Banco de Comercio Exterior de Colombia S.A. - (Foreign Trade Bank of Colombia S.A.) Bancóldex

Separate Financial Statements for the Years ended December 31, 2021 and 2020 and for the years ended on such dates and Statutory Auditor's Report

STATUTORY AUDITOR'S REPORT

To the Stockholders of

BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. - BANCÓLDEX:

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying separate financial statements of BANCO DE COMERCIO EXTERIOR DE COLOMBIA
S.A. BANCÓLDEX (the 'Bank'), which comprise the separate statement of financial position as at December 31, 2021, and the separate statements of income, other comprehensive income, changes in net equity and cash flows for the year then ended, and a summary of significant accounting policies, as well as other explanatory notes.

In my opinion, the accompanying separate financial statements, taken from the accounting ledger, present fairly, in all material respects, the separate financial position of BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. BANCÓLDEX as at December 31, 2021, the separate results of its operations and its separate cash flows for the year then ended in accordance with Accounting and Financial Reporting Standards accepted in Colombia.

Basis for Opinion

I conducted my audit in accordance with International Auditing Standards accepted in Colombia. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the
Financial Statements section of my report. I am independent of BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. BANCÓLDEX in accordance with the ethical requirements that are relevant to my audit of the financial statements in Colombia and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained provides me with a reasonable basis to express my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. As of December 31, 2021, the key audit matters are:

Determination of loss allowance for commercial portfolio loans under the guidelines of the SFC – see Notes 3.5, 4.1 and 10 to the financial statements

The Bank determines the loss *allowance for commercial portfolio loans* under the guidelines of the Financial Superintendence of Colombia, which establishes the constitution of minimum allowance in accordance with the expected losses determined according to the credit risk rating methodology defined in the reference model. As of 31 December 2021, the *allowance for commercial portfolio loans* was COP $204.745 million on total commercial portfolio of COP $7.212.369 million.

I considered as a key audit matter, the assignment methodology of credit risk rating for clients classified in commercial portfolio loans, which incorporates relevant judgment and estimation factors into the analysis, related to the individual assessment of risk factors of each debtor mainly associated with their ability to pay and the generation of cash flows to cover the debt. This assigned risk rating is incorporated as a parameter in the Superintendence reference model for the calculation of the aforementioned allowance.
My audit procedures to address the key auditor matters included, among others, the following:

- Testing of the design, implementation and operating effectiveness of controls on the commercial portfolio loans reference model, in particular related to (i) validation of the methodology and/or allocation models of credit risk rating in according to the provisions of the Superintendence, (ii) Monitoring by the Bank on the allocation of credit risk ratings, (iii) information technology controls on the input data of the reference model, as well as the related calculations.

- For a sample of commercial credits, the supporting documentation was inspected for the purpose of verifying that the qualification granted to clients complies with the guidelines defined by the Superintendency and the credit risk policies established by the Bank.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting and Financial Reporting Standards accepted in Colombia, and for such internal control as management considers relevant for risk management, the preparation and correct presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. BANCÓLDEX ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Auditing Standards accepted in Colombia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Auditing Standards accepted in Colombia, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

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

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

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

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore 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 rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

As noted in Note 2.4, the attached separate financial statements have been prepared to comply with the legal provisions in force in Colombia. These financial statements should be read in conjunction with the consolidated financial statements issued separately.

The financial statements as of December 31, 2020, which are included for comparative purposes only, were audited by me and I expressed an unqualified opinion on February 26, 2021.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the scope of my audit, I inform that BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. BANCOLDEX accounting ledger has been maintained in conformity with legal regulations and accounting technique; the transactions recorded in the accounting ledger; the correspondence, the account-balances supports and the stock registry and minutes ledger are maintained appropriately; The regulations and instructions of Colombia Superintendence of Finance have been met, as related to the implementation and impact of the Risk Management Systems applicable to the Bank on the statement of financial position and the statement of results; as well as with the provision accounting for goods received as payment; the management's report duly agrees to the basic financial statements, and it includes management's certification on no interference over the free circulation of the invoices issued by vendors or suppliers; and the information contained in the self-settlement declarations of contributions to the Integrated Social Security Administration, in particular as it relates to enrolled members and their income as basis of contribution, has been obtained from the accounting records. As of
December 31, 2021, the Bank is not in arrears for contributions to the Integrated Social Security Administration.

According to article 1.2.1.4 of Decree 2420 of 2015, the statutory auditor will apply the International Standard on
Assurance Engagements - ISAE, in development of the responsibilities contained in article 209 of the Commercial Code, related to the evaluation of compliance with the by-law statutes and those from the stockholders' board decisions and with the internal control assessment. Also, according to Article 1.2.1.5 of said Decree, for purposes of the application of article 1.2.1.4, it is not necessary for the Statutory Auditor to prepare separate reports, but to express an opinion or notion on each of the topics contained therein. The Technical Council of Public Accounting will issue the necessary technical guidelines for these purposes.

Based on the instructions issued by the Colombia Superintendence of Finance and the evidence obtained in the development of my statutory audit, during the year 2021, on my notion, nothing has come to my attention that makes me believe that: a) the Bank's administrators actions are not according to the by-laws and/or to stockholders' board decisions and b) the internal control measures over accounting and the maintenance and safeguard of the Bank's or third-party assets are not existent or are not appropriate. Also, my recommendations on internal control and other matters have been communicated to BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. BANCOLDEX management in separate reports, which, as of the date of this report, based on a weighting, have been implemented at a 90% and for the remaining 10%, the Bank has action plans in progress.

This statutory auditor´s report has been originally issued in Spanish and was translated into English for the convenience of readers only. In the event of a discrepancy, the Spanish-language version prevails.

JUAN CARLOS SÁNCHEZ NIÑO
Statutory Auditor
Professional License No. 142082-T Deloitte & Touche Ltda. gg
February 25, 2022.

1. REPORTING ENTITY

1.1. Economic Entity - *Banco de Comercio Exterior de Colombia S.A.– BANCÓLDEX* (hereafter "the Bank" or "Bancóldex") is a national partially state-owned company, incorporated as a bank credit institution. It is attached to the Ministry of Commerce, Industry and Tourism, established, and organized pursuant to Colombian law as of January1, 1992, in accordance with Law 7 and Decree 2505 of 1991. Its initial term is 99 years as of December 30,1992, and, pursuant to Resolution Number 0652 of April 15, 1996 issued by the Financial Superintendence of Colombia (hereafter "SFC" or "Superintendence"), the term was extended to December 30, 2091. It is domiciled in the city of Bogotá, D.C., and has no branches or agencies.

Articles 58 and 94 of Law 795 of January 14, 2003 ratify the legal nature of the Bank, exempt it from the compulsory investment scheme and authorize it to rediscount leasing transactions.

Bancóldex' corporate purpose is to finance, mainly but not exclusively, activities linked to exports and domestic industry by acting as a discount or acceptance house rather than as a direct intermediary. It may also carry out credit operations, including financing Colombian export buyers, discounting credits granted by other financial institutions, granting, and receiving endorsements and collateral in legal or foreign currency and performing other activities authorized by the Organic Statute of the Financial System and current regulatory standards.

On July 31, 2020, the merger agreement was formalized by a public deed. Bancóldex absorbed its affiliate *Arco Grupo Bancóldex Compañía de Financiamiento* to complement the financial product offering for SMEs and incorporate the finance leasing, factoring, and direct credit products. Arco was integrated as a business unit that gave rise to the Vice Presidency for SME Direct Credit.

Bancóldex owns 89.32% of *Fiduciaria Colombiana de Comercio Exterior S.A.* – Fiducóldex, a stock corporation, national indirect partially state-owned company. Fiducóldex is subject to inspection and surveillance by the SFC and was incorporated through Public Deed number 1497 of October 31, 1992, issued at Notary Office 4 of Cartagena (Bolívar) (operating license included in Resolution Number 4535 of November 3, 1992, issued by the SFC). Its headquarters are located in Bogotá, D.C. and its corporate purpose is to enter into a business trust agreement with the Nation (represented by BANCÓLDEX) in order to promote Colombian exports and fulfill other purposes established in Decree 663 of 1993 such as conducting all sorts of business trust agreements, as well as performing all operations, businesses, actions, orders, and services related to normal trust activities.

1.2. COVID-19-related Matters - So far in 2021, a slight recovery of the Colombian economy has been observed. This recovery is due to improved external economic conditions, the measures taken by the government to recover a large part of the economic sectors, the dizzying progress in the COVID-19 vaccination campaign, and the increased prices of raw materials. While there are risks to economic growth in the region, mainly associated with the continuation of the coronavirus pandemic, social order, among others, signs of recovery are expected to consolidate.

The government and financial sector regulators have issued regulations to support this company recovery and maintain GDP growth.

Below is a summary of the situations identified and measures taken by Bancóldex:

i. Liquidity Risk: - For 2021, liquidity indicators were very solid despite the pandemic, following the SARL Manual guidelines for the proper management of Liquidity Risk and having sufficient resources to cover the Bank's obligations. The LCR 30 was above the regulatory limits, and the liquidity buffers, both Buffer and Backup, were sufficient to cover short- and medium-term needs.

Compliance and solidity are reflected in the Net Stable Funding Ratio (NSFR), maintaining a stable funding profile, and showing the entity's medium-term liquidity.

ii. Market Risk: 2021 was a year of economic growth due to the achievements made in the economy of the country's main productive activities that were reactivated after the closure in 2020. Particularly, the financial markets showed a positive behavior as indicated in the Central Bank's financial stability report, which states that the public, private, and equity markets are operating normally. However, it warns that the major vulnerability is the exposure of credit institutions (CI) to sudden changes in international financial conditions, which could imply changes in market conditions, in a context of fiscal deficit and current account deficit that are expected to rise in the short term.

Regarding the local debt markets, they were adversely affected in the last months of 2021 due to high devaluations in all sections of the yield curve. The volatility throughout the curve is caused by the uncertainty arising from the Central Bank's decision to increase the interest rate, inflationary pressures, and the new peak of COVID-19 cases with the new Omicron variant.

Within its business strategy, Bancóldex has a strategic portfolio, approved by the Board of Directors. It comprises investments in legal tender or foreign currency that are made to ensure profitability in the medium or long term.

The strategic portfolio has market risk limits (value at risk and profit and loss limit) and counterparty and issuer limits set by the Board of Directors or the Risk Management Committee (CAR, for its acronym in Spanish). To follow the business plan established by Bancóldex, this portfolio—as its name implies—must meet certain characteristics and comprises investments in TES and global bonds ("Yankees").

So far in 2021, losses have exceeded the profit and loss limit of this strategic portfolio due to the strong devaluations in the yield curve, both in legal tender and in foreign currency, especially in the last quarter.

However, the liquidity portfolio, whose objective is to hold securities with which the Bank may mitigate the liquidity risk to which it is exposed due to its obligations, and the trading portfolio, whose objective is to obtain a return in the short term, met all the value at risk and profit and loss limits set by the Board of Directors.

iii. Credit Risk: Faced with the COVID-19 situation regarding credit risk, the Bank implemented several actions according to the guidelines of the Financial Superintendence of Colombia, including the Debtor Assistance Program (PAD, for its acronym in Spanish), which was valid until August 31, 2021. These actions were permanently monitored for the possible impacts that this situation could have on credit indicators.

The actions implemented sought to offer financial support to customers most affected by the crisis through relief measures and other support actions. To this end, the Bank segmented customers by their payment capacity and performed a case-by-case analysis to apply the relief terms detailed in the respective circulars. At the end of 2021, 7.7% of the Bank's total portfolio has some relief and 3.2% represents a rediscount portfolio (in these cases, assistance to the banks that request modifications to grant relief to their customers), 0.4% the EOCMS portfolio, and 4.1% the SME portfolio.

Given the macroeconomic uncertainty associated with this pandemic, the Bank will continue to monitor customer payment behavior, seeking to anticipate actions that allow maintaining quality indicators at controlled risk levels.

1.3. Bond issuance - The 2021 Bancóldex Bond issuance is the first issuance to finance business recovery in Colombia. In 2020, 36 *Responde* credit lines were created in partnership with mayors, governments, ministries, and other allies to react quickly to the business crisis caused by the COVID-19 pandemic. More than 50,000 entrepreneurs in the country were served as of December 2020.

In 2021, the *Adelante* product portfolio was designed, of which the bond issue is part, focused on business reactivation in Colombia. The issuance for $500 billion aims to continue promoting recovery by designing products and services tailored to the needs of companies in Colombia.

2. PRESENTATION STANDARDS

2.1. Accounting standards applied – The accompanying separate financial statements of the Bank, in accordance with the current provisions established by Law 1314 of 2009, which was regulated, compiled and updated by Decree 938 of 2021, Decree 1432 of 2020, and previous Decrees, were prepared based on the Accounting and Financial Reporting Standards (NCIF) accepted in Colombia. These standards are based on the International Financial Reporting Standards (IFRS), together with their interpretations, translated into Spanish and issued by the International Accounting Standards Board (IASB) as of December 31, 2018.

Moreover, in compliance with the law, decrees and other existing regulations, the Bank applies the following accounting criteria that differ from IFRS issued by IASB:

2.1.1 Decree 2420 of December 14, 2015 – Whereby the parties responsible for preparing financial information and which may be classified as public interest entities that receive, manage, or administer public resources, shall not apply IAS 39– Financial Instruments: Recognition and Measurement; and IFRS 9– Financial Instruments, regarding the handling of the credit portfolio and impairment, and the classification and valuation of investments. Subsequently, IFRS 9 was adopted within Decree 2131 of 2016, repealing IAS 39.

Therefore, in accordance with the Basic Financial and Accounting Circular Letter issued by the Financial Superintendence of Colombia, the credit portfolio is registered at historical cost and its impairment is determined by the reference models established in Chapter II. Investments are classified as: negotiable investments, investments to be held until maturity and available-for-sale investments. They are valued at their market value or fair exchange price. Applicable accounting policies are detailed in Note 3 “Significant Accounting Policies”.

2.1.2 External Circular Letter Number 36 of 2014 by the Financial Superintendence of Colombia establishes that assets received as payment in kind or returned assets must be registered in accordance with the Payments Management System for Assets Received as Payment in Kind established by the Basic Financial and Accounting Circular Letter (External Circular Letter number 100 of 1995). Applicable accounting policies are detailed in Note 3 “Significant Accounting Policies”.

2.2. Application of the standards incorporated in Colombia as of January 1, 2021 - Below are the fundamental aspects on the application of the amendments and improvements contained in Decree 938/2021 and annual improvements to the IFRSs issued by the IASB. They may have an impact on the recognition, measurement, and disclosure of the elements in the Bank’s Statements of Financial Position.

2.2.1 Amendments to IFRS 16: Covid-19-related Rent Concessions beyond June 30, 2021. In March 2021, the IASB amended IFRS 16 to extend until June 30, 2022, the availability of the practical expedient to rent concessions occurring as a direct consequence of the covid-19 pandemic.

Its cumulative effect will be recognized by applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.

The amendment to IFRS 16: Covid-19-related Rent Concessions beyond June 30, 2021 does not impact the Bank's financial statement as of December 31, 2021, since the Bank has not made transactions that meet the criteria listed in the amendment.

2.2.2 Amendments to IAS 1: Classifications of Liabilities as Current or Non-Current. In January 2020, the IASB issued the amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements to classify liabilities as current or non-current. The amendments clarify the following points:

i. The meaning of the right to defer the settlement of a liability

ii. That the right to defer the settlement of the liability must be granted at the end of the fiscal year

iii. That the classification is not affected by the probability that the entity exercises its right to defer the settlement of the liability

iv. That only if any derivative embedded in a convertible liability itself represents an equity instrument, the terms of the liability would not affect its classification

The amendments in Decree 938 more specifically include the definition that the right to defer the settlement of a liability for at least twelve months after the reporting period must be substantial and exist at the end of the same period. In this case, the entity will recognize a current liability when:

i. It expects to settle the liability in its normal operating cycle;

ii. It holds the liability primarily for the purpose of trading;

iii. The liability is due to be settled within twelve months after the reporting period; or

iv. It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

An entity shall classify all other liabilities as non-current.

As stipulated in IAS 1.73, in the event that the conditions listed above give rise to a non-current liability, the entity will have the right at the end of the reporting period to roll over an obligation for at least twelve months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. If the entity has no such right, the entity does not consider the potential to refinance the obligation and classifies the obligation as current. This addendum paragraph also included that if the right to defer settlement is subject to specific conditions, the right will exist only if the entity meets those conditions. The entity must still comply with the conditions even if the lender does not test compliance until a later date.

The decree has also incorporated in paragraph 75A that the classification of a liability is unaffected by the likelihood that the entity exercises its right to defer the liability. If a liability meets the criteria in paragraph 69 for classification as non-current, it is classified as non-current even if management intends or expects the entity to settle the liability within twelve months after the reporting period, or even if the entity settles the liability between the end of the reporting period and the date the financial statements are authorized for issue.

Accordingly, paragraph 76A also states that in terms of classifying a liability as non-current or current, the term settlement refers to a transfer to the counterparty that results in the extinguishment of the obligation. Such a transfer, as indicated in paragraph 76B, could be of a) cash or other economic resources or b) equity instruments of the entity (unless the entity classifies the option as an equity instrument by recognizing it separately from the liability as a component equity of a compound financial instrument).

As stipulated in IAS.76 1, If the following events occur between the end of the reporting period and the date the financial statements are authorized for issue, those events are disclosed as non-adjusting events

i. refinancing on a long-term basis of a liability classified as current,

ii. rectification of a breach of a long-term loan arrangement classified as current,

iii. the granting by the lender of a period of grace to rectify a breach of a long-term loan arrangement classified as current; and

iv. settlement of a liability classified as non-current.

These amendments have been included in Decree 938 dated August 19, 2021 and, as set forth in 139U, will be applied retrospectively as stated in IAS 8 for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted as long as the fact is disclosed in the notes to the financial statements.

The amendment to IAS 1: Classification of Liabilities as Current or Non-Current does not impact Bancóldex's financial statement as of December 31, 2021, since the Bank has not made transactions that meet the criteria listed in the amendment.

2.2.3 Amendments to IAS 16 - Property, Plant, and Equipment: Proceeds before Intended Use. In May 2020, the IASB issued the standard Property, Plant, and Equipment: Proceeds before Intended Use, which prohibits deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

As indicated by the addition of IAS 16.20A, there are costs attributable to the carrying amount of an item of property, plant, and equipment, such as the costs incurred in bringing the asset to the location and condition intended by management. Decree 938/2021 includes that an entity can produce items resulting from the asset, while the asset is brought to the location and conditions necessary for it to be capable to operate as intended. In these cases, the standard establishes that the sale and cost of such products must be carried to profit or loss for the period in accordance with the applicable rules.

Within the amendments. IAS 16.74 adds that the financial statements shall also disclose:

i. the existence and amounts of restrictions on title, and property, plant and equipment pledged as security for liabilities;

ii. the amount of expenditures recognized in the carrying amount of an item of property, plant, and equipment during its construction; and

iii. the amount of contractual commitments for the acquisition of property, plant, and equipment.

In line with these disclosures, paragraph 74A adds that an entity shall disclose the following items in its statement of financial position, in case it does not present them separately in the statement of comprehensive income:

i. the amount of compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in profit or loss; and

ii. the amounts of proceeds and cost included in profit or loss in accordance with paragraph 20A that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Under paragraph 80D, an entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Additionally, as stipulated in paragraph 81N, these amendments shall apply for annual reporting periods beginning on or after January 1, 2022.

The amendment to IAS 16: Classification of Liabilities as Current or Non-Current does not impact Bancóldex's financial statement as of December 31, 2021, since the Bank has not made transactions that meet the criteria listed in the amendment.

2.2.5 Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract. In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity must include when assessing whether a contract is onerous or loss-making.

The amendments state that a "directly related cost approach" shall apply. Costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs that relate directly to fulfilling contracts. General and administrative costs are not directly related to the contract and should be excluded, unless they are explicitly attributable to the counterparty under the contract.

Decree 938/2021 in paragraph 68A included that the cost of fulfilling a contract includes the costs that are directly related to the contract, which consist of the incremental costs of fulfilling the contract (for example, materials and direct labor) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). In paragraph 69, the decree emphasized that before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.

In line with the amendments under the decree for IAS 37, paragraph 94A established that an entity shall apply those amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). The entity shall not restate comparative information. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. Finally, paragraph 105 added that those amendments shall apply to annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted as long as the fact is disclosed in the notes to the financial statements.

The amendment to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract does not impact Bancóldex's financial statement as of December 31, 2021, since the Bank has not made transactions that meet the criteria listed in the amendment.

2.2.6 Amendments to IFRS 3: Reference to the Conceptual Framework. In May 2021, the IASB issued the amendments to IFRS 3: Business Combinations – Reference to the Conceptual Framework. The amendments are intended to replace the reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, by the reference to the Conceptual Framework for Financial Reporting, issued in March 2018, without significantly changing its requirements. The Board also added an exception to the recognition principle in IFRS 3 to avoid the problem of potential 'day 2' gains or losses arising from liabilities and contingent liabilities, which would fall within the scope of IAS 37 or IFRIC 21 Liens, if incurred separately.

The Board also decided to clarify the existing guidance in IFRS 3 regarding contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

Regarding IFRS 3: Business Combinations, Decree 938/2021 makes amendments to align the references with the conceptual framework issued by the IASB and incorporate them into Colombian legislation, especially the identifiable assets acquired, and the liabilities assumed in business combinations. Paragraph 21A, it is defined that the amendments in paragraph 21B apply to liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21, if they were incurred separately rather than assumed in a business combination.

Paragraph 21B stipulates that, in line with the definitions of the Conceptual Framework for Financial Reporting, a liability refers to 'a present obligation of the entity to transfer an economic resource as a result of past events.' For a provision or contingent liability that would be within the scope of IAS 37, the acquirer shall apply paragraphs 15–22 of IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21, the acquirer shall apply IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

In terms of the definitions clarified by the decree, paragraph 21C indicates that a present obligation identified in accordance with paragraph 21B might meet the definition of a contingent liability set out in the standard. If so and if applicable, according to paragraph 23, the acquirer shall recognize as of the acquisition date a contingent liability assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably.

In relation to the definitions contained in the Conceptual Framework, these will be covered to the extent that the Bank deems it appropriate; therefore, no relevant inputs are identified in applying the definitions described in the Conceptual Framework.

2.2.7 Amendment to IFRS 9: Fees in the '10 percent' Test to Determine the Derecognition of Financial Liabilities. The amendment clarifies that the fees that entities include when evaluating whether the terms of any new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those fees paid or received between the borrower and the lender, including fees paid or received by the borrower or the lender on behalf of the other. Entities must apply the amendment to financial liabilities that are modified or exchanged from the beginning of the annual period in which they first apply this amendment.

For the purposes of the additions made to the standard through paragraph B.3.3.6, it is understood that for a swap between a lender and a borrower of debt instruments with substantially different conditions, which will be accounted for as a cancellation of the financial liability original, recognizing a new financial liability (3.2.2). The conditions will be substantially different if the present value of the cash flows discounted under the new conditions, including any commission paid net of any commission received, and using to discount the original effective interest rate differs by at least 10 percent from the discounted present value of the cash flows remaining from the original financial liability. In determining fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including those paid or received by one on behalf of the other or vice versa.

Paragraph B.3.3.6A added that if an exchange of debt instruments or a modification of the conditions is accounted for as a cancellation, the costs or commissions incurred will be recognized as part of the result from the extinction.

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If the exchange or modification is not accounted for as a cancellation, the costs and commissions will adjust the carrying amount of the liability and will be amortized over the remaining life of the modified liability.

The amendment to IFRS 9: Fees in the ‘10 Percent’ Test to Determine the Derecognition of Financial Liabilities does not impact Bancóldex’s financial statement as of December 31, 2021, since the Bank has not made transactions that meet the criteria listed in the amendment.

2.3. Annual improvements 2018-2020 cycle – The guidelines of the amendments to be applied in Colombia are established by Decree 938 dated August 2021.

Amendments to IFRS 9, IFRS 7 and IAS 39: Interest Rate Benchmark Reform. The amendments provide a series of exemptions that apply to all hedging relationships directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of the benchmark-based cash flows of the hedged item or hedging instrument.

Decree 938 dated August 19, 2021 modifies the International Financial Reporting Standards (IFRS 9 and 7) and the International Accounting Standard IAS 39 regarding temporary exceptions from applying specific hedge accounting requirements, as follows:

2.3.1 IFRS 9 Financial Instruments. The amendments stipulated in Decree 938/2021 on IFRS 9.6.8.1 note that an entity shall apply paragraphs 6.8.4 to 6.8.12 and paragraphs 7.1.8 and 7.2.26(d) to all hedging relationships directly affected by the interest rate benchmark reform, considering the same uncertainty conditions in a) and b) of the additions to IFRS 7. A hedging relationship is affected by interest rate benchmark reform if the reform gives rise to uncertainties about the interest rate benchmark designated as the hedged risk or the amount of the interest-rate benchmark-based cash flows.

The amendments in paragraph 6.8.12 provide clarity on the prospective application of the paragraphs of the standard at the time of designating a group of items as the hedged item or at the time of designating a combination of financial instruments as a hedging instrument. The decree establishes that the entity will cease to prospectively apply paragraphs 6.8.4 to 6.8.6 to an individual item or financial instrument (in accordance with paragraphs 6.8.9, 6.8.10 or 6.8.1) when the uncertainty arising from the interest rate benchmark reform is no longer present with respect to hedged risk or the timing and amount of cash flows.

2.3.2 IFRS 7 Financial Instruments: Disclosures. In terms of the uncertainty arising from the interest rate benchmark reform, Decree 938/2021 has incorporated in paragraph 24H of IFRS 7 that for hedging relationships and the exceptions set out in IAS 39 (6.8.4 to 6.8.12) and IFRS 9 (102D to 102N), an entity shall disclose:

- The significant interest rate benchmarks to which the entity’s hedging relationships are exposed;
- The extent of the risk exposure the entity manages that is directly affected by the interest rate benchmark reform;
- How the entity is managing the process to transition to alternative benchmark rates;
- A description of significant assumptions or judgments the entity made in applying these paragraphs (for example, assumptions or judgments about when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows); and
- The nominal amount of the hedging instruments in those hedging relationships.

As part of the amendments to the standard, it has been incorporated in paragraph 44GG of IFRS 7 that in the reporting period in which an entity first applies the Interest Rate Benchmark Reform issued in September 2019, it is not required to present the quantitative information required by paragraph 28(f) of IAS 8 Accounting Policies, Changes in Accounting Estimates, and Errors.

On the contrary, regarding the additional disclosures related to the interest rate benchmark reform, the decree in paragraph 24I suggests that, to enable the users of financial statements to understand the effect of the reform and risk management strategy, an entity shall disclose information about:

- the nature and extent of risks to which the entity is exposed arising from financial instruments subject to interest rate benchmark reform, and how the entity manages these risks; and

- the entity's progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

To enable users of information to be clear about the effect of the reform, paragraph 24J establishes that an entity shall disclose:

- how the entity is managing the transition to alternative benchmark rates, its progress at the reporting date and the risks to which it is exposed arising from financial instruments because of the transition;

- disaggregated by significant interest rate benchmark, quantitative information about financial instruments that have yet to transition to an alternative benchmark rate as at the end of the reporting period, showing separately:

  - non-derivative financial assets;
  - non-derivative financial liabilities; and
  - derivatives; and

- if the risks identified in paragraph 24J(a) have resulted in changes to an entity's risk management strategy (see paragraph 22A), and a description of these changes.

Considering the previous amendments, in paragraph 44GG, the decree makes it clear that an entity will apply the amendments to which the Interest Rate Benchmark Reform – Phase 2 gave rise when applying the amendments to IFRS 9, IAS 39, IFRS 4, and IFRS 16.

2.3.3 IAS 39 Financial Instruments - Recognition and Measurement. Regarding the amendments made by Decree 938/2021, the additions to IAS 39 in paragraph 102A include clarifying that a hedging relationship is directly affected by the interest rate benchmark reform if the reform gives rise to uncertainties about:

- the interest rate benchmark (contractually and non-contractually specified) designated as a hedged risk; or

- the timing or the amount of the interest rate benchmark-based cash flows.

These points must be analyzed under the premise in paragraph 102D, which states that, if a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows (contractual or not contractually specified) are based is not altered as a result of interest rate benchmark reform.

For the amendments related to hedging, paragraph 102N adds that, in designating a group of items as the hedged item or a combination of financial instruments as a hedging instrument, an entity ceases to prospectively apply paragraphs 102O–102G to an individual item or financial instrument (in accordance with paragraphs 102J, 102K, 102L, or 102M) when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk or the timing and amount of the interest rate benchmark-based cash flows of the item or financial instrument.

Among the amendments made by Decree 938 is paragraph 102M, which states that an entity will prospectively cease to apply paragraph 102G (referring to the non-discontinuation of a hedging relationship) to a hedging relationship:

- when the uncertainty arising from the interest rate benchmark reform is no longer present with respect to the hedged risk and the timing and amount of the interest rate benchmark- based cash flows of the hedged item and the hedging instrument; and

- when the hedging relationship to which the exception applies is discontinued.

Moreover, according to the amendments made to paragraph 102O, an entity shall cease to apply paragraphs 102H and 102I prospectively at the earlier of:

- when changes required by interest rate benchmark reform are made to the non-contractually specified risk component applying paragraph 102P; or

- when the hedging relationship in which the non-contractually specified risk component is designated is discontinued.

With respect to the hedging relationships referred to in paragraph 102P, an entity shall apply the requirements of paragraph 102Z1 and 102Z2 to new hedging relationships in which an alternative benchmark rate is designated as the non-contractually specified risk component.

Finally, for IAS 39, the decree makes it clear in paragraph 108G that an entity shall apply these amendments to hedging relationships that exist at the beginning of the reporting period in which the company first applies the amendments or in the period in which they were subsequently designated. An entity shall also apply these amendments to the gain or loss recognized in other comprehensive income that existed at the beginning of the reporting period in which the company first applies these amendments. These amendments will apply retrospectively for annual periods beginning on or after January 1, 2020. Earlier application is permitted as long as the fact is disclosed in the notes to the financial statements.

According to the analysis of the amendments to IFRS 9, IFRS 7, and IAS 39 related to the Interest Rate Benchmark Reform, there will be an impact on the financial instruments in Bancóldex's portfolio of assets and liabilities.

The previous and new benchmark rates subject to change with the amendment are listed below:

Currency	Current rate	Alternative rate	Anticipatory approach
US Dollar (USD)	USD LIBOR	Secured Overnight Financing Rate (SOFR).	Transition to SOFR, which has been published since April 2018. 1-week and 2-month LIBOR setups for the US dollar will cease on December 31, 2021. US dollar overnight, 1-month, 3-month, 6-month, and 12-month adjustments will cease on June 30, 2023.
			On July 29, 2021, the ARRC formally recommended forward looking SOFR term rates, which are managed by CME Group. The term SOFR is a prospective rate based on transactions in the SOFR derivatives market.

Currency	Current rate	Alternative rate	Anticipatory approach
Euro (EUR)	Euro Overnight Index Average (EONIA)	Euro Short-Term Rate (€STR).	Transition to € STR. EONIA will be discontinued on January 3, 2022.
Euro (EUR)	Euro Interbank Offered Rate (EURIBOR)	€STR.	EURIBOR: Since a methodology change in 2019, EURIBOR is expected to continue alongside €STR beyond 2021. There are no current indications that it will cease in the near future. In May 2021, the Euro Risk-Free Rates Working Group published its recommendations on trigger events for EURIBOR retracements and €STR-based EURIBOR retracement rates.
Euro (EUR)	Euro LIBOR	€STR.	Euro LIBOR will cease immediately after December 31, 2021.
Swiss Franc (CHF)	CHF LIBOR	Swiss Average Rate Overnight (SARON).	Transition to SARON, which is a legacy rate recommended as an alternative to CHF LIBOR in October 2017. CHF LIBOR will cease immediately after December 31, 2021.
Canadian Dollar (CAD)	Canadian Dollar Offered Rate (CDOR)	An updated version of the Canadian Overnight Repo Rate Average (CORRA), a pre-existing rate, has been identified by the Bank of Canada's Canadian Alternative Reference Rate Working Group as the preferred RFR for Canada.	Canada is taking a multi-rate approach with CDOR and CORRA coexisting as interest rate benchmarks. The Bank of Canada (the administrator of CORRA since June 2020) expects CORRA to be more widely adopted, so CDOR may have a smaller role. An adjusted version of CORRA has been published by Bloomberg Index Services Limited (BISL) as an alternative to CDOR since July 2020. Publication of 6-month and 12-month CDOR maturities ceased on May 17, 2021. Maturities at 1, 2, and 3 months will not be affected.

2.4. Basis of preparation **-** The Bank has defined in its bylaws to close its accounts, prepare, and disseminate general-purpose financial statements once a year, December 31, 2021. For legal purposes in Colombia, the main financial statements are the separate financial statements expressed in Colombian pesos since this is the presentation currency for all purposes. The functional currency is the Colombian peso, which is the currency of the primary economic environment in which the Bank operates.

Going concern **-** The Bank's Management has, at the time of approving the financial statements, a reasonable expectation that the Bank has adequate resources to continue operating in the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Bank has applied accounting policies and significant accounting judgments, estimations and assumptions described in Notes 3 and 4.

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3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Foreign currency transactions - In order to present the financial statements, assets and liabilities in functional currency are expressed in Colombian pesos, using the exchange rates prevailing at the cut-off date of the balance sheet. Income and expense items are converted into the exchange rates at the date of the transactions.

On December 31, 2021 and 2020, the exchange rates were $3.981.16 y $3.432.50, respectively.

3.2. Cash and cash equivalents - – Cash equivalents are intended to hedge short-term obligations and represent securities that are readily convertible into cash and do not result in a significant change in their value. A financial instrument will be a cash equivalent item, only if it is held to use the surplus and not for investment purposes. The Bank recognizes as cash and cash equivalents, for cash flow statement, the value of the resources it holds for immediate availability such as securities on hand, bank deposits (local and foreign accounts).

3.3. Money market transactions: Money market transactions are repo transactions, simultaneous transactions, temporary transfer of securities transactions and interbank fund transactions. *Initial measurement:* The Bank will recognize a financial asset at fair value, which is usually the value agreed at the beginning of the transaction. Transaction costs will be directly recognized in the profit and loss statement. *Subsequent measurement*: The Bank will subsequently recognize the financial assets at amortized cost using the effective interest rate method.

3.4. ***Financial investment assets*** - The provision of criteria applicable to the presentation, classification and valuation of investments is designated according to local applicable regulations, since the entities subject to inspection and surveillance by the Financial Superintendence of Colombia are obliged to value and account for investments in debt securities, participative securities and investments in securities and other economic rights in accordance with Chapter I-1 of the Basic Accounting and Financial Circular Letter. Therefore, its provisions will be used regarding the requirements applicable to the issuance of the Bank's separate financial statements. Moreover, numeral 2.8 of Title 9 of the Basic Legal Circular Letter was amended through External Circular Letter Number 041 of 2015 issued by the Financial Superintendence of Colombia in order to clarify the minimum information to be reported when brokering derivative financial instruments.

- *Purpose of investment valuation* – The main purpose of investment valuation is the accounting registry and disclosure at fair value of financial instruments at which a given security could be traded on a given date as per its characteristics and within the prevailing market conditions on that date.

- *Definition of fair value* – The measurement of fair value requires the Bank to assess the valuation concepts as well as the criteria and techniques defined by applicable regulations. Therefore, fair value is defined as the fair exchange price at which a security could be traded on a given date in accordance with its characteristics and within the prevailing market conditions at the measurement date by the Financial Superintendence of Colombia in the Basic Accounting and Financial Circular Letter.

  The international financial reporting standard defines fair value as the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants at the measurement date. For practical purposes and considering the principles mentioned above, the Bank will consider as fair value all measures of value that most accurately represent the market conditions at the valuation date, as well as all measures of value that jointly represent the price that market participants would grant or grant at the measurement date.

- *Price Provider* – The Bank will value the investments considering the regulatory standards by basing its valuation on the inputs provided by PRECIA S.A. - Price Provider, authorized as per the instructions set out in Chapter IV of Title IV of Part II of the Basic Legal Circular Letter of the Financial Superintendence of Colombia.

- *Criteria for investment valuation* – The valuation is carried out as per regulatory models established for investments, based on the valuation inputs provided by the price provider, and following the valuation guidelines given in chapters I and XVIII of the Basic Accounting and Financial Circular Letter. Investments are classified into marketable investments, held-to-maturity investments, or available-for-sale investments. Marketable investments and available-for-sale investments are classified into debt securities or participative securities.

  - It generally applies to any type of asset that may be part of the investment portfolio. The way those investments are classified, valued, and accounted is detailed below:

Classification	Characteristics	Valuation	Accounting
Debt financial instruments	Portfolio to manage investments in fixed-income and variable-income debt securities in order to obtain profits due to fluctuations in the market value and in the purchase and sale of such securities.	Valuation of securities is conducted daily. Prices determined by PRECIA S.A. price provider are used for valuation. In cases where there is not fair value at valuation day, valuation should be conducted exponentially from the internal return rate. The fair market exchange value or price of the respective security should be calculated by adding the present value of future cash flows for yields and capital. In the case of securities traded abroad, when the price provider appointed as the official price provider for the corresponding segment does not have a valuation methodology for these investments, the dirty price of purchase (BID) published by an information supply platform at 16:00, official Colombian time, is used as an alternative source of information.	Accounting should be performed in Investment accounts at Fair Value with changes in Profit and Loss in the Single Financial Reporting Catalogue (CUIF) for monitoring purposes. The difference between the current fair value and the immediately preceding fair value is recorded as goodwill and negative goodwill, and its offsetting entry affects the profit and loss of the period. This procedure is carried out daily.
Instruments at amortized cost	Securities and any general type of investments the Bank may have a serious purpose for as well as the legal, contractual, financial, and operational capacity to hold until maturity or until the redemption period expires. Liquidity operations may not be undertaken on these investments, as well as	Exponentially, based on the internal return rate calculated at the time of purchase on a 365-day year basis. This procedure is carried out daily.	Accounting should be performed in the Investments accounts at Amortized Cost of the Single Financial Reporting Catalogue (CUIF) for Monitoring purposes. The present value is accounted as investment goodwill and its offsetting entry is recorded in the

Classification	Characteristics	Valuation	Accounting
	monetary market operations (simultaneous repurchase agreements or repo or temporary transfer of securities), except in the case of forced or obligatory investments subscribed in the primary market and provided that the counterparty of the operations is the Central Bank of Colombia, the General Office for Public Credit and National Treasury or entities supervised by the Financial Superintendence of Colombia. Similarly, they may be provided as collateral in a central counterparty clearing house in order to support the accepted operation performance for offsetting and settlement and/or as collateral for monetary market operations.		profit and loss of the period. The uncollected receivable returns are recorded as investment goodwill and their collection is accounted as negative goodwill. This procedure is carried out daily.
Investments accounted at fair value with changes in OCI – debt securities	As per the business model, this portfolio manages fixed-income investments to obtain contractual cash flows and perform sales when circumstances require. Securities classified as available-for-sale investments may be provided as collateral in a central counterparty clearing house to support accepted operation performance for offsetting and settlement. Similarly, monetary market operations (simultaneous repurchase agreements or repo operations or temporary transfer of securities) may be carried out with these investments	Prices determined by PRECIA S.A. price provider are used. In cases for which there are not fair exchange prices at valuation day, valuation should be conducted exponentially from the internal return rate. This procedure is carried out daily.	Accounting should be performed in the Investments account at Fair Value with Changes in Other Comprehensive Income (OCI) of the Single Financial Reporting Catalogue (CUIF) for Monitoring purposes. The difference between the present value at valuation day and the immediately preceding present value (calculated from the Internal Return Rate, on the date of purchase on a 365-day year basis) is recorded as goodwill or negative goodwill of the investment with a credit or charge to accounts in the profit and loss statement.

Classification	Characteristics	Valuation	Accounting
	and provided as collateral for these types of operations.		The difference between the market value and the present value is recorded in the Unrealized Profit or Loss (OCI) account. This procedure is carried out daily.
Investments accounted at fair value with changes in OCI – participative securities	This category includes investments in subsidiaries, associates, shares in Private Equity Funds, the National Guarantee Fund, Bladex, and joint ventures that grant the Bank the title of issuer joint owner.	Pursuant to Law 222 article 35 of 1995, investments in subsidiaries should be accounted in the books of the parent or holding company using the equity method in separate financial statements. In cases when the standards of the Code of Commerce or other legal provisions do not provide the accounting treatment of investments in subsidiaries, associates, and shares in joint ventures, they should comply with the provisions set out in IAS 27, IAS 28, and IAS 11, as appropriate.	The valuation effect of the share corresponding to the investor is accounted in the respective Unrealized Profit or Loss (OCI) account the investment is charged or credited. Dividends distributed in kind or in cash should be recorded as income, adjusting the corresponding Unrealized Profit or Loss account (maximum up to their accumulated value) and, if necessary, the value of the investment in the amount of the surplus on that account.

- *Variable income investments with changes in Other Comprehensive Income (OCI)* - The Bank values these investments by increasing or decreasing the acquisition cost in the percentage share corresponding to the investor over subsequent variations in the respective issuer's equity. Therefore, the variation in the issuer's equity is calculated on the certified financial statements as of November 30 each year.

- *Investments in participative securities in trust rights* – The Bank values these investments with the information provided by PRECIA S.A., the respective management company (value of unit).

- *Reclassification of investments* – Investments may be reclassified in accordance with the following provisions:

  a. *From held-to-maturity investments to marketable investments* – Reclassification is applicable when any of the following circumstances occur:

     - Significant impairment in the conditions of the issuer, its parent, subsidiaries, or related parties;

     - Changes in the regulation that prevent from keeping the investment;

     - Merger processes that involve investment reclassification or execution to maintain the previous risk position of interest rates or to adjust to the credit risk policy previously established by the merged entity;

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- Other unforeseen events, prior authorization from the Financial Superintendence of Colombia.

b. *From available-for-sale investments to marketable investments or to held-to-maturity investments* - Reclassification is applicable when:

  - The composition of the significant activities of the business is redefined as a result of circumstances such as variations in the economic cycle or market niche where the Bank is operating in or in its risk appetite;

  - Adjustment assumptions are materialized in the management of investments that have been previously defined in the business model;

  - The investor losses its capacity as the parent or holding company, and such circumstance also involves the decision to alienate the investment in the short term as of that date;

  - Significant impairment in the conditions of the issuer, its parent, branches, or related parties;

  - Changes in the regulation that prevent from keeping the investment;

  - Merger processes that involve investment reclassification or execution to maintain the previous risk position of interest rates or to adjust to the credit risk policy previously established by the merged entity.

