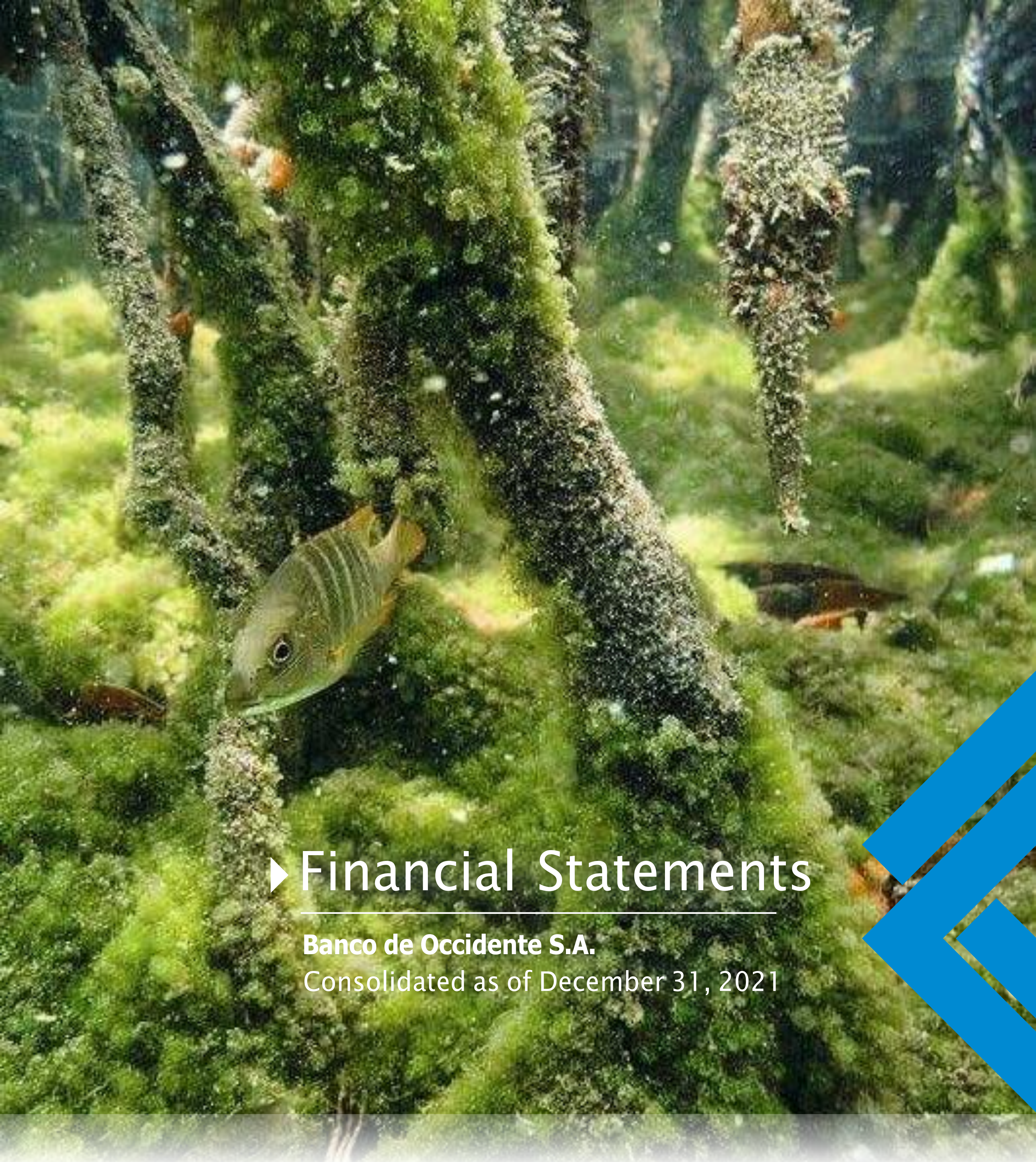

Financial Statements

Banco de Occidente S.A.

Consolidated as of December 31, 2021

Banco de Occidente

Del lado de los que hacen.

Grupo AVAL

Consolidated Financial Statements as of December 31, 2021

Banco de Occidente
PANAMÁ

Occidental Bank
BARBADOS

FiduOccidente
FIDUCIARIA DE OCCIDENTE

NEXA
BPO

KPMG S.A.S.
Calle 6 Norte No. 1 – 42, Torre Centenario, Piso 6
Cali - Colombia

Telephone 57 (2) 6681480
57 (2) 6684481
57 (2) 6684447

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STATUTORY AUDITOR REPORT

Dear Shareholders
Banco de Occidente S.A.:

Opinion

I have audited the accompanying consolidated financial statements of Banco de Occidente and Subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2021, and the related 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, 2021, the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Accounting and Financial Reporting Standards accepted in Colombia, applied on a basis consistent with that of the preceding year.

Basis for the opinion

I conducted my audit in accordance with the 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.

KPMG

Key audit matters

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

Impairment assessment of the loan portfolio under IFRS 9 (see notes 2 and 10 to the consolidated financial statements)	
Key Audit Matters	How was it addressed in the audit
As indicated in Notes 2 and 10 to the consolidated financial statements, the provision for impairment of the Group's loan portfolio amounted to $1,967,781 million as of December 31, 2021. The Group measures the impairment of its loan portfolio at an amount equal to the Expected Credit Losses (ECL) 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 an ECL of twelve months. The allowance for loan portfolio impairment reflects a probability-weighted outcome, which 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 allowance for loan impairment. I identified the assessment of loan 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.	My audit procedures for assessing loan portfolio impairment included, among others, the following: • Evaluation of the design and effectiveness of certain internal controls over the process established by the Group to determine loan portfolio 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 the 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.

The assessment of the impairment of the loan portfolio required significant auditor attention, the use of professional judgment and the involvement of credit risk professionals, as well as industry knowledge and experience.	

Other matters

The consolidated financial statements as of and for the year ended December 31, 2020, are presented solely for comparative purposes, were audited by me and in my report dated February 26, 2021, I expressed an unqualified opinion thereon.

Responsibility of management and those charged with corporate governance of the Group in relation to the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, 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 has no realistic alternative but to do so.

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 sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one 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 in order to design audit procedures that are appropriate in the circumstances.

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

- Conclude on the appropriateness of management's use of the going concern 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.

- 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 to achieve a fair presentation.

KPMG

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

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

I also provide those charged with 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 might reasonably be considered to bear on my independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine the matters that were of most significance in the audit of the consolidated financial statements of the current period and, therefore, 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 Magaña Salazar
Statutory Auditor of Banco de Occidente S.A.
T.P. 86619 – T
Member of KPMG S.A.S.

February 25, 2022.

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

	Notes	December 31, 2021	December 31, 2020
Assets			
Cash	6	$ 5.110.003	3.447.062
Financial assets at fair value through profit or loss			
Investments in debt securities	7	711.135	1.203.597
Investments in equity instruments	7 & 30	480.813	369.086
Derivative trading instruments	9 & 28	463.730	571.024
Total financial assets at fair value through profit or loss	5 & 7	1.655.678	2.143.707
Financial assets at fair value with changes in ORI			
Investments in debt securities	7	5.331.756	4.026.450
Investments in equity instruments at fair value	7	112.032	88.473
Total financial assets at fair value with changes in ORI	7	5.443.788	4.114.923
Financial assets in debt securities at amortized cost	8	883.207	851.997
Total investments in debt securities at amortized cost and at fair value		6.326.995	4.966.920
Loan portfolio at amortized cost	4 & 10		
Commercial leasing and commercial portfolio		26.044.727	23.213.429
Commercial and commercial leasing		25.578.816	22.870.599
Repos and interbank and other		465.911	342.830
Consumer leasing and consumer portfolio		8.887.493	7.903.544
Mortgage and mortgage leasing portfolio		2.132.885	1.905.731
Total loan portfolio at amortized cost	4	37.065.105	33.022.704
Impairment of loan portfolio at amortized cost	10	(1.967.781)	(1.982.274)
Impairment of commercial leasing and commercial portfolios		(1.179.907)	(1.110.595)
Impairment of consumer and consumer leasing portfolios		(676.506)	(764.004)
Impairment of mortgage and mortgage leasing portfolios		(111.368)	(107.675)
Total financial assets from loan portfolio at amortized cost, net		35.097.324	31.040.430
Other accounts receivable, net	11	320.896	281.209
Non-current assets held for sale	12	5.378	33.969
Investments in associates and joint ventures	13	1.664.990	1.614.628
Tangible assets, net	14		
Property and equipment for own use		249.295	275.674
Equipment under operating leases		37.521	8.909
Property and equipment right of use		241.630	254.861
Investment property		171.419	164.595
Total tangible assets, net		699.865	704.039
Intangible assets, net	15		
Capital gain		22.724	22.724
Other intangible assets		432.298	372.976
Total intangible assets, net		455.022	395.700
Income tax assets	16		
Current		251.999	395.616
Deferred		54.418	-
Income tax asset		306.417	395.616
Other assets		20.892	67.464
Total assets		$ 51.663.460	45.090.744
Liabilities			
Derivative trading instruments	9 y 28	$ 517.293	728.221
Derivative financial liabilities at fair value		517.293	728.221
Customer deposits	17		
Current accounts		7.732.324	7.027.494
Savings accounts		19.385.348	15.314.279
Term certificates of deposit		9.169.470	8.561.944
Other deposits		53.110	67.016
Total customer deposits	17	36.340.252	30.970.733
Financial obligations	18 & 30		
Interbank and overnight funds		1.999.608	1.208.307
Bank loans and others		2.767.357	1.725.909
Bonds and investment securities		2.777.578	3.120.450
Obligations with rediscount entities		951.826	1.263.018
Total financial liabilities	18	8.496.369	7.317.684
Total financial liabilities at amortized cost		44.836.621	38.288.417
Provisions	20		
Provision for legal contingencies		3.395	4.214
Other provisions		43.238	55.714
Total provisions	20	46.633	59.928
Income tax liabilities	16		
Current		8.148	7.502
Deferred		-	30.029
Total income tax liabilities		8.148	37.531
Employee benefits	19	90.221	117.059
Other liabilities	21 & 30	975.964	880.378
Total liabilities		$ 46.474.880	40.111.534
Equity			
Subscribed and paid-in capital	22	$ 4.677	4.677
Additional paid-in capital		720.445	720.445
Retained earnings		4.467.443	4.076.154
Other comprehensive income		(37.376)	146.773
Equity of controlling interests		$ 5.155.189	4.948.049
Non-controlling interests		33.391	31.161
Total equity		5.188.580	4.979.210
Total liabilities and equity		$ 51.663.460	45.090.744

See notes on pages 12 to 166, they are an integral part of the consolidated financial statements.

DOUGLAS BERRIO ZAPATA
LEGAL REPRESENTATIVE (*)

FABIÁN FERNANDO BARONA CAJIAO
ACCOUNTANT (*)
T.P. 80629-T

HUGO ALONSO MAGAÑA SALAZAR
TAX AUDITOR
T.P. 86619 - T
Member of KPMG S.A.S.
(See my report of February 25, 2022)

(*) We, the undersigned Legal Representative and Certified Public Accountant, certify that we have previously verified the information contained in these consolidated financial statements and that they have been prepared with information faithfully taken from the accounting records of the Holding Company and its Subsidiaries.

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

Years completed	Notes	December 31, 2021	December 31, 2020
Continuous operations:			
Interest income and valuation			
Interest on loan portfolio and financial leasing, repo and interbank transactions:		$ **2.560.992**	**2.817.729**
Interest on commercial portfolio		1.402.779	1.689.923
Interest on consumer portfolio		969.567	957.473
Interest on housing portfolio		181.016	160.669
Repo and interbank income		7.630	9.664
Income from deposits		**5.575**	**6.830**
Interest income on other accounts receivable		**3.831**	**2.876**
Interest and valuation on investments in debt securities at amortized cost		**171.560**	**146.559**
Total interest and valuation income		$ **2.741.958**	**2.973.994**
Interest and similar expenses			
Deposits			
Checking accounts		5.912	6.906
Savings deposits		231.553	338.639
Term certificates of deposit		256.686	379.938
Total interest expense on deposits		**494.151**	**725.483**
Financial obligations			
Interbank loans		25.892	50.704
Loans from banks and others		38.686	52.868
Bonds and investment securities		184.658	216.166
Obligations with rediscount entities		26.233	36.982
Total financial obligations		**275.469**	**356.720**
Total interest and similar expenses		**769.620**	**1.082.203**
Net interest and valuation income		**1.972.338**	**1.891.791**
Impairment loss on financial assets			
Impairment for loan portfolio and interest receivable		882.538	1.246.654
(Recovery) provision for investments in debt securities		(487)	3.852
Recovery of write-offs		(158.407)	(113.169)
Total impairment losses on financial assets, net		**723.644**	**1.137.337**
Income, net of interest after impairment		**1.248.694**	**754.454**
Income from contracts with customers, commissions and fees			
Commission and fee income	**25**	**458.215**	**422.782**
Commission and fee expense	**25**	**126.399**	**104.577**
Net commission and fee income		**331.816**	**318.205**
Net (expense) income from financial assets or liabilities held for trading		**(67.782)**	**396.934**
Net gain on marketable investments		21.178	106.948
Net (loss) gain on derivative financial instruments held for trading		(88.960)	289.986
Other income, net			
Net gain (loss) on foreign exchange difference		230.605	(185.977)
Net gain on sale of investments		1.345	70.778
Gain on sale of non-current assets held for sale	**12 & 26**	12.015	44.421
Equity in income of associated companies and joint ventures by equity method	**13**	245.863	256.635
Dividends		3.138	2.344
Net gain (loss) on valuation of investment property		17.691	(16.098)
Other operating income		278.869	266.436
Other income, net	**26**	**789.526**	**438.539**
Other expenses:			
Loss on sale of non-current assets held for sale	**12 & 26**	**95**	**46**
Provision for other assets		**1.699**	**4.187**
Personnel expenses		**759.171**	**761.470**
Severance payments		8.009	18.407
Bonus payments		23.963	15.512
Salaries and employee benefits		727.199	727.551
General administrative expenses		**730.655**	**699.300**
Depreciation and amortization expense		**145.982**	**135.144**
Amortization of intangible assets		45.312	33.508
Depreciation of tangible assets		45.770	49.737
Depreciation of property and equipment for rights of use		54.900	51.899
Other operating net expenses		**3.842**	**32.886**
Donation expenses		1.315	880
Other expenses		2.527	32.006
Total other net expenses	**22**	**1.641.444**	**1.633.033**
Income before income taxes		**660.810**	**275.099**
Income tax (income) expense	**16**	**74.903**	**(65.459)**
Income for the year		$ **585.907**	**340.558**
Income attributable to:			
Controlling interests		$ **580.222**	**334.890**
Non-controlling interests		$ **5.685**	**5.668**

See notes on pages 12 to 166, they are an integral part of the consolidated financial statements.

DOUGLAS BERRIO ZAPATA	**FABIÁN FERNANDO BARONA CAJIAO**	**HUGO ALONSO MAGAÑA SALAZAR**
LEGAL REPRESENTATIVE (*)	ACCOUNTANT (*)	TAX AUDITOR
	T.P. 80629-T	T.P. 86619 - T
		Member of KPMG S.A.S.
		(See my report of February 25, 2022)

(*) We, the undersigned Legal Representative and Certified Public Accountant, certify that we have previously verified the information contained in these consolidated financial statements and that they have been prepared with information faithfully taken from the accounting records of the Holding Company and its Subsidiaries.

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

	Notes	December 31, 2021	December 31, 2020
Profit for the year:		$ 585.907	340.558
Items to be subsequently reclassified to profit or loss			
Net foreign exchange difference on translation of foreign operations		(828)	(9.275)
Foreign exchange difference on investments in foreign subsidiaries		46.629	14.315
Net unrealized gain on foreign hedging transactions	9	(46.629)	(14.315)
Adjustments for foreign exchange differences on foreign subsidiaries		-	1.489
Net unrealized loss (gain) on financial instruments measured at fair value in debt securities	7	(270.415)	31.101
Impairment on financial instruments measured at fair value with changes in ORI - debt securities		(1)	3.522
Net unrealized loss (gain) on investments accounted for by the equity method of accounting	13	(23.260)	15.867
Deferred income tax on items that may be subsequently reclassified to profit or loss	16	85.240	(156)
Total items to be subsequently reclassified to profit or loss		**(209.264)**	**42.548**
Items that will not be reclassified to profit or loss			
Revaluation of investment properties		1.154	3.892
Net unrealized gain (loss) on equity financial instruments measured at fair value	7	23.559	(480)
Actuarial gain (loss) on defined benefit plans		1.860	(213)
Deferred tax on items that will not be reclassified to profit or loss	16	(3.028)	(212)
Total items that will not be reclassified to profit or loss		**23.545**	**2.987**
Total other comprehensive income (loss) for the period, net of taxes		**(185.719)**	**45.535**
Total comprehensive income for the period		**$ 400.188**	**386.093**
Comprehensive income attributable to:			
Controlling interests		**$ 396.073**	**379.325**
Non-controlling interests		**$ 4.115**	**6.768**

The notes on pages 12 to 166 are an integral part of the consolidated financial statements.

DOUGLAS BERRIO ZAPATA	**FABIÁN FERNANDO BARONA CAJIAO**	**HUGO ALONSO MAGAÑA SALAZAR**
LEGAL REPRESENTATIVE (*)	ACCOUNTANT (*)	TAX AUDITOR
	T.P. 80629-T	T.P. 86619 - T
		Member of KPMG S.A.S.
		(See my report of February 25, 2022)

(*) We, the undersigned Legal Representative and Certified Public Accountant, certify that we have previously verified the information contained in these consolidated financial statements and that they have been prepared with information faithfully taken from the accounting records of the Holding Company and its Subsidiaries.

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

Years ended December 31, 2021 and 2020	**Subscribed and paid-in capital (Note 22)**	**Additional paid-in capital**	**Retained earnings**	**Other comprehensive income**	**Total Shareholders' Equity of Controlling Interests**	**Non-controlling interests**	**Total shareholders' equity, net**
Balance as of December 31, 2019	**$ 4.677**	**720.445**	**4.015.627**	**102.338**	**4.843.087**	**25.990**	**4.869.077**
Distribution of cash dividends	-	-	(273.953)	-	(273.953)	(1.597)	(275.550)
Realization of other comprehensive income	-	-	(122.004)	-	(122.004)	(264)	(122.268)
Effect on retained earnings from realization of other comprehensive income	-	-	122.004	-	122.004	264	122.268
Withholding tax on non-taxed dividends	-	-	(410)	-	(410)	-	(410)
Other comprehensive income for the period	-	-	-	44.435	44.435	1.100	45.535
Income 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**
Balance as of December 31, 2020	**$ 4.677**	**720.445**	**4.076.154**	**146.773**	**4.948.049**	**31.161**	**4.979.210**
Distribution of cash dividends	-	-	(192.374)	-	(192.374)	(1.889)	(194.263)
Withholding tax on dividends declared in prior year in the statement of changes in equity	-	-	491	-	491	4	495
Realization of other comprehensive income	-	-	-	(3.273)	(3.273)	-	(3.273)
Effect on retained earnings due to realization of other comprehensive income	-	-	3.273	-	3.273	-	3.273
Withholding tax on dividends declared in the current period in the statement of changes in stockholders' equity	-	-	(323)	-	(323)	-	(323)
Other comprehensive income for the period	-	-	-	(180.876)	(180.876)	(1.570)	(182.446)
Income for the year	-	-	580.222	-	580.222	5.685	585.907
Balance as of December 31, 2021	**$ 4.677**	**720.445**	**4.467.443**	**(37.376)**	**5.155.189**	**33.391**	**5.188.580**

The notes on pages 12 to 166 are an integral part of the consolidated financial statements.

DOUGLAS BERRIO ZAPATA
LEGAL REPRESENTATIVE (*)

FABIÁN FERNANDO BARONA CAJIAO
ACCOUNTANT (*)
T.P. 80629-T

HUGO ALONSO MAGAÑA SALAZAR
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BANCO DE OCCIDENTE S.A. AND SUBSIDIARIAS
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in millions of Colombian pesos)

For the years ended at:	Notes	December 31, 2021	December 31, 2020
Cash flows from operating activities:			
Profit for the period before income taxes		$ **660.810**	**275.099**
Reconciliation of net income for the period to net cash provided by (used in) operating activities:			
Net interest and valuation income		(1.972.338)	(1.891.791)
Depreciation of tangible assets	**14**	100.670	101.636
Amortization of intangible assets	**15**	45.312	33.508
Impairment for loan portfolio and accounts receivable, net		882.538	1.246.654
Impairment of tangible assets,net		28	47
Gain on sale of property and equipment for own use		(4.557)	(4.281)
Unrealized foreign exchange difference		(192.958)	(9)
Gains on sale of non-current assets held for sale		(26.751)	(44.375)
Gain on sale of investments, net		(1.246)	(1.726)
Equity in net earnings of investments in associates and joint ventures	**13**	(245.863)	(256.635)
Dividends	**26**	(3.138)	(2.344)
Fair value adjusted over:			
(Gain) loss on valuation of derivative financial instruments		88.960	(289.986)
(Gain) loss on valuation of investment property	**14**	(17.691)	16.098
Changes in operating assets and liabilities			
Marketable investments		604.026	984.971
Derivative financial instruments		(990.980)	432.787
Loan portfolio		(3.967.700)	(2.381.546)
Accounts receivable		(86.958)	(84.154)
Other assets		38.795	(41.798)
Customer deposits		4.854.353	1.985.702
Interbank loans and overnight funds		677.899	208.279
Other liabilities and provisions		206.583	(169.996)
Employee benefits		(25.524)	5.843
Interest received on financial assets		2.595.473	2.549.510
Interest paid on financial liabilities		(673.205)	(1.084.774)
Interest paid on financial leases		(21.836)	(20.078)
Income tax paid		(37.686)	(36.433)
Net cash provided by operating activities		**2.487.016**	**1.530.208**
Cash flows from investing activities:			
Acquisition of investments held to maturity		(928.491)	(872.626)
Redemption of held-to-maturity investments		892.762	701.679
Acquisition of investments with changes in other comprehensive income at fair value		(5.339.465)	(3.900.559)
Proceeds from sale of investments with changes in other comprehensive income at fair value		4.115.023	3.948.840
Acquisition of interest in associates and joint ventures	**13**	(3)	(2.660)
Acquisition of tangible assets		(25.739)	(31.815)
Acquisition of assets delivered under operating leases	**14**	(33.762)	(4.481)
Acquisition of other intangible assets		(115.031)	(137.284)
Proceeds from sale of property and equipment		7.482	2.770
Proceeds from sale of non-current assets held for sale		3.554	16.795
Proceeds from sale of investment property		28.926	52.103
Dividends received		223.303	121.314
Net cash used for investing activities		**(1.171.441)**	**(105.924)**
Cash flows from financing activities:			
Acquisition of financial obligations		13.598.697	4.740.297
Payments of financial obligations		(13.641.651)	(5.137.853)
Issuance of outstanding investment securities		-	350.000
Payments of outstanding investment securities		(346.640)	(557.440)
Lease payments		(61.931)	(51.677)
Dividends paid controlling interest		(155.708)	(202.460)
Dividends paid to non-controlling interests		(58.510)	(76.376)
Net cash used in financing activities		**(665.743)**	**(935.509)**
Effect of exchange gains or losses in cash		1.013.109	184.923
Increase in cash, net		1.662.941	673.698
Cash at beginning of period	**6**	3.447.062	2.773.364
Cash at end of period	**6**	$ **5.110.003**	**3.447.062**

The notes on pages 12 to 166 are an integral part of the consolidated financial statements.

DOUGLAS BERRIO ZAPATA	**FABIÁN FERNANDO BARONA CAJIAO**	**HUGO ALONSO MAGAÑA SALAZAR**
LEGAL REPRESENTATIVE (*)	ACCOUNTANT (*)	TAX AUDITOR
	T.P. 80629-T	T.P. 86619 - T
		Member of KPMG S.A.S.
		(See my report of February 25, 2022)

(*) We, the undersigned Legal Representative and Certified Public Accountant, certify that we have previously verified the information contained in these consolidated financial statements and that they have been prepared with information faithfully taken from the accounting records of the Holding Company and its Subsidiaries.

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 Office 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 loan placements to its customers 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 customers in the form of checking and savings accounts, 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 encourage various sectors in the Colombian economy.

As of December 31, 2021, the Holding Company has a total of 7,151 employees distributed in 6,272 with indefinite term contracts, 528 with fixed term contracts and 351 with apprenticeship contracts. In addition to this plant, the Holding Company has outsourcing contracts with 2,744 specialized companies, through 197 service centers in the Colombian territory distributed in 183 offices, 7 vehicle and motorcycle credit centers and 7 leasing 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, and this in turn, has control over foreign entities of 95% in Banco de Occidente Panamá S.A. and 100% in Occidental Bank Barbados Ltd. and in the country 95% in Sociedad Fiduciaria de Occidente S.A. and 45% in Ventas y Servicios S.A. - NEXA BPO.

The Holding Company has a non-bank correspondent agreement with Almacenes Éxito S.A, Efectivo Ltda, IGT Colombia Ltda, ConexRed S.A.S, Grupo Empresarial Soluciones Tecnológicas SOLTEC
S.A.S. and Servicios Postales Nacionales S.A. and Empresa de energía del Quindío S.A. E.S.P. Empresa de Servicios Públicos, Quiceno y Cia S.C.A.

Corporate information of subsidiaries

The corporate purpose of Fiduciaria de Occidente S.A. - Fiduoccidente is to enter into commercial trust agreements and non-translative fiduciary mandates of ownership, in accordance with the legal provisions. Its main purpose is to acquire, dispose of, encumber, manage movable and immovable property and intervene as debtor or creditor in all kinds of credit operations. As of December 31, 2021, Fiduciaria de Occidente S.A. has a total of 580 employees distributed in 30 with fixed term contract, 473 with indefinite term contract, 26 with apprenticeship contract and 51 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, 2021, Banco de Occidente Panamá S.A. has a total of 59 employees distributed in 54 with indefinite term contracts and 4 employees with definite term contracts. Of the total number of collaborators, 13 perform special tasks for Occidente Bank Barbados and 10 shared in both subsidiaries and 1 Outsourcing specialized companies (security guards); operating in the office.

Occidental Bank Barbados Ltd. was incorporated under the laws of Barbados on May 16, 1991, with an international license that allows it to provide financial services to individuals and companies not resident in Barbados. As of December 31, 2021, Occidental Bank Barbados Ltd. has a total of 3 employees with indefinite term contracts, 2 of whom work directly in Barbados and 1 in Colombia.

The corporate purpose of Ventas y Servicios S.A. - NEXA BPO is the rendering of technical or administrative services referred to in Article 5 of Law 45 of 1990, such as: computer programming, marketing, creation and organization of consultation files and the preparation of statistical calculations and reports in general. The company Ventas y Servicios S.A. - NEXA BPO is consolidated by virtue of the dominant influence at the administrative level exercised by the Holding Company. As of December 31, 2021, Ventas y Servicios S.A. has a total of 8,416 employees distributed in 712 with fixed term contract, 5,069 with indefinite term contract, 2,533 with work or labor contract and 102 with apprenticeship contract through 85 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. Statement 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 (NCIF) in force as of December 31, 2015, included as an annex to Decree 2420 of 2015. Established in Law 1314 of 2009, regulated by the Sole Regulatory Decree 2420 of 2015 modified by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018, 2270 of 2019 and 1432 of 2020. The NCIF
applicable in 2021 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 2020.

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 considering the following aspects:

- The consolidated statement of financial position 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 income and other comprehensive income are presented separately in two statements as permitted by IAS 1 "Presentation of Financial Statements". Likewise, the consolidated statement of income is presented according to the nature of expenses, which is the model most commonly used in financial entities because it provides more appropriate 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

In accordance with International Financial Reporting Standard IFRS 10, the Parent must prepare consolidated financial statements with the entities in which it has control. The Parent has control over another entity if, and only if, it has all of the following elements:

- Power over the investee that gives it the current 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 amounts of returns to the investor.

In the consolidation process, the Holding Company combines the assets, liabilities, and results of the entities in which it has control, after homogenizing its accounting policies and converting to Colombian pesos the controlled entities abroad. In this process, reciprocal transactions and unrealized profits between them are eliminated. The participation of non-controlling interests in the equity of the controlled entities is presented in equity separately from the equity of the shareholders of the Holding Company.

The financial statements of controlled companies abroad in the consolidation process, their financial statements are translated as follows: assets and liabilities are translated into Colombian pesos at the closing exchange rate, the statement of income at the average exchange rate for the period and the equity accounts at the historical exchange rates, except for the ORI accounts due to adjustments to fair value. The net adjustment resulting from the translation process is included in equity as "Adjustment for translation of financial statements in foreign currency" in the "Other Comprehensive Income" account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date of termination of control.

The financial statements of the subsidiaries used in the consolidation process are for the same period and as of the same reporting date as those of the Holding Company.

The consolidated financial statements include the following subsidiaries:

Subsidiaries	Origin	% of Participation	No. of Shares as of December 31, 2021
Fiduciaria de Occidente S.A.	National	94,98%	18.250.806
Ventas y Servicios S. A.	National	45%	1.343.300
Banco de Occidente Panamá S.A.	Foreign	95%	1.561.001
Occidental Bank Barbados Ltd.	Foreign	100%	2.015

The total value of the assets, liabilities, equity, operating income and results as of December 31, 2021 and 2020 of each of the subsidiaries included in the consolidation is as follows:

December 31, 2021	Assets	% Part.	Liabilities	% Part.	Equity	% Part.	Operating Income	% Part.	Results	% Part.
Banco de Occidente S.A. (Holding company)	$ 46.770.830	90,5%	42.305.355	91,0%	4.465.474	86,0%	8.714.991	93,9%	449.715	76,8%
Fiduciaria de Occidente S.A.	380.535	0,8%	29.465	0,1%	351.070	6,8%	166.906	1,8%	80.775	13,8%
Banco de Occidente Panamá S.A.	3.321.021	6,4%	3.128.087	6,7%	192.935	3,7%	120.956	1,3%	35.595	6,1%
Occidental Bank Barbados Ltda.	1.085.812	2,1%	956.145	2,1%	129.667	2,5%	36.284	0,4%	14.381	2,4%
Ventas y Servicios S.A.	105.261	0,2%	55.828	0,1%	49.433	1,0%	237.202	2,6%	5.441	0,9%
Total	**$ 51.663.459**	**100%**	**46.474.880**	**100%**	**5.188.579**	**100%**	**9.276.339**	**100%**	**585.907**	**100%**
Consolidated Financial Statements Banco de Occidente S.A.	**$ 51.663.459**		**46.474.880**		**5.188.579**		**9.276.339**		**585.907**	

December 31, 2020	Assets	% Part.	Liabilities	% Part.	Equity	% Part.	Operating Incomr	% Part.	Results	% Part.
Banco de Occidente S.A. (Holding company)	$ 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	6,2%	2.596.493	6,5%	189.735	3,8%	114.739	0,9%	34.429	10,1%
Occidental Bank Barbados Ltda.	1.047.616	2,3%	926.951	2,3%	120.665	2,4%	55.107	0,4%	13.177	3,9%
Ventas y Servicios S.A.	118.606	0,3%	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 Banco de Occidente S.A.	**$ 45.090.744**		**40.111.534**		**4.979.210**		**13.341.043**		**340.557**	

Effect of consolidation

The effect of consolidation on the structure of the Holding Company's financial statements as of December 31, 2021 and 2020 was as follows:

	December 31, 2021				**December 31, 2020**		
	Total Holding Company	**Total Consolidated**	**Increase (Decrease)**		**Total Holding Company**	**Total Consolidated**	**Increase (Decrease)**
Assets	$ 46.770.830	51.663.459	4.892.629	Assets	$ 40.779.412	45.090.745	4.311.333
Liabilities	42.305.355	46.474.880	4.169.525	Liabilities	36.480.552	40.111.534	3.630.982
Equity	4.465.474	5.188.579	723.105	Equity	4.298.860	4.979.210	680.350
Results	$ 449.715	585.907	136.192	Results	$ 247.450	340.557	93.107

b. Investments in associated companies

The Holding Company's investments in entities where it does not have control, but has significant influence are called "investments in associated companies" and are accounted for by the equity method. Significant influence is presumed to be exercised over another entity if it owns directly or indirectly between 20% and 50% of the voting rights of the investee, unless it can be clearly demonstrated that such influence does not exist. The equity method is a method of accounting whereby the investment is initially recorded at cost and subsequently adjusted periodically for changes in the investor's interest in the investee's net assets. Comprehensive income for the period includes its share in the investee's income for the period and in the "other comprehensive income of the investor" account, and equity includes its share in the "other comprehensive income" account of the investee (see note 13).

c. Joint arrangements

Joint arrangements are classified into joint operations and joint ventures, depending on the contractual rights and obligations of each investor. In joint operations, the parties that have joint control of the arrangement are entitled to the assets and obligations with respect to the liabilities related to the arrangement. In joint ventures, the parties having control of the arrangement are entitled to the net assets of the arrangement (see note 13).

Joint operations are included in the consolidated financial statements based on their proportional and contractual share of each of the assets, liabilities and results of the contract or entity in which the arrangement is held.

Joint ventures are accounted for by the equity method, as indicated above for the accounting of investments in associated companies.

d. Transactions eliminated on consolidation

Intercompany balances and transactions and any unrealized income or expenses arising from transactions between Group companies are eliminated during 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. performs transactions in the normal course of business whereby it transfers financial assets to third parties. Depending on the circumstances, these transfers may result in these financial assets being written off or continue to be recognized.

2.4. Functional and presentation currency

The primary activity of the Holding Company is the granting of credit to customers in Colombia and investment in securities issued by the Republic of Colombia or by national entities, whether or not registered in the National Registry of Securities and Issuers - RNVE - in Colombian pesos; and to a lesser extent in the granting of loans also to Colombian residents in foreign currency and investment in securities issued by banking entities abroad, securities issued by foreign companies of the real sector whose shares are listed in one or more internationally recognized stock exchanges, bonds issued by multilateral credit organizations, foreign governments or public entities. These loans and investments are financed primarily with customer deposits and obligations in Colombia, also in Colombian pesos. The Holding Company's performance is measured and reported to its shareholders and the general public in Colombian pesos. Due to the foregoing, the Holding Company's management considers that the Colombian peso is the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Holding Company and for this reason the consolidated financial statements are presented in Colombian pesos as its functional currency.

The figures reported in the individual financial statements of the Holding Company's subsidiaries are expressed in the currency of the primary economic environment (functional currency), where each entity operates:

Countries	Functional currency
Colombia	Colombian pesos
Panamá	American dollars
Barbados	American dollars

The consolidated financial statements are presented 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 denominated in currencies other than the Colombian peso are considered conversion to foreign currency.

The Holding Company and its subsidiaries perform all the effects of translation of their financial statements under IFRS, in accordance with their accounting policies based on IAS 21.

Translation from functional currency to presentation currency: The information reported in the consolidated financial statements of the Holding Company and subsidiaries is translated from functional currency to presentation currency and are translated at the exchange rate in effect at 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. The assets and liabilities of each of the statements of financial position presented (i.e., including comparative figures), will be translated at the closing exchange rate as of December 31, 2021 and 2020 corresponding to the periods of the statements of financial position.
b. Revenues and expenses for each statement presenting profit or loss for the period and other comprehensive income (i.e., including comparative figures), shall be translated at the average exchange rates as of December 31, 2021 and 2020; and
c. All resulting exchange differences will be recognized in other comprehensive income.

