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CERTIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS

OF BANCO DE BOGOTÁ

AS AT DECEMBER 31, 2O21

We, the undersigned Legal Representative and Accountant of Banco de Bogotá (hereinafter the Bank) certify that the Consolidated Financial Statements of the Bank as of December 31, 2021, have been faithfully taken from the accounting books and the assertions contained therein have been previously verified, pursuant to Article 37 of Law 222 of 1995 and the Sole Regulatory Decree 2420 of 2015, as amended, on Accounting, Financial Reporting and Information Assurance Standards.

Additionally, we certify that the Bank's Consolidated Financial Statements as of December 31, 2021, and the relevant annexed reports do not contain vices, inaccuracies or errors that prevent us from knowing the true net worth situation or the operations of the Bank, in accordance with articles 46 and 47 of Law 964 of 2005 and with the Accounting and Financial Reporting Standards accepted in Colombia.

ALEJANDRO FIGUEROA JARAMILLO
President

SERGIO BOTERO PARRA
Accountant
Professional License 23832-T

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Banco de Bogotá:

Report on the Audit of the Consolidated Financial Statements

Opinion

I have audited the accompanying consolidated financial statements of Grupo Banco de Bogotá and Subordinates (the Group), which comprise the consolidated statement of financial position as at December 31, 2021 and the consolidated statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied on a basis consistent with that of the preceding year.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of Consolidated Financial Statements* section of my Report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants 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 that are relevant to my audit of the consolidated financial statements established in Colombia, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Assessment of the loss allowance on the loan portfolio under IFRS 9 (see notes 3.7.7 and 11 to the consolidated financial statements)

Key audit matter	How our audit approached this matter
As indicated in Notes 3.7.7 and 11 to the consolidated financial statements, the Grupo Banco de Bogotá´s measures the loss allowance for its loan portfolio was $7,637,147 million Cop as of December 31, 2021. The Group measures the loss allowance for its loan portfolio at an amount equal to lifetime Expected Credit Losses (ECL) except for those loans that have not experienced a significant increase in credit risk since their initial recognition for which Group calculates a twelve months ECL. The loss allowance for the loan portfolio reflects a probability-weighted result that considers multiple economic scenarios based on forecasts of future economic conditions that include impacts for the COVID 19 pandemic and it is determined based on the Group's assessment on the Probability of Default (PD), Loss given Default (LGD) and Exposure at Default (EAD) associated with each loan. The Group, in accordance with the requirements of IFRS 9 and following market practices, uses models that incorporate data and assumptions that require significant judgment to estimate the loss allowance for the loan portfolio. We identified the assessment of the loan portfolio impairment as a key audit matter, because there is a high degree of estimation inherent in determining the expected loss due to the portfolio impairment, as a result of the judgment required for the prospective assumptions and models used. The assessment of the loan portfolio impairment required significant Auditor attention, the involvement of a judgment, and the participation of credit risk professionals, as well as industry knowledge and experience.	The audit procedures to assess the key audit matter included, among others, the following: • Assessment of the design and effectiveness of certain internal controls over the process established by the Group to calculate the loss allowance for loan portfolio including, among others, controls over (i) the models and assumptions used, (ii) the economic forecast , (iii) the integrity and accuracy of the data and (iv) the monitoring by the Group's Administration of the provision, in general for impairment losses, including the application of the judgment used. • Involvement of credit risk professionals with specific skills, knowledge and industry experience who assisted me in: (i) the assessments of key models and inputs used to determine the Probability of Default (PD) parameters, the Loss given Default (LGD) and Exposure at Default (EAD); (ii) the evaluation of the forecasts of macroeconomic variables and the probability weighting of scenarios, (iii) the evaluation of the qualitative adjustments applied to the models, (iv) for a sample of individually significant loans, recalculating the impairment and analyzing the values of the guarantees; and (v) verification, for a sample of individually significant loans, of the credit risk rating assigned by the Group.

Evaluation of the estimate of the fair value of the investment in Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. and Aportes en Línea S.A. for the accounting record of the loss of control transaction (see note 2.1. to the consolidated financial statements)	
Key Audit Matter	How it was addressed in the Audit
As indicated in Note 2.1 to the consolidated financial statements, as at December 31, 2021, the Bank recorded $1,302,301 million COP as gain on deconsolidation (loss of control) of Subsidiaries. This gain was generated by the difference between the fair value measurement of the investment in Porvenir S.A. and Aportes en Línea S.A and the carrying value at which this investment was recorded prior to the loss of control. I considered this transaction as a Key Audit Matter because it is a material unusual transaction, which involved significant Management judgment in determining the fair value of the investment in Porvenir S.A. and Aportes en Línea S.A. for the accounting record of the loss of control transaction, which required significant audit effort to evaluate the related evidence, including the involvement of valuation professionals with specific skills and industry knowledge. The Auditor's judgment was required to evaluate the methodology used by the Bank to estimate the fair value of the investment, as well as the relevant unobservable inputs and assumptions of the methodology, which include the projected results, discount rate and perpetuity.	My audit procedures to assess the fair value of the investment that generated the gain on deconsolidation included, among others: • Evaluation of certain internal controls related to the Bank's process for approving unusual transactions and verifying their proper accounting in compliance with the accounting framework. These controls included: 1) Board approval of the transaction, 2) involvement of an external expert in the value determination and analysis, and 3) approval of the accounting for the transaction. • Involvement of valuation professionals with specific skills and industry knowledge who assisted me in: (i) the comparison between the valuation methodology applied by the Bank with the methodologies generally applied in the market for that purpose and with the provisions set forth in IFRS 13, (ii) the analysis of the variations of the main assumptions included in the projections versus historical data and comparison of the macroeconomic assumptions and discount rate with market data, when these were available, (iii) the recalculation of: the Companies' net income and dividend flow projections, perpetuity, discount rate and net present value, (iv) horizontal analysis to verify variations in the Companies' revenue lines and (v) vertical analysis to verify variations in the ratio of costs and expenses to revenues.

Other Matters

The consolidated financial statements as at and for the year ended December 31, 2020 are presented solely for comparative purposes. These were audited by me and in my Report dated February 25, 2021, I expressed an unqualified opinion thereon.

Responsibilities of Management and Those Charged with the Group's Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes designing, implementing, and maintaining such internal control as Management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit 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 consolidated 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 internal control relevant 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 basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events so as to achieve a fair presentation.

- I obtain sufficient appropriate audit evidence regarding the financial information of the Entities or business activities within the Group to express an opinion on the Group's consolidated financial statements. I am responsible for the direction, supervision, and performance of the Group's audit. I remain solely responsible for my audit opinion.

I communicate with Those Charged with the Group's Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit.

I also provide Those Charged with Governance with confirmation that I have complied with relevant ethical requirements for independence and that I have disclosed to them all relationships and other matters that might reasonably be considered to bear on my independence and, where applicable, related safeguards.

From the matters communicated with Those Charged with Governance, I determine the matters that were of most significance in the audit of the current period's consolidated financial statements and, therefore, are the Key Audit Matters. I describe these matters in my Auditor's Report unless law or regulation prevents public disclosure about the matter or when, in extremely exceptional circumstances, I determine that a matter should not be communicated in my Report because the adverse consequences of doing so would reasonably outweigh the benefits to the public interest of such communication.

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

February 24, 2022

BANCO DE BOGOTÁ AND SUBSIDIARIES
Consolidated Statement of Financial Position
As at December 31,
(Figures expressed in millions of Colombian pesos)

	Notes		2021	2020
Assets				
Cash and cash equivalents	9	**$**	**26,997,907**	**27,497,551**
Financial assets			**29,919,848**	**28,555,661**
Investments at fair value through profit or loss	10		2,267,439	4,823,570
Investments at fair value through other comprehensive income	10		24,020,719	19,978,623
Investments at amortized cost	10		3,223,206	3,148,645
Derivatives at fair value	10		408,484	604,823
Loan portfolio, net	11		**150,168,654**	**132,005,481**
Repos, interbank, overnight and money market operations			1,586,667	3,504,987
Clients and financial leases transactions, net			**148,581,987**	**128,500,494**
Commercial			88,044,197	79,234,339
Consumer			44,671,128	37,149,055
Mortgage			23,189,459	19,095,112
Microcredits			314,350	366,969
Impairment			(7,637,147)	(7,344,981)
Other accounts receivable, net	12		**2,665,463**	**2,089,709**
Non-current assets held for sale	13		**171,939**	**168,397**
Investments in associates and joint ventures	14		**8,404,259**	**5,419,318**
Property, plant and equipment	15		**2,517,634**	**2,370,961**
Right of use assets	16		**1,158,118**	**1,333,907**
Investment property	17		**243,453**	**245,668**
Goodwill	18		**6,867,211**	**6,421,231**
Other intangible assets	19		**865,347**	**808,077**
Income tax	20		**1,933,169**	**1,112,536**
Current			339,710	323,359
Deferred			1,593,459	789,177
Other assets			**421,893**	**239,887**
Total assets		**$**	**232,334,895**	**208,268,384**

Continue

BANCO DE BOGOTÁ AND SUBSIDIARIES
Consolidated Statement of Financial Position
As at December 31,
(Figures expressed in millions of Colombian pesos)

Liabilities and Equity			
Liabilities			
Financial liabilities derivatives at fair value	10	**447,413**	**628,463**
Financial liabilities at amortized cost		**200,817,624**	**179,710,051**
Customer deposits	21	**163,733,574**	**147,287,461**
Checking accounts		49,057,254	42,605,863
Savings accounts		51,086,471	44,528,864
Time certificates of deposit		63,145,593	59,785,874
Others		444,256	366,860
Financial obligations	22	**37,084,050**	**32,422,590**
Interbank borrowings and overnight funds		1,682,956	3,271,905
Borrowings from banks and others		18,267,274	13,263,795
Bonds issued		14,126,058	12,173,063
Development entities		1,786,878	2,343,035
Lease contracts		1,220,884	1,370,792
Employee benefits	23	**465,189**	**463,454**
Provisions	24	**76,817**	**410,226**
Income tax	20	**578,155**	**590,133**
Current		194,601	272,811
Deferred		383,554	317,322
Accounts payables and other liabilities	25	**4,610,727**	**3,967,456**
Total liabilities		**$ 206,995,925**	**185,769,783**
Equity			
Subscribed and paid-in capital	26	3,313	3,313
Additional paid-in capital		5,721,621	5,721,621
Retained earnings		17,535,479	14,332,756
Other comprehensive income	28	2,036,654	971,373
Non-controlling interest	27	**41,903**	**1,469,538**
Controlling interest		**$ 25,297,067**	**21,029,063**
Total equity		**$ 25,338,970**	**22,498,601**
Total liabilities and equity		**$ 232,334,895**	**208,268,384**

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

ALEJANDRO FIGUEROA JARAMILLO
Legal Representative
(See certification of February 24, 2022)

SERGIO BOTERO PARRA
Accountant
Professional License 23832 -T
(See certification of February 24, 2022)

DIANA ALEXANDRA ROZO MUÑOZ
Statutory Auditor
Professional License 120741 - T
Member of KPMG S.A.S.
(See my report dated February 24, 2022)

BANCO DE BOGOTÁ AND SUBSIDIARIES
Consolidated Statement of Income For The Period
Years ended at December 31,
(Figures expressed in millions of Colombian pesos, except net earnings per share which is expressed in Colombian pesos)

	Notes	2021	2020
Interest income		**$ 13,026,633**	**13,316,976**
Loan portfolio and financial leases		12,044,511	12,461,824
Repos, interbank, overnight and money market operations		7,950	6,530
Investments		974,172	848,622
Interest expenses		**4,380,015**	**5,066,101**
Customer deposits		**3,069,970**	**3,612,745**
Checking accounts		253,558	325,855
Savings accounts		568,191	753,450
Time certificates of deposit		2,248,221	2,533,440
Financial obligations		**1,310,045**	**1,453,356**
Interbank borrowings and overnight funds		88,454	125,420
Borrowings from banks and others		299,426	453,445
Bonds issued		810,990	713,861
Development entities		57,721	81,551
Lease contracts		53,454	79,079
Net interest income		**8,646,618**	**8,250,875**
Net impairment loss on financial assets		**2,993,617**	**4,305,898**
Loan portfolio, financial leases and accounts receivable	11.5 y 12	3,207,071	4,373,658
Recovery of write-offs	11.12	(228,916)	(137,523)
Investments		15,462	69,763
Net interest income, after impairment		**5,653,001**	**3,944,977**
Income for commissions and other services		**4,090,268**	**3,610,934**
Banking services		2,395,162	2,101,599
Credit cards		1,345,404	1,167,693
Pension and severance fund management		54,630	43,369
Trust activities		156,153	170,831
Storage services		122,299	106,490
Drafts, checks and checkbooks		12,791	16,887
Office network services		3,829	4,065
Costs and expenses for commissions and others services	29	**435,612**	**356,233**
Net income for commissions and other services		**3,654,656**	**3,254,701**
Net income from trading financial assets or liabilities		**565,018**	**610,651**
Gain on valuation of derivatives instruments for trading		559,268	271,933
Gain on valuation of derivatives instruments for hedging		42,324	157,618
Loss (gain) on valuation of investments for trading		(36,574)	181,100
Gain from deconsolidation (loss of control) of subsidiaries	2.1	**1,302,301**	**0**
Other income		**1,300,137**	**1,750,372**
Net gain on exchange difference		146,394	511,119
Others	30	1,153,743	1,239,253
Other expenses		**7,499,119**	**7,131,824**
Administrative	31	3,558,731	3,233,097
Employee benefits		2,936,895	2,910,192
Depreciation and amortization	15, 16 y 19	709,782	715,038
Others		293,711	273,497
Net income before income tax		**4,975,994**	**2,428,877**
Income tax expense	**20**	780,961	502,354
Net income for the period from continuing operations		**$ 4,195,033**	**1,926,523**
Net income for the period from discontinued operations	2.2	**353,995**	**578,083**
Net income for the period		**4,549,028**	**2,504,606**
Net income for the period attributable to:			
Controlling interest		4,356,086	2,197,908
Non-controlling interest	27	192,942	306,698
Net income for the period		**$ 4,549,028**	**2,504,606**
Basic and diluted net earnings per share (in Colombian Pesos)	26.5	**$ 13,149**	**6,635**

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

ALEJANDRO FIGUEROA JARAMILLO
Legal Representative
(See certification of February 24, 2022)

SERGIO BOTERO PARRA
Accountant
Professional License 23832 -T
(See certification of February 24, 2022)

DIANA ALEXANDRA ROZO MUÑOZ
Statutory Auditor
Professional License 120741 - T
Member of KPMG S.A.S.
(See my report dated February 24, 2022)

BANCO DE BOGOTÁ AND SUBSIDIARIES
Consolidated Statement of Comprehensive Income
Years ended at December 31,
(Figures expressed in millions of Colombian pesos)

	Notes		2021	2020
Net income for the period		**$**	**4,549,028**	**2,504,606**
Items that may be reclassified to profit or loss				
Hedge accounting	10.5			
Exchange difference on translation of the financial statements of foreign subsidiaries			1,452,999	1,355,960
Exchange difference on derivatives in foreign currency			(403,983)	(1,034,816)
Exchange difference on bonds in foreign currency			(1,049,016)	(321,145)
Exchange difference on foreign subsidiaries (not hedging part)	10.5		968,869	(511,482)
Hedging of cash flow	20.5		(4,303)	4,303
Unrealized profit from measurement of financial assets at fair value	20.5		(325,758)	397,721
Unrealized profit from measurement of financial assets at fair value	20.5		(264,379)	(381,249)
Impairment of debt instruments at fair value	20.5		25,527	57,936
Exchange difference on translation of the financial statements of foreign agencies, branches and subsidiaries.	20.5		(139,673)	(281,564)
Unrealized profit by repatriation of foreign branch profits	20.5		0	(246,504)
Share in other comprehensive income of associates	14		(127,454)	106,504
Income tax	20		794,603	237,143
Income tax applied to income			57,557	218,456
Total items that may be reclassified to profit or loss			**984,989**	**(398,737)**
Items that will not be reclassified to profit or loss				
Changes in actuarial supposed from defined benefit plans			6,094	(9,359)
Asset Revaluation			(5,667)	2,332
Unrealized gain from measurement of equity instruments at fair value			52,061	0
Share in other comprehensive income of associates			16,929	0
Income tax	20		(6,578)	1,768
Total items that will not be reclassified to profit or loss			**62,839**	**(5,259)**
Total other comprehensive income, net		**$**	**1,047,828**	**(403,996)**
Total comprehensive income		**$**	**5,596,856**	**2,100,610**
Comprehensive income attributable to:				
Controlling interest			5,421,367	1,790,888
Non-controlling interest			175,489	309,722
Total comprehensive income		**$**	**5,596,856**	**2,100,610**

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

ALEJANDRO FIGUEROA JARAMILLO
Legal Representative
(See certification of February 24, 2022)

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(See my report dated February 24, 2022)

BANCO DE BOGOTÁ AND SUBSIDIARIES
Consolidated Statement of Changes in Equity
Years ended at December 31,
(Figures expressed in millions of Colombian pesos)

		Attributable to equity holders of the Group						
	Notes	**Subscribed and paid-in capital**	**Additional paid-in capital**	**Retained earnings**	**Other comprehensive income (OCI)**	**Controlling interest equity**	**Non-controlling interest**	**Total equity**
Balances at december 31, 2019		**$ 3,313**	**5,721,621**	**13,484,987**	**1,378,393**	**20,588,314**	**1,271,688**	**21,860,002**
Dividends decreed	26 y 27	0	0	(1,335,630)	0	(1,335,630)	(155,004)	(1,490,634)
Others		0	0	(14,509)	0	(14,509)	43,132	28,623
Other Comprehensive Income		0	0	2,197,908	(407,020)	1,790,888	309,722	2,100,610
Net income		0	0	2,197,908	0	2,197,908	306,698	2,504,606
Other comprehensive income (OCI)	28	0	0	0	(407,020)	(407,020)	3,024	(403,996)
Balances at december 31, 2020		**$ 3,313**	**5,721,621**	**14,332,756**	**971,373**	**21,029,063**	**1,469,538**	**22,498,601**
Dividends decreed	26 y 27	0	0	(1,119,761)	0	(1,119,761)	(280,140)	(1,399,901)
Others		0	0	328	0	328	(29,751)	(29,423)
Other Comprehensive Income		0	0	4,356,086	1,065,281	5,421,367	175,489	5,596,856
Net income		0	0	4,356,086	0	4,356,086	192,942	4,549,028
Other comprehensive income (OCI)	28	0	0	0	1,065,281	1,065,281	(17,453)	1,047,828
Gain from deconsolidation (loss of control) the subsidiaries		0	0	(33,930)	0	(33,930)	(1,293,233)	(1,327,163)
Balances at december 31, 2021		**$ 3,313**	**5,721,621**	**17,535,479**	**2,036,654**	**25,297,067**	**41,903**	**25,338,970**

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

ALEJANDRO FIGUEROA JARAMILLO
Legal Representative
(See certification of February 24, 2022)

SERGIO BOTERO PARRA
Accountant
Professional License 23832 -T
(See certification of February 24, 2022)

DIANA ALEXANDRA ROZO MUÑOZ
Statutory Auditor
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Member of KPMG S.A.S.
(See my report dated February 24, 2022)

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

	Notes		2021	2020
Cash flows from operating activities				
Net income for the period		$	4,549,028	2,504,606
Adjustments to reconcile net income for the period to net cash (used in) provided by operating activities:				
Impairment loss on loan portfolio, financial leases and other accounts receivable, net	11 y 12		3,207,322	4,373,844
Depreciation and amortization	15, 16 y 19		711,183	716,195
Equity method income	30		(545,238)	(557,075)
Profit on valuation and sale of financial assets, net			(862,776)	(743,117)
Gain on subsidiaries deconsolidation (loss of control)	2.1		(1,301,242)	0
Lost (Earnings) Actuarial employees benefits			(5,575)	(301)
Employee benefits expenses	23		2,561,909	2,533,322
Interest income			(13,026,633)	(13,316,976)
Interest expenses			4,380,015	5,066,101
Provisions expenses			19,994	3,628
Income tax expense	20		780,961	502,354
Profit from discontinued operations			(353,995)	(578,083)
Others adjustments to reconcile net income for the period			(197,748)	(57,395)
Changes in operating assets and liabilities				
Decrease (increase) of investments in financial assets			935,414	(956,568)
Increase in loan portfolio and financial leases			(9,541,111)	(7,145,645)
(Increase) decrease in other accounts receivable			(422,731)	154,529
Increase in other assets			(55,312)	(90,786)
Increase in customer deposits			1,222,996	17,978,617
Decrease in interbank borrowings and overnight funds			(1,683,552)	(947,987)
Decrease in accounts receivable and other liabilities			(2,175,368)	(2,894,610)
Interest received			12,842,520	11,783,257
Interest paid excluding interest on leases			(4,614,032)	(5,478,186)
Interest paid financial leases			(50,108)	(59,324)
Dividends received			19,418	18,747
Income tax paid			(882,947)	(911,850)
Net cash (used in) provided by continuing operating activities			**(4,487,608)**	**11,897,297**
Net cash provided by discontinued operating activities	2.2		229,273	447,071
Net cash (used in) provided by operating activities			**(4,258,335)**	**12,344,368**
Cash flows from investing activities:				
Increase in investments at fair value			(2,197,138)	(3,063,601)
Additions of investments at amortized cost			(3,186,449)	(4,060,514)
Acquisition of property, plant and equipment	15		(380,519)	(313,481)
Acquisition of other intangible assets	19		(244,719)	(243,024)
Redemption of investments at amortized cost			3,841,718	2,592,110
Proceeds from sale of non-financial assets			150,416	328,707
Acquisition of subsidiaries, net of cash acquired			0	(1,340,145)
Acquisition of participation in associated entities and joint ventures	14		(4,543)	(5,333)
Decrease of cash and cash equivalents for deconsolidation of (loss of control) subsidiaries	2.1		(127,261)	0
Net cash used in continuing investing activities			**(2,148,495)**	**(6,105,281)**
Net cash (used in) provided by discontinued investing activities	2.2		(232,315)	7,743
Net cash used in investing activities			**(2,380,810)**	**(6,097,538)**
Cash flows from financing activities:				
Acquisition of financial obligations	22		21,669,542	14,837,267
Decrease of financial obligations	22		(18,561,927)	(18,623,221)
Issuance of outstanding bonds	22		976,152	2,522,671
Payment of outstanding bonds issued	22		(824,552)	(754,300)
Payment of capital in rental fees	22		(178,540)	(175,399)
Redemption of preferred shares and Non-controlling interest			(29,751)	(422,821)
Dividends paid			(966,892)	(1,196,893)
Net cash provided by (used in) continuing financing activities			**2,084,032**	**(3,812,696)**
Net cash used in discontinued financing activities	2.2		(268,162)	(289,948)
Net cash provided by (used in) financing activities			**1,815,870**	**(4,102,644)**
Effect of foreign currency changes on cash and cash equivalents			4,322,119	542,584
Effect of exchange difference on cash and cash equivalents on discontinued operations			1,512	1,671
Net Increase in cash and cash equivalents			(229,952)	2,521,904
Net Increase in cash and cash equivalents on discontinued operations	2.2		(269,692)	166,537
Cash and cash equivalents at beginning of the year	9		27,497,551	24,809,110
Cash and cash equivalents at the end of the year	9	$	**26,997,907**	**27,497,551**

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

ALEJANDRO FIGUEROA JARAMILLO
Legal Representative
(See certification of February 24, 2022)

SERGIO BOTERO PARRA
Accountant
Professional License 23832 -T
(See certification of February 24, 2022)

DIANA ALEXANDRA ROZO MUÑOZ
Statutory Auditor
Professional License 120741 - T
Member of KPMG S.A.S.
(See my report dated February 24, 2022)

Note 1 – Reporting entity

Banco de Bogotá (parent company) 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, 1,870 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.

As at December 31, 2021, the Bank and its subsidiaries operate with thirty-two thousand sixty-five (32,065) employees with labor contract, five hundred eighty-nine (589) working under apprenticeship or training agreements, and three thousand seven hundred ninety-five (3,795) temporary employees. In addition, the Bank and its subsidiaries have four thousand three hundred four (4,304) staff members contracted through outsourcing with specialized companies. It also has one thousand two hundred seventeen (1,256) offices, twenty thousand five hundred fourteen (21,514) correspondent banks, three thousand eight hundred sixty-three eighty (3,863) ATMs, 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 license for banking on the local market.

These consolidated financial statements include the financial statements of the Bank and the following subsidiaries:

Name of subsidiary	Main activity	Place of business	Direct holding (1)	Indirect holding (1)
National Subsidiaries				
Fiduciaria Bogotá S.A.	Enters into mercantile trust agreements and fiduciary mandates without transferring ownership, as provided for by law. Its primary corporate purpose is to acquire, transfer, encumber and manage movable assets and real estate, and to invest in all kinds of credit operations, as a debtor or creditor.	Bogotá, Colombia	94.99%	
Almaviva S.A. (2) and subsidiaries	Almaviva is a customs agent and a comprehensive logistics operator. Its primary corporate purpose is the deposit, storage and custody, management and distribution, purchase and sale of domestic and foreign goods and products, at the customer's expense. It also issues certificates of deposit and warehouse liens.	Bogotá, Colombia	94.93%	0.88%
Megalínea S.A.	It is a technical and administrative services company whose corporate purpose is management and pre-legal collection, legal collection and out-of-court collection on loans.	Bogotá, Colombia	94.90%	
Aval Soluciones Digitales S.A. (3)	Services authorized to companies specialized in deposits and electronic payments.	Bogotá, Colombia	38.90%	
Subsidiaries Foreign				
BAC Holding International Corp.	Its corporate purpose consists of holdings in other entities in the financial sector and involvement in investment activities. Through its subsidiaries, the company provides a wide variety of financial services to individuals and institutions, mainly in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panamá.	Panamá, Republic of Panamá	100.00%	
Multi Financial Holding	Provides financial services primarily corporate, investment, mortgage and consumer banking, as well as insurance, securities brokerage, factoring, leasing and real estate services.	Panamá, Republic of Panamá	100.00%	

Name of subsidiary	Main activity	Place of business	Direct holding (1)	Indirect holding (1)
Banco de Bogotá Panamá S.A. and subsidiary	It is an entity with an international license to conduct banking business abroad, it operates in the Republic of Panamá and consolidates with another subsidiary, Banco de Bogotá (Nassau) Limited.	Panamá, Republic of Panamá	100.00%	
Bogotá Finance Corporation.	It is a financial corporation and its corporate purpose is the issuance of securities at floating rates guaranteed by the parent company. Over the past few years, the company has maintained an investment as its only income-earning activity.	Cayman Islands	100.00%	
Corporación Financiera Centroamericana S.A. (Ficentro) (3)	This financial institution is authorized to grant loans, but not to receive funds from the public. It is supervised by Panamá's Ministry of Finance. It is in the business of collecting on loans and managing assets received for sale.	Panamá, Republic of Panamá	49.78%	
Main Subsidiaries with Indirect holding		**Place of business**	**Holding (1)**	
BAC Credomatic Inc.	A holding company established to manage the subsidiaries in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panamá, among others. (Consolidates with BAC Holding International Corp).	Panamá, Republic of Panamá	100.00%	
Multi Financial Group Inc. (MFG)	Financial services primarily corporate, investment, mortgage and consumer banking, as well as insurance, securities brokerage, factoring, leasing and real estate services.	Panamá, Republic of Panamá	99.57%	

(1) In percentage terms, this represents economic and voting interest. The Bank's direct and indirect holding percentages in each of its subsidiaries have not varied over the past year, except for the loss of control of Porvenir S.A. and subsidiary (see notes 2.1) and the spin-off by Leasing Bogotá S.A. Panama of Multi Financial Holding in favor of Banco de Bogotá (See note 2.3).
(2) Indirect holding through Banco de Bogotá Panamá S.A.
(3) The Bank carries out control activities, which is why this entity is consolidated.

The Bank and its subsidiaries are controlled by Grupo Aval Acciones y Valores S.A., with a total shareholding of 68.74%.

Note 2 – Relevant transaction

2.1. Deconsolidation (loss of control) of Porvenir S.A. and Aportes en Línea

With the strategic objectives of focusing Banco de Bogotá's management on the banking business and achieving a more efficient capital structure, on July 28, 2021, Banco de Bogotá, Grupo Aval Acciones y Valores S.A. (Parent company), Fiduciaria Bogotá S.A., Banco de Occidente S.A. and Fiduciaria de Occidente S.A., shareholders of Porvenir S.A., signed an agreement whereby the Bank transferred the direct control that it had been exercising over Porvenir S.A. together with control of Aportes en Línea to Grupo Aval Acciones y Valores S.A.

From the loss of control, a relevant economic event is generated, in which Porvenir S.A. ceases to be a subsidiary of Banco de Bogotá and becomes an Associate. A new relationship with the Bank begins as an investor with significant influence over the financial and operating policies of Porvenir S.A.

As a result of said agreement, Aportes en Línea, a subordinate company of Porvenir S.A., also ceased to be a subsidiary of the Bank and became a financial asset, classified as an investment available for sale measured at fair value.

In compliance with the specific requirements on loss of control, established in IFRS 10, the Bank made the following accounting recognition due to the loss of control of Porvenir S.A. and subsidiary:

(1) The carrying value of the following assets, liabilities and non-controlling interests related to Porvenir S.A. and subsidiary were derecognized:

Total assets	$	3,859,515
Elimination of intercompany transactions (cash equivalents)		(51,560)
Total discontinued assets		**3,807,955**
Total liabilities		1,401,821
Elimination of intercompany transactions (deposits)		(51,560)
Total discontinued liabilities		**1,350,261**
Total Equity		**2,457,694**
Less: Non-controlling interests attributable to owners of Porvenir S.A. and subsidiary		(4,003)
Book value of the equity of Porvenir S.A. and subsidiary attributable to its owners		**2,453,691**
Less: Book value of the equity of Porvenir S.A. and subsidiary attributable to non-controlling interests, before loss of control		(1,557,852)
Book value of the equity of Porvenir S.A. and subsidiary attributable to the Bank, before loss of control		**895,839**
More Goodwill registered by acquisition of AFP Horizonte		90,162
More: Participation deconsolidation Aportes en Linea		1,602
Total book value of investments of Porvenir S.A. and subsidiary and participation in Aportes en Línea attributable to the Bank, before the loss of control	$	**987,603**

(2) A gain of $1,301,242 was recognized, as a result of the fair value measurement indicated in the previous paragraph, which is presented in the income statement, calculated as follows:

Fair value of the Bank's stake in Porvenir S.A. and subsidiary as of July 31, 2021	$	2,537,541
Less: Book value of the Bank's participation in Porvenir S.A. and subsidiary		(987,603)
Less: Banco de Bogotá's share in the book value of the investment of Fiduciaria Bogotá in Porvenir S.A. (94.99% x261,805)		(248,696)
Gain from fair value measurement in loss of control Porvenir S.A. and subsidiary		**1,301,242**
Reclassification of items from other comprehensive income to income for the period.		1,059
Total gain from deconsolidation	$	**1,302,301**

The external valuator used the income approach to estimate the fair value of Porvenir. It also used the market approach to corroborate that the results of the income-based valuations are within the range of market transactions. Specifically, the income-based approach used by the external valuator was instrumented through the Dividend Discount Model (DDM), taking into consideration that according to generally accepted valuation practices, and given the complex capital structure of companies in the financial sector, the valuation of companies of this type is performed based on their capacity to generate dividend flows.

Given that Porvenir is expected to continue to operate and generate profits beyond the specific 20-year forecast period, the external valuator estimated its value in perpetuity. The valuation was performed with cut-off date at April 30, 2021, and subsequently an assessment was performed of the financial statements of Porvenir at June 30, 2021, concluding that no significant differences were found that would have a material impact on the fair value of Porvenir.

The following were the macroeconomic assumptions used by the external valuator to forecast the next five years, and their respective sources:

Macroeconomic	2019	2020	2021	2022	2023	2024	2025 and later years
GDP growth (1)	3.30 %	(6.80 %)	4.80 %	3.80 %	2.90 %	3.10 %	3.10 %
Colombian inflation (1)	3.52 %	2.53 %	2.63 %	3.33 %	3.40 %	3.43 %	3.37 %
Latam inflation (1)	5.81 %	4.48 %	5.09 %	4.86 %	4.73 %	4.58 %	4.58 %
Discount rate							
Risk-free rate (2)			2.19 %	2.15 %	2.31 %	2.31 %	2.31 %
Market premium (3)			6.00 %	6.00 %	6.00 %	6.00 %	6.00 %
Country risk (4)			2.26 %	2.15 %	2.13 %	2.13 %	2.13 %
Taxes							
Income tax (5)			31.00 %	32.00 %	32.00 %	32.00 %	32.00 %
Surcharge (5)			3.00 %	4.00 %	4.00 %	4.00 %	4.00 %

(1) Information from independent specialists such as The Economist Intelligence Unit (EIU), Bancolombia and Porvenir.
(2) US Bonds 20 years
(3) Deloitte FAS Research
(4) EMBI Colombia
(5) Expectations of Banco de Bogotá and Porvenir on the medium and long-term tax rate for the financial sector.

For the valuation by the income approach, the forecast dividends from 2021 to 2040 were discounted to present value using the cost of capital, and a residual value was added to the resulting amount equivalent to the value at perpetuity. The fair value of the investment was estimated at $5,463,787.

The valuation made using the market approach indicates that the fair value of equity is in the range from $5,148,021 to $5,580,974. Given that the result found using the income approach is within this range, it was concluded that both methodologies yield consistent results and that the valuation using the income approach does incorporate the market conditions of Porvenir.

Additionally, items from other comprehensive income were reclassified to retained earnings for $28,799, in compliance with the applicable IFRS.

In accordance with the foregoing, the consolidated statement of financial position of the Bank and its subsidiaries as of December 31, 2021, does not include the assets, liabilities or non-controlling interests of Porvenir S.A. and subsidiary.

The figures for Porvenir S.A. are included below. and subsidiary, net of eliminations of reciprocal operations with the Bank's entities and its subsidiaries, taken as the basis for the consolidation of the financial statements as of December 31, 2021, that were deconsolidated, as previously indicated and that are no longer part of the statement consolidated financial position of the Bank and its subsidiaries as of December 31, 2021:

		July 31, 2021
Assets		
Cash and cash equivalents	$	127,338
Investment financial assets		3,230,814
Derivatives at fair value		18,553
Loan portfolio, net		(9)
Other accounts receivable, net		(45,404)
Property, plant and equipment		76,701
Investment property		49,658
Right of use assets		28,300
Goodwill		345,934
Other intangible assets		27,269
Income tax		361
Total assets		**3,859,515**
Liabilities		
Financial liabilities at amortized cost		755,812
Employee benefits		17,696
Provisions		323,832
Income tax		42,427
Accounts payables and other liabilities		262,054
Total liabilities		**1,401,821**
Equity		
Subscribed and paid-in capital		109,211
Additional paid-in capital		1,175,260
Retained earnings		1,159,710
Other comprehensive income		9,510
Controlling interest		**2,453,691**
Non-controlling interest		4,003
Total equity		**2,457,694**
Total liabilities and equity	**$**	**3,859,515**

The deconsolidation of Porvenir S.A. and subsidiary involved the discontinuation of an operating segment (see Note 8) and the presentation of discontinued operations in compliance with IFRS 5 (see note 2.2).

2.2. Discontinued operation

As mentioned in Note 8 Operating segments, the Bank and its subsidiaries have discontinued the “Porvenir S.A. and subsidiary” and, therefore, the statements of income for the period, comprehensive income and cash flows have been modified to present discontinued operations separately from continuing operations, in compliance with the requirements of IFRS 5 paragraphs 33 and 34, such as is presented below:

Income statement for the period of discontinued operations:

	For the periods ending in:	
	July 31, 2021	**December 31, 2021**
Interest incoe	**$ 28,648**	**51,251**
Loan portfolio and financial leases	3,428	8,494
Repos, interbank, overnight and money market operations	14	67
Investments	25,206	42,690
Interest expenses	**25,176**	**45,791**
Customer deposits	**1,590**	**3,355**
Savings accounts	1,590	3,355
Financial obligations	**23,586**	**42,436**
Interbank borrowings and overnight funds	(55)	96
Borrowings from banks and others	22,487	39,738
Lease contracts	1,154	2,602
Net interest income	**3,472**	**5,460**
Net impairment loss on financial assets	**3,375**	**1,971**
Loan portfolio, financial leases and accounts receivable	3,116	2,006
Investments	259	(35)
Net interest income, after impairment	**96**	**3,489**
Income for commissions and other services	**695,561**	**1,124,983**
Banking services	5,370	11,606
Pension and severance fund management	690,191	1,113,377
Costs and expenses for commissions and others services	**84,735**	**133,883**
Net income for commissions and other services	**610,826**	**991,100**
Net income from trading financial assets or liabilities	**107,663**	**203,853**
Gain on valuation of derivatives instruments for trading	47,579	10,090
Gain on valuation of investments for trading	60,084	193,763
Other income	**(41,796)**	**(1,891)**
Net gain on exchange difference	(48,182)	(22,205)
Others	6,386	20,314
Other expenses	**189,092**	**372,368**
Administrative	121,614	207,052
Employee benefits	100,595	161,033
Depreciation and amortization	9,282	16,798
Others	(42,399)	(12,515)
Net income before income tax	**487,697**	**824,183**
Income tax expense	**133,297**	**245,360**
Net income for the period from discontinued operations	**354,400**	**578,823**
Net income for the period attributable to:		
Controlling interest	353,995	578,083
Non-controlling interest	405	740
Net income for the period from discontinued operations	**$ 354,400**	**578,823**

Statement of cash flows from discontinued operations

		For the periods ending in:	
		July 31, 2021	**December 31, 2021**
Net cash flow from operating activities	$	229,273	447,071
Net flow from investing activities		(232,315)	7,743
Net flow from financing activities		(268,162)	(289,948)
Exchange difference effect on cash and cash equivalents		1,512	1,671
Net increase (decrease) in cash and cash equivalents		(269,692)	166,537
Cash and cash equivalents at the beginning of the period		397,029	230,492
Cash and cash equivalents at the end of the period	$	**127,261**	**397,029**

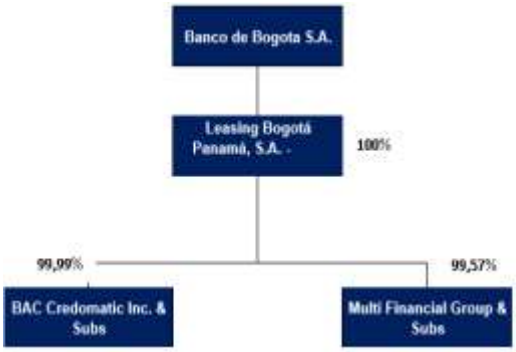
2.3. Spin-off Multi Financial Group

As part of the strategic actions that the Bank has been carrying out, under the leadership of Grupo Aval, on September 29, 2021, its subsidiary Leasing Bogotá S.A. Panamá ("LBP"), a company that changed its name to BAC Holding International Corp. (BHIC), spun off its 99.569% stake in Multi Financial Group, Inc. ("MFG").

For the purposes of said spin-off, a new holding company was established in Panama called Multi Financial Holding (MFH), whose shareholder is Banco de Bogotá with a 100% stake. MFH received a 99.569% stake in MFG, becoming its direct parent.

This transaction was carried out at the book value of the investment; therefore, Banco de Bogotá transferred US$449,416,951, equivalent to $1,713,523, from its investment in BHIC to the investment in MFH.

The structure related to the cleavage, before and after it, is illustrated below:



2.4. Exchange rate variation

The representative market rate at the end of December 31, 2021, was $3,981.16, as of December 31, 2020, $3,432.50, originating a variation of $548.66 pesos/dollar, which generated an impact on the

financial statements, mainly in the portfolio credit of $12,100,165 (Note 11), customer deposits for $15,526,651 (Note 21) and financial obligations for $2,904,609 (Note 22).

2.5. COVID-19

The health emergency caused by COVID 19, which began in the first months of 2020, has affected the normal development of business, generating economic impacts throughout the world. The measures adopted, globally and locally, have contributed to the gradual reactivation of economic activity, although with the necessary precautions and additional measures, given that the effects of the virus still continue.

The main impacts on the financial statements of the Bank and its subsidiaries are described below based on the information and analyzes carried out:

2.5.1 Impairment of financial instruments - Loan Portfolio, other accounts receivable and other

The impacts that have been generated for the Bank and its subsidiaries in relation to the impairment of financial instruments as of December 31, 2021, are based on the following aspects:

- ECL measurement due to changes in credit risk assignment of financial instruments, including an effect analysis due to COVID-19 and due to the termination of the relief granted to a segment of debtors, generating an impact on the impairment, going from a 12-month measurement (stage 1) to a measurement considering the remaining life of the instrument (stages 2 and 3) for those in which it is determined that there has been an increase in credit risk since its initial measurement.

- Credit risk, whose behavior has varied for entities according to the economic segments of their loan portfolios, increasing in the case of customers whose businesses were negatively affected and did not achieve a partial or total recovery of their activity during 2021.

- The amount at risk (default exposure), considering that it has been observed that affected debtors of some of the Bank's entities and its subsidiaries have stopped making payments or have been granted longer terms to comply with them.

- The estimated loss for those individually-assessed credits, that results from the lower flow recovery considering the impact caused by COVID-19.

- To reflect the effects of COVID-19 in the models, the following adjustments were made by performing a more detailed analysis of the risk and characteristics of certain customers: i) No stage enhancement on obligations that requested relief and ii) Transition to Stage 2 to obligations identified as "high risk".

- Macroeconomic aspects considered in the development of scenarios and models for the calculation of impairment, where most of the variables have shown a recovery while some have been weakened in the face of the effects of COVID-19 on the economy.

The calculation of expected credit risk losses incorporates the updating on the projections arising from forward-looking information, in line with the effects of the decisions that governments continue to make regarding COVID-19 and the prospects for economic recovery in some countries. The information on projections is based on the best available information obtained, considering the different geographical areas where the Bank and its subsidiaries operates, taking into account the effects on segments and portfolios of the different entities, which are exposed to different risks and situations.

Considering the forward-looking information based on macroeconomic variables, the Bank and its subsidiaries updated the used scenarios and the probabilities assigned to them as of December 31, 2021, and 2020, with the effects shown in the following tables:

Macroeconomic variables used to calculate the ECL (one-year projection and figures expressed as a percentage):

COLOMBIA	**December 2021**			**December 2020**		
Variables	**Scenario**			**Scenario**		
	A	**B**	**C**	**A**	**B**	**C**
Inflation	3.39%	4.19%	5.63%	2.26%	2.69%	3.08%
Interest rate	4.50%	5.25%	6.50%	1.75%	2.25%	2.75%
GDP growth	3.63%	4.57%	6.19%	3.89%	4.86%	5.85%
Housing prices	(2.20%)	1.18%	4.06%	(2.10%)	0.96%	3.27%
Unemployment rate	12.81%	11.38%	9.74%	16.31%	14.43%	12.90%

GUATEMALA	**December 2021**			**December 2020**		
Variables	**Scenario**			**Scenario**		
	A	**B**	**C**	**A**	**B**	**C**
Inflation	4.46%	3.95%	3.74%	5.31%	3.28%	2.52%
Interest rate	0.09%	(0.12%)	(0.30%)	0.04%	(0.27%)	(0.50%)
GDP growth	3.83%	4.53%	6.49%	1.67%	4.20%	5.84%
Exchange rate	0.29%	(0.25%)	(1.64%)	1.16%	(0.25%)	(1.79%)

HONDURAS	**December 2021**			**December 2020**		
Variables	**Scenario**			**Scenario**		
	A	**B**	**C**	**A**	**B**	**C**
Inflation	4.59%	4.38%	3.32%	3.34%	3.57%	2.54%
Interest rate	0.61%	0.07%	(1.15%)	0.20%	(0.21%)	(0.50%)
GDP growth	2.81%	4.53%	4.92%	2.03%	3.94%	4.71%
Exchange rate	0.91%	0.15%	(2.47%)	1.91%	0.92%	(0.55%)

EL SALVADOR	**December 2021**			**December 2020**		
Variables	**Scenario**			**Scenario**		
	A	**B**	**C**	**A**	**B**	**C**
Inflation	1.13%	2.18%	3.34%	1.22%	0.23%	(0.23%)
Interest rate	(0.03%)	0.69%	1.45%	1.10%	0.40%	(0.08%)
GDP growth	4.43%	3.42%	1.53%	1.96%	3.60%	4.69%

NICARAGUA	**December 2021**			**December 2020**		
Variables	**Scenario**			**Scenario**		
	A	**B**	**C**	**A**	**B**	**C**
Inflation	5.68%	4.14%	2.30%	3.67%	2.78%	2.49%
Interest rate	3.73%	0.75%	(0.98%)	1.05%	0.11%	(1.38%)
GDP growth	0.28%	3.31%	4.54%	(2.28%)	0.14%	2.12%

COSTA RICA	December 2021			December 2020		
Variables	Scenario			Scenario		
	A	B	C	A	B	C
Inflation	4.13%	3.33%	1.53%	2.22%	0.98%	0.75%
Interest rate	1.59%	0.03%	(1.11%)	2.28%	1.82%	(0.01%)
GDP growth	2.86%	3.32%	4.86%	0.93%	2.98%	4.27%
Exchange rate	6.84%	1.39%	0.00%	5.22%	3.67%	2.19%

PANAMA	December 2021			December 2020		
Variables	Scenario			Scenario		
	A	B	C	A	B	C
Inflation	3.78%	2.86%	2.17%	1.89%	0.23%	(0.29%)
Interest rate	0.89%	0.84%	0.37%	0.21%	0.02%	(0.13%)
GDP growth	3.35%	5.12%	8.03%	2.37%	4.04%	6.34%

Weighting of probabilities assigned to scenarios

The following shows the weighting of probabilities assigned to the macroeconomic scenarios applied in the measurement of the PCE:

COLOMBIA	Scenario		
	A	B	C
At December 31, 2020	23%	55%	22%
At December 31, 2021	23%	57%	20%

GUATEMALA	Scenario		
	A	B	C
At December 31, 2020	10%	65%	25%
At December 31, 2021	10%	55%	35%

HONDURAS	Scenario		
	A	B	C
At December 31, 2020	15%	65%	20%
At December 31, 2021	15%	60%	25%

EL SALVADOR	Scenario		
	A	B	C
At December 31, 2020	20%	65%	15%
At December 31, 2021	30%	60%	10%

NICARAGUA	Scenario		
	A	B	C
At December 31, 2020	20%	65%	15%
At December 31, 2021	25%	55%	20%

COSTA RICA	Scenario		
	A	B	C
At December 31, 2020	35%	60%	5%
At December 31, 2021	15%	65%	20%

PANAMA	Scenario		
	A	B	C
At December 31, 2020	30%	60%	10%
At December 31, 2021	15%	60%	25%

As observed in the previous tables, the macroeconomic variables and scenarios were adjusted to reflect COVID-19 impact and the weightings assigned to each scenario were recalibrated based on the expectations resulting from the information available to the projections' date.

The Bank and its subsidiaries continue to permanently monitor information in order to identify possible impact on the ECLs in a timely manner.

The balances of loan portfolio impairment are detailed below:

		December 31, 2021	December 31, 2020	Variation December 2021 vs December 2020
Commercial	$	4,194,839	3,732,049	462,790
Consumer		2,786,046	3,104,479	(318,433)
Mortgage		551,325	384,825	166,500
Microcredit		104,388	122,919	(18,531)
Repos, interbank and other		549	709	(160)
Total	**$**	**7,637,147**	**7,344,981**	**292,166**

The detail of the impairment movement, transfers between stages, impact of refinement of the model, among others, is shown in note 11.5.

Impairment with effect on net income at:

		December 31, 2021	December 31, 2020	Variation December 2021 vs December 2020
Commercial	$	931,006	1,567,608	(636,602)
Consumer		2,075,023	2,470,383	(395,360)
Mortgage		167,929	239,897	(71,968)
Microcredit		17,687	75,589	(57,902)
Repos, interbank and other		(160)	709	(869)
Total	**$**	**3,191,485**	**4,354,186**	**(1,162,701)**

The table above presents an overview of the net impairment with effect on income per portfolio for the years ended December 31, 2021, and 2020.

2.5.2 Relief for customers

The actions taken by the governments of the countries where the Bank and its subsidiaries operate that promoted the generation of relief to customers (companies or individuals) in 2020 and that were maintained during most of 2021, have ended their granting in all geographic areas, among which strategies for renegotiating their terms were implemented, including, among others, the granting of grace periods, the deferral of installments and the extension of terms.

The following tables summary for all the loans that were granted relief during the years 2021 and 2020, the balance at amortized cost before the application of the portfolio relief and its effects on the interest income of the Bank and its subsidiaries, considering the recalculation of the present values of the renegotiated or modified contractual cash flows discounted at the original effective interest rate of the financial asset.

	December 31, 2021			
	Commercial	Consumer	Mortgage	Microcredit
Amortized cost balance before modification	$ 26,706,737	15,770,450	13,215,089	7,668
Impact on statement of net income	0	21	2	11

	December 31, 2020			
	Commercial	Consumer	Mortgage	Microcredit
Amortized cost balance before modification	$ 32,103,955	19,558,862	11,784,957	356,736
Impact on statement of net income	0	60,813	26,689	2,030

To date, the governments of the countries where the Bank and its subsidiaries operate have not decreed direct support for banks.

2.5.3 Measurement of financial instruments – Leases

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

Some entities of the Bank and its subsidiaries have renegotiated the terms of some lease agreements as a consequence of the COVID-19 impact, which have not been significant.

2.5.4 Investment properties

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

As of December 31, 2021, there is no evidence that the fair value for the update of commercial appraisals during the year has had significant changes and the appraisers did not disclose any modifications to the assumptions used in estimating the valuations performed from the prior appraisals, nor did they report any "material valuation uncertainties" due to the market disruption caused by the pandemic, which could result in a reduction in transactional evidence and market returns, accordingly, no significant impact of COVID-19 on the determined fair value is currently considered.

2.5.5 Impairment of assets - Goodwill

As of December 31, 2021, the annual impairment assessment of goodwill recorded by the Bank and its subsidiaries was carried out by external consultants, using as a basis the financial statements as of September 2021, and it was concluded that there is no impairment of goodwill, since the fair value resulting from such valuations is greater than the book value of the groups of cash-generating units.

The ranges of the main assumptions taken as a basis for the impairment analysis of goodwill are described in Note 18.

2.5.6 Going Concern

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

Based on the financial position and liquidity position of the Bank and its subsidiaries, as of the date of authorization of these consolidated financial statements, management of the Bank and its subsidiaries have reasonable expectations that it has the necessary resources to continue in operation as a going concern.