  When the available-for-sale investments are reclassified to marketable investments, the result of the investment reclassification should be recognized and held in the OCI as unrealized profit or loss until the corresponding investment is sold. Securities that are reclassified to be part of marketable investments may not be reclassified again. As of the reclassification date, they should be valued at the internal return rate of the previous day of reclassification.

  When the available-for-sale investments are reclassified to held-to-maturity investments, unrealized profit or loss recognized in OCI should be paid off against the recorded value of the investment since the effect of the fair value will no longer be realized given the decision to reclassify the held-to-maturity category. The investment is recorded as if it had always been classified in the held-to-maturity category.

- *Investment repurchase rights* – These are restricted investments that represent collateral for investment repurchase agreements. The Bank retains the economic rights and benefits associated with the security and all the risks inherent to it although it transfers legal ownership when carrying out a monetary market operation. These securities continue to be valued daily and accounted in the balance sheet or profit and loss statement as per the methodology and procedure applicable to investments classified as marketable, held-to-maturity and available-for-sale, according to the category in which they are classified prior to the acquisition of the repurchase agreement.

- *Investments delivered as collateral* – These are investments in debt securities that are delivered as collateral to support operations performance accepted by a central counterparty clearing house for offsetting and settlement. These securities are valued daily and accounted in the balance sheet and profit and loss statement as per the methodology and procedure applicable to the category in which they were classified before they were delivered as collateral.

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- *Impairment or losses due to credit risk rating* – The price of marketable or available-for-sale investments for which there is not fair exchange prices at the valuation day, and the price of held-to-maturity investments should be adjusted at each valuation date based on the credit risk rating, as per the following criteria:

  - The rating of the issuer or the security concerned, if any.

  - The objective evidence that impairment loss has been incurred or may be incurred on the amount of these assets. This criterion is applicable even to record greater impairment than that which results by taking just the rating of the issuer or/and the security, if so required based on the evidence.

  The amount of the impairment loss shall always be recognized in the result for the period, regardless of whether the respective investment has any amount recorded in Other Comprehensive Income, except public debt securities issued by the Central Bank of Colombia.

- *Securities of unrated issuers or issues* – Securities that do not have an external rating or that are issued by unrated entities will be rated as follows:

Category	Risk	Characteristics	Provisions
A	Normal	They comply with the terms agreed in the security and have adequate capacity to pay capital and interests.	Not applicable.
B	Acceptable	These are issues that present uncertainty factors that may affect the ability to continue fulfilling debt services adequately. Also, its financial statements and other available information present weaknesses that may affect its balance sheet.	In the case of debt securities, the value for which they have been accounted cannot exceed eighty percent (80%) of the net nominal value of amortizations conducted at valuation date. For participative securities, the net value of provisions for credit risk (provision subtracted form cost) for which they have been accounted cannot exceed eighty percent (80%) of the acquisition cost.
C	Appreciable	These are issues that present high or medium probability of default to timely pay capital and interests. Also, its financial statements and other available information present deficiencies in its balance sheet so they involve investment recovery.	In the case of debt securities, the value for which they have been accounted cannot exceed sixty percent (60%) of their net nominal value of amortizations made until the valuation date. For participative securities, the net value of provisions for credit risk (provision subtracted form cost) for which they have been

Category	Risk	Characteristics	Provisions
			accounted cannot exceed sixty percent (60%) of the acquisition cost.
D	Significant	These are issues with breaches in the terms agreed in the security. Their financial statements and other available information present deficiencies in its balance sheet.	In the case of debt securities, the value for which they have been accounted cannot exceed forty percent (40%) of their net nominal value of amortizations made until the valuation date. For participative securities, the net value of provisions for credit risk (provision subtracted form cost) for which they have been accounted cannot exceed forty percent (40%) of the acquisition cost.
E	Uncollectible	Issuers which given their financial statements and other available information, investment is considered uncollectible.	A provision is created for the entire value of these investments.

- *Securities from issues or issuers that have external ratings* – Debt securities that have one or more ratings and those debt securities rated by external rating agencies recognized by the Financial Superintendence of Colombia may not be accounted for an amount exceeding the following percentages of their net nominal value of amortizations made at the valuation date.

  The respective issuer's rating is used to estimate provisions on term deposits.

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

If provisions on investments classified as held-to-maturity, for which a fair value may be established, are greater than those estimated with the previous rule, the latter shall be applied.

Such provision corresponds to the difference between the recorded investment value and the fair value, if lower. If the investment or issuer has ratings from more than one rating agency, the lowest rating should be considered if they were issued within the last three (3) months, or the most recent rating if there is a longer period between one rating and another.

3.5. Loan portfolio and leasing operations - Criteria applicable to the presentation, classification, assessment and evaluation of the credit portfolio, credit risk, restructuring, portfolio provision and provision for credit losses, amongst others, will be recognized according to the policies and practices enacted by the Financial Superintendence of Colombia. Credits granted under different authorized modalities are recognized in portfolios in accordance with the provisions of Chapter II of the Basic Accounting and Financial Circular Letter (CBCF) of the Financial Superintendence of Colombia. The resources used to grant credit are own resources, public resources through deposits or resources from other external and internal financing sources.

Loans are recorded at disbursement value, except for the rediscount commercial portfolio and factoring portfolio purchases, which are recorded at discount and cost, respectively.

Classification of the credit portfolio – Classification of the Bank's credit portfolio includes the following types:

- Commercial Credit – These are credits granted to natural or legal persons to develop organized economic activities different from microcredits. For the purposes of provision estimation models, the commercial portfolio is divided into the commercial portfolio under the rediscount mechanism and the direct commercial portfolio.

- The rediscount portfolio – It is a conventional mechanism for the allocation of second-tier bank resources. It refers to the repurchase or discount of securities from entities of the Colombian financial system that have performed the initial discount of the security to natural or legal persons. This only applies to funding business activities of the Bank. Promissory notes are currently rediscounted if they have been signed (by legal or natural persons with productive activities) before an eligible financial entity with a valid and available credit limit in the bank, which the financial entity in turn transfers through endorsement.

- The direct commercial portfolio – It is a credit line delivered in Colombian pesos or foreign legal tender aimed at Colombian financial intermediaries with a current credit limit available at the Bank so that they, in turn, perform active credit operations in legal tender as expressly authorized by Colombian legislation and which are directed to financing business sector operations. This category includes, among others:

- Direct Credit allows entrepreneurs to have a financing option in pesos and dollars to develop their investment plans without intermediaries.

- The commercial discount portfolio is a financial instrument that implies purchasing at a discount and without recourse (removing the seller's responsibility to pay in the event of default by the party accepting the invoice) up to a percentage of the value of securities derived from domestic commercial operations for the sale of goods or services on credit. These operations are covered by an insurance policy issued by an eligible insurance company that is duly authorized by the Bank.

- Leasing operations, to acquire new or used productive assets required by the customer through finance leases, in exchange for the payment of a periodic fee for an agreed term. At the end of the contract, the purchase option agreed upon at the beginning of the contract may be exercised.

- *Consumer and Housing Credit* - This arises exclusively from credit to officials and ex-officials which, for the latter, is granted prior to their withdrawal.

Evaluation and rating of the credit portfolio – With the issuance of External Circular Letter number 032 of November 2014 by the Financial Superintendence of Colombia for the rating and generation of provisions, rediscount banks must develop internal methodologies for rediscount operations. Regarding direct commercial credit operations, consumption, housing, and microcredit, they must adopt the reference models of the Superintendence.

In accordance with External Circular Letter number 032 of 2014, as of December 2015, operations will be rated based on the methodologies mentioned above and in line with the portfolio type in each of the following risk categories:

Direct Commercial Portfolio – Commercial portfolio contracts must be classified in one of the following credit risk categories: AA, A, BB, B, CC, and Default.

Delinquency and risk profile criteria are included in the assignment of credit ratings.

Commercial rediscount portfolio – Rediscount operations must be classified exclusively to calculate allowances in the following categories: A1, A2, A3, A4 or A5 with the greatest risk profile being A5.

Delinquency and risk profile criteria are included in the assignment of credit ratings.

Consumer portfolio – The Bank's consumer portfolio is classified in the following segments:

- General – Automobiles: credit granted for the acquisition of automobiles.
- General – Other: credit granted for the acquisition of consumer goods other than automobiles.

The consumer portfolio rating per risk category varies according to the segments mentioned above and it is determined by a score named "Z", which considers the following variables: default level at the moment of calculating the provision, maximum default level recorded in the last three years, default levels in the last three quarters, regardless of whether there is active credit in the Bank and regardless of the type of collateral: adequate collateral, pledge, or mortgage.

In accordance with the "Z" score calculated in the previous point, the rating is assigned as per credit risk categories using the following table and considering that the lower the score obtained, the better the risk category rating.

Score up to rating	General Automobiles	General - others
AA	0.2484	0.3767
A	0.6842	0.8205
BB	0.81507	0.89
B	0.94941	0.9971
CC	1	1

Provisions – As of December 2015, and as a result of the adoption of External Circular Letter number 032 of 2014 by the Financial Superintendence of Colombia, the Bank modified the provisions framework (which is based on the guidelines established in Chapter II of External Circular Letter number 100 of 1995 by the Financial Superintendence of Colombia) for the administration of credit risks for each of the portfolios, as per the following annexes of the foresaid chapter:

- Housing portfolio – General regime for assessment, rating, and provisioning of the credit portfolio (Annex 1)
- Direct commercial portfolio – Commercial portfolio reference model – MRC (Annex 3)
- Consumer portfolio – Consumer portfolio reference model – MRCO (Annex 5)
- Rediscount commercial portfolio – Internal methodology. Individual provisions of entities authorized to perform rediscount operations. (Annex 6)

In order to estimate the direct commercial portfolio and consumer portfolio provisions, the models include some common aspects detailed below:

Pro-cyclical individual component and counter-cyclical individual component: The individual provision is the sum of two individual components:

Pro-cyclical individual component (PIC): This corresponds to the share of the credit portfolio individual provision which reflects the current credit risk of each debtor.

Counter-cyclical individual component (CIC): This corresponds to the share of the credit portfolio individual provision which reflects the possible changes in the credit risk of the debtors as the impairment of said assets increases. This share is represented to reduce the impact on the balance sheet when this situation occurs.

The pro-cyclical individual component (PIC) and the counter-cyclical individual component (CIC) require default probability matrices A and B. The matrices defined in Annex 3 are used for the direct commercial portfolio, which adopts the commercial portfolio reference model of the Financial Superintendence of Colombia. The consumer portfolio uses the matrices defined in Annex 5 of the abovementioned External Circular Letter number 100 of 1995.

Cumulative or non-cumulative phase: In order to determine the methodology to be applied and calculate the pro-cyclical and counter-cyclical components, the Bank performs a monthly evaluation of the indicators established by the Financial Superintendence of Colombia (related to impairment, efficiency, credit portfolio growth and the balance sheet of the entity). Once determined, these indicators will decide the calculation methodology for the components of the credit portfolio individual provisions.

The counter-cyclical component is higher in portfolio periods with better credit quality in order to compensate partially those that should be constituted in periods when significant portfolio quality deterioration occurs; therefore, when credit quality is at appropriate levels, the counter-cyclical component is in a cumulative phase, while at low credit quality levels, this component enters a non-cumulative phase.

In accordance with these indicators, as of December 31, 2021 and 2020, the Bank applied the cumulative phase calculation methodology.

Expected loss model: The assessment of expected loss or individual provision under the reference models (direct commercial portfolio and consumer portfolio) and under the internal methodology (rediscount commercial portfolio) is determined using the following formula:

EXPECTED LOSS = [Probability of default] x [Exposure of the asset at default] x [Loss given default]

Probability of Default (PD): This is the probability that, twelve months after the cut-off date of the financial statements, debtors of a given portfolio enter default (in accordance with the cases described in paragraph b, number 1.3.3.1 of Chapter II, External Circular Letter number 100 of 1995). The probability of default is established in accordance with the matrices indicated below.

Exposure of the asset at default: This corresponds to the value at risk with the debtor, comprised of the current balance of capital, interest and other accounts receivable.

Loss Given Default (LGD): This is defined as the economic impairment the Bank would incur if one of the default situations referred to in paragraph b, number 1.3.3.1 of Chapter II, External Circular Letter number 100 of 1995 occurs. LGD for debtors classified in the category of default will be gradually increased depending on the days passed following their classification in such category.

Therefore, the application of models and the establishment of provisions will be carried out as follows:

Direct commercial portfolio – The methodology of the Financial Superintendence of Colombia (Chapter II of the Basic Accounting and Financial Circular Letter, Annex 3) is applied for the direct commercial credit portfolio. The calculation is made by considering the following criteria:

Classification: The model requires debtors to be classified by level of assets in accordance with the following table:

Classification of commercial portfolio by level of assets

Business size	Level of assets
Large Businesses	Over 15,000 Current Legal Monthly Minimum Wages
Medium Businesses	Between 5,000 and 15,000 Current Legal Monthly Minimum Wages
Small Businesses	Fewer than 5,000 Current Legal Monthly Minimum Wages

The model also has a category called "Individuals" in which all individuals who are commercial credit debtors are grouped.
Probability of Default (PD): This is taken from the reference model of the Financial Superintendence of Colombia:

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

Loss Given Default (LGD): The LGD per collateral type is as follows:

Type of Collateral	LGD	Days after default	New LGD	Days after default	New LGD
Subordinated credit	75%	270	90%	540	100%
Eligible financial collateral	0-12%	-	-	-	-
Commercial and residential real estate	40%	540	70%	1080	100%
Property leasing assets	35%	540	70%	1080	100%
Non-property leasing assets	45%	360	80%	720	100%
Collection rights	45%	360	80%	720	100%
Other adequate collateral	50%	360	80%	720	100%
Non-adequate collateral	55%	270	70%	540	100%
No collateral	55%	210	80%	420	100%

Rediscount commercial portfolio – Pursuant to External Circular Letter number 032 of 2014, the Bank designed its own methodology to calculate provisions for the rediscount commercial credit portfolio. This methodology is based on the general guidelines of the commercial portfolio reference model established by the Financial Superintendence of Colombia. The inputs to estimate the probability of default are derived from the historical data on the Bank's customers. Moreover, the estimation of the probability of default is based on the internal risk rating and a probability of default that is calculated for the financial system. Thus, the probabilities of default for each risk rating are obtained from the transition matrix generated for each default category.

Probability of Default (PD): This is assigned depending on the rating and percentages of the table below. PD is calculated based on the Bank's history; these percentages are dynamic; hence, an annual update was carried out in 2021

2021

Internal Rating	Rating	Matrix A	Matrix B
1	A1	0,68%	1,03%
2+	A2	1,03%	1,57%
2	A2	1,55%	2,32%
3+	A3	2,26%	3,66%
3	A3	2,85%	5,31%
4	A3	3,93%	7,58%
5	A4	8,49%	14,22%
6- Default	A5	100,00%	100,00%

2020

Internal Rating	Rating	Matrix A	Matrix B
1	A1	0,63%	1,01%
2+	A2	0,83%	1,17%
2	A2	1,30%	2,03%
3+	A3	2,26%	3,66%
3	A3	2,59%	5,31%
4	A3	3,93%	7,58%
5	A4	5,82%	14,22%
6- Default	A5	100,00%	100,00%

Loss Given Default (LGD): This corresponds to 45% for all rediscount operations. This percentage corresponds to the one suggested by Basel for preferential credits to bank entities that do not have collateral through a recognized collateral.

Consumer portfolio:
Probability of Default (PD): This is assigned in accordance with the risk rating and the segment of each debtor as per the following table:

	General - Automobiles		General – Others	
Rating	Matrix A	Matrix B	Matrix A	Matrix B
AA	0.97%	2.75%	2.10%	3.88%
A	3.12%	4.91%	3.88%	5.67%
BB	7.48%	16.53%	12.68%	21.72%
B	15.76%	24.80%	14.16%	23.20%
CC	31.01%	44.84%	22.57%	36.40%
Default	100.00%	100.00%	100.00%	100.00%

Loss Given Default (LGD): The LGD per collateral type is as follows:

Type of Collateral	LGD	Days after default	New LGD	Days after default	New LGD
Eligible financial collateral	0-12%	-	-	-	-
Commercial and residential real estate	40%	360	70%	720	100%
Property leasing assets	35%	360	70%	720	100%
Non-property leasing assets	45%	270	70%	540	100%
Collection rights	45%	360	80%	720	100%
Other adequate collateral	50%	270	70%	540	100%
Non-adequate collateral	60%	210	70%	420	100%
No collateral	75%	30	85%	90	100%

Debtor Assistance Program (PAD, for its acronym in Spanish): External Circular Letter 022/2020, issued by the SFC, contains the instructions for the PAD and the incorporation of complementary prudential measures regarding the credit risk of consumers adversely affected by Covid-19.

PAD was in force until August 31, 2021 pursuant to the provisions of Circular Letter 012 of 2021.

The Board of Directors approved the Bank's PAD at the meeting held on July 28, 2020.

The following items were considered in the PAD:

- *Debtor segmentation*: It aims to adopt differential measures and offer relief to those whose financial condition is adversely affected, under the considerations for Groups 2 and 3. Thus, debtors who are classified in Group 1 would not be subject to relief. In the case of Bancóldex debtors, most of whom are financial intermediaries, the requests for relief do not arise from the need to adopt structural measures to improve their financial condition, but from the end beneficiaries of the loans financed with Bancóldex resources.

Therefore, the intermediaries with which Bancóldex makes rediscount and second-tier transactions (entities supervised by the SFC and EOCMs not supervised by the SFC) are excluded from the group segmentation. Thus, Bancóldex will receive the requests for relief from intermediaries and apply the term, grace period, and rate measures established in the Bank's internal circulars, through which the available reliefs are made known.

- *General provision for uncollected accrued interest (ICNR, for its acronym in Spanish):* The general provision for accrued interest not collected during the grace periods and extensions granted by External Circular Letters 007, 014, and 022/2020 will be created on a differential basis according to entity type and under the following assumptions:

  - In transactions with financial intermediaries supervised by the SFC, no general provision for ICNR will be created. For the risk rating of the entities in this segment, the Bank has an internal method to gather the primary sources of risk for the entities' stability and financial condition for one year. The rating is also adjusted for the systemic risk to estimate provisions conservatively. The Bank has an additional individual provision amount for the principal to comfortably absorb a higher provision level derived from a rating impairment of any financial intermediary.

  - The general provision for uncollected accrued interest will be created for the other portfolio segments, as provided in External Circular Letter 022/2020.

- *Additional general provision:* As a hedging mechanism, Bancóldex may establish an additional general provision to anticipate the risk of default of debtors of the different segments, as applicable, regardless of the type of transaction they make. The criteria to define such a provision will be approved by the Board of Directors, as follows:

  - Colombian Financial Intermediaries: Considering that the reliefs are granted at the beneficiaries' request, no impairments are expected in this segment. Therefore, no additional general provision will be created since this segment has an additional individual provision for downgrading.

  - EOCMs: An additional general provision will be created for EOCMS rated 4 and 5. For those rated 4, such provision will be 1% of the balance. Those rated 5 will be assigned the PI resulting from downgrading the rating of the reference model assigned to the Entity in two scales.

  - Special Portfolio: If these debtors request relief, a provision resulting from downgrading the rating of the reference model for calculating provisions in two scales will be established, except for those in corporate reorganization.

  - *Liquidex*: No additional general provision will be made for this segment as the insurance company supports it.

  - Loans to employees and former employees: No additional general provision will be created due to the size of the receivables and because no significant impairment is expected.

Portfolio write-offs – Credit portfolios that are considered irrecoverable according to the Administration office or whose recovery is deemed remote or uncertain are susceptible to being written off, after having exhausted relevant collection options, in accordance with the judgments issued by lawyers and collection companies, previously approved by the Board of Directors.

In all write-off credit cases, the Bank will continue to carry out relevant credit collection actions, demonstrating due diligence, until the date when accounting restructuring is performed.

All credit losses requests to be submitted to the Board of Directors must be accompanied by concepts from the following Bank departments:

- Report and recommendation of the Vice-President of Operations and Technology, indicating the background of the debenture, the collection actions carried out to recover the credit and the impact on the Bank's profit and loss statement.
- Judgment of the Legal Department on the legal inadmissibility carried out to recover the debenture.
- Judgment of the Vice-President of Risk presenting the financial report of the debtor and the risk levels as per economic indicators, in line with the internal methodology applied to analyze the opportunity of servicing the debt and the degree of recoverability of said portfolio.

Effect of adequate collateral on the constitution of individual provisions – As of December 2015, models incorporate the effect of collateral for direct commercial portfolio, rediscount commercial portfolio and consumer portfolio. Only adequate collateral should be considered to calculate housing provisions; and 100% of its value will be used.

Suspension of accrual of interest - For the loan portfolio, the Bank stops accruing interest, exchange adjustments and income for other concepts when a loan is past due as indicated in the following table in accordance with Chapter II of External Circular Letter 100 of the Financial Superintendence of Colombia.

Credit modality	Overdue longer than
Commercial	3 months
Consumer	2 months
Housing	2 months
Microcredit	1 month

Restructuring processes - Restructuring of a credit is understood as any exceptional mechanism implemented through the execution of any legal transaction, whose purpose is to modify the originally agreed conditions, in order to allow the debtor the adequate attention of his obligation before the real or potential deterioration of their ability to pay. Additionally, agreements entered within the framework of Laws 550 of 1999, 617 of 2000, 1116 of 2006 and 1564 of 2012 or regulations that add or replace them, as well as extraordinary restructurings and novations, are considered restructurings. Loans that are in the modified category and are more than 30 days past due are recognized as a restructured loan. However, when the debtor makes regular and effective payments of capital and interest for an uninterrupted period of 12 months for microcredit and 24 months for other modalities, the restructured condition may be eliminated.

3.6. Derivative financial instruments

3.6.1 Financial derivatives **-** A derivative is a financial instrument or another contract whose value changes over time in response to a given underlying variable (a specified interest rate, the price of a financial instrument, an exchange rate for foreign currency, etc.). It does not require an initial net investment or an investment lower than would be required by another type of contract for which a similar response to changes in the market conditions could be expected, and it is liquidated at a future date.

Bancóldex negotiates financial instruments for business purposes such as forward contracts, future contracts, and cash operations in order to develop its operations; and it negotiates future contracts for hedging purposes. Derivative operations are recognized at fair value in accordance with the provisions of the Basic Accounting and Financial Circular of the Financial Superintendence of Colombia - chapter XVIII on financial derivative instruments and structured products. Subsequent changes in the fair value are adjusted by being charged or credited to profit and loss, as the case may be, unless the financial instrument is designated as hedge.

The derivative financial instrument is valued by considering the counterparty credit risk (CVA – Credit Valuation Adjustment) or the credit risk of the entity itself (DVA – Debit Valuation Adjustment). The difference in the calculation of the derivative financial instrument under risk-free circumstances and the risk-adjusted derivative financial instrument will be shown in the CVA or DVA adjustment, as appropriate.

It was decided to incorporate credit risk into the methodology to measure derivative instruments on the premise of affecting the discount rate within the valuation of said instruments at the corresponding closing date.

3.6.2 Embedded derivatives **-** An embedded derivative is a component of a hybrid contract that also includes a non-derivative host, with the effect that some of the cash flows of the combined instrument vary similarly to a standalone derivative. Derivatives included in hybrid contracts with a financial asset host within the scope of IFRS 9are not treated separately.

Hybrid contracts are classified and subsequently measured at amortized cost or fair value, as appropriate.

Derivatives incorporated in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives if they meet the definition of a derivative, and their risks and characteristics are not closely related to those of the host contract. Contracts and host contracts are not measured at fair value with changes in profit and loss.

If the hybrid contract is a quoted financial liability, the Bank usually assigns the complete hybrid contract at fair value with changes in profit and loss instead of separating the embedded derivate.

An embedded derivative is classified as a non-current asset or liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is higher than 12 months and it is not expected to pay it or settle it within 12 months.

There are not embedded derivatives as per the analysis undertook by the Bank.

3.7. Hedge accounting –

The Bank designates some hedging instruments, which include derivatives, and non-derivatives regarding foreign currency risk, as cash flow hedge. Hedges of the foreign currency risk of a firm commitment may be accounted as cash flow hedges.

At the inception of the hedging relationship, the Bank documents the relation between the hedging instrument and the hedged item, along with their risk management objectives and strategy to undertake hedging transactions. Moreover, at the inception of the hedge and on an ongoing basis, the Bank documents if the hedging instrument is effective to offset changes in fair values or cash flows of the hedged item attributable to the hedged risk. This is possible when hedging relationships fulfill the hedging effectiveness requirements below:

i. There is an economic relationship between the hedged item and the hedging instrument;

ii. The effect of credit risk does not control value changes resulting from that economic relationship; and

iii. The hedging ratio is the same as the one resulting from the hedged item amount actually covered by the Bank and the hedging instrument amount actually used by the Bank to hedge the hedged item amount.

If a hedging relationship fails to fulfill the hedging effectiveness requirement related to the hedging relationship, but the risk management objective for this hedging relationship is the same, the Bank adjusts the hedging relationship of the hedging relationship (i.e., the hedge is rebalanced) so that it fulfills the rating criteria again.

The Bank designates the complete change in the fair value of a forward contract (i.e., it includes forward contract elements) as the hedging instrument for all hedging relationships that involve forward contracts.

Note 8.7 includes details on the fair value of derivative instruments used for hedging purposes.

Cash flow hedges – The portion of changes in the fair value of derivatives that is determined to be an effective hedge for cash flows shall be recognized in other comprehensive income and accumulated as cash flow hedge reserve. The ineffective portion in profit or loss of the hedging instrument shall be recognized immediately in the profit and loss of the period in the "Valuation of hedging derivatives" item.

Securities previously recognized in other comprehensive income and accumulated in equity are reclassified to profit and loss of the periods when the hedged item affects the profit and loss in the same line of the recognized hedged item. Nonetheless, if the hedge of a forecast transaction subsequently generates the recognition of a non-financial asset or liability, profits or losses previously recognized in other comprehensive income and accumulated in equity are transferred and included in the initial measurement of the non-financial asset or liability cost.

Hedge accounting shall be discontinued when the Bank cancels the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or the hedge fails to fulfill the requirements established for hedge accounting. The profit or loss that has been recognized in other comprehensive income and accumulated in equity shall remain in equity and is recognized when the forecast transaction is recognized in profit and loss. Any profit or loss accumulated in equity is recognized immediately as profit or loss when the forecast transaction is not expected to occur.

3.8. Non-current assets held for sale - non-current assets and asset disposal groups are classified as held for sale if their carrying amount is recoverable through a sales transaction and not through continued use.

This condition is considered as fulfilled only when the Bank has a formal plan for its sale, which is highly likely, and the asset (or asset disposal group) is available for immediate sale in its current status only subject to common terms that are adapted to the sale of these assets (or asset disposal group). Non-current assets held for sale will be held for a maximum of one year from the classification date. However, there are facts and circumstances that may extend the period beyond one year. The extension of the period required to complete the sale does not prevent the asset from being classified as held for sale if the delay is caused by facts or circumstances beyond the control of the Bank and there is enough evidence demonstrating that the Bank remains committed to its plan to sell the asset.

They will be recognized at the lower value between their carrying amount or fair value minus sales costs. If the asset was acquired as part of a business combination, it will be measured according to its fair value minus sales costs. Sales cost only includes directly attributable incremental costs, excluding financial costs and income tax expenses. The subsequent measurement of non-current assets held for sale will be given by the initial recognition value, minus all sales costs that arise, which are not charged in the initial measurement, and subsequent value impairment losses of the asset.

In subsequent measurement, the value of non-current assets held for sale will be affected by the measurement of the calculation of the applicable provision according to the methods determined by the Financial Superintendence of Colombia, considering the exception mentioned in External Circular Letter number 036 of 2014.

Non-current assets are reclassified from being held for sale to being held for use if they cease to fulfill the criteria required to be classified as held for sale. In the case of fixed assets that were previously transferred to the category of available for sale and those that require classification as held for use once again, this will be measured again at the lower value between their recoverable value and the carrying amount that would have been recognized if the asset had never been classified as held for sale.

3.8.1 Assets received as payment in kind – It records the value of assets received by the Bank in payment of unpaid balances arising from loans and leasing transactions in its favor. Assets received as payment in kind are assets for which the value is expected to be recovered through their sale and not through their use. All payments in kind for immovable and moveable goods will be recognized under this category, unless it is specified that they are for use or restrictions are identified on the availability of the asset, in which case, their classification within other asset classes will be assessed.

Properties received in payment represented by real estate are accepted based on a technically determined commercial appraisal, while personal property, shares, and interests are accepted based on the market value.

The following conditions are considered for recognizing properties received in payment:

- The initial recognition is made at the value determined in the court awarding or the value agreed with the debtors.

- When the good received in payment is not fit for disposal, the necessary sales expenses increase its cost.

- If a credit balance for the debtor results from the difference between the amount at which the asset is received and the amount of the obligation payable, it is recognized as an account payable. If the asset's amount is not sufficient to cover the entire obligation, a provision equivalent to the difference is recognized.

3.8.2 Properties returned. It recognizes the number of properties returned to the Bank that the customer has used under lease agreements when the parties freely agree to do so or when such return results from the non-payment of rents.

The return of these properties should be accounted for at their carrying amount (cost less accumulated depreciation) and is not subject to depreciation.

3.8.3 Provision for properties received in payment and returned. Individual provisions for properties received in payment are calculated based on Chapter III of SFC External Circular 100/1995.

Until July 31, 2020, the Bank would immediately create a 100% provision for each dation in payment. As of August 1, 2020, due to the Bank's merger, through which it acquired Arco Grupo Bancóldex S.A., the method for recognizing provisions was unified. The calculation is based on Chapter III of SFC External Circular 100/1995.

For real estate, a provision must be created in monthly aliquots within the year of the reception of the good, equivalent to thirty percent (30%) of the acquisition cost of the property. It must also be increased in monthly aliquots within the second year by an additional thirty percent (30%) until reaching sixty percent (60%) of the acquisition cost.

Once the legal term for sale has expired without the extension being authorized, the provision must be eighty percent (80%). If an extension is granted, twenty percent (20%) may be established within this term.

When the market value of the property is lower than the carrying amount of the asset received in payment, a provision is recognized for the difference.

3.8.4 Rules concerning the legal sales period – The sale of goods received as payment in kind must be carried out within two years after their acquisition. Nonetheless, they may be recorded as fixed assets, when necessary, for the ordinary course of business and they fulfill the asset investment limits. Deferral of their transaction may be requested before the Financial Superintendence of Colombia. In any case, it must be presented prior to the expiration of the established legal period and must be approved by the Board of Directors.

The respective request must demonstrate that even when management procedures for the transfer have been diligently followed, it has not been possible to sell the asset. In any case, under no circumstance may the extension of the period exceed two years as of the expiry date of the initial legal term. During this period, the labors relevant to the realization of these non-performing assets must also be continued.

3.9. Property and equipment – Property and equipment items will be registered if it is likely that future economic profits associated with the goods flow towards the Bank and the cost of the item can be measured reliably. As described in the last criterion for initial recognition, it will be necessary to identify all the property and equipment costs at the moment they are incurred.

Initial measurement: Initial recognition of property and equipment is at cost, and this cost will be the cash equivalent at the recognition date in the carrying amount, adding attributable costs.

It will also include import duties, non-recoverable indirect taxes and commercial deductions and reductions, and estimates related to the costs of the dismantling and withdrawal of goods, which may include rehabilitation of the place where the asset is located and the debenture incurred by the Bank either when it acquired the asset or as a result of having used the asset for purposes other than the productive operation of the Bank.

In order to capitalize on improvements, it will be necessary for costs to increase the useful life, its capacity, or the asset value. The repairs and/ or maintenance performed on the property and equipment which only repair or maintain the asset and therefore maintain the asset conditions in terms of useful life or expected future economic profits, for example, derived from the use of the item itself, must be recognized as expenses of the period when they are incurred. Therefore, they will have a net effect on the profit and loss statement.

Implementation costs cannot be capitalized as part of property and equipment cost, except where it is necessary to incur these costs to return the asset to its usual operation conditions, which, in all cases, will require the corresponding analysis prior to its recognition.

Subsequent measurement: After its recognition as an asset, an item of property and equipment shall be measured using two methods

- Historical cost; or
- Revalued Cost

Accordingly, the measurement for the different groups of assets has been determined as follows:

Group description	Method
Buildings	Revalued Model
Land	Revalued Model
Fixtures and fittings	Cost Model
Computer Equipment	Cost Model
Network and communication equipment	Cost Model
Machinery and Equipment	Cost Model
Furniture	Cost Model
Transportation Vehicles	Cost Model
Assets on gratuitous loan	Cost Model
Art and cultural assets	Cost Model

The Bank must review the revalued cost every three years to evaluate whether it is necessary that an expert appraiser determines a new revalued cost using the techniques in the International Valuation Standards (IVS). If there is reasonable assurance of an increase or decrease in the amount of the buildings, the new revalued cost must be determined.

In such a case, when there is an increase in the fair value from one period to another, it will be recognized as part of the cost of property and equipment through Other Comprehensive Income. When there are decreases in the fair value, the valuation in other comprehensive Income will be derecognized first. If there is a remainder, it will be recognized in the statement of income.

Depreciation - The depreciation of an asset begins in the month the asset is found in the location and necessary conditions to operate as intended by the Bank.

The depreciation charge for each period will be recognized in the profit and loss statement of the period, using the straight-line method, and based on the estimated useful lives that the Bank faithfully considers represent the time limit when it is expected that an item classified in this asset group would provide economic profit.

The real useful life corresponds to the period when the asset is expected to be used. The accounting policy describes the residual value as "the estimated value that the entity may currently obtain through the liquidation of an item, after deducting the estimated costs for this disposal if the asset has already matured and fulfilled other expected conditions at the end of its useful life".

The Bank will check, at least at the close of each financial period, whether the useful life or residual value has undergone changes caused by internal and external factors (market, obsolescence, legal operative environment, among others).

According to the appraisal performed in May 2021, the useful life of the floors where the Bank's offices are located was determined to be 100 years and the remaining useful life as of the date of the appraisal is 57 years.

The useful lives and residual values determined by the Bank are:

Group description	Residual %	Useful life Initial range	Final range
Buildings	15%	100 Years	
Fixtures and fittings	10%	5 Years	12 Years
Computer Equipment	10%	2 Years	5 Years
Network and communication equipment	10%	2 Years	6 Years
Machinery and Equipment	10%	6 Years	14 Years
Furniture	10%	5 Years	12 Years
Transportation Vehicles	10%	10 Years	20 Years
Terrain	0%	0 Years	0 Years
Assets on gratuitous loan	0%	0 Years	0 Years
Art and cultural assets	0%	0 Years	0 Years

Moveable goods whose acquisition value is equal to or less than (50 UVT) are depreciated at the latest the month after they were acquired, regardless of their useful life.

Fall in the price of property and equipment – The carrying amount of a property or equipment item is derecognized when no further associated economic benefits are expected in the future and the profits or losses of removal are recognized in the profit and loss statement of the period.

Impairment of property and equipment – Evaluations will be performed based on impairment evidence once there is evidence on the value impairment of non-financial assets or, at least, at the end of every reporting period. If there is evidence of impairment, the Bank will analyze if there is indeed impairment by comparing the net carrying amount of the asset with its recoverable value (the greater value between the fair value minus sales costs and the usage value of the asset). If the carrying amount exceeds the recoverable value, the carrying amount will be adjusted, modifying future charges on account of depreciation, in accordance with its remaining useful life.

3.10. Investment properties. Investment properties are those held to earn rentals or for capital appreciation (including investment properties under construction for such purposes) and are initially measured at cost, including transaction costs.

After initial recognition, investment properties are measured at fair value.

All the Bank's ownership interests held under operating leases to earn rentals or for capital appreciation are accounted for as investment property and measured using the fair value model. Gains or losses from changes in the fair value of investment property are included in profit or loss for the period in which they occur.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss on (calculated as the difference between the net disposal proceeds and the asset's carrying amount) is included in profit or loss for the period in which the property was derecognized.

3.11. Intangible assets - The Bank shall record intangible assets once the following aspects have been identified. The existence of control, the separability of the asset and the fact that it is expected to produce a future economic benefit. For an asset to be recognized, it is essential that it fulfills all the previously mentioned characteristics.

Initial measurement – Intangible assets are initially measured at cost. However, it depends on how the Bank obtained the asset. An intangible asset may be obtained by different means; separate acquisition, as part of a business combination and through the development or generation of the asset internally developed by the Bank.

- Intangible assets acquired through a separate transaction are measured as the sum of the purchase price, including import duties and non-refundable acquisition taxes, after deducting discounts and reductions, and the cost directly attributable to preparing the asset for its intended use. It is also possible that a group of complementary intangible assets may be recognized as a single asset, provided that the individual assets have similar useful lives.

- In business combinations, the cost value shall correspond to its fair value on the acquisition date.

- In the case of internally generated intangible assets, only the costs of the asset's development stage shall be recognized as intangible. Costs derived from the research phase shall be recognized as an expense in the period when they are incurred.

Amortization should be adjusted to allocate the revised carrying amount of the intangible asset, minus any residual value on a systematic basis throughout its useful life.

Subsequent measurement - In subsequent recognition, intangible assets are amortized using the straight-line method throughout their estimated useful lives. The Bank shall assess whether the useful life of an intangible asset is finite or indefinite. The finite useful life of an intangible asset is amortized, whereas an intangible asset with an indefinite useful life is not amortized. After considering the determining factors to estimate the useful life of an intangible asset, the time measurement that best represents the expected term of use of the asset shall be used.

The Bank determines that intangible assets with a finite useful life are amortized based on the estimation of their useful life as follows:

Group description	Method	Residual %	Useful Life	
Licenses	Cost model	0%	1 year	15 years
Computer programs and applications	Cost model	0%	1 year	15 years

Licenses with individual costs whose value is equal to, or less than 50 Tax Value Units (UVT) shall be amortized in the same period as they were acquired.

Intangible assets shall be derecognized on sale or when no future economic benefits are expected from their use or sale. The resulting profit or loss is the difference between the carrying amount and the recoverable amount of the intangible asset.

3.12. Other assets. There are assets for which it is not possible to find similar recognition and measurement criteria to be classified within the available categories or groups of financial assets. These will be classified in the category of other assets, including prepaid expenses, art and culture properties, properties for lease agreements, among others.

3.12.1 Prepaid expenses. Prepaid expenses are the expenses incurred by the Bank in the conduct of its business, whose benefit is received in several periods, may be recoverable, and involve the successive performance of the services to be received.

The amortization term for prepaid expenses is as follows:

- Insurance during the term of the policy

- Other term during the period in which they are accrued or for duration of the contract

3.12.2 Properties for lease agreements. This item recognizes new assets acquired by the Bank whose agreement has not commenced due to any unmet requirement for its legalization.

3.13. Impairment of other assets - Identification of evidence of impairment should provide sufficient detail on the scenarios that, according to the management office, could or may potentially cause a reduction in the value of the assets; and thus, present it as a reduction in the book balance.

The criteria used to determine impairment indicators should aim at detailing possible internal or external events that lead to a loss in the value of the asset or in the expected economic benefits from its disposal. This evidence of impairment should be considered at least once by the end of the accounting period or when the relevant information for decision-making is submitted.

An impairment loss occurs when the carrying amount of an asset exceeds the recoverable amount. Identification of the impairment value of assets requires that the Bank consider and carry out an assessment of the impairment indicators. At the end of each reporting period, the entities shall assess whether there is any evidence of impairment of the value of any asset. If evidence is found, the Bank shall estimate the recoverable amount of the asset.

Impairment indicators may obey to observable internal or external sources of significant changes that cause a considerable impairment loss in the carrying amount of non-financial assets. The following factors shall be considered as impairment indicators: changes in the legal, economic, technological or market environment where the asset is operated; or changes in the market for which it is intended, internal reports indicating that the economic performance of the asset is, or shall be, worse than expected; changes in the market rates or rates of return that may affect the measurements of the recoverable amount (e.g. Increase in financing costs), evidence of obsolescence or physical impairment of an asset, changes in strategies (e.g. Office closures), significant changes in the market for Bank's assets (e.g. Effects of demand, competition or other economic factors). Impairment indicators are not limited to those previously mentioned.

Once an impairment loss has been recognized, depreciation or amortization charges on the asset shall be adjusted in future periods in order to systematically allocate the revised carrying amount of the asset over its useful life.

If there is any evidence that an asset is impaired, the recoverable amount shall be estimated for the individual asset. However, if it is not possible to estimate the recoverable amount of the individual asset, the Bank shall determine the recoverable amount of the cash-generating unit to which the asset belongs (the cash-generating unit of the asset).

3.14. Financial liabilities. An instrument is classified as a financial liability when it contains a contractual obligation to transfer cash or other financial assets. When estimated, it will or may be settled within a variable number of own equity instruments. Financial liabilities are recognized and measured at amortized cost, except for derivatives measured at fair value as provided in the SFC Basic Accounting and Financial Circular - Chapter XVIII on financial derivatives and structured products.

3.14.1 Financial liabilities at amortized cost - All financial liabilities are classified as measured subsequently at amortized cost using the effective interest method, except for those derivative financial instruments that are measured at fair value with changes in profit or loss. The amortized cost of financial liabilities in term deposit certificates, subordinated bonds and financial obligations is determined based on the nominal value of the obligation, including interest expenses payable as transaction costs are not associated since they are not material.

Bancóldex' initial recognition shall classify the issues of debt instruments as financial liabilities measured at amortized cost. Additionally, based on a cost/benefit and materiality analysis according to the provisions of the Conceptual Framework, transaction costs are recognized directly in the profit and loss statement of the period when they are incurred.

