

The Bank continuously reviews the evolution, changes and impacts on its financial statements arising from the standards and amendments issued by the regulatory entities in Colombia and by the International Accounting Standards Board (IASB).

Below is a summary of the new accounting releases issued by the IASB, that have not been applied by the Bank because they have not yet gone into effect internationally and whose application in Colombia will depend on the regulations issued by the Colombian Government. Management is currently evaluating the potential impact of these releases on the Bank's separate financial statements.

(Continued)

New statements of the IASB	Title of the standard or amendment	Summary	International application date
Amendment to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Clarifies that a gain or loss derived from the sale or contribution of assets that constitute a business between an investor and its associate or joint venture must be recognized in its totality	Indefinite application date.
Annual improvements to IFRS standards 2018-2020	Improvements in: - IFRS 1 First-time Adoption of International Financial Reporting Standards. -IFRS 9 Financial Instruments - Illustrative examples IFRS 16 Leases. - IAS 41 Agriculture	-IFRS 1: deals with first-time adopters -IFRS 9: on rates in the "10 percent" test for derecognition of financial liabilities. - IFRS 16: clarifies example that on lease incentives. -IAS 41: Adjustments for Taxation of Fair Value Measurements.	January 1, 2022
Other minor modifications	Modifications to: -IFRS 3-Business Combinations. - IAS 16 - Property, Plant and Equipment. - IAS 37 - Provisions, Contingent Liabilities and Contingent Assets	Adjustments that clarify the wording or minor corrections, some of these changes are: - IFRS 3: This amendment updates a reference of IFRS 3 to the Conceptual Framework for Financial Reporting, without changing the accounting requirements for business combinations. - IAS 16: This amendment prohibits a company from deducting from the cost of property, plant and equipment the amounts received from the sale of items produced while the company prepares the asset for its intended use. Instead, a company will recognize such sales revenue and related costs in the statement of income. -IAS 37: This amendment specifies what costs a company includes when assessing whether a contract will generate losses.	January 1, 2022
Reform of the benchmark interest rate	Phase 1: Amendments to IFRS 9, IAS 39 and IFRS 7 Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Phase 1: This amendment provides relief in relation to possible effects on hedge accounting, given the uncertainty caused by the reform of the interest rate benchmark. This release requires companies to provide additional information on their hedging relationships directly affected by these uncertaintie. Phase 2: These amendments complement those made in 2019 ("phase 1") and focus on the effects on the organizations, given that their purpose is to assist companies in providing useful information in the financial statements when they substitute a previously used interest rate benchmark (regulatory) for an alternative interest rate benchmark as a result of the reform.	Phase 1: January 1, 2020 Phase 2: January 1, 2021

(Continued)

Note 5 – Use of accounting judgments and estimates with a significant effect on the financial statements

The Bank makes estimates and assumptions that affect the amounts recognized in the financial statements and the carrying value of assets and liabilities in the next accounting period. These judgments and estimates are assessed continuously and are based on the Bank's experience and other factors, including the expectation of future events that are believed to be reasonable. The Bank also makes certain judgments apart from those involving estimates in the process of applying accounting policies.

In preparing the separate financial statements as of December 31, 2020, the significant judgments made by the Bank in the application of accounting policies and the key sources of estimation were increased compared to those applied in the separate financial statements ended on December 31, 2019, due to the current situation that has caused the health emergency, being necessary to make changes in assumptions and other significant key judgments, which are subject to modifications and updates as new information becomes available (see Note 2.3).

The judgments that have the most significant impact on the amounts recognized in the financial statements and the estimates that can cause a significant adjustment in the carrying value of assets and liabilities within the next year include the following:

5.1 Financial asset allowance for impairment:

a. Allowance of financial assets of investment:

In the case of impairment (allowance) for its investments, the Bank makes a judgment based on financial information about the issuers, a review of their credit quality and other macroeconomic variables, and then issues an internal rating. This qualification is revised in light of the one issued by the agencies that have rated the investment. When there is a likelihood of impairment, the allowance to be made (for impairment) is estimated as provided for in Chapter I-1 of the Basic Accounting and Financial Circular, according to the percentages indicated in Note 3.7, Paragraph a - "Financial investment assets".

b. Allowances on loan portfolio

Pursuant to the standards set by the Financial Superintendence of Colombia, the Bank regularly reviews its portfolio of loans and financial leases to assess whether or not impairment should be recorded and charged to income for the period. This is done in light of the guidelines established in Chapter II of the Basic Accounting and Financial Circular. In the case of commercial loans and commercial leases, the Bank exercises its judgment to decide their credit risk rating in accordance with the borrower’s ability to pay, which is evaluated based on the borrower’s financial statements and the fair value of the collateral granted. The idea is to determine if there is observable information that indicates a decline in the customer's estimated cash flow. When granting consumer loans and consumer leases, the Bank uses internal scoring models that assign a rating dependent on the risk level. The rating is subsequently adjusted, basically taking into account the historical performance of these loans, the collateral that supports them, the debtor's performance with other entities and the debtor’s financial information. The risk rating for the mortgage portfolio is based essentially on the number of days the customer is in arrears.

Once the various loan portfolios are rated according to their level of risk, the respective allowances are

calculated using the percentages in the allowance tables established specifically for each type of loan by the Financial Superintendence of Colombia. These percentages also are indicated in Note 3.7, paragraph d - “Loan Portfolio and Financial Leases transactions”.

In addition, as instructed by the Financial Superintendence of Colombia, the Bank establishes a general allowance for home mortgages and microcredit that is equal to 1% of the total portfolio, charged to income.

Due to the COVID-19 health emergency, the Bank has adopted the guidelines issued in External Public Notices 007, 014, 022, 026 and 039 of 2020 issued by the Financial Superintendence of Colombia (SFC, for the Spanish original), on relief to debtors and general provisions to cover the possible impact of an increase in overdue loans (see note 2.3).

The Bank believes the loan portfolio allowances at December 31, 2020 and December 31, 2019 are sufficient to cover any possible losses on its portfolio of loans that are outstanding on those dates.

5.2 Fair value of financial instruments

The fair value of financial instruments is an estimated that reflects the price at which an orderly transaction would take place to sell an asset or transfer a liability between market participants. A hierarchy of fair value is established that classifies the input data of valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1 input data) and the lowest priority to unobservable input data (input data Level 3).

The information on the fair values of instruments classified by levels using directly observable data for level 1, based on market data for level 2 and unobservable data in level 3 are disclosed in Note 6.

The determination of what constitutes "observable" requires significant judgment on the part of the Bank’s management. The Bank considers observable data those market data already available, distributed or regularly updated by the price vendor and are reliable and verifiable, and that are provided by independent sources that actively participate in the market in reference.

5.3 Deferred income tax

The Bank evaluates the possibility of realizing deferred income tax assets over time. These represent taxes on earnings that can be recovered through future deductions from taxable income and are recorded in the statement of financial position. Deferred tax assets are recoverable when the relative tax benefits are regarded as probable. Future tax income and the amount of tax benefits considered to be probable in the future are based on the mid-term plans prepared by management. The business plan is based on management’s expectations that are believed to be reasonable under the circumstances.

As of December 31, 2020, and December 31, 2019, the Bank estimates that the items of the deferred income tax asset shall be recoverable as a function of their future estimated future taxable gains.

Deferred tax liabilities are recognized on temporary differences that result in future taxable amounts when determining fiscal gain (loss), except on temporary difference relating with investments in subsidiaries, associates and joint ventures, when temporary differences reversion is controlled by the Bank and is likely they will not be reversed in the foreseeable future, see note 20.4.

(Continued)

5.4 Evaluating impairment of Goodwill

The Bank's management evaluates impairment of cash-generating units with distributed goodwill recorded on its financial statements. It does so on an annual basis at September 30 and when there are indications that any of the cash generating units (CGU) to which goodwill was allocated might be impaired, based on studies to that effect conducted by independent experts engaged for this purpose. As of December 31, 2020, Goodwill impairment was updated taking into account the impacts of the COVID-19 health emergency, which affected macroeconomic conditions (see note 2.3).

These studies are conducted based on valuations of the cash-generating units to which goodwill was assigned upon its acquisition. This is done by the discounted cash flow method, taking into account a number of factors, such as the economic situation of the country and the sector where the Bank operates, historical financial information, and projections on growth revenues and expenses in the next five years and, subsequently, growth in perpetuity considering its profit capitalization rates discounted at risk-free interest rates that are adjusted according to the risk premiums that are required given the circumstances of each entity.

The methods and assumptions used for the valuations are outlined in note 18.

5.5 Estimates for lawsuits provisions

The Bank estimates and records a provision for legal processes. The idea, in this respect, is to be able to cover possible losses in suits involving labor, civil, mercantile, tax or other disputes. This estimate is based on management's opinion, supported by the opinions of external legal advisors, when warranted by the circumstances and when losses are considered probable and can be quantified reasonably. Due to the nature of these claims, lawsuits and/or processes, it is impossible, in some cases, to make an accurate prediction. Therefore, any differences between the amounts actually disbursed and the initial estimates and provisions are recognized in the period when they are identified, see note 24.

5.6 Employee benefits

The measurement of post-employment benefit obligations (pensions, severance and retirement bonuses) and other long-term obligations (seniority bonuses), depends on a wide variety of long-term term actuarial premises and assumptions, including estimates of the present value of future payments projected for the benefits, considering the likelihood of potential future events, such as increases in the minimum wage and demographic experience. These premises and assumptions can have an effect on the amount and on future contributions, if there is any variation.

The discount rate makes it possible to ascertain future cash flows at present value on the measurement date. The Bank determines a long-term rate that represents the market rate for high-quality fixed income investments or for government bonds denominated in the currency in which the benefit will be paid and considers the timing and amounts of future benefit payments. The Bank has selected government bonds for this purpose.

5.7 Lease terms

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

In order to establish the initial measurement of the lease liability, it is necessary to calculate the present value of the contract payments, using a rate to discount cash flows. The assumption of the discount rate is one of the most important judgments that entities need to make and that can have a significant impact on the valuations of the right-of-use asset and the financial liability for lease.

At the beginning, the lessee must use the implicit interest rate in the lease as a discount rate; however, if the implied interest rate cannot be easily determined, the lessee must use the incremental borrowing interest rate that is defined as: “The interest rate that a lessee would have to pay for borrowing in a similar term, the funds necessary to obtain an asset of similar value to the asset by right of use in a similar economic environment. ”

The Bank has defined that quarterly the areas of Price Management and the Leasing Unit will define the annual effective rate.

Due to the COVID-19 health emergency, some lease contracts were amended without producing significant impact, to which effect the entity applied the amendment to IFRS 16 published by the IASB in May 2020 and adopted by means of Decree 1432 of November 2020 (See note 2.3).

Note 6 – Estimate of fair value

The fair value of financial assets and liabilities traded in active markets (such as financial assets in debt securities, equity securities and derivatives quoted actively on securities exchanges and interbank markets) is based on dirty prices and/or input supplied by an official price vendor authorized by the Financial Superintendence of Colombia. These prices mainly are based on the weighted averages of the transactions that occurred during the trading day.

An active market is that one where transactions for assets or liabilities are carried out with enough frequency and in enough volume to provide a steady stream of information on prices. A dirty price is that which includes accumulated interest on the security as from the date of issuance or last payment of interest, until the valuation date.

The fair value of financial assets and liabilities that are not traded in an active market is determined through appraisal techniques determined by the price vendor. The valuation for non-standardized financial instruments such as options, currency swaps and over-the-counter derivatives is performed using the discounted cash flow technique as of inputs and/or interest-rate valuation curves. Price vendor construct these curves using market data extrapolated to specific conditions of the instrument being appraised. The valuation of instruments with optionality are based on specific models such as Black-Scholes and other valuation techniques commonly used by market players who take maximum advantage of observed market data and rely as least as possible on entity-specific information.

The Bank calculates the fair value of debt securities and derivative instruments daily, using information on prices and/or input supplied by the officially designated official price vendor (PRECIA S.A. Proveedor de

Precios para la Valoración S.A.). This vendor was authorized following its compliance with the standards applicable to valuation price vendors in Colombia, including their purpose, operational regulations, the valuation-method approval process, and required technological infrastructure, to name but a few. After assessing the price vendor's methodologies, it was concluded that the fair value calculated for debt securities and derivative instruments based on the prices and input supplied by PRECIA S.A. is adequate.

The Bank can use models developed internally for instruments that do not have active markets. Generally, these are based on valuation methods and techniques that are standard in the financial sector. Valuation models are used primarily to assess unlisted equity securities, debt securities and other debt instruments for which the markets were or have been inactive during the accounting period. Some of the data for these models are not observable in the market and, consequently, are estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques used may not fully reflect all the factors relevant to the Bank's position. Therefore, valuations are adjusted, as needed, to accommodate for additional factors such as model risk, liquidity risk and counterparty risk.

The fair value of non-monetary assets such as loan collateral for the purposes of determining the customer's loans granted and investment properties is based on appraisals by independent expert appraisers who are sufficiently experienced and knowledgeable about the real estate market or the asset being valued. Generally, these assessments are made with reference to market data or based on the replacement cost, when there are not enough market figures.

The fair value hierarchy grants the following priorities according to the inputs used for its determination:

- Level 1 entries are prices quoted (with no adjustment) on active markets for assets or liabilities identical to those the entity can access on the date of measurement.

- Level 2 entries are different from the quoted prices at Level 1 and are observable directly or indirectly for the respective assets or liabilities.

- Level 3 entries are inputs data mainly unobservable for the financial assets or financial liabilities.

In the cases where the entry data are used for measuring fair value may be classified indifferent hierarchical levels. The measurement of fair value of instrument is classified as a whole at the same level of fair value of the input data of the lowest level which is significant for the whole measurement.

Market-listed financial instruments that are not considered active, but are valued according to quoted market prices, prices supplied by price vendor or alternative pricing sources supported by observable entries, are classified at Level 2.

If a measurement of fair value uses observable input that requires a significant adjustment based on unobservable inputs, then is a Level 3 measurement. Evaluating the significance of a particular entry to the measurement of fair value in its entirety require professional judgment, giving consideration to the specific factors of the asset or liability in question.

6.1 Measurements of fair value on a recurring basis

Fair value measurements are those required by accounting regulations or allowing the statement of financial position at the end of each accounting period.

The following table shows the Bank's assets and liabilities (by type) measured at fair value on a recurring basis:

		December 31, 2020			
		Level 1	Level 2	Level 3	Total
Assets					
Investments in debt securities for trading issued or secured					
Colombian government	$	77,029	575,315	0	652,344
Other Colombian government entities		0	89,330	0	89,330
Other financial entities		0	518,957	0	518,957
Non-financial sector entities		0	18,902	0	18,902
Others		0	19,533	0	19,533
		77,029	1,222,037	0	1,299,066
Investments in equity securities for trading		0	409	589,045	589,454
Total investments held for trading		**77,029**	**1,222,446**	**589,045**	**1,888,520**
Investments in debt securities available for sale issued or secured					
Colombian government		4,013,711	634,850	0	4,648,561
Other Colombian government entities		11,641	183,594	0	195,235
Other financial entities		37,773	222,304	0	260,077
Non-financial sector entities		0	14,046	0	14,046
Foreign governments		0	8,953	0	8,953
		4,063,125	1,063,747	0	5,126,872
Investments in equity securities available-for-sale		6,170	13	204,895	211,078
Total investments available for sale		**4,069,295**	**1,063,760**	**204,895**	**5,337,950**
Instrument financial derivatives at fair value					
Trading derivatives					
Currency forwards		0	199,773	0	199,773
Interest rate swaps		0	146,608	0	146,608
Cross currency swaps		0	31,386	0	31,386
Cash operations		0	4	0	4
Currency options		0	16,830	0	16,830
		0	394,601	0	394,601
Hedging derivatives					
Currency forwards		0	117,066	0	117,066
Total derivatives at fair value		**0**	**511,667**	**0**	**511,667**
Investment property		0	0	57,336	57,336
Total assets at fair value on recurring basis		**4,146,324**	**2,797,873**	**851,276**	**7,795,473**
Liabilities					
Trading derivatives					
Currency forwards		0	291,737	0	291,737
Interest rate swaps		0	124,432	0	124,432
Cross currency swaps		0	38,692	0	38,692
Cash operations		0	17	0	17
Currency options		0	29,814	0	29,814
		0	484,692	0	484,692
Hedging derivatives					
Currency forwards		0	2,365	0	2,365
Total liabilities at fair value on recurring basis	$	**0**	**487,057**	**0**	**487,057**

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets				

(Continued)

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Investments in debt securities for trading issued or secured				
Colombian government	$ 190,929	16,099	0	207,028
Other Colombian government entities	0	113,766	0	113,766
Other financial entities	33,179	525,508	0	558,687
Non-financial sector entities	0	19,282	0	19,282
Others	0	22,688	0	22,688
	224,108	697,343	0	921,451
Investments in equity securities for trading	0	306	345,203	345,509
Total investments held for trading	**224,108**	**697,649**	**345,203**	**1,266,960**
Investments in debt securities available for sale issued or secured				
Colombian government	3,053,018	666,210	0	3,719,228
Other Colombian government entities	0	171,635	0	171,635
Other financial entities	24,307	266,579	0	290,886
Non-financial sector entities	0	14,411	0	14,411
Foreign governments	0	8,433	0	8,433
Others	0	20,343	0	20,343
	3,077,325	1,147,611	0	4,224,936
Investments in equity securities available-for-sale	6,024	13	208,208	214,245
Total investments available for sale	**3,083,349**	**1,147,624**	**208,208**	**4,439,181**
Instrument financial derivatives at fair value				
Trading derivatives				
Currency forwards	0	231,108	0	231,108
Interest rate swaps	0	46,057	0	46,057
Cross currency swaps	0	31,091	0	31,091
Cash operations	0	9	0	9
Currency options	0	23,004	0	23,004
	0	331,269	0	331,269
Hedging derivatives				
Currency forwards	0	163,004	0	163,004
Total derivatives at fair value	**0**	**494,273**	**0**	**494,273**
Investment property	0	0	62,377	62,377
Total assets at fair value on recurring basis	**3,307,457**	**2,339,546**	**615,788**	**6,262,791**
Liabilities				
Trading derivatives				
Currency forwards	0	265,551	0	265,551
Interest rate swaps	0	33,197	0	33,197
Cross currency swaps	0	24,660	0	24,660
Cash operations	0	8	0	8
Currency options	0	31,267	0	31,267
	0	354,683	0	354,683
Hedging derivatives				
Currency forwards	0	67,489	0	67,489
Total liabilities at fair value on recurring basis	$ **0**	**422,172**	**0**	**422,172**

6.2 Non-recurrent measurements of fair value

The fair value is determined using pricing models, discounted cash flow methodologies, using internal models or external experts with experience and knowledge of the real estate market or of assets being appraised. Generally, these appraisals are carried out by references to market data or based on the replacement cost, when sufficient market data is not available.

Although there is no need to be measured at fair value on a recurring basis, non-current assets held for sale classified in Level 3 at December 31, 2020 and 2019 remained assessed for $13,985 and $119,107, respectively, as a result of assessment for impairment using the IFRS standards applicable.

6.3 Determining fair value

- The financial instruments classified at Level 1 are those whose fair value was determined according to the market prices supplied by price vendor. These prices are determined based on liquid markets complying with Level 1 requirements.
- The financial instruments classified as Level 2 are those whose fair value was determined based on alternate techniques for valuation of discounted cash flow, using observable market data supplied by the price vendor. Generally, transfers between Level 1 and Level 2 of investments portfolios correspond mainly to changes in liquidity levels of securities in the markets.

- Investments classified in Level 3 are those whose fair value was established from significant unobservable inputs within the full measurement. Instruments at Level 3 include mainly investments in equity securities which are not traded publicly. Since observable prices are not available for these securities, the Bank uses valuation techniques such as discounted cash flows for determining their fair value.

Valuation techniques and significant inputs used in Level 2 and Level 3 in the financial instruments measured at fair value recurring are described as follows:

Valuation technique	Significant inputs
Investments in debt securities at fair value	
Incomes	● Market price or price calculated based on benchmarks set by price providers methodologies. ● Estimated price / Theoretical price
Market	● Estimated price / Theoretical price (1) ● Average price / Market price (2)
Investments in equity securities	
Discounted cash flow	● Growth in residual values after five, seven and ten years ● Discount interest rates ● Equity rate of cost ● Discount interest rates WACC
Net value adjusted of assets	● Most relevant variable in assets
Derivatives	
Incomes	● Security or underlying price ● Currency of interest rate curve by underlying asset ● Exchange rates curves ● Implicit curves of exchange rates forwards ● Swap curves assigned according by underlying ● Implicit volatilities matrixes and curves
Market	● Market price ● TRM (representative market rate) or Exchange rates of other currencies as appropriate

(1) Estimated Price: A valuation model based on information obtained from a price vendor when it is not able to supply quoted prices (unadjusted) for each security. This model is the basis for the construction of the valuation margin of the securities that is represented on the assigned curve or reference rate. This margin remains constant on the assigned curve or reference rate when calculating the theoretical valuation price.
(2) Quoted market prices (i.e. obtained from price vendors).

The following are the most common methods applicable to derivatives:

- **Valuation of foreign currency forwards:** The price vendor publishes assigned curves (interest rates) according to the currency of origin of the underlying asset, from which the contractual flows of the instrument that are compared against the present value of the agreed value are discounted.

- **Valuation of forwards on bonds:** The future theoretical value of the bond, based on its price on the valuation date and the risk-free rate of the reference country of the underlying asset, is calculated for determining the value of the forward up to a specific date. The present value of the difference between the future theoretical value and the bond price agreed in the forward contract is then obtained; the risk-free rate of the reference country of the underlying asset at the number of days to contract expiration is used for the discount.

- **Valuation of swap operations:** The price vendor publishes assigned curves according to the underlying assets, in addition to swap base curves (exchange of associated payments at variable interest rates), domestic and foreign curves, and implicit curves associated with exchange rate forwards. To determine the valuation of the swap at a certain date, the present value of each one of the legs that compose it is calculated using the zero-coupon rates for projection and discount of flows, taking into account the conventions agreed regarding the modality of payments of interest, calculation bases, etc., the following is the difference between the delivery leg and the receipt leg is calculated, which constitutes the fair exchange price of the instrument.

- **Valuation of OTC options:** The price vendor publishes curves assigned according to the currency of the underlying asset, in addition to forward exchange curves for the domestic currency of the transaction, implicit curves associated with exchange forwards, assigned swap curves according to the underlying asset and matrix and implicit volatility curves. The price of the options is calculated using the Black & Scholes & Merton model.

6.4 Fair value measurements classified at Level 3

The following table shows the movement of the fair value measurements classified at Level 3:

		For the period ended at			
		December 31, 2020		December 30, 2019	
		Equity securities	Investment property	Equity securities	Investment property
Balance at the beginning of the period	$	**553,411**	**62,377**	**499,161**	**74,944**
Valuation adjustment with effect on net income		35,349	(38,536)	38,068	7,540
Valuation adjustment with effect on OCI		(2,985)	0	40,814	0
Additions		233,328	1,354	0	0
Disposals / Sales		(24,906)	(57,847)	(24,994)	(9,692)
Reclassifications		0	1,781	0	10,622
		794,197	**(30,871)**	**553,049**	**83,414**
Impairment, net		(258)	88,207	362	(21,037)
Balance at the end of the period	$	**793,939**	**57,336**	**553,411**	**62,377**

a. Equity securities

The Bank´s equity investments are in several entities where its holding is less than 20% of equity in each. Some of this holding was received as payment for customer obligations in the past and some was acquired because it is necessary to develop the Bank operations, such as ACH Colombia S.A., and the Cámara de Riesgo Central de Contraparte de Colombia S.A. among others.

In general, all these companies are not listed on the stock exchange and, consequently, their fair value has been determined with the help of external consultants. They have used the discounted cash flow method for this purpose, constructed based on the appraiser's own projections with respect to income, costs and expenses for each entity assessed during a five-year period. Historical information obtained from the

companies and their residual value, with determined growth rates for perpetuity established by the appraisers based on their own experience, are the basis for this process. These projections and residual values were discounted, based on interest rates constructed with curves from the price vendors, adjusted for estimated risk premiums based on the risks associated with each company being valued.

The following table summarizes the range of the main variables used in the valuations:

Variable	Range
Inflation growth (1)	Between 1% and 2%
Growth of the gross domestic product (1)	Between (6%) and (7%)
Income	CPI+1 Between 3% and 22.5%
Costs and expenses	Inflation
Growth in perpetuity after five and ten years	3.3% and 3.4%
Discount interest rate	Between 9% and 17%
Equity rate of cost	Between 11.9% and 12.7%

(1) Information obtained from the National Department of Planning

The table below contains sensitivity analysis of the changes in these variables in the Bank's equity, considering that the variations in the fair value of these investments are recorded in OCI since they pertain to investments classified as available for sale:

Methods and variables	Variation	Favorable impact	Unfavorable impact
Present value adjusted for discount rate			
Income	+/-1%	7,086	(8,109)
Growth residual values after five years	+/-1%	17,228	(12,597)
Growth residual values after ten years	+/-1%	609	(486)
Discount interest rates	+/-50PB	(22)	29
Equity rate of cost	+/-50PB	10,879	(9,801)

b. Investment properties

Investment properties are reported in the statement of financial position at their fair value, as determined in reports prepared by independent expert appraisers at the end of each reporting period. The frequency of property transactions is low due to current conditions in the region. However, management estimates there is enough market activity to provide comparable prices for orderly transactions with similar properties when determining the fair value of the Bank´s investment properties.

Assessments of investment properties are considered at hierarchy Level 3 in fair-value measurement.

With investment properties, an increase (decrease) of 1% on their market value would result in an increase (decrease) of $573 in their fair value, as the case may be.

6.5 Level transfers

In general, the transfers between Level 1 and Level 2 of the investment portfolios At securities for trading and At Securities available for sale mainly correspond to changes in the liquidity levels of the securities in the markets, as of December 31, 2020 there were no transfers..

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

The following table contains a summary of carrying amount and the fair values of the Bank's financial assets and liabilities recorded at face value or amortized cost classified using the hierarchical levels:

	December 31, 2020				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Investments held to maturity	$ 2,684,490	34,754	2,638,639	0	2,673,393
Loan portfolio, net	59,898,680	0	0	60,940,702	60,940,702
	62,583,170	34,754	2,638,639	**60,940,702**	**63,614,095**
Liabilities					
Deposits in checking accounts, savings accounts and others	46,227,126	0	46,227,127	0	46,227,127
Time certificates of deposit	19,628,508	0	19,751,070	0	19,751,070
Interbank borrowings and overnight funds	2,876,614	0	2,876,614	0	2,876,614
Borrowings from banks and others	2,731,545	0	2,733,186	0	2,733,186
Bonds issued	7,894,942	8,602,279	0	0	8,602,279
Development entities	2,343,035	0	2,239,997	0	2,239,997
Lease contracts	529,022	0	529,022	0	529,022
	$ **82,230,792**	**8,602,279**	**74,357,016**	**0**	**82,959,295**

	December 31, 2019				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Investments held to maturity	$ 1,441,450	23,042	1,394,241	0	1,417,283
Loan portfolio, net	55,841,327	0	0	57,393,301	57,393,301
	57,282,777	**23,042**	**1,394,241**	**57,393,301**	**58,810,584**
Liabilities					
Deposits in checking accounts, savings accounts and others	38,472,176	0	38,472,176	0	38,472,176
Time certificates of deposit	17,737,941	0	17,741,647	0	17,741,647
Interbank borrowings and overnight funds	3,345,149	0	3,345,149	0	3,345,149
Borrowings from banks and others	5,113,719	0	5,100,709	0	5,100,709
Bonds issued	7,379,399	8,114,505	0	0	8,114,505
Development entities	2,143,592	0	2,063,179	0	2,063,179
Lease contracts	589,232	0	589,232	0	589,232
	$ **74,781,208**	**8,114,505**	**67,312,092**	**0**	**75,426,597**

- **Investments in debt securities held to maturity**

The fair value of investments in debt securities held to maturity was determined using the dirty price supplied by the price vendor. Securities that have an active market and have an observable market price for the day of the valuation are classified as Level 1. Those that do not have an active market and / or a price provided by the price vendor; that is, securities with an estimated price (the present value of all future cash flows, discounted with the benchmark rate and the respective margin) are classified as Level 2.

- **Loan portfolio and financial leases transactions**

In the case of the loans portfolio at amortized cost, their fair value was determined using cash flow models discounted at the interest rates offered by the Bank on new loans, taking into account the credit risk and maturity period, this is considered to be a Level 3 assessment.

- **Customer deposits**

The fair value of demand deposits is equal to their book value. In the case of term deposits with maturities over 180 days, their fair value was considered to be equal to their book value. For time deposits with maturities over 180 days, the fair value was estimated using a discounted cash flow model at the interest rates offered by banks, according to the maturity period. This is regarded as a Level 2 valuation.

- **Financial obligations**

The book value of financial obligations and other short-term liabilities is regarded as their fair value. The fair value of long-term financial obligations was determined using discounted cash flow models at risk-free interest rates adjusted for the particular risk premiums of each entity. The fair value of bonds outstanding is determined by their prices quoted on the stock market, in which case the valuation is Level 1 and Level 2 for the other obligations.

Note 7 – Financial risk management

The Bank manages comprehensive risk management considering compliance with current regulations and internal standards.

7.1 Description of risk management objectives, policies and processes

The Bank's objective is to maximize returns for its investors, through proper risk management. For this purpose, the Bank's guiding principles on risk management have been the following:

- Provide security and continuity in the services being offered to customers.
- The integration of risk management into institutional processes.
- Collective decision making for commercial lending and other investments operations, at level of each of the committees and the Board of Directors.
- Extensive and in- depth knowledge of market, as a result of our leadership and experience of the management.
- Establish risk policies based on a top-down approach with respect to:
    - Compliance with know-your-customer policies.
    - Commercial loans credit structured based on a clear identification of sources of repayment and of cash flow generation capacity of the borrower.
- Diversification of the commercial loan portfolio with respect to industries and economic groups.

- Specialization in consumer product niches.
- Extensive use of scoring models and credit ratings updated permanently to ensure the growth of consumer loans with high credit quality.
- Policies in terms of:
  - Trading portfolio composition with bias towards lower volatility instruments.
  - Proprietary trading positions.
  - Variable remuneration for the trading staff.

7.2 Risk culture

The Bank's risk culture is based on the principles indicated in the section above and are transmitted to all Bank's units, they are supported by the following guidelines:

- The structure of delegation of powers within the Bank requires large number of transactions to be sent to the risk committees at the bank central services. The high number and frequency of meetings held by these committees guarantee great agility in resolving proposals, while ensuring the senior management´s intense participation in the daily management of risk.
- The Bank has detailed manuals on procedures and policies for adequate risk management.
- The Bank has implemented a risk limit system that is updated on a regular basis to address new conditions in the markets and the risks to which they are exposed.
- There are adequate information systems to monitor risk exposure on a recurring basis, so as to ensure the approval limits are systematically met and, if necessary, to take the proper corrective action.
- The main risks are analyzed not only when they arise or when problems occur during the normal course of business, but also on a recurrent basis.
- The Bank offers adequate, permanent training programs on risk culture. These courses are given at every level within the organization.

7.3 Corporate structure for risk management

According to the guidelines set forth by the Bank, the corporate structure for risk management is comprised of the following levels:

- Board of Directors
- Risk committees
- Credit and treasury risk management.
- Compliance control unit management.

- Comprehensive risk management.
- Administrative process of risk management
- Internal Audit.

a. Board of Directors

It is the responsibility of the Board of Directors of the Bank to adopt the following decisions or actions, among others, with respect to proper organization of the risk management system:

- Define and approve general policies and strategies on the internal control system for risk management.
- Approve policies on managing the different risks.
- Approve trading and counterparty limits, according to defined attributes.
- Approve exposure and limits for different types of risks.
- Approve the procedures to be followed when exceeding the established limits.
- Approve different procedures and methods for risk management.
- Approve the allocation of human, physical and technical resources for risk management.
- Define the responsibilities and attributions assigned to the positions and areas in charge of managing risks.
- Create the necessary committees to ensure operations that generate exposure are properly organized, controlled and monitored, and define the duties of such committees.
- Approve internal control systems for risk management.
- Require management to submit periodic reports on the levels of exposure to various risks.
- Evaluate recommendations and corrective actions proposed for risks management processes.
- Conduct monitoring and follow-up at its regular meetings, based on periodic reports submitted to the Auditing Committee on risk management within the Bank and the measures taken to control or mitigate the more relevant risks.
- Approve the nature and scope of the strategic businesses and markets where the Bank will operate.

b. The risk committees

Comprehensive risk management committee

The objective of this committee is to establish policies, procedures and strategies for comprehensive management with respect to credit, market, liquidity, operational, money laundering and terrorism financing risks. Its main duties involve:

- Measuring the entity's comprehensive risk profile.
- Designing systems to monitor and follow of exposure to the different risks the entity faces.
- Reviewing and proposing to the Board of Directors the tolerance and degree of exposure to risk the entity is willing to assume in the course of its business. This implies evaluating alternatives to align risk appetite in the various risk management systems.
- Assessing the inherent risks in new markets, products, segments and countries, among others.

Credit and treasury risk committee

The objective is to discuss, measure, control and analyze the credit risk management (SARC - Spanish acronym) and treasury risk management (SARM - Spanish acronym). Its main duties involve:

- Monitoring the Bank's credit and treasury risk profile to ensure the level of risk remains within established parameters, pursuant to the Bank's risk limits and policies.
- Evaluate incursion into new markets and new products.
- Assessing policies, strategies and rules of procedure in commercial activities with respect to treasury and loan operations.
- Ensuring that risk management and measurement methodologies are appropriate, given characteristics and activities of the Bank.

Assets and liabilities committee

The objective of this committee is to support senior management by establishing risk policies and limits, oversee monitoring, control and measurement systems to support the management of assets and liabilities and liquidity risk management though the different liquidity risk management systems (SARL - Spanish acronym).

Its main duties include:

- Establishing adequate procedures and mechanisms for liquidity risk management.
- Monitoring liquidity risk exposure reports.
- Identify the origin of exposures and determine, through sensitivity analysis, the probability of lower returns or the necessity of resources due to movements in cash flow.

Audit committee

Its objective is to evaluate and monitor the internal control system.

The main duties of this committee are the following:

- Proposing, for approval of the Board of Directors, the structure, procedures and methodologies required for the operation of the internal control system.

- Assessing the structure of the internal control of the Bank, in order to establish if the procedures are designed reasonably to protect its assets, as well as those of third parties under its administration and custody, and if there are controls to verify that transactions are being properly authorized and registered. For such purpose, the areas in charge of the administration of the various systems of risk, the Statutory Auditor and the Internal Auditor submit the established periodical reports to the Committee as well as other reports that the members of the Committee may require.

- Monitoring risk exposure, implications for the entity, and control and mitigating actions.

c. Credit and treasury risk management

This management have, among others, the following duties:

- Oversee of each subsidiary in the Group adequate compliance of the policies and procedures established by the Board of Directors and the various committees for risk management.

- Designing methodologies and procedures to be followed by the administration for risk management.

- Establishing ongoing monitoring procedures to allow timely identification of any deviations of the policies established for risk management.

- Preparing timely reports for the different risk committees, the Board of Directors of each subsidiary and for the government entities in charge of control and supervision in relation with compliance of risk policies and assess the results of indicators, detecting deviations, analyzing causalities and executing corrective actions.

d. Compliance control unit management

Its objective is to verify compliance with the regulations of the risk management systems, namely: Money Laundering and Terrorism Financing risk management system, Operational Risk Management System SARO, Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS), System Internal Control, Compliance function SOX, Information security and data protection. The management carried out is communicated quarterly to the Board of Directors.

e. Comprehensive risk management

The comprehensive risk management, attached to the Vice Presidency of Financial Control and Regulation, is this area is in charge of the measurement and analysis of balance-sheet risks and comprehensive risk, as well as applying the market risk and liquidity methodologies using standard methodologies of the Financial Superintendence of Colombia, both for the treasury book and the banking book.

f. Administrative processes for risk management

In accordance with its business models, the Bank has well defined structures and procedures which are documented in manuals on administrative processes that must be followed for risk managing, different risks and also has different technological tools to monitor and control risks.

g. Internal audit

The Bank´s internal audit is independent from management and depends directly on the audit committee. In performance of their function carry out periodic compliance assessments of risk management policies and procedures followed by the Bank for the managing of risks. Their reports are submitted directly to the risk and audit committee, which are in charge of monitoring the Bank's management in terms of the corrective measures taken. The Bank also receives regular visits from the internal auditors to monitor their compliance with risk management policies. Its reports are presented directly to senior management and to the Bank's audit committee.

7.4 Individual risk analysis

The Bank is exposed to a range of financial, operational, reputational and legal risks in the normal course of their business.

Financial risks include: i) market risk (trading risk, price risks, interest rate risk and exchange rate risk, as explained later), and ii) structural risks stemming from the composition of the assets and liabilities on the Bank's statement of financial position. These include credit risk and liquidity risk.

The following is an analysis of each of these risks.

a. Credit risk

Consolidated credit risk exposure

The Bank is exposed to credit risk, which consists of the debtor causing a financial loss by not fulfilling its obligations in a timely manner and in the full amount of the debt. The Bank's exposure to credit risk as a result of their loan activities and transactions with counterparties and/or issuers that give rise to financial assets acquisition.

