BBVA

Creando Oportunidades

Consolidated Financial Statements

Colombia

2019

General coordination

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1. Reports and Certifications

Statutory Auditor's Report

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(FREE TRANSLATION OF THE REPORT ISSUED IN SPANISH)
STATUTORY AUDITOR'S REPORT

To the Shareholders
Banco Bilbao Vizcaya Argentaria Colombia S.A.:

Opinion

I have audited the consolidated financial statements of Banco Bilbao Vizcaya Argentaria Colombia and Subsidiaries (the Group), which comprise the consolidated statement of financial position at December 31, 2019 and the consolidated statements of income, other comprehensive income, changes in equity and cash flows for the year then ended and their respective notes that include the summary of significant accounting policies and other explanatory notes.

In my opinion, the above mentioned consolidated financial statements, attached to this report, present fairly, in all material aspects, the consolidated financial position of the Group at December 31, 2019, the consolidated results of its operations, and its consolidated cash flows for the year then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied on a consistent basis with previous year, except by the International Financial Reporting Standard IFRS 16 – Leases.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) accepted in Colombia. My responsibilities under those standards are further described in the "Statutory Auditor' Responsibilities for the Audit of the Consolidated Financial Statements" section of my report. I am independent of the Group in accordance with the Code of Ethics for Accountant Professionals issued by the International Ethics Standards Board for Accountants (IESBA Code), included in the Information Assurance Standards accepted in Colombia together with the ethical requirements established in Colombia that are relevant to my audit of the consolidated financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code mentioned.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

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

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Assessment of the Loan Portfolio Impairment under IFRS 9 (see notes 3.5 and 10 to the consolidated financial statements)	
The key audit matter	**How our audit approached this matter**
The Group periodically reviews the credit risk exposure of its loan portfolio. Such determination is one of the most significant and complex estimates in the preparation of the accompanying consolidated financial statements, due to the high degree of judgment involved in the development of the models to determine impairment based on an expected loss approach required in the IFRS 9. The value of the loan portfolio and its respective provision as of December 31, 2019 amounts to $50.252.169 million and $2.646.455 million, respectively. I considered the evaluation of the loan portfolio impairment as a key audit matter, because it involves a significant measurement uncertainty that required a complex judgment, and knowledge and experience in the industry, especially with regard to (1) the evaluation of the methodologies used, including the methodology to estimate the loss due to non-compliance; (2) the probability of loss given the default and its key factors and assumptions; (3) the qualification of loans and qualitative factors that are incorporated into the variables of the internal models established by the Group; and (4) the estimated impairment calculations due to credit risk of the entire loan portfolio.	My audit procedures to assess the sufficiency of credit risk impairment included, among others, the following: • Involvement of professionals with experience and knowledge in the assessment of credit risk and information technology, to evaluate certain internal controls related to the Group's process for determining the loan portfolio impairment. This included controls related to (1) validation of the models that determine the probability of loss, severity and exposure at the time of default, (2) the Group's monitoring on the determination of portfolio impairment (3) information technology controls on the input data to the models that determine credits impairment, as well as related calculations; (4) the evaluation to identify if there was a significant change in credit risk; and (5) the review of macroeconomic variables and the weighted scenarios used in the models for determining the loan portfolio impairment; and (6) controls related to the review of commercial loans analyzed individually were tested. • Professionals with knowledge in assessment of credit risk and information technology assisted me to (1) evaluate the methodologies and key data used to determine the probability of loss, the severity and exposure at the time of default, and the parameters produced by the models; (2) evaluate the macroeconomic variables and the weighted probability scenarios used in

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Assessment of the Loan Portfolio Impairment under IFRS 9 (see notes 3.5 and 10 to the consolidated financial statements)	
The key audit matter	**How our audit approached this matter**
	the internal models including the consideration of alternative data for certain variables; (3) recalculation of the expected loss model and its related data; and (4) evaluate the qualitative adjustments applied to the model. • For a credits sample, the credit risk assigned by the Group and the Group's judgment were evaluated to determine if there was a significant increase in the related credit risk.

Other matters

The consolidated financial statements at and for the year ending December 31, 2018 are submitted only for comparison purposes, were audited by me and in my report dated January 28, 2019, I expressed an unqualified opinion thereon.

Responsibilities of Management and those in charge with the Group's corporate governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to its continuity and using the going concern accounting basis unless management either intends to liquidate the Group or to cease its operations, or has no realistic alternative but to do so.

Those in charge of corporate governance are responsible for overseeing the Group's financial reporting process.

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Statutory Auditor’s responsibilities for the audit of the consolidated financial statements

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

As part of an audit conducted in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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

- Obtain an understanding of internal control relevant for the audit in order to design audit procedures that are appropriate in the circumstances.

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

- Conclude on the appropriate use of the going concern hypothesis by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my statutory auditor’s report to the related disclosure in the consolidated financial statements or, if such disclosure is inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Group ceases to continue as a going concern.

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

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

I communicate to those in charge of the Group's governance regarding, among other matters, the planned scope and timing for the audit, as well as significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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

Original signed by
Jorge Enrique Peñaloza Porras
Statutory Auditor of Banco Bilbao Vizcaya
Argentaria Colombia S.A.
Registration 43402 - T
Member of KPMG S.A.S.

January 28, 2020

Certification of the Legal Representative and General Accountant

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Creando Oportunidades

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Certification Financial Statements

The undersigned registered Legal Representative and General Accountant of BBVA Colombia with Article 37 of Law 222 of 1995 and Article 46 of Law 964 of 2005 certify that the Bank's financial statements at December 31, 2019 have been faithfully taken from the books and prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF, for the Spanish original), and before being made available for the Shareholders Assembly and to third parties, we have verified that:

- The figures included in the financial statements and in their explanatory notes have been faithfully taken from the books and prepared in accordance with accounting and financial reporting standards accepted in Colombia "NCIF".

- We have verified that the valuation, valuation and presentation procedures have been applied uniformly with those of the immediately preceding year and reasonably reflect the Financial Situation as of December 31, 2019.

- All assets and liabilities listed in the Bank's financial statements at December 31, 2019 exist and all the transactions listed in said statements have been carried out during the year ended on that date.
- All the economic events carried out by the Bank during the year ended December 31, 2019 have been recorded in the financial statements.
- All economic events that affect the Bank have been correctly classified, described and disclosed in the financial statements.
- The assets account for probable future economic benefits (rights) and the liabilities account for probable future economic sacrifices (obligations) assumed by the Bank at December 31, 2019.
- All the items have been recorded at their proper values in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF).

In compliance with Article 46 of Law 964/2005, we hereby certify that: the financial statements and other relevant reports for the public contain no defects, inaccuracies or errors that would prevent knowing the entity's true financial circumstances and operations.

FÉLIX PÉREZ PARRA
Legal Representative

ÓSCAR ENRIQUE RODRÍGUEZ ACOSTA
General Accountant
Prof. License No. 179552-T

Creando Oportunidades

2. Consolidated Financial Statements 20

Banco Bilbao Vizcaya Argentaria Colombia S.A.

At December 31, 2019

(Expresado en millones de pesos, excepto la tasa de cambio y la ganancia neta por acción)

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Consolidated Statement of Financial Position

(Millions of COP)

Item	Note	At December 31th	
		2019	2018
Asset			
Cash and cash equivalents	(8)	**$ 5,642,226**	**$ 8,461,493**
• Cash and bank deposits		5,143,295	7,947,289
• Money market transactions		498,931	514,204
Financial investment assets	(9)	**8,667,565**	**8,148,586**
Investments at fair value through profit or loss		**5,413,292**	**4,578,085**
• Investments at fair value through profit or loss		2,555,796	3,013,159
• Investments at fair value delivered in Money Market operations		2,857,496	1,540,419
• Investments at fair value provide as financial collateral		-	24,507
Investments at fair value through Other Comprehensive Income		**2,347,507**	**2,667,751**
• Investments at fair value with change in OCI Debt Instruments		1,497,009	1,097,633
• Investments at fair value with change in OCI Equity Instruments		358,349	300,171
• Investments at fair value with change in OCI delivered in Money Market Operations		492,149	891,740
• Investments at fair value with exchange in OCI provide as financial collateral		-	378,207
Investments at amortized cost		**906,766**	**902,750**
• Investments at amortized cost		101,109	84,196
• Investments at amortized cost with change in results delivered in Money Market operations		814,427	818,914
• Impairment of investments at amortized cost		$ (8,770)	$ (360)

Item	Note	At December 31th	
		2019	2018
Derivative financial instruments and cash operations	(14)	**$ 2,071,592**	**$ 1,292,073**
• Trading		2,026,908	1,283,474
• Hedging		44,684	8,599
Loan portfolio and financial leasing operations (net)	(10)	**47,083,326**	**42,796,746**
• Commercial		18,408,889	17,834,846
• Consumer		18,970,748	16,361,690
• Mortgage		11,802,474	10,958,949
• Microcredit		2	2
• Employees (mortgage and consumer)		474,519	417,735
• Credit impairment		(2,573,306)	(2,776,476)
Interest Portfolio of credits and other concepts (net)	(10)	**522,388**	**601,514**
• Commercial		194,630	191,435
• Consumer		252,613	365,794
• Mortgage		141,941	119,166
• Employees (mortgage and consumer)		1,190	892
• Other interest		5,163	4,987
• Credit impairment		(73,149)	(80,760)
Others		**1,746,563**	**1,566,315**
Accounts receivable (net)	(15)	430,086	326,948
Other advances to contracts and suppliers	(21)	62,001	203,873
Investments in joint ventures	(19)	$ 134,192	$ 119,684

Item	Note	At December 31th	
		2019	2018
Non-current assets held for sale	(16)	$ 59,061	$ 16,885
Property and equipment	(17)	715,102	728,013
Properties taken on operating leases	(11)	1,535	3,980
Rights over fixed assets	(11)	169,450	-
Intangible assets	(18)	102,617	93,783
Deferred tax assets	(31)	909	5,591
Current tax assets	(31)	1,181	34,456
Other tax assets	(31)	3,938	462
Prepaid expenses	(21)	23,535	14,796
Other assets (net)	(20)	42,956	17,844
Total Assets		**65,733,660**	**62,866,727**
Liabilities			
Deposits and current liabilities	(22)	**47,320,164**	**47,246,048**
• Checking accounts		27,738,237	27,872,455
• Term deposits		19,581,927	19,373,593
Money market and simultaneous operations	(23)	**4,410,752**	**3,343,616**
Derivative financial instruments and cash operations		**2,039,137**	**1,307,567**
• Trading	(25)	2,024,389	1,265,591
• Hedging	(14)	14,748	41,976
Financial obligations			
• Bank credits and other financial obligations	(24)	2,607,156	2,519,646
Taxes			
• Deferred taxes	(31)	184,900	154,681
• Current taxes	(31)	43,617	7,241
• Other taxes	(31)	103,848	101,395
Estimated liabilities and provisions	(29)	317,376	255,735
Accounts payable	(26)	647,543	528,195
Labor liabilities	(30)	$ 254,728	$ 222,361

Item	Note	At December 31th	
		2019	2018
Other liabilities	(28)	$ 244,537	$ 264,215
Outstanding investment securities	(27)	2,179,625	2,282,854
Lease liability		168,364	-
Total liabilities		**60,521,747**	**58,233,554**
Shareholders' equity			
Subscribed and paid-in capital	(32)	89,779	89,779
Reserves	(33)	3,039,130	2,764,479
Additional paid-in capital		651,950	651,950
Profit and loss statement	(34)	731,618	563,653
Retained earnings		52,782	105,880
Other comprehensive income (OCI)	(35)	638,888	449,954
Article 6 Law 4/80		506	506
Shareholders' equity		**5,204,653**	**4,626,201**
Minority interest		7,260	6,972
Total equity		**5,211,913**	**4,633,173**
Total liabilities and equity		**$ 65,733,660**	**$ 62,866,727**

See the accompanying notes that are an integral part of the Consolidated Financial Statements.

The undersigned Legal Representative and Accountant certify that we have previously verified the statements contained in these financial statements and that they have been taken faithfully from the accounting books of Banco Bilbao Vizcaya Argentaria SA and its subordinates.

FÉLIX PÉREZ PARRA
Legal Representative

ÓSCAR ENRIQUE RODRÍGUEZ ACOSTA
General Accountant
Prof. License No. 179552-T

JORGE ENRIQUE PEÑALOZA PORRAS
Statutory Auditor of
Banco Bilbao Vizcaya Argentaria Colombia S.A.
Prof. License No. 43402-T
Member of KPMG S.A.S.
See my report of January 28, 2020

Consolidated Statement of Income

(Millions of COP)

Item	Note	At December 31th	
		2019	2018
Interest income	(39)		
Loan portfolio		**$ 5,110,533**	**$ 4,720,124**
• Commercial		2,117,391	1,937,282
• Consumer		1,101,454	1,140,632
• Credit card		1,036,297	837,372
• Mortgage		410,715	389,998
• Factoring		33,732	27,749
• Operating Leasing		1,569	2,551
• Financial leasing		161,836	168,309
• Residential leasing		247,539	216,231
Interest expenses		**(1,993,032)**	**(2,057,754)**
• Savings accounts		(660,996)	(566,315)
• Term deposit Certificates		(1,220,601)	(1,390,565)
• Banks and financial obligations		(111,435)	(100,874)
Total interest income (net)		**3,117,501**	**2,662,370**
Fee income	(40)		
Fees			
• Fee income		581,325	566,680
• Fee expenses		(545,226)	(199,582)
Total net fee income		**$ 36,099**	**$ 367,098**

Item	Note	At December 31th	
		2019	2018
Operating income	(40)		
Securities		$ 951,044	$ 696,029
• Derivatives		13,060,398	7,515,767
• Disposals		93,511	64,545
Operating expenses	(41)		
Securities		(670,811)	(437,949)
• Derivatives		(13,031,189)	(7,616,842)
• Disposals		(65,268)	(60,084)
Total operating income		337,685	161,466
Joint agreements	(40)	1,320	1,012
Impairment of assets			
"Impairment of loan portfolio and financial leasing operation (net)"		(952,806)	(1,099,613)
• Refund of impairment in the loan portfolio		1,333,002	1,053,026
• "Impairment of loan portfolio and financial leasing operation"		(2,285,838)	(2,152,425)
• Impairment of investments		30	(214)
Sale of non-current assets held for sale		(10,177)	(6,912)
Sale of Property and equipment		(4,731)	(1)
Impairment of other assets		(15,478)	(1,144)
Total impairment of assets (net)		$ (983,192)	$ (1,107,670)

Item	Note	At December 31th	
		2019	2018
Other operating income	**(40)**		
Other operating income	(40)	$ 126,866	$ 101,737
Other operating expenses	(41)	(1,645,103)	(1,557,341)
Exchange difference (net)		80,153	243,756
Income before taxes		1,071,329	872,428
Income tax		(355,915)	(365,950)
Deferred tax		18,203	59,323
Profit for the year		**733,617**	**565,801**
Profit or loss attributable			
Owners of the controlling company		731,618	563,653
Non-controlling interest		1,999	2,148
Total Net Profit		**$ 733,617**	**$ 565,801**
Earnings per ordinary share (in COP)			
Basic		$ 51	$ 39

See the accompanying notes that are an integral part of the Consolidated Financial Statements.

The undersigned Legal Representative and Accountant certify that we have previously verified the statements contained in these financial statements and that they have been taken faithfully from the accounting books of Banco Bilbao Vizcaya Argentaria SA and its subordinates.

FÉLIX PÉREZ PARRA
Legal Representative

ÓSCAR ENRIQUE RODRÍGUEZ ACOSTA
General Accountant
Prof. License No. 179552-T

JORGE ENRIQUE PEÑALOZA PORRAS
Statutory Auditor of
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Prof. License No. 43402-T
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See my report of January 28, 2020

Consolidated Statement of Other Comprehensive Income

(Millions of COP)

Item	Note	At December 31th	
		2019	2018
Profit for the year		**$ 731,618**	**$ 563,653**
Other Comprehensive Income			
Items that are not reclassified to the Statement of Income for the period:			
Profits (losses) of other equity items of subordinated		561	(158)
Profits (losses) due to new measurements of defined benefit plans		(4,883)	-
Gains (losses) from recovery of impairment of loan portfolio and Financial Leasing Operations		178,856	157,098
Gains (losses) from uncontrolled interests		48,139	3,306
Total items that will not be reclassified to profit or loss for the period		**222,673**	**160,246**
Items that can be reclassified after the period result:			
Profits from new measurements of financial assets available for sale		24,143	39,092
Profits (losses) from the cash flow hedge		12,095	2,019
Total items that can be reclassified following the Statement of Income for the period		**36,238**	**41,111**
Total Other Comprehensive Income		**$ 258,911**	**$ 201,357**

Item	Note	At December 31th	
		2019	2018
Deferred tax:			
On investments in equity instruments of other comprehensive income		$ (6,083)	$ (2,202)
On defined benefit plans		198	-
On new measurements of financial assets		(59,174)	(58,126)
On cash flow hedge		(4,918)	(747)
Total deferred tax		**(69,977)**	**(61,075)**
Total Other Comprehensive Income, net of income taxes	(37)	**188,934**	**140,282**
Total statement of comprehensive income for the period		**$ 920,552**	**$ 703,935**

See the accompanying notes that are an integral part of the Consolidated Financial Statements.

The undersigned Legal Representative and Accountant certify that we have previously verified the statements contained in these financial statements and that they have been taken faithfully from the accounting books of Banco Bilbao Vizcaya Argentaria SA and its subordinates.

FÉLIX PÉREZ PARRA
Legal Representative

ÓSCAR ENRIQUE RODRÍGUEZ ACOSTA
General Accountant
Prof. License No. 179552-T

JORGE ENRIQUE PEÑALOZA PORRAS
Statutory Auditor of
Banco Bilbao Vizcaya Argentaria Colombia S.A.
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Member of KPMG S.A.S.
See my report of January 28, 2020

Consolidated Statement of Changes in Equity

For the years ended December 31, 2019 and 2018

(Millions of COP and thousands of shares)

Concept	Suscribed and paid-in capital						
	Non-voting preferred shares		Ordinary shares		Legal and occasional reserves	Additional-paid in capital	Net profit For the period
	Number	Value	Number	Value			
Balance of December 31 of 2018	**479,760**	**$ 2,994**	**13,907,929**	**$ 86,785**	**$ 2,535,777**	**$ 651,950**	**$ 491,167**
Non controlled interest (minority interest)							
Reserves	-	-	-	-	-	-	-
Valuation	-	-	-	-	-	-	-
Revaluation of equity	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	(491,167)
Dividends paid in cash preferred and common shares	-	-	-	-	-	-	-
Appropriation for legal reserve	-	-	-	-	228,702	-	-
Net profit for the period	-	-	-	-	-	-	563,653
Fixed asset valuation update	-	-	-	-	-	-	-
Net deferred tax	-	-	-	-	-	-	-
Retained earnings sales force	-	-	-	-	-	-	-
Participation in other comprehensive income of the noncontrolled investments	-	-	-	-	-	-	-
Unrealized retained earnings in new measurements of financial instruments	-	$ -	-	$ -	$ -	$ -	$ -

	Retained earnings	Adjustments in the adoption for the first time NICF	Other comprehensive Income (OCI)	Article 6 Law 4 of 1980	Total Shareholder Equity	Non-controlling interest	Total stockholders' equity
	$ 96,761	**$ (5,555)**	**$ 309,672**	**$ 506**	**$ 4,170,057**	**$ 6,231**	**$ 4,176,288**
	-	-	-	-	-	150	150
	-	-	-	-	-	21	21
	-	-	-	-	-	(34)	(34)
	-	-	-	-	-	(1,491)	(1,491)
	491,167	-	-	-	-	-	-
	(228,764)	-	-	-	(228,764)	(53)	(228,817)
	(228,702)	-	-	-	-	-	-
	-	-	-	-	563,653	2,148	565,801
	-	591	-	-	591	-	591
	-	(2,315)	(61,075)	-	(63,390)	-	(63,390)
	-	35,137	-	-	35,137	-	35,137
	-	(27,214)	-	-	(27,214)	-	(27,214)
	$ -	$ (25,226)	$ -	$ -	$ (25,226)	$ -	$ (25,226)

Concept	Suscribed and paid-in capital				Legal and occasional reserves	Additional-paid in capital	Net profit For the period
	Non-voting preferred shares		Ordinary shares				
	Number	Value	Number	Value			
Other Comprehensive Income							
• Hedging with derivatives cash flow	-	$ -	-	$ -	$ -	$ -	$ -
• Investments accounted for using the equity method	-	-	-	-	-	-	-
• Participation in other comprehensive income of the noncontrolled investments	-	-	-	-	-	-	-
• Credit portfolio measurements	-	-	-	-	-	-	-
• Unrealised retained earnings in new measurements of financial instruments	-	-	-	-	-	-	-
Balance of December 31 of 2018	**479,760**	**2,994**	**13,907,929**	**86,785**	**2,764,479**	**651,950**	**563,653**
Non controlled interest (minority interest)							
Transfers	-	$ -	-	$ -	$ -	$ -	$(563,653)
Reserves	-	-	-	-	-	-	-
Valuation	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-
Dividends paid in cash preferred and common shares	-	-	-	-	-	-	-
Appropriation for legal reserve	-	-	-	-	274,651	-	-
Net profit for the period	-	-	-	-	-	-	731,618
Fixed asset valuation update	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-	-
Net deferred tax	-	-	-	-	-	-	-
Retained earnings sales force	-	$ -	-	$ -	$ -	$ -	$ -

Retained earnings	Adjustments in the adoption for the first time NICF	Other comprehensive Income (OCI)	Article 6 Law 4 of 1980	Total Shareholder Equity	Non-controlling interest	Total stockholders' equity
$ -	$ -	$ 2,019	$ -	$ 2,019	$ -	$ 2,019
-	-	(158)	-	(158)	-	(158)
-	-	3,306	-	3,306	-	3,306
-	-	157,098	-	157,098	-	157,098
-	-	39,092	-	39,092	-	39,092
130,462	**(24,582)**	**449,954**	**506**	**4,626,201**	**6,972**	**4,633,173**
$ 563,653	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	312	312
-	-	-	-	-	(33)	(33)
-	-	-	-	-	(1,990)	(1,990)
(274,661)	-	-	-	(274,661)	-	(274,661)
(274,651)	-	-	-	-	-	-
-	-	-	-	731,618	1,999	733,617
-	(18,880)	-	-	(18,880)	-	(18,880)
(6,013)	575	-	-	(5,438)	-	(5,438)
(14,341)	-	-	-	(14,341)	-	(14,341)
(28,780)	$ -	$ -	$ -	$ (28,780)	$ -	$ (28,780)

Concept	Suscribed and paid-in capital						
	Non-voting preferred shares		Ordinary shares		Legal and occasional reserves	Additional-paid in capital	Net profit For the period
	Number	Value	Number	Value			
Other Comprehensive Income:							
• Hedging with derivatives cash flow	$ -	$ -	$ -	$ -	$ -	$ -	$ -
• Profits (losses) other patrimonial items of subordinates	-	-	-	-	-	-	-
• Gains (losses) from recovery of impairment of loan portfolio and Financial Leasing Operations	-	-	-	-	-	-	-
• Actuarial gains and losses on defined contributions pensions	-	-	-	-	-	-	-
• Earnings accumulated by new measurements of financial assets available for sale	-	-	-	-	-	-	-
• Participation in other comprehensive income of the noncontrolled investments	-	-	-	-	-	-	-
• Net deferred tax	-	-	-	-	-	-	-
Balance of December 31 of 2017	**479,760**	**$ 2,994**	**$13,907,929**	**$ 86,785**	**$ 3,039,130**	**$ 651,950**	**$ 731,618**

Retained earnings	Adjustments in the adoption for the first time NICF	Other comprehensive Income (OCI)	Article 6 Law 4 of 1980	Total Shareholder Equity	Non-controlling interest	Total stockholders' equity
$ -	$ -	$ 12,095	$ -	$ 12,095	$ -	$ 12,095
-	-	561	-	561	-	561
-	-	178,856	-	178,856	-	178,856
-	-	(4,883)	-	(4,883)	-	(4,883)
-	-	24,143	-	24,143	-	24,143
-	-	48,139	-	48,139	-	48,139
-	-	(69,977)	-	(69,977)	-	(69,977)
$ 95,669	**$ (42,887)**	**$ 638,888**	**$ 506**	**$ 5,204,653**	**$ 7,260**	**$ 5,211,913**

See the accompanying notes that are an integral part of the Consolidated Financial Statements.

The undersigned Legal Representative and Accountant certify that we have previously verified the statements contained in these financial statements and that they have been taken faithfully from the accounting books of Banco Bilbao Vizcaya Argentaria SA and its subordinates.

