Financial Statements Separate

2019

(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, 2019 and the separate statements of income and other 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 in accordance with information taken accurately from books and attached to this report, present fairly, in all material aspects, the separate financial position of the Bank at December 31, 2019, 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, except by the application of International Financial Reporting Standard IFRS 16 – Leases.

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 sufficient 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 as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Assessment of the provision by credit risk of commercial portfolio according to Guidelines of the Financial Superintendence of Colombia for the separate financial statements (see notes 2.7.d and 10 to the separate financial statements)</th></tr>
<tr><th>The key audit matter</th><th>How our audit approached this matter</th></tr>
<tr><td>The balance of the commercial loan portfolio and its provision by credit risk as of December 31, 2019, amount to $41.864.716 and $2.008.743 million, respectively.

The Bank records the commercial portfolio provision as provided by the Financial Superintendence of Colombia, which states the establishment of minimum provisions in accordance with the expected losses determined according to the credit risk rating methodology defined in the reference model.

I considered the assignment methodology of credit risk rating for clients classified in the commercial portfolio as a key audit matter, which incorporates significant elements of judgment in the key assumptions of analysis. This risk rating assigned is incorporated as a parameter in the reference model for calculating the provisions by credit risk of commercial portfolio.</td><td>My audit procedures to evaluate the allocation of credit risk rating and the effect on the provision 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 commercial credits provision. This included controls related to (1) validation of the assignment methodology and / or models of credit risk rating according to regulatory provisions (2) Bank monitoring on the allocation of credit risk ratings and the result of the value of the provisions, (3) information technology controls on the input data to the models for determining the credits provision, as well as the calculations of the provisions; and (4) the evaluation to identify if there was a significant change in credit risk of commercial portfolio.

• Inspection of a sample of credit 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 provision system and that is supported according to the customer’s financial, qualitative or economic characteristics and its subsequent incorporation into the reference model for the provisions calculation.</td></tr>
</table>

Other matters

The separate financial statements at and for the year ending December 31, 2018 are submitted only for comparison purposes, were audited other public accountant "member of KPMG S.A.S." who in his report dated February 26, 2019 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 and presentation 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 going concern 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 charged with governance 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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes 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 on the basis of 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 sufficient 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 relevant internal control for to 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 of management's use of the going concern hypothesis 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.

I communicate to those charged with the Bank's governance regarding, among other matters, the planned scope and timing for the audit, as well as significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and 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 charged with governance, I determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore 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 2019:

    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 sellers' or suppliers' invoices.

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 Commercial Code, 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 internal control measures, preservation and custody of the Bank's assets or third parties' assets in its possession, I issued a separate report dated February 25, 2020.

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.

William Torres Muñoz
Statutory Auditor of Banco de Bogotá
Registration 16059 - T
Member of KPMG S.A.S.

February 25, 2020

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

	Notes		2019	2018
Assets				
Cash and cash equivalents	4	$	**9,665,110**	**8,213,628**
Financial assets			**7,641,864**	**5,371,381**
Investments held for trading	5		**1,266,960**	**869,641**
Debt securities			921,451	536,108
Equity securities			345,509	333,533
Investments available for sale	5		**4,439,181**	**2,783,044**
Debt securities			4,224,936	2,609,493
Equity securities			214,245	173,551
Investments held to maturity	5		**1,441,450**	**1,380,125**
Derivatives at fair value	5		**494,273**	**338,571**
Trading derivatives			331,269	317,086
Hedging derivatives			163,004	21,485
Loan portfolio and financial leases transactions at amortized cost, net	6		**55,841,327**	**55,843,384**
Commercial			41,864,716	43,700,054
Consumer			12,941,197	11,534,158
Mortgage			4,042,047	3,476,297
Microcredits			384,739	398,314
Allowance			(3,391,372)	(3,265,439)
Other accounts receivable, net			**997,097**	**988,935**
Non-current assets held for sale			**119,107**	**77,947**
Investments in subsidiaries, associates and joint ventures	8		**21,205,025**	**18,605,783**
Property, plant and equipment			**704,878**	**696,218**
Right of use assets			**574,308**	**0**
Investment property			**62,377**	**74,944**
Goodwill			**465,905**	**465,905**
Other intangible assets			**379,931**	**375,959**
Income tax	9		**473,420**	**593,530**
Current			292,426	215,001
Deferred			180,994	378,529
Other assets			**17,885**	**52,638**
Total assets		**$**	**98,148,234**	**91,360,252**

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

	Notes		2019	2018
Liabilities and Equity				
Liabilities				
Financial liabilities derivatives at fair value	5		**422,172**	**550,267**
Trading derivatives			354,683	369,571
Hedging derivatives			67,489	180,696
Financial liabilities at amortized cost	10		**74,781,208**	**69,033,790**
Customer deposits			**56,210,117**	**54,131,298**
Checking accounts			14,594,756	12,841,770
Savings accounts			23,791,690	21,405,390
Time certificates of deposit			17,737,941	19,815,853
Others			85,730	68,285
Financial obligations			**18,571,091**	**14,902,492**
Interbank borrowings and overnight funds			3,345,149	714,994
Borrowings from banks and others			5,113,719	4,959,572
Bonds issued			7,379,399	7,308,290
Development entities			2,143,592	1,919,636
Lease contracts			589,232	0
Employee benefits			**235,154**	**315,613**
Provisions			**25,467**	**27,733**
Income tax	9		**4,556**	**30,725**
Current			4,556	5,963
Deferred			0	24,762
Accounts payables and other liabilities	11		**2,523,476**	**3,139,559**
Total liabilities		**$**	**77,992,033**	**73,097,687**
Equity				
Subscribed and paid-in capital			3,313	3,313
Additional paid-in capital			5,721,621	5,721,621
Retained earnings			13,883,465	12,515,447
Other comprehensive income			547,802	22,184
Total equity		**$**	**20,156,201**	**18,262,565**
Total liabilities and equity		**$**	**98,148,234**	**91,360,252**

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

(Signed original)
ALEJANDRO FIGUEROA JARAMILLO
Legal Representative

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NÉSTOR ANTONIO PUPO BALLESTAS
Chief Accountant
Professional License 43967 -T

(Signed original)
WILLIAM TORRES MUÑOZ
Statutory Auditor
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(See my report dated February 25, 2020)

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	2019	2018
Interest income		**5,757,411**	**5,577,003**
Loan portfolio and financial leases transactions		5,537,238	5,376,845
Investments		220,173	200,158
Interest expenses		**2,565,226**	**2,375,592**
Customer deposits		**1,784,508**	**1,768,406**
Checking accounts		176,372	177,231
Savings accounts		653,749	656,012
Time certificates of deposit		954,387	935,163
Financial obligations		**780,718**	**607,186**
Interbank borrowings and overnight funds		125,601	73,352
Borrowings from banks and others		119,439	75,032
Bonds issued		416,702	376,586
Development entities		85,647	82,216
Lease contracts		33,329	0
Net interest income		**3,192,185**	**3,201,411**
Net allowance on financial assets		**1,352,730**	**1,374,146**
Loan portfolio, financial leases and accounts receivable		1,506,244	1,497,574
Recovery of write-offs		(153,165)	(123,930)
Investments		(349)	502
Net interest income, after allowance		**1,839,455**	**1,827,265**
Income from contracts with customers for commissions and other services	12	**1,013,269**	**978,352**
Banking services		622,808	608,047
Credit cards		358,952	332,627
Drafts, checks and checkbooks		25,610	22,981
Office network services		5,899	14,697
Costs and expenses of contracts with customers for commissions and others services	12	**172,394**	**180,500**
Net income from contracts with customers for commissions and other services		**840,875**	**797,852**
Net income from trading financial assets or liabilities		**214,177**	**349,924**
Gain on valuation of derivatives instruments for trading		12,338	193,983
Gain on valuation of derivatives instruments for hedging		125,301	154,554
Gain on valuation of investments for trading		76,538	1,387
Other income	13	**2,531,008**	**2,504,325**
Equity method		2,208,183	2,009,260
Others		322,825	495,065
Other expenses	14	**2,551,855**	**2,486,482**
Administrative		1,511,161	1,484,285
Employee benefits		747,727	736,893
Depreciation and amortization		222,944	149,019
Others		70,023	116,285
Net income before income tax		**2,873,660**	**2,992,884**
Income tax expense		232,794	168,173
Net income for the period		**2,640,866**	**2,824,711**
Basic and diluted net earnings per share (in Colombian Pesos)		**7,972**	**8,527**

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

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BANCO DE BOGOTÁ

Separate Statement of Comprehensive Income

Years ended at December 31

(Figures expressed in millions of Colombian pesos)

	Notes		2019	2018
Net income		**$**	**2,640,866**	**2,824,711**
Items that may be reclassified to profit or loss			**589,638**	**(345,850)**
Hedge accounting				
Exchange difference on foreign subsidiaries			105,194	1,097,187
Exchange difference on derivatives in foreign currency			(50,318)	(547,310)
Exchange difference on bonds in foreign currency			(56,618)	(549,332)
Unrealized gain (loss) from measurement of available for sale investments			155,469	(4,262)
Exchange difference in foreign branches			3,456	63,196
Share in other comprehensive income of subsidiaries and associates	13		441,653	(738,505)
Income tax	19		(9,198)	333,176
Items that will not be reclassified to profit or loss			**(5,958)**	**2,975**
Changes in actuarial assumptions from defined benefits plans			(8,589)	5,129
Income tax	19		2,631	(2,154)
Items that reclassified to profit or loss			**(58,062)**	**0**
Realized loss from measurement of available for sale investments			(92,378)	0
Income tax			34,316	0
Total other comprehensive income, net		**$**	**525,618**	**(342,875)**
Total comprehensive income		**$**	**3,166,484**	**2,481,836**

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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, 2017		**$**	**3,313**	**5,721,621**	**10,627,322**	**370,602**	**16,722,858**
Changes in accounting policies	2.21		0	0	128,668	1,600	130,268
Balances at january 1, 2018 (Ajusted)		**$**	**3,313**	**5,721,621**	**10,755,990**	**372,202**	**16,853,126**
Dividends decreed	25		0	0	(1,073,349)	0	(1,073,349)
Others			0	0	8,095	(7,143)	952
Total comprehensive income	26		0	0	2,824,711	(342,875)	2,481,836
Balance at december 31, 2018		**$**	**3,313**	**5,721,621**	**12,515,447**	**22,184**	**18,262,565**
Dividends decreed	25		0	0	(1,272,117)	0	(1,272,117)
Others			0	0	(731)	0	(731)
Total comprehensive income	26		0	0	2,640,866	525,618	3,166,484
Balance at december 31, 2019		**$**	**3,313**	**5,721,621**	**13,883,465**	**547,802**	**20,156,201**

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		2019	2018
Cash flows from operating activities				
Net income for the period		$	2,640,866	2,824,711
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	10 y 11		1,506,244	1,497,574
Depreciation and amortization	14, 15 y 18		222,944	149,019
Equity method income	28		(2,208,183)	(2,009,260)
Profit on valuation and sale of financial assets, net			(232,018)	(365,826)
Interest income			(5,757,411)	(5,577,003)
Interest expenses			2,565,226	2,375,592
Employee benefits expense			238,975	307,103
Provisions expenses			3,110	24,639
Income tax expense	19		232,794	168,173
Income by assignment subscription of shares in associates			0	(123,409)
Others adjustments to reconcile net income for the period			13,039	(239,709)
Changes in operating assets and liabilities				
(Increase) decrease of investments in financial assets			(1,891,930)	394,778
Increase in the loan portfolio and finance leases			(1,546,140)	(3,685,383)
Increase in other accounts receivable			(35,460)	(456,349)
Decrease (increase) in other assets			35,771	(35,034)
Increase in customer deposits			2,079,069	1,248,692
Increase in interbank borrowings and overnight funds			2,637,835	151,236
(Decrease) increase in accounts receivable and other liabilities			(790,392)	1,488,487
Interest received			5,498,915	5,329,373
Interest paid			(2,509,195)	(1,961,109)
Interest paid financial leases			(33,323)	0
Dividends received			164,941	134,696
Income tax paid			(324,517)	(307,886)
Net cash provided by operating activities			**2,511,160**	**1,333,105**
Cash flows from investing activities:				
Purchases of investments held to maturity			(932,804)	(1,129,474)
Acquisition of property, plant and equipment			(108,822)	(92,999)
Acquisition of other intangible assets			(74,233)	(111,028)
Additions of investments in subsidiaries and associates			(2,369)	(3,890)
Redemption of held to maturity investments			890,866	1,155,550
Capitalization of investments in subsidiaries and associates			(2,334)	(4,469)
Proceeds from sale of non-financial asssets			102,610	31,103
Net cash used in investing activities			**(127,086)**	**(155,207)**
Cash flows from financing activities:				
Acquisition of financial obligations			9,382,896	8,502,954
Decrease of financial obligations			(9,036,192)	(6,964,348)
Payment leases			(52,170)	0
Dividends paid			(1,218,323)	(1,060,125)
Net cash (used in) provided by financing activities			**(923,789)**	**478,481**
Effect of foreing currency changes on cash and cash equivalents			(8,803)	362,203
Net Increase in cash and cash equivalents			1,451,482	2,018,582
Cash and cash equivalents at beginning of the year	8		8,213,628	6,195,046
Cash and cash equivalents at the end of the year	8	$	**9,665,110**	**8,213,628**

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

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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, 2019 the Bank's operating structure is comprised of ten thousand and nine-six (10,096) direct employees, one thousand and eight hundred twenty-six (1,826) employees on fixed-term contracts and four hundred seventy-five (475) apprentices from the National Vocational Training Service (SENA), this amounts to a total of twelve thousand and three hundred ninety-seven (12,397) employees. The Bank also has three thousand and seven hundred fifty-five (3,755) staff members hired through outsourcing with specialized companies. Additionally, it provides a broad range of services for its customers, based on six hundred sixty-five (665) offices, of which twenty-eight (28) payment and collection centers; nine thousand and three hundred twenty-one (9,321) correspondent banks; and one thousand and eight hundred two (1,802) ATMs for a total of eleven thousand and seven hundred eighty-eight (11,788) 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 – Basis for presentation of the separate financial statements and summary of significant accounting policies

2.1 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 compiled pursuant to the Regulating Technical Framework of 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.

2.2 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 of 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.

2.3 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 of 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.

2.4 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). Therefore, all balances and transactions denominated in currencies other than the Colombian peso (presentation currency) are considered as "foreign currency".

(Continued)

2.5 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. The exchange rates at December 31, 2019 and 2018 were $3,277.14 and $3,249.75, respectively.

2.6 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.

2.7 Financial assets

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.

Held for trading	
Valuation	The investments represented in debt stocks or 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 or bonds 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 provides 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 year. 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 actual 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 stocks or 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 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 stocks or 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 or bonds 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 between the present 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 year) 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).

(Continued)

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.

(Continued)

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 reflect weaknesses that could affect its financial position.	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. 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.

Category / Risk	Characteristics	Allowances
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 5).
- 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 5).

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.

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

When assessing regional government agencies, the Bank verifies compliance with the provisions outlined in Law 358/1997, Law 550/1999 and Law 617/2000.

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).

(Continued)

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
	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

Category	Microcredit	Mortgage
“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.

(Continued)

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%
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%

Type of collateral	LGD	Days past default	New LGD	Days past default	New LGD
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%

Collateral:

Types of collateral

Types	Detail
Suitable collateral	1. The following are classified as admissible financial collateral (AFC): • Cash collateral deposits have a LGD of 0%. • Stand-by letters have a LGD of 0%. • Loan insurance has a LGD of 12%. • Sovereign guarantees (Law 617/2000) have a LGD of 0%. • Collateral issued by guarantee funds that manage government resources has a LGD of 12%. • Securities issued by financial institutions and pledged as collateral have a 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.

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2.8 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 of 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 sale costs 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

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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.

2.9 Property, plant and equipment

The Bank recognizes as property, plant and equipment, the assets owned 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

Category	Useful life
Vehicles	5 to 10 years

Leasehold improvements

There are adjustments that are made to the leasehold property; they must 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 sale costs, and the value in use). When the carrying value exceeds the recoverable amount, the carrying value 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 book value above the value it would have had if impairment losses had not been recognized in previous periods.

2.10 Leased assets

Accounting policy applied until December 31, 2018.

a. Assets delivered on lease

Assets delivered by the Bank on lease are classified as assets on financial lease or operational lease. This is done at the moment the agreement is signed.

A leases agreement is classified as operational leases when all of the property's advantages and risks are not substantially transferred. Those are included in the account for investment property or property, plant and equipment, and are recorded and depreciated the same way as other assets of this type.

Lease agreements that are classified as financial leases are included in the balance sheet under "loans and financial leases" and are recorded the same way as other loans granted by the Bank.

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b. Assets received on lease

At their initial recognition, leases are classified as finance or operating lease, in the same way as described in the literal above.

Financial leases that substantially transfer the risks and benefits inherent to ownership of the leased asset are recognized at the commencement of the lease and are included in the balance sheet as property, plant and equipment or as investment property, as appropriate. Initially, they are entered on the books simultaneously under assets and liabilities for a value equal to the fair value of the asset received on lease or the present value of the minimum lease payments, whichever is lower.

The present value of minimum lease payments is determined using the interest rate implicit in the lease agreement or, if there is no rate, the average interest rate on bonds placed by the Bank is used. Any initial direct cost incurred by the lessee is added to the amount recognized as an asset. The amount entered as a liability is included in the financial liabilities account and recorded the same way as other liabilities.

Payments accrued under operational leases are recognized linearly under income over the term of the lease.

As a result of the implementation of IFRS 16 - Leases, starting on January 1, 2019, the Bank changed its accounting policy pursuant to transitory provisions. (See detail of the effect of implementation the standard in note 2.21 impact of changes in accounting policies).

The following is the new accounting policy implemented at the Bank:

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 are 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 it and as a lease liability.

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).

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
- 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.

2.11 Investment property

Investment properties are the land or buildings - considered all or in part - that are held for rent, valuation of the asset, or both, rather than for the Bank's own use.

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Investment properties are measured initially at cost. This includes the purchase price, plus import costs and non-deductible taxes, once commercial discounts and any costs directly attributable to bringing the asset to the site and the conditions required for it to operate as foreseen by management have been deducted.

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

2.12 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.

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2.13 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.

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.

2.14 Financial liabilities

A financial liability is any contractual obligation the Bank has to deliver cash or other financial assets to an entity or person, or to exchange financial assets or financial liabilities or an agreement that can or will 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.

2.15 Financial guarantees

Financial guarantees are those contracts requiring that the issuer carries out specific payments to reimburse the creditor 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

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constitute a 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 income obtained from financial guarantees are recognized in net income according to the term and to the extent that they are caused.

2.16 Employee benefits

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

a. Short- term benefits

These are benefits the Bank expects to pay within 12 months after the end of the reporting period. Under Colombian law and pursuant to existing labor agreements, these benefits include severance pay (after Ley 50/1990), interest on severance pay, annual leave, vacation bonuses, legally required and discretionary bonuses, assistance, social security and payroll taxes. They are measured at their face value, recognized through an accrual accounting system and charged 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 entity formally informs to the employee about its decision of dismissal.

- 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.

2.17 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.

Starting on January 1, 2017, referrals contained in tax law shall be in reference to the new technical accounting regulatory framework (Colombian Generally Accepted Accounting and Financial Reporting Standards), as set forth by Law 1819/2016.

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 likely to have future tax gains against which temporary differences can be deducted.

Deferred tax assets and liabilities are offset when there is a legal right to offset current taxes assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same entity or on different entities when the legal right exists and is intended to offset the balances on a net tax bases.

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.

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Industry and commerce tax

In applying article 76 of Law 1943 of 2018, 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, 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.

2.18 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 existing obligation (legal or implicit) that is the result of a past event,
- It is probable that an outflow of resources that embody 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 as 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 any possible liability arising from past events the existence of which will be confirmed only if one or more uncertain future events occur and are not under the control of the Bank. Contingent

(Continued)

liabilities are subject to disclosure and, to the extent they become probable liabilities, they are recognized as a provision.

c. Contingent assets

Assets of a possible nature arising from past events, the existence of which is to be confirmed only by the occurrence or non-occurrence of one or more uncertain events in the future that are 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.

2.19 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.

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.

2.20 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.

2.21 Impact of changes in accounting policies

Year 2018

The Bank adopted IFRS 9 – Financial Instruments (See (a) below), IFRS 15 Revenue from contracts with customers (see (b) below) and parameters to determine the liability for post-employment benefits (See (c) below) in a prospective manner, recognizing the initial adoption effect of such standard as from January 1, 2018. Consequently, the information submitted for 2017 was not modified with the adoption of the aforementioned standards.

The following is the detail of the impacts on assets and liabilities resulting from the change in accounting policies:

	Note		December 31, 2017	Adjustment	December 31, 2018
IFRS 9	11 – Other accounts receivable, net	$	(36,060)	(1,074)	(37,134)
IFRS 9	13 – Investments in subsidiaries, associates and joint ventures		12,688,532	(3,844)	12,684,688
IFRS 15 and IFRS 9	13 – Investments in subsidiaries, associates and joint ventures		3,419,661	124,030	3,543,691
	Total assets		**16,072,133**	**119,112**	**16,191,245**
IFRS 15	19 – Income tax		(614,005)	11,038	(602,967)
Actuarial assumptions	19 – Income tax		0	(5,052)	(5,052)
IFRS 15	23 – Provisions		43,060	21,100	64,160
Actuarial assumptions	22 – Employee benefits		315,734	15,090	330,824
IFRS 15	Other liabilities		53,332	(53,332)	0
	Total liabilities	$	**(201,879)**	**(11,156)**	**(213,035)**

Following are the details of the equity impact, net of taxes, as a result of changes in accounting policies:

		Retained earnings	Other comprehensive income	Total
Requirements IFRS 9	$	(1,074)	0	(1,074)
Implementing IFRS 15		9,556	11,638	21,194
Measurement of post-employment benefits		0	(10,038)	(10,038)
Changes in accounting policies subsidiaries		(3,844)	0	(3,844)
Changes in accounting policies associates		124,030	0	124,030
Total	$	**128,668**	**1,600**	**130,268**

a. IFRS 9 Financial instruments requirements

As described previously, IFRS 9 requirements regarding the accounting treatment of classification and valuation of investments, the loan portfolio and its impairment do not apply for preparing separate financial statements and instead, accounting provisions issued by Financial Superintendence of Colombia are applied, including the Basic Accounting and Financial Circular (BAFC). Due to the foregoing, the impact of the new IFRS 9 in the preparation of separate financial statements solely relate to the management of hedge accounting and to impairment of financial assets different than the loan portfolio and investments. IFRS 9 basically applies to the preparation of consolidated financial statements.

