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, 2020 and 2019 and Statutory Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Assembly

Name of the Company

Auditor's opinion

Name of Auditor

Day of month of year

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.

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.

Similarly, as of May 28, 2003, Bancóldex determined a control situation over Arco Grupo Bancóldex S.A., an indirect partially state-owned company. Bancóldex owns 87.45% of said company, which is not attached to or affiliated with any Ministry and has similar status as a Colombian national industrial and commercial company. ARCO Grupo Bancóldex S.A., located in the city of Bogotá D.C., was set up as a financing company, subject to inspection and surveillance by the SFC, incorporated through Public Deed number 1557 of 1994 issued at Notary Office 4 of Bogotá (operating license included in Resolution Number 718 of 1994 issued by the Financial Superintendence of Colombia). This control situation was in effect until July 31, 2020.

1.2 Merger

Background. By a communication filed with the SFC under number 2020127441-000 on June 8, 2020, the President of Bancóldex (the absorbing company), and the President of Arco (the absorbed company) notified the merger to the SFC per the requirements of Article 56 of the Organic Code of the Financial System (EOSF, for its acronym in Spanish). They informed the reasons and the administrative and financial conditions of the transaction.

The Presidents of the applicant companies attached the documentation indicated in Article 56 (2) (d) of the EOSF, including a copy of Minutes No. 61 of the special session of Arco's General Meeting of Shareholders, held on May 22, 2020, duly certified by the secretary, which records the decision to approve the merger commitment between

Bancóldex and Arco, and a copy of Minutes No. 64 of the special session of Bancóldex's General Meeting of Shareholders, held on May 22, 2020, duly certified by the secretary, which states the same decision.

One of the reasons for the merger is the interest in consolidating Bancóldex as a strategic investment with greater efficiencies and an increased financial and social profitability, considering Arco's strategic products (leasing, factoring, and direct credit) that the Bank could strengthen with its equity capacity. These products would complement the Bank's service offerings aimed at small and medium-sized enterprises (SMEs).

The SFC, through Resolution 0624 dated July 3, 2020, authorized the merger by absorption between Bancóldex and Arco Grupo Bancóldex Compañía de Financiamiento S.A., specialized in leasing and credit. The merger became effective as of August 1, 2020, and began operating as a single entity.

The merger of Bancóldex as the absorbing entity and Arco as the absorbed entity was formalized by public deed 1209 dated July 31, 2020, of Bogotá Notary 28. Once the certificate of incumbency and legal representation was updated, the accounting migration as of July 31, 2020 was performed on August 1, 2020.

Accounting treatment of the merger by absorption. The Bank analyzed the accounting standards applicable to the merger by absorption. First, it was determined that the IFRS do not provide specific accounting treatment for business combinations under common control. IAS 8.10 and 8.12 indicates that in the absence of an IFRS specifically applicable to a transaction or other events or conditions, Management should use its judgment in developing and applying an accounting policy to provide information that is (a) relevant; and (b) reliable.

Consequently, the Bank considered the Technical Council of Public Accounting's (CTCP, for its acronym in Spanish) opinions 10-01158-2016 dated September 14, 2016, and 10-01096-2018 dated October 09, 2018, as well as the accounting frameworks technically recognized in other countries such as US-GAAP (considering the "Uniting of Interests") and discussion drafts of the IASB.

Based on the preceding, the Bank determined that, upon approval and completion of the merger, the former entity's (the acquired entity's) assets, liabilities, and equity should be incorporated without its profit or loss accounts. In other words, the acquired entity's profit or loss is transferred net to the absorbing entity's equity. Besides, the merged entity's investment is derecognized, and the equity method is no longer applied to it. The Merger does not entail a capital gain since it is a reorganizational merger of a previously controlled entity.

Migrated balances. Arco GB's migrated balances are its closing balances as of July 31, 2020, as disaggregated below.

Subsidiary's assets

Item	July 31, 2020	Reciprocal transactions	August 1, 2020
Cash	$97.922.044	$-	$97.922.044
Investments	17.537.070	-	17.537.070
Loan portfolio and finance leases	794.641.351	-	794.641.351
Accounts receivable	37.278.562	-	37.278.562
Non-current assets	14.154.377	-	14.154.377
Tangible assets	15.958.122	-	15.958.122
Other assets	30.500.084	-	30.500.084
Total assets	$ 1.007.991.610	$-	$ 1.007.991.610

Subsidiary's liabilities

Item	July 31, 2020	Reciprocal transactions	August 1, 2020
Financial instruments at amortized cost	$ 661.977.374	$-	$661.977.374
Bank loans and financial obligations (*)	237.672.838	139.143.759	98.529.879
Accounts payable	17.620.860	-	17.620.860
Labor obligations	1.064.337	-	1.064.337
Provisions	906.761	-	906.761
Other liabilities	6.341.259	-	6.341.259
Total liabilities	$925.583.429	$139.143.759	$687.910.591

Subsidiary's equity

Item	July 31, 2020	Reciprocal transactions	August 1, 2020
Capital stock	$64.956.478	$64.956.478	$ -
Reserves	9.049.556	9.049.556	-
Surplus or deficit	3.514.415	3.514.415	-
Profit or loss	4.887.730	4.887.730	-
Total equity (**)	$82.408.179	$82.408.179	$ -

(*) The reciprocal portfolio with Bancóldex for $139,143,759 were removed from the bank loans and financial obligations accounts. This amount was represented by 359 transactions, with $138,848,420 in principal and $295,339 in interest.

(**) As of July 31, 2020, Bancóldex recognized in its financial statements an investment in the subsidiary for $72,334,075, canceled due to the Merger, which corresponds to an 87.78% share.

The shareholding structure and the equity balance as of July 31, 2020, were considered to distribute ARCO Grupo Bancóldex's equity. The exchange ratio was determined, and the amount of $10,020,213 of accounts payable to the shareholders who requested the cancellation of their investment was established.

Bancóldex's capital increased by $38,096 and an issue premium of $15,795 due to those Arco's shareholders who continued their investment in Bancóldex.

1.3 Bancóldex's new shareholding structure. Legislative Decree 492 dated March 28, 2020, issued provisions regarding resources within the Economic, Social, and Ecological Emergency declared by Decree 417/2020. Article 1 of this Decree states:

Article 1. Equity strengthening of Grupo Bicentenario S.A.S. As of the effective date of this Decree, the ownership of all companies supervised by the SFC or carrying out financial service-related activities that belong to the national executive branch and registered under Ministries, Administrative Departments, and other national entities will be registered in the name of the Nation - Ministry of Finance and Public Credit.

Once such registration has been made, the National Ministry of Finance and Public Credit is authorized to contribute the share ownership of all financial institutions that belong to the national executive branch at its intrinsic value as the capital of Grupo Bicentenario S.A.S.

In compliance with this Decree, the Ministry of Commerce, Industry, and Tourism transferred to the Ministry of Finance and Public Credit the ownership of the shares it held in Bancóldex.

After receiving these shares and under the same article of the Legislative Decree, the Ministry of Finance and Public Credit transferred the ownership of the shares to Grupo Bicentenario.

Therefore, Bancóldex's new shareholding structure is as follows:

OWNER NAME	TOTAL SHARES	INTEREST PERCENTAGE
Bicentenario Group S.A.S.	1,059,563,515	99.72%
Private parties	3,031,453	0.28%
Total shares	1,062,594,968	100%

1.4 Covid-19 related issues. During 2020, the coronavirus (Covid-19) pandemic declared in 2019 by the World Health Organization (WHO) has spread across the country. Thus, the National Government has taken health, social, and economic measures to prevent the spread of the virus, which included mobility and travel restrictions, temporary closure of businesses, and other limitations in the operation.

The Bank implemented operational and commercial continuity and contingency plans under the Mandatory Preventive Lockdown within the Sanitary Emergency decreed to face the Covid-19 pandemic. These plans included officers' working from home, granting loans to highly affected borrowers as provided by the National Government, renegotiating the terms of some loans in the active portfolio, supervising the Bank's liquidity, validating fulfillment of the solvency indicator, market limits, reserve requirements, proprietary position, among others.

The economy, in general, was brought to a sudden halt, which increased the perception of risk in Colombia and questioned its capacity to face an unprecedented economic crisis. Consequently, interest rates have increased more than 300 basis points along the government bond curve. This curve is the basis for the financing costs of all issuers in the local market. Likewise, access to financing through the Colombian capital market experienced a temporary closure between March 11 and April 13, 2020.

The following is a summary of the situations identified and actions taken by Bancóldex:

i. During March and April 2020, due to the Covid-19 crisis, the Bank faced significant challenges from a liquidity perspective, including no access to capital market resources through traditional instruments such as TDS and bonds, investors' meager appetite to take on risk with a marked preference for liquid assets, a rise in funding rates by 70 basis points on average, and the Bank's need for $4.3 billion funding between March and July 2020 due to the historical increase in credit demand.

   The Bank designed a funding strategy to face this situation through the international capital market that would enable it to orderly access a mix of repos, savings accounts, TDs, and FX swaps at reasonable costs. It resulted in $5.5 trillion at a weighted cost of 5.06% E.A., saving 32 basis points compared to the expected cost of the 2020 budget. Within the strategy, the FOME obtained USD 400 million—or $1.4 trillion after translating it at a Cross Currency Interest Rate Swap— in a loan secured by the Multilateral Investment Guarantee Agency (MIGA), an entity belonging to the World Bank. The loan involved JP Morgan, Banco Santander, and BBVA. In September, a $60 million loan was closed with IDB Invest and $10 million with the Development Finance Institute Canada (FINDEV). Thus, multilateral banks once again proved to be a great ally of Bancóldex in supporting Colombian entrepreneurs.

Similarly, Bancóldex has structured fund-raising in the local market with instruments such as TDs and savings accounts for more than $3 trillion. They have been raised mainly between April and June 2020, with high demand from institutional investors, especially pension funds, trust funds, and insurance companies that have seen in Bancóldex an issuer with outstanding solidity backed by the National Government.

Thanks to the unprecedented expansionary monetary policies adopted globally, the Colombian and international capital markets have good liquidity and low interest rates. They have helped Bancóldex have stable financing sources at adequate interest rates for conducting its credit operation in a timely manner.

ii. In March 2020, several P&L and VaR limits were breached, especially in fixed-income securities, caused by the volatile markets during the Covid-19 pandemic and the collapse of oil prices, moving away from the volatilities with which the limits were defined under normal scenarios. The different approval bodies (Assets and Liabilities Management Committee, Risk Management Committee, and Board of Directors) were aware of the situation and the Financial and Risk Vice-Presidencies permanently monitored it. Given the volatile markets and the nature of the portfolio, the Board of Directors authorized maintaining the positions without prejudice meeting market limits.

As a result of these decisions and the market stabilization, there was a significant recovery in the income statement of the strategic and liquidity portfolios with positive results at the end of December 2020. Likewise, the VaR limits of all portfolios were regularized.

iii. Regarding the reduction of the solvency ratio for March 2020 compared to that at the end of February of the same year, the Bank early applied the new regulations to calculate the solvency ratio under Basel III. On the third week of April 2020, the SFC was informed that after the required adjustments in the technological process and developments, the new solvency calculation for the Bank under Basel III resulted in levels close to 19% as of March 2020. On September 02, 2020, the SFC informed that Bancóldex could officially transmit Format 239 (Solvency Margin Information and Other Equity Requirements Report and Solvency Margin Act Control Statement) as of August 31, 2020, as provided in Decrees 1477/2018, 1421/2019, as amended, Chapter XIII-16 of the Basic Accounting and Financial Circular Letter, External Circular Letter 020/2019, and External Circular Letter 025/2020.

iv. Regarding credit risk management, in response to External Circular Letters 007 and 014 dated March 17 and 30, 2020, respectively, issued by the SFC, policies were defined to address the relief to financial intermediaries, which will focus on traditional lines. Intermediaries have been closely monitored to identify actions taken and possible impacts on the entities' liquidity positions and receivables quality.

In compliance with the circular letters above and Internal Circular Letter 05/2020, Bancóldex granted the financial relief requested by financial intermediaries to some rediscount facilities and loans of Microenterprise Credit Oriented Entities (EOCMs, for its acronym in Spanish).

Concerning SME portfolio risk management, and under the circular letters above, financial relief policies were implemented for customers such as grace periods and extended terms for credit, factoring, and leasing transactions.

v. Therefore, the impact on liquidity risk is very low, considering that the amount of relief granted to intermediaries represents a small percentage of Bancóldex's total receivables (approximately 6%). The monthly receivables collection, which is around $250,000,000, would be reduced by roughly $26,000,000, which is not significant, and the impact on the liquidity risk indicator (IRL, Acronym in Spanish) is marginal.

vi. Following the current policies, the Bank must update the method to estimate the Expected Loss (EL) under the IFRS 9 guidelines. In this regard, and to anticipate possible impacts of the Covid-19 situation on the Bank's loan portfolio, in September 2020, an adjustment was made to such method, which the Bank's Board of Directors approved. This adjustment incorporated modifications in the debtors' probability of default for the different receivables segments and updated variables to establish the macroeconomic factor. The impact on the financial statements was a higher expense of $7,689,700.

1.5 Measures taken by Bancóldex as a Second-Tier Bank under Government regulations - To provide greater liquidity to companies adversely affected by Covid-19 (cash problems, difficulties in accessing inputs and raw materials for manufacturing and marketing, and a decrease in the international supply of importable products and inputs), the Colombian Government and Bancóldex created the line of credit Colombia Responde for $250,000,000, focused on the tourism, aviation, and entertainment industries with their relevant supply chains.

A second version of the line of credit, Colombia Responde para Todos, was created for $350,000,000, in addition to the $250,000,000 initially available, benefiting all economic sectors except agriculture and livestock.

The financial facilities for companies accessing both lines are a two percent reduction in the interest rate offered by the financial intermediary under normal market conditions, the National Guarantee Fund's backing for SMEs, monthly, quarterly, and semiannual amortization of principal payments, and a term of up to three years with a six-month grace period.

These national credit lines are part of the Bank's package of actions to remediate the effects of Covid-19 through other mechanisms such as:

- *Colombia Emprende e Innova line:* In association with iNNpulsa Colombia, these loans seek to benefit young companies with invoicing between six and 96 months (8 years) old. It offers a three-year term with a six-month grace period (the same financial conditions of Colombia Responde apply).

- *Tourism sector scaling-up line*: Aimed at micro, small and medium-sized tourism service providers to finance working capital, replacement of liabilities, and modernization.

- *Reprofiling of the financial conditions of other existing credit lines with Bancóldex resources*: Customers of the Working Capital, Business Modernization, and Exprimiendo la Naranja lines may request the deferral of one or more of the agreed installments for the following six months, adjust the interest payment during the deferral of principal installments, and maintain or extend the term of the credit for six additional months. These modifications are requested from the financial intermediaries and subject to their approval.

- *Traditional Bancóldex lines*: They offer terms between five and ten years, with grace periods between six months and three years, and monthly, quarterly, and semiannual repayment terms.

Bancóldex has played a fundamental role in assisting the business sector adversely affected by the economic emergency. It has developed and designed, together with the National Government, the Ministry of Commerce, Industry and Tourism, mayors' offices and governors' offices, national and regional lines of credit from the Responde portfolio in the amount of $1.82 trillion for more than 44,000 entrepreneurs.

The following are the credit lines provided by the National Government, through Bancóldex and its allies, as a relief to the current economic situation. They may be requested through financial intermediaries nationwide:

Lines of credit	Beneficiaries	Term	Grace period	Publication date
Colombia Responde	Companies of all sizes in the tourism sector, aviation, public entertainment organizers, and their respective supply chains	Up to three years	Up to six months	15/03/2020
Colombia Responde para Todos	Companies in all sectors of all sizes (except the agricultural sector and companies financed through the Colombia Responde line)	Up to three years	Up to six months	2/04/2020
Colombia Emprende e Innova - iNNpulsa	Companies in all sectors nationwide with a maximum of 96 months of invoicing	Up to three years	Up to six months	8/04/2020
Bogotá Responde	Companies in all sectors located in Bogotá	Up to three years	Up to six months	14/04/2020
Cúcuta Responde	Micro and small companies in all sectors domiciled in Cúcuta	Up to two years	Up to nine months	15/04/2020
Norte de Santander Responde	Micro and small companies in all sectors domiciled in Norte de Santander	Up to two years	Up to nine months	15/04/2020
Barranquilla Responde	Micro, small, and medium-sized companies in all sectors domiciled in Barranquilla	Up to three years	Up to six months	16/04/2020
Manizales and Caldas Responde	Micro, small, medium, and large companies in all sectors located in Caldas	Up to three years	Up to six months	5/05/2020
Antioquia Responde	Informal, micro, and small enterprises in all sectors in Antioquia	Up to three years	Up to six months	6/05/2020
Bucaramanga Responde	Micro and small companies in all sectors located in Bucaramanga	Up to three years	Up to six months	21/05/2020
Pereira Responde	Small, medium, and large companies in all sectors in Pereira	Up to three years	Up to six months	27/05/2020
Fusagasugá Responde	Micro and small companies in all sectors in Fusagasugá	Up to two years	Up to six months	27/05/2020

Lines of credit	Beneficiaries	Term	Grace period	Publication date
Transporte Responde	Companies of all sizes and drivers of passenger (except mass), mixed, road and river transportation of passengers and cargo	Up to three years	Rediscount: Up to six months Microfinance: Up to four months	16/06/2020
Villavicencio Responde	Formal and informal micro-enterprises and SMEs in all sectors in Villavicencio	Up to three years	Up to six months	17/06/2020
Valle del Cauca Responde	Micro, small, and medium-sized companies from all sectors in Valle del Cauca	Subgroup 1: Up to two years Subgroup 2 and 3: Up to three years	Up to six months	19/06/2020
Reactivate, Bancóldex	Micro-enterprises and SMEs in all sectors in the country	Up to three years	Up to six months	19/06/2020
Rionegro Responde	SMEs in all sectors located in Rionegro, Antioquia	Up to three years	Up to six months	30/06/2020
Atlántico Responde	Micro and small enterprises in all sectors in Atlántico	Up to three years	Up to six months	7/07/2020
Montería Responde	SMEs in all sectors in Monteria	Up to three years	Up to six months	15/07/2020
Guainía Responde	Micro and small enterprises in all sectors in Guainía	Up to three years	Up to six months	23/07/2020
Palmira Responde	Micro and small businesses in all sectors in Palmira	Up to three years	Up to six months	23/07/2020
Santander Responde	Micro and small enterprises in all sectors in Santander	Up to three years	Rediscount: Up to six months Microfinance : Up to one month	27/07/2020
Popayán Responde	Micro, small, and medium-sized companies in all sectors in Popayán	Up to three years	Multi-sector subgroup: Up to six months Orange economy subgroup: Up to 12 months	21/08/2020
Risaralda Responde	Micro, small, and medium-sized companies in all sectors in Risaralda.	Up to three years	Up to six months	28/08/2020

Lines of credit	Beneficiaries	Term	Grace period	Publication date
Agustín Codazzi Responde	Micro and small businesses in all sectors in Agustín Codazzi	Up to three years	SUBCASS 1: Up to four months SUBCASS 2: Up to six months	1/09/2020
Medellín Responde	Micro and small businesses in all sectors in Medellín	Up to three years	Up to six months	11/09/2020
Barrancabermeja Responde	Micro and small companies in all sectors in Barrancabermeja	Up to three years	Up to six months	12/08/2020
Sincelejo Responde	Micro, small, and medium-sized companies in all sectors in Sincelejo	Up to three years	Up to six months	22/09/2020
Reactivación TIC	Micro, small, and medium-sized enterprises of certain economic activities according to DANE classification revision 4	Up to three years	Rediscount: Up to six months Microfinance : No grace period	25/09/2020
Tunja Responde	Micro, small, and medium-sized companies in all sectors in Tunja	Up to three years	Up to six months	8/10/2020
Valledupar Responde	Micro, small, and medium-sized companies in all sectors in Valledupar	Up to three years	Up to six months	13/10/2020
Pasto Responde	Micro, small, and medium-sized companies in all sectors in Pasto	Up to three years	Up to six months	16/10/2020
Quindío Responde	Micro, small, medium, and large companies in all sectors in Quindío	Up to three years	Up to six months	28/10/2020
Santa Marta Responde	Micro, small, and medium-sized companies in all sectors in Santa Marta	Up to three years	Up to six months	5/11/2020
Ibagué Responde	Micro and small companies in all sectors in Ibagué	Up to three years	Up to six months	12/11/2020

Lines of credit	Beneficiaries	Term	Grace period	Publication date
Neiva Responde	Micro, small, and medium-sized companies in all sectors in Neiva	Up to three years	Up to six months	23/12/2020

1.6 Bond issuance - At the special session of the General Meeting of Shareholders held on September 28, 2020, a bond issuance program was approved for up to 3 trillion Colombian pesos to finance the medium and long-term credit activity. It is a funding strategy to finance the post-Covid economic reactivation, promoting economic and social development for the country.

The issue characteristics are common bonds in 4 series as follows:

- Series A: CPI floating-rate Colombian peso bonds
- Series B: Fixed-rate Colombian peso bonds
- Series C: BRI floating-rate Colombian peso bonds
- Series D: Fixed-rate UVR bonds

The Bank is preparing and reviewing the Information Prospectus of the Common Bonds Issuance and Placement Program to be filed with the SFC for approval.