The maximum exposure to credit risk is reflected in the book value of the financial assets listed in the statement of financial position, as indicated below:

		December 31, 2020	December 31, 2019
Cash and cash equivalents (1)	$	7,169,754	**7,439,952**
Financial assets			
Debt securities investments held for trading			
Government		652,344	207,028
Financial entities		518,957	558,687
Other sectors		127,765	155,736
		1,299,066	**921,451**
Debt securities investments available for sale			
Government		4,657,514	3,727,661
Financial entities		260,077	290,886
Other sectors		209,281	206,389
		5,126,872	**4,224,936**
Investments held to maturity			
Government		1,179,636	23,043
Other sectors		1,504,854	1,418,407
		2,684,490	**1,441,450**
Derivatives at fair value		**511,667**	**494,273**
Loans portfolio			

(Continued)

		December 31, 2020	December 31, 2019
Repos, interbank, overnight and money market operations		1,364,408	40,553
Commercial		44,548,722	41,824,163
Consumer		13,762,108	12,941,197
Mortgage		4,639,221	4,042,047
Microcredit		346,110	384,739
		64,660,569	**59,232,699**
Other accounts receivable		**952,014**	**1,040,009**
Total financial assets with credit risk		**82,404,432**	**74,794,770**
Off- statement of financial position credit risk instruments at their face value			
Financial guarantees and unused letters of credit		1,949,868	1,776,119
Credit commitments		9,662,801	7,034,671
Total exposure to off- statement of financial position credit risk		**11,612,669**	**8,810,790**
Total maximum exposure to credit risk	$	**94,017,101**	**83,605,560**

(1) Not including cash held by the entity because they do not have credit risk because they are in their own power.

For guarantees and commitments to extend the credit amounts, the maximum exposure credit risk is the amount of the commitment (see note 31.1 to that effect), credit risk is mitigated by guarantees and collateral, as described below:

Mitigation of credit risk, collateral and other credit risk enhancements

In specific cases, maximum exposure to credit risk is reduced by collateral and other credit mitiganst enhancements, which lower credit risk. The existence of collateral can be a necessary measure; however, in and of itself, collateral only is not enough to accept credit risk. The Bank's credit risk policies require, first and foremost, an assessment of the debtor's ability to pay and its capacity to generate enough sources of funding to allow for the debt to be paid.

The methods used to assess collateral involve the use of independent real estate appraisers, the market value of securities or the valuation of the companies issuing the securities. All collateral must be legally evaluated and drafted following the parameters for its creation, pursuant to Colombian legal regulations.

The details of the loan portfolio according to the type of collateral received on loans granted are as follows:

		December 31, 2020						
		Commercial	Consumer	Mortgage	Microcredit	Financial leases	Repos, interbank and others	Total
Unsuitable collateral	$	409,017	34	0	9,177	0	0	418,228
Admissible financial collateral		3,065,181	31,174	72,803	118,899	6,958	0	3,295,015
Commercial and residential real estate		5,264,474	76,549	4,062,696	1,794	180,283	0	9,585,796
Assets furnished in real estate lease		0	0	0	0	1,819,571	0	1,819,571
Assets furnished in non-real estate lease		0	0	0	0	1,358,119	0	1,358,119
Other suitable collateral		4,922,822	1,052,854	0	421	57,757	0	6,033,854
Collection rights		5,631,570	424	0	0	107,994	0	5,739,988
Unsecured		22,234,871	12,594,900	0	215,819	0	1,364,408	36,409,998
Total	$	**41,527,935**	**13,755,935**	**4,135,499**	**346,110**	**3,530,682**	**1,364,408**	**64,660,569**

	December 31, 2019						
	Commercial	Consumer	Mortgage	Microcredit	Financial leases	Repos, interbank and others	Total
Unsuitable collateral	$ 179,553	84	0	22,688	0	0	202,325
Admissible financial collateral	1,074,656	41,497	71,701	93,376	7,165	0	1,288,395
Commercial and residential real estate	4,335,261	64,667	3,484,981	2,360	127,512	0	8,014,781
Assets furnished in real estate lease	0	0	0	0	1,664,638	0	1,664,638
Assets furnished in non-real estate lease	0	0	0	0	1,528,019	0	1,528,019
Other suitable collateral	4,713,502	928,685	957	657	43,521	40,553	5,727,875
Collection rights	5,892,168	750	1,193	0	89,732	0	5,983,843
Unsecured	22,660,027	11,897,138	0	265,658	0	0	34,822,823
Total	$ **38,855,167**	**12,932,821**	**3,558,832**	**384,739**	**3,460,587**	**40,553**	**59,232,699**

Policies to prevent excessive credit-risk concentration

In order to prevent excessive concentrations of credit risk individual, by country or by economics, the Bank maintains updated the maximum risk-level concentration rates at the individual level and for sector portfolios. The Bank's exposure limit in a loan commitment to a specific customer depends on the customer's risk rating.

Pursuant to Colombian regulations the Bank cannot grant unsecured loan to a borrower, which on a combined basis exceed 10% of its regulatory capital calculated according to the regulations. However, such loans may be more than 25% of the bank's regulatory capital, if they are secured by acceptable guarantees.

The following is a breakdown of Bank-wide credit risk in the different geographic areas. It is determined according to the debtor's country of residence, without considering credit-risk impairment allowances, this shown in the note 11.5.

Sovereign debt

As of December 31, 2020, and December 31, 2019, the investment portfolio in debt securities is comprised mainly of securities issued or secured by Colombian government or foreign governments, which represent 71.2% and 60.1%, respectively of the total portfolio.

The following is a breakdown of sovereign debt exposure, by country:

	December 31, 2020		December 31, 2019	
	Value	Share	Value	Share
Investment grade (1)				
Colombia	$ 6,445,795	99.32%	3,926,256	99.20%
USA	34,747	0.54%	23,043	0.58%
Chile	7,092	0.11%	6,752	0.17%
Panamá	1,861	0.03%	1,681	0.05%
Total sovereign risk	**6,489,495**	**100.00%**	**3,957,732**	**100.00%**
Others (2)	**2,620,933**		**2,630,105**	
Total debt securities	$ **9,110,428**		**6,587,837**	

(1) The Investment grade includes F1 + F3 credit ratings from Fitch Ratings Colombia S.A., BRC 1+ to Central Bank 3 from Central Bank, and A1 to A3 from and Standard & Poor's.
(2) Pertains to other debt instruments with corporations, financial institutions, and other public and multilateral entities.

(Continued)

Loan and counterparty approval process

The Bank assumes credit risk on two fronts. One involves lending activity, which includes commercial, consumer, mortgage and microcredit operations. The other is treasury activity, which includes interbank operations, investment portfolio management, transactions in derivatives and foreign exchange trading, among other operations. Although these are independent businesses, the nature of the insolvency risk of the counterparty is equivalent and, therefore, the criteria being applied are the same.

The principles and rules for credit management and credit risk are contained in the credit manual, which is conceived for traditional banking activity, as well as treasury activity. The assessment criteria to measure credit risk follow the principal instructions set forth by the Treasury and Credit Risk Committees.

The maximum authority regarding lending is the Board of Directors of the Bank, which guide general policy and have the power to grant the largest amount of credit allowed. In the banking operation, the authority to grant loans and limits on credit depends on the amount, the term, credit rating and the collateral offered by the customer

For its part, on operations of treasury activity is the Board of Directors of the Bank, which approves operational and counterparty limits. Risk control is exercised essentially through three mechanisms: annual allocation of operational limits and daily control; quarterly assessment of solvency by issuer; and reporting on the concentration of investments, by economic group.

Additionally, loan approval also hinges on considerations such as probability of default, counterparty limits, the recovery rate on collateral received, the terms of loans, and concentration by economic sector.

The Bank has its Credit Risk Management System (SARC – Spanish acronym), which is managed by the Office of treasury and credit risk and the credit risk vice-presidency, and includes, among others, SARC designing, implementing and assessing the risk policies and tools defined by the risk committees and the Board of Directors. These are reviewed and modified regularly to reflect changes and expectations in the markets where the Bank is active, as well as regulations and other factors to be considered when formulating such policies.

For granting credits, the Bank has different credit-risk assessment models, such as the financial-rating models for commercial portfolio. These models are based on the customer’s financial information and its financial history with the Bank or with the financial system in general. There are also scoring models for massive portfolios (consumer, mortgage and microcredit). These models are based on information regarding behavior towards the Bank and the system, as well as sociodemographic variables and customer profile. Additionally, an analysis of the financial risk of the operation is done, based on the debtor's ability to pay and to generate funds in the future.

The credit-risk monitoring process

The monitoring process and follow-up of credit risk of the Bank is carried out in several stages, that include the follow-up and management of daily collections, based on past due portfolio by age, risk levels rating; permanent follow-up of high-risk customers; restructuring process of operations and the receipt of foreclosed assets.

Monthly, the Bank evaluates the risk of each of its debtors according to their financial information and/or performance. Based on that information, it classifies customers into risk levels: A- Normal, B- Acceptable, C- Appreciable, D- Significant and E- Being uncollectible. Each risk categories are explained below.

Category A – "Normal risk": Loans and Financial Leases in this category are appropriately serviced. The debtor's financial statements or its projected cash flows, and all other credit information available to the Bank, reflect adequate capacity to pay.

Category B – "Acceptable risk": Loans and financial leases in this category are acceptably serviced and guaranty protected. But there are weaknesses that potentially could affect, transitory or on a permanent basis, the debtor's paying capacity or its projected cash flows. If not corrected in due course, these weaknesses would affect the normal collection of loans or contracts.

Category C – "Appreciable risk": Loans and financial leases in this category have debtors with insufficient paying capacity or relate to projects with an insufficient cash flow, which could compromise normal collection of the obligations.

Category D – "Significant risk": Loans and financial leases in this category have the same deficiencies as those in category C, but to a larger extend; consequently, the probability of collection is highly doubtful.

Category E – "Risk of being uncollectible": Loans and Financial Leases in this category are regarded as uncollectible.

In the case of consumer loans, all the elements in the credit cycle are analyzed continuously, from design and origination to the collection process and cross-selling. The Bank has a set of standard reports and a series of committees for regular monitoring and follow-up in this respect.

For commercial loans, the Bank assesses portfolio concentration quarterly in 25 economic sectors and evaluates the level of risk in each of them.

It also has a system of financial alerts that lead to individual customer analysis in situations of possible increased credit risk. These studies are analyzed in evaluation committees that meet periodically. Delinquency, risk, the coverage of allowances and loan concentration are monitored continuously through a system of reports that are conveyed to senior management.

See note 11 for details on distribution of the non-performing portfolio at December 31, 2020 and December 31, 2019, by age and risk classification.

Calculating allowances

The process of calculating allowances follows the set of guidelines established to that effect by the Financial Superintendence of Colombia, as outlined in Chapter II of the Basic Accounting and Financial Circular, specifically Attachment 3 on commercial loans (Reference Model for the Commercial Portfolio), Attachment 5 on consumer loans (Reference Model for the Consumer Portfolio) and Attachment 1 on home mortgages and microcredit (General System of Loan Assessment, Rating and Provisioning).

Restructuring credit operations

The Bank periodically restructures the debts of customers who have problems fulfilling their loan obligations. This restructuring process is done at the borrower's request and usually consists of extending terms, lowering interest rates or forgiving part of the debt, depending on the customer's needs.

The fundamental policy on granting this sort of refinancing is to provide the customer with the debt payment conditions required to adapt to a new situation for generating funds, based on financial feasibility.

When a loan is restructured because the debtor has financial problems, it is flagged in the Bank's files as a restructured loan, pursuant to the regulations established in that respect by the Financial Superintendence of Colombia. The restructuring process has a negative impact on the debtor's credit risk rating. After restructuring, the customer's risk rating will improve only if the customer complies with the terms of the agreement, within a reasonable period of time, and its new financial situation is adequate, or additional and sufficient collateral is provided.

Restructured loans are included for impairment assessment and to determine impairment allowances. However, flagging a restructured loan does not necessarily mean it is classified as impaired, since new collateral to secure the obligation is obtained in most cases.

The value of restructured loans in domestic currency at December 31, 2020 and December 31, 2019 came to $2,799,777 and $2,588,519, respectively.

Receipt of foreclosed assets

When persuasive collection or loan restructuring processes do not produce satisfactory results within a reasonable amount of time, collection is carried out through legal means or agreements are reached with the customer to receive foreclosed assets. The Bank has a set of clearly established policies and has separate specialized departments for the management of these cases, receiving foreclosed assets and subsequent sale.

The following is a breakdown of foreclosed assets and those sold:

		December 31, 2020	December 31, 2019
Received	$	36,070	138,789
Sold	$	138,668	75,424

b. Market risk

The Bank participate in money, foreign exchange and capital markets to satisfy its needs and those of its customers. This is done pursuant to established policies and risk levels. In that regard, it manages different financial asset portfolios within the allowed limits and risk levels.

Market risk arises from the Bank's positions in investment portfolios of debt securities, equity securities, foreign exchange exposures, and derivative operations that are impacted by adverse changes in risk factors such as prices, interest rates, foreign currency exchange rates, share prices, credit margins of instruments.

The activity through which market risks are assumed is based on trading. The Bank trades financial instruments for various reasons. The following are the main ones:

(Continued)

- To offer products tailored to the customer's needs. One such function, among others, is to hedge the customer's financial risks.

- To structure portfolios to take advantage of arbitrage between different curves, assets and markets, and to obtain returns on the adequate use of equity.

- To conduct derivative operations to hedge asset and liability risk positions on the statement of financial position, to act as brokers for customers or to capitalize on opportunities for arbitrage concerning exchange and interest rates on local and foreign markets.

In carrying out these operations, the Bank incurs risks within defined limits or mitigates them with operations in other financial instruments, derivatives or not.

The following is a breakdown of the Bank's financial assets and liabilities at fair value that were subject to trading risk:

		December 31, 2020	December 31, 2019
Assets			
Debt financial assets			
Investments held for trading	$	1,299,066	921,451
Investments available for sale		5,126,872	4,224,936
		6,425,938	**5,146,387**
Trading derivatives		394,601	331,269
Hedging derivatives		117,066	163,004
Total assets		**6,937,605**	**5,640,660**
Liabilities			
Trading derivatives		484,692	354,683
Hedging derivatives		2,365	67,489
Total liabilities		**487,057**	**422,172**
Net position	$	**6,450,548**	**5,218,488**

Description of risk management objectives, polices and processes

The risks assumed in bank book and treasury book operations are consistent with the institution's overall business strategy and its risk tolerance, based on the depth of the markets for each instrument, its impact on risk-weighted assets and the capital adequacy level, the profit budget established for each business unit, and the structure of statement of financial position.

Business strategies are established in light of approved limits, seeking a balance in the profit/risk ratio. There also is a structure of limits that is congruent with the Bank's overall philosophy, based on the extent of its capital, the performance of earnings, and its tolerance for risk.

The Market Risk Management System (SARM - Spanish acronym) allows the Bank to identify, measure, control and monitor the market risk it might be exposed to, according to the positions assumed in carrying out their operations.

(Continued)

Description of risk exposure

- **Interest rate**

The Bank's treasury portfolios are exposed to interest-rate risk when a change in the market value of asset positions compared to a change in interest rates does not match the change in the market value of the liability position, and this difference is not offset by a change in the market value of other instruments, or when the future margin depends on interest rates, due to pending operations.

- **Exchange rate**

The treasury portfolios are exposed to exchange risk when i) the current value of the asset positions in each currency does not match the current value of the liability positions in the same currency, and the difference is not offset, ii) positions are taken in derivative products where the underlying asset is exposed to exchange risk and the sensitivity of the value to variations in exchange rates has not been immunized completely, iii) positions are taken at interest rate risk in currencies other than the reference currency; these can alter the parity between the value of asset positions and the value of liability positions in said currency, which generates losses or profits, and iv) when the margin depends directly on exchange rates.

Risk management

Senior management and the Board of Directors of the Bank play an active role in managing and controlling risks. They do so by analyzing a protocol of established reports and presiding over a number of committees that comprehensively monitor - both technically and fundamentally - the different variables that influence markets at internal and external. This is intended to support strategic decisions.

Furthermore, analyzing and monitoring the various risks that the Bank incurs in its operations is fundamental for decision-making and to assess results. On the other hand, an ongoing analysis of macroeconomic conditions is necessary to achieving an ideal combination of risk, return and liquidity.

The risks assumed in the Bank's operations are reflected in a structure of limits, based on a risk appetite market (MAR -Spanish acronym), on positions in different instruments, according to their specific strategy, the depth of the markets where the Bank operates, the impact on level of risk assets and capital adequacy, as well as the statement of financial position structure and the liquidity management. These limits are monitored and reported regularly to the Board of Directors.

In order to minimize interest rate and exchange rate risks to certain statement of financial position items, the Bank implements hedging strategies by taking positions in derivative instruments.

According to the Bank's risk management strategy, the exposure to exchange risk generated by investments in subsidiaries and agencies abroad is partially hedged through a combination of "non-derivative" instruments (debt issued in USD) and "derivative" instruments (a portfolio of dollar - peso forwards). These receive hedge accounting treatment, once they comply with the respective requirements.

The economic relationship between financial instrument and hedged item is contained in note 10.5.

Methods used to measure risk

Market risks are quantified through the use of value-at-risk models (internal and standard), and additional measurements are done according to the historical simulation method. The Board of Directors approves a framework of limits based on the value-at-risk associated with the annual budget for profits and establishes additional limits, according to the different types of risk ((risk appetite market - MAR).

The Bank uses the standard model to measure, control and manage market interest and exchange risk and share price risk in both the treasury and bank books, as stipulated by the Financial Superintendence of Colombia. Actually, the asset and liability positions in the treasury book are mapped within zones and bands according to the duration of the portfolios, the investment in equity securities and the net position (asset minus liability) in foreign currency (excluding the value of the uncovered portion of its controlled investments abroad), both in the bank book and the treasury book. This process is consistent with the standard model recommended by the Basel Committee.

The Bank also has parametric and non-parametric models for internal management based on the value-at-risk (VaR) method. These models allow to supplement market risk management by identifying and analyzing variations in risk factors (interest rates, exchange rates and price indexes) with respect to the value of the different instruments that constitute the portfolios. The Bank has adopted for its internal management uses several models: VaR parametric, C-VaR and the historical simulation.

The use of these methods makes it possible to estimate profits and capital at risk, facilitating resource allocation to the various business units, as well as a comparison of activities in different markets and identification of the positions that pose the most risk to the treasury business. These tools also are used to set limits on traders' positions and to carry out a sensitivity analysis of positions and strategies, as market conditions changes.

The methods used to measure different types of risk are assessed regularly and back-tested to check their efficiency. In addition, the Bank also has tools to carry out portfolio stress and/or sensitivity tests, using simulations of extreme scenarios. Comparisons are made between the scenarios provided for the Resistance Testing Scheme by the Financial Superintendence of Colombia, compared to the historical scenarios used in the internal methodologies that have been used to set limits for the risk management of treasury portfolios, with the purpose to verify that they are contained in them.

Additionally, there are limits according to the "risk type" associated with each of the instruments that comprise the different portfolios. These limits are related to sensitivity or impact on portfolio value as a result of fluctuations in interest rate or respective factors - effect of variations in specific risk factors: interest rate (Rho), exchange rate (Delta) and volatility (Vega), among others.

The Bank has counterparty and trading limits, per operator, for each trading platforms in the markets where it operates. These limits are controlled daily by the back office and the middle office of the bank. Trading limits, per operator, are assigned to the different levels of hierarchy within the treasury business, based on the officer's experience in the market, in trading the type of product in question, and in portfolio management.

There is also a process to monitor the prices and valuation input published by PRECIA S.A. (the price vendor) that allows to identify on a daily basis those prices and/or inputs with significant differences between the information provided by the pricing service and the prices observed on the market.

(Continued)

Monitoring of this sort is intended to provide the pricing service with feedback on the most significant differences in prices and/ or input and to strengthen the variation methodologies.

There is also has a model to analyze the liquidity of debt securities (bonds) issued abroad to determine the depth of the market for instruments of this type and their level in the fair value hierarchy.

Finally, as part of the effort to monitor operations, the different aspects of trading are controlled, such as the terms agreed on, unconventional or off-market operations, operations with related parties, etc.

According to the standard model, the value at market risk VaR (maximum, minimum and average values) for the Bank was as follows:

	December 31, 2020				December 31, 2019			
	Minimum	Average	Maximum	Latest	Minimum	Average	Maximum	Latest
Interest rate in pesos	372,673	407,198	457,127	457,127	328,491	365,215	404,596	385,502
Exchange rate	37,348	127,676	266,315	45,524	97,239	138,263	167,207	119,950
Shares of stock	1,269	1,683	1,946	1,778	806	902	1,270	1,270
Mutual funds	50,838	56,766	86,650	86,650	49,153	50,138	50,790	50,790
Total VaR	**524,570**	**593,323**	**745,967**	**591,079**	**519,278**	**554,518**	**594,039**	**557,512**

The following is the sensitivity of the average portfolio of debt securities held for trading would have had on earnings, if the market interest rates had increased by 25 or 50 basis points (BP):

		December 31, 2020	December 31, 2019
Average value of the portfolio	$	1,110,258	728,779
25 basis points		2,776	1,822
50 basis points		5,551	3,644

Investment price risk in equity instruments

Equity securities

The Bank also is exposed to financial asset price risk in equity securities listed on the stock exchange (Colombian Stock Exchange). If the prices of these investments had changed by +/-1% higher or lower, the greater or lesser impact on the Bank´s OCI, before taxes, would have been $62 and $60 at December 31, 2020 and 2019, respectively.

The Bank also has equity investments that are not listed on the stock exchange, in which their fair value is provided by the officer price vendor. A sensitivity analysis of the variables used by the price vendor is provided, see note 6.4.

- **Risk of variation in the foreign exchange rate**

The Bank operate internationally and is exposed to changes in the exchange rate that come from exposure in a number of currencies, primarily the United States dollar and the Euro. For the most part, foreign exchange risk is present when there are assets and liabilities and the investments made in subsidiaries and branches abroad, loan portfolios, obligations in foreign currency, and in future commercial transactions, also in foreign currency.

Banks in Colombia are authorized by the Central Bank of Colombia to trade currencies and to maintain balances in foreign currency in accounts abroad. The legal standards in Colombia allow banks to hold their own positions in foreign currency, determined by the difference between foreign currency-denominated rights and obligations recorded on and off the statement of financial position, whose three-day average cannot exceed the equivalent in foreign currency of twenty percent (20%) of the regulatory capital as indicated further below in note 32. Also, the three business-day average in foreign currency can be negative, without exceeding the equivalent in foreign currency of five percent (5%) of said regulatory capital.

To calculate the own position, the value of investments controlled abroad must be excluded. They must also exclude derivatives and other obligations designated as hedging instruments for investments controlled abroad.

Determination of the maximum or minimum amount of the own daily position and its own spot position in foreign currency is established on the basis of the regulatory capital reported with the financial statements to the Financial Superintendence of Colombia corresponding to the second previous calendar month. Regulatory capital is converted to US dollars using the average of the official exchange rate for the previous calendar month on which the own position is calculated.

The following is a breakdown of assets and liabilities in foreign currency, by its equivalent in Colombian pesos, held by the Bank:

	December 31, 2020			
	Millions of US dollars	Millions of US euros	Other currencies expressed in millions of US dollars	Total in millions of Colombian pesos
Assets				
Cash and cash equivalents	1,884.78	10.89	4.82	$ 6,531,921
Debt securities investments held for trading	288.72	0.00	0.00	991,036
Debt securities investments available for sale	261.42	0.00	0.00	897,322
Investments held to maturity	10.12	0.00	0.00	34,747
Loan portfolio, net	1,585.35	2.03	0.11	5,450,639
Other accounts receivable, net	30.77	0.00	0.00	105,623
Total assets	**4,061.16**	**12.92**	**4.93**	**14,011,288**
Liabilities				
Checking accounts deposits	2,189.81	0.00	0.00	7,516,513
Savings accounts deposits	41.73	0.00	0.00	143,251
Time certificates of deposit	1,326.23	0.00	0.00	4,552,293
Other deposits	35.38	0.93	0.08	125,636
Interbank borrowings and overnight funds	73.01	0.00	0.00	250,593
Borrowings from banks and others	793.19	2.03	0.11	2,731,545
Bonds issued	2,212.65	0.00	0.00	7,594,931
Development entities	5.39	0.00	0.00	18,490
Lease contracts	0.51	0.00	0.00	1,755
Accounts payable and other liabilities	1.81	0.00	0.00	6,211
Total liabilities	**6,679.71**	**2.96**	**0.19**	**22,941,218**
Net asset (liabilities) position	**(2,618.55)**	**9.96**	**4.74**	**$ (8,929,930)**

(Continued)

	December 31, 2019			
	Millions of US dollars	Millions of US euros	Other currencies expressed in millions of US dollars	Total in millions of Colombian pesos
Assets				
Cash and cash equivalents	1,429.03	8.63	1.59	$ 4,719,996
Debt securities investments held for trading	115.76	0.00	0.00	379,367
Debt securities investments available for sale	111.66	0.00	0.00	365,922
Investments held to maturity	7.03	0.00	0.00	23,043
Derivativos de negociación	0.71	0.00	0.00	2,327
Loan portfolio, net	1,782.71	2.14	3.89	5,861,952
Other accounts receivable, net	11.55	0.00	0.00	37,856
Total assets	**3,458.45**	**10.77**	**5.48**	**11,390,463**
Liabilities				
Checking accounts deposits	1,822.64	0.00	0.00	5,973,062
Savings accounts deposits	105.94	0.00	0.00	347,176
Time certificates of deposit	725.57	0.00	0.00	2,377,801
Other deposits	25.23	0.43	0.16	84,763
Interbank borrowings and overnight funds	113.23	0.22	0.46	373,384
Borrowings from banks and others	1,554.40	2.31	3.44	5,113,719
Bonds issued	2,209.79	0.00	0.00	7,241,801
Development entities	13.06	0.00	0.00	42,812
Lease contracts	0.71	0.00	0.00	2,312
Accounts payable and other liabilities	5.27	0.00	0.00	17,259
Total liabilities	**6,575.84**	**2.96**	**4.06**	**21,574,089**
Net asset (liabilities) position	**(3,117.39)**	**7.81**	**1.42**	**$ (10,183,626)**

The Bank has a number of investments in foreign subsidiaries and branches whose net assets are exposed to risk from translation of financial statements consolidation purposes.

The exposure arising from net assets in foreign operations is hedged partially with financial obligations, bonds and derivatives in foreign currency, see note 10.5.

If the exchange rate increased by $10 Colombian pesos to $1 USD, the effect on the net position of the Bank would decrease $26,016 and $31,075 for December 31, 2020 and December 31, 2019, respectively.

- **Interest rate structure risk**

The Bank is exposed to the effects of fluctuations in the interest-rate market that affect its financial position and future cash flows. Interest margins can increase as a result of changes in interest rates, but they also can decrease and create losses in the event of unexpected fluctuations in those rates. In this respect, interest-rate risk is monitored regularly, and limits are set up on the degree of mismatch in the re-pricing of assets and liabilities due to changes in interest rates.

The following table shows the financial assets and liabilities subject to re-pricing bands:

	December 31, 2020				
	Up to 1 Month	From 1 to 6 Months	From 6 to 12 Months	More than 1 year	Total
Assets					
Cash and cash equivalents	$ 9,178,718	0	0	0	9,178,718
Debt securities investments held for trading	1,299,066	0	0	0	1,299,066
Debt securities investments available for sale	14,046	21,327	408,658	4,682,841	5,126,872
Investments held to maturity	1,486,501	1,197,989	0	0	2,684,490

(Continued)

BANCO DE BOGOTÁ
Notes to the Separate Financial Statements
As at December 31, 2020

	December 31, 2020				
	Up to 1 Month	From 1 to 6 Months	From 6 to 12 Months	More than 1 year	Total
Repos, interbank, overnight and others	1,364,408	0	0	0	1,364,408
Commercial loans	3,527,120	9,352,015	5,953,420	25,716,167	44,548,722
Consumer loans	461,090	53,039	1,299,424	11,948,555	13,762,108
Mortgages loans	80,556	361	1,199	4,557,105	4,639,221
Microcredits loans	24,382	11,314	38,103	272,311	346,110
Total assets	**17,435,887**	**10,636,045**	**7,700,804**	**47,176,979**	**82,949,715**
Liabilities					
Checking accounts deposits	17,431,699	0	0	0	17,431,699
Savings accounts deposits	28,668,711	0	0	0	28,668,711
Time certificates of deposit	6,088,424	9,054,512	2,071,208	2,414,364	19,628,508
Interbank borrowings and overnight funds	2,376,614	500,000	0	0	2,876,614
Borrowings from banks and others	173,562	2,557,983	0	0	2,731,545
Bonds issued	272,193	0	0	7,622,749	7,894,942
Development entities	1,458,550	703,758	4,928	175,799	2,343,035
Lease contracts	17,148	74,725	62,222	374,927	529,022
Total liabilities	$ **56,486,901**	**12,890,978**	**2,138,358**	**10,587,839**	**82,104,076**

	December 31, 2019				
	Up to 1 Month	From 1 to 6 Months	From 6 to 12 Months	More than 1 year	Total
Assets					
Cash and cash equivalents	$ 9,665,110	0	0	0	9,665,110
Debt securities Investments held for trading	921,451	0	0	0	921,451
Debt securities Investments available for sale	14,354	118,489	63,213	4,028,880	4,224,936
Investments held to maturity	1,415,161	3,246	23,043	0	1,441,450
Repos, interbank, overnight and others	40,553	0	0	0	40,553
Commercial loans	4,247,622	8,633,843	6,159,062	22,783,636	41,824,163
Consumer loans	376,824	110,220	1,122,424	11,331,729	12,941,197
Mortgages loans	29,596	365	1,286	4,010,800	4,042,047
Microcredits loans	14,986	13,027	38,588	318,138	384,739
Total assets	**16,725,657**	**8,879,190**	**7,407,616**	**42,473,183**	**75,485,646**
Liabilities					
Checking accounts deposits	14,594,756	0	0	0	14,594,756
Savings accounts deposits	23,791,690	0	0	0	23,791,690
Time certificates of deposit	5,223,567	8,127,220	3,226,993	1,160,161	17,737,941
Interbank borrowings and overnight funds	3,345,149	0	0	0	3,345,149
Borrowings from banks and others	849,089	2,646,907	1,615,775	1,948	5,113,719
Bonds issued	149,005	130,110	0	7,100,284	7,379,399
Development entities	1,101,095	862,725	4,224	175,548	2,143,592
Lease contracts	17,924	92,588	110,511	368,209	589,232
Total liabilities	$ **49,072,275**	**11,859,550**	**4,957,503**	**8,806,150**	**74,695,478**

The following is a breakdown of financial assets and liabilities, by interest rate type:

	December 31, 2020				
	Under one year		More than one year		Total
	Variable	Fixed	Variable	Fixed	
Assets					
Debt securities Investments held for trading	$ 36,840	548,712	0	713,514	1,299,066
Debt securities Investments available for sale	0	444,031	0	4,682,841	5,126,872
Investments held to maturity	2,649,743	34,747	0	0	2,684,490
Repos, interbank, overnight and others	0	1,364,408	0	0	1,364,408
Commercial loans	17,125,538	3,794,363	22,137,449	1,491,372	44,548,722
Consumer loans	77,637	4,287,324	246,789	9,150,358	13,762,108
Mortgages loans	7,611	272,465	0	4,359,145	4,639,221

(Continued)

	December 31, 2020				
	Under one year		More than one year		Total
	Variable	Fixed	Variable	Fixed	
Microcredits loans	5	176,366	0	169,739	346,110
Abandoned accounts - ICETEX	0	0	182,763	0	182,763
Total assets	**19,897,374**	**10,922,416**	**22,567,001**	**20,566,969**	**73,953,760**
Liabilities					
Checking account deposits	179,802	17,251,897	0	0	17,431,699
Savings accounts deposits	871,215	27,797,496	0	0	28,668,711
Time certificates of deposit	2,692,911	11,815,700	2,694,057	2,425,840	19,628,508
Interbank borrowings and overnight funds	0	2,876,614	0	0	2,876,614
Borrowings from banks and others	190,840	2,540,705	0	0	2,731,545
Bonds issued	0	406,419	113,910	7,374,613	7,894,942
Development entities	534,833	5,866	1,802,336	0	2,343,035
Lease contracts	0	154,095	0	374,927	529,022
Total liabilities	$ **4,469,601**	**62,848,792**	**4,610,303**	**10,175,380**	**82,104,076**

	December 31, 2019				
	Under one year		More than one year		Total
	Variable	Fixed	Variable	Fixed	
Assets					
Debt securities Investments held for trading	$ 89,096	257,978	0	574,377	921,451
Debt securities Investments available for sale	0	196,056	0	4,028,880	4,224,936
Investments held to maturity	1,418,407	23,043	0	0	1,441,450
Repos, interbank, overnight and others	0	40,553	0	0	40,553
Commercial loans	17,775,541	1,991,337	20,663,620	1,393,665	41,824,163
Consumer loans	61,633	4,272,407	295,127	8,312,030	12,941,197
Mortgages loans	9	230,229	261	3,811,548	4,042,047
Microcredits loans	29	205,214	0	179,496	384,739
Abandoned accounts - ICETEX	0	0	149,674	0	149,674
Total assets	**19,344,715**	**7,216,817**	**21,108,682**	**18,299,996**	**65,970,210**
Liabilities					
Checking account deposits	294,130	14,300,626	0	0	14,594,756
Savings accounts deposits	796,512	22,995,178	0	0	23,791,690
Time certificates of deposit	2,700,411	10,800,050	3,056,142	1,181,338	17,737,941
Interbank borrowings and overnight funds	0	3,345,149	0	0	3,345,149
Borrowings from banks and others	245,785	4,865,986	0	1,948	5,113,719
Bonds issued	50,250	475,093	0	6,854,056	7,379,399
Development entities	431,542	9,271	1,702,779	0	2,143,592
Lease contracts	0	221,023	0	368,209	589,232
Total liabilities	$ **4,518,630**	**57,012,376**	**4,758,921**	**8,405,551**	**74,695,478**

If interest rates had been 50 basis points lower (higher) with all other variables held constant, the Bank's net income for the periods ended December 31, 2020 and 2019 would have increased (decreased) by $43,551 and $35,900, respectively. This as a result, mainly due to a lower (higher) interest expense on financial obligations and customer deposits, lower (higher) interest income on loan portfolio and a lower (higher) investment valuation.

- **Interest rate benchmark reform**

Any of these developments, and any future initiatives to regulate, reform or change the administration of benchmarks, could result in adverse consequences to the return on, value of and market for loans, mortgages, securities, derivatives and other financial instruments whose returns are linked to any benchmark, including those issued, funded or held by us or our financial subsidiaries.

Several regulators, industry bodies and other market participants in the U.S. and other countries are engaged in initiatives to develop, introduce and encourage the use of alternative rates to replace certain benchmarks. There is no assurance that these new rates will be accepted or widely used by market participants, or that the characteristics of any of these new rates will be similar to, or produce the economic equivalent of, the benchmarks that they seek to replace.

The London Interbank Offered Rate (LIBOR) is the most widely referenced benchmark interest rate across the globe for derivatives, bonds, loans and other floating rate instruments; On July 27, 2017, the Chief Executive of the U.K. Financial Conduct Authority (the "FCA"), which regulates the "LIBOR", announced that the FCA will no longer require banks to submit rates for the calculation of the LIBOR benchmark after 2021. This announcement indicates that the continuation of LIBOR on the current basis cannot be guaranteed after 2021. Therefore, after 2021 LIBOR may cease to be calculated. There is a regulator-led push to transition the market from LIBOR and certain other benchmark rates to alternative risk-free rates that are based on actual overnight transactions. Derivatives, floating rate notes, loans and other financial contracts whose terms extend beyond the relevant discontinuation date, and that refer to certain benchmark rates (including LIBOR) as the reference rate, will be impacted. As a result, clearing agencies are moving towards new benchmark rates.

Many unresolved issues remain, such as the timing of the successor benchmarks introduction and the transition of a benchmark to a replacement rate, which could result in wide spread dislocation in the financial markets, engender volatility in the pricing of securities, derivatives and other instruments, and suppress capital markets activities.

As of December 31, 2020, the Bank had $6,5 billion of assets and $7,6 billion of liabilities that used LIBOR as a benchmark, as well as derivatives with such characteristics. While some of these outstanding LIBOR-based loans, borrowings and contracts include fallback provisions to alternative reference rates, some of our outstanding LIBOR-based products and contracts do not include fallback provisions or adequate fallback mechanisms and will require modifications of their terms. Additionally, most of our outstanding LIBOR-based loans, borrowings and contracts may be challenging to modify due to the requirement that all impacted parties consent to such modification. It is not currently possible to determine whether, or to what extent, any such changes would affect us.

Our activities for the transition currently under development and for 2021 are focused on the conversion of existing LIBOR based contracts to others alternative rates through: i) identification of asset and liability operations indexed to Libor rate in each of our Subsidiaries, ii) developing new alternative reference rate linked products, iii) negotiations with clients and counterparties, iv) modifications in contracts, v) adjustments in information systems, vi) modifications of procedures and policies, vii) modifications in valuation models, viii) the timeline of our work plan depends on broader market acceptance of products that reference the new alternative reference rates and our clients' readiness and ability to adopt the replacement products. We are following the recommended target dates for cessation of LIBOR.

c. Liquidity risk

Liquidity risk is related to the Bank inability to fulfill the obligations acquired with customers and financial market counterparties at any time, currency and place, for which each entity reviews its available resources on a daily basis.

The Bank manages liquidity risk according to the standard model described in Chapter VI of the Basic Accounting and Financial Circular issued by the Financial Superintendence of Colombia and pursuant to

the applicable rules on liquidity risk management. This process adheres to the fundamental principles of the Liquidity Risk Management System (SARL – Spanish acronym), which establish the minimum reasonable parameters that the entities must monitor in their operations to effectively manage the liquidity risk to which they are exposed.

To measure liquidity risk, the Bank calculates a short-term liquidity risk indicator (LRI) under the standard model at terms of 7, 15 and 30 days and a medium-term liquidity risk indicator at 90 days.