FÉLIX PÉREZ PARRA
Legal Representative

ÓSCAR ENRIQUE RODRÍGUEZ ACOSTA
General Accountant
Prof. License No. 179552-T

JORGE ENRIQUE PEÑALOZA PORRAS
Statutory Auditor of
Banco Bilbao Vizcaya Argentaria Colombia S.A.
Prof. License No. 43402-T
Member of KPMG S.A.S.
See my report of January 28, 2020

Consolidated Statement of Cash Flow

(Millions of COP)

Item	At December 31t			
	2019		2018	
Balance at the beginning of period	**$**	**8,461,493**	**$**	**5,777,721**
Cash flows from operating activities				
Disbursements and payments received from clients of loan portfolio and leasing operations others		(2,246,350)		541,775
Payments and Receipts checking accounts		707,231		2,324,609
Payments and Received Term Deposits		208,373		(712,858)
Payments and Receipts Other Deposits and Requirements		113,341		364,047
Payments and other income from debt and derivative financial instruments		(381,137)		326,413
Payments to suppliers and employees		(3,637,508)		(3,399,934)
Interest paid deposits and liabilities		4,518,670		4,396,784
Interest paid deposits and obligations		(1,883,630)		(1,958,836)
Income tax paid		(375,548)		(368,689)
Cash advances and guaranteed loans to third parties		(828,974)		(734,861)
Collections on the reimbursement of advances and guaranteed loans to third parties		970,846		714,021
Net cash flow provided by operating activities		**(2,834,686)**		**1,492,471**
Cash flows from investing activities:				
Payments and other investment		117,493		548,237
Other dividends paid		(30,987)		(25,488)
Other dividends received		20,303		35,771
Acquisition of property and equipment		(75,514)		(89,051)
Payments to acquire joint ventures	$	-	$	(43,572)

Item	At December 31t	
	2019	2018
Sale price of property and equipment	$ 7,395	$ 13,151
Net cash flow used in investment activities	**38,690**	**439,048**
Payments for share issuance		
Loans and other financial liabilities	205,290	671,484
Dividends paid to owners	(269,357)	(224,660)
Net cash flow used in (provided by) financing activities	**(64,067)**	**446,824**
Cash and cash equivalents		
Effect of changes in the exchange rate on cash held in foreign currency	**40,796**	**305,429**
Balances at the end of period	**$ 5,642,226**	**$ 8,461,493**

See the accompanying notes that are an integral part of the Consolidated Financial Statements.

The undersigned Legal Representative and Accountant certify that we have previously verified the statements contained in these financial statements and that they have been taken faithfully from the accounting books of Banco Bilbao Vizcaya Argentaria SA and its subordinates.

FÉLIX PÉREZ PARRA
Legal Representative

ÓSCAR ENRIQUE RODRÍGUEZ ACOSTA
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Creando Oportunidades

3. Notes to the Consolidated Financial Statements

Banco Bilbao Vizcaya Argentaria Colombia S.A.

At December 31, 2019

(Expressed in millions of COP, except for the exchange rate and net earnings per share)

Consolidated
ements

1. Reporting Entity

Banco Bilbao Vizcaya Argentaria Colombia S.A. BBVA Colombia (hereinafter, “the Bank” or “BBVA Colombia S.A.”), acting as the Parent Company of Grupo Empresarial BBVA Colombia, registered in the business register, hereinafter “the Group,” formed by the subsidiaries of BBVA Asset Management S.A. with a 94.51% share and BBVA Valores Colombia S.A. with the Parent Company’s 94.44% share, reports consolidated financial statements for the following companies:

BBVA Colombia S.A. The reporting entity is a private banking institution, incorporated under Colombian laws on April 17, 1956 through Public Instrument No. 1160 issued by the Third Notary of Bogotá. Its period of duration ends on December 31, 2099; this term may be extended according to the law. The Financial Superintendence of Colombia (hereinafter, “the Superintendence” or “SFC”) through Resolution No. 3140 / September 24, 1993, renewed the operating permit definitively. The main activity of the Bank includes providing loans to public and private sector companies and individual loans. It also carries out international banking activities, privatizations, financial projects and other banking activities in general, and provides leasing services.

The Bank conducts its activities at its main registered office in the city of Bogotá located at Carrera 9 # 72-21, through its 545 and 552 offices for the years ended December 31, 2019 and 2018, respectively, which include branch offices, in-house services at customer facilities, service centers, agencies, cash extensions, and mini-banks located in 128 cities of Colombia, distributed as follows:

Total offices

Branch	2019	2018
Branch offices	384	385
In house	89	94
Service centers	13	13
Agencies	29	32
Remote banking	30	28
Total offices	**545**	**552**

Additionally, it has 53 financial services contracts through Non-Banking Correspondents (NBC) amounting to 19,925 points of service (14,106 points of service at December 31, 2018).

The Bank is a subsidiary of Banco Bilbao Vizcaya Argentaria S.A. España (76% share), which is part of the BBVA Group.

BBVA Asset Management S.A. S., hereinafter, "the Trust Company", is a private commercial entity of financial services, legally incorporated by Public Instrument 679 issued by the 13th Notary of Bogotá / April 5, 1976.

Through Public Instrument 3742 dated April 29, 2010 issued by the 72nd Notary of Bogotá, the name change to BBVA Asset Management S.A. Sociedad Fiduciaria was made official, and for all legal purposes it may use the name BBVA Asset Management.

The Trust Company is a subsidiary of Banco Bilbao Vizcaya Argentaria Colombia S.A. It has its registered office in the city of Bogotá, with a duration up to May 27, 2098, and a permanent operating license from the Financial Superintendence of Colombia (hereinafter "the Superintendence"), according to Resolution 223 / January 12, 1979. At December 31, 2019 and 2018, it had 119 and 116 employees, respectively.

The main objective of the Trust Company consists of entering into commercial trust agreements, entering into state trust agreements as provided by Law 80 / 1993 and, in general, doing any business that implies a trust management and all the business that trust companies are legally authorized to do. In fulfilling its purpose, the Trust Company may essentially acquire, dispose of, tax, manage real estate and personal property, legally represent bondholders, intervene as a debtor or creditor in all types of credit transactions, and issue, accept, endorse, collect and negotiate, in general, all types of securities.

BBVA Valores Colombia S.A. Comisionista de Bolsa, hereinafter "the Brokerage Firm", was incorporated on April 11, 1990 following authorization by the Financial Superintendence of Colombia. Its corporate purpose is the development of the commission contract for the purchase and sale of securities listed in the National Securities Registry, the development of security funds management contracts for its domestic and foreign customers, and the performance of transactions on its own behalf. It is also authorized by the Superintendence to carry out the activities related to the securities market and give advice on capital-market related activities.

The Brokerage Firm is a subsidiary of Banco Bilbao Vizcaya Argentaria Colombia S.A.; its registered office is the city of Bogotá D.C., where its conducts its commercial activity. At December 31, 2019 and 2018, it had 23 and 21 employees, respectively, and its term of duration expires on April 11, 2091.

The Bank and its subsidiaries have a national work force that, at the end of December 2019 and 2018, amounted to 5,544 and 5,375 employees, respectively.

At Tuesday, December 31, 2019 and 2018, the breakdown of the balance sheet for the consolidable entities was as follows:

2019

Entity	Assets	Liabilities	Equity	Income
BBVA Colombia S.A.	$ 65,335,779	$ 60,456,494	$ 4,879,285	$ 738,369
BBVA Asset Management S.A.	130,486	15,674	114,812	38,078
BBVA Valores S.A.	$ 18,949	$ 1,687	$ 17,262	$ (1,630)

2018

Entity	Assets	Liabilities	Equity	Income
BBVA Colombia S.A.	$ 62,401,906	$ 58,055,150	$ 4,346,756	$ 549,312
BBVA Asset Management S.A.	121,335	13,519	107,816	34,354
BBVA Valores S.A.	$ 21,315	$ 2,332	$ 18,983	$ 4,728

Eliminations in consolidation

2019

Description	BBVA	BBVA Fiduciaria	BBVA Valores
Eliminations in consolidation	$ 56,661	$ 64,140	$ 6,012
Elimination in equity	(132,074)	114,812	17,262
Minority interest (equity)	-	(6,300)	(960)
Minority interest (income)	$ -	$ 2,089	$ (68)

2018

Description	BBVA	BBVA Fiduciaria	BBVA Valores
Eliminations in consolidation	$ 93,509	$ 22,552	$ 1,144
Elimination in equity	(122,001)	107,745	14,256
Minority interest (equity)	-	(5,917)	(1,055)
Minority interest (income)	$ -	$ 2,148	$ (28)

The financial statements of the Bank and its domestic subsidiaries have been amended with respect to the separate and/or individual financial statements of said entities, in order to include the accounting policies applicable to the Group under the technical regulatory framework in force in Colombia for the preparation of consolidated financial statements.

2. Bases for the preparation and presentation of the Consolidated Financial Statements

2.1 Statement of Compliance

In accordance with the current provisions issued by Law 1314/2009, regulated by Decree 2420/2015 amended by Decrees 2496/2015, 2131/2016, 2170/2017, 2483/2018 and Decree 2270/2019, the Group has prepared its consolidated financial statements in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (hereinafter NCIF, for the Spanish original), which are based on the International Financial Reporting Standards (hereinafter IFRS), along with their interpretations issued by the International Accounting Standards Board (IASB); the base standards are those officially translated into Spanish and issued by the IASB in the second half of 2017; except for the provisions of the technical regulations issued by the Financial Superintendence of Colombia.

The Group applies the following accounting criteria that differ from the IFRS issued by the IASB in compliance with the Laws, Decrees and other current standards:

Public Notice No. 037 /2015 of the Financial Superintendence of Colombia – The parent company must adjust the consolidated financial statements, prepared using the full NCIF, to include the difference between the value of provisions for the loan portfolio recognized in such consolidated financial statements by the methodology of expected loss and generated in the Group's financial statements based on expected loss established by the Financial Superintendence of Colombia, under the same terms as the instructions established in Section 1.5 of Public Notice 036 / 2014.

Therefore, the adjustment to the consolidated loan portfolio and its impact recognized in the OCI of the consolidated financial statements must be made and recorded on a permanent basis.

Public Notice No. 36/2014 of the Financial Superintendence of Colombia – Establishes how to apply IFRS 1 First-time Adoption of the International Financial Reporting Standards (IFRS), and includes the following, among others:

Decree 2496 / December 23, 2015 - Through this decree, it is also determined that the parameters to establish at December 31, 2015 the post-employment benefits for the treatment of IAS 19 must correspond to Decree 2783 / 2001, as the best market estimate. This decree establishes the actuarial assumptions for calculating future increases of salaries and pensions, establishes the actual technical interest rate applicable and the form of considering the expected increase in income for active and retired personnel.

Decree 2131 / 2016 – Whereby the disclosure the calculation of pension liabilities is defined in accordance with the parameters established in Decree 1625 / 2016 and, in the case of partial pension switching pursuant to Decree 1833 / 2016, informing the variables used and the differences with the calculation in accordance with IAS 19 - Employee Benefits, which represents a change in the accounting estimate.

Regulatory Notice DODM 139 / May 25, 2018 - This notice establishes the calculation of proprietary position, spot proprietary position and gross leverage position of foreign exchange market brokers. (See Note 7 and 14).

The Group analyzed and implemented IFRS 16, which replaces IAS 17 "Leases". The new standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all lease contracts. The only exceptions are short-term leases and those whose underlying asset has a low value. Lessees must recognize a right-of-use asset, which represents its right to use the leased asset, and a lease liability, which represents its obligation to make the lease payments.

With regard to lessor accounting, IFRS 16 is substantially unchanged from the accounting requirements of IAS 17. As a result, the lessor continues to classify its leases as operating or finance leases, and records each of these two types of leases differently.

In terms of the estimated impact on the Consolidated Financial Statements on the transition date, the Group has opted to apply the modified retrospective method, which consists of recognizing lease liabilities for an amount equivalent to the current amount of future payments committed at January 1, 2019.

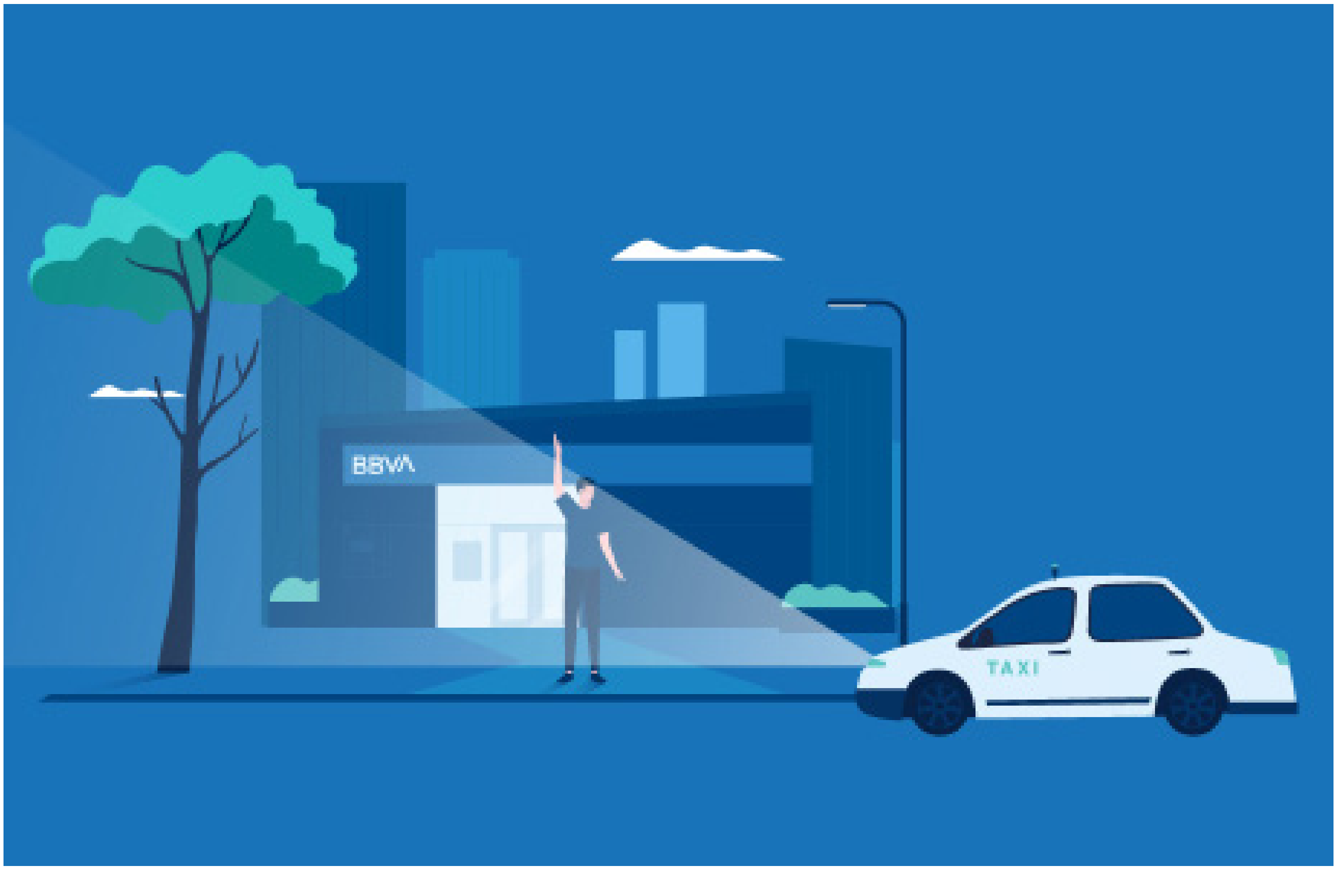
At the end of December 2019, the Group recognized COP 169,450 in right-of-use assets and lease liabilities in the amount of approximately COP 176.991. For implementation at January 1, 2019, it had an impact on right-of-use assets of COP 185.096 million and on lease liabilities of approximately COP 185,096 million. The effects of implementation were recognized in the income statement. Deferred tax is calculated taking into account the difference between the carrying value and the tax value of the assets and liabilities stipulated in IFRS 16, with the rate in force in 2019, which at the end of December 2019 was COP 2.715.

Approval of Consolidated Financial Statements - The Group's consolidated financial statements for the year ended on December 31, 2019, prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF, for the Spanish original), have been approved by the Bank's Board of Directors for issuance on January 27, 2020. These statements will be subject to approval by the General Meeting of Shareholders to be held within the terms established by Law. The consolidated financial statements for the year ended on Monday, December 31, 2018 were approved by the General Meeting of Shareholders held on Friday, March 1, 2019. For legal purposes in Colombia, the main financial statements are the separate financial statements, which serve as the basis for the distribution of dividends and other appropriations to shareholders.

2.2. Consolidation criteria

For consolidation purposes, and following the criteria established by the NCIF, the consolidation parameter is defined using the guidelines established by IFRS 10, which basically concern control (power/returns) as a guide to determine the companies susceptible to consolidation and the information to be disclosed regarding shares in other entities. The consolidation method to be applied is a result of total control and/or significant influence over the controlled entity. The Group applies the global integration method, recognizing shares in non-controlled entities as equity and income.

The Group is made up, in addition to the Bank of two subsidiary entities controlled by the Group, a control obtained when the Bank is exposed to, or entitled to, variable returns based on its involvement in the controlled entity and it has the ability to influence these returns through its power over the controlled entity, providing it with the present ability to direct its relevant activities that significantly affect its income.



In all cases, the consolidation of income generated by the companies that make up the Group in any given fiscal year is carried out considering only the income corresponding to the period between the date of acquisition and the close of that fiscal year. Similarly, the consolidation of income generated by companies disposed of in any given fiscal year is carried out considering only the income for the period between the beginning of the fiscal year and the date of disposal.

In the consolidation process, the Group combines the assets, liabilities and income of the entities over which it has control, after standardizing their accounting policies. During this process, it eliminates reciprocal transactions and realized earnings between them. The share of non-controlling interests in the controlled entities is presented in equity, separate from shareholders equity of the Group's controlling company.

To prepare the consolidated financial statements, the financial statements of subsidiaries are included at the dates of their presentation.

Minority interest

Entity	2019	2018
BBVA Asset Management S.A.	$ (6,300)	$ (5,917)
BBVA Valores S.A.	(690)	(1,055)
Total	**$ (7,260)**	**$ (6,972)**

El Banco consolidó sus subsidiarias en las que al 31 de diciembre de 2019 y 2018 tenía la siguiente participación:

Location	Subsidiary	Share percentage
Colombia	BBVA Valores Colombia S.A. Comisionista de Bolsa	94.44%
Colombia	BBVA Asset Management S.A. Sociedad Fiduciaria	94.51%

This is the first report of annual financial statements in which IFRS 16 "Leases" has been applied. Significant changes in accounting policies are disclosed in Notes 3 and 11.

2.3. Measurement Basis

The Consolidated Financial Statements have been prepared based on historical cost, except for the following items that are measured using a different basis at each reporting period:

- Derivative financial instruments measured at fair value
- Non-current assets held for sale measured at fair value less cost of sale.
- Employee benefits, in relation to pension obligations and other long-term obligations through actuarial discount techniques.
- Deferred tax measured at current rates according to their recovery
- Financial Instruments measured at fair value through other comprehensive income and through profit or loss.

The Group has applied the accounting policies discussed in Note 3, and the judgments and estimates and discussed in Note 2.5.

2.4 Functional and Presentation Currency

The BBVA Group prepares and presents its Consolidated Financial Statements in Colombian pesos, which is its functional currency and the presentation or reporting currency for all purposes. The functional currency is the currency of the main economic environment in which an entity operates, which influences the transactions it carries out and the services it provides, among other factors.

The figures of the Consolidated Financial Statements and the disclosures detailed in the notes are expressed in COP millions and have been rounded to the nearest full figure, unless otherwise specified.

2.5. Judgments and Estimates

The information contained in these Consolidated Financial Statements is the responsibility of the Group's Management. In their preparation, certain estimates are used to quantify some of the assets, liabilities, income, expenses and commitments that are recorded therein, based on experience and other relevant factors. The final results may vary from said estimates.

These estimates are continually reviewed. Modifications to the accounting estimates are recognized prospectively, accounting for the effects of changes made to corresponding accounts of the Consolidated Statement of income for the fiscal year, as applicable, starting from the fiscal year in which such reviews are made.

The estimates and their most important sources of uncertainty for preparing the consolidated financial statements refer to the impairment of financial assets: determination of the inputs within the expected loss model, including the main assumptions used for the estimate and incorporation of forward looking information (Note 10).

3. Main accounting policies for the preparation and presentation of the Consolidated Financial Statements

The significant accounting policies used by the Group in the preparation and presentation of its consolidated financial statements at December 31, 2019 are the same as those applied by the Group in the consolidated financial statements audited at December 31, 2018, except for the changes in the accounting policies related to the entry into force IFRS 16.

3.1. Cash and Cash Equivalents

The Group classifies cash, immediately available deposits in Banks (including the Central Bank), exchange checks and remittances in transit as cash, regarding which the following criteria were validated:

- They must meet the definition of assets
- It must be likely that any economic benefit associated with the item will be received by the entity
- The amount can be reliably measured.

The Group classifies investments of money market transactions (interbank funds, swap transactions and overnight investments) as cash equivalents, validating the following criteria:

- Short-term high liquidity investments (less than 90 days)
- Easily convertible into determined amounts of cash
- They are subject to insignificant risk of changes in value

At Tuesday, December 31, 2019 and 2018, all the positions held as money market transactions met the conditions to be classified as cash equivalents (Note 8).

3.2. Money market and related transactions

Swap and simultaneous transactions, temporary security transfers, interbank funds and demand deposits are recognized at the amount of the transaction and measured at present value during the term of the transaction, using the reference short-term interest rate "IBR" (market indicator developed by the private sector, backed by the Central Bank of Colombia and other entities, in order to reflect the liquidity of the Colombian money market), which reflects the price at which banks are willing to offer or collect funds on the money market.

The agreed returns are calculated exponentially during the term of the transaction and recognized in the income statements in accordance with the accrual accounting principle.

3.3. Transactions in Foreign Currency

Transactions in foreign currency are recorded, at the time of initial recognition, using the functional currency, which is also the presentation currency. To this effect, the amounts in foreign currency are converted to functional currency applying the exchange rate on the date of the transaction, which is the date on which said transaction meets the conditions for recognition.

The guidelines below are followed at the close of each reporting period:

(a) Monetary assets and liabilities denominated in foreign currency are converted using the accounting exchange rate at the closing date of the reporting period.

(b) Non-monetary assets and liabilities, not valued at fair value, are converted at the exchange rate on the date of the transaction.

(c) Non-monetary assets and liabilities valued at fair value are converted at the exchange rate on the date on which fair value was determined.

The resulting negative and positive exchange difference is recognized in the exchange difference item, in the Consolidated Statement of Income. The exchange rate used for adjusting the resulting balance in US Dollars at December 31, 2019 and 2018 was COP 3.277.14 and COP 3.249.75 per USD 1, respectively.

3.4. Financial Collateral

The financial collateral provided is recognized initially by recording a liability at fair value, which is usually the current value of the fees and returns to be received for said contracts throughout their useful life, with the amount of assimilated fees and returns collected at the beginning of the operations and the accounts receivable for the current value of the future cash flows pending receipt as an offsetting entry in assets.

The financial collateral, regardless of the holder, instrumentation or other circumstances, are later analyzed on a periodic basis to determine the credit risk to which they are exposed and, if necessary, to estimate the need to create a provision.

The value of the collateral will subsequently be valued in accordance with the contractual terms for this transaction. Depending on the variation of the threshold, the income or expense is adjusted in the statement of income.

If customers default on obligations with third parties derived from an endorsement or bank guarantee issued by the Bank, an asset valued by credit risk is recognized, which is determined by applying criteria similar to those established to quantify impairment losses for financial assets, along with a provision based on the parameters established by IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, by applying the decision tree.

3.5. Financial investment assets, derivative financial instruments and cash transactions

Financial instruments are classified as assets, liabilities or capital, based on the text of the contractual agreement that gave rise thereto and in accordance with the criteria of the business model. Interest, dividends, gains and losses generated by a financial instrument classified as an asset or liability are recorded as income or expenses in the consolidated statement of income.

Classification of financial instruments - The Group classifies financial assets according to their measurement subsequent taking into account the new classification criteria established in IFRS 9 within the following categories:

- Amortized cost
- Fair value through other comprehensive income (OCI)
- Fair value through profit or loss

This classification is carried out in accordance with the Group's business model for managing financial assets and assessing the characteristics of the contractual cash flows of the financial asset.

Financial assets are measured at **amortized cost** if they meet the following conditions:

- The financial asset is within a business model whose objective is to hold the financial assets to obtain contractual cash flows, and

- The contractual conditions of the financial asset on the stipulated dates meet the cash flow conditions that are only payments of principal and interest on the pending principal, i.e., it meets the criterion of "only payment of principal and interest" (SPPI, for the Spanish original).