As allowed under the new IFRS 9 the Bank chose as accounting policy to continue applying the hedge accounting of IAS 39 and the requirements of hedge accounting disclosures introduced by the amendments to IFRS 9 to IFRS 7 “Financial Instruments Disclosures”.

Pursuant to the foregoing, it is deemed that implementing the new IFRS 9 in the drafting of separate financial statements generate a decrease in equity by $ (5,408) because of the impairment of receivable accounts by ($1,074) and adjustments of equity method as a consequence of the impact recognized by the subsidiaries of the impairment of receivable accounts by ($4,334).

b. IFRS 15 Revenue of ordinary activities arising from contracts with customers

Due to IFRS 15 implementation “revenue of ordinary activities arises from contracts with customers”, as from January 1, 2018, the Bank modified the accounting policy for recognizing revenues for banking services commissions and sale of goods and services (see note 2.19).

The effect of implementing IFRS 15 as of January 1, 2018 represented an increase in gross equity of $156,752 with a tax of ($11,038) for a net amount of $145,714 corresponding to customer loyalty program for $21,194 and adjustments to the equity method for $ 124,520, as a result of the recognition of the impact of IFRS 15 of the associate Corficolombiana S.A.

c. Actuarial assumptions for measuring pensions liabilities

Until December 31, 2017, the liability of benefits post-employment for retirement pensions was determined under the parameters established by Decree 2783/2001, pursuant to what is foreseen under Decree 2496/2015, and the remaining requirements of the International Accounting Standard No. 19 “Employee Benefits” (IAS 19). As from January 1, 2018, for determining the pensions liabilities, the Bank applies actuarial assumptions as required by IAS 19, applying such international standard comprehensively and for disclosing differences in the calculation of pensions liabilities on its charge, in accordance with the parameters set forth under Decree 1625/2016. The effect of this change implied a decrease in equity of ($10,038), (amount before taxes for ($15,090) and deferred tax for $5,052).

Year 2019

The Bank has adopted IFRS 16 – Leases from January 1, 2019, The main impact of the application of the standard is generated in the contracts in which the Bank is a lessee, to the extent that the leases are recognized as a right-of-use asset and a lease liability on the date on which the underlying asset is taken for rent and is available for use by the lessee.

Each lease payment is allocated between the liability and the financial cost. The financial cost is recognized in the income statement during the lease period, in order to produce a constant periodic interest rate on the balance of the liability for each period. The right-of-use assets are depreciated during the term of the lease, on a straight-line basis.

Therefore, the nature of the payments related to these modified leases as of January 1, 2019, because depreciation expense is recognized, for right-of-use assets, and interest expenses, for liabilities for leases previously, operating lease expenses are recognized on a straight-line basis during the lease term.

The Bank, in the implementation of the standard applied the transition option “retrospectively with the cumulative effect of initially applying” (simplified approach, in accordance with IFRS 16, paragraph C5 (b)). This implied the recognition of right-of-use assets for an amount equal to the lease liability.

With the transition option chosen, is not required to restate comparative figures. Likewise, to the extent that assets and liabilities for lease were recognized for the same amount, no equity impacts were generated, which is allowed in accordance with the transitory provisions of the new standard.

IFRS 16 Leases was issued by the IASB in the first half of 2016 and replaced IAS 17 Leases, IFRIC 4 Determination of whether an Agreement contains a Lease; SIC-15 Operating Leases - Incentives and SIC-27 Evaluation of the Essence of Transactions that adopt the Legal Form of a Lease.

The Bank recognized the lease liabilities for $630,615, right of use assets for $629,939, and accounts receivable (sublease) for $676.

In applying IFRS 16 for the first time, the Bank has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.
- The exclusion of initial direct costs for the measurement of the right of use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Bank has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, relied on its assessment made applying IAS 17 and IFRIC 4 that determine whether an arrangement contains a lease.

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Incremental rate – Banco de Bogotá

To create the discount rate to apply in lease contracts, the 10-year sovereign bonds curve of the Colombian government (TES) was taken as a basis, and a corporate risk spread with AAA rating was added, so that it is treated as if the bank acquired a liability at certain term.

The behavior of the leases resembles to the cash flow of a bond with partial and recurring capital amortizations, for this reason the best way to estimate the term risk of the lease contract is to use the duration measurement. Following this logic, the rate reflected in the duration is taken as a better estimate than the maturity.

Taking into account the foregoing, the lease liability is recognized as the present value of the discounted fees at the weighted average incremental rate of 5.79%.

Note 3 – New accounting pronouncements

The Bank actively analyzes the evolution, modifications and impacts in its financial statements of the standards issued by regulatory agencies and by the International Accounting Standards Board (IASB), that have not yet been applied because they have not entered into force in Colombia.

3.1 Pronouncements issued by supervisory organism and accounting regulations in Colombia

The Ministry of Commerce, Industry and Tourism, through Decree 2270 of December 13, 2019 amended the Regulatory Decree 2420 of 2015, updating the Technical Framework of accounting and Reporting Standards for Group 1. It also incorporated provisions regarding on information assurance and added Annex 6 "By which accounting is regulated and general accepted accounting principles in Colombia are issued", said annex repeals some existing provisions of Decree 2649 of 1993.

The effective date in Colombia of this Decree is January 1, 2020. Early application of the new pronouncements is permitted, revealing this fact; provided that all the requirements demanded by the standards are applied.

Likewise, it is clarified that the international validity dates of the standards included in the Decree will not be taken into account as effective dates in Colombia.

The following summarizes the new pronouncements issued by the International Accounting Standards Board IASB and incorporated into Colombian legislation in this Decree:

New issuances of the IASB	Title of the standard or amendment
Conceptual Framework in IFRS standards modifications to references.	Conceptual framework to financial information.
Amendment to IFRS 3	Definition of “Business”.
Amendment to IAS 1 and IAS 8	Changes in the concept of "Materiality".
Amendment to IAS 19	Plan amendment, curtailment or settlement.
IFRIC 23	Uncertainty in the treatment of income tax.

a. Conceptual framework for financial reporting

This document sets out the fundamental concepts for financial reporting that guide the IASB in developing International Financial Reporting Standards; helping to ensure that the standards are conceptually consistent and that similar transactions are treated in the same way, enabling the provision of useful information for investors. The latest version issued by the IASB includes a new chapter on measurement; guidance on the presentation of financial reports; improved definitions and guidance, in particular the definition of an obligation; and clarifications in important areas, such as the roles of management, prudence and measurement of uncertainty in financial reporting, among others. This framework will have international application as of the year 2020.

b. Amendment to IFRS 3 - Definition of a business

This amendment sets forth improvements to the definition of a “business”, emphasizing its purpose, which is providing goods or services to customers; while the old definition centered on returns (dividends), lower costs generated by the entity or other economic benefits to investors and others. The international application date of this improvement will be as of January 1, 2020

c. Amendment to IAS 1 and IAS 8 - Definition of materiality

With the aim of facilitating the preparation of materiality judgments, which consists principally of the decision that entities must make about the information to be included in the financial statements, the IASB made amendments to the definition of “Material”, as follows:

Information is material if omitting, misstating, or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make. The international application date of this amendment will be as of January 1, 2020.

d. IAS 19 - Plan amendment, curtailment or settlement:

With the issuance of the amendment, the IASB clarifies the accounting treatment when a plan amendment, curtailment or settlement is produced (post-employment benefits: defined benefit plans and other long-term benefits).

The amendment was applied internationally for plan amendments, curtailments or settlements that occur on or after January 1, 2019.

e. IFRIC 23 - Uncertainty over income tax treatments

The interpretation clarifies the recognition and measurement of tax liabilities and assets when there is uncertainty about the income tax treatment. The international application date of this improvement was as of January 1, 2019.

3.2 Issued by the IASB not incorporated into Colombian law

The following is a summary of new statements issued by the IASB for international accounting standards which have not yet been applied by the Bank because they have not been incorporated into the Colombian legislation and their application in Colombia will depend on the regulations issued by the Colombian Government:

New issues of IASB	Title of the standard or amendment
IFRS 17	Insurance contracts.
Amendment to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture.
Amendment to IFRS 9, IAS 39 y IFRS 7	Reform of the reference interest rate.

a. IFRS 17 – Insurance contracts

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics.

Its implementation supose a challenge for companies by having to issue information in financial figures through financial variables, with the aim of issuing comparable financial information and granting added value to users, especially investors. The international application date of this standard will be from January 1, 2021.

b. Amendment to IFRS 10 and IAS 28 - Sale or contributions 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. The IASB has indefinitely postponed the application date.

c. Amendment to IFRS 9, IAS 39 and IFRS 7 - Reform of the reference interest rate

This amendment provides relief regarding to possible effects on hedge accounting, given the uncertainty caused by the reform in the reference interest rate. This statement requires companies to provide complementary information about their hedging relationships that are directly affected by these uncertainties. The international application date will be from January 1, 2020.

Note 4 – 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.

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:

4.1 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.

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4.2 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 2, Section 2.7, 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 2, Section 2.7, 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.

The Bank believes the loan portfolio allowances at December 31, 2019 and 2018 are sufficient to cover any possible losses on its portfolio of loans that are outstanding on those dates.

4.3 Fair value of financial instruments

The fair value of financial instruments is estimated 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 5.

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.

4.4 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 considered to be 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, 2019, and 2018, 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 19.4.

4.5 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.

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 17.

4.6 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 23.

4.7 Employee benefits

The measurement of post-employment benefit obligations (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.

4.8 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.

Note 5 – 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 or by the management of the Bank. The valuation techniques used 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 interest-rate or currency 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 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 property 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 assets or 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.

(Continued)

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.

5.1 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, 2019			
		Level 1	Level 2	Level 3	Total
Assets					
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 government		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 transactions		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 transactions		0	8	0	8
Currency options		0	31,267	0	31,267
		0	354,683	0	354,683

(Continued)

		December 31, 2019			
		Level 1	Level 2	Level 3	Total
Hedging derivatives					
Currency forwards		0	67,489	0	67,489
Total liabilities at fair value on recurring basis	$	**0**	**422,172**	**0**	**422,172**

		December 31, 2018			
		Level 1	Level 2	Level 3	Total
Assets					
Investments in debt securities for trading issued or secured					
Colombian government	$	103,864	723	0	104,587
Other Colombian government entities		15,286	24,616	0	39,902
Other financial entities		0	354,811	0	354,811
Non-financial sector entities		0	21,406	0	21,406
Others		0	15,402	0	15,402
		119,150	416,958	0	536,108
Investments in equity securities for trading		0	1,571	331,962	333,533
Total investments held for trading		**119,150**	**418,529**	**331,962**	**869,641**
Investments in debt securities available for sale issued or secured					
Colombian government		1,428,191	622,534	0	2,050,725
Other Colombian government entities		3,110	132,403	0	135,513
Non-financial sector entities		0	373,766	0	373,766
Foreign government		0	21,333	0	21,333
Other financial entities		0	8,273	0	8,273
Others		0	19,883	0	19,883
		1,431,301	1,178,192	0	2,609,493
Investments in equity securities available-for-sale		6,339	13	167,199	173,551
Total investments available for sale		**1,437,640**	**1,178,205**	**167,199**	**2,783,044**
Instrument financial derivatives at fair value					
Trading derivatives					
Currency forwards		0	221,522	0	221,522
Interest rate swaps		0	27,983	0	27,983
Cross currency swaps		0	38,049	0	38,049
Cash transactions		0	25	0	25
Currency options		0	29,507	0	29,507
		0	317,086	0	317,086
Hedging derivatives					
Currency forwards		0	21,485	0	21,485
Total derivatives at fair value		**0**	**338,571**	**0**	**338,571**
Investment property		0	0	74,944	74,944
Total assets at fair value on recurring basis		**1,556,790**	**1,935,305**	**574,105**	**4,066,200**
Liabilities					
Trading derivatives					
Currency forwards		0	203,100	0	203,100
Interest rate swaps		0	14,053	0	14,053
Cross currency swaps		0	135,771	0	135,771
Cash transactions		0	163	0	163
Currency options		0	16,484	0	16,484
		0	369,571	0	369,571
Hedging derivatives					
Currency forwards		0	180,696	0	180,696
Total liabilities at fair value on recurring basis	$	**0**	**550,267**	**0**	**550,267**

5.2 Non-recurrent measurements of fair value

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, 2019 and 2018 remained assessed for $119,107 y $77,947, respectively, as a result of assessment for impairment using the IFRS standards applicable.

(Continued)

5.3 Determining fair value

a. 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.

b. 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.

c. Level 3 investments have non-observable significant inputs. 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 ● Average price / Market price
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	● Underlying asset 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)

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 functional 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.

5.4 Fair value measurements classified at level 3

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

		December 31, 2019		December 31, 2018	
		Equity securities	Investment property	Equity securities	Investment property
Balance at the beginning of the period	$	**499,161**	**74,944**	**162,382**	**82,083**
Transfer from Level 3 to Level 2 (1)		0	0	(12)	0
Valuation adjustment with effect on net income		38,068	7,540	2,650	26,807
Valuation adjustment with effect on OCI		40,814	0	8,465	0
Dividends received		0	0	(3,540)	0
Additions		0	0	330,350	0
Disposals / Sales		(24,994)	(9,692)	(3,670)	(19,495)
Reclassifications		0	10,622	0	18,843
		553,049	**83,414**	**496,625**	**108,238**
Impairment, net		362	(21,037)	2,536	(33,294)
Balance at the end of the period	$	**553,411**	**62,377**	**499,161**	**74,944**

(1) Correspond to the investment of APC.

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 outside the Bank 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 3% and 4%
Growth of the gross domestic product (1)	Between 3% and 4%
Income	CPI+1 Between 4% and 25%
Costs and expenses	Inflation
Growth in perpetuity after five and ten years	3.10%
Discount interest rate	Between 11% and 14%
Equity rate of cost	Between 12.4% and 14.8%

(1) Information obtained from the National Department of Planning

The table below contains last 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%	9,362	(9,082)
Growth residual values after five years	+/-1% +/-30PB	8,054 50	(7,053) (50)
Growth residual values after ten years	+/-1%	685	(557)
Discount interest rates	+/-50PB	135	(136)
Equity rate of cost	+/-50PB	11,763	(10,532)
Net value adjusted of assets			
Most relevant variable in assets	+/-10%	68	(59)

b. Investment property

Investment property 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 country. 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 property.

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

With investment property, an increase (decrease) of 1% on their market value would result in an increase (decrease) of $624 in their fair value, as the case may be.

5.5 Level transfers

As of December 31, were transfers from level 1 to level 2 for $590 and from level 2 to level 1 of $45, in investments available for sale, corresponding to securities issued or secured by the Colombian Government.

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

The following table contains a summary of fair values of the Bank’s financial assets and liabilities recorded at face value or amortized cost solely for disclosure purposes and their corresponding book value:

(Continued)

	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 and financial leases transactions at amortized cost, 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**

	December 31, 2018				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Investments held to maturity	$ 1,380,125	0	1,358,533	0	1,358,533
Loan portfolio and financial leases transactions at amortized cost, net	55,843,384	0	0	56,720,904	56,720,904
	57,223,509	**0**	**1,358,533**	**56,720,904**	**58,079,437**
Liabilities					
Deposits in checking accounts, savings accounts and others	34,315,445	0	34,315,445	0	34,315,445
Time certificates of deposit	19,815,853	0	19,727,960	0	19,727,960
Interbank borrowings and overnight funds	714,994	0	714,994	0	714,994
Borrowings from banks and others	4,959,572	0	4,939,186	0	4,939,186
Bonds issued	7,308,290	7,307,658	0	0	7,307,658
Development entities	1,919,636	0	1,840,925	0	1,840,925
	$ **69,033,790**	**7,307,658**	**61,538,510**	**0**	**68,846,168**

- **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 a 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

(Continued)

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 6 – Financial risk management

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

6.1 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.

(Continued)

6.2 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.

6.3 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.
- 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.
- Indicate 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 mitigation 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 subsidiaries 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. Administrative processes for risk management

In accordance with its business models, the Bank has well defined structures and procedures and 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. These are detailed later.

e. Internal auditing

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.

6.4 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 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 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, 2019	December 31, 2018
Cash and cash equivalents (1)	$	**7,439,952**	**5,874,664**
Financial assets			
Debt securities investments held for trading			
Government		207,028	104,587
Financial entities		558,687	354,811
Other sectors		155,736	76,710
		921,451	**536,108**
Debt securities investments available for sale			
Government		3,727,661	2,058,998
Financial entities		290,886	393,649
Other sectors		206,389	156,846
		4,224,936	**2,609,493**

		December 31, 2019	December 31, 2018
Investments held to maturity			
Government		23,043	32,321
Other sectors		1,418,407	1,347,804
		1,441,450	**1,380,125**
Derivatives at fair value		**494,273**	**338,571**
Loan portfolio and financial leases transactions at amortized cost			
Commercial		41,864,716	43,700,054
Consumer		12,941,197	11,534,158
Mortgage		4,042,047	3,476,297
Microcredit		384,739	398,314
		59,232,699	**59,108,823**
Other accounts receivable		**1,040,009**	**1,030,928**
Total financial assets with credit risk		**74,794,770**	**70,878,712**
Off- statement of financial position credit risk instruments at their face value			
Financial guarantees and unused letters of credit		1,776,119	1,580,356
Credit commitments		7,034,671	7,257,280
Total exposure to off- statement of financial position credit risk		**8,810,790**	**8,837,636**
Total maximum exposure to credit risk	$	**83,605,560**	**79,716,348**

(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 30.1 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 defined cases, maximum exposure to credit risk for each entity in the Bank is reduced by collateral and other credit enhancements, which lower credit risk. The existence of collateral can be a necessary measure; however, in and of itself, collateral 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, 2019					
		Commercial	Consumer	Mortgage	Microcredit	Financial leases	Total
Unsuitable collateral	$	179,553	84	0	22,688	0	202,325
Admissible financial collateral		1,074,656	41,497	71,701	93,376	7,165	1,288,395
Commercial and residential real estate		4,335,261	64,667	3,484,981	2,360	127,512	8,014,781
Assets furnished in real estate lease		0	0	0	0	1,664,638	1,664,638
Assets furnished in non-real estate lease		0	0	0	0	1,528,019	1,528,019
Other suitable collateral		4,754,055	928,685	957	657	43,521	5,727,875

		December 31, 2019					
		Commercial	Consumer	Mortgage	Microcredit	Financial leases	Total
Collection rights		5,892,168	750	1,193	0	89,732	5,983,843
Unsecured		22,660,027	11,897,138	0	265,658	0	34,822,823
Total	$	**38,895,720**	**12,932,821**	**3,558,832**	**384,739**	**3,460,587**	**59,232,699**

		December 31, 2018					
		Commercial	Consumer	Mortgage	Microcredit	Financial leases	Total
Unsuitable collateral	$	169,422	148	0	32,823	0	202,393
Admissible financial collateral		881,897	37,078	68,949	97,871	8,431	1,094,226
Commercial and residential real estate		3,647,764	62,262	2,983,614	3,618	116,013	6,813,271
Assets furnished in real estate lease		0	0	0	0	1,227,319	1,227,319
Assets furnished in non-real estate lease		0	0	0	0	1,471,659	1,471,659
Other suitable collateral		8,026,373	946,898	739	793	80,580	9,055,383
Collection rights		5,297,971	490	1,229	0	208,649	5,508,339
Unsecured		23,002,789	10,470,235	0	263,209	0	33,736,233
Total	$	**41,026,216**	**11,517,111**	**3,054,531**	**398,314**	**3,112,651**	**59,108,823**

Policies to prevent excessive credit-risk concentration

In order to prevent excessive concentrations of credit risk individual, country or 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 10.5.

Sovereign debt

As of December 31, 2019, and 2018, the investment portfolio in debt securities is comprised mainly of securities issued or secured by Colombian government or foreign governments, which represent 60.1% and 48.5%, respectively of the total portfolio.

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

		December 31, 2019		December 31, 2018	
		Value	Share	Value	Share
Investment grade (1)					
Colombia	$	3,926,256	99.20%	2,155,312	98.15%
USA		23,043	0.58%	32,321	1.47%
Chile		6,752	0.17%	6,578	0.30%
Panamá		1,681	0.05%	1,695	0.08%
Total sovereign risk		**3,957,732**	**100.00%**	**2,195,906**	**100.00%**

		December 31, 2019		December 31, 2018	
		Value	Share	Value	Share
Others (2)		**2,630,105**		**2,329,820**	
Total debt securities	$	**6,587,837**		**4,525,726**	

(1) The Investment grade includes F1 + F3 credit ratings from Fitch Ratings Colombia S.A., BRC 1+ to BRC 3 from BRC de Colombia, 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.

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.

(Continued)

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 credit 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 10 for details on distribution of the non-performing portfolio at December 31, 2019 and 2018, 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, 2019 and 2018 came to $2,588,519 and $2,034,659, 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, 2019	December 31, 2018
Received	$	138,789	112,419
Sold	$	75,424	4,368

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 open positions of the Bank in investment portfolios of debt securities, equity securities, foreign exchange positions and operations with derivatives. It is due to adverse changes in risk factors such as prices, interest rates, foreign currency exchange rates, share prices, credit margins of instruments.