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 1432 of 2020, Decree 2270 of 2019 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, 2020

The Entity implemented a series of new mandatory standards and amendments in the current year, which came into force in Colombia in 2020.

2.2.1 Amendment to IAS 1 Presentation of Financial Statements. By Executive Order 2270/2019, the Company has adopted amendments to IAS 1 and IAS 8 for the first time in the current year. These amendments facilitate understanding the definition of material in IAS 1 and do not intend to alter the underlying concept of materiality in the IFRS Standards. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence.' Therefore, it states that an entity considering all relevant facts and circumstances should not obscure its financial statements by providing immaterial information or grouping dissimilar material items.

2.2.2 IFRIC 23 Interpretation – Uncertainty over Income Tax Treatments. The Bank has applied this IFRIC for the first time by Decree 2270/2019. This interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments. The Bank is required to determine whether uncertain tax treatments should be considered separately or together and whether it is probable that a taxation authority will accept the uncertain tax treatment that it used or planned to use in its income tax filing. If probable, the Bank should determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates consistently with the tax treatment included in its income tax filings. If not probable, the Bank should reflect the uncertainty in determining its taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates using the most likely amount or the expected value of the tax treatment.

In determining the current and deferred tax for fiscal years subject to examination by the taxation authority, the Bank has applied the relevant standards and made interpretations to take position, which could eventually be misconstrued due to the complex taxation system, the continuous amendments to tax regulations, the accounting changes involving tax bases, and generally, the country's legal instability on deductible expenses, provisions, depreciations, amortizations, expenses, non-taxable income, among others. Therefore, the taxation authority's opinion could differ from the Bank's at the time of examination. However, the Bank's Management and tax advisors consider that their actions regarding the estimates and judgments made in each fiscal year are as indicated by the tax regulations in force. Additionally, the Bank has not taken aggressive positions regarding tax treatments and has not considered it necessary to recognize any additional provision.

Based on the analyses performed, the Bank does not have tax uncertainties as of December 31, 2020, that would give rise to a provision for such an item, considering that the income and ancillary taxes process is regulated under the current tax framework. Thus, there are no risks that could imply an additional tax obligation.

The Bank will continue to periodically evaluate any tax and accounting changes or amendments that may result in potential tax uncertainties subject to recognizing a provision.

2.2.3 Amendments to the IFRS Conceptual Framework. Per Decree 2270/2019, the Company has adopted the amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32 in 2020. However, not all amendments are updated concerning references and citations in the revised Conceptual Framework. Some amendments are only updated to indicate which version of the Framework they refer to (the IASC Framework adopted by the IASB in 2001, the 2010 IASB Framework, or the new 2018 revised Framework) or that the definitions in the Standard have not been updated with the new ones in the revised Conceptual Framework.

2.2.4 Amendment to IFRS 16 Covid-19- Related Rent Concessions. By Executive Order 1432 dated November 2020, this amendment was adopted. It provides a relief to lessees in accounting for leases occurring as a direct consequence of Covid-19. The amendment permits lessees, as a practical expedient, not to assess whether Covid-19-related rent concessions as lease modifications. A lessee that makes this election would account for any change in lease payments resulting from the Covid-19-related rent concessions in the same manner as it would account for the change by applying IFRS 16 if the change were not a lease modification.

Bancóldex has right-of-use assets as a lessee such as computer equipment, vehicles, machinery and equipment, and real estate. During 2020, there were no lease modifications or rent concessions due to Covid-19.

According to the information provided by the Bank's Management, there have been no changes in payment and contracting conditions with suppliers or in the fulfillment of the contractual conditions derived from the Covid-19 sanitary emergency.

***2.3. 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, 2020, in this case). 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.

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, 2020 and 2019, the exchange rates were $3,432.50 and $3,277.14 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	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

Classification	Characteristics	Valuation	Accounting
		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.	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 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	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 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.

Classification	Characteristics	Valuation	Accounting
	house in order to support the accepted operation performance for offsetting and settlement and/or as collateral for monetary market operations.		
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 and provided as collateral for these types of operations.	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. 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, branches, associates, shares in Private Equity Funds 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	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

Classification	Characteristics	Valuation	Accounting
		subsidiaries, branches, associates, and shares in joint ventures, they should comply with the provisions set out in IAS 27, IAS 28, and IAS 11, as appropriate.	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;

     - 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.

- *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 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 the disbursement value, except the rediscount commercial portfolio, which is recorded as a discount.

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, 2020 and 2019, 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 2020:

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%

2019

Internal Rating	Rating	Matrix A	Matrix B
1	A1	0,63%	0,94%
2+	A2	0,83%	1,12%
2	A2	1,28%	1,80%
3+	A3	2,03%	2,83%
3	A3	2,24%	4,58%
4	A3	3,64%	7,58%
5	A4	5,80%	13,26%
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.

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. 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 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.

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 Company 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.

Hedge accounting –

The Bank designates some hedging instruments, which include derivatives, embedded 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 8.2 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 carried out at the Bank’s offices in March, 2020 (based on International Valuation Standards), it was determined that the useful life is 100 years and the remaining useful life on the appraisal date is 58 years.

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

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, Bancóldex 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. Bancóldex 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, except for those where the Bank is able to control the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future. 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/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 entity 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 entity 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 area 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.

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 Lease recognition, measurement and presentation principles for lessees and lessors are established as indicated in IFRS 16 - *Leases* as of January 1, 2019.There are not significant changes in the lessor accounting treatment according to this standard; changes apply to lessee accounting.

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.

Dividend and interest 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.

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.

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.

The Bank makes judgments for commercial loans and commercial leasing portfolios, determining its credit risk rating according to its payment capacity evaluated based on the debtor's financial statements and the fair value of the guarantees granted to assess whether observable data indicates a decrease in the customer's estimated cash flow.

In order to estimate provisions of the commercial portfolio (direct and rediscount) and consumer portfolio, the models incorporate some common aspects described in note 3.6.

Additionally, as per SFC's instructions, the Bank recognizes a 1% general provision for the housing loan portfolio, an additional general provision, and a general provision for ICNR through profit or loss, per the method and criteria approved by the Board of Directors.:

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 temporary differences associated with non-taxable income of subsidiaries, except when the Bank controls the reversal of the temporary differences, and it is probable that the temporary difference will not reverse in the foreseeable future.

4.3 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.

4.4 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*:*

Standard	Description
IFRS 9 - Financial Instruments IFRS 7 - Financial Instruments: Disclosures IAS 39- Financial Instruments: Recognition and Measurement Interest Rate Benchmark Reform - Phase 1	These amendments modify specific hedge accounting requirements, so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform. The amendments are effective globally for annual periods beginning on or after January 1, 2020, with earlier application permitted. They are to be applied retroactively.
IFRS 9 - Financial Instruments IFRS 7 - Financial Instruments: Disclosures IAS 39- Financial Instruments Recognition and Measurement	The amendments relate to the modification of financial assets, financial liabilities, and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments relating to hedge modifications and accounting. • Modification of financial assets, financial liabilities, and lease liabilities. A practical expedient is introduced to account for the changes required by the reform by updating the effective interest rate. • Hedging transactions (and related documentation) should be adjusted to reflect changes in the hedged item, the hedging instrument, and the hedged risk.

Standard	Description
Interest Rate Benchmark Reform - Phase 2	• Disclosures to enable users to understand the nature and extent of the risks arising from IBOR reform to which the entity is exposed and how the entity manages those risks. IFRS 4 was also amended to require insurers applying the temporary exemption from IFRS 9 to apply the amendments to account for the changes required directly by the IBOR reform. The amendments are effective globally for annual periods beginning on or after January 1, 2021, with earlier application permitted. They are to be applied retrospectively. Restatement of prior periods is not required. However, an entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.
IAS 1 - Presentation of Financial Statements Classification of Liabilities as Current or Non-current	The amendment to IAS 1 affects only the presentation of liabilities as current or non-current in the statement of financial position, not the amount or timing of recognition of any asset, liability, income or expenses, or the disclosures about those items. The amendments clarify that the classification of liabilities as current or non-current should be based on the rights that are in existence at the end of the reporting period; clarify that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; make explicit that only contractual arrangements at the end of the reporting period should affect the classification of a liability, and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual periods beginning on or after January 1, 2023, with early application permitted. They are to be applied retrospectively.
IAS 16 - Property, Plant, and Equipment Proceeds before Intended Use	The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use, i.e., any proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Accordingly, an entity will recognize these sales proceeds and related cost in profit or loss. The entity measures the cost of those items applying IAS 2- Inventories. The amendments also clarify the meaning of “testing whether an asset is functioning properly.” IAS 16 now specifies this definition for entities to assess whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to third parties, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements will disclose the sales proceeds and cost recognized in profit or loss for the period that relate to items produced that are not part of the entity’s ordinary activities. The amendments also specify which line items in the statement of comprehensive income include the sales proceeds and costs. The amendments are to be applied 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

Standard	Description
	of the earliest period presented in the financial statements in which the entity first applies the amendments. An entity will 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 beginning of the earliest period presented. The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.
IAS 37 - Provisions, Contingent Liabilities, and Contingent Assets Onerous Contracts - Cost of Fulfilling a Contract	The amendments specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract." Costs that relate directly to a contract can either be the incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant, and equipment used in fulfilling the contract). The amendments are effective for contracts for which the entity has not yet fulfilled all its obligations. The entity should recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity at the date of initial application. The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.
Annual Improvements 2018 - 2020 Cycle IFRS 9 Financial Instruments	The amendment clarifies that in applying the "10per cent" test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is to be applied prospectively to modifications or exchanges of financial liabilities that occur on or after the date on which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.
Annual Improvements 2018 - 2020 Cycle IFRS 16 Leases	The amendment removes the illustration of the reimbursement of leasehold improvements. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.

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.

a. Fair value measurements on recurring and non-recurring basis

These are measurements that IFRS accounting standards require or allow in the Balance Sheet at the end of each accounting period. The Bank's assets and liabilities (by class) measured at fair value as of December 31, 2020 and 2019 on recurring basis and within the fair value hierarchy are shown in the following table:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Recurring assets at fair value				
Investments at fair value through profit or loss - Debt instruments				
In Colombian pesos				
Treasury securities - TES	$ 456.515.984	$ -	$ -	$ 456.515.984
Other domestic issuers - financial institutions	-	42.110.340	-	42.110.340
Investments at fair value through other comprehensive income- Equity instruments				
In Colombian pesos				
Domestic issuers - private equity funds	101.441.283	-	-	101.441.283
Domestic 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 through other comprehensive income - Debt instruments				
In Colombian pesos				
Treasury securities - TES	378.848.305	-	-	378.848.305
In foreign currency				
Other securities issued by the national government	734.180.396	-	-	734.180.396
Forward Contracts				
Currency purchase rights	-	161.201.081	-	161.201.081
Currency sales rights	-	842.725.518	-	842.725.518
Currency purchase obligations	-	(160.462.244)	-	(160.462.244)
Currency sales 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 sales rights	-	1.551.945.820	-	1.551.945.820
Currency purchase obligations	-	(1.587.381.085)	-	(1.587.381.085)
Currency sales obligations	-	(1.551.945.820)	-	(1.551.945.820)
Hedging derivative financial instruments				
Forward contracts				
Currency sales rights	-	34.917.730	-	34.917.730
Currency sales obligations	-	(34.285.640)	-	(34.285.640)
Future contracts				
Currency sales rights	-	34.330.000	-	34.330.000
Currency sales 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	$ 87.060.647	$208.646.602	$1.993.239.138

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Recurring liabilities at fair value				
Trading derivative financial instruments				
Cash Transactions				
Forward Contracts				
Currency purchase rights	-	1.113.205.593	-	1.113.205.593
Currency sales rights	-	23.974.097	-	23.974.097
Currency purchase obligations	-	(1.176.860.693)	-	(1.176.860.693)
Currency sales 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)

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Recurring assets at fair value				
Investments at fair value through profit or loss - Debt instruments				
In Colombian pesos				
Treasury securities – TES	$591.253.670	$ -	$ -	$591.253.670
Other domestic issuers - financial institutions	-	10.275.750	-	10.275.750
Investments at fair value through other comprehensive income - Equity instruments				
In Colombian pesos				
Domestic issuers	110.105.763	-	-	110.105.763
In foreign currency				
Foreign issuers - Private equity funds	-	-	30.742.257	30.752.257
Foreign issuers – Bladex	34.230.169	-	-	34.230.169
Investments at fair value through other comprehensive income - Debt instruments				
In Colombian pesos				
Treasury securities – TES	336.851.175	-	-	336.851.175
In foreign currency				
Treasury securities – TES	195.610.507	-	-	195.610.507
Trading derivative financial instruments				
Forward Contracts				
Currency purchase rights	-	130.621.371	-	130.621.371
Currency sales rights	-	1.374.156.279	-	1.374.156.279
Currency purchase obligations	-	(127.248.670)	-	(127.248.670)
Currency sales obligations	-	(1.321.830.739)	-	(1.321.830.739)

Credit Valuation Adjustment-CVA	-	(9.475)	-	(9.475)
Future contracts				
Currency purchase rights	-	3.351.417.625	-	3.351.417.625
Purchase sales rights	-	3.314.371.790	-	3.314.371.790
Currency purchase obligations	-	(3.351.417.625)	-	(3.351.417.625)
Currency sales obligations	-	(3.314.371.790)	-	(3.314.371.790)
Hedging derivative financial instruments				
Future contracts				
Currency sales rights	-	67.000.423	-	67.000.423
Currency sales obligations	-	(67.000.423)	-	(67.000.423)
Non-financial assets				
Investment properties	-	-	6.413.244	6.413.244
Total recurring assets at fair value	$1.268.051.285	$ 65.964.516	$37.155.501	$1.371.171.302
Recurring liabilities at fair value				
Trading derivative financial instruments				
Forward Contracts				
Currency purchase rights	-	(1.966.633.468)	-	(1.966.633.468)
Currency sales rights	-	(160.632.032)	-	(160.632.032)
Currency purchase obligations	-	2.044.505.834	-	2.044.505.834
Currency sales obligations	-	163.116.810	-	163.116.810
Debit Valuation Adjustment-DVA	-	(10.599)	-	(10.599)
Total recurring liabilities at fair value	$ -	$80.346.544	$ -	$80.346.544

b. 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.

7. CASH AND CASH EQUIVALENTS

The cash and cash equivalent balance comprises the following as of December 31, 2020 and 2019:

	2020	2019
Legal currency		
Cash	$9.743	$6.906
Central bank		
Checking account (1)	75.385.041	29.913.769
Deposits monetary contraction	32.000.000	-
Banks and other financial institutions (2)	42.521.480	19.609.398
	149.916.264	49.530.073
Foreign currency		
Banks and other financial institutions	10.707.501	7.529.660
	10.707.501	7.529.660
	$160.623.765	$57.059.733

(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 120% of the six-month debt service for loan agreements 2080/OC-CO and 2193/OC-CO, and 130% for agreements 2983/TC-CO, 3003/TC-CO, 3661/TC-CO, 2949/OC-CO and 4439 /OC-CO and 4939/OC-CO.

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

	Quantity	Amount
Uncashed checks drawn	1	$ 14.879
Outstanding credit notes in books	29	295.189

There are restrictions on the Bank's cash due to attachments by municipal and governmental entities; as of December 31, 2020, this amount is $97,241. The disaggregation of the resources frozen due to attachments is as follows:

Financial institution	Type of account	Value
Banco Davivienda	Savings account	$18.122
Banco AV Villas	Savings account	79.119
		$97.241

As of December 31, 2019, there were no restrictions on the Bank's cash.

8. FINANCIAL INSTRUMENTS

The balance of the investment portfolio as of December 31, 2020, and 2019 is as follows:

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

	2020		2019	
	Int. rate (%)	Amount	Int. rate (%)	Amount
Legal tender				
Securities issued by the Nation				
Ministry of Finance FIXED RATE TES -	3.41	$447.172.795	5.41	$591.253.670
Ministry of Finance UVR TES -	0.89	9.343.189	-	-
	3.36	456.515.984	5.41	591.253.670
Securities issued by entities supervised by the SFC				
DTF Term Deposits (TDs)	3.16	11.377.440	7.45	4.987.500
CPI Bonds	3.11	10.115.300	7.61	5.288.250
DTF Bonds	3.52	10.605.000	-	-
BRI Bonds	2.99	10.012.600	-	-
	3.20	42.110.340	7.53	10.275.750
	3.34	$498.626.324	5.44	$601.529.420

8.2 Investments at fair value through other comprehensive income - debt instruments (1) (2)

	2020		2019	
	Int. rate (%)	Amount	Int. rate (%)	Amount
Legal tender				
Securities issued by the Nation				
Ministry of Finance FIXED RATE TES	4.96	$378.848.305	5.50	$336.851.175
Foreign Currency				
Securities issued by the Nation				
Yankee Bonds	3.72	734.180.396	4.06	195.610.507
	4.14	$ 1.113.028.701	4.97	$ 532.461.682

8.3 Investments at amortized cost

	2020 Int. rate (%)	2020 Amount	2019 Int. rate (%)	2019 Amount
Legal tender				
Securities issued by the Nation				
Solidarity securities	2.95	$5.086.866	-	$ -
Securities issued by entities supervised by the SFC				
Class A and B agricultural development securities	0.23	12.515.957	-	-
Securities issued by other domestic issuers				
Contributory debt securities	8.79	24.631	-	-
	1.03	$17.627.454	-	$ -

8.4 Investments at fair value through other comprehensive income - equity instruments

	2020	2019
Banco Latinoamericano de Exportaciones S.A. - BLADEX	$26.545.922	$34.230.169
Fondo Nacional de Garantías	159.735.238	-
Private Equity Funds (3)	144.089.429	140.848.021
	$330.370.589	$175.078.190

8.5 Investments in associates (4)

	2020	2019
Segurexpo de Colombia S.A.	$11.194.423	$10.465.891
Fondo Nacional de Garantías S.A. - F.N.G.	-	132.503.043
	$ 11.194.423	$142.968.934

8.6 Investments in subsidiaries (5)

	2020 Int. rate (%)	2020 Amount	2019 Int. rate (%)	2019 Amount
Fiduciaria Colombiana de Comercio Exterior S.A. - FIDUCOLDEX		$48.951.867		$50.757.337
Arco Group Bancóldex S.A.		-		67.775.959
		$ 48.951.867		$118.533.296

(1) Debt securities - pledged as collateral money market operations

As of December 31, 2020 and 2019, of investments in debt securities through other comprehensive income, $52,020,846 and $0 have been pledged as collateral in money market transactions, respectively

(2) Debt securities - pledged as collateral for Central Counterparty Risk Clearing House transactions

As of December 31, 2020 and 2019, of the investments in debt securities through other comprehensive income, $ 154,461,735 and $157,084,405, respectively, have been pledged as collateral to support transactions with the Central Counterparty Risk Clearing House.

(3) Investments at fair value through other comprehensive income - Equity Instruments

The investments held by the Bank in Private Equity Funds are presented below:

December 31, 2020

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
Bancóldex Fund of Funds (*)	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

December 31, 2020

Entity	Investment commitment	Contingency	Capital Call	Redemption	Invested	Valuation	% Executed	Fair value	
	USD	USD	USD	USD	USD	USD		USD	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	12.586.669
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

December 31, 2019

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	$ 4.771.215	100.00	$3.606.788
Aureos	11.000.000	3.988.052	10.658.800	17.235.898	7.011.948	(972.606)	63.74	1.901.992
Progresa Capital	3.723.480	-	3.723.480	1.491.748	3.723.480	599.117	100.00	1.714.128
Colombia Ashmore	37.686.200	40	37.686.161	17.592.203	37.686.160	(19.994.574)	100.00	58.355.203
Amerigo Ventures Colombia	4.193.000	602.425	3.589.762	279.864	3.590.575	379.990	85.63	2.832.489
Velum Early Stage Fund I	7.468.230	364.901	7.182.581	342.523	7.103.329	(4.291.995)	95.11	11.132.054
Mas equity fund III Colombia	21.000.000	8.196.858	12.839.409	283.813	12.803.142	1.774.648	60.97	10.780.948
Ashimore Andino II	15.000.000	2.305.319	14.238.579	2.489.165	12.694.681	(8.032.749)	84.63	19.782.162
Bancóldex Fund of Funds (*)	45.000.000	45.000.000	-	-	-	-	-	-
	$ 159.070.910	$ 60.458.263	$100.918.104	$39 .732.332	$98 .612.647	$ (25.766.954)	61.99	$110.105.764

December 31, 2019

Entity	Investment commitment	Contingency	Capital Call	Redemption	Invested	Valuation	% Executed	Fair value	
	USD	USD	USD	USD	USD	USD		USD	COP
MGM Sustainable Energy Fund L.P.	4.000	-	4.121	279	4.000	(86)	100.00	3.485	$11.420.082
Darby Latin American Private Debt Fund Iii, L.P.	5.000	2.525	4.189	1.714	2.475	168	49.50	2.307	7.559.637

	December 31, 2019								
Entity	Investment commitment USD	Contingency USD	Capital Call USD	Redemption USD	Invested USD	Valuation USD	% Executed	Fair value USD	Fair value COP
Angel Ventures Pacific Alliance Fund I Limited Par	5.000	2.737	573	27	2.263	250	45.26	2.013	6.596.153
Acumen Latin America Early Growth Fund Lp	1.500	815	2.263	-	685	68	45.67	615	2.016.790
Allvp Fund Iii, Lp	3.000	1.963	905	-	1.037	76	34.57	961	3.149.595
	18.500	8.040	12.051	2.020	10.460	476	56.54	9.381	$30.742.257
Total Private Equity Funds									$140.848.021

(*) Fund of Funds: After having optimally designed the investment vehicle, its regulatory framework, and socialized it with local key stakeholders, the Bank introduced the Fund of Funds to the market in April 2019, as a regular development of Bancóldex Capital Program. It mainly focused on venture capital and aimed at securing resources worth USD 30 million in the short term. This goal was achieved during the second half of the year by linking entities such as iNNpulsa Colombia, ColCiencias, a multilateral entity and a private investor (under the process of formalizing its investment commitment). These stakeholders, along with Bancóldex, represent resources of over USD 38 million.