Principal is the fair value of the financial assets at the time of initial recognition.

Interest comprises the consideration for the temporary value of money, for the credit risk associated with the principal amount pending over a specific period of time and for other risks and costs of basic loans, as well as a profit margin.

Financial assets are measured at **fair value through other comprehensive Income**, if they meet the following conditions:

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

- The contractual conditions of the financial asset on the stipulated dates meet the cash flow conditions that are only payments of principal and interest on the pending principal (meets the SPPI criterion).

Unrealized profit or loss is recognized in the consolidated statement of other comprehensive income and are later carried to the consolidate statement of income at the time of their realization.

The rest of the financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

As for equity instruments, at the time of initial recognition, it is decided irrevocably to measure subsequent changes in fair value in other comprehensive Income (OCI).

Financial liabilities are measured subsequently at amortized cost, except for financial liabilities measured at fair value, such as derivative liabilities.

Effective Interest Rate Method - The effective interest rate method is a method used to calculate the amortized cost of a financial instrument and the allocation of financial income throughout the relevant period. The effective interest rate is the discount rate that correctly balances estimated receivable or payable cash flows (including commission, basic interest points paid or received, transaction costs and other premiums or discounts included when calculating the effective interest rate) throughout the expected life of the financial instrument or, when applicable, over a shorter period, with net carrying amount at the time of initial recognition.

Income is recognized based on the effective interest rate for debt instruments other than the financial assets classified at fair value through profit or loss.

Offsetting Financial Instruments - Financial assets and liabilities are subject to offsetting, i.e., presentation in the Consolidated Statement of Financial Position by net amount, only when controlled entities have both the right, which is legally enforceable, to offset the amounts recognized in said instruments, as well as the intention to liquidate the net amount, or realize the asset and pay the liability simultaneously.

Financial assets and liabilities at fair value through profit or loss - Recorded assets and liabilities are valued at fair value and variations in their value are recorded at their amount in income or expense depending on their nature. However, variations originating from exchange rate differences are recorded in the profit or loss account for (net) exchange differences.

Impairment of financial assets - The new impairment model applies to financial assets measured at amortized cost, contractual assets and debt investments at fair value through other comprehensive income, but not to investments in equity instruments.

For assets, impairment losses are expected to increase and become more volatile.

On each reporting date, the Group recognizes the measurement of the value adjustment due to losses of a financial instrument in an amount equal to the expected credit losses during the lifetime of the assets, when the credit risk of the financial asset has increased significantly since its initial recognition. The assessment is carried out on a collective or individual basis, considering all the reasonable and sustainable information, including that referring to the future.

Expected credit losses are an estimate of the weighted probability of credit losses (i.e., the present value of all the cash shortfalls) throughout the expected life of the financial instrument, adjusted by forward looking factors. A cash shortfall is the difference between the cash flows due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

When the increase in the credit risk is insignificant, the value adjustment due to losses of the financial asset is measured at an amount equal to the expected credit losses in the next 12 months.

On each reporting date, the Group evaluates whether the credit risk of the loan portfolio has increased significantly since the initial recognition and recognizes the amount of the expected credit losses (or reversals) in Other Comprehensive Income as an impairment gain or loss.

Definition of default: the default is the key to estimating risk parameters and calculating provisions. A default occurs in any of the following circumstances:

- There is objective and substantial evidence of impairment, i.e., default for more than 90 days, with a minimum amount of materiality.
- Subjective arrears: all the transactions rated at the local regulatory level of “CC” are considered to be loans in subjective arrears.

In addition to the criterion of maturity, all the cases in which it is highly unlikely that a debtor will pay its obligations are included as default. The following cases are taken as indicators of unlikely payment:

- Sale of credit obligations: if the Bank sells a credit obligation of a customer, all other credit obligations related to the customer are deemed to be an economic loss, and therefore, the transaction can be classified as a default.

- Rating of carry-over: Transactions affected by the local carry-over criterion are deemed to be in default.
- Refinancing in difficulties or during the grace period..
- Debtor bankruptcy, preventing or delaying the payment of its credit obligations to the Bank.

The expected loss model is applied to loans or debt instruments measured at amortized cost and items recorded outside the balance sheet, including undisbursed credit commitments, letters of credit and financial collateral.

Writing Off Financial Instruments - The write-off of financial assets, in the Consolidated Statement of Financial Position, takes place when the contractual rights to the cash flows of the financial asset have expired or when the implicit risks and rewards of the asset are transferred to third parties and the transfer meets the requirements for write-off.

In the latter case, the transferred financial asset is written off the Consolidated Statement of Financial Position, simultaneously recognizing any right or obligation retained or created as a result of the transfer. It is considered that the Group substantially transfers the risks and rewards, if the risks and rewards that are transferred represent the majority of the total risks and rewards of the transferred assets.

When the risks and/or rewards associated with the transferred financial asset are substantially retained:

- The transferred financial asset is not written off in the Consolidated Statement of Financial Position and it continues to be valued with the same criteria as those used before the transfer.
- An associated financial liability is recorded for an amount equal to the consideration received, which is later valued at amortized cost.
- Both the income associated with the transferred financial asset (not written off) and the expenses associated with the new financial liability continue to be recorded.

In the cases where the write-offs of assets refer to reporting criteria within the Conceptual Framework, they will be removed only following authorization by the Board of Directors and/or in accordance with the levels of authorization established in the Internal Standardization Process (PNI, for its Spanish original).

Asset write-offs applied based on forgiveness shall be made following the due approval process stipulated in the Internal Standardization Process (PNI).

Financial liabilities are only written off of balance sheet accounts when their obligations to the Group have been fulfilled.

Financial Assets in Investment Debt Securities

As for the Consolidated Financial Statements, the classification and measurement criteria of investment debt securities established in IFRS 9 are applied, taking into account the business model for managing assets and the contractual cash flow characteristics of the financial asset in three groups:

Debt Securities at Fair Value through Profit or Loss - are managed in the Group using the business model whose main purpose is to earn profits, as a result of variations in the market value of different instruments and in activities involving securities trading. These assets are classified at fair value through profit or loss and the portfolio accounts for debt securities, which the Group values using the price determined by the valuation price vendor. In the exceptional cases where a determined fair value does not exist on the day of valuation, such securities are exponentially valued on a daily basis based on the internal rate of return.

The Global Markets department is an internal department of the Group that manages, classifies and defines the business model for marketable investments.

Debt Securities at Fair Value through Profit or Loss - are held by the Group in a separate portfolio to yield interest revenue and can be sold to meet the liquidity requirements that arise during the normal course of business. The Group believes that these securities are managed within a business model whose objective is fulfilled through the collection of contractual cash flows and the sale of securities. The securities classified as available for sale in accordance with the contractual terms give rise to cash flows on specified dates that are only payments of principal and interest on the pending principal. Therefore, these assets have been classified as financial assets at fair value through other comprehensive income according to IFRS 9.

Securities at Amortized Cost - The investment debt securities that were formerly classified as held to maturity are not classified at amortized cost. The Group has the intent and legal, contractual, financial and operating capacity of holding until the date of their maturity or redemption, considering that the structure of financial instruments eligible for this portfolio only results in payments of principal and interest. They are valued on a daily basis, exponentially, based on the internal rate of return calculated at the time of purchase.

Investments classified in this category are measured at amortized cost using the effective interest rate method and interest and impairment charges are recognized in the consolidated financial statements.

Impairment of Investments at Amortized Cost: At the end of each period, the Group assesses whether there are signs of impairment of the investments at amortized cost. The amount of the loss is determined by calculating the difference between the carrying value of the investment and the present value of the estimated future cash flows, deducted with the effective interest rate on the initial recognition date of the investment. The carrying amount of the investment is reduced through an allowance account against the Statement of Income. Then, if there is evidence of recovery, the impairment loss recognized in the Statement of Income is adjusted.

The area of COAP Financial Management is an internal department of the Bank that manages, classifies and defines the business model for investments classified as available for sale and at amortized cost.

Initial Recognition of Investments in Debt Securities: At the time of initial recognition, investments in debt securities are measured at fair value..

Subsequent Measurement of Investment in Debt Securities: Subsequent measurement of investment in debt securities is defined, according to the classification assigned, in three categories: fair value through profit or loss, fair value through OCI and at amortized cost, according to the definition of the Group's business model required in IFRS 9.

Investment valuation – The main objective of valuating investments is determining (measuring), recording and disclosing to the market the fair value at which a security can be traded on a certain date, according to its particular characteristics and within market conditions prevalent on that date.

Debt securities are valued based on the classification prescribed and the criteria established in IFRS 9, at fair value, taking the prices published by suppliers according to the fair value hierarchy and at amortized cost.

Investment valuation criteria - Determining the fair value of a security considers all criteria necessary to ensure compliance with the objective of the investment valuation established in IFRS 13, and in all cases: objectivity, transparency and representativeness, permanent assessment and analysis.

Frequency of the valuation and the accounting record thereof - The valuation of investments in debt securities must be carried out on a daily basis, unless other standards indicate a different frequency. Likewise, the accounting records necessary for the recognition of the investment valuation must be made with the same frequency used for the valuation.

Investments in Equity Instruments at Fair Value through OCI:

For equity instruments, the measurement techniques established in IFRS 9 are applied, using the fair value hierarchy criteria, based on the internal model of discounted revenue streams, since these shares are not listed on any secondary market and there is no market price available.

The Group estimates the Consolidated Statement of Financial Position, Consolidated Statement of Income and the Consolidated Statement of Changes in Equity of each controlled entity in order to obtain a flow of future dividends.

This flow of dividends is discounted at present value, as is perpetuity, assuming an indefinite interest in the controlled entity, in order to estimate the fair value thereof.

As for all the figures of the Financial Statements under analysis, the real closing data for three years prior to the analysis date are taken, and based on the current year, the figures are estimated with a limit of another five years, in accordance with the criteria presented below.

This valuation is adjusted on a quarterly basis, in accordance with the periodic Financial Statements published by the entity, to compare the estimate made for the following year with the amount executed on each line of the Balance Sheet and Statement of Income, in order to ensure the accuracy of the valuation. The results of the valuation of these investments are recorded in the other comprehensive income account.

At the end of each period, the Group evaluates whether there is objective evidence of impairment from investments in non-controlled entities, by applying the internal model described above.

Investments in Joint Arrangements:

A joint arrangement is that in which two or more parties have joint control over the arrangement, i.e. when decisions regarding relevant activities require the unanimous consent of the parties that share control. Joint arrangements, in turn, are divided into joint operation, in which the parties have joint control and have rights to the assets and obligations regarding related liabilities; and in joint venture, in which the parties that have control are entitled to the net assets and liabilities.

Investments in joint arrangements are measured using the equity method in accordance with the criteria of IAS 28. The investment is initially recognized at cost and is later valued by the changes in the part of the Group of the net asset (equity) of the controlled entity.

The Group has a joint operation with the RCI Colombia Commercial Financing Company that belongs to the Renault Group, with a 49% share, where the adjustments for the controlled entity's income for the fiscal year are recorded in the Statement of Income and the adjustments of all other net asset items using the equity method are recorded in Other Comprehensive Income (OCI).

Derivative Financial Instruments

The Group subscribes a variety of financial instruments to manage its exposure to interest rate and foreign currency exchange rate risks, including exchange risk hedging, interest rate and currency swap contracts. Note 14 includes a more detailed explanation of derivative financial instruments. The Group continues to apply IAS 39 for derivative hedging transactions.

Derivatives are initially recognized at fair value on the date that the derivative contract is signed, and subsequent changes are adjusted through debits or credits in the Statement of Income, as applicable. The resulting profit or loss is recognized in the Consolidated Statement of Income immediately, unless the derivative is designated and effective as a hedging instrument, in which case the timing of recognition in profits or losses will depend on the nature of the hedging relationship and on its effectiveness.

Financial derivative contracts are reported as assets when their fair value is positive, and as liabilities when it is negative.

For valuation purposes, presentation in the Financial Statements, and disclosure and reporting information, the Group must include the credit risk adjustment on a daily basis with the respective counterparty or CVA (Credit Valuation Adjustment) or the own credit risk adjustment or DVA (Debit Valuation Adjustment) in the fair value calculation ("free of risk") of transactions with OTC ("Over the Counter') or unstandardized derivatives in their portfolios.

CVA and DVA adjustments do not apply when a counterparty clearing house is involved as a counterparty for monitored entities in transactions with derivatives.

The methodologies used to measure a CVA and DVA adjustment for transactions with Over the Counter derivatives or unstandardized derivatives should at least consider the following seven (7) criteria:

- Deadline for compliance with and settlement of the transaction;
- Financial strength: of the counterparty for the CVA, as well as the DVA;
- Netting or compensation agreements with counterparties for transactions with derivatives. In this case, a CVA and DVA adjustment should be calculated for the entire portfolio of transactions with derivatives that are open with the respective counterparty and not individually by transaction;

- Collateral associated with the transaction;
- Risk rating, if any, granted by at least one internationally-recognized or authorized risk rating company in Colombia, as applicable;
- Exogenous circumstances or events that may affect payment capacity and fulfillment of obligations: of the counterparty for the CVA and its own for DVA; and
- Any others that the Bank deems relevant.

Implicit Derivatives

Implicit derivatives in main contracts are treated as separate derivatives when they meet the definition of a derivative and when their risks and characteristics are not closely related to said main contracts and the contracts are not measured at fair value through profit or loss.

At Tuesday, December 31, 2019 and 2018, there is no balance for implicit derivatives registered with the Bank.

Hedge Accounting

A derivative intended to achieve the financial hedging of a certain risk is treated in accounting, for the purpose of hedging if, when trading, changes in its fair value or cash flows are expected to be highly effective in offsetting changes in the fair value or cash flows of the hedged item, directly attributable to the hedged risk from the start, which should be documented in the trading of the derivative and during the hedging period. The Bank continues to apply IAS 39 for hedge accounting.

The Group designates certain hedging instruments, which include implicit derivatives and non-derivatives with respect to foreign currency risk, as fair value hedging or cash flow hedging. Foreign currency risk hedging of a firm commitment may be recorded as cash flow hedging.

At the start of the hedging, the entity documents the relationship between the hedging instrument and the hedge item, along with its risk management objectives and its strategy for undertaking several hedging transactions.

At the start of the hedge and on a continuous basis, said documentation shall include the manner in which the entity will measure the effectiveness of the hedging instrument to offset exposure to changes in fair value of the hedged item or to changes in cash flow attributable to the hedged risk.

Note 15 includes details on the fair value of derivatives used for hedging purposes.

Fair value hedging - Changes in the fair value of derivatives that are designated and rated as fair value hedging, recognized from the time that the effective hedge is designated, in profit or loss, along with any other change in the fair value of the hedged asset or liability attributed to the hedged risk. Variations in the fair value of a hedged risk of the hedged item are recognized in the Consolidated Statement of Financial Position in the item related to the hedged item against the Consolidated Statement of Income.

Hedge accounting is suspended when the Bank revokes the hedging relationship, the hedging instrument matures, or is sold, terminated or completed, or it no longer meets the criteria for hedge accounting.

Cash flow hedging - The portion of changes in fair value of derivatives determined as an effective cash flow hedge will be recognized in other comprehensive income and accumulated under the item "cash flow hedging reserve". The ineffective part will be immediately recognized as income for the period, on the line item "other operating profits and losses".

- The amounts previously recognized as Other Comprehensive Income and accumulated in equity, are reclassified in income in the periods when the hedge item affects income, on the same line item as the recognized hedge item. However, if hedging a planned transaction later results in recognizing a non-financial asset or non-financial liability, the profits or losses previously recognized in other comprehensive income and accumulated in equity are transferred and included in the initial measurement of cost of the non-financial asset or liability.

- Hedge accounting will be suspended when the Bank revokes the hedging relationship, the hedging instrument expires, or is sold, resolved or completed, or it no longer meets the criteria for hedge accounting. The profit or loss that has been recognized as other comprehensive income and accumulated as equity will continue as equity and be recognized when the planned transaction is recognized in the statement of income. When the planned transaction is no longer expected to occur, any profit or loss accumulated in equity is recognized immediately as profit or loss.s.

Loan portfolio:

Considering that the Group's main objective is customer portfolio collection and placement, in accordance with the contractual terms, it has decided to classify the loan portfolio "at amortized cost", since the contractual conditions are met that give rise, on specified dates, to cash flows that are only payments of the principal and interest of the balance due.

Loans are non-derivative financial assets with fixed or determinable payments that are not listed on an active market.

Loans are initially recognized at fair value (value of the transaction), plus the transaction costs that are directly attributable.

Costs directly attributable to the credit investment portfolio are made up of the Bank's sales force item. The contract on which the amount is paid for this item is specifically identified, and is deferred over the average life of each line of business (mortgage, commercial, consumer and micro-credit).

There is the option to pay all or part of a loan at any time in advance without any penalty. In the case of partial payments in advance, the debtor has the right to choose whether the amount paid will reduce the value of the installment or the term of the obligation.

Types of Loan Portfolio:

Mortgage portfolio - It records, regardless of the amount, the credits granted to individuals for the acquisition of new or used housing, or for the construction of individual housing.

Consumer loan portfolio - It records all credits granted to natural persons (individuals) the purpose of which is to finance the acquisition of consumer goods or the payment of services for non-commercial or non-entrepreneurial purposes, regardless of their amount and are different to those classified as micro-credits.

Commercial loan portfolio - Credits granted to natural or legal persons to carry out organized economic activities, other than those granted under the type of micro-credit.

Micro-credit portfolio – Credits consisting of the active credit transactions referred to in Article 39 of Law 590/2000, or the regulations that amend, replace or add to it, as well as those provided to micro-businesses, in which the main source of payment of the obligations is the revenue derived from its business activity. The balance of the debtor's indebtedness cannot exceed one hundred and twenty (120) minimum monthly salaries at the time of approval of the respective active credit transaction. The balance of indebtedness is understood as the amount of the current obligations payable by the corresponding micro-business with the financial sector and other sectors, that are listed in the records of the database operators checked by the respective creditor, excluding mortgages for financing home loans and including the value of the new obligation.

Value Impairment:

The objective of the model is to recognize the credit losses expected from all the financial instruments for which significant increases in credit risk have occurred, from the time of initial recognition, either assessed on an individual or collective basis, and considering all the reasonable and sustainable information, including forward-looking information.

Expected losses are measured according to default risk on one of the two time frames taken into account, depending on whether the customer's credit risk has increased significantly since origination.

If credit risk quality **has not been significantly impaired** from the time of initial recognition, or the asset has a low credit risk on the reporting date, it will be established at stage 1 ('Performing') and provisions will be based on an expected loss calculated over 12 months.

If credit risk quality **has been significantly impaired** from the time of initial recognition, but there is no objective evidence of a credit event, the asset will be classified at stage 2 ('Under performing'); however, if there is objective evidence of impairment on the reporting date, the asset will be left at stage 3 ('Non performing'); in both cases, expected losses will be calculated for the time remaining until the end of the transaction.

Transfer logic

As initially established, expected credit losses are calculated as a loss over 12 months or a lifetime credit loss, according to the occurrence of a significant increase in the credit risk from the time of initial recognition of the transaction with regard to the analysis date.

To assess the level of exposure, the portfolio must be segmented in accordance with the possible risk margin of the customer or contract, at the corresponding stage. The assessment of transfer logic at Stage 2 is defined by quantitative and qualitative factors:

IFRS 9 indicates that "a given change, in absolute terms, in the risk of default will be more significant for a financial instrument with a lower initial risk than a financial instrument with a higher initial risk of occurrence."

Although IFRS 9 does not require the use of an explicit likelihood of default to carry out this assessment, the quantitative analysis is based on the comparison of the lifetime Probability of Default (PD) and the origination PD, adjusted to make a significant comparison possible. The adjustment must ensure that the period is not the same on the reporting date and on the origination date. The origination PD must be adjusted to consider the remaining life of the loan at the reference date. For the initial stock, given that there is no origination PD with the IFRS 9 methodology, an alternative approach is suggested.

In some cases, the modification of a financial asset results in the recognition of a new and modified financial asset. When this occurs, the modification date is considered to be the initial recognition date of that financial asset. This date is considered to be the origination date of the transaction.

Transactions that show a significant increase in the value of the current PD compared to the value of the origination PD will be transferred to stage 2. Two conditions have been defined to carry out this transfer:

- Relative increase in PD greater than X%
- Absolute increase in PD greater than Y%

The two increases must be lower than certain values (X, Y), which are defined using a sensitivity analysis based on a threshold variation process.

According to IFRS 9, the transfer depends on certain indicators, which are included in the quantitative analysis. However, other indicators are not included in this process, so they must be included through the qualitative criteria.

According to this criterion, if certain conditions are met, the contract must be transferred to stage 2, as described below:

- Default of more than 30 days and less than 91 days
- Classify at Watch List levels 1 and 2
- Refinanced and restructured transactions that have complied with a one-year cure rate following the restructuring, of regular and effective payment.

Stage 3 will include everything classified as default.

Segmentation

To assess the staging of the exposures and measure loss provisions collectively, it is important to group exposures in segments / risk drivers based on the shared characteristics of credit risk. Selecting the risk drivers for estimating PD is fundamental. For staging purposes, the more granular the segmentation is, the better it is to avoid the transfer of enormous exposures from stage 1 to stage 2. To assess the provisions, the different segmentations and risk drivers will reflect the differences in PDs, better discrimination and thus, lead to a better calculation of the amount of the expected loss.

There are certain minimum risk drivers that are taken into account, showing that the default behavior is clearly different between them:

- Days past due
- Watchlist level (for wholesale portfolio)
- Restructured

The final selection of the risk drivers requires additional analysis to determine whether they are relevant, assessing whether there is sufficient discrimination and they are supported with sufficient data. A joint analysis of the risk drivers is necessary to take the joint discrimination into account. The final combination must lead to different homogeneous groups, each of which will have a different temporary PD and Loss Given Default (LGD) structure.

Families have also been established, based on the procedures defined for each of the Bank's portfolios, whose objective is to create groups of transactions that share similar characteristics.

The following families have been defined, including the Repos and Fixed Income segments, in addition to credit information:

Hedge	Mortgage	Institutional
Revolving-Individuals	SME	Territorial Entities
Card-Individuals	Enterprise	Financial Entities
Payroll	Representative	Fixed-Income
Vehicle	Corporate	Repos

Parameters (PD, LGD, CCF)

PD: PD refers to the probability that a loan will be in default within a specific time frame, which is usually set at 12 months, given certain characteristics. PD is a very important component to calculate expected loss and assess whether there has been a significant increase in credit risk.

To calculate expected loss, two different PDs are required:

- The PD at 12 months: is the estimated probability of default that is calculated within the next 12 months (or the remaining life of the financial instrument, if it is less than 12 months).
- The Lifetime PD (LT PD): is the estimated probability of default that is calculated during the remaining life of the financial instrument.

The main requirements of IFRS 9 for measuring PD are as follows:

- Lifetime requirement: means that a temporary PD structure must be created.
- The PD must be "Point in time" (PIT).
- The PD must be conditioned to the expectation of future macroeconomic conditions, i.e. incorporating forward-looking information.

In the process of estimating the PD, it is important to define the concept of marginal PD (the frequency of default observed in the interval between t and t+1, which refers to the initial number of contracts at t=0), which allows the calculation of the probability of default at each specific point in time. The temporary sequence of PDs is known as the temporary PD structure.

In accordance with the scope of IFRS 9, the provisions for contracts at stage 1 will be calculated by using the first year of the temporary structure of the marginal PD, while for contracts at stage 2 the temporary structure of total PD will be used.

The temporary structure will also be used in the "Transfer Logic" process. The significant increase in credit risk (SICR) can be assessed by comparing the temporary structure of PD at origination with the temporary structure of PD on the reporting date.

LGD: eis the loss if the financial instrument is at default (loss given default). It captures the proportion of the exposure to loss, and it is determined using the expected cash flows for a financial instrument with such characteristics. It is the complement of the amount recovered.

The severity assessment is based on the calculation of LGD, using the historical data that best reflect current conditions, by segmenting each portfolio with the risk drivers considered relevant and including a projection in the future to take the forward-looking information into account.

The LGD summarizes all the cash flows charged to the customer following the default. It includes the costs and recoveries during the recovery cycle, including those derived from collateral. It also includes the value of money over time, calculated as the present value of the net recoveries of the cost and additional losses.

It uses a historical period that is long enough to cover at least one expansion and recession period, in order to develop a relational model between the LGD and the economic cycle with the readjustment carried out in 2019 (in this case, from January 2011 to December 2017, seen at the end of 2018).