As part of liquidity risk analysis, the Bank measures the volatility of deposits, debt levels, the structure of assets and liabilities, the extent of asset liquidity, the availability of lines of credit and the general effectiveness of assets and liabilities. The idea is to have enough liquidity on hand (including liquid assets, guarantees and collateral) to deal with possible scenarios involving own or systemic stress.

Liquid assets include cash plus investments (held for trading, available for sale or held to maturity) adjusted by a liquidity haircut at 33 days, which is calculated monthly by the Central Bank of Colombia. This haircut reflects the premium a financial entity would have to pay to carry out interbank or simultaneous repo operations. By the same token, liquid assets in foreign currency are adjusted by an exchange rate haircut at one month that reflects their volatility in the event positions in foreign currency must be sold to meet liquidity needs. Entities must maintain a level of high-quality liquid assets equivalent to at least 70% of their total liquid assets. High-quality liquid assets are understood as cash and the liquid assets the Central Bank of Colombia receives for its monetary contraction and expansion operations.

A quantification of funds obtained on the money market is an integral part of the liquidity measurement carried out by Bank. Based on technical studies, primary and secondary sources of liquidity are identified in order to ensure funding stability and sufficiency by having a range of funding suppliers. This also minimize any concentration of funding sources. Once identified, sources of funding are assigned to the different lines of business, according to budget, nature and depth of the markets.

The availability of resources is monitored daily, not only to meet reserve requirements, but also to forecast and/or anticipate possible changes in the entity's liquidity risk profile and to be able to make strategic decisions, as appropriate. In this respect, the Bank has liquidity warning indicators to ascertain the current situation, as well as strategies to be implemented in each case. Among others, these indicators include the LRI, deposit concentration levels, and use of the Central Bank's liquidity quotas, among others.

Through the committees on assets and liabilities, senior management at the Bank´s knows the entity's liquidity situation and makes the necessary decisions. These take into account the high-quality liquid assets that must be maintained, tolerance in liquidity management or minimum liquidity, legal floating reserve requirements, the strategies for granting loans and obtaining funds; policies on placing surplus liquidity, changes in the characteristics of new and existing products, diversification of the funding sources to prevent concentration of deposits funds in few investors or savers, hedging strategies; the Bank's results, and the changes in the structure of the statement of financial position.

(Continued)

For complying with Central Bank of Colombia and the Financial Superintendence of Colombia requirements, the Bank must maintain cash on hand and in banks in order to comply with legal floating reserve requirements, according to the following percentages calculated on daily average of deposits in the following accounts:

Item	Required percentage
Deposits and demand accounts and up to 30 days	8%
Public entity deposits	8%
Deposits and demand accounts after 30 days	8%
Ordinary savings deposits	8%
Fixed-term savings deposits	8%
Trading security repurchase agreements	8%
Accounts other than deposits	8%
Time certificates of deposit:	
Under 540 days	3,5%
540 days or more	0%
Savings deposits with term certificate	
With a term of less than 30 days without early redemption	8%
Redeemable before expiration	8%
With a term equal to or greater than 30 days and less than 540 days without early redemption.	3.5%
With a term equal to or greater than 540 days without early redemption.	0%

The following is a summary of available liquid assets projected over a period of 90 days:

		Liquid assets available at the end of the period (1)	From 1 to 7 days (2)	From 1 to 15 days (2)	From 1 to 30 days (2)	From 1 to 90 days (2
December 31, 2020	$	13,288,366	12,028,201	8,882,508	4,061,462	(15,436,650)
December 31, 2019	$	11,480,613	9,127,754	6,892,223	2,141,891	(14,048,998)

(1) Liquid assets are the sum of the assets at the end of each period that are readily convertible to cash, given the characteristics of such assets. These assets include cash on hand and in banks, securities or coupons that have been transferred to the entity in development of the active money market operations that it conducts and have not subsequently been used in borrowing operations on the money market, investment in debt securities at fair value, investments in open mutual funds with no permanence agreement, and debt securities at amortized cost, provided they involve forced or mandatory investments subscribed in the primary market and can be used for money market operations. For purposes of calculating the liquid assets, all the aforementioned investments, without exception, are calculated at their fair value market price on the date of the assessment.

(2) This balance is the residual value of the entity' liquid assets in the days following the end of the period, after deducting the net difference between its cash inflows and outflows during that time. This calculation is done by analyzing the mismatch of contractual and non-contractual cash flows from assets, liabilities and off- statement of financial position in 1-to-90-day time bands.

The liquidity calculations described above assume normal liquidity conditions, according to the contractual flows and historical experience the Bank. For cases involving extreme liquidity events occasioned by the unusual withdrawal of deposits, the Bank has contingency plans that include the existence of a line of credit with other institutions and access to special lines of credit with the Central Bank of Colombia, in accordance with current regulations. These lines of credit are granted when required and are backed by securities issued by the Colombian government and a portfolio of high-quality loans, as stipulated in the regulations of the Central Bank of Colombia.

(Continued)

The Bank analyzed the maturities for financial assets and liabilities showing the following remaining contractual maturities:

	December 31, 2020				
	Less than one month	From one to six months	From six to twelve months	More than one year	Total
Assets					
Cash and cash equivalents	$ 9,178,718	0	0	0	9,178,718
Debt securities Investments held for trading	1,299,066	0	0	0	1,299,066
Debt securities Investments available for sale	23,511	57,840	646,098	5,723,452	6,450,901
Investments held to maturity	573,362	1,367,237	753,460	0	2,694,059
Trading derivatives	394,601	0	0	0	394,601
Hedging derivatives	117,066	0	0	0	117,066
Repos, interbank, overnight and others	1,364,408	0	0	0	1,364,408
Comercial loans	3,822,534	10,627,982	6,677,006	28,943,145	50,070,667
Consumer loans	701,390	2,573,819	2,794,695	12,820,191	18,890,095
Mortgages loans	89,671	275,349	327,997	8,226,498	8,919,515
Microcredits loans	45,304	102,541	105,824	236,486	490,155
Total Assets	**17,609,631**	**15,004,768**	**11,305,080**	**55,949,772**	**99,869,251**
Liabilities					
Trading derivatives	484,692	0	0	0	484,692
Hedging derivatives	2,365	0	0	0	2,365
Checking accounts deposits	17,431,699	0	0	0	17,431,699
Savings accounts deposits	28,668,711	0	0	0	28,668,711
Time certificates of deposit	2,865,259	8,085,591	3,870,056	5,401,887	20,222,793
Other deposits	126,716	0	0	0	126,716
Interbank borrowings and overnight funds	2,376,614	500,000	0	0	2,876,614
Borrowings from banks and others	150,264	2,610,010	0	0	2,760,274
Bonds issued	0	209,168	209,168	9,292,421	9,710,757
Development entities	51,235	249,307	285,623	1,958,315	2,544,480
Lease contracts	17,148	74,725	62,222	374,927	529,022
Accounts payable and other liabilities	2,201,491	0	0	0	2,201,491
Total Liabilities	**$ 54,376,194**	**11,728,801**	**4,427,069**	**17,027,550**	**87,559,614**

	December 31, 2019				
	Less than one month	From one to six months	From six to twelve months	More than one year	Total
Assets					
Cash and cash equivalents	$ 9,665,110	0	0	0	9,665,110
Debt securities Investments held for trading	921,451	0	0	0	921,451
Debt securities Investments available for sale	18,079	293,081	442,616	5,272,975	6,026,751
Investments held to maturity	334,093	545,888	572,462	0	1,452,443
Trading derivatives	331,269	0	0	0	331,269
Hedging derivatives	163,004	0	0	0	163,004
Repos, interbank, overnight and others	40,553	0	0	0	40,553
Comercial loans	4,494,832	10,052,765	7,267,812	26,700,043	48,515,452
Consumer loans	835,943	2,509,967	2,751,422	11,484,534	17,581,866
Mortgages loans	73,699	246,776	293,718	7,017,984	7,632,177
Microcredits loans	54,051	118,971	120,359	230,450	523,831
Total Assets	**16,932,084**	**13,767,448**	**11,448,389**	**50,705,986**	**92,853,907**
Liabilities					
Trading derivatives	354,683	0	0	0	354,683
Hedging derivatives	67,489	0	0	0	67,489
Checking accounts deposits	14,594,756	0	0	0	14,594,756
Savings accounts deposits	23,791,690	0	0	0	23,791,690
Time certificates of deposit	2,010,024	7,608,488	4,346,882	4,579,272	18,544,666
Other deposits	85,730	0	0	0	85,730

(Continued)

	December 31, 2019				
	Less than one month	From one to six months	From six to twelve months	More than one year	Total
Interbank borrowings and overnight funds	3,345,149	0	0	0	3,345,149
Borrowings from banks and others	857,153	2,602,743	1,744,450	1,948	5,206,294
Bonds issued	0	338,936	199,701	9,271,234	9,809,871
Development entities	39,128	215,993	266,003	1,937,890	2,459,014
Lease contracts	17,924	92,588	110,511	368,209	589,232
Accounts payable and other liabilities	2,293,917	0	0	0	2,293,917
Total Liabilities	$ **47,457,643**	**10,858,748**	**6,667,547**	**16,158,553**	**81,142,491**

d. Operational risk

The Bank's Operational Risk Management System (SARO – Spanish acronym) implemented according to the guidelines established by the Financial Superintendence of Colombia. This system is managed by the Operational Risk Management, which is part of the Control and Compliance Unit.

The Bank has strengthened the understanding and control of risks in processes, activities, products and operational lines; has managed to reduce errors and identify opportunities for improvement that support the development and operation of new products and / or services.

The Operational Risk Manual outlines the policies, standards and procedures that have been adopted to guarantee business management within adequate levels of risk. There is also a manual on the Business Continuity Management System, which contains guidelines for operations in the event basic resources are not available.

The Department of Operational Risk Management takes part in the Bank's activities through their involvement in the complaints, claims and fraud committees and in matters that affect the process and/or the customers. It also helps to operate the Financial Customer Service System (SACF – Spanish acronym) to monitor management and compliance with the entity's rules and regulations, these can be strategic, tactical and preventive in nature, or designed to monitor risk indicators, complaints and claims.

This has been accomplished by using the SARO methodology (risk identification, measurement, control and monitoring) when implementing standards and regulations, such as the Sarbanes-Oxley Law (SOX), ISO 27001 (Information Security), Law 1328 on financial consumer protection, the Anti-corruption and Anti-fraud Act, and Law 1581 on data protection. As a result, it has been possible to obtain important synergies.

The operational-risk management model considers the best practices outlined by the Basel Committee on Banking Supervision and by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In addition, it also meets the regulatory requirements that were designed for that purpose by the supervisory bodies in the countries where the Bank operates.

The Bank also has formally established policies to manage information security, business continuity and fraud prevention. Likewise, there is an ethics code to support the proper management of operational risks within the organization.

The Bank keeps a detailed log of incidents that involve operational risk that are reported by the risk managers. These incidents are recorded in the assigned expense accounts to ensure proper accounting follow-up.

(Continued)

Taking the foregoing as a reference, operational risk is defined as the possibility that events resulting from people, infrastructure, technology or inadequate or failed internal processes, as well as those produced by external causes, generate negative effects that go against fulfillment of the entity's objectives Given its nature, operational risk is presumed to be present in all activities of the organization.

The entity's priority is to identify and manage primary risk factors, regardless of whether or not they might result in monetary loss. This measurement also helps to establish priorities in managing operational risk.

The operational risk management system is a continuous multi-stage process:

- Identification.
- Measurement.
- Control.
- Monitoring - Opportunities to improve action plans.

The operational risk profile at December 31, 2020 includes risks and controls for its 267 processes. The updating model is dynamic and takes into account walkthrough tests on controls, risks debugging and controls, changes in structure, job titles, applications and procedures generated by the Process Management Department.

Following table shows the figures resulting from each update of the operational risk profile of the Bank at December 31, 2020 and 2019:

	December 31, 2020	December 31, 2019
Controls	4.310	4,153
Risks	1.725	1,665
Causes	1.972	1,901
Processes	267	257

The losses registered for operational-risk events during the year, came to $23,913 mainly broken down as follows: losses in loan portfolio fraud 53%, labor fines and penalties 14%, losses for claims in savings accounts 14%, losses for claims in cash and clearing 4%, and losses on other operational risk accounts 15%.

According to the Basel risk classification, the events with the highest incidence were: external fraud 62%, labor relations 14% and internal fraud 12%.

- **External fraud**: Fraud under the modality of Dual-Tone Multi-Frequency (DTMF) through social engineering $ 5,846; fraudulent use of debit and credit cards (stolen cards, minor frauds, secure commerce and forgery, retainers, transfers or unauthorized purchases by the holder of the product) with a loss of $4,835; and for cases of impersonation of clients in the application and use of digital credit products $2,432. On the other hand, payment was received from the insurer, indemnifying the Bank $3,043 for fraud in digital products.

- **Labor relations:** Increase in provisions for lawsuits that implied the re-liquidation of actuarial calculation and of former employees pensions for $ 4,042. Provisions reimbursement for $ 596 was presented.

- **Internal fraud:** Digital identity theft events using a tablet at the Centro 93 branch, producing losses in the amount of $1,044, and fraud in the commercial loans portfolio (leasing transaction), in which

omissions were made in the process of establishing guarantees and in the verification of documentation, in the amount of $1,926.

e. Risk of cybersecurity

Information security model and cybersecurity risk

The Banco to maintain information security and cybersecurity risk, has designed a model that supports corporate IT protection policies, in accordance with legal, regulatory, technical and business requirements.

Within the model of information security and cybersecurity risk, the Bank has defined and implemented a set of principles, policies, standards, procedures and regulatory requirements, for information management and administration of computer resources, based on best practices , focused on preserving and protecting the confidentiality, integrity, availability, privacy and auditability of the information, which allow clear guidelines to maintain a reasonably safe environment in the Bank, in order to support the strategies and objectives of the business.

The implementation of the Bank's information security and cybersecurity model has been implemented gradually, in accordance with the priorities established in senior management regarding risk control activities, strategic business plans, information technology and requirements of current regulations.

The model is applied to all levels of the organization: users (including Bank employees and shareholders), customers, third parties (suppliers, contractors, control entities, among others) and subsidiaries of the Bank; independent of its location (own, third-party infrastructure or in cyberspace), it applies to all information created, stored, processed or used in the business support.

Process of updating and monitoring compliance with the information security and cybersecurity model

The process of monitoring and follow-up on compliance with the information security and cybersecurity model is reviewed and / or updated annually or when there are significant changes in the law, regulation or regulations adopted by the Bank. The adjusted model must be approved by the Strategic Information Security Committee**.**

Principles of Information Security and Cybersecurity

The Bank has established as fundamental the following principles that govern the information security and cybersecurity model, based on international security standards in accordance with NTC-ISO, COBIT, NIST SP800-53, COSO - Security techniques, ISO/IEC 27001:

- Confidentiality.
- Integrity.
- Availability.
- Privacy.
- Auditability.

The Bank in 2020 focused on strengthening its principles, policies, standards, processes and new operating schemes, as well as continuous alignment with the digital strategy, and everything related to information security and cybersecurity, with the aim of increasing the capacity to prevent, detect and defend in a way timely possible threats and/or cyber-attack.

During the year 2020 no materialization of cybersecurity incidents, product of the support given by the Administration to this front and the management carried out by the areas that execute the Bank's cybersecurity and security strategy, which must be disclosed in the financial statements.

f. Environmental and Social Risk Management System (ESRMS)

The Bank, as part of its sustainability strategy and being aware of the need to preserve, protect and conserve the environment and in search of the well-being of society, has assumed the commitment to adopt a proactive position and manage these issues, implementing the Environmental and Social Risk Management System (SARAS, for the Spanish original)., which is formed by the set of policies, mechanisms, tools and procedures for the identification, evaluation and administration of environmental and social risks generated by the activities of our clients, initially with debt greater than or equal to $21.000.

The implementation of our environmental management system is aligned with the commitments acquired with the Bank's adhesion to the Green Protocol, where we are dynamic agents through actions that promote sustainability. As part of these actions, changes were made in the structure of the Bank with the inclusion of the Environmental Technical Unit and the SARAS, as well as the creation of the Green Committee.

Within the process of granting Commercial Credit, in 2020 the analysis of clients began to be implemented through the Form for the Identification of Environmental and Social Risks (FIRAS, for the Spanish original).

At the end of December 2020, a total amount of 4.6 trillion pesos was evaluated, allowing the clients evaluated to be categorized into three risk levels: high, medium and low. It was determined that 18% of the amount analyzed is at high risk, 59% at medium risk and 23% at low risk, thus identifying possible environmental and social risks of our clients and at the same time defining mitigation and monitoring recommendations.

Additionally, we continued with the training of the key areas for the implementation of the system, focusing on the commercial force and the credit areas of all the Bank's segments, reinforcing the importance of the implementation of the SARAS within the Bank's sustainability strategy.

g. Risk of money laundering and terrorism financing

Efforts to support the Bank’s Money Laundering and Terrorist Financing Risk Management System (SARLAFT – Spanish acronym) have produced good results and fall within the regulatory framework established to that effect by the Financial Superintendence of Colombia, particularly the instructions outlined in Part, I, Heading IV, Chapter IV of Basic Legal Circular. What has been accomplished is in keeping with prevailing regulations, with the recommendations outlined in international standards on the matter and the policies and methods adopted by the board of directors.

- **Managing the risk**

The Bank develops its operations as dictated by law and ethical principles, pursuing sound banking practices. It continues to adhere to the methods, procedures, responsibilities and functions required to manage properly the risk of money laundering and terrorism financing properly.

The activities carried out in terms of SARLAFT took into account the methodologies adopted by the Bank, which allowed the mitigation of risks to continue. This was accomplished thanks to the application of controls designed for each of the risk factors (customers, products, distribution channels and jurisdiction), while maintaining an acceptable profile. This last aspect is corroborated by the absence of events or situations that were contrary to the good reputation Bank has maintained with respect to SARLAFT.

- **Stages in the risk management system**

In response to international recommendations and Colombian law on SARLAFT, the approach to dealing with what the Bank has identified as the risks of money laundering and terrorist financing (ML/TF) is based on the idea of continuous improvement and on minimizing the existence of such risks, insofar as is reasonably possible.

Methods for solid risk management have been adopted successfully to develop the stages that frame SARLAFT. As a result, the Bank has been able to pinpoint and analyze ML/TF risks within the organization and to design and effectively apply policies and procedures consistent with those risks. In that respect, all relevant, inherent and residual risk factors in the banking sector and in commerce, among other areas, have been taken into account on a nationwide basis, and even beyond, if necessary, to determine the Bank's risk profile and the level of mitigation that is appropriate.

As for the identification stage, which is intended to detect the risks inherent in the development of our activities, one hundred fifty–nine (159) risks have been identified. They include the catalogue of ten (10) generic risks defined by Grupo Aval S.A.

As for the measurement stage, the inherent risk calculation was performed for each of the associated risks, namely: legal, reputational, operational, contagion risk and the probability of occurrence.

In terms of the control stage, the Bank has designed a methodology that enables it to verify the effectiveness of these controls, to establish eventually a ML/TF residual risk profile.

At this point in time, there is an inventory of 83 controls which are classified as follows:

Controlling customer risk factor: The Bank has implemented a series of controls to mitigate ML/TF risk from the standpoint of the customer. These focus on different aspects, such as the process of customer acceptance, updating customer information and validating public information, among other aspects. The activities for this risk factor include analyzing means of communication; managing the communication system (SIMEDCO – Spanish acronym); monitoring customers who are publicly exposed people (PEP); cross-checking against public lists when accepting new customers; analyzing the risk posed by campaigns to market new products; analyzing the quality of the information in CRM; monitoring the process whereby the Bank accepts customers and updates their financial information; referencing products to liabilities; analyzing suppliers, shareholders and foreclosed assets; analyzing applications from foreigners to become customers of the Bank; and examining unusual transactions.

Controlling the product risk factor: Considering the standard definition of a product and pursuant to the methodology adopted by the Bank, the activities developed to combat this risk factor include analyzing product transactions through the implementation of SMT- SARLAFT; monitoring cashier's checks and tracking cash transactions. The goal is look at the way products perform and particularly those that are more exposed to ML/TF risk. This is done according to international and national recommendations and the respective procedures establish by the Bank.

Controlling distribution-channel risk factor: Different routes and models have been developed to identify unusual events in the distribution channel, as part of the controls to mitigate risk. This is done with IBM SPSS Modeler, software of data mining, which allows for a more detailed analysis. Specifically, it lets us select transactions that do not fit a customer's normal behavior when using a particular channel, or transactions that require more attention by virtue of their nature. The advanced control activities for this factor include monitoring AVAL operations, monitoring ACH transactions, tracking acquisitions, and monitoring Internet operations.

Controlling jurisdiction risk factor: The jurisdiction risk factor is interpreted as the geographical location where the Bank is present and is involved by providing its services. This factor is analyzed in light of social, political, economic and security circumstances that might affect transactions at certain geographic locations, both domestically and internationally. The Bank has designed an illogical site method to identify transactions that seem to be unrelated to the place where they originate and their destination.

Controls in the business units: there were didactic visits developed primarily on the customer acceptance process, publicly exposed people (PEP), political campaigns, cash transactions, transaction analysis using the SMT-SARLAFT application, reports of no unusual transactions without (ROI – Spanish acronym), foreign currency operations, information updating, and training. Inventory controls were evaluated during these visits. They are executed by the offices and constitute the basis for mitigating the risks related to money laundering and terrorism financing.

Other control activities: The Bank has implemented a number of additional controls to supplement those described above by supporting and complementing proper ML/TF risk management. Among others, these activities include certifying "no reports of unusual transactions," conducting management surveys, the "ABCs of knowing the customer," and compiling and delivering "Knowledge of Code of Ethics and Conduct" certificates.

Additionally, the controls are valued in order to obtain the value of the mitigation of the controls that later allow establishing the residual risk profile of ML / TF, each of the entity controls has associated control of the catalog of the baseline of controls of AVAL Group that defines the suggested key controls (19 Controls) to cover the risks established in the SARLAFT baseline.

The documentation of the SARLAFT stages is carried out in the module for the Management of Money Laundering and Terrorism Financing Risks in the Enterprise Risk Assessor (ERA) application, a tool that provides risk management solutions and helps to maintain flexible and effective information on ALA/CFT Risk management.

Likewise, the tool is used to track the risk level of ML / FT. This software also made it possible to calculate the residual risk at Level 1, which translates into a frequency and impact tending towards zero, maintaining stable performance compared to previous periods. In addition, several indicators have been defined that reflect, in a general way, SARLAFT management with respect to points that are sensitive and have more of an impact in terms of the objectives of ML/TF risk management.

- **Elements of the risk management system**

The Bank drives its activities in line with the guiding principle on risk management, which indicate the institution's operations must comply with the highest ethical and control standards. Therefore, sound banking practices and compliance with the law are the top priority, above and beyond business goals. In practical terms, this translates into application of the criteria, policies and procedures used to manage SARLAFT, making it possible to mitigate these risks down to the lowest level of the organization, as is customary at the Bank.

The Bank submitted institutional reports to the Financial Information and Analysis Unit (UIAF – Spanish acronym). This was done in due course, as required by law and pursuant to the amounts and characteristics stipulated in Part I, Title IV, Chapter IV of the Basic Legal Circular issued by the Financial Superintendence of Colombia. The competent authorities with respect to for surveillance and control also were provided with the information required under the law. An important part of the Bank´s policy is to give these authorities our support and cooperation, within the bounds of the law.

The SARLAFT support the commercial activities of the Bank, since control is part of business management. These processes are used to advantage in an effort to serve the customer's needs and requirements promptly and as best possible.

The Bank followed up on the SARLAFT reports submitted by the supervisory bodies, so as to address their recommendations for optimizing the system. According to the reports received by the Bank, the results of SARLAFT management within the bank are considered satisfactory.

The Bank remains dedicated to risk management and it has the technological tools to implement policies such as those focused on "knowing the customer" and "knowing the market". The objective is to single out unusual transactions and to report suspicious ones to the Financial Information Unit (UIAF – Spanish acronym), taking into account the objective criteria the organization has establish, as provided for by law. It is worth noting that the elements and mechanisms the Bank has at its disposal to help SARLAFT operate successfully are being improved constantly, particularly in terms of applications and methods for analysis to monitor and avert ML/TF risk.

The ML/TF risk management system is bolstered by a process of segmentation of risk factors (clustering) the bank has developed through the use tools for data mining tools. This segmentation allows us to identify each risk factor (customer, product, channel and jurisdiction) and to monitor the Bank's operations to detect transactions that appear to be unusual in light of the profile established for each segment.

Within the segmentation process carried out by the Bank, during the year 2020, the improvements made to the product segmentation model stand out, as well as the increase in the concentration of clients in the segments with low transactional volume as a result, there is a decrease in the concentration of clients in segments with high transactional movement.

Similarly, work continues on the new version of segmentation from a new approach that includes new variables and regulations regarding the Basic Legal Circular and incoming regulations. An approach based on the sources of information and their definitions is proposed, in such a way that the segmentation process becomes the pillar of information, input for subsequent reports and analysis.

The Bank also continues to operate an institutional training program that imparts guidelines to all employees on the regulatory framework and the control mechanisms that are being implemented to prevent and mitigate the risk of ML/TF within the organization, all of which helps to strengthening the SARLAFT culture, achieving coverage in the year 2020 of 99.60% of the Bank's collaborators, through the different training schemes that are used and making use of the virtual tools that the Bank has for the training of its collaborators.

The risk of ML/TF is managed by adhering to each step in the SARLAFT system. The focus is on adequate risk management, as described herein, particularly management that reflects an undeviating commitment from our employees to be part of the SARLAFT culture the Bank has developed.

During the year 2020, the Bank complied with the policies, guidelines and instructions established by Grupo Aval on ML/TF matters.

The organization remains committed to ML/TF risk management issues as part of its corporate responsibility to society and to the regulators.

h. Legal risk

The Legal Division supports legal risk management for the Bank's operations. Specifically, it defines and institutes the necessary procedures to adequately control the legal risks inherent in banking operations, making sure those controls comply with legal standards and are properly documented. It also analyzes and drafts contracts for operations conducted in the various business units.

As instructed by the supervisory agency, the Bank appraised the claims lodged against it and established the provisions necessary to cover probable losses. This was done based on the opinion of its lawyers. See note 31 to the financial statements for an explanation of the lawsuits pending against the Bank, apart from those classified as remotely probable.

Note 8 – Operating segments

Operating segments are defined as a component of an entity that: (i) develops business initiatives through which it may earn revenues from ordinary activities and incur expenses; (ii) generates operating income that are reviewed regularly by the highest operational decision-making authority within the firm, to make decisions about on the resources to be allocated to the segment and assess its performance; and (iii) has discrete financial information about its operations.

Based on this definition and consider the fact that the Board of Directors, which is the maximum decision-making authority on operational matters, conducts a regularly review and assessment of information, key financial data and of the outcome of the Bank's operations as a whole, separating the income of subsidiaries from the other activities in the banking operation and including additional information on four defined strategic units of the business. The Bank operates with two segments:

- The banking operation, which includes all the Bank's activities apart from investment in its subsidiaries.
- Investment in subsidiaries.

The following are the main strategic units. The first three pertain to the banking segment of banking operation:

8.1 Corporate banking

This channel is for large and medium-sized companies. Its focus is on services such as cash flow management, risk coverage, specialized lines of credit and structured financing for energy, infrastructure and real estate projects, among others. This channel serves territorial and decentralized entities, members of the military and the police force. These are made available through financing to develop projects with a high social impact.

8.2 SME banking (SMEs, microfinance, people and the network officer)

This channel offers timely, comprehensive and specialized advice to its customers concerning their financial needs. It provides new options that enable them to have the liquidity they need to develop their business. Special units for vehicles and payroll deduction loans, the main objective is to offer financing solutions, through products and processes that adjust to the needs of the customer and the market.

8.3 Treasury

This area manages liquidity, the fixed-income investment portfolio, and operations in foreign currency and in the derivatives markets.

The Bank's surpluses are managed by this area, as stipulated by law and according to the strategies defined by the Board of Directors and the Committee on Assets and Liabilities.

The Bank also has portfolios of investments that are intended primarily to diversify risk in the statement of financial position and to support the daily management of treasury liquidity.

The composition, duration and strategy of these portfolios follow the guidelines set by the Board of Directors of the Bank and its Risk Management Office, which are the highest authorities in the such matters.

The Treasury Division also manages the business with foreign exchange and derivatives. Its two primary mandates in this respect are to manage currency risk on the Bank's statement of financial position and to move into different markets to meet the specific needs of our position and to offer innovative products to customers. It has two trading desks for this purpose. One is the Products Desk, which operates in the professional market; the other is the Distribution Desk, which is connected directly to customers in the different commercial segments served by the Bank.

8.4 Investments in subsidiaries

Follow-up the strategies that make it possible to optimize the value of the portfolio.

The information presented monthly to the Board of Directors is measured according to applicable accounting standards.

The following are figures, by segment, on the assets, liabilities, income and expenses that have to be reported.

Assets and liabilities, by segments

	December 31, 2020			December 31, 2019		
	Bank operation	Investments in subsidiaries, associates and joint ventures	Total	Bank operation	Investments in subsidiaries, associates and joint ventures	Total
Cash and cash equivalents	$ **9,178,718**	**0**	**9,178,718**	**9,665,110**	**0**	**9,665,110**
Financial assets	**10,305,561**	**117,066**	**10,422,627**	**7,478,860**	**163,004**	**7,641,864**
Investments held for trading	**1,888,520**	**0**	**1,888,520**	**1,266,960**	**0**	**1,266,960**
Debt securities	1,299,066	0	1,299,066	921,451	0	921,451
Equity securities	589,454	0	589,454	345,509	0	345,509
Investments available for sale	**5,337,950**	**0**	**5,337,950**	**4,439,181**	**0**	**4,439,181**
Debt securities	5,126,872	0	5,126,872	4,224,936	0	4,224,936
Equity securities	211,078	0	211,078	214,245	0	214,245
Investments held to maturity	**2,684,490**	**0**	**2,684,490**	**1,441,450**	**0**	**1,441,450**
Derivatives at fair value	**394,601**	**117,066**	**511,667**	**331,269**	**163,004**	**494,273**
Trading derivatives	394,601	0	394,601	331,269	0	331,269
Hedging derivatives	0	117,066	117,066	0	163,004	163,004
Loan portfolio, net	**59,898,680**	**0**	**59,898,680**	**55,841,327**	**0**	**55,841,327**
Repos, interbank, overnight and money market operations	1,364,408	0	1,364,408	40,553	0	40,553
Clients and financial leases transactions, net	**58,534,272**	**0**	**58,534,272**	**55,800,774**	**0**	**55,800,774**
Commercial	44,548,722	0	44,548,722	41,824,163	0	41,824,163
Consumer	13,762,108	0	13,762,108	12,941,197	0	12,941,197
Mortgage	4,639,221	0	4,639,221	4,042,047	0	4,042,047
Microcredits	346,110	0	346,110	384,739	0	384,739
Allowance	(4,761,889)	0	(4,761,889)	(3,391,372)	0	(3,391,372)
Other accounts receivable, net	**903,043**	**0**	**903,043**	**997,097**	**0**	**997,097**
Non-current assets held for sale	**13,985**	**0**	**13,985**	**119,107**	**0**	**119,107**
Investments in subsidiaries, associates and joint ventures, net	**0**	**22,266,708**	**22,266,708**	**0**	**21,205,025**	**21,205,025**
Property, plant and equipment	**682,282**	**0**	**682,282**	**704,878**	**0**	**704,878**
Right of use assets	**501,418**	**0**	**501,418**	**574,308**	**0**	**574,308**
Investment properties	**57,336**	**0**	**57,336**	**62,377**	**0**	**62,377**
Goodwill	**465,905**	**0**	**465,905**	**465,905**	**0**	**465,905**
Other intangible assets	**401,267**	**0**	**401,267**	**379,931**	**0**	**379,931**
Income tax	**948,948**	**0**	**948,948**	**473,420**	**0**	**473,420**
Current	226,029	0	226,029	292,426	0	292,426
Deferred	722,919	0	722,919	180,994	0	180,994
Other assets	**18,562**	**0**	**18,562**	**17,885**	**0**	**17,885**
Total assets	**83,375,705**	**22,383,774**	**105,759,479**	**76,780,205**	**21,368,029**	**98,148,234**
Liabilities						
Financial liabilities derivatives at fair value	**484,692**	**2,365**	**487,057**	**354,683**	**67,489**	**422,172**
Trading derivatives	484,692	0	484,692	354,683	0	354,683
Hedging derivatives	0	2,365	2,365	0	67,489	67,489
Financial liabilities at amortized cost	**78,765,582**	**3,465,210**	**82,230,792**	**71,477,439**	**3,303,769**	**74,781,208**
Customer deposits	**65,855,634**	**0**	**65,855,634**	**56,210,117**	**0**	**56,210,117**
Checking accounts	17,431,699	0	17,431,699	14,594,756	0	14,594,756
Savings accounts	28,668,711	0	28,668,711	23,791,690	0	23,791,690
Time certificates of deposit	19,628,508	0	19,628,508	17,737,941	0	17,737,941
Others	126,716	0	126,716	85,730	0	85,730
Financial obligations	**12,909,948**	**3,465,210**	**16,375,158**	**15,267,322**	**3,303,769**	**18,571,091**
Interbank borrowings and overnight funds	2,876,614	0	2,876,614	3,345,149	0	3,345,149
Borrowings from banks and others	2,731,545	0	2,731,545	5,113,719	0	5,113,719
Bonds issued	4,429,732	3,465,210	7,894,942	4,075,630	3,303,769	7,379,399
Development entities	2,343,035	0	2,343,035	2,143,592	0	2,143,592
Lease contracts	529,022	0	529,022	589,232	0	589,232

(Continued)

	December 31, 2020			December 31, 2019		
	Bank operation	Investments in subsidiaries, associates and joint ventures	Total	Bank operation	Investments in subsidiaries, associates and joint ventures	Total
Employee benefits	**229,148**	**0**	**229,148**	**235,154**	**0**	**235,154**
Provisions	**24,056**	**0**	**24,056**	**25,467**	**0**	**25,467**
Income tax	**4,541**	**0**	**4,541**	**4,556**	**0**	**4,556**
Current	4,541	0	4,541	4,556	0	4,556
Accounts payables and other liabilities	**2,226,730**	**0**	**2,226,730**	**2,523,476**	**0**	**2,523,476**
Total liabilities	$ **81,734,749**	**3,467,575**	**85,202,324**	**74,620,775**	**3,371,258**	**77,992,033**

Statement of income for the period, by segment

	Year ended at December 31, 2020			Year ended at December 31, 2019		
	Bank Operation	Investments in subsidiaries, associates and joint ventures	Total	Bank Operation	Investments in subsidiaries, associates and joint ventures	Total
Interest income	$ **5,527,915**	**0**	**5,527,915**	**5,757,411**	**0**	**5,757,411**
Client portfolio and financial leases transactions	5,275,842	0	5,275,842	5,512,380	0	5,512,380
Repos, interbank, overnight and money market operations	5,574	0	5,574	24,858	0	24,858
Investments	246,499	0	246,499	220,173	0	220,173
Interest expenses	**2,092,673**	**181,544**	**2,274,217**	**2,404,604**	**160,622**	**2,565,226**
Customer deposits	**1,499,122**	**0**	**1,499,122**	**1,784,508**	**0**	**1,784,508**
Checking accounts	108,104	0	108,104	176,372	0	176,372
Savings accounts	574,717	0	574,717	653,749	0	653,749
Time certificates of deposit	816,301	0	816,301	954,387	0	954,387
Financial obligations	**593,551**	**181,544**	**775,095**	**620,096**	**160,622**	**780,718**
Interbank borrowings and overnight funds	124,511	0	124,511	125,601	0	125,601
Borrowings from banks and others	72,765	0	72,765	119,439	0	119,439
Bonds issued	283,810	181,544	465,354	256,080	160,622	416,702
Development entities	81,551	0	81,551	85,647	0	85,647
Lease contracts	30,914	0	30,914	33,329	0	33,329
Net interest income	**3,435,242**	**(181,544)**	**3,253,698**	**3,352,807**	**(160,622)**	**3,192,185**
Net allowance on financial assets	**2,331,703**	**0**	**2,331,703**	**1,352,730**	**0**	**1,352,730**
Loan portfolio, financial leases and accounts receivable	2,468,968	0	2,468,968	1,506,244	0	1,506,244
Recovery of write-offs	(137,523)	0	(137,523)	(153,165)	0	(153,165)
Investments	258	0	258	(349)	0	(349)
Net interest income, after allowance	**1,103,539**	**(181,544)**	**921,995**	**2,000,077**	**(160,622)**	**1,839,455**
Income from contracts with customers for commissions and other services	**908,579**	**0**	**908,579**	**1,013,269**	**0**	**1,013,269**
Banking services	527,959	0	527,959	622,808	0	622,808
Credit cards	360,108	0	360,108	358,952	0	358,952
Drafts, checks and checkbooks	16,432	0	16,432	25,610	0	25,610
Office network services	4,080	0	4,080	5,899	0	5,899
Costs and expenses of contracts with customers for commissions and others services	**255,432**	**0**	**255,432**	**172,394**	**0**	**172,394**
Net income from contracts with customers for commissions and other services	**653,147**	**0**	**653,147**	**840,875**	**0**	**840,875**
Net income from trading financial assets or liabilities	**434,376**	**154,495**	**588,871**	**88,876**	**125,301**	**214,177**
(Gain) loss on valuation of derivatives instruments for trading	271,555	0	271,555	12,338	0	12,338
Gain on valuation of derivatives instruments for hedging	0	154,495	154,495	0	125,301	125,301
Gain on valuation of investments for trading	162,821	0	162,821	76,538	0	76,538

(Continued)

	Year ended at December 31, 2020			Year ended at December 31, 2019		
	Bank Operation	Investments in subsidiaries, associates and joint ventures	Total	Bank Operation	Investments in subsidiaries, associates and joint ventures	Total
Other income	**206,104**	**2,117,940**	**2,324,044**	**322,825**	**2,208,183**	**2,531,008**
Equity method	0	2,117,940	2,117,940	0	2,208,183	2,208,183
Others	206,104	0	206,104	322,825	0	322,825
Other expenses	**2,246,912**	**0**	**2,246,912**	**2,551,855**	**0**	**2,551,855**
Administrative	1,292,358	0	1,292,358	1,511,161	0	1,511,161
Employee benefits	776,509	0	776,509	747,727	0	747,727
Depreciation and amortization	231,797	0	231,797	222,944	0	222,944
Others	(53,752)	0	(53,752)	70,023	0	70,023
Net income before income tax	**150,254**	**2,090,891**	**2,241,145**	**700,798**	**2,172,862**	**2,873,660**
Income tax expense	30,086	0	30,086	232,794	0	232,794
Net income for the year	$ **120,168**	**2,090,891**	**2,211,059**	**468,004**	**2,172,862**	**2,640,866**

Given the nature of its businesses, and the main countries in which they were originated, the Bank has the following distribution, by geographic area of income obtained from ordinary activities and main non-current assets on which it must report:

	December 31, 2020					
	Colombia	Miami	New York	Panamá	Others (4)	Total
Income for the period	$ **8,920,625**	**114,171**	**73,127**	**36,204**	**5,761**	**9,149,888**
Income from banking activity (1)	6,828,018	114,171	73,127	4,292	5,757	7,025,365
Income from dividends	6,578	0	0	5	0	6,583
Income by the equity method (2)	2,086,029	0	0	31,907	4	2,117,940
Non-current assets	**2,829,553**	**604**	**108**	**839**	**23**	**2,831,127**
Property, plant and equipment	681,582	604	4	69	23	682,282
Right of use assets	501,418	0	0	0	0	501,418
Intangible assets (3)	866,298	0	104	770	0	867,172
Investment properties	57,336	0	0	0	0	57,336
Deferred income tax	$ 722,919	0	0	0	0	722,919

	December 31, 2019					
	Colombia	Miami	New York	Panamá	Others (4)	Total
Income for the period	$ **8,855,863**	**153,350**	**143,704**	**40,270**	**5,605**	**9,198,792**
Income from banking activity (1)	6,675,648	153,350	143,704	6,554	5,601	6,984,857
Income from dividends	5,742	0	0	10	0	5,752
Income by the equity method (2)	2,174,473	0	0	33,706	4	2,208,183
Non-current assets	**2,367,216**	**725**	**170**	**254**	**28**	**2,368,393**
Property, plant and equipment	704,021	725	11	93	28	704,878
Right of use assets	574,308	0	0	0	0	574,308
Intangible assets (3)	845,516	0	159	161	0	845,836
Investment properties	62,377	0	0	0	0	62,377
Deferred income tax	$ 180,994	0	0	0	0	180,994

(1) Includes: Income from interest, commissions and other services, and income from financial assets or liabilities held for trading, net.
(2) For Colombia comes from Corporación Financiera Colombiana S.A., Porvenir S.A., Fiduciaria Bogotá S.A., Almaviva S.A., Casa de Bolsa S.A., Megalínea S.A., Aportes en línea S.A., Aval Soluciones Digitales S.A. and others; for Panama comes from Leasing Bogotá S.A. Panamá, Banco de Bogotá Panamá S.A. and Ficentro S.A.
(3) Includes Goodwill and other intangible assets.
(4) Refers to the Bogotá Finance Corporation.