In subsequent measurements, the Bank shall measure the issues of debt instruments at amortized cost by using the effective interest method.

3.14.2 Financial liabilities at fair value through profit or loss. On initial recognition, any measurement inconsistency (accounting asymmetry) that may arise from using different measurement criteria will be eliminated or significantly reduced. The Bank has chosen to designate the measurement of derivatives at fair value through profit or loss, considering the availability of information related to the valuation of these instruments.

3.14. 3 Derecognized financial liabilities: Financial liabilities shall be derecognized by the Bank if, and only if, the Bank's obligations expire, are canceled, or fulfilled. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profits or losses.

3.15. Income taxes. Income tax expense represents the amount of income tax payable and the amount of deferred tax.

3.15.1 Current tax. The current tax payable is based on tax profit recognized during the year. The taxable profit differs from the profit reported in the statement of income and other comprehensive income due to items of taxable or deductible income or expense in other years and items that are never taxable or deductible. The Bank's current tax liability is calculated using enacted tax rates as of the end of the reporting period.

A provision is recognized for those matters for which the tax assessment is uncertain, but it is considered probable that there will be a future outflow of funds to a taxation authority. Provisions are measured at the best estimate of the amount expected to be paid. The assessment is based on the judgment of tax professionals within the Bank supported by prior experience in such activities and, in some instances, specialized independent tax advice.

3.15.2 Deferred tax - Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities included in the consolidated financial statements and the relevant tax bases used to determine taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences will be utilized. These assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

A deferred tax liability for temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements should be recognized. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that taxable profit will be available against which the temporary differences will be utilized and it is probable that the temporary difference will reverse in the foreseeable future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and fiscal laws) that have been enacted or substantively enacted by the end of the reporting period.

For measuring deferred tax liabilities and deferred tax assets arising from investment property that is measured using the fair value model, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all economic benefits embodied in the investment property over time, rather than through sale. The Bank's investment property is held under a business model whose objective is to consume substantially all economic benefits embodied in the investment property over time, rather than through sale. Therefore, the Bank's Management has determined that the "sale" presumption established in IAS 12 is not rebutted. Accordingly, the Bank has not recognized any deferred tax for changes in the fair value of investment property as the Bank is not subject to any income tax on the sale of investment property.

Deferred tax assets and liabilities are offset if the Bank has a legally enforceable right to set off current tax assets against current tax liabilities when they relate to income taxes levied by the same taxation authority and the Bank intends to settle on a net basis its current tax assets and liabilities.

3.15.3 Current and deferred tax for the year. Current and deferred taxes are recognized in profit or loss, except when they relate to items recognized in other comprehensive income or directly in equity, in which case, current and deferred taxes are also recognized in other comprehensive income or directly in equity. Where current tax or deferred tax arising from the initial recognition of a business combination arises, the tax effect is included as part of the accounting for the business combination.

3.16. Contingent Provisions and Obligations – These are recognized when the Bank:

- Has a present obligation due to a past event;
- Might have to dispose of resources that include economic benefits to settle the obligation;
- Can make a reliable estimation of the obligation value.

The amount recognized as a provision should be the best estimate of the disbursement required to settle the present obligation at the end of the reporting period. The best estimate of the disbursement required to settle the present obligation shall be the rationally assessed value that the Bank would have to pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that date.

Provisions should be reviewed at the end of each reporting period and adjusted to reflect the best available estimate. When it is no longer possible that resources including economic benefits will flow out of the Bank to meet the obligation, the provision should be reversed and used to hedge only the disbursements for which it was originally recognized. Provisions on legal disputes shall be determined based on the probability established by the Legal Division for each proceeding described in the note of judgments and estimates.

3.17. Employee benefits - Employee benefits comprise all types of benefits provided to employees or to those who depend on or are beneficiaries of employees and may be paid in full. Employee benefits shall be classified into short-term benefits and long-term benefits. Employee benefits granted by the Bank are exclusively short-term.

3.17.1 Short-term benefits - Benefits that are expected to be fully settled before the twelve months after the end of the annual reporting period. A liability and an expense are recognized as a result of contractual obligations acquired with the employee. Incurred liabilities shall be recognized without being discounted and at the amount at the measurement date.

The Bank's contractual or constructive obligation shall be limited to the recognition of the amount agreed with the employee and shall be calculated based on a reliable estimate of the amounts to be paid; the expense is generated only based on the occurrence of the consideration since the services rendered by the employees do not increase the amount of the benefits.

In accordance with Colombian labor law, different Bank employees are entitled to short-terms benefits such as salaries, vacation time, legal and extralegal bonuses, severance pay and interests on severance pay under labor regulations of Law 50 of 1990. These benefits granted to employees shall be recognized once all requirements of enforceability are met, not only as required by law but also with respect to those extralegal benefits determined by the Bank and in consideration. However, regarding conditions such as contract type, type and amount of salary, service time, amongst other particularities, they will be handled as established in the internal policies of the Bank. Therefore, the recognition is expected to take place once the employee expresses his/her intention to dispose of the benefits, either by the end of the terms determined by law or by a final settlement of his/her employment contract.

3.18. Other liabilities – It mainly records deferred payment letters of credit, deferred payments, income received in advance, the latter corresponding to securities received to address special agreements for financing loan portfolio operations with interest rate differential; as well as liabilities under Agreements representing resources received from Ministries, Governments and Municipalities for financing lines with rate differentials.

3.18.1 Agreements: The resources received from Ministries, Governors' Offices, and Mayors' Offices give rise to a liability to the third party that delivers the resources to the Bank. Once credits are disbursed under the agreement modality, the differential rate is calculated between the Bank's market rate and the agreement rate. The result is discounted from the amount of the contribution recognized in liabilities and recognized as prepaid income, amortized over the life of the promissory note.

3.19. Leases–

The Bank as lessor: Leases are classified as financial leases when all risks and rewards incident to ownership are substantially transferred to the lessee under the lease terms. All other leases are classified as operating leases.

Amounts owed by lessees under financial leases are recorded as amounts receivable at the Company's net investment amount in the leases item. Income from financial leases is allocated in accounting periods to reflect a regular constant rate of return in the Company's outstanding net investment regarding leases.

Rental income under operating leases is recognized by using the straight-line method during the term corresponding to the lease. Initial direct costs incurred when negotiating and agreeing on an operating lease are added to the carrying amount of the leased asset and recognized during the lease term on a linear basis.

The Bank as lessee – The Bank shall assess whether the contract contains a lease at the inception of the contract. A contract contains a lease if it transfers the right to direct the use of an identified asset throughout the period of use in exchange for consideration.

At the beginning of the lease, the Bank shall recognize a right-of-use asset and a lease liability, except for short-term leases (12-month term or less) and leases whose underlying asset is a low value asset (such as tablets, laptops, small office products and telephones). For these leases, the Company recognizes lease payments as an expense by using the straight-line method throughout the lease term.

The right-of-use asset is initially measured at cost; the cost of the right-of-use asset shall comprise:

(a) The amount equal to the lease liability at initial measurement.

(b) Lease payments made at or before the commencement date, less any lease incentives received.

(c) Initial direct costs incurred by the lessee, which may include commissions, legal fees (if they are contingent at the moment the lease arises) and collateral proceeding costs.

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease; unless those costs are incurred to produce inventories. The lessee incurs in obligations as a result of those costs either at the commencement date or as a result of having used the underlying asset throughout a given period.

The lessee shall recognize the costs involved in dismantling and removing the underlying asset as part of the cost of the right-of-use asset when it incurs in an obligation as a result of those costs.

Assets held under finance leases are depreciated over their useful lives, which are estimated in the same manner as for the assets owned. However, when there is no reasonable assurance that ownership will be obtained at the end of the lease term, the assets are depreciated over the shorter of the lease term or useful life.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by the rate implicit in the contract. If this rate cannot be readily determined, the Company shall use the rate of increase for lessee's loans.

Lease payments included in the lease liability measurement consist in:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives received;
- Variable lease payments that depend on a rate, which are initially measured by using the rate at the commencement date;

After the commencement date, the lessee shall measure its right-of-use asset by using the cost model. The Bank shall implement the provisions established in the asset impairment policy to determine whether the value of a right-of-use asset has been impaired and to record the impairment.

If the lease transfers the ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise the purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

After the commencement date, the lessee shall measure a lease liability by:

(a) Increasing the carrying amount to reflect the interest on the lease liability.

(b) Reducing the carrying amount to reflect the lease payments made.

(c) Measuring again the carrying amount to reflect new measurements or specified lease adjustments, and to reflect the in-essence fixed lease payments that had been reviewed.

After the commencement date, the lessee shall recognize in the profit and loss statement of the period (unless the costs may be included as an increase in the value of other assets):

(a) The interest on the lease liability.

(b) Variable lease payments not included in the lease liability measurement for the period when the event or condition occurs and generates such payments.

3.20. Investments in associates*:* The Bank shall have investments with significant influence if these investments directly or indirectly have (for example through subsidiaries) a share equal to or greater than 20%of the voting power over the investee, but less than 50%.

Under the equity method, upon initial recognition, the investment in an associate shall be recorded at cost, and the carrying amount shall increase or decrease to recognize the Bank's share of the associate's net income for the period and other comprehensive income after the acquisition date.

3.21. Revenue recognition - Revenues are measured at the fair value of the consideration received or receivable, represent amounts receivable for services rendered and are net of discounts and taxes.

The Bank recognizes revenue when:

- Their amount can be measured reliably
- It is possible that future economic benefits shall flow to the Bank.

Income from dividends, interest, commissions, gain on sale of goods and other income

Dividends: Investment dividend income is recognized once the shareholders rights to receive this payment have been established (provided that it is probable that economic benefits shall flow to the Bank and that ordinary income can be measured reliably).

Interests: Interest income on a financial asset is recognized when the Bank is likely to receive the economic benefits associated with the transaction and when the amount of income from ordinary activities can be measured reliably. Interest income is recorded on a time basis, in accordance with the outstanding capital and the applicable effective interest rate, which is the discount rate that exactly matches the estimated cash flows receivable or payable over the expected life of the financial instrument with the net carrying amount of the financial asset on initial recognition.

Commissions - Commissions are measured based on the consideration specified in a contract and recognized in each period when the performance obligations associated with the service are met.

Equity method - Income is recognized by the equity method on the income generated in the period of the investee.

Other Income - When the definition of income according to the Conceptual Framework for Financial Reporting is met, the Bank recognizes the income not included in the categories above in profit or loss for the period.

3.22 Operating segments - The Bank manages and analyses the entity's performance in terms of financial results by business segments. The factors used to identify the operating segments are based on the financial products the Bank promotes to boost the business and economic growth of Colombian companies and to manage their financial margin.

In order to comply with the provisions of IFRS 8 – Operating Segments, the Bank has identified the following segments, which are periodically assessed by the Board of Directors in order to allocate resources and assess their profitability.

The products and/or concepts included within each of the segments are the following:

- Portfolio in pesos: It includes the commercial portfolio in pesos, including discount operations on documents in pesos, portfolio of employees and former employees.
- Foreign currency portfolio: It includes the commercial portfolio in foreign currency, including discount operations of documents in foreign currency.
- Investment portfolio: It includes securities managed by the Bank's Treasury in treasury securities in national or foreign currency and Colombian private debt securities, specifically those issued by issuers supervised by the Financial Superintendence of Colombia.
- Treasury Products: It includes operations with derivatives (from speculation and hedging), restatement of own position (exchanges), cash operations and currency trading.
- Commissions: It includes products of international banking operations, guarantee of issues, guarantee shared with the National Guarantee Fund, micro-insurance, amongst others.
- Other products: It includes investments in private equity funds, investments in subsidiaries and affiliates, other assets and new products developed by the Bank, whose share is less than 10% of the asset or income.

In accordance with the foregoing, the main factors considered in the profit management methodology defined by the Bank are explained below:

I. Loan portfolio

The Bank's general segmentation policy for profit management of the portfolio bases on the "Profit Management Methodology" defined by the Bank for internal monitoring, which is managed, reviewed, and analyzed by different areas and even at different levels of the organization.

During the first instance (first layer of the analysis), the factors considered by the Bank to identify portfolio operating segments base on the classification by currencies (COP and USD), and on the subsequent grouping of the portfolio lines promoted by the Bank.

This differentiation is very important, and it is independently considered when making pricing and profitability models, since the type of support to companies and the destination of resources are converted into funding for each type of portfolio (COP and USD). Regarding the COP portfolio, the Bank is funded mainly in the capital market and with its own resources (equity), while as for the USD portfolio, the Bank obtains resources from multilateral entities and the Correspondent Bank.

Additionally, the loan portfolio requires available resources to address credit loans, as well as the debt service. Hence, the management net of the required liquidity is included within the credit business margin.

II. Investments

The Bank leads the treasury operation to portfolio management with two objectives: managing medium-term liquidity and obtaining profitable and reasonable benefits through trading financial assets framed within the risk guidelines established by the Board of Directors.

III. Treasury Products

This segment includes products managed by the Bank's Treasury other than its fixed-income investment portfolio. For derivative products, the Bank's Treasury Department may carry out derivative transactions to hedge the financial risks associated with its balance sheet structure in order to offer hedging to third parties or as part of its trading strategy, and in accordance with established risk parameters and limits. It also includes results of exchange differences, in which cash and currency trading operations are identified; and results generated by the Bank's own position.

IV. Commissions

This segment includes all international banking operation commissions, guarantees of issues and other commissions collected and paid that do not correspond to other business segments.

V. Others

This category includes Private Equity Funds and equity investments; it also groups together all those concepts whose generation of income and expenses are not particularly defined within the policies of the Bank's main margin generation segments.

3.23 Basic and diluted earnings per share - Basic net earnings per share is determined by dividing the net income for the period attributable to the Bank's shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share are determined in the same way on net income and the weighted average number of shares outstanding, adjusted for dilutive effects, if applicable.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In applying significant accounting policies described in Note 3, the Bank's Management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that do not appear to arise from other sources. The associated estimates and assumptions are based on historical experience and other factors considered to be relevant. Actual results could differ from those estimates.

The underlying estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the revision period if the revision affects only that period or future periods if the revision affects both current and subsequent periods.

The Management's judgments and estimates in applying the Bank's accounting policies that have a significant effect on the amounts recognized in the financial statements are presented below.

4.1 Loan portfolio impairment – While following the standards of the Financial Superintendence of Colombia, the Bank reviews the loan portfolio regularly to assess whether impairment should be recorded with charges to profit and loss of the period by following the guidelines established in Chapter II of the Basic Accounting and Financial Circular Letter.

In line with these regulations, Bancóldex has established as part of its policies the semiannual performance of the portfolio rating process. The Bank comprehensively assesses the payment behavior of its customers with the entity and other institutions in the financial system and their financial positions. The results of this assessment are submitted to the Portfolio Rating Committee for approval.

On a quarterly basis, Bancóldex reviews the alignment of customers' ratings by credit bureaus. The results are also submitted to the Portfolio Rating Committee.

Based on the periodicity defined in the specific policies for each customer segment, the financial position of debtors is monitored, which is submitted to the External Credit Committee.

4.2 Deferred tax. Deferred tax assets and liabilities are recognized for deductible or taxable temporary differences between the tax bases and the accounting bases, considering the current tax regulations applicable to Colombia. Due to the changing conditions of the political, social, and economic environment, constant modifications in tax legislation and continuous changes in tax doctrine, determining the tax bases of deferred tax involves complex judgments to estimate future taxable income, offsets, or deductions.

The determination of the deferred tax is considered a critical accounting policy since it involves future estimates of profits or losses affected by changes in economic, exchange, social and political conditions and the taxpayers' and taxation authorities' interpretations.

The Bank assesses the realization over time of deferred income taxes, which represent income taxes recoverable through future deductions from taxable income and are recognized in the statement of financial position. Deferred tax assets are recoverable to the extent that the realization of the related tax benefits is probable. Deferred income tax assets will be recoverable based on the Bank's estimates of future taxable income.

Deferred tax liabilities are recognized on the temporary differences associated with profits not attributed by the subsidiary. The Bank estimates that the deferred income tax liability items will be paid on the income realized in future periods.

4.3 Current tax - In determining the current tax for periods subject to review by the taxing authority, the relevant regulations have been applied and interpretations have been made to take positions when interpretations could differ from those made by the Bank. Due to the complexity of the tax system, the continuous amendments to tax regulations, accounting changes with implications in the tax bases and, generally, the country's legal instability, the taxing authority could have different criteria from those of the Bank at any time. Therefore, a dispute or inspection by the taxing authority over a specific tax treatment may affect the accounting of the deferred or current tax asset or liability, in accordance with the requirements of IAS 12.

Management and its advisers consider that their actions on the estimates and judgments made in each fiscal period are as indicated by the current tax regulations; therefore, they have not deemed it necessary to recognize any provision additional to those in Note 28 Income Tax.

4.4. Fair value of financial instruments. The estimate of fair values of financial instruments reflects the price at which an orderly transaction to sell an asset or transfer a liability would take place between market participants. A fair value hierarchy categorizes the inputs used in valuation techniques into three levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The fair value measurement of financial instruments generally involves a high degree of complexity. It requires the application of judgments, mainly when the models use unobservable inputs (Level 3) constructed from assumptions used in the market to determine the price of the asset or liability.

The determination of what constitutes "observable" requires significant judgment by the Bank's Management. The Bank considers observable inputs to be market data that is already available, distributed, or regularly updated by the provider of reliable and verifiable prices and that is provided by independent sources actively participating in the relevant market.

4.5. Provisions and contingencies - A contingency should be classified based on a reliable estimate of the probability of an occurring incident or event. The Bank shall disclose a brief description of its nature for each kind of contingent liability at the end of the reporting period unless the possibility of any outflow of resources in settlement is remote. When an inflow of economic benefits becomes probable, the Bank shall disclose a brief description of the nature of the contingent assets at the end of the reporting period and, whenever feasible, an estimate of their financial impact. Contingency estimates are based on the criteria adopted by IFRS as detailed below.

The Bank's provisions are determined based on the probability established by the Legal Department for each event, fact or legal process as follows: no provision is recognized for processes with a probability of occurrence between 0% and 49%; provision is recognized according to the established guidelines for processes with a probability of occurrence between 50% and 100%.

Recognition of Obligations and Disclosure of Liabilities CGN (1)	Risk of Loss Rating-ANDJE (2)	Homologation under IFRS	Provision	Disclosure
Probable	High	Probable	□	□
Possible	Medium	Possible (eventually)	X	□
Remote	Low	Remote	X	X

(1) General Accounting Office of the Nation

(2) National Agency for State Legal Defense

5. STANDARDS ISSUED BY THE IASB NOT YET IN FORCE IN COLOMBIA

a. The following standards have been issued by the IASB but not yet incorporated by Decree in Colombia*:*

Financial Reporting Standard	Description
Amendments to IAS 8: Definition of Accounting Estimates	The amendment was published by the IASB in February 2021 and clearly defines an accounting estimate: "Accounting estimates are monetary amounts, in financial statements, that are subject to measurement uncertainty." It clarifies the use of an accounting estimate and differentiate it from an accounting policy. Particularly, it mentions "an accounting policy could require that items of the financial statements be measured in a way that involves measurement uncertainty—that is, the accounting policy could require that these items be measured at monetary amounts that cannot be directly observed and must be estimated. In this case, an entity makes an accounting estimate to achieve the objective established by the accounting policy." The amendments have not been introduced in the Colombian accounting framework by decree to date.

Financial Reporting Standard	Description
	The amendment to IAS 8: Definition of Accounting Estimates does not impact Bancóldex's financial statement as of December 31, 2021, since the Bank has not made transactions that meet the criteria listed in the amendment.
Amendments to IAS 1: Disclosure of Accounting Policies	The amendments clarify the following points: • The word "significant" is modified by "material." • The accounting policies that must be disclosed in the notes to the financial statements: "An entity will disclose information about its material importance accounting policies." • When an accounting policy is considered material. • Addition of the following paragraph: "Information about accounting policies that focuses on how an entity has applied the requirements in IFRS Standards to its own circumstances provides entity-specific information that is more useful to users of financial statements than standardized descriptions or information that only duplicates the requirements of IFRS Standards." In relation to the proposed amendments to IAS 1: Disclosure of Accounting Policies, these will be covered to the extent that the Bank deems it appropriate; therefore, no relevant inputs are identified in applying the definitions outlined in the amendment.
Amendments to IAS 12: Deferred Taxes related to Assets and Liabilities Arising from a Single Transaction	The amendment allows recognition of a deferred tax liability or asset that has arisen in a transaction that is not a business combination in the initial recognition of an asset or liability that, at the time of the transaction, does not give rise to taxable temporary differences and deductibles of the same amount. Its cumulative effect due to the change in accounting policy will be recognized at the beginning of the first comparative period as an adjustment to the opening balance of retained earnings on that date. The amendment to IAS 12: Deferred Taxes related to Assets and Liabilities Arising from a Single Transaction does not impact Bancóldex's financial statement as of December 31, 2021, since the Bank has not made transactions that meet the criteria listed in the amendment.
IFRS 17: Insurance contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and replaces IFRS 4 Insurance Contracts
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture

The Bank shall quantify the impact on the financial statements once the Decree incorporating them in the Colombian Technical Regulatory Framework is issued.

6. FAIR VALUE ESTIMATION

The fair value of financial assets and liabilities traded in active markets (such as financial assets in debt securities, equity instruments and derivatives actively quoted in stock exchanges or in interbank markets) is based on dirty prices provided by an official price provider authorized by the Financial Superintendence of Colombia, which determines such prices through weighted averages of transactions occurring during the trading day.

An active market is a one where asset or liability transactions are carried out with the right frequency and volume to provide price information on an ongoing basis. A dirty price includes the accrued and outstanding interests on the security from the issuance date or last interest payment to either the compliance date of the purchase-sale transaction or the valuation date. The fair value of financial assets and liabilities not traded in an active market is determined through valuation techniques determined by the price provider.

Valuation techniques used for non-standardized financial instruments such as options, foreign currency swaps and over-the-counter (OTC) derivatives market include the use of interest rate or currency valuation curves constructed by price providers from market data and extrapolated to the specific conditions of the instrument that is valued, discounted cash flow analysis, option pricing model and other valuation techniques commonly used by market participants that use market data fully and place as little reliance as possible on specific data of entities.

The Bank calculates the fair value of fixed-income instruments and derivatives daily using price and/or input information provided by official price provider PRECIA S.A. This provider has been authorized after due compliance with the standards applicable to price providers for valuation in Colombia, including its purpose, operating regulations, approval process of valuation methodologies and required technological infrastructure, among other aspects. After evaluating the methodologies of the price provider PRECIA S.A. it is concluded that the fair value calculated for derivative instruments based on prices and inputs delivered by the price provider is appropriate.

The fair value of non-monetary assets, such as investment properties, is determined by independent experts using the replacement cost method.

Fair value hierarchy is based on the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities which the entity may access at the measurement date.

- Level 2 inputs are different from the quoted prices included in Level 1, which may be 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 where the fair value measurement is entirely classified is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Therefore, the importance of an input is assessed in relation to the fair value measurement in its entirety.

Financial instruments quoted on markets that are not considered active but are valued using quoted market prices, quotations from price providers or alternative price sources supported by observable inputs are classified in Level 2.

A Level 3 fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs. Assessing the importance of a particular input to the fair value measurement in its entirety requires professional judgment, and consideration of specific factors of the asset or liability.

The Bank deems as observable data the market data that is already available, distributed or regularly updated by the price provider, reliable and verifiable; data that does not have ownership rights, and is provided by independent sources that actively participate in the relevant market.

6.1 Fair value measurements on a recurring basis

The following table presents, within the fair value hierarchy, the Bank's assets and liabilities (by class) measured at fair value as of December 31, 2021, and 2020, on a recurring basis:

		2021		
Recurring assets at fair value	Level 1	Level 2	Level 3	Total
Investments at fair value through profit or loss				
Debt instruments				
In COP				
TES treasury bonds	$ 237.697.350	$ -	$ -	$ 237.697.350
Other national issuers - financial institutions	-	56.125.133	-	56.125.133
Investments at fair value with changes in OCI				
Equity instruments				
In COP				
National issuers - private equity funds	$ -	$ 111.710.519	$ -	$ 111.710.519
National issuers - FNG	-	-	102.276.938	102.276.938
In foreign currency				
Foreign issuers - private equity funds	-	-	70.611.238	70.611.238
Foreign issuers - Bladex	32.286.731	-	-	32.286.731
Investments at fair value with changes in OCI				
Debt instruments				
In COP				
TES treasury bonds	654.531.410	-	-	654.531.410
In foreign currency				
Other securities issued by the national government Yankees	646.431.625	-	-	646.431.625
Trading derivative financial instruments				
Forward contracts				
Currency purchase rights	-	3.062.658.722	-	3.062.658.722
Currency selling rights	-	517.684.552	-	517.684.552
Currency purchase obligations	-	(2.970.944.562)	-	(2.970.944.562)
Currency selling obligations	-	(514.744.528)	-	(514.744.528)
Credit Valuation Adjustment - CVA	-	(19.660)	-	(19.660)
Future contracts				
Currency purchase rights	-	3.092.984.722	-	3.092.984.722
Currency selling rights	-	3.186.428.845	-	3.186.428.845

Recurring assets at fair value	Level 1	Level 2	Level 3	Total
		2021		
Currency purchase obligations	-	(3.092.984.722)	-	(3.092.984.722)
Currency selling obligations	-	(3.186.428.845)	-	(3.186.428.845)
Hedging derivative financial instruments				
Future contracts				
Currency selling rights	-	103.808.462	-	103.808.462
Currency selling obligations	-	(103.808.462)	-	(103.808.462)
Swaps				
Currency purchase rights	-	601.129.385	-	601.129.385
Currency purchase obligations	-	(544.979.762)	-	(544.979.762)
Credit Valuation Adjustment - CVA	-	(6.095)	-	(6.095)
Non-financial assets				
Investment properties	-	10.688.300	-	10.688.300
Total recurring assets at fair value	$ 1.570.947.116	$ 329.302.004	$ 172.888.176	$ 2.073.137.296

Recurring liabilities at fair value	Level 1	Level 2	Level 3	Total
		2021		
Trading derivative financial instruments				
Forward contracts				
Currency purchase rights	-	251.249.829	-	251.249.829
Currency selling rights	-	1.804.259.978	-	1.804.259.978
Currency purchase obligations	-	(253.258.559)	-	(253.258.559)
Currency selling obligations	-	(1.856.041.398)	-	(1.856.041.398)
Debit Valuation Adjustment - DVA	-	31.580	-	31.580
Hedging derivative financial instruments				
Swaps				
Currency purchase rights	-	200.369.535	-	200.369.535
Currency purchase obligations	-	(200.714.282)	-	(200.714.282)
Credit Valuation Adjustment - CVA	-	792	-	792
Total recurring liabilities at fair value	$ -	$ (54.102.524)	$ -	$ (54.102.524)

	Level 1	Level 2	Level 3	Total
		2020		
Recurring asset at fair value				
Investments at fair value with changes in profit or loss - Debt instruments				
In COP				
Treasury bonds - TES	$ 456.515.984	$ -	$ -	$ 456.515.984
Other national issuers – financial institutions	-	42.110.340	-	42.110.340

	2020			
	Level 1	Level 2	Level 3	Total
Investments at fair value with changes in OCI				
Equity instruments				
In COP				
National issuers - private equity funds	101.441.283	-	-	101.441.283
National issuers - FNG	-	-	159.735.238	159.735.238
In foreign currency				
Foreign issuers - private equity funds	-	-	42.648.146	42.648.146
Foreign issuers - Bladex	26.545.922	-	-	26.545.922
Investments at fair value with changes in OCI				
Debt instruments				
In COP				
Treasury bonds - TES	378.848.305	-	-	378.848.305
In foreign currency				
Other securities issued by the national government Yankees	734.180.396	-	-	734.180.396
Forward contracts				
Currency purchase rights	-	161.201.081	-	161.201.081
Currency selling rights	-	842.725.518	-	842.725.518
Currency purchase obligations	-	(160.462.244)	-	(160.462.244)
Currency selling obligations	-	(799.135.418)	-	(799.135.418)
Credit Valuation Adjustment - CVA	-	(10.720)	-	(10.720)
Future contracts				
Currency purchase rights	-	1.587.381.085	-	1.587.381.085
Currency selling rights	-	1.551.945.820	-	1.551.945.820
Currency purchase obligations	-	(1.587.381.085)	-	(1.587.381.085)
Currency selling obligations	-	(1.551.945.820)	-	(1.551.945.820)
Hedging derivative financial instruments				
Forward contracts				
Currency selling rights	-	34.917.730	-	34.917.730
Currency selling obligations	-	(34.285.640)	-	(34.285.640)
Future contracts				
Currency selling rights	-	34.330.000	-	34.330.000
Currency selling obligations	-	(34.330.000)	-	(34.330.000)
Non-financial assets				
Investment properties	-	6.263.217	-	6.263.217
Total recurring assets at fair value	$ 1.697.531.890	$ 93,323,864	$ 202,383,384	$ 1.993.239.138

Recurring liabilities at fair value

	2020			
	Level 1	Level 2	Level 3	Total
Trading derivative financial instruments				
Cash transactions				
Forward contracts				
Currency purchase rights	-	(1.113.205.593)	-	(1.113.205.593)
Currency selling rights	-	(23.974.097)	-	(23.974.097)
Currency purchase obligations	-	1.176.860.693	-	1.176.860.693
Currency selling obligations	-	24.011.572	-	24.011.572
Debit Valuation Adjustment - DVA	-	(8.854)	-	(8.854)
Hedging derivative financial instruments				
Swaps				
Currency purchase rights	-	(1.395.405.543)	-	(1.395.405.543)
Currency purchase obligations	-	1.509.055.603	-	1.509.055.603
Credit Valuation Adjustment - CVA	-	(215.232)	-	(215.232)
Total recurring liabilities at fair value	$ -	$ 177.118.551	$ -	$ 177.118.551

a. *Determination of fair values*

The price provider receives the information from all external and internal sources of negotiation and registration within the fixed schedules according to the methodologies approved by the Financial Superintendence of Colombia. In order to determine the hierarchy level 1 and 2 of the fair value, an instrument-by-instrument assessment is carried out according to the calculation type information reported by PRECIA S.A., the expert judgment of the *Front and Middle Office* which issue their concepts by considering the following aspects: Continuity in the historical publication of prices, circulation amount, record of operations performed, number of price contributors as a measurement of depth, market knowledge, steady quotations by one or more counterparties of the specific security, and *bid-offer spreads*, amongst others.

The methodologies applicable to the most common derivative instruments are:

- Valuation of foreign currency forwards: The provider publishes curves assigned according to the currency of origin of the underlying. These curves are made up of nominal rates for the past due period associated with forward exchange rate contracts.

- Valuation of bond forwards: In order to determine the valuation of the forward at a given date, the theoretical future value of the bond is calculated from its price on the valuation day and the risk-free rate of the reference country of the underlying. Then, the present value of the difference between the theoretical future value and the bond price agreed in the forward contract is obtained by using the risk-free rate of the reference country of the underlying to the term of days for expiration of the contract for the discount.

- Valuation of swap operations: The provider publishes curves assigned according to the underlying, basis swap curves (exchange of payments associated with variable interest rates), domestic and foreign curves, implicit curves associated with forward exchange rate contracts.

- Valuation of OTC options: The provider publishes curves assigned according to the currency of origin of the underlying, the forward exchange rate curve of the domestic currency, which is subject of the operation, implicit curves associated with forward exchange rate contracts, swap curves assigned according to the underlying, matrix and implicit volatility curves.

- Valuation of investments at fair value by the FNG: The price vendor submits the report for the Fund valuation quarterly using the Fair Value Measurement of Equity Instruments of Non-Controlling Interest method. The result is the updated price for the period with which the investment is valued.

- Investment property: The fair value is calculated based on appraisals by Nestor Mora & Asociados. This independent firm has the capacity and experience in appraising the sites and types of assets valued using the comparison or market method and the analysis of price appraisals in the same area.

6.2 ***Fair value measurements classified as Level 3 -*** The following table presents a reconciliation of fair value measurements classified as Level 3:

	2021		2020	
	FNG Investment	Private Equity Funds (foreign) Investment	FNG Investment	Private Equity Funds (foreign) Investment
Balance at the beginning of the period	$ 159.735.238	$ 42.648.146	$ -	$ 30.742.257
Valuation adjustments through OCI	(57.458.300)	11.414.292	14.023.285	113.808
Purchases/calls	-	9.858.248	-	12.001.748
Disposals/sales/distributions	-	1.442.145	-	1.166.237
Reclassifications	-	-	145.711.953	-
Restatement	-	8.132.696	-	956.570
Balance at the end of the period	$ 102.276.938	$ 70.611.238	$ 159.735.238	$ 42.648.146

The fair value of the position in a foreign currency equity fund is updated quarterly based on the net asset value (or "NAV") reported by the general partner or fund administrator of the relevant fund. This NAV is calculated as of the end of March, June, September, and December. However, it is obtained approximately two months after the quarterly reporting date, so the fair value also includes the positive (called capital) or negative activity (distributions) between the quarterly reporting date and the date of NAV update.

It should be noted that this NAV reflects Bancóldex's participation in the movements of flows and accruals for the period of the accounts that affect the equity amount of the invested fund. The accounts that are flows include new contributions from investors, distributions to them, payments to advisers and commissions, among other fund expenses. Accounts that are usually accruals include increases in value or impairments in assets that remain on the balance sheet and those generated at the time of investment sales.

The following table summarizes the ranges of the main variables used in the valuation (obtaining the price of the FNG):

Indicators (*)	2021	2022	2023	2024	2025	2026	2027
Economic							
GDP growth	8.00%	3.90%	3.10%	3.20%	3.20%	3.30%	3.30%
DTF - 90 days E.A. (FdA)	2.70%	4.20%	4.30%	4.30%	4.30%	4.30%	4.30%
Colombia Inflation	4.60%	3.50%	3.20%	3.20%	3.10%	3.10%	3.10%
US inflation	4.50%	3.70%	2.30%	2.30%	2.30%	2.30%	2.30%
Discount rate							
Risk-free rate	1.64%	1.99%	2.31%	2.31%	2.31%	2.31%	2.31%
Market premium	6.43%	6.43%	6.43%	6.43%	6.43%	6.43%	6.43%
Country risk	2.76%	2.76%	2.76%	2.76%	2.76%	2.76%	2.76%
Tax							
Income	34.00%	38.00%	38.00%	38.00%	38.00%	35.00%	35.00%

(*) Source: Precia

7. CASH AND CASH EQUIVALENTS

The cash and cash equivalent balance comprises the following as of December 31, 2021 and 2020:

	2021	2020
Legal currency		
Cash	$ 8,067	$ 9,743
Central bank		
Checking account (1)	110,784,480	75,385,041
Deposits monetary contraction	-	32,000,000
Banks and other financial institutions (2)	26,573,780	42,521,480
	137,366,327	149,916,264
Foreign currency		
Banks and other financial institutions	4,769,036	10,707,501
	4,769,036	10,707,501
	$ 142,135,363	$ 160,623,765

(1) These funds are allocated to the Nation under the borrowing contract entered into between Bancóldex and the Inter-American Development Bank (IDB), through which Bancóldex pledges the income it receives from the collection of the credit portfolio up to an amount of 130% for agreements 2983/TC-CO, 3003/TC-CO, 3661/TC-CO, 2949/OC-CO, 4439 /OC-CO, 4939 /OC-CO y 5169/TC-CO.

(2) The following is the disaggregation of reconciling items pending regularization for more than 30 days at December 31, 2021 and 2020:

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	2021		2020	
	Quantity	Amount	Quantity	Amount
Outstanding credit notes in books	85	$ 1.027.446	29	$ 295.189
Outstanding debit notes in books	1	10.065	-	-
Non-bank debit items	31	299.557	-	-
Uncashed checks drawn	-	-	1	14.879

There are restrictions on the Bank's cash caused by attachments ordered by municipal and government agencies; as of December 31, 2021, and 2020, it amounts to $79,129 and $97,241, respectively. The breakdown of the funds frozen by attachments is as follows:

Banking Institution	Account Type	2021	2020
Davivienda Bank	Savings Account	$ -	$ 18.122
AV Villas Bank	Savings Account	79.129	79.119
		$ 79.129	$ 97.241

8. FINANCIAL INSTRUMENTS

The balance of the investment portfolio as of December 31, 2021, and 2020 is as follows:

8.1 Investments at fair value through profit or loss - debt instruments

	2021		2020	
	Interest Rate (%)	Amount	Interest Rate (%)	Amount
Legal tender				
Securities issued by the Nation				
Ministry of Finance FIXED RATE TES -	7.45	$ 237.697.350	3.41	$ 447.172.795
Ministry of Finance UVR TES -	-	-	0.89	9.343.189
		237.697.350		456.515.984
Securities issued by entities supervised by the SFC				
DTF Term Deposits (TDs)	5.39	5.056.650	3.16	11.377.440
CPI Bonds	8.26	23.379.683	3.11	10.115.300
DTF Bonds	6.36	10.062.900	3.52	10.605.000
BRI Bonds	6.05	17.625.900	2.99	10.012.600
		56.125.133		42.110.340
		$ 293.822.483		$ 498.626.324

(1) Debt securities – pledged as collateral for money market operations
As of December 31, 2021 and 2020, of the investments in debt securities with changes in OCI, $0 and $52,020,846, respectively, have been pledged in money market operations.

The variations in the portfolios of COP treasury bonds - TES are due to Treasury's investment strategy, decisions based on market observations and the behavior of rates, according to the business model.

8.2 Investments at fair value with changes in other comprehensive income - debt instruments (2) (3)

	2021		2020	
	Interest Rate (%)	Amount	Interest Rate (%)	Amount
Legal tender				
Securities issued by the Nation				
Ministry of Finance FIXED RATE TES	7.71	$ 654.531.410	4.96	$ 378.848.305
Foreign Currency				
Securities issued by the Nation				
Yankee Bonds (4)	5.89	646.431.626	3.72	734.180.396
		$ 1.300.963.036		$ 1.113.028.701

(2) Debt securities – pledged as collateral for operations with the Central Counterparty Risk Chamber

As of December 31, 2021, and 2020, of the investments in debt securities with changes in OCI, $133,812,590 and $154,461,735, respectively, have been delivered as collateral to back operations with the Central Counterparty Risk Chamber.

(3) The variations in the portfolios of COP treasury bonds - TES are due to Treasury's investment strategy, decisions based on market observations and the behavior of rates, according to the business model.

(4) After a 2020 marked by the COVID-19 pandemic, with low growth and inflation worldwide, 2021 was characterized by significant increases in GDP and inflation and therefore expectations of rate increase by Central Banks. Fixed-income securities were the assets hardest hit by these fundamentals, for which during 2021 the increase in the Yankees curve was approximately 200 bp. This market devaluation is reflected in the Other Comprehensive Income account of the Yankee bonds for $189,978 million, an effect on a portfolio of USD 162 million represented in securities with maturities from 2031 to 2045, with a DV01(*) of USD 250,000 approximately, and a term of 12.3 years on average. This behavior decreases the portfolio, offset by the effect of the restated exchange rate on the average balance of USD 162 million (exchange rate differential of $548.66 in 12 months) when going from a TRM of 3,432.50 at the end of 2020 to an exchange rate of 3981.16 at the end of 2021.

(*) measure of sensitivity of the fixed income portfolio to changes in the interest rate

8.3 Investments at amortized cost

	2021		2020	
	Int. Rate (%)	Amount	Int. Rate (%)	Amount
Legal tender				
Securities issued by the Nation				
Solidarity securities	2.56	$ 5.075.367	2.95	$ 5.086.866
Securities issued by entities supervised by the SFC				
Class A and B agricultural development securities (5)	-	-	0.23	12.515.957
Securities issued by other domestic issuers				
Contributory debt securities	-	-	8.79	24.631
		$ 5.075.367		$ 17.627.454

(5) In accordance with Resolution 3 dated March 24, 2000, issued by the Central Bank Board of Directors, credit institutions must make and maintain investments in Agricultural Development Securities – TDA. Arco Bancóldex, classified as a credit institution, was obliged to make the investment under the terms established by this Resolution. When the merger by absorption was carried out in August 2020, Bancóldex received in its investment portfolio the securities in which Arco Bancóldex had invested mandatorily. Bancóldex is exempt from this obligation and therefore, within the Treasury's strategy, early redemption of the securities was determined in May 2021.

8.4 Investments at fair value with changes in other comprehensive income - equity instruments (7)

	2021	2020
Banco Latinoamericano de Exportaciones S.A. - BLADEX	$ 32.286.731	$ 26.545.922
Fondo Nacional de Garantías [6]	102.276.938	159.735.238
Private Equity Funds [7]	182.321.756	144.089.429
	$ 316.885.425	$ 330.370.589

(6) These investments show a decrease for the following reasons: the National Guarantee Fund shows a decrease due to valuation of $57,458,300, as the share price in the market went from $7,958.92 at the end of 2020 to $5,096.02 as of December 31, 2021. Regarding Private Equity Funds, the main effect is observed in the USD investments that increased by USD 5,311,541.76, caused by new capital calls and investment valuation. These investments were affected by restatement of the exchange rate on an average annual portfolio of USD 15 million (exchange rate differential $ 548.66 in 12 months).