(4) Investments in Associates

During 2020 and 2019, the investment in Segurexpo de Colombia S.A. was measured by the equity method, as required by Decree 2496/2015.

Concerning the investment in Fondo Nacional de Garantías, during 2019 and until June 2020, it was measured by the equity method. As of July 1, 2020, this investment was reclassified as available for sale and measured at fair value through other comprehensive income.

The following is the disaggregation of investments in associates as of December 31, 2020, and 2019:

December 31, 2020

Entity	Country	Share %	Opening balance	Capitalization	Income Profit / (Loss)	Other comprehensive income Profit / (loss)	Other profit / (loss)	Equity transfer	Closing balance
Segurexpo de Colombia S.A. (*)	Colombia	49.93	$10.465.891	$107.812	$ 452.817	$211.382	$ (43.479)	$ -	$11.194.423
Fondo Nacional de Garantías S.A. - F.N.G. **(**)**	Colombia		132.503.044	-	11.650.458	(8.317.477)	-	(135.836.024)	-
			$142.968.934	$107.812	$12.103.275	$(8.106.095)	$ (43.479)	$ (135.836.024)	$11.194.423

December 31, 2019

Entity	Country	Share %	Opening balance	Income Profit / (Loss)	Other comprehensive income Profit / (loss)	Closing balance
Segurexpo de Colombia S.A.	Colombia	49.63	$ 9.340.069	1.177.839	$ (52.017)	$10.465.891
Fondo Nacional de Garantías S.A. – F.N.G.	Colombia	25.73	106.056.584	26.213.301	233.158	132.503.044
			$115.396.653	$ 27.391.140	$ 181.141	$142.968.934

(*) Loss from the purchase of 87,651,933 shares in Segurexpo since they were acquired at COP 1.23 per share and the equity per share was COP 0.44.

(**) Under Decree 492 dated March 28, 2020, the Ministry of Finance and Public Credit made two capitalizations to strengthen the equity of the National Guarantee Fund, for a total amount of $ 1,300,000 million, which decreases Bancóldex's 18.43% shareholding in the FNG from 25.729% to 7.30051%.

With the change in the Bank's shareholding and business model, the Bank changed the accounting classification of investments in associates to investments at fair value through other comprehensive income, considering the significant influence assumption. According to IAS 28.5. it the entity will be presumed not to have significant influence if the holding is less than 20% of the voting power (directly or through subsidiaries) on an investee, unless such influence can be demonstrated.

Additionally, to reclassify the investment from a legal point of view, the Bank determined that there are no legal elements to demonstrate the assumptions of control, joint control, or significant influence over the Fondo Nacional de Garantías.

The reclassification to the fair value through other comprehensive income category was made upon meeting the following two conditions:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

- The contractual terms of the asset give rise on specified dates to cash flows (payment of principal and interest on the principal amount outstanding).

The fair value of the investment was determined by Precia Proveedor de Precios Para Valoración S.A., who used the Fair Value Measurement of Equity Instruments in Non-Controlling Interest method for the valuation.

The acceptable valuation approach used was based on income at present value adjusted by the discount rate technique. The FNG had the forecasts and financial information to forecast its future evolution, which enabled the fair value measurement based on its capacity to generate operating cash flows in the future.

Macroeconomic assumptions were used for the valuation, taking 2026 as the forecast horizon, based on economic indicators such as GDP growth, DTF (90 days), Colombia/USA inflation; discount rate: risk-free rate, market premium, and country risk; tax, income.

The most relevant variables identified for the valuation are operating income, expenses without depreciation, assets other than non-current assets, investment in fixed assets, liabilities other than financial obligations, dividend distribution, depreciation and amortization assumption, equity costing, perpetuity calculation, and business value calculation.

Finally, the sensitivity variables used in the published price were income, growth in residual values after five years, and discount rates.

(5) Investments in Subsidiaries

The following is the disaggregation of investments in subsidiaries as of December 31, 2020, and 2019:

December 31, 2020

Entity	Share %	Opening balance	Capitalization	Dividends received in cash	Income Profit / (Loss)	Other comprehensive income Profit / (loss)	Realized Profits / (Loss)	Merger	Closing balance
Fiduciaria Colombiana de Comercio Exterior S.A. – FIDUCOLDEX	89.32	$50.757.337	$ -	$2.567.507	$762.040	$ (2)	$ -	$ -	$48.951.867
Arco Group 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	$5.052.262	$(11.623.305)	$10.391.196	$72.334.075	$48.951.867

December 31, 2019

Entity	Country	Share %	Opening balance	Dividends received in cash	Income Profit / (Loss)	Other comprehensive income Profit / (Loss)	Closing balance
Fiduciaria Colombiana de Comercio Exterior S.A. – FIDUCOLDEX	Colombia	89.32	$51.138.017	$ 2.138.404	$ 2.501.561	$ (743.837)	$ 50.757.337
Arco Group Bancóldex S.A.	Colombia	87.45	61.167.569	-	6.496.137	112.253	67.775.959
			$112.305.586	$2.138.404	$8.997.698	$ (631.584)	$118.533.296

(*) Note 1.2 Merger describes the entire Bank's merger, through which it acquired Arco Grupo Bancóldex S.A.

8.213 ***Derivative financial instruments –*** The disaggregation of the fair value of trading derivative instruments as of December 31, 2020, and 2019 is as follows:

	2020	2019
Assets		
Trading Forward Contracts		
Foreign currency purchase rights	$161.201.081	$130.621.371
Foreign currency sales rights	842.725.518	1.374.156.280
Foreign currency purchase obligations	(160.462.244)	(127.248.670)
Foreign currency sales obligations	(799.135.418)	(1.321.830.740)
Credit Valuation Adjustment -CVA	(10.720)	(9.475)
Total trading forward contracts	44.318.217	55.688.766
Hedging Forward Contracts		
Currency sales rights	34.917.730	-
Currency sales obligations	(34.285.640)	-
Total forward contracts	632.090	-
Total assets	$44.950.307	$55.688.766
Liabilities		
Trading Forward Contracts		
Foreign currency purchase rights	$1.113.205.593	$1.966.633.469
Foreign currency sales rights	23.974.097	160.632.032
Foreign currency purchase obligations	(1.176.860.695)	(2.044.505.834)
Foreign currency sales obligations	(24.011.572)	(163.116.810)
Debit Valuation Adjustment -DVA	8.854	10.599
Total forward contracts	(63.683.723)	(80.346.544)
Hedging Swaps		
Foreign currency purchase rights	1.395.405.543	-
Foreign currency purchase obligations	(1.509.055.603)	-
Debit Valuation Adjustment -DVA	215.232	-
Total Hedging Swaps	(113.434.828)	-
Total liabilities	$(177.118.551)	$(80.346.544)

8.214 ***Creditworthiness of debt securities*** – Creditworthiness information of debt securities is presented below according to the international risk rating assigned by recognized rating agencies:

	2020	2019
Investment Grade	$1.629.282.479	$1.125.323.102
No rating	42.110.340	26.980.165
Total	$1.671.392.819	$1.152.303.267

As of December 31, 2020, and 2019, 7 and 98%of the investments, respectively, have an international investment-grade rating. Note that these investments are debt securities of the Nation. The above reflects a low credit risk exposure under the conservative credit risk profile defined by the Board of Directors.

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

Investment Grade	$25.137.290	$50.780.613
No rating	28.745.211	36.477.390
Total	$53.882.501	$87.258.003

As of December 31, 2020, and 2019, 47and 58% of the exposure, respectively, belong to counterparties with an international investment-grade rating. Those without a rating are mostly local pension and severance funds.

The credit exposure of transactions with derivative financial instruments was reduced by the entry into force of External Circular Letter 031/2019, which considers reducing this exposure by incorporating the guarantees (received-delivered) into the calculation.

8.215 The following is a summary of financial assets by maturity dates as of December 31, 2020, and 2019:

December 31, 2020

	Up to three months	More than three months and less than one year		More than one year			
	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	Total
Investments at amortized cost							
Securities issued by the Nation – TDS	$ -	$5.086.866	$ -	$ -	$ -	$ -	$5.086.866
Securities issued by entities supervised by the SFC	4.394.571	3.275.728	4.845.658	-	-	-	12.515.957
Contributory debt securities	-	-	24.631	-	-	-	24.631
Investments at fair value through profit or loss – Debt instruments							
Securities issued by the Nation – TES	-	-	-	94.203.109	336.148.650	26.164.225	456.515.984

	Up to three months	More than three months and less than one year		More than one year			
	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	Total
Securities issued by entities supervised by the SFC	-	6.131.940	-	25.863.100	10.115.300	-	42.110.340
Investments at fair value through other comprehensive income – Debt Instruments							
Securities issued by the Nation – TES	-	-	-	2.218.560	105.847.560	270.782.185	378.848.305
Securities issued by the Nation – 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

December 31, 2019

	Up to three months	More than three months and less than one year		More than one year			
	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 1 and 3 years	More than three years and less than five years	More than five years	Total
Investments at fair value through profit or loss – Debt instruments							
Securities issued by the nation – TES	$9.918.300	$ 49.045.000	$21.566.880	$226.137.650	$116.746.450	$167.839.390	$ 591.253.670
Term Deposit Certificates issued by supervised institutions	-	5.288.250	-	4.987.500	-	-	10.275.750
Investments at fair value through other comprehensive income – Debt Instruments							
Securities issued by the nation – TES	-	-	66.285.040	2.179.640	103.228.440	165.158.055	336.851.175
Securities issued by the nation – Yankee Bonds	-	-	-	-	-	195.610.507	195.610.507
	$9.918.300	$54.333.250	$87.851.920	$233.304.790	$219.974.890	$ 528.607.952	$1.133.991.102

8.216 ***Impairment of investments –*** The following is the activity in the impairment of investments:

	2020	2019
Balance at the beginning of the period	$ -	$2.824.694
Provision creation (charges to profit or loss)	-	-
Recoveries (credits to profit or loss) *	-	(2.824.694)

Closing balance for the period $ - $ -

(*) In 2019 the Bank eliminated the provision for Private Equity Funds, as authorized by the SFC on September 25, 2019.

9. OTHER FINANCIAL ASSETS

The balance of money market transactions comprises the following as of December 31, 2020, and 2019:

	2020			2019			
	Interest Rate (%)	Trading Term Days	Amount	Interest Rate (%)	Trading Term Days	USD Amount	Amount
Legal tender							
Interbank							
Banks	1.70	5	$75.007.084	-	-	-	$ -
Financial institutions	1.71	6	130.021.859	4.11	3	-	5.001.142
Simultaneous transactions							
Investment transfer commitments	1.74	5	168.769.468	-	-	-	-
Foreign Currency							
Overnight							
Banks	-	-	-	1.80	3	46,513	22.942.274
Other Financial Institutions	-	-	-	1.65	3	25,008	85.213.451
	1.72		$373.798.411	1.79		71,521	$113.156.867

10. CREDIT PORTFOLIO AND FINANCE LEASE TRANSACTIONS, NET

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

Portfolio and accounts receivable in legal tender:

	2020			
	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:				
Due	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 more than 6 months	9.261	155	170	9.586
	1.568.419	3.575	176	1.572.170
Other consumer portfolio guarantees:				
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 more than 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:

	2020			
	Principal	Interest	Accounts receivable	Total
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	-	1.255.924.401
Total gross portfolio and accounts receivable	7.580.754.901	69.236.767	7.283.895	7.657.034.567
Impairment of portfolio and accounts receivable	(181.515.451)	(7.878.676)	(5.660.926)	(195.055.053)
Total net portfolio and accounts receivable	$7.399.239.450	$61.358.091	$1.622.969	$7.461.979.514

Portfolio and accounts receivable in legal tender:

	Principal	Interest	Accounts receivable	Total
Suitable commercial portfolio guarantee:				
Due	$164.917.975	$1.063.420	$3.210	$165.984.605
Overdue 1 to 3 months	791.589	-	-	791.589
Overdue 3 to 6 months	454.275	-	1.242	455.517
Overdue 6 to 12 months	202.984	11.781	2.961	217.726
Overdue more than 12 months	445.937	10.809	21.371	478.117
	166.812.760	1.086.010	28.784	167.927.554
Other commercial portfolio guarantees:				
Current	4.539.469.523	13.955.144	889	4.553.425.556
Overdue 1 to 3 months	138.519	2.005	47	140.571
Overdue 3 to 6 months	451.053	11.140	1.940	464.133
Overdue 6 to 12 months	1.772.013	94.455	14.114	1.880.582
Overdue more than 12 months	28.153.927	1.189.138	97.393	29.440.458
	4.569.985.035	15.251.882	114.383	4.585.351.300

	Principal	Interest	Accounts receivable	Total
Suitable consumer portfolio guarantee:				
Due	1.485.565	4.130	1	1.489.696
	1.485.565	4.130	1	1.489.696
Other consumer portfolio guarantees:				
Overdue 3 to 6 months	41.606	-	-	41.606
	41.606	-	-	41.606
Suitable housing portfolio guarantee:				
Due	16.383.229	41.184	687	16.425.100
Overdue 1 to 4 months	655.106	4.537	216	659.859
Overdue 4 to 6 months	115.426	-	274	115.700
Overdue 6 to 12 months	31.287	-	46	31.333
	17.185.048	45.721	1.223	17.231.992
Total legal tender	4.755.510.014	16.387.743	144.391	4.772.042.148
Portfolio and accounts receivable in foreign currency:				
Suitable commercial portfolio guarantee:				
Due	13.217.563	11.683	-	13.229.246
	13.217.563	11.683	-	13.229.246
Other commercial portfolio guarantees:				
Due	1.930.755.649	22.246.372	-	1.953.002.021
	1.930.755.649	22.246.372	-	1.953.002.021
Total foreign currency	1.943.973.212	22.258.055	-	1.966.231.267
Total gross portfolio and accounts receivable	6.699.483.226	38.645.798	144.391	6.738.273.415
Impairment of portfolio and accounts receivable	(159.788.170)	(1.706.257)	(130.477)	(161.624.904)
Total net portfolio and accounts receivable	$6.539.695.056	$36.939.541	$13.914	$6.576.648.511

The following is a breakdown of the loan portfolio by the classification in Chapter II of the CBFC:

December 31, 2020

	Principal	Interest	Other Items	Impairment Principal	Impairment Interest	Impairment 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	171	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	12.644.964
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	413.694	8.378	6.535.672.476
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	517.004	495.326	2.781.205
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	2.801.128	900.379	6.588.701.068
General 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	$7.878.676	$5.660.926	$7.462.195.481

December 31, 2019

	Principal	Interest	Other Items	Impairment Principal	Impairment Interest	Impairment Other Items	TOTAL
Housing Loans							
A - Normal	$16.963.842	$990	$ 876	$169.637	$450	$9	$ 16.839.612
B - Acceptable	74.492	731	27	2.384	23	1	72.842
C - Appreciable	146.714	-	320	14.671	-	32	132.331
Suitable Consumer Loan Guarantee	**17.185.048**	**45.721**	**1.223**	**186.692**	**473**	**42**	**17.044.785**
A - Normal	1.485.565	4.130	1	30.640	85	-	1.458.971
Other Consumer Loan Guarantees	**1.485.565**	**4.130**	**1**	**30.640**	**85**	**-**	**1.458.971**
D - Significant	41.606	-	-	41.606	-	-	-
Suitable Commercial Loan Guarantees	**41.606**	-	-	**41.606**	-	-	-
A - Normal	171.951.923	1.073.738	3.210	1.554.720	11.761	35	171.462.355
B - Acceptable	1.141.404	-	-	19.862	-	-	1.121.542
C - Appreciable	214.075	1.365	-	21.615	200	-	193.624
D - Significant	340.032	22.590	12.177	304.794	20.545	11.619	37.841
E - Irrecoverable	6.382.889	-	13.397	6.382.889	-	13.397	-
	180.030.323	**1.097.693**	**28.784**	**8.283.880**	**32.506**	**25.051**	**172.815.363**
Other Commercial Loan Guarantees							
A - Normal	6.466.708.014	36.181.975	5.645	120.869.764	399.041	239	6.381.626.590
B - Acceptable	2.374.398	8.583	889	132.027	690	42	2.251.111
C - Appreciable	976.250	10.957	-	125.374	1.408	-	860.425
D - Significant	4.029.650	185.566	8.218	3.362.182	164.394	8.197	688.661
E - Irrecoverable	26.652.372	1.111.173	99.631	26.584.155	1.107.660	96.906	74.455
	6.500.740.684	**37.498.254**	**114.383**	**151.073.502**	**1.673.193**	**105.384**	**6.385.501.243**
General Provision							
Housing				171.850			171.850
	$6.699.483.226	$38.645.798	$144.391	$ 159.788.170	$1.706.257	$130.477	$6.576.648.511

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, 2020, and 2019:

December 31, 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

December 31, 2019

Economic sector	Antioquia and Chocó	Bogotá DC	Central	Atlantic coast	Coffee region	Abroad	West	Santanderes	South-East	Grand total
Artistic, Entertainment, and recreational activities	$4.260.628	$6.716.905	$ 479.194	$3.646.948	$1.365.286	$ -	$2.330.588	$237.676	$ 336.517	$ 19.373.742
Hospitality and catering activities	16.228.133	39.260.393	12.669.103	40.836.824	10.952.331	-	19.969.880	9.535.466	3.932.797	153.384.927
Households as employers	-	-	127.083	-	-	-	-	667	2.222	129.972
Administrative and support services activities	8.265.070	28.500.584	6.116.190	5.184.098	7.477.976	-	11.104.579	6.995.193	904.834	74.548.524
Financial and insurance activities	128.895.678	551.452.351	14.446.741	16.075.514	23.309.170	744.790.859	249.622.994	87.823.616	1.027.138	1.817.444.061
Real estate activities	13.167.742	22.703.776	2.430.554	20.847.936	2.896.606	-	12.364.782	2.554.701	72.202	77.038.299
Professional, scientific, and technical activities	19.990.537	68.690.410	11.532.105	14.417.822	5.681.535	-	19.222.321	8.738.961	2.554.872	150.828.563
Public administration - defense; social security	43.306	1.657.611	40.259	100.000	1.419.270	-	83.333	11.916	-	3.355.695
Agriculture, livestock, forestry, fishing	8.789.017	19.060.114	13.235.164	30.946.218	8.924.062	-	11.148.805	15.208.423	1.939.341	109.251.144
Employees	-	18.712.219	-	-	-	-	-	-	-	18.712.219
Human health care and social assistance	27.869.503	26.189.859	15.397.020	38.065.954	7.218.275	-	38.228.731	18.962.846	1.385.716	173.317.904
Wholesale and retail trade; vehicle repair	136.384.239	278.540.634	131.329.413	131.599.252	58.313.211	149.858.509	169.811.857	127.145.482	52.159.123	1.235.141.720
Construction	22.831.106	85.948.677	17.972.186	43.614.441	9.728.465	-	18.220.312	16.765.595	3.284.415	218.365.196
Water distribution, sewage disposal, and treatment	-	-	43.171	-	-	-	-	-	-	43.171
Teaching	6.867.760	17.382.681	11.296.546	5.707.439	2.247.102	-	4.699.373	8.366.691	1.322.343	57.889.934
Mining and quarrying	12.604.681	10.961.356	4.626.541	463.145	35.576	-	250.200	4.473.760	638.437	34.053.696
Manufacturing industries	386.402.033	255.606.039	92.448.220	58.303.873	103.359.993	206.101.052	167.531.393	62.693.687	6.383.290	1.338.829.581
Information and communications	22.407.629	237.264.513	1.818.287	25.003.159	1.411.671	-	9.121.397	655.224	1.500.500	299.182.380
Extraterritorial organizations and bodies	-	78.535	194.417	2.338	-	-	-	88.500	-	363.790
Other service activities	38.418.787	15.831.739	12.415.974	2.776.855	10.462.926	-	86.240.523	3.354.067	2.413.420	171.914.292
Water supply, wastewater, waste; and decontamination	2.021.381	2.249.787	4.790.960	11.691.626	589.032	-	666.278	1.287.334	447.286	23.743.683
Electricity, gas, steam, air conditioning	83.333	13.538.019	4.403.640	26.190.617	-	-	68.992.258	612.775	212.845	114.033.487
Transportation and storage	77.442.705	208.444.749	90.943.093	107.697.511	14.352.348	-	57.306.769	34.764.607	17.585.464	608.537.247

Grand total	$ 932.973.268	$1.908.790.950	$448.755.862	$ 583.171.571	$269.744.836	$1.100.750.420	$946.916.372	$410.277.186	$98.102.762	$6.699.483.226

