Banco de Comercio Exterior de Colombia S.A. – (Foreign Trade Bank of Colombia S.A.) Bancóldex and Subsidiary

Consolidated Financial Statements for the Years ended December 31, 2021 and 2020 and Statutory Auditor's Report

STATUTORY AUDITOR'S REPORT

To the Stockholders of

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

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Loss allowance for expected credit losses under IFRS 9 – see notes 3.5, 4.1 and 10 of the consolidated financial statements

The Bank for determination of loss allowance for expected credit losses should apply in developing the models to determine such loss allowance based on an expected loss approach required under IFRS 9. As at December 31, 2021, the allowance for expected credit losses was COP $143.468 million on total loans portfolio of COP $7.276.122 million.

I considered as a key audit matter the methodology and assumptions used by the Bank to determine the loss given default to estimate the impairment of the commercial portfolio of Redescuento and SME, because it involves a significant component of judgment in its measurement.

My audit procedures to address the key audit matter included, among others, the following:

- Evaluated, with the involvement of credit risk specialists, the methodology and key assumptions used by the Bank to determine loss given default.

- Test of the design, implementation and operational effectiveness of the controls defined by the Bank on the model of expected losses.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to

- draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bank and its Subsidiary to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

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

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

JUAN CARLOS SÁNCHEZ NIÑO
Statutory Auditor
Professional License No. 142082 - T
Deloitte & Touche Ltda.

February 25, 2022.

1. REPORTING ENTITY

1.1 Economic Entity

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

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

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

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

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

1.2 Amounts consolidated by Entity. Below is a list of the amount of the consolidated assets, liabilities, and equity broken down by entity and their share percentage on the consolidated amount, including eliminations as of December 31, 2021, and 2020 (figures stated in millions of Colombian pesos):

2021	Assets	Share %	Liabilities	Share %	Equity	Share %	Gain for the year	Share %
Bancóldex	$ 10,479,983	102.06	$ 9,068,899	102.45	$ 1,411,084	99.59	$ 26,285	100.21
Fiducóldex	63,634	0.62	8,518	0.10	55,116	3.89	94	0.36
Deferred tax liabilities	(225,046)	(2.19)	(225,046)	(2.54)	-	-	-	-
Net Effect of Eliminations	(49,955)	(0.49)	(671)	0.00	(49,284)	(3.48)	(149)	(0.57)
Consolidated	$ 10,268,616	100.00	$ 8,851,700	100.00	$ 1,416,916	100.00	$ 26,230	100.00

2020	Assets	Share %	Liabilities	Share %	Equity	Share %	Gain for the year	Share %
Bancóldex	$ 10,566,761	100.56	$ 8,843,487	100.73	$ 1,723,273	99.66	$ 127,736	99.88
Fiducóldex	62,103	0.59	7,229	0.08	54,875	3.17	923	0.72
Deferred tax assets	(70,015)	(0.67)	(70,015)	(0.80)	-	-	-	-
Net Effect of Eliminations	(50,490)	(0.48)	(1,528)	(0.02)	(48,962)	(2.83)	(771)	(0.60)
Consolidated	$ 10,508,359	100.00	$ 8,779,173	100.00	$ 1,729,186	100.00	$ 127,888	100.00

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The following are the situations identified and measures taken by Fiducóldex:

During 2021, Fiducóldex implemented External Circular 025/2020 issued by the SFC, according to the work plan defined by the Operational Risk Unit (URO, for its initials in Spanish) and approved by the Board of Directors.

Regarding the impacts of the COVID-19 pandemic, 2021 was a challenging and complex scenario for financial assets, particularly fixed income globally. The high uncertainty associated with the emergence of new variants of COVID-19. the normalization of the monetary policy cycle in developed countries and the global inflationary surprises have had a negative impact on the behavior of assets.

All of the above, added to the electoral risks approaching for 2022 and the effects of the loss of the investment grade in mid-2021, have devaluated the Colombian public debt and private debt. The yield curve of TES in COP devalued throughout the year by nearly 300 base points, equivalent to -7.76% negative return. It affected the good performance of the investments having own positions through the securities that comprise the investment portfolio and the performance of the FONPET reserve. Unlike previous years where the returns generated through position were outstanding, they were negative during 2021.

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

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

2. PRESENTATION STANDARDS

2.1. Accounting standards applied – The accompanying consolidated financial statements of the Bank and its subsidiary (hereinafter “the Group”), in accordance with the current provisions established by Law 1314 of 2009, which was regulated, compiled and updated by Decree 938 of 2021, Decree 1432 of 2020 and previous Decrees, were prepared pursuant to 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) in force as of December 31, 2018.

The Group has applied the significant accounting policies, judgments, estimates, and assumptions described in Notes 3 and 4.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Paragraph B.3.3.6A added that if an exchange of debt instruments or a modification of the conditions is accounted for as a cancellation, the costs or commissions incurred will be recognized as part of the result from the extinction. If the exchange or modification is not accounted for as a cancellation, the costs and commissions will adjust the carrying amount of the liability, and will be amortized over the remaining life of the modified liability.

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

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

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

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

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

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

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

- The significant interest rate benchmarks to which the entity's hedging relationships are exposed;

- The extent of the risk exposure the entity manages that is directly affected by the interest rate benchmark reform;

- How the entity is managing the process to transition to alternative benchmark rates;

- A description of significant assumptions or judgments the entity made in applying these paragraphs (for example, assumptions or judgments about when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows); and

- The nominal amount of the hedging instruments in those hedging relationships.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Currency	Current rate	Alternative rate	Anticipatory approach
US Dollar (USD)	USD LIBOR	Secured Overnight Financing Rate (SOFR).	Transition to SOFR, which has been published since April 2018. 1-week and 2-month LIBOR setups for the US dollar will cease on December 31, 2021. US dollar overnight, 1-month, 3-month, 6-month, and 12-month adjustments will cease on June 30, 2023.
			On July 29, 2021, the ARRC formally recommended forward looking SOFR term rates, which are managed by CME Group. The term SOFR is a prospective rate based on transactions in the SOFR derivatives market.
Euro (EUR)	Euro Overnight Index Average (EONIA)	Euro Short-Term Rate (€STR).	Transition to € STR. EONIA will be discontinued on January 3, 2022.
Euro (EUR)	Euro Interbank Offered Rate (EURIBOR)	€STR.	EURIBOR: Since a methodology change in 2019, EURIBOR is expected to continue alongside €STR beyond 2021. There are no current indications that it will cease in the near future. In May 2021, the Euro Risk-Free Rates Working Group published its recommendations on trigger events for EURIBOR retracements and €STR-based EURIBOR retracement rates.
Euro (EUR)	Euro LIBOR	€STR.	Euro LIBOR will cease immediately after December 31, 2021.
Swiss Franc (CHF)	CHF LIBOR	Swiss Average Rate Overnight (SARON).	Transition to SARON, which is a legacy rate recommended as an alternative to CHF LIBOR in October 2017. CHF LIBOR will cease immediately after December 31, 2021.

Currency	Current rate		Alternative rate	Anticipatory approach
Canadian Dollar (CAD)	Canadian Offered (CDOR)	Dollar Rate	An updated version of the Canadian Overnight Repo Rate Average (CORRA), a pre-existing rate, has been identified by the Bank of Canada's Canadian Alternative Reference Rate Working Group as the preferred RFR for Canada.	Canada is taking a multi-rate approach with CDOR and CORRA coexisting as interest rate benchmarks. The Bank of Canada (the administrator of CORRA since June 2020) expects CORRA to be more widely adopted, so CDOR may have a smaller role. An adjusted version of CORRA has been published by Bloomberg Index Services Limited (BISL) as an alternative to CDOR since July 2020. Publication of 6-month and 12-month CDOR maturities ceased on May 17, 2021. Maturities at 1, 2, and 3 months will not be affected.

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

Going concern - The consolidated financial statements were prepared on a going concern basis. It was determined that there are no uncertainties about facts, events, or conditions that may cast significant doubt about the Entities' ability to continue as a going concern. The judgments used to determine whether the Entities are going concerns are related to evaluating the current financial position, current intentions, the results of operations, and access to financial resources in the financial market, considering their impact on future operations. No situation was determined that would make it impossible for the Entities to operate as a going concern.

1. SIGNIFICANT ACCOUNTING POLICIES

3.1. Consolidation and equity method - Under Colombian law and IFRS 10, Entities must prepare consolidated and separate financial statements. The separate financial statements serve as the basis for distributing dividends and other allocations by the shareholders. The consolidated financial statements are presented to the General Meeting of Shareholders and show the assets, liabilities, equity, income, expenses, and cash flows of the parent company and its subsidiary as if they were a single economic entity.

Controlled entities - Following IFRS 10, the Bank is required to prepare consolidated financial statements with Entities where it has control. The Bank has control over another entity if, and only if, it has all of the following elements:

- Power over the investee that gives it the ability to direct the relevant activities that significantly affect the investee's returns

- Exposure, or rights, to variable returns from its involvement with the investee

- The ability to use its power over the investee to influence the amount of investor returns

In the consolidation process, the Bank combines the assets, liabilities, and profit or loss of the Entities to exercise control after homogenizing their accounting policies. In this process, reciprocal transactions, and unrealized profits between them are eliminated. The non-controlling interests in the controlled entities Aare presented in equity separately from the equity of the Bank's stockholders.

Homogenization of accounting policies. The Bank homogenizes accounting policies to apply them uniformly to transactions and other events that, being alike, have occurred in similar circumstances.

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

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

3.3. 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).

3.4. 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.

3.5. Financial assets - All regular purchases or sales of financial assets are recognized and derecognized on the trade date. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the term established by regulation or by the market.

All recognized financial assets are subsequently measured at either amortized cost or fair value, depending on the classification of financial assets.

3.5.1 Classification of financial assets - Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

- The contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value recognized in other comprehensive income:

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

- The contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss.

Notwithstanding the preceding, the Bank and its subsidiary may make the following irrevocable election at the time of initial recognition of a financial asset:

- The Bank and its subsidiary may irrevocably elect to present subsequent changes in the fair value of an equity investment in other comprehensive income if certain criteria are met (see 3.5.1.2); and

- The Bank and its subsidiary may irrevocably designate a debt investment that meets the amortized cost or fair value criteria recognized in other comprehensive income measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch (see 3.5.1.3).

3.5.1.1 Amortized cost and effective interest method: The effective interest method is a way to calculate the amortized cost of a debt instrument and allocate interest income over the relevant period.

For financial instruments other than acquired or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that are part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, over the debt instrument's expected life or, if shorter, the gross carrying amount on initial recognition. For acquired or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, at the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured on initial recognition less principal repayments, plus the cumulative amortization (using the effective interest method) of any difference between the initial amount and the maturity amount adjusted for any tolerable losses. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjustment for any provision for losses.

Revenue from interest is recognized using the effective interest method for debt instruments subsequently measured at amortized cost and fair value recognized in other comprehensive income. For financial instruments other than acquired or originated credit-impaired financial assets, revenue from interest is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that are subsequently impaired (see 3.5.3). For financial assets that are subsequently impaired, revenue from interest is recognized by applying the effective interest rate to the amortized cost of the financial asset. If in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For acquired or originated credit-impaired financial assets, the Bank and its subsidiary recognize interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset on initial recognition. The calculation does not revert to the gross basis, even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

For financial instruments other than acquired or originated credit-impaired financial assets, the Bank and its subsidiary recognize revenue from interest by applying the effective interest rate without transaction costs if not material because Bancóldex is a second-tier bank.

3.5.1.2 Equity instruments designated as at fair value through other comprehensive income: On initial recognition, the Bank and its subsidiary may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments at fair value through other comprehensive income. Designation at fair value recognized in other comprehensive income is not permitted if the equity investment is held for trading or if it is a contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies.

A financial asset is held for trading if:

- it is acquired principally for the purpose of selling it in the near term; or

- on initial recognition, it is part of a portfolio of identified financial instruments that the Bank manages together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). Investments in equity instruments at fair value recognized in other comprehensive income are initially measured at fair value.

Subsequently, they are measured at fair value with gains and losses from changes in fair value recognized in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to gain or loss on the disposal of equity investments. Instead, they will be transferred to retained earnings.

Dividends on these equity investments are recognized in profit or loss when the Bank's right to receive the dividends is established following IFRS 15 Income unless the dividends represent a recovery of part of the investment cost.

3.5.1.3 Financial assets at fair value through profit or loss: Financial assets that do not meet the criteria to be measured at amortized cost or at fair value recognized in other comprehensive income (see 3.5.1.1 and 3.5.1.2) are measured at fair value through profit or loss. Specifically:

- Investments in equity instruments are classified as measured at fair value through profit or loss unless the Bank and its subsidiary designate an equity investment that is neither held for trading nor has contingent consideration from a business combination at fair value recognized in other comprehensive income on initial recognition (see 3.5.1.2).

- Debt instruments that do not meet the amortized cost criteria or fair value through other comprehensive income criteria (see 3.5.1.1) are classified as fair value through profit or loss. In addition, debt instruments that meet the amortized cost criteria or fair value through other comprehensive income criteria may be designated at fair value through profit or loss on initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing gains and losses on them on different bases.

Financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period, with any fair value gain or loss recognized in profit or loss to the extent that they are not part of a designated hedging relationship (see 3.9).

3.5.2 Foreign currency gains and losses - The carrying amount of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss under other gains and losses;

- For debt instruments measured at fair value recognized in other comprehensive income that are not part of a designated hedging relationship, exchange differences in the amortized cost of the debt instrument are recognized in profit or loss under other gains and losses. Other exchange differences are recognized in other comprehensive income in the investment revaluation reserve;

- For financial assets measured at fair value through profit or loss that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss under other gains and losses; and

- For equity instruments measured at fair value recognized in other comprehensive income, exchange differences are recognized in other comprehensive income in the investment revaluation reserve.

3.5.3 Impairment of financial assets - The Bank and its subsidiary recognize a provision for expected credit losses on investments in debt instruments that are measured at amortized cost or fair value recognized in other comprehensive income, as well as on credit commitments. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the financial instrument's initial recognition.

The Bank and its subsidiary always recognize expected credit losses over the life of the loan for the portfolio. Expected credit losses on these financial assets are estimated using a reserve matrix based on the Bank's and its subsidiary's historical credit loss experience, adjusted for factors specific to the obligors, general economic conditions, and an assessment of both current management and expected conditions at the reporting date, including the time value of money where applicable.

For all other financial instruments, the Bank and its subsidiary recognize expected credit losses over the life of the loan when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Bank, and its subsidiary measure the reserve for losses for that financial instrument at an amount equal to 12 months of expected credit losses over the loan's life. The assessment of whether to recognize expected credit losses over the loan's life is based on significant increases in the probability or risk of a default occurring since initial recognition rather than on evidence that a financial asset is impaired at the reporting date or an actual default occurs.

Lifetime expected credit losses represent the expected credit losses that will result from all possible events of default over the expected life of a financial instrument. In contrast, 12 months of lifetime expected credit losses represent the portion of lifetime expected credit losses over the loan's life that is expected to result from potential events of default on a financial instrument within 12 months of the reporting date.

The duration of expected credit losses over the life of other accounts receivable represents the expected credit losses that will result from a significant increase in credit risk. If the risk has not increased since initial recognition, the reserve for losses is measured at an amount equal to the expected credit losses for the next 12 months applying this simplified model for accounts receivable other than those related to the loan portfolio.

3.5.3.1 Significant increase in credit risk: In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank and its subsidiary compare the risk of default on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Bank and its subsidiary consider quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information available without cost or effort. Forward-looking information includes the future outlook for the industries in which the Bank's and its subsidiary's debtors operate. It is obtained from reports of economic experts, financial analysts, government agencies, relevant think tanks, and other similar organizations and consideration of various external sources of actual and forecast economic information related to the Bank's and its subsidiary's principal operations.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

- A significant actual or expected deterioration in the external (if available) or internal credit rating of the financial instrument;

- Significant deterioration in external market credit risk indicators for a particular financial instrument; for example, a significant increase in the credit spread, the debtor's credit default of interest rate swap prices, or the time or extent to which the fair value of a financial asset has been less than its amortized cost;

- Existing or anticipated adverse changes in business, financial, or economic conditions that are expected to cause a significant decline in the debtor's ability to meet its debt obligations;

- A significant actual or expected impairment of the debtor's operating profit or loss;

- Significant increases in credit risk in other financial instruments of the same debtor;

- An actual or expected material adverse change in the debtor's regulatory, economic, or technological environment that results in a significant decrease in the debtor's ability to fulfill its debt obligations

Regardless of the outcome of this assessment, the Bank and its subsidiary presume that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days overdue unless the Bank and its subsidiary have reasonable and reliable information to the contrary.

Notwithstanding the above, the Bank and its subsidiary assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have a low credit risk at the reporting date. A financial instrument is bound to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a high capacity to fulfill its contractual cash flow obligations in the short term, and iii) adverse changes in economic performance and business conditions over the longer term may, but do not necessarily, reduce the borrower's ability to fulfill its contractual cash flow obligations. The Bank and its subsidiary consider a financial asset to have a low credit risk when it has an internal or external credit rating of "investment grade" as defined globally.

For loan commitments and financial guarantee contracts, the date on which the Bank and its subsidiary become party to the irrevocable commitment is considered the date of initial recognition for assessing impairment of the financial instrument. In assessing whether there has been a significant increase in credit risk since the initial recognition of a loan commitment, the Bank and its subsidiary consider changes in the risk of default of the loan to which a loan commitment relates.

The Bank and its subsidiary regularly monitor the effectiveness of the criteria used to identify whether a significant increase in credit risk has occurred and review them as appropriate to ensure that the criteria can identify a significant increase in credit risk before the amount is past due.

3.5.3.2 Definition of credit in default: The Bank and its subsidiary consider the following to constitute an event of default for internal credit risk management purposes. Historical experience indicates that accounts receivable meeting any of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the counterparty; or

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Bank and its subsidiary, in full (excluding any collateral held by the Bank and its subsidiary).

Regardless of this analysis, the Bank and its subsidiary consider that a default has occurred when a financial asset is more than 90 days overdue unless the Bank and its subsidiary have reasonable and supportable information to demonstrate that a default criterion with more overdue days is appropriate.

3.5.3.3 Impaired financial assets: A financial asset is credit-impaired when one or more events have occurred that have a detrimental impact on that financial asset's estimated future cash flows. Evidence that a financial asset is credit-impaired includes observable inputs on the following events:

a) Significant financial difficulty of the issuer or borrower;

b) A breach of contract, such as a default or delinquency (see 3.5.3.2);

c) The lender(s), for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

d) It becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

e) The disappearance of an active market for that financial asset because of financial difficulties.

3.5.3.4 Write-off policy: The Bank and its subsidiary write off a financial asset when there is an indication that the counterparty is in serious financial difficulty and there is no realistic prospect of recovery; for example, when the counterparty has been placed in liquidation or has entered bankruptcy proceedings, or in the case of trade receivables, when balances are over two years past due, whichever is earlier. Derecognized financial assets may still be subject to performance activities following the Bank's and its subsidiary's recovery procedures, as legally advised. Any realized recoveries are recognized in profit or loss.

3.5.3.5 Measurement and recognition of expected credit losses: The measurement of expected credit losses is a function of the probability of default, the loss given default (i.e., the magnitude of loss if a default occurs), and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted for forward-looking information as described above. For exposure at default for financial assets, this is represented by the gross carrying amount of the assets at the reporting date. For credit commitments and financial guarantee contracts, the exposure includes the amount stated at the reporting date, together with any additional amount expected to be obtained in the future per default date determined based on historical trend, the understanding of the specific future of the Bank and its subsidiary, the debtors' financing needs, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows owed to the Bank and its subsidiary under the contract, and all cash flows that the Bank and its subsidiary expect to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used to determine expected credit losses are consistent with the cash flows used in measuring the lease receivable under IFRS 16 Leases.

If the Bank and its subsidiary have measured the provision for loss of a financial instrument at an amount equal to the expected lifetime credit losses in the prior reporting period but determine at the current reporting date that the conditions for expected lifetime credit losses are no longer met, the Bank and its subsidiary measure the provision for loss at an amount equal to 12-month expected lifetime credit losses at the current reporting date.

The Bank and its subsidiary recognize an impairment loss or gain in profit or loss for all financial instruments with an adjustment to their carrying amount through a provision for loss account, except for investments in debt instruments that are measured at fair value recognized in other comprehensive income, for which the provision for loss, other comprehensive income, and accruals are recognized in the investment revaluation reserve, without reducing the carrying amount of the financial asset in the statement of financial position.

3.5.4 Derecognition of financial assets. The Bank and its subsidiary derecognize a financial asset only when the contractual rights to the cash flows from the asset expire or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Bank and its subsidiary neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Bank and its subsidiary recognize its retained interest in the asset and an associated liability for amounts payable. If the Bank and its subsidiary retain substantially all the risks and rewards of ownership of a transferred financial asset, the Bank and its subsidiary continue to recognize the financial asset and a secured borrowing for the proceeds received.

Upon derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

3.6. Financial investment assets - The Bank and its subsidiary value most of its investments using the information provided by the price vendor, PRECIA S.A. The vendor provides inputs for the valuation of investments (prices, rates, curves, spreads, etc.).

Fair value estimate. Following IFRS 13 Fair Value Measurement, fair value is 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.

Accordingly, the fair value valuations of the Bank's and its subsidiary's investment financial assets are made as follows:

- The information provided by the price supplier, PRECIA S.A., is used for those instruments for which valuation inputs are published daily, under previously approved investment valuation methods.

- The fair value of financial assets that are not quoted in an active market is determined using valuation techniques. The Bank and its subsidiary use various methods and make assumptions based on market conditions existing at each reporting date. The valuation techniques used include the use of recent comparable and arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models, and other valuation techniques commonly used by market participants, maximizing market data and minimizing unobservable inputs.

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

Classification	Characteristics	Valuation	Accounting
Debt financial instruments	Portfolio to manage investments in fixed-income and variable-income debt securities in order to obtain profits due to fluctuations in the market value and in the purchase and sale of such securities.	Valuation of securities is conducted daily. Prices determined by PRECIA S.A. price provider are used for valuation. In cases where there is not fair value at valuation day, valuation should be conducted exponentially from the internal return rate. The fair market exchange value or price of the respective security should be calculated by adding the present value of future cash flows for yields and capital. In the case of securities traded abroad, when the price provider appointed as the official price	Accounting should be performed in Investment accounts at Fair Value with changes in Profit and Loss in the Single Financial Reporting Catalogue (CUIF) for monitoring purposes. The difference between the current fair value and the immediately preceding fair value is recorded as goodwill and negative goodwill, and its offsetting entry affects the profit and loss of the period. This procedure is carried out daily.

