Consolidated Financial Statements

as at 31 December 2020

Banco de Occidente

Grupo AVAL

Consolidated Financial Statements as at 31 December 2020

Banco de Occidente
PANAMÁ

Occidental Bank
BARBADOS

FiduOccidente

NEXA
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REPORT BY STATUTORY AUDITOR

Shareholders
Banco de Occidente S.A.

Opinion

I have audited the accompanying consolidated Financial statements of Banco Occidente S.A. and Subsidiaries (the Group), which comprise the consolidated Financial Position Statement as of December 31, 2020 and the consolidated statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, and the related notes, which comprise the 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 of December 31, 2020, the consolidated results of its operations and its consolidated cash flows for the year 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 accepted in Colombia (ISAs). My responsibilities in accordance with those standards are described in the section "Responsibilities of the statutory auditor in connection with the audit of the consolidated Financial statements" of my report. I am independent with respect to the Group, in accordance with the Code of Ethics for Accounting Professionals 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 complied with my other ethical responsibilities in accordance with these requirements and the IESBA Code mentioned above. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit issues

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.

<table>
<tr><td colspan="2">Assessment of Impairment of Credit Portfolio under IFRS 9 (see notes 2 and 10 to the Consolidated Financial Statements)</td></tr>
<tr><td>Key matters of the Audit</td><td>How it was addressed in the audit</td></tr>
<tr><td>As indicated in Notes 2 and 10 to the consolidated Financial statements, the provision for impairment of the Group's Credit Portfolio amounted to $1,981,913 million as of December 31, 2020.

The Group measures the impairment of its Credit Portfolio at an amount equal to the Expected Credit Losses (ECP) for the life of each loan, except for those loans that have not experienced a significant increase in credit risk since initial recognition for which the Group calculates a twelve-month ECP. The allowance for Credit Portfolio impairment reflects a probability-weighted outcome that considers multiple economic scenarios based on forecasts of future economic conditions including impacts from the COVID19 pandemic and is determined based on the Group's assessment of the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EDI) associated with each loan. The Group, in accordance with the requirements of IFRS 9 and following market practices, uses complex models that incorporate data and assumptions that require significant judgment to estimate the impairment loss of the portfolio.

I identified the assessment of Credit Portfolio impairment as a key audit matter, because there is a high degree of estimation inherent in the determination of the expected loss from portfolio impairment, as a result of the judgment required for the forward-looking assumptions and models involved.

Assessing the credit portfolio´s impairment required significant attention from the auditor, the involvement of judgment and participation of credit risk professionals, as well as industry knowledge and experience.</td><td>My audit procedures for assessing the adequacy of impairment due to the credit risk, included, among other:

• Evaluation of the design and effectiveness of certain internal controls over the process established by the Group to calculate loan impairment, including, among others, controls over: (i) the models and assumptions used, (ii) the economic forecasting, (iii) the completeness and accuracy of the data, and (iv) the Group's monitoring of the allowance, in general for impairment losses, including the application of judgment used.

• Involvement of credit risk professionals with specific skills, industry knowledge and experience who assisted me in: (i) evaluation of the models and key inputs used to determine the Probability of Default (PD), Loss Given Default (LGD) and Exposure Given Default (EDI) parameters, (ii) evaluation of the macroeconomic projections and probability weighting of the scenarios, (iii) evaluation of the qualitative adjustments applied to the models, (iv) recalculation for a sample of individually significant credits, of the impairment and collateral value analysis; and (v) verification for a sample of individually significant credits of the credit risk rating assigned by the Group.</td></tr>
</table>

Other matters

The consolidated Financial statements as of and for the year ended December 31, 2019 are presented solely for comparative purposes, were audited by me and in my report dated February 28, 2020, expressed an unqualified opinion thereon.

Responsibility for the consolidated Financial statements of the Group's management and those charged with corporate governance

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, for disclosing, as applicable, matters related to going concern and for using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or there is no more realistic alternative than to proceed in one of these ways.

Those charged with corporate governance are responsible for overseeing the Group's Financial reporting process.

Responsibilities of the statutory auditor in connection with the audit of the consolidated Financial statements

My objectives are to obtain reasonable assurance about whether the consolidated Financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance means 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 due to 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 conducted in accordance with ISAs, I exercise professional judgment and maintain professional skepticism during 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 enough and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is greater than that arising from error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override or override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- I conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may indicate significant doubt about the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I should draw attention in my report to the disclosure that describes this situation in the consolidated Financial statements or, if this disclosure is inadequate, I should modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Group to cease to operate as a going concern.

- I 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.

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

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

I also provide those charged with corporate governance with confirmation that I have complied with relevant ethical independence requirements and that I have disclosed to them all relationships and other matters that may 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 consolidated Financial statements of the current period and, accordingly, are the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes 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.

Hugo Alonso Magana Salazar
Statutory Auditor of Banco de Occidente S.A.
P. ID 06619-T
Member of KPMG S.A.S.

February 26, 2021

BANCO DE OCCIDENTE S.A. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL POSITION STATEMENT
(Expressed in million of Colombian pesos)

	Notes		December 31, 2020	December 31, 2019
Assets				
Cash	**6**	**$**	**3,447.062**	**2,773,364**
Financial assets at fair value through profit or loss				
Investments in debt securities	7		1,203,597	2,186,410
Investments in equity instruments	7 & 30		369,086	32,826
Derivative trading instruments	9 & 28		571,024	511,130
Total Financial assets at fair value through profit or loss	5 & 7		**2,143,707**	**2,730,366**
Financial Assets at fair value with changes in ORI				
Investments in debt securities	7		4,026,450	3,724,113
Investments in equity instruments at fair value	7		88,473	88,954
Total Financial assets at fair value with changes in ORI	7		**4,114,923**	**3,813,067**
Debt securities assets at amortized cost	8		**851,997**	**674,640**
Total investment in debt securities at amortized cost and fair value			**4,966,920**	**4,487,707**
Credit Portfolio at amortized cost	4 & 10			
Commercial portfolio and commercial leasing			**23,213,429**	**22,061,977**
Commercial and commercial leasing			22,870,599	21,523,280
Repos and interbank and other			342,830	538,697
Consumer portfolio and consumer leasing			7,903,544	7,208,175
Mortgage portfolio and mortgage leases			1,905,731	1,641,314
Total Credit Portfolio at amortized cost	4		**33,022,704**	**30,911,466**
Impairment of Credit Portfolio at amortized cost	10		**(1,981,913)**	**(1,537,345)**
Commercial Impairment and commercial leasing portfolio			(1,110,234)	(1,032,051)
Impairment of consumer and consumer leasing portfolios			(764,004)	(435,577)
Impairment of mortgage and mortgage leasing portfolios			(107,675)	(69,717)
Total Financial assets from loans and receivables* at amortized cost, net			**31,040,791**	**29,374,121**
Other accounts receivable, net	11		**280,848**	**225,045**
Total Financial assets at amortized cost			**32,173,636**	**30,273,806**
Non-current assets held for sale	12		**33,969**	
Investment in associated companies and joint ventures	13		**1,614,628**	**1,434,246**
Tangible assets, net	14			
Own property and equipment			275,674	464,586
Property and equipment right of use			254,861	189,443
Equipment under operating lease			8,909	8,193
Investment properties			164,595	233,079
Total tangible assets, net			**704,039**	**895,301**
Intangible assets, net	15			
Capital gains			22,724	22,724
Other intangible assets			372,976	271,167
Total intangible assets, net			**395,700**	**293,891**
Income tax asset			**395,616**	**292,184**
Other assets			**67,464**	**71,472**
Total assets		**$**	**45,090,744**	**42,577,697**
Liabilities and equity				
Equity				
Instruments derived from trading	9 & 28	**$**	728,221	525,527
Financial liabilities at fair value			**728,221**	**525,527**
Customer deposits	17			
Current accounts			7,027,494	6,366,447
Savings accounts			15,314,279	12,574,563
Term deposit certificates			8,561,944	9,727,997
Other deposits			67,016	57,373
Total customer deposits			**30,970,733**	**28,726,380**
Financial obligations	18 & 30			
Interbank and overnight funds			1,208,307	729,114
Bank loans and other			1,725,909	1,749,100
Bonds and investment securities			3,120,450	3,337,983
Obligations with rediscounting entities			1,263,018	1,379,033
Financial Obligations			**7,317,684**	**7,195,230**
Total Financial liabilities at amortized cost			**38,288,417**	**35,921,610**
Provisions	20			
Provision for legal contingencies			4,214	4,243
Other provisions			55,714	41,382
Total provisions			**59,928**	**45,625**
Income tax liability	16			
Current			7,502	7,358
Deferred			30,029	196,948
Total income tax liabilities			**37,531**	**204,306**
Employee benefits	19		**117,059**	**110,985**
Other liabilities			**880,378**	**900,567**
Total liabilities	21 & 30	**$**	**40,111,534**	**37,708,620**
Equity				
Subscribed and paid-in capital	22	**$**	**4,677**	**4,677**
Additional paid-in capital			**730,445**	**720,445**
Retained earnings			**4,076,154**	**4,015,627**
Other comprehensive income			**146,773**	**102,338**
Equity of controlling interests		**$**	**4,948,049**	**4,843,087**
Non-controlling interests			**31,181**	**28,990**
Total equity			**4,979,210**	**4,869,077**
Total liabilities and equity		**$**	**45,090,744**	**42,577,697**

BANCO DE OCCIDENTE S.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
(Expressed in million of Colombian pesos)

Years Ended	Notes		December 31, 2020	December 31, 2019
Continuous operations:				
Interest and valuation income				
Interest on Credit Portfolio and Financial leasing and repo or interbank transactions:		$	**2,817,729**	**2,931,304**
Interest on portfolio to commercial			1,689,923	1,760,843
Interest on consumer portfolio			957,473	1,000,295
Interest on housing portfolio			160,669	142,409
Repo and interbank income			9,664	27,757
Income from deposits			**6,830**	**9,785**
Interest income from other accounts receivable			**2,876**	**3,017**
Interest and valuation of investments in debt securities at amortized cost			**146,559**	**176,268**
Total Interest and valuation income		$	**2,973,994**	**3,120,374**
Interest and similar expenses				
Deposits				
Current accounts			6,906	10,654
Savings deposits			338,639	372,580
Term deposit certificates			379,938	446,188
Total interest expense on deposits			**725,483**	**829,422**
Financial Obligations				
Interbank loans			50,704	63,656
Bank loans and other			52,868	66,155
Bonds and investment securities			216,166	224,781
Obligations with rediscount entities			36,982	44,370
Total Financial obligations			**356,720**	**398,962**
Total interest and similar expenses			**1,082,203**	**1,228,384**
Net interest and valuation income			**1,891,791**	**1,891,990**
Impairment loss on financial assets				
Impairment for Credit Portfolio and interest receivable			1,246,654	867,086
Provision for investments in debt securities			3,852	464
Recovery of penalties			(113,169)	(147,093)
Total impairment losses on Financial assets, net			**1,137,337**	**720,457**
Income, net of interest after impairment			**754,454**	**1,171,533**
Revenue from customer contracts, commissions and fees				
Income from commissions and fees	**25**		**422,782**	**431,899**
Commissions and fees	**25**		**104,577**	**85,539**
Net income from commissions and fees			**318,205**	**346,360**
Income from sale of goods and services				**219,639**
Net income from financial assets or liabilities held for trading			**396,934**	**117,047**
Net gain on marketable investments			106,948	124,080
Net gain (loss) on trading derivative financial instruments			289,966	-7,033
Other income, net	26			
Net (loss) gain on foreign exchange difference			(185,977)	56,443
Net gain on sale of investments			70,778	33,701
Gain on sale of non-current assets held for sale	12		44,421	1,863
Equity in income of associated companies and joint ventures by equity method			256,635	250,848
Dividends			2,344	2,358
Net (loss) gain on valuation of investment properties			(16,098)	8,938
Other operating income			268,001	53,759
Other income, net			**440,104**	**407,910**
Other expenses:				
Loss on sale of non-current assets held for sale	12 & 26		**46**	**45**
Provision for other assets			**4,187**	**6,209**
Personnel expenses			**761,470**	**726,843**
Indemnifications			18,407	4,532
Bonus payments			15,512	5,527
Salaries and employee benefits			727,551	716,784
General administrative expenses			**699,300**	**766,889**
Depreciation and amortization expenses			**135,144**	**125,662**
Depreciation of tangible assets			49,737	59,903
Amortization of intangible assets			33,508	21,162
Depreciation of property and equipment for rights of use			51,899	44,597
Other operating expenses			34,451	7,683
Donation expenses			880	529
Other expenses			33,571	7,154
Total other net expenses	26		**1,634,598**	**1,633,331**
Income before income taxes			**275,099**	**629,158**
(Income) income tax expense	16		**(65,459)**	**61,098**
Profit for the year		$	**340,558**	**568,060**
Income attributable to:				
Controlling interests		$	**334,890**	**563,356**
Non-controlling interests		$	**5,668**	**4,704**

BANCO DE OCCIDENTE S.A. AND SUBSIDIARIES CONSOLIDATED FINANCIAL POSITION STATEMENT (Expressed in millions of Colombian pesos)

BANCO DE OCCIDENTE S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
(Expressed in million of Colombian pesos)

	Notes	December 31, 2020	December 31, 2019
Profitability of the exercise:		**340,558**	**568,060**
Legs that may be subsequently reclassified to profit or loss			
Net foreign exchange difference on translation of foreign operations		(9,275)	289
Foreign exchange difference on investments in foreign subsidiaries		14,314	2,942
Net unrealized gain on foreign hedging transactions	9	(14,314)	(2,942)
Adjustments for foreign exchange differences of foreign subsidiaries		1,489	(1,670)
Net unrealized gain on financial instruments measured at fair value in debt securities		31,101	37,622
Impairment on financial instruments measured at fair value with changes in OCI -debt securities		3,522	281
Net unrealized gain on investments accounted for by the equity method of accounting	13	15,867	20,345
Deferred income tax legs that may be subsequently reclassified to income	16	(156)	5,067
Total legs that may be subsequently reclassified to profit or loss		**42,548**	**61,934**
Legs that will not be reclassified to income Revaluation of investment properties	14	3,892	-
Net unrealized gain on equity financial instruments measured at fair value	7	(480)	16,400
Actuarial legs in defined benefit plans		(213)	(1,801)
Deferred tax legs that will not be reclassified to profit or loss	16	(212)	(1,135)
Total legs that will not be reclassified to profit or loss		**2,987**	**13,464**
Total other comprehensive income (loss) for the year, net of tax		**45,535**	**75,398**
Total integrated results for the year		**386,093**	**643,458**
Comprehensive income attributable to:			
Controlling interests		**379,325**	**363,597**
Non-controlling interests		**6,768**	**6,861**

The notes on pages 12 to 169 are an integral part of the consolidated Financial statements.

BANCO DE OCCIDENTE S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in millions of Colombian pesos)

Years ended December 31, 2020 and 2019		Subscribed and paid-in capital (Note 22)	Additional paid-in capital	Retained Earnings	Other comprehensive income	Total equity of controlling interests	Non-Controlling Interests	Total net equity
Balance at December 31, 2018	**$**	**4,677**	**720,445**	**3,732,803**	**29,097**	**4,487,022**	**19,133**	**4,506,155**
Value of tax recognized on gain on sale of Master Card investment		-	-	(1,137)	-	(1,137)	-	(1,137)
Transfer to income (Note 8)		-	-	29	-	29	-	29
Distribution of cash dividends		-	-	(289,973)	-	(289,973)	-	(289,973)
Effect on retained earnings from realization of ORI		-	-	11,329	(11.329)	-	-	-
Withholding tax on non-taxed dividends		-	-	(780)	-	(780)	(4)	-784
Net movement in other comprehensive income		-	-	-	84,570	84,570	2,157	86,727
Profit for the year		-	-	563,356	-	563,356	4,704	568,060
Balance as of December 31, 2019	**$**	**4,677**	**720,445**	**4,015,627**	**102,338**	**4,843,087**	**25,990**	**4,869,08**
Distribution of cash dividends		-	-	(273,953)	-	(273,953)	(1,597)	(275,550)
Completion of OCI and/or First-time Adoption		-	-	(122,004)	-	(122,004)	(264)	(122,268)
Effect on retained earnings of realization of OCI (Note 14)		-	-	122,004	-	122,004	264	122,268
Withholding tax on non-taxed dividends		-	-	(410)	-	(410)	-	(410)
Net movement in other comprehensive income		-	-	-	44,435	44,435	1,100	45,535
Profit for the year		-	-	334,890	-	334,890	5,668	340,558
Balance as of December 31, 2020	**$**	**4,677**	**720,445**	**4,076,154**	**146,773**	**4,948,049**	**31,161**	**4,979,210**

ALFONSO MENDEZ FRANCO
LEGAL REPRESENTATIVE [n]

FABIAN FERNANDO BARONA CAJIAO
ACCOUNTANT
T.P. 80629-T

HUGO ALONSO MAGAÑA
STATUTORY AUDITOR
T.P 86619-T
Member of KPMGSAS.
(See report dated February 26, 2021)

BANCO DE OCCIOENTE S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in millions of Colombian pesos)

For years ending at:	Notes		December 31, 2020	December 31, 2019
Cash flows from operating activities:				
Income for the year before income taxes		**$**	**275,099**	**629,158**
Reconciliation of net income for the period to net cash provided by (used in) operating activities:				
Depreciation of tangible assets	**14**		101,636	104,500
Impairment for Credit Portfolio and accounts receivable, net			1,246,654	867,086
Amortization of intangible assets	**15**		33,508	21,162
Interest income			(1,891,791)	(1,891,990)
Dividends	**26**		(2,344)	(2,358)
Gain on sale of property and equipment for own use			(4,281)	(4,157)
Gain on sale of non-current assets held for sale	**12**		(44,375)	(1,818)
Gain on sale of investments, net			(1,726)	(45,061)
Recovery (impairment) of tangible assets, net			47	(1,489)
Equity in net income of investments in associates and joint ventures	**13**		(256,635)	(260,848)
Unrealized exchange difference			(9)	3681
Adjusted fair value over:				
(Gain) loss on valuation of derivative financial instruments			(289,986)	7,032
Adjustment to fair value of investment properties	**14**		16,098	(8,938)
Net change in operating assets and liabilities				
Negotiable investments			984,971	(924,911)
Derivative trading instruments			432,787	46,346
Credit Portfolio and financial leasing operations			(2,381,546)	(3,178,765)
Interest received from financial assets			2,549,510	2,851,216
Accounts receivable			(84,154)	(963,474)
Other assets			(41,798)	(22,274)
Customer deposits			1,985,702	3,142,440
Interbank loans and overnight funds			208,279	(192,572)
Employee benefits			5,843	6361
Other liabilities and provisions			(169,996)	315,720
Interest paid on financial obligations			(20,078)	(11,731)
Interest paid on leases			(1,084,774)	(1,238,034)
Income tax paid			(36,433)	(21,060)
Net cash provided by (used in) operating activities			**1,530,208**	**(764,778)**
Cash flow from investing activities:				
Acquisition of held-to-maturity investments			(872,626)	(744,881)
Redemption of held-to-maturity investments			701,679	765,066
Acquisition of investments with changes in other comprehensive income at fair value			(3,900,559)	(2,927,984)
Proceeds from sale of investments with changes in other comprehensive income at fair value			3,948,840	3,815,591
Acquisition of tangible assets			(31,815)	(48,707)
Proceeds from sale of property and equipment for own use			2,770	15,883
Acquisition of interests in associates and joint ventures	**13**		(2,660)	(4,458)
Proceeds from sale of investment properties			52,103	38,923
Proceeds from sale of non-current assets held for sale			16,795	5,590
Acquisition of assets delivered under operational lease	**14**		(4,481)	(7,468)
Acquisition of other intangible assets			(137,284)	(79,421)
Dividends received			121,314	106,398
Net cash (used in) provided by (used in) investing activities			**(105,924)**	**934,532**
Cash flow from financing activities:				
Proceeds from issuance of outstanding investment securities			350,000	416,465
Payments on outstanding investment securities			(557,440)	(225,758)
Increase in financial obligations			4,740,297	4,556,888
Resources received from financial obligations			(5,137,853)	(4,361,462)
Payment cannon lease			(51,677)	(38,789)
Dividends paid controlling interests			(202,460)	(204,582)
Dividends paid non-controlling interests			(76,376)	(78,235)
Net cash (used in) provided by financing activities			**(935,509)**	**64,527**
Effect of foreign exchange gains or losses on cash and cash equivalents			184,923	(121,631)
Increase in cash, net			673,698	112,650
Cash at beginning of year	**6**		2,773,364	2,660,714
Cash at end of year	**6**	$	**3,447,062**	**2,773,364**

t The notes on pages 12 through 169 are an integral part of the consolidated financial statements.

Note 1. – Reporting Entity

Banco de Occidente S.A., hereinafter the Holding Company, is a private legal entity, legally constituted as a banking establishment, authorized to operate in accordance with Resolution No. 3140 of September 24, 1993 of the Financial Superintendence of Colombia. Duly constituted according to Public Deed 659 of April 30, 1965 of the Fourth Notary of Cali.

The Holding Company has its main domicile in Santiago de Cali. The duration established in the bylaws is 99 years from the date of its incorporation. In compliance with its corporate purpose, it may enter into or execute all operations and contracts legally permitted to commercial banking establishments, subject to the requirements and limitations of Colombian law.

In the development of its corporate purpose, the Holding Company makes loans to its clients in the form of credit portfolio, commercial, consumer, home mortgage, and Financial and operating leasing, and also carries out treasury operations in debt securities, mainly in the Colombian market. All these operations are financed with deposits received from clients in the form of current accounts, savings, term deposit certificates, outstanding investment securities with general guarantee in Colombian pesos and with Financial obligations obtained from correspondent banks in local and foreign currency and from rediscount entities created by the Colombian government to stimulate various sectors of the Colombian economy.

As of December 31, 2020, the Holding Company has a total of 9,290 employees distributed in 558 with fixed-term contracts, 6,460 with indefinite-term contracts, 382 with apprenticeship contracts, 1,044 with civil contracts for the provision of services and 846 outsourcing and specialized companies, through 214 service centers in the Colombian territory distributed in 195 offices, 1 payment and collection center, 11 vehicle and motorcycle credit centers, 7 leasing offices and housing credit centers.

The Holding Company is controlled by Grupo Aval Acciones y Valores S.A., domiciled in Bogotá D.C., which is its ultimate controlling company, which in turn controls foreign entities: 95.00% in Banco de Occidente Panamá S.A. and 100% in Occidental Bank Barbados Ltd., and in the country 94.98% in Sociedad Fiduciaria de Occidente S.A. and 45.00% in Ventas y Servicios S.A. - NEXA BPO.

The Holdinng Company has a non-banking correspondent agreement with Almacenes Éxito, IGT COLOMBIA LTDA, EFECTIVO LTDA, Empresa de Energía del Quindío, ServyPagos S.A., QUICENO Y CIA, CONEXRED S.A., SERVICIOS POSTALES NACIONALES and SOLUCIONES EN RED with national coverage.

Subsidiaries Corporate Information

The corporate purpose of Fiduciaria de Occidente S.A. - Fiduoccidente is the execution of commercial trust agreements and non-translational fiduciary mandates of ownership, in accordance with legal provisions. Its basic purpose is to acquire, transfer, encumber, manage real property and fixture, and intervene as debtor or creditor in all type of credit operations. As of December 31, 2020, Fiduciaria de Occidente S.A. has a total of 563 employees distributed in 29 with fixed term contract, 456 with indefinite term contract, 28 with apprenticeship contract and 50 Outsourcing and specialized companies, through 10 agencies located in the cities of Bogotá, Medellín, Cali, Barranquilla, Manizales, Bucaramanga, Cartagena, Pereira, Santa Marta, and Montería.

Banco de Occidente (Panamá) S.A. is an entity incorporated under the laws of the Republic of Panama and began banking operations in that country on June 30, 1982 under the international license granted by the National Banking Commission of the Republic of Panama. As of December 31, 2020, Banco de Occidente (Panama) S.A. has a total of 61 employees distributed in 56 with indefinite term contracts (13 perform special tasks for Occidente Bank Barbados and 9 shared in both subsidiaries), and 5 Outsourcing specialized companies (3 commercial advisors and 2 security guards); operating in a branch office.

Occidental Bank (Barbados) Ltd. se incorporó bajo las leyes de Barbados en mayo 16 de 1991, con licencia internacional que le permite prestar servicios financieros a personas naturales y empresas no residentes en Barbados. Al 31 de diciembre de 2020, Occidental Bank (Barbados) Ltd. cuenta con un total de 3 empleados con contrato a término indefinido, de los cuales 2 desarrollan sus actividades directamente en Barbados y 1 se encuentra ubicado en la Oficina de Representación en Colombia de Occidental Bank (Barbados) Ltd.

The corporate purpose of Ventas y Servicios S.A. – NEXA BPO is to supply technical or administrative services, as provided in Article Fifth of Act 45 – 1990, such as: programming of computers, marketing, creation and organization of consultation files and statistic calculations and reports in general. The company Ventas y Servicios S.A. – NEXA BPO is consolidated by virtue of the pervasive influence at administrative level made by the Holding Company on such company. As of December 31, 2020, Ventas y Servicios S.A. - NEXA BPO has a total of 8,592 employees distributed in 793 with fixed term contract, 6,378 with indefinite term contract, 1,383 with work or labor contract and 38 with apprenticeship contract through 86 cities grouped in 4 regions in the Colombian territory.

Note 2. – Basis of preparation of the consolidated Financial statements and summary of significant accounting policies

2.1. Declaration of compliance and technical regulatory framework

The consolidated Financial statements have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (AFRS) in force as of December 31, 2015 included as an annex to Decree 2420 of 2015. Established in Law 1314 of 2009, regulated by Regulatory Decree 2420 of 2015 as amended by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018 and 2270 of 2019 and 1432 of 2020.

The NCIF applicable in 2020 are based on the International Financial Reporting Standards (IFRS), together with their interpretations, issued by the International Accounting Standards Board (IASB); the base standards correspond to those officially translated into Spanish and issued by the IASB as of the second half of 2018 and the incorporation of the amendment to IFRS 16 Leases: Rent Reductions related to Covid - 19 issued in 2020. The impact of this amendment has not had a significant impact on the consolidated Financial statements of the Holding Company.

For legal purposes in Colombia, the main Financial statements are the separate Financial statements.

2.2. Presentation of consolidated Financial statements

The accompanying consolidated Financial statements are presented taking into account the following aspects:

- The consolidated Financial Position Statement is presented showing the different asset and liability accounts arranged according to their liquidity in case of realization or enforceability, considering that for a Financial entity this form of presentation provides more relevant and reliable information. Due to the foregoing, in the development of each of the notes on Financial assets and liabilities, the amounts expected to be recovered or paid within the following twelve months and after twelve months are disclosed, in accordance with IAS 1 "Presentation of Financial Statements".
- The consolidated statements of results and of other integral results, are given in separated in two statements as provided in IAS 1 “Presentment of Financial Statements”. In the same way, the consolidated statement of results is given discriminated according to the nature of the expenses, such model mainly used in the Financial entities because provides more suitable and relevant information.
- The consolidated statement of cash flows is presented using the indirect method, in which net cash flows from operating activities are determined by adjusting net income before income taxes for the effects of items that do not generate cash flows, net changes in assets and liabilities derived from operating activities, and for any other items whose monetary effects are considered investing or financing cash flows. Interest income and interest expense are presented as components of operating activities.

2.3. Basis of consolidation

a. Subsidiaries

According to the International Financial Report Standard IFRS 10, the Holding Company must prepare the consolidated Financial statements with the entities where the Company has control. The Holding Company has control in other entity, if and only has all the following elements:

- Power over the investee that gives it the present ability to direct its relevant activities that significantly affect its performance.
- Exposure or right, to variable returns from its involvement in the investee.
- Ability to use its power over the investee to influence the amount of the investor’s return .

In the consolidation process, the Holding Company combines the assets, liabilities and results of the entities in which it determines control, after homogenizing their accounting policies and converting to Colombian pesos of the controlled entities abroad. In this process proceeds to the elimination of reciprocal and unrealized transactions between them. The share of non-controlling interests in the equity of controlled entities is shown separately from the equity of the Holding Company shareholders.

The Financial statements of companies controlled abroad in the consolidation process, their Financial statements are converted as indicated below: assets and liabilities are converted in Colombian pesos at the closing exchange rate, the statement of results at the average exchange rate for the period and the equity accounts at historical exchange rates, with the exception of the ORI accounts for adjustments at fair value. The net adjustment resulting from the translation process is included in the equity as “adjustment for translation of foreign currency Financial statements” in the account “Other integral Results”.

The Financial statements of subsidiaries are included in the consolidated Financial statements from the date control commences until the end of control.

The Financial statements of the subsidiaries used in the consolidation process correspond to the same period and date of presentation as those of the Holding Company.

The consolidated Financial statements include the following subsidiaries:

Subsidiaries	Origin	Sharing Percentage	No. of shares at December 31, 2020
Fiduciaria de Occidente S.A.	National	94,98%	18,250,806
Ventas y Servicios S. A.	National	45,00%	
Banco de Occidente Panamá S.A.	Overseas	95,00%	1,343,300
Occidental Bank (Barbados) Ltd.	Overseas	100,00%	1,561,001
			2,015

The total value of the assets, liabilities, equity, operating income and results as of December 31, 2020 and 2019 of each of the subsidiaries included in the consolidation is as follows:

December 31, 2020		Assets	Sharing %	Liabilities	Sharing %	Equity	Sharing %	Operating Income	Sharing %	Results	Sharing %
Banco de Occidente S.A. (Holding)	$	40,779,412	90.4%	36,480,552	90.9%	4,298,860	86.3%	12,807,249	96.0%	247,450	72.7%
Fiduciaria de Occidente S.A.		358,882	0.8%	32,924	0.1%	325,958	6.5%	127,550	1.0%	40,972	12.0%
Banco de Occidente Panamá S.A.		2,786,228	6.3%	2,596,493	6.5%	189,735	3.8%	114,739	0.9%	34,429	10.1%
Occidental Bank (Barbados) Ltda.		1,047,616	2.4%	926,951	2.3%	120,665	2.4%	55,107	0.4%	13,177	3.9%
Ventas y Servicios S.A.		118,606	03%	74,614	0.2%	43,992	0.9%	236,398	1.8%	4,528	1.3%
Total	$	45,090,744	100%	40,111,534	100%	4,979,210	100%	13,341,043	100%	340,556	100%
Consolidated Financial Statements for Banco de Occidente S.A.	$	45,090,745		40,111,534		4,979,210		13,341,043		340,557	

December 31, 2019		Assets	Sharing %	Liabilities	Sharing %	Equity	Sharing %	Operating Income	Sharing %	Results	Sharing %
Banco de Occidente S.A. (Holding)	$	39,091,168	88.7%	34,249,685	88.7%	4,841,482	89.1%	10,565,986	94.4%	559,929	88.8%
Fiduciaria de Occidente S.A.		329,191	0.7%	15,218	0.0%	313,973	5.8%	109,485	1.0%	35,936	5.7%
Banco de Occidente Panamá S.A.		3,076,811	7.0%	2,942,736	7.6%	134,075	2.5%	141,906	1.3%	19,597	3.1%
Occidental Bank (Barbados) Ltda.		1,447,167	3.3%	1,341,341	3.5%	105,826	1.9%	47,401	0.4%	7,300	1.2%
Ventas y Servicios S.A.		112,288	0.3%	72,824	0.2%	39,464	0.7%	322,257	2.9%	8,064	1.3%
Total	$	44,056,625	100%	38,621,804	100%	5,434,820	100%	11,187,035	100%	630,826	100%
Consolidated Financial Statements for Banco de Occidente S.A.	$	42,577,698		37,708,620		4,869,078		11,001,846		568,060	

Effect of Consolidation

The effect of the consolidation on the structure of the Holding Company’s Financial statements at the closing period December 31, 2020 and 2019 was as follows:

December 31, 2020		Total Holding	Total Consolidate	Increase (Decrease)
Assets	$	40,779,412	45,090,745	4,311,333
Liabilities		36,480,552	40,111,534	3,630,982
Equity		4,298,860	4,979,210	680,350
Results	$	247,450	340,557	93,107

December 31, 2019		Total Holding	Total Consolidate	Increase (Decrease)
Assets	$	39,091,168	42,577,698	3,486,530
Liabilities		34,249,685	37,708,620	3,458,935
Equity		4,841,482	4,869,078	27,596
Results	$	559,929	568,060	8,131

b. Investments in associated companies

Investments of the Holding company in entities in which it does not have control but has significant influence are called "Investments in associated companies" and are accounted for using the equity participation method. It is presumed that it exercises significant influence over the other entity if it holds, directly or indirectly, between 20% and 50% of the voting power of the investee, unless it can be clearly demonstrated that such influence does not exist. The equity method is a method of accounting under which the investment is initially recorded at cost and subsequently adjusted periodically for changes in the investor's share of the investee's net assets. Comprehensive income for the period includes its share in the results of the period of the investee and in the "Other comprehensive income of the investor" account, and in the equity includes its share in the "Other integral income" account of the investee. (See Note 13).

c. Joint Agreements

The joint arrangements are classified into joint operations and joint businesses, depending on the contractual rights and obligations of each investor. In joint operations, the parties making the joint control of the agreement are entitled to the net assets and obligations, with respect to the assets related to the agreement. In joint businesses, the parties in control of the agreement are entitled to the net assets of the agreement (See note 13).

Joint operations are included in the consolidated Financial statements based on their pro rata and contractual participation of each of the assets, liabilities and results of the contract or entity where the agreement is held.

Joint businesses are accounted for using the equity method as indicated above for accounting record of the investments in associated companies.

d. Transactions removed from consolidation

Intercompany balances and transactions and any unrealized income or expense arising from transactions between Group companies are eliminated in the preparation of the consolidated Financial statements. Unrealized gains arising from transactions with companies whose investment is recognized under the equity method are eliminated from the investment in proportion to the Group's interest in the investment. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

e. Non-consolidated structured entities

The Subsidiary Fiduciaria de Occidente S.A. carries out operations in the normal trend of business whereby it transfers Financial assets to third parties. Depending on the circumstances, these transfers may result in these Financial assets to be being discarded or continuing to be recognized.

2.4. Functional and presentation currency

The principal activity of the Holding Company is the granting of credit to clients in Colombia and the investment in securities issued by the Republic of Colombia or by national entities, registered or not in the National Registry of Securities and Issuers - RNVE - in Colombian pesos; and to a lesser extent in the granting of credits also to Colombian residents in foreign currency and investment in securities issued by banking entities abroad, securities issued by foreign companies in the real sector whose shares are registered in one or several internationally recognized stocks exchanges, bonds issued by multilateral credit organizations, foreign governments or public entities. These credits and investments are financed mainly by deposits of clients and obligations in Colombia, also in Colombian pesos. The performance of the Holding company is measured and reported to its shareholders and the general public in Colombian pesos. Due to the above, the management of the Holding company considers that the Colombian pesos is the currency that most faithfully represents the economic effects of the transactions, events and underlying conditions of the Holding company and for this reason the consolidated Financial statements are presented in Colombian pesos as its functional currency.

The amounts reported in the Holding Company's individual Financial statements are expressed in the currency of the primary economic environment (functional currency) in which each entity operates:

Countries	Functional Currency
Colombia	Colombian Pesos
Panamá	U.S. Dollars
Barbados	U.S. Dollars

The consolidated Financial statements are given in millions of Colombian pesos, which is the presentation and functional currency of the Holding Company, except where otherwise indicated; consequently, all balances and transactions given in currencies other than the Colombian peso are considered foreign currency conversion.

The Holding Company and its subsidiaries carry out all the conversion effects of their Financial statements under IFRS, in accordance with their accounting policies based on IFRS 21.

Translation from functional to presentation currency on version: The information reported in the consolidated Financial statements of the Holding Company and its subsidiaries is translated from the functional currency to the presentation currency and is translated at the exchange rate in effect as of the date of the reporting period.

The information reported in the consolidated Financial statements is translated from functional currency to presentation currency as follows:

- **a.** Assets and liabilities in each of the Financial position statements presented (i.e., including comparative figures), will be translated at the closing exchange rate as of December 31, 2020 and 2019 for the periods of the statements of Financial position.
- **b.** Income and expenses for each statement presenting profit or loss for the period and other comprehensive income (i.e., including comparative figures) will be translated at the average exchange rates as of December 31, 2020 and 2019; y
- **c.** All resulting exchange differences will be recognized in other integral result.

As of December 31, 2020 and 2019, the exchange rates used for the conversion of the functional currency to the presentation currency are as follows in relation to Colombian pesos (amount in Colombian pesos):

Type of Currency		December 31, 2020	December 31, 2019
American Dollar (USD / COP)			
At closing period	$	3,432.50	3,277.14
Period Average		3,468.50	3,282.39
Euros (EURO/COP)			
At closing period		4,217.20	3,667.68
Period Average	$	4,214.56	3,672.82

Assets and liabilities of foreign businesses are translated into Colombian pesos at the exchange rate prevailing on the closing dates of the reporting period and their statements of results are translated at the average rates prevailing on the dates of transactions. The equity at its respective historical rate.

2.5. Transactions in foreign currency

Foreign currency transactions are converted into Colombian pesos using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency are translated to the functional currency using the exchange rate prevailing at the closing date of the Financial situation statement and non-monetary assets in foreign currency are measured at the historical exchange rate. The gains or losses resulting from the translation process are included in the profit and loss account, unless the Financial liabilities serve as a translation hedge instrument for investment in foreign operations, in which case they are recorded in equity in other integral result.

2.6. Financial Assets

i. Recognition and initial measurement

A Financial asset according to the IFRS 9 is any asset that is:

- cash;
- an equity instrument from another entity;
- a contractual right:
  - to receive cash or other Financial assets from another entity; or
  - to exchange Financial assets or Financial liabilities with other entity under conditions potentially favorable for the entity; or
  - a contract that will be or may be liquidated using equity income securities own by the entity.

The regular investments purchase and sales are recognized in the negotiation date, when the Holding Company undertake to purchase or sell securities. The Financial assets at fair value for results are initially recognized at fair value and the transaction costs are accounted as expenses, when incurred.

The Financial assets classified at amortized cost are accounted in its acquisition or when awarded for its transaction value, in the event of investments, or for its nominal value in the event of credit portfolio that, excepting contrary evidence in contract, coincides with the fair value, plus the transaction costs directly attributable to its acquisition or grant, less the commissions received.

ii. Classification and measurement

The IFRS 9 (Version 2014) contains a new approach of classification and measurement for the Financial assets reflecting the model of businesses that these assets are managed and their characteristics of cash flow.

This standard includes three principal categories of classification for Financial assets: measured at the amortized cost (AC), at the fair value with changes in other integral results (FVCOIR), and at fair value with changes in results (FVCR).

This standard complements the two categories existing in the former IFRS 9 from AC and FVCR currently prevailing in Colombia for the consolidated Financial statements, adding the category FVCOIR.

A Financial asset is measured at amortized cost rather than at fair value with changes in results, if it meets both conditions below:

- The asset is maintained within a business model the purpose of which is to maintain assets to obtain contractual cash flows; and
- The contractual terms of the Financial asset set specific dates for the cash flows derived only from payments of principal and interest over the outstanding balance.

A debt instrument is measured at VRCORI only if it accomplishes with both two of the following conditions and has not been designated as a VRCR:

- The asset is held within a business model whose objective is achieved by collecting contractual cash flows and selling these Financial assets; and;
- The contractual terms of the Financial asset establish specific dates for cash flows derived solely from principal and interest payments on the outstanding balance.

During the initial recognition of investments in equity instruments not held for trading, the Group may irrevocably elect to record subsequent changes in fair value as part of other comprehensive results in equity. This election must be made on an instrument-by-instrument basis.

All Financial assets not classified as measured at amortized cost or at fair value with changes in results as described above are measured at fair value with changes in results.

In addition, on initial recognition, the Group may irrevocably designate a Financial asset that complies with the measurement requirements at AC or FVTPL to be measured at FVTPL if doing so would eliminate or significantly reduce an accounting asymmetry that would otherwise occur. The Group will not make use of this option at this time.

A Financial asset is classified in one of the above categories at the initial recognition.

Under IFRS 9, derivative contracts embedded in other contracts, where the principal contract is a Financial asset and under the scope of IFRS 9, are not separated and instead the Financial instrument is measured and recorded together as a fair value instrument with changes through the results statement.

Evaluation of the business model

The Group conducted an evaluation of the objectives of the business models in which the different Financial instruments are held at the portfolio level to best reflect how the business is managed by the Holding Company, each subsidiary and how information is provided to management. The information that was considered included:

- The policies and the objective indicated for each portfolio of Financial instruments and the operation of those policies in the practice. These includes whether the management strategy is focused in the collection of income for contractual interests, maintain a specific interest or coordinating the duration of Financial assets with those of the liabilities that are financing them to the expected cash outflows or realizing cash flows through the sale of the assets;
- How portfolio performance is evaluated and reported to key management personnel in each subsidiary of the Group;
- The risks that affect the business model performance (and the Financial assets held in the business model) and how those risks are managed;
- How business managers are compensated (e.g., whether compensation is based on the fair value of assets under management or on contractual cash flows earned); and

- The frequency, value and schedule of sales in prior periods, the reasons for those sales and expectations about future sales activity. However, the information about the sales activity is not considered in an isolated manner, but rather as part of an evaluation about how the objectives established by the Group for managing Financial assets are achieved and how cash flows are realized.

Financial assets that are held or managed for trading and whose performance is evaluated on a fair value basis are measured at fair value with changes in results because they are not held within business models to collect contractual cash flows or to obtain contractual cash flows and sell these Financial assets.

Evaluation whether the contractual cash flows are only payments of principal and interests (OPPI)

For the purpose of this assessment, "principal" is defined as the fair value of the Financial asset at the time of initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the amount of principal outstanding om a particular time period and for other basic risks of a loan agreement and other associated costs (e.g., liquidity risk and administrative costs), as well as the margin of return.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considered the contractual terms of the instrument. This included assessing whether the Financial asset contains a contractual term that would change the period or amount of the contractual cash flows so that it does not meet this condition. In making this assessment the Group considered:

- Contingent events that changed the amount and periodicity of the cash flows;
- Leverage conditions;
- Advance prepayment and extension terms;
- Terms that limit the Group to obtain cash flows from specific assets (e.g. non-recourse asset agreements); and
- Characteristics that change the considerations for the time value of money.

The interest rates on certain consumer and commercial loans are based on variable interest rates that are set at the Group's discretion. Variable interest rates are generally established in Colombia based on the DTF and IBR (published by Banco de la República), and in other countries in accordance with local practice, plus certain additional discretionary points. In these cases, the Group will assess whether the discretionary feature is consistent with the principal and interest only criteria by considering a number of factors including whether:

- Debtors are able to pre-pay loans without significant penalties. In Colombia it is prohibited by law to make collections for pre-payments of the credits.
- Competitive market factors ensure that interest rates are consistent across banks;
- Any regulatory protection standard put in place in favor of clients in the country that require for the amount the banks to treat clients in a fairly manner.

All fixed-rate consumer and commercial loans contain prepayment conditions.

A prepayment feature is consistent with the capital and interest-only criterion if the amounts prepaid substantially represent unpaid amounts of principal and interest on the outstanding principal amount, which may include reasonable compensation for early termination of the contract.

Additionally, a feature of advance payment is treated as consistent with this criterion, if a Financial asset is acquired or originated with a premium or discount from its nominal contractual amount, and the prepayment amount substantially represents the contractual amount at the same time, plus the unpaid contractual accruals (which may include reasonable compensation for early termination), and the fair value of the prepayment feature is negligible in its initial recognition.

The following accounting policies apply to the subsequent measurement of Financial assets.

Financial assets at fair value with changes in results (FVCR)	These assets are subsequently measured at fair value. The net profit and loss, including the income for interest of dividends are recognized in results.
Financial assets at amortized cost (AC)	These assets are subsequently measured at the amortized cost using effective interest methods. The amortized cost is reduced due to loss for impairment. The income for interests, exchanges profit and loss are recognized in profit or loss. Any grain or loss in discharge accounts is recognized in profit or loss
Investment of debt with changes in other integral results (VRCOIR	These assets are measured at fair value. The income for interest calculated using the method of effective interest, profits in difference in exchange by the losses for impairment are recognized in results. Other profits and the loss for valuation are recognized in OCI. In the discharge in accounts, the accumulated profit and loss in OCI are reclassified in profit or loss for realization in OCI.
Equity investments in other integral results (VRCOIR)	These assets are subsequently measured at fair value. The dividends are recognized as income in profit or loss unless the dividend clearly represents any recovery of investment cost. Other net profits and loss are recognized in ORI and never are reclassified to the result.
Negotiable in equity securities	Investment in securities made by collective investment funds, which have been acquired for the primary purpose of obtaining profits from short-term fluctuations in price. The participations in private equity funds, in the development of securitization processes, must be valued taking into account the value of the unit calculated by the management company, as of the day immediately prior to the valuation date. The difference between the current value and the immediately preceding one is recorded as a higher or lower value of the investment and its counterpart affects the results of the period. This procedure is conducted on a daily basis.

iii. Reclassifications

The Financial assets are not reclassified after the initial recognition, excepting in the subsequent period where the entities of the Grupo Aval amend their business model to manage the Financial assets.

iv. Transfers and discharges of Financial assets

The accounting treatment of transfers of Financial assets is conditioned by the way in which the risks and benefits associated with the assets being transferred are transferred to third parties; thus, Financial assets are only discharged from the consolidated balance sheet when the cashflows they generate have been extinguished or when the risks and benefits implicit in them have been substantially transferred to third parties. In this last event, the Financial asset transferred is discharged from the consolidated balance sheet, recognizing at the same time any right or obligation retained or created as a result of the transfer.

It is considered for the Holding Company and its subsidiaries Occidental Bank (Barbados) Ltd. and Banco de Occidente Panama S.A. to transfer substantially the risks and benefits if the transferred risks and benefits represent most of the total risks and benefits of the assets transferred. If the risks and/or benefits associated to the Financial assets are substantially retained:

- The transferred Financial asset is not discharged from the consolidated balance sheet and continues to be valued using the same criteria used before the transfer.
- An associated Financial liability is recorded for an amount equal to the consideration received, which is subsequently measured at amortized cost.

- The income associated with the Financial asset transferred (but not discharged) and the expenses associated with the new Financial liability continue to be recorded.

v. Restructured Financial assets with collection problems

The Holding Company and its subsidiaries Occidental Bank (Barbados) Ltd. and Banco de Occidente Panamá S.A. consider and identify as restructured Financial asset with collection problems those assets where the Holding Company and its subsidiaries Occidental Bank (Barbados) Ltd. and Banco de Occidente Panamá S.A. grant to the debtor a concession that in another situation it would not have considered. Said concessions usually make reference to decreases in the interest rate, extension of the terms for payment or reductions in the outstanding balances.

vi. Compensation of Financial instruments in the Financial position statement

Financial assets and liabilities are offset and the net amount reported in the Financial Position Statement when there is a legal right to offset the recognized amounts and there is a management intention to liquidate them on a net basis or to realize the asset and liquidate the liability simultaneously.

vii. Fair value estimate

In accordance with IFRS 13 "Measurement at fair value", the fair value is the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between the participants of the market on the measurement date.