The Bank offers a large portfolio of products and services to meet the financial needs of its customers. These include different types of products with different terms, mainly assets such as loans and commercial leasing, consumer loans, mortgages and microcredit. Similarly, following the strategy of raising funds, it offers products such as savings Accounts, checking accounts and time certificates of deposit according to the needs of customers.

In addition, the Bank offers banking services which involve office network, dispersion of funds, credit card, debit card, collections, credit transactions, letters of credit, guarantees, direct orders and collections, internet,

The Bank reported no concentration of income in customers with more than a 10% share of income from ordinary activities. For this purpose, the Banks considers single customers as those, apart from related parties, who are under common control, based on the information available in the Bank.

Note 9 – Cash and cash equivalents

The following is a breakdown of cash and cash equivalents:

		December 31, 2020	December 31, 2019
In Colombian pesos			
Cash	$	1,999,056	2,215,362
Central Bank		647,375	2,728,959
Banks and other financial entities		366	726
Clearing house		0	67
		2,646,797	**4,945,114**
In foreign currency			
Cash		9,908	9,729
Banks and other financial entities		6,522,013	4,710,267
		6,531,921	**4,719,996**
Total	$	**9,178,718**	**9,665,110**

The credit ratings determined by independent credit-rating agencies for the principal financial institutions where the Bank has cash accounts are determined as follows:

		December 31, 2020	December 31, 2019
Investment grade	$	7,169,754	7,439,952
Without grade or not available (1)		2,008,964	2,225,158
Total	$	**9,178,718**	**9,665,110**

(1) Include cash held by the Bank in custody in vaults ATMs and cash.

The legal reserve requirement in Colombia at December 31, 2020 was 8% for deposits in current and savings accounts and 3.5% for certificates of deposit under 18 months and 0% over 18 months. These percentages decreased because of the economical emergency by Covid19 according resolution external N° 9 of 14 of April of 2020 issued by the Central Bank of Colombia (BR) to depart of 22 of April of 2020.

The legal reserve requirement in Colombia at December 31, 2019 was 11% for deposits in current and savings accounts and 4.5% for certificates of deposit under 18 months and 0% over 18 months.

The legal reserve required meeting liquidity requirements on current deposits at December 31, 2020 and December 31, 2019 was $3,181,344 and $ 3,676,790, respectively.

The legal reserve required meeting liquidity requirements for certificates of deposit fewer than 18 months at December 31, 2020 and December 31, 2019 was $237,723 and $ 301,462, respectively.

The legal reserve required by the US Federal Reserve's for Miami and New York agencies, calculated on the amount of net transactions, at December 31, 2020 by COVID-19 measures was zero ($ 0) for all banking institutions and as of December 31, 2019 was $680,016.

There are no restrictions on cash and cash equivalents, in addition to those reported in the previous paragraphs.

Note 10 – Financial assets

10.1 Investments held for trading

The balance of investments in debt and equity securities held for trading includes the following:

		December 31, 2020	December 31, 2019
Debt securities issued or secured			
In Colombian Pesos			
Colombian Government	$	652,344	207,028
Other Colombian Government entities		89,330	113,766
Other financial entities		482,900	491,756
Non-financial sector entities		18,902	19,282
Others		19,533	22,688
		1,263,009	854,520
In foreign currency			
Other financial entities		36,057	66,931
		36,057	66,931
Total debt securities		**1,299,066**	**921,451**
Equity securities			
In Colombian Pesos			
Collective investment funds		409	306
Private investment fund		589,045	345,203
Total equity securities		**589,454**	**345,509**
Total investments held for trading	$	**1,888,520**	**1,266,960**

The following is the breakdown of the credit quality, by credit risk level and type of issuer based on the rating issued by the independent credit rating agency:

Debt securities issued or secured		December 31, 2020	December 31, 2019
Investment grade			
Sovereign (1)	$	652,344	207,028
Corporate		38,435	41,970
Financial entities		461,892	501,838
Other Colombian Government entities (2)		89,330	113,766
		1,242,001	864,602
Speculative grade			
Financial entities		57,065	56,849
		57,065	56,849
Total debt securities		**1,299,066**	**921,451**
Equity securities			
Investment grade		589,454	345,509
Total equity securities		**589,454**	**345,509**
Total investments held for trading	$	**1,888,520**	**1,266,960**

(1) A sovereign credit rating considers the risk of Treasury issuer or similar agency (government debt portfolio).
(2) Derived from operations with government entities; including public administrations regional and local governments.

(Continued)

As of December 30, 2020, and December 31, 2019, there are no investments in debt securities held for trading pledged as collateral.

10.2 Investments available for sale

The balance of investments in debt and equity securities available for sale includes the following:

		December 31, 2020			
		Cost	Unrealized gain	Unrealized loss	Fair value
Debt securities issued or secured					
In Colombian Pesos					
Colombian Government	$	3,995,666	35,828	(115)	4,031,379
Other Colombian Government entities		178,600	4,994	0	183,594
Other financial entities		532	0	(1)	531
Non-financial sector entities		14,012	34	0	14,046
		4,188,810	40,856	(116)	4,229,550
In foreign currency					
Colombian Government		608,772	8,410	0	617,182
Other financial entities		11,343	298	0	11,641
Foreign Governments		252,996	6,555	(5)	259,546
Others		8,834	119	0	8,953
		8811,945	15,382	(5)	897,322
Total debt securities		**5,070,755**	**56,238**	**(121)**	**5,126,872**
Equity securities					
In Colombian Pesos					
Corporate stock		151,456	75,667	(429)	226,694
In foreign currency					
Corporate stock		13	0	0	13
		151,469	75,667	(429)	226,707
Allowance equity securities		0	0	0	(15,629)
Total equity securities		**151,469**	**75,667**	**(429)**	**211,078**
Total investments available for sale	$	**5,222,224**	**131,905**	**(550)**	**5,337,950**

		December 31, 2019			
		Cost	Unrealized gain	Unrealized loss	Fair value
Debt securities issued or secured					
In Colombian Pesos					
Colombian Government	$	3,602,529	16,580	(24,019)	3,595,090
Other Colombian Government entities		170,191	2,092	(648)	171,635
Other financial entities		76,614	1,280	(16)	77,878
Non-financial sector entities		14,257	154	0	14,411
		3,863,591	20,106	(24,683)	3,859,014
In foreign currency					
Colombian Government		124,098	218	(178)	124,138
Other financial entities		211,819	1,344	(155)	213,008
Foreign Governments		8,420	13	0	8,433
Others		20,327	17	(1)	20,343
		364,664	1,592	(334)	365,922
Total debt securities		**4,228,255**	**21,698**	**(25,017)**	**4,224,936**
Equity securities					
In Colombian Pesos					
Corporate stock		151,525	78,733	(655)	229,603

(Continued)

		December 31, 2019			
		Cost	Unrealized gain	Unrealized loss	Fair value
In foreign currency					
Corporate stock		13	0	0	13
		151,538	78,733	(655)	229,616
Allowance equity securities		0	0	0	(15,371)
Total equity securities		**151,538**	**78,733**	**(655)**	**214,245**
Total investments available for sale	$	**4,379,793**	**100,431**	**(25,672)**	**4,439,181**

Following is a breakdown of the equity securities available for sale:

		December 31, 2020	December 31,2019
Credibanco S.A.	$	139,352	151,688
A.C.H. Colombia S.A.		55,842	46,555
Redeban multicolor S.A Megabanco		7,364	7,990
Bolsa de Valores S.A.		6,169	6,024
Cámara de compensación de divisas		2,338	1,601
Otros		13	387
Total	$	**211,078**	**214,245**

The following is the breakdown of the credit quality, by credit risk level and type of issuer based on the rating issued by the independent credit rating agency:

		December 31, 2020	December 31,2019
Debt securities issued or secured			
Investment grade			
Sovereign (1)	$	4,657,514	3,727,661
Corporate		14,046	14,411
Financial entities		204,817	258,690
Multilaterals		0	20,343
Other Colombian Government entities (2)		195,235	171,635
		5,071,612	4,192,740
Speculative grade			
Financial entities		55,260	32,196
		55,260	32,196
Total debt securities		**5,126,872**	**4,224,936**
Equity securities			
Investment grade		201,363	204,267
Without grade or not available		9,715	9,978
Total equity securities		**211,078**	**214,245**
Total investments available for sale	$	**5,337,950**	**4,439,181**

(1) A sovereign credit rating considers the risk of Treasury issuer or similar agency (government debt portfolio).
(2) Derived from operations with government entities; including public administrations regional and local governments.

Debt securities pledged as collateral

The following is a list of investments available for sale that are being used as collateral in repo operations, pledged as collateral for transactions with financial instruments, or pledged to third parties as collateral to secure financial obligations with other banks.

	December 31, 2020	December 31, 2019
Pledged as collateral in money market operations		

(Continued)

		December 31, 2020	December 31, 2019
Colombian Government	$	1,908,752	2,751,872
Pledged as collateral to special entities such as CRCC, BR and/or BVC (1)			
Colombian Government		257,769	323,455
Total	$	**2,166,521**	**3,075,327**

(1) Central Counterpart Clearing House (CRCC), Central Bank of Colombia (BR), Colombian Stock Exchange (BVC)

Allowance of investments in equity securities available for sale

The following is the movement in allowance of investments in equity securities available for sale:

		December 31, 2020	December 31, 2019
Balance at the beginning of the period	$	**15,371**	**15,733**
Allowance with effect in net income		328	3
Recoveries with effect in income		(70)	(151)
Write-offs		0	(3)
Balance at the end of the period	$	**15,629**	**15,582**

10.3 Investments held to maturity

The balance of investments in debt securities held to maturity includes the following:

		December 31, 2020	December 31, 2019
Debt securities issued or secured			
In Colombian Pesos			
Colombian Government	**$**	1,144,889	0
Other Colombian Government entities		1,504,854	1,418,407
		2,649,743	1,418,407
In foreign currency			
Foreign Governments		34,747	23,043
		34,747	23,043
Total debt securities	$	**2,684,490**	**1,441,450**

The following is the breakdown of the credit quality, by credit risk level and type of issuer based on the rating issued by the independent credit rating agency:

		December 31, 2020	December 31, 2019
Investment grade			
Sovereign (1)	$	1,179,636	23,043
Other Colombian Government entities (2)		1,504,854	1,418,407
Total	$	**2,684,490**	**1,441,450**

(1) A sovereign credit rating considers the risk of Treasury issuer or similar agency (government debt portfolio).
(2) Derived from operations with government entities; including public administrations regional and local governments.

Debt securities pledged as collateral

The following is a list of investments held to maturity that are being used as collateral in repo operations, pledged as collateral for transactions with financial instruments, or pledged to third parties as collateral to secure financial obligations with other banks.

		December 31, 2020	December 31, 2019
Pledged as collateral to special entities such as CRCC, BR and/or BVC (1)			
Other Colombian Government entities	$	573,134	0
Total	$	**573,134**	**0**

(1) Central Counterpart Clearing House (CRCC), Central Bank of Colombia (BR), Colombian Stock Exchange (BVC).

Maturity by time bands of investments held to maturity

The following is a summary of investments held to maturity, by time bands.

		December 31, 2020	December 31, 2019
Up to 1 month	$	321,260	328,215
More than 1 month and no more than 3 months		34,747	0
More than 3 months and no more than 1 year		2,328,483	1,113,235
	$	**2,684,490**	**1,441,450**

There were no reclassifications between investment categories for the period reported.

10.4 Trading derivatives

The face value and fair value of forwards, futures, options and swaps to which the Bank is committed during periods under reference are shown in the table below:

		December 31, 2020		December 31, 2019	
		Notional amount	Fair value	Notional amount	Fair value
Assets					
Forward contracts (1)					
Foreign currency to buy	$	943,972	13,404	889,415	18,648
Foreign currency to sell		(3,051,800)	186,369	(6,100,116)	212,460
		(2,107,828)	**199,773**	**(5,210,701)**	**231,108**
Swaps					
Cross currency		209,404	31,386	455,466	31,091
Interest rate		6,827,557	146,608	4,313,019	46,057
		7,036,961	**177,994**	**4,768,485**	**77,148**
Futures contracts (2)					
Currency to buy		260,870	0	2,082,622	0
Currency to sell		(2,619,169)	0	(2,564,296)	0
		(2,358,299)	**0**	**(481,674)**	**0**
Cash transactions		**(3,097)**	**4**	**(1,927)**	**9**
Options contracts					
Currency to buy		777,738	16,830	1,168,833	23,004
Total assets		**3,345,475**	**394,601**	**243,016**	**331,269**
Liabilities					
Forward contracts (1)					
Foreign currency to buy		(4,487,390)	281,064	(6,684,971)	240,327
Foreign currency to sell		422,675	10,673	890,359	25,224
		(4,064,715)	**291,737**	**(5,794,612)**	**265,551**
Swaps					
Cross currency		424,534	38,692	468,147	24,660
Interest rate		5,918,391	124,432	3,610,377	33,197
		6,342,925	**163,124**	**4,078,524**	**57,857**
Futures contracts (2)					
Currency to buy		(3,850,750)	0	(5,013,114)	0

(Continued)

		December 31, 2020		December 31, 2019	
		Notional amount	Fair value	Notional amount	Fair value
Currency to sell		449,658	0	222,846	0
Sale of titles		20,000	0	**0**	**0**
		(3,381,092)	**0**	**(4,790,268)**	**0**
Cash transactions		**(3,732)**	**17**	**22,826**	**8**
Negotiation options					
Currency to sale		729,192	29,814	1,062,386	31,267
Total liabilities	$	**(377,422)**	**484,692**	**(5,421,144)**	**354,683**

(1) The main change in the trading portfolios corresponds to the strategic management of each portfolio due to conditions created in the market by the variations and high fluctuations in the representative market rate of exchange (TRM) and/or interest rates, within limits and/or risk profile defined by Bank's Board of directors. This type of derivatives is traded on organized markets, in which gains and losses are settled daily. The Central Counterpart Clearing House (CRCC) reports the results of settlement by the parties, then debits or credits the losses or gains that are made.

(2) In the case of futures, the dollar / peso exchange rate at contract maturity is settled against the underlying price (TRM) published on the last trading day. Since futures are cleared and settled daily, the amount of the obligation is equal to the amount of the right. These amounts are updated daily, according to the market price of the respective future, and the effect on profit and loss is equivalent to the change in the fair price of the future.

The net change in fair value of the trading derivatives as of December 31, 2020 and 2019 is shown as a consequence of the movement of the valuation curves (interest rates differential), the exchange rates, adjustments for credit risk of the counterparties and variation in the volume of them.

Financial derivatives contracted by the Bank are traded in off-shore markets and in the domestic financial markets. The fair value of derivatives varies positively or negatively as a result of fluctuations in foreign exchange rates, interest rates or other risk factors, depending on the type of instrument and the underlying.

10.5 Hedging derivatives

The financial derivatives used for hedging include following:

		December 31, 2020		December 31, 2019	
		Notional amount	Fair value	Notional amount	Fair value
Assets					
Forward contracts					
Foreign currency to buy	$	205,950	589	6,554	2
Foreign currency to sell		(1,436,501)	116,477	(3,972,549)	163,002
		(1,230,551)	**117,066**	**(3,965,995)**	**163,004**
Futures contracts (1)					
Foreign currency to buy		10,298	0	0	0
Foreign currency to sell		(1,566,936)	0	(3,252,561)	0
		(1,556,638)	**0**	**(3,252,561)**	**0**
Total assets		**(2,787,189)**	**117,066**	**(7,218,556)**	**163,004**
Liabilities					
Forward contracts					
Foreign currency to buy		(169,909)	1,914	(1,404,910)	51,291
Foreign currency to sell		205,950	451	842,225	16,198
		36,041	**2,365**	**(562,685)**	**67,489**
Futures contracts (1)					
Foreign currency to buy		(387,873)	0	(974,949)	0
Foreign currency to sell		0	0	2,343,155	0
		(387,873)	**0**	**1,368,206**	**0**
Total liabilities	$	**(351,832)**	**2,365**	**805,521**	**67,489**

(1) Profits and losses are settled daily for derivatives of this type. The Central Counterpart Clearing House (CRCC) reports the results of the trade to the parties and then debits or credits the gains made or the losses incurred. In the case of dollar / peso currency futures, when the contract matures, settlement is made against the underlying price (TRM) published on the last day of trading. Since futures are offset and settled daily, the value of the

(Continued)

obligation is equal to the value of the right. These values are updated every day, according to the market price for the respective future, and the effect on profit and loss is equivalent to the change in fair value of future exchange.

The net change in fair value of the hedging derivatives as of December 31, 2020 and 2019 is shown as a consequence of the movement of the valuation curves (interest rates differential) exchange rates, adjustments for credit risk and variation in the volume of them.

Following is a breakdown of the credit ratings determined by independent rating agencies for the principal counterparties in derivative assets:

		December 31, 2020	December 31, 2019
Investment grade	$	298,361	227,762
Speculative		43	310
Without grade or not available		213,263	266,201
Total	$	**511,667**	**494,273**

Derivatives guarantees

Following shows the nominal amounts delivered and received as guarantees to support operations with derivatives:

		December 31, 2020	December 31, 2019
Cash			
Delivered	$	104,440	34,990
Received		96,488	56,269
Equity securities			
Delivered		204,564	298,084

Hedge accounting

The Bank has decided to use hedge accounting for its investments in foreign subsidiaries and agencies, with non-derivative instruments (obligations in foreign currency) and with derivative operations (forward contracts).

These operations are intended to protect the Bank against the exchange risk (dollar/peso) in the structural positions of its subsidiaries and agencies abroad, which are denominated in US dollars.

At maturity, the hedging instruments are renewed successively, so as to comply with the strategy of reducing the exchange rate risk the Bank might have to a specific period.

Foreign exchange gains or losses on the investment in subsidiaries or the exchange gains or losses that are not completely eliminated in the consolidation with foreign branches are recorded in other comprehensive income (OCI).

Hedging instruments

Non-derivatives: Financial asset or liability that is not a derivative may be designated as a hedging instrument only to hedge a risk in foreign currency. Likewise, a portion of a complete instrument for hedging, such as 50% of the notional amount, may be designated as a hedging instrument in a hedging relationship.

Due to the foregoing, external debt operations are liable of being designated as hedges against the investment in subsidiaries and agencies abroad.

(Continued)

The effects of variations in the peso/ US dollar exchange rate generated by debt in US dollars designated for hedging are recorded under other comprehensive income.

Derivatives: The Bank uses financial derivatives (dollar - peso forwards) to cover the remaining amount of the balance of net foreign investment not covered by non-derivative instruments (debt). The idea is affording as much protection as possible against the exchange rate spot effect of the net investments in affiliates and agencies abroad, which are expressed in dollars.

Derivative operations are valued daily, indicating the result attributable to the exchange risk. Also, the effect of the change in the exchange rate is determined daily on the portion of the net investment abroad that is hedged with derivative operations. In this way, the effectiveness of the hedging relationship that is established daily is calculated retrospectively from one day to the next.

Measuring effectiveness and ineffectiveness

A hedge is considered effective if, at the beginning of the period and in subsequent periods, the changes in the fair value or in the cash flows attributable to the hedged risk during the period for which the hedge has been designated are offset and effectiveness of the hedge is in a range of 80% to 125%.

The Bank has documented the tests of the effectiveness of hedging its net foreign currency investments and the fair value. These are considered effective, since the critical terms and risks of the obligations that serve as hedging instruments are identical to those of the primary hedged position.

With the adoption of the new regulatory framework provided for in Decree 1477 of 2018 (Adequate Equity Requirement, in accordance with Basel III standards), the basic solvency ratio is more sensitive to movements in the exchange rate from USD to pesos. A devaluation generates a decrease in the capital gain in dollars in the Ordinary Basic Equity - PBO in Spanish, at the same time that it increases the Assets Weighted by Risk Level (APRs in Sapnish) for the portion denominated in foreign currency, generating a decrease in the basic solvency.

As an alternative to immunize the solvency ratio to the exchange rate, the Board of Directors approved “discovering” part of the value of the net investment abroad through the reduction in the size of the hedging with derivatives, in order to immunize the Bank's Basic Solvency Ratio. Likewise, it authorized to stop covering the monthly increases in the value of the investment through the participation method.

- **Effectiveness of hedge forward type contracts**

For measuring the hedging effectiveness of derivative instruments, the Dollar offset method is utilized, determining the ratio between the exchange in fair value of the forward contract attributable to USD/COP exchange rate variations and daily changes of the value in pesos of the portion of the net investment hedged abroad.

- **Effectiveness of hedging with debt instruments in foreign currency**

For foreign currency debt designates as hedge instrument, the gain or loss arising from debt conversion into Colombian pesos is based on the current US dollar exchange rate for the peso, which is the functional currency of the Bank. The effectiveness tests are based on the Comparison Method of the critical terms. To

the extent that the amount (fixed) of the hedge instrument matches exactly the portion of the net investment hedged in foreign operations, the relationship is perfectly effective.

Hedging net investments in foreign currency

The assets and liabilities of the hedging strategy are converted from dollars to the functional currency of the Bank at the representative market rate certified daily by the Financial Superintendence of Colombia, which generates a gain or loss on exchange difference.

According to the foregoing, the hedge on these investments, before taxes, breakdown as follows:

	December 31, 2020								
	Millions of US dollars					Millions of Colombian pesos			
Detail of investment	Value of the investment	Notional amount	Value of the hedge in foreign currency obligations	Value of hedging with forward and futures contracts		Exchange difference Investment	Exchange difference in foreign currency obligations	Exchange difference in forward and futures contracts	Net
				Assets	Liabilities				
Leasing Bogotá S.A. Panamá	$ 4,320	2,868	(2,067)	(589)	31	3,745,577	(1,361,148)	(2,893,746)	(509,317)
Other subsidiaries and agencies Banco de Bogotá (1)	154	85	0	(223)	71	114,097	0	(113,651)	446
Total	$ **4,474**	**2,953**	**(2,067)**	**(812)**	**102**	**3,859,674**	**(1,361,148)**	**(3,007,397)**	**(508,871)**

	December 31, 2019								
	Millions of US dollars					Millions of Colombian pesos			
Detail of investment	Value of the investment	Notional amount	Value of the hedge in foreign currency obligations	Value of hedging with forward and futures contracts		Exchange difference Investment	Exchange difference in foreign currency obligations	Exchange difference in forward and futures contracts	Net
				Assets	Liabilities				
Leasing Bogotá S.A. Panamá	$ 4,475	2,868	(2,067)	(2,040)	(352)	2,923,192	(1,040,003)	(1,881,904)	1,285
Other subsidiaries and agencies Banco de Bogotá (1)	140	85	0	(158)	20	92,004	0	(90,677)	1,327
Total	$ **4,615**	**2,953**	**(2,067)**	**(2,198)**	**(332)**	**3,015,196**	**(1,040,003)**	**(1,972,581)**	**2,612**

(1) Includes Banco de Bogotá Panamá, Banco Bogotá Finance, Ficentro and investment in foreign branch Panamá and agencies in Miami and New York.

Hedging with forwards type contracts

Forward sale contracts in US dollars were formally designated as hedging instruments for part of the net foreign investment of Leasing Bogotá S.A. Panamá and the foreign subsidiaries of Banco de Bogotá. The forward contracts were executed with other financial sector counterparts and subsequently documented as a "dynamic hedging strategy" through which new forward contracts are entered into simultaneously when the previous ones expire.

Hedging with financial liabilities in foreign currency in US dollars

Non-derivative financial debt instruments may be designated to hedge the risk of changes in the foreign exchange rate. Based on the foregoing, the Bank proceeded to designate debt securities as hedge instruments its net investments abroad, doing so as follows:

- Bonds issued by the Bank on international markets under regulation 144A in February 2013, maturing in February 2023, were designated to hedge the net investment in Leasing Bogotá S.A. Panama for US$398 million.

- In May 2016, the Bank issued US$600 million in bonds on international markets under regulation 144A. They were designated immediately as instruments to hedge Leasing Bogotá S.A. Panama's investment of US$581 million to replace positions in forwards.

- In November 2016, the Bank issued US$500 million in bonds on international markets under regulation 144A. They were designated immediately to hedge Leasing Bogotá S.A. Panama's investment.

- In August 2017 the Bank issued bonds on the international markets under regulation 144A maturing in August 2027, were designated to hedge the net investment in Leasing Bogotá S.A. Panama for US$588 million to replace of the credit agreement granted in January 2017.

Note 11 – Loan portfolio, net

The statement of financial position listing financial assets account from the loan portfolio is classified according to commercial, consumer, mortgages and microcredit. Nevertheless, for disclosure purposes and considering how important financial leases are to the Bank, this portfolio is listed separately, in all the tables of the credit risk note and, in this note, according to the following detail:

		December 31, 2020		
		Balance on the separated statement of financial position	Reclassification of financial leases	Balance according to disclosure
Commercial	$	41,527,935	3,020,787	44,548,722
Consumer		13,755,935	6,173	13,762,108
Mortgage		4,135,499	503,722	4,639,221
Microcredit		346,110	0	346,110
Repos, interbank and others		1,364,408	0	1,364,408
Total	$	**61,129,887**	**3,530,682**	**64,660,569**

		December 31, 2019		
		Balance on the separated statement of financial position	Reclassification of financial leases	Balance according to disclosure
Commercial	$	38,855,167	2,968,996	41,824,163
Consumer		12,932,821	8,376	12,941,197
Mortgage		3,558,832	483,215	4,042,047
Microcredit		384,739	0	384,739
Repos, interbank and others		40,553	0	40,553
Total	$	**55,772,112**	**3,460,587**	**59,232,699**

11.1 Loan portfolio by modality

		December 31, 2020						
		Suitable collateral			Other collateral			Total
		Principal	Interest	Others	Principal	Interest	Others	
Commercial	$	19,297,892	159,816	792	21,760,746	273,186	35,503	41,527,935

(Continued)

	December 31, 2020						
	Suitable collateral			Other collateral			Total
	Principal	Interest	Others	Principal	Interest	Others	
Consumer	1,225,155	15,747	684	12,146,345	290,575	77,429	13,755,935
Mortgage	4,064,688	60,473	10,338	0	0	0	4,135,499
Microcredit	130,254	36	0	194,637	16,048	5,135	346,110
Commercial financial leases	2,963,074	48,229	9,484	0	0	0	3,020,787
Consumer financial leases	5,912	62	199	0	0	0	6,173
Mortgage financial leases	494,147	7,839	1,736	0	0	0	503,722
Repos, interbank and others	0	0	0	0	0	1,364,408	1,364,408
Total gross portfolio	**28,181,122**	**292,202**	**23,233**	**34,101,728**	**579,809**	**1,482,475**	**64,660,569**
Allowance	(1,314,044)	(46,586)	(11,797)	(3,107,762)	(231,807)	(49,893)	(4,761,889)
Total net portfolio	$ **26,867,078**	**245,616**	**11,436**	**30,993,966**	**348,002**	**1,432,582**	**59,898,680**

	December 31, 2019						
	Suitable collateral			Other collateral			Total
	Principal	Interest	Others	Principal	Interest	Others	
Commercial	$ 16,116,242	151,850	712	22,292,601	268,151	25,611	38,855,167
Consumer	1,027,980	7,680	209	11,694,884	151,940	50,128	12,932,821
Mortgage	3,532,482	21,860	4,490	0	0	0	3,558,832
Microcredit	118,692	384	4	255,155	7,520	2,984	384,739
Commercial financial leases	2,924,990	35,921	8,085	0	0	0	2,968,996
Consumer financial leases	8,080	64	232	0	0	0	8,376
Mortgage financial leases	480,351	2,171	693	0	0	0	483,215
Repos, interbank and others	0	0	0	0	0	40,553	40,553
Total gross portfolio	**24,208,817**	**219,930**	**14,425**	**34,242,640**	**427,611**	**119,276**	**59,232,699**
Allowance	(1,307,424)	(32,739)	(8,714)	(1,899,527)	(109,946)	(33,022)	(3,391,372)
Total net portfolio	$ **22,901,393**	**187,191**	**5,711**	**32,343,113**	**317,665**	**86,254**	**55,841,327**

11.2 Loan portfolio by credit lines

		December 31, 2020	December 31, 2019
Ordinary loans	$	43,041,305	40,393,446
Payroll installment loans		5,213,063	4,471,327
Home mortgage loans		3,927,249	3,421,211
Credit cards		2,887,189	3,173,956
Loans with resources from other institutions		2,324,873	2,087,589
Financial leases out immovable property		2,089,397	2,030,947
Financial leases out movable assets		1,441,286	1,429,642
Loans to builders		1,403,224	1,188,468
Microcredits		346,110	384,739
Employee loans		216,421	144,786
Loans to micro-businesses and SMEs		164,913	234,221
Non-recourse factoring		99,034	74,679
Bank overdrafts in checking accounts		85,622	119,101
Credit cards - covered		26,386	65,018
Other		1,394,497	13,569
		64,660,569	**59,232,699**
Allowance		(4,761,889)	(3,391,372)
Total	**$**	**59,898,680**	**55,841,327**

11.3 Loan portfolio by type of risk

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	Suitable collateral					
	December 31, 2020					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
A – Normal	$ 17,030,426	131,716	113	196,492	1,699	8
B – Acceptable	686,487	9,737	71	69,063	626	5
C – Appreciable	647,718	11,584	49	78,047	3,296	7
D – Significant	796,694	6,054	554	417,703	6,054	554
E – Uncollectible	136,567	725	5	136,567	725	5
	19,297,892	**159,816**	**792**	**897,872**	**12,400**	**579**
Consumer						
A – Normal	1,119,120	14,745	554	20,653	306	24
B – Acceptable	22,681	663	82	1,494	45	6
C – Appreciable	26,395	182	18	4,188	31	5
D – Significant	52,122	154	26	30,439	154	26
E – Uncollectible	4,837	3	4	4,837	3	4
	1,225,155	**15,747**	**684**	**61,611**	**539**	**65**
Mortgage						
A – Normal	3,883,999	56,610	7,653	39,039	2,237	644
B – Acceptable	86,132	2,888	712	2,780	2,565	631
C – Appreciable	26,075	350	296	2,607	346	254
D – Significant	20,644	164	295	4,148	161	293
E – Uncollectible	47,838	461	1,382	17,944	461	1,382
	4,064,688	**60,473**	**10,338**	**66,518**	**5,770**	**3,204**
Microcredit						
A – Normal	102,881	36	0	1,029	0	0
B – Acceptable	9,384	0	0	300	0	0
C – Appreciable	4,288	0	0	858	0	0
D – Significant	2,204	0	0	1,102	0	0
E – Uncollectible	11,497	0	0	11,497	0	0
	130,254	**36**	**0**	**14,786**	**0**	**0**
Commercial financial leases						
A – Normal	2,458,181	19,600	2,141	33,581	821	346
B – Acceptable	91,047	1,857	286	4,044	271	98
C – Appreciable	57,725	1,356	325	5,847	744	236
D – Significant	281,808	21,467	3,031	148,108	21,467	3,031
E – Uncollectible	74,313	3,949	3,701	74,313	3,949	3,701
	2,963,074	**48,229**	**9,484**	**265,893**	**27,252**	**7,412**
Consumer financial leases						
A – Normal	5,126	31	115	87	2	44
B – Acceptable	45	2	0	1	0	0
C – Appreciable	280	2	12	32	1	11
D – Significant	236	10	28	142	10	28
E – Uncollectible	225	17	44	225	17	44
	5,912	**62**	**199**	**487**	**30**	**127**
Mortgage financial leases						
A – Normal	473,521	7,403	1,406	4,735	196	81
B – Acceptable	12,097	403	128	387	366	127
C – Appreciable	3,208	14	42	321	14	42
D – Significant	2,582	4	43	516	4	43
E – Uncollectible	2,739	15	117	918	15	117
	494,147	**7,839**	**1,736**	**6,877**	**595**	**410**
General Allowance	**0**	**0**	**0**	**0**	**0**	**0**
Total	$ **28,181,122**	**292,202**	**23,233**	**1,314,044**	**46,586**	**11,797**

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	Other collateral					
	December 31, 2020					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
A – Normal	$ 19,716,377	114,489	12,987	274,930	3,673	1,618
B – Acceptable	241,896	26,689	2,128	21,248	8,703	425
C – Appreciable	352,555	26,687	3,375	51,083	18,706	1,855
D – Significant	1,006,627	79,318	12,205	567,600	79,316	11,961
E – Uncollectible	443,291	26,003	4,808	443,291	26,003	4,760
	21,760,746	**273,186**	**35,503**	**1,358,152**	**136,401**	**20,619**
Consumer						
A – Normal	10,686,949	207,726	58,781	336,900	14,232	8,491
B – Acceptable	396,800	23,788	2,718	50,653	8,231	1,836
C – Appreciable	368,833	22,780	3,895	68,860	16,385	3,466
D – Significant	520,650	27,761	7,775	427,529	27,761	7,775
E – Uncollectible	173,113	8,520	4,260	173,113	8,520	4,260
	12,146,345	**290,575**	**77,429**	**1,057,055**	**75,129**	**25,828**
Microcredit						
A – Normal	141,336	9,601	2,100	1,413	1,321	613
B – Acceptable	19,205	3,182	849	615	2,308	668
C – Appreciable	8,892	970	380	1,778	742	370
D – Significant	4,185	362	185	2,093	362	174
E – Uncollectible	21,019	1,933	1,621	21,019	1,933	1,621
	194,637	**16,048**	**5,135**	**26,918**	**6,666**	**3,446**
Repos, interbank and others						
A – Normal	0	0	1,364,408	0	0	0
	0	**0**	**1,364,408**	**0**	**0**	**0**
General Allowance	**0**	**0**	**0**	**665,637**	**13,611**	**0**
Total	$ **34,101,728**	**579,809**	**1,482,475**	**3,107,762**	**231,807**	**49,893**