As of December 31, 2021 and 2020, the exchange rates used for the translation from functional currency to presentation currency are as follows in relation to the Colombian peso (amount in pesos):

Type of Currency		December 31, 2021	December 31, 2020
U.S. Dollars (USD/COP)			
At the closure	$	3.981,16	3.432,50
Average for the period		3.967,77	3.468,50
Euros (EUR/COP)			
At the closure		4.513,08	4.217,20
Average for the period	$	4.482,92	4.214,56

Assets and liabilities of foreign operations are translated into Colombian pesos at the exchange rate in effect at the end of the reporting period, and their statements of income are translated at the average rates in effect at the dates of the transactions. Equity at its respective historical rate.

2.5. Transactions in foreign currencies

Transactions in foreign currency are converted into Colombian pesos using the exchange rate prevailing at the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency using the exchange rate prevailing at the balance sheet date and non-monetary assets in foreign currency are measured at the historical exchange rate. Gains or losses resulting from the translation process are included in the statement of income, unless the financial liabilities serve as a hedging instrument for an investment in foreign operations, in which case they are recorded in equity in the Other Comprehensive Income account.

2.6. Financial assets

i. Recognition and initial measurement

A financial asset in accordance with IFRS 9 is any asset that is:

- Cash
- An equity instrument of another entity
- A contractual right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or
  - a contract that will or may be settled using the entity's own equity instruments.

Regular purchases and sales of investments are recognized on the trade date, on which the Holding Company and subsidiaries commit to purchase or sell securities. Financial assets at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed as incurred.

Financial assets classified at amortized cost are recorded at acquisition or grant at their transaction value in the case of investments, or at their nominal value in the case of loans, which, unless there is evidence to the contrary, coincides with their fair value, plus transaction costs directly attributable to their acquisition or grant, less commissions received.

ii. Classification and measurement

IFRS 9 (2014 version) contains a new classification and measurement approach for financial assets that reflects the business model in which these assets are managed and their cash flow characteristics.

This standard includes three main classification categories for financial assets: measured at amortized cost (AC), at fair value through other comprehensive income (FVTOCI), and at fair value through profit or loss (FVTPL).

The standard complements the two existing categories in the previous IFRS 9 of CA and FVTPL that are currently in force in Colombia for consolidated financial statements, by adding the FVTPL category.

A financial asset is measured at amortized cost and not at fair value through profit or loss if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets in order to obtain contractual cash flows; and
- The contractual terms of the financial asset establish specific dates for cash flows derived solely from payments of principal and interest on the outstanding balance.

A debt instrument is measured at FVTPL only if it meets both of the following conditions and has not been designated as FVTPL:

- 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 payments of principal and interest 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 income 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 through profit or loss as described above are measured at fair value through profit or loss.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that meets the measurement requirements at AC or FVTPL to be measured at FVTPL if doing so would eliminate or significantly reduce an accounting mismatch 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 upon initial recognition.

Under IFRS 9, derivative contracts embedded in other contracts, where the host contract is a financial asset under the scope of IFRS 9, are not separated and instead the financial instrument is measured and recorded together as an instrument at fair value through profit or loss.

Business model assessment

The Group conducted an assessment 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 objectives outlined for each portfolio of financial instruments and the operation of those policies in practice. These include whether management's strategy focuses on collecting contractual interest income, maintaining a particular interest yield profile or coordinating the duration of financial assets with that of the liabilities that are financing them or the expected cash outflows or realizing cash flows through the sale of assets;
- How performance in portfolios is assessed and reported to key management personnel of each Group subsidiary;
- The risks that affect the performance of the business models (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 timing of sales in prior periods, the reasons for those sales and expectations about future sales activity. However, information on sales activity is not considered in isolation, but as part of an assessment of how the objectives established by the Group to manage 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 through profit or loss because they are not held within business models to collect contractual cash flows or to earn contractual cash flows and sell these financial assets.

Assessment of whether the contractual cash flows are solely payments of principal and interest (SPPI)

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

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 the evaluation to determine whether the financial asset contains a contractual term that could 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 timing of cash flows;
- Leverage conditions;
- Prepayment terms and extension;
- Terms that limit the Group to obtain cash flows from specific assets (e.g. non-recourse asset agreements); and
- Features that modify the time value of money considerations.

Interest rates on certain consumer and commercial loans are based on variable interest rates that are established at the discretion of the Group. 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 practices, plus certain additional discretionary items. In these cases, the Group will evaluate whether the discretionary feature is consistent with the principal and interest only criteria by considering a number of factors including whether:

- Borrowers are able to prepay loans without significant penalties. In Colombia it is forbidden by law to charge for prepayment of loans.
- Competitive market factors ensure that interest rates are consistent among banks;
- Any customer protection regulations in place in the country that require banks to treat customers fairly.

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

A prepayment feature is consistent with the principal and interest only criteria 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.

In addition, a prepayment feature is treated as consistent with this criterion if a financial asset is acquired or originated at a premium or discount to its nominal contractual amount, and the amount prepaid substantially represents the contractual amount at par plus contractually accrued but unpaid interest (which may include reasonable compensation for early termination), and the fair value of the prepayment feature is insignificant on initial recognition.

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

Financial assets at fair value through profit or loss (FVTPL)	These assets are subsequently measured at fair value. Net gains and losses, including interest or dividend income, are recognized in income.
Financial assets at amortized cost (CA)	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments with changes in other comprehensive income (VRCORI)	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and impairment losses are recognized in income. Other valuation gains and losses are recognized in ORI. On derecognition, gains and losses accumulated in ORI are reclassified to gains or losses on realization of ORI.
Equity investments with changes in other comprehensive income (VRCORI)	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in ORI and are never reclassified to profit or loss.
Negotiable in equity securities	Investment in securities made by the collective investment funds, which has been acquired with the main purpose of obtaining profits from short-term fluctuations in price. The participations in the private capital funds, in the development of securitization processes must be valued taking into account the value of the unit calculated by the managing company, on the day immediately prior to the valuation date. The difference between the current value and the immediately preceding one is recorded as a greater or lesser value of the investment and its counterpart affects the results of the period. This procedure is performed on a daily basis.

iii. Reclassifications

Financial assets are not reclassified after initial recognition, except in the period after entities of Grupo Aval change their business model for managing financial assets.

iv. Tran Transfers and derecognition 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 derecognized from the consolidated balance sheet when the cash flows they generate have been extinguished or when the risks and benefits implicit in them have been substantially transferred to third parties. In the latter case, the transferred financial asset is derecognized from the consolidated balance sheet, recognizing simultaneously any right or obligation retained or created as a result of the transfer.

The Holding Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panamá S.A. are deemed to transfer substantially all the risks and rewards if the transferred risks and rewards represent the majority of the total risks and rewards of the transferred assets. If the risks and/or benefits associated with the transferred financial asset are substantially retained:

- The transferred financial asset is not derecognized from the consolidated balance sheet and continues to be valued using the same criteria used prior to 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 derecognized) 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 assets with collection problems those assets in which the Holding Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panamá S.A. grant the debtor a concession that otherwise would not have been considered. Such concessions generally refer to decreases in the interest rate, extensions ofpayment terms or reductions in the balances owed.

vi. Compensation of financial instruments in the statement of financial position

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

vii. Fair value measurement

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

In accordance with the foregoing, the valuations at fair value of the Holding Company's financial assets are made as follows:

- For highly liquid 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. The valuation techniques used include the use of recent comparable and arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants, making maximum use of market data and relying as little as possible on the Holding Company's specific data.

Expected Credit Loss Measurement

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

- Financial assets that are not credit-impaired at the reporting date: PCE is estimated for a 12-month period, considering the Probability of Default (PI), Loss Given Default (PDI) and Exposure Given Default (EDI);
- Financial assets that are impaired at the reporting date: in these cases PCE is estimated using a PI of 100% given that it is impaired, as well as PDI and EDI;
- Financial assets with indications of credit impairment at the reporting date: PCE are estimated for the remaining life of the credit additionally incorporating the Probability of Survival (PS); a financial asset shows signs of impairment when a) it registers arrears between 30 and 90 days, b) when being up to date, it presents qualitative risk factors and c) when there is a significant increase in its risk levels; this occurs when there is a deterioration in 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 PCE 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 the Group expects to receive; and
- Financial guarantee contracts: the payments expected to reimburse the holder less any amount the Group expects to recover.

2.7. Cash

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

2.8. Transactions with derivative financial instruments

In accordance with IFRS 9, a derivative is a financial instrument whose value changes over time based on an underlying variable, does not require an initial net investment or requires a small investment in relation to the underlying asset and is settled at a future date.

In the development of its operations the Parent Company generally transacts in the financial markets in financial instruments with forward contracts, futures contracts, swaps and options that meet the definition of a derivative.

All derivative transactions are initially recorded at fair value. Subsequent changes in fair value are adjusted with a charge or credit to income, as appropriate, unless the derivative instrument is designated as a hedge 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. Since the foreign currency exposure of the liabilities is hedged with the associated derivative financial instruments, with changes in results, both at the principal and interest level, the exposure to this risk is neutralized, since the effects of the change in the exchange rate on the available balance are not significant.

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

Hedges of a net investment in foreign currency which are recorded in a manner similar to cash flow speculations above. Accumulated gains or losses in equity are included in the statement of income when the net investment in a foreign subsidiary is fully sold or proportionally when it is partially sold.
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of a net investment, are accounted for in a manner similar to cash flow hedges; the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income; and the ineffective portion is recognized in profit or loss. Upon partial or full disposal of a foreign operation, the gain or loss on the hedging instrument related to the effective portion of the hedge that has been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment.

- For hedging purposes, the Holding Company has decided to allocate hedges of its investments in foreign subsidiaries from January 1, 2014 with foreign currency obligations as established in paragraphs 72 and 78 of IFRS 9.

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

- Financial assets and liabilities for derivative transactions are not offset in the statement of financial position; however, when there is a legal and enforceable right to offset the recognized values and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously, they are presented net in the statement of financial position.
- Foreign investments have a hedge 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 arising from these operations as a whole is neutral.

2.9. Investment securities

Subsequent recognition

After initial recognition, all financial assets classified as "at fair value through profit or loss" are measured at fair value. Gains and losses resulting from changes in fair value are presented net in the statement of income under "net changes in fair value of debt financial assets". Equity investments classified at fair value with changes in ORI are recorded at fair value.

In turn, financial assets classified as "at amortized cost" after their initial recognition, less payments or credits received from debtors, are adjusted with a credit to income based on the effective interest method.

The effective interest method is a method of calculating the amortized cost of an asset and of allocating interest income or interest cost over the relevant period. The effective interest rate is the rate that exactly equals the estimated future cash payments or receipts over the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount of the asset at initial recognition. To calculate the effective interest rate, the Holding Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses and considering the initial transaction or grant balance, transaction costs and premiums granted less commissions and discounts received which are an integral part of the effective rate.

Dividend income from financial assets in equity instruments is recognized in income in the other dividend income account when the right to receive payment is established, regardless of the decision taken to record changes in fair value in income or in ORI.

2.10. Financial liabilities

A financial liability is any contractual obligation of the Parent and all its subsidiaries to deliver cash or another financial asset to another entity or person, or to exchange financial assets or financial liabilities on terms that are potentially unfavorable to the Parent or a contract that will or may be settled using the entity's own equity instruments. Financial liabilities are initially recorded at their transaction value at the date on which they are originated, 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 amortized cost in accordance with the effective interest rate method determined at the initial time and charged to income as financial expenses.

Financial liabilities are only derecognized from the consolidated statement of financial position when the obligations they generate have been extinguished or when they are acquired (either with the intention to cancel them or to reposition them again).

2.11. Non-current assets held for sale

Assets received in payment of loans 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 assets are recorded at the lower of their carrying amount at the time of transfer to this account or their fair value less estimated costs to sell. Assets received in payment that do not meet the conditions to be held for sale are recorded in other balance sheet accounts according to their nature, such as investments, other assets or investment properties at cost or fair value, depending on the classification to which the asset applies.

2.12. Financial guarantees

Financial guarantees" are contracts that require the issuer to make specific payments to reimburse the creditor for the loss it incurs when a specific 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 surety bond or financial guarantee.

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

Financial guarantees, whatever their holder, instrumentation or other circumstances, are analyzed periodically in order to determine the credit risk to which they are exposed and, if applicable, to estimate the need to set up a provision for them, which are determined by applying criteria similar to those established for quantifying 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 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.

2.13. Property and equipment for own 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 liquidation of financial assets that represent collection rights against third parties and which are expected to be used on a continuous basis.

Property and equipment for own use are recorded in the consolidated statement of financial position 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 expenses that are directly attributable to the acquisition of the asset.

Depreciation is calculated by applying the straight-line method to the acquisition cost of the assets, less their residual value; it is understood that the land on which the buildings and other structures are constructed has an indefinite useful life and, therefore, is not subject to depreciation.

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

- **a.** The period during which the asset is expected to be used by the entity; or
- **b.** The number of units of production or similar units expected to be obtained from it by an entity.

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

In accordance with IAS 16 paragraph 50, the depreciable amount of an asset is allocated on a systematic basis over 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, traction and lifting equipment	**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 three building components: foundations - roof structure, walls and partitions and finishes, which have the following ranges of residual values:

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 are depreciated over the term of the lease contract.

The criteria used by the Holding Company and subsidiaries to determine the useful life and residual value of these assets and, specifically, 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 analyzes whether impairment exists by comparing the net book value of the asset with its recoverable amount (the higher of its fair value less costs of disposal and its value in use). When the carrying amount exceeds the recoverable amount, the carrying amount is adjusted to its recoverable amount, modifying future depreciation charges in accordance with 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 recorded in prior periods, and adjust future depreciation charges accordingly. In no case may the reversal of an impairment loss on an asset result in an increase in its carrying amount above that which it would have had if no impairment losses had been recognized in prior periods.

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

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

2.14 Leases

The Group adopted IFRS 16 from January 1, 2019, without the need to restate comparative figures for the 2018 period, which is permitted in accordance with the transitional provisions of the new standard. Reclassifications and adjustments arising from the new lease provisions were recognized in the consolidated statement of financial position 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 conditions and terms. Lease agreements 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 on which 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 income over 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 fixed substance payments), less lease incentives receivable.
- Variable lease payment that is based on an index or 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 to exercise that option.
- Lease termination penalty payments 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 such rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability.
- Any lease payments made on or before the commencement date less any lease incentives received.
- Any initial direct costs.
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets 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 items of office furniture.

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

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 as a whole, in part or both that are held by the Holding Company and Fiduciaria de Occidente to obtain rents, asset valuation orboth, instead of their use for the Holding Company and Fiduciaria de Occidente's own purposes. Investment properties are recorded in the statement of financial position at fair value through profit or loss. Such fair value is determined based on appraisals performed periodically by independent appraisers using valuation techniques described in IFRS 13 "Fair Value Measurement".

2.16. Assets leased

Assets leased by the Holding Company are classified at the time the contract is signed as finance or operating leases. A lease is classified as a finance lease when it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does nottransfer substantially all the risks and rewards incidental to ownership. Lease contracts classified as financial leases are included in the balance sheet under the caption "Loans and financial leasing operations" and are accounted for in the same way as other loans granted (See Note 4). Lease contracts classified as operating leases are included in the property and equipment account and arerecorded and depreciated over the shorter of the useful life of the asset and the term of the lease contract (See Note 14).

2.17. Assets received under lease

Assets received under lease upon initial receipt are also classified as finance or operating leases in the same manner as the assets delivered under lease described in paragraph 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 asset received under lease 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 contract, or in the absence thereof, 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 manner as financial liabilities. Leases that are classified as operating leases are recorded as an expense.

2.18. Intangible assets

The Holding Company and its subsidiaries recognize an intangible asset when it is identifiable, of a non-monetary nature and without physical appearance, its cost can be measured reliably and it is probable that future economic benefits attributable to the asset will be obtained.

a. Capital gain

The Capital gain 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 accordancewith the transition standard established in IFRS 1, the Holding company was exempted from recording under IFRS at its carrying value as of January 1, 2014. In accordance with IAS 38, goodwill is considered to have an indefinite life and is not amortized but is subject to annual impairment assessment, for which the Holding company performs a valuation by an independent expert of the value of the lines of business that are related to the goodwill (Banco Unión's lines of business) and based on such valuation it is determined whether there is any impairment, which if any is recorded against income; subsequent recoveries in the valuation the Holding company does not reverse the impairments previously recorded.

b. Other intangible assets

Other intangible assets held by the Holding Company, Fiduciaria de Occidente, Occidental Bank Barbados Ltd. and Ventas y Servicios S.A. - NEXA BPO correspond mainly to computer programs and licenses, which are initially measured at their cost incurred in the acquisition or internal development phase. Costs incurred in the research phase are taken directly to income. Subsequent to their initial recognition, these assets are amortized by the straight-line method over their estimated useful life, which in the case of computer programs ranges from 1 to 20 years.

The costs incurred in computer programs under development are capitalized taking into account the following evaluations made by the Holding Company's management:

- **a.** The project is technically feasible to complete for production so that it can be used in the Holding Company's operations.
- **b.** The Holding Company intends to complete it for use in the development of its business, notfor sale.
- **c.** The Holding company has the ability to use the asset.
- **d.** The asset will generate economic benefits for the Parent that result in the realization of a greater number of transactions with less costs.
- **e.** The Parent 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 development of the project and that are susceptible to be capitalized, are part of the higher value of this asset.
- **g.** Disbursements incurred after having left the asset in the conditions required by management for its use will be recorded as an expense affecting the statement of income.

2.19. Employee benefits

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

a. Short-term benefits

In accordance with Colombian labor standards, 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 by the accrual system and charged to income.

b. Post-employment benefits

These are benefits that the Holding Company and subsidiaries pay to their employees at the time of retirement or after completing their period of employment, other than severance payments. These benefits, in accordance with Colombian labor regulations, correspond to retirement pensions directly assumed by the Holding Company, severance pay payable to employees who continue in the labor regime prior to Law 50, and certain extra-legal benefits or benefits agreed in collective bargaining agreements.

The liability for post-employment benefits 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 projected unit credit method, using actuarial assumptions of mortality rates, salary increases, personnel turnover and interest rates determined by reference to current market yields of bonds at the end of the period of National Government issues or high-quality corporate bonds.

Under the projected unit credit method, future benefits to be paid to employees are allocated to each accounting period in which the employee renders the service. Therefore, the corresponding expense for these benefits recorded in the income statement of the Holding Company and subsidiaries includes the present service cost allocated in the actuarial calculation plus the financial cost of the calculated liability. Variations in the liability due to changes in actuarial assumptions are recorded in equity in the "other comprehensive income" account.

Changes in the actuarial liability for changes in employee benefits granted with retroactive effect are recorded as an expense at the earliest of the following dates:

- When the modification of the labor benefits granted takes place.
- When provisions for restructuring costs are recognized for a subsidiary or business of the Holding Company and subsidiaries.

The mortality table issued by the Superintendency of Finance RV08 was adjusted to include the effect of longevity for pension calculations.

The adjustment will be made progressively, so that in 4 years there will be an increase of 2 years in the life expectancy 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. In accordance with the collective bargaining agreements and regulations of the Holding Company and subsidiaries, these benefits correspond mainly to seniority premiums.

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

d. Termination benefits of the labor contract with employees

These benefits correspond to payments that the Holding Company and subsidiaries must make as a result of a unilateral decision to terminate the contract or due to a decision by the employee to accept an offer of benefits in exchange for the termination of the employment contract. In accordance with Colombian law, such payments correspond to severance indemnities and other benefits that the Holding Company and subsidiaries unilaterally decide to grant to their employees in these cases.

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

- When the Holding Company and subsidiaries formally communicate to the employee theirdecision to remove the employee from employment.
- When provisions are recognized for restructuring costs by a subsidiary or business of the Holding Company involving the payment of termination benefits.

2.20. Income tax

Income tax expense comprises current tax and deferred tax. The tax expense is recognized in the income statement except for the portion corresponding to items recognized in the "Other Comprehensive Income" account in shareholders' 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. The management of each Group entity 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 temporary differences arising between the tax bases of assets and liabilities and the amounts recognized in the consolidated financial statements, which result in amounts that are deductible or taxable in determining taxable profit or loss for future periods when the carrying amount of the asset is recovered or the liability is settled. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; nor is deferred tax recognized if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting or taxable 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 the deferred tax liability is settled.

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

Generally, the Holding Company can control the reversal of temporary differences on investments in subsidiaries and associates, because if there are taxable profits that are likely to be distributed inthe foreseeable future, a deferred tax liability is recognized.

Deferred tax assets are recognized on deductible temporary differences on investments in subsidiaries, associates and joint ventures only to the extent that it is probable that the temporary difference will be reversed in the future and there is sufficient taxable income against which the temporary difference can be utilized.

Likewise, with Decree 1311 of October 2021, the National Government regulates the alternative of recognition and presentation of the deferred tax due to the change in the income tax rate, indicating that it may be recognized within equity.

Due to the above and being an optional application, the Holding Company and its subsidiaries did not apply it and the effect caused by Law 2155 /2021 in the deferred tax was recognized in the result for the period as indicated in IAS 12.

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

On the other hand, current tax assets and liabilities are only offset when there is a legal right and if they are related 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 as a whole. 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 material, provisions are measured at the present value of the expenditures 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. The increase in the provision due to the passage of time is recognized as a financial expense.

2.22. Other Matters

Covid-19

The outbreak of COVID-19 and its rapid spread around the world since the beginning of 2020 has had adverse effects on the social and economic environment of the countries where the Holding Company and its subsidiaries carry out their operations and business. Governments have found it necessary 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 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 with which the Holding Company and its subsidiaries have provided their services to the public. This translates into a need for ongoing assessment of the impact on the Holding Company and its subsidiaries, as the pandemic continues, governments respond to the impact of the economic slowdown that occurred at the beginning and that during 2021 has been reversed in most countries.

As was done during 2020, for 2021 this situation was continuously monitored by management, evaluating any adverse effects that may arise on both the results of operations and the financial position and liquidity of the Holding Company and its subsidiaries, and following up on the measures adopted to continue minimizing the unfavorable impacts of this situation.

Throughout 2021 and up to the date of this report, the matters mentioned below have been evaluated, which in some cases have generated impacts on the financial statements and operations of the Holding Company and its Subsidiaries and on which during the period subsequent to the date of these financial statements and up to the date of issuance thereof, continue to be monitored by management to address their effects on the operations and that of its customers.

Impairment of financial instruments - Loans and receivables, trade and other receivables and others

Financial instruments that are within the scope of the expected credit loss (ECP) model of IFRS 9 (credit portfolio, trade and other receivables, debt instruments not measured at fair value through profit or loss, contractual assets, lease receivables, financial guarantees and loan commitments), have been evaluated considering the impacts that COVID-19 continues to have on ECP due to the measures adopted by the Governments in each of the countries and regions where the Holding Company and its subsidiaries operate.

The impacts that have been generated for the Holding Company's entities in relation to the impairment of financial instruments as of December 31, 2021, are based on the following aspects:

1.1. Measurement of the PCE, due to changes in the assignment of credit risk of financial instruments, incorporating impairment analysis by COVID-19 and due to the termination of the relief granted to a segment of debtors generating an impact on the provision, going 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. The credit risk, whose behavior has varied for the entities according to the economic segments of their loan portfolios, increasing in the case of clients whose businesses have been negatively affected and did not achieve a partial or total recovery of their activity during the year 2021.

1.3. The amount at risk (default exposure), considering that it has been observed that the affected debtors of some of the Holding Company's entities have stopped making payments on their loans or have been granted longer terms to comply with them.

1.4. The estimated loss for those loans that are evaluated individually, 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 but not limited to instructions to credit institutions to provide relief measures to customers in the countries where we operate, play an important role in the assessment of PCE. As a result, the extension of payment to borrowers in particular classes of financial instruments did not automatically result in those instruments being deemed to have suffered a significant increase in credit risk (SICR). To reflect the effects of COVID-19 in the models, the following adjustments were made by performing a more detailed analysis of the risk and characteristics of certain clients: i) No stage enhancement on obligations that requested relief and; ii) Transition to Stage 2 and 3 obligations identified as "high risk".

1.6. Macroeconomic aspects considered in the preparation of scenarios and models for the calculation of the provision, where the variables for the coming years begin to reflect the expected economic recovery, as a result of the progress in vaccination in the different countries.

The calculation of expected losses for credit risk continues to incorporate the updating of the projections of prospective information, in line with the effects of the decisions that governments continue to make regarding COVID-19 and the prospects of economic recovery in some countries. The projection information has been based on the best available information obtained, considering the different geographical areas where the Holding Company and its subsidiaries operate, 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 Matrix updated the scenarios used and the probabilities assigned to them at the close of December 31, 2021, with the effects shown in the following tables:

Macroeconomic variables used in the calculation of the PCE.

	December 2020 after COVID-19			March 2021 after COVID-19			June 2021 after COVID-19			September 2021 after COVID-19			December 2021 after 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
Inflation	2,3%	2,7%	3,1%	1,5%	1,4%	1,3%	3,7%	3,6%	3,5%	4,7%	4,4%	4,2%	5,4%	5,3%	5,2%
Interest rate	1,8%	2,3%	2,8%	0,4%	0,5%	0,6%	-1,8%	-1,7%	-1,7%	-2,5%	-2,3%	-2,1%	-2,4%	-2,4%	-2,3%
GDP growth	3,9%	4,9%	5,9%	-7,0%	-7,2%	-7,3%	1,3%	1,1%	1,0%	6,1%	5,9%	5,5%	9,9%	9,6%	9,5%
Used home prices	-2,1%	1,0%	3,3%	0,5%	-1,5%	-3,4%	6,5%	2,6%	-1,3%	5,2%	2,7%	-0,4%	5,1%	2,8%	-0,2%
Unemployment rate	16,3%	14,4%	12,9%	17,1%	17,9%	18,7%	16,3%	16,8%	17,4%	15,2%	15,9%	16,7%	12,0%	12,7%	13,4%

Weighting of probabilities assigned to scenarios after COVID-19

	unfavorable	base	favorable
As of December 31, 2020	23%	55%	22%
As of March 31, 2021	22%	57%	22%
As of June 30, 2021	18%	57%	25%
As of September 30, 2021	15%	57%	28%
As of December 31, 2021	23%	57%	20%

As shown in the tables 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 resulting from the information available at the date of the projections.

The Holding Company continues to monitor on an ongoing basis information that allows it to identify in a timely manner possible impacts to the PCE.

Impairment allowance balances at December 31, September 30, June 30 and March 31, 2021 and 2020:

		December 31, 2021	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**
Commercial	$	1.179.830	1.101.056	1.151.301	1.145.689
Consumer		676.506	680.051	727.150	724.774
Housing		111.368	113.317	118.487	111.325
Repos		77	54	38	48
Total	$	**1.967.781**	**1.894.478**	**1.996.976**	**1.981.836**

		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 table above summarizes the total balance of the provision by portfolio for each quarter of 2021 and 2020. Details of the movement of the provision, 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, 2021 and 2020:

		December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Commercial	$	490.329	330.070	233.133	122.593
Consumer		384.444	297.395	254.871	135.680
Housing		2.931	4.025	9.340	2.978
Repos		(10)	(33)	(49)	20
Total	$	**877.694**	**631.457**	**497.295**	**261.271**

		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 table above summarizes the impairment provision expense by portfolio for each quarter of 2021 and 2020.

2.22.1. Customer Reliefs

Among the different measures adopted by governments to mitigate the effects of the COVID-19 pandemic, the Financial Superintendency issued several instructions for entities to establish relief measures for bank customers.

Through the issuance of External Circular 007 of March 17, 2020, the Superintendency of Finance adopted transitory prudential instructions to mitigate the economic effects of the COVID-19 pandemic and declared a State of Emergency. These instructions included, among others (i) establishment of policies to identify clients subject to the relief measures, (ii) payment extensions taking into account the situation of each client, affecting loans that were not more than 30 days past due as of February 29, 2020 (without an increase in credit risk) and, (iii) classification of clients under relevant risk categories as of February 29, 2020 (credit ratings reported to credit bureaus will remain unchanged for the duration of the extension period).

In addition, with External Circular 014 of March 30, 2020, the Superintendency of Finance established additional measures in order to protect clients under reliefs, including, among others, (i) a restriction to increase interest rates; (ii) the impossibility to capitalize interest; and (iii) the prohibition to charge interest on other related fees, commissions or insurance. In addition, payment extensions were adjusted to include loans between 30 and 60 days past due as of February 29, 2020 (with no increase in credit risk).

The measures established in External Circulars 007 and 014 were in effect until July 31, 2020.

On the other hand, the Superintendency of Finance issued External Circular 022 of June 30, 2020 creating the " PAD Debtor Support Program ", which provides instructions on the treatment of debtors in the context created by the COVID-19 pandemic and allows establishing structural payment solutions by redefining the credit conditions of those debtors who have suffered a negative impact on their income or payment capacity as a consequence of the COVID-19 pandemic. External Circular 022 was in effect from August 1, 2020, until December 31, 2020. However, the Superintendency of Finance extended the application of the PAD until August 31, 2021, under the same terms of External Circular 022, due to the persistence of the COVID-19 phenomenon.

The Superintendency instructed the credit establishments to:

Adopt the PAD in order to apply structural measures for debtors affected by the COVID-19 pandemic, according to the analysis performed by each entity, to recognize the new economic reality of debtors and allow them to continue to meet their payment obligations during the term of the credit.

Entities were empowered to determine to which obligor segments they offered the measures set forth in the Circular, taking into consideration, among other aspects, the adverse impact on cash flow as a consequence of the COVID-19 pandemic. In order to adopt differential measures for each of the debtor segments defined in the program, at least three groups of debtors were established:

- those debtors for whom the financial institution had reasonable grounds to infer that they could continue to meet their payment obligations on time and as originally planned at the beginning of the program.
- those debtors whose income or payment capacity had been partially affected and for whom the institution had reasonable grounds to infer that, through a redefinition of the credit conditions, such debtor could continue to meet its payment obligations under the new terms agreed; and
- those debtors that temporarily faced a substantial or total impact on their income or ability to pay and for which the entity had reasonable grounds to infer that the debtor would be able to overcome this impact.

The Superintendency also instructed credit institutions to:

- adopt special origination and rating measures by risk level for micro, small, medium and other companies that are or will be undergoing reorganization processes in accordance with Colombian law;
- grant new grace periods without capitalizing interest and without charging interest on other items for which payment was deferred, such as handling fees and insurance;
- to apply the redefinition of the credit conditions, the credit institutions may establish a self-management strategy for the debtor and/or contact him directly to present him, in a simple manner, the new conditions of his debt for his acceptance; and
- record an additional general provision based on an estimate of the potential impact on the loan portfolio associated with the effects of the COVID-19 pandemic, as an aggregate coverage mechanism, and record any additional provision in 2020 and 2021 in order to anticipate the risk of possible defaults.

The following table summarizes for all loans to which relief was granted during 2021, the balance at amortized cost before the application of the portfolio relief and its effects on Banco de Occidente's interest income, considering the recalculation of the present values of the renegotiated or modified contractual cash flows discounted at the original effective interest rate of the financial asset:

		Commercial		Consumption		Total
Balance amortized cost prior to modification	Ps.	80.144	Ps.	14.068	Ps.	94.212
Net impact on income statement		(449)		(65)		(514)

		Commercial	Consumption
Number of loans with relief granted	$	91	410
% of loans with relief / Total loans		0,2%	0,1%
Impact on income statement	$	(449)	(65)

To date, the governments of the countries in which the Holding company operates have not decreed direct support for banks.

2.22.2. Leases from the Lessee's Perspective

Between lessors and lessees there have been processes of renegotiation of the terms of their lease agreements as from April 2020, as a result of which lessors have granted concessions of some kind to lessees in relation to lease payments.

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

Relief modality	Number of reliefs received	% Contracts with relief/Total contracts	Effect recognized in results
Decrease of the royalty for a number of months	14	56%	67

2.22.3. Impairment of assets - Goodwill, Property, plant and equipment and Intangibles

In updating the impairment tests performed as of December 31, 2021 for goodwill, property, plant and equipment and intangibles, budgets, forecasts and other assumptions were adjusted to incorporate observed economic conditions, addressing where necessary increased risk and uncertainty. 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 of the goodwill recorded by the Holding Company as of December 2021 concluded that the Goodwill assigned to the Cash Generating Unit is not impaired as of the valuation dateand presents an excess of $33,770.

See further detail of Impairment of goodwill in note 15 - Intangible assets, net.

2.22.4. Going Concern

Based on the liquidity position of the Holding company at the date of authorization of these consolidated financial statements, management continues to have a reasonable expectation that the Holding company has adequate resources to continue in operation for the foreseeable future andthat the going concern basis of accounting remains appropriate.

These consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of reported assets, liabilities and expenses that might otherwise be required if the going concern basis were not appropriate.

2.22.5. Investment properties

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

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

2.22.6. Other matters

In 2021 some entities of the Holding Company that met the requirements to access the support programs led by the National Government to address the effects generated by COVID-19 received resources that were recognized in the financial statements under the premises defined for government grants, including the items listed in the following table:

	AMOUNT	
Formal Employment Support Program - PAEF	$	15
Loans with subsidized rates	$	0

As of December 31, 2021, 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 an outflow of resources.

2.23. New accounting pronouncements

Decree 938 of August 2021 added to the regulatory technical framework for financial information new standards, modifications or amendments issued or made by the International Accounting Standard Board (IASB) to the International Financial Reporting Standards to be applied in financial years beginning on or after January 1, 2021, although their application could be made early.

The Holding Company's management has not made an early adoption during the year 2021 and has evaluated the impacts of the adoption of the new or modified standards detailed above, concluding that it is not expected to have a significant impact on the financial statements.

The following is a list of new and amended standards that have been issued by the IASB and are effective for annual periods beginning on or after January 1, 2023:

Financial Reporting Standard	Subject of the standard or amendment	Detail
IFRS 9 - Financial Instruments IAS 39 - Financial instruments: recognition and measurement. IFRS 7 - Financial instruments: disclosures	Reference Interest Rate Reform (amendments to 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.