In accordance with the above, the fair value valuations of the Holding Company's Financial assets are made as follows:

- For high liquidity investments, the last traded price at the cut-off date of the Financial statements is used, where the last traded price falls within the bid-ask spread.
- The fair value of Financial assets that are not quoted in an active market is determined using valuation techniques. The Holding Company uses a variety of methods and assumptions based on market conditions existing at each reporting date. Valuation techniques used include the use of recent comparable and in equal conditions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly employed by market participants, making maximum use of market data and relying as little as possible on Holding Company-specific data.

Expected Credit Loss Measurement

The ECLM is the estimated weighted probability of credit loss and is measured as follows:

- The Financial assets that do not present credit impairment at the reporting date: ECLM are estimated for a 12-month period considering the Probability of Default (PD), the Loss Given the Default (LGD) and Exposure Given Default (EGD);
- Financial assets that are impaired as of the reporting date: in these cases, PCE are estimated using a PI of 100% given that it is impaired, as well as the LGD and the EGD;
- Financial assets with indications of credit impairment at the reporting date: ECLM s are estimated for the remaining life of the loan, additionally incorporating the Survival Probability (SP); a Financial asset shows signs of impairment when a) it is 30 to 90 days past due, b) when it is up to date and shows qualitative risk factors and c) when there is a significant increase in its risk levels; this occurs when there is a deterioration

in the risk with respect to the time of granting that exceeds the previously defined thresholds, in which case the client moves to stage 2 in the ECLM model.

- Outstanding loan commitments: the present value of the difference between the contractual cash flows that are due to the Group in the event that the commitment is executed and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: the payments expected to reimburse the holder minus any amount the Group expects to recover.

2.7. Leases

Change in accounting policies

The Group adopted IFRS 16 starting January 1, 2019, without the need to restate comparative figures for the 2018 period, which is permitted in accordance with the temporary provisions of the new standard. Reclassifications and adjustments resulting from the new lease provisions were recognized in the consolidated of Financial position statement on January 1, 2019.

The Group leases property, equipment and cars. Leases are generally for fixed periods of 1 to 10 years but may have extension options. The terms of the leases are negotiated on an individual basis, which present a wide range of terms and conditions. The leases do not impose covenants; however, these leased assets cannot be assigned as collateral for loans.

Leases are recognized as a right-of-use asset and a liability on the date the asset is leased and available for use by the Group. Each lease payment is allocated between the liability and the finance cost. The finance cost is recognized in the consolidated statement of results during the period of the lease, in order to produce a constant periodic interest rate on the balance of the liability for each period. Right-of-use assets are depreciated over the shorter of the useful life of the asset or the end of the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including payments in-substance fixed), less lease incentives receivable.
- Variable lease payment that is based on an index or a rate.
- Amounts expected to be paid by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain of exercising that option.
- Payments of lease termination penalties, if the term of the lease reflects the lessee exercising that option.

Lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost, which comprises the following:

- The amount of the initial measurement of the lease liability.
- Any lease payments made on or before the start date minus any lease incentives received.
- Any initial direct costs.
- Restauration costs.

Payments associated with short-term leases and low-value asset leases are recognized on a straight-line basis as an expense in income. Short-term leases are leases with a term of 12 months or less. Low value assets comprise computer equipment and small office furniture items.

Extension and termination options are included in a number of property and equipment leases Group-wide. These terms are used to maximize operational flexibility in terms of contract management.

Recognized adjustments upon adoption of IFRS 16

Upon adoption of IFRS 16, the Group recognized lease liabilities related to leases that were previously classified as "operating leases" under the principles of IAS 17 - Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using each entity's incremental borrowing rate as of January 1, 2019.

		January 1, 2019
Operating lease commitments disclosed as of January 1, 2019	$	105,191
Counted using the incremental borrowing rate between 5.347% and 7.013%		98,330
(Minus): short-term leases recognized as expenses under the straight-line method		(2,163)
(Minus): low value leases recognized as expenses under the straight-line method		(6,567)
Plus: adjustments as a result of different treatment of extension and termination options		132,043
Lease liabilities recognized as of January 1, 2019		**$ 221,643**

Some rights-of-use associated with property and equipment asset leases were measured retrospectively as if the new rules had always applied, other right-of-use assets were measured at the amount equal to the lease liability, adjusted for the amount of any prepaid or accrued lease-related payments recognized on the balance sheet as of December 31, 2018. There were no onerous leases that would have required an adjustment to the right-of-use assets at initial recognition.

		Rights-of-use
Buildings	$	187,270
Office equipment, supplies and accessories		73
Computer Equipment		34,300
Balance as of January 1, 2019	**$**	**221,643**

In the initial impact of the implementation of IFRS 16, there was no effect on income accounts or equity accounts and did not generate deferred tax, only at the end of 2019, there is a decrease in the lease expenses, for those contracts that were achieved with this standard, see Note No. 26 Other net income and other expenses.

In applying IFRS 16 for the first time, the Group used the following practical alternatives permitted by the standard:

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

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. However, for contracts entered into before the transition date, the holding company relied on its assessment under IAS 17 and IFRIC 4 to determine whether an agreement contains a lease.

2.8. Cash

Cash and cash equivalents include the cash on hand, bank deposits and other short-term investments in active markets with original maturities of three months or less as from the date of acquisition and bank overdrafts. The bank overdrafts are shown in current liabilities in the Financial position statement.

2.9. Operations with derivative Financial securities

Under IFRS 9 a derivative is a Financial security whose value changes over time based on a variable called underlying, does not require a net initial investment or requires a small investment relative to the underlying asset and is settled in a future date.

In carrying out its operations, the Holding Company generally transacts in Financial markets in Financial securities with forward contracts, futures contracts, swaps and options that meet the definition of a derivative.

All derivative transactions are recorded in the initial moment at their fair value. Subsequent changes in fair value are adjusted with a charge or credit to results as applicable, unless the derivative security is designated as hedging and if so, the nature of the hedged item.

Fiduciaria de Occidente S.A. implements economic hedging strategies with changes in results by taking positions in derivative Financial instruments such as forward peso – dollar. Given that the exposure to foreign currency of the liability is hedged with the associated Financial derivative securities, with changes in results, both at the capital and interest level, the exposure to this risk is neutralized, because the effects of the change of the rate, over the balance in the available are not significant.

The Holding Company hedges its investment in foreign subsidiaries as follows:

- Hedging of a net investment in foreign currency which are recorded in a similar manner as previous cash flow speculations. The accumulated gains or losses in equity are included in the income statement when the net investment in a subsidiary abroad is sold in full or proportional when it is partially sold.
  The hedges of a net investment in a foreign business, including the hedging of a monetary item that is accounted for as part of a net investment, will be accounted for in a similar way to cash flow hedging, the part of profit or loss of the hedging instrument that is determined to be effective hedging will be recognized in other Integral result; and the ineffective part will be recognized in the result. When partially or totally disposed of in the foreign business, the gain or loss of the hedging instrument related to the effective part of the hedge that has been recognized in other comprehensive integral income, must be reclassified from equity to results as an adjustment for reclassification.

- For hedging purposes, the Holding Company makes the decision to assign hedging of its investments in foreign subsidiaries as of January 1, 2014 with obligations in foreign currency as provided in paragraphs 72 and 78 of IFRS 9.

The Holding Company documents at the beginning of transaction the relationship between the speculative security and the hedged item, as well as the risk objective and strategy for undertaking the speculative relationship. The Holding Company also documents its assessment, both at the beginning of transaction and on a recurring basis, that the speculative relationship is highly effective in offsetting changes in the fair value or in cash flows of the hedged items, see Note 9 for details of the hedge.

- Financial assets and liabilities from transactions in derivatives are not offset in the Financial Position Statement; however, when there is a legal and enforceable right to set off the recognized values and there is an intention to settle on a net basis or to realize the asset and settle the liability at the same time, they are presented net in the Financial position statement.

- Foreign investments are hedged to offset exchange rate fluctuations, represented by a foreign currency obligation for the same dollar value of the investments at each cutoff; the effect on income and ORI resulting from these operations as a whole is neutral.

2.10. Investment Securities

Subsequent recognition

After the initial recognition all the Financial assets classified “at fair value with changes in results” are measured at fair value. The profits and loss resulting from the changes in fair value are given net in the statement of results in the accounts of “net changes of fair value in the Financial assets of debt”. Equity investments classified at fair value with changes in ORI are accounted at the fair value.

In the same way, the Financial assets classified as “at amortized cost” after initial recording less payments or credits received from debtors, are adjusted with credit to results based on the effective interest method.

The effective interest method is a method for calculation of the amortized cost of an asset and of allocating the interest income or cost during the relevant period. The effective interest rate is the rate that exactly matches the estimated future cash payments received over the expected life of the Financial security, or, where appropriate, for a shorter period than the initial carrying value of the asset at the initial time. To calculate the effective interest rate, the Holding Company estimates cash flows considering all contractual terms of the Financial security but does not consider future credit losses and considering the initial balance of the transaction or granting, the transaction costs, and the premiums granted less the commissions and discounts received that make integral part of the effective rate.

Dividend income from Financial assets in equity instruments in equity securities is recognized in results in the account of other income for dividends when the right to receive payment is established, regardless of the decision taken for the of record if in fair value in the results or in OR.

2.11. Financial Liabilities

A Financial liability is any contractual obligation of the Holding Company and all of its subsidiaries to deliver cash or another Financial asset to another entity or person or to exchange Financial assets or Financial liabilities under conditions that are potentially unfavorable to the Holding Company or a contract that will or may be liquidate using the entity's own equity instruments. Financial liabilities are initially recorded at their transaction value on the date when they arise, which, unless otherwise determined, is similar to their fair value less transaction costs that are directly attributable to their issuance. Subsequently such Financial liabilities are measured at its amortized according to the effective interest method determined on the initial time charged to results as Financial expenses.

Financial liabilities only are discharged from the consolidated Financial Position Statement when the obligations they generate have been extinguished or when they are acquired (either with the intention of cancelling them or with the intention of placing them again).

2.12. Non-current assets maintained for sale

Goods received in payment of credits and non-current assets held for sale in which the Holding Company intends to sell them within a period not exceeding one year and their sale is considered highly probable, are recorded as "non-current assets held for sale". Such goods are recorded at the lower of their carrying value at the time of transfer to this account or their fair value less the estimated costs to sell. The goods received in payment that fail to accomplish with the conditions to be held for sale, are recorded in other balance sheet accounts according to their nature, as investments, other assets or investment property at cost or fair value according to the classification to which the good applies.

2.13. Financial guarantees

Financial guarantees" are contracts that require the issuer to make specified payments to reimburse the creditor for the loss it incurs when a specified debtor defaults on its payment obligation under the original or modified terms of a debt instrument, regardless of its legal form. Financial guarantees may take, among others, the form of a Financial guarantee or surety.

Upon initial recognition, Financial guarantees provided are recorded by recognizing a liability at fair value, which is generally the present value of the fees and commissions to be received for such contracts over their life, with a balancing entry in assets of the amount of fees and commissions and similar income collected at the beginning of the transactions and accounts receivable for the present value of future cash flows to be received.

Financial guarantees, whatever their holder, instrumentation or other circumstances, are periodically analyzed in order to determine the credit risk to which they are exposed and, where appropriate, to estimate the need to establish a provision for them, which are determined by application of criteria similar to those established to quantify the impairment losses experienced for Financial assets.

Provisions set up on Financial guarantee contracts that are considered to be impaired are recorded under liabilities as "Implicit obligations" and charged to income. Income obtained from guarantee instruments is recorded in the commission income account of the income statement and is calculated by applying the rate established in the underlying contract to the nominal amount of the guarantee.

2.14. Property and equipment for private use

Property and equipment for own use include assets, owned or leased, which the Holding Company and subsidiaries hold for current or future use and which are expected to be used for more than one year. They also include tangible assets received by subsidiaries for the total or partial settlement of Financial assets that represent receivables from third parties and which are expected to be used on a continuous basis.

Property and equipment for own use are recorded in the consolidated Financial position statement at acquisition cost, less accumulated depreciation and, if applicable, estimated losses resulting from comparing the net book value of each item with its corresponding recoverable value. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is calculated using the straight-line method on the basis of the acquisition cost of the assets, minus their residual value, being understood that the land on which the buildings and other structures are built has an indefinite useful life and, therefore, is not subject to depreciation.

According with the definitions in IAS 16, useful life is defined as the useful life for purposes of calculating depreciation:

a. The period within which the entity is expected to use the asset by the entity; or
b. The number of production units or the like expected to be obtained from it by an entity.

The residual value of an asset is defined as the estimated amount that the entity could currently obtain for the disposal of the item, after deducting the estimated costs for such disposal, if the asset had already reached the age and the other conditions expected at the end of its useful life.

In accordance with IAS 16, paragraph 50, the depreciable amount of an asset will be distributed systematically throughout its useful life.

In accordance with IAS 16 paragraph 43, each part of an item of property, plant and equipment that has a significant cost in relation to the total cost of the item is depreciated separately.
Such depreciation, which is charged to income, is calculated based on the following useful lives defined for the Holding Company and its subsidiaries:

Assets	Years
Buildings	
Foundations - structure and roof	50 to 70
Walls and partitions	20 to 30
Finishes	10 to 20
Office equipment, furniture and fixtures	**10 to 25**
Furniture and fixtures	**3 to 10**
Fleet and transportation equipment, traction and	**5 to 10**
Computer equipment	**3 to 5**
Network and communication equipment	**3 to 5**
Mobilization equipment and machinery	**10 to 25**

For real estate, the Holding Company establishes 3 building components: foundation - roof structure, walls and partitions and finishes, which have the following ranges of residual value.

Component	Residual Value
Foundations - structure and roof	0 - 20%
Walls and partitions	0 - 10%
Finishes	0 - 10%

Improvements made to real estate leased may be subject to capitalization if they are expected to be used for more than one period and depreciated in the period of the leasing agreement.

The criteria used by the Holding Company and subsidiaries to determine the useful life and residual value of these assets and, in particular, of the buildings for own use, were based on independent appraisals, so that these are not older than 3 years, unless there are indications of impairment.

At each accounting close, the Holding Company and Ventas y Servicios S.A. - NEXA BPO analyze whether there are indications, both external and internal, that a tangible asset may be impaired. If there is evidence of impairment, the entity tests if there effectively said impairment exists by comparing the asset's carrying value with its recoverable value (the higher of its fair value minus costs of disposal and its value in use). When the carrying value exceeds the recoverable value, the varying value is adjusted up to its recoverable value, modifying future charges for amortization, according to its new remaining useful life.

Similarly, when there are indications that the value of a tangible asset has been recovered, the Holding Company and Fiduciaria de Occidente estimate the recoverable value of the asset and recognize it in the income statement, recording the reversal of the impairment loss reported in past periods, and as a consequence, adjust future charges as part of its amortization. Under no circumstance the reversal of an impairment loss on an asset can increase its carrying value above that which it would have had if no impairment losses had been recognized in past years.

Upkeep and maintenance expenses for equipment and property are recognized as an expense in the year in which they are executed and are recorded under "Administrative expenses".

Gains and losses on the sale of a property item and equipment are recognized in income.

2.15. Investment properties

In accordance with the International Accounting Standard IAS 40 "Investment Properties", investment properties are defined as those lands or buildings considered in whole, in part or both that are held by the Holding Company and Fiduciaria de Occidente to obtain rents, asset valuation or both in lieu of their use for the Holding Company and Fiduciaria de Occidente's own purposes. Investment properties are recorded in the balance sheet at fair value with changes in results. Said fair value is determined based on valuations carried out periodically by independent experts using valuation techniques described in IFRS 13 "Fair Value Measurement".

2.16. Leased goods

Assets leased by the Holding Company are classified at the time of signing the contract as finance or operating leases. A lease is classified as a finance lease when it transfers substantially all the risks and advantages inherent to the property. A lease is classified as an operational lease if it does not transfer substantially all the risks and advantages inherent to the property. Lease contracts classified as Financial leases are included in the balance sheet under "Loans and Financial leasing operations portfolio" and are accounted for in the same way as other loans issued (see Note 4). Lease contracts classified as operational are included in the property and equipment account and are recorded and depreciated over the shorter period between the useful life of the asset and the term of the lease contract. (See note 14).

2.17. Goods received under lease

Goods received under lease upon initial receipt are also classified as finance or operating leases in the same manner as leased goods described in 2.15 above. Leases that are classified as finance leases are included in the balance sheet as property and equipment by right-of-use according to their purpose and are initially recorded in assets and liabilities simultaneously at a value equal to the fair value of the leased goods or at the present value of the minimum lease payments, whichever is lower. The present value of the minimum lease payments is determined using the interest rate implicit in the lease, or if not available, an average interest rate of the bonds placed by the Holding Company in the market is used. Any initial direct cost of the lessee is added to the amount recognized as an asset. The value recorded as a liability is included in the Financial liabilities account and is recorded in the same form as Financial liabilities. Leases that are classified as operational are recorded as an expense.

2.18. Intangible assets

The Holding Company, Fiduciaria de Occidente and Ventas y Servicios S.A. - NEXA BPO recognize an intangible asset when it is identifiable, non-monetary in nature and without physical appearance, its cost can be measured reliably and it is probable that future economic benefits will be obtained that are attributable to the asset.

a. Capital gains

The capital gains recorded by the Holding Company in its Financial statements corresponds to a merger carried out by the Holding Company in previous years with Banco Unión, which in compliance with the transition standard established in IFRS 1, the Holding Company opted for the exemption of recording under IFRS at its carrying value as of January 1, 2014. According to IAS 38, capital gains are considered to have an indefinite life and is not amortized but is subject to annual impairment assessment, for which the Holding Company conducts a valuation by an independent expert of the value of the business lines related to the capital gains (Banco Unión's business lines) and based on such valuation it is determined whether there is any impairment, if it exists, is recorded against results; later recoveries in the valuation the Holding Company do not reverse the impairments recorded previously.

b. Other intangibles

Other intangible assets owned by the holding company, Fiduciaria de Occidente and Ventas y Servicios S.A. - NEXA BPO correspond mainly to computer programs and licenses, which are initially measured at their cost on acquisition or in their internal development phase. Costs incurred in the research phase are taken directly to results. Following initial recognition, these assets are amortized using the straight-line method over their estimated useful lives, which, in the case of computer software, range from 1 to 20 years.

Costs sustained in computer programs in the development phase are capitalized taking into account the following evaluations made by the Holding Company´s management:

a) It is technically feasible to complete the project for production, so that it can be used in the Holding Company's operations.
b) The Holding Company´s intention is to complete it for use in the development of its business, not to sell it.
c) The Holding Company has the capability to utilize the asset.
d) The asset will generate economic benefits for the Holding Company that will be reflected in a greater number of transactions with lower costs.
e) The holding company has the necessary resources, both technical and Financial, to complete the development of the intangible asset for its use.
f) The disbursements incurred during the project´s development, and which are susceptible to capitalization, are part of the higher value of this asset.
g) Disbursements made after the asset has been brought to the condition required by management for its use will be recorded as an expense affecting the statement of results.

2.19. Employee benefits

In accordance with International Accounting Standard IAS 19 "Employee Benefits" for accounting recognition, all forms of considerations granted by the holding company and its subsidiaries in exchange for services rendered by employees are divided into four classes:

a. Short term benefits

In accordance with Colombian labor regulations, such benefits correspond to salaries, legal and extra-legal bonuses, vacations, severance payments and parafiscal contributions to state entities that are paid within 12 months following the end of the period. These benefits are accrued through the causation system and charged to income.

b. Post-employment benefits

These are benefits that the holding company and subsidiaries pay to their employees when they retire or after completing their employment term, other than severance payments. According to Colombian labor regulations, such benefits correspond to retirement pensions directly assumed by the holding company, severance payments payable to employees who continue under the labor regime prior to Law 50, and certain extra-legal benefits or benefits agreed upon in collective bargaining agreements.

The post-employment benefit liability is determined based on the present value of the estimated future payments to be made to employees, calculated based on actuarial studies prepared by the unit of credit method, projected, using the actuarial assumptions of mortality rates, salary increases, staff turnover and interest rates determined with reference to the current market yields of bonds at the end of the National Government issuance period or high-quality corporate obligations.

Under the projected unit credit method, future benefits to be paid to employees are allocated to each accounting period in which the employee renders service. Therefore, the expense for these benefits recorded in the statements of results of the Holding Company and its subsidiaries, include the cost of the present services assigned in the actuarial calculation plus the Financial cost of the liability calculated. Variations in liability for changes in the actuarial assumptions are accounted in the equity account “other integral result”.

Variations in the actuarial liability for changes in employee benefits granted retroactively are recorded as an expense on the earliest of the following dates:

- When the modification is made of the labor benefits granted.
- When provisions for restructuration cost by any subsidiary or business of the Holding Company and its subsidiaries are recognized.

The mortality rate chart issued by the Superintendencia Financiera RV08 was adjusted to include the longevity effect for pension calculations.

The adjustment will be made progressively, so that in 4 years there will be a 2-year life expectancy for of men and women at retirement age.

c. Other long-term employee benefits

These are all employee benefits other than short-term and post-employment employee benefits and severance indemnities. According to the holding company and subsidiaries´ collective bargaining agreements and regulations, these benefits correspond mainly to seniority bonuses.

Liabilities for long-term employee benefits are determined in the same way as the post-employment benefits described in b) above, with the only difference being that changes in the actuarial liability for changes in actuarial assumptions are also recorded in the statement of results.

d. Benefits of employment contract termination with employees

Such benefits correspond to payments to be made by the holding company and subsidiaries arising from a unilateral decision to terminate the employment contract or from a decision by the employee to accept a benefit offer in exchange for the termination of the employment contract. In accordance with Colombian law, these payments correspond to severance payments and other benefits that the holding company and its subsidiaries unilaterally decide to grant to their employees in these cases.

Termination benefits are recognized as a liability charged to results on the earliest of the following dates:

- When the Holding Company and its subsidiaries communicate the decision to dismiss the employee from employment.
- When provisions are recognized for restructuring costs for a subsidiary or business of the holding company involving the payment of termination benefits.

2.20. Income tax

Tax expenses comprise current tax and deferred tax. The tax expense is recognized in the statement of results except for the portion corresponding to items recognized in the "Other Comprehensive Income" account in equity. In this case, the tax is also recognized in this account.

Current income tax is calculated on the basis of the tax laws in force in Colombia or in the country in which some of the subsidiaries of the holding company reside at the reporting date. Each Group entity´s management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulations are subject to interpretation and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred taxes are recognized on temporal differences occurring between the taxing bases of the assets and liabilities and the amounts recognized in the consolidated Financial statements, raising from deductible or taxable amounts when determining the fiscal profit or loss corresponding to future periods when the total amount in books of the asset is recovered or the liability is liquidated. Nevertheless, the deferred liabilities are not recognized if they result from the initial capital gain recognition; the deferred tax also is not accounted if it arises from the initial recognition of an asset or liability in a different transaction from any business combination that at the time of transaction does not influence the accounting or taxing profit or loss.

Deferred tax is determined using tax rates that are in effect at the reporting date and are expected to apply when the deferred tax asset is realized or when the deferred tax liability is offset.

Deferred tax liabilities are provided on taxable temporary differences that arise, except for deferred tax liabilities on investments in subsidiaries, associates and joint ventures when the timing of the reversal of the temporary difference is controlled by the holding company and it is probable that the temporary difference will not reverse in the foreseeable future, in accordance with IAS 12 paragraph 39.

Generally, the holding company has the ability to control the reversal of temporary differences on investments in subsidiaries and associates, since in the event that there are taxable profits that are likely to be distributed in the foreseeable future, a deferred tax liability will be recognized.

The deferred asset taxes are recognized over deducible temporary differences of investments in subsidiaries, in associates and joint businesses only in the extension that is probable for the temporal difference to be reversed in the future and there is enough fiscal profit against which the temporary difference may be used.

Deferred tax assets and liabilities are offset in accordance with IAS 12.

Differently, current tax assets and liabilities are only offset when there is a legal right to do so and if they relate to taxes levied by the same tax authority.

2.21. Provisions

Provisions for decommissioning and legal claims are recognized when the holding company and subsidiaries have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

When there are several similar obligations, the probability that a cash outflow will be required is determined by considering the type of obligations in its entirety. A provision is recognized even if the probability of a cash outflow in respect of any item included in the same class of obligations may be small.

Where the Financial effect of discounting is relevant, provisions are measured at the present value of the disbursements expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Increases in the provision due to the passage of time is recognized as a Financial expense.

2.22. Other matters

Covid-19

The COVID-19 outbreak and its rapid spread around the world during 2020 has had adverse effects on the social environment and the need to implement controls to try to mitigate the rapid spread of the virus such as decreeing preventive confinements, restricting mobility and transportation, suspending or regulating the provision of services considered to be non-essential, promoting and disseminating strict sanitary measures, and promoting changes in the traditional work scheme, which has implied major changes in the usual dynamics in which the holding company and its entities have provided their services to the general public. This translates into a need for ongoing assessment of the impact on the Group, as the pandemic continues, governments respond to the impact of the economic slowdown.

During 2020, this situation continued to be monitored by the holding company´s management, evaluating any adverse effects that may reflect on the results of operations and the holding company´s Financial position and liquidity, and taking timely measures to minimize the unfavorable impacts that may arise during the year 2020.

As of December 31, 2020, the following matters have been evaluated, which in some cases have had an impact on the holding company´s Financial statements and operations and which, during the period subsequent to the date of these Financial statements and up to the date of issuance of these Financial statements, continue to be monitored by the management to address their effects on the holding company´s operations and those of its clients.

2.22.1. Financial instrument impairment– Loans and receivables, other accounts receivable and others

Financial instruments that are within the scope of the expected credit loss (ECP) model of IFRS 9 (loans, trade accounts and other receivables, debt instruments not measured at fair value with changes in results, contractual assets "including Financial asset model concession agreements", lease receivables, Financial guarantees and loan commitments), have been evaluated considering the impacts that COVID-19 is having on ECP due to the measures adopted by the governments in each of the countries and regions where the holding company operates.

The consequences that have emerged for the holding company entities´ in relation to the impairment of Financial instruments are based on the following aspects:

1.1. ECP measurement, due to changes in the allocation of Financial instrument credit risk, incorporating COVID impact analysis and generating an impact on the provision, switching from measurement for 12 months (stage 1) to measurement for the remaining life of the instrument (stages 2 and 3) for those in which it is determined that there was an increase in credit risk since their initial measurement.

1.2. Credit risk, the behavior of which has varied for entities according to the economic segments of their Credit Portfolios, increasing in the case for clients´ businesses that have been negatively affected.

1.3. The amount at risk (exposure at default), considering the observation that the affected debtors of some of the holding company's entities have stopped making payments or are taking longer than normal to pay, mainly under the relief schemes enacted by different governments.

1.4. The estimated loss for those individually evaluated credits, resulting from the lower recovery of flows taking into account the impact caused by COVID-19.

1.5. The effects of COVID-19 and the relief measures taken by governments, including instructions to credit institutions to provide relief measures to clients in the countries where we operate, play an important role in the assessment of ECL. As a result, the extension of payment to borrowers in specific classes of Financial instruments did not automatically result in those instruments being deemed to suffer a significant increase in credit risk (SICR). To reflect the effects of COVID19 in the models, the following adjustments were made by performing a more detailed analysis of the risk and characteristics of certain clients: i) No stage improvement in the obligations that requested relief and; ii) Transition to Stage 2 to obligations identified as "high risk".

1.6. Macroeconomic aspects considered in the development of scenarios and models for provision calculation, where some of the variables have been weakened in view of the effects of COVID on the economy.

As of the second quarter of 2020, the calculation of expected credit risk losses incorporated updates to the forecasted forward-looking information projections, in line with the effects of the decisions that governments continue to make regarding COVID-19, and considering the high level of uncertainty regarding their intensity and duration. The projection information has been based on the best available information available, considering the different geographic areas where the holding company operates, and taking into account the effects on segments and portfolios of the different entities, which are exposed to different risks and situations.

When considering the prospective information based on macroeconomic variables, the holding company updated the scenarios used and the probabilities assigned to them at the end of December 31, 2020, with the effects shown in the following charts:

Macroeconomic variables used in the ECP calculation

	2019			March 2020 before COVID-19			June 2020 after COVID-19			September 2020 before COVID-19			December before COVID-19		
				Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C
	Scenario A	Scenario B	Scenario C	2,1%	3,3%	4,8%	2,6%	3,3%	3,8%	2,5%	3,0%	3,4%	2,3%	2,7%	3,1%
Inflation	2,5%	3,4%	4,1%	3,5%	4,5%	5,3%	1,8%	2,0%	2,8%	1,5%	2,0%	2,8%	1.75%	2,3%	2,8%
Interest rate	3,5%	4,3%	5,3%	2,2%	3,1%	3,8%	-0,5%	0,8%	1,7%	0,9%	2,2%	4,4%	3,9%	4,9%	5,9%
GDP growth	2,2%	3,2%	4,2%	0,1%	1,9%	4,1%	-2,7%	-0,4%	1,7%	-2,3%	1,0%	4,7%	-2,1%	1,0%	3,3%
Housing prices	-3,3%	1,0%	7,0%	12,8%	12,0%	11,1%	18,5%	16,7%	14,8%	17,9%	14,8%	11,9%	16,3%	14,4%	12,9%
Unemployment rate	11,1%	10,2%	9,3%												

Weighting of probabilities assigned to scenarios before and after COVID-19

	Unfavorable scenario	Base scenario	Favorable scenario
As of December 31, 2019	23%	60%	17%
As of March 31, 2020	35%	53%	12%
As of June 30, 2020	28%	53%	18%
As of September 30, 2020	28%	53%	18%
As of December 31, 2020	23%	55%	22%

As shown in the charts above, the macroeconomic variables and scenarios were adjusted to reflect the impacts of COVID-19 and the weights assigned to each scenario were recalibrated based on the expectations arising from the information available at the date of the projections.

The holding company continues to permanently monitor information that allows it to identify in a timely manner possible impact to the EPCs.

Impairment provision balances as of December 31, September 30, June 30 and March 31, 2020:

		December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Commercial	$	1,110,146	1,116,605	1,291,661	1,106,015
Consumer		764,004	527,137	450,483	447,748
Housing		107,675	104,719	91,989	80,749
Repos		87	102	74	1,089
Total	$	**1,981,912**	**1,748,563**	**1,834,207**	**1,635,601**

The chart above summarizes the total balance of the provision by portfolio for each quarter of the year 2020. Details of provision movement, transfers between stages, the impact of model refinement, among others, are presented in note 4.

Provision expense for portfolio impairment as of December 31, September 30, June 30 and March 31, 2020:

		December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Commercial	$	71,887	92,751	243,368	124,396
Consumer		303,474	145,184	108,074	116,316
Housing		2,285	12,368	10,515	10,598
Repos		(15)	28	(1,044)	132
Total	$	**377,631**	**250,331**	**360,913**	**251,442**

The above table summarizes the impairment provision expense by portfolio for each quarter of 2020.

2.22.2. Customer relief

The actions taken or suggested by the governments in the countries where the Group operates have prompted the generation of relief to clients (companies or individuals) between April and December 2020 in relation to loans or loan agreements in force, which have involved the renegotiation of their terms including, among others, granting of grace periods, installment deferral, term extension and credit quotas expansion. As of December 31, 2020, more than 307,162 relief requests have been received, of which 98% have been successfully processed. The following chart summarizes the total relief granted up to December 31, 2020 by portfolio and their effects on results are in the Holding Company´s portfolio and expenses, effect amounting to ($22,252):

Leasing		Commercial Loans	Consumer Loans	Housing Loans	Commercial Leasing	Consumer Leasing	Housing Leasing
Number of loans with relief granted	$	14,540	193,060	2,978	3,678	71	2,503
% of loans with relief / Total loans		27%	25%	49%	21%	29%	51%
Impact on statement of results	$	(5,158)	(10,958)	(1,542)	(2,462)	(19)	(2,114)

To date, the governments of the countries in which the holding company operates have not granted direct support to the banks.

2.22.3. Leases from the lessee's perspective

As of April 2020, renegotiations of lease agreement terms have taken place between lessors and lessees, as a result of which lessors have granted lessees concessions of some kind with respect to lease payments.

Some holding company entities that have leased assets have renegotiated the terms of their lease agreements as a result of the COVID-19 crisis. The holding company has considered, in its role as lessee, the adequate accounting of these concessions, analyzing whether or not they correspond to modifications of the contract; this analysis resulted in the recognition of gains in the statement of results, with the impacts shown in the following chart:

Relief type	Number of reliefs received	% Contracts with relief/Total contracts	Effect recognized in income
Decrease in rent for a number of months	87	18%	542

2.22.4 Asset Impairment – Capital Gains, Property and equipment and Intangibles

In updating the impairment tests performed as of December 31, 2020 in relation to goodwill, property, plant and equipment and intangibles, budgets, forecasts and other assumptions were adjusted to incorporate observed economic conditions, addressing increased risk and uncertainty where necessary. The assumptions used to perform the impairment test have been updated to reflect lower budgeted earnings in subsequent years and a delayed return to pre-crisis levels of turnover and profitability.

The evaluation on capital gains recorded by the holding company as of December 2020 concluded that the Goodwill assigned to the cash generating unit is not impaired as of the valuation date and shows an excess of $59,202.

See further detail of impairment of capital gains in note 15 - Intangible assets, net.

2.22.5 Business in Progress

The COVID-19 pandemic and the measures taken by governments in countries around the world to mitigate the spread of the virus have negatively impacted the economies where the holding company operates. However, with the approval of the vaccine produced by different laboratories during the last quarter of 2020 and the implementation of vaccination plans by different governments, changes have emerged 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 results on the client segments and thus on the holding company´s business operation. Based on the holding company´s liquidity position as of the authorization date of these consolidated Financial statements, management continues to have a reasonable expectation that the holding company has adequate resources to continue in operation for at least the next 12 months and that the accounting basis for a going concern remains adequate. These consolidated Financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and reported asset classification, liabilities and expenses that might otherwise be required if the ongoing business basis were not appropriate.

2.22.6 Investment properties

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

As of December 31, 2020, valuators did not disclose any modifications to the assumptions used in estimating the valuations performed on the previous year, nor did they report any "material valuation uncertainties" due to 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 is currently considered on the fair value determined.

2.22.7 Other matters

Between April and December 2020, some of the holding company´s entities that met the requirements to access the National Government´s support programs to address the effects generated by COVID-19 received resources that were recognized in the Financial statements under the premises defined for government subsidies, including the items listed in the following chart:

		Amount
Formal Employment Support Program (PAEF)	$	5.871
Loans with subsidized rates	$	377

As of December 31, 2020, no impairments were identified in other non-Financial assets such as investments measured by the equity method, nor were any situations identified that would have implied the occurrence of present obligations arising from the effects of COVID-19 and that at that date had a high probability of a resources outflow.

2.23 New accounting pronouncements issued by the IASB at international level

i. Standards and amendments applicable as from January1, 2020

According to Decree 2270 dated 2019, below are the amendments and interpretations issued by IASB during 2018, applicable as of January 1, 2020. The impact of these amendments and interpretations is in evaluation process by the Holding Company management; notwithstanding, it is not expected to have a significant impact on the Holding Company´s consolidated Financial statement.

Financial Report Standard	Topic of the standard or Amendment	Details
Conceptual framework for Financial report – Amendments to references to conceptual framework in IFRS standards.	Complete amendment to the previous conceptual framework.	A new conceptual framework is established for the entities applying completely the IFRS (Group 1) for the drafting of Financial information of general purpose. The new conceptual framework is found to be much more in line with the prevailing IFRS standards, to include concepts that are not present in the previous framework, such as the purposes and principles of the information to be reported, the unit of account, the removal in accounts, the contracts pending of execution, among others. In the amendments to references to the conceptual framework in the IFRS standards some of such references and quotes are updated making reference to the concept framework of 2018 and other amendments are made in order to make clear to what version of the conceptual framework make reference.
IFRS 19 – benefits to employees.	Amendments related to the post-employment benefits are made, for definite plans benefits – Amendment, Reduction or Plan Liquidation.	The modification requires for an entity to use actuarial assumptions updated in order to determine the cost of services of the current operation period and the net interest for the remaining of the annual period about which it is reported after the amendment, reduction or plan liquidation when the entity measures again its liability (asset) for net benefits defined.
FRS 3 – business combinations	Definition of business.	Modifies the definition of business given in IFRS 3, fundamental concept to determine if the purchase or acquisition method shall be applied in a business combination.
Financial Report Standard	**Topic of the Standard or Amendment**	**Detail**

IAS 1 Presentation of Financial statements IAS 8 Accounting policies, changes in the accounting estimation and errors.	The definition of Materiality and Relative Significance is amended.	The amendment consists in supplying guides to help entities make judgments about materiality or relative importance, instead of making substantive changes in the definition of material or with relative importance. Therefore, on September 2017 IASB issued the document of practice No. 2 "making judgments about materiality or relative significance"
CIIFRS 23 – Uncertainty regarding income tax treatments.	Clarification of the application of recognition and measurement requirements of IAS 12 when there is uncertainty about tax treatments.	These recognition and measurement requirements apply to the determination of taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty about tax treatments under IAS 12.

ii. Non-effective standards and amendments issued

The amendments issued by the IASB during 2019 and 2020 are listed below; some of them became effective internationally as of January 1, 2020 and 2021 and others will become effective as of January 1, 2022 and 2023. These standards have not yet been adopted in Colombia.

The impact of these amendments, integrations and draft standards is being evaluated by the holding company's management and is not expected to have a significant impact on the Consolidated Financial Statements.

Financial Report Standard	Topic of the standard or Amendment	Details
IFRS 9 - Financial Instruments IAS 39 - Financial instruments: recognition and measurement measurement IFRS 7 - Financial Instruments: Disclosures.	Reference Interest Rate Reform (amendments to IFRS 9, IAS 39 and IFRS 7). IFRS 9, IAS 39 and IFRS 7)	Paragraphs 6.8.1 to 6.8.12 of IFRS 9 are added, regarding temporary exceptions to the application of specific hedge accounting requirements. Paragraphs 102A to 102N and 108G are added to IAS 39 regarding temporary exceptions to the application of specific hedge accounting requirements. Paragraphs 24H on uncertainty arising from the reform of the reference interest rate, 44DE and 44DF (effective date and transition) are incorporated. The amendment applies from January 1, 2020 and its early application is permitted (although it is not expected to have a significant impact on Colombian entities) and its requirements will apply retroactively only to hedging relationships that existed at the beginning of the reporting period in which the entity first applies those requirements.

IFRS 9 - Financial Instruments IAS 39 - Financial instruments: recognition and measurement IFRS 7 - Financial Instruments: Disclosures. IFRS 4 - Insurance Contracts IFRS 16 - Leases	Reference Interest Rate Reform - Phase 2	Paragraphs 5.4.5 to 5.4.9 Changes in the basis for determining contractual cash flows as a result of the reform of the reference interest rate (measurement at amortized cost) are added, 6.8.13 Termination of the application of the temporary exception in hedge accounting, 6.9.1 to 6.9.13 Additional temporary exceptions arising from the reform of the benchmark interest rate, 7.1.10 Effective date, and 7.2.43 to 7.2.46 transition for the reform of the benchmark interest rate Phase 2, of IFRS 9. Paragraph 102M Termination of the application of the temporary exception in hedge accounting, paragraphs 102O to 102Z3 Additional temporary exceptions arising from the reform of the benchmark interest rate and 108H to 108K Effective date and transition, and new headings, of IAS 39 are amended and new headings are added. Paragraphs 24I, 24J Additional disclosures related to the reform of the benchmark interest rate, 44GG and 44HH Effective date and transition, and new headings, are added to IFRS 7. Paragraphs 20R and 20S Changes in the basis for determining contractual cash flows as a result of the benchmark interest rate reform, and paragraphs 50 and 51 Effective date and transition date, and new headings, of IFRS 4 are added. Paragraphs 104 to 106 Temporary exception arising from the benchmark interest rate reform are amended, and paragraphs C20C and C20D Reform of the benchmark interest rate phase 2 of IFRS 16 are added. The amendment was issued in August 2020 and applies from January 1, 2021 and early application is permitted.
IFRS 3 - Business Combinations.	Amendments by reference to the conceptual framework.	Modifications are made to the references to align them with the conceptual framework issued by IASB in 2018 and incorporated into our legislation, in such sense the identifiable assets acquired and liabilities assumed in a business combination, at the transaction date, will correspond to those that meet the definition of assets and liabilities described in the conceptual framework. Paragraphs 21A, 21B and 21C regarding exceptions to the recognition principle for liabilities and contingent liabilities within the scope of IAS 37 and IFRIC 21 are incorporated. Paragraph 23A is incorporated to define a contingent asset and clarify that the acquirer in a business combination shall not recognize a contingent asset at the acquisition date. The amendment applies from January 1, 2022 and early application is permitted. Any effect on its application will be made prospectively.

IAS 16 - Property, plant and equipment.	It is modified in relation to products obtained prior to intended use.	The modification refers to costs directly attributable to the acquisition of the asset (which are part of the PPE element) and refer to "the costs of verifying that the asset is functioning properly (i.e., whether the technical and physical performance of the asset is such that it can be used in the production or supply of goods or services, for leasing to third parties, or for administrative purposes)." Paragraph 20A states that the production of inventories, while the element of PPE is in the condition intended by management, when sold, will affect the result for the period, together with its corresponding cost. The amendment applies from January 1, 2022 and early application is permitted. Any effect on its application will be made retrospectively, but only to those elements of PPE that are brought to the location and conditions necessary for them to operate in the manner intended by management as of the beginning of the earliest period presented in the Financial statements in which the entity first applies the amendments. The cumulative effect of the initial application of the amendments will be recognized as an adjustment to the opening balance of retained earnings (or other component of equity as appropriate) at the beginning of the earliest presented period.
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.	Onerous Contracts - Cost of Contract Compliance.	It is clarified that the cost of contract compliance includes costs directly related to the contract (direct labor and material costs, and the allocation of costs directly related to the contract). The amendment applies from January 1, 2022 and early application is permitted. The effect of the application of the amendment will not restate comparative information. Instead, the cumulative effect of the initial application of the amendments shall be recognized as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments and IAS 41 - Agriculture.	Amendment to IFRS 1. Subsidiary that adopts IFRS for the first time. Paragraph D13A of IFRS 1 is added, incorporating an exemption for subsidiaries that adopt IFRS for the first time and take as balances in the opening Financial Position Statement the carrying amounts included in the Financial statements of the Holding Company (paragraph D16(a) of IFRS 1) so that the cumulative translation differences can be measured at the carrying amount of such item in the consolidated Financial statements of the Holding Company (also applies to associates and joint ventures). Amendment to IFRS 9. Commissions in the "10% test" with respect to the derecognition of Financial liabilities. A text is added to paragraph B3.3.6 and B3.3.6A is added, especially to clarify the recognition of commissions paid (to the result if it is a cancellation of the liability, or as a lower value of the liability if it is not treated as a cancellation). Amendment to IAS 41. Taxes on fair value measurements. The phrase "nor flows for tax" is removed from paragraph 22 of IAS 41, the reason for the above is because "prior to Annual Improvements to IFRS Standards 2018-2020, IAS 41 had required an entity to use pre-tax cash flows when measuring fair value, but did not require the use of a pre-tax discount rate to discount those cash flows." In this way, the requirements of IAS 41 are aligned with those of IFRS 13. The amendment applies from January 1, 2022 and early application is permitted.
IAS 1 - Presentation of Financial statements.	Modifications are made related to the classification of liabilities as current or non-current.	This amendment was issued in January 2020 and subsequently amended in July 2020. Modifies the requirement to classify a liability as current by stating that a liability is classified as current when "it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months following the date of the reporting period". Clarifies in the added paragraph 72A that "an entity's right to defer settlement of a liability for at least twelve months after the reporting period must be substantial and, as illustrated in paragraphs 73-75, must exist at the end of the reporting period". The amendment applies from January 1, 2023 and early application is permitted. The effect of the application on comparative information will be made retroactively.

Extension of the Temporary Exemption from the Application of IFRS 9 - Financial Instruments	Amendments to IFRS 4 - Insurance Contracts	Paragraphs 20A, 20J and 20O of IFRS 4 are amended to allow the temporary exemption that permits, but does not require, an insurer to apply IAS 39 Financial Instruments: Recognition and Measurement instead of IFRS 9 for annual periods beginning before January 1, 2023 (due to a new international requirement contained in IFRS 17 as of that date).
IFRS 17 - Insurance contracts	Application of IFRS 17 and the amendment to IFRS 17 issued in June 2020.	IFRS 17 introduces a new measurement model for insurance contracts. The scope is similar to that of IFRS 4. However, the requirements for separating non-insurance components of insurance contracts are significantly different from IFRS 4. Like IFRS 4, IFRS 17 focuses on types of contracts, rather than types of entities. Therefore, it applies to all entities, whether or not they are regulated as insurance entities. Annual periods beginning on or after January 1, 2023. Early adoption is permitted if IFRS 9 is also applied on or before the date of adoption.

2.24 Changes in accounting policies

The accounting policies applied in these annual Financial statements are the same as those applied by the holding company in the Financial statements for the year ended on December 31, 2019.

Note 3. – Critical accounting judgments and estimates in the application of accounting policies

Group management makes estimates and assumptions that affect the amounts recognized in the consolidated Financial statements and the carrying amounts of assets and liabilities within the next fiscal year. Judgments and estimates are continually evaluated and are based on management's experience and other factors, are reviewed on an ongoing basis and under a going concern assumption, including the expectation of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments other than those involving estimates in the process of applying accounting policies. Judgments that have the most significant effects on the amounts recognized in the consolidated Financial statements and estimates that may cause a material adjustment to the carrying amounts of assets and liabilities in the following year include the following:

Fair value of Financial instruments: The estimation of fair values of Financial instruments is performed in accordance with the fair value hierarchy, classified in three levels, which reflects the importance of the inputs used in the fair value measurement.

Information about fair values of Financial instruments classified by levels, using observable inputs for levels 1 and 2 and unobservable inputs for level 3, is disclosed in note 5.

The determination of what constitutes "observable" requires significant judgment on the part of the holding company.

The holding company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, and reflects the assumptions that market participants would use in pricing the asset or liability.

Business model: When doing an evaluation about whether the objective of a business model is to hold the assets to collect the contractual cash flows, the Holding Company considers at what level of its commercial activities the assessment should be made. In general, a business model is a matter that may be evidenced by the manner that the business is managed and the information provided to management. However, in some circumstances it may not be clear if a particular activity involves a business model with some infrequent asset sales or if anticipated sales indicate that there are two different business models.

In determining whether its business model to manage the Financial assets is to hold assets to collect contractual cash flows, the Holding Company considers:

- The policies and procedures indicated from the management for the portfolio and the operation of said policies in the practice;
- How management evaluates the performance of portfolio;
- If the management strategy is focused in obtaining contractual income;
- The frequency of any expected sale of assets;
- The reason for any sale of assets; and
- If the assets sold are maintained for a long-time period in connection with its contractual expiry date or otherwise, are quickly sold after acquisition for a long-time before the expiry date.

In particular, the holding company exercises judgment in determining the business model objective for portfolios held for liquidity purposes. The Holding Company's Central Treasury holds certain debt instruments in a separate portfolio for long-term yield and as a liquidity reserve. The instruments may be sold to meet unexpected liquidity shortfalls, but it is not anticipated that such sales will become more frequent.