December 31, 2020

Economic sector	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	

December 31, 2019

Economic sector	Commercial	Consumer	Housing	Finance leases	Total	Share
Artistic, entertainment, and recreation activities	$19.373.742	$ -	$ -	$ -	$19.373.742	0.29%
Hospitality and catering activities	151.763.626	-	-	1.621.300	153.384.926	2.29%
Households as employers	129.972	-	-	-	129.972	0.00%
Administrative and support services activities	74.548.525	-	-	-	74.548.525	1.11%
Financial and insurance activities	1.814.568.013	-	-	2.876.048	1.817.444.061	27.13%
Real estate activities	75.723.925	-	-	1.314.375	77.038.300	1.15%
Professional, scientific, and technical activities	150.337.712	-	-	490.851	150.828.563	2.25%
Public administration - defense; social security	3.355.695	-	-	-	3.355.695	0.05%
Agriculture, livestock, forestry, and fishing	107.020.092	-	-	2.231.053	109.251.145	1.63%
Employees	-	1.527.170	17.185.049	-	18.712.219	0.28%
Human health care and social assistance	173.317.905	-	-	-	173.317.905	2.59%
Wholesale and retail trade; vehicle repair	1.234.904.478	-	-	237.240	1.235.141.718	18.44%
Construction	218.338.855	-	-	26.341	218.365.196	3.26%
Water distribution, sewage disposal, and treatment	43.171	-	-	-	43.171	0.00%
Teaching	57.889.934	-	-	-	57.889.934	0.86%
Mining and quarrying	34.053.696	-	-	-	34.053.696	0.51%
Manufacturing industries	1.337.063.855	-	-	1.765.726	1.338.829.581	19.98%
Information and communications	299.182.380	-	-	-	299.182.380	4.47%
Extraterritorial organizations and bodies	363.790	-	-	-	363.790	0.01%
Other service activities	171.914.292	-	-	-	171.914.292	2.57%
Water supply, wastewater, waste; and decontamination	23.743.683	-	-	-	23.743.683	0.35%
Electricity, gas, steam, air conditioning	114.033.487	-	-	-	114.033.487	1.70%
Transportation and storage	608.515.156	-	-	22.091	608.537.247	9.08%
Grand total	$6.670.185.982	$1.527.170	$17.185.049	$ 10.585.025	$ 6.699.483.226	

Portfolio per monetary unit -

December 31, 2020

Types	Legal tender	Foreign currency	Total
Commercial	$6.317.897.483	$1.243.364.847	$7.561.262.330
Consumer	1.590.603	-	1.590.603
Housing	17.901.968	-	17.901.968
Total	$6.337.390.054	$1.243.364.847	$7.580.754.901

December 31, 2019

Commercial	$4.736.797.795	$1.943.973.212	$ 6.680.771.007
Consumer	1.527.171	-	1.527.171
Housing	17.185.048	-	17.185.048
Total	$4.755.510.014	$1.943.973.212	$6.699.483.226

Portfolio by maturity period -

	December 31, 2020					
	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than ten years	Total
Commercial	$1.737.075.585	$3.487.204.379	$1.197.207.323	$ 986.128.328	$153.646.715	$7.561.262.330
Consumer	99.014	539.448	952.141	-	-	1.590.603
Housing	226.659	365.603	417.334	7.831.261	9.061.110	17.901.968
Total	$1.737.401.259	$3.488.109.430	$1.198.576.798	$993.959.589	$162.707.825	$7.580.754.901

	December 31, 2019					
	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than ten years	Total
Commercial	$1.930.577.981	$2.477.625.775	$1.225.025.253	$1.007.786.040	$39.755.957	$6.680.771.007
Consumer	14.953	331.526	1.180.692	-	-	1.527.171
Housing	9.346	28.928	2.778	7.270.137	9.873.859	17.185.048
Total	$1.930.602.280	$2.477.986.230	$1.226.208.724	$1.015.056.177	$49.629.816	$6.699.483.226

Restructured loans - The following is the breakdown of restructured loans as of December 31, 2020, and 2019:

Commercial	Number of loans	Principal balance	December 31, 2020 Balance of interest and other	Impairment of principal	Impairment of interest and other
Category A	3	$1.399.478	$155.990	$43.528	$11.872
Category B	15	1.234.778	146.437	58.851	11.989
Category C	11	2.563.864	229.087	234.936	93.639
Category D	23	7.797.663	376.837	5.258.903	329.666
Category E	4	432.579	64.133	432.579	64.133
Total	56	$13.428.362	$972.485	$6.028.798	$511.299

	Number of loans	Principal balance	2019 Balance of interest and other	Impairment of principal	Impairment of interest and other
Commercial					
Category B	20	$315.230	$2.713	$9.124	$129
Category E	3	6.074.000	137.366	6.074.000	1.659
Total	23	$6.389.230	$140.079	$6.083.124	$1.788
Consumer					
Category B	1	$41.606	$568	$41.606	$ -

(*) In December 2019, $135,707 of the interest is recognized in contingent accounts for commercial portfolio. For the consumer portfolio, 100% of the interest is recognized in contingent accounts.

Portfolio write-offs -. The disaggregation of portfolio write-offs as of December 31, 2020, is as follows.

	Principal	Other items
Commercial	$2.000.000	$300

There were no portfolio write-offs during 2019.

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

	2020	2019
Commercial	$7,068	$74,784

Impairment of the loan portfolio - The following is a disaggregation of the impairment of the loan portfolio:

	Commercial	Consumer	Housing	General provision (1)	Total
Balance as of December 31, 2018	**$173.098.243**	**$72.250**	**$195.012**	**$181.419**	**$173.546.925**
Expenditure	54.762.252	53.862	34.952	-	54.851.066
Write-off	-	-	-	-	-
Recovery	(68.503.114)	(53.867)	(43.271)	(9.569)	(68.609.821)
Balance as of December 31, 2019	**159.357.381**	**72.245**	**186.693**	**171.850**	**159.788.170**
Reclassifications (ARCO Migration)	48.425.100	11.748	13.876	-	48.450.724
Expenditure	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)	(5.933)	(74.302.178)
Balance as of December 31, 2020	**$180.226.913**	**$56.278**	**$202.111**	**$1.030.148**	**$181.515.451**

(1) The amount currently recognized in the general provision comprises the additional general provision created under SFC External Circular Letter 022/2020 for $851,129, and the general provision created for housing loans for $179,019.

11. TRADE AND OTHER ACCOUNTS RECEIVABLE, NET

The following is the breakdown of trade and other receivables, net, as of December 31, 2020, and 2019:

	2020	2019
Interest and financial component	$69.236.767	$38.645.798
Commissions	60.317	21.179
Charges for leased assets	53.165	-
Debtors	522.777	473.735
Payments by customers (Note 10) (1)	7.283.895	144.391
Advances to contracts and suppliers (2)	6.126.226	39.620
Employees	291.694	384.662
Security deposits (3)	72.363.628	15.815.478
Opportunity Banking Investment Program	917.104	462.088
Other debtors (4)	986.354	831.305
Settlement of derivative transactions - CRCC (5)	-	18.040.421
Settlement of derivative transactions - OTC	8.395.540	8.292.925
By ARCO GRUPO Bancóldex (6)	1.916.999	-
Reimbursable expenses of trusts	89.551	156.874
Sundry	193.852	609.336
	168.437.870	83.917.812

Less impairment of accounts receivable:

	2020	2019
Loan portfolio (Note 10)	(13.539.602)	(1.836.734)
Other	(1.569.485)	(1.079.018)
	(15.109.087)	(2.915.752)
	$153.328.783	$81.002.060

(1) The variation is mainly due to the merger of Bancóldex with Arco Grupo Bancóldex S.A. This item includes amounts paid by the Bank and charged to the customer. The items are insurance, fees, commissions from the National Guarantee Fund; it also includes the freezing under Law 1116 that are transferred as accounts receivable.

(2) The variation as of December 31, 2020, is mainly due to advances made to suppliers to acquire properties to be leased.

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

(4) The variation is mainly due to accounts receivable from employees for $162,068for the suspension of pension contributions in May and June, which were not discounted under Decree 558/ 2020. This increase is offset by the recovery of other accounts receivable for $7,019.

(5) 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.

(6) As of December 31, 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.

The following is the disaggregation of the activity in impairment of accounts receivable as of December 31, 2020, and 2019:

Balance at the beginning of the period	$2.915.752	$1.855.267
Reclassifications (ARCO Migration)	8.849.320	-
Provision creation (charges to profit or loss)	5.383.784	1.821.698
Write-offs	(300)	-
Recoveries (credits to profit or loss)	(2.039.469)	(761.213)
Closing balance for the period	$15.109.087	$2.915.752

12. OTHER ASSETS

The following is the breakdown of other non-financial assets as of December 31, 2020, and 2019:

	2020	2019
Prepaid expenses (1)	$20.205.989	$7.100.061
Deferred payment letters of credit	-	1.577.648
Art and cultural properties	33.216	33.216
Properties given in bailment	14.489	14.489
Properties for lease agreements (2)	30.480.016	-
Taxes (3)	644.831	171.166
Other	578.574	1.222
	$51.957.115	$8.897.802

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

	December 31, 2019	Charges	Amortization	December 31, 2020
Insurance	$244.597	$2.101.150	$1.859.728	$486.020
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	-	2.561.677	288.344	2.273.332
	$7.100.061	$29.344.594	$16.238.666	$20.205.989

	December 31, 2018	Charges	Amortization	December 31, 2019
Insurance	$223.075	$375.855	$354.332	$244.597
Commissions (*)	6.679.911	6.825.311	7.284.308	6.220.914
Prepaid health care	571.373	1.522.920	1.459.743	634.550
	$7.474.359	$8.724.086	$9.098.383	$7.100.061

(1) 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 $ 16,905,504.

(2) 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:

	2020
Machinery and equipment	$10.909.606
Vehicles	5.190.646
Real estate	14.379.764
	$30.480.016

(3) The disaggregation of taxes is as follows:

	2020	2019
Prepayment of taxes other than income tax	$228.773	$1.833
Contributions	416.058	169.333
	$644.831	$171.166

13. *NON-CURRENT 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 intends to sell these assets immediately; therefore, it has established special sales programs through real estate agents; an administration and sale contract with an agent specialized in the real estate sector; and publication of notices of sale of property at Bancóldex' website.

As a result of the Bank's merger, through which it acquired Grupo Bancóldex S.A., the company's marketing plan was adopted, in which it directly sells the properties. However, the preceding does not limit the use of intermediaries to facilitate the appropriate arrangements. The relevant approving body will be responsible for outsourcing and the payment of commissions if applicable.

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

13.1. Properties received in payment - The following is the activity of properties received in payment as of December 31, 2020, and 2019:

Opening balance	$ -	$ -
Additions [1]	4.742.050	50.794
Sales [2]	(755.000)	(75.550)
Provision expenses	(1.215.107)	(50.794)
Recovery of provision [2]	782.645	80.500
Loss on sale of properties [2]	(27.645)	(4.950)
Total	$3.526.943	$ -

The breakdown of properties received in payment is as follows:

December 31, 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

		December 31, 2019		
Properties received in payment	Cost	Provision	Prov. %	Total
Real estate for housing	$5.599.062	$(5.599.062)	100	$ -
Real estate other than housing	5.757.168	(5.757.168)	100	-
Total	$11.356.230	$(11.356.230)		$ -

(1) The variation compared to 2019 is the revenue from properties received in payment due to the Bank's merger, through which it acquired Arco Grupo Bancóldex S.A. As of August 1, 2020, properties were integrated into the following groups:

Type	Cost	Impairment	Balance
Personal Property	$108.727	$9.157	$89.570
Real estate for housing	8.026.265	4.961.149	3.065.116
Real estate other than housing	7.868.213	6.425.112	1.443.101
Vehicles	243.559	179.625	63.934
Machinery	202.671	122.342	80.329
	$16.449.435	$11.707.385	$4.742.050

(2) In 2020, a property for housing received in payment was sold for $755,000. It caused the reimbursement of a provision of $782,645 and a loss on the sale of properties of $27,645.

13.2. Returned properties - The following is the activity of returned properties as of December 31, 2020, and 2019:

	2020	2019
Opening balance	$ -	$ -
Additions [(1)]	14.493.843	397.902
Sales	(3.019.961)	-
Provision expenses	(4.460.648)	(397.902)
Disposals	(9.544)	-
Provision recovery	1.652.248	-
Loss on sale of properties	325.017	-
Total	$8.980.955	$ -

The disaggregation of returned properties as of December 31, 2020, and 2019 is as follows:

Returned properties	Cost	December 31, 2020 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

Returned properties	Cost	December 31, 2019 Provision	Prov. %	Total
Real estate	$3,379,429	$(3,379,429)	100	$-
Total	$3,379,429	$ (3,379,429)		$-

(1) The main variation compared to the period 2019 corresponds to the entry of assets returned due to the Bank's merger, through which it acquired Arco Grupo Bancóldex S.A. As of August 1, 2020, properties were integrated into the following groups:

Type	Cost	Impairment	Balance
Machinery	$3.353.489	$1.638.438	$1.715.051
Real Estate	27.379.722	19.749.430	7.630.292
Vehicles	1.945.719	1.945.719	-
Furniture and fixtures	84.169	17.185	66.984
	$32.763.099	$23.350.772	$9.412.327

13.3. Other non-current assets held for sale - This group comprises some vehicles transferred from the group of property and equipment in 2018. The Bank arranged the plan for the sale of such assets during 2019 and 2020. In 2019, an asset in this group was sold, and a sales agreement was signed for another vehicle, receiving 50% of the sale amount. The balance will be received when the property card is issued in the name of the new owner.

The following is the activity in other non-current assets as of December 31, 2020, and 2019:

	2020	2019
Opening balance	$8.583	$35.039
Sales	-	(26.500)
Other comprehensive income	-	(26.456)
Profit	-	26.500

Total	$8.583	$8.583

The costs of assets held for sale, such as management, maintenance, utilities, real estate tax, and fees, are recognized as expenses in the period incurred. For 2020 and 2019, such amounts amounted to $ 839,344 and $ 360,382, respectively.

14. PROPERTY, PLANT, AND EQUIPMENT, NET

The following is the breakdown of property, plant, and equipment, net, as of December 31, 2020, and 2019:

BLANK SPACE

Cost of property, plant, and equipment

	Land	Buildings	Machinery	Transportation Vehicles	Furniture and Fixtures	Office Equipment	Computer Equipment	Network and Communications Equipment	Total
Cost									
Balance as of January 1, 2019	$2.801.343	$29.405.423	$2.635.841	$79.900	$53.039	$3.010.245	$1.202.386	$2.153.282	$41.341.459
Acquisitions	-	-	8.313	-	-	1.512	-	-	9.825
Disposals	-	-	(209.555)	-	(7.631)	-	(34.367)	(1.231)	(252.784)
Balance as of December 31, 2019	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
Disposals	-	-	-	-	-	-	(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

Accumulated depreciation and the net carrying amount of property, and equipment

	Land	Buildings	Machinery	Transportation Vehicles	Furniture and Fixtures	Office Equipment	Computer Equipment	Network and Communications Equipment	Total
Accumulated depreciation									
Balance as of January 1, 2019	$ -	$(436.147)	$(1.720.026)	$(79.900)	$(48.497)	$(2.142.534)	$(1.111.719)	$(1.837.266)	$(7.376.089)
Depreciation	-	(402.598)	(129.161)	-	(496)	(128.135)	(11.993)	(123.317)	(795.700)
Disposals	-	-	192.054	-	7.401	-	33.201	1.231	233.887
Balance as of December 31, 2019	-	(838.745)	(1.657.133)	(79.900)	(41.592)	(2.270.669)	(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
Increase in accumulated depreciation	-	(186.794)	-	(179.982)	-	(564.294)	(741.184)	-	(1.672.254)
Disposals	-	-	-	-	-	-	1.519	-	1.519
Balance as of December 31, 2020	$ -	$(270.748)	$(1.771.767)	$(259.882)	$(41.921)	$(2.970.036)	$ (1.863.339)	$(1.966.408)	$(9.144.101)
Net carrying amount									
Balance as of December 31, 2019	$2.801.343	$28.566.678	$ 777.466	$ -	$ 3.816	$741.088	$ 77.508	$192.699	$33.160.598
Balance as of December 31, 2020	$5.221.106	$30.990.886	$ 676.836	$1.818	$3.487	$992.147	$143.046	$185.643	$38.214.969

The following is a description of the main transactions in 2020:

As a result of the Bank's merger, through which it acquired Arco Grupo Bancóldex S.A., property, plant, and equipment were integrated for $ 6,385,635. Their accumulated depreciation was $ 1,672,255, represented in the following groups:

ASSET	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	$1.672.255	$4.713.380

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

Revaluation of Land and Buildings. The Bank uses the revaluation model to measure land and buildings. Following the Accounting Policy, the Bank will review the revalued cost every three years.

Considering that the last revaluation took place in December 2017, the Bank had the Bank's offices (land and building) re-appraised in March 2020. For such purpose, it hired Nestor Mora y Asociados. This firm carried out the IFRS valuation of the Bank's real estate, which considers land and buildings under the Fair Value standard and the IFRS definitions.

Impairment of property and equipment – It is to be noted that no impairment indicators were identified for each comparative date of presentation of the current financial statements. Similarly, the Bank has not observed internal or external indicators that reflect a significant extent of impairment of the fixed assets represented in movable and immovable properties. Therefore, the values represented in the financial statements correspond to the cost amount adjusted to the projection of the expected useful life for each group of assets represented in buildings, machinery, appliances, and accessories, among others, classified as properties and equipment.

As of December 31, 2020 and 2019, the assessment carried out by the Bank indicates that there is no evidence of impairment of its properties and equipment.

As of December 31, 2020 and 2019, there are not restrictions on the ownership of property, plant, and equipment.

15. PROPERTIES GIVEN IN OPERATING LEASES

This item corresponds to real estate under operating leases, the breakdown of which is as follows:

Properties given in operating leases:

December 31, 2020

Cost	
Balance as of January 1, 2020	$ -
Additions (*)	10.355.431
Transfer to returned properties	(678.216)
Balance as of December 31, 2020	$9.677.215
Depreciation	
Balance as of January 1, 2020	$ -
Additions (*)	(228.555)
Depreciation	(166.711)
Transfer to returned properties	38.390
Balance as of December 31, 2020	$(356.876)
Provision for impairment	
Balance as of January 1, 2020	$ -
Additions (*)	(255.982)
Balance as of December 31, 2020	$(255.982)
Net carrying amount	
As of December 31, 2020	$9.064.357

(*) As a result of the Bank's merger, through which it acquired Arco Grupo Bancóldex S.A., properties under operating leases or real estate were integrated at a cost of $ 10,355,431, accumulated depreciation of $ 228,555, and a provision for impairment of $ 255,982.

16. INVESTMENT PROPERTIES

The following is the disaggregation of investment properties as of December 31, 2020, and 2019:

	Land and buildings	
	2020	**2019**
Cost	$210.655	$210.655
Revaluation	6.052.562	6.202.589
Total	$6.263.217	$ 6.413.244

The variation in 2020 is due to the updated technical appraisal of the 37th floor of Bancóldex in Bogotá, decreasing $ 150,027 in the fair value of this property. The appraisal was performed by Nestor Mora & Asociados. This independent firm has the capacity and experience in appraising these sites and types of assets. There are no restrictions on the disposal of or revenue from the investment properties.

The amounts recognized in income and expenses as of December 31, 2020, and 2019 are broken down below:

	Land and buildings	
	2020	2019
Lease income	$798.613	$770.879
Direct Expenses	(56.371)	(55.541)
Total	$742.242	$715.338

17. RIGHTS-OF-USE ASSETS

The following is the disaggregation of right-of-use assets as of December 31, 2020, and 2019:

	Computer equipment	Vehicles	Machinery and equipment	Real Estate	Total
Cost					
Balance as of December 31, 2018	$1.982.459	$791.900	$188.816	$ -	$2.963.175
Acquisitions	436.465	169.990	-	2.055.345	2.661.800
Disposals	(112.652)	(155.900)	-	-	(268.552)
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
Disposals	(331.543)	-	-	(366.594)	(698.137)
Balance as of December 31, 2020	$3.359.743	$948.053	$88.816	$2.604.372	$7.100.984
Accumulated depreciation					
Balance as of December 31, 2018	$508.644	$154.839	$5.245	$ -	$668.728
Amortization expense	692.017	150.727	62.939	205.535	1.111.218
Disposals	(112.652)	(39.529)	-	-	(152.181)
Balance as of December 31, 2019	1.088.009	266.037	68.184	205.535	1.627.765
Amortization expense	927.702	161.929	62.939	351.997	1.504.567

	Computer equipment	Vehicles	Machinery and equipment	Real Estate	Total
Increase in accumulated depreciation (*)	179.455	-	-	393.662	573.117
Disposals	(331.543)	-	-	(366.594)	(698.137)
Balance as of December 31, 2020	$1.863.623	$427.966	$131.123	$584.600	$3.007.312
Net carrying amount					
As of December 31, 2019	$1.218.263	$539.953	$120.632	$1.849.810	$3.728.658
As of December 31, 2020	$1.496.120	$520.087	$57.693	$2.019.772	$4.093.672

(*) The main variations are due to the Bank's merger, through which it acquired Arco Grupo Bancóldex S.A., in which right-of-use contracts were integrated at a cost of $ 1,946,965 and accumulated depreciation of $ 573,117.