(7) The investments that the Bank maintains in Private Equity Funds are presented below:

Portfolio in Colombian Pesos

Entity	Investment commitment	Contingency	Capital Call	Redemption	Invested	Valuation	% Executed	Fair value
Escala	$ 11,000,000	$ -	$ 11,000,000	$ 17.120	$ 11,000,000	$ (297.869)	100.00	$ 1.340.587
Aureos	14.000.000	3.988.052	9.993.120	16.576.724	10.011.948	(30.659)	71.51	564.530
Progresa Capital	3.723.480	-	3.723.480	2.101.951	3.723.480	2.594	100.00	301.364
Colombia Ashmore	37.686.200	40	37.686.161	35.403.788	37.686.160	(739.149)	100.00	41.905.677
Amerigo Ventures Colombia	4.193.000	190.258	4.001.929	279.864	4.002.742	(166.555)	95.46	4.330.230
Velum Early Stage Fund I	7.468.230	-	7.468.245	357.227	7.468.230	(583.948)	100.00	12.164.598
Mas equity fund III Colombia	21.000.000	2.489.925	18.510.075	8.593.732	18.510.075	(309.294)	88.14	15.171.581
Ashimore Andino II	15.000.000	307.883	14.692.119	5.402.533	14.692.117	(1.988.049)	97.95	21.064.089
Capital Compartment for Entrepreneurship – Bancóldex Fund of Funds (*)	45.000.000	32.349.092	12.650.908	-	12.650.908	(2.258.627)	28.11	14.751.405
SME Private Debt Compartment - Bancóldex Capital Fund of Funds (*)	100.000.000	99.878.074	121.926	-	121.926	5.470	0.12	116.457
	$ 259.070.910	$ 139.203.324	$ 119.847.963	$ 68.732.939	$ 119.867.586	$(6.366.086)	46.27	$ 111.710.518

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Portfolio in Dollars

Entity	Investment commitment USD	Contingency USD	Capital Call USD	Redemption USD	Invested USD	Valuation USD	% Executed	Fair value USD	Fair value COP
MGM Sustainable Energy Fund L.P.	4,000	-	4,000	656	4,000	(222)	100.00	3,439	$ 13,689,693
Darby Latin American Private Debt Fund iii, L.P.	5,000	239	4,885	242	4,761	(709)	49.50	5,352	21,308,446
Angel Ventures Pacific Alliance Fund I Limited Par	5,000	1,047	3,953	-	3,953	66	45.26	3,887	15,475,682
Acumen Latin America Early Growth Fund Lp	1,500	401	1,140	148	1,099	(180)	45.67	1,171	4,661,072
Allvp Fund Iii, Lp	3,000	642	2,358	-	2,358	(1,529)	34.57	3,887	15,476,344
	18,500	2,329	16,336	1,046	16,171	(2,574)	56.54	17,736	$ 70,611,238
Total Private Equity Funds									$ 182,321,756

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Portfolio in Colombian Pesos

Entity	Investment commitment	Contingency	Capital Call	Redemption	Invested	Valuation	% Executed	Fair value
Escala	$ 14.000.000	$ 668	$ 10.999.332	$ 17.118	$ 13.999.332	$ (77.786)	100.00	$ 1.853.267
Aureos	11,000,000	3.988.052	10.658.800	17.235.898	7.011.948	951.136	63.74	593.649
Progresa Capital	3.723.480	-	3.723.480	1.491.748	3.723.480	253.152	100.00	1.291.589
Colombia Ashmore	37.686.200	40	37.686.161	32.451.860	37.686.160	(485.411)	100.00	39.651.305
Amerigo Ventures Colombia	4.193.000	318.840	3.873.348	279.864	3.874.160	(75.586)	92.40	3.518.928
Velum Early Stage Fund I	7.468.230	162.160	7.385.322	357.227	7.306.070	1.144.498	97.83	12.672.812
Mas equity fund III Colombia	21.000.000	2.933.575	18.102.691	1.235.065	18.066.425	860.159	86.03	15.742.160
Ashimore Andino II	15.000.000	380.503	16.163.396	2.489.165	14.619.497	(2.698.197)	97.46	21.922.884
Fundo f Funds Bancóldex (*)	45.000.000	38.523.764	6.476.236	121.520	6.476.236	328.137	14	4.194.689
	$ 159.070.910	$ 46.307.602	$ 115.068.766	$ 55.679.465	$ 112.763.308	$ 200.102	70.89	$ 101.441.283

2020

Portfolio in Dollars

Entity	Investment commitment USD	Contingency USD	Capital Call USD	Redemption USD	Invested USD	Valuation USD	% Executed	Fair value USD	Fair value COP
MGM Sustainable Energy Fund L.P.	4.000	-	4.121	413	4.000	(109)	100.00	3.374	$ 11.580.267
Darby Latin American Private Debt Fund Iii, L.P.	5.000	1.389	5.329	1.755	3.611	(92)	72.22	3.667	12.586.668
Angel Ventures Pacific Alliance Fund I Limited Par	5.000	1.216	2.095	27	3.784	326	75.68	3.458	11.869.334
Acumen Latin America Early Growth Fund Lp	1.500	678	2.545	(145)	822	87	54.80	733	2.514.598
Allvp Fund Iii, Lp	3.000	1.802	1.303	-	1.198	242	39.93	1.194	4.097.279
	18.500	5.085	15.393	2.050	13.415	454	72.51	12.426	$ 42.648.146
Total Private Equity Funds									$ 144.089.429

(*) Fund of Funds: In July 2021, the Private Equity Fund Bancóldex Capital Fondo de Fondos (Fund of Funds) completed two years of operation as a natural evolution of the Bancóldex Capital program with its Capital Compartment for Entrepreneurship. It aims to invest in Colombian and regional entrepreneur equity funds who invest in high-impact, scalable and cross-cutting ventures in the trade, industry, tourism, services, and creative industries sectors. At the end of the year, this compartment pooled resources for $120,092 million, where Bancóldex acts as an anchor investor with an amount of $45,000 million. Other participants include iNNpulsa Colombia, Minciencias, a Multilateral entity, a Japanese corporation, and a Colombian insurance company.

At the end of December 2021, the Capital for Entrepreneurship Compartment has made commitments in four (4) underlying funds, ALLVP Fund III, Cometa III, Magma III and DILA IV. The Compartment continues in the investment stage for other three years, during which the commitments in the funds approved by the investment committee will be signed and the underlying companies' portfolio will mature.

Furthermore, during 2021 two additional compartments were structured:

- Colombia SME Private Debt Compartment: This compartment was created to provide an alternative financing mechanism for SMEs in their post-COVID-19 recovery stage and to develop and promote a new alternative asset in the local industry: private debt funds. Its objective is to invest, through investment commitments, in Private Debt Funds that invest through debt (senior, subordinated, mezzanine, with or without collateral, among others) in SMEs that have a track record in the market. It has funds for $100,000 million, where Bancóldex acts as the main investor. A portfolio of underlying funds is estimated to be completed in a period of two years.

- Bancóldex Capital Compartment: With the strategic objective of pooling all the Bank's investments in equity funds, management decided to transfer these investments from the balance sheet to the Fund of Funds. Therefore, this compartment will be represented in some or all the shares and investment commitments that Bancóldex has in local and foreign equity funds.

8.5 Investments in associates

	2021	2020
Segurexpo de Colombia S.A.	$ -	$ 11,194,423

On March 9, 2021, the Ministry of Finance and Public Credit issued Decree 250 approving the Program for the transfer of shares owned by Banco de Comercio Exterior de Colombia S.A. -BANCÓLDEX and La Previsora S.A. Compañía de Seguros in the company Segurexpo de Colombia S.A. Following the instructions in the Decree, the Bank and Previsora performed the procedures to sell 14,794,489,967 shares equivalent to 50.0279% of the total subscribed and paid-in shares outstanding of Segurexpo.

The sale is made in the second stage as provided in Section 3.2. of the Decree. The Financial Superintendence of Colombia through communication 2021137497-016-000 dated June 30, 2021, authorized Consorcio Internacional de Aseguradores de Crédito S.A. Sociedad Mercantil Estatal CIAC to acquire the shares of Segurexpo offered by Bancóldex and La Previsora under the conditions indicated in the awarding certificate of the Disposal Program Management Committee. The conditions of sale were as follows:

Shares sold by Bancóldex: $14.765.688.454

Offered price per share: $1.44

Value of Shares for Sale (absolute): $21,262,591,373

Deadline for payment: As set out in Section 7.2.2.2. of the Regulation for the Second Stage, established in Decree 250.

The sale of the Associate generated for the Bank profit for $8,574,621 and realization of other comprehensive income for $164,715.

8.6 Investments in subsidiaries

	2021	2020
Fiduciaria Colombiana de Comercio Exterior S.A. - FIDUCOLDEX	$ 49,229,415	$ 48,951,867

The following is the disaggregation of the investment in the subsidiary as of December 31, 2021, and 2020:

			2021			
Entity	Share %	Initial balance	Dividends received in cash	Income Gains or (Loss)	Other comprehensive income Gains / (Losses)	Ending balance
FIDUCOLDEX S.A.	89.32	$ 48,951,867	$ 741,877	$ 146,553	$ 872,872	$ 49,229,415

						2020			
Entity	Share %	Initial balance	Capitalizations	Dividends received in cash	Income Gains or (Losses)	Other comprehensive income Gains / (Losses)	Realized Earnings Profits / (Losses)	Merger	Ending balance
FIDUCOLDEX S.A.	89.32	$ 50.757.337	$ -	$ 2.567.507	$ 762.040	$ (2)	$ -	$ -	$ 48.951.867
Arco Grupo Bancóldex S.A. (*)	-	67.775.959	1.500.000	-	4.290.223	(11.623.303)	10.391.196	72.334.075	-
		$ 118.533.296	$1.500.000	$ 2.567.507	$ 5.052.263	$ (11.623.305)	$ 10.391.196	$ 72.334.075	$ 48.951.867

(*) The Financial Superintendence of Colombia, through Resolution 624 dated July 3, 2020, authorized the merger by absorption of Bancóldex with Arco Grupo Bancóldex Compañía de Financiamiento S.A. It became effective on August 1, 2020 and began to operate as a single entity.

By public deed 1209 dated July 31, 2020 issued by Bogotá Notary 28, the merger of Bancóldex as absorbing entity and Arco as absorbed entity was formalized. Once the chamber of commerce certificate was updated, the accounting as of July 31, 2020 was migrated on August 1, 2020.

*8.7 **Derivative financial instruments –*** The disaggregation of the fair value of trading derivative instruments as of December 31, 2021, and 2020 is as follows:

	2021	2020
Assets		
Trading Forward Contracts		
Foreign currency purchase rights	$ 91.714.160	$ 738.837
Foreign currency sales rights	2.940.024	43.590.100
Credit Valuation adjustment -CVA	(19.660)	(10.720)
Total trading forward contracts (1)	$ 94.634.524	$ 44.318.217
Hedging derivatives		
Forward foreign exchange sales	$ -	$ 632.090
Total Hedging Forward Contracts	$ -	$ 632.090
Foreign exchange swaps	$ 56.149.623	$ -
Debit Valuation adjustment -DVA	(6.095)	-
Total trading forward contracts (2)	56.143.528	-
Total assets	$ 150.778.052	$ 44.950.307
Liabilities		
Trading Forward Contracts		
Foreign currency purchase rights	$ (2.008.729)	$ (63.655.101)

		2021		2020
Foreign currency sales rights		(51.781.421)		(37.475)
Debit Valuation adjustment -DVA		31.580		8.854
Total forward contracts (1)	$	(53.758.570)	$	(63.683.722)
Hedging derivatives				
Currency Swaps	$	(344.746)	$	(113.650.060)
Debit Valuation adjustment -DVA		792		215.232
Total Swap hedging contracts (2)	$	(343.954)	$	(113.434.828)
Total liabilities	$	(54.102.524)	$	(177.118.550)

(1) As for forward trading derivatives, there were increases in the asset position of $50,316 million and a liability position of $9,925 million. These variations are explained by the valuation effects on the higher volumes of derivatives traded for purchase (USD 832 million at the end of 2021 compared to USD 372 million at the end of 2020) and for sale (USD 595 million at the end of 2021 compared to USD 241 million at the end of 2020). This trading is delimited by the business model and part of the treasury's strategy to generate, on the one hand, income from activity in the devaluation curve and, on the other, to access COP resources at more favorable conditions than in the local market.

(2) In June 2020, the Bank closed a Cross Currency Interest Rate Swap - CCS IRS operation to cover the exchange rate and interest rate risk of a liability credit transaction for USD 400 million with a MIGA (Multilateral Organization of Investment Guarantee) guarantee. This transaction in June 2021 has a flow payment of USD 200 million. For valuation purposes, it generates an asset position of $56,144 million at the end of December 2021, compared to the result at the end of 2020 of $113,435 million in a liability position. The result of the transaction as of December 31, 2021 decreased derivatives with a liability position and in turn increased derivatives with an asset position for $ 56,144.

8.8 Creditworthiness of debt securities - Creditworthiness information of debt securities is presented below according to the international risk rating assigned by recognized rating agencies:

		2021		2020
Investment Grade	$	-	$	1.629.282.479
BB+		1.543.735.752		-
No rating		56.125.133		42.110.340
Total	$	1.599.860.885	$	1.671.392.819

In 2021, the investment grade rating decreased to BB+; therefore, the rating of the debt securities was reduced to the BB+ rating as issued by the international rating agencies.

Below is a breakdown of the credit quality of the counterparties with which the derivative transactions are made, according to the international risk rating assigned by recognized rating agencies:

Investment Grade	$ 94.441.804	$ 25.137.290
No rating	238.491.692	28.745.211
Total	$ 332.933.496	$ 53.882.501

As of December 31, 2021, and 2020, 28% and 47% of the exposure, respectively, is in counterparties with an international investment grade rating. Those that do not have a rating are mostly local pension and severance funds.

The credit exposure of transactions with derivative financial instruments increased due to greater exposure and volatility of the exchange rate.

8.9 Financial assets by maturity dates: The following is a summary of financial assets by maturity dates as of December 31, 2021 and 2020:

December 31, 2021

	Up to three months	More than three months and less than one year		More than one year			Total
	More than one month and less than three months	More than three months and less than six months	More than six months and less than one year	Between one and three years	More than three years and less than five years	More than five years	
Investments at amortized cost							
Nation Issued Securities – TDS	$ -	$ 5.075.367	$ -	$ -	$ -	$ -	$ 5.075.367
Investments at fair value through profit or loss - Debt instruments							
Nation issued securities – TES	-	-	-	133.854.000	-	103.843.350	237.697.350
Securities issued by entities surveilled by the Financial Superintendence	-	5.056.650	-	37.672.200	13.396.283	-	56.125.133
Investments at fair value with changes in OCI - Debt instruments							
Nation issued securities - TES	-	2.116.480	-	188.511.050	38.205.750	425.698.130	654.531.410
Nation Issued Securities - Yankee Bonds	-	-	-	-	-	646.431.625	646.431.625
	$ -	$ 12.248.497	$ -	$ 360.037.250	$ 51.602.033	$ 1.175.973.105	$ 1.599.860.885

Up to three months	More than three months and less than one year		More than one year			Total
More than one month and less than three months	More than three months and less than six months	More than six months and less than one year	Between one and three years	More than three years and less than five years	More than five years	

December 31, 2020

	Up to three months	More than three months and less than one year		More than one year			Total
	More than one month and less than three months	More than three months and less than six months	More than six months and less than one year	Between one and three years	More than three years and less than five years	More than five years	
Investments at amortized cost							
Nation Issued Securities - TDS	$ -	$ 5.086.866	$ -	$ -	$ -	$ -	$ 5.086.866
Securities issued by entities surveilled by the Financial Superintendence	4.394.571	3.275.728	4.845.658	-	-	-	12.515.957
Debt tax values	-	-	24.631	-	-	-	24.631
Investments at fair value through profit or loss - Debt instruments							
Nation issued securities - TES	-	-	-	94.203.109	336.148.650	26.164.225	456.515.984
Securities issued by entities surveilled by the Financial Superintendence	-	6.131.940	-	25.863.100	10.115.300	-	42.110.340
Investments at fair value with changes in OCI - Debt instruments							
Nation issued securities - TES	-	-	-	2.218.560	105.847.560	270.782.185	378.848.305
Nation Issued Securities - Yankee Bonds	-	-	-	-	-	734.180.396	734.180.396
	$ 4.394.571	$ 14.494.534	$ 4.870.289	$ 122.284.769	$ 452.111.510	$ 1.031.126.806	$ 1.629.282.479

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9. OTHER FINANCIAL ASSETS

The balance of money market transactions comprises the following as of December 31, 2021, and 2020:

	2021				2020		
	Interest Rate (%)	Trading Term Days	USD Amount	Amount	Interest Rate (%)	Trading Term Days	Amount
Legal tender							
Interbank							
Banks	2.91	5	-	$ 25.006.069	1.70	5	$ 75.007.084
Financial institutions	2.91	4	-	15.002.421	1.71	6	130.021.859
Simultaneous transactions							
Investment transfer commitments	3.00	7	-	310.019.180	1.74	5	168.769.468
Foreign Currency							
Overnight							
Other Financial Institutions	0.12	4	57,500	228.918.226	-	-	-
			57,500	$578.945.896			$373.798.411

The increase in money market operations for $205,147 million is due to the Bank's Treasury strategy to maintain the necessary cash flow to meet the committed portfolio disbursements for the beginning of 2022.

10. CREDIT PORTFOLIO AND FINANCE LEASE TRANSACTIONS, NET

The following is a breakdown of the loan portfolio by type:

10.1 Loan portfolio by type **-** The following was the breakdown of the loan portfolio by type as of December 31, 2021, and 2020:

	2021			
Type	Principal	Interest	Accounts Receivable	Total
Business	$ 7.127.442.874	$ 79.084.725	$ 5.841.085	$ 7.212.368.684
Consumer (1)	1.926.486	4.116	10	1.930.612
Housing (1)	20.310.721	40.940	1.803	20.353.464
Impairment	(192.023.792)	(15.157.024)	(4.495.478)	(211.676.294)
Net balance	$ 6.957.656.289	$ 63.972.757	$ 1.347.420	$ 7.022.976.466

	2021			
Type	Principal	Interest	Accounts Receivable	Total
Business	$ 7.561.262.330	$ 69.199.384	$ 7.282.123	$ 7.637.743.837
Consumer (1)	1.590.603	3.613	176	1.594.392
Housing (1)	17.901.968	33.770	1.596	17.937.334
Impairment	(181.515.451)	(7.825.511)	(5.660.926)	(195.001.888)
Net balance	$ 7.399.239.450	$ 61.411.256	$ 1.622.969	$ 7.462.273.675

(1) The consumer and housing portfolio involves loans granted to employees and former employees before their retirement.

10.2 Portfolio by credit line: The following was the breakdown of the loan portfolio by credit line as of December 31, 2021, and 2020:

		2021			
Portfolio type	COP balances	Restated USD balances	Total COP portfolio	Impairment	Net balance
Consumer	$ 1.926.486	$ -	$ 1.926.486	$ 45.196	$ 1.881.290
Housing	20.310.721	-	20.310.721	434.261.00	19.876.460
Business - Rediscount	3.502.010.762	304.770.487	3.806.781.249	45.963.102.00	3.760.818.147
Business – Direct					
EOCM and Microfinance Banks	873.169.728	-	873.169.728	12.184.690.00	860.985.038
CFI – Special Portfolio	34.294.533	-	34.294.533	32.486.238.00	1.808.295
Direct to companies	106.875.000	-	106.875.000	1.202.662.00	105.672.338
National Banks - COP	54.217.736	-	54.217.736	653.053.00	53.564.683
USD discount documents	-	5.137.453	5.137.453	61.881.00	5.075.572
COP and USD Liquidex invoice discount	42.243.477	15.877.422	58.120.899	371.096.00	57.749.803

Export financing	-	854.715.954	854.715.954	10.295.054.00	844.420.900
VCP portfolio	1.334.130.322	-	1.334.130.322	88.326.559.00	1.245.803.763
Total Direct Business	2.444.930.796	875.730.829	3.320.661.625	145.581.233	3.175.080.392
Total Portfolio	$ 5.969.178.765	$ 1.180.501.316	$ 7.149.680.081	$ 192.023.792	$ 6.957.656.289

		2020			
Portfolio type	**COP balances**	**Restated USD balances**	**Total COP portfolio**	**Impairment**	**Net balance**
Consumer	$ 1.590.603	$ -	$ 1.590.603	$ 56.278	$ 1.534.325
Housing	17.901.968	-	17.901.968	381.131	17.520.837
Business - Rediscount	4.119.403.373	387.987.681	4.507.391.054	65.248.908	4.442.142.146
Business – Direct					
EOCM and Microfinance Banks	954.835.309	-	954.835.309	14.460.292	940.375.017
CFI – Special Portfolio	35.471.669	-	35.471.669	33.468.755	2.002.914
Direct to companies	115.504.478	-	115.504.478	1.302.891	114.201.587
National Banks - COP	113.533.171	-	113.533.171	1.367.507	112.165.664
National Banks - USD	-	99.542.500	99.542.500	1.198.989	98.343.511
Foreign bank	-	7.551.500	7.551.500	90.958	7.460.542
USD discount documents	-	183.354	183.354	2.208	181.146
COP and USD Liquidex invoice discount	38.485.785	9.718.998	48.204.783	304.105	47.900.678
Export financing	-	704.633.954	704.633.954	8.487.316	696.146.638
Aladi guarantee	-	33.746.860	33.746.860	88.687	33.658.173
VCP portfolio	940.663.697	-	940.663.697	55.057.425	885.606.272
Total Direct Business	2.198.494.109	855.377.166	3.053.871.275	115.829.133	2.938.042.142
Total Portfolio	$ 6.337.390.053	$ 1.243.364.847	$ 7.580.754.900	$ 181.515.450	$ 7.399.239.450

10.3 Loan portfolio by modality and age - The following was the breakdown of the loan portfolio by modality and age as of December 31, 2021, and 2020:

2021

Portfolio and accounts receivable in legal tender:

	Principal	**Interest**	**Accounts receivable**	**Total**
Suitable commercial portfolio guarantee:				
Due	$ 1.319.748.969	$ 43.032.880	$ 2.181.334	$ 1.364.963.183
Overdue 1 to 3 months	48.828.749	5.201.384	246.114	54.276.247
Overdue 3 to 6 months	28.960.246	2.926.687	356.217	32.243.150
Overdue 6 to 12 months	12.485.943	1.228.907	365.904	14.080.754
Overdue more than 12 months	44.228.993	2.611.991	1.683.120	48.524.104
	1.454.252.900	55.001.849	4.832.689	1.514.087.438

2021

Portfolio and accounts receivable in legal tender:

	Principal	Interest	Accounts receivable	Total
Other commercial portfolio guarantees:				
Current	4.446.716.565	14.154.781	104.387	4.460.975.733
Overdue 1 to 3 months	30.925	2.404	342	33.671
Overdue 3 to 6 months	500.000	14.632	2.598	517.230
Overdue 6 to 12 months	4.650.104	20.404	-	4.670.508
Overdue more than 12 months	40.791.063	2.069.531	901.069	43.761.663
	4.492.688.657	16.261.752	1.008.396	4.509.958.805
Suitable consumer portfolio guarantee:				
Due	1.919.468	4.114	10	1.923.592
	1.919.468	4.114	10	1.923.592
Other consumer portfolio guarantees:				
Due	7.018	2	-	7.020
	7.018	2	-	7.020
Suitable housing portfolio guarantee:				
Due	20.052.722	40.274	946	20.093.942
Overdue 1 to 4 months	163.499	666	305	164.470
Overdue 12 to 18 months	63.213	-	229	63.442
Overdue past 18 months	31.287	-	323	31.610
	20.310.721	40.940	1.803	20.353.464
Total legal tender	$ 5.969.178.764	$ 71.308.657	$ 5.842.898	$ 6.046.330.319

Portfolio and accounts receivable in foreign currency:

	Principal	Interest	Accounts receivable	Total
Suitable commercial portfolio guarantee:				
Due	$ 15.877.422	$ -	$ -	$ 15.877.422
	15.877.422	-	-	15.877.422
Other commercial portfolio guarantees:				
Due	1.164.623.895	7.821.124	-	1.172.445.019
	1.164.623.895	7.821.124	-	1.172.445.019

2021

Portfolio and accounts receivable in legal tender:

	Principal	Interest	Accounts receivable	Total
Total foreign currency	1.180.501.317	7.821.124	-	1.188.322.441
Total gross portfolio and accounts receivable	7.149.680.081	79.129.781	5.842.898	7.234.652.760
Impairment of portfolio and accounts receivable	(192.023.792)	(15.157.024)	(4.495.478)	(211.676.294)
Total net portfolio and accounts receivable	$ 6.957.656.289	$ 63.972.757	$ 1.347.420	$ 7.022.976.466

2020

Portfolio and accounts receivable in legal tender:

	Principal	Interest	Accounts receivable	Total
Suitable commercial portfolio guarantee:				
Due	$ 747.148.673	$ 27.100.750	$ 2.299.047	$ 776.548.470
Overdue 1 to 3 months	47.081.295	3.155.134	482.616	50.719.045
Overdue 3 to 6 months	3.850.842	200.428	204.370	4.255.640
Overdue 6 to 12 months	4.806.038	210.935	101.032	5.118.005
Overdue more than 12 months	30.303.124	841.391	2.719.422	33.863.937
	833.189.972	31.508.638	5.806.487	870.505.097
Other commercial portfolio guarantees:				
Current	5.425.216.410	22.181.195	569.002	5.447.966.607
Overdue 1 to 3 months	10.362.562	661.773	99.182	11.123.517
Overdue 3 to 6 months	13.463.853	455.620	107.751	14.027.224
Overdue 6 to 12 months	1.662.217	50.210	23.105	1.735.532
Overdue more than 12 months	34.002.469	1.541.398	676.596	36.220.463
	5.484.707.511	24.890.196	1.475.636	5.511.073.343
Suitable consumer portfolio guarantee:				
Due	1.559.158	3.420	6	1.562.584
Overdue past 6 months	9.261	155	170	9.586
	1.568.419	3.575	176	1.572.170

Other consumer portfolio guarantees:

2020

Portfolio and accounts receivable in legal tender:

	Principal	Interest	Accounts receivable	Total
Due	22.184	38	-	22.222
	22.184	38	-	22.222
Suitable housing portfolio guarantee:				
Due	17.271.511	29.376	936	17.301.823
Overdue 1 to 4 months	544.910	2.967	343	548.220
Overdue 6 to 12 months	54.260	1.427	133	55.820
Overdue past 18 months	31.287	-	184	31.471
	17.901.968	33.770	1.596	17.937.334
Total legal tender	$ 6.337.390.054	$ 56.436.217	$ 7.283.895	$ 6.401.110.166
Portfolio and accounts receivable in foreign currency:				
Suitable commercial portfolio guarantee:				
Due	$ 43.224.859	$ 745.811	$ -	$ 43.970.670
Overdue 3 to 6 months	240.996	-	-	240.996
	43.465.855	745.811	-	44.211.666
Other commercial portfolio guarantees:				
Due	1.199.898.992	12.054.739	-	1.211.953.731
	1.199.898.992	12.054.739	-	1.211.953.731
Total foreign currency	1.243.364.847	12.800.550	-	1.256.165.397
Total gross portfolio and accounts receivable	7.580.754.901	69.236.767	7.283.895	7.657.275.563
Impairment of portfolio and accounts receivable	(181.515.451)	(7.825.511)	(5.660.926)	(195.001.888)
Total net portfolio and accounts receivable	$ 7.399.239.450	$ 61.411.256	$ 1.622.969	$ 7.462.273.675

10.4 Loan portfolio by risk classification - Loan portfolio by portfolio classification is detailed as follows according to the Basic Accounting and Financial Circular Letter Chapter II:

	2021			Impairment			
	Principal	Interest	Other Items	Principal	Interest	Other Items	TOTAL
Housing Loans							
A - Normal	$ 19.849.917	$ 39.879	$ 866	$ 198.499	$ 399	$ 9	$ 19.691.755
B - Acceptable	243.447	965	317	7.790	31	10	236.898
C - Appreciable	186.070	96	298	18.607	10	236	167.611
D - Significant	31.287	-	322	6.257	-	323	25.029
	20.310.721	40.940	1.803	231.153	440	578	20.121.293
Suitable Consumer Loan Guarantee							
A - Normal	1.916.700	4.100	10	39.777	54	29	1.880.950
B - Acceptable	2.768	14	-	155	1	-	2.626
	1.919.468	4.114	10	39.932	55	29	1.883.576
Other Consumer Loan Guarantees							
D - Significant	7.018	2	-	5.264	2	-	1.754
	7.018	2	-	5.264	2	-	1.754
Suitable Commercial Loans Guarantees							
A - Normal	1.187.610.900	31.010.712	719.253	15.896.767	584.634	17.828	1.202.841.636
B - Acceptable	138.128.814	12.336.932	1.291.575	5.844.687	1.169.079	750.506	143.993.049
C - Appreciable	55.735.335	5.533.793	496.745	4.594.062	3.714.411	448.569	53.008.831
D - Significant	60.684.969	4.758.192	1.371.175	29.920.810	4.532.259	1.344.750	31.016.517
E - Irrecoverable	27.970.304	1.362.220	953.941	27.970.304	1.362.220	953.941	-
	1.470.130.322	55.001.849	4.832.689	84.226.630	11.362.603	3.515.594	1.430.860.033
Other Commercial Loan Guarantees							
A - Normal	5.606.307.796	21.761.663	29.303	68.048.111	254.995	551	5.559.795.105
B - Acceptable	8.681.846	299.689	341	1.190.641	281.488	16	7.509.731
C - Appreciable	2.628.762	131.192	2.506	338.025	128.496	2.465	2.293.474
D - Significant	12.656.247	518.148	664.994	10.491.691	517.566	664.993	2.165.139
E - Irrecoverable	27.037.901	1.372.184	311.252	27.037.901	1.372.184	311.252	-
	5.657.312.552	24.082.876	1.008.396	107.106.369	2.554.729	979.277	5.571.763.449
General Impairment (Provision)							
Portfolio / Interest				414.444	1.239.195		1.653.639
	$ 7.149.680.081	$ 79.129.781	$ 5.842.898	$ 192.023.792	$ 15.157.024	$ 4.495.478	$7.022.976.466

	2020						
				Impairment			
	Principal	Interest	Other Items	Principal	Interest	Other Items	TOTAL
Housing Loans							
A - Normal	$ 17.376.420	$ 30.195	$ 874	$ 173.764	$ 315	$ 11	$ 17.233.399
B - Acceptable	402.010	3.508	467	12.864	2.654	328	390.139
C - Appreciable	92.251	67	72	9.225	7	7	83.151
D - Significant	31.287	-	183	6.257	-	184	25.029
	17.901.968	33.770	1.596	202.110	2.976	530	17.706.689
Suitable Consumer Loan Guarantee							
A - Normal	1.552.113	3.391	5	30.154	27	15	1.525.313
B - Acceptable	7.045	29	-	225	1	-	6.848
E - Irrecoverable	9.261	155	171	9.261	155	171	-
	1.568.419	3.575	176	39.640	183	186	1.532.161
Other Consumer Loan Guarantees							
D - Significant	22.184	38	-	16.638	28	-	5.556
	22.184	38	-	16.638	28	-	5.556
Suitable Commercial Loans Guarantees							
A - Normal	668.974.839	20.837.197	538.467	9.867.740	599.344	64.068	679.819.351
B - Acceptable	143.231.937	9.088.728	1.580.350	5.757.718	1.066.714	1.080.043	145.996.540
C - Appreciable	19.640.932	1.114.310	514.931	1.730.823	399.020	474.318	18.666.012
D - Significant	31.373.609	897.538	2.713.581	18.811.624	845.897	2.682.244	12.644.963
E - Irrecoverable	13.434.510	316.676	459.158	13.434.510	316.676	459.158	-
	876.655.827	32.254.449	5.806.487	49.602.415	3.227.651	4.759.831	857.126.866
Other Commercial Loans Guarantees							
A - Normal	6.596.219.023	32.057.948	317.867	92.500.290	402.529	8.378	6.535.683.641
B - Acceptable	40.499.097	2.887.598	258.472	1.466.401	408.107	12.418	41.758.241
C - Appreciable	9.374.405	335.129	109.078	967.041	273.064	89.362	8.489.145
D - Significant	12.659.236	475.001	495.324	9.836.025	475.004	495.326	2.823.206
E - Irrecoverable	25.854.742	1.189.259	294.895	25.854.742	1.189.259	294.895	-
	6.684.606.503	36.944.935	1.475.636	130.624.499	2.747.963	900.379	6.588.754.233
General Impairment (Provision)							
Portfolio \ Interest				1.030.149	1.846.710		2.876.859
	$ 7.580.754.901	$ 69.236.767	$ 7.283.895	$ 181.515.451	$ 7.825.511	$ 5.660.926	$ 7.462.248.646

10.5 Portfolio distribution by geographic area and economic sector - The loan portfolio is distributed by the following geographic areas and economic sectors as of December 31, 2021 and 2020:

	2021									
Economic sector	Antioquia and Chocó	Bogotá DC	Central	Atlantic coast	Coffee belt	Abroad	West	Santanderes	South-east	Grand total
Artistic, entertainment, and recreation activities	$ 7,904,788	$ 10,297,194	$ 768,531	$ 2,379,007	$ 6,521,590	$ -	$ 2,598,445	$ 519,380	$ 184,810	$ 31,173,745
Hospitality and catering activities	28,441,322	53,597,834	10,516,338	47,760,873	8,383,363	-	10,877,281	6,547,717	2,893,124	169,017,852
Households as employers	235,665	391,381	2,812	261,174	14,583	-	4,064	8,753	-	918,432
Administrative and support services activities	17,548,157	56,274,444	5,605,223	14,047,364	7,524,194	-	15,500,231	6,562,223	632,529	123,694,365
Financial and insurance activities	169,359,260	338,755,596	123,568,832	47,654,196	12,585,301	748,904,510	206,153,300	67,653,962	22,258	1,714,657,215
Real estate activities	20,122,408	54,934,580	7,857,141	11,919,799	5,275,483	-	15,519,904	2,829,253	408,865	118,867,433
Professional, scientific, and technical activities	27,982,045	97,022,367	10,519,286	60,575,719	6,545,966	-	17,920,807	11,812,155	2,493,640	234,871,985
Public administration -defense; social security	228,842	1,080,278	170,000	16,165,785	743,658	-	316,833	6,225	-	18,711,621
Agriculture, livestock, forestry, fishing	13,482,392	14,421,036	10,335,611	29,980,354	11,376,674	-	21,416,880	10,361,283	1,263,848	112,638,078
Employees	955,524	22,353,376	-	-	-	-	-	-	-	23,308,900
Human health care and social assistance	29,891,092	26,878,070	24,659,708	43,733,094	12,698,429	-	30,090,615	16,038,144	4,833,033	188,822,185
Wholesale-retail trade; vehicle repair	216,500,869	439,470,453	163,253,900	195,147,842	68,115,382	58,294,796	232,216,651	129,357,104	56,615,867	1,558,972,864
Construction	58,838,204	128,906,933	25,114,253	48,296,165	13,430,758	-	35,766,415	14,311,207	5,271,693	329,935,628
Teaching	12,891,625	15,411,061	9,915,537	6,166,896	1,308,437	-	6,844,484	6,557,428	1,287,504	60,382,972
Mining and quarrying	13,324,520	5,905,025	6,752,213	312,724	17,015	-	1,602,059	6,611,614	717,997	35,243,167
Manufacturing industries	339,879,782	273,251,887	104,504,807	178,810,706	86,925,790	138,936,916	177,457,317	67,671,989	7,818,667	1,375,257,861
Information and communications	19,899,774	57,928,962	4,628,530	7,807,556	2,240,408	-	10,510,707	3,712,308	1,494,072	108,222,317
Extraterritorial organizations and bodies	-	7,625	6,895	-	-	-	-	52,500	-	67,020
Other service activities	80,161,036	35,504,542	5,528,674	14,773,649	13,575,404	-	48,244,357	2,010,364	1,356,226	201,154,252
Water supply, wastewater, waste, and decontamination	2,508,355	3,827,265	4,554,175	8,809,892	511,445	-	3,768,644	1,307,357	301,352	25,588,485
Electricity, gas, steam, air conditioning	14,562	12,513,167	5,508,743	12,034,397	3,410,938	-	13,480,170	532,001	327,366	47,821,344
Transportation and storage	96,960,054	219,857,253	115,919,349	57,666,745	22,648,402	-	87,487,361	47,658,123	21,526,367	669,723,654
Individual investment income	-	364,858	-	263,848	-	-	-	-	-	628,706
Grand Total	$ 1,157,130,276	$ 1,868,955,187	$ 639,690,558	$ 804,567,785	$ 283,853,220	$ 946,136,222	$ 937,776,525	$ 402,121,090	$ 109,449,218	$ 7,149,680,081

	2020									
Economic sector	Antioquia and Chocó	Bogotá DC	Central	Atlantic coast	Coffee belt	Abroad	West	Santanderes	South-east	Grand total
Artistic, entertainment, and recreation activities	$ 13.855.929	$ 20.445.922	$ 977.946	$ 2.345.556	$ 8.007.305	$ -	$ 4.433.901	$ 1.243.387	$ 276.713	$ 51.586.660
Hospitality and catering activities	44.698.122	66.563.408	13.900.959	67.704.326	13.313.372	-	25.570.993	11.112.545	4.820.391	247.684.117
Households as employers	235.126	43.429	12.627	19.853	26.250	-	13.453	9.363	-	360.099
Administrative and support services activities	22.910.215	78.363.395	7.827.898	12.843.071	14.960.030	-	17.406.088	10.801.030	741.753	165.853.479
Financial and insurance activities	161.363.595	453.088.068	42.289.566	50.830.884	22.405.191	637.321.405	280.309.262	55.385.793	543.758	1.703.537.524
Real estate activities	25.497.957	57.147.477	9.163.253	18.353.374	7.382.180	-	12.242.005	3.079.148	153.838	133.019.233
Professional, scientific, and technical activities	38.925.497	122.870.820	9.679.547	52.620.719	10.656.659	-	24.722.573	15.572.731	3.261.059	278.309.607
Public administration -defense; social security	403.555	1.436.949	7.638	110.000	22.822	-	187.500	8.664	-	2.177.129
Agriculture, livestock, forestry, fishing	19.072.078	17.485.661	9.989.417	30.978.720	14.636.059	-	17.494.065	7.096.230	1.403.831	118.156.062
Employees	1.394.298	19.588.870	9.261	-	-	-	-	-	-	20.992.429
Human health care and social assistance	32.115.346	36.864.706	17.113.867	47.263.403	13.282.429	-	28.896.499	17.589.862	4.872.901	197.999.013
Wholesale-retail trade; vehicle repair	228.732.654	428.348.725	138.046.229	153.615.790	74.513.432	86.512.751	196.078.497	125.625.704	50.860.572	1.482.334.354
Construction	56.256.313	147.360.891	24.371.803	58.955.453	11.597.647	240.996	32.946.106	15.671.085	3.218.235	350.618.529
Teaching	8.612.612	24.194.945	12.002.381	12.949.279	2.137.341	-	4.101.618	14.967.089	1.724.828	80.690.092
Mining and quarrying	14.496.462	11.171.322	6.589.956	661.471	26.296	-	324.854	6.184.366	408.878	39.863.606
Manufacturing industries	390.215.143	285.689.850	102.844.016	75.581.844	109.180.017	96.581.047	172.393.794	69.617.728	5.277.859	1.307.381.297
Information and communications	28.896.113	259.533.861	7.708.160	23.554.645	3.818.879	-	11.473.194	3.445.471	1.520.159	339.950.482
Extraterritorial organizations and bodies	-	35.119	101.109	688	-	-	-	70.500	-	207.415
Other service activities	79.785.387	24.071.494	7.078.831	21.909.309	12.994.680	-	78.189.371	1.513.637	2.026.613	227.569.323
Water supply, wastewater, waste, and decontamination	2.949.672	5.382.327	4.426.934	14.676.049	580.122	-	8.978.414	2.853.507	433.134	40.280.157
Electricity, gas, steam, air conditioning	50.938	13.151.130	3.456.309	30.428.527	5.690.542	-	93.399.354	736.625	500.000	147.413.424
Transportation and storage	94.131.336	215.619.706	103.207.297	63.089.778	28.386.291	-	69.372.575	50.572.694	19.818.698	644.198.375
Individual investment income	-	308.647	-	263.848	-	-	-	-	-	572.495
Grand Total	$ 1.264.598.349	$ 2.288.766.723	$ 520.805.003	$ 738.756.586	$ 353.617.545	$ 820.656.200	$ 1.078.534.116	$ 413.157.158	$ 101.863.221	$ 7.580.754.901

BANCOLDEX

Economic sector	Commercial	2021 Consumer	Housing	Finance leases	Total	Share
Artistic, entertainment, and recreation activities	$ 29.223.957	$ -	$ -	$ 1.949.789	$ 31.173.746	0.44%
Hospitality and catering activities	153.957.999	-	-	15.059.852	169.017.852	2.36%
Households as employers	918.433	-	-	-	918.433	0.01%
Administrative and support services activities	112.251.818	-	-	11.442.547	123.694.365	1.73%
Financial and insurance activities	1.707.950.664	-	-	6.706.551	1.714.657.215	23.98%
Real estate activities	86.458.969	-	-	32.408.465	118.867.434	1.66%
Professional, scientific, and technical activities	214.697.804	-	-	20.174.181	234.871.985	3.29%
Public administration -defense; social security	18.711.621	-	-	-	18.711.621	0.26%
Agriculture, livestock, forestry, fishing	101.902.735	-	-	10.735.345	112.638.080	1.58%
Employees	247.946	1.926.486	20.310.722	823.746	23.308.900	0.33%
Human health care and social assistance	151.413.728	-	-	37.408.458	188.822.186	2.64%
Wholesale-retail trade; vehicle repair	1.448.279.685	-	-	110.693.178	1.558.972.864	21.80%
Construction	281.512.102	-	-	48.423.529	329.935.631	4.61%
Teaching	54.562.215	-	-	5.820.757	60.382.972	0.84%
Mining and quarrying	34.241.498	-	-	1.001.669	35.243.167	0.49%
Manufacturing industries	1.229.066.325	-	-	146.191.536	1.375.257.860	19.24%
Information and communications	98.360.355	-	-	9.861.961	108.222.316	1.51%
Extraterritorial organizations and bodies	67.020	-	-	-	67.020	0.00%
Other service activities	196.245.586	-	-	4.908.666	201.154.252	2.81%
Water supply, wastewater, waste, and decontamination	24.058.264	-	-	1.530.222	25.588.486	0.36%
Electricity, gas, steam, air conditioning	40.592.610	-	-	7.228.735	47.821.345	0.67%
Transportation and storage	637.397.145	-	-	32.326.500	669.723.645	9.37%
Individual investment income	168.115	-	-	460.591	628.706	0.01%
Grand Total	$ 6.622.286.595	$ 1.926.486	$ 20.310.722	$ 505.156.278	$ 7.149.680.081	

Economic sector	2020 Commercial	Consumer	Housing	Finance leases	Total	Share
Artistic, entertainment, and recreation activities	$ 49.108.629	$ -	$ -	$ 2.478.031	$ 51.586.660	0.68%
Hospitality and catering activities	233.166.732	-	-	14.517.385	247.684.117	3.27%
Households as employers	360.099	-	-	-	360.099	0.00%
Administrative and support services activities	152.256.994	-	-	13.596.485	165.853.479	2.19%
Financial and insurance activities	1.699.173.982	-	-	4.363.542	1.703.537.524	22.47%
Real estate activities	100.760.132	-	-	32.259.101	133.019.233	1.75%
Professional, scientific, and technical activities	252.439.539	-	-	25.870.068	278.309.607	3.67%
Public administration -defense; social security	2.177.129	-	-	-	2.177.129	0.03%
Agriculture, livestock, forestry, fishing	106.456.538	-	-	11.699.524	118.156.062	1.56%
Employees	642.604	1.590.603	17.901.970	857.252	20.992.429	0.28%
Human health care and social assistance	157.613.160	-	-	40.385.853	197.999.013	2.61%
Wholesale-retail trade; vehicle repair	1.370.702.504	-	-	111.631.851	1.482.334.354	19.55%
Construction	299.313.050	-	-	51.305.478	350.618.529	4.63%
Teaching	74.476.798	-	-	6.213.294	80.690.092	1.06%
Mining and quarrying	38.771.611	-	-	1.091.995	39.863.606	0.53%
Manufacturing industries	1.155.167.106	-	-	152.214.192	1.307.381.297	17.25%
Information and communications	325.616.234	-	-	14.334.248	339.950.482	4.48%
Extraterritorial organizations and bodies	207.415	-	-	-	207.415	0.00%
Other service activities	221.835.511	-	-	5.733.812	227.569.323	3.00%
Water supply, wastewater, waste, and decontamination	39.858.411	-	-	421.746	40.280.157	0.53%
Electricity, gas, steam, air conditioning	143.635.252	-	-	3.778.172	147.413.424	1.94%
Transportation and storage	620.358.094	-	-	23.840.281	644.198.375	8.50%
Individual investment income	111.905	-	-	460.590	572.495	0.01%
Grand total	$ 7.044.209.430	$ 1.590.603	$ 17.901.970	$ 517.052.898	$ 7.580.754.901	

10.6 Portfolio by monetary unit – Capital balances

2021					
Modalities	Legal tender	Foreign currency	Gross portfolio	Impairment	Net portfolio
Business	$ 5.946.941.557	$ 1.180.501.317	$ 7.127.442.874	$ 191.544.335	$ 6.935.898.539
Consumer	1.926.486	-	1.926.486	45.196	1.881.290
Housing	20.310.721	-	20.310.721	434.261	9.876.460
Total	$ 5.969.178.764	$ 1.180.501.317	$ 7.149.680.081	$ 192.023.792	$ 6.957.656.289

2020					
Modalities	Legal tender	Foreign currency	Gross portfolio	Impairment	Net portfolio
Business	$ 6.317.897.482	$ 1.243.364.847	$ 7.561.262.329	$ 181.078.041	$ 7.380.184.288
Consumer	1.590.603	-	1.590.603	56.278	1.534.325
Housing	17.901.968	-	17.901.968	381.131	17.520.837
Total	$ 6.337.390.053	$ 1.243.364.847	$ 7.580.754.900	$ 181.515.450	$ 7.399.239.450

10.7 Portfolio by maturity period –

2021	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Gross portfolio	Impairment	Net portfolio
Business	$ 1.863.645.453	$ 3.302.874.493	$ 1.105.614.071	$ 647.298.929	$ 208.009.927	$ 7.127.442.874	$ 191.544.335	$ 6.935.898.539
Consumer	28.261	476.480	1.309.745	112.000	-	1.926.486	45.196	1.881.290
Housing	33.918	50.461	944.532	6.237.191	13.044.619	20.310.721	434.261	19.876.460
Total	$ 1.863.707.631	$3.303.401.435	$ 1.107.868.348	$ 653.648.120	$ 221.054.546	$ 7.149.680.081	$ 192.023.792	$ 6.957.656.289

2020	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Gross portfolio	Impairment	Net portfolio
Business	$ 1.737.075.585	$ 3.487.204.379	$ 1.197.207.323	$ 986.128.328	$ 153.646.714	$ 7.561.262.329	$ 181.078.041	$ 7.380.184.288
Consumer	99.014	539.448	952.141	-	-	1.590.603	56.278	1.534.325
Housing	226.659	365.603	417.334	7.831.261	9.061.110	17.901.968	381.131	17.520.837
Total	$ 1.737.401.259	$ 3.488.109.430	$ 1.198.576.798	$ 993.959.589	$ 162.707.824	$ 7.580.754.900	$ 181.515.450	$ 7.399.239.450

10.8 Portfolio write-offs – During 2021 there were no portfolio write-offs. The breakdown of portfolio write-offs as of December 31, 2020, is as follows:

	Capital	Other items
Business	$ 2,000,000	$ 300

10.9 Recovery of written-off portfolio - The breakdown of the recovery of written-off portfolio capital is as follows:

	2021	2020
Business	$ 176,547	$ 7,068

(*) In 2021, the recovery is mainly represented by the assets returned from the written-off portfolio for $167,744.