The Holding Company considers for these securities to be maintained within a business model which purpose is to obtain assets to collect the contractual cash flows. The Central Treasury of the Holding Company maintains other debt securities in portfolios separated to manage the liquidity at short term. Frequently sales of this portfolio are made in order to accomplish the continuous commercial needs. The Holding Company determines that these securities are not held within a business model which purpose is to maintain the assets to collect contractual cash flows.

When any business model includes the transference contractual rights to the cash flows resulting from Financial assets of to third parties and the transferred assets are not removed from the accounts, the Holding Company reviews the agreements to determine the impact by the evaluation of the purpose of the business model. In this evaluation the Holding Company considers, if under the agreements the Holding Company continues receiving cash flows of the assets, directly from the issuer of the receiver, including if re-purchase the assets of the receiver.

The holding company exercises judgment in determining whether the contractual terms of the Financial assets it generates or acquires give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and may qualify for measurement at amortized cost. In this assessment, the holding company considers all contractual terms, including any prepayment terms or provisions to extend the maturity of the assets, terms that change the amount and timing of cash flows and whether the contractual terms contain leverage.

For Financial assets in respect of which the Holding Company's rights are limited to specific assets of the debtor (non-recourse assets), the Holding Company assesses whether the contractual terms of such Financial assets limit cash flows in a manner inconsistent with payments representing principal and interest.

When the holding company invests in contractually linked instruments (tranches), it exercises judgment to determine whether the credit risk exposure on the tranche acquired is equal to or less than the credit risk exposure of the related group of Financial instruments so that the tranche acquired would qualify for measurement at amortized cost.

Other classification aspects

The holding company's accounting policies provide the scope for assets and liabilities to be designated at inception in different accounting categories in certain circumstances:

- In classifying Financial assets or liabilities as fair value with changes in results the group has determined that it complies with the description of assets and liabilities for trading set out in the accounting policy.
- In designating Financial assets or liabilities at fair value with changes in equity, the holding company has determined that it has met one of the criteria for this designation set out in the accounting policy.
- In classifying Financial assets at amortized cost (held-to-maturity), the holding company has determined that it has the positive intent and ability to hold the assets to maturity as required by accounting policy.

Deferred income tax: The holding company assesses the realization over time of deferred income tax assets. Deferred income tax assets represent income taxes recoverable through future deductions from taxable income and are recorded in the consolidated Financial position statement. Deferred tax assets are recoverable to the extent that the realization of the related tax benefits is probable. Future taxable income and the amount of tax benefits that are probable in the future are based on medium-term plans prepared by management. The business plan is based on management's expectations which are believed to be reasonable under the circumstances. As a prudent measure for the purpose of determining the realization of deferred taxes, the Financial and tax projections of the holding company have been made as follows.

As of December 31, 2020 and 2019, management of the Holding Company estimates that the deferred income tax asset items would be recoverable based on its estimates of future taxable income.

Capital gains: Annually, the holding company´s management performs an impairment evaluation of the goodwill recorded in its Financial statements; such evaluation is performed each year with September 30 as a due date based on a study performed for such purpose by independent appraisers hired for that specific task. This study is based on the business lines valuation related to the capital gains (Banco Unión's lines of business), using the discounted cash flow method, taking into account factors such as: economic situation of the country and of the sector in which the holding company operates, historical Financial information, and projected growth of the holding company's revenues and costs over the next five years and subsequently growth in perpetuity, considering its profit capitalization indexes, discounted at risk-free interest rates adjusted by risk premiums required under the circumstances. The assumptions used in this valuation are detailed in note 15.

Valuation of investment properties: Investment properties are reported in the Financial situation statement at the fair value determined in reports prepared by independent experts at end of every reporting period. Because of the country´s current condition the frequency of property transactions is low; however, management considers there exist enough market activities to provide comparable prices for the transactions ordered for similar properties when the fair value of the investment properties is determined.

In preparation of the holding company´s investment properties´ valuation reports, forced sale transactions are excluded. Management has reviewed the assumptions used in the independent appraisers´ valuation and believes that factors such as inflation, interest rates, etc., have been appropriately determined considering market conditions at the end of the reporting period; however, management believes that the valuation of investment properties is currently subject to a high degree of judgment and an increased likelihood that the actual proceeds from the sale of such assets may differ from their carrying value.

Estimation for contingencies: The Holding Company and its subsidiaries estimate and record a provision for contingencies to cover possible losses from labor cases, civil and commercial lawsuits, and tax assessments or others depending on the circumstances that, based on the opinion of external legal counsel and/or in-house counsel, are considered probable of loss and can be reasonably quantified. Because of the nature of many of the claims, cases and/or proceedings, in some instances it is not possible to accurately make a forecast or quantify an amount of loss in a reasonable manner, and therefore the actual number of disbursements actually incurred for claims, cases and/or proceedings is consistently different from the amounts initially estimated and provisioned, and such differences are recognized in the year in which they are identified.

Employee benefits: The measurement of pension obligations, costs and liabilities depend on a variety of long-term assumptions determined on an actuarial basis, including estimates of the present value of projected future pension payments for plan participants, considering the probability of potential future events, such as increases in the urban minimum wage and demographic experience.

The discount rate allows to establish future cash flows at the present value of the measurement date. The Holding Company determines a long-term rate that represents the market rate for high quality fixed income investments or for government bonds that are denominated in Colombian pesos, currency in which the benefit will be paid, and considers the timing and amounts of future benefit payments, for which the Holding Company has selected government bonds.

The Holding Company uses other key assumptions to value actuarial liabilities, which are calculated based on the Holding Company's specific experience combined with published statistics and market indicators (See Note 19, which describes the most important assumptions used in the actuarial calculations and the corresponding sensitivity analyses).

Note 4. – Administration and risk management

The Holding Company and its Financial sector Subsidiaries manage the risk management function considering the applicable regulation and internal policies.

Risk management objective and general guidelines

The objective is to maximize returns for its investors through prudent risk management; with this objective, the principles guiding the Holding Company's risk management are as follows:

a) Provide safety and continuity of the service to clients.
b) Integration of risk management in institutional processes.
c) Collegial decisions at each of the Holding Company company's boards of directors´ level to make commercial loans.
d) Deep and broad market knowledge as a result of our leadership and our stable and experienced bank management.

e) Setting up clear risk policies in a top-down approach with respect to:
    - Compliance with know-your-client policies, and
    - Commercial lending structures based on a clear identification of repayment sources and debtors' cash flow generation capacity.
f) Use of common tools for analysis and determination of credit interest rates.
g) Commercial Credit Portfolio diversification with respect to industries and economic groups.
h) Specialization in consumer product niches.
i) Extensive use of continuously updated credit rating and scoring models to ensure the growth of high credit quality consumer lending.
j) Conservative policies in terms of:
    - Trading portfolio composition with a skew towards instruments with lower volatility.
    - Trading operations on own account and
    - Variable compensation of bargaining personnel

Risk culture

The Holding Company´s risk culture is based on the principles indicated in the preceding paragraph and is transmitted to all of the Holding Company´s entities and units, supported by the following guidelines:

a) In all the holding company entities, the risk function is independent of the business units.
b) The power delegation structure at bank level requires that a large number of transactions are sent to decision centers such as risk committees. The large number and frequency of meetings of these committees ensures a high degree of agility in proposal resolution and ensures continuous involvement of senior management and key areas in managing different risks.
c) The holding company has detailed action manuals and policies with respect to risk management, the banks´ business and risk groups hold regular orientation meetings with risk approaches that are in line with the holding company´s risk culture.
d) Limits plan: The banks have implemented a system of risk limits which are periodically updated to take into account new market conditions and the risks to which they are exposed.
e) Adequate information systems to monitor risk exposures on a daily basis to check that approval limits are systematically met and to adopt, if necessary, appropriate corrective measures.
f) Major risks are analyzed not only when they are originated or when problems arise in the ordinary course of business but on an ongoing basis for all clients.
g) The holding company has adequate and ongoing training courses at all levels of the organization on risk culture and remuneration plans for certain employees according to their adherence to the risk culture.

Corporate structure of risk function

According to the guidelines established by Colombia Financial Superintendence, the corporate structure at the level of Banks applied to the Holding Company and the subsidiary Fiduciaria de Occidente for the management of the several risks, contains the following levels:

- Board of Directors.
- Risk Committee.
- Risk Vice-Presidency.
- Risk management administrative processes.
- Internal Audit.

Board of Directors

The Holding Company and its subsidiaries´ Board of Directors are responsible to adopt, among others, the following decisions relative to the proper organization of a risk management system for each entity:

- Define and approve the strategies and general policies related to the internal risk management control system.
- Approve the entity's policies in relation to the management of the different risks.
- Approve the operation and counterparty quotas, according to the defined attributions.
- Approve exposures and limits to different types of risks.
- Approve the different risk management procedures and methodologies.
- Approve the allocation of human, physical and technical resources for risk management.
- Indicate the responsibilities and attributions assigned to the positions and areas in charge of risk management.
- Create the necessary committees to guarantee the adequate organization, control and follow-up of the operations that generate exposures, and define their functions.
- Approve internal control systems for risk management.
- Require the management of the holding company and its subsidiaries to submit periodic reports on the levels of exposure to the different risks.
- Evaluate proposals for recommendations and corrective actions on risk management processes.
- Require different periodic reports from management on the levels of exposure to the different risks.
- Follow up in its regular meetings through periodic reports submitted by the Audit Committee on risk management and the measures adopted for the control or mitigation of the most relevant risks.
- Approve the nature, scope, strategic business and markets in which the entity will operate.

Risk Committees

The Holding Company has in place, among others, credit and treasury risk committees (Financial committee) comprised by the members of the Board Directors, or with analysis made by the Board of Director in full, that periodically discuss, measure, control and analyze the credit risk management (SARC) and treasury of Bank (SARM). In the same way, there exists the technical assets and liabilities committee or the analysis by the Board of Directors, in order to make decisions related to assets and liabilities and liquidity management through the Risk Management System (RMS); concerning the analysis and follow-up of Operative Risk Management and Continuance of the Business (SARO-PSN) is developed in the Audit Committee.

Compliance with legal risks is monitored by the legal Vice-Presidency.

The duties of said committees include, among others, the following:

1. Propose to the Board of Directors of the respective entity the policies that they consider adequate for the management of the risks that concern each committee and the processes and methodologies for their management.
2. Perform systematic reviews of the entity's risk exposures and take the corrective measures deemed necessary.
   Ensure that the actions of the Holding Company and its subsidiaries in relation to risk management are consistent with previously defined levels of risk appetite.
3. Approve decisions that are within the powers established for each committee by the board of directors.

The risk committees are detailed below:

i. Financial Risk Committee, SARO Committee and Compliance Committee

The objective of these committees is to establish policies, procedures and strategies for the comprehensive management of credit, market, liquidity, operational, money laundering and terrorist financing risks. Its main functions include:

- Measure the entity´s comprehensive risk profile.
- Design monitoring and follow-up schemes at the levels of exposure to the different risks faced by the entity.
- Review and propose to the Board of Directors the level of tolerance and the degree of exposure to risk that the entity is willing to assume in the development of the business. This implies evaluating alternatives to align the risk appetite of the different risk management systems.
- Evaluate the risks involved in entering new markets, products, segments, countries, among others.

ii. Financial Risk Committee (Credit and Treasury Risk)

Its objective is to discuss, measure, control and analyze credit risk management (SARC) and treasury (SARM). Among its main functions are the following:

- Monitor the credit and treasury risk profile, in order to guarantee that the risk level remains within the established parameters, in accordance with the entity's risk limits and policies.
- Evaluate the incursion into new markets and products.
- Evaluate the policies, strategies and rules of action in commercial activities, both treasury and credit.
- Ensure that risk measurement and management methodologies are appropriate, given the characteristics and activities of the entity.

iii. Assets and Liabilities Committee

Its objective is to support senior management in the definition of policies and limits, monitoring, control and measurement systems that accompany asset and liability management and liquidity risk management through the different Liquidity Risk Management Systems (SARL).

Its main functions include:

- Establish the appropriate procedures and mechanisms for the management and administration of liquidity risks.
- Monitor reports on liquidity risk exposure.
- Identify the source of exposures and through sensitivity analysis determine the probability of lower returns or resource needs due to movements in cash flow.

iv. Audit Committee

Its objective is to evaluate and monitor the Internal Control System. Among the main functions of the committee are the following:

- Propose for approval of the Board of Directors, the structure, procedures and methodologies necessary for the operation of the Internal Control System.
- Evaluate the internal control structure of the entity, so that it can be established if the procedures designed reasonably protect its assets, as well as those of third

parties that it manages or stewards, and if there are controls to verify that the transactions are being properly authorized and registered. For this purpose, the areas responsible for the administration of the different risk systems, the Statutory Auditor and the Internal Audit, present the established periodic reports to the Committee and the others that it requires.

- Monitor the levels of risk exposure, the implications for the entity and the measures adopted for its control or mitigation.

Risk Vice-Presidency

The risk vice presidencies that appear within the organizational structure have, among others, the following functions:

a) Ensure proper compliance at the Holding Company and subsidiary level with the policies and procedures established by the Board of Directors and the different risk committees for risk management.
b) Design methodologies and procedures that the administration must follow to manage risks.
c) Establish permanent monitoring procedures that allow timely identification of any type of deviation from the policies established for risk management.
d) Prepare periodic reports both to the different risk committees, the Holding Company's Board of Directors and subsidiaries of the state of control and surveillance in relation to compliance with risk policies.

Administrative risk management processes

In accordance with their business models, each of the Holding Company´s subsidiaries have well-defined structures and procedures documented in manuals on the administrative processes that must be followed to manage the different risks; in turn, they have different technological tools that are detailed below, where each risk is analyzed to monitor and control risks.

Internal audit

The internal audits of the Holding Company and its subsidiaries are independent from management, depend directly on the audit committees and, in performance of their functions, carry out periodic compliance evaluations with the policies and procedures followed by the Holding Company for risk management; their reports are presented directly to the audit committees, which are in charge of following up with Headquarters management about the corrective measures that are taken.

Individual analysis of the different risks

The Holding Company is essentially made up of entities in the Financial sector and therefore, in the ordinary course of their business, these entities are exposed to different Financial, operational, reputational and legal risks.

Financial risks include market risk (which includes trading risk and price risk as indicated below) and structural risks due to the composition of assets and liabilities on the balance sheet, which include credit risk, variation in the exchange rate, liquidity and interest rate.

Holding Company entities that have their business in economic sectors other than the Financial sector, commonly called the "real sector", have a lower exposure to Financial risks, but are mainly exposed to operational and legal risks.

Reform of benchmark interest rates

Any of these developments, and any future initiatives to regulate, reform or change the benchmark administration, could have adverse consequences for the performance, value and market for loans, mortgages, securities, derivatives and other Financial instruments whose returns are linked to any benchmark, including those issued, financed or held by the Holding Company and its subsidiaries.

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

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

There are many unresolved problems, such as the timing of the introduction of the new benchmarks and the transition from a benchmark to a replacement rate, which could lead to widespread dislocation in Financial markets, generate volatility in the prices of securities, derivatives and other instruments, and stifle capital market activities.

As of December 31, 2020, the holding company had $1,774,295 in assets and $1,616,871 in liabilities that used LIBOR as a benchmark, as well as derivatives with such characteristics. Although some of these outstanding LIBOR-based loans and contracts include back-up provisions to alternative benchmark rates, the majority of our outstanding LIBOR-based products and contracts do not include adequate back-up provisions or back-up mechanisms and will require amendments to their terms.

In addition, most of our outstanding LIBOR-based loans and contracts may be difficult to modify due to the requirement that all affected parties' consent to the respective modifications. It is currently not possible to determine the extent to which we will be affected by such changes.

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

The following is an analysis of each of the risks listed above in order of importance:

4.22 Credit risk

Consolidated credit risk exposure

The holding company and its subsidiaries Occidental Bank (Barbados) Ltd and Banco de Occidente Panamá S.A. and its subsidiaries are exposed to credit risk, which consists of the debtor causing a Financial loss by not meeting its obligations in a timely manner and for the total amount of the debt. The credit risk exposure of the holding company and its subsidiaries Occidental Bank (Barbados) Ltd and Banco de Occidente Panamá S.A. arises as a result of their lending activities and transactions with counterparties that give rise to Financial assets. The maximum exposure to credit risk of the holding company and its subsidiaries Occidental Bank (Barbados) Ltd. and Banco de Occidente Panamá S.A. in accordance with IFRS 7, at the consolidated level is reflected in the carrying value of Financial assets in the holding company´s consolidated Financial position statement as of December 31, 2020 and 2019 as follows:

Account		December 31, 2020	December 31, 2019
Deposits in banks other than Banco de la Republica	$	893,012	643,304
Financial instruments at fair value			
Issued or guaranteed by the Colombian government		3,961,660	4,657,011
Issued or guaranteed by other Colombian government entities		31,687	40,094
Issued or guaranteed by other Colombian financial institutions		484,460	538,552
Issued or guaranteed by Colombian real sector entities		12,163	10,125
Issued or guaranteed by foreign governments		99,343	21,074
Issued or guaranteed by other foreign financial institutions		626,705	610,447
Issued or guaranteed by foreign real sector entities		10,015	9,107
Other		4,014	24,113
Derivative instruments		571,024	511,130
Investments in equity instruments		457,559	121,779
Credit Portfolio			
Commercial portfolio		17,617,390	16,981,893
Consumer portfolio		7,889,756	7,196,219
Mortgage portfolio		830,203	702,626
Leasing portfolio		6,342,525	6,030,728
Repos and Interbank transactions		342,830	-
Other receivable accounts		280,848	225,045
Total Financial assets with credit risk		**40,455,194**	**38,323,247**
Off-balance sheet credit risk at nominal value			
Financial collaterals and sureties		1,472,786	849,575
Credit commitments		2,818,119	2,993,279
Total off-balance sheet credit risk exposure		**4,290,905**	**3,842,854**
Total maximum credit risk exposure	**$**	**44,746,099**	**42,166,101**

The potential impact of netting assets and liabilities to potentially reduce credit risk exposure is not significant. For guarantees and commitments to extend the amount of credits, the maximum exposure to credit risk is the amount of the commitment. Credit risk is mitigated by guarantees and collateral as described below:

Credit risk mitigation, collateral and other credit risk improvements

The maximum exposure to credit risk of the Holding Company and its subsidiaries Occidental Bank (Barbados) Ltd. and Banco de Occidente Panamá S.A. is reduced by collateral and other credit enhancements, which reduce the credit risk of the Holding Company and its subsidiaries. The existence of guarantees may be a necessary measure but not a sufficient instrument for accepting credit risk. The Holding Company's credit risk policies require an evaluation of the debtor's ability to pay and that the debtor can generate sufficient sources of resources to allow the debt amortization.

The risk acceptance policy is therefore organized at three different levels in the Holding Company and subsidiaries:

- Financial risk analysis: For granting loans, there are different models for evaluating credit risk: Scoring models for evaluating the credit risk of the consumer portfolio. In the initial client evaluation, logistic regression models are applied, which assign a score to the client, based on sociodemographic variables and some of behavior with the sector, and allow to establish if the applicant is a subject of credit in accordance with the Holding Company´s policy regarding the minimum score required. There are also follow-up models that mainly use client payment behavior variables and some sociodemographic variables and allow clients to qualify and establish the probability of default in the next year. For the commercial portfolio, it has rating models, specifically logistic regression models, whose variables are primarily Financial indicators. With these variables the input models are obtained, and for the follow-up models, payment behavior variables are added such as the maximum default height in the last year, default counters, among others. Therefore, there are entry and monitoring models for the following segments: Industry, Commerce, Services, Construction, Territorial Entities and Financial Entities.
- The constitution of guarantees with adequate debt coverage rates and that are accepted in accordance with the credit policies of each bank, in accordance with the risk assumed in any of the forms, such as personal guarantees, monetary deposits, securities and mortgage guarantees, among others.
- Assessment of the liquidity risk of the guarantees received.

The methods used to evaluate the guarantees are in line with the best market practices and involve the use of independent real estate appraisers, the market value of securities or the valuation of the companies that issue the securities.

All guarantees must be legally evaluated and prepared following the parameters of their constitution in accordance with the applicable legal regulations.

The following is the detail of the Credit Portfolio by type of guarantee received in support of the loans granted by the Holding Company and subsidiaries at a consolidated level as of December 31, 2020 and 2019:

	December 31, 2020								
	Commercial Loans	Consumer Loans	Housing Loans	Commercial Leasing	Consumer Leasing	Housing Leasing	Repos and Interbank	Financial Leasing	Total
Unsecured loans	8,886,213	6,079,734	4,633	53,756	299	1,273	309,554	55,328	**15,335,462**
Credits guaranteed by other banks	237,028	2,640	-	-	-	-	-	-	**239,668**
Collateralized loans:									
Housing	248,524	27,022	825,570	-	-	-	-	-	**1,101,116**
Other real estate	1,618,325	14,631	-	-	-	-	-	-	**1,632,956**
Investments in equity instruments	302,935	-	-	-	-	-	33,276	-	**302,935**
Deposits in cash or cash equivalents	248,884	1,062	-	-	-	1,074,255	-	-	**283,222**
Leased assets	-	-	-	2,765,565	13,489	-	-	3,839,820	**3,839,820**
Non-real estate assets	-	-	-	1,924,952	-	-	-	1,938,441	**1,938,441**
Trust, stand-by and guarantee fund agreements	2,620,843	990	-	1,636	-	-	-	1,636	**2,623,469**
Pledged income	1,280.908	-	-	9	-	-	-	9	**1,280,917**
Pledges	729,174	1,703,454	-	89	-	-	-	89	**2,432,717**
Other Assets	1,444,556	60,223		507,202	-	-	-	507,202	**2,011,981**
Total	**17,617,390**	**7,889,756**	**830,203**	**5,253,209**	**13,788**	**1,075,528**	**342,830**	**6,342,525**	**33,022,704**

	December 31, 2019								
	Commercial Loans	Consumer Loans	Housing Loans	Commercial Leasing	Consumer Leasing	Housing Leasing	Repos and Interbank	Financial Leasing	Total
Unsecured loans	8,466,683	5,455,565	5,935	52,677	205	1,334	331,550	54,216	**14,313,949**
Credits guaranteed by other banks	321,672	-	-	-	-	-	-	-	**327,754**
Collateralized loans:				-	-	-	-	-	
Housing	94,687	24,930	696,691	-	-	-	-	-	**816,308**

Other real estate	1,5,554,297	15,470	-	-	-	-	-	-	**1,569,767**
Investments in equity instruments	256,301	1,180	-	-	-	-	207,147	-	**257,481**
Deposits in cash or cash equivalents	269,775	2.597	-	-	-	937,354	-	-	**479,519**
Leased assets	-	-	-	2,648,281	11,751	-	-	3,585,635	**3,585,635**
Non-real estate assets	-	-	-	1,888,219	-	-	-	1,899,970	**1,899,970**
Trust, stand-by and guarantee fund agreements	2,480,929	540	-	1,253	-	-	-	1,523	**2,482,992**
Pledged income	1,236,026	139	-	9	-	-	-	9	**1,236,174**
Pledges	499,499	1,646,658	-	114	-	-	-	114	**2,146,271**
Other Assets	1,263,327	43,058		489,261	-	-	-	489,261	**1,795,646**
Total	**16,443,196**	**7,196,219**	**702,626**	**5,080,084**	**11,956**	**938,688**	**538,697**	**6,030,728**	**30,911,466**

Mortgage portfolio

PCE Measurement - Estimated weighted probability of credit loss

The following charts stratify the credit exposures of mortgage loans and advances to retail clients by loan to loan-to-value (LTV) ratio ranges. LTV is calculated as the ratio of the gross loan amount, or the amount committed for loan commitments, and collateral value. The collateral valuation excludes any adjustment for obtaining and selling collateral. The collateral value for residential mortgage loans is based on the value of the collateral at origination, based on changes in home price indexes. For credit-impaired loans, the collateral value is based on the most recent appraisals.

		December 31, 2020	December 31, 2019
LTV ratio			
Less than 50%	$	817,365	762,161
51 – 70%		607,951	500,432
71 – 90%		253,280	187,650
91 – 100%		39,347	36,985
More than 100%		187,788	154,086
Total	**$**	**1,905,731**	**1,641,314**

Credit-impaired loans (Impaired)		December 31, 2020
LTV ratio		
Less than 50%	$	54,399
51 – 70%		30,447
More than 70%		33,299
Total	**$**	**118,145**

Significant Increase in Credit Risk

Under IFRS 9, when determining whether the credit risk of a Financial asset has increased significantly since initial recognition, the Group shall consider reasonable and supportable information that is relevant and available without disproportionate cost or effort, including both quantitative and qualitative information and analysis based on historical experience, as well as the Group's expert credit assessment including forward-looking information.

The Group expects to identify whether a significant increase in credit risk has occurred by comparing between:

- The probability of default (PD) over the remaining life at the reporting date; with

- The PD over the remaining life at this point in time which was estimated at the time of initial recognition of the exposure.
- Qualitative aspects and the rebuttable presumption of the standard (30 days) are also considered.

The assessment of whether credit risk has increased significantly since the initial recognition of a Financial asset requires identifying the initial recognition date of the instrument and the thresholds of increase.

Rating by Credit Risk Categories

The Group assigns each exposure to a credit risk rating based on a variety of inputs that allow predicting the PD. The Group uses these ratings for purposes of identifying significant increases in credit risk under IFRS 9. Credit risk ratings are defined using quantitative factors that are indicative of risk of loss. These factors may vary depending on the nature of the exposure and the type of borrower.

Each exposure is allocated to a credit risk rating upon initial recognition based on available information about the debtor. Exposures are subject to ongoing monitoring, which may result in the shift of an exposure to a different credit risk rating.

Modeling of the PD term

The estimations default probabilities are the principal input to determine the ranges of rankings determining the level of risk.

The Group uses statistic models to analyze de data collected and generate estimations of impairment probability in the remaining life of the exposures, and how those probabilities change as a result of the time elapsed.

This analysis includes the identification and calibration of relationships between changes in impairment rates and key macroeconomic factors, as well as an in-depth analysis of certain factors in impairment risk (e.g., write-offs). For most loans the key economic factors are likely to include gross domestic product growth, changes in market interest rates, changes in the unemployment rate and the Consumer Price Index, among others.

The Holding Company's approach to preparing forward-looking economic information as part of its evaluation is as follows:

The group has established a general framework incorporating quantitative and qualitative information in order to determine whether the credit risk of a Financial asset has significantly increased since its initial recognition.

The initial framework is aligned with the internal process of the Group to manage the credit risk.

The criteria for determining whether credit risk has increased significantly will vary by portfolio or segment, as well as by risk rating.

The Group assesses whether the credit risk of a particular exposure has increased significantly since initial recognition if, based on quantitative modeling, the probability of expected impairment over the remaining life will increase significantly. In determining the increase in credit risk the expected impairment loss over the remaining life is adjusted for changes in maturities.

In certain circumstances, using expert credit judgment and based on relevant historical information the Group may determine that an exposure has experienced a significant increase in credit risk if particular qualitative factors may indicate that and those factors may not be fully captured by its periodically performed quantitative analyses. As a limit, and as required by IFRS 9, the Group presumes that a significant increase in credit risk occurs at the latest when the asset is past due for 30 days.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk based on regular reviews to confirm that:

- The criteria are capable of identifying significant increases in credit risk before an exposure is impaired.
- The average time to identify a significant increase in credit risk and default appears reasonable.
- Exposures are not generally transferred directly from the Group of probability of impairment expected in the following twelve months to the group of impaired credits.
- There is no unjustified volatility in the provision for impairment of transfers between the groups with probability of expected loss in the next twelve months and the probability of expected loss over the remaining life of the receivables.

Modified Financial Assets

The contractual terms of the loans may be modified for a number of reasons, including changes in market conditions, client retention and other factors unrelated to actual or potential deterioration of the client's credit.

When the terms of a Financial asset are modified under IFRS 9 and the modification does not result in a removal of the asset from the balance sheet the determination of whether the credit risk has increased significantly reflects comparisons between:

- The probability of default over the remaining life at the balance sheet date based on the modified terms.
- The probability of default on the estimated remaining life based on the date of initial recognition and the original contractual terms.

The Group restructures loans to clients in Financial difficulties to maximize collection opportunities and minimize the risk of default. Under the Group's restructuring policies, clients in Financial difficulties are granted concessions that generally consist of interest rate reductions, extension of repayment terms, reductions in balances due or a combination of the above.

For Financial assets modified as part of the Group's restructuring policies, the IP estimate will reflect whether the modifications have improved or restored the ability to collect interest and principal and previous experience of similar actions. As part of this process, the Group will assess the debtor's payment performance against the modified terms of the debt and will consider various performance indicators for the group of modified debtors.

Usually, the indicators of restructuration are a relevant factor of increment in the credit risk. Therefore, a restructured borrower needs to prove a consistent behavior of payments during a time period before not to be considered more as an impaired credit or that the ID has been reduced in such a way that the provision may be reversed and the credit measured for impairment in a twelve-month period, after the closing date of the Financial statements.

Definition of default

Under IFRS 9, the Group considers a Financial asset under default when:

- It is unlikely for the borrower to pay completely to the Group its credit obligations, without resources to take actions, such as to realize the guarantee (in the event) if any); or
- Due to Delay in Portfolio:
  - Commercial Credits: When they are 90 days or more past due.
  - Consumer Credits: When they are 90 days or more past due
  - Home loans: When they are 120 days or more past due
- For fixed-income Financial instruments, objective evidence of impairment includes the following items, among others:
  - External rating of the issuer or instrument rated D.
  - Contractual payments are not made when due or within the stipulated term or grace period.
  - There is a virtual certainty of default.
  - Bankruptcy or a bankruptcy petition or similar action is likely filed.
  - The Financial asset no longer has an active market given its Financial difficulties.
- For other items (in portfolio):
  - Client in Law 617 of 2000
  - Restructuring agreements Law 550 of 1999 and Law 1116 of 2006
  - Clients in legal collection (with the exception of clients admitted under Law 1116 of December 27, 2006 and clients admitted under Law 1380 of January 25, 2010 - Insolvency Regime for Non-Commercial Natural Persons). Customers in Liquidation.
  - Extraordinary Restructurings Circular 039
  - Agreements and ordinary restructurings
  - Dation in payment

When evaluating if a debtor is in default the Group considers the indicators that are:

- Qualitative - e.g. default of contractual clauses
- Quantitative - e.g. status of slowness and default of payment over the obligation of the same issuer to the Group; and
- Based on data internally developed and obtained from external sources

The data used in assessing whether Financial instruments are in default and their significance may vary over time to reflect changes in circumstances.

Forecast of future economic conditions

Under IFRS 9, the Holding Company incorporates information with projection of future conditions, both in its evaluation whether the credit risk of a security has significantly increased since its initial recognition, and in its measurement of PCE. Based on the recommendations of the Risk of Market Committee of the Group, use of economic experts and consideration of a variety of external actual and projected information, the Group formulates a “base scenario” of the projection of the relevant economic variables as well as a representative range of other possible scenarios projected. This process involves the development of two or more additional economic scenarios and considers the relative probabilities of every scenario.

External information can include economic data and publication of projections by government committees and monetary authorities in the countries where the Group operates, Supranational Organizations such as Organization for Cooperation and Economic Development (OCED) and the International Monetary Fund, among others, and academic projections and of the private sector.

The base scenario is expected to represent the most probable result and aligned with the information used by the Group for other purposes, such as the strategic planning and budge. The other scenarios would represent a more optimistic and pessimistic result. The Group also plans to perform periodically stress tests in order to calibrate the determination of the other representative scenarios.

PCE Measurement - Estimated weighted probability of credit loss

The key data in the measurement of PCE usually are the structures of the following variables:

- Probability of default (PD)
- Loss due to default (LGD)
- Exposure due to default (EI)

The above parameters will be derived from internal statistic models. These models will be adjusted to reflect prospective information, as indicated below:

PDs are estimated as of a given date, which will be calculated based on statistical rating models and evaluated using rating tools adjusted to the different counterparty categories and exposures. These statistical models are based on internally compiled data comprising both qualitative and quantitative factors. If a counterparty or exposure migrates between the different ratings then this will result in a change of the estimated PD. The PDs will be estimated considering contractual maturity terms of the exposures and estimated prepayment rates.

LGD is the magnitude of the probable loss if there is a default. It depends mainly on the characteristics of the counterparty and the valuation of the guarantees or collateral associated with the transaction.

In order to calculate the LGD on each date of balance sheet, it is required to observe the behavior of clients failed to accomplish in a specific time. For every event the information of the movements of credit after the default is construed taking into account: the payment flows, the goods received in dation, in payment, the recoveries of punishment, and the legal and administrative costs. The estimation of PD determines the percent (0%-100%) lost in those events where the impairment is incurred by the client. In the commercial portfolio, is in function of the guarantee and the consumption of product. This variable measures the risk of the operation. For loans guaranteed with real properties and pledges on vehicles the variations in the price of those assets are used.

The EDI represents the expected exposure in the event of default. The Group will derive the EDI of the current exposure of the counterpart and the potential changes in the current amount allowed under the contract terms, amortization and prepayments included. The EDI of a Financial asset will be the gross value at the time of default. For loans commitments and Financial guarantees, the EDI will consider the amount withdrawn as well as, future potential amounts that could be withdrawn or collected under the contract, that will be estimated based on historical observations. For some Financial assets, the Group determines the EDI modeling a range of possible results of the exposures to several points in the time. The Group will measure the EDI considering the default risk during the maximal contractual period, (including options of debt extension to client) on which there is an exposure to credit risk, including if, for risk management purposes a long time period is considered. The maximum contractual period is extended to the date when the Group is entitled to require the payment of a loan, or termination of the loan commitment of a collateral granted.

For consumer overdrafts, balances of credit card and certain revolving corporate loans including both a loan and a component of loan commitment not received by the client, the Group will measure the EDI over a higher period than the max. contractual period, if the contractual possibility the Group to require the payment and cancel the undrawn commitment does not limit the exposure of Group to loss of credits to the contractual period. Those facilities have not a fixed term or a collection structure and are managed on a collective base. The Group can cancel them with immediate effect, but this contractual right is not forced in the normal management of Group day to day, only when the Holding Company is informed about an increment of the credit risk at the level of every loan. This longer time period will be estimated taking into account the management actions of credit risk that the Group expects take and that are used to reduce the EDI. These measures include a reduction of limits and cancelation of the credit contracts.

Parameter modeling is performed on a collective basis, Financial instruments are grouped on the basis of risk characteristics that may include:

- Type of instrument
- Credit risk rating
- Collateral
- Date of initial recognition
- Remaining term to maturity
- Industry
- Geographical location of debtor

The previous groupings are subject to regular revisions in order to ensure that the exposures of one specific group remains properly homogenous.

Policies to prevent excessive concentrations of credit risk

In order to prevent excessive concentrations of credit risk at the individual, country and economic sector level, the Holding Company and subsidiaries maintain updated maximum levels of risk concentration indexes at the individual level and by sector portfolio. The limit of the Holding Company's exposure in a loan commitment to a specific client depends on the client's risk rating, the nature of the risk involved and the presence of each bank in a specific market.

In order to avoid credit risk concentrations at a consolidated level, the Holding Company has a Risk Vice Presidency that consolidates and monitors the credit risk exposures of all banks, and the Board of Directors establishes policies and maximum consolidated exposure limits.

Under credit risk management, concentration risk is continuously monitored through the exposure or concentration limit of the commercial portfolio, which establishes participation limits on the total portfolio for 16 economic sectors.

The following is the detail of the credit risk at the consolidated level in the different geographical areas determined according to the country of residence of the debtor, without taking into account provisions constituted by deterioration of the debtors' credit risk:

December 31, 2020

		Commercial	Consumer	Vivienda	Consumer Leasing	Commercial Leasing	Housing Leasing	Repos and Interbank	Financial Leasing	Total
Colombia	$	16,398,078	7,889,417	830,203	5,253,209	13,788	1,075,528	184,205	6,342,525	**31,644,428**
Panama		181,266	25	-	-	-	-	158,625	-	339,916
United States		3,088	-	-	-	-	-	-	-	3,088
Costa Rica		84,348	-	-	-	-	-	-	-	84,348
Honduras		2,475	-	-	-	-	-	-	-	2,475
El Salvador		51,850	-	-	-	-	-	-	-	51,850
Guatemala		99,509	-	-	-	-	-	-	-	99,509
Other countries		796,776	314	-	-	-	-	-	-	797,090
Total	$	**17,617,390**	**7,889,756**	**830,203**	**5,253,209**	**13,788**	**1,075,528**	**342,830**	**6,342,525**	**33,022,704**

December 31, 2019

		Commercial	Consumer	Vivienda	Consumer Leasing	Commercial Leasing	Housing Leasing	Repos and Interbank	Financial Leasing	Total
Colombia	$	15,587,505	7,195,866	702,626	5,080,084	11,956	938,688	538,697	6,030,728	**30,055,422**
Panama		82,597	-	-	-	-	-	-	-	82,597
United States		34,046	13	-	-	-	-	-	-	34,059
Costa Rica		74,811	-	-	-	-	-	-	-	74,811
Honduras		8,949	-	-	-	-	-	-	-	8,949
El Salvador		43,642	-	-	-	-	-	-	-	43,642
Guatemala		40,219	-	-	-	-	-	-	-	40,219
Other countries		571,427	340	-	-	-	-	-	-	571,767
Total	$	**16,443,196**	**7,196,219**	**702,626**	**5,080,084**	**11,956**	**938,688**	**538,697**	**6,030,728**	**30,911,466**

Below is the distribution of the Credit Portfolio of the Holding Company and subsidiaries by economic destination as of December 31, 2020 and 2019:

Sector	December 31, 2020		December 31, 2019	
	Total	Part. %	Total	Part. %
Agriculture	949,063	2.90%	860,756	2.80%
Mining and petroleum products	265,525	0.80%	264,060	0.90%
Food, beverages and tobacco	890,129	2.70%	739,726	2.40%
Chemical products	1,110,434	3.40%	1,033,866	3.30%
Other industrial and manufacturing products	1,480,287	4.50%	1,381,878	4.50%
Government	1,531,440	4.60%	1,429,829	4.60%
Construction	3,582,626	10.80%	3,483,340	11.30%
Trade and tourism	338,974	1.00%	308,363	1.00%
Transportation and communication	1,621,496	4.90%	1,533,318	5.00%
Public utilities	786,147	2.40%	864,431	2.80%
Consumer services	11,903,232	36.00%	10,906,806	35.30%
Business services	7,807,578	23.60%	7,319,078	23.70%
Other	755,773	2.30%	786,015	2.50%
Total by economic destination	33,022,704	100%	30,911,466	100%

Sovereign debt

As of December 31, 2020 and 2019, the investment portfolio in Financial assets in debt instruments is mainly composed of securities issued or guaranteed by the institutions of the Government of Colombia that represent 97.55% and 99.55% respectively of the total of the portfolio. The exposure to sovereign debt by country is detailed below.:

		December 31, 2020		December 31, 2019	
		Amount	Part. %	Amount	Part. %
Investment grade (1)					
Colombia	$	3,960,340	97.55%	4,650,293	99.55%
Brazil		-	0%	-	0.00%
Mexico		-	0%	-	0.00%
Panama		-	0%	-	0.00%
USA		95,771	2.36%	13,174	0.28%
Chile		3,546	0.09%	3,376	0.07%
Peru		-	0.00%	-	0.00%
Speculative grade (2)					
Barbados		25	0.00%	4,524	0.10%
Total sovereign risk	**$**	**4,059,682**	**100%**	**4,671,367**	**100%**

(1) The Investment Grade includes a risk rating from Fitch Ratings Colombia S.A. from F1 + to F3, BRC de Colombia from BRC 1+ to BRC 3 and Standard & Poor’s from A1 to A3.

(2) The Speculative includes a risk rating from Fitch Ratings Colombia S.A. from BB + to C, Moody's Ba1 to C and Standard & Poor's from BB + to C.

Credit granting process and counterpart quotas

The Financial entities of the Holding Company assume the credit risks in two fronts: the activity of credit including commercial credit operations, consumption and mortgage and the treasury activity that includes interbank operations, investment portfolio administration, operations with derivatives and negotiation of currencies among others. In spite that they are independent businesses, the nature of insolvency risk of the counterpart is equivalent and, therefore, the criteria whereby are managed are the same.

The principles and standards for credit and credit risk management in each Financial entity of the Holding Company are included in the Credit Risk Administration System (SARC by Spanish Initials) manual used both for traditional banking activity and for the treasury activity. The evaluation criteria to measuring the credit risk apply the principal instructions given by the Financial Risks Committees.

The highest authority in credit matter is the Board of Directors, that guide the general policy and has the authority to grant the highest credit levels allowed. In the bank operation, the faculty to grant quotes and credits is dependent on the amount, term and guarantees offered by the client. The Board of Directors has delegated portion of its credit faculty in different statements and executives, who process the credit applications and are responsible for the analysis, following-up and result.

For treasury operations, the Board of Directors approves the operation and counterparty quotas. Risk control is essentially carried out through three mechanisms: annual allocation of operating quotas and daily control, quarterly evaluation of solvency by issuers and investment concentration report by economic group.

In addition, credit approval takes into account, among other considerations, the probability of default, counterparty quotas, the recovery rate of the guarantees received, the term of the loans and the concentration by economic sector.

The Holding Company has in place a Credit Risk Administration System (SARC) which is managed by the Division of Credit and Operative Risk and includes, among others, the design, the implementation and the evaluation of the policies and tools of risk defined by the Financial Risks Committee and the Board of Directors.

The advances made in the SARC have allowed to obtain significant achievements and in the integration of the tools to measure the credit risk in the processes for granting credits by the Holding Company.

For the holding company´s consumer portfolio, there are scoring models for the credit risk evaluation. In the initial client evaluation, logistic regression models are applied, which assign a score to the client, based on sociodemographic variables and some behavioral variables with the sector, and allow to establish whether the applicant is subject to credit in accordance with the holding company's policy regarding the minimum required scores. There are also follow-up models that mainly use variables of the client's payment behavior and some sociodemographic variables and allow rating the clients and establishing the probability of default in the next year.

There are rating models for the commercial portfolio, specifically logistic regression models, whose variables are primarily Financial indicators. With these variables the input models are obtained, and for the follow-up models, payment behavior variables are added, such as the maximum height of overdue payments in the last year, overdue counters, among others. Thus, there are input and follow-up models for the segments of Industry, Commerce, Services, Construction Companies, Territorial Entities and Financial Entities.

Credit risk monitoring process

The credit risk monitoring and follow-up process is carried out in several stages that include daily follow-up and collection management based on an analysis of past-due accounts receivable by age, rating by risk level, permanent follow-up of high-risk clients, restructuring of operations and receipt of goods received in payment.
On a daily basis, the banks produce lists of overdue accounts receivable and, based on these analyses, various holding company personnel carry out collection procedures by means of telephone calls, e-mails or written collection requests.

The following is a summary of the past due portfolio by maturity age as of December 31, 2020 and 2019:

				December 31, 2020				
	Outstanding Credit Portfolio	1 to 30 days	31 to 60 days	61 to 90 days	Total past-due 1-90 days	More than 90 days	More than 180 days	Total Credit Portfolio
Commercial	$ 16,250,158	380,260	39,177	69,457	488,894	218,574	659,764	17,617,390
Consumer	6,793,138	457,111	125,415	85,504	668,030	364,076	64,512	7,889,756
Housing Mortgage	675,026	86,061	20,427	15,266	121,754	11,338	22,085	830,203
Commercial Leasing	4,688,680	226,354	28,536	27,117	282,007	51,993	230,529	5,253,209
Consumer Leasing	11,504	1,380	527	171	2,078	136	70	13,788
Housing Leasing	870,632	122,892	24,623	20,419	167,934	11,690	25,272	1,075,528
Repos and Interbank	342,830	-	-	-	-	-	-	342,830
Total	**$ 29,631,968**	**1,274,058**	**238,705**	**217,934**	**1,730,697**	**657,807**	**1,002,232**	**33,022,704**

	December 31, 2019							
	Outstanding Credit Portfolio	1 to 30 days	31 to 60 days	61 to 90 days	Total past-due 1-90 days	More than 90 days	More than 180 days	Total Credit Portfolio
Commercial	$ 15,239,427	335,932	29,671	27,806	393,409	242,477	567,883	16,443,196
Consumer	6,353,756	476,468	102,908	65,572	644,948	129,667	67,848	7,196,219
Housing Mortgage	612,339	58,383	9,483	4,748	72,614	5,790	11,883	702,626
Commercial Leasing	4,429,525	341,006	56,379	38,223	435,608	67,578	147,373	5,080,084
Consumer Leasing	10,487	1,061	43	32	1,136	255	78	11,956
Housing Leasing	802,104	86,539	18,491	8,018	113,048	6,791	16,745	938,688
Repos and Interbank	538,674	2	-	-	2	-	21	538,697
Total	$ **27,986,312**	**1,299,391**	**216,975**	**144,399**	**1,660,765**	**452,558**	**811,831**	**30,911,466**

For the commercial portfolio, the Holding Company and subsidiaries monthly assess the 20 most representative economic sectors considering the Gross and Overdue Portfolio, for the purpose to monitor the concentration by economic sector and the risk level in each one of them.

At individual level the Holding Company and subsidiaries biannually make an individual analysis of the credit risk with outstanding balances more than $ 2.000 based on the Financial information updated of the client, compliance with the terms agreed, guarantees received and consultation of the risk centers; based on such information, proceeds to classify the clients by risk levels in category A- Normal, B- Subnormal, C- Deficient, D- Unlikely recovery and E- Unrecoverable. For the mortgage consumer credits the above ranking by risk levels is made monthly taking into account basically the maturity date and other factors of risk. For such purpose, the Holding Company makes as well as a consolidation of indebtedness of each one of the client and determines the probability and calculation of impairment at consolidated level.

Credit risk exposure is managed through periodic analysis of the ability of borrowers or potential borrowers to determine their capacity to pay principal and interest. Credit risk exposure is also mitigated, in part, by obtaining collateral, corporate and personal guarantees.

The following is a summary of the portfolio by risk level rating as of December 31, 2020 and 2019:

	December 31, 2020								
	Commercial	Consumer	Vivienda	Commercial Leasing	Consumer Leasing	Housing Leasing	Repos and Interbank	Total Financial Leasing	Total
A	15,557,115	7,044,868	763,494	4,282,246	12,510	998,727	342,830	5,293,483	29,001,790
B	525,228	162,330	14,170	316,010	443	15,622	-	332,075	1,033,803
C	546,731	174,583	1,178	229,872	475	848	-	231,195	953,687
D	503,202	400,553	37,607	212,266	324	51,905	-	264,495	1,205,857
E	485,113	107,422	13,754	212,816	36	8,426	-	221,278	827,567
Total	**17,617,389**	**7,889,756**	**830,203**	**5,253,210**	**13,788**	**1,075,528**	**342,830**	**6,342,526**	**33,022,704**

	December 31, 2019								
	Commercial	Consumer	Housing	Commercial Leasing	Consumer Leasing	Housing Leasing	Repos and Interbank	Total Financial Leasing	Total
A	14,557,367	6,680,648	669,866	4,272,426	11,200	890,827	537,697	5,174,453	27,620,031
B	501,500	108,185	6,545	268,161	44	10,640	5	278,845	895,080
C	517,241	123,534	273	187,422	274	385	83	188,081	829,212
D	397,162	186,312	18,154	208,551	315	34,105	54	242,971	844,653
E	469,926	97,540	7,788	143,524	123	2,731	858	1,46,378	722,490
Total	**16,443,196**	**7,196,219**	**702,626**	**5,080,084**	**11,956**	**938,688**	**538,697**	**6,030,728**	**30,911,466**

Based on the above ratings, each bank prepares a list of clients that could potentially have a significant impact of loss for the holding company and subsidiaries and, based on this list, assigns persons to follow up individually with each client, which includes meetings with the client to determine the potential causes of risk and seek solutions together to achieve compliance with the debtor's obligations.