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 benchmark interest rate (measurement at amortized cost), 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 Finalization of the application of the temporary exception in hedge accounting is modified, paragraphs 102O to 102Z3 are added Additional temporary exceptions arising from the reform of the reference interest rate and 108H to 108K Effective date and transition, and new headings are added, from IAS 39. Paragraphs 24I, 24J Additional disclosures related to the reform of the benchmark interest rate, 44GG and 44HH Effective date and transition, and new headings, of IFRS 7 are added. Paragraphs 20R and 20S Changes in the basis for determining contractual cash flows as a result of the reform of the benchmark interest rate, and paragraphs 50 and 51 Effective date and transition date, and new headings, of IFRS 4 are added. Paragraphs 104-106 Temporary exception arising from the reform of the benchmark interest rate, and paragraphs C20C and C20D Reform of the benchmark interest rate phase 2, of IFRS 16 are amended.
IFRS 3 - Business Combinations.	Modifications by reference to the conceptual framework.	Modifications are made to the references to align them with the conceptual framework issued by the IASB in 2018 and incorporated to 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 5. 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 amendment deals with costs directly attributable to the acquisition of the asset (which are part of the PPYE element) and refer to "the costs of proving 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 PPYE 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 their application will be made retrospectively, but only to those elements of PPYE 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 modifications. 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 period presented.
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.	Onerous Contracts - Cost of Contract Performance.	It is clarified that the cost of contract performance comprises the 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 applying the amendment will not restate comparative information. Instead, 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 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; 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 statement of financial position 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 the 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 cash 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". This aligns the requirements of IAS 41 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 IFRS 4. However, the requirements for separating non-insurance components from 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.
Amendments to IAS 8 - IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Accounting Estimates (Amendments to IAS 8)	Definition of Accounting Estimates, issued in February 2021, amended paragraphs 5, 32, 34, 38 and 48 and added paragraphs 32A, 32B, 21C and 34A. An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. An entity shall apply the amendments to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the first annual period in which the amendments are used.
Amendments to IAS12 - IAS 12 Income Taxes	Deferred Taxes Relating to Assets and Liabilities Arising from a One-Time Transaction - Amendments to IAS 12 Income Taxes	Deferred Taxes Related to Assets and Liabilities Arising from a One-Time Transaction, issued in May 2021, amended paragraphs 15, 22 and 24 and added paragraph 22A. An entity shall apply these amendments in accordance with paragraphs 98K and 98L for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. If an entity applies the amendments in an earlier period, it shall disclose that fact.

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 December 31, 2020.

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

The Group's 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 financial year. The 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 in the circumstances. Management also makes certain judgments other than those involving estimates in the process of applying accounting policies. The 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 measurement thereof.

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

In determining whether its business model for managing financial assets is to hold assets to collect contractual cash flows the Parent considers:

- Management's stated policies and procedures for the portfolio and the operation of those policies in practice;
- How management evaluates the performance of the portfolio;
- Whether management's strategy is focused on earning contractual interest income;
- The frequency of any expected asset sales;
- The reason for any asset sales; and
- Whether assets being sold are held for an extended period relative to their contractual maturity or are sold promptly after acquisition or an extended time prior to maturity.

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 these instruments to be held within a business model whose objective is to hold assets to collect contractual cash flows. The Holding Company's Central Treasury maintains certain other debt instruments in separate portfolios to manage short-term liquidity. Sales of this portfolio are frequently made to meet ongoing business needs. The Holding Company determines that these instruments are not held within a business model whose objective is to hold the assets to collect contractual cash flows.

When a business model involves transferring contractual rights to cash flows from financial assets to third parties and the transferred assets are not derecognized, the Holding Company reviews the arrangements to determine their impact in assessing the objective of the business model. In this assessment the Parent considers whether, under the arrangements, the Parent will continue to receive cash flows from the assets, either directly from the issuer or indirectly from the recipient, including whether it will repurchase the assets from the recipient.

The Holding Company exercises judgment in determining whether the contractual terms of the financial assets it generates or acquires give rise on specific 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 Parent 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 for which the Parent's rights are limited to specific assets of the debtor (non-recourse assets), the Parent 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 its 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 for which the tranche acquired would qualify for measurement at amortized cost.

Other aspects of classification

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

- When classifying financial assets or liabilities as fair value through profit or loss the group has determined that it meets the description of assets and liabilities for trading set out in the accounting policy.
- In designating financial assets or liabilities at fair value through equity, the Holding Company has determined that it has met one of the criteria for this designation set forth 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 the 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 statement of financial position. Deferred tax assets are recoverable to the extent that 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.

As of December 31, 2021 and 2020, Parent's management estimates that the deferred income tax asset items would be recoverable based on its estimates of future taxable income.

Capital gain: Annually, the Holding Company's management performs an impairment evaluation of the capital gain recorded in its financial statements; such evaluation is made as of September 30 of each year based on a study performed for such purpose by independent experts hired for such purpose. This study is carried out based on the valuation of the lines of business that are related to goodwill (Banco Unión's lines of business), by the discounted cash flow method, taking into account factors such as: the 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 in the next five years and subsequently growth in perpetuity considering its profit capitalization indexes, discounted at risk-free interest rates that are adjusted by risk premiums that are required in the circumstances. The assumptions used in such valuation are detailed in note 15.

Valuation of investment properties: Investment properties are reported in the statement of financial position at fair value as determined in reports prepared by independent appraisers at the end of each reporting period. Due to current conditions in the country, the frequency of property transactions is low; however, management believes that there are sufficient market activities to provide comparable prices for orderly transactions of similar properties when determining the fair value of investment properties.

In the preparation of the Holding Company's investment property valuation reports, forced sale transactions are excluded. Management has reviewed the assumptions used in the valuation by the independent appraisers 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.

Allowance for contingencies: The Holding Company and its subsidiaries estimate and record an allowance for contingencies to cover possible losses from labor cases, civil and commercial lawsuits, and tax or other remedies depending on the circumstances which, based on the opinion of outside legal counsel and/or in-house counsel, are considered probable of loss and can be reasonably quantified. Given the nature of many of the claims, cases and/or proceedings, it is not possible on some occasions to make an accurate forecast or to quantify an amount of loss in a reasonable manner, therefore the actual amount 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. These assumptions may have an effect on the amount and future contributions, if any.

The discount rate allows establishing 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, the 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. - Risk Management and Administration

The Holding Company and its subsidiaries in the financial sector administer the risk management function considering the applicable regulations and internal policies.

Risk management objective and general guidelines

The objective is to maximize returns for its investors through prudent risk management; to this end, the principles that guide the Holding Company in risk management are as follows:

a) Providing security and continuity of service to clients.
b) Integration of risk management to institutional processes.
c) Collegial decisions at the level of each of the Holding Company's boards of directors to makecommercial loans.
d) Deep and extensive market knowledge as a result of our leadership and our stable and experienced bank management.
e) Establishment of clear risk policies in a top-down approach with respect to:
    - Compliance with know-your-customer policies, and
    - Commercial credit granting structures based on a clear identification of repayment sources and debtors' flow generation capacity.
f) Use of common tools for analysis and determination of loan interest rates.
g) Diversification of the commercial loan portfolio with respect to industries and economic groups.
h) Specialization in consumer product niches.
i) Extensive use of scoring and credit rating models that are permanently updated to ensure the growth of high credit quality consumer loans.
j) Conservative policies in terms of:
    - Trading portfolio composition with bias towards lower volatility instruments.
    - Proprietary trading operations and
    - Variable compensation of trading staff

Risk culture

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

a) In all entities of the Holding Company, the risk function is independent of the business units.
b) The structure of delegation of powers at the bank level requires that many 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 the resolution of proposals and ensures the continuous participation of senior management and key areas in the management of the different risks.
c) The Holding Company has detailed action manuals and policies with respect to risk management, the business and risk groups of the banks hold regular orientation meetings with risk approaches that are in line with the risk culture of the Holding Company.
d) Limits plan: The banks have implemented a system of risk limits which are periodically updated in response to new market conditions and the risks to which they are exposed.
e) Adequate information systems that allow monitoring risk exposures on a daily basis to check that the approval limits are systematically complied with and to adopt, if necessary, appropriate corrective measures.

f) The main risks are analyzed not only when they are originated or when problems arise in the ordinary course of business, but on a permanent basis for all clients.
g) The Holding Company has adequate and permanent 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 the risk function

According to the guidelines established by the Financial Superintendency of Colombia, the corporate structure at the level of the banks that applies to the Holding Company and the subsidiary Fiduciaria de Occidente for the management of the different risks is composed of the following levels:

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

Board of Directors

The Board of Directors of the Holding Company and its subsidiaries are responsible for adopting, among others, the following decisions related to the adequate organization of the risk management system of each entity:

- Define and approve the strategies and general policies related to the internal control system for risk management.
- 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.
- To 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 the internal control systems for risk management.
- Require the management of the Holding Company and its subsidiaries to submit periodic reports on thelevels 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 Committee

The Holding Company has, among others, credit and treasury risk committees (financial committee) formed by members of the Board of Directors, or with analysis by the full Board of Directors, which periodically discuss, measure, control and analyze the bank's credit risk management (SARC) and treasury risk management (SARM). Likewise, there is a technical committee for assets and liabilities, or analysis by the Board of Directors, to make decisions regarding asset and liability and liquidity management through the Liquidity Risk Management System (SARL); the analysis and follow-up of the Operational Risk and Business Continuity Management System (SARO - PCN) is carried out by the Audit Committee.

Legal risks are monitored for compliance by the Legal Vice-Presidency.

The functions of such committees include, among others, the following:

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

The following are the risk committees:

i. Financial Risk Committee, SARO Committee and Compliance Committee

The purpose 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. Among their main functions are:

- To measure the integral risk profile of the entity.
- To design monitoring and follow-up schemes for the levels of exposure to the different risks faced by the entity.
- To 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.
- To evaluate the risks involved in the incursion into new markets, products, segments, countries, among others.

ii. Financial Risk Committee (Credit and Treasury Risk)

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

- Monitor the credit and treasury risk profile, in order to ensure that the level of risk is maintained 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 the 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 the management of assets and liabilities and liquidity risk management through the different Liquidity Risk Management Systems (SARL).

Among its main functions are:

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

iv. Audit Committee

Its purpose 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 as to establish whether the procedures designed reasonably protect its assets, as well as those of third parties it manages or has custody of, and whether there are controls to verify that transactions are being adequately authorized and recorded. For this purpose, the areas responsible for the administration of the different risk systems, the Statutory Auditor's Office and the Internal Audit submit to the Committee the periodic reports established and any other reports required by the Committee.
- Follow up on 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 within the organizational structure have, among others, the following functions:

a) To ensure adequate compliance at the level of the Holding Company and subsidiaries with the policies and procedures established by the Board of Directors and the different risk committees for risk management.
b) Design methodologies and procedures to be followed by management for risk management.
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 to the different risk committees, the Board of Directors of the Holding Company and subsidiaries on the state of control and vigilance in relation to compliance with risk policies.

Risk management administrative processes

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

Internal Audit

The internal audits of the Holding Company and subsidiaries are independent from management, report directly to the audit committees and, in the course of their duties, perform periodic evaluations of compliance with the policies and procedures followed by the Holding Company for risk management; theirreports are submitted directly to the audit committees, which are responsible for following up with the Holding Company's management regarding corrective actions to be taken.

Individual analysis of the different risks

The Holding Company is mainly composed of entities of the financial sector and therefore these entities are exposed to different financial, operational, reputational and legal risks in the ordinary course of business.

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, foreign exchange risk, liquidity risk and interest rate risk.

The Holding Company's entities that have their business in economic sectors other than the financialsector, commonly referred to as the "real sector", have a lower exposure to financial risks, but are exposed mainly to operating and legal risks.

Benchmark interest rate reform

With the announcement of the Financial Conduct Authority (FCA) informing the future cessation or loss of representativeness of the LIBOR reference rates starting on December 31, 2021 with some references until completing the 35 reference rates in June 2023, the entities that use these rates worldwide are forced to transfer the current positions that were indexed to these references, towards new reference interest rates that maintain the representativeness and depth that the IBOR rates used to have.

The Holding Company and its subsidiaries have not been unaffected by this phenomenon and even though the exposure is not very significant with respect to other rates, its Entities still have a portfolio of credits, loans, deposits and derivative contracts indexed to IBOR rates, for which it has been required to design and execute transition plans to identify the operational, commercial, legal and technological aspects to be considered in order to maintain its commercial relations and representativeness in the markets where it operates.

Transition plans respond to the size of the portfolio, the complexity of the operations and the business strategy, however, such plans must respond to the following principles:

- Definition of a governance structure, where roles and responsibilities are defined, as well as decision-making bodies and the decision-making process.
- Establish a project roadmap with defined timelines and milestones.
- Be aligned with the entity's risk management function, and all impacted front-line processes, covering all geographies relevant to the entity.
- Designate a specific group (e.g., an internal committee) to coordinate the plan with appropriate high-level oversight including involvement of affected front-line business lines, risk management and audit functions.
- Process for identifying and managing potential financial impacts and operational gaps.

It should also consider at least the following aspects:

- Identification and measurement of indexed products.
- Risk identification, evaluation and control.
- Operational and information technology preparation
- Preparation of legal contracts
- Communication
- Training strategy
- Follow-up

The Holding Company has formed an IBOR Working Group whose responsibility is to design and execute the transition plan from IBOR rates to other alternative rates. This group will be in charge of evaluating the modifications in the current contracts that are impacted by the loss of effectiveness of the IBOR reform, as well as the follow-up of the milestones of the transition project in the fronts of selection of alternative rates, business, technology, ALM, financial, communications with counterparties, legal, risks, internal and external reports and processes.

Likewise, the business areas (first line) evaluate the convenience of using some of the reference rates present in the market with the support of other areas such as: risks (risk assessment), legal (adjustment of contracts) and operations (availability of information, adjustment of applications and documents), among others. Before choosing a specific reference rate, the following aspects are taken into account as a minimum: i) minimum criteria that a reference rate must meet to be valued as a possible alternative; ii) different alternative reference rates; iii) depth of the underlying market and its robustness over time; iv) the usefulness of the rate for market participants; and v) defining the body within the entity in charge of selecting the best alternative to replace the LIBOR references.

The IBOR Working Group periodically informs the ALCO Committee of the progress of the transition plan, as well as the policies, guidelines and procedures regarding the follow-up and adoption of the ARCC recommendations, adherence to the ISDA protocol, support to clients and internal and external training, measurement of the impact of the process through sensitivity calculations, follow-up of the subsidiary transition processes, analysis of internal processes, development of tests and pilot operations, inclusion of the fallback clause for new operations, among others.

For contracts indexed to an IBOR that expire after the expected cessation of the IBOR rate, the IBOR Working Group has established policies to amend the contractual terms. These amendments include the addition of fallback clauses or the replacement of the IBOR rate with an alternative reference rate. The IBOR Working Group signed the adherence to the ISDA Ammendment and Protocols, with this signature the legal (contractual) risk of the transition for derivative contracts was eliminated, defining the replacement of the LIBOR rate with SOFR plus a fixed spread.

The IBOR Working Group has established policies regarding not closing new operations, nor extensions of operations at the Libor rate and initiating disbursements tied to the alternative rates and as an alternative to the transition, those short-term operations that do not have a repricing may work at a fixed rate, PRIME rate and in some cases of lesser amounts in other local rates in US dollars. Likewise, policies have been generated so that portfolio operations will be disbursed at a fixed rate, and in the case of repricing, these may be tied to the Libor rate as long as their maturity date does not exceed June 2023. Once the technological developments are completed, disbursements tied to the new reference rate will begin.

There are no transactions tied to Libor in other currencies. So far, no additional provisions have been estimated with respect to the transition to new reference rates in any of the jurisdictions.

The IBOR Working Group monitors the progress of IBOR's transition to the new reference rates by reviewing the total amounts of contracts that have yet to transition to an alternative reference rate and the amounts of such contracts that include an appropriate fallback clause. A contract is deemed not yet to have transitioned to an alternative reference rate when the interest under the contract is indexed to a reference rate that is still subject to IBOR reform, even if it includes a fallback clause that addresses the cessation of IBORs.

In March 2021, the Financial Conduct Authority (FCA), as the regulator of ICE (LIBOR's administering authority), announced that after December 31, 2021, LIBOR benchmarks for sterling, euro, one-week and two-month U.S. dollar benchmarks will cease to be provided or no longer be representative. The remaining U.S. dollar benchmarks will cease to be provided or no longer be representative after June 30, 2023.

		Total value of contracts indexed to LIBOR rate as of December 31, 2021
Assets		
Commercial Portfolio and Commercial Leasing		3.979.324
Consumer portfolio and consumer leasing		1.145
Total	**$**	**3.980.469**
Liabilities		
Loans from banks and similar institutions		1.821.567
Obligations with rediscount entities		1.725
Total	**$**	**1.823.292**

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

4.1 Credit risk

Consolidated exposure to credit risk

The Holding Company and its subsidiaries Occidental Bank Barbados Ltd. and Banco de Occidente Panamá S.A. and its subsidiaries have exposures 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 consolidated statement of financial position of the Holding Company as of December 31, 2021 and 2020 as indicated below:

Account		December 31, 2021	December 31, 2020
Deposits in banks other than Banco de la Republica	$	2.709.219	893.012
Financial instruments at fair value			
Issued or guaranteed by the Colombian Government		4.090.137	3.961.660
Issued or guaranteed by other Colombian Government entities		101.075	31.687
Issued or guaranteed by other Colombian financial institutions		1.138.301	484.460
Issued or guaranteed by entities of the Colombian real sector		12.040	12.163
Issued or guaranteed by Foreign Governments		85.819	99.343
Issued or guaranteed by other foreign financial institutions		512.221	626.705
Issued or guaranteed by foreign real sector entities		20.497	10.015
Others		82.801	4.014
Derivative instruments		463.730	571.024
Investments in equity instruments		592.845	457.559
Loan portfolio			
Commercial portfolio		20.207.394	17.617.390
Consumer portfolio		8.874.987	7.889.756
Mortgage portfolio		949.867	830.203
Leasing portfolio		6.566.946	6.342.525
Repos and interbank		465.911	342.830
Other accounts receivable		320.896	280.848
Total financial assets with credit risk		**47.194.686**	**40.455.194**
Off-balance sheet credit risk at nominal value			
Financial guarantees and sureties		2.230.767	1.472.786
Credit commitments		3.148.630	2.818.119
Total off-balance sheet credit risk exposure		**5.379.397**	**4.290.905**
Total maximum exposure to credit risk	**$**	**52.574.083**	**44.746.099**

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 enhancements

The maximum credit risk exposure 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 collateral may be a necessary measure but not a sufficient instrument for the acceptance of credit risk. The Holding Company's credit risk policies require an assessment of the debtor's ability to pay and that the debtor can generate sufficient sources of funds to allow repayment of debts.

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

- Financial risk analysis: For the granting of credit there are different models for the evaluation of credit risk: Scoring models for the evaluation of credit risk in the consumer portfolio. In the initial evaluation of clients, logistic regression models are applied, which assign a score to the client, based on sociodemographic variables and some behavioral variables with the sector, and make it possible to establish whether the applicant is eligible for credit in accordance with the Holding Company's policy regarding the minimum score required. 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. For the commercial portfolio, there are 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 height of delinquency in the last year, delinquency counters, among others. Thus, there are input and follow-up models for the Industry, Commerce, Services, Construction, Territorial Entities and Financial Entities segments.
- The constitution of guarantees with adequate rates to cover the debt and that are accepted in accordance with the credit policies of each bank, according to the risk assumed in any of the forms, such as personal guarantees, monetary deposits, securities and mortgage guarantees, among others.
- Evaluation of the liquidity risk of the guarantees received.

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

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

The following is the detail of the loan portfolio by type of guarantee received in support of loans granted by the Holding Company and subsidiaries at the consolidated level as of December 31, 2021and 2020:

	December 31, 2021								
	Commercial	Consumption	Housing	Commercial Leasing	Consumption Leasing	Housing Leasing	Repos and Interbank	Financial Leasing	Total
Unsecured loans	$ 11.514.036	6.903.652	7.484	40.777	137	1.132	465.911	42.046	**18.933.129**
Credits guaranteed by other banks	130.507	2.873							**133.380**
Collateralized loans:									
Housing	422.464	28.337	942.383						**1.393.184**
Other real state	1.392.967	18.968							**1.411.935**
Investments in equity instruments	443.556								**443.556**
Deposits in cash or cash equivalents	256.039	974							**257.013**
Leased assets	-	-	-	2.489.718	-	1.181.886	-	3.671.604	**3.671.604**
Non-real estate assets	-	-	-	2.088.473	12.258	-	-	2.100.731	**2.100.731**
Trust, stand-by and guarantee fund agreements	2.609.287	632	-	1.159	-	-	-	1.159	**2.611.078**
Pledged income	1.280.742	-	-	9	-	-	-	9	**1.280.751**
Pledges	680.113	1.844.351	-	-	1	-	-	1	**2.524.465**
Other assets	1.477.683	75.200	-	751.286	110	-	-	751.396	**2.304.279**
Total	**$ 20.207.394**	**8.874.987**	**949.867**	**5.371.422**	**12.506**	**1.183.018**	**465.911**	**6.566.946**	**37.065.105**

	December 31, 2020									
		Commercial	Consumption	Housing	Commercial Leasing	Consumption 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 state		1.618.325	14.631							**1.632.956**
Investments in equity instruments		302.935								**302.935**
Deposits in cash or cash equivalents		248.884	1.062	-	-	-	-	33.276	-	**283.222**
Leased assets		-	-	-	2.765.565	-	1.074.255	-	3.839.820	**3.839.820**
Non-real estate assets		-	-	-	1.924.952	13.489	-	-	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**

Mortgage Portfolio

The following tables stratify the credit exposures of mortgage loans and advances to retail customers 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, to the value of the collateral. 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, 2021	December 31, 2020
LTV ratio			
Less than 50%	$	876.215	817.365
51 – 70%		711.842	607.951
71 – 90%		289.934	253.280
91 – 100%		39.570	39.347
More than 100%		215.324	187.788
Total	**$**	**2.132.885**	**1.905.731**

Credit-impaired loans (Impaired)		**December 31, 2021**	**December 31, 2020**
LTV ratio			
Less than 50%	$	48.531	54.399
51 – 70%		30.994	30.447
More than 70%		41.341	33.299
Total	**$**	**120.866**	**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 will 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;

- The IP during 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.

Credit Risk Category Rating

The Group assigns each exposure to a credit risk rating based on a variety of data that allow predicting the PI. 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 assigned a credit risk rating at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in the shift of an exposure to a different credit risk rating.

Modeling of the IP term

The estimation of probabilities of default is the primary input for determining the ratings ranges that determine the level of risk.

The Group employs statistical models to analyze the data collected and generate estimates of the probability of deterioration over the remaining life of the exposures and how those probabilities of deterioration change as a result of the passage of time.

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 impairment risk factors (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 within its evaluation is outlined below:

> The Group has established a general framework that incorporates quantitative and qualitative information to determine whether the credit risk of a financial asset has increased significantly since its initial recognition.
>
> The initial framework is aligned with the Group's internal credit risk management process.
>
> The criteria for determining whether credit risk has significantly increased 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 impairment expected 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 quantitative analyses performed periodically. As a threshold, and as required by IFRS 9 the Group presumes that a significant increase in credit risk occurs no later than 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 expected probability of impairment in the following twelve months to the group of impaired credits.
- There is no unwarranted volatility in the provision for impairment 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 loans may be modified for a number of reasons, including changes in market conditions, customer retention and other factors unrelated to a customer's actual or potential credit deterioration.

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 significantly increased reflects comparisons of:

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

The Group restructures loans to customers in financial difficulties to maximize collection opportunities and minimize the risk of default. Under the Group's restructuring policies, customers in financial difficulties are granted concessions that generally correspond to decreases in interest rates, extension of payment 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 modified group of debtors.

Generally, restructuring indicators are a relevant factor of increased credit risk. Therefore, a restructured debtor needs to demonstrate consistent payment behavior over a period of time before it is no longer considered an impaired credit or that the IP has decreased such that the provision can be reversed and the credit measured for impairment within a twelve-month period following the closing date of the financial statements.

Definition of default

Under IFRS 9, the Group considers a financial asset to be in default when:

- It is unlikely that the debtor will fully pay its credit obligations to the Group, without resources, to take actions such as realizing the guarantee (in the case that they maintain); or
- For Arrears in Portfolio:
  - Commercial Loans: When they are 90 days or more past due.
  - Consumer Loans: When they are 90 days or more past due.
  - Housing loans: When they are 120 days or more past due.
- For fixed-income financial instruments, objective evidence of impairment includes the following concepts, 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.
  - It is likely to enter bankruptcy or a bankruptcy petition or similar action is filed.
  - The financial asset no longer has an active market due to its financial difficulties.
- For other concepts (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

In assessing whether a debtor is in default, the Group considers indicators that are:

- Qualitative -e.g. non-compliance with contractual clauses.
- Quantitative - e.g., delinquency status and non-payment on another obligation of the same issuer to the Group; and
- Based on data developed internally and obtained from external sources

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

Forecasting future economic conditions

Under IFRS 9, the Holding company incorporates forward-looking information, both in its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition, as well as in its measurement of PCE. Based on the recommendations of the Group's Market Risk Committee, use of economic experts and consideration of a variety of current and projected external information, the Group formulates a "baseline scenario" projection of relevant economic variables as well as a representative range of other possible projected scenarios. This process involves the development of two or more additional economic scenarios and considers the relative probabilities of each scenario.

External information may include economic data and published projections by governmental committees and monetary authorities in the countries in which the Group operates, supranational organizations such as the Organization for Economic Cooperation and Development (OECD) and the International Monetary Fund, among others, and academic and private sector projections.

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

Measurement of PCE - Estimated weighted probability of credit loss

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

- Probability of default (PI)
- Loss Given Default (LGD)
- Exposure at default (EI)

The above parameters will be derived from internal statistical models. These models will be adjusted to reflect forward-looking information as described below:

PIs are estimated as of a given date, which will be calculated based on statistical rating models and evaluated using rating tools adjusted for 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 PI. PIs 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.

To calculate the LGD on each balance sheet date, it is necessary to observe the behavior of the obligations of the clients that have defaulted in a specific period of time. For each case, the information on the movements of the loan after default is constructed considering: payment flows, assets received in lieu of payment, write-off recoveries, legal and administrative costs. The LGD estimate determines the percentage (0% -100%) that is lost in those events where the client incurs impairment. In the commercial portfolio it is a function of the guarantee and in consumption of the product. This variable measures the risk of the operation. For loans secured by real estate and pledged on vehicles, variations in the price indexes of these assets are used.

EDI represents the expected exposure in the event of default. The Group will derive EDI from the counterparty's current exposure and potential changes in the current amount allowed under the terms of the contract including amortization and prepayments. The EDI of a financial asset will be the gross value at the time of default. For loan commitments and financial guarantees the EDI will consider the amount drawn, as well as, potential future amounts that could be drawn or collected under the contract, which will be estimated based on historical observations. For some financial assets, the Group determines EDI by modeling a range of possible outcomes of exposures at various points in time. The Group will measure EDI by considering the risk of default over the maximum contractual period, (including options to extend the debt to the customer) over which there is a credit risk exposure, even if, for risk management purposes, a longer period of time is considered. The maximum contractual period extends to the date on which the Group has the right to require payment of a loan or terminate a loan commitment or a guarantee granted.

For consumer overdrafts, credit card balances and certain corporate revolving credit facilities that include both a loan and a loan commitment component not drawn by the customer, the Group will measure EDI over a period greater than the maximum contractual period, if the Group's contractual ability to demand payment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual period of the contract. These facilities do not have a fixed term or collection structure and are managed on a collective basis. The Group may cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management of the Group, but only when the Holding Company becomes aware of an increase in credit risk at the individual loan level. This longer period of time will be estimated taking into account the credit risk management actions the Group expects to take that serve to mitigate EDI. These measures include a reduction in limits and cancellation of credit agreements.

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
- Initial recognition date
- Remaining term to maturity
- Industry
- Geographic location of obligor

The above groupings are subject to regular review to ensure that the exposures of a particular Group remain appropriately homogenous.

Policies to prevent excessive concentrations of credit risk

To prevent excessive concentrations of credit risk at the individual, country and economic sector levels, the Holding Company and subsidiaries maintain maximum risk concentration levels indexes updated at the individual level and by sector portfolios. The limit of the Holding Company's exposure in a credit commitment to a specific customer depends on the customer'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 the 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, there is continuous monitoring of concentration risk 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 credit risk at the consolidated level in the different geographic areas determined according to the debtor's country of residence, without considering provisions constituted for credit risk impairment of debtors:

December 31, 2021

		Commercial	Consumption	Housing	Commercial Ceasing	Consumption Leasing	Housing leasing	Repos and Interbank	Financial Leasing	Total
Colombia	$	18.090.720	8.874.826	949.867	5.371.422	12.506	183.018	403.729	6.566.946	**34.886.088**
Panamá		293.570	48	-	-	-	-	62.182	-	355.800
United States		9.494	11	-	-	-	-	-	-	9.505
Costa Rica		175.119	-	-	-	-	-	-	-	175.119
Honduras		82.802	-	-	-	-	-	-	-	82.802
El Salvador		119.626	-	-	-	-	-	-	-	119.626
Guatemala		195.800	-	-	-	-	-	-	-	195.800
Other countries		1.240.263	102	-	-	-	-	-	-	1.240.365
Total	**$**	**20.207.394**	**8.874.987**	**949.867**	**5.371.422**	**12.506**	**1.183.018**	**465.911**	**6.566.946**	**37.065.105**

December 31, 2020

		Commercial	Consumption	Housing	Commercial Leasing	Consumption 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**
Panamá		181.266	25	-	-	-	-	158.625	-	339.916
Unites 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**

The distribution of the loan portfolio of the Holding Company and subsidiaries by economic purpose as of December 31, 2021 and 2020 is as follows:

		December 31, 2021		December 31, 2020	
		Total	% Part.	Total	% Part.
Sector					
Consumer Services	$	13.104.877	35,4%	11.903.232	36,0%
Commercial services		9.934.348	26,8%	7.807.578	23,6%
Construction		3.725.833	10,1%	3.582.626	10,8%
Transportation and communications		1.759.888	4,7%	1.621.496	4,9%
Other industrial and manufacturing products		1.746.146	4,7%	1.480.287	4,5%
Government		1.336.777	3,6%	1.531.440	4,6%
Chemical products		1.135.607	3,1%	1.110.434	3,4%
Food, beverages and tobacco		1.143.584	3,1%	890.129	2,7%
Agriculture		966.372	2,6%	949.063	2,9%
Utilities		803.767	2,2%	786.147	2,4%
Other		672.635	1,8%	755.773	2,3%
Trade and tourism		410.891	1,1%	338.974	1,0%
Mining and petroleum products		324.380	0,9%	265.525	0,8%
Total by economic destination	$	**37.065.105**	**100%**	**33.022.704**	**100%**

Sovereign debt

As of December 31, 2021 and 2020, the portfolio of investments in financial assets in debt instruments is mainly composed of securities issued or guaranteed by Colombian Government institutions, which represent 97.94% and 97.55%, respectively, of the total portfolio. Below is a detail of the exposure to sovereign debt by country:

		December 31, 2021		December 31, 2020	
		Amount	Participation %	Amount	Participation %
Investment grade (1)					
Colombia	$	3.053.225	73,11%	3.960.340	97,55%
México		19.481	0,47%	-	0,00%
USA		35.830	0,86%	95.771	2,36%
Chile		-	0,00%	3.546	0,09%
Speculative (2)					
Colombia		1.036.913	24,83%	-	0,00%
Costa Rica		30.507	0,73%	-	0,00%
Barbados			0,00%	25	0,00%
Total sovereign risk	**$**	**4.175.956**	**100%**	**4.059.682**	**100%**

(1) Investment grade includes risk ratings 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) Speculative includes 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 counterparty quotas

The Holding Company's financial entities assume credit risk on two fronts: the credit activity itself, which includes commercial, consumer and mortgage credit operations, and the treasury activity, which includes interbank operations, investment portfolio management, derivative operations and foreign currency trading, among others. Despite being independent businesses, the nature of counterparty insolvency risk is equivalent and, therefore, the criteria used to manage them are the same.

The principles and rules for credit and credit risk management in each financial entity of the Holding Company are set forth in the Credit Risk Management System Manual (SARC), designed for both traditional banking and treasury activities. The evaluation criteria for measuring credit risk follow the main instructions issued by the Financial Risk Committees.

The highest authority in credit matters is the Board of Directors, which guides the general policy and has the power to grant the highest credit levels allowed. In banking operations, the powers to grant quotas and credits depend on the amount, term and guarantees offered by the client. The Board of Directors has delegated part of its credit authority to different departments and executives, who process the credit applications and are responsible for the analysis, follow-up and results.

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.

Additionally, 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 sectors.

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

The progress made in the SARC has allowed to obtain important achievements and in the integration of the credit risk measurement tools in the credit granting processes of the Holding Company.

The Holding Company, for the consumer portfolio, has scoring models for the evaluation of creditrisk. In the initial evaluation of customers, logistic regression models are applied, which assign a score to the customer, based on sociodemographic variables and some behavioral variables with the sector, and allow establishing whether the applicant is subject to credit in accordance with the policy of the Holding Company regarding the minimum score required. 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.

For the commercial portfolio, there are 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 height of delinquency in the last year, delinquency 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 loans by age, rating by risk level, permanent follow-up of high-risk clients, transaction restructuring process 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 personnel of the Holding Company 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, 2021 and 2020:

	December 31, 2021							
	Outstanding loan portfolio	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Total past due 1 - 90 days**	**Past due > 90 days**	**Mayor a 180 días**	**Total loan portfolio**
Commercial	$ 18.944.925	423.469	42.761	43.809	510.039	114.793	637.637	20.207.394
Consumption	8.071.053	452.934	92.047	61.225	606.206	109.547	88.181	8.874.987
Housing Mortgage	793.543	101.893	13.036	4.644	119.573	9.462	27.289	949.867
Commercial Leasing	4.756.897	289.726	29.465	25.050	344.241	54.010	216.274	5.371.422
Consumer Leasing	10.265	1.368	187	161	1.716	525	-	12.506
Home Leasing	993.693	130.569	18.161	9.433	158.163	7.274	23.888	1.183.018
Repos and Interbank	465.911	-	-	-	-	-	-	465.911
Total	**$ 34.036.287**	**1.399.959**	**195.657**	**144.322**	**1.739.938**	**295.611**	**993.269**	**37.065.105**

	December 31, 2020							
	Outstanding loan portfolio	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Total past due 1 - 90 days**	**Past due > 90 days**	**Over 180 days**	**Total loan portfolio**
Commercial	$ 16.250.158	380.260	39.177	69.457	488.894	218.574	659.764	17.617.390
Consupmtion	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
Home 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**

For the commercial portfolio, the Holding Company and subsidiaries evaluate on a monthly basis the20 most representative economic sectors in terms of Gross and Past Due Portfolio, in order to monitor the concentration by economic sector and the risk level in each of them.

At an individual level, the Holding Company and subsidiaries perform a semi-annual individual analysis of the credit risk with outstanding balances over $ 2,000 based on updated financial information of the client, compliance with the agreed terms, guarantees received and consultations to the risk centers; based on such information, it classifies the clients by risk levels in categories A- Normal, B- Substandard, C- Deficient, D- Doubtful collection and E- Unrecoverable. For consumer mortgage loans, the above rating by risk levels is performed monthly, taking into account mainly the age of maturity and other risk factors. For this purpose, the Holding Company also consolidates the indebtedness of each customer and determines the probability and calculation of impairment at the consolidated level.