10.10 Loan portfolio impairment - The following is the detail of the loan portfolio impairment:

	Business	Consumer	Housing	General impairment (Provision) (1)	Total
Balance as of December 31, 2019	$ 159.357.381	$ 72.245	$ 186.693	$ 171.850	$ 159.788.169
Reclassifications (ARCO Migration)	48.425.100	11.748	13.876	-	48.450.724
Expenses	48.674.356	10.110	30.038	864.231	49.578.735
Write-offs	(2.000.000)	-	-	-	(2.000.000)
Recovery	(74.229.924)	(37.825)	(28.496)	(5.932)	(74.302.177)
Balance as of December 31, 2020	180.226.913	56.278	202.111	1.030.149	181.515.451
Expenses	86.382.682	27.027	84.035	37.189	86.530.933
Recovery	(75.276.597)	(38.109)	(54.992)	(652.894)	(76.022.592)
Balance as of December 31, 2021	$ 191.332.998	$ 45.196	$ 231.154	$ 414.444	$ 192.023.792

(1) For 2021 and 2020, the amount recognized in the general provision is the additional general provision created in compliance with External Circular 022/2020 issued by the SFC for $211,337 and $851,129, respectively and the general provision created on housing loans for $203,107 and $179,020, respectively.

11. TRADE AND OTHER ACCOUNTS RECEIVABLE, NET

The following is the breakdown of trade and other receivables, net, as of December 31, 2021 and 2020:

	2021	2020
Interest and financial component	$ 79.129.781	$ 69.236.767
Commissions	904	60.317
Charges for leased assets	30.355	53.165
Debtors	669.982	522.777
Payments by customers (Note 10) (1)	5.842.898	7.283.895
Advances to contracts and suppliers (2)	2.106.181	6.126.226
Employees	482.719	291.694
Security deposits (3)	34.917.419	72.363.628
Opportunity Banking Investment Program	789.815	917.104
Other debtors (4)	719.307	986.354
Settlement of derivative transactions - CRCC (5)	1.919.219	-

	2021	2020
Settlement of derivative transactions - OTC	2.168.757	8.395.540
By ARCO GRUPO Bancóldex [(6)]	730.077	1.916.999
Reimbursable expenses of trusts	69.203	89.551
Sundry	930.260	193.853
	130.506.877	168.437.870
Less impairment of accounts receivable:		
Loan portfolio (Note 10)	(19.652.502)	(13.486.437)
Other	(1.262.765)	(1.622.650)
Total accounts receivable impairment:	(20.915.267)	(15.109.087)
Total trade and other accounts receivable:	$ 109.591.611	$ 153.328.783

(1) This item includes values paid by the Bank and charged to the customer. The items are insurance, fees, and commissions of the National Guarantee Fund. It also includes the freezes of Law 1116 transferred as accounts receivable.

(2) As of December 31, 2020, it is mainly due to prepayments made to suppliers for the acquisition of goods to be leased.

(3) Represented mainly in security deposits for Forward-OTC transactions with foreign entities

(4) In this type of transaction, the Central Counterparty Risk Clearing House (CRCC, for its acronym in Spanish settles daily and communicates the result of the clearing for the participating entities to recognize the accounts receivable or payable. See the liabilities in Note 21.

(5) At December 31, 2021 and 2020, these are amounts receivable from customers without portfolio balances, including amounts for traffic violations, accounts receivable after restitution of contracts, and the VAT amount receivable for operating leases.

(6) The following is the disaggregation of the activity in impairment of accounts receivable as of December 31, 2021 and 2020:

Balance at the beginning of the period	$ 15.109.088	$ 2.915.752
Reclassifications (ARCO Migration)	-	8.849.320
Provision creation (charges to profit or loss)	15.114.854	5.383.785
Write-offs	-	(300)
Recoveries (credits to profit or loss)	(9.308.675)	(2.039.469)
Closing balance for the period	$ 20.915.267	$ 15.109.088

12. OTHER NON-FINANCIAL ASSETS

The following is the breakdown of other non-financial assets as of December 31 2021 and 2020:

Prepaid expenses [(1)]	$ 7.969.813	$ 20.205.989
Art and cultural properties	33.216	33.216
Properties given in bailment	14.489	14.489

	2021	2020
Properties for lease agreements (2)	9.214.639	30.480.016
Taxes	410.265	644.831
Other	341.749	578.574
	$ 17.984.171	$ 51.957.115

(1) The disaggregation and activity of prepaid expenses are as follows:

	2020	Charges	Amortization	2021
Insurance	$ 486.020	$ 1.522.446	$ 1.573.668	$ 434.798
Commissions (*)	16.605.383	661.638	12.668.570	4.598.451
Prepaid health care	841.253	1.965.079	1.912.016	894.316
Other	2.273.332	968.520	1.199.604	2.042.248
	$ 20.205.988	$ 5.117.683	$ 17.353.858	$ 7.969.813

	2019	Charges	Amortization	2020
Insurance	$ 244.597	$ 2.101.150	$ 1.859.728	$ 486.019
Commissions (*)	6.220.914	22.832.379	12.447.910	16.605.383
Prepaid health care	634.550	1.849.388	1.642.685	841.253
Other	-	2.561.678	288.344	2.273.334
	$ 7.100.061	$ 29.344.595	$ 16.238.667	$ 20.205.989

(*) They include the guarantees prepaid to the Nation to support the credit facilities received from the IDB and the commissions of Bancóldex's Administrative Agents as agreed in the signed credit agreement secured by MIGA on June 30, 2020, which amounted to $ 4.273.068 and $ 16.905.504 in 2021, and 2020, respectively.

(1) As a result of the Bank's merger, through which it acquired Arco Grupo Bancóldex S.A., the following breakdown of the properties for lease agreements is incorporated:

	2021	2020
Machinery and equipment	$ 5.904.543	$ 10.909.606
Vehicles	-	5.190.646
Real estate	3.310.096	14.379.764
	$ 9.214.639	$ 30.480.016

13. ASSETS HELD FOR SALE, NET

Non-current assets held for sale correspond to real and personal property received in payment and returned from credit portfolio debtors, and other non-current assets correspond to vehicles transferred from the group of property and equipment.

The Bank's intention for these assets is to sell them immediately. For this, it has established special sales plans through publication on the Website, management of the internal sales force, real estate brokers, and direct management. There are agreements with real estate agents operating throughout the country and sales agents that facilitate the relevant procedures, in which case the external contracting and the payment of applicable commissions will be the responsibility of the relevant approval body.

	2021	2020
13.1 Properties received in payment	$ 2.519.686	$ 3.526.943
13.2 Returned properties	7.627.014	8.980.955
13.3 Other non-current assets	-	8.583
Total	$ 10.146.700	$ 12.516.481

13.1. Properties received in payment - The following is the activity of properties received in payment as of December 31, 2021 and 2020:

	2021	2020
Opening balance	$ 3.526.943	$ -
Additions (1)	-	4.742.050
Sales (2)	(4.790.800)	(755.000)
Leasing placement (3)	(4.503.852)	
Provision expenses	(1.958.993)	(1.215.107)
Recovery of provision (2)	5.904.983	782.645
Loss on sale of properties (2)	2.619.863	(27.645)
Profit on leasing placement (3)	1.721.542	-
ending balance	$ 2.519.686	$ 3.526.943

The breakdown of properties received in payment is as follows:

2021				
Properties received in payment	**Cost**	**Provision**	**% Prov.**	**Total**
Personal property	$ 422.844	$ (367.578)	87	$ 55.266
Real estate for housing	8.021.550	(7.147.470)	89	874.080
Real estate other than housing	13.625.381	(12.035.041)	88	1.590.340
Total	$ 22.069.775	$ (19.550.089)		$ 2.519.686

2020				
Properties received in payment	**Cost**	**Provision**	**% Prov.**	**Total**
Personal property	$ 554.957	$ (375.728)	68	$ 179.229
Real estate for housing	12.842.683	(10.517.056)	82	2.325.627
Real estate other than housing	13.625.381	(12.603.294)	92	1.022.087
Total	$ 27.023.021	$ (23.496.078)		$ 3.526.943

(1) The additions include the entry of goods received in payment because of the merger process carried out on August 1, 2020, through which the Bank acquired the company "Arco Grupo Bancóldex S.A."

(2) In 2021, personal property such as machinery, real estate other than housing, and real estate intended for housing were sold for $4,790,800. It resulted in a provision refund of $3,005,741 and proceeds from the sale of goods for $ 2,619,863. In 2020, an asset received in payment, i.e., a property used for housing, was sold for $755,000, which resulted in a provision refund of $782,645 and a loss on sale of assets of $27,645.

(3) In 2021, real estate other than housing and real estate intended for housing were leased for $4,503,852, which resulted in a provision refund of $1,141,806 and proceeds from the sale of goods for $1,721,542.

13.2. Returned properties - The following is the activity of returned properties as of December 31, 2021 and 2020:

		2021		2020
Opening balance	$	8.980.955	$	-
Additions [1]		5.523.639		14.493.843
Sales [2]		(2.458.222)		(3.019.961)
Provision expenses		(8.583.920)		(4.460.648)
Derecognition		-		(9.544)
Transfer [3]		(4.414.738)		-
Provision recovery		9.248.823		1.652.248
(Loss)/ profit on sale of properties		(669.523)		325.017
Total	$	7.627.014	$	8.980.955

The disaggregation of returned properties as of December 31, 2021, and 2020 is as follows:

Returned properties		2021 Cost		Provision	% Prov.		Total
Machinery	$	3.757.023	$	(3.276.088)	87	$	480.935
Vehicles		1.438.536		(1.438.536)	100		-
Furniture and Fixtures		84.169		(58.918)	70		25.251
Real estate		31.220.984		(24.100.156)	77		7.120.828
Total	$	36.500.712	$	(28.873.698)		$	7.627.014

Returned properties		2020 Cost		Provision	% Prov.		Total
Machinery	$	3.481.312	$	(2.051.325)	59	$	1.429.987
Vehicles		1.945.719		(1.945.719)	100		-
Furniture and Fixtures		84.169		(29.459)	35		54.710
Real estate		33.008.355		(25.512.097)	77		7.496.258
Total	$	38.519.555	$	(29.538.600)		$	8.980.955

(1) The 2021 additions include the restitution of seven buildings and four pieces of machinery. The additions in 2020 include the entry of goods received in payment because of the merger process carried out on August 1, 2020, through which the Bank acquired the company “Arco Grupo Bancóldex S.A.”

(2) In 2021, personal property such as machinery, two real estate properties, and one vehicle were sold for $2,458,222, which resulted in a provision refund of $199,780 and a loss on sale of property for $669,523. In 2020, two real estate properties and one personal property were sold for $3,019,961, which resulted in a provision refund of $1,652,248 and proceeds from the sale of assets of $325,017.

(3) The transfer of a property to activate an operating leasing contract.

13.3. Other non-current assets held for sale - At the end of 2020, the balance of this group amounted to $8,583. Some vehicles transferred from the property and equipment group were classified in this group. During 2019 and 2020, the Bank managed the sale plan for these assets and, in 2020, received the balance of 50% of the sale amount.

14. PROPERTY, PLANT, AND EQUIPMENT

The following is the breakdown of property, plant, and equipment, net, as of December 31, 2021 and 2020:

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Cost of property and equipment

		Land		Buildings		Machinery		Transport vehicles		Fixtures and fittings		Office equipment		Computer equipment		Network and communications equipment		Total
Cost																		
Balance as of January 1, 2020	$	2.801.343	$	29.405.423	$	2.434.599	$	79.900	$	45.408	$	3.011.757	$	1.168.019	$	2.152.051	$	41.098.500
Revaluation		47.970		(239.051)		-		-		-		-		-		-		(191.081)
Acquisitions		2.371.793		2.095.262		14.004		181.800		-		950.426		839.885		-		6.453.170
Derecognitions		-		-		-		-		-		-		(1.519)		-		(1.519)
Balance as of December 31, 2020		5.221.106		31.261.634		2.448.603		261.700		45.408		3.962.183		2.006.385		2.152.051		47.359.070
Revaluation [(1)]		(532.991)		(3.217.384)		-		-		-		-		-		-		(3.750.375)
Acquisitions		-		-		26.266		-		-		20.706		-		-		46.972
Transfers [(2)]		(2.371.793)		(2.479.636)		-		-		-		-		-		-		(4.851.429)
Derecognitions		-		-		(27.007)		-		(1.084)		(150.405)		-		-		(178.496)
Balance as of December 31, 2021	$	2.316.322	$	25.564.614	$	2.447.862	$	261.700	$	44.324	$	3.832.484	$	2.006.385	$	2.152.051	$	38.625.742

Accumulated depreciation and net carrying amount of property and equipment

		Land		Buildings		Machinery		Transport vehicles		Fixtures and fittings		Office equipment		Computer equipment		Network and communications equipment		Total
Accumulated depreciation																		
Balance as of January 1, 2020	$	-	$	(838.744)	$	(1.657.134)	$	(79.900)	$	(41.591)	$	(2.270.670)	$	(1.090.511)	$	(1.959.352)	$	(7.937.902)
Depreciation		-		(419.452)		(114.634)		-		(329)		(135.073)		(33.163)		(7.056)		(709.707)
Revaluation		-		1.174.243		-		-		-		-		-		-		1.174.243
Accumulated depreciation increase		-		(186.794)		-		(179.982)		-		(564.294)		(741.184)		-		(1.672.254)
Derecognitions		-		-		-		-		-		-		1.519		-		1.519
Balance as of December 31, 2020		-		(270.747)		(1.771.768)		(259.882)		(41.920)		(2.970.037)		(1.863.339)		(1.966.408)		(9.144.101)

	Land	Buildings	Machinery	Transport vehicles	Fixtures and fittings	Office equipment	Computer equipment	Network and communications equipment	Total
Depreciation	-	(431.435)	(110.908)	-	(275)	(163.430)	(34.998)	(6.966)	(748.012)
Transfers (2)	-	608.921	-	-	-	-	-	-	608.921
Derecognitions	-	-	25.177	-	1.084	133.159	-	-	159.420
Balance as of December 31, 2021	$ -	$ (93.261)	$ (1.857.499)	$ (259.882)	$ (41.111)	$ (3.000.308)	$ (1.898.337)	$ (1.973.374)	$ (9.123.772)
Net carrying amount									
Balance as of December 31, 2020	5 .221.106	$ 30.990.887	$ 676.835	$ 1.818	$ 3.488	$ 992.146	$ 143.046	$ 185.643	$ 38.214.969
Balance as of December 31, 2021	$ 2.316.322	$ 25.471.353	$ 590.363	$ 1.818	$ 3.213	$ 832.176	$ 108.048	$ 178.677	$ 29.501.970

The main activity registered in 2021 is described below:

(1) In May, the Bank appraised again the real estate of the International Trade Center building. For this purpose, it hired appraiser Néstor Mora & Asociados, generating a negative net adjustment for revaluation of ($3,750,375) in the cost.

(2) Due to a change in the use of the property located on the 21st floor of the International Trade Center building, the amount of the asset was reclassified to Investment Properties, generating net transfers in cost and depreciation of ($4,851,429) and ($608,921), respectively.

The following is the main activity registered in 2020:

As a result of the merger process carried out by the Bank, through which it acquired the company "Arco Grupo Bancóldex S.A," property and equipment were integrated for $6,385,635, with an accumulated depreciation of $1,672,255, represented in the following groups:

Assets	Cost	Depreciation	Net balance
Land	$ 2.371.793	$ -	$ 2.371.793
Buildings	2.095.262	186.794	1.908.468
Vehicles	181.800	179.982	1.818
Office equipment	897.602	564.294	333.308
Computer equipment	839.178	741.184	97.994
	$ 6.385.635	$ 1.672.254	$ 4.713.381

The additional movement of $67,535 by acquisitions is mainly due to purchases made during the year, distributed in the groups of machinery, office equipment, and computer equipment.

As of December 31, 2021, and 2020, the assessment made by the Bank indicates no evidence of impairment of its property and equipment that requires accounting.

As of December 31, 2021, and 2020, there are no restrictions on ownership of property, plant, and equipment.

15. ASSETS GIVEN IN OPERATING LEASE

This item corresponds to real estate contracts placed under operating lease. Its structure is as follows:

	2021	2020
Cost		
Initial balance	$ 9.677.215	$ -
Additions (*)	4.414.738	10.355.431
Transfer to returned	-	(678.216)
Ending balance	$ 14.091.953	$ 9.677.215
Depreciation		
Initial balance	$ (356.876)	$ -
Additions (*)	-	(228.555)
Depreciation	(393.713)	(166.711)
Transfer to returned	-	38.390

	2021	2020
Ending balance	$ (750.589)	$ (356.876)
Impairment		
Initial balance	$ (255.982)	$ -
Additions (*)	-	(255.982)
Refund	255.982	-
Ending balance	$ -	$ (255.982)
Net amount	$ 13.341.364	$ 9.064.357

(*) The variation in 2021 corresponds to the activation of an operating leasing contract. In 2020, the additions were due to the merger process carried out by the Bank, through which it acquired the company "Arco Grupo Bancóldex S.A-" Assets under operating lease - real estate at a cost of $10,355,431, an accumulated depreciation of $228,555, and an impairment provision of $255,982 were integrated.

16. INVESTMENT PROPERTIES

The following is the disaggregation of investment properties as of December 31, 2021 and 2020:

	Land and buildings	
	2021	2020
Cost	$ 1.866.556	$ 210.655
Revaluation	8.821.744	6.052.562
	$ 10.688.300	$ 6.263.217

The variation that occurs in 2021 compared to the previous year is due to the accounting transfer at the fair value of the property located on the 21st floor of the International Trade Center building due to a change in its use. It generated a net increase in the cost of $1,655,901. The variation in the revaluation item that occurs in 2021 compared to the previous year is due to the update of the technical appraisal of the 21st floor of the International Trade Center building, generating an increase of $2,769,182 in the fair value of this property. The appraisal was carried out by the firm Néstor Mora & Asociados in May 2021.

There are no restrictions on the disposal or income in the realization of investment properties.

The amounts recognized in income and expenses as of December 31, 2021, and 2020 are broken down below:

	Land and buildings	
	2021	2020
Lease income	$ 1.670.458	$ 1.723.786
Direct Expenses	(367.794)	(56.371)
Total	$ 393.592	$ 742.242

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17. RIGHTS-OF-USE ASSETS

The following is the disaggregation of right-of-use assets as of December 31, 2021 and 2020:

	Computer equipment	Vehicles	Machinery and equipment	Real estate	Total
Cost					
Balance as of December 31, 2019	$ 2.306.272	$ 805.990	$ 188.816	$ 2.055.345	$ 5.356.423
Acquisitions (*)	1.385.014	142.063	-	915.621	2.442.698
Derecognitions	(331.543)	-	-	(366.594)	(698.137)
Balance as of December 31, 2020	3.359.743	948.053	188.816	2.604.372	7.100.984
Acquisitions (*)	4.287.277	-	-	85.458	4.372.735
Derecognitions	(923.742)	-	-	(195.357)	(1.119.099)
Balance as of December 31, 2021	$ 6.723.278	$ 948.053	$ 188.816	$ 2.494.473	$ 10.354.620
Accumulated depreciation					
Balance as of December 31, 2019	$ 1.088.009	$ 266.037	$ 68.184	$ 205.535	$ 1.627.765
Depreciation expense	927.702	161.929	62.939	351.997	1.504.567
Accumulated depreciation increase (*)	179.455	-	-	393.662	573.117
Derecognitions	(331.543)	-	-	(366.594)	(698.137)
Balance as of December 31, 2020	1.863.623	427.966	131.123	584.600	3.007.312
Depreciation expense	1.170.250	187.716	57.693	452.153	1.867.812
Derecognitions	(923.742)	-	-	(192.640)	(1.116.382)
Balance as of December 31, 2021	$ 2.110.131	$ 615.682	$ 188.816	$ 844.113	$ 3.758.742
Net carrying amount					
As of December 31, 2020	$ 1.496.120	$ 520.087	$ 57.693	$ 2.019.772	$ 4.093.672
As of December 31, 2021	$ 4.613.147	$ 332.371	$ -	$ 1.650.360	$ 6.595.878

(*) The main variation in 2021 is due to the signing of the computer equipment lease for five years and the renewal of the server lease in which right-of-use contracts were integrated at a cost of $3,581,915 and $705,362, respectively. In 2020, the main variations are due to the merger process carried out by the Bank, through which it acquired the company "Arco Grupo Bancóldex S.A", in which right-of-use contracts were integrated at a cost of $1,946,965 and an accumulated depreciation of $573,117.

According to the analysis of the contracts for goods and services within the scope of IFRS 16, the real estate leased for the operation of regional offices, a warehouse for the storage of goods received in payment and returned goods, leases for computer equipment and finance lease for vehicles were included as right-of-use assets. The amounts of the obligations payable derived from the finance leases are in Note 20.2.

18. INTANGIBLE ASSETS

As of December 31, 2021, and 2020, the balance of this account breaks down as follows:

	Licenses	Software	Fiduciary rights	Total
Cost				
Balance as of January 1, 2020	$ 8.014.692	$ 16.519.566	$ -	$ 24.534.258
Acquisitions (*)	1.376.673	730.437	362.352	2.469.462
Balance as of December 31, 2020	9.391.365	17.250.003	362.352	27.003.720
Acquisitions (*)	155.597	29.751	-	185.348
Balance as of December 31, 2021	$ 9.546.962	$ 17.279.754	$ 362.352	$ 27.189.068
Accumulated amortization and Impairment				
Balance as of January 1, 2020	$ 6.038.672	$ 9.477.483	$ -	$ 15.516.155
Amortization expense	648.663	1.096.083	-	1.744.746
Accumulated amortization increase (*)	704.339	499.710	-	1.204.049
Impairment (*)	-	-	362.352	362.352
Balance as of December 31, 2020	7.391.674	11.073.276	362.352	18.827.302
Amortization expense	642.613	1.160.796	-	1.803.409
Transfer	(1.279)	-	-	(1.279)
Balance as of December 31, 2021	$ 8.033.008	$ 12.234.072	$ 362.352	$ 20.629.432
Net carrying amount				
As of December 31, 2020	$ 1.999.691	$ 6.176.727	$ -	$ 8.176.418
As of December 31, 2021	$ 1.513.954	$ 5.045.682	$ -	$ 6.559.636

(*) The 2021 additions include the purchase of licenses for the Bank’s operations in the amount of $185,348 and an amortization of $1,803,409. The 2020 additions include the purchase of licenses for the Bank’s operations in the amount of $689,965. As a result of the merger process carried out by the Bank, through which it acquired the company “Arco Grupo Bancóldex S.A”, licenses and fiduciary rights were integrated, which amounted to $1,779,497, an accumulated depreciation of $1,204,049, and an impairment of $362,352.

As of December 31, 2021, and 2020, the Bank does not have intangible assets with restricted ownership.

19. LIABILITIES FROM FINANCIAL INSTRUMENTS AT AMORTIZED COST

19.1. Customer deposits: The following is the disaggregation of financial instruments at amortized cost as of December 31, 2021, and 2020:

	Buildings and Land	
	2021	**2020**
Term Deposit Certificates (1)		
Issued for less than 6 months	$ 479.594.093	$ 50.561.996
Issued for 6 to 12 months	620.565.441	396.937.871
Issued for 12 to 18 months	785.800.833	877.103.477
Issued for more than 18 months	1.147.844.466	938.179.997
	3.033.804.833	2.262.783.341
Savings deposits (2)	346.656.446	545.406.855
Common bonds for more than 18 months (3)	1.043.768.915	1.093.816.252
	1.390.425.361	1.639.223.107
	$ 4.424.230.194	$ 3.902.006.448

(1) During 2021, balances for less than 6 months and 6 to 12 months increased specifically due to the demand for short-term resources by market investors, caused by expectations of increased interest rates by the Central Bank. In 2020, two situations gave rise to balances for 6 to 12 months and 12 to 18 months . the first is the merger with the company "Arco Grupo Bancóldex S.A." in which TDs were received mainly for these terms and the second is the change in the structuring of funding by TDs, explained by the demand for short-term resources increased by the effects of COVID-19.

(2) To achieve a better mix of the cost of funds and diversify the Bank's funding instruments, Bancóldex launched the Savings Account product during the first quarter of 2019. The funds raised in this new instrument allowed to replace TDs for a longer term and at a greater financial cost. The Bancóldex savings account has as its target market the institutional segment comprising mainly Pension Funds, Trust Companies, and Insurance Companies. The decrease in the balance for 2021 compared to the previous year is due to the end-of-year strategy of maintaining the return rate equal to the Central Bank rate and the cost of funding by withdrawing balances from institutional investors.

(3) The bond conditions are as follows:

Issue	Issue amount	Lots	Placement date	Issue date	Maturity date (*)	Interest rate	2021	2020
Ninth issue	$ 238.890.000	Lot 1	06-Sep-12	06-Sep-12	06-Sep-22	Indexed to IPC	$ 240.327.248	$ 239.814.613
	238.890.000							
Authorized amount	3.000.000.000							
First issue	200.000.000	Green Bonds	09-Aug-17	09-Aug-17	09-Aug-22	Fixed rate	202.002.428	202.002.402

Issue	Issue amount	Lots	Placement date	Issue date	Maturity date (*)	Interest rate	2021	2020
Second issue	200.000.000	Social Bonds	24-May-18	25-May-18	24-May-21	Indexed to IBR	-	200.111.105
	100.000.000	Social Bonds	24-May-18	25-May-18	24-May-21	Fixed rate	-	100.613.729
	100.000.000	Social Bonds	24-May-18	25-May-18	24-May-23	Indexed to IPC	100.830.156	100.447.322
Third issue	250.000.000	Orange Bonds	29-Nov-18	29-Nov-18	29-Nov-21	Indexed to IPC	-	250.827.081
Utilized amount (**)	850.000.000							
Authorized amount	3.000.000.000							
First issue	159.000.000	Business Recovery Bonds	27-May-21	28-May-21	27-May-24	Indexed to IBR	159.081.315	-
	100.000.000	Business Recovery Bonds	27-May-21	28-May-21	27-May-23	Fixed rate	100.409.065	-
	241.000.000	Business Recovery Bonds	27-May-21	28-May-21	27-May-23	Indexed to IBR	241.118.703	-
Utilized amount	500.000.000							
							$ 1.043.768.915	1.093.816.252
Total Current Issues	$ 1.038.890.000							

(*) It corresponds to the last expiration date of the batches of each issue.

(**) It includes lot from third issue, orange bonds maturing on November 29, 2020 for $150,000,000.

- Issue of Green Bonds: In August 2017, Bancóldex successfully completed its first issue of Green Bonds through the Colombian Stock Exchange for an amount worth $200 billion and a 5-year term. It obtained demands for 2.55 of the issue value and a cut-off rate of 7.10% EA.

  This is the first issue of this type that takes place in the Colombian stock market, which seeks to channel resources from the capital market and direct them exclusively to projects of the business sector that generate environmental benefits. Some of those benefits are optimization in the use of natural resources, the use and correct handling of waste from production processes, the increasingly efficient consumption of energy and the incorporation of sustainable practices that include the replacement of inefficient or fossil fuel-based technologies with clean technologies in all economic sectors. This issue received technical cooperation from the Inter-American Development Bank (IDB) and the Secretariat of State for Economic Affairs of Switzerland (SECO).

- Issue of Social Impact Bonds: In May 2018, Bancóldex successfully completed its first issue of Social Impact Bonds through the Colombian Stock Exchange for an amount worth $400 billion and a term of 3 and 5 years. It obtained demands for 4.17 of the issue value and a cut-off rate of BRI+1.15% and T.F. 6.05% for 3 years; and CPI+2.85% for 5 years.

  This is the first issue of this type that takes place in the Colombian stock market and its main objective is to promote Financial Inclusion for Micro and Small Enterprises while focusing on financing rural companies, women who own companies and victims of the armed conflict who own companies. These projects contribute significantly to social development in Colombia mainly by meeting objectives such as generating income and increasing employment, reducing income inequality, promoting financial inclusion, and promoting integration and generating jobs in groups vulnerable to social exclusion. This issue received technical cooperation from the Inter-American Development Bank (IDB) and the Secretariat of State for Economic Affairs of Switzerland (SECO).

- Issue of Orange Bonds: In November 2018, Bancóldex successfully carried out the first issue of Orange Bonds in the world through the Colombian Stock Exchange for an amount worth $400 billion and a term of 2 and 3 years. It obtained demand for 2.89 of the issue value and a cut-off rate of BRI+0.92% and CPI+2.20% respectively.

  This is the first issue of this type that takes place in the Colombian and global public stock market; and it is aligned with Bancóldex' orange strategy, following its directive to boost business growth and seek to generate value through sustainable economic models for companies in the cultural and creative sector, as well as to generate opportunities for these Colombian companies to venture into new markets to increase their productivity and competitiveness standards. The projects financed or refinanced with the resources of this Orange Bond will support the efforts made by the National Government to promote the growth of the creative and cultural industry. This form of financing seeks to help this type of companies access formal credit, diversify their sources of resources, and improve their investment prospects. It is important to mention that these Orange Bonds contribute to the fulfillment of the Sustainable Development Goals (SDG) of the 2030 Agenda.

- Issuance of Business Recovery Bonds: In May 2021, Bancóldex generated the first issue to finance business recovery in Colombia, which is part of the "Línea Adelante" product portfolio. Thus, the Bank remains a pioneer in the issuance of labeled bonds. With these resources, the banks seeks to leverage the credits so that companies can resume their business and grow after the economic contraction in 2020 due to the COVID-19 pandemic.

  This issuance was made for $500 billion, awarded in two-year terms for $341 billion with cut-off rates of 4.35% EA and IBR + 1.53% nominal monthly in arrears, and over three years for $159 billion with IBR cut-off rate + 1.70% nominal monthly in arrears. The auction registered an excess demand of more than 1.2 trillion COP, equivalent to 3.1 times the amount that was initially offered. The operation involved 214 investors among individuals, legal entities, and foreign investors.

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The summary of financial liabilities by due dates at the remaining term as of December 31, 2021 and 2020 is as follows:

	2021						
	Up to three months	More than three months and less than one year		More than one year			Total
	More than one month and less than three months	More than three months and less than six months	More than six months and less than one year	Between one and three years	More than three years and less than five years	More than five years	
Instruments at amortized cost							
Term deposit certificates	$ 1.172.453.133	$ 469.901.540	$ 490.191.032	$ 899.848.361	$ 1.410.767	$ -	$ 3.033.804.833
Securities issued - General bonds	-	-	442.329.676	601.439.239	-	-	1.043.768.915
	$ 1.172.453.133	$ 469.901.540	$ 932.520.708	$ 1.501.287.600	$ 1.410.767	$ -	$ 4.077.573.748

	2020						
	Up to three months	More than three months and less than one year		More than one year			Total
	More than one month and less than three months	More than three months and less than six months	More than six months and less than one year	Between one and three years	More than three years and less than five years	More than five years	
Instruments at amortized cost							
Term deposit certificates	$ 854.652.037	$ 720.432.603	$ 417.400.253	$ 263.373.227	$ 6.925.221	$ -	$ 2.262.783.341
Securities issued - General bonds	-	300.724.834	250.827.081	542.264.337	-	-	1.093.816.252
	$ 854.652.037	$ 1.021.157.437	$ 668.227.334	$ 805.637.564	$ 6.925.221	$ -	$ 3.356.599.593

19.2. Money Market Operations:

	2021	2020
Interbank funds purchased [1]	$ -	$ 8.581.393
Repurchase agreements [2]	-	50.071.348
	$ -	$ 58.652.741

(1) The disaggregation of the interbank funds purchased is:

	2020			
	Interest rate (%)	Trading term Days	USD Amount (Thousands)	Amount
Foreign currency				
Overnight				
Banks	0.30	5	2.500	$ 8.581.393
			2.500	$ 8.581.393

(2) The disaggregation of repurchase agreements is:

	2020		
	Interest rate (%)	Trading term Days	Amount
Legal tender			
Repurchase agreements			
Closed repo transfer commitments	1.75	90	$ 50.071.348
			$ 50.071.348

19.3 Other deposits:

	2021		2020	
Entity	USD Amount (Thousands)	Amount	USD Amount (Thousands)	Amount
Banks and correspondents				
National banks	-	$ 1.537.397	-	$ -
		1.537.397		-
Other security deposits				
Legal tender	-	1.747.881	-	$ 10.118.765
Foreign currency	14.264	56.786.698	7.496	25.729.946
	14.264	58.534.579	7.496	35.848.711
Total other deposits	14.264	$ 60.071.976	7.496	$ 35.848.711

The balance of guarantee deposits in legal currency is due to the creation of guarantees for credit portfolio operations and issuance of guarantees. This item shows a decrease of $8,370,884, generated by the return of the deposit received from Indumil as cash collateral for the issuance of foreign currency guarantees abroad. Regarding USD guarantees, it corresponds to the guarantees on derivative CSA agreements, with balances according to the valuation result of these financial instruments. The deposits increased by USD 6,768 thousand equivalent to $31,056,752 at the end of December 31, 2021, compared to those received in December 2020.

20. BANK LOANS AND OTHER FINANCIAL OBLIGATIONS

20.1. Bank loans and other financial obligations:

	2021	2020
Legal tender (2)		
Bank loans and other financial obligations		
Finagro	$ 1.526.915	$ 2.829.601
Inter-American Development Bank	313.365.103	313.239.576
	314.892.018	316.069.177
Foreign Currency (1) (2)		
Bank loans and other financial obligations		
Credits	1.067.114.247	1.763.074.364
International organizations	587.214.919	511.740.247
Inter-American Development Bank	1.031.069.316	1.542.462.435
Andean Development Corporation	993.300.548	98.254.566
	3.678.699.030	3.915.531.612
	$ 3.993.591.048	$ 4.231.600.789

(1) Foreign currency financial obligations with banks showed a decrease of $238,010 million for the payment of USD 200 million of the syndicated loan operation disbursed to the Bank in 2020 with a MIGA guarantee and USD 190 million of prepayments to IDB loans, causing a decrease of $1,108,832 million. This amount is offset by loans taken out with CAF for USD 235 million, equivalent to $935,573 million.

(2) The breakdown of bank loans is as follows:

	2021			2020		
Foreign Currency	Int. Rate (%)	USD Amount (thousands)	COP Amount	Int. Rate (%)	USD Amount (thousands)	COP Amount
Short-term						
Bnp Paribas USA	-	-	$ -	1.93	20.206	$ 69.357.166
Toronto Dominion Bank Canada	0.53	7.974	31.746.533	2.10	22.219	76.266.538
Banco del Estado de Chile	0.88	60.051	239.073.726	0.70	30.002	102.980.980
Sumitomo Mitsui Banking Corp	0.00	-	-	1.50	9.285	31.869.413
Interamerican Investment Corp.	1.19	45.057	179.377.428	1.86	105.519	362.194.778

Foreign Currency	2021 Int. Rate (%)	2021 USD Amount (thousands)	2021 COP Amount	2020 Int. Rate (%)	2020 USD Amount (thousands)	2020 COP Amount
Development Finance Institute Canada Inc	-	-	-	1.51	10.018	34.386.651
Wells Fargo Bank	-	-	-	1.14	20.088	68.953.289
Banco Latinoamericano de Exportaciones Bladex	1.25	100.235	399.050.939	2.57	40.919	140.454.827
Corporación Andina de Fomento CAF Venezuela	0.71	249.500	993.300.548	-	-	-
JP Morgan Chase Bank USA	0.94	35.003	139.351.448	-	-	-
Banco Santander Madrid España	0.94	100.008	398.146.994	-	-	-
Bankinter S.A.	0.94	15.001	59.722.049	-	-	-
Banco BBVA Milan Branch	0.94	50.004	199.073.497	-	-	-
		662.833	2.638.843.162		258.256	886.463.642
Medium-term						
Instituto de Crédito Oficial del Reino de España	0.86	2.207	8.786.553	0.78	2.648	9.090.642
JP Morgan Chase Bank USA	-	-	-	0.95	70.355	241.495.246
Banco Santander Madrid España	-	-	-	0.95	200.898	689.582.491
Banco Bankinter S.A.	-	-	-	0.95	30.121	103.391.346
Banco BBVA Milan Branch	-	-	-	0.95	100.449	344.791.245
Corporación Andina de Fomento CAF Venezuela	-	-	-	2.11	28.625	98.254.565
		2.207	8.786.553		433.096	1.486.605.535
Long-term						
Interamerican Development Bank Usa	1.10	258.987	1.031.069.316	1.07	449.370	1.542.462.435
		258.987	1.031.069.316		449.370	1.542.462.435
Total Foreign Currency		924.027	$ 3.678.699.030		1.140.723	$ 3.915.531.612
Legal tender						
Short-term						
Finagro	2.97	-	158.466	2.90	-	55.650
		-	158.466		-	55.650
Medium-term						
Interamerican Development Bank Usa	3.25	-	313.365.103	2.98	-	313.239.576
Finagro	2.76	-	1.368.449	3.61	-	2.773.951
		-	314.733.552		-	316.013.527

Foreign Currency	2021 Int. Rate (%)	2021 USD Amount (thousands)	2021 COP Amount	2020 Int. Rate (%)	2020 USD Amount (thousands)	2020 COP Amount
		-	$ 314.892.018		-	$ 316.069.177
Grand Total (*)						
Short-term		662.833	2.639.001.628		258.256	886.519.292
Medium-term		2.207	323.520.104		433.096	1.802.619.062
Long-term		258.987	1.031.069.316		449.370	1.542.462.435
		924.027	$ 3.993.591.048		1.140.722	$ 4.231.600.789

(*) As of December 31, 2021, there was a decrease in USD financial obligations compared to the balance at the end of 2020 for USD 190 million. This variation originates from the prepayments made by the Bank in June 2021 on long-term obligations. The demand for USD resources from Bancóldex for medium- and long-term credit for modernization, production restructuring, and investment was displaced by the request for COP loans for working capital triggered by the economic recovery after COVID-19, added to the high volatility of the exchange rate that caused the appetite for long-term USD credit to change.