2.5.7 Other Matters

Through Decree 685/May 22, 2020, the Colombian Government ordered the issuance of internal public debt securities, called Solidarity Bonds (TDS, from the Spanish original), to strengthen the budget of the Fund for the Mitigation of Emergencies (FOME, from the Spanish original). On May 28, 2020, Banco de Bogotá subscribed securities for a nominal value of $950,000, at annual nominal fixed rate of 3.05%, these were extended for one more year and are classified in the "Amortized Cost" category.

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

A As of December 31, 2021, no impairments were identified in other non-financial assets such as investments that are measured by the equity method, nor were any situations identified that would have implied the appearance of present obligations originating from the effects of COVID-19 and that have a high probability of resource outflow.

2.5.8 GYPTEC Case- Fiduciaria Bogotá

Mr. Carlos Hakim - Daccach filed suit against Knauf international GmbH and Knauf Insulation GmbH, Case No. 2017-001358 CA 01 pending in the Circuit Court of the Eleventh Judicial Circuit, in and for Miami-Dade County, Florida, Complex Commercial Litigation, presided over by the Honorable Beatrice Batchki, process within which Banco de Bogotá S.A. was bound as defendants, Miami Agency, hereinafter BDB Miami and Fiduciaria Bogotá S.A., related to the administration of the Gyptec Trust. Said process generated that the Fiduciaria incurred in some payments associated to the defense and

closing of the process, which contractually must be recognized by the settlor of the trust in question. Said payments amount to $74,113.

Likewise, Fiduciaria Bogota has a global bank policy and on the occasion of the protection and coverage thereof has advanced the claim process before said entity for the costs, expenses and fees generated by the defense within the Florida Process, as well as for the sums of money that must be paid to the plaintiff within said Process.

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

3.1 Compliance statement

The accompanying consolidated 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, which include the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and officially translated into Spanish, as well as the interpretations issued by International Financial Reporting Interpretations Committee (IFRIC), incorporated into the Regulating Technical Framework by the sole regulatory Decree 2420/2015 and the modifying decrees, issued by the Colombian government.

3.2 Basis of presentation of the financial statements

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

3.2.2 Consolidation of financial statements

The Bank and its subsidiaries are required to prepare consolidated financial statements with entities over which it has control. The Bank and its subsidiaries have control over another entity if and only if they meet all of the following conditions:

- Power over the investee that give it the ability to direct the relevant activities that significantly affect the investee's returns,
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect the amount of the investor's returns.

The Bank and its subsidiaries consolidate the assets, liabilities and net income in all the subsidiaries which includes an assurance in the homogenization of its accounting policies. In this process any reciprocal transactions and unrealized gains between them are eliminated. The controlled entities present non-controlling interests within its equity, separately from the equity of the shareholders of the Bank and its subsidiaries holding company.

Non-controlling interests in the net assets of the subsidiaries consolidated by the Bank and its subsidiaries are presented separately under equity, in the consolidated statement of financial position, statement of income and in the consolidated statement of other comprehensive income.

The accompanying financial statements include the assets, liabilities, equity and net income of the parent company and the companies it controls. The following is the detail of ownership interest in each of them at December 31, 2021 and 2020 homologated to the accounting policies of consolidation:

	December 31, 2021				
	% Share holding	Assets	Liabilities	Equity	Controlling net income for the period
Banco de Bogotá (Matrix)		$ 110,271,011	84,921,650	25,349,361	4,359,901
BAC Holding International Corp and subsidiaries	100.00%	116,930,846	103,447,317	13,483,529	1,627,135
Multi Financial Holding and subsidiaries	100.00%	19,752,869	17,909,241	1,843,628	93,900
Banco de Bogotá Panamá S.A.	100.00%	6,949,981	6,454,685	495,296	4,090
Bogotá Finance Corporation	100.00%	362	0	362	3
Almaviva S.A and subsidiaries	95.81%	151,788	82,113	69,675	(167)
Fiduciaria Bogotá S.A.	94.99%	566,264	121,210	445,054	86,204
Megalinea S.A.	94.90%	26,346	19,686	6,660	924
Corporación Financiera Centroamericana S.A. (Ficentro) (1)	49.78%	0	0	0	0

	December 31, 2021				
	% Share	Assets	Liabilities	Equity	Controlling
Aval Soluciones Digitales S.A.	38.90%	24,655	8,021	16,634	397
		254,674,122	**212,963,923**	**41,710,199**	**6,172,387**
Eliminations		(21,205,435)	(4,834,206)	(16,371,229)	(2,170,296)
Continuous operation		**233,468,687**	**208,129,717**	**25,338,970**	**4,002,091**
Discontinued operation		0	0	0	353,995
Consolidated		$ **233,468,687**	**208,129,717**	**25,338,970**	**4,356,086**

	December 31, 2020				
	% Share holding	Assets	Liabilities	Equity	Controlling net income for the period
Banco de Bogotá (Matrix)		$ 106,275,397	85,199,284	21,076,113	2,233,301
Leasing Bogotá S.A. Panamá and subsidiaries	100.00%	112,226,320	97,406,547	14,819,773	1,169,237
Banco de Bogotá Panamá S.A.	100.00%	8,217,165	7,758,858	458,307	31,258
Bogotá Finance Corporation	100.00%	309	0	309	4
Almaviva S.A and subsidiaries	95.81%	151,883	82,643	69,240	(2,622)
Fiduciaria Bogotá S.A.	94.99%	513,798	68,540	445,258	119,045
Megalinea S.A.	94.90%	23,694	17,958	5,736	608
Corporación Financiera Centroamericana S.A. (Ficentro) (1)	49.78%	0	0	0	0
Porvenir S.A. and subsidiary (2)	46.39%	3,970,423	1,327,341	2,643,082	578,083
Aval Soluciones Digitales S.A.	38.90%	18,617	2,380	16,237	(6,041)
		231,397,606	**191,863,551**	**39,534,055**	**4,122,873**
Eliminations		(23,129,222)	(6,093,768)	(17,035,454)	(1,924,965)
Consolidated		$ **208,268,384**	**185,769,783**	**22,498,601**	**2,197,908**

1) Inactive.
2) Discontinued operation due to the deconsolidation of Porvenir.

3.3 Investments in associates and joint arrangements

Investments in associates

An associate is an entity over which the Bank and its subsidiaries have 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 and its subsidiaries directly or indirectly own 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 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 net income of the Bank and its subsidiaries includes its participation in the net income of associates and joint ventures, and the other comprehensive income of the Bank and its subsidiaries includes its participation in the other comprehensive income of the investees or in another appropriate account under equity. as appropriate, in accordance with the application of uniform accounting policies for transactions and other events that, being similar, could have occurred in comparable circumstances.

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

3.4 Functional and reporting currency

The items included in the financial statements of each Bank entity and its subsidiaries re determined using the currency of the main economic environment in which each entity operates (the functional currency).

The presentation currency of these consolidated financial statements is the Colombian peso which corresponds to the functional and presentation currency to the parent entity, except for the branch and agencies which functional currency is US Dollar. Therefore, all balances and transactions denominated in currencies other than the Colombian peso are considered as foreign currency.

3.5 Translation of foreign currency transactions

In each Bank entity and its subsidiaries, 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.

Foreign operations

In the consolidated financial statements, the results and the financial position of the Bank's entities and its subsidiaries that have a functional currency different from the Colombian peso, are translated to the presentation currency as follows:

- The assets and liabilities of operations abroad, including goodwill and fair value adjustments arising from the acquisition of a foreign entity, are converted into Colombian pesos at the closing exchange rate on the date of the corresponding statement of financial position.

- The income and expenses of operations abroad are translated into Colombian pesos at the average exchange rates monthly unless they do not approximate the exchange rates in effect at the dates of the transactions, in which case the income and expenses are translated to the current exchange rates on the dates of the transactions.

The resulting exchange differences are recognized in OCI.

3.6 Cash and cash equivalents

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

3.7 Financial assets

Business model

The Bank and its subsidiaries evaluate the objectives of the business models where it holds different financial instruments at a portfolio level for best reflecting the manner in which it manages the business with each subsidiary and how the information is provided to the management. The information considered included:

- The policies and objectives pointed out for each financial instrument portfolio and the practical operation of such policies. These include whether the management strategy focuses on charging income for contractual interest, maintaining a concrete interest profitability profile or coordinating the duration of financial assets with the duration of liabilities financing the same or the cash outflows expected or carrying out cash flows through the sale of assets;

- How key management staff of the Bank and its subsidiaries are evaluated and reported on portfolio performance;

- The risks affecting the profitability of business models (and the financial assets held in the business model) and the manner in which such risks are managed;

- How the business managers are remunerated (for example, if the compensation is based on the assets fair value managed or over contractual cash flows obtained); and

- The frequency, amount and sales calendar in previous periods, the reasons of those sales and the expectations about the activity of future sales. However, the information about the sales activity is not considered independently but as part of an assessment of how the Bank and its subsidiaries objectives are attained for managing financial assets and how the cash flows are carried out.

Financial assets held for trading and those whose profitability is assessed or managed on the basis of fair value are measured at fair value through profit or loss, since these are not held within the business model for charging or obtaining contractual cash flows.

Assess whether the contractual cash flows are solely for principal payment and interest

For purposes of this assessment, “principal” is defined as the nominal or face value of the financial asset at the time of initial recognition. “Interest” is defined as the consideration of the value of money over time and the credit risk associated to the amount of principal outstanding for a particular term of time and for other basic risks of a loan agreement and other associated costs (for example, Liquidity risk and administrative costs), as well as profitability margin.

While assessing whether the contractual cash flows are solely payments of principal and interest, the Bank and its subsidiaries consider the contractual terms of the instrument. This includes the assessment for determining if the financial asset is subject to contractual terms that could change the term or amount of contract cash flows such that they may not comply with this condition. For such assessment the Bank and its subsidiaries consider:

- Contingent events that will change the amount and periodicity of cash flows;
- Leverage conditions;
- Advance payment terms and extension;
- Terms limiting the Bank and its subsidiaries to obtain specific cash flows (example, agreements of assets without resources); and
- Characteristics modifying the considerations for the value of Money over time; for example, periodical revision of interest rates.

Interest rates of certain consumer and commercial loans are based on variable interest rates established at the Bank and its subsidiaries discretion. Variable interest rates generally established in Colombia based on Fixed-Term Deposits (FTD) (FTD published by the Central Bank of Colombia), and the BRI (Banking Reference Indicator published by the Central Bank of Colombia), and in other countries in accordance with local practices, plus certain additional discretionary points.

In these cases, the Bank and its subsidiaries evaluate whether the discretionary characteristic is consistent with the criteria of sole payment of interest considering a number of factors including if:

- The debtors are in conditions to prepay the loans without significant penalties (in Colombia, applying charges for prepayments of credits is forbidden by law).
- Competitive market factors assure that the interest rates are consistent among Banks.
- Any regulatory provision for the protection of the customers in the country where the Banks requires to treat the customers in a fair manner.

A prepayment characteristic is consistent with the criterion of sole capital and interest if the prepaid amounts substantially represent unpaid amounts of principal and interest over the outstanding principal, which could include a reasonable compensation for early termination of the contract.

In addition, a prepayment characteristic is treated as consistent with this criterion, if a financial asset is acquired or originates with a premium or discount of its nominal contractual amount, and the prepaid amount substantially represents the contractual amount plus interest accumulated contractually but not paid (which may include a reasonable compensation for early termination), and the fair value of the prepayment characteristic is insignificant in its initial recognition.

3.7.1 Definition

A financial instrument is any contract that gives rise, simultaneously, to a financial asset in one entity and a financial liability or an equity instrument in another entity.

A financial asset is any asset that has one of the following forms:

- Cash;
- An equity instrument of another entity;
- A contractual right:
  - to receive cash or another financial asset from another entity; or
  - o exchange financial assets or financial liabilities with another entity, under conditions that are potentially favorable to the entity;
- A contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - or a derivative instrument that will or may be settled through a form other than the exchange of a fixed amount of cash or another financial asset for a fixed amount of the entity's own equity instruments; For these purposes, the entity's own equity instruments shall not include those that are, in themselves, contracts for the future receipt or delivery of the entity's own equity instruments.

A financial liability is any liability that takes one of the following forms:

- A contractual obligation:
  - to deliver cash or another financial asset to another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity;
- A contract that will be settled or may be settled using the entity's own equity instruments, and that is:
  - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - a derivative instrument that will or may be settled through a form other than the exchange of a fixed amount of cash or another financial asset for a fixed amount of the entity's own equity instruments; For these purposes, the entity's own equity instruments shall not include those that are, in themselves, contracts for the future receipt or delivery of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

3.7.2 Classification

Financial assets, other than cash, investments in associates and derivative instruments, which are addressed separately in this note on accounting policies, are classified into three categories as follows:

- At fair value through profit or loss (FVTPL).
- Amortized cost (AC).
- At fair value through other comprehensive income (FVOCI).

The financial assets classification in the aforementioned categories is carried out on the following bases:

- Business model of the Bank and its subsidiaries to manage financial assets and
- Characteristics of the contractual cash flows of the financial asset.

3.7.3 Initial measurement

At initial recognition, a financial asset is classified depending on how it will be subsequently measured at amortized cost, at fair value through profit or loss, or at fair value through other comprehensive income, depending on the following conditions:

Financial assets are measured at amortized cost if it meets both of the following conditions:

- The asset is held within a business model whose purpose is to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows deriving solely from payments of principal and interest on the principal payment outstanding balance.

Debt instruments are measured at FVOCI only if it meets both of the following conditions and has not been classified as FVTPL:

- The financial asset is held within a business model whose purpose is accomplished at the collection of contractual cash flows and selling such financial assets; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal payment outstanding balance.

During the initial recognition of investments in equity instruments not held for trading, the Bank and its subsidiaries may irrevocably elect to record subsequent changes in fair value as part of other comprehensive income in the equity. Such election shall be made on an instrument per instrument basis.

All financial assets not classified as measured at amortized cost or at fair value through OCI as described above, are measured at fair value through profit or loss.

In addition, in the initial recognition, the Bank and its subsidiaries may classify a financial asset irrevocably which complies with the measurement requirements at AC or FVOCI to be measured at

FVTPL if while doing so the accounting asymmetry is suppressed or significantly reduced, which could happen if not doing so. The Bank and its subsidiaries will not use this option for the time being.

Derivative contracts implicit in other contracts wherein the principal contract is a financial asset under the scope of IFRS 9 are nor separate and instead the financial instrument is measured and registered jointly as an instrument at fair value through income statement.

3.7.4 Subsequent measurement

After their initial recognition, financial assets are measured as follows:

Classification	Subsequent measurement
Financial assets at fair value through profit or loss (FVTPL)	These assets are subsequently measured at fair value. Valuation gains and losses, including any interest or dividend, are recognized in net income.
Financial assets at amortized cost (AC)	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in net income. Any gain or loss on derecognition is recognized in net income during the period in which it occurs.
Debt securities at fair value through Other comprehensive income (FVOCI)	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method; foreign exchange gains and losses and impairment losses are recognized in net income. Other net gains and losses are recognized in OCI and accumulated in the fair value reserve. On derecognition, gains and losses accumulated in OCI are reclassified to gains or loss by realization of OCI.
Equity securities through other comprehensive income (FVOCI)	These assets are subsequently measured at fair value. Dividends are recognized as income in net income. Other net gains and losses are recognized in OCI and are never reclassified to results.

The effective interest method is a procedure used to calculate the amortized cost of an asset and to allocate interest income or cost during the relevant period. The effective interest rate is that which is exactly balances the future cash payments or receipts estimated for the expected life of the financial instrument or, when appropriate, for a shorter period, to the net book value of the asset at initial recognition.

To calculate the effective interest rate, the cash flows are estimated, considering all the contractual terms of the financial instrument, except for future credit losses and considering the initial transaction or granting balance plus transaction costs and premiums granted, less received fees and discounts that are an integral part of the effective rate.

3.7.5 Reclassifications

If and only if, the Bank and its subsidiaries change their business model for its financial asset management, it shall reclassify all financial assets affected in accordance with their classification at initial recognition. The following situations do not constitute changes in the business model:

- A change of intent relating to concrete financial assets (even under circumstances of significant changes in market conditions).
- Temporary disappearance of a particular market for financial assets.
- A transfer of financial assets between parties of the Bank and its subsidiaries with different business models.

Thus, should the Bank and its subsidiaries reclassify the financial assets, such reclassification shall be applied prospectively from the reclassification date. The Bank and its subsidiaries will not restate gains or losses or interest (including gains or losses for value impairment) previously recognized.

The reclassification requirements are as follows:

- If a financial asset measured at amortized cost is reclassified in the category of fair value through profit or loss, its fair value shall be measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost of the financial asset and the fair value is recognized in profit or loss.

- If a financial asset measured at fair value through profit or loss is reclassified in the category of amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

- If a financial asset measured at amortized cost is reclassified into the category of fair value through other comprehensive income, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

- If a financial asset measured at fair value through other comprehensive income is reclassified into the category of amortized cost, the financial asset is reclassified at its fair value at the reclassification date. However, cumulative gains or losses previously recognized in other comprehensive income is removed from the equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the date of reclassification as if had always been measured at amortized cost. Such adjustment affects other comprehensive income but not the period's result and therefore it is not an adjustment due to reclassification. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

- If a financial asset measured at fair value through profit or loss is reclassified into the category of fair value through other comprehensive income, the financial asset shall continue to be measured at fair value.

- If a financial asset measured at fair value through other comprehensive income is reclassified in the category of fair value through profit or loss, the financial asset continues to be measured at fair value. The cumulative gain or loss formerly accumulated recognized in other comprehensive income is reclassified from the equity to the profit or loss as a reclassification adjustment at the reclassification date.

3.7.6 Estimating fair value

Fair value is the price that would be received for to shell an asset or paid to transfer a liability in an orderly 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 and its subsidiaries have access.

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

- For high liquidity assets in Colombia, The Bank and its subsidiaries use dirty prices supplied by an official price vendor authorized by the Financial Superintendence of Colombia and by Bloomberg for international market (see note 6).

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

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

3.7.7 Impairment

General Approach

Impairment criteria described as follows are to be applied over those financial assets of the Bank and its subsidiaries which are not measured at fair value through profit or loss, namely, they apply to financial assets measured at amortized cost and at fair value through other comprehensive income that fall within any of the following categories:

- Debt securities,

- Loans portfolio and financial leases receivable,

- Financial guarantee contracts issued, and

- Commitments of loans issued.

Impairment Recognition - Expected Credit Loss (ECL):

The Bank and its subsidiaries recognize an impairment of financial assets at amortized cost and at fair value through OCI, in an amount equal to an ECL during the twelve-month period following the financial statements cut-off date or during the remaining useful life of the financial asset. The expected credit loss in the remaining life of the asset is the expected credit loss resulting from all possible impairment events over the expected life of the financial instrument, while the expected credit loss of the twelve-month period is the portion of expected losses that shall result from possible impairment events within the twelve months subsequent to the financial statements reporting date.

The impairment of financial assets is recognized in an amount equal to the ECL during the lifetime of the asset, except in the following cases wherein the amount recognized is equivalent to the ECL of the 12 months subsequent to the measurement date:

- Investments in debt securities which are determined to reflect the credit risk as of the reporting date; and

- Other financial instruments (different than other short-term accounts receivables) over which the credit risk has not increased significantly since initial recognition.

For financial assets at amortized cost, the amount to be recognized for impairment is recorded in the statement of income for the period. On its part, for financial assets at fair value through OCI impairment is recorded in the statement of income with charge to other comprehensive income. The foregoing

shows that for financial assets at FVOCI (Fair Value through Other Comprehensive Income) the asset is not affected, since the impairment effect is comprised within the valuation registered in other comprehensive income - OCI.

For the calculation and recognition of impairment financial assets are classified in three stages reflecting the variation of the credit risk of the financial asset for investment:

Stage	Description	Measurement
Stage 1	All financial assets for investment are initially categorized in this stage. Corresponds to financial assets for investment not having a significant increase of credit risk nor showing objective impairment evidence.	Impairment for expected credit losses during the next 12 months.
Stage 2	Financial assets for investment showing a significant increase in credit risk are classified in this stage.	Impairment for expected credit losses during the remaining life of the financial asset for investment.
Stage 3	Financial assets for investment showing objective evidence of impairment are classified in this stage.	Impairment for expected credit losses during the remaining life of the financial asset for investment.

Changes between stages are associated with a significant increase in credit risk and to the objective evidence of impairment assessed over a collective or an individual basis, considering all reasonable and sustainable information, including that which refers to the future.

Simplified approach

The Bank and its subsidiaries have defined to estimate impairment as an amount equal to the expected loss for the remaining life for the following financial assets:

- Accounts receivable resulting from operations not containing a significant financing component, and
- Accounts receivable with a significant financing component equal or less than one year.

The above, taking into account that a financing component is not significant, insofar as the entity expects, that the time between the moment in which a good or service is transferred to the client and the moment in which the customer pays this good, or service is one year or less.

3.7.8 Derecognition of financial assets in the statement of financial position due to transfers

Financial assets are derecognized in the statement of financial position when their contractual rights to cash flows have expired or because the risks and benefits implicit in the asset are transferred to third parties and the transfer meets the requirements for derecognition. In this last case, the financial asset transferred is derecognized in the consolidated statement of financial position and simultaneously any right or obligation retained or created as a result of the transfer is recognized.

It is deemed that the Bank and its subsidiaries substantially transfers risks and benefits when the transferred risks and benefits represent the majority of risks and benefits of assets transferred. If the risks and/or benefits associated with the transferred financial asset are substantially retained:

- The financial asset transferred is not derecognized in the consolidated statement of financial position and will continue to be valued using the same criteria applied prior to the transfer.
- An associated financial liability is recorded in an amount equal to the consideration received, and subsequently valued at its amortized cost.

- Both the income associated with the transferred financial asset (that has not been derecognized) and the expenses associated with the new financial liability are continued to be recorded.

3.7.9 Offsetting financial instruments in the statement of financial position

Financial assets and liabilities are offset, and their net amount is recognized in the statement of financial position when there is the legal right to offset the recognized amounts and management intends to settle them on a net basis or realize the asset and settle the liability simultaneously.

3.7.10 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 commodity, 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 is settled at a future date.

In the normal course of its operations the Bank and its subsidiaries trade 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 and its subsidiaries designate 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 and/or attributable to risk factors other than foreign exchange rates 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.

For fair value hedge of recognized assets or liabilities and firm commitments, changes in the fair value of the derivative instrument (to the extent that coverage is effective) are recognized in net income, as well as any other change in the fair value of the asset, liability or firm commitment relating to the hedge risk.

Derivative instruments designated for cash flow hedging are instruments that hedge the exposure to variation in cash flows associated with a previously recognized asset or liability, or a highly probable forecast transaction. The effective portion of any change in the fair value of the hedging instrument is recognized directly in equity and is showed as a reserve for cash flow hedging, while the non-effective portion of any change in the fair value is recognized in net income. Accumulated amounts in equity are reclassified into net income in the periods in which hedging transactions will affect results.

At the beginning of the transaction, the Bank and its subsidiaries document the relationship between the hedging instrument and the hedged item, as well as the objective and risk management strategy to undertake the hedge. The Bank and its subsidiaries also document at the beginning of the transaction and on a recurring basis, their evaluation of the effectiveness of the hedging relationship in offsetting the exposure to exchange risk generated by the net investment abroad or the fair value of other assets.

3.8 Deconsolidation (loss of control)

Loss of control is a significant economic event in which the parent-subsidiary relationship ceases to exist, and an investor-subsidiary relationship begins that differs significantly from the previous relationship. In accordance with the above, and in compliance with IFRS 10, the following is the accounting treatment of the loss of control:

• The assets, liabilities and non-controlling interests of the former subsidiary are derecognized.

• The investment held is measured at fair value at the date on which control is lost and classified in the appropriate category in accordance with the applicable IFRS. The gain or loss arising from the transaction is recognized in profit or loss for the period.

• Other comprehensive income items related to the former subsidiary are reclassified to profit or loss for the period or retained earnings in accordance with the applicable IFRS, on the same basis as would have been required had the related assets or liabilities been disposed of.

3.9 Spin-off between entities under common control

The Bank, based on the principles defined in International Accounting Standard IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, and in order to report reliable and relevant financial information, established as an accounting policy the recording of this type of operations applying the book value methodology, as it is a transaction between entities of common control, recognizing the costs generated in the operation in the statement of income.

3.10 Non-current assets held for sale

Assets the Bank and its subsidiaries intend 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 amount at the time of transfer and fair value, less estimated costs to sale; the difference between the two corresponds to impairment and is recognized in income.

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

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 it 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.

3.11 Property, plant and equipment

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

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

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

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

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

Leasehold improvements

There are adjustments that are made to the leasehold property; they are 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 from its use or disposal. 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 and its subsidiaries analyze whether there is any internal or external evidence that an asset is impaired. If there is evidence of impairment, the Bank and its subsidiaries determine whether there is impairment exists by comparing the net value of the asset recorded with its recoverable amount (the recoverable amount is defined as the higher of the fair value, less costs to sale, and the value in use). When the carrying amount exceeds the recoverable amount, the carrying amount is adjusted to the recoverable amount with effect on income by modifying future depreciation charges to bring them in line with the remaining useful life of the asset.

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

3.12 Leased assets

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

The Bank and its subsidiaries are lessees (obtain the right to use an underlying asset) and lessors (provide the right to use an underlying asset) of a variety of assets.

3.12.1 Lessor

Initial Measurement

Assets provided on lease by the Bank and its subsidiaries 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, net” 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 and its subsidiaries, financial incomes 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 and its subsidiaries have 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.

3.12.2 Lessee

Initial Measurement

On the date on which a leased asset is available for use by the Bank and its subsidiaries, the lease is recognized as a right of use assets and a lease liability.

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

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).

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 and its subsidiaries income over the term of the lease.

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

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

3.13 Investment property

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

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

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

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

- The exchange transaction is not commercial in nature or,

- The fair value of the asset received or delivered cannot be measured reliably.

The Bank and its subsidiaries 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 to, or from, investment property are made when, and only when, there is a change in use, as indicated by:

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

The following are details of the accounting treatment for transfers:

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

3.14 Business combinations and goodwill

Business combinations are accounted for by using the “acquisition method” when control is transferred. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. If there are non-controlling minority interests during the acquisition of control of the entity, such non-controlling minority interests are recognized at either fair value or at the proportionate interest in the current property instruments or the recognized amount of the identifiable acquired entity net assets. The difference between the price paid, plus the value of the non-controlling interest, and the net value of the acquired assets and liabilities, determined as described above in this paragraph, is recorded as goodwill.

Goodwill is measured as the excess of the aggregate of consideration transferred, the amount of any non-controlling interest on the acquired entity and the fair value of any interest in the previous equity of the acquired entity over the fair value of net of identifiable acquired assets (including intangible assets) liabilities and contingent liabilities assumed at acquisition date. Goodwill acquired in a business combination is assigned to each of the groups of cash-generating units from which a benefit is expected as a consequence of the combination. After being entered, Goodwill is not subsequently amortized, but it shall be subject to an annual assessment of impairment of the cash-generating unit to which goodwill has been assigned, from which benefits are expected deriving from the synergies of business combinations.

A loss due to impairment recognized on Goodwill cannot be reversed in subsequent periods. In addition, the acquired entity’s accounts of the statement of income are included in the consolidated financial statements from the legal acquisition date.

3.15 Other intangible assets

The intangible assets the Bank and its subsidiaries 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 and its subsidiaries.

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 and its subsidiaries experience, except when the technical study defines higher periods.

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

Intellectual property rights, patent and other property rights 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 ten (10) years.

At the close date of each accounting period, the Bank and its subsidiaries analyze whether there are indications, both external and internal, that an asset may be impaired. If there is evidence of impairment, the Bank and its subsidiaries analyze whether such impairment actually exists by comparing the net carrying amount 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 period.

3.16 Financial liabilities

A financial liability is (a) any contractual obligation the Bank and its subsidiaries have to deliver cash or another financial assets to another entity, or to exchange financial assets or financial liabilities whit another entity under conditions that are potentially unfavorable to the Bank and its subsidiaries (b) an agreement that will or may be settled using equity securities owned by the Bank and its subsidiaries.

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 and its subsidiaries financial liabilities include checking accounts, savings accounts, time certificates of deposit, bonds issued, derivatives and financial obligations.

3.17 Financial guarantees

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

Financial guarantees, regardless of the guarantor, instrumentation or other circumstances, are analyzed regularly to determine the credit risk to which they are exposed and, if applicable, to estimate the need to constitute 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 for contingent risks and commitments” and recognized in net income.

The Income from accrued commissions is recognized on a straight-line basis over the life of the guarantees.

3.18 Employee benefits

The Bank and its subsidiaries grant their employees the following benefits as consideration in exchange for their services:

3.18.1 Short-term benefits

These are the benefits that the Bank and its subsidiaries expect to pay within 12 months after the end of the reporting period. They are measured at their face value, recognized through an accrual accounting system and charged to net income or as part of the development of other assets, such as intangible assets, as appropriate.

3.18.2 Post-employment benefits

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

- **Defined contribution plans**:

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

The payments made by the Bank and its subsidiaries to funds are measured on a non-discounted base amount and are accounted for 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.

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 and its subsidiaries 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 and adjustments for experience are reported in equity through Other Comprehensive Income (OCI).

3.18.3 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.

3.18.4 Work contract termination benefits

These are payments the Bank and its subsidiaries are 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 and its subsidiaries in exchange for terminating his or her work contract.

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

- When the Bank and its subsidiaries can no longer withdraw the offer of those benefits.
- When provisions are recognized for the cost of restructuring 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 and its subsidiaries will apply 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 and its subsidiaries will apply the requirements of the policy on other long-term employee benefits.

The following are the main employee benefits offered by the Bank and its subsidiaries:

Benefits	Detail	
Short-term benefits	• Salaries • Bonuses • Transportation subsidy • Overtime • Night shift surcharge • Severance fund • Interest on severance fund • Vacations • Mandatory bonuses • Extra-legal bonuses • Social security and payroll tax contributions	• Paid sick leave • Licenses • Medical insurance policy • Death indemnity • Christmas bonus • Subsidy for death of relatives • Subsidy for education • Life insurance • Toys for employees' children

Benefits	Detail
Post-employment benefits	• Defined benefit plans: pension fund contributions • Defined benefit plans: Retirement pension and severance payments taken on directly by the entity.
Other Long-term Benefits	• Seniority bonuses for unionized employees. • Seniority bonuses for non-unionized employees. • Gratuities
Termination benefits	• Indemnity for termination. • Indemnity for voluntary resignation. • Severance fund. • Seniority bonus.

3.19 Taxes

3.19.1 Income tax

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

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

- **Current tax**

Current tax includes the expected tax payable or receivable on the taxable income or loss for the year and any adjustments related to prior years. It is measured using the approved tax rates and the fiscal regulations substantially promulgated as of the date of the statement of financial position.

Income tax calculated based on differences of interpretation of tax law are previously assessed by each subsidiary and estimated on the amount that may give rise to future payments to the tax authority.

The Bank and its subsidiaries recognize the current tax as a liability while it remains unpaid or as an asset if payments already made result in a debit balance.

- **Deferred tax**

Deferred taxes are recognized on temporary differences arising between the tax bases for assets and liabilities and the amounts recognized in the consolidated 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 amount 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.

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

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

Deferred tax liabilities are recognized on taxable temporary differences that arise, when the possibility of reversing such temporary difference is controlled by the Bank and its subsidiaries, and it is not probable that such reversion will take place in the near future. The only exception is for deferred tax liabilities associated with investments in subsidiaries, associates and joint ventures.

Deferred tax assets and liabilities are offset when the Bank and its subsidiaries have a legally enforceable 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 taxable entity or on different taxable entities when the legal right exists and is intended to offset the balances on a net tax basis.

3.19.2 Taxes and contributions other than income tax

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

- **Industry and commerce tax**

Municipal tax levied on income obtained from the development of commercial, industrial and service activities.

In applying article 86 of Law 2010 of 2019, the Bank and its national subsidiaries for purposes of determining the corresponding income tax for the 2021 taxable period, can take 50% of the industry and commerce tax, notices and boards effectively paid in the year as a tax discount or 100% of the expense incurred in the year as a deductible.

- **VAT on capital goods**

With the entry into force of Law 1943 of 2018 and subsequently from Law 2010 of 2019, the possibility of treating as income tax discount the VAT paid on the importation, building, construction or acquisition of real productive fixed assets, was incorporated into the national legal system. The assets that the Bank takes into account to classify the benefit are those tangible assets that are acquired to form part of the patrimony, participate directly and permanently in the income-producing activity of the taxpayer and are depreciated for tax purposes.

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

3.20 Provisions and contingencies

3.20.1 Provisions

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

- The Bank and its subsidiaries have a present obligation (legal or implicit) arising of past events.
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- The Bank and its subsidiaries 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.

3.20.2 Contingent liabilities

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

3.20.3 Contingent assets

Assets of a possible nature, arising as a result of past events, the existence of which must be confirmed only by the occurrence or non-occurrence of one or more uncertain events in the future, which are not entirely under the control of the Bank and its subsidiaries, 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 true, the asset and the associated income are recognized in net income of the period.

3.21 Income

3.21.1Income from interest

The Bank and its subsidiaries recognize 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.

3.21.2 Commissions

Commission income is measured based on the consideration specified in a contract with a customer. The Bank and its subsidiaries recognize income when it transfers control over a service to a customer.

The financial entities of the Bank and its subsidiaries provide 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. Each financial entity establishes 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. Income from banking service and servicing fees is recognized as the services are provided. Income related to transactions is recognized at the point in time when the transaction takes place.

Other commissions and services charged by the Bank and its subsidiaries include: storage, customs agency, trust activities, administration of pension funds and severance payments, among others. These incomes are recognized under the criteria of IFRS 15, with this premise, when customers receive the benefits as time goes by, when an asset is created or when the product has an alternative use (it is not a custom product), income is recognized over time. If the income is not recognized over time according to the previously premises, it is recognized at a specific time, which is generally at the time when control is transferred to the client.

3.21.3 Dividends

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

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

3.21.4 Customer loyalty program

The financial entities 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 and its subsidiaries act as principals in customer loyalty programs if they obtain control of the goods or services in advance, or if transfers control over such goods or services to a customer. The Bank and its subsidiaries act as agents if their performance obligation is to arrange that the other party offers such goods or services.

3.21.5 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 and its subsidiaries in income for the period.

3.22 Insurance operations

Insurance contracts are defined as agreements in which a significant insurance risk of another party (the insured) is accepted, with a commitment to pay the insured or another beneficiary in the event an uncertain future event takes place (the insured event) that adversely affects the insured or beneficiary.

As a general rule, the Bank and its subsidiaries determine whether a contract involves a significant insurance risk by comparing the benefits charged to the benefits payable if the insured event takes place. An insurance contract can also transfer financial risks. Insurance contracts are carried to the end of their duration, even when the insurance risk is significantly reduced, until all risks and obligations

have been settled or expired. In the normal course of business, the Bank and its subsidiaries have entered into reinsurance agreements with reinsurers.

The ceded reinsurance payable is the part of the premium that is transferred to third parties for their participation in the risk; it is a form a risk sharing. The Participation is agreed in reinsurance contracts; however, reinsurance contracts do not release the Bank and its subsidiaries from the obligations contracted, maintaining responsibility to the insured, policyholders or beneficiaries.

Reinsurance receivable represents the balance of amounts receivable from reinsurance companies arising from claim events, in which the Bank and its subsidiaries take on the responsibility for the indemnity in favor of the insured, and for the reinsurance accepted in favor of other insurance companies. The amounts that are expected to be recovered from reinsurers are recognized in accordance with the clauses contained in the contracts signed by both parties.

Any gains or losses in reinsurance contracts are recognized in operating profit or loss immediately on the date of the contract and are not amortized.

Income and expenses on insurance operations are recorded as follows:

- Premiums receivable are recognized when the insurance policy is issued. Premium income for the contract period established in the policy are recognized at the time when coverage starts, regardless of the status of premium payments. Coverage begins upon acceptance of the customer's request for insurance and collection of the premium, which may be fractioned, and when a single premium is charged, recognition as income is deferred over the valid term of the policy.

- Reinsurance and fee expenses, and all other income and expenses associated with issuance of the policy, are recognized at the same time as the premium income.

3.23 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 and its subsidiaries 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. The Bank and its subsidiaries do not have financial instruments with potential voting rights.

Note 4 – New accounting pronouncement

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

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

New statements of the IASB	Title of the standard or amendment	Summary	International application date
IFRS 17	Insurance contracts	The new standard sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features.	January 1, 2023
Amendment to IFRS 17	First-time adoption of IFRS 17 and IFRS 9 Comparative Information	This limited scope amendment on the requirements for the transition to IFRS 17 offers insurers an option to improve the usefulness of the information for their investors during the transition following first-time adoption. The amendments are in reference only to the transition and do not affect the requirements of the standard.	January 1, 2023.
Amendment to IFRS 4	Temporary extension - Exemption from applying IFRS 9	Is extended the current exemption for insurers with respect to the application of IFRS 9 Financial Instruments to allow them to simultaneously implement both IFRS 9 and IFRS 17.	Until January 1, 2023
Amendment to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Clarifies that a gain or loss derived from the sale or contribution of assets that constitute a business between an investor and its associate or joint venture must be recognized in its totality.	Indefinite application date.
Amendment to IAS 1	Classification of liabilities as current and non-current	Clarifies how to classify debt and other liabilities as current or non-current. It also includes clarification of the classification requirements for the debt that a company could settle by turning it into equity.	January 1, 2022
Annual improvements to IFRS standards 2018-2020	Improvements in: - IFRS 1 First-time Adoption of International Financial Reporting Standards. -IFRS 9 Financial Instruments - Illustrative examples IFRS 16 Leases.	-IFRS 1: deals with first-time adopters. -IFRS 9: on rates in the "10 percent" test for derecognition of financial liabilities. - IFRS 16: clarifies example that on lease incentives.	January 1, 2022
Other minor modifications	Modifications to: -IFRS 3-Business Combinations. - IAS 16 - Property, Plant and Equipment. - IAS 37 - Provisions, Contingent Liabilities and Contingent Assets	Adjustments that clarify the wording or minor corrections, some of these changes are: - IFRS 3: This amendment updates a reference of IFRS 3 to the Conceptual Framework for Financial Reporting, without changing the accounting requirements for business combinations. - IAS 16: This amendment prohibits a company from deducting from the cost of property, plant and equipment the amounts received from the sale of items produced while the company prepares the asset for its intended use. Instead, a company will recognize such sales revenue and related costs in the statement of income. -IAS 37: This amendment specifies what costs a company includes when assessing whether a contract will generate losses.	January 1, 2022
Reform of the interest rate benchmark	Phase 1: Amendment to IFRS 9, IAS 39 and IFRS 7. Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7,	Phase 1: The amendments provide relief in relation to possible effects on hedge accounting, given the uncertainty caused by the reform of the interest rate benchmark, and requires companies to provide supplementary information on the hedge relationships. Phase 2: These amendments complement those made in phase 1 and focus on assisting companies in providing useful	Phase 1: January 01, 2020 Phase 2: January

New statements of the IASB	Title of the standard or amendment	Summary	International application date
	IFRS 4 and IFRS 16.	information in the financial statements when they substitute a previously used interest rate benchmarks (regulatory) for an alternative interest rate benchmark as a result of the reform.	1, 2021
Amendments to IAS 1 and IFRS Practice Statement 2	Amendment to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	The amendments will help companies improve their disclosure of accounting policies in order to provide more useful information to investors and other main users of the financial statements. The amendments to IAS 1 clarify disclosure requirements on accounting policies. The amendments to IFRS Practice Statement 2 provide orientation on how to apply the concept of materiality to the disclosure of accounting policies.	January 1, 2023
Amendments to IAS 8	Amendment to IAS 8: Definition of accounting estimates	The amendments clarify how companies should distinguish between changes in accounting policies and changes in accounting estimates. This distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other events, whereas changes in accounting policies generally apply retrospectively to past transactions and other events.	January 1, 2023
Amendments to IAS 12	Amendment to IAS 12- Deferred Tax related to Assets and Liabilities arising from a Single Transaction.	The purpose of the amendment is to clarify the recognition of deferred taxes on leases and dismantling obligations. Taxes are exempt from recognizing deferred taxes when they recognize assets or liabilities for the first time. The amendments clarify that the exemption does not apply to leases and dismantling obligations (transactions on which companies recognize both an asset and a liability) and that companies are required to recognize deferred taxes on such transactions.	January 1, 2023

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

The Bank and its subsidiaries management make certain judgments in the process of applying accounting policies and make estimates and assumptions that have a significant effect on the amounts recognized in the financial statements and the book value of assets and liabilities. Judgments and estimates are continuously evaluated and based on management's experience and other factors, including the expectation of future events that are believed to be reasonable.

In preparing the consolidated financial statements as of December 31, 2021, the significant judgments made by the Bank and its subsidiaries in the application of accounting policies and the key sources of estimates that have the most significant impact on the amounts recognized in the consolidated financial statements and the estimates that can cause a significant adjustment in the carrying value of assets and liabilities within the next year include the following:

5.1 Impairment of financial assets

The degree of judgment required for estimating expected credit losses depends on the availability of detailed information. To the extent that the horizon of the forecast increases, the availability of detailed information decreases, and the degree of judgment required for estimating losses increases. Expected

estimates of credit losses does not require an estimated detail for distant future periods; for such periods an entity may extrapolate projections based on detailed information available.

However, due to the uncertainty generated by the COVID-19 sanitary emergency, the calculation of expected credit losses incorporated updates to the projections of prospective information, according to the different geographic areas where the Bank and its subsidiaries operate, see detail in Note 2.5.1.

5.2 Fair value of financial instruments

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

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

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

5.3 Deferred income tax

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

As at December 31, 2021, and 2020, the Bank and its subsidiaries estimate that the items of the deferred income tax asset shall be recoverable as a function of their future estimated future taxable gains. Deferred tax liabilities are recognized on temporary differences that result in future taxable amounts when determining fiscal gain (loss), except on temporary difference relating with investments in subsidiaries, associates and joint ventures, when temporary differences reversion is controlled by the Bank and is likely they will not be reversed in the foreseeable future, see Note 20.4.

In addition, the Bank and its subsidiaries have monitored the interpretations of tax laws by, and decisions of, the tax authorities so that management can adjust any prior judgment of accrued income taxes, these adjustments may also result from the Bank and its subsidiaries income tax planning or resolutions of income tax controversies and may be material to operating results for any given periods.

5.4 Evaluating impairment of goodwill

The Bank's management and its subsidiaries carry out an impairment assessment of the groups of cash-generating units to which the goodwill recorded in their consolidated financial statements have been distributed. It does so on an annual basis at September 30 and when there are indications that any of the cash generating units (CGU) to which goodwill was allocated might be impaired, based on studies to that effect conducted by independent experts engaged for this purpose. As of December 31, 2021, Goodwill impairment was updated taking into account the impacts of the COVID-19 health emergency, which affected macroeconomic conditions.

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 countries and the sectors where the Bank and its subsidiaries operates, historical financial information, and projections on growth income and expenses in the next five years and, subsequently, growth in perpetuity considering its profit capitalization rates discounted at risk-free interest rates that are adjusted according to the risk premiums that are required given the circumstances of each entity.

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

5.5 Estimates for lawsuits provisions

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

5.6 Employee benefits

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

The discount rate makes it possible to ascertain future cash flows at present value on the measurement date. The Bank and its subsidiaries determine 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 and its subsidiaries have selected government bonds for this purpose.

The Bank and its subsidiaries utilize other key assumptions for appraising actuarial liabilities, calculated depending on the specific experience of the Bank and its subsidiaries, combined with statistics published as well as market indexes (see Note 23, which describes the most important assumptions utilized in actuarial calculations and the respective sensitivity analyses).

5.7 Lease terms

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

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

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

By definition of the Bank and its subsidiaries, subsidiaries that are not credit institutions, the rate to be used for this type of leases will be the one quoted by banking entities of the Bank and its subsidiaries, for Financial Leasing operations.

For subsidiaries that are banking institutions, it was defined that, in order to estimate the incremental discount rate, factors such as the construction of the marginal funding curve and the estimated term of the contract are taken into account.

Due to the COVID-19 health emergency, some lease contracts were amended without producing significant impact, to which effect the entity applied the amendment to IFRS 16 published by the IASB in May 2020 and adopted by means of Decree 1432 of November 2020 (see Note 2.5.3).

Note 6 – Estimate of fair value

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

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

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

Scholes and other valuation techniques commonly used by market players who take maximum advantage of observed market data and rely as least as possible on entity-specific information.

The Bank and its subsidiaries calculate 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.) and Bloomberg for foreign entities. 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 and its subsidiaries can use models developed internally for financial 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 and its subsidiaries 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 classification of the fair value hierarchy by levels is made considering the criteria mentioned in Note 6.3.

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.

6.1 Measurements of fair value on a recurring basis

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

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

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Investments in debt securities at fair value through profit or loss				
Colombian government	$ 216,969	154,912	0	371,881
Other Colombian government entities (1)	0	185,685	0	185,685
Other financial entities (2)	0	599,602	0	599,602

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Non-financial sector entities	0	2,134	0	2,134
Foreign governments	0	150,961	62,901	213,862
Others	0	24,639	0	24,639
	216,969	1,117,933	62,901	1,397,803
Equity securities at fair value through profit or loss (4)	0	116,935	752,701	869,636
Total investments at fair value through profit or loss	**216,969**	**1,234,868**	**815,602**	**2,267,439**
Investments in debt securities at fair value through OCI				
Colombian government	2,802,515	1,989,959	0	4,792,474
Other Colombian government entities	0	375,909	0	375,909
Other financial entities	0	2,568,316	18,094	2,586,410
Non-financial sector entities	0	492,109	0	492,109
Foreign governments (3)	1,288,405	11,358,440	0	12,646,845
Central banks	0	1,857,719	0	1,857,719
Others	52,467	923,863	7,826	984,156
	4,143,387	19,566,315	25,920	23,735,622
Equity securities at fair value through OCI	5,128	4,062	275,907	285,097
Total investments at fair value through OCI	**4,148,515**	**19,570,377**	**301,827**	**24,020,719**
Instrument financial derivatives at fair value				
Trading derivatives (5)				
Currency forwards	0	279,031	0	279,031
Interest rate swaps	0	48,314	0	48,314
Cross currency swaps	0	39,589	0	39,589
Currency options	0	36,171	0	36,171
	0	403,105	0	403,105
Hedging derivatives (6)				
Currency forwards	0	5,379	0	5,379
	0	5,379	0	5,379
Total derivatives at fair value	**0**	408,484	**0**	408,484
Investment property	**0**	0	**243,453**	**243,453**
Total assets at fair value on recurring basis	**4,365,484**	**21,213,729**	**1,360,882**	**26,940,095**
Liabilities				
Trading derivatives				
Currency forwards	0	206,560	0	206,560
Interest rate swaps	0	65,114	0	65,114
Cross currency swaps	0	69,858	0	69,858
Currency options	0	53,892	0	53,892
	0	395,424	0	395,424
Hedging derivatives				
Currency forwards	0	33,016	0	33,016
Interest rate swaps	0	18,973	0	18,973
	0	51,989	0	51,989
Total liabilities at fair value on recurring basis	$ **0**	**447,413**	**0**	**447,413**

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
Investments in debt securities at fair value through profit or loss				
Colombian government	$ 179,911	575,315	0	755,226
Other Colombian government entities (1)	0	133,425	0	133,425
Other financial entities (2)	0	1,008,817	0	1,008,817
Non-financial sector entities	0	23,121	0	23,121
Foreign governments	0	129,056	72,230	201,286
Others	0	20,353	0	20,353
	179,911	1,890,087	72,230	2,142,228
Equity securities at fair value through profit or loss (4)	0	1,979,807	701,535	2,681,342
Total investments at fair value through profit or loss	**179,911**	**3,869,894**	**773,765**	**4,823,570**
Investments in debt securities at fair value through OCI				
Colombian government	4,013,711	814,525	0	4,828,236
Other Colombian government entities	166,853	229,353	0	396,206

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Other financial entities	126,574	1,989,483	3,431	2,119,488
Non-financial sector entities	0	26,982	0	26,982
Foreign governments (3)	1,717,251	7,843,210	0	9,560,461
Central banks	0	1,862,922	0	1,862,922
Others	35,491	903,781	12,304	951,576
	6,059,880	13,670,256	15,735	19,745,871
Equity securities at fair value through OCI	6,169	3,340	223,243	232,752
Total investments at fair value through OCI	**6,066,049**	**13,673,596**	**238,978**	**19,978,623**
Instrument financial derivatives at fair value				
Trading derivatives (5)				
Currency forwards	0	260,037	0	260,037
Interest rate swaps	0	146,608	0	146,608
Cross currency swaps	0	31,386	0	31,386
Currency options	0	16,831	0	16,831
	0	454,862	0	454,862
Hedging derivatives (6)				
Currency forwards	0	117,066	0	117,066
Cross currency swaps	0	32,895	0	32,895
	0	149,961	0	149,961
Total derivatives at fair value	0	**604,823**	**0**	**604,823**
Investment property	0	**0**	**245,668**	**245,668**
Total assets at fair value on recurring basis	**6,245,960**	**18,148,313**	**1,258,411**	**25,652,684**
Liabilities				
Trading derivatives				
Currency forwards	0	411,722	0	411,722
Interest rate swaps	0	124,432	0	124,432
Cross currency swaps	0	38,692	0	38,692
Currency options	0	29,814	0	29,814
	0	604,660	0	604,660
Hedging derivatives				
Currency forwards	0	2,365	0	2,365
Interest rate swaps	0	21,438	0	21,438
	0	23,803	0	23,803
Total liabilities at fair value on recurring basis $	**0**	**628,463**	**0**	**628,463**

As of December 31, 2021, with respect to December 31, 2020, there are variations mainly in:
(1) Due to maturities of securities of the National Treasury Directorate (fixed rate) for $512,962.
(2) Sale of securities for $287,454.
(3) Purchase of securities of the National Treasury Department (Dollar Bonds and fixed rate) for $3,177,662.
(4) See Note 10.1 Investments at fair value through profit or loss.
(5) See Note 10.4 Trading derivatives.
(6) See Note 10.5 Hedging derivatives.