Trading risk

The Bank trades financial instruments for various reasons. The following are the main ones:

- 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 entities incur risks, within defined limits, or mitigate them through the use of other derivative transactions or financial instruments.

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

		December 31, 2019	December 31, 2018
Assets			
Debt financial assets			
Investments held for trading	$	921,451	536,108
Investments available for sale		4,224,936	2,609,493
		5,146,387	**3,145,601**
Trading derivatives		331,269	317,086
Hedging derivatives		163,004	21,485
Total assets		**5,640,660**	**3,484,172**
Liabilities			
Trading derivatives		354,683	369,571
Hedging derivatives		67,489	180,696
Total liabilities		**422,172**	**550,267**
Net position	$	**5,218,488**	**2,933,905**

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 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 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 9.5.

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.

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, 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 two models: an adaptation of the model JP Morgan (VaR parametric) Risk Metrics and the historical simulation.

With the use of these methods make it possible to estimate the profits and capital at risk. This, in turn, facilitates resource allocation among the different business units, as well as a comparison of activities in different markets and identification of the positions that imply the most risk to the treasury business. These tools also are used for determining limits on traders' positions and to review positions and strategies quickly, as market conditions evolve.

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) for identifying on a daily basis, process with significant differences between the information provided by the pricing service and the prices observed on the market.

Monitoring of this sort is intended to provide the pricing service with feedback on the most significant differences in prices and/ or input, so they can be revised.

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.

(Continued)

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, 2019				December 31, 2018			
	Minimum	Average	Maximum	Latest	Minimum	Average	Maximum	Latest
Interest rate in pesos	328,491	365,215	404,596	385,502	237,277	278,549	309,177	237,277
Exchange rate	97,239	138,263	167,207	119,950	53,677	113,011	165,364	156,134
Shares of stock	806	902	1,270	1,270	711	740	792	792
Mutual funds	49,153	50,138	50,790	50,790	90	12,332	49,029	49,029
Total VaR	**519,278**	**554,518**	**594,039**	**557,512**	**353,510**	**404,632**	**510,463**	**443,232**

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

		December 31, 2019	December 31, 2018
Average value of the portfolio	$	728,779	538,916
25 basis points		1,822	674
50 basis points		3,644	1,347

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 been 1% higher or lower, the greater or lesser impact on the Bank´s OCI, before taxes, would have been $60 and $63 at December 31, 2019 and 2018, respectively.

The Bank also has equity investments that are not listed on the stock exchange, in which case their fair value is determined by the price vendor. A sensitivity analysis of the variables used by the price vendor is provided in note 5.4.

- **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 31. 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, 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
Trading derivatives	0.71	0.00	0.00	2,327
Loan portfolio and financial leases transactions at amortized cost, 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)**

	December 31, 2018			
	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	1,523.19	7.05	1.21	$ 4,976,801
Debt securities investments held for trading	83.85	0.00	0.00	272,481
Debt securities investments available for sale	127.09	0.00	0.00	413,025
Investments held to maturity	9.95	0.00	0.00	32,321
Loan portfolio and financial leases transactions at amortized cost, net	1,762.09	0.99	4.87	5,745,389

(Continued)

	December 31, 2018			
	Millions of US dollars	Millions of US euros	Other currencies expressed in millions of US dollars	Total in millions of Colombian pesos
Other accounts receivable, net	79.62	0.00	0.00	258,739
Total assets	**3,585.79**	**8.04**	**6.08**	**11,698,756**
Liabilities				
Checking accounts deposits	1,270.33	0.00	0.00	4,128,250
Savings accounts deposits	58.38	0.00	0.00	189,714
Time certificates of deposit	1,133.23	0.00	0.00	3,682,723
Other deposits	20.15	0.52	0.02	67,250
Interbank borrowings and overnight funds	172.05	0.00	0.00	559,123
Borrowings from banks and others	1,520.23	0.99	4.86	4,959,372
Bonds issued	2,207.42	0.00	0.00	7,173,553
Development entities	83.50	0.00	0.00	271,365
Accounts payable and other liabilities	1.37	0.01	0.00	4,496
Total liabilities	**6,466.66**	**1.52**	**4.88**	**21,035,846**
Net asset (liabilities) position	**(2,880.87)**	**6.52**	**1.20**	$ **(9,337,090)**

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 primarily with financial obligations, bonds and derivatives in foreign currency, see note 9.5.

If the exchange rate increased by $10 Colombian pesos to $1 USD, the effect on the net position of the Bank would decrease $31,075 and $28,732 for December 31, 2019 and 2018, 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 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, 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
Commercial loans	4,288,175	8,633,843	6,159,062	22,783,636	41,864,716
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**

BANCO DE BOGOTÁ
Notes to the Separate Financial Statements
As at December 31, 2019

		December 31, 2019				
		Up to 1 Month	From 1 to 6 Months	From 6 to 12 Months	More than 1 year	Total
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**

		December 31, 2018				
		Up to 1 Month	From 1 to 6 Months	From 6 to 12 Months	More than 1 year	Total
Assets						
Cash and cash equivalents	$	8,213,628	0	0	0	8,213,628
Debt securities Investments held for trading		536,108	0	0	0	536,108
Debt securities Investments available for sale		0	58,223	159,147	2,392,123	2,609,493
Investments held to maturity		1,344,502	32,395	3,228	0	1,380,125
Commercial loans		8,433,346	8,291,723	5,007,812	21,967,173	43,700,054
Consumer loans		299,370	177,157	1,072,149	9,985,482	11,534,158
Mortgages loans		26,105	170	940	3,449,082	3,476,297
Microcredits loans		15,695	11,554	37,463	333,602	398,314
Total assets		**18,868,754**	**8,571,222**	**6,280,739**	**38,127,462**	**71,848,177**
Liabilities						
Checking accounts deposits		12,841,770	0	0	0	12,841,770
Savings accounts deposits		21,405,390	0	0	0	21,405,390
Time certificates of deposit		7,975,853	9,391,249	1,520,198	928,553	19,815,853
Interbank borrowings and overnight funds		714,994	0	0	0	714,994
Borrowings from banks and others		853,521	2,754,799	1,348,959	2,293	4,959,572
Bonds issued		7,591	50,250	0	7,250,449	7,308,290
Development entities		510,924	1,398,471	10,241	0	1,919,636
Total liabilities	$	**44,310,043**	**13,594,769**	**2,879,398**	**8,181,295**	**68,965,505**

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

		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
Commercial loans		17,775,541	2,031,890	20,663,620	1,393,665	41,864,716
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

(Continued)

		December 31, 2019				
		Under one year		More than one year		Total
		Variable	Fixed	Variable	Fixed	
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**

		December 31, 2018				
		Under one year		More than one year		Total
		Variable	Fixed	Variable	Fixed	
Assets						
Debt securities Investments held for trading	$	88,405	447,703	0	0	536,108
Debt securities Investments available for sale		0	217,371	0	2,392,122	2,609,493
Investments held to maturity		1,347,804	32,321	0	0	1,380,125
Commercial loans		20,464,949	1,765,101	20,484,664	985,340	43,700,054
Consumer loans		233,458	3,841,162	283,212	7,176,326	11,534,158
Mortgages loans		26,087	172,712	268	3,277,230	3,476,297
Microcredits loans		12,053	192,945	0	193,316	398,314
Abandoned accounts - ICETEX		0	0	129,705	0	129,705
Total assets		**22,172,756**	**6,669,315**	**20,897,849**	**14,024,334**	**63,764,254**
Liabilities						
Checking account deposits		445,839	12,395,931	0	0	12,841,770
Savings accounts deposits		707,849	20,697,541	0	0	21,405,390
Time certificates of deposit		4,426,625	10,353,668	4,084,533	951,027	19,815,853
Interbank borrowings and overnight funds		0	714,994	0	0	714,994
Borrowings from banks and others		86,456	4,870,823	0	2,293	4,959,572
Bonds issued		0	392,117	50,250	6,865,923	7,308,290
Development entities		454,974	9,417	1,455,245	0	1,919,636
Total liabilities	$	**6,121,743**	**49,434,491**	**5,590,028**	**7,819,243**	**68,965,505**

If interest rates had been 50 basis points lower (higher) with all other variables held constant, the Bank's net income for the years ended December 31, 2019 and 2018 would have increased (decreased) by $35,900 and $26,996, 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.

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, a liquidity risk indicator (LRI) is calculated weekly for periods of 7, 15, 30 and 90 days, as established in the Financial Superintendence of Colombia standard model.

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.

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	11%
Public entity deposits	11%
Deposits and demand accounts after 30 days	11%
Ordinary savings deposits	11%
Fixed-term savings deposits	11%
Trading security repurchase agreements	11%
Accounts other than deposits	11%
Time certificates of deposit:	
Under 540 days	4,5%
540 days or more	0%

The following is a summary of available liquid assets projected over a period of 90 days pursuant to the provisions established to that effect by the Financial Superintendence of Colombia:

		Liquid assets available at the end of the period (1)	From 1 to 7 days (2) and (3)	From 1 to 15 days (2) and (3)	From 1 to 30 days (2) and (3)	From 1 to 90 days (2) and (3)
December 31, 2019	$	11,480,613	9,127,754	6,892,223	2,141,891	(14,048,998)
December 31, 2018	$	10,936,886	10,370,295	9,260,812	8,892,523	321,897

(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.

(3) The IRL decreased compared to 2018 due to the entry into force of the external circular 009 of 2018 issued by the Financial Superintendence of Colombia that seeks to align with Basel and proposes a new methodology for the calculation of the Net Withdrawal Factor applicable to deposits.

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.

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

		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
Comercial loans		4,535,385	10,052,765	7,267,812	26,700,043	48,556,005
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
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

(Continued)

		December 31, 2019				
		Less than one month	From one to six months	From six to twelve months	More than one year	Total
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**

		December 31, 2018				
		Less than one month	From one to six months	From six to twelve months	More than one year	Total
Assets						
Cash and cash equivalents	$	8,213,628	0	0	0	8,213,628
Debt securities Investments held for trading		536,108	0	0	0	536,108
Debt securities Investments available for sale		3,930	111,032	276,800	3,079,100	3,470,862
Investments held to maturity		308,492	554,742	526,260	0	1,389,494
Trading derivatives		317,086	0	0	0	317,086
Hedging derivatives		21,485	0	0	0	21,485
Comercial loans		4,234,093	9,617,542	6,083,724	26,076,891	46,012,250
Consumer loans		700,889	2,388,895	2,541,650	9,850,551	15,481,985
Mortgages loans		61,271	213,595	254,842	6,040,186	6,569,894
Microcredits loans		56,258	119,757	122,836	251,825	550,676
Total Assets		**14,453,240**	**13,005,563**	**9,806,112**	**45,298,553**	**82,563,468**
Liabilities						
Trading derivatives		369,571	0	0	0	369,571
Hedging derivatives		180,696	0	0	0	180,696
Checking accounts deposits		12,841,770	0	0	0	12,841,770
Savings accounts deposits		21,405,390	0	0	0	21,405,390
Time certificates of deposit		3,061,346	8,304,893	3,905,090	5,485,626	20,756,955
Other deposits		68,285	0	0	0	68,285
Interbank borrowings and overnight funds		714,994	0	0	0	714,994
Borrowings from banks and others		713,005	2,539,839	1,767,614	0	5,020,458
Bonds issued		95,201	309,742	927,934	8,797,683	10,130,560
Development entities		31,146	297,807	210,901	1,708,495	2,248,349
Accounts payable and other liabilities		2,983,772	0	0	0	2,983,772
Total Liabilities	$	**42,465,176**	**11,452,281**	**6,811,539**	**15,991,804**	**76,720,800**

d. Operating 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 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.

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 profile at December 31, 2019 includes risks and controls for its 257 processes. The updating model is dynamic and takes into account tests run on controls, risks debugging and controls, changes in structure, job titles, applications and procedures generated by the Process Management Department.

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.

Taking the foregoing as a reference, operational risk is defined as the possibility that events resulting from people, information 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:

- Measurement from the standpoint of the control environment,
- Identification and assessment of operational risks,
- Treatment and mitigation of operational risks,
- Risk monitoring and risk review,
- Recording losses caused by incidents that involve operational risk.

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.

Following table shows the figures resulting from each update of the operational risk profile of the Bank at December 31, 2019 and 2018:

(Continued)

	December 31, 2019	December 31, 2018
Controls	4,153	4,282
Risks	1,665	1,720
Causes	1,901	1,423
Processes	257	251

The losses registered for operational-risk events during the year 2019 came to $19,547, they break down as follows: losses in loan portfolio (62%), labor fines and penalties (16%), losses for claims in checking accounts (5%), losses for claims in cash and clearing (4%), and losses on other operational risk accounts (13%).

According to the Basel risk classification, the events with the highest incidence were: external fraud (78%) and labor relations (16%). Important to mention that for internal fraud, there was a recovery on an event which generated a negative behavior for the Basel classification of (-8%)

- **External fraud:** customer impersonation banking person in the application and use of financial products for $7.243 and 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) the recorded loss was of $5,925.
- **Labor relations:** Creation or increase of provisions, payment of costs and convictions for labor claims for $3,572, including recoveries for judgements in favor of the bank of $495.

e. Risk of cybersecurity

Information security model and cybersecurity risk

The Banco de Bogotá 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.

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

The Bank in 2019 focused on strengthening its principles, policies, standards, processes and alignment in the understanding of digital strategy, 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 attacks.

During the year 2019 there was 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 (SARAS)

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, 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. The objective of SARAS is to reduce possible impacts generated by our credit operations or our administrative activities.

The implementation of our environmental management system is aligned with the commitments acquired with the Bank's adhesion to the Green Protocol, proposed by The Banks Association, 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 in the Credit Vice Presidency and the SARAS Unit in the office of the Credit and Treasury Risk director, as well as the creation of the Green Committee.

With the implementation of SARAS, it is expected to evaluate more than 75% of the amounts approved in the next year, generating financing opportunities through the Sustainable Development Line, launched in the second half of 2019, which promotes focused projects and investments to the preservation of the planet and the development of society, consolidating the Bank's Sustainability and Risk Management 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 fourteen (14) 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 and Contagion Risk.

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 74 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.

In addition, seventy-four (74) controls were reviewed and updated by a test of design and implementation to determine their effectiveness in mitigating the inherent risk.

The extent of the residual risk of ML/TF is defined by associating the effectiveness of the controls with respect to each risk and following the measurement methodology.

(Continued)

Documentation for the ML/TF Risk Management System (SARLAFT) stages takes place in the Money Laundering and Terrorist Financing Risk Management System within Operating Risk Strategic Control tool (CERO – Spanish acronym), which integrates different dimensions of interest in risk management: risk matrices and controls, indicators, action plans, etc., which include several stakeholders such as risk managers, advisors and control agencies, and has all the characteristics needed to efficiently manage risks and provide proper matrix documentation.

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 orients 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 (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.

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. Ninety nine percent (99%) of the Bank's employees were covered by this program in the year, through the various training schemes that are used.

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.

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 30 to the financial statements for an explanation of the lawsuits pending against the Bank, apart from those classified as remotely probable.

Note 7 – Operating segments

Operating segments are defined as a component of an entity that: (i) develops business initiatives through which it can obtain revenue from ordinary activities and incur expenses; (ii) generates operating income that is reviewed regularly by the highest operational decision-making authority within the firm, which decides on the resources to be allocated to the segment and evaluates its performance; and (iii) has differentiated 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:

7.1 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.

7.2 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.

7.3 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 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.

7.4 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.

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Assets and liabilities, by segments

	December 31, 2019			December 31, 2018		
	Bank operation	Investments in subsidiaries, associates and joint ventures (1)	Total	Bank operation	Investments in subsidiaries, associates and joint ventures (1)	Total
Cash and cash equivalents	$ **9,665,110**	**0**	**9,665,110**	**8,213,628**	**0**	**8,213,628**
Financial assets	**7,478,860**	**163,004**	**7,641,864**	**5,349,896**	**21,485**	**5,371,381**
Investments held for trading	**1,266,960**	**0**	**1,266,960**	**869,641**	**0**	**869,641**
Debt securities	921,451	0	921,451	536,108	0	536,108
Equity securities	345,509	0	345,509	333,533	0	333,533
Investments available for sale	**4,439,181**	**0**	**4,439,181**	**2,783,044**	**0**	**2,783,044**
Debt securities	4,224,936	0	4,224,936	2,609,493	0	2,609,493
Equity securities	214,245	0	214,245	173,551	0	173,551
Investments held to maturity	**1,441,450**	**0**	**1,441,450**	**1,380,125**	**0**	**1,380,125**
Derivatives at fair value	**331,269**	**163,004**	**494,273**	**317,086**	**21,485**	**338,571**
Trading derivatives	331,269	0	331,269	317,086	0	317,086
Hedging derivatives	0	163,004	163,004	0	21,485	21,485
Loan portfolio and financial leases transactions at amortized cost, net	**55,841,327**	**0**	**55,841,327**	**55,843,384**	**0**	**55,843,384**
Commercial	41,864,716	0	41,864,716	43,700,054	0	43,700,054
Consumer	12,941,197	0	12,941,197	11,534,158	0	11,534,158
Mortgage	4,042,047	0	4,042,047	3,476,297	0	3,476,297
Microcredits	384,739	0	384,739	398,314	0	398,314
Allowance	(3,391,372)	0	(3,391,372)	(3,265,439)	0	(3,265,439)
Other accounts receivable, net	**997,097**	**0**	**997,097**	**988,935**	**0**	**988,935**
Non-current assets held for sale	**119,107**	**0**	**119,107**	**77,947**	**0**	**77,947**
Investments in subsidiaries, associates and joint ventures	**0**	**21,205,025**	**21,205,025**	**0**	**18,605,783**	**18,605,783**
Property, plant and equipment	**704,878**	**0**	**704,878**	**696,218**	**0**	**696,218**
Right of use assets	**574,308**	**0**	**574,308**	**0**	**0**	**0**
Investment property	**62,377**	**0**	**62,377**	**74,944**	**0**	**74,944**
Goodwill	**465,905**	**0**	**465,905**	**465,905**	**0**	**465,905**
Other intangible assets	**379,931**	**0**	**379,931**	**375,959**	**0**	**375,959**
Income tax	**473,420**	**0**	**473,420**	**593,530**	**0**	**593,530**
Current	292,426	0	292,426	215,001	0	215,001
Deferred	180,994	0	180,994	378,529	0	378,529
Other assets	**17,885**	**0**	**17,885**	**52,638**	**0**	**52,638**
Total assets	**76,780,205**	**21,368,029**	**98,148,234**	**72,732,984**	**18,627,268**	**91,360,252**
Financial liabilities derivatives at fair value	**354,683**	**67,489**	**422,172**	**369,571**	**180,696**	**550,267**
Trading derivatives	354,683	0	354,683	369,571	0	369,571
Hedging derivatives	0	67,489	67,489	0	180,696	180,696
Financial liabilities at amortized cost	**71,477,439**	**3,303,769**	**74,781,208**	**65,761,572**	**3,272,218**	**69,033,790**
Customer deposits	**56,210,117**	**0**	**56,210,117**	**54,131,298**	**0**	**54,131,298**
Checking accounts	14,594,756	0	14,594,756	12,841,770	0	12,841,770
Savings accounts	23,791,690	0	23,791,690	21,405,390	0	21,405,390
Time certificates of deposit	17,737,941	0	17,737,941	19,815,853	0	19,815,853
Others	85,730	0	85,730	68,285	0	68,285
Financial obligations	**15,267,322**	**3,303,769**	**18,571,091**	**11,630,274**	**3,272,218**	**14,902,492**
Interbank borrowings and overnight funds	3,345,149	0	3,345,149	714,994	0	714,994
Borrowings from banks and others	5,113,719	0	5,113,719	4,959,572	0	4,959,572
Bonds issued	4,075,630	3,303,769	7,379,399	4,036,072	3,272,218	7,308,290
Development entities	2,143,592	0	2,143,592	1,919,636	0	1,919,636
Lease contracts	589,232	0	589,232	0	0	0
Employee benefits	**235,154**	**0**	**235,154**	**315,613**	**0**	**315,613**
Provisions	**25,467**	**0**	**25,467**	**27,733**	**0**	**27,733**

(Continued)

	December 31, 2019			December 31, 2018		
	Bank operation	Investments in subsidiaries, associates and joint ventures (1)	Total	Bank operation	Investments in subsidiaries, associates and joint ventures (1)	Total
Income tax	**4,556**	**0**	**4,556**	**30,725**	**0**	**30,725**
Current	4,556	0	4,556	5,963	0	5,963
Deferred	0	0	0	24,762	0	24,762
Accounts payables and other liabilities	**2,523,476**	**0**	**2,523,476**	**3,139,559**	**0**	**3,139,559**
Total liabilities	$ **74,620,775**	**3,371,258**	**77,992,033**	**69,644,773**	**3,452,914**	**73,097,687**