(3) The following is the summary of bank loans and other financial obligations by maturity dates and entity as of December 31, 2021, and 2020:

2021	Up to three months	More than three months and less than one year		More than one year			Total
	More than one month and less than three months	More than three months and less than six months	More than six months and less than one year	Between one and three years	More than three years and less than five years	More than five years	
Finagro	$ 43.195	$ 115.271	$ -	$ 958.751	$ 409.697	$ -	$ 1.526.915
Foreign banks	239.073.726	828.040.520	-	-	-	-	1.067.114.247
Andean Development Corporation CAF	478.184.975	338.609.706	176.505.868	-	-	-	993.300.548
Inter-American Development Bank IDB	-	-	-	313.365.103	-	1.031.069.316	1.344.434.419
International organizations	40.216.330	-	538.212.036	8.786.553	-	-	587.214.919
	$ 757.518.226	$ 1.166.765.498	$ 714.717.904	$ 323.110.407	$ 409.697	$ 1.031.069.316	$ 3.993.591.048

	2020						
	Up to three months	More than three months and less than one year		More than one year			Total
	More than one month and less than three months	More than three months and less than six months	More than six months and less than one year	Between one and three years	More than three years and less than five years	More than five years	
Finagro	$ -	$ -	$ 55.650	$ 1.283.887	$ 1.490.065	$ -	$ 2.829.601
Foreign banks	182.100.311	167.327.075	34.386.651	1.379.260.328	-	-	1.763.074.364
Andean Development Corporation CAF	-	-	-	98.254.565	-	-	98.254.565
Inter-American Development Bank IDB	-	-	-	-	313.239.576	1.542.462.435	1.855.702.012
International organizations	295.837.486	-	206.812.118	-	9.090.643	-	511.740.247
	$ 477.937.796	$ 167.327.075	$ 241.254.419	$1.478.798.779	323.820.284	$ 1.542.462.435	$ 4.231.600.789

20.2. Lease liabilities:

	2021	2020
Initial balance	$ 3.930.581	$ 3.470.739
Additions (*)	4.372.736	1.844.377
Interest accrual	584.306	323.856
Less Payments	(2.377.775)	(1.829.890)
Restatement	72.183	121.499
Ending balance	$ 6.582.031	$ 3.930.581

(*) In 2021, the main variation is due to the signing of the computer equipment lease for five years and the renewal of the server lease in which right-of-use contracts were integrated at a cost of $3,581,915 and $705,362. In 2020, the main variations are due to the merger process carried out by the Bank, through which it acquired the company "Arco Grupo Bancóldex S.A", in which right-of-use contracts were integrated at a cost of $1,946,965 and an accumulated depreciation of $573,117. During the 2020 term, a new vehicle lease was entered into for $142,063 and the warehouse lease was renewed for the storage of goods received in payment and returned in the amount of $353,670.

The following is the disaggregation of the finance lease as of December 31, 2021, and 2020:

		2021	
Asset Type	Weighted Average Int. Rate	USD capital	COP capital
Computer equipment	1.96%	-	$ 4.105.024
Computer equipment	0.61%	163	647.037
Vehicles	IBR nominal monthly in arrears + 5.50 POINTS	-	416.180
Real estate	0.72%		1.413.790
Ending balance			$ 6.582.031

Asset Type	Weighted Average Int. Rate	2020 USD capital	COP capital
Computer equipment	0.35%	-	$ 1.053.640
Computer equipment	0.84%	143	492.284
Vehicles	IBR N.A.M.V + 5.50 POINTS	-	611.326
Machinery and equipment	2.17%	-	71.913
Real estate	0.80%	-	1.701.418
Ending balance			$ 3.930.581

The real estate contracts correspond to the six offices leased for the operation of the regional offices, a warehouse for goods received in payment and returned. Computer equipment leases include leases of computer equipment and servers.

20.3. Reconciliation of liabilities arising from financing activities - The following table details the changes in liabilities arising from the Bank's financing activities, including changes and no changes in cash. The liabilities arising from financing activities are those for which the cash flows were used and they will be classified in the cash flow statement of the Bank as cash flows from financing activities.

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2021

	2020	Cash flows from financing activities	Accrual	Payment of principal and interest	Exchange Rate impact	Profit for the year	Other comprehensive income	2021
Money Market Operations	$ 58.652.741	$ 20.054.981.640	$ 3.282.920	$ 20.116.159.071	$ (758.230)	$ -	$ -	$ -
Loans and other financial obligations	4.231.600.789	2.816.653.705	45.156.541	3.637.844.997	538.025.010	-	-	3.993.591.048
Equity dividends in cash	1.568.254.989	-	-	114.664.623	-	55.318.307	(206.187.649)	1.302.721.024
	$ 5.858.508.519	$ 22.871.635.345	$ 48.439.461	$ 23.868.668.691	$ 537.266.780	$ 55.318.307	$ (206.187.649)	$ 5.296.312.072

2020

	2019	Cash flows from financing activities	Accrual	Payment of principal and interest	Exchange Rate impact	Profit for the year	Other comprehensive income	2020
Money Market Operations	$ 163.176.870	$ 19.434.336.140	$ 2.343.721	$ 19.541.846.809	$ 642.819	$ -	$ -	$ 58.652.741
Loans and other financial obligations	3.153.307.571	3.864.091.223	83.125.082	2.941.964.737	73.041.650	-	-	4.231.600.789
Equity dividends in cash	1.566.220.884	53.891	-	118.815.110	-	132.703.491	(11.908.167)	1.568.254.989
	$ 4.882.705.325	$ 23.298.481.254	$ 85.468.803	$ 22.602.626.656	$ 73.684.469	$ 132.703.491	$ (11.908.167)	$ 5.858.508.519

21. TRADE AND OTHER ACCOUNTS PAYABLE

The following is the breakdown of accounts payable, as of December 31, 2021, and 2020:

	2021	2020
Commissions and fees	$ 1.022.767	$ 1.854.508
Costs and expenses payable	65.366	38.876
Taxes	1.391.411	977.104
Dividends (1)	421.990	32.989.099
Leases	1.505	-
Promising buyers	-	2.250
Suppliers	5.119.137	17.440.411
Withholdings and labor contributions	5.439.217	5.466.176
Insurance	552.566	230.204
Accounts payable to FNG	289.286	259.221
Accounts Payable to VPN Unutilized Award (2)	1.248.392	1.212.021
Settlement of future contracts - CRCC (3)	-	636.925
Payable PTP Agreement (4)	211.756	620.196
Payable GIZ - NAMA Agreement (5)	5.218.920	-
Payable MINCIENCIAS Agreements (6)	300.000	-
Credits for applying credit portfolio	3.480.842	1.690.623
Payable in Foreign Currency (7)	1.026.697	8.327.380
Sundry	3.486.558	956.264
	$ 29.276.410	$ 72.701.258

(1) In 2020, the amount of dividends payable for the Ministries corresponds to the deferred item as established by Decree 378/2016. For the Ministry of Commerce, Industry, and Tourism, the amount earmarked to finance the Innpulsa Colombia Trust and the Colombia Productiva Trust remains payable, as set out in CONPES No. 3987 dated March 25, 2020 for $30,586,800. The breakdown of dividends payable is as follows:

	2021	2020
Ministry of Commerce, Industry, and Tourism	$ -	$ 30.620.634
Ministry of Finance and Public Credit	-	2.024.846
Private parties	421.990	343.619
	$ 421.990	$ 32.989.099

(2) It corresponds to the value of the resources not used by the beneficiaries of loans of the credit lines created with the benefit mechanism in the reduction of the loan rate; and it is presented at the moment when the client prepays or settles the entire obligation with Bancóldex for final maturity and the client did not request the benefit. These unsolicited resources are returned to the contributor of the agreement that gave the resources for this type of operations.

(3) The Central Counterparty Clearing House (CRCC) daily settles and reports the result of clearing for this type of operations so that the participating entities register the accounts receivable and/or payable. See the asset section in Note 11.

(4) Under Inter-administrative Framework Agreement 375, signed between Bancóldex and the Ministry of Commerce, Industry and Tourism, a transfer was received through Resolution number 1946 of October 27, 2016, for an amount worth $1,500,000 coming from the budget support of the National Planning Department (DNP), for the PRODUCTIVE TRANSFORMATION PROGRAM – PTP (currently, *Colombia Productiva*) with the objective of contracting the development of the second stage of the Economic Complexity Atlas for Colombia (DATLAS 2.0). The aim is to enhance and enrich the tool, allowing the alignment of the information it provides with the new strategy of the Ministry of Commerce, Industry and Tourism. Resources up to $1,288,244. have already been executed. Along with Colombia Productiva, the Ministry of Commerce, Industry and Tourism and DNP, it was decided that these remaining resources would be used to document the DATLAS tool data update process, among other activities to strengthen the tool.

(5) On October 23, 2020, Bancóldex and GIZ signed Agreement No. 81253328 under the project “NAMA SUPPORT FOR THE DOMESTIC REFRIGERATION SECTOR” for an amount of 5.2 million euros. This project seeks to structure financial mechanisms that promote the production and marketing of domestic refrigeration with low environmental impact, the results of which are aimed at contributing to the country’s climate change goals. At the end of 2021, the resources correspond to the first transfer from GIZ to Bancóldex for 1.2 million euros, which entered Bancóldex on January 5, 2021, and, subsequently, were duly monetized and deposited in a Banco de Occidente account. It should be noted that of the $5,218,920, $5 billion was committed to: (a.) the NAMA Bond program, published through External Circular Letter 023/2021 for $2 billion and (b.) the structuring of a rediscount credit operation for $3 million under the “blended finance” mechanism.

(6) Under the Special Cooperation Agreement No. 80740-421-2021 entered into by Fiduciaria La Previsora S.A. FIDUPREVISORA S.A., acting as spokesperson and administrator of the National Financing Fund for Science and Technology, and the Bank, these resources were allocated to hire an expert third party to assess and monitor the Science, Technology, and Innovation proposals to finance within a credit line that the entities will publish in partnership once the selection and hiring of the third party are completed. At the end of 2021, the call process started, which closed on January 28, 2022, when the execution of these resources will begin.

(7) The final settlement of the NDFs (Non-Deliverable Forward) is disclosed as accounts payable in foreign currency, made with foreign counterparts (Offshore) and other financial charges from correspondents, derived from operations of issued securities.

22. EMPLOYEE BENEFITS

The information of the balances by employee benefits as of December 31, 2021 and 2020 is as follows. It should be noted that the Bank only has short-term benefits for employees:

	2021	2020
Payroll to be paid	$ 75.826	$ 27.385
Severance pay	1.457.212	1.118.239
Interest on severance payments	169.711	121.255
Vacation periods	6.197.804	5.390.519
Other Accounts Payable to employees	5.798.193	6.715.268
Current Provisions	-	1.240.106
	$ 13.698.746	$ 14.612.772

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23. ESTIMATED LIABILITIES AND PROVISIONS

The following is the disaggregation of the provisions, as of December 31, 2021, and 2020:

	2021	2020
Contributions (1)	$ -	$ 160.000
Labor lawsuits (2)	25.480	227.551
Other (3)	90.000	90.000
	$ 115.480	$ 477.551

(1) In 2020, it includes the provision for the Tax Control Fee of the Comptroller General of the Republic due to the merger with the subsidiary ARCO S.A. Grupo Bancóldex. It was subject to reimbursement in 2021 as the economic event did not take place.

(2) As of December 31, 2021, and 2020, there were labor proceedings against the Bank for $25,480 and $227,551, respectively. For this type of proceedings with provisions, it is not possible to determine an exact disbursement schedule because the proceedings must go through different courts.

The following is the breakdown of these provisions, as of December 31, 2021, and 2020:

	2021	2020
Balance at the beginning of the period	$ 227.551	$ 326.087
Provision creation	19.941	8.964
Reimbursement of Provision	-	(699)
Withdrawals (*)	(222.012)	(106.801)
Closing balance for the period	$ 25.480	$ 227.551

This corresponds to the withdrawal of a labor proceeding because, during 2021 and 2020, a judgment was rendered against the Bank.

Disaggregation of the proceedings in force as of December 31, 2021 and 2020, with probable rating (high):

Proceeding Type	Parties	General Information	Proceeding Status	2021	2020
LABOR	**CARLOS HELÍ GOMEZ BRAVO VS. BANCÓLDEX and others**	Nature: Ordinary labor proceeding concerning an undetermined claim (110013105014200700021-01) Identification: Supreme Court of Justice. Probability of loss: Probable Provision: $ 8,480,000 Contingency $0.0 Attorney: Claudia Liévano	The Bank was ordered to pay court costs and attorney's fees for COP 8,480,000 and the pension bond settled by Colpensiones, which was paid on December 16, 2020.	25.480	8.480

Proceeding Type	Parties	General Information	Proceeding Status	2021	2020
LABOR	HERMES HERNÁN RODRIGUEZ HERNÁNDEZ VS. BANCÓLDEX	Nature: Ordinary labor lawsuit concerning an undetermined claim Identification: Supreme Court of Justice. (11001310501520060052201) Probability of loss: Probable Provision: $219,071,226.87 Contingency $0.0 Attorney: Germán Valdés	On November 24, 2020, the Supreme Court of Justice rendered a judgment, notified on December 14, 2020. It revoked the judgment issued by the Appeal Court and consequently the conviction against the Bank in the first instance was confirmed.	-	219.071
		Total		25.480	227.551

(3) This corresponds to the estimated provision to implement IFRS 16, on the costs to be incurred in dismantling or restoring the place where the properties leased for the regional offices are located.

24. OTHER LIABILITIES

The following is the breakdown of other liabilities, as of December 31, 2021 and 2020:

	2021	2020
Prepaid income (1)	$ 141.294.854	$ 88.064.232
Interest arising from restructuring processes	2.287.557	2.509.964
Deferred credits - other	1.067.178	1.173.083
Credits to obligations receivable (2)	4.124.067	20.921.994
Income received for third parties	507	24.240
Sundry - Agreements (3)	108.760.493	128.195.869
	$ 257.534.656	$ 240.889.382

(1) The disaggregation of prepaid income is as follows:

	Dec. 31 2020	Charges	Amortization	Dec. 31 2021
Interests	$ 88.064.232	$ 144.132.316	$ 90.901.694	$ 141.294.854

	Dec. 31 2019	Charges	Amortization	Dec. 31 2020
Interests	$ 93.708.336	$ 84.143.513	$ 89.787.617	$ 88.064.232

Interest corresponds to the amortization of prepaid income from the agreements that calculate NPV in the specific lines of credit for this purpose. During 2021, SMEs' direct support line resources from agreements 389 and 320 were mainly used, of which $33,353 and $3,161, respectively, have yet to be amortized.

(2) It corresponds to payments made by customers for surpluses of ordinary and extraordinary rents, and prepaid rents. These applications are subject to permanent follow-up and communication with customers.

(3) These balances are mainly resources received from Ministries, Governors' Offices and Mayors' Offices to finance lines with rate differentials. They include the payment received on November 27, 2020, from the National Treasury Directorate in the amount of $ 42,225,000, for the direct support line for SMEs. As of December 31, 2021, and 2020, there were 206 and 135 and agreements, respectively.

25. EQUITY

25.1. Capital stock: The following is the breakdown of capital, as of December 31, 2021, and 2020:

	2021	2020
Bicentenario Group S.A.S.	$ 1.059.563.515	$ 1.059.563.515
Private parties	3.031.453	3.031.453
	$ 1.062.594.968	$ 1.062.594.968

The number of subscribed and paid-in shares is as follows:

	2021	2020
Bicentenario Group S.A.S. (Class "A" Shares) Common	$ 1.059.563.515	$ 1.059.563.515
Private Investors (Class "B" Shares) Common	2.118.779	2.118.779
Private Investors (Class "C" Shares)	912.674	912.674
	$ 1.062.594.968	$ 1.062.594.968

The shares of the C series have a minimum annual preferential dividend equivalent to 3.5% of the equity value of the share at the beginning of the year, charged to the profits the General Assembly decrees for calculation. This minimum preferential dividend will be effective in principle for eight (8) years. At the end of such period, the Bank will compare the average value of the share registered in the Colombian Stock Exchange during the twelve (12) months prior to the month of the comparison, against the average equity value of the share during the same period.

If the average value on the Stock Exchange is equal to or greater than 110% of the average equity value, the privilege will be extinguished and, as a result, the preferred minimum dividend will be suspended. Otherwise, the privilege will be extended for five (5) years, at the end of which the Bank will perform again the comparison of average values in the same order. If the average value in the stock market continues to be less than 110% of the average equity value, the privilege will be extended for three (3) successive periods of two (2) years, under the understanding that at the end of each of such periods the Bank will perform the comparison of average values. If the indicated periods have expired and the average value in the Stock Market continues to be less than 110% of the average equity value, the privilege will be extended for one (1) more year, after which it shall be extinguished.

The extinction of the privilege, regardless of the moment it occurs, will cause these shares to become ordinary and give rise to the consequent substitution of the securities. If the General Assembly provides for the recognition of a dividend higher in value to the preferential minimum, the payment of the latter shall prevail over the former.

Regarding the settlement of the privilege enshrined in the preceding paragraphs, Bancóldex will proceed in accordance with the following formula:

Minimum Preferential Dividend = Equity Value of the Share at the beginning of year N x 3.5%.

Where:

Equity Value of the Share at the beginning of Year N = Total equity as of December 31 of year N - 1 / Total shares outstanding.

The payment of the anticipated minimum preferential dividend is ordered by the General Assembly of Shareholders of the Bank and charged to the net profits of the respective period. Therefore, notwithstanding the provisions established in section 2 of Article 381 of the Commercial Code, the payment dates of the preferred dividend correspond to the dates indicated by such instance and, if the Bank does not yield profits in a given fiscal year, or they are not enough to meet the foresaid payment, the total or partial value of the unpaid dividend will be accumulated to be paid from the net profits of the following period. If there are not profits during the foresaid fiscal year, or if they are not sufficient, they will be accumulated in the same manner and so on.

An economic privilege was established for the shareholders of the "C" series and for a period of eight (8) years starting in 1994. It consists in an annual preferential minimum dividend equivalent to 3.5% of the equity value of the share at the beginning of the year, charged to the profits decreed by the General Assembly for its calculation. By decision of the General Assembly of Shareholders of August 21, 2002, March 31, 2008, March 22, 2013 and March 26, 2018, the privilege has been extended for a term of five more years; considering that the listing value is a simple reference to know whether the privilege is extended or not, in principle for five years and then for three successive periods of two years. The General Shareholders Assembly ordered to take zero (0) as the listing value in stock exchanges and continue with the privilege for five additional years.

25.2. Reserves*:* The information on reserves as of December 31, 2021 and 2020 is as follows:

		2021		2020
Legal				
Appropriation of net income	$	184.565.184	$	171.287.664
Statutory				
Protección -Private Equity Funds		49.346.690		49.346.690
Occasional				
Tax provisions		32.606.525		27.845.167
	$	266.518.399	$	248.479.531

Legal reserve: As per legal provisions, every credit establishment must constitute a legal reserve, appropriating ten percent (10.0%) of the net profits of each year until reaching fifty percent (50.0%) of the subscribed capital. The legal reserve cannot be used to pay dividends or to cover expenses or losses during the time the Bank has undistributed profits.

Statutory and occasional reserves: They are approved by the General Shareholders Assembly. Law 1819 of December 29, 2016 in section 10 of article number 376, validity, and derogations, repealed Article 1, Decree 2336 of 1995, which set forth the obligation to establish tax reserves, on fiscally unrealized income. However, the General Shareholders Assembly approved the constitution of an occasional reserve supported by tax regulations, on unrealized profits, such as valuation of investment portfolio, valuation of private equity funds and valuation of operations with financial derivatives.

25.3 Net earnings per share - The following table summarizes the net earnings per share for the periods ended December 31, 2021, and 2020:

		2021		2020
Profit for the year	$	55.318.307	$	132.703.491
Common shares outstanding		1.062.594.968		1.062.572.745
Basic and diluted net earnings per share		52.06		124.89

The Bank does not have shares with dilutive effects.

25.4 Net distribution for the period - The following is the breakdown of the distribution as of December 31, 2021 and 2020:

Statutory reserve	$	13.277.520	$	12.687.884
Occasional reserve		4.761.348		(4.669.057)
Accumulated earnings from previous years		(132.703.491)		(126.833.936)
Net income distribution	$	(114.664.623)	$	(118.815.109)

In 2021, the payment of cash dividends was made for $114,664,623, represented in series A common shares for $107.91, paid on December 7, 2021, series B common shares, and series C preferred shares of $ 107.91, paid on June 23, 2021, for a total of 1,062,556,872 shares.

In 2020, the payment of cash dividends was made for $118,815,109, represented by series A common shares of $111.82, paid on December 15, 2020, series B common shares, and series C preferred shares of $ 111.82, paid on July 29, 2020, for a total of 1,062,556,872 shares.

26. OTHER INCOME

The breakdown of other income is as follows:

Reversal of impairment loss (*)	$	219.153	$	120.279
Investment property leases		1.670.458		1.723.786
For sale of property and equipment		5.458		380
Income from the FNG		1.200.381		1.051.436
Reimbursement of expenses from previous periods		1.424.640		718.418
Revaluation of investment properties		951.741		-
Recovery of written-off portfolio		8.803		7.068
Other		1.795.023		1.473.854
	$	7.275.657	$	5.095.221

(*) In 2021, it is mainly due to the recovery of the labor proceedings provision for $219,071. In 2020, it is mainly due to the recovery of the labor proceedings provision for $106,801, in which a judgment was issued against the Bank.

27. OTHER EXPENSES

The disaggregation of other expenses is as follows:

	2021	2020
Contributions and enrollments	$ 3.504.663	$ 2.940.613
Insurance	1.620.419	1.270.565
Maintenance and repairs	5.251.802	5.071.823
Adaptation and installation of offices	381.178	456.449
Fines and penalties	24.484	509.316
Legal and notarial expenses	21.763	16.871
Loss on sale of property and equipment	16.534	-
Management and brokerage services	99.657	-
Cleaning and security services	792.816	612.141
Temporary services	2.121.151	669.860
Advertising and publicity	273.351	183.134
Public relations	52.626	33.963
Utilities	742.337	666.102
Electronic data processing	-	22.880
Travel expenses	557.049	108.129
Transportation	418.598	215.493
Supplies and stationery	45.844	40.610
Publications and subscriptions	369.866	309.976
Loss on sale of leased assets	391.806	-
Photocopying and Authentication Service	4.382	1.223
Digitization service	1.510	12.033
Reference books	2.733	1.287
Working lunches	101.662	32.178
Cafeteria supplies	72.760	46.100
Toiletries	56.515	50.246
Postage and courier services	156.093	124.191
Telex data transmission. SWIFT	1.589.016	1.329.496
Building management	735.260	1.328.435
Minor Fixtures and Fittings	12.107	3.528
Commercial information	946.089	747.116
Storage and custody of magnetic files	190.943	95.298
Contact Center	1.278.406	1.004.789
Stock exchange registrations	81.050	-
Alternate contingency processing service	735.855	38.960
Institutional Notices and Announcements	66.363	49.598
Corporate communications	220.977	213.572
Financial structuring of projects	-	200.352
Withholdings borne	156.746	218.111
VAT borne by Bancóldex	7.600	7.254
Prior period expenses (*)	235.227	863.617
Business Training and Business Sector Support Activities	564.955	202.183
Properties received in payment	942.374	355.059
Properties returned	748.284	487.340
Other minor expenses	1.588.703	676.766
	$ 27.181.554	$ 21.216.657

(*) In 2020, of this balance $769,176 corresponds to reversals of interest accrued from January to July 2020 by Arco Grupo Bancóldex, company absorbed in the merger with Bancóldex, and that in the reconciliation of receivables balances from August to December 2020 decreased the accrual, because of the financial relief granted to the Company's customers.

28. INCOME TAX

The tax provisions applicable to the Bank establish the income tax rate for 2021 and 2020 at 31% and 32%, respectively. Law 2010/2019 established additional income tax points for 2021 and 2020 equivalent to 3% and 4%, respectively. For Bancóldex, the income tax expense for the years 2021 and 2020 is determined at 34% and 36%, respectively.

28.1 Income tax recognized in profit or loss

	2021	2020
Current tax:		
With respect to the current year	$ 285.674	$ 35.607.530
	285.674	35.607.530
Deferred tax:		
With respect to the current year	5.654.189	22.191.087
Adjustments to deferred taxes attributable to changes in tax laws and rates	9.882.179	6.500.486
	15.536.368	28.691.573
Total tax expense related to continuing operations	$ 15.822.042	$ 64.299.103

The reconciliation between income before taxes and taxable net income for 2021 and 2020 is as follows:

Earnings before tax from continuing operations	$ 71.140.349	$ 197.002.594
Income tax expense calculated at 36% and 33%	24.187.719	70.920.934
Effect of non-deductible expenses on determining taxable income	1.956.142	10.657.593
Income (loss) on realization of investments	6.977.845	(397.678)
Income (loss) on realization of derivatives	(44.518.754)	1.768.149
Equity-method non-taxable income	(615.387)	(9.125.062)
Refunds not taxed when determining taxable profit	(10.086.171)	(10.498.771)
Effect of exempt or non-taxable income - Dividends	-	(2.338.319)
Fixed asset revaluation	(62.075)	49.698
Unrealized asset and liability restatement	38.530.424	3.905.283
Other	(3.165)	2.446.865
Tax discount (ICA)	(830.210)	(3.175.315)
Net income from assets held for more than two years	285.674	85.726
	2021	2020
Income tax expense by ordinary income system	15.822.042	64.299.103

	2021	2020
Income tax expense recognized in profit or loss (related to continuing operations)	$ 15.822.042	$ 64.299.103

Income tax was settled through the ordinary income system, resulting in a net loss and a capital gains tax in 2021 for 285,674.

As provided in IAS 12.58 (a), current and deferred taxes shall be recognized as income or expense and included in profit or loss, except to the extent that they arise from transactions or events recognized outside of profit or loss, either in other comprehensive income or directly in equity.

Reconciliation of the nominal tax rate and the effective rate - The effective tax rate is reconciled following the following regulatory parameters in force as of December 31, 2021, and December 31, 2020.

- The tax provisions applicable to the Bank establish that the income tax must be settled at a general rate of 31% for 2021.

- Law 2010/2019 established the general income tax rate at 31% for 2021. Additionally, it laid out the payment for the same year of some additional points to the income and ancillary taxes of 3%, setting the rate at 34%.

- Deferred taxes are levied at the rate at which temporary differences are estimated to be reversed. Law 2155/2021 established the general income tax rate at 35% and additional points to the income tax of 3% until 2025.

- For 2020, the presumptive income is reduced to 0% of the net worth.

- Tax losses determined as of taxable year 2017 may be offset with net income obtained within the following twelve (12) years.

28.2 Current tax assets

	2021	2020
Current tax liabilities	$ 285.674	$ 35.607.530
Prepayments and withholdings	(55.594.807)	(67.064.489)
Total credit balance of income tax (1)	$ (55.309.133)	$ (31.456.959)

(1) The credit balance mainly originates from the offset of the prepayment of income tax and prepayment of the income surtax equivalent to 3% that should have been reported in the assessment of the income and ancillary taxes for 2020. For 2021, taxable income decreased, which reduced the current income tax.

28.3 Income tax recognized in Other Comprehensive Income

	2021	2020
Deferred tax from transactions with equity participants:		
Foreign exchange gain (loss) on investments in foreign investments	$ 1.018.029	$ 296.951
Profit (loss) on valuation of capital funds	21.779.117	7.216.606
Unrealized gain (loss) on available-for-sale investments	(69.108.936)	21.008.630
Cost of uncontrolled investments	348.735	156.853
Revaluation of assets	2.256.557	2.946.485
Impairment IFRS 9	69.117	67.142
Hedging derivatives	(6.195.363)	(6.029.698)
Finance leases	(150.250)	(145.957)
Total income tax recognized in other comprehensive income	$ (49.982.994)	$ 25.517.012

28.4 Deferred tax balances - The following is an analysis of the deferred tax assets/liabilities presented in the Statement of Financial Position:

	2021	2020
Deferred tax assets		
Provisioned expenses	$ 121.263	$ 98.654
Loss on the valuation of derivatives	-	23.067.014
Unrealized exchange difference on liabilities	138.813.946	24.533.293
Fiscal Loan(*)	30.639.686	-
Other assets	34.293	33.180
Properties for lease	1.991.199	641.888
Arco Assets	255.216	176.909
Impairment IFRS 9	296.927	381.255
Dismantling	31.500	30.600
Hedging derivatives – Other comprehensive income	6.195.363	6.029.699
Finance leases - Arco	351.824	429.404
Finance leases – Other comprehensive income	150.250	145.957
Investment portfolio valuation	69.108.935	-
Total deferred assets	247.990.402	55.567.853
Deferred tax liabilities		
Investment portfolio valuation	1.941.814	7.645.496
Profit on the valuation of derivatives	35.762.133	76.189
Valuation of equity fund returns	4.501.333	3.858.285
Difference in exchange rate investments	926.617	794.243
Cost of real estate and personal property	9.695.125	8.606.045
Unrealized foreign exchange difference	80.597.692	9.126.442
Financial obligation for lease properties	2.025.365	730.134
Financial obligation for Arco lease properties	354.768	427.840

	2021	2020
Other deferred tax liabilities - OCI	25.471.555	31.692.667

Total deferred liabilities	161.276.402	62.957.341
Total	$ 86.714.000	$ (7.389.488)

(*) Income assessment shows tax loss; therefore, a deferred tax asset is included considering that according to projections, Bancóldex has future taxable income. The deductible temporary difference will be offset by such income.

2021	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in OCI to profit or loss	Closing balance
Deferred tax (liability) / asset related to:					
Derivatives	$ 29.024.168	$ (94.168.751)	$ 165.665	$ 35.414.462	$ (29.564.456)
Property and equipment	(8.606.046)	(1.089.080)	-	-	(9.695.126)
Revaluation	(2.946.485)	-	689.928	-	(2.256.557)
Other assets	29.535	2.442	-	-	31.977
Finance leases	641.888	1.349.311	-	-	1.991.199
Finance leases Arco	429.404	(77.580)	-	-	351.824
Other assets Arco	176.907	78.307	-	-	255.214
Intangible Asset	-	-	-	-	-
Unrealized difference in exchange rate assets and liabilities	15.406.852	40.726.200	-	-	56.133.052
Fiscal Loan	-	30.639.686	-	2.083.203	32.722.889
Financial assets at fair value through profit or loss	(7.645.496)	9.061.499	-	-	1.416.003
Available-for-sale financial assets	(21.008.630)	-	90.117.566	(3.357.816)	65.751.120
Valuation of equity funds	(11.074.891)	(643.049)	(14.562.511)	-	(26.280.451)
Foreign exchange difference on foreign transactions	(1.091.194)	(132.374)	(721.078)	-	(1.944.646)
Provisions (administrative expenses - decommissioning)	129.255	23.509	-	-	152.764
Cost of foreign currency investments	(156.853)	-	(191.882)	-	(348.735)
Other financial liabilities	(584.180)	(1.295.231)	4.293	-	(1.875.118)
Other financial liabilities Arco	(427.836)	73.072	-	-	(354.764)
Impairment - IFRS 9	314.115	(84.328)	(1.976)	-	227.811
Total	$ (7.389.487)	$ (15.536.367)	$ 75.500.006	$ 34.139.849	$ 86.714.000

2020	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Deferred tax (liability) / asset related to:				
Derivatives	$ 31.883.800	$ (7.460.717)	$ 4.601.085	$ 29.024.168
Property and equipment	(8.139.176)	(466.870)	-	(8.606.046)
Revaluation	(2.661.130)	-	(285.355)	(2.946.485)
Other assets	29.535	-	-	29.535
Finance leases	1.032.602	(390.714)	-	641.888
Finance leases Arco	624.930	(195.526)	-	429.404
Other assets Arco	-	176.907	-	176.907
Intangible Asset	-	-	-	-
Unrealized difference in exchange rate assets and liabilities ME	28.791.699	(13.384.847)	-	15.406.852
Financial assets at fair value through profit or loss	(23.211)	(7.622.285)	-	(7.645.496)
Available-for-sale financial assets	(18.700.426)	-	(2.308.204)	(21.008.630)
Valuation of equity funds	(12.803.198)	-	1.728.307	(11.074.891)
Foreign exchange difference on foreign transactions	(928.192)	-	(163.002)	(1.091.194)
Provisions (administrative expenses - decommissioning)	152.409	(23.154)	-	129.255
Cost of foreign currency investments	(102.519)	-	(54.334)	(156.853)
Other financial liabilities	(993.397)	417.802	(8.585)	(584.180)
Other financial liabilities Arco	(667.052)	239.216	-	(427.836)
Impairment - IFRS 9	291.549	18.616	3.950	314.115
Total	$ 17.788.223	$ (28.691.572)	$ 3.513.862	$ (7.389.487)

29. CONTINGENCIES

As of December 31, 2021, and 2020, the Bank had legal proceedings in favor and against it. The claims of the proceedings were valued based on the attorneys' analysis and opinions. The following contingencies were determined:

Creditor contingencies (proceedings against)

Labor lawsuits - As of December 31, 2021, and 2020, labor lawsuits were recorded for $287,388 in contingency accounts.

The following is the breakdown of the labor proceedings, with possible classification (medium)

Proceeding Type	Parties	General Information	Proceeding Status	2021	2020
LABOR	JORGE MARIO JARAMILLO CARDONA VS BANCÓLDEX AND OTHERS	Nature: Ordinary labor proceeding concerning an undetermined claim. Identification: Labor Court 8 of the Bogotá Circuit (11001310500820190068000)	The Bank was notified of the proceeding and responded to the claim. On November 11, 2020, the proceeding was set for court decision.	287.388	287.388
		Total		287.388	287.388

Civil Proceeding - As of December 31, 2021, there were no ongoing proceedings, with possible assessment (medium).

As of December 31, 2020, the proceeding with JAMES HELBERT CARVAJAL was assessed as Possible and as of December 31, 2021 it was assessed as Eventual or Remote; therefore, it is not disclosed.

Contingencies on accounts receivable (proceedings by the Bank)

Labor proceedings - As of December 31, 2021 and 2020, judicial proceedings claim assessment amounted to $1,202,206, for the two closing dates, no variation was observed.

The following is a disaggregation of the labor proceedings:

Parties	General Information	Proceeding Status	2021	2020
BANCÓLDEX vs. ALIANSALUD E.P.S. - ADRES	Nature: Ordinary labor proceeding. Identification: Bogotá Circuit Labor Court 5. 11001310500520190017300	On September 11, 2020, the trial court judgment was issued, which declared the exception of the absence of an obligation proven. The defendants were acquitted of all the claims. Bancóldex was ordered to pay court costs and attorney's fees; however, the Bank's attorney filed an appeal, which granted a stay of execution.	68.275	68.275
BANCÓLDEX vs. CAFESALUD E.P.S. - ADRES	Nature: Ordinary labor proceeding. Identification: Bogotá Circuit Labor Court 15. 11001310501520190017100	A lawsuit was filed on March 6, 2019. On June 04, 2019, the court ordered to forward the file to the Bogotá Administrative Judges. On June 07, 2019, an appeal was filed. The lawsuit was rendered inadmissible, and the correction was filed. The lawsuit was notified. Cafesalud S.A. was subject to takeover for liquidation. On September 30, 2019, a claim for debts was filed.	565.515	565.515
BANCÓLDEX vs. COMPENSAR E.P.S. - ADRES	Nature: Ordinary labor proceeding. Identification: Labor Court	A lawsuit was admitted on May 2, 2019, and notified to Compensar EPS, which responded to the claim.	132.811	132.811

Parties	General Information	Proceeding Status	2021	2020
	12 of the Bogotá Circuit. 11001310501220190016500	The lawsuit was amended, and the Bank requested to implead ADRES. The EPS responded to the amended claim. A hearing date was set for March 10, 2021, at 9:00 A.M.		
BANCÓLDEX vs. SURA E.P.S. - ADRES	Nature: Ordinary labor proceeding. Identification: Labor Court 25 of the Bogotá Circuit. 11001310502520190018500	Proceeding notified to the defendants. The EPS responded to the claim.	55.701	55.701
BANCÓLDEX vs. FAMISANAR E.P.S. - ADRES	Nature: Ordinary labor proceeding. Identification: Labor Court 36 of the Bogotá Circuit 11001310505021202000113OO	The lawsuit has been corrected.	61.374	61.374
BANCÓLDEX vs. SANITAS E.P.S. - ADRES	Nature: Ordinary labor proceeding. Identification: Labor Court 32 of the Bogotá Circuit 11001310503220190072300	The Bank filed proof of having personally served Sanitas S.A. and a brief. The EPS responded to the claim.	145.997	145.997
BANCÓLDEX vs. COOMEVA E.P.S. - ADRES	Nature: Ordinary labor proceeding. Identification: Labor Court 31 of the Bogotá 11001310503120190050100	On November 5, 2020, the court passed judgment in favor of the Bank. Coomeva is sentenced to pay, including default interest from the time the refund was requested. The judgement ordered to pay court costs and attorney's fees in the amount of half a statutory minimum wage. An appeal was filed.	47.225	47.225
BANCÓLDEX vs. Cruz Blanca E.P.S. - ADRES	Nature: Ordinary labor proceeding. Identification: Labor Court 27 of the Bogotá Circuit. 11001310502720190016800	The court ordered to summon the EPS, which responded to the claim. Cruz Blanca EPS was taken over for liquidation, and the Bank filed a claim for debts.	19.024	19.024
BANCÓLDEX vs. Nueva E.P.S. - ADRES	Nature: Ordinary labor proceeding. Identification: Labor Court 33 of the Bogotá Circuit. 11001310503320190013700	Lawsuit served on the defendants. The EPS responded to the claim.	32.949	32.949

Parties	General Information	Proceeding Status	2021	2020
BANCÓLDEX vs. Salud Total E.P.S. - ADRES	Nature: Ordinary labor proceeding. Identification: Labor Court 38 of the Bogotá Circuit. 11001310503820190018000	Salud Total EPS responded to the claim. ADRES was impleaded. On November 15, 2019, the court admitted the response and the impleader. It ordered notification.	25.934	25.934
BANCÓLDEX vs. SALUDCOOP E.P.S. - ADRES	Nature: Ordinary labor proceeding. Identification: Labor Court 20 of the Bogotá Circuit. 11001310502020190019800	On December 9, 2019, the court ordered to serve the defend at the new address. On December 10, 2019, Saludcoop's attorney-in-fact personally served the Bank.	41.099	41.099
BANCÓLDEX vs. Servicios Occidentales de Salud E.P.S. - ADRES	Nature: Ordinary Labor Proceeding. Identification: Court 3 of Small Labor Cases of Cali Valle del Cauca. 760014105003201900415 00	Lawsuit admitted, hearing set for April 8, 2021.	6.302	6.302
Total			1.202.206	1.202.206

Administrative litigation proceedings. As of December 31, 2021, and 2020, the result of assessing the claims of the administrative proceedings against the Comptroller General's Office amounted to $5,232,227.

Additionally, there were two proceedings with the District of Cartagena assessed as Possible:

Cartagena Tourism District - No Amount.
Tourist District of Cartagena - No Amount

Civil proceedings **-** As of December 31, 2021, and 2020, the result of the valuation of the claims in civil proceedings corresponded to:

Carlos Guillermo Rojas Prieto $17,903
Francisco Antonio Forero Rojas - No Amount

Executory proceedings. As of December 31, 2021, and 2020, the result of assessing the claims of the court proceedings amounted to $ 6.337.776 and $6.397.868, respectively.