6.2 Non-recurrent measurements of fair value

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

Following is a breakdown of the assets valued at fair value Level 3, that, as a result of assessment for impairment using the IFRS standards applicable to each one, do not require be measured at fair value on a recurring basis:

		December 31, 2021	December 31, 2020
Financial instruments from the collateralized loan portfolio	$	1,490,326	1,131,038
Non-current assets held for sale		171,939	168,397
	$	**1,662,265**	**1,299,435**

6.3 Fair value classification

- The financial instruments classified at Level 1 are those whose fair value was established according to the market prices supplied by the price vendor, determined on the basis of liquid markets corresponding to quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

- Investments classified in Level 3 are those whose fair value was established from significant unobservable inputs within the full measurement. Instruments at Level 3 include mainly investments in equity securities which are not traded publicly. Since observable prices are not available for these securities, the Bank and its subsidiaries use 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	● Discounted cash flows using yields from similar securities outstanding ● Bloomberg Generic ● Price assigned last auction ● Market price or price calculated based on benchmarks set by price providers methodologies ● Estimated price / Theoretical price ● Quoted price
Market	● Estimated price / Theoretical Price (1) ● Average price / Market Price (2)
Investments in equity securities	
Discounted cash flow	● Growth in residual values after five and ten years ● Discount interest rates ● Equity rate of cost ● Discount interest rates WACC
Net value adjusted of assets	● Most relevant variable in assets
Derivatives	
Incomes	● Security or underlying price ● Currency of interest rates curve by underlying asset ● Exchange rates curves ● Implicit curves of exchange rates forwards ● Swap curves assigned according by underlying ● Implicit volatilities matrixes and curves
Market	● Market price ● TRM (representative market rate) or Exchange rates of other currencies as appropriate

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

The following are the most common methods applicable to derivatives:

- **Valuation of foreign currency forwards:** The price vendor publishes assigned curves (interest rates) according to the currency of origin of the underlying asset, from which the contractual flows of the instrument that are compared against the present value of the agreed value are discounted.
- **Valuation of forwards on bonds:** The future theoretical value of the bond, based on its price on the valuation date and the risk-free rate of the reference country of the underlying asset, is calculated for determining the value of the forward up to a specific date. Then, 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. Finally, the difference between the delivery leg and the receipt leg is calculated, which constitutes the fair exchange price of the instrument.
- **Valuation of OTC options:** The price vendor publishes curves assigned according to the currency of the underlying asset, in addition to forward exchange curves for the domestic currency of the transaction, implicit curves associated with exchange forwards, assigned swap curves according to the underlying asset and matrix and implicit volatility curves. The price of the options is calculated using the Black & Scholes & Merton model.

6.4 Fair value measurements classified at Level 3

The following table presents the movement of financial assets whose fair value measurements are classified in Level 3:

		December 31, 2021			December 31, 2020		
		Investments in debt securities	Equity securities	Investment property	Investments in debt securities	Equity securities	Investment property
Balance at the beginning of the period	$	**87,964**	**924,778**	**245,668**	**0**	**606,574**	**318,592**
Transfer from Level 2 to Level 3		3,879	5,473	0	50,656	0	0
Transfer from Level 3 to Level 2		0	(9,861)	0	(316)	(5,413)	0
Valuation adjustment with effect on net income		(20,282)	54,194	6,331	0	34,898	(37,648)
Valuation adjustment with effect on OCI		561	52,559	0	(1,903)	(3,845)	2,332
Business combination		0	0	0	105,770	109,396	10,163
Deconsolidation		0	0	(49,658)	0	0	0
Additions		21,149	12,911	36,551	41,411	233,328	1,357
Disposals/Sales		(17,802)	(32,133)	(24,864)	(81,886)	(46,757)	(57,847)
Reclassifications (1)		0	3,134	26,461	0	0	9,417
Withholding tax on income in special funds		0	(1,713)	0	0	0	0
Effect of movements in exchange rates		13,353	19,266	2,964	(25,768)	(3,403)	(698)
Balance at the end of the period	$	**88,822**	**1,028,608**	**243,453**	**87,964**	**924,778**	**245,668**

(1) The reclassification in of equity instruments corresponds to the transfer of the investment of Aportes en Línea S.A. due to the effect of loss of control of Porvenir S.A. from subsidiary to Investments available for sale at fair value

a. Equity securities

The Bank and its subsidiaries equity investments are in several entities where its holding is less than 20% of equity in each, some of them received in payment of customer obligations in the past and others acquired because they are necessary for the development of their operations, such as ACH Colombia S.A. and Cámara de Riesgo Central de Contraparte de Colombia S.A., among others.

In general, all of these companies are not listed on a public stock exchange and therefore, the determination of their fair value has been made with the assistance of external advisors to the Bank and its subsidiaries. They have used the discounted cash flow method for this purpose, constructed based on 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 4% and 5%
Growth of the gross domestic product (1)	Between 8% and 9%
Income	CPI+1
	Between 3% and 23.8%
Costs and expenses	Inflation
Growth in perpetuity after five and ten years	3% and 3.2%
Discount interest rates	Between 10% and 13%
Equity rate of cost	Between 10.09% and 12.5%

(1) Information obtained from the National Department of Planning

The table below contains sensitivity analysis of the changes in these variables in the Bank and its subsidiaries equity, considering that the variations in the fair value of these investments are recorded in OCI:

Methods and Variables	Variation	Favorable impact	Unfavorable impact
Present value adjusted for discount rate			
Income	+/-1%	8,651	(8,478)
Growth residual values after five years	+/-1%	12,273	(11,965)
Growth residual values after ten years	+/-1%	630	(506)
Discount interest rates	+/-50PB	7,801	(6,667)
Discount interest rates WACC	+/-50PB	(811)	883
Equity rate of cost	+/-50PB	354	(323)

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 valuation techniques used take into account the type of movable or immovable property, its physical characteristics, location and market. Among the valuation methodologies used are:

Comparative market method: Technique that seeks to establish the commercial value of the property, based on the study of recent offers or transactions of similar and comparable properties to the one under appraisal. Such offers or transactions must be classified, analyzed and interpreted to arrive at an estimate of the commercial value.

Income capitalization method: This method focuses on establishing the commercial value of the property on the basis of the potential economic production that it will generate from leases, considering the annual return and evaluating the recovery time of the investment. This methodology is generally used in commercial properties such as commercial premises, offices and warehouses, estimating income, expenses and market rates at the time of evaluation.

Replacement cost method: In real estate, this method seeks to establish the cost of the infrastructure, adjustments, improvements and additions that an investor would have to incur to recover a construction to its initial state or in optimal conditions of use. This method is mainly used to determine the value of the construction.

Residual method: This method is used to establish the value of a land for properties intended for the development of urban or real estate projects of multi-family housing, condominiums, shopping centers, business centers, among others. This method takes into account variables such as: Urban planning regulations, construction indexes, occupancy, permitted height in floors, type of structure, minimum area to develop the project and destination (housing, commercial, endowment, institutional, industrial, among others), in synthesis, determine based on the development and sales potential of a project, which is the incidence factor of the land and thus determine the value of the same.

The valuations of investment properties are considered in Level 3 of the fair value measurement hierarchy. There have been no changes in the valuation technique for each asset during the year 2021.

An increase (slight, normal, considerable, significant) in the leases used in the appraisal would generate an increase (significant, slight, considerable) in the fair value of the asset, and vice versa.

6.5 Transfers between Levels

In general, the transfers between Level 1 and Level 2 of the investment portfolios at fair value through profit or loss and investments at fair value through other comprehensive income correspond mainly to changes in the liquidity levels of the securities in the markets. The transfers presented as of December 31, 2021 are listed below.

	Level 1 to Level 2	Level 2 to Level 1
Securities at fair value through OCI		
Issued or secured by the Colombian government	$ 703,613	0
Issued or secured by the Other financial entities	41,809	0
Issued or secured by the Other Colombian government entities	12,897	0
Other	0	16,446
	$ **758,319**	**16,446**

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

The following table contains a summary of carrying amounts and the fair values of the Bank and its subsidiaries financial assets and liabilities recorded at face value or amortized classified using the hierarchical levels:

	December 31, 2021				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Investments at amortized cost	$ 3,223,206	0	2,816,027	357,373	3,173,400
Loan portfolio, net	150,168,654	0	0	146,757,105	146,757,105
	153,391,860	**0**	**2,816,027**	**147,114,478**	**149,930,505**
Liabilities					
Deposits in checking accounts, savings accounts and others	100,587,981	0	100,587,981	0	100,587,981
Time certificates of deposit	63,145,593	0	64,074,847	0	64,074,847
Interbank borrowings and overnight funds	18,267,274	0	18,306,964	0	18,306,964
Borrowings from banks and others	1,682,956	0	1,682,165	0	1,682,165
Bonds issued	14,126,058	14,697,270	0	0	14,697,270
Development entities	1,786,878	0	1,630,980	0	1,630,980
Lease contracts	1,220,884	0	1,220,884	0	1,220,884
	$ **200,817,624**	**14,697,270**	**187,503,821**	**0**	**202,201,091**

	December 31, 2020				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Investments at amortized cost	$ 3,148,645	34,754	2,659,315	433,899	3,127,968
Loan portfolio, net	132,005,481	0	0	130,421,125	130,421,125
	135,154,126	**34,754**	**2,659,315**	**130,855,024**	**133,549,093**
Liabilities					
Deposits in checking accounts, savings accounts and others	87,501,587	0	87,463,205	0	87,463,205
Time certificates of deposit	59,785,874	0	59,936,580	0	59,936,580
Interbank borrowings and overnight funds	3,271,905	0	3,271,905	0	3,271,905
Borrowings from banks and others	13,263,795	0	13,456,085	0	13,456,085
Bonds issued	12,173,063	12,786,319	0	0	12,786,319
Development entities	2,343,035	0	2,239,997	0	2,239,997
Lease contracts	1,370,792	0	1,424,826	0	1,424,826
	$ **179,710,051**	**12,786,319**	**167,792,598**	**0**	**180,578,917**

- **Investments at amortized cost**

The fair value of investments in debt securities at amortized cost was determined using the dirty price supplied by the price vendor. Securities that have an active market and have an observable market price for the day of the valuation are classified as Level 1. Those that do not have an active market and / or a price provided by the price vendor; that is, securities with an estimated price (the present value of all future cash flows, discounted with the benchmark rate and the respective margin) are classified as Level 2 and Level 3.

- **Loan portfolio and financial leases**

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

- **Financial obligations**

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

Note 7 – Financial risk management

Banco de Bogotá and its financial sector subsidiaries such as Leasing Bogotá S.A. Panamá (which consolidates the Grupo BAC Credomatic, including its subsidiaries in Central America and entity acquired in May 2020 Multi Financial Group Inc. (MFG)), Fiduciaria Bogotá S.A. and Aval Soluciones Digitales S.A, manage risk pursuant to the applicable regulations and internal policies.

The Bank's non-financial sector subsidiaries are less exposed to certain financial risks, although they are exposed to adverse changes in the prices of their products and to operational and legal risks.

7.1 Description of risk management objectives, policies and processes

The Bank and its subsidiaries objective are to maximize returns for its investors, through proper risk management. The Bank and its subsidiaries guiding principles on risk management have been the following:

- Security and continuity plan in the services being offered to clients.
- Make risk management a part of every institutional process.
- Collective decision-making on commercial credit operations and other investments at the level of each of the Boards of directors of the Bank and its subsidiaries.
- Extensive and in-depth market knowledge, because of our leadership and experience of the management.
- Clear risk policies based on a top-down approach with respect to:
    - Compliance with know-your-customer policies.
    - Structures for granting commercial loans based on a clear identification of the sources of repayment and the capacity to generate the flow of debtors.
- Diversification of the commercial loan portfolio with respect to industries and economic groups.
- Specialization in consumer products niches.

- Extensive use of continuity updated credit rating and scoring models to ensure the growth of high credit quality consumer lending.

- Conservative policies in terms of:

  - Trading portfolio competition with a bias toward instruments, with lower volatility.
  - Proprietary trading.
  - Variable remuneration for the trading staff.

7.2 Risk culture

The Bank and its subsidiaries risk culture is based on the principles indicated in the section above. They are transmitted to all the business and management units and they are supported, among other things, by the following drivers:

- In the Bank and its subsidiaries, the risk function is independent and monitored at the level of each entity.

- The structure of delegation of powers within the Bank and its subsidiaries 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 and its subsidiaries have 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 permanent basis.

- The Bank and its subsidiaries offer adequate, permanent training programs on risk culture. These courses are given at every level within the organization.

7.3 Corporate structure of the risk function

In accordance with the guidelines established by the Bank and its subsidiaries, the corporate structure for managing the different risks is made up of the following levels:

- Board of Directors.

- Risk committees.

- Credit and treasury risk management.

- Compliance control unit management

- Comprehensive risk management.

- Risk management administrative processes.

- Internal Audit.

7.3.1 Board of Directors

The Board of Directors of the Bank and of each subsidiary is responsible for adopting, among others, the following decisions regarding the adequate organization of the risk management system:

- Define and approve general policies and strategies related to the internal control system for risk management.
- Approve the entity's policies in relation to the management of different risks.
- Approve trading and counterparty limits, according to defined attributions.
- Approve exposure and limits for different types of risks.
- Approve the procedures to be followed when exceeding the established limits.
- Approve different procedures and methodologies for risk management.
- Approve the allocation of human, physical and technical resources for risk management.
- Indicate the responsibility and attributes assigned to the different positions and areas in charge of risk management.
- Create the committees that are needed to ensure the proper organization, control and monitoring of operations that generate risk exposure, and define the duties of such committees.
- Approve internal control systems for risk management.
- Require management to submit different periodic reports on the levels of exposure to various risks.
- Evaluate recommendations and corrective actions proposed for risk management processes.
- Conduct monitoring and follow-up at regular meetings, based on periodic reports submitted by the Audit Committee on risk management within the Bank and its subsidiaries and the measures taken to control or mitigate the more relevant risks.
- Approve the nature and scope of the strategic business and markets where the Bank and its subsidiaries will operate.

7.3.2 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 and operational risk, as well as the risk of money laundering and terrorism financing. Its main duties involve:

- Measuring the Bank and its subsidiaries comprehensive risk profile.
- Designing systems to monitor and follow of exposure to the different risks the Bank and its subsidiaries face.

- Reviewing and proposing to the Board of Directors the tolerance and degree of exposure to risk the Bank and its subsidiaries are willing to assume in the course of their businesses. 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 credit risk management and treasury risk management of the Bank and its subsidiaries. Its primary duties involve:

- Monitoring the credit and treasury risk profile to ensure the level of risk remains within established parameters, pursuant to the Bank and its subsidiaries risk limits and policies.

- Evaluating 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 the entity's characteristics and activities.

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.

- Identifying the origin of risk exposure through sensitivity analysis, in order to assess the probability of lower returns for the entity to assess the necessity of new liquidity resources.

Audit committee

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

Among the main duties of these committees are the following:

- Proposing to the Board of Directors, for its approval, the structure, procedures and methods required for the Internal Control System to operate.

- Assessing the structure of the internal control of the Bank and its subsidiaries, 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 entities, and control and mitigating actions.

7.3.3 Credit and treasury risk management

The Credit and treasury risk management have, among others, the following duties.

- Oversee of each subsidiary in the Bank and its subsidiaries adequate compliance of the policies and procedures established by the Board of Directors and the various committees for risk management.
- Designing methodologies and procedures to be followed by the administration for risk management.
- Establishing ongoing monitoring procedures to allow timely identification of any deviations of the policies established for risk management.
- Preparing timely reports for the different risk committees, the Board of Directors of each subsidiary and for the government entities in charge of control and supervision in relation with compliance of risk policies and assess the results of indicators, detecting deviations, analyzing causalities and executing corrective actions.

7.3.4 Compliance control unit management

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

7.3.5 Comprehensive risk management

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

7.3.6 Administrative processes for risk management

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

7.3.7 Internal audit

The internal audit of the Bank and each subsidiary are independent from management and depends directly on the audit committees. In performance of their functions, carry out periodic compliance assessments of risk management policies and procedures followed for the managing of risks. Their reports are submitted directly to the risk and audit committees, which are in charge of monitoring the Bank and its subsidiaries management in terms of the corrective measures taken.

BAC Credomatic Group

BAC Credomatic Group is consolidated by the Group through its subsidiary BAC Holding International Corp., whose main operations are in Central America, BAC Credomatic Group has its own policies, purposes and procedures for risk management; however, they are aligned with the guidelines set forth by Banco de Bogotá.

Risk is periodically managed and monitored through the following corporate-governance bodies, established at the regional level and in the countries where BAC Credomatic Group operates: the Comprehensive Risk Management Committee, the Assets and Liabilities Committee (ALCO, Spanish acronym), the Compliance Committee, the Credit Committee, the Audit Committee and the Investment Committee, as applicable.

With regard to credit risk management, BAC has a centralized structure headed by a National Risk Director who reports to the CEO of BAC. In turn, the CEO leads the Regional Credit Committee, which is responsible for establishing applicable growth strategies, policies and procedures, pursuant to each country's level of risk. Although the local risk management units report to the CEO of the entity in each country, compliance with policies and procedures is reported to the Regional Risk Director.

In terms of market risk, BAC has a regional unit to manage policy concerning investment and the management of assets and liabilities. It establishes guidelines to determine limits on country and counterparty risk, limits on monetary positions in foreign currency and guidelines on how to manage liquidity, interest-rate and exchange risks. The establishment of regional risk management policies is the responsibility of the Regional Asset and Liability Committee, which is made up of the BAC Board Members.

7.4 Individual risk analysis

The Bank and its subsidiaries are comprised largely of entities in the financial sector. Consequently, they are 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 risk, interest rate risk and exchange rate risk, as explained later), and ii) structural risks stemming from the composition of the assets and liabilities on the Bank and its subsidiaries consolidated statement of financial position, among which stand out these include credit and liquidity risks.

The Bank's subsidiaries whose business activity is different from that of the financial sector, commonly known as the "non-financial sector" have a lower exposure to financial risks but are exposed to fluctuations in the prices of their products, operational risks, reputational risks and legal.

An analysis of each of the aforementioned risks, in order of importance, is provided below. These risks are managed separately by each of the entities. Unless otherwise indicated, Banco de Bogotá consolidate the risks information of BAC Credomatic Group.

7.4.1 Credit risk

Consolidated credit risk exposure

The Bank and its subsidiaries have 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.

Exposure to credit risk as a result of their loan activities and transactions with counterparties that give rise to financial assets acquisition.

The detail of the parameters considered for determining the existence of low credit risk, or on the contrary, significant increase of the same, are as follows:

7.4.1.1 Low credit risk

The Bank and its subsidiaries establish that the financial asset has not suffered any significant increase in credit risk as from its initial recognition, if the same is cataloged as of low risk as of the reporting date.

Thus, considers the following as low risk financial assets that:

- Have an international rating of investment grade.
- Be a government debt issued in national currency.

In case the financial asset loses its low-risk condition, it is not transferred to stage 2 automatically, but it is assessed if it has suffered a significant increase in credit risk.

7.4.1.2 Significant increase in credit risk

When it has been determined that the credit risk of a financial asset has significantly increased as from its initial recognition, the Bank and its subsidiaries consider reasonable and sustainable information which is relevant and available without disproportionate cost or effort, including information and qualitative and quantitative analysis, based on historical experience, as well as an assessment by experts in credit risk of the Bank and its subsidiaries, including information with future projection.

It is identified if a significant increase in credit risk has occurred by comparing between:

- The likelihood of default during the remaining life as of the reporting date; with
- The remaining life to this point in time, which was estimated at the time of initial recognition of the exposure.
- Qualitative aspects as well as the refutable presumption that there is a significant increase in credit risk shall be considered when the financial asset shows more than 30 days of default.

7.4.1.3 Objective evidence of impairment

A financial asset will be considered in default when:

- It is unlikely that the debtor pays all of its credit obligations to the Bank and its subsidiaries, without resources for taking actions such as realizing the guarantee (in case they hold); or
- The debtor presents default of more than 90 days in any material credit obligation. Overdrafts are deemed as in default once the customer has exceeded the recommended limit, or if a shorter limit has been recommended for the balance in force, except for housing portfolios for which, given their characteristics, the 90 days of default were rejected for considering a credit in default and the default term was defined as greater than 180 days.
- Customers under bankruptcy proceedings, such as Law 1116 of the Republic of Colombia.

For financial assets for investment, the objective evidence of impairment includes the following concepts, among others:

- Decrease in the issuer's external rating.
- Contractual payments are not carried out on their expiration date or during the term or grace period established.
- A virtual certainty exists regarding payment suspension.
- It is likely that. bankruptcy occurs or a petition of bankruptcy or similar action is filed
- The financial asset does not have more than one active market due to its financial difficulties.

While assessing if a debtor is in default, the Bank and its subsidiaries consider the following indicators:

- Qualitative such as breach of contractual clauses,
- Quantitative such as status of delay and non-payment of another obligation of the same issuer; and
- Based on data developed internally and obtained from external sources.

The inputs utilized for the assessment of the fact that the financial instruments are in default and its importance may vary throughout time for reflecting changes in circumstances.

Measurement of Estimated Credit Loss - ECL

ECL is the estimated weighted probability of credit loss according to a credit risk exposure and is measured as follows:

- Financial assets not showing credit impairment as of the reporting date: the present value of all delays of contractual payments of cash (i.e. the difference between the cash flows owed to the Bank and its subsidiaries pursuant to the contract and the cash flows expected to be received).
- Financial assets impaired as of the reporting date: difference between the book value and the present value of estimated future cash flows;
- Commitments of pending loans: the present value of the difference between contractual cash flows owed to the Bank and its subsidiaries in case that the commitment is executed and the cash flows they expect to receive; and
- Financial guarantees contracts: expected payment for reimbursing the holder less any amount that the Bank and its subsidiaries expect to recover.

Rating for credit risk categories

The Bank and its subsidiaries assign a credit risk rating to each exposure based on a variety of data determine as predictive of the Likelihood of Default - **LD**, applying expert credit judgment. The Bank and its subsidiaries use these ratings for purposes of identifying significant increases in credit risk. Credit risk ratings are defined utilizing qualitative and quantitative factors indicating risk of loss. These factors may vary depending on the nature of the exposure and type of borrower.

To each exposure is assigned to a credit risk rating at the time of initial recognition based on the debtor's information available. Exposures are subject to continued monitoring, that may result in displacement of an exposure to a different credit risk rating.

Inputs for measuring the ECL

The key inputs for measuring **ECL** are usually the structures of the terms of the following variables:

- Likelihood of default (LD)
- Loss due to default (LDD)
- Exposure due to default (ED)

The aforementioned parameters derive from internal statistical models for analyzing data stored and generate estimates of impairment likelihood for the remaining life of the exposures, and how such impairment likelihood will change as a result of time elapsing. Such analysis includes identifying and tuning the relationships among changes in the impairment rates and in key macroeconomic factors as well as a deep analysis of certain factors in impairment risk (for example, write-offs of loan portfolio). For most credits, key economic factors include gross domestic product growth, changes in market interest rates and unemployment.

These models shall be adjusted for reflecting the prospective information as described below:

The **LDs** are estimated as of a given date, calculated based on classification statistical models and assessed using classification tools adjusted to the different counterparty categories and exposures. These statistical models are based on data internally collected comprising both, qualitative as quantitative factors. If a counterparty o exposure migrates between different ratings, then this shall give rise to a change of the estimated **LD**. **LDs** are estimated considering the contractual terms of expiration of the exposures and the estimated rates of prepayments.

The **LDD** is the magnitude of the probable loss in case of a default. The Bank and its subsidiaries estimate the **LDD** parameters based on the history of the recovery rates of losses against the non-complying parties. **LDD** models consider the structure, collateral and prevalence of the debt loss, the counterparty's industry and the recovery costs of any collateral integrated to the financial asset. For loans guaranteed with properties, the indexes regarding the amount of the guarantee in connection with the loan probably (Loan to Value "LTV") are the parameters utilize for determining the **LDD**. Such loans are calculated based on discounted cash flows using the effective interest rate of the credit.

ED represents the exposure expected in case of default. The Bank and its subsidiaries derive the current **ED** exposure of the counterparty as well as potential changes in the current amount allowed under the terms of the contract, including amortization and prepayments. The **ED** of a financial asset shall be the gross value at the time of default. For commitments of loans and financial guarantees, the **ED** shall consider the amount withdrawn as well as potential future amounts that could be withdrawn or collected under the contract, which are estimated based on historic observations and in prospective information projected. For some financial assets, the Bank and its subsidiaries determine the **ED** modeling a range of possible results of exposures in several points in time, using scenarios and statistical techniques. As described above, and subject to utilizing a maximum **LD** for the twelve months for which the credit risk has increased significantly, the Bank and its subsidiaries measure the **ED** considering the risk of default during the maximum contractual period, (including options of debt extension for the customer) over which there is a credit risk exposure, even if for purposes of risk management deem a longer period of time. The maximum contractual period shall extend to the date in

which the Bank and its subsidiaries have entitled to require the payment of the loan or terminating the loan commitment, or a guarantee granted.

For consumption overdrafts, balances of credit cards and revolving corporate credits which include a loan as well as a component of a loan not withdrawn by the customer, the Bank and its subsidiaries measure the **EDs** over a period of time greater than the maximum contractual period, if the contractual ability of the Bank and its subsidiaries for demanding payment and cancelling the payment commitment not withdrawn does not limit exposure to credit losses to the contractual period of contract. These conditions do not have a fixed term or collection structure and are managed on a collective basis. The Bank and its subsidiaries may cancel the same with immediate effect, but such contractual right is not forced within the normal management of the Bank and its subsidiaries on a daily basis, but only when they are aware of an increase in the credit risk of each loan. The larger period of time is estimated taking into account the actions for credit risk management expected to be taken by the Bank and its subsidiaries and useful for mitigating the **ED**. These measures include the reduction of limits and cancelling the credit contracts.

When the modeling of parameters is carried out on a collective basis, financial instruments are grouped on the basis of characteristics of shared risks, including:

- Type of instrument.
- Credit risk rating.
- Guarantee.
- Date of initial recognition.
- Remaining term for expiration.
- Industry.
- Geographic location of the debtor.

The foregoing groups are subject to regular revisions for assuring that the exposures of a particular group remain properly homogeneous. For portfolios for which the Bank and its subsidiaries have limited historic information, comparative information shall be used for supplementing the internal information available.

Forecast of future economic conditions

The Bank and its subsidiaries include information with a projection of future conditions both for assessing if the credit risk of an instrument has increased significantly as from its initial recognition as well as its **ECL** measurement. Based on the recommendations of the Bank and its subsidiaries Market Risk Committee, use of economic experts and considering of multiple current and projected external information, the Bank and its subsidiaries formulates a “base case” of the projection of relevant economic variables as well as a representative range of other possible projected scenarios. This process involves the development of two or more additional economic scenarios and considers the probabilities relating to each result.

External information may include economic data and publications of projections by governmental committees and monetary authorities in those countries where the Bank and its subsidiaries operate, Supranational organizations such as “Organización para la Cooperación y el Desarrollo Económico”

(OECD), and "Fondo Monetario Internacional", and others, academic projections as well as of the private sector.

The base case is expected to represent the most probable result aligned with the information utilized by the Bank and its subsidiaries for other purposes, such as strategic planning and budget. Other scenarios would represent a more optimistic and pessimistic results. The Bank and its subsidiaries also plan to perform periodical stress tests for tuning the determination of these other representative scenarios.

The economic scenarios used as at December 31, 2021 include the following ranges of key indicators for Colombia for the year 2022:

Variables	Year 2022							
	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Base %	Range %	Base %	Range %	Base %	Range %	Base %	Range %
Variation (annual) housing price index (used) (%)	2.81	(0.01) - 5.32	2.67	(1.42) - 5.34	1.99	(1.42) - 4.75	1.18	(2.20) - 4.06
Annual variation of GDP (Gross domestic product) of the last twelve months period at constant prices	10.28	9.92 - 10.85	8.25	7.65 - 9.16	5.93	5.11 - 7.27	4.57	3.63 - 6.19
Quarterly variation of GDP at constant prices	(0.19)	(0.55) - (0.02)	0.72	0.64 - 0.94	1.27	1.32 - 1.68	0.68	0.09 - 1.97
Annual variation of quarterly GDP of at constant prices	4.57	3.70 - 5.71	7.98	6.99 - 9.39	3.44	2.55 - 5.23	2.49	1.49 - 4.63
Annual variation of GDP of the last twelve months period at current prices	17.70	16.66 - 18.81	14.97	13.43 - 16.57	11.71	9.80 - 13.96	10.14	8.18 - 12.91
Unemployment rate 7 areas	13.21	14.23 - 12.31	12.11	13.15 - 10.93	11.96	13.35 - 10.37	11.38	12.81 - 9.74
Effective annual real interest rate (DTF – inflation)	(2.02)	(1.84) - (2.38)	(0.76)	(0.58) - (1.36)	0.40	0.46 - (0.29)	0.96	1.11 - 0.47
Effective annual real interest rate (Central Bank- inflation)	(1.69)	(1.64) - (2.00)	(0.42)	(0.44) - (1.04)	0.45	0.61 - 0.05	1.06	1.11 - 0.87

The following table shows the estimate of the allowance for loan impairment assuming that each prospective scenario (scenarios A, B and C) were weighted at 100% instead of applying probability weights in all three scenarios.

		December 31, 2021			December 31, 2020		
		Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C
Carrying amount							
Commercial	$	83,851,170	83,851,170	83,851,170	75,326,513	75,326,513	75,326,513
Consumer		44,321,631	44,321,631	44,321,631	36,825,937	36,825,937	36,825,937
Mortgage		22,598,109	22,598,109	22,598,109	18,587,634	18,587,634	18,587,634
Microcredit		314,350	314,350	314,350	366,969	366,969	366,969
Financial leases		5,133,874	5,133,874	5,133,874	4,738,422	4,738,422	4,738,422
Repos, interbank and others		1,586,667	1,586,667	1,586,667	3,504,987	3,504,987	3,504,987
Total	$	**157,805,801**	**157,805,801**	**157,805,801**	**139,350,462**	**139,350,462**	**139,350,462**
Impairment							
Commercial	$	3,690,687	3,776,248	3,872,156	3,326,565	3,333,595	3,365,591
Consumer		2,658,452	2,773,219	2,870,826	3,024,631	3,074,050	3,157,271

	December 31, 2021			December 31, 2020		
	Scenario A	**Scenario B**	**Scenario C**	**Scenario A**	**Scenario B**	**Scenario C**
Mortgage	478,807	537,040	587,726	334,623	366,679	396,724
Microcredit	101,753	104,466	106,456	125,452	122,490	121,281
Financial leases	435,905	444,934	455,436	411,697	412,412	414,375
Total $	**7,365,604**	**7,635,907**	**7,892,600**	**7,222,968**	**7,309,226**	**7,455,242**
Portion of assets in stage 2						
Commercial	8.13%	8.33%	8.58%	7.03%	7.04%	7.21%
Consumer	14.17%	14.32%	14.63%	22.22%	22.29%	22.51%
Mortgage	19.79%	20.55%	21.30%	23.88%	24.36%	25.13%
Microcredit	13.79%	13.79%	13.79%	8.20%	8.20%	8.20%
Financial leases	17.42%	17.57%	18.00%	20.48%	20.51%	20.64%

Modified financial assets

Credit contractual terms may be modified for a number of reasons, including changes in market conditions, customer retention and other factors not relating to a current or potential impairment of the customer's credit.

When the terms of a financial asset are changed and the modification does not result in a withdrawal of the asset in the statement of financial position, determining if the credit risk has significantly increased reflects comparisons of:

- The probability of default in the remaining life as of the date of the statement of financial position based in the terms modified, with.

- The probability of default in the remaining life estimated based on the date of initial recognition and the original contractual terms.

The Bank and its subsidiaries re-negotiate loans with customers having financial difficulties for maximizing collection opportunities and minimizing default risk.

Under re-negotiation policies of the Bank and its subsidiaries, customers with financial difficulties are granted concessions that generally correspond to decreases in interest rate, extension of payment terms, rebates in the balances owed or a combination of the foregoing.

For financial assets modified as part of the Bank and its subsidiaries policies for re-negotiation, the estimate of LD shall reflect if the modifications have improved or restored the ability to collect interest and principal and previous experiences of similar actions. As part of this process, the Bank and its subsidiaries will evaluate compliance with payments by the debtor against the modified terms of the debt and will consider various performance indicators of said group of modified debtors.

Generally restructuring indicators are a relevant factor for increasing credit risk. Therefore, a restructured debtor is required to evidence a consistent payment behavior over a period of time before not being considered as an impaired loan or that the **LD** has decreased in such a manner that the provision may be reverted, and the loan measured for impairment within a twelve-month time span subsequent to the closing date of the financial statements.

The Bank and its subsidiaries maximum exposure to credit risk at the consolidated level is reflected in the carrying value of the financial assets listed in the consolidated statement of financial position as follows:

		December 31, 2021	December 31, 2020
Cash and cash equivalents (1)	$	**22,474,524**	**23,176,182**
Debt securities investments at fair value through profit or loss			
Government		585,743	956,512
Financial entities		599,602	1,008,817
Other sectors		212,458	176,899
		1,397,803	**2,142,228**
Debt securities investments at fair value through OCI			
Government		17,439,319	14,388,698
Central Banks		1,857,719	1,862,922
Financial entities		2,586,410	2,119,488
Other sectors		1,852,174	1,374,763
		23,735,622	**19,745,871**
Investments at amortized cost			
Government		1,169,962	1,179,636
Financial entities		136,113	300,898
Other sectors		1,926,929	1,674,496
		3,233,004	**3,155,030**
Derivatives at fair value		**408,484**	**604,823**
Loan portfolio			
Repos, interbank, overnight and money market operations		1,586,667	3,504,987
Commercial		88,044,197	79,234,339
Consumer		44,671,128	37,149,055
Mortgage		23,189,459	19,095,112
Microcredits		314,350	366,969
		157,805,801	**139,350,462**
Other accounts receivable		**2,760,224**	**2,196,819**
Total financial assets with credit risk		**211,815,462**	**190,371,415**
Off- statement of financial position credit risk instruments at their face value			
Financial guarantees and unused letters of credit		4,739,797	4,416,644
Credit commitments		31,477,764	23,781,104
Total exposure to off- statement of financial position credit risk		**36,217,561**	**28,197,748**
Total maximum exposure to credit risk	$	**249,166,815**	**218,569,163**

(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.

Credit commitments

The entities in the Bank and its subsidiaries mainly grant 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 and its subsidiaries are 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 and its subsidiaries monitor 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, 2021	December 31, 2020
		Notional amount	Notional amount
Unused credit card limits	$	24,104,594	18,745,860
Guarantees		3,606,231	3,042,158
Loans approved but not disbursed		2,909,167	1,855,804
Opened lines of credit		2,399,907	2,255,634
Overdraft limits		2,064,096	923,257
Unused letters of credit		1,133,566	1,374,486
Others		0	549
Total	$	**36,217,561**	**28,197,748**

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, 2021	December 31, 2020
Colombian pesos	$	11,129,637	10,712,289
US dollars		24,705,157	17,085,512
Euros		7,674	188,724
Others		375,093	211,223
Total	$	**36,217,561**	**28,197,748**

Credit risk is mitigated by guarantees and collateral, as described below:

Mitigation of credit risk, collateral and other credit risk enhancements

In specific cases, maximum exposure to credit risk for the Bank and its subsidiaries 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 only is not enough to accept credit risk. The 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. At the Bank and its subsidiaries, collateralized loans accounted for 50.8% of total exposure at December 31, 2021 (53.4% at December 31, 2020), including commercial and personal loans. This percentage is higher for mortgage and commercial loans, whereas consumer loans generally are not collateralized.

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.

Mortgage portfolio

The loan-to-value (LTV) ratio is used to monitor mortgage loan exposure; it is calculated as the ratio of the gross loan amount, or the amount committed for loan commitments, to the value of the collateral. The collateral value for residential mortgage loans is based on the collateral value at origination, updated based on changes in home price indexes. For credit-impaired loans, the collateral value is based on the most recent appraisals. The following tables show mortgage loan credit exposures by LTV ranges:

Total mortgage portfolio and leasing		December 31, 2021	December 31, 2020
LTV ratio			
Less than 50%	$	5,860,907	4,934,393
51 – 70%		7,991,462	6,759,111
71 – 90%		8,109,176	6,294,157
91 – 100%		1,142,939	1,052,362
More than 100%		84,975	55,089
Total	$	**23,189,459**	**19,095,112**

Impaired mortgage loans		December 31, 2021	December 31, 2020
LTV ratio			
Less than 50%	$	140,745	103,664
51 – 70%		286,856	195,965
More than 70%		427,995	274,110
Total	$	**855,596**	**573,739**

The following is the detail of the loan portfolio by type of guarantee received in support of the loans granted by the Bank and its subsidiaries at a consolidated level:

		December 31, 2021						
		Commercial	Consumer	Mortgage	Microcredit	Financial leases	Repos, interbank and others	Total
Unsecured loans	$	41,090,641	36,299,569	0	195,856	0	0	77,586,066
Collateralized loans:								0
Mortgage		209,108	57,945	22,528,364	806	3,377	0	22,799,600
Other real estate		25,165,810	1,630,427	4,769	153	110,927	0	26,912,086
Deposits in cash or cash equivalents		1,703,890	221,040	0	0	6,834	0	1,931,764
Leased assets		0	0	0	0	3,438,970	0	3,438,970
Non-real estate assets		0	0	0	0	1,446,437	0	1,446,437
Trust, stand-by and guarantee fund agreements		6,901,364	31,576	64,975	114,188	106,747	0	7,218,850
Pledging of rents		1,640,621	0	0	0	1,449	0	1,642,070
Pledges		4,694,556	6,073,463	1	124	3,760	0	10,771,904
Other assets		2,445,180	7,611	0	3,223	15,373	1,586,667	4,058,054
Total	$	**83,851,170**	**44,321,631**	**22,598,109**	**314,350**	**5,133,874**	**1,586,667**	**157,805,801**

	December 31, 2020						
	Commercial	Consumer	Mortgage	Microcredit	Financial leases	Repos, interbank and others	Total
Unsecured loans	$ 34,853,943	29,866,942	0	237,683	0	0	64,958,568
Collateralized loans:							
Mortgage	221,535	49,096	18,511,898	1,504	6,885	0	18,790,918
Other real estate	23,354,659	1,480,008	3,519	290	173,397	0	25,011,873
Deposits in cash or cash equivalents	1,107,440	212,411	0	0	0	0	1,319,851
Leased assets	0	0	0	0	2,959,184	0	2,959,184
Non-real estate assets	0	0	0	0	1,428,259	0	1,428,259
Trust, stand-by and guarantee fund agreements	8,644,460	31,598	72,217	117,988	114,952	0	8,981,215
Pledging of rents	1,823,622	0	0	0	3,029	0	1,826,651
Pledges	4,116,261	5,177,915	0	369	18,544	0	9,313,089
Other assets	1,204,593	7,967	0	9,135	34,172	3,504,987	4,760,854
Total	$ **75,326,513**	**36,825,937**	**18,587,634**	**366,969**	**4,738,422**	**3,504,987**	**139,350,462**

Policies to prevent excessive credit-risk concentration

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

Pursuant to Colombian regulations the Bank and its subsidiaries 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 and no more than 25% of the bank's regulatory capital if they are secured by acceptable guarantees.

The following is a breakdown of Bank and its subsidiaries-wide credit risk in the different geographic areas. It is determined according to the debtor's country of residence, without considering credit-risk impairment:

	December 31, 2021						
	Commercial	Consumer	Mortgage	Microcredit	Financial leases	Repos, interbank and others	Total
Colombia	$ 38,757,538	15,265,592	5,164,950	314,350	3,750,296	75,780	63,328,506
Panamá	14,566,306	10,896,996	6,197,405	0	103,605	149,311	31,913,623
United States	4,110,466	0	0	0	0	796,009	4,906,475
Costa Rica	7,236,610	6,326,405	5,737,863	0	1,100,732	38,379	20,439,989
Nicaragua	2,022,599	1,133,029	411,393	0	4,489	9	3,571,519
Honduras	5,081,293	3,144,701	1,350,711	0	60,251	385,660	10,022,616
El Salvador	3,586,325	3,482,727	1,277,469	0	1,354	65,090	8,412,965
Guatemala	8,300,375	4,072,181	2,458,318	0	113,147	16,712	14,960,733
Other countries	189,658	0	0	0	0	59,717	249,375
Total	$ **83,851,170**	**44,321,631**	**22,598,109**	**314,350**	**5,133,874**	**1,586,667**	**157,805,801**

	December 31, 2020						
	Commercial	Consumer	Mortgage	Microcredit	Financial leases	Repos, interbank and others	Total
Colombia	$ 38,357,263	13,909,463	4,189,214	366,969	3,602,609	1,364,407	61,789,925
Panamá	11,686,833	8,759,770	5,044,917	0	119,281	811,065	26,421,866
United States	4,342,097	0	0	0	0	0	4,342,097
Costa Rica	5,535,292	4,982,213	4,871,091	0	897,152	694,011	16,979,759
Nicaragua	1,760,519	797,128	374,264	0	4,254	22,022	2,958,187
Honduras	4,166,653	2,520,708	1,082,213	0	29,778	62,244	7,861,596
El Salvador	2,768,994	2,875,819	1,045,839	0	4,302	131,648	6,826,602
Guatemala	6,557,306	2,980,836	1,980,096	0	81,046	331,361	11,930,645
Other countries	151,556	0	0	0	0	88,229	239,785
Total	**$ 75,326,513**	**36,825,937**	**18,587,634**	**366,969**	**4,738,422**	**3,504,987**	**139,350,462**

The following is a breakdown of the loan portfolio, by economic sector:

	December 31, 2021		December 31, 2020	
	Total	% Share	Total	% Share
Consumer services	$ 72,778,226	47%	60,652,547	43%
Commercial services	33,991,059	23%	34,398,626	25%
Construction	11,559,749	7%	8,878,935	6%
Food, beverages and tobacco	9,042,859	6%	8,342,524	6%
Others industrial and manufactured products	6,559,129	4%	3,819,276	3%
Transport and communications	5,260,563	3%	4,989,753	4%
Public services	5,097,446	3%	3,916,418	3%
Agriculture	4,551,661	3%	4,141,000	3%
Chemical products	3,515,967	2%	4,480,149	3%
Trade and tourism	2,362,963	1%	2,353,243	2%
Government	1,956,825	1%	1,943,034	1%
Mining products and oil	623,776	0%	638,032	0%
Others	505,578	0%	796,925	1%
Total	**$ 157,805,801**	**100%**	**139,350,462**	**100%**

Sovereign debt

Investments in debt instruments as at December 31, 2021 and 2020, consisted largely of securities issued or guaranteed by Colombian government institutions or foreign governments, representing 74.2% and 73.4% respectively of the total investment portfolio.

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

	December 31, 2021		December 31, 2020	
	Amount	% Share	Amount	% Share
Investment grade (1)	$ 8,973,774	42.63%	10,347,951	56.27%
Colombia	5,145,527	24.44%	6,728,351	36.58%
Panamá	2,113,014	10.04%	1,190,527	6.47%
USA	1,675,216	7.96%	2,369,414	12.89%
México	35,581	0.17%	38,381	0.21%
Perú	4,436	0.02%	0	0.00%
Chile	0	0.00%	21,278	0.12%
Speculative (2)	**12,078,969**	**57.37%**	**8,039,816**	**43.73%**
Costa Rica	4,873,536	23.15%	3,360,778	18.28%
Guatemala	2,161,023	10.26%	1,820,233	9.90%
Honduras	1,986,864	9.44%	1,098,432	5.97%
Colombia	1,160,924	5.51%	0	0.00%

	December 31, 2021		December 31, 2020	
	Amount	% Share	Amount	% Share
Nicaragua	1,131,041	5.37%	911,292	4.96%
El Salvador	761,743	3.62%	849,081	4.62%
Chile	3,838	0.02%	0	0.00%
Total sovereign risk	**21,052,743**	**100.00%**	**18,387,767**	**100.00%**
Others (3)	7,313,686		6,655,362	
Total	$ **28,366,429**		**25,043,129**	

(1) Investment grade includes F1 + F3 credit ratings from Fitch Ratings Colombia S.A., Central Bank 1+ to Central Bank 3 from B Central Bank, and A1 to A3 from Standard & Poor's.
(2) Speculative Grade includes B to E credit ratings from Fitch Ratings Colombia S.A., Central Bank 4 to Central Bank 6 from Central Bank, and B1 to D from Standard & Poor's.
(3) Corresponds to other debt securities with non-financial sector, other public agencies and multilateral entities, Default - In bankruptcy law and not rated or not available.

The process for granting counterpart loans and allocations

The Bank and its subsidiaries assume 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 on managing loans and credit risk are outlined in our Loan Manual, which is conceived for traditional banking activity, as well as treasury operations. The assessment criteria applied to measure credit risk follows the principal guidelines set by the Credit and Treasury Risk Committee.

The Board of Directors is the highest authority on credit within the Bank and its subsidiaries. This board guide 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.

The Board of Directors of each subsidiary has delegated part of their lending authority to different areas and executives who process the loan applications and are responsible for analysis, follow-up and results.

In terms of treasury operations, it is the Boards of Directors that approve operational and counterparty limits. Risk control is carried out 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, for the approval of credits certain considerations are taken into account, including but not limited to the probability of default, counterpart lines of credit, and recovery percentage of guarantees received, tenor and concentration by economic sector.

The Bank and its subsidiaries have a Credit Risk Management System (SARC- Spanish acronym), managed by the Credit and Treasury Risk Directorate and the Credit Vice Presidency of Banco de Bogotá, SARC focuses on designing, implementing and assessing the risk policies and tools defined by the risk committees and the Boards of Directors. These policies are reviewed and amended regularly in light of changes and expectations in the markets where operate, in regulations and in other factors to be considered when formulating guidelines of this type.

For the granting the loans, there are different credit-risk assessment models, such as the financial-rating models for commercial loans. These models are based on the customer's financial information and its

financial history with the Bank and its subsidiaries 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 with the Bank and with the system, as well as demographic and customer profile variables. Additionally, an analysis of the financial risk of the operation is done, based on the debtor's ability to pay or to generate funds in the future.

The credit-risk monitoring process

The monitoring process used by the Bank and its subsidiaries is conducted in several stages. These include daily collection monitoring and management based on an analysis of past due loans according to the amount of time they are overdue, classification according to risk levels, permanent monitoring of high-risk customers, a restructuring process, and the receipt of foreclosed assets.

The following is a summary of the past due non-impaired or impaired loan portfolio:

		December 31, 2021				
		1 to 30 days	31 to 60 days	61 to 90 days	Total customers in arrears but not impaired	Impaired
Commercial	$	1,668,541	291,564	112,584	2,072,689	2,204,782
Consumer		1,451,021	593,542	435,527	2,480,090	1,158,645
Mortgage		1,207,144	292,371	133,862	1,633,377	583,824
Microcredit		27,755	7,970	5,518	41,243	86,377
Financial leases		158,522	36,982	46,571	242,075	166,933
Total	$	**4,512,983**	**1,222,429**	**734,062**	**6,469,474**	**4,200,561**

		December 31, 2020				
		1 to 30 days	31 to 60 days	61 to 90 days	Total customers in arrears but not impaired	Impaired
Commercial	$	1,828,549	252,317	115,629	2,196,495	2,720,022
Consumer		1,796,021	652,392	471,909	2,920,322	1,015,060
Mortgage		1,217,470	224,456	110,708	1,552,634	475,471
Microcredit		59,650	17,546	8,206	85,402	48,905
Financial leases		231,914	35,888	19,951	287,753	219,573
Total	$	**5,133,604**	**1,182,599**	**726,403**	**7,042,606**	**4,479,031**

The Bank and its subsidiaries evaluate commercial loans quarterly, by economic sector, including an assessment of macro sectors. The objective, in this respect, is to monitor concentration by economic sector and risk-level. It also conducts an annually assessment of individual credit risk on outstanding balances in excess of $2,000, evaluated on the basis of updated financial information on the customer, compliance with agreed terms, collateral received and inquiries with credit bureaus. This information is used to classify customers at different risk levels. The following categories are used for this purpose: Category A – Normal, B – Acceptable, C – Appreciable, D – Significant and E – Being uncollectible. These categories are described 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 and its subsidiaries, 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, temporarily or on a

permanent basis, the debtor's paying capacity or its projected cash flows. If not corrected in due course, these weaknesses would affect the normal collection of loans or contracts.

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

Category D – "Significant risk": Loans and financial leases in this category largely have the same shortcomings as those in category C but the probability of collection is highly uncertain.

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

The foregoing classification, by risk level, is done monthly for mortgage and microcredit, essentially according to the amount of time past due and other risk factors.

The Bank and its subsidiaries also consolidate each customer's debts and determines and calculates the probability of impairment at a consolidated level.

Exposure to credit risk is managed through a regular analysis of borrowers and potential borrowers to determine their ability to pay principal and interest. Exposure to credit risk also is mitigated, in part, by obtaining collateral and corporate or personal guarantees.

The following is a summary of the loan portfolio divided according to risk-rating levels:

	December 31, 2021	December 31, 2020
Commercial		
"A" Normal risk	$ 73,916,142	67,140,173
"B" Acceptable risk	3,950,281	2,693,795
"C" Appreciable risk	2,054,987	2,046,623
"D" Significant risk	2,570,037	2,391,143
"E" Risk of Being Uncollectible	1,359,723	1,054,779
	83,851,170	**75,326,513**
Consumer		
"A" Normal risk	37,359,147	30,650,668
"B" Acceptable risk	2,405,004	2,060,881
"C" Appreciable risk	2,958,984	2,622,061
"D" Significant risk	1,227,954	1,133,092
"E" Risk of Being Uncollectible	370,542	359,235
	44,321,631	**36,825,937**
Mortgage		
"A" Normal risk	18,067,667	16,539,945
"B" Acceptable risk	1,389,077	594,957
"C" Appreciable risk	2,338,502	909,088
"D" Significant risk	415,177	203,707
"E" Risk of Being Uncollectible	387,686	339,937
	22,598,109	**18,587,634**
Microcredit		
"A" Normal risk	210,950	260,443
"B" Acceptable risk	7,900	35,160
"C" Appreciable risk	6,260	16,196
"D" Significant risk	5,877	7,788
"E" Risk of Being Uncollectible	83,363	47,382
	314,350	**366,969**
Financial leases		
"A" Normal risk	4,363,356	3,976,929
"B" Acceptable risk	195,769	185,907
"C" Appreciable risk	138,936	103,272

		December 31, 2021	December 31, 2020
"D" Significant risk		313,589	362,049
"E" Risk of Being Uncollectible		122,224	110,265
		5,133,874	**4,738,422**
Repos, interbank and others			
"A" Normal risk		1,586,667	3,504,987
		1,586,667	**3,504,987**
Total	$	**157,805,801**	**139,350,462**

Based on the foregoing classifications, the Bank and its subsidiaries prepare a list of clients who potentially could have an important impact on losses, based on that list, it assigns a staff to monitor each customer individually. This process includes meetings with the customer to identify potential sources of risk and to work together to find solutions that will enable the debtor to fulfill its obligations.

The portfolio according to the different stages is detailed at Note 11.4.

Credit operations restructuring

The Bank and its subsidiaries periodically restructure the debts of customers who have problems fulfilling their loan obligations. This restructuring is done at the debtor's request and usually consists of extending terms, lowering interest rates or a new restructuring in accordance with the client's needs.