Classification	Characteristics	Valuation	Accounting
		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.	
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 house in order to support the accepted operation performance for offsetting and settlement and/or as collateral for monetary market operations.	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
Available-for-sale - in equity instruments	This category includes investments in subsidiaries, associates, private equity funds, Fondo Nacional de Garantías, Bladex and interests in joint ventures that give the Entities the status of co-owner of the issuer.	Investments in subsidiaries must be accounted for in Bancóldex or the controlling company's books using the equity method in the consolidated financial statements. In cases when the standards of the Code of Commerce or other legal provisions do not provide the accounting treatment of investments in subsidiaries, 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. Equity investments are valued at fair value. Changes in fair value are recorded directly through other comprehensive income until the financial asset is derecognized in the statement of financial position or impaired, when the amount recognized therein is charged to income for the period.	The effect of the investor's interest valuation is recognized in the respective Unrealized Profit or Loss (other comprehensive income) account, with a charge or credit to the investment. Dividends distributed in kind or in cash should be recorded as income, adjusting the corresponding Unrealized Profit or Loss account (maximum up to their accumulated value) and, if necessary, the value of the investment in the amount of the surplus on that account.

Fiduciary rights - The Entities value these investments with the information provided by the relevant management company or PRECIA S.A. (unit value).

Investment repurchase rights - These are restricted investments that represent collateral for investment repurchase agreements. The Entities retain the economic rights and benefits associated with the security and all the risks inherent to it although they transfer 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.

3.7. Loan portfolio and finance lease operations - The provision of criteria applicable to the presentation, classification, assessment, and valuation of the loan portfolio, credit risk, restructurings, portfolio impairment, portfolio write-offs, among others, will be recognized under IFRS 9. The resources used in granting loans come from own resources, the public as deposits, and other external and internal financing sources. Loans are posted at the disbursement amount, except for Bancóldex's discounted commercial portfolio accounted for at the discount.

Classification of the loan portfolio - The classification of the Entities' loan portfolio includes the following modalities:

- *Commercial* - granted to individuals or legal entities for the performance of organized economic activities other than microcredits. Bancóldex's portfolio is a rediscount portfolio, a traditional mechanism for the placement of second-tier banking resources. It consists of second-tier repurchase or discount of securities for entities of the Colombian financial system, which have made the initial discount of the security to individuals or legal entities.

  In the case of Bancóldex, it only applies to the financing of business activities. Currently, promissory notes signed with companies (legal entities or individuals with production activity) before an eligible financial entity, with a current and available limit in Bancóldex—which is assigned through endorsement—are rediscounted.

  This portfolio includes:

  Agreements: These are loans disbursed by Bancóldex under the modality of agreements with contributions from third parties. The Bank grants this portfolio in the following categories:

  - With rate offset with third party resources due to the differential of market lending rates offered by the Bank

  - With rate offset with third party resources and the Bank's resources due to the spread of market lending rates offered by the Bank

  The contributor essentially assumes the resulting differential between the contractual rate and the market rate.

  Discount of draft: Financial instrument that consists of purchasing at a discount and without recourse (eliminating the seller's responsibility for payment in the event of default by the bill acceptor) a percentage of the amount of securities originated in domestic commercial transactions for the sale of goods or services on credit, covered by an insurance policy issued by an eligible insurance company and duly authorized by the Bank.

  Portfolio at market rates: This is a line of credit granted in Colombian or foreign currency aimed at Colombian financial intermediaries with a credit limit in force and available at the Bank so that they, in turn, may carry out active credit operations in the currency that are expressly authorized by Colombian legislation and aimed at financing operations with the business sector.

  Special lines portfolio: These are the loans disbursed by the Bank under the special lines modality. This portfolio is granted by the Bank with rate offset directly. Due to the differential of the active rates offered in certain lines, the Bank will assume this rate differential in full.

- *Consumer and Housing* – They are loans to employees and former employees (granted before their retirement.)

Interest accrual – Revenue from interest on a financial asset is recognized when it is probable that the economic benefits associated with the transaction will flow to the Bank, and the amount of revenue can be measured reliably. Revenue from interest is recognized over time by reference to the principal outstanding and the applicable effective interest rate, which is the discount rate that exactly matches the estimated cash flows receivable or payable over the financial instrument's expected life to the net carrying amount on initial recognition.

Revenues are recognized on the following bases:

Interest is recognized using the effective interest method. The effective interest method calculates the amortized cost of an asset and allocates revenue or cost from interest over the relevant period. The effective interest rate is the rate that exactly equals the estimated future cash payments or receipts over the financial instrument's expected life, or when appropriate, for a shorter period, to the asset's net carrying amount on initial recognition. To calculate the effective interest rate, cash flows are estimated considering all contractual terms of the financial instrument without future credit losses and the initial transaction or grant balance, transaction costs, and premiums granted less commissions and discounts received that form an integral part of the effective rate.

From a legal point of view, default interest is contractually agreed and can be assimilated to variable interest caused by a debtor's default. Such interest is accrued from the time in which the contractual obligation to do so arises, independent of future credit losses, as established in the definition of the effective interest rate. Therefore, such balance is part of the total indebtedness with the customer assessed for impairment following the procedures for such purpose, either through individual or collective assessment.

Impairment - IFRS 9 Expected Loss Approach - The method used by the Entities to measure impairment of financial assets is based on the expected loss method. The Bancóldex Group follows the guidelines defined by IASB in IFRS 9 (Financial Instruments).

IFRS 9 establishes an expected loss model based on three components of credit loss: probability of default (PD), exposure at default (EAD), and loss given default (LGD).

PD (probability of default) – It is defined as the probability that a counterparty will not be able to fulfill its obligations within a certain period and thus be classified as default. To estimate default probabilities in the different segments, the Bancóldex Group used two methods: transition matrices and benchmark data. The transition matrices were used for the most representative part of the portfolio using as input the history of risk ratings of the debtors of the group's entities. The benchmark method is used when there is not enough historical information to calculate the probabilities of default. Therefore, the historical information of a similar entity is used.

LGD (loss given default) – It represents the portion of the exposure that is not recovered when the borrower defaults. Several approaches were used to determine the LGD, considering the available information and the behavior of the portfolio. For the Bank, industry best practices (Basel, Financial Superintendence of Colombia, and regional Recovery Rates) were used as a reference to assign the LGD to the most significant segments.

IFRS 9 establishes the calculation of the expected loss for credit risk based on a three-step classification of transactions:

Stage 1.- Assets with no significant deterioration in their credit quality since their initial recognition or a low credit risk at the calculation date. The expected loss will be recognized over a 12-month horizon.

Stage 2.- Assets with a significant increase in their credit quality since initial recognition or a low credit risk at the calculation date. The expected loss will be recognized over the life of the asset.

Stage 3.- Assets with objective evidence of impairment. The expected loss will be recognized over the life of the asset.

To establish the stage of each transaction, the rating deterioration from the initial recognition to the calculation date is considered; additionally, the overdue days of the transaction are considered. IFRS 9 defines the maximum overdue days for assigning the transaction to each stage, as follows:

Stage 1.- Transactions with 0 to 30 days past due.

Stage 2.- Transactions with 31 to 90 days past due.

Stage 3.- Transactions over 90 days past due.

Write-offs of portfolio and receivables - A loan or receivable is subject to write-off against impairment of loans or receivables, respectively, when all possible collection mechanisms have been exhausted, and it is considered unrecoverable. The Board of Directors defines periodic dates for authorization of write-offs.

The write-off does not relieve the officers of the responsibilities they may have for the approval and management of the loan, nor does it exempt them from the obligation to continue collection efforts

Recoveries of previously written-off financial assets are recognized in the statement of income.

Restructured loans - The restructuring of a loan is understood as any exceptional mechanism implemented through any legal transaction, the purpose of which is to modify the conditions originally agreed for the debtor to adequately fulfill its obligation in the face of actual or potential deterioration of its payment capacity. Restructured loans are recognized at the time of restructuring at the present value of the future cash flows expected from the agreement, discounted at the original rate of the asset before the restructuring.

3.8. Derivative financial instruments -

3.8.1 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.

The Entities negotiate 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. 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.

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

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

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

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

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

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

3.9. Hedge accounting - The Bank and its subsidiary designate 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, and its subsidiary document 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, and its subsidiary document 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 covered by the Bank and its subsidiary and the hedging instrument amount used by the Bank and its subsidiary 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 and its subsidiary adjust the hedging relationship of the hedging relationship (i.e., the hedge is rebalanced) so that it fulfills the rating criteria again.

The Bank and its subsidiary designate 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 8.9 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 and its subsidiary cancel 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.

3.10. 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 Entities have 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 Entities and there is enough evidence demonstrating that the Entities remain committed to their plan to sell the asset.

The entities will recognize non-current assets held for sale 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 and recognition established in IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

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.

3.10.1 Goods received in payment - Goods received in payment are assets from which the amount is expected to be recovered through their sale rather than their use.

Initial measurement - Entities will measure goods received in payment (or groups of assets for disposal) classified as held for sale, at the lower of

- Their carrying amount; or
- fair value less cost of sales.

Subsequent measurement - Entities will measure goods received in payment at the lower of their carrying amount or fair value less costs of sales.

When the sale is expected to occur beyond the one-year period, the Entities will measure the costs of sales at present value. Any increase in the present value of those costs of sales arising from the passage of time is presented in the income statement as a financial cost.

Expenses incurred with goods received in payment should be recognized in the statement of income. Moreover, they should be measured at the lower of fair value and their carrying amount, less the costs of sales.

Impairment of goods received in payment

Entities will recognize an impairment loss for initial or subsequent write-downs of the asset (or group of assets for disposal) to fair value less costs of sales.

On the other hand, the Entities will recognize a gain for any subsequent write-up derived from the measurement of the fair value less costs of sales of an asset, but not exceeding the accumulated impairment loss that has been recognized (see Impairment of Assets Policy).

Entities will not depreciate (or amortize) goods received in payment while they are classified as held for sale, or while they form part of a disposal group classified as held for sale. However, interest and other expenses attributable to the liabilities of a group of assets held for sale will continue to be recognized.

Rules regarding the legal term for sale - 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.

3.10.2 Goods returned – It records the amount of goods returned to the Bank and its subsidiary, which have been used by the customer under leases when the parties freely agree to do so or when such restitution is the result of a procedure for non-payment of royalties.

The restitution of these assets should be accounted for at their carrying amount (cost less accumulated depreciation). These assets are not subject to depreciation.

3.11. 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 Entities 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 Entities either when it acquired the asset or as a result of having used the asset for purposes other than the productive operation of the Entities.

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

Entities 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 management.

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 Entities faithfully consider 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 residual value and useful life of an item of property and equipment will be reviewed at least annually and if expectations differ from previous estimates, the changes will be accounted for as a change in accounting estimates prospectively.

According to the appraisal carried out at the Bank's offices in May, 2021 (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 57 years.

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

Bancóldex

Group description	% Residual	Useful life Initial range	Useful life 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

Subsidiary - Fiducóldex

Asset group	Residual value	Useful life
Buildings	The amount of the land	According to the technical study.
Furniture and fixtures	0%	10
Computer equipment	0%	3
Vehicles	0%	5

The Entities perform an annual impairment review to assess whether it is necessary that a new revalued cost be determined by an expert appraiser, who will use the techniques established in the International Valuation Standards (IVS). If there is reasonable assurance about an increase or decrease in the value of the buildings, the new revalued cost must be determined.

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

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 Entities 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.

3.12. Intangible assets - The Entities 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 Entities 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 Entities.

- 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 Entities 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 Entities determine that intangible assets with a finite useful life are amortized based on the estimation of their useful life as follows:

Bancóldex

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

Fiducóldex - The subsidiary makes cash payments to purchase licenses. The use of the licenses will be between 3 and 15 years, depending on the type of license. The useful lives and residual value established by the Fiduciary are listed below:

Asset group	Useful life	Residual value
Core	15 years	-
Software (licenses)	3 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.

3.13. Other assets - There are assets for which it is not possible to find similar recognition and measurement criteria to classify them within the available categories or groups of financial assets. These will be classified in the category of other assets, including prepaid expenses, art and cultural goods, among others.

3.13.1 Prepaid expenses - Prepaid expenses are the expenses incurred by the Entities 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

3.13.2 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.

3.14. 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 Entities 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 Entities 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 Entities' 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 Entities shall determine the recoverable amount of the cash-generating unit to which the asset belongs (the cash-generating unit of the asset).

3.15. 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 according to IFRS 9 applicable requirements.

- *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.

- *Financial liabilities at fair value through profit or loss* - Any measurement inconsistency (accounting asymmetry) that may arise from the use of different measurement criteria is eliminated or significantly reduced on initial recognition. The Entities have chosen to designate the measurement of derivatives at fair value through profit or loss, considering the availability of information relating to the valuation of these instruments.

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

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

Derecognized financial liabilities: Financial liabilities shall be derecognized by the Entities if, and only if, the Entities' 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.

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

3.16.1 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.

3.16.2 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.

3.16.3 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.

3.17. Contingent Provisions and Obligations – These are recognized when the Entities:

- Have 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 Entities 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.

3.18. 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.

3.18.1 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 Entities' 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.

3.19. 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.

3.20. Leases

The company 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 company as lessee - The Entities shall assess whether the contract is or 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 Entities 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 Entities recognize 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.

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 Entities 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 Entities 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.

3.21. Investments in associated companies: Bancóldex 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 investor's share in the investee's net income for the period and other comprehensive income after the acquisition date.

3.22. 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 Entities recognize revenue when:

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

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

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

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

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

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

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

3.23. Joint ventures - Based on the Fiducóldex's analysis, it recognizes its interest in consortiums as a joint venture for the statement of financial position. Thus, Fiducóldex will account for the assets, liabilities, revenue and expenses related to the interest.

Fiducóldex recognizes the following in connection with its interest in a joint venture:

- Assets, including its interest in jointly held assets.
- Liabilities, including its interest in jointly incurred liabilities.
- Revenue from the sale of its interest in the product arising from the joint venture.
- Interest in the revenue from the sale of the product arising from the joint venture.
- Expenses, including its interest in jointly incurred expenses.

- Assets, liabilities, revenue and expenses related to the interest in a joint venture will be accounted for according to the policies applicable to Fiducóldex.

When Fiducóldex makes a transaction with a joint venture in which it is a joint operator, such as a sale or contribution of assets, it makes the transaction with the other parties to the joint venture. As such, Fiducóldex will recognize gains and losses from this transaction only to the extent of the other parties' interests in the joint venture.

When these transactions provide evidence of a reduction in the net realizable value of the assets to be sold or contributed to the joint venture or of an impairment of those assets, such losses are recognized in full by the joint venture.

Additionally, Fiducóldex has an interest in a joint venture, which is a jointly controlled company, through which the venturers have a contractual agreement that establishes joint control over all economic activities of such company. The contract requires that the agreement between the parties regarding financial and operating decisions be mutual.

Fiducóldex recognizes its interest in the joint venture using the proportional consolidation method. The Fiduciary combines in the consolidated financial statements its proportionate share of the assets, liabilities, income, and expenses of the joint venture with the relevant similar items, line by line. The financial statements of the joint venture are prepared for the same period as those of Fiducóldex and the necessary adjustments are made to homogenize any differences that may exist with respect to Fiducóldex's accounting policies.

Once joint control is lost, Fiducóldex values and recognizes the investments held at fair value. Any difference between the carrying amount of the jointly controlled investment and the fair value of the investment held plus the proceeds from the sale are recognized in the income statement.

When significant influence is exercised over the remaining investment, the investment is accounted for as an associate.

The policies adopted globally with each of the management units include the following:

General - Consortiums are defined as follows as provided in Article 7 of Law 80/ 1993 (General Code for Public Administration Contracting).

"When two or more persons jointly submit the same proposal for the awarding, execution, and performance of a contract, being jointly and severally liable for each and every obligation derived from the proposal and the contract. Consequently, the actions, events and omissions that occur in the fulfillment of the proposal and the contract will affect all the members comprising it."

Characteristics - The main characteristics of the consortia are listed below:

- Mutual aid agreement
- Compliance with taxes
- Processing the RUT
- Obtaining the TIN.
- The term of the consortium is equal to the term of the contract and is generally longer than one year.
- Not a trading company.

- No legal status.

Management unit - The consortium members join to find a way to optimize resources, taking advantage of their technical, administrative, and financial capacities.

This Unit must be created for the provision and performance of the trust agreement.

It must prepare the accounting for the consortium members as well as for the Trustor based on the contractual obligations.

Legal Representation - The consortium members must designate a Legal Representative for all purposes, who will represent the consortium and be informed of the basic rules that regulate the relations between them and their responsibility.

The Legal Representative must create the trust business to be managed before the Financial Superintendence.

It will oversee tax and contractual obligations.

The Legal Representation can be rotated when determined by the consortium members or be fixed until the expiration of the agreement to be managed.

Joint ventures in progress and in liquidation - The status of the joint ventures in which the Trust has an interest is as follows:

a. *Active consortia* - Those consortia that follow the going concern principle, which refers to the future or long-term permanence that a third party expects from an organization without interrupting its activities. This must be considered for the preparation of the financial statements under IFRS.

   In addition, the consortium's management must identify and disclose situations in the financial statements that threaten the continuity of the consortium agreement.

   On the other hand, the benefits corresponding to the Trust's interest in the consortium will be recognized line by line by percentage in the statement of financial position and the statement of comprehensive income, i.e., it will be proportionally consolidated according to the Trust's interest in the consortium.

   However, for the calculation of this method, the policies of the consortium must be homogeneous with those applied by the Fiduciary to prepare the financial statements under IFRS. Otherwise, the Fiduciary must make the respective adjustment to then determine such value.

b. *Consortiums in liquidation* - Consortiums that are intended to be liquidated, cease their activity, or be terminated in accordance with the contractually agreed upon in the trust business or because there is no other alternative but to proceed in this manner.

In this case, such consortia will be measured in accordance with active consortia policies. However, the detailed management is within the consortia policy.

3.24. Operating Segments - *In* order to comply with the provisions of IFRS 8 - Consolidated Operating Segments, the following segments have been defined, which describe the activities carried out by each of the Group's Entities and whose results are permanently monitored internally by the Board of Directors as the highest authority in making operating decisions, through the Financial Vice-Presidency and the Corporate Finance Department.

- *Bancóldex* - The products will be framed within Bancóldex's strategy whose main objective is to promote the business and economic growth of Colombian companies through financial and non-financial products, considering the nature of the activities carried out as a Development Bank and which contribute to the generation of the financial margin.

  The products and/or concepts included in each of the segments with the factors identified for each of them are as follows:

  - *Loan portfolio*: Comprises the portfolio loans that the Bank disburses to promote business development. The factors considered to identify the portfolio operation segments are mainly based on the classification by currencies (COP and USD) and a subsequent grouping of the portfolio lines that the Bank promotes and that contribute to the financial margin. This differentiation is very important and is considered independently at the time of making the pricing and profitability models, since the type of support to the companies and the destination depend on the demand for resources in the currency they require, and this in turn also has repercussions on the funding for each type of portfolio (COP and USD), since Bancóldex, for the COP portfolio is funded in the capital market and with equity, while for the USD portfolio it is funded mainly with multilateral entities and with Correspondent Banking.

    Portfolio in pesos: It includes the commercial portfolio in pesos, including discount operations on documents in pesos, *leasing*, employee, and ex-employee portfolios.

    Foreign currency portfolio: It includes the commercial portfolio in foreign currency, including discount operations of documents in foreign currency.

  - *Investments and treasury products*: In the factors for the identification of these segments, the Bank orients the Treasury operation to portfolio management with two objectives: liquidity management in the medium term and obtaining reasonable profitability and benefits through the negotiation of financial assets, framed within the risk guidelines established by the Board of Directors.

    Investment portfolio: Comprises the securities managed by the Bank's Treasury in treasury securities in local or foreign currency and Colombian private debt securities specifically of Issuers Supervised by the Financial Superintendence of Colombia.

    Treasury products: Includes products for the management of liquidity in pesos and foreign currency, derivative transactions, restatement of own position (foreign exchange), short transactions, spot transactions and foreign 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.

- *Fiducóldex* - Trust Business: Corresponds to the segment of the Entities' trust business, which currently manages assets in excess of $9 billion in business in consortiums, investment trusts, private equity funds, collective investment funds, concessions, administration, and payment trusts, among others. In the latter, Procolombia, Fontur, Colombia Productiva and INNPULSA belonging to the Commerce, Industry and Tourism Sector stand out.

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

4. USE OF ESTIMATES AND JUDGMENTS

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 consolidated financial statements are presented below.

4.1 Impairment of financial assets - For the measurement of impairment of financial assets, IFRS 9 establishes the expected loss model that allows Entities the possibility of estimating losses based on three components of credit loss: probability of default (PD), exposure at default (EAI) and loss given default (PDI). The standard establishes the calculation of the expected loss for credit risk based on a classification of transactions in stages according to the impairment of the asset since its initial recognition.

For the estimation of expected losses, both collective and individual methodologies are used. For losses under the collective methodology, the estimation methods are based on judgments and estimates that consider the use of historical information, the current situation, and reasonable and sustainable forecasts of future economic conditions. The estimation of impairment charges is a critical accounting policy due to the importance of this item, the sensitivity of the charges to changes in assumptions about future events and other judgments that are incorporated in the individual credit loss models.

The main risk factors included in the measurement of expected losses are: the definition of significant increase in credit risk, the definition of default, projections of the value of collateral, portfolio terms and projections of the main macroeconomic variables, for example: unemployment rates, GDP, interest rate levels, among others; it is also important to consider other variables that influence the payment expectations of customers.

In addition, the individual assessment methodologies consider assumptions about the customer's financial condition and future cash flow that could be affected by factors such as regulatory changes potentially impacting the customer's business, changes in the customer's business and operational dynamics and ability to successfully negotiate for financial difficulties and generate sufficient cash flow to repay debt obligations, changes in the value of collateral and any other internal or external factors of the customer.

The degree of judgment required to estimate expected credit losses depends on the availability of detailed information.

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

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

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

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

4.3 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 Entities 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 Entities 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 Entities' provisions are determined based on the probability established by the legal areas for each event, fact, or legal process.