The databases include:

- Information on recovery cycles in that period: default date, default type (actual - +90 days past due-, subjective, carry-over effect) cash flows, cure date, foreclosure date, among others.
- Forward-looking information: IFRS 9 requires an expected loss assessment based on historical and current information. Therefore, it is necessary to predict how the economy will evolve in the future. To make this prediction, economic indicators such as the Gross Domestic Product, the Unemployment Rate or the Consumer Price Index are used, among others.

Due to the value of money over time, the cash flows observed (from recoveries, as well as costs) must be discounted at the default date and, in accordance with IFRS 9, the discount rate must be the Effective Interest Rate (EIR) of each financial instrument.

To obtain an estimated LGD, the direct costs of the recovery process (such as customer contact costs or legal expenses, among others), must be included as a cash flow that reduces the final recovery. The costs to be included are the direct costs of the process.

As regards the LGD parameter, for assets at stage 1 just one LGD PIT is needed (including relevant forward looking information) to record attributable losses for the next 12 months. At stage 3, the LGD for portfolios in default already includes all expected future losses (adjusted to current and future economic conditions). On the contrary, for assets at stage 2, where lifetime losses must be calculated, a temporary LGD structure will be required, which means one parameter for each possible future default date.

In the case of collateralized assets, IFRS 9 establishes that, in order to estimate expected credit losses, the estimation of expected cash deficits will reflect the expected cash flows of the collateral and other credit improvements, that are part of the contractual terms and are not separately recognized by the entity. The estimation of expected cash deficits in a collateralized financial instrument reflects the amount and time-frame of the cash flows expected from the foreclosure on the collateral, less the costs of obtaining and selling the collateral, regardless of whether the foreclosure is likely.

The indirect costs of the process do not have to be included. Only the incremental costs directly attributable to the disposal of an asset (or disposal of a group of assets) must be considered, excluding the financial costs and income tax.

CCF: The estimation of the CCF captures the potential increase in exposure between the current date and the default date; i.e., the CCF is the percentage of balance off the balance sheet that will be used before the default date.

$$\mathrm{EAD} = current\ drawn\ amount_t + (CCF\ * current\ undrawn\ amount_t\ )$$

The estimated EAD is the amount expected from the contract of a customer that is not currently in default and could be so in the next 12 months.

So, the empirical CCF of a financial instrument is:

$$CCF = \frac{Current\ drawn\ amount_{t+k} - Current\ drawn\ amount_t}{Current\ undrawn\ smount_t}$$

The factors are estimated based on the entity's historical experience. The final CCF is calculated using the contract or debtor CCFs (depending on the approach) through the statistics considered. If the average statistical method is chosen, it is weighed according to the number of contracts.

Based on a customer approach, the database contains customers in default who have a contract (whether in default or not) on the customer default date. They are grouped in one-year intervals called cohorts. Each customer in default must be included in each cohort that contains the customers default date.

Within each cohort, the same reference date is defined for all customers in default, as well as for all the contracts of each customer in default.

The required database contains all the customers in default and records the information necessary in the 12 months preceding the customer's default of all the contracts (whether in default or not).

This way, monthly cohorts will be created, with a duration of one year or less, which contain customer defaults and whose references dates belong to the end of each month, where the first cohort is the oldest and the last cohort is the most recent. For the cohorts in which there is a default, in the beginning, all the necessary information (balance available, balance drawn, limit, etc.) of all the contracts must be available to calculate the CCF in each cohort.

Forward Looking y Macroeconomic Models

According to IFRS 9, the expected loss must be forward looking, i.e. the credit risk parameters must include future projections. The relevant macroeconomic factors, such as GDB, stock index, interest rate, unemployment rates, etc. are used to forecast PD and LGD parameters.

The forecasts and the IFRS 9 models must be consistent with those used in capital planning (stress testing / budget processes). Therefore, to incorporate forward looking information, the macro-scenarios provided by the Research Area are used, which are updated on a quarterly basis. The ones already in use for these purposes, and the models must be in line with those used for stress testing.

The approach to include the forward looking information in PDs consists of developing macroeconomic models that reflect the historical correlation observed between the defaults and the state of the economy. In the case of the LGD, it consists of developing macro-models that reflect the historical correlation observed between the recovery cycles or cure rates, and the state of the economy. The macro-variables chosen must be the ones that best explain the behavior of the portfolio and make economic sense. In this sense, the econometric model must comply with the goodness of fit and statistical significance of the variables, and it must be easily understandable and explainable.

Other receivable – Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not listed on an active market.

These assets are initially recognized at fair value plus the transaction costs directly attributable to their acquisition or issuance.

In subsequent recognitions, the fair value of the accounts receivable is deemed to be equal to their carrying value, where this is the best estimate.

The Group has defined that, to calculate the provision of the accounts receivable, taking into account the type of accounts it holds, their volume and the risk involved in recovering said accounts, it must make a provision equivalent to 100% of the account receivable in the event of a default equal to or greater than 180 days.

Restructured financial assets with collection issues - Restructured financial assets are those that have collection issues and whose debtor has been granted a concession by the Group, which would not have been considered in a different situation. These concessions are usually reductions in the interest rate, extension of terms for payment or reductions in the balances due. Restructured financial assets are recorded at the present value of expected future cash flows, deducted at the original rate of the asset before restructuring.

The Group can eliminate the restructured condition when the debtor makes regular and effective payments to principal and interest for an uninterrupted period of 18 months for micro-credit, 2 years for consumer loans and 4 years for commercial and mortgage loans.

To allow debtors to properly service their debt in the event of real or potential impairment in their payment capacity, the Group may amend the originally agreed conditions for the loans, without the adjustments being considered a restructuring, provided that during the last 6 months, the loan has not reached a consecutive default of more than 60 days for micro-credit and consumer loans, and 90 days for commercial and mortgage loans. These changes can be made at the request of the debtor or by initiative of the entity, subject to agreement with the debtor.

Agreements with creditors – Loans to customers that are admitted to a bankruptcy proceeding are immediately rated "E" (Uncollectible) and are subject to the provisions defined for this category. Once the payment agreement is made within the process, loans may be reclassified as "D" (Significant). Subsequently, reclassifications to lower-risk categories can be made provided that all requirements established by the Superintendence in that respect are met.

Loan portfolio and accounts receivable write-offs - A loan or account receivable is subject to write-off by debiting impairment for loan portfolio or accounts receivable, respectively, when all possible collection mechanisms have been exhausted and it is deemed uncollectible. Write-offs are approved by the Board of Directors.

Financial assets are derecognized from the balance sheet by debiting the impairment provision when they are deemed uncollectible. The recoveries of previously written off financial assets are recorded as recovery income.

3.6. Non-current assets held for sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying value is recoverable through a sales transaction and not through continuous use. This condition is considered to be met only when the sale is highly probable and the asset (or disposal groups) is immediately available for sale in its current state, subject only to the terms that are usual and adapted to the sale of these assets (or disposal groups). Management must commit to the sale, which must be recognized as a final sale within one year of the date of classification.

Non-current assets (and disposal groups) classified as held for sale are calculated at the lowest value between the carrying value and the fair value of assets less estimated costs of sale, The difference between both amounts is recognized in the Statement of Income.

If the assets are not sold within the term, they are reclassified to the categories where they were originated. The Group does not depreciate (or amortize) the asset while it is classified as held for sale.

Derecognition due to sale of the asset - A sale is considered complete when the significant risks and rewards derived from ownership of the assets have been transferred to the buyer, there are no implications in the management associated with the ownership for the selling party, nor is effective control retained. The amount of revenue from ordinary activities can be measured reliably, and it is likely that economic rewards associated with the transaction are received and the costs incurred, or to be incurred, related to the sale can be measured reliably.

The Group records profits or losses not previously recognized at the date of sale for a non-current asset, on the date that the write-off occurs.

3.7. Properties taken on leases

1. The Group applied IFRS 16 Leases as of January 1, 2019. Using the modified retrospective approach, based on which the cumulative effect of the initial application is recognized in retained earnings at January 1, 2019. Accordingly, the comparative information provided for 2018 is not restated, i.e. it is provided, as previously reported, under IAS 17 and related interpretations. (2.1 Statement of Compliance_ Regulatory Public Notice DODM 139/May 25, 2018).

At the beginning of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

This policy applies to contracts entered as of January 1, 2019 ((2.1 Statement of Compliance_ Regulatory Public Notice DODM 139/May 25, 2018).

As a lessee - At the beginning or in the amendment of a contract containing a lease component, the Group assigns the consideration in the contract to each lease component on the basis of a separate relative price. However, for property leases, the Group has chosen not to separate the non-lease components and to account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the start date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the start date, plus the initial direct costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site where it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the start date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank at the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as property and equipment. In addition, the right-of-use asset is periodically reduced for impairment losses, if applicable, and adjusted for certain new measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments not paid at the start date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental loan rate. The Bank defined the funding rate of similar liabilities as a discount rate.

The lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate on the start date;
- Amounts expected to be paid as a residual value guarantee; and
- The exercise price of a call option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the estimate of the amount expected to be paid under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a call, extension or termination option, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying value of the right-of-use asset, or it is recorded in the statement of income if the carrying value of the right-to-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in “property, plant and equipment” and lease liabilities in “loans and obligations” in the consolidated statement of financial position.

Short-term leases and leases of low value assets

The Group has decided not to recognize right-of-use assets and lease liabilities for low-value assets and short-term leases, including technological equipment and common areas. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

As a lessor - At the beginning or in the amendment of a contract containing a lease component, the Group assigns the consideration in the contract to each lease component on the basis of their separate relative prices.

When the Bank acts as lessor, it determines at the beginning of the lease whether each lease is a finance or operating lease.

To classify each lease, the Group makes a general assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for most of the economic life of the asset.

If a contract contains both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements of IFRS 9 to the net investment in the lease. In addition, the Group periodically reviews the estimated unguaranteed residual values used in the calculation of the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the term of the lease as part of "other income".

In general, the accounting policies applicable to the Group as a lessor in the comparative period did not differ from IFRS 16, except for the classification of the sublease made during the current reporting period, which resulted in a classification as a finance lease.

Policy applicable before January 1, 2019

For contracts entered into prior to January 1, 2019, the Group determined whether they were or contained a lease based on the assessment of whether:

- Compliance with the contract depended on the use of a specific asset or assets; and
- The contract had entailed a right to use the asset. The contract involved the right to use the asset if one of the following conditions was met:
- The buyer had the ability or right to operate the asset by obtaining or controlling more than a negligible amount of the output;
- The buyer had the ability or right to control physical access to the asset by obtaining or controlling more than a negligible amount of the output; or
- The facts and circumstances indicated that it was a remote possibility that other parties would obtain more than a negligible amount of the output, and the unit price was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee - In the comparative period, as a lessee, the Group classified as finance leases the leases that transferred substantially all the risks and rewards of ownership. When this was the case, the leased assets were initially measured at the lower of fair value and present value of the minimum lease payments. The minimum lease payments were the payments during the lease term to be made by the lessee, excluding any contingent assets. After initial recognition, assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognized in the Bank's consolidated statement of financial position. Payments made under operating leases were recognized in income on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense over the term of the lease.

As a lessor - When the Bank acted as lessor, it determined at the beginning of the lease whether each lease is a finance or operating lease.

To classify each lease, the Group made a general assessment of whether the lease transferred substantially all the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease covered most of the economic life of the asset.

Given under leases - LAssets given under lease by the Bank are classified when the contract is signed as finance or operating leases.

A lease is classified as a finance lease when all the risks and rewards inherent to ownership are substantially transferred; otherwise, it is classified as an operating lease.

Leases classified as finance leases are included in the balance sheet in the "loan portfolio and finance lease transactions" line item and recorded in accordance with the regulatory criteria issued by the Financial Superintendence of Colombia for Loan Portfolio.

Leases classified as operating leases are included in the property and equipment account and recorded and depreciated in the same way as this type of assets.

3.8. Property and equipment

Property and equipment are tangible assets held by an entity for its use in the production or supply of goods and services, to lease them to third parties or for administrative purposes, and they are expected to be used for more than one term.

Initial recognition - Property and equipment are initially recognized at cost, which includes the purchase price (import duties and indirect, non-recoverable taxes that make up part of the acquisition, after deducting any commercial discount or price reduction), the costs directly attributable to the startup of the asset in situ and in the conditions necessary for it to function in the manner expected by the Group and the initial estimated disassembly costs, notwithstanding the amount.

For new acquisitions, their recording in the financial statements will be compared to the International Financial

Reporting Standards (IFRS) applicable in Colombia.

Initially attributable costs – The cost of property and equipment elements includes:

a) Their acquisition price, including import duties and indirect, non-recoverable taxes accrued by the acquisition, after deducting any discount or price reduction.

b) All costs directly attributable to the placement of the asset at the location and in the conditions necessary for it to operate in the manner expected by management.

c) The initial estimate of disassembly and disposal costs of the element, as well as the restoration of the space where it is located.

Useful life – The Group determines the useful life of an asset in terms of the profit it is expected to provide to the entity. IAS 16 establishes that the useful life of an asset is a matter of judgment, based on the entity's experience with similar assets, and consequently the Group, based on the historical behavior of the assets, has established the use of its assets as follows:

Assets	Useful life
Buildings	Economic life established by the appraiser (50 to 100 years)
Computer equipment	Between 2 and 6 years, according to the obsolescence management policy
Furniture and fixtures	10 years
Machinery and equipment	10 years
Vehicles	5 years

Subsequent recognition - Subsequent measurement of property and equipment is valued using the cost model, which equals the cost of acquisition less accumulated depreciation and, if applicable, the accumulated amount of losses due to value impairment.

Interest costs that are directly attributed to the acquisition, construction or production of a qualified asset will form part of the asset's cost under the terms of IAS 23. At Tuesday, December 31, 2019 and 2018, there is no balance recorded for these transactions.

Costs following initial recognition - Costs following initial recognition, such as additions and improvements that increase efficiency, will be capitalized and included as a greater cost of the asset only if it is likely that such costs will result in future economic rewards in addition to those originally assessed and can be reliably measured; regarding certain maintenance costs in which the elements significantly affect the proper operation of the asset, this amount will be included in the value of the asset. Capitalization as a greater value of the asset for refurbishment must be supported by the preparation of a technical document (business case) proving the importance and relevance of said refurbishment for the asset.

Preservation and maintenance expenses of material assets for the entity's own use are recognized as an expense during the fiscal year in which they are incurred.

The Group will not recognize the daily maintenance costs of the elements that are considered necessary for repair and preservation as a greater value of the property and equipment, unless they significantly influence the asset's operation. Daily maintenance costs are mainly labor and consumables, which may include the costs of small parts.

Replacement of parts or repairs that extend future economic rewards are capitalized and the existing cost is retired in turn.

Depreciation - The Group uses the straight line method to depreciate its property and equipment. In addition, the depreciable amount is determined after deducting its residual value. An impairment test will be performed on an annual basis for long-lived assets in order to indicate possible evidence of impairment, in which case the Property and Equipment (PE) will be appraised, which will include the new useful life and the residual value.

Residual Value - This is the estimated amount that an entity may obtain at present for the disposal of an asset, after deducting the estimated disposal costs, if the asset has already aged and the other conditions expected at the end of its useful life have been met.

The factors listed below, among others, may indicate that the residual value or useful life of an asset has changed from the most recent annual reporting date, namely:

- A change in the use of the asset,
- Unexpected, significant wear and tear,
- Changes in market prices.

If these indicators are present, the Group reviews its previous estimates and, if the current expectations are different, it modifies the residual value and records the change in residual value, the impairment method or the useful life as a change in the accounting estimate.

Impairment - At the close of each reporting period, the Group analyzes whether there are internal or external signs that a material asset can be impaired. If there is evidence of impairment, the Group requests an update of the appraisal so the asset can generate the respective alert, if necessary. Based on the result of the appraisal, the Group compares said amount with the net carrying value of the asset and when the carrying value exceeds the appraised value, a loss for value impairment of the asset is recognized and the charges for the asset's depreciation will be adjusted in future periods systematically throughout the remaining useful life thereof.

The Group determines the recoverable value of its buildings by taking the greater value between the sale price less sales costs and the value in use. The sale price is established through independent appraisals by authorized suppliers and, particularly, in the case of the buildings for its own use, based on independent appraisals, in such a way that they are no more than 3-5 years old, except when there are signs of impairment.

The revaluation surplus recognized in first-time adoption adjustments in the process of transition to IFRS, due to the application of the attributed cost exemption included in equity, will be affected by the recognition of the impairment of these assets as a result of the update of their respective commercial appraisals until depleted and then debited to income.

Improvements to Third-party Properties – The Group records improvements to properties under lease in this category, as well as the estimated disassembly costs, amortizing the amounts in the lesser period between the useful life and the term of the lease contract for the property.

Derecognition due to sale of the asset – A sale is considered complete when the significant risks and rewards derived from ownership of the assets have been transferred to the buyer, there are no implications in the management associated with the ownership for the selling party, nor is effective control retained, the amount of revenue from ordinary activities can be measured reliably, and it is likely that economic rewards associated with the transaction are received and the costs incurred, or to be incurred, related to the transaction can be measured reliably.

The Group recognizes profits or losses not previously recognized at the date of sale for a non-current asset, on the date that the write-off occurs.

3.9. Prepaid expenses

Transactions are recognized in prepaid expenses provided that they meet the criteria for recognizing assets, such as the software and hardware maintenance insurance policies that represent an enforceable right due to non-compliance of the supplier for the Group, and contributions.

Contributions that are recognized in this category include payments made for contributions or memberships with entities as long as their amortization does not exceed the fiscal period. Therefore, they are amortized during the accounting period, and they must have a balance of zero at the end of the period.

3.10. Intangible assets

These are non-monetary identifiable assets without physical substance, which are held to be used for the production or supply of goods and services.

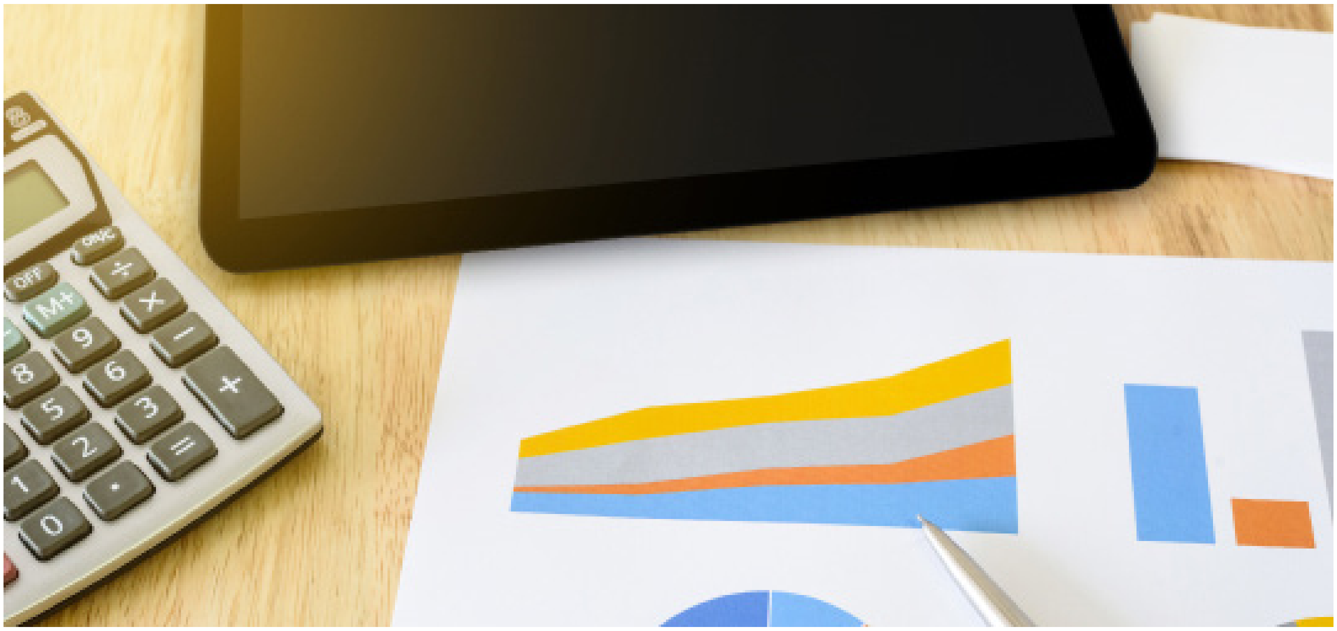
Initial recognition – Intangible assets are recognized, if and only if, it is likely that the expected future economic rewards attributable to the asset will flow to the entity and their cost can be reliably measured.

Probability criteria are applied to intangible assets that are acquired independently or in a business combination. In addition, their fair value can be measured with sufficient reliability to be recognized separately from capital gains.

Subsequent disbursements – Subsequent disbursements are recognized as an expense when they are incurred, on account of research disbursements, when they are development disbursements that do not meet the requirements for being recognized as an intangible asset.

Subsequent disbursements are recognized as intangible assets in the case of a development disbursement that meets the requirements for being recorded as an intangible asset.

All IT software that is strategic for the Group is classified under this category, in addition to projects that have a long estimated useful life. These projects generally maintain a significant amount, and the Group will include software licenses in this category.



Robust local IT developments are also included.

Useful life - An intangible asset is considered to have an indefinite useful life when, based on the analysis of all relevant factors, there is no foreseeable limit to the period in which the asset is expected to generate net cash inflows for the Group.

The Group, in line with the policies adopted by its parent company, has established a period of five (5) years for amortization of intangible assets (software, licenses and substantial applications), except when, after an analysis of the expected future economic rewards, this term could be extended.

Subsequent measurement – The Group measures its intangible assets using the cost model. Based on the criteria established in IAS 38 for its own software, useful life is defined as finite and the amortization period is dependent upon the time during which the future economic rewards are expected to be obtained, which is five years according to the Group's accounting policies (see above paragraph).

The subsequent valuation of intangible assets is measured at cost less, when applicable, the accumulated amortization and any impairment loss.

Intangible assets with a defined useful life are amortized based on the benefit generation scheme during their useful life. When this pattern cannot be reliably determined, the asset is amortized using the straight line method.

Amortization begins when the asset is in the conditions expected for its use and will end when the asset is classified as a non-current asset for sale or when it is written off on the balance sheet.

Subsequent disbursements of an intangible item are recorded as an expense unless they are part of the intangible asset meeting the recording criteria for this category.

Impairment of intangible assets validate whether there is any sign of impairment in value of the intangible assets, by analyzing variables such as the right to use, term of use of the asset, condition of the asset and time of amortization.

3.11. Impairment of non-financial assets

Non-financial assets are recorded as property and equipment, and intangible assets are recorded in cost.

The Group has a periodic revision scheme that includes a means of optimal recovery in order to detect and alert of asset impairment, through impairment testing based on internal and external sources. If, as a result of applying the test, signs or evidence of impairment are obtained for a type of asset, its recoverable amount will be calculated, i.e., the greater between the fair value and its value in use.

The value of an asset is impaired when its carrying value exceeds its recoverable value. This, in turn, is the greater between its fair value less the costs of disposal and its value in use, and the value in use is the current value of future cash flows estimated to be obtained from an asset or cash-generating unit.

The recoverable value of an intangible asset is the greater between the value in use and its fair value less costs of disposal. The fair value of this type of asset will be calculated by the entity whenever there is evidence of impairment.

After recognizing a loss for value impairment, the charges for the asset’s depreciation will be adjusted in future periods, in order to distribute the revised carrying amount of the asset, minus its potential residual value, systematically over the remaining useful life.

3.12. Deposits and current liabilities

Deposits and other demand liabilities : This category includes all demand liabilities, except for deposit accounts, which are not considered to be demand liabilities because of their special features. Demand liabilities are those whose payment could have been required in the period, i.e., those transactions that become payable on the day following the end of the period are not considered to be demand liabilities. Demand deposits are initially recognized at the amount of the transaction less the inherent costs thereof.

Term deposits and other funding: This category presents the balances for funding transactions, in which there has been a period established with the customer through a security, at the end of which they are considered payable. Term deposits are initially recognized at the amount of the transaction less the inherent costs thereof.

Term deposits and other fundings are financial liabilities measured at amortized cost, which is determined using the effective interest rate method, given that the entity's intention is to hold these instruments until maturity.

For term liability transactions, the Group offers the CD Gift product, in which it provides a gift according to the amount and term of the security; the cost of this item is linked to the CD and is amortized during the period thereof, simulating amortized cost for accounting purposes.

Attributable costs - Transaction costs are treated as a lesser amount of the liability measured at amortized cost.

3.13. Financial obligations

Includes liabilities with other banks in the country and banks abroad, measured at amortized cost using the effective interest method.