Exposure to credit risk is managed through a periodic analysis of the ability of borrowers or potential borrowers to determine their ability 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, 2021 and 2020:

	December 31, 2021								
	Commercial	Consumption	Housing	Commercial leasing	Consumption leasing	Housing leasing	Repos and interbank	Total Leasing Financial	Total
A	$ 18.210.060	8.247.338	896.738	4.349.632	11.415	1.124.264	465.911	5.485.311	33.305.358
B	479.553	146.108	6.547	322.674	-	11.297	-	333.971	966.179
C	542.611	202.708	1.938	266.728	528	1.111	-	268.367	1.015.624
D	334.412	160.161	25.413	138.808	537	33.013	-	172.358	692.344
E	640.758	118.672	19.231	293.580	26	13.333	-	306.939	1.085.600
Total	**$ 20.207.394**	**8.874.987**	**949.867**	**5.371.422**	**12.506**	**1.183.018**	**465.911**	**6.566.946**	**37.065.105**

	December 31, 2020								
	Commercial	Consumption	Housing	Commercial leasing	Consumption leasing	Housing leasing	Repos and interbank	Total Leasing Financial	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**

Based on the above ratings, each bank prepares a list of customers 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 customer, which includes meetings with the customer 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 the debtor's financial problems

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

The basic policy for granting such restructurings at the Holding Company level is to provide the customer with a financial viability that allows it to adapt the debt payment 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 financial problems of the debtor, 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 customer has been complying satisfactorily for 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, the marking of a loan as restructured does not necessarily imply its qualification as an impaired loan because in most cases new guarantees are obtained to support the obligation.

The following is the detail of the restructured loans as of December 31, 2021 and 2020:

Restructured loans		December 31, 2021	December 31, 2020
Local	$	**743.206**	**683.905**
Commercial		677.841	624.878
Consumption		65.365	59.027
Foreign		**10.960**	**10.387**
Commercial		10.960	10.387
Total restructured		**754.166**	**694.292**

Forward-looking information

Banco de Occidente incorporates forward-looking 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 PCE. Based on three scenarios of the macroeconomic variables applicable to each model, the estimate of the probability of default is affected. Subsequently, the PCE 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 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 at December 31, 2021 are as follows:

	2021			2022		
	Unfavorable Scenario	Base Scenario	Favorable Scenario	Unfavorable Scenario	Base Scenario	Favorable Scenario
Annual change CPI	5,23%	5,31%	5,42%	3,39%	4,19%	5,63%
GDP growth	9,51%	9,64%	9,90%	3,63%	4,57%	6,19%
Unemployment rate	13,38%	12,65%	12,01%	12,81%	11,38%	9,74%
DTF	2,91%	2,95%	3,00%	4,50%	5,16%	6,10%
Real interest rate	-2,32%	-2,36%	-2,42%	1,11%	0,96%	0,47%

In the projection, GDP growth lagged by one year is used, i.e., information for the year 2020 is required, so that the risk of default in the year 2021 can be projected.

Receipt of goods received in payment

When the persuasive collection or loan restructuring processes do not have satisfactory results within a reasonable period of time, collection is carried out through legal channels or agreements are reached with the client for the reception of goods received in payment. The Holding Company has clearly established policies for the reception of goods received in payment and has separate departments specialized in the handling of these cases, reception of goods in payment and their subsequent sale.

The following is the detail of assets received in payment and sold during the years ended December 31, 2021 and 2020:

		December 31, 2021	December 31, 2020
Goods received in payment	$	10.132	5.971
Goods sold		(46.637)	(46.404)
	$	**(36.505)**	**(40.433)**

Financial assets other than loans and receivables, by credit risk rating

The following is the detail of financial assets other than loan 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 agencies, of the main financial institutions in which the Holding Company and its subsidiaries maintain cash funds:

Creditworthiness		December 31, 2021	December 31, 2020
Investment grade	$	**4.614.873**	**2.904.693**
Central Bank		1.906.454	2.011.909
Financial Institutions		2.708.419	892.784
Not rated or not available		**800**	**228**
Central Bank		800	228
Total Cash with third parties		**4.615.673**	**2.904.921**
Cash held by the entity (1)		**494.330**	**542.141**
	$	**5.110.003**	**3.447.062**

(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 agents, 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:

		December 31, 2021	December 31, 2020
Investment Grade			
Sovereign	$	3.108.536	4.059.657
Corporate		64.194	82.503
Financial Institutions		269.517	1.096.693
Multilaterals		60.232	21.490
Total investment grade		**3.502.479**	**5.260.343**
Speculative			
Sovereign		1.067.420	-
Other Public Entities		105.074	-
Corporate		32.686	-
Financial institutions		1.375.084	31.632
Multilaterals		3.846	-
Others		-	25
Total speculative		**2.584.110**	**31.657**
Unrated or not available		**549.148**	**395.606**
Total	**$**	**6.635.737**	**5.687.606**

- **Investment financial assets at amortized cost**

Below 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 as of December 31, 2021 and 2020:

Creditworthiness		December 31, 2021	December 31, 2020
Issued and Guaranteed by the Nation and/or the Central Bank	$	883.552	852.355
		883.552	**852.355**
Impairment of investments		(345)	(358)
Issued and Guaranteed by the Nation and/or the Central Bank	$	**883.207**	**851.997**

- **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, 2021 and 2020:

Creditworthiness		December 31, 2021	December 31, 2020
Investment Grade	$	445.056	561.793
Speculative		1.395	9.231
Unrated or not available		17.279	-
Total	$	**463.730**	**571.024**

4.2 Market risks

The Holding Company participates in the money, foreign exchange and capital markets seeking to satisfy its needs and those of its customers in accordance with the established policies and risk levels. In this sense, it manages different portfolios of financial assets within the limits and risk levels allowed.

Market risk arises from the Holding Company's open positions in investment portfolios in debt securities, derivative instruments and equity instruments recorded at fair value, due to adverse changes in risk factors such as: interest rates, inflation, foreign currency exchange rates, share prices, credit spreads of the instruments and their volatility, as well as in the liquidity of the markets in which the Holding Company operates.

For purposes of the analysis, market risk has been segmented 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 with several objectives, among which the following standout:

- To offer products tailored to the needs of customers, which fulfill, among others, the function of hedging their financial risks.
- Structuring portfolios to take advantage of arbitrage between different curves, assets and markets and obtain returns with adequate asset consumption.
- To carry out 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 in risks within defined limits ormitigates them with the use of other derivative or non-derivative financial instruments.

As of December 31, 2021 and 2020, the Holding Company had the following financial assets andliabilities subject to market risk:

		December 31, 2021	December 31, 2020
Assets			
Financial assets at fair value through profit or loss			
Investments in debt securities	$	711.135	1.203.597
Derivative instruments held for trading		463.730	571.024
Subtotal		**1.174.865**	**1.774.621**
Equity instruments at fair value with changes in ORI			
Investments in debt securities	$	5.331.756	4.026.450
Subtotal		**5.331.756**	**4.026.450**
Financial assets at amortized cost			
Investments in debt securities		883.207	851.997
Subtotal		**883.207**	**851.997**
Total assets		**7.389.828**	**6.653.068**
Liabilities			
Derivative instruments held for trading		(517.293)	(728.221)
Total liabilities		**(517.293)**	**(728.221)**
Net position	**$**	**6.872.535**	**5.924.847**

Description of objectives, policies and processes for trading risk management

The Holding Company participates in the money, exchange and capital markets seeking to satisfy its needs and those of its customers in accordance with the established policies and risk levels. In this sense, it manages different portfolios of financial assets within the limits and levels of risk allowed.

The risks assumed in operations, both in the banking book and in the treasury book, are consistent with the Holding Company's general business strategy and risk appetite, based on the depth of the markets for each instrument, its impact on the risk weighting of assets and solvency level, the profit 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 tolerance to risk.

The SARM market risk management system allows the entities to identify, measure, control and monitor the market risk to which it is exposed, based on the positions assumed in the performance of its 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 variation in the market value of asset positions in the face of a change in interest rates does not coincide with the variation in the market value of liability positions and this difference is not offset by the variation in the market value of other instruments or when the future margin, due to pending transactions, depends on interest rates.

- Exchange rate: The Holding Company's portfolios are exposed to exchange rate risk when the current value of the asset positions in each currency does not match the current value of the liability positions in the same currency and the difference is not offset, positions are taken in derivative products whose underlying is exposed to exchange rate risk and the sensitivity of the security to changes in exchange rates has not been fully immunized, exposures are taken to interest rate risk in currencies other than its reference currency, which may alter the equality between the value of the asset positions and the value of the liability positions in that currency and generate losses or gains, or when the margin depends directly on exchange rates.

Risk Management

The Holding Company's senior management and Board of Directors actively participate in risk management and control, through the analysis of an established reporting protocol and the conduction of several Committees, which comprehensively follow up, both technical and fundamental, the different variables that influence the internal and external markets, in order to support strategic decisions.

Likewise, the analysis and follow-up of the different risks incurred by the Holding Company in its operations is fundamental for decision making and for the evaluation of results. On the other hand, a permanent analysis of macroeconomic conditions is fundamental to achieve an optimal combination of risk, 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 solvency level, 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 some items of its balance sheet, the Holding Company implements hedging strategies by taking positions in derivativeinstruments 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 type of risk.

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 subsidiariesin order to measure and monitor the conglomerate risk.

Currently, the asset and liability positions of the treasury book are 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 comprising 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 Matrix 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 to each of the instruments that make up the different portfolios (sensitivities or effects on the portfolio value 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 Holding Company's Balance Sheet and Treasury Risk Division. 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 trading of this type of products andin the management of portfolios.

There is also a process for estimating the results (P&L) of fixed income investments and forward derivatives, which is compared with the results obtained from the valuation of the systems with inputs from the price provider Precia.

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

Likewise, a qualitative analysis of the liquidity of fixed-income bond prices is performed in order to determine the depth of the market for this type of instruments.

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

According to the standard model, the market risk value (VaR) as of December 31, 2021 and 2020 was as follows:

		December 31, 2021		December 31, 2020	
Entity		**Value**	**Basic points of Regulatory Capital**	**Value**	**Basic points of Regulatory Capital**
Head Office	$	275.365	115	185.535	63
Occidental Bank (Barbados) Ltd.		9.655	4	7.545	-
Banco de Occidente Panamá S.A.		31.018	12	20.487	-
Fiduciaria de Occidente S.A.		11.574	4	10.375	2

The VaR indicators presented by the Holding Company and subsidiaries for the years ended December 31, 2021 and 2020 are summarized as follows:

December 31, 2021		Minimum	Average	Maximum	Last
Interest rate	$	165.412	252.604	298.420	255.312
Exchange rate		305	1.462	2.948	2.749
Collective Portfolios		53.521	65.460	76.636	69.551
Portfolio VaR					**327.612**

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
Portfolio VaR					**223.942**

As a consequence of the performance in VaR, the Holding Company's market risk-weighted assets remained on average around 5.02% of total risk-weighted assets during the period ended December 31, 2020 and 10.88% as of December 31, 2021.

As a management tool for the administration of the investment portfolios, different sensitivity analyses are performed on such portfolios at different basis points.

The sensitivity results as of December 31, 2021 and 2020 are as follows:

	December 31, 2021				
	Portfolio Value .	25 PB	50 PB	75 PB	100 PB
Fair Value Head Office	$ 4.143.890	(25.992)	(51.613)	(76.871)	(101.777)
Fair Value Occidental Bank Barbados Ltd.	411.981	(3.571)	(7.068)	(10.492)	(13.846)
Fair Value Banco de Occidente Panamá S.A.	1.440.619	(10.914)	(21.640)	(32.184)	(42.550)
Fair Value Fiduciaria de Occidente S.A.	46.401	(386)	(772)	(1.159)	(1.545)
Total	**$ 6.042.891**	**(40.863)**	**(81.093)**	**(120.706)**	**(159.718)**

	December 31, 2020				
	Portfolio Value .	25 PB	50 PB	75 PB	100 PB
Fair Value Head Office	$ 3.495.438	(16.975)	(33.745)	(50.318)	(66.695)
Fair Value Occidental Bank Barbados Ltd.	463.087	(2.540)	(5.042)	(7.506)	(9.934)
Fair Value Banco de Occidente Panamá S.A.	1.229.679	(6.752)	(13.411)	(19.980)	(26.460)
Fair Value Fiduciaria de Occidente S.A.	41.843	(181)	(362)	(543)	(724)
Total	**$ 5.230.047**	**(26.448)**	**(52.560)**	**(78.347)**	**(103.813)**

4.2.2 Price risk of investments in equity instruments

Equity investments

The Holding Company classifies its investments in equity instruments where it has no control or significant influence, in the category of financial assets at fair value with changes in ORI, when their main objective is not to obtain profits from fluctuations in their market price, they are not listed on the stock exchange or are of low marketability, nor are they awaiting maturity of the investment, nor are they part of the portfolio that supports its liquidity in financial intermediation or are expected to be used as collateral in passive operations, since their purpose is strategic, coordinated directly with the Holding Company.

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

- The investment ceases to meet the conditions of the Parent's investment policy (e.g., the credit rating of the asset falls below that required by the Parent'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 Parent's liabilities.
- When the Holding Company is required to make important capital investments, for example, acquisitionof 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.

Foreign currency exchange rate risk

The Holding Company operates internationally and is exposed to changes in foreign exchange rates arising from exposures in various currencies, mainly with respect to U.S. dollars and Euros.

The foreign currency exchange rate risk arises mainly from recognized assets and liabilities and investments in subsidiaries and branches abroad, in loans and receivables, and in foreign currency obligations and future commercial transactions also in foreign currency.

Banks in Colombia are authorized by the Central Bank to negotiate foreign currencies and maintain balances in foreign currency in foreign accounts. The legal regulations in Colombia oblige the Holding Company to maintain its own daily position in foreign currency, determined by the difference between the rights and obligations denominated in foreign currency recorded inside and outside thestatement of financial position, which average is of three business days, which may not exceed twenty percent (20%) of the technical equity, likewise, said average of three business days in foreign currency may be negative without exceeding five percent (5%) of the technical equity expressed in U.S. dollars.

Likewise, 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 percent (50%) of the entity's adequate equity; likewise, it may not be negative.

Additionally, it must comply with the limits of the gross leverage position, which is defined as the sum of rights and obligations in contracts with future performance denominated in foreign currency: spot transactions denominated in foreign currency with performance between one banking day (t+1) and three banking days (t+3) and other derivatives on the exchange rate. The average of three business days of the gross leverage position may not exceed five hundred and fifty percent (550%) of the amount of the entity's adequate equity.

The determination of the maximum or minimum amount of the daily own position and of the own cash position in foreign currency must be established based on the technical equity of the Holding Company on the last day of the second preceding calendar month, converted at the exchange rate established by the Financial Superintendency of Colombia at the close of the immediately preceding month.

Substantially all the Holding Company's foreign currency assets and liabilities are held in U.S.dollars.

The following is a detail of foreign currency assets and liabilities denominated in pesos held by the Holding Company and its subsidiaries as of December 31, 2021 and 2020:

December 31, 2021

	Million				
	U.S. dollars	**Net U.S. dollars**	**Other currencies expressed in U.S. dollars**	**Net other currencies expressed in U.S. dollars**	**Total Colombian pesos**
Assets					
Cash	678,11	677,97	1,59	**1,59**	2.699.670
Investments at fair value through profit or loss	42,87	42,87	-	-	170.654
Investments at fair value with changes in the ORI	493,34	493,34	-	-	1.964.049
Financial assets for loan portfolio at at amortized cost	1.190,87	1.190,87	-	-	4.741.036
Derivative trading instruments	506,67	506,67	-	-	2.017.141
Other accounts receivable	4,13	4,11	-	-	16.448
Total Assets	**2.915,98**	**2.915,82**	**1,59**	**1,59**	**11.608.999**
Liabilities					
Derivative trading instruments	1.283,73	1.283,73	-	-	5.110.749
Customer deposits	1.034,57	758,14	1,31	1,31	4.118.788
Financial obligations	616,58	616,58	-	-	2.454.695
Other accounts payable	3,93	3,93	-	-	15.654
Total liabilities	**2.938,81**	**2.662,39**	**1,31**	**1,31**	**11.699.886**
Net asset position (liabilities)	**(22,83)**	**253,43**	**0,28**	**0,28**	**(90.887)**

December 31, 2020

	Million				
	U.S. dollars	**Net U.S. dollars**	**Other currencies expressed in U.S. dollars**	**Net other currencies expressed in U.S. dollars**	**Total Colombian pesos**
Assets					
Cash	231,00	230,94	1,18	**1,18**	896.337
Investments at fair value through profit or loss	17,00	17,00	-	-	66.518
Investments at fair value with changes in ORI	476,00	476,00	-	-	1.838.292
Investments at amortized cost	-	-	-	-	(29)
Financial assets for loan portfolio at amortized cost	728,00	728,00	-	-	2.814.876
Derivative trading instruments	(1.998,00)	(1.998,00)	-	-	(7.723.640)
Derivative hedging instruments	-	-	-	-	-
Other accounts receivable	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)	-	-	(7.159.718)
Derivative hedging instruments	-	-	-	-	-
Customer deposits	922,00	738,88	1,08	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 asset position (liabilities))	**(25,00)**	**158,06**	**0,11**	**0,11**	**(97.207)**

The Holding Company's objective with respect to foreign currency transactions is to serve primarily the needs of international trade and foreign currency financing customers 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 exchange 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 oversee closing the positions by adjusting them to the established tolerance levels.

The estimated effect of each 0.10/US1 increase or decrease with respect to the exchange rate at December 31, 2021 and 2020 would be an increase in income of $558 and $2,311, respectively.

4.3 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 because of making placements in investments and loan 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 table shows the interest rate exposure for assets and liabilities at December 31, 2021 and 2020. In this table, 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 exposures:

December 31, 2021

Assets	Less than one month	One to six months	Six to twelve months	More than one year	No Interest	Total
Cash	$ 2.400.783	-	-	-	2.709.219	5.110.003
Investments in debt securities at fair value VRPYG	-	149.991	139.746	421.398	-	711.135
Investments in debt securities at fair value VRORI	107.004	719.758	617.327	3.887.667	-	5.331.756
Investments at amortized cost	93.781	221.944	567.482	-	-	883.207
Commercial Portfolio and Commercial Leasing	3.689.975	6.260.739	3.606.527	12.021.575	-	25.578.816
Consumer portfolio and consumer leasing	299.601	1.124.787	1.088.702	6.374.403	-	8.887.493
Mortgage and mortgage leasing portfolio	15.185	118.214	80.018	1.919.468	-	2.132.885
Repos and interbank	401.610	64.301	-	-	-	465.911
Other accounts receivable	-	-	-	69.040	251.856	320.896
Total Assets	**7.007.939**	**8.659.734**	**6.099.802**	**24.693.551**	**2.961.075**	**49.422.102**

Liabilities	Less than one month	One to six months	Six to twelve months	More than one year	No Interest	Total
Checking Accounts	511.154	-	-	-	7.221.170	7.732.324
Term Certificates of Deposit	1.281.405	6.113.027	1.447.448	327.590	-	9.169.470
Savings Accounts	19.385.347	-	-	-	-	19.385.347
Other Deposits	-	-	-	-	53.110	53.110
Interbank Funds	1.524.800	271.851	200.719	2.238	-	1.999.608
Lease liabilities	-	-	-	377.043	-	377.043
Due from banks and others	264.875	1.678.824	400.182	46.434	-	2.390.315
Bonds and investment securities	173.978	2.603.600	-	-	-	2.777.578
Obligations with rediscount entities	240	11.896	27.322	912.368	-	951.826
Total liabilities	**$ 23.141.799**	**10.679.198**	**2.075.671**	**1.665.673**		**44.836.621**

December 31, 2020

Assets	Less than one month	One to six months	Six to twelve months	More than one year	No Interest	Total
Cash	$ 3.447.062	-	-	-	-	3.447.062
Investments in debt securities at fair value VRPYG	6.295	566.112	199.737	431.453	-	1.203.597
Investments in debt securities at fair value VRORI	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 and mortgage leasing portfolio	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 one month	One to six months	Six to twelve months	More than one year	No Interest	Total
Checking Accounts	477.251	-	-	-	6.550.243	7.027.494
Term Certificates of Deposit	1.223.710	5.284.051	1.582.033	472.150	-	8.561.944
Savings Accounts	15.314.279	-	-	-	-	15.314.279
Other Deposits	-	-	-	-	67.016	67.016
Interbank Funds	506.115	702.192	-	-	-	1.208.307
Lease liabilities	-	-	-	378.358	-	378.358
Due from banks and others	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**

The Holding Company is exposed to the risk of prepayment of 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, 2021 and 2020 have not been materially changed by changes in the prepayment rate because the loan portfolio and the prepayment right is similar in value to that of 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, 2021 and 2020:

December 31, 2021

Assets	Less than one year		More than one year			
	Variable	Fixed	Variable	Fixed	No interest	Total
Cash	$ 2.400.783	-	-	-	2.709.219	5.110.003
Investments in debt securities at fair value VRPYG	31.923	257.814	2.473	418.925	-	711.135
Investments in debt securities at fair value VRORI	45.502	1.289.174	469.934	3.527.146	-	5.331.756
Investments at amortized cost	883.207	-	-	-	-	883.207
Commercial Portfolio and Commercial Leasing	12.170.200	1.644.972	11.046.940	716.704	-	25.578.816
Consumer portfolio and consumer leasing	568.566	1.944.528	1.404.639	4.969.760	-	8.887.493
Mortgage and mortgage leasing portfolio	10.114	203.304	36.188	1.883.279	-	2.132.885
Repos and interbank	-	465.911	-	-	-	465.911
Other accounts receivable	-	-	69.040	-	251.856	320.896
Total	**16.110.295**	**5.805.703**	**13.029.214**	**11.515.814**	**2.961.075**	**49.422.102**

Liabilities	Less than one year		More than one year			
	Variable	Fixed	Variable	Fixed	No interest	Total
Checking Accounts	481.171	29.983	-	-	7.221.170	7.732.324
Term Certificates of Deposit	3.395.361	3.509.928	1.401.860	862.321	-	9.169.470
Savings Accounts	1.131.838	18.253.510	-	-	-	19.385.348
Other Deposits	-	-	-	-	53.110	53.110
Interbank Funds	1.992.363	5.007	-	2.238	-	1.999.608
Lease liabilities	-	-	-	377.043	-	377.043
Due from banks and others	2.343.881	-	46.433	-	-	2.390.314
Bonds and investment securities	392.088	103.940	2.162.550	119.000	-	2.777.578
Obligations with rediscount entities	11.169	28.288	73.480	838.889	-	951.826
Total	**$ 9.747.871**	**21.930.656**	**3.684.323**	**2.199.491**	**7.274.280**	**44.836.621**

December 31, 2020

Assets	Less than one year Variable	Less than one year Fixed	More than one year Variable	More than one year Fixed	No interest	Total
Cash	$ 3.447.062	-	-	-	-	3.447.062
Investments in debt securities at fair value VRPYG	8.273	517.923	245.948	431.453	-	1.203.597
Investments in debt securities at fair value VRORI	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 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	Less than one year Variable	Less than one year Fixed	More than one year Variable	More than one year Fixed	No interest	Total
Checking Accounts	415.583	61.668	-	-	6.550.243	7.027.494
Term Certificates of Deposit	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
Due from banks and others	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**

4.4 Liquidity risk

Liquidity risk is related to the impossibility of each of the Group's entities to meet the obligations acquired with customers 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.

Additionally, the Holding Company measures monthly the stability of its funding in relation to the composition of its assets and positions outside the statement of financial position, over a one-year horizon through the net stable coefficient (CFEN), as established in the standard model of the Colombian Financial Superintendency.

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 of its own or systemic stress.

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, to guarantee the stability and sufficiency of the resources and to minimize the concentration of the sources of funds.

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 daily, not only to comply with reserve requirements, but also to foresee and/or anticipate possible changes in the liquidity risk profile of the Holding Companyand 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, amongothers.

Through the assets and liabilities technical committees (Finance Committee and ALCO Committee), the Holding Company's senior management is aware of the liquidity situation and makes the necessary decisions taking into account the high quality liquid assets to be maintained, the tolerance in liquidity management or minimum liquidity, the strategies for granting loans and raising funds, policies on the placement of surplus liquidity, changes in the characteristics of existing products as well as new products, diversification of sources of funds to avoid concentration of deposits in a few investors or savers, hedging strategies, the results of the Holding Company and changes in the balance sheet structure.

The Holding Company performs statistical analyses to control the liquidity risk between assets and liabilities to quantify with a predetermined level of confidence the stability of deposits with and without contractual maturity.

In order to comply with the requirements of the Central Bank and the Financial Superintendency of 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 customer deposits, the current percentage is 11% of the deposits with the exception of term certificates of deposit 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.

Below is a summary table of projected available liquid assets as of December 31, 2021 and 2020:

		December 31, 2021			
		Net balances available thereafter			
Entity		**Liquid assets available at the end of the period (1)**	**From 1 to 7 days (2)**	**From 1 to 30 days later (2)**	**From 31 to 90 days later (2)**
Holding Company	$	6.598.351	5.923.470	2.935.981	(4.254.187)
Occidental Bank Barbados Ltd.		408.588	392.190	284.178	(63.929)
Banco de Occidente Panamá S.A.		1.250.685	1.164.341	513.445	(62.912)
TOTAL	**$**	**8.257.624**	**7.480.001**	**3.733.604**	**(4.381.028)**

		December 31, 2020			
		Net balances available thereafter			
Entity		**Liquid assets available at the end of the period (1)**	**From 1 to 7 days (2)**	**From 1 to 30 days later (2)**	**From 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)**

(1) Liquid assets correspond to the sum of those assets existing at the end of each period that, due to their characteristics, can be rapidly converted 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 not 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 mandatory or compulsory investments subscribed in the primary market and that money market operations may be carried out with them. For purposes of calculating liquid assets, all the investments listed above, without exception, are computed at their fair exchange price at the valuation date.

(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 positions outside the statement of financial position 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 cash 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 when required with the backing of securities issued by the Colombian Government and with a loan portfolio of high credit quality, in accordance with the regulations of Central Bank. During the periods ended December 31, 2021 and 2020, the Holding Company did not have to use these last resort credit quotas.

The following is the result of the net stable funding ratio CFEN of the Holding Company as of December 31, 2021, in accordance with the provisions established for such purpose by the Financial Superintendency of Colombia:

Entity	Available Stable Funding (FED) (in million pesos)	Required Stable Funding (FER) (in million pesos)	Net Stable Funding Ratio Net (CFEN)* (as a percentage)
Banco de Occidente	28.551.228	26.500.818	107,74

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, 2021

Assets	Less than one month	One to six months	Six to twelve months	More than one year	Non-sensitive	Total
Cash	$ 2.400.783	-	-	-	2.709.219	5.110.003
Investments in debt securities at fair value VRPYG	2.902	54.052	148.530	234.960	-	440.444
Investments in debt securities at fair value VRORI	110.647	394.400	493.971	3.405.158	-	4.404.176
Investments at amortized cost	94.435	99.433	584.304	-	-	778.172
Commercial portfolio and commercial leasing	3.814.909	6.773.431	4.098.426	14.130.553	-	28.817.319
Consumer portfolio and consumer leasing	391.058	1.554.416	1.546.416	8.419.297	-	11.911.187
Mortgage portfolio and mortgage leases	31.146	197.131	172.763	3.569.794	-	3.970.834
Repos and interbank	401.610	64.301	-	-	-	465.911
Derivative trading instruments	61.529	204.291	84.975	133.720	-	484.515
Other accounts receivable	-	-	-	69.040	251.856	320.896
Other assets	20.891	-	-	-	-	20.891
Total assets	**$ 7.329.910**	**9.341.455**	**7.129.385**	**29.962.522**	**2.961.075**	**56.724.348**

Liabilities	Less than one month	One to six months	Six to twelve months	More than one year	Non-sensitive	Total
Checking Accounts	$ 511.154	-	-	-	7.221.170	7.732.324
Term Certificates of Deposit	1.313.256	6.315.853	1.477.554	337.783	-	9.444.446
Savings Accounts	19.385.348	-	-	-	-	19.385.348
Other Deposits	53.110	-	-	-	-	53.110
Interbank Funds	1.559.079	273.500	204.192	2.240	-	2.039.011
Lease liabilities	6.944	34.070	39.466	344.966	-	425.446
Bank and other loans	365.261	1.590.087	406.559	47.250	-	2.409.157
Bonds and investment securities	180.450	2.700.454	-	-	-	2.880.904
Debentures with rediscount entities	248	12.272	28.119	938.058	-	978.697
Derivative trading instruments	-	222.070	84.291	151.433	-	457.794
Other accounts payable	947.631	-	-	-		947.631
Total liabilities	**$ 24.322.481**	**11.148.306**	**2.240.181**	**1.821.730**	**7.221.170**	**46.753.868**

December 31, 2020

Assets	Less than one month.	One to six months	Six to twelve months	More than one year	Non-sensitive	Total
Cash	$ 3.447.062	-	-	-	-	3.447.062
Investments in debt securities at fair value VRPYG	6.520	94.342	86.069	718.112	-	905.043
Investments in debt securities at fair value VRORI	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 leases	27.603	183.139	156.562	3.231.216	-	3.598.520
Repos and interbank	155.944	187.157	-	-	-	343.101
Derivative trading 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**

Liabilities	Less than one month	One to six months	Six to twelve months	More than one year	Non-sensitive	Total
Checking Accounts	$ 1.622.481	-	-	-	6.550.243	8.172.724
Term Certificates of Deposit	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
Debentures 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**

4.5 Working capital management

The Holding company's objectives regarding the management of its capital adequacy are oriented towards a) Complying with the capital requirements established by the Colombian Government for financial entities and b) Maintaining an adequate equity structure that allows it to maintain the Holding company as a going concern and generate value for its shareholders.

According to the legal regulations in force until December 2020, financial entities in Colombia must maintain a minimum technical equity that cannot be less than 9% of the assets weighted by their level of credit and market risk. As of January 2021, the exposure to operational risk is included as part of the assets weighted by risk level.

The classification of risk assets in each category is made by applying the percentages determined by the Financial Superintendency of Colombia in accordance with External Circular 039 of 2014 until December 202. As of January 2021 such classification is made based on the provisions established by the Ministry of Finance and Public Credit and by the Financial Superintendency of Colombia through Decree 1477 of August 2018, and External Circular 020 of September 2019.

The following is a summary of the Holding company's solvency ratios as of December 31, 2021 and December 31, 2020:

Technical assets	December 31, 2021 Current Period Entity	December 31, 2020 Current Period Entity
A. Basic Ordinary Equity- PBO	**3.976.479**	**3.176.896**
B. Additional Basic Equity - PBA	-	-
C. **Total Basic Equity (C= A+B)**	3.976.479	3.176.896
D. Additional Equity (AP)	464.650	714.378
E. Deductions from Technical Equity	-	-
F. **Technical Patrimony - PT (F=C+D-E)**	4.441.129	3.891.274
G. Credit APNR	30.661.940	34.570.240
H. Market Risk (VeR $_{RM}$)	3.640.125	2.143.050
I. Operational Risk (VeR $_{RO}$)	1.670.957	0
J. **Assets Weighted by Risk Level (Credit + Market + Operational)**	35.973.022	36.713.290

Ordinary Basic Solvency Ratio (RSB) I min 4.5%	11,05%	8,65%
Additional Basic Solvency Ratio (ABRS) I min 6% [1/]	11,05%	N/A
Total Solvency Ratio (RST) I min 9%	12,35%	10,60%
Combination Mattress (RSB% - 4.5%)	6,55%	N/A
Leverage Value -$ MM	54.343.878	N/A
Leverage ratio (min. 3%)	7,32%	N/A

1. For the additional basic solvency ratio, the transition regime established in Article 13 of Decree 1477 of 2018 (as of January 1, 2021 min. 4.875%, as of January 1, 2022 min. 5.25%, as of January 1, 2023 min. 5.625%, as of January 1, 2024 min. 6%) must be taken into account

4.6 Operational risk

The Holding Company has an Operational Risk Management System (SARO) implemented in accordance with the guidelines established in Chapter XXIII of the Basic Accounting and Financial Circular (External Circular 100 of 1995) by the Financial Superintendency of Colombia.

Thanks to SARO, the Holding Company has strengthened its understanding and control of risks in processes, activities, products, and operating lines; it has been able to reduce errors and identify opportunities for improvement that support the development and operation of new products and/or services.

The Operational Risk Manual contains the policies, standards and procedures that guarantee the management of the business. There is also a Business Continuity Plan Manual for the operation of the Holding Company in the event of interruption of critical processes.

The Holding Company keeps a detailed record of its Operational Risk events, provided by the information systems and Risk Managers. This record is recorded in the expense accounts assigned for the correct accounting follow-up.

On a monthly and quarterly basis, the SARO Committee and the Board of Directors, respectively, are informed of the most important aspects of the operational risk situation, including the follow-up of the implementation of corrective actions to mitigate risks classified in extreme and high risk zones, the evolution of operational risk losses, action plans based on the events that have materialized, among others. Likewise, changes in the risk profile are reported, based on the identification of new risks and controls in current and new processes.

The Operational Risk Unit is managed by the Operational Risk and Business Continuity Department, which reports to the Vice-Presidency of Risk and Collections and oversees two Business Continuity analysts, a Regulatory Reporting Control analyst, a High Impact Inherent Risks analyst and an Operational Risk Coordination with five Operational Risk analysts.

The evolution of the figures for the Holding Company and its subsidiaries resulting from each update of the operational risk profile during the periods ended December 31, 2021 and 2020 is shown below:

	December 31, 2021	December 31, 2020
Processes	284	303
(*) Risks	1.286	1.255
Failures	2.740	2.752
(*)Controls	4.510	4.326

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

The net losses recorded for operational risk events for the year 2021 were $4,745, broken down as follows: other assets 73%, other litigation 15%, various operational risks 11% and other accounting accounts 1%.

According to the Basel risk classification, the events originated in: external fraud 68% $3,248, execution and administration of processes 17% $793, damage to physical assets 14%, $646 and Others 1%, $58.

In external fraud, the most relevant events are originated by credit card fraud for $1,900, under the modalities of non-face-to-face purchases, impersonation, falsification or copying of magnetic stripe, substitution, lost card, improper use, lower value, and stolen card. On the other hand, there were 3 events related to fraudulent transactions made through electronic channels, for $423.

In damages to physical assets, the most relevant events correspond to vandalism of offices and buildings during the protests of 2021, which resulted in repairs and replacement of computer equipment, furniture, and fixtures for $638.

In implementation and administration of processes, the most relevant events correspond to: Payment of penalties for errors or untimeliness in the presentation of withholding tax returns, VAT, ICA, exogenous information and magnetic media for $256, provision in Fiduciaria de Occidente for possible correction of Income for 2019, given that the tax return for the year was not declared for $245 and on the other hand, an event due to inconsistency in the CRS OBB report year 2018 transmitted in 2019, generated a loss equivalent to $44.

Business Continuity Plan

The Business Continuity Plan refers to the detailed set of actions that describe the procedures, systems, and resources necessary to return and continue the operation in case of interruption.

The Holding Company has been working on the implementation and maintenance of continuity schemes, both technological and operational, which allow it to address critical business processes in the event of a crisis. In this way, tests are structured on a permanent basis to identify improvements to the plans developed.

4.7 Money laundering and terrorist financing risk

In accordance with the regulations of the Financial Superintendency of Colombia and especially following the instructions given in the Basic Legal Circular, Part I, Title IV, Chapter IV, the Holding Company has a Money Laundering and Terrorist Financing Risk Management System (SARLAFT), adjusted to the current regulations, the policies and methodologies adopted by our Board of Directors and the recommendations of the international standards related to this scourge.

Following the recommendations of international bodies and national legislation on SARLAFT, the risks of Money Laundering and Financing of Terrorism (ML/FT) identified by the Holding Company are satisfactorily managed within the concept of continuous improvement and aimed at reasonably minimizing the existence of these risks in the organization.