Statement of income for the period, by segment

	Year ended at December 31, 2019			Year ended at December 31, 2018		
	Bank Operation	Investments in subsidiaries, associates and joint ventures (1)	Total	Bank Operation	Investments in subsidiaries, associates and joint ventures (1)	Total
Interest income	$ **5,757,411**	**0**	5,757,411	**5,577,003**	**0**	**5,577,003**
Loan portfolio and financial leases transactions	5,537,238	0	5,537,238	5,376,845	0	5,376,845
Investments	220,173	0	220,173	200,158	0	200,158
Interest expenses	**2,404,604**	**160,622**	**2,565,226**	**2,230,453**	**145,139**	**2,375,592**
Customer deposits	**1,784,508**	**0**	**1,784,508**	**1,768,406**	**0**	**1,768,406**
Checking account	176,372	0	176,372	177,231	0	177,231
Savings accounts	653,749	0	653,749	656,012	0	656,012
Time certificates of deposit	954,387	0	954,387	935,163	0	935,163
Financial obligations	**620,096**	**160,622**	**780,718**	**462,047**	**145,139**	**607,186**
Interbank borrowings and overnight funds	125,601	0	125,601	73,352	0	73,352
Borrowings from banks and others	119,439	0	119,439	75,032	0	75,032
Bonds issued	256,080	160,622	416,702	231,447	145,139	376,586
Development entities	85,647	0	85,647	82,216	0	82,216
Lease contracts	33,329	0	33,329	0	0	0
Net interest income	**3,352,807**	**(160,622)**	**3,192,185**	**3,346,550**	**(145,139)**	**3,201,411**
Net allowances on financial assets	**1,352,730**	**0**	**1,352,730**	**1,374,146**	**0**	**1,374,146**
Loan portfolio and financial leases transactions, and accounts receivable	1,506,244	0	1,506,244	1,497,574	0	1,497,574
Recovery of write-offs	(153,165)	0	(153,165)	(123,930)	0	(123,930)
Investments	(349)	0	(349)	502	0	502
Net interest income, after allowance	**2,000,077**	**(160,622)**	**1,839,455**	**1,972,404**	**(145,139)**	**1,827,265**
Income from contracts with customers for commissions and other services	**1,013,269**	**0**	**1,013,269**	**978,352**	**0**	**978,352**
Banking services	622,808	0	622,808	608,047	0	608,047
Credit cards	358,952	0	358,952	332,627	0	332,627
Drafts, checks and checkbooks	25,610	0	25,610	22,981	0	22,981
Office network services	5,899	0	5,899	14,697	0	14,697
Costs and expenses of contracts with customers for commissions and other services	**172,394**	**0**	**172,394**	**180,500**	**0**	**180,500**
Net income from contracts with customers for commissions and other services	**840,875**	**0**	**840,875**	**797,852**	**0**	**797,852**
Net income from trading financial assets or liabilities	**88,876**	**125,301**	**214,177**	**195,370**	**154,554**	**349,924**
Gain on valuation of derivatives instruments for trading	12,338	0	12,338	193,983	0	193,983
Gain on valuation of derivative instruments for hedging	0	125,301	125,301	0	154,554	154,554
Gain on valuation of investments for trading	76,538	0	76,538	1,387	0	1,387

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	Year ended at December 31, 2019			Year ended at December 31, 2018		
	Bank Operation	Investments in subsidiaries, associates and joint ventures (1)	Total	Bank Operation	Investments in subsidiaries, associates and joint ventures (1)	Total
Other income	**317,073**	**2,213,935**	**2,531,008**	**481,765**	**2,022,560**	**2,504,325**
Equity method	0	2,208,183	2,208,183	0	2,009,260	2,009,260
Others	317,073	5,752	322,825	481,765	13,300	495,065
Other expenses	**2,551,855**	**0**	**2,551,855**	**2,486,482**	**0**	**2,486,482**
Administrative	1,511,161	0	1,511,161	1,484,285	0	1,484,285
Employee benefits	747,727	0	747,727	736,893	0	736,893
Depreciation and amortization	222,944	0	222,944	149,019	0	149,019
Others	70,023	0	70,023	116,285	0	116,285
Net income before income tax	**695,046**	**2,178,614**	**2,873,660**	**960,909**	**2,031,975**	**2,992,884**
Income tax expense	232,794	0	232,794	168,173	0	168,173
Net income for the period	$ **462,252**	**2,178,614**	**2,640,866**	**792,736**	**2,031,975**	**2,824,711**

(1) The expenses incurred to operate the Investment in subsidiaries segment are listed together with those of the Banking Operations segment, because they are not available to present results for each segment.

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, 2019					
	Colombia	Miami	New York	Panamá	Others (4)	Total
Income for the period	$ **7,646,867**	**94,545**	**91,650**	**1,365,726**	**4**	**9,198,792**
Income from banking activity (1)	6,798,662	94,545	91,650	0	0	6,984,857
Income from dividends	5,742	0	0	10	0	5,752
Income by the equity method (2)	842,463	0	0	1,365,716	4	2,208,183
Non-current assets	**2,367,244**	**725**	**170**	**254**	**0**	**2,368,393**
Property, plant and equipment	704,049	725	11	93	0	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 property	62,377	0	0	0	0	62,377
Deferred income tax	$ 180,994	0	0	0	0	180,994

	December 31, 2018					
	Colombia	Miami	New York	Panamá	Others (4)	Total
Income for the period	$ **7,151,804**	**97,056**	**94,593**	**1,234,459**	**3**	**8,577,915**
Income from banking activity (1)	6,358,135	97,056	94,593	5,571	0	6,555,355
Income from dividends	13,287	0	0	13	0	13,300
Income by the equity method (2)	780,382	0	0	1,228,875	3	2,009,260
Non-current assets	**1,990,269**	**931**	**190**	**165**	**0**	**1,991,555**
Property, plant and equipment	695,154	931	17	116	0	696,218
Intangible assets (3)	841,642	0	173	49	0	841,864
Investment property	74,944	0	0	0	0	74,944
Deferred income tax	$ 378,529	0	0	0	0	378,529

(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, servilinea and mobile banking, among others.

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 8 – Cash and cash equivalents

The following is a breakdown of cash and cash equivalents:

		December 31, 2019	December 31, 2018
In Colombian pesos			
Cash	$	2,215,362	2,327,243
Central Bank		2,728,959	908,251
Banks and other financial entities		726	320
Clearing house		67	1,013
		4,945,114	**3,236,827**
In foreign currency			
Cash		9,729	10,708
Banks and other financial entities		4,710,267	4,966,093
		4,719,996	**4,976,801**
Total	$	**9,665,110**	**8,213,628**

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, 2019	December 31, 2018
Investment grade	$	7,439,952	5,874,664
Without grade or not available (1)		2,225,158	2,338,964
Total	$	**9,665,110**	**8,213,628**

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

The legal reserve requirement in Colombia at December 31, 2019 and 2018 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, 2019 and 2018 was $3,676,790 and $3,528,661 respectively.

The legal reserve required meeting liquidity requirements for certificates of deposit fewer than 18 months at December 31, 2019 and 2018 was $301,462 and $416,358, respectively.

The legal reserve required by the US Federal Reserve's for Miami and New York agencies, on the amount of net transactions, at December 31, 2019 was $680,016.

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

(Continued)

Note 9 – Financial assets

9.1 Investments held for trading

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

		December 31, 2019	December 31, 2018
Debt securities issued or secured			
In Colombian Pesos			
Colombian Government	$	207,028	104,587
Other Colombian Government entities		113,766	19,429
Other financial entities		491,756	296,247
Non-financial sector entities		19,282	21,406
Others		22,688	15,402
		854,520	457,071
In foreign currency			
Other Colombian Government entities		0	20,473
Other financial entities		66,931	58,564
		66,931	79,037
Total debt securities		**921,451**	**536,108**
Equity securities			
In Colombian Pesos			
Collective investment funds		306	1,571
Private investment fund		345,203	331,962
Total equity securities		**345,509**	**333,533**
Total investments held for trading	$	**1,266,960**	**869,641**

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, 2019	December 31, 2018
Debt securities issued or secured			
Investment grade			
Sovereign (1)	$	207,028	104,588
Corporate		41,970	36,808
Financial entities		501,838	328,182
Other Colombian Government entities (2)		113,766	39,902
		864,602	509,480
Speculative grade			
Financial entities		56,849	26,628
		56,849	26,628
Total debt securities		**921,451**	**536,108**
Equity securities			
Investment grade		345,509	333,533
Total equity securities		**345,509**	**333,533**
Total investments held for trading	$	**1,266,960**	**869,641**

(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.

As of December 31, 2019, and 2018, there are no investments in debt securities held for trading pledged as collateral.

Allowance of investments in equity securities held for trading

The following is the movement in allowance of investments in equity securities held for trading:

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		December 31, 2019	December 31, 2018
Balance at the beginning of the period	$	**0**	**9,992**
Recoveries		0	(9,992)
Balance at the end of the period	$	**0**	**0**

9.2 Investments available for sale

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

		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
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**

		December 31, 2018			
		Cost	Unrealized gain	Unrealized loss	Fair value
Debt securities issued or secured					
In Colombian Pesos					
Colombian Government	$	1,964,320	0	(22,189)	1,942,131
Other Colombian Government entities		94,898	1,050	0	95,948
Other financial entities		136,354	701	0	137,055
Non-financial sector entities		21,186	147	0	21,333
		2,216,758	1,898	(22,189)	2,196,467
In foreign currency					
Colombian Government		109,657	0	(1,063)	108,594
Other Colombian Government entities		40,087	0	(522)	39,565
Other financial entities		260,349	0	(3,755)	256,594
Foreign Governments		8,455	0	(182)	8,273
		418,548	0	(5,522)	413,026
Total debt securities		**2,635,306**	**1,898**	**(27,711)**	**2,609,493**
Equity securities					
In Colombian Pesos					
Corporate stock		151,693	37,837	(376)	189,154
In foreign currency					
Corporate stock		109	21	0	130
		151,802	37,858	(376)	189,284
Allowance equity securities		0	0	0	(15,733)
Total equity securities		**151,802**	**37,858**	**(376)**	**173,551**
Total investments available for sale	$	**2,787,108**	**39,756**	**(28,087)**	**2,783,044**

(Continued)

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

		December 31, 2019	December 31, 2018
Credibanco S.A.	$	151,688	131,842
A.C.H. Colombia S.A.		46,555	29,886
Bolsa de Valores S.A.		6,024	6,221
Redeban Multicolor S.A Megabanco		7,990	3,778
Cámara de Compensación de Divisas		1,601	1,287
Others		387	537
Total	$	**214,245**	**173,551**

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, 2019	December 31, 2018
Debt securities issued or secured			
Investment grade			
Sovereign (1)	$	3,727,661	2,058,998
Corporate		14,411	21,333
Financial entities		258,690	341,709
Multilaterals		20,343	19,883
Other Colombian Government entities (2)		171,635	135,513
		4,192,740	2,577,436
Speculative grade			
Financial entities		32,196	32,057
		32,196	32,057
Total debt securities		**4,224,936**	**2,609,493**
Equity securities			
Investment grade		204,267	167,949
Without grade or not available		9,978	5,602
Total equity securities		**214,245**	**173,551**
Total investments available for sale	$	**4,439,181**	**2,783,044**

(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, 2019	December 31, 2018
Pledged as collateral in money market operations			
Colombian Government	$	2,751,872	17,412
Pledged as collateral to special entities such as CRCC, BR and/or BVC (1)			
Colombian Government		323,455	208,905
Total	$	**3,075,327**	**226,317**

(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, 2019	December 31, 2018
Balance at the beginning of the period	$	**15,733**	**18,269**
Allowance with effect in net income		160	320
Recoveries		(519)	(2,856)

(Continued)

		December 31, 2019	December 31, 2018
Write-offs		(3)	0
Balance at the end of the period	$	**15,371**	**15,733**

9.3 Investments held to maturity

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

		December 31, 2019	December 31, 2018
Debt securities issued or secured			
In Colombian Pesos			
Other Colombian Government entities	$	1,418,407	1,347,804
In foreign currency			
Foreign Governments		23,043	32,321
Total debt securities	$	**1,441,450**	**1,380,125**

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, 2019	December 31, 2018
Investment grade			
Sovereign (1)	$	23,043	32,321
Other Colombian Government entities (2)		1,418,407	1,347,804
Total	$	**1,441,450**	**1,380,125**

(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.

As of December 31, 2019, and 2018, there are no investments in debt securities held to maturity pledged as collateral.

Maturity by time bands of investments held to maturity

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

		December 31, 2019	December 31, 2018
Up to 1 month	$	328,215	304,720
More than 3 months and no more than 1 year		1,113,235	1,075,405
Total	$	**1,441,450**	**1,380,125**

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

9.4 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, 2019		December 31, 2018	
		Notional amount	Fair value	Notional amount	Fair value
Assets					
Forward contracts (1)					
Foreign currency to buy	$	889,415	18,648	5,036,666	216,083
Foreign currency to sell		(6,100,116)	212,460	(773,260)	5,439
		(5,210,701)	**231,108**	**4,263,406**	**221,522**

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		December 31, 2019		December 31, 2018	
		Notional amount	Fair value	Notional amount	Fair value
Swaps					
Cross currency		455,466	31,091	380,692	38,049
Interest rate		4,313,019	46,057	3,989,415	27,983
		4,768,485	**77,148**	**4,370,107**	**66,032**
Futures contracts (2)					
Currency to buy		2,082,622	0	5,874,411	0
Currency to sell		(2,564,296)	0	(118,453)	0
		(481,674)	**0**	**5,755,958**	**0**
Cash transactions		**(1,927)**	**9**	**11,301**	**25**
Options contracts					
Currency to buy		1,168,833	23,004	928,186	29,507
Total assets		**243,016**	**331,269**	**15,328,958**	**317,086**
Liabilities					
Forward contracts (1)					
Foreign currency to buy		(6,684,971)	240,327	(611,580)	8,941
Foreign currency to sell		890,359	25,224	5,269,534	194,159
		(5,794,612)	**265,551**	**4,657,954**	**203,100**
Swaps					
Cross currency		468,147	24,660	1,233,354	135,771
Interest rate		3,610,377	33,197	2,867,484	14,053
		4,078,524	**57,857**	**4,100,838**	**149,824**
Futures contracts (2)					
Currency to buy		(5,013,114)	0	(320,913)	0
Currency to sell		222,846	0	1,635,924	0
		(4,790,268)	**0**	**1,315,011**	**0**
Cash transactions		**22,826**	**8**	**13,313**	**163**
Negotiation options					
Currency to sale		1,062,386	31,267	813,811	16,484
Total liabilities	$	**(5,421,144)**	**354,683**	**10,900,927**	**369,571**

(1) The main change in the trading portfolios corresponds to the strategic management of each portfolio due 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.
(2) 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. This is done on a daily basis.
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, 2019 and 2018 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 asset.

9.5 Hedging derivatives

The financial derivatives used for hedging include following:

		December 31, 2019		December 31, 2018	
		Notional amount	Fair value	Notional amount	Fair value
Assets					
Forward contracts					
Foreign currency to buy	$	6,554	2	640,201	19,714
Foreign currency to sell		(3,972,549)	163,002	(162,488)	1,771
		(3,965,995)	**163,004**	**477,713**	**21,485**
Futures contracts (1)					
Foreign currency to buy		0	0	1,091,916	0
Foreign currency to sell		(3,252,561)	0	(188,486)	0
		(3,252,561)	**0**	**903,430**	**0**
Total assets		**(7,218,556)**	**163,004**	**1,381,143**	**21,485**
Liabilities					
Forward contracts					
Foreign currency to buy		(1,404,910)	51,291	(126,740)	1,126
Foreign currency to sell		842,225	16,198	3,628,346	179,570
		(562,685)	**67,489**	**3,501,606**	**180,696**
Futures contracts (1)					
Foreign currency to buy		(974,949)	0	(103,992)	0
Foreign currency to sell		2,343,155	0	4,497,654	0
		1,368,206	**0**	**4,393,662**	**0**
Total liabilities	$	**805,521**	**67,489**	**7,895,268**	**180,696**

(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 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, 2019 and 2018 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, 2019	December 31, 2018
Investment grade	$	227,762	328,225
Speculative		310	1,534
Without grade or not available		266,201	8,812
Total	$	**494,273**	**338,571**

Derivatives guarantees

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

		December 31, 2019	December 31, 2018
Cash			
Delivered	$	34,990	253,698

		December 31, 2019	December 31, 2018
Received		56,269	29,410
Total		**91,259**	**283,108**
Equity securities			
Delivered		298,084	192,620
Total	$	**298,084**	**192,620**

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.

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 afford 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.

a. 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.

b. Effectiveness of hedging with debt instruments in foreign currency

For foreign currency debt designates as hedge instrument, the gain or loss arising from the conversion to debt in 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, 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: Assets	Value of hedging with forward and futures contracts: Liabilities	Exchange difference Investment	Exchange difference in foreign currency obligations	Exchange difference in forward and futures contracts	Net
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**

		December 31, 2018								
		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: Assets	Value of hedging with forward and futures contracts: Liabilities	Exchange difference Investment	Exchange difference in foreign currency obligations	Exchange difference in forward and futures contracts	Net
Leasing Bogotá S.A. Panamá	$	3,964	2,868	(2,067)	450	(2,346)	2,821,636	(983,385)	(1,835,521)	2,730
Other subsidiaries and agencies Banco de Bogotá (1)		126	81	0	(26)	(95)	88,366	0	(86,742)	1,624
Total	$	**4,090**	**2,949**	**(2,067)**	**424**	**(2,441)**	**2,910,002**	**(983,385)**	**(1,922,263)**	**4,354**

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

(Continued)

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 instruments to hedge 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 10 – Loan portfolio and financial leases transactions at amortized cost, 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, 2019		
		Balance on the separated statement of financial position	Reclassification of financial leases	Balance according to disclosure
Commercial	$	38,895,720	2,968,996	41,864,716
Consumer		12,932,821	8,376	12,941,197
Mortgage		3,558,832	483,215	4,042,047
Microcredit		384,739	0	384,739
Total	$	**55,772,112**	**3,460,587**	**59,232,699**

		December 31, 2018		
		Balance on the separated statement of financial position	Reclassification of financial leases	Balance according to disclosure
Commercial	$	41,026,216	2,673,838	43,700,054
Consumer		11,517,111	17,047	11,534,158
Mortgage		3,054,531	421,766	3,476,297

		December 31, 2018		
		Balance on the separated statement of financial position	Reclassification of financial leases	Balance according to disclosure
Microcredit		398,314	0	398,314
Total	$	**55,996,172**	**3,112,651**	**59,108,823**

10.1 The following table shows the loan portfolio, by modality:

		December 31, 2019						
		Suitable collateral			Other collateral			Total
		Principal	Interest	Others	Principal	Interest	Others	
Commercial	$	16,143,046	151,850	14,461	22,292,601	268,151	25,611	38,895,720
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
Total gross portfolio		**24,235,621**	**219,930**	**28,174**	**34,242,640**	**427,611**	**78,723**	**59,232,699**
Allowance		(1,307,424)	(32,739)	(8,714)	(1,899,527)	(109,946)	(33,022)	(3,391,372)
Total net portfolio	$	**22,928,197**	**187,191**	**19,460**	**32,343,113**	**317,665**	**45,701**	**55,841,327**

		December 31, 2018						
		Suitable collateral			Other collateral			Total
		Principal	Interest	Others	Principal	Interest	Others	
Commercial	$	13,703,044	119,204	4,464,937	22,447,493	272,115	19,423	41,026,216
Consumer		1,041,359	6,981	247	10,286,931	137,724	43,869	11,517,111
Mortgage		3,031,268	19,650	3,613	0	0	0	3,054,531
Microcredit		134,436	663	7	251,830	7,892	3,486	398,314
Commercial financial leases		2,636,164	32,439	5,235	0	0	0	2,673,838
Consumer financial leases		16,428	117	502	0	0	0	17,047
Mortgage financial leases		419,169	2,042	555	0	0	0	421,766
Total gross portfolio		**20,981,868**	**181,096**	**4,475,096**	**32,986,254**	**417,731**	**66,778**	**59,108,823**
Allowance		(930,539)	(24,832)	(5,410)	(2,175,757)	(97,840)	(31,061)	(3,265,439)
Total net portfolio	$	**20,051,329**	**156,264**	**4,469,686**	**30,810,497**	**319,891**	**35,717**	**55,843,384**

10.2 Loan portfolio by credit lines

		December 31, 2019	December 31, 2018
Ordinary loans	$	44,864,773	46,253,199
Home mortgage loans		3,421,211	2,961,507
Credit cards		3,173,956	3,013,719
Loans with resources from other institutions		2,087,589	1,760,474
Financial leases out immovable property		2,030,947	1,822,488
Financial leases out movable assets		1,429,642	1,290,163
Loans to builders		1,188,468	934,294
Microcredits		384,739	398,314
Loans to micro-businesses and SMEs		234,221	276,277
Employee loans		144,786	98,691
Bank overdrafts in checking accounts		119,101	104,795
Non-recourse factoring		74,679	49,773
Credit cards - covered		65,018	136,767
Other		13,569	8,362
		59,232,699	**59,108,823**

		December 31, 2019	December 31, 2018
Allowance		(3,391,372)	(3,265,439)
Total	**$**	**55,841,327**	**55,843,384**

10.3 Loan portfolio by type of risk

	Suitable collateral					
	December 31, 2019					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
A – Normal	$ 14,290,147	125,924	13,821	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
	16,143,046	**151,850**	**14,461**	**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**
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**

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	Suitable collateral December 31, 2019					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
General Allowance	**0**	**0**	**0**	**38,753**	**0**	**0**
Total	$ **24,235,621**	**219,930**	**28,174**	**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
	255,155	**7,520**	**2,984**	**26,699**	**2,009**	**2,557**
General Allowance	**0**	**0**	**0**	**3,738**	**0**	**0**
Total	$ **34,242,640**	**427,611**	**78,723**	**1,899,527**	**109,946**	**33,022**

	Suitable collateral December 31, 2018					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
A – Normal	$ 11,733,013	106,189	4,464,567	142,853	1,275	4
B – Acceptable	507,399	7,532	83	19,136	331	7
C – Appreciable	1,034,707	3,874	49	183,082	355	7
D – Significant	374,628	1,609	13	193,452	1,609	13
E – Uncollectible	53,297	0	225	53,297	0	225
	13,703,044	**119,204**	**4,464,937**	**591,820**	**3,570**	**256**
Consumer						
A – Normal	947,831	6,694	186	16,237	112	9
B – Acceptable	16,505	227	52	844	9	2
C – Appreciable	17,834	31	2	2,845	4	0
D – Significant	55,270	28	4	31,903	26	3
E – Uncollectible	3,919	1	3	3,919	1	3
	1,041,359	**6,981**	**247**	**55,748**	**152**	**17**
Mortgage						
A – Normal	2,939,769	18,846	2,603	29,625	312	133
B – Acceptable	29,298	201	101	993	196	101
C – Appreciable	26,987	211	238	2,842	211	238
D – Significant	13,273	97	168	3,329	97	168
E – Uncollectible	21,941	295	503	7,649	290	503
	3,031,268	**19,650**	**3,613**	**44,438**	**1,106**	**1,143**