The following is a breakdown of the executory proceedings:

Parties	General Information	Proceeding Status	2021	2020
BANCÓLDEX vs. Giraldo y Duque S.A. and C.I. Giraldo Duque Ltda. (International portfolio C.F.)	Nature: Singular Executory Proceeding Concerning a Large Claim. Identification: Civil Court 5 of the Palmira Circuit. 2017-0006	Principal debtors admitted in the reorganization procedure. The Bank is awaiting recognition of the credits within the debt rating.	320,833	320,833

BANCOLDEX

Parties	General Information	Proceeding Status	2021	2020
BANCÓLDEX Vs. ALVARO PIO ARCINIEGAS ESPAÑA (International portfolio C.F.)	Nature: Mortgage Executive Proceeding. Identification: Second Municipal Civil Court of Pasto. 52001400300220170014600	Official notice of a lien placed against real property which is affected by mortgage in favor of the Bank was recorded. Seizure is enacted and a writ delegating the authority to examine evidence to another judge is filed at Pasto inspection to process seizure. Date to process the seizure is pending to be designated. It depends on the decision for an appeal filed by the Bank. Process with an order to continue with the execution; credit liquidation approved, and without effective precautionary measures.	43,793	43,793
BANCÓLDEX vs. IKONOS INMOBILIARIA S.A.S., MARIA ANGELICA NIÑA PEÑA, CAMPO ELÍAS LÓPEZ DAZA and DIANA JUDITH LOPÉZ CAICEDO (International Portfolio C.F.)	Nature: Singular Executory Proceeding concerning a Large Claim. Identification: 5th Civil Court of the Circuit of Barranquilla. 2017-279	An investigation and trial hearing were held on March 13, 2019. The court passed judgment that ordered to continue with the execution. The Bank is awaiting the setting of a date for sequestration of the seized assets.	1,860,336	1,860,336
BANCÓLDEX vs. COMERCIALIZADORA FUNDIALUMINIOS ALVARO HERNANDEZ GIRALDO MARIA FERNANDA HERNANDEZ MEDINA (International Portfolio C.F.)	Nature: Singular Executory Proceeding Concerning a Small Claim Identification: Dosquebradas Municipal Civil Court 2. 66170400300220170023400	The Bank found a real estate property owned by a co-debtor and registered the seizure.	-	60,092
BANCÓLDEX vs. TRITURADOS Y PREFABRICADOS	Nature: Singular Executory Identification : Civil Court 1 of the Neiva Circuit41001310300120170018800	On September 23, 2019, a judgment hearing was held. The court declared that the exceptions were not proven and ordered	2,407,407	2,407,407

Parties	General Information	Proceeding Status	2021	2020
		to continue with the execution. The defendants were ordered to pay court costs and attorney's fees according to the law.		
BANCÓLDEX vs. . José Luis Ovalle (International portfolio C.F.)	Nature: Mortgage Executory Proceeding (initial) Concerning Small Claims - 20001400300300720180021500 Identification: Valledupar Municipal Civil Court 1	A lawsuit was filed on May 21, 2018. A payment order was issued on June 22, 2018. Bancolombia requested displacement of the seizure by under the mortgage guarantee with the Bank. On June 29, 2018, the Valledupar Chamber of Commerce admitted the insolvency proceeding of a non-trading individual. On July 31, 2018, the court issues a processing order to give authentic copies of the assignment of the mortgage attached to the claim.	50,000	50,000
BANCÓLDEX Vs. Reimpex S.A.S. (International C.F.)	Nature: Small Claims Singular Executive Proceeding 05001400302420180049500. Identification: Municipal Civil Oral Court 24 of Medellín.	The main debtor was admitted in a reorganization process and an agreement thereof has been confirmed. According to information found in the legal deposit system of the municipal civil execution office and in the Agrarian Bank system, the court confirms that there are no pending monies to deliver in this process either in the original court or in the civil execution office.	88,430	88,430
BANCÓLDEX vs. Centro Internacional de	Nature: Singular Executory Proceeding Concerning Large Claims	The auction date was set for January 28, 2020.	270,000	270,000

Parties	General Information	Proceeding Status	2021	2020
Biotecnología - CIBRE (International C.F.)	11001310300120140052900. Identification: Civil Court 1 of the Bogotá Executory Circuit (Originating Court: Civil Court 1 of the Bogotá Circuit).	Auction declared void due to a lack of bids		
BANCÓLDEX vs. Districacharrería la 13 S.A.S. (International C.F.)	Nature: Executory Proceeding Identification: Civil Court 1 of the Santa Marta Circuit 47001315300120190008300.	A payment order was issued, and seizures were recorded on the properties found.	381,421	381,421
BANCÓLDEX VS Artefacto Constructores S.A.S.	Nature: Executory Identification: Municipal Court 08 of Cali. Proceeding No. 76001400300820190090043400	A payment order was issued, and precautionary measures were registered.	106,470	106,470
BANCÓLDEX VS Comercializadora Seul FD LTDA. - Francisco Oriel Duque Zuluaga	Nature: Mortgage foreclosure Identification: Court 02 Bogotá Civil Circuit1100131030010300220190041500	A payment order was issued, and precautionary measures were registered.	219,515	219,515
BANCÓLDEX VS ASOCIACION ONG AVANSAR	Nature: Executory proceeding Identification : Mixed Court of the Saravena (Arauca) Circuit 81-736-31-89-001-2019-00376-00-00	A lawsuit was filed on December 19, 2019. The payment order was issued on January 21, 2020. Seizure measures were decreed for the following real estate properties 1. Seizure of the real estate property identified with Property Registration Folio 410-64763. (Registered) The defendant requested reduction of seizures. The Bank requested the court not to release any property. The court rejected the request to reduce the seizures.	589,571	589,571
Total (*)			6,337,776	6,397,868

(*) The variation compared to 2020 is due to the reclassification for the litigation with Fundialuminios in the amount of $60,092, which goes from Possible to Rare or Remote.

30. OPERATING SEGMENTS

Operating segments are defined as a component of an entity: (i) that carries out business activities from which it can obtain revenue and incur expenses; (ii) whose operating results are reviewed on a regular basis by the highest authority in making the entity's operating decisions on the funds that should be allocated to the segment and assess its performance; and (iii) for which differentiated financial information is available.

In accordance with this definition, the Board of Directors, the highest authority in making operational decisions, regularly reviews and evaluates a variety of information and key financial figures of the Bank's results as a whole to assess the performance and make decisions related to the investment and allocation of funds. So, the Bank operates in the following business segments as of December 31, 2021, and 2020:

Cifras en miles de pesos	31 de diciembre de 2021						
	Cartera COP	Cartera USD	Portafolio	Tesoreria (*)	Comisiones	Otros	Total
Monto activo principal Relacionado*	5.969.178.766	1.180.501.315	1.599.860.885	871.859.311	0	681.800.213	10.303.200.491
ESTADO DE RESULTADOS:							
Ingresos generados	354.292.404	31.450.091	52.173.465	204.200	0	1.337.471	439.457.631
Gastos financieros	206.263.856	10.363.138	9.802.886	1.238.345	0	0	227.668.226
Ingresos y/o gastos Financieros (incluye comisiones)	-13.661.397	-5.918.843	-2.667.175	-1.731.269	3.055.312	-99.657	-21.023.030
Margen financiero bruto	**134.367.150**	**15.168.109**	**39.703.404**	**-2.765.415**	**3.055.312**	**1.237.815**	**190.766.376**
Provisiones saldo cartera	17.551.981	-7.424.174					10.127.807
Margen financiero neto	**116.815.170**	**22.592.283**	**39.703.404**	**-2.765.415**	**3.055.312**	**1.237.815**	**180.638.569**
Gastos de funcionamiento:	65%	13%	9%	4%	3%	6%	
Gastos administrativos	66.268.195	13.134.059	9.278.754	4.504.002	3.022.100	6.362.214	102.569.324
Impuestos del negocio financiero	20.287.004	1.126.245	538.097	916.094	183.397	327.632	23.378.471
Otras provisiones	6.238.390	-43.480	0	0	0	-4.351.194	1.843.717
Utilidad operacional	**24.021.581**	**8.375.458**	**29.886.552**	**-8.185.511**	**-150.185**	**-1.100.837**	**52.847.058**
Neto otros ingresos/gastos (incluye dividendos)	1.200.381	0	0	0	909.071	16.183.840	18.293.292
Utilidad antes de TX	**25.221.962**	**8.375.458**	**29.886.552**	**-8.185.511**	**758.886**	**15.083.003**	**71.140.349**
Impuesto de renta							15.822.042
Utilidad neta							**55.318.307**

Cifras en miles de pesos	31 de diciembre de 2020						
	Cartera COP	Cartera USD	Portafolio	Tesoreria (*)	Comisiones	Otros	Total
Monto activo principal Relacionado*	6.337.390.057	1.243.364.843	1.629.282.479	579.372.483	0	579.641.252	10.369.051.115
ESTADO DE RESULTADOS:							
Ingresos generados	400.357.938	66.081.852	90.943.259	4.965.223	0	1.890.880	564.239.153
Gastos financieros	245.872.557	37.867.989	13.468.448	209.894	0	0	297.418.887
Ingresos y/o gastos Financieros (incluye comisiones)	-8.359.952	-6.905.793	-2.221.092	-1.763.944	1.525.516	0	-17.725.264
Margen financiero bruto	**146.125.430**	**21.308.071**	**75.253.719**	**2.991.385**	**1.525.516**	**1.890.880**	**249.095.001**
Provisiones saldo cartera	-10.301.584	-14.426.129					-24.727.712
Margen financiero neto	**156.427.013**	**35.734.200**	**75.253.719**	**2.991.385**	**1.525.516**	**1.890.880**	**273.822.714**
Gastos de funcionamiento:	59%	17%	11%	5%	3%	5%	
Gastos administrativos	51.576.300	14.985.356	9.618.767	4.381.390	2.588.197	3.980.401	87.130.411
Impuestos del negocio financiero	22.217.057	1.666.364	547.073	1.080.594	139.499	205.871	25.856.459
Otras provisiones	3.428.531	-75.670	0	0	0	5.675.755	9.028.616
Utilidad operacional	**79.205.126**	**19.158.151**	**65.087.879**	**-2.470.599**	**-1.202.180**	**-7.971.147**	**151.807.228**
Neto otros ingresos/gastos (incluye dividendos)	1.051.436	-139.285	0	0	884.238	43.399.201	45.195.365
Utilidad antes de TX	**80.256.562**	**19.018.865**	**65.087.879**	**-2.470.599**	**-317.942**	**35.428.053**	**197.002.593**
Impuesto de renta							64.299.102
Utilidad neta							**132.703.491**

Assets and liabilities

December 31, 2021

	COP portfolio	USD portfolio	Portfolio	Treasury	Other	Total
Assets	5.969.178.766	1.180.501.315	1.599.860.885	150.778.052	1.402.881.472	10.141.924.089
Liabilities	5.969178.766	1.180.501.315	646.431.625	150.778.052	1.053.589.708	8.839.203.065

December 31, 2020

	COP portfolio	USD portfolio	Portfolio	Treasury	Other	Total
Assets	6.337.390.057	1.243.364.843	1.629.282.479	44.950.307	1.058.495.575	10.313.483.261
Liabilities	6.337.085.720	1.243.364.843	829.282.479	44.950.307	290.544.923	8.745.228.272

31. RELATED PARTIES

The Bank considered the participation of the related parties in profit generation; the existence of the relationship with related parties such as shareholders, members of the Board of Directors and Directors of the Bank, subordinated entities and entities of the same parent company are clear examples of persons or entities that influence or may influence P&L and the financial situation of the Bank. It was also considered that the previously listed parties could carry out transactions that other parties, lacking relationship, could not. Therefore, a register is kept with the balances of assets and liabilities resulting from the reconciliation of balances, as well as the income and expenses incurred in each period corresponding to operations with related parties, as explained in detail below:

- *Shareholders:* set of transactions performed as a related party as defined in IAS24.

- *Administrators:* the President and Vice-Presidents of the Bank are considered administrators.

- *Subordinates:* entity over which control is held as per the definition of control of IFRS 10, Fiduciaria Colombiana de Comercio Exterior S.A. – Fiducóldex.

Transactions with related parties - The Bank may carry out operations and enter into agreements or contracts with related parties, under the understanding that any such operations will be carried out at fair values in accordance with market conditions and rates.

During the periods completed on December 31, 2021 and 2020, none of the following operations were carried out between the Bank and its related parties:

During the periods completed on December 31, 2021 and 2020, none of the following operations were carried out between the Bank and its related parties:

- Loans that imply an obligation for the borrower that does not correspond to the essence or nature of the loan contract.

- Loans with interest rates different from those that are ordinarily paid or charged to third parties under similar conditions of term, risk, etc.

- Operations whose characteristics differ from those conducted with third parties.

The grouping of balances and operations with shareholders, administrators, subsidiaries, and members of the Board of Directors is as follows:

Transactions with shareholders

	2021	2020
EQUITY		
Subscribed and paid-in capital		
Grupo Bicentenario S.A.S.	$ 1.059.563.515	$ 1.059.563.515

There were no free or compensated services, loans without interest or any other consideration, or transactions whose characteristics differ from those performed with third parties between the Bank and the aforementioned shareholder.

Operations with administrators

ASSET		
Loan portfolio		
Housing	$ 998.327	$ 741.694
Consumer	129.952	115.503
Accounts receivable		
Interest receivable	2.610	1.253
Social welfare	13.579	11.802
Other	22.803	15.524
Impairment		
Principal	(10.180)	(9.799)

Interest	(23)	(15)
	$ 1.157.068	$ 875.963

	2021	2020
LIABILITIES		
Accounts payable		
Social welfare	$ 584.485	$ 803.609
Other	34	242
Other liabilities		
Vacation	699.859	643.649
	$ 1.284.377	$ 1.447.500
INCOME		
Receivables income		
Loan interest	$ 23.168	$ 25.730
Income - Sundry		
Recoveries	2.433	927
Other Income	-	150
	$ 25.600	$ 26.807
EXPENSES		
Employee benefits		
Personnel Expenses	$ 4.669.424	$ 3.753.659
Expenses - Sundry		
Other	61.346	10.375
Provisions	2.628	2.948
	$ 4.733.398	$ 3.766.981

Assets mainly correspond to home loans and auto loans (their accounts receivable) granted in accordance with the term and rate conditions in force in the internal regulations for home loans and auto loans for the Bank's employees.

Transactions with subsidiary

ASSET		
Investments	$ 49.229.415	$ 48.951.867
Accounts receivable - Sundry	4.494	446.451
	$ 49.233.909	$ 49.398.318
LIABILITIES		
Accounts payable	$ -	$ 15.871
	$ -	$ 15.871
EQUITY		
Surplus under the equity method	$ 13.438.434	$ 12.565.561
	$ 13.438.434	$ 12.565.561
INCOME		

Equity method	$ 146.553	$ 762.040
Recoveries of provisions	-	280
Revenue from leases	761.387	808.992
	2021	**2020**
Lease Revenues	2.247	334
	$ 910.187	$ 1.571.646
EXPENSES		
Other expenses	$ 24	$ -
	$ 24	$ -

Investments for 2021 correspond to the 89.32% share that the Bank holds in Fiducóldex S.A.

Other income is mainly lease payments and reimbursement of shared expenses received from Fiducóldex.

Between the Bank and the subsidiary, there were no free or compensated services, loans without interest or any other consideration, or transactions whose characteristics differ from those made with third parties.

Transactions with members of the Board of Directors

ASSET		
Accounts receivable – Other	$ 207	$ -
	$ 207	$ -
LIABILITIES		
Suppliers	$ 3.609	$ 124.747
	$ 3.609	$ 124.747
EXPENSES		
Fees	$ 1.088.051	$ 1.019.014
	$ 1.088.051	$ 1.019.014

It corresponds to fees paid for attending meetings of the Board of Directors, Credit Committee, GAP Committee, Audit Committee and Capital Funds Committees, among others. Neither free-of-charge services nor paid services were offered between the Bank and the members of the Board of Directors. Neither were interest-free loans nor operations different from those carried out with third parties.

32. RISK MANAGEMENT

The Bank's risk management is a "cross-cutting" process throughout the organization. This process is carried out in a comprehensive manner and in compliance with current regulations and internal guidelines defined by the Board of Directors. Risk management includes the identification, measurement, control, and mitigation of risks in pursuit of the Bank's financial sustainability; and it is supported by an organizational structure that guarantees the independence of functions among the *front, middle* and *back-office* areas. This management is materialized through the interrelation of the Credit Risk Management System (SARC), the Market Risk Management System (SARM), the Liquidity Risk Management System (SARL), the Strategic Risk Management System (SARE), the Operational Risk Management System (SARO), the Environmental and Social Risk Management System (SARAS), and the Asset

Laundering and Financing of Terrorism Risk Management System (SARLAFT). Each of these systems includes policies, methodologies for measuring and monitoring risks, and clear identification of processes and procedures, amongst others.

The Board of Directors is the main body responsible for the Bank's risk management and as such it is responsible for the risk and organizational structure that supports the Bank's management procedures through the different risk systems on an individual and consolidated basis.

The organizational structure includes committees and dedicated areas whose priority is the activities related to risk management. They also support the definition of guidelines and strategies and the monitoring and control of such management. Similarly, the internal audit (on behalf of the Internal Comptroller Officer) and the Tax Auditing Office are informed of the operations carried out by the Bank and regularly submit reports related to their assessments on risk management.

Committees are decision-making bodies that support the Board of Directors for the management of different risk categories:

Instance	Risk category	Main functions
Risk Management Committee of the Board of Directors	Credit Risk Operational Risk Liquidity Risk Market Risk Strategic Risk Environmental and Social Risks	• Analyze policy proposals to address credit risk, market risk, liquidity risk and operational risk and recommend their adoption or rejection before the Board of Directors. • Approve general guidelines for credit risk management methodologies. • Provide input about the Bank's operational risk profile. • Approve contingency and business continuity plans and arrange necessary resources for their timely implementation.
External Credit Committee	Credit Risk	• Approve the counterparty credit limit for financial entities. • Make a recommendation to the Board of Directors to approve direct credit operations on behalf of companies for an amount greater than COP 30,000 million. • Approve credit operations on behalf of companies from COP 10,000 million to COP 30,000 million.
External SME Credit Committee -		• Approve credit limits on behalf of companies from COP 1,500 million to COP 10,000 million.
Audit Committee	Credit Risk Operational Risk Liquidity Risk Market Risk AL/FT Risk Strategic Risk	• Analyze audit results for risk management process. • Monitor risk exposure, its implication for the entity, mitigation measures and control measures implemented.

Instance	Risk category	Main functions
Internal Credit Committee	Credit Risk	• Approve issues concerning credit risk management methodologies. • Approve credit limits for small loans.
Portfolio Rating Committee	Credit Risk	• Approve debtors' credit ratings to calculate provisions. • Monitor debtors risk profile.
Asset and Liability Management Committee	Market Risk and Liquidity Risk	• Approve procedures and methodologies for managing market and liquidity risks. • Approve strategies for resource mobilization, resource attraction and hedging. • Monitor the Bank's liquidity position.
Inter-institutional Management and Performance Committee	Operational Risk and Strategic Risk	• Monitor the effectiveness and performance of SARO, MECI, and the Quality Management System by acting as the body that integrates and strengthens these management systems. • Acting as a body that is subordinate to the Board of Directors, recommend and approve risk profile measures, methodologies, and procedures for the management of operational risks. • Monitor the Bank's operational risk profile. • Analyze and approve information security policies and business continuity policies. • Recommend, control, and monitor the implementation of the Information Security Plan at the Bank. • Decision making in administrative processes and document management strategies.
Conglomerate Risk Committee	Credit Risk Operational Risk Liquidity Risk Market Risk SARLAFT Risk Strategic Risk	• Appear before Bancóldex' Board of Directors to propose the general policies on risk management that will apply to the entities of Bancóldex Group. • Monitor exposure to different types of risk, both for each entity of the Group and at a consolidated level.

Risk appetite framework statement. The Bank incorporated the risk appetite framework statement into the comprehensive risk management system, which the Board of Directors approved. In this regard, the Bank has consolidated risk limits and indicators for each type of risk (top-down and bottom-up approaches). These estimates consider adverse scenarios and the negative impact that could be produced on profitability, solvency, and liquidity levels if any of them materializes. The risk appetite framework also incorporates a governance structure that establishes responsibilities and powers to establish action plans and procedures to maintain the defined risk profile.

As far as the Bank is concerned, risk appetite, risk tolerance and risk capacity are determined based on three variables that are essential for financial sustainability: profitability, measured through ROE; capital, measured with the solvency margin; and liquidity, defined in terms of assets required to meet short-term obligations.

The established metrics and limits are reviewed on an annual basis; however, compliance with risk appetite limits is monitored regularly and its results are submitted before the respective authority. Should breaches for the limits defined in the risk appetite framework arise, these should be reported to the pertinent instance together with the actions to be taken to correct them.

a) *Liquidity risk*

Qualitative information - The liquidity risk management falls within the segregation of functions and the observance and adoption of best practices and requirements of regulatory and control entities. In this sense, the Bank's Treasury manages cash flow, considering funding costs and short-term cash commitments. The Financial Risk Department prepares and applies methodologies to warn, monitor, and forecast possible liquidity risk situations. The Operations Department ensures operational compliance with the Bank's cash transactions. The Internal Controller's Office guarantees compliance with the rules, policies, and processes related to the liquidity risk management system.

To measure liquidity risk, the Bank uses the reference method of SFC, which establishes the degree of exposure to such risk by calculating the Liquidity Risk Indicator (LRI) and the Net Stable Funding Ratio (NSFR / CFEN, acronym in Spanish). Likewise, the Bank has an internal model for measuring liquidity, early warning indicators, and stress scenarios.

The Bank's early warning system simulates scenarios that make up leeway for timely decision making. These alerts are an integral part of the liquidity contingency plan, together with the tools and procedures to mitigate potential liquidity risk situations. On the other hand, liquidity risk management includes periodic reports (daily, weekly, and monthly) to monitor the different indicators and alerts and thus expose this risk.

On an annual basis, the Bank reviews the policies, limits, processes, methodologies, and tools for the evaluation of the liquidity risk exposure to establish their validity and corroborate that they are following the regulations in force, the structure of the balance sheet positions and the best market practices. The internal model is validated through *back testing* tests to establish its level of reliability and, if necessary, adjust according to the business model environment.

The liquidity risk appetite framework statement is established through the level of liquid assets that the Bank must have to cover short-term needs or obligations. It uses the 30-day liquidity risk index (IRL30). The Bank's historical information is used to define the indicators and metrics as a basis. The appetite, tolerance, and capacity limits were established, considering confidence levels of 99%, 99.9%, and 99.99%, respectively.

In 2021, despite the continuation of pandemic scenarios, liquidity indicators remained at relatively high levels compared to previous years. The IRL and NSFR were above regulatory and internal limits, and the liquidity buffers, both Buffer and Backup, were sufficient to cover short- and medium-term needs. Treasury funding allowed the Bank to adequately meet its contractual commitments and funding requirements.

Quantitative information

Liquid assets. The following table shows the liquid assets at the market (discounting "haircut") discriminated by their degree of liquidity. The Bank has a high percentage of high-quality assets, which could be delivered to the Central Bank (Banco de la República) in case repo transactions are required.

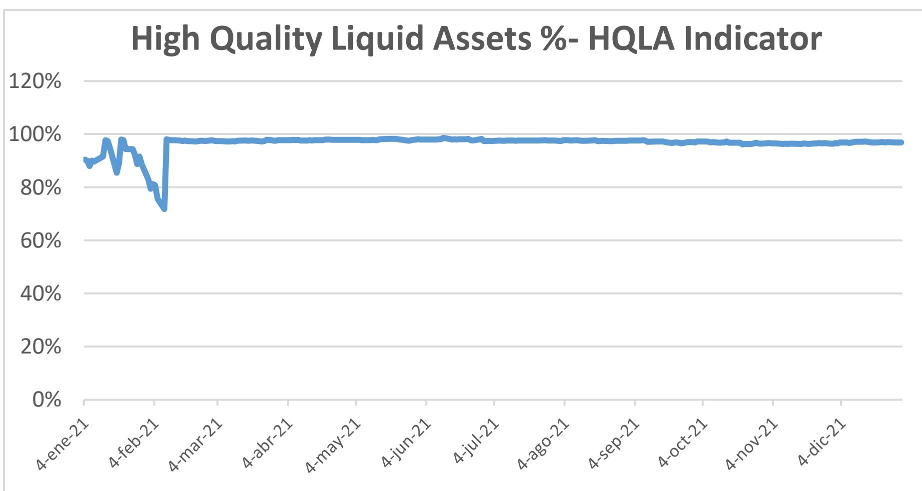
Discounted liquid assets

		2021		2020
Liquid Assets				
Cash	$	138.604.797	$	158.297.570
Investments High-quality securities		1.395.960.182		1.064.771.615
Other liquid assets		40.170.484		191.061.699
Total liquid assets	$	1.574.735.463	$	1.414.130.884

Liquid assets increased 11.36% compared to the previous year end and, on average, were at a level of $ 1,473,616,740. Although no significant changes were observed compared to 2020, the increase observed during 2021 was due to the increase in the positions in the investment portfolios aligned with the Bank's strategy.

High-quality liquid assets indicator – HQLA. During 2021, on average, the high-quality liquid assets indicator remained at 96.52%, i.e., almost all these assets can be used in money market transactions with the Central Bank, and their haircut is low.

The average of high-quality liquid assets increased compared to the previous year (95.77%) due to the increase in investment portfolios, including strategic, trading, and liquidity. These portfolios are made up of TES treasury bonds considered high-quality investments.



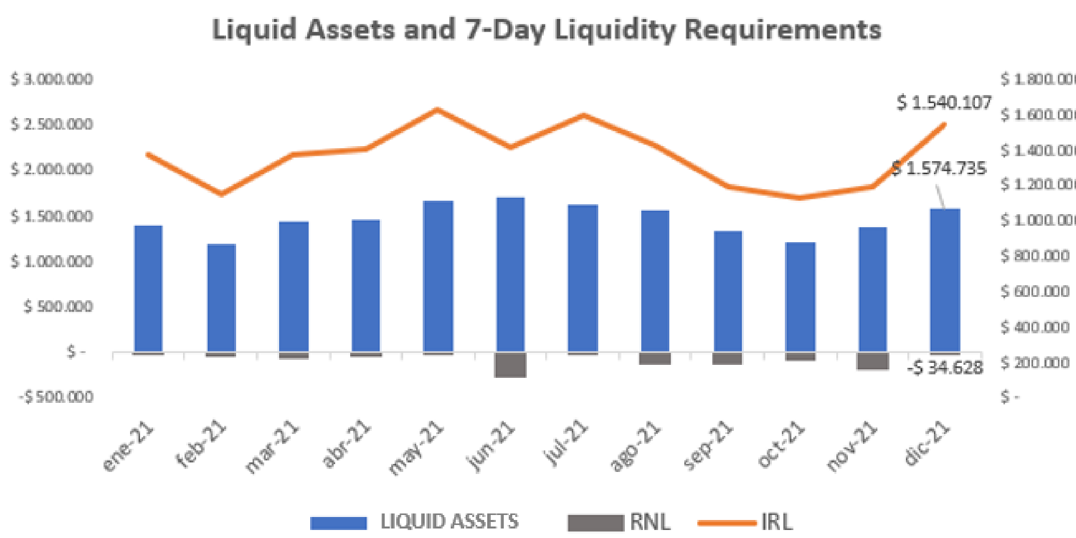
Liquidity risk indicator - As of December 31, 2021, the Bank recorded a seven-day IRL of $1,540,107,155, while the same indicator in 2020 reached $1,365,839,526, representing an increase of 15.29% compared to last year. This behavior is explained by the increase in the level of liquid assets and the decrease in net liquidity requirements at the end of the year. During 2021, the average IRL was higher than the previous year ($1,370,427,900 in 2021 vs. $1,174,667,000 in 2020).

The net liquidity requirements reported a stable behavior in 2021 (7-day average, $103,189,845 and 30-day average, $313,674,545). The increased investments in liquid assets and the decrease in average net liquidity requirements enabled the Bank to fulfill the necessary commitments, cover the maturities of TDs, bonds, and loans, and support its credit and treasury activity.

IRL 7 DAYS	2021	2020
Liquidity risk indicator	$ 1.540.107.155	$ 1.365.839.526
Liquid market assets	1.574.735.463	1.414.130.884
Net liquidity requirements	34.628.309	48.291.359
IRL	**4.548%**	**2.928%**

IRL 30 DAYS	2021	2020
Liquidity risk indicator	$ 1.411.083.515	$ 1.275.219.023
Liquid market assets	1.574.735.463	1.414.130.884
Net liquidity requirements	163.651.949	138.911.862
IRL	**962%**	**1.018%**

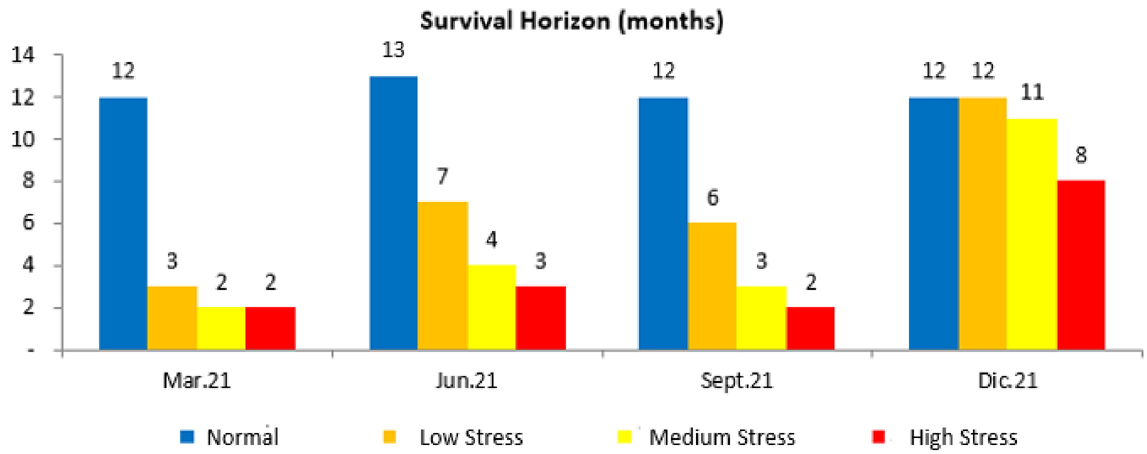
At the end of 2021, the 7-day percentage IRL was 4.548%, reflecting the Bank's ample liquidity condition to cover its payment obligations in the short term (45 times). The following graph shows the evolution of liquid assets and the liquidity requirement during the last year, and the behavior of the IRL.



Internal liquidity risk measurement model: Survival Horizon - The survival horizon indicates the time (in months) in which liquid assets cover forecast payment commitments for some time. The survival horizon is calculated based on 12-month cash flow forecasts, including contractual obligations and the annual budget approved by the Board of Directors at the end of each year.

On the other hand, this model has a series of alerts, defined under different scenarios, as follows:

	Scenario	Stress Level	Funding level	Alert
Normal	Normal course of business		100%	Twelve months
Stress	• TD renewal rate = 0%	Low	80%	Six months
	• Limited access to the estimated funding	Medium	65%	Three months
		High	50%	One month



At the end of 2021, the internal model results show a sound liquidity position since liquid resources and receivables prepayments permit ample and sufficient coverage of the payment of liabilities both in the normal scenario and in the different stress scenarios. Compared to 2020, there is an improvement in the survival horizon in all scenarios, given the increase in liquid market assets.

Fulfillment of the forecasts above is based on meeting the Bank's planned budget and adequate modeling of the expected variables included in the forecast model (delinquency rate, prepayments, seasonal disbursements, TD renewal rate).

Net Stable Funding Ratio – (NSFR / CFEN, acronym in Spanish)

Within the convergence towards international standards and best practices, the SFC complemented liquidity risk management with an indicator called Net Stable Funding Ratio - CFEN, starting in 2020. The main objective of this indicator is to limit excessive dependence on unstable sources of funding for strategic assets, which are often illiquid, and to maintain a stable funding profile concerning assets.

			dec-20	dec-21	Variation
Sources of Financing		Equity	1,290,345,210	1,201,354,936	-7%
	Short-term debt	Deposits	581,255,566	406,728,422	-30%
		Short-term TD	1,992,484,895	2,080,414,229	4%
		Short-term bond	250,827,081	442,329,676	76%
		Short-term loans	886,652,685	2,462,495,760	178%
	Long-term debt	Long-term TD	270,298,445	953,390,604	253%
		Long-term bond	842,989,172	601,439,239	-29%
		Long-term loans	3,344,948,104	1,354,589,420	-60%
		Total Weighted	**7,293,571,125**	**6,009,859,864**	

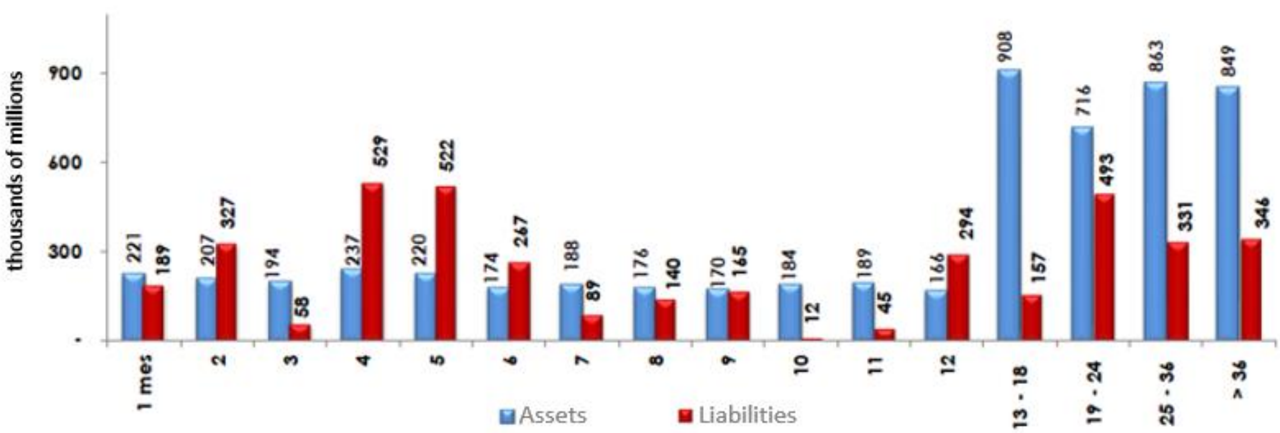
			dec-20	dec-21	Variation
Assets in need of financing	Liquid Assets		1,517,972,898	1,686,936,723	11%
	Portfolio		7,328,256,991	6,964,712,423	-5%
	Assets subject to charges	Unsettled shares	86,692,212	183,793,084	112%
		Assets subject to charges	504,155,230	461,265,062	-9%
	Derivatives	Derivative guarantees	154,461,735	133,812,590	-13%
		Net derivative assets	0	75,219,722	0%
		Derivative liabilities 5%	5,237,746	959,255	0%
		Total Weighted	**7,095,698,472**	**6,653,160,010**	
		CFEN INDICATOR	**102.79**	**90.33**	

At the end of 2021, this indicator decreased compared to the previous year due to the replacement of long-term financing (greater than 1 year) with short-term financing (less than 1 year). This situation was caused by the economy liquidity restrictions and the treasury's strategic decisions to obtain lower cost funding.

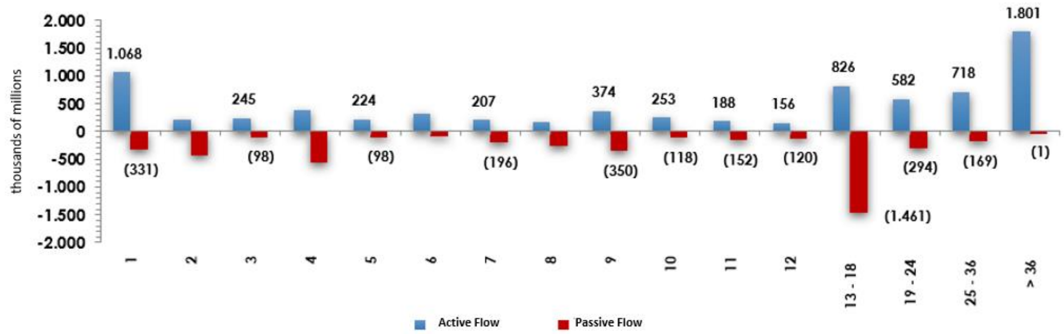
Maturity of assets and maturity of liabilities-

<u>*PESOS*</u>

Maturities 2020 – maturity in months

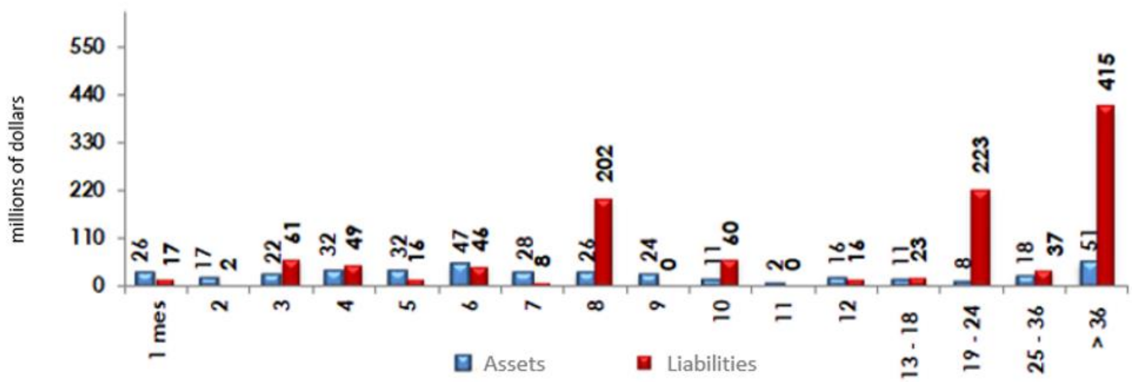


Maturities 2021 – maturity in months



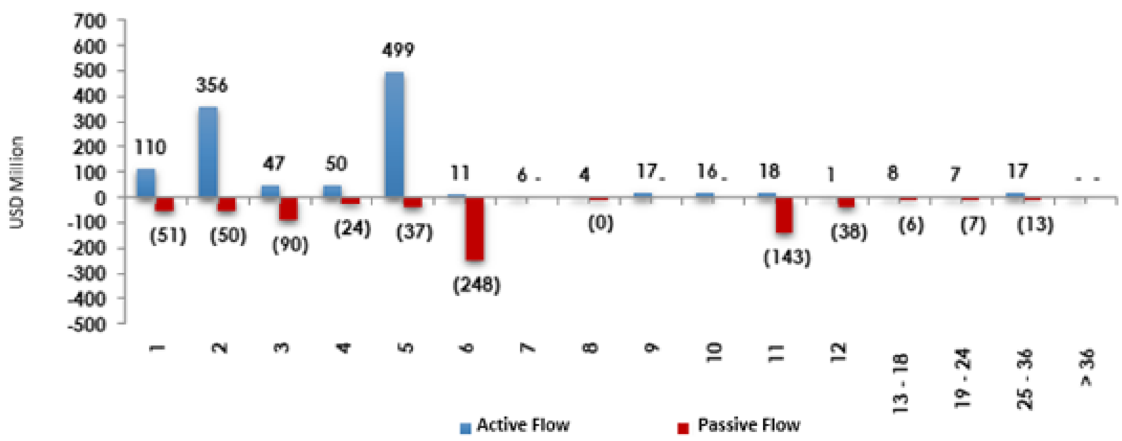
DOLLARS

Maturities 2020 – maturity in months



BANCOLDEX

Maturities 2021 – maturity in months



Asset maturity 2020 – maturity in days

Assets 2020	BALANCE	0-30	30-60	60-90	90-180	180 -360	360-1080	1800-1800	1800 Onwards
Available	160.623.765	160.623.765							
Active liquidity operations	373.798.411	373.835.811							
Investments	2.019.254.044	7.303.293	8.834.899	1.819.221	25.975.159	71.168.733	677.830.433	509.698.489	1.512.145.240
Loan Portfolio	7.399.239.450	413.953.472	296.499.703	292.932.814	1.096.126.319	1.555.461.594	2.830.982.554	870.468.876	751.886.671
Accounts Receivable and Acceptances	180.490.490	165.444.302	3.686.814	1.494.654	5.978.618	1.096.080	2.790.022		
Fixed assets	70.152.695						70.152.695		
Debt contigents	893.275.015						893.275.015		
Others	115.056.556	1.725.848	115.057	115.057	460.226	690.339	111.950.029		
Total	**11.211.890.426**	**1.122.886.491**	**309.136.473**	**296.361.746**	**1.128.540.322**	**1.628.416.746**	**4.586.980.747**	**1.380.167.365**	**2.264.031.911**

Asset maturity 2021 – maturity in days

Assets 2021	BALANCE	0-30	30-60	60-90	90-180	180 -360	360-1080	1800-1800	1800 Onwards
Available	142.135.363.008	142.150.324.792							
Active liquidity operations	268.926.715.721	274.772.572.903							
Investments	1.647.283.084.272	3.441.218.890	9.569.815.380	8.575.457.440	26.917.356.501	72.201.050.671	549.026.354.185	201.331.811.677	2.052.285.136.869
Loan Portfolio	7.252.129.567.253	652.500.827.264	333.259.996.605	651.826.602.227	1.261.729.985.930	1.456.531.774.669	2.428.602.928.854	602.795.471.214	481.924.832.241
Accounts Receivable and Acceptances	429.806		429.412						
Fixed assets									
Debt contigents									
Others									
Total	**9.310.475.160.061**	**1.072.864.943.848**	**342.830.241.397**	**660.402.059.666**	**1.288.647.342.431**	**1.528.732.825.340**	**2.977.629.283.039**	**804.127.282.891**	**2.534.209.969.110**

Maturities 2020 – maturity in days

Liabilities 2020	BALANCE	0-30	30-60	60-90	90-180	180 -360	360-1080	1800-1800	1800 Onwards
Deposits and requeriments	581.255.566	36.886.202	829.506	777.660	2.332.982	4.665.965	545.507.844		
CDTS	2.245.206.957	188.441.704	317.795.209	54.373.740	1.000.459.207	465.629.902	273.260.358	12.356.289	
Liabilities liquidity positions	58.652.741	8.552.240	50.218.750						
Bnak loans	4.231.600.789	110.937.968	212.268.301	169.762.605	950.891.073	327.191.615	973.188.600	495.525.252	1.235.242.360
Accounts payables and Acceptances	182.554.287	175.571.168	3.062.785	1.070.593	2.091.564	325.618	432.560		
Bonds	1.088.890.000	476.600	8.831.100	3.692.776	312.372.054	270.314.214	565.480.184		
Others liabilities	240.889.382	8.912.907	9.394.686	8.190.239	20.234.708	28.184.058	165.972.784		
Estimated liabilities and provisions	8.375.056	569.504	360.127	167.501	1.063.632	184.251	6.030.040		
Creditors contingents	123.577.923	23.130.631	23.750.202	23.750.202	1.239.141	8.673.987	43.369.934		
Total	**8.761.002.700**	**553.478.924**	**626.510.666**	**261.785.315**	**2.290.684.362**	**1.105.169.609**	**2.573.242.305**	**507.881.541**	**1.235.242.360**

Maturities 2021 – maturity in days

Liabilities 2021	BALANCE	0-30	30-60	60-90	90-180	180 -360	360-1080	1800-1800	1800 Onwards
Deposits and requeriments	346.572.281	848.337	869.768	841.706	2.525.124	4.994.128	346.790.137		
CDTS	3.022.805.508	270.653.926	363.567.968	141.254.396	731.096.006	649.610.417	974.149.590	1.421.082	
Liabilities liquidity positions									
Bank loans	3.987.669.796	200.883.006	199.569.504	358.800.119	434.016.900	1.523.196.014	437.937.360	118.666.461	874.085.523
Accounts payables and Acceptances									
Bonds	1.038.890.000	1.502.578	8.091.278	6.515.409	16.005.725	461.216.081	622.528.531		
Others liabilities									
Estimated liabilities and provisions									
Creditors contingents									
Total	**8.395.937.585**	**473.887.846**	**572.098.518**	**507.411.630**	**1.183.643.755**	**2.639.016.640**	**2.381.405.617**	**120.087.543**	**874.085.523**

Derivative financial instruments and structured products

The Bank engages in derivative transactions to contribute to profitability and, in particular cases, to hedge the financial risks of certain balance sheet positions. In this context, forward trading transactions, hedging forwards, and recently hedging swaps are performed. At the end of 2021, there were forward hedging operations and Cross Currency Interest Rate Swap - CCS IRS operations in order to hedge the exchange rate and interest rate risk of a liability credit operation in dollars. All transactions with derivative financial instruments are framed within the established risk management guidelines and following the policies established by the Board of Directors.