	Suitable collateral					
	December 31, 2019					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
A – Normal	$ 14,263,343	125,924	72	171,626	1,464	6
B – Acceptable	431,496	14,077	45	19,431	788	4
C – Appreciable	538,327	8,738	588	51,527	3,656	106
D – Significant	433,207	3,110	5	220,583	3,110	5
E – Uncollectible	449,869	1	2	449,869	1	2
	16,116,242	**151,850**	**712**	**913,036**	**9,019**	**123**
Consumer						
A – Normal	938,480	7,409	160	17,242	122	11
B – Acceptable	14,950	199	37	849	11	4
C – Appreciable	17,661	33	2	2,922	5	0
D – Significant	52,662	36	7	30,627	36	7
E – Uncollectible	4,227	3	3	4,227	3	3
	1,027,980	**7,680**	**209**	**55,867**	**177**	**25**
Mortgage						
A – Normal	3,427,327	20,988	3,009	34,273	377	181
B – Acceptable	30,845	195	131	997	193	118
C – Appreciable	24,152	129	234	2,415	121	202
D – Significant	15,465	135	208	3,124	121	208
E – Uncollectible	34,693	413	908	12,657	407	908
	3,532,482	**21,860**	**4,490**	**53,466**	**1,219**	**1,617**

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	Suitable collateral					
	December 31, 2019					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Microcredit						
A – Normal	95,680	380	4	956	4	0
B – Acceptable	4,086	1	0	131	0	0
C – Appreciable	2,841	0	0	568	0	0
D – Significant	2,710	1	0	1,355	1	0
E – Uncollectible	13,375	2	0	13,375	2	0
	118,692	**384**	**4**	**16,385**	**7**	**0**
Commercial financial leases						
A – Normal	2,415,475	12,244	1,348	30,090	177	181
B – Acceptable	134,299	878	100	3,181	63	21
C – Appreciable	87,526	2,212	450	8,459	1,309	214
D – Significant	224,449	17,031	3,097	118,316	17,031	3,097
E – Uncollectible	63,241	3,556	3,090	63,241	3,556	3,090
	2,924,990	**35,921**	**8,085**	**223,287**	**22,136**	**6,603**
Consumer financial leases						
A – Normal	7,237	40	158	116	1	69
B – Acceptable	0	0	0	0	0	0
C – Appreciable	346	7	17	49	7	16
D – Significant	419	17	33	275	17	33
E – Uncollectible	78	0	24	78	0	24
	8,080	**64**	**232**	**518**	**25**	**142**
Mortgage financial leases						
A – Normal	468,830	2,065	514	4,688	50	25
B – Acceptable	4,528	35	16	145	35	16
C – Appreciable	3,150	33	37	315	33	37
D – Significant	1,894	18	47	379	18	47
E – Uncollectible	1,949	20	79	585	20	79
	480,351	**2,171**	**693**	**6,112**	**156**	**204**
General Allowance	**0**	**0**	**0**	**38,753**	**0**	**0**
Total	$ **24,208,817**	**219,930**	**14,425**	**1,307,424**	**32,739**	**8,714**

	Other collateral					
	December 31, 2019					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
A – Normal	$ 20,296,029	168,624	10,164	280,908	2,910	1,000
B – Acceptable	714,457	10,279	701	22,153	684	157
C – Appreciable	443,841	24,123	1,257	46,572	12,382	873
D – Significant	494,916	49,768	9,696	297,218	49,758	9,691
E – Uncollectible	343,358	15,357	3,793	343,358	15,356	3,545
	22,292,601	**268,151**	**25,611**	**990,209**	**81,090**	**15,266**
Consumer						
A – Normal	10,710,756	122,843	41,103	322,091	4,260	6,390
B – Acceptable	213,246	6,131	671	23,486	977	455
C – Appreciable	181,219	4,566	672	32,284	3,210	672
D – Significant	446,289	12,896	4,441	357,657	12,896	4,441
E – Uncollectible	143,374	5,504	3,241	143,363	5,504	3,241
	11,694,884	**151,940**	**50,128**	**878,881**	**26,847**	**15,199**
Microcredit						
A – Normal	218,686	5,759	922	2,187	264	496
B – Acceptable	6,569	268	139	210	263	139
C – Appreciable	4,411	164	92	882	153	91
D – Significant	4,137	152	64	2,068	152	64
E – Uncollectible	21,352	1,177	1,767	21,352	1,177	1,767

(Continued)

	Other collateral					
	December 31, 2019					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
	255,155	**7,520**	**2,984**	**26,699**	**2,009**	**2,557**
Repos, interbank and others						
A – Normal	0	0	40,553	0	0	0
	0	**0**	**40,553**	**0**	**0**	**0**
General Allowance	**0**	**0**	**0**	**3,738**	**0**	**0**
Total	$ **34,242,640**	**427,611**	**119,276**	**1,899,527**	**109,946**	**33,022**

11.4 Loan portfolio by economic sector

	December 31, 2020							
	Commercial	Consumer	Mortga-ges	Micro-credit	Financial leases	Repos, interbank and others	Total	Share %
Agriculture, livestock, forestry and fishing	$ 1,331,507	187,804	34,938	29,882	91,183	0	1,675,314	2.59%
Mining and quarrying	267,108	7,969	2,505	381	61,098	20,002	359,063	0.56%
Manufacturing industries	8,749,426	153,258	50,401	44,014	580,858	7,415	9,585,372	14.84%
Supply of electricity, gas, steam and air conditioning	2,419,859	322	77	65	4,680	0	2,425,003	3.75%
Water distribution; waste water evacuation and treatment, waste management and environmental sanitation activities	213,381	6,356	1,050	1,298	61,829	0	283,914	0.44%
Construction	6,048,767	102,178	28,603	3,459	181,288	0	6,364,295	9.84%
Wholesale and Retail; Automobile and motorcycle repair	6,391,731	748,134	211,021	179,358	497,194	1,322	8,028,760	12.42%
Transport, storage	2,432,184	287,342	101,308	10,397	699,124	289	3,530,644	5.46%
Accommodation and food services	684,738	78,148	24,719	19,191	36,502	0	843,298	1.30%
Information and communications	916,531	31,486	9,200	2,603	30,337	0	990,157	1.53%
Financial and insurance activities	4,036,569	14,142	4,778	186	28,232	1,335,380	5,419,287	8.38%

(Continued)

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	December 31, 2020							
	Commercial	Consumer	Mortga-ges	Micro-credit	Financial leases	Repos, interbank and others	Total	Share %
Real estate activities	1,041,626	40,207	9,576	589	268,701	0	1,360,699	2.10%
Professional, scientific and technical activities	2,022,769	679,383	396,308	11,793	149,226	0	3,259,479	5.04%
Administrative services and support activities	656,245	66,701	15,839	6,477	152,588	0	897,850	1.39%
Public administration and defense; social security plans with mandatory affiliation	1,794,232	0	0	7	4,558	0	1,798,797	2.78%
Education	767,082	27,215	12,031	638	46,749	0	853,715	1.32%
Human health care and social assistance activities	1,050,193	120,349	46,694	987	144,639	0	1,362,862	2.11%
Artistic, entertainment and recreational activities	106,535	141,796	5,403	1,132	6,493	0	261,359	0.40%
Other service activities	196,952	51,777	14,124	11,064	20,040	0	293,957	0.45%
Activities of individual households as employers	21	540	23	17	0	0	601	0.00%
Activities of extraterritorial organizations entities	19	0	0	0	0	0	19	0.00%
Salaried employee	314,214	10,720,606	3,077,679	17,225	421,780	0	14,551,504	22.50%
Capital investors	86,246	290,222	89,222	5,347	43,583	0	514,620	0.80%
	41,527,935	13,755,935	4,135,499	346,110	3,530,682	1,364,408	64,660,569	**100.00%**
Allowance (1)	(2,631,529)	(1,628,217)	(129,769)	(63,291)	(309,083)	0	(4,761,889)	
Total	$ **38,896,406**	**12,127,718**	**4,005,730**	**282,819**	**3,221,599**	**1,364,408**	**59,898,680**	

(1) Includes General Allowance

	December 31, 2019							
	Commercial	Consumer	Mortga-ges	Micro-credit	Financial leases	Repos, interbank and others	Total	Share %
Agriculture, livestock, forestry and fishing	$ 1,160,812	207,942	34,938	32,880	87,940	0	1,524,512	2.57%
Mining and quarrying	743,588	9,549	3,136	398	57,968	0	814,639	1.38%
Manufacturing industries	8,485,759	168,749	47,473	47,080	526,154	1,890	9,277,105	15.66%

(Continued)

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	December 31, 2019							
	Commercial	Consumer	Mortga-ges	Micro-credit	Financial leases	Repos, interbank and others	Total	Share %
Supply of electricity, gas, steam and air conditioning	2,255,188	462	80	81	1,996	0	2,257,807	3.81%
Water distribution; waste water evacuation and treatment, waste management and environmental sanitation activities	168,755	6,679	959	1,269	63,961	0	241,623	0.41%
Construction	5,707,449	109,523	30,896	4,185	179,297	0	6,031,350	10.18%
Wholesale and Retail; Automobile and motorcycle repair	5,821,919	715,531	199,811	194,274	469,847	136	7,401,518	12.50%
Transport, storage	2,399,385	324,544	101,631	12,901	688,434	289	3,527,184	5.95%
Accommodation and food services	680,894	85,383	24,830	22,139	34,812	0	848,058	1.43%
Information and communications	657,704	32,044	8,964	3,030	21,630	0	723,372	1.22%
Financial and insurance activities	3,786,445	15,194	4,748	235	18,531	36,237	3,861,390	6.52%
Real estate activities	991,239	43,633	10,446	678	248,323	0	1,294,319	2.19%
Professional, scientific and technical activities	1,547,583	721,190	364,402	15,357	150,147	2,000	2,800,679	4.73%
Administrative services and support activities	532,188	64,619	14,551	7,793	139,317	0	758,468	1.28%
Public administration and defense; social security plans with mandatory affiliation	1,869,571	0	0	0	8,286	0	1,877,857	3.17%
Education	538,090	27,964	12,277	756	51,041	0	630,128	1.06%
Human health care and social assistance activities	855,862	125,383	43,497	1,229	271,266	0	1,297,237	2.19%

(Continued)

	December 31, 2019							
	Commercial	Consumer	Mortga-ges	Micro-credit	Financial leases	Repos, interbank and others	Total	Share %
Artistic, entertainment and recreational activities	56,779	185,894	5,183	1,337	6,472	0	255,665	0.43%
Other service activities	225,265	51,154	12,087	12,036	15,732	1	316,275	0.53%
Activities of individual households as employers	30	584	24	18	0	0	656	0.00%
Activities of extraterritorial organizations entities	171	0	0	0	0	0	171	0.00%
Salaried employee	282,686	9,711,272	2,552,782	20,511	376,930	0	12,944,181	21.85%
Capital investors	87,805	325,528	86,117	6,552	42,503	0	548,505	0.94%
	38,855,167	**12,932,821**	**3,558,832**	**384,739**	**3,460,587**	**40,553**	**59,232,699**	**100.00%**
Allowance	(2,008,743)	(976,996)	(95,055)	(51,395)	(259,183)	0	(3,391,372)	
Total	$ **36,846,424**	**11,955,825**	**3,463,777**	**333,344**	**3,201,404**	**40,553**	**55,841,327**	

11.5 Loan portfolio by geographic area

	Suitable collateral					
	December 31, 2020					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
Amazon Region	$ 24,852	76	0	1,544	2	0
Andean Region	17,001,783	142,049	741	780,228	10,495	575
Caribbean Region	2,071,636	17,062	42	104,473	1,876	4
Island Region	8,812	54	1	414	3	0
Orinoco Region	160,490	507	8	8,943	21	0
Pacific Region	30,319	68	0	2,270	3	0
	19,297,892	**159,816**	**792**	**897,872**	**12,400**	**579**
Consumer						
Amazon Region	6,059	93	3	375	2	0
Andean Region	1,032,742	12,640	527	49,079	423	46
Caribbean Region	145,883	2,412	134	10,146	94	18
Island Region	534	16	2	58	1	0
Orinoco Region	36,109	535	16	1,782	18	1
Pacific Region	3,828	51	2	171	1	0
	1,225,155	**15,747**	**684**	**61,611**	**539**	**65**
Mortgage						
Amazon Region	7,648	134	23	116	14	7
Andean Region	3,347,384	48,942	7,939	51,218	4,183	2,256
Caribbean Region	605,939	9,751	1,959	11,783	1,266	691
Island Region	2,821	60	8	45	17	4
Orinoco Region	92,118	1,474	382	3,109	272	232
Pacific Region	8,778	112	27	247	18	14
	4,064,688	**60,473**	**10,338**	**66,518**	**5,770**	**3,204**
Microcredit						
Amazon Region	2,190	0	0	275	0	0

(Continued)

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	Suitable collateral					
	December 31, 2020					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Andean Region	98,302	31	0	10,481	0	0
Caribbean Region	21,183	4	0	2,553	0	0
Island Region	112	0	0	22	0	0
Orinoco Region	6,335	1	0	1,155	0	0
Pacific Region	2,132	0	0	300	0	0
	130,254	**36**	**0**	**14,786**	**0**	**0**
Commercial financial leases						
Amazon Region	805	7	18	59	1	6
Andean Region	2,697,700	42,421	8,468	208,669	23,362	6,660
Caribbean Region	238,519	4,887	605	51,968	3,322	415
Island Region	383	3	14	49	1	13
Orinoco Region	22,373	887	350	4,887	557	295
Pacific Region	3,271	24	29	260	9	23
Panamá	23	0	0	1	0	0
	2,963,074	**48,229**	**9,484**	**265,893**	**27,252**	**7,412**
Consumer financial leases						
Andean Region	5,523	38	162	311	7	92
Caribbean Region	389	24	37	176	23	35
	5,912	**62**	**199**	**487**	**30**	**127**
Mortgage financial leases						
Amazon Region	429	6	1	4	0	0
Andean Region	414,835	6,343	1,478	5,481	478	335
Caribbean Region	73,852	1,388	238	1,293	102	70
Orinoco Region	4,980	102	19	98	15	5
Pacific Region	51	0	0	1	0	0
	494,147	**7,839**	**1,736**	**6,877**	**595**	**410**
General Allowance	**0**	**0**	**0**	**0**	**0**	**0**
Total	$ **28,181,122**	**292,202**	**23,233**	**1,314,044**	**46,586**	**11,797**

	Other collateral					
	December 31, 2020					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
Amazon Region	$ 11,782	735	396	1,348	366	229
Andean Region	15,335,113	201,744	28,167	941,130	93,666	16,289
Caribbean Region	1,939,987	50,239	5,110	137,638	36,341	3,075
Island Region	8,052	455	105	869	117	56
Orinoco Region	70,923	3,917	1,434	12,485	2,440	789
Pacific Region	20,067	611	291	1,616	319	181
Miami	2,512,481	6,027	0	119,948	1,380	0
New York	1,804,174	8,514	0	142,415	1,761	0
Panamá	58,167	944	0	703	11	0
	21,760,746	**273,186**	**35,503**	**1,358,152**	**136,401**	**20,619**
Consumer						
Amazon Region	220,172	4,206	697	16,369	978	257
Andean Region	9,488,541	224,740	60,903	809,147	56,467	19,709
Caribbean Region	1,605,479	41,962	11,713	155,608	12,394	4,347
Island Region	33,703	1,021	194	3,731	352	88
Orinoco Region	633,685	14,787	3,117	58,170	4,016	1,149
Pacific Region	164,765	3,859	805	14,030	922	278
	12,146,345	**290,575**	**77,429**	**1,057,055**	**75,129**	**25,828**
Microcredit						
Amazon Region	2,788	229	69	333	97	45

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	Other collateral					
	December 31, 2020					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Andean Region	153,118	12,246	3,770	20,299	4,982	2,527
Caribbean Region	28,886	2,663	925	4,265	1,160	633
Island Region	174	13	4	45	3	3
Orinoco Region	6,700	685	291	1,501	333	185
Pacific Region	2,971	212	76	475	91	53
	194,637	**16,048**	**5,135**	**26,918**	**6,666**	**3,446**
Repos, interbank and others						
Andean Region	0	0	1,364,389	0	0	0
Caribbean Region	0	0	5	0	0	0
Panamá	0	0	14	0	0	0
	0	**0**	**1,364,408**	**0**	**0**	**0**
General Allowance	$ **0**	**0**	**0**	**665,637**	**13,611**	**0**
Total	**34,101,728**	**579,809**	**1,482,475**	**3,107,762**	**231,807**	**49,893**

	Suitable collateral					
	December 31, 2019					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
Amazon Region	$ 16,879	65	2	1,104	3	0
Andean Region	14,145,154	132,760	650	834,053	7,969	116
Caribbean Region	1,814,662	18,054	54	69,701	1,020	7
Island Region	7,939	39	0	194	1	0
Orinoco Region	110,222	822	5	6,620	23	0
Pacific Region	21,386	110	1	1,364	3	0
	16,116,242	**151,850**	**712**	**913,036**	**9,019**	**123**
Consumer						
Amazon Region	5,008	43	1	423	1	0
Andean Region	879,265	6,346	165	44,891	148	20
Caribbean Region	119,176	1,073	39	9,372	22	5
Island Region	638	5	0	16	0	0
Orinoco Region	21,212	191	3	1,029	6	0
Pacific Region	2,681	22	1	136	0	0
	1,027,980	**7,680**	**209**	**55,867**	**177**	**25**
Mortgage						
Amazon Region	6,468	40	5	70	5	1
Andean Region	2,951,105	18,920	3,515	42,242	889	1,126
Caribbean Region	477,474	2,377	743	8,321	238	334
Island Region	2,857	18	3	62	0	2
Orinoco Region	88,238	474	214	2,644	83	149
Pacific Region	6,340	31	10	127	4	5
	3,532,482	**21,860**	**4,490**	**53,466**	**1,219**	**1,617**
Microcredit						
Amazon Region	2,075	11	0	441	0	0
Andean Region	86,669	262	3	11,514	4	0
Caribbean Region	19,139	54	1	2,629	1	0
Island Region	137	0	0	16	0	0
Orinoco Region	8,625	49	0	1,518	2	0
Pacific Region	2,047	8	0	267	0	0
	118,692	**384**	**4**	**16,385**	**7**	**0**
Commercial financial leases						
Amazon Region	1,275	8	16	169	1	7
Andean Region	2,664,009	32,825	7,340	181,381	20,103	6,124
Caribbean Region	233,093	2,536	432	37,307	1,682	252
Island Region	504	3	6	25	1	4

(Continued)

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	Suitable collateral					
	December 31, 2019					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Orinoco Region	22,673	531	263	4,129	341	192
Pacific Region	3,365	18	28	274	8	24
Panamá	71	0	0	2	0	0
	2,924,990	**35,921**	**8,085**	**223,287**	**22,136**	**6,603**
Consumer financial leases						
Andean Region	7,398	44	204	373	7	117
Caribbean Region	608	19	26	111	17	23
Orinoco Region	74	1	2	34	1	2
	8,080	**64**	**232**	**518**	**25**	**142**
Mortgage financial leases						
Amazon Region	435	1	0	4	0	0
Andean Region	411,897	1,884	597	5,075	123	156
Caribbean Region	63,218	263	92	970	33	47
Orinoco Region	4,711	23	4	62	0	1
Pacific Region	90	0	0	1	0	0
	480,351	**2,171**	**693**	**6,112**	**156**	**204**
General Allowance	**0**	**0**	**0**	**38,753**	**0**	**0**
Total	$ **24,208,817**	**219,930**	**14,425**	**1,307,424**	**32,739**	**8,714**

	Other collateral					
	December 31, 2019					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
Amazon Region	$ 13,682	538	280	1,326	202	144
Andean Region	15,814,433	196,401	19,935	823,048	60,898	11,438
Caribbean Region	1,980,540	40,782	3,880	93,657	17,107	2,711
Island Region	8,584	62	55	453	14	40
Orinoco Region	74,956	3,645	1,267	13,752	2,370	803
Pacific Region	13,335	322	194	1,431	170	130
Miami	2,128,334	10,037	0	27,069	125	0
New York	2,188,283	15,017	0	28,618	188	0
Panamá	70,454	1,347	0	855	16	0
	22,292,601	**268,151**	**25,611**	**990,209**	**81,090**	**15,266**
Consumer						
Amazon Region	112,980	1,636	389	8,386	294	123
Andean Region	9,792,519	125,553	40,356	709,954	21,301	11,803
Caribbean Region	1,193,354	16,695	6,949	111,166	3,749	2,508
Island Region	26,677	366	99	1,654	42	19
Orinoco Region	465,924	6,258	1,889	39,249	1,215	614
Pacific Region	103,430	1,432	446	8,472	246	132
	11,694,884	**151,940**	**50,128**	**878,881**	**26,847**	**15,199**
Microcredit						
Amazon Region	3,195	100	34	282	33	25
Andean Region	204,132	5,986	2,120	20,271	1,520	1,868
Caribbean Region	35,460	1,003	577	4,345	285	465
Island Region	216	6	2	26	1	1
Orinoco Region	8,540	320	196	1,353	137	153
Pacific Region	3,612	105	55	422	33	45
	255,155	**7,520**	**2,984**	**26,699**	**2,009**	**2,557**
Repos, interbank and others						
Andean Region	0	0	40,553	0	0	0
	0	**0**	**40,553**	**0**	**0**	**0**
General Allowance	**0**	**0**	**0**	**3,738**	**0**	**0**
Total	$ **34,242,640**	**427,611**	**119,276**	**1,899,527**	**109,946**	**33,022**

(Continued)

11.6 Loan portfolio by type of currency

		December 31, 2020				December 31, 2019			
		Colombian pesos	Foreign currency	UVR (1)	Total	Colombian pesos	Foreign currency	UVR (1)	Total
Commercial	$	36,089,039	5,438,896	0	41,527,935	32,996,701	5,858,466	0	38,855,167
Consumer		13,755,935	0	0	13,755,935	12,932,821	0	0	12,932,821
Mortgage		4,133,759	0	1,740	4,135,499	3,556,173	0	2,659	3,558,832
Microcredit		346,110	0	0	346,110	384,739	0	0	384,739
Commercial leases		2,986,647	34,140	0	3,020,787	2,936,195	32,801	0	2,968,996
Consumer leases		6,173	0	0	6,173	8,376	0	0	8,376
Mortgage leases		503,722	0	0	503,722	483,215	0	0	483,215
Repos, interbank and others		1,355,716	8,692	0	1,364,408	38,779	1,774	0	40,553
Total	$	**59,177,101**	**5,481,728**	**1,740**	**64,660,569**	**53,336,999**	**5,893,041**	**2,659**	**59,232,699**

(1) Real value unit.

11.7 Loan portfolio by maturity

		December 31, 2020					
		0 to 1 year	1 to 3 year	3 to 5 year	5 to 10 year	More than 10 years	Total
Commercial	$	20,241,239	11,554,417	5,950,434	3,367,314	414,531	41,527,935
Consumer		4,362,028	4,553,762	2,778,814	2,050,907	10,424	13,755,935
Mortgage		255,041	413,479	456,610	1,230,354	1,780,015	4,135,499
Microcredit		176,371	143,226	20,406	5,779	328	346,110
Commercial leases		678,663	858,544	651,456	782,461	49,663	3,020,787
Consumer leases		2,933	2,070	1,167	3	0	6,173
Mortgage leases		25,035	39,476	46,588	139,514	253,109	503,722
Repos, interbank and others		1,364,408	0	0	0	0	1,364,408
Total	$	27,105,718	17,564,974	9,905,475	7,576,332	2,508,070	64,660,569

		December 31, 2019					
		0 to 1 year	1 to 3 year	3 to 5 year	5 to 10 year	More than 10 years	Total
Commercial	$	19,157,514	9,689,899	5,920,750	3,658,685	428,319	38,855,167
Consumer		4,329,159	4,633,565	2,497,518	1,469,485	3,094	12,932,821
Mortgage		208,798	384,737	417,129	1,123,742	1,424,426	3,558,832
Microcredit		205,244	166,745	10,584	2,166	0	384,739
Commercial leases		609,364	848,334	637,214	861,111	12,973	2,968,996
Consumer leases		4,882	3,024	470	0	0	8,376
Mortgage leases		21,440	40,499	46,432	138,869	235,975	483,215
Repos, interbank and others		40,553	0	0	0	0	40,553
Total	$	**24,576,954**	**15,766,803**	**9,530,097**	**7,254,058**	**2,104,787**	**59,232,699**

11.8 Restructured loan portfolio

		December 31, 2020					
					Allowance		
		Principal	Interest	Others	Principal	Interest	Others
Commercial							
Law 1116	$	347,298	4,109	400	244,122	3,880	400
Law 550		2,253	117	0	1,642	117	0
Ordinary		291,830	12,188	1,806	121,545	11,034	1,742
Universal processes pending of creditors		1,269,752	46,389	5,280	683,965	46,309	5,268

(Continued)

	December 31, 2020					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Other types of restructuring	148,985	3,192	355	146,300	3,192	355
	2,060,118	**65,995**	**7,841**	**1,197,574**	**64,532**	**7,765**
Consumer						
Law 1116	964	9	13	847	9	13
Ordinary	320,364	11,442	3,694	198,449	9,609	3,246
Universal processes pending of creditors	15,492	760	527	13,847	760	527
Other types of restructuring	1,334	46	32	970	46	32
	338,154	**12,257**	**4,266**	**214,113**	**10,424**	**3,818**
Mortgage						
Law 1116	403	0	0	4	0	0
Ordinary	7,210	49	77	732	36	75
Universal processes pending of creditors	4,364	75	101	1,515	75	101
Other types of restructuring	266	5	8	91	5	8
	12,243	**129**	**186**	**2,342**	**116**	**184**
Microcredit						
Ordinary	9,314	268	423	6,084	246	414
Universal processes pending of creditors	63	2	6	60	2	6
	9,377	**270**	**429**	**6,144**	**248**	**420**
Commercial financial leases						
Law 1116	8,695	99	88	8,590	99	88
Law 550	78	0	0	1	0	0
Ordinary	152,622	710	580	84,127	705	578
Universal processes pending of creditors	99,778	4,916	1,918	67,612	4,843	1,916
Other types of restructuring	15,251	1,312	452	12,358	1,312	452
	276,424	**7,037**	**3,038**	**172,688**	**6,959**	**3,034**
Consumer financial leases						
Universal processes pending of creditors	102	14	22	102	14	22
	102	**14**	**22**	**102**	**14**	**22**
Mortgage financial leases						
Ordinary	456	3	2	5	3	2
Universal processes pending of creditors	1,381	27	6	73	0	5
	1,837	**30**	**8**	**78**	**3**	**7**
Totals						
Law 1116	357,360	4,217	501	253,563	3,988	501
Law 550	2,331	117	0	1,643	117	0
Ordinary	781,796	24,660	6,582	410,942	21,633	6,057
Universal processes pending of creditors	1,390,932	52,183	7,860	767,174	52,003	7,845
Other types of restructuring	165,836	4,555	847	159,719	4,555	847
Total	$ **2,698,255**	**85,732**	**15,790**	**1,593,041**	**82,296**	**15,250**

	December 31, 2019					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
Law 1116	$ 373,530	4,120	420	237,332	3,256	420
Law 550	4,824	118	4	3,846	117	4
Ordinary	363,486	14,367	1,922	97,553	12,123	1,844
Universal processes pending of creditors	525,934	28,271	2,794	252,646	28,246	2,357
Other types of restructuring	495,255	3,082	250	486,577	3,015	250
	1,763,029	**49,958**	**5,390**	**1,077,954**	**46,757**	**4,875**
Consumer						
Law 1116	1,000	10	14	922	10	14
Ordinary	443,743	8,417	3,273	268,563	6,874	2,913

(Continued)

	December 31, 2019					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Universal processes pending of creditors	11,165	566	344	10,399	566	344
Other types of restructuring	910	73	16	734	73	16
	456,818	**9,066**	**3,647**	**280,618**	**7,523**	**3,287**
Mortgage						
Law 1116	415	0	0	4	0	0
Ordinary	7,694	20	46	683	11	45
Universal processes pending of creditors	3,304	50	61	966	50	61
Other types of restructuring	175	18	21	175	18	21
	11,588	**88**	**128**	**1,828**	**79**	**127**
Microcredit						
Ordinary	14,204	215	532	8,676	199	530
Universal processes pending of creditors	32	1	4	28	1	4
	14,236	**216**	**536**	**8,704**	**200**	**534**
Commercial financial leases						
Law 1116	9,623	203	150	9,434	203	150
Law 550	92	0	0	6	0	0
Ordinary	151,380	351	466	83,280	335	463
Universal processes pending of creditors	100,551	4,546	1,371	54,363	4,178	1,226
Other types of restructuring	3,162	247	310	3,109	247	310
	264,808	**5,347**	**2,297**	**150,192**	**4,963**	**2,149**
Consumer financial leases						
Universal processes pending of creditors	102	14	15	99	14	15
	102	**14**	**15**	**99**	**14**	**15**
Mortgage financial leases						
Ordinary	464	7	1	5	0	0
Universal processes pending of creditors	756	7	1	8	0	0
	1,220	**14**	**2**	**13**	**0**	**0**
Totals						
Law 1116	384,568	4,333	584	247,692	3,469	584
Law 550	4,916	118	4	3,852	117	4
Ordinary	980,971	23,377	6,240	458,760	19,542	5,795
Universal processes pending of creditors	641,844	33,455	4,590	318,509	33,055	4,007
Other types of restructuring	499,502	3,420	597	490,595	3,353	597
Total	$ **2,511,801**	**64,703**	**12,015**	**1,519,408**	**59,536**	**10,987**

11.9 Restructured loan portfolio by type of risk

	Suitable collateral						
	December 31, 2020						
					Allowances		
	No. Loans	Principal	Interest	Others	Principal	Interest	Others
Commercial							
A – Normal	27	$ 289	0	0	7	0	0
B – Acceptable	51	9,377	43	0	563	2	0
C – Appreciable	345	192,341	807	1	28,823	636	0
D – Significant	833	511,002	4,124	536	275,534	4,124	536
E – Uncollectible	256	99,472	250	1	99,472	250	1
	1,512	**812,481**	**5,224**	**538**	**404,399**	**5,012**	**537**
Consumer							
A – Normal	115	2,376	13	2	92	0	0
B – Acceptable	36	625	1	0	54	0	0
C – Appreciable	162	2,943	5	1	491	1	0
D – Significant	513	11,058	8	1	6,354	8	1
E – Uncollectible	51	1,701	0	1	1,701	0	1
	877	**18,703**	**27**	**5**	**8,692**	**9**	**2**

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	Suitable collateral						
	December 31, 2020						
					Allowances		
	No. Loans	Principal	Interest	Others	Principal	Interest	Others
Mortgage							
A – Normal	53	3,985	27	17	40	15	15
B – Acceptable	33	2,427	42	19	102	42	19
C – Appreciable	10	915	2	12	92	1	12
D – Significant	11	980	10	16	196	10	16
E – Uncollectible	36	3,936	48	122	1,912	48	122
	143	**12,243**	**129**	**186**	**2,342**	**116**	**184**
Microcredit							
A – Normal	23	158	0	0	2	0	0
B – Acceptable	53	365	0	0	12	0	0
C – Appreciable	70	459	0	0	92	0	0
D – Significant	71	555	0	0	277	0	0
E – Uncollectible	195	1,910	0	0	1,910	0	0
	412	**3,447**	**0**	**0**	**2,293**	**0**	**0**
Commercial financial leases							
A – Normal	1	78	0	0	1	0	0
B – Acceptable	3	96	0	0	2	0	0
C – Appreciable	44	15,050	268	13	1,597	190	9
D – Significant	316	199,843	3,445	1,354	109,731	3,445	1,354
E – Uncollectible	240	61,357	3,324	1,671	61,357	3,324	1,671
	604	**276,424**	**7,037**	**3,038**	**172,688**	**6,959**	**3,034**
Consumer financial leases							
E – Uncollectible	3	102	14	22	102	14	22
	3	**102**	**14**	**22**	**102**	**14**	**22**
Mortgage financial leases							
A – Normal	4	1,581	30	3	16	3	2
D – Significant	1	149	0	3	30	0	3
E – Uncollectible	2	107	0	2	32	0	2
	7	**1,837**	**30**	**8**	**78**	**3**	**7**
Total restructured	**3,558**	$ **1,125,237**	**12,461**	**3,797**	**590,594**	**12,113**	**3,786**

	Other collateral						
	Diciembre 31, 2020						
					Allowance		
	No. Loans	Principal	Interest	Others	Principal	Interest	Others
Commercial							
A – Normal	34	$ 1,794	6	2	27	2	1
B – Acceptable	155	4,543	21	23	526	6	11
C – Appreciable	750	169,466	7,544	259	28,571	6,312	197
D – Significant	2,455	723,515	36,122	4,658	415,732	36,122	4,658
E – Uncollectible	2,446	348,319	17,078	2,361	348,319	17,078	2,361
	5,840	**1,247,637**	**60,771**	**7,303**	**793,175**	**59,520**	**7,228**
Consumer							
A – Normal	4,632	23,028	678	288	1,721	184	112
B – Acceptable	4,167	19,150	577	225	3,196	228	112
C – Appreciable	8,450	58,098	2,445	574	11,858	1,473	418
D – Significant	23,950	167,144	6,492	1,988	136,615	6,492	1,988
E – Uncollectible	5,578	52,031	2,038	1,186	52,031	2,038	1,186
	46,777	**319,451**	**12,230**	**4,261**	**205,421**	**10,415**	**3,816**
Microcredit							
A – Normal	65	226	4	12	1	3	11
B – Acceptable	117	753	28	30	24	17	27
C – Appreciable	164	868	44	42	174	34	37

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	Other collateral						
	Diciembre 31, 2020						
					Allowance		
	No. Loans	Principal	Interest	Others	Principal	Interest	Others
D – Significant	158	862	47	49	431	47	49
E – Uncollectible	535	3,221	147	296	3,221	147	296
	1,039	**5,930**	**270**	**429**	**3,851**	**248**	**420**
Total restructured	**53,656**	$ **1,573,018**	**73,271**	**11,993**	**1,002,447**	**70,183**	**11,464**

	Suitable collateral						
	December 31, 2019						
					Allowances		
	No. Loans	Principal	Interest	Others	Principal	Interest	Others
Commercial							
A – Normal	1	$ 5,443	0	0	68	0	0
B – Acceptable	100	15,364	132	1	834	7	0
C – Appreciable	306	305,773	3,468	537	31,108	3,068	98
D – Significant	833	234,826	2,122	2	125,171	2,122	2
E – Uncollectible	162	424,160	0	0	424,160	0	0
	1,402	**985,566**	**5,722**	**540**	**581,341**	**5,197**	**100**
Consumer							
A – Normal	141	2,824	7	1	93	0	0
B – Acceptable	55	1,250	7	1	92	1	0
C – Appreciable	188	3,362	7	0	507	1	0
D – Significant	607	13,116	15	1	7,274	15	1
E – Uncollectible	53	1,783	0	0	1,783	0	0
	1,044	**22,335**	**36**	**3**	**9,749**	**17**	**1**
Mortgage							
A – Normal	63	4,918	10	11	49	1	10
B – Acceptable	23	1,731	12	5	66	12	5
C – Appreciable	4	451	1	4	45	1	4
D – Significant	23	1,539	14	17	308	14	17
E – Uncollectible	28	2,949	51	91	1,360	51	91
	141	**11,588**	**88**	**128**	**1,828**	**79**	**127**
Microcredit							
A – Normal	60	392	0	0	4	0	0
B – Acceptable	77	542	1	0	17	0	0
C – Appreciable	100	700	0	0	140	0	0
D – Significant	145	1,098	0	0	549	0	0
E – Uncollectible	303	2,496	2	0	2,496	2	0
	685	**5,228**	**3**	**0**	**3,206**	**2**	**0**
Commercial financial leases							
A – Normal	2	187	0	0	5	0	0
B – Acceptable	3	144	0	0	7	0	0
C – Appreciable	220	42,621	1,487	219	4,178	1,103	71
D – Significant	159	169,323	1,501	957	93,469	1,501	957
E – Uncollectible	191	52,533	2,359	1,121	52,533	2,359	1,121
	575	**264,808**	**5,347**	**2,297**	**150,192**	**4,963**	**2,149**
Consumer financial leases							
D – Significant	2	90	14	12	87	14	12
E – Uncollectible	1	12	0	3	12	0	3
	3	**102**	**14**	**15**	**99**	**14**	**15**
Mortgage financial leases							
A – Normal	3	1,220	14	2	13	0	0
	3	**1,220**	**14**	**2**	**13**	**0**	**0**
Total restructured	**3,853**	$ **1,290,847**	**11,224**	**2,985**	**746,428**	**10,272**	**2,392**

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	Other collateral						
	December 31, 2019						
					Allowance		
	No. Loans	Principal	Interest	Others	Principal	Interest	Others
Commercial							
A – Normal	18	$ 17,441	269	0	261	4	0
B – Acceptable	299	13,023	848	28	787	23	17
C – Appreciable	901	143,732	9,455	279	19,350	7,869	215
D – Significant	3,401	319,402	23,590	2,893	192,350	23,590	2,893
E – Uncollectible	2,105	283,865	10,074	1,650	283,865	10,074	1,650
	6,724	**777,463**	**44,236**	**4,850**	**496,613**	**41,560**	**4,775**
Consumer							
A – Normal	6,684	34,878	411	195	2,542	58	57
B – Acceptable	6,680	29,487	669	221	4,455	170	91
C – Appreciable	10,478	67,477	1,014	203	12,749	342	113
D – Significant	40,148	243,384	5,056	1,908	191,870	5,056	1,908
E – Uncollectible	7,278	59,257	1,880	1,117	59,253	1,880	1,117
	71,268	**434,483**	**9,030**	**3,644**	**270,869**	**7,506**	**3,286**
Microcredit							
A – Normal	165	707	2	8	7	1	8
B – Acceptable	165	932	10	19	29	7	18
C – Appreciable	231	1,251	29	16	251	18	15
D – Significant	327	1,814	35	56	907	35	56
E – Uncollectible	868	4,304	137	437	4,304	137	437
	1,756	**9,008**	**213**	**536**	**5,498**	**198**	**534**
Total restructured	**79,748**	**$ 1,220,954**	**53,479**	**9,030**	**772,980**	**49,264**	**8,595**