(Continued)

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	Suitable collateral December 31, 2018					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Microcredit						
A – Normal	113,798	663	7	1,138	7	0
B – Acceptable	4,113	0	0	132	0	0
C – Appreciable	2,715	0	0	543	0	0
D – Significant	2,853	0	0	1,427	0	0
E – Uncollectible	10,957	0	0	10,957	0	0
	134,436	**663**	**7**	**14,197**	**7**	**0**
Commercial financial leases						
A – Normal	2,202,526	11,563	1,680	27,460	165	251
B – Acceptable	117,812	754	132	3,237	42	42
C – Appreciable	87,623	1,377	487	7,881	886	327
D – Significant	186,537	16,695	2,230	103,356	16,695	2,230
E – Uncollectible	41,666	2,050	706	41,620	2,050	706
	2,636,164	**32,439**	**5,235**	**183,554**	**19,838**	**3,556**
Consumer financial leases						
A – Normal	14,442	87	254	229	2	67
B – Acceptable	217	2	4	6	1	2
C – Appreciable	316	0	33	46	0	11
D – Significant	970	18	119	606	18	119
E – Uncollectible	483	10	92	483	10	92
	16,428	**117**	**502**	**1,370**	**31**	**291**
Mortgage financial leases						
A – Normal	410,800	1,958	431	4,164	44	23
B – Acceptable	3,974	27	39	127	27	39
C – Appreciable	1,993	25	32	224	25	32
D – Significant	1,721	28	32	1,119	28	32
E – Uncollectible	681	4	21	204	4	21
	419,169	**2,042**	**555**	**5,838**	**128**	**147**
General Allowance	**0**	**0**	**0**	**33,574**	**0**	**0**
Total	$ **20,981,868**	**181,096**	**4,475,096**	**930,539**	**24,832**	**5,410**

	Other Collateral December 31, 2018					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
A – Normal	$ 20,598,709	194,196	5,927	281,956	3,049	1,086
B – Acceptable	291,678	6,565	685	16,108	444	176
C – Appreciable	442,901	20,040	988	58,035	15,708	784
D – Significant	357,890	37,301	7,943	213,052	37,291	7,943
E – Uncollectible	756,315	14,013	3,880	756,314	12,704	3,880
	22,447,493	**272,115**	**19,423**	**1,325,465**	**69,196**	**13,869**
Consumer						
A – Normal	9,380,048	109,361	35,403	293,975	3,988	6,239
B – Acceptable	198,461	5,572	701	23,211	1,022	503
C – Appreciable	163,041	4,021	751	30,544	2,884	751
D – Significant	392,439	12,511	4,524	318,106	12,511	4,524
E – Uncollectible	152,942	6,259	2,490	152,942	6,259	2,490
	10,286,931	**137,724**	**43,869**	**818,778**	**26,664**	**14,507**
Microcredit						
A – Normal	215,338	6,177	977	2,153	274	179
B – Acceptable	5,551	264	115	178	262	114
C – Appreciable	4,083	190	98	817	183	96
D – Significant	4,710	181	155	2,355	181	155
E – Uncollectible	22,148	1,080	2,141	22,148	1,080	2,141
	251,830	**7,892**	**3,486**	**27,651**	**1,980**	**2,685**

(Continued)

	Other Collateral					
	December 31, 2018					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
General Allowance	**0**	**0**	**0**	**3,863**	**0**	**0**
Total	**$ 32,986,254**	**417,731**	**66,778**	**2,175,757**	**97,840**	**31,061**

10.4 Loan portfolio by economic sector

	December 31, 2019						
	Commercial	Consumer	Mortgages	Microcredit	Financial leases	Total	Share %
Agriculture, livestock, forestry and fishing	$ 1,160,812	207,942	34,938	32,880	87,940	1,524,512	2.57%
Mining and quarrying	743,588	9,549	3,136	398	57,968	814,639	1.38%
Manufacturing industries	8,510,334	168,749	47,473	47,080	526,154	9,299,790	15.70%
Supply of electricity, gas, steam and air conditioning	2,255,188	462	80	81	1,996	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	241,623	0.41%
Construction	5,721,198	109,523	30,896	4,185	179,297	6,045,099	10.21%
Wholesale and Retail; Automobile and motorcycle repair	5,823,858	715,531	199,811	194,274	469,847	7,403,321	12.50%
Transport, storage	2,399,674	324,544	101,631	12,901	688,434	3,527,184	5.95%
Accommodation and food services	680,894	85,383	24,830	22,139	34,812	848,058	1.43%
Information and communications	657,704	32,044	8,964	3,030	21,630	723,372	1.22%
Financial and insurance activities	3,786,445	15,194	4,748	235	18,531	3,825,153	6.46%
Real estate activities	991,239	43,633	10,446	678	248,323	1,294,319	2.19%
Professional, scientific and technical activities	1,547,583	721,190	364,402	15,357	150,147	2,798,679	4.72%
Administrative services and support activities	532,188	64,619	14,551	7,793	139,317	758,468	1.28%
Public administration and defense; social security plans with mandatory affiliation	1,869,571	0	0	0	8,286	1,877,857	3.17%
Education	538,090	27,964	12,277	756	51,041	630,128	1.06%
Human health care and social assistance activities	855,862	125,383	43,497	1,229	271,266	1,297,237	2.19%
Artistic, entertainment and recreational activities	56,779	185,894	5,183	1,337	6,472	255,665	0.43%
Other service activities	225,266	51,154	12,087	12,036	15,732	316,275	0.53%
Activities of individual households as employers	30	584	24	18	0	656	0.00%
Activities of extraterritorial organizations entities	171	0	0	0	0	171	0.00%
Salaried employee	282,686	9,711,272	2,552,782	20,511	376,930	12,944,181	21.85%
Capital investors	87,805	325,528	86,117	6,552	42,503	548,505	0.94%
	38,895,720	**12,932,821**	**3,558,832**	**384,739**	**3,460,587**	**59,232,699**	**100.00%**
Allowance	(2,008,743)	(976,996)	(95,055)	(51,395)	(259,183)	(3,391,372)	
Total	**$ 36,886,977**	**11,955,825**	**3,463,777**	**333,344**	**3,201,404**	**55,841,327**	

	December 31, 2018						
	Commercial	Consumer	Mortgages	Microcredit	Financial leases	Total	Share %
Agriculture, livestock, forestry and fishing	$ 1,158,940	202,775	34,180	35,764	78,547	1,510,206	2.55%

(Continued)

	December 31, 2018						
	Commercial	Consumer	Mortgages	Microcredit	Financial leases	Total	Share %
Mining and quarrying	622,204	9,637	3,824	247	54,397	690,309	1.17%
Manufacturing industries	7,574,089	171,188	45,185	47,419	507,942	8,345,823	14.12%
Supply of electricity, gas, steam and air conditioning	2,805,539	577	85	143	4,089	2,810,433	4.75%
Water distribution; waste water evacuation and treatment, waste management and environmental sanitation activities	130,931	6,103	1,045	1,435	45,143	184,657	0.31%
Construction	4,690,016	112,889	31,559	4,040	136,736	4,975,240	8.42%
Wholesale and Retail; Automobile and motorcycle repair	6,163,463	792,479	190,867	196,917	472,849	7,816,575	13.22%
Transport, storage	2,810,394	346,701	90,584	13,559	608,748	3,869,986	6.55%
Accommodation and food services	665,425	29,192	7,775	3,181	17,477	723,050	1.22%
Information and communications	315,002	84,487	23,769	22,527	30,798	476,583	0.81%
Financial and insurance activities	3,226,036	14,045	4,593	225	17,444	3,262,343	5.52%
Real estate activities	1,058,498	42,194	9,385	655	208,117	1,318,849	2.23%
Professional, scientific and technical activities	1,522,101	718,845	318,892	17,889	144,180	2,721,907	4.60%
Administrative services and support activities	463,967	56,311	11,260	6,701	62,226	600,465	1.02%
Public administration and defense; social security plans with mandatory affiliation	1,247,346	0	0	0	4,066	1,251,412	2.12%
Education	473,633	26,711	11,462	806	58,496	571,108	0.97%
Human health care and social assistance activities	843,196	115,606	41,083	1,286	259,399	1,260,570	2.13%
Artistic, entertainment and recreational activities	69,174	239,445	4,985	1,448	6,824	321,876	0.54%
Other service activities	4,779,265	44,735	10,342	11,897	14,617	4,860,856	8.22%
Activities of individual households as employers	37	583	24	11	0	655	0.00%
Activities of extraterritorial organizations entities	37,962	205	93	0	87	38,347	0.06%
Salaried employee	282,473	8,179,721	2,132,897	26,880	343,363	10,965,334	18.55%
Capital investors	86,525	322,682	80,642	5,284	37,106	532,239	0.90%
	41,026,216	**11,517,111**	**3,054,531**	**398,314**	**3,112,651**	**59,108,823**	**100%**
Allowance	(2,004,176)	(915,866)	(80,261)	(50,383)	(214,753)	(3,265,439)	
Total	$ **39,022,040**	**10,601,245**	**2,974,270**	**347,931**	**2,897,898**	**55,843,384**	

10.5 Loan portfolio by geographic area

	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	14,171,958	132,760	14,399	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
	16,143,046	**151,850**	**14,461**	**913,036**	**9,019**	**123**
Consumer						
Amazon Region	5,008	43	1	423	1	0

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	Suitable collateral December 31, 2019			Allowance		
	Principal	Interest	Others	Principal	Interest	Others
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
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	**$ 24,235,621**	**219,930**	**28,174**	**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

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	Other Collateral					
	December 31, 2019					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
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**
General Allowance	**0**	**0**	**0**	**3,738**	**0**	**0**
Total	$ **34,242,640**	**427,611**	**78,723**	**1,899,527**	**109,946**	**33,022**

	Suitable collateral					
	December 31, 2018					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
Amazon Region	$ 13,863	52	4	958	2	0
Andean Region	11,711,803	103,203	4,464,887	530,467	3,308	250
Caribbean Region	1,592,523	13,121	42	49,851	213	6
Island Region	10,074	39	0	187	1	0
Orinoco Region	346,849	2,395	4	9,408	42	0
Pacific Region	27,932	394	0	949	4	0
	13,703,044	**119,204**	**4,464,937**	**591,820**	**3,570**	**256**
Consumer						
Amazon Region	3,201	29	1	227	1	0
Andean Region	910,653	5,876	199	45,743	128	14
Caribbean Region	113,533	955	44	8,931	19	3
Island Region	348	3	0	6	0	0
Orinoco Region	12,028	108	3	736	4	0
Pacific Region	1,596	10	0	105	0	0
	1,041,359	**6,981**	**247**	**55,748**	**152**	**17**
Mortgages						
Amazon Region	5,948	35	5	120	0	0
Andean Region	2,561,857	17,068	2,925	30,632	850	840
Caribbean Region	375,728	2,034	518	10,802	184	204
Island Region	2,558	11	2	60	0	1
Orinoco Region	80,184	473	158	2,720	71	97
Pacific Region	4,993	29	5	104	1	1
	3,031,268	**19,650**	**3,613**	**44,438**	**1,106**	**1,143**
Microcredit						
Amazon Region	2,432	28	0	250	0	0
Andean Region	97,291	428	6	10,091	5	0
Caribbean Region	21,165	87	1	2,207	1	0
Island Region	194	0	0	7	0	0
Orinoco Region	10,943	103	0	1,387	1	0

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	Suitable collateral December 31, 2018					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Pacific Region	2,411	17	0	255	0	0
	134,436	**663**	**7**	**14,197**	**7**	**0**
Commercial financial leases						
Amazon Region	2,147	20	33	251	9	29
Andean Region	2,357,122	29,547	4,509	144,593	18,232	3,062
Caribbean Region	241,870	2,564	445	36,687	1,518	326
Island Region	473	3	4	17	0	1
Orinoco Region	29,124	279	221	1,862	78	135
Pacific Region	5,428	26	23	144	1	3
	2,636,164	**32,439**	**5,235**	**183,554**	**19,838**	**3,556**
Commercial financial leases						
Amazon Region	12	0	0	5	0	0
Andean Region	15,412	101	473	1,212	20	267
Caribbean Region	913	15	29	148	11	24
Island Region	91	1	0	5	0	0
	16,428	**117**	**502**	**1,370**	**31**	**291**
Mortgage financial leases						
Amazon Region	150	1	0	2	0	0
Andean Region	360,928	1,778	479	5,021	105	124
Caribbean Region	53,806	238	72	770	23	22
Island Region	3,910	23	4	41	0	1
Orinoco Region	375	2	0	4	0	0
	419,169	**2,042**	**555**	**5,838**	**128**	**147**
General Allowances	**0**	**0**	**0**	**33,574**	**0**	**0**
Total	$ **20,981,868**	**181,096**	**4,475,096**	**930,539**	**24,832**	**5,410**

	Other Collateral December 31, 2018					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
Amazon Region	$ 13,207	564	299	1,386	216	174
Andean Region	16,231,787	198,244	13,836	816,617	52,617	9,957
Caribbean Region	2,471,393	35,856	3,570	446,611	13,902	2,515
Island Region	6,835	68	61	507	26	52
Orinoco Region	93,553	3,642	1,492	14,088	1,833	1,047
Pacific Region	23,251	461	165	2,300	199	124
Miami	1,412,876	11,694	0	17,409	143	0
New York	2,098,519	20,011	0	25,382	241	0
Panama	96,072	1,575	0	1,165	19	0
	22,447,493	**272,115**	**19,423**	**1,325,465**	**69,196**	**13,869**
Consumer						
Amazon Region	73,696	1,117	316	7,176	274	112
Andean Region	8,804,130	115,562	35,606	668,536	21,238	11,425
Caribbean Region	960,177	14,448	5,862	96,385	3,530	2,215
Island Region	22,360	314	77	1,380	37	18
Orinoco Region	339,342	5,081	1,635	37,107	1,335	614
Pacific Region	87,226	1,202	373	8,194	250	123
	10,286,931	**137,724**	**43,869**	**818,778**	**26,664**	**14,507**
Microcredit						
Amazon Region	1,667	85	32	347	37	25
Andean Region	205,030	6,340	2,643	20,242	1,488	1,986
Caribbean Region	32,713	985	542	4,576	257	447
Island Region	257	8	5	25	1	4
Orinoco Region	9,192	382	212	2,044	172	182
Pacific Region	2,971	92	52	417	25	41
	251,830	**7,892**	**3,486**	**27,651**	**1,980**	**2,685**

(Continued)

		Other Collateral					
		December 31, 2018					
					Allowance		
		Principal	Interest	Others	Principal	Interest	Others
General Allowances		**0**	**0**	**0**	**3,863**	**0**	**0**
Total	$	**32,986,254**	**417,731**	**66,778**	**2,175,757**	**97,840**	**31,061**

10.6 Loan portfolio by type of currency

		December 31, 2019				December 31, 2018			
		Colombian pesos	Foreign currency	UVR (1)	Total	Colombian pesos	Foreign currency	UVR (1)	Total
Commercial	$	33,035,480	5,860,240	0	38,895,720	35,283,127	5,743,089	0	41,026,216
Consumer		12,932,821	0	0	12,932,821	11,517,111	0	0	11,517,111
Mortgage		3,556,173	0	2,659	3,558,832	3,050,723	0	3,808	3,054,531
Microcredit		384,739	0	0	384,739	398,314	0	0	398,314
Commercial leases		2,936,195	32,801	0	2,968,996	2,640,708	33,130	0	2,673,838
Consumer leases		8,376	0	0	8,376	17,047	0	0	17,047
Mortgage leases		483,215	0	0	483,215	421,766	0	0	421,766
Total	$	**53,336,999**	**5,893,041**	**2,659**	**59,232,699**	**53,328,796**	**5,776,219**	**3,808**	**59,108,823**

(1) Real value unit.

10.7 Loan portfolio by maturity

		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	$	19,198,067	9,689,899	5,920,750	3,658,685	428,319	38,895,720
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
Total	$	**24,576,954**	**15,766,803**	**9,530,097**	**7,254,058**	**2,104,787**	**59,232,699**

		December 31, 2018					
		0 to 1 year	1 to 3 year	3 to 5 year	5 to 10 year	More than 10 years	Total
Commercial	$	21,681,566	10,200,739	5,122,374	3,616,872	404,665	41,026,216
Consumer		4,066,458	4,329,283	2,092,682	1,025,910	2,778	11,517,111
Mortgage		180,961	334,544	361,326	985,762	1,191,938	3,054,531
Microcredit		204,998	177,464	12,557	3,295	0	398,314
Commercial leases		548,485	741,814	554,470	806,807	22,262	2,673,838
Consumer leases		8,161	7,721	1,162	3	0	17,047
Mortgage leases		17,838	34,016	39,227	119,442	211,243	421,766
Total	$	**26,708,467**	**15,825,581**	**8,183,798**	**6,558,091**	**1,832,886**	**59,108,823**

10.8 Restructured loan portfolio

		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**

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	December 31, 2019			Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Consumer						
Law 1116	1,000	10	14	922	10	14
Ordinary	443,743	8,417	3,273	268,563	6,874	2,913
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**

	December 31, 2018			Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Commercial						
Law 1116	$ 442,947	4,118	422	286,335	3,281	421
Law 550	5,125	117	0	3,877	117	0
Law 617	253	1	0	1	0	0
Ordinary	361,522	9,412	2,178	81,804	7,272	2,135
Universal processes pending of creditors	513,706	21,134	1,453	203,200	21,108	1,451
Other types of restructuring	100,177	4,295	517	92,043	2,931	517
	1,423,730	**39,077**	**4,570**	**667,260**	**34,709**	**4,524**
Consumer						
Law 1116	1,063	11	14	856	11	14
Ordinary	406,569	8,086	3,059	230,012	6,441	2,761
Universal processes pending of creditors	8,738	416	248	8,105	416	248
Other types of restructuring	1,602	37	40	1,491	37	40
	417,972	**8,550**	**3,361**	**240,464**	**6,905**	**3,063**
Mortgage						
Law 1116	421	0	6	4	0	6
Ordinary	8,130	16	42	767	12	42
Universal processes pending of creditors	2,114	33	33	594	33	33
Other types of restructuring	855	18	16	208	18	16
	11,520	**67**	**97**	**1,573**	**63**	**97**

(Continued)

	December 31, 2018					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Microcredit						
Ordinary	15,243	123	655	9,074	114	651
Universal processes pending of creditors	28	1	4	28	1	4
Other types of restructuring	51	5	1	51	5	1
	15,322	**129**	**660**	**9,153**	**120**	**656**
Commercial financial leases						
Law 1116	12,212	258	45	8,880	257	45
Ordinary	6,853	214	94	3,246	214	94
Universal processes pending of creditors	79,514	2,464	469	37,679	2,338	393
Other types of restructuring	5,719	219	225	5,702	219	225
	104,298	**3,155**	**833**	**55,507**	**3,028**	**757**
Consumer financial leases						
Ordinary	82	0	11	57	0	11
Universal processes pending of creditors	102	11	30	70	11	30
	184	**11**	**41**	**127**	**11**	**41**
Mortgage financial leases						
Ordinary	256	0	1	35	0	1
Universal processes pending of creditors	789	21	15	779	21	15
	1,045	**21**	**16**	**814**	**21**	**16**
Totals						
Law 1116	456,643	4,387	487	296,075	3,549	486
Law 550	5,125	117	0	3,877	117	0
Law 617	253	1	0	1	0	0
Ordinary	798,655	17,851	6,040	324,995	14,053	5,695
Universal processes pending of creditors	604,991	24,080	2,252	250,455	23,928	2,174
Other types of restructuring	108,404	4,574	799	99,495	3,210	799
Total	$ **1,974,071**	**51,010**	**9,578**	**974,898**	**44,857**	**9,154**

10.9 Restructured loan portfolio by type of risk

	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

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	Suitable collateral						
	December 31, 2019						
					Allowances		
	No. Loans	Principal	Interest	Others	Principal	Interest	Others
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**

	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**

	Suitable collateral						
	December 31, 2018						
					Allowances		
	No. Loans	Principal	Interest	Others	Principal	Interest	Others
Commercial							
A – Normal	2	$ 519	4	0	13	0	0
B – Acceptable	197	116,469	278	0	4,803	10	0
C – Appreciable	331	183,507	1,207	1	19,840	114	0
D – Significant	730	219,443	224	3	119,722	224	3

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	Suitable collateral							
	December 31, 2018							
					Allowances			
	No. Loans		Principal	Interest	Others	Principal	Interest	Others
E – Uncollectible	86		40,037	0	0	40,037	0	0
	1,346		**559,975**	**1,713**	**4**	**184,415**	**348**	**3**
Consumer								
A – Normal	200		4,169	7	0	134	0	0
B – Acceptable	50		1,058	4	1	86	1	0
C – Appreciable	162		3,039	3	0	470	0	0
D – Significant	523		11,684	12	1	6,754	12	1
E – Uncollectible	45		1,061	1	0	1,061	1	0
	980		**21,011**	**27**	**2**	**8,505**	**14**	**1**
Mortgage								
A – Normal	60		4,482	5	11	44	1	11
B – Acceptable	20		1,629	4	3	77	4	3
C – Appreciable	4		498	7	4	50	7	4
D – Significant	29		2,037	10	20	498	10	20
E – Uncollectible	18		2,874	41	59	904	41	59
	131		**11,520**	**67**	**97**	**1,573**	**63**	**97**
Microcredit								
A – Normal	132		879	1	0	9	0	0
B – Acceptable	51		359	0	0	11	0	0
C – Appreciable	60		426	0	0	85	0	0
D – Significant	176		1,194	0	0	597	0	0
E – Uncollectible	294		2,283	0	0	2,283	0	0
	713		**5,141**	**1**	**0**	**2,985**	**0**	**0**
Commercial financial leases								
C – Appreciable	157		45,025	816	247	4,032	689	171
D – Significant	143		21,121	619	276	13,369	619	276
E – Uncollectible	79		38,152	1,720	310	38,106	1,720	310
	379		**104,298**	**3,155**	**833**	**55,507**	**3,028**	**757**
Consumer financial leases								
D – Significant	4		184	11	41	127	11	41
	4		**184**	**11**	**41**	**127**	**11**	**41**
Mortgage financial leases								
A – Normal	1		86	0	0	1	0	0
C – Appreciable	3		959	21	16	813	21	16
	4		**1,045**	**21**	**16**	**814**	**21**	**16**
Total restructured	**3,557**	$	**703,174**	**4,995**	**993**	**253,926**	**3,485**	**915**