The base policy on granting this sort of refinancing is to provide the customer with the financial feasibility that will enable it to adapt debt payment conditions to a new situation for generating funds, based on its financial viability.

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

Restructured loans are included for impairment assessment and to determine impairment. 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 following is the balance of restructured loans:

		December 31, 2021	December 31, 2020
Local	$	1,152,494	1,261,385
Foreign		6,931,326	4,797,341
Total	$	**8,083,820**	**6,058,726**

Foreclosed assets

When persuasive collection or loan restructuring processes do not produce satisfactory results within a reasonable period of time, collection is carried out through legal means or agreements are reached with the customer to receive foreclosed assets.

The Bank and its subsidiaries have clearly established policies for receiving foreclosed assets and has separate departments that specialize in handling these cases, in receiving foreclosed assets and in the subsequent sale thereof.

The following table shows foreclosed assets and those sold:

		December 31, 2021	December 31, 2020
Additions (See note 13)	$	195,775	71,108
Disposals/ Sales (See note 13)	$	46,632	177,249

7.4.2 Market risk

The Bank and its subsidiaries take part in monetary, 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 various portfolios of financial assets within the limits and the risk levels allowed.

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

The activity through which market risks are assumed is based on trading. The Bank and its subsidiaries trade 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 mitigates them with operations in other financial instruments, derivatives or not.

The following is a breakdown of the Bank and its subsidiaries financial assets and liabilities at fair value that were subject to market risk:

		December 31, 2021	December 31, 2020
Assets			
Debt financial assets			
investments at fair value through profit or loss	$	1,397,803	2,142,228
investments at fair value through other comprehensive income		23,735,622	19,745,871
		25,133,425	**21,888,099**
Trading derivatives		403,105	454,862
Hedging derivatives		5,379	149,961
Total assets		**25,541,909**	**22,492,922**
Liabilities			
Trading derivatives		395,424	604,660
Hedging derivatives		51,989	23,803
Total liabilities		**447,413**	**628,463**
Net position	$	**25,094,496**	**21,864,459**

Description of risk management objectives, polices and processes

The risks assumed in bank book and treasury book operations are consistent with the Bank's overall business strategy and its risk appetite stablished in the Risk Appetite Statement (DAR - Spanish acronym) and the Risk Appetite Market (MAR - Spanish acronym) Framework approved by Grupo Aval

and the Board of Directors of the different entities that consolidate, based on the depth of the market for each instrument, its impact on risk-weighted assets and capital adequacy, the profit budget established for each business unit, and the structure of the balance sheet.

Business strategies are established on the basis of approved limits, in an effort to balance the risk / return ratio. Moreover, there is a structure of limits consistent with the Bank and its subsidiaries general philosophy; it is based on its capital levels, earnings performance and tolerance for risk.

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

There are several scenarios in which its Bank and its subsidiaries are exposed to trading risks.

Description of risk exposure

- **Interest rate**

The Bank and its subsidiaries 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 Bank and its subsidiaries treasury portfolios are exposed to exchange risk when i) the current value of its asset positions in each currency does not match the current value of its 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 the liability positions in said currency, which generates losses or profits, iv) when the margin depends directly on exchange rates.

Risk management

Senior management and the Board of Directors of the Bank and its subsidiaries play an active role in managing and controlling risk. 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 domestic and foreign markets. This process is intended to support strategic decisions.

Likewise, the analysis and monitoring of the different risks incurred by entities in their operations is essential for decision-making and for the evaluation of results. An ongoing analysis of macroeconomic conditions is vital to achieving an ideal combination of risk, return and liquidity.

The risks assumed in financial operations are reflected in a structure of limits based on a risk appetite framework (MAR -Spanish acronym), on positions in different instruments, according to their specific strategy, the depth of the markets in which they operate, the impact on level of risk assets and capital adequacy, as well as the structure of the statement of financial position and liquidity management. The

Risk Appetite Framework is monitored and reported periodically to both the Board of Directors and the Bank's Comprehensive Risk Committee.

In addition, and to minimize interest-rate and exchange-rate risks to certain statement of financial position items, the Bank and its subsidiaries implement hedging strategies by taking positions in derivative instruments.

According to the risk management strategy, the exposure to exchange risk generated by investments in foreign subsidiaries and agencies is partially hedged through a combination of "non-derivative" instruments (debt issued in USD) and “derivative instruments "(portfolio of dollar-peso forward type operations), these receive hedge accounting treatment, once they comply with the respective requirements.

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

Methods used to measure risk

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

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

The entities have parametric and non-parametric models for internal management based on the value-at-risk (VaR) method. These models make it possible to supplement market risk management by identifying and analyzing variations in the risk factors (interest rates, exchange rates and price indexes) that affect the value of the different instruments that make up the portfolios. VaR parametric, C-VaR and the historical simulation method are prime examples of such models.

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

The methods used for measuring different types of risk are assessed regularly and backtesting to verify their efficiency. In addition, banks have 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 applied to set limits for the risk management of treasury portfolios, with the purpose to verify that they are contained in them.

There are also limits that depend on the "risk type" associated with each of the instruments that comprise the portfolios (sensitivity or impact on portfolio value due to interest rate fluctuations or respective factors - effect of variations in specific risk factors: interest rate (Rho), exchange rate (Delta) and volatility (Vega), among others.

The Bank and its subsidiaries have counterpart and trading limits, per operator, for each trading platform in the markets where it does business. These limits are controlled daily by the Back Office and the Middle Office of the Bank and its subsidiaries. The trading limits, per operator, are assigned to the different levels of hierarchy within the treasury business, based on the officer's experience in the market, in trading the type of product in question, and in portfolio management.

There is also a process to monitor the prices and valuation input published by PRECIA S.A. (the price vendor) that allows to identify on a daily basis those prices with significant differences compared to other financial information tools (e.g., the Bloomberg platform).

This monitoring is done to contest the prices published by these services, if necessary. In the case of BAC, there is a process to monitor the clean prices in the international vector published by financial information platforms.

In the same way, the Bank and its subsidiaries also have a model to analyze the liquidity of debt securities (bonds) issued abroad for determining the depth of the market for instruments of this type and their level in the fair value hierarchy.

Lastly, 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 market value at risk VaR (maximum, minimum and average values) for the Bank and its main financial subsidiaries was as follows:

		December 31, 2021				December 31, 2020			
		Minimum	Average	Maximum	Latest	Minimum	Average	Maximum	Latest
Interest rate	$	834,269	881,819	953,656	834,270	622,739	735,519	838,104	823,990
Exchange rate		16,782	75,904	122,718	70,029	55,652	228,834	429,800	55,652
Shares of stock		2,714	8,623	15,898	2,820	11,210	12,636	13,692	13,692
Mutual funds		103,577	243,525	390,295	106,827	301,449	324,265	374,843	374,843
Total VaR	$	**978,400**	**1,209,871**	**1,464,241**	**1,013,946**	**1,189,511**	**1,301,254**	**1,408,204**	**1,268,177**

Following is a summary the VaR indicators for the Bank and its main financial subsidiaries:

		December 31, 2021		December 31, 2020	
		Amount	Basis points of regulatory capital	Amount	Basis points of regulatory capital
Banco de Bogotá and financial subsidiaries	$	1,013,946	100	1,268,177	114

The following is the sensitivity of the average portfolio of debt securities at fair value through profit or loss would have had on earnings, if the market interest rates for the Bank and its subsidiaries had increased by 25 or 50 basis points (BP):

		December 31, 2021			December 31, 2020		
		Average value of the portfolio	25 basis points	50 basis points	Average value of the portfolio	25 basis points	50 basis points
Banco de Bogotá	$	1,119,982	2,800	5,600	1,110,258	2,776	5,551
Banco de Bogotá Panamá S.A. and subsidiaries		203,540	509	1,018	194,025	485	970
BAC Holding International Corp. and subsidiaries		166,044	415	830	165,989	415	830
Fiduciaria Bogotá S.A		37,321	93	187	25,270	63	126
Multi Financial Holding and subsidiaries		31,483	79	157	99,864	250	499
Porvenir S.A. and subsidiaries		0	0	0	395,315	988	1,977
Bogotá Finance Corporation	$	0	0	0	107	0	1

Investment price risk in equity securities

Equity investments

The Bank and its subsidiaries also are exposed to financial asset price risk in equity securities listed on the stock exchange (mainly the Colombian Stock Exchange). If the prices of these investments had change by +/-1% higher or lower, the greater or lesser impact on the OCI of the Bank and its subsidiaries, before taxes, would have been $51 and $62 as of December 31, 2021, and 2020, respectively.

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

- **Foreign exchange rate risk**

The Bank and its subsidiaries 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 technical capital as indicated further below in note 33. 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 technical 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 cash 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 and its subsidiaries:

	December 31, 2021			
	US millions of dollars	Millions of Euros	Other currencies expressed in millions of US Dollars	Total (in millions of Colombian pesos)
Assets				
Cash and cash equivalents	3,930.65	54.05	1,964.67	$ 23,714,169
Debt securities investments at fair value through profit or loss	184.22	0.00	32.52	862,856
Equity securities investments at fair value through profit or loss	34.16	0.00	1.70	142,731
Debt securities investments at fair value through other comprehensive income	3,792.62	0.00	1,173.36	19,770,349
Equity securities investments at fair value through other comprehensive income	1.83	0.00	1.26	12,296
Investments at amortized cost	110.46	0.00	4.52	457,749
Trading derivatives	1.16	0.00	0.29	5,778
Loan portfolio	18,477.75	0.23	5,803.38	96,668,104
Other accounts receivable	160.67	0.01	229.32	1,552,679
Total assets	**26,693.52**	**54.29**	**9,211.02**	**143,186,711**
Liabilities				
Trading derivatives	0.30	0.00	0.00	1,177
Hedging derivatives	4.77	0.00	0.00	18,973
Checking accounts deposits	6,136.96	16.73	3,358.02	37,876,539
Savings accounts deposits	3,471.38	3.47	2,026.75	21,904,571
Time certificates of deposit	10,433.25	4.36	1,937.13	49,268,186
Others deposits	53.40	1.09	45.65	399,272
Interbank borrowings and overnight funds	71.20	0.00	54.04	498,626
Borrowings from banks and others	3,901.25	0.36	686.49	18,266,172
Bonds issued	3,285.85	0.00	35.35	13,222,207
Development entities	1.68	0.00	0.00	6,701
Lease contracts	169.45	0.00	4.81	693,765
Accounts payables and other liabilities	18.18	0.20	522.45	2,153,215
Total liabilities	**27,547.67**	**26.21**	**8,670.69**	**144,309,404**
Net asset position (liabilities)	**(854.15)**	**28.08**	**540.33**	**$ (1,122,693)**

	December 31, 2020			
	US millions of dollars	Millions of Euros	Other currencies expressed in millions of US Dollars	Total (in millions of Colombian pesos)
Assets				
Cash and cash equivalents	5,160.06	38.68	2,002.60	$ 24,748,847
Debt securities investments at fair value through profit or loss	325.17	0.00	74.43	1,371,610
Equity securities investments at fair value through profit or loss	0.01	0.01	35.93	123,393
Debt securities investments at fair value through other comprehensive income	602.28	0.00	3,773.50	15,019,860
Equity securities investments at fair value through other comprehensive income	1.43	0.12	3.49	17,386
Investments at amortized cost	60.88	0	92.8	527,510
Trading derivatives	16.80	0.00	0.76	60,264
Hedging derivatives	0.00	0.00	9.58	32,895
Loan portfolio	18,094.18	2.03	5,020.93	79,351,176

	December 31, 2020			
	US millions of dollars	Millions of Euros	Other currencies expressed in millions of US Dollars	Total (in millions of Colombian pesos)
Other accounts receivable	148.21	0.00	200.70	1,197,665
Total assets	**24,409.02**	**40.84**	**11,214.72**	**122,450,606**
Liabilities				
Trading derivatives	34.93	0.00	0.03	119,985
Hedging derivatives	6.25	0.00	0.00	21,438
Checking accounts deposits	6,464.06	19.86	3,044.79	32,722,838
Savings accounts deposits	3,152.16	4.19	1,590.74	16,297,661
Time certificates of deposit	10,558.11	5.06	2,461.07	44,709,659
Others deposits	82.79	0.94	22.10	363,997
Interbank borrowings and overnight funds	135.42	0.00	52.74	645,884
Borrowings from banks and others	3,316.25	2.03	545.44	13,263,795
Bonds issued	3,423.52	0.00	35.49	11,873,052
Development entities	5.39	0.00	0.00	18,490
Lease contracts	142.22	0.00	76.37	750,321
Accounts payables and other liabilities	293.07	0.33	175.00	1,608,070
Total liabilities	**27,614.17**	**32.41**	**8,003.77**	**122,395,190**
Net asset position (liabilities)	**(3,205.15)**	**8.43**	**3,210.95**	**$ 55,416**

If the exchange rate increased by $10 Colombian pesos to US $1 USD, the effect on the net position of the Bank and its subsidiaries would increase $2,820 and $161 for December 31, 2021, and 2020, respectively.

The objective of the Bank and its subsidiaries with regard to transactions in foreign currency is to meet the needs of its foreign-trade customers in terms of conducting transactions and obtaining financing in foreign currency, in addition to assuming positions within the authorized limits.

The Bank and its subsidiaries have established policies requiring foreign exchange risk management for each of the functional currencies in the countries where its subsidiaries are located. Foreign exchange exposure is hedged economically through the use of derivatives and non-derivative instruments.

The net foreign currency position of each subsidiary is monitored daily by the treasury division at the subsidiary that is responsible for closing these positions by adjusting them to the established tolerance levels.

The Bank and its subsidiaries have a number of investments in foreign subsidiaries and agencies whose net assets are exposed to risk from translation of financial statements for consolidation purposes. The exposure arising from net assets in foreign operations is partially hedged primarily with financial obligations, bonds and derivative instruments in foreign currency (see Note 10.5).

- **Interest-rate structure risk:**

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

Repricing: is one of the main sources of structural interest rate risk. The repricing risk is generated by the difference in the maturity terms of assets or liabilities at fixed and/or variable rates, the latter being associated with the reference rate to which the asset or liability is indexed.

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

	December 31, 2021				
	Under one month	Between one and six months	From six to twelve months	More than one year	Total
Assets					
Cash and cash equivalents	$ 26,997,907	0	0	0	26,997,907
Debt securities investments at fair value through profit or loss	940,898	0	70,399	386,506	1,397,803
Debt securities investments at fair value through other comprehensive income	650,852	2,426,303	1,473,829	19,184,638	23,735,622
Investments at amortized cost	1,707,714	1,064,072	266,181	195,037	3,233,004
Repos, interbank, overnight and others	1,554,270	32,397	0	0	1,586,667
Commercial loans	35,582,547	19,363,327	6,434,673	26,663,650	88,044,197
Consumer loans	17,531,088	9,688,896	1,049,503	16,401,641	44,671,128
Mortgage loans	14,201,690	697,862	334,265	7,955,642	23,189,459
Microcredits loans	42,173	10,092	36,426	225,659	314,350
Abandoned accounts - ICETEX	0	0	0	203,510	203,510
Total assets	**99,209,139**	**33,282,949**	**9,665,276**	**71,216,283**	**213,373,647**
Liabilities					
Checking accounts deposits	49,057,254	0	0	0	49,057,254
Savings accounts deposits	51,086,471	0	0	0	51,086,471
Time certificates of deposit	5,463,984	26,039,419	13,185,058	18,457,132	63,145,593
Interbank borrowings and overnight funds	1,585,957	32,879	0	64,120	1,682,956
Borrowings from banks and others	2,814,867	6,875,797	3,359,590	5,217,020	18,267,274
Bonds issued	122,697	953,997	1,688,572	11,360,792	14,126,058
Development entities	1,149,656	527,638	5,929	103,655	1,786,878
Lease contracts	49,621	237,443	169,232	764,588	1,220,884
Total liabilities	$ **111,330,507**	**34,667,173**	**18,408,381**	**35,967,307**	**200,373,368**

	December 31, 2020				
	Under one month	Between one and six months	From six to twelve months	More than one year	Total
Assets					
Cash and cash equivalents	$ 27,497,551	0	0	0	27,497,551
Debt securities investments at fair value through profit or loss	1,299,065	1,517	39,769	801,877	2,142,228
Debt securities investments at fair value through other comprehensive income	14,394	3,734,880	704,116	15,292,481	19,745,871
Investments at amortized cost	1,488,080	1,407,972	83,700	175,278	3,155,030
Repos, interbank, overnight and others	3,504,987	0	0	0	3,504,987
Commercial loans	28,987,371	17,074,815	6,548,360	26,623,793	79,234,339
Consumer loans	13,385,129	7,638,299	1,736,558	14,389,069	37,149,055
Mortgage loans	12,509,886	574,030	46,386	5,964,810	19,095,112
Microcredits loans	42,825	11,392	38,678	274,074	366,969
Abandoned accounts - ICETEX	0	0	0	182,763	182,763
Total assets	**88,729,288**	**30,442,905**	**9,197,567**	**63,704,145**	**192,073,905**
Liabilities					
Checking accounts deposits	42,605,863	0	0	0	42,605,863
Savings accounts deposits	44,528,864	0	0	0	44,528,864
Time certificates of deposit	10,799,869	22,329,459	10,371,043	16,285,503	59,785,874
Interbank borrowings and overnight funds	2,758,183	509,828	3,894	0	3,271,905
Borrowings from banks and others	1,910,931	4,853,849	844,101	5,654,914	13,263,795
Bonds issued	681,158	96,327	378,458	11,017,120	12,173,063
Development entities	1,458,550	703,758	4,928	175,799	2,343,035
Lease contracts	26,320	119,981	116,582	1,107,909	1,370,792
Total liabilities	$ **104,769,738**	**28,613,202**	**11,719,006**	**34,241,245**	**179,343,191**

The following is a breakdown of the interest rate on financial assets and liabilities:

	December 31, 2021				
	Under one year		More than one year		Total
	Variable	Fixed	Variable	Fixed	
Assets					
Debt securities investments at fair value through profit or loss	$ 56,301	632,533	0	708,969	1,397,803
Debt securities investments at fair value through other comprehensive income	139,603	4,141,746	261,577	19,192,696	23,735,622
Investments at amortized cost	1,635,640	1,305,654	156,573	135,137	3,233,004
Repos, interbank, overnight and others	1,510,888	75,779	0	0	1,586,667
Commercial loans	32,075,686	3,003,213	50,878,030	2,087,268	88,044,197
Consumer loans	350,080	17,337,212	14,460,503	12,523,333	44,671,128
Mortgage loans	11,137	355,767	17,422,022	5,400,533	23,189,459
Microcredits loans	80	187,174	0	127,096	314,350
Abandoned accounts - ICETEX	0	0	203,510	0	203,510
Total assets	**35,779,415**	**27,039,078**	**83,382,215**	**40,175,032**	**186,375,740**
Liabilities					
Checking accounts deposits	117,152	48,940,102	0	0	49,057,254
Savings accounts deposits	937,258	50,149,213	0	0	51,086,471
Time certificates of deposit	2,832,698	41,099,018	758,823	18,455,054	63,145,593
Interbank borrowings and overnight funds	0	1,618,836	0	64,120	1,682,956
Borrowings from banks and others	6,878,205	5,768,317	2,257,514	3,363,238	18,267,274
Bonds issued	0	2,165,208	600,057	11,360,793	14,126,058
Development entities	421,187	50,519	1,251,660	63,512	1,786,878
Lease contracts	0	456,493	0	764,391	1,220,884
Total liabilities	$ **11,186,500**	**150,247,706**	**4,868,054**	**34,071,108**	**200,373,368**

	December 31, 2020				
	Under one year		More than one year		Total
	Variable	Fixed	Variable	Fixed	
Assets					
Debt securities investments at fair value through profit or loss	$ 71,483	551,807	169,372	1,349,566	2,142,228
Debt securities investments at fair value through other comprehensive income	1,868	4,283,625	414,977	15,045,401	19,745,871
Investments at amortized cost	2,629,099	266,953	83,700	175,278	3,155,030
Repos, interbank, overnight and others	2,140,579	1,364,408	0	0	3,504,987
Commercial loans	28,723,875	2,920,582	46,097,978	1,491,904	79,234,339
Consumer loans	333,418	13,926,075	12,005,914	10,883,648	37,149,055
Mortgage loans	8,637	310,898	14,389,782	4,385,795	19,095,112
Microcredits loans	62	196,821	0	170,086	366,969
Abandoned accounts - ICETEX	0	0	182,763	0	182,763
Total assets	**33,909,021**	**23,821,169**	**73,344,486**	**33,501,678**	**164,576,354**
Liabilities					
Checking accounts deposits	23,073,276	19,532,587	0	0	42,605,863
Savings accounts deposits	16,385,281	28,143,583	0	0	44,528,864
Time certificates of deposit	1,674,434	39,120,403	2,698,230	16,292,807	59,785,874
Interbank borrowings and overnight funds	57,455	3,214,450	0	0	3,271,905
Borrowings from banks and others	2,482,774	4,456,847	2,008,883	4,315,291	13,263,795
Bonds issued	0	1,234,253	169,826	10,768,984	12,173,063
Development entities	534,833	5,866	1,802,336	0	2,343,035
Lease contracts	0	262,883	0	1,107,909	1,370,792
Total liabilities	$ **44,208,053**	**95,970,872**	**6,679,275**	**32,484,991**	**179,343,191**

If interest rates had been 50 basis points lower (higher) with all other variables held constant, the Bank and its subsidiaries net income for the periods ended December 31, 2021, and 2020 would have increased (decreased) by $74,905 and $70,237 respectively. This is mainly due to a lower (higher)

interest expense on financial obligations and customer deposits, lower (higher) interest on portfolio interest and lower (higher) investment valuation.

Interest rate benchmark reform

The world is currently undergoing a fundamental reform in the main benchmark interest rates, in which certain inter-bank offered rates (IBOR) are being replaced for alternative near risk-free rates (called "IBOR reform"). The Bank and its subsidiaries are significantly exposed to the LIBOR in their financial instruments, which are in the process of being reformed as part of these market initiatives.

The London Inter-bank Offered Rate (LIBOR) is the most widely used interest rate benchmark in the world for derivatives, bonds, loans and other floating-rate instruments. On July 27, 2017, the Executive Director of the United Kingdom's Financial Conduct Authority (FCA), which regulates the LIBOR, announced that the FCA will no longer require banks to report rates for the calculation of the LIBOR benchmark after 2021. This announcement indicates that the continued use of LIBOR on the current basis cannot be guaranteed after that date. Consequently, after 2021 LIBOR may no longer be calculated. The regulator is leading a drive to transition the market from LIBOR and other benchmark rates to alternative risk-free rates based on overnight transactions. This will affect derivatives, variable-rate promissory notes, loans and other financial contracts whose terms extend beyond the date on which the relevant benchmark will be discontinued, and which use as reference certain benchmark rates (including LIBOR). As a result, all asset and liability transactions of the Bank and its subsidiaries indexed to LIBOR will be affected by the migration to a different indicator.

In March 2021, the Financial Conduct Authority (FCA), as regulator of the ICE (the authorized administrator of LIBOR), announced that after December 31, 2021, the LIBOR configuration for all modalities of LiborEUR, LiborCHF, LiborYEN, LiborGBP, and for terms of 2 weeks and 2 months, will no longer be provided or will no longer be representative. The terms O/N, 1m, 3m, 6m and 12m of LIBORUSD will no longer be provided or will no longer be representative after June 30, 2023. Following the announcement of the FCA, calculations have been developed to adjust the margin to be added to new rates (SOFR, SONIA, €STR, SARON, TONAR) in order to approach LIBOR. Such calculations provide economic certainty to market participants on the alternative fallback rates to be used once LIBOR ceases to exist. Additionally, the FCA indicated that it would not require the banks on the panel to continue reporting LIBOR quotes, or require ICE to continue publishing the LIBOR on the basis of such quotes, after December 31, 2021.

Due to the above, US regulators encourage banks not to use LIBOR USD in new contracts as soon as possible, and in any case to use it only until December 31, 2021. However, it left open the possibility of continuing to publish "synthetic LIBOR" rates for "difficult legacy cases", but not for new contracts.

Afterwards, on May 21, 2021, the Alternative Reference Rates Committee (ARRC) announced that it plans to recommend the Chicago Mercantile Exchange (CME) as administrator of the SOFR term rates, once market indicators determined by the ARRC are met, and on July 29, 2021, it issued a statement supporting the use of this indicator, particularly for bilateral credit transactions, syndicated loans and dollar interest rate derivatives.

Many issues remain unresolved, such as the timing for the introduction of new indicators of reference and the transition from a benchmark to a replacement rate, which could lead to generalized dislocation in the financial markets, generate volatility in prices of securities, derivatives and other instruments, and suppress capital market activities.

At December 31, 2021, LIBOR reform of transactions in which the Bank and its subsidiaries are exposed had not been completed.

For contracts indexed to LIBOR that come due after the expected end of the LIBOR rate, the Committee has established policies to amend the contractual terms. Such amendments include adding clauses to the contracts that determine the applicable rate or calculation mechanism to be used once the LIBOR benchmark rate is no longer published ("fallback" clauses), or the substitution of the LIBOR for an alternative rate of reference.

The following is a breakdown at December 31, 2021, which displays financial assets for $20,480,191 and liabilities for $9,911,104 indexed to the LIBORUSD that have not been reformed, and those with "fallback" clauses:

	December 31, 2021					
	Securities indexed at USD LIBOR (1-Week, 2-Month, and other currencies)			Securities indexed at USD LIBOR (Overnight U, 1-Month, 3-Month, 6-Month, 1-Year and LIBOR others)		
	Total value of indexed contracts	Indexed contracts with maturity greater than December 31, 2021	Contracts with fallback clauses	Total value of indexed contracts	Indexed contracts with maturity greater than June 30, 2023	Contracts with fallback clauses
Assets	$					
Investments at fair value through other comprehensive income	0	0	0	691,014	691,014	453,954
	0	**0**	**0**	**691,014**	**691,014**	**453,954**
Investments at amortized cost	0	0	0	159,807	157,374	0
	0	**0**	**0**	**159,807**	**157,374**	**0**
Trading derivatives						
Interest rate swaps	0	0	0	2,217	593	0
Cross-currency swaps	0	0	0	26,225	8,950	0
	0	**0**	**0**	**28,442**	**9,543**	**0**
Loan portfolio						
Commercial	13,457	13,457	0	12,654,305	8,307,147	2,488,357
Consumer	0	0	0	1,499,453	1,458,972	611,950
Mortgage	0	0	0	5,433,713	5,422,964	1,486,718
	13,457	**13,457**	**0**	**19,587,471**	**15,189,083**	**4,587,025**
Total Assets	**13,457**	**13,457**	**0**	**20,466,734**	**16,047,014**	**5,040,979**
Liabilities						
Trading derivatives						
Interest rate swaps	0	0	0	9,937	6,179	0
Cross-currency swaps	0	0	0	69,858	29,133	0
	0	**0**	**0**	**79,795**	**35,312**	**0**
Hedging derivatives						
Interest rate swaps	0	0	0	81,614	81,614	81,614
	0	**0**	**0**	**81,614**	**81,614**	**81,614**
Customer						

	December 31, 2021					
	Securities indexed at USD LIBOR (1-Week, 2-Month, and other currencies)			Securities indexed at USD LIBOR (Overnight U, 1-Month, 3-Month, 6-Month, 1-Year and LIBOR others)		
	Total value of indexed contracts	Indexed contracts with maturity greater than December 31, 2021	Contracts with fallback clauses	Total value of indexed contracts	Indexed contracts with maturity greater than June 30, 2023	Contracts with fallback clauses
deposits						
Time certificates of deposit	0	0	0	119,435	0	0
	0	**0**	**0**	**119,435**	**0**	**0**
Financial obligations						
Banks and others	0	0	0	9,623,559	6,360,296	3,485,576
Development entities	0	0	0	6,701	487	0
	0	**0**	**0**	**9,630,260**	**6,360,783**	**3,485,576**
Total Liabilities	**0**	**0**	**0**	**9,911,104**	**6,477,709**	**3,567,190**

	December 31, 2020					
	Securities indexed at USD LIBOR (1-Week, 2-Month, and other currencies)			Securities indexed at USD (Overnight U, 1-Month, 3-Month, 6-Month, 1-Year and LIBOR others)		
	Total value of indexed contracts	Indexed contracts with maturity greater than December 31, 2021	Contracts with fallback clauses	Total value of indexed contracts	Indexed contracts with maturity greater than June 30, 2020	Contracts with fallback clauses
Assets	$					
Investments at fair value through other comprehensive income	0	0	0	269,401	269,401	72,388
	0	**0**	**0**	**269,401**	**269,401**	**72,388**
Investments at amortized cost	0	0	0	156,221	138,071	0
	0	**0**	**0**	**156,221**	**138,071**	**0**
Trading derivatives						
Interest rate swaps	0	0	0	50,575	37,192	0
Cross-currency swaps	0	0	0	22,449	973	0
	0	**0**	**0**	**73,024**	**38,165**	**0**
Loan portfolio						
Commercial	62,615	62,615	0	12,895,491	6,043,763	1,344,893
Consumer	0	0	0	1,484,010	1,363,759	334,539
Mortgage	0	0	0	4,822,438	4,807,034	418,448
	62,615	**62,615**	**0**	**19,201,939**	**12,214,556**	**2,097,880**
Total Assets	**62,615**	**62,615**	**0**	**19,700,585**	**12,660,193**	**2,170,268**
Liabilities						
Trading derivatives						
Interest rate swaps	0	0	0	56,183	39,668	0
Cross-currency swaps	0	0	0	31,715	11,805	0

	December 31, 2020					
	Securities indexed at USD LIBOR (1-Week, 2-Month, and other currencies)			Securities indexed at USD (Overnight U, 1-Month, 3-Month, 6-Month, 1-Year and LIBOR others)		
	Total value of indexed contracts	Indexed contracts with maturity greater than December 31, 2021	Contracts with fallback clauses	Total value of indexed contracts	Indexed contracts with maturity greater than June 30, 2020	Contracts with fallback clauses
	0	**0**	**0**	**87,898**	**51,473**	**0**
Hedging derivatives						
Interest rate swaps	0	0	0	70,366	70,366	70,366
	0	**0**	**0**	**70,366**	**70,366**	**70,366**
Customer deposits						
Time certificates of deposit	0	0	0	102,975	0	0
	0	**0**	**0**	**102,975**	**0**	**0**
Financial obligations						
Banks and others	0	0	0	3,059,030	657,528	424,147
Development entities	0	0	0	18,467	7,416	0
	0	**0**	**0**	**3,077,497**	**664,944**	**424,147**
Total Liabilities	**0**	**0**	**0**	**3,338,736**	**786,783**	**494,513**

Even though some of these current loans and contracts based on LIBORUSD include fallback provisions to alternative rates of reference, the majority of the current products and contracts based on LIBOR come due before the date on which the benchmark they are based on will no longer be published. Additionally, the majority of the outstanding loans and contracts based on LIBORUSD may be difficult to amend due to the requirement that all affected parties must approve such amendments.

Bank and its subsidiaries activities are framed under a work plan which is subject to adjustments according to the guidelines recommended by local and international regulators, and according to the best practices adopted by the market during this transition. These activities focus on the listing of products indexed to the new reference rates and the conversion of existing contracts based on LIBOR to other alternative rates through: i) identification of asset and liability operations indexed to the LIBOR rate, ii) negotiations with clients and counterparties, iii) modifications of contracts, iv) adjustments in information systems, v) modifications of procedures and policies, vii) modifications in valuation models.

7.4.3 Liquidity risk

Liquidity risk is related to the Bank and its subsidiaries 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 and its subsidiaries manage liquidity risk according to the rules on liquidity risk management. This is done by adhering to the fundamental principles of the Liquidity Risk Management Systems (SARL Spanish acronym), which signal the minimum reasonable parameters that the entities must monitor in their operations to effectively manage the liquidity risk to which they are exposed.

To measure liquidity risk, the Bank calculates a short-term liquidity risk indicator (LRI) under the standard model at terms of 7, 15 and 30 days and a medium-term liquidity risk indicator at 90 days. This ratio is defined as the difference between adjusted liquid assets and net liquidity requirements.

• Liquid assets include total debt securities adjusted by market liquidity and exchange rate, excluding mandatory investments, Central Bank deposits and cash on hand.

• Net liquidity requirements are the difference between expected contractual assets and the cash flows of contractual and non-contractual liabilities. Cash flows from overdue loans are not included in this calculation.

In the case of BAC Credomatic, liquidity risk is managed according to the policies and guidelines issued by regional and local management and/ or the Board of Directors, complying in each case with the particular regulations of each country where the company operates, and the contractual obligations acquired.

Specifically, liquidity risk is managed by calculating short-term liquidity coverage ratios, net of obligations and requirements, and under normal conditions and under stress, as well as a liquidity stress model based on cash flows that takes into consideration the movements of assets and liabilities over a time horizon of up to one year, under a variety of scenarios covering both normal and severe market conditions. Additionally, Grupo BAC aims to maintain matching maturities to enable it to fulfill its borrowings over time.

As part of liquidity risk analysis, the Bank and its subsidiaries assess 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.

A quantification of funds obtained on the money market is an integral part of the liquidity measurement each entity of the Bank and its subsidiaries carry out. Based on technical studies, primary and secondary sources of liquidity are identified by in order to ensure funding stability and sufficiency by having a range of funding suppliers. This also minimizes 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 Bank and its subsidiaries liquidity risk profile and to be able to make strategic decisions, as appropriate. In this respect, there are liquidity warning indicators to ascertain the current situation, as well as strategies to be implemented in each case.

Through the technical committees on assets and liabilities, senior management at the of each entity knows their liquidity situation and makes the necessary decisions. These take into account the high-quality liquid assets that must be maintained, the tolerance in handling liquidity 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 sources of funds to prevent concentration of deposits funds in few investors or savers, hedging strategies; the Bank and its subsidiaries results, and the changes in the structure of the statement of financial position. Statistical analysis to quantify, with a predetermined level of confidence, the stability of deposits, both with and without contractual maturity, is done to control liquidity risk between assets and liabilities.

For complying with the legal floating reserve requirements, entities both in Colombia and in Central America are required to keep cash on hand and in banks, including deposits in central banks, according to the percentages on customer deposits and other liabilities established in the regulations for each of jurisdiction where the Bank and its subsidiaries operates. As of December 31, 2021, all of the Bank's financial subsidiaries meet the reserve requirements.

Details on the percentage requested in each country are shown below:

Legal reserve required

Country	Item	%
Colombia	Checking account and savings accounts	8%
	Time certificates of deposit and certificates of term savings deposit > 18 months	3.5%
	Time certificates of deposit and with a term early redemption 540 days or more	0%
Guatemala	Deposits and capital raising	14.6%
El Salvador	1st and 2nd demand deposits	14%
	3rd debt securities	5%
	Time deposits	12%
Honduras	Demand deposits in local currency	12%
	Mandatory investments local currency	9%
	Demand deposits, mandatory investments in local and foreign currency	24%
Nicaragua	Daily, financial liabilities in local and foreign currency	10%
	Biweekly, financial liabilities in local and foreign currency	15%
Costa Rica	Deposits and capital raising in local	12%
	Deposits and capital raising in foreign	15%

There are no reserve requirements for our subsidiaries located in Panamá because there is no Central Bank to regulate such requirements.

The following is a summary of available liquid assets the Banco de Bogotá projected over a period of 90 days:

		Liquid assets available at the end of the period (1)	From 1 to 7 days (2)	From 1 to 15 days (2)	From 1 to 30 days (2)	From 1 to 90 days (2)
December 31, 2021	$	12,019,528	10,233,924	7,497,866	2,928,010	(12,974,116)
December 31, 2020	$	13,288,366	12,028,201	8,882,508	4,061,462	(15,436,650)

(1) Liquid assets are the sum of the assets at the end of each period that is 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 institution 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 institutions' 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 the time bands from 1-to-90 day.

The liquidity calculations described above assume the existence of normal liquidity conditions, according to the contractual flows and historical experience of each bank. For cases involving extreme liquidity events occasioned by the unusual withdrawal of deposits, each bank has contingency plans that include the existence of a lines 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. Foreign banks also have access to institutional funding through credit lines granted by other financial institutions, multilateral and development organizations, structured funding (syndicated loans, securitizations), as well as access to repurchase agreements and issues in local market.

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

	December 31, 2021				
	Under one month	Between one and six months	From six to twelve months	More than one year	Total
Assets					
Cash and cash equivalents	$ 26,998,671	0	0	0	26,998,671
Debt securities investments at fair value through profit or loss	941,944	70,450	59,683	369,345	1,441,422
Debt securities investments at fair value through other comprehensive income	585,672	2,175,925	1,951,006	22,939,500	27,652,103
Investments at amortized cost	652,246	1,161,749	1,080,115	509,282	3,403,392
Trading derivatives	398,542	4,563	0	0	403,105
Hedging derivatives	5,379	0	0	0	5,379
Repos, interbank, overnight and others	1,554,270	32,397	0	0	1,586,667
Commercial loans	7,372,907	21,796,768	13,131,004	56,007,483	98,308,162
Consumer loans	7,681,930	12,273,720	4,659,491	31,630,689	56,245,830
Mortgage loans	377,967	1,001,484	1,196,344	39,421,724	41,997,519
Microcredits loans	55,325	88,892	87,779	170,119	402,115
Abandoned accounts - ICETEX	0	0	0	203,511	203,511
Total assets	**46,624,853**	**38,605,948**	**22,165,422**	**151,251,653**	**258,647,876**
Liabilities					
Trading derivatives	395,424	0	0	0	395,424
Hedging derivatives	33,016	0	0	18,973	51,989
Checking accounts deposits	49,057,254	0	0	0	49,057,254
Savings accounts deposits	51,086,471	0	0	0	51,086,471
Time certificates of deposit	6,232,252	24,883,896	14,070,627	21,341,101	66,527,876
Others deposits	444,256	0	0	0	444,256
Interbank borrowings and overnight funds	1,585,956	33,301	0	63,699	1,682,956
Borrowings from banks and others	2,280,092	6,598,083	4,891,927	4,689,521	18,459,623
Bonds issued	7,218	635,827	1,825,716	14,239,285	16,708,046
Development entities	39,735	224,218	261,724	1,441,994	1,967,671
Lease contracts	49,632	242,635	173,935	810,780	1,276,982
Commercial accounts and others to pay	4,154,664	0	0	0	4,154,664
Total liabilities	$ **115,365,970**	**32,617,960**	**21,223,929**	**42,605,353**	**211,813,212**

	December 31, 2020				
	Under one month	Between one and six months	From six to twelve months	More than one year	Total
Assets					
Cash and cash equivalents	$ 27,498,771	0	0	0	27,498,771
Debt securities investments at fair value through profit or loss	1,301,619	16,314	55,619	872,031	2,245,583
Debt securities investments at fair value through other comprehensive income	966,816	2,115,302	1,944,665	18,525,353	23,552,136
Investments at amortized cost	582,889	1,552,508	810,863	364,145	3,310,405
Trading derivatives	454,862	0	0	0	454,862
Hedging derivatives	117,066	0	0	32,895	149,961
Repos, interbank, overnight and others	3,504,987	0	0	0	3,504,987
Commercial loans	7,237,138	18,744,192	10,795,037	50,206,554	86,982,921
Consumer loans	6,785,378	8,625,398	4,230,575	26,311,735	45,953,086

	December 31, 2020				
	Under one month	Between one and six months	From six to twelve months	More than one year	Total
Mortgage loans	304,664	810,198	967,115	30,642,179	32,724,156
Microcredits loans	45,647	103,620	106,478	236,833	492,578
Abandoned accounts - ICETEX	0	0	0	182,763	182,763
Total assets	**48,799,837**	**31,967,532**	**18,910,352**	**127,374,488**	**227,052,209**
Liabilities					
Trading derivatives	548,710	52,255	3,695	0	604,660
Hedging derivatives	23,803	0	0	0	23,803
Checking accounts deposits	42,605,863	0	0	0	42,605,863
Savings accounts deposits	44,528,864	0	0	0	44,528,864
Time certificates of deposit	7,670,990	21,780,756	12,515,119	21,181,057	63,147,922
Others deposits	366,860	0	0	0	366,860
Interbank borrowings and overnight funds	2,758,184	509,827	3,894	0	3,271,905
Borrowings from banks and others	1,074,223	4,335,595	2,322,820	6,473,808	14,206,446
Bonds issued	394,106	379,927	697,566	13,053,876	14,525,475
Development entities	51,235	249,307	285,623	1,958,316	2,544,481
Lease contracts	26,466	120,962	117,577	1,113,121	1,378,126
Commercial accounts and others to pay	3,637,173	0	0	0	3,637,173
Total liabilities	$ **103,686,477**	**27,428,629**	**15,946,294**	**43,780,178**	**190,841,578**

7.4.4 Operational Risk

Operational risk is “the possibility that events resulting from inadequate or failed people, infrastructure, technology or internal processes; as well as those produced by external causes, including legal risk”, generate negative impacts that go against the fulfillment of the entity's objectives and that by their nature are present in all the activities of the organization.

The Bank and its subsidiaries have an operational risk management system (SARO) implemented as directed in the guidelines established by the Financial Superintendence of Colombia. This system is managed by the operational risk units of the entities in the Bank and its subsidiaries.

The Bank and the subsidiaries have 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 of each entity 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.

Each financial entity keeps a detailed log of incidents that involve operational risk. These incidents are recorded in the assigned expense accounts to ensure proper accounting follow-up.

The Operational Risk Units (GRO) takes part in the organization's activities through their involvement in the committees foreseen to monitor management and compliance with the entity’s rules and regulations. These committees 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 for the entities.

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

The Bank and its subsidiaries also have 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.

There is an Operational Risk Management System within the region and in all the countries where the Bank and its subsidiaries operates, the objective is to monitor, assist and assess management's efforts to deal with operational risks. Likewise, there is a committee specialized in operational risk (OR Committee). Comprised by members of the management team, it monitors efforts to oversee business continuity, reports to the Comprehensive Risk Management Committee, supervises management, and ensures that all identified operational risks are kept within levels that are acceptable.

The Bank and its subsidiaries have established a minimum framework for operational risk management within its entities. The goal, in this case, is to provide general guidelines to make sure operational risks and actual events that can affect the company are identified, assessed, controlled, monitored and reported, so as to guarantee the proper management, mitigation or reduction of managed risks and to provide reasonable assurance regarding achievement of the organization's objectives.

Compliance with the Bank and its subsidiaries standards is supported by a program of periodic reviews conducted by the Internal Auditing Department, which reports its findings to the audit committee of each entity.

The priority is to identify and manage the 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 duly documented in the guidelines and Manual on Operational Risk of each entity. It is a continuous multi-stage process:

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

As of December 31, 2021, the operational risk profile includes risks and controls for all processes of the entities. The update model is dynamic and takes into account design validations to controls (changes in structure, loads, periodicity, evidence), debugging of risks and ineffective controls (according to audit reports), changes in applications and procedures (update) as well as the creation of new processes.

Following table shows the figures from each update of the operational risk profile of each entity during the periods ended at December 31, 2021 and 2020:

	December 31, 2021				December 31, 2020			
	Processes	Risks	Causes	Controls	Processes	Risks	Causes	Controls
Banco de Bogotá	273	1,738	1,953	4,268	258	1,658	1,896	4,142
BAC Holding International Corp. and Subsidiaries	368	10,450	10,450	10,820	300	11,266	11,266	11,507
Banco de Bogota Panamá S.A.	63	267	271	311	63	286	278	295

	December 31, 2021				December 31, 2020			
	Processes	Risks	Causes	Controls	Processes	Risks	Causes	Controls
Fiduciaria Bogota S.A.	37	277	949	1,545	34	283	949	1,536
Almaviva S.A.	20	36	78	627	25	28	67	589
Megalinea S.A.	58	510	84	510	57	477	470	500
Aval Soluciones Digitales S.A.	40	214	140	375	36	215	98	270
Multi Financial Holding and Subsidiaries	77	1,144	18	1,281	46	787	18	787
Discontinued operation	16	428	977	1,272	16	429	957	1,236
Total	**952**	**15,064**	**14,920**	**21,009**	**835**	**15,429**	**15,999**	**20,862**

Following are losses incurred and registered by the Bank and its subsidiaries due to incidents involving operational risk:

		December 31, 2021	December 31, 2020
Banco de Bogotá	$	35,276	32,117
BAC Holding International Corp. and Subsidiaries		29,550	23,913
Almaviva S.A.		6,059	17
Multi Financial Holding. and Subsidiaries		949	1,892
Fiduciaria Bogota S.A.		503	808
Aval Soluciones Digitales S.A.		65	513
Megalinea S.A.		19	450
Banco de Bogota Panamá S.A.		0	428
Subtotal		**72,421**	**60,138**
Discontinued operation		23,267	6,129
Total	$	**95,688**	**66,267**

Pursuant to the risk classification of Basel the losses are distributed as follows:

Risk of Basel	Amount		Value
External fraud	26,439	**$**	43,291
Proceeding development and administration	3,056		13,280
Damages to physical assets	277		4,958
Technological faults	518		4,759
Labor relationships	52		4,275
Internal fraud	68		1,464
Customers	412		393
Legal	1		1
Subtotal	**30,823**		**72,421**
Discontinued operation	1,350		23,267
Total	**32,173**	**$**	**95,688**

This classification shows that 85% of the total losses of the Bank and its subsidiaries are consolidated in external fraud, proceeding development and administration and damages to physical assets.

External fraud:

- **Banco de Bogotá:** Fraud through the impersonation of customers to request and use digital credit products, including through use of tablets, $7,603; fraudulent use of credit and debit cards (stolen cards, minor fraud, secure commerce, forgery and non-existent cards) with losses for $4,118; fraud under the modality of dual tone multi frequency (DTMF) through social engineering techniques for $2,974; impersonation in re-issuance of credit cards for $1,020; and fraud under the modality of

loan purchases through Servilínea for $859 (the latter includes payments received in the amount of $905 as recoveries from frauds of this type).

- **BAC Holding International Corp. and Subsidiaries:** Assault or robbery to the correspondents of Means of Payment for $893.

Execution and Administration of Processes:

- **Almaviva:** - On May 14, 2021, Almaviva had issued 31 certificates of deposit of commercial merchandise in favor of the client Tradercol, which were endorsed in property in favor of the Colombian Mercantile Exchange as backing for REPO operations and in favor of investors, on the pledged merchandise (whole milk powder) was exchanged for by-products (whey, calcium and others) generating a fraud of $3,492 and inventory differences of $800 for the client Comcel.

- **Multi Financial Holding and subsidiaries:** Error in a collaborator when registering a client for Online Banking, subsequently the client receives three transfers that he does not recognize for $75.

Damage to physical assets:

- **Banco de Bogotá:** Includes losses incurred in events during the national strike 2021, including losses for office finishes, façade painting, asset write-offs, replacement of glass and minor damages, as well as loss of cash due to incineration for $4,781; and vandalism due to isolated events other than the national strike, where there was damage to façades, broken glass and infrastructure elements for $339.

7.4.5 Risk of cybersecurity

Information security model and cybersecurity risk

The Bank and its subsidiaries to maintain information security and cybersecurity risk, have 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, have 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 and its subsidiaries, in order to support the strategies and objectives of the business.

The implementation of the Bank and its subsidiaries information security and cybersecurity model has been done 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 and its subsidiaries. The adjusted model must be approved by the Strategic Information Security Committee.

Principles of Information Security and Cybersecurity

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

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

The Bank and its subsidiaries in the first semester of 2021 have focused on strengthening its principles, policies, regulations, processes and new operating schemes, as well as continuous alignment with the digital strategy and related to information security and cybersecurity, with the aim of increase the ability to prevent, detect and defend in a timely manner possible threats and / or cyber-attacks.

During the year 2021, 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 in the Bank and its subsidiaries cybersecurity and security strategy, which must be disclosed in the financial statements.

7.4.6 Environmental and Social Risk Management System (ESRMS)

In 2021, Banco de Bogota continued to strengthen the integration of ESRMS in the process of granting commercial loans. Thanks to the information we obtain from our customers, we were able to categorize them into three environmental and social risk levels: high-risk for clients that could cause negative environmental impacts in the absence of adequate risk management; medium-risk for clients that may have negative environmental and social impacts but have effective risk management and mitigation plans in place; and low-risk for clients with little or no probability of causing such effects.

During 2021, a total of 308 loan requests and renewals were assessed, four times as many cases as in 2020, for a total assessed amount of $20,358,077. During 2021, the results of these assessments indicate that 17.2% of the assessed customers were rated as high-risk, 69.2% as medium-risk and 13.6% as low-risk. Of the clients rated as high and medium risk, 21.4% have already identified their environmental and social risks and have adequate mitigation plans in place. For the remaining 78.6%, suitable mitigation measures are being studied and proposed, adjusted to the customer’s activity, along with action plans and annual monitoring by the Bank’s Technical Asset Management area.

Additionally, during 2021 disbursements were made through the Sustainable Development Line for COP 285,060 in 15 transactions. Since the launch of this line in 2019, disbursements have been made in 20 transactions, whose principal balance at December 2021 totaled $290,873. Disbursements in this line have been made for photovoltaic renewable energy projects, biomass generation, wastewater

treatment, acquisition of electric vehicles and small hydroelectric plants. We are currently working on growing new sustainable products to offer customers financing options that suit their needs.

Additionally, training continued in 2021 through the corporate university of Banco de Bogotá, which in partnership with Universidad de los Andes offered the course “The Financial Risks and Opportunities of Climate Change.” During five weeks, over 50 participants from different areas involved in structuring, managing and monitoring these new risks had the opportunity to learn about the importance of climate change risks and the best management practices both at the national and international level, in order to implement them at the Bank.

BAC Credomatic also has a Corporate Social Responsibility Management System (SGRSC), which proposes a scheme of "Strategic Axes" that groups the issues that reflect the most significant possible social, economic and environmental impacts of decisions, products and services. of the organization where they are prioritized in order to minimize their negative effects and enhance the positive ones, to later define the programs or projects to serve them.

7.4.7 Risk of money laundering and terrorism financing

The objective of the Risk Management System for Money Laundering and Financing of Terrorism (SARLAFT) is to prevent resources from illegal activities from being introduced into the financial system; detect and report in a timely manner transaction that attempt to give the appearance of legality to operations related to money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction (ML/TF/FPADM). The Bank and its subsidiaries present satisfactory results in the management carried out in relation to the SARLAFT, which comply with the current norm, the recommendations of the international standards related to the subject and the policies and methodologies adopted by the Board of Directors.

