Banco de Comercio Exterior de Colombia S.A. - Bancóldex and Subsidiary

Consolidated Financial Statements for the Years ended December 31, 2020 and 2019 and Statutory Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Assembly

Name of the Company

Auditor's opinion

Name of Auditor

Day of month of year

1. REPORTING ENTITY

1.1 Economic Entity

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

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

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

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

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

1.2 Merger

Background

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

The Presidents of the applicant companies attached the documentation indicated in Article 56 (2) (d) of the EOSF, including a copy of Minutes No. 61 of the special session of Arco's General Meeting of Shareholders, held on May 22, 2020, duly certified by the secretary, which records the decision to approve the merger commitment between Bancóldex and Arco, and a copy of Minutes No. 64 of the special session of Bancóldex's General Meeting of Shareholders, held on May 22, 2020, duly certified by the secretary, which states the same decision.

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

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

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

Accounting treatment of the merger by absorption

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

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

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

Migrated balances

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

Subsidiary's assets

Item	July 31, 2020	Reciprocal transactions	August 1, 2020
Cash	$ 97.906.273	$ -	$ 97.906.273
Investments	17.537.070	-	17.537.070
Loan portfolio and finance lease	820.886.734	-	820.886.734
Accounts receivable	52.590.741	-	52.590.741
Non-current assets	48.391.032	-	48.391.032
Tangible assets	15.958.122	-	15.958.122
Other assets	33.292.410	-	33.292.410
Total assets	$ 1.086.562.382	$ -	$ 1.086.562.382

Subsidiary's liabilities

Item	July 31, 2020	Reciprocal transactions	August 1, 2020
Financial instruments at amortized cost	$ 661.977.374	$ -	$ 661.977.374
Due from banks and financial obligations (*)	237.672.838	139.143.759	98.529.079
Accounts payable	33.130.648	-	33.130.648
Labor obligations	1.064.337	-	1.064.337
Provisions	906.761	-	906.761
Other liabilities	6.341.259	-	6.341.259
Total liabilities	$ 941.093.217	$ 139.143.759	$801.949.458

Subsidiary's equity

Item	July 31, 2020	Reciprocal transactions	August 1, 2020
Capital Stock	$ 64.956.478	$ 64.956.478	$ -
Reserves	9.049.556	9.049.556	-
Surplus or deficit	22.564.031	22.564.031	-
Profit or loss	48.899.096	48.899.096	-
Total equity (**)	$ 145.469.161	$ 145.469.161	$ -

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

(**) As of July 31, 2020, Bancóldex recognized in its consolidated financial statements an investment in the subsidiary for $127,686,076, canceled due to the Merger, which corresponds to an 87.78% share.

Therefore, the consolidated financial statements for 2019 include the financial statements of the Bank and its subsidiaries, Fiduciaria Colombiana de Comercio Exterior S.A. (Fiducóldex) and Arco Grupo Bancóldex S.A. For 2020, they comprise the financial statements of the Bank and its subsidiary, Fiducóldex.

Below is the amount of consolidated assets, liabilities, and equity broken down by Entity, and their share percentage in the consolidated amount, including eliminations as of December 31, 2020, and 2019 (figures expressed in millions of Colombian pesos):

Dec. 31 2020	Asset	% Part.	Liabilities	% Part.	Equity	% Part.	Profit	% Part.
Bancóldex	$10.566.760	99.89	$8.843.487	99.94	$1.723.273	99.66	$127.736	99.88
Fiducóldex	62.103	0.59	7.228	0.08	54.875	3.17	923	0.72
Net effect of eliminations	(50.490)	(0.48)	(1.528)	(0.01)	(48.962)	(2.83)	(770)	(0.60)
Consolidated	$10.578.373	100.00	$8.849.187	100.00	$1.729.186	100.00	$127.889	100.00

Dec. 31 2020	Asset	% Part.	Liabilities	% Part.	Equity	% Part.	Profit	% Part.
Bancóldex	$8.734.040	92.84	$7.000.578	91.46	$1.733.462	98.87	$116.893	101.32
Fiducóldex	64.953	0.69	8.127	0.11	56.826	3.24	3.194	2.77
Arco Bancóldex Group	916.974	9.75	784.278	10.25	132.695	7.57	12.258	10.62
Net effect of eliminations	(308.258)	(3.28)	(138.537)	(1.81)	(169.719)	(9.68)	(16.971)	(14.71)
Consolidated	$9.407.709	100.00	$7.654.446	100.00	$1.753.264	100.00	$115.374	100.00

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Regarding the yields of the Fiducóldex portfolio for the first quarter, they showed a negative amount of $827 million. In the second quarter of 2020, despite the pandemic ravages in the world economies, all governments' monetary and fiscal measures provided relative relief to the markets and reversed the losses obtained in Q1. Thus, the amount for yields of the portfolio was $1.549 million, with a strong influence of the CONFIAR FONPET Reserve, representing a little more than 74% of the portfolio at the end of the second quarter and its yields are directly related to the CONFIAR FONPET portfolio. Therefore, the first semester ends with gains of $714.5 million.

In the second half of 2020, COVID-19 causes significant social and economic crises of global order, and volatilities in the financial markets continue to be the common factor, but with positive returns for the portfolios. In the case of Fiducóldex's position, this semester ended with yields of $2,018 million.

Thus, amid the difficulties derived from COVID-19, the trust company's portfolio yields during 2020 amounted to $2,733 million, reaching an execution of 118.8% out of $2,300 million budgeted.

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

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

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

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

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

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

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

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

Bancóldex has played a fundamental role in assisting the business sector adversely affected by the economic emergency. It has developed and designed, together with the National Government, the Ministry of Commerce, Industry and Tourism, mayors' offices and governors' offices, national and regional lines of credit from the Responde portfolio in the amount of $1.82 trillion for more than 56,000 entrepreneurs.

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

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

Lines of credit	Beneficiaries	Term	Grace period	Publication date
Pereira Responde	Small, medium, and large companies in all sectors in Pereira	Up to three years	Up to six months	27/05/2020
Fusagasugá Responde	Micro and small companies in all sectors in Fusagasugá	Up to two years	Up to six months	27/05/2020
Transporte Responde	Companies of all sizes and drivers of passenger (except mass), mixed, road and river transportation of passengers and cargo	Up to three years	Rediscount: Up to six months Microfinance: Up to four months	16/06/2020
Villavicencio Responde	Formal and informal micro-enterprises and SMEs in all sectors in Villavicencio	Up to three years	Up to six months	17/06/2020
Valle del Cauca Responde	Micro, small, and medium-sized companies from all sectors in Valle del Cauca	Subgroup 1: Up to two years Subgroup 2 and 3: Up to three years	Up to six months	19/06/2020
Reactívate, Bancóldex	Micro-enterprises and SMEs in all sectors in the country	Up to three years	Up to six months	19/06/2020
Rionegro Responde	SMEs in all sectors located in Rionegro, Antioquia	Up to three years	Up to six months	30/06/2020
Atlántico Responde	Micro and small enterprises in all sectors in Atlántico	Up to three years	Up to six months	7/07/2020
Montería Responde	SMEs in all sectors in Monteria	Up to three years	Up to six months	15/07/2020
Guainía Responde	Micro and small enterprises in all sectors in Guainía	Up to three years	Up to six months	23/07/2020
Palmira Responde	Micro and small businesses in all sectors in Palmira	Up to three years	Up to six months	23/07/2020
Santander Responde	Micro and small enterprises in all sectors in Santander	Up to three years	Rediscount: Up to six months Microfinance : Up to one month	27/07/2020

Lines of credit	Beneficiaries	Term	Grace period	Publication date
Popayán Responde	Micro, small, and medium-sized companies in all sectors in Popayán	Up to three years	Multi-sector subgroup: Up to six months Orange economy subgroup: Up to 12 months	21/08/2020
Risaralda Responde	Micro, small, and medium-sized companies in all sectors in Risaralda.	Up to three years	Up to six months	28/08/2020
Agustín Codazzi Responde	Micro and small businesses in all sectors in Agustín Codazzi	Up to three years	SUBCASS 1: Up to four months SUBCASS 2: Up to six months	1/09/2020
Medellín Responde	Micro and small businesses in all sectors in Medellín	Up to three years	Up to six months	11/09/2020
Barrancabermeja Responde	Micro and small companies in all sectors in Barrancabermeja	Up to three years	Up to six months	12/08/2020
Sincelejo Responde	Micro, small, and medium-sized companies in all sectors in Sincelejo	Up to three years	Up to six months	22/09/2020
Reactivación TIC	Micro, small, and medium-sized enterprises of certain economic activities according to DANE classification revision 4	Up to three years	Rediscount: Up to six months Microfinance : No grace period	25/09/2020
Tunja Responde	Micro, small, and medium-sized companies in all sectors in Tunja	Up to three years	Up to six months	8/10/2020
Valledupar Responde	Micro, small, and medium-sized companies in all sectors in Valledupar	Up to three years	Up to six months	13/10/2020
Pasto Responde	Micro, small, and medium-sized companies in all sectors in Pasto	Up to three years	Up to six months	16/10/2020
Quindío Responde	Micro, small, medium, and large companies in all sectors in Quindío	Up to three years	Up to six months	28/10/2020

Lines of credit	Beneficiaries	Term	Grace period	Publication date
Santa Marta Responde	Micro, small, and medium-sized companies in all sectors in Santa Marta	Up to three years	Up to six months	5/11/2020
Ibagué Responde	Micro and small companies in all sectors in Ibagué	Up to three years	Up to six months	12/11/2020
Neiva Responde	Micro, small, and medium-sized companies in all sectors in Neiva	Up to three years	Up to six months	23/12/2020

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

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

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

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

2. BASIS OF PRESENTATION

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, compilated and updated by Decree 1432 of 2020, Decree 2270 of 2019 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) inforce 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 standards incorporated in Colombia as of January 1, 2020 **-** The Entity implemented a series of new mandatory standards and amendments in the current year, which came into force in Colombia in 2020.

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

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

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

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

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

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

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

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

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

***2.3. Basis of preparation* –** Following the bylaws, the Bank closes its accounts to prepare and disseminate general purpose financial statements once a year, on December 31. Under Colombian legislation, the Bank 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 for reporting consolidated management. The functional currency is the Colombian peso, which is the currency of the primary economic environment where 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.

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

On December 31, 2020 and 2019, the exchange rates were $3,432.50 and $3,277.14 respectively.

3.3. 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 Entities recognize 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 Entities 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 Entities 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).

3.4.1.1 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.

3.4.3.1 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 debt securities in order to obtain profits due to fluctuations in the market value and in the purchase and sale of such securities.	Marketable securities are valued daily. Prices determined by PRECIA S.A. price provider are used for valuation. In cases where there is not determined fair value at valuation day, valuation should be conducted exponentially from the internal return rate. The fair market exchange value or price of the respective security should be calculated by adding the present value of future cash flows for yields and capital. In the case of securities traded abroad, when the price provider appointed as the official price provider for the corresponding segment does not have a valuation	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
		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, in general, any investments for which the Entities have the serious purpose and the legal, contractual, financial, and operating capacity to hold them to maturity or redemption. Liquidity operations or money market operations (repo or simultaneous repo or temporary transfer of securities) may not be made on these investments, except in the case of mandatory or forced investments subscribed in the primary market, provided that the counterparty of the operation will be Banco de la República, the General Directorate of Public Credit and the National Treasury, or the Entities supervised by the Financial Superintendence of Colombia. They may be granted as collaterals in a central counterparty risk chamber to support the transactions accepted by the latter for clearing and settlement or as collaterals for money 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. Their collection is accounted as negative goodwill. This procedure is carried out daily.
Available-for-sale - in equity instruments	This category includes investments in subsidiaries, associates, private equity funds, and interests in joint ventures that give the Entities the status of co-owner of the issuer.	Under article 35 of Law 222/1995, investments in subsidiaries must be accounted for in the books of Bancóldex or the controlling company by the equity method	The effect of the investor's interest valuation is recognized in the respective Unrealized Profit or Loss (other comprehensive income)

Classification	Characteristics	Valuation	Accounting
		and recognized 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.	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 Entities usually assign 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 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 March, 2020 (based on International Valuation Standards), it was determined that the useful life is 100 years and the remaining useful life on the appraisal date is 58 years.

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

The 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.

Dividend and interest income

Dividends: Investment dividend income is recognized once the shareholders rights to receive this payment have been established (provided that it is probable that economic benefits shall flow to the 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.

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.

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

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

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

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

4.4 Provisions and contingencies - A contingency should be classified based on a reliable estimate of the probability of an occurring incident or event. The 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 IASB NOT YET IN FORCE IN COLOMBIA

5.1 ***Issued by IASB not yet in force in Colombia*** - The following standards have been issued by the IASB, but have not yet been incorporated by Decree in Colombia***:***

Financial Reporting Standard	Detail
IFRS 9 - Financial Instruments IFRS 7 - Financial Instruments: Disclosures IAS 39- Financial Instruments Recognition and Measurement Reform of the Reference Interest Rate Phase 1	These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before hedged items or hedging instruments affected by current interest rates change as a result of ongoing reforms to benchmark interest rates. The amendments are effective globally for annual periods beginning on or after January 1, 2020 and should be applied retroactively. Earlier application is permitted.
IFRS 9 - Financial Instruments IFRS 7 - Financial Instruments: Disclosures IAS 39- Financial Instruments Recognition and Measurement Reform of the Reference Interest Rate Phase 2	The amendments relate to the modification of financial assets, financial liabilities, and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments relating to hedge modifications and accounting. • Modification of financial assets, financial liabilities, and lease liabilities. A practical expedient is introduced to account for the changes required by the reform by updating the effective interest rate. • Hedging transactions (and related documentation) should be adjusted to reflect changes in the hedged item, the hedging instrument, and the hedged risk. • Disclosures to enable users to understand the nature and extent of the risks arising from IBOR reform to which the entity is exposed and how the entity manages those risks. IFRS 4 was also amended to require insurers applying the temporary exemption from IFRS 9 to apply the amendments to account for the changes required directly by the IBOR reform. The amendments are effective globally for annual periods beginning on or after January 1, 2021, with earlier application permitted. They are to be applied retrospectively. Restatement of prior periods is not required. However, an entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

Financial Reporting Standard	Detail
IAS 1 - Presentation of Financial Statements Classification of liabilities as current or non-current	The amendment to IAS 1 affects only the presentation of liabilities as current or non-current in the statement of financial position, not the amount or timing of recognition of any asset, liability, income or expenses, or the disclosures about those items. The amendments clarify that the classification of liabilities as current or non-current should be based on the rights that are in existence at the end of the reporting period; clarify that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; make explicit that only contractual arrangements at the end of the reporting period should affect the classification of a liability, and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual periods beginning on or after January 1, 2023, with early application permitted. They are to be applied retrospectively.
IAS 16 - Property, Plant and Equipment Revenues before intended use	The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use, i.e., any proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Accordingly, an entity will recognize these sales proceeds and related cost in profit or loss. The entity measures the cost of those items applying IAS 2- Inventories. The amendments also clarify the meaning of “testing whether an asset is functioning properly.” IAS 16 now specifies this definition for entities to assess whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to third parties, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements will disclose the sales proceeds and cost recognized in profit or loss for the period that relate to items produced that are not part of the entity’s ordinary activities. The amendments also specify which line items in the statement of comprehensive income include the sales proceeds and costs. The amendments are to be applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by Management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. An entity will recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the earliest period presented. The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.
IAS 37 - Provisions, Contingent Liabilities	The amendments specify that the “cost of fulfilling” a contract comprises the “costs that relate directly to the contract.” Costs that relate directly to a contract can either be the incremental costs of fulfilling that contract (examples would be direct labor, materials)

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

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

6. FAIR VALUE ESTIMATE

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.