	Other Collateral							
	December 31, 2018							
					Allowance			
	No. Loans		Principal	Interest	Others	Principal	Interest	Others
Commercial								
A – Normal	7	$	9,562	181	0	141	2	0
B – Acceptable	367		12,083	189	48	1,047	16	38
C – Appreciable	1,011		313,855	12,006	278	39,589	10,719	243
D – Significant	3,258		208,267	16,406	2,421	122,080	16,406	2,421
E – Uncollectible	1,971		319,988	8,582	1,819	319,988	7,218	1,819
	6,614		**863,755**	**37,364**	**4,566**	**482,845**	**34,361**	**4,521**
Consumer								
A – Normal	8,953		57,894	679	198	4,132	78	74
B – Acceptable	6,718		32,227	671	192	5,208	175	90
C – Appreciable	9,170		57,632	792	170	11,540	257	99
D – Significant	33,051		193,790	4,690	1,840	155,661	4,690	1,840
E – Uncollectible	5,805		55,418	1,691	959	55,418	1,691	959
	63,697		**396,961**	**8,523**	**3,359**	**231,959**	**6,891**	**3,062**

(Continued)

	Other Collateral						
	December 31, 2018						
					Allowance		
	No. Loans	Principal	Interest	Others	Principal	Interest	Others
Microcredit							
A – Normal	370	1,684	1	17	18	0	16
B – Acceptable	122	630	4	12	20	4	11
C – Appreciable	152	866	16	12	173	9	10
D – Significant	371	2,088	36	61	1,044	36	61
E – Uncollectible	1,051	4,913	71	558	4,913	71	558
	2,066	**10,181**	**128**	**660**	**6,168**	**120**	**656**
Total restructured	**72,377**	$ **1,270,897**	**46,015**	**8,585**	**720,972**	**41,372**	**8,239**

10.10 Restructured loan portfolio by economic sector

	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%**

	December 31, 2018						
	Commercial	Consumer	Mortgages	Microcredit	Financial leases	Total	Share %
Agriculture, livestock, forestry and fishing	$ 26,158	10,703	45	1,182	1,305	39,393	1.94%

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		December 31, 2018						
		Commercial	Consumer	Mortgages	Microcredit	Financial leases	Total	Share %
Mining and quarrying		111,553	662	0	3	32,154	144,372	7.10%
Manufacturing industries		418,317	10,947	1,419	2,130	38,026	470,839	23.14%
Supply of electricity, gas, steam and air conditioning		5,830	15	0	8	0	5,853	0.29%
Water distribution; waste water evacuation and treatment, waste management and environmental sanitation activities		1,430	253	0	27	125	1,835	0.09%
Construction		245,945	8,513	497	157	5,747	260,859	12.82%
Wholesale and retail, automobile and motorcycle repair		213,251	40,434	1,656	7,537	16,450	279,328	13.73%
Transport, storage		180,723	20,041	133	507	7,405	208,809	10.26%
Accommodation and food services		19,953	5,251	436	1,211	872	27,723	1.36%
Information and communications		18,959	1,616	0	73	163	20,811	1.02%
Financial and insurance activities		21,356	554	94	3	0	22,007	1.08%
Real estate activities		43,492	1,177	251	5	19	44,944	2.21%
Professional, scientific and technical activities		81,374	43,385	1,123	843	636	127,361	6.26%
Administrative services and support activities		27,922	3,246	0	232	5,179	36,579	1.80%
Public administration and defense; social security plans with mandatory affiliation		13,225	0	0	0	0	13,225	0.65%
Education		5,381	1,265	0	20	2	6,668	0.33%
Human health care and social assistance activities		11,167	3,801	0	81	38	15,087	0.74%
Artistic, entertainment and recreational activities		486	1,303	0	68	270	2,127	0.10%
Other service activities		1,787	2,502	298	469	275	5,331	0.26%
Activities of individual households as employers		0	31	0	0	0	31	0.00%
Activities of extraterritorial organizations and entities		0	55	0	0	0	55	0.00%
Salaried employee		11,279	262,377	5,460	1,465	938	281,519	13.84%
Capital investors		7,789	11,752	272	90	0	19,903	0.98%
Total	$	**1,467,377**	**429,883**	**11,684**	**16,111**	**109,604**	**2,034,659**	**100%**

10.11 Restructured loan portfolio by geographic area

		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

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	Suitable collateral					
	December 31, 2019					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
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
	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**

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		Suitable collateral December 31, 2018					
					Allowance		
		Principal	Interest	Others	Principal	Interest	Others
Commercial							
Amazon Region	$	155	0	0	37	0	0
Andean Region		501,114	1,676	1	168,857	326	1
Caribbean Region		50,484	33	3	13,307	22	2
Island Region		83	0	0	7	0	0
Orinoco Region		7,692	4	0	2,043	0	0
Pacific Region		447	0	0	164	0	0
		559,975	**1,713**	**4**	**184,415**	**348**	**3**
Consumer							
Amazon Region		160	0	0	34	0	0
Andean Region		16,920	23	2	6,584	11	1
Caribbean Region		3,314	2	0	1,577	1	0
Orinoco Region		550	2	0	262	2	0
Pacific Region		67	0	0	48	0	0
		21,011	**27**	**2**	**8,505**	**14**	**1**
Mortgage							
Andean Region		7,610	38	66	973	35	66
Caribbean Region		3,347	28	28	470	28	28
Orinoco Region		563	1	3	130	0	3
		11,520	**67**	**97**	**1,573**	**63**	**97**
Microcredit							
Amazon Region		54	0	0	25	0	0
Andean Region		3,722	1	0	2,053	0	0
Caribbean Region		860	0	0	577	0	0
Island Region		2	0	0	0	0	0
Orinoco Region		396	0	0	264	0	0
Pacific Region		107	0	0	66	0	0
		5,141	**1**	**0**	**2,985**	**0**	**0**
Commercial financial leases							
Amazon Region		115	0	13	93	0	13
Andean Region		71,934	1,791	761	24,436	1,664	686
Caribbean Region		30,692	1,357	23	30,375	1,357	22
Orinoco Region		1,557	7	36	603	7	36
		104,298	**3,155**	**833**	**55,507**	**3,028**	**757**
Consumer financial leases							
Andean Region		94	0	33	62	0	33
Caribbean Region		90	11	8	65	11	8
		184	**11**	**41**	**127**	**11**	**41**
Mortgage financial leases							
Andean Region		1,045	21	16	814	21	16
		1,045	**21**	**16**	**814**	**21**	**16**
Total	$	**703,174**	**4,995**	**993**	**253,926**	**3,485**	**915**

		Other Collateral December 31, 2018					
					Allowance		
		Principal	Interest	Others	Principal	Interest	Others
Commercial							
Amazon Region	$	89	2	7	52	2	7
Andean Region		803,543	30,502	3,419	439,512	27,755	3,381
Caribbean Region		51,453	6,087	792	37,704	6,070	788
Island Region		338	4	29	193	4	29
Orinoco Region		6,102	658	256	4,078	432	253
Pacific Region		2,230	111	63	1,306	98	63
		863,755	**37,364**	**4,566**	**482,845**	**34,361**	**4,521**
Consumer							
Amazon Region		2,983	71	18	1,728	57	16
Andean Region		311,294	6,503	2,587	180,101	5,229	2,347
Caribbean Region		56,765	1,350	561	34,886	1,116	522
Island Region		713	12	5	442	10	4

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	Other Collateral					
	December 31, 2018					
				Allowance		
	Principal	Interest	Others	Principal	Interest	Others
Orinoco Region	20,186	484	152	12,041	397	140
Pacific Region	5,020	103	36	2,761	82	33
	396,961	**8,523**	**3,359**	**231,959**	**6,891**	**3,062**
Microcredit						
Amazon Region	83	1	1	43	1	1
Andean Region	7,778	96	467	4,513	89	463
Caribbean Region	1,428	17	128	997	17	128
Island Region	2	0	0	0	0	0
Orinoco Region	728	12	50	489	11	50
Pacific Region	162	2	14	126	2	14
	10,181	**128**	**660**	**6,168**	**120**	**656**
Total	$ **1,270,897**	**46,015**	**8,585**	**720,972**	**41,372**	**8,239**

10.12 Portfolio write-offs

	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**

	December 31, 2018			
	Principal	Interest	Others	Total
Commercial	$ 629,956	25,264	22,883	678,103
Consumer	62,609	4,761	4,496	71,866
Mortgage	3,340	31	70	3,441
Microcredit	25,217	1,112	2,496	28,825
Commercial leases	233	4	140	377
Consumer leases	1,334	59	202	1,595
Mortgage leases	423	0	5	428
Total	$ **723,112**	**31,231**	**30,292**	**784,635**

10.13 Recovery of write-offs and loan portfolio allowances:

	December 31, 2019		December 31, 2018	
	Recovery of loans written off	Recovery of allowance	Recovery of loans written off	Recovery of allowance
Commercial	$ 43,925	424,143	107,029	287,077
Consumer	99,873	315,281	8,916	409,294
Mortgage	1,341	10,456	795	9,495
Microcredit	5,881	15,464	6,086	15,074
Commercial leases	1,002	53,017	107	369
Consumer leases	980	446	596	37,900
Mortgage leases	163	1,783	401	1,336
Total	$ **153,165**	**820,590**	**123,930**	**760,545**

10.14 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
Exchange difference		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**

		Commercial	Consumer	Mortgage	Microcredit	Financial leases	Total
Balance at December 31, 2017	$	**1,550,361**	**784,114**	**65,679**	**44,721**	**138,622**	**2,583,497**
Allowance charged to expenses		948,403	1,105,258	28,249	50,104	121,246	2,253,260
Write-offs and forgiveness		(87,816)	(686,429)	(4,172)	(29,368)	(5,510)	(813,295)
Recovery of allowance		(409,294)	(287,077)	(9,495)	(15,074)	(39,605)	(760,545)
Exchange difference		2,522	0	0	0	0	2,522
Balance at December 31, 2018	$	**2,004,176**	**915,866**	**80,261**	**50,383**	**214,753**	**3,265,439**

10.15 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, 2019	December 31, 2018
Total gross rent receivable in the future	$	6,045,797	5,794,148
Less unrealized financial income		(2,585,210)	(2,681,497)
Net investment in financial leases agreements	$	**3,460,587**	**3,112,651**

Below is a breakdown of the gross and net investment in financial leases contracts receivable:

		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**	**2,320,961**	**3,460,587**

		December 31, 2018			
		0-1 year	1-5 years	More than 5 years	Total
Gross investment in financial leases	$	135,853	1,044,175	4,614,120	5,794,148
Financial income not earned from financial leases - interest		(1,754)	(136,483)	(2,543,260)	(2,681,497)
Total minimum financial leases receivable (present value)	$	**134,099**	**907,692**	**2,070,860**	**3,112,651**

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

(Continued)

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.

Note 11 – Other accounts receivable, net

Following is a breakdown of other accounts receivable:

		December 31, 2019	December 31, 2018
Electronic transfers in process	$	439,728	325,904
Prepayments to contractors and suppliers		215,166	149,681
Abandoned account transfers to “Instituto Colombiano de Credito Educativo y Estudios Tecnicos en el Exterior (ICETEX)”		149,674	129,705
Electronic deposits Offset - Credibanco		47,036	43,165
Transfers to the National Treasury - inactive accounts		38,486	36,519
Collateral deposits and others (1)		38,102	257,766
Dividends		26,544	19,081
Commissions and fees		22,012	27,973
Insufficiency in savings accounts		12,195	6,864
Balances in favor of leasing operations		8,870	8,192
Buy-sell agreements		6,167	13,343
Other		36,029	19,599
		1,040,009	**1,037,792**
Allowance of the other accounts recievable		(42,912)	(41,993)
Total	$	**997,097**	**995,799**

(1) Deposits to guarantee the margin call for derivative instruments with offshore counterparties amounted to $34,990 y $253,698, respectively, at December 31, 2019 and 2018.

The following are the details of activity in the allowance:

		December 31, 2019	December 31, 2018
Balance at the beginning of the period	$	**41,993**	**36,060**
Changes in accounting policies (see note 2.21)		0	1,074
Adjusted balance		**41,993**	**37,134**
Allowance charged to expenses		1,815	5,058
Write-offs		(35)	0
Recoveries		(861)	(199)
Balance at the end of the period	$	**42,912**	**41,993**

Note 12 – 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 6.4 on credit risk contain information on assets received through foreclosure and sold during the period.

During the years ended at December 31, 2019 and 2018, there were no changes in plans for the disposal of non-current assets held for sale.

At December 31, 2019 exist 29 assets classified as available for sale: 18 real properties (land plots, houses, apartments), 2 movables properties (vehicles), and 9 restituted assets (vehicles, machinery and equipment, land plots, apartments).

The following is a breakdown:

		December 31, 2019				December 31, 2018			
		Cost	Allowance	% A	Total	Cost	Allowance	% A	Total
Foreclosed assets									
Movables	$	196	(196)	100%	0	74,308	(12,559)	17%	61,749
Residential real estate		1,958	(1,003)	51%	955	1,280	(747)	58%	533
Non-mortgaged real estate		129,713	(12,927)	10%	116,786	5,800	(3,977)	69%	1,823
		131,867	**(14,126)**	**11%**	**117,741**	**81,388**	**(17,283)**	**21%**	**64,105**
Assets returned from leasing agreements									
Machinery and equipment		584	(584)	100%	0	34	(31)	91%	3
Vehicles		80	(70)	88%	10	661	(632)	96%	29
Property		2,852	(1,623)	57%	1,229	23,742	(10,761)	45%	12,981
Real estate leasing		179	(52)	0%	127	1,318	(489)	37%	829
		3,695	**(2,329)**	**63%**	**1,366**	**25,755**	**(11,913)**	**46%**	**13,842**
Other									
Other		0	0	0%	0	3,553	(3,553)	100%	0
		0	**0**	**0%**	**0**	**3,553**	**(3,553)**	**100%**	**0**
Total	$	**135,562**	**(16,455)**	**12%**	**119,107**	**110,696**	**(32,749)**	**30%**	**77,947**

The following table shows the activity of cost:

		December 31, 2019	December 31, 2018
Balance at the beginning of the period	$	**110,696**	**23,340**
Additions		138,789	112,419
Reclassifications (1)		(32,766)	(20,658)
Disposals / Sales		(75,424)	(4,368)
Changes in fair value		(5,733)	(37)
Balance at the end of the period	$	**135,562**	**110,696**

(1) At December 31, 2019 transfers were made to investment property for $32,422 and other assets for $344. At December 31, 2018 transfers were made to investment property for $20,213 and other assets for $445.

The following table shows the activity in the allowance:

		Foreclose assets	Assets returned from leasing agreements	Others	Total
Balance at December 31, 2017	$	**10,242**	**1,693**	**0**	**11,935**
Allowance charged to expenses		17,053	12,023	3,552	32,628
Recoveries		(479)	(646)	0	(1,125)
Reclassifications (1)		(9,532)	(1,157)	0	(10,689)
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 (2)		(11,066)	(6,575)	0	(17,641)
Disposals / Sales		0	0	(3,552)	(3,552)
Balance at December 31, 2019	$	**14,126**	**2,329**	**0**	**16,455**

(1) Corresponds to transfers from available for sale to investment property for $10,274 and to other assets for $415.
(2) Corresponds to transfers to property investments for $17,296, other assets for $344.

The liabilities associated with the groups of assets held for sale at December 31, 2019 and 2018, came to

$3,838 and $5,450, 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 13 – Investments in subsidiaries, associates and joint ventures

Following is a breakdown of investments in subsidiaries, associates and joint ventures:

		December 31, 2019	December 31, 2018
Subsidiaries	$	16,449,111	14,445,212
Associates		4,754,642	4,159,524
Joint ventures		1,272	1,047
Total	$	**21,205,025**	**18,605,783**

13.1 Investments in subsidiaries

The following table shows the shareholding and book value in each subsidiary:

	December 31, 2019				December 31, 2018			
	% Shareholding			Book value	% Shareholding			Book value
	Direct	Indirect			Direct	Indirect		
Leasing Bogotá S.A. Panamá	100.00%	0.00%	$	14,666,199	100.00%	0.00%	$	12,882,174
Banco de Bogotá Panamá S.A.	100.00%	0.00%		390,588	100.00%	0.00%		344,163
Bogotá Finance Corporation	100.00%	0.00%		292	100.00%	0.00%		285
Fiduciaria Bogotá S.A.	94.99%	0.00%		368,758	94.99%	0.00%		311,975
Almaviva S.A.	94.93%	0.88%		68,085	94.93%	0.88%		69,082
Megalinea S.A.	94.90%	0.00%		4,866	94.90%	0.00%		4,301
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%		4,776	38.90%	0.00%		3,537
Porvenir S.A. (1)	36.51%	9.88%		944,131	36.51%	9.88%		828,608
Aportes en Línea S.A. (1)	2.04%	34.65%	$	1,416	2.04%	34.65%		1,087
				16,449,111			$	**14,445,212**

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(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 condensed financial information of the investments in subsidiaries:

	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**

	December 31, 2018					
	Assets	Liabilities	Equity	Income	Expenses	Net income
Leasing Bogotá S.A. Panamá	$ 78,656,541	65,773,425	12,883,116	9,779,856	8,586,954	1,192,902
Banco de Bogotá Panamá S.A.	7,171,739	6,827,575	344,164	224,212	188,238	35,974
Bogotá Finance Corporation	285	0	285	3	0	3
Fiduciaria Bogotá S.A.	416,744	84,135	332,609	195,383	131,566	63,817
Almaviva S.A.	98,601	25,828	72,773	113,692	114,781	(1,089)
Megalinea S.A.	22,743	18,211	4,532	144,662	144,161	501
Corporación Financiera Centroamericana S.A. (Ficentro)	0	1	(1)	0	0	0
Aval Soluciones Digitales S.A.	9,623	531	9,092	267	1,175	(908)
Porvenir S.A.	3,094,360	1,071,767	2,022,593	1,809,833	1,449,704	360,129

(Continued)

	December 31, 2018					
	Assets	Liabilities	Equity	Income	Expenses	Net income
Aportes en Línea S.A.	61,594	8,278	53,316	76,038	60,791	15,247
Total	$ **89,532,230**	**73,809,751**	**15,722,479**	**12,343,946**	**10,677,370**	**1,666,576**

The following is the movement of investments in subsidiaries:

	December 31, 2019	December 31, 2018
Balance at the beginning of the period	$ **14,445,212**	**12,688,532**
Changes in accounting policies	0	(3,843)
Adjusted balance	**14,445,212**	**12,684,689**
Share in net income	1,683,830	1,441,064
Share in other comprehensive income	373,032	(668,851)
Translation adjustment	103,901	1,101,452
Dividends	(159,187)	(121,398)
Additions	0	3,890
Capitalization	2,334	4,469
	16,449,122	**14,445,315**
Impairment (1)	(11)	(103)
Balance at the end of the period	$ **16,449,111**	**14,445,212**

(1) Corresponds to investment in Ficentro S.A.

The variation in investments in subsidiaries as of December 31, 2019 compared to December 31, 2018, corresponds mainly to the increase in the book value of investment in Leasing Bogotá S.A. Panamá for $1,784,025, as a result of the recognition of equity method on net income for the period.

The following is the movement of impairment of investments in subsidiaries:

	December 31, 2019	December 31, 2018
Balance at the beginning of the period	$ **1,259**	**1,156**
Impairment with effect in net income	78	182
Recoveries	(67)	(79)
Balance at the end of the period	$ **1,270**	**1,259**

13.2 Investments in associates

The following table shows the shareholding and book value:

	December 31, 2019		December 31, 2018	
	% Shareholding	Book value	% Shareholding	Book value
Corporación Financiera Colombiana S.A	33.25%	$ 4,741,906	32.93%	$ 4,149,833
Casa de Bolsa S.A.	22.80%	8,283	22.80%	7,799
Servicios de Identidad Digital S.A.S. (1)	33.33%	2,352	0.00%	0
A Toda Hora S.A.	19.99%	2,101	19.99%	1,892
Pizano S.A., entity in liquidation.	18.47%	0	18.47%	0
Total		$ **4,754,642**		$ **4,159,524**

(1) The entity Servicios de Identidad Digital S.A.S. enters as an associate on December 27, 2019.

The following is the corporate purpose and headquarters of the associates:

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	Associates	Corporate Purpose	Headquarters
1	Corporación Financiera Colombiana S.A.	Specializes in a wide range of products for private banking investment 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.
5	Pizano S.A., entity in liquidation.	Manufactures laminated wood products.	Barranquilla

The following is condensed financial information of the investments in associates:

	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
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
Pizano S.A. (1)		0	0	0	0	0	0
Total	$	**14,852,803**	**7,159,163**	**7,693,640**	**3,103,819**	**1,534,421**	**1,569,398**

	December 31, 2018						
		Assets	Liabilities	Equity	Income	Expenses	Net income
Corporación Financiera Colombiana S.A.	$	11,958,020	6,022,781	5,935,239	3,252,209	1,642,631	1,609,578
Casa de Bolsa S.A.		33,440	3,909	29,531	66,883	68,042	(1,159)
A Toda Hora S.A.		10,262	802	9,460	12,044	10,860	1,184
Pizano S.A. (1)		0	0	0	0	0	0
Total	$	**12,001,722**	**6,027,492**	**5,974,230**	**3,331,136**	**1,721,533**	**1,609,603**

(1) There is not show summary financial information of Pizano S.A. because entering into liquidation process on January 31, 2018.