11.10 Restructured loan portfolio by economic sector

	December 31, 2020						
	Commercial	Consumer	Mortgages	Microcredit	Financial leases	Total	Share %
Agriculture, livestock, forestry and fishing	$ 66,535	7,650	45	597	10,462	85,289	3.05%
Mining and quarrying	94,232	678	0	0	33,532	128,442	4.59%
Manufacturing industries	503,081	7,661	1,033	1,061	45,905	558,741	19.95%
Supply of electricity, gas, steam and air conditioning	488	58	0	22	0	568	0.02%
Water distribution; waste water evacuation and treatment, waste management and environmental sanitation activities	1,155	228	0	32	40	1,455	0.05%
Construction	302,506	6,195	207	97	20,874	329,879	11.78%
Wholesale and retail, automobile and motorcycle repair	290,966	29,818	1,441	4,636	25,371	352,232	12.58%
Transport, storage	545,288	14,510	215	576	138,156	698,745	24.96%
Accommodation and food services	47,936	4,190	501	884	925	54,436	1.94%
Information and communications	25,035	1,453	0	103	0	26,591	0.95%
Financial and insurance activities	47,969	641	0	6	0	48,616	1.74%
Real estate activities	57,965	1,274	256	6	951	60,452	2.16%
Professional, scientific and technical activities	70,862	32,094	1,419	587	3,159	108,121	3.86%
Administrative services and support activities	30,356	2,910	275	207	6,054	39,802	1.42%
Public administration and defense; social security plans with mandatory affiliation	4,877	0	0	0	96	4,973	0.18%
Education	3,346	1,168	216	2	0	4,732	0.17%

(Continued)

	December 31, 2020						
	Commercial	Consumer	Mortgages	Microcredit	Financial leases	Total	Share %
Human health care and social assistance activities	12,538	4,073	94	71	240	17,016	0.61%
Artistic, entertainment and recreational activities	3,130	936	0	51	318	4,435	0.16%
Other service activities	3,074	2,269	189	280	250	6,062	0.22%
Activities of individual households as employers	0	14	0	0	0	14	0.00%
Salaried employee	9,148	227,169	5,486	776	2,179	244,758	8.74%
Capital investors	13,467	9,688	1,181	82	0	24,418	0.87%
Total	$ **2,133,954**	**354,677**	**12,558**	**10,076**	**288,512**	**2,799,777**	**100.00%**

	December 31, 2019						
	Commercial	Consumer	Mortgages	Microcredit	Financial leases	Total	Share %
Agriculture, livestock, forestry and fishing	$ 50,695	9,442	134	1,085	1,497	62,853	2.43%
Mining and quarrying	96,377	716	0	10	32,244	129,347	5.00%
Manufacturing industries	454,816	11,042	989	1,702	39,812	508,361	19.64%
Supply of electricity, gas, steam and air conditioning	5,910	80	0	25	0	6,015	0.23%
Water distribution; waste water evacuation and treatment, waste management and environmental sanitation activities	1,105	169	0	16	0	1,290	0.05%
Construction	669,870	8,608	297	170	21,335	700,280	27.05%
Wholesale and retail, automobile and motorcycle repair	209,125	39,295	1,228	6,882	22,545	279,075	10.78%
Transport, storage	35,599	18,349	176	724	139,501	194,349	7.51%
Accommodation and food services	42,969	5,283	504	1,225	3,644	53,625	2.07%
Information and communications	21,240	1,949	0	132	0	23,321	0.90%
Financial and insurance activities	27,372	813	0	2	0	28,187	1.09%
Real estate activities	47,901	1,353	254	10	947	50,465	1.95%
Professional, scientific and technical activities	76,388	43,328	1,641	801	3,396	125,554	4.85%
Administrative services and support activities	31,034	3,478	294	257	6,543	41,606	1.61%
Public administration and defense; social security plans with mandatory affiliation	5,449	0	0	0	52	5,501	0.21%
Education	4,144	1,289	0	41	0	5,474	0.21%
Human health care and social assistance activities	13,388	4,391	94	77	0	17,950	0.69%
Artistic, entertainment and recreational activities	356	1,477	0	62	248	2,143	0.08%
Other service activities	3,136	2,791	188	485	377	6,977	0.27%
Activities of individual households as employers	0	23	0	0	0	23	0.00%
Salaried employee	10,913	304,344	5,151	1,203	1,678	323,289	12.49%
Capital investors	10,590	11,311	854	79	0	22,834	0.89%
Total	$ **1,818,377**	**469,531**	**11,804**	**14,988**	**273,819**	**2,588,519**	**100.00%**

11.11 Restructured loan portfolio by geographic area

	Suitable collateral					
	December 31, 2020					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
Amazon Region	$ 355	0	0	232	0	0

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	Suitable collateral					
	December 31, 2020					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Andean Region	718,120	3,861	537	362,143	3,656	537
Caribbean Region	86,198	1,358	1	37,634	1,356	0
Orinoco Region	7,354	2	0	4,183	0	0
Pacific Region	454	3	0	207	0	0
	812,481	**5,224**	**538**	**404,399**	**5,012**	**537**
Consumer						
Amazon Region	186	0	0	76	0	0
Andean Region	14,880	23	4	6,931	8	2
Caribbean Region	3,208	4	1	1,431	1	0
Orinoco Region	428	0	0	253	0	0
Pacific Region	1	0	0	1	0	0
	18,703	**27**	**5**	**8,692**	**9**	**2**
Mortgage						
Andean Region	8,557	100	137	1,767	88	137
Caribbean Region	2,755	24	35	397	24	34
Orinoco Region	931	5	14	178	4	13
	12,243	**129**	**186**	**2,342**	**116**	**184**
Microcredit						
Amazon Region	74	0	0	54	0	0
Andean Region	2,461	0	0	1,612	0	0
Caribbean Region	562	0	0	379	0	0
Island Region	26	0	0	13	0	0
Orinoco Region	249	0	0	181	0	0
Pacific Region	75	0	0	54	0	0
	3,447	**0**	**0**	**2,293**	**0**	**0**
Commercial financial leases						
Andean Region	234,751	4,888	2,806	135,406	4,810	2,802
Caribbean Region	36,067	1,641	86	33,763	1,641	86
Orinoco Region	5,606	508	146	3,519	508	146
	276,424	**7,037**	**3,038**	**172,688**	**6,959**	**3,034**
Consumer financial leases						
Andean Region	12	0	5	12	0	5
Caribbean Region	90	14	17	90	14	17
	102	**14**	**22**	**102**	**14**	**22**
Mortgage financial leases						
Andean Region	1,837	30	8	78	3	7
	1,837	**30**	**8**	**78**	**3**	**7**
Total	$ **1,125,237**	**12,461**	**3,797**	**590,594**	**12,113**	**3,786**

	Other Collateral					
	December 31, 2020					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
Amazon Region	$ 163	12	19	126	12	19
Andean Region	706,317	49,091	6,023	535,216	47,859	5,959
Caribbean Region	56,645	8,166	1,014	39,294	8,151	1,003
Island Region	149	1	17	147	1	17
Orinoco Region	3,972	482	218	2,977	478	218
Pacific Region	310	17	12	227	17	12
Miami	179,348	1,323	0	91,853	1,323	0
New York	300,733	1,679	0	123,335	1,679	0
	1,247,637	**60,771**	**7,303**	**793,175**	**59,520**	**7,228**
Consumer						
Amazon Region	3,461	100	34	1,957	88	32

(Continued)

	Other Collateral					
	December 31, 2020					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Andean Region	246,682	9,329	3,281	157,826	7,892	2,919
Caribbean Region	48,109	1,955	692	31,693	1,694	630
Island Region	1,021	36	11	674	32	10
Orinoco Region	16,060	673	208	10,826	602	195
Pacific Region	4,118	137	35	2,445	107	30
	319,451	**12,230**	**4,261**	**205,421**	**10,415**	**3,816**
Microcredit						
Amazon Region	48	6	5	23	6	5
Andean Region	4,419	190	311	2,824	175	305
Caribbean Region	944	39	79	622	34	76
Island Region	26	0	0	13	0	0
Orinoco Region	353	28	24	264	26	24
Pacific Region	140	7	10	105	7	10
	5,930	**270**	**429**	**3,851**	**248**	**420**
Total	$ **1,573,018**	**73,271**	**11,993**	**1,002,447**	**70,183**	**11,464**

	Suitable collateral					
	December 31, 2019					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
Amazon Region	$ 151	0	0	34	0	0
Andean Region	898,357	4,918	539	549,329	4,406	99
Caribbean Region	78,910	796	1	28,961	787	1
Island Region	101	1	0	28	0	0
Orinoco Region	7,702	7	0	2,773	4	0
Pacific Region	345	0	0	216	0	0
	985,566	**5,722**	**540**	**581,341**	**5,197**	**100**
Consumer						
Amazon Region	207	1	0	108	0	0
Andean Region	17,949	30	3	7,651	16	1
Caribbean Region	3,693	4	0	1,747	0	0
Orinoco Region	485	1	0	242	1	0
Pacific Region	1	0	0	1	0	0
	22,335	**36**	**3**	**9,749**	**17**	**1**
Mortgage						
Andean Region	7,779	47	80	1,180	40	79
Caribbean Region	2,996	36	41	461	35	41
Orinoco Region	813	5	7	187	4	7
	11,588	**88**	**128**	**1,828**	**79**	**127**
Microcredit						
Amazon Region	87	0	0	56	0	0
Andean Region	3,764	1	0	2,258	1	0
Caribbean Region	869	0	0	545	0	0
Island Region	27	0	0	13	0	0
Orinoco Region	381	2	0	272	1	0
Pacific Region	100	0	0	62	0	0
	5,228	**3**	**0**	**3,206**	**2**	**0**
Commercial financial leases						
Andean Region	223,389	3,455	2,145	116,397	3,127	2,008
Caribbean Region	35,354	1,568	49	30,878	1,540	38
Orinoco Region	5,651	324	100	2,772	296	100
Pacific Region	414	0	3	145	0	3

(Continued)

	Suitable collateral					
	December 31, 2019					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
	264,808	**5,347**	**2,297**	**150,192**	**4,963**	**2,149**
Consumer financial leases						
Andean Region	12	0	3	12	0	3
Caribbean Region	90	14	12	87	14	12
	102	**14**	**15**	**99**	**14**	**15**
Mortgage financial leases						
Andean Region	1,220	14	2	13	0	0
	1,220	**14**	**2**	**13**	**0**	**0**
Total	$ **1,290,847**	**11,224**	**2,985**	**746,428**	**10,272**	**2,392**

	Other Collateral					
	December 31, 2019					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
Amazon Region	$ 181	8	7	129	6	7
Andean Region	711,956	36,085	3,698	447,339	33,444	3,631
Caribbean Region	58,180	7,636	897	44,058	7,614	891
Island Region	233	1	24	177	1	24
Orinoco Region	6,154	473	198	4,361	464	196
Pacific Region	759	33	26	549	31	26
	777,463	**44,236**	**4,850**	**496,613**	**41,560**	**4,775**
Consumer						
Amazon Region	3,639	94	25	2,089	75	22
Andean Region	342,826	7,028	2,829	212,116	5,807	2,540
Caribbean Region	62,242	1,371	589	40,300	1,167	540
Island Region	899	15	4	459	12	4
Orinoco Region	20,413	450	162	13,385	390	149
Pacific Region	4,464	72	35	2,520	55	31
	434,483	**9,030**	**3,644**	**270,869**	**7,506**	**3,286**
Microcredit						
Amazon Region	89	3	4	47	3	4
Andean Region	6,926	151	385	4,091	139	383
Caribbean Region	1,357	39	97	911	37	97
Island Region	27	0	0	13	0	0
Orinoco Region	448	16	37	329	15	37
Pacific Region	161	4	13	107	4	13
	9,008	**213**	**536**	**5,498**	**198**	**534**
Total	$ **1,220,954**	**53,479**	**9,030**	**772,980**	**49,264**	**8,595**

11.12 Portfolio write-offs

	December 31, 2020			
	Principal	Interest	Others	Total
Commercial	$ 437,741	6,871	5,651	450,263
Consumer	536,878	20,377	17,224	574,479
Mortgage	3,948	75	162	4,185
Microcredit	29,583	1,355	2,181	33,119
Commercial leases	4,866	790	638	6,294
Consumer leases	147	2	64	213
Mortgage leases	0	1	10	11
Total	$ **1,013,163**	**29,471**	**25,930**	**1,068,564**

(Continued)

		December 31, 2019			
		Principal	Interest	Others	Total
Commercial	$	607,999	14,172	8,223	630,394
Consumer		663,338	25,733	23,780	712,851
Mortgage		4,815	64	141	5,020
Microcredit		30,572	1,496	3,233	35,301
Commercial leases		16,832	571	1,607	19,010
Consumer leases		973	14	234	1,221
Mortgage leases		256	7	4	267
Total	$	**1,324,785**	**42,057**	**37,222**	**1,404,064**

11.13 Recovery of write-offs and loan portfolio allowances:

		December 31, 2020		December 31, 2019	
		Recovery of loans written off	Recovery of allowance	Recovery of loans written off	Recovery of allowance
Commercial	$	10,799	374,206	43,925	424,143
Consumer		118,247	298,868	99,873	315,281
Mortgage		822	10,509	1,341	10,456
Microcredit		5,288	13,444	5,881	15,464
Commercial leases		1,722	37,405	1,002	53,017
Consumer leases		340	341	980	446
Mortgage leases		305	1,235	163	1,783
Total	$	**137,523**	**736,008**	**153,165**	**820,590**

11.14 Loan portfolio allowance and financial leases:

		Commercial	Consumer	Mortgage	Microcredit	Financial leases	Total
Balance at December 31, 2018	$	**2,004,176**	**915,866**	**80,261**	**50,383**	**214,753**	**3,265,439**
Allowance charged to expenses		1,048,647	1,102,326	32,053	52,448	90,406	2,325,880
Write-offs and forgiveness		(667,898)	(725,915)	(6,803)	(35,972)	(21,311)	(1,457,899)
Recovery of allowance		(424,141)	(315,281)	(10,456)	(15,464)	(55,248)	(820,590)
Leasing portfolio purchase of Corficolombiana		45,372	0	0	0	30,583	75,955
Effect of movements in exchange rates		2,587	0	0	0	0	2,587
Balance at December 31, 2019	$	**2,008,743**	**976,996**	**95,055**	**51,395**	**259,183**	**3,391,372**
Allowance charged to expenses (1)		1,457,627	1,535,543	50,861	59,032	95,811	3,198,874
Write-offs and forgiveness		(460,635)	(585,454)	(5,638)	(33,692)	(6,930)	(1,092,349)
Recovery of allowance		(374,206)	(298,868)	(10,509)	(13,444)	(38,981)	(736,008)
Balance at December 31, 2020	$	**2,631,529**	**1,628,217**	**129,769**	**63,291**	**309,083**	**4,761,889**

(1) Includes $630,411 additional general allowance n for COVID-19, see note 2.3 and $219,226 for Grupo Avianca.

11.15 Loan portfolio and financial leases

The following is the reconciliation of the gross investment in financial leases to the present value of the minimum payments receivable:

		December 31, 2020	December 31, 2019
Total gross rent receivable in the future	$	5,626,966	6,045,797

		December 31, 2020	December 31, 2019
Less unrealized financial income		(2,096,284)	(2,585,210)
Net investment in financial leases agreements	$	**3,530,682**	**3,460,587**

Below is a breakdown of the gross and net investment in financial leases contracts receivable:

		December 31, 2020			
		0-1 year	1-5 years	More than 5 years	Total
Gross investment in financial leases	$	130,751	1,964,878	3,531,337	5,626,966
Financial income not earned from financial leases - interest		(2,466)	(937,134)	(1,156,684)	(2,096,284)
Total minimum financial leases receivable (present value)	$	**128,285**	**1,027,744**	**2,374,653**	**3,530,682**

		December 31, 2019			
		0-1 year	1-5 years	More than 5 years	Total
Gross investment in financial leases	$	126,048	2,218,633	3,701,116	6,045,797
Financial income not earned from financial leases - interest		(1,004)	(1,204,050)	(1,380,156)	(2,585,210)
Total minimum financial leases receivable (present value)	$	**125,044**	**1,014,583**	**2,320,960**	**3,460,587**

The Bank grants loans in the form of financial leases for machinery and equipment, computer equipment, movable goods, furniture and fixtures, vehicles, trains and airplanes. The amount of financing generally fluctuates between a maximum of 100% of the value of the asset, in the case of new assets, and 70% for used assets. The installments for these loans are between 120 months maximum and 24 months minimum for borrowers who have a tax benefit. In most cases, the option to buy is a maximum of 20% of the value of the asset and a minimum of 1% in the specific case of furniture and fixtures.

11.16 Loan portfolio delivered as a guarantee

Following is a breakdown of loan portfolio that guarantees operations repo:

		December 31, 2020	
		Principal	Interest
Commercial		278,862	1,657
Total portfolio	$	**278,862**	**1,657**

Note 12 – Other accounts receivable, net

Following is a breakdown of other accounts receivable:

		December 31, 2020	December 31, 2019
Prepayments to contractors and suppliers	$	261,245	181,214
Electronic transfers in process		234,930	439,728
Abandoned account transfers to “Instituto Colombiano de Credito Educativo y Estudios Técnicos en el Exterior (ICETEX)”		182,763	149,674
Collateral deposits and others (1)		107,883	38,102
Transfers to the National Treasury - inactive accounts		39,966	38,486
Dividends		28,730	26,544
Prepaid expenses		25,156	33,952
Commissions		23,125	22,012

(Continued)

		December 31, 2020	December 31, 2019
Insufficiency in savings accounts		9,721	12,195
Buy-sell agreements		2,907	6,167
Electronic deposits Offset - Credibanco		2,474	47,036
Balances in favor of leasing operations		1,393	8,870
Other		31,721	36,029
		952,014	**1,040,009**
Allowance of the other accounts receivable		(48,971)	(42,912)
Total	$	**903,043**	**997,097**

(1) At December 31, 2020 contains deposits to guarantee the margin call for derivative instruments with offshore counterparties for $104,440.

The following are the details of activity in the allowance:

		December 31, 2020	December 31, 2019
Balance at the beginning of the period	$	**42,912**	**41,993**
Allowance charged to expenses		6,593	1,815
Write-offs and forgiveness		(43)	(35)
Recoveries		(491)	(861)
Balance at the end of the period	$	**48,971**	**42,912**

Note 13 – Non-current assets held for sale

Non-current assets held for sale are primarily assets received through foreclosure on assets pledged as loan collateral. Accordingly, the Bank's intention is to sell them immediately, and it has processes and special sales programs to foreclose assets are either sold for cash or financing for their sale is provided to potential buyers under normal market conditions. Consequently, they are expected to be sold within a period of 12 months subsequent to their classification as assets held for sale. In fact, purchase commitment agreements already exist for some of these assets. Note 7.4 on credit risk contain information on assets received through foreclosure and sold during the period.

During the years ended at December 31, 2020 and 2019, there were no changes in plans for the disposal of non-current assets held for sale.

At December 31, 2020 exist 43 assets classified as available for sale: 19 real properties (land plots, apartments, wineries and offices), 1 movables properties (vehicles), and 23 restituted assets (vehicles, offices, land plots, houses, apartments, wineries).

The following is a breakdown:

		December 31, 2020				December 31, 2019			
		Cost	Allowance	% A	Total	Cost	Allowance	% A	Total
Foreclosed assets									
Movables	$	26	(3)	12%	23	196	(196)	100%	0
Residential real estate		2,104	(1,643)	78%	461	1,958	(1,003)	51%	955
Non-mortgaged real estate		12,403	(6,519)	53%	5,884	129,713	(12,927)	10%	116,786
		14,533	**(8,165)**	**56%**	**6,368**	**131,867**	**(14,126)**	**11%**	**117,741**
Assets returned from leasing agreements									
Machinery and equipment		0	0	0%	0	584	(584)	100%	0
Vehicles		160	(157)	98%	3	80	(70)	88%	10
Property		12,734	(5,598)	44%	7,136	2,852	(1,623)	57%	1,229
Real estate leasing		565	(87)	15%	478	179	(52)	0%	127
		13,459	**(5,842)**	**43%**	**7,617**	**3,695**	**(2,329)**	**63%**	**1,366**
Total	$	**27,992**	**(14,007)**	**50%**	**13,985**	**135,562**	**(16,455)**	**12%**	**119,107**

The following table shows the activity of cost:

		December 31, 2020	December 31, 2019
Balance at the beginning of the period	$	**135,562**	**110,696**
Additions		36,070	138,789
Reclassifications (1)		(4,907)	(32,766)
Disposals / Sales		(138,668)	(75,424)
Allowance used in sales		(65)	0
Changes in fair value		0	(5,733)
Balance at the end of the period	$	**27,992**	**135,562**

(1) At December 31, 2020 transfers were made to investment property for $4,323 and other assets for $584. At December 31, 2019 transfers were made to investment property for $32,422 and other assets for $344.

The following table shows the activity in the allowance:

		Foreclose assets	Assets returned from leasing agreements	Others	Total
Balance at December 31, 2018	$	**17,284**	**11,913**	**3,552**	**32,749**
Allowance charged to expenses		13,722	2,527	0	16,249
Recoveries		(5,814)	(5,536)	0	(11,350)
Reclassifications (1)		(11,066)	(6,575)	0	(17,641)
Disposal / Sales		0	0	(3,552)	(3,552)
Balance at December 31, 2019	$	**14,126**	**2,329**	**0**	**16,455**
Allowance charged to expenses		8,168	5,933	0	14,101
Recoveries		(12,241)	(1,116)	0	(13,357)
Allowance used in sales		(3)	(62)	0	(65)
Reclassifications (2)		(1,884)	(1,243)	0	(3,127)
Balance at December 31, 2020	$	**8,166**	**5,841**	**0**	**14,007**

(1) Corresponds to transfers to property investments for $17,296 and to other assets for $344.
(2) Corresponds to transfers from assets held for sale to property investments for $2,543 and other assets for $584.

The liabilities associated with the groups of assets held for sale at December 31, 2020 and 2019, came to $4,235 and $3,838, respectively.

Marketing plan

The Bank takes the following steps to market non-current assets held for sale:

- There is a sales force specialized in real estate. It promotes sales, provides the commercial areas with support in handling proposals, visits the regions on a regular basis to strengthen efforts to market property, supports the steps taken to obtain an urban standard applicable to real estate in order to verify its highest and best potential for development, and takes part in committees to attend to and monitor the various ongoing negotiations.

- Real estate properties are visited regularly to keep the sales force and management familiar with the properties the Bank has for sale. This approach makes it possible to identify the strengths of each property, its marketing potential and state of conservation, so as to allow for effective sales management.

- Sales are promoted through advertisements in major national newspapers and in the Bank's real estate magazine. The results, in this respect, have been satisfactory. Information is sent directly to potential customers and a list of properties is published on the Banks website (www.bancodebogota.com.co).

Note 14 – Investments in subsidiaries, associates and joint ventures, net

Following is a breakdown of investments in subsidiaries, associates and joint ventures:

		December 31, 2020	December 31, 2019
Subsidiaries	$	16,843,834	16,449,111
Associates		5,421,467	4,754,642
Joint ventures		1,407	1,272
Total	$	**22,266,708**	**21,205,025**

14.1 Investments in subsidiaries

The following table shows the shareholding and book value in each subsidiary:

	December 31, 2020			December 31, 2019		
	% Shareholding		Book value	% Shareholding		Book value
	Direct	Indirect		Direct	Indirect	
Leasing Bogotá S.A. Panamá	100.00%	0.00%	$ 14,829,488	100.00%	0.00%	$ 14,666,199
Banco de Bogotá Panamá S.A.	100.00%	0.00%	458,560	100.00%	0.00%	390,588
Bogotá Finance Corporation	100.00%	0.00%	309	100.00%	0.00%	292
Fiduciaria Bogotá S.A.	94.99%	0.00%	422,946	94.99%	0.00%	368,758
Almaviva S.A.	94.93%	0.88%	65,470	94.93%	0.88%	68,085
Megalinea S.A.	94.90%	0.00%	5,444	94.90%	0.00%	4,866
Corporación Financiera Centroamericana S.A. (Ficentro) (1)	49.78%	0.00%	0	49.78%	0.00%	0
Aval Soluciones Digitales S.A. (1)	38.90%	0.00%	6,316	38.90%	0.00%	4,776
Porvenir S.A. (1)	36.51%	9.88%	1,053,560	36.51%	9.88%	944,131
Aportes en Línea S.A. (1)	2.04%	44.53%	$ 1,741	2.04%	34.65%	$ 1,416
			16,843,834			**16,449,111**

(1) Entities where the Bank has less than 50% of shareholding but carries out control activities in accordance with IFRS 10, which is why these entities are consolidated in the Bank's Financial Statements.

The following is the corporate purpose and headquarters of the subsidiaries:

	Subsidiaries	Corporate Purpose	Headquarters
1	Leasing Bogotá S.A. Panamá	Financial transactions and investment activities.	Panamá
2	Banco de Bogotá Panamá S.A.	Licensed internationally for banking outside the country.	Panamá
3	Bogotá Finance Corporation	Financial transactions and investment activities.	Cayman Islands
4	Fiduciaria Bogotá S.A.	Enters into commercial trust agreements and fiduciary mandates, as provided for by law.	Bogotá D.C.
5	Almaviva S.A.	General storage deposit, customs agent and comprehensive logistics operator.	Bogotá D.C.
6	Megalinea S.A.	A technical and administrative services company.	Bogotá D.C.
7	Corporación Financiera Centroamericana S.A. (Ficentro)	Loan recovery.	Panamá
8	Aval Soluciones Digitales S.A.	A specialized company in deposits and electronic payments.	Bogotá D.C.
9	Porvenir S.A.	Pension and severance fund manager.	Bogotá D.C.
10	Aportes en Línea S.A.	Information operator.	Bogotá D.C.

The following is financial information of the investments in subsidiaries:

(Continued)

		December 31, 2020					
		Assets	Liabilities	Equity	Income	Expenses	Net income
Leasing Bogotá S.A. Panamá	$	112,318,691	97,453,249	14,865,442	13,363,720	12,154,250	1,209,470
Banco de Bogotá Panamá S.A.		8,217,421	7,758,860	458,561	274,649	242,742	31,907
Bogotá Finance Corporation		309	0	309	4	0	4
Fiduciaria Bogotá S.A.		513,782	68,543	445,239	277,165	158,120	119,045
Almaviva S.A.		145,865	76,896	68,969	111,901	114,523	(2,622)
Megalinea S.A.		23,694	17,958	5,736	121,033	120,425	608
Corporación Financiera Centroamericana S.A. (Ficentro)		0	0	0	0	0	0
Aval Soluciones Digitales S.A.		18,617	2,380	16,237	207	6,248	(6,041)
Porvenir S.A.		3,948,518	1,309,785	2,638,733	3,165,633	2,589,446	576,187
Aportes en Línea S.A.		104,244	18,845	85,399	80,402	65,851	14,551
Total	$	**125,291,141**	**106,706,516**	**18,584,625**	**17,394,714**	**15,451,605**	**1,943,109**

		December 31, 2019					
		Assets	Liabilities	Equity	Income	Expenses	Net income
Leasing Bogotá S.A. Panamá	$	83,020,459	68,352,578	14,667,881	11,595,548	10,263,538	1,332,010
Banco de Bogotá Panamá S.A.		10,524,645	10,134,056	390,589	270,884	237,178	33,706
Bogotá Finance Corporation		292	0	292	4	0	4
Fiduciaria Bogotá S.A.		490,335	102,140	388,195	270,389	144,271	126,118
Almaviva S.A.		152,182	80,459	71,723	113,039	112,429	610
Megalinea S.A.		23,843	18,715	5,128	133,444	132,848	596
Corporación Financiera Centroamericana S.A. (Ficentro)		0	0	0	0	0	0
Aval Soluciones Digitales S.A.		13,816	1,538	12,278	309	3,123	(2,814)
Porvenir S.A.		3,617,305	1,278,297	2,339,008	2,388,401	1,818,129	570,272
Aportes en Línea S.A.		79,268	9,778	69,490	80,182	64,175	16,007
Total	$	**97,922,145**	**79,977,561**	**17,944,584**	**14,852,200**	**12,775,691**	**2,076,509**

The following is the movement of investments in subsidiaries:

		December 31, 2020	December 31, 2019
Balance at the beginning of the period	$	**16,449,111**	**14,445,212**
Share in net income		1,560,865	1,683,830
Share in other comprehensive income		(426,266)	373,032
Exchange difference (Hedge)		859,315	103,901
Dividends		(1,603,021)	(159,187)
Capitalization		3,890	2,334
		16,843,894	**16,449,122**
Impairment (1)		(60)	(11)
Balance at the end of the period	$	**16,843,834**	**16,449,111**

(1) Corresponds to investment in Ficentro S.A.

The variation as of December 31, 2020, compared to December 31, 2019, corresponds mainly to dividends declared and the recognition of equity method on Leasing Bogotá S.A. Panama for $163.291 and Porvenir S.A. for $109.429.

The following is the movement of impairment of investments in subsidiaries:

(Continued)

		December 31, 2020	December 31, 2019
Balance at the beginning of the period	$	**1,270**	**1,259**
Impairment with effect in net income		60	78
Recoveries with effect in income		0	(67)
Balance at the end of the period	$	**1,330**	**1,270**

14.2 Investments in associates

The following table shows the shareholding and book value in each associate:

	December 31, 2020			December 31, 2019		
	% Shareholding		Book value	% Shareholding		Book value
Corporación Financiera Colombiana S.A	34.07%	$	5,405,038	33.25%	$	4,741,906
Casa de Bolsa S.A.	22.80%		9,212	22.80%		8,283
Servicios de Identidad Digital S.A.S.	33.33%		4,905	33.33%		2,352
A Toda Hora S.A.	19.99%		2,312	19.99%		2,101
Total		$	**5,421,467**		$	**4,754,642**

The following is the corporate purpose and headquarters of the associates:

	Associates	**Corporate Purpose**	**Headquarters**
1	Corporación Financiera Colombiana S.A.	Specializes in a wide range of products for private banking, investmen banking, treasury operations and investments in equity securities.	Bogotá D.C.
2	Casa de Bolsa S.A.	Brokerage house (securities brokerage and securities fund management).	Bogotá D.C.
3	Servicios de Identidad Digital S.A.S.	Provide basic and special digital citizen services, and digital procedures.	Bogotá D.C.
4	A Toda Hora S.A.	Financial transactions services.	Bogotá D.C.

The following is financial information of the investments in associates:

		December 31, 2020					
		Assets	Liabilities	Equity	Income	Expenses	Net income
Corporación Financiera Colombiana S.A.	$	17,668,444	8,260,426	9,408,018	4,535,519	2,880,548	1,654,971
Casa de Bolsa S.A.		55,641	19,910	35,731	78,612	74,715	3,897
Servicios de Identidad Digital S.A.S.		16,745	2,030	14,715	198	8,538	(8,340)
A Toda Hora S.A.		12,806	1,248	11,558	12,708	11,654	1,054
Total	$	**17,753,636**	**8,283,614**	**9,470,022**	**4,627,037**	**2,975,455**	**1,651,582**

		December 31, 2019					
		Assets	Liabilities	Equity	Income	Expenses	Net income
Corporación Financiera Colombiana S.A.	$	14,798,012	7,153,586	7,644,426	3,030,591	1,464,284	1,566,307
Casa de Bolsa S.A.		35,304	3,649	31,655	61,233	59,135	2,098

(Continued)

	December 31, 2019					
	Assets	Liabilities	Equity	Income	Expenses	Net income
Servicios de Identidad Digital S.A.S.	7,824	769	7,055	1	53	(52)
A Toda Hora S.A.	11,663	1,159	10,504	11,994	10,949	1,045
Total	$ **14,852,803**	**7,159,163**	**7,693,640**	**3,103,819**	**1,534,421**	**1,569,398**

The following is the movement in investments in associates:

		December 31, 2020	December 31, 2019
Balance at beginning of the period	$	**4,754,642**	**4,159,524**
Share in net income		556,940	524,128
Share in other comprehensive income		106,504	68,621
Withholding tax for dividends		(1,953)	0
Capitalization (1)		5,333	2,369
Balance at end of the period	$	**5,421,467**	**4,754,642**

(1) Capitalization in the investment in Servicios de Identidad Digital S.A.S.

The variation in investments in associates as of December 31, 2020, compared to December 31, 2019, corresponds mainly to the increase in the book value of the investment in Corporación Financiera Colombiana S.A. for $558,621, as a result of the recognition of equity method on net income of the period.

14.3 Investments in joint ventures

The following table shows the shareholding and book value in joint ventures:

	December 31, 2020		December 31, 2019	
	% Shareholding	Book value	% Shareholding	Book value
A Toda Hora S.A.	25.00%	$ 1,407	25.00%	1,272

The following is the corporate purpose and headquarters of the joint venture:

	Joint ventures	**Corporate Purpose**	**Headquarters**
1	A Toda Hora S.A.	Financial transactions services.	Bogotá D.C.

The following is financial information of the investments in joint ventures:

	December 31, 2020					
	Assets	Liabilities	Equity	Income	Expenses	Net income
A Toda Hora S.A.	$ 53,254	47,627	5,627	285,345	284,804	541

	December 31, 2019					
	Assets	Liabilities	Equity	Income	Expenses	Net income
A Toda Hora S.A.	$ 63,787	58,701	5,086	246,564	245,665	899

The following is the movement of investments in joint ventures:

		December 31, 2020	December 31, 2019
Balance at the beginning of the period	$	**1,272**	**1,047**

Share in net income		135	225
Balance at the end of the period	$	**1,407**	**1,272**

There is no contingent liability for the Bank's shareholding in investments in associates and joint ventures.

It is not considered necessary to calculate the fair value of investments in associates and joint ventures because the cost of such assessment exceeds the benefit of disclosure, except in the case of Corporación Financiera Colombiana S.A., a company that is listed on the securities market.

Note 15 – Property, plant and equipment

The following is a breakdown of property, plant and equipment:

		December 31, 2020		
		Cost	Accumulated depreciation	Net
Land	$	154,610	0	154,610
Buildings and constructions		521,881	(212,553)	309,328
Machinery		248	(72)	176
Vehicles		3,565	(2,631)	934
Office furniture, fixtures and equipment		250,122	(192,512)	57,610
Computer hardware, networking and communications		528,447	(407,479)	120,968
Leasehold improvements		76,556	(39,126)	37,430
Construction in progress		1,226	0	1,226
Total	$	**1,536,655**	**(854,373)**	**682,282**

		December 31, 2019		
		Cost	Accumulated depreciation	Net
Land	$	159,545	0	159,545
Buildings and constructions		527,052	(191,828)	335,224
Machinery		87	(63)	24
Vehicles		3,494	(2,493)	1,001
Office furniture, fixtures and equipment		243,116	(180,277)	62,839
Computer hardware, networking and communications		512,584	(395,979)	116,605
Leasehold improvements		59,072	(37,590)	21,482
Construction in progress		8,158	0	8,158
Total	$	**1,513,108**	**(808,230)**	**704,878**

The following is the activity in property, plant and equipment:

		Balance at December 31, 2019	Additions	Disposals / Sales	Reclassi-fications (1)	Effect of movements in exchange rates	Balance at December 31, 2020
Land	$	159,545	0	(6,075)	1,140	0	154,610
Buildings and constructions		527,052	19	(13,301)	8,111	0	521,881
Machinery		87	161	0	0	0	248
Vehicles		3,494	66	0	0	5	3,565
Office furniture, fixtures and equipment		243,116	9,041	(1,594)	(514)	73	250,122
Computer hardware, networking and communications		512,584	46,455	(29,918)	(708)	34	528,447
Leasehold improvements		59,072	637	(2,960)	19,782	25	76,556
Construction in progress		8,158	22,754	(4)	(29,682)	0	1,226

(Continued)

		Balance at December 31, 2019	Additions	Disposals / Sales	Reclassi-fications (1)	Effect of movements in exchange rates	Balance at December 31, 2020
Total	$	**1,513,108**	**79,133**	**(53,852)**	**(1,871)**	**137**	**1,536,655**

		Balance at December 31, 2018	Additions	Disposals/ Sales	Reclassi-fications (2)	Effect of movements in exchange rates	Balance at December 31, 2019
Land	$	156,603	831	(2,540)	4,651	0	159,545
Buildings and constructions		502,317	13,802	(11,749)	22,682	0	527,052
Machinery		87	0	0	0	0	87
Vehicles		3,381	119	0	0	(6)	3,494
Office furniture, fixtures and equipment		234,674	11,435	(4,675)	1,672	10	243,116
Computer hardware, networking and communications		487,840	46,950	(18,615)	(3,586)	(5)	512,584
Leasehold improvements		52,457	1,751	(4,190)	9,050	4	59,072
Construction in progress		11,758	33,934	(3,983)	(33,551)	0	8,158
Total	$	**1,449,117**	**108,822**	**(45,752)**	**918**	**3**	**1,513,108**

(1) Corresponds to discounted VAT of productive assets
(2) Corresponds to IBM contracts reclassified to right of use asset for $3,586 and transfers from investment property for $4,504.