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

5.1 Standards issued by the IASB not yet in force in Colombia – The following standards have been issued by the IASB but not yet incorporated by Decree in Colombia:

Financial Reporting Standard	Description
Amendments to IAS 8: Definition of Accounting Estimates	The amendment was published by the IASB in February 2021 and clearly defines an accounting estimate: "Accounting estimates are monetary amounts, in financial statements, that are subject to measurement uncertainty." It clarifies the use of an accounting estimate and differentiate it from an accounting policy. Particularly, it mentions "an accounting policy could require that items of the financial statements be measured in a way that involves measurement uncertainty—that is, the accounting policy could require that these items be measured at monetary amounts that cannot be directly observed and must be estimated. In this case, an entity makes an accounting estimate to achieve the objective established by the accounting policy." The amendments have not been introduced in the Colombian accounting framework by decree to date. The amendment to IAS 8: Definition of Accounting Estimates does not impact Bancóldex's financial statement as of December 31, 2021, since the Bank has not made transactions that meet the criteria listed in the amendment.
Amendments to IAS 1: Disclosure of Accounting Policies	The amendments clarify the following points: • The word "significant" is modified by "material." • The accounting policies that must be disclosed in the notes to the financial statements: "An entity will disclose information about its material importance accounting policies." • When an accounting policy is considered material. • Addition of the following paragraph: "Information about accounting policies that focuses on how an entity has applied the requirements in IFRS Standards to its own circumstances provides entity-specific information that is more useful to users of financial statements than standardized descriptions or information that only duplicates the requirements of IFRS Standards." In relation to the proposed amendments to IAS 1: Disclosure of Accounting Policies, these will be covered to the extent that the Bank deems it appropriate; therefore, no relevant inputs are identified in applying the definitions outlined in the amendment.
Amendments to IAS 12: Deferred Taxes related to Assets and Liabilities Arising	The amendment allows recognition of a deferred tax liability or asset that has arisen in a transaction that is not a business combination in the initial recognition of an asset or

Financial Reporting Standard	Description
from a Single Transaction	liability that, at the time of the transaction, does not give rise to taxable temporary differences and deductibles of the same amount. Its cumulative effect due to the change in accounting policy will be recognized at the beginning of the first comparative period as an adjustment to the opening balance of retained earnings on that date. The amendment to IAS 12: Deferred Taxes related to Assets and Liabilities Arising from a Single Transaction does not impact Bancóldex's financial statement as of December 31, 2021, since the Bank has not made transactions that meet the criteria listed in the amendment.
IFRS 17: Insurance contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and replaces IFRS 4 Insurance Contracts
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture

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

6. FAIR VALUE ESTIMATION

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

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

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

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

6.1 Fair value measurements - The Entities' assets and liabilities (by class) measured at fair value as of December 31, 2021 and 2020 on recurring basis and within the fair value hierarchy are shown in the following table:

			2021	
Recurring assets at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments at fair value through profit or loss				
Debt instruments				
In COP				
TES treasury bonds	$ 239,601,660	$ -	$ -	$ 239,601,660
Other national issuers - financial institutions	-	56,125,133	-	56,125,133
Investments at fair value through profit or loss - Equity instruments				
In COP				
National issuers	27,525,039	-	-	27,525,039
Investments at fair value through OCI Equity instruments				
In COP				

BANCOLDEX

Recurring assets at fair value	Level 1	Level 2 (2021)	Level 3	Total
National issuers - private equity funds	-	111,710,519	-	111,710,519
National issuers – FNG	-	-	102,276,938	102,276,938
In foreign currency				
Foreign issuers - private equity funds	-	-	70,611,238	70,611,238
Foreign issuers – Bladex	32,286,731	-	-	32,286,731
Investments at fair value through OCI Debt instruments				
In COP				
TES treasury bonds	654,531,410	-	-	654,531,410
In foreign currency				
Other securities issued by the national government Yankees	646,431,625	-	-	646,431,625
Trading derivative financial instruments				
Forward contracts				
Currency purchase rights	-	3,062,658,722	-	3,062,658,722
Currency selling rights	-	517,684,552	-	517,684,552
Currency purchase obligations	-	(2,970,944,562)	-	(2,970,944,562)
Currency selling obligations	-	(514,744,528)	-	(514,744,528)
Credit Valuation Adjustment - CVA	-	(19,660)	-	(19,660)
Future contracts				
Currency purchase rights	-	3,092,984,722	-	3,092,984,722
Currency selling rights	-	3,186,428,845	-	3,186,428,845
Currency purchase obligations	-	(3,092,984,722)	-	(3,092,984,722)
Currency selling obligations	-	(3,186,428,845)	-	(3,186,428,845)
Hedging derivative financial instruments				
Future contracts				
Currency selling rights	-	103,808,462	-	103,808,462
Currency selling obligations	-	(103,808,462)	-	(103,808,462)
Swaps				
Currency purchase rights	-	601,129,385	-	601,129,385
Currency purchase obligations	-	(544,979,762)	-	(544,979,762)
Credit Valuation Adjustment - CVA	-	(6,095)	-	(6,095)
Non-financial assets				
Investment properties	-	10,688,300	-	10,688,300
Total recurring assets at fair value	$ 1,600,376,465	$ 329,302,004	$ 172,888,176	$ 2,102,566,645
Trading derivative financial instruments				
Forward contracts				
Currency purchase rights	$ -	$ 251,249,829	$ -	$ 251,249,829
Currency selling rights	-	1,804,259,978	-	1,804,259,978
Currency purchase obligations	-	(253,258,559)	-	(253,258,559)
Currency selling obligations	-	(1,856,041,398)	-	(1,856,041,398)
Debit Valuation Adjustment-DVA	-	31,580	-	31,580

Recurring assets at fair value	Level 1	2021 Level 2	Level 3	Total
Hedging derivative financial instruments				
Swaps				
Currency purchase rights	-	200,369,535	-	200,369,535
Currency purchase obligations	-	(200,714,282)	-	(200,714,282)
Credit Valuation Adjustment-CVA	-	792	-	792
Total recurring liabilities at fair value	$ -	$ (54,102,524)	$ -	$ (54,102,524)

Recurring liabilities at fair value	Level 1	2021 Level 2	Level 3	Total
Trading derivative financial instruments				
Forward contracts				
Currency purchase rights	$ -	$ 251,249,829	$ -	$ 251,249,829
Currency selling rights	-	1,804,259,978	-	1,804,259,978
Currency purchase obligations	-	(253,258,559)	-	(253,258,559)
Currency selling obligations	-	(1,856,041,398)	-	(1,856,041,398)
Debit Valuation Adjustment-DVA	-	31,580	-	31,580
Hedging derivative financial instruments				
Swaps				
Currency purchase rights	-	200,369,535	-	200,369,535
Currency purchase obligations	-	(200,714,282)	-	(200,714,282)
Credit Valuation Adjustment-CVA	-	792	-	792
Total recurring liabilities at fair value	$ -	$ (54,102,524)	$ -	$ (54,102,524)

Recurring assets at fair value	Level 1	2020 Level 2	Level 3	Total
Investments at fair value through profit or loss - Debt instruments				
In COP				
Treasury bonds – TES	$ 458.751.914	$ -	$ -	$ 458.751.914
Other national issuers - financial institutions	-	42.110.340	-	42.110.340
Investments at fair value through profit or loss - Equity instruments				
In COP				
National issuers	26.607.639	-	-	26.607.639
Investments at fair value through OCI Equity instruments				
In COP				
National issuers - private equity funds	101.441.283	-	-	101.441.283

	2020			
Recurring assets at fair value	Level 1	Level 2	Level 3	Total
National issuers – FNG	-	-	159.735.238	159.735.238
In foreign currency				
National issuers	-	-	-	-
Foreign issuers - private equity funds		-	42.648.146	42.648.146
Foreign issuers – Bladex	26.545.922	-	-	26.545.922
Investments at fair value through OCI - Debt instruments				
In COP				
Treasury bonds – TES	378.848.305	-	-	378.848.305
In foreign currency				
Treasury bonds - TES - Yankee bonds	-	-	-	-
Other securities issued by the national government	734.180.396	-	-	734.180.396
Investments in joint agreements	14.057	-	-	14.057
Forward contracts				
Currency purchase rights	-	161.201.081	-	161.201.081
Currency selling rights	-	842.725.518	-	842.725.518
Currency purchase obligations	-	(160.462.244)	-	(160.462.244)
Currency selling obligations	-	(799.135.418)	-	(799.135.418)
Credit Valuation Adjustment-CVA	-	(10.720)	-	(10.720)
Future contracts				
Currency purchase rights	-	1.587.381.085	-	1.587.381.085
Currency selling rights	-	1.551.945.820	-	1.551.945.820
Currency purchase obligations	-	(1.587.381.085)	-	(1.587.381.085)
Currency selling obligations	-	(1.551.945.820)	-	(1.551.945.820)
Hedging derivative financial instruments				
Forward contracts				
Currency selling rights	-	34.917.730	-	34.917.730
Currency selling obligations	-	(34.285.640)	-	(34.285.640)
Future contracts				
Currency selling rights	-	34.330.000	-	34.330.000
Currency selling obligations	-	(34.330.000)	-	(34.330.000)
Non-financial assets				
Investment properties	-	6.263.217	-	6.263.217
Total recurring assets at fair value	$ 1.726.389.516	$ 93.323.864	$202.383.385	$2.022.096.765

	2020			
Recurring liabilities at fair value	Level 1	Level 2	Level 3	Total
Forward contracts				
Currency purchase rights	$ -	$ 1.113.205.593	$ -	$ 1.113.205.593
Currency selling rights	-	23.974.097	-	23.974.097
Currency purchase obligations	-	(1.176.860.694)	-	(1.176.860.694)
Currency selling obligations	-	(24.011.572)	-	(24.011.572)
Debit Valuation Adjustment-DVA	-	8.854	-	8.854

	2020			
Recurring liabilities at fair value	Level 1	Level 2	Level 3	Total
Hedging derivative financial instruments				
Swaps				
Currency purchase rights	-	1.395.405.543	-	1.395.405.543
Currency purchase obligations	-	(1.509.055.603)	-	(1.509.055.603)
Credit Valuation Adjustment-CVA	-	215.232	-	215.232
Total recurring liabilities at fair value	$ -	$ (177.118.551)	$ -	$ (177.118.551)

a. Determination of fair values

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

The methodologies applicable to the most common derivative instruments are:

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

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

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

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

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

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

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

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

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

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

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

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

Tax							
Income	34.00%	38.00%	38.00%	38.00%	38.00%	35.00%	35.00%

(*) Source: Precia

7. CASH AND CASH EQUIVALENTS

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

	2021	2020
Legal currency		
Cash	$ 10,742	$ 13,193
Central bank		
Checking account (1)	110,788,768	75,387,473
Deposits monetary contraction	-	32,000,000
Banks and other financial institutions (2)	30,877,326	58,407,331
Foreign currency		
Banks and other financial institutions	4,769,036	-
	$ 146,445,872	$ 165,807,997

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

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

	2021		2020	
	Quantity	Amount	Quantity	Amount
Outstanding credit notes in books	85	$ 1,027,446	29	$ 295.189
Outstanding debit notes in books	1	10,065	-	-
Non-bank debit items	31	299,557	-	-
Uncashed checks drawn	-	-	1	14,879

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

Banking Institution	Account Type	2021	2020
Davivienda Bank	Savings Account	$ -	$ 18,122
AV Villas Bank	Savings Account	79,129	79,119
		$ 79,129	$ 97,241

8. FINANCIAL INSTRUMENTS

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

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

	2021		2020	
	Interest Rate (%)	Amount	Interest Rate (%)	Amount
Legal tender				
Securities issued by the Nation				
Ministry of Finance FIXED RATE TES -	7.45	$ 239.601.660	3.42	$ 449.408.725
Ministry of Finance UVR TES -	-	-	0.89	9.343.189
		239.601.660		458.751.914
Securities issued by entities supervised by the SFC				
DTF Term Deposits (TDs)				
CPI Bonds	5.39	5.056.650	3.16	11.377.440
DTF Bonds	8.26	23.379.683	3.11	10.115.300
BRI Bonds	6.36	10.062.900	3.52	10.605.000
Securities issued by entities supervised by the SFC	6.05	17.625.900	2.99	10.012.600
		56.125.133		42.110.340
		$ 295.726.793		$ 500.862.254

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

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

	2021		2020	
	Interest Rate (%)	Amount	Interest Rate (%)	Amount
Legal tender				
Securities issued by the Nation				
Ministry of Finance FIXED RATE TES (4)	7.71	$ 654.531.410	4.96	$ 378.848.305
Foreign Currency				
Securities issued by the Nation				
Yankee Bonds (5)	5.89	646.431.626	3.72	734.180.396
		$ 1.300.963.036		$ 1.113.028.701

(2) Debt securities – pledged as collateral for money market operations

As of December 31, 2021 and 2020, of the investments in debt securities with changes in OCI, $0 and $52,020,846, respectively, have been pledged in money market operations.

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

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

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

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

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

8.3. *Investments at amortized cost*

	2021		2020	
	Int. Rate (%)	Amount	Int. Rate (%)	Amount
Legal tender				
Securities issued by the Nation				
Solidarity securities	2.56	$ 5.075.367	2.95	$ 5.086.866
Securities issued by entities supervised by the SFC				
Class A and B agricultural development securities (6)	-	-	0.23	12.515.957
Securities issued by other domestic issuers				
Contributory debt securities	-	-	8.79	24.631
		$ 5.075.367		$ 17.627.454

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

8.4. *Investments at fair value through profit or loss - Equity instruments*

	2021	2020
National issuers (7)	$ 27,525,039	$ 26,607,639

(7) Of the Subsidiary's total investments, a Reserve was created for $25,224,780 and $26,607,639, respectively, as of December 31, 2021, and 2020, to guarantee the minimum profitability of the FONPET trust resources, as shown below:

Fonpet Stabilization Reserve - Fiducóldex acts as legal representative of the CONFIAR FONPET Consortium, initially managing 10% of FONPET's resources. It is made up of Fiducóldex and Itau Fiduciaria with shares of 45.5% and 54.5%, respectively, under agreement number 6-003-2012 dated October 2012 signed with the Ministry of Finance and Public Credit.

As provided in Article 7 of Decree 1861/2012, the FONPET managing consortiums must set up a stabilization reserve to guarantee the minimum profitability of the trust resources. Thus, Fiducóldex has set up with its own resources a reserve always equivalent to 1% of the total managed resources, according to its share in the consortium. It is calculated on the monthly average amount at market prices of the assets that comprise the managed portfolio.

This reserve is calculated as provided in Chapter I-1 of External Circular 100/1995 issued by the Financial Superintendence of Colombia. It is administered jointly with the trust funds and must be maintained until the termination of the agreement entered into between the CONFIAR FONPET Consortium and the Ministry of Finance and Public Credit.

8.5. Investments at fair value with changes in other comprehensive income - equity instruments (8)

	2021		2020	
	Int. Rate (%)	Amount	Int. Rate (%)	Amount
Banco Latinoamericano de Exportaciones S.A. – BLADEX		$ 32,286,731		$ 26,545,922
Fondo Nacional de Garantías S.A. - F.N.G.		102,276,938		159,735,238
Private Equity Funds (9)		182,321,756		144,089,429
		$ 316,885,425		$ 330,370,589

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

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

	2021							
Entity	Investment commitment	@Provision	Capital Call	Redemption	Invested	Valuation	% Executed	Fair value
Escala	$ 11,000,000	$ -	$ 11,000,000	$ 17,120	$ 11,000,000	$ (297,869)	100.00	$ 1,340,587
Aureos	14,000,000	3,988,052	9,993,120	16,576,724	10,011,948	(30,659)	71.51	564,530
Progresa Capital	3,723,480	-	3,723,480	2,101,951	3,723,480	2,594	100.00	301,364
Colombia Ashmore	37,686,200	40	37,686,161	35,403,788	37,686,160	(739,149)	100.00	41,905,677
Amerigo Ventures Colombia	4,193,000	190,258	4,001,929	279,864	4,002,742	(166,555)	95.46	4,330,230
Velum Early Stage Fund I	7,468,230	-	7,468,245	357,227	7,468,230	(583,948)	100.00	12,164,598
Mas equity fund III Colombia	21,000,000	2,489,925	18,510,075	8,593,732	18,510,075	(309,294)	88.14	15,171,581
Ashimore Andino II	15,000,000	307,883	14,692,119	5,402,533	14,692,117	(1,988,049)	97.95	21,064,089
Capital Compartment for Entrepreneurship – Bancóldex Fund of Funds (*)	45,000,000	32,349,092	12,650,908	-	12,650,908	(2,258,627)	28.11	14,751,405
SME Private Debt Compartment - Bancóldex Capital Fund of Funds (*)	100,000,000	99,878,074	121,926	-	121,926	5,470	0.12	116,457
	$ 259,070,910	$ 139,203,324	$ 119,847,963	$ 68,732,939	$ 119,867,586	$ (6,366,086)	46.27	$ 111,710,518

2021

Portfolio in Dollars

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

2020

Entity	Investment commitment	@Provision	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

2020

Portfolio in Dollars

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

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

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

Furthermore, during 2021 two additional compartments were structured:

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

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

8.6. Investments in associates

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

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

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

Shares sold by Bancóldex:	$14.765.688.454
Offered price per share:	$1.44
Value of Shares for Sale (absolute):	$21,262,591,373
Deadline for payment: established in Decree 250.	As set out in Section 7.2.2.2. of the Regulation for the Second Stage,

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

8.7. Investments in joint agreements

Collective investment funds joint transactions	$ 34,945	$ 14,057

The 10% share held by the subsidiary Fiducóldex in the investments of the SAYP Consortium in the Collective Investment Funds.

8.8. Impaired investments - The following is the breakdown of impaired investments:

Balance at the beginning of the period	$ 515,307	$ 239.839
Creations (charges to profit or loss)	9,541,836	299,592
Recoveries (credits to profit or loss)	(5,506)	(24,124)
Balance at the end of the period	$ 10,051,637	$ 515,307

The increase in the impaired amount of investments Available for Sale (AS) and at Maturity during 2021 is mainly due to the decrease in the credit rating in long-term foreign currency, going from (BBB-) until April to BB+ as of May 2021. Therefore, in applying the approved methodology for calculating the impairment of investments under IFRS 9, the

Probability of Default (PD) went from 0.21% to 0.79% generating a higher value in the calculation of impairment for these investments.

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

	2021	2020
Assets		
Trading Forward Contracts		
Foreign currency purchase rights		
Foreign currency sales rights	$ 91.714.160	$ 738.837
Credit Valuation adjustment -CVA	2.940.024	43.590.100
	(19.660)	(10.720)
Total trading forward contracts (1)		
	94.634.524	44.318.217
Hedging derivatives		
Forward foreign exchange sales		
	-	632.090
Total Hedging Forward Contracts		
Trading Forward Contracts	-	632.090
Foreign exchange swaps	56.149.623	-
Debit Valuation adjustment -DVA	(6.095)	-
Total Hedging Swaps Contracts (2)	56.143.528	-
Total assets	$ 150.778.052	$ 44.950.307
Liabilities		
Trading Forward Contracts		
Foreign currency purchase rights	$ (2.008.729)	$ (63.655.101)
Foreign currency sales rights	(51.781.421)	(37.475)
Debit Valuation adjustment -DVA	31.580	8.854
Total forward contracts (1)	(53.758.570)	(63.683.722)
Hedging derivatives		
Currency Swaps	(344.746)	(113.650.060)
Debit Valuation adjustment -DVA	792	215.232
Total Swap hedging contracts (2)	(343.954)	(113.434.828)
Total liabilities	$ (54.102.524)	$ (177.118.550)

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

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

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

	2021	%	2020	%
Investment Grade	$ -	-	$ 1.631.518.409	97%
BB+	1.545.640.062	95%	-	-
No rating	83.650.171	5%	42.110.340	3%
Total	$ 1.629.290.233	100%	$ 1.673.628.749	100%

As of December 31, 2020 more than 97% on average of the investments, respectively, have an international investment-grade rating and correspond to the Nation's debt securities; in 2021 the country's risk rating was lowered to BB+, on average 95% of the investments are rated BB+ and are held in the Nation's debt securities. The above reflects a low credit risk exposure per the conservative credit risk profile defined by the Board of Directors for the Entities.