The Holding Company maintains the policy that states that operations must be processed within the highest ethical and control standards, placing ethical and moral principles before the achievement of business goals, aspects that from a practical point of view have been translated into the implementation of criteria, policies and procedures used for the management of the risk of money laundering and financing of terrorism and related crimes, which have been arranged for the mitigation of these risks reaching the lowest possible level of exposure.

For the continuous development of this management, 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 riskfactor (customer, product, channel and jurisdiction), to identify risk and monitor the transactions carried out in the Holding Company in order to detect unusual transactions based on the profile ofthe segments.

On the other hand, the Holding Company maintains its institutional training program for employees, in which guidelines are given regarding the regulatory framework and control mechanisms for ML/FT prevention, thus promoting a culture of compliance to the satisfaction of the organization andin accordance with the program.

In compliance with the provisions of legal regulations and in accordance with the amounts and characteristics required in Part I, Title IV, Chapter IV of the Basic Legal Circular of the Financial Superintendency of Colombia, the Holding Company timely submitted the institutional reports and reports to the different control entities.

During the year 2021, we followed up on the reports prepared by the Internal Audit and the Statutory Auditor's Office, regarding the management of the risk of money laundering and financing of terrorism, to address the recommendations aimed at optimizing the System.

The Bank as 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, policies and guidelines are implemented considering the regulations governing each jurisdiction.

4.8 Legal risk

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

The Holding Company, in accordance with the instructions issued by the Superintendence of Finance of Colombia, valued the claims of the lawsuits against it based on the analysis and concepts of the attorneys in charge; and in the required cases, the respective contingencies are duly provisioned.

Regarding copyrights, the Holding Company uses only legally acquired software or licenses anddoes not allow its equipment to use programs other than those officially approved.

Note 20 to the financial statements details the provisions for legal contingencies and other provisions.

Note 5. – Estimated fair values

The fair value of financial assets and liabilities traded in active markets (such as financial assets in debt and equity securities and derivatives actively traded on stock exchanges or in interbank markets) is based on prices provided by the price vendor Precia PPV S.A., which determines them through weighted averages of transactions occurring during the trading day.

An active market is a market in which transactions for assets or liabilities take place with sufficient frequency and volume to provide price information on an ongoing basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques determined by the provider. Valuation techniques used for non-standardized financial instruments such as options, currency swaps and over-the-counter derivatives include the use of interest rate or currency valuation curves constructed by pricing vendors from market data and extrapolated to the specific conditions of the instrument being valued, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants that make maximum use of market data and rely as little as possible on 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 is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques employed may not fully reflect all factors relevant to the Holding Company's positions.

Therefore, valuations are adjusted, if necessary, to allow for additional factors, including country risk, liquidity risk and counterparty risk.

The fair value of non-monetary assets such as investment properties or loan guarantees for purposes of determining impairment is based on appraisals performed by independent appraisers with sufficient experience and knowledge of the real estate market or the asset being appraised. Generally, these appraisals are made by reference to market data or based on replacement cost when there is insufficient market data.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or 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 requires judgment, taking into account factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgment on the part of the Matrix. The Matrix considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, non-proprietary, and provided by independent sources actively participating in the relevant market.

a) Fair value measurements on a recurring basis

Fair value measurements on a recurring basis are those that are required or permitted by MFRS in the statement of financial position at the 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, 2021 and 2020 on a recurring basis.

December 31, 2021

	Calculated fair values					
	Level 1	Level 2	Level 3	Total	Valuation technique for levels 2 and 3	The effect of reasonable assumptions on the Main input data
Assets						
Recurring fair value measurements						
Investments in debt securities through profit or loss						
Issued or guaranteed by the Colombian government	$ 302.652	50.736	-	353.388	Market Price	Market Price
Issued or guaranteed by other Colombian government entities	-	19.199	-	19.199	Market Price	Market Price
Issued or guaranteed by other Colombian financial institutions	-	273.536	-	273.536	Market Price	Market Price
Issued or guaranteed by entities of the Colombian real sector	-	1.874	-	1.874	Market Price	Market Price
Issued or guaranteed by Foreign Governments	-	-	-	-	Market Price	Market Price
Issued or guaranteed by other financial institutions foreign financial institutions	-	61.215	-	61.215	Market Price	Market Price
Issued or guaranteed by entities of the real sector foreign	-	-	-	-	Interest Rates	Transactional systems
Others	-	1.923	-	1.923	Interest Rates	Transactional systems
Investments in debt securities with changes in ORI						
Issued or guaranteed by the Colombian government	$ 1.453.728	2.283.022	-	3.736.750	Market Price	Market Price
Issued or guaranteed by other Colombian government entities	-	81.876	-	81.876	Market Price	Market Price
Issued or guaranteed by other Colombian financial institutions	-	864.765	-	864.765	Market Price	Market Price
Issued or guaranteed by entities of the Colombian real sector	-	10.166	-	10.166	Market Price	Market Price
Issued or guaranteed by Foreign Governments	35.830	49.988	-	85.818	Market Price	Market Price
Issued or guaranteed by other financial institutions foreign financial institutions	-	451.006	-	451.006	Market Price	Market Price
Issued or guaranteed by entities of the real sector foreign	-	20.497	-	20.497	Market Price	Market Price
Others	-	80.878	-	80.878	Interest Rates	Transactional systems
Investments in equity instruments with changes - in in profit or loss	-	36.566	444.247	480.813	Unit value	Market value of the underlying assets, less management fees and expenses
Investments in equity instruments with changes in ORI	4.031	-	108.001	112.032	Discounted cash flow	Growth during the five-year projection period. Net income. Growth in residual values after five years. Discounted interest rates.
Trading derivatives						
Currency forward	-	291.987	-	291.987	Discounted cash flow	Curves by functional currency of the underlying Price of the underlying security.
Forward interest rate	-	278	-	278	Discounted cash flow	Curves by functional currency of the underlying.
Interest rate swap	-	151.228	-	151.228	Discounted cash flow	Swap curves assigned according to the underlying
Currency swap					Discounted cash flow	Swap curves assigned according to the underlying
Others	-	20.237	-	20.237	Black & Scholes & Merton	Matrices and implied volatility curves
Investment property at fair value	-	171.419	-	171.419	Discounted cash flow	The processes used to collect data and determine the fair value of investment properties are described in Valuation of investment properties
Total recurring fair value assets	**1.796.241**	**4.922.396**	**552.248**	**7.270.885**		
Liabilities						
Trading derivatives						
Currency forward	-	344.872	-	344.872	Discounted cash flow	Curves by functional currency of the underlying Price of the underlying security.
Forward interest rate	-	276	-	276	Discounted cash flow	Curves by functional currency of the underlying.
Interest rate swap	-	161.205	-	161.205	Discounted cash flow	Swap curves assigned according to the underlying
Currency swap	-	40	-	40	Discounted cash flow	Swap curves assigned according to the underlying
others	-	10.900	-	10.900	Black & Scholes & Merton	Matrices and implied volatility curves
Total recurring fair value liabilities	**$ -**	**517.293**	**-**	**517.293**		

December 31, 2020

		Fair values calculated using internal models				Valuation technique for levels 2 and 3	Effect of reasonable assumptions on fair value
		Level 1	Level 2	Level 3	Total		Main input data
Assets							
Recurring fair value measurements							
Investments in debt securities through profit or loss							
Issued or guaranteed by the Colombian government	$	626.960	428.969	-	1.055.929	Market Price	Market Price
Issued or guaranteed by other Colombian government entities		-	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 Colombian real		-	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 foreign financial institutions		-	5.666	-	5.666	Market Price	Market Price
Others		-	2.007	-	2.007	Interest Rates	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 Colombian financial institutions		6.602	376.242	-	382.844	Market Price	Market Price
Issued or guaranteed by entities of the Colombian real 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 foreign financial institutions		35.137	582.183	-	617.332	Market Price	Market Price
Issued or guaranteed by real sector entities abroad		-	10.015	-	10.015	Market Price	Market Price
Others		-	2.007	-	2.007	Interest Rates	Transactional systems
Investments in equity instruments with changes in income		-	54.492	314.594	369.086	Unit value	Market value of underlying assets, less management fees and expenses
Investments in equity instruments with changes in ORI		4.850	-	83.623	88.473	Discounted cash flow	- Growth during the five-year projection period. Net income. Growth in residual values after five years - Discount interest rates.
Trading derivatives							
Currency forward		-	466.658	-	466.658	Discounted cash flow	Curves by functional currency of the underlying
Interest rate swap		-	90.678	-	90.678	Discounted cash flow	Swap curves allocated according to underlying
Currency swap		-	8	-	8	Discounted cash flow	Swap curves assigned according to underlying
Others		-	13.680	-	13.680	Black & Scholes & Merton	Matrices and implied volatility curves
Investment property at fair value		-	164.595	-	164.595	Discounted cash flow	The processes used to collect data and determine the fair value of investment properties are described in Valuation of investment properties
Total recurring fair value assets		**2.090.042**	**3.934.966**	**398.217**	**6.423.237**		
Liabilities							
Trading derivatives							
Currency forward		-	600.725	-	600.725	Discounted cash flow	Curves by functional currency of the underlying
Forward interest rate		-	848	-	848	Discounted cash flow	Price of the underlying security. Curves by functional currency of the underlying.
Interest rate swap		-	112.594	-	112.594	Discounted cash flow	Swap curves assigned according to the underlying
Currency swap		-	91	-	91	Discounted cash flow	Swap curves assigned according to the underlying
Others		-	13.963	-	13.963	Black & Scholes & Merton	Matrices and implied volatilities curves
Total recurring fair value liabilities	$	-	728.221	-	728.221		

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 quoted in markets that are not considered assets, but are valued according to quoted market prices, broker quotes or alternative price sources supported by observable inputs, are classified in Level 2. Included are 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 are determined based on the appraisal performed by independent expert appraisers as of December 31, 2021, which were prepared under the methodology of comparative sales approach (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) Transfer of levels

The following table presents the transfers between levels 1 and 2 for the periods ended December 31, 2021 and 2020:

Fair value measurements for recurring	December 31, 2021 Level 1 to Level 2	December 31, 2021 Level 2 to Level 1	December 31, 2020 Level 1 to Level 2	December 31, 2020 Level 2 to Level 1
Assets				
Fixed-income fair value investments	$ 676.346	-	$ -	85.606

The investments transferred from level 1 to level 2 correspond to fixed rate tees of references TFIT16280428, TFIT16180930, TFIT16181034 and TFIT16300632, which by December 31, 2021 lost liquidity due to the low volume traded in the last week of the year.

For 2020, 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, presenting significant consistency in their negotiation by December 31, 2020.

The following table presents the movement of equity instruments of lesser interest (less than 20%) classified in level 3 measured at fair value for the periods ended December 31, 2021 and 2020:

		Equity instruments
Balance as of December 31, 2019	**$**	**84.218**
Valuation adjustment with effect on income [(1)]		15.643
Valuation adjustments with effect on ORI		(594)
Additions [(1)]		311.979
Withdrawals / Sales		(13.029)
Balance as of December 31, 2020	**$**	**398.217**
Balance as of December 31, 2020	**$**	**398.217**
Valuation adjustment with effect on income [(1)]		34.344
Valuation adjustments with effect on ORI		24.378
Additions [(1)]		115.800
Redemptions [(1)]		(20.491)
Balance as of December 31, 2021	**$**	**552.248**

(1) As of December 31, 2021, in investments in equity instruments at fair value through profit or loss, there is a variation of $126,101 with respect to December 31, 2020, where the most significant movement is presented in the Nexus Real Estate Private Equity Fund due to the mobilization of 24 properties (19 bank premises and 5 assets received in lieu of payment) from the Bank to the Nexus Real Estate Private Equity Fund, with a capital call of $112,541, redemptions of ($20,491) and a valuation with effect in profit or loss of $34,051.

The ORI at the end of December 2021 corresponding to the valuation of financial instruments measured at fair value level 3 is $24,378.

The ORI recognized at the end of December 2020 corresponding to the valuation of financial instruments measured at fair value level 3 was ($594).

(1) Valuation 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 Holding Company has equity investments in various entities with a participation of less than 20%of the entity's equity, some of them received in payment of customer 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. The valuation of these instruments is made with the following frequency:

- Monthly: Credibanco S.A.
- Quarterly: ACH S.A.
- Semiannual: Redeban S.A.
- Annual: Cámara de Riesgo Central de Contraparte S.A, Aportes En Línea S.A and Casa de Bolsa S.A. The frequency is because their fair value does not vary significantly and yet possible effects on fair value are monitored at each reporting date.

For ACH S.A, Redeban S.A, Cámara de Riesgo Central de Contraparte S.A, Aportes En Línea S.A and Casa de Bolsa S.A. the determination of their fair value as of December 31, 2021, their shares are not listed in a public stock market and therefore, was made with the help of an external advisor to the Bank who has used 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 his experience. These 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 table summarizes the ranges of the main variables used in the valuations:

Variable	Range
Revenues (% 10-year growth)	4% - 23,84%
Revenues (% growth over 5 years)	3,6% - 13,8%
Revenues (% 5-year growth)	1%
Growth in residual values after 10 years	3,20%
Growth in residual values after 5 years	3,10%
Discount rates	12,18% - 13,08%
Cost of equity rates	10,9% - 12,5%
Average WACC discount interest rates	20,27%

The bank also has an equity investment in the Nexus Private Equity Fund, which is valued daily in UVR and 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 the sensitivity analysis of changes in these variables used in the valuation of the investment, considering that the changes in fair value of these investments are recorded in equity as they correspond to investments classified as equity instruments at fair value with changes in equity:

Methods and Variables	Variation	Favorable impact.	Unfavorable impact
Revenues	+/- 1%	$ 163.952,09	$ 152.736,97
Growth in residual values after 5 years	+/- 1% of gradient	170.821,73	146.127,69
Discount Rates	+/- 50PB	168.797,76	149.307,11

According to the variations and impacts presented in the previous box, as of December 31, 2021, the effect on the Bank's equity would be favorable for $5,575 and unfavorable for $5,171. 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, 2021 and 2020 of the assets that were measured at fair value as a result of impairment assessment in the application of IFRS standards applicable to each account but are not required to be measured at fair value on a recurring basis:

December 31, 2021		**Level 1**	**Level 2**	**Level 3**	**Total**
Collateralized loan portfolio financial instruments	$	-	-	469.187	469.187
Non-current assets held for sale		-	-	5.378	5.378
	$	**-**	**-**	**474.565**	**474.565**

December 31, 2020		**Level 1**	**Level 2**	**Level 3**	**Total**
Collateralized loan portfolio financial instruments	$	-	-	377.655	377.655
Non-current assets held for sale		-	-	33.969	33.969
	$	**-**	**-**	**411.624**	**411.624**

The following table presents a summary of the financial assets and liabilities of the Holding Company and subsidiaries recorded at amortized cost as of December 31, 2021 and 2020 compared to the values determined at fair value, for which it is practicable to calculate fair value:

	December 31, 2021		December 31, 2020	
	Book value	Estimated Fair Value	Book value	Estimated Fair Value
Assets				
Fixed-income investments at amortized cost	$ 883.207	883.644	851.997	852.342
Loan portfolio, net	35.097.325	37.390.388	31.040.791	35.173.163
Other accounts receivable	320.896	320.896	280.848	280.848
	$ 36.301.428	**38.594.928**	**32.173.636**	**36.306.353**
Liabilities				
Certificates of Deposit	$ 9.169.470	9.205.191	8.561.944	8.888.978
Interbank funds	1.999.608	1.999.608	1.208.307	1.208.307
Loans from banks and others	2.767.357	2.507.580	1.725.909	1.710.709
Obligations with rediscount entities	951.826	1.008.706	1.263.018	1.334.981
Bonds issued	2.777.578	2.794.257	3.120.450	3.357.202
	$ 17.665.839	**17.515.342**	**15.879.628**	**16.500.177**

The estimated fair value of the loan portfolio is calculated as follows:

Portfolio rated A, B and C: the net present value of the contractual flows discounted at the discount rate was obtained, which is equivalent to the market value of the transactions, based on the balances of each obligation, the maturity date of the transaction, the contractual rate, among others.

Portfolio rated D or E: is calculated on the book value in percentage 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

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 those loans rated D or E only risk points are considered).

The **Risk Free Rate** represents the opportunity cost incurred when placing resources 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 published by the price vendor 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 vendor.

Other accounts receivable mature 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 of the Holding Company's liabilities (CDT's and Bonds) is performed by means of the PWPREI application, which values the Holding Company's standardized liabilities in pesos at market prices, using the information published by the price provider Precia PPV S.A.

For Financial Obligations, the calculation is performed manually, in which the valuation is made using the discount curve calculated by the Holding Company's Treasury Risk Division.

Note 6. – Cash

Cash balances as of December 31, 2021 and 2020, comprise the following:

		December 31, 2021	December 31, 2020
In Colombian pesos			
	$	485.839	535.135
Cash		1.906.454	2.011.908
At Banco de la República de Colombia		17.240	3.453
Bank and other financial entities on demand		800	228
		2.410.333	**2.550.724**
In foreign currency			
Cash		8.491	7.006
Bank and other financial institutions on demand		2.691.179	889.332
		2.699.670	**896.338**
Total cash	**$**	**5.110.003**	**3.447.062**

Bank reserves required

The following is the bank reserve requirement:

Concept		December 31, 2021	December 31, 2020
Cash holdings 3.5%.	$	100.535	89.958
Cash holdings 8%		1.989.656	1.714.425
Total cash holdings	**$**	**2.090.191**	**1.804.383**

As of December 31, 2021, the legal reserve in Colombia is 8% for deposits in checking, savings, and other accounts and 3.5% for certificates of deposit of less than 18 months.

As of December 31, 2021, the legal reserve required to meet liquidity requirements for deposits in checking, savings and other accounts is $1,989,656.

As of December 31, 2021, the legal reserve required to meet liquidity requirements for certificates of deposit of less than 18 months was $100,535.

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, 2021 and 2020:

Balance of investment financial assets at fair value		December 31, 2021	December 31, 2020
Debt securities with changes in results			
In Colombian pesos			
Issued or guaranteed by the Colombian Government	$	348.749	1.002.341
Issued or guaranteed by other Colombian government entities		19.199	31.687
Issued or guaranteed by other Colombian financial institutions		167.276	101.423
Issued or guaranteed by entities of the Colombian real sector		1.874	1.628
Other		1.923	2.007
		539.021	**1.139.086**
In foreign currency			
Issued or guaranteed by the Colombian Government		4.639	53.588
Issued or guaranteed by other Colombian financial institutions		106.260	5.232
Issued or guaranteed by Foreign Governments		-	25
Issued or guaranteed by other foreign financial institutions		61.215	5.666
		172.114	**64.511**
Total debt securities with changes in income	**$**	**711.135**	**1.203.597**
Debt securities with changes in ORI			
In Colombian pesos			
Issued or guaranteed by the Colombian Government	$	2.704.475	1.981.417
Issued or guaranteed by other Colombian Government Entities		81.876	-
Issued or guaranteed by other Colombian financial institutions		554.051	178.443
Issued or guaranteed by entities of the Colombian real sector		10.166	10.535
Issued or guaranteed by other foreign financial institutions		17.139	15.756
Other		-	2.007
		3.367.707	**2.188.158**
In foreign currency			
Issued or guaranteed by the Colombian Government		1.032.275	922.995
Issued or guaranteed by other Colombian financial institutions		310.714	204.401
Issued or guaranteed by Foreign Governments		85.818	99.317
Issued or guaranteed by other foreign financial institutions		433.867	601.564
Issued or guaranteed by real sector entities abroad		20.497	10.015
Other		80.878	-
		1.964.049	**1.838.292**
Total debt securities with changes in ORI (1)	**$**	**5.331.756**	**4.026.450**

Equity instruments with adjustment to income		December 31, 2021	December 31, 2020
In Colombian pesos			
Collective investment funds	$	480.813	369.086
Total equity instruments with adjustment to income		**480.813**	**369.086**
Total trading derivative instruments with changes in profit and loss	$	**463.730**	**571.024**
Total financial instruments at fair value through profit or loss	$	**1.655.678**	**2.143.707**
Equity instruments with adjustment to equity ORI			
In Colombian pesos			
Corporate shares	$	112.032	88.473
Total equity instruments		**592.845**	**457.559**
Total financial assets in debt securities and investments in equity instruments at fair value	**$**	**7.099.466**	**6.258.630**
Total financial instruments at fair value with changes in ORI	**$**	**5.443.788**	**4.114.923**

(1) The valuation effect recognized in ORI for debt securities at December 31, 2021 is ($270,415) and at $31,101 at December 31, 2020.

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

Below is a detail of equity instruments with changes in other comprehensive income:

Entity		December 31, 2021	December 31, 2020
Redeban Multicolor S.A. (1)	$	21.745	21.871
A.C.H Colombia S.A. (1)		43.080	22.449
Cámara de Riesgo Central de Contraparte de Colombia S.A. (1)		2.433	2.362
Bolsa de Valores de Colombia S.A. (1)		4.031	4.850
Credibanco (1)		35.225	34.129
Aportes en Línea S.A. (Gestión y Contacto) (1)		2.419	201
Casa de Bolsa S.A Sociedad Comisionista de Bolsa (1)		3.099	2.611
Total	**$**	**112.032**	**88.473**

(1) 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 the fair value of the equity instruments for $23,559 as of December 31, 2021 and as of December 31, 2020 for $($480).

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 soon 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, 2021, dividends of $3,138 ($2,344 during the period ended December 31, 2020) have been recognized in the income statement for these investments).

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

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, 2021	December 31, 2020
Delivered in money market operations			
Issued or guaranteed by the Colombian government	$	1.278.841	898.061
Issued or guaranteed by other entities of the Colombian Government		125.010	-
Issued or guaranteed by other financial institutions		447.697	-
Issued or guaranteed by other foreign financial institutions		45.504	-
		1.897.052	**898.061**
Delivered as collateral for derivative transactions			
Issued or guaranteed by the Colombian government		228.820	234.721
Total	**$**	**2.125.872**	**1.132.782**

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

As of December 31, 2021, fixed income investments hedging Money Market operations are presented in Simultaneous Liabilities $1,278,842 and Repo Liabilities $618,210 (December 31, 2020 they were presented in Simultaneous Liabilities $135,144 and Repo Liabilities $762,917).

There are no legal or economic restrictions, pledges, or liens on financial assets in the form of debt securities and equity instruments at fair value, and there is no limitation on their ownership.

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

The balance of financial assets in debt securities at amortized cost comprises the following at December 31, 2021 and 2020:

		December 31, 2021	December 31, 2020
Debt securities			
In Colombian pesos			
Issued or guaranteed by other Colombian Government Entities	**$**	883.552	852.355
Total debt securities		**883.552**	**852.355**
Provisions for investments		(345)	(358)
Total financial assets in debt securities at amortized cost	**$**	**883.207**	**851.997**

The following is the change in the provision for investments for the period ended December 31, 2021:

		December 31, 2021	December 31, 2020
Balance at beginning of period	$	358	202
Reversal of impairment of Banco de Occidente Panama bond		37	(9)
Impairment (recovery) expense on investments at amortized cost		(50)	165
Balance at end of period	$	**345**	**358**

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

		December 31, 2021	December 31, 2020
Up to 1 month	$	93.781	61.744
more than 3 months and not more than 1 year		789.771	790.611
Subtotal		**883.552**	**852.355**
Provisions for investments		(345)	(358)
Total	$	**883.207**	**851.997**

Note 9. – Derivative instruments and hedges of foreign investments

a. Derivative financial instruments for trading

The following table sets forth the fair values as of December 31, 2021 and 2020 of forward contracts, futures, options, interest rate swaps and foreign currency swaps in which the Holding Company is engaged:

Concept	December 31 2021 Notional amount	December 31 2021 Fair value	December 31 2020 Notional amount	December 31 2020 Fair value
Assets				
Forward contracts	$ 38.759	689	135.603	4.389
Forward contracts of different currencies Peso/Dollar	13.848.552	291.296	8.263.289	462.268
Forward contracts of Peso/Dollar currencies	75.000	278	-	-
Subtotal	**13.962.311**	**292.263**	**8.398.892**	**466.657**
Swap				
Foreign currency swap contracts	-	-	361	8
Interest rate swap contracts	6.727.852	151.230	782.740	90.679
Subtotal	**6.727.852**	**151.230**	**783.101**	**90.687**
Purchase of options				
Currency call options	607.780	20.237	445.811	13.680
Subtotal	**607.780**	**20.237**	**445.811**	**13.680**
Total assets	**$ 21.297.943**	**463.730**	**9.627.804**	**571.024**
Liabilities				
Forward contracts				
Forward contracts of Peso/Dollar currencies	$ 14.514.558	343.954	8.504.110	596.268
Forward contracts of different currencies Peso/Dollar	170.286	919	134.442	4.456
Securities forward contracts	165.000	276	418.117	848
Subtotal	**14.849.844**	**345.149**	**9.056.669**	**601.572**
Swap				
Foreign currency swap contracts	260	39	719	91
Interest rate swap contracts	11.725.235	161.205	1.017.336	112.594
Subtotal	**11.725.495**	**161.244**	**1.018.055**	**112.685**
Options contracts				
Currency put options	591.656	10.900	402.191	13.964
Subtotal	**591.656**	**10.900**	**402.191**	**13.964**
Total liabilities	**27.166.995**	**517.293**	**10.476.915**	**728.221**
Net position	**$ (5.869.052)**	**(53.563)**	**(849.111)**	**(157.197)**

Derivative instruments entered by the Holding Company are generally traded in organized marketsand with local and foreign customers and counterparties of the Holding Company. Derivative instruments have net favorable (assets) or unfavorable (liabilities) terms because of fluctuations inforeign currency exchange rates and in the interest rate market or other variables related 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, 2021, 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, 2021 and 2020 are as follows:

LESS THAN ONE YEAR

Concept	December 31, 2021 Notional amount	December 31, 2021 Fair value	December 31, 2020 Notional amount	December 31, 2020 Fair value
Assets				
Forward contracts				
Forward contracts of different currencies Peso/Dolla	$ -	689	135.603	4.399
Peso/Dollar currency forward contracts	13.622.462	278.382	7.992.807	441.555
Securities forward contracts	75.000	278	-	-
Subtotal	**13.697.462**	**279.349**	**8.128.410**	**445.954**
Swap				
Foreign currency swap contracts	-	-	176	2
Interest rate swap contracts	6.727.852	17.707	520.726	14.045
Subtotal	**6.727.852**	**17.707**	**520.902**	**14.047**
Purchase of options				
Currency call options	553.502	13.860	391.262	10.592
Subtotal	**553.502**	**13.860**	**391.262**	**10.592**
Total assets	**$ 20.978.816**	**310.916**	**9.040.574**	**470.593**
Liabilities				
Forward contracts				
Forward contracts of Peso/Dollar currencies	$ 14.231.713	325.626	8.141.059	562.429
Forward contracts of different currencies Peso/Dollar	170.286	919	134.442	4.471
Securities forward contracts	165.000	276	418.117	848
Subtotal	**14.566.999**	**326.821**	**8.693.618**	**567.748**
Swap				
Foreign currency swap contracts	260	39	662	90
Interest rate swap contracts	7.417.140	20.301	720.765	8.232
Subtotal	**7.417.400**	**20.340**	**721.427**	**8.322**
Options contracts				
Currency put options	521.454	8.966	345.354	10.786
Subtotal	**521.454**	**8.966**	**345.354**	**10.786**
Total liabilities	**$ 22.505.853**	**356.127**	**9.760.399**	**586.856**
Net position	**$ (1.527.037)**	**(45.211)**	**(719.825)**	**(116.263)**

OVER ONE YEAR

Concept	December 31, 2021 Notional amount	December 31, 2021 Fair value	December 31, 2020 Notional amount	December 31, 2020 Fair value
Assets				
Forward contracts				
Forward contracts of different currencies Peso/Dollar	$ 38.759	-	-	-10
Forward contracts of Peso/Dollar currencies	226.090	12.914	270.482	20.713
Subtotal	**264.849**	**12.914**	**270.482**	**20.703**
Swap				
Foreign currency swap contracts	-	-	185	6
Interest rate swap contracts	-	133.523	262.014	76.634
Subtotal	**-**	**133.523**	**262.199**	**76.640**
Purchase of options				
Currency call options	54.278	6.377	54.549	3.088
Subtotal	**54.278**	**6.377**	**54.549**	**3.088**
Total assets	**$ 319.127**	**152.814**	**587.230**	**100.431**
Liabilities				
Forward contracts				
Forward contracts of different currencies Peso/Dollar	$ 282.845	18.328	363.051	33.839
Forward contracts of different currencies Peso/Dollar	-	-	-	-15
Subtotal	**282.845**	**18.328**	**363.051**	**33.824**
Swap				
Foreign currency swap contracts	-	-	57	1
Interest rate swap contracts	4.308.095	140.904	296.571	104.362
Subtotal	**4.308.095**	**140.904**	**296.628**	**104.363**
Options contracts				
Currency put options	70.202	1.934	56.837	3.178
Subtotal	**70.202**	**1.934**	**56.837**	**3.178**
Total liabilities	**$ 4.661.142**	**161.166**	**716.516**	**141.365**
Net position	**$ (4.342.015)**	**(8.352)**	**(129.286)**	**(40.934)**

Trading derivative financial instruments contain the CVA/DVA component associated with the credit component of these contracts, at December 31, 2021 and 2020 the effect of CVA/DVA on the statement of income was an expense of $677 and $1,153, respectively.

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

- For the incorporation of 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 performed.
- In the case of derivatives traded in a standardized market or novated before a Central Counterparty Risk Clearing House, the price includes the concept of credit risk equal to zero, since a central counterparty risk clearing house is involved, and therefore, there is no need to perform the exercise. In the case of derivatives traded in the OTC market (Options, Forwards, IRS, CCS) that do not include such concept, the analysis was performed.

The credit risk was calculated for all non-standardized or novated derivative instruments held by the entities. For the determination of the credit risk adjustment for the portfolios.

b. Financial instruments and hedging of investments abroad

During the development of its operations, the Holding Company has the following investments in foreign subsidiaries as of December 31, 2021 and 2020, 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, 2021				
		Thousands of U.S. dollars		Million Colombian pesos		
Investment detail		**Value of covered investment**	**Value of hedged foreign currency obligations**		**Adjustment for translation of financial statements**	**Exchange difference on foreign currency obligations**
Occidental Bank Barbados Ltd.	USD	32.329	(32.329)	$	51.478	(51.478)
Banco de Occidente Panamá S.A.		46.039	(46.039)		72.590	(72.590)
Total	**USD**	**78.368**	**(78.368)**	**$**	**124.068**	**(124.068)**

		December 31, 2020				
		Thousands of U.S. dollars		Million Colombian pesos		
Investment detail		**Value of covered investment**	**Value of hedged foreign currency obligations**		**Adjustment for translation of financial statements**	**Exchange difference on foreign currency obligations**
Occidental Bank Barbados Ltd.	USD	35.238	(35.238)	$	32.671	(32.671)
Banco de Occidente Panamá S.A.		52.456	(52.456)		44.768	(44.768)
Total	**USD**	**87.694**	**(87.694)**	**$**	**77.439**	**(77.439)**

Since these investments are denominated in U.S. dollars, which is the functional currency of the above subsidiaries, the Holding Company is subject to the risk of changes in the exchange rate ofthe peso, which is the Bank's functional currency, against the U.S. 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 $78,368 as of December 31, 2021 and $87,694 as of December 31, 2020, which cover 100% of the current investments in those subsidiaries; the financial obligations have a short-term maturity, therefore, once such obligations mature, the Holding Company's management designates new obligations in foreign currency to maintain 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 income. In the ORI ($46,629) and ($14,315) were recognized as of December 31, 2021 and 2020, respectively, as a result of hedge effectiveness.