Banker's acceptances, which are bills accepted by financial entities to be paid to the beneficiaries within a term not to exceed six (6) months, are included in financial obligations. They may only be originated in goods import and export transactions or transactions for the purchase-sale of personal property in the country. When said bills are accepted, the net value of the right and the obligation of the banker's acceptance are recognized in liabilities. After that, the value of the rights is assessed by credit risk.

3.14. Outstanding investment securities

These instruments include liabilities with subordinated bonds or ordinary bonds placed on the local market or abroad.

Regarding bonds issued in foreign currency, the Group, for initial recognition, records them at the price of the transaction, including the costs of the transaction, deferred over the life of the security and its subsequent measurement of the initially recorded amount, less principal reimbursements, plus or less the accumulated amortization of any difference between the initial amount and reimbursement value upon maturity. The effective interest rate in the amortized cost method is IRR (Internal Rate of Return).

3.15. Labor liabilities

Labor liabilities are recorded on a monthly basis and adjusted at the end of each year based on legal standards and labor agreements currently in force. The payroll liquidation system calculates the liability amount for each active employee.

Benefits are recorded when the Group has consumed the economic rewards derived from the provision of service by employees. In order to recognize it as a personnel or general expense, the entity differentiates the rewards of work tools.

Cumulative short-term benefits - Short-term employee benefits are those that the Group expects to liquidate completely before 12 months at the end of the annual reporting period, such as wages and salaries, vacation and severance pay, among others. These benefits are accrued as they are incurred by debiting income.

Long-term benefits – The Group has chosen to apply financial discount techniques (accounting method and actuarial discount techniques) where it is required to use the actuarial hypotheses, directly affecting actuarial gains and losses in the income statement for benefits given to employees per five years of employment (seniority bonus).

Post-retirement and termination benefits - Post-retirement and termination benefits other than defined social security contributions are recorded based on the report generated by the independent actuary by applying the Projected Credit Unit method and affecting the other comprehensive income account.

Retirement pensions – Current values for these commitments are calculated on an individual basis, having applied, in the case of active employees, the valuation method of the "projected credit unit"; this includes each year of service as generating an additional unit of entitlement to benefits, and values each of these units separately.

In order to determine the calculation of post-employment liabilities, the criteria of IAS 19 - Employee Benefits of Annex 1.1 of the Technical Regulatory Framework (Decree 2420/2015 and its amendments) are applied, and the calculation of pension liabilities to be paid by the Group are disclosed in the notes to the financial statements in accordance with the parameters established in Decree 1625/2016 (Articles 1.2.1.18.46 and following), reporting the variables used and the difference with the calculation made under IAS 19.

Actuarial methods – Liabilities and the cost of services for the current period are calculated using the Projected Credit Unit method. This method quantifies the benefits of each participant in the plan as long as they are entitled to them, taking into account future salary increases and the formula for the plan to assign benefits. Therefore, the total estimated benefit that each participant is expected to be entitled to after departure from the entity is divided into units, each associated with one year of proven service, whether it is in the past or future.

The valuation will be carried out individually for each employee. By applying actuarial hypotheses, the amount of the projected benefit that depends on the estimated date of termination, the proven service and the salary at the time of the act is calculated.

The estimated benefit to which an individual is entitled, for purposes of a valuation associated with a termination date, corresponds to the benefit described in the plan calculated with the projected salary for the benefit at the expected date of termination.

The benefit attributed to service provided during a period is the difference between the liability of the valuation at the end of the period less the liability at the start of the period, in other words at the valuation date.

Therefore, the liability for defined benefits at the end of the period is calculated by applying the proportion between proven service at the date of measurement and the total service that each participant will provide until the expected date of termination to the total amount of estimated benefits.

The liability for benefits defined under the plan is the sum of the liability for each individual at the date of measurement, and the cost of services for the current plan period is calculated as the sum of costs of individual services for the current period.

The Group establishes its pension liability based upon the actuarial valuation that covers all personnel, who according to legal standards are entitled to, or have the expectation of, a retirement pension at the expense of the company, and covers the benefits established in the current pension system.

For commitments for post-employment compensation, the Group applies the defined contribution plan and the defined benefits plan.

Defined contribution plan - In these plans, the Group's liability is limited to the contribution that it has agreed to deliver to a pension fund or insurance company. As a result, the actuarial and investment risk is assumed by the employee.

Defined benefits plans: The liability of the Group is to provide the agreed benefits to current and former employees. The actuarial risk (in the event that people have a greater cost than expected) and the investment risk are assumed by the Group.

Currently, Colpensiones (formerly, Instituto de Seguros Sociales "ISS") and other entities authorized by law (private AFPs since 1994), receive contributions from the Group and its employees to the General Pension System, so those entities are responsible for covering the disability, old age and death risks defined by the System in favor of the employees. The pension liability directly under the Group's responsibility essentially corresponds to personnel hired in or before 1960, and/or with subsequent enrollments up to 1984 and those who worked in certain regions of the country where the Group had offices but did not cover disability, old age and death risks on account of the ISS. The liability amount is determined based on actuarial studies adjusted to the current regulations and standards on the matter.

The total amount of the reserve, as well as the actuarial gains or losses generated were assumed by the Group and were accounted for based on the IAS 19 guideline, where the present cost of the service and the net interest of the liability, are recorded in the statement of income for the period, while new measurements of the liability for defined benefits (actuarial gains and losses) will be accounted for in Other Comprehensive Income.

3.16. Estimated liabilities and provisions

Includes the amounts recorded to cover the Group's current liabilities derived from past events that are clearly identified according to their nature, but have an undetermined amount or payment date; after which, and for the payment thereof, the Group expects to dispose of resources that include economic rewards.

These liabilities may arise from legal or contractual provisions, valid expectations created by the Group regarding third parties in regard to the assumption of certain types of liabilities or through the expected development of the regulatory standards of the entities' operations, and specifically, draft regulations from which the Group cannot be released.

The allowances are liabilities in which there is uncertainty as to their amount or due date. These allowances are recorded in the balance sheet when there is a current liability (legal or implicit) as a result of past actions or events and the Group will likely have to dispose of resources to pay the liability and the amount of these resources can be reliably measured.

When the effect on the value of currency over time is significant, the amount of the allowance is the present value of expenses expected to be incurred for payment thereof.

Among other things, these allowances include commitments made with employees, as well as allowances for tax and legal disputes.

Allowances are recalculated at the close of each accounting period and are used to offset the specific liabilities for which they were originally recognized; they are then reversed, in full or in part, when such liabilities cease to exist or decrease.

Allowances are classified based on the liabilities covered, as follows:

- Allowances for tax and legal disputes.
- Allowances for contingent credit risk.
- Allowances for other contingencies.

Contingent assets are not recognized in the balance sheet or in the profit and loss account, but they are reported in the financial statements provided the increase in resources that include economic rewards for this reason is likely.

Contingent liabilities are the Group's possible liabilities, arising as are a result of past events, whose existence is conditional on the occurrence or non-occurrence of future events that are beyond the Group's control. They also include the entity's current liabilities, whose payment is not likely to decrease resources including economic rewards or whose amount, in extremely rare cases, cannot be quantified with sufficient reliability.

3.17. Income tax

The income tax expense represents the amount of the current income tax payable and the deferred income tax.

- **Current income tax** - The current tax payable is based on the taxable income recorded during the year. Taxable income is different from the income recorded in the profit and loss statement and other comprehensive income, due to the taxable or deductible income or expense items in other years and items that are never taxable or deductible. The Group's liabilities for current income tax are calculated using the tax rates mandated or substantially approved at the end of the reporting period. The Group determines the provision for income tax based on the taxable profit or presumptive income, whichever is higher, estimated at the rates specified by the tax law.

- **Deferred income tax** - The deferred income tax is recognized on temporary differences between the carrying value of the assets and liabilities included in the financial statements and the corresponding tax bases used to determine taxable income. The deferred income tax liability is generally recognized for all temporary tax differences. A deferred income tax asset will be recognized for all the deductible temporary differences, to the extent that the entity is likely to have future taxable income against which it can debit the deductible temporary differences. These assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than the business combination) of other assets and liabilities in a transaction that does not affect taxable income or accounting gain.

The deferred tax from taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures must be recognized, except for those in which the Group can control the underlying temporary difference and when there is the possibility that it may not be reversed in the near future.

The carrying value of a deferred income tax asset must be subject to review at the end of each reporting period and it must be reduced, inasmuch as there will not be sufficient taxable income in the future to recover all or part of the asset.

The deferred income tax assets and liabilities must be measured using the tax rates expected to be applicable in the period in which the assets are realized or the liabilities are canceled, based on the rates (and tax laws) approved or practically approved at the end of the reporting period following the approval process.

- **Accounting record -** Current and deferred income taxes shall be recognized in the profit and loss statement, except when they are related to items recorded in other comprehensive income or directly in equity, in which case the current or deferred income tax is also recognized in other comprehensive income or directly in equity, respectively; in the case of a business combination when the current or deferred income tax arises from the opening entry of the business combination, the tax effect is considered in the entry of the business combination.

3.18. Real value unit – UVR

The real value unit (UVR, for the Spanish original) is certified by the Central Bank and reflects the purchasing power based upon the variation of the consumer price index (CPI) during the calendar month immediately prior to the month when the calculation period starts.

The UVR is a count unit used for calculating the cost of housing (mortgage) credits that allows financial entities to keep the purchasing power of the money lent. The methodology used for calculating such indicator was established by the Board of Directors of the Central Bank, in strict compliance with the order given by the Constitutional Court in Ruling C-955/2000.

The Group carries out transactions to obtain savings deposits, and grant short- and long-term loans and investments in reduced real value units (UVR) at legal tender in conformity with the provisions of Law 546 / December 23, 1999, which created the legal framework to finance housing.

This law established the general objectives and criteria the national government should be subject to in order to regulate the system, further creating savings instruments devoted to such financing; the financing system is stated in Real Value Units (UVR) and shall reflect the purchasing power of money, which implies it is linked to the consumer price index.

At December 31, 2019 and 2018 the quotation rate of the real value unit (UVR) was COP 270.7132 and COP 260.6658, respectively.

3.19. Adequate equity

According to the provisions of Section 2.1 of Chapter XIII-13 of the Basic Accounting and Financial Circular Letter (External Circular Letter 100 /1995 of the Financial Superintendence of Colombia), the adequate equity of the Bank and its subsidiaries must meet the following two conditions:

- **Basic solvency ratio:** It is defined as the Ordinary Basic Equity value divided by the value of assets weighted by credit and market risk levels. This ratio may not be lower than four point five percent (4,5%).

$$Basic\ solvency = \frac{PBO}{RWA + \frac{100}{9}\ VaR_{RM}} \geq 4.5\%$$

- **Total solvency ratio:** Se define como el valor del Patrimonio Técnico dividido por el valor de los activos ponderados por nivel de riesgo crediticio y de mercado. Esta relación no puede ser inferior a nueve por ciento (9%).

$$Total\ solvency = \frac{Technical\ Equity}{RWA + \frac{100}{9}\ VaR_{RM}} \geq 9\%$$

Where:

PT= Technical Equity calculated as per the instructions given by the Financial Superintendence of Colombia in Chapter XIII-13 of the Basic Accounting and Financial Notice (Public Notice 100/95).

RWA= Risk-weighted assets by credit risk level calculated as per the instructions given by the Financial Superintendence of Colombia in Chapter XIII-13 of the Basic Accounting and Financial Notice (Public Notice 100/95).

VeR_{RM}= Value of market risk exposure calculated as per the instructions given in Chapter XXI "Rules concerning the market risk management system" of the Basic Accounting and Financial Notice (Public Notice 100/95 of the Financial Superintendence of Colombia).

Each of the items that make up the minimum solvency ratios must be calculated considering the Exclusive Financial Reporting Catalog (CUIF, for the Spanish original Form 110 (Proforma F.1000-48 "Solvency information for the calculation of adequate equity") and Form 301 (Proforma F.0000-97 "Solvency Margin Control Statement"), as indicated in each of the components of the solvency ratios.

The considerations set forth in Public Notice 036 / 2014 and detailed in Note 2.1 are taken into account in determining and calculating this control.

3.20. Additional paid-in capital

The additional pain-in capital is the additional value to the nominal value of the shares that is charged when transferring them and arises when the shares are placed in the market for a price higher than nominal value.

It is originated in a share subscription agreement and is a legally valid option; however, while the shares obtained as a result of the aforementioned contract are part of the share capital, the premium, as an additional value to the nominal value of the share, constitutes an equity item crediting the legal reserve.

3.21. Recognition of revenue and expenses

Interest revenue and expenses and service fees are recorded in the statement of income for the fiscal year as they are earned, based on the time of the transactions that give rise thereto. Revenues are measured at the fair value of the consideration received or to be received, and represent amounts receivable for the services provided, net of discounts and value added tax. The Group recognizes revenue when its amount can be reliably measured, it is likely that the future economic rewards will flow to the entity and when specific criteria have been met for each of the Group's activities.

In the case of impact on general revenue and expenses, the Group uses the general principles of the conceptual framework, such as: Accrual Basis, Recording, Certainty, Reliable Measurement, Correlation of Revenue and Expenses, Cost-Benefit Consideration, Valuation and Materiality or Relative Importance.

The Group recognizes revenue on the sale of property when the risks and rewards of ownership are transferred to the buyer, it does not retain ownership or control of the properties sold, the amount of revenue can be reliably measured, it is likely to receive the economic rewards associated with the transaction and the costs incurred by the transaction can be reliably measured.

Revenue and expenses originated by transactions or services that extend over time are recognized during the life of said transactions or services.

Dividends received by non-controlled entities and joint ventures are recognized when the right to receive them has been established.

The recognition of interest revenue is applied using the effective interest method, which is a method to calculate the amortized cost of an asset and allocate the interest revenue during the relevant period. The effective interest rate exactly equals estimated future cash payments or collections during the expected life of the financial instrument, or whenever appropriate, for a shorter period, at the initial net carrying value of the asset. To calculate the effective interest rate, cash flows are estimated considering all the contractual terms of the financial instrument, without considering future credit losses and considering the initial balance of the transaction or grant, transaction costs and premiums granted, less the fees and discounts received, which are an integral part of the effective rate.

From the legal standpoint, default interests are contractually agreed and can be equated with variable interests incurred on account of debtor default. These interests are incurred when the contractual obligation to do so arises, regardless of future credit losses, as established by the definition of the effective interest rate; therefore, said balance is part of the total debt with the customer, which is assessed to determine impairment by following the procedures in place to do so, either through individual or collective assessment.

IFRS 15 establishes a conceptual framework to determine the time and the amount of revenue recognition. This standard is applicable since January 1, 2018 and replaced IAS 18 Revenue from Ordinary Activities, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs.

Customer Loyalty: The Group classifies the system of points awarded to its customers for the use of electronic means of payment under this concept; these points can be redeemed in different forms.

On account of customer loyalty, the Bank recognizes a deferred liability that is amortized as customers redeem their points, based on the model designed for points awarded for customer loyalty.

The Group runs a loyalty program, in which customers accumulate points for purchases, entitling them to redeem the points for rewards in accordance with the policies and the reward scheme at the time of redemption.

Fee revenues

In general, revenues are recorded at the time of accrual of the service, as required in the new standard; no variable components related to the revenues are observed, nor are any remunerations other than cash received.

3.22. Statement of cash flow

Supervised preparers of financial information can report the Statement of Cash Flow-Direct Method, or the Statement of Cash Flow-Indirect Method, or both. The Group presents the accompanying statements of cash flow using the direct method, according to which the main categories or collections and payments are presented separately in gross terms in accordance with the criteria of IAS 7.

3.23. Earnings per share

Basic earnings per share are calculated by dividing the gain or loss attributable to the holders of ordinary equity instruments of the controlling company (numerator) by the weighted average ordinary shares subscribed and paid-in, both common and preferential outstanding (denominator), during the year.

Diluted earnings per share are calculated by adjusting the year's gain attributable to the owners of the controlling company and the weighted average ordinary shares outstanding for all the dilutive effects inherent to potential ordinary shares.

This information is intended to provide a measure of the interest of each ordinary share of the controlling company in the entity's performance during the reporting period.

Since the Group has no financial instruments with a dilutive effect, basic and diluted earnings per share are the same.

3.24. Standards issued by the IASB not yet in force

Standards adopted in Colombia, applicable as of January 1, 2020 - Decree 2270/December 13, 2019, Decree 2483/December 28, 2019, which compiles and updates the technical annexes of pre-existing regulations for the Financial Information Preparers Group, for Group 1 (issuers of securities and large companies) and for the recipients to observe the information assurance standards (Auditing Standards) of Decree 2420/2017, as amended by Decrees 2496/2015, 2131/2016, 2170/2017 and 2483/2018, respectively. With this Decree, as of January 1, 2020, the following standards will take effect in Colombia in the technical regulatory

framework that contains amendments issued by IASB throughout 2018, allowing for the earlier application thereof:

Financial Reporting Standard	Subject of the Amendment	Details
IFRIC 23 - Uncertainty over Income Tax Treatment.	Uncertainty over income tax treatments, published in June 2017	Clarifies how the recognition and measurement requirements of IAS 12 are to be applied when there is uncertainty over income tax treatments. In this context, an entity shall recognize and measure its deferred or current tax assets or liabilities by applying the requirements of IAS 12 based on taxable income (tax losses), tax bases, unused tax losses, unused fiscal credits and tax rates determined by applying this Interpretation.
Amendments to IAS 1 and IAS 8	Definition of Materiality or Relative Importance October 2018	Definition of Materiality or Relative Importance: • IAS 1 - Presentation of Financial Statements: Paragraph 7 is amended for entities that have not adopted the Amendments to the References to the Conceptual Framework in the IFRS Standards of 2018 and paragraph 139T is added. • IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Paragraph 5 is amended for entities that have not adopted the Amendments to the References to the Conceptual Framework in the IFRS 2018. Paragraph 6 is eliminated and paragraph 54H is added.

Financial Reporting Standard	Subject of the Amendment	Details
Amendments to IFRS 3 - Business Combinations	Amendments that clarify the definition of business to help determine whether a transaction must be recorded as a business combination or the acquisition of an asset. October 2018	The amendments clarify the definition of business, in order to help entities to determine whether a transaction must be recorded as a business combination or the acquisition of an asset, as follows: • They clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; • They remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; • They add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; • They narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and removing the reference to an ability to reduce costs; and • They add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

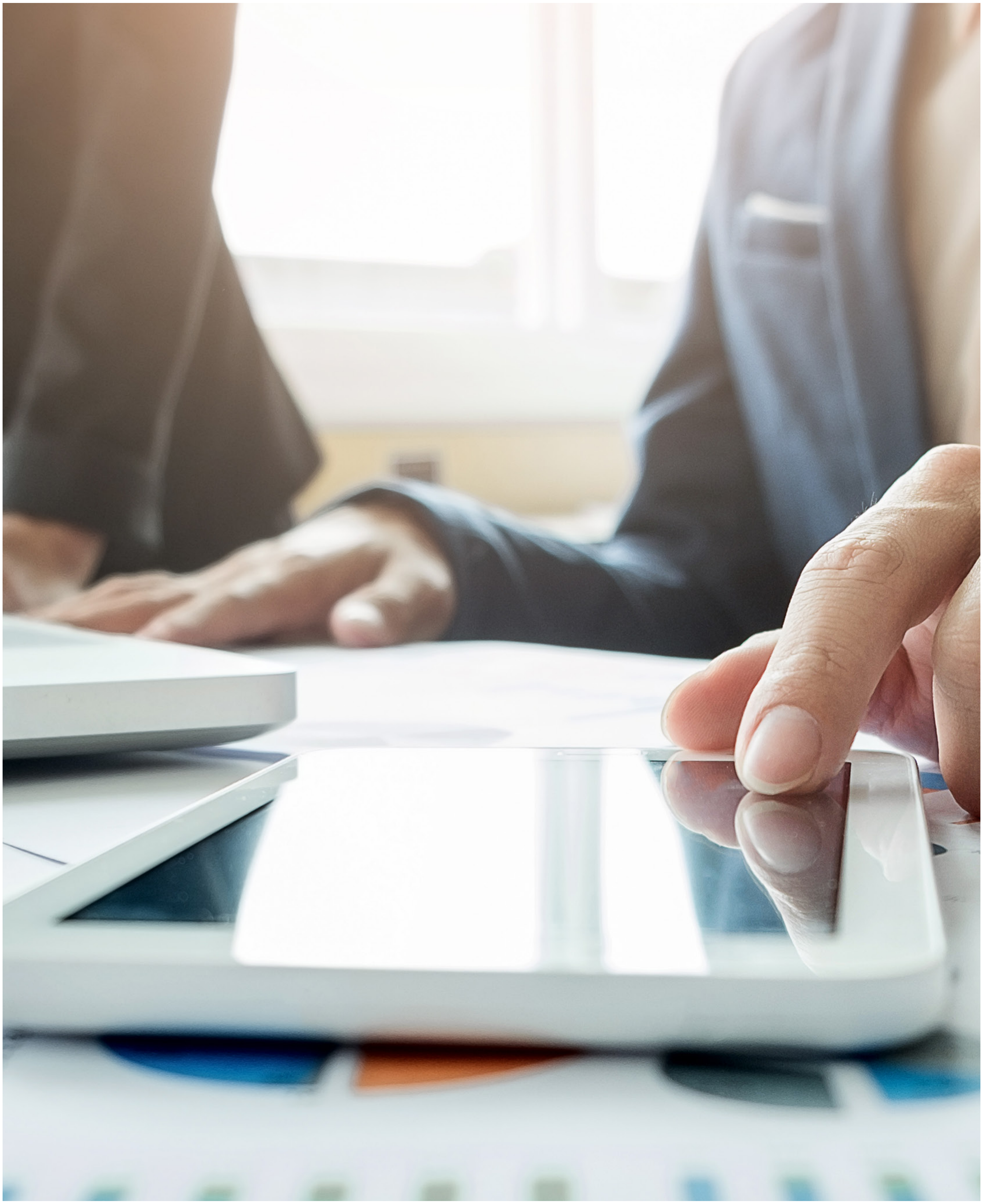
Financial Reporting Standard	Subject of the Amendment	Details
Conceptual Framework for Financial Reporting	Amendment of the Conceptual Framework. March 2018	• Amendments to References to the Conceptual Framework in IFRS Standards (Part A). • Amendments to the illustrative examples, implementation guide and practice documents of the IFRS Standards. • Amendments to the basis for conclusions of the IFRS Standards and IFRS practice documents.
IAS 19 - Employee Benefits	Amendment, Reduction or Settlement of the Plan. February 2018	Amendments regarding post-employment benefits of defined benefit plans, related to the cost of past services and profits and losses at the time of the settlement, as well as the cost of the services in the current period and net interest on the net liability (asset) of defined benefits. Paragraphs 101A, 122A, 123A and 179 are added and paragraphs 57, 99, 120, 123, 125, 126 and 156 are amended. A heading is added before paragraph 122A.

Issued by the International Accounting Standards Board (IASB) not Adopted in Colombia – The standards below have been issued by the IASB, but have not yet been adopted by Decree in Colombia:

Financial Reporting Standard	Subject of the Amendment	Details
IFRS 17 - Insurance Contracts	Replaces IFRS 4, published in May 2017, entirely	IFRS 17 - Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of the insurance contracts issued. It also requires similar principles to be applied to the reinsurance contracts held and investment contracts issued with discretionary participation features. IFRS 17 shall be applied to annual periods starting on January 1, 2021. Earlier application is permitted. IFRS 17 repeals IFRS 4 - Insurance Contracts.

Financial Reporting Standard	Subject of the Amendment	Details
Reference Interest Rate Reform	Amendments to IFRS 9, IAS 39 and IFRS 7; published in September 2019	• IFRS 9 – Financial Instruments: Section 6.8 on Temporary Exceptions to the Application of Specific Hedge Accounting Requirements was added and Paragraph 7.2.26 related to the Transition to Hedge Accounting was amended. An entity shall apply these amendments for annual periods beginning on or after 1 January 2020. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. • IAS 39 - Financial Instruments: added Paragraphs 102A-102N on Temporary Exceptions to the application of specific hedge accounting requirements. An entity shall apply these amendments for annual periods beginning on or after 1 January 2020. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. • IFRS 7 – Financial Instruments: Disclosures: added paragraphs 24H (Uncertainty arising from the interest rate benchmark reform) and 44DF (Transition). An entity shall apply these amendments when it applies the amendments to IFRS 9 and IAS 39.

The Group is in the process of assessment and quantification of the impact, if any, on the financial statements once the Decree that incorporates them in the Colombian Technical Regulatory Framework has been issued.



4. Relevant Events

From the closure of these consolidated financial statements at December 2019 to date, there were no significant relevant events to be disclosed.