The amounts of obligations payable under finance leases are included in Note 20.2.

18. INTANGIBLE ASSETS

As of December 31, 2020, and 2019, the balance of this account is broken down as follows:

	Licenses	Computer software	Fiduciary Rights	Total
Cost				
Balance as of January 1, 2019	$8.074.182	$15.957.042	$ -	$24.031.224
Acquisitions	27.496	600.709	-	628.205
Disposals	(86.986)	(38.185)	-	(125.171)
Balance as of December 31, 2019	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
Accumulated depreciation and impairment				
Balance as of January 1, 2019	$5.593.035	$8.421.587	$ -	$14.014.622
Amortization expense	532.623	1.094.081	-	1.626.704
Disposals	(86.986)	(38.185)	-	(125.171)
Balance as of December 31, 2019	6.038.672	9.477.483	-	15.516.155

	Licenses	Computer software	Fiduciary Rights	Total
Amortization expense	648.663	1.096.083	-	1.744.746
Increase in accumulated depreciation (*)	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
Net carrying amount				
As of December 31, 2019	$1.976.020	$7.042.083	$ -	$9.018.103
As of December 31, 2020	$1.999.691	$6.176.727	$ -	$8.176.418

(*) The additions are the purchase of licenses for the Bank's operation in the amount of $689,965. As a result of the Bank's merger, through which it acquired Arco Grupo Bancóldex S.A., licenses and fiduciary rights were integrated at a cost of $1,779,497, accumulated depreciation of $1,204,049, and impairment of $362,352.

As of December 31, 2020, and 2019, the Bank has no intangible assets with restricted ownership.

19. FINANCIAL INSTRUMENT LIABILITIES AT AMORTIZED COST

The following is the breakdown of financial instruments at amortized cost as of December 31, 2020, and 2019:

	2020	2019
Term Deposit Certificates		
Issued less than 6 months	$50.561.996	$91.185.226
Issued equal to 6 and less than 12 months (1)	396.937.871	-
Issued equal to 12 and less than 18 months (1)	877.103.477	-
Issued equal to or greater than 18 months	938.179.997	1.703.900.777
	2.262.783.341	1.795.086.003
Savings deposits (2)	545.406.855	181.205.304
Special security deposits	35.848.711	71.231.692
Interbank funds purchased (3)	8.581.393	146.820.485
Simultaneous transactions (4)	-	16.356.385
Common bonds equal to or greater than 18 months (5)	1.093.816.252	1.245.103.276
	1.733.724.559	1.660.717.142
	$3.996.507.900	$3.455.803.145

(1) During 2020, two situations originated balances between 6 and 12 months and between 12 and 18 months. The first is the merger with Arco Grupo Bancóldex S.A. in which TDs were received in these terms mainly. The second is the change in the structuring of the TD funding, primarily explained by the demand for short-term resources, increased by the Covid-19 effects.

(2) To achieve a better mix of the cost of funds and diversify the Bank's funding instruments during the first quarter of 2019, Bancóldex launched the Savings Account product. The funds raised in this new instrument made it possible to replace TDs, which imply a longer term and higher financial cost. The Bancóldex savings account's target market is the institutional segment mainly composed of Pension Funds, Fiduciary, and Insurance Companies. For 2020, the strategy and fundraising through this instrument continued to consolidate, increasing the balance and the number of open accounts (going from 11 to 15 account holders by the end of 2020).

(3) The disaggregation of interbank funds purchased is as follows:

	2020				2019			
	Interest Rate (%)	Trading Term Days	USD Amount (thousands)	Amount	Interest Rate (%)	Trading Term Days	USD Amount (thousands)	Amount
Legal tender								
Interbank								
Banks	-	-	-	$ -	4.11	9	-	$55.022.841
Foreign Currency								
Overnight								
Banks	0.30	5	2.500	$8.581.393	1.85	14	28.012	$ 91.797.644
			2.500	$8.581.393			28.012	$146.820.485

(4) The breakdown of simultaneous transactions is as follows:

	December 31, 2020			December 31, 2019		
	Interest Rate (%)	Trading Term Days	Amount	Interest Rate (%)	Trading Term Days	Amount
Legal tender						
Simultaneous						
Other financial institutions		-	$ -	4.25	3	$16.356.385
			$ -			$16.356.385

(5) The terms and conditions of the bonds are as follows:

Issue	Issue amount	Lots	Placement Date	Issue Date	Maturity Date (*)	Interest Rate
Ninth issue	$261.110.000	Lot 1	06-Sep-12	06-Sep-12	06-Sep-19	Indexed to CPI
	238.890.000	Lot 1	06-Sep-12	06-Sep-12	06-Sep-22	Indexed to CPI
	500.000.000					
Authorized amount	**3.000.000.000**					
First issue	200.000.000	Green Bonds	09-Aug-2017	09-Aug-2017	09-Aug-2022	Fixed rate
Second issue	200.000.000	Social Bonds	24-May-2018	25-May-2018	24-May-2021	Indexed to BRI
	100.000.000	Social Bonds	24-May-2018	25-May-2018	24-May-2021	Fixed Rate
	100.000.000	Social Bonds	24-May-2018	25-May-2018	24-May-2023	Indexed to CPI
Third issue	250.000.000	Orange Bonds	29-Nov-2018	29-Nov-2018	29-Nov-2021	Indexed to CPI
	150.000.000	Orange Bonds	29-Nov-2018	29-Nov-2018	29-Nov-2020	Indexed to BRI
Utilized amount	**1.000.000.000**					
	Total current issues	**Bond Interest**	**Total 2020 Bonds**	**Total current issues**	**Bond Interest**	**Total 2019 Bonds**
	1.088.890.000	$4.926.252	**$1.093.816.252**	$1.238.890.000	$ 6.213.276	**$1.245.103.276**

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

- 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.

The summary of financial liabilities by due dates at the remaining term as of December 31, 2020 and 2019 is as follows:

	December 31, 2020						
	Up to three months	More than three months and no longer than one year		More than one year			Total
	More than one month and no more than three months	More than three months and no more than six months	More than six months and no longer than one year	Between one and three years	More than three years and no more 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

	December 31, 2019						
	Up to three months	More than three months and no longer than one year		More than one year			Total
	More than one month and no more than three months	More than three months and no more than six months	More than six months and no longer than one year	Between one and three years	More than three years and no more than five years	More than five years	
Instruments at amortized cost							
Term deposit certificates	$438.075.248	$348.315.302	$487.853.355	$420.476.221	$100.365.877	$ -	$ 1.795.086.003
Securities issued - General bonds	-	-	150.041.837	994.374.508	100.686.931	-	1.245.103.276
	$438.075.248	$348.315.302	$ 637.895.192	$ 1.414.850.729	$201.052.808	$ -	$3.040.189.279

20. BANK LOANS AND OTHER FINANCIAL OBLIGATIONS

Bank loans and other financial obligations at amortized cost: The following is the disaggregation of bank loans and other financial obligations as of December 31, 2020, and 2019:

	2020	2019
Bank loans and other financial obligations (1)		
Finagro	$2.829.601	$ -
Credit facilities	1.763.074.364	443.653.928
International organizations	511.740.247	102.912.475
Inter-American Development Bank	1.855.702.012	1.784.148.915
Andean Development Corporation	98.254.565	822.592.253
	4.231.600.789	3.153.307.571
	$4.231.600.789	$3.153.307.571

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

	December 31, 2020			December 31, 2019		
	Int. Rate (%)	USD Amount (thousands)	COP Amount	Int. Rate (%)	USD Amount (thousands)	COP Amount
Foreign Currency						
Short term						
Bnp Paribas USA	1.93	20.206	$69.357.167	-	-	$ -
Toronto Dominion Bank Canada	2.10	22.219	76.266.538	2.34	51.902	170.088.866
The Bank of Nova Scotia Canada	-	-	-	2.00	9.087	29.780.576
Banco del Estado de Chile	0.70	30.002	102.980.980	-	-	-

	December 31, 2020			December 31, 2019		
	Int. Rate (%)	USD Amount (thousands)	COP Amount	Int. Rate (%)	USD Amount (thousands)	COP Amount
Sumitomo Mitsui Banking Corp	1.50	9.285	31.869.412	2.34	29.422	96.420.412
Citibank USA	-	-	-	2.35	14.941	48.964.373
Interamerican Investment Corp.	1.86	105.519	362.194.778	-	-	-
Development Finance Institute Canada Inc.	1.51	10.018	34.386.651	-	-	-
Wells Fargo Bank	1.14	20.088	68.953.289	2.62	30.026	98.399.702
Banco Latinoamericano de Export. Bladex	2.57	40.919	140.454.826	2.38	20.082	65.810.837
	1.78	258.256	886.463.641	2.38	155.460	509.464.765
Medium-term						
Instituto de Crédito Oficial Reino de España	0.78	2.648	9.090.643	2.44	11.321	37.101.638
JP Morgan Chase Bank USA	0.95	70.355	241.495.246	-	-	-
Banco Santander Madrid España	0.95	200.898	689.582.491	-	-	-
Banco BBVA Milan Branch	0.95	30.121	103.391.345	-	-	-
Commerzbank A.G. USA	0.95	100.449	344.791.245	-	-	-
Corporación Andina de Fomento CAF Venezuela	2.11	28.625	98.254.565	3.76	43.029	141.011.501
	1.02	433.097	1.486.605.535	3.49	54.350	178.113.139
Long-term						
Interamerican Investment Corp.	-	-	-	2.73	448.280	1.469.076.454
Interamerican Development Bank USA	1.07	449.370	1.542.462.435	-	-	-
Corporación Andina de Fomento CAF Venezuela	-	-	-	2.31	207.980	681.580.752
	1.07	449.370	1.542.462.435	2.60	656.260	2.150.657.206
Total Foreign Currency	2.61	1.140.723	$3.915.531.611	2.61	866.071	$2.838.235.110
Legal tender						
Short-term						
Finagro	2.90	-	55.650	-	-	-
	2.90	-	$55.650	-	-	$ -

Medium-term

	December 31, 2020			December 31, 2019		
	Int. Rate (%)	USD Amount (thousands)	COP Amount	Int. Rate (%)	USD Amount (thousands)	COP Amount
Finagro	3.61	-	2.773.952	-	-	-
Interamerican Development Bank USA	2.98	-	313.239.576	5.27	-	315.072.461
	2.98	-	$316.013.528	5.27	-	$315.072.461
Short-Term	1.78	258.256	$886.519.291	2.38	155.460	$509.464.765
Medium-Term	4.63	433.097	1.802.619.063	4.63	54.350	493.185.600
Long-Term	-	449.370	1.542.462.435	2.31	656.260	2.150.657.206
	2.16	1.140.723	$4.231.600.789	2.47	866.071	$3.153.307.571

The following is a summary of bank loans and other financial obligations by maturity date and entity as of December 31, 2020, and 2019:

	December 31, 2020						
	Up to three months	More than three months and no longer than one year		More than one year			Total
	More than one month and no more than three months	More than three months and no more than six months	More than six months and no longer than one year	Between one and three years	More than three years and no more 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

	December 31, 2019						
	Up to three months	More than three months and no longer than one year		More than one year			Total
	More than one month and no more than three months	More than three months and no more than six months	More than six months and no longer than one year	Between one and three years	More than three years and no more than five years	More than five years	

Foreign banks	$206.556.270	$194.375.996	$ 42.721.663	$ -	$ -	$ -	$443.653.929
Andean Development Corporation	352.668.443	328.912.309	-	141.011.501	-	-	822.592.253
Inter-American Development Bank	-	-	-	-	315.072.461	1.469.076.453	1.784.148.914
International organizations	65.810.837	-	-	-	37.101.638	-	102.912.475
	$625.035.550	$523.288.305	$ 42.721.663	$ 141.011.501	$352.174.099	$1.469.076.453	$3.153.307.571

20.2. Finance lease liabilities: As of December 31, 2020, and 2019, the balance of this account is broken down as follows:

	2020	2019
Opening balance	$3.470.739	$2.443.044
Additions (*)	1.844.377	2.142.516
Interest accrual	323.856	372.683
Less Payments	(1.829.890)	(1.487.696)
Restatement	121.499	192
Closing balance	$3.930.581	$3.470.739

(*) The main variations result from the Bank's merger, through which it acquired Arco Grupo Bancóldex S.A. Right-of-use contracts were integrated at a cost of $ 1,348,644. During 2020, a new vehicle lease agreement was entered into for $ 142,063, and the lease agreement was renewed for the warehouse used for storing properties received in payment and returned for $ 353,670.

The following is the disaggregation of finance leases as of December 31, 2020, and 2019:

	December 31, 2020		
Type of Asset	Weighted average Int. rate	USD Principal	COP Principal
Computer equipment	0.35%	-	$1.053.640
Computer equipment	0.84%	143	492.284
Vehicles	BRI N.A.M.V + 5.50 POINTS	-	611.326
Machinery and equipment	2.17%	-	71.913
Real Estate	0.80%	-	1.701.418
	Closing balance		$3.930.581

	December 31, 2019				
Type of Asset	Weighted average Int. rate	USD Principal	COP Principal	Interest	Total
Computer equipment	2.24%	-	$115.145	$ -	$115.145
Computer equipment	0.84%	363	1.188.349	-	1.188.349

Vehicles	DTF + 3.7	-	600.187	2.217	602.404
Machinery and equipment	1.68%	-	133.238	-	133.238
Real Estate	0.72%	-	1.431.603	-	1.431.603
	Closing balance		$3.468.522	$2.217	$3.470.739

The real estate contracts correspond to the six offices leased for the operation of the regional offices, a warehouse for the goods received in payment and returned. The computer equipment lease agreements are mainly signed with Prointech Holding SAS, IBM de Colombia, and Banco de Occidente. The machinery and equipment lease agreement signed with Datecsa S.A. and the vehicle lease agreements signed with ARCO Grupo Bancóldex were assigned to Bancolombia.

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.

	December 31, 2020							
	December 31, 2019	Cash flows from financing activities	Accrual	Payment of principal and interest	Restatement	Profit for the year	Other comprehensive income	December 31, 2020
Finance leases	$3.470.739	$ 1.844.377	$323.856	$1.829.890	$ 121.499	$ -	$ -	$3.930.581
Instruments at amortized cost	3.221.394.583	7.771.781.353	182.422.678	7.273.592.167	-	-	-	3.902.006.447
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
	$7.944.393.777	$ 11.637.770.844	$265.871.616	$ 10.336.201.904	$ 73.163.149	$ 132.703.491	$(11.908.167)	$9.705.792.806

	December 31, 2019							
	December 31, 2018	Cash flows from financing activities	Accrual	Payment of principal and interest	Restatement	Profit for the year	Other comprehensive income	December 31, 2019
Finance leases	$2.443.043	$2.142.516	$372.683	$1.487.695	$192	$ -	$ -	$3.470.739
Instruments at amortized cost	3.294.879.930	2.142.351.586	182.920.868	2.398.757.801	-	-	-	3.221.394.583
Loans and other financial obligations	3.202.030.977	2.039.997.357	91.378.227	2.180.763.910	664.920	-	-	3.153.307.571
Equity dividends in cash	1.495.145.916	-	-	95.853.254	-	126.833.936	40.094.286	1.566.220.884
	$7.994.499.866	$4.184.491.459	$274.671.778	$4.676.862.660	$665.112	$ 126.833.936	$40.094.286	$7.944.393.777

21. TRADE AND OTHER ACCOUNTS PAYABLE

The following is the breakdown of accounts payable, as of December 31, 2020, and 2019:

	2020	2019
Commissions and fees	$1.854.508	$289.790
Costs and expenses payable	38.876	31.002
Dividends (1)	32.989.099	2.334.891
Promising buyers	2.250	2.250
Suppliers	17.440.411	1.303.977
Withholdings and labor contributions	6.443.280	6.001.963
Accounts payable NPV Unused prize (3)	1.212.021	1.070.704
Settlement of forward contracts - CRCC (4)	636.925	18.088.080
Payable PTP Agreement (5)	620.196	620.196
Payable 392 MINCIT Agreement (6)	-	2.166.286
Payables in foreign currency (7)	8.327.380	7.203.151
Miscellaneous (8)	3.136.313	679.068
	$72.701.259	$39.791.358

(1) The disaggregation of dividends payable is as follows: for the Ministries, it is the deferred item as established by Decree 378/2016. Additionally, for the Ministry of Commerce, Industry and Tourism, in 2020, the amount of $30,586,800 allocated to finance the Innpulsa Colombia Trust and the Colombia Productiva Trust, as established in CONPES No. 3987 dated March 25, 2020, remained unpaid:

Ministry of Commerce, Industry and Tourism	$30.620.634	$33.834
Ministry of Finance and Public Credit	2.024.846	2.024.846
Private parties	343.619	276.211
	$32.989.099	$2.334.891

(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 $879,804 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 update functionalities that may allow users to learn about diversification and sophistication possibilities easily and to improve visualization of the tool.

(5) Agreement 392 was signed between Bancóldex and the Ministry of Commerce, Industry and Tourism on October 27, 2017. It aimed at implementing non-financial services in the form of consulting programs, training, specialized advice, education, structuring of projects and the generation of valuable information and knowledge for the decision-making levels of companies and organizations so that they may promote competitiveness and foster the strengthening of the business fabric of the country and its regions. The Bank received $5,023,000 on March 22, 2018. The agreement ended on September 30, 2020; 14 initiatives/programs were developed with these resources which strengthened the skills and capacities of more than 2,300 companies in the country ($4,872,240 was used and the remaining $150,760 was reimbursed as instructed by the Ministry).

(6) 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.

(7) In 2020, this corresponded mainly to $1,039,840 of two cancelled TDs payable and $650,782 of higher amounts paid on the loan portfolio and default interest pending repayment.

22. EMPLOYEE BENEFITS

The information of the balances by employee benefits as of December 31, 2020 and 2019 is as follows. It should be noted that the Bank only has short-term benefits for employees:

	2020	2019
Payroll to be paid	$27,385	$160,825
Severance pay	1,118,239	869,257
Interest on severance payments	121,255	101,419
Vacation periods	5,390,519	3,080,497
Accounts payable and employee benefits accruals (1)	7.955.374	146
	$14.612.772	$ 4,212.144

(1) For 2020, it corresponds mainly to a discretional bonus for $ 6,715,268 granted by the Bank to employees for contributing to achieving the organization’s results in 2020. This benefit does not constitute salary for any legal purpose, as provided in Article 15 of Law 50/1990. The payment was made in January 2021, applying Article 30 of Law 1393/2010 and statutory withholdings.

23. ESTIMATED LIABILITIES AND PROVISIONS

The following is the disaggregation of the provisions, as of December 31, 2020, and 2019:

	2020	2019
Contributions [1]	$160.000	$ -
Labor lawsuits [2]	227.551	326.087
Other [3]	90.000	90.000
	$477.551	$416.087

(1) As of December 31, 2020, it corresponds to the provision for the Fiscal Control Fee of the Comptroller General's Office due to the merger with the subsidiary ARCO S.A. Grupo Bancóldex.

(2) As of December 31, 2020, labor lawsuits against the Bank correspond to $ 227,551. There is a civil proceeding by some third parties against the Bank. For those proceedings with provisions, the estimated disbursement date was set in December 2021; however, it is impossible to decide on an exact disbursement schedule because the proceedings must go through different courts.

As of December 31, 2019, there were labor proceedings amounting to $ 326,087 and an administrative litigation proceeding by some third parties against the Bank.

The following is the breakdown of these provisions, as of December 31, 2020, and 2019:

Balance at the beginning of the period	$326.087	$323.751
Provision creation	8.964	2.336
Reimbursement of Provision	(699)	-
Withdrawals (*)	(106.801)	-
Closing balance for the period	$227.551	$326.087

(*) This corresponds to the withdrawal of a labor proceeding because, during 2020, a judgment was rendered against the Bank.

Disaggregation of the proceedings in force as of December 31, 2020, and 2019, with probable rating (high):

Proceeding Type	Parties	General Information	Proceeding Status		2019
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.	8,480	106,998

Proceeding Type	Parties	General Information	Proceeding Status		2019
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 confirmed the Bank's acquittal by the trial court.	219.071	219.089
		Total		**227.551**	**326.087**

(3) 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, 2020, and 2019:

	2020	2019
Prepaid income (1)	$88.064.232	$93.708.336
Interest arising from restructuring processes	2.509.964	2.081
Deferred payment letters of credit	-	1.577.648
Deferred credits - other	1.173.083	-
Credits to obligations receivable (2)	20.921.994	-
Income received for third parties	24.240	74.287
Sundry - Agreements (3)	128.195.869	18.378.325
	$240.889.382	$113.740.677

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

	December 31, 2019	Charges	Amortization	December 31, 2020
Interests	$93.708.336	$84.143.513	$89.787.617	$88.064.232

	December 31, 2018	Charges	Amortization	December 31, 2019
Interest	$86.615.419	$69.105.905	$62.012.988	$93.708.336
Commissions	104.260	-	104.260	-
	$86.719.679	$69.105.905	$62.117.248	$93.708.336

Interest corresponds to the amortization of prepaid income from the agreements that calculate NPV in the specific lines of credit for this purpose.

Commissions arise from guarantees issued to customers.

(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, 2020, and 2019, there were 135 and 114 agreements, respectively.