Restructuring of credit operations due to debtor´s Financial problems

The holding company and its subsidiaries periodically restructure the debt of clients who have problems meeting their credit obligations with the holding company and its subsidiaries, at the request of the debtor. Such restructurings generally consist of extensions of the term, interest reductions or partial forgiveness of debts or a combination of the above.

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The basic policy for granting such restructurings at the holding company level is to provide the client with a Financial viability that allows it to adapt the debt repayment conditions to a new cash flow generation situation. The use of restructurings for the sole purpose of delaying the constitution of provisions is prohibited at the holding company level.

When a loan is restructured due to debtor Financial problems, such debt is marked in the files of each Financial entity of the holding company as a restructured loan in accordance with the regulations of the Financial Superintendency of Colombia. The risk rating made at the time of the restructuring is only improved when the client has been complying satisfactorily during a prudent period with the terms of the agreement and its new Financial situation is adequate.

Significant restructured loans are included for individual assessment of impairment loss. However, marking a loan as restructured does not necessarily imply its classification as impaired because in most cases new collateral is obtained to support the obligation.

Below is the detail of restructured loans as of December 31, 2020 and 2019 The following is the detail of restructured loans as of December 31, 2020 and 2019:

Restructured credits		December 31, 2020	December 31, 2019
Local	**$**	**683,905**	**733,319**
Commercial		624,878	633,055
Consumer		59,027	100,264
Foreign		**10,387**	**11,567**
Commercial		10,387	11,567
Total Restructured credits		**694,292**	**744,886**

Prospective Information

Banco de Occidente incorporates prospective information in its assessment of both the significant increase in the credit risk of an instrument since initial recognition, as well as the estimate of the ECP. Based on three scenarios of the macroeconomic variables applicable to each model, the estimate of the probability of default is affected. Subsequently, the ECP result is the product of the weighting of the probability of occurrence of each scenario.

The expected scenario represents the most likely outcome. It is aligned with the information used by Grupo Aval for other purposes, such as strategic planning and budgeting. The other two scenarios represent the most optimistic and the most pessimistic outcome.

Banco de Occidente has identified and documented the key factors of credit risk and credit losses for each portfolio of Financial instruments and, through an analysis of historical data, has estimated the relationships between macroeconomic variables, credit risk and credit losses.

The main macroeconomic variables and scenarios used as of December 31, 2020 are as follows:

	2020			2021		
	Unfavorable Scenario	Base Scenario	Favorable Scenario	Unfavorable Scenario	Base Scenario	Favorable Scenario
Annual change in CPI	2.46%	3.38%	4.07%	2.26%	2.69%	3.08%
GDP growth	2.17%	3.22%	4.19%	3.89%	4.86%	5.85%
Unemployment rate	11.12%	10.22%	9.30%	16.31%	14.43%	12.90%
DTF	3.96%	4.53%	5.49%	2.04%	2.31%	2.64%
Real interest rate	0.66%	1.16%	1.42%	-0.22%	-0.39%	-0.44%

In the projection, GDP growth lagged by one year is used, i.e., information is required for 2019, so that the risk of default in 2020 can be projected.

Receipt of goods received in payment

When processes of persuasive collections or restructuring credits have not satisfactory results during the prudential times, it is proceeded to make the legal collection or agreements are made with the client in order to receipt of goods received in payment. The Holding Company has in place clearly established policies for the receipt of goods received in payment and has in place separated departments specialized in the management of those events, receipt of the goods in payment and their subsequent sale.

The following is the detail of goods received in payment and sold during the years ended December 31, 2020 and 2019:

		December 31, 2020	December 31, 2019
Goods received in payment	$	5,971	56,368
Goods sold		(46,404)	(931)
	$	**(40,433)**	**55,437**

Financial assets different from credits portfolio for ranking of credit risk

The following is the detail of Financial assets other than Credit Portfolio by credit risk rating issued by an independent credit risk rating agency:

- **Cash**

The following is a detail of the credit quality determined by independent risk rating agents of the main Financial institutions in which the holding company and its subsidiaries maintain cash funds:

Credit quality		December 31, 2020	December 31, 2019
Investment grade	$	**2,904,693**	**2,075,487**
Central Bank		2,011,909	1,433,040
Financial Institutions		892,784	642,447
Not rated or not available		**228**	**857**
Central Bank		228	857
Total Cash and cash equivalents with third parties		**2,904,921**	**2,076,344**
Cash held by the entity (1)		**542,141**	**697,020**
	$	**3,447,062**	**2,773,364**

(1) Corresponds to cash held by the Bank in vaults, ATMs and cash drawers

• Financial assets in debt securities and equity instruments at fair value

The following is a detail of the credit quality determined by independent risk rating agencies of the main counterparties in debt securities and investments in equity instruments in which the holding company and subsidiaries have Financial assets at fair value Financial assets in debt securities and equity instruments at fair value:

		December 31, 2020	December 31, 2019
Investment grade			
Sovereign	$	4,059,657	4,666,842
Corporate		82,503	121,324
Financial entities		1,096,693	1,020,323
Multilaterals		21,490	-
Other		-	19,988
Total Investment grade		**5,260,343**	**5,828,477**
Speculative grade			
Financial entities		31,632	117,694
Others		25	4,524
Total speculative		**31,657**	**122,218**
No rating or not available		**395,606**	**81,607**
Total	**$**	**5,687,606**	**6,032,302**

• Investment Financial assets at amortized cost

The following is a detail of the credit quality determined by independent risk rating agents, of the main counterparties in debt securities in which the holding company and subsidiaries have Financial assets at amortized cost:

Credit quality		December 31, 2020	December 31, 2019
Issued and Guaranteed by the Nation and/or Central Bank	$	852,355	674,842
Impairment of investments		(358)	(202)
Issued and Guaranteed by the Nation and/or Central Bank	$	**851,997**	**674,640**

- ### Derivative Financial instruments

The following is a detail of the credit quality determined by independent risk rating agents, of the main counterparties in active derivative instruments for the holding company and subsidiaries as of December 31, 2020 and 2019:

Credit Quality		December 31, 2020	December 31, 2019
Investment Grade	$	561,793	490,404
Speculative Grade		9,231	20,726
Total	**$**	**571,024**	**511,130**

4.23 Market risks

The Holding Company takes part in the monetary, exchange and equity markets seeking satisfy its needs and the needs of clients according to the policies and risks levels established. In this context, manages different portfolios of Financial assets in compliance with the limits and levels of risk allowed.

The market risk occurs for open positions of the Holding Company in portfolio of investment in debt securities, derivative securities and equity securities recorded at fair value, for adverse changes in risk factors such as: Interest rates, inflation, type of exchange of the foreign currencies, price of stocks, margin of credit of the securities and the volatility thereof, as well as the liquidity of markets where the Holding Company operates.

For analysis purposes, we have segmented market risk into price risk and/or interest rate and exchange rate risk of fixed-income securities and price risk of equity investments.

4.2.1 Financial instrument risk

The holding company trades Financial instruments for several purposes, among which the following stand out:

- To offer products tailored to the needs of clients, which fulfill, among others, the function of covering their Financial risks.
- Structuring portfolios to take advantage of arbitrage between different curves, assets and markets and obtain returns with adequate asset consumption.
- Perform operations with derivatives, for intermediation purposes with clients or to capitalize arbitrage opportunities, both in exchange rates and interest rates in the local and foreign markets.

In carrying out these transactions, the holding company incurs risks within defined limits or mitigates these risks through the use of other derivative or non-derivative Financial instruments.

As of December 31, 2020 and 2019, the holding company had the following Financial assets and liabilities subject to market risk:

		December 31, 2020	December 31, 2019
Assets			
Financial assets at fair value with changes in results			
Investments in debt securities	$	1,203,597	2,186,410
Derivative instruments held for trading		571,024	511,130
Subtotal		**1,774,621**	**2,697,540**
Equity instruments at fair value with changes in ORI			
Investments in debt securities	$	4,026,450	3,724,113
Subtotal		**4,026,450**	**3,724,113**
Financial assets at amortized cost			
Investments in debt securities		851,997	674,640
Subtotal		**851,997**	**674,640**
Total assets		**6,653,068**	**7,096,293**
Liabilities			
Derivative instruments held for trading		(728,221)	(525,527)
Total liabilities		**(728,221)**	**(525,527)**
Net Position	**$**	**5,924,847**	**6,570,766**

Description of objectives, policies and processes for trading risk management

The holding company participates in the money, foreign exchange and capital markets seeking to satisfy its needs and those of its clients in accordance with established policies and risk levels. In this sense, it manages different Financial asset portfolios within the limits and risk levels allowed.

The risks assumed in the operations of both the banking and treasury books are consistent with the overall business strategy of the holding company and its risk appetite, based on the depth of the markets for each instrument, their impact on the risk weighting of assets and level of solvency, the earnings budget established for each business unit and the balance sheet structure.

Business strategies are established in accordance with approved limits, seeking a balance in the profitability/risk ratio. Likewise, there is a structure of limits congruent with the general philosophy of the banks, based on their capital levels, profit performance and the entity's risk tolerance.

The SARM market risk management system allows entities to identify, measure, control and monitor the market risk to which they are exposed, based on the positions taken in the performance of their operations.

There are several scenarios under which the holding company is exposed to market risk:

- Interest rate: the Holding Company's portfolios are exposed to this risk when the market variation value of the active positions against a change of interest rates does not coincide with the market variation of passive positions and this difference is not compensated by the market variation value of other securities or when the future margin, due to pending operations depends on the interest.
- Exchange rate: the Holding Company's portfolio is exposed to the exchange risk when the actual value of the active positions in each foreign currency does coincide with the actual value if the passive exposures in the same foreign currency and the difference is not compensated, positions in derivative products are taken whose underlying is exposed to the exchange risk and the

sensitiveness of the value has been completely immunized against the variations in the types of exchange, exposure to interest rate risk are taken in foreign different to its foreign currency, that may alter the equality between the value of the active positions and the value of the passive positions in said foreign currency and that generate losses or earnings, or when the margin directly depends from the types of exchange.

Risk management

The top management and the Board of Directors of the Holding Company, actively take part in the risk management and control, through the analysis of a protocol of reports established and the conduction of several Committees, that in an integral manner made following-up, both technical and fundamental, to the different variables influencing on the markets at internal and external level, in order to support the strategic decisions.

In the same way, the analysis and following up of the different risks incurred by the Holding Company in its operations is basic to make decisions and for the evaluation of results. On the other hand, a permanent analysis of the macroeconomic conditions, is fundamental to obtain an optimal combination of risks, profitability and liquidity.

The risks assumed in the execution of operations are reflected in a structure of limits for positions in different instruments according to their specific strategy, the depth of the markets in which they operate, their impact on the risk weighting of assets and level of solvency, as well as the balance sheet structure.

These limits are monitored daily and reported biweekly to the Finance Committee and monthly to the Board of Directors.

In addition, in order to minimize the interest rate and exchange rate risks of certain items of its balance sheet, the holding company implements hedging strategies by taking positions in derivative instruments such as forward transactions, futures and swaps.

Methods used to measure risk

Market risks are quantified through value-at-risk models (internal and standard). Likewise, measurements are made using the historical simulation methodology. The Board of Directors approves a structure of limits, based on the value at risk associated with the annual profit budget and establishes additional limits by risk type.

The holding company uses the standard model for the measurement, control and management of market risk of interest rates and exchange rates in the treasury and banking books. These measurements are performed daily for the holding company and monthly for each of its subsidiaries in order to measure and monitor the conglomerate risk.

The asset and liability positions of the treasury book are currently mapped, within zones and bands according to the duration of the portfolios, the investments in equity securities and the net position (assets minus liabilities) in foreign currency, both in the banking book and in the treasury book, in line with the standard model recommended by the Basel Committee.

Likewise, the holding company has parametric and non-parametric internal management models based on the Value at Risk (VaR) methodology, which have allowed it to complement market risk

management based on the identification and analysis of variations in risk factors (interest rates, exchange rates and price indexes) on the value of the different instruments that make up the portfolios. These models are JP Morgan's Risk Metrics and historical simulation.
The use of these methodologies has made it possible to estimate earnings and capital at risk, facilitating the allocation of resources to different business units, as well as to compare activities in different markets and identify positions that have a greater contribution to treasury business risk. Similarly, these tools are used to determine traders' position limits and to review positions and strategies quickly as market conditions change.

The methodologies used for VaR measurement are periodically evaluated and subjected to backtesting to determine their effectiveness. In addition, the holding company has tools for stress testing and/or portfolio sensitization under the simulation of extreme scenarios.

Additionally, limits have been established by "Type of Risk" associated with each of the instruments that make up the different portfolios (sensitivities or effects on the value of the portfolio as a consequence of movements in interest rates or corresponding factors - impact of variations in specific risk factors: Interest rate (Rho), Exchange rate (Delta), Volatility (vega), among others).

Likewise, the holding company has established counterparty and trading quotas per operator for each of the trading platforms of the markets in which it operates. These limits and quotas are monitored on a daily basis by the Balance Sheet and Treasury Risk Division of the holding company. The trading attributions per trader are assigned to the different hierarchical levels of the treasury based on the experience that the officer has in the market, in the negotiation of this type of products and in the management of portfolios.

Also, there is a monitoring process of clean prices and valuation inputs published by the official price provider "Precia PPV SA" where daily it is sought to identify those prices with significant differences between the one supplied by the price provider and the price. observed in alternative information providers such as Bloomberg, Brokers among others.

This monitoring is carried out with the aim of providing feedback to the official price provider on the most significant price differences and that these are reviewed.

This process is complemented by the periodic review of the valuation methodologies of the Fixed Income Investments and Derivatives portfolios.

In the same way, a qualitative analysis of the liquidity of the prices of fixed income bonds issued abroad is carried out that seeks to determine the depth of the market for this type of instruments.

Finally, within the work of monitoring operations, different aspects of negotiations are controlled, such as agreed conditions, unconventional operations or outside the market, operations with related parties, etc.

According to the standard model, the market value at risk (VaR) as of December 31, 2020 and 2019 was as follows:

	December 31, 2020		December 31, 2019	
Entity	**Value**	**Technical equity bps**	**Value**	**Technical equity bps**

Holding Company	185,535	63	122,907	51
Occidental Bank (Barbados) Ltd.	7,545	-	12,383	-
Banco de Occidente Panamá S.A.	20,487	-	23,914	-
Fiduciaria de Occidente S.A.	10,375	2	6,724	1

The VaR indicators presented by the Holding Company and subsidiaries during the years ended December 31, 2020 and 2019 are summarized below:

		December 31, 2020			
		Minimum	**Average**	**Maximum**	**Last**
Interest rate	$	112,623	148,239	170,819	170,819
Exchange rate		762	4,529	21,198	968
Collective Portfolios		7,756	41,097	52,216	52,155
Total VaR	**$**	**121,141**	**193,865**	**244,233**	**223,942**

		December 31, 2019			
		Minimum	**Average**	**Maximum**	**Last**
Interest rate	$	125,615	144,188	162,628	158,200
Exchange rate		104	2,458	4,426	2,995
Collective Portfolios		4,317	4,556	4,733	4,733
Total VaR	**$**	**130,036**	**151,202**	**171,787**	**165,928**

As a consequence of the behavior in VaR, the assets of the Holding Company weighted by Market risk remained on average around 4.07% of the total risk-weighted assets during the period ended December 31, 2019 and 5.02% as of December 31, 2019. December 2020.

As a management tool for managing investment portfolios, different sensitivity analyzes are carried out on said portfolios at different basic points.

The sensitivity results as of December 31, 2020 and 2019 are presented below:

	December 31, 2020				
	Portfolio Value	**25 BPS**	**50 BPS**	**75 BPS**	**100 BPS**
Holding Company Fair Value	$ 3,495,438	(16,975)	(33,745)	(50,318)	(6,695)
Occidental Bank (Barbados) ltd. Fair Value	463,087	(2,540)	(5,042)	(7,506)	(9,934)
Banco de Occidente Panamá S.A. Fair Value	1,229,679	(6,752)	(13,411)	(19,980)	(26,460)
Fiduciaria de Occidente S.A Fair Value	41,843	(181)	(362)	(543)	(724)
Total	**$ 5,230,047**	**(26,448)**	**(52,560)**	**(78,347)**	**(103,813)**

	December 31, 2019				
	Portfolio Value	**25 BPS**	**50 BPS**	**75 BPS**	**100 BPS**
Holding Company Fair Value	$ 3,810,279	(13,842)	(27,543)	(41,104)	(54,530)
Occidental Bank (Barbados) ltd. Fair Value	690,172	(4,133)	(8,212)	(12,237)	(16,210)
Banco de Occidente Panamá S.A. Fair Value	1,369,994	(8,022)	(15,938)	(23,750)	(31,460)
Fiduciaria de Occidente S.A Fair Value	40,078	(195)	(390)	(585)	(780)
Total	**$ 5,910.523**	**(26,192)**	**(52,083)**	**(77,676)**	**(102,980)**

4.2.2 Price risk of investments in equity instruments

Equity Investments

The Holding Company classifies its investments in equity instruments where there is neither control nor significant influence, in the category Financial assets at fair value with changes in ORI, when its basic purpose is not to obtain profits by fluctuations of the market price, unlisted or low marketability nor pending maturation of investment, and makes not part of the portfolio supporting its liquidity in the Financial intermediation nor expect used it as guarantee in passive operations, because its existence is strategical, directly coordinated with the Holding Company.

According with the business model, these investments will be sold when some of the following conditions are met:

- The investment no longer meets the conditions of the holding company's investment policy (e.g., the credit rating of the asset falls below that required by the holding company's investment policy);
- When significant adjustments are required to be made to the maturity structure of the assets to meet unexpected changes in the maturity structure of the Holding Company's liabilities.
- When the holding company is required to make important capital investments, for example, acquisition of other Financial entities.
- When significant disbursements are required for the acquisition or construction of property and equipment and there is no liquidity for such purpose.
- In corporate reorganization processes of Grupo Aval.
- To meet unusual requirements or needs of credit disbursement requirements.

Risk of changes in foreign currency exchange rates

The Holding Company operates internationally and is exposed to exchange rate changes arising from exposures in several currencies, primarily concerning to US dollars and Euros.

The risk of exchange type in foreign currency arises mainly from assets and liabilities recognized, and investments in subsidiaries and branch offices abroad, in credit portfolio, and in obligations in foreign currency, and in future commercial transactions, also in foreign currency.

The Banks in Colombia are authorized by Banco de la República to negotiate foreign currency and maintain currency balances in accounts abroad. Legal regulations in Colombia oblige the Holding Company to maintain its own daily position in foreign currency, determined by the differences between the rights and obligations of in foreign currency, recorded within and outside the Financial Position Statement, which average is three working day, which may not exceed twenty percent (20%) of the technical equity, Likewise, such average of three working days in foreign currency may be negative without exceeding five percent (5%) of the technical equity expressed in U.S. dollars.

As well it must comply with its own cash position, which is determined by the difference between assets and liabilities denominated in foreign currency, excluding derivatives, and some investments. The average of three working days of this own cash position may not exceed fifty per (50%) of the entity’s adequate equity; likewise, it can’t be negative.

Additionally, it must accomplish with the limits of the gross position of leverage, which is defined as the sum of the rights and obligations in contracts with future performance denominated in foreign currency: the cash operations denominated in foreign currency with compliance between one banking day (t+1) and three banking days (t+3) and other exchange rate derivatives. The average of three working days of the gross leverage position may not exceed five hundred and fifty per cent (550%) of the amount of the adequate equity of the entity.

Determination of the maximum or minimum amount of the own daily position and the own cash position in foreign currency shall be established on the technical equity of the Holding Company on the last day of the second calendar month, converted at the exchange rate established by Colombia Finance Superintendence at the closing of the immediately preceding month.

Substantially all of the Holding Company's foreign currency assets and liabilities are held in U.S.A. dollars.
The following is the detail of the assets and liabilities in foreign currency expressed in pesos held by the Holding Company and its subsidiaries as of December 31, 2020 and 2019:

December 31, 2020

			Millions		
	Dollars	**Net Dollars**	**Other currencies expressed in American dollars**	**Net other currencies expressed in American dollars**	**Total Colombian pesos**
Assets					
Cash and cash equivalents	231,00	230,94	1,18	**1,18**	896.337
Investments at fair value with changes in results	17,00	17,00	-	-	66.518
Investments at fair value with changes in OR	476,00	476,00	-	-	1.838.292
Investments at amortized cost	-	-	-	-	(29)
Financial assets for loans and receivables at amortized cost	728,00	728,00	-	-	2.814.876
Derivative trading instrument	(1.998,00)	(1.998,00)	-	**-**	(7.723.640)
Other receivables	13,00	13,00	-	-	50.611
Total Assets	**(533,00)**	**(533,06)**	**1,18**	**1,18**	**(2.057.035)**
Liabilities					
Derivative trading instruments	(1.852,00)	(1.852,00)	- -	1,08	(7.159.718)
Client deposits	922,00	738,88	1,08		3.569.680
Financial obligations	414,00	414,00	- -		1.598.706
Other accounts payable	8,00	8,00	- **-**		31.504
Total liabilities	**(508,00)**	**(691,12)**	**1,08**	**1,08**	**(1.959.828)**
Net active position (liabilities)	**(25,00)**	**158,06**	**0,11**	**0,11**	**(97.207)**

December 31, 2019

			Millions		
	Dollars	**Net Dollars**	**Other currencies expressed in American dollars**	**Net other currencies expressed in American dollars**	**Total Colombian**
Assets					
Cash and cash equivalents	195,70	195,64	1,00	**1,00**	644.638
Investments at fair value with changes in results	61,00	61,00	-	-	199.906
Investments at fair value with changes in OR	642,42	642,42	-	-	2.105.312
Investments at amortized cost	0,01	0,01	-	-	24
Financial assets for loans and receivables at amortized cost	914,92	914,92	-	-	2.998.311
Derivative trading instrument	(4.252,46)	(4.252,46)	-	**-**	(13.935.909)
Other receivables	1,91	1,91	-	-	6.260
Total Assets	**(2.436,50)**	**(2.436,56)**	**1,00**	**1,00**	**(7.981.458)**
Liabilities					
Derivative trading instruments	(4.230,76)	(4.230,76)	- -	0,90	(13.864.795)
Client deposits	1.311,85	1.201,67	0,90		4.302.042
Financial obligations	540,00	540,00	- -		1.769.640
Other accounts payable	8,86	8,86	- **-**		29.034
Total liabilities	**(2.370,06)**	**(2.480,24)**	**0,90**	**0,90**	**(7.764.079)**
Net active position (liabilities)	**(66,44)**	**43,68**	**0,11**	**0,11**	**(217.379)**

The Holding Company's objective in relation to foreign currency transactions is to meet primarily the needs of customers for international trade and foreign currency financing and to take positions in accordance with authorized limits.

The Holding Company's management has established policies that require its subsidiaries to manage their foreign currency exchange rate risk against their functional currency. The subsidiaries of the Holding Company are required to economically hedge their foreign currency exposure by using derivative transactions, especially forward contracts. The net foreign currency position of the Holding Company is controlled daily by the treasury divisions of each subsidiary which are responsible for closing the positions adjusting them to the established tolerance levels

The estimated effect of the increase or decrease of each 0.10/US1 with respect to the exchange rate as of December 31, 2020 and 2019 would be an increase in income of $2,311 and $1,647, respectively.

4.24 Interest rate structure risk

The holding company is exposed to the effects of fluctuations in the interest rate market that affect its Financial position and future cash flows. The risk arises as a consequence of making placements in investments and Credit Portfolios at variable interest rates and funding them with fixed interest rate cost liabilities or vice versa. Interest margins may increase as a result of changes in interest rates, but may also decrease and create losses in the event of unexpected movements in interest rates.

Generally, the holding company obtains long-term borrowings at variable interest rates, such as rediscounts with second-tier Financial institutions, whose rates are implicitly offset by portfolio loans.

The following chart shows the interest rate exposure for assets and liabilities as of December 31, 2020 and 2019. In this chart, fixed rate instruments are classified according to the maturity date and variable rate instruments are classified according to the price change date. The following analysis includes all global interest rate exposure:

December 31, 2020

Assets	Less than 1 month	Between 1 & 6 months	Between 6 & 12 months	More than one year	Without interest	Total
Cash and cash equivalents	$ 3.447.062	-	-	-	-	3.447.062
Investments at fair value with changes in results	6.295	566.112	199.737	431.453	-	1.203.597
Investments at fair value with changes in ORI	20.555	902.646	835.109	2.268.140	-	4.026.450
Investments at amortized cost	790.256	61.741	-	-	-	851.997
Commercial portfolio and commercial leasing	451.147	20.075.388	1.124.058	1.220.006	-	22.870.599
Consumer portfolio and consumer leasing	38.097	1.905.118	110.541	5.849.788	-	7.903.544
Mortgage portfolio and Mortgage Leasing	2.435	52.349	805	1.850.142	-	1.905.731
Repos and interbank	149.167	193.663	-	-	-	342.830
Other accounts receivable	-	-	-	60.363	220.485	280.848
Total Assets	**4.905.014**	**23.757.017**	**2.270.250**	**11.679.892**	**220.485**	**42.832.658**

Liabilities	Less than 1 month	Between 1 & 6 months	Between 6 & 12 months	More than one year	Without interest	Total
Current Accounts	**477.251**	**-**	**-**	**-**	**6.550.243**	**7.027.494**
Term Deposit Certificates	**1.223.710**	**5.284.051**	**1582033**	**472.150**	**-**	**8.561.944**
Savings Accounts	**15.314.279**	**-**	**-**	**-**	**-**	**15.314.27 9**
Other Deposits	**-**	**-**	**-**	**-**	**67.016**	**67.016**
Interbank Funds	**506.115**	**702.192**	**-**	**-**	**-**	**1.208.307**
Lease liabilities	**-**	**-**	**-**	**378.358**	**-**	**378.358**
Bank and other loans	**314.087**	**1.018.839**	**-**	**14.624**	**-**	**1.347.550**
Bonds and investment securities	**170.210**	**2.637.140**	**90.160**	**222.940**	**-**	**3.120.450**
Obligations with rediscount entities	**879**	**32.366**	**135.001**	**1.094.772**	**-**	**1.263.018**

Total Liabilities	**$18.006.531**	**9.674.588**	**1.807.194**	**2.182.844**	**6.617.259**	**38.288.416**

December 31, 2019

Assets

	Less than 1 month	Between 1 and 6 months	Between 1 and 12 months	More than 1 yr.	Without	Total
Cash and cash equivalents	$ 1.339.467	-	-	-	1.433.897	2.773.364
Investments at fair value with changes in results	36.723	1.325.719	635.504	188.464	-	2.186.410
Investments at fair value with changes in results	33.155	1.465.343	183.034	2.042.581	-	3.724.113
Investments at fair value with changes in ORI	630.047	44.593	-	-	-	674.640
Commercial portfolio and commercial leasing	537.435	18.566.287	870.747	1.548.811	-	21.523.280
Consumer portfolio and consumer leasing	16.524	1.879.483	131.422	5.180.746	-	7.208.175
Mortgage portfolio and Mortgage Leasing	1.210	53.884	1.005	1.585.215	-	1.641.314
Repos and interbank	291.560	246.984	144	9	-	538.697
Other accounts receivable	-	-	-	99.017	126.028	225.045
Total Assets	**2.886.121**	**23.582.293**	**1.821.856**	**10.644.843**	**1.559.925**	**40.495.038**

Liabilities	Less than 1 mont	Between 1 and 6 months	Between 1 and 12 months	More than 1 yr.	Without	Total
Current Accounts	1.352.060	-	-	-	5.014.387	6.366.447
Term Deposit Certificates	1.810.261	4.691.716	1.667.984	1.558.036	-	9.727.997
Savings Accounts	12.574.563	-	-	-	-	12.574.563
Other Deposits	-	-	-	-	57.373	57.373
Interbank Funds	729.114	-	-	-	-	729.114
Lease liabilities	-	-	-	197.578	-	197.578
Bank and other loans	609.974	905.657	35.323	568	-	1.551.522
Bonds and investment securities	32.263	2.807.760	184.860	313.100	-	3.337.983
Obligations with rediscount entities	27.927	78.273	68.808	1.204.025	-	1.379.033
Total Liabilities	**$ 17.136.162**	**8.483.406**	**1.956.975**	**3.273.307**	**5.071.760**	**35.921.610**

The holding company is exposed to prepayment risk on loans placed at fixed interest rates including home mortgage loans, which give the borrower the right to repay the loans early without penalty. The holding company's earnings for the periods ended December 31, 2020 and 2019 have not been materially changed by changes in the prepayment rate because the Credit Portfolio and the prepayment right is similar in value to the loans.

The following is a detail of the main interest-bearing assets and liabilities, by interest rate, variable and fixed, according to maturity as of December 31, 2020 and 2019:

December 31, 2020

	Less than 1 year		More than 1 year			
Assets	**Variable**	**Fixed**	**Variable**	**Fixed**	**Without interest**	**Total**
Cash and cash equivalents	$ 3.447.062	-	-	-	-	3.447.062
Investments at fair value with changes in results	8.273	517.923	245.948	431.453	-	1.203.597
Investments at fair value with changes in the ORI	150.509	1.555.729	52.072	2.268.140	-	4.026.450
Investments at amortized cost	851.997	-	-	-	-	851.997
Commercial portfolio and commercial leasing	10.861.511	956.695	10.750.060	302.333	-	22.870.599
Consumer portfolio and consumer leasing	579.068	1.810.663	1.233.601	4.280.212	-	7.903.544
Mortgage portfolio and mortgage leasing portfolio	10.064	184.934	40.859	1.669.874	-	1.905.731
Repos and interbank	-	342.830	-	-	-	342.830
Other accounts receivable	-	-	60.363	-	220.485	280.848
Total	**15.908.484**	**5.368.774**	**12.382.903**	**8.952.012**	**220.485**	**42.832.658**

Liabilities	**Variable**	**Fixed**	**Variable**	**Fixed**	**Without interest**	**Total**
Current Accounts	415.583	61.668	-	-	6.550.243	7.027.494
Term Deposit Certificates	1.523.058	5.298.545	1.291.733	448.608	-	8.561.944
Savings Accounts	254.727	15.059.552	-	-	-	15.314.279
Other Deposits	-	-	-	-	67.016	67.016
Interbank Funds	-	1.208.307	-	-	-	1.208.307
Lease liabilities	-	-	-	378.358	-	378.358
Bank and other loans	2	1.332.924	14.624	-	-	1.347.550
Bonds and investment securities	278.650	90.160	2.528.700	222.940	-	3.120.450
Obligations with rediscount entities	166.625	1.621	1.091.492	3.280	-	1.263.018
Total	**2.638.645**	**23.052.777**	**4.926.549**	**1.053.186**	**6.617.259**	**38.288.416**

December 31, 2019

4.25 Liquidity risk

Liquidity risk is related to the impossibility of each of the Group's entities to meet the obligations acquired with clients and counterparties in the Financial market at any time, currency and place, for which each entity reviews its available resources on a daily basis.

The holding company manages liquidity risk in accordance with the standard model established in Chapter VI of the Basic Accounting and Financial Circular of the Financial Superintendency of Colombia and in accordance with the rules related to liquidity risk management through the basic principles of the Liquidity Risk Management System (SARL), which establishes the minimum prudential parameters that entities must implement in their operations to efficiently manage the liquidity risk to which they are exposed..

To measure liquidity risk, the holding company calculates a weekly Liquidity Risk Indicator (LRI) for terms of 7, 15, 30 and 90 days, as established in the standard model of the Colombian Financial Superintendency, and quarterly for its subsidiaries to measure the liquidity risk of the conglomerate.

As part of the liquidity risk analysis, the holding company measures the volatility of deposits, debt levels, the structure of assets and liabilities, the degree of liquidity of assets, the availability of financing lines and the general effectiveness of asset and liability management, in order to maintain sufficient liquidity (including liquid assets, guarantees and collateral) to face possible stress scenarios, either of its own or systemic.

The quantification of the funds obtained in the money market is an integral part of the liquidity measurement performed by the holding company; based on technical studies, the holding company determines the primary and secondary sources of liquidity to diversify the providers of funds, in order to guarantee the stability and sufficiency of the resources and to minimize the concentration of the sources.

Once the sources of resources are established, they are allocated to the different businesses according to the budget, nature and depth of the markets.

The availability of resources is monitored on a daily basis, not only to comply with reserve requirements, but also to foresee and/or anticipate possible changes in the liquidity risk profile of the holding company and to be able to make strategic decisions as the case may be. In this sense, the holding company has liquidity alert indicators that allow establishing and determining the scenario in which it finds itself, as well as the strategies to be followed in each case. Such indicators include, among others, the IRL, deposit concentration levels, the use of liquidity quotas from Banco de la República, among others.

Through the technical committees of assets and liabilities, Financial committee, the top management of the Holding Company knows the liquidity situation and make the necessary decisions taking into account the liquid asset of high quality that must maintained, the tolerance in the liquidity management or minimal liquidity, the strategies for granting loans and the capitation of resources, the policies about colocation of liquidity surpluses, the changes in the characteristics of the products existing, as well as the new products, the diversification of the sources of funds in order to prevent the concentration of the deposits received in few investors or savers, the hedging strategies, the results of the Holding Company and the changes in balance sheet structure.

To control the liquidity risk among assets and liabilities, the Holding Company performs statistical analysis allowing to quantify with a confidence and pre-determined level the stability of deposits, with and without contractual maturity.

In order to comply with the requirements of the Banco de la Republica and the Superintendencia Financiera de Colombia, the holding company must maintain cash on hand and restricted banks as part of the legal reserve requirement and calculated on the daily average of the different client deposits, the current percentage is 11% of the deposits with the exception of Term Deposit Certificates with a term of less than 180 days, whose percentage is 4.5% and 0% when exceeding such term. The holding company has been complying adequately with this requirement.

A summary table of projected available liquid assets as of December 31, 2020 and 2019 is as follows:

December 31, 2020
Subsequent net available balances

Entity	Liquid Assets available at end of period (1)	1 to 7 days (2)	1 to 30 days later (2)	31 to 90 days later (2)

Holding Company	$	5.721.647	5.059.970	2.493.311	(3.876.649)
Occidental Bank (Barbados) Ltd.		468.461	452.458	366.821	112.264
Banco de Occidente Panamá S.A.		1.026.590	940.692	780.188	630.258
TOTAL	**$**	**7.216.698**	**6.453.120**	**3.640.320**	**(3.134.127)**

December 31, 2019
Subsequent net available balances

Entity		Liquid Assets available at end of period (1)	1 to 7 days (2)	1 to 30 days later (2)	31 to 90 days later (2)
Holding Company	$	6.013.484	5.381.263	3.449.519	(1.382.231)
Occidental Bank (Barbados) Ltd.		768.805	765.397	650.522	163.582
Banco de Occidente Panamá S.A.		627.811	525.673	293.587	107.534
TOTAL	**$**	**7.410.100**	**6.672.333**	**4.393.628**	**(1.111.115)**

(1) Liquid assets correspond to the sum of those assets existing at the end of each period that, due to their characteristics, may be rapidly convertible into cash. These assets include: cash on hand and in banks, securities or coupons transferred to the entity in active money market operations carried out by the entity and which have not been subsequently used in passive operations in the money market, investments in debt securities at fair value and investments at amortized cost, provided that in the latter case they are compulsory or mandatory investments subscribed in the primary market and subscribed in the primary market and which have not been subsequently used in passive operations in the money market, investments in debt securities at fair value and investments at amortized cost. in the latter case, they are mandatory or compulsory investments subscribed in the primary market and it is permitted to carry out money market operations with them. For the purpose of calculating liquid assets, all the investments listed above, without exception, are computed at their fair exchange price on the valuation date.
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(2) The balance corresponds to the residual value of the entity's liquid assets in the days following the end of the period, after discounting the net difference between the entity's cash inflows and outflows in that period. This calculation is made by analyzing the mismatch of contractual and non-contractual cash flows of assets, liabilities and off-balance sheet positions in the time bands from 1 to 90 days.

The above liquidity calculations are prepared assuming a normal liquidity situation in accordance with the contractual flows and historical experience of the holding company. For cases of extreme liquidity events due to withdrawal of deposits, the holding company has contingency plans that include the existence of credit lines from other entities and access to special credit lines with Banco de la Republica in accordance with current regulations, which are granted at the time they are required with the backing of securities issued by the Colombian Government and with a Credit Portfolio of high credit quality, in accordance with the regulations of Banco de la Republica. During the periods ended December 31, 2020 and 2019, the holding company did not have to use these last resort credit quotas.

The holding company has performed a maturity analysis at the consolidated level for derivative and non-derivative Financial assets and liabilities, showing the remaining undiscounted contractual cash flows, as follows:

December 31, 2020

Assets	Less than 1 month	Between 1 & 6 months	Between 6 & 12 months	More than 1 year	Non-sensitive	Total
Cash and cash equivalents	$ 3.447.062	-	-	-	-	3.447.062
Investments at fair value with changes in results	6.520	94.342	86.069	718.112	-	905.043
Investments at fair value with changes in ORI	38.925	527.661	903.115	2.030.903	-	3.500.604
Investments at amortized cost	61.878	197.178	607.308	-	-	866.364
Commercial portfolio and commercial leasing	3.174.787	5.688.979	3.632.322	13.236.526	-	25.732.614
Consumer portfolio and consumer leasing	353.724	1.507.009	1.396.001	7.216.711	-	10.473.445
Mortgage portfolio and Mortgage Leasing	27.603	183.139	156.562	3.231.216	-	3.598.520
Repos and interbank	155.944	187.157	-	-	-	343.101
Trading derivative instruments	141.956	282.132	97.007	74.341	-	595.436
Other accounts receivable	-	-	-	60.363	220.485	280.848
Other assets	-	-	-	-	67.463	67.463
Total assets	**$ 7.408.399**	**8.667.597**	**6.878.384**	**26.568.172**	**287.948**	**49.810.500**

Liabilties	Less than 1 mont	Between 1 and 6 months	Between 6 an 12 months	More than 1 year	Non-sensitive	Total
Current Accounts	$ 1.622.481	-	-	-	6.550.243	8.172.724
Term Deposit Certificates	1.015.238	4.065.385	1.957.038	1.807.923	-	8.845.584
Savings Accounts	15.314.279	-	-	-	-	15.314.279
Other Deposits	-	-	-	-	67.016	67.016
Interbank Funds	503.191	702.222	-	-	-	1.205.413
Lease liabilities	-	-	-	378.358	-	378.358
Bank and other loans	313.710	1.016.963	-	14.624	-	1.345.297
Bonds and investment securities	23.013	126.823	232.989	2.856.202	-	3.239.027
Obligations with rediscount entities	860	33.508	138.904	1.234.998	-	1.408.270
Derivative trading instruments	202.623	335.252	98.372	96.736	-	732.983
Other accounts payable	-	-	-	-	851.777	851.777
Total liabilities	$ 18.995.395	6.280.153	2.427.303	6.388.841	7.469.036	41.560.728

December 31, 2019

Assets	Less than 1 month	Between 1 and 6 months	Between 6 and 12 months	More than 1 year	Non-sensitive	Total
Cash and cash equivalents	$ 1.339.467	-	-	-	5.405.013	6.744.480
	Less than 1 mont	Between 1 and 6 months	Between 6 an 12 months	More than 1 year	Non-sensitive	Total
Investments at fair value with changes in results	9.011	1.180.239	661.143	238.194		2.088.587
Investments at fair value with changes in ORI	42.475	529.835	211.643	2.298.524		3.082.477
Investments at amortized cost	46.511	181.995	466.486	-		694.992
Commercial portfolio and commercial leasing	3.226.973	5.798.548	3.240.873	13.055.651	-	25.322.045
Consumer portfolio and consumer leasing	298.961	1.425.951	1.360.245	6.628.904	-	9.714.061
Mortgage portfolio and Mortgage Leasing	24.820	136.757	139.595	2.836.261	-	3.137.433

Repos and interbank		309.738	228.959	-	-	-	538.697
Trading derivative instruments		256.817	196.193	29.796	27.559	-	510.365
Other accounts receivable		-	-	-	99.017	126.028	225.045
Other assets		-	-	-	-	71.470	71.470
Total assets	**$**	**5.554.773**	**9.678.477**	**6.109.781**	**25.184.110**	**5.602.511**	**52.129.652**
Liabilities							
Current Accounts	$	1.352.060	-	-	-	5.014.387	6.366.447
Term Deposit Certificates		889.179	2.743.890	2.795.600	3.680.162	-	10.108.831
Savings Accounts		12.574.563	-	-	-	-	12.574.563
Other Deposits		-	-	-	-	57.373	57.373
Interbank Funds		728.432	-	-	-	-	728.432
Lease liabilities		-	-	-	197.578	-	197.578
Bank and other loans		606.149	900.712	35.127	568	-	1.542.556
Bonds and investment securities		33.289	167.698	407.468	2.835.675	-	3.444.130
Obligations with rediscount entities		27.666	84.396	72.953	1.486.675	-	1.671.690
Derivative trading instruments		227.853	243.255	23.231	13.340	-	507.679
Other accounts payable		-	-	-	-	888.683	888.683
Total liabilities	**$**	**16.439.191**	**4.139.951**	**3.334.379**	**8.213.998**	**5.960.443**	**38.087.962**

4.26 Adequate Capital Management

The purposes of Group, concerning the management of its adequate capital is focused to: a) comply with the capital requirements established by Colombian Government to Financial entities subsidiaries of the Holding Company in Colombia and by the governments overseas where the Group has Financial subsidiaries. It should be noted that the Group, as Holding Company entity is not subject to a minimum requirement of capital by Colombian Government; and b) maintaining a proper structure of equity allowing for it to maintain the Group and its subsidiaries an ongoing business.

According to the requirements by Colombia Finance Superintendence, the Financial entities must maintain a minimum equity determined by the legal and prevailing standards, which shall not be less than 9% of the weighted assets by risk levels, also determined such risk levels by the legal regulations.

During the years ended December 31, 2020 and 2019, the Holding Company has adequately complied with the capital requirements. The following is the detail of the solvency ratios of the Holding Company in those years:

Technical Equity		**December 31, 2020**	**December 31, 2019**
	$		
Technical equity		**20203.891.274**	**3.908.477**
Ordinary Equity		3.176.896	3.202.018
Additional Equity Market risk		714.378	706.459
Credit Risk		2.143.050	1.401.424
Total Risk Weighted Assets		34.570.240	-
Total Solvency Risk Ratio (>=9%)		**36.713.290**	**1.401.424**
Basic Solvency Risk Ratio (>=4.5%)		10,60%	278,89%
		8,65%	228,48%

4.27 Operative risk

The Holding Company has in place the Operative Risk Management System (ORMS) implemented according to the guidelines established in Chapter XXIII of the Accounting and Financial Basic Circular (External Circular 100 – 1995) by Colombia Finance Superintendence.

Thanks to ORAS the Holding Company has strengthened the understanding and control of the in process risks, activities, products and operative lines; has achieved reduce the errors and identify enhancements opportunities supporting the development and operation of new products and/or services.

In the Operative Risk Manual there are the policies, standards and procedures ensuring the business management. Also there is in place the Business Continuity Plan for the operation of the Holding Company in the event of interruption of the critical procedures.

The Holding Company keeps a detailed record of its operative risks events supplied by the information system and the Risk Managers. This record is accounted in the expense accounts assigned for the proper accounting follow-up.

In a monthly and quarterly manner, it is reported to the SARO Committee and to the Board of Directors, respectively, about the most relevant aspects of the occurrences related to operative risk, report that includes the follow-up of implementation of the corrective actions aimed at mitigating the risk qualified in extreme and high zones, the evolution for operative risk, the action plans based on the materialized events, among others. In the same way, the changes in the risk profile are reported, based on the identification of new risks and controls in current and news processes.

The Operative Risk Unit, is managed by the Operative Risk Administration and Continuance of Business, depending of Vice-Presidency of Risk and Collection, has in charge two analysts of Continuance of Business, one analyst of Control of Regulatory Reports, one analyst of Inherent Risks of High Impact and a Coordination of Operative Risk with five analysts in charge of operative risk.

The evolutions of figures for the Holding Company and its Subsidiaries resulting from every actualization of the operative risk profile during the periods ended on December 31, 2020 and December 31, 2019:

	December 31, 2020	December 31, 2019
Processes	303	273
(*) Risks	1.255	1.267
Failures	2.752	2.893
(*) Controls	4.326	4.248

* The variation in risks and controls is due to the dynamics of updating the risk and control holding company matrices.

Net losses recorded for operational risk events for the year 2020 were $4,189, broken down as follows: other assets (42%), other litigation (41%), operational risk (15%) and other accounting accounts (2%).

According to the Basel risk classification, the events originated in: external fraud (41%, $1,723), legal (36%, $1,512), process execution and administration (20%, $829), technological failures (2%, $100) and Others (1%, $25).

In external fraud, the most relevant events are originated by credit card fraud for $1,260, under the modalities of non-face-to-face purchases, impersonation, forgery or copying of magnetic strip, substitution, lost card, improper use and stolen card.

In legal risk, the most relevant events correspond to: judgment against the bank for error in compliance with an attachment order on a TD corresponding to $542 and a sanction by the Superfinanciera for $500 generated from two statements of objections related to the failure to report information to the UIAF corresponding to cash transactions for the period between February 2016 and February 2017 and for failures to provide information required by the Attorney General's Office in the framework of criminal proceedings against the Bank's clients.

In execution and administration of processes, the most relevant events correspond to: Payment to Colpensiones for $143 for loss of the supporting documentation that supports the payment or reimbursement of the payment of pension allowances, an event for $119 which corresponds to a judgment against the trustee, for erroneous payment of the contract of a fiduciary assignment of a client and a Dian sanction for $80 MM for inconsistencies in the information in the transmission of magnetic media for the year 2019.

In technological failures, the most relevant event, equivalent to $42, was generated by erroneous payment of Colpensiones pensioners' payroll in December 2019.

Business continuity planning

The Business Continuance Plan makes reference to the detailed set of actions describing the procedures, the systems and the resources necessary to resume and continue the operation in the case of interruption.

The Holding Company is working in the implementation of and maintenance of both technologic and operative continuance schemes, allowing, in the event of any critical situation to attend the critical processes of the business. This way, permanent tests are made on a permanent way allowing to identify enhancements for the developed plans.

4.28 Risk of money laundering and financing of terrorism

Within the framework regulation by Colombia Finance Superintendence and specially following the instructions given by Legal Basic Circular, Part I, Title IV, Chapter IV, the Holding Company has in place a Laundry Asset Risk and Financing of Terrorism Management System (LARFTMS) according to the regulations prevailing, policies and methodologies adopted by our Board of Directors and the recommendations of the international standards related to this problem.

Following the recommendations of the International Bodies and the national legislation about LARFTMS, the risks of Laundry Assets and Financing of Terrorism (LA/FT), identified by the Holding Company are properly managed within the concept of continued enhancement and aimed at minimizing reasonably the existence of these risks in the organization.