a. Fair value measurements

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

Recurring assets at fair value	Level 1	December 31, 2020 Level 2	Level 3	Total
Investments at fair value through profit or loss - Debt instruments				
In Colombian pesos				
Treasury securities - TES	$458.751.914	$ -	$ -	$458.751.914
Other domestic issuers - financial institutions	-	42.110.340	-	42.110.340
Investments at fair value through profit or loss - Equity instruments				
In Colombian pesos				
Domestic issuers	26.607.639	-	-	26.607.639
Investments at fair value through other comprehensive income - Equity instruments				
In Colombian pesos				
Domestic issuers - private equity funds private equity	101.441.283	-	-	101.441.283
Domestic issuers - FNG	-	-	159.735.238	159.735.238
In foreign currency				
Domestic issuers	-	-	-	-
Foreign issuers - private equity funds private equity		-	42.648.146	42.648.146
Foreign issuers - Bladex	26.545.922	-	-	26.545.922
Investments at fair value through other comprehensive income - Debt instruments				
In Colombian pesos				
Treasury securities - TES	378.848.305	-	-	378.848.305
In foreign currency				
Treasury securities - TES - Yankee Bonds	-	-	-	-
Other securities issued by the national government	734.180.396	-	-	734.180.396
Investments in joint ventures	14.057	-	-	14.057
Forward Contracts				
Purchase rights on currencies	-	161.201.081	-	161.201.081
Sales rights on coins	-	842.725.518	-	842.725.518
Purchase obligations on currencies	-	(160.462.244)	-	(160.462.244)
Sales obligations on currencies	-	(799.135.418)	-	(799.135.418)
Credit Valuation Adjustment-CVA	-	(10.720)	-	(10.720)
Futures contracts				
Purchase rights on currencies	-	1.587.381.085	-	1.587.381.085
Sales rights on coins	-	1.551.945.820	-	1.551.945.820
Purchase obligations on currencies	-	(1.587.381.085)	-	(1.587.381.085)
Sales obligations on currencies	-	(1.551.945.820)	-	(1.551.945.820)
Hedging derivative financial instruments				
Forward contracts				
Currency sales rights	-	34.917.730	-	34.917.730

		December 31, 2020		
Recurring assets at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Currency sales obligations	-	(34.285.640)	-	(34.285.640)
Futures contracts				
Sales rights on coins	-	34.330.000	-	34.330.000
Sales obligations on currencies	-	(34.330.000)	-	(34.330.000)
Non-financial assets				
Investment properties	-	-	6.263.217	6.263.217
Total assets at fair value recurring	$ 1.726.389.516	$ 87.060.647	$208.646.602	$ 2.022.096.764

		December 31, 2020		
Recurring fair value liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Forward Contracts				
Currency purchase rights	$ -	$1.113.205.593	$ -	$1.113.205.593
Currency sales rights	-	23.974.097	-	23.974.097
Currency purchase obligations	-	(1.176.860.694)	-	(1.176.860.694)
Currency sales obligations	-	(24.011.572)	-	(24.011.572)
Debit Valuation Adjustment-DVA	-	8.854	-	8.854
Hedging derivative financial instruments				
Swaps				
Currency purchase rights	-	1.395.405.543	-	1.395.405.543
Currency purchase obligations	-	(1.509.055.603)	-	(1.509.055.603)
Credit Valuation Adjustment-CVA	-	215.232	-	215.232
Total recurring liabilities at fair value	$ -	$(177.118.551)	$ -	$(177.118.551)

		December 31, 2019		
Recurring assets at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments at fair value through profit or loss - Debt instruments				
In Colombian pesos				
Treasury securities - TES	$593.898.850	$ -	$ -	$ 593.898.850
Other domestic issuers – financial institutions	-	10.275.750	-	10.275.750
Investments at fair value through profit or loss - Equity instruments				
In Colombian pesos				
Domestic issuers	25.942.735	-	-	25.942.735

Recurring assets at fair value	December 31, 2019 Level 1	Level 2	Level 3	Total
Investments at fair value through other comprehensive income - Equity instruments				
In Colombian pesos				
Domestic issuers	110.105.763	-	-	110.105.763
In foreign currency				
Foreign issuers - Private equity funds	-	-	30.742.257	30.742.257
Foreign issuers - Bladex	34.230.169	-	-	34.230.169
Investments at fair value through other comprehensive income - Debt instruments				
In Colombian pesos				
Treasury securities - TES	336.851.175	-	-	336.851.175
In foreign currency				
Treasury securities - TES	195.610.507	-	-	195.610.507
Investments in joint ventures	67.498			67.498
Forward Contracts				
Currency purchase rights	-	130.621.371	-	130.621.371
Currency sales rights	-	1.374.156.279	-	1.374.156.279
Currency purchase obligations	-	(127.248.670)	-	(127.248.670)
Currency sales obligations	-	(1.321.830.739)	-	(1.321.830.739)
Credit Valuation Adjustment-CVA	-	(9.475)	-	(9.475)
Futures contracts				
Currency purchase rights	-	3.351.417.625	-	3.351.417.625
Currency sales rights	-	3.314.371.790	-	3.314.371.790
Currency purchase obligations	-	(3.351.417.625)	-	(3.351.417.625)
Currency sales obligations	-	(3.314.371.790)	-	(3.314.371.790)
Hedging derivative financial instruments				
Futures contracts				
Currency sales rights	-	67.000.423	-	67.000.423
Currency sales obligations	-	(67.000.423)	-	(67.000.423)
Non-financial assets				
Investment properties	-	-	6.413.244	6.413.244
Total recurring assets at fair value	$1.296.706.698	$65.964.516	$37.155.501	$1.399.826.715

Recurring liabilities at fair value				
Forward Contracts	$	$	$	$
Currency purchase rights	-	(1.966.633.469)	-	(1.966.633.469)
Currency sales rights	-	(160.632.032)	-	(160.632.032)
Currency purchase obligations	-	2.044.505.834	-	2.044.505.834
Currency sales obligations	-	163.116.810	-	163.116.810
Debit Valuation Adjustment-DVA	-	(10.599)	-	(10.599)

Recurring assets at fair value	Level 1	Level 2	Level 3	Total
	December 31, 2019			
Total recurring liabilities at fair value	$ -	$80.346.544	$ -	$ 80.346.544

b. Determination of fair values

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

The methodologies applicable to the most common derivative instruments are:

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

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

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

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

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

- 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.

7. CASH AND CASH EQUIVALENTS

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

	December 31, 2020	December 31, 2019
Legal currency		
Cash	$13.193	$1.045.745
Central bank		
Checking account [1]	75.387.473	53.206.438
Deposits monetary contraction	32.000.000	-
Banks and other financial institutions [2]	47.699.830	53.351.211
Foreign currency		
Banks and other financial institutions	10.707.501	7.529.660
	$165.807.997	$115.133.054

(1) These funds are allocated to the Nation under the borrowing contract entered into between Bancóldex and the Inter-American Development Bank (IDB), through which Bancóldex pledges the income it receives from the collection of the credit portfolio up to an amount of 120% of the six-month debt service for loan agreements 2080/OC-CO and 2193/OC-CO, and 130% for agreements 2983/TC-CO, 3003/TC-CO, 3661/TC-CO, 2949/OC-CO and 4439 /OC-CO and 4939/OC-CO.

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

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

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

Financial institution	Type of account	Amount
Banco Davivienda	Savings account	$18,122
AV Villas Bank	Savings account	79,119
		$ 97,241

As of December 31, 2019, there were no restrictions on available cash.

8. FINANCIAL INSTRUMENTS

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

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

	December 31, 2020		December 31, 2019	
	Int. rate (%)	Amount	Int. rate (%)	Amount
Legal tender				
Securities issued by the Nation				

	December 31, 2020		December 31, 2019	
	Int. rate (%)	Amount	Int. rate (%)	Amount
Ministry of Finance FIXED RATE TES -	3.42	$449.408.725	5.41	$592.861.420
Ministry of Finance UVR TES -	0.89	9.343.189	-	-
	3.37	458.751.914	5.41	592.861.420
Securities issued by entities supervised by the SFC				
DTF Term Deposits (TDs)	3.16	11.377.440	7.41	6.024.930
CPI Bonds	3.11	10.115.300	7.61	5.288.250
DTF Bonds	3.52	10.605.000	-	-
BRI Bonds	2.99	10.012.600	-	-
	3.20	42.110.340	7.50	11.313.180
	5.44	$500.862.254	5.44	$604.174.600

8.2 Investments at fair value through other comprehensive income - Debt instruments

	December 31, 2020		December 31, 2019	
	Int. rate (%)	Amount	Int. rate (%)	Amount
Legal tender:				
Securities issued by the Nation				
Ministry of Finance FIXED RATE TES (1) (2)	4.96	$378.848.305	5.50	$336.851.175
Foreign currency:				
Securities issued by the Nation				
Yankee Bonds	3.72	734.180.396	4.06	195.610.507
	4.14	$1.113.028.701	4.97	$532.461.682

8.3 Investments at amortized cost

	December 31, 2020		December 31, 2019	
	Int. rate (%)	Amount	Int. rate (%)	Amount
Legal tender:				
Securities issued by the Nation				
Solidarity Titles	2.95	$5.086.866	-	$ -
Securities issued by entities supervised by the Superintendence of Finance				
Class A and B agricultural development securities	0.23	12.515.957	6.00	12.870.053

	December 31, 2020		December 31, 2019	
	Int. rate (%)	Amount	Int. rate (%)	Amount
Securities issued by other domestic issuers				
Contributory debt values	8.79	24.631	-	-
	1.03	$ 17.627.454	6.00	$ 12.870.053

8.4 Investments at fair value through profit or loss - equity instruments

	December 31, 2020	December 31, 2019
Domestic issuers [3]	$26.607.639	$25.942.735

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

	December 31, 2020	December 31, 2019
Banco Latinoamericano de Exportaciones S.A. - BLADEX	$26.545.922	$34.230.169
Fondo Nacional de Garantías S.A. - F.N.G. [4]	159.735.238	-
Private Equity Funds [5]	144.089.429	140.848.021
	$330.370.589	$175.078.190

8.6 Investments in associates

	December 31, 2020	December 31, 2019
Segurexpo de Colombia S.A.	$ 11.194.423	$ 10.465.891
Fondo Nacional de Garantías S.A. - F.N.G.	-	132.503.043
	$ 11.194.423	$ 142.968.934

8.7 Investments in joint ventures

	December 31, 2020	December 31, 2019
Collective investment funds joint ventures [6]	$ 14.057	$ 67.498

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

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

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

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

(3) Of Fiducóldex's total investments, reserves have been established for $26,607,639 and $25,942,735, respectively, as of December 31, 2020, and 2019 to guarantee the minimum profitability under current regulations.

FONPET Stabilization Reserve - Fiducóldex acts as the legal representative of Consorcio CONFIAR FONPET, initially managing 10% of FONPET's resources, formed by Fiducóldex and Itau Fiduciaria with 45.5 and 54.5% shares, respectively, under contract number 6-003-2012 dated October 2012 with the Ministry of Finance and Public Credit.

According to Article 7 of Decree 1861/2012, the consortia managers of FONPET must create a stabilization reserve to guarantee the minimum profitability of the trust resources. Thus, Fiducóldex has created with its resources a reserve always equivalent to 1% of the total resources managed, per its interest in the consortium, calculated on the monthly average amount of its portfolio assets at market prices.

This reserve is calculated as provided in Chapter I-1 of External Circular Letter 100/1995 by the Financial Superintendence of Colombia, is managed jointly with the trust funds, and must be maintained until the termination of the contract between Consorcio CONFIAR FONPET and the Ministry of Finance and Public Credit.

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

With the change in Bancóldex's shareholding and business model, the accounting classification of investments in associates was changed to investments at fair value through other comprehensive income, considering the presumption of loss of significant influence, according to the measurement criteria in IAS 28.5. It establishes that it is presumed that the entity does not have significant influence if it holds, directly or indirectly (e.g., through subsidiaries), less than 20 percent of the voting power of the investee, unless such influence can be clearly demonstrated.

Additionally, to reclassify the investment from a legal point of view, it was determined that there are no legal elements that prove the assumptions of control, joint control, or significant influence over the National Guarantee Fund.

Likewise, the reclassification into the category of fair value through other comprehensive income was made when the following two conditions were met:

- The asset is held in a business model that requires its assets to be managed to collect contractual cash flows and place them for sale.

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

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

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

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

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

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

(5) Investments at fair value with changes in other comprehensive income - Equity Instruments

The following is the disaggregation of the Private Equity Funds as of December 31, 2020, and 2019:

December 31, 2020

Entity	Investment commitment	Contingency	Capital call	Redemption	Investment	Execution %	Fair value
Escala	$ 11.000.000	$ 668	$ 11.000.000	$ 17.120	$ 10.999.332	99.99	$ 1.853.267
Aureos	14.000.000	3.988.052	9.993.120	16.576.724	10.011.948	71.51	593.649
Progresa Capital Colombia	3.723.480	0	3.723.480	1.573.729	3.723.480	100.00	1.291.589
Ashmore	37.686.200	40	37.686.161	32.451.860	37.686.160	100.00	39.651.305
Amerigo Ventures Colombia	4.193.000	318.840	3.873.348	437.126	3.874.160	92.40	3.518.928
Velum Early Stage Fund I	7.468.230	162.160	7.306.070	357.227	7.306.070	97.83	12.672.812
Mas equity fund III Colombia	21.000.000	2.933.575	18.066.425	1.198.798	18.066.425	86.03	15.742.160
Ashimore Andino II	15.000.000	380.503	14.619.499	945.268	14.619.497	97.46	21.922.884
Fondo de Fondos Bancóldex (*)	45.000.000	38.523.764	6.476.236	-	6.476.236	14.39	4.194.689
	$ 159.070.910	$ 46.307.602	$ 112.744.339	$ 53.557.852	$ 112.763.308	70.89	$ 101.441.283

December 31, 2020

Entity	Investment commitment USD	Contingency USD	Capital call USD	Redemption USD	Investment USD	Execution %	Fair value USD	Fair value COP
MGM Sustainable Energy Fund L.P.	4.000	-	4.000	609	4.000	100.00	3.374	$11.580.267
Darby Latin American Private Debt Fund Iii, L.P.	5.000	1.389	3.625	50	3.611	72.22	3.667	12.586.669
Angel Ventures Pacific Alliance Fund I Limited Par	5.000	1.216	3.784	-	3.784	75.68	3.458	11.869.334
Acumen Latin America Early Growth Fund Lp	1.500	678	822	-	822	54.80	733	2.514.598
Allvp Fund Iii, Lp	3.000	1.802	1.435	-	1.198	39.93	1.194	4.097.279

	18.500	5.085	13.666	659	13.415	72.51	12.426	$42.648.146
Total Private Equity Funds								$144.089.429

December 31, 2019

Entity	Investment commitment	Contingency	Capital call	Redemption	Investment	Execution %	Fair value
Escala	$14.000.000	$668	$10.999.332	$17.118	$13.999.332	100.00	$3.606.788
Aureos	11.000.000	3.988.052	10.658.800	17.235.898	7.011.948	63.74	1.901.992
Progresa Capital Colombia	3.723.480	-	3.723.480	1.491.748	3.723.480	100.00	1.714.128
Ashmore	37.686.200	40	37.686.161	17.592.203	37.686.160	100.00	58.355.203
Amerigo Ventures Colombia	4.193.000	602.425	3.589.762	279.864	3.590.575	85.63	2.832.489
Velum Early Stage Fund I	7.468.230	364.901	7.182.581	342.523	7.103.329	95.11	11.132.054
Mas equity fund III Colombia	21.000.000	8.196.858	12.839.409	283.813	12.803.142	60.97	10.780.948
Ashimore Andino II	15.000.000	2.305.319	14.238.579	2.489.165	12.694.681	84.63	19.782.162
Fondo de Fondos Bancóldex (*)	45.000.000	45.000.000	-	-	-	-	-
	$159.070.910	$ 60.458.263	$100.918.104	$39.732.332	$98.612.647	61.99	$110.105.764

December 31, 2019

Entity	Investment commitment USD	Contingency USD	Capital call USD	Redemption USD	Investment USD	Execution %	Fair value USD	Fair value COP
MGM Sustainable Energy Fund L.P.	4.000	-	4.121	279	4.000	100.00	3.485	$11.420.082
Darby Latin American Private Debt Fund Iii, L.P.	5.000	2.525	4.189	1.714	2.475	49.50	2.307	7.559.637
Angel Ventures Pacific Alliance Fund I Limited Par	5.000	2.737	573	27	2.263	45.26	2.013	6.596.153
Acumen Latin America Early Growth Fund Lp	1.500	815	2.263	-	685	45.67	615	2.016.790
Allvp Fund Iii, Lp	3.000	1.963	905	-	1.037	34.57	961	3.149.595

18.500	8.040	12.051	2.020	10.460	56.54	9.381	$30.742.257

Total Private Equity Funds	$140.848.021

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

(6) Investments in joint ventures

Participation that Fiducóldex subsidiary has in the investments held by SAYP Consortium in Collective Investment Funds.