Only Bancóldex carries out forward transactions. Below is a disaggregation of the credit quality of the counterparties with which it transacts, according to the international risk rating assigned by recognized rating agencies:

	2021	%	2020	%
Investment Grade	$ 94.441.804	28.37%	$ 25.137.290	46.65%
No rating	238.491.692	71.63%	28.745.211	53.35%
Total	$ 332.933.496	100.00%	$ 53.882.501	100.00%

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

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

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

2021

	Up to three months	More than three months and less than one year		More than one year			Total
	More than one month and less than three months	More than three months and less than six months	More than six months and less than one year	Between one and three years	More than three years and less than five years	More than five years	
Investments at fair value through profit or loss - Debt instruments							
Nation issued securities – TES	$ -	$ -	$ -	$ 133,854,000	$ 968,910	$ 104,778,750	$ 239,601,660
Securities issued by entities surveilled by the Financial Superintendence	-	5,056,650	-	37,672,200	13,396,283	-	56,125,133
Investments at amortized cost							
Nation Issued Securities - TDS	-	5,075,367	-	-	-	-	5,075,367
Investments at fair value with changes in OCI - Debt instruments							
Nation issued securities - TES	-	2,116,480	-	188,511,050	38,205,750	425,698,130	654,531,410
Nation Issued Securities - Yankee Bonds	-	-	-	-	-	646,431,626	646,431,626
	$ -	$ 12,248,497	$ -	$ 360,037,250	$ 52,570,943	$ 1,176,908,506	$,601,765,196

2020

	Up to three months	More than three months and less than one year		More than one year			Total
	More than one month and less than three months	More than three months and less than six months	More than six months and less than one year	Between one and three years	More than three years and less than five years	More than five years	
Investments at fair value through profit or loss - Debt instruments							
Nation issued securities – TES	$ -	$ -	$ -	$ 95.306.729	$ 336.148.650	$ 27.296.535	$ 458.751.914
Securities issued by entities surveilled by the Financial Superintendence	-	6.131.940	-	25.863.100	10.115.300	-	42.110.340
Investments at amortized cost							
Nation Issued Securities - TDS	-	5.086.866	-	-	-	-	5.086.866

	2020						
	Up to three months	More than three months and less than one year		More than one year			Total
	More than one month and less than three months	More than three months and less than six months	More than six months and less than one year	Between one and three years	More than three years and less than five years	More than five years	
Securities issued by entities surveilled by the Financial Superintendence	4.394.571	3.275.728	4.845.659	-	-	-	12.515.958
Debt tax values	-	-	24.631	-	-	-	24.631
Investments at fair value with changes in OCI - Debt instruments							
Nation issued securities - TES	-	-	-	2.218.560	105.847.560	270.782.185	378.848.305
Nation Issued Securities - Yankee Bonds	-	-	-	-	-	734.180.396	734.180.396
	$ 4.394.571	$ 14.494.534	$ 4.870.290	$ 123.388.389	$ 452.111.510	$ 1.032.259.116	$ 1.631.518.410

9. OTHER FINANCIAL ASSETS

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

	2021				2020		
	Interest Rate (%)	Trading Term Days	USD Amount		Amount		Interest Rate (%)
Legal tender							
Interbank							
Banks	2.91	5	-	$ 25,006,069	1.70	5	$ 75,007,084
Financial institutions	2.91	4	-	15,002,421	1.71	6	130,021,859
Simultaneous transactions							
Investment transfer commitments	3.00	7	-	310,019,180	1.74	5	168,769,468
Foreign Currency							
Overnight							
Other Financial Institutions	0.12	4	57,500	228,918,226	-	-	-
			57,500	$ 578,945,896			$ 373,798,411

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

BANCOLDEX

10. LOAN PORTFOLIO AND FINANCE LEASE TRANSACTIONS AT AMORTIZED COST, NET

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

2021

Type	Principal	Interest	Principal impairment	Interest impairment	Net amortized cost	Accounts receivable	Impairment of accounts receivable	TOTAL
Business	$ 7,123,896,614	$ 146,384,676	$(120,165,396)	$ (22,454,711)	$ 7,127,661,183	$ 5,841,083	$ (847,589)	$ 7,132,654,677
Consumer (1)	1,829,147	6,648	(5,121)	(1)	1,830,673	11	-	1,830,684
Housing (1)	17,074,592	67,232	(64,716)	(1,641)	17,075,467	1,804	(414)	17,076,857
Balance	$ 7,142,800,353	$ 146,458,556	$(120,235,233)	$ (22,456,353)	$ 7,146,567,323	$ 5,842,898	$ (848,003)	$ 7,151,562,218

2020

Type	Principal	Interest	Principal impairment	Interest impairment	Net amortized cost	Accounts receivable	Impairment of accounts receivable	TOTAL
Business	$ 7,552,866,715	$ 118,843,347	$ (76,989,097)	$ (18,441,724)	$ 7,576,279,241	$ 7,282,123	$(1,046,389)	$ 7,582,514,975
Consumer (1)	1,532,720	6,060	(22,395)	(579)	1,515,806	176	(127)	1,515,855
Housing (1)	15,180,260	61,494	(56,131)	(2,489)	15,183,134	1,596	(237)	15,184,493
Balance	$ 7,569,579,695	$ 118,910,901	$ (77,067,623)	$ (18,444,792)	$ 7,592,978,181	$ 7,283,895	$(1,046,753)	$ 7,599,215,323

(1) The consumer and housing portfolio are loans granted to employees and former employees.

10.2. Portfolio by default level - The following is a breakdown of the loan portfolio by type and default level:

2021

	Principal	Interest	Amortized cost	Accounts receivable
Local currency portfolio and accounts receivable				
Suitable business portfolio guarantee:				
Effective	$ 1.316.783.032	$ 50.741.392	$ 1.367.524.424	$ 2.181.332
Overdue 1 to 3 months	48.828.748	5.271.844	54.100.592	246.114
Overdue 3 to 6 months	28.960.246	3.536.023	32.496.269	356.217
Overdue 6 to 12 months	12.485.943	1.572.713	14.058.656	365.904
Overdue more than 12 months	47.194.931	10.631.547	57.826.478	1.683.120
	1.454.252.900	71.753.519	1.526.006.419	4.832.687
Other business portfolio guarantees:				
Effective	4.444.943.419	20.554.687	4.465.498.106	104.387
Overdue 1 to 3 months	30.925	79.012	109.937	342
Overdue 3 to 6 months	570.639	88.167	658.806	2.598

	2021			
	Principal	Interest	Amortized cost	Accounts receivable
Overdue 6 to 12 months	4.644.927	223.338	4.868.265	-
Overdue more than 12 months	38.953.588	45.886.740	84.840.328	901.070
	4.489.143.498	66.831.945	4.555.975.443	1.008.396
Suitable consumer portfolio guarantee:				
Effective	1.822.319	6.647	1.828.966	11
	1.822.319	6.647	1.828.966	11
Other consumer portfolio guarantees:				
Effective	6.828	1	6.829	-
	6.828	1	6.829	-
Suitable housing portfolio guarantee:				
Effective	16.849.456	64.699	16.914.155	946
Overdue 1 to 4 months	138.849	346	139.195	305
Overdue more than 12 months	86.287	2.187	88.474	553
	17.074.592	67.232	17.141.824	1.804
Total local currency	$ 5.962.300.137	$ 138.659.344	$ 6.100.959.481	$ 5.842.898
Foreign currency portfolio and accounts receivable				
Suitable business portfolio guarantee:				
Effective	$ 15.877.422	$ -	$ 15.877.422	$ -
	15.877.422	-	15.877.422	-
Other business portfolio guarantees:				
Effective	1.164.622.794	7.799.212	1.172.422.006	-
	1.164.622.794	7.799.212	1.172.422.006	-
Total foreign currency	1.180.500.216	7.799.212	1.188.299.428	-
Total gross portfolio and accounts receivable	7.142.800.353	146.458.556	7.289.258.909	5.842.898
Impairment of portfolio and accounts receivable	(120.235.233)	(22.456.353)	(142.691.586)	(848.002)
Total net portfolio and accounts receivable	$ 7.022.565.120	$ 124.002.203	$ 7.146.567.323	$ 4.994.896

	2021			
	Principal	Interest	Amortized cost	Accounts receivable
	2020			
	Principal	Interest	Amortized cost	Accounts receivable
Local currency portfolio and accounts receivable:				
Suitable business portfolio guarantee:				
Effective	$ 747.148.673	$ 28.201.064	$ 775.349.737	$ 2.300.706
Overdue 1 to 3 months	47.081.295	3.670.773	50.752.068	482.616
Overdue 3 to 6 months	3.850.842	337.955	4.188.797	204.370
Overdue 6 to 12 months	4.806.039	668.146	5.474.185	101.032
Overdue more than 12 months	30.303.124	5.624.789	35.927.913	2.717.763
	833.189.973	38.502.727	871.692.700	5.806.487
Other business portfolio guarantees:				
Effective	5.416.965.560	27.128.776	5.444.094.336	569.002
Overdue 1 to 3 months	10.362.562	797.736	11.160.298	99.182
Overdue 3 to 6 months	13.463.853	829.386	14.293.239	107.751
Overdue 6 to 12 months	1.662.217	189.410	1.851.627	23.105
Overdue more than 12 months	34.002.470	38.650.273	72.652.743	676.596
	5.476.456.662	67.595.581	5.544.052.243	1.475.636
Suitable consumer portfolio guarantee:				
Effective	1.502.894	5.289	1.508.183	6
Overdue more than 12 months	9.261	727	9.988	170
	1.512.155	6.016	1.518.171	176
Other consumer portfolio guarantees:				
Effective	20.565	44	20.609	-
	20.565	44	20.609	-
Suitable housing portfolio guarantee:				
Effective	14.650.964	54.237	14.705.201	936
Overdue 1 to 4 months	454.455	3.938	458.393	343
Overdue 4 to 6 months	-	-	-	-
Overdue 6 to 12 months	43.554	2.105	45.659	133
Overdue more than 12 months	31.287	1.214	32.501	184
	15.180.260	61.494	15.241.754	1.596
Total local currency	$ 6.326.359.615	$ 106.165.862	$ 6.432.525.477	$ 7.283.895

	2021			
	Principal	Interest	Amortized cost	Accounts receivable
Foreign currency portfolio and accounts receivable:				
Suitable business portfolio guarantee:				
Effective	$ 43.224.859	$ 742.360	$ 43.967.219	$ -
Overdue 3 to 6 months	240.996	-	240.996	-
	43.465.855	742.360	44.208.215	-
Other business portfolio guarantees:				
Effective	1.199.754.225	12.002.679	1.211.756.904	-
	1.199.754.225	12.002.679	1.211.756.904	-
Total foreign currency	1.243.220.080	12.745.039	1.255.965.119	-
Total gross portfolio and accounts receivable	7.569.579.695	118.910.901	7.688.490.596	7.283.895
Impairment of portfolio and accounts receivable	(77.067.623)	(18.444.790)	(95.512.413)	(75.841)
Total net portfolio and accounts receivable	$ 7.492.512.072	$ 100.466.111	$ 7.592.978.183	$ 7.208.054

10.3. Portfolio by rating - The following is the disaggregation of the loan portfolio by risk rating according to Chapter II of the CBFC:

	2021						
	Principal balance	Interest balance	Portfolio amortized cost	Other items	Guarantee balance	Impairment of principal	Impairment of interest
Suitable business guarantee							
Category A	$ 1,187,610,900	$ 34,320,666	$ 1,221,931,566	$ 719,253	$ 1,340,189,564	$ 17,129,387	$ 54,076
Category B	138,128,814	12,392,477	150,521,291	1,291,575	122,838,754	9,539,878	115,047
Category C	55,735,335	6,805,787	62,541,122	496,745	53,890,866	12,447,134	56,239
Category D	60,684,969	9,914,914	70,599,882	1,371,175	38,433,592	22,191,528	535,532
Category E	27,970,304	8,319,675	36,289,979	953,939	26,424,501	11,974,141	1,387,749
	1,470,130,322	71,753,519	1,541,883,841	4,832,687	1,581,777,277	73,282,070	2,148,643
Other business guarantees							

BANCOLDEX

2021

	Principal balance	Interest balance	Portfolio amortized cost	Other items	Guarantee balance	Impairment of principal	Impairment of interest
Category A	5,602,761,537	29,834,495	5,632,596,031	29,303	525,140,698	23,532,203	172,186
Category B	8,681,847	1,006,073	9,687,921	341	15,603,019	3,793,590	465,747
Category C	2,628,762	128,565	2,757,327	2,506	-	220,888	3,702
Category D	12,656,248	1,820,171	14,476,419	664,993	6,014,377	6,564,684	962,492
Category E	27,037,898	41,841,852	68,879,750	311,253	27,999,766	12,771,962	18,701,942
	5,653,766,292	74,631,157	5,728,397,448	1,008,396	574,757,861	46,883,327	20,306,069
Suitable consumer guarantee							
Category A	1,819,609	6,634	1,826,242	10	3,984,208	-	-
Category B	2,710	13	2,724	1	-	-	-
	1,822,319	6,647	1,828,966	11	3,984,208	-	-
Other consumer guarantees							
Category D	6,828	2	6,830	-	-	5,121	1
	6,828	2	6,830	-	-	5,121	1
Housing							
Category A	16,678,478	64,308	16,742,785	866	50,616,343	-	-
Category B	204,251	640	204,891	317	1,782,966	-	-
Category C	160,576	592	161,169	298	623,512	41,250	372
Category D	31,287	1,691	32,979	323	86,282	23,466	1,269
	17,074,592	67,231	17,141,824	1,804	53,109,103	64,715	1,640
Total	$ 7,142,800,353	$ 146,458,556	$ 7,289,258,909	$ 5,842,898	$ 2,213,628,448	$ 120,235,233	$ 22,456,353

2020

	Principal balance	Interest balance	Portfolio amortized cost	Other items	Guarantee balance	Impairment of principal	Impairment of interest
Suitable business guarantee							
Category A	$ 668.974.839	$ 18.245.953	$ 687.220.792	$ 538.468	$ 1.039.925.883	$ 3.844.505	$ 46.658
Category B	143.231.937	9.210.053	152.441.990	1.580.350	130.152.049	1.262.188	677
Category C	19.640.933	2.987.015	22.627.948	514.931	19.750.994	936.030	8.438

	2020						
	Principal balance	Interest balance	Portfolio amortized cost	Other items	Guarantee balance	Impairment of principal	Impairment of interest
Category D	31.373.609	6.198.962	37.572.571	2.713.580	26.347.088	10.184.919	60.421
Category E	13.434.510	2.603.104	16.037.614	459.158	22.631.196	6.813.575	1.214.045
	876.655.828	39.245.087	915.900.914	5.806.487	1.238.807.210	23.041.217	1.330.239
Other business guarantees							
Category A	6.587.823.409	38.990.704	6.626.814.113	317.866	521.969.492	25.127.146	267.110
Category B	40.499.096	2.920.336	43.419.432	258.472	15.603.019	5.979.595	200.411
Category C	9.374.405	346.034	9.720.439	109.078	-	3.834.916	136.731
Category D	12.659.236	2.696.413	15.355.649	495.325	5.528.023	6.753.415	1.086.998
Category E	25.854.741	34.644.773	60.499.514	294.895	27.999.766	12.252.808	15.420.233
	6.676.210.887	79.598.260	6.755.809.147	1.475.636	571.100.301	53.947.880	17.111.483
Consumer suitable guarantee							
Category A	1.495.849	5.260	1.501.109	5	4.404.457	-	-
Category B	7.045	29	7.074	1	45.990	-	-
Category E	9.261	727	9.988	170	22.000	6.971	546
	1.512.155	6.016	1.518.171	176	4.472.447	6.971	546
Other consumer guarantees							
Category D	20.565	44	20.609	-	-	15.424	33
	20.565	44	20.609	-	-	15.424	33
Housing							
Category A	14.744.079	55.697	14.799.776	873	56.104.563	-	-
Category B	329.342	4.500	333.842	467	1.782.966	32.665	1.579
Category C	75.552	84	75.636	72	623.512	-	-
Category D	31.287	1.213	32.500	184	86.282	23.466	910
	15.180.260	61.494	15.241.754	1.596	58.597.323	56.131	2.489
Total	$ 7.569.579.695	$ 118.910.901	$ 7.688.490.596	$ 7.283.895	$ 1.872.977.280	$ 77.067.623	$ 18.444.790

10.4. Portfolio by monetary unit - The following is the presentation of the loan portfolio by monetary unit:

	2021				
Modalities	Legal tender	Foreign currency	Gross portfolio	Impairment	Net portfolio
Business	$ 6.081.981.862	$ 1.188.299.428	$ 7.270.281.290	$ 142.620.108	$ 7.127.661.182
Consumer	1.835.795	-	1.835.795	5.122	1.830.673
Housing	17.141.824	-	17.141.824	66.356	17.075.469

Total	$ 6.100.959.481	$ 1.188.299.428	$ 7.289.258.909	$ 142.691.586	$ 7.146.567.323

2020					
Modalities	Legal tender	Foreign currency	Gross portfolio	Impairment	Net portfolio
Business	$ 6.415.744.943	$ 1.255.965.117	$ 7.671.710.060	$ 95.430.819	$ 7.576.279.241
Consumer	1.538.780	-	1.538.780	22.974	1.515.806
Housing	15.241.754	-	15.241.754	58.620	15.183.134
Total	$ 6.432.525.477	$ 1.255.965.117	$ 7.688.490.594	$ 95.512.413	$ 7.592.978.181

10.5. Portfolio by maturity period - The following is the presentation of the loan portfolio by maturity period:

2021								
	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Gross Portfolio	Impairment	Net Portfolio
Business	$ 1,919,423,086	$ 3,345,585,612	$ 1,123,264,495	$ 659,609,642	$ 222,398,455	$ 7,270,281,290	$ 142,620,108	$ 7,127,661,182
Consumer	27,739	463,798	1,236,612	107,646	-	1,835,795	5,122	1,830,673
Housing	35,257	49,047	840,737	5,390,907	10,825,877	17,141,824	66,356	17,075,469
Total	$ 1,919,486,082	$ 3,346,098,457	$ 1,125,341,844	$ 665,108,195	$ 233,224,332	$ 7,289,258,909	$ 142,691,586	$ 7,146,567,323

2020								
	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Gross Portfolio	Impairment	Net Portfolio
Business	$ 1,792,670,600	$ 3,525,618,893	$ 1,211,173,316	$ 986,278,959	$ 155,968,292	$ 7,671,710,060	$ 95,430,819	$ 7,576,279,241
Consumer	104,258	526,772	907,750	-	-	1,538,780	22,974	1,515,806
Housing	228,762	365,620	399,688	6,758,464	7,489,220	15,241,754	58,620	15,183,134
Total	$ 1,793,003,620	$ 3,526,511,285	$ 1,212,480,754	$ 993,037,423	$ 163,457,512	$ 7,688,490,594	$ 95,512,413	$ 7,592,978,181

10.6. Portfolio write-offs – During 2021 there were no portfolio write-offs. The disaggregation of portfolio write-offs of the business portfolio as of December 31, 2020 is as follows:

2020							
	Principal	Interest	Portfolio amortized cost	Other items	Impairment of principal	Impairment of interest	Total impairment
Business	$ 2,000,000	$ 1,789,188	$ 3,789,188	$ 300	$ 887,367	$ 793,833	$ 1,681,200

Write-offs in 2020 correspond to Bancóldex.

10.7. Recovery of written-off portfolio - The breakdown of portfolio recovery is as follows:

	2021	2020
Business	$ 176,547	$ 7,068

(*) In 2021, recovery is mainly due to assets that were returned from written-off portfolios for $ 167,744.

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

	Business	Consumer	Housing	Total
Balance as of December 31, 2019	$ 61.816.800	$ 29.834	$ 89.342	$ 61.935.976
Expenditure	46.965.071	546	40.393	47.006.010
Write-off	(1.681.200)	-	-	(1.681.200)
Recovery	(35.097.194)	(14.377)	(71.116)	(35.182.687)
Reclassifications (ARCO Migration)	23.427.345	6.971	-	23.434.316
Balance as of December 31, 2020	95.430.822	22.974	58.619	95.512.415
Expenditure	89.949.416	-	41.980	89.991.396
Write-off	-	-	-	-
Recovery	(42.760.129)	(17.852)	(34.244)	(42.812.225)
Balance as of December 31, 2021	$ 142.620.109	$ 5.122	$ 66.355	$ 142.691.586

At the end of 2021, there was an increase in the impairment of the commercial modality, supported by an increase in the portfolio classified as stage 3. It was originated mainly by temporal deterioration of customers of the SME segment over the second half who completed the grace periods granted by the relief in Circulars 007, 014/2020, and 022/2021 issued by the SFC.

10.9. Portfolio by stage: The breakdown of the portfolio by stage is as follows:

	2021			
Type	Stage 1	Stage 2	Stage 3	Total
Consumer	$ 7,013,656,447	$ 61,339,106	$ 195,285,737	$ 7,270,281,290
Business	1,828,965	-	6,830	1,835,795
Housing	16,914,154	139,196	88,474	17,141,824
Gross portfolio at amortized cost	7,032,399,566	61,478,302	195,381,041	7,289,258,909
Impairment	(45,536,432)	(10,511,114)	(86,644,039)	(142,691,586)
Net portfolio at amortized cost	$ 6,986,863,134	$ 50,967,187	$ 108,737,002	$ 7,146,567,323

	2020			
Type	Stage 1	Stage 2	Stage 3	Total
Consumer	$ 7,428,570,606	$ 107,644,840	$ 135,494,615	$ 7,671,710,061
Business	1,313,948	194,235	30,597	1,538,780
Housing	13,386,780	1,776,813	78,159	15,241,752
Gross portfolio at amortized cost	7,443,271,334	109,615,888	135,603,372	7,688,490,594
Impairment	(33,106,725)	(3,129,719)	(59,275,969)	(95,512,412)
Net portfolio at amortized cost	$ 7,410,164,609	$ 106,486,169	$ 76,327,403	$ 7,592,978,181

11. TRADE AND OTHER ACCOUNTS RECEIVABLE, NET

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

		2021		2020
Commissions	$	2.439.884	$	1.448.139
Leases		27.711		4.400
Rentals of assets under operating leases		30.355		53.165
Debtors		-		7.958
Payments from customers		5.842.898		7.283.895
Advances to contracts and suppliers		2.106.700		6.544.461
Advances to employees		499.540		335.080
Security deposits (1)		34.917.419		72.363.628
Settlement of derivative transactions - CRCC (2)		1.919.219		-
Settlement of derivative transactions – OTC		2.168.757		8.395.540
Reimbursable expenses of trusts		859.018		1.006.655
Joint ventures		904.704		1.306.118
Sundry		3.501.908		3.804.121
		55.218.114		102.553.159
Less impairment of accounts receivable:		(2.123.429)		(2.636.499)
Total accounts receivable and others	$	53.094.685	$	99.916.660

(1) Represented mainly in security deposits of Forward - OTC transactions of Bancóldex with foreign entities.

(2) In this type of transaction, the Central Counterparty Risk Clearing House (CRCC) settles daily and communicates the result of the clearing for the participating entities (in this case the Bank) to recognize the accounts receivable or payable. See the liabilities in Note 20.

12. OTHER NON-FINANCIAL ASSETS

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

		2021		2020
Prepaid expenses (1)	$	8,119,397	$	20,311,285
Art and cultural assets		33,216		33,216
Machinery and equipment to be leased		5,904,543		10,909,606
Vehicles to be leased		-		5,190,646
Real estate to be leased		3,310,096		14,379,764
Activities in joint ventures		19,937		28,686
Taxes		410,265		644,830
Other		356,238		593,065
	$	18,153,692	$	52,091,098

(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.

BANCOLDEX

13. ASSETS HELD FOR SALE, NET

Assets held for sale include goods received in payment, returned goods, and assets that have a formal sales plan within one year of allocation.

The balance of non-current assets held for sale is as follows as of December 31, 2021 and 2020:

Goods received in payment		
Personal property	$ 422,843	$ 554,957
Real estate for housing	8,021,548	18,449,683
Real estate other than housing	13,500,560	14,113,708
	21,944,951	33,118,348
Less: Impairment of goods received in payment	(2,756,640)	(3,503,347)
Total revalued cost of goods received in payment	$ 19,188,311	$ 29,615,001
Returned goods		
Machinery and equipment	$ 3,757,023	$ 3,481,312
Vehicles	1,438,537	1,945,719
Computer equipment	84,169	84,169
Real estate	31,220,984	33,008,355
	36,500,713	38,519,555
Less: Impairment of returned goods	(5,783,196)	(8,640,601)
Total revalued cost of returned goods	$ 30,717,517	$ 29,878,954

	2021	2020
Non-current Assets held for sale		
Vehicles	$ -	$ 8,583
Total	$ 49,905,828	$ 59,502,538

In 2021 there is a variation of $9,596,710 compared to 2020, mainly concentrated in the following items:

- Additions for $5,570,943 corresponding to the return of seven real estate properties and four sets of machinery.
- Sales of real estate received in lieu of payment and returned, machinery and vehicles, which represented sales for $11,757,374. These sales generated net income from loss on the sale of $2,591,060.
- Transfer to assets under operating lease due to the leasing placement of a real estate property for $4,414,737, causing the reimbursement of 100% of the established provision.