- **Managing the risk**

The activities carried out regarding the ML / TF risk management model were developed taking into account the methodologies adopted by the Bank and its subsidiaries, which allows continuing with the mitigation of the exposed risks, results achieved as a result of the application of Controls designed for each of the defined risk factors (customer, username, product, channel and jurisdiction), maintaining an acceptable profile, which is reflected in the non-existence of events or situations that would be contrary to the good reputation of the Bank and its subsidiaries.

In addition, as part of the management model for managing the risk of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction, Banco de Bogotá, in its capacity as the parent company, continues to receive indications from the members of the Bank and its subsidiaries on how the various stages and elements. These indicators make it possible to monitor a variety of factors such as risks, controls, inherent and residual measurements, risk-factor segmentation, technological infrastructure, the management of high-risk transactions, changes in standards and regulations, and reports to the authorities who are responsible for control and oversight.

The management model also calls for setting up risk committees in the local affiliates (Almaviva S.A., Fiduciaria Bogotá S.A., Megalinea S.A. and Aval Soluciones Digitales S.A.) and participating in the compliance committees at BAC Credomatic, Banco Multibank Panamá, Banco de Bogotá Panamá S.A., Banco de Bogotá Nassau, Banco de Bogotá Miami Agency and Banco de Bogotá New York Agency, and that were developed during the year 2021:

- 12 committees at the national affiliates.
- 12 compliance committees BAC Holding International Corp. and subsidiaries.

- 12 compliance committees Banco Multi Financial Holding and subsidiaries.
- 6 compliance committees Banco de Bogotá Panamá S.A.
- 6 compliance committees Banco de Bogotá Nassau.
- 12 compliance committees Banco de Bogotá Miami Agency.
- 12compliance committees Banco de Bogotá New York Agency.

- **Stages of the ML/TF risk management model**

In response to international recommendations and current legislation in the countries where the Bank and its subsidiaries is present, the approach to dealing with what the Bank and its subsidiaries has identified as the risks of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction (ML/TF/FPADM) 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 - Spanish acronym. As a result, it has been able to pinpoint and analyze (ML/TF/FPADM) 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.

Regarding the identification stage, the Bank and its subsidiaries continue to carry out periodic reviews and updates to the risks identified, without presenting any relevant news. Faced with the measurement stage, the identified risks are associated with the inherent measurements as a result of the evaluation of the probability and the impact derived from the associated risks defined by the applicable regulation, that the identified risk may generate, without taking into account the mitigation measures or controls.

As for the control stage, the Bank and its subsidiaries has adopted the methodology defined by the parent company, to subsequently establish the residual risk profile of (ML/TF/FPADM). Currently, each Entity has the inventory of controls assigned to each risk, thus allowing defining the residual risk level of (ML/TF/FPADM).

Finally, in the monitoring stage, each entity continues to verify the evolution of the (ML/TF/FPADM) risk profile. In this way, it can be established that the residual risk is calculated in Level 1, which translates into a frequency and an impact tending to zero, maintaining a stable behavior in comparison with the previous periods.

- **Elements of the risk management system**

The Bank and its subsidiaries orient 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 - Spanish acronym, making it possible to mitigate these risks down to the lowest level of the organization, as is customary at the Bank and its subsidiaries.

In compliance with the provisions of the legal regulations and in accordance with the amounts and characteristics required, the Bank and its subsidiaries at the national level timely submitted institutional reports and reports to the Financial Information and Analysis Unit (UIAF – Spanish acronym); in the same way, the information that was requested was supplied to the competent authorities. In this same

sense, the foreign entities complied with the presentation of reports and reports to the control and surveillance entities within the times established in each of the local regulatory frameworks.

This administration model works as a complement to the commercial work developed by the Bank and its subsidiaries, taking into account that control is part of commercial management, and where these processes are used to meet the needs or requirements of the clients.

During the year 2021, the reports prepared by the control entities on SARLAFT were monitored in order to meet the recommendations aimed at optimizing the System.

The Bank and its subsidiaries remain 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 and Analysis 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 and its subsidiaries 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/FPADM) risk.

The Bank and its subsidiaries 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/FPADM) within the organization, all of which helps to strengthening the zero tolerance culture of SARLAFT.

The Bank and its subsidiaries carried out the activities of the SARLAFT, continuing with the management of the previous periods and accepting the recommendations made by the Grupo Aval S.A., the Parent Company, the Board of Directors and the Control Entities.

The risk of LA/FT/FPADM 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.

Finally, it should be noted that the Bank and its subsidiaries maintains its commitment to risk management in relation to the topics of LA/FT/FPADM, as part of its Corporate Responsibility, in the face of society and regulators.

7.4.8 Legal risk

The Legal Vice-Presidencies support the legal risk management work in the operations carried out by the Bank and its subsidiaries. In particular, they define and establish the policies and procedures necessary to adequately control the legal risk of the operations, ensuring that they comply with the legal regulations, that they are documented, and they analyze and draft the contracts that support the operations carried out by the different business units.

The Bank and its subsidiaries, in accordance with the instructions issued by the controlling entity, valued the claims of the lawsuits against them based on the analysis and concepts of the lawyers in charge and constituted the necessary provisions to cover the probabilities of loss. Note 32 to the financial statements details the significant lawsuits against them, other than those classified as remote probability.

Note 8 – Operating segments

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

Based on this definition and given that the Board of Directors, which is the maximum operational decision-making authority, regularly reviews and assesses a wide range of information and key financial data for of the Bank and its subsidiaries results as a whole evaluating performance and decision-making related to investment and the allocation of funds, obtaining additional information from the subsidiaries, with an emphasis on financial data from the major institutions that are part of the consolidated entity, the operational segments were defined considering the business activities and geographic areas where each subsidiary conducts its activities.

The Bank and its subsidiaries operate through three (3) segments that correspond to: Banco de Bogotá, Leasing Bogotá S.A. Panamá and Subsidiaries and Porvenir S.A. and Subsidiary. Details on their primary activities and places of business are provided in Note 1.

8.1 Banco de Bogotá

Banco de Bogotá is a lending institution that offers different types of financial services at different maturities. For the most part, these include loans, financial leases, commercial, consumer and residential mortgage loans, and microcredit loans. Banco de Bogotá has a portfolio of bonds and equity investments, including a stake in subsidiaries and other firms. It also operates on the currency and derivatives markets.

8.2 BAC Holding International Corp.

Its corporate purpose consists of holdings in other entities in the financial sector and involvement in investment activities. Through its subsidiaries, the company provides a wide variety of financial services to individuals and institutions, mainly in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panamá.

8.3 Multi Financial Holding

Provides financial services primarily corporate, investment, mortgage and consumer banking, as well as insurance, securities brokerage, factoring, leasing and real estate services, mainly in Panama.

The operating segments identified above are based on the way in which the Bank and its subsidiaries carry out internal management, taking into account the economic activity and specialized financial services provided through their entities.

The Bank has discontinued the operating segment of Porvenir S.A. and its subsidiary as a consequence of the loss of control of Porvenir S.A. therefore, the comparative information of said segment is presented as a discontinued operation in Note 2.2.

The following is information, by segment, on the assets, liabilities, equity, income and expenses that must be reported:

Assets and liabilities, by segment

	December 31, 2021					
	Segments			Conciliations		
	Banco de Bogotá	BAC Holding International Corp	Multi Financial Holding	Other subsidiaries	Eliminations	Consolidated
Assets						
Cash and cash equivalents	$ 7,325,655	18,963,992	632,576	1,477,465	(1,401,781)	26,997,907
Financial assets	9,557,567	14,621,946	3,665,134	4,299,053	(2,223,852)	29,919,848
Investments at fair value through profit or loss	**1,565,651**	**190,188**	**155,344**	**356,256**	**0**	**2,267,439**
Investments at fair value through other comprehensive income	**4,786,850**	**14,074,493**	**3,113,110**	**2,046,876**	**(610)**	**24,020,719**
Investments at amortized cost	**2,802,359**	**357,113**	**395,669**	**1,891,307**	**(2,223,242)**	**3,223,206**
Derivatives at fair value	**402,707**	**152**	**1,011**	**4,614**	**0**	**408,484**
Loan portfolio, net	**61,642,616**	**73,183,254**	**14,063,235**	**1,298,779**	**(19,230)**	**150,168,654**
Repos, interbank, overnight and money market operations	75,779	1,442,178	68,710	0	0	1,586,667
Clients and financial leases transactions, net	**61,566,837**	**71,741,076**	**13,994,525**	**1,298,779**	**(19,230)**	**148,581,987**
Commercial	45,042,253	33,754,592	7,972,441	1,294,141	(19,230)	88,044,197
Consumer	15,260,629	26,123,830	3,276,887	9,782	0	44,671,128
Mortgage	5,756,301	14,438,863	2,994,295	0	0	23,189,459
Microcredits	314,350	0	0	0	0	314,350
Impairment	(4,806,696)	(2,576,209)	(249,098)	(5,144)	0	(7,637,147)
Other accounts receivable, net	**2,324,048**	**1,108,254**	**250,953**	**168,267**	**(1,186,059)**	**2,665,463**
Non-current assets held for sale	**50,620**	**63,820**	**57,499**	**0**	**0**	**171,939**
Investments in associates and joint ventures	**24,492,562**	**0**	**0**	**283,950**	**(16,372,253)**	**8,404,259**
Property, plant and equipment	**661,775**	**1,447,531**	**323,125**	**85,203**	**0**	**2,517,634**
Right of use assets	**437,380**	**586,986**	**83,314**	**52,664**	**(2,226)**	**1,158,118**
Investment property	**232,392**	**0**	**10,978**	**83**	**0**	**243,453**
Goodwill	**465,905**	**6,256,286**	**145,020**	**0**	**0**	**6,867,211**
Other intangible assets	**479,883**	**214,208**	**139,057**	**32,199**	**0**	**865,347**
Income tax	**1,447,144**	**272,962**	**191,812**	**21,251**	**0**	**1,933,169**
Current	259,183	28,884	32,155	19,488	0	339,710
Deferred	1,187,961	244,078	159,657	1,763	0	1,593,459
Other assets	**19,672**	**211,607**	**190,166**	**482**	**(34)**	**421,893**
Total assets	**109,137,219**	**116,930,846**	**19,752,869**	**7,719,396**	**(21,205,435)**	**232,334,895**
Liabilities						
Financial liabilities derivatives at fair value	**427,262**	**178**	**19,973**	**0**	**0**	**447,413**
Financial liabilities at amortized cost	**80,768,089**	**99,607,545**	**17,581,776**	**6,508,325**	**(3,648,111)**	**200,817,624**
Customer deposits	**61,869,615**	**87,280,715**	**11,759,963**	**6,449,780**	**(3,626,499)**	**163,733,574**
Checking accounts	14,547,037	33,104,642	1,449,603	947,856	(991,884)	49,057,254
Savings accounts	29,307,390	19,898,767	1,631,404	260,233	(11,323)	51,086,471
Time certificates of deposit	17,932,769	33,933,444	8,672,815	5,229,857	(2,623,292)	63,145,593
Others	82,419	343,862	6,141	11,834	0	444,256
Financial obligations	**18,898,474**	**12,326,830**	**5,821,813**	**58,545**	**(21,612)**	**37,084,050**
Interbank borrowings and overnight funds	1,184,331	394,359	104,266	0	0	1,682,956
Borrowings from banks and others	5,731,310	8,473,496	4,080,526	1,139	(19,197)	18,267,274
Bonds issued	9,723,397	2,833,217	1,569,444	0	0	14,126,058
Development entities	1,786,878	0	0	0	0	1,786,878
Lease contracts	472,558	625,758	67,577	57,406	(2,415)	1,220,884
Employee benefits	**207,220**	**221,029**	**12,628**	**24,312**	**0**	**465,189**
Provisions	**26,248**	**41,613**	**2,579**	**6,377**	**0**	**76,817**
Income tax	**1,411**	**511,773**	**64,107**	**864**	**0**	**578,155**
Current	1,411	192,233	957	0	0	194,601
Deferred	0	319,540	63,150	864	0	383,554
Accounts payables and other liabilities	**2,357,628**	**3,065,179**	**228,178**	**145,837**	**(1,186,095)**	**4,610,727**
Total liabilities	$ **83,787,858**	**103,447,317**	**17,909,241**	**6,685,715**	**(4,834,206)**	**206,995,925**

	December 31, 2020						
	Segments				Conciliations		
	Banco de Bogotá	BAC Holding International Corp	Multi Financial Holding	Porvenir S.A. y subsidiaria	Other subsidiaries	Eliminations	Consolidated
Assets							
Cash and cash equivalents $	**9,179,912**	**17,580,002**	**545,392**	**397,029**	**5,078,223**	**(5,283,007)**	**27,497,551**
Financial assets	**10,403,042**	**10,111,201**	**3,696,772**	**2,976,948**	**2,141,765**	**(774,067)**	**28,555,661**
Investments at fair value through profit or loss	**1,888,520**	**161,740**	**153,842**	**2,280,367**	**339,101**	**0**	**4,823,570**
Investments at fair value through other comprehensive income	**5,341,196**	**9,787,331**	**3,182,582**	**695,125**	**973,193**	**(-804)**	**19,978,623**
Investments at amortized cost	**2,661,663**	**159,529**	**327,453**	**0**	**773,263**	**(773,263)**	**3,148,645**
Derivatives at fair value	**511,663**	**2,601**	**32,895**	**1,456**	**56,208**	**0**	**604,823**
Loan portfolio, net	**60,539,879**	**58,918,167**	**11,411,774**	**0**	**1,135,708**	**(47)**	**132,005,481**
Repos, interbank, overnight and money market operations	1,364,407	2,254,564	-113,984	0	0	0	3,504,987
Clients and financial leases transactions, net	**59,175,472**	**56,663,604**	**11,525,757**	**0**	**1,135,708**	**(47)**	**128,500,494**
Commercial	45,142,247	26,324,838	6,630,291	0	1,137,010	(47)	79,234,339
Consumer	13,910,745	20,653,883	2,579,376	0	5,051	0	37,149,055
Mortgage	4,696,692	11,985,944	2,412,476	0	0	0	19,095,112
Microcredits	366,969	0	0	0	0	0	366,969
Impairment	-4,941,181	-2,301,061	-96,386	0	-6,353	0	-7,344,981
Other accounts receivable, net	**907,773**	**868,998**	**189,015**	**71,478**	**85,260**	**(32,815)**	**2,089,709**
Non-current assets held for sale	**27,206**	**25,036**	**116,155**	**0**	**0**	**0**	**168,397**
Investments in associates and joint ventures	**22,172,991**	**520**	**-520**	**0**	**281,042**	**(17,034,715)**	**5,419,318**
Property, plant and equipment	**682,282**	**1,256,073**	**273,445**	**77,076**	**81,052**	**1,033**	**2,370,961**
Right of use assets	**501,418**	**663,191**	**79,556**	**30,583**	**63,312**	**(4,153)**	**1,333,907**
Investment property	**187,895**	**0**	**9,465**	**49,658**	**101**	**(1,451)**	**245,668**
Goodwill	**556,067**	**5,508,667**	**10,563**	**345,934**	**0**	**0**	**6,421,231**
Other intangible assets	**401,267**	**199,410**	**142,438**	**21,717**	**43,245**	**0**	**808,077**
Income tax	**697,705**	**234,790**	**164,585**	**0**	**15,456**	**0**	**1,112,536**
Current	226,029	41,502	41,136	0	14,692	0	323,359
Deferred	471,676	193,288	123,449	0	764	0	789,177
Other assets	**17,960**	**172,331**	**49,294**	**0**	**302**	**0**	**239,887**
Total assets	**106,275,397**	**95,538,386**	**16,687,934**	**3,970,423**	**8,925,466**	**(23,129,222)**	**208,268,384**
Liabilities							
Financial liabilities derivatives at fair value	**487,040**	**104**	**21,438**	**56,933**	**62,948**	**0**	**628,463**
Financial liabilities at amortized cost	**82,229,749**	**80,274,357**	**14,838,113**	**672,361**	**7,756,434**	**(6,060,963)**	**179,710,051**
Customer deposits	**65,854,591**	**69,480,239**	**10,319,162**	**851**	**7,689,160**	**(6,056,542)**	**147,287,461**
Checking accounts	17,430,927	26,077,756	1,525,150	0	2,302,819	(4,730,789)	42,605,863
Savings accounts	28,668,711	14,489,870	1,318,517	0	346,087	(294,321)	44,528,864
Time certificates of deposit	19,628,508	28,677,784	7,471,693	0	5,039,321	(1,031,432)	59,785,874
Others	126,445	234,829	3,802	851	933	0	366,860
Financial obligations	**16,375,158**	**10,794,118**	**4,518,951**	**671,510**	**67,274**	**(4,421)**	**32,422,590**
Interbank borrowings and overnight funds	2,876,614	337,835	57,456	0	0	0	3,271,905
Borrowings from banks and others	2,731,545	7,205,902	2,687,628	638,720	26	(26)	13,263,795
Bonds issued	7,894,942	2,564,946	1,713,175	0	0	0	12,173,063

		December 31, 2020						
		Segments				Conciliations		
		Banco de Bogotá	BAC Holding International Corp	Multi Financial Holding	Porvenir S.A. y subsidiaria	Other subsidiaries	Eliminations	Consolidated
Development entities		2,343,035	0	0	0	0	0	2,343,035
Lease contracts		529,022	685,435	**60,692**	32,790	67,248	(4,395)	1,370,792
Employee benefits		**229,073**	**187,153**	**7,524**	**16,064**	**23,640**	**0**	**463,454**
Provisions		**24,960**	**33,834**	**4,386**	**339,793**	**7,253**	**0**	**410,226**
Income tax		**4,541**	**417,071**	**52,260**	**115,253**	**1,008**	**0**	**590,133**
Current		4,541	199,861	515	66,941	953	0	272,811
Deferred		0	217,210	51,745	48,312	55	0	317,322
Accounts payables and other liabilities		**2,223,921**	**1,311,854**	**258,453**	**126,937**	**79,096**	**(32,805)**	**3,967,456**
Total liabilities	$	**85,199,284**	**82,224,373**	**15,182,174**	**1,327,341**	**7,930,379**	**(6,093,768)**	**185,769,783**

Statement of income for the period, by segment

		For the year ended at December 31, 2021					
		Segments			Conciliations		
		Banco de Bogotá	BAC Holding International Corp	Multi Financial Holding	Other subsidiaries	Eliminations	Consolidated
Interest income	$	**5,230,011**	**6,856,109**	**919,506**	**69,164**	**(48,157)**	**13,026,633**
Loan portfolio and financial leases		4,980,723	6,232,057	849,278	25,069	(42,616)	12,044,511
Repos, interbank, overnight and money market operations		3,777	1,529	3,096	8	(460)	7,950
Investments		245,511	622,523	67,132	44,087	(5,081)	974,172
Interest expenses		**1,640,841**	**2,257,827**	**454,851**	**54,271**	**(27,775)**	**4,380,015**
Customer deposits		**973,207**	**1,758,878**	**314,781**	**49,936**	**(26,832)**	**3,069,970**
Checking account		51,710	198,878	7,852	1,413	(6,295)	253,558
Savings account		366,896	191,386	14,316	256	(4,663)	568,191
Time certificates of deposit		554,601	1,368,614	292,613	48,267	(15,874)	2,248,221
Financial obligations		**667,634**	**498,949**	**140,070**	**4,335**	**(943)**	**1,310,045**
Interbank borrowings and overnight funds		62,475	23,324	2,179	8	468	88,454
Borrowings from banks and others		22,672	210,428	67,526	84	(1,284)	299,426
Bonds issued		498,595	246,018	66,377	0	0	810,990
Development entities		57,721	0	0	0	0	57,721
Lease contracts		26,171	19,179	3,988	4,243	(127)	53,454
Net interest income		**3,589,170**	**4,598,282**	**464,655**	**14,893**	**(20,382)**	**8,646,618**
Net Impairment loss on financial assets		**1,478,072**	**1,314,007**	**202,424**	**305**	**(1,191)**	**2,993,617**
Loan portfolio, financial leases and other accounts receivable		1,697,272	1,307,761	203,044	(1,006)	0	3,207,071
Recoveries		(219,603)	(9,313)	0	0	0	(228,916)
Investments		403	15,559	(620)	1,311	(1,191)	15,462
Net interest income, after impairment		**2,111,098**	**3,284,275**	**262,231**	**14,588**	**(19,191)**	**5,653,001**
Income for commissions and other services		**1,051,012**	**2,657,273**	**92,603**	**292,179**	**(2,799)**	**4,090,268**
Banking services		542,931	1,761,818	79,909	11,625	(1,121)	2,395,162
Credit cards		491,885	840,825	12,694	0	0	1,345,404
Pension and severance fund management		0	54,630	0	0	0	54,630
Trust activities and portfolio management		0	0	0	157,335	(1,182)	156,153
Storage services		0	0	0	122,780	(481)	122,299
Drafts, checks and checkbooks		12,352	0	0	439	0	12,791
Office network services		3,844	0	0	0	(15)	3,829
Costs and expenses for commissions and others services		**316,092**	**110,032**	**6,750**	**5,229**	**(2,491)**	**435,612**
Net income for commissions and other services		**734,920**	**2,547,241**	**85,853**	**286,950**	**(308)**	**3,654,656**
Net income from trading financial		**523,759**	**26,436**	**4,753**	**10,070**	**0**	**565,018**

	For the year ended at December 31, 2021					
	Segments			Conciliations		
	Banco de Bogotá	BAC Holding International Corp	Multi Financial Holding	Other subsidiaries	Eliminations	Consolidated
assets or liabilities						
Gain on valuation of derivatives instruments for trading	537,678	1,004	7	20,579	0	559,268
Gain on valuation of derivative instruments for hedging	38,602	0	3,722	0	0	42,324
Loss on valuation of investments for trading	(52,521)	25,432	1,024	(10,509)	0	(36,574)
Gain from deconsolidation (loss of control) of subsidiaries	**1,302,301**	**0**	**0**	**0**	**0**	**1,302,301**
Other income	**2,173,703**	**904,115**	**150,118**	**185,507**	**(2,113,306)**	**1,300,137**
Net gain on exchange difference	(408,482)	578,651	(49)	(23,733)	7	146,394
Others	2,582,185	325,464	150,167	209,240	(2,113,313)	1,153,743
Other expenses	**2,264,158**	**4,606,388**	**395,210**	**388,333**	**(154,970)**	**7,499,119**
Administrative	1,235,399	2,257,766	116,754	103,182	(154,370)	3,558,731
Employee benefits	779,461	1,878,828	164,120	114,486	0	2,936,895
Depreciation and amortization	209,478	424,110	49,829	26,752	(387)	709,782
Others	39,820	45,684	64,507	143,913	(213)	293,711
Net income before income tax	**4,581,623**	**2,155,679**	**107,745**	**108,782**	**(1,977,835)**	**4,975,994**
Income tax expense	221,721	528,367	13,589	17,284	0	780,961
Net income for the period from continuing operations	$ **4,359,902**	**1,627,312**	**94,156**	**91,498**	**(1,977,835)**	**4,195,033**

	For the year ended at December 31, 2020					
	Segments			Conciliations		
	Banco de Bogotá	BAC Holding International Corp	Multi Financial Holding	Other subsidiaries	Eliminations	Consolidated
Interest income	$ **5,660,921**	**7,007,401**	**555,705**	**126,782**	**(33,833)**	**13,316,976**
Loan portfolio and financial leases	5,406,791	6,482,207	517,292	84,026	(28,492)	12,461,824
Repos, interbank, overnight and money market operations	5,574	7,466	(6,519)	9	0	6,530
Investments	248,556	517,728	44,932	42,747	(5,341)	848,622
Interest expenses	**2,274,216**	**2,467,846**	**265,242**	**93,054**	**(34,257)**	**5,066,101**
Customer deposits	**1,499,121**	**1,887,896**	**171,968**	**87,671**	**(33,911)**	**3,612,745**
Checking accounts	108,103	216,100	7,830	14,737	(20,915)	325,855
Savings accounts	574,717	179,099	6,768	437	(7,571)	753,450
Time certificates of deposit	816,301	1,492,698	157,369	72,497	(5,425)	2,533,440
Financial obligations	**775,095**	**579,950**	**93,274**	**5,383**	**(346)**	**1,453,356**
Interbank borrowings and overnight funds	124,511	3,579	(2,678)	10	(2)	125,420
Borrowings from banks and others	72,765	350,880	29,395	405	0	453,445
Bonds issued	465,354	184,187	64,320	0	0	713,861
Development entities	81,551	0	0	0	0	81,551
Lease contracts	30,914	41,305	2,236	4,968	(344)	79,079
Net interest income	**3,386,705**	**4,539,555**	**290,463**	**33,728**	**424**	**8,250,875**
Net impairment loss on financial assets	**2,434,936**	**1,733,028**	**139,430**	**(1,203)**	**(293)**	**4,305,898**
Loan portfolio, financial leases and accounts receivable	2,571,407	1,675,097	129,006	(1,852)	0	4,373,658
Recovery of write-offs	(137,523)	0	0	0	0	(137,523)
Investments	1,052	57,931	10,424	649	(293)	69,763
Net interest income, after impairment	**951,769**	**2,806,527**	**151,033**	**34,931**	**717**	**3,944,977**
Income for commissions and other services	**903,567**	**2,388,658**	**41,317**	**286,587**	**(9,195)**	**3,610,934**
Banking services	428,960	1,639,115	33,889	6,405	(6,770)	2,101,599
Credit cards	454,094	706,174	7,428	0	(3)	1,167,693

	For the year ended at December 31, 2020					
	Segments			Conciliations		Consolidated
Pension and severance fund management	0	43,369	0	0	0	43,369
Trust activities	0	0	0	171,778	(947)	170,831
Storage services	0	0	0	107,949	(1,459)	106,490
Drafts, checks and checkbooks	16,433	0	0	455	(1)	16,887
Office network services	4,080	0	0	0	(15)	4,065
Costs and expenses for commissions and others services	**255,432**	**104,013**	**7,237**	**4,942**	**(15,391)**	**356,233**
Net income for commissions and other services	**648,135**	**2,284,645**	**34,080**	**281,645**	**6,196**	**3,254,701**
Net income from trading financial assets or liabilities	**588,886**	**7,281**	**(2,537)**	**17,023**	**(2)**	**610,651**
Gain on valuation of derivatives instruments for trading	271,569	(3)	3	364	0	271,933
Gain on valuation of derivatives instruments for hedging	154,496	2,730	392	0	0	157,618
Gain on valuation of investments for trading	162,821	4,554	(2,932)	16,659	(2)	181,100
Other income	**2,324,490**	**859,428**	**121,217**	**194,376**	**(1,749,139)**	**1,750,372**
Net gain on exchange difference	(98,938)	611,311	47	(1,232)	(69)	511,119
Others	2,423,428	248,117	121,170	195,608	(1,749,070)	1,239,253
Other expenses	**2,295,885**	**4,339,601**	**258,115**	**362,048**	**(123,825)**	**7,131,824**
Administrative	1,252,003	1,928,612	82,984	94,884	(125,386)	3,233,097
Employee benefits	776,509	1,927,593	95,942	110,148	0	2,910,192
Depreciation and amortization	231,797	431,606	27,768	24,471	(604)	715,038
Others	35,576	51,790	51,421	132,545	2,165	273,497
Net income before income tax	**2,217,395**	**1,618,280**	**45,678**	**165,927**	**(1,618,403)**	**2,428,877**
Income tax expense	(15,906)	483,601	10,885	23,774	0	502,354
Net income for the period $	**2,233,301**	**1,134,679**	**34,793**	**142,153**	**(1,618,403)**	**1,926,523**

The geographic zones defined by the Bank and its subsidiaries are: Colombia, Panamá, Guatemala, Costa Rica and others (Nicaragua, Honduras, El Salvador, the United States, the British Virgin Islands and the Cayman Islands), these are distributed by income and assets at the consolidated level (property, plant and equipment, right of use assets, intangible assets, and deferred income tax-assets).

The following table shows the geographic distribution of the Bank and its subsidiaries consolidated income and assets, for which information is provided:

	For the year ended at December 31, 2021						
	Colombia	Panamá	Guatemala	Costa Rica	Others (2)	Elimina-tions	Consoli-dated
Income for the period (1) $	7,081,996	2,631,897	1,548,869	2,991,784	3,478,328	(50,955)	17,681,919
Non-current assets other than financial instruments	**3,352,046**	**7,513,842**	**296,510**	**924,207**	**917,390**	**(2,226)**	**13,001,769**
Property, plant and equipment	700,607	539,986	178,901	473,800	624,340	0	2,517,634
Right of use assets	488,977	173,895	68,594	243,129	185,749	(2,226)	1,158,118
Intangible assets	972,737	6,461,575	28,288	190,684	79,274	0	7,732,558
Deferred Income Tax - Assets $	1,189,725	338,386	20,727	16,594	28,027	0	1,593,459

	For the year ended at December 31, 2020						
	Colombia	Panamá	Guatemala	Costa Rica	Others (2)	Elimina-tions	Consoli-dated
Income for the period (1)	$ **7,447,840**	**2,181,063**	**1,582,449**	**3,271,745**	**3,098,493**	**(43,029)**	**17,538,561**
Non-current assets other than financial instruments	**3,231,724**	**6,515,289**	**259,301**	**718,536**	**1,001,623**	**(3,120)**	**11,723,353**
Property, plant and equipment	799,357	474,820	155,646	388,914	551,191	1,033	2,370,961
Right of use assets	594,261	192,944	69,465	212,191	269,199	(4,153)	1,333,907
Intangible assets	1,365,666	5,596,211	18,569	104,044	144,818	0	7,229,308
Deferred Income Tax -Assets	$ 472,440	251,314	15,621	13,387	36,415	0	789,177

(1) Corresponds to income from interest, commissions and other services and income financial assets and liabilities held for sale, net.
(2) Corresponds to Nicaragua, Honduras, El Salvador, United States, the British Virgin Islands and Cayman Islands.

The Bank and its subsidiaries reported no concentration of income in customers with more than a 10% share of income from ordinary activities. For this purpose, a single client is considered, those other than related parties, which are under common control based on the information available. See Note 35 for details on income of related parties.

Note 9 – Cash and cash equivalents

The following table shows cash and cash equivalents:

		December 31, 2021	December 31, 2020
In Colombian pesos			
Cash	$	1,667,125	2,000,249
Central Bank		1,613,127	647,396
Bank and other financial entities		3,486	99,501
Liquidity administration		0	1,558
		3,283,738	**2,748,704**
In foreign currency			
Cash		2,856,258	2,321,120
Bank and other financial entities		19,150,775	21,039,927
Liquidity administration		1,707,136	1,387,800
		23,714,169	**24,748,847**
Total (1)	$	**26,997,907**	**27,497,551**

(1) Cash shows a decrease in Banks and other financial entities M/L in the amount of $(127,338) due to the future deconsolidation, an increase in the amount of $965,731 in Central Banks for the fulfillment of simultaneous and interbank operations and compliance with reserve requirements required.

The following table shows a breakdown of the credit ratings determined by independent credit-rating agencies for the principal financial institutions where the Bank and its subsidiaries have cash accounts:

		December 31, 2021	December 31, 2020
Investment grade	$	9,600,457	11,851,432
Speculative		12,801,307	11,239,707
Without grade or not available		72,760	85,044
Cash held by the entity		4,523,383	4,321,368
Total	$	**26,997,907**	**27,497,551**

At December 31, 2021 and 2020 there are no restrictions on cash and cash equivalents, except for the legal reserve required in Colombia, agencies Miami and New York and in the countries of Central America.

See table of reserve requirement percentages by country in Note 7.4.3.

The reserve required by country is detailed below, both for deposits and fundraising in local currency and in foreign currency:

Country		December 31, 2021	December 31, 2020
Colombia	$	3,579,080	3,419,067
Guatemala		2,142,669	2,903,466
El Salvador		1,675,114	1,588,248
Honduras		2,982,763	1,481,357
Nicaragua		974,664	707,709
Costa Rica		3,648,797	383,870
Total	$	**15,003,087**	**10,483,717**

There are increases in reserve requirements by country in Honduras and Costa Rica due to the increase in the percentages of the tranches.

Note 10 – Financial assets

10.1 Investments at fair value through profit or loss

The balance of investments in debt and equity securities at fair value through profit or loss includes the following:

		December 31, 2021	December 31, 2020
Debt securities issued or secured			
In Colombian Pesos			
Colombian Government	$	371,881	755,226
Other Colombian Government entities		130,951	133,425
Other financial entities		428,241	856,745
Non-financial sector entities		2,134	23,121
Others		24,575	20,298
		957,782	1,788,815
In foreign currency			
Other Colombian Government entities		54,734	0
Other financial entities		171,361	152,072
Foreign Governments		213,862	201,286
Others		64	55
		440,021	353,413
Total debt securities		**1,397,803**	**2,142,228**
Equity securities			
In Colombian Pesos			
Collective investment funds		1,150	30,492
Mandatory investment funds (1)		101,720	1,938,413
Private investment funds		624,035	589,044
		726,905	2,557,949
In foreign currency			
Collective investment funds		86,233	80,743
Corporate stock		56,498	42,650
		142,731	123,393
Total equity securities		**869,636**	**2,681,342**
Total	$	**2,267,439**	**4,823,570**

(1) The decrease is due to the deconsolidation of Porvenir S.A. for $1,836,693.

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, 2021	December 31, 2020
Debt securities issued or secured			
Investment grade			
Sovereign (1)	$	434,782	827,456
Corporate		0	43,419
Financial entities		437,256	835,737
Other Colombian Government entities (2)		0	133,425
		872,038	1,840,037
Speculative grade			
Sovereign (1)		150,961	129,056
Corporate		26,709	0
Financial entities		162,346	173,080
Other Colombian Government entities (2)		185,685	0
		525,701	302,136
Without grade or not available			
Corporate		64	55
		64	55
Total debt securities		**1,397,803**	**2,142,228**
Equity securities			
Investment grade		729,081	810,289
Without grade or not available		140,555	1,871,053
Total equity securities		**869,636**	**2,681,342**
Total	$	**2,267,439**	**4,823,570**

(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 at fair value through profit or loss 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, 2021	December 31, 2020
Pledged as collateral in money market operations			
Foreign Governments		36,005	27,440
Total	$	**36,005**	**27,440**

10.2 Investments at fair value through other comprehensive income

The balance of investments in debt and equity securities at fair value through other comprehensive income includes the following:

		December 31, 2021			
		Cost	Unrealized gain	Unrealized loss	Fair value
Debt securities issued or secured					
In Colombian Pesos					
Colombian Government	$	4,133,387	16	(475,379)	3,658,024
Other Colombian Government entities		153,080	0	(11,166)	141,914
Other financial entities		26,032	0	(300)	25,732
Others		239,142	0	(7,290)	231,852
		4,551,641	16	(494,135)	4,057,522

	December 31, 2021			
	Cost	Unrealized gain	Unrealized loss	Fair value
In foreign currency				
Colombian Government	1,152,506	360	(18,416)	1,134,450
Other Colombian Government entities	234,874	106	(985)	233,995
Other financial entities	2,586,751	7,400	(33,473)	2,560,678
Non-financial sector entities	492,921	784	(1,596)	492,109
Central banks	1,874,511	1,199	(17,991)	1,857,719
Foreign Governments (1)	12,437,742	305,841	(96,738)	12,646,845
Others (1)	737,323	18,988	(4,007)	752,304
	19,516,628	334,678	(173,206)	19,678,100
Total debt securities	**24,068,269**	**334,694**	**(667,341)**	**23,735,622**
Equity securities				
In Colombian Pesos				
Corporate stock	141,623	133,351	(2,174)	272,800
In foreign currency				
Corporate stock	9,603	2,694	0	12,297
Total equity securities	**151,226**	**136,045**	**(2,174)**	**285,097**
Total	$ **24,219,495**	**470,739**	**(669,515)**	**24,020,719**

(1) The unrealized gain includes MFG interest rate hedge, Foreign Governments ($4,716) and Others ($7,514) for a total of ($12,230).

	December 31, 2020			
	Cost	Unrealized gain	Unrealized loss	Fair value
Debt securities issued or secured				
In Colombian Pesos				
Colombian Government	$ 3,995,666	35,828	(115)	4,031,379
Other Colombian Government entities	223,830	5,523	0	229,353
Other financial entities	430,698	19,364	(1)	450,061
Non-financial sector entities	15,144	75	0	15,219
	4,665,338	60,790	(116)	4,726,012
In foreign currency				
Colombian Government	784,352	12,505	0	796,857
Other Colombian Government entities	153,828	13,025	0	166,853
Other financial entities	1,630,224	39,443	(240)	1,669,427
Non-financial sector entities	11,408	355	0	11,763
Central banks	1,861,216	4,117	(2,411)	1,862,922
Foreign Governments (1)	9,457,828	182,689	(80,056)	9,560,461
Others (1)	916,981	35,091	(496)	951,576
	14,815,837	287,225	(83,203)	15,019,859
Total debt securities	**19,481,175**	**348,015**	**(83,319)**	**19,745,871**
Equity securities				
In Colombian Pesos				
Corporate stock	138,488	77,307	(429)	215,366
In foreign currency				
Corporate stock	12,454	4,932	0	17,386
Total equity securities	**150,942**	**82,239**	**(429)**	**232,752**
Total	$ **19,632,117**	**430,254**	**(83,748)**	**19,978,623**

(1) The unrealized gain Includes MFG interest rate hedge, Foreign Governments ($1,987) and Others ($3,037) for a total of ($5,024).

Following is a breakdown of the main equity securities at fair value through other comprehensive income:

	December 31, 2021	December 31, 2020
Credibanco S.A.	$ 143,824	139,351
ACH Colombia S.A.	107,160	55,842

		December 31, 2021	December 31, 2020
Redeban Multicolor S.A.		7,322	7,364
Bolsa de Valores de Colombia S.A.		5,128	6,169
Aportes en Línea S.A. (Gestión y Contacto)		2,422	0
Cámara de Riesgo Central de Contraparte de Colombia S.A.		2,408	2,338
Latinex Holding Inc		2,230	1,760
Grupo APC		1,789	1,543
Flor del Monte S.A.		1,448	1,448
Sociedad Portuaria Regional de Buenaventura S.A.		1,417	1,083
Transacciones y Transferencia S.A.		1,237	1,057
Others		8,712	14,797
Total	$	**285,097**	**232,752**

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, 2021	December 31, 2020
Debt securities issued or secured			
Investment grade			
Sovereign (1)	$	7,117,660	8,144,335
Central banks		251,370	196,524
Corporate		312,760	348,698
Financial entities		1,671,873	1,409,671
Multilaterals		322,050	95,054
Other Colombian Government entities (2)		114,758	396,206
		9,790,471	10,590,488
Speculative grade			
Sovereign (1)		10,321,659	6,244,362
Central banks		1,606,349	1,666,398
Corporate		423,272	517,625
Financial entities		910,531	709,817
Multilaterals		3,935	17,181
Other Colombian Government entities (2)		261,150	0
		13,526,896	9,155,383
Default			
Corporate		414,249	0
Financial entities		4,006	0
		418,255	0
Total debt securities		**23,735,622**	**19,745,871**
Equity securities			
Investment grade		256,155	202,454
Without grade or not available		28,942	30,298
Total equity securities		**285,097**	**232,752**
Total	$	**24,020,719**	**19,978,623**

(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 at fair value through other comprehensive income 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, 2021	December 31, 2020
Pledged as collateral in money market operations			
Colombian Government	$	1,071,751	1,908,752
Other financial entities		0	50,990
Central banks		37,797	869
Foreign Governments		1,235,018	1,157,382
Others		65,976	85,095
		2,410,542	**3,203,088**

		December 31, 2021	December 31, 2020
Pledged as collateral to special entities such as CRCC, BR and/or BVC (1)			
Colombian Government		521,076	257,769
		521,076	**257,769**
Total	$	**2,931,618**	**3,460,857**

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

Impairment of investments at fair value through other comprehensive income

The following is the movement of impairment of investments at fair value through other comprehensive income, by stages:

		Stage 1	Stage 2	Discontinued operation	Total
Balance at December 31, 2019	$	**29,638**	**0**	**859**	**30,497**
Impairment with effect in net income		63,293	327	8	63,628
Recoveries with effect in income		(19)	(139)	(43)	(201)
Exchange difference		(5,024)	(9)	0	(5,033)
Balance at December 31, 2020	$	**87,888**	**179**	**824**	**88,891**
Impairment with effect in net income		24,272	(1)	259	24,530
Recoveries with effect in income		(11,074)	(189)	0	(11,263)
Exchange difference		13,328	16	0	13,344
Reclassification between stages		5	(5)	0	0
Deconsolidation		0	0	(1,083)	(1,083)
Balance at December 31, 2021	$	**114,419**	**0**	**0**	**114,419**

Fundamentally, the variations in fair value reflect variations in market conditions, mainly because of changes in interest rates, exchange rates, credit spreads and other economic conditions within the country where the investment is held. The Bank and its subsidiaries consider that the fair value of financial assets reflected no significant losses as of December 31, 2021, and 2020, due to credit risk impairment.

An analysis of sensitivity to changes in interest rates on financial assets at fair value is disclosed in Note 7.4.2 Market risk.

Financial assets in equity securities at fair value through other comprehensive income have been designated in view of the fact that they are strategic investments for the Bank and its subsidiaries, as such, they are not expected to be sold in the near future, which implies a greater degree of uncertainty when it comes to determining their fair value. This uncertainty generates significant fluctuations from one period to another.

As for dividends on these investments, $18,045 and $20,015 were recognized in the statement of income for the periods ended as of December 31, 2021, and 2020, respectively.

10.3 Investments at amortized cost

The balance of investments in debt securities at amortized cost includes the following:

		December 31, 2021	December 31, 2020
Debt securities issued or secured			
In Colombian Pesos			
Colombian Government	$	1,142,096	1,144,889
Other Colombian Government entities		1,633,159	1,482,631
		2,775,255	2,627,520
In foreign currency			
Other financial entities		136,113	300,897

		December 31, 2021	December 31, 2020
Non-financial sector entities		266,411	0
Foreign Governments		27,866	34,747
Others		27,359	191,866
		457,749	527,510
		3,233,004	**3,155,030**
Impairment		(9,798)	(6,385)
Total debt securities	$	**3,223,206**	**3,148,645**

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, 2021	December 31, 2020
Investment grade			
Sovereign (1)	**$**	1,169,962	1,179,636
Financial entities		12,096	169,232
Other Colombian Government entities (2)		0	1,482,631
		1,182,058	2,831,499
Speculative grade			
Corporate		27,359	191,866
Financial entities		43,683	131,665
Other Colombian Government entities (2)		1,633,159	0
		1,704,201	323,531
Without grade or not available			
Corporate		266,411	0
Financial entities		80,334	0
		346,745	0
Total	$	**3,233,004**	**3,155,030**

(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 financial assets at amortized cost 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, 2021	December 31, 2020
Pledged as collateral in money market operations			
Other financial entities	$	42,805	182,076
Non-financial sector entities		21,900	0
Pledged as collateral to special entities such as CRCC, BR and/or BVC (1)			
Other Colombian Government entities		98,401	573,134
	$	**163,106**	**755,210**

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

Maturity by time bands of investments at amortized cost

The following is a summary of investments at amortized cost, by time bands:

		December 31, 2021	December 31, 2020
Up to 1 month	$	380,566	328,868
More than 1 month and no more than 3 months		34,872	199,695
More than 3 months and no more than 1 year		2,525,857	2,367,612
More than 1 year and no more than 5 years		137,632	83,538
More than 5 years and no more than 10 years		126,718	152,132
More than 10 years		27,359	23,185

	December 31, 2021	December 31, 2020
$	**3,233,004**	**3,155,030**

Impairment of investments at amortized cost

The following is the movement of impairment of investments at amortized cost, by stages:

		Etapa 1	Etapa 2	Total
Balance at December 31, 2019	$	**319**	**0**	**319**
Impairment with effect in net income		7,357	7	7,364
Recoveries with effect in income		(1,063)	0	(1,063)
Exchange difference		(235)	0	(235)
Balance at December 31, 2020	$	**6,378**	**7**	**6,385**
Impairment with effect in net income		(899)	5,394	4,495
Recoveries with effect in income		(1,810)	(231)	(2,041)
Exchange difference		837	122	959
Reclassification between stages		(1,788)	1,788	0
Balance at December 31, 2021	$	**2,718**	**7,080**	**9,798**

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

10.4 Trading derivatives

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

		December 31, 2021		December 31, 2020	
		Notional amount	Fair value	Notional amount	Fair value
Assets					
Forward contracts (1)					
Foreign currency to buy	$	7,255,399	264,325	1,116,626	71,564
Foreign currency to sell		(2,016,020)	14,706	(3,182,578)	188,473
		5,239,379	**279,031**	**(2,065,952)**	**260,037**
Swaps					
Cross currency		248,424	39,589	209,404	31,386
Interest rate		4,573,790	48,314	6,827,557	146,608
		4,822,214	**87,903**	**7,036,961**	**177,994**
Futures contracts (2)					
Foreign currency to buy		12,156,870	0	260,870	0
Foreign currency to sell		(2,251,744)	0	(2,619,169)	0
Sale of securities		(10,000)	0	0	0
		9,895,126	**0**	**(2,358,299)**	**0**
Options contracts					
Currency to buy		523,222	36,171	777,738	16,831
Total assets		**20,479,941**	**403,105**	**3,390,448**	**454,862**
Liabilities					
Forward contracts (1)					
Foreign currency to buy		(1,522,687)	10,772	(4,963,101)	400,944
Foreign currency to sell		6,622,838	195,788	436,405	10,778
		5,100,151	**206,560**	**(4,526,696)**	**411,722**
Swaps					
Cross currency		447,597	69,857	424,534	38,692
Interest rate		5,294,850	65,114	5,918,391	124,432
		5,742,447	**134,971**	**6,342,925**	**163,124**
Futures contracts (2)					
Currency to buy		(2,420,545)	0	(3,850,750)	0
Currency to sell		7,312,794	0	449,658	0
Buy of titles		(10,000)	0	0	0
Sell of titles		0	0	20,000	0
		4,882,249	**0**	**(3,381,092)**	**0**

		December 31, 2021		December 31, 2020	
		Notional amount	Fair value	Notional amount	Fair value
Options contracts					
Currency to sell		674,316	53,893	729,192	29,814
Total liabilities	$	**16,399,163**	**395,424**	**(835,671)**	**604,660**

(1) The main change in the speculative portfolios corresponds to the strategic management of each portfolio due to conditions created in the market by trading with respect to variations and high fluctuations in the representative market rate of exchange (TRM) and/or interest rates. With derivatives of this type, 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.

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

The derivatives net variation as of December 31, 2021, with respect to December 31, 2020, is shown as a result of the movement of the valuation curves (interest rate differential), exchange rates, adjustments for counterparty credit risks and the variation in the volume of these.

Financial derivatives contracted by the Bank and its subsidiaries are traded in offshore 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.

10.5 Hedging derivatives

The financial derivatives used for hedging include following:

		December 31, 2021		December 31, 2020	
		Notional amount	Fair value	Notional amount	Fair value
Assets					
Forward contracts (1)					
Foreign currency to buy	$	236,927	4,629	205,952	589
Foreign currency to sell		(113,463)	750	(1,436,501)	116,477
		123,464	**5,379**	**(1,230,549)**	**117,066**
Swap					
Foreign currency		0	0	343,250	32,895
		0	**0**	**343,250**	**32,895**
Futures contracts (2)					
Currency to buy		437,928	0	10,298	0
Currency to sell		(1,031,120)	0	(1,566,936)	0
		(593,192)	**0**	**(1,556,638)**	**0**
Total assets		**(469,728)**	**5,379**	**(2,443,937)**	**149,961**
Liabilities					
Forward contracts (1)					
Foreign currency to buy		(44,023)	484	(169,909)	1,914
Foreign currency to sell		1,854,822	32,532	205,950	451
		1,810,799	**33,016**	**36,041**	**2,365**
Swap					
Interest rate		81,614	18,973	70,366	21,438
Total Swaps		**81,614**	**18,973**	**70,366**	**21,438**
Futures contracts (2)					
Foreign currency to buy		(1,264,815)	0	(387,873)	0
Foreign currency to sell		1,592,464	0	0	0
		327,649	**0**	**(387,873)**	**0**
Total liabilities	$	**2,220,062**	**51,989**	**(281,466)**	**23,803**

(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.

(2) 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 off-set 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 derivatives as of December 31, 2021, with respect to December 31, 2020 is shown as a consequence of the movement of the valuation curves (interest rates variations and fluctuations) 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, 2021	December 31, 2020
Investment grade	$	297,246	388,919
Speculative		108	43
Without grade or not available		111,130	215,861
Total	$	**408,484**	**604,823**

Derivatives guarantees

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

		December 31, 2021	December 31, 2020
Cash			
Delivered	$	9,875	104,440
Received		152,797	96,488
Financial instruments			
Delivered	$	581,595	204,564

Hedge accounting

The Bank has decided to use hedge accounting for net investments in foreign operations with non-derivative instruments (foreign currency bonds) and derivative transactions (forward contracts). The purpose of these operations is to protect the Bank from the exchange risk (dollar/peso) of net investments in foreign currency business, denominated in dollars.

At maturity, the hedging instruments are successively renewed in order to comply with the strategy of reducing the exchange rate risk and protecting the solvency indicators.

Gains or losses on translation of the financial statements of foreign currency businesses 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.

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 (OCI).

Derivatives: The Bank uses financial derivatives (dollar - peso forwards) seeking to protect their balance sheet and solvency indicators as much as possible from the effect of the dollar/peso spot exchange rate. Derivative instruments are valued daily, discriminating the result attributable to the exchange risk. In addition, the effect of the exchange rate variation on the portion of net investments abroad hedged with derivative instruments is determined daily. In this way, the effectiveness of the hedging relationship is calculated on a day-by-day.

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 have documented the tests of the effectiveness of hedging its of its net investments in foreign currency business of agencies and branches, based on the portion of the net investment hedged at the beginning of the hedging relationship. These are considered effective, since the critical terms and risks of the obligations that serve as hedging instruments are identical to those of the primary hedged position.

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

As an alternative to immunize the solvency ratio to the exchange rate, the Board of Directors approved November 30, 2021 “discovering” part of the value of the net investment abroad through the reduction in the size of the hedging with derivatives, to immunize the Bank's Basic Solvency Ratio. The amount authorized to be excluded must not exceed 150% of the value of the "technical equity for Controlled Investments Abroad" (adjusted equity) or the value of investments in foreign subsidiaries, for individual financial statements. Likewise, it may not exceed 40% of the Technical Equity for consolidated financial statements.

- **Effectiveness of hedge forward type contracts**

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

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

For foreign currency debt designates as hedge instrument, the gain or loss arising from debt conversion into Colombian pesos is based on the current US dollar exchange rate for the peso, which is the functional currency of the Bank. The effectiveness tests are based on the Comparison Method of the critical terms. To the extent that the amount (fixed) of the hedge instrument matches exactly the portion of the net investment hedged in foreign operations, the relationship is perfectly effective.