25. EQUITY

25.1. Capital stock: The following is the breakdown of capital, as of December 31, 2020, and 2019:

	2020	2019
Bicentenario Group S.A.S.	$1.059.563.515	$ -
Ministry of Commerce, Industry, and Tourism	-	976.143.335
Ministry of Finance and Public Credit	-	83.420.180
Private parties	3.031.453	2.993.357
	$1.062.594.968	$1.062.556.872

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

	2020	2019
Bicentenario Group S.A.S. (Class "A" Shares) Common	$1.059.563.515	$ -
Ministry of Commerce, Industry, and Tourism (Class "A" Shares) Common	-	976.143.335
Ministry of Finance and Public Credit (Class "A" Shares) Common	-	83.420.180
Private Investors (Class "B" Shares) Common	2.118.779	2.080.683
Private Investors (Class "C" Shares)	912.674	912.674
	$1.062.594.968	$1.062.556.872

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, 2020 and 2019 is as follows:

	2020	2019
Legal		
Appropriation of net income	$171.287.664	$158.599.780
Statutory		
Protección -Private Equity Funds	49.346.690	49.346.690
Occasional		
Tax provisions	27.845.176	32.514.234
	$248.479.530	$240.460.704

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.

26. OTHER INCOME

The disaggregation of other income is as follows:

Impairment recovery (*)	$2.555.172	$2.947.252
Lease of own property	1.723.786	1.720.540
Sale of property and equipment	380	7.513
FNG income	1.051.436	470.882
Reimbursement of prior period expenses	718.418	502.701
Recovery of written-off receivables	7.068	74.784
Other	1.473.856	1.392.160
	$7.530.116	$7.115.832

(*) In 2020, it was mainly due to i) reimbursed provisions for $782,645 for the sale of property received as payment; and reimbursed provisions for $1,652,248 for the sale of two returned goods, ii) recovery of a provision for a labor legal proceeding for $106,801, in which a judgment was rendered against the Bank

27. OTHER EXPENSES

The disaggregation of other expenses is as follows:

	2020	2019
Contributions and enrollments	$2.940.613	$2.123.042
Insurance	1.270.565	336.991
Maintenance and repairs	5.071.823	3.283.688
Adaptation and installation of offices	456.449	368.128
Fines and penalties	509.316	892
Legal and notarial expenses	16.871	8.134
Cleaning and security services	612.141	602.077
Temporary services	669.860	322.354
Advertising and publicity	183.134	276.977
Public relations	33.963	59.833
Utilities	666.102	603.613
Electronic data processing	22.880	-
Travel expenses	108.129	411.981
Transportation	215.493	548.956
Supplies and stationery	40.610	34.604
Publications and subscriptions	309.976	286.416
Photocopying and Authentication Service	1.223	1.636
Digitization service	12.033	53.380
Reference books	1.287	2.987
Working lunches	32.178	74.616
Cafeteria supplies	46.100	64.915
Toiletries	50.246	61.861
Postage and courier services	124.191	125.612
Telex data transmission. SWIFT	1.329.496	1.623.533
Building management	1.328.435	1.136.044
Minor Fixtures and Fittings	3.528	9.564
Commercial information	747.116	657.540
Storage and custody of magnetic files	95.298	88.488
Contact Center	1.004.789	568.850
Stock exchange registrations	-	117.700
Alternate contingency processing service	38.960	59.091
Institutional Notices and Announcements	49.598	52.988
Corporate communications	213.572	67.175
Financial structuring of projects	200.352	85.451
Withholdings borne	218.111	131.831
VAT borne by Bancóldex	7.254	1.361
Prior period expenses (*)	863.617	42.622
Business Training and Business Sector Support Activities	202.183	184.299
Properties received in payment	355.059	270.783
Properties returned	487.340	89.598
Other minor expenses	676.769	71.333
	$21.216.660	$14.910.944

(*) 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 2020 and 2019 at 32 and 33%, respectively. Law 2010/2019 established additional income tax points for 2020 equivalent to 4%. Thus, the income tax expense and surtax for 2020 and 2019 are determined at 36 and 33%, respectively.

28.1 Income tax recognized in profit or loss

	2020	2019
Current tax:		
With respect to the current year	$35.607.530	$110.115.833
	35.607.530	110.115.833
Deferred tax:		
With respect to the current year	22.191.086	(76.306.830)
Adjustments to deferred taxes attributable to changes in tax laws and rates	6.500.486	1.648.447
	28.691.572	(74.658.383)
Total tax expense	$64.299.102	$35.457.450

The reconciliation between income before taxes and taxable net income for 2020 and 2019 is as follows:

Earnings before income tax for the year	$197.002.594	$162.291.386
Income tax expense calculated at 36 and 33%.	70.920.934	53.556.158
Effect of non-deductible expenses on determining taxable income	10.657.593	3.752.346
Income (loss) on realization of investments	(397.678)	134.969
Income (loss) on the realization of derivatives	1.768.149	(3.512.994)
Non-taxable income from the equity method	(9.125.062)	(11.783.109)
Non-taxable refunds in determining taxable income	(10.498.771)	(1.079.157)
Effect of exempt or non-taxable income - Dividends	(2.338.319)	(2.537.017)
Revaluation of fixed assets	49.698	-
Unrealized restatement of assets and liabilities	3.905.283	(3.871.227)
Other (Net effect of the sale of assets held for less than two years)	2.446.865	2.902.095
Tax credit (ICA)	(3.175.315)	(2.104.614)
Net income from assets owned for more than two years	85.726	-
Income tax expense under the ordinary income system	64.299.102	35.457.450
Income tax expense recognized in profit or loss	$64.299.102	$35.457.450

The income tax was settled by the ordinary income system.

As per the provisions of IAS 12, section 58 (a), current and deferred taxes should be recognized as income or expense and be included in the profit and loss, except to the extent that they arise from transactions or events recognized outside profit and loss, either in other comprehensive income or directly in equity.

Reconciliation of the nominal tax rate and the effective rate - The reconciliation of the effective tax rate is made using the following regulatory parameters, which were in force at the end of the December 31, 2020 and 2019 periods.

28.2 Current tax (assets) and current tax liabilities

	2020	2019
Current tax liabilities	$35.607.530	$110.115.833
Prepayments and withholdings	(67.064.489)	(31.193.642)
Total (Income tax credit balance) / Income tax payable (1)	$(31.456.959)	$78.922.191

(1) The credit balance is mainly originated by the offset of the prepayment of income and prepayment of additional income points, equivalent to 4%, that should have been reported in the assessment of income and ancillary taxes for 2019.

28.3 Income tax recognized in Other Comprehensive Income

Deferred tax from transactions with equity participants:		
Foreign exchange gain on investments in foreign investments	$296.951	$133.949
Profit on valuation of capital funds	7.216.606	8.944.913
Unrealized gain on available-for-sale investments	21.008.630	18.700.426
Cost of uncontrolled investments	156.853	102.519
Revaluation of assets	2.946.485	2.661.130
Impairment IFRS 9	67.142	71.092
Hedging derivatives	(6.029.698)	(1.428.613)
Finance leases	(145.957)	(154.542)
Total income tax recognized in other comprehensive income	$ 25.517.012	$29.030.874

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

Deferred tax assets		
Provisioned expenses	$98.654	$120.009
Loss on the valuation of derivatives	23.067.014	30.455.592
Unrealized exchange difference on unrealized EM liabilities	24.533.293	34.443.745
Other assets	33.180	32.946
Properties for lease	641.888	1.032.602

Arco Assets (*)	176.909	-
Impairment IFRS 9	381.255	362.639
Dismantling	30.600	32.400
Hedging derivatives – Other comprehensive income	6.029.699	1.428.613
Finance leases - Arco (*)	429.404	-
Finance leases – Other comprehensive income	145.957	154.542
Total deferred assets	55.567.853	68.063.087
Deferred tax liabilities		
Investment portfolio valuation	7.645.496	23.211
Profit on the valuation of derivatives	76.189	3.814
Valuation of equity fund returns	3.858.285	3.858.285
Difference in exchange rate investments ME	794.243	794.243
Cost of real estate and personal property	8.606.045	8.139.175
Unrealized foreign exchange difference	9.126.442	5.652.046
Financial obligation for lease properties	730.134	1.147.936
Financial obligation for Arco lease properties (*)	427.840	-
Other liabilities - valuation of fair value investments through other comprehensive income	31.692.667	30.614.029
Total deferred liabilities	62.957.341	50.232.739
Deferred income tax assets (Liabilities)	$(7.389.488)	$17.830.348

(*) As a result of the Bank's merger, in which it absorbed Arco Grupo Bancóldex S.A., the net balance of deferred taxes of the previous year presents a difference of ($42,126) corresponding to the net activity of deferred taxes of the absorbed company.

December 31, 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	(8.139.175)	(466.870)	-	(8.606.045)
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	-	429.404	-	429.404
Other assets Arco	-	176.909	-	176.909
Unrealized difference in exchange rate assets and liabilities ME	28.791.700	(13.384.847)	-	15.406.853
Financial assets at fair value through profit or loss	(23.211)	(7.622.285)	-	(7.645.496)
Available-for-sale financial assets	(18.700.423)	-	(2.308.204)	(21.008.627)
Valuation of equity funds	(12.803.198)	-	1.728.307	(11.074.891)
Foreign exchange difference on foreign transactions	(928.191)	-	(163.002)	(1.091.193)

Provisions (administrative expenses - decommissioning)	152.408	(23.154)	-	129.254
Cost of ME investments	(102.520)	-	(54.334)	(156.854)
Other financial liabilities	(993.397)	417.802	(8.586)	(584.181)
Other financial liabilities Arco	-	(427.840)	-	(427.840)
Impairment - IFRS 9	291.547	18.616	3.950	314.113
Total	$17.830.348	$(28.733.696)	$3.513.861	$(7.389.487)

December 31, 2019	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Deferred tax (liability) / asset related to:				
Derivatives	$(2.331.981)	$34.077.331	$138.450	$31.883.800
Property and equipment	(8.248.339)	109.164	-	(8.139.175)
Revaluation	(2.661.130)	-	-	(2.661.130)
Other assets	(17.908)	47.443	-	29.535
Finance leases	649.461	383.141	-	1.032.602
Unrealized difference in exchange rate assets and liabilities ME	(7.825.922)	36.617.621	-	28.791.700
Financial assets at fair value through profit or loss	(3.288.041)	3.264.830	-	(23.211)
Available-for-sale financial assets	(7.071.967)	-	(11.628.456)	(18.700.423)
Valuation of equity funds	(8.168.346)	270.846	(4.905.697)	(12.803.198)
Foreign exchange difference on foreign transactions	(899.454)	-	(28.737)	(928.191)
Provisions	92.336	60.072	-	152.408
Cost of ME investments	(1.610.116)	-	1.507.596	(102.520)
Other financial liabilities	(613.236)	(534.703)	154.542	(993.397)
Impairment - IFRS 9	-	362.639	(71.092)	291.547
Total	$(41.994.642)	$74.658.384	$(14.833.394)	$ 17.830.348

29. CONTINGENCIES

As of December 31, 2020, and 2019, 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, 2020, and 2019, labor lawsuits were recorded for $287,388 and $387,388, respectively.

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

Proceeding Type	Parties	General Information	Proceeding Status	2020	2019
LABOR	JAVIER ENRIQUE MÚNERA OVIEDO VS. BANCÓLDEX	Withdrawn	In a judgment issued on June 24, 2020, and notified on August 5, 2020, the Supreme Court of Justice resolved NOT TO REVOKE the appeal court judgment, thus acquitting the Bank.	-	100.000
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	387.388

Civil Proceeding - As of December 31, 2020, the following proceeding was in progress, with possible qualification (medium):

Proceeding Type	Parties	General Information	Proceeding Status
CIVIL	JAMES HELBERT CARVAJAL VS. INTERNACIONAL COMPAÑÍA DE FINANCIAMIENTO	Nature: Oral Proceeding concerning a Large Claim Identification: Civil Court 6 of the Bogotá Circuit (11001310300620180055600)	In a hearing held on September 9, 2020, the court ordered to notify the Bank of the proceeding as a cross-claim. The Bank was served on October 19, 2020. On November 4, 2020, the Bank responded to the claim and requested to implead the liquidated ICF (today PAR Internacional Compañía de Financiamiento managed by Fiducóldex). On November 25, 2020, the proceeding was set for court decision.

Contingencies on accounts receivable (proceedings by the Bank)

Labor proceedings - As of December 31, 2020, and 2019, the result of the valuation of the claims of the court proceedings amounted to $ 1,202,206 and $ 1,202,336, respectively.

The following is a disaggregation of the labor proceedings:

Parties	General Information	Proceeding Status	2020	2019
BANCÓLDEX vs. ALIANSALUD E.P.S. - ADRES	Nature: Ordinary labor proceeding.	On September 11, 2020, the trial court judgment was issued, which declared the exception of the absence of an obligation proven.	68.275	68.275

Parties	General Information	Proceeding Status	2020	2019
	Identification: Bogotá Circuit Labor Court 5. 11001310500520190017300	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.		
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 12 of the Bogotá Circuit. 11001310501220190016500	A lawsuit was admitted on May 2, 2019, and notified to Compensar EPS, which responded to the claim. 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.	132.811	132.811
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 1100131050502120200011300	The lawsuit has been corrected.	61.374	61.374
BANCÓLDEX vs. SANITAS E.P.S. - ADRES	Nature: Ordinary labor proceeding.	The Bank filed proof of having personally served Sanitas S.A. and	145.997	145.997

Parties	General Information	Proceeding Status	2020	2019
	Identification: Labor Court 32 of the Bogotá Circuit 11001310503220190072300	a brief. The EPS responded to the claim.		
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. ADRES	Withdrawn	The withdrawal and termination of the proceeding were requested by agreement between the parties to avoid a judgement on court costs and attorney's fees since ADRES, through an administrative decision, ordered the payment of $130 to the Bank, which was made.	-	130
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
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

Parties	General Information	Proceeding Status	2020	2019
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. 76001410500320190041500	Lawsuit admitted, hearing set for April 8, 2021.	6.302	6.302
Total			1.202.206	1.202.336

Administrative litigation proceedings. As of December 31, 2020, and 2019, the result of assessing the claims of the administrative proceedings against the Comptroller General's Office amounted to $5,232,227.

Civil proceedings **-** As of December 31, 2020, and 2019, 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, 2020, and 2019, the result of assessing the claims of the court proceedings amounted to $ 6,397,868 and $ 5,901,079, respectively.

The following is a breakdown of the executory proceedings:

Parties	General Information	Proceeding Status	2020	2019
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
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.	43,793	43,793

Parties	General Information	Proceeding Status	2020	2019
		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.		
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	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 to continue with the execution. The defendants were ordered to pay court costs and attorney's fees according to the law.	2,407,407	2,407,407
BANCÓLDEX vs. .	Nature: Mortgage Executory Proceeding (initial) Concerning Small Claims -	A lawsuit was filed on May 21, 2018. A	50,000	50,000

Parties	General Information	Proceeding Status	2020	2019
José Luis Ovalle (International portfolio C.F.)	20001400300300720180021500 Identification: Valledupar Municipal Civil Court 1	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.		
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 Biotecnología - CIBRE (International C.F.)	Nature: Singular Executory Proceeding Concerning Large Claims 11001310300120140052900. Identification: Civil Court 1 of the Bogotá Executory Circuit (Originating Court: Civil Court 1 of the Bogotá Circuit).	The auction date was set for January 28, 2020. Auction declared void due to a lack of bids	270,000	270,000

Parties	General Information	Proceeding Status	2020	2019
BANCÓLDEX vs. Transportes ISGO (International C.F.)	WITHDRAWN	The defendant company paid the total amount of the obligation to the Bank, thus filing a writ of termination of the proceeding.	-	92,782
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	-

Parties	General Information	Proceeding Status	2020	2019
Total (*)			6,397,868	5,901,079

(*) The variation compared to 2019 is due to the net effect of the lawsuit withdrawal in 2020, Transportes ISGO for $92,782, and the lawsuit against Asociación ONG AVANSAR for $589,571.

30. OPERATING SEGMENTS

As of December 31, 2020, and 2019, the assets and net income by Bancóldex's main business segments are presented below:

	December 31, 2020						
Figures in thousands of Pesos	**COP Portfolio**	**USD Portfolio**	**Investment Portfolio**	**Treasury(*)**	**Commissions**	**Others**	**Total**
Amountof Primary Related Assets	6.337.390.057	1.243.364.843	1.629.282.479	596.248.245	0	562.765.509	10.369.051.134
STATEMENT OF INCOME:							
Generated income	400.357.938	66.081.852	90.943.259	4.965.223	0	1.890.880	564.239.153
Financial Expenses	245.872.557	37.867.989	13.468.448	209.894	0	0	297.418.887
Income and/or financial expenses (includes commissions)	-8.359.952	-6.905.793	-2.221.092	-1.763.944	1.525.516	0	-17.725.266
Gross Finacial Marging	**146.125.430**	**21.308.071**	**75.253.719**	**2.991.385**	**1.525.516**	**1.890.880**	**249.095.001**
Balance portfolio provisions	-10.301.030	-14.426.129					-24.727.158
Net Financial Marging	**156.426.459**	**35.734.200**	**75.253.719**	**2.991.385**	**1.525.516**	**1.890.880**	**273.822.159**
Operating Expenses:	59%	18%	11%	5%	3%	5%	
Administrative expenses	51.204.143	15.373.634	9.654.661	4.342.989	2.587.003	3.967.981	87.130.411
Financial corporate tax	22.200.439	1.683.701	548.676	1.079.446	139.446	204.750	25.856.459
Others provisions	3.456.855	-103.994	0	0	0	5.675.755	9.028.616
Operating Profit	**79.565.022**	**18.780.859**	**65.050.383**	**-2.431.050**	**-1.200.933**	**-7.957.606**	**151.806.673**
Net other income/expenses (includes dividends)	1.051.436	-139.285	0	0	884.238	43.399.201	45.195.590
Profit before tax	**80.616.458**	**18.641.573**	**65.050.383**	**-2.431.050**	**-316.695**	**35.441.595**	**197.002.264**
Income tax							64.299.102
Net Income							**132.703.161**

			December 31, 2019				
Figures in thousands of Pesos	**COP Portfolio**	**USD Portfolio**	**Investment Portfolio**	**Treasury(*)**	**Commissions**	**Others**	**Total**
Amountof Primary Related Assets	4.755.510.013	1.943.973.214	1.133.991.102	225.905.365		487.084.385	8.546.464.079
STATEMENT OF INCOME:							
Generated income	317.324.110	95.256.927	59.757.644	4.913.879	0	0	477.252.561
Financial Expenses	203.402.644	72.472.287	7.211.024	0	0	0	283.085.955
Income and/or financial expenses (includes commissions)	-575.991	-5.960.572	-635.389	-1.815.785	2.228.307		-6.759.431
Gross Finacial Marging	**113.345.475**	**16.824.068**	**51.911.232**	**3.098.094**	**2.228.307**	**0**	**187.407.175**
Balance portfolio provisions	-11.317.840	-2.515.593					-13.833.432
Net Financial Marging	**124.663.314**	**19.339.661**	**51.911.232**	**3.098.094**	**2.228.307**	**0**	**201.240.608**
Operating Expenses:							
Administrative expenses	36.251.856	14.093.804	7.429.718	4.268.020	1.770.307	3.405.930	67.219.636
Financial corporate tax	11.418.252	2.041.255	537.876	1.101.316	138.681	297.187	15.534.567
Others provisions	1.062.715					-2.375.998	-1.313.283
Operating Profit	**75.930.491**	**3.204.602**	**43.943.639**	**-2.271.243**	**319.319**	**-1.327.119**	**119.799.688**
Net other income/expenses (includes dividends)	470.882				851.867	41.168.948	42.491.697
Profit before tax	**76.401.373**	**3.204.602**	**43.943.638**	**-2.271.243**	**1.171.186**	**39.841.829**	**162.291.385**
Income tax							35.457.449
Net Income							**126.833.936**

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:* entities over which control is held as per the definition of control of IFRS 10, for 2020 Fiduciaria Colombiana de Comercio Exterior S.A. - Fiducóldex and for 2019, additionally, Arco Grupo Bancóldex.

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, 2020 and 2019, 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

	2020	2019
ASSET		
Investments		
Ministry of Finance and Public Credit	$ -	$1.123.715.352
Prepaid expenses		
Ministry of Finance and Public Credit	-	6.220.914
	$ -	$ 1.129.936.266
LIABILITIES		
Dividends payable		
Ministry of Commerce, Industry and Tourism	$ -	$33.834
Ministry of Finance and Public Credit	-	2.024.846
Sundry		
Ministry of Commerce, Industry and Tourism	-	5.363.010
Advance Revenues Received		
Ministry of Commerce, Industry and Tourism	-	3.470
Other liabilities		
Ministry of Commerce, Industry and Tourism	-	5.603.491
	$ -	$1 3.028.652
EQUITY		
Subscribed and paid-in capital		
Grupo Bicentenario S.A.S.	$1.059.563.515	$ -
Ministry of Commerce, Industry and Tourism	-	976.143.335
Ministry of Finance and Public Credit	-	83.420.180
Unrealized gains or losses – other comprehensive income		
Ministry of Finance and Public Credit	-	37.551.934
	$1.059.563.515	$ 1.097.115.449
INCOME		
Other Income		
Ministry of Finance and Public Credit	$ -	$ -
Valuation of investments and other income		

	2020	2019
Ministry of Finance and Public Credit	-	76,147,235
	$ -	$76,147,235
EXPENSES		
Valuation of investments		
Ministry of Finance and Public Credit	$ -	$3,424,855
Commissions		
Ministry of Finance and Public Credit	-	7,284,308
Other (Interbank interest liabilities, Loss on valuation)		
Ministry of Finance and Public Credit	-	4,364,632
	$ -	$15,073,795

The balances of assets with shareholders for 2019 correspond to investments that the Bank has made in treasury bonds (TES) issued by the Ministry of Finance and Public Credit, which are acquired in the public market and valued at market prices. The average market rate of TES at the end of December 2019 was 5.20%.