The following is the activity in depreciation on property, plant and equipment:

		Balance at December 31, 2019	Depreciation	Disposals / Sales	Effect of movements in exchange rates	Balance at December 31, 2020
Buildings and constructions	$	(191,828)	(29,046)	8,321	0	(212,553)
Machinery		(63)	(9)	0	0	(72)
Vehicles		(2,493)	(138)	0	0	(2,631)
Office furniture, fixtures and equipment		(180,277)	(13,677)	1,502	(60)	(192,512)
Computer hardware, networking and communications		(395,979)	(41,221)	29,766	(45)	(407,479)
Leasehold improvements		(37,590)	(4,477)	2,957	(16)	(39,126)
Total	$	**(808,230)**	**(88,568)**	**42,546**	**(121)**	**(854,373)**

		Balance at December 31, 2018	Depreciation	Disposals/ Sales	Reclassi-fications (1)	Effect of movements in exchange rates	Balance at December 31, 2019
Buildings and constructions	$	(166,411)	(29,777)	4,360	0	0	(191,828)
Machinery		(60)	(3)	0	0	0	(63)
Vehicles		(2,216)	(348)	0	0	71	(2,493)
Furniture and fixtures		(170,458)	(13,494)	3,682	0	(7)	(180,277)
Computer hardware, networking and communications		(376,444)	(38,079)	18,111	425	8	(395,979)
Leasehold improvements		(37,309)	(4,357)	4,149	0	(73)	(37,590)
Total	**$**	**(752,898)**	**(86,058)**	**30,302**	**425**	**(1)**	**(808,230)**

(1) Corresponds to IBM contracts reclassified to right of use assets.

There were no restrictions on ownership of property, plant and equipment registered.

The Bank conducted a qualitative analysis of impairment taking into account internal and external sources of information. In light of that analysis, it was determined that certain assets might have some impairment

(Continued)

and their recoverable value was identified based on their fair value, which was determined through an independent technical appraisal.

The Bank has Property, Plant and Equipment that is fully depreciated, but still in use as of December 31, 2020. Additionally, the Bank has Property, Plant and Equipment that is temporarily out of service for $1,407.

Note 16 – Right of use assets

The following is a breakdown by type of property:

		December 31, 2020		
		Cost	Accumulated depreciation	Net
Buildings	$	589,383	(112,991)	476,392
Machinery		111	(47)	64
Computer hardware		32,854	(7,892)	24,962
Total	$	**622,348**	**(120,930)**	**501,418**

		December 31, 2019		
		Cost	Accumulated depreciation	Net
Buildings	$	603,397	(60,762)	542,635
Machinery		57	(14)	43
Computer hardware		32,854	(1,224)	31,630
Total	$	**636,308**	**(62,000)**	**574,308**

The activity of cost in assets right of use:

		December 31, 2019	Additions	Contracts adjustment	Cancellations	December 31, 2020
Buildings	$	603,397	20,866	15,197	(50,077)	589,383
Machinery		57	0	54	0	111
Computer hardware		32,854	0	0	0	32,854
Total	$	**636,308**	**20,866**	**15,251**	**(50,077)**	**622,348**

		December 31, 2018	Implementing IFRS 16	Sublease	Addition	Contracts adjustment	Cancellations	Reclassifications (1)	December 31, 2019
Buildings	$	0	630,615	(676)	20,336	8,307	(55,185)	0	603,397
Machinery		0	0	0	57	0	0	0	57
Computer hardware		0	0	0	29,693	0	0	3,161	32,854
Total	$	**0**	**630,615**	**(676)**	**50,086**	**8,307**	**(55,185)**	**3,161**	**636,308**

(1) IBM Contracts that already had financial lease treatment and accounted as property, plant and equipment.

The activity of depreciation in assets right of use:

		December 31, 2019	Depreciation	Cancellations	December 31, 2020
Buildings	$	(60,762)	(62,777)	10,548	(112,991)
Machinery		(14)	(33)	0	(47)
Computer hardware		(1,224)	(6,668)	0	(7,892)
Total	$	**(62,000)**	**(69,478)**	**10,548**	**(120,930)**

December 31, 2018	Depreciation	Cancellations	December 31, 2019

(Continued)

Buildings	$ 0	(65,391)	4,629	(60,762)
Machinery	0	(14)	0	(14)
Computer hardware	0	(1,224)	0	(1,224)
Total	$ **0**	**(66,629)**	**4,629**	**(62,000)**

In the development of its operations, the Bank lease several properties such as buildings, computer hardware and mobilization equipment. Normally, lease contracts are made for 1 to 15 years fixed periods. The lease conditions are negotiated individually and have a wide range of different terms and conditions. Lease contracts do not impose any agreement, but leased assets cannot be used as collateral for loan purposes.

Note 17 – Investment property

The following is a breakdown of investment property:

	December 31, 2020			December 31, 2019		
	Land	Buildings	Total	Land	Buildings	Total
Cost	$ 163,337	24,558	187,895	253,523	25,075	278,598
Impairment	(120,942)	(9,617)	(130,559)	(206,172)	(10,049)	(216,221)
Total	$ **42,395**	**14,941**	**57,336**	**47,351**	**15,026**	**62,377**

The following table shows the activity in the cost of investment property:

	Land	Buildings	Total
Balance at December 31, 2018	$ **226,735**	**26,097**	**252,832**
Changes in fair value	8,224	(684)	7,540
Reclassifications (1)	25,389	2,529	27,918
Disposals / Sales	(6,825)	(2,867)	(9,692)
Balance at December 31, 2019	$ **253,523**	**25,075**	**278,598**
Additions	1,304	53	1,357
Changes in fair value	(36,633)	(1,903)	(38,536)
Reclassifications (2)	1,473	2,850	4,323
Disposals / Sales	(56,330)	(1,517)	(57,847)
Balance at December 31, 2020	$ **163,337**	**24,558**	**187,895**

(1) Corresponds to transfers from non-current assets held for sale for $32,422 and to property, plant and equipment for $4,504.
(2) Corresponds to transfers from Non-current assets held for sale for $4,323.

The following is the activity of investment property impairment:

	Land	Buildings	Total
Balance at December 31, 2018	$ **(169,866)**	**(8,022)**	**(177,888)**
Impairment charged to expenses	(28,464)	(1,730)	(30,194)
Reclassifications (1)	(13,747)	(3,549)	(17,296)
Recovery	5,905	3,252	9,157
Balance at December 31, 2019	$ **(206,172)**	**(10,049)**	**(216,221)**
Impairment charged to expenses	627	(630)	(3)
Reclassifications (2)	(1,129)	(1,414)	(2,543)
Recovery	85,732	2,476	88,208
Balance at December 31, 2020	$ **(120,942)**	**(9,617)**	**(130,559)**

(1) Corresponds to transfers from non-current assets held for sale for $17,296.
(2) Corresponds to transfers from non-current assets held for sale for $2,543.

The following is the detail of figures included in net income of the period:

(Continued)

		December 31, 2020	December 31, 2019
Rental income from investment property	$	98	464
Direct operating expenses arising from investment property generating rental income		(24)	(98)
Total	$	**74**	**367**

There were no contractual obligations to acquire investment property, nor repairs, maintenance and improvements, during the periods in question.

There are no restrictions on the sale of investment property.

Note 18 – Goodwill

18.1 Assessment of impairment of the cash-generating units to which goodwill is allocated

The Bank's management evaluates impairment of the goodwill listed on its financial statements, doing so annually and considering that the useful life of goodwill is indefinite, this assessment is based on respective studies done by independent experts who were engaged for that purpose, as per IAS 36 - Impairment of Assets.

These studies are based on valuations of the cash-generating units to which goodwill is assigned when acquired, in this case, valuation is done by the discounted cash flow method and takes into account a number of factors: such as the economic situation in the country and in the sector where the acquired entity operates, historical financial information, and projections on growth of the company's revenues and expenses in the next five years and, subsequently, growth in perpetuity, considering its profit capitalization rates, discounted at risk-free interest rates that are adjusted by the required risk premiums, given the circumstances of each company.

The methodologies and assumptions used to evaluate the various cash-generating units to which goodwill is assigned were reviewed by management and, based on that review, it was concluded there is no need to record impairment at December 31, 2020, taking into account as the recoverable amounts are significantly higher than the carrying amounts.

The value of goodwill registered in the Bank´s financial statements it has be made after the following acquisitions:

Company		December 31, 2020	December 31, 2019
Megabanco	$	465,905	465,905

The following are the details of the goodwill allocated to the group of cash-generating units. These units represent the lowest level within the Bank that is monitored by management and are not larger than the operating segments.

		December 31, 2020			
Group of cash-generating units		Book value of goodwill	Book value of CGU	Fair value of CGU (1)	Excess
CGU in Banco de Bogotá (Megabanco)	$	465,905	9,103,322	10,474,819	1,371,497

December 31, 2019

Group of cash-generating units		Book value of goodwill	Book value of CGU	Fair value of CGU (1)	Excess
CGU in Banco de Bogotá (Megabanco)	$	465,905	8,239,489	11,106,623	2,867,134

(1) Fair value determined in the impairment analysis exercise carried out in December 2020.

18.2 Details of Goodwill, by acquired Company:

Banco de Crédito and Desarrollo Social - Megabanco S.A.

Goodwill was generated with the acquisition of ninety-four-point ninety-nine percent (94.99%) of the shares of stock in Banco de Crédito y Desarrollo Social - MEGABANCO S.A. This operation was authorized by the Financial Superintendence of Colombia as per Resolution No. 917 dated 2 June 2006.

Until December 31, 2017, the goodwill was allocated to the cash-generating units groups related to the following business lines: commercial, consumer, microcredit, payroll installment loans and vehicles. As of January 1, 2018, in order to improve the allocation method and in accordance with the operating segments defined by the Bank, the goodwill is assigned to the banking operation segment (see note 8).

The latest valuation of business lines corresponding to the groups of cash-generating units to which this goodwill was allocated was done by the expert Deloitte Asesores y Consultores Ltda. This valuation is included in its January 2021 report and is based on the Banco de Bogotá's financial statements at September 30, 2020, due to the merger with the acquired company. With this report the Bank and management concluded that there are no situations whatsoever that would indicate a possible impairment, since $10,474,819 exceeds in $1,371,497 the carrying amount of the cash-generating units of the banking operation segment for $9,103,322.

The following table shows the averages of the primary premises used in the impairment test:

	December 31, 2020				
	2021	2022	2023	2024	2025
Lending rate on the loan portfolio and investments	6.7%	8.0%	9.0%	9.5%	9.6%
Borrowing rate	1.8%	2.6%	3.4%	3.9%	3.9%
Growth in income from commissions	15.7%	44.0%	8.8%	8.5%	8.6%
Growth in expenses	3.6%	12.6%	10.5%	7.7%	5.5%
Inflation	2.9%	4.4%	3.8%	3.1%	3.1%
Discount rate after taxes	13.0%	12.8%	12.8%	12.8%	12.8%
Growth rate after five years	3.3%				

	December 31, 2019				
	2020	2021	2022	2023	2024
Lending rate on the loan portfolio and investments	9.0%	9.4%	10.0%	10.3%	10.4%
Borrowing rate	3.7%	3.7%	4.1%	4.4%	4.3%
Growth in income from commissions	13.4%	7.6%	7.7%	8.3%	8.6%
Growth in expenses	0.1%	5.3%	5.7%	5.2%	4.9%
Inflation	3.2%	2.7%	3.5%	3.3%	3.3%
Discount rate after taxes	13.0%				
Growth rate after five years	3.3%				

A 5-year projection was made to estimate goodwill, based on macroeconomic assumptions and those related to the businesses listed in the foregoing tables. The following is a description of that process.

(Continued)

- The lending rates on loans and investments were projected based on the expectations of the company and independent specialists (The Economist Intelligence Unit "EIU").
- The borrowing rates were projected based on the company expectations and money market rates consulted in the Economist Intelligence Unit "EIU".
- Estimated growth in fees is based on historical percentages of the gross portfolio.
- Estimated growth in expenses is based on growth of inflation as well as historical percentages on income.
- The rate of inflation used in the projections is based on reports from outside sources, such as The Economist Intelligence Unit.
- The growth rate used for the terminal value was 3.3%, which is the projected average rate of inflation expected by independent specialists.

The discount rate after taxes used to discount dividend flows reflects the specific risks relative to each cash-generating unit. If the estimated discount rates had been 1.0% higher than the rates estimated in the independent studies, the book value of goodwill would not have to be reduced, since the fair value of the groups of cash-generating units with this sensitivity would be $9,420,575 which is well above the book value of and December $9,103,322.

Note 19 – Other intangible assets

19.1 Intangible assets other than goodwill:

The activity of intangible assets other than goodwill is shown below:

		Cost	Amortization	Total
Balance at December 31, 2018	$	**503,088**	**(127,129)**	**375,959**
Additions		25,505	0	25,505
Other costs capitalized		30,215	0	30,215
Other costs capitalized acquired separate		18,512	0	18,512
Disposals		(83)	83	0
Amortization charged to expenses		0	(70,256)	(70,256)
Effect of movements in exchange rates		1	(5)	(4)
Balance at December 31, 2019	$	**577,238**	**(197,307)**	**379,931**
Additions		16,090	0	16,090
Other costs capitalized		70,994	0	70,994
Other costs capitalized acquired separate		18,194	0	18,194
Disposals		(43,781)	33,623	(10,158)
Amortization charged to expenses		0	(73,750)	(73,750)
Effect of movements in exchange rates		(4)	(30)	(34)
Balance at December 31, 2020	$	**638,731**	**(237,464)**	**401,267**

19.2 Intangible assets internal and Other costs capitalized acquired separate

These concerns the assets developed that are fully internally of entity; in the development process the costs can be capitalized, when the asset is finished it is used in production, activating the amortization.

Other capitalized costs acquired separate corresponds to the Intangible assets be buy to external and requires an additional adaptation so that they can be used in their total.

The following is the movement Intangible assets internal and Other capitalized costs acquired separate:

	Licenses		Computer software and applications		Total		
	Cost	Amorti-zation	Cost	Amorti-zation	Cost	Amorti-zation	Total
Balance at December 31, 2018	$ **663**	**(370)**	**373,844**	**(78,094)**	**374,507**	**(78,464)**	**296,043**
Other costs capitalized	0	0	30,215	0	30,215	0	30,215
Other costs capitalized acquired separate	0	0	18,512	0	18,512	0	18,512
Reclassifications	(663)	370	(132,624)	36,000	(133,287)	36,370	(96,917)
Amortization charged to expenses	0	0	0	(20,888)	0	(20,888)	(20,888)
Effect of movements in exchange rates	0	0	(6)	0	(6)	0	(6)
Balance at December 31, 2019	$ **0**	**0**	**289,941**	**(62,982)**	**289,941**	**(62,982)**	**226,959**
Other costs capitalized	0	0	70,994	0	70,994	0	70,994
Other costs capitalized acquired separate	0	0	18,194	0	18,194	0	18,194
Reclassifications	0	0	(26,866)	0	(26,866)	0	(26,866)
Disposals	0	0	(29,159)	23,941	(29,159)	23,941	(5,218)
Amortization charged to expenses	0	0	0	(22,785)		(22,785)	(22,785)
Effect of movements in exchange rates	0	0	(22)	0	(22)	0	(22)
Balance at December 31, 2020	$ **0**	**0**	**323,082**	**(61,826)**	**323,082**	**(61,826)**	**261,256**

19.3 External intangible assets

Those intangible assets ready in place and in necessary conditions to be used at the time of acquisition.

The following is the movement of intangible assets external:

	Licenses		Computer software and applications		Total		
	Cost	Amorti-zation	Cost	Amorti-zation	Cost	Amorti-zation	Total
Balance at December 31, 2018	$ **106,404**	**(36,298)**	**22,177**	**(12,367)**	**128,581**	**(48,665)**	**79,916**
Additions	21,980	0	3,525	0	25,505	0	25,505
Reclassifications	572	(347)	132,715	(36,023)	133,287	(36,370)	96,917
Disposals	(82)	82	(1)	1	(83)	83	0
Amortization charged to expenses	0	(31,884)	0	(17,484)	0	(49,368)	(49,368)
Effect of movements in exchange rates	6	(11)	1	6	7	(5)	2
Balance at December 31, 2019	$ **128,880**	**(68,458)**	**158,417**	**(65,867)**	**287,297**	**(134,325)**	**152,972**
Additions	15,642	0	448	0	16,090	0	16,090
Reclassifications	0	0	26,866	0	26,866	0	26,866
Disposals	0	0	(14,622)	9,682	(14,622)	9,682	(4,940)
Amortization charged to expenses	0	(32,015)	0	(18,950)	0	(50,965)	(50,965)
Effect of movements in exchange rates	0	0	18	(30)	18	(30)	(12)
Balance at December 31, 2020	$ **144,522**	**(100,473)**	**171,127**	**(75,165)**	**315,649**	**(175,638)**	**140,011**

The Bank considers significant intangible assets those whose value exceeds $20,000, among them are: Licenses (put into production as soon as they are acquired or implemented) for $44,048 with a remaining amortization period between 22 and 60 months and computer applications internally developed and currently in use such as: Summit – phase II (corresponds to the implementation of debt securities products,

monetary operations and derivatives on securities, in the treasury tool) for $19,787, with a remaining amortization period of 95 months and CONEXION AVAL - ERP (Technological Platform that allows the optimization of the administration, operation, control and security processes in the Bank's accounting for $26,893 with a remaining amortization period of 105 months.

El Banco tiene activos intangibles totalmente amortizados que aún está utilizando y corresponden a licencias y programas y aplicaciones informáticas. A 31 de diciembre de 2020 registro gastos de desarrollo directamente en el gasto un valor de $8,191.

The Bank has fully amortized intangible assets that it is still using and correspond to computer licenses and software and applications. As of December 31, 2020, recorded a value of $ 8,191 for development expenses recorded directly in the expense.

As of December 31, 2020, the Bank decided to abandon the following technology projects and platforms for a value of $ 10,158, discriminated as follows: $ 5,218 correspond to intangibles that had been developed by the entity and were in production, $ 3,912 project in development acquired from third parties to be modified and 1,028 intangibles acquired from third parties to be modified in production.

Note 20 – Income tax

20.1 Components of the income tax expense

The income tax expense for the years ended at December 31, 2020 and 2019 includes the following:

		December 31, 2020	December 31, 2019
Income tax of the current period	$	184,534	257,876
Income tax surchage		16,351	0
Recovery of current tax of previous periods		(28,060)	(1,024)
Subtotal current tax		**172,825**	**256,852**
Net deferred taxes of the period		(167,561)	(26,688)
Adjustment deferred tax of previous period		24,822	2,074
Subtotal deferred taxes		**(142,739)**	**(24,614)**
Provision for uncertain tax positions		0	556
Total income tax	$	**30,086**	**232,794**

Current and deferred taxes are recognized as income or expense in net income, except to the extent if they derive from transaction or event recognized outside net income in other comprehensive income (OCI), in equity. Therefore, during the years ended December 31, 2020 and 2019, an income of $399,187 and an expense of $219,404 for deferred tax, respectively, were recognized in other comprehensive income, additionally, a current tax income of $42,289 and $247,153 as of December 2020 and 2019 respectively, mainly related to the exchange difference of hedging instruments and investments in foreign subsidiaries that for accounting purposes are recorded in the OCI account and for tax purposes, it would be realized when they are reclassified to another equity account or showed in the income statement in accordance with accounting technique. (See Note 20 paragraph 5).

20.2 Reconciliation of the nominal tax rate and effective rate

The basic parameters in force for income tax in Colombia are as follows:

- In accordance with the Economic Growth 2010/2019, income tax rates for the years 2020, 2021, 2022 and following are 32%, 31% and 30%, respectively. For financial institutions that obtain a tax income equal to or greater than 120,000 TVU (Tax Value Units) in the period, they apply a few additional points of income tax of 4% for the year 2020 and 3% for the years 2021 and 2022.

- The income tax rate for the year 2019 is 33%. With the Judgment of the Constitutional Court C-510 of October 2019, the application of additional percentage points to income tax for financial entities in 2019 was declared unenforceable.

- In 2019, the presumptive income to determine income tax cannot be less than 1.5% of net equity on the last day of the immediately preceding taxable year.

- With the Growth Law 2010/2019, the presumptive income will be reduced to 0.5% for the year 2020, and to 0% as from year 2021.

- With the Growth Law is maintained the possibility of take as tax discount 50% of the tax on industry commerce and advertising effectively paid in the taxable year or period from the income tax. From the year 2022 the ICA discount will be 100%.

- For the tax periods 2020 and 2021, the audit benefit is extended for taxpayers who increase their net income tax of the tax year in relation to the net income tax of the immediately previous year by at least 30% or 20%, with which the declaration of income will be in firm within 6 or 12 months following the date of its presentation, respectively.

- With the Economic Growth Act 2010 of 2019, the term of firmness of the income tax return from taxpayers who determine or compensate tax losses or are subject to the transfer pricing regime, will be 5 years.

- Surplus presumptive income can be offset during the five (5) tax years thereafter.

- The tax losses may be offset with ordinary liquid income to be received during the 12 following periods.

- The occasional income is taxed at a rate of 10%.

The following is a breakdown of the reconciliation between the Bank's income tax expense, calculated at current tax rates, and the income tax expense actually recorded in net income:

	December 31, 2020	December 31, 2019
Net income before income tax	$ **2,241,145**	**2,873,660**
Theoretical tax expense at a rate of 36% (2020) and 37% (2019)	806,812	948,308
Plus (minus) taxes that increase (decrease) the theoretical tax:		
Non-deductible expenses	55,423	60,652
Effect of dividends received in the period	515,605	(1,115)
Nontaxable equity method income	(762,458)	(728,700)
Interests and other not taxable income	(43,969)	(8,479)
Exempt income	(551,146)	(19,570)
Tax discounts	(35,201)	(40,723)
Occasional income (10%)	581	260
Effect on deferred tax due to tax rates different tan 36% (2020) and 37% (2019)	5,388	19,382

(Continued)

	December 31, 2020	December 31, 2019
Adjustment for previous periods	(3,238)	1,050
Transfer of current ORI tax to results for realization difference in exchange for repatriation results of foreign agencies	42,289	0
Provisions for tax positions	0	556
Deferred tax remedy	0	1,173
Total tax expense of the period	$ **30,086**	**232,794**

20.3 Deferred taxes regarding subsidiaries, associates and joint ventures

The Bank did not record deferred taxes liability relating to temporary differences of investments in subsidiaries and associates. This because: i) the Bank has control over the subsidiaries and of the decision of selling its investments in associates, thus, it may decide regarding the reversion of such temporary differences; and ii) the Bank has not foreseen its realization in a foreseeable future.

Temporary differences of the items indicated at December 31, 2020 and 2019 reached $13,222,684 and $12,425,058, respectively.

20.4 Deferred income taxes, by type of temporary difference:

The differences between the carrying value of the assets and liabilities and their tax bases give rise to the temporary differences which result in deferred taxes, calculated and recorded in the years ended on December 31, 2020, and 2019, based on tax rates in force for the years wherein such temporary differences will be reversed.

	Balance at December 31, 2019	Income (expense) in net income	Unrealized income (expense) in OCI	Reclassi-fications	Balance at December 31, 2020
Deferred tax assets					
Unrealized loss in derivatives	170,096	38,791	310,497	(1)	519,383
Loan portfolio	7,518	211,507	0	0	219,025
Deferred charges and prepaid expenses	6,424	(5,964)	0	0	460
Unrealized exchange difference for financial obligation	1,005	0	0	(1,005)	0
Provisions other expenses	4,037	(645)	0	0	3,392
Employee benefits	22,204	(1,256)	854	0	21,802
Tax discounts for industry and commerce	13,801	(8,259)	0	0	5,542
Tax discounts for science and technology	4,211	(4,211)	0	0	0
Lease contracts IFRS 16	175,256	(20,800)	0	0	154,456
Exchange difference on bonds in foreign currency	171,325	0	96,343	0	267,668
Other items	116	1,129	0	3,960	5,205
Subtotal	**575,993**	**210,292**	**407,694**	**2,954**	**1,196,933**
Deferred tax liabilities					
Valuation of debt securities investments	24	5,534	20,275	0	25,833
Valuation of equity investments	20,230	19,234	(339)	0	39,125
Investment property	6,954	(316)	0	0	6,638
Cost of property, plant and equipment	48,444	(11,505)	0	0	36,939
Intangible assets cost - deferred charges	21,598	10,551	0	0	32,149
Goodwill	110,560	28,130	0	0	138,690
Exchange difference on branches abroad	16,305	0	(11,429)	0	4,876
Right of use IFRS 16	170,884	(23,896)	0	0	146,988
Unrealized exchange difference for financial obligations	0	40,579	0	(1,005)	39,574
Other items	0	(758)	0	3,960	3,202
Subtotal	**394,999**	**67,553**	**8,507**	**2,955**	**474,014**

(Continued)

	Balance at December 31, 2019	Income (expense) in net income	Unrealized income (expense) in OCI	Reclassi-fications	Balance at December 31, 2020
Total	**180,994**	**142,739**	**399,187**	**(1)**	**722,919**

	Balance at December 31, 2018	IFRS 16 Adoption on January, 2019	Income (expense) in net income	Unrealized income (expense) in OCI	Reclassi-fications	Balance at December 31, 2019
Deferred tax assets						
Valuation of debt securities investments	$ 7,659	0	0	0	(7,659)	0
Unrealized loss in derivatives	85,391	0	69,610	15,095	0	170,096
Loan portfolio	7,491	0	27	0	0	7,518
Deferred charges and prepaid expenses	93	0	6,331	0	0	6,424
Tax credits to be amortized	254,929	0	(36,526)	(240,420)	22,017	0
Unrealized exchange difference for financial obligation	0	0	1,005	0	0	1,005
Employee benefits	42,443	0	(22,870)	2,631	0	22,204
Tax discounts for industry and commerce	0	0	13,801	0	0	13,801
Tax discounts for science and technology	0	0	4,211	0	0	4,211
Lease contracts IFRS 16	0	199,476	(24,220)	0	0	175,256
Provisions other expenses	7,774	0	(3,737)	0	0	4,037
Exchange difference on bonds in foreign currency	154,340	0	0	16,985	0	171,325
Other items	0	0	0	0	116	116
Subtotal	**560,120**	**199,476**	**7,632**	**(205,709)**	**14,474**	**575,993**
Deferred tax liabilities						
Valuation of debt securities investments	0	0	(673)	8,356	(7,659)	24
Valuation of equity investments	16,126	0	0	4,104	0	20,230
Cost of property, plant and equipment	54,034	0	(5,590)	0	0	48,444
Investment property	10,626	0	(3,672)	0	0	6,954
Intangible assets cost - deferred charges	24,814	0	(3,216)	0	0	21,598
Exchange difference on branches abroad	15,070	0	0	1,235	0	16,305
Goodwill and trademarks	82,433	0	28,127	0	0	110,560
Right of use IFRS 16	0	199,476	(28,592)	0	0	170,884
Other items	3,250	0	(3,366)	0	116	0
Subtotal	**206,353**	**199,476**	**(16,982)**	**13,695**	**(7,543)**	**394,999**
Total	$ **353,767**	**0**	**24,614**	**(219,404)**	**22,017**	**180,994**

The Bank offset deferred tax assets and liabilities pursuant to paragraph 74 of IAS 12, taking into account tax regulations in force in Colombia regarding the legal right to offset assets and liabilities for current taxes:

	December 31, 2020		
	Gross amounts deferred tax	Offset reclassifications	Balance in statement of financial position
Deferred tax asset	$ 1,196,933	(474,014)	722,919
Deferred tax liability	474,014	(474,014)	0
Net	$ **722,919**	**0**	**722,919**

	December 31, 2019		
	Gross amounts deferred tax	Offset reclassifications	Balance in statement of financial position
Deferred tax asset	$ 575,993	(394,999)	180,994
Deferred tax liability	394,999	(394,999)	0
Net	$ **180,994**	**0**	**180,994**

(Continued)

20.5 Effect of current and deferred taxes in each component of other comprehensive income in equity

The effect of current and deferred taxes in each component of other comprehensive results is as follows:

	December 31, 2020				December 31, 2019			
	Amount before tax	(Expense) income of Current tax	(Expense) income of Deferred tax	Net	Amount before tax	(Expense) income of Current tax	(Expense) income of Deferred tax	Net
Items that may be reclassified to net income of the period								
Exchange difference on derivatives in foreign currency	$ (1,034,816)	0	310,445	(724,371)	(50,318)	247,153	(225,325)	(28,490)
Exchange difference on bonds in foreign currency	(321,145)	0	96,343	(224,802)	(56,618)	0	16,985	(39,633)
Exchange difference of foreign subsidiaries	844,478	0	0	844,478	105,194	0	0	105,194
Unrealized gain from measurement of available for sale investments	252,615	0	(90,502)	162,113	155,469	0	(46,776)	108,693
Share in other comprehensive income of subsidiaries and associates	(319,762)	0	0	(319,762)	441,653	0	0	441,653
Exchange difference of foreign branches	110,149	0	(27,437)	82,712	3,456	0	(1,235)	2,221
	(468,481)	**0**	**288,849**	**(179,632)**	**598,836**	**247,153**	**(256,351)**	**589,638**
Items that will not to be reclassified to net income								
New actuarial measurement on defined benefit plans	(2,899)	0	854	(2,045)	(8,589)	0	2,631	(5,958)
	(2,899)	**0**	**854**	**(2,045)**	**(8,589)**	**0**	**2,631**	**(5,958)**
Items reclassified to net income of the period								
Realization of gain from measurement of investments available for sale	(196,017)	0	70,566	(125,451)	(92,378)	0	34,316	(58,062)
Realization difference in exchange for repatriation results of foreign agencies	(246,504)	42,289	38,918	(165,297)	0			
	(442,521)	**42,289**	**109,484**	**(290,748)**	**(92,378)**	**0**	**34,316**	**(58,062)**
Total other comprehensive income during the period	$ **(913,901)**	**42,289**	**399,187**	**(472,425)**	**497,869**	**247,153**	**(219,404)**	**525,618**

20.6 Provision for tax positions

As of January 1, 2020 and by Decree 2270 of 2019, the interpretation of IFRIC 23 - Uncertainty regarding income tax treatments was adopted for purposes of the local financial statements Group I, which clarifies when the criteria are applied of recognition and measurement of IAS 12 - Income tax, in the event that there is uncertainty about tax treatments in income tax.

Banco de Bogotá has been applying IFRIC 23 in advance regarding uncertainties regarding positions adopted for the purposes of determining income tax, which may not be accepted by the tax authority in the event of a review. Consequently, as of December 31, 2020 and 2019, the provisions for tax uncertainties

(Continued)

amount to $ 4,541 in both periods. The charge to income during the years ended December 31, 2020 and 2019 corresponds to $ 0 and $ 556, respectively.

No additional taxes are anticipated as a result of possible visits by tax authorities or uncertainties related to tax positions applied by the Bank.

Balances at December 31, 2020 are expected to be utilized in whole or released upon expiration of the inspection rights of tax authorities.

20.7 Realization of deferred tax assets:

The future periods it is expected continue to be generated taxable liquid income against which recover the values recognized as deferred tax asset.

The estimate of future tax income is fundamentally based on the banking operation's forecast prepared by the Bank. Its positive trend is expected to continue, enabling the recovery of deferred tax assets.

An estimate of future results is the basis to recover deferred tax assets mainly for exchange difference on foreign bonds and derivatives and portfolio impairment.

20.8 Transfer prices

Pursuant to the provisions of Laws 788/2002, 863/2003, 1607/2012 and 1819/2016 regulated by Decree 2120/2017, regulated by Decree 2120/2017, the Bank prepared a study on transfer prices on transactions made with related parties abroad in 2019. The study did not result in any adjustments that would affect revenue, costs and tax expenses of Bank on 2019 income tax return presented.

Although the 2020 transfer pricing study is in preparation, no significant changes are anticipated compared to the previous year.

Note 21 – Customer deposits

21.1 Customer deposits - Interest rates

Effective annual interest rates on customer deposits are shown below:

	December 31, 2020				December 31, 2019			
	Colombian pesos		Foreign currency		Colombian pesos		Foreign currency	
	Rate		Rate		Rate		Rate	
	Min %	Max %	Min %	Max %	Min %	Max %	Min %	Max %
Checking accounts	0.51%	3.20%	0.03%	1.50%	0.21%	4.92%	0.03%	2.00%
Savings accounts	0.01%	6.03%	0.03%	3.00%	1.19%	6.03%	0.02%	1.62%
Time certificates of deposit	0.05%	8.71%	0.01%	3.40%	1.00%	11.57%	0.40%	3.45%

21.2 Customer deposits, by sector

The following is a breakdown of the concentration of customer deposits, by economic sector:

		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Financial	$	22,898,945	34.77%	15,709,022	27.95%
Colombian government or Colombian government entities		8,583,145	13.03%	8,090,812	14.39%
Individuals		7,352,142	11.16%	5,837,003	10.38%
Commerce		3,539,443	5.37%	2,382,640	4.24%
Services		2,628,510	3.99%	2,371,421	4.22%
Real estate		1,686,591	2.56%	1,423,640	2.53%
Manufacturing		1,304,405	1.98%	982,622	1.75%
Insurance		847,204	1.29%	1,353,557	2.41%
Education		746,986	1.13%	825,205	1.47%
Agriculture and livestock		692,055	1.05%	510,836	0.91%
Transport		511,205	0.78%	505,848	0.90%
Religious organizations		201,862	0.31%	154,487	0.27%
Telecommunications		102,300	0.16%	175,165	0.31%
Others		14,760,841	22.41%	15,887,859	28.27%
Total	$	**65,855,634**	**100.00%**	**56,210,117**	**100.00%**

21.3 Maturities of time certificates of deposit

The following is a breakdown:

		December 31, 2020	December 31, 2019
2020	$	0	13,480,417
2021		14,481,517	2,258,577
2022		3,201,007	1,604,555
2023		775,905	81,701
After 2023		1,170,079	312,691
Total	$	**19,628,508**	**17,737,941**

Note 22 – Financial obligations

22.1 Interbank borrowings and overnight funds

		December 31, 2020	December 31, 2019	Interest rate December 31,2020
In Colombian pesos				
Simultaneous operations	$	1,904,257	2,294,119	(1.00%) to 1.75%
Commitments to transfer in repo operations		709,273	450,104	2.28% to 4.26%
Interbank funds purchased		0	205,132	2.68% to 2.69%
Commitments arising short-term operations		11,216	20,054	0.00%
Corresponding Banks		1,274	2,355	0.00%
		2,626,020	**2,971,764**	
In Foreign currency				
Interbank funds purchased		250,594	367,101	0.30%
Corresponding Banks		0	6,284	0.00%
		250,594	**373,385**	
Total	$	**2,876,614**	**3,345,149**	

22.2 Borrowings from banks and others

The following table shows the detail of item:

		December 31, 2020	December 31, 2019	Interest rate December 31, 2020
In Foreign currency				
Credits		1,236,332	2,978,030	0.59% to 2.63% LIBOR 3 + (0.67% to 0.68%) LIBOR 6 + (1.55% to 1.66%)
Acceptances		672,139	963,157	0.00% to 2.52%
Letter of credit		554,185	621,334	0.00% to 2.76%
Corporación Andina de Fomento		268,889	551,198	8.55% to 9.02% LIBOR 6 + 1.05%
Total	$	**2,731,545**	**5,113,719**	

The following shows the contractual maturities of obligations of borrowings from bank and others:

		December 31, 2020	December 31, 2019
2020		0	5,111,772
2021		2,721,929	1,947
After 2023		9,616	0
Total	$	**2,731,545**	**5,113,719**

22.3 Bonds issued

The Bank is authorized by the Financial Superintendence of Colombia to issue or market bonds or general guarantee bonds. All bonds issued by the Bank is unsecured and represent only the obligations.

The Bank is in complying with the related covenants agreed with investors.

The following is a breakdown:

	Date			December 31, 2020	December 31, 2019	Interest rate December 31, 2020
	Issue	Expiration				
Colombian pesos						
Subordinated bonds	Feb-2010	Feb-2020	$	0	137,598	IPC + 5.45% AV UVR + 5.45% AV
Ordinary bonds	Sep-2020	Sep-2023		186,033	0	IBR + 2.89%
Ordinary bonds	Sep-2020	Sep-2025		113,978	0	4.75%
				300,011	**137,598**	
Foreign currency						
Subordinated bonds	Feb-2013	Feb-2023		1,747,386	1,667,259	5.38% SV
Subordinated bonds	May-2016	May-2026		2,047,355	1,950,067	6.25% SV
Subordinated bonds	Nov-2016	May-2026		1,732,889	1,654,513	6.25% SV
Ordinary bonds	Aug-2017	Aug-2027		2,067,301	1,969,962	4.38% SV
				7,594,931	**7,241,801**	
Total			$	**7,894,942**	**7,379,399**	

The following is the detail of the maturities of the outstanding securities:

	December 31, 2020	December 31, 2019
2020	0	169,690
2021	43,671	0
2023	1,830,160	1,638,570
After 2023	6,021,111	5,571,139

(Continued)

		December 31, 2020	December 31, 2019
Total	$	**7,894,942**	**7,379,399**

22.4 Development entities

The Colombian government has created a number of lending programs to develop specific sectors of the economy, including foreign trade, agriculture, tourism, home construction and other industries. These programs are managed by a variety of government agencies, such as “Banco de Comercio Exterior (BANCOLDEX)”, “Fondo para el financiamiento del sector Agropecuario (FINAGRO)” and “Financiera de Desarrollo Territorial (FINDETER)”.