The Holding Company maintains the policy indicating that the operations must be processed according to the highest ethical and control standards, placing ethical and moral principles before the achievement of commercial goals, aspects which, from the practical point of view, have resulted in the implementations of criteria, policies and procedures for the management of the risk of laundering assets and Financial of terrorism and its related offences, which have been made available for the mitigation of these risks by reaching the lowest possible level of exposure.

For the continuous development of this process, we have technological tools that allow us to identify unusual operations and report suspicious operations to the Financial Information and Analysis Unit (UIAF) in a timely manner. It is worth mentioning that our entity is continuously improving the functionalities that support the development of SARLAFT in the Compliance Division, related to the different applications and analysis methodologies that allow the mitigation of eventual risks of Money Laundering and Financing of Terrorism.

This risk management system is strengthened by the segmentation of risk factors developed by the holding company using data mining tools of recognized technical value, which allow us, for each risk factor (client, product, channel and jurisdiction), to identify risk and monitor the operations carried out in the holding company in order to detect unusual operations based on the profile of the segments.

On the other hand, the holding company maintains its institutional training program for its employees, which provides guidelines on the regulatory framework and control mechanisms for ML/FT prevention, thus promoting a culture of compliance to the satisfaction of the organization and in accordance with the program.

In compliance with the provisions in the legal standards and according to the amounts and characteristics required in Part I, Title IV, Chapter IV, of the Legal Basic Circular of Colombia Finance Superintendence, the Holding Company submitted in a timely manner the institutional informs and reports to the different controlling entities.
During the year 2020, the reports prepared by the Internal Audit and the Statutory Auditor's Office were followed up in relation to the management of the risk of money laundering and financing of terrorism, in order to address the recommendations aimed at optimizing the System.

The Bank as the holding company communicates to the subsidiaries the policies, guidelines and best practices to carry out the processes related to the operation of the ML and FT Risk Management System - SARLAFT in each of them. For foreign subsidiaries, the policies and guidelines are implemented taking into account the regulations governing each jurisdiction.

4.29 Legal risk

The Legal Vice-Presidency of the Holding Company supports legal risk management work in the operations carried out by the Holding Company and the proceedings that may be instituted against it. In particular, it defines and establishes the necessary procedures to adequately control the legal risk of the operations, ensuring that they comply with legal regulations, that they are documented, analyzes and drafts the contracts that support operations carried out by the different business units. The Financial Vice-Presidency supports the management of the legal tax risk, as well as the Human Resources Vice-Presidency the legal labor risk of the holding company.

The Holding Company, complying with the instructions given by Colombia Finance Superintendence valued the allegations of the proceedings against de Company, based on analysis and concepts of the lawyers; and in the events required, the relevant contingencies are duly positioned.

Concerning the copy rights, the Holding Company only uses software or licenses legally acquired and does not allow it´s equipment to use programs different to those officially approved.

In note 20 to the Financial statements, the provisions for legal contingencies and other provisions are detailed.

Note 5. – Fair value estimation

The Financial assets and liabilities fair value negotiated in active markets (such as the Financial assets in debt and equity and derivatives securities active listed in the stock exchanges or in interbank markets) is based on prices supplied by the supplier of prices Precia PPV S.A., which is determined through weighted averages of transactions made during the trading day.

An active market is a market whereby the assets or liabilities transactions are made with the sufficient frequency and volume in order to provide the prices in a continue manner.

The fair value of Financial assets and liabilities that are not negotiated in an active market is determined using valuation techniques given by the supplier. The valuation techniques used for non-standardized Financial securities, such as options, swaps of foreign currencies and derivatives of off-stock exchange market include the use of curves of valuation of interest rates or of currencies made by the price suppliers based on the data of market and extrapolated to the specific conditions of the security valued, cash flow discounted analysis, model of prices of options, and other valuation techniques usually used by the market participants maximum using the market data and rely as little as possible in entity-specific data.

The holding company and subsidiaries may use internally developed models for Financial instruments that do not have active markets. These models are generally based on valuation methods and techniques generally standardized in the Financial industry. The valuation models are mainly used to value unlisted equity Financial instruments, debt securities and other debt instruments for which the markets were or have been inactive during the Financial year. Some inputs to these models may not be observable in the market and are therefore estimated based on assumptions.

The output of a model always is an estimation or approximation of a value that cannot be determined with certainty, and the valuation techniques used may not reflect completely all the relevant factors to the exposure of the Holding Company. For such reason, the valuations are adjusted when deemed necessary, in order to allow additional factors, including risk-country, liquidity risks, and counterpart risks.

The fair value of non-monetary assets, such as investment properties or guarantees of credits for purposes to determine deterioration, is based on appraisals made by independent experts with sufficient experience and knowledge of the real estate market or of the asset under valuation. Usually these valuations are made by references to data of market or based on the reposition cost when there are insufficient market data.

Fair value hierarchy has the following levels:

- Level 1 entries are quoted prices (without adjustment) in active markets for assets or liabilities identical to those the entity may access on measurement date.
- Level 2 entries are entries different of the quoted prices included in Level 1 that are observable for the asset or the liability, either direct or indirectly.
- Level entries 3 are unobservable entries for the asset or the liability.

The level in the fair value hierarchy within which the fair value measurement is classified in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed in relation to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, that measurement is a Level 3 measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, taking into account factors specific to the asset or liability.

To determine what comprises “observable, requires significant judgment by the Holding Company. The Holding Company considers observable data those data of the market already available, that are distributed or usually updated, that are reliable and verifiable, that have not copy right and that are provided by independent sources taking active part in the referenced market.

a) Fair value measurements on a recurring basis

Measurements of fair value on recurrent bases are those that the IFRS require or allow in the Financial situation statement at end of each accounting period.

The following table analyzes, within the fair value hierarchy, the assets and liabilities (by class) of the holding company measured at fair value as of December 31, 2020 and 2019 on a recurring basis.

December 31, 2020

Assets		Level 1	Level 2	Level 3	Total	Valuation technique for levels 2 and 3	Main input data
		Fair values calculated using internal models				Effect of reasonable assumptions on fair value	
Recurring fair value measurements							
Investments in debt securities with changes in results							
Issued or guaranteed by the Colombian Government	$	626.960	428.969	-	1.055.929	Market price	Market price
Issued or guaranteed by other entities of the Colombian Government		-	31.687	-	31.687	Market price	Market price
Issued or guaranteed by other Colombian Financial institutions		-	106.655	-	106.655	Market price	Market price
Issued or guaranteed by entities of the real Colombian sector		-	1.628	-	1.628	Market price	Market price
Issued or guaranteed by foreign governments		-	25	-	25	Market price	Market price
Issued or guaranteed by other Financial institutions abroad		-	5.666	-	5.666	Market price	Market price
Other		-	2.007	-	2.007	Interest rate	Transactional systems
Investments in debt securities with changes in ORI							
Issued or guaranteed by the Colombian Government	$	1.320.722	1.583.690	-	2.904.412	Market price	Market price
Issued or guaranteed by other entities of the Colombian Government		6.602	376.242	-	382.844	Market price	Market price
Issued or guaranteed by entities of the real Colombian sector		-	10.535	-	10.535	Market price	Market price
Issued or guaranteed by foreign governments		95.771	3.546	-	99.317	Market price	Market price
Issued or guaranteed by other Financial institutions abroad		35.137	582.183	-	617.332	Market price	Market price
Issued or guaranteed by entities of the real sector abroad		-	10.015	-	10.015	Market price	Market price
Other		-	2.007	-	2.007	Interest rate	Transactional systems
		-	54.492	314.594	369.086		Market value of the underlying assets, minus commissions and administration expenses
Investments in equity instruments with changes in results						Unit value	Growth during the five years of projection. Net income. Growth in residual values after five years. Discount interest rates.
Investments in equity instruments with changes in ORI		4.850	-	83.623	88.473	Discounted cash flow	
Trading derivatives							Curves for the underlying functional currency
Currency forward		-	466.658	-	466.658	-	Swap curves assigned according to the underlying
Interest Rate Swap	9		90.678	-	90.678	- Discounted cash flow	Swap curves assigned according to the underlying
Currency swap						Discounted cash flow	Implied volatility curves and matrices. The processes used to collect data and determine the fair value of investment property are described in investment property valuation.
Other		-	8	-	8	- Discounted cash flow Black & Scholes & Merton	
Investment property at fair value		-	13.680	-	13.680	Discounted cash flow	
		-	164.595	-	164.595		
		2.090.042	**3.934.966**	**398.217**	**6.423.237**		

		Level 1	Level 2	Level 3	Total	Valuation technique	Main input data
Liabilities		-	600.725	-	600.725	Discounted cash flow	Curves for the underlying functional currency
Trading derivatives		-	848	-	848	Discounted cash flow	Price of the underlying security
							Swap curves assigned according to the underlying
Currency forwards		-	112.594	-	112.594	Discounted cash flow	Swap curves assigned according to the underlying
Interest rate forward		-	91	-	91	Discounted cash flow	Swap curves assigned according to the underlying
Interest rate swap		-	13.963	-	13.963	Black & Scholes & Merton	Implied volatility curves and matrices
Total recurring fair value liabilities	**$**	**-**	**728.221**	**-**	**728.221**		

December 31, 2019

	Calculated fair values					Effect of reasonable assumptions on fair value
	Level 1	Levell 2	Level 3	Total	Valuation techniques for levels 2 and 3	Main input data
Assets						
Recurring fair value measurements						
Investments in debt securities with changes in results						
Issued or guaranteed by the Colombian Government	$ 946.934	779.597	-	1.726.531	Market price	Market price
Issued or guaranteed by other entities of the Colombian Government	-	19.988	-	19.988	Market price	Market price
Issued or guaranteed by other Colombian Financial institutions	-	274.872	-	274.872	Market price	Market price
Issued or guaranteed by other foreign governments	3.220	4.524	-	7.744	Market price	Market price
Issued or guaranteed by other Financial institutions abroad	-	157.275	-	157.275	Market price	Market price
Investments in debt securities with changes in ORI						
Issued or guaranteed by the Colombian Government	$ 1.284.790	1.638.971	-	2.923.761	Market price	Market price
Issued or guaranteed by other entities of the Colombian Government	-	20.106	-	20.106	Market price	Market price
Issued or guaranteed by other Colombian Financial institutions	-	270.398	-	270.398	Market price	Market price
Issued or guaranteed by entities of the real Colombian sector	-	10.125	-	10.125	Market price	Market price
Issued or guaranteed by foreign governments	9.954	3.376	-	13.330	Market price	Market price
Issued or guaranteed by other Financial institutions abroad	210.278	242.894	-	453.172	Market price	Market price
Issued or guaranteed by entities of the real sector abroad	-	9.107	-	9.107	Market price	Market price
Other	-	24.114	-	24.114	Interest rates	Transactional systems
	-	32.826	-	32.826		Market value of the underlying assets, minus commissions and administration expenses
Investments in equity instruments with changes in results					Market price	Growth during the five years of projection. Net income. Growth in residual values after five years. Discount interest rates.
Investments in equity instruments with changes in ORI	4.735	-	84.219	88.954		
					Discounted cash flow	Curves for the underlying functional currency
Trading derivatives					Discounted cash flow	Price of the underlying security.
Currency forward	-	463.551	-	463.551	Discounted cash flow	Swap curves assigned according to the underlying
Interest rate forward	-	150	-	150	Discounted cash flow	Swap curves assigned according to the underlying
Interest rate swap					Discounted cash flow	Swap curves assigned according to the underlying
Currency swap	-	26.547	- 26.547	-	Discounted cash flow	Implied volatility curves and matrices. The processes used to collect data and determine the fair value of investment property are described in investment property valuation.
Other	1.322	- 1.322	- 19.560	- 19.560	Black & Scholes & Merton	
Investment property at fair value	-	233.079	-	233.079	Discounted cash flow	
Total recurring assets at fair value	**2.459.911**	**4.232.382**	**84.219**	**6.776.512**		
Liabilities						
Trading derivatives						
Currency forward	-	475.502	-	475.502	Discounted cash flow	Curves for the underlying functional currency
Interest rate forward	-	277	-	277	Discounted cash flow	Price of the underlying security.
Interest rate swap	-	30.718	-	30.718	Discounted cash flow	Swap curves assigned according to the underlying
Currency Swap	-	2.393	-	2.393	Discounted cash flow	Swap curves assigned according to the underlying
Other	-	16.637	-	16.637	Black & Scholes & Merton	Implied volatility curves and matrices
Total recurring liabilities at fair value	**$ -**	**525.527**	**-**	**525.527**		

Investments, the values of which are based on quoted market prices in active markets and, therefore, are classified in Level 1, include equity investments active in the stock market, certain investments issued or guaranteed by the Colombian government, other Colombian Financial institutions and Colombian real sector entities.

Financial instruments that are quoted in markets that are not considered active, but are valued according to quoted market prices, broker quotes or alternative price sources supported by observable inputs, are classified in Level 2. They include other investments issued or guaranteed by the Colombian government, other Colombian Financial institutions, Colombian real sector entities, foreign governments, other foreign Financial institutions, foreign real sector entities, derivatives and investment properties. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity or non-transferability, which are generally based on available market information.

As indicated above, the fair value of investment properties is determined based on the appraisal performed by independent expert appraisers as of December 31, 2020, which were prepared under the comparative sales approach methodology (market approach), determining the value of the assets based on comparison with other similar assets that are being traded or have been traded in the real estate market, this comparative approach considers the sale of similar or substitute assets, as well as data obtained from the market, and establishes an estimate of value using processes that include comparison.

b) Level transfer

The following chart presents the transfers between levels 1 and 2 for the periods ended December 31, 2020 and 2019:

	December 31, 2020			December 31, 2019		
Fair value measurements for recurrent		**Level 1 a**	**Level 2 a**		**Level I 1 a**	**Level 2 a**
		Level 2	**Level 1**		**Level 2**	**Level I 1**
Assets						
Investments at fair value of fixed income	$	-	85.606	$	-	10.344

The investments transferred from Level 2 to Level 1 correspond to fixed rate TES maturing in August 2026 and UVR TES maturing in 2023, national government issues that have gained liquidity in the market, showing significant consistency in their negotiation by December 31, 2020.

The following chart presents the movement in lower-equity instruments (less than 20%) classified in level 3 measured at fair value for the periods ended December 31, 2020 and 2019:

		Equity instruments
Balance as of December 31, 2018	**$**	**60.334**
Valuation adjustments with effect on ORI		23.884
Balance as of September 30, 2019	**$**	**84.218**
Balance as of December 31, 2019	**$**	**84.218**
Valuation adjustment with effect on results (1)		15.643
Valuation adjustments with effect on ORI		(594)
Additions (1)		311.979
Disposals / Sales (1)		(13.029)
Balance as of December 31, 2020	**$**	**398.217**

The ORI at the end of December 2020 corresponding to the valuation of Financial instruments measured at fair value level 3 is $594.

The ORI recognized at the end of December 2019 corresponding to the valuation of Financial instruments measured at fair value level 3 was $23,884.

(1) As of December 31, 2020, there is a variation of $314,593 with respect to December 31, 2019, due to the mobilization of 12 properties (bank premises and administrative headquarters) of the Bank to the Private Equity Fund Nexus Inmobiliario, transaction duly authorized by the Board of Directors on August 30, 2019, by means of minute no. 1530,

the authorization of the Board of Directors indicated that such mobilization would be carried out through the mobilization of 12 properties in 2020 and 18 properties in 2021, as consideration the bank would receive participation units from the Private Equity Fund, during this year there was a capital call for $311,979, redemptions for ($13,029) and a valuation with effect in results of $15,643.

(1Valuation of equity instruments Level 3

Investments classified in Level 3 have significant unobservable inputs. Level 3 instruments primarily include investments in equity instruments, which are not publicly traded.

The Bank has equity investments in various entities with a participation of less than 20% of the Bank's equity, some of them received in payment of client obligations in the past and others acquired because they are necessary for the development of operations, such as ACH S.A., Cámara de Riesgo Central de Contraparte S.A., Redeban S.A. and Credibanco S.A. These instruments are valued as follows:

- Monthly: Credibanco S.A.
- Semiannual: ACH S.A y Redeban S.A.
- Annual: Cámara de Riesgo Central de Contraparte S.A.

For ACH S.A, Redeban S.A and Cámara de Riesgo Central de Contraparte S.A the determination of their fair value as of December 31, 2020, for such purpose the discounted cash flow method, constructed based on the valuator's own projections of revenues, costs and expenses of each entity to be valued over a period of five years, taking as a basis for them some historical information obtained from the companies, and residual values determined with growth rates in perpetuity established by the valuator according to its experience. Such projections and residual values were discounted based on interest rates constructed with curves taken from price vendors, adjusted by risk premiums estimated based on the risks associated with each entity valued.

The following chart summarizes the ranges of the main variables used in the appraisals:

Variable	Range
Revenues (% 10-year growth)	**-8,3% - 8,1%**
Revenues (% -year growth)	**3,7% - 22,5%**
Growth in residual values after 10 years	**3,3%**
Growth in residual values after 5 years	**3,4%**
Cost of equity rates	**13,08% - 12,00%**
Cost of equity rates	**11,9% - 12,7%**

Likewise, the holding company has an equity investment in the Fondo de Capital Privado Nexus, which is valued on a daily basis in UVR and the difference between the current fair value and the immediately preceding fair value must be recorded as an increase or decrease in the value of the investment, affecting the results of the period. The difference between the current fair value and the immediately preceding one must be recorded as a higher or lower value of the investment, affecting the results of the period.

The following table includes a sensitivity analysis of changes in those variables used in the valuation of the investment, taking into account that the variations in the fair value of those investments are recorded in equity because they correspond to investments classified as equity instruments at fair value with changes in equity

Methods and Variables	Variation	Favorable impact	Unfavorable impact
Present Value Adjusted by Discount Rate			
Revenues	+/- 1%	$ 94.960,63	$ 86.012,00
Growth in residual values after 5 years	+/- 1% of gradient	98.089,61	85.891,95
Equity cost rate	+/- 50PB	94.096	87.089
Discount rates	+/- 50PB	$ 2,43	$ 2,25

According to the variations and impacts presented in the previous box, there would be a favorable effect on the Bank's equity of $3,082 and an unfavorable effect of $2,595. These values were calculated by valuing the investment with the favorable and unfavorable price according to the variations presented and the number of shares that the Bank owns in each entity.

c) Fair value measurements on non-recurring basis

The following is the detail as of December 31, 2020 and 2019 of assets that were measured at fair value as a result of impairment assessment in the application of IFRS standards applicable to each account but that are not required to be measured at fair value on a recurring basis:

December 31, 2020	Level 1	Level 2	Level 3	Total
Financial Instruments by collateralized portfolio	$ -	-	377.655	377.655
Non-current assets held for sale	-	-	33.969	33.969
	$ -	-	411.624	411.624

December 31, 2019	Level 1	Level 2	Level 3	Total
Financial Instruments by collateralized portfolio	$ -	-	308.399	308.399
Non-current assets held for sale	-	-	-	-
	$ -	-	308.399	308.399

he following chart presents the summary of the Financial assets and liabilities of the holding company and subsidiaries recorded at amortized cost as of December 31, 2020 and 2019 compared to the values determined at fair value, for which it is practicable to calculate fair value:

	December 31, 2020		December 31, 2019	
Assets	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Fixed-income investments at amortized cost	$ 851.997	852.342	674.640	674.221
Credit Portfolio, net	31.040.791	35.173.163	29.374.122	32.990.820
Other accounts receivable	280.848	280.848	225.045	225.045

	$ **32.173.636**	**36.306.353**	**30.273.807**	**33.890.086**
Liabilities				
Certificates of deposit	$ 8.561.944	8.888.978	9.727.997	10.110.727
Interbank funds	1.208.307	1.208.307	729.114	729.114
Credits from banks and others	1.725.909	1.710.709	1.749.100	1.736.419
Obligations with rediscount entities	1.263.018	1.334.981	1.379.033	1.502.676
Bonds issued	3.120.450	3.357.202	3.337.983	3.518.440
	$ **15.879.628**	**16.500.177**	**16.923.227**	**17.597.376**

The estimated fair value of the Credit Portfolio is calculated as follows:

Portfolio ranked in A, B and C: the net present value was obtained from the contractual flows discounted at the discount rate, which is equivalent to the market value of the operations, taking as basis the balances of each obligation, the maturity date of the operation, the contractual rate, among others.

Portfolio ranked in D or E: it is calculated by the varying value in present expected to be recovered from such obligations.

The discount rate includes the following:

Discount rate: Cost of capital

- Loans rated A, B or C: Risk-free rate + Risk points + Portfolio management fees
- Loans rated D or E: Risk-free rate + Risk points + Portfolio management fees

The Discount Rate is defined as the sum of the risk-free rate, risk points and portfolio management fees (portfolio management fees are only added for loans rated A, B or C, for loans rated D or E only risk points are taken into account).

The risk-free rate represents the opportunity cost incurred in placing funds through credit. It varies according to the remaining term of each obligation for loans in legal currency or as the annual average of the 10-year U.S. treasury bond rate for loans in foreign currency.

The fair value methodologies for fixed income securities at time zero correspond to the adjustment of the difference between the purchase price (IRR purchase) and the market price that is published by the price provider Precia PPV S.A. For subsequent measurement this fair value on each of the investments is determined with the daily valuation using the market price published by the same price provider.

For the item of other accounts receivable, the maturity of the same matures in a period equal to or less than one year; therefore, it is not considered necessary to perform a fair value calculation on the understanding that this value is the best estimate, since it is a short period.

The fair value methodology for the liabilities of the holding company (TD's and Bonds) is performed by means of the application called PWPREI, which values at market prices the standardized liabilities of the holding company in pesos, using the information published by the price supplier Precia PPV S.A.

For Financial Obligations, calculations are made manually, in which the valuation is made using the discount curve calculated by the Treasury Risk Division of the holding company.

Note 6. – Cash

Cash balances as of December 31, 2020 and 2019, comprise the following:

		December 31, 2020	December 31, 2019
In Colombian pesos			
In cash	$	535.135	689.727
At Banco de la República de Colombia		2.011.908	1.433.040
Bank and other Financial entities on demand		3.453	5.857
Exchange		228	
		2.550.724	**2.128.726**
In foreign currency			
Cash		7.006	
Bank and other Financial institutions on demand		889.332	637.345
		896.338	**644.638**
Total cash	**$**	**3.447.062**	**2.773.364**

Required Bank Reserve

The following is the Bank required reserve:

Concept	December 31, 2020	December 31, 2019
Reserve 3.5%	89.958	100.030
Reserve 8%	$ 1.714.425	2.033.552
Total Reserve	**$ 1.804.383**	**2.133.582**

As of December 31, 2020, the legal reserve in Colombia is 8% for deposits in Current Accounts, savings and others and 3.5% for certificates of deposit lower than 18 months.

As of December 29, 2020, the legal reserve required to meet liquidity requirements for deposits in Current Accounts, savings and others is $1,714,425.

As of December 29, 2020, the legal reserve required to meet liquidity requirements for certificates of deposit of less than 18 months is $89,958.

Note 7. – Financial assets of investment in debt securities and equity instruments at fair value

The balance of Financial Assets in debt securities and investments in equity instruments at fair value comprises the following as of December 31, 2020 and 2019.:

Debt securities with changes in results		December 31, 2020	December 31, 2019
In Colombian pesos			
Issued or guaranteed by the Colombian Government	$	1.002.341	1.724.804
Issued or guaranteed by other Colombian Government entities		31.687	19.988
Issued or guaranteed by other Colombian Financial institutions		101.423	241.895
Issued or guaranteed by entities of the Colombian real sector		1.628	-
Other		2.007	-
		1.139.086	1.986.687
In foreign currency			
Issued or guaranteed by the Colombian Government		53.588	1.727
Issued or guaranteed by other Colombian Financial institutions		5.232	32.977
Issued or guaranteed by foreign governments		25	7.744
Issued or guaranteed by other foreign Financial institutions		5.666	157.275
		64.511	199.723
Total Debt securities with changes in results	$	1.203.597	2.186.410
Debt securities with changes in ORI			
In Colombian pesos	$		
Issued or guaranteed by the Colombian Government		1.981.417	1.444.768
Issued or guaranteed by other Colombian Government Entities		-	20.106
Issued or guaranteed by other Colombian Financial institutions		178.443	128.739
Issued or guaranteed by entities of the Colombian real sector		10.535	10.125
Issued or guaranteed by other foreign Financial institutions		15.756	15.063
		2.007	-
		2.188.158	1.618.801
In foreign currency			
Issued or guaranteed by the Colombian Government		922.995	1.478.993
Issued or guaranteed by other Colombian Financial institutions		204.401	141.659
Issued or guaranteed by foreign governments		99.317	13.330
Issued or guaranteed by other foreign Financial institutions		601.564	438.109
Issued or guaranteed by real sector entities abroad		10.015	9.107
Other		-	24.114
		1.838.292	2.105.312
Total debt securities with changes in ORI	$	4.026.450	3.724.113

	December 31, 2020	December 31, 2019
Equity instruments with adjustment to results		

In Colombian pesos			
Collective investment funds [1]	$	369.086	32.826
Total equity instruments with adjustment to results		**369.086**	**32.826**
Total equity instruments with	$	**571.024**	**511.130**
Total Financial instruments at fair value with changes in results	$	**2.143.707**	**2.730.366**

		4.114.923	**3.813.067**
Equity instruments with adjustment to equity ORI			
In colombian pesos			
Corporate shares	$	88.473	88.954
Total equity instruments		**457.559**	**121.780**
Total Financial assets in debt securities and investments in equity instruments at fair value	**$**	**6.258.630**	**6.543.433**
Total Financial instruments at fair value with changes in ORI			

(1) For the year 2020, the holding company recognized a new investment in the Nexus Private Equity Fund, due to a participation made through the mobilization of assets amounting to Ps. 314,593 (See further details in Note 5).

Financial assets at fair value are translated at fair value based on observable market data which also reflects the credit risk associated with the asset.

A detail of equity instruments with changes in other comprehensive income is as follows:

Entity	December 31, 2020	December 31, 2019
Redeban Multicolor (1)	21.871	23.730
A.C.H Colombia S.A. (1)	22.449	18.716
Cámara de Compensación de Divisas de Colombia S.A. (1) y (2)	-	1.390
Cámara de Riesgo Central de Contraparte de Colombia S.A. (1) 2.362 420	2.362	420
Bolsa de Valores de Colombia S.A. (1)	4.850	4.735
Credibanco (1) 34.129 37.151	34.129	37.151
Aportes en Línea S.A. (Gestión y Contacto)	201	201
Casa de Bolsa S.A Sociedad Comisionista de Bolsa	2.611	2.611
Total	**88.473**	**88.954**

These Financial instruments were recognized at fair value according to the market prices provided by Precia S.A. as indicated in paragraph i) of section 6.25 of chapter I-I; the effect of this valuation was recognized against ORI for fair value of equity instruments for ($480) as of December 31, 2020 and as of December 31, 2019 for $16,400.

(1) On December 14, 2020, the merger of the Cámara de Riesgo Central de Contraparte Colombia S.A. (the "CRCC"), as the absorbing company, and the Cámara de Compensación de Divisas de Divisas de Colombia S.A. (the "CCDC"), as the absorbed company. The above occurred after having the declaration of no objection to the merger by the Financial Superintendence of Colombia through resolution 0939 of October 27, 2020, and with the unanimous approval of the shareholders of both companies, at the General Shareholders' Meeting held on December 3, 2020.

	Participation in CCDC (absorbed)	Participation in CRCC (absorbing)	Participation in CRCC (resulting)

No. of shares of Banco de Occidente S.A.	79.687.500	512.306.386	824.681.386
Percentage of ownership of Banco de Occidente S.A. S.A in the capital	2.865%	1.2691%	1.61%

Financial assets in equity instruments at fair value with adjustment to other comprehensive income have been designated considering that they are strategic investments for the holding company and therefore are not expected to be sold in the near future and there is a higher degree of uncertainty in the determination of fair value that generates significant fluctuations from one period to another. During the period ended December 31, 2020, dividends of $2,344 ($2,351 during the period ended December 31, 2019) have been recognized in the statement of results for these investments.

Guaranteeing money market and central counterparty risk clearinghouse (futures) operations

The following is a list of Financial assets at fair value that are used to guarantee repo transactions, those that have been pledged as collateral for transactions with Financial instruments and those that have been pledged as collateral to third parties in support of Financial obligations with other banks (see note 18).

		December 31, 2020	December 31, 2019
Delivered in money market operations			
Issued or guaranteed by the Colombian government	$	898.061	402.565
Delivered as collateral for derivative transactions		**898.061**	**402.565**
Issued or guaranteed by the Colombian government		234.721	150.058
Total	**$**	**1.132.782**	**552.623**

Changes in fair values primarily reflect changes in market conditions due mainly to changes in interest rates and other economic conditions in the country where the investment is held.

As of December 31, 2020, Fixed income investments hedging Money Market operations are presented in Simultaneous Liabilities $135,144 and Repo Liabilities $762,917 (December 31, 2019 were presented in Simultaneous Liabilities for $402,165).

On Financial assets in debt securities and equity instruments at fair value there are no legal or economic restrictions, pledges or liens, there is no limitation on their ownership.

Nota 8. – Financial assets in debt securities at amortized cost

The balance of Financial assets in debt securities at amortized cost includes the following as of December 31, 2020 and 2019:

		December 31, 2020	December 31, 2019
Debt securities			
In Colombian pesos	$	852.355	674.842

Issued or guaranteed by other entities of the Colombian Government		**852.355**	**674.842**
Provisions for investments		(358)	(202)
Total Financial assets in debt securities at amortized cost	**$**	**851.997**	**674.640**

The following is the change in the provision for investments for the period ended December 31, 2020:

	December 31, 2020	**December 31, 2020**
Balance at beginning of period	$ 202	46
Reversal of impairment of Banco de Occidente Panama bonds	(9)	(29)
Impairment expense on investments at amortized cost	165	285
Balance at end of period	**358**	**202**

The following is a summary of Financial assets in debt securities at amortized cost by maturity date:

		December 31, 2020	**December 31, 2019**
Up to 1 month	$	61.744	44.595
more than 3 months and not more than 1 year		790.611	630.247
Subtotal		**852.355**	**674.842**
Provisions for investments		(358)	(202)
Total	$	**851.997**	**674.640**

Note 9. – Derivative instruments and hedging of investments abroad

a. Derivative Financial instruments for trading

The following chart shows fair values as of December 31, 2020 and 2019 of forward contracts, futures, options, interest rate swaps and foreign currency swaps in which the holding company is involved:

		December 31, 2020		**December 31, 2019**	
Concept		**Notional amount**	**Fair value**	**Notional amount**	**Fair value**
Assets					
Forward contracts	$	135.603	4.389	51.720	332
Non-Peso/Dollar currency forward contracts		8.263.289	462.268	15.200.690	463.219
Forward contracts of Peso/Dollar currencies		-	-	54.494	150
Subtotal		**8.398.892**	**466.657**	**15.306.904**	**463.701**
Swap					

Swap contracts of foreign currency	361	8	87.779	1.322
Swap contract of interest rate	782.740	90.679	783.540	26.547
Subtotal	**783.101**	**90.687**	**871.319**	**27.869**
Call options				
Currency call options	445.811	13.680	775.210	19.560
Subtotal	**445.811**	**13.680**	**775.210**	**19.560**
Total assets	**$ 9.627.804**	**571.024**	**16.953.433**	**511.130**
Liabilities				
Forward contracts				
Forward contracts in Peso/Dólar dollar currencies	$ 8.504.110	596.268	16.013.321	475.185
Non-Peso/Dollar currency forward contracts	134.442	4.456	54.970	317
Securities forward contract	418.117	848	167.192	277
Subtotal	**9.056.669**	**601.572**	**16.235.483**	**475.779**
Swap				
Foreign currency swap contracts	719	91	58.153	2.394
Interest rate swap contracts	1.017.336	112.594	916.169	30.718
Subtotal	**1.018.055**	**112.685**	**974.322**	**33.112**
Call options				
Currency call options	402.191	13.964	774.037	16.636
Subtotal	**402.191**	**13.964**	**774.037**	**16.636**
Total liabilities	**10.476.915**	**728.221**	**17.983.842**	**525.527**
Net position	**$ (849.111)**	**(157.197)**	**(1.030.409)**	**(14.397)**

Derivative instruments entered into by the holding company are generally traded in organized markets and with local and foreign clients and counterparties of the holding company. Derivative instruments have net favorable (assets) or unfavorable (liabilities) terms as a result of fluctuations in foreign currency exchange rates and interest rate market or other variables relating to their terms. The cumulative amount of the fair values of derivative assets and liabilities may vary significantly from time to time.

As of December 31, 2020, there are no derivative contracts in other contracts that must be separated, accounted for and disclosed in accordance with IFRS 9.

The maturities by term of trading derivative instruments as of December 31, 2020 and 2019 are as follows:

LESS THAN A YEAR

Concept	December 31, 2020		December 31, 2019	
	Notional amount	Fair value	Notional amount	Fair value
Assets				
Forward contracts	$ 135.603	4.399	51.720	332
Non-Peso/Dollar currency forward contracts	7.992.807	441.555	14.963.354	455.095
Securities forward contracts	-	-	54.494	150

Subtotal		**8.128.410**	**445.954**	**15.069.568**	**455.577**
Swap					
Foreign currency swap contracts		176	2	16.942	48
Interest rate swap contracts		520.726	14.045	567.022	3.180
Subtotal		**520.902**	**14.047**	**583.964**	**3.228**
Call options					
Currency call options		391.262	10.592	708.784	15.202
Subtotal		**391.262**	**10.592**	**708.784**	**15.202**
Total assets	**$**	**9.040.574**	**470.593**	**16.362.316**	**474.007**
Forward contracts					
Forward contracts in Peso/dollar currencies	$	8.141.059	562.429	15.883.189	472.296
Non-Peso/Dollar currency forward contracts		134.442	4.471	54.970	318
Securities forward contracts		418.117	848	167.192	277
Subtotal		**8.693.618**	**567.748**	**16.105.351**	**472.891**
Swap					
Foreign currency swap contracts		662	90	6.143	627
Interest rate swap contracts		720.765	8.232	672.854	2.656
Subtotal		**721.427**	**8.322**	**678.997**	**3.283**
Call options					
Currency call options		345.354	10.786	699.698	13.906
Subtotal		**345.354**	**10.786**	**699.698**	**13.906**
Total liabilities	**$**	**9.760.399**	**586.856**	**17.484.046**	**490.080**
Neta position	**$**	**(719.825)**	**(116.263)**	**(1.121.730)**	**(16.073)**

MORE THAN ONE YEAR

		December 31, 2020		December 31, 2019	
Concept		**Monto nocional**	**Valor razonable**	**Monto nocional**	**Valor razonable**
Assets					
Forward contracts					
Non-Peso/Dollar currency forward contracts	$	-	-10	-	-
Forward contracts of Peso/Dollar currencies		270.482	20.713	237.336	8.124
Subtotal		**270.482**	**20.703**	**237.336**	**8.124**
Swap					
Foreign currency swap contracts		185	6	70.837	1.274
Interest rate swap contracts		262.014	76.634	216.518	23.367
Subtotal		**262.199**	**76.640**	**287.355**	**24.641**
Call options					
Currency call options		54.549	3.088	66.426	4.358
Subtotal		**54.549**	**3.088**	**66.426**	**4.358**
Total assets	**$**	**587.230**	**100.431**	**591.117**	**37.123**

Liabilities					
Forward contracts					
Non-Peso/Dollar currency forward contracts	$	363.051	33.839	130.132	2.889
Non-Peso/Dollar currency forward contracts		-	(15)	-	-1
Subtotal		**363.051**	**33.824**	**130.132**	**2.888**
Swap					
Foreign currency swap contracts		57	1	52.010	1.767
Interest rate swap contracts		296.571	104.362	243.315	28.062
Subtotal		**296.628**	**104.363**	**295.325**	**29.829**
Call options					
Currency call options		56.837	3.178	74.339	2.730
Subtotal		**56.837**	**3.178**	**74.339**	**2.730**
Total liabilities	**$**	**716.516**	**141.365**	**499.796**	**35.447**
Net position	**$**	**(129.286)**	**(40.934)**	**91.321**	**1.676**

Trading derivative Financial instruments contain the CVA/DVA component associated with the credit component of these contracts, as of December 31, 2020 and 2019 the effect of CVA/DVA on the income statement was an expense of $1,153 and 102, respectively.

Definition of credit risk adjustment model - CVA/DVA for derivative instruments of the Holding Company:

- To incorporate credit risk to the valuation methodology, under IFRS 13 for the holding company's derivative instruments, it was decided to carry it out under the premise of affecting the discount rate, within the valuation of such instruments at the corresponding closing date. This is done by forming groups or sets, within the Derivatives Portfolio, according to the currency (e.g., pesos, euros or dollars) of the instrument, the accounting nature of its valuation (asset or liability) and the type of counterparty with which the transaction is carried out.
- For the case of the derivatives transacted in a standardized market or else novates before a Central Risk Chamber of Counterpart, the price includes the concept of credit risk equal to zero, as long as it's involved a central risk chamber of counterpart and therefore, it's not necessary perform the exercise. For the derivatives traded in the market OTC (Forwards, Options, IRS, CCS) that do not include such concept, the analysis was made.

The credit risk calculation was carried out for all non-standardized or new derivative instruments maintained by entities in this manner. To determine the credit risk adjustment for portfolios.

b. Financial instruments and hedging of investments abroad

In the development of its operations, the holding company has the following investments in foreign subsidiaries as of December 31, 2020 and 2019, whose Financial statements in the consolidation process generate translation adjustments that are recorded in the other comprehensive income account in equity, as follows:

December 31, 2020	
Thousand American Dollars	**Million Colombian Pesos**

Investment detail		Value of investment hedged|	Value of hedge in obligations in foreign currency	Adjustment for conversion of Financial statements	Difference in exchange of obligations in foreign currency	Net amount ORI
Occidental Bank (Barbados) Ltd.	USD	35.238	(35.238) $	32.671	32.671	32.671
Banco de Occidente Panamá S.A.		52.456	(52.456)	44.768	44.768	44.768
TotalUSD		**87.694**	**(87.694) $**	**77.439**	**77.439**	**77.439**

		Thousand American Dollars		December 31, 2019 Million Colombian Pesos		
Investment detail		Value of investment hedged	Value of hedge in obligations in foreign currency	Adjustment for conversion of Financial statements	Difference in exchange of obligations in foreign currency	Net amount OR
Occidental Bank (Barbados) Ltd.	USD	31.027	(31.027) $	25.749	25.749	25.749
Banco de Occidente Panamá S.A.		38.924	(38.924)	37.376	37.376	37.376
TotalUSD		**69.951**	**(69.951) $**	**63.125**	**63.125**	**63.125**

Since these investments are in dollars, which is the functional currency of the above subsidiaries, the holding company is subject to the risk of changes in the exchange rate of the peso, which is the Bank's functional currency, against the dollar. To cover this risk, the Holding Company has entered into foreign currency debt operations and as such has designated foreign currency obligations for USD $87,694 as of December 31, 2020 and $69,951 as of December 31, 2019 that cover 100% of the current investments in those subsidiaries, the Financial obligations have a short-term maturity; therefore, once said obligations expire, the Holding Company's management designates new obligations in foreign currency to maintain the coverage for 100% of the investments.

Since the obligations are in the same currency in which the investments abroad are recorded, the hedge is considered perfect and therefore no hedge ineffectiveness is recorded; accordingly, no hedge ineffectiveness was recognized in the statement of results. In the ORI, as of December 31, 2020 and 2019 ($14,314) and ($2,942) respectively, were recognized as a result of hedge effectiveness.

Nota 10. – Financial asset per credit portfolio at amortized cost, net

The Financial assets account for credit portfolio at amortized cost in the consolidated statement of Financial situation is shown classified by commercial portfolio, consumption, mortgage for housing, taking into account que this is the classification adopted by the Finance Superintendence in the New Single Catalogue of Financial Information ("NCUFI"). Notwithstanding, taking into account the significance that represents at level of Group the Financial Leasing portfolio, for disclosure effects the separation of these credits was made in all the tables of Note of Credit Financial Risk and in this table, according to the following detail of reclassification:

	December 31, 2020		
Modality	Balance as Balance sheet	Leasing reclassification	Balance as disclosed

Commercial	$ 22.870.599	5.253.210	17.617.389
Consumer	7.903.544	13.788	7.889.756
Housing	1.905.731	1.075.528	830.203
Commercial Leasing	-	(5.253.210)	5.253.210
Consumer Leasing	-	(13.788)	13.788
Housing Leasing	-	(1.075.528)	1.075.528
Repos and interbank	342.830	-	342.830
Total	**$ 33.022.704**	**-**	**33.022.704**

Modality	**December 31, 2019** **Balance as Balance sheet**	**Leasing reclassification**	**Balance as disclosed**
Commercial	$ 22.061.977	5.080.084	16.981.893
Consumer	7.208.175	11.956	7.196.219
Housing	1.641.314	938.688	702.626
Commercial Leasing	-	(5.080.084)	5.080.084
Consumer Leasing	-	(11.956)	11.956
Housing Leasing	-	(938.688)	938.688
Repos and interbank	**$ 30.911.466**	**-**	**30.911.466**

1. Credit Portfolio by modality

Below is the distribution of the credit portfolio in the Holding Company and its subsidiaries by modality:

	December 31, 2020	**December 31, 2019**
Ordinary loans	$ 18.413.470	18.458.225
Loans with resources from other entities	2.871.743	1.138.625
Covered letters of credit	42.497	66.605
Overdrafts in bank Current Accounts	46.020	78.896
Discounts	100.763	166.890
Credit cards	1.440.241	1.454.619
Drawdowns	2.566.468	2.251.445
Home mortgage letter of credit	830.203	702.626
Employee loans	25.943	25.057
Leased real estate	4.219.630	3.938.597
Leased personal property	2.122.895	2.092.131
Deferred payment letters of credit	458	1.396
Other	342.373	536.354

Total Gross credit portfolio	**$**	**33.022.704**	**30.911.466**
Provision for impairment of Financial assets for credit portfolio		(1.981.913)	(1.537.345)
Total net Credit Portfolio	**$**	**31.040.791**	**29.374.121**

2. Loan portfolio impairment movement

The following is the movement of the impairment of the loan portfolio during the years ended December 31, 2020 and 2019:

	Commercial				Repos and Interbank				Consumer			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2019	$ 143. 960	8.466	676.902	829.328	81		905	986	154,175	58.815	221.923	434.913
Period write-off	(2)		(49 5,037)	(495.039)					(120)	(190)	(363.147)	(363,457)
reversal of accrued interest stage 3			105.970	105.970							21.023	21.023
Expense	1.829	17.218	496.689	515.737	(2)		(905)	(907)	34.307	53.723	491.175	579.206
Expense for disbursements or originations	85.786	21 741	33.232	140.759	11		59	70	74. 654	72. 315	60.206	207. 175
Drawback	(19.095)	(3,291)	(14.633)	(37.019)	(13)			(13)	(28.424)	(7,700)	(2,169)	(38.293)
Cancellation or full payment	(75.638)	(2,335)	(14 2,056)	(220.029)	(49)			(49)	(43.003)	(11.845)	(22.568)	(77.416)
Reclassification from Stage 1 to Stage 2	(8,973)	8.973							(15.008)	15.008		
Reclassification from Stage 1 to Stage 3	(3,736)		3.736						(10.118)		10.118	
Reclassification from Stage 2 to Stage 3		(2,361)	2.361							(11.385)	11.385	
Reclassification from Stage 3 to Stage 2		2. 081	(2.081)							5.104	(5.104)	
Reclassification from Stage 2 to Stage 1	1.219	(1,224)		(5)					13.364	(13,364)		
Reclassification from Stage 3 to Stage 1	1.653		(1,653)						10.271		(10.271)	
Difference in exchange	376		60	436								
Balance as of 31 December 2020	$127.379.	49.268	663.490	840. 138	28		59	87	190. 098	160,481	412.572	763.151

	Housing				Commercial Leasing				Consumer Leasing			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2019	$10.604	3.584	17.043	31.231	27.668	7.000	167.068	201.736	236	104	324	664
Period punishments							(79.907)	(79.907)			(2. 174)	(2. 174)
Reversion of the accrued interest Stage3			1.477	1.477			15.195	15.195			16	16
Expense	1.665	4.288	13. 315	19.268	1.625	8.333	139.300	149.258	27	277	2.070	2.374
Expense for disbursements or originations	4.200	605	474	5.279	6.066	3.003	1.286	10.355	89	7		96
drawback	(2,679)	(464)	(1.411)	(4,554)	(9,893)	(2,356)	(8,591)	(20.840)	(72)	(4)		(76)
Cancellation or full payment	(1.028)	(344)	(721)	(2. 093)	(2,654)	(329)	(2.803)	(5,786)	(33)	(16)	(3)	(52)
Reclassification from Stage 1 to Stage 2	(695)	695			(3,755)	3.755			(39)	39		
Reclassification from Stage 1 to Stage 3	(419)		419		(1,078)		1. 078		(9)		9	
Reclassification from Stage 2 to Stage 3		(970)	970			(1,776)	1.776			(37)	37	
Reclassification from Stage 3 to Stage 2		379	(379)			1.476	(1,476)					
Reclassification from Stage 2 to Stage 1	1.541	(1.541)			1.935	(1,935)			23	(23)		
Reclassification from Stage 3 to Stage 1	918		(918)		949		(949)		40		(40)	
Difference instead												
Balance as of December 31, 2020	$ 14,107	6,232	30. 269	50,608	20,863	17,171	231,977	270,011	262	347	239	848

	Housing Leasing				Total Financial Leasing				Total			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage1	Stage 2	Stage 3	Total
Balance as of December 31, 2019	$14,181	5.430	18.875	38.486	42.085	12.534	186.267	240.886	350. 905	83.399	1.103.040	1.537.344
Period write-offs			(471)	(471)			(82.552)	(82.552)	(122)	(190)	(940.736)	(941.048)
Reversion of the accrued interest Stage 3			1.186	1.186			16.397	16,397			144.867	144.867
Expense	2.387	4.767	14.208	21.362	4.039	13.377	155.578	172.994	41.838	88.606	1.155.853	1.286.297
Expense for disbursements or originations	4.788	613	121	5.522	10.943	3.623	1.407	15.973	175. 594	98.284	95.378	369.256
drawback	(4,057)	(509)	(731)	(5,297)	(14.022)	(2,869)	(9,322)	(26.213)	(64.233)	(14.324)	(27.535)	(106.092)
Cancellation or full payment	(1.013)	(390)	(2,315)	(3.718)	(3.700)	(735)	(5.121)	(9,556)	(123.418)	(15.259)	(170,466)	(309.143)
Reclassification from Stage 1 to Stage 2	(732)	732			(4,526)	4.526			(29. 202)	29.202		
Reclassification from Stage 1 to Stage 3	(510)		510		(1,597)		1.597		(15.870)		15.870	
Reclassification from Stage 2 to Stage 3		(1.476)	1.476			(3,289)	3.289			(18.005)	18.005	
Reclassification from Stage 3 to Stage 2		375	(375)			1.851	(1,851)			9.415	(9,415)	
Reclassification from Stage 2 to Stage 1	2.188	(2.188)			4.146	(4,146)			20. 270	(20.275)		(5)
Reclassification from Stage 3 to Stage 1	1.438		(1,438)		2.427		(2427)		15.269		(15.269)	
Difference instead									376		60	436
Balance as of 31December 2020	$ 18. 670	7.354	31.046	57.070	39.795	24.872	263.262	327. 929	371.408	240.853	1.369.652	1. 981.913

	Commercial				Repos and Interbank				Consumer			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2018	$145,502	9.970	675.653	831.125	417	9	425	851	159.601	76.835	265.358	501.794
Period write-offs	(7)	(69)	(481.218)	(481.294)	(1)		(148)	(149)	(12.702)	(33.036)	(446,665)	(492.403)
Reversion of the accrued interest Stage 3			121.060	121.060							18.795	18.795
Expense	(34)	2.666	409.979	412.611	2		584	586	18.599	49.207	401.155	468.961
Expense for disbursements or originations	99.155	2.881	45.956	147.992	50		55	105	81.142	19.053	48.413	148.608
drawback	(30.522)	(3.159)	(17.572)	(51.253)	(9)		(1)	(10)	(67.430)	(9,549)	(2,877)	(79.856)
Cancellation or full payment	(71.421)	(2,567)	(77,090)	(151.078)	(385)	(9)	(3)	(397)	(57.795)	(22.069)	(51.122)	(130,986)
Reclassification from Stage 1 to Stage 2	(2,371)	2.371							(5,637)	5.637		
Reclassification from Stage 1 to Stage 3	(4. 228)		4.228						(4.881)		4.881	
Reclassification from Stage 2 to Stage 3		(2,952)	2.952							(9,972)	9.972	
Reclassification from Stage 3 to Stage 2		2.743	(2,743)							6.461	(6,461)	
Reclassification from Stage 2 to Stage 1	3.418	(3.418)							23.752	(23. 752)		
Reclassification from Stage 3 to Stage 1	4.468		(4,468)		7		(7)		19.526		(19.526)	
Difference instead			166	166					{1)			{1)
Balance as of December 31, 2019	$143,960	8.466	676. 903	829.329	81		905	986	154.174	58.815	221.923	434.912

	Housing Leasing				Total Financial Leasing				Total			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31, 2018	$12,89	5.932	19.807	38.638	43.710	10.356	162.998	217.064	358.928	100. 635	1.117.376	1.576.939
Period write-offs			(4.687)	(4,687)			(80.811)	(80.811)	(12.710)	(33.105)	(1.008.842)	(1.054.657)
Reversion of the accrued interest Stage 3			782	782			11.292	11.292			151.910	151.910
Expense	417	3.116	6.492	10.025	1.025	5.965	112.442	119.432	19.864	59.864	931,144	1. 010.872
Expense for disbursements or originations	4.401	648	139	5. 188	14. 356	2.935	12.429	29.720	198.279	25.050	106.853	330.182
Drawback	(6,456)	(688)	(1.672)	(8.816)	(19.301)	(3,087)	(25.344)	(47.732)	(121.701)	(16.635)	(46.250)	(184,586)
Cancellation or full payment	(1.103)	(442)	(1.098)	(2.643)	(3,738)	(881)	(3,459)	(8.078)	(134,548)	(25,778)	(13 3.154)	(293,480)
Reclassification from Stage 1 to Stage 2	(560)	560			(1,734)	1.734			(10.115)	10.115		
Reclassification from Stage 1 to Stage 3	(174)		174		(1,405)		1.405		(10.657)		10.657	
Reclassification from Stage 2 to Stage 3		(1,386)	1.386			(2,773)	2.773			(16,449)	16.449	
Reclassification from Stage 3 to Stage 2		579	(579)			2.596	(2,596)			12.793	(12.793)	
Reclassification from Stage 2 to Stage 1	2.888	(2,888)			4. 310	(4,310)			33.090	(33,090)		
Reclassification from Stage 3 to Stage 1	1.869		(1.869)		4.862		(4,862)		30.475		(30.475)	
Difference instead									(1)		166	165
Balance as of December 31, 2019	$ 14.818	5.431	18.875	38.487	42.085	12.535	186.267	240.887	350.904	83.400	1.103.041	1.537.345

	Housing				Commercial Leasing				Consumer Leasing			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of December 31,2018	$9,698	3.465	12.942	26.105	30.631	4.299	142.433	177.363	180	125	758	1.063
Period write-offs							(72. 502)	(72. 502)			(3,622)	(3. 622)
Reversion of the accrued interest Stage 3			763	763			10.493	10.493			17	17
Expense	272	2. 026	6.984	9.282	602	2.762	102.743	106.107	6	87	3.207	3.300
Expense for disbursements or originations	3.576	181		3.757	9. 838	2.287	12.282	24.407	117		8	125
Drawback	(4,439)	(840)	(456)	(5,735)	(12.727)	(2,395)	(23.641)	(38.763)	(118)	(4)	(31)	(153)
Cancellation or full payment	(1,209)	(252)	(1,480)	(2,941)	(2,602)	(419)	(2,348)	(5,369)	(33)	(20)	(13)	(66)
Reclassification from Stage 1 to Stage 2	(373)	373			(1,168)	1.168			(6)	6		
Reclassification from Stage 1 to Stage 3	(143)		143		(1,231)		1.231					
Reclassification from Stage 2 to Stage 3		(752)	752			(1. 387)	1.387					
Reclassification from Stage 3 to Stage 2		993	(993)			2.017	(2.017)					
Reclassification from Stage 2 to Stage 1	1. 610	(1. 610)			1. 332	(1. 332)			90	(90)		
Reclassification from Stage 3 to Stage 1	1.612		(1,612)		2. 993		(2,993)					
Difference instead												
Balance as of December 31, 2019	$ 10.604	3.584	17.043	31.231	27.668	7000	167.068	201.736	236	104	324	664

3. Individual and collectively evaluated credit portfolio

The following is the detail of the impairment for credit risk as of December 31, 2020 and 2019, taking into account the manner in which they were determined, individually for loans over $2,000 and collectively for other loans

The impaired portfolio represents loans with associated credit risk, while the past due portfolio considers only days past due or default by the client (without identifying whether there is associated credit risk or not). Allowances for Credit Portfolio are determined based on the impaired Credit Portfolio.