Standards that came into force in 2019 (unaudited)

- **Notice 09,** The creation of a type and code for financial holding companies that are subject to inspection and oversight by the Financial Superintendence of Colombia is published. The Financial Superintendence reports that as of February 6, 2019, the inspection and oversight of financial holding companies are included. For this purpose, the internal coding that will be assigned to each conglomerate is adopted for handling correspondence, management and exchange activities and reporting information through the link "online procedures and referral of information". The Annex to this Circular Letter provides the table containing the Type and Codes assigned together with the name and TIN of the entities. It specifies that the double identification of financial holding companies that are also issuers of securities will only be valid until February 11, 2019, and thereafter, only one identification will be applicable, which is that of a financial holding company.
- **Public Notice 001,** The Financial Superintendence amended Chapter XIII-14 "Technical Equity and Minimum Solvency Ratios" of the Basic Accounting and Financial Notice (CBCF, for the Spanish original), for the effects of the application of International Financial Reporting Standard 16 Leases - IFRS 16, to include code 180200 - Right-of-use Property, Plant and Equipment, in the category of assets with a credit risk weight of 100%.
- **Public Notice 002,** The Financial Superintendence amended the Exclusive Financial Reporting Catalog (CUIF, for the Spanish original) for Monitoring Purposes, for the effects of the application of International Financial Reporting Standard 16 Leases - IFRS 16, with the creation of the following CUIF codes
    - 180200 Right-of-use property, plant and equipment
    - 191200 Right-of-use intangible assets

- 218000 Lease liabilities
- 510355 Interest expenses on lease liabilities
- 517090 Impairment in the value of right-of-use ppe assets
- 517800 Impairment of right-of-use property, plant and equipment
- 518100 Amortization of right-of-use intangible assets

his amendment to the CUIF may be made at the reporting level until June 30, 2019, after which date its recognition at the source document level will be required.

- **Public Notice 003,** The Financial Superintendence set the value of contributions at COP 88,599,000,000.00 for the first half of 2019. The factor applied to each controlled entity is 0.00011237, which is the total value of the contribution of the first half of the year, of the value of the assets of all controlled entities subject to contribution, recorded at June 30, 2018.

- **External Resolution 1,** The Central Bank of Colombia amended External Resolution 1/2018 related to the purchase or sale of foreign currency at market rates. It did so to indicate that the penalties provided for in Paragraph 3 of Article 5, shall not be applicable to the direct purchase or sale of foreign exchange with the Nation-Ministry of Finance and Public Credit.

- **DODM Regulatory Public Notice 143,** The Central Bank of Colombia amended Issue 5 - Intervention of the Central Bank in the Exchange Market. The amendments are made to include Stockbrokers in the Brokers of Exchange Options (IOC, for the Spanish original) to participate in exchange market intervention operations through options with the Central Bank of Colombia. In line with this change, the definition of authorized agents in foreign exchange purchase or sale intervention operations and in spot foreign exchange sale operations through FX Swap contracts is adjusted; point out that the Central Bank may buy and sell US dollars directly, through auctions or other systems and mechanisms through which interbank foreign exchange operations are carried out, in accordance with Articles 2. and 3. of External Resolution 1/2018; establish that the penalty system described in item 4.8 of this notice, is not applicable to the operations of purchase or sale operations of US dollars directly with the Nation-Ministry of Finance and Public Credit.

- **DEFI Regulatory Public Notice 360,** The Central Bank of Colombia replaced DEFI Regulatory Public Notice 360 in its entirety, as of that date, corresponding to Issue 3: "TRANSITORY LIQUIDITY SUPPORT". It did so on the occasion of the issuance of Public Resolution No. 2/2019 issued by the Board of Directors of the Central Bank of Colombia, whereby standards are compiled and issued as part of the Central Bank's role as a lender of last resort. The new item 20 in Annex 6 called "Credit Rating" will be effective as of July 2, 2019.

- **External Resolution 2,** The Central Bank of Colombia compiles and issues standards as part of its role as a lender of last resort. This topic is related to the Transitory Liquidity Support.

- **Public Notice 005,** The Financial Superintendence published this Standard in order to include Chapter VI in Title I, Part I of Basic Legal Notice (C.E. 029/2014) related to the rules regarding the use of cloud computing services, such as the scope of application, definitions, general obligations of the entities overseen, minimum elements that must be contained in the service agreements or contracts and business continuity management, submitting information to the Financial Supervisor (within 15 days prior to processing).

- **Notice 16,** The Financial Superintendence publishes the table of the sensitivity factor to market risk of Credit Default Swaps (CDS) (according to Public Notice 036/18), using the sensitivity factor associated with the rating of the underlying asset of each CDS or of the country where this asset is registered. It is established that, in the case of underlying assets other than sovereign debt, the lowest rating should be taken between the rating of the underlying asset of the CDS and the rating of the country where this asset is registered. The Financial Superintendence may review and modify these sensitivity factors when the levels established do not appropriately reflect the sensitivity of the positions exposed to CDS risk. It specifies that the sensitivity factor and correlations applicable for the reporting of the informative market risk model of Annex 2, Chapter XXI of the CBCF, shall be those published monthly by the Financial Superintendence in the Matrix for the Official Market Risk Report (Informative VaR) available on the entity's website.

- **Public Notice 006,** The Financial Superintendence gives instructions to establish the standard and requirements to be met in terms of security and quality for carrying out monetary operations by means of QR codes. Therefore, item 2.2 and sub-item 2.3.4 of Chapter I, Title II, Part I of Public Notice 026/2014- Basic Legal Notice is amended. It should be noted that the entities supporting "Payments through QR codes" at the date of issue of this notice must comply with the instructions contained herein within six months of publication (March 21, 2019).

- **Public Notice 007,** The Financial Superintendence gives the following instructions and amends item 4.4.2.7 of Chapter IV, Title I, Part I of the Basic Legal Notice: With regard to communication channels, the Bank must have special communication channels for receiving complaints (such as telephone lines, e-mails, special mailboxes on the website and other digital mechanisms) so that any individuals who detect possible irregularities, regulatory breaches, violations of the code of ethics and conduct or other events or circumstances that affect or may affect the proper functioning of the ICS can bring them to the attention of the competent bodies within the Bank. These particular communication channels for receiving complaints must have safeguards to ensure the confidentiality of the complaints and the identity of the whistleblowers. The Bank must clearly differentiate these channels for receiving complaints from the channels for filing complaints arising from failures in the provision of services. The Bank must have internal policies and procedure manuals on the receipt and treatment of complaints that provide at least the following elements: protection of whistleblowers from reprisals, confidentiality of the complaints and the identity of the whistleblowers, training for Bank officials on these policies, manuals and procedures, the different instances within the Bank that will assume knowledge of the complaints, including the rules and principles that govern their investigation, analysis, treatment, escalation, and reporting to the competent authorities. The Bank may also include in its policies mechanisms to encourage and reward whistleblowers. These policies and their amendments must be approved by the entity's Board of Directors. Such policies along with the procedural manuals necessary to make them effective must be available to SFC.

- **Public Resolution 3 ,**The Bank amends Public Resolution 1/2018 in the articles related to: Hedging of active transactions stipulated in legal currency, with a term equal to or less than that of the financing obtained, which must be with a foreign currency derivative or be designated as a hedging instrument for foreign investments according to IFRS hedge accounting requirements (previously with an equity investment abroad in subsidiaries and affiliates in the same currency as the financing). With regard to the Proprietary Position, it amends the requirement for the foreign exchange brokers required to consolidate financial statements by instructions of the

Financial Superintendence that have controlled investments abroad, which must exclude from the calculation of the proprietary position the value of the controlled investments abroad, derivatives and other obligations as hedging instruments for controlled investments abroad according to IFRS hedge accounting (it previously established for this condition that the arithmetic average of three (3) business days of proprietary position in foreign currency could not exceed the equivalent in foreign currency by thirty percent (30%) of the broker's technical equity). It establishes the Position of Controlled Investments Abroad, which shall be calculated as the difference between the value of controlled investments abroad and the value of derivatives and other obligations designated by the competent body of the foreign exchange broker as hedge instruments of controlled investments abroad, according to IFRS hedge accounting. In Limits, it is pointed out that the Position of Controlled Investments Abroad may not exceed the equivalent in foreign currency of one hundred and fifty percent (150%) of the technical equity for controlled investments. The technical equity for this limit shall be calculated according to item 2 of Article 25 of this Standard. The calculation of the Position of Controlled Investments Abroad shall be made monthly for the last calendar day of each month and shall be reported to the Financial Superintendence no later than the last business day of the second week following the reporting date. Paragraphs 1 and 2 of the Article on Regulation, Control and Sanctions specify the obligation of foreign exchange brokers to report information to the Central Bank of Colombia and their sanctions for non-compliance. Articles 18, 19, 28 and 29 of Public Resolution 1/2018, related to "Adjustment" and "Equity Recovery Measures" on Proprietary Position and Exchange Risk Indicators, are repealed. Effect: Articles 1, 2, 3, 5, 10, 11, 12 and 13 shall apply as of March 26, 2019 and Articles 4, 6, 7, 8 and 9 shall apply as of July 31, 2019. As of the date of publication of this Resolution, the Bank has no Controlled Investments Abroad; therefore, the new provisions for these investments are not applicable thereto

- **Public Notice 008,** The Financial Superintendence gives the following instructions to overseen entities in relation to the effects on the departments of Cauca and Nariño as a result of the blockades of the Pan-American Highway: As of March 12, 2019, active debtors that have fallen into arrears, or are or have been subject to modification or restructuring will receive benefits as follows: the non-impairment of credit ratings; exemptions from the alignment rules of Chapter II of the CBCF; promotion of payment arrangements under conditions of financial viability of such debtors. With regard to granting loans, credit establishments must recognize the extraordinary circumstances that gave rise to the defaults on the payment of the outstanding loans of these debtors, and additionally, the restructuring originated by such circumstances may not serve as the only factor to deny a transaction. The Bank must disclose the policies adopted in compliance with this Standard and enable the resolution of concerns and complaints regarding these measures. Effect: As of April 6, 2019, it will be in effect until June 30, 2019.

- **DODM Regulatory Public Notice 398,** The Central Bank of Colombia amended Issue 22 - Macroprudential Measures. This standard is issued as part of the provisions of Public Resolution No. 3/March 22, 2019 of the Central Bank of Colombia, which amends, Public Resolution No. 1/2018. In addition, this Notice repeals DODM Regulatory Public Notice 139/May 25, 2018 and DODM Regulatory Public Notice 361/May 25 and September 3, 2018.

  The main changes are described below: The Foreign Exchange Brokers (IMC, for the Spanish original) required to consolidate financial statements, in accordance with the instructions of the Financial Superintendence, that have controlled investments abroad must exclude from the calculation of the Proprietary Position the controlled investments abroad and the value of the derivatives and other obligations designated by the competent body of the IMC as hedging instruments of the controlled investments abroad (in compliance with the IFRS hedge accounting requirements).

  The foregoing will be applicable as of the calculation of the Proprietary Position of March 26, 2019, notwithstanding any adjustments that must be made to the SFC's reporting formats, by virtue of the changes incorporated in the Resolution and in this Notice.

  The arithmetic average of three (3) business days of proprietary position in foreign currency may not exceed the equivalent in foreign currency of twenty percent (20%) of the technical equity of each broker. This will be applicable as of March 26, 2019 for all IMCs and public rediscount entities that are not IMCs.

IMCs obliged to consolidate financial statements, in accordance with the instructions of the Financial Superintendence, that have controlled investments abroad must comply with the provisions on the Position of Controlled Investments Abroad. The provisions on the Position of Controlled Investments Abroad, established in the Resolution and in Chapter 4 of this Notice, will become effective on July 31, 2019.

- **DODM Regulatory Public Notice 141,** The Central Bank of Colombia amends page 3-1 of DODM RPN-141/ September 25, 2018, in order to indicate that the Open Market Operation (OMO) Placement Agent may choose from among the group of eligible securities deposited in the Central Securities Depository, those that will be used to perform the operations directly or through a custodian. Additionally, securities issued by the Central Bank of Colombia and securities issued by Fogafin were included in the order of selection of securities for the settlement of the operations. Effect: These amendments are effective as of April 15, 2019.

- **DODM Regulatory Public Notice 148,** The Central Bank of Colombia replaces, as of April 15, 2019, pages 10-4, 10-5 and 10-6/May 3, 2016 and April 19, 2018 of the DODM RPN-148, in order to adjust the regulations to the new operation established for submitting bids for transitory expansion operations. Specifically, when submitting bids, it will no longer be necessary for OMO Placement Agents to indicate whether compliance will be effected directly or through a custodian. From now on, this information will be provided on the compliance screen. Additionally, the procedure for using alternative means in case of contingency has been adjusted.

- **Notice 39,** The Financial Superintendence gives instructions for the adaptation of the stress testing system required by the Superintendence in 2019 with the instructions of Decree 1477/2018. The transmission date of the results of the stress testing required by the Superintendence in 2019 is changed to the last business day of July 2020. They must be transmitted in accordance with the provisions laid down with regard to the calculation of the solvency ratio of credit establishments in Decree 1477/2018. The cut-off date for the stress test information to be submitted by entities in July 2020 should be December 31, 2019 with projections to 2020, 2021 and 2022 taking into account the new capital treatment and the respective transition period. The instructions for carrying out the scenarios considered in Notice 23/2019 are maintained.

- **Public Resolution 4,** The Central Bank of Colombia establishes exceptions to the controls on legal reserves for disaster events declared by the Central Bank of Colombia, which shall not require the legal reserve position of

Article 3, External Resolution 5/2008. The legal reserve position shall apply as of the two-week period following the declaration of the end of the disaster event. This statement will be made in coordination between the Central Bank of Colombia and the Financial Superintendence. A two-week period is understood to be affected when the disaster covers at least one day of that two-week period.

- **Decree 957,** Chapter 13 is added to Title 1, Part 2, Book 2 of Decree 1074/2015, the Exclusive Decree of the Commerce, Industry and Tourism Sector and regulates Article 2 of Law 590/2000, amended by Article 43 of Law 1450/2011, related to the criteria for the classification of Micro, Small, Medium and Large Enterprises.

- **Public Notice 012,** The Financial Superintendence gives instructions related to the adequate level of capital of Financial Conglomerates, by incorporating the following changes: It creates Chapter XIII-15 of the Basic Accounting and Financial Notice (CBCF, for the Spanish original), which contains instructions regarding the appropriate level of capital for financial conglomerates. For the first-time adoption of the instructions of the new standard , the Bank must provide the Financial Superintendence with the following documentation by July 30, 2019: The basis to be used to determine the technical equity and adequate equity of the financial conglomerate and the respective justification; the list of entities that are part of the financial conglomerate that do not have a defined technical equity and minimum levels of technical equity under the standards in force in Colombia, together with the technical equity system and minimum levels of technical equity selected for each of them, as referred to in sub-items 2.1. and 2.2. of Chapter XIII-15 of the CBCF. The proof of equivalence of the technical reserves system in its reserve component for reported claims and other information necessary for the calculation of the capital of foreign insurance entities that are part of the financial conglomerate, referred to in sub-items 2.5. and 2.5.2.1. of Chapter XIII-15 of the CBCF. The means provided for capturing information related to the appropriate level of capital of the financial conglomerate is the Web Service. For this purpose, the Financial Superintendence will provide the financial holdings on its website the technical document necessary for its construction together with the details of the information required. The first official capture of information related to the adequate level of capital of the financial conglomerate must be performed with information at December 31, 2019, within the term established in item 3 of Chapter XIII-15 of the CBCF. To ensure the correct capture of information, financial holdings must conduct mandatory testing between September 2 and October 31, 2019, with information at the cut-off date of June 30, 2019. Financial holding companies will have until November 8, 2019 to comply with the adequate level of capital of the financial conglomerate, in accordance with the transitional system provided for in Article 2 of Decree 774/May 8, 2018 (Financial holding companies will have a period of eighteen (18) months to comply with the adequate level of capital of the financial conglomerate provided for in Article 2.39.2.1.1 of Decree 2555/2010, following the effective date of this Decree, which went into effect on May 8, 18).

- **Public Notice 013,** The Financial Superintendence establishes the Risk Management Framework (MRG, for the Spanish original) for Financial Conglomerates. The main changes are listed below: Chapter XXX - Risk Management Framework (MGR) for Financial Conglomerates is created in the Basic Accounting and Financial Notice (CBCF) (Public Notice 100/1995). There is a term of twenty-four (24) months as of the effective date (June 20, 2019), to implement the instructions of this Standard, except for the provisions of item 4 (e) related to the aggregation of data, for which they will have a period of three (3) years as of June 20, 2019, which may be extended up to another two (2) years, when there is a substantiated request. Financial holding companies must submit to the Financial Superintendence, no later than December 31st , 2019, a timetable for the compliance with and development of the instructions contained in this new Notice, except the provisions of item 4 (e). The Timetable must establish annual goals including specific activities that lead to effective compliance with the provisions of this Notice, within the term established for that purpose. Also, as of 2021, with a cut-off date of December 31 of each year, financial holding companies must submit a report on the progress of the implementation thereof.

- **Public Notice 014,** The Financial Superintendence amends Chapter XIII-8 of the Basic Accounting and Financial Notice by amending Form 230 (Proforma F.0000-32) "Daily Control of Proprietary Position, Spot Proprietary Position, Gross Leverage Position and Exchange Risk Indicators of the Foreign Exchange Brokers (IMC, for the Spanish original) and of the Public Rediscount Entities (EPR, for the Spanish original) that are not IMCs", to comply with the provisions of Public Resolution 1/2018 of the Central Bank of Colombia. For this purpose, the Bank must conduct the respective mandatory testing between July 22 and 26, 2019, with the information corresponding to the cut-off date of May 5, 2019. The first official transmission of the information will take place starting on August 4, 2019, according to the corresponding instructions.

- **External Circular 015,** The Financial Superintendence gives instructions in relation to financial consumers affected by the indefinite closure of the road corridor between Bogotá and Villavicencio. For the purposes of this notice, all individuals who provide proof that, as a result of this event, the economic activity on which the sources of payment of their obligations depend was affected to such an extent that it prevented them from complying with the respective payments in a timely manner shall be deemed affected. For these active debtors that fall or have fallen into arrears, or are or have been subject to modification or restructuring, provided that they inform the lending institution of such situation expressly and in a timely manner, the Bank must internally classify such loans and apply the following benefits thereto: Credits must maintain the rating they had before the impairment; Credits associated with these debtors will be exempt from the alignment rules; The Bank must promote the signing of payment arrangements in conditions of financial viability for these debtors. These payment arrangements will not be considered to be restructuring. In addition, instructions are given when such debtors apply for new loans. Finally, the Bank must disclose the policies adopted in compliance with this notice and provide flexible mechanisms to those who have been affected for dealing with queries and resolving concerns and complaints in a clear and timely manner in relation to the measures provided for in the new standard.

- **Public Notice 016,** The Financial Superintendence published Public Notice 016/19 with the purpose of providing information on the nature and dynamics of recoveries in loan restructuring processes, thus amending sub-item 1. 4. of Annex 1 "General Arrangement for the Assessment, Rating and Provisioning of the Loan Portfolio" and sub-items 1.3.2.3.2.1., 1.3.2.3.3.1.2., 1.3.3.1. and 2.2.1.2. of Chapter II of the Basic Accounting and Financial Notice. Therefore, the General Arrangement for the Assessment , Rating and Provisioning of the Loan Portfolio is modified, and; institutions may not reverse the provisions of restructured loans that, as of the closing of June 30, 2019, are rated in the default category, unless the reduction is due to the application of the conditions defined in sub-item 2. 2.1.2. of Chapter II of the CBCF (Credit rating after restructuring, in which it is added that for debtors that have been subject to several restructuring processes, their rating must disclose this greater risk), or to the decrease in the exposure of the assets associated with the payments made by the debtors.

- **Public Notice 017,** The Financial Superintendence set the value of contributions at COP 88,599,000,000.00 for the second half of the same year. The factor applied to each controlled entity is 0.00010572, which is the total value of the contribution of the second half of the year, of the value of the assets of all controlled entities subject to contribution, recorded at December 31, 2018.

- **DFV Regulatory Public Notice-120,** The Central Bank of Colombia replaces pages 61-1 and 61-6 of DFV Regulatory Public Notice-120/October 27, 2017, corresponding to Issue 61: "INTRADAY REPO" from the Trust and Securities Department Manual. It is amended to adjust the Standard to the provisions of Article 17 of Public Resolution 2/2019 of the JD. Changes were made to items 2.2 and 3.3, eliminating the references that indicated that the Intraday Repos and their conversion to overnight are included in the calculation to determine the total balance of the transactions of entities that are receiving Transitory Liquidity Support

- **DSP Operational and Service Public Notice-36,** The Central Bank of Colombia replaces DSP Operational and Service Public Notice-36/July 27, 2017 and December 21, 2018 in its entirety corresponding to Issue 3: "OVERNIGHT REPO FOR OFFSETTING", to exclude from the calculation of the maximum limit for Overnight Repos for Offsetting, as of July 2, 2019, the available limit of the respective entity for transitory expansion operations. Likewise, reference to Public Resolution 02/2015 of the Bank's Board of Directors is updated, which summarizes and issues the standards on operations to regulate the economy's liquidity and facilitate the normal operation of the payment system, which repealed the Board's Public Resolution 8/2013.
- **Public Notice 019,** The Financial Superintendence amends Chapter VI of the Basic Accounting and Financial Notice (CBCF, for the Spanish original) to include the definitions and instructions corresponding to the calculation of the indicator Net Stable Funding Coefficient(CFEN, for the Spanish original), to complement the measurement and management of liquidity risk as strategic management of the balance sheet by means of this indicator, which aims to limit excessive dependence on unstable financing of strategic assets that are often illiquid, and to demand that a stable financing profile be maintained in relation to the composition of the entities' assets. To this end, Annex 4 of Chapter VI of the CBCF was created, which contains the CFEN's standard measurement methodology and Form 238 (Proforma F.1000-140) Net Stable Funding Coefficient (CFEN) with its respective instructions, which will be used for the transmission of the CFEN by the Bank on a monthly basis. The first official transmission will be carried out with information at December 31, 2019. The transition period establishes a timetable for compliance with the regulatory minimum referred to in item 5.2.3.1 of Chapter VI of the CBCF, which begins on March 31, 2020 and ends on March 31, 2022. For the cut-off dates prior to March 31, 2020, the indicator will be informative.
- **DFV Operational and Service Public Notice-36,** The Central Bank of Colombia replaces DFV Operational and Service Public Notice-108/September 13, 2017 in its entirety corresponding to Issue 16: "AGRICULTURAL DEVELOPMENT SECURITIES" (TDAs, for the Spanish original), in order to incorporate the provisions of Public Resolution No. 6/2019 and to adjust some of the operational aspects of the TDAs. The main modifications are detailed in item 9 of this Notice. It specifies that the weighting factor of items 9, 10, 24 and 25 of Annex 4, sub-item 2.1.1 discussed in the second instruction of this Notice, shall be 0% as of the cut-off date of March 31, 2022.

- **DFV Operational and Service Public Notice-120,** , It is amended to include Fondo para el Financiamiento del Sector Agropecuario (FINAGRO), as an entity authorized to carry out Intraday Repo transactions, in accordance with the provisions of Public Resolution 7/2019 issued by the Bank's Board of Directors.

- **External Resolution 6,** The Central Bank of Colombia amends Public Resolution 3/2000, related to mandatory investments in FINAGRO Agricultural Development Securities. Main changes: In Article 4, the percentage of investment in Class A and Class B TDAs is modified as follows:

  The investment made pursuant to this resolution must be comprised 50% (in the previous standard, it was 37%) of Class A Agricultural Development Securities, indexed at DTF and/or IBR; and 50% (in the previous standard, it was 67%) in Class B Agricultural Development Securities, indexed at DTF and/or IBR.

  It adds a paragraph to Article 4, which states that to determine the amount of the investment in Class A and B TDAs indexed at each rate, the composition of the rediscount portfolio balance per indexation rate and the type of producer at the end of the respective calendar quarter of calculation using the formula detailed in this standard must be taken into account.

  Article 10 indicates that the interest rate of Class A and Class B TDAs may be indexed not only at the DTF but also at the IBR, under the conditions of this Resolution, as well as the corresponding return to be determined based on the DTF or the IBR indicated in the paragraphs of Article 10

  Effect: It is effective as of the publication date (July 26, 2019) and will be applied for the calculation and maintenance of investments in TDAs to be made for Q3 2019 and thereafter.

- **Public Resolution 7,** The Central Bank of Colombia authorizes Fondo para el Financiamiento del Sector Agropecuario (FINAGRO) to be an OMO Placement Agent, in transitory contraction operations through repurchase agreements (repo).

- **Resolution 003,** Fogafin updates, amends and unifies the standards regarding Deposit Insurance. The National Savings Fund is excluded from the financial institutions that are required to register. In Article Six, it modifies the table of financial indicators, ranges, the weight of the variable in the category and the weight of the category for the rating applied by Fogafin in the return of premiums or the collection of additional quarterly premiums, and the Transitional Paragraph is no longer in force.