Note 10. – Financial assets from loans and receivables at amortized cost, net

The account of financial assets for loan portfolio at amortized cost in the consolidated statement of financial position is shown classified by commercial, consumer and housing mortgage portfolio, considering that this is the classification adopted by the Superintendence of Finance in the Single Catalog of Financial Information "CUIF". However, considering the importance that the financial leasing portfolio represents at Group level, for disclosure purposes, these loans have been separated in all the tables of the note on financial credit risks and in this note in accordance with the following reclassification detail:

December 31, 2021

Modality		Balance according to balance sheet	Reclassification of leasing	Balance as disclosed
Commercial	$	25.578.816	5.371.422	20.207.394
Consumer		8.887.493	12.506	8.874.987
Housing		2.132.885	1.183.018	949.867
Commercial Leasing		-	(5.371.422)	5.371.422
Consumer Leasing		-	(12.506)	12.506
Housing Leasing		-	(1.183.018)	1.183.018
Deposits and interbank		465.911	-	465.911
Total	**$**	**37.065.105**	**-**	**37.065.105**

December 31, 2020

Modality		Balance according to balance sheet.	Reclassification of leasing	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
Deposits and interbank		342.830	-	342.830
Total	**$**	**33.022.704**	**-**	**33.022.704**

1. Loan portfolio by type

The distribution of the loan portfolio of the Holding Company and its subsidiaries by type is shown below:

		December 31, 2021	December 31, 2020
Ordinary loans	$	19.432.721	18.413.470
Loans with resources from other entities		4.912.343	2.871.743
Real estate leased		4.262.431	4.219.630
Promissory notes		3.010.338	2.566.468
Personal property leased		2.304.515	2.122.895
Credit cards		1.418.330	1.440.241
Home mortgage letter		949.867	830.203
Other		462.727	342.373
Discounts		155.008	100.763
Covered letters of credit		72.632	42.497
Bank current account overdrafts		55.115	46.020
Employee loans		25.894	25.943
Deferred payment letters of credit		3.184	458
Total gross loan portfolio	**$**	**37.065.105**	**33.022.704**
Provision for impairment of financial assets by loan portfolio		(1.967.781)	(1.981.913)
Total net loan portfolio	**$**	**35.097.324**	**31.040.791**

2. Loan portfolio movement in impairment

The following is the movement in the impairment of the loan portfolio during the years ended December 31, 2021 and 2020:

	Commercial				Repos and Interbank				Consumption			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Etapa 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance as of December 31, 2020	$ 127.377	49.268	663.491	840.136	28	-	59	87	190.103	160.481	412.571	763.155
Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of January 1, 2021	**127.377**	**49.268**	**663.491**	**840.136**	**28**	**-**	**59**	**87**	**190.103**	**160.481**	**412.571**	**763.155**
Write-offs for the period	(104)	(2.244)	(394.276)	(396.624)	-	-	-	-	(44.148)	(54.064)	(395.109)	(493.321)
Reversal of accrued interest Stage 3	-	-	56.396	56.396	-	-	-	-	-	-	26.503	26.503
Expense	(4.729)	29.874	454.089	479.234	11	-	-	11	46.128	113.744	255.612	415.484
Expense for disbursements or originations	106.206	25.168	49.016	180.390	49	-	-	49	99.949	51.061	137.248	288.258
Reimbursement	(26.048)	(8.109)	(20.040)	(54.197)	-	-	-	-	(53.363)	(18.728)	(8.245)	(80.336)
Cancellation or payment in full	(60.266)	(14.198)	(165.027)	(239.491)	(11)	-	(59)	(70)	(66.492)	(63.747)	(113.954)	(244.193)
Reclassification from Stage 1 to Stage 2	(10.398)	10.398	-	-	-	-	-	-	(48.413)	48.413	-	-
Reclassification from Stage 1 to Stage 3	(2.336)	-	2.336	-	-	-	-	-	(4.621)	-	4.621	-
Reclassification from Stage 2 to Stage 3	-	(5.797)	5.797	-	-	-	-	-	-	(9.246)	9.246	-
Reclassification from Stage 3 to Stage 2	-	2.378	(2.378)	-	-	-	-	-	-	8.574	(8.574)	-
Reclassification from Stage 2 to Stage 1	10.300	(10.300)	-	-	-	-	-	-	35.787	(35.787)	-	-
Reclassification from Stage 3 to Stage 1	3.459	-	(3.459)	-	-	-	-	-	7.104	-	(7.104)	-
Exchange difference	2.326	-	-	2.326	-	-	-	-	-	-	-	-
Balance as of December 31, 2021	**$ 145.787**	**76.438**	**645.945**	**868.170**	**77**	**-**	**-**	**77**	**162.034**	**200.701**	**312.815**	**675.550**

	Housing				Commercial Leasing				Consumption 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, 2020	$ 14.106	6.231	30.269	50.606	20.863	17.170	231.977	270.010	262	348	239	849
Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of January 1, 2021	**14.106**	**6.231**	**30.269**	**50.606**	**20.863**	**17.170**	**231.977**	**270.010**	**262**	**348**	**239**	**849**
Write-offs for the period	-	-	-	-	-	-	(99.270)	(99.270)	-	-	(5.128)	(5.128)
Reversal of accrued interest Stage 3	-	-	1.490	1.490	-	-	16.527	16.527	-	-	4	4
Expense	109	4.156	10.423	14.688	2.627	14.732	128.307	145.666	19	69	5.167	5.255
Expense for disbursements or originations	4.614	396	-	5.010	7.484	1.101	6.197	14.782	45	80	257	382
Reimbursement	(6.470)	(2.977)	(3.102)	(12.549)	(11.614)	(3.462)	(10.737)	(25.813)	(135)	(73)	(55)	(263)
Cancellation or payment in full	(2.458)	(881)	(2.612)	(5.951)	(2.127)	(1.591)	(6.524)	(10.242)	(46)	(57)	(40)	(143)
Reclassification from Stage 1 to Stage 2	(1.605)	1.605	-	-	(2.614)	2.614	-	-	(29)	29	-	-
Reclassification from Stage 1 to Stage 3	(109)	-	109	-	(548)	-	548	-	-	-	-	-
Reclassification from Stage 2 to Stage 3	-	(1.237)	1.237	-	-	(2.881)	2.881	-	-	(70)	70	-
Reclassification from Stage 3 to Stage 2	-	2.352	(2.352)	-	-	3.376	(3.376)	-	-	34	(34)	-
Reclassification from Stage 2 to Stage 1	1.719	(1.719)	-	-	6.398	(6.398)	-	-	86	(86)	-	-
Reclassification from Stage 3 to Stage 1	1.709	-	(1.709)	-	2.370	-	(2.370)	-	-	-	-	-
Exchange difference	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2021	**$ 11.615**	**7.926**	**33.753**	**53.294**	**22.839**	**24.661**	**264.160**	**311.660**	**202**	**274**	**480**	**956**

		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, 2020	$	18.670	7.354	31.045	57.069	39.795	24.872	263.261	327.928	371.409	240.852	1.369.651	1.981.912
Changes in accounting policy		-	-	-	-	-	-	-	-	-	-		
Balance as of January 1, 2021		**18.670**	**7.354**	**31.045**	**57.069**	39.795	24.872	263.261	**327.928**	**371.409**	**240.852**	**1.369.651**	**1.981.912**
Write-offs for the period		-	-	(1.845)	(1.845)	-	-	(106.243)	(106.243)	(44.252)	(56.308)	(895.628)	(996.188)
Reversal of accrued interest Stage 3		-	-	1.117	1.117	-	-	17.648	17.648	-	-	102.037	102.037
Expense		142	6.808	9.274	16.224	2.788	21.609	142.748	167.145	44.307	169.383	862.872	1.076.562
Expense for disbursements or originations		4.286	705	336	5.327	11.815	1.886	6.790	20.491	222.633	78.511	193.054	494.198
Reimbursement		(8.067)	(2.485)	(3.062)	(13.614)	(19.816)	(6.020)	(13.854)	(39.690)	(105.697)	(35.834)	(45.241)	(186.772)
Cancellation or payment in full		(1.992)	(686)	(3.526)	(6.204)	(4.165)	(2.334)	(10.090)	(16.589)	(133.392)	(81.160)	(291.742)	(506.294)
Reclassification from Stage 1 to Stage 2		(2.616)	2.616	-	-	(5.259)	5.259	-	-	(65.675)	65.675	-	-
Reclassification from Stage 1 to Stage 3		(177)	-	177	-	(725)	-	725	-	(7.791)	-	7.791	-
Reclassification from Stage 2 to Stage 3		-	(1.424)	1.424	-	-	(4.375)	4.375	-	-	(20.655)	20.655	-
Reclassification from Stage 3 to Stage 2		-	1.340	(1.340)	-	-	4.750	(4.750)	-	-	18.054	(18.054)	-
Reclassification from Stage 2 to Stage 1		1.799	(1.799)	-	-	8.283	(8.283)	-	-	56.089	(56.089)	-	-
Reclassification from Stage 3 to Stage 1		1.948	-	(1.948)	-	4.318	-	(4.318)	-	16.590	-	(16.590)	-
Exchange difference		-	-	-	-	-	-	-	-	2.326	-		2.326
Balance as of December 31, 2021	$	**13.993**	**12.429**	**31.652**	**58.074**	**37.034**	**37.364**	**296.292**	**370.690**	**356.547**	**322.429**	**1.288.805**	**1.967.781**

		Commercial				Repos and Interbank				Repos and Interbank			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of January 1, 2019	$	143.960	8.466	676.902	829.328	81	-	905	986	154.175	58.815	221.923	434.913
Write-offs for the period		(2)	-	(495.037)	(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
Reimbursement		(19.095)	(3.291)	(14.633)	(37.019)	(13)	-	-	(13)	(28.424)	(7.700)	(2.169)	(38.293)
Cancellation or payment in full		(75.638)	(2.335)	(142.056)	(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)	-
Exchange difference		376	-	60	436	-	-	-	-	-	-	-	-
Balance as of December 31, 2020	$	**127.379**	**49.268**	**663.490**	**840.138**	**28**	-	**59**	**87**	**190.098**	**160.481**	**412.572**	**763.151**

	Housing				Commercial Leasing				Consumption 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 January 1, 2019	$ 10.604	3.584	17.043	31.231	27.668	7.000	167.068	201.736	236	104	324	664
Write-offs for the period	-	-	-	-	-	-	(79.907)	(79.907)	-	-	(2.174)	(2.174)
Reversal of accrued interest Stage 3	-	-	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
Reimbursement	(2.679)	(464)	(1.411)	(4.554)	(9.893)	(2.356)	(8.591)	(20.840)	(72)	(4)	-	(76)
Cancellation or payment in full	(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)	-
Exchange difference	-	-	-	-	-	-	-	-	-	-	-	-
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			
	Etapa 1	Etapa 2	Etapa 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of January 1, 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
Write-offs for the period	-	-	(471)	(471)	-	-	(82.552)	(82.552)	(122)	(190)	(940.736)	(941.048)
Reversal of 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
Reimbursement	(4.057)	(509)	(731)	(5.297)	(14.022)	(2.869)	(9.322)	(26.213)	(64.233)	(14.324)	(27.535)	(106.092)
Cancellation or payment in full	(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	-	(2.427)	-	15.269	-	(15.269)	-
Exchange difference	-	-	-	-	-	-	-	-	376	-	60	436
Balance as of December 31, 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**

3. Individual and collectively evaluated loan portfolio

The following is a detail of the credit risk impairment as of December 31, 2021 and 2020, taking into account the manner in which they were determined, individually for loans over $2,000 and collectively for other loans.

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

December 31, 2021

		Commercial	Consumption	Housing	Commercial Leasing	Consumption Leasing	Housing Leasing	Financial Leasing	Repos and Interbank	Total
Provision for impairment										
Loans evaluated individually	$	438.764	-	-	166.927	-	-	166.927	-	605.691
Collectively assessed loans		429.406	675.550	53.294	144.733	956	58.074	203.763	77	1.362.090
Total provision for impairment	**$**	**868.170**	**675.550**	**53.294**	**311.660**	**956**	**58.074**	**370.690**	**77**	**1.967.781**

		Commercial	Consumption	Housing	Commercial Leasing	Consumption Leasing	Housing Leasing	Total Financial Leasing	Repos and Interbank	Total
Gross balance of financial assets by loan portfolio										
Credits evaluated individually (1)	$	15.164.005	32.770	8.903	3.759.620	20	17.554	3.777.194	-	18.982.872
Collectively assessed loans		5.043.389	8.842.217	940.964	1.611.802	12.486	1.165.465	2.789.753	465.911	18.082.234
Total provision for impairment	**$**	**20.207.394**	**8.874.987**	**949.867**	**5.371.422**	**12.506**	**1.183.019**	**6.566.947**	**465.911**	**37.065.106**

December 31, 2020

		Commercial	Consumption	Housing	Commercial Leasing	Consumption Leasing	Housing Leasing	Financial Leasing	Repos and Interbank	Total
Provision for impairment										
Loans 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**

		Commercial	Consumption	Housing	Commercial Leasing	Consumption Leasing	Housing Leasing	Total Financial Leasing	Repos and Interbank	Total
Gross balance of financial assets by loan portfolio										
Credits evaluated individually (1)	$	10.961.897	16.913	9.006	3.619.334	-	400	3.619.734	-	14.607.550
Collectively assessed 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**

(1) Include the total of appraised assets over $2,000 regardless of whether they were considered impaired or not impaired because of the appraisal.

4. Individually assessed loan portfolio

The following is a detail of loans individually assessed for impairment as of December 31, 2021 and 2020:

	December 31, 2021		
	Gross book value	Collateral guarantees	Provision constituted
No impairment recorded			
Commercial Leasing	$ 7.969	500	-
Subtotal	**7.969**	**500**	**-**
With recorded impairment			
Commercial	1.235.527	228.636	438.764
Commercial Leasing	563.010	118.738	166.927
Subtotal	**1.798.537**	**347.374**	**605.691**
Totals			
Commercial	1.235.527	228.636	438.764
Commercial Leasing	570.979	119.238	166.927
Total	**$ 1.806.506**	**347.874**	**605.691**

	December 31, 2020		
	Gross book value.	Collateral guarantees	Provision constituted
No impairment recorded			
Commercial	$ 7.127	-	-
Commercial Leasing	15.481	-	-
Subtotal	**22.608**	**-**	**-**
With recorded impairment			
Commercial	1.241.583	97.598	475.984
Consumption	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
Consumption	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**

5. Loan portfolio maturity period

The distribution of the loan portfolio of the Holding Company and subsidiaries by maturity period is asfollows:

	December 31, 2021				
	Up to 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
Commercial	$ ~~12.172.054~~	5.331.139	1.698.987	1.005.214	20.207.394
Consumer	2.507.908	3.526.176	1.982.444	858.459	8.874.987
Housing	94.306	138.674	132.127	584.760	949.867
Commercial Leasing	1.643.119	1.896.508	932.294	899.501	5.371.422
Consumer Leasing	5.187	5.459	1.693	167	12.506
Housing Leasing	119.112	171.626	160.674	731.606	1.183.018
Repos and interbank	465.911	-	-	-	465.911
Total portfolio	**$ 17.007.597**	**11.069.582**	**4.908.219**	**4.079.707**	**37.065.105**

	December 31, 2020				
	Up to 1 year	From 1 to 3 years	From 3 to 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
Housing 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**

6. Loan portfolio by type of currency

The classification of the loan portfolio by type of currency is presented below:

	December 31, 2021		
	Colombian pesos	Foreign (1) currency	Total
Commercial	$ 15.813.511	4.393.883	**20.207.394**
Consumer	8.824.008	50.979	**8.874.987**
Housing	949.867	-	**949.867**
Commercial Leasing	5.371.422	-	**5.371.422**
Consumer Leasing	12.506	-	**12.506**
Housing Leasing	1.183.018	-	**1.183.018**
Repos and interbank	148.683	317.228	**465.911**
Total portfolio	**$ 32.303.015**	**4.762.090**	**37.065.105**

(1) The main foreign currency is the US dollar (USD)

	Colombian pesos	Foreign [(1)] 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**
Microcredit	-	-	**-**
Commercial Leasing	5.253.210	-	**5.253.210**
Consumption Leasing	13.788	-	**13.788**
Housing Leasing	1.075.528	-	**1.075.528**
Leasing Microcredit	-	-	**-**
Repos and interbank loa	113.609	229.221	**342.830**
Total portfolio	$ **30.193.607**	**2.829.097**	**33.022.704**

(1) The main foreign currency is the US dollar (USD)

7. Finance lease receivable portfolio

The following is the reconciliation between the gross investment in finance leases and the present value of the minimum lease payments to be received as of December 31, 2021 and 2020:

Lease receivables

		December 31, 2021	December 31, 2020
Total gross rent payments to be received in the future	$	11.667.764	8.597.691
Plus Estimated residual value of assets delivered under lease (unsecured)		696	696
Gross investment in leasing contracts		**11.668.460**	**8.598.387**
Less unrealized financial income		(5.101.514)	(2.255.862)
Net investment in capital leases		**6.566.946**	**6.342.525**
Impairment of net investment in finance leases	**$**	**370.690**	**327.928**

The following is a detail of the gross investment and net investment in capital leases to be received as of December 31, 2021 and 2020 in each of the following years:

		December 31, 2021		December 31, 2020	
		Gross Investment	**Net Investment**	**Gross Investment**	**Net Investment**
Up to 1 year	$	7.143.847	3.972.453	1.881.768	1.442.271
From 1 to 5 years		3.401.075	2.238.834	3.876.014	2.770.507
More than 5 years		1.123.538	355.659	2.840.605	2.129.747
Total	**$**	**11.668.460**	**6.566.946**	**8.598.387**	**6.342.525**

In financial leasing transactions, the Holding Company, as lessor, delivers assets to the lessee for use for an established term in exchange for a rent payment and the lessee, upon termination, 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 it is exercised. In most contracts the rent payment 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 payment is calculated based on the DTF or IBR with the addition or subtraction of 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 Checking accounts receivable as of December 31, 2021 and 2020:

Detail		December 31, 2021	December 31, 2020
Other		81.856	103.116
Abandoned ICETEX accounts		69.040	54.304
Donations		59.800	34.300
Accounts receivable sale of goods and services		39.639	51.618
Dividends		28.668	16.062
Advances on supplier contracts		20.761	504
Commissions		8.645	8.564
Taxes		8.189	8.111
Prepaid expenses		6.916	7.576
Credit card clearings and Network clearings		4.558	1.958
Transfers to the National Treasury Department		3.668	3.508
Deposits		3.422	2.362
Claims to insurance companies		1.203	424
Leases		989	1.046
Advance payment of industry and commerce tax		943	1.290
Balances in favor in compliance with forward contracts (*)		635	68
Rent payments for goods given under operating leases		598	270
Contributions		237	220
Shortfalls in exchange		99	5
Interest		77	59
To Holding company, subsidiaries, related parties, and associates	$	36	50
Shortages in cash		9	29
Fees, Services and Advances		1	11
Irrecoverable account SIIF		-	8.641
Deposits on monetary contraction		-	32
Promissory notes to vendors		-	146
Subtotal	$	**339.989**	**304.274**
Provision for other accounts receivable		(19.093)	(23.426)
Total	$	**320.896**	**280.848**

(*) The balance in accounts receivable from forward settlements is presented by the rate conditions and in this case 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 customers for compliance with IFRS 15

Goods and Services		December 31, 2021	December 31, 2020
Fees for banking services	$	26	19
Fiduciary activities		3.511	3.975
Other commissions		5.108	4.570
Total	**$**	**8.645**	**8.564**

The following is the movement in impairment for the years ended December 31, 2021 and 2020:

		December 31, 2021	December 31, 2020
Balance as of December 31, 2020	**$**	**23.426**	**15.231**
Provision charged to income		5.425	7.294
Recoveries of other accounts receivable		(582)	(958)
Write-offs		(9.143)	1.861
Adjustment for foreign exchange difference		(34)	(2)
Balance as of December 31, 2021	**$**	**19.093**	**23.426**

Note 12. – Income from non-current assets held for sale

The following is a detail of the net income generated on the sale of assets classified as held for sale for the periods ended December 31, 2021 and 2020:

		December 31, 2021			December 31, 2020		
		Book value.	Value of the sale	Utility	Book value	Value of the sale	Utility
Real estate (1)	$	30.514	42.174	11.660	126.533	170.894	44.361
Movable property		1.850	2.110	260	2.023	2.037	14
	$	**32.364**	**44.284**	**11.920**	**128.556**	**172.931**	**44.375**

The changes in assets held for sale are as follows.

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**

		December 31, 2021
Balance as of December 31, 2020	**$**	**33.969**
Increases by addition during the period		3.204
Cost of non-current assets held for sale sold, net		8.366
Sale and leaseback		(40.730)
Reclassifications		569
Balance as of December 31, 2021	**$**	**5.378**

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

1. Investments in associates and joint ventures

Below is a detail of investments in associates and joint ventures:

		December 31, 2021	December 31, 2020
Associates	$	1.663.510	1.613.221
Joint ventures		1.480	1.407
Total	**$**	**1.664.990**	**1.614.628**

The percentages of ownership interest in each of the associates and joint ventures are as follows:

	December 31, 2021			December 31, 2020		
	% of participation		Book value	% of participation		Book value
Associated						
A Toda Hora S.A	20,00%	$	2.454	20,00%	$	2.312
Porvenir S.A. (*)	33,09%		947.207	33,09%		937.951
Aval Soluciones Digitales S.A.	26,60%		4.425	26,60%		4.319
Corporación Financiera Colombiana S.A.	4,14%		709.424	3,96%		668.639
		$	**1.663.510**		**$**	**1.613.221**
Joint ventures						
A Toda Hora S.A	25,00%	$	1.477	25,00%	$	1.407
Aval Soluciones Digitales S.A. - Negocios Conjuntos	26,34%		3	0,00%		-
		$	**1.480**		**$**	**1.407**

(*) The carrying value of the investment in Porvenir S.A. includes goodwill for the acquisition of the company Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. in December 2013 for $ 64,724,000

The changes in investments in associates and joint ventures for the years ended December 31, 2021 and 2020 are as follows:

Associated companies		December 31, 2021	December 31, 2020
Balance at beginning of period	$	**1.613.221**	**1.432.975**
Acquisitions in controlled and associated companies		-	2.660
Dividends declared		(172.243)	(94.780)
Equity method with effect in ORI		(23.260)	15.867
Equity method with effect in income (loss)		245.792	256.499
Balance at end of period	$	**1.663.510**	**1.613.221**

Joint ventures		December 31, 2021	December 31, 2020
Balance at beginning of period	$	**1.407**	**1.271**
Acquisitions in controlled and associated companies		2	-
Equity method with effect in results of operations		71	136
Balance at end of period	$	**1.480**	**1.407**

The corporate purpose of A Toda Hora S.A. is to provide the services referred to in Article 5 of Law 45 of 1990 and other complementary regulations, specifically the programming of computers, the commercialization of programs, the representation of national or foreign companies that produce or commercialize programs, the organization and administration of ATM networks for the execution of transactions or operations; data processing and management of information in its own or third-party equipment for the preparation of accounting, the creation and organization of files and the performance of calculations, statistics and information in general; as well as the communication and electronic transfer of data.

The corporate purpose of Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. is the administration of the Pension and Severance Funds authorized by law, as well as the administration of the Autonomous Patrimonies constituted by the territorial entities, their decentralized entities and private companies, in accordance with Article 16 of Decree 941 of 2002, with the purpose of providing resources for the payment of their pension obligations; such as pensions, pension bonds, parts of pension bonds and parts of pension quotas, under the terms of article 23 of Decree 1299 of 1994, regulated by Decrees 810 of 1998 and 941 of 2002; which constitute Autonomous Patrimonies independent from the patrimony of the Company.

In January 2018, the Holding Company, together with other entities of Grupo Aval, incorporated the company Aval Soluciones Digitales S.A. under public deed No. 6041 of the 73rd notary office of the city of Bogotá.

The company's exclusive purpose will be to provide authorized services to companies specialized in electronic deposits and payments in the development of its corporate purpose.

Aval Soluciones Digitales S.A. has a total of 26,000,000 subscribed shares, of which are fully paid. The bank has a 26.60% participation with 6,916,003 shares.

Corporación Financiera Colombiana S.A. Corficolombiana is a credit institution whose main function is to collect term resources through deposits or term debt instruments, in order to carry out active credit operations and make investments, with the primary purpose of fostering or promoting the creation, reorganization, merger, transformation and expansion of companies in the sectors established by the rules that regulate its activity, organized in accordance with the rules established by the Financial System Organic Statute (Decree 663 of 1993) and other rules that modify, repeal or replace them. The Corporation may change its registered office at the will of the General Shareholders' Meeting and may establish branches or agencies within the country or abroad at the will of the Board of Directors.

The condensed financial information of investments in associates accounted for under the equity method is as follows:

December 31, 2021		Assets	Liabilities	Equity	Income	Expenses	Income (loss)
A Toda Hora S.A.	$	13.598	1.327	12.271	12.512	11.799	713
Porvenir S.A.		4.111.970	1.445.269	2.666.701	2.766.126	2.186.523	579.603
Aval Soluciones Digitales S.A.		24.656	8.021	16.634	2.690	2.293	397
Corporación Financiera Colombiana S.A.		21.712.809	11.414.739	10.298.070	5.084.297	3.368.621	1.715.676
	$	25.863.033	12.869.356	12.993.676	7.865.625	5.569.236	2.296.389

December 31, 2020		Assets	Liabilities	Equity	Income	Expenses	Income (loss)
A Toda Hora S.A.	$	12.807	1.248	11.558	12.708	11.654	1.054
Porvenir S.A.		3.948.518	1.309.785	2.638.733	3.165.633	2.589.446	576.187
Aval Soluciones Digitales S.A.		18.617	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
	$	21.648.386	9.573.839	12.074.546	7.714.067	5.487.896	2.226.171

The following is the detail of dividends received from associates during the years ended December 31, 2021 and 2020:

Porvenir S.A.		December 31, 2021	December 31, 2020
Cash	$	171.741	94.544

Corficol S.A.		December 31, 2021	December 31, 2020
Shares	$	27.128	31.333

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

December 31, 2021		Assets	Liabilities	Equity	Income	Expenses	Income (loss)
A Toda Hora S.A.	$	75.731	69.820	5.911	304.583	304.299	284
Aval Soluciones Digitales S.A. - Negocios Conjuntos		41.446	41.436	10	17.347	17.347	-

December 31, 2020		Assets	Liabilities	Equity	Income	Expenses	Income (loss)
A Toda Hora S.A.	$	53.254	47.627	5.627	285.345	284.804	541

No dividends from joint ventures were received during the years ended December 31, 2021 and 2020.

For the development of its operations, ATH has entered into a joint account agreement with other financial entities of Grupo Aval 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.

In 2021, a new joint venture account contract was established with other financial entities of the Aval Group called Dale! - Aval Soluciones Digitales, manager of the contract, is a Specialized Company in Electronic Deposits and Payments (SEDPE) that, through a technological platform, allows banked and unbanked individuals and businesses to open a deposit with which they can carry out financial transactions from a single 100% digital solution.

2. Jointly controlled operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Such parties are referred to as joint operators.

These joint operations are recognized in each item of the Entity's financial statement in the proportional part of its participation in the assets, liabilities, income, and expenses of each joint operation in force during the period.

Below is a summary of the participation in the joint operations in which the subsidiary Fiduciaria de Occidente has participation as of December 31, 2021 and 2020:

			December 31, 2021		December 31, 2020	
	% Participation		Assets	Liabilities	Assets	Liabilities
Emcali	25	$	198	82	188	87
Fosyga in settlement	6,55		62	1.146	43	1.097
Pensiones Cundinamarca 2012	55		27		27	-
Concesionaria Calimio	56		7	3	8	2
Consorcio Sop 2012	33,33		152	31	845	21
Fondo de Adaptación	50		310	15	261	26
Consorcio Vinus (*)	33		81	49	-	-
Total		**$**	**837**	**1.326**	**1.372**	**1.233**

			December 31, 2021			December 31, 2020		
	% Participation		Revenues	Expenses	Income (loss)	Revenues	Expenses	Income (loss)
Emcali	25	$	377	264	113	366	266	100
Fosyga in settlement	6,55		1	68	(67)	1	25	(24)
Pensiones Cundinamarca 2012	55		-	-	-	-	-	-
Concesionaria Calimio	56		44	13	31	42	12	30
Consorcio Sop 2012	33,33		400	667	(267)	3.176	633	2.543
Fondo de Adaptación	50		447	198	249	488	197	291
Consorcio Vinus (*)	33		68	36	32	-	-	-
Total		**$**	**1.337**	**1.246**	**91**	**4.073**	**1.133**	**2.940**

(*) The balance sheet of the Vinus Consortium was incorporated as of September 30, 2021, with a 33% stake, further information is provided in the note on the Consortium's economic activity.

The interests of the joint ventures in the assets of the company comprise the following as of December 31, 2021 and 2020:

Participation asset		**December 31, 2021**	**December 31, 2020**
Cash and cash equivalents	$	568	493
Deposits and investments in debt securities		3	3
Accounts receivable		212	801
Property and equipment for own use		54	66
Other activities in joint ventures		-	9
Total assets	**$**	**837**	**1.372**

The participations of the joint liability operations of the subsidiary Fiduciaria de Occidente S.A. comprise the following as of December 31, 2021 and 2020:

Participation liability		**December 31, 2021**	**December 31, 2020**
Accounts payable	$	223	163
Other liabilities contributions		-	8
Other provisions		1.048	999
Liabilities at amortized cost		55	63
Total liabilities	**$**	**1.326**	**1.233**

The economic activity of joint ventures (consortiums) is listed below:

Name	**ACTIVITY**
Emcali	By means of contract 160GF-CF-001-2005, the Autonomous Patrimony is constituted, which will have the following purposes, among others: (i) to collect all of Emcali's revenues through the mechanisms and procedures defined in the Operating Manual; (ii) administer the Trust Revenues in the manner established in this agreement; (iii) pay, at EMCALI's instruction, and in accordance with the provisions of this agreement, all operating and administrative expenses of the business through the trust, observing the provisions of Annex No. 4 of the agreement. The main domicile where the consortium develops its operations is at Carrera 5 No. 12-42 in the city of Cali.
Fosyga (in settlement)	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 Social Security Health System under the terms established in Law 100 of 1993. The main domicile where the consortium develops its operations is at Calle 31 No. 6-39 19th floor in the city of Bogotá.
Pensiones Cundinamarca (in settlement)	Administration of the resources of the Public Pension Fund of Cundinamarca, destined to cover the Department's pension liabilities. The main domicile where the consortium develops its operations is at Carrera 13 No. 26A-47 9th floor in the city of Bogotá.
Consorcio SOP 2012	Administration of the resources that make up the autonomous assets that make up the National Pension Fund of the Territorial Entities FONPET- and the related and complementary activities involved in such administration. The main domicile where the consortium develops its operations is at Carrera 13 No. 26A-47 9th floor in the city of Bogotá.

Name	ACTIVITY
Fondo de Adaptación	THE TRUSTEE undertakes with THE FUND to constitute an autonomous patrimony with the investment resources of the Adaptation Fund for the collection, administration, investment, and payments inside and outside Colombia, pursuant to the provisions of Article 5 of Decree 4819 of 2010, regulated by Decree 2906 of 2011. The contract shall be performed in accordance with the terms, conditions and requirements set forth in the contractual terms and conditions and its technical annex, as well as the offer submitted by THE TRUSTEE on April 27, 2012 for the original execution of the contract, and the offer submitted by the Trustee on December 30, 2013 for the execution of the Other Yes No. 1, documents that are an integral part of this contract. Additionally, the Fiduciary as spokesperson of the autonomous patrimony may enter credit operations with the National Treasury and/or financial entities supervised by the Financial Superintendency, under the terms of Article 84 of Law 1687 of 2013. PARAGRAPH: The Fiduciary undertakes to develop the contractual object with total autonomy and independence, on its own account and risk and under its exclusive responsibility, for which reason, this contract does not generate any labor relationship between the Fiduciary and the Fund. The main domicile where the consortium develops its operations is at Carrera 13 No. 26A-47, 9th floor, in the city of Bogota.
Concesionaria Calimio	Collection and Administration of the resources destined to the development of the projects and those derived from them, including the capital contributions made by the trustor, the proceeds from the use of the Syndicated loan, and the payments corresponding to the Economic Participation received from the MIO System. The main domicile where the consortium carries out its operations is at Carrera 13 No. 26A-47, 9th floor, in the city of Bogotá.
Consorcio Vinus FBO	CONCESION VÍAS DEL NUS S.A.S., requested the assignment of the contractual position of fiduciary administrator of the PROJECT'S TRUST AGREEMENT to FIDUCIARIA BANCOLOMBIA S.A., so that once the assignment of the contractual position is perfected, it will be administered by FIDUCIARIA DE OCCIDENTE S.A. and FIDUCIARIA BOGOTÁ S.A., having to constitute for such purpose a consortium that allows them to manage the fiduciary business. The purpose of the Consortium Agreement: (i) The constitution of the CONSORTIUM; (ii) To establish the terms and conditions under which the joint will of these parties will be regulated to implement and start up the administrative, organizational, and technological structure required for the fiduciary administration of the Autonomous Patrimony for the development of the Project under the terms of the PROJECT'S FIDUCIARY AGREEMENT. The participation corresponds to Fiduciaria de Occidente S.A. 33% and Fiduciaria Bogotá S.A. 67%.

As of December 31, 2021 and 2020, the joint agreements managed by Fiduciaria de Occidente S.A., such as Calimio, Pensiones Cundinamarca (in liquidation), Fondo de Adaptación and Sop 2012, Emcali and Consorcio Vinus FBO in their financial statements do not present contingent liabilities or assets that could jeopardize their normal operating performance; however, for Consorcio Fosyga (in liquidation) a provision is recorded for possible contingencies for MPS Fine and Risk of lawsuits.

Legal and Financial Situation of the joint operation (consortium) FOSYGA 2005 "In settlement"

Regarding legal contingencies related to the FIDUFOSYGA 2005 Consortium, in liquidation, in which Fiduoccidente S.A. has a 6.55% participation, there are contingencies in third party processes directed against the State in which the Consortium has been included as allegedly responsible without contingencies derived from fiscal responsibility processes. The provisions in this Consortium, as of December 31, 2021, amount to the sum of Ch$15,885 million.

Note 14. – Tangible assets, net

The following is the change in the carrying amount of tangible asset accounts (property and equipment for own use, operating leases and investment properties) for the periods ended December 31, 2021 and 2020:

		For own use	Leased under operating leases	Investment properties	Right-of-use assets	Total
Cost or fair value:						
Balance as of December 31, 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
Sales retirements (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 differences		(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 31, 2020	$	**584.914**	**16.103**	**164.595**	**342.278**	**1.107.890**
Balance as of December 31, 2020	$	**584.914**	**16.103**	**164.595**	**342.278**	**1.107.890**
Increase or decrease due to change in lease variables		-	-	-	23.318	23.318
Purchases		25.739	33.762	35.121	29.790	124.412
Addition for decommissioning costs		-	-	-	117	117
Intangibles capitalized to capital plant and equipment		918	-	-	-	918
Sales retirements (net)		(26.907)	-	(53.144)	(260)	(80.311)
Impairment charges (net)		(2.083)	-	-	(34.822)	(36.905)
Transfers to/from non-current assets held for sale		(569)	-	-	-	(569)
Transfers to/from Investment Properties		(5.798)	-	-	-	(5.798)
Adjustment for exchange differences		1.271	-	-	(1.911)	(640)
Other reclassifications		(52)	(2.208)	2.730	-	470
Change in fair value		-	-	17.691	-	17.691
Revaluation of investment properties		-	-	4.426	-	4.426
Balance as of December 31, 2021	$	**577.433**	**47.657**	**171.419**	**358.510**	**1.155.019**
Accumulated Depreciation:						
Balance as of December 31, 2019	$	**(349.497)**	**(5.041)**	**-**	**(44.259)**	**(398.797)**
Depreciation for the year charged to expense		(46.121)	(3.616)	-	(51.899)	(101.636)
Sales retirements (net)		15.186	-	-	-	15.186
Impairment retirements (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 differences		117	-	-	230	347
Other reclassifications		(391)	1.548	-	-	1.157
Balance as of December 31, 2020	$	**(308.959)**	**(7.109)**	**-**	**(87.417)**	**(403.485)**
Balance as of December 31, 2020	$	**(308.959)**	**(7.109)**	**-**	**(87.417)**	**(403.485)**
Depreciation for the year charged to expense		(40.692)	(5.078)	-	(54.900)	(100.670)
Sales retirements (net)		17.775	-	-	260	18.035
Impairment charges (net)		1.978	-	-	23.091	25.069
Transfers to/from Investment Properties		3.068	-	-	-	3.068
Adjustment for exchange difference		(1.066)	-	-	2.086	1.020
Other reclassifications		52	2.208	-	-	2.260
Balance as of December 31, 2021	$	**(327.844)**	**(9.979)**	**-**	**(116.880)**	**(454.703)**
Impairment losses:						
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)**
Balance as of December 31, 2020	$	**(281)**	**(85)**	**-**	**-**	**(366)**
Impairment charge for the year		(19)	(72)	-	-	(91)
Impairment recovery		63	-	-	-	63
Other reclassifications		(57)	-	-	-	(57)
Balance as of December 31, 2021	$	**(294)**	**(157)**	**-**	**-**	**(451)**
Tangible assets, net:						
Balance as of December 31, 2020	$	**275.674**	**8.909**	**164.595**	**254.861**	**704.039**
Balance as of December 31, 2021	$	**249.295**	**37.521**	**171.419**	**241.630**	**699.865**

The following is a list of the Asset Mobilization operation presented during the year 2021.

The real estate assets were transferred to the Private Equity Fund Nexus Inmobiliario Compartimento Inmuebles Occicliente, managed by "Nexus Capital Partners S.A. S" and managed by "Fiduciaria de Occidente", as consideration for the sale, the Holding Company and its subsidiariesreceived participation units from the Capital Fund amounting at the closing of December 31, 2021 to

$440,694 and at 2020 to $314,593, which are recorded in the account in account 1302050001 - Restricted Domestic Issuers.

From the beginning of the project in 2020 until December 31, 2021, 36 real estate assets were mobilized by the Holding company and 4 assets by Fiduciaria, in accordance with the sale plan defined by management.