(1) Including the total of appraised assets over $2,000 regardless of whether they were considered impaired or not impaired as a result of the appraisal.

				December 31, 2020					
	Commercial	**Consumer**	**Housing**	**Commercial leasing**	**Consumer leasing**	**Housing leasing**	**Financial leasing**	**Repos & interbank**	**Total**
Provision for impairment									
Credits evaluated individually	$ 475.984	2.878	-	152.390	-	-	152.390	-	631.252
Collectively assessed loans	364.152	760.278	50.606	117.621	848	57.069	175.538	87	1.350.661
Total provision for impairment	**$ 840.136**	**763.156**	**50.606**	**270.011**	**848**	**57.069**	**327.928**	**87**	**1.981.913**

				December 31, 2020					
	Commercial	**Consumer**	**Housing**	**Commercial leasing**	**Consumer leasing**	**Housing leasing**	**Financial leasing**	**Repos & interbank**	**Total**
Gross balance of financial assets by loan portfolio (1)									
Loans evaluated individually	$ 10.961.897	16.913	9.006	3.619.334	-	400	3.619.734	-	14.607.550
Collectively evaluated loans	6.655.493	7.872.843	821.197	1.633.875	13.788	1.075.128	2.722.791	342.830	18.415.154
Total provision for impairment	**$ 17.617.390**	**7.889.756**	**830.203**	**5.253.209**	**13.788**	**1.075.528**	**6.342.525**	**342.830**	**33.022.704**

				December 31, 2019					
	Commercial	**Consumer**	**Housing**	**Commercial leasing**	**Consumer leasing**	**Housing leasing**	**Financial leasing**	**Repos & interbank**	**Total**
Provision for impairment									
Credits evaluated individually	$ 492.352	-	-	95.815	-	-	95.815	27	588.194
Collectively assessed loans	336.977	434.912	31.232	105.921	664	38.485	145.070	960	949.151
Total provision for impairment	**$ 829.329**	**434.912**	**31.232**	**201.736**	**664**	**38.485**	**240.885**	**987**	**1.537.345**

				December 31, 2019					
	Commercial	**Consumer**	**Housing**	**Commercial leasing**	**Consumer leasing**	**Housing leasing**	**Financial leasing**	**Repos & interbank**	**Total**
Gross balance of financial assets by loan portfolio (1)									
Loans evaluated individually	12.040.505	14.052 3.570	3.407.815	43	17.476	3.425.334	338.244	15.821.705	
Collectively evaluated loans	4.402.691	7.182.167	699.055	1.672.269	11.914	921.212	2.605.395	200.453	15.089.761
Total provision for impairment	**16.443.196**	**7.196.219**	**702.625**	**5.080.084**	**11.957**	**938.688**	**6.030.729**	**538.697**	**30.911.466**

4. Individual evaluated credit portfolio

The following is the detail of loans individually assessed for impairment as of December 31, 2020 and 2019:

		December 31, 2020		
		Gross registered value	Collateral guarantees	Constituted provision
Without recorded impairment				
Commercial	$	7.127	-	-
Commercial Leasing		15.481	-	-
Subtotal		**22.608**	**-**	**-**
With recorded impairment				
Commercial		1.241.583	97.598	475.984
Consumer		10.574	4.433	2.878
Commercial Leasing		493.597	144.020	152.390
Repos and Interbank		-	-	-
Subtotal		**1.745.754**	**246.051**	**631.252**
Totals				
Commercial		1.248.710	97.598	475.984
Consumer		10.574	4.433	2.878
Commercial Leasing		509.078	144.020	152.390
Repos and Interbank		-	-	-
Total	$	**1.768.362**	**246.051**	**631.252**

		December 31, 2019		
		Gross registered value	Collateral guarantees	Constituted provision
Without registered impairment				
Commercial	$	17.580	-	-
Commercial Leasing		36.539	-	-
Subtotal		**54.119**	**-**	**-**
With recorded impairment				
Commercial		1.162.489	142.484	492.352
Commercial Leasing		369.872	116.211	95.815
Repos and Interbank		338.601	-	26
Subtotal		**1.870.962**	**258.695**	**588.193**
Totals				
Commercial		1.180.069	142.484	492.352
Commercial Leasing		406.411	116.211	95.815
Repos and Interbank		338.601	-	26
Total	$	**1.925.081**	**258.695**	**588.193**

5. Credit Portfolio maturity period

The distribution of the Credit Portfolio in the holding company and subsidiaries by maturity period is shown below:

		December 31, 2020				
		Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Commercial	$	10.275.555	4.670.548	1.575.625	1.095.661	17.617.389
Consumer		2.384.668	3.190.388	1.726.118	588.582	7.889.756
Housing		82.884	120.271	115.079	511.969	830.203
Commercial Leasing		1.542.651	1.837.477	938.909	934.173	5.253.210
Consumer Leasing		5.062	6.104	2.283	339	13.788
Commercial Leasing		112.114	157.399	147.629	658.386	1.075.528
Repos and Interbank		342.830	-	-	-	342.830
Total portfolio	**$**	**14.745.764**	**9.982.187**	**4.505.643**	**3.789.110**	**33.022.704**

		December 31, 2019				
		Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Commercial	$	9.864.359	3.928.020	1.458.084	1.192.733	16.443.196
Consumer		2.180.086	2.935.097	1.661.073	419.963	7.196.219
Housing		60.535	103.938	99.162	438.991	702.626
Commercial Leasing		1.472.785	1.783.678	939.936	883.685	5.080.084
Consumer Leasing		4.113	5.184	2.285	374	11.956
Commercial Leasing		86.901	143.740	134.235	573.812	938.688
Repos and Interbank		538.697	-	-	-	538.697
Total portfolio	**$**	**14.207.476**	**8.899.657**	**4.294.775**	**3.509.558**	**30.911.466**

6. Credit portfolio by currency type

Bellow is shown the credit portfolio by currency type

		December 31, 2020		
		Colombian pesos	Foreign currency	Total
Commercial	$	15.052.802	2.564.587	**17.617.389**
Consumer		7,854,467	35,289	**7,889,756**
Housing		830,203	-	**830,203**
Commercial Leasing		5,253,210	-	**5,253,210**
Consumer Leasing		13.788	-	**13.788**
Housing Leasing		1,075,528	-	**1,075,528**
Repos and interbank		113.609	229.221	**342.830**
Total portfolio	$	**30.193.607**	**2.829.097**	**33.022.704**

		December 31, 2019		
		Colombian pesos	Currency foreign	Total
Commercial	$	13.800.260	2.642.936	**16.443.196**
Consumer		7,142,298	53,921	**7,196,219**
Housing		702,626	-	**702,626**
Commercial Leasing		5,080,084	-	**5,080,084**
Consumer Leasing		11.956	-	**11.956**
Housing Leasing		938.688	-	**938.688**
Repos and interbank		227.015	311.681	**538.697**
Total portfolio	$	**27.902.928**	**3.008.538**	**30.911.466**

7. Credit portfolio by Financial leasing

The following is the reconciliation between the gross investment in capital leases and the present value of the minimum lease payments receivable as of December 31, 2020 and 2019:

		December 31, 2020	December 31, 2019
Total gross lease payments to be received in the future	$	8,597,691	8,518,293
Plus Estimated residual value of assets delivered under lease (not guaranteed)		696	1,789
Gross investment in leasing contracts		**8.598.387**	**8.520.082**
Minus unrealized Financial income		(2.255.862)	(2.489.354)
Gross investment in financial leasing contracts		**6,342,525**	**6,030,728**
Impairment of net investment in finance leases	**$**	**327.928**	**(240.885)**

The following is the detail of the gross investment and net investment in capital leases to be received as of December 31, 2020 and 2019 in each of the following years:

		December 31, 2020		December 31, 2019	
		Gross Investment	Net Investment	Gross Investment	Net Investment
Up to 1 year	$	1.881.768	1.442.271	1.796.107	1.284.943
Between 1 and 5		3.876.014	2.770.507	3.970.324	2.725.638
More than 5 years		2.840.605	2.129.747	2.753.651	2.020.147
Total	**$**	**8.598.387**	**6.342.525**	**8.520.082**	**6.030.728**

In Financial leasing operations, the holding company as lessor delivers goods to the lessee for use for an established term in exchange for a fee and the lessee at the end of the term has the right to acquire the assets through a purchase option agreed from the beginning, which generally corresponds to a price substantially lower than the commercial value at the time of exercising it. In most contracts the rent is calculated based on the DTF or IBR plus a few nominal points. Insurance, maintenance and all charges on the asset are paid by the lessee. On the other hand, there are leasing operations without purchase option that from the beginning have guaranteed residuals or in the case of not being guaranteed, the residuals correspond to a low percentage with respect to the value of the asset. In most of the above contracts, the rent is calculated based on the DTF or IBR plus or minus a few nominal points, and the lessee is responsible for VAT, insurance and maintenance of the asset.

Note 11. – Other accounts receivable, net

The following is the detail of other current accounts receivable as of December 31, 2020 and 2019:

Detail		December 31, 2020	December 31, 2019
To Holding Company, subsidiaries, relates and associates	$	50	45
Advance of supplier contract		504	114
Advance industry and commerce tax		1.290	1.323
Leases		1.046	853
Rental of goods given in operational leasing		270	222
Commissions		8.564	9.034
Credit card compensations and network compensations		1.958	17.050
Remission IFRS		8.641	2.235
Contributions		220	202
Abandoned ICETEX accounts		54.304	41.147
Accounts receivable, sale of goods and services		51.618	43.782
Deposits		2.362	2.262
Dividends		16.062	14.890
Shortages in exchange		5	15
Shortages in cash		29	48
Expenses paid in advance		7.576	5.485
Donations		34.300	18.700
Fees, services and advances		11	11
Taxes		8.111	8.171
Currency Contraction Deposits		32	-
Interests		59	75
Other		103.116	26.805
Promising sellers		146	146
Claims to insurance companies		424	385
Balances in favor in compliance with forward contracts(*)		68	56.290
Transfers to National Directorate of Treasury		3.508	3.359
Electronic transfers in process		-	(12.373)
Subtotal	$	**304.274**	**240.276**
Provision of other accounts receivable		(23.426)	(15.231)
Total	$	**280.848**	**225.045**

(*) The balance in accounts receivable from Forward settlements is presented by the conditions of the rate and in this case it is in favor of the Bank, this increases the accounts receivable in settlements and also impacts the amount of operations that have compliance for that month.

Accounts receivable from contracts with clients for compliance with IFRS 15

Goods and Services		December 31, 2020 2020	December 31, 2020 2019
Banking services commissions	$	19	21
Fiduciary activities		3.975	3.595
Other commissions		4.570	5.428
Total	**$**	**8,564**	**9.044**

The following is the movement of the impairment for credit risk as of December 31, 2020 and 2019:

		December 31, 2020	December 31, 2019
Balance as of December 31, 2019	**$**	**15.231**	**15.231**
Provision charged to results		7.294	5.306
Recoveries of other accounts receivable		(958)	(277)
Write-offs		1.861	(960)
Adjustment for foreign exchange differences		(2)	-
December 31, 2020	**$**	**23.426**	**19.300**

Note 12. – Profit of non-current assets maintained for sale

The following is a detail of the gain and/or loss generated on the sale of assets classified as held for sale during the periods ended December 31, 2020 and 2019:

		December 31, 2020			December 31, 2019		
		Carrying .	Sale value .	Profit	Carrying value value	Profit	Sale
Property	$	126,533	170.894	44.361	2.029	3.728	1.699
Movable property		2.023	2.037	14	1.744	1.863	119
	$	**128.556**	**172.931**	**44.375**	**3.773**	**5.591**	**1.818**

The changes in assets held for sale are presented below.

		December 31, 2020
Balance as of December 31, 2019	**$**	**-**
Increases by addition during the period		3.341
Cost of non-current assets held for sale sold, net		27.580
Sale and leaseback		(156,136)
Reclassifications from / to own use		159.184
Balance as of December 31, 2020	**$**	**33.969**

Note 13. – Investments in associates, joint ventures and joint operations

1. Investments in associates and joint ventures

Bellow is the detail of the investments in associates and joint ventures

		December 31, 2020	December 31, 2019
Associates	$	1.613.221	1.432.975
Joint ventures		1.407	1.271
Total	**$**	**1.614.628**	**1.434.246**

The percentages of ownership interest in each of the associates and joint ventures are presented below:

	December 31, 2020			December 31, 2019		
	% of participation		carrying value	% of participation		carrying value
Associates						
A Toda Hora S.A	20.00%	$	2,312	20.00%	$	2,101
Porvenir S.A. (*)	33.09%		937,951	33.09%		838,765
Porvenir S.A. (*)	26.60%		4,319	26.60%		3,266
Porvenir S.A. (*)	4.09%		668,639	3.96%		588,843
		$	1.613.221		$	1.432.975
Joint ventures						
A Toda Hora S.A	25,00%	$	1.407	25,00%	$	1.271
		$	1.407		$	1.271

The carrying value of the investment in Porvenir S.A. includes the goodwill for the acquisition of the company Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. in December 2013 for $ 64,724

The changes in investments in associates and joint ventures for the years ended December 31, 2020 and 2019 are as follows and joint ventures for the years ended December 31, 2020 and 2019:

Associate companies		December 31, 2020	December 31, 2019
Balance at beginning of period	$	1.432.975	1.246.888
Effect on opening balance due to changes in accounting policies with effect on equity		-	2.862
Acquisitions in controlled and associated companies		2.660	1.596
Dividends decreed		(94.780)	(89.340)
Participation method with effect in ORI		15.867	20.345
Participation method with effect in results		256.499	250.624
Balance at end of period	$	1.613.221	1.432.975

Joint ventures		December 31, 2020	December 31, 2019
Balance at beginning of period	$	1.271	1.047
Participation method with effect in results		136	224
Balance at end of period	$	1.407	1.271

The business purpose of A Toda Hora S.A. is to supply services indicated in Article 5 in Act 45 / 1990 and the other complementary standards, specifically the computer programing, marketing of programs, representation of national or overseas Companies, producing or marketing programs, the organization and management of ATM Networks to make transactions or operations; processing data and management of information in own or alien to draft the accounting, the creation and organization of files and the perform of calculations, statistics and information by large, as well as the communication and electronic transfer of data

The business purpose of the Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. is the management of the Funds of Pensions and Severances authorized by law, as well as the management of Autonomous Equities constituting the territorial entities, their decentralized and private companies, according to article 16 in Decree 941 / 2002, for the purpose to supply resources to pay their pension obligations; such as pensions, pension bonds, quotes of pension bonds and quotes of pensions, under the terms of article 23 in Decree 1299 / 1994, regulated by the Decrees 810 / 1998 and
941 / 2002; which constitute Autonomous Equities independent of the equity of the Company

On January 2018 the Bank, together with other entities of Grupo Aval, created the company Aval Soluciones Digitales S.A. under public deed No. 6041 of Notary 73 in the city of Bogota.

The exclusive purpose of the company is to supply of services authorized to specialized societies in deposits and electronic payments in the development of its business purpose

Aval Soluciones Digitales S.A has in place 26,000,000 total subscribed stocks, which are totally paid. The Bank has 26.60% participation with 6,916,003 stocks.

The Corporación Financiera Colombiana S.A. Corficol, is a credits establishment with the principal function the capitation of term resources, through deposits or debt securities at term, for the purpose to carry out active credit operations and make investments, for the primary purpose to promote or encourage the creation, reorganization, merging, transformation and expansion of companies in the sectors indicated by the standards regulating their activity, organized according to regulations provided by the Organic Statute of Financial System (Decree 663 / 1993) and the provisions that modify, repealing or substituting them. With the approval of the General Meeting of Shareholders, the Corporation may change its social domicile and for approval of Board of Directors may establish branch offices or agencies into or out of the national territory.

The condensed Financial information of the investments in the associated companies registered based on the participation method is the following

December 31, 2020

		Asset	Liability	Equity	Income	Expenses	Results
A Toda Hora S.A.	$	3.948.518	1.248	11.558	12.708	11.654	1.054
Porvenir S.A.		18.617	1.309.785	2.638.733	3.165.633	2.589.446	576.187
Aval Soluciones Digitales S.A.		17.668.444	2.380	16.237	207	6.248	6.041
Corporación Financiera Colombiana S.A.		17.668.444	8.260.426	9.408.018	4.535.519	2.880.548	1.654.971
	$	**39.304.023**	**9.573.839**	**12.074.546**	**7.714.067**	**5.487.896**	**2.226.171**

December 31, 2019

		Asset	Liability	Equity	Income	Expenses	Results
A Toda Hora S.A.	$	11,663	1.159	10.504	11.994	10.949	1.045
Porvenir S.A.		3.617.305	1.278.297	2.339.008	2.388.401	1.818.129	570.272
Aval Soluciones Digitales S.A.		13.816	1.538	12.278	309	3.123	(2.814)
Corporación Financiera Colombiana S.A.		14.798.012	7.153.586	7.644.426	1.683.598	117.291	1.566.307
	$	**18.440.796**	**8.434.580**	**10.006.216**	**4.084.302**	**1.949.492**	**2.134.810**

The following is the detail of loans individually assessed for impairment as of December 31, 2020 and 2019:

Porvenir S.A.		**December 31, 2020**	**December 31, 2019**
Cash	$	94.544	89.340

Corficol S.A.		**31 de diciembre de 2020**	**December 31, 2019**
Stocks	$	31.333	18.356

The condensed Financial information of investments in joint ventures accounted for under the equity method is presented below:

		December 31, 2020					
		Assets	**Liabilities**	**Equity**	**Income**	**Expenses**	**Results**
A Toda Hora S.A.	$	53.254	47.627	5.627	285.345	284.804	541
		December 31, 2019					
		Assets	**Liabilities**	**Equity**	**Income**	**Expenses**	**Results**
A Toda Hora S.A.	$	63.787	58.701	5.086	246.564	245.665	899

The following is the detail of loans individually assessed for impairment as of December 31, 2020 and 2019:

For the development of its operations, ATH has entered into a joint account agreement with other Financial entities of Grupo Aval in order to develop all commercial operations related to the centralized management of electronic data and funds transfer operations through ATMs, internet or any other electronic means.

ATH participates in its capacity as manager of said contract to develop in its sole name and under its personal credit the object of the contract.

2. - Operations controlled jointly

A joint operation is a joint agreement whereby the parties having joint control of the agreement are entitled to the assets and obligations with respect of the liabilities, related to the agreement. Such parties are named joint operators

Such joint operations are recognized in each item of Financial statement of the Entity in the proportional of its participation of assets, liabilities, income and expenses of each joint operations, in force during the period

The following is a summary of the participation in the joint operations where the subsidiary Fiduciaria de Occidente has participation as of December 31, 2020 and 2019:

	% Participation		December 31, 2020 2020		December 31, 2020 2019	
			Assets	Liabilities	Assets	Liabilities
Emcali	25	$	188	87	187	96
Fosyga en Liquidación	6,55		43	1.097	39	1.112
Pensiones Cundinamarca 2012	55		27	-	27	-
Concesionaria Calimio	56		8	2	8	2
Consorcio Sop 2012	33.33		845	21	291	2
Fondo de Adaptación	50		261	26	291	20
Total		**$**	**1.372**	**1.233**	**843**	**1.232**

	% Participation		December 31, 2020			December 31, 2019		
			Income	Expenses	Profit (Losses)	Income	Expenses	Profit (Losses)
Emcali	25	$	366	266	100	92	67	25
Fosyga en Liquidación	6,55		1	25	(24)	-	5	(5)
Pensiones Cundinamarca 2012	55		-	-	-	-	-	-
Concesionaria Calimio	56		42	12	30	11	3	8
Consorcio Sop 2012	33.33		3,176	633	2,543	1	128	(127)
Fondo de Adaptación	50		488	197	291	132	49	83
Total		**$**	**4.073**	**1.133**	**2.940**	**236**	**252**	**(16)**

The joint operating interests of the Company's assets comprise the following as of December 31, 2020 and 2019:

Asset participation		December 31, 2020	December 31, 2020 2019
Cash and cash equivalents	$	493	441
Deposits and investments in debt securities		3	4
Accounts receivable		801	321
Property and equipment for own use		66	77
Other activities in joint ventures		9	-
Total asset	**$**	**1,372**	**843**

The participations of the joint operations in the liabilities of the subsidiary Fiduciaria de Occidente S.A. comprise the following as of December 31, 2020 and 2019:

Participation of the liability	**December 31, 2020**		**December 31, 2019**
Accounts payable	$	163	52
Other liabilities contributions		8	99
Other provisions		999	1.012
Liabilities at amortized cost		63	69
Total liability	**$**	**1,233**	**1.232**

Bellow the economic activity of the joint operations (consortiums):

Name	ACTIVITY
Emcali	Through the contract 160GF-CF-001-2005 the Autonomous Equity is established whose purposes, among others: (i) To collect the total income of Emcali through the mechanisms and procedures defined in the Operative Manual; (ii) to manage the Trust incomes in manner established in this contract, (iii) Pay, as indicated by EMCALI, and according to provision in this Contract, all the operation and administration expenses of business through the trust observing the provisions indicated in the Annex 4 of the contract. The principal domicile where the consortium develops its operations is Carrera 5 No. 12-42 in the city of Cali.
Fosyga (en liquidación)	The purpose of this contract is the collection, administration and payment by the consortium of the resources of the Solidarity and Guarantee Fund of the General System of Social Security in health under the terms established in Act 100 / 1993. The principal domicile where the consortium develops its operations is Calle 31 No. 6-39 Piso 19 in the city of Bogotá.
Pensiones Cundinamarca (en liquidación)	Management of the resources of the Fund of Public Pensions of Cundinamarca, destined to cover the pension liability of the Department. The principal domicile where the consortium develops its operations is Carrera 13 No. No. 26A–47 Piso 9 in the city of Bogotá.
Metroplús APEE	Administration, investment and payments of the Resources delivered to Metroplus as co-financing contributions of the Nation, those delivered by the municipalities from Medellín, Itaguí and Envigado for the contracting made by Metroplus S.A. of the designs, studies, physical infrastructure and to purchase of land required for the integrated system of transport in Valle de Aburrá. The principal domicile where the consortium develops its operations is Carrera 13 No. No. 26A–47 Piso 9 in the city of Bogotá.
Consorcio SOP 2012	Administration of resources making the autonomous equities integrating the Fondo Nacional de Pensiones of the Territorial Entities. FONPET – and the related and complementary activities involving such administration. The principal domicile where the consortium develops its operations is Carrera 13 No. 26A–47 Piso 9 in the city of Bogotá.
Fondo de Adaptación	FIDUCIARY commits itself to THE FUND to constitute an autonomous equity with the investment resources of the Adaptation Fund for the collection, management, investment and payment in and out of Colombia in compliance with the provision in article 5th in Decree 4819 dated 2010, regulated by the Decree 2906 / 2011. The contract shall be accomplished pursuant to the terms, conditions and requirements established in the contractual terms and conditions and its technical annex, as well as the offer submitted by THE FIDUCIARY on April 27 – 2012 to original entry in the contract, and the offer submitted by the Fiduciary on 30-December2013 to enter into the additional clause No. 1, documents making integral part of this contract. Additionally, the Fiduciary, as spokesperson of the autonomous may make credit operations with the National Treasury and/or Financial Entities controlled by Financial Superintendence, under the terms of the Article 84 of the Act 1687 / 2013. PARAGRAPH: The Fiduciary undertakes to develop the contractual subject matter with total autonomy and independence and risk and with its exclusive responsibility, and for such reason, this contract does not generate any labor relationship between the Fiduciary and the Fund The principal domicile where the consortium develops its operations is Carrera 13 No. 26A–47 Piso 9 in the city of Bogotá.
Concesionaria Calimio	Collection and administration of the resources applied to the development of the projects and those derived from them, among which the capital contributions are included made by the trustor, those products of the use of the Syndicated credit; and the payments corresponding to the Economic Participation that are received from the MIO System.

Name	ACTIVITY
	The principal domicile where the consortium develops its operations is Carrera 13 No. 26A–47 Piso 9 in the city of Bogotá.
Lote Avenida Colombia (Proyecto Cali) (en liquidación)	Administration of a real estate project in the city of Cali for the construction of a commercial and office building. The principal domicile where the consortium develops its operations is Calle 67 No. 7-37 Piso 3 in the city of Bogotá.
Fidupensiones Bogotá Colpatria Occidente 2011 (en liquidación)	The integration of one consortium among Fiduciaria Bogotá S.A. Fiduciaria Colpatria S.A. and Fiduciaria de Occidente S.A., for the purpose to complement the technical, operative, management and Financial abilities ,of the parties making this consortium, for the proposal, award, celebration and execution of contract, among the open contest (internet contracting) No. 523364, open by Ecopetrol S.A., whose purpose is the administration of an autonomous pension equity used to pay pension obligations of Ecopetrol S.A:, the domicile of consortium will be Calle 67 No. 7-37 in the City of Bogotá.

As of December 31, 2020 and 2019, the joint agreements administered by Fiduciaria de Occidente S.A., (Calimio, Pensiones Cundinamarca (in liquidation), Fondo de Occidente S.A., (Calimio, Pensiones Cundinamarca (in liquidation), Fondo de Adaptación and Sop 2012), (Emcali and Fosyga), Fiduciaria Bogotá S.A., in their Financial statements, do not present liabilities or contingent assets that could liabilities or contingent assets that could jeopardize the normal operating performance of the consortiums..

Legal and Financial situation of the joint operation (consortium) FOSYGA 2005 "En Liquidación"

It is reported that the Consortium Fosyga 2005 "in liquidation", in which the subsidiary Fiduciaria de Occidente S.A. has a 6.55% participation, has been linked by the Comptroller General of the Republic as payer of the resources in fiscal responsibility processes and there are contingencies in other third party processes directed against the State in which the Consortium has been included as allegedly responsible. Provisions in the Consortium, as of December 31, 2019, amounted to December 31, 2019 amount to the sum of $15.136.

The trustee created for the administration of the resources of the Fosyga, performed by the Ministry of Health and Social Protection with the Consortium Fosyga 2005 finishes its execution on August 31-2011 and was unilaterally liquidated by the aforementioned Ministry though Resolutions 371 and 809 dated 10- February and 17-March-2014, respectively, where they determine that there is a balance in favor of the Ministry for the amount $15,611. In relation to this, the Consortium advanced a conciliation before the Attorney General's Office, which aimed to reduce the amounts established in charge of the Trustees that make up the Consortium Fidufosyga 2005 in the administrative acts issued on the occasion of the unilateral liquidation of the contract, product of which a conciliatory agreement was entered into on December 18, 2014, under which the Consortiums made the payment to the Ministry the amount of $12. 005, agreement that was approved by the Contentious Administrative Court of Cundinamarca, through a ruling dated December 10, 2015, in accordance with the provisions of Art. 24 of Law 640 of 2001. On February 2, 2016, the resources were transferred in favor of the Ministry of Health and Social Protection, a situation that led to the liquidation of the autonomous assets constituted in Helm Fiduciaria S.A.

Lastly, there exist other contingencies to which the consortium management considers for possibilities of loss in these proceedings to be unprovable and for them provisions have not been constituted, considering the compliance of the subject matter of the contract by the Consortium.

Note 14. – Tangible assets, net

The following is the movement in the carrying amount of tangible asset accounts (property and equipment for own use, properties leased out under operating leases and investment properties) for the periods ended December 31, 2020 and 2019:

		For own use	Given in lease operative	Investment properties	Assets for right of use	Total
Cost or fair value						
Balance as of December 31, 2018	**$**	**830.605**	**7.472**	**212.476**	**-**	**1.050.553**
Recognition Adoption of IFRS 16		-	-	-	221.642	221.642
Increase or decrease due to change in lease variables	-	-	-		9.510	9.510
Purchases		-	7.467	64.083	3.615	75.165
Reimbursement of donation costs		48.707	-	-	-	48.707
Withdrawals from sales (net)		-	-	(49.452)	(1.217)	(50.669)
Impairment charges (net)		(29.167)	-	-	-	(29.167)
Adjustment for exchange difference		-	-	-	152	152
Reclassification of concessions		53	-	-	-	53
Other reclassifications		-	(1.671)	(2.966)	-	(4.637)
Fair value change		(35.831)	-	8.938	-	(26.893)
Balance as of December 30, 2019	**$**	**814.367**	**13.268**	**233.079**	**233.702**	**1.294.416**
Balance as of December 30, 2019	**$**	**814.367**	**13.268**	**233.079**	**233.702**	**1.294.416**
Increase or decrease due to change in lease variables	-	-	-		938	938
Purchases		31.785	4.481	29.882	134.360	200.508
Disposals (net)		(27.751)	-	(84.451)	-	(112.202)
Impairment charges (net)		(1.609)	-	-	(26.766)	(28.375)
Transfers to/from Non-current assets held for sale		(227.775)	-	-	-	(227.775)
Transfers to/from Investment Properties		(4.038)	-	-	-	(4.038)
Adjustment for exchange difference		(65)	-	-	44	(21)
Other reclassifications		-	(1.646)	(1.709)	-	(3.355)
Change in fair value		-	-	(16.098)	-	(16.098)
Revaluation of investment properties		-	-	3.892	-	3.892
Balance as of December 30, 2020	**$**	**584.914**	**16.103**	**164.595**	**342.278**	**1.107.890**
Accumulated depreciation:						
Balance as of December 31, 2018	**$**	**317.283**	**3.553**	**-**	**-**	**(320.836)**
Depreciation of year with charged to expenses		57.353	(2,549)	-	(44,597)	(104,499)
Withdrawals from sales (net)		17,440	-	-	332	17,772
Adjustment for exchange difference		(51)	-	-	5	(46)
Other reclassifications	-	7,750	1,061	-	2	8,813
Balance as of December 31, 2019	**$**	**(349,497)**	**(5,041)**	**-**	**(44,258)**	**(398,796)**
Balance as of December 31, 2019	**$**	**(349,497)**	**(5,041)**	**-**	**(44,259)**	**(398,797)**
Depreciation of year with charged to expenses		(46,121)	(3,616)	-	(51,899)	(101,636)
Withdrawals from sales (net)		15,186	-	-	-	15,186
Withdrawals from impairment (net)		1,576	-	-	8,511	10,087
Transfers to/from non-current assets held for sale		68,591	-	-	-	68,591
Transfers to/from Investment Properties		1,580	-	-	-	1,580
Adjustment for exchange difference		117	-	-	230	347
Other reclassifications	-	(391)	1,548	-	-	1,157
Balance as of December 31, 2020	**$**	**(308,959)**	**(7,109)**	**-**	**(87,417)**	**(403,485)**
Impairment losses:						
Balance as of December 31, 2018	**$**	**(1,907)**	**(1)**	**-**	**-**	**(1,908)**
Impairment charge for the year		(82)	(161)	-	-	(243)
Impairment recovery		1,705	27	-	-	1,732
Other reclassifications		-	101	-	-	101
Balance as of December 31, 2019	**$**	**(284)**	**(34)**	**-**	**-**	**(318)**
Balance as of December 31, 2019	**$**	**(284)**	**(34)**	**-**	**-**	**(318)**
Impairment charge for the year		(54)	(59)	-	-	(113)
Impairment recovery	-	57	8	-	-	65
Balance as of December 31, 2020	**$**	**(281)**	**(85)**	**-**	**-**	**(366)**
Tangible Assets, net						
Balance as of December 31, 2019	**$**	**464,586**	**8,193**	**233,079**	**189,443**	**895,301**
Balance as of December 31, 2020	**$**	**275,674**	**8,909**	**164,595**	**254,861**	**704,039**

The following is a list of the operation consisting of the Asset Mobilization presented during the nine-month period from January to December 2020.

Real estate assets were transferred to the Fondo de Capital Privado Nexus Inmobiliario Compartimento Inmuebles fund, managed by "Nexus Capital Partners SAS" and administered by "Fiduciaria de Occidente", as consideration for the sale, the bank received participation units from the Equity Fund amounting to $314,593 as of December 31, 2020, which are recorded in the account 1302050001 - Restricted Domestic Issuers.

During the period, 12 real estate assets were mobilized by the holding company and 4 assets by Fiduciaria, in accordance with the previously established schedule and the sale plan defined by management, such mobilization presented the following movements:

Concept		Assets for own use	Asset for Right of Use	Investment properties	Non-current Assets Held	FCP Participation	Liability for Lease
Sale of Assets Mobilization Project	$	(10,299)	-	(15,408)	(119,376)	-	-
Right of use activation		-	101,179	-	-	-	-
Transfers to held for sale		(153,346)	-	-	153,346	-	-
Participation FCP Compartimento Inmuebles		-	-	-	-	314,593	-
Liability for lease		-	-	-	-	-	216,608
Total	**$**	(163,645)	101,179	(15,408)	33,970	314,593	216,608

As of December 31, 2020, there is a variation with respect to December 31, 2019, in the items of Own use, amounting to ($152,540) corresponding to the transfer of 29 properties to Non-current assets held for sale, ($806) corresponding to the transfer of construction in progress to Non-current assets held for sale and ($10,299) corresponding to the mobilization of the assets to the Nexus Inmobiliario Private Equity Fund, for a total of ($163.645).

On the other hand, there was a variation in investment property in the amount of ($15,408) corresponding to a mobilized real estate property which had a portion classified as investment property and in Assets right of use in the amount of $101,179, due to the mobilization of 16 properties (bank premises and administrative headquarters) of the Bank and subsidiaries to the Nexus Inmobiliario Private Equity Fund.

Regarding non-current assets held for sale: There is a variation of $33,970 with respect to the rollover project, due to the reclassification made in the period from January to September of assets for own use in the amount of $153,346 ($152,540 transferred from 29 properties for own use plus $806 from the transfer of construction in progress) and ($119,379) corresponding to the mobilization of 11 assets to the Nexus real estate private equity fund.

At the end of 2020, once the schedule established for the mobilization of fixed assets to the Private Equity Fund is met, the corresponding adjustments will be made to those records made by the valuation that were under COLGAAP of the mobilized fixed assets, which at the time of adopting IFRS standards, were taken to the adoption account for the first time.

At the end of December 31, 2020, a reclassification is generated from "Unappropriated earnings - First-time adoption" to "Unappropriated earnings - Prior years" in the amount of $145,722 with a deferred tax effect of adoption in the amount of $23,718 for a net of $122,004.

a) Properties and equipment for own use

The following is the detail of the balance as of December 31, 2020 and 2019 by type of property and equipment for own use:

For own use		Cost	Accumulated depreciation	Impairment loss	Carrying amount
Land	$	42,110	-	-	42,110
Buildings		185,650	(55,327)	-	130,323
Office equipment, Fittings and fixtures		121,238	(80,065)	(281)	40,892
Computer equipment		197,106	(146,674)	-	50,432
Vehicles		1,690	(1,635)	-	55
Mobilization equipment and machinery		101	(87)	-	14
Enhancement in alien property		34,030	(25,171)	-	8,859
Ongoing constructions		2,989	-	-	2,989
Balance as of December 31, 2020	**$**	**584,914**	**(308,959)**	**(281)**	**275,674**

For own use		Cost	Accumulated depreciation	Impairment loss	Carrying amount
Land	$	78,187	-	-	78,187
Buildings		392,063	(121,739)	-	270,324
Office equipment, Fittings and fixtures		116,701	(72,688)	(284)	43,729
Computer equipment		182,718	(130,610)	-	52,108
Vehicles		1,860	(1,659)	-	201
Mobilization equipment and machinery		101	(83)	-	18
Enhancement in alien property		33,827	(22,718)	-	11,109
Ongoing constructions		8,910	-	-	8,910
Balance as of December 31, 2019	**$**	**814,367**	**(349,497)**	**(284)**	**464,586**

(i) The following are the principal constructions in progress and improvements in properties owned by the holding company and subsidiaries as of December 31, 2020:

December 31, 2020
Ongoing constructions

Work		Value
CC titan plaza	$	334
Chico piso 2 y 3		290
Av tercera norte		265
Centro de computo piso 3 dg		224
Smart office		222
Buga		218
Bocagrande pee		208
Credicentro medellin		199
Proyecto calle 12		175
Barrancabermeja pee		159
Other		695
Total Ongoing constructions	**$**	**2,989**

December 31, 2020
Enhancement in alien property

Works		Cost	Depreciation Accumulated	Carrying value
Works cc el eden	$	772	(168)	604
cc los molinos		638	(166)	472
Ed. calle 72 piso 10		571	(571)	-
Ed. citibank piso 10		551	(327)	224
Of. antonio nariño		531	(531)	-
Of. santa marta ppal		524	(524)	-
Oficina calle 92		497	(139)	358
Of. cucuta		490	(490)	-
OOf. credicentro integral cartagena		488	(476)	12
Of. monteria principal		460	(322)	138
Of. cc tesoro		445	(437)	8
Of. av santander		445	(284)	161
Of. las peñitas		437	(437)	-
Oficina calle 72 piso 8		408	(147)	261
Ed. bochica piso 8		400	(400)	-
Of. unicentro Pereira		395	(271)	124
Of. paseo la castellana		392	(392)	-
Of. apartado		381	(381)	-
Of. credicentro Bucaramanga		376	(376)	-
Of. cc jardín plaza		347	(333)	14
Of. parquiamerica		346	(346)	-
Of. autopista sur Medellin		342	(342)	-
Of. credicentro vivienda el poblado		340	(234)	106
Of. cc la estación Cali		338	(225)	113
Oficina vivero Barranquilla		333	(45)	288
Other		14.168	(10.894)	3.274
Total Enhancement in alien property		**$ 25,415**	**(19,258)**	**6,157**
North Office		3.801	(2.359)	1.442
Downtown Office		242	(119)	123
Fontibon Office		95	(48)	47
Plaza central Office		276	(31)	245
Cali Office		717	(311)	406
Medellin Office		407	(156)	251
Barranquilla Office		237	(121)	116
Bucaramanga Office		40	(16)	24
Pereira Office		24	(22)	2
Cucuta Office		16	(6)	10
Ibagué Office		7	(3)	4
Neiva Office		17	(7)	10
Valledupar Office		15	(9)	6
Villavicencio Office		14	(5)	9
Manizales Office		33	(26)	7
Total Enhancement in alien property Sales and Services		**5,941**	**(3,239)**	**2,702**
Banco de Occidente Panama S.A.		2.674	(2.674)	-
Total Enhancement in alien property Banco de Occidente Panama S.A.		**2,674**	**(2,674)**	**-**
Total Enhancement in alien property	**$**	**34.030**	**(25.171)**	**8.859**

(*) Occidental Bank Barbados Ltd. has a representative office in Colombia - Bogotá.

Once such assets are terminated, they will be transferred internally to the corresponding asset account.

All properties and equipment of the Holding Company and its subsidiaries Fiduciaria de Occidente S.A., Ventas y Servicios S.A. – NEXA BPO, Banco de Occidente Panamá S.A. and Occidental Bank (Barbados) Ltd., as well as the goods given ion operative leasing are duly protected against fire, weak current and other risks, with insurance policies in force. The Holding Company and its Subsidiaries Fiduciaria de Occidente S.A. Ventas y Servicios S.A.-NEXA BPO, Banco de Occidente Panamá S.A. and Occidental Bank (Barbados) Ltd. have insurance policies to protect their properties and equipment for $955,820 and $961,507 at 31-December-2019 and 2018, respectively, hedging risks of deft, fire, lightning, explosion, earth quaking, strikes, riots, and others.

There are no mortgages or pledges on the property and equipment of the holding company and its subsidiaries Fiduciaria de Occidente S.A., Ventas y Servicios S.A. - NEXA BPO, Banco de Occidente Panamá S.A. and Occidental Bank (Barbados) Ltd.

The holding company and its subsidiaries Fiduciaria de Occidente S.A., Ventas y Servicios S.A. - NEXA BPO, Banco de Occidente Panamá S.A. and Occidental Bank (Barbados) Ltd. establish impairment on property and equipment when their carrying amount exceeds their recoverable amount. The holding company and its subsidiaries Fiduciaria de Occidente S.A., Ventas y Servicios S.A. - NEXA BPO, Banco de Occidente Panamá S.A. and Occidental Bank (Barbados) Ltd. evaluate at the end of each reporting period whether there is any indication of impairment of the value of any asset, and if such indication exists, the recoverable amount of the asset is estimated.

The following factors are considered in assessing whether there is any indication that an asset may be impaired:

External Information sources

a. There are observable signs for the asset value to be significantly decreased during the operation period more than the expectation as a result of the time elapsed or the normal use.
b. During the period have occurred or will occur in an immediate future, significant changes with an adverse incidence over the entity, related to the legal, economic, technological of marketing environment where the company operates, or else in the market to which the asset is destined
c. During the period, the interest rates of the market, or other market rates of the return of investments, have occurred increments likely impacting the discount rate used to calculate the value in use of asset, in such a way that decrease its amount recoverable in a significant manner.
d. The carrying value of the net assets of the entity, is higher than its exchange equity.

Internal information sources:

a. There is evidence about the obsolescence of physical impairment of an asset.
b. During the operation period have occurred or it is expected to occur in short future, significant changes in the scope or manner in which de asset is used or expected to be used, that will unfavorably impact the entity.
c. There is evidence of internal reports indicating for the economic return of the asset to be or will be worse than expected.

b) Properties and Equipment given in operative leasing

The following is the detail of the balance as of December 31, 2020 and 2019 by type of property and equipment given under operating leases:

		Cost	Accumulated depreciation	Impairment loss	Carrying amount
December 31, 2020					
Computer equipment	$	11,032	(4,896)	(43)	6,093
Vehicles		2,776	(1,418)	(42)	1,316
Mobilization equipment and machinery		2,295	(795)	-	1,500
Total	**$**	**16,103**	**(7,109)**	**(85)**	**8,909**
December 31, 2019		cost			
Computer equipment	$	8,757	(3,319)	(24)	5,414
Vehicles		3,061	(1,365)	(10)	1,686
Mobilization equipment and machinery		1,450	(357)	-	1,093
Total	**$**	**13,268**	**(5,041)**	**(34)**	**8,193**

The following is a summary of the minimum lease payments to be received by the holding company in the next installments on assets delivered under operating leases as of December 31, 2020 and 2019:

		December 31, 2020	December 31, 2019
Not greater than 1 year	$	4.095	3.700
Greater than one year and less than five years		3.927	3.937
Total	**$**	**8.022**	**7.637**

During the years ended December 31, 2020 and 2019, no income was recorded in the results of the period for contingent royalties received on goods delivered under operating leases.