8.9. Derivative financial instruments - – The disaggregation of the fair value of trading derivative instruments as of December 31, 2020, and 2019 was as follows:

	December 31, 2020	December 31, 2019
Assets		
Trading Forward Contracts		
Foreign currency purchase rights	$161.201.081	$130.621.371
Foreign currency sales rights	842.725.518	1.374.156.280
Foreign currency purchase obligations	(160.462.244)	(127.248.670)
Foreign currency sales obligations	(799.135.418)	(1.321.830.740)
Credit Valuation Adjustment -CVA	(10.720)	(9.475)
Total trading forward contracts	44.318.217	55.688.766
Forward Hedging Contracts		
Currency sales rights	34.917.730	-
Currency sales obligations	(34.285.640)	-
Total forward contracts	632.090	-
Total assets	$44.950.307	$55.688.766
Liabilities		
Trading Forward Contracts		
Foreign currency purchase rights	$1.113.205.593	$1.966.633.469
Foreign currency sales rights	23.974.097	160.632.032
Foreign currency purchase obligations	(1.176.860.695)	(2.044.505.834)
Foreign currency sales obligations	(24.011.572)	(163.116.810)
Debit Valuation Adjustment -DVA	8.854	10.599

	December 31, 2020	December 31, 2019
Total forward contracts	(63.683.723)	(80.346.544)
Hedging Swaps		
Foreign currency purchase rights	1.395.405.543	-
Foreign currency purchase obligations	(1.509.055.603)	-
Debit Valuation Adjustment -DVA	215.232	-
Total Hedging Swaps	(113.434.828)	-
Total liabilities	$(177.118.551)	$(80.346.544)

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

	Dec-20	%	Dec-19	%
Investment Grade	$1.631.518.409	97%	$1.125.323.102	98%
No rating	42.110.340	3%	26.980.165	2%
Total	$1.673.628.749	100%	$1.152.303.267	100%

As of December 31, 2020, and 2019, more than 97 and 98% on average of the investments, respectively, have an international investment-grade rating. It is noteworthy that more than 97% of the investments in both years 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:

	Dec-20	%	Dec-19	%
Investment Grade	$25.137.290	47%	$50.780.613	58%
No rating	28.745.211	53%	36.477.390	42%
Total	$53.882.501	100%	$87.258.003	100%

As of December 31, 2020, and 2019, 47and 58% of the exposure, respectively, belong to counterparties with an international investment-grade rating and the remaining 53% and 42%, respectively, corresponds mostly to pension funds, local severance funds, trusts, and insurance companies.

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

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

	December 31, 2020						
	Up to 3 months	More than 3 months and less than 1 year		More than 1 year			Total
	More than 1 and less than 3 months	More than 3 and less than 6 months	More than 6 months and less than 1 year	Between 1 and 3 years	More than 3 and less than 5 years	More than 5 years	
Investments at fair value through profit or loss - Debt instruments							
Securities issued by the Nation - TES	$-	$-	$-	$95.306.729	$336 .148.650	$27.296.535	$458 .751.914
Securities issued by entities supervised by the Financial Superintendence	-	6.131.940	-	25.863.100	10.115.300	-	42.110.340
Investments at amortized cost							
Securities issued by the Nation - TDS	-	5.086.866	-	-	-	-	5.086.866
Securities issued by entities supervised by the Financial Superintendence	4.394.571	3.275.728	4.845.658	-	-	-	12.515.957
Contributory debt values	-	-	24.631	-	-	-	24.631
Investments at fair value through other comprehensive income - Debt Instruments							
Securities issued by the Nation - TES	-	-	-	2.218.560	105.847.560	270.782.185	378.848.305
Securities issued by the Nation - Yankee Bonds	-	-	-	-	-	734.180.396	734.180.396
	$4.394.571	$14.494.534	$4.870.289	$123.388.389	$452.111.510	$1.032.259.116	$1.631.518.409

	December 31, 2019						
	Up to 3 months	More than 3 months less than 1 year		More than 1 year			Total
	More than 1 and less than 3 months	More than 3 and less than 6 months	More than 6 months and less than 1 year	Between 1 and 3 years	More than 3 and less than 5 years	More than 5 years	
Investments at fair value through profit or loss - Debt instruments							
Securities issued by the Nation - TES	$ 9.918.300	$49.045.000	$21.566.880	$227.745.400	$116.746.450	$167.839.390	$592.861.420
Term Deposits issued by supervised institutions	-	5.288.250	-	6.024.930	-	-	11.313.180
Investments at amortized cost							
Securities issued by entities supervised by the Financial Superintendence	4.959.368	7.910.685	-	-	-	-	12.870.053
Investments at fair value through other comprehensive income - Debt Instruments							
Securities issued by the Nation - TES	-	-	66.285.040	2.179.640	103.228.440	165.158.055	336.851.175
Securities issued by the Nation - Yankee Bonds	-	-	-	-	-	195.610.507	195.610.507
	$14.877.668	$62.243.935	$87.851.920	$235.949.970	$219.974.890	$528.607.952	$1.149.506.335

9. OTHER FINANCIAL ASSETS

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

	December 31, 2020			December 31, 2019			
	Interest Rate (%)	Trading Term in Days	Amount	Interest Rate (%)	Trading Term in Days	USD Amount	Amount
Local Currency							
Interbank							
Banks	1.70	5	$75.007.084	-	-	-	$-
Financial Corporations	1.71	6	130.021.859	4.11	3	-	5.001.142
Simultaneous transactions							
Investment transfer commitments	1.74	5	168.769.468	-	-	-	-
Foreign Currency							
Overnight							
Banks	-	-	-	1.80	3	46.513	22.942.274
Other Financial Institutions	-	-	-	1.65	3	25.008	85.213.451
	1.72	-	$373.798.411	1.79	-	71.521	$113.156.867

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

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

	December 31, 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

	December 31, 2020			
	Principal	Interest	Amortized cost	Accounts receivable
	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
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	12.002.677	1.211.756.902	-
	1.199.754.225	12.002.677	1.211.756.902	-
Total foreign currency	1.243.220.080	12.745.037	1.255.965.117	-
Total gross portfolio and accounts receivable	7.569.579.695	118.910.899	7.688.490.594	7.283.895
Impairment of portfolio and accounts receivable	(77.067.623)	(18.444.790)	(95.512.413)	(75.841)

	December 31, 2020			
	Principal	Interest	Amortized cost	Accounts receivable
Total net portfolio and accounts receivable	$7.492.512.072	$ 100.466.109	$7.592.978.181	$ 7.208.054

	December 31, 2019			
	Principal	Interest	Amortized cost	Accounts receivable
Local currency portfolio and accounts receivable:				
Suitable business portfolio guarantee:				
Effective	$815.705.855	$6.793.515	$822.499.370	$1.691.996
Overdue 1 to 3 months	12.520.243	691.653	13.211.896	420.883
Overdue 3 to 6 months	3.780.853	263.697	4.044.550	251.436
Overdue 6 to 12 months	6.042.217	746.245	6.788.462	123.276
Overdue more than 12 months	26.591.774	5.618.425	32.210.199	2.322.827
	864.640.942	14.113.535	878.754.477	4.810.418
Other business portfolio guarantees:				
Effective	4.456.221.922	18.408.955	4.474.630.877	64.684
Overdue 1 to 3 months	2.366.600	95.095	2.461.695	4.952
Overdue 3 to 6 months	2.452.601	170.523	2.623.123	2.161
Overdue 6 to 12 months	1.777.792	214.424	1.992.217	-
Overdue more than 12 months	33.757.794	32.004.867	65.762.662	819.708
	4.496.576.709	50.893.864	4.547.470.573	891.505
Suitable consumer portfolio guarantee:				
Effective	1.638.980	7.023	1.646.003	40
Overdue 3 to 6 months	9.260	340	9.600	161
	1.648.240	7.363	1.655.603	201
Other consumer portfolio guarantees:				
Overdue 3 to 6 months	39.433	345	39.778	-
	39.433	345	39.778	-
Suitable housing portfolio guarantee:				
Effective	15.185.048	65.689	15.250.737	896
Overdue 1 to 4 months	504.984	2.880	507.864	216
Overdue 4 to 6 months	94.568	251	94.819	274

	December 31, 2019			
	Principal	Interest	Amortized cost	Accounts receivable
Overdue 6 to 12 months	24.230	72	24.303	46
	15.808.830	68.892	15.877.722	1.432
Total local currency	$5.378.714.154	$65.084.000	$5.443.798.154	$5.703.555
Foreign currency portfolio and accounts receivable:				
Suitable business portfolio guarantee:				
Effective	$13.217.563	$11.660	$13.229.223	$-
	13.217.563	11.660	13.229.223	-
Other business portfolio guarantees:				
Effective	1.930.285.383	22.180.495	1.952.465.878	-
	1.930.285.383	22.180.495	1.952.465.878	-
Total foreign currency	1.943.502.946	22.192.155	1.965.695.101	-
Total gross portfolio and accounts receivable	7.322.217.100	87.276.155	7.409.493.255	5.703.555
Impairment of portfolio and accounts receivable	(71.388.709)	(16.085.493)	(87.474.202)	(1.142.371)
Total net portfolio and accounts receivable	$7.250.828.391	$71.190.661	$7.322.019.053	$4.561.185

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

	December 31, 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	$18.245.954	$687.220.793	$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	19.640.932	2.987.015	22.627.947	514.931	19.750.994	936.030	8.438
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
	876.655.827	39.245.088	915.900.915	5.806.487	1.238.807.210	23.041.217	1.330.239

	December 31, 2020						
	Principal balance	Interest balance	Portfolio amortized cost	Other items	Guarantee balance	Impairment of principal	Impairment of interest
Other business guarantees							
Category A	6.587.823.409	38.990.702	6.626.814.111	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	79.598.258	6.755.809.145	1.475.636	571.100.301	53.947.880	17.111.483
Suitable consumer 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 D	-	-	-	-	-	-	-
Category E	9.261	727	9.988	170	22.000	6.971	546
	1.512.155	6.016	1.518.171		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	892	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	1.615	58.597.323	z56.131	2.489
Total	$7.569.579.694	$118.910.900	$ 7.688.490.594	$7.283.914	$1.872.977.280	$77.067.623	$18.444.790

December 31, 2019

	Principal balance	Interest balance	Portfolio amortized cost	Other items	Guarantee balance	Impairment of principal	Impairment of interest
Suitable business guarantee							
Category A	$793.111.738	$5.462.757	$798.574.496	$136.549	$879.794.161	$1.980.328	$ 11.762
Category B	29.540.861	543.911	30.084.772	1.362.076	41.052.041	619.933	-
Category C	12.419.826	1.387.467	13.807.292	537.660	7.043.759	1.134.858	18.776
Category D	30.179.330	4.963.966	35.143.296	2.374.230	23.974.156	10.984.413	83.314
Category E	12.606.750	1.767.093	14.373.843	399.902	21.490.380	6.493.110	751.849
	877.858.505	14.125.194	891.983.699	4.810.418	973.354.497	21.212.642	865.702
Other business guarantees							
Category A	6.380.192.390	40.140.323	6.420.332.713	8.050	469.449.683	28.508.506	346.763
Category B	2.627.606	10.042	2.637.647	960	1.551.748	332.773	933
Category C	6.946.556	591.305	7.537.861	49.290	-	2.894.491	253.658
Category D	6.557.137	1.326.297	7.883.434	238.159	706.188	3.637.346	671.455
Category E	30.538.403	31.006.394	61.544.797	595.046	6.428.126	14.677.306	13.946.225
	6.426.862.092	73.074.360	6.499.936.452	891.505	478.135.744	50.050.422	15.219.034
Consumer ideal guarantee							
Category A	1.638.980	7.023	1.646.003	40	4.479.642	-	-
Category D	9.260	340	9.600	161	22.000	6.971	256
	1.648.240	7.363	1.655.603	201	4.501.642	6.971	256
Other consumer guarantees							
Category D	39.433	345	39.778	-	-	29.575	259
	39.433	345	39.778	-	-	29.575	259
Housing							
Category A	15.633.696	68.180	15.701.876	1.085	55.541.636	-	-
Category B	56.336	389	56.725	27	120.830	-	-
Category C	118.798	324	119.122	3.20	709.794	89.099	243
	15.808.830	68.893	15.877.723	1.432	56.372.260	89.099	243
Total	$7.322.217.099	$87.276.156	$7.409.493.255	$5.703.555	$1.512.364.144	$71.388.709	$16.085.493

December 31, 2019

Principal balance	Interest balance	Portfolio amortized cost	Other items	Guarantee balance	Impairment of principal	Impairment of interest

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

Modalities	December 31, 2020 Local currency	Foreign currency	Total
Business	$6.415.744.943	$1.255.965.117	$7.671.710.060
Consumer	1.538.780	-	1.538.780
Housing	15.241.754	-	15.241.754
Total	$6.432.525.477	$1.255.965.117	$7.688.490.594

Modalities	December 31, 2019 Local currency	Foreign currency	Total
Business	$5.426.225.048	$1.965.695.101	$7.391.920.149
Consumer	1.695.381	-	1.695.381
Housing	15.877.723	-	15.877.723
Total	$5.443.798.152	$1.965.695.101	$7.409.493.253

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

	December 31, 2020					
	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Total
Business	$1.792.670.600	$3.525.618.893	$1.211.173.316	$ 986.278.959	$155.968.292	$7.671.710.060
Consumer	104.258	526.772	907.750	-	-	1.538.780
Housing	228.762	365.620	399.688	6.758.464	7.489.220	15.241.754
Total	$1.793.003.620	$3.526.511.285	$1.212.480.754	$993.037.423	$163.457.512	$7.688.490.594

	December 31, 2019					
	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Total
Business	$2.179.795.366	$ 2.775.912.751	$1.293.088.662	$1.083.667.017	$ 59.456.352	$7.391.920.149
Consumer	100.872	422.273	1.172.236	-	-	1.695.381
Housing	271.280	489.325	383.277	6.399.104	8.334.735	15.877.723
Total	$2.180.167.519	$2.776.824.350	$1.294.644.176	$1.090.066.122	$67.791.087	$7.409.493.253

10.5. ***Restructured loans -*** The breakdown of restructured loans in the business portfolio is as follows:

			December 31, 2020		
Business	Number of loans	Principal balance	Interest and other balance	Impairment of principal	Impairment of interest and other
Category A	3	$1.399.478	$155.990	$1.510	$-
Category B	15	1.234.778	146.458	2.695	3
Category C	13	3.621.790	302.818	703.559	23.283
Category D	35	10.979.012	2.901.432	2.532.789	616.450
Category E	19	15.338.640	12.600.895	6.962.182	5.645.133
Total	85	$32.573.699	$16.107.592	$10.202.736	$6.284.869

			December 31, 2020		
Consumer	Number of loans	Principal balance	Interest and other balance	Impairment of principal	Impairment of interest and other
Category D	1	$20.565	$44	$15.424	$33
Total	1	$20.565	$44	$15.424	$33

			December 31, 2019		
Business	Number of loans	Principal balance	Interest and other balance	Impairment of principal	Impairment of interest and other
Category A	17	$2.572.306	$37.971	$989	$ -
Category B	35	2.575.959	53.531	40.712	110
Category C	5	3.053.638	48.845	246.974	2.228
Category D	25	10.229.568	1.498.818	2.974.612	309.987
Category E	16	14.846.265	9.862.842	6.648.378	4.366.742
Total	98	$33.277.735	$11.502.007	$9.911.665	$ 4.679.067

			December 31, 2019		
Consumer	Number of loans	Principal balance	Interest and other balance	Impairment of principal	Impairment of interest and other

Category D	1	$39.433	$345	$29.575	$259
Total	1	$39.433	$345	$29.575	$259

10.6. Portfolio write-offs - The disaggregation of portfolio write-offs of the business portfolio as of December 31, 2020, and 2019 is as follows:

December 31, 2020

Principal	Interest	Portfolio amortized cost	Other items	Impairment of principal	Impairment of interest	Total impairment
$5.487.624	$1.965.564	$7.453.188	$661.442	$ 4.374.991	$970.209	$5.345.200

December 31, 2019

Principal	Interest	Portfolio amortized cost	Other items	Impairment of principal	Impairment of interest	Total impairment
$6.030.144	$127.833	$6.157.977	$894.632	$6.030.144	$379.012	$6.409.156

Write-offs in 2020 correspond to Bancóldex. Write-offs in 2019 correspond to Arco Grupo Bancóldex.