Neither free-of-charge services nor paid services were offered between the Bank and the shareholders; and neither were interest-free loans, nor operations different from those carried out with third parties.

Operations with administrators

ASSET		
Loan portfolio		
Housing	$741.694	489.898
Consumer	115.503	139.267
Accounts receivable		
Interest receivable	1.253	1.635
Social welfare	11.802	10.759
Other	15.524	14.126
Impairment		
Principal	(9.799)	(7.771)
Interests	(15)	(21)
	$875.963	$647.892

	2020	2019
LIABILITIES		
Accounts payable		
Social welfare	$803.609	$ -
Other	242	-
Vacation	643.649	306.151
	$1.447.500	$306.151

INCOME		
Receivables income		
Loan interest	$25.730	$22.462
Income - Sundry		
Recoveries	927	705
Profit on sale of furniture	-	7.348
Other Income	150	90
	$26.807	$30.605
EXPENSES		
Employee benefits		
Personnel Expenses	$3.753.659	$3.152.090
Expenses - Sundry		
Other	10.375	68.594
Provisions	2.948	2.848
	$3.766.981	$3.223.532

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 subsidiaries

ASSET		
Investments		
Fiducóldex S.A.	$48.951.867	$50.757.337
Arco Bancóldex Group S.A.	-	67.775.959
Loan portfolio		
Arco Bancóldex Group S.A.	-	137.725.829
Impairment of receivables		
Arco Bancóldex Group S.A.	-	(3.007.924)
Portfolio interest		
Arco Bancóldex Group S.A.	-	332.205
Accounts receivable - Sundry		
Fiducóldex S.A.	446.451	13.962
Arco Bancóldex Group S.A.	-	89.652
Impairment of accounts receivable		
Arco Bancóldex Group S.A.	-	(7.122)
Right-of-use property and equipment		
Arco Bancóldex Group S.A.	-	539.952
	$49.398.318	$254.219.851
LIABILITIES		
For leases		
Arco Bancóldex Group S.A.	$ -	$602.404

Accounts payable		
Fiducóldex S.A.	15.871	16.991
	$15.871	$619.395
EQUITY		
Surplus under the equity method		
Fiducóldex S.A.	$ 12.565.561	$12.565.564
Arco Bancóldex Group S.A.	-	11.623.303
	$12.565.561	$24.188.867
INCOME		
Portfolio income		
Arco Bancóldex Group S.A.	$ -	$7.872.605
Equity method		
Fiducóldex S.A.	762.040	2.501.561
Arco Bancóldex Group S.A.	-	6.496.137
Recoveries of provisions		
Fiducóldex S.A.	280	-
Arco Bancóldex Group S.A.	-	1.783.259
Lease Revenues		
Fiducóldex S.A.	808.992	784.199
Arco Bancóldex Group S.A.	-	50.301
Other Income		
Fiducóldex S.A.	334	-
	$1.571.646	$19.488.062
EXPENSES		
Other Interests		
Arco Bancóldex Group S.A.	$ -	$50.776
Leases		
Arco Bancóldex Group S.A.	-	92.811
Impairment		
Arco Bancóldex Group S.A.	-	885.441
Other expenses		
Arco Bancóldex Group S.A.	-	150.728
	$ -	$1.179.755

Investments for 2020 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.

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Transactions with members of the Board of Directors

	30 Dec. 2020	31 Dec. 2019
LIABILITIES		
Suppliers	$124,747	$ -
	$124,747	$ -
EXPENSES		
Fees	$1,019,014	$692,305
	$1,019,014	$692,305

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. • Recommend the approval of direct credit operations to the Board of Directors.
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.
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

Instance	Risk category	Main functions
		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 Bancóldex. • 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). 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 *backtesting* 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 the first half of 2020, during the Covid-19 situation, although there were reductions in the liquidity risk indicators, the regulatory limits were always comfortably met. Therefore, the Bank was not only able to make payments of its obligations to third parties but also to continue dynamically making disbursements to support the sectors most adversely affected by the pandemic. With the above, it was evidenced that the Bank's strategies and tools for liquidity risk management (models, indicators, and established policies) are adequate and give early signals in the event of possible liquidity problems, providing room for maneuver to act promptly. During the tight liquidity situation faced by the market, the Bank proved its capacity to access resources not only in the local market but also in the foreign market at favorable rates.

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.

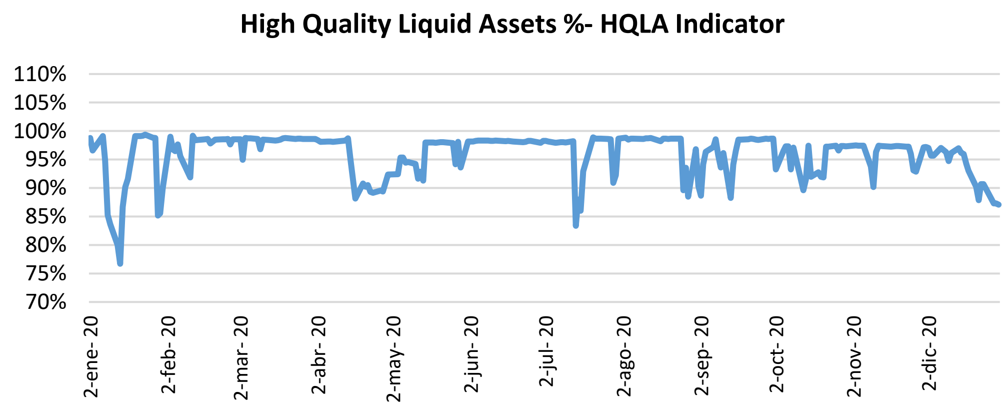
Discounted liquid assets

Liquid assets	2020	2019
Cash	$158.297.270	$55.422.431
Investments High-quality securities	1.064.771.615	855.963.009
Other liquid assets	191.061.699	8.734.388
Total liquid assets	$1.414.130.584	$920.119.828

Liquid assets presented an increase of 53.69% compared to the close of the previous year and, on average, were at a level of $ 1,277,210,156. Part of the increase observed during 2020 originated in resources from the MIGA (Multilateral Investment Guarantee Agency) and the FOME (Emergency Mitigation Fund), which were used to support sectors adversely affected by the pandemic. There was also a significant increase in receivables prepayments during the second half of the year, which increased the volume of liquid assets.

High-quality liquid assets indicator – HQLA. During 2020, on average, the high-quality liquid assets indicator remained at 95.77%, 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 decreased compared to the previous year (97.21%) due to two events that occurred during the year. In the first half, there was a significant increase in the exchange rate due to the market volatility at the beginning of the pandemic, which implied an increase in the receivables of guarantees in the Risk Chamber and, therefore, reduced the receivables of liquid assets. On the other hand, in the second half of the year, with the resources received from MIGA and FOME an excess of liquidity was destined to investments in simultaneous asset transactions, which are part of the mass of "other liquid assets," which reduced the percentage of high-quality liquid assets.



Liquidity risk indicator - As of December 31, 2020, Bancóldex recorded a seven-day IRL of $ 1,365,839,525, while the same indicator in 2019 reached $ 895,739,095, representing an increase of 52.48% compared to the previous year. This behavior is explained by the rise in liquid assets in mid-April due to the inflow of FOME resources and later in July due to MIGA resources. During 2020, the average IRL was higher than the previous year ($ 1,174,667 in 2020 versus $ 849,580,000 in 2019).

Net liquidity requirements registered a stable behavior in 2020 (7-day average, $ 91,000,677 and 30-day average, $ 299,635,603). It allowed the Bank to ensure the necessary liquid assets to cover the maturities of TDs, bonds, and loans with correspondent banks and maintain an important level of assets to support its credit and treasury activity.

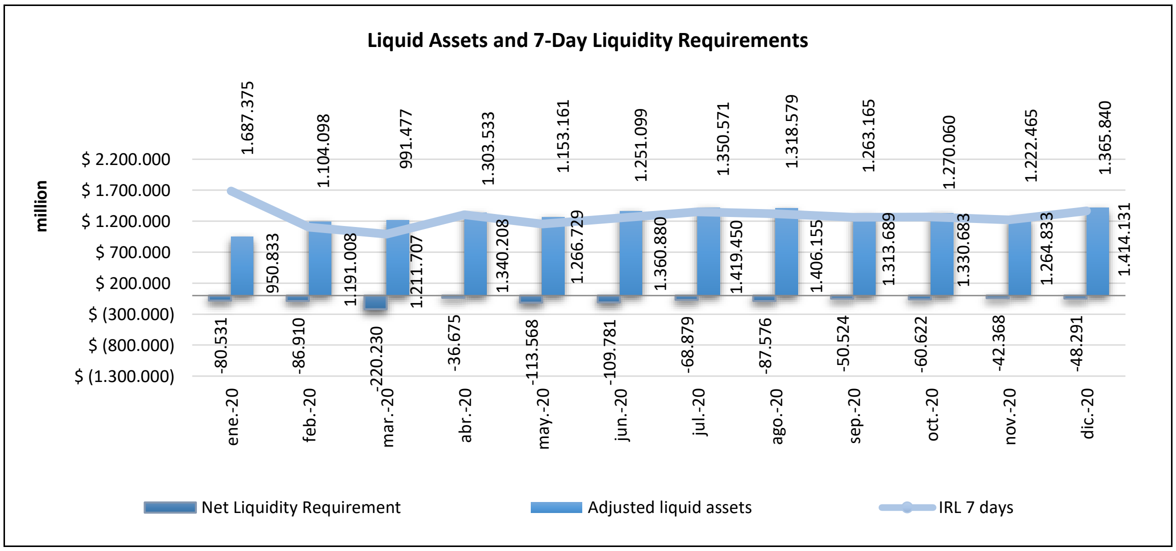
IRL 7 DAYS	2020	2019
Liquidity risk indicator	$1.365.839.526	895.739.095
Liquid market assets	1.414.130.584	920.119.828
Net liquidity requirements	48.291.359	24.380.733
IRL	**2.93%**	**3.77%**

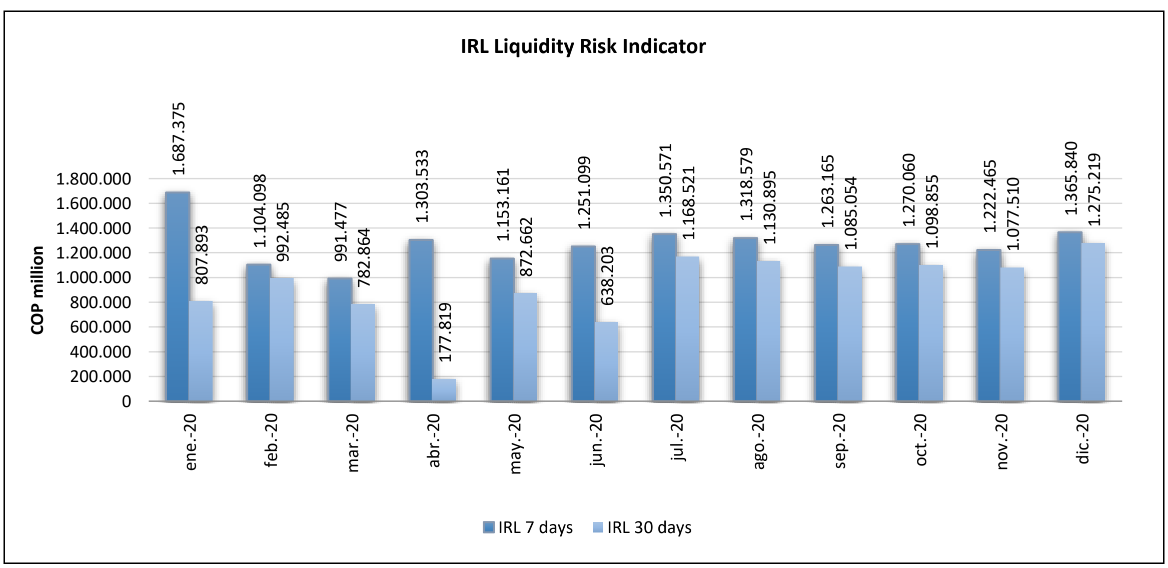
BANCOLDEX 30
PROMUEVE EL DESARROLLO EMPRESARIAL

IRL 30 DAYS

Liquidity risk indicator	1,275,219,023	771,926,618
Liquid market assets	1,414,130,584	920,119,828
Net liquidity requirements	138,911,862	148,193,210
IRL	**1.018%**	**620.9%**

At the end of 2020, the 7-day percentage IRL was 2.938%, reflecting the Bank's ample liquidity condition to cover its payment obligations in the short term (29 times). The following graph shows the evolution of liquid assets and the liquidity requirement during the last year, and the behavior of the IRL.

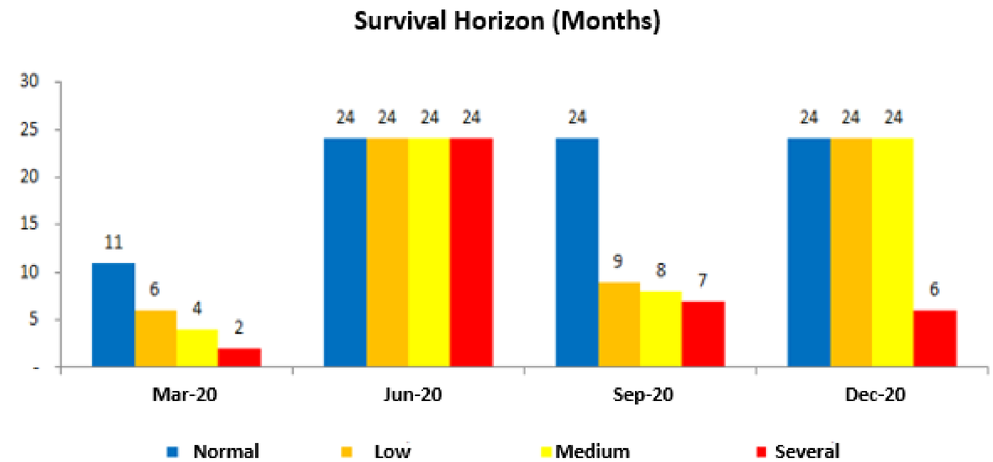




Internal liquidity risk measurement model: Survival Horizon - The survival horizon indicates the time (in months) in which liquid assets cover forecast payment commitments for some time. The survival horizon is calculated based on 12-month cash flow forecasts, including contractual obligations and the 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%	12 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 2020, 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 2019, 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 - CFEN

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-19	Dec-20	Variation
Sources of Financing FED	Equity		1.290.514	1.290.345	-0.01%
	Short-term debt	Deposits	252.437	581.256	130%
		Short-term TD	1.274.244	1.992.485	56%
		Short-term bond	150.042	250.827	67%
		Short-term loans	1.191.046	886.653	-26%
	Long-term debt	Long-term TD	520.842	270.298	-48%
		Long-term bond	1.095.061	842.989	-23%
		Long-term loans	1.962.262	3.344.948	70%
	Derivatives	Net derivative liabilities	0	84.19	100%
		Total Weighted	**5.950.525.503.204**	**7.293.571.125.230**	

			Dec-19	Dec-20	Variation
Assets in need of financing FER	Liquid Assets		970.557	1.517.973	56%
	Portfolio		6.615.942	7.328.257	11%
	Assets subject to charges	Unsettled shares	295.732	86.147	-71%
		Assets subject to charges	236.134	504.155	114%
	Derivatives	Derivative guarantees	157.084	154.462	-2%
		Net derivative assets	20.116	0	-100%
		Derivative liabilities 5%	3.227	5,238	62%
		Total Weighted	**6.092.977.559.564**	**7.095.698.472.261**	

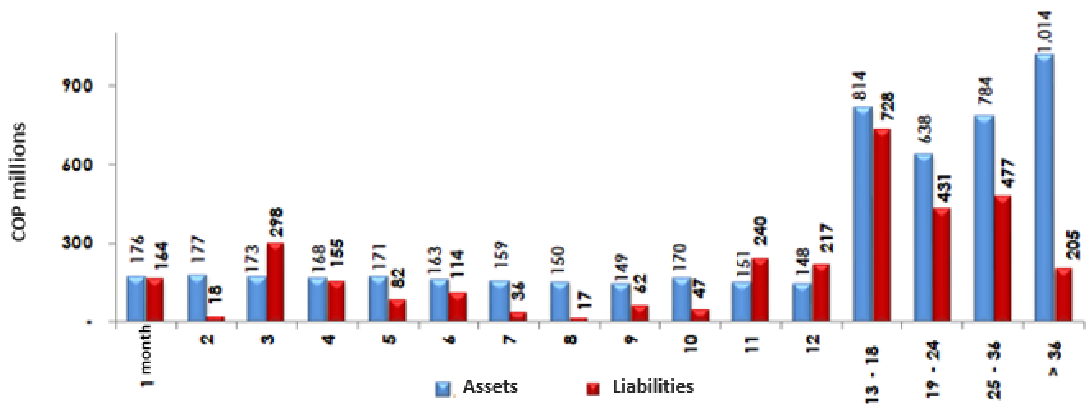
CFEN INDICATOR	**0.9766**	**1.0279**

At the end of 2020, the indicator increased compared to the previous year due to the significant increase in the sources of financing, especially short-term funding, long-term loans, deposits and TDs, and the financial obligation with MIGA, respectively.

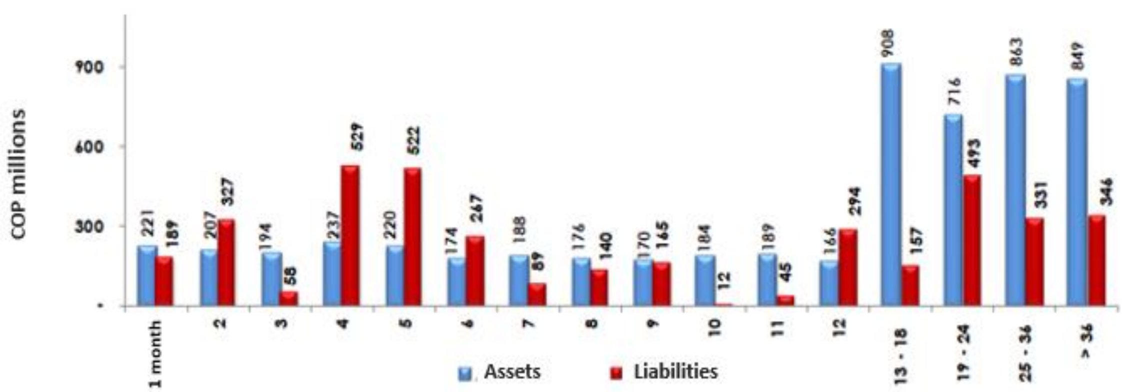
Maturity of assets and maturity of liabilities