The following is the movement in investments in associates:

		December 31, 2019	December 31, 2018
Balance at beginning of the period	$	**4,159,524**	**3,419,661**
Changes in accounting policies (see note 2.21)		0	124,030
Balance at January 1, 2018 adjusted		**4,159,524**	**3,543,691**
Share in net income		524,128	568,746
Share in other comprehensive income		68,621	(67,840)
Additions (1)		2,369	0
Waiver of shares subscription Corficolombiana		0	122,568
		4,754,642	**4,167,165**
Impairment (2)		0	(7,641)
Balance at end of the period	$	**4,754,642**	**4,159,524**

(1) Corresponds to Servicios de Identidad Digital S.A.S.
(2) Corresponds to investment in Pizano S.A., entity in liquidation.

(Continued)

The variation in investments in associates as of December 31, 2019 compared to December 31, 2018, corresponds mainly to the increase in the book value of investment in Corporación Financiera Colombiana S.A. for $592,073, as a result of the recognition of equity method on net income for the period.

13.3 Investments in joint ventures

The following table shows the shareholding and book value in joint ventures:

	December 31, 2019			December 31, 2018	
	% Shareholding		Book value	% Shareholding	Book value
A Toda Hora S.A. – Joint accounts	25.00%	$	1,272	25.00%	1,047

The following is the corporate purpose and headquarters of the joint venture:

	Joint ventures	Corporate Purpose	Headquarters
1	A Toda Hora S.A. – Joint accounts	Financial transactions services.	Bogotá D.C.

The following is condensed financial information of the investments in joint ventures:

		December 31, 2019					
		Assets	Liabilities	Equity	Income	Expenses	Net income
A Toda Hora S.A. – Joint accounts	$	63,787	58,701	5,086	246,564	245,665	899

		December 31, 2018					
		Assets	Liabilities	Equity	Income	Expenses	Net income
A Toda Hora S.A. – Joint accounts	$	41,249	37,062	4,187	210,800	213,001	(2,201)

The following is the movement of investments in joint ventures:

		December 31, 2019	December 31, 2018
Balance at the beginning of the period	$	**1,047**	**1,597**
Share in net income		225	(550)
Balance at the end of the period	$	**1,272**	**1,047**

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 14 – Property, plant and equipment

The following is a breakdown of property, plant and equipment:

		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

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		December 31, 2019		
		Cost	Accumulated depreciation	Net
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**

		December 31, 2018		
		Cost	Accumulated depreciation	Net
Land	$	156,603	0	156,603
Buildings and constructions		502,317	(166,411)	335,906
Machinery		87	(60)	27
Vehicles		3,381	(2,216)	1,165
Office furniture, fixtures and equipment		234,674	(170,459)	64,215
Computer hardware, networking and communications		487,840	(376,444)	111,396
Leasehold improvements		52,457	(37,309)	15,148
Construction in progress		11,758	0	11,758
Total	$	**1,449,117**	**(752,899)**	**696,218**

The following is the activity in property, plant and equipment:

		Balance at December 31, 2018	Additions	Disposals / Sales	Reclassi-fications (1)	Exchange difference	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 IBM contracts reclassified to right of use asset for $3,586 and transfers from investment property for $4,504.

		Balance at December 31, 2017	Additions	Disposals / Sales	Reclassi-fications (1)	Exchange difference	Balance at December 31, 2018
Land	$	155,094	992	(1,132)	1,649	0	156,603
Buildings and constructions		495,455	6,813	(35,252)	35,301	0	502,317
Machinery		87	0	0	0	0	87
Vehicles		3,381	0	0	0	0	3,381
Office furniture, fixtures and equipment		231,814	6,653	(3,992)	67	132	234,674
Computer hardware, networking and communications		429,612	57,850	(47)	292	133	487,840
Leasehold improvements		50,986	2,354	(2,087)	1,161	43	52,457
Construction in progress		40,763	18,336	(9,857)	(37,484)	0	11,758
Total	$	**1,407,192**	**92,998**	**(52,367)**	**986**	**308**	**1,449,117**

(1) Corresponds to transfers to intangibles for $461 and from investment properties for $1,370.

The following is the activity in depreciation on property, plant and equipment:

		Balance at December 31, 2018	Depreciation	Disposals / Sales	Reclassi-fications (1)	Exchange difference	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.

		Balance at December 31, 2017	Depreciation	Disposals / Sales	Reclassi-fications (1)	Exchange difference	Balance at December 31, 2018
Buildings and constructions	$	(147,079)	(36,518)	17,186	0	0	(166,411)
Machinery		(56)	(4)	0	0	0	(60)
Vehicles		(1,930)	(286)	0	0	0	(2,216)
Furniture and fixtures		(159,678)	(14,523)	3,833	0	(91)	(170,459)
Computer hardware, networking and communications		(340,858)	(35,925)	38	384	(83)	(376,444)
Leasehold improvements		(30,992)	(8,390)	2,087	0	(14)	(37,309)
Total	$	**(680,593)**	**(95,646)**	**23,144**	**384**	**(188)**	**(752,899)**

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 and their recoverable value was identified based on their fair value, which was determined through an independent technical appraisal.

Note 15 – Right of use assets

The following is a breakdown by type of property:

		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, 2018	Implementing IFRS 16	Sublease	Additions	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, 2018	Depreciation	Cancellations	December 31, 2019
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 16 – Investment property

The following is a breakdown of investment property:

		December 31, 2019			December 31, 2018		
		Land	Buildings	Total	Land	Buildings	Total
Cost	$	253,523	25,075	278,598	226,735	26,097	252,832
Impairment		(206,172)	(10,049)	(216,221)	(169,866)	(8,022)	(177,888)
Total	$	**47,351**	**15,026**	**62,377**	**56,869**	**18,075**	**74,944**

The following table shows the activity in the cost of investment property:

		Land	Buildings	Total
Balance at December 31, 2017	$	**198,730**	**27,947**	**226,677**
Changes in fair value		25,283	1,524	26,807
Reclassifications (1)		18,931	(88)	18,843
Disposals / Sales		(16,209)	(3,286)	(19,495)
Balance at December 31, 2018	$	**226,735**	**26,097**	**252,832**
Changes in fair value		8,224	(684)	7,540
Reclassifications (2)		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**

(1) Corresponds to transfers from Non-current assets held for sale for $20,213 and to property, plant and equipment for $1,370.
(2) Corresponds to transfers from non-current assets held for sale for $32,422 and to property, plant and equipment for $4,504.

(Continued)

The following is the activity of investment property impairment:

		Land	Buildings	Total
Balance at December 31, 2017	$	**(135,982)**	**(8,612)**	**(144,594)**
Impairment charged to expenses		(46,533)	(912)	(47,445)
Reclassifications (1)		(9,797)	(462)	(10,259)
Recovery		22,446	1,964	24,410
Balance at December 31, 2018	$	**(169,866)**	**(8,022)**	**(177,888)**
Impairment charged to expenses		(28,464)	(1,730)	(30,194)
Reclassifications (2)		(13,747)	(3,549)	(17,296)
Recovery		5,905	3,252	9,157
Balance at December 31, 2019	$	**(206,172)**	**(10,049)**	**(216,221)**

(1) Corresponds to transfers from non-current assets held for sale for $10,259.
(2) Corresponds to transfers from non-current assets held for sale for $17,296.

The following is the detail of figures included in net income of the period:

		December 31, 2019	December 31, 2018
Rental income from investment property	$	464	299
Direct operating expenses arising from investment property generating rental income		(98)	(72)
Total	$	**367**	**227**

There were no contractual obligations to acquire investment property, nor repairs, maintenance and improvements, during the periods in question during the periods in question.

There are no restrictions on the sale of investment property.

Note 17 – Goodwill

17.1 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, 2019, 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, 2019	December 31, 2018
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, 2019			
Group of cash-generating units		Book value of goodwill	Book value of CGU	Fair value of CGU	Excess
CGU in Banco de Bogotá (Megabanco)	$	465,905	8,239,489	11,106,623	2,867,134

		December 31, 2018			
Group of cash-generating units		Book value of goodwill	Book value of CGU	Fair value of CGU	Excess
CGU in Banco de Bogotá (Megabanco)	$	465,905	7,403,179	9,865,076	2,461,897

(1) Fair value determined in the impairment analysis exercise carried out in December 2019.

17.2 Details of Goodwill, by acquired Company:

Banco de Crédito y 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 7).

The latest valuation update of the segment 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 2020 report and is based on the Banco de Bogotá's financial statements at September 30, 2019, 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 $11,106, 623 exceeds in $2,867,134 the carrying amount of the cash-generating units of the banking operation segment for $8,239,489.

The following table shows the averages of the primary premises used in the impairment test:

	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%				

	December 31, 2019				
	2020	2021	2022	2023	2024
Growth rate after five years	3.3%				

	December 31, 2018				
	2019	2020	2021	2022	2023
Lending rate on the loan portfolio and investments	9.4%	10.0%	10.1%	10.3%	10.5%
Borrowing rate	3.5%	3.8%	3.9%	4.2%	4.3%
Growth in income from commissions	9.9%	7.5%	8.0%	7.9%	8.3%
Growth in expenses	3.7%	3.9%	3.1%	3.5%	3.6%
Inflation	2.9%	3.1%	2.7%	3.5%	3.3%
Discount rate after taxes	14.0%				
Growth rate after five years	3.1%				

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.

- 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 market rates of 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 13.0% estimated discount rate had been 1.0% higher than the rate 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 $10,030,439 which is well above the book value of and December $8,239,489.

Note 18 – Other intangible assets

Intangible assets other than goodwill:

The activity of intangible assets other than goodwill is shown below:

		Cost	Amortization	Total
Balance at December 31, 2017	$	**391,666**	**(73,378)**	**318,288**
Additions		111,045	0	111,045
Reclassifications		471	(488)	(17)
Amortization charged to expenses		0	(53,373)	(53,373)
Exchange difference		(94)	110	16
Balance at December 31, 2018		**503,088**	**(127,129)**	**375,959**
Additions		25,505	0	25,505
Other costs capitalized		48,727	0	48,727

		Cost	Amortization	Total
Disposals		(83)	83	0
Amortization charged to expenses		0	(70,256)	(70,256)
Exchange difference		1	(5)	(4)
Balance at December 31, 2019	$	**577,238**	**(197,307)**	**379,931**

18.1 Internal intangible assets

Those assets that are fully developed of entity internally; in the development process the costs can be capitalized, when the asset is finished it is used in production, activating the amortization.

The following is the movement of intangible assets intern:

		Licenses		Computer applications		Total		
		Cost	Amorti-zation	Cost	Amorti-zation	Cost	Amorti-zation	Total
Balance at December 31, 2017	$	**828**	**(327)**	**308,901**	**(49,489)**	**309,729**	**(49,816)**	**259,913**
Additions		0	0	64,204	0	64,204	0	64,204
Reclassifications		(165)	62	739	0	574	62	636
Amortization charged to expenses		0	(105)	0	(28,731)	0	(28,836)	(28,836)
Exchange difference		0	0	0	126	0	126	126
Balance at December 31, 2018	$	**663**	**(370)**	**373,844**	**(78,094)**	**374,507**	**(78,464)**	**296,043**
Other costs capitalized		0	0	48,727	0	48,727	0	48,727
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)
Exchange difference		0	0	(6)	0	(6)	0	(6)
Balance at December 31, 2019	$	**0**	**0**	**289,941**	**(62,982)**	**289,941**	**(62,982)**	**226,959**

18.2 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 applications		Total		
		Cost	Amorti-zation	Cost	Amorti-zation	Cost	Amorti-zation	Total
Balance at December 31, 2017	$	**59,693**	**(15,813)**	**22,244**	**(7,749)**	**81,937**	**(23,562)**	**58,375**
Additions		46,809	0	32	0	46,841	0	46,841
Reclassifications		50	(53)	(153)	(497)	(103)	(550)	(653)
Amortization charged to expenses		0	(20,413)	0	(4,124)	0	(24,537)	(24,537)
Exchange difference		(148)	(19)	54	3	(94)	(16)	(110)
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)
Exchange difference		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**

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 $60,421 with a remaining amortization period between 15 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 $20,724 with a remaining amortization period of 113 months; CONEXION AVAL - ERP (Technological Platform that allows the optimization of the administration, operation, control and security processes in the Bank's accounting, allowing the implementation of a corporate accounting model for the generation of the books IFRS FULL, IFRS PARTIAL and COL GAAP. This phase will implement the following modules: FI, CO, AA, AP, AR, TR and TX) for $13,112 with a remaining amortization period of 86 months and in phase II development for $15,648.

Note 19 – Income tax

19.1 Components of the income tax expense

The income tax expense for the years ended at December 31, 2019 and 2018 includes the following:

		2019	2018
Income tax of the current period (1)	$	257,876	471,023
Income tax surcharge		0	10,657
Recovery of current tax of previous periods		(1,024)	0
Subtotal current tax		**256,852**	**481,680**
Net deferred taxes of the period (1)		(26,688)	(309,074)
Adjustment deferred tax of previous period		2,074	(4,792)
Subtotal deferred taxes		**(24,614)**	**(313,866)**
Provision for uncertain tax positions		556	359
Total income tax	$	**232,794**	**168,173**

(1) For the year 2018, a transfer for $ 372,715 of deferred tax expense to current tax related to the amortization of tax credits is included.

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). During the years ended at December 31, 2019 and 2018, an income was recognized for current tax for $247,153 and $372,715, respectively, in other comprehensive income in equity. Furthermore, an expense of deferred tax of $219,404 and $41,693, respectively (see note 19.5).

19.2 Reconciliation of the nominal tax rate and effective rate

The basic parameters in force for income tax in Colombia are as follows:

- 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 applicable to financial institutions is declared unenforceable; for the year 2018 the income tax rate is 33% plus 4 additional points on the general rate.
- 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.
- For the year 2018, the presumptive income for determining the income tax cannot be less than 3.5% of the liquid equity on the last day of the previous taxable period.

- For the year 2019, the rate used according to the Financing Law could not be less than 1.5% of the liquid equity on the last day of the previous taxable period.
- The Growth Law 2010/2019, the presumptive income will be reduce to 0.5% of the liquid equity on the last day of the previous taxable period for the years 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 year 2018 this tax had the deduction treatment in the income tax.
- 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, 2019	December 31, 2018
Profit before income tax	$	**2,873,660**	**2,992,884**
Theoretical tax expense at a rate of 33% (2019) and 37% (2018)		948,308	1,107,367
Plus (minus) taxes related to the following concepts:			
Non-deductible expenses		60,652	49,074
Dividends received non taxable		(1,115)	(3,293)
Nontaxable equity method income (1)		(728,700)	(743,426)
Interests and other not taxable income		(8,479)	(153,950)
Exempt income		(19,570)	(13,849)
Tax discounts		(40,723)	0
Occasional income (taxed at 10% rate)		260	10,396
Effect on deferred tax due to tax rates different tan 33% (2019) and 37% (2018)		19,382	(59,071)
Recovery of current tax for previous periods		(1,024)	0
Adjustment of deferred taxes for previous periods		2,074	(25,160)
Provisions for tax positions		556	359
Deferred tax remedy		1,173	0
Others		0	(274)
Total tax expense of the period	$	**232,794**	**168,173**

(1) The profits recognized in the equity method are taxed for each subsidiary, associate and joint venture. The Bank's share in the income tax expense of each of the mentioned entities was $574,969 and $603,733 for the years 2019 and 2018, respectively.

19.3 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. The foregoing due to: 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, 2019 and 2018 reached $12,425,058 and $9,977,932, respectively.

19.4 Deferred income taxes, by type of temporary difference:

Differences between the carrying amounts of assets and liabilities and their tax base can result in temporary differences. These generated deferred taxes, which were calculated and recorded for the years ended at December 31, 2019 and 2018, based on the enacted tax rates for the years in which those temporary differences will be reversed.

	Balance at December 31, 2018	IFRS 16 Adoption on January, 2019	Income (expense) in net income	Unrealized income (expense) in OCI	Reclassi-fications (1)	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**

(1) The balance for reclassifications corresponds to the tax that is recorded in OCI for tax credits, between current and deferred tax, the foregoing taking into account that the table only considers the accounts of deferred tax.

BANCO DE BOGOTÁ
Notes to the Separate Financial Statements
As at December 31, 2019

	Balance at December 31, 2017	Changes in accounting policies	Balance at January 01, 2018	Income (expense) in net income	Unrealized income (expense) in OCI	Reclassi-fications	Balance at December 31, 2018
Deferred tax assets							
Valuation of debt securities investments	$ 3,181	0	3,181	445	4,033	0	7,659
Unrealized loss in derivatives	0	0	0	(76,807)	208,971	(46,773)	85,391
Loan portfolio	12,470	0	12,470	(4,996)	0	17	7,491
Deferred charges and prepaid expenses	569	0	569	(476)	0	0	93
Tax credits to be amortized	287,770	0	287,770	369,201	(402,042)	0	254,929
Provisions other expenses	18,055	(11,038)	7,017	757	0	0	7,774
Employee benefits	38,545	5,052	43,597	1,000	(2,154)	0	42,443
Exchange difference on branches abroad	935	0	935	0	0	(935)	0
Exchange difference on bonds in foreign currency	0	0	0	0	165,403	(11,063)	154,340
Subtotal	**361,525**	**(5,986)**	**355,539**	**289,124**	**(25,789)**	**(58,754)**	**560,120**
Deferred tax liabilities							
Valuation of equity securities investments	50,636	0	50,636	(34,409)	(101)	0	16,126
Unrealized loss in derivatives	46,773	0	46,773	0	0	(46,773)	0
Investment property	8,196	0	8,196	2,537	0	(107)	10,626
Cost of property, plant and equipment	58,499	0	58,499	(4,465)	0	0	54,034
Cost intangible assets - deferred charges	29,988	0	29,988	(5,174)	0	0	24,814
Goodwill and trademarks	59,734	0	59,734	22,699	0	0	82,433
Exchange difference on branches abroad	0	0	0	0	16,005	(935)	15,070
Other items	9,056	0	9,056	(5,930)	0	124	3,250
Exchange difference on bonds in foreign currency	11,063	0	11,063	0	0	(11,063)	0
Subtotal	**273,945**	**0**	**273,945**	**(24,742)**	**15,904**	**(58,754)**	**206,353**
Total	**$ 87,580**	**(5,986)**	**81,594**	**313,866**	**(41,693)**	**0**	**353,767**

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, 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**

	December 31, 2018		
	Gross amounts deferred tax	Offset reclassifications	Balance in statement of financial position
Deferred tax asset	$ 560,120	(181,591)	378,529
Deferred tax liability	206,353	(181,591)	24,762
Net	**$ 353,767**	**0**	**353,767**

(Continued)

19.5 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:

	2019				2018			
	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	$ (50,318)	247,153	(225,325)	(28,490)	(547,310)	372,715	(193,071)	(367,666)
Exchange difference on bonds in foreign currency	(56,618)	0	16,985	(39,633)	(549,332)	0	165,403	(383,929)
Exchange difference of foreign subsidiaries	105,194	0	0	105,194	1,097,187	0	0	1,097,187
Unrealized profit (loss) of financial assets measurement at fair value through OCI	155,469	0	(46,776)	108,693	(4,262)	0	4,134	(128)
Share in other comprehensive income of subsidiaries and associates	441,653	0	0	441,653	(738,505)	0	0	(738,505)
Exchange difference of foreign branches	3,456	0	(1,235)	2,221	63,196	0	(16,005)	47,191
	598,836	**247,153**	**(256,351)**	**589,638**	**(679,026)**	**372,715**	**(39,539)**	**(345,850)**
Items that will not to be reclassified to net income								
New actuarial measurement on defined benefit plans	(8,589)	0	2,631	(5,958)	5,129	0	(2,154)	2,975
	(8,589)	**0**	**2,631**	**(5,958)**	**5,129**	**0**	**(2,154)**	**2,975**
Items reclassified to net income of the period								
Realized loss from investments available for sale	(92,378)	0	34,316	(58,062)	0	0	0	0
	(92,378)	**0**	**34,316**	**(58,062)**	**0**	**0**	**0**	**0**
Total other comprehensive income for the period	**$ 497,869**	**247,153**	**(219,404)**	**525,618**	**(673,897)**	**372,715**	**(41,693)**	**(342,875)**

19.6 Provision for tax positions

At December 31, 2019 and 2018, the provisions for tax positions reached $4,541 and $5,894 respectively. The charge to results during the years ended on December 31, 2019 and 2018 corresponds to $556 and $359, respectively. At December 31, 2019 the provision used was of $1,909.

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, 2019 are expected to be utilized in whole or released upon expiration of the inspection rights of tax authorities.

(Continued)

19.7 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 foreing bonds and derivatives.

19.8 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 2018. The study did not result in any adjustments that would affect revenue, costs and tax expenses of Bank on 2018 income tax return presented.

While the study of year 2019 transfer prices is being prepared, no significant changes are anticipated with regard to the previous years.