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

	December 31, 2020	December 31, 2019
Business	$7.068	$74.784

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, 2018	$78.719.848	$31.425	$-	$78.751.273
Expenditure	54.136.664	37.061	89.342	54.263.067
Write-off	(6.409.156)	-	-	(6.409.156)
Recovery	(39.099.557)	(31.425)	-	(39.130.982)

Balance as of December 31, 2019	87.347.799	37.061	89.342	87.474.202
Expenditure	50.983.193	290	40.393	51.023.876
Write-off	(5.345.200)	-	-	(5.345.200)
Recovery	(37.554.972)	(14.377)	(71.116)	(37.640.465)
Balance as of December 31, 2020	$95.430.820	$22.974	$58.619	$95.512.413

The increase in the amount of impairment is associated with the increase in the loan portfolio.

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

	December 31, 2020			
Type	Stage 1	Stage 2	Stage 3	Total
Consumer	$1,313,948	$194,235	$30,597	$1,538,780
Business	7,428,570,606	107,644,840	135,494,615	7,671,710,061
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**

	December 31, 2019			
Type	Stage 1	Stage 2	Stage 3	Total
Consumer	$1,430,034	$215,968	$49,379	$1,695,381
Business	7,221,321,845	52,622,490	117,975,816	7,391,920,152
Housing	13,772,188	1,986,413	119,122	15,877,723
Gross portfolio at amortized cost	7,236,524,067	54,824,871	118,144,317	7,409,493,255
Impairment	34,128,068	2,070,889	51,275,245	87,474,202
Net portfolio at amortized cost	$7,202,395,999	$52,753,982	$66,869,072	$7,322,019,053

11. TRADE AND OTHER ACCOUNTS RECEIVABLE, NET

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

	December 31, 2020	December 31, 2019
Commissions	$1.448.139	$2.003.105
Leases	4.400	26.964
Rentals of assets under operating leases	53.165	32.033
Debtors	7.958	7.958
Payments from customers	7.283.895	5.703.555
Advances to contracts and suppliers	6.544.461	4.390.214
Advances to employees	335.080	489.846

	December 31, 2020	December 31, 2019
Security deposits (1)	72.363.628	15.815.478
Settlement of derivative transactions - CRCC (2)	-	18.040.421
Settlement of derivative transactions - OTC	8.395.540	8.292.925
Reimbursable expenses of trusts	89.551	156.874
Joint ventures	1.306.118	825.105
Sundry	4.721.227	4.469.783
	102.553.161	60.254.259
Less impairment of accounts receivable:	(2.636.501)	(2.833.213)
	$99.916.660	$57.421.046

(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 ASSETS

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

	December 31, 2020	December 31, 2019
Prepaid expenses (1)	$20.311.285	$7.851.747
Art and cultural assets	33.216	33.216
Machinery and equipment to be leased	10.909.606	5.113.920
Vehicles to be leased	5.190.646	1.239.227
Real estate to be leased	14.379.764	4.924.878
Activities in joint ventures	28.687	17.008
Taxes	644.830	3.152.640
Deferred payment letters of credit	-	1.577.648
Other	593.064	1.271.066
	$52.091.098	$25.181.350

They include the guarantees prepaid to the Nation to support the credit facilities received from the IDB and the commissions of Bancóldex's Administrative Agents as agreed in the signed credit agreement secured by MIGA on June 30, 2020, which amounted to $ 16,905,504.

13. NON-CURRENT 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, 2020, and 2019:

Goods received in payment		
Personal property	$554.957	$450.094
Real estate for housing	18.449.683	9.943.728
Real estate other than housing	14.113.708	22.516.945

	December 31, 2020	December 31, 2019
	33.118.348	32.910.767
Less: Impairment of goods received in payment	(3.503.347)	(2.597.751)
Total revalued cost of goods received in payment	$29.615.001	$30.313.016
Returned goods		
Machinery and equipment	3.481.312	5.383.376
Vehicles	1.945.719	79.891
Computer equipment	84.169	-
Real estate	33.008.355	32.292.113
	38.519.555	37.755.380
Less: Impairment of returned goods	(8.640.601)	(7.038.916)
Total revalued cost of returned goods	$29.878.954	$30.716.464
Vehicles	$8.583	$8.583
Total	$59.502.538	$61.038.063

As of December 31, 2020, three returned goods and one good received in payment were sold, representing sales of $3,019,961 and $750,000, respectively. Such sales generated net income from proceeds of $884,908.

During 2019, Bancóldex took the necessary steps to carry out the sale of these goods and updated the commercial appraisal of the real estate during June, July, and August. As a result of this update, the fair value of the goods was measured, recognizing an impairment for the goods received in payment of $2,193,165. The returned goods were also measured, reducing the impairment by $1,989,561. Besides, the Bank sold the vehicle it had received in payment in 2017.

Due to the COVID-19 pandemic, the lockdown during part of 2020 and the low demand for goods, actions were taken to promote, market, and sell BRDPs:

- Enter into brokerage agreements with regional and national real estate companies (Valor Inmobiliario-Century 21, AR Inmobiliaria, Inmobiliaria Ambientti, Araujo & Segovia, and Financar).

- Incorporate freelancer from the SME Direct Credit Vice-Presidency

- Negotiate a hammer contract with Banco Popular for marketing through the auction and direct sale mechanism.

- Carry out digital advertising on social media (Facebook ADS and Instagram) and billboards and update the publication of the sale of goods ad on the Bancóldex website.

- Submit proposal for the promotion, marketing, and sale of goods through Bancóldex's current employees and customers.

14. PROPERTY AND EQUIPMENT, NET

The following is the disaggregation of property and equipment, net, as of December 31, 2020, and 2019

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, 2018	$55.664.122	$8.644.128	$423.757	$7.107.271	$71.839.278
Revaluation	11.181	-	-	-	11.181
Acquisitions	-	255.616	-	256.170	511.786
Disposals	-	(217.186)	-	(48.552)	(265.738)
Sales	-	-	-	(17.229)	(17.229)
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

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, 2018	$(2.617.646)	$(5.361.404)	$(248.494)	$(5.967.333)	$(14.194.877)
Depreciation	(946.407)	(513.548)	(65.408)	(569.803)	(2.095.166)
Disposals	-	199.282	-	64.615	263.897

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
Transfer	-	(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)

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 2019					
Cost	$-	$97.290	$-	$-	$97.290
Depreciation	-	(83.732)	-	-	(83.732)
Joint ventures 2020					
Cost	$-	$380.261	$-	$-	$380.261
Depreciation	-	(378.994)	-	-	(378.994)
Net carrying amount					
Balance as of December 31, 2019	$52.111.250	$3.020.446	$109.855	$825.139	$56.066.690
Balance as of December 31, 2020	$52.147.780	$2.591.349	$77.443	$587.946	$55.404.518

As of December 31, 2020, and 2019, the Bank's assessment indicates no impairment of its property and equipment.

As of December 31, 2020, and 2019, there are no restrictions on the ownership of property and equipment.

15. ASSETS UNDER OPERATING LEASES

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

	Machinery	Real Estate	Total
Cost			
Balance as of December 31, 2018	$643.582	$6.898.268	$7.541.850

	Machinery	Real Estate	Total
Revaluation	-	(1.350.530)	(1.350.530)
Acquisitions	-	4.119.548	4.119.548
Disposals (1)	(643.582)	-	(643.582)
Transfer	-	(1.947.104)	(1.947.104)
Balance as of December 31, 2019	-	7.720.182	7.720.182
Acquisitions	-	5.429.310	5.429.310
Transfer	-	(3.472.277)	(3.472.277)
Balance as of December 31, 2020	$ -	$ 9.677.215	$ 9.677.215
Accumulated depreciation			
Balance as of December 31, 2018	$(643.582)	$(157.227)	$(800.809)
Depreciation	-	(76.426)	(76.426)
Impairment	-	(789.164)	(789.164)
Disposals	643.582	-	643.582
Transfer	-	21.431	21.431
Balance as of December 31, 2019	-	(1.001.386)	(1.001.386)
Depreciation	-	(344.914)	(344.914)
Impairment	-	533.182	533.182
Transfer	-	200.260	200.260
Balance as of December 31, 2020	$ -	$(612.858)	$(612.858)
Net carrying amount			
Balance as of December 31, 2019	$ -	$6.718.796	$6.718.796
Balance as of December 31, 2020	$ -	$9.064.357	$ 9.064.357

The classification and rating of accounts receivable, assets under operating leases, payment from customers and other as of December 31, 2020, and 2019, is as follows:

	December 31, 2020			
	Present value of leased assets	Rentals and other items	Provision for present value	Provision for rentals and other
A - Normal	$6.701.681	$14.832	$-	$-
D - Significant	2.362.676	69.965	-	-
	$9.064.357	$84.797	$ -	$-

December 31, 2019

	Present value of leased assets	Rentals and other items	Provision for present value	Provision for rentals and other
A - Normal	$2.233.937	$118	$-	$(83)
B - Acceptable	3.360.256	2.413	(789.164)	(803)
D - Significant	1.913.767	38.098	-	(39,190)
	$7.507.960	$40.629	$(789,164)	$(40,076)

16. INVESTMENT PROPERTIES

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

	Buildings and Land	
	December 31, 2020	December 31, 2019
Cost	$210.655	$210.655
Revaluation	6.052.562	6.202.589
Total	$6.263.217	$6.413.244

The variation in 2020 is due to the update of the technical appraisal of the 37th floor of Bancóldex in Bogotá, decreasing the fair value of this property by $ 150,027. The appraisal was performed by Nestor Mora & Asociados, an independent firm that has the capacity for and experience in performing appraisals in the sites and types of assets appraised. The Bank performed the impairment assessment to evaluate if the assets have suffered changes due to internal and external factors (market, obsolescence, legal operating environment, among others). As a result of this analysis, the Bank determined no impairment or indication of impairment in these factors. There are no restrictions on the disposal of or revenue from the realization of investment properties.

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

Lease income	$798.613	$770.879
Direct Expenses	(56.371)	(55.541)
Total	$742.242	$715.338

17. RIGHT-OF-USE ASSETS

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

	Computer equipment	Vehicles	Machinery and equipment	Real Estate	Total
Cost:					
Balance as of December 31, 2018	$1.982.459	$791.900	$188.816	$-	$2.963.175

	Computer equipment	Vehicles	Machinery and equipment	Real Estate	Total
Acquisitions	917.202	169.990	-	5.649.284	6.736.476
Disposals	(112.652)	(155.900)	-	(30.397)	(298.949)
Elimination of reciprocal transactions	-	-	-	(2.781.634)	(2.781.634)
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
Disposals	(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
Accumulated depreciation					
Balance as of December 31, 2018	$508.644	$154.839	$5.245	$-	$668.728
Amortization expense	999.560	150.727	62.939	1.316.921	2.530.147
Disposals	(112.652)	(39.529)		(30.397)	(182.578)
Elimination of reciprocal transactions	-	-	-	(695.408)	(695.408)
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
Net carrying amount					
As of December 31, 2019	$1.391.457	$539.953	$120.632	$2.246.137	$4.298.179
As of December 31, 2020	$1.496.120	$520.085	$57.693	$2.280.673	$ 4.354.571

Computer equipment	Vehicles	Machinery and equipment	Real Estate	Total

Contracts classified as finance leases by Bancóldex and its subsidiary are recognized at the beginning of the lease and included in the balance sheet as own property and equipment. They are initially recognized in assets and liabilities simultaneously at the fair value of the leased asset or at the present value of the minimum rental payments, whichever is lower.

18. INTANGIBLE ASSETS

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

	December 31, 2020			
	Licenses	Computer software	Fiduciary Rights	Total
Balance as of December 31, 2018	$3.731.113	$9.065.844	$ -	$12.796.957
Acquisitions / additions	1.318.610	1.008.709	-	2.327.319
Disposals	(61.705)	-	-	(61.705)
Amortization expense	(2.181.059)	(1.292.568)	-	(3.473.627)
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

(*) The additions are mainly the purchase of licenses from the Parent Company for the Bank's operation in the amount of $689,965.

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, 2020, and 2019, the Entities do not have intangible assets with restricted ownership.

19. FINANCIAL INSTRUMENT LIABILITIES AT AMORTIZED COST

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

	December 31, 2020	December 31, 2019
Term Deposits		
Less than 6 months	$50.561.996	$109.079.648
Six to 12 months	396.937.871	102.729.578
Twelve to 18 months (1)	877.103.477	224.474.511
Equal to or greater than 18 months	938.179.997	1.893.245.354

	2.262.783.341	2.329.529.091
Savings deposits [2]	545.406.855	181.205.304
Special security deposits	35.848.711	71.231.692
Interbank funds purchased [3]	8.581.393	146.820.485
Repo transactions [4]	50.071.348	-
Simultaneous transactions [5]	-	16.356.385
Common bonds equal to or greater than 18 months [6]	1.093.816.252	1.245.103.276
	1.733.724.559	1.660.717.142
	$3.996.507.900	$3.990.246.233

(1) During the year 2020, there was a change in the structuring of the TD funding, primarily explained by the demand for short-term resources, increased by the Covid-19 effects.