The following is a breakdown:

c		December 31, 2020	December 31, 2019	Interest rate December 31, 2020
Colombian pesos				
FINDETER		1,481,661	1,197,983	DTF + (-4.00% to 4.80%) IBR + (-2.80% to 4.10%) IPC + (-1.00% to 5.00%)
BANCOLDEX		575,599	625,900	DTF + (-2.00% to 5.15%) IBR + (-1.80% to 4.10%)
FINAGRO	$	267,285	276,896	DTF + (-3.50% to 7.00%) IBR + (-1.10% to 1.90%)
		2,324,545	**2,100,779**	
Foreign currency				
BANCOLDEX		11,073	28,718	LIBOR 6 + (1.66% to 3.45%)
FINDETER		7,417	14,095	LIBOR 6 + 3.14%
		18,490	**42,813**	
Total	$	**2,343,035**	**2,143,592**	

The following is a breakdown of the maturities of development entities:

		December 31, 2020	December 31, 2019
2020	$	0	358,537
2021		628,065	317,506
2022		465,159	253,355
2023		366,481	199,530
After 2023		883,330	1,014,664
Total	$	**2,343,035**	**2,143,592**

22.5 Lease contracts

The following table shows the detail of item:

		December 31, 2020	December 31, 2019	Interest rate December 31, 2020
Colombian pesos				
Lease liabilities	$	527,267	586,920	1.36% to 6.79%
		527,267	**586,920**	
Foreign currency				
Lease liabilities		1,755	2,312	0.12%

(Continued)

		December 31, 2020	December 31, 2019	Interest rate December 31, 2020
		1,755	**2,312**	
Total	$	**529,022**	**589,232**	

The following is a breakdown of the maturities from lease contracts:

		December 31, 2020	December 31, 2019
2020		0	151,676
2021		154,095	74,931
2022		75,573	64,876
2023		57,210	51,127
After 2023		242,144	246,622
Total	$	**529,022**	**589,232**

22.6 Analisys of changes in financing during the period

The followins is a reconcillation of movements of liabilities to cash flows arising from financing activities:

		Liabilitys				**Equity**		
	Dividends payable	**Interbank borrowing and overnight funds**	**Bonds issued**	**Borrowings from Banks and others – Develop-**	**Lease contracts**	**Other comprehen-sive income**	**Retained earning**	**Total**
Balances at December 31, 2019	**$ 338,159**	**3,345,149**	**7,379,399**	**7,257,311**	**589,232**	**(1,040,003)**	**(2,345,466)**	**15,523,781**
Cash flows from financing activities								
Dividends paid controlling interest	(906,857)	0	0	0	0	0	0	**(906,857)**
Dividends paid non-controlling interest	(407,384)	0	0	0	0	0	0	**(407,384)**
Issuance of outstanding bonds	0	0	299,771	0	0	0	0	**299,771**
Payment of outstanding bonds issued	0	0	(130,461)	0	0	0	0	**(130,461)**
Acquisition of financial obligations	0	0	0	8,630,862	0	0	0	**8,630,862**
Decrease of financial obligations	0	0	0	(11,274,341)	0	0	0	**(11,274,341)**
Payment leases	0	0	0	0	(55,811)	0	0	**(55,811)**
Net cash provided by financing activities	**(1,314,241)**	**0**	**169,310**	**(2,643,479)**	**(55,811)**	**0**	**0**	**(3,844,221)**
Increase in interbank borrowings and overnight funds	0	(555,078)	0	0	0	0	0	**(555,078)**
Accrued interest	0	124,511	465,354	154,316	30,914	0	0	**775,095**
Interest paid	0	(81,230)	(460,947)	(145,942)	(30,916)	0	0	**(719,035)**
Hedging non-derivative instrument	0	0	321,145	0	0	(321,145)	0	**0**
Other Changes	1,335,226	43,262	20,681	452,374	(4,397)	0	(1,335,226)	**511,920**

(Continued)

		Liabilitys					Equity		
		Dividends payable	**Interbank borrowing and overnight funds**	**Bonds issued**	**Borrowings from Banks and others – Develop-**	**Lease contracts**	**Other comprehen-sive income**	**Retained earning**	**Total**
Total liabilities related to other changes		**1,335,226**	**(468,535)**	**346,233**	**460,748**	**(4,399)**	**(321,145)**	**(1,335,226)**	**12,902**
Total equity related to other changes		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Balances at Decemver 31, 2020	**$**	**359,145**	**2,876,614**	**7,894,942**	**5,074,580**	**529,022**	**(1,361,148)**	**(3,680,692)**	**11,692,463**

		Liabilitys					Equity		
		Dividends payable	**Interbank borrowing and overnight funds**	**Bonds issued**	**Borrowings from Banks and others – Develop-**	**Lease contracts**	**Other comprehen-sive income**	**Retained earning**	**Total**
Balances at December 31, 2018	**$**	**284,365**	**714,994**	**7,308,290**	**6,879,208**	**0**	**(983,385)**	**(1,073,349)**	**13,130,123**
IFRS adoption 16		0	0	0	0	630,615	0	0	**630,615**
Cash flows from financing activities									
Dividends paid controlling interest		(840,252)	0	0	0	0	0	0	**(840,252)**
Dividends paid non-controlling interest		(378,071)	0	0	0	0	0	0	**(378,071)**
Acquisition of financial obligations			0	0	9,382,896	0	0	0	**9,382,896**
Decrease of financial obligations			0	0	(9,036,192)	0	0	0	**(9,036,192)**
Payment leases			0	0		(52,170)	0	0	**(52,170)**
Net cash provided by financing activities		**(1,218,323)**	**0**	**0**	**346,704**	**(52,170)**	**0**	**0**	**(923,789)**
Increase in interbank borrowings and overnight funds		0	2,637,835	0	0	0	0	0	**2,637,835**
Accrued interest		0	125,601	416,702	205,086	33,329	0	0	**780,718**
Interest paid		0	(122,841)	(412,750)	(203,339)	(33,323)	0	0	**(772,253)**
Hedging non-derivative instrument		0	0	56,618	0	0	(56,618)	0	**0**
Other Changes		1,272,117	(10,440)	10,539	29,652	10,781	0	(1,272,117)	**40,532**
Total liabilities related to other changes		**1,272,117**	**2,630,155**	**71,109**	**31,399**	**10,787**	**(56,618)**	**(1,272,117)**	**2,686,832**
Balances at December 31, 2019	**$**	**338,160**	**3,345,149**	**7,379,399**	**7,257,311**	**589,232**	**(1,040,003)**	**(2,345,466)**	**15,523,782**

Note 23 – Employee benefits

The following is a breakdown of the provisions for employee benefits:

		December 31, 2020	December 31, 2019
Short-term benefits	$	70,452	74,650

		December 31, 2020	December 31, 2019
Post-employment benefits		116,439	118,452
Long-term benefits		42,257	42,052
	$	**229,148**	**235,154**

The Bank is exposed to a number of risks (interest rate and operational risks) inherent in its employee benefit plans. It tries to minimize them by implementing policies and procedures for risk management.

23.1 Post-employment Benefits

In Colombia, pensions for employees who retire after reaching a certain age and completing a specific period of service are assumed by public or private pension funds, based on defined contribution plans in which the company and the employee pay monthly amounts determined by law, so the employee will have a pension upon retirement. However, in the case of some employees who were hired before 1968 and have met the requirements with respect to time of service and age, their pensions are assumed directly by the Bank.

The Bank recognizes an additional bonus, either discretionary or provided for in collective bargaining agreements, for employees who retire once they comply with the age and years of service required for a pension fund to grant them a retirement pension.

The Bank has a group of employees with severance pay benefits that were recognized by law prior to the enactment of Law 50/ 1990. In this case, the benefit is cumulative and is paid based on the last salary earned by the employee, multiplied by the number of years of service, less any advances the employee might have received against the new benefit.

23.2 Long-term employee benefits

The Bank grants its employees voluntary long-term seniority bonuses on each fifth anniversary of continuous employment, which are calculated in terms of days of salary (between 15 and 180 days).

For the year 2019, the Bank, starting on June 25, 2019, the Board of Directors approved a change to the institutional plan regarding the quinquennium seniority benefit, which involves replacing the defined-benefit plan for a defined-contribution benefit plan for non-unionized employees, under which will make monthly contributions to a fund in the name of each beneficiary employee.

This change represented a reduction in labor liability by $71,876, which consistd of reversion of the expense accrued during the semester for seniority bonus in the amount of $8,289, recognition of income for $38,402 and transfer contributions to the voluntary pension fund in the name of each employee for $25,185.

The following table shows the activity in post-employment and other long-term employee benefits:

		Post-employment Benefits		Other long-term benefits	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Balance at the beginning of the period	$	**118,452**	**114,060**	**42,052**	**112,792**
Interest expense		6,665	7,860	2,140	7,308
Current service cost		743	899	3,720	8,899
Gain on settlements		0	0	0	(49,367)
		7,408	**8,759**	**5,860**	**(33,160)**

(Continued)

	Post-employment Benefits		Other long-term benefits	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Effect of changes in demographic assumptions	0	946	**0**	0
Changes in interest rates, inflation rates and salary adjustments	(60)	12,029	643	5,428
Effect of experience adjustments	2,958	(4,721)	(983)	(33,514)
	2,898	**8,254**	**(340)**	**(28,086)**
Benefit payments from employer	(12,319)	(12,621)	(5,370)	(9,520)
Employee benefits of foreign agencies	0	0	55	26
Balance at the end of the period	$ **116,439**	**118,452**	**42,257**	**42,052**

23.3 Significant actuarial assumptions

The variables used to calculate the projected liability for retirement and other long-term benefits are listed below:

	Post-employment Benefits		Long Term Benefits	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Discount rate	5.90%	5.95%	5.25%	5.50%
Price Inflation rate	3.00%	3.08%	4.00%	4.00%
Salary increase rate	4.00%	4.00%	4.75%	4.00%
Pensions in payment increase rate	3.00%	3.00%	N/A	N/A
Employee turnover rate	Turnover table SoA 2003 (1)	Turnover table SoA 2003 (1)	Turnover table SoA 2003 (1)	Turnover table SoA 2003 (1)

(1) For those entities where there is still not enough statistics to support the actuarial bases, the SoA 2003 table is used as a reference. With this table, the probability of permanence of the personnel in the entity is established, modified according to the population factor of each benefit.

Employee life expectancy is calculated according to the mortality tables published by the Financial Superintendence of Colombia. These are constructed based on mortality experiences provided by several insurance companies that operate in Colombia.

The discount rate is assigned according to the duration of the plan. Those with a longer horizon have a higher rate than short-term plans. Accordingly, for plans with longer horizons, the higher rate will be the TES curve.

23.4 Sensitivity analysis

The sensibility analysis for post-employment and long-term benefits liabilities to different actuarial and financial variables, maintaining other variables at constant values (increase or decrease 0.5 basis points), for the period ended at December 31, 2020 is shown below:

	- 0.50 basis points	
	Post-employment Benefits	Long Term Benefits
Discount rate	$ 4,552	1,347
Salary increase rate	(630)	(1,481)
Pensions-in-payment increase rate	(518)	N/A

(Continued)

	+ 0.50 basis points	
	Post-employment Benefits	Long Term Benefits
Discount rate	$ (4,295)	(1,266)
Salary increase rate	671	1,564
Pensions-in-payment increase rate	454	N/A

23.5 Expected cash flows for following year

Anticipated future benefits, which reflect service, as appropriate, are expected to be paid as follows:

	Post-employment Benefits	Other benefits
2021	$ 12,135	4,412
2022	11,593	3,576
2023	11,217	7,450
2024	10,937	5,894
2025	10,705	5,954
Years 2026 – 2030	$ 48,035	25,564

As of December 31, 2020, and 2019, the Bank incurred an expense for contribution of defined-contribution plans for seniority benefit for 9,149 and 4,701, respectively.

As of December 31, 2020, the participants of the post-employment benefits are 9,974 employees and the long-term employees are 5,617 employees.

Compensation for key management personnel in each benefit category is described in Note 33 – Related Parties.

Note 24 – Provisions

The following is the activity in provisions:

	Lawsuits, fines, penalties and damages provisions	Other provisions	Total
Balance at December 31, 2018	$ **7,577**	**20,156**	**27,733**
New provisions	2,167	972	3,139
Increase in existing provisions	1,446	1,598	3,044
Provisions used	(2,406)	(2,979)	(5,385)
Reverted unused provisions	(536)	(2,536)	(3,072)
Effect of movements in exchange rates	0	8	8
Balance at December 31, 2019	$ **8,248**	**17,219**	**25,467**
New provisions	3,511	567	4,078
Increase in existing provisions	531	560	1,091
Provisions used	(2,068)	(860)	(2,928)
Reverted unused provisions	(594)	(3,058)	(3,652)
Balance at December 31, 2020	$ **9,628**	**14,428**	**24,056**

Legal provisions, fines, penalties and compensation

Corresponds mainly to labor, civil and administrative processes filed by against the Bank on which provisions were recognized as of December 31,2020 and December 31, 2019 in the amount of $9,628 and

$8,027 respectively. A calendar or schedule for their disbursement of these provisions cannot be determined due to the diversity of the suits and the different stages they are in. However, the Bank expects no major changes in the amounts provisioned as a result of the payments that will be made in each of the processes.

Other provisions

At December 31, 2020 and December 31, 2019, the bank reported $12,673 and $14,525 in respective estimated provisions for expenses required to dismantling teller machines and improving in leased properties.

Note 25 – Accounts payable and other liabilities

The following is a breakdown of accounts payable and other liabilities:

		December 31, 2020	December 31, 2019
Electronic transactions in processes	$	536,471	613,809
Liabilities payable for services collections		434,382	475,665
Payable dividends and surpluses		359,145	338,160
Payments to suppliers and payments for services		197,345	285,884
Funds pending credit to customers		107,743	12,228
Certificates of time deposit - matured		83,703	39,682
Withholdings and other labor contributions		76,853	95,887
Leasing to activate		64,410	46,908
Visa smart card payments - Visa Electron		45,522	42,560
Other taxes		45,152	61,715
Security and peace bonds		28,493	35,740
Collect of services and payments of credit cards or Aval entities		26,098	48,432
Checks drawn but not cashed		20,157	13,972
Contributions and memberships		18,418	15,097
Cash surpluses - clearing		17,409	220,017
Cancelled accounts		15,983	15,766
Electronic purse for coffee growers		10,345	20,652
Lien orders		10,272	13,637
Interest from restructuring processes		5,806	5,820
Other accounts payable		123,023	121,845
	$	**2,226,730**	**2,523,476**

Note 26 – Equity

26.1 Capital in shares

The face value of authorized, issued and outstanding common shares in the Bank was $ 10.00 pesos each. These shares are represented as follows:

		December 31, 2020	December 31, 2019
Number of authorized shares		500,000,000	500,000,000
Number of shares subscribed and paid		331,280,555	331,280,555
Subscribed and paid-in capital	$	3,313	3,313

The Bank has not issued preferred shares.

26.2 Reserves

(Continued)

Following shows the composition of reserves:

		December 31, 2020	December 31, 2019
Legal			
Appropriation of net profits	$	11,000,308	10,208,048
Statutory and occasional			
Charity and donations		237,000	176,000
Tax provisions		631	672
Others		1,241,940	790,036
		1,479,571	**966,708**
Total	$	**12,479,879**	**11,174,756**

Legal Reserve

By law, all lending institutions are required to create a legal reserve by appropriating ten percent (10%) their net earnings, each year, until the reserve equals fifty percent (50.0%) of subscribed capital. This legal reserve may be reduced to less than fifty percent (50.0%) of subscribed capital to cover losses in excess of undistributed profits. However, it may not be used to pay dividends or to cover expenses or losses as long as the Bank has undistributed profits.

In order to strengthen the capitalization levels of the Bank, an appropriation commitment of 30% from their net income of previous periods for the legal reserve is established by the Shareholders meeting.

Statutory and discretionary reserves

Statutory and discretionary reserves are stated at shareholder meetings.

26.3 Dividends decreed

The dividends decreed were the following:

		December 31, 2020	December 31, 2019
Dividends decreed		$336.00 pesos per share and per month to be paid in cash between April 2020 and March 2021, both months inclusive, the first working day of each month, to people who have the quality of shareholders at the time each payment is due. These dividends will be taken from the profits of the year 2019 and the retained earnings of the years 2016 and earlier, which may be distributed to shareholders as not taxed.	$320.00 pesos per share and per month to be paid in cash between April 3 and 12, 2019, and for the months of May 2019 to March 2020, in the first ten (10) days of each month. These dividends will be taken from the profits of the year 2018 and the retained earnings of the years 2016 and earlier, which may be distributed to shareholders as not taxed.
Ordinary shares outstanding		331,280,555	331,280,555
Total dividends decreed	**$**	**1,335,723**	**1,272,117**

26.4 Basic and diluted net earnings per share

The following table summarizes net earnings per share:

		December 31, 2020	December 31, 2019
Net income for the yar	$	2,211,059	2,640,866

		December 31, 2020	December 31, 2019
Ordinary shares outstanding		331,280,555	331,280,555
Basic and diluted net earnings per share	$	**6,674**	**7,972**

There are no rights or privileges over ordinary bonds outstanding.

The Bank had no share with diluted effects.

See adequate capital management policies in Note 32.

Adjustments for first-time adoption of IFRS

As instructed by the Financial Superintendence of Colombia in Circular 36/2014, the net positive differences that are generated when supervised institutions adopt IFRS for the first time may not be distributed to cover losses, nor may they be capitalized, distributed as profits/ dividends, or recognized as reserves. They may be used only when effectively realized with third parties, other than related parties, and in accordance with IFRS principles.

Net positive differences generated when adopting IFRS for the first time may not be used to comply with prudent requirements on regulatory capital, which is the minimum amount required to operate, depending on the nature of each institution supervised by the Financial Superintendence of Colombia. If the first-time adoption of IFRS generates net negative differences, they will be deducted from regulatory capital.

Note 27 – Other comprehensive income

The following is a breakdown of the balances and activity in “other comprehensive income” included under equity:

		Balance at December 31, 2019	Movement during the period	Balance at December 31, 2020
Exchange difference of foreign subsidiaries (1)	$	3,015,196	844,478	3,859,674
Exchange difference on derivatives in foreign currency		(1,972,581)	(1,034,816)	(3,007,397)
Exchange difference on bonds in foreign currency		(1,040,003)	(321,145)	(1,361,148)
Unrealized loss/gain from measurement of available for sale investments in debt securities		(3,319)	59,438	56,119
Unrealized gain from measurement of available for sale investments in equity securities		78,078	(2,840)	75,238
Exchange difference on foreign branches		180,618	110,149	290,767
Realization difference in exchange for repatriation results of foreign agencies		0	(246,504)	(246,504)
Share in other comprehensive income of subsidiaries and associates		(727,277)	(319,762)	(1,047,039)
Changes in actuarial assumptions from defined benefit plans		(33,240)	(2,899)	(36,139)
Income tax		1,023,266	441,476	1,464,742
First-time adoption		27,064	0	27,064
Total	$	**547,802**	**(472,425)**	**75,377**

(1) Includes Not Hedging part

(Continued)

		Balance at December 31, 2018	Movement during the period	Balance at December 31, 2019
Exchange difference on foreign subsidiaries	$	2,910,002	105,194	3,015,196
Exchange difference on derivatives in foreign currency		(1,922,263)	(50,318)	(1,972,581)
Exchange difference on bonds in foreign currency		(983,385)	(56,618)	(1,040,003)
Unrealized loss from measurement of available for sale investments in debt securities		(25,814)	22,495	(3,319)
Unrealized gain from measurement of available for sale investments in equity securities		37,482	40,596	78,078
Exchange difference on foreign branches		177,162	3,456	180,618
Share in other comprehensive income of subsidiaries and associates		(1,168,930)	441,653	(727,277)
Changes in actuarial assumptions from defined benefit plans		(24,651)	(8,589)	(33,240)
Income tax		995,517	27,749	1,023,266
First-time adoption		27,064	0	27,064
Total	$	**22,184**	**525,618**	**547,802**

Note 28 – Costs and expenses of contracts with customers for commissions and other services

The following is a breakdown of expenses for commissions and other services for the years ended at December 31, 2020 and 2019:

		2020	2019
Banking services	$	178,245	100,960
Information processing service		15,142	15,353
Services of the network of offices		8,130	10,994
Others		53,915	45,087
Total	$	**255,432**	**172,394**

Note 29 – Other income

The following is a breakdown of other income for the years ended at December 31, 2020 and 2019:

		2020	2019
Share in investments using the equity participation method (4)	$	2,117,940	2,208,183
Gain on sale of investments, net (1)		194,394	94,378
Franchise incentives for debit and credit cards		41,911	11,940
Dividends and participations		6,583	5,752
Legal and pre-legal collection fees		4,546	63,038
Change in institutional quinquennium plan (see note 23.2)		0	38,402
Difference exchange, net (2)		(98,935)	8,593
Others (3)		57,605	100,722
Total	$	**2,324,044**	**2,531,008**

(1) Includes realization of gain from measurement of investments available for sale $196,017 and 92,378 2020 and 2019 respectively.
(2) Includes realization difference in exchange for repatriation results of foreign agencies $246,504 on 2020.
(3) Includes gain on sale of non-current assets held for sale $56,060 and $1,272 respectively.
(4) The following is a breakdown of income received, by subsidiary, associates and joint ventures for the equity method:

		2020	2019
Leasing Bogotá S.A. Panamá	$	1,209,470	1,332,011
Corporación Financiera Colombiana S.A.		558,621	523,458
AFP - Porvenir S.A.		210,365	208,206
Fiduciaria Bogotá S.A.		113,084	109,529
Banco de Bogotá Panamá S.A.		31,907	33,706

(Continued)

		2020	2019
Casa de Bolsa S.A.		888	478
Megalinea S.A.		577	565
A Toda Hora S.A.		346	434
Aportes en Línea S.A.		297	326
Bogotá Finance Corporation		4	4
Aval Soluciones Digitales S.A.		(2,350)	(1,095)
Almaviva S.A.		(2,489)	579
Servicios de Identidad Digital S.A.S.		(2,780)	(18)
Total	$	**2,117,940**	**2,208,183**

Note 30 – Administrative expenses

The following is a breakdown of administrative expenses for the years ended at December 31, 2020 and 2019:

		2020	2019
Taxes and rates	$	242,491	261,333
Outsourcing, and specialized services		193,026	186,930
Insurance		156,149	133,879
Fees		148,852	202,826
Maintenance and repairs		76,019	76,652
Advertising services		47,600	70,789
Public services		45,501	47,678
Software development services		42,058	19,478
ATH S.A. – Joint accounts		41,968	25,477
Transport		34,590	51,374
Contributions and affiliations		28,947	117,867
Toilet and surveillance services		25,249	25,856
Incentives payroll		24,474	36,503
Supplies and stationery		21,716	23,534
Database and queries		20,073	23,570
Electronic data processing		18,919	19,884
Building administration fee		17,059	18,301
Leases		16,920	51,843
Temporary services		10,781	14,473
Adaptation and installation		10,401	7,554
Travel expenses		4,232	9,465
Others		65,333	85,895
Total	$	**1,292,358**	**1,511,161**

Note 31 – Commitments and contingencies

31.1 Credit commitments

The Bank mainly grants guarantees and letters of credit to their customers in the normal course of their operations. In doing so, they irrevocably commit to make payments to third parties in the event the customer does not comply with its commitments with said third parties. These guarantees and letters of credit imply the same credit risk as the financial assets in the loan portfolio, and they are subject to the same authorization policies on loan disbursement in terms of the customer's credit rating. The collateral considered appropriate under the circumstances is obtained.

Commitments to extend loans represent unused portions of authorizations to extend credit in the form of loans, credit card use, overdraft limits and letters of credit. As for the credit risk involved in commitments to

(Continued)

extend lines of credit, the Bank is potentially exposed to losses in an amount equal to the total amount of the unused commitment, if the total unused amount were to be withdrawn in full. However, the amount of the loss is less than the total amount of the unused commitment, since most commitments to extend credit are contingent on the customer maintaining specific credit-risk standards. The Bank monitors the maturities on its lines of credit, since long-term commitments imply more credit risk than short-term commitments.

Commitments in unused lines of credit

Following is a breakdown of guarantees, letters of credit and loan commitments in unused lines of credit:

		December 31, 2020		December 31, 2019	
		Notional amount	Fair value	Notional amount	Fair value
Unused credit card limits	$	4,628,107	0	4,290,062	0
Opened lines of credit		2,255,633	0	2,246,107	0
Guarantees		1,805,587	14,137	1,604,104	12,388
Loans approved but not disbursed		1,855,804	0	406,179	0
Unused letters of credit		144,281	1,687	172,015	2,402
Overdraft limits		923,257	0	53,985	0
Others		0	0	38,338	0
Total	$	**11,612,669**	**15,824**	**8,810,790**	**14,790**

The outstanding balances of unused credit lines and guarantees do not necessarily represent future cash requirements, because the amount of credit available can expire and might not be used all or in part.

Following are the details on loan commitments, by type of currency:

		December 31, 2020	December 31, 2019
Colombian pesos	$	10,712,289	8,044,506
US dollars		840,034	745,487
Euros		60,346	20,797
Total	$	**11,612,669**	**8,810,790**

31.2 Commitments to disburse funds for capital disbursements

The Bank incurred $868 and $5,155 in disbursements of capital expenses at December 31, 2020 and December 31, 2019, respectively. These correspond to contracts for purchases of property, plant and equipment (real estate). There are respective commitments for $2,391 and $3,259 in disbursements on these contracts, respectively.

31.3 Lease commitments

The Bank opted not to implement IFRS 16 requirements for short-term contracts and low-value underlying assets. Lease fees are adjusted as agreed in the lease contract and/or the legal requirements.

As at December 31, 2020 and December 31, 2019, there are lease fee payment agreements for $3,982 and $3,978, respectively.

As a lessee, the Bank recognizes the payment of leases as an expense on a straight-line basis during the term of the contract. The lease fee recognized in the statement of income for the years ended on December 31, 2020 and 2019 amounts to $16,920 and $51,843, respectively.

31.4 Legal contingencies

The administrative and judicial claims pending against the Bank at December 31, 2020 amounted $176,617. These are valued based on the analysis and opinions of the lawyers in charge. Due to their nature, the contingencies have not been recognized as liabilities, because they are obligations that do not imply an outflow of resources.

Following is a breakdown of the contingencies against the Bank for over $5,000:

Civil suit brought by Pedro Ramón Kerguelen and Luz Amparo Gaviria

This is an indemnity proceeding wherein it is requested the Bank be held responsible for compensating the product of a development loan against a previous debt on the part of the plaintiffs, which prevented the “Fondo para el Financiamiento Del Sector Agropecuario (FINAGRO)” investment project from being carried out. The claims are valued at $61,300 and judgment in the first instance is pending.

Popular Action - Valle del Cauca Department

This is a class action suit requesting the Bank to reimburse the uncollected portion of the foreclosed in shares of Empresa de Energía del Pacifico S.A. and Sociedad Portuaria de Buenaventura and to pay damages to the Valle del Cauca Department. The claims amount to $18,000. The case is pending the trustee taking office.

Incident within the labor process of Clínica la Asunción against Cafesalud E.P.S.

Incident of joint and several liabilities borne by the Bank for alleged breach of embargo payment orders given within the process of Clínica la Asunción and others against Cafesalud E.P.S., the claims amount to $70,980. By means of an order of November 15, 2017, a sanction was imposed against the Bank, which is not in force for the appeals filed by the Bank of Bogotá. Given the untouchable nature of the accounts on which the precautionary measure fell and the absence of a rule that would make it possible to impose a solidary sentence on a banking establishment for the alleged breach of an attachment order, we believe that the decision should be revoked.

The Bank does not expect to obtain any type of reimbursement. Therefore, it has not recognized assets for this purpose.

Note 32 – Capital management

The Bank's objectives in terms of adequate capital management focus on a) complying with the capital requirements defined for financial entities by the Colombian government; and b) maintaining an adequate equity structure that allows the Bank to generate value for its shareholders.

(Continued)

The capital adequacy ratio, which is defined as the ratio of the Bank's regulatory capital to its risk-weighted assets, may be no less than nine point zero percent (9.0%); while its basic capital adequacy ratio, defined as the ratio of basic ordinary capital to risk-weighted assets, may be no less than four point five percent (4.5%), as indicated respectively in Articles 2.1.1.1.2 and 2.1.1.1.3 of Decree 2555/2010, amended by Decree 1771/2012, and Decree 1648/2014 and Decree 2392/2015.

Individual compliance is verified monthly. Consolidated compliance is verified quarterly with the Bank's subordinates in Colombia, which are supervised by the Financial Superintendence of Colombia, and with its financial subsidiaries abroad.

For the purpose of capital management in Colombia, basic ordinary capital is comprised primarily of subscribed and paid ordinary shares of stock, the surplus from additional paid-in capital, and the legal reserve appropriated from profits. For its part, the regulatory capital as well as unrealized gains on debt and equity securities, subordinated debentures, and a portion of income for the period, pursuant to the profit appropriation commitment that was approved at the shareholders' meeting. The sum of the ordinary basic equity and the additional equity results in the technical equity.

The following is a breakdown of the estimate of the Bank's minimum regulatory capital.

		December 31, 2020	December 31, 2019
Regulatory capital	$	16,518,924	16,550,103
Ordinary basic capital		11,470,513	11,484,310
Total risk-weighted assets	$	91,495,408	86,769,944
Total solvency risk rate > 9%		18.05%	19.07%
Basic solvency risk rate > 4.5%		12.54%	13.24%

The Ministry of Finance and Public Credit issued decrees 1477/2018 and 1421/2019, through which Decree 2555 of 2010 is modified in relation to the requirements of adequate equity of credit institutions. The main objective is to increase both the quality and the amount of capital of credit institutions, in line with the Basel III solvency ratio definitions. Likewise, it updated the methodology (standard method) for the calculation of the assets weighted by credit risk level and included capital requirements for the value at risk for operational risk, in accordance with the Basel III post-crisis reform completion document.

Similarly, it is worth noting the introduction of the basic solvency ratio additional (minimum 6%), the leverage ratio (minimum 3%), the capital conservation buffer (minimum 1.5% of the value of the assets weighted by level of credit risk, of market and operational, that must be maintained in the net ordinary basic equity of deductions at all times) and the buffer for entities with systemic importance (minimum 1% of the value of the assets weighted by level of credit risk, of market and operational, that they must maintain in the net ordinary basic equity of deductions entities with systemic importance).

Decree 1477/2018 is regulated by External Circular 020 of the Financial Superintendence of Colombia, issued on September 6, 2019.

The provisions contained in the new decree must be fulfilled starting on January 1, 2021.

Note 33 – Related parties

Related party is a person or entity that is related to the entity that prepares its financial statements, which could exercise control or joint control over the reporting entity, significant influence, or could be considered a key member of management or of a parent. The definition of related parties includes people and/or family

(Continued)

members related to the entity, entities that belong to the same group (parent and subsidiary), associates or business combinations of the entity or of the entities of the Group, or post-employment plans benefitting the employees of the reporting entity or a related entity.

The relevant related parties are defined as follow:

- An economically related party is a person or entity that is related to any entity in the Group through transactions such as the transfer of resources, services or obligations, regardless of whether or not a price is charged.

- Transactions between economic associates are understood, by the Bank, as any economic event carried out with the Grupo Aval S.A. shareholders or entities thereof.

- Shareholders who individually own more than 10% of the Bank's capital stock (Grupo Aval Acciones y Valores S.A.).

- Key management personnel: People with authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly, including any manager or administrator (executive or otherwise) of the Bank, as well as the president and vice presidents and the members of the Board of Directors.

- Subordinate entities: Companies in which the Bank exercises control, according to the definition of control outlined in the Commercial Code and in "IFRS 10 – Consolidated Financial Statements".

- Associate entities: These are entities wherein the Group exercises significant influence, which generally is regarded as owning between 20% and 50% of the firm's equity.

- Other related parties: These include Banco de Occidente and subordinates, Banco AV Villas and subordinates, Banco Popular and subordinates, Seguro de Vida Alfa S.A, Seguros Alfa S.A and other related parties.

Transactions with related parties

The Bank may enter into transactions, agreements or contracts with related parties, with the understanding that any such operation shall be conducted at fair value, taking into account market conditions and rates.

There were none of the following between the Bank and its related parties for the periods ended at December 31, 2020 and December 31, 2019.

- Loans involving an obligation to the borrower that does not coincide with the essence or nature of a loan agreement.

- Loans at interest rates other than those normally paid or charged under similar terms with respect to risk, maturity, etc.

- Operations of a nature that is different from those conducted with third parties.

According to the Banco de Bogotá manual on agreements, specifically Chapter VI- “Special Agreements with Subsidiaries on Using the Bank’s Network,” Banco de Bogotá has agreements with Fiduciaria Bogotá S.A. and Porvenir S.A.to allows them to use its network of offices.

Fiduciaria Bogotá S.A. entered into a contract with Banco de Bogotá to use the Bank’s network of offices for its operations. The agreement outlines how the transactions of customers with mutual funds managed by Fiduciaria Bogotá S.A. will be handled, from an operational standpoint.

In keeping with the provisions outlined in Law 50/1990 (Labor Reform Act) and Law 100/1993 (General Social and Comprehensive Security System), the Bank entered into an agreement with Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A., whereby Porvenir uses the Bank’s offices as a support network to provide services related to the severance and mandatory pension funds it manages.

During the year ended at December 31, 2020 and December 31, 2019, $1,368 and $968 in fees were paid, respectively, to members of the Board of Directors.

All transactions and disbursements were conducted at market prices. Credit card operations and overdrafts were done at the full rates for those products.

Balances and operations with related parties are shown in the following table, organized into groups, including details on transactions with key management personnel:

Statement of financial position

	December 31, 2020					
				Related entities		
	Economically related parties	Grupo Aval S.A.	Key management personnel	Non-subordinates	Associates and joint ventures	Subordinates
Assets						
Cash and cash equivalents	$ 0	0	0	0	0	22,335
Investments accounted for using the equity method	0	0	0	0	5,430,515	16,845,164
Impairment of investments	0	0	0	0	(7,641)	(1,330)
Derivatives at fair value	844	0	34	0	0	0
Loan portfolio and financial leases transactions, net	2,021,797	523,907	13,716	1,566	729,480	47
Other accounts receivable	0	0	0	0	0	27,493
Right of use assets	0	0	0	0	0	828
Other assets	446	0	0	0	0	0
Liabilities						
Financial liabilities derivatives at fair value	1,255	0	0	0	0	0
Financial liabilities at amortized cost	1,153,191	1,243,357	60,368	1,050	1,134,248	6,029,613
Accounts payable and other liabilities	$ 68,382	229,532	476	900	4,575	42

(Continued)

		December 31, 2019					
					Related entities		
		Economically related parties	Grupo Aval S.A.	Key management personnel	Non-subordinates	Associates and joint ventures	Subordinates
Assets							
Cash and cash equivalents	$	0	0	0	705	0	36,599
Investments accounted for using the equity method		0	0	0	0	4,763,555	16,450,381
Impairment of investments		0	0	0	0	(7,641)	(1,270)
Investments held for trading		0	30,201	0	0	0	0
Derivatives at fair value		3,066	0	0	0	0	0
Loan portfolio and financial leases transactions, net		2,075,826	423,857	15,157	2,121	658,821	125
Other accounts receivable		0	0	0	830	0	26,570
Right of use assets		0	0	0	0	0	888
Other assets		1,700	0	0	0	0	0
Liabilities							
Financial liabilities derivatives at fair value		1,029	0	0	0	0	0
Financial liabilities at amortized cost		654,841	297,372	62,737	1,012	901,692	4,771,970
Accounts payable and other liabilities	$	66,705	218,602	625	5,511	8,263	7,521

Statement of income

		December 31, 2020					
					Related entities		
		Economically related parties	Grupo Aval S.A.	Key management personnel	Non-subordinates	Associates and joint ventures	Subordinates
Income							
Interest	$	297,527	25,715	1,107	937	54,386	1
Contracts with customers for commissions and other services		0	237	0	195	3,585	3,153
Other income		51	0	0	1,905	557,200	1,561,914
Expenses							
Interest		16,831	22,931	1,207	20	33,204	30,602
Contracts with customers for commissions and other services		0	0	0	38	0	5,266
Other expenses	$	1,825	112,127	1,393	41,801	46,736	122,754

		December 31, 2019					
					Related entities		
		Economically related parties	Grupo Aval S.A.	Key management personnel	Non-subsidiaries	Associates and joint ventures	Subsidiaries
Income							
Interest	$	147,769	34,398	1,430	1,373	45,578	0
Contracts with customers for commissions and other services		0	244	0	307	3,134	4,123
Other income		84	0	0	2,145	524,392	1,684,513
Expenses							
Interest		43,632	13,262	1,029	17	22,796	77,694
Contracts with customers for commissions and other services		0	0	0	335	0	6,058
Other expenses	$	2,118	112,127	1,009	46,619	32,732	132,569

(Continued)

Pending amounts are not guaranteed and they shall be liquidated in cash. No guarantees have been granted or received. No expense has been recognized in the current period, or in previous periods with respect to uncollectible or accounts of doubtful collection relating to the amounts owed by related parties.

Benefits for key management personnel

The benefits for key management personnel include the following:

		December 31, 2020	December 31, 2019
Short-term employee benefits	$	23,447	23,775
Termination		**0**	4.361
	$	**23,447**	**28,136**

Note 34 – Statutory controls

Statutory controls are the regulations the Financial Superintendence of Colombia has established for credit institutions (banks, financial corporations and finance companies) with respect to the required reserve ratio (see note 7.4, Section c, Liquidity Risk), the proprietary position (see note 7.4, Individual Risk Analysis), the capital adequacy ratio (see note 32), and the mandatory investments to be made in securities issued by “Fondo para el Financiamiento del Sector Agropecuario (FINAGRO)”. Due to the economic emergency caused by COVID-19, the Bank had to underwrite solidarity securities (TDS), see note 2.3, paragraph d.

The Bank complied with all these requirements during the years ended at December 31, 2020 and 2019.

Note 35 – Subsequent events

The Bank's Board of Directors authorized the issuance of ordinary bonds in the local market under the global quota of the Bond Issuance and Placement Program, approved in March 2020. As a result of the Dutch Auction held on February 10, 2021, $600,000 were awarded as follows:

Series		Amount Demanded	Amount Awarded	Rate/ Cut-off Margin
Series E3 - 3 years fixed rate E.A.	$	420,430	210,000	3.40 % E.A.
Series A5 - 5 years CPI + Margin E.A.		907,235	390,000	1.16 % E.A.
Total	$	**1,327,665**	**600,000**	

Note 36 – Approval for the presentation of financial statements

The Bank´s board of directors, in session of February 25, 2021, the presentation of the separate interim financial statements was approved for the year ended at December 31, 2020 and the accompanying notes.