During 2021, Bancóldex took the necessary steps to sell these assets and updated the commercial appraisals of personal and real property, considering the country's current regulations on appraisals and the variation in value over time of assets with similar characteristics: location, type of asset, useful life, use, among others.

The transactions for the reimbursement of provisions generated in the sale and transfer to the leasing operations and the impairment expenses from the update of the fair value had a net positive effect in the income statement amounting to $3,604,102.

Due to the COVID-19 pandemic, actions were implemented to boost the promotion, marketing and sale of BRDPs, including special sales plans through posts on the website, management of the internal sales force, real estate brokers, and direct management. There are agreements with real estate agents operating throughout the country and sales agents that facilitate the relevant procedures, in which case the external contracting and the payment of applicable commissions will be the responsibility of the relevant approval body.

The assets subject to management show the natural impairment resulting from depreciation according to their characteristics, without significant changes being foreseen except for market circumstances.

Regarding the maintenance of the assets, they have been managed gradually, considering the health and care guidelines of each city where the properties are. For some assets, rental repairs are foreseen so that their marketing is not affected. These repairs are typical of any asset.

14. PROPERTY AND EQUIPMENT NET

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

Cost of property and equipment

	Land and Buildings	Machinery, Furniture and Fixtures, and Office Equipment	Transportation Vehicles	Computer, Networking, and Communications Equipment	Total
Cost					
Balance as of December 31, 2019	$ 55,675,303	$ 8,682,558	$ 423,757	$ 7,297,660	$ 72,079,278
Acquisitions	-	77,982	-	157,142	235,124
Revaluation	(191,078)	-	-	-	(191,078)
Sales	-	-	-	(1,519)	(1,519)
Balance as of December 31, 2020	55,484,225	8,760,540	423,757	7,453,283	72,121,805
Acquisitions (1)	-	46,972	-	223,700	270,672
Revaluation (2)	(1,081,464)	-	-	-	(1,081,464)
Disposals / Withdrawals (3)	-	(178,496)	-	(1,799)	(180,295)
Transfers	(4,851,429)	-	-	-	(4,851,429)
Balance as of December 31, 2021	$ 49,551,332	$ 8,629,016	$ 423,757	$ 7,675,184	$ 66,279,289

Accumulated depreciation of property and equipment

	Land and Buildings	Machinery, Furniture and Fixtures, and Office Equipment	Transportation Vehicles	Computer, Networking, and Communications Equipment	Total
Accumulated depreciation					
Balance as of December 31, 2019	$ (3,564,053)	$ (5,675,670)	$ (313,902)	$ (6,472,521)	$ (16,026,146)
Depreciation	(926,125)	(467,230)	(32,412)	(372,595)	(1,798,362)
Revaluation	1,153,733	-	-	-	1,153,733
Disposals	-	-	.	(11,435)	(11,435)
Sales	-	-	-	1,519	1,519

	Land and Buildings	Machinery, Furniture and Fixtures, and Office Equipment	Transportation Vehicles	Computer, Networking, and Communications Equipment	Total
Transfers	-	(27,558)	-	(10,305)	(37,863)
Balance as of December 31, 2020	(3,336,445)	(6,170,458)	(346,314)	(6,865,337)	$ (16,718,554)
Depreciation	(938,107)	(480,082)	(32,412)	(220,881)	(1,671,482)
Revaluation	(569,995)	-	-	-	(569,995)
Disposals / Withdrawals	-	159,420		1,799	161,219
Sales	608,921	-	-	-	608,921
Balance as of December 31, 2021	$ (4,235,626)	$ (6,491,120)	$ (378,726)	$ (7,084,419)	$ (18,189,891)

Net carrying amount of property and equipment

	Land and Buildings	Machinery, Furniture and Fixtures, and Office Equipment	Transportation Vehicles	Computer, Networking, and Communications Equipment	Total
Joint ventures 2021					
Cost	$ -	$ 360,070	$ -	$ -	$ 360,070
Depreciation	-	(359,181)	-	-	(359,181)
Joint ventures 2020					
Cost	-	380,261	-	-	380,261
Depreciation	-	(378,994)	-	-	(378,994)
Net carrying amount					
Balance as of December 31, 2020	52,147,780	2,591,349	77,443	587,946	55,404,518
Balance as of December 31, 2021	$ 45,315,706	$ 2,138,785	$ 45,031	$ 590,765	$ 48,090,287

As of December 31, 2021, and 2020, the Bank's assessment indicates no impairment of its property and equipment.

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

The main activity registered in 2021 is described below:

(1) Additions: They include capitalizable purchases and/or disbursements that meet the recognition criteria for items of property and equipment, goods received from third parties, costs for dismantling, and disposal of items of property, plant and equipment.

(2) For the Parent, the appraisal of the real estate at the International Trade Center building was carried out by the appraiser Néstor Mora & Asociados in May 2021.

For the subsidiary, the fair values of the properties were based on valuations carried out by the independent appraiser FILFER Sociedad de Inversiones S.A.S.

(3) Additionally, due to a change in the use of the property located on the 21st floor of the International Trade Center building, the amount of the asset was reclassified to Investment Properties, recognized at fair value.

15. ASSETS GIVEN IN OPERATING LEASE

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

	2021	2020
Cost		
Initial balance	$ 9,677,215	$ -
Additions (*)	4,414,738	10,355,431
Transfer to returned	-	(678,216)
Ending balance	$ 14,091,953	$ 9,677,215
Depreciation		
Initial balance	$ (356,876)	$ -
Additions (*)	-	(228,555)
Depreciation	(393,713)	(166,711)
Transfer to returned	-	38,390
Ending balance	$ (750,589)	$ (356,876)
Impairment		
Initial balance	$ (255,982)	$ -
Additions (*)	-	(255,982)
Refund	255,982	-
Ending balance	$ -	$ (255,982)
Net carrying amount	$ 13,341,364	$ 9,064,357

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

16. INVESTMENT PROPERTIES

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

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

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

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

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

	Land and buildings 2021	Land and buildings 2020
Lease income	$ 761.386	$ 798.613
Direct Expenses	(367.794)	(56.371)
Total	$ 393.592	$ 742.242

17. RIGHTS-OF-USE ASSETS

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

	Computer equipment	Vehicles	Machinery and equipment	Real Estate	Total
Cost					
Balance as of December 31, 2019	$ 2.787.009	$ 805.990	$ 188.816	$ 2.837.253	$ 6.619.068
Acquisitions	904.277	142.061	-	546.552	1.592.890
Derecognitions	(331.543)	-	-	(366.594)	(698.137)
Balance as of December 31, 2020	3.359.743	948.051	188.816	3.017.211	7.513.821
Acquisitions	4.287.277	-	-	141.049	4.428.326

	Computer equipment	Vehicles	Machinery and equipment	Real Estate	Total
Derecognitions	(923.742)	-	-	(195.357)	(1.119.099)
Balance as of December 31, 2021	$ 6.723.278	$ 948.051	$ 188.816	$ 2.962.903	$ 10.823.048
Accumulated depreciation Balance as of December 31, 2019	$ 1.395.552	$ 266.037	$ 68.184	$ 591.116	$ 2.320.889
Amortization expense	927.702	161.929	62.939	1.207.424	2.359.994
Transfers	(128.088)	-	-	-	(128.088)
Disposals	(331.543)	-	-	(366.594)	(698.137)
Elimination of reciprocal transactions	-	-	-	(695.408)	(695.408)
Balance as of December 31, 2020	1.863.623	427.966	131.123	736.538	3.159.250
Amortization expense	1.170.250	187.716	57.693	593.426	2.009.085
Disposals	(923.742)	-	-	(192.640)	(1.116.382)
Balance as of December 31, 2021	$ 2.110.131	$ 615.682	$ 188.816	$ 1.137.324	$ 4.051.953
Net carrying amount As of December 31, 2020	$ 1.496.120	$ 520.085	$ 57.693	$ 2.280.673	$ 4.354.571
As of December 31, 2021	$ 4.613.147	$ 332.369	$ -	$ 1.825.579	$ 6.771.095

18. INTANGIBLE ASSETS

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

	Licenses	Computer software	Fiduciary Rights	Total
Balance as of December 31, 2019	$ 2,806,959	$ 8,781,985	$ -	$ 11,588,944
Acquisitions / additions(*)	1,310,654	106,714	362,352	1,417,368
Disposals	-	-	-	-
Amortization expense	(1,385,656)	(1,330,592)	-	(2,716,248)

Balance as of December 31, 2020	2,731,957	7,558,107	362,352	10,290,064
Acquisitions / additions(*)	1,171,091	64,352	-	1,235,443
Transfers	1,279	-	-	1,279
Amortization expense	(1,704,380)	(1,428,789)	-	(3,133,169)
Balance as of December 31, 2021	$ 2,199,947	$ 6,193,670	$ 362,352	$ 8,393,617

(*) The additions are mainly the purchase of licenses from the Parent Company for the Bank's operation in the amount of $185.348.

For Fiducóldex, intangible assets recognize the items related to the supply and installation of the SIFI technological solution, the licensing and consulting required for the installation and start-up of the system, and the Oracle Data Base licenses.

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

19. LIABILITIES FROM FINANCIAL INSTRUMENTS AT AMORTIZED COST

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

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

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

(2) To achieve a better mix of the cost of funds and diversify the Bank's funding instruments, Bancóldex launched the Savings Account product during the first quarter of 2019. The funds raised in this new instrument allowed to replace TDs for a longer term and at a greater financial cost. The Bancóldex savings account has as its target

market the institutional segment comprising mainly Pension Funds, Trust Companies, and Insurance Companies. The decrease in the balance for 2021 compared to the previous year is due to the end-of-year strategy of maintaining the return rate equal to the Central Bank rate and the cost of funding by withdrawing balances from institutional investors.

(3) The bond conditions are as follows:

Issue	Issue amount	Lots	Placement date	Issue date	Maturity date (*)	Interest rate	2021	2020
Ninth issue	$ 238.890.000	Lot 1	06-Sep-12	06-Sep-12	06-Sep-22	Indexed to IPC	$ 240.327.248	$ 239.814.613
	238.890.000							
Authorized amount	3.000.000.000							
First issue	200.000.000	Green Bonds	09-Aug-17	09-Aug-17	09-Aug-22	Fixed rate	202.002.428	202.002.402
Second issue	200.000.000	Social Bonds	24-May-18	25-May-18	24-May-21	Indexed to IBR	-	200.111.105
	100.000.000	Social Bonds	24-May-18	25-May-18	24-May-21	Fixed rate	-	100.613.729
	100.000.000	Social Bonds	24-May-18	25-May-18	24-May-23	Indexed to IPC	100.830.156	100.447.322
Third issue	250.000.000	Orange Bonds	29-Nov-18	29-Nov-18	29-Nov-21	Indexed to IPC	-	250.827.081
Utilized amount (**)	850.000.000							
Authorized amount	3.000.000.000							
First issue	159.000.000	Business Recovery Bonds	27-May-21	28-May-21	27-May-24	Indexed to IBR	159.081.315	-
	100.000.000	Business Recovery Bonds	27-May-21	28-May-21	27-May-23	Fixed rate	100.409.065	-
	241.000.000	Business Recovery Bonds	27-May-21	28-May-21	27-May-23	Indexed to IBR	241.118.703	-
Utilized amount	500.000.000							
							$ 1.043.768.915	1.093.816.252
Total Current Issues	$ 1.038.890.000							

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

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

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

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

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

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

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

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

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

BANCOLDEX

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

19.2. Money market operations: The following is the disaggregation of financial instruments at amortized cost as of December 31, 2021, and 2020:

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

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

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

(2) The disaggregation of repurchase agreements is as follows:

	2020		
	Interest rate (%)	Trading term Days	Amount
Legal tender			
Repurchase agreements			
Closed repo transfer commitments	1.75	90	$ 50,071,348
			$ 50,071,348

19.3 Other deposits:

	2021		2020	
Entity	USD amount (Thousands)	Amount	USD amount (Thousands)	Amount
Banks and correspondents				
National banks	-	$ 1,537,397	-	$ -
Foreign correspondents	-	-	-	-
		1,537,397		-

Entity	2021 USD amount (Thousands)	2021 Amount	2020 USD amount (Thousands)	2020 Amount
Other security deposits				
Legal tender	-	1,747,881	-	$ 10,118,765
Foreign currency	14,264	56,786,698	7,496	25,729,946
	14,264	58,534,579	7,496	35,848,711
Total other deposits	14,264	$ 60,071,976	7,496	$ 35,848,711

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

20. BANK LOANS AND OTHER FINANCIAL OBLIGATIONS

20.1. Bank loans: As of December 31, 2021, and 2020, the balance of this account is broken down as follows:

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

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

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

BANCOLDEX

	2021			2020		
	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	$ 69,357,166
Toronto Dominion Bank Canada	0.53	7,974	31,746,533	2.10	22,219	76,266,538
Banco del Estado de Chile	0.88	60,051	239,073,726	0.70	30,002	102,980,980
Sumitomo Mitsui Banking Corp	0.00	-	-	1.50	9,285	31,869,413
Interamerican Investment Corp.	1.19	45,057	179,377,428	1.86	105,519	362,194,778
Development Finance Institute Canada Inc	-	-	-	1.51	10,018	34,386,651
Wells Fargo Bank	-	-	-	1.14	20,088	68,953,289
Banco Latinoamericano de Exportaciones Bladex	1.25	100,235	399,050,939	2.57	40,919	140,454,827
Corporación Andina de Fomento CAF Venezuela	0.71	249,500	993,300,548	-	-	-
JP Morgan Chase Bank USA	0.94	35,003	139,351,448	-	-	-
Banco Santander Madrid España	0.94	100,008	398,146,994	-	-	-
Bankinter S.A.	0.94	15,001	59,722,049	-	-	-
Banco BBVA Milan Branch	0.94	50,004	199,073,497	-	-	-
		662,833	2,638,843,162		258,256	886,463,642
Medium-term						
Instituto de Crédito Oficial del Reino de España	0.86	2,207	8,786,553	0.78	2,648	9,090,642
JP Morgan Chase Bank USA	-	-	-	0.95	70,355	241,495,246
Banco Santander Madrid España	-	-	-	0.95	200,898	689,582,491
Banco Bankinter S.A.	-	-	-	0.95	30,121	103,391,346
Banco BBVA Milan Branch	-	-	-	0.95	100,449	344,791,245
Corporación Andina de Fomento CAF Venezuela	-	-	-	2.11	28,625	98,254,565
		2,207	8,786,553		433,096	1,486,605,535
Long-term						
Interamerican Development Bank Usa	1.10	258,987	1,031,069,316	1.07	449,370	1,542,462,435
		258,987	1,031,069,316		449,370	1,542,462,435
Total Foreign Currency		924,027	$ 3,678,699,030		1,140,723	$ 3,915,531,612

	2021			2020		
	Int. Rate	USD Amount (thousands)	COP Amount	Int. Rate	USD Amount (thousands)	COP Amount
Legal tender						
Short-term						
Finagro	2.97	-	158,466	2.90	-	55,650
		-	158,466		-	55,650
Medium-term						
Interamerican Development Bank						
Usa	3.25	-	313,365,103	2.98	-	313,239,576
Finagro	2.76	-	1,368,449	3.61	-	2,773,951
		-	314,733,552		-	316,013,527
		-	$ 314,892,018		-	$ 316,069,177
Grand Total (*)						
Short-term		662,833	$ 2,639,001,628		258,256	$ 886,519,292
Medium-term		2,207	323,520,104		433,096	1,802,619,062
Long-term		258,987	1,031,069,316		449,370	1,542,462,435
		924,027	$ 3,993,591,048		1,140,722	$ 4,231,600,789

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

The balances on financial obligations that as of December 31, 2020 were in the medium-term range moved to the short term for 2021 because their remaining term decreased. These obligations correspond to the USD 200 million balance of the MIGA-secured loan and the USD 200 million installment payment made in June 2021.

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

	2021						
	Up to three months	More than three months and less than one year		More than one year			Total
	More than one month and less than three months	More than three months and less than six months	More than six months and less than one year	Between one and three years	More than three years and less than five years	More than five years	
Finagro	$ 43,195	$ 115,271	$ -	$ 958,751	$ 409,697	$ -	$ 1,526,915
Foreign banks	239,073,726	828,040,520	-	-	-	-	1,067,114,247
Andean Development Corporation CAF	478,184,975	338,609,706	176,505,868	-	-	-	993,300,548
Inter-American Development Bank IDB	-	-	-	313,365,103	-	1,031,069,316	1,344,434,419
International organizations	40,216,330	-	538,212,036	8,786,553	-	-	587,214,919
	$ 757,518,226	$1,166,765,498	$ 714,717,904	$323,110,407	$ 409,697	$ 1,031,069,316	$3,993,591,048

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

20.2. Finance lease liabilities: As of December 31, 2021, and 2020, the balance of this account is broken down as follows:

	2021	2020
Initial balance	$ 4.111.715	$ 3.406.488
Additions (1)	4.372.735	1.684.891
Interest accrual	596.758	333.742

Less Payments	(3.101.578)	(2.055.774)
Restatement	72.183	121.499
Eliminations	666.581	620.869
Ending balance	$ 6.718.394	$ 4.111.715

(1) In 2021, the main variation is due to the signing of the computer equipment lease for five years and the renewal of the server lease.

In 2020, the main variations are due to the merger process carried out by the Bank with subsidiary "Arco Grupo Bancóldex S.A", in which right-of-use contracts were integrated in the first semester 2020. Similarly, during the 2020 term, a new vehicle lease was entered into for $142,063 and the warehouse lease was renewed for the storage of goods received in payment and returned in the amount of $353,670.

20.3. Reconciliation of liabilities arising from financing activities - The following table details the changes in liabilities arising from the Bank and Subsidiary'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.

	2021							
	2020	Cash flows from financing activities	Accrual	Payment of principal and interest	Exchange Rate impact	Profit for the year	Other comprehensive income	2021
Money Market Operations	$ 58,652,741	$ 20,054,981,640	$ 3,282,920	$ 20,116,159,071	$ (758,230)	$ -	$ -	$ -
Loans and other financial obligations	4,231,600,789	2,816,653,705	45,156,541	3,637,844,997	538,025,010	-	-	$ 3,993,591,048
Equity dividends in cash	1,729,185,762	-	-	114,664,623	-	26,230,504	(223,835,818)	1,416,915,825
	$ 6,019,439,292	$ 22,871,635,345	$ 48,439,461	$ 23,868,668,691	$ 537,266,780	$ 26,230,504	$ (223,835,818)	$ 5,410,506,873

	2020							
	2019	Cash flows from financing activities	Accrual	Payment of principal and interest	Exchange Rate impact	Profit for the year	Other comprehensive income	2020
Money Market Operations	$ 163.176.870	$ 19.434.336.140	$ 2.343.721	$ 19.541.846.809	$ 642.819	$ -	$ -	$ 58.652.741
Loans and other financial obligations	3.153.307.571	3.864.091.223	83.125.082	2.941.964.737	73.041.650	-	-	4.231.600.789
Equity dividends in cash	1.753.263.226	53.891	-	118.815.109	-	127.888.254	(33.204.500)	1.729.185.762
	$ 5.069.747.667	$ 23.298.481.254	$ 85.468.803	$ 22.602.626.655	$ 73.684.469	$ 127.888.254	$ (33.204.500)	$ 6.019.439.292

21. TRADE AND OTHER ACCOUNTS PAYABLE

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

	2021	2020
Commissions and fees	$ 1.209.858	$ 1.866.501
Costs and expenses payable	65.366	38.876
Taxes	1.665.888	1.119.655
Dividends [1]	421.990	32.989.101
Leases	17.969	-
Promising buyers	-	2.250
Contributions on transactions	19.271	9.877
Suppliers	5.443.235	17.559.940
Withholdings and labor contributions	5.925.358	5.837.380
Insurance	552.566	230.204
Accounts payable in joint ventures	405.843	338.420
Accounts payable for NPV unused Award[2]	1.248.392	1.212.021
Future Contract Liquidation CRCC [3]	-	636.925
Accounts payable for PTP Agreement [4]	211.756	620.196
Accounts payable for GIZ - NAMA Agreement[5]	5.218.920	-
Accounts payable for MINCIENCIAS Agreement[6]	300.000	-
Credit notes to be applied loan portfolio	3.480.842	1.690.623
Foreign currency accounts payable [7]	1.026.697	8.327.380
Sundry	3.769.090	1.363.288
	$ 30.983.041	$ 73.842.637

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

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

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

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

(4) Under Inter-administrative Framework Agreement 375, signed between Bancóldex and the Ministry of Commerce, Industry and Tourism, a transfer was received through Resolution number 1946 of October 27,

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

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

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

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

22. EMPLOYEE BENEFITS

The information of the balances by employee benefits as of December 31, 2021 and 2020 is as follows:

		2021		2020
Payroll to be paid	$	86.012	$	36.244
Severance pay		2.024.571		1.703.328
Interest on severance payments		234.890		188.984
Vacation periods		7.146.096		6.281.733
Legal bonus		84		-
Other Accounts Payable to employees [1]		5.798.193		6.715.268
Other benefits		-		1.529.378
	$	15.289.846	$	16.454.935

(1) This amount mainly corresponds to a discretional bonus granted by Bancóldex to employees for contributing to achieving the organization's results in 2021 and 2020 respectively. 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 2022 and 2021 respectively, 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, 2021, and 2020:

		2021		2020
Contributions and enrollments - other (1)	$	-	$	160.000
Labor lawsuits (2)		25.480		227.551
Joint ventures (3)		577.181		549.220
Other provisions (4)		90.000		90.000
	$	692.661	$	1.026.771

(1) As of December 31, 2020, it corresponds to the provision registered by Bancóldex for the Fiscal Control Fee of the Comptroller General's Office due to the merger with the subsidiary ARCO S.A. Grupo Bancóldex. The Company was subject to refund in 2021 as the economic event did not occur.