Below is a detail of the total mobilization of assets by category:

Concept		December 31, 2021	December 31, 2020
Own Use Assets	$	(4.606)	(10.299)
Investment Properties		(16.518)	(15.408)
Non-Current Assets Held for Sale		(29.161)	(119.376)
Other Assets		(27.579)	-
Total	**$**	**(77.864)**	**(145.083)**

a) Property and equipment for own use

The following is the detail of the balance as of December 31, 2021 and 2020 by type of property and equipment for own use:

For own use		Cost	Accumulated depreciation	Impairment loss	Book value
Land	$	37.512	-	-	37.512
Buildings		173.123	(54.911)	-	118.212
Office equipment, fixtures, and fittings		120.751	(84.721)	(294)	35.736
Computer equipment		203.226	(157.897)	-	45.329
Vehicles		1.791	(1.663)	-	128
Mobilization equipment and machinery		49	(39)	-	10
Improvements to other people's property		38.989	(28.613)	-	10.376
Construction in progress		1.992	-	-	1.992
Balance as of December 31, 2021	**$**	**577.433**	**(327.844)**	**(294)**	**249.295**

For own use		Cost	Accumulated depreciation	Impairment loss	Book value
Land	$	42.110	-	-	42.110
Buildings		185.650	(55.327)	-	130.323
Office equipment, fixtures, and fittings		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
Improvements to other people's property		34.030	(25.171)	-	8.859
Construction in progress		2.989	-	-	2.989
Balance as of December 31, 2020	**$**	**584.914**	**(308.959)**	**(281)**	**275.674**

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

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 All property and equipment of the Holding Company and its subsidiaries Fiduciaria de Occidente S.A., Ventas y Servicios S.A. – NEXABPO, Banco de Occidente

Panama S.A. and Occidental Bank Barbados Ltd., as well as the assets given under operating leases are duly covered 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 for the protection of their property and equipment for $940,720 and $1,323,617 at December 31, 2021 and 2020, respectively, covering risks of theft, fire, lightning, explosion, earthquake, strikes, riots and other risks.

Occidental Bank Barbados Ltd. establishes impairment on property and equipment when its carrying amount exceeds its 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. assess 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 sources of information:

a. There are observable indications that the value of the asset has declined during the period significantly more than would be expected because of the passage of time or normal use.
b. Significant changes have taken place during the period, or will take place in the immediate future, with an adverse effect on the entity, relating to the legal, economic, technological or market environment in which it operates, or in the market for which the asset is intended.
c. During the period, market interest rates, or other market rates of return on investments, have increased that are likely to affect the discount rate used to calculate the asset's value in use, thereby significantly decreasing its recoverable amount.
d. The carrying amount of the entity's net assets is greater than its market capitalization.

Internal sources of information:

a. Evidence of obsolescence or physical deterioration of an asset is available.
b. Significant changes in the extent or way the asset is used or expected to be used that will adversely affect the entity have occurred during the period or are expected to occur in the foreseeable future.
c. Evidence is available from internal reports indicating that the economic performance of the asset is, or will be, worse than expected.

b) Property and equipment leased under operating leases

The following is the detail of the balance as of December 31, 2021 and 2020 by type of property and equipment leased under operating leases:

December 31, 2021		Cost	Accumulated depreciation	Impairment loss	Book value
Computer equipment	$	33.547	(6.871)	(126)	26.550
Vehicles		9.045	(1.700)	(32)	7.313
Mobilization equipment and machinery		5.064	(1.407)	-	3.657
Total	**$**	**47.656**	**(9.978)**	**(157)**	**37.521**

December 31, 2020		Cost	Accumulated depreciation	Impairment Impairment	Book value
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**

The following is a summary of the minimum rent payments to be received by the Holding Company in the next installments on assets delivered under operating leases as of December 31, 2021 and 2020:

		December 31, 2021	December 31, 2020
Not older than one year	$	9.796	4.095
More than one year and less than five years		24.098	3.927
Total	**$**	**33.894**	**8.022**

During the years ended December 31, 2021 and 2020, no income was recorded in income for the period for contingent rent payments received on assets delivered under operating leases.

In operating leases, the Holding Company, as lessor, delivers assets to the lessee for use for an established term in exchange for a rent payment. 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 rent payment is calculated based on the DTF or IBR with the addition or subtraction of a few nominal points, and for extensions, fixed rent payments are established. VAT, insurance, maintenance, and any other charges on the asset are paid by the lessee. The assets returned are repositioned or marketed by the Holding Company.

c) Investment properties

The following is the detail of the balance as of December 31, 2021 and 2020, by type of investment properties for the Holding Company and subsidiaries:

Investment properties		Cost	Accumulated fair value adjustments	Book value
Land	$	69.856	24.551	94.407
Buildings		65.943	11.069	77.012
Balance as of December 31, 2021	**$**	**135.799**	**35.620**	**171.419**

Investment properties		Cost	Accumulated fair value adjustments	Book 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**

The following amounts have been recognized in the statement of income from investment property management during the periods ended December 31, 2021 and 2020:

		December 31, 2021	December 31, 2020
Rental income	$	558	889
Direct operating expenses arising from investment properties that generate rental income		(94)	(430)
Direct operating expenses arising from investment properties that do not generate rental income		(3.042)	(3.075)
Net	**$**	**(2.578)**	**(2.616)**

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 significant methods and assumptions used in determining fair value in accordance with IFRS 13 were as follows:

- **Comparative market method**

  This is the devaluation technique that seeks to establish the commercial value of the property, based on the study of recent offers or transactions of similar and comparable properties to the one under appraisal. Such offers or transactions must be classified, analyzed, and interpreted to arrive at an estimate of the commercial value.

- **Sales Comparison Approach**

  The sales comparison approach allows determining the value of the property being appraised by comparison with 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 an estimate of value using processes that include comparison. In general, a good whose value (the good being valued) is compared with sales of similar goods that have been traded on the open market. Advertisements and bids may 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, 2021 and 2020 of the right of use by type of property and equipment:

Rights of use		Cost	Accumulated depreciation	Book value
Buildings	$	291.460	(94.666)	196.794
Office equipment, fixtures and fittings		120	(4)	116
Computer equipment		66.930	(22.210)	44.720
Balance as of December 31, 2021	**$**	**358.510**	**(116.880)**	**241.630**

Rights of use		Cost	Accumulated depreciation	Book value
Buildings	$	295.379	(74.879)	220.500
Office equipment, fixtures, and fittings		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**

Note 15. – Intangible assets, net

The following is the movement in intangible asset accounts for the periods ended December 31, 2021 and 2020:

		Capital gains	Other Intangibles	Total intangibles assets
Cost:				
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**
balance as of December 31, 2020	**$**	**22.724**	**458.893**	**481.617**
Additions / Purchases (net)		-	115.031	115.031
Withdrawals / Sales (net)		-	(15.840)	(15.840)
Exchange difference		-	25	25
balance as of December 31, 2021		**22.724**	**558.109**	**580.833**
Accumulated Amortization:				
balance as of December 31, 2019	**$**	**-**	**55.603**	**55.603**
Amortization for the year charged to income		-	33.508	33.508
Retirements / Sales (net)		-	(3.194)	(3.194)
balance as of December 31, 2020	**$**	**-**	**85.917**	**85.917**
balance at December 31, 2020	**$**	**-**	**85.917**	**85.917**
Amortization for the year charged to income		-	45.312	45.312
Withdrawals / Sales (net)		-	(5.419)	(5.419)
Exchange difference		-	1	1
balance as of December 31, 2021	**$**	**-**	**125.811**	**125.811**
Intangible assets, net:				
balance as of December 31, 2020	**$**	**22.724**	**372.976**	**395.700**
balance as of December 31, 2021	**$**	**22.724**	**432.298**	**455.022**

In the periods, the Holding Company and subsidiaries Fiduciaria de Occidente S.A. and Ventas yServicios S.A. - NEXA BPO did not present impairment losses on these intangible assets.

Capital gain

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 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 capital gain recorded by the Bank as of December 2021 concluded that the Goodwill assigned to the Cash Generating Unit is not impaired as of the valuation date and presents an excess of $33,770 with respect to the book value.

The recoverable amount of the cash-generating unit was determined based on value in use calculations. Those calculations used cash flow projections approved by management covering periods of five years and three months. The following are the main assumptions used in those valuations:

Macroeconomic Information of Colombia						
Index	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Gross Domestic Product (Real GDP)	3,3%	-6,8%	7,8%	3,8%	2,6%	3,0%
Inflation	3,5%	2,5%	3,1%	3,5%	3,8%	3,4%

In accordance with IAS 36, cash flow projections in the most recent financial budgets or forecasts have been approved by the Parent's management, excluding any estimates of cash inflows or outflows expected to arise from future restructuring or improvements in asset performance. Projections based on these budgets or forecasts shall cover a maximum period of five years.

The valuation approach and methodology applied by Deloitte Asesores y Consultores Ltda. was the Income Approach, a methodology indicated to determine the value in use of the company and there was sufficient information for the use of 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 projection of the cash flows generated by the asset during a given period to subsequently bring them to present value by discounting them at a rate appropriate to the transaction. This discount rate must consider the time value of money, inflation, and the risk inherent in the transaction being carried out.

To define the rate to discount the cash flows, the reference framework is the concept of cost of capital, based on the CAPM model (Capital Asset Pricing Model). 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 risk-free rate was taken as the U.S. Treasury rate with a 20-year term. Rf = 1.26%. Source: US Department of Treasury.

b. Country risk (Rc): The Colombian EMBI was used, which indicates the difference in return between US bonds and Colombian bonds. Rc= 2.4%. 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=6.0%. Source: Deloitte Research.

d. Size premium (Rt): Result 0,0%.

e. Beta (β): As beta coefficient was applied based on data from comparable companies, resulting in 1.26. Source: Bloomberg.

f. Implicit devaluation (Ri): For the calculation of the implicit devaluation, the Fisher equation was used to express the effect of the devaluation of the Colombian peso against the dollar.

g. Cost of Equity COP: According to the methodology used, a discount rate of 13.0% nominal in Colombian pesos was estimated.

h. Under these conditions, the discount rate obtained is as follows:
Cost of capital = Rf+B(ERP)+Rp+Rt+Ri+Dev.

C As a result of the valuation, it was determined that no impairment corresponding to the capital gain at December 31, 2021 and 2020 is necessary.

Variable	Rate
Beta of leveraged equity for the industry	1,26
Risk Free Rate	2,00%
Market Risk Premium	6,00%
Cost of Equity (USD)	**9,56%**
Non-systematic Risk Factors	2,40%
Size Premium	0,00%
Cost of Equity (USD)	**11,96%**
Implied Devaluation	0,60%
Cost of Equity (Rounded) (COP)	**13,0%**

Note: Taken from page 35 of the Goodwill 2021 Report by Deloitte

Result of valuation of Banco Unión acquisition business line as of December 31, 2021

Sensitivity Value in Use (COP $ MM)

Sensitivity Analysis

Spread over Ke	Spread over Growth Gradient (g) 12,24%	12,74%	13,20%	13,70%	14,20%
2,6%	5.523.621	5.305.204	5.103.662	4.917.145	4.744.062
3,1%	5.542.259	5.322.834	5.120.366	4.932.995	4.759.123
3,6%	5.560.897	5.340.465	5.137.070	4.948.845	4.774.184
4,1%	5.579.535	5.358.095	5.173.774	4.964.695	4.789.244
4,6%	5.598.173	5.375.725	5.170.478	4.980.545	4.804.305

Sensitivity Excess / Impairment (COP $ MM)

Spread over Ke	Spread over Growth Gradient (g) 12,24%	12,74%	13,20%	13,70%	14,20%
2,6%	58.162	44.380	31.662	19.893	8.971
3,1%	59.338	45.492	32.716	20.893	9.922
3,6%	60.514	46.605	33.770	21.893	10.872
4,1%	61.690	47.717	34.825	22.893	11.822
4,6%	62.866	48.830	35.879	23.894	12.773

December 31, 2021

UGE		Capital gain	Book value	amount recoverable	Excess
Banco Unión	$	22.724	290.383	324.153	33.770

December 31, 2020

UGE		Capital gain	Book value	amount recoverable	Excess
Banco Unión	$	22.724	283.111	342.313	59.202

Details of intangible assets other than capital gain

The following is the detail of intangible assets other than capital gain as of December 31, 2021 and 2020:

As of December 31, 2021		Cost	Accumulated amortization	Book value
Licenses	$	6.329	(2.186)	4.143
Software and applications		551.780	(123.625)	428.155
Total	**$**	**558.109**	**(125.811)**	**432.298**

As of December 31,2020		Cost	Accumulated amortization	Book value
Licenses	$	7.214	(2.440)	4.774
Software and applications		451.679	(83.477)	368.202
Total	**$**	**458.893**	**(85.917)**	**372.976**

Note 16. – Income taxes **In**

Colombia.

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 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 any case, the tax law may expressly provide for a different treatment, in accordance with Article 4 of Law 1314 of 2009.

On September 14, 2021, law 2155 (social investment law) was enacted, which includes rules for the motivation of economic growth, taking effect as of its enactment, the most important considerations are as follows:

- ✓ For the taxable years 2022, 2023, 2024 and 2025, three (3) percentage points will be added to the general tax rate, being a total of thirty-eight percent (38%) for financial entities and 35% for other legal entities.

- ✓ When taxpayers have declared their assets other than inventories, subject to tax normalizations, for a value lower than the market value, they may update their value by including the additional amounts as the taxable base of the normalization tax, whose rate will be 17% as indicated in Article 2 of the text.

- ✓ The possibility of reducing the finality term of the income tax return for taxable periods 2022 and 2023 is established as follows: i) if the tax for the year is increased compared to the immediately preceding year by 35%, the finality would be of 6 months. i) if the tax for the year is increased compared to the immediately preceding year by 25%, the finality would be of 12 months.

- ✓ Regarding the Industry and Commerce Tax, the possibility of taking 100% of the tax on industry and commerce, notices and boards foreseen for the year 2022 as a tax discount from the income tax is eliminated.

- ✓ The incentive for the creation of new jobs is created, aimed at employers who generate new jobs by hiring additional workers, as follows:

- Young people between 18 and 28 years old the employer will receive (25%) of one (1) SMMLV for each additional worker.
- Men over 28 years old the employer will receive (10%) of one (1) SMMLV for each additional worker.
- Women over 28 years old the employer will receive (15%) of one (1) SMMLV for each additional worker.

- ✓ The parties not obliged to issue invoices may register as electronic billers to participate in RADIAN, without this implying that they are obliged to issue invoices.

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 with the organizational innovation project on which it obtained a percentage of 100 points that led to the approval of the project which was multiannual receiving the application resolution for the year 2020 in February 2021 and the resolution to apply in the year 2021 was received on December 21, 2021.

In accordance with the above, the determination of the taxable income for the periods ended December 31, 2021 and 2020, was made based on the tax provisions applicable in each period.

Income tax expense is recognized based on management's best estimate of both current income tax and deferred income tax

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's registered office is located at Chelsea House, Chelsea Road, St. Michael, Barbados. The Bank is tax resident in the country of Barbados. The tax rates applicable to the Bank are as follows:

- 2.5% on taxable profits and gains up to 10,000,000 Barbadian dollars (approximately $17,735,000,000,000 Colombian pesos);
- 2% on such profits and gains in excess of 10,000,000 Barbadian dollars (approximately $17,735,000,000,000 Colombian pesos), but not in excess of 20,000,000 Barbadian dollars (approximately $35,470,000,000 Colombian pesos);
- 1.5% on such profits and gains more than 20,000,000 Barbadian dollars (approximately $35,470,000,000,000 Colombian pesos), but not in excess of 30,000,000 Barbadian dollars (approximately 53,205,000,000,000 Colombian pesos); AND
- 0.25% on such profits and gains more than 30,000,000 Barbadian dollars (approximately 53,205,000,000,000 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"), in accordance with 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, establishing the banking system of the Republic of Panama and creating 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.

a. Components of income tax expense

Income tax expense for the years ended December 31, 2021 and 2020 comprises the following:

		December 31, 2021	December 31, 2020
Income tax for the current period	$	135.292	97.509
Surcharge on income		13.093	12.188
Subtotal current period taxes		**148.385**	**109.697**
Prior period adjustment		(71.282)	(8.013)
Adjustment for uncertain tax positions		34	144
Net deferred taxes for the period		(62.059)	(176.300)
Adjustment of deferred taxes of prior periods		59.825	9.013
Subtotal deferred taxes		**(2.234)**	**(167.287)**
Total	**$**	**74.903**	**(65.459)**

b. Reconciliation of nominal tax rate and 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 recorded in the income statement for each year:

		December 31, 2021	December 31, 2020
Income before income tax	**$**	**660.810**	**275.099**
Total tax rate		34%	36%
Theoretical tax expense calculated in accordance with current tax rates		224.675	99.036
Non-deductible expenses		10.183	12.984
Dividends received not constituting income		(1.067)	(844)
Income from equity method not constituting income		(83.498)	(92.389)
Profit (loss) on sale or valuation of investment not constituting income		-	(9)
Interest and other income not subject to taxation		(10.321)	(2.691)
Exempt income		(3.186)	(5.213)
Occasional gains with different tax rates		-	(10.292)
Tax benefit on acquisition of productive assets		(14.333)	(4.682)
Tax credits		(16.197)	(7.015)
Profits of subsidiaries in tax-free countries		(12.102)	(12.394)
Difference in tax rate on earnings of subsidiaries in countries with different tax rates		(4.836)	(4.868)
Effect of application of different rates for the determination of deferred taxes		4.117	2.671
Prior period adjustment		(71.282)	(8.013)
Adjustment for uncertain tax positions of prior periods		34	144
Adjustment of deferred income tax of prior periods		59.825	9.012
Other items		(7.108)	(40.897)
Total tax expense for the period	**$**	**74.903**	**(65.459)**

The effective tax rate of the Holding company and subsidiaries in respect of continuing operations for the annual period ended December 31, 2021 was 11.34 % and for the annual period ended December 31, 2020 was -23.79%. The variation of 35.13 p.p. in the effective tax rate, with a tax payable of $74,903 for December 2021 and a recovery of -$65,459 for December 2020, is mainly due to the following factors:

- For the annual period ended December 31, 2021 compared to the period ended December 31, 2020, a decrease in the effective rate of -6.7 p.p. was generated in this item, where the following items are non-deductible: provision for restituted goods, GMF, fines and penalties.

- For the annual period ended December 31, 2021 compared to the period as of December 31, 2020, the dividends of the non-controlled entity were delivered as non-taxable generating for the year 2021 a decrease in the effective rate of -0.5 percentage points.

- For the annual period ended December 31, 2021 compared to the period ended December 31, 2020, untaxed equity method income decreased, representing an increase of 21.2 percentage points over the effective tax rate.

- For the period ended December 31, 2021 compared to the period ended December 31, 2020, there was an increase of 6.4 percentage points in the effective rate for untaxed income and sales of assets with occasional gains that are taxed at a different tax rate.

- For the year ended December 31, 2021 compared to the period ended December 31, 2020, there was an increase of 4.8 percentage points with respect to the effective tax rate, due to a decrease in exempt income corresponding to housing leasing and income obtained in countries included in the 578 (Can) agreement.

- For the year ended December 31, 2021 compared to the period ended December 31, 2020, there was a decrease of -23.0 p.p. in the effective rate, which corresponds to the tax benefit of 30% for the purchase of real productive fixed assets of the leasing unit and in turn the refund requested by management in case of non-compliance with the conditions stipulated by the standard.

- For the year ended December 31, 2021 compared to the period ended December 31, 2020, a decrease of -21.9 p.p. was generated due to the industry and commerce tax taken as a tax discount and not as a deduction and also corresponds to the tax discount approved by Colciencias for research and development for the estimated amount of $9,191 from Banco de Occidente and 885 from Fiduciaria.

- For the year ended December 31, 2021 compared to the period ended December 31, 2020, an increase of 0.7% p.p. was generated, which corresponds to the increase in the profits of the Panama subsidiary.

- For the annual period ended December 31, 2021 compared to the period ended December 31, 2020, the differences in rates on earnings of subsidiaries in countries with differential rates increased, which represented an increase of 0.1 p.p. with respect to the effective tax rate.

- For the year ended December 31, 2021 compared to the period ended December 31, 2020, an increase of 3.5 p.p. was generated due to the fact that Law 2155 of 2021 generated an increase in tax rates for the years 2022 to 2025 at the rate of 38%, the Bank had a deferred tax asset, generating a charge of $4.117.

- For the year ended December 31, 2021 compared to the period as of December 31, 2020, in the item of prior period adjustments there was a decrease of -151.0 p.p. corresponding to an adjustment of -$71,282 in the 2020 income tax return which is offset by the prior period deferred tax adjustment of $59,825, resulting in a net of $11.457.

- For the year ended December 31, 2021 compared to the period as of December 31, 2020, an increase of 121.2 p.p. was generated corresponding to adjustment of deferred tax of prior periods for $59,825 which is offset by adjustment for recovery of -$71,282 of the provision for income for the year 2020 resulting in a net of $11.457

  For the year ended December 31, 2021 compared to the period ended December 31, 2020, a decrease in the effective rate of -0.3 p.p. was generated with respect to the same concept of the year 2020 p.p. Corresponding to the recognition of tax uncertainties.

- For the year ended December 31, 2021 compared to the period ended December 31, 2020, there was an increase of 80.6 p.p. corresponding to the deferred tax asset due to the recognition of IFRS 16 for the contribution of assets to the private equity fund.

c. Deferred taxes with respect to subsidiaries, associated companies, 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 of the subsidiaries and, therefore, can decide about the reversal of such temporary differences; and ii) The Holding Company does not anticipate their realization in the medium term; therefore, it is probable that such temporary differences will not reverse in the foreseeable future. As of December 31, 2021 and 2020, in compliance with IAS 12, paragraph 39, no deferred tax liability related to the taxable temporary difference was recorded for 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, 2021 and 2020 based on the tax rates currently in effect for the years in which such temporary differences will be reversed

As of December 31, 2021

		December 31, 2020	Credited (charged) to income	Credited (charged) to ORI	December 31, 2021
Deferred tax assets					
Valuation of fixed income investments	$	121	6.059	66.376	72.556
Valuation of derivatives		46.372	(26.552)	-	19.820
Provision for investments		-	1	-	1
Loan portfolio		-	10	-	10
Provision for loan portfolio		48	(48)	-	-
Investment Properties		-	(79)	79	-
Non-deductible passive provisions		-	593	-	593
Employee benefits		19.177	(7.874)	(598)	10.705
Financial leasing contracts		45.363	8.214		53.577
Other		46.409	15.296	18.864	80.569
Subtotal		**157.490**	**(4.380)**	**84.721**	**237.831**
Deferred tax liabilities					
Valuation of fixed income investments		(17.472)	17.472	-	-
Equity investments		(8.218)	369	(2.509)	(10.358)
Provision for loan portfolio		(92.035)	13.189	-	(78.846)
Property, plant, and equipment		(44.783)	861	-	(43.922)
Depreciation of property, plant, and equipment		(280)	(1)	-	(281)
Right of use		-	(5.261)	-	(5.261)
Deferred charges for intangible assets		(9.617)	(23.991)	-	(33.608)
Goodwill		(6.817)	(1.136)	-	(7.953)
Finance lease agreements		(7.504)	7.504	-	-
Other		(792)	(2.392)	-	(3.184)
Subtotal		**(187.518)**	**6.614**	**(2.509)**	**(183.413)**
Total	**$**	**(30.028)**	**2.234**	**82.212**	**54.418**

As of December 31, 2020

	Balance as of December 31, 2019	Credited (charged) to income	Credited (charged) to ORI	December 31, 2020
Deferred tax assets				
Valuation of fixed income investments	$ 191	(70)	-	121
Equity investments	-	(246)	246	-
Valuation of derivatives	5.166	41.206	-	46.372
Provision for loan 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 loan 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 property	-	532	(532)	-
Right of use	(9.826)	9.826	-	-
Deferred charges for intangible assets	(2.234)	(7.383)	-	(9.617)
Employee benefits	-	4	(4)	-
	(6.817)	-	-	(6.817)
Goodwill	-	(7.504)	-	(7.504)
Finance lease contracts	(44.198)	43.406	-	(792)
Subtotal	**(233.188)**	**50.942**	**(5.272)**	**(187.518)**
Total	**$ (196.948)**	**167.287**	**(367)**	**(30.028)**

The following is the analysis of current and deferred tax assets and liabilities as of December 31, 2021 and 2020:

Deferred tax balances:

As of December 31, 2021	**Gross deferred tax assets and liabilities**	**Compensation reclassifications**	**Balances in statements of financial position**
Deferred income tax assets	$ 237.831	(183.413)	54.418
Deferred income tax liability	(183.413)	183.413	-
Net	**$ 54.418**	**-**	**54.418**

As of December 31, 2020	**Gross deferred tax assets and liabilities**	**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)**

Current tax balances:

As of December 31, 2021		Gross deferred tax assets and liabilities	Compensation reclassifications	Balances in statements of financial position
Deferred income tax assets	$	253.520	(1.521)	251.999
Deferred income tax liability		(9.669)	1.521	(8.148)
Net	**$**	**243.851**	**-**	**243.851**

As of December 31, 2020		Gross deferred tax assets and liabilities	Compensation reclassifications	Balances in statements of financial position
Deferred income tax assets	$	505.292	(109.676)	395.616
Deferred income tax liability		(117.178)	109.676	(7.502)
Net	**$**	**388.114**	**-**	**388.114**

e. Effect of current and deferred taxes on each component of the other comprehensive income account in equity

The effects of current and deferred taxes on each component of other comprehensive income are detailed below for the years ended December 31, 2021 and 2020:

	December 31, 2021			December 31, 2020		
	Amount before tax	Deferred tax expense (income)	Net	Amount before tax	Deferred tax expense (income)	Net
Items that may be subsequently reclassified to profit or loss						
Net foreign investment hedge - Non Derivative Hedging Instrument	(46.629)	18.864	**(27.765)**	(14.315)	4.582	**(9.733)**
Diff. In Foreign Operations	(828)	-	**(828)**	(7.996)	-	**(7.996)**
Diff. In Exchange Foreign Branches	46.629	-	**46.629**	14.315	-	**14.315**
Equity in ORI of investments in associated companies and joint ventures	(23.260)	-	**(23.260)**	15.867	-	**15.867**
Net unrealized gain/loss on debt securities	(270.415)	66.376	**(204.039)**	34.834	(4.737)	**30.097**
Subtotals	**(294.503)**	**85.240**	**(209.263)**	**42.705**	**(155)**	**42.550**
Items that will not be reclassified to profit or loss						
Revaluation of Investment Properties	1.154	79	**1.233**	3.892	(532)	**3.360**
Net Unrealized Gain/Loss on Financial Instruments at Fair Value	23.558	(2.509)	**21.049**	(480)	246	**(234)**
Actuarial gain/loss from employee benefits	1.860	(598)	**1.262**	(213)	74	**(139)**
Subtotals	**26.572**	**(3.028)**	**23.544**	**3.199**	**(212)**	**2.987**
Total other comprehensive income for the period	**$ (267.931)**	**82.212**	**(185.719)**	**45.904**	**(367)**	**45.537**

f. Tax uncertainties

Tax uncertainties

As of December 31, 2021 and 2020, tax uncertainties amount to $7,537 and $7,502, respectively. Penalties and late payment interest related to such tax uncertainties are accrued and recorded in the respective expense. The balance as of December 31, 2021 is expected to be fully utilized or released upon expiration of the tax authorities' inspection rights with respect to the tax returns.

The following is the detail of the movement of tax uncertainties as of December 31, 2021 and 2020:

		December 31, 2021	December 31, 2020
Balance at beginning of year	**$**	**7.502**	**7.358**
Increase in provision		934	549
Use of provision		(1.742)	(1.269)
Financial cost		843	864
Ending balance	**$**	**7.537**	**7.502**

The balance as of December 31, 2021 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, 2021	December 31, 2020
2021			1.731
2022		14	12
2023		1.741	1.564
2024		3.555	3.154
2025		636	211
2026		673	316
2027		918	514
Total	**$**	**7.537**	**7.502**

Note 17. – Customer deposits

The following is a detail of the balances of deposits received from customers of the Holding Companyand its subsidiaries in the development of their deposit-taking operations:

Detail		December 31, 2021	December 31, 2020
Demand			
Checking accounts	$	7.732.324	7.027.494
Savings accounts		19.385.348	15.314.279
Other demand funds		53.110	67.016
		27.170.782	**22.408.789**
Term			
Term Certificates of Deposit		9.169.470	8.561.944
Total Deposits	**$**	**36.340.252**	**30.970.733**
By currency			
In Colombian pesos	$	32.221.464	27.401.053
In US dollars		3.601.950	3.563.226
Other currencies		516.838	6.454
Total by Currency	**$**	**36.340.252**	**30.970.733**

Below is a detail of the maturity of the certificates of deposit outstanding as of December 31, 2021:

		December 31, 2021
Year		**Value**
2021	$	6.301.982
2022		1.335.161
2023		986.586
2024		135.345
2025		215.946
After 2026		194.450
Total	**$**	**9.169.470**

For the year 2021 there are still those CDTs that mature on the last days of December 2021 that are not business days, so they are cancelled on the following business day, which would be January 2022, therefore they are still in force at the cut-off date and also the year 2021 has the value of the interest per CDT as of December 31, 2021.

The following is a summary of the effective interest rates charged on customer deposits:

	December 31, 2021				December 31, 2020			
	Deposits in pesos		Deposits in dollars		Deposits in pesos		Deposits in dollars	
	Minimum rate %	Maximum rate %	Minimum rate %	Maximum rate %	Minimum rate %	Maximum rate %	Minimum rate %	Maximum rate %
Checking accounts	-	2,50%	0,10%	2,75%	-	1,50%	0,10%	2,75%
Savings accounts	-	3,50%	0,01%	0,50%	-	2,25%	0,01%	0,50%
Other demand funds								
Term certificates of deposit	0,01%	8,67%	0,15%	4,00%	0,01%	8,67%	0,15%	4,00%

Frequency of Interest Settlement: For Term Certificates of Deposit, the frequency of interest settlement corresponds to that agreed with each client in their title; for savings accounts these frequencies are daily settlement.

The following is a detail of the concentration of deposits received from customers by economic sector:

Sector		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Government or entities of the Colombian Government (1)	$	5.428.933	14,94%	5.108.333	16,49%
Manufacturing		705.444	1,94%	547.109	1,77%
Real Estate		346.118	0,95%	294.879	0,95%
Retail		5.405.649	14,88%	3.468.578	11,20%
Agriculture and livestock		208.782	0,57%	150.374	0,49%
Individuals		4.040.951	11,12%	4.550.104	14,69%
Other (2)		20.211.830	55,62%	16.854.397	54,42%
Eliminations		(7.455)	-0,02%	(3.041)	-0,01%
Total	**$**	**36.340.252**	**100%**	**30.970.733**	**100%**

(1) The Government includes sectors O and U (according to ISIC classification) corresponding to public administration and defense and mandatory social security plans and activities of extraterritorial organizations and bodies, respectively.

(2) The most representative item included in this category corresponds to financial and insurance activities (sector K), which as of December 31, 2021 presented a total balance of $12,796,972 million, representing 61% of the total. (As of December 31, 2020 it presented a total balance of $11,247,304, representing 64.7% of the total of the category).

As of December 31, 2021 there were 10,028 customers with balances over $250 million for a total value of $29,820,932 million (As of December 31, 2020 there were 8,822 customers with balances over $250 million for a total value of $24,951,750 million.)

For customer deposits, the expense caused in results for interest on savings accounts, term deposit certificates and checking accounts in the years ended December 31, 2021 and 2020 are $494,151 and $725,483, 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, 2021 and 2020, with the main purpose of financing their operations, mainly in international trade:

	December 31, 2021		December 31, 2020	
	Short-term portion	Long-term portion	Short-term portion	Long-term portion
Colombian Legal Currency				
Interbank and overnigth funds				
Banks and correspondents	$ 505	-	124	-
Interbank funds purchased ordinary	245.077	-	100.014	-
Transfer commitments in repo transactions	1.159.282	-	709.198	
Simultaneous operations	469.969	-	134.903	-
Commitments arising from short positions	-	53.329	2.780	-
Total Interbank and overnigth funds	**1.874.833**	**53.329**	**947.019**	**-**
Bank loans				
Loans	-	10.572	14.626	-
Letters of credit	-	-	-	-
Acceptances	-	-		-
Total loans from banks	**-**	**10.572**	**14.626**	**-**
Lease agreements				
Lease liabilities	**-**	375.262	**-**	375.600
Total Lease agreements	**-**	**375.262**	**-**	**375.600**
Total liabilities in legal currency	**1.874.833**	**439.163**	**961.645**	**375.600**
Foreign Currency				
Interbank and overnigth funds				
Banks and correspondents	1.733	-	-	-
Ordinary interbank funds purchased	80	-	261.288	-
Transfer commitments in repo transactions		-	-	-
Simultaneous operations	69.633	-	-	-
Commitments arising from short positions	-	-	-	-
Total Interbank and overnigth funds	**71.446**	**-**	**261.288**	**-**
Bank loans				
Credits	1.925.455	363.040	1.307.465	-
Letters of credit	3.184	-	457	-
Acceptances	88.064	-	25.003	-
Total loans from banks	**2.016.703**	**363.040**	**1.332.925**	**-**
Lease agreements				
Lease liabilities	**1.781**		**-**	2.758
Total Lease agreements	**1.781**	**-**	**-**	**2.758**
Total foreign currency liabilities	**2.089.930**	**363.040**	**1.594.213**	**2.758**
Total financial liabilities	**$ 3.964.763**	**802.203**	**2.555.858**	**378.358**

As of December 31, 2021, short-term financial obligations corresponding to simultaneous and repo transactions of $1,629,251 were collateralized with investments of $1,897,052 (as of December 31, 2020 for $846,881 collateralized with investments of $898,061

The following is a summary of the effective interest rates to be accrued on financial obligations as of December 31, 2021 and 2020:

	December 31, 2021 in Colombian pesos		December 31, 2020 in Colombian pesos	
	Minimum rate %	Maximum rate %	Minimum rate %	Maximum rate %
Interbank funds and repo and simultaneous transactions	1,00	4,75	1,65	2,46

	December 31, 2021 in foreign currency		December 31, 2020 in foreign currency	
	Minimum rate %	Maximum rate %	Minimum rate %	Maximum rate %
Interbank funds and repo and simultaneous transactions	0,68	0,90	0,09	0,35
Correspondent banks	0,49	3,25	1,00	6,46

For short-term financial obligations, the expense incurred in income for interest on money market operations of the interbank funds type, transfer commitments in repo transactions, simultaneous transactions and other interest for the years ended December 31, 2021 and 2020 are $25,892 and $50,704, respectively.

2. Bonds and investment securities

The Holding Company is authorized by the Superintendence of Finance of Colombia to issue or place bonds or general guarantee bonds. All bond issues by the Holding Company have been issuedwithout guarantees and represent exclusively the obligations of each of the issuers.