Note 20 – Customer deposits

20.1 Customer deposits - Interest rates

Effective annual interest rates on customer deposits are shown below:

	December 31, 2019				December 31, 2018			
	Colombian pesos		Foreign currency		Colombian pesos		Foreign currency	
	Rate		Rate		Rate		Rate	
	Min %	Max %	Min %	Max %	Min %	Max %	Min %	Max %
Checking accounts	0.21%	4.92%	0.03%	2.00%	0.00%	4.76%	0.20%	2.40%
Savings accounts	1.19%	6.03%	0.02%	1.62%	0.00%	6.00%	0.20%	1.62%
Time certificates of deposit	1.00%	11.57%	0.40%	3.45%	0.10%	9.05%	2.05%	3.50%

20.2 Customer deposits, by sector

The following is a breakdown of the concentration of customer deposits, by economic sector:

	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
Financial	$ 15,709,022	27.95%	15,148,543	27.98%
Colombian government or Colombian government entities	8,090,812	14.39%	9,045,276	16.71%
Individuals	5,837,003	10.38%	4,602,071	8.50%
Commerce	2,382,640	4.24%	2,399,349	4.43%
Services	2,371,421	4.22%	1,751,419	3.24%
Real estate	1,423,640	2.53%	1,321,378	2.44%
Manufacturing	982,622	1.75%	1,081,325	2.00%
Education	825,205	1.47%	781,368	1.44%
Agriculture and livestock	510,836	0.91%	527,787	0.98%
Foreign governments	55,914	0.10%	48,358	0.09%

(Continued)

		December 31, 2019		December 31, 2018	
		Amount	%	Amount	%
Tourism		42,195	0.08%	28,536	0.05%
Others		17,978,807	31.98%	17,395,888	32.14%
Total	$	**56,210,117**	**100.00%**	**54,131,298**	**100.00%**

20.3 Maturities of time certificates of deposit

The following is a breakdown:

		December 31, 2019	December 31, 2018
2019	$	0	14,763,838
2020		13,480,417	2,972,734
2021		2,258,577	323,952
2022		1,604,555	1,360,988
After 2022		394,392	394,341
Total	$	**17,737,941**	**19,815,853**

Note 21 – Financial obligations

21.1 Interbank borrowings and overnight funds

		December 31, 2019	December 31, 2018	Interest rate
In Colombian pesos				
Corresponding Banks	$	2,355	3,088	0.00%
Interbank funds purchased		205,132	0	4.10% to 4.11%
Commitments to transfer investments in simultaneous operations		2,294,119	18,209	4.12% to 4.16%
Commitments arising from simultaneous short-term operations		20,054	134,574	4.16%
Commitments to transfer in repo operations closed		450,104	0	4.15%
		2,971,764	**155,871**	
In Foreign currency				
Corresponding Banks		6,284	0	0.00%
Interbank funds purchased		367,101	559,123	1.80% to 2.66%
		373,385	**559,123**	
Total	$	**3,345,149**	**714,994**	

21.2 Borrowings from banks and others

The following table shows the detail of item:

		December 31, 2019	December 31, 2018	Interest rate
In Colombian pesos				
Acceptances	$	0	200	0.00%
		0	**200**	
In Foreign currency				
Credits		2,978,030	3,586,309	(0.00% to 3.71%) LIBOR 6 + (3.12% to 3.13%)
Acceptances		963,157	633,658	0.00% to 3.69%
Corporación Andina de Fomento		551,198	384,758	0.00% to 2.72%
Letter of credit with a deferred payment		621,334	351,732	0.00% to 3.71%
Financial lease contracts (leasing)		0	2,915	0.12%
		5,113,719	**4,959,372**	
Total	$	**5,113,719**	**4,959,572**	

The following shows the contractual maturities of obligations of borrowings from bank and others:

		December 31, 2019	December 31, 2018
2019		0	4,956,657
2020		5,111,772	0
2021		1.947	0
2023		0	2,915
Total	$	**5,113,719**	**4,959,572**

21.3 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, 2019	December 31, 2018	Interest rate
	Issue	Expiration				
Colombian pesos						
Subordinated bonds	Feb-2010	Feb-2020	$	137,598	134,737	CPI + 5.45% AV UVR + 5.45% AV
				137,598	**134,737**	
Foreign currency						
Subordinated bonds	Feb-2013	Feb-2023		1,667,259	1,652,586	5.38% SV
Subordinated bonds	May-2016	May-2026		1,950,067	1,929,805	6.25% SV
Subordinated bonds	Nov-2016	May-2026		1,654,513	1,641,013	6.25% SV
Ordinary bonds	Aug-2017	Aug-2027		1,969,962	1,950,149	4.38% SV
				7,241,801	**7,173,553**	
Total			$	**7,379,399**	**7,308,290**	

The following is the detail of the maturities of the outstanding securities:

		December 31, 2019	December 31, 2018
2020		169,691	170,413
2023		1,638,570	1,647,747
2026		3,604,854	3,579,668
2027		1,966,285	1,910,462
Total	$	**7,379,399**	**7,308,290**

21.4 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.

		December 31, 2019	December 31, 2018	Interest rate
Colombian pesos				
FINDETER		1,197,983	1,138,415	DTF + (-4.00% to 4.80%) IBR + (-2.80% to 3.90%) IPC + (-1.00% to 5.00%)
BANCOLDEX		625,900	320,564	DTF + (-2.00% to 5.45%) IBR + (-1.80% to 2.85%)
FINAGRO	$	276,896	189,291	DTF + (-3.50% to 7.00%) IBR + (-1.10% to 1.90%)
		2,100,779	**1,648,270**	
Foreign currency				
BANCOLDEX		28,718	154,479	LIBOR 6 + (2.38% to 5.08%)
FINDETER		14,095	116,887	LIBOR 6 + (4.51% to 4.81%)
		42,813	**271,366**	
Total	$	**2,143,592**	**1,919,636**	

The following is a breakdown of the maturities of development entities:

		December 31, 2019	December 31, 2018
2019		0	192,223
2020		358,537	89,024
2021		317,506	232,627
2022		253,355	175,673
After 2022		1,214,194	1,230,089
Total	$	**2,143,592**	**1,919,636**

21.5 Lease contracts

The following table shows the detail of item:

		December 31, 2019	Interest rate
Colombian pesos			
Lease liabilities	$	586,920	1.36% to 6.79%
		586,920	
Foreign currency			
Lease liabilities		2,312	0.12%
		2,312	
Total	$	**589,232**	

The following is a breakdown of the maturities from lease contracts:

		December 31, 2019
2020	$	151,676
2021		74,931
2022		64,876
After 2022		297,749
Total	$	**589,232**

Total cash outflows for leases at December 2019 for the payment of principal and interests were $85,492.

Note 22 – Employee benefits

The following is a breakdown of the provisions for employee benefits:

		December 31, 2019	December 31, 2018
Short-term benefits	$	74,650	88,761
Post-employment benefits		118,452	114,060
Long-term benefits		42,052	112,792
	$	**235,154**	**315,613**

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.

22.1 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.

22.2 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).

Starting on June 25, 2019, the Bank’s 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 the Bank 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, as detailed below:

- Reversion of the expense accrued during the semester for seniority bonus in the amount of $8,289.
- Recognition of revenue in the amount of $38,402.
- 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, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Balance at the beginning of the period	$	**114,060**	**122,590**	**112,792**	**109,098**
Changes in accounting policies (see note 2.21)		0	12,487	0	0
Adjusted balance		**114,060**	**135,077**	**112,792**	**109,098**
Interest expense		7,860	8,314	7,308	6,599
Current service cost		899	1,519	8,899	7,932
Past service cost		0	(1,954)	0	3,199
Gain on settlements		0	0	(49,367)	0
		8,759	**7,879**	**(33,160)**	**17,730**
Effect of changes in demographic assumptions		946	0	0	0
Changes in interest rates, inflation rates and salary adjustments		12,029	(8,939)	5,428	399
Effect of experience adjustments		(4,721)	3,847	(33,514)	1,662
		8,254	**(5,092)**	**(28,086)**	**2,061**
Benefit payments from employer		(12,621)	(15,800)	(9,520)	(16,221)
Settlement payments from employer		0	(8,004)		0
Employee benefits of foreign agencies		0	0	26	124
Balance at the end of the period	$	**118,452**	**114,060**	**42,052**	**112,792**

22.3 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, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Discount rate	5.95%	7.37%	5.50%	7.37%
Price Inflation rate	3.08%	3.00%	4.00%	3.00%
Salary increase rate	4.00%	4.00%	4.00%	4.00%
Pensions in payment increase rate	3.00%	3.00%	N/A	3.00%
Employee turnover rate	Tabla de rotación SoA 2003 (1)	Turnover table SoA 2003 (1)	Tabla de rotación 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.

22.4 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, 2019 is shown below:

	- 0.50 basis points	
	Post-employment Benefits	Long Term Benefits
Discount rate	6,211	1,292
Salary increase rate	(272)	(1,431)
Pensions-in-payment increase rate	976	0

	+ 0.50 basis points	
	Post-employment Benefits	Long Term Benefits
Discount rate	(2,958)	(1,215)
Salary increase rate	276	1,510
Pensions-in-payment increase rate	1,942	0

22.5 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
2020		13,347	5,989
2021		12,046	4,307
2022		11,340	3,618
2023		10,906	7,470
2024		10,706	5,848
Years 2025–2029	$	47,326	25,274

As of December 31, 2019, the participants of the post-employment benefits are 10,282 employees and the long-term employees are 5,764 employees.

Compensation for key management personnel in each benefit category is described in note 32 – Related Parties.

Note 23 – Provisions

The following is the activity in provisions:

		Lawsuits, fines, penalties and damages provisions	Other provisions	Total
Balance at December 31, 2017	$	**8,370**	**34,690**	**43,060**
Changes in accounting policies (see note 2.21)		0	21,100	21,100
Balance at January 1, 2018		**8,370**	**55,790**	**64,160**
New provisions		3,200	48,478	51,678
Increase in existing provisions		878	0	878
Provisions used		(3,068)	(58,124)	(61,192)
Reverted unused provisions		(1,803)	(26,114)	(27,917)
Decrease for net exchange differences		0	126	126
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)
Decrease for net exchange differences		0	8	8
Balance at December 31, 2019	$	**8,248**	**17,219**	**25,467**

(Continued)

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, 2019 and 2018 in the amount of $8,027 and $7,037 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, 2019 and 2018, the bank reported $14,525 and $16,950 in respective estimated provisions for expenses involved in dismantling teller machines and improving in leased properties.

Note 24 – Accounts payable and other liabilities

The following is a breakdown of accounts payable and other liabilities:

		December 31, 2019	December 31, 2018
Electronic transactions in processes	$	613,809	664,453
Liabilities payable for services collections		475,665	1,255,442
Payable dividends and surpluses		338,160	284,365
Payments to suppliers and payments for services		285,884	281,716
Cash surpluses - clearing		220,017	133,448
Withholdings and other labor contributions		95,887	74,930
Other taxes		61,715	48,487
Visa smart card payments - Visa Electron		42,560	65,446
Certificates of time deposit - matured		39,682	39,451
Collect of services and payments of credit cards or Aval entities		38,464	16,024
Security and peace bonds		35,740	35,997
Electronic purse for coffee growers		20,652	14,610
Cancelled accounts		15,766	15,732
Contributions and memberships		15,097	26,827
Checks drawn but not cashed		13,972	13,602
Lien orders		13,637	16,024
Funds pending credit to customers		12,228	25,177
Interest from restructuring processes		5,820	6,910
Loyalty programs		464	21,453
Other accounts payable		178,257	99,465
	$	**2,523,476**	**3,139,559**

Note 25 – Equity

25.1 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, 2019	December 31, 2018
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.

(Continued)

25.2 Reserves

Following shows the composition of reserves:

		December 31, 2019	December 31, 2018
Legal			
Appropriation of net profits	$	10,208,048	9,024,885
Statutory and occasional			
Charity and donations		176,000	100,500
Tax provisions		672	723
Others		790,036	359,291
		966,708	**460,514**
Total	$	**11,174,756**	**9,485,399**

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.

25.3 Dividends decreed

The dividends decreed were the following:

		December 31, 2019	December 31, 2018
Dividends decreed		$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.	$270.00 pesos per share and per month to be paid in cash between April 2018 and March 2019, in the first ten (10) days of each month. These dividends will be taken from the profits of the year 2017 and the retained earnings of previous years, which may be distributed to shareholders as not taxed.
Ordinary shares outstanding		331,280,555	331,280,555
Total dividends decreed	$	**1,272,117**	**1,073,349**

25.4 Basic and diluted net earnings per share

The following table summarizes net earnings per share:

		December 31, 2019	December 31, 2018
Net income for the period	$	2,640,866	2,824,711

(Continued)

		December 31, 2019	December 31, 2018
Ordinary shares outstanding		331,280,555	331,280,555
Basic and diluted net earnings per share	$	**7,972**	**8,527**

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 31.

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 26 – Other comprehensive income

The following is a breakdown of the balances and activity in “other comprehensive income” included under equity:

		Balance at December 31, 2018	Movement during the period	Balance at December 31, 2019
Exchange difference of 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)
Gain (loss) profit from measuring investments available for sale in debt securities		(25,814)	22,495	(3,319)
Gain profit from measurement of investments available for sale in equity securities		37,482	40,596	78,078
Adjustment for exchange difference of 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**

		Balance at December 31, 2017	Changes in accounting policies	Adjusted Balance at January 1, 2018	First-time adoption mobilized properties	Movement during the period	Balance at December 31, 2018
Exchange difference of foreign subsidiaries	$	1,812,815	0	1,812,815	0	1,097,187	2,910,002
Exchange difference on derivatives in foreign currency		(1,374,953)	0	(1,374,953)	0	(547,310)	(1,922,263)
Exchange difference on bonds in foreign currency		(434,053)	0	(434,053)	0	(549,332)	(983,385)
Gain (loss) profit from measuring investments available for sale in debt securities		(17,161)	0	(17,161)	0	(8,653)	(25,814)
Gain profit from measurement of investments available for sale in equity securities		33,091	0	33,091	0	4,391	37,482
Share in other comprehensive income of subsidiaries and associates		(430,425)	0	(430,425)	0	(738,505)	(1,168,930)
Exchange difference of foreign branches		113,966	0	113,966	0	63,196	177,162
Changes in actuarial assumptions from defined benefit plans		(14,690)	(15,090)	(29,780)	0	5,129	(24,651)
Income tax		659,443	5,052	664,495	0	331,022	995,517
First-time adoption		22,569	11,638	34,207	(7,143)	0	27,064
Total	$	**370,602**	**1,600**	**372,202**	**(7,143)**	**(342,875)**	**22,184**

Note 27 – 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, 2019 and 2018:

		2019	2018
Banking services	$	100,960	106,555
Services of the network of offices		10,994	17,634
Information processing service		15,353	16,569
Others		45,087	39,742
Total	$	**172,394**	**180,500**

Note 28 – Other income

The following is a breakdown of other income for the years ended at December 31, 2019 and 2018:

		2019	2018
Share in investments using the equity participation method (2)	$	2,208,183	2,009,260
Gain on sale of investments, net		94,378	17,417
Legal and pre-legal collection fees		63,038	59,280
Change in institutional quinquennium plan (see note 22.2)		38,402	0
Difference exchange, net		8,593	(161,180)
Asset valuation		7,540	26,180
Gain for sale of property, plant and equipment (1)		7,425	314,583
Dividends and participations		5,752	13,300
Leases		2,728	2,850
Gain on sale of non-current assets held for sale		2,666	129
Prescriptions of liabilities declared in abandonment		1,655	4,378
Compensations for claims		543	10,260
Waiver of shares subscription Corficolombiana (See note 13)		0	123,409

(Continued)

		2019	2018
Others		90,105	84,459
Total	$	**2,531,008**	**2,504,325**

(1) Includes profit by assets mobilized to "Fondo De Capital Privado Nexus Inmobiliario" for $312,316 for the year 2018.
(2) The following is a breakdown of income received, by subsidiary, associates and joint ventures for the equity method:

		2019	2018
Leasing Bogotá S.A. Panamá	$	1,332,011	1,192,902
Corporación Financiera Colombiana S.A.		523,458	569,138
AFP - Porvenir S.A.		208,206	131,482
Fiduciaria Bogotá S.A.		109,529	81,303
Banco de Bogotá Panamá S.A.		33,706	35,974
Almaviva S.A.		579	(1,034)
Megalinea S.A.		565	476
Casa de Bolsa S.A.		478	-264
A Toda Hora S.A.		434	(314)
Aportes en Línea S.A.		326	311
Bogotá Finance Corporation		4	3
Pizano S.A.		0	(364)
Servicios de Identidad Digital S.A.S.		(18)	0
Aval Soluciones Digitales S.A.		(1,095)	(353)
Total	$	**2,208,183**	**2,009,260**

Note 29 – Administrative expenses

The following is a breakdown of administrative expenses for the years ended at December 31, 2019 and 2018:

		2019	2018
Taxes and rates	$	261,333	238,956
Fees		202,826	203,086
Outsourcing and specialized services		186,930	164,499
Insurance		133,879	131,527
Contributions affiliations and transfers		117,867	105,392
Maintenance and repairs		76,652	73,992
Publicity and advertising		70,789	74,054
Leases		51,843	116,409
Transport services		51,374	52,367
Public services		47,678	50,456
Incentives payroll		36,503	22,315
Business collaboration		34,722	17,538
Toilet and surveillance services		25,856	25,432
ATH S.A. – Joint accounts		25,477	16,200
Database and queries		23,570	16,217
Supplies and stationery		23,534	16,804
Electronic data processing		19,884	18,613
Software development services		19,478	21,206
Building administration fee		18,301	18,138
Temporary services		14,473	16,498
Travel expenses		9,465	10,340
Adaptation and installation		7,554	7,608
Changes in fair value held for sale		5,733	40
Others		45,440	66,598
Total	$	**1,511,161**	**1,484,285**

Note 30 – Commitments and contingencies

30.1 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 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, 2019		December 31, 2018	
		Notional amount	Fair value	Notional amount	Fair value
Unused credit card limits	$	4,290,062	0	3,773,472	0
Opened lines of credit		2,246,107	0	2,147,038	0
Guarantees		1,604,104	12,388	1,505,573	16,181
Loans approved but not disbursed		406,179	0	1,143,488	0
Unused letters of credit		172,015	2,402	74,783	1,751
Overdraft limits		53,985	0	93,783	0
Others		38,338	0	99,499	0
Total	$	**8,810,790**	**14,790**	**8,837,636**	**17,932**

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, 2019	December 31, 2018
Colombian pesos	$	8,044,506	8,042,337
US dollars		745,487	778,821
Euros		20,797	10,176
Others		0	6,302
Total	$	**8,810,790**	**8,837,636**

30.2 Commitments to disburse funds for capital disbursements

The Bank incurred $5,155 and $1,771 in disbursements of capital expenses at December 31, 2019 and 2018, respectively. These correspond to contracts for purchases of property, plant and equipment (real estate). There are respective commitments for $3,259 and $6,385 in disbursements on these contracts, effective during the year 2020.

30.3 Lease commitments

The Bank January 1st, 2019 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, 2019 and 2018, there are lease fee payment agreements for $3,978 and $98,966, 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 net income at December 31, 2019 and 2018 amounts to $51,843 and $116,409, respectively.

30.4 Legal contingencies

The administrative and judicial claims pending against the Bank at December 31, 2019 amounted $188,419. 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 possible 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 31 – 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.

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, 2019	December 31, 2018
Regulatory capital	$	16,550,103	16,058,480
Ordinary basic capital		11,484,310	10,276,727
Total risk-weighted assets	$	86,769,944	77,575,743
Total solvency risk rate > 9%		19.07%	20.70%
Basic solvency risk rate > 4.5%		13.24%	13.25%

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 and market risk 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 and market risk 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 32 – 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 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:

a. 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.

b. Shareholders who individually own more than 10% of the Bank's capital stock (Grupo Aval Acciones y Valores S.A.).

c. 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.

d. 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".

e. 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.

f. 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, 2019 and 2018.

- Loans involving an obligation to the borrower that does not coincide with the essence or nature of a loan agreement.

(Continued)

- 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 periods ended at December 31, 2019 and 2018, $968 and $884 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, 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

(Continued)

BANCO DE BOGOTÁ
Notes to the Separate Financial Statements
As at December 31, 2019

		December 31, 2018					
					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	331	0	9,582
Investments accounted for using the equity method		0	0	0	0	4,168,211	14,446,470
Impairment of investments		0	0	0	0	(7,641)	(1,258)
Derivatives at fair value		1,919	0	0	0	0	0
Loan portfolio and financial leases transactions		2,179,342	524,690	16,165	925	369,993	8
Other accounts receivable		0	0	0	137	0	19,446
Other assets		2,109	0	0	0	0	0
Liabilities							
Financial liabilities derivatives at fair value		1,332	0	0	0	0	0
Financial liabilities at amortized cost		971,708	446,844	22,584	2,093	460,438	3,180,700
Accounts payable and other liabilities	$	1,066	184,451	50	1,588	2,253	309

Statement of income

		December 31, 2019					
					Related entities		
		Economically related parties	Grupo Aval S.A.	Key management personnel	Non-subordinates	Associates and joint ventures	Subordinates
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

		December 31, 2018					
					Related entities		
		Economically related parties	Grupo Aval S.A.	Key management personnel	Non-subordinates	Associates and joint ventures	Subordinates
Income							
Interest	$	118,888	35,261	1,364	1,859	21,281	0
Contracts with customers for commissions and other services		0	257	0	1,178	4,333	4,520
Other income		1,892	86	0	2,452	569,196	1,441,556
Expenses							
Interest		33,216	10,805	947	13	15,245	69,386
Contracts with customers for commissions and other services		0	0	0	854	0	4,546
Other expenses	$	1,571	112,127	881	22,292	21,097	138,480

(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, 2019	December 31, 2018
Short-term employee benefits	$	23,775	23,091
Compensation for key management personnel and other long-term employee benefits		0	1,425
Termination benefits		4,361	0
	$	**28,136**	**24,516**

Note 33 – 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 6, paragraph 6.4, Section c, Liquidity Risk), the proprietary position (see note 6, paragraph 6.4, Individual Risk Analysis), the capital adequacy ratio (see note 31), and the mandatory investments to be made in securities issued by “Fondo para el Financiamiento Del Sector Agropecuario (FINAGRO)”. The Bank complied with all these requirements during the six months ended at December 31, 2019 y 2018.

Note 34 – Subsequent events

There were no events occurred after the period ended at December 31, 2019 and up until the date when the financial statements were approved that need to be disclosed.

Note 35 – Approval for the presentation of financial statements

The Bank´s board of directors, in session of February 25, 2019, the presentation of the separate interim financial statements was approved for the period ended at December 31, 2019 and the accompanying notes.