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

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

	December 31, 2020				December 31, 2019			
	Interest Rate (%)	Trading Term in Days	USD Amout (thousands)	Amount	Interest Rate (%)	Trading Term in Days	USD Amount (thousands)	Amount
Local Currency								
Interbank								
Banks	-	-	-	$-	4.11	9	-	$55.022.841
Foreign Currency								
Overnight								
Banks	0.30	5	2.500	8.581.393	1.85	14	28.012	91.797.644
			2.500	$8.581.393			28.012	$146.820.485

(4) The disaggregation of the repo transactions is as follows:

	December 31, 2020			December 31, 2019		
	Interest Rate (%)	Trading Term in Days	Amount	Interest Rate (%)	Trading Term in Days	Amount
Local Currency						
Repo transactions						
Closed repo transfer commitments	1.75	90	$50.071.348	-	-	$-
			$50.071.348			$-

(5) The disaggregation of simultaneous transactions is as follows:

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

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

Issue	Issue amount	Lots	Placement Date	Issue Date	Maturity Date (*)	Interest Rate
Ninth issue	$261.110.000	Lot 1	06-Sep-12	06-Sep-12	06-Sep-19	Indexed to IPC
	238.890.000	Lot 1	06-Sep-12	06-Sep-12	06-Sep-22	Indexed to IPC
	500.000.000					
Authorized amount	3.000.000.000					
First issue	200.000.000	Green Bonds	09-Aug-2017	09-Aug-2017	09-Aug-2022	Fixed rate
Second issue	200.000.000	Social Bonds	24-May-2018	25-May-2018	24-May-2021	Indexed to BRI
	100.000.000	Social Bonds	24-May-2018	25-May-2018	24-May-2021	Fixed Rate
	100.000.000	Social Bonds	24-May-2018	25-May-2018	24-May-2023	Indexed to IPC
Third issue	250.000.000	Orange Bonds	29-Nov-2018	29-Nov-2018	29-Nov-2021	Indexed to IPC
	150.000.000	Orange Bonds	29-Nov-2018	29-Nov-2018	29-Nov-2020	Indexed to BRI
Amount used	$1.000.000.000					

Total outstanding issues	Bond interest	Total 2020 bonds	Total outstanding issues	Bond interest	Total 2019 bonds
$1.088.890.000	$4.926.252	$1.093.816.252	$1.238.890.000	$6.213.276	$1.245.103.276

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

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

  This is the first issue of this type that takes place in the Colombian stock market, which seeks to channel resources from the capital market and direct them exclusively to projects of the business sector that generate environmental benefits. Some of those benefits are optimization in the use of natural resources, the use and correct handling of waste from production processes, the increasinglyefficient 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.

20. BANK LOANS AND OTHER FINANCIAL OBLIGATIONS

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

	December 31, 2020	December 31, 2019
Local currency		
Bank loans and other financial obligations		
Credits	$-	$67.554.475
Finagro	2.829.601	13.483.875
Findeter	-	989.953
Inter-American Development Bank	313.239.577	315.072.461
	316.069.178	397.100.764

	December 31, 2020	December 31, 2019
Foreign Currency		
Bank loans and other financial obligations		
Foreign banks		
Loans	1.763.074.364	443.653.928
International organizations	511.740.247	102.912.475
Inter-American Development Bank	1.542.462.435	1.469.076.454
Development Bank of Latin America	98.254.565	822.592.253
	3.915.531.611	2.838.235.110
	$4.231.600.789	$3.235.335.874

The disaggregation of bank loans is as follows:

	December 31, 2020			December 31, 2019		
	Interest rate (%)	USD amount (thousands)	COP Amount	Interest rate (%)	USD amount (thousands)	COP amount
In foreign currency						
Short term						
Bnp Paribas USA	1.93	20.206	$69.357.167	-	-	$ -
Toronto Dominion Bank Canada	2.10	22.219	76.266.538	2.34	51.902	170.088.866
The Bank of Nova Scotia Canada	-	-	-	2.00	9.087	29.780.576
Banco del Estado de Chile	0.70	30.002	102.980.980	-	-	-
Sumitomo Mitsui Banking Corp	1.50	9.285	31.869.412	2.34	29.422	96.420.412
Citibank USA	-	-	-	2.35	14.941	48.964.373
Interamerican Investment Corp.	1.86	105.519	362.194.778	-	-	-
Development Finance Institute Canada Inc.	1.51	10.018	34.386.651	-	-	-
Wells Fargo Bank	1.14	20.088	68.953.289	2.62	30.026	98.399.702
Banco Latinoamericano de Exportaciones Bladex	2.57	40.919	140.454.826	2.38	20.082	65.810.837
	1.78	258.256	886.463.641	2.38	155.460	509.464.765

	December 31, 2020			December 31, 2019		
	Interest rate (%)	USD amount (thousands)	COP Amount	Interest rate (%)	USD amount (thousands)	COP amount
Medium term						
Instituto de Crédito Oficial del Reino de España	0.78	2.648	$9.090.643	2.44	11.321	$37.101.638
JP Morgan Chase Bank USA	0.95	70.355	241.495.246	-	-	-
Banco Santander Madrid Spain	0.95	200.898	689.582.491	-	-	-
Banco BBVA Milan Branch	0.95	30.121	103.391.345	-	-	-
Commerzbank A.G. USA	0.95	100.449	344.791.245	-	-	-
Corporación Andina de Fomento CAF Venezuela	2.11	28.625	98.254.565	3.76	43.029	141.011.501
	1.02	433.097	1.486.605.535	3.49	54.350	178.113.139
Long term						
Interamerican Investment Corp.	-	-	$ -	2.73	448.280	$1.469.076.454
Interamerican Development Bank Usa	1.07	449.370	1.542.462.435	-	-	-
Corporación Andina de Fomento CAF Venezuela	-	-	-	2.31	207.980	681.580.752
	1.07	449.370	1.542.462.435	2.60	656.260	2.150.657.206
	1.21	1.140.723	$3.915.531.611	2.61	866.071	$2.838.235.110
In local currency						
Short term						
Banco de Bogotá	-	-	$ -	6.34	-	$21.370.006
Bancolombia	-	-	-	6.27	-	17.351.722
Banco de Occidente	-	-	-	6.24	-	19.653.736
Banco Itaú	-	-	-	6.22	-	9.179.011
Findeter	-	-	-	7.69	-	989.953
Finagro	2.90	-	55.650	6.09	-	13.483.875
	2.90	-	55.650	6.26	-	82.028.303

	December 31, 2020			December 31, 2019		
	Interest rate (%)	USD amount (thousands)	COP Amount	Interest rate (%)	USD amount (thousands)	COP amount
Medium term						
Inter-American Development Bank IDB	2.98	-	$313.239.576	5.27	-	$315.072.461
Finagro	3.61	-	2.773.952	-	-	-
	2.98	-	316.013.528	5.27	-	315.072.461
	2.98	-	$316.069.178	5.27	-	$397.100.764
Short Term		258.256	$886.519.291		155.460	$591.493.068
Medium Term		433.097	1.802.619.063		54.350	493.185.600
Long Term		449.370	1.542.462.435		656.260	2.150.657.206
		1.140.723	$4.231.600.789		866.071	$3.235.335.874

The following is a summary of bank loans by maturity dates as of December 31, 2020, and 2019:

	December 31, 2020						
	Up to 3 months	More than 3 months and less than 1 year		More than 1 year			Total
	More than 1 and less than 3 months	More than 3 and less than 6 months	More than 6 months and less than 1 year	Between 1 and 3 years	More than 3 and less than 5 years	More than 5 years	
Bank loans and other financial obligations							
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
Development Bank of Latin America CAF	-	-	-	98.254.565	-	-	98.254.565
Inter-American Development Bank IDB	-	-	-	-	313.239.576	1.542.462.435	1.855.702.012
International organizations	295.837.486	-	206.812.118	-	9.090.643	-	511.740.247
	$477.937.796	$167.327.075	$ 241.254.419	$1.478.798.779	$323.820.284	$1.542.462.435	$4.231.600.789

	December 31, 2019						
	Up to 3 months	More than 3 months and less than 1 year		More than 1 year			Total
	More than 1 month and less than 3 months	More than 3 and less than 6 months	More than 6 months and less than 1 year	Between 1 and 3 years	More than 3 and less than 5 years	More than 5 years	
Bank loans and other financial obligations							
Foreign banks	$206.556.270	$194 .375.996	$ 42.721.663	$-	$-	$-	$443.653.929
National banks	18.083.188	63.945.115	-	-	-	-	82.028.303
Development Bank of Latin America CAF	352.668.443	328.912.309	-	141.011.501	-	-	822.592.253
Inter-American Development Bank	-	-	-	-	315.072.461	1.469.076.453	1.784.148.914
International organizations	65.810.837	-	-	-	37.101.638	-	102.912.475
	$643.118.738	$587.233.420	$42.721.663	$141.011.501	$352.174.099	$1.469.076.453	$3.235.335.874

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

	December 31, 2020	December 31, 2019
Opening balance	$3.406.488	$1.888.650
Additions (1)	1.684.891	5.339.462
Interest accrual	333.742	517.275
Less Payments	(2.055.774)	(3.240.525)
Eliminations	121.499	192
Restatement	620.869	(1.098.566)
Closing balance	$4.111.715	$3.406.488

(1) The main additions are presented as a result of the Bank's merger with Arco Grupo Bancoldex S.A., integrating right-of-use contracts entered into in the first half of 2020. During the 2020 period, the Parent Company entered into a new vehicle lease for $ 142,063, and the lease of the warehouse used for storing Goods received in payment and returned was renewed for an 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's and its subordinates' financing activities, including changes and no changes in cash. The liabilities arising from financing activities are those for which the cash flows were used and they will be classified in the cash flow statement of the Bank as cash flows from financing activities.

	December 31, 2020							
	December 31, 2019	Cash flows from financing activities	Accrual	Payment of principal and interest	Restatement	Profit for the year	Other comprehensive income	December 31, 2020
Finance leases	$3.406.487	$2.089.763	$323.856	$1.829.890	$121.499	$-	$-	$4.111.715
Instruments at amortized cost	3.990.246.233	7.771.781.353	182.422.678	7.947.942.365	-	-	-	3.996.507.899
Loans and other financial obligations	3.235.335.875	3.864.091.223	83.125.082	3.023.993.041	73.041.650	-	-	4.231.600.789
Cash equity dividends	1.753.263.226	53.891	-	118.815.109	-	127.888.254	(33.204.500)	1.729.185.762
	$8.982.251.821	$11.638.016.230	$265.871.616	$11.092.580.405	$73.163.149	$127.888.254	$(33.204.500)	$9.961.406.165

	December 31, 2019							
	December 31, 2018	Cash flows from financing activities	Accrual	Payment of principal and interest	Restatement	Profit for the year	Other comprehensive income	December 31, 2019
Finance leases	$1.888.650	$2.632.657	$372.684	$1.487.696	$192	$ -	$-	$3.406.487
Instruments at amortized cost	3.838.109.399	2.142.351.586	182.920.868	2.173.135.620	-	-	-	3.990.246.233
Loans and other financial obligations	3.246.738.788	2.039.997.356	91.378.228	2.143.443.416	664.919	-	-	3.235.335.875
Cash equity dividends	1.671.254.670	-	-	95.853.254	-	115.374.313	62.487.497	1.753.263.226
	$8.757.991.507	$4.184.981.599	$274.671.780	$4.413.919.986	$665.111	$115.374.313	$62.487.497	$8.982.251.821

21. TRADE AND OTHER ACCOUNTS PAYABLE

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

	December 31, 2020	December 31, 2019
Commissions and fees	$1.866.501	$554.374
Costs and expenses payable	38.876	31.002
Dividends (1)	32.989.101	2.334.891
Leases	-	14.831
Promising buyers	2.250	2.250
Contributions on transactions	9.877	625
Suppliers	17.559.940	5.655.381
Withholdings and labor contributions	5.837.380	6.068.935
Industry and trade tax withholding, VAT	1.119.655	1.236.022
Insurance	230.204	1.127.280
Accounts payable in joint ventures	338.420	282.373
Settlement of CRCC forward contracts (2)	636.925	18.088.080
Accounts payable for NPV unused prize (4)	1.212.021	1.070.704
Accounts payable for PTP Agreement (5)	620.196	620.196
Accounts payable for 392 MINCIT Agreement (6)	-	2.166.286
Foreign currency accounts payable(7)	8.327.380	7.203.151
Sundry	3.053.911	779.466
	$73.842.637	$47.235.847

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

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

(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 Bancóldex) to recognize the accounts receivable or payable. See the assets in Note 11.

(3) It corresponds to the value of the resources not used by the beneficiaries of loans of the credit lines created by Bancóldex 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 the Bank 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.

(4) Under Inter-administrative Framework Agreement 375, signed between Bancóldex and the Ministry of Commerce, Industry and Tourism, a transfer was received through Resolution number 1946 of October 27, 2016, for an amount worth $1,500,000 coming from the budget support of the National Planning Department

(DNP), for the PRODUCTIVE TRANSFORMATION PROGRAM – PTP (currently, *Colombia Productiva*) with the objective of contracting the development of the second stage of the Economic Complexity Atlas for Colombia (DATLAS 2.0). The aim is to enhance and enrich the tool, allowing the alignment of the information it provides with the new strategy of the Ministry of Commerce, Industry and Tourism. Resources up to $879,804 have already been executed. Along with Colombia Productiva, the Ministry of Commerce, Industry and Tourism and DNP, it was decided that these remaining resources would be used to update functionalities that may allow users to learn about diversification and sophistication possibilities easily and to improve visualization of the tool.

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

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

22. EMPLOYEE BENEFITS

The information of the balances by employee benefits as of December 31, 2020 and 2019 is as follows.

	December 31, 2020	December 31, 2019
Payroll to be paid	$36.244	$991.433
Severance pay	1.703.328	1.417.455
Interest on severance pay	188.984	162.947
Vacations	6.281.733	4.193.507
Vacation bonus	-	360.134
Bonus	-	48.014
Other accounts payable to employees (1)	6.715.268	146
Current provisions	1.240.106	-
Other benefits	289.272	307.394
	$16.454.935	$7.481.030

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

23. ESTIMATED LIABILITIES AND PROVISIONS

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

	December 31, 2020	December 31, 2019
Contributions and enrollments - other (1)	$160.000	$-
Labor lawsuits (2)	227.551	326.087
Joint ventures (3)	549.220	549.094
Other provisions (4)	90.000	90.000
	$1.026.771	$965.181

(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.

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

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

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

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

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

As of December 31, 2020, there are labor and civil proceedings by some third parties against the Bank. For those proceedings with provisions, the estimated disbursement date was set for December 2021; however, the Bank could not determine an exact disbursement schedule because the proceedings must go through different courts.

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

Proceeding Type	Parties	General Information	Proceeding Status	December 31, 2020	December 31, 2019
LABOR	**CARLOS HELÍ GOMEZ BRAVO VS. BANCÓLDEX and others**	Nature: Ordinary labor proceeding concerning an undetermined claim (11001310501420070021-01) Identification: Supreme Court of Justice. Probability of loss: Probable Provision: $ 8,480,000 Contingency $0.0 Attorney: Claudia Liévano	The Bank was ordered to pay court costs and attorney's fees for COP 8,480,000 and the pension bond settled by Colpensiones, which was paid on December 16, 2020.	8,480	106,998
LABOR	**HERMES HERNÁN RODRIGUEZ HERNÁNDEZ VS. BANCÓLDEX**	Nature: Ordinary labor lawsuit concerning an undetermined claim Identification: Supreme Court of Justice. (11001310501520060052201) Probability of loss: Probable Provision: $219,071,226.87 Contingency $0.0 Attorney: Germán Valdés	On November 24, 2020, the Supreme Court of Justice rendered a judgment, notified on December 14, 2020. It revoked the judgment issued by the Appeal Court and consequently confirmed the Bank's acquittal by the trial court.	219.071	219.089
Total				227.551	326.087

(3) The following is the breakdown of the provisions held by Fiducóldex under the joint ventures as of December 31, 2020, and 2019:

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

2019	Litigation	Other	Total
Carrying amount as of January 1, 2019	$518.468	$2.165	$520.633
Additions (*)	28.461	-	28.461

Carrying amount as of December 31, 2019	$546.929	$2.165	$549.094

The provision recognized as of December 31, 2019, 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 2020	Provision share Dec 2020	Rating
2008-0368	Salud Total Eps	$95.606	$155.138	$5.538	Likely
2010-0119	Sanitas Eps	862.453	1.274.310	45.493	Likely
2012-00467	Coomeva Eps	1.153.877	1.593.094	56.873	Likely
2010-00772	Coomeva Eps	196.769	290.734	10.379	Likely
2012-00616	Sanitas Eps	20.163	27.837	994	Likely
2009-0268	Sanitas Eps	1.526.864	2.301.126	82.150	Likely
2010-00807	Cafesalud Eps-Cruz Blanca Eps And Saludcoop Eps	6.499.215	9.602.862	342.822	Likely
	Total	$10.354.945	$15.245.101	$544.250	

(*) There are nine ongoing legal proceedings against in the FIDUFOSYGA 2005 Consortium, eight of which are likely to be successful. They are related to the recognition and payment of default interest which, according to the plaintiff companies, were caused by alleged delays in the payments of medical service benefits. In accordance with the regulations governing the matter, these benefits should have been charged to the FOSYGA sub-account after having been paid by the plaintiffs. The claim includes the appropriate monetary update, derived from the application of the consumer price index (CPI).