Below is the detail of liabilities as of December 31, 2021 and 2020, by date of issue and maturity date in legal currency:

Issuer	Date of Issue	December 31, 2021	December 31, 2020	Expiration Date	Interest Rate
Ordinary Bonds Banco de Occidente	Between 09/08/2012 and 20/08/2020	1.949.773	2.295.856	Between 09/08/2022 and 14/12/2032	Between IPC +1,75 y 4,65 ; Fixed + 5,71% and 6,49%+ IBR 1,37
Subordinated bonds Banco de Occidente	Between 09/02/2012 and 12/10/2017	827.805	824.594	Between 09/02/2022 and 10/06/2026	Between IPC + 3,58% and 4,65%
Total	$	**2.777.578**	**3.120.450**		

Future maturities as of December 31, 2021 of outstanding investment securities in long-term debt are as follows:

		December 31, 2021
Year		**Value**
2022		470.090
After 2023		2.307.488
Total	$	**2.777.578**

For long-term financial obligations from the issuance of Bonds, interest accrued in income for the periods ended December 31, 2021 and 2020 was $184,658 and $216,166, respectively.
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3. Financial obligations with rediscount entities

The Colombian Government has established certain credit programs to promote the development of specific sectors of the economy, including foreign trade, agriculture, tourism, housing construction and other industries. The programs are managed by various government entities such as Banco de Comercio Exterior ("BANCOLDEX"). Fondo para el Financiamiento del Sector Agropecuario ("FINAGRO") and Financiera de Desarrollo Territorial ("FINDETER").

The following is a detail of the loans obtained by the Holding Company from these entities as of December 31, 2021 and 2020:

	Interest rates in effect at the cutoff		December 31, 2021	December 31, 2020
Legal Currency				
Foreign Trade Bank - "BANCOLDEX"	Between DTF -1,50% and 3,80%; IBR -0,88% and 3,63%; Fixed -0,80% and 8,71%	$	316.545	387.231
Fondo para el Financiamiento del Sector Agropecuario - "FINAGRO"	Between DTF 0% and 2%; Fixed 0% and 7;30%		34.070	49.023
Financiera de Desarrollo Territorial "FINDETER"	Between DTF -3% and 2,85%; IBR -0,72% and 3,29%; Fixed 0% and 9;74%		599.485	825.029
Total legal currency		**$**	**950.100**	**1.261.283**
Foreign Currency				
Foreign Trade Bank - "BANCOLDEX"	Between LIBOR -2,29% and 4,35%	$	1.726	1.735
Total foreign currency			**1.726**	**1.735**
Total rediscount entities		**$**	**951.826**	**1.263.018**

The following is a detail of the maturities of the financial obligations with rediscount entities outstanding as of December 31, 2021:

Year		Value
2022	$	39.637
2023		136.134
2024		186.573
After 2024		589.482
Total	**$**	**951.826**

For 2021 the obligations that have maturities at the end of the month, for example (December 31) and fall on the weekend, the entity cancels them on January 3, 2021 and for the bank these maturities have a balance as of December 31, 2021.

Total financial obligations	$	8.496.369	7.317.684

Note 19. – Provisions for employee benefits

In accordance with Colombian labor legislation and based on the labor agreements and collective bargaining agreements applicable in the Holding Company and its subsidiaries Fiduciaria de Occidente S.A. and Ventas y Servicios S.A. - NEXA BPO, are entitled to short term benefits such as: salaries, vacations, legal and extra-legal bonuses and severance payments and severance interests, long term benefits such as: extra-legal bonuses and retirement benefits such as: severance payments to employees who continue with labor regime before Law 50 of 1990 and legal and extra-legal retirement pensions. In the case of the foreign subsidiaries Banco de Occidente Panamá S.A. and Occidental Bank (Barbados) Ltd., according to the labor legislation of their country, they only have short-term benefits. Compensation of key management personnel includes salaries, non-cash benefits and contributions to a defined benefit post-employment plan, see note 30.

The following is a detail of the balances of provisions for employee benefits as of December 31, 2021 and 2020:

		December 31, 2021		December 31, 2020
Short-term benefits	$	72.253	$	66.458
Post-employment benefits		10.925		13.503
Long-term benefits		7.043		37.098
Total Liabilities	**$**	**90.221**	**$**	**117.059**

a) Post-employment benefits

- In Colombia, retirement pensions when employees retire after certain years of age and 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 $3,000.
- 59 employees hired by the Holding Company before 1990 are entitled to receive on 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; as of December 31, 2021 the provision for this concept corresponds to $1,775.
- In the Holding Company and its subsidiary Fiduciaria de Occidente S.A., an additional premiumis 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, 2021, the provision for this concept corresponds to $6,150.
- In the Holding Company and its subsidiary Fiduciaria de Occidente S.A., an extra-legal bonus is recognized to employees who retire when they reach the age and years of service to start enjoying the pension granted by the pension funds; this bonus is made 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 towhich 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) Long-term employee benefits

- The Holding Company and its subsidiary Ventas y Servicios S.A. - NEXA BPO grant their employees long-term extra-legal bonuses during their working life depending on the number of years of service, every five, ten, fifteen and twenty years, etc., calculated as days of salary (between 15 and 180 days) each payment. For the Holding Company as of the year 2021, only the employees with a collective bargaining agreement continue in the plan, since the non-conventional employees had a change in the payment model.
- The Holding Company and its subsidiary Ventas y Servicios S.A. - NEXA BPO have recorded theliabilities corresponding to these benefits based on the actuarial calculations made under the same parameters of the retirement benefits, the retirement benefits correspond to $7,043 as of December 31, 2021.

The following is the movement in employee retirement benefits and long-term benefits during the years ended December 31, 2021 and 2020:

	Post Employment Benefits		Long Term Benefits	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Balance at beginning of period	$ 13.503	$ 13.978	$ 37.098	$ 35.091
Costs incurred during the period	391	387	2.604	2.347
Interest costs	676	725	1.459	1.675
Past service costs	-	-	(28.377)	-
	$ 14.570	$ 15.090	$ 12.784	$ 39.113
(Gain)/loss due to changes in demographic assumptions	297	273	(2.162)	3.737
(Gain)/loss due to changes in financial assumptions	(2.157)	(60)	(1.262)	345
	$ (1.860)	$ 213	$ (3.424)	$ 4.082
Payments to employees	(1.785)	(1.800)	(2.317)	(6.097)
Balance at end of period	$ 10.925	$ 13.503	$ 7.043	$ 37.098

The variables used to calculate the projected obligation for the different retirement and long-term employee benefits are shown below:

	Post Employment Benefits		Long Term Benefits	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Discount rate	7,43%	5,38%	7,00%	4,45%
Inflation rate	3,00%	3,00%	3,01%	3,00%
Rate of salary increase	3,60%	4,00%	4,00%	4,00%
Pension increase rate	3,00%	3,00%	0,00%	0,00%
Employee turnover	14,47%	11,78%	14,47%	11,78%
Average plan duration (in years)	5,67	6,67	4,09	4,78

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 2021	Post Employment	Long Term	Post Employment	Long Term
Discount rate	$ 319	148	$ (300)	(140)
Salary growth rate	(151)	(147)	155	153
Pension growth rate	(90)	-	95	-

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 long-term benefits
2021	$	1.882	$	1.471
2022		1.452		1.140
2023		1.216		1.266
2024		1.164		1.071
2025		1.100		969
Years 2026 - 2030		5.395		3.883

The Holding Company will cover with its own resources the future cash flows for extra-legal and pension benefit payments.

As of December 31, 2021 and 2020, the number of post-employment and long-term benefit participants are as follows:

Benefit	2021	2020
Post-employment participants	6.813	7.091
Long-term participants	3.052	7.020

Note 20. – Provisions for legal contingencies and other provisions

The movement and balances of legal and other provisions during the periods ended December 31, 2021 and 2020 are described below:

		Legal provisions	Other provisions	Total provisions
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**
Balance as of December 31, 2020	$	**4.214**	**55.714**	**59.928**
Increase for new provisions in the period		709	15.931	16.640
Increase in existing provisions in the period		282	424	706
Increase due to adjustments arising from the passage of time		-	21	21
Utilization of provisions		(924)	(2.934)	(3.858)
Amounts reversed for unused provisions		(886)	(25.918)	(26.804)
Balance as of December 31, 2021	$	**3.395**	**43.238**	**46.633**

Other legal provisions

The nine (9) civil lawsuits filed against the Bank arising from the development of its business, which are mainly related to claims from customers who consider that (i) checks were improperly paid from their accounts or from the Bank's accounts, or (ii) without its authorization, the withdrawal of resources through electronic channels was allowed, as well as one (01) investigation of an administrative nature by a State control and surveillance body and the labor lawsuits that represent a risk, are duly provisioned in the amount of $2,547 as of December 31, 2021.

Litigation against subsidiaries, of a civil nature, which represent probable losses are provided for in the amount of $245 as of December 31, 2021 and it is estimated that none of them will generate a loss equal to or greater than $3,072 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 disagreements in the termination of the labor contract or the conditions of development of the contract, 3 are duly provisioned in the amount of $311 and $63 for the subsidiaries, corresponding to 4 lawsuits as of December 31, 2021, based on the analysis of the case and the qualification of risk and probability by the external labor advisor.

Provisions of a tax nature

The tax lawsuit filed against the Holding Company derived from the development of its object and that represent a risk, corresponds to the tax process related to the Al occidente customs sanction that was conciliated with the DIAN but that after its presentation was not accepted, are duly provisioned for $229 as of December 31, 2021.

Other provisions

Other provisions for the periods ended December 31, 2021 and 2020 consist of:

Dismantling of assets

The Holding Company and the subsidiary Ventas y Servicios S.A. - NEXA BPO established a provision for asset dismantling, corresponding to the improvements made in the infrastructure of the leased offices as of December 31, 2020 and 2021. Dismantling is originated by the dismantling of improvements to leave the leased facilities in their original state or as agreed in the contract. At December 31, 2021 the Holding Company recorded a provision of $1,754 and Ventas y Servicios
S.A. - NEXA BPO of $493; and at December 31, 2020 the Holding Company recorded a provision of $1,754 and Ventas y Servicios S.A. - NEXA BPO of $619

Provision for loan commitments

As of December 31, 2021, provisions were included for contingent commitments of $39,942, of which 51.82% correspond to Bank Guarantees and the remaining 48.18% to Credit Cards. Meanwhile, as of December 31, 2020, provisions were included for contingencies at the head office, amounting to $49,388, of which 69.24% corresponds to Credit Cards and the remaining 30.76% corresponds to Bank Guarantees.

Other provisions

Fiduciaria de Occidente S.A. for December 31, 2021 constituted provisions for demand in Consorcio Fidufosyga for joint operations for $1,040 and for risks and contingencies for joint operations Consorcio Vinus for $7; as of December 31, 2020 the balance recorded is $999.

Note 21. – Other liabilities

Other liabilities as of December 31, 2021 and 2020, comprise the following:

Concepts		December 31, 2021	December 31, 2020
Suppliers and accounts payable	$	270.606	225.324
Cashier's checks		182.013	213.746
Other		146.942	111.124
Collections made		100.620	49.691
Taxes, withholdings and labor contributions		81.654	74.930
Dividends and surplus		51.968	72.416
Withdrawals payable		45.071	22.797
Peace bonds		25.501	24.027
Uncollected checks drawn		14.382	8.537
Various other foreign currencies		10.575	19.142
Contributions on transactions		9.509	9.723
Derivatives trading		8.422	17.634
Sales tax payable		8.124	7.205
Buyer promoters		6.312	11.394
Accounts written off		5.763	3.747
Leases		2.720	2.944
Commissions and fees		2.150	2.432
Collection services		1.250	235
Loyalty programs		737	825
Deferred credits		688	716
Advance revenues		458	576
Non-delivery forwards		392	716
Cash surplus and redemption		46	83
Insurance and insurance premiums		28	56
Non-financial liabilities		28	28
Transactions ath and ach		5	-
Income received for third parties		-	330
	$	**975.964**	**880.378**

Note 22. – Equity

The number of authorized shares issued and outstanding as of December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Number of authorized shares	$ 200.000.000	200.000.000
Number of subscribed and paid-in shares	155.899.719	155.899.719
Total shares outstanding	**155.899.719**	**155.899.719**
Total shares outstanding are as follows:		
Common shares	155.899.719	155.899.719
Subscribed and paid-in capital, common shares	**$ 4.677**	**4.677**

Appropriated retained earnings in reserves

The following is the detail of the composition as of December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Legal reserve	$ 3.134.027	3.133.328
Mandatory and voluntary reserves	490.745	276.257
Total	**$ 3.624.772**	**3.409.585**

Legal reserve

In accordance with current legal regulations, the Holding Company and its subsidiaries Fiduciaria de Occidente S.A. and Ventas y Servicios S.A. - NEXA BPO must create a legal reserve by appropriating ten percent (10%) of the net profits of each year until reaching an amount equal to fifty percent (50%) of the subscribed capital stock. This reserve may be reduced below fifty percent (50%) of the subscribed capital stock to cover losses in excess of retained earnings. The legal reserve may not be less than the aforementioned percentage except to cover losses in excess of retained earnings.

Dividends declared

Dividends are declared and paid to shareholders based on the net income of the immediately preceding year. Dividends declared by the Holding Company were as follows:

	December 31, 2021	December 31, 2020
Prior year's earnings as determined in the Holding Company's separate financial statements (*)	$ 320.628	457.781
Dividends paid in cash	192.374	273.952
Common shares outstanding	155.899.719	155.899.719
Total shares outstanding	**155.899.719**	**155.899.719**
Withholding tax (**)	**(410)**	**(699)**
Total Dividends Declared	**$ 192.374**	**273.952**

(*) The profits being reported correspond to the closing of December 2020 and 2019.

(**) Withholding tax transferable to shareholders (Art.242-1 ET))

The Holding Company and its subsidiaries have a simple capital structure and therefore there is no difference between basic earnings per share and diluted earnings.

Note 23. – Non-controlling interests

The following table provides information about each subsidiary that has significant non-controlling interests as of December 31, 2021 and 2020:

December 31, 2021

Entity	Country	Participation		Value of equity interest	Value of profit sharing (losses)	Dividends declared in the period
Fiduciaria de Occidente S.A.	Colombia	4,44%	$	16.356	3.671	1.888
Ventas y Servicios S.A.	Colombia	19,99%		9.882	1.088	-
Banco de Occidente Panamá S.A.	Panama	5,00%		9.647	1.780	-
			$	**35.884**	**6.538**	**1.888**

December 31, 2020

Entity	Country	Participation		Value of equity interest	Value of profit sharing (losses)	Dividends declared in the period
Fiduciaria de Occidente S.A.	Colombia	4,44%	$	15.154	1.887	1.595
Ventas y Servicios S.A.	Colombia	19,99%		8.794	905	-
Banco de Occidente Panamá S.A.	Panama	5,00%		9.487	1.721	-
			$	**33.435**	**4.513**	**1.595**

The following table shows information about each of the direct subsidiaries in which the Company has a significant non-controlling interest as of December 31, 2021 and 2020:

December 31, 2021

Entity		Assets	Liabilities	Total Revenues	Net income	Other Comprehensive Income	Operating cash flow
Fiduciaria de Occidente S.A.	$	408.364	39.994	174.057	82.677	3.545	40.140
Ventas y Servicios S.A.		105.615	56.182	327.372	5.441	-	32.404
Banco de Occidente Panamá S.A.		3.324.500	3.131.565	123.570	35.595	37.476	136.146
	$	**3.838.479**	**3.227.741**	**624.999**	**123.713**	**41.021**	**208.690**

December 31, 2020

Entity		Assets	Liabilities	Total Revenues	Net income	Other Comprehensive Income	Operating cash flow
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**

AAs of December 31, 2021, 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 thereof.

Note 24. – Commitments and contingencies

a. Commitments

Credit commitments

In the development of its normal operations, the Holding Company grants guarantees or letters of credit to its customers in which it irrevocably undertakes to make payments to third parties in the event that the customers do not comply with their obligations to such third parties, with the same credit risk for the loan portfolio. The granting of guarantees and letters of credit are subject to the same loan disbursement approval policies regarding the creditworthiness of customers, and guarantees are obtained as deemed appropriate under the circumstances.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, use of credit cards or letters of credit. Regarding credit risk on commitments to extend credit lines the Holding Company is potentially exposed to losses in an amount equal to the total amount of unused commitments, if the unused amount were to be fully drawn down; however the amount of loss is less than the total amount of unused commitments since most commitments to extend credit are contingent upon the customer maintaining specific credit risk standards. The Holding Company monitors the maturity terms of the relative commitments of credit facilities becauselong-term commitments have a higher credit risk than 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, 2021 and 2020:

	December 31, 2021		December 31, 2020	
	Notional amount	Fair Value	Notional amount	Fair Value
Guarantees	$ 1.280.344	43.368	1.139.253	34.046
Unused letters of credit	191.197	566	65.986	211
Unused credit card quotas	2.983.051	2.983.051	2.818.119	2.818.119
Credit opened	128.182	128.182	-	-
Approved loans not disbursed	37.397	37.397	35.765	35.765
Other	759.226	759.226	231.782	231.782
Total	**$ 5.379.397**	**3.951.790**	**4.290.905**	**3.119.923**
Provision for loss contingencies	(39.944)	(39.944)	-	-
Total	**$ 5.339.453**	**3.911.846**	**4.290.905**	**3.119.923**

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 breakdown of credit commitments by type of currency:

	December 31, 2021	December 31, 2020
Colombian Pesos	$ 4.645.848	3.543.855
Dollars	718.642	689.252
Euros	7.976	57.796
Other	6.931	2
Total	**$ 5.379.397**	**4.290.905**

Capital expenditure disbursement commitments

As of December 31, 2021 and 2020, the Holding Company and subsidiaries had contractual commitments for capital expenditures (intangible and other) of $112,524 and $92,817, respectively. The Holding Company and subsidiaries have already allocated the necessary resources to meet these commitments and believes that net income and funds will be sufficient to cover these and similar commitments.

b. Contingencies

Legal contingencies

As of December 31, 2021, the result of the valuation of the claims of the legal proceedings for civil lawsuits, not including those of remote probability, amounted to $113,909.

From time to time in the normal course of operations 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, 2021, the following proceedings are held against it that are material (equal to or greater than $3,075):

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, with file number 2004-1924. The proceeding was brought against the financial entities that participated in the Performance Plan of the department of Valle in 1998, for considering that the collection of interest on interest was agreed upon. The process is still in the evidentiary stage and no first instance ruling has been issued and there is no evidence to prove the facts of the claim; therefore, as of December 31, 2021, it is not yet necessary to estimate provisions for this process. The claims were estimated in the amount of $15,900 million.

(ii) Process of demarcation and demarcation promoted by Mr. 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 process due to a complaint filed by the company Mosel SAS, since the Bank was the owner of the property subject of the process 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 customer's deposits, a situation that does not correspond to reality, since the customer's bank accounts had no resources and had already been previously seized by another judicial authority. The incident was timely answered by the Bank with the relevant factual and legal arguments, however, the court decided to declare it jointly and severally liable 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. In 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 because it lacks 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 a labor executive process.

(iv) Liability proceeding filed by the company PROMOTORA ANTIQUE SAS before the Superintendence of Finance of Colombia, for the alleged default in the disbursement of a construction loan, for which it claims damages for 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 the disbursement within the term of the credit approval, and therefore the exceptions are bound to prosper. The process is in evidence.

Regarding the proceedings against the aforementioned, once the corresponding evaluation was made, it was established that they do not require provisioning.

Tax contingencies

As of December 31, 2021, 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 and 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, however, it is considered important to disclose a possible provision for $1,484, corresponding to the lawsuit of Mr. Luis Alberto Torrado Acevedo (R.I.P.) former employee of Ventas y Servicios S.A. - NEXA BPO in consideration of the amount of the claims, according to the concept of the lawyers as of December 31, 2021. 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 customers

Below is a detail of commission income and expenses for the years ended December 31, 2021 and 2020:

Revenues		December 31, 2021	December 31, 2020
Fees for banking services	$	246.467	232.140
Credit card commissions		123.596	104.665
Fiduciary activities		80.402	76.550
Fees for drafts, checks and checkbooks		6.344	7.746
Branch network services		1.406	1.681
Total	**$**	**458.215**	**422.782**
Expenses			
Banking services	$	18.534	16.372
Bank charges		1.034	856
Sales and service commissions		7.998	10.022
Bank guarantees		37	37
Trust business		-	5
Placements		43.349	32.334
Credit cards		3.694	4.021
Other		51.753	40.930
Total		**126.399**	**104.577**
Net commission income	**$**	**331.816**	**318.205**

The following table discloses revenues from customer contracts as of December 2021 and 2020:

	December 31, 2021	December 31, 2020
Revenues		
Revenue from contracts with customers	458.215	422.782
Timing of revenue recognition		
At one point in time	7.750	
Over time	450.465	422.782

Note 26. – Other income, net and other expenses

Below is a detail of other income for the years ended December 31, 2021 and 2020:

Other income		December 31, 2021	December 31, 2020
Other operating income		273.818	260.158
Equity in net income of associated companies and joint ventures		245.863	256.635
Net gain (loss) on foreign currency exchange differences	$	230.605	(185.977)
Net gain (loss) on valuation of investment property		17.691	(16.098)
Gain on sale of non-current assets held for sale		12.015	44.421
Gain on sale of property and equipment		5.051	6.278
Dividends		3.138	2.344
Net gain on sale of investments		1.345	70.778
Total other income	**$**	**789.526**	**438.539**

Other expenses		December 31, 2021	December 31, 2020
Personnel expenses	$	759.171	761.470
Taxes and fees		161.892	164.847
Consulting, auditing and other fees		126.882	120.648
Insurance		111.775	89.458
Contributions, affiliations and transfers		97.818	73.764
Depreciation of right-of-use assets		54.900	51.899
Other		53.606	88.655
Depreciation of tangible assets		45.770	49.737
Amortization of intangible assets		45.312	33.508
Maintenance and repairs		38.341	40.680
Advertising services		30.966	26.719
Public utilities		28.415	32.814
Electronic data processing		15.568	16.631
Leases		14.630	15.293
Janitorial and security services		12.588	14.308
Transportation services		11.065	12.174
Losses on sale of property and equipment		8.314	16.942
Loss on sale of property and equipment		6.595	3.344
Adequacy and installation		4.559	3.996
Asset write-offs		4.310	1.952
Supplies and stationery		3.432	5.864
Travel expenses		2.427	3.217
Impairment losses on other assets		1.699	4.187
Donation expenses		1.315	880
Loss on sale of non-current assets held for sale		95	46
Total other expenses	**$**	**1.641.444**	**1.633.033**

Note 27. – Analysis of operating segments

Operating segments are components of the Holding Company in charge of developing 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 comprising 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 services related to the banking and financial activity 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 Holding Company's Board of Directors, 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 the operating segments:** The Holding Company's Board of Directors 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 the net income of each segment 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, 2021 and 2020:

December 31, 2021

		Banco de Occidente S.A. (Parent 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 through profit and loss	$	5.222.409	76.657	7.012	1.441.447	411.981	-	7.159.506
Financial assets at fair value with changes in ORI		3.564.297	26.891	-	1.440.619	416.432	(4.451)	5.443.788
Financial assets in debt securities at amortized cost		883.207	-	-	-	-	-	883.207
Investments in associates and joint ventures		2.112.679	255.504	-	-	-	(703.193)	1.664.990
Financial assets in loans and receivables at amortized cost		35.286.355	(73)	-	1.377.136	500.795	(99.106)	37.065.107
Other assets		500.508	49.312	98.603	(934.701)	(238.944)	(27.917)	(553.139)
Total Assets	$	**47.569.455**	**408.291**	**105.615**	**3.324.501**	**1.090.264**	**(834.667)**	**51.663.459**
Customer deposits		32.273.799	-	-	3.123.343	954.031	(10.921)	36.340.252
Financial obligations		8.560.315	17.216	16.558	1.781	-	(99.501)	8.496.369
Other liabilities		1.584.052	22.706	39.624	6.441	2.114	(16.678)	1.638.259
Total Liabilities	$	**42.418.166**	**39.922**	**56.182**	**3.131.565**	**956.145**	**(127.100)**	**46.474.880**
Equity	$	**5.151.289**	**368.369**	**49.433**	**192.936**	**134.119**	**(707.567)**	**5.188.579**

		Banco de Occidente S.A. (Parent Company)	Fiduciaria de Occidente S.A.	Ventas y Servicios S.A.	Banco de Occidente Panamá S.A.	Occidental Bank (Barbados) Ltd.	Eliminations	Total
Income from continuing operations								
Financial income	$	2.643.585	418	128	73.771	27.652	(3.596)	2.741.958
Fees and commissions		371.970	81.415	-	7.338	2.664	(5.172)	458.215
Other operating income		5.832.514	92.223	327.244	42.462	6.214	(224.490)	6.076.167
Total income	$	**8.848.069**	**174.056**	**327.372**	**123.571**	**36.530**	**(233.258)**	**9.276.340**
Financial Expenses								
Provision for impairment of financial assets	$	878.025	(57)	(20)	3.195	1.395	-	882.538
Depreciation and amortization		120.988	4.966	19.618	898	115	(603)	145.982
Commissions and fees paid		182.190	2.053	29	2.503	728	(61.104)	126.399
Administrative expenses		690.096	19.997	43.409	7.511	4.967	(35.325)	730.655
Other operating expenses		6.326.603	62.182	257.185	73.869	13.921	(3.804)	6.729.956
Income taxes		70.091	2.239	1.709	-	778	86	74.903
Total expenses	$	**8.267.993**	**91.380**	**321.930**	**87.976**	**21.904**	**(100.750)**	**8.690.433**
Income for the period	$	**580.076**	**82.676**	**5.442**	**35.595**	**14.626**	**(132.508)**	**585.907**

December 31, 2020

		Banco de Occidente S.A. (Parent 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 through profit and loss	$	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 associates and joint ventures		2.034.104	15.399	-	-	-	(434.875)	1.614.628
Financial assets in 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	**$**	**41.664.772**	**383.539**	**119.118**	**2.815.814**	**1.052.703**	**(945.202)**	**45.090.744**
Customer deposits		27.466.480	-	-	2.593.564	926.142	(15.453)	30.970.733
Financial obligations		7.529.860	19.889	31.449	19.923	-	(283.437)	7.317.684
Other liabilities		1.722.314	22.343	43.677	12.592	809	21.382	1.823.117
Total Liabilities	**$**	**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. (Parent Comp	Fiduciaria de Occidente S.A.	Ventas y Servicios S.A.	Banco de Occidente Panamá S.A.	Occidental Bank (Barbados) Ltd.	Eliminations	Total
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 impairment of financial assets								
Depreciation and amortization	$	1.240.311	132	22	1.019	5.172	-	1.246.656
Commissions and fees paid		110.264	5.018	19.572	1.222	394	(1.327)	135.143
Administrative expenses		156.481	1.161	194	2.331	748	(56.339)	104.576
Other operating expenses		651.851	20.653	43.399	6.668	4.255	(27.526)	699.300
Income taxes		10.476.726	58.676	251.423	88.671	30.940	(26.166)	10.880.270
Total expenses		(69.322)	1.923	1.519	-	421	-	(65.459)
Income for the period	**$**	**12.566.311**	**87.563**	**316.129**	**99.911**	**41.930**	**(111.358)**	**13.000.486**
Financial Expenses Provision for impairment of financial assets	**$**	**334.709**	**42.499**	**4.529**	**34.429**	**13.386**	**(88.994)**	**340.558**

e. Reconciliation of net income, assets and liabilities of reportable operating segments

The following is a detail of the reconciliation of total segment revenues, expenses, assets and liabilities to the corresponding items consolidated at the Holding Company level:

1. Revenue

		December 31, 2021	December 31, 2020
Total Reportable Revenues by segment	$	9.509.598	13.541.396
a. Yield on demand deposits		(691)	(19.683)
b. Dividends		-	(25.718)
c. Equity Method		(12.417)	(68.476)
d. Other		(220.150)	(86.475)
Total consolidated income	**$**	**9.276.340**	**13.341.044**

2. Expenses

		December 31, 2021	December 31, 2020
Total reportable expenses by segment	$	8.791.183	13.111.844
a. Interest on bank loans		(668)	(19.356)
c. Equity method		-	(5.337)
d. Others		(100.082)	(86.665)
Total consolidated expenses	**$**	**8.690.433**	**13.000.486**

3. Assets

		December 31, 2021	December 31, de 2020
Total reportable assets by segment	$	52.498.126	46.035.946
a. Banks and other correspondents		(69.435)	(15.452)
b. Interbank funds sold		(108.442)	(265.046)
c. Investments		(696.334)	(684.843)
d. Accounts receivable		(30.963)	(8.593)
e. Other		70.507	28.732
Total consolidated assets	**$**	**51.663.459**	**45.090.744**

4. Liabilities

		December 31, 2021	December 31, de 2020
Total reportable liabilities by segment	$	46.601.980	40.389.042
a. Checking accounts		(63.087)	(13.779)
b. Bank loans		(108.442)	(265.046)
c. Accounts payable		1.121	21.432
d. Bonds		(18.745)	(17.165)
e. Other		62.053	(2.950)
Total consolidated liabilities	**$**	**46.474.880**	**40.111.534**

5. Equity

		December 31, 2021	December 31, de 2020
Total reportable equity by segment	$	5.896.146	5.646.904
a. Capital stock		(41.574)	(42.336)
b. Additional paid-in capital		(198.940)	(198.940)
c. ORI		(922.102)	(901.777)
d. Equity method surplus		(46.799)	(101.665)
e. Profit or loss		536.468	580.718
f. Other		(34.620)	(3.694)
Total Equity	**$**	**5.188.579**	**4.979.210**

Assets by country

Country		December 31, 2021	December 31, 2020
Colombia	$	4.865.977	4.668.810
Panama		322.602	310.400
Total Equity	**$**	**5.188.579**	**4.979.210**

6. Revenues by Country

Country		December 31, 2021	December 31, 2020
Colombia	$	9.234.667	13.310.290
Brazil		10.751	2.686
Peru		5.150	6.782
Mexico		4.480	3.865
Chile		4.105	2.348
Panama		4.076	2.775
Costa Rica		3.617	2.385
Ecuador		2.030	1.217
Paraguay		1.582	1.524
USA		1.493	3.790
Guatemala		1.434	1.258
Grand Cayman Islands		851	775
Luxembourg		651	-
Honduras		416	127
Salvador		384	121
Dominican Republic		280	755
Uruguay		157	-
Belize		129	45
Singapore		84	240
Barbados		3	14
Bahamas		-	43
Qatar United Arab Emirates		-	4
Total Consolidated Revenues	**$**	**9.276.340**	**13.341.044**

f. Holding Company's largest customers

There are no customers representing 10% of the Holding Company's total revenues during the periods ended December 31, 2021 and 2020.

Note 28. – Offsetting of financial assets with financial liabilities

The following is a detail of the financial instruments subject to contractually required offsetting as of December 31, 2021 and 2020:

As of December 31, 2021

		Gross amounts of recognized financial assets	Net amount of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position: Financial Instruments	Net Amount
Assets					
Derivative financial instruments	$	463.730	463.730	-	463.730
Repo and simultaneous operations		72.587	72.587	228.820	(156.233)
Total	$	**536.317**	**536.317**	**228.820**	**307.497**
Liabilities					
Derivative financial instruments	$	517.293	517.293	-	517.293
Repo and simultaneous transactions		1.752.214	1.752.214	1.403.851	348.363
Total	$	**2.269.507**	**2.269.507**	**1.403.851**	**865.656**

As of December 31, 2020

		Gross amounts of recognized financial assets	Net amount of financial assets presented in the statement of financial position	Related amounts not offset in: Financial Instruments	Net Amount
Assets					
Derivative financial instruments	$	571.024	571.024	-	571.024
Repo and simultaneous operations		33.276	33.276	234.721	(201.445)
Total	$	**604.300**	**604.300**	**234.721**	**369.579**
Liabilities					
Derivative financial instruments	$	728.221	728.221	-	728.221
Repo and simultaneous transactions		846.881	846.881	898.061	(51.180)
Total	$	**1.575.102**	**1.575.102**	**898.061**	**677.041**

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 offsetderivative instruments of its own liability obligations.

Note 29. – Unconsolidated structured entities

The following table shows the total assets of unconsolidated structured entities in which the Bank and Subsidiaries had an interest as of the reporting date and their maximum exposure to loss with respect to such interests:

Funds managed by Grupo Aval		December 31, 2021	December 31, 2020
Total assets under management	$	8.839.301	316.795
Investments at fair value through profit or loss		480.813	369.086
Other accounts receivable		1	660
Total assets in relation to Group interests Aval in non-consolidated structured entities		**9.320.115**	**686.541**
Maximum exposure of Grupo Aval	$	**9.320.115**	**686.541**

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 considered a member of key management personnel of the reporting entity or a parent 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 foregoing, 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, it 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 natural persons 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 transactions with related parties are carried out at market conditions, the most representative balances as of December 31, 2021 and 2020, with related parties, are included in the following tables, whose headings correspond to the definitions of related parties, recorded in the three categories above:

December 31, 2021

		Categories				
	1	2	3	4	5	6
	Individuals with control over Banco de Occidente	Key Management Personnel	Companies belonging to the same 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
Assets						
Cash and cash equivalents	$ -	-	8.763	-	-	-
Financial assets in investments	-	-	-	-	794	-
Financial assets in credit operations	21	17.464	304.813	9.050	320.705	602
Accounts receivable	-	212	33.872	10	73.323	1
Other assets	-	-	8.298	-	32	-
Liabilities						
Deposits	156.619	32.973	1.505.680	56.172	386.905	656
Accounts payable	105	3.127	37.281	-	7.386	-
Financial obligations	-	130	97.041	1.000	52.710	-
Other liabilities	$ -	14	3.202	-	402	-

December 31, 2020

		Categories				
	1	2	3	4	5	6
	Individuals with control over Banco de Occidente	Key Management Personnel	Companies belonging to the same 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
Assets						
Cash and cash equivalents	$ -	-	4.029	-	-	-
Financial assets in investments	-	-	-	10	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	-

The most representative transactions for the years ended December 31, 2021 and 2020 with related parties comprise:

a. Sales, services and transfers

December 31, 2021

		Categories					
		1	2	3	4	5	6
		Individuals with control over Banco de Occidente	Key Management Personnel	Companies belonging to the same 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
Interest income	$	7	741	14.753	62	13.421	48
Interest expense		788	320	8.150	519	9.115	4
Fee and commission income		3	136	9.856	28.800	66.050	6
Fees and commissions expense		-	774	78.163	12.968	231	-
Other operating income		7	784	190.187	6.126	11.094	2
Other Expenses	$	-	106	2.393	26.024	8.349	-

December 31, 2020

		Categories					
		1	2	3	4	5	6
		Individuals with control over Banco de Occidente	Key Management Personnel	Companies belonging to the same 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
Interest income	$	5	914	14.803	845	16.238	-
Interest expense		845	395	26.637	286	63.438	-
Fee and commission income		2	126	7.869	26.720	50.113	1
Fees and commissions expense		-	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	-

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, 2021 and 2020:

Concepts	December 31, 2021	December 31, 2020
Salaries	25.022	23.893
Short-term employee benefits	3.928	2.473
Other long-term benefits	20	538
Termination benefits	-	1.169
Total	**28.970**	**28.073**

Note 31. – Events subsequent to the closing date of preparation of the consolidated financial statements

There are no subsequent events that have occurred between the closing date as of December 31, 2021 and February 25, 2022, date of the statutory auditor's report, that have an impact on the consolidated financial statements at that date or on the Bank's results and shareholders' equity.

Note 32. – Approval of consolidated 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.1605 dated February 25, 2022, to be submitted to the General Shareholders' Meeting for approval, which may approve or modify them.

Banco de Occidente

Del lado
de los que hacen.

Grupo AVAL