Types of derivative financial instruments

- *Non-Delivery Forwards - NDF*

Bancóldex operates exchange rate forwards (Colombian peso-US dollar) trading under the OTC mechanism and through the Central Counterparty Risk Clearing House. The following table shows the number of derivatives outstanding as of December 31, 2021, and 2020:

	Nominal OTC		Clearing House	
	2021	2020	2021	2020
Purchase Forward	867	716	767	345
Sales Forward	619	690	819	450
Net	248	26	(52)	(105)

* Figures in USD million

Below is the average, maximum, and minimum in nominal FWDs for purchase and sale during 2021 and 2020:

Forward	2021 Maximum amount	2021 Minimum amount	2021 Average amount	2020 Maximum amount	2020 Minimum amount	2020 Average amount
Buy	2,112	567	1,221	2,731	716	1,429
For sale	2,149	526	1,247	2,766	690	1,442

* Figures in USD million

The average exposure of purchases and sales was approximately USD 1,429 million, amounts that are within the limits of the Gross Leverage Position (GAP). The net exposure of the receivables has been maintained at an average of USD 12 million and a maximum of USD 60 million, which reflects a low exchange rate risk under the conservative profile defined by the Bank for this product.

To mitigate the credit risk of *forward* transactions, the Bank operates through the Central Counterparty Risk Clearing House - CRCC, for which it uses guarantees in treasury securities - TES. In 2021, the average amount reached $ 189,165,793.

	Market Value 2021	Market Value 2020
Guarantees provided to the CCRC	$ 133.812.590	$ 154.461.735

- *Counterparty Risk Measurement for OTC (Over the Counter) traded USD/COP Forwards*

In addition to market risks, to reflect the fair value of forwards and swaps traded OTC, counterparty risk is considered, based on IFRS international accounting standards and the guidelines and concepts established by Basel III for the Credit Valuation Adjustment - CVA and the Debit Valuation Adjustment - DVA. For this purpose, the Bank has an internal method based on three aspects, namely:

- Monte Carlo simulations to estimate the expected exposure - EE of each of the NDF and OTC Swaps transactions.
- Probability of loss given default (PDI)
- Probability of default (PI).

The calculation allows for a charge (positive-negative) at the fair value of each NDF OTC and Cross Currency Swaps (CCS) transactions, quantifying the risk of each transaction based on the estimates made for each transaction and each third parties with whom the transactions were made.

- *Hedging derivative instruments*

At the end of 2021, Bancóldex has derivative financial instruments for hedging purposes. These transactions are made to hedge the exchange rate risk of foreign investments and liability credit transactions. For this purpose, a qualitative method is used to evaluate the effectiveness of the hedging, aligned with IFRS 9 requirements, as described:

- Hedged item
- Nature of the risk to be hedged and type of hedge
- Qualitative assessment of the hedge, namely:

- o Economic relationship: The following is evaluated to ensure offset between the hedged item and the hedging instrument: the derivative must be denominated in the same currency as the instrument/risk to be hedged, the amount must be the same, and the item to be hedged should have no maturity date. Therefore, the derivative must be rolled over (at the end of the month).
- o No predominance of credit risk: It must be guaranteed that the credit risk does not affect the offset between the derivative and the hedged item. Hedging instruments (NDF) must be traded through the Central Counterparty Risk Clearing House - CRCC to eliminate credit risk.
- o Hedging ratio: It must be guaranteed that the hedging instrument and the item to be hedged maintain a 1 to 1 ratio.
- o Prospective evaluation

- o The following is a description of the Bank's forwards at the end of December 2021:

Type of Transaction	Negotiation date	Completion date	Expiration date	Nominal Value (USD)
FWD- Sale	20-dec-21	21-jan-22	20-jan-22	8.275.986
FWD- Sale	20-dec-21	21-jan-22	20-jan-22	17.736.348

The FWDs hedge the exchange rate risk from assets (investments) in USD in Private Equity Funds and Bládex.

At year-end 2021, there are five CCS transactions in place for the purchase of USD and fixed-rate and delivery of Colombian pesos and floating rate:

Type of Transaction	Trading date	Expiration date	Flow Exchange	Nominal Value (USD)
CCS-IRS	14-jul-20	29-jun-22	Semiannual	50.000.000
CCS-IRS	14-jul-20	29-jun-22	Semiannual	100.000.000
CCS-IRS	14-jul-20	29-jun-22	Semiannual	100.000.000
CCS-IRS	14-jul-20	29-jun-22	Semiannual	100.000.000
CCS-IRS	14-jul-20	29-jun-22	Semiannual	50.000.000

These CCS IRS hedge the exchange rate and interest rate risk of a liability credit transaction in USD with a guarantee in the MIGA for USD 400 million. The hedges met the established requirements; therefore, they were effective. In June 2021, the first agreed coupon payment of USD 200 million was made.

- *Risk management of derivative transactions*

The Bank has policies for operating with derivative financial instruments. The risks assumed with this type of transaction are consistent with the general business strategy. They are managed based on a structure of limits defined based on the risk profile, the profit budget established for each business unit, and the balance sheet structure.

Forward transactions on Colombian peso-US dollar currencies are hedged through the closing of the opposite forward transaction or through the purchase/sale of the currency in the spot market to mitigate the exchange rate risk. The transactions are made for a maximum term of 360 days to reduce the interest rate risk,

In addition, foreign exchange *forward* transactions have different limits to control exposure.

- Maximum open position limit at the end of the day to have a good match between positions, either with contracts or with positions in the spot market.
- Credit exposure limit per counterparty to mitigate concentration risk.
- Value at Risk (VaR) limits to limit the maximum exposure to market risks.

On the other hand, Bancóldex has tools and reports to monitor and control the level of business risks daily, which quantifies the contribution of each risk factor or position in the Bank's profit or loss and has a measure of the real risk of losses borne by this business. Likewise, it has defined attributions for the negotiation by the operator, assigned to the different hierarchical levels of the Treasury.

Cross-currency swap transactions in force were negotiated to hedge a credit transaction. These transactions comply with the policies, limits, guidelines, processes, and procedures established by the different bodies for the adequate management of the risks associated with the product.

Disclosure of fair value of securities issued (Bonds):

The market value of current issues and their comparison with the carrying amount is presented below.

Carrying amount	Market Value	Difference	Diff %
1.043.793.497	1.042.770.946	1.022.551	0.1%

The difference between book value and market value is not material and amounts to COP$ 1 billion, or 0.1% below the carrying amount.

b) *Market risk*

Qualitative information - Market risk is defined as the possibility of incurring losses, reducing the financial margin, or decreasing the economic value of equity due to changes in the price of financial instruments in which on- or off-balance sheet positions are held. These changes in the price of the instruments may occur due to changes in interest rates, exchange rates, and other essential variables on which the economic value of such instruments depends.

Market risk management - The Bank manages market risk by identifying, measuring, monitoring, and controlling the different exposures to interest rate risk, exchange rate risk, positions in collective portfolios, and stock price risk. Market risk management is permanent. It provides daily, weekly, and monthly reports to senior management and all front, middle and back-office officers to make timely decisions for the adequate mitigation of the risks assumed and to guarantee the risk appetite and the risk limits approved by the Board of Directors. Said management is framed within the guidelines of the SFC (Chapter XXI of E. C. 100) and is supported by internal methodologies to monitor the exposure of the different products traded in the Bank's Treasury. The above is consolidated in the Market Risk Management System Manual - SARM, in which the following are defined: policies, organizational structure, methodologies, among others.

In addition to the guidelines established for market risk management, Bancóldex complies with the guidelines set in Chapter XVIII - Derivative Financial Instruments and Structured Products. In December 2019, the SFC issued Circular Letter 031, which made some modifications to this chapter related to the calculation of credit exposure for financial instruments. It considers the exchange of guarantees with the different counterparties to calculate the amount of the guarantees received under the framework agreement. To meet the provisions of this standard, the Bank contracted the services of a software provider. The software would automatically calculate the value of the credit exposure, affect the limits with such value, and automate the management of collaterals, which makes the processes more efficient and significantly reduces the associated operational risks.

Additionally, the Bank has the proper segregation of *front*, *middle* and *back-office* areas to identify, measure and analyze the market risk information inherent to the different transactions.

The Bank's businesses in which it is exposed to market risks are the purchase and sale of fixed-income products in local and foreign currency, positions in the spot market and forwards, bonds, and TDs of the financial sector indexed at variable rates (CPI, DTF, and BRI). The Bank has a treasury and derivative financial instruments business strategy, ensuring that the risks assumed do not affect the soundness and stability of the Bank's equity.

In the Bank, the Risk Vice-Presidency is responsible for proposing, developing, and overseeing adequate compliance with the policies, methodologies, procedures, and general guidelines approved by the Board of Directors and the Risk Management Committee of the Board of Directors for market risk management. It is also responsible for the measurement, analysis, and control of the risks inherent to the business and the periodic review and evaluation of the valuation methodologies of the different products traded in the Treasury.

The Asset and Liability Management Committee is the body to which the Board of Directors has delegated the responsibility of approving the maximum levels of exposure to market risks that the Bank may assume in each of the Treasury products.

To know the level of risk assumed in the Treasury book transactions, the Bank uses the standard VaR method established in Chapter XXI of the Basic Accounting and Financial Circular Letter of the SFC. By Annex I of said Circular Letter, calculating the total VaR of the investment portfolio results from the sum of the exposure to interest rate risk, stock price risk, collective portfolios, and exchange rate risk. This value is calculated daily in the Financial Risk Department. The VaR calculated is incorporated in the solvency level following current regulations.

In addition to regulatory compliance, the Bank uses an internal value-at-risk measurement model, the results of which are used as a complementary analysis and management mechanism. This internal model daily monitors the market risk exposure of the Treasury's product portfolio, the results of which are permanently reported to the areas and committees involved. The results of the market risk assessment are the starting point for daily negotiations. The VaR calculation with the internal model is performed daily according to market conditions and the risk factors defined in such method. *Back tests* and *stress tests* are performed on this internal model for the Bank to know the validity of the model and how accurate the forecasts of losses are compared with the accounting reality and determine the possible losses in situations of market *stress.*

Market Risk Appetite - The Bank's market risk appetite is defined based on the VaR calculated for the total of Treasury products, per the method approved to determine each of the limits. VaR is defined as the possibility of incurring economic losses due to fluctuations in interest rates, exchange rates, stock prices, among others, and which have a (negative) impact on the statement of income and, therefore, on the level of solvency. The Board of Directors approves the VaR limit.

A VaR *stress* scenario is considered to define market risk tolerance. It involves the recalculation of the VaR using the average of the volatilities calculated for tolerance and capacity of the most relevant reference asset in each portfolio.

A VaR *stress* scenario is considered to define the market risk capacity. It involves the recalculation of the VaR with the maximum historical volatility, over the last three years, of the most relevant reference asset in each portfolio.

Quantitative information - The Bank's investment portfolio as of December 31, 2021, and 2020 is presented below:

	2021	Share.	2020	Share.
At amortized cost	$ 5.075.367	0.32%	$ 17.627.454	1.08%
At Fair Value with changes in other comprehensive income	1.300.963.035	81.31%	1.113.028.701	68.31%
At Fair Value	293.822.483	18.37%	498.626.324	30.60%
Total	$ 1.599.860.885		$ 1.629.282.479	

At the end of 2021, there was a 2% decrease in the total value of the fixed-income investment portfolio with respect to the previous year, explained by the business strategy of generating profits using surplus resources in foreign currency by investing in public debt securities denominated in dollars (Yankees). The value of this portfolio amounted to $646.4 billion at the end of the year.

Maximum, minimum, and average amounts of the investment portfolio:

Investments	2021 Maximum amount	2021 Minimum amount	2021 Average amount	2020 Maximum amount	2020 Minimum amount	2020 Average amount
At amortized cost	17.498.414	5.021.775	7.973.247	17.627.454	-	7.358.454
At Fair Value with changes in other comprehensive income	1.300.963.035	1.056.870.151	1.196.231.890	1.191.499.182	810.693.105	1.119.552.659
At Fair Value with changes IN P&L	694.115.700	56.059.823	424.681.975	593.779.888	250.356.650	498.903.701

Total market risk - The Bank's total market risk exposure consolidates exposures to interest rate risk, foreign exchange rate risk, equity price risk, and collective portfolio risk.

The total variation of market risk and its components is shown below:

Module	2021 Maximum	2021 Minimum	2021 Average	2021 Year-End Closing	2020 Maximum	2020 Minimum	2020 Average	2020 Year-End Closing
Interest Rate	$ 146.563.698	$ 100.690.268	$ 127.099.947	$ 136.181.704	$ 141.895.156	$ 85.641.890	$ 120.643.583	$ 119.408.305
Exchange Rate	4.221.216	41.100	669.195	628.809	5.066.845	35.584	1.247.172	3.710.745
Share Price	2.250.442	1.778.271	1.993.379	2.170.355	2.074.830	1.370.342	1.605.562	1.756.476
Collective Portfolios	44.944.848	22.212.610	26.436.540	26.768.867	43.935.979	16.246.123	23.328.993	43.935.979
Total	$ 173.659.249	$ 128.192.939	$ 156.199.061	$ 165.749.735	$ 168.811.506	$ 103.841.736	$ 146.825.310	$ 168.811.505

The Bank's average exposure to market risk recorded a slight decrease with respect to 2020. Such decrease is explained by the decrease in the investment portfolio. Durations have been maintained and the interest rate is the most representative module of the total value at risk.

c) *Operating risk*

Qualitative information. The policies and methodologies in which the Bank frames the operational risk management are included in the SARO Manual. These follow the bases and guidelines required by the SFC for the development of an operational risk management system according to External Circular Letter 025 dated July 29, 2020; the policies for the implementation and maintenance of the Internal Control System, established in Circular 014 of 2009 are included in it as well.

For the effective management of Operational Risk in the Bank, the Bank has established its measurement parameters according to the structure, size, corporate purpose, and processes of the Bank. Likewise, it is aligned with the best practices for managing Operational Risk in an operating model built under the principles developed by the Basel II Committee.

The Bank's SARO is based on general and specific policies determined by the Board of Directors and is supported by an organizational structure that ensures adequate segregation of functions between *front*, *middle,* and *back-office.* The Bank has suitable methods for the identification, measurement, control, and monitoring of operational risks.

Given that this type of risk is dynamic and susceptible to constant changes in the business and its environment, monitoring schemes are adopted to facilitate the rapid identification of new risks and mitigate current risks through the execution of action plans. This monitoring will be conducted at least annually or following operational risk events.

Regarding the operational risks of fraud and corruption, the adopted guidelines respond to the principles established by the Transparency Secretariat of the Presidency of the Republic, DNP, DAFP, and the United Nations Office on Drugs and Crime (UNODC), "Strategies for the construction of the Anti-Corruption and Citizen Service Plan." This guide was published as provided in the Anti-Corruption Code (Art. 73, Law 1474/2011): "Whereby rules are issued to strengthen the mechanisms for preventing, investigating, and punishing acts of corruption and the effectiveness of public management control."

Quantitative information

Identification, measurement, control, and monitoring of operational risks - The following discloses the figures of reported events, operational risk losses, and their recoveries per Chapter XXIII (2.4) of the SFC Basic Accounting and Financial Circular Letter (External Circular Letter 100/1995) for 2021:

As of December 31, 2021, 415 events were reported. It is essential to mention that, for the figures in this report, the event associated with the review and approval time of invoices by the authorizing officers of the different areas and processes of the Bank, which causes reprocesses and delays due to untimely attention, was not considered. Currently, a study is being developed to optimize the invoicing by the DGC, DOP, DIP, ORO, and DSA areas.

According to current regulations, operational risk events are classified in types A, B, and C, as follows:

Event	No.	Share
They generate losses and affect the entity's income statement.	16	4%

They do not generate losses and therefore do not affect the entity's income statement.	399	96%
TOTAL	415	100%

During 2021, economic losses for operational risk generated by events were $ 40,639; recoveries amounted to $ 2,400, which were recorded in their respective operational risk accounting accounts. The net effect of economic losses for 2021 is $ 38,239.

d) *Credit risk*

Qualitative information – The Bank's credit risk management is aligned with the standards established by the Financial Superintendence of Colombia and the principles are framed within international best practices. Therefore, the Bank has a Credit Risk Management System (SARC) that includes policies, processes, and procedures, granting and monitoring methodologies, and audit processes that cover the different products and segments serviced by the Bank.

The policies include the general policies that frame the Bank's credit operation such as business strategy, provisions, write-offs, restructuring, amongst others, as well as specific policies for each one of the Bank's products and segments that define granting and monitoring criteria, maximum credit exposure and guarantees to be demanded.

The Bank has methodologies and credit risk analysis models that support specialized granting and monitoring processes for its different segments. In the case of local credit institutions, foreign financial intermediaries and entities oriented to microenterprise credit, the models are based on the CAMEL methodology and incorporate quantitative, qualitative, and prospective analysis aspects. These models include statistical information and are complemented with expert criteria. In line with the above, the Bank has a granting and monitoring methodology for direct loans to companies. It is based on the client's financial information and financial history with the financial system in general and seeks to assess the payment capacity of the debtor and his capacity for future fund generation. For loans to the SME segment, the Bank applies methodologies, both for granting and follow-up, which, based on specific models, incorporate quantitative, qualitative, financial, and sectorial elements and technical considerations, in addition to the sensitized and projected cash flow of the clients for each of the products (leasing, credit and factoring), which allow determining their payment capacity by the credit factory to be considered in different credit committees.

The Risk Vice-Presidency is responsible for proposing before the Board of Directors the methodologies and models to be applied to originate and monitor loans. These models must be validated periodically in order to measure their effectiveness.

In 2021, adjustments were made to the policies of direct transactions with companies, in accordance with the Bank's strategic plan for 2022-2026. This reflects a greater interest in deepening financing for SMEs, particularly focusing on the Leasing product, without abandoning the traditional rediscount business.

Some policy adjustments were made regarding the bodies and powers of approval for direct transactions with companies, seeking agility in decision-making and the continuous strengthening of risk management and governance.

During 2021, adjustments were made in all segments to strengthen credit granting and monitoring processes. In the credit segment for local financial intermediaries, foreign financial intermediaries, and entities oriented to microenterprise credit, the forecast and scenario models and the periodic monitoring reports of these customers were consolidated.

In the SME segment, improvements were made to the templates used for decision-making and a special model was incorporated for granting operations within the Direct Credit Line (Decree 468/2020), backed by the National Fund of Guarantees (FNG). A new portfolio rating model for the SME segment was launched, which will contribute to better estimating customer credit risk and the efficiency of the portfolio rating process.

It should be noted that the compliance achieved in the placement of loans granted under Decree 468. With an established goal of $400,000 million, approximately 1% of the balance of the SME portfolio at the end of 2021 allowed granting loans under subsidized conditions to SMEs in the trade (48%), manufacturing (36%), and services (16%) sectors in different regions of the country.

During 2021, within the Bank's risk appetite statement, adjustments were made to the established limits of the credit indicator due to the incorporation of first-tier credit operations after the merger with Arco Grupo Bancóldex and the change in the global economic context derived from COVID-19. The Bank continued with the "provision over gross portfolio" indicator to monitor credit risk appetite and defined this indicator for the total portfolio and the segments comprising it. To estimate the limits of appetite, tolerance, and risk capacity, different stress scenarios, from baseline to worst-case, were considered.

The Vice Presidency for Risk periodically reports to the Board of Directors and the different Committees the results of the credit risk analyses and the evolution of the risk profile for both Bank's and counterparties' credit operations. As part of the follow-up and monitoring process, the entire credit portfolio must be rated monthly, following the regulatory guidelines, and considering the financial position and payment capacity of each debtor. According to the rating assigned, the required provisions is created.

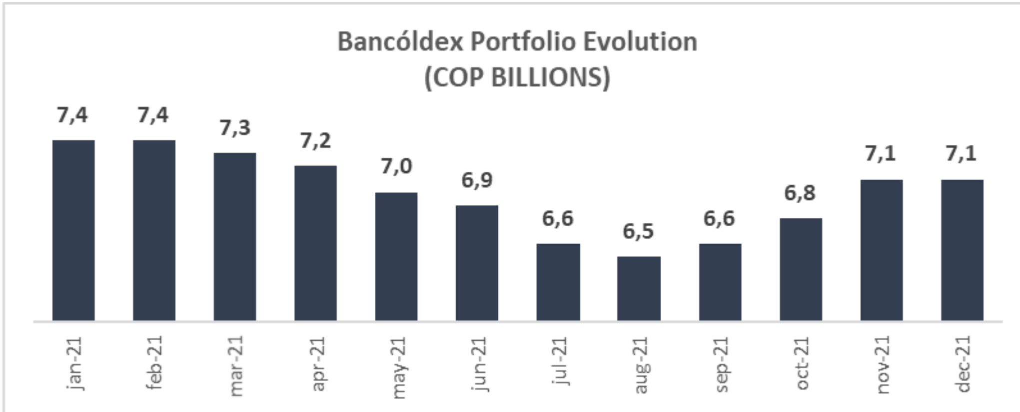
With respect to provisions, the Bank applies Chapter II of the Basic Accounting and Financial Circular and its annexes for each type of portfolio. In the case of the rediscount portfolio, provisions are made using a proprietary methodology based on an expected loss model that incorporates parameters of default and loss, estimated based on the history of Bank debtors. It also incorporates procyclical and countercyclical components, considering systemic risk components.

The processes and technology adopted by the Bank allow it to manage any credit operation in the granting, monitoring, and recovery stages.

Quantitative information

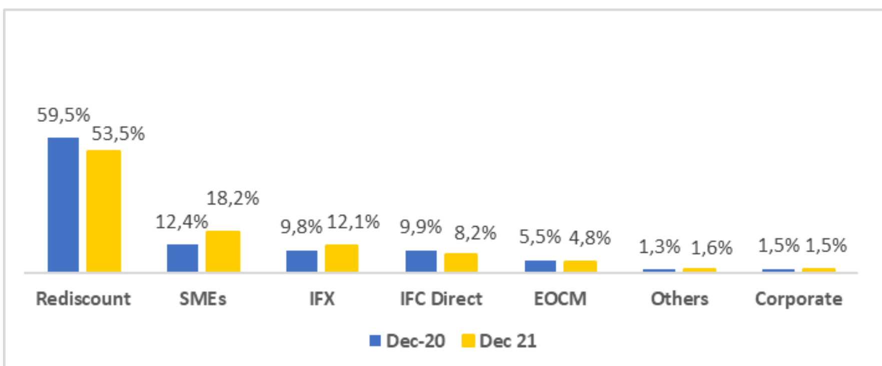
Consolidated exposure to credit risk - The Bank's maximum exposure to credit risk is reflected in the carrying amount of financial assets in the balance sheet as of December 31, 2021 and 2020, as shown below:

	2021	2020
Loan portfolio	$ 7.149.680.081	$ 7.580.754.901
Debt securities	1.599.860.885	1.611.655.025
Equity securities	184.417.056	443.372.614
Derivatives	332.933.496	44.318.217
Financial guarantees	133.812.590	206.482.581
Active money market transactions	578.945.895	205.028.943
Maximum credit risk exposure	$ 9.979.650.003	$ 10.091.612.281



The maximum exposure to credit risk corresponds to its carrying amount at the end of the period without considering any collateral received or other credit enhancements.

Risk concentration - The Bank monitors credit risk concentration through different portfolio groupings such as: type of entity, type of portfolio, risk category and country, as presented below:



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EOCM: entities oriented to microenterprise credit, IFX: foreign banks,

Companies: portfolio received from liquidated financial entities and others: liquidex product operations

Distribution by type of portfolio

Type of portfolio		2021		2020
Commercial	$	7.127.442.874	$	7.561.262.330
Consumption		1.926.486		1.590.603
Housing		20.310.721		17.901.968

Total	$ 7.149.680.081	$ 7.580.754.901

The structure of the Bank's loan portfolio mainly contemplates the commercial loan modality. The commercial portfolio for purposes of provision estimation model is divided into commercial portfolio under the rediscount mechanism and direct commercial portfolio. However, and in compliance with External Circular Letter 054 of 2009 issued by the Financial Superintendence of Colombia, the Bank presents housing and consumer loans, which correspond exclusively to loans granted to officials and former employees prior to retirement.

Distribution by risk rating

Rating	2021	2020
A	$ 6.815.685.313	$ 7.284.122.395
B	147.056.875	184.140.089
C	58.550.167	29.107.588
D	73.379.521	44.086.316
E	55.008.205	39.298.513
Total	$ 7.149.680.081	$ 7.580.754.901

Portfolio quality indicators

Portfolio quality		2021	2020
Delinquency	Indicator[1]	2,45%	1,92%
	Hedging (times)	1,01	1,26
Risk Profile	Indicator[2]	4,51 %	3,91 %
	Hedging (times)	0,5	0,62

1 Delinquency indicator = past-due portfolio / gross portfolio

2 Risk profile indicator = qualified portfolio B-E/ gross portfolio

As of December 2021, the gross receivables balance amounted to $ 7.1 trillion, a reduction of 6.2% compared to the previous year. The past-due loan receivables indicator stood at 2.4%, increasing due to the deterioration generated by the effects of the pandemic.

Non-performing loans by segment

Segment	Overdue receivables		Overdue receivables indicator %	
	2021	2020	2021	2020
Financial intermediaries	8.164	8.622	0,2	0,1

SMEs	144.442	108.161	11,5	10,8
Other	28.339	40.411	12,8	18,6

1. Financial intermediaries: Includes entities supervised and not supervised by the SFC, both local and foreign.

2. SMEs: ARCO receivables

3. Other: Includes receivables from CF Internacional in liquidation, Liquidex product customers, and former employees with consumer or housing loans.

Credit risk management – Other financial instruments – The basic policies and rules for the management of credit operations also cover treasury operations, particularly, for the case of the counterparties with which interbank and derivative operations are carried out, among others. For each one of the positions that make up the investment portfolio, the Bank has established policies and limits that seek to minimize exposure to credit risk. Some of them are:

- *Credit and term limits for each counterparty* – These limits are defined by the External Credit Risk Committee according to the results of the risk-rating model of each counterparty.

- *Trading quotas – These quotas are verified by the front office prior to the closing of operations so that it is ensured that there are available quotas to carry out such operations.*

- *Local framework contracts and ISDAs/Credit Support Annex – These bilateral agreements describe the management of operations between counterparties as per international best practices; and limit the legal and financial risk in the event of default. The risk exposure mitigation mechanisms (threshold), the procedures to be carried out in case of default, and the special conditions by type of operation, which apply to derivatives, are agreed upon with these documents.*

- *Counterpart alerts* – The Bank has alert indicators that allow the timely identification of changes in the financial situation of the counterparties. The Risk Vice-Presidency submits periodic reports to the External Credit Committee about the financial situation of the counterparties that have an assigned limit to operate.

e) *Environmental and social risks*

Qualitative information - To manage and administer the environmental and social risks derived from credit operations, the Bank has an Environmental and Social Risk Management System. It includes policies, methodologies, external communication tools, continuous improvement, organization, internal capacity, and the exclusion list of activities that cannot be financed by the Bank, aligned with international standards.

During 2021, a project was carried out to update the risk manual and align it with the best international practices, strengthening the elements related to the identification, measurement, and monitoring of the Bank's direct credit operations.

The methodologies applied to the three customer segments (financial intermediaries, SMEs, and corporates) for assessing and monitoring credit operations were adjusted and calibrated to improve the Bank's decision-making.

f) *Money Laundering and Terrorism Financing Risk Management System – SARLAFT -*

In 2021, Bancóldex continued to apply and maintain the SARLAFT to prevent and mitigate money laundering and terrorist financing (ML/TF) risks in the transactions it makes and to strengthen this system. The bank incorporated the adjustments required by the Financial Superintendence of Colombia in its External Circular 027/2020 titled SARLAFT 4.0, especially policies and procedures on due diligence of customer data with a risk-based approach, and various methodologies to strengthen the management, prevention, and control of such risks in the Bank's business and transactions. The transition to production of the products and customers received from the merger by absorption of Arco Grupo Bancóldex was completed in the ACRM – Advanced Compliance Risk Manager customer and transaction monitoring system, thus integrating all the monitoring in the system. The segmentation methodology of ML/TF risk factors was calibrated and updated with the consolidated information of the Bank and the absorbed entity. The bank monitored customers and transactions, managed alerts and unusual events, provided suspicious transaction and other regulatory reports on the SARLAFT in a timely manner, and met the specific requirements of competent authorities.

The SARLAFT Manual was updated, including the adjustments required by SARLAFT 4.0 and other policies, procedures, and methodologies, including segmentation, assessment of risk factors and monitoring and follow-up of transactions. SARLAFT training was provided to Bank officials on system updates, the Manual, due diligence on customer and counterparty data, cases and unusual events, and alert management. The bank updated and monitored the assessment of risk factors and the ML/TF risk profile by risk factors, associated risks, and the Bank's consolidated risk, both inherent and residual, keeping the latter within the level approved by the Board of Directors.

g) *System for Compliance with FATCA (Foreign Account Tax Compliant Act) and CRS (Common Reporting Standard) –*

As provided in the FATCA for 2021, the Bank maintained its status as a participating Foreign Financial Institution (FFI) before the United States Internal Revenue Service (IRS) and transmitted the CRS report according to the regulations for the TD product of customers from the absorbed entity. The bank managed the update of the FATCA due diligence on the financial intermediaries and institutions with which the Bank had relationships or made transactions and met the requirements of other local and international financial entities on the FATCA and the CRS by the OECD (Organization for Economic Cooperation and Development).

33. CORPORATE GOVERNANCE (NON-AUDITED)

Bancóldex adopted a corporate governance system that has been documented since 2001 in the Good Governance Code, which contains the policies and procedures for proper separation of duties and responsibilities of shareholders, the Board of Directors, Senior Management, and control bodies. The Code aims at ensuring information transparency, risk management and the protection of the interests of shareholders, investors, and the market in general.

Board of Directors and Senior Management – The Board of Directors is permanently informed of the Bank's processes and businesses. After the General Shareholders' Meeting, the Board is the highest governing body and defines the general risk policies of the entity. Based on such policies, the board establishes a delegation scheme for the approval of the operations to be carried out by the Risk Management Committee, External Credit Committee, Assets and Liabilities Management Committee, Internal Credit Committee and by the Administration.

Reports to the Board of Directors – The Board of Directors and the Risk Management Committee receive periodic reports on the situation of the Bank's loan placements, monitoring of the financial situation of the different debtors (financial intermediaries, countries, etc.), reports of progress on the Credit Risk Management System Sis (SARC), Market Risk Management System (SARM), Operational Risk Management System (SARO), Liquidity Risk Management System (SARL), Strategic Risk Management System (SARE), Environmental and Social Risk Management System (SARAS) and Asset Laundering and Financing of Terrorism Risk Management System (SARLAFT), review of policies and methodologies for assessing risks related to credit, market, liquidity and operational risks, compliance with limits, among other risks. The Bank's risk exposure is also reported periodically to the Board of Directors.

In addition to reports on Bancóldex risk management systems, the Bank's Board of Directors receives reports related to the Conglomerate Risk Management System. Similarly, all the significant risk events detected by the different areas of the Bank are reported to the Board of Directors, the Risk Management Committee and Senior Management.

Technological infrastructure – All areas of the Bank have adequate technological support infrastructure. The risk control and management area also has the adequate technological infrastructure to obtain the necessary information for the analysis and monitoring of risk of current operations.

Methodologies for measuring risks – In order to identify the different types of risk, the Bank relies on methodologies and measurement systems that allow to determine its exposure to the risks inherent to the business, as mentioned in the Risk Management section, and which are documented in the respective manuals.

The Risk Vice-Presidency is the area specialized in identifying, monitoring, and controlling the risks inherent to the different business classes. The Risk Vice-Presidency assesses credit risk, market risk, liquidity risk, operational risk, and country risk. The Legal Vice-Presidency General Secretariat carries out the legal risk assessment.

Organizational structure – The areas that make up the back, middle and front offices are clearly defined at Bancóldex. Similarly, there is an adequate segregation of duties at all levels of the organization and in all operations.

Verification of operations – The Bank has verification mechanisms for the negotiations carried out, such as recording agreements of telephone calls for treasury operations and written communications with the counterparts where the conditions of each negotiation are set forth. Similarly, and in order to comply with operations, funds are received or transferred through systems that provide a high degree of security such as Sebra of the Central bank, SWIFT, Deceval (which manages and safeguards dematerialized collection instruments) and DCV (which manages and safeguards fixed income securities).

The Bank publishes the loan portfolio placement rates in national newspapers on a monthly basis; as well as the financial conditions of the different credit lines and requirements for their access are disclosed through external circular letters.

Via Internet (wwwBancóldex.com), Bancóldex credit users can obtain information about the operations for which they are responsible, and they can get to know the current financial conditions of the different credit lines.

The Bank transaction systems record the asset and liability operations on the dates of their occurrence, guaranteeing timely and accurate accounting records.

Audit – The Board of Directors is the main management body of the Internal Control System (SCI), which relies on its Audit Committee to ensure the proper functioning of the Bancóldex' SCI and Risk Management Systems. The Board of Directors performs its functions as per the Internal Regulations and as established in the applicable standards, both for State entities in general and for Financial Institutions in particular.

In compliance with its responsibilities, the Audit Committee has been a permanent support and communication channel with the Board of Directors in making decisions regarding the Internal Control System and its continuous improvement.

The Audit Committee held five (5) sessions during 2021 to remain informed about the results of the audits, the follow-ups to the improvement plans, the strengths, weaknesses, and effectiveness of the Bank's internal control.

Through the works and P&L reports submitted by the Internal Comptroller's Office, the Audit Committee monitored the development and compliance of the different Risk Management Systems applicable to the Bank. In compliance with the Basic Legal Circular Letter from the Financial Superintendence of Colombia, the Audit Committee continued to monitor the Bank's comprehensive risk management upon receiving consolidated reports about the different management systems; i.e., from the point of view of operational risks (SARO), market risks (SARM), liquidity risks (SARL), credit risks (SARC), asset laundering and financing of terrorism risks (SARLAFT), and Information Security risks (ISMS).

The reference model for the Internal Control System is COSO®, and the Internal Control Policy contemplates a structure based on lines of defense. The Bank's Internal Control Model, which by rule is integrated into the Quality Management and Administrative Development Systems in the Integrated Planning and Management Model - MIPG, has helped the organization focus on the continuous improvement of the systems. The preceding is consistent with the progress and maturity of the risk management systems applicable to the Bank and the Internal Control System regulated by the SFC in Part I, Title I, Chapter IV of the Basic Legal Circular Letter. It shows favorable results in the implementation and operation evaluations performed by different external control entities.

The Audit function managed by the Bank's Comptroller Office adopted as one of its benchmarks the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics issued by the Institute of Internal Auditors (IIA Global®). According to such standards, the audit is governed by principles of Independence, Objectivity, and Authority, and its mission and main purpose is to "improve and protect the value of the organization by contributing to achieve the business goals through assurance and consulting services; and providing the Board of Directors and the organization's administration with an independent assessment to improve the operational effectiveness and the management of strategic, financial, regulatory, and operational risks."

Bancóldex' Audit function is certified internationally under the standards of the aforementioned International Professional Practices Framework of the Institute of Internal Auditors (IIA Global®). This means that the assurance and consulting work performed by the Comptroller Office focuses on risks, and aims at strengthening governance, assurance of controls and proper functioning of risk management in all processes, including the processes that correspond to the internal accounting control and to the generation, regulatory compliance, reliability, preservation, and security of financial information.

Along with current regulations, the audit works implement –as criteria and reference– the regulatory practices and frameworks or control standards, including COSO, COSO ERM, COBIT, IFRS and ISAs.

The internal Audit team is made up of a certified auditor (CIA Certification issued by IIA), who is devoted to the assurance for risks and processes, and complying with accounting, financial and tax issues. Other professional accountants in the team, as well as administrative and financial professionals of the Comptroller Office, are also aware of the operations related to the business processes of their expertise. Moreover, technology and information security auditors provide assurance for the general controls, governance and risks inherent to applications, databases and role assignments that support both the operation and the accounting information, amongst others. This enables the internal audit to maintain clear and constant overview of the operations, risks, and controls of processes that generate or secure the financial and operational information. The Comptroller Office was also aware of the operations performed by the Bank during 2021 by participating, with the right to speak and vote, in the different Committees established to decide, define, and monitor the strategies and operations.

The three-year audit cycle is based on the risk appetite of the Audit Committee (covering the universe of auditable entities) with annual planning. The review periods for individual work are variable according to the type and objective of each audit engagement. They, in turn, depend on the risk analysis by the audit in the annual planning and pre-planning phases, which in any case, are identified in the Reports.

Audits were carried out in accordance with the Annual Audit Plan, which is known and approved by the Audit Committee of the Board of Directors under the terms outlined in the Basic Legal Circular Letter of the Financial Superintendence of Colombia (Part I, Tile I, Chapter IV – Internal Control System).

Similarly, the corresponding authorities were informed about the impacts and risks resulting from the situations observed, and the relevant recommendations and action plans were submitted as established in the regulations in order to comply with the limits, conditions for the closing of operations, relationship between market conditions and the terms of the operations performed; and parameters and minimum requirements of the different Risk Management Systems applicable to the Bank.

Among some of the aforementioned observations, there are not situations that may systematically or significantly impact the internal control system, the institutional goals, or the disclosure of financial information. Information on the audit results is available in the Bank's Documentary System, and its consultation is subject to relevant legal authorizations.

The reports gathered by the Tax Auditing Office for the stated period were known and documented in the Audit Committees held during the year.

34. STATUTORY CONTROLS

During 2021 and 2020, the Bank complied with all the statutory controls under the regulation established by the Financial Superintendence of Colombia for credit institutions, in relation to reserve requirements, own position and solvency ratio.

35. EVENTS AFTER THE END OF THE REPORTING PERIOD

Management of Banco de Comercio Exterior de Colombia S.A. - Bancóldex has evaluated the events that occur from January 1 to February 22, 2022, the date on which the financial statements were available for issue, and determined that no subsequent events have occurred that require recognition or disclosure of additional information in these statements.

Reclassification of the investment portfolio in Yankee bonds from securities available for sale to securities classified at maturity - Bancóldex, as a business development bank in Colombia, has a strategic partner in multilateral banking that has enabled it to obtain USD funds in large volumes at affordable and long-term rates. This access has been achieved at a time when the country is experiencing credit restrictions because of both internal and external economic shocks, leveraging credit lines under special conditions to finance the business portfolio with an environmental and social impact. For many years, Bancóldex has placed these resources in Colombian companies, especially micro-, small-, and medium-sized companies, operating as countercyclical funding and allowing credit to flow properly. However, given the monetary policies adopted recently in Colombia and the rest of the world, added to the high volatility of the exchange rate, the appetite for USD credit other than trade decreased, worsening in 2020 and 2021 due to the pandemic. The consequent need to recover the economy concentrated the credit requirements in legal tender, specifically working capital credit, to guarantee the survival of companies. Meanwhile, the competitive advantage of Bancóldex's USD resources is precisely the medium- and long-term credit for modernization, production restructuring, and investment.

Therefore, not foreseeing that the appetite conditions for medium- and long-term USD credit would change in the short term, the Bank decided to invest the floating resources of this excess liquidity in a portfolio of USD bonds, whose issuer is the Central Bank. These securities were classified as available for sale for accounting purposes to be sold once the USD credit conditions changed and allocate those resources to the portfolio. However, the current local and international liquidity conditions and the high volatility of the exchange rate, which we foresee will persist in the long term, suggest targeting the investment strategy towards held-to-maturity investments.

Against this backdrop, Bancóldex, covered by the provisions in Chapter I, Section 4.2. of the Basic Accounting and Financial Circular, requested from the Financial Superintendence of Colombia their consent to reclassify held-to-maturity bonds. This request that was accepted by the Superintendence on January 17, 2022. Finally, the accounting reclassification took place on January 25, 2022.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The issuance of the Bank's separate financial statements for the year ended December 31, 2021, was authorized by the Board of Directors, as recorded in Board of Directors Minutes No. 431 dated February 22, 2022, to be submitted to the General Meeting of Shareholders as required by the Code of Commerce. These financial statements will be submitted for consideration of the highest corporate body, which may approve or disapprove these financial statements.

BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A. - BANCÓLDEX

Certificate to the Financial Statements

For years ended on December 31, 2021 and 2020

We hereby declare that we have previously verified the statements contained in the financial statements of Banco de Comercio Exterior de Colombia S.A. – Bancóldex as of December 31, 2021 and 2020, which have been faithfully taken from the accounting books. Therefore:

- The assets and liabilities of the Bank do exist on the cut-off date; and the recorded operations have been conducted during such period.
- The assets represent probable future economic benefits (rights), and the liabilities represent probable future economic sacrifices (obligations), obtained by, or charged to the Bank on the cut-off date.
- All items have been recognized as appropriate amounts.
- The economic facts have been correctly classified, described, and disclosed.

Similarly, the Financial Statements as of December 31, 2021 were authorized for disclosure by the Board of Directors on February 22, 2022. These financial statements will be submitted before the Shareholders' Meeting, and they may either approve or disapprove these Financial Statements.

This certification is issued on the twenty-second (22nd) day of February 2022.

Javier Diaz Fajardo	Jairo Pedraza Cubillos
Legal Representative	Accountant