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

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

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

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

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

Proceeding Type	Parties	General Information	Proceeding Status	2021	2020
LABOR	**CARLOS HELÍ GOMEZ BRAVO VS. BANCÓLDEX and others**	Nature: Ordinary labor proceeding concerning an undetermined claim (110013105014200700021-01) Identification: Supreme Court of Justice. Probability of loss: Probable Provision: $ 8,480,000 Contingency $0.0 Attorney: Claudia Liévano	The Bank was ordered to pay court costs and attorney's fees for COP 8,480,000 and the pension bond settled by Colpensiones, which was paid on December 16, 2020.	25.480	8.480
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 @Provision $0.0 Attorney: Germán Valdés	On November 24, 2020, the Supreme Court of Justice rendered a judgment, notified on December 14, 2020. It revoked the judgment issued by the Appeal Court and consequently the conviction against the Bank in the first instance was confirmed.	-	219.071
		Total		25.480	227.551

(3) The following is the breakdown of the provisions held by Fiducóldex under the joint ventures as of December 31, 2021, and 2020:

2021	Litigation	Total
Carrying amount as of January 1, 2021	$ 549.220	$ 549.220
Additions (1)	105.051	105.051
Reversals, unused amounts (-) (2)	(77.090)	(77.090)
Carrying amount as of December 31, 2021	$ 577.181	$ 577.181

2020	Litigation	Other	Total
Carrying amount as of January 1, 2020	$ 546.929	$ 2.165	$ 549.094
Additions	59.723	-	59.723
Reversals, unused amounts	(59.598)	-	(59.598)
Carrying amount as of December 31, 2020	$ 547.055	$ 2.165	$ 549.220

The provision recognized as of December 31, 2021, corresponds to the Fosyga Consortium. It is composed of the 3.57% share in the Consortium's financial reporting, covering 100% of the amount of the claims and estimated probable losses related to labor, civil, and fiscal (administrative and governmental) litigation. The main assumptions considered in the calculation of the provision are:

Proceeding No.	Plaintiff	Claim Amount	Provision Calculated 100% Dec 2021	Provision share Dec 2021
2010-0119	Sanitas Eps	$ 862.453	$ 1.341.453	$ 47.890
2012-00467	Coomeva Eps	1.153.877	1.677.034	59.870
2010-00772	Coomeva Eps	196.769	306.053	10.926
2012-00616	Sanitas Eps	20.163	29.304	1.046
2009-0268	Sanitas Eps	1.526.864	2.422.372	86.479
2010-00807	Cafesalud Eps- Cruz Blanca Eps and Saludcoop Eps	6.499.215	10.108.835	360.885
	Total	$ 10.259.341	$ 15.885.051	$ 567.096

Proceedings related to the collection of default interest within the Fidufosyga 2005 Consortium in Liquidation:

Currently, there are seven (7) court proceedings filed against the Fidufosyga 2005 Consortium in Liquidation that deal with the recognition of default interest for the EPS accrued by apparent delays in the payments of medical service benefits that, according to applicable regulations, should have been charged to the FOSYGA subaccount. Despite having been provided by the claimants, together with the relevant monetary update derived from the application of the consumer price index CPI), these proceeding are currently estimated at $38,342,409,879.41, regarding which there is an accounting provision as recommended at the time by the Consortium Management Unit based on the procedural risk rating granted by the attorneys hired to defend the Consortium's interests. They establish the risk of loss of those court actions as eventual and probable. Of note is that the share of the Trustee within the Consortium concerned amounts to 3.57%.

(4) It is the estimated provision in the implementation of IFRS 16 on the costs to be incurred when dismantling or restoring the site where the properties leased for the regional offices are located.

24. OTHER LIABILITIES

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

	2021	2020
Deferred income (1)	$ 149.489.033	$ 98.790.209
Interest arising from restructuring processes	2.287.557	2.509.964
Deferred credits	1.067.178	1.173.083
Deferred payment Letters of Credit	-	-
Credits to apply to obligations receivable (2)	4.124.067	20.921.994
Income received for third parties	507	24.240
Sundry - Agreements (3)	108.760.493	128.195.869
	$ 265.728.835	$ 251.615.359

(1) Interest corresponds to the amortization of prepaid income from the agreements that calculate NPV in the Bank's specific lines of credit for this purpose. During 2021, SMEs' direct support line resources from

agreements 389 and 320 were mainly used, of which $33,353 and $3,161, respectively, have yet to be amortized.

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

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

25. EQUITY

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

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

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

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

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

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

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

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

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

Where:

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

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

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

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

	2021	2020
Legal		
Appropriation of net income	$ 184.565.184	$ 171.287.664
Statutory		
Protección -Private Equity Funds	49.346.690	49.346.690
Occasional		
For loan portfolio protection	-	-
Tax provisions	32.606.525	27.845.177
	$ 266.518.399	$ 248.479.531

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

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

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

		2021		2020
Profit for the year	$	26.230.504	$	127.888.254
Common shares outstanding		1.062.594.968		1.062.572.745
Basic and diluted net earnings per share	$	24.69	$	120.36

The entities do not have shares with dilutive effects.

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

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

In 2021, the payment of cash dividends was made for $114,664,623, represented in series A common shares for $107.91, paid on December 7, 2021, series B common shares, and series C preferred shares of $ 107.91, paid on June 23, 2021, for a total of 1,062,556,872 shares and for 2020, the payment of cash dividends was made for $118,815,109, represented by series A common shares of $111.82, paid on December 15, 2020, series B common shares, and series C preferred shares of $ 111.82, paid on July 29, 2020, for a total of 1,062,556,872 shares

26. OTHER INCOME

The breakdown of other income is as follows:

Recovery of written-off portfolio	$	8.803	$	7.068
Reversal of impairment loss		231.629		146.240
Leases		1.364.171		1.287.136
For sale of property and equipment		5.638		380
Activities in joint operations		2.585.159		4.882.432
Revenue from FNG transaction fees		1.200.381		1.051.436
Reimbursement of provisions from previous periods		1.424.640		718.418
Other		2.936.614		1.208.677
	$	9.757.035	$	9.301.787

(1) For 2021, this amount corresponds mainly to the recovery of the 2020 income tax provision for $1,052,445, arising from the determination of exempt income and non-taxed reimbursement of leasing transactions.

27. OTHER EXPENSES

The disaggregation of other expenses is as follows:

BANCOLDEX

	2021	2020
Contributions and affiliations	$ 3.801.122	$ 3.215.210
Legal and notarial	53.985	21.374
Equity method	164.715	-
Insurance	2.681.077	2.238.164
Maintenance and repairs	5.891.466	5.690.850
Adaptation and installation of offices	385.438	456.694
Activities in joint ventures	1.963.492	2.014.817
Fines and penalties	24.484	509.316
Cleaning and security services	1.098.411	1.026.885
Staffing services	2.134.916	828.236
Advertising and publicity	273.351	212.830
Public relations	52.626	33.963
Utilities	1.056.207	947.659
Travel expenses	561.187	113.532
Transportation	433.647	257.640
Supplies, stationery, and reference books	88.268	90.596
Publications and subscriptions	396.263	345.885
Photocopying service	4.382	1.223
Digitization service	1.510	34.913
Working lunches	101.662	32.178
Cafeteria supplies	100.648	80.646
Toiletries	56.515	50.246
Postage and courier services	161.748	136.537
Telex data transmission. tas. SWIFT	1.589.016	1.329.496
Building management	1.016.331	1.605.667
Minor fixtures and fittings	12.107	3.528
Commercial information	946.089	747.116
Storage and custody of magnetic files	190.943	95.298
Bancóldex contact center	1.278.406	1.004.789
Stock exchange registrations	81.050	-
Alternate contingency processing service	735.855	38.960
Institutional notices and announcements	66.363	49.598
Corporate communications	220.977	213.572
Financial structuring of projects	-	200.352
Internet services and electronic communications	1.130.164	772.716
Withholdings and taxes borne	164.346	225.365
Disaster recovery service	265.308	277.311
Prior period expenses	235.227	863.617
Events and refreshments, business training, and strategic planning	564.955	202.183
Goods received in payment and returned	1.690.658	842.399
Loss on sale of leased assets	391.806	-
Derecognition of receivables interest accounts IFRS 9 (1)	613.148	3.534.020
Reversal of prior years' income	78.342	71.472
Other	2.337.600	1.366.668
	$ 35.095.811	$ 31.783.521

(1) The balance as of December 31, 2021, and 2020 is represented by the following activity in Bancóldex:

Debtor	2020 Total debt	Provision	Recovery amount	Derecognition
Arq. y Construcción Arko SAS en Liquidac (*)	$ 3.789.488	$ 1.681.333	$ -	$ 2.108.155
Districacharreria La 13 S A en Liquidación	2.743.468	-	1.317.603	1.425.865
	$ 6.532.956	$ 1.681.333	$ 1.317.603	$ 3.534.020

(*) The Board of Directors of Bancóldex in its meeting dated March 17, 2020 (Minutes 398) approved the write-off of the obligation by Arquitectura y Construcción Arko SAS en Liquidación.

28. INCOME TAX

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

28.1 Income tax recognized in profit or loss

	2021	2020
Current tax:		
With respect to the current year	$ 740.884	$ 35.607.530
	740.884	35.607.530
Deferred tax:		
With respect to the current year	11.601.584	31.792.884
Adjustments to deferred taxes attributable to changes in tax laws and rates	9.882.179	6.500.486
	21.483.763	38.293.370
Total tax expense related to continuing operations	$ 22.224.647	$ 73.900.900

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

	2021	2020
Earnings before tax from continuing operations	$ 48.455.151	201.789.154
Income tax expense calculated at 36% and 34%	16.457.395	72.921.346
Effect of non-deductible expenses on determining taxable income	16.472.824	28.427.985
Income (loss) on realization of investments	6.977.845	(397.678)
Income (loss) on realization of derivatives	(44.518.753)	1.768.149

Equity-method non-taxable income	(615.387)	(18.807.797)
Refunds not taxed when determining taxable profit	(10.182.867)	(11.001.610)
Effect of exempt or non-taxable income - Dividends	-	(2.338.319)
Fixed asset revaluation	(62.075)	49.698
Asset and liability restatement	38.530.424	3.905.283
Accounting and tax depreciation difference	(3.165)	
Other	(1.117.269)	2.463.433
Tax discount (ICA)	-	(3.175.316)
Net income from assets held for more than two years	285.674	85.726
Income tax expense recognized in profit or loss (related to continuing operations)	$ 22.224.647	$ 73.900.900

The Entities, for 2021 and 2020, assessed income tax through 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.

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

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

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

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

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

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

28.3 Current tax (Assets) and liabilities

	2021	2020
Current tax liabilities	$ 285.674	$ 35.607.530
Prepayments and withholdings	(59.211.624)	(70.354.765)
Total	$ (58.925.950)	$ (34.747.235)

The surpluses in private assessment and the current taxes correspond to Income and Ancillary Taxes. The credit balance as of December 31, 2021, amounts to $58,925,950, of which $55,309,133 correspond to Bancóldex and $3,616,817 to the subsidiary Fiducóldex. The Bank's credit balance is mainly caused by a decrease in net income, an offset of the income tax prepayment, the prepayment of additional income points equivalent to 3% that should have been reported in the income and ancillary taxes for 2020, and an increase in the self-withholdings that should have been reported monthly in the withholding returns.

The surpluses in private assessment and the current taxes correspond to Income and Ancillary Taxes. The credit balance as of December 31, 2020 amounts to $34,747,234, of which $31,456,959 correspond to Bancóldex and $3,290,275 to the subsidiary Fiducóldex. The Bank's credit balance mainly derives from the offset of the income tax prepayment and the prepayment of additional income points equivalent to 4% that should have been reported in the assessment of the income and ancillary taxes for 2019.

28.4 Income tax recognized in Other Comprehensive Income

Deferred tax from transactions with equity participants:				
Foreign exchange gain (loss) on investments in foreign investments	$	1.018.029	$	296.951
Profit (loss) on valuation of capital funds		21.779.117		7.216.606
Unrealized gain (loss) on available-for-sale investments		(82.564.121)		(10.067.802)
Cost of uncontrolled investments		348.735		156.853
Revaluation of assets		3.542.210		2.946.485
Impairment IFRS 9		69.117		67.142
Hedging derivatives		(6.195.362)		(6.029.698)
Finance leases		(150.250)		(145.957)
Total income tax recognized in other comprehensive income	$	(62.152.525)		$ (5.559.420)

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

		2021		2020
Deferred tax assets				
Provisioned expenses	$	121.263	$	98.655
Loss on the valuation of derivatives		2.316		23.070.659
Fiscal Loan(*)		30.639.686		-
Unrealized exchange difference on liabilities		138.813.946		24.533.293
Other assets – Deferred charges- BRP		534.423		482.712
Properties for lease		2.293.979		641.888
Impairment IFRS 9		284.747		371.336
Loss on portfolio valuation		1.909.444		48.760
Dismantling		31.500		30.600
Rate differential agreements		3.113.788		3.646.833
Cost of personal property / Machinery under lease		607.040		704.665
Depreciation of fixed assets		139.201		141.757
Investment portfolio valuation– Other comprehensive income		82.564.121		10.067.802
Hedging derivatives – Other comprehensive income		6.195.362		6.029.698
Finance leases – Other comprehensive income		150.250		145.957
Total deferred assets		267.401.066		70.014.615
Deferred tax liabilities				
Investment portfolio valuation		-		7.470.292
Profit on the valuation of derivatives		35.762.133		76.189
Valuation of equity fund returns		4.501.333		3.858.285

Unrealized exchange difference in foreign currency investments	926.617	794.243
Cost of real estate and personal property	12.716.906	10.579.926
Deferred charges	208.841	301.772
Unrealized exchange difference in foreign currency assets	80.597.692	9.126.442
Financial obligation on lease properties	2.694.008	1.157.974
Non-current Assets	15.155.901	15.809.228
Loan portfolio	47.011.433	37.050.772
Other Liabilities deferred tax - OCI	25.471.555	10.684.037
Total deferred liabilities	225.046.419	96.909.160
Total	$ 42.354.647	$ (26.894.545)

(*) For the Parent, the determination of income is yielding a tax loss. Therefore, a deferred tax asset is generated, considering that according to forecasts, Bancóldex has future tax profits against which it estimates that the deductible temporary difference will be reversed.

2021	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Reclassified from equity to income statement	Closing balance
Deferred tax (liability) / asset related to:					
Derivatives	$ 29.024.168	$ (94.168.750)	$ 165.664	$ 35.414.462	$ (29.564.456)
Property, plant and equipment	(14.365.101)	(851.327)	(595.725)	-	(15.812.153)
Non-current assets	(15.809.228)	653.327	-	-	(15.155.901)
Machinery operating lease	59.752	93.612	-	-	153.364
Depreciation of fixed assets	87.302	11.994	-	-	99.296
Other assets	22.439	2.442	-	-	24.881
Finance leases	641.888	1.574.511	-	-	2.216.399
Intangible assets	247.435	112.345	-	-	359.780
Unrealized exchange difference in foreign currency assets and liabilities	15.406.852	40.726.200	-	2.083.204	58.216.255
Fiscal Loan	-	30.639.686	-	-	30.639.686
Financial assets at fair value through profit or loss - Portfolio	(7.470.292)	12.705.916	-	(3.357.816)	1.877.808
Loan portfolio and accounts receivable	(37.050.772)	(9.960.661)	-	-	(47.011.433)
Available-for-sale financial assets	10.067.802	-	72.496.319	-	82.564.121
Valuation of equity funds	(11.074.891)	(643.048)	(14.562.511)	-	(26.280.450)
Portfolio valuation	48.760	(17.124)	-	-	31.636
Exchange difference from foreign business	(1.091.194)	(132.374)	(721.078)	-	(1.944.646)
Provisions (administrative expenses - decommissioning)	129.254	23.508	-	-	152.762

2021	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Reclassified from equity to income statement	Closing balance
Cost of foreign currency investments	(156.853)	-	(191.882)	-	(348.735)
Other financial liabilities	(584.177)	(1.536.034)	4.293	-	(2.115.918)
Impairment - IFRS 9	1.227.128	(86.589)	(1.975)	-	1.138.564
Agreements	3.745.185	(631.397)	-	-	3.113.788
Total	$ (26.894.545)	$ (21.483.763)	$ 56.593.105	$ 34.139.850	$ 42.354.647

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	(12.366.535)	(1.716.566)	(282.000)	(14.365.101)
Non-current assets	(4.098.127)	(11.711.101)	-	(15.809.228)
Machinery operating lease	265.285	(205.533)	-	59.752
Depreciation of fixed assets	(357.833)	445.135	-	87.302
Other assets	131.144	(108.705)	-	22.439
Finance leases	1.134.788	(492.900)	-	641.888
Intangible assets	305.037	(57.602)	-	247.435
Provision for goods received in payment and returned	(2.999.729)	2.999.729	-	-
Unrealized exchange difference in foreign currency assets and liabilities	28.791.699	(13.384.848)	-	15.406.852
Financial assets at fair value through profit or loss - Portfolio	58.971	(7.529.263)	-	(7.470.292)
Loan portfolio and accounts receivable	(36.758.307)	(292.465)	-	(37.050.772)
Available-for-sale financial assets	4.319.520	-	5.748.282	10.067.802
Valuation of equity funds	(12.803.198)	-	1.728.307	(11.074.891)
Portfolio valuation	47.330	1.430	-	48.760
Exchange difference from foreign business	(928.192)	-	(163.002)	(1.091.194)
Provisions (administrative expenses - decommissioning)	244.626	(115.372)	-	129.254
Cost of foreign currency investments	(102.519)	-	(54.334)	(156.853)
Other financial liabilities	(993.394)	417.802	(8.585)	(584.177)
Impairment - IFRS 9	1.214.481	8.697	3.950	1.227.128
Agreements	3.245.165	500.020	-	3.745.185
Total	$ 234.010	$ (38.702.258)	$ 11.573.703	$ (26.894.545)

29. CONTINGENCIES

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

Creditor contingencies (proceedings against)

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

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

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

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

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

Contingencies on accounts receivable (proceedings in favor)

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

The following is a disaggregation of the labor proceedings:

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

Parties	General Information	Proceeding Status	2021	2020
		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.		
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. Identification: Labor Court 32 of the Bogotá Circuit 11001310503220190072300	The Bank filed proof of having personally served Sanitas S.A. and a brief. The EPS responded to the claim.	145.997	145.997
BANCÓLDEX vs. COOMEVA E.P.S. - ADRES	Nature: Ordinary labor proceeding. Identification: Labor Court 31 of the Bogotá 11001310503120190050100	On November 5, 2020, the court passed judgment in favor of the Bank. Coomeva is sentenced to pay, including default interest from the time the refund was requested. The judgement ordered to pay court costs and attorney’s fees in the amount of half a statutory minimum wage. An appeal was filed.	47.225	47.225
BANCÓLDEX vs. Cruz Blanca E.P.S. - ADRES	Nature: Ordinary labor proceeding. Identification: Labor Court 27 of	The court ordered to summon the EPS, which responded to the claim. Cruz Blanca EPS was taken over for	19.024	19.024

Parties	General Information	Proceeding Status	2021	2020
	the Bogotá Circuit. 11001310502720190016800	liquidation, and the Bank filed a claim for debts.		
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
BANCÓLDEX vs. Servicios Occidentales de Salud E.P.S. - ADRES	Nature: Ordinary Labor Proceeding. Identification: Court 3 of Small Labor Cases of Cali Valle del Cauca. 760014105003201900415 00	Lawsuit admitted, hearing set for April 8, 2021.	6.302	6.302
Total			1.202.206	1.202.206

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

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

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

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

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

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

The following is a breakdown of the executory proceedings:

Parties	General Information	Proceeding Status	2021	2020
BANCÓLDEX vs. Giraldo y Duque S.A. and C.I. Giraldo Duque Ltda. (International portfolio C.F.)	Nature: Singular Executory Proceeding Concerning a Large Claim. Identification: Civil Court 5 of the Palmira Circuit. 2017-0006	Principal debtors admitted in the reorganization procedure. The Bank is awaiting recognition of the credits within the debt rating.	320,833	320,833
BANCÓLDEX vs. ALVARO PIO ARCINIEGAS ESPAÑA (International portfolio C.F.)	Nature: Mortgage Executive Proceeding. Identification: Second Municipal Civil Court of Pasto. 52001400300220170014600	Official notice of a lien placed against real property which is affected by mortgage in favor of the Bank was recorded. Seizure is enacted and a writ delegating the authority to examine evidence to another judge is filed at Pasto inspection to process seizure. Date to process the seizure is pending to be designated. It depends on the decision for an appeal filed by the Bank. Process with an order to continue with the execution; credit liquidation approved, and without effective precautionary measures.	43,793	43,793
BANCÓLDEX vs. IKONOS INMOBILIARIA S.A.S., MARIA ANGELICA NIÑA PEÑA, CAMPO ELÍAS LÓPEZ DAZA and DIANA JUDITH LOPÉZ CAICEDO (International Portfolio C.F.)	Nature: Singular Executory Proceeding concerning a Large Claim. Identification: 5th Civil Court of the Circuit of Barranquilla. 2017-279	An investigation and trial hearing were held on March 13, 2019. The court passed judgment that ordered to continue with the execution. The Bank is awaiting the setting of a date for sequestration of the seized assets.	1,860,336	1,860,336
BANCÓLDEX vs. COMERCIALIZADORA FUNDIALUMINIOS ALVARO HERNANDEZ GIRALDO MARIA FERNANDA HERNANDEZ MEDINA (International Portfolio C.F.)	Nature: Singular Executory Proceeding Concerning a Small Claim Identification: Dosquebradas Municipal Civil Court 2. 66170400300220170023400	The Bank found a real estate property owned by a co-debtor and registered the seizure.	-	60,092
BANCÓLDEX vs. TRITURADOS Y PREFABRICADOS	Nature: Singular Executory Identification : Civil Court 1 of the Neiva Circuit41001310300120170018800	On September 23, 2019, a judgment hearing was held. The court declared that the exceptions were not proven and ordered to continue with the execution.	2,407,407	2,407,407