COLOMBIAN PESO

Maturities 2019 - maturity in months

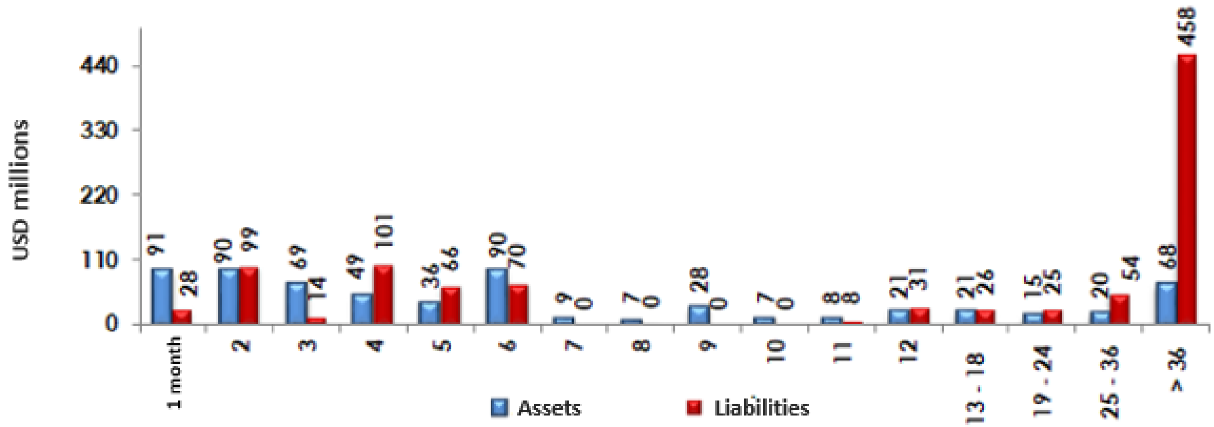


Maturities 2020 - maturity in months

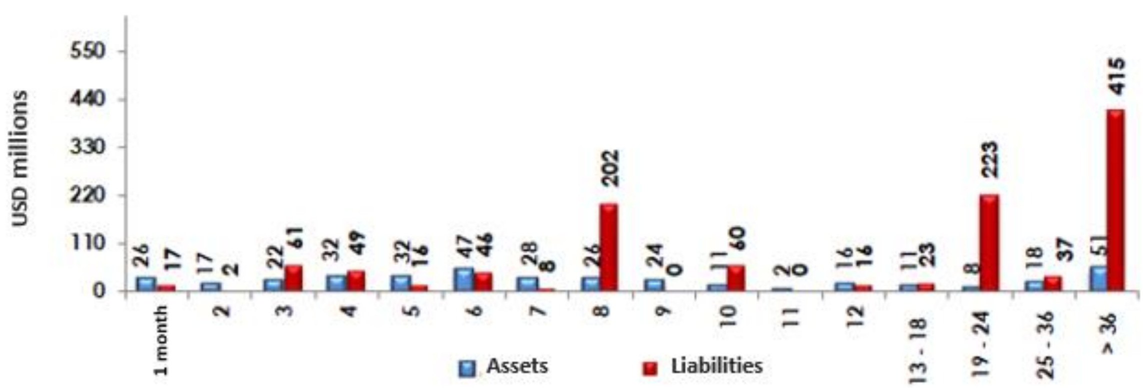


US DOLLARS

Maturities 2019 - maturity in months



Maturities 2020 - maturity in months



Asset maturities 2019 - maturity in days

Assets 2019	BALANCE	0-30	30-60	60-90	90-180	180-360	360-1080	1080-1800	1800 onwards
Available	57.059.733	57.063.609							
Active liquidity operations	113.156.866	112.553.177							
Investments	585.182.120	244.050		10.087.075	64.492.075	47.311.950	266.179.950	136.207.500	259.227.500
Loan Portfolio	6.699.483.227	489.474.476	489.221.190	421.097.491	1.107.405.563	1.199.087.712	2.589.850.278	756.199.291	454.266.269
Accounts Receivable and Acceptances	42.866.468	3.628.104	684.673	277.570	1.110.281	203.552	518.131		
Fixed assets	33.160.598			0	0		33.160.598		
Debt contingents	77.123.723			0	0		77.123.723		
Others	85.807.826	1.287.117	85.808	85.808	343.231	514.847	83.491.015		
Total	**7.693.840.561**	**664.250.533**	**489.991.671**	**431.547.944**	**1.173.351.150**	**1.247.118.060**	**3.050.323.695**	**892.406.791**	**713.493.769**

Asset maturities 2020 - maturity in days

Assets 2020	BALANCE	0-30	30-60	60-90	90-180	180-360	360-1080	1080-1800	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 contingents	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**	**1.628.416.747**	**4.586.980.747**	**1.380.167.365**	**2.264.031.911**

Liability maturities 2019 - maturity in days

Liabilities 2019	BALANCE	0-30	30-60	60-90	90-180	180-360	360-1080	1080-1800	1800 onwards
Deposits and requeriments	181.205.304	90.602.652	90.602.652						
CDT´s	1.789.010.000	161.734.409	6.224.915	291.663.515	332.750.007	429.553.066	555.257.453	101.764.400	
Liabilities liquidity positions	16.356.385	16.356.516	0						
Bank loans	3.153.307.571	94.757.256	328.995.492	46.540.845	800.464.658	139.304.759	371.908.570	578.209.839	1.306.854.708
Accounts Payable and Acceptances	168.946.434	12.963.550	2.837.673	992.469	1.941.653	293.799	396.851		
Bonds	1.238.890.000	1.505.400	7.528.300	10.491.556	18.699.233	189.224.032	1.081.172.712	103.287.700	
Other liabilities	113.740.677	4.443.626	4.581.640	3.995.115	9.794.480	13.484.612	77.465.113		
Estimated liabilities and provisions	4.628.085	314.710	199.008	92.562	587.767	101.818	3.332.221		
Creditors contingents	192.037.872	35.847.069	36.807.259	36.807.259	1.920.379	13.442.651	67.213.255		
Total	**6.858.122.327**	**418.525.188**	**477.776.939**	**390.583.321**	**1.166.158.176**	**785.404.737**	**2.156.746.175**	**783.261.939**	**1.306.854.708**

Maturities 2020 - maturity in days

Liabilities 2020	BALANCE	0-30	30-60	60-90	90-180	180-360	360-1080	1080-1800	1800 onwards
Deposits and requeriments	581.255.566	36.886.202	829.506	777.660	2.332.982	4.665.965	545.507.844		
CDT´s	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	0	0	0	0		0
Bank 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 Payable 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		
Other 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**

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. In the second half of 2020, a Cross Currency Interest Rate Swap- CCS IRS transaction was structured to hedge the exchange rate and interest rate risk of a liability credit transaction in US dollars. This hedging comprised five tranches (transactions) to diversify the credit and counterparty risk. 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, 2020, and 2019:

	Nominal		Clearing House	
	2020	2019	2020	2019
Purchase Forward	716	1,681	345	1018
Sales Forward	690	1,516	450	1026
Net	26	165	-105	-8.6

  Figures in USD million

  Below is the average, maximum, and minimum in nominal FWDs for purchase and sale during 2020 and 2019:

	2020			2019		
Forward	Maximum amount	Minimum amount	Average amount	Maximum amount	Minimum amount	Average amount
Buy	2,731	716	1,429	242	1,461	1,893
For sale	2,766	690	1,442	2,394	1,438	1,892

  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 2020, the average amount reached $ 154,461,735.

	Market Value	
	2020	2019
Guarantees provided to the CCRC	154.461.735	81.273.871

- *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 2020, 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:

    - 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).

    - 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.

    - Hedging ratio: It must be guaranteed that the hedging instrument and the item to be hedged maintain a 1 to 1 ratio.

    - Prospective evaluation

  The following is a description of the Bank's forwards at the end of December 2020:

Type of Transaction	Negotiation date	Completion date	Expiration date	Nominal Value (USD)
FWD- Sale	Dec 28, 20	28-Jan-21	27-Jan-21	10.000.000
FWD- Sale	Dec 28, 20	28-Jan-21	27-Jan-21	2.505.689
FWD- Sale	Dec 28, 20	28-Jan-21	27-Jan-21	2.494.311
FWD- Sale	Dec 28, 20	28-Jan-21	27-Jan-21	5.000.000

The FWDs hedge the exchange rate risk from assets (investments) in USD in Private Equity Funds and Bládex.

At year-end 2020, 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.

- *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 %
1.093.816.253	1.129.630.285	35.814.032	3.3%

The difference between the carrying amount and the market value amounts to $ 35 billion, i.e., 3.3% above the carrying amount. This difference corresponds to market transactions and the reduction in trading rates of these papers.

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. *Backtests* 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, 2020, and 2019 is presented below:

	2020	Share	2019	Share
At amortized cost	$17.627.454	0.01	$ -	0
At Fair Value with changes in other comprehensive income	1.113.028.701	31%	532.461.682	47%
At Fair Value	498.626.324	68%	601.529.420	53%

Total	$1.629.282.479	=	$1.133.991.102

At the end of 2020, there was an increase of 43.68% in the total amount of the fixed-income investment portfolio for the previous year. It is explained by the business strategy for generating profits by investing foreign currency surplus resources in public debt securities denominated in US dollars (Yankees). This portfolio amounted to $ 734 billion at the end of the year. On the other hand, the amount of investments at amortized cost increased due to the inclusion of investments from ARCO Grupo Bancóldex in the portfolio after the merger.

Maximum, minimum, and average amounts of the investment portfolio:

	2020			2019		
Investments	Maximum amount	Minimum amount	Average amount	Maximum amount	Minimum amount	Average amount
At amortized cost	17.627.454	-	7.358.454	-	-	-
At Fair Value with changes in other comprehensive income	1.191.499.182	810.693.105	1.119.552.659	532.461.682	397.285.471	424.273.697
At Fair Value	593.779.888	250.356.650	498.903.701	662.062.413	382.846.213	541.513.997

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:

	2020				2019			
Module	Maximum	Minimum	Average	Year-End Closing	Maximum	Minimum	Average	Year-End Closing
Interest Rate	$141.895.156	$85.641.890	$120.643.583	$119.408.305	$97.239.756	$48.379.576	$77.895.094	$88.258.998
Exchange Rate	5.066.845	35.584	1.247.172	3.710.745	4.607.655	35.584	1.757.212	423.626
Share Price	2.074.830	1.370.342	1.605.562	1.756.476	2.491.832	1.918.139	2.207.855	2.298.993
Collective Portfolios	43.935.979	16.246.123	23.328.993	43.935.979	20.726.850	16.246.123	17.961.773	20.726.850
Total	$192.972.810	$103.293.939	$146.825.310	$168.811.505	$125.066.093	$66.579.422	$99.821.934	$111.708.467

Bancóldex's average exposure to market risk recorded an increase of 47% for 2019, which is explained by the higher value of the investment portfolio, mainly Yankees, and the increase in duration is reflected in a rise of 55% in the interest rate module.

c) *Operational 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 041 dated June 29, 2009. It was created in Chapter XXIII of the Basic Accounting and Financial Circular Letter - External Circular Letter 100/1995 and welcomed the policies for implementing and maintaining the Internal Control

System, established in Circular Letter 014/2009. It is essential to mention that as of 2021, the applicable standard will be External Circular Letter 025 dated July 2020.

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 2020:

As of December 31, 2020, 469 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
Type A	8	1.7%
Type B	432	92.1%
Type C	29	6.2%
TOTAL	**469**	**100%**

During 2020, the economic losses from operational risk in events classified as "Type A" amounted to $ 517,193 and were recorded in their respective operational risk accounting accounts. There were no recoveries, so the net effect of the economic losses is the same.

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.

During 2020, adjustments were made in all segments to strengthen the credit granting and follow-up. In the credit segment for local financial intermediaries, foreign financial intermediaries, and entities focused on microenterprise credit, the forecast and scenario models were strengthened, and the periodic follow-up reports for these customers. In the SME segment, an alternative model was incorporated for granting transactions within the framework of the Direct Credit Line (Decree 468/2020), which is backed by the Fondo Nacional de Garantías (FNG).

Additionally, during 2020, within the framework of the Bank's risk appetite statement, adjustments were made to the established limits of the credit indicator due to the incorporation of the second-tier credit transactions resulting from the merger with Arco Grupo Bancóldex and the change in the global economic context derived from Covid-19. The Bank continued with the indicator, provision over the gross receivables to monitor the credit risk appetite, and defined this indicator for the total receivables and its segments. Different stress scenarios were performed to estimate the appetite, tolerance, and risk capacity limits, from the base scenario to the pessimistic one.

The Risk Vice-Presidency 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 of both the Bank's credit operations and the operations of the counterparties. As part of the follow up and monitoring process, the entire loan portfolio must be graded on a monthly basis by applying the regulatory guidelines, which consider the financial condition and payment capacity of each debtor. The required provisions are set up according to the score assigned to the loan portfolio.

Concerning provisions, the Bank applies the provisions defined in Chapter II of the Basic Accounting and Financial Circular Letter and its annexes, established for each type of portfolio. In the rediscount facilities, per the regulations, provisions are made using a proprietary method based on an expected loss model that incorporates default and loss given default parameters, which were estimated based on the history of the Bank's debtors. Additionally, it includes procyclical and countercyclical components, also taking into consideration systemic risk elements.

The processes and technology adopted by Bancóldex allows it to manage any credit transaction in the granting, follow-up, and recovery stages.

Covid-19 Impact

Faced with the Covid-19 situation concerning credit risk, the Bank implemented several actions in line with the SFC guidelines, accompanied by permanent monitoring of the possible impacts it could have on credit indicators. The actions implemented sought to offer financial support to the customers most adversely affected by the crisis by implementing relief measures and other support actions. Customers were segmented according to the impact of the pandemic on their payment capacity and analyzed on a case-by-case basis to apply the relief conditions detailed in the respective circulars issued by the Bank. At the end of 2020, 9.4% of the Bank's total portfolio has a type of relief and is represented by 6.6% of rediscount facilities (in these cases, it is the assistance to the banks that request these modifications to grant relief for their customers), 0.8% of EOCMS portfolio, and 1.8% to SME portfolio.

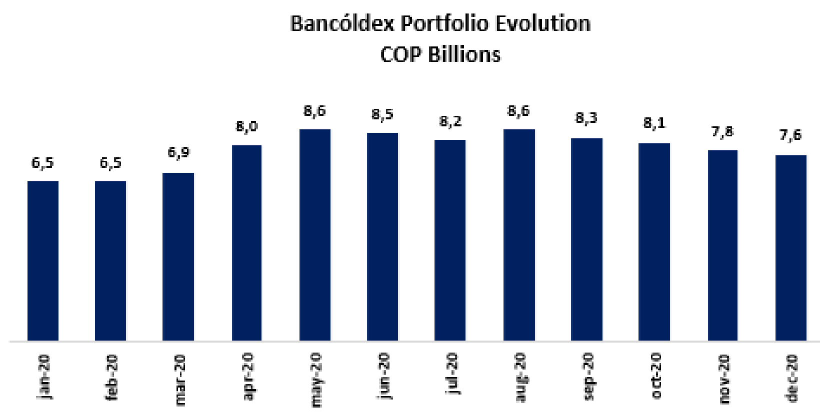
On the other hand, as provided in SFC Circular Letter 022, the Bank made a general interest provision of $ 1,846,710 during 2020.

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

Quantitative information

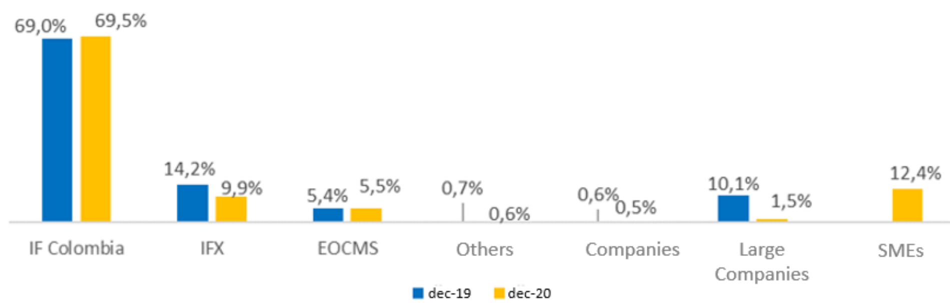
Consolidated exposure to credit risk - The Bank's maximum exposure to credit risk is reflected in the carrying amount of financial assets in the balance sheet as of December 31, 2020 and 2019, as shown below:

	2020	2019
Loan portfolio	$7.580.754.901	$6.699.483.227
Debt securities	1.611.655.025	1.133.991.102
Equity securities	443.372.614	436.580.420
Derivatives	44.318.217	87.258.002
Financial guarantees	206.482.581	88.344.164
Active money market transactions	205.028.943	126.751.734
Maximum credit risk exposure	$10.091.612.281	$8.572.408.649



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:



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	2020	2019
Commercial	$7.561.262.330	$6.680.771.007
Consumption	1.590.603	1.527.171
Housing	17.901.968	17.185.048
Total	$7.580.754.901	$6.699.483.226

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		
A	$7.284.122.395	$6.657.109.345
B	184.140.089	3.590.294
C	29.107.588	1.337.038
D	44.086.316	4.411.288
E	39.298.513	33.035.261
Total	$7.580.754.901	$6.699.483.226

Distribution by country

Country	2020	2019
Colombia	$6.834.639.236	$5.671.098.103
Ecuador	116.345.760	305.148.071
Panama	115.967.013	81.928.500
Costa Rica	85.812.500	81.928.500
Honduras	105.231.251	116.281.775
Guatemala	137.300.000	111.422.760
El Salvador	137.300.000	137.639.880
Peru	27.564.141	45.309.047
Others	20.595.000	148.726.590
Total	$7.580.754.901	$6.699.483.226

Portfolio quality indicators

Portfolio quality		2020	2019
Delinquency	Indicator1	1,92%	0,49%
	Hedging (times)	1,25	4,90
Risk Profile	Indicator2	3,91%	0,63%
	Hedging (times)	0,61	3,77

1 Delinquency indicator = past-due portfolio / gross portfolio

2 Risk profile indicator = qualified portfolio B-E/ gross portfolio

As of December 2020, the gross receivables balance amounted to $ 7.5 billion, an increase of 13% compared to the previous year. The overdue receivables indicator stood at 1.92%, which increased due to the merger with ARCO Grupo Bancóldex.

Non-performing loans (Delinquency) by segment

Segment	Overdue receivables		Overdue receivables indicator %	
	2020	2019	2020	2019
Financial intermediaries	8.622	1.254	0,02	0,13
SMEs	108.161	0	11,5	0
Other	29.0856	31.345	13,7	13,3

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) Money Laundering and Terrorist Financing Risk Management System (SARLAFT).

During 2020, Bancóldex continued applying and maintaining the SARLAFT to prevent and mitigate the risks of money laundering and terrorist financing (ML/TF) in the transactions. It strengthened this system, incorporating required adjustments on the due diligence of knowledge of customers and the prevention and control of such risks in the businesses and operations received as a result of the merger by absorption of Arco Grupo Bancóldex. The interfaces and implementations in the monitoring system of customers and transactions ACRM - *Advanced Compliance Risk Manager* were followed up, the monitoring of Phase II products was completed, and the requirements for incorporating new products were made to integrate all the tracking in this system. Likewise, the Bank monitored customers and transactions, managed alerts, and irregularities, deliver regulatory and SARLAFT reports, and met the specific requirements of competent authorities on time.

The SARLAFT Manual was updated, including requirements of control entities, the adjustment in policies, procedures, and methodologies for segmentation and evaluation of risk factors. SARLAFT training was provided to the Bank's officers on the system and Manual updates, due diligence on knowledge of the customer and counterparties, cases and irregularities, and alert management. The risk factor assessment, and the ML/TF risk profile by risk factors, associated risks, and the Bank's inherent and residual consolidated risk, the latter remaining within the level approved by the Board of Directors, were updated, and monitored.

f) System to comply with FATCA (Foreign Account Tax Compliant Act) and CRS (Common Reporting Standard) -

In compliance with the provision outlined by FATCA, the Bank preserved its status as a participating Foreign Financial Institution (FFI) registered with the United States Internal Revenue Service (IRS) in 2020. Bancóldex also enhanced due diligence procedures on entities acting as intermediaries and financial institutions that had connections or conducted business with the Bank to ensure FATCA compliance. Additionally, actions were taken to respond to the requirements made by other local and international financial entities concerning FATCA and CRS (Common Reporting Standard) of the OECD (Organization for Economic Cooperation and Development).

33. CORPORATE GOVERNANCE

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 (wwwbancoldex.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 2020 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 2020 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. LEGAL CONTROLS

During the 2020 and 2019 periods, the Bank met all legal solvency margin requirements, as follows:

Solvency margin -

Decrees 1477/ 2018, 4121/2019, as amended, Chapter XIII-16 of the Basic Accounting and Financial Circular Letter, External Circular Letters 020/2019 and 025/2020 issued by the SFC establish the convergence to the international standards of the Basel Committee on Banking Supervision known as Basel III, whose entry into force was scheduled as of January 1, 2021. Bancóldex, as provided in the fifth instruction of External Circular Letter 025/2020, applied the regulation in advance, with the prior authorization of the Bank's Board of Directors.

To this end, in compliance with the regulations, the following activities were carried out:

- In April 2020, the SFC was informed that once the technological developments required for implementing the solvency margin were advanced, the result of the new calculation under Basel III revealed levels close to 19% as of March 2020.

- On June 3, 2020, the Bank submitted for consideration of the SFC the document with the decisions and commitments of the Bank's Board of Directors, indicated in numeral 2 of Annex 2 of Chapter XIII-16. It was approved in the Board of Directors meeting of May 26, 2020, minute 401. In these commitments, it was established, among others, to start from August 2020 the early application of the instructions of the new regulatory framework, including the operational risk requirements.

- On June 30, 2020, the Bank reported to the SFC compliance with the transmission tests conducted on June 24 and 25, 2020, for early adoption as of May 31, 2020.

As a result of the request for official transmission of Form 239 (Proforma F1000-141), "Solvency Margin Information Report and Other Equity Requirements and Solvency Margin Law Control Statement," on September 2, 2020, the SFC informed that Bancóldex could transmit in official form as of August 31, 2020. For the follow-up and analysis of the Solvency Margin information by the SFC, as of October 2020, working tables were held, with the participation of the different SFC Delegations and Bank officers. Information requirements related to calculating credit exposure of derivative financial instruments, the Operational Risk Var, and receivables transactions were met.

35. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The administration of Banco de Comercio Exterior de Colombia S.A. - Bancóldex has evaluated the subsequent events occurred from January 1 to February 23, 2021, the date when the financial statements were made available for issuance, and determined that no subsequent events have occurred, and which may require the recognition or disclosure of additional information in these statements.

36. APPROVAL OF FINANCIAL STATEMENTS

The issuance of the Bank's separate financial statements for the year ended December 31, 2020, was authorized by the Board of Directors, as stated in Minutes No. 415 dated February 23, 2021, to be submitted to the General Meeting of Shareholders as required by the Code of Commerce. It is clarified that these financial statements will be submitted for consideration of the highest corporate body, which may approve or disapprove of these financial statements.

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

Certificate to the Financial Statements

For years ended on December 31, 2020 and 2019

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, 2020 and 2019, 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, 2020 were authorized for disclosure by the Board of Directors on February 23, 2021. 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-fifth (23rd) day of February 2021.

Javier Diaz Fajardo	Jairo Pedraza Cubillos
Legal Representative	Accountant