In operating lease operations, the Holding Company, as lessor, delivers goods to the lessee for their use for an established term in exchange for a royalty. At the end of the lease term, the lessee may purchase the asset for its commercial value, extend the lease, or return the asset. In most contracts, the fee is calculated taking the DTF or IBR as a reference, adding or subtracting some nominal points and fixed fees are established for extensions. VAT, insurance, maintenance and any charges on the asset are the responsibility of the lessee. The returned assets are relocated or traded by the holding Company.

c) Investment properties

The following is the detail of the balance as of December 31, 2020 and 2019, by type of investment properties for the Holding Company and subsidiaries:

Investment properties		Cost	Adjustments accrued at fair value	Carrying value
Land	$	86.227	1.893	88.120
Buildings		61.644	14.831	76.475
Balance as of December 31, 2020	**$**	**147.871**	**16.724**	**164.595**

Investment properties		Cost	Adjustments accrued at fair value	Carrying amount
Land	$	123.885	25.503	149.388
Buildings		75.649	8.042	83.691
Balance as of December 31, 2019	**$**	**199.534**	**33.545**	**233.079**

The following amounts have been recognized in the statement of results from investment property management during the periods ended December 31, 2020 and 2019:

		December 31, 2020	December 31, 2019
Rental income	$	889	3.045
Direct operating expenses arising from investment properties that generate rental income		(430)	(893)
Direct operating expenses arising from investment properties that don´t generate rental income		(3,075)	(4,389)
Net	**$**	**(2.616)**	**(2.237)**

The investment properties of the holding company and subsidiaries are valued annually at fair value based on market values determined by qualified independent appraisers who have sufficient experience in the valuation of similar properties. The methods and significant assumptions used to determine fair value according to provision in IFRS 13 were the following:

- **Comparative market method**

  It is the devaluation technique that seeks to establish the commercial value of the good, based on the study of recent offers or transactions, of goods similar and comparable to the object of the appraisal. Such offers or transactions must be classified, analyzed and interpreted to arrive at an estimate of the commercial value.

- **Sales comparison approach**

  The sales comparison approach allows to determine the value of the property being appraised by comparison to other similar properties that are being or have recently been traded in the real estate market.

This comparative approach considers sales of similar or substitute goods, as well as data obtained from the market, and establishes a value estimate using processes that include comparison. In general, a property whose value (the property being appraised) is compared with sales of similar properties that have been traded on the open market. Advertisements and offers can also be considered.

To date, the holding company has no restrictions on the collection of rental income or on the realization of assets classified as investment property.

d) Right of use assets

The following is the detail of the balance as of December 31, 2020 and 2019 of the right of use by type of property and equipment:

Rights of use		Cost	Accumulated value	depreciation Carrying
Buildings	$	295,379	(74,879)	220,500
Office equipment, Fittings and fixtures		74	(54)	20
Computer equipment		44,788	(11,146)	33,642
Network and communication equipment		2.037	(1,338)	699
Balance as of December 31, 2020	**$**	**342,278**	**(87,417)**	**254,861**

Rights of use		Cost	Accumulated value	depreciation Carrying
Buildings	$	195.137	(35.722)	159.415
Office equipment, Fittings and fixtures		73	(27)	46
Computer equipment		36.740	8.510	28.230
Network and communication equipment		1.752	-	1.752
Balance as of December 31, 2019	**$**	**233.702**	**(44.259)**	**189.443**

Note 15. – Intangible assets, net

The following is the movement in the intangible asset accounts for the periods ended December 31, 2020 and 2019:

Cost:		Capital gains	Other Intangibles	Total intangibles assets
Balance as of December 31, 2018		**22.724**	**248.802**	**271.526**
Additions / Purchases (net)		**-**	79.422	79.422
Withdrawals / Sales (net)		-	(1.454)	(1.454)
Balance as of December 31, 2019	**$**	**22.724**	**326.770**	**349.494**
balance as of December 31, 2019	**$**	**22,724**	**326,770**	**349,494**
Additions / Purchases (net)		-	134,086	134,086
Withdrawals /Sales (net)		-	(1,949)	(1,949)
Exchange difference		-	(14)	(14)
balance as of December 31, 2020		**22,724**	**458,893**	**481,617**
Accumulated Amortization:				
Balance as of December 31, 2018	**$**	**-**	**35,894**	**35,894**
Depreciation for the year with charges to		-	21,162	21,162
Withdrawals /Sales (net)		-	(1,453)	(1,453)
balance as of December 31, 2019	**$**	**-**	**55,603**	**55,603**
balance as of December 31, 2019	**$**	**-**	**55,603**	**55,603**
Depreciation for the year with charges to		-	33,508	33,508
Withdrawals /Sales (net)		-	(3,194)	(3,194)
balance as of December 31, 2020	**$**	**-**	**85,917**	**85,917**
Intangible Assets, net				
balance as of December 31, 2019	**$**	**22,724**	**271,167**	**293,891**
balance as of December 31, 2020	**$**	**22,724**	**372,976**	**395,700**

In the above periods, the holding company and subsidiaries Fiduciaria de Occidente S.A. and Ventas y Servicios S.A. - NEXA BPO do not present impairment losses on these intangibles.

Capital gains

The capital gain recorded corresponds to the merger of the Bank with Banco Unión that occurred in years prior to the process of implementation of the Colombian Financial Reporting Standard, which for purposes of its evaluation has been assigned to the Bank as a whole as a cash generating unit to such capital gain.

The technical study for the valuation of the capital gain from the acquisition of Banco Unión was prepared by the firm Deloitte Asesores y Consultores Ltda., an independent firm with more than 55 years of presence in the Colombian market, the evaluation of the goodwill recorded by the Bank as of December 2020 concluded that the Goodwill assigned to the Cash Generating Unit is not impaired as of the valuation date and presents an excess of $59,202.

The recoverable amount of the cash generating unit was determined based on value in use calculations. These calculations used management-approved cash flow projections covering periods of five years and three months. The following are the main assumptions used in such valuations:

				Colombian Macroeconomic Information			
Index	2018	2019	2020	2021	2022	2023	2024
Gross domestic product	2.6%	3.3%	-7.7%	4.4%	4.9%	2.9%	3.1%
Popuolation	48.3 mil	49.4 mill	50.4 mill	51.0 mill	51.6 mill	52.2 mill	52.7 mill
Inflation	3.2%	3.5%	2.6%	2.9%	4.4%	3.8%	3.1%

According to IAS 36, the projections of cash flows in the budgets or more recent Financial forecasts have been approved by the top management of the Holding Company, excluding any estimation of cash inflows or outflows expected to result from future restructuration's or enhancements of returns of the assets. The projections based on these assumptions or forecasts will cover at best five years.

The valuation approach and methodology applied by Deloitte Asesores y Consultores Ltda, was the approach of the income, methodology indicated to determine the value in use of the company and there is in place sufficient information to use this methodology:

Income Approach

The future income methodology is based on the premise that the fair market value of an asset is represented by the present value of the future income that it is capable of generating and that is available for distribution to its respective investors. The most common approach to this methodology is through the analysis of discounted cash flows. This analysis requires the projecting the cash flows generated by the asset over a given period of time and then bringing them to present value by discounting them at a rate appropriate to the operation. This discount rate should consider the time value of money, inflation and the risk inherent in the transaction being carried out.

The reference framework for defining the rate for discounting cash flows is the concept of the cost of capital, based on the Capital Asset Pricing Model (CAPM). This is defined as a function of a risk-free rate, plus a market risk premium component, which may increase or decrease depending on the market performance of the asset whose valuation is to be advanced (beta coefficient).

The construction of the discount rate to be used in the valuation of the lines of business acquired by the holding company in the acquisition of Banco Unión is as follows:

Discount rate

a). Risk free rate (Rf): The United States´ Treasury rate was taken as risk free rate with 20 year term. Rf = 1,23%. Source: US Department of Treasury.

b). Risk country (Rc): The Colombian EMBI was used, which indicates the difference in return between U.S. bonds and Colombian bonds. Rc= 2,2%. Source: JP Morgan.

c). Market risk premium (Rp): Extra return that the stock market has historically provided over the risk-free rate as compensation for market risk. Rp=6.50%. Source: Deloitte Research.

d). Premiums for size (Rt): Results 0,0%.

e). Beta (β): The beta coefficient was applied on the basis of data from comparable companies, resulting in 1.22. Source: Bloomberg.

f). .Implicit Devaluation (Ri): To calculate the implicit devaluation the Fisher's equation was used to obtain the effect of devaluation of Colombian peso related to Dollar.

g). Cost of Equity COP: According to the used methodology, a discount rate of 13.0% nominal was estimated in Colombian pesos.

h). In these conditions the obtained discount rate is the following: Capital cost = Rf+B(ERP)+Rp+Rt+Ri+Dev.

As a result of the valuation, it was determined that no impairment corresponding to the capital gain at December 31, 2020 and 2019 is required.

Variable	Rate
Beta of leveraged equity for the industry	1.22
Risk free rate	1.23%
Market risk premium	6.50%
Cost of Equity (USD)	**9.16%**
Non-systematic risk factors	2.20%
Premium for size	0.00%
Cost of Equity (USD)	**11.36%**
Implicit Devaluation	1.20%
Cost of Equity (Rounded) COP:	**13.0%**

Note: Extracted from page 36 of the Deloitte Goodwill 2020 Report.

Result of valuation of Banco Unión acquisition business line as of December 31, 2020

Sensitivity Value in Use (COP $ MM)

Sensitivity Analysis

		Spread over Growth Gradient (g)			
		-1.00%	**-0.50%**	**0.0%**	**1.00%**
Spread over Ke	**-1.0%**	5,547,414	5,566,628	5,585,842	5,624,270
	-0.5%	5,288,911	5,306,957	5,325,003	5,361,094
	0.0%	5,051,415	5,068,393	5,085,371	5,119,327
	0.5%	4,832,530	4,848,530	4,864,529	4,896,528
	1.0%	4,630,214	4,645,314	4,660,414	4,690,614

Sensitivity Excess / Impairment (COP $ MM)

		Spread over Growth Gradient (g)			
		-1.00%	**-0.50%**	**0.0%**	**1.00%**
Spread over Ke	**-1.0%**	90.303	91.597	92.890	95.477
	-0.5%	72.903	74.117	75.332	77.762
	0.0%	56.916	58.059	59.202	61.487
	0.5%	42.182	43.259	44.336	46.49
	1.0%	28.564	29.58	30.597	32.629

December 31, 2020

UGE		Capital gains	Carrying value	Amount recoverable	Excess
Banco Unión	$	22.724	283.111	342.313	59.202

December 31, 2019

UGE		Capital gains	Carrying value	Amount recoverable	Excess
Banco Unión	$	22.724	299.057	320.285	21.228

Detail of intangible assets other than capital gains

The following is the detail of intangible assets other than capital gain as of December 31, 2020 and 2019:

As of December 31, 2020		Cost	Accumulated	Amortization Amount
Licenses	$	7.214	2.440	4.774
Computer programs and applications		451.679	83.477	368.202
Other intangible assets		-	-	-
Total	**$**	**458.893**	**85.917**	**372.976**

As of December 31, 2019		Cost	Accumulated	amortization Carrying value
Licenses	$	5.191	2.552	2.639
Computer programs and applications		320.764	53.051	267.713
Other intangible assets		815	-	815
Total	**$**	**326.770**	**55.603**	**271.167**

Note 16. – Income tax

In Colombia

The current tax provisions applicable to the holding company stipulate that:

In accordance with Article 22 of Law 1819 of 2016, for the determination of income tax and complementary taxes, in the value of assets, liabilities, equity, income, costs and expenses, the taxpayers of this tax obliged to keep accounting records will apply the recognition and measurement systems, in accordance with the technical accounting regulatory frameworks in force in Colombia, when the tax law expressly refers to them and in cases where this does not regulate the matter. In accordance with Article 22 of Law 1819 of 2016, for the determination of income tax and complementary taxes, in the value of assets, liabilities, equity, income, costs and expenses, the taxpayers of this tax obliged to keep accounting records will apply the recognition and measurement systems, in accordance with the technical accounting regulatory frameworks in force in Colombia, when the tax law expressly refers to them and in cases where this does not regulate the matter.

On December 27, 2019, law 2010 (law for economic growth, employment, investment, strengthening of public finances and progressiveness, equity and efficiency of the tax system) was sanctioned, by means of which rules for the motivation of economic growth are welcomed, entering into force as of January 1, 2020 and modifying law 1943 of 2018, the most important considerations are described below:

- The general income and supplementary tax rate applicable to domestic companies is as follows: 32% in 2020, 31% in 2021 and 30% as of the taxable year 2022.
- Financial entities are subject to a surcharge provided they have obtained a tax base equal to or greater than 120,000 Unit of tax value as follows: for the taxable year 2020 4 percentage points, for the year 2021 3 percentage points and for the year 2022 3 percentage points.
- The percentage of presumptive income for taxable year 2020 is 0.5% and from taxable year 2021 it will be 0%

- The withholding system at source on dividends is in force, as follows:

Payment Beneficiary	Withholding tax rate		
	Income (dividend) in UVT	Susceptible of distribution as not taxed. ART 49E. T)Art 49E.T.). from Taxable Profits of the company	Susceptible of distribution as taxed. Art 49 E.T.). From Profits that were not Taxed at the head of the company
Resident Individuals	> 0r up to 300	0	General rate applicable to income according to the taxable year, then to the net resultant after deducting this tax, the table assigned for those susceptible to .
	> 300 onwards	(Dividends in UVT - 300UVT) *10%	
Non-resident Individuals 10%			
National Legal Entities (residents)		7,5%	General rate applicable to income according to the taxable year. Subsequently, the table assigned for those subject to distribution as Non-taxable must be applied to the net result after deducting this tax.
National Legal Entities non-residents 10%			

Law 2064 of 2020 established the tax discount for donations aimed at achieving the immunization of the population against COVID-19 and any pandemic, as follows:

Taxpayers of the general income tax rate who make donations to the Emergency Mitigation Subaccount - COVID19 of the National Risk Management Fund or to any other subaccount destined to the acquisition of vaccines and all activities tending to achieve the immunization of the population, will be entitled to take 50% of the donation made in the taxable year or period as a tax discount in the income tax.

- The benefit will be applicable for the years 2021 and 2022 in the case of the pandemic of COVID-19.
- In no case shall the tax credit generate a credit balance subject to refund.
- No national or international companies of the health sector may participate in the benefit, nor may Health Promoting Companies or Health Providing Institutions.
- Donations may only be made in currency and through the Financial system.
- The donation must be endorsed by the Ministry of Health and Social Protection and certified by the Manager of the National Risk Management Fund.
- The Government will regulate the requirements for the discount to be applied.

Decree 358 of 2020 established the requirement for purchasers of goods and services to generate the supporting document in acquisitions from those who are not required to issue a sales invoice or equivalent document, which must be generated with a resolution of authorization from the DIAN, the breach generates for the acquirer not being able to take in his income statement the expenses and the VAT paid cannot be discounted.

With Law 1819 of 2016 and Articles 158-1, 256 and 258 of the E.T, some benefits were established for those who carry out investment projects in science, technology and innovation. For the year 2020, Banco de Occidente applied for the organizational innovation project on which it obtained a percentage of 100 points that led to the approval of the project, to date it is awaiting the resolution of COLCIENCIAS, which is estimated as a maximum response deadline of March 2021 to proceed with the implementation plan.

During 2020, Banco de Occidente applied to the National Council for Tax Benefits in Science, Technology and Innovation (CNBT) for a project focused on organizational innovation in order to obtain tax benefits in the 2020 and 2021 income tax returns. The CNBT itself is responsible for rating projects and establishing procedures for the control, follow-up and evaluation of rated projects. Thus, in Article 4 of Agreement 17 of 2017 issued by the CNBT, it is established that: "With the purpose of informing the result of the evaluation process and in the cases that apply the tax deduction and tax discount quotas to which the companies are entitled for the approved investments, the CNBT in head of COLCIENCIAS (today Ministry of Science, Technology and Innovation) depending on the tax benefit in question and according to the criteria and conditions contained in the document called "Project Typology" dealt with in the first article of this Agreement, will issue a resolution of qualification or denial".

The project proposed by the Bank is: "NEW ORGANIZATIONAL MODEL OF BANCO DE OCCIDENTE BASED ON DIGITAL TRANSFORMATION APPLIED TO BUSINESS PRACTICES, WORK ORGANIZATION AND CUSTOMER RELATIONS". The aforementioned project was evaluated and received a score of 100 points, which according to the terms of reference of the call for proposals 869 of 2019 makes them ELIGIBLE projects. As a result, the competent entity considered that the minimum criteria defined for accessing the tax benefits set forth in Articles 158-1 and 256 of the Tax Statute are met and determined that the budget recommended in the evaluation is necessary for the development of the projects. However, this information is not sufficient to determine the amount of the tax benefit, since this requires a resolution to be issued by the entity confirming the approved project quota, and the value of the investment made in the project by the Bank during the year must also be confirmed. This execution must be submitted by the Bank no later than March 31, 2021, in the formats defined by the Ministry of Science, Technology and Innovation in the technical and budgetary execution report of the project, a tool that will allow measuring the tax benefit to be taken in the income tax return of the respective fiscal period, thus complying with the requirements to take the tax benefit.

The project proposed by the Bank is: "NEW ORGANIZATIONAL MODEL OF BANCO DE OCCIDENTE BASED ON DIGITAL TRANSFORMATION APPLIED TO BUSINESS PRACTICES, WORK ORGANIZATION AND CUSTOMER RELATIONS". This Resolution is an Administrative Act that arises after the closing of the year reported and whose result will affect the calculation of the current tax for 2020, a fact that will be reflected in the results in the first quarter of 2021, once the corresponding validations have been made and the requirement of the budget execution report to take the respective tax benefit has been complied with.

IN BARBADOS:

Occidental Bank (Barbados) Ltd. was incorporated under the laws of Barbados on May 16, 1991 and is licensed to conduct banking and trust business from and within Barbados. The bank office registered is found in Chelsea House, Chelsea Road, Saint Michael Barbados. The Bank is licensed under the provisions of the International Financial Services Act. The tax types applicable to such Bank are the following:

- 2.5% on taxable profits and gains up to 10,000,000 Barbadian dollars
(approximately $17,735,000,000 Colombian pesos);
- 2% on those profits and earnings over 10,000,000 BDS$. (approximately $17,735,000,000 Colombian pesos);
(approximately $17,735,000,000 Colombian pesos), but not exceeding $20,000,000,000 Barbadian dollars (approximately $35,470,000,000 Colombian pesos);
- 1.5% on those profits and earnings over 20,000,000 BDS$.
(approximately $35,470,000,000 Colombian pesos), but not exceeding 30,000,000 Barbadian dollars (approximately 53,205,000,000 Colombian pesos); AND
- 0.25% on such profits and gains in excess of BDS$30,000,000
(approximately $53,205,000,000 Colombian pesos);

In accordance with current tax regulations, corporate income tax returns may be subject to examination by the tax authorities during the last nine years.

IN PANAMA:

Banco de Occidente (Panama) S.A. is an entity organized and incorporated under the laws of the Republic of Panama and began operations on June 30, 1982, under an International License granted by the Superintendency of Banks of the Republic of Panama, through Resolution No. 9-82 of March 16, 1982.

Banking operations in the Republic of Panama are regulated and supervised by the Superintendency of Banks of Panama (hereinafter "the Superintendency"), pursuant to the legislation established by Executive Decree No. 52 of April 30, 2008, which adopts the sole text of Decree Law 9 of February 26, 1998, as amended by Decree Law 2 of February 22, 2008, which establishes the banking regime of the Republic of Panama and creates the Superintendency and the rules that govern it. The Bank is also subject to the regulations and supervision of the Superintendencia Financiera de Colombia, the home supervisor.

In accordance with Panamanian tax laws, the Bank is not subject to income tax on profits because it exclusively conducts, from an office established in Panama, transactions that are perfected, consummated and have their effects abroad and, consequently, most of its income is from foreign sources. In addition, income from interest on time deposits in banks operating in Panama is exempt from income tax.
In accordance with the foregoing, the determination of the taxable income for the periods ended December 31, 2020 and 2019, was made based on the tax provisions applicable in each period and according to each jurisdiction.

a. Components of income tax expense

Income tax expense for the years ended December 31, 2020 and 2019 comprises the following:

		December 31, 2020	December 31, 2019
Income tax of the current period	$	97.509	55.477
Surcharge income		12.188	-
Subtotal taxes current period		**109,697**	**55,477**
Previous periods adjustment		(8.013)	(13.105)
Adjustment for uncertain tax positions		144	1.263
Deferred Taxes			
Period Deferred Taxes, net		(176,300)	81,312
Adjustment of deferred tax of previous periods		9.013	(63.849)
Subtotal deferred taxes		**(167.287)**	**17.463**
Total	**$**	**(65.459)**	**61.098**

b. Reconciliation of the nominal tax rate and the effective tax rate

The following is a reconciliation between the Group's total income tax and supplementary tax expense calculated at current tax rates and the income tax expense actually recorded in the income statement for each year:

		December 31, 2020	December 31, 2019
Earnings before income tax	**$**	**275,099**	**629,158**
Total tax rate		36%	33%
Theoretical tax expense calculated according to current tax rates		99,036	207,622
Non-deductible expenses		12,984	35,326
Dividends received not constituting income		(844)	(776)
Participation method Income, non-constitutive of income		(92,389)	(82,780)
Profit (loss) on sale or valuation of non-income producing investments		(9)	52
Interests and other untaxed income		(2,691)	(4,163)
Exempt income		(5,213)	(6,541)
Occasional earnings with different tax rates		(10,292)	-
Tax benefit in the acquisition of productive assets		(4,682)	-
Tax discounts		(7,015)	(7,068)
Earnings of subsidiaries in tax-exempt countries		(12,394)	(8,876)
Difference in tax rate on earnings of subsidiaries in countries with different tax rates		(4,868)	-
Effect of the application of different rates for the determination of deferred taxes		2,671	3,598
Prior period adjustment		(8,013)	(13,105)
Adjustment for uncertain tax positions from prior periods		144	1,263
Adjustment of deferred taxes of prior periods		9,012	(63,849)
Other concepts		(40,897)	396
Total tax expense for the period	**$**	**(65,459)**	**61,098**

Income tax expense is recognized based on management's best estimate of both current and deferred income taxes.

The effective tax rate of the holding company and subsidiaries in respect of continuing operations for the annual period ended December 31, 2020 was -23.79 % and for the annual period ended December 31, 2019 was 9.71%. Variation is -33,51 pp. In the effective tax rate, with a tax recovery of -$65,459 for December 2020 and a tax payable of $61,098 for December 2019, arises primarily from the following factors:

- For the annual period ended December 31, 2020 compared to the period as of December 31, 2019, a decrease in the effective rate of -41.7 p.p was generated due to the fact that in 2019 a non-deductible asset tax write-down of $46,858 was generated, likewise in this item the following items are non-deductible: provision for restituted assets, GMF, fines and penalties.

- For the annual period ended December 31, 2020 compared to the period as of December 31, 2019, dividends from the non-controlled entity Cámara Central de Riesgo for $160 were delivered as taxable generating for 2020 a decrease in the effective rate of -0.1 p.p.

- For the annual period ended December 31, 2020 compared to the period ended December 31, 2019, untaxed equity method income increased, which represented a decrease of -17.9 percentage points from the effective tax rate for the year-end December 31, 2019.

- For the period ended December 31, 2020 compared to the period ended December 31, 2019, there was an increase of 2.7 p. p in the effective rate, due to the fact that in the year 2019 in this grouping were reported the non-taxed income for recoveries of provisions of restituted goods when they are sold and when the provisions are readjusted, however, for the year 2020 these recoveries when caused by sales, began to be part of the accounting profit on sale of assets, so they will be reflected in the concept of "Occasional gains with different tax rates".

- For the annual period ended December 31, 2020, compared to the period ended December 31, 2019, untaxed equity method income increased, which represented a 2.5 percentage point decrease in the effective tax rate for year-end 578, 2019.

- For the year ended December 31, 2020 compared to the period ended December 31, 2019, there was a decrease of -19.2 p.p. in the effective rate for the occasional gains item, due to the impact on taxes generated by the sale of assets at different rates.

- For the year ended December 31, 2020, compared to the period ended December 31, 2019, there was a decrease of -8.7 p.p. in the effective rate for the occasional gains item, due to the impact on taxes generated by the sale of assets at different rates.

- For the annual period ended December 31, 2020, compared to the period ended December 31, 2019, untaxed equity method income increased, which represented a 0.1 percentage point decrease in the effective tax rate for year-end 2019.

- For the year ended December 31, 2020 compared to the period as of December 31, 2019, a decrease of -6.6% p.p. was generated, which corresponds to the increase in the profits of the Panama subsidiary.

- For the year ended December 31, 2020 compared to the period ended December 31, 2019, a decrease of -9.1% p.p. was generated corresponding to the tax rate for Barbados of 2.5% and NEXA of 32% which differ from that used in Banco de Occidente 36%.

- For the annual period ended December 31, 2020, compared to the period ended December 31, 2019, untaxed income from the equity method increased, representing a decrease of -1.7 percentage points of the rate. effective tax for the close of year 578 of 2019.

- For the year ended December 31, 2020 compared to the period as of December 31, 2019, the item prior period adjustments presented an increase of 9.5 p.p., corresponding to an adjustment of -$8,013 generated by the 2019 income tax return filed in 2020, which is offset against the prior period deferred tax adjustment of $9,012, giving a net of $999; for 2019 the adjustment generated by the filing of the 2018 income tax return was -$13,105.

- For the year ended December 31, 2020 compared to the period as of December 31, 2019, a decrease in the effective rate of -2.1 p.p was generated, due to the fact that for the year 2020 there was a release of tax uncertainties of the holding company in the amount of $1,269 for the firmness obtained for the CREE declaration year 2014.

- For the year ended December 31, 2020 compared to the period as of December 31, 2019, there was an increase of 135.9 p.p. corresponding mainly to a recovery of deferred tax due to the application of asset reorganization in 2019 for - $ 63,849, additionally for 2020 an adjustment from previous periods was generated for - $ 8,013 generated by the income statement for the year 2019 presented in the year 2020, which is offset against the adjustment of previous periods of deferred tax $ 9,012, giving a net of $ 999 for the year 2020 and Income from Equity Investments FCP Nexus in Fiduciaria de Occidente.

- For the year ended December 31, 2020 compared to the period ended December 31, 2019, there was a decrease of -77 p.p. corresponding to the deferred tax asset due to the recognition of IFRS 16 of -$40,927 for the contribution of assets to the private equity fund.

c. Deferred taxes with respect to subsidiaries, associates and joint ventures

In compliance with IAS 12, the Group did not record deferred tax liabilities related to temporary differences on investments in subsidiaries and associates because: i) The holding company has control over the subsidiaries and, therefore, can decide about the reversal of such temporary differences; and ii) The holding company does not expect their realization in the medium term; therefore, it is probable that such temporary differences will not be reversed in the foreseeable future. As of December 31, 2020 and 2019, in compliance with IAS 12, paragraph 39 no deferred tax liability related to taxable temporary difference was recorded to investments in subsidiaries.

d. Deferred taxes by type of temporary difference

Differences between the carrying amounts of assets and liabilities and their tax bases give rise to the following temporary differences that generate deferred taxes, calculated and recorded in the years ended December 31, 2020 and 2019 based on the tax rates currently in effect for the years in which such temporary differences will reverse.

For the year 2020, there is a realization of the net deferred tax liability constituted in the first time adoption (ESFA), in the amount of $19,814; which corresponds to the years 2019 and 2020, the first year on the occasion of the application of the tax reorganization, and the second year, for the assets that were not subject to reorganization and that were disposed of month by month according to the mobilization schedule, this adjustment generates a reclassification of the IFRS adoption account to retained earnings as shown below:

Summary

Code		Description	Accounting base	Deferred release	Release year
	1012	Main Cali Building	64.060	13.822	2019
	4328	Carvajal Building	1.407	105	2019
	4340	Main Barranquilla Building	4.810	36	2019
	4353	Centro Internacional	35.674	5.063	2019
	4533	Centenario Office	1.591	102	2019
	4547	Porvenir Building	3.587	-304	2019
	4550	Ciudad Empresarial Office	1.223	464	2019
	9503	Punto Country Office	2.581	324	2019
Total			**114.932**	**19.532**	
	4345	Chico	6.392	46	2020
	4555	Calle 100	1.676	33	2020
	1006	Corficolombiana	**8.813**	**203**	2020
			123.745	**19.814**	

Likewise, the subsidiary Fiduciaria de Occidente generated the realization of items known in equity as first-time adoption, where there was a reclassification of deferred tax in the amount of 3,904

Adoption items realized from the adoption	
Accounts receivable (Valuation - Impairment)	$ 455
Cost attributed to property, plant and equipment	$9.189
Provisions, deferrals and valuation.	$ 171
Deferred tax	-$ 3.904
Total, adjustment	**$5,911.60**

As a result, the deferred tax reclassified from adoption in the consolidated Financial statements corresponds to $23.718.

As of December 31, 2020

		Balance as of December 31, 2019	Credited (charged) to income	Credited (charged) to ORI	December 31, 2020
Active deferred taxes					
Valuation of fixed income investments	$	191	(70)	-	121
Equity investments		-	(246)	246	-
Derivatives valuation		5.166	41.206	-	46.372
Provision for credit portfolio		25	23	-	48
Property, plant and equipment		282	(282)	-	-
Employee benefits		12.288	6.811	78	19.177
Financial leasing contracts		11.191	34.172	-	45.363
Other		7.097	34.731	4.581	46.409
Subtotal		**36.240**	**116.345**	**4.905**	**157.490**
Deferred tax liabilities					
Valuation of fixed income investments		(6,275)	(6,461)	(4,736)	(17,472)
Equity investments		(7,823)	(395)	-	(8,218)
Provision for credit portfolio		(101,698)	9,663	-	(92,035)
Property, plant and equipment		(52,654)	7,871	-	(44,783)
Depreciation of property, plant and equipment		(1,663)	1,383	-	(280)
Investment properties		-	532	(532)	-
Right of Use		(9,826)	9,826	-	-
Deferred charges for intangible assets		(2,234)	(7,383)	-	(9,617)
Employee benefits		-	4	(4)	-
Commercial credit		(6,817)	-	-	(6,817)
Financial lease contracts		-	(7,504)	-	(7,504)
Other		(44,198)	43,406	-	(792)
Subtotal		**(233,188)**	**50,942**	**(5,272)**	**(187,518)**
Total	**$**	**(196,948)**	**167,287**	**(367)**	**(30,028)**

As of December 31, 2019

		Balance as of December 31, 2018	Credited (charged) to income	Credited (charged) to ORI	Balance as of December 31, 2019
Active deferred taxes					
Valuation of fixed income investments	$		(3.941)	4.132	191
Derivatives valuation		-	5.166	-	5.166
Provision for credit portfolio		-	25	-	25
Properties for plant and equipment		-	282	-	282
Depreciation of property, plant and equipment		4.947	(4.947)	-	-
Deferred charges for intangible assets		2.457	(2.457)	-	-
Employee benefits		7.979	3.743	566	12.288
Financial leasing contracts		-	(62.203)	-	11.191
Other		7.275	(1.113)	935	7.097
Subtotal		**22.658**	**(65.445)**	**5.633**	**36.240**
Deferred tax liabilities					
Valuation of fixed income investments		(20,628)	14,353	-	(6,275)
Equity investments		(6,310)	(1.701)	-	
			188	(1.701)	(7823)
Derivatives valuation		(14.361)	14.361	-	-
Provision for credit portfolio		(53,210)	(48,488)	-	(101,698)
Property, plant and equipment		-	(52,654)	-	(52.654)
Depreciation of property, plant and equipment		(100,061)	98,398	-	(1.663)
Right of Use		-	63.568	-	(9.826)
Deferred charges for intangible assets		-	(2.234)	-	(2,234)
Commercial credit		~~(6,817)~~	-	-	-
	-				(6.817)
Other		(4.689)	(39.509)	-	(44.198)
Subtotal		**(206.076)**	**47.983**	**(1.701)**	**(233.188)**
Total	**$**	**(183.418)**	**(17.462)**	**3.932**	**(196.948)**

The following is the analysis of current and deferred tax assets and liabilities as of December 31, 2020 and 2019:

Deferred tax balance

As of December 31, 2020		Gross amounts of deferred tax	Compensation reclassifications	Balances in statements of financial position
Deferred income tax assets	$	157,490	(157,490)	-
Deferred income tax liability		(187,518)	157,490	(30,028)
Net	**$**	**(30,028)**	**-**	**(30,028)**

As of December 31, 2019		Gross deferred tax amounts.	Compensation reclassifications	Balances in statements of Financial position
Deferred income tax assets	$	36,240	(36,240)	-
Deferred income tax liability		(233,188)	36,240	(196,948)
Net	**$**	**(196,948)**	**-**	**(196,948)**

Current tax balance

As of December 31, 2020		Gross current tax amounts	Compensation reclassifications	Balances in statements of Financial position
Current income tax assets	$	502.150	(109.676)	392.474
Current income tax liability		(117.178)	109.676	(7.502)
Net	**$**	**384.972**	**-**	**384.972**

As of December 31, 2019		Gross current tax amounts	Compensation reclassifications	Balances in statements of Financial position
Current income tax assets	$	296.465	(4.281)	292.184
Current income tax liability		(11.639)	4.281	(7.358)
Net	**$**	**284.826**	**-**	**284.826**

e. Effect of current and deferred taxes on each component of other comprehensive income in shareholders' equity.

The effects of current and deferred taxes on each component of other comprehensive income are detailed below for the years ended December 31, 2020 and 2019:

		December 31, 2020			December 31, 2019		
		Amount before tax	Expense (income) of deferred tax	Net	Amount before tax	Expense (income) of deferred tax	Net
Items that may be subsequently reclassified to results							
Hedge of net investment in foreign operations - Non-Derivative Hedging Instrument		(14,315)	4,582	**(9,733)**	(2,942)	935	**(2,007)**
Diff. In change in foreign operations		(7,996)	-	**(7,996)**	(1,382)	-	**(1,382)**
Diff. In changes in offices abroad		14,315	-	**14,315**	2,942	-	**2,942**
Equity in ORI of investments in associated companies and joint ventures		15.867	-	**15,867**	20.345	-	**20,345**
Net unrealized gain/loss on debt securities		34,834	(4,737)	**30,097**	37,903	4,132	**42,035**
Subtotals		**42,705**	**(155)**	**42,550**	**56,866**	**5,067**	**61,933**
Items will not be reclassified to results							
Revaluation of Investment properties		3,892	(532)	**3,360**	-	-	**-**
Net Unrealized Gain/Loss on Financial Instruments at Fair Value		(480)	246	**(234)**	16,400	(1,701)	**14,699**
Actuarial gain/loss from employee benefits		(213)	74	**(139)**	(1,801)	566	**(1,235)**
Subtotals		**3,199**	**(212)**	**2,987**	**14,599**	**(1,135)**	**13,464**
Total other comprehensive income for the period	**$**	**45,904**	**(367)**	**45,537**	**71,465**	**3,932**	**75,397**

In 2019, the Holding Company and Fiduciaria de Occidente availed themselves of the tax consolidation of assets indicated in Article 48 of Law 1943 of 2018, thereby increasing the tax value of a set of real estate and land that at the end of 2018 had a lower value than market value.

f. Taxing uncertainties

As of December 31, 2020 and 2019, tax uncertainties amount to $7,502 and $7,358, respectively. Penalties and late payment interest related to such tax uncertainties are accrued and recorded in the respective expense. The balance at December 31, 2020 is expected to be fully utilized or released upon expiration of the tax authorities' inspection rights with respect to tax returns.

The following is the detail of taxing uncertainties as of December 31, 2020 and 2019:

		December 31, 2020	December 31, 2019
Balance at beginning	**$**	**7.358**	**6.095**
Increase in provision		549	281
Usage of provision		(1.269)	-
Financial cost		864	982
Balance at the end	**$**	**7.502**	**7.358**

The balance as of December 31, 2020 that is expected to be fully utilized or released when the tax authorities' inspection rights with respect to the returns expire is as follows:

Year		December 31,2020
2021	$	1,731
2022		12
2023		1,564
2024		3,154
2025		211
2026		316
2027		514
Total	**$**	**7,502**

Note 17. – Client deposits

The following is a detail of the balances of deposits received from clients of the holding company and its subsidiaries in the course of their deposit-taking operations:

Detail		December 31, 2020	December 31, 2019
At sight			
Current accounts	$	7.027.494	6.366.447
Savings accounts		15,314,279	12,574,563
Other funds at sights		67.016	57.373
		22,408,789	**18,998,383**
To term			
Term deposit certificates		8,561,944	9,727,997
Total Deposits	**$**	**30.970.733**	**28.726.380**
By Currency			
In Colombian pesos	$	27,401,053	24,424,338
In American dollars		3,563,226	4,289,443
Other currencies		6,454	12,599
Total by currency	**$**	**30,970,733**	**28,726,380**

Below is a detail of the maturity of Term Deposit certificates outstanding at December 31, 2020:

Year		Value
2020	$	58,016
2021		6,778,657
2022		816,346
2023		131,622
2024		255,313
After 2025		521,990
Total	**$**	**8,561,944**

For the year 2020 there are still those CDTs that mature on the last days of December 2020, which are not business days, so they are cancelled on the following business day, which would be January 2021, therefore they are still in force as of the cut-off date and also the year 2020 has the value of the interest per CDT as of December 31, 2020.

The following is a summary of the effective interest rates charged on client deposits:

	December 31, 2020				December 31, 2019			
	Deposits pesos		Deposits in in dollars		Deposits pesos		Deposits in in dollars	
	Rate Minimu %	Rate Maximum %	Rate Minimu %	Rate Maximum %	Rate Minimu %	Rate Maximum %	Rate Minimu %	Rate Maximum %
Current accounts	·	1.50%	0.10%	2.75%	·	2.50%	0.25%	2.70%
Savings accounts	·	2.25%	0.01%	0.50%	·	4.75%	5.00%	30.00%
Term deposit certificates	0.01%	8.67%	0.15%	4.00%	0.01%	8.67%	0.15%	8.05%

Frequency of interest settlement: For the Time Deposits the frequency of interest liquidation corresponds to what was agreed with each client as indicated in their security; for the saving accounts such frequencies are daily liquidation.

The following is the detail of concentration of deposits received from clients by economic sector:

Sector	December 31, 2020		December 31, 2019	
	Amount	**%**	**Amount**	**%**
Government or entities of the Colombian Government (1)	$ 5,108,333	16.49%	5,600,191	19.49%
Manufacturing	547,109	1,77%	526,412	1,83%
Real estate	294,879	0,95%	287,561	1,00%
Commerce	3,468,578	11,20%	4,674,860	16,27%
Agricultural and livestock	150,374	0,49%	99,942	0,35%
Individuals	4,550,104	14,69%	3,442,604	11,98%
Other (2)	16,854,397	54,42%	14,102,115	49,09%
Eliminations	(3,041)	-0,01%	(7,305)	-0,03%
Total	**$ 30,970,733**	**100%**	**28,726,380**	**100%**

(1) The government includes sectors O and U (according to ISIC classification) corresponding to public administration and defense and compulsory social security schemes and activities of extraterritorial organizations and bodies, respectively.
(2) The most representative item included in this category corresponds to Financial and insurance activities (insurance and Financial services sector).
K), which as of December 31, 2020 presented a total balance of $11,247,304 million, representing
64,7% del total. (As of December 31, 2019, it presented a total balance of $8,927,215, representing 61.9% of the category's total).

As of December 31, 2020, there were 8,822 clients with balances over $250 million for a total value of $24,937,559 million. (As of December 31, 2019, there were 8,305 clients with balances over $250 for a total value of $21,921,460 million).

For client deposits, interest expense on savings accounts, Term Deposit Certificates and Current Accounts for the years ended December 31, 2020 and 2019 is $725,483 and $829,422, respectively.

Note 18. – Financial Obligations

1. Financial Obligations

The following is a summary of the Financial obligations obtained by the holding company and its subsidiaries as of December 31, 2020 and 2019, for the primary purpose of financing its operations mainly in international trade:

	December 31, 2020		December 31, 2019	
	Portion in the short term	Portion in the long term	Portion in the short term	Portion in the long term
Legal Colombian Currency				
Interbank and overnight funds				
Banks and correspondents	$ 124	-	657	-
Ordinary purchased interbank funds	100,014	-	80,018	-
Transfer commitments in repo operations	709,198	-	-	
Simultaneous operations	134,903	-	402,204	-
Commitments originated in short positions	2,780	-	126,495	-
Interbank and overnight funds	**947,019**	**-**	**609,374**	**-**
Bank Credits				
Credits	14,626	-	3,694	-
Acceptances	-	-	17	-
Total Bank Credits	**14,626**	**-**	**3,711**	**-**
Leasing contracts				
Lease liabilities	-	375,600	-	193,390
Total Leasing contracts	**-**	**375,600**	**-**	**193,390**
Total in legal currency	**961,645**	**375,600**	**613,085**	**193,390**
Foreign currency				
Interbank and overnight funds				
Ordinary purchased interbank funds	261,288	-	119,740	-
Interbank and overnight funds	**261,288**	**-**	**119,740**	**-**
Bank Credits				
Credits	1,307,465	-	1,510,518	-
Credit letters	457	-	1,396	-
Acceptances	25,003	-	35,898	-
Total Bank Credits	**1,332,925**	**-**	**1,547,812**	**-**
Leasing contracts				
Lease liabilities	-	2,758	-	4,187
Total Leasing contracts	**-**	**2,758**	**-**	**4,187**
Total obligations in legal currency	**1,594,213**	**2,758**	**1,667,552**	**4,187**
Total Financial Obligations	**$ 2,555,858**	**378,358**	**2,280,637**	**197,577**

As of December 31, 2020, short-term Financial obligations corresponding to simultaneous and repo transactions of Ps. 846,881 were secured by investments for an amount of
$898,061 (as of December 31, 2019 for $402,204 secured by investments of $402,565).

	December 31, 2020 in Colombian pesos		December 31, 2019 in Colombian pesos	
	Rate Minimum %	Rate Maximum %	Rate Minimum %	Rate Maximum %
Interbank funds and repo and simultaneous operations	1.65	2.46	4.19	4.34

	December 31, 2020 foreign currency		December 31, 2020 in in foreign currency	
	Rate Minimum %	Rate Maximum %	Rate Minimum %	Rate Maximum %
Interbank funds and repo and simultaneous operations	0.09	0.35	1.51	3.35
Correspondent banks	1.00	6.46	2.10	2.49

For client deposits, interest expense on savings accounts, Term Deposit Certificates and Current Accounts for the years ended December 31, 2020 and 2019 is $50,704 and $63,656, respectively.

2. Bonds and investment securities

The Holding Company is authorized by Colombia Finance Superintendence to issue or place Bonds or bonds of general guarantee. The total of issuances of bonds by the Holding Company have been issued without guarantees and exclusively represent the obligations of each one of the issuers.

The detail of liabilities as of December 31, 2020 and 2019, by date of issue and maturity date in legal currency is presented below:

Issuer	Issue Date	December 31, 2020	December 31, 2019	Expiration date	Interest rate
Ordinary Bonds Banco de Occidente	Between 09/22/2011 and 09/18/2019	2.295.856	2.511.091	Between 11/21/2020 and 12/14/2020 and 12/14/2032	Between CPI +1,75 y 4,65 ; Fixed + 5,71% y 7,55%+ IBR 1.37
Subordinate bonds Banco de Occidente	Between 09/02/2012 and 12/10/2017	824.594	826.892	Between 02/09/2022 and 06/10/2026	Between CPI + 3,58% y 4,65%
Total	**$**	**3.120.450**	**3.337.983**		

Future maturities as of December 31, 2020 of outstanding investment securities in long-term debt are:

Year		Value
2021	$	346,640
2022		470,090
After 2023		2,303,720
Total	**$**	**3,120,450**

For long-term Financial obligations for the issuance of bonds, interest accrued in income for the periods ended December 31, 2020 and 2019 was $216,166 and $224.781, respectively.

3. Financial Obligations with rediscount entities

Colombian government has established some credit programs in order to promote the development of specific sectors of the economy, including foreign commerce, agriculture, tourism, housing construction and other industries The programs are managed by several entities of Government such as Banco del Comercio Exterior ("BANCOLDEX"). Fondo para el Financiamiento del Sector Agropecuario ("FINAGRO") and Financiera de Desarrollo Territorial ("FINDETER").

The following is a detail of the loans obtained by the holding company from these entities as of December 31, 2020 and 2019:

	Interest rates in effect at the cutoff		December 31, 2020	December 31, 2019
Legal Currency				
Banco de Comercio Exterior - "BANCOLDEX"	Between -2,17% - 9,96%	$	387.231	505.821
Fondo para el Financiamiento del Sector Agropecuario - "FINAGRO"	Between 0.87% - 7.21%		49,023	49,958
Financiera de Desarrollo Territorial "FINDETER"	Between 0.25% - 9.74%		825,029	725,352
Total legal currency		**$**	**1,261,283**	**1,281,131**
Foreign Currency				
Banco de Comercio Exterior - "BANCOLDEX"	Between -2.29% - 4.35%	$	1.735	97.902
Total foreign currency			**1,735**	**97,902**
Total rediscount entities		**$**	**1,263,018**	**1,379,033**

The following is a detail of the maturities of the Financial obligations with rediscount entities outstanding as of December 31, 2020:

Year		Value
2020	$	704,401
2021		143,394
2022		415,223
Total	**$**	**1,263,018**

For 2020 the obligations that have maturities at the end of the month (December 29, 30 and 31) and fall on weekends, the entity cancels them on January 4, 2021 and for the bank these maturities have a balance as of December 31, 2020.

For Financial obligations with rediscount entities, interest accrued in income for the periods ended December 31, 2020 and 2019 was Ps. 36,982 and Ps. 44,370, respectively.

Total Financial Obligations	$	7.317.684	7.195.230

Note 19. – Provisions for employee benefits

According to Colombia labor legislation and based on the labor bargains and collective agreements as applicable in the Holding Company and subsidiaries Fiduciaria de Occidente S.A. and Ventas y Servicios S.A. – NEXA BPO, is entitled to benefits of short term such as: salaries, vacations, legal and extra-legal premiums and severance and interest of severance at long term, such as: Extra-legal premiums and benefits of retirement such as: severance to employees continued with labor regime before the Act 50 / 1990 and legal and extra-legal pensions. With regards of subsidiaries abroad Banco de Occidente Panamá S.A. and Occidental Bank (Barbados) Ltd, according the labor legislation of the country, only have benefits at short term. For the key staff of the top management, include salaries, benefits different from the effective and contributions to a plan of benefit defined postemployment, see note 31 .