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

Parties	General Information	Proceeding Status	2021	2020
BANCÓLDEX VS Artefacto Constructores S.A.S.	Nature: Executory Identification: Municipal Court 08 of Cali. Proceeding No. 76001400300820190090043400	A payment order was issued, and precautionary measures were registered.	106,470	106,470
BANCÓLDEX VS Comercializadora Seul FD LTDA. - Francisco Oriel Duque Zuluaga	Nature: Mortgage foreclosure Identification: Court 02 Bogotá Civil Circuit1100131030010300220190041500	A payment order was issued and precautionary measures were registered.	219,515	219,515
BANCÓLDEX VS ASOCIACION ONG AVANSAR	Nature: Executory proceeding Identification : Mixed Court of the Saravena (Arauca) Circuit 81-736-31-89-001-2019-00376-00-00	A lawsuit was filed on December 19, 2019. The payment order was issued on January 21, 2020. Seizure measures were decreed for the following real estate properties 1. Seizure of the real estate property identified with Property Registration Folio 410-64763. (Registered) The defendant requested reduction of seizures. The Bank requested the court not to release any property. The court rejected the request to reduce the seizures.	589,571	589,571
Total (*)			6.337.776	6.397.868

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

30. BUSINESS MANAGED BY THE FIDUCIARY

The amount of the assets and liabilities for all the businesses managed by Fiducóldex as of December 31, 2021, and 2020 is broken down below:

		2021	
Business category	Number of businesses	Assets	Liabilities
Management and Payments			
Real Estate Business	5	$ 29.463.707	$ 7.669.268
Management and Payment Business	68	2.389.561.960	483.622.133
	73	2.419.025.667	491.291.401
Securitizations			

Business category	Number of businesses	2021 Assets	Liabilities
Securitization Business	1	194.137.010	19.741
	1	194.137.010	19.741
Collateral Trust			
Collateral Trust Business	45	45.640.341	496.071
	45	45.640.341	496.071
Pension Liabilities			
Pension Liability Business	11	5.924.416.328	14.574.498
	11	5.924.416.328	14.574.498
Collective Investment Fund			
Fics Fiducóldex	1	319.346.243	252.132
Fics 60 Moderate	1	25.899.238	22.962
	2	345.245.481	275.094
Private Equity Fund			
Fondo Áureos Colombia	1	6.396.394	1.764.672
Bancóldex Fund of Funds	1	38.511.761	92
	2	44.908.155	1.764.764
Total	134	$ 8.973.372.982	$ 508.421.569

Business category	Number of businesses	2020 Assets	Liabilities
Management and Payments			
Real Estate Business	5	$ 29.464.826	$ 7.659.255
Management and Payment Business	82	2.343.435.011	588.033.037
	87	2.372.899.837	595.692.292
Securitizations			
Securitization Business	1	77.050.981	52.078.829
	1	77.050.981	52.078.829
Collateral Trust			
Collateral Trust Business	46	30.441.154	340.210

Business category	Number of businesses	2020 Assets	Liabilities
	46	30.441.154	340.210
Pension Liabilities			
Pension Liability Business	9	6.356.577.409	17.101.341
	9	6.356.577.409	17.101.341
Collective Investment Fund			
Fics Fiducóldex	1	288.354.520	201.657
Fics 60 Moderate	1	39.070.300	44.543
	2	327.424.820	246.201
Private Equity Fund			
Fondo Áureos Colombia	1	5.430.422	559.797
Bancóldex Fund of Funds	1	10.425.035	45
Fondo Bancoldex capital para emprender	1	10.425.035	45
Total Private Equity Fund	3	26.280.492	559.887
Total	149	$ 9.190.674.693	$ 666.018.760

31. OPERATING SEGMENTS

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

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

As of December 31, 2021, and 2020, the consolidated assets and net profit or loss of the Bancóldex Group for the different businesses are presented below

2021	Bancoldex Business	Fiducóldex Fiduciary Business	Subtotal	Eliminations Debit	Eliminations Credit	Consolidated Statement
Related Principal Asset Amount	$ 10.479.983.645	$ 63.633.828	$ 10.543.617.473		$ 49.955.477	$ 10.493.661.996
Assets managed(Trust management business)	-	8.965.656.428	8.965.656.428			8.965.656.428.20
INCOME STATEMENT:						

2021	Bancoldex Business	Fiducóldex Fiduciary Business	Subtotal	Eliminations Debit	Eliminations Credit	Consolidated Statement
Financial income generated	2.039.103.478	31.135.676	2.070.239.154			2.070.239.154
Financial expenses	1.806.822.500	163.264	1.806.985.764		34.507	1.806.951.257
Other Financial Income or Expenses (including commissions)	(17.407.162)	12.305	(17.394.857)			(17.394.857)
Gross financial margin	214.873.815	30.984.717	245.858.533			245.893.040
Provisions for portfolio balance	43.608.690	55.219	43.663.909			43.663.909
Net financial margin	171.265.125	30.929.498	202.194.623			202.229.131
Operating expenses:						
Administrative expenses	104.943.604	29.861.872	134.805.476		671.893	134.133.583
Financial business taxes (*)	23.445.819	1.552.259	24.998.078			24.998.078
Other provisions (**)	9.880.245	-	9.880.245			9.880.245
Operating income	32.995.456	(484.632)	32.510.824			33.217.225
Net other income/expenses (including dividends) (***)	15.408.648	684.846	16.093.495	855.749	-	15.237.746
Income before tax	48.404.105	200.214	48.604.319			48.454.971
Income tax	22.118.615	106.032	22.224.647			22.224.647
Net profit	$ 26.285.490	$ 94.183	$ 26.379.672		$ 149.349	$ 26.230.324

Asset and Liabilities

2021	Bancoldex Business	Fiducóldex Fiduciary Business	Subtotal	Eliminations Debit	Eliminations Credit	Consolidated Statement
Asset	10.479.983.645	63.633.828	10.543.617.473	-	49.955.477	10.493.661.996
Liabilities	9.068.899.166	8.518.080	9.077.417.246	671.076	-	9.076.746.170

2020	Bancoldex Business	Fiducóldex Fiduciary Business	Subtotal	Eliminations Debit	Eliminations Credit	Consolidated Statement
Related Principal Asset Amount	$ 10.566.760.052	$ 62.103.061	$ 10.628.863.114	$ 62.271	$ 50.551.806	$ 10.578.373.579
INCOME STATEMENT:						
Financial income generated	3.734.995.462	30.204.444	3.765.199.906	314	-	3.765.199.591
Financial expenses	3.459.838.774	244.816	3.460.083.590		95.713	3.459.987.878

2020	Bancoldex Business	Fiducóldex Fiduciary Business	Subtotal	Eliminations Debit	Eliminations Credit	Consolidated Statement
Other Financial Income or Expenses (including commissions)	(13.883.339)	78.976	(13.804.364)	-	-	(13.804.364)
Gross financial margin	261.273.349	30.038.603	291.311.952			291.407.350
Provisions for portfolio balance	37.206.098	50.661	37.256.758	280	-	37.257.038
Net financial margin	224.067.251	29.987.942	254.055.193			254.150.312
Operating expenses:						
Administrative expenses	91.325.856	27.890.013	119.215.869		705.789	118.510.081
Financial business taxes (*)	25.856.459	1.552.259	27.408.717			27.408.717
Other provisions (**)	(22.843.643)	-	(22.843.643)	-	-	(22.843.643)
Operating income	129.728.580	545.670	130.274.249			131.075.157
Net other income/expenses (including dividends) (***)	71.820.762	464.284	72.285.046	1.633.321	62.271	70.713.996
Income before tax	201.549.341	1.009.954	202.559.295			201.789.154
Income tax	73.813.816	87.084	73.900.900	-	-	73.900.900
Net profit	$ 127.735.525	$ 922.870	$ 128.658.396	$ -	$ 770.142	$ 127.888.254

2020	Bancoldex Business	Fiducóldex Fiduciary Business	Subtotal	Eliminations Debit	Eliminations Credit	Consolidated Statement
Asset	10.566.760.052	62.103.061	10.628.863.114	62.271	50.551.806	10.578.373.579
Liabilities	8.843.487.542	7.228.334	8.850.715.876	1.528.059	-	8.849.187.817

32. RELATED PARTIES

The Entities consider 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 are clear examples of persons or Entities that influence or may influence P&L and the financial situation of the Entities. 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 Entities as well as Directors and Managers of Fiducóldex subsidiary are considered administrators.

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

During the periods completed on December 31, 2021 and 2020, none of the following operations were carried out between the Bancóldex 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 Entities' Board of Directors is as follows:

Parent

Transactions with shareholders

	2021	2020
EQUITY		
Subscribed and paid-in capital		
Grupo Bicentenario S.A.S.	$ 1.059.563.515	$ 1.059.563.515

There were no free or compensated services, loans without interest or any other consideration, or transactions whose characteristics differ from those performed with third parties between the Bank and the aforementioned shareholder.

Operations with administrators

	2021	2020
ASSET		
Loan portfolio		
Housing	$ 998.327	$ 741.694
Consumer	129.952	115.503
Accounts receivable		
Interest receivable	2.610	1.253
Social welfare	13.579	11.802
Other	22.803	15.524
Impairment		
Principal	(10.180)	(9.799)
Interest	(23)	(15)
	$ 1.157.068	$ 875.963

BANCOLDEX

LIABILITIES		
Accounts payable		
Social welfare	$ 584.485	$ 803.609
Other	34	242
Other liabilities		
Vacation	699.859	643.649
	$ 1.284.377	$ 1.447.500
INCOME		
Receivables income		
Loan interest	$ 23.168	$ 25.730
	2021	**2020**
Income - Sundry		
Recoveries	2.433	927
Other Income	-	150
	$ 25.600	$ 26.807
EXPENSES		
Employee benefits		
Personnel Expenses	$ 4.669.424	$ 3.753.659
Expenses - Sundry		
Other	61.346	10.375
Provisions	2.628	2.948
	$ 4.733.398	$ 3.766.981

Assets mainly correspond to home loans and auto loans (their accounts receivable) granted in accordance with the term and rate conditions in force in the internal regulations for home loans and auto loans for the Bank's employees.

Transactions with subsidiary

ASSET		
Investments	$ 49.229.415	$ 48.951.867
Accounts receivable - Sundry	4.494	446.451
	$ 49.233.910	$ 49.398.318
LIABILITIES		
Accounts payable	$ -	$ 15.871
	$ -	$ 15.871
EQUITY		
Surplus under the equity method	$ 13.438.434	$ 12.565.561
	$ 13.438.434	$ 12.565.561
INCOME		
Equity method	$ 146.553	$ 762.040
Recoveries of provisions	-	280
Lease Income	761.387	808.992
Other Income	2.247	334

	$ 910.187	$ 1.571.646
EXPENSES		
Other expenses	$ 24	$ -
	$ 24	$ -

Investments for 2021 correspond to the 89.32% share that the Bank holds in Fiducóldex S.A.

Other income is mainly lease payments and reimbursement of shared expenses received from Fiducóldex.

Between the Bank and the subsidiary, there were no free or compensated services, loans without interest or any other consideration, or transactions whose characteristics differ from those made with third parties.

Transactions with members of the Board of Directors

ASSET		
Accounts receivable – Other	$ 207	$ -
	$ 207	$ -
LIABILITIES		
Suppliers	$ 3.609	$ 124.747
	$ 3.609	$ 124.747
EXPENSES		
Fees	$ 1.088.051	$ 1.019.014
	$ 1.088.051	$ 1.019.014

It corresponds to fees paid for attending meetings of the Board of Directors, Credit Committee, GAP Committee, Audit Committee and Capital Funds Committees, among others. Neither free-of-charge services nor paid services were offered between the Bank and the members of the Board of Directors. Neither were interest-free loans nor operations different from those carried out with third parties.

Fiducóldex - The_total amount of transactions carried out by Fiducóldex with related parties during the relevant period is presented below:

Remuneration to key personnel - Shareholders, managers, and members of the board of directors and the trust company.

Disaggregation of balances of transactions with related parties:

Operating expenses		
Banco de Comercio Exterior Lease - Others	$ 671.893	$ 705.789
Cámara de Comercio de Bogotá Renewal, Membership, Certificates	7157	4.97
Total	$ 679.050	$ 742.806

Transactions with members of the Board of Directors:

	2021	2020
Operating expenses		
Board of Directors Fees	$ 190.790	$ 181.342
Audit Committee Fees	4798.60	11.277
Risk management committee fees	19.079	40.379
Total	$ 214.668	$ 237 387

	2021	2020
Transactions with directors:		
Salaries	$ 4.886.091	$ 4.897.168
Leaves	55.530	23.925
Education monetary aid	-	591.123
Vacation	267.804	261.588
Bonuses	5.010	112.147
Benefits and other	796.125	300.270
Special loans	5.567	13.083
Health assistance	55.397	68.448
Compensations	100.154	-
Maternity leave	25.054	47.875
Total	$ 6.196.731	$ 6.315.533
Operating expenses		
Banco de Comercio Exterior Lease - Others	$ 671.893	$ 705.789
Cámara de Comercio de Bogotá Renewal, Membership, Certificates	7157	4.97
Total	$ 679.050	$ 742.806

33. 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.

Each Entity's Board of Directors is the main body responsible for risk management and as such it leads the process and decisions in this area. Each Board approves the risk management general policies and the organizational structure that supports the Entities' management procedures through the different risk systems.

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

BANCOLDEX

are informed of the operations carried out by each affiliate and regularly submit reports related to their assessments on risk management.

Committees are decision-making bodies that support the Boards of Directors for the management of different risk categories. Bancóldex has the following committees; however, there are also similar instances at each subsidiary, which support all the decisions made by each Board of Directors.

Instance	Risk category	Main functions
Risk Management Committee of the Board of Directors	Credit Risk Operational Risk Liquidity Risk Market Risk	• 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.
SME External Credit Committee	Credit Risk	• Approve direct credit operations for amounts greater than 1,700 Current Legal Monthly Minimum Salaries up to 11,500 Current Legal Monthly Minimum Salaries, upon recommendation of the Internal Credit Committee.
Audit Committee	Credit Risk Operational Risk Liquidity Risk Market Risk AL/FT Risk	• Analyze audit results for risk management process. • Monitor risk exposure levels, its implication for the entity, mitigation measures and control measures implemented.
Internal Credit Committee	Credit Risk	• Approve issues concerning credit risk management methodologies. • Approve direct credit operations for amounts greater than 335 Current Legal Monthly Minimum Salaries up to 1,700 Current Legal Monthly Minimum Salaries
Portfolio Rating Committee	Credit Risk	• Approve debtors' credit ratings to calculate provisions.

Instance	Risk category	Main functions
		• 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	• 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. • Recommend and approve risk profile measures, methodologies, and procedures for the management of operational risks. • Monitor the Bank's operational risk profile. • Analyze and approve information security policies and business continuity policies. • Recommend, control, and monitor the implementation of the Information Security Plan at Bancóldex. • Decision making in administrative processes and document management strategies.
Conglomerate Risk Committee	Credit Risk Operational Risk Liquidity Risk Market Risk SARLAFT Risk	• Propose to the Bancóldex Board of Directors the general risk management policies that will apply to the entities of the Bancóldex Group. • Monitor exposure to the different types of risks, both for each Group entity and in the aggregate.

a) Credit risk

Qualitative information – The Bank's credit risk management is aligned with the standards established by the Financial Superintendence of Colombia and the principles are framed within international best practices. Therefore, the Bank has a Credit Risk Management System (SARC) that includes policies, processes, and procedures, granting and monitoring methodologies, and audit processes that cover the different products and segments serviced by the Bank.

The policies include the general policies that frame the Bank's credit operation such as business strategy, provisions, write-offs, restructuring, amongst others, as well as specific policies for each one of the Bank's products and segments that define granting and monitoring criteria, maximum credit exposure and guarantees to be demanded.

The Bank has methodologies and credit risk analysis models that support specialized granting and monitoring processes for its different segments. In the case of local credit institutions, foreign financial intermediaries and entities oriented to microenterprise credit, the models are based on the CAMEL methodology and incorporate quantitative, qualitative, and prospective analysis aspects. These models include statistical information and are complemented with expert criteria. In line with the above, the Bank has a granting and monitoring methodology for direct loans to companies. It is based on the client's financial information and financial history with the financial system in general, and seeks to assess the payment capacity of the debtor and his capacity for future fund generation. For loans to the SME segment, the Bank applies methodologies, both for granting and follow-up, which, based on specific models, incorporate quantitative, qualitative, financial, and sectorial elements and technical considerations, in addition to the sensitized and projected cash flow of the clients for each of the products (leasing, credit and factoring), which allow determining their payment capacity by the credit factory to be considered in different credit committees.

The Risk Vice-Presidency is responsible for proposing before the Board of Directors the methodologies and models to be applied to originate and monitor loans. These models must be validated periodically in order to measure their effectiveness.

In 2021, adjustments were made to the policies of direct transactions with companies, in accordance with the Bank's strategic plan for 2022-2026. This reflects a greater interest in deepening financing for SMEs, particularly focusing on the Leasing product, without abandoning the traditional rediscount business.

Some policy adjustments were made regarding the bodies and powers of approval for direct transactions with companies, seeking agility in decision-making and the continuous strengthening of risk management and governance.

During 2021, adjustments were made in all segments to strengthen credit granting and monitoring processes. In the credit segment for local financial intermediaries, foreign financial intermediaries, and entities oriented to microenterprise credit, the forecast and scenario models and the periodic monitoring reports of these customers were consolidated.

In the SME segment, improvements were made to the templates used for decision-making and a special model was incorporated for granting operations within the Direct Credit Line (Decree 468/2020), backed by the National Fund of Guarantees (FNG). A new portfolio rating model for the SME segment was launched, which will contribute to better estimating customer credit risk and the efficiency of the portfolio rating process.

It should be noted that the compliance achieved in the placement of loans granted under Decree 468. With an established goal of $400,000 million, approximately 1% of the balance of the SME portfolio at the end of 2021 allowed granting loans under subsidized conditions to SMEs in the trade (48%), manufacturing (36%), and services (16%) sectors in different regions of the country.

During 2021, within the Bank's risk appetite statement, adjustments were made to the established limits of the credit indicator due to the incorporation of first-tier credit operations after the merger with Arco Grupo Bancóldex and the change in the global economic context derived from COVID-19. The Bank continued with the "provision over gross portfolio" indicator to monitor credit risk appetite and defined this indicator for the total portfolio and the segments comprising it. To estimate the limits of appetite, tolerance, and risk capacity, different stress scenarios, from baseline to worst-case, were considered.

It is noteworthy that the Bank had an increase in the risk profile from 3.9% in 2020 to 4.5% in 2021 because of the incorporation of the SME segment within the portfolio acquired in the merger with Arco in 2020, which has been impaired by the economic situation of 2021.

The Vice Presidency for Risk periodically reports to the Board of Directors and the different Committees the results of the credit risk analyses and the evolution of the risk profile for both Bank's and counterparties' credit operations. As part of the follow-up and monitoring process, the entire credit portfolio must be rated monthly, following the regulatory guidelines and considering the financial position and payment capacity of each debtor. According to the rating assigned, the required provisions is created.

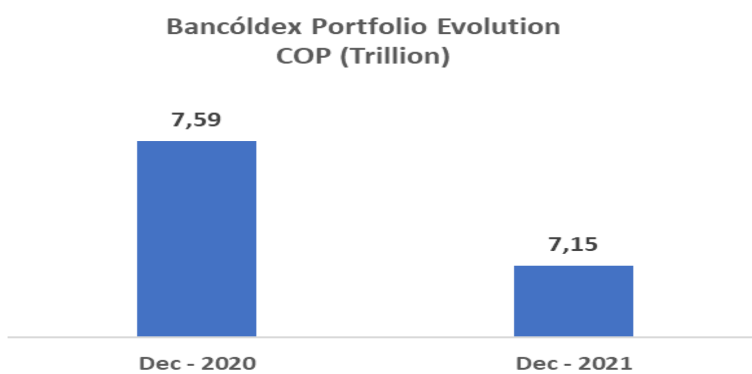
With respect to provisions, the Bank applies Chapter II of the Basic Accounting and Financial Circular and its annexes for each type of portfolio. In the case of the rediscount portfolio, provisions are made using a proprietary methodology based on an expected loss model that incorporates parameters of default and loss, estimated based on the history of Bank debtors. It also incorporates procyclical and countercyclical components, considering systemic risk components.

The processes and technology adopted by the Bank allow it to manage any credit operation in the granting, monitoring, and recovery stages.

Quantitative information - Consolidated exposure to credit risk. The maximum exposure to credit risk of the Bancóldex Group is reflected in the amount of financial assets in the Statement of Financial Position as of December 31, 2021, and 2020 as follows:

		2021		2020
Loan portfolio	$	7.146.567.323	$	7.592.978.181
Debt securities		1.601.765.195		1.671.392.819
Equity securities		184.417.056		390.516.879
Derivatives		332.933.496		53.882.501
Financial guarantees		133.812.590		33.484.269
Active money market operations		578.945.895		373.798.411
Maximum credit risk exposure		**9.978.441.555**		**10.116.053.060**

The credit exposure of transactions with derivative financial instruments was reduced by the entry into force of EC 031/2019, which considers reducing this exposure by incorporating the guarantees (received - delivered) into the calculation and thus obtaining a decrease in the level of exposure.



Risk concentration - The Bancóldex Group monitors credit risk concentration through different portfolio groupings such as type of entity, type of portfolio, risk category, and country, as shown below.

EOCM: Microenterprise credit-oriented entities and IFX: foreign banks.

Distribution by type of portfolio

Type of portfolio		2021		2020
Business	$	7.127.661.182	$	7.576.279.241
Consumer		1.830.673		1.515.806
Housing		17.075.468		15.183.134
Total	$	7.146.567.323	$	7.592.978.181

The structure of the Bank's loan portfolio mainly contemplates the business loan modality. This type of portfolio is divided into business portfolio under the rediscount mechanism and direct business portfolio for provision estimation models. Notwithstanding the preceding, and in compliance with External Circular Letter 054/2009 issued by the Financial Superintendence of Colombia, the Bank has housing and consumer portfolio corresponding exclusively to loans to officers and former officers granted before their retirement.

Distribution by risk rating

Rating				
A	$	6.832.208.773	$	7.301.050.370
B		146.502.564		188.725.223
C		52.690.034		27.507.907
D		54.832.018		34.855.743
E		60.333.934		40.838.938
Total	$	7.146.567.323	$	7.592.978.181

Portfolio quality indicators

Portfolio quality		dic-21	dic-20
Risk Profile	Indicator[1]	4,40%	3,84%
	Coverage (times)	0,38	0,33

1. Risk profile indicator = portfolio rated B-E/gross portfolio
2. Coverage= provisions/ portfolio rated B-E

As of December 2021, the balance of the net portfolio amounted to $7,142,800,353, with a reduction of 5.9% compared to the previous year. The portfolio at risk indicator stood at 4.68% due to the increase in the risk profile of the SME Banking portfolio.

Impairment indicators:

Impairment is understood as the recognition of the expected loss of the credit portfolio under IFRS 9.