Contingent Liabilities:

Penalizing Proceeding No. 2018-00152 by the National Superintendence of Health against Consorcio Sayp 2011. This is a penalty imposed for an administrative investigation initiated by the National Superintendence of Health against Fiduciaria Previsora and Fiducóldex, as members of the Consorcio Sayp 2011 in liquidation. The penalty is of a pecuniary nature and amounts to seventy current statutory monthly minimum wages (70 SMLMV).

Note that the resolution above, was not served in due form from the legal point of view of Consorcio Sayp 2011 in liquidation, which prevented the use of remedies against it. To exercise the right to due process, a nullity motion was filed on October 31, 2019 to backdate the effects caused after the issuance of the resolution.

However, the action referred to in the preceding paragraph has already materialized and, in effect, the judgment was unfavorable to the interests of Consorcio Sayp 2011 and its member companies, i.e., Fiducóldex and Fiduprevisora. The payment in the verdict has already been made by Fiduprevisora as representative of the Consortium, and Fiducóldex paid the expense corresponding to 10% of the amount of the verdict (the payment was made by the consortium).

Reimbursement of pro-Universidad Nacional stamp tax payment - Contract FNT-127-2016 CONSORCIO CONSTRUCTORES JARDÍN and PATRIMONIO AUTÓNOMO FONTUR:

This situation arose from the erroneous assessment and discount of the pro-Universidad Nacional and other state universities of Colombia stamp tax by the Fiduciary's payment area, with respect to Construction Contract FNT-127-2016 signed between Patrimonio Autónomo Fontur and Consorcio Constructores Jardín.

Since the amount of money for the payment of the amounts agreed-upon for the contractor in the contract has not been liquidated and discounted, the Fiduciary acting in its capacity as withholder becomes directly liable for this amount to the Ministry of National Education. In case of requirement of those receivables, it must pay the relevant amount together with the default interest accrued from the time in which the obligation of payment emerged.

It should be noted that the initial amount of the contingent liability is SIXTY-EIGHT MILLION SEVEN HUNDRED TWENTY-ONE THOUSAND TWO HUNDRED EIGHTY-TWO COLOMBIAN PESOS ($68,721,282) and that its occurrence is probable.

However, beyond the situation described above, the Legal Department is not aware of any other events or circumstances that, due to their connotation, could or should be considered as contingent liabilities.

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

24. OTHER LIABILITIES

The following is the breakdown of other liabilities, as of December 31, 2020, and 2019:

	December 31, 2020	December 31, 2019
Deferred income [1]	$98.790.210	$105.184.324
Interest arising from restructuring processes	2.509.964	2.606.356
Deferred credits	1.173.083	602.749
Deferred payment Letters of Credit	-	1.577.648
Credits to apply to obligations receivable [2]	20.921.994	821.064
Income received for third parties	24.240	74.287
Sundry - Agreements [3]	128.195.868	18.378.324
	$251.615.359	$129.244.752

(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.

(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 to define the correct application thereof.

(3) These balances are mainly resources received by Bancóldex from Ministries, Governors' Offices and Mayors' Offices to finance credit lines with rate differentials. They include the payment received on November 27,

2020, from the National Treasury Directorate in the amount of $ 42,225,000, for the direct support line for SMEs. As of December 31, 2020, and 2019, there were 135 and 114 agreements, respectively.

25. SHAREHOLDERS' EQUITY

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

	December 31, 2020	December 31, 2019
Bicentenario Group S.A.S.	$1.059.563.515	$-
Ministry of Commerce, Industry and Tourism	-	976.143.335
Ministry of Finance and Public Credit	-	83.420.180
Private parties	3.031.453	2.993.357
	$1.062.594.968	$1.062.556.872

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

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

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

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

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

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

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

Where:

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

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

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

25.2. Reserves*:* The information on reserves as of December 31, 2020 and 2019 is as follows:

	December 31, 2020	December 31, 2019
Legal		
Appropriation of net income	$171.287.664	$169.621.414
Statutory		
Protección -Private Equity Funds	49.346.690	49.346.690
Occasional		
For loan portfolio protection	-	3.498.144
Tax provisions	27.845.177	32.514.236
	$248.479.531	$ 254.980.484

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 Entities have 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, Bancóldex's General

Shareholders Assembly approved the constitution of an occasional reserve supported by tax regulations, on unrealized profits, such as valuation of investment portfolio, valuation of private equity funds and valuation of operations with financial derivatives.

26. OTHER INCOME

The breakdown of other income is as follows:

	December 31, 2020	December 31, 2019
Written-off goods	$7.068	$74.784
Reversal of impairment loss (*)	302.703	3.248.672
Lease of own property	1.287.136	1.364.082
Sale of property and equipment	380	10.532
Activities in joint ventures	4.882.432	4.899.024
Proceeds from write-offs and dations	-	1.341.847
FNG income	1.051.436	470.882
Reimbursement of prior period expenses	718.418	502.701
Other	1.208.677	2.779.762
	$9.458.250	$14.692.286

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

27. OTHER EXPENSES

The disaggregation of other expenses is as follows:

	December 31, 2020	December 31, 2019
Contributions and affiliations	$3.215.210	$2.859.415
Legal and notarial	21.374	40.596
Insurance	2.238.164	2.636.078
Maintenance and repairs	5.690.850	4.788.024
Adaptation and installation of offices	456.694	501.335
Activities in joint ventures	2.014.817	2.775.511
Fines and penalties	509.316	63.368
Cleaning and security services	1.026.885	1.103.066
Staffing services	828.236	551.221
Advertising and publicity	212.830	382.000
Public relations	33.963	70.477
Utilities	947.659	1.110.835
Travel expenses	113.532	653.747
Transportation	257.640	748.954
Supplies, stationery, and reference books	90.596	222.808
Publications and subscriptions	345.885	352.649
Photocopying service	1.223	1.636
Digitization service	34.913	53.380
Working lunches	32.178	74.616

Cafeteria supplies	80.646	170.885
Toiletries	50.246	61.861
Postage and courier services	136.537	259.086
Telex data transmission. tas. SWIFT	1.329.496	1.623.533
Building management	1.605.667	1.551.264
Minor fixtures and fittings	3.528	9.564
Commercial information	747.116	871.085
Storage and custody of magnetic files	95.298	88.488
Bancóldex contact center	1.004.789	568.850
Stock exchange registrations	-	117.700
Alternate contingency processing service	38.960	59.091
Institutional notices and announcements	49.598	59.347
Corporate communications	213.572	67.175
Financial structuring of projects	200.352	85.451
Internet services and electronic communications	772.716	506.323
Withholdings and taxes borne	225.365	133.192
Disaster recovery service	277.311	319.319
Prior period expenses	863.617	42.622
Events and refreshments, business training, and strategic planning	202.183	184.299
Goods received in payment and returned	842.399	1.558.191
Derecognition of receivables interest accounts IFRS 9 (1)	3.534.020	1.964.028
Reversal of prior years' income (2)	71.472	4.322.080
Other	1.366.668	1.918.025
	$31.783.521	$35.531.175

(1) The balance as of December 31, 2020, and 2019 is represented by the following activity in Bancóldex:

		2020		
Debtor	**Total debt**	**Provision**	**Recovery amount**	**Derecognition**
Arq. y Construcción Arko SAS en Liquidación (*)	$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

		2019	
Debtor	**Total debt**	**Recovery amount**	**Derecognition**
Gestionarsa S.A. en Liquidación Judicial	$577.481	$397.902	$179.579
Frigocauca	4.765.976	2.981.526	1.784.450
	$5.343.457	$3.379.429	$1.964.028

(*) 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.

(2) The balance as of December 31, 2019, is mainly represented by Bancóldex's recognition of the Reorganization Agreement of Colquesos under Law 1116, giving rise to a difference between the interest in the Separate Financial Statement (under IFRS Colombia) and the Consolidated Financial Statement (under Full IFRS) for $ 4,308,265.

28. INCOME TAX

The tax provisions applicable to the Entities establish the income tax rate for 2020 and 2019 at 32 and 33%, respectively. For 2020, the Bank assessed additional tax points for 4%. Thus, the income tax and additional point expense for 2020 and 2019 are set at 36 and 33%, respectively.

28.1 Income tax recognized in profit or loss

	December 31, 2020	December 31, 2019
Current tax:		
With respect to the current year	$35.607.530	$116.050.893
	35.607.530	116.050.893
Deferred tax:		
With respect to the current year	31.792.884	(80.011.081)
Adjustments to deferred taxes attributable to changes in tax laws and rates	6.500.486	1.648.447
Other - Adjustment of withholdings for Fiducóldex Consortia	-	6.748
	38.293.370	(78.355.886)
Total tax expense	$73.900.900	$37.695.006

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

	December 31, 2020	December 31, 2019
Income before income tax from continuing operations	$201.789.154	$153.069.319
Income tax expense calculated at 36% - 34%.	72.921.346	50.512.875
Effect of non-deductible expenses on determining taxable income	28.427.985	6.285.447
Income (loss) on realization of investments	(397.678)	194.338
Income (loss) on realization of derivatives	1.768.149	(3.512.994)
Non-taxable income by the equity method	(18.807.797)	(7.751.694)
Refunds not taxed in determining taxable income	(11.001.610)	(2.409.406)
Effect of exempt or non-taxable income - Dividends	(2.338.319)	(2.537.017)
Revaluation of fixed assets	49.698	-
Restatement of assets and liabilities	3.905.283	(3.871.227)
Other (Net effect of the sale of assets held for less than two years)	2.463.433	3.381.894
Tax discount (ICA)	(3.175.316)	(2.597.211)

Net income from assets held for more than two years	85.726	-
Income tax expense recognized in profit or loss (related to continuing operations)	$73.900.900	$37.695.006

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

28.3 Current tax (assets) and current tax liabilities

Current tax liabilities	$35.607.530	$115.423.184
Prepayments and withholdings	(70.354.764)	(34.666.445)
Total (income tax credit balance) / Tax Payable	$(34.747.234)	$80.756.739

Surpluses in private assessment and 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 belong to Bancóldex and $3,290,275 to Fiducóldex. The credit balance of the Bank is mainly from the offset of the prepayment of income tax and additional income tax points equivalent to 4%, which should have been reported in the assessment of income and ancillary taxes for 2019.

The balance payable as of December 31, 2019 amounts to $80,756,739, of which $78,922,191 are borne by Bancóldex and $1,834,548 by Arco Grupo Bancóldex. Fiducóldex reported a credit balance of $2,981,475.

28.4 Income tax recognized in other comprehensive income

Deferred tax		
From transactions with equity holders:		
Foreign exchange profit (loss) on foreign investments	$296.951	$133.949
Profit (loss) on valuation of capital funds	7.216.606	8.944.913
Unrealized profit (loss) on investments available for sale	(10.067.802)	(4.319.520)
Cost of uncontrolled investments	156.853	102.519
Revaluation of assets	2.946.485	2.664.485
Impairment IFRS 9	67.142	71.092
Hedging derivatives	(6.029.698)	(1.428.613)
Finance lease	(145.957)	(154.542)
Total income tax recognized in other comprehensive income	$(5.559.420)	$6.014.283

28.5 Deferred tax balances - The following is an analysis of the deferred tax assets/liabilities presented in the statements of financial position:

	December 31, 2020	December 31, 2019
Deferred tax assets		
Provisioned expenses	$98.655	$212.226
Loss on valuation of derivatives	23.070.659	30.459.003
Software amortization	-	88.934
Unrealized exchange difference on foreign currency liabilities	24.533.293	34.443.745
Other assets - Deferred charges – Goods received in payment	482.712	645.233
Properties for lease	641.888	1.134.788
Impairment IFRS 9	371.336	1.285.573
Provision for goods received in payment and returned	-	1.698.325
Loss on portfolio valuation	48.760	47.330
Impairment of investments	-	58.971
Dismantling	30.600	32.400
Rate differential agreements	3.646.833	3.245.165
Cost of personal property / Machinery under lease	704.665	265.282
Depreciation of fixed assets	141.757	141.398
Investment portfolio valuation - other comprehensive income	10.067.802	4.319.520
Hedging derivatives – other comprehensive income	6.029.698	1.428.613
Finance lease – other comprehensive income	145.957	154.542
Total deferred assets	70.014.615	79.661.047
Deferred tax liabilities		
Investment portfolio valuation	7.470.292	-
Profit on valuation of derivatives	76.189	3.814
Valuation of equity fund returns	3.858.285	3.858.285
Unrealized exchange difference in foreign currency investments	794.243	794.243
Cost of real estate and personal property	10.579.926	10.204.636
Deferred charges	301.772	297.986
Provision for goods received in payment and returned	-	4.698.054
Unrealized exchange difference in foreign currency assets	9.126.442	5.652.046
Financial obligation on lease properties	1.157.974	1.147.936
Goods received in payment and returned	15.809.228	4.098.127
Loan portfolio	37.050.772	36.758.307
Valuation of instruments at fair value through other comprehensive income	10.684.037	11.913.603
Total deferred liabilities	96.909.160	79.427.037
Total	$(26.894.545)	$234.010

	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)

2019	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Deferred tax (liability) / asset related to:				
Derivatives	$ (2.333.131)	$34.078.481	$138.450	$31.883.800
Property and equipment	(13.636.831)	1.273.651	(3.355)	(12.366.535)
Non-current assets	(4.810.868)	712.741	-	(4.098.127)
Machinery operating lease	1.907.596	(1.642.312)	-	265.284
Depreciation of fixed assets	(259.468)	(98.365)	-	(357.833)
Other assets	149.627	(18.483)	-	131.144
Finance leases	649.461	485.327	-	1.134.788
Intangible assets	240.826	64.211	-	305.037
Provision for goods received in payment and returned	-	(2.999.729)	-	(2.999.729)
Unrealized exchange difference in foreign currency assets and liabilities	(7.825.922)	36.617.621	-	28.791.699
Financial assets at fair value through profit or loss	(3.288.041)	3.347.012	-	58.971
Loan portfolio and accounts receivable	(41.166.339)	4.408.032	-	(36.758.307)
Available-for-sale financial assets	(6.970.790)		11.290.310	4.319.520
Valuation of equity funds	(8.168.346)	270.845	(4.905.697)	(12.803.198)
Portfolio valuation	47.529	(199)	-	47.330
Exchange difference from foreign business	(899.455)		(28.737)	(928.192)
Provisions (administrative expenses - decommissioning)	124.029	120.596	-	244.625
Cost of foreign currency investments	(1.610.115)		1.507.596	(102.519)
Other financial liabilities	(662.676)	(485.260)	154.542	(993.394)
Impairment - IFRS 9	-	1.285.573	(71.092)	1.214.481
Agreements	2.302.272	942.893	-	3.245.165
Total	$(86.210.642)	$78.362.635	$8.082.017	$234.010

29. CONTINGENCIES

As of December 31, 2020, and 2019, Bancóldex had legal proceedings in favor and against it. The claims of the proceedings were valued based on the attorneys' analysis and opinions. The following contingencies were determined:

Creditor contingencies (proceedings against)

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

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

Proceeding Type	Parties	General Information	Proceeding Status	December 31, 2020	December 31, 2019
LABOR	JAVIER ENRIQUE MÚNERA OVIEDO VS. BANCÓLDEX	Withdrawn	In a judgment issued on June 24, 2020, and notified on August 5, 2020, the Supreme Court of Justice resolved NOT TO REVOKE the appeal court judgment, thus acquitting the Bank.	-	100.000
LABOR	JORGE MARIO JARAMILLO CARDONA VS BANCÓLDEX AND OTHERS	Nature: Ordinary labor proceeding concerning an undetermined claim. Identification: Labor Court 8 of the Bogotá Circuit (11001310500820190068000)	The Bank was notified of the proceeding and responded to the claim. On November 11, 2020, the proceeding was set for court decision.	287.388	287.388
		Total		287.388	387.388