In order to reach the target value of the Deposit Insurance reserve, Fogafin may charge an annual component called the adjustment coefficient, which will be part of the premium and will be calculated in the last quarter of each year.

Effect: Articles Five and Six of this Standard apply as of the calculation of the premium for Q1 2020. Articles Five and Six of Resolution 001/2019 will continue to apply to the calculation of premiums for 2019, and will then be repealed. The other provisions of Resolution 003/2019, apply from the date of publication (July 24, 2019).

- **Decree 1351,** Decree 2555/2010 is amended with respect to temporary security transfers on the over-the-counter market, the activity of the custodian as the temporary security transfer agent and the disclosure of information on the securities market by electronic means.

- **Decree 1421,** Decree 2555/2010 is amended with respect to requirements of adequate equity for operational risk of credit institutions and other provisions are issued". Effect: it is effective as of January 1, 2021. In addition, through this Decree, the term of implementation of Decree 1477/2018 related to the capital requirements of Basel III is modified to January 1, 2021.

- **Resolution 1122,** The Financial Superintendence published the value of the contribution to be paid for the year 2019 by the entities and securities registered in the National Registry of Securities and Issuers (RNVE, for the Spanish original) and in the National Registry of Securities Brokers (RNAMV, for the Spanish original). The Bank will pay the result of applying the rate of 0.08 per thousand, taking the equity at December 31, 2018 as the basis; this result must be no less than 2 and no more than 300 minimum monthly wages, which for this period is COP 218,912,011.

  In securities brokerage activities, involving Brokers registered in the National Registry of Securities Brokers, the Bank will pay the result of applying the rate of 0.0015 per thousand, based on the total amount of (purchase) transactions recorded at December 31, 2018; this result must be no less than 10 and no more than 100 minimum monthly wages, which for this period amounts to COP 72,970,670.

- **Public Notice 020,** The Financial Superintendence includes the following changes in the Basic Accounting and Financial Notice:

  Create Chapter XIII - 16 "Solvency Margin and Other Equity Requirements" and Annexes 1 and 2 thereof;

  Create Form 239 (Proforma F.1000-141 "Report on the Solvency Margin and Other Equity Requirements and Solvency Margin Control Statement") and the corresponding instructions, which will be effective as of January 1, 2021, pursuant to Article 7 of Decree 1421/2019, with the first official report on the "solvency margin and other equity requirements" of credit institutions.

  The Bank must conduct mandatory testing in the month of October 2020, using the figures of the Individual or Separate and Consolidated Financial Statements with a cut-off date of June of the same year.

  The first official transmission of the new form will be carried out based on the financial information for January 2021.

  The option of early application of this new regulatory framework starting on March 30, 2020 is established, subject to the authorization and commitment of its Board of Directors or the body acting as such.

  Implementation plan. The Bank must send the implementation plan to the Financial Superintendence no later than October 31, 2019, including a monthly work timetable that allows it to monitor the progress of the implementation of this Standard, in relation to the allocation of financial resources and the goals at the technological and operational levels.

  Plan for compliance with the additional basic solvency ratio and buffers. The Bank must submit a plan to the Financial Superintendence no later than June 30, 2020 that allows it to specifically identify the impacts and semi-annual goals for compliance with the instructions on "Solvency Margin and Other Equity Requirements" regarding the additional basic solvency ratio and buffers during the four-year transition period referred to in Article 13 of Decree 1477/2018 and the amendments thereof.

  Additionally, on June 30 of each following year, the Bank must send the Financial Supervisor its progress in the implementation of said plan.

As of January 1, 2021, revoke the following financial reporting standards and reports:

Form 110 - IFRS (Proforma F.1000-48), Form 301 - IFRS (Proforma F.0000-97), CBCF Chapter XIII-13 and related Annexes, CBCF Chapter XIII-14 and related Annexes.

- **Public Notice 61,** The Bank is required to complete one time only the Annex "Major Exposures" for the Financial Regulation Unit (URF, for the Spanish original) with the information requested therein, as follows: The cut-off date for the information to be submitted is June 30, 2019 and is required at both the individual and consolidated levels. Two delivery dates have been set as follows: The five (5) largest groups of connected counterparties (in terms of exposures) by November 1, 2019; and the next five (5) largest by December 2, 2019. For this purpose, the exposures correspond to the transactions contained in Title 2 (Individual Credit Limits) and Title 3 (Risk Concentration Limits) of Decree 2555/2010, Book 1, Part 2.

- **DEFI Regulatory Public Notice-354,** The Central Bank of Colombia amends Issue 2 - Risk Control in Open Market Operations and Liquidity Operations for the normal operation of the payment system. The amendments are made in order to adjust aspects related to admission and maintenance requirements applicable to OMO Placement Agents; Securities admissible for transitory expansion operations; Concurrency of transitory expansion monetary operations and transitory liquidity support operations and Adjustments of an operational nature.

- **Public Notice 030,** The Financial Superintendence adds Annex 3 to Chapter XIII-16 of the Basic Accounting and Financial Notice: it describes the methodology used by the SFC for the definition of credit establishments with systemic importance, which is aligned with the proposal of the Basel Committee (BIS/2018) and assesses four criteria: size, interconnection, substitutability and complexity, in accordance with the provisions of the paragraph of Article 2.1.1.4.3 of Decree 2555/2010.

  It also amends sub-item 2.2 of Chapter XIII-16 of the Basic Accounting and Financial Notice in order to issue the Methodology for the identification of systemically important entities (EIS, for the Spanish original). Capital buffer for Systemically Important Entities: It corresponds to 1% of the value of the risk-weighted assets (RWAs) and of the market risk that must be kept in the Ordinary Basic Equity (PBO, for the Spanish original) at all times. This capital buffer applies to systemically important entities defined according to the methodology described in Annex 3.

- **Public Notice 031,** The Financial Superintendence updates the formula for calculating the credit exposure of transactions with derivative financial instruments and structured products to include the recognition of guarantees granted and/or other mitigating factors of credit risk. It also gives instructions on risk management and the definition and minimum contents of the framework contract to carry out transactions with financial derivative instruments in the OTC market.

- **Public Notice 88,** The Financial Superintendence publishes the list of systemically important entities for the year 2020, in accordance with the parameters of the Methodology for their identification provided in Annex 3, Chapter XIII-16 of the Basic Accounting and Financial Notice.

- **Decree 2270,** This Decree aims to compile and update the technical annexes of pre-existing regulations for the Group of Financial Information Preparers for Group 1 (issuers of securities and large companies) and for the recipients to observe the information assurance standards (Auditing Standards) of Decree 2420/2015 and the amendments thereof. Annex 1 - Updated Compilation of Technical Annex 1/2019 of the Financial Reporting Standards, Group 1 (new conceptual framework, amendments issued by the IASB during 2018 and IFRIC 23) is updated. Annex 4 - Updated Compilation of Technical Annex 4/2019 of the Assurance Standards (Auditing Standards) is updated. IAS 701 is added regarding the communication of key audit issues in the Statutory Auditors' audit report. Annex 6/2019 is issued regarding Extraordinary Financial Statements, Entries, Verification of Claims, Retirement Pensions and Standards on Records and Books (these items are currently in Decree 2649/1993). This Draft Decree repeals Decree 2649/1993 as of January 1, 2020.

  This Decree is effective: Annex 1, Annex 4 and new Annex 6 will apply as of January 1, 2020. There is a three (3) year transition period for IAS 701 (Auditing) starting on January 1, 2020.

- **Law 2010,** Economic Growth Law, which adopts provisions for the promotion of economic growth, employment, investment, strengthening of public finances, and the progressiveness, equity and efficiency of the tax system. The new law includes several innovations, among others, in the area of VAT, national consumption tax, income tax for individuals, dividends and participations, standardization tax, income tax, declaration of assets abroad, tax on financial transactions and procedural aspects. Among other things, the new law orders the creation of an offset, starting in 2020 and in a gradual way, in favor of the most vulnerable population, in order to provide greater equality in the VAT system. Exemption from VAT was also established, without the right to refund some tangible goods that are disposed of in commercial, physical and retail premises, during the three days a year defined by the Dian, such as toys, games, clothing, accessories, school supplies and household appliances. It also included some goods, in addition to those set forth in the Finance Law, within the group that does not accrue VAT, such as bicycles, electric bicycles, electric motorcycles, skates, skateboards, electric skateboards, scooters and electric scooters up to 50 Tax Value Units (UVT, for the Spanish original.

Standards that will go into effect in 2020

Law 2010/2019 – Economic Growth Law, Tax Reform - - Law 2010/December 27, 2019 consists of the Finance Law to restore the balance of the general budget, for which the Colombian Government makes amendments to the Colombian tax system. Main changes identified:

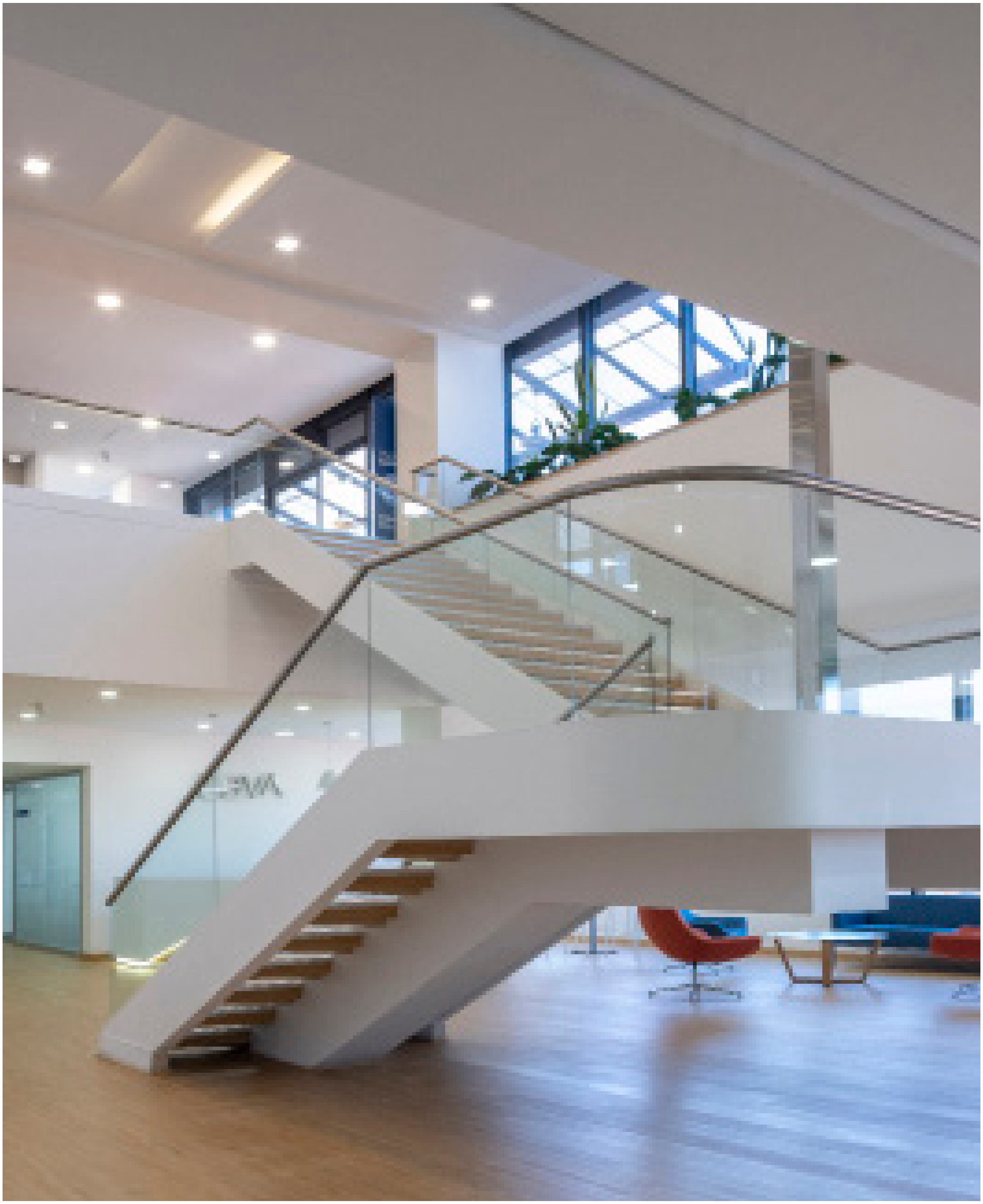
Income tax:

- The general income tax rate for legal entities is gradually reduced.

Year	Final rate
2020	32%
2021	31%
2022	30%

- Financial entities with a taxable income greater than or equal to 120,000 Tax Value Units (UVTs, for the Spanish original) are subject to a higher rate, as follows:

Year	Additional points	Final rate
2020	4	36%
2021	3	34%
2022	3	33%



- Presumptive income is reduced from a rate of 3.5% to 0.5% for the years 2019 and 2020, and starting in the year 2021, the rate will be 0%.
- 100% of the taxes, rates and contributions actually paid during the year can be recognized as deductible, except for income tax and equity tax.
- 50% of the industry and commerce tax paid can be recognized as a deduction, and starting in 2022, it will be 100% deductible.
- The VAT paid when acquiring real fixed assets can be deducted from income tax, even in productive leasing transactions.
- Withholding tax on payments abroad:
  - Technical services, technical assistance, exploitation of industrial property and consulting go from 15% to 20%.
  - Payments of interest and leasing, commissions, fees, royalties, leases, compensation for personal services or exploitation of all kinds of industrial property increases to 20% (previously 15% on loans and leasing for a term of 1 year or more).
  - Payments on account of management and administration increases to 33%.
  - 20% applies to software licensing (previously 26.4%)

Changes in Financial Products

- **Tax on loans taken abroad** - Loans granted for foreign trade transactions taken through banks and other overseen entities give rise to national income tax (the only ones that are not taxed are those granted by Bancoldex, Finagro and Findeter).
- **Exempt income** - The exemption on loans to acquire low-income and priority interest housing is maintained, and the exemption on financial returns from securities issued in processes of securitization of mortgage loan portfolios and mortgage bonds, under certain conditions, has been revived.

Undercapitalization – The equity-debt ratio went from 3x to 2x. Interest corresponding to excess is not deductible; it only applies in cases of economic ties and for national and foreign related parties. The debt can have been incurred through non-related intermediaries abroad or in Colombia.

Entities overseen by the Financial Superintendence of Colombia continue to be exempt, along with factoring companies, as well as companies during an unproductive period, transportation infrastructure projects and public utilities, provided that said projects are the responsibility of special purpose entities.

Equity Tax - The Bank is not liable to pay equity tax.

Measures for Economic Revival

Unified Tax - Simple Regime

The simplified tax is replaced. Starting on January 1, 2020, a tax accrued on an annual basis and paid on a semi-annual basis began to apply.

Colombian Holding Company (CHC) Regime

This regime applies to Colombian companies when one of their main activities is security holding, investment or shareholding or holdings in Colombian and/or foreign companies, and/or the management of said investments.

Tax Fraud

A prison term and fine have been established for those who are required to file tax returns and do not do so, or those who leave out income or include non-existing costs or expenses, or claim wrongful tax credits, withholding or advance payments, resulting in taxes payable in an amount equal to or greater than 250 minimum monthly salaries.

Omission of Assets or Declaring Assets for a Lesser Amount or Non-existing Liabilities

A prison term and fine have also been established for taxpayers who willfully leave out assets or declare them at a lesser value or declare non-existing liabilities on the income tax return.

5. Business Segments

5.1. Description of the segments (unaudited).

Operation segments are defined as a component of the entity:

a) That carries out business activities from which income can be obtained from ordinary activities and expenses can be incurred;

b) whose operating revenue is reviewed regularly by the highest decision-making authority of the entity, to decide on the resources that should be allocated to the segment and assess the performance thereof; and

c) regarding which there is differentiated financial information.

According to this definition, management reviews and assesses the Bank's operating results on a monthly basis at the level of the entity as a whole, involving the operation carried out in its subsidiaries and including additional information based on the strategic business units defined.

Information on Banking operation segments is presented in accordance with the internal information provided to the highest decision-making authority. The Bank's Board of Directors has been identified as the highest decision-making authority, and it is responsible for allocating the resources and assessing the performance of each segment. The Bank's monitoring and management arrangements consider the business from the global perspective of activity and customer.

Accordingly, BBVA Colombia differentiates said segments, which provide a clear understanding of the business when analyzed, which helps formalize periodic measurement and monitoring systems regarding the performance of each line, clearly identifying profitability and allowing the allocation of resources based on the differentiation of products.

The Bank directs and values the performance of its operations by business segments and the transactions between these segments are carried out based on regulatory commercial terms and conditions. This disclosure reports how the Bank has managed the business segments at December 31, 2019 compared to the year 2018.

To carry out the commercial activity, BBVA Colombia has established a specialized banking structure to serve different business segments, as follows:

- **Commercial Banking:** responsible for managing the retail business and the segment of individuals. Commercial banking manages the entire segment of individuals, which is made up of consumer and mortgage loans, means of payment and consumer finance.
- **Enterprise and Institutional Banking (EIB):** responsible for managing corporate customers from the public and private sector.
- **Corporate and Investment Banking (CIB):** the banking segment responsible for corporate customers, in addition to treasury transactions and investment banking. Corporate and Investment Banking Colombia is the area within the Bank responsible for serving major corporate customers and financial institutions, by offering, in addition to the traditional financial products, services and products with high value added in order for them to fulfill their objectives of the different local and international markets.
- **Asset and Liability Management (ALM)** is the unit that manages the Bank's liquidity and sets the transfer prices for resources and portfolio going to and from all other banking segments.

In addition, several business sub-segments have been defined within these banking segments in order to direct commercial actions effectively, in accordance with customer profiles, framed within the Group's strategic objectives for the growth of the franchise in Colombia

- **Other Segments:** The banking industries other than those mentioned above are grouped in other segments, including the Core Areas and Complementary Areas.

5.2 Commercial Strategy by Segments (unaudited)

Below are the main activities carried out to promote the financial products within the aforementioned segments:

Commercial Banking

Commercial banking manages the entire segment of individuals, which is made up of consumer and mortgage loans, means of payment and consumer finance. Below are the main activities carried out to promote the financial products within the aforementioned segments:

Segment of individuals

2019 has been a year in which BBVA has continued to transform the customer experience in the world of individuals, by offering financial solutions that make customers' lives easier and providing a better experience both in terms of their contracting and transactions.

With regard to the performance of individual investment, the +12.2% growth of balances is highlighted (Dec 18/19), particularly leveraged by the growth of total consumer balances, which grew by +16.7%. The good performance i the billing of the different sales channels has been decisive in achieving this, where payroll loans and the positioning in strategic groups has been a determining factor.

There is also the excellent performance of digital sales, as more and more customers are able to take out their consumer loans through Mobile Banking, BBVA Net and our ATMs. By the end of November, 27.7% of consumer loans were made through these channels.

In the world of resources, it is important to mention the good performance of balances throughout the year, particularly leveraged by the growth in manageable payrolls (by the end of November, they were up 11.2%). In addition, we consolidated ourselves as the only Bank that allows the 100% digital contracting of the liabilities portfolio (Accounts, CDs, Investment Funds). By the end of November, more than 164,000 accounts had been opened online year-to-date, giving people who enroll their payroll with the Bank the possibility of procuring a payroll advance through a 100% digital procedure.

In turn, our transactional transformation strategy continues to evolve and has enabled us to complement the offer to our customers where, since August, they can make interbank transfers at no cost. This allows customers to have the bank on their mobile phone and provides greater levels of security when carrying out monetary transactions. Since its launch, it has enabled a +33% increase in the number of transfers and a +28% increase in the amounts thereof.

Commercial Banking- Consumer Finance

At December 2019, gross billing of vehicle loans decreased by -4.0% compared to the same period in 2018. BBVA is among the top four entities that grant this type of loan, with a market share of 9.51% at October 2019 (measured as Banks plus Financing Companies).

Enterprise and Institutional Banking - EIB

As of Q2 2019, Business Execution of the Vice Presidency of Client Solutions modified its structure by forming multidisciplinary teams (Squads) made up of professionals from different areas. This adjustment aims, with the sum of knowledge, to structure the actions of support to the commercial network in a more robust and synchronized manner. In the case of legal entity customers, the SME, Company, Government and Institution and Transactional Business squads were created.

SMEs

En abril de 2019 se implantó el nuevo modelo de gestión para el segmento de Pymes y Personas Naturales con In April 2019, the new management model was implemented for the segment of SMEs and Individuals with Businesses (PNNs, for the Spanish original), within the framework of which two types of offices were established for the management of customers in this segment: Centralizing Offices and Mixed Offices. This model aims to offer personalized and even more specialized attention to a larger group of SMEs and PNNs. As a boost to this model, pre-approval campaigns were carried out throughout the year that included global quotas with the option of disbursement by different lines such as working capital, business credit card and/or overdrafts, according to the customer's profile. These campaigns were carried out with the aim of increasing balances by improving dynamics in turnover. Also, and in conjunction with the Risk area, a financial update campaign was launched, aiming to achieve a permanent relationship with customers and better knowledge of their financial conditions.

In 2019, we continued to promote the sale of SME insurance online, achieving approximately 1,000 policies registered throughout the year, collecting premiums in the amount of more than COP 2.5 billion. Additionally, in line with BBVA's strength in the agro-industrial sector, the Bank participated in the 2019 version of the Agroexpo fair, which was accompanied by a campaign in specialized media, billing COP 33 billion between July and September.

Enterprise:

In order to support portfolio placement in this customer segment and specifically to increase BBVA's banking share with Enterprise customers, an initiative was implemented in which customers with good financial performance, high growth potential and who are operating in economic sectors with positive short-term prospects were profiled. As a result of this action, a group of more than 400 customers were managed and given specific risk ceilings that offered possibilities for growth in their share with BBVA, and preferential rates were offered to boost turnover. As a result of this action, we achieved a growth in average investment balances of more than COP 250 billion with these customers in the second half of the year.

In order to boost the generation of commissions, Seguros Banca Empresas was launched, which is an action aimed at placing policies for customers in this segment, in synergy with BBVA Seguros. Thus, as a result of the contracting of policies by customers of referenced Enterprises to receive personalized service from insurance specialists, premiums have been collected in excess of COP 4 billion.

Finally, work was done on the Treasury Plan, which was intended to increase currency trading and the generation of commissions by contracting hedges for credit transactions (in local or foreign currency). As a result of this initiative, COP 5.641 billion were generated in commissions and a negotiated spot volume of USD 1.1 billion was reached.

Government and Institutions:

With the aim of strengthening BBVA's current positioning in the public sector and expanding its presence with nationwide coverage, in April 2019 the new governance model was implemented for the management of this segment in places where there are no branches specialized in Institutional Banking. Thus, 11 Government Manager positions were created to serve the customers of the segment assigned to the Regional Branches of Commercial Banking.

To maintain the Bank's positioning in credit investment, and leveraged on Finagro and Findeter rediscount lines, specific actions were taken in order to take advantage of business opportunities in areas such as road infrastructure, drinking water and basic sanitation. Thus, BBVA increased its share of the municipal portfolio by almost 100pbs (up to 20%) and maintained its share in the case of departments (15%).

In turn, the change in the regulation regarding the management of resources from royalties and the fact that 2019 has been the last year in office of the local administrations, which implies higher levels of execution, resulted in the decrease in this type of resources, generating a significant drop in balances. Given the foregoing, actions were focused on the collection of territorial entities' own income and attracting resources from the Situado Fiscal [growing percentage of the Nation's current income] (Plan Colombia Rural, National Treasury Department (DTN, for the Spanish original) accounts, Fonpet Development, etc.), in order to offset said drop in royalty resources.

Given the structural change in the management of royalties, the attraction of own income is identified as the most relevant area of work in the short term in terms of resources, which is why progress was made in 2019 in establishing agreements with external suppliers, to offer BBVA's customers competitive and comprehensive solutions for the collection and settlement of taxes, income control systems, information reconciliation and connectivity with own and third party platforms, all of which are necessary to be able to make competitive offers to this type of customers.

Transactional Business and Digitalization::

The transactional time frame is defined, and aims to increase the integrality of legal entity customers through the recurrent use of the collection and payment services offered in the Bank's portfolio, mainly through the services available on the digital channels. Within this framework, in 2019 the Cliente Azul (Blue Customer) concept for legal entity customers was launched, which is supported on three bases: Firstly, to have on the customer's transactional resources by contracting a service to attract them (e.g. acquisitions or collections); secondly, to offer customers services that enable them to fulfill their payment obligations (e.g. payroll or supplier payments) and, thirdly, to ensure that a very high proportion of the resources paid by the customer are allocated to the BBVA accounts of other customers of the Bank (optimization of the transactional ecosystem). The promotion of the management of Cliente Azul in legal entities throughout the year has allowed approximately 7,500 to achieve this condition, meeting 115% of the set target.