Hedging net investments in foreign currency

The assets and liabilities of the hedging strategy of the foreign exchange risk exposure of i net investments in foreign currency business, are converted from dollars to Colombian pesos at the market representative rate certified daily by the Financial Superintendency of Colombia, which generates an unrealized gain or loss from exchange differences that is recognized in Other Comprehensive Income in equity.

The following is the detail of the hedges on investments in foreign subsidiaries:

			Millions of US dollars					
			December 31, 2021			December 31, 2020		
			BAC Holding International Corp y Multifinancial Holding	Banco de Bogotá Panamá, Other subsidiaries and agencies (1)	Total	BAC Holding International Corp	Banco de Bogotá Panamá, Other subsidiaries and agencies (1)	Total
Value of the investment		$	3,862	145	4,007	4,320	154	4,474
Value of the investment (hedging part)			2,858	85	2,943	2,868	85	2,953
Value of the hedge in bonds in foreign currency			(1,486)	0	(1,486)	(2,067)	0	(2,067)
Value of hedging with derivatives in foreign currency (forward and futures contracts)	Assets		(72)	(13)	(85)	(589)	(223)	(812)
	Liabilities	$	(512)	(131)	(643)	31	71	102

		Millions of Colombian pesos					
		December 31, 2021			December 31, 2020		
Detail of investment		BAC Holding International Corp y Multifinancial Holding	Banco de Bogotá Panamá, Other subsidiaries and agencies (1)	Total	BAC Holding International Corp	Banco de Bogotá Panamá, Other subsidiaries and agencies (1)	Total
Exchange difference Investment	$	7,391,903	234,996	7,626,899	5,053,322	151,709	5,205,031
Exchange difference Investment (hedging part) (2)		6,921,493	233,388	7,154,881	5,551,574	150,307	5,701,881
Exchange difference on bonds in foreign currency		(2,872,535)	0	(2,872,535)	(1,823,518)	0	(1,823,518)
Exchange difference on derivatives in foreign currency (forward and futures contracts)		(4,048,958)	(233,388)	(4,282,346)	(3,728,056)	(150,307)	(3,878,363)
Net	$	0	0	0	0	0	0

(1) Includes Banco de Bogotá Panamá, Banco Bogotá Finance, Ficentro and investment in foreign branches Panamá and agencies in Miami and New York.
(2) Exchange difference investment (uncovered part) to $472,018 and ($496,851) at December 31, 2021 and December 31, 2020, respectively, causing a variation of $ 968,869 in the six month period

Hedging with forwards contracts

Forward sale contracts in US dollars were formally designated as hedging instruments for part of the net foreign investment of BAC Holding International Corporation, Multi Financial Holding, Banco de Bogotá Panamá S.A and the foreign agencies 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 hedging instruments for its net investments in foreign businesses as follows:

- Subordinated bonds issued by the Bank in February 2013 in the international markets under Regulation 144A, maturing in February 2023, and hedge designation for US$398 million.

- Subordinated bonds issued by the Bank in May 2016 in the international markets under Regulation 144A, maturing in May 2026, and hedge designation for US$581 million until September 29, 2021, due to the effect of the dividend distribution by the subsidiary BAC Holding International Corp. (see Note 2.2).

- Subordinated bonds issued by the Bank in November 2016 in international markets under Regulation 144A, maturing in May 2026, and hedge designation for US$500 million.

- Ordinary bonds issued by the Bank in August 2017 in international markets, maturing in August 2027, and hedge designation of US$588 million.

Hedging of fair value

Following table shows the gains or losses for current hedges and the items currently hedged:

	December 31, 2021				
	Notional value of hedged investment	Book value of hedged investment		Change in fair value	Accumulated income
		Assets	Liabilities		
Hedging instrument					
Swap contract	$ 81,614	0	18,973	5,872	5,872
Covered item					
Government and corporate bonds	81,614	19,073	0	(6,382)	(6,382)

10.6 Transfer of financial assets

Banco de Bogotá and its subsidiaries carry out transactions in the normal course of business, whereby they transfer financial assets to third parties. Depending on the circumstances, these transfers may result in these financial assets being derecognized or continue to be recognized in the financial statements. As of December 31, 2021, and 2020, the Bank and its subsidiaries continue to recognize securities pledged as collateral in money market operations (see notes 10.1, 10.2 and 10.3), as well as the associated financial liabilities as of December 31, 2021, and 2020 for $1,331,729 and $2,757,425, respectively.

Additionally, as of December 31, 2021, and 2020 Banco de Bogotá and its subsidiaries have not recorded any securities loans.

Note 11 – Loan portfolio, net

Loans are recorded at amortized cost on the statement of financial position and are classified as commercial, consumer, mortgage, and microcredit. Due to the significance of the financial leasing portfolio for the Bank and its subsidiaries, these amounts are also presented in all the tables in the note of credit risks and this note for disclosure purposes:

		December 31, 2021		
		Balance on the consolidated statement of financial position	Reclassification of financial leases	Balance according to disclosure
Commercial	$	88,044,197	(4,193,027)	83,851,170
Consumer		44,671,128	(349,497)	44,321,631
Mortgage		23,189,459	(591,350)	22,598,109
Microcredit		314,350	0	314,350
Financial leases		0	5,133,874	5,133,874
Repos, interbank and others		1,586,667	0	1,586,667
Total	$	**157,805,801**	**0**	**157,805,801**

		December 31, 2020		
		Balance on the consolidated statement of financial position	Reclassification of financial leases	Balance according to disclosure
Commercial	$	79,234,339	(3,907,826)	75,326,513
Consumer		37,149,055	(323,118)	36,825,937
Mortgage		19,095,112	(507,478)	18,587,634
Microcredit		366,969	0	366,969
Financial leases		0	4,738,422	4,738,422
Repos, interbank and others		3,504,987	0	3,504,987
Total	$	**139,350,462**	**0**	**139,350,462**

11.1 Loan portfolio, by credit lines

The following shows the distribution of the Bank and its subsidiaries loan portfolio, by credit lines:

		December 31, 2021	December 31, 2020
Ordinary loans	$	89,531,024	79,333,030
Mortgage		22,316,273	18,379,089
Credit cards		17,275,312	13,683,428
Payroll installment loans		12,939,255	10,857,448
Financial leases out immovable property		3,522,594	3,110,726
Loans to micro - businesses and SMEs		3,333,343	2,818,078
Loans with resources from other institutions		1,829,046	2,345,106
Financial leases out movable assets		1,611,279	1,627,697
Home builder loans		1,500,449	1,421,884
Found in current banking account		558,826	586,609
Discounts		545,084	283,580
Microcredit		314,350	366,969
Employee loans		291,748	216,813
Non-recourse factoring		195,593	99,437
Consignment in transit		195,263	192,785
Letters of credit, hedged		62,886	26,747
Collateral and guarantees covered		605	143
Others		1,782,871	4,000,893
Total gross loan portfolio		157,805,801	139,350,462
Impairment		(7,637,147)	(7,344,981)

		December 31, 2021	December 31, 2020
Total	$	**150,168,654**	**132,005,481**

11.2 Loan portfolio, by maturity

The following shows the distribution of the Bank and its subsidiaries loan portfolio, by maturity:

		December 31, 2021				
		Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
Commercial	$	34,314,512	18,979,457	11,321,037	19,236,164	83,851,170
Consumer		17,679,749	6,912,327	6,485,776	13,243,779	44,321,631
Mortgage		336,577	569,242	698,170	20,994,120	22,598,109
Microcredit		187,254	109,322	13,658	4,116	314,350
Financial leases		802,258	1,234,266	1,314,855	1,782,495	5,133,874
Repos, interbank and other		1,586,667	0	0	0	1,586,667
Total	$	**54,907,017**	**27,804,614**	**19,833,496**	**55,260,674**	**157,805,801**

		December 31, 2020				
		Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
Commercial	$	30,879,231	17,221,233	11,099,753	16,126,296	75,326,513
Consumer		14,251,336	6,244,538	5,775,286	10,554,777	36,825,937
Mortgage		291,877	490,400	591,547	17,213,810	18,587,634
Microcredit		196,883	143,558	20,430	6,098	366,969
Financial leases		801,042	1,172,546	1,177,275	1,587,559	4,738,422
Repos, interbank and other		3,504,987	0	0	0	3,504,987
Total	$	**49,925,356**	**25,272,275**	**18,664,291**	**45,488,540**	**139,350,462**

11.3 Loan portfolio, by type of currency

The following is the classification of the loan gross portfolio, by type of currency:

		December 31, 2021			December 31, 2020		
		Local	Foreign	Total	Local	Foreign	Total
Commercial	$	36,627,290	47,223,880	83,851,170	36,614,483	38,712,030	75,326,513
Consumer		15,255,811	29,065,820	44,321,631	13,904,410	22,921,527	36,825,937
Mortgage		5,164,950	17,433,159	22,598,109	4,189,214	14,398,420	18,587,634
Microcredit		314,350	0	314,350	366,969	0	366,969
Financial leases		3,705,349	1,428,525	5,133,874	3,568,494	1,169,928	4,738,422
Repos, interbank and others		69,947	1,516,720	1,586,667	1,355,715	2,149,272	3,504,987
Total	$	**61,137,697**	**96,668,104**	**157,805,801**	**59,999,285**	**79,351,177**	**139,350,462**

11.4 Loan portfolio, by stages

The following is a breakdown of the portfolio according to the different stages:

		December 31, 2021			
		Stage 1	Stage 2	Stage 3	Total
Commercial	$	70,936,327	7,076,479	5,838,364	83,851,170
Consumer		35,785,257	6,487,955	2,048,419	44,321,631
Mortgage		16,933,926	4,821,513	842,670	22,598,109
Microcredit		184,744	43,229	86,377	314,350
Financial leases		3,720,633	900,681	512,560	5,133,874
Repos, interbank and others		1,586,667	0	0	1,586,667
Total	$	**129,147,554**	**19,329,857**	**9,328,390**	**157,805,801**

		December 31, 2020			
		Stage 1	Stage 2	Stage 3	Total
Commercial	$	64,332,120	5,857,868	5,136,525	75,326,513
Consumer		26,657,364	8,329,787	1,838,786	36,825,937
Mortgage		13,335,015	4,688,953	563,666	18,587,634
Microcredit		174,520	143,544	48,905	366,969
Financial leases		3,265,496	960,751	512,175	4,738,422
Repos, interbank and others		3,504,987	0	0	3,504,987
Total	$	**111,269,502**	**19,980,903**	**8,100,057**	**139,350,462**

11.5 Activity in loan portfolio impairment

Following table shows the activity in loan portfolio impairment:

		Commercial	Consumer	Mortgage	Microcredit	Financial leases	Total
Balance at December 31, 2019	$	**2,451,280**	**2,128,136**	**224,212**	**89,140**	**248,943**	**5,141,711**
Write-offs		(699,695)	(1,532,305)	(83,429)	(51,496)	(23,261)	(2,390,186)
Impairment with effect in net income		1,438,068	2,455,214	236,015	75,589	149,300	4,354,186
Reversal of caused interests (1)		176,997	38,340	5,102	9,686	19,035	249,160
Effect of movements in exchange rates		(2,779)	2,045	(7,126)	0	(2,030)	(9,890)
Balance at December 31, 2020	$	**3,363,871**	**3,091,430**	**374,774**	**122,919**	**391,987**	**7,344,981**
Write-offs		(699,624)	(2,671,882)	(54,904)	(49,381)	(66,681)	(3,542,472)
Impairment with effect in net income		881,206	2,058,052	163,002	17,687	71,538	3,191,485
Reversal of caused interests (1)		167,305	45,429	6,679	13,163	18,412	250,988
Effect of movements in exchange rates		92,974	245,983	47,711	0	5,497	392,165
Balance at December 31, 2021	$	**3,805,732**	**2,769,012**	**537,262**	**104,388**	**420,753**	**7,637,147**

Following table shows the activity in loan portfolio impairment by stages:

		Stage 1	Stage 2	Stage 3	Total
Balance at December 31, 2019	$	**1,168,875**	**911,751**	**3,061,085**	**5,141,711**
Write-offs		(5,959)	(9,893)	(2,374,334)	(2,390,186)
Impairment with effect in net income		(323,968)	2,515,747	2,162,407	4,354,186
Reversal of caused interests		0	0	249,160	249,160
Exchange difference		56,091	(69,694)	3,713	(9,890)
Reclassification from Stage 1 to Stage 2		(667,351)	667,351	0	0
Reclassification from Stage 1 to Stage 3		(26,324)	0	26,324	0
Reclassification from Stage 2 to Stage 3		0	(1,041,501)	1,041,501	0
Reclassification from Stage 3 to Stage 2		0	266,500	(266,500)	0
Reclassification from Stage 2 to Stage 1		724,616	(724,616)	0	0
Reclassification from Stage 3 to Stage 1		83,995	0	(83,995)	0
Balance at December 31, 2020	$	**1,009,975**	**2,515,645**	**3,819,361**	**7,344,981**
Write-offs		(27,612)	(142,374)	(3,372,486)	(3,542,472)
Impairment with effect in net income		(363,741)	935,221	2,620,005	3,191,485
Reversal of caused interests		0	1	250,987	250,988
Exchange difference		49,816	206,489	135,860	392,165
Reclassification from Stage 1 to Stage 2		(274,582)	274,582	0	0
Reclassification from Stage 1 to Stage 3		(17,272)	0	17,272	0
Reclassification from Stage 2 to Stage 3		0	(1,448,987)	1,448,987	0
Reclassification from Stage 3 to Stage 2		0	467,589	(467,589)	0
Reclassification from Stage 2 to Stage 1		625,767	(625,767)	0	0
Reclassification from Stage 3 to Stage 1		97,454	0	(97,454)	0
Balance at December 31, 2021	$	**1,099,805**	**2,182,399**	**4,354,943**	**7,637,147**

(1) The provision for interest due on stage 3 loans is reported in the Statement Income within interest income so that interest income is recognized over the amortized cost (after deducting the provision for Expected Credit Loss - ECL).

The following table shows the phased impact of the PCE measurement due to changes in PI, PDI, EI and changes made to model assumptions and methodologies; using the parameters at the beginning of the period versus the parameters used at the end of the period:

		December 31, 2021			
		Stage 1	Stage 2	Stage 3	Total
Commercial	$	(26,593)	457,692	78,602	509,701
Consumer		(93,043)	(10,337)	16,460	(86,920)
Mortgage		2,885	(1,375)	38,294	39,804
Microcredit		(10,463)	(6,849)	(26)	(17,338)
Financial leases		1,465	69,447	7,812	78,724
Total	$	**(125,749)**	**508,578**	**141,142**	**523,971**

		December 31, 2020			
		Stage 1	Stage 2	Stage 3	Total
Commercial	$	(62,832)	254,703	95,721	287,592
Consumer		(170,683)	384,810	1,739	215,866
Mortgage		6,511	51,194	3,928	61,633
Microcredit		(21,076)	44,405	(1)	23,328
Financial leases		(4,876)	59,380	573	55,077
Total	$	**(252,956)**	**794,492**	**101,960**	**643,496**

11.6 Activity in loan portfolio balances

Following table shows the activity in loan portfolio balances:

		Commercial	Consumer	Mortgage	Microcredit	Financial leases	Repos, interbank and others	Total
Balance at December 31, 2019	$	**63,682,625**	**33,199,578**	**14,713,141**	**403,969**	**4,484,393**	**1,768,132**	**118,251,838**
Principal increases and underwriting costs		52,931,486	24,184,578	2,895,307	197,986	1,189,377	1,902,435	83,301,169
Principal decreases and underwriting costs		(48,838,246)	(23,407,339)	(1,885,062)	(205,680)	(1,076,486)	(818,605)	(76,231,418)
Increases and/or decreases in interest		580,330	701,069	143,764	22,190	67,130	(178,046)	1,336,437
Write-offs		(699,694)	(1,532,305)	(83,429)	(51,496)	(23,262)	0	(2,390,186)
Balance acquired in business combination		6,905,883	3,055,628	2,606,534	0	68,388	472,785	13,109,218
Effect of movements in exchange rates		764,129	624,728	197,379	0	28,882	358,219	1,973,337
Discontinued operation		0	0	0	0	0	67	67
Balance at December 31, 2020	$	**75,326,513**	**36,825,937**	**18,587,634**	**366,969**	**4,738,422**	**3,504,987**	**139,350,462**
Principal increases and underwriting costs		62,489,553	33,527,402	4,264,643	177,953	1,329,529	1,001,329	102,790,409

		Commercial	Consumer	Mortgage	Microcredit	Financial leases	Repos, interbank and others	Total
Balance at December 31, 2019	$	**63,682,625**	**33,199,578**	**14,713,141**	**403,969**	**4,484,393**	**1,768,132**	**118,251,838**
Principal decreases and underwriting costs		(59,389,921)	(27,176,741)	(2,541,782)	(203,314)	(1,036,862)	(3,132,464)	(93,481,084)
Increases and/or decreases in interest		(34,307)	152,389	52,361	22,123	(2,697)	6,273	196,142
Write-offs		(699,624)	(2,671,882)	(54,904)	(49,381)	(66,681)	0	(3,542,472)
Effect of movements in exchange rates		6,158,956	3,664,526	2,290,157	0	172,163	206,528	12,492,330
Discontinued operation		0	0	0	0	0	14	14
Balance at December 31, 2021	$	**83,851,170**	**44,321,631**	**22,598,109**	**314,350**	**5,133,874**	**1,586,667**	**157,805,801**

Following table shows the activity in loan portfolio balance by stages:

		Stage 1	Stage 2	Stage 3	Total
Balance at December 31, 2019	$	**106,055,088**	**6,100,841**	**6,095,909**	**118,251,838**
Principal increases and underwriting costs		75,739,528	5,372,597	2,189,044	83,301,169
Principal decreases and underwriting costs		(70,783,769)	(3,129,137)	(2,318,512)	(76,231,418)
Increases and/or decreases in interest		1,092,727	5,351	238,359	1,336,437
Write-offs		(5,959)	(9,894)	(2,374,333)	(2,390,186)
Balance acquired in business combination		12,198,534	390,932	519,752	13,109,218
Effect of movements in exchange rates		1,845,676	38,770	88,891	1,973,337
Reclassification from Stage 1 to Stage 2		(19,830,533)	19,830,533	0	0
Reclassification from Stage 1 to Stage 3		(549,165)	0	549,165	0
Reclassification from Stage 2 to Stage 3		0	(3,994,754)	3,994,754	0
Reclassification from Stage 2 to Stage 1		5,268,644	(5,268,644)	0	0
Reclassification from Stage 3 to Stage 2		0	644,308	(644,308)	0
Reclassification from Stage 3 to Stage 1		238,664	0	(238,664)	0
Discontinued operation		67	0	0	67
Balance at December 31, 2020	$	**111,269,502**	**19,980,903**	**8,100,057**	**139,350,462**
Principal increases and underwriting costs		99,295,076	2,261,325	1,234,008	102,790,409
Principal decreases and underwriting costs		(85,470,432)	(5,358,847)	(2,651,805)	(93,481,084)
Increases and/or decreases in interest		(54,175)	101,778	148,539	196,142
Write-offs		(27,612)	(142,374)	(3,372,486)	(3,542,472)
Effect of movements in exchange rates		10,365,382	1,765,778	361,170	12,492,330
Reclassification from Stage 1 to Stage 2		(13,685,261)	13,685,261	0	0
Reclassification from Stage 1 to Stage 3		(997,361)	0	997,361	0
Reclassification from Stage 2 to Stage 3		0	(6,459,030)	6,459,030	0
Reclassification from Stage 2 to Stage 1		8,008,289	(8,008,289)	0	0
Reclassification from Stage 3 to Stage 2		0	1,503,352	(1,503,352)	0
Reclassification from Stage 3 to Stage 1		444,132	0	(444,132)	0
Discontinued operation		14	0	0	14
Balance at December 31, 2021	$	**129,147,554**	**19,329,857**	**9,328,390**	**157,805,801**

11.7 Loan portfolio assessed individually and collectively

The detailed information of credit risk impairment provisions accrued, taking into account how they were determined individually for loans above of $2,000 and collectively for other credits.

The impaired portfolio represents loans with associated credit risk, while the non-performing portfolio only considers the number of days overdue or customer default (without identifying if there is associated credit risk or not).

		December 31, 2021						
		Commercial	Consumer	Mortgage	Microcredit	Financial leases	Repos, interbank and others	Total
Impairment								
Individually assessed loans	$	1,938,956	1,015	0	0	268,811	0	2,208,782
Collectively assessed loans		1,866,776	2,767,997	537,262	104,388	151,942	0	5,428,365
Total impairment		**3,805,732**	**2,769,012**	**537,262**	**104,388**	**420,753**	**0**	**7,637,147**
Gross balance of financial assets by loan portfolio:								
Individually assessed loans (1)		4,855,247	1,686	0	0	431,800	0	5,288,733
Collectively assessed loans		78,995,923	44,319,945	22,598,109	314,350	4,702,074	1,586,667	152,517,068
Total gross loan portfolio	$	**83,851,170**	**44,321,631**	**22,598,109**	**314,350**	**5,133,874**	**1,586,667**	**157,805,801**

		December 31, 2020						
		Commercial	Consumer	Mortgage	Microcredit	Financial leases	Repos, interbank and others	Total
Impairment								
Individually assessed loans	$	1,719,274	2,756	0	0	254,238	0	1,976,268
Collectively assessed loans		1,644,597	3,088,674	374,774	122,919	137,749	0	5,368,713
Total impairment		**3,363,871**	**3,091,430**	**374,774**	**122,919**	**391,987**	**0**	**7,344,981**
Gross balance of financial assets by loan portfolio:								
Individually assessed loans (1)		36,899,588	52,541	10,273	0	2,608,035	0	39,570,437
Collectively assessed loans		38,426,925	36,773,396	18,577,361	366,969	2,130,387	3,504,987	99,780,025
Total gross loan portfolio	$	**75,326,513**	**36,825,937**	**18,587,634**	**366,969**	**4,738,422**	**3,504,987**	**139,350,462**

(1) Includes all individually assessed loans of more than $2,000, regardless of whether they are judged as impaired or otherwise.

11.8 Loan portfolio assessed individually

The following is a breakdown of the loans assessed individually for impairment:

		December 31, 2021		
		Registered gross value	Collateral guarantees	Constituted impairment
No registered impairment				
Commercial	$	226,267	226,267	0
Financial leases		85	0	0
		226,352	**226,267**	**0**
With registered impairment				
Commercial		4,600,884	1,224,611	1,938,956
Consumer		1,686	0	1,015
Financial leases		459,812	39,448	268,811
		5,062,382	**1,264,059**	**2,208,782**
Totals				
Commercial		4,827,151	1,450,878	1,938,956
Consumer		1,686	0	1,015
Financial leases		459,897	39,448	268,811
Total	$	**5,288,734**	**1,490,326**	**2,208,782**

		December 31, 2020		
		Registered gross value	Collateral guarantees	Constituted impairment
No registered impairment				
Commercial	$	170,588	170,588	0
		170,588	**170,588**	**0**
With registered impairment				
Commercial		4,080,378	913,687	1,719,274
Consumer		4,142	0	2,756
Financial leases		466,136	46,763	254,238
		4,550,656	**960,451**	**1,976,268**
Totals				
Commercial		4,250,966	1,084,275	1,719,274
Consumer		4,142	0	2,756
Financial leases		466,136	46,763	254,238
Total	$	**4,721,244**	**1,131,038**	**1,976,268**

11.9 Financial leases portfolio

The following is the reconciliation of the gross investment in financial leases to the present value of the minimum payments to be received:

		December 31, 2021	December 31, 2020
Gross investment in financial leases agreements	$	**7,217,128**	**6,834,706**
Less unrealized financial income		(2,083,254)	(2,096,284)
Net investment in financial leases agreements		**5,133,874**	**4,738,422**
Impairment of net investment in financial leases agreements	$	**(420,753)**	**(391,987)**

Below is a breakdown of the gross and net investment in financial leases contracts to be received in each of the following periods:

		December 31, 2021		December 31, 2020	
		Gross investment	Net investment	Gross investment	Net investment
Up to 1 year	$	182,352	180,738	199,096	196,630
1 to 5 years		2,654,599	1,972,113	2,707,139	1,770,005
More than 5 years		4,380,177	2,981,023	3,928,471	2,771,787

Total	$	**7,217,128**	**5,133,874**	**6,834,706**	**4,738,422**

The Bank and its subsidiaries grant loans in the form of financial leases for purchase of machinery and equipment, computer equipment, real estate, furniture and fixtures, vehicles and ships, trains and aircraft. In these cases, the amount of financing generally ranges between a maximum of 100% of the value of the property in the case of new assets to 70% for used assets. The life of these loans varies from a maximum of 120 months to a minimum of 24 months for those who have tax benefits. The option to buy, in most cases, involves a maximum of 20% of the value of asset and a minimum of 1% in the specific case of furniture and fixtures.

11.10 Loan portfolio delivered as a guarantee

Following is a breakdown of loan portfolio that guarantees operations repo:

		December 31, 2020	
		Principal	Interest
Commercial (1)	$	278,862	1,657
Total portfolio	**$**	**278,862**	**1,657**

(1) The repo operations with Bank of the Republic were canceled in January 2021.

Note 12 – Other accounts receivable, net

The following is a breakdown of other accounts receivable:

		December 31, 2021	December 31, 2020
Electronic deposits Offset - Credibanco	$	408,472	266,612
Prepayments to contractors and suppliers		392,053	302,239
Electronic transfers in process		288,604	242,059
Fees, services and others		283,639	182,813
Collateral deposits and others		210,205	153,893
Abandoned accounts transfers to “Instituto Colombiano de Crédito Educativo y Estudios Técnicos en el Exterior (ICETEX)”		203,511	182,763
Commissions		156,503	194,794
Prepaid expenses		148,475	124,505
from customers		142,575	129,406
Discountable taxes, prepayments and withholdings		66,397	57,268
Sale of goods and services		53,445	55,922
Transfers to the National Treasury – inactive accounts		42,436	39,966
Insurance companies		35,116	22,715
Storage services		28,694	27,501
Accounts payable		26,674	43,563
Forward compliance		1,243	2,068
Managed pension funds		0	28,076
Other		272,182	140,656
		2,760,224	**2,196,819**
Impairment of other accounts receivable		(94,761)	(107,110)
Total	**$**	**2,665,463**	**2,089,709**

The following shows the movement in the impairment:

		December 31, 2021	December 31, 2020
Balance at the beginning of the period	$	**107,110**	**91,360**
Balance acquired in business combination		0	217
Impairment		22,760	25,188
Write-offs		(15,234)	(4,723)
Recoveries		(6,923)	(5,530)
Effect of movements in exchange rates		13,042	143
Discontinued operation		3,116	455
Deconsolidation		(29,110)	0

		December 31, 2021	December 31, 2020
Balance at the end of the period	$	**94,761**	**107,110**

Note 13 – Non-current assets held for sale

Non-current assets held for sale are primarily assets received through foreclosure on assets pledged as loan collateral. Accordingly, the Bank and its subsidiaries intend to sell them immediately and has special processes and sales programs for the foreclose of 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, there are already purchase commitment agreements for some of these assets

The following is a breakdown of non-current assets held for sale:

		December 31, 2021	December 31, 2020
Non-current assets held for sale			
Movables	$	1,530	840
Residential real estate		55,529	46,367
Non-mortgaged real estate		92,714	102,320
		149,773	**149,527**
Assets returned from leasing agreements			
Machinery and equipment		140	3,873
Vehicles		2,678	1,785
Property		18,570	12,655
Residential leasing real estate		778	557
		22,166	**18,870**
Total	$	**171,939**	**168,397**

The following shows the movement of cost of non-current assets held for sale:

		December 31, 2021	December 31, 2020
Balance at the beginning of the period	**$**	**169,183**	**178,216**
Additions		195,775	71,108
Disposals/ Sales		(46,632)	(177,249)
Allowance used in sales		(4,669)	(65)
Balance acquired in business combination		0	77,481
Reclassifications (1)		(136,486)	27,350
Impact on the net income for change in the sales plan		(1,194)	0
Effect of movements in exchange rates		(3,301)	(7,658)
Balance at the end of the period	$	**172,676**	**169,183**

(1) At December 31, 2021, corresponds to transfers from other assets for $113,365 and to investment property for $22,851. At December 31, 2020, corresponds to transfers from other assets for $31,673 and to investment property for $4,323.

The following shows the movement of impairment of non-current assets held for sale:

		December 31, 2021	December 31, 2020
Balance at the beginning of the period	$	**(786)**	**0**
Allowance used in sales		4,669	65
Impairments charged to expenses, net		(3,612)	(867)
Reclassifications (1)		3,391	31
Effect of movements in exchange rates		(4,399)	(15)
Balance at the end of the period	$	**(737)**	**(786)**

(1) At December 31, 2021 corresponds to transfers from the other assets for $3,387 and to investment property for $4. At December 31, 2020

corresponds to transfers from the other assets for $31.

The liabilities associated with the groups of assets held for sale at December 31, 2021 and 2020, came to $4,598 and $7,927, respectively.

Marketing plan

The Bank and its subsidiaries take 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 effort made to obtain an urban standard applicable to real estate, and takes part in committees to assess and monitor ongoing negotiations.
- Real estate properties are visited regularly in an effort to keep the sales force and management with the properties the Bank and its subsidiaries have for sale. This approach makes it possible to identify the strengths of each property, its marketing potential and state of conservation, all of which allows for effective sales management.
- Sales are promoted through advertisements in the major daily newspapers with nationwide circulation and in the Bank and its subsidiaries real estate magazine. Pertinent information is sent directly to potential customers and a list of properties is published on the Bank's website (www.bancodebogota.com.co).

Note 14 – Investments in associates and joint ventures, net

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

		December 31, 2021	December 31, 2020
Associates	$	8,402,777	5,417,911
Joint ventures		1,482	1,407
Total	$	**8,404,259**	**5,419,318**

14.1 Investments in associates

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

	Associates	Corporate Purpose	Headquarters
1	Corporación Financiera Colombiana S.A.	Specializes in a wide range of products for private banking investment banking, treasury operations and investments in equity securities.	Bogotá D.C.
2	Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A.	Pension and severance fund manager.	Bogotá D.C.
3	Casa de Bolsa S.A.	Brokerage house (securities brokerage and securities fund management).	Bogotá D.C.
4	Servicios de Identidad Digital S.A.S.	Provide basic and special digital citizen services, and digital procedures.	Bogotá D.C.
5	A Toda Hora S.A.	Financial transactions services.	Bogotá D.C.

The following is a summary of the financial information of investments in associates, showing the percentages of ownership and their book value:

	December 31, 2021				
	Corporación Financiera Colombiana S.A.	Porvenir S.A.	Casa de Bolsa S.A.	Servicios de Identidad Digital S.A.S.	A Toda Hora S.A.
Percentage Shareholding	34.42%	46.39%	22.80%	33.33%	20.00%
Book value	5,740,353	2,647,430	8,551	3,989	2,454
Current assets	8,652,993	3,517,871	108,355	5,269	12,960
Non-current assets	13,059,816	594,099	3,421	9,857	638
Assets	**21,712,809**	**4,111,970**	**111,776**	**15,126**	**13,598**
Current liabilities	10,396,384	1,445,269	79,254	3,089	1,327
Non-current liabilities	1,018,355	0	0	70	0
Liabilities	**11,414,739**	**1,445,269**	**79,254**	**3,159**	**1,327**
Net assets	10,298,070	2,666,701	32,522	11,967	12,271
Revenue	5,084,297	2,766,126	62,631	118	12,512
Expenses	3,368,621	2,186,523	60,526	17,007	11,799
Net income	1,715,676	579,603	2,105	(16,889)	713
Other comprehensive income	(268,396)	(32,666)	(5,309)	0	0
Total comprehensive income	**1,447,280**	**546,937**	**(3,204)**	**(16,889)**	**713**
Cash and cash equivalents	1,602,384	96,780	7,994	3,931	7,828
Current financial liabilities	10,331,011	768,494	76,347	0	463
Non-current financial liabilities	1,012,103	0	0	70	0
Income from ordinary activities	148,143	1,287,005	25,081	1	11,701
Depreciation and amortization	4,084	12,162	1,456	0	607
Interest income	137,458	88,731	128	117	102
Interest expense	320,495	39,844	1,354	129	40
Income tax expense	32	185,229	12	0	276

	December 31, 2020			
	Corporación Financiera Colombiana S.A.	Casa de Bolsa S.A.	Servicios de Identidad Digital S.A.S.	A Toda Hora S.A.
Percentage Shareholding	34.07%	22.80%	33.33%	20.00%
Book value	5,401,412	9,282	4,905	2,312
Current assets	6,315,684	53,826	8,487	11,755
Non-current assets	11,352,760	1,815	8,258	1,052
Assets	**17,668,444**	**55,641**	**16,745**	**12,807**
Current liabilities	7,750,823	19,910	1,959	1,248
Non-current liabilities	509,603	0	71	0
Liabilities	**8,260,426**	**19,910**	**2,030**	**1,248**
Net assets	9,408,018	35,731	14,715	11,559
Revenue	4,535,519	78,612	198	12,708
Expenses	2,880,548	74,715	8,538	11,654
Net income	1,654,971	3,897	(8,340)	1,054
Other comprehensive income	330,497	193	0	0
Total comprehensive income	**1,985,468**	**4,090**	**(8,340)**	**1,054**
Cash and cash equivalents	1,225,690	15,249	8,233	344
Current financial liabilities	7,666,268	15,888	17	506
Non-current financial liabilities	502,443	0	71	0
Income from ordinary activities	152,819	22,606	0	11,811
Depreciation and amortization	4,616	1,135	0	625
Interest income	147,670	380	198	65
Interest expense	344,431	370	52	48
Income tax expense	1,947	27	0	508

The following is the movement in investments in associates:

		December 31, 2021	December 31, 2020
Balance at beginning of the period	$	**5,417,911**	**4,751,086**
Share in net income		545,005	556,940
Share in other comprehensive income (1)		(110,502)	106,504
Acquisitions (2)		4,539	5,333
Withholding tax on dividends (3)		(1,691)	(1,952)
Investment in Porvenir		2,547,515	0
Balance at end of the period	$	**8,402,777**	**5,417,911**

(1) Corresponds mainly to the share in other comprehensive income of Corficolombiana for ($103,467).
(2) Capitalization in the entity Servicios de Identidad Digital S.A.S.
(3) Corresponds to withholding made on dividends from Corporación Financiera Colombiana S.A.

In May 2021, dividends were received in shares of Corporación Financiera Colombiana S.A. for $225,440 less $1,691 corresponding to withholding on dividends. Some shareholders of the entity opted for cash dividends, a situation that generated an increase in the Bank's participation of 0.35%.

14.2 Investments in joint ventures

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

	Joint ventures	Corporate Purpose	Headquarters
1	A Toda Hora S.A. Joint ventures	Financial transactions services.	Bogotá D.C.
2	Aval Soluciones Digitales S.A Joint ventures.	Electronic Deposits and Payments - 100% digital financial transactions.	Bogotá D.C.

The following is a summary of the financial information of investments in joint ventures, showing the percentages of ownership and their book value:

	December 31, 2021		December 31, 2021
	A Toda Hora S.A.	Aval Soluciones Digitales S.A.	A Toda Hora S.A.
Percentage Shareholding	25.00%	38.89%	25.00%
Book value	1,478	4	1,407
Current assets	59,485	11,047	42,542
Non-current assets	16,246	30,399	10,712
Assets	**75,731**	**41,446**	**53,254**
Current liabilities	69,820	41,436	47,627
Liabilities	**69,820**	**41,436**	**47,627**
Net assets	5,911	10	5,627
Revenue	304,583	17,347	285,345
Expenses	304,299	17,347	284,804
Net income	284	0	541
Total comprehensive income	**284**	**0**	**541**
Cash and cash equivalents	21,124	5,994	7,388
Current financial liabilities	7,945	0	9,339
Income from ordinary activities	186,637	0	164,776
Depreciation and amortization	7,014	2,233	6,994
Interest income	249	0	193
Interest expense	720	0	615

The following is the movement of investments in joint ventures:

		December 31, 2021	December 31, 2020
Balance at the beginning of the period	$	**1,407**	**1,272**
Share in net income		71	135

Acquisitions		4	0
Balance at the end of the period	$	**1,482**	**1,407**

On January 5, 2021, a joint venture agreement was signed between the banks Bogotá, Occidente, Av Villas and Popular and the entity Aval Soluciones Digitales S.A. to start the joint venture Aval Soluciones Digitales S.A. whose corporate purpose is Electronic Deposits and Payments - 100% digital financial transactions.

There is no contingent liability for the Bank's shareholding in investments in associates and joint ventures.

It is not considered necessary to calculate the fair value of investments in associates and joint ventures because the cost of such assessment exceeds the benefit of disclosure, except in the case of Corporación Financiera Colombiana S.A., a company that is listed on the securities market.

Note 15 – Property, plant and equipment

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

		December 31, 2021		
		Cost	**Accumulated depreciation**	**Net**
Land	$	555,232	0	555,232
Buildings and constructions		1,377,751	(485,686)	892,065
Machinery		16,500	(11,185)	5,315
Vehicles		49,039	(29,157)	19,882
Office furniture, fixtures and equipment		857,500	(637,083)	220,417
Computer hardware, networking and communications		1,763,792	(1,293,954)	469,838
Leasehold improvements		400,182	(193,917)	206,265
Construction in progress		148,620	0	148,620
Total	$	**5,168,616**	**(2,650,982)**	**2,517,634**

		December 31, 2020		
		Cost	**Accumulated depreciation**	**Net**
Land	$	528,007	0	528,007
Buildings and constructions		1,296,671	(445,791)	850,880
Machinery		21,724	(12,775)	8,949
Vehicles		44,972	(25,169)	19,803
Office furniture, fixtures and equipment		802,513	(581,594)	220,919
Computer hardware, networking and communications		1,570,698	(1,108,624)	462,074
Leasehold improvements		395,659	(194,011)	201,648
Construction in progress		78,681	0	78,681
Total	$	**4,738,925**	**(2,367,964)**	**2,370,961**

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

		December 31, 2020	**Additions (1)**	**Disposals/ Sales**	**Reclassifi-cations (2)**	**Effect of movements in exchange rates**	**Discontinued operation**	**Deconsol i-dation**	**December 31, 2021**
Land	$	528,007	10,777	(17,022)	(505)	50,729	0	(16,754)	555,232
Buildings and constructions		1,296,671	15,024	(31,882)	50,910	99,812	0	(52,784)	1,377,751
Machinery		21,724	2,940	(15)	(223)	0	241	(8,167)	16,500
Vehicles		44,972	10,360	(11,698)	222	5,404	278	(499)	49,039

		December 31, 2020	Additions (1)	Disposals/ Sales	Reclassifi-cations (2)	Effect of movements in exchange rates	Discontinued operation	Deconsoli-dation	December 31, 2021
Office furniture, fixtures and equipment		802,513	36,440	(47,838)	8,897	72,770	(1,644)	(13,638)	857,500
Computer hardware, networking and communications		1,570,698	150,343	(49,110)	1,079	135,530	(521)	(44,227)	1,763,792
Leasehold improvements		395,659	4,287	(65,968)	23,585	44,686	0	(2,067)	400,182
Construction in progress		78,681	150,794	(3,948)	(89,404)	12,497	0	0	148,620
Total	$	**4,738,925**	**380,965**	**(227,481)**	**(5,439)**	**421,428**	**(1,646)**	**(138,136)**	**5,168,616**

(1) Additions include dismantling costs of $446.
(2) Corresponds to transfers from other assets for $382, capitalized intangible $4,295, discounted VAT of productive assets for ($6,502) and to investment properties for ($3,614).

		December 31, 2019	Additions	Disposals/ Sales	Reclassifi-cations (2)	Balance acquired in business combinations	Effect of movements in exchange rates	Discontinued operation	December 31, 2020
Land	$	427,356	3,167	(6,087)	1,140	106,918	(4,037)	(450)	528,007
Buildings and constructions		1,199,550	21,278	(22,193)	9,202	87,449	6,950	(5,565)	1,296,671
Machinery		17,164	926	(1,360)	(93)	0	1	5,086	21,724
Vehicles		44,382	4,560	(5,308)	0	410	928	0	44,972
Office furniture, fixtures and equipment		777,151	34,329	(32,291)	4,324	11,104	7,732	164	802,513
Computer hardware, networking and communications		1,468,031	171,774	(87,574)	2,905	2,083	6,846	6,633	1,570,698
Leasehold improvements		344,164	7,899	(38,183)	45,567	33,112	1,719	1,381	395,659
Construction in progress		27,941	69,548	(751)	(63,058)	51,938	(6,937)	0	78,681
Total	**$**	**4,305,739**	**313,481**	**(193,747)**	**(13)**	**293,014**	**13,202**	**7,249**	**4,738,925**

(1) Corresponds to transfers from other assets for $2,088 and discounted VAT of productive assets for $2,101.

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

		December 31, 2020	Deprecia-tion	Disposals/ Sales	Reclassifi-cations (1)	Effect of movements in exchange rates	Discontinued operation	Deconsoli-dation	December 31, 2021
Buildings and constructions	$	(445,791)	(53,129)	14,758	(4)	(17,882)	(1,047)	17,409	(485,686)
Machinery		(12,775)	(869)	3	2,451	0	(5)	10	(11,185)
Vehicles		(25,169)	(6,814)	8,807	(2,578)	(3,624)	(14)	235	(29,157)
Office furniture, fixtures and equipment		(581,594)	(56,446)	44,343	(562)	(54,231)	1,360	10,047	(637,083)
Computer hardware, networking and communications		(1,108,624)	(167,666)	47,294	481	(99,924)	1,111	33,374	(1,293,954)
Leasehold improvements		(194,011)	(38,184)	61,822	4	(23,774)	(134)	360	(193,917)

Total	$ **(2,367,964)**	**(323,108)**	**177,027**	**(208)**	**(199,435)**	**1,271**	**61,435**	**(2,650,982)**

(1) Corresponds to transfers from other assets

		December 31, 2019	Depreciation	Disposals/ Sales	Reclassifi-cations (1)	Effect of movements in exchange rates	Disconti-nued operation	December 31, 2020
Buildings and constructions	$	(410,764)	(48,519)	17,213	(26)	(2,766)	(929)	(445,791)
Machinery		(10,757)	(918)	1,355	(2,451)	0	(4)	(12,775)
Vehicles		(25,433)	(6,108)	4,218	2,451	(297)	0	(25,169)
Office furniture, fixtures and equipment		(543,751)	(63,780)	31,500	315	(5,107)	(771)	(581,594)
Computer hardware, networking and communications		(1,022,338)	(172,526)	86,993	(319)	2,697	(3,131)	(1,108,624)
Leasehold improvements		(192,999)	(38,490)	37,987	30	(720)	181	(194,011)
Total	$	**(2,206,042)**	**(330,341)**	**179,266**	**0**	**(6,193)**	**(4,654)**	**(2,367,964)**

There are no restrictions on ownership of property, plant and equipment.

At December 31, 2021, the Bank and its subsidiaries carried out a qualitative analysis that takes into account the internal and external sources of information and based on them, it can determine its recoverable value based on the fair value determined by the technical appraisal of an independent appraiser.

The Bank and its subsidiaries have property, plant and equipment that is fully depreciated, but still in use as of December 31, 2021. Additionally, have property, plant and equipment that is temporarily out of service for $5,089.

Note 16 – Right of use assets

Breakdown of balance by type of right of use assets:

		December 31, 2021		
		Cost	Accumulated depreciation	Net
Land	$	278	(161)	117
Buildings and constructions		1,650,716	(537,776)	1,112,940
Mobilization team and machinery		113	(85)	28
Vehicles		36,318	(11,556)	24,762
Computer hardware, networking and communications		33,715	(13,444)	20,271
Total	$	**1,721,140**	**(563,022)**	**1,158,118**

		December 31, 2020		
		Cost	Accumulated depreciation	Net
Land	$	140	(102)	38
Buildings and constructions		1,636,746	(363,021)	1,273,725
Mobilization team and machinery		111	(47)	64
Vehicles		39,873	(11,605)	28,268
Computer hardware, networking and communications		40,972	(11,151)	29,821
Office furniture, fixtures and equipment		2,053	(62)	1,991
Total	$	**1,719,895**	**(385,988)**	**1,333,907**

The activity of cost in assets right of use:

		December 31, 2020	Additions	Contracts adjust-ment	Cance-lations	Reclassi-fication (1)	Effect of movements in exchange rates	Disconti-nued operation	Deconso-lidation	December 31, 2021
Land	$	140	136	2	0	0	0	0	0	278
Buildings and constructions		1,636,746	43,935	(6,118)	(108,825)	(4,515)	127,495	504	(38,506)	1,650,716
Mobilization team and machinery		111	0	1	0	0	1	0	0	113
Vehicles		39,873	0	0	0	(7,898)	4,343	0	0	36,318
Computer hardware, networking and communications		40,972	0	72	(3,245)	0	0	53	(4,137)	33,715
Office furniture, fixtures and equipment		2,053	0	0	0	0	0	(128)	(1,925)	0
Total	$	**1,719,895**	**44,071**	**(6,043)**	**(112,070)**	**(12,413)**	**131,839**	**429**	**(44,568)**	**1,721,140**

(1) Project for the automation of lease contracts in BAC

		December 31, 2019	Additions	Contracts adjustment	Cancella-tions	Balance acquired in business combina-tions	Effect of movements in exchange rates	Disconti-nued operation	December 31, 2021
Land	$	162	0	(22)	0	0	0	0	140
Buildings and constructions		1,562,135	42,529	(3,502)	(48,345)	90,492	(16,550)	9,987	1,636,746
Mobilization team and machinery		58	0	53	0	0	0	0	111
Vehicles		41,693	0	(259)	0	0	(1,561)	0	39,873
Computer hardware, networking and communications		40,032	2,276	0	(619)	0	0	(717)	40,972
Office furniture, fixtures and equipment		0	0	0	0	0	0	2,053	2,053
Total	$	**1,644,080**	**44,805**	**(3,730)**	**(48,964)**	**90,492**	**(18,111)**	**11,323**	**1,719,895**

The activity of depreciation in assets right of use:

		December 31, 2020	Deprecia-tion	Cancellation	Reclassi-fication (1)	Effect of movements in exchange rates	Disconti-nued operation	Deconso-lidation	December 31,2021
Land	$	(102)	(60)	0	0	1	0	0	(161)
Buildings and constructions		(363,021)	(192,137)	37,013	4,515	(34,866)	(1,211)	11,931	(537,776)
Mobilization team and machinery		(47)	(37)	0	0	(1)	0	0	(85)
Vehicles		(11,605)	(6,275)	0	7,898	(1,574)	0	0	(11,556)
Computer hardware, networking and communications		(11,151)	(7,134)	2,066	0	0	(526)	3,301	(13,444)

Office furniture, fixtures and equipment	(62)	0	0	0	0	(207)	269	0
Total $	**(385,988)**	**(205,643)**	**39,079**	**12,413**	**(36,440)**	**(1,944)**	**15,501**	**(563,022)**

(1) Project for the automation of lease contracts in BAC

		December 31, 2019	Depreciation	Cancellations	Effect of movements in exchange rates	Discontinued operation	December 31,2020
Land	$	(65)	(37)	0	0	0	(102)
Buildings and constructions		(191,915)	(208,777)	10,548	32,296	(5,173)	(363,021)
Mobilization team and machinery		(14)	(33)	0	0	0	(47)
Vehicles		(5,957)	(6,594)	0	946	0	(11,605)
Computer hardware, networking and communications		(4,099)	(7,204)	619	0	(467)	(11,151)
Office furniture, fixtures and equipment		0	0	0	0	(62)	(62)
Total	$	**(202,050)**	**(222,645)**	**11,167**	**33,242**	**(5,702)**	**(385,988)**

In the development of its operations, the Bank and its subsidiaries lease several properties such as lands, buildings, computer hardware, mobilization equipment and warehouses. Normally, lease contracts are made for 1 to 15 years fixed periods. The lease conditions are negotiated individually and have a wide range of different terms and conditions. Lease contracts do not impose any agreement, but leased assets cannot be used as collateral for loan purposes.

Note 17 – Investment property

The following is a breakdown by type of property:

		December 31, 2021	December 31, 2020
Land	$	176,508	171,911
Buildings		66,945	73,757
Total	$	**243,453**	**245,668**

The following table shows the activity in the cost:

		Land	Buildings	Total
Balance at December 31, 2019	**$**	**166,469**	**43,065**	**209,534**
Additions		1,304	53	1,357
Balance acquired in business combinations		586	9,578	10,164
Reclassifications (1)		1,473	2,850	4,323
Disposals / Sales		(58,286)	(1,577)	(59,863)
Effect of movements in exchange rates		(40)	(658)	(698)
Discontinued operation		507	4,644	5,151
Balance at December 30, 2020	$	**112,013**	**57,955**	**169,968**
Additions		12,367	24,184	36,551
Disposals / Sales		(15,792)	(8,239)	(24,031)
Reclassifications (2)		14,244	12,217	26,461
Effect of movements in exchange rates		163	2,511	2,674
Deconsolidation		(5,681)	(29,533)	(35,214)
Balance at December 31, 2021	**$**	**117,314**	**59,095**	**176,409**

(1) Corresponds to transfers from non-current assets held for sale for $4,323.
(2) Corresponds to transfers from Property, plant and equipment for $3,614 and non-current assets held for sale for $22,847.

The following table shows the activity in the fair value of investment property:

		Land	Buildings	Total
Balance at December 31, 2019	**$**	**93,292**	**15,766**	**109,058**
Changes in fair value		(35,843)	(1,828)	(37,671)
Disposals / Sales		1,956	60	2,016
Discontinued operation		493	1,804	2,297
Balance at December 31, 2020	$	**59,898**	**15,802**	**75,700**
Changes in fair value		2,591	3,740	6,331
Disposals / Sales		(955)	122	(833)
Effect of movements in exchange rates		77	213	290
Deconsolidation		(2,417)	(12,027)	(14,444)
Balance at December 31, 2021	$	**59,194**	**7,850**	**67,044**

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

		December 31, 2021	December 31, 2020
Rental income from investment property	$	2,145	3,854
Direct operating expenses arising from investment property generating rental income		(430)	(433)
Direct operating expenses arising from investment property not generating rental income		(52)	(56)
Total	$	**1,663**	**3,365**

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

There are no restrictions on the sale of investment property.

Note 18 – Goodwill

18.1 Impairment assessment of cash-generating units with allocated goodwill

The Bank and its subsidiaries management assesses goodwill impairment recorded annually in its consolidated financial statements. This is regarded as an asset with an indefinite useful life, based on studies performed by independent experts hired for that purpose and in accordance with IAS 36 – “Impairment of Assets”.