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

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

Contingencies on accounts receivable (proceedings by the Bank)

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

The following is a disaggregation of the labor proceedings:

Parties	General Information	Proceeding Status	December 31, 2020	December 31, 2019
BANCÓLDEX vs. ALIANSALUD E.P.S. - ADRES	Nature: Ordinary labor proceeding. Identification: Bogotá Circuit Labor Court 5. 11001310500520190017300	On September 11, 2020, the trial court judgment was issued, which declared the exception of the absence of an obligation proven. The defendants were acquitted of all the claims. Bancóldex was ordered to pay court costs and attorney's fees; however, the Bank's attorney filed an appeal, which granted a stay of execution.	68.275	68.275
BANCÓLDEX vs. CAFESALUD E.P.S. - ADRES	Nature: Ordinary labor proceeding. Identification: Bogotá Circuit Labor Court 15. 11001310501520190017100	A lawsuit was filed on March 6, 2019. On June 04, 2019, the court ordered to forward the file to the Bogotá Administrative Judges. On June 07, 2019, an appeal was filed. The lawsuit was rendered inadmissible, and the correction was filed. The lawsuit was notified. Cafesalud S.A. was subject to takeover for liquidation. On September 30, 2019, a claim for debts was filed.	565.515	565.515
BANCÓLDEX vs. COMPENSAR E.P.S. - ADRES	Nature: Ordinary labor proceeding. Identification: Labor Court 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	132.811	132.811

Parties	General Information	Proceeding Status	December 31, 2020	December 31, 2019
		amended claim. A hearing date was set for March 10, 2021, at 9:00 A.M.		
BANCÓLDEX vs. SURA E.P.S. - ADRES	Nature: Ordinary labor proceeding. Identification: Labor Court 25 of the Bogotá Circuit. 11001310502520190018500	Proceeding notified to the defendants. The EPS responded to the claim.	55.701	55.701
BANCÓLDEX vs. FAMISANAR E.P.S. - ADRES	Nature: Ordinary labor proceeding. Identification: Labor Court 36 of the Bogotá Circuit 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 Bogotá Circuit. 11001310502720190016800	The court ordered to summon the EPS, which responded to the claim. Cruz Blanca EPS was taken over for liquidation, and the Bank filed a claim for debts.	19.024	19.024
BANCÓLDEX vs. ADRES	Withdrawn	The withdrawal and termination of the proceeding were	-	130

Parties	General Information	Proceeding Status	December 31, 2020	December 31, 2019
		requested by agreement between the parties to avoid a judgement on court costs and attorney's fees since ADRES, through an administrative decision, ordered the payment of $130 to the Bank, which was made.		
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	1.202.336

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

Civil proceedings - As of December 31, 2020, and 2019, the result of the valuation of the claims in civil proceedings corresponded to:

Carlos Guillermo Rojas Prieto $17,903

Francisco Antonio Forero Rojas - No Amount

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

The following is a breakdown of the executory proceedings:

Parties	General Information	Proceeding Status	December 31, 2020	December 31, 2019
BANCÓLDEX vs. Giraldo y Duque S.A. and C.I. Giraldo Duque Ltda. (International portfolio C.F.)	Nature: Singular Executory Proceeding Concerning a Large Claim. Identification: Civil Court 5 of the Palmira Circuit. 2017-0006	Principal debtors admitted in the reorganization procedure. The Bank is awaiting recognition of the credits within the debt rating.	320,833	320,833
BANCÓLDEX Vs. ALVARO PIO ARCINIEGAS ESPAÑA (International portfolio C.F.)	Nature: Mortgage Executive Proceeding. Identification: Second Municipal Civil Court of Pasto. 52001400300220170014600	Official notice of a lien placed against real property which is affected by mortgage in favor of the Bank was recorded. Seizure is enacted and a writ delegating the authority to examine evidence to another judge is filed at Pasto inspection to process seizure. 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	60,092

Parties	General Information	Proceeding Status	December 31, 2020	December 31, 2019
BANCÓLDEX vs. TRITURADOS Y PREFABRICADOS	Nature: Singular Executory Identification : Civil Court 1 of the Neiva Circuit41001310300120170018800	On September 23, 2019, a judgment hearing was held. The court declared that the exceptions were not proven and ordered to continue with the execution. The defendants were ordered to pay court costs and attorney's fees according to the law.	2,407,407	2,407,407
BANCÓLDEX vs. . 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 auction date was set for January 28, 2020. Auction declared void due to a lack of bids	270,000	270,000

Parties	General Information	Proceeding Status	December 31, 2020	December 31, 2019
	the Bogotá Executory Circuit (Originating Court: Civil Court 1 of the Bogotá Circuit).			
BANCÓLDEX vs. Transportes ISGO (International C.F.)	WITHDRAWN	The defendant company paid the total amount of the obligation to the Bank, thus filing a writ of termination of the proceeding.	-	92,782
BANCÓLDEX vs. Districacharrería la 13 S.A.S. (International C.F.)	Nature: Executory Proceeding Identification: Civil Court 1 of the Santa Marta Circuit 47001315300120190008300.	A payment order was issued, and seizures were recorded on the properties found.	381,421	381,421
BANCÓLDEX VS Artefacto Constructores S.A.S.	Nature: Executory Identification: Municipal Court 08 of Cali. Proceeding No. 76001400300820190090043400	A payment order was issued, and precautionary measures were registered.	106,470	106,470
BANCÓLDEX VS Comercializadora Seul FD LTDA. - Francisco Oriel Duque Zuluaga	Nature: Mortgage foreclosure Identification: Court 02 Bogotá Civil Circuit110013103001030022 0190041500	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	-
Total (*)			6,397,868	5,901,079

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

30. BUSINESS MANAGED BY THE FIDUCIARY

The amount of the assets and liabilities for all the businesses managed by Fiducóldex as of December 31, 2020, and 2019 is broken down below:

		2020	
Business category	Number of businesses	Assets	Liabilities
Management and Payments			
Real Estate Business	5	$29.464.826	$7.659.255
Management and Payment Business	82	2.343.435.011	588.033.037.32
Total Management and Payments	87	2.372.899.837	595.692.292
Securitizations			
Securitization Business	1	77.050.981	52.078.829
Total Securitizations	1	77.050.981	52.078.829
Collateral Trust			
Collateral Trust Business	46	30.441.154	340.210
Total Collateral Trust	46	30.441.154	340.210
Pension Liabilities			
Pension Liability Business	9	6.356.577.409	17.101.341
Total Pension Liabilities	9	6.356.577.409	17.101.341
Collective Investment Fund			
Fics Fiducóldex	1	288.354.520.02	201.657
Fics 60 Moderate	1	39.070.300	44.543.92
Total Mutual Funds	2	327.424.820	246.201
Private Equity Fund			
Fondo Áureos Colombia	1	5.430.422	559.797
Fondo de Fondos Bancoldex	1	10.425.035	45
Fondo Bancoldex capital para emprender	1	10.425.035	45
Total Private Equity Fund	1	26.280.493	559.887
Total	149	$9.190.674.694	$666.018.760

Business category	Number of businesses	2019 Assets	2019 Liabilities
Management and Payments			
Real Estate Business	5	$29.461.728	7.659.014
Management and Payment Business	93	2.548.815.098	622.435.290
Total Management and Payments	98	2.578.276.826	630.094.304
Securitizations			
Securitization Business	1	83.892.041	58.807.766
Total Securitizations	1	83.892.041	58.807.766
Collateral Trust			
Collateral Trust Business	38	18.890.589	158.443
Total Collateral Trust	38	18.890.589	158.443
Pension Liabilities			
Pension Liability Business	9	6.432.134.092	17.346.747
Total Pension Liabilities	9	6.432.134.092	17.346.747
Collective Investment Fund			
Fics Fiducóldex	1	175.883.163	167.179
Fics 60 Moderate	1	34.260.838	26.651
Total Mutual Funds	2	210.144.001	193.830
Private Equity Fund			
Fondo Áureos Colombia	2	15.605.012	8
Total Private Equity Fund	8	15.605.012	8
Total	$151	$9.338.942.561	$706.601.098

31. OPERATING SEGMENTS

As of December 31, 2020, and 2019, the consolidated assets and net profit or loss of the Bancóldex Group for the different businesses are presented below:

December 31, 2020	Bancoldex Business	Fiducololdex Fiduciary Business	Subtotal	Eliminations Debit	Eliminations Credit	Consolidated Statement

December 31, 2020	Bancoldex Business	Fiducololdex Fiduciary Business	Subtotal	Eliminations		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	0	3.765.199.591
Financial expenses	3.459.838.774	244.816	3.460.083.590		95.713	3.459.987.878
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	-0	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

December 31, 2019	Bancoldex Business	Arco Bancóldex Group	Fiducololdex Fiduciary Business	Subtotal	Eliminations Debit	Eliminations Credit	Consolidated Statement
Related Principal Asset Amount	$8.734.040.218	$916.973.582	$64.952.849	$9.715.966.649	$522.302	$308.780.000	$9.407.708.951
INCOME STATEMENT:							
Financial income generated	2.091.396.435	87.165.983	33.398.834	2.211.961.252	10.337.681	9.843	2.201.633.414
Financial expenses	1.888.144.420	37.865.906	246.029	1.926.256.355		8.017.624	1.918.238.731
Other Financial Income or Expenses (including commissions)	(7.140.711)	(1.016.119)	78.177	(8.078.652)	-	-	(8.078.652)
Gross financial margin	196.111.305	48.283.959	33.230.982	277.626.246			275.316.032
Provisions for portfolio balance	6.530.828	8.195.812	21.279	14.747.919	113.473	103.839	14.757.553
Net financial margin	189.580.477	40.088.146	33.209.703	262.878.326			260.558.478
Operating expenses:							
Administrative expenses	69.428.082	16.390.782	28.014.385	113.833.248		764.426	113.068.823
Financial business taxes (*)	15.534.567	2.599.512	1.776.133	19.910.212			19.910.212
Other provisions (**)	5.431.261	-	-	5.431.261	-	-	5.431.261
Operating income	99.186.568	21.097.852	3.419.185	123.703.605			122.148.183
Net other income/expenses (including	44.960.786	956.211	418.855	46.335.851	15.414.716	-	30.921.136

December 31, 2019	Bancoldex Business	Arco Bancóldex Group	Fiducololdex Fiduciary Business	Subtotal	Eliminations		Consolidated Statement
dividends) (***)							
Income before tax	144.147.354	22.054.063	3.838.040	170.039.457			153.069.319
Income tax	27.254.453	9.796.405	644.148	37.695.006	-	-	37.695.006
Net profit	$116.892.901	$12.257.658	$3.193.892	$132.344.451	$-	$16.970.138	$115.374.313

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, 2020 and 2019, 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

	December 31, 2020	December 31, 2019
ASSETS		
Investments		
Ministry of Finance and Public Credit	$-	$ 1.123.715.352
Provision for Investments		
Ministry of Finance and Public Credit	-	(228.284)
Prepaid expenses		
Ministry of Finance and Public Credit	-	6.220.914
	$-	$1.129.707.982
LIABILITIES		
Dividends payable		
Min. of Commerce, Industry, and Tourism	$-	$33.834
Ministry of Finance and Public Credit	-	2.024.846
Various		
Min. of Commerce, Industry, and Tourism	-	5.363.010
Other liabilities		
Min. of Commerce, Industry, and Tourism	-	5.603.491
	$-	$13.025.182
EQUITY		
Subscribed and paid-in capital		
Bicentenario Group S.A.S.	$1.059.563.515	$-
Min. of Commerce, Industry, and Tourism	-	976.143.335
Ministry of Finance and Public Credit	-	83.420.180
Unrealized gains or losses through other comprehensive income		
Ministry of Finance and Public Credit	-	16.075.832
	$1.059.563.515	$1.075.639.347
INCOME		
Valuation of investments and other income		
Ministry of Finance and Public Credit	$-	$76.147.235
	$-	$76.147.235
EXPENSES		
Valuation of investments		
Ministry of Finance and Public Credit	$-	$3.424.855
Commissions		
Ministry of Finance and Public Credit	-	7.284.308
Other (Interbank interest liabilities, Loss on valuation)		
Ministry of Finance and Public Credit	-	4.364.632

	December 31, 2020	December 31, 2019
Provisions		
Ministry of Finance and Public Credit	-	5.094
	$-	$15.078.889

The balances of assets with shareholders for 2019 correspond to investments that Bancóldex has made in treasury bonds (TES) issued by the Ministry of Finance and Public Credit, which are acquired in the public market and valued at market prices. The average market rate of TES at the end of December 2019 was 5.20%. Neither free-of-charge services nor paid services were offered between Bancóldex and the shareholders; and neither were interest-free loans, nor operations different from those carried out with third parties.

Transactions with managers

	December 31, 2020	December 31, 2019
ASSETS		
Loan portfolio		
Housing	$589.064	$571.162
Consumer	109.872	148.096
Accounts receivable		
Interest receivable	2.953	2.705
Social welfare	12.659	10.759
Other	15.524	14.126
	$730.071	$746.849
LIABILITIES		
Accounts payable		
Social welfare	$803.609	$-
Suppliers	242	-
Vacation	643.649	306.151
	$1.447.500	$306.151
INCOME		
Portfolio income		
Interest on loans	$47.975	$40.921
Income - Sundry		
Profit on sale of furniture	-	7.348
Other Income	150	90
	$48.125	$48.359
EXPENSES		
Personnel expenses		
Personnel Expenses	$3.843.443	$3.303.825
Expenses - Sundry		
Other	10.375	68.594
	$3.853.818	$3.372.418

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, auto loans and other loans for Bancóldex's employees.

Transactions with members of the Board of Directors

	December 31, 2020	December 31, 2019
LIABILITIES		
Accounts payable		
Suppliers	$124.747	$ -
	$124.747	$ -
EXPENSES		
Fees	$1.019.014	$692.305
	$1.019.014	$692.305

It corresponds to fees paid for attending meetings of the Board of Directors, Credit Committee, GAP Committee, Audit Committee and Capital Funds Committees, among others. Neither free-of-charge services nor paid services were offered between Bancóldex 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:

Transactions with members of the Board of Directors:		
Operating expenses		
Board of Directors Fees	$181.342	$98.546
Audit Committee Fees	11.277	24.116
Risk management committee fees	40.379	30.640
Investment Committee Fees	4.389	4.969
Total	$237.387	$158 271
Transactions with directors:		
Salaries	$4.897.168	$4.490.866
Leaves	23.925	52.910
Education monetary aid	591.123	608.018
Vacation	261.588	305.075
Bonuses	112.147	10.711
Benefits and other	300.270	371.997
Special loans	13.083	21.876
Health assistance	68.448	76.240
Compensations	-	161.911
Maternity leave	47.875	22.763
Total	$6.315.532	$6.122.367

The amounts disclosed are those recognized as cost or expense during the reported period for compensation of key personnel of Fiducóldex.

Arco Grupo Bancóldex - 2019

Transactions with stockholders - The following are the line items in the 2019 financial statements that include balances or transactions with majority stockholders:

Transactions in companies where the Shareholders, Members of the Board of Directors or officers of the Company own more than ten percent (10%) investments

Bancóldex held 87.45% of the shares.

	2019
Assets:	
Accounts receivable	$2.217
Vehicle under finance lease	600.187
Liabilities:	
Bank loans and other financial obligations	137.725.825
Interest payable	332.181
Accounts payable	89.823
Direct operating expenses (interest, financial obligations, leases, maintenance)	7.928.609
Operating income	50.776
Memorandum accounts receivable	8.531.013
Memorandum accounts payable	204.681.224

The Fondo Nacional de Garantías had a 12.48% share.