The following is a detail of the balances of provisions for employee benefits as of December 31, 2020 and 2019:

		December 31, 2020		December 31, 2019
Short term benefits	$	66.458	$	61.916
Post-employment benefits		13.503		13.978
Long term benefits		37.098		35.091
Total Liabilities	$	**117.059**	$	**110.985**

a) post-employment benefit

- In Colombia, retirement pensions when employees retire after reaching certain age and years of service, are assumed by public or private pension funds based on defined contribution plans where the entities and employees contribute monthly amounts defined by law to have access to the pension at the time of retirement of the employee; however, some employees hired by the Holding Company before 1968 who met the requirements of age and years of service, pensions are assumed directly by the Holding Company.
- In accordance with IAS 19, the pension liability was restated, resulting in a pension liability of $3,659.
- 72 employees hired by the holding company prior to 1990 are entitled to receive at the date of their retirement at the employee's or the company's discretion, a compensation corresponding to the last month's salary multiplied by each year worked.
- In the holding company and its subsidiary Fiduciaria de Occidente S.A., an additional premium is recognized extra-legally or by collective bargaining agreements for employees who retire when they reach the age and years of service required to enjoy the pension granted by the pension funds; as of December 31, 2020, the provision for this concept corresponds to $7,263.
- The holding company and its subsidiary Fiduciaria de Occidente S.A. recognize an extra-legal bonus to employees who retire when they reach the age and years of service required to receive the pension granted by the pension funds; this bonus is paid at the time of retirement of the employee. The value assigned to professional personnel is $10 and to operational personnel is $5 (retirement pension bonus).
- In the holding company there are employees who belong to previous labor regimes according to which their severance payments are assumed by the holding company at the time of their retirement (severance payments of employees of previous law), the new regimes involve this benefit in the defined contribution plans.

b) Benefits to long-term employees

- The Holding Company and its subsidiaries Fiduciaria de Occidente S.A. and Ventas y Servicios S.A. - NEXA BPO grant to its employees extralegal long-term premiums during their labor life depending on the number of years of services, every five, ten, fifteen and twenty years etc., calculated as days of salary (between 15 and 180 days) every payment
- The holding company and its subsidiaries Fiduciaria de Occidente S.A. and Ventas y Servicios S.A. - NEXA BPO have recorded the liabilities corresponding to these benefits based on the actuarial calculations made under the same parameters of the retirement benefits, the retirement benefits correspond to $37,098 as of December 31, 2020.

The following is the movement in employee retirement benefits and long-term benefits during the years ended December 31, 2020 and 2019:

	Post-Employment Benefits		Long Term Benefits	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Balance at beginning of period	$ 13.978	$ 12.781	$ 35.091	$ 32.153
Costs incurred during the period	387	333	2.347	2.412
Interest costs	725	818	1.675	1.885
	$ 15.090	$ 13.932	$ 39.113	$ 36.450
(Gain) / loss due to changes in demographic assumptions	-	99	-	-
(Gain) / loss due to changes in Financial assumptions	213	1.701	4.082	4.370
	$ 213	$ 1,800	$ 4,082	$ 4,370
Payments to employees	(1.800)	(1.754)	(6.097)	(5.729)
Balance at end of period	$ 13.503	$ 13.978	$ 37.098	$ 35.091

The variables used to calculate the projected obligation of the different retirement and long-term benefits of the employees are shown below:

	Post-Employment Benefits		Long Term Benefits	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Discount rate	5,38%	5,83%	4,45%	4,95%
Inflation rate	3,00%	3,11%	3,00%	2,84%
Salary increases rate	2,92%	3,01%	4,00%	3,78%
Pension increase rate	0,81%	0,00%	0,00%	0,00%
Employee turnover	0,00%	0,00%	0,00%	0,00%
Average plan duration (in years)	6,67	664,05%	4,78	430,27%

The expected life expectancy of employees is calculated based on mortality tables published by the Colombian Superintendency of Finance, which have been constructed based on the mortality experience provided by the different insurance companies operating in Colombia.

The sensitivity analysis of the employee retirement benefit liability for the different Financial and actuarial variables is as follows, holding all other variables constant:

	-0.50 Points		+0.50 Points	
As of December 2020	**Post-Employment**	**Long Term**	**Post-Employment**	**Long Term**
Discount rate	$ 13,969	38,009	$ 13,067	36,235
Salary growth rate	9,639	36,218	10,055	38,018
Pension growth rate	3,532	-	3,793	-

c) Expected future benefit payments

Expected future benefit payments, reflecting services as appropriate, are expected to be paid as follows:

Year		Post-employment benefits		Other benefits Long term
2021	$	1,970	$	6,043
2022		1,371		6,081
2023		1,527		5,388
2024		1,260		5,096
2025		1,216		4,416
Years 2026–2030		6,647		18,426

The holding company will use its own resources to cover future cash flows for extra-legal and pension benefit payments.

As of December 31, 2020 and 2019, the number of post-employment and long-term benefit participants are as follows:

Benefit	2020	2019
Post-employment participants	7,091	7,286
Long term participants	7,020	7,195

Note 20. – Provisions for legal contingencies and other provisions

The movement and balances of legal and other provisions during the periods ended December 31, 2020 and 2019 are described below:

		Legal provisions	Other Provisions	Total provisions
Balance as of December 31, 2018	**$**	**4,295**	**53,452**	**57,747**
Adjustment for adoption of IFRS 16		-	467	467
Balance as of January 1, 2019		**4,295**	**53,919**	**58,214**
Increase of provisions in the period		1,101	22,650	23,751
Increase in existing provisions in the period		470	59	529
Utilization of provisions		(1,493)	(9)	(1,502)
Amounts reversed for unused provisions		(130)	(35,237)	(35,367)
Balance as of December 31, 2019	**$**	**4,243**	**41,382**	**45,625**
Balance as of December 31, 2019	**$**	**4,243**	**41,382**	**45,625**
Increase due to new provisions in the period		1,581	17,052	18,633
Utilization of provisions		(1,503)	-	(1,503)
Amounts reversed for unused provisions		(107)	(2,720)	(2,827)
Balance as of December 31, 2020	**$**	**4,214**	**55,714**	**59,928**

Other legal provisions

The eleven (10) civil lawsuits filed against the holding company derived from the development of its business, which are mainly related to claims from clients who consider that (i) checks were improperly paid from their accounts or (ii) without their authorization, the withdrawal of funds through electronic channels was allowed, as well as two (02) administrative investigations by State control and surveillance agencies and labor lawsuits that represent a risk, are duly provided for in the amount of $2,573 as of December 31, 2020.

Litigation against subsidiaries, of a civil nature, representing probable losses are provided for in the amount of $297 as of December 31, 2020 and it is estimated that none of them will generate a loss equal to or greater than $3,077 in the event of a judgment against them.

Labor Provisions

Of the labor lawsuits filed against the Holding Company derived from the development of its object and that represent a risk, due to non-conformities in the termination of the labor contract or the conditions of development of the contract, 4 are duly provisioned for the sum of $ 411 and $ 109 for subsidiaries, corresponding to 3 lawsuits as of December 31, 2020, based on the analysis of the case and the risk and probability rating by the external labor advisor.

Tax Provisions

Tax lawsuits filed against the Holding Company and its subsidiaries derived from the development of its purpose and that represent a risk, (i) penalties for the collection of taxes from DIAN and SHD; of which penalties for collections for $398 were cancelled; ii) an action for annulment and reinstatement of the right in the amount of $ 229; iii) On December 28, 2019, the DIAN statement of charges was issued, valid for 2018, for which this year, as of December 31, 2020, $127 was provisioned, the pending processes indicated above are duly provisioned for a value of $754 as of December 31, December 2020

Other provisions

The other provisions for the periods ended December 31, 2020 and 2019, are made up of:

Asset dismantling

The holding company and subsidiary Ventas y Servicios S.A. - NEXA BPO established a provision for asset dismantling, corresponding to the improvements made to the infrastructure of the leased offices as of December 31, 2019 and 2020. Dismantling originates from the dismantling of improvements to leave the leased facilities in their original state or as agreed in the contract. As of December 31, 2020, the holding company recorded a provision of $1,754 and Ventas y Servicios S.A. - NEXA BPO of $619; and as of December 31, 2019 the holding company recorded a provision of $1,754 and Ventas y Servicios S.A. - NEXA BPO of $549.

Portfolio with effect on ORI

As of December 31, 2020, provisions for contingencies were included in the amount of $49,388, of which 69.24% corresponds to Credit Cards and the remaining 30.76% corresponds to Bank Guarantees. Meanwhile, as of December 31, 2019, provisions for contingents at the head of the Holding Company were included, amounting to $ 38,067, of which 64.6% correspond to Credit Cards, 35.3% correspond to Bank Guarantees.

Other provisions

Fiduciaria de Occidente S.A. for December 31, 2020, it constituted a provision for demand in Consorcio Fidufosyga for joint operations for $ 999; As of December 31, 2019, the balance recorded is $ 1,011.

Ventas y Servicios S.A. - NEXA BPO for December 31, 2020 made a provision for the benefit that the company received in April and May to contribute 3% of the pension, which the government cancelled $2,934.

Note 21. – Other liabilities

Other current liabilities as of December 31, 2020 and 2019, comprise the following:

Concepts		December 31, 2020	December 31, 2019
Suppliers and accounts payable	$	225,324	253,098
Management checks		213,746	209,501
Dividends and surplus (*)		72,416	75,703
Non-Financial liabilities		28	28
Commissions and fees		2,432	3,701
Taxes, withholdings and labor contributions		74,930	75,871
Other		151,555	76,056
Deferred payments		716	721
Collections made(*)		49,691	75,740
Collection Service		235	261
Tax to sales payable		7,205	15,852
Unpaid checks		8,537	5,197
Insurance and insurance premium		56	158
Promising buyers		11,394	6,535
Contribution on transactions		9,723	3,629
Canceled accounts		3,747	3,696
Cash and redemption surpluses		83	132
Leases		2,944	1,492
Advance income		576	326
Income received for third parties		330	92
Loyalty programs		825	1,020
ATH and ACH Transactions		-	13
Peace bonds		24,027	25,388
Other several foreign currency		19,142	24,345
Non delivery Forwards		716	42,012

	$ 880,378	900,567

Note 22. – Equity

The number of shares authorized, issued and outstanding as of December 31, 2020 and 2019, were as follows:

		December 31, 2020	December 31, 2019
Number of authorized stock		200.000.000	200.000.000
Number of shares subscribed and paid		155.899.719	155.899.719
Total stock in circulation		**155,899,719**	**155,899,719**
The Total stock in circulation is			
Common stock		155,899,719	155,899,719
Subscribed and paid-in capital, common stock	**$**	**4.677**	**4.677**

Appropriated retained earnings in reserves

The following is the detail of other current accounts receivable as of December 31, 2020 and 2019:

		December 31, 2020	December 31, 2019
Legal reserve	$	3.133.328	2.897.959
Mandatory and voluntary reserves		276.257	256.124
Total	**$**	**3.409.585**	**3.154.083**

Legal reserve

According to the legal standards prevailing, the Holding Company and its subsidiaries Fiduciaria de Occidente S.A. and Ventas y Servicios S.A – NEXA BPO must create a legal reserve through the appropriation of ten percent (10%) of the net profit of every year up to obtaining an amount equal to fifty percent (50%) of the social capital subscribed. This reserve may be decreased below fifty percent (50%) of the social capital subscribed to pay off losses in excess of the retained profits. The legal reserve may not be less than the aforementioned percent, excepting to hedge excess of loss of the retained profits.

Dividends Decreed

The dividends are decreed and paid to stockholders based on the net profit of the previous year. The dividends decreed by the Holding Company were the following:

		December 31, 2020	December 31, 2019
Prior year's earnings as determined in		$ 457,781	388,411
Dividends paid in cash		273.953	289.973
Ordinary stock in circulation		155,899,719	155,899,719
Pre3feretial stock in		-	-
Total stock in circulation		**155.899.719**	**155.899.719**
Withholding tax (**)		**(699)**	**-**
Total Dividends decreed	**$**	**273,953**	**289,973**

(*) The profits being reported correspond to the closing of December 2019 and 2018. (**) Withholding tax transferable to shareholders (Art.242-1 ET).

The Holding Company and its subsidiaries have a simple structure of capital and for such reason there is not difference between the basic profit per stock and the diluted profit.

Note 23. – Non-controlling interests

The following chart provides information about each subsidiary that has significant noncontrolling interests as of December 31, 2020 and 2019:

December 31, 2020						
Entity	Country	Participation		Value of the Sale value participation in equity	Value of the Sale value participation in earnings (Losses)	Dividends paid during the period
Fiduciaria de Occidente S.A.	Colombia	4.44%	$	15,154	1,887	1,197
Ventas y Servicios S.A.	Colombia	19.99%		8,794	905	-
Banco de Occidente Panamá S.A.	Panamá	5.00%		9,487	1,721	-
			$	**33,435**	**4,513**	**1,197**

December 31, 2019						
Entity	Country	Participation		Value of the Sale value participation in equity	Value of the Sale value participation in earnings (Losses)	Dividends paid during the period
Fiduciaria de Occidente S.A.	Colombia	4.44%	$	11,397	2,112	83
Ventas y Servicios S.A.	Colombia	19.99%		7,889	1,612	-
Banco de Occidente Panamá S.A.	Panamá	5.00%		6,704	980	-
			$	**25,990**	**4,704**	**83**

The following chart shows information about each of the direct subsidiaries in which a significant non-controlling interest is held as of December 31, 2020 and 2019:

December 31, 2020							
Entity		Assets	Liabilities	Total Income	Net Earnings	Other Income Comprehensive	Cash fllow operation
Fiduciaria de Occidente S.A.	$	383,617	42,311	130,062	42,490	109,124	14,320
Ventas y Servicios S.A.		119,118	75,126	320,657	4,528	-	5,436
Banco de Occidente Panamá S.A.		2,815,814	2,626,079	134,340	34,429	69,871	75,701
	$	**3,318,549**	**2,743,516**	**585,059**	**81,447**	**178,995**	**95,457**

December 31, 2019							
Entity		Assets	Liabilities	Total Income	Net Earnings	Other Income Comprehensive	Cash fllow the operation
Fiduciaria de Occidente S.A.	$	329,191	15,218	109,485	35,936	94,268	7,245
Ventas y Servicios S.A.		112,288	72,824	322,257	8,064	-	10,469
Banco de Occidente Panamá S.A.		3,076,811	2,942,736	141,906	19,597	48,640	21,568
	$	**3,518,290**	**3,030,778**	**573,648**	**63,597**	**142,908**	**39,282**

As of December 31, 2020, there are no significant transactions with non-controlling interests of the holding company, as well as protective rights or restrictions on access to the use of assets or cancellation of liabilities of the same.

Note 24. – Commitments and contingencies

a. Commitments

Credit commitments

In the development of its normal operations the Holding Company grants guarantees of credit letters to its clients where by the Holding Company irrevocably undertakes to make payments to third parties in the event that the clients fail to accomplish with their obligations to such third parties, with the same credit risk for credit portfolio. The granting of guarantees and letter of credit are subject to the same policies of approval of disbursement of loans concerning the credit quality of the clients and the guarantees considered appropriate to circumstances are obtained.

The commitments to grant credits represent unused portions of authorizations to issue credits in loan way, use of credit cards or letter of credit. Concerning the credit risk on commitments to issue credit lines, the Holding Company is potentially exposed to loss in an amount equal to the total amount of the unused commitments, if the unused amount would be totally retired; notwithstanding, the amount of the loss is smaller than the total amount of the unused commitments, inasmuch as most of the commitments to grant the credits are contingent, once the client maintains the specific standards of credit risk The Holding Company monitors the maturity terms of the relative commitments of credit quotas, because the long-term commitments have a higher credit risk that the short-term commitments.

The following is the detail of guarantees, letters of credit and credit commitments on unused lines of credit as of December 31, 2020 and 2019:

		December 31, 2020		December 31, 2019	
		Notional amount	Fair Value	Notional amount	Fair Value
Guarantees	$	1,139,253	34,046	849,575	28,993
Unused letters of credit		65,986	211	147,062	303
Unused credit card quotas		2,818,119	2,818,119	2,551,188	2,551,188
Approved loans not disbursed		35,765	35,765	28,610	28,610
Other		231,782	231,782	264,288	264,288
Total	**$**	**4,290,905**	**3,119,923**	**3,842,854**	**2,875,513**

The outstanding balances of unused lines of credit and guarantees do not necessarily represent future cash requirements because such quotas may expire and not be used in whole or in part.

The following is a detail of credit commitments by type of currency:

		December 31, 2020	December 31, 2019
Colombian Pesos	$	3,543,855	3,208,043
Dollars		689,252	593,941
Euros		57,796	36,880
Other		2	3.990
Total	**$**	**4,290,905**	**3,842,854**

Capital expenditure disbursement commitments

As of December 31, 2020 and 2019 the holding company and subsidiaries had contractual commitments for capital expenditure disbursements (intangible and other) of $92,817 and $159,149, respectively. The holding company and subsidiaries have already allocated the necessary resources to meet these commitments and believe that net income and funds will be sufficient to cover these and similar commitments.

b. Contingencies

Legal contingencies

As of December 31, 2020, the result of the valuation of civil lawsuits, excluding those of remote probability, amounted to $142,711.

From time to time in the normal course of business claims arise against the Holding Company or certain of its subsidiaries, based on its own estimates and with the assistance of external advisors, management of the Holding Company is of the opinion that it is not probable that losses will be incurred in connection with the proceedings detailed below and accordingly no provision has been recognized in the consolidated Financial statements.

As of December 31, 2020, the following proceedings against you are held material (equal to or greater than $3,077):

Holding Company

(i) Popular action filed by Carlos Julio Aguilar against Banco de Occidente and other Financial entities before the Eleventh Administrative Court of the Circuit of Cali, under file number 2004-1924. The lawsuit was brought against the Financial entities that participated in the Performance Plan of the Department of Valle in 1998, on the grounds that interest on interest was agreed upon. The process is in the evidentiary stage and the first instance ruling has not yet been issued and there is no evidence to prove the facts of the lawsuit; therefore, as of December 31, 2019, it is not yet necessary to estimate provisions for this process. The claims were upheld in the amount of
$15,900.

(ii) Process of demarcation and delimitation promoted by Mrs. Carmen Capella de Escolar against Mosel SAS and others, before the Second Civil Judge of the Specialized Circuit in Land Restitution of Cartagena, with file number 0205 of 2014. The Bank appears in this proceeding due to a lawsuit filed by the company Mosel SAS, by virtue of the fact that the Bank was the owner of the property that is the object of the proceeding and in such capacity established the boundaries of the property, which was subsequently sold. The claim was timely answered and it is firmly believed that the exceptions of merit raised by the Bank will be recognized by the judge at the time of rendering judgment, in addition to the fact that the damages claimed by the plaintiff in the amount of $4,000 million are not duly supported.

(iii) Incident of joint and several liability initiated against the Bank and other banking establishments by MEDICAL DUARTE ZF and other entities, within the executive process that they are promoting against a client of the bank before the Fifth Labor Court of the Circuit of Barranquilla. The incident is based on the fact that the Bank allegedly did not comply with the attachment orders that the court issued on the client's deposits, a situation that does not correspond to reality, since the client's bank accounts had no resources and had already been previously seized by another judicial authority. The incident was answered in a timely manner by the Bank with the pertinent factual and legal arguments, however, the court decided to declare it jointly and severally liable along with two other Financial entities for the amount of $70,980 million based on a rule that is clearly not applicable to the case. The Bank filed a motion for reconsideration and an appeal against this decision. When deciding the appeal for reconsideration, the court confirmed its decision and processed the appeal, which is currently being processed, but it is firmly believed that it should be revoked for lack of factual support, in addition to the fact that there is no rule in the legislation that allows declaring a Bank jointly and severally liable for noncompliance with a seizure order issued from an executive labor proceeding.

(iv) Liability proceeding brought by PROMOTORA ANTIQUE SAS before the Financial Superintendence of Colombia, for the alleged default in the disbursement of a construction loan, for which it claims damages in the amount of $4,212 million. The claim was answered within the term established by law, pointing out that the plaintiff did not comply with the requirements established by the Bank for disbursement within the term of the credit approval, and therefore the exceptions are bound to prosper.

Fiduciaria de Occidente S.A.:

(i) A civil proceeding for contractual civil liability brought by MEGAPROYECTOS S.A. against FIDUCIARIA DE OCCIDENTE S.A., heard by the 30th Civil Court of the Circuit of Bogotá, filed under No. 2015-637. In this case, UT TRANSVIAL constituted an autonomous patrimony of administration, source of payment and payments in FIDUOCCIDENTE S.A., to which they transferred the active economic rights or collection rights derived from the Bogotá 26th Street Construction Contract, except for the advances. The plaintiffs claim that FIDUOCCIDENTE S.A. incurred in different contractual breaches as spokesperson of the Trust 3-4-2012 which caused MEGAPROYECTOS S.A. to assume payments in favor of INVERSUMA and CREDIFACTOR for the amount of $25,782 within the framework of the bankruptcy process (reorganization) of MEGAPROYECTOS S. A. However, the subsidiary has the due factual and legal support that proves that it complied with its contractual obligations and, especially, that it followed the instructions of those who acted as trustees of the Trust 3-4-2012. A. However, the subsidiary has the due factual and legal support that proves that it complied with its contractual obligations and, especially, that it followed the instructions of those who acted as trustors in accordance with the provisions of the trust agreement. The claims were estimated by MEGAPROYECTOS S.A. at $25,782 million. The lawsuit was timely answered, but service on all defendants is pending. Based on the strength of the subsidiary's defensive arguments, it is strongly believed that the exceptions raised will be recognized by the judge at the time of sentencing. In addition, during the process, the termination of the proceeding was decreed by tacit withdrawal, a decision against which the appeals for reversal and appeal were filed; the latter is pending before the Court of Bogotá.

In relation to the proceedings against the aforementioned, once the corresponding evaluation was made, it was established that they do not require provision.

Tax contingencies

As of December 31, 2020, the holding company and subsidiaries had no claims for the existence of national and local tax proceedings that establish penalties in the exercise of its activity as a taxpayer entity and that imply the constitution of contingent liabilities due to the remote possibility of an outflow of resources for such concepts.

Labor contingencies

In the course of the labor relationship between the holding company and its subsidiaries with their employees, as a consequence of the reasons for the termination of the labor contract or the development of the same, different claims arise against them in respect of which, it is not considered probable that significant losses will arise in relation to such claims according to the concept of the lawyers as of December 31, 2020. On the other hand, the required provisions have been recognized in the Financial statements for the corresponding cases.

Note 25. - Revenues, costs and expenses from contracts with clients

The following is a detail of fee and commission income and expense for the years ended December 31, 2020 and 2019:

Income		December 31, 2020	December 31, 2019
Commissions on banking services	$	232,140	234,257
Credit card commissions		104,665	109,259
Trust		76,550	72,068
Fees for drafts, checks and checkbooks		7,746	13,895
Office network services		1,681	2,420
Total	**$**	**422,782**	**431,899**
Expenses			
Bank services	$	16,372	16,682
Operator information processing services		-	541
Collection of contributions to Financial institutions.		-	1,718
Bank expenses		856	2
Commissions for sales and services		10,022	6,560
Bank guarantees		37	18
Fiduciary Ventures		5	25
Colocations		32,334	31,726
Master Card operating costs		4,021	3,994
Other		40,930	24,273
Total		**104,577**	**85,539**
Net income for commissions	**$**	**318,205**	**346,360**

The following chart discloses revenue from client contracts as of the end of December 2020 and 2019:

		December 31, 2020	December 31, 2019
Income			
Income from contracts with clients	$	422.782	431.899
Timing of income recognition			
At a point in time	$	422.782	431.899

Note 26. – Other income, net y other expenses

The following is a detail of other come and expense for the years ended December 31, 2020 and 2019:

Other income		December 31, 2020	December 31, 2019
Net (loss) gain on foreign currency exchange difference	$	(185,977)	56,443
Equity in net income of associated companies and joint ventures		256,635	250,848
Profit on sale of non-current assets held for sale		44,421	1.863
Net gain on sale of investments		70,778	33,701
Dividends		2,344	2,358
Gain on sale of property and equipment		6,278	5,569
Net (loss) gain on valuation of investment properties		(16,098)	8,938
Other operating income		261,723	48,190
Other income total	**$**	**440,104**	**407,910**

Other		December 31, 2020	December 31, 20192019
Personnel expenses	$	761,470	726,843
Contributions, affiliations and transfers		73,764	100,629
Taxes and rates		164,847	212,318
Consulting, auditing and other fees		120,648	116,316
Depreciation of intangible assets		49,737	59,903
Maintenance and repairs		40,680	38,973
Insurance		89,458	68,676
Depreciation of right of use assets		51,899	44,597
Public utilities		32,814	32,004
Advertising services		26,719	41,573
Amortization of intangible assets		33,508	21,162
Transportation services		12,174	17,080
Cleaning and security services		14,308	14,207
Leases		15,293	11,708
Supplies and stationery		5,864	5,968
Electronic data processing		16,631	14,729
Temporary services		-	2
Travel expenses		3,217	8,649
Adequation and installation		3,996	5,720
Impairment losses on other assets		4,187	6,209
Loss on sale of non-current assets held for sale		46	45
Other		113,338	86,020
Total other expenses	**$**	**1,634,598**	**1,633,331**

Note 27. - Analysis of operating segments

Operating segments are components of the holding company that engage in business activities that may generate revenues or incur expenses and whose operating results are regularly reviewed by the Board of Directors and for which specific Financial information is available:

a. **Description of the products and services from which each reportable segment derives its revenues:** The holding company is organized into four business segments comprised of the following companies: Fiduciaria de Occidente S.A., Banco de Occidente Panamá S.A., Occidental Bank Barbados Ltd. and Ventas y Servicios S.A. - NEXA BPO All these entities provide banking and Financial services in Colombia in corporate or commercial banking, consumer and mortgage banking.

b. **Factors used by management to identify reportable segments:** The operating segments identified above are based on the strategic organization of the holding company to serve the different sectors of the economy in Colombia, Panama and Barbados, taking into account that under the laws of these countries each of these companies have been operating for several years.

   The consolidated information of each entity is reviewed by the Board of Directors of the holding company, which is available to the stock market only for the holding company, considering that it has its shares and securities registered in the Colombian National Securities Registry.

c. **Measurement of net income and assets and liabilities of operating segments:** The Board of Directors of the holding company reviews the consolidated Financial information of each of its operating segments prepared in accordance with MFRS.

   The Board of Directors evaluates the performance of each segment based on each segment's net income and certain credit risk indicators.

d. **Information on net income, assets and liabilities of reportable operating segments:** The following is the detail of the summarized reportable Financial information for each segment for the periods ended December 31, 2020 and 2019:

December 31, 2020

		Banco de Occidente S.A. (Holding Company)	Fiduciaria de Occidente S.A.	Ventas y Servicios S.A.	Banco de Occidente Panamá S.A.	Occidental Bank (Barbados) Ltd.	Eliminations	Total
Assets								
Financial assets at fair value with changes in results	$	4,066,963	61,672	13,499	1,230,442	463,080	(17,099)	5,818,557
Financial assets at fair value with changes in ORI		2,418,719	231,235	-	1,229,672	468,166	(232,870)	4,114,922
Financial assets in debt securities at amortized cost		869,095	-	-	-	-	(17,099)	851,996
Investments in associated companies and joint ventures		2,034,104	15,399	-	-	-	(434,875)	1,614,628
Financial assets from loans and receivables at amortized cost		31,694,646	(79)	1	1,233,672	359,511	(265,046)	33,022,705
Other Assets		581,245	75,312	105,618	(877,972)	(238,054)	21,787	(332,064)
Total Assets	**$**	**41,664,772**	**383,539**	**119,118**	**2,815,814**	**1,052,703**	**(945,202)**	**45,090,744**
Client deposits		27,466,480	-	-	2,593,564	926,142	(15,453)	30,970,733
Financial liabilities		7,529,860	19,889	31,449	19,923	-	(283,437)	7,317,684
Other Liabilities		1,722,314	22,343	43,677	12,592	809	21,382	1,823,117
Total liabilities	**$**	**36,718,654**	**42,232**	**75,126**	**2,626,079**	**926,951**	**(277,508)**	**40,111,534**
Equity	**$**	**4,946,118**	**341,307**	**43,992**	**189,735**	**125,752**	**(667,694)**	**4,979,210**

		Banco de Occidente S.A. (Holding Company)	Fiduciaria de Occidente S.A.	Ventas y Servicios S.A.	Banco de Occidente Panamá S.A.	Occidental Bank		
Income from continuing operations								
Financial Income	$	2,866,063	205	592	92,798	35,048	(20,712)	2,973,994
Fees and commissions		338,277	76,664	-	4,415	3,439	(13)	422,782
Other operating income		9,696,680	53,193	320,066	37,127	16,829	(179,627)	9,944,268
Total Income	**$**	**12,901,020**	**130,062**	**320,658**	**134,340**	**55,316**	**(200,352)**	**13,341,044**
Financial Expenses								
Provision for Financial asset impairment	$	1,240,311	132	22	1,019	5,172	-	1,246,656
Depreciations and amortizations		110,264	5,018	19,572	1,222	394	(1,327)	135,143
Commissions and fees paid		156,481	1,161	194	2,331	748	(56,339)	104,576
Administrative expenses		651,851	20,653	43,399	6,668	4,255	(27,526)	699,300
Other operating expenses		10,476,726	58,676	251,423	88,671	30,940	(26,166)	10,880,270
Income tax		(69,322)	1,923	1,519	-	421	-	(65,459)
Total expenses	**$**	**12,566,311**	**87,563**	**316,129**	**99,911**	**41,930**	**(111,358)**	**13,000,486**
Earning at end of period	**$**	**334,709**	**42,499**	**4,529**	**34,429**	**13,386**	**(88,994)**	**340,558**

December 31, 2019

		Banco de Occidente S.A. (Holding Company)	iduciaria de Occidente S.A.	Ventas y Servicios S.A.	Banco de Occidente Panamá S.A.	Occidental Bank (Barbados) Ltd.	Eliminations	Total
Assets								
Financial assets at fair value with changes in results	$	2,654,877	72,278	-	1,919	1,292	-	2,730,366
Financial assets at fair value with changes in ORI		1,755,359	207,178	4	1,368,701	693,523	(211,698)	3,813,067
Financial assets in debt securities at amortized cost		691,025	-	-	-	-	(16,385)	674,640
Investments in associated companies and joint ventures		1,774,675	13,814	-	-	-	(354,243)	1,434,246
Financial assets from loans and receivables at amortized cost		29,726,231	(72)	148	1,654,370	367,045	(836,256)	30,911,466
Other Assets		2,442,118	35,919	112,135	51,821	385,307	(13,388)	3,013,912
Total Assets	**$**	**39,044,285**	**329,117**	**112,287**	**3,076,811**	**1,447,167**	**(1,431,970)**	**42,577,697**
Client deposits		24,475,032	-	-	2,919,355	1,340,095	(8,102)	28,726,380
Financial Obligations		7,993,940	2,48	36,096	19,859	716	(857,861)	7,195,230
Other Liabilities		1,733,831	12,664	36,727	3,522	531	(265)	1,787,010
Total liabilities	**$**	**34,202,803**	**15,144**	**72,823**	**2,942,736**	**1,341,342**	**(866,228)**	**37,708,620**
Equity	**$**	**4,841,482**	**313,973**	**39,464**	**134,075**	**105,825**	**(565,742)**	**4,869,077**

		Banco de Occidente S.A. (Holding Company)	Fiduciaria de Occidente S.A.	Ventas y Servicios S.A.	Banco de Occidente Panamá	Occidental Bank (Barbados) Ltd.	Eliminations	Total
Income from continuing operations								
Financial Income	$	3.009.288	111	178	94.192	38.434	(21.829)	3.120.374
Fees and commissions		352.664	72.068	-	4.474	2.849	(156)	431.899
Other operative income		7.204.035	37.306	322.079	43.240	6.118	(163.205)	7.449.573
Total income	**$**	**10.565.987**	**109.485**	**322.257**	**141.906**	**47.401**	**(185.190)**	**11.001.846**
Financial Expenses								
Provision for Financial asset impairment	$	861.186	20	-	3.161	2.719	-	867.086
Depreciations and amortizations		102.542	4.832	18.935	1.202	264	(2.113)	125.662
Commissions and fees paid		147.645	246	258	1.791	694	(65.095)	85.539
Administrative expenses		726.619	22.409	40.933	6.105	3.649	(32.826)	766.889
Other operative expenses		8.112.404	44.599	250.072	110.050	32.776	(22.389)	8.527.512
Income tax		55.661	1.442	3.995	-	-	-	61.098
Total expenses	**$**	**10.006.057**	**73.548**	**314.193**	**122.309**	**40.102**	**(122.423)**	**10.433.786**
Profit for the period	$	**559.930**	**35.937**	**8.064**	**19.597**	**7.299**	**(62.767)**	**568.060**

e. Reconciliation of net income, assets and liabilities of the reportable operating segments

The following is a detail of the reconciliation of total segment revenues, expenses, assets and liabilities to the corresponding consolidated items at the holding company level:

1. Income

		December 31, 2020	December 31, 2019
Total reportable revenues by segment	$	13,541,396	11,187,036
a. Yield on demand deposits		(19,683)	(20,671)
b. Income on real estate activities		-	(98,491)
c. Dividends		(25,718)	(24,115)
d. Participation Method		(68,476)	(41,703)
e. Other		(86,475)	(210)
Total consolidated income	**$**	**13,341,044**	**11,001,846**

2. Expenses

		December 31, 2020	December 31, 2019
Total reportable expenses by segment	$	13.111.844	10.556.209
a. Interest on bank credits		(19.356)	(19.568)
b. Real estate expenses		-	(98.491)
c. Participation Method		(5,337)	-
d. Other		(86,665)	(4,364)
Total consolidated expenses	**$**	**13,000,486**	**10,433,786**

3. Assets

		December 31, 2020	December 31, 2019
Total reportable assets by segment	$	46,035,946	44,009,668
a. Banks and other correspondents		(15,452)	(8,102)
b. Interbank funds sold Banks and other correspondents		(265,046)	(836,255)
c. Investments		(684,843)	(582,327)
d. Accounts receivable		(8,593)	(265)
e. Other		28,732	(5,022)
Total consolidated assets	**$**	**45,090,744**	**42,577,697**

4. Liabilities

		December 31, 2020	December 31, 2019
Total reportable assets by segment	$	40,389,042	38,574,850
a. Current accounts		(13,779)	(6,096)
b. Interbank funds bought Banks and other correspondents		-	(535.576)
c. Bank credits		(26,.046)	(300.680)
d. Accounts payable		21,432	(265)
e. Bonds		(17,165)	(16,389)
f. Other		(2,950)	(7,224)
Total consolidated assets	**$**	**40,111,534**	**37,708,620**

5. Equity

		December 31, 2020	December 31, 2019
Total reportable equity by segment	$	5,646,904	5,434,818
Shareholders' equity		(42,336)	(47,506)
Additional paid-in capital		(198,940)	(198,940)
ORI		(901,777)	(881,301)
Surplus Participation method		(101,665)	(74,011)
Profit or loss		580,718	637,013
Other		(3,694)	(996)
Total Equity	**$**	**4,979,210**	**4,869,077**

Country		December 31, 2020	December 31, 2019
Colombia	$	4,668,810	4,633,819
Panama		310,400	235,258
Total Equity	**$**	**4,979,210**	**4,869,077**

6. Income by country

Country		December 31, 2020	December 31, 2019
Colombia	$	13,310,290	10,971,962
Bahamas		43	14
Barbados		14	26
Belize		45	15
Brazil		2,686	2,536
Cayman		-	13
Chile		2,348	2,281
Costa Rica		2,385	2,218
Ecuador		1,217	603
Guatemala		1,258	887
Grand Cayman Islands		775	-
Honduras		127	121
Mexico		3,865	2,410
Panama		2,775	1,375
Paraguay		1,524	1,753
Peru		6,782	5,390
Qatar Emirates		4	-
Dominican Republic		755	32
Russia		-	4
El Salvador		121	150
Singapore		240	18
USA		3,790	9,471
Venezuela		-	567
Total Consolidated Income	**$**	**13,341,044**	**11,001,846**

f. Largest clients of the Holding Company

No client representing 10% of the holding company's total revenue is presented during the periods ended December 31, 2020 and 2019.

Nota 29. – Compensation of Financial assets with Financial liabilities

The following is a detail of Financial instruments subject to contractually required offsetting as of December 31, 2020 and 2019:

As of December 31, 2020

		Gross amount of recognized financial assets	Net amount of financial assets in the Financial Position Statement	Related not-offset amounts in the Financial Position Statement		Net Amount
				Financial Instruments	Collaterals received in cash	
Assets						
Derivative financial instruments	$	571,024	571,024	-	-	571,204
Repo and simultaneous operations		33,276	33,276	234,721	-	(201,445)
Total	$	**604,300**	**604,300**	**234,271**	-	**369,579**
Liabilities						
Derivative financial instruments	$	728,221	728,221	-	-	728,221
Repo and simultaneous operations		846,881	846,881	898,061	-	(51,180)
Total	$	**1,575,102**	**1,575,102**	**898,061**	-	**677,041**

As of December 31, 2019

		Gross amount of recognized financial assets	Net amount of financial assets in the Financial Position Statement	Related not-offset amounts in the Financial Position Statement		Net Amount
				Financial Instruments	Collaterals received in cash	
Assets						
Derivative financial instruments	$	511,130	511,130	-	-	511,130
Repo and simultaneous operations		207,147	207,147	150,058	-	57,089
Total	$	**718,277**	**718,277**	**150,058**	-	**568,219**
Liabilities						
Derivative financial instruments	$	525,527	525,527	-	-	525,527
Repo and simultaneous operations		528,700	528,700	402,565	-	126,135
Total	$	**1,054,227**	**1,054,227**	**402,565**	-	**651,662**

The holding company and its subsidiary Fiduciaria de Occidente S.A., have derivative Financial instruments which are legally enforceable according to Colombian law or the country where the counterparty is located. In addition, Colombian legal regulations allow the holding company to offset instruments derived from its own liability obligations.

Note 29. – Unconsolidated structured entities

The term "Unconsolidated structured entities" refers to all structured entities that are not controlled by Fiduciaria de Occidente S.A. Fiduciaria de Occidente S.A. conducts transactions with unconsolidated structured entities in the normal course of business to facilitate client transactions and for specific investment opportunities.

The following chart shows the total assets of the unconsolidated structured entities in which Fiduciaria de Occidente S.A. had an interest as of the reporting date and its maximum exposure to loss with respect to such interests:

Funds managed by Grupo Aval		**December 31, 2020**	**December 31, 2019**
Total managed assets	$	316,795	298
Interest-Grupo Aval Assets			
Investment at fair value with changes in results		369,086	32,199
		660	134
Total assets in relation to Grupo Aval's interests in unconsolidated structured entities		**686,541**	**32,631**
Maximum exposure of Grupo Aval	$	**686,541**	**32,631**

Note 30. – Related parties

In accordance with IAS 24, a related party is a person or entity that is related to the entity preparing its Financial statements, which may exercise control or joint control over the reporting entity, exercise significant influence over the reporting entity, or be regarded as a member of key management personnel of the reporting entity or of a Holding Company of the reporting entity. The definition of related party includes persons and/or relatives related to the entity (key management personnel), entities that are members of the same group (Holding Company and subsidiary), associates or joint ventures of the entity or of Grupo Aval entities.

In accordance with the above, the related parties for the holding company and subsidiaries, Fiduciaria de Occidente S.A., Occidental Bank Barbados Ltd, Banco de Occidente Panamá S.A. and Ventas y Servicios S.A. - NEXA BPO are classified in the following categories:

1. Individuals who exercise control or joint control over the holding company, i.e. who own more than a 50% interest in the reporting entity; additionally, includes close relatives who could be expected to influence or be influenced by that person.

2. Key management personnel, this category includes the members of the Board of Directors and president of Grupo Aval, the holding company, Fiduciaria de Occidente S.A., Gerente General de Ventas y Servicios S.A. - NEXA BPO, Occidental Bank Barbados Ltd. and Banco de Occidente Panamá S.A. plus the key management personnel of these entities, which are the persons who participate in the planning, direction and control of such entities.

3. Companies belonging to the same group, this category includes the controlling company, subsidiaries or other subsidiaries of the same controlling company of Grupo Aval.

4. Associated Companies and Joint Ventures: companies in which Grupo Aval has significant influence, which is generally considered when it owns between 20% and 50% of their capital.

5. This category includes entities that are controlled by individuals included in categories 1 and 2.

6. This item includes entities in which the persons included in items 1 and 2 exercise significant influence.

All related party transactions are conducted on an arm's length basis, the most representative balances as of December 31, 2020 and 2019, with related parties are included in the following charts, the headings of which correspond to the definitions of related parties, recorded in the three categories above:

December 31, 2020

	Categories					
	1	2	3	4	5	6
	Individuals with control over Banco de Occidente	Key Management Personnel	Companies that belong to the group	Associates and joint ventures	Entities that are controlled by persons included in category 1 and 2	Entities with significant influence by persons included in category 1 and 2
Asset						
Cash and equivalents	$ -	-	4,029		-	
Financial assets in investment	-	-	-		232	
Financial assets in credit operations	27	14,262	188,619	25,860	330,758	78
Accounts receivable	-	250	31,005	218	1,673	1
Other Assets	-	-	2,850		-	
Liabilities						
Deposits	147,176	19,255	1,427,680	46,605	294,472	103
Accounts payable	128	4,419	51,931		11,238	
Financial Obligations	-	130	99,023	1,000	52,710	
Other Liabilities	$ -	-	2,910		40	

December 31, 2019

	Categories					
	1	2	3	4	5	
	Individuals with control over Banco de Occidente	Key Management Personnel	Companies that belong to the group	Associates and joint ventures	Entities that are controlled by persons included in category 1 and 2	Entities with significant influence by persons included in category 1 and 2
Asset						
Cash and equivalents	$ -	-	3,015	-	-	-
Financial assets in investment	-	-	-	310	9	-
Financial assets in credit operations	25	15,306	164,348	137,618	317,031	782
Accounts receivable	-	106	31,169	107	1,907	55
Other Assets	-	-	1,684	-	-	-
					-	-
Liabilities						
Deposits	156,569	30,776	944,895	17,610	410,191	998
Accounts payable	168	4,677	56,861	132	11,156	-
Financial Obligations	-	-	93,980	1,000	49,780	-
Other Liabilities	$ -	-	4,249	-	-	15

The most representative transactions for the years ended December 31, 2020 and 2019 with related parties comprise:

a. Sales, services and transfers

December 31, 2020

		Categories					
		1	2	3	4	5	6
		Individuals with control over Banco de Occidente	Key Management Personnel	Companies that belong to the group	Associates and joint ventures	Entities that are controlled by persons included in category 1 and 2	Entities having significant influence by persons included in the category 1 and 2
Income by interests	$	5	914	14,803	845	16,238	-
Financial Expenses		845	395	26,637	286	63,438	-
Income for fees and commissions		2	126	7,869	26,720	50,113	1
Fees and commissions expenses		-	680	86,221	10,505	124	-
Other operating income		5	1,325	187,309	6,280	5,857	-
Other expenses	$	-	1,103	2,154	23,675	6,203	-

December 31, 2019

		Categories					
		1	2	3	4	5	6
		Individuals with control over Banco de Occidente	Key Management Personnel	Companies that belong to the group	Associates and joint ventures	Entities that are controlled by persons included in category 1 and 2	Entities having significant influence by persons included in the category 1 and 2
Income by interests	$	67	1,026	13,343	973	14,351	81
Financial Expenses		162	915	26,660	379	14,437	13
Income for fees and commissions		2	199	8,326	28,543	590	6
Fees and commissions expenses		-	482	88,575	9,627	162	-
Other operating income		7	578	166,968	4,439	5,176	-
Other expenses	$	-	117	4,170	19,987	10,584	-

Outstanding amounts are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current or prior years in respect of uncollectible or doubtful accounts related to amounts due from related parties.

b. Compensation of key management personnel

Compensation received by key management personnel consists of the following for the periods ended December 31, 2020 and 2019:

Description		**December 31, 2020**	**December 31, 2019**
Salaries	$	21,664	20,339
Short-term employee benefits		2,473	707
Other long-term benefits		538	398
Termination benefits		1,169	-
Total	**$**	**25,844**	**21,444**

Note 31. – Events after the closing date for the preparation of the consolidated Financial statements

The following is a list of subsequent events that have occurred between the closing date as of December 31, 2020 and February 26, 2021, the date of the statutory auditor's report, that have an impact on the separate Financial statements as of that date and that could affect the results and equity of the holding company.

During 2020, the holding company applied to the National Council for Tax Benefits in Science, Technology and Innovation (National Council for Tax Benefits in Science) for a project focused on organizational innovation in order to obtain tax benefits in the 2020- and 2021-income tax returns. The National Council for Science Tax Benefits itself is responsible for qualifying projects and for establishing procedures for the control, follow-up and evaluation of qualified projects. Thus, in Article 4 of Agreement 17 of 2017 issued by the National Council of Tax Benefits in Science, it is established that: "With the purpose of informing the result of the evaluation process and in the cases that apply the tax deduction and discount quotas to which the companies are entitled for the approved investments, the National Council of Tax Benefits in Science in head of COLCIENCIAS (today Ministry of Science, Technology and Innovation) depending on the tax benefit in question and according to the criteria and conditions contained in the document called "Typology of Projects" that deals with the first article of this Agreement, will issue a resolution of qualification or denial."

The holding company's nominated project is: "NEW ORGANIZATIONAL MODEL OF THE HOLDING COMPANY BASED ON DIGITAL TRANSFORMATION APPLIED TO BUSINESS PRACTICES, WORK ORGANIZATION AND CUSTOMER RELATIONSHIPS". The aforementioned project was evaluated and received a score of 100 points, which according to the terms of reference of the call for proposals 869 of 2019 makes them ELIGIBLE projects. As a result, the competent entity considered that the minimum criteria defined for accessing the tax benefits set forth in Articles 158-1 and 256 of the Tax Statute are met and determined that the budget recommended in the evaluation is necessary for the development of the projects. However, this information is not sufficient to determine the amount of the tax benefit, since this requires a resolution to be issued by the entity confirming the approved project quota, and the value of the investment made in the project by the holding company during the year must also be confirmed. This execution must be submitted by the holding company no later than March 31, 2021, in the formats defined by the Ministry of Science, Technology and Innovation in the technical and budgetary execution report of the project, a tool that will allow measuring the tax benefit to be taken in the income tax return of the respective fiscal period, thus complying with the requirements to take the tax benefit.

On January 28, 2021, the Holding Company received notification of Resolution No. 0325 with the approval of the multi-year budget of 100%, corresponding to the project NEW ORGANIZATIONAL MODEL OF THE HOLDING COMPANY BASED ON DIGITAL TRANSFORMATION APPLIED TO BUSINESS PRACTICES, WORK ORGANIZATION AND CUSTOMER RELATIONS. This Resolution is an Administrative Act that arises after the closing of the year reported and whose result will affect the calculation of the current tax for 2020, a fact that will be reflected in the results in the first quarter of 2021, once the corresponding validations have been made and the requirement of the budget execution report to take the respective tax benefit has been complied with.

Note 32. – Approval of Financial statements

The consolidated Financial statements and accompanying notes were approved by the Board of Directors and the Legal Representative, in accordance with Minute No.1575 dated February 26, 2021, to be submitted to the General Shareholders' Meeting for approval, which may approve or modify them.

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