These studies are based on valuations of the groups of cash-generating units (CGU) that are assigned the goodwill upon acquisition. This is done using the discounted future cash flow method and taking into account factors such as the economic situation of the country, the sector where the acquired entity operates, historical financial information, and projections on growth in the entity's income and costs over the next years and, subsequently, perpetual growth, considering its profit capitalization rates discounted at risk-free interest rates adjusted by the risk premiums that are required, given the circumstances of each entity.

The methodologies and assumptions used when valuing the different cash-generating units with allocated goodwill were reviewed by management and based on that review, it was concluded there was no need to record any impairment at December 31, 2021, since their recoverable amounts exceeds the book value.

The following is the movement on goodwill:

		December 31, 2021	December 31, 2020
Balance at the beginning of the period	$	**6,421,231**	**6,050,936**
Acquisition by business combination		0	134,515
Deconsolidation		(436,096)	0
Effect of movements in exchange rates		882,076	235,780
Balance at the end of the period	$	**6,867,211**	**6,421,231**

The value of goodwill recorded in the financial statements of the Bank and its subsidiaries was generated from the following acquisitions:

Buyer Company	**Acquisition**	**CGU Group**		**December 31, 2021**	**December 31, 2020**
Banco de Bogotá	Megabanco	**Banco de Bogotá**	$	**465,905**	**465,905**
	AFP Horizonte			**0**	**436,096**
Banco de Bogotá	Direct acquisition by the Bank	**Porvenir.**		0	90,162
Porvenir S.A. (1)	Acquisition through Porvenir			0	345,934
				6,256,286	**5,394,196**
BAC Holding International Corp (2)	BAC Credomatic	**BAC Credomatic**		3,904,293	3,366,342
	BBVA Panamá			1,266,809	1,092,225
	Banco Reformador			913,843	787,902
	Transcom Bank			171,341	147,727
Multi Financial Holding (2)	Multi Financial Group	**Multi Financial Group (MFG)**		**145,020**	**125,034**
Total Goodwill			$	**6,867,211**	**6,421,231**

(1) The Bank lost control over Porvenir, according to the shareholders' agreement of July 2021 with Grupo Aval, therefore Grupo Aval acquired the direct control of Porvenir.
(2) The changes are related with the exchange from foreign currency.

Following is the detail of the goodwill assigned by cash generating units (CGU) which represent the lowest level within Banco de Bogotá are monitored by the management and which are not greater that the business' segments. The carrying amount of unit generative of effective were updated as of September 30, 2021, for keep the same date of the update of the fair value.

		December 31, 2021			
		Goodwill carrying amount	CGU Book value at valuation date	CGU Fair value at valuation date	Excess
CGU in Banco de Bogotá (Megabanco)	$	465,905	7,305,498	9,166,267	1,860,769
BAC Credomatic		6,256,286	12,834,069	24,669,313	11,835,244
MFG		145,020	1,790,996	2,838,961	1,047,965
Total	$	**6,867,211**	**21,930,563**	**36,674,541**	**14,743,978**

		December 31, 2020			
		Goodwill carrying amount	CGU Book value at valuation date	CGU Fair value at valuation date	Excess
CGU in Banco de Bogotá (Megabanco)	$	465,905	9,375,885	10,474,819	1,098,934
Pensiones y Cesantías Porvenir (AFP Horizonte)		436,096	2,415,040	4,773,395	2,358,355

	December 31, 2020			
	Goodwill carrying amount	CGU Book value at valuation date	CGU Fair value at valuation date	Excess
Leasing Bogotá S.A. Panamá	5,519,230	16,681,247	23,602,428	6,921,181
Total	$ **6,421,231**	**28,472,172**	**38,850,642**	**10,378,469**

According to 99th paragraph of IAS 36, the carrying amount of unit generative of effective were updated as of December 31, 2021, compared to the fair value adjusted for the exchange rate.

	December 31, 2021		
Grupo unidades generadoras de efectivo	CGU carrying amount	Fair value adjusted to exchange rate	Excess
CGU in Banco de Bogotá (Megabanco)	$ 7,234,420	9,166,267	1,931,847
BAC Credomatic	13,483,529	25,758,827	12,275,298
Multi Financial Group (MFG)	1,843,628	2,964,343	1,120,715
TOTAL	$ **22,561,576**	**37,889,437**	15,327,861

	December 31, 2020		
Group of cash generating units	CGU carrying amount	Fair value adjusted to exchange rate	Excess
CGU in Banco de Bogotá (Megabanco)	$ 9,103,322	10,474,819	1,371,497
Pensiones y Cesantías Porvenir (AFP Horizonte) (1)	2,643,082	4,773,395	2,130,313
Leasing Bogotá S.A. Panamá (2)	14,819,773	20,958,728	6,138,955
TOTAL	$ **26,566,177**	**36,206,942**	**9,640,765**

(2) The Bank lost control over Porvenir, according to the shareholders' agreement of July 2021 with Grupo Aval, therefore Grupo Aval acquired the direct control of Porvenir.
(3) LBP was spun off into Bac Holding Interanational Corp and Multi Financial Group in September 2021.

18.2 Breakdown of Goodwill, by acquired company:

Banco de Crédito y Desarrollo Social – MEGABANCO S.A.

Goodwill was generated in 2006 with the acquisition of 94.99% of the shares of Banco de Crédito y Desarrollo Social - MEGABANCO S.A. and later merger with Banco de Bogotá. This operation was authorized by the Office of the Financial Superintendence in Resolution No. 917 dated 2 June 2006.

The goodwill is allocated to the banking operation segment, according to the operating segments defined by the Bank.

The latest valuation update for the business lines of cash-generating units groups to which this goodwill was allocated, was done by the expert Deloitte Asesores y Consultores Ltda. This valuation is included in its January 2022 report and is based on the Banco de Bogotá's financial statements at September 30, 2021, due to the merger with the acquired company. With this report the Group and management concluded that there are no situations whatsoever that would indicate a possible impairment, since $9,166,267 in fair value resulting from the assessment valuation exceeds in $1,860,769 the book value of the CGU groups of banking operation segment which was $7,305,498.

The following table shows the averages of the primary premises used in the impairment test at December 31, 2021 and 2020:

December 31, 2021				
2022	2023	2024	2025	2026

Lending rate on the loan portfolio and investments	7.8%	8.4%	8.6%	8.7%	8.7%
Borrowing rate	2.4%	3.1%	3.5%	3.5%	3.5%
Growth in income from commissions	10.2%	7.5%	9.1%	9.8%	10.7%
Growth in expenses	5.2%	9.0%	7.1%	7.1%	6.6%
Inflation	3.5%	3.8%	3.4%	3.6%	3.6%
Discount rate after taxes	12.5%	13.2%	13.2%	13.2%	13.2%
Growth rate after five years	3.6%				

	December 31, 2020				
	2021	2022	2023	2024	2025
Lending rate on the loan portfolio and investments	6.7%	8.0%	9.0%	9.5%	9.6%
Borrowing rate	1.8%	2.6%	3.4%	3.9%	3.9%
Growth in income from commissions	15.7%	44.0%	8.8%	8.5%	8.6%
Growth in expenses	3.6%	12.6%	10.5%	7.7%	5.5%
Inflation	2.9%	4.4%	3.8%	3.1%	3.1%
Discount rate after taxes	13.0%	12.8%	12.8%	12.8%	12.8%
Growth rate after five years	3.3%				

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 company and independent specialist expectations

- The borrowing rates were projected based on the company and independent specialist expectations.

- Estimated growths for commissions were projected based on the company expectations and are based on historical percentages of the gross portfolio.

- Estimated growth for expenses were projected based on the company's expectations and are based on the growth of inflation as well as historical percentages of the company's income and expectation.

- The inflation used in the projections is based on reports from external sources such as The Economist Intelligence Unit.

- The growth rate used for the terminal value was 3.6%, which corresponds to the projected average rate of inflation expected in the long term by independent specialists.

The discount rates after taxes used to discount dividend flows reflects the specific risks relative to each cash-generating unit. If the estimated discount rates had been 1% higher than the rates estimated in the independent studies, the book value of goodwill would not have to been reduced, since the fair value of the groups of cash-generating units with this sensitivity would be Ps. $8,289,397, which is above the book value of $7,305,498.

BAC Credomatic:

On December 9, 2010, Banco de Bogotá acquired control of BAC COM through its subsidiary Leasing Bogotá S.A. Panama (LBP), which is the Panamanian company that executed the purchase agreement. BAC Credomatic Inc. (BAC COM), a company incorporated to do business under the laws of the British Virgin Islands, is the owner of Banco BAC International Bank, Inc. and the operations of BAC Credomatic Inc. (BAC) in Central America.

With the acquisition of BAC COM, through LBP, BAC's corporate structure now is controlled by Banco de Bogotá, which is controlled, in turn, by Grupo Aval S.A. Goodwill was generated and recognized as a result of that operation. Banco de Bogotá was authorized by the Financial Superintendence of Colombia to make this acquisition, through its subsidiary Leasing Bogotá Panama, as indicated in Official Notice 2010073017- 048 dated December 3, 2010.

Afterwards, ninety-eight-point ninety-two percent (98.92%) of the shares of Banco Bilbao Vizcaya Argentaria S.A. Panama (BBVA Panama, now BAC de Panama) were acquired by Banco de Bogotá, through its subsidiary Leasing Bogotá Panama, under authorization from the Financial Superintendence of Colombia, as per Official Notice 2013072962-052 dated December 12, 2013.

Also, one hundred percent (100.00%) of the shares of Banco Reformador de Guatemala and of Transcom Bank Limited in Barbados were acquired, and both banks were stated as Grupo Financiero Reformador de Guatemala. The Financial Superintendence of Colombia authorized Banco de Bogotá to acquire these banks, through its subsidiaries Credomatic International Corporation and BAC Credomatic Inc., as per Official Notice 2013068082-062 dated December 3, 2013.

During 2015, Credomatic International Corporation, a subsidiary of the company, acquired 100% of the shares of COINCA Corporation Inc. (COINCA); and BAC Credomatic Holding Corporation SA, an indirect subsidiary of the Company, acquired 100% of “Medios de Pago MP SA” based in Costa Rica, generating an additional goodwill of US $853,401, that entered the consolidated financial statements of the Bank in the first quarter of 2016.

Up until June 30, 2015, an independent impairment test was performed individually for the goodwill generated through these acquisitions (BAC COM, BBVA Panama, Reformer and Transcom). However, since the second half of 2015 and after several mergers, this goodwill has been included in the consolidated financial statements of the subsidiary Leasing Bogotá Panama S.A as it consolidates with these companies both operationally and financially. Accordingly, for the purpose of assessing impairment of the goodwill generated via the acquisition of BAC COM, BBVA Panama, Reformer and Transcom through Leasing Bogotá S.A. Panama, these should be assigned to the consolidated level in Leasing Bogotá S.A. Panama, by December 2015 was performed a unitary impairment test at consolidated level.

As of September 2021, Leasing Bogotá Panamá changed its business name to Bac Holding International Corp and spun off Multi Financial Group, as a result Banco de Bogotá took control of the company through Multi Financial Holding, therefore the goodwill of Bac Credomatic and its subsequent acquisitions belong to BAC Holding International Corp and the goodwill of Multi Financial Group belong to Multi Financial Holding.

The latest valuation update for the groups of cash generating units to which this goodwill was allocated was done by Ernst and Young in January 2022, based on the financial statements of BAC Credomatic as of September 30th, 2021. The respective report indicates there are no situations that would imply possible impairment, since the fair value of $24,669,313 exceeds the book value of $12,834,069 of the groups of cash generating units with assigned goodwill.

The following table shows the primary premises used in the impairment test as at December 31, 2021 and 2020:

	December 31, 2021				
	2022	2023	2024	2025	2026
Lending rate on the loan portfolio and investments	9.1%	9.1%	9.1%	9.1%	9.1%
Borrowing rate	2.2%	2.2%	2.2%	2.2%	2.2%

	December 31, 2021				
	2022	2023	2024	2025	2026
Growth in income from commissions	1.6%	6.6%	5.8%	5.4%	5.3%
Growth in expenses	6.2%	5.1%	5.1%	4.7%	3.3%
Discount rate after taxes	11.8%				
Growth rate after ten years	3.0%				

	December 31, 2020				
	2021	2022	2023	2024	2025
Lending rate on the loan portfolio and investments	10.1%	10.1%	10.1%	10.1%	10.2%
Borrowing rate	2.8%	2.8%	2.8%	2.9%	2.9%
Growth in income from commissions	3.8%	8.4%	7.6%	6.3%	6.7%
Growth in expenses	3.5%	4.8%	5.6%	4.7%	4.7%
Discount rate after taxes	12.3%				
Growth rate after ten years	3.0%				

A 10-year projection was made to evaluate goodwill impairment, considering the business will have matured and the flow of funds will have stabilized once this period has elapsed. In turn, macroeconomic assumptions as well as those for BAC Credomatic's business in each of the countries where it operates were used for the projection, to reflect the reality that each market provides to the CGUs as a whole.

The averages of the main premises used are listed in the foregoing tables, including the variables for all the countries where BAC Credomatic operates. The following is a description of that process.

- Lending rates on loans and investments were projected based on historical data and on the management expectations for each country where BAC Credomatic operates, considering the competitiveness of the different services in their respective markets and the growth strategies for each segment.

- For its part, for the growth in commissions was projected considering the increase in the commercial loan portfolios; this allows promoting greater income collection through products and services such as insurance, memberships, exchange commissions, among others, as well as the implementation of new services. As well as more competitive markets over the projected timeline.

- Although the functional or reporting currency of the business is that of each country in the region where BAC subsidiaries operate, the future flows of funds have been converted into nominal US dollars in each projected period, discounted at a nominal rate in US dollars, net of income tax, estimated as "Ke". A discount rate in US dollars is used, inasmuch as a consistent discount rate in the respective local currencies cannot be estimated for lack of the necessary data.

- The discount rate has been estimated in light of the risk profile of each of the markets where BAC operates.

- To estimate the terminal value, the normalized flow of funds, adjusted according to expectations for its growth, was projected in perpetuity. This projection does not exceed the average long-term rate of growth for the economies in each of the countries where BAC operates. Consequently, an annual growth rate of 3.0% was estimated for the long term.

The after-tax discount rate used to discount the dividend cash flows reflects the specific risks related to each cash generating unit. If the estimated discount rates of 11.8% had been 1.0% higher than the rates estimated in the valuation performed by the external experts, there would be no need to decrease the carrying value of goodwill, since the fair value of the groups of cash generating units that have goodwill

assigned to them would be with this sensitization of $21,922,915 much higher than their carrying value of $12,834,069.

Multi Financial Group (MFG)

On May 22nd, 2020, Banco de Bogotá acquired 96.6% of the shares of Multi Financial Group (MFG) through its subsidiary Leasing Bogotá S.A. Panama (LBP), and subsequently between the months of June and December 2020, acquired the additional 2.97%, for a 99.6% total. As of December 31st, the purchase price allocation process (PPA) was finished, and the final goodwill value was determined. Given this, it is the first goodwill impairment test for this transaction.

As of September 2021, Leasing Bogotá Panamá changed its business name to Bac Holding International Corp and spun off Multi Financial Group, as a result Banco de Bogotá took control of the company through Multi Financial Holding, therefore the goodwill of Bac Credomatic and its subsequent acquisitions belong to BAC Holding International Corp and the goodwill of Multi Financial Group belong to Multi Financial Holding.

The latest valuation update for the groups of cash generating units to which this goodwill was allocated was done by external appraiser in January 2022, based on the financial statements of MFG as of September 30th, 2021. The respective report indicates there are no situations that would imply possible impairment, since the fair value of $2,838,961 exceeds the book value of $1,790,996 of the groups of cash generating units with assigned goodwill.

The following table shows the primary premises used in the impairment test as at December 31, 2021:

	December 31, 2021				
	2022	2023	2024	2025	2026
Lending rate on the loan portfolio and investments	5.8%	5.8%	5.8%	5.8%	5.8%
Borrowing rate	2.9%	2.8%	2.8%	2.8%	2.8%
Growth in income from commissions	16.5%	10.5%	6.2%	5.6%	5.2%
Growth in expenses	8.6%	6.5%	7.1%	6.4%	5.8%
Discount rate after taxes	9.4%				
Growth rate after ten years	4.0%				

The averages of the main premises used are listed in the foregoing tables, including the variables for the country where MFG operates. The following is a description of that process.

- Lending rates on loans and investments were projected based on historical data and on the management expectations, considering the competitiveness of the different services in their respective markets and the growth strategies for each segment.

- For its part, for the growth in commissions was projected considering the increase in loan portfolios; this allows promoting greater income collection through products and services such as insurance, memberships, exchange commissions, among others, as well as the implementation of new services. As well as more competitive markets over the projected timeline.

- Although the functional or reporting currency of the business is balboa, the future flows of funds have been converted into nominal US dollars in each projected period, discounted at a nominal rate in US dollars, net of income tax, estimated as "Ke". A discount rate in US dollars is used, inasmuch as a consistent discount rate in the respective local currencies cannot be estimated for lack of the necessary data.

- The discount rate has been estimated considering the risk profile of the market where MFG operates.

- To estimate the terminal value, a perpetuity has been projected based on the normalized cash flow, adjusted according to the expectations of stabilized long-term growth. This evolution is in line with the long-term average growth rate for the country's economy. In this case, an annual long-term average nominal growth rate in dollars of 4.0% was considered.

The after-tax discount rate used to discount the dividend cash flows reflects the specific risks related to the cash generating unit. If the estimated discount rate of 9.4% had been 1.0% higher than the rate estimated in the valuation performed by the external experts, it would not be necessary to decrease the carrying value of the goodwill, since the fair value of the cash generating unit to which the goodwill is allocated would be with this sensitization of $2,380,593 much higher than its carrying value of $1,790,996.

Note 19 – Other intangible assets

19.1 Intangible assets other than goodwill:

The following is the movement of intangible assets:

		Cost	Amortization	Impairment	Total
Balance at December 31, 2019	$	**1,073,791**	**(494,351)**	**0**	**579,440**
Balance acquired in business combination		174,316	0	0	174,316
Additions		131,975	0	0	131,975
Other capitalized costs		84,522	0	0	84,522
Other capitalized costs acquired separately		26,527	0	0	26,527
Reclassifications		7	(7)	0	0
Disposals / Sales		(71,542)	61,383	0	(10,159)
Amortization charged to expenses		0	(163,308)	0	(163,308)
Effect of movements in exchange rates		(34,303)	5,313	0	(28,990)
Discontinued operation		15,495	(1,741)	0	13,754
Balance at December 31, 2020		**1,400,788**	**(592,711)**	**0**	**808,077**
Additions		127,323	0	0	127,323
Other capitalized costs		89,208	0	0	89,208
Other capitalized costs acquired separately		28,188	0	0	28,188
Reclassifications		(259)	0	0	(259)
Transfer of assets		(15,647)	306	0	(15,341)
Disposals / Sales		(44,460)	35,737	0	(8,723)
Amortization charged to expenses		0	(182,432)	0	(182,432)
Effect of movements in exchange rates		85,500	(44,225)	1	41,276
Impairment with effect on income		0	0	(253)	(253)
Discontinued operation		6,556	(1,004)	0	5,552
Deconsolidation		(44,818)	17,549	0	(27,269)
Balance at December 31, 2021		**1,632,379**	**(766,780)**	**252**	**865,347**

19.2 Intangible assets internal and Other capitalized costs acquired separately

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

Other capitalized costs acquired separately corresponds to the Intangible assets be buy to external and requires an additional adaptation so that they can be used in their total.

The following is the movement:

		Computer software and applications		
		Cost	**Amortization**	**Total**
Balance at December 31, 2019	$	**317,336**	**(68,398)**	**248,938**
Other capitalized costs		84,522	0	84,522
Other capitalized costs acquired separately		26,527	0	26,527
Reclassifications		(32,307)	0	(32,307)
Disposals / Sales		(30,912)	25,694	(5,218)
Amortization charged to expenses		0	(25,873)	(25,873)
Effect of movements in exchange rates		(51)	(17)	(68)
Discontinued operation		7,142	0	7,142
Balance at December 31, 2020	$	**372,257**	**(68,594)**	**303,663**
Other capitalized costs		89,208	0	89,208
Other capitalized costs acquired separately		28,188	0	28,188
Reclassifications		4,867	0	4,867
Transfer of assets		(15,647)	306	(15,341)
Amortization charged to expenses		0	(25,326)	(25,326)
Effect of movements in exchange rates		1,353	0	1,353
Discontinued operation		3,911	0	3,911
Deconsolidation		(11,188)	0	(11,188)
Balance at December 31, 2021	$	**472,949**	**(93,614)**	**379,335**

19.3 Intangible assets external

Those intangible assets ready in place and in necessary conditions to be used at the time of acquisition.

The following is the movement of the cost:

		Trade marks	**Intellectual property rights**	**Licenses**	**Computer software and applications**	**Intangible assets related with clients**	**Total**
Balance at December 31, 2019	$	**3,545**	**39,326**	**326,375**	**385,684**	**1,525**	**756,455**
Balance acquired in business combination		51,536	0	4,547	57,103	61,130	174,316
Additions		0	0	55,529	76,446	0	131,975
Reclassifications		0	0	13,283	19,031	0	32,314
Disposals / Sales		0	0	(17,832)	(22,798)	0	(40,630)
Effect of movements in exchange rates		(4,273)	1,864	(1,784)	(24,153)	(5,906)	(34,252)
Discontinued operation		0	0	877	7,476	0	8,353
Balance at December 31, 2020		**50,808**	**41,190**	**380,995**	**498,789**	**56,749**	**1,028,531**
Additions		0	0	73,009	54,314	0	127,323

Reclassifications	0	0	992	(6,118)	0	(5,126)
Disposals / Sales	0	0	(34,214)	(8,571)	(1,675)	(44,460)
Effect of movements in exchange rates	7,949	6,584	34,983	25,597	9,034	84,147
Discontinued operation	0	0	105	2,540	0	2,645
Deconsolidation	0	0	(16,090)	(17,540)	0	(33,630)
Balance at December 31, 2021	$ **58,757**	**47,774**	**439,780**	**549,011**	**64,108**	**1,159,430**

The following is the movement of the amortization:

		Intellectual property rights	Licenses	Computer software and applications	Intangible assets related with clients	Total
Balance at December 31, 2019	$	**(16,713)**	**(226,364)**	**(181,775)**	**(1,101)**	**(425,953)**
Reclassifications		0	(7)	0	0	(7)
Disposals / Sales		0	17,832	17,857	0	35,689
Amortization charged to expenses		(4,432)	(75,456)	(46,832)	(10,715)	(137,435)
Exchange difference		(479)	1,715	2,975	1,119	5,330
Discontinued operation		0	(616)	(1,125)	0	(1,741)
Balance at December 31, 2020		**(21,624)**	**(282,896)**	**(208,900)**	**(10,697)**	**(524,117)**
Disposals / Sales		0	32,433	1,629	1,675	35,737
Amortization charged to expenses		(4,493)	(68,773)	(74,595)	(9,245)	(157,106)
Exchange difference		(3,742)	(25,898)	(12,270)	(2,315)	(44,225)
Discontinued operation		0	(293)	(711)	0	(1,004)
Deconsolidation		0	15,713	1,836	0	17,549
Balance at December 31, 2021	$	**(29,859)**	**(329,714)**	**(293,011)**	**(20,582)**	**(673,166)**

The following is the movement of the Impairment

		Trade marks	Total
Balance at December 31, 2020		**0**	**0**
Impairment charged to expenses		(253)	(253)
Exchange difference		1	1
Balance at December 31, 2021	$	**(252)**	**(252)**

Corresponds to the deterioration of the Servimas trademark in Costa Rica, whose valuation methodology to estimate the value of the brand is the "royalty savings" methodology based on the assumption of the savings that an entity obtains for owning its brand and not having to pay a third party for the use of it. This asset has undergone many changes, including merger issues, departure of Servimas payment points from the country and reduction of personnel, which has made the projected income much lower, for which a technical study was carried out, resulting in recognized impairment in the expense of the period.

Significant intangible assets are: Licenses put into production for $110,064 with a remaining amortization period between 1 and 60 months and internally developed computer programs currently in use: SUMMIT - PHASE II (treasury products) for $16,322 with a remaining amortization period of 120 months Mass credit transfer $14,874 Financial relief $17,008 capitalized costs for modifications on assets acquired from third parties Corporate IV $18,362, Intellectual property rights for $17,915 and customer-related assets for $43,525.

The Bank and its subsidiaries have fully amortized intangible assets that they are still using and correspond to licenses and computer programs and applications for a value of $235,998. Development expenses as of December 31, 2021, and 2020 amount to $4,104 and $8,597 respectively. There are no restrictions on ownership of other intangible assets.

Note 20 – Income tax

20.1 Components of the income tax expense

The income tax expense for the semesters ended at December 31, 2021 and 2020 includes the following:

		December 31, 2021	December 31, 2020
Income tax of the current period	$	696,539	696,102
Income tax surcharge		9,073	19,120
Recovery current tax from previous periods		(12,888)	(31,024)
Subtotal current tax		**692,724**	**684,198**
Net deferred taxes of the period		167,297	(189,119)
Recovery deferred tax from previous periods		(7,422)	(1,120)
Subtotal deferred tax		**159,875**	**(190,239)**
Recovery (expense) for uncertain tax positions		(71,638)	8,395
Total income tax from continuing operations		**780,961**	**502,354**
Discontinued operation		**133,373**	**245,360**
Total income tax	**$**	**914,334**	**747,714**

Current and deferred taxes are recognized as income or expense in income, except to the extent that they have arisen from a transaction or event that is recognized outside of income in other comprehensive income (ORI), in equity. Therefore, during the years ended at December 31, 2021, and 2020, an unrealized deferred tax income was recognized in other comprehensive income in equity for $845,582 and $415,077 respectively. For tax purposes, they would be understood to be carried out when they are reclassified to another equity account or presented in the income statement in accordance with the accounting technique.

Additionally, during the year 2021 there was no current tax expense and for the year 2020 income of $42,289 was recognized associated with the realization of the foreign exchange difference income from foreign agencies. (See Note 20.5).

20.2 Reconciliation of the nominal tax rate and the effective rate

The following are the basic parameters in force with respect to income tax:

In Colombia

- In accordance with the Economic Growth 2010/2019, income tax rates for the years 2020 and 2021 are 32% and 31%, 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 year 2021.

- As of the year 2022, in accordance with the Social Investment Law 2155 of 2021, the income tax rate will be 35% and for financial institutions that obtain in the period a taxable income equal to or greater than 120,000 UVT apply additional percentage points of income tax of 3% for the years 2022 to 2025.

- With the Growth Law 2010/2019, the presumptive income will be reduced to 0.5% for the year 2020, and to 0% as from year 2021.

- With the Growth Law is maintained the possibility of take as tax discount 50% of the tax on industry commerce and advertising effectively paid in the taxable year or period from the income tax. From the year 2022 the ICA discount will be 100%. With the Social Investment Law 2155 of 2021, as of 2022, the ICA discount will remain at 50%.

- With the Social Investment Law, the audit benefit is extended for the years 2022 and 2023 when the net income tax is increased by 35% or 25%, with which the income tax return will become final within 6 and 12 months 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 from the presentation of the income tax return.

- 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%.

In other countries

The following are other income tax rates established by tax authorities:

- Costa Rica: General rate of 30% and differential rates of 5%, 10%, 15% and 20% according to the amount of annual net income.

- El Salvador: General rate of 30% and exceptional rate of 25% for legal entities that have liquidated taxable income less than or equal to USD $150,000.

- Guatemala: Rate of 25%. For those who subscribe to the Simplified Optional Regime on income from Lucrative Activities a rate of 5% will apply.

- Honduras: Rate of 25%, plus an income tax surcharge of 5%.

- Nicaragua: 30% rate.

- Panama: Rate of 25%.

The following is a breakdown of the reconciliation between the Bank and its subsidiaries income tax expense, calculated at current tax rates, and the income tax expense actually recorded in net income for the semesters ended at December 31, 2021 and 2020:

		December 31, 2021	December 31, 2020
Net income before income tax	$	**4,975,994**	**2,428,877**
Theoretical tax expense at a rate of 34% and 36% (2021 and 2020)		1,691,838	874,396
Plus (minus) taxes that increase (decrease) the theoretical tax:			
Non-deductible expenses		162,375	360,681
Dividends not taxed		768,357	515,588
Nontaxable equity method income (1)		(185,381)	(200,547)
Interests and other not-taxable income		(129,106)	(44,217)
Effect of deconsolidation Porvenir and Aportes en Línea		(442,782)	0
Exempt income		(907,235)	(838,932)
Tax discounts		(12,831)	(36,692)
Occasional income (Taxed at the rate of 10%)		1,061	581
Profits of foreign subsidiaries –tax free		(1,392)	(11,254)
Difference in rate on profits of foreign subsidiaries with different tax rates		(227,480)	(263,658)
Effect on deferred tax due to tax rates different tan 34% and 36% (2021 and 2020)		45,264	(5,910)
Recovery of current tax from previous periods		(12,888)	(31,024)
Recovery (expense) for uncertain tax positions		(71,638)	8,395
Remediation of deferred taxes		0	(206)
Adjustment to deferred tax of previous periods		(7,422)	(1,120)
Investments in Foreign Subsidiaries – WHT (2)		112,968	133,467
Transfer of current tax from ORI to PYG - Exchange Difference Foreign Agencies		0	42,289
Other items		(2,747)	517
Total income tax expense from continuing operations	$	**780,961**	**502,354**

(1) The income recognized by the equity method is taxed on each of the associates and joint ventures.
(2) Corresponds to the Withholding Tax (WHT - tax on dividends) paid for the dividends decreed and drawn in the year, plus the provision for the dividend tax that is projected to be paid in the following period.

20.3 Unrecognized deferred taxes

Deferred taxes regarding subsidiaries, associates and joint ventures

The Bank and its subsidiaries did not record deferred tax liabilities related to temporary differences on investments in their subsidiaries, this because:

- The Bank and its subsidiaries have control of its subsidiaries and decides on sells its investments in associates. Therefore, it can decide on the reversal of such temporary differences; and
- The Bank and its subsidiaries have not foreseen its realization in a foreseeable future.

Therefore, it is probable that such temporary differences will not be reversed in the foreseeable future.

The temporary differences on which no deferred tax liabilities were recognized at December 31, 2021 and 2020 amounted to $11,688,808 and $10,992,456 respectively.

Deferred taxes with respect to tax losses and surplus presumptive income

The following is the breakdown of the tax losses and surplus of presumptive income in Bank and its subsidiaries as of December 31, 2021, and 2020, pending to be used for $41,233 and $43,334 respectively and on which the Bank and its subsidiaries do not have recorded deferred tax assets due to the uncertainty in its recovery.

		December 31, 2021	December 31, 2020
Tax losses expiring in			
December 31, 2026	$	0	904
December 31, 2030		0	3,521
December 31, 2031		8,586	9,685
December 31, 2032		12,764	10,883
December 31, 2033		5,499	5,715
December 31, 2034		5,153	4,443
December 31, 2035		3,575	3,082
December 31, 2036		3,291	2,838
No Expiration Date		2,161	1,733
Subtotal		**41,029**	**42,804**
Surplus of presumptive income expiring in			
December 31, 2024		133	0
December 31, 2025		71	530
Subtotal		**204**	**530**
Total tax credits	$	**41,233**	**43,334**

20.4 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 semesters ended at December 31, 2021 and 2020, based on the enacted tax rates for the years in which those temporary differences will be reversed.

The movement of deferred tax assets and liabilities as of December 31, 2021, and 2020, respectively, is presented below:

		Balance at December 31, 2020	Income (expense) in net income	Discontinued operation	Desconsolidation Porvenir	Unrealized income (expense) in OCI	Reclasification and exchange difference	Balance at December 31, 2021
Deferred tax assets								
Valuation of debt securities investments	$	25,833	(5,577)	395	(395)	207,029	(14,292)	212,993
Unrealized loss in derivatives		538,245	(134,602)	(18,862)	0	275,834	3,449	664,064
Higher tax value of loan portfolio		2,438	0	0	0	0	(2,438)	0
Higher value of the accounting impairment for loan portfolio compared to the tax impairment		346,127	58,033	0	0	0	58,999	463,159

	Balance at December 31, 2020	Income (expense) in net income	Discontinued operation	Desconsolidation Porvenir	Unrealized income (expense) in OCI	Reclasification and exchange difference	Balance at December 31, 2021
Other accounts receivable impairment	1,229	(948)	0	0	0	(1)	280
Higher value of the accounting impairment for foreclosures compared to the tax impairment	10,169	8,369	0	0	0	2,155	20,693
Higher value of the accounting cost of property, plant and equipment	5	(5)	0	0	0	0	0
Higher value of the accounting depreciation of property, plant and equipment compared to the tax depreciation	171	62	0	0	0	0	233
Higher tax value of deferred charges - intangible assets	1,280	(312)	(336)	(302)	0	0	330
Tax credits to be amortized	14,205	(2,861)	0	0	0	2,090	13,434
Other expenses provisions	98,988	1,249	14,936	(82,453)	0	4,348	37,068
Employee benefits	40,117	3,908	3	(110)	(5,764)	2,973	41,126
Tax discounts	5,719	(5,539)	0	0	0	0	180
Financial lease contracts (IFRS 16)	373,899	(33,043)	(265)	(9,587)	0	27,680	358,684
Unrealized exchange difference of financial obligations	267,668	29,792	0	0	422,649	0	720,109
Other items	0	122,646	10,444	(10,444)	0	(39,573)	83,073
Subtotal	7,284	(7,697)	0	0	0	3,479	3,066
Deferred tax assets	**1,733,377**	**33,475**	**6,315**	**(103,292)**	**899,748**	**48,869**	**2,618,492**
Deferred tax liabilities							
Valuation of debt securities investments	65,523	(12,772)	(11,056)	(2,623)	38,127	(5,907)	71,292
Valuation of equity securities investments	40,318	(14,761)	0	0	5,675	11	31,243
Unrealized loss in derivatives	0	0	2,848	(2,848)	0	0	0
Higher value of the tax impairment for loan portfolio compared to the accounting impairment	132,568	148,108	0	0	0	19,532	300,208
Higher accounting value of the cost for foreclosures	46,910	3,512	0	0	0	0	50,422
Higher value of the tax impairment	10,387	4,206	0	0	0	1,928	16,521

	Balance at December 31, 2020	Income (expense) in net income	Discontinued operation	Desconsolidation Porvenir	Unrealized income (expense) in OCI	Reclasification and exchange difference	Balance at December 31, 2021
compared to the accounting for foreclosures							
Higher value of the accounting cost of property, plant and equipment	101,489	(1,202)	0	0	0	9,806	110,093
Higher value of the tax depreciation of property, plant and equipment compared to the accounting depreciation	8,900	0	(95)	(8,806)	0	1	0
Investment property	9,085	74	25	(8,654)	0	78	607
Higher accounting value for deferred charges and intangible assets	55,559	9,542	0	0	0	3,588	68,689
Retained profits of subsidiaries	102,947	33,181	0	0	0	18,555	154,683
Non-deductible passive provisions	17,027	(6,059)	0	0	0	2,337	13,305
Employee benefits	30,052	9,144	0	0	(4,015)	5,259	40,440
Goodwill	242,471	55,932	0	(103,780)	0	0	194,623
Exchange difference on branches abroad	4,877	0	0	0	14,946	3,448	23,271
Right of use IFRS 16	348,409	(35,698)	(346)	(8,828)	0	25,211	328,747
Unrealized exchange difference for financial obligations	40,699	0	2,623	(3,748)	0	(39,574)	0
Other items	4,301	143	0	0	(567)	566	4,443
Subtotal	**1,261,522**	**193,350**	**(6,003)**	**(139,287)**	**54,166**	**44,838**	**1,408,587**
Total continuing operations	**$ 471,855**	**(159,875)**	**12,317**	**35,995**	**845,582**	**4,031**	**1,209,905**

	Balance at December 31, 2019	Combination bussines	Income (expense) in net income	Discontinued operation	Unrealized income (expense) in OCI	Reclasification and exchange difference	Balance at December 31, 2020
Deferred tax assets							
Valuation of debt securities investments	$ 8,978	26,312	1,558	0	0	(11,015)	25,833
Unrealized loss in derivatives	144,115	0	64,772	18,862	310,496	0	538,245
Higher tax value of loan portfolio	546	0	0	0	0	1,892	2,438
Higher value of the accounting impairment for loan portfolio compared to the tax impairment	155,427	117,599	63,870	0	0	9,231	346,127
Other accounts receivable impairment	969	0	260	0	0	0	1,229
Higher value of the accounting impairment for foreclosures compared to the tax impairment	1,856	8,495	413	0	0	(595)	10,169
Higher value of the accounting cost of property, plant and equipment	842	(2,008)	211	0	0	960	5

	Balance at December 31, 2019	Combina-tion bussines	Income (expense) in net income	Disconti-nued operation	Unrealized income (expense) in OCI	Reclasifi-cation and exchange difference	Balance at December 31, 2020
Higher value of the accounting depreciation of property, plant and equipment compared to the tax depreciation	198	0	(27)	0	0	0	171
investment properties	0	(296)	0	0	0	296	0
Higher tax value of deferred charges -intangible assets	8,321	(29,258)	(3,481)	(1,031)	0	26,729	1,280
Tax credits to be amortized	0	26,041	(10,578)	0	0	(1,258)	14,205
Other expenses provisions	99,568	2,911	(7,691)	1,943	0	2,257	98,988
Employee benefits	42,290	(1,219)	596	(2,928)	872	506	40,117
Tax discounts	18,012	0	(12,293)	0	0	0	5,719
Financial lease contracts (IFRS 16)	404,941	10,592	(54,427)	2,015	0	10,778	373,899
Difference in foreign exchange at foreign branches	1	0	(1)	0	0	0	0
Exchange difference on bonds in foreign currency	171,325	0	0	0	96,343	0	267,668
Unrealized exchange difference of financial obligations	3,395	0	0	(2,390)	0	(1,005)	0
Other items	15,975	0	1,130	0	0	(9,821)	7,284
Subtotal	**1,076,759**	**159,169**	**44,313**	**16,470**	**407,711**	**28,955**	**1,733,377**
Deferred tax liabilities							
Valuation of debt securities investments	50,265	0	9,853	9,002	5,422	(9,019)	65,523
Valuation of equity securities investments	21,197	0	19,171	0	(230)	180	40,318
Higher book value of loan portfolio	10,736	0	0	0	0	(10,736)	0
Higher value of the tax impairment for loan portfolio compared to the accounting impairment	236,927	52,429	(215,625)	0	0	58,837	132,568
Higher accounting value of the cost for foreclosures	79,725	0	(32,815)	0	0	0	46,910
Higher value of the tax impairment compared to the accounting for foreclosures	8,611	0	1,472	0	0	304	10,387
Higher value of the accounting cost of property, plant and equipment	99,818	3,788	(4,422)	0	0	2,305	101,489
Higher value of the tax depreciation of property, plant and equipment compared to the accounting depreciation	9,153	0	0	(253)	0	0	8,900
Investment property	10,167	99	98	(1,538)	0	259	9,085
Higher accounting value for deferred charges and intangible assets	22,314	0	(15,654)	0	0	48,899	55,559
Retained profits of subsidiaries	35,154	0	96,634	0	0	(28,841)	102,947
Non-deductible passive provisions	8,170	0	(2,986)	0	0	11,843	17,027
Employee benefits	26,609	0	3,534	0	(1,130)	1,039	30,052
Goodwill	214,342	0	28,129	0	0	0	242,471
Exchange difference on branches abroad	16,306	0	0	0	(11,429)	0	4,877
Right of use IFRS 16	395,784	16,274	(76,835)	1,686	0	11,500	348,409
Unrealized exchange difference for financial obligations	0	0	40,579	1,125	0	(1,005)	40,699

		Balance at December 31, 2019	Combina-tion bussines	Income (expense) in net income	Disconti-nued operation	Unrealized income (expense) in OCI	Reclasifi-cation and exchange difference	Balance at December 31, 2020
Other items		79,633	0	2,940	0	0	(78,272)	4,301
Subtotal		**1,324,911**	**72,590**	**(145,927)**	**10,022**	**(7,367)**	**7,293**	**1,261,522**
Total continuing operations	**$**	**(248,152)**	**86,579**	**190,239**	**6,449**	**415,078**	**21,662**	**471,855**

Bank and its subsidiaries offset for deferred tax assets and liabilities per entity or tax subject, considering application of tax the provisions valid in Colombia and in other countries where the subsidiaries operate, taking into account the legal right to offset assets and liabilities for current taxes and other requirements established in paragraph 74 of IAS 12, as notes below:

		December 31, 2021		
		Gross amounts Deferred Tax	Offset Reclassifications	Balance in statement of financial position
Deferred income tax assets	$	2,618,492	(1,025,033)	1,593,459
Deferred income tax liability		(1,408,587)	1,025,033	(383,554)
Net	$	**1,209,905**	**0**	**1,209,905**

		December 31, 2020		
		Gross amounts Deferred Tax	Offset Reclassifications	Balance in statement of financial position
Deferred income tax assets	$	1,733,377	(944,200)	789,177
Deferred income tax liability		(1,261,522)	944,200	(317,322)
Net	$	**471,855**	**0**	**471,855**

20.5 Effect of current and deferred taxes on each component of other comprehensive income in equity

The followings effects of current and deferred taxes on each component of other comprehensive income:

		December 31, 2021		
		Amount before tax	**Deferred tax**	**Net**
Items that can be reclassified later to net income for the period				
Cash flow hedging	$	(4,303)	0	(4,303)
Exchange difference on derivatives in foreign currency		(403,983)	275,834	(128,149)
Exchange difference on bonds in foreign currency		(1,049,016)	422,649	(626,367)
Exchange difference of foreign subsidiaries		2,421,868	0	2,421,868
Unrealized gain from measurement of investments at fair value		(325,758)	117,407	(208,351)
Realized loss on measurement of financial assets at fair value		(264,379)	57,557	(206,822)
Share in other comprehensive income of associates		(127,454)	0	(127,454)
Exchange difference on foreign branches		(139,673)	(14,946)	(154,619)
Impairment of debt securities at fair value		25,527	(6,341)	19,186
Subtotals		**132,829**	**852,160**	**984,989**
Items that will not be reclassifies to net income for the period				
Changes in actuarial assumptions from defined benefit plans		6,094	(1,749)	4,345

Unrealized gain on measurement of equity instruments at fair value		52,061	(5,396)	46,665
Equity in other comprehensive income of associates		16,929	0	16,929
Revaluation of assets		(5,667)	567	(5,100)
Subtotals		**69,417**	**(6,578)**	**62,839**
Total other comprehensive income during the period	**$**	**202,246**	**845,582**	**1,047,828**

		December 31, 2020			
		Amount before tax	**Current tax**	**Deferred tax**	**Net**
Items that can be reclassified later to net income for the period					
Cash flow hedging	$	4,303	0	0	4,303
Exchange difference on derivatives in foreign currency		(1,034,816)	0	310,445	(724,371)
Exchange difference on bonds in foreign currency		(321,145)	0	96,343	(224,802)
Exchange difference of foreign subsidiaries		844,478	0	0	844,478
Unrealized gain from measurement of investments at fair value		397,721	0	(134,143)	263,578
Realized loss on measurement of financial assets at fair value		(381,249)	0	137,249	(244,000)
Share in other comprehensive income of associates		106,504	0	0	106,504
Exchange difference on foreign branches		(281,564)	0	(27,438)	(309,002)
Impairment of debt securities at fair value		57,936	0	(8,064)	49,872
		(246,504)	42,289	38,918	(165,297)
Subtotals		**(854,336)**	**42,289**	**413,310**	**(398,737)**
Items that will not be reclassifies to net income for the period					
Changes in actuarial assumptions from defined benefit plans		(9,359)	0	2,002	(7,357)
Revaluation of assets		2,332	0	(234)	2,098
Subtotals		**(7,027)**	**0**	**1,768**	**(5,259)**
Total other comprehensive income during the period	**$**	**(861,363)**	**42,289**	**415,078**	**(403,996)**

20.6 Provision for tax position:

At December 31, 2020 and 2021, the provisions for tax positions came to $40,307 and $104,089, respectively:

		December 31, 2021	**December 31, 2020**
Balance at the beginning of the period	$	**104,089**	**99,808**
Amount of provisions not used		(75,104)	0
Financial cost		3,466	8,395
Effect by conversion		7,856	(4,114)
Balance at the end of the period	$	**40,307**	**104,089**

The balance as of December 31, 2021, and 202020 is expected to be completely used or released once the inspection rights from the tax authorities regarding tax returns expire, as follows:

Year		**December 31, 2021**	**December 31, 2020**
2021		0	40,465
2022		35,923	33,607
2023		4,384	30,017
Total	$	**40,307**	**104,089**

20.7 Realization of deferred tax assets:

It is expected that taxable liquid income will continue to be generated in future periods to recover the values recognized for deferred tax assets generated in the Bank and its subsidiaries.

Estimates of future financial results and tax projections are the basis for determining the recovery of deferred tax assets, mainly due to exchange differences in foreign currency bonds and derivatives, whose positive trend is expected to continue.

20.8 Transfer prices

Pursuant to the provisions of Laws 788/2002, 863/2003, 1607/2012 and 1819/2016, regulated by Decree 2120/2017, the Bank and its subsidiaries prepared a study on transfer prices on transactions made with foreign economic related parties during 2020. The study did not result in adjustments affecting the income, costs and tax expenses of the Bank's companies and its subsidiaries.

Although the transfer pricing study for 2021 is in the process of preparation, no significant changes are anticipated in relation to that of the previous year.

Note 21 – Customer deposits

21.1 Customer deposits - Interest rates

Effective annual interest rates on customer deposits are shown below:

	December 31, 2021				December 31, 2020			
	Domestic currency		Foreign currency		Domestic currency		Foreign currency	
	Min %	Max %	Min %	Max %	Min %	Max %	Min %	Max %
Checking accounts	0.10%	3.69%	0.01%	5.50%	0.51%	3.20%	0.03%	5.85%
Savings accounts	0.50%	6.03%	0.01%	8.00%	0.01%	6.03%	0.03%	8.00%
Time certificates of deposit	0.05%	10.15%	0.01%	10.35%	0.05%	8.71%	0.01%	10.35%

21.2 Customer deposits, by sector

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

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Individuals	$ 31,889,259	19.48%	27,985,148	19.00%
Commerce	31,381,927	19.17%	26,827,690	18.21%
Services	24,339,182	14.87%	18,327,796	12.44%
Financial	21,959,705	13.41%	25,937,043	17.61%
Colombian government or Colombian government entities	9,509,653	5.81%	8,583,169	5.83%
Insurance	6,207,713	3.79%	1,792,142	1.22%
Manufacturing	5,105,596	3.12%	4,376,625	2.97%
Real estate	3,819,558	2.33%	2,923,305	1.98%
Agriculture and livestock	2,476,976	1.51%	2,281,764	1.55%
Mining and quarrying	2,412,425	1.47%	755,267	0.51%
Transport	2,035,339	1.24%	1,346,132	0.91%

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Telecommunications	1,705,897	1.04%	982,648	0.67%
Education	1,315,890	0.80%	981,182	0.67%
Public utilities	1,310,462	0.80%	1,001,569	0.68%
Foreign governments	925,559	0.57%	1,087,077	0.74%
Arts, entertainment and recreation	732,304	0.45%	313,444	0.21%
Tourism	558,694	0.34%	466,759	0.32%
Religious organizations	465,766	0.28%	440,445	0.30%
Others	15,581,669	9.52%	20,878,256	14.18%
Total	$ **163,733,574**	**100.00%**	**147,287,461**	**100.00%**

The following is the detail of deposits by country:

		December 31, 2021				
		Checking accounts	Savings accounts	Time certificates of deposit	Others	Total
Colombia	$	10,214,679	29,181,825	11,254,115	86,903	50,737,522
Nicaragua		2,094,515	2,239,915	681,854	7,744	5,024,028
Guatemala		7,331,098	2,530,250	6,612,570	661	16,474,579
Honduras		4,538,206	5,604,448	2,772,148	48,595	12,963,397
El salvador		4,118,017	2,300,789	0	32,722	6,451,528
Costa Rica		9,953,266	5,008,991	6,427,358	182,219	21,571,834
Panamá		7,474,954	4,108,443	30,240,246	84,547	41,908,190
Miami		2,809,403	24,887	1,204,130	865	4,039,285
New York		523,116	86,923	2,800,992	0	3,411,031
Other countries (1)		0	0	1,152,180	0	1,152,180
	$	**49,057,254**	**51,086,471**	**63,145,593**	**444,256**	**163,733,574**

		December 31, 2020				
		Checking accounts	Savings accounts	Time certificates of deposit	Others	Total
Colombia	$	5,192,538	28,231,870	14,044,783	128,229	47,597,420
Nicaragua		1,561,062	1,711,117	0	11,503	3,283,682
Guatemala		5,846,306	1,825,162	0	590	7,672,058
Honduras		3,391,261	3,597,424	2,812,422	30,351	9,831,458
El salvador		3,266,436	1,872,423	0	25,909	5,164,768
Costa Rica		7,975,200	3,665,637	5,605,407	87,148	17,333,392
Panamá		7,865,460	3,482,711	31,618,849	82,348	43,049,368
Miami		4,492,235	18,500	1,634,400	746	6,145,881
New York		3,015,365	124,020	2,917,893	0	6,057,278
Other countries (1)		0	0	1,152,120	36	1,152,156
	$	**42,605,863**	**44,528,864**	**59,785,874**	**366,860**	**147,287,461**

(1) Corresponds to the Bahamas, Cayman Islands and Bahamas.

21.3 Maturities of time certificates of deposit

The following is a breakdown:

	December 31, 2021	December 31, 2020

		December 31, 2021	December 31, 2020
2021	$	0	40,827,344
2022		44,011,782	9,036,758
2023		8,405,333	3,496,499
2024		3,850,525	2,630,272
2025 and following		6,877,953	3,795,001
Total	$	**63,145,593**	**59,785,874**

Note 22 – Financial obligations

Following is a breakdown of the financial obligations:

		December 31, 2021	December 31, 2020
Borrowings from banks and others		18,267,274	13,263,795
Bonds issued		14,126,058	12,173,063
Development entities		1,786,878	2,343,035
Interbank borrowings and overnight funds		1,682,956	3,271,905
Lease contracts		1,220,884	1,370,792
Total	$	**37,084,050**	**32,422,590**

22.1 Interbank borrowings and overnight funds

		December 31, 2021	December 31, 2020	Interest rate December 31, 2021
In Colombian pesos				
Simultaneous operations	$	1,072,413	1,904,257	3.00%
Commitments to transfer in repo		0	709,273	2.28% to 4.26%
Interbank funds purchased		80,013	0	2.91%
Commitments originated in short positions		29,405	11,216	0.00%
Corresponding Banks		2,500	1,274	0.00%
		1,184,331	**2,626,020**	
In Foreign currency				
Interbank funds purchased		239,310	501,990	0.05% to 1.70%
Commitments to transfer in open repo operations		259,315	143,895	0.01% to 2.00%
		498,625	**645,885**	
Total	$	**1,682,956**	**3,271,905**	

Decrease in interbank and overnight funds for $1,683,552, mainly due to repo and simultaneous operations, due to the lower need to take resources in the money market to meet the liquidity requirements in order to comply with the banking reserve.