Liabilities:	
Accounts payable	$58.771
TDs plus interest	2.018.843
Operating expenses	106.557
Memorandum accounts payable	20.681.535

Transactions with directors - The following are the line items in the 2019 financial statements that include balances or transactions with directors:

	2019
Loans to employees	$281.477
Provisions	2.815
Liabilities (labor)	454.378
Liabilities (other)	2.630
Direct operating income	15.973
Direct operating expenses	1.784.238

Arco Grupo Bancóldex granted loans to directors in accordance with the general manual of procedures for loans to employees approved by the Board of Directors. Labor payments comply with labor policies and regulations in force as of December 31, 2019.

Transactions with members of the Board of Directors - Payments made by Arco Grupo Bancóldex to members of the Board of Directors are fees for attendance at the Board of Directors and external committee meetings, which amounted to $ 207,857 for 2019.

33. RISK MANAGEMENT

Bancóldex Group'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 of each Entity defined by each Board of Directors. Risk management includes the identification, measurement, control, and mitigation of risks in pursuit of the organization'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 Operational Risk Management System (SARO), 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 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.

Instance	Risk category	Main functions
External Credit Committee	Credit Risk	• Approve the counterparty credit limit for financial entities. • Recommend the approval of direct credit operations to the Board of Directors.
Audit Committee	Credit Risk Operational Risk Liquidity Risk Market Risk AL/FT Risk	• 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 credit limits for small loans.
Portfolio Rating Committee	Credit Risk	• Approve debtors' credit ratings to calculate provisions. • Monitor debtors risk profile.
Asset and Liability Management Committee	Market Risk and Liquidity Risk	• Approve procedures and methodologies for managing market and liquidity risks. • Approve strategies for resource mobilization, resource attraction and hedging. • Monitor the Bank's liquidity position.
Inter-institutional Management and Performance Committee	Operational Risk	• 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	• Propose to the Bancóldex Board of Directors the general risk management policies that will apply to the entities of the Bancóldex Group.

Instance	Risk category	Main functions
	Market Risk SARLAFT Risk	• Monitor exposure to the different types of risks, both for each Group entity and in the aggregate.

a) Credit risk

Qualitative information - The credit risk management of the Bancóldex Group is aligned with the standards established by the Financial Superintendence of Colombia and the International Financial Reporting Standards. For such purpose, there is a Credit Risk Management System (SARC) that incorporates policies, processes, and procedures, granting and monitoring methodologies, and auditing processes to cover the different products and segments.

The policies include general ones that delimit the credit operation of the Bancóldex Group, such as business strategy, provisions, write-offs, restructurings, among others, and specific policies for each product and segment that define the criteria for granting, monitoring, maximum credit exposure, and guarantees required. The Group has credit risk analysis methods and models that support specialized granting and monitoring processes for the different segments it serves.

Considering that the Bancóldex's portfolio is almost entirely in financial intermediaries (local credit establishments, foreign financial intermediaries, and entities oriented to micro-enterprise credit), the risk rating models are based on the CAMEL methodology and incorporate quantitative and qualitative aspects and prospective analysis. These models incorporate statistical information and are complemented with expert judgment.

For loans to the SME segment, the Bank has granting and monitoring methodologies. Based on specific models, they incorporate quantitative, qualitative, financial, and sectorial elements, technical considerations, and customers' sensitized and forecast cash flow for each product (leasing, credit, and factoring). These factors allow the credit factory to determine payment capacity for consideration by the different credit committees.

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

During 2020, adjustments were made in all segments to strengthen the credit granting and monitoring processes. In the credit segment for local financial intermediaries, foreign financial intermediaries, and Microenterprise Credit Oriented Entities, the Bank strengthened the forecast and scenario models and the periodic follow-up reports for these customers. In the SME segment, an alternative model was incorporated for making transactions within the Direct Credit Line (Decree 468/2020), which is backed by the National Guarantee Fund (FNG).

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

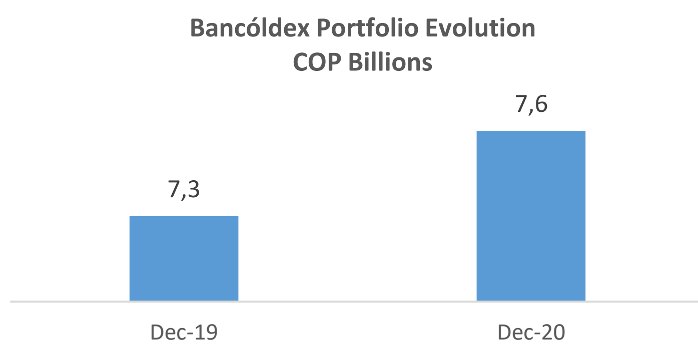
Given the macroeconomic uncertainty associated with this pandemic, the Bank will continue to monitor customer payment behavior to anticipate implementing actions to maintain quality indicators at controlled risk levels.

Concerning the measurement of impairment of financial assets, the Bancóldex Group follows the guidelines defined by the IASB in IFRS 9 (Financial Instruments).

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, 2020, and 20189 as follows:

	December 31, 2020	December 31, 2019
Loan portfolio	$7.592.978.181	$7.322.019.053
Debt securities	1.671.392.819	1.136.636.282
Equity securities	390.516.879	436.580.420
Derivatives	53.882.501	87.258.002
Financial guarantees	33.484.269	88.344.164
Active money market operations	373.798.411	126.751.734
Maximum credit risk exposure	$10.116.053.060	$9.197.589.655

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	December 31, 2020	December 31, 2019
Business	$7.576.279.241	$7.304.572.351
Consumer	1.515.806	1.658.321

Type of portfolio	December 31, 2020	December 31, 2019
Housing	15.183.134	15.788.382
Total	$7.592.978.181	$7.322.019.053

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	$7.301.050.370	$7.205.407.729
B	188.725.223	31.825.505
C	27.507.907	17.073.150
D	34.855.743	27.662.518
E	40.838.938	40.050.150
Total	$7.592.978.181	$7.322.019.053

Distribution by country

Country		
Colombia	$6.834.639.236	$6.295.091.974
Guatemala	137.300.000	111.422.760
Ecuador	116.345.760	305.148.071
Panama	115.967.013	81.928.500
Honduras	105.231.251	116.281.775
Costa Rica	85.812.500	81.928.500
Peru	27.564.142	45.309.047
Other	170.118.279	284.908.426
Total	$7.592.978.181	$7.322.019.053

Portfolio quality indicators

Portfolio quality	Dec-20	Dec-19

	Indicator1	3,84 %	1,59%
Risk Profile	Coverage (times)	0,33	0,75

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

As of December 2020, the net portfolio balance amounted to $ 7,592,978,181, an increase of 3.7% compared to the previous year. The portfolio at risk indicator stood at 3.83%, increasing due to the with ARCO Grupo Bancóldex.

Impairment indicators

Impairment	Dec-20	Dec-19
Impairment amount	$95,512,413	$87,474,202
Impairment indicator	1,24%	1,18%

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 Fiducóldex 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 backtested 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. 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 backtesting 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, 2020, and 2019 is presented below:

	Dec-20	% Part	Dec-19	% Part
At amortized cost	$17.627.454	1%	$-	-
At Fair Value with changes in other comprehensive income	1.113.028.701	68%	532.461.682	47%
At Fair Value	498.626.324	31%	601.529.420	53%
Total	$1.629.282.479		$1.133.991.102	

At the end of 2020, there was a 44% increase in the total amount of the fixed-income investment portfolio for the previous year due to the business strategy to generate short-term profits due to favorable market conditions for profit-taking.

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

	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

	2019		
Investments	Maximum amount	Minimum amount	Average amount
At Fair Value through other comprehensive income	$ 532.461.682	$ 397.285.471	$ 424.273.697
At Fair Value	662.062.413	382.846.213	541.513.997

The investment portfolio of Fiducóldex as of December 31, 2020, and 2019 is presented below:

	Dec-20	% Part	Dec-19	% Part
At Fair Value	$28,843,568	100%	$28,587,915	100%
Total	$28,843,568		$28,587,915	

The amount of the investment portfolio at fair value increased less than 1% with respect to 2019.

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

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

	2019		
	Maximum amount	Minimum amount	Average amount
At Fair Value	$29,092,733	$23,800,552	$26,393,745

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.

Year 2020				
Modules	**Maximun**	**Minimun**	**Average**	**Year-end Closing**
Interest rate	141,895,156	86,641,890	120,643,583	119,408,305
Exchange rate	5,066,845	35,584	1,247,172	3,710,745
Share price	2,074,830	1,370,342	1,605,562	1,756,476
Collective portfolios	43,935,979	16,246,123	23,328,993	43,935,979
	-	-	-	
Total	168,811,506	103,841,736	146,825,310	168,811,506

Year 2019				
Modules	**Maximun**	**Minimun**	**Average**	**Year-end Closing**
Interest rate	97,239,756	48,379,576	77,895,094	88,258,998
Exchange rate	4,607,655	35,584	1,757,212	423,626
Share price	2,491,832	1,918,139	2,207,855	2,298,993
Collective portfolios	20,726,850	16,246,123	17,961,773	20,726,850
	-	-	-	
Total	121,929,424	70,378,185	99,821,934	111,708,467

Bancóldex's exposure to market risk increased 51% compared to 2019, explained by the higher value of the investment portfolio and the increase in duration, reflected in a rise of 35.3% in the interest rate module.

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.

Year 2020				
Risk Factor	**Maximun**	**Minimun**	**Average**	**Year-end Closing**
Interest rate CEC pesos - component 1	66,203	-	12,161	7,630
Interest rate CEC pesos - component 2	11,176	-	2,929	3,943
Interest rate CEC pesos - component 3	4,997	-	1,076	2,644
Collective Portfolios	135,945	10,635	59,050	21,975
Non-Diversified VaR	168,816	16,616	75,216	36,192
Diversified VaR	**137,242**	**9,496**	**57,233**	**22,661**

Year 2019				
Risk Factor	**Maximun**	**Minimun**	**Average**	**Year-end Closing**
Interest rate CEC pesos - component 1	6,906	-	2,146	6,548
Interest rate CEC pesos - component 2	1,868	-	581	1,079
Interest rate CEC pesos - component 3	592	-	132	49
IPC Interest rate	89,737	-	26,304	9,093
Collective Portfolios	16,922	6,806	11,901	14,492
Non-Diversified VaR	108,558	6,835	41,065	22,168
Diversified VaR	**91,471**	**6,836**	**32,414**	**13,062**

The market risk exposure of Fiducóldex increased 50% due to the high volatilities in the risk factors during 2020.

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 backtesting 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).

Discounted liquid assets

Liquid assets	Dec-20	Dec-19
Available	$199.514.016	$111.077.836
High liquidity	1.268.813.369	878.921.795
Investments in high-quality securities	1.075.559.788	867.775.124
Other liquid assets	193.253.581	11.146.671
Total liquid assets	$1.468.327.385	$989.999.631

Liquid assets	Dec-20	Dec-19

Most of the Bancóldex Group's liquid assets (88%) are of high quality, which indicates that almost all these types of assets can be used in money market operations with Banco de la República and its market haircut is low.

In Bancóldex, the average of high-quality liquid assets increased compared to the previous year, highlighting the merger with Arco Grupo Bancóldex.

Available	$158.297.570	$55.422.431
High liquidity	1.255.833.314	864.697.397
Investments in high-quality securities	1.064.771.615	855.963.009
Other liquid assets	191.061.699	8.734.388
Total liquid assets	$1.414.130.884	$920.119.828

Fiducóldex's liquid market assets decreased compared to the previous year but are sufficient to cover liquidity requirements.

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.

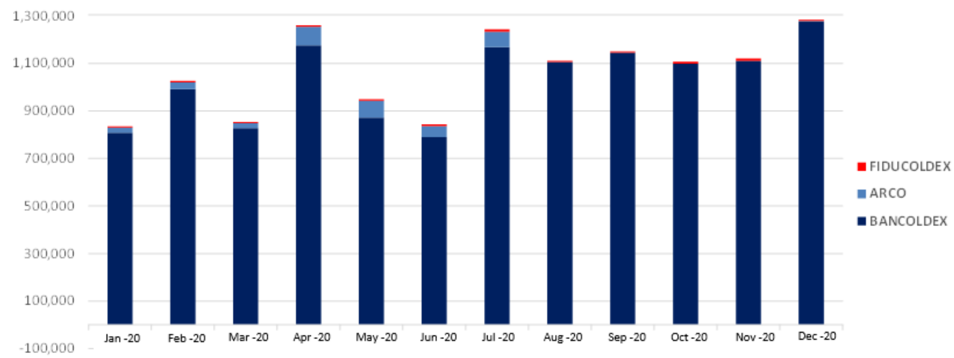
As of December 31, 2020, Bancóldex had an IRL at thirty days of $ 1,275,219,023, while the same indicator in 2019 showed $ 771,926,618, which represents an increase of 65%, due to the increased level of liquid assets and decreased liquidity requirement at the end of the year. This liquidity level allowed 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	Dec-20	Dec-19
Liquidity risk indicator	$1.275.219.023	$771.926.618
Liquid market assets	1.414.130.885	920.119.828
Net liquidity requirements	138.911.862	148.193.210
IRL	1.018%	621%

As of December 31, 2020, Fiducóldex had a thirty-day percentage IRL of -43.27%, which means that the Fiduciary has net outflows (negative sign) of 43.27% liquid assets equivalent to coverage of liquid assets over net withdrawals of 2.67 times. During 2020, there was a stable behavior of the net liquidity requirements (average $ 2,218,804), which allowed the Fiduciary to ensure the liquid assets necessary to fulfill the obligations expected in a timely and efficient manner during the year.

Liquid market assets	$3.841.072	$6.340.699
Net withdrawal factor	(2.610.265)	(2.791.780)
IRL (Liquidity Requirement Indicator)	(43.27%)	(44.03%)
IRL	2311%	2271%

IRL 30 days - Entities



Given the merger of Bancóldex with Arco Grupo Bancóldex in August 2020, the above graph reflects data from Arco from January to July. From August onwards, they correspond to Bancoldex and Fiducóldex.

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 041 dated June 29, 2009. This circular became Chapter XXIII of the Basic Accounting and Financial Circular Letter or External Circular Letter 100/1995, which 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 2020:

Identification, measurement, control, and monitoring of operating risks - As of December 31, 2020, 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. Risk and control self-assessments were carried out via maps of all the processes of the three entities, thus identifying their respective controls, which are monitored by the process leaders and the governing bodies established in the SARO manuals.

Management of operational risk events - The officers reported the operational risk events in each area.

During 2020, the Group's economic losses from operating risk from events classified as "Type A" were approximately $ 559,383 and recognized in their respective operating risk accounting accounts.

Assistance in developing projects or products - During 2020, 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

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. LEGAL CONTROLS

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

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

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

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

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

On October 30, 2020, the Bank informed the SFC of the transmission tests performed on October 28, 2020, on the Consolidated Financial Statements as of June 30, 2020. Considering the satisfactory results of the tests, the Bank confirmed to the SFC that it would make the first official transmission of Form 239 for the Consolidated Financial Statements as of September 30, 2020.

For the follow-up and analysis of the Solvency Margin information by the SFC, as of October 2020, working tables were held, with the participation of the different SFC Delegations and Bank officers. Information requirements related to calculating credit exposure of derivative financial instruments, the Operational Risk Var, and receivables transactions were met.

SOLVENCY RATIO -CONSOLIDATED	December 31, 2020	December 31, 2019
Total capital adequacy ratio = **% TOTAL CAPITAL**	22.44%	18.37%

36. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Each Entity's administration has evaluated the subsequent events occurred from January 1, 2021 to February 23, 2021, the date when the consolidated financial statements were made available for issuance, and determined that no subsequent events have occurred, and which may require the recognition or disclosure of additional information in these statements.

37. APPROVAL OF FINANCIAL STATEMENTS

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