Impairment		2021		2020
Impairment amount	$	120.235.232	$	95.512.413
Impairment indicator		1.68%		1.24%

Credit risk management - Other financial instruments: The basic policies and rules for managing credit operations also cover treasury operations, particularly counterparties with which interbank and derivative transactions are carried out, among others. For each position that make up the investment portfolio, the Bancóldex Group has policies and limits that seek to minimize exposure to credit risk, including:

- *Credit and term limits for each counterparty* - defined by Bancóldex's Risk Management Committee according to the results of the risk rating model for each counterparty.

- *Trading limits* - verified by the front office before closing operations to ensure enough available to carry out the transaction.

- *Local master agreements and ISDAs/Credit Support Annex* - these bilateral agreements describe the handling of transactions between counterparties following international best practices and limit the legal and financial risk in the event of non-compliance. These documents establish risk exposure mitigation mechanisms (threshold), the procedures to be followed in the event of default, and the special conditions per type of transaction applied to derivatives.

- *Alerts by counterparty* - the Bancóldex Group has alert indicators that allow timely identification of changes in the financial position of counterparties. Bancóldex's Risk Vice-Presidency submits periodic reports to the Risk Management Committee on the financial position of the counterparties with an assigned limit to operate.

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 as a result of changes in interest rates, exchange rates, and other important variables on which the economic value of such instruments depends.

Market risk management - In the Bancóldex Group, market risk is managed by identifying, measuring, monitoring, and controlling the different exposures to interest rate risk, exchange rate, positions in collective portfolios, stock price risk, and investment funds. Market risk management is permanent and generates 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 guarantee the risk appetite and risk limits approved by the different bodies of each Entity. Such management falls within the guidelines of the Financial Superintendence of Colombia (Chapter XXI of External Circular Letter 100) and is supported by internal methodologies to monitor the exposure of the different products traded in the Entities. The above is consolidated in each Entity's Market Risk Management System (SARM) Manuals, which define policies, organizational structure, methodologies, among others.

Additionally, the Group 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 businesses in which the Bancóldex Group is exposed to market risks are purchase and sale of local currency and foreign currency fixed income products, spot and forward market positions, bonds, TDs of the financial sector indexed at variable rates (IPC, DTF, and BRI), collective portfolios or investment funds. The subsidiaries must have a business strategy, ensuring that the risks assumed do not affect the soundness and equity stability of the Group.

In the Bancóldex Group, the Vice-Presidency of Risk in Bancóldex or its equivalent in each subsidiary is in charge of proposing, developing, and ensuring 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 measuring, analyzing, and controlling the risks inherent to the business and the periodic review and assessment of the valuation methodologies for the different products traded in the Treasury.

The Asset and Liability Management Committee of each Entity 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 Entities may take on in each Treasury product.

To know the level of market risk taken on, the Bancóldex Group uses the standard value at risk (VaR) methodology in Chapter XXI of the Basic Accounting and Financial Circular Letter by the Financial Superintendence of Colombia under Annex I for credit institutions and Annex II for the Trust Company. For Bancóldex, calculating the total value at risk of the investment portfolio is the sum of the exposure to interest rate, share price, and exchange rate risk. Bancóldex's VaR is calculated daily in the Financial Risk Department. The VaR calculated is incorporated in the solvency level following current regulations. Fiducóldex calculates the Value at Risk monthly per the applicable regulations.

In addition to regulatory compliance, Bancóldex and the subsidiary use an internal value-at-risk measurement model, the results of which are used as a complementary analysis and management mechanism. These internal models allow daily monitoring of 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 risk factors defined in such methodology. Particularly for Bancóldex, the internal model is back tested and stress-tested to determine the validity of the model and know how accurate the forecasts of losses are compared to the accounting reality and estimate the possible losses in situations of market stress. Given their low level of market risk, the subsidiaries do not perform back and stress testing. The subsidiary, Fiducóldex has a value at risk model under the Risk Metrics methodology of JP Morgan. The methodologies used for VaR measurement are periodically evaluated and subjected to periodic back testing tests to determine their effectiveness; likewise, it regularly performs stress or sensitization tests of the managed portfolios.

Quantitative information - Bancóldex's investment portfolio as of December 31, 2021, and 2020 is presented below:

	2021	Part.	2020	Part.
At amortized cost	$ 5.075.367	0.32%	$ 17.627.454	1.10%
At Fair Value with changes in other comprehensive income	1.300.963.035	81.32%	1.113.028.701	69.57%
At Fair Value	293.822.483	18.37%	498.626.324	31.17%
Total	$ 1.599.860.885		$ 1.629.282.479	

At the end of 2021, there was a 2% decrease in the total amount of the fixed income investment portfolio with respect to the previous year. It is explained by the business strategy of generating profits using foreign currency surpluses for investing in public debt securities denominated in USD (Yankees). This portfolio amounts to $646.4 billion at the end of the year.

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

	2020		
Investments	Maximum amount	Minimum amount	Average amount
At amortized cost	$ 17.498.414	$ 5.021.775	$ 7.973.247
At Fair Value through other comprehensive income	1.300.963.035	1.056.870.151	1.196.231.890
At Fair Value	694.115.700	56.059.823	424.681.975

	2020		
Investments	Maximum amount	Minimum amount	Average amount
At amortized cost	$ 17.627.454	$ -	$ 7.358.454
At Fair Value through other comprehensive income	1.191.499.182	810.693.105	1.119.552.659
At Fair Value	593.779.888	250.356.650	498.903.701

The investment portfolio of Fiducóldex as of December 31, 2021, and 2020 is presented below:

	2021	Part.	2020	Part.
At Fair Value	$ 28.988.403	100%	$ 28.843.568	100%
Total	$ 28.988.403		$ 28.843.568	

The amount of the investment portfolio at fair value increased less than 1% with respect to 2020.

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

	2021		
	Maximum amount	Minimum amount	Average amount
At Fair Value	$ 30.694.738	$ 27.186.079	$ 28.548.264

	2020		
	Maximum amount	Minimum amount	Average amount
At Fair Value	$ 30,816,204	$ 24,532,705	$ 27,883,736

Total market risk - The total market risk exposure of the Bancóldex Group is obtained independently by the regulations applicable to each Entity.

For Bancóldex, it is calculated as the algebraic sum of the exposures to interest rate risk, exchange rate risk, stock price risk, and collective portfolio risk under Annex I, Chapter XXI of the Basic Accounting and Financial Circular Letter.

The total variation of market risk for Bancóldex and its components is shown below:

	2021				2020			
Module	Maximum	Minimum	Average	Year end	Maximum	Minimum	Average	Year end
Exchange rate	$ 146.563.698	$ 100.690.268	$ 127.099.947	$136.181.704	$ 141.895.156	$ 85.641.890	$ 120.643.583	$ 119.408.305
Interest rate	4.221.216	41.100	669.195	628.809	5.066.845	35.584	1.247.172	3.710.745
Share price	2.250.442	1.778.271	1.993.379	2.170.355	2.074.830	1.370.342	1.605.562	1.756.476
Collective portfolios	44.944.848	22.212.610	26.436.540	26.768.867	43.935.979	16.246.123	23.328.993	43.935.979
Total	$ 173.659.249	$ 128.192.939	$ 156.199.061	$ 165.749.735	$ 168.811.506	$ 103.841.736	$ 146.825.310	$ 168.811.506
Diversified VaR	43.506	8.131	21.674	20.611	137.242	9.496	57.233	22.661

Bancóldex's average exposure to market risk registered a slight decrease compared to 2020, which is explained by the decrease in the investment portfolio. Terms have maintained and the most representative module of the total amount at risk is the interest rate.

Fiducóldex's total exposure to market risk is calculated by applying the Financial Superintendence of Colombia methodology in Annex 2, Chapter XXI of the Basic Accounting and Financial Circular Letter (called standard methodology).

The total variation of market risk and its components is shown below.

Risk factor	2021 Maximum	2021 Minimum	2021 Average	2021 Year end	2020 Maximum	2020 Minimum	2020 Average	2020 Year end
Interest rate CEC COP - component 1	44.307	12.304	23.871	28.610	66.203	-	12.161	7.630
Interest rate CEC COP - component 2	-	-	-	-	11.176	-	2.929	3.943
Interest rate CEC COP - component 3	-	-	-	-	4.997	-	1.076	2.644
Collective portfolios	46.316	16.446	25.966	26.079	135.945	10.635	59.050	21.975
Non-diversified VaR	71.891	32.458	49.837	54.688	168.816	16.616	75.216	36.192
Diversified VaR	43.506	8.131	21.674	20.611	137.242	9.496	57.233	22.661

Fiducóldex' exposure to market risk registered an average decrease of over 100% so far in 2021 due to the decrease in the risk factors in each main component of the model.

c) Liquidity risk

Qualitative information - Liquidity risk management processes fall within the segregation of functions and the observance and adoption of best practices and requirements of different regulatory and control entities. In this sense, the Entities' Treasury manages cash flow, taking into account funding costs and short-term cash commitments. The risk areas develop and apply methodologies to alert, monitor, and forecast possible liquidity risk triggers, while the back-office ensures the operational compliance of the Entities' cash activity.

To measure the liquidity risk, Bancóldex uses the Financial Superintendence of Colombia's reference methodology, which establishes the degree of exposure to such risk by calculating the Liquidity Risk Indicator (IRL). On the other hand, Fiducóldex uses an internal liquidity risk measurement methodology approved by the SFC. For the FIC investment funds, it uses the standard method established by the regulatory entity. The Entities also have an internal liquidity measurement model, setting early warning indicators and stress scenarios.

On an annual basis, the Bancóldex Group reviews the policies, limits, processes, methodologies, and tools for assessing the liquidity risk exposure to establish their validity and corroborate their agreement with the regulations in force, the structure of the balance sheet positions, and the best market practices. The internal model is validated through back testing to establish its level of reliability and, if necessary, make modifications better to adjust it to the reality of each business.

Additionally, the Bancóldex Group holds a series of periodic meetings with the risk areas. It seeks to align risk policies and methodologies and review the leading liquidity risk indicators to know the situation of the Entities and propose possible alternatives.

Bancóldex submits to the ALM committee a quarterly analysis of the Group's liquidity risk, submitting a report on the risk situation of the Entities and alerting on their liquidity situation.

Fiducóldex ensures that the structure of the resources managed coincides with the cash flow of the trusts managed to allow timely fulfillment of the existing obligations to third parties; therefore, the Entity tends to invest in securities with a high level of liquidity in comparison with the other market papers.

Quantitative information

Liquid assets - The following table presents the liquid assets at market value (discounting *"haircut"*) discriminated by their degree of liquidity. It shows that the Entities have a high share of high-quality assets (which can be delivered in repo transactions with Banco de la República).

In Bancóldex, high quality liquid assets average increased compared to the previous year, which indicates that almost all of these types of assets can be used in money market operations with Banco de la República and their market haircut is low.

		2021		2020
Liquid Assets				
Available	$	141.105.251	$	158.297.570
High liquidity		1.436.130.666		1.255.833.314
Investments in high-quality securities		1.395.960.182		1.064.771.615
Other liquid assets		40.170.484		191.061.699
Total liquid assets	$	1.577.235.917	$	1.414.130.884

Fiducóldex's liquid market assets decreased compared to the previous year, but are sufficient to cover liquidity requirements.

Liquid Assets				
Available	$	3.841.072	$	3.928.416
High liquidity		2.191.881		2.412.283
Other liquid assets		2.191.881		2.412.283
Total liquid assets	$	6.032.953	$	6.340.699

Liquidity Risk Indicator (IRL) - The Group's Entities calculate the liquidity risk indicator to measure the level of liquidity of the Entities in the short term and thus identify possible alerts. Bancóldex does it through the standard model established by the SFC, while Fiducóldex applies the internal methodology for the company since they are not required to use the standard method.

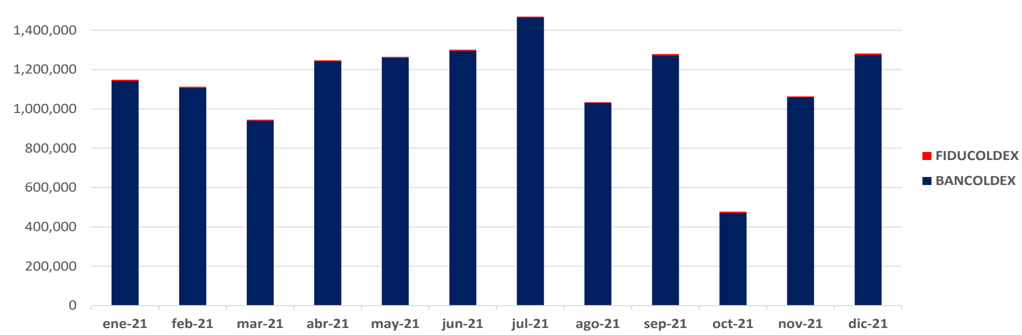
As of December 31, 2021, Bancóldex had an IRL at thirty days of $ 1.421.655.056, while the same indicator in 2020 showed $1.275.219.023, which represents an increase of 11%, due to the increased level of liquid assets and decreased liquidity requirement at the end of the year. This liquidity level allowed the Bank to ensure the necessary liquid assets to cover the maturities of TDs, bonds, and loans with correspondent banks (coverage of 1.018%) and maintain a significant level of assets to support its credit and treasury activity.

IRL 30 DAYS				
Liquidity risk indicator	$	1.421.655.056	$	1.275.219.023
Liquid market assets		1.577.235.917		1.414.130.885
Net liquidity requirements		155.580.861		138.911.862
IRL		**1.01%**		**1.02%**

As of December 31, 2021, Fiducóldex had a thirty-day percentage IRL of 11.15%, which means that the Fiduciary has net outflows (negative sign) of 11.15% liquid assets equivalent to coverage of liquid assets over net withdrawals of 2.83 times. During 2021, there was a stable behavior of the net liquidity requirements (average $2.262.761 thousands), which allowed the Fiduciary to ensure the liquid assets necessary to fulfill the obligations expected in a timely and efficient manner during the year.

IRL 30 DAYS	2021	2020
Liquid market assets	$ 6.341.747	$ 6.032.952
Net withdrawal factor	-2243878	(2.610.265)
IRL (Liquidity Requirement Indicator)	11.15%	-43.27%
IRL	2826%	2311%

IRL 30 days - Entities



d) Operational risk

Qualitative information - The policies and methodologies in which Bancóldex frames the operational risk management are included in the SARO Manual. These follow the bases and guidelines required by the Financial Superintendence of Colombia for developing an operational risk management system according to External Circular Letter 025 dated July, 2020. This circular letter adopts the policies for implementing and maintaining the Internal Control System established in Circular Letter 014/2009.

For the effective management of Operational Risk in the Bancóldex Group, the Group has established its own measurement parameters according to the structure, size, corporate purpose, and processes of each Entity. It is aligned with the best practices for managing Operational Risk in an operational model built under the principles developed by the Basel II Committee.

The SARO of each Entity is based on general and specific policies determined by the Board of Directors and is supported by an organizational structure that guarantees adequate segregation of functions between *front, middle,* and *back-office.* Likewise, suitable methodologies allow 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 carried out at least annually or as operational risk events occur.

Regarding the operational risks of fraud and corruption, the adopted guidelines respond to those 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 Formulating an Anticorruption and Citizen Service Plan.” This guide was published as provided in the Anticorruption Code - Art. 73, Law 1474/2011, “Whereby rules are set to strengthen the mechanisms for preventing, investigating, and punishing acts of corruption and the effectiveness of public management control."

Quantitative information - The following is a description of the main activities carried out in relation to the operational risk management system during 2021:

Identification, measurement, control, and monitoring of operating risks - As of December 31, 2021, the residual operating risk profile of the Group remains concentrated in the "Medium" severity level, which is the acceptable risk level defined by the organizations.

Management of operational risk events - The officers reported the operational risk events in each area.

During 2021, the Group's economic losses from operational risk were approximately $186,549 and were recorded in their respective operational risk accounting accounts.

Assistance in developing projects or products - During 2021, the different Operational Risk Units participated and supported the Entities' project development.

Visits to control and supervisory bodies – The Bank met the requirements by delegations of the Superintendence of Finance, Internal Audit, and the Statutory Auditor's Office.

34. CORPORATE GOVERNANCE (NON-AUDITED)

Board of Directors and Senior Management - The Board of Directors of each Entity is permanently informed of the Entity's processes and business. After the General Meeting of Shareholders, the Board is the highest governing body and makes the Entity's general management policies, mainly in terms of the risk level. It establishes a delegation scheme for the approval of operations in the Risk Management Committee, External Credit Committee, Assets and Liabilities Management Committee, Internal Credit Committee, and Management.

Policies and division of duties - The Board of Directors of the Entities sets the policies for all business activities.

Reports to the Board of Directors - Periodically, reports are submitted to the Board of Directors and the Risk Management Committee regarding the status of the Entities' credit placements, monitoring of the debtors' financial position (financial intermediaries, countries), the progress of the Credit Risk Management System (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 Money Laundering and Terrorist Financing Risk Management System (SARLAFT), review of policies and methodologies for credit, market, and liquidity risk assessment, operational risk, compliance with limits, among others. The Entities' risk exposure is periodically reported to the Board of Directors.

In the case of Bancóldex, in addition to the risk management systems, reports related to the Conglomerate Risk Management System are submitted to the Board of Directors.

All significant risk events detected by the different areas of the Entities are reported to the Board of Directors and Senior Management.

Technological infrastructure - All areas of the Entities have the necessary technological support infrastructure. The risk control and management areas also have the appropriate technological infrastructure to obtain the information needed for risk analysis and monitoring current operations.

***Methodologies for risk measurement* -** To identify the different types of risks, the Entities have methods and measurement systems to determine their exposure to the business risks, documented in the respective manuals.

***Organizational structure* -** In the Entities, the back, middle, and front office areas are clearly defined. Likewise, there is adequate segregation of duties at all levels of the Entities and in all operations.

***Verification of operations* -** The Entities have mechanisms to verify the negotiations carried out, such as telephone call recording agreements for treasury operations and written communications with the counterparties where the conditions of each negotiation are recorded. For transactions, funds are received or transferred through systems that provide a high degree of security, such as Banco de la República's Sebra, SWIFT, Deceval (manages and safeguards dematerialized deposit instruments), and DCV (manages and protects fixed-income securities).

***Audit* -** The main body managing the Internal Control System (ICS) is the Audit Committee. It has overseen the proper functioning of the Entities' ICS and Risk Management Systems, performing its functions under the Internal Regulations of each Entity and the standards, both for State Entities in general and for Financial Institutions in particular.

Through the work and reports submitted by the Internal Comptroller and the Statutory Auditor, the Audit Committee followed up on the development of and compliance with the different Risk Management Systems applicable to the Entities.

35. STATUTORY CONTROLS

During 2021 and 2020, the Bank complied with all the statutory controls under the regulation established by the Financial Superintendence of Colombia for credit institutions, in relation to reserve requirements, own position and solvency ratio.

36. EVENTS OCCURRING AFTER THE REPORTING PERIOD

After Banco de Comercio Exterior de Colombia S.A. – Bancóldex's management evaluated the subsequent events occurring from January 1 to February 22, 2022, date when the financial statements were available to be issued, the following relevant events can be detailed :

Reclassification of the investment portfolio in Yankee bonds from securities available for sale to securities classified at maturity

Bancóldex, as a business development bank in Colombia, has a strategic partner in multilateral banking that has enabled it to obtain USD funds in large volumes at affordable and long-term rates. This access has been achieved at a time when the country is experiencing credit restrictions because of both internal and external economic shocks, leveraging credit lines under special conditions to finance the business portfolio with an environmental and social impact. For many years, Bancóldex has placed these resources in Colombian companies, especially micro-, small-, and medium-sized companies, operating as countercyclical funding and allowing credit to flow properly. However, given the monetary policies adopted recently in Colombia and the rest of the world, added to the high volatility of the exchange rate, the appetite for USD credit other than trade decreased, worsening in 2020 and 2021 due to the pandemic. The consequent need to recover the economy concentrated the credit requirements in legal tender, specifically working capital credit, to guarantee the survival of companies. Meanwhile, the competitive advantage of Bancóldex's USD resources is precisely the medium- and long-term credit for modernization, production restructuring, and investment.

Therefore, not foreseeing that the appetite conditions for medium- and long-term USD credit would change in the short term, the Bank decided to invest the floating resources of this excess liquidity in a portfolio of USD bonds, whose issuer is the Central Bank. These securities were classified as available for sale for accounting purposes to be sold once the USD credit conditions changed and allocate those resources to the portfolio. However, the current local and international liquidity conditions and the high volatility of the exchange rate, which we foresee will persist in the long term, suggest targeting the investment strategy towards held-to-maturity investments.

Against this backdrop, Bancóldex, covered by the provisions in Chapter I, Section 4.2. of the Basic Accounting and Financial Circular, requested from the Financial Superintendence of Colombia their consent to reclassify held-to-maturity bonds. This request that was accepted by the Superintendence on January 17, 2022. Finally, the accounting reclassification took place on January 25, 2022.

37. APPROVAL OF THE FINANCIAL STATEMENTS

The issuance of the Bank's consolidated financial statements for the year ended December 31, 2021, was authorized by the Legal representative and the Board of Directors, as recorded in Board of Directors Minutes No. 431 dated February 22, 2022, to be submitted to the General Meeting of Shareholders as required by the Code of Commerce. These financial statements will be submitted for consideration of the highest corporate body, which may approve or disapprove these financial statements.

BANCOLDEX

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

Certificate to the Financial Statements

For years ended on December 31, 2021 and 2020

We hereby declare that we have previously verified the statements contained in the consolidated financial statements of the Bank as of December 31, 2021 and 2020, which have been faithfully taken from the accounting books. Therefore:

- The assets and liabilities of the Bank do exist on the cut-off date; and the recorded operations have been conducted during such period.
- The assets represent probable future economic benefits (rights) and the liabilities represent probable future economic sacrifices (obligations), obtained by, or charged to the Bank on the cut-off date.
- All items have been recognized as appropriate amounts.
- The economic facts have been correctly classified, described, and disclosed.

Similarly, the Financial Statements as of December 31, 2021 were authorized for disclosure by the Board of Directors on February 22, 2022. These financial statements will be submitted before the Shareholders' Meeting and they may either approve or disapprove these Financial Statements.

This certification is issued on the twenty-second (22nd) day of February 2022.

Javier Diaz Fajardo	Jairo Pedraza Cubillos
Legal Representative	Accountant