The following shows the contractual maturities of interbank borrowing and overnight funds:

		December 31, 2021	December 31, 2020
2021		0	3,271,905
2022		1,655,476	0
2023		27,480	0
Total	$	**1,682,956**	**3,271,905**

22.2 Borrowings from banks and others

The following is a breakdown:

		December 31, 2021	December 31, 2020	Interest rate December 31, 2021
In Colombian pesos				
Borrowings		1,102	0	IBR + 1.78% to 2.00%
		1,102	**0**	
In Foreign currency				
Borrowings	$	14,180,577	10,937,240	0.00% to 15.00% LIBOR 1 + 0.49% LIBOR 2 + 1.83% LIBOR 3 + 0.50% to 8.86% LIBOR 6 + 0.56% to 5.00% LIBOR 9 + 0.66% LIBOR 12 + 0.40% to 2.63% LIBOR OTRAS + 0.25% to 0.85% COP'S + 2.40% TBP + 1.80 to 2.00%
Acceptances		1,821,049	1,350,284	0.00% to 1.39%
Letter of credit		1,307,944	554,185	0.00% to 1.40%
Corporación Andina de Fomento		627,600	268,889	LIBOR 1 + 0.75% LIBOR 3 + 0.71% to0.75% LIBOR 6 + 0.76% to 0.93% LIBOR OTHERS + 0.89%
Overdrafts in bank checking account		30,292	136,000	0.00%
Others financial obligations		298,710	17,197	1.85%
		18,266,172	**13,263,795**	
Total	$	**18,267,274**	**13,263,795**	

New bank loans were contracted during the period for $21,669,542 and cancellations for $14,837,267 for a net increase of $6,832,275 with an impact on the following entities (Bancolombia (Panamá) SA, Wells Fargo Bank Miami Branch, EFG Bank, Banco Industrial SA and Banco Interamericano de Developing). Additionally, there was an increase for $470,765 in Structured Funding operations, mainly acceptances with the CoBank entity

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

		December 31, 2021	December 31, 2020
2021		0	7,665,486
2022		12,400,198	2,018,146
2023		1,073,513	788,780
2024		872,271	360,763
2025 and following		3,921,292	2,430,620
Total	$	**18,267,274**	**13,263,795**

22.3 Bonds issued

The Bank is authorized by the Financial Superintendence of Colombia and foreign entities by the corresponding regulatory entities of the countries where it operates, to issue or place bonds or general guarantee bonds. All bond issues by the Bank and its subsidiaries have been issued without guarantees and exclusively represent the obligations of each of the issuers.

The Bank and its subsidiaries are complying with the related covenants agreed with investors.

The following is a breakdown:

	Date			December 31, 2021	December 31, 2020	Interest rate December 31, 2021
	Issue	Expiration				
In Colombian pesos						
Ordinary bonds	2020	2023	$	114,033	113,978	IBR + 1.14%
Ordinary bonds	2020	2025		186,059	186,033	4.75%
Ordinary bonds	2021	2024		210,890	0	3.40%
Ordinary bonds	2021	2026		392,869	0	IPC + 1.16%
				903,851	**300,011**	
In Foreign currency						
Ordinary bonds (1)	2016 a 2018	2021 a 2027		3,765,982	3,845,844	4.38% a 5.85%
Ordinary bonds	2019 a 2020	2020 a 2050		575,103	708,022	0.25% a 9.50%
Ordinary bonds	2021	2022 a 2026		385,815	0	2.00% a 3.00%
Subordinated bonds (2)	2013	2023		2,027,716	1,747,386	5.38%
Subordinated bonds (3)	2016	2026		4,389,597	3,780,244	6.25%
Subordinated bonds (4)	2020	2025		2,077,994	1,791,556	10.00%
				13,222,207	**11,873,052**	
Total			$	**14,126,058**	**12,173,063**	

(1) Ordinary bonds issued in ME 2017 by Banco de Bogotá in international markets with coverage designation for $2,340,922, amount in US $588. See note 10.5 Hedging derivatives.
(2) Securities issued in ME 2013 by Banco de Bogotá in the international market with designation as investment hedging instruments in BAC Holding International Corp for $1,584,502, amount in US $398. See note 10.5 Hedging derivatives.
(3) Securities issued by Banco de Bogotá in the international market second tranche ME 2016 for $1,990,580, amount in US $500, Bonds that are designated as investment hedging instruments in BAC Holding International Corp. See note 10.5 Hedging Derivatives.
(4) Corresponds to the issuance of BAC bonds which has the option to be convertible into shares, its holder is Grupo Aval Limited.

The following is the detail of the maturities of bonds due in circulation:

		December 31, 2021	December 31, 2020
2021		0	890,418
2022		1,767,990	1,192,551
2023		2,391,106	2,053,180
2024		484,893	205,950
2025 and following		9,482,069	7,830,964
Total	$	**14,126,058**	**12,173,063**

22.4 Development entities

The Colombian government has created a number of lending programs to develop specific sectors of the economy, including foreign trade, agriculture, tourism, home construction and other industries. These programs are managed by a variety of government agencies, such as Banco de Comercio Exterior (“BANCOLDEX-Spanish acronym”), Fondo para el Financiamiento Del Sector Agropecuario (“FINAGRO-Spanish acronym”) and Financiera de Desarrollo Territorial (“FINDETER-Spanish acronym”).

The following is a breakdown:

		December 31, 2021	December 31, 2020	Interest rate December 31, 2021
In Colombian pesos				
FINDETER	$	1,088,441	1,481,661	0.00% DTF + (4.00) % to 3.70% IBR + (2.80) % to 4.10% IPC + (1.00) % to 5.00%
BANCOLDEX		418,756	575,599	0.00% DTF + (2.00) % to 5.15% IBR + (1.80) to 4.35%
FINAGRO		272,980	267,285	0.00% DTF + (3.50) % to 2.77% IBR + (3.50) % to 2.60%
		1,780,177	**2,324,545**	
In Foreign currency				
BANCOLDEX		6,701	11,073	LIBOR 6 + 3.06% to 3.48%
FINDETER		0	7,417	LIBOR 6 + 3.14%
		6,701	**18,490**	
Total	$	**1,786,878**	**2,343,035**	

The following is a breakdown of the maturities development entities:

		December 31, 2021	December 31, 2020
2021		0	628,065
2022		509,704	465,159
2023		397,175	366,481
2024		301,472	283,926
2025 and following		578,527	599,404
Total	$	**1,786,878**	**2,343,035**

22.5 Lease contracts

The following is a breakdown:

		December 31, 2021	December 31, 2020	Interest rate December 31, 2021
Colombian pesos				
Lease liabilities	$	527,119	620,471	1.36% a 9.39%
		527,119	**620,471**	
Foreign currency				
Lease liabilities		693,765	750,321	3.64% a 7.99%
		693,765	**750,321**	
Total	$	**1,220,884**	**1,370,792**	

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

		December 31, 2021	December 31, 2020
2021		0	283,894
2022		500,687	201,704
2023		231,255	175,600
2024		139,840	150,629
2025 and following		349,102	558,965
Total	$	**1,220,884**	**1,370,792**

22.6 Analisys of changes in financing during the period

The following is a reconciliation of the movements in liabilities to cash flows arising from financing activities:

	Liabilities				
	Dividends payable	Bonds issued	Borrowings from banks and others	Lease contracts	Total
Balances at December 31, 2020	$ **385,463**	**12,173,063**	**15,606,830**	**1,370,792**	**29,536,148**
Cash flows from financing activities					
Dividends paid controlling interest	(782,863)	0	0	0	**(782,863)**
Dividends paid non-controlling interest	(184,029)	0	0	0	**(184,029)**
Issuance of outstanding bonds	0	976,152	0	0	**976,152**
Payment of outstanding bonds issued	0	(824,552)	0	0	**(824,552)**
Acquisition of financial obligations	0	0	21,669,542	0	**21,669,542**
Decrease of financial obligations	0	0	(18,561,927)	0	**(18,561,927)**
Cancellation of capital in leases	0	0	0	(178,540)	**(178,540)**
Net cash used in continuing financing activities (1)	**(966,892)**	**151,600**	**3,107,615**	**(178,540)**	**2,113,783**
Accrued interest	0	810,990	357,147	53,454	**1,221,591**
Interest paid	0	(817,720)	(370,167)	(50,108)	**(1,237,995)**
Hedging non-derivative instrument (See note 28)	0	1,049,016	0	0	**1,049,016**
Dividends declared at controlling interest (See ECP)	1,119,761	0	0	0	**1,119,761**
Dividends declared at non-controlling interest (See ECP)	280,140	0	0	0	**280,140**
Exchange difference effect	56,981	759,109	1,991,391	94,416	**2,901,897**
Discontinued operation	0	0	84,333	(2)	**84,331**
Deconsolidation	(567,249)	0	(722,998)	(35,645)	**(1,325,892)**
Other Changes (2)	(2,039)	0	0	(33,483)	**(35,522)**
Total liabilities related to other changes	**887,594**	**1,801,395**	**1,339,706**	**28,632**	**4,057,327**
Balances at December 31, 2021	**$ 306,165**	**14,126,058**	**20,054,151**	**1,220,884**	**35,707,258**

	Liabilities				
	Dividends payable	Bonds issued	Borrowings from banks and others	Lease contracts	Total
Balances at December 31, 2019	$ **363,029**	**8,426,168**	**15,598,630**	**1,440,669**	**25,828,496**
Cash flows from financing activities					

	Liabilities				
	Dividends payable	**Bonds issued**	**Borrowings from banks and others**	**Lease contracts**	**Total**
Dividends paid controlling interest	(774,077)	0	0	0	**(774,077)**
Dividends paid non-controlling interest	(422,816)	0	0	0	**(422,816)**
Issuance of outstanding bonds	0	2,522,671	0	0	**2,522,671**
Payment of outstanding bonds issued	0	(754,300)	0	0	**(754,300)**
Acquisition of financial obligations	0	0	14,837,267	0	**14,837,267**
Decrease of financial obligations	0	0	(18,623,221)	0	**(18,623,221)**
Cancellation of capital in leases	0	0	0	(175,399)	**(175,399)**
Net cash used in continuing financing activities (1)	**(1,196,893)**	**1,768,371**	**(3,785,954)**	**(175,399)**	**(3,389,875)**
Accrued interest	0	713,861	534,996	79,079	**1,327,936**
Interest paid	0	(678,691)	(585,078)	(59,324)	**(1,323,093)**
Hedging non-derivative instrument (See note 28)	0	321,145	0	0	**321,145**
Dividends declared at controlling interest (See ECP)	1,335,630	0	0	0	**1,335,630**
Dividends declared at non-controlling interest (See ECP) (2)	154,961	0	0	0	154,961
Exchange difference effect	(267)	(279,797)	897,103	11,965	**629,004**
Discontinued	(283,074)	0	28,909	6,717	**(247,448)**
Other Changes (3)	12,077	1,902,006	2,918,224	67,085	**4,899,392**
Total liabilities related to other changes	**1,219,327**	**1,978,524**	**3,794,154**	**105,522**	**7,097,527**
Balances at December 31, 2020	**$ 385,463**	**12,173,063**	**15,606,830**	**1,370,792**	**29,536,148**

(1) Redemption of preferred shares and non-controlling interest are not part of the reconciliation of movements in liabilities.
(2) Dividends declared to non-controlling interest do not have a direct crossing with ECP, due to the distribution of dividends in shares for $43 (Central America).
(3) Includes: Spin-off by BAC Holding International from Multi Financial Holding in favor of Banco de Bogotá (See note 2.3), withholding at source for untaxed dividends. By December 2020 acquisition in business combination and others.

Note 23 – Employee benefits

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

		December 31, 2021	December 31, 2020
Short-term benefits	$	269,275	246,177
Post-employment benefits		156,742	173,568
Long-term benefits		39,172	43,709
	$	**465,189**	**463,454**

The Bank and its subsidiaries are exposed to a number of risks (interest rate and operational risks) inherent in its employee benefit plans. It tries to minimize them by implementing policies and procedures for risk management.

23.1 Post-employment Benefits

In Colombia, pensions for employees who retire after reaching a certain age and completing a specific period of service are assumed by public or private pension funds, based on defined contribution plans in which the company and the employee pay monthly amounts determined by law, so the employee will

have a pension upon retirement. However, in the case of some employees who were hired before 1968 and have met the requirements with respect to time of service and age, their pensions are assumed directly by the Bank and its subsidiaries.

The Bank and its subsidiaries recognize 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.

National entities the Bank and its subsidiaries have 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.

In foreign subsidiaries, corresponds mainly to the economic compensation law for voluntary renunciation of the worker in accordance with the normativity of each country.

23.2 Long-term employee benefits

The Bank and its subsidiaries grant 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).

The following table shows net the activity in post-employment and other long-term employee benefits:

		Post-employment benefits		Other benefits	
		December 31, 2020	December 31, 2020	December 31, 2020	December 31, 2020
Balance at the beginning of the period	$	173,568	167,960	43,709	59,341
Interest expense		9,984	9,471	2,136	2,430
Current service cost		13,884	4,843	3,854	4,316
Past service costs		0	0	369	0
Gain on settlements (1)		0	(1,238)	0	(5,880)
		23,868	**13,076**	**6,359**	**866**
Changes in demographic assumptions		(15)	0	(86)	0
Changes in interest rates, inflation rates and salary adjustments		(11,709)	7,712	(6,128)	(301)
Asset plan recognition		0	(840)	0	0
Return on plan assets, liabilities (assets) for net defined benefits		(1,162)	1,651	0	0
Effect of experience adjustments		6,792	0	639	0
		(6,093)	**8,523**	**(5,575)**	**(301)**
Effect of movements in exchange rates		9,566	9,354	0	0
Benefit payments from employer		(44,511)	(25,345)	(4,772)	(6,445)
Deconsolidation		0	0	(361)	0
Discontinued operation		0	0	25	(9,752)
Reclassifications		344	**0**	(213)	**0**
Balance at the end of the period	$	**156,742**	**173,568**	**39,172**	**43,709**

(1) The reduction of ($5,880) corresponds to Fiduciaria Bogotá due to the change from the defined benefit plan of five-year benefits to the Corporate Business Plan.

The expense for post-employment benefits and long-term benefits, is related as follows:

		Post-employment Benefits		Long-term benefits	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Defined contribution plans	$	71,845	89,077	9,418	16,268
Defined benefit plans		23,868	13,076	784	(8,921)
	$	**95,713**	**102,153**	**10,202**	**7,347**

The movement of the asset plan set up by the foreign subsidiaries is detailed below.

		December 31, 2021	December 31, 2020
Balance at the beginning of the period	$	**38,241**	**22,756**
Asset plan recognition		0	840
Interest income		1,228	863
Return on plan assets		1,162	(1,651)
Effect of movements in exchange rates		6,117	1,801
Efecto por combinación de negocios		0	13,632
Reclassifications		92	0
Balance at the end of the period	$	**46,840**	**38,241**

23.3 Significant Actuarial assumptions

The variables used to calculate the projected liability for retirement and other long-term benefits are listed below:

	Post-employment Benefits		Long Term Benefits	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Discount rate	5.92%	5.37%	7.22%	5.22%
Price Inflation rate	2.95%	2.86%	3.00%	3.00%
Salary increase rate	2.93%	1.50%	3.00%	4.00%
Pensions in payment increase rate	3.00%	3.00%	N/A	N/A

Employee turnover is calculated based on each entity's own experience. For those entities that do not yet have sufficiently long statistics to support the actuarial bases, the SoA2003 table is used as a reference. This table is used to establish the probability of personnel remaining in the entity, modified according to the population factor of each benefit.

For national subsidiaries, the expected life expectancy of employees is calculated based on mortality tables published by the Superintendencia Financiera de Colombia (RV8), which have been constructed based on the mortality experience provided by the different insurance companies operating in Colombia.

The discount rate is assigned according to the duration of the plan. Those with a longer horizon have a higher rate than short-term plans. Accordingly, for plans with longer horizons, the higher rate will be the TES curve.

23.4 Sensitivity analysis

The sensibility analysis for post-employment and long-term benefits liabilities to different actuarial and financial variables, maintaining other variables at constant values (increase or decrease 0.5 basis points), for the period ended at December 31, 2021 is shown below:

		- 0.50 basis points	
		Post-employment Benefits	Long Term Benefits
Discount rate	$	6,950	1,029
Salary increase rate		(3,977)	(1,172)
Pensions-in-payment increase rate	$	(2,800)	N/A

		+ 0.50 basis points	
		Post-employment Benefits	Long Term Benefits
Discount rate	$	(6,326)	(952)
Salary increase rate		4,412	1,253
Pensions-in-payment increase rate	$	3,121	N/A

23.5 Expected cash flows for following year

Anticipated future benefits, which reflect service, as appropriate, are expected to be paid as follows:

		Post-employment Benefits	Long Term Benefits
2022	$	33,394	4,327
2023		28,085	7,735
2024		26,445	6,039
2025		26,660	6,160
2026		27,727	4,099
Years 2027 – 2031	$	136,599	25,552

The number of participants used in the actuarial calculations of employee benefits is detailed below.

		Post-employment Benefits		**Long Term Benefits**	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Current	Retirement bonuses	10,582	10,597	0	0
	Severance	3,510	3,658	0	0
	Indemnities	7,142	7,429	0	0
	Pension	758	835	0	0
	Seniority bonuses	3,350	3,312	0	0
	Quinquennium	0	0	6,303	7,339
	Seniority tickets	0	0	9,902	0

Compensation for key management personnel in each benefit category is described in note 35 - Related Parties.

Note 24 – Provisions

The following table shows the provisions movement:

	Legal proceedings	**Other provisions**	**Total**
Balance at December 31, 2019	**120,493**	**288,920**	**409,413**
New provisions	5,627	1,894	7,521
Increase in existing provisions	770	921	1,691

		Legal proceedings	Other provisions	Total
Reverted unused provisions		(624)	(5,667)	(6,291)
Effect of movements in exchange rates		(172)	1,964	1,792
Reclassifications		121	(121)	0
Balance acquired in business combination		2,417	1,416	3,833
Used provisions		(2,797)	(3,960)	(6,757)
Discontinued operation		2,149	(3,125)	(976)
Balance at December 31, 2020	**$**	**127,984**	**282,242**	**410,226**
New provisions		13,106	2,176	15,282
Increase in existing provisions		2,334	4,627	6,961
Increase due to adjustments that arise over time		0	280	280
Used provisions		(14,561)	(4,699)	(19,260)
Reverted unused provisions		(597)	(1,537)	(2,134)
Effect of movements in exchange rates		(232)	5,487	5,255
Discontinued operation		19,773	(35,734)	(15,961)
Deconsolidation		(129,288)	(194,544)	(323,832)
Balance at December 31, 2021	**$**	**18,519**	**58,298**	**76,817**

Estimated periodicity of time to be cancelled		Legal proceedings	Other provisions	Total
Within twelve months	$	2,805	1,013	3,818
After twelve months		15,714	57,285	72,999
Total	**$**	**18,519**	**58,298**	**76,817**

The following is a description of the nature of the obligations contracted on which the most representative provisions for the Bank and its subsidiaries were estimated:

Legal provisions

Corresponds mainly to labor, civil and administrative proceedings, the most representative at December 31, 2021 and 2020: Banco de Bogotá $11,079 and $9,628 respectively and Porvenir S.A. at December 31, 2020 for pension claims (survival, disability, old age pensions, refund of balances, etc.) for $107,491.

Other Provisions

They are mainly composed of:

- They are mainly composed of the estimated provisions for dismantling expenses of ATMs and leasehold improvements made by Banco de Bogotá, BAC Holding International and Fiduciaria Bogotá S.A. as of December 31, 2021 and 2020 for $47,812 and $46,742, respectively.

- As of December 31, 2020 Porvenir S.A., provides for the undercapitalized accounts - individual accounts of the Porvenir Special Mandatory Pension Fund for Programmed Retirement, which according to projections based on an actuarial calculation do not record the capital for the payment of the minimum pension and, therefore, must be provided for the expected difference by $230,095.

Note 25 – Accounts payables and other liabilities

Accounts payables and other liabilities include the following:

		December 31, 2021	December 31, 2020
Liabilities payable for services collections	$	989,179	869,092
Payments to suppliers and payments for services		777,161	640,447
Electronic transactions in processes		572,710	549,212
Payable dividends and surpluses (note 26)		306,165	385,463
Affiliate establishments		274,028	169,787
Loyalty programs		208,274	152,760
Withholdings and other labor contributions		203,138	179,965
Deposits to apply		97,617	65,382
Checks drawn but not cashed		97,031	83,745
Reinsurance		94,881	46,502
Anticipated income		86,112	42,713
Certificates of time deposit – matured		83,688	83,703
Visa smart card payments - Visa Electron		76,245	45,522
Advance payments on leasing contracts		72,922	64,410
Collect of services and payments of credit cards to AVAL entities		70,844	43,943
Funds pending credit to customers		70,474	118,802
Other taxes		69,067	66,839
Security and peace bonds		35,673	35,812
Commissions and fees		28,477	32,645
Contributions, affiliations and transfers		26,830	20,348
Cash not dispensed – teller machines		25,675	19,726
Tax on financial transactions		23,953	18,418
Cash surpluses – clearing		23,836	22,693
Cancelled accounts		23,501	20,707
Transaction with Aval entities		17,361	19,509
Lien orders		7,719	10,272
Other accounts payable		248,166	159,039
Total	$	**4,610,727**	**3,967,456**

Note 26 – Equity

26.1 Capital in shares

The face value of authorized ordinary, issued and outstanding common shares in the Bank was $10.00 pesos each. These shares are represented as follows:

		December 31, 2021	December 31, 2020
Number of authorized ordinary shares		500,000,000	500,000,000
Number of ordinary shares subscribed and paid		331,280,555	331,280,555
Subscribed and paid-in capital	$	3,313	3,313

26.2 Retained earnings

Following shows the composition of retained earnings:

		December 31, 2021	December 31, 2020
Legal Reserve			
Appropriation of net profits	$	11,678,249	11,037,651

		December 31, 2021	December 31, 2020
Statutory and occasional Reserve			
Charity and donations		332,500	237,000
At Board of Directors provision		145,721	115,154
Tax provisions		536	616
Others Reserve		1,940,978	1,984,797
Retained earnings		(918,591)	(1,240,370)
Net income for the period		4,356,086	2,197,908
	$	**17,535,479**	**14,332,756**

26.3 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 and its subsidiaries have undistributed profits.

Statutory and occasional reserves

They are approved by the Shareholders' Meetings.

26.4 Dividends decreed

The dividends decreed were the following:

		December 31, 2021	December 31, 2020
Dividends decreed		$278.00 pesos per share and per month have been paid in cash between April 2021 and March 2022, both months inclusive, on the first business day of each month, to persons who have the quality of shareholders at the time each payment is due. These dividends were taken from the profits of the year 2020 and the retained earnings of the years 2016 and prior and are likely to be distributed to the shareholders as not taxed.	$336.00 pesos per share and per month that were paid in cash between April 2020 and March 2021, both months inclusive, on the first business day of each month, to the people who had the quality of shareholders at the time each payment was due. These dividends were taken from the profits of the year 2019 and the retained earnings of the years 2016 and previous years, being capable of being distributed to the shareholders as not taxed.
Ordinary shares outstanding		331,280,555	331,280,555
Total dividends decreed (1)	$	**1,119,761**	**1,335,723**

1. December 31, 2021, the cash dividends on preferred to non-controlling shares of BAC Holding International Corp and Multi Financial Holding for $14,609.

26.5 Basic and diluted earnings per share

The following table summarizes net earnings per share:

		December 31, 2021	December 31, 2020
Attributable to equity holders of the Bank and its subsidiaries	$	4,356,086	2,197,908
Attributable to non-controlling interests		192,942	306,698
Net income for the period		**4,549,028**	**2,504,606**
Ordinary shares outstanding		331,280,555	331,280,555
Basic and diluted earnings per share	$	**13,149**	**6,635**

There are no rights or privileges over ordinary bonds outstanding.

The Bank and its subsidiaries do not have shares with diluted effects. See adequate capital management policies in note 33.

Note 27 – Non-controlling interest

The following table provides details of the non-controlling interest on each of the Bank's subsidiaries:

		December 31, 2021			
	Country	% Share	Share of equity	Share of profits	Dividends decreed
Fiduciaria Bogotá S.A.	Colombia	5.01%	$ 22,284	4,316	(4,156)
Almacenes Generales de Depósito Almaviva S.A.	Colombia	4.19%	3,240	(7)	0
Megalinea S.A.	Colombia	5.10%	340	47	0
Aval Soluciones Digitales S.A.	Colombia	61.10%	10,164	243	0
Others (1)	Colombia and Panamá		5,876	479	(443)
Sociedad Administradora de Pensiones y Cesantías Porvenir S.A.	Colombia	0	0	187,864	(275,541)
			$ **41,903**	**192,942**	**(280,140)**

		December 31, 2020			
	Country	% Share	Share of equity	Share of profits	Dividends decreed
Fiduciaria Bogotá S.A.	Colombia	5.01%	$ 22,294	5,961	(3,152)
Almacenes Generales de Depósito Almaviva S.A.	Colombia	4.19%	3,176	(110)	0
Megalinea S.A.	Colombia	5.10%	293	31	0
Sociedad Administradora de Pensiones y Cesantías Porvenir S.A.	Colombia	53.61%	1,397,888	303,927	(151,687)
Aval Soluciones Digitales S.A.	Colombia	61.10%	9,921	(3,691)	0
Others (1)	Colombia and Panamá		35,966	579	(165)
			$ **1,469,538**	**306,698**	**(155,004)**

(1) Pertains primarily to non-controlling interest in subsidiaries that sub consolidate, primarily, BAC Holding international Corp and Multi Financial Holding.
(2) No consolidated as of December 31, 2021. Share of profits corresponds to 53,61% not owned by the Bank.

The following table provides summarized financial information on each of the Bank's subsidiaries that had significant non-controlling interest:

	December 31, 2021					
	Assets	Liabilities	Total income	Net earnings	OCI	Cash Flows
Almacenes Generales de Depósito Almaviva S.A.	$ 151,788	82,113	156,233	(167)	927	771
Fiduciaria Bogotá S.A.	566,264	121,210	237,729	86,204	(1,740)	(4,853)
Megalinea S.A.	26,346	19,686	130,902	924	0	(423)
Aval Soluciones Digitales S.A.	$ 24,656	8,021	2,690	397	0	6,083

December 31, 2020					
Assets	Liabilities	Total income	Net earnings	OCI	Cash Flows

		December 31, 2020					
		Assets	Liabilities	Total income	Net earnings	OCI	Cash Flows
Almacenes Generales de Depósito Almaviva S.A.	$	151,883	82,643	141,315	(2,622)	372	2,657
Fiduciaria Bogotá S.A.		513,798	68,540	274,622	119,045	1,656	(32,160)
Sociedad Administradora de Pensiones y Cesantías Porvenir S.A.		3,970,423	1,327,341	3,222,781	578,083	31,290	164,866
Megalinea S.A.		23,694	17,958	121,033	608	0	3,008
Aval Soluciones Digitales S.A.	$	18,617	2,380	208	(6,041)	0	903

Note 28 Other comprehensive income

The following are details on the "Other Comprehensive Income" accounts included in equity:

		December 31, 2020	Movement during the period	December 31, 2021
Exchange difference on foreign subsidiaries (hedging part)	$	5,701,882	1,452,999	7,154,881
Exchange difference on derivatives in foreign currency		(3,878,363)	(403,983)	(4,282,346)
Exchange difference on bonds in foreign currency		(1,823,519)	(1,049,016)	(2,872,535)
Exchange difference on foreign subsidiaries (not hedging part)		(496,851)	968,869	472,018
Cash flow hedging		4,284	(4,284)	0
Unrealized gain from investments in debt securities at fair value		249,822	(570,035)	(320,213)
Unrealized gain from investments in equity securities at fair value		81,774	52,048	133,822
Impairment of debt securities at fair value		88,438	25,972	114,410
Exchange difference on foreign agencies, branches and subsidiaries		(868,108)	(139,335)	(1,007,443)
Revaluation of assets		2,658	(2,658)	0
Share in other comprehensive income of associates		117,016	(110,438)	6,578
Changes in actuarial assumptions from defined benefits plans		(57,095)	6,077	(51,018)
Income tax		1,849,433	839,065	2,688,498
Controlling interest		**971,371**	**1,065,281**	**2,036,652**
Non-controlling interest		**13,520**	**(17,453)**	**(3,933)**
Total comprehensive income	**$**	**984,891**	**1,047,828**	**2,032,719**

		December 31, 2019	Movement during the period	December 31, 2020
Exchange difference on foreign subsidiaries (hedging part)	$	4,357,941	1,343,941	5,701,882
Exchange difference on derivatives in foreign currency		(2,843,547)	(1,034,816)	(3,878,363)
Exchange difference on bonds in foreign currency		(1,502,374)	(321,145)	(1,823,519)
Exchange difference on foreign subsidiaries (not hedging part)		2,612	(499,463)	(496,851)
Cash flow hedging		0	4,284	4,284
Unrealized gain from investments in debt securities at fair value		236,408	13,414	249,822
Unrealized gain from investments in equity securities at fair value		85,710	(3,936)	81,774
Impairment of debt instruments at fair value		30,497	57,941	88,438
Exchange difference on foreign agencies, branches and subsidiaries		(343,021)	(278,583)	(621,604)
Realization difference in exchange for repatriation results of foreign agencies		0	(246,504)	(246,504)
Revaluation of assets		1,564	1,094	2,658
Share in other comprehensive income of associates		10,512	106,504	117,016
Changes in actuarial assumptions from defined benefits plans		(47,670)	(9,425)	(57,095)
Income tax		1,389,761	459,672	1,849,433

		December 31, 2019	Movement during the period	December 31, 2020
Controlling interest		**1,378,393**	**(407,022)**	**971,371**
Non-controlling interest		**10,494**	**3,026**	**13,520**
Total comprehensive income	**$**	**1,388,887**	**(403,996)**	**984,891**

Note 29 – Costs and expenses of contracts with customers for commissions and other services

The following is a breakdown of expenses of contracts with customers for commissions and other services for the years ended December 31,2021 and 2020:

		2021	2020
Banking services	$	342,383	290,136
information processing service		14,302	11,505
Service of the network of office		9,064	5,864
Management and intermediary services		900	196
Sales and services		3	83
Others		68,960	48,449
Total	$	**435,612**	**356,233**

Note 30 – Other income

The following is a breakdown of other incomes for the years ended December 31,2021 and 2020:

		2021	2020
Income from equity in income of associates and joint		545,238	557,075
Gain on sale of investments, net (1)		282,089	370,187
Written premiums		78,434	68,218
Leases		38,403	26,254
Collections and recoveries		22,729	17,459
Profit on sale of non-current assets held for sale		22,506	65,944
Fees legal and pre - legal collection		19,217	4,546
Profit from the sale of property and equipment		15,473	16,356
Franchise incentives for debit and credit cards		8,909	41,911
Net gain on asset valuation		6,331	(37,671)
Insurance recoveries – operational risk		6,090	5,801
Withdrawal of property, plant and equipment right to use		112	2,115
Others		108,212	101,058
Total	$	**1,153,743**	**1,239,253**

1. Includes realization of gain from measurement of investments at fair value $264,378 and $381,248 at 2021 and 2020 respectively.

Note 31 – Other expenses - administrative

The following is a breakdown of administrative expenses for the years ended December 31,2021 and 2020:

		2021	2020
Taxes and rates	$	614,536	548,167
Contributions and affiliations		573,386	447,371
Fees		402,512	431,084

		2021	2020
Maintenance and repairs		375,828	373,688
Insurance		271,282	258,259
Advertising services		209,279	146,414
Public services		186,469	194,534
Toilet and surveillance services		113,846	119,809
Transport		110,590	106,932
Temporary services		105,912	98,712
Electronic data processing		85,051	72,643
Leases		78,330	80,078
Supplies and stationery		71,437	71,327
Software development services		50,063	43,659
Adaptation and installation		45,636	48,281
Database and queries		26,870	22,928
Incentive's payroll		23,140	24,688
Travel expenses		22,391	21,687
Building administration fee		19,844	19,046
Others		172,329	103,790
Total	$	**3,558,731**	**3,233,097**

Note 32 – Commitments and contingencies

32.1 Commitments to disburse funds for capital disbursements

The Bank and its subsidiaries incurred $4,067 and $11,409, in disbursements of capital expenses at December 31, 2021, and 2020, respectively. These correspond to contracts for purchases of property, plant and equipment (real estate). As of December 31, 2021, there are no disbursement commitments.

32.2 Lease commitments

Following are the details of the payment obligations in leases:

		December 31, 2021	December 31, 2020
Not more than one year	$	13,511	11,713
More than one year and less than five		0	2,976
Total		**13,511**	**14,689**

As a lessee, the Bank and its subsidiaries recognize the payment of leases as an expense on a straight-line basis during the term of the contract. The lease fee recognized in the statement of income for the semesters ended to December 31, 2021, and 2020 $78,330 and $82,876 respectively.

32.3 Legal contingencies

The administrative and judicial claims pending against the Bank and its subsidiaries at December 31, 2021 and 2020 amounted $278,916 and $301,561 respectively. These are valued based on the analysis and opinions of the lawyers in charge. Due to their nature, the contingencies have not been recognized as liabilities, because they are obligations that do not imply an outflow of resources

Following is a breakdown of the contingencies against the Bank and its subsidiaries for over $5,000.

Popular Action - Valle del Cauca Department

Banco de Bogotá together with several banks of the financial sector were sued in a popular action alleging the alleged payment of excess interest by the Department of Valle in connection with a debt restructuring made by several banks in its favor. It is also alleged that the defendants did not recognize

the real value of the shares of Sociedad Portuaria de Buenaventura and Empresa de Energía del Pacífico in a dation in payment of such shares in favor of the banks. We consider that the probability of loss in this case is low and therefore no provision has been recorded. The claims amount to $18,000.

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.

Financial consumer protection action Alba Cecilia Londoño Gomez

Banco de Bogotá and Fiduciaria Bogotá were sued in an action for the protection of financial consumers due to the alleged execution of a commercial offer of an investment trust between Banco de Bogotá and as trustors Luis Guillermo Sorzano Espinosa or Mrs. Alba Cecilia Londoño Gomez for $14, in 1990. The plaintiff seeks the payment of the invested capital and the alleged profitability agreed for $41,215.

Civil process San Javier Investors S.A.

Actions and omissions in the loans granted by Multibank Inc. to Jaime Uribe Carvajal. The claim amounts to $38,597.

The Bank and its subsidiaries do not expect to obtain any type of reimbursement; therefore, it has not recognized any contingent asset for this concept.

Note 33 – Capital management

33.1 Regulation in matters of capital

In line with the definitions of capital ratio of Basel III and the objective of increasing both the quality and quantity of the capital of credit institutions, the Ministry of Finance and Public Credit issued decrees 1477 of 2018 and 1421 of 2019, which modified decree 2555 of 2010 with respect to the adequate capital requirements of credit institutions.

Furthermore, the Ministry updated the methodology (standard method) for calculating credit risk-weighted assets and included capital requirements due to exposure to operational risk. The new provisions in decrees 1477 of 2018 and 1421 of 2019 have been applied since January 1, 2021.

The total solvency ratio, defined as the relationship between technical reserves and total risk-weighted assets (credit, market and operational), cannot be lower than 9.0%, and the basic solvency ratio, defined as the relationship between ordinary basic equity and the total risk-weighted assets (credit, market and operational), cannot be lower than 4.5%.

Moreover, new indicators were included: the basic solvency ratio, additional (minimum 6%), Combined Buffer (conservation buffer (1.5%) and buffer for systemically important entities (1%)) and the leverage ratio (minimum 3%). These indicators (except for the leverage ratio) should be achieved gradually from

2021 to 2024, to the transition plan established in the regulation. The requirements for 2021 are the following: i) The additional basic solvency ratio (4.875%) and ii) Combined buffer: conservation buffer (0.375%) and systemic buffer (0.25%). Banco de Bogotá was considered an Entity of Systemic Importance, in accordance with Circular Letter 76 of December 02, 2020, issued by the Financial Superintendence of Colombia (SFC - Spanish acronym), and therefore must comply with this systemic buffer.

33.2 Results of the solvency relation

The following are the details of the consolidated solvency relation of the Bank and its financial subsidiaries as of December 2021, compared to the cutoff of March 2021, under the new rules described above (Basel III):

		December 31, 2021(1) and (2)	March 31, 2021 (1) and (2)
A. Basic Equity (PBO- Spanish acronym)	$	16,798,256	14,077,797
B. Additional Basic Equity (PBA - Spanish acronym)		2,070,203	1,912,882
C. Total Basic Equity (C= A+B)		**18,868,459**	**15,990,680**
D. Additional Equity (PA - Spanish acronym)		3,438,652	3,797,727
E. Deductions from Technical Reserves		28,010	25,842
F. Technical Reserves (PT, for the Spanish acronym) (F=C+D-E)		**22,279,101**	**19,762,565**
G. Credit RWA		142,407,577	127,468,365
H. Weighted Market risk (VaR MR)		11,266,069	15,532,183
I. Weighted Operational Risk (VaR OR)		10,857,424	11,244,978
J. Risk-Weighted Assets (Credit + Market + Operational)	$	**164,531,069**	**154,245,526**
Basic Solvency relation (RSB - Spanish acronym) I min 4.5%		10.21%	9.13%
Additional Basic Solvency relation (RSBA - Spanish acronym) I min 6% (3)		11.47%	10.37%
Total relation solvency (RST- Spanish acronym) I min 9%		13.54%	12.81%
Basic Solvency relation available for Mattress compliance (RSB – Spanish acronym % - 4.5%)		5.71%	4.63%
Combined Mattress required (Conservation + Systemic) (%) (3)		0.625%	0.625%
Leverage Value - COP Million		233,045,670	217,050,645
Leverage Ratio (min. 3%)		8.10%	7.37%

(1) Calculation of the Capital Ratio under the current standard, as established in Decree 2555/2010, as amended by Decrees 1477/2018 and 1421/2019 (Basel III), regulated by Public Notices 020/2019 and 025/2020 of the Financial Superintendence of Colombia (SFC - Spanish acronym).
(2) The Consolidated Solvency Ratio as of March 31, 2021, was prepared considering the Consolidated Financial Statements of the financial sector under Financial Information Accounting Standards accepted in Colombia (NCIF), while the Consolidated Solvency Ratio with a cut-off As of December 31, 2021, it was prepared taking into account the Consolidated Financial Statements of the financial sector under full IFRS.
(3) Additional Tier 1 Capital Ratio (RSBA - Spanish acronym) and Combined Buffer (Conservation and Systemic) is in transition from 2021 to 2024. By 2021, RSBA must be 4.875%, Combined Buffer 0.625% (broken down as Conservation 0.375% and Systemic 0.25%).

Likewise, the Bank's subsidiaries have adequately complied with their own capital requirements. The following is the detail of the capital requirements of the financial subsidiaries that make up the Bank:

	Total requirement	December 31, 2021	December 31, 2020
Banco de Bogotá (Individual)	9%	29.78% (1)	18.05% (2)
BAC Holding International Corp.and subsidiaries	8% (3)	12.47%	12.79%
Multi Financial Holding and subsidiaries	8% (3)	13.01%	14.60%
Porvenir S.A.	9%	16.60%	27.95%
Fidubogotá S.A.	9%	40.34%	40.45%
Almaviva S.A.	36 times PT (4)	7.37 times	20.52 times

(1) Calculation of the Capital Ratio under the current standard, as established in Decree 2555/2010, as amended by Decrees 1477/2018 and 1421/2019 (Basel III), regulated by Public Notices 020/2019 and 025/2020 of the Financial Superintendence of Colombia (SFC - Spanish acronym).
(2) Calculation established in Decree 2555 of 2010 modified by Decree 1771 of 2012, regulated by External Circular Letter 039 of 2014 of the SFC, repealed by External Circular Letter 020 of 2019 of the Financial Superintendence of Colombia (SFC - Spanish acronym).

(3) According to agreements 001/ 2015 and 003/ 2016 of the Panamá Banking Authority.
(4) In the case of Almaviva S.A. the capital requirement is measured as the maximum storage capacity, which may not exceed 36 times its regulatory capital (RC).

Note 34 – Financial assets offset against financial liabilities

Derivative instruments subject to a compensation framework agreement or similar are not offset in the statement of financial position. The following is a detail of the financial instruments that can be compensated:

	December 31, 2021				
	Gross Amounts of Recognized Assets and liabilities	Net Amounts of Assets Presented in the Consolidated statement of financial position	Gross Amounts Not Offset in the Consolidated statement of financial position		Net Exposure
			Financial instruments	Cash collateral received	
Assets					
Derivatives	$ 408,484	408,484	581,595	9,874	(182,985)
Repurchase agreements	29,906	29,906	326	0	29,580
Total assets subject to offsetting	**438,390**	**438,390**	**581,921**	**9,874**	**(153,405)**
Liabilities					
Derivatives	447,413	447,413	0	152,797	294,616
Repurchase agreements	1,361,133	1,361,133	1,361,133	0	0
Total liabilities subject to offsetting	$ **1,808,546**	**1,808,546**	**1,361,133**	**152,797**	**294,616**

	December 31, 2020				
	Gross Amounts of Recognized Assets and liabilities	Net Amounts of Assets Presented in the Consolidated statement of financial position	Gross Amounts Not Offset in the Consolidated statement of financial position		Net Exposure
			Financial instruments	Cash collateral received	
Assets					
Derivatives	$ 604,823	604,823	204,564	104,440	295,819
Repurchase agreements	1,275,296	1,275,296	1,263,757	0	11,539
Total assets subject to offsetting	**1,880,119**	**1,880,119**	**1,468,321**	**104,440**	**307,358**
Liabilities					
Derivatives	628,463	628,463	0	96,488	531,975
Repurchase agreements	2,768,641	2,768,641	2,768,641	0	0
Total liabilities subject to offsetting	$ **3,397,104**	**3,397,104**	**2,768,641**	**96,488**	**531,975**

Note 35 – 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 are members of the Bank and its subsidiaries (parent and subsidiary), associates or joint ventures of the entity or entities of the Bank and its subsidiaries, post-employment benefit plans for the benefit of the employees of the reporting entity or a related entity.

The relevant related parties are defined by the Bank and its subsidiaries as follow:

- An economically related party is a person or entity that is related to any entity in the Bank and its subsidiaries through transactions such as transfers of resources, services or obligations, regardless of whether or not a price is charged.

- Transactions between economic associates are understood, by the Bank and its subsidiaries, as any economic event carried out with Grupo Aval S.A. shareholders or entities thereof.

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

- Key management personnel: People with authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly, including any manager or administrator (executive or otherwise) of the Bank and its subsidiaries, as well as the president and vice presidents and the members of the Board of Directors.

- Subordinate entities: Companies in which the Bank exercises control, according to the definition of control outlined in the Commercial Code and in "IFRS 10 – Consolidated Financial Statements".

- Associate entities: These are entities wherein the Bank exercises significant influence, which generally is regarded as owning between 20% and 50% of the firm's equity.

- Other related parties: These include Banco de Occidente and subordinates, Banco AV Villas and subordinates, Banco Popular and subordinates, Seguro de Vida Alfa S.A., Seguros Alfa S.A and other related parties.

Transactions with related parties

The Bank and its subsidiaries 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.

Between the Bank and its subsidiaries and its related parties for the periods ended December 31, 2021 and 2020, there are not:

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

- Loans at interest rates other than those normally paid or charged under similar terms with respect to risk, maturity, etc.

- Operations of a nature that is different from those conducted with third parties.

According to the Banco de Bogotá manual on agreements, specifically Chapter VI- "Special Agreements with Subsidiaries on Using the Bank's Network," Banco de Bogotá has agreements with Fiduciaria Bogotá S.A. and Porvenir S.A.to allows them to use its network of offices.

Fiduciaria Bogotá S.A. entered into a contract with Banco de Bogotá to use the Bank's network of offices for its operations. The agreement outlines how the transactions of customers with mutual funds managed by Fiduciaria Bogotá S.A. will be handled, from an operational standpoint.

In keeping with the provisions outlined in Law 50 / 1990 (Labor Reform Act) and Law100 / 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 S.A. uses the Bank's offices as a support network to provide services related to the severance and mandatory pension funds it manages.

Fees were paid to directors for attendance at meetings of the Board of Directors and Committees for the six-month periods ended December 31, 2021 and 2020 for 1,930 and $2,427, respectively.

All transactions and disbursements were conducted at market prices. Credit card operations and overdrafts were done at the full rates for those products.

Balances 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, 2021				
				Related entities	
	Economically related parties	Grupo Aval S.A.	Key management personnel	Non-subsidiaries	Associates and joint ventures
Assets					
Cash and cash equivalents	$ 0	0	0	2,417	0
Investments accounted for using the equity method	0	0	0	0	8,131,506
Impairment of investments	0	0	0	0	(7,641)
Investments at fair value through profit or loss	0	14,913	0	0	0
Derivatives at fair value	330	0	0	0	0
Loan portfolio, net	1,739,112	527,379	31,300	1,269	917,443
Other accounts receivable	80,159	8	31	32	63,724
Right of use assets	0	0	0	1,903	737
Other assets	986	0	0	0	0
Liabilities					
Financial liabilities derivatives at fair value	15	0	0	0	0
Financial liabilities at amortized	1,640,179	3,994,898	61,045	3,235	962,186
Accounts payable and other liabilities	$ 52,165	189,911	742	355	13,473

	December 31, 2020				
				Related entities	
	Economically related parties	Grupo Aval S.A.	Key management personnel	Non-subsidiaries	Associates and joint ventures
Assets					
Cash and cash equivalents	$ 0	0	0	16,690	51,575
Investments accounted for using the equity method	0	0	0	0	5,426,960
Impairment of investments	0	0	0	0	(7,641)
Investments at fair value through profit or loss	889	37,315	0	206,484	90,253
Derivatives at fair value	844	0	34	0	0
Loan portfolio, net	2,021,820	523,907	27,334	1,566	729,480
Other accounts receivable	26,682	7	49	89	25
Right of use assets	0	0	0	0	0
Other assets	5,460	0	0	0	0

	December 31, 2020				
				Related entities	
	Economically related parties	Grupo Aval S.A.	Key management personnel	Non-subsidiaries	Associates and joint ventures
Liabilities					
Financial liabilities derivatives at fair value	1,255	0	0	0	0
Financial liabilities at amortized cost	1,153,215	4,504,588	89,881	1,239	1,134,284
Accounts payable and other liabilities	$ 69,515	239,056	1,010	17,248	5,849

Statement of income

	December 31, 2021				
				Related Companies	
	Economically related parties	Grupo Aval S.A.	Key management personnel	Non-subordinates	Associates and joint ventures
Income					
Interest	$ 221,689	23,424	1,446	715	58,435
Contracts with customers for commissions and other services	957	296	38	1,069	4,187
Other income	863	34	1	2,369	677,234
Expenses					
Interest	18,040	259,400	1,301	90	15,714
Contracts with customers for commissions and other services	113	0	63	73	4,749
Other expenses	$ 3,214	112,127	9,898	32,931	42,464

	December 31, 2020				
				Related Companies	
	Economically related parties	Grupo Aval S.A.	Key management personnel	Non-subordinates	Associates and joint ventures
Income					
Interest	$ 297,527	27,041	1,693	15,661	60,998
Contracts with customers for commissions and other services	1,828	323	47	3,490	3,686
Other income	1,363	7	2	2,307	558,947
Expenses					
Interest	16,831	235,871	2,001	25	33,265
Contracts with customers for commissions and other services	435	0	60	12,531	1,436
Other expenses	$ 15,661	127,175	23,503	62,330	49,210

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, 2021	December 31, 2020
Short-term employee benefits	$	91,419	104,106
Compensation for key management personnel and other long-term employee benefits		58	0
Termination benefits		21	0
Total	$	**91,498**	**104,106**

Note 36 – Statutory controls

Statutory controls are the regulations the Financial Superintendence of Colombia has established for credit institutions (banks, financial corporations and finance companies) with respect to the required reserve ratio (see Note 7.4.3-Liquidity Risk), the proprietary position (see Note 7.4.2- Market risk), the capital adequacy ratio (see note 33), and the mandatory investments to be made in securities issued by "Fondo para el Financiamiento del Sector Agropecuario (FINAGRO - Spanish acronym)". Due to the economic emergency caused by COVID-19, the Bank had to underwrite solidarity securities (TDS), see Note 2.5.7

The Bank complied with all these requirements during periods ended at December 31,2021 and 2020.

Note 37 – Subsequent events

Deconsolidation (loss of control) of BAC Holding International Corp. and Subsidiaries (hereinafter BAC Holding).

The shareholders of Banco de Bogotá, in an extraordinary meeting held on January 18, 2022, prior authorization of the Financial Superintendence of Colombia, approved the Spin-Off Project by means of which Banco de Bogotá (Spin-off Company) will spin-off 75% of its participation in BAC Holding in favor of Sociedad Beneficiaria Bogotá S.A.S. (Beneficiary Company), whose shareholders will be the same as those of Banco de Bogotá.

As from the loss of control, which occurs as a result of the spin-off, a relevant economic event will be generated, in which BAC Holding will cease to be a Subsidiary of Banco de Bogotá and will become an Associate. A new relationship will begin for the Bank as an investor with a 25% participation in BAC Holding, with significant influence over the financial and operating policies of such entity.

In compliance with the accounting requirements on deconsolidation (loss of control), the Bank determined as main effects, based on the financial statements as of December 31, 2021, the recognition of the investment as an Associate for $3,558,162 and the deconsolidation of assets for $115,366,324 and liabilities for $101,882,666, with a net effect on equity of ($9,925,496), related to BAC Holding. These effects will be restated once the spin-off is completed.

Change of domicile of BAC Holding International Corp. and subsidiaries

On January 25, 2022, at the General Shareholders' Meeting, it was agreed to change the domicile of BAC Holding, by means of an amendment to the Articles of Incorporation. As of said date, the domicile of BAC Holding is Bogotá, Republic of Colombia; notwithstanding the fact that it may establish such branches, offices, establishments or agencies as the Board of Directors may deem convenient and have its records and assets anywhere in the world.

Note 38 – Approval for the presentation of financial statements

The Bank´s board of directors of Banco de Bogotá, in session of February 24, 2022, the presentation of the consolidated financial statements was approved for the period ended at December 31, 2021 and the accompanying notes.