In turn, and even though the dynamics in the enrollment of new collection agreements and new acquiring customers did not evolve at the same pace as in 2018, with regard to the evolution of the turnover of these two products, significant growth was achieved: 10% in collections and 19% in acquisitions. It is important to highlight the enrollment of high billing customers in acquisitions, such as Tiendas D1, Ópticas GMO and OXXO, as well as the structuring of a new collection model through credit card terminals for AB Inveb, which is currently being implemented.

It is also important to mention as one of the main achievements in transactional matters the authorization of collection through barcodes on the Mobile Banking channel. This new service achieved more than 500,000 transactions managed between May and December 2019, reaching a share of around 8% of the total collections managed by BBVA in just 8 months.

Finally, and advancing in customer digitalization, an action was launched in the second half of 2019 for SMEs and Enterprises to migrate to the Digital FX platform. This campaign focuses on bringing the foreign currency buying and selling transactions that new and current customers were carrying out in the branches to the BBVA Net Cash FX Platform. By the end of the year, more than 1,600 customers carried out these transactions digitally, enjoying a better transactional experience and, at the same time, reducing the overcrowding of the bank's physical network, given the time impact of this type of transaction.

Corporate and Investment Banking

CIB, Corporate and Investment Banking, is the banking segment responsible for serving the country's large corporate customers and financial institutions, offering, in addition to traditional financial products, high value-added services and products, distinctive and comprehensive solutions, which have positioned BBVA as a strategic ally for companies in achieving their investment objectives in both the local and international markets.

A highly competitive environment, where the financial sector is concentrated and competes aggressively for the most relevant businesses, has led us to reinvent the offer of products and services. The commercial relationship has migrated towards a holistic model of coverage focused on the customer, in order to anticipate their needs and interact with all the actors in the customer's value chain, so that we can consolidate the current commercial relationships and strengthen them in the different industries.

CIB's performance in each of the six strategic priorities during 2019 was framed in:

Providing the customer with the best experience possible: CIB has been centralizing its efforts in generating ideas and solutions based on data, managing to position itself commercially as a provider of distinctive solutions with emphasis on efficiency for the operations of our customers. The new developments that ease the operational burden on customers, increasing the quality of information, generate a high level of recognition and consolidate BBVA's position on the market.

Promoting digital sales: BBVA is characterized in all the regions where it operates as being an innovative and highly digital Bank, so BBVA Colombia is no exception. In 2019, we launched the new functionality to send and receive foreign currencies 100% digitally through the mobile application for individuals. This development not only allowed quick and reliable trading, but also transparent trading on equal terms for all users.

Our goal is to continue implementing services such as H2H and Swift that will position BBVA as our customers' primary bank, benefiting from our presence as an international bank.

New business models: In order to always be at the forefront of ideas and solutions for our customers, CIB has focused its attention on offering a comprehensive service. That is why our team works with bankers specialized by industry, by product and by segment, to build the skills necessary to expand interaction to the different areas of our customers, such as commercial, processes, innovation, etc. that will provide a complete picture in order to come up with high value added, distinctive ideas for our customers.

This year, GTB consolidated the implementation of a consultative business model based on a thorough KYC (know your customer) process that allowed us to know the details of the customer's transactional value chain in order to offer comprehensive, cross-cutting solutions, thus positioning us as the primary paying and collection bank of many customers.

In turn, it is important to highlight the first line of social credit that was granted for COP 140 billion, under the sustainable financing system, with the seal of the Vigeo Eiris rating agency, a leader in assessing the integration of organizations' environmental, social and government factors. This line of credit is part of BBVA's "2025 Commitment" to help meet the UN's Sustainable Development Goals (SDGs) and combat climate change.

Optimizing the allocation of capital: CIB is committed to optimizing resources and continuously improving financial indicators, not only of the area, but of the Bank in general. All transactions are analyzed to ensure that they comply with the capital consumption indicators required within the BBVA Group, in order to maintain adequate levels of solvency. The CIB model is focused on the permanent search for profitability through cross-selling to complete the value proposition of credit products with low capital consumption services for an efficient balance sheet.

Adapting the model, processes and structures to achieve the best level of efficiency: In line with the digital transformation, the work models, processes and internal structures have been transforming. As part of the BBVA's new agile structure, the objective is to make activities more efficient and quickly find consensual, discussed and agreed solutions within commercial patterns that assess which alternatives are the best for the business and for the customer.

The best team: The area of CIB Colombia is constantly promoting the recruitment and retention of talent, as well as the development and promotion of the team, in line with new market trends, which is why personnel with expertise in Data Analytics and technological innovation was incorporated in the work group. Similarly, the teams that have specific knowledge and experience are trained in services, industry and market, in order to have a high-performance interdisciplinary team focused on achieving the objectives outlined and positively impacting short and long-term results.

2019 continued to be a challenging year for emerging economies, with a highly volatile social and macroeconomic environment for the countries of the region. However, we anticipate solid results for the end of the year in CIB, driven by the GTB (Global Transactional Banking) area which has leveraged on a new business model that has allowed us to position ourselves in the transactional strategies of our customers, as an engine for maximizing commercial relationships.

Assets and Liabilities Committee (COAP, for the Spanish original)

The COAP is the banking segment responsible for managing the portfolio of Investments Available for Sale (DPV, for the Spanish original) and Held to Maturity. It also manages the Bank's liquidity by funding wholesaler resources as a supplement to the funding carried out by the banking segments. In addition, the COAP is responsible for managing the Bank's equity and solvency ratio.

By the end of December 2019, the COAP securities portfolio amounted to COP 2.949 billion. (-23.3% y/y) with available funds for a total of COP 15.735 billion (+0.3% y/y), of which COP 13.608 billion are CDs of wholesale customers and COP 2.163 billion are bonds.

Allocation of operating expenses:

In relation to the accounting of BBVA Colombia's direct and indirect expenses, they are recorded in each of the cost centers generating said expenses; however, if there are any items affecting the cost centers of core areas after this distribution, they are distributed to the banking industries using the apportionment line, in accordance with the distribution criteria established by the business areas of the Bank's general management.

Cross-selling:

When two business areas interfere in the sale or placement of the bank's products, the actual accounting record of the profit from the transaction is made in just one area in order to avoid duplication. However, the Bank has cross-selling agreements through which the return generated by said sales is analyzed and the percentage to be paid to the banking or business area that arranged the transaction is established, decreasing by the same value the return of the other bank in which the profit was initially recorded, using the Bank's offsetting accounts.

5.3. Income by Segments at December 31, 2019 and 2018

Below are the accumulated details for the periods at December 2019 and 2018 by business segments:

Income of Business Segments at December 31, 2019

COP Mill.	Consolidated	Commercial banking	BEI	CIB	COAP	Other
Cash and central banks	**$ 3,952,141**	**$ 1,889,264**	**$ 14,094**	**$ 15,988**	**$ 2,156,488**	**$ (123,694)**
Brokers	**2,078,105**	**1,240,545**	**7,539,509**	**1,833,595**	**(9,029,005)**	**493,461**
Securities portfolio	**10,450,554**	**-**	**-**	**7,421,408**	**2,949,377**	**79,769**
Net credit investment	**47,241,655**	**32,347,771**	**11,287,410**	**3,600,835**	**(2,893)**	**8,533**
Consumer	16,194,779	16,191,916	216	4	-	2,643
Cards	1,902,550	1,902,383	125	-	-	42
Mortgage	11,196,349	11,195,398	770	-	-	180
Enterprise	18,059,370	3,021,415	11,386,026	3,648,739	1,129	2,061
Other	(111,394)	36,658	(99,727)	(47,908)	(4,023)	3,606
Net fixed assets	**1,061,317**	**229,097**	**2,498**	**10,729**	**3**	**818,991**
Other assets	**949,888**	**83,262**	**68,083**	**4,742**	**138,956**	**654,847**
Total assets	**65,733,660**	**35,789,939**	**18,911,594**	**12,887,297**	**(3,787,074)**	**1,931,906**
Brokers	**4,011,734**	**18,395,535**	**5,010,703**	**4,471,757**	**(24,256,238)**	**389,977**
Customer resources	**47,885,439**	**15,506,301**	**12,165,317**	**4,471,466**	**15,734,956**	**7,399**
Demand	6,791,587	2,710,102	3,319,478	755,155	-	6,852
Savings	19,823,831	9,199,712	7,142,909	3,516,454	(35,792)	548
CDs	19,107,355	3,596,486	1,702,931	199,856	13,608,082	-
Bonds	2,162,666	-	-	-	2,162,666	-
Other liabilities	**13,104,869**	**1,442,093**	**1,414,740**	**3,714,667**	**4,733,504**	**1,799,866**
Statement of income	**731,618**	**446,010**	**320,834**	**229,408**	**704**	**(265,337)**
Total liabilities	**$ 65,733,660**	**$ 35,789,939**	**$ 18,911,594**	**$ 12,887,297**	**$ (3,787,074)**	**$ 1,931,906**

Note: Grouping according to Financial Planning and Management, Exact Balance at December 2019

1: The income of BBVA Valores was included in the CIB segment

2: The income of the BBVA Trust Company was included in the Other segment.

3: The eliminations were included in the COAP segment.

Income of Business Segments at December 31, 2018

COP Mill.	Consolidated	Commercial banking	BEI	CIB (1)	COAP (3)	Other (2)
Cash and central banks	**$ 4,908,652**	**$ 1,801,197**	**$ 14,238**	**$49,359**	**$ 2,683,633**	**$360,225**
Brokers	**3,513,983**	**1,067,626**	**7,504,827**	**1,694,009**	**(6,835,275)**	**82,796**
Securities portfolio	**9,871,975**	**-**	**-**	**5,894,461**	**3,842,914**	**134,600**
Net credit investment	**43,046,063**	**28,853,142**	**10,684,148**	**3,482,865**	**-**	**25,909**
Consumer	13,775,513	13,742,621	492	115	-	32,286
Cards	1,730,453	1,730,211	230	-	-	13
Mortgage	10,378,926	10,377,692	1,232	-	-	3
Enterprise	17,282,781	2,987,076	10,771,351	3,524,343	-	12
Other	(121,611)	15,543	(89,156)	(41,593)	-	(6,404)
Net fixed assets	**834,471**	**77,522**	**1,412**	**8,268**	**40**	**747,229**
Other assets	**691,583**	**435,962**	**149,489**	**32,563**	**(151,117)**	**224,716**
Total assets	**62,866,727**	**32,235,449**	**18,354,083**	**11,161,525**	**(459,805)**	**1,575,475**
Brokers	**5,854,482**	**15,372,611**	**5,615,497**	**4,095,649**	**(19,877,233)**	**647,958**
Customer resources	**48,872,739**	**15,513,990**	**12,259,064**	**5,410,216**	**15,688,205**	**1,263**
Demand	8,487,229	3,107,092	3,854,444	1,555,418	(30,445)	719
Savings	18,990,201	8,930,457	6,648,438	3,410,767	-	539
CDs	19,130,216	3,476,441	1,756,182	444,032	13,453,557	5
Bonds	2,265,093	-	-	-	2,265,093	-
Other liabilities	**7,575,853**	**985,175**	**205,228**	**1,423,266**	**3,800,496**	**1,161,688**
Statement of income	**563,653**	**363,673**	**274,295**	**232,394**	**(71,273)**	**(235,434)**
Total liabilities	**$ 62,866,727**	**$ 32,235,449**	**$ 18,354,083**	**$ 11,161,525**	**$ (459,805)**	**$ 1,575,475**

Note: Grouping according to Financial Planning and Management, Exact Balance at December 2018

1: The income of BBVA Valores was included in the CIB segment

2: The income of the BBVA Trust Company was included in the Other segment.

3: The eliminations were included in the COAP segment.

When analyzing the balance sheet broken down at December 2019, it was found that the banking industries that concentrate most of the Group's assets are Commercial at 54.8%, Enterprise and Institutional Banking (EIB) at 28.9%, followed by Corporate and Investment Banking (CIB) at 19.7%.

As regards liabilities, the banking industries with the highest share as far as customer funds are COAP at 32.8%, followed by Commercial Banking at 32.4%, EIB at 25.4% and CIB at 9.3%.

When analyzing by account, the BBVA's Cash and Central Banks line recorded an annual variation of -19.5%. The securities portfolio grew 5.9%, due to the growth in the CIB (+COP 1.5 trillion) due to the increase in investments at fair value through profit or loss. Net Credit Investment increased by 9.7% driven mainly by the growths recorded in Commercial Banking (+COP 3.5 trillion) and EIB (+COP 603 billion). In Commercial Banking, the growth of the Credit Investment is mainly due to the 7.9% increase in mortgage loans and 17.8% increase in consumer loans. In EIB, the growth in credit is also mainly due to the 5.7% increase in corporate loans.

Total Assets showed a 4.6% increase, in which Commercial (+COP 3.5 trillion) and EIB (+COP 1.7 trillion) were the ones that recorded the greatest growth, due to the growth of Credit Investment and the increase in the securities portfolio.

In turn, passive financial intermediaries showed a decrease of 31.5%. In relation to raising customer funds through demand and savings products, the variations by banking segment were: EIB (-COP 40.5 billion), CIB (-COP 694.9 billion) and Commercial (-COP127.7 billion).

In turn, the COAP, is the area responsible for raising corporate customer funds through CDs, concentrates 71.2% of the Group's total CDs. These CDs showed a variation of COP 154.5 billion compared to the year 2018, while Bonds showed a variation of -COP 102.4 billion compared to the preceding year.

The COAP showed a negative asset and liability driven by the Financial Intermediaries lines of the balance sheet (in Assets and Liabilities). This is because the COAP manages the funding of the banking industries through these lines. Each banking industry has its primary function, they can be attractors (bringing funds to the Bank) or placement agents (generating credit investment). Therefore, the COAP is the area responsible for collecting the excess funds from an attractor banking industry and "transferring them" to a placement banking industry. However, in order not to affect the financial statements of the attractor banking industry, the COAP "transfers" the investment generated to the attractor banking industry. This is done to reconcile the balance sheets of the banking industries and show how the Bank functions as a whole, without punishing and recognizing the function of each banking industry. In the active financial intermediaries, there was a -COP 2.2 trillion inter-annual variation, while in the passive financial intermediaries, there was a -COP 4.4 trillion inter-annual variation, behaving in line with the Bank's activity.

Core, means and complementary areas are included in the Other areas segment. They are all areas that provide support for the other banking industries. The Means area includes the Formalization Center, where the most activity takes place in credit investment corresponding to investments that are not segmented. The Core areas includes the central account, which reconciles the Bank's balance sheet and this is where the investment assets for holdings in subsidiaries are included. The asset of the Other segment is mostly made up of net fixed assets. The total asset of this segment showed a variation of +COP 352.5 billion. The other areas are responsible for eliminating duplicities caused by transactions between banking industries or in which more than one banking industry participates. Also, it includes all the components of the core areas and the adjustments to the financial statements by business areas (EFAN, for the Spanish original). Adjustments through the financial statements by business areas (EFAN) consider the standardization of local vs. international regulations and reciprocal activities between different countries/banking industries.

In this note, it is important to mention the income of BBVA Valores and Fiduciaria BBVA. In the case of BBVA Valores, the income is included in the CIB area. The total assets of BBVA Valores showed a decrease of -COP 2.4 billion, thus closing with a total of COP 19.0 billion in December 2019.

The income of the BBVA Trust Company was included in the Other segment. The Trust Company's total assets showed a variation of +COP 9.2 billion, thus ending the year with a total of COP 130.5 billion.

Below are the details of the accumulated income statement for the periods at December 2019 and 2018 by business segments:

Income by Segments at December 31, 2019

Cum. COP Mill.	Consolidated	Commercial banking	BEI	CIB	COAP	Other
Interest margin	**$ 2,884,581**	**$ 2,167,134**	**$ 654,874**	**$ 190,172**	**$ 154,386**	**$ (281,985)**
Net commissions	422,192	315,891	49,498	81,950	(3,388)	(21,759)
Other Financial Transactions	226,959	25,834	29,359	155,478	12,597	3,692
Other net ordinary income	(155,781)	(14,004)	(4,404)	(1,907)	(129,437)	(6,030)
Gross margin	**3,377,952**	**2,494,855**	**729,328**	**425,692**	**34,157**	**(306,081)**
General administrative expenses	(1,163,864)	(726,617)	(62,296)	(57,506)	(546)	(316,900)
• Personnel expenses	(613,018)	(305,915)	(36,381)	(31,893)	13	(238,842)
• Overhead	(483,291)	(370,815)	(18,237)	(20,307)	(546)	(73,386)
• Taxation (Contributions and Taxes)	(67,556)	(49,887)	(7,678)	(5,305)	(13)	(4,672)
Amortization and Depreciation	(109,426)	(51,269)	(559)	(2,472)	(9)	(55,118)
Apportionment of expenses		(262,176)	(60,846)	(29,446)	(10,230)	362,699
Net margin	**2,104,661**	**1,454,794**	**605,627**	**336,269**	**23,372**	**(315,401)**
Asset impairment loss	(985,867)	(806,851)	(144,717)	(5,329)	54	(29,024)
Credit to Provisions	(24,116)	(319)	72	(167)	-	(23,702)
Other non-ordinary income	(25,174)	(377)	623	-	-	(25,420)
BAI	**$ 1,069,503**	**$ 647,246**	**$ 461,604**	**$ 330,772**	**$ 23,427**	**$ (393,547)**

Cum. COP Mill.	Consolidated	Commercial banking	BEI	CIB	COAP	Other
Corporate tax	$ (337,885)	$ (201,237)	$ (140,771)	$ (101,365)	$ (22,722)	$ 128,210
PAT	**731,618**	**446,010**	**320,834**	**229,408**	**704**	**(265,337)**
Non-controlling interest	1,999	-	-	(91)	-	2,090
Total PAT	**$ 733,617**	**$ 446,010**	**$ 320,834**	**$ 229,317**	**$ 704**	**$ (263,247)**

Note: Grouping according to Financial Planning and Management, Accumulated Balances.

1: The income of BBVA Valores was included in the CIB segment

2: The income of the BBVA Trust Company was included in the Other segment.

3: The eliminations were included in the COAP segment.

Income by Segments at December 31, 2018

Cum. COP Mill.	Consolidated	Commercial banking	BEI	CIB	COAP	Other
Interest margin	**$ 2,655,236**	**$ 1,966,364**	**$ 618,191**	**$ 220,998**	**$ 91,189**	**$ (241,507)**
Net commissions	556,376	449,649	52,648	124,178	(3,199)	(66,900)
Other Financial Transactions	161,307	34,032	18,474	131,641	(29,772)	6,933
Other net ordinary income	(83,316)	(6,782)	(191)	(972)	(100,601)	25,229
Gross margin	**3,289,602**	**2,443,263**	**689,122**	**475,845**	**(42,383)**	**(276,244)**
General administrative expenses	(1,171,872)	(718,176)	(62,407)	(64,362)	(29,407)	(297,520)
• Personnel expenses	(566,962)	(284,087)	(34,080)	(30,590)	(1,073)	(217,131)
• Overhead	(494,914)	(380,804)	(17,116)	(23,560)	(1,481)	(71,954)
• Taxation (Contributions and Taxes)	(109,997)	(53,286)	(11,211)	(10,212)	(26,853)	(8,435)
Amortization and Depreciation	$ (68,216)	$ (25,305)	$ (377)	$ (2,193)	$ (19)	$ (40,322)

Cum. COP Mill.	Consolidated	Commercial banking	BEI	CIB	COAP	Other
Apportionment of expenses	$ -	$ (233,289)	$ (53,028)	$ (25,614)	$ (9,010)	$ 320,941
Net margin	**2,049,514**	**1,466,493**	**573,310**	**383,676**	**(80,819)**	**(293,145)**
Asset impairment loss	(1,147,296)	(925,806)	(159,658)	(35,955)	42	(25,921)
Credit to Provisions	(28,397)	(865)	3	(22)	5	(27,519)
Other non-ordinary income	(3,540)	(243)	(882)	-	(2,148)	(267)
BAI	**870,280**	**539,580**	**412,772**	**347,699**	**(82,919)**	**(346,851)**
Corporate tax	(306,627)	(175,907)	(138,478)	(115,306)	11,647	111,417
PAT	**563,653**	**363,672**	**274,295**	**232,394**	**(71,273)**	**(235,434)**
Non-controlling interest	2,148	-	-	262	-	1,886
Total PAT	**$ 565,801**	**$ 363,672**	**$ 274,295**	**$ 232,655**	**$ (71,273)**	**$ (233,548)**

Note: Grouping according to Financial Planning and Management, Accumulated Balances.

1: The income of BBVA Valores was included in the CIB segment

2: The income of the BBVA Trust Company was included in the Other segment.

3: The eliminations were included in the COAP segment.

When analyzing the statement of income for the year 2019, the segment that generated the greatest benefit for the Group was Commercial Banking, followed by EIB, CIB and COAP. In turn, the performance of the other areas was negative, because they are areas responsible for overseeing the Bank's correct internal operation.

COAP is the unit that manages the Group's liquidity and sets the transfer prices for the resources and portfolio going to and from all other banking segments. It showed a variation of +COP 63.2 billion in the interest margin due to good price management. The gross margin stood at COP 34.2 billion, explained mainly by the good performance in net interest income, in ROF from the sale of securities and the yields from instruments in other income. However, the expense of the Deposit Guarantee Fund was recorded in the latter.

The other areas are responsible for eliminating duplicities caused by transactions between banking industries or in which more than one banking industry participates. Also, the latter includes all the expenses of the core areas and the adjustments to the Financial Statements of the Business Areas (EFAN, for the Spanish original). The core and means areas give rise to activities corresponding to investment assets and central account, and corresponding to the activity of the formalization center (credit investment). Finally, core area expenses produce greater activity in the segment (including the salary of all the individuals of areas that are not the business areas and administrative overhead).

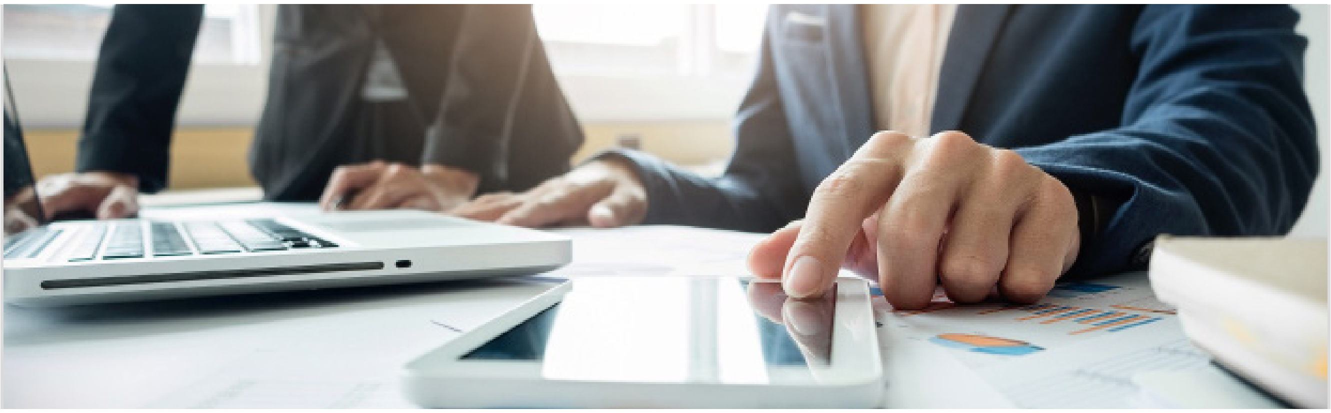
The BBVA Trust Company showed a +10.8% increase increase in PAT, driven by the 11.8% variation in the gross margin, thus ending the year with a PAT of COP 38.1 billion year to date at December 2019. In turn, BBVA Valores had a PAT of -COP1.6 billion affected by the decrease in the gross margin of -COP 7.8 billion.

The Group's net interest income showed an increase of 8.6% compared to 2018. The loan portfolio increased, driven mostly by consumer, mortgage and commercial products. Therefore, net interest income increased by COP 229.3 billion.

The Group's gross margin grew 2.7% compared to the same period in 2018 for which Commercial Banking showed the best performance at +COP 51.6 billion, followed by EIB at +COP 40.2 billion.

The Group's general administrative expenses recorded a decrease of 0.7% and it was CIB that showed the greatest decrease.

Finally, the Group's profit after taxes increased by 29.8% compared to the same period in 2018.



6. Maturity Of Assets And Expiration Of Liabilities

The Group has analyzed the maturities of derivative and non-derivative financial assets and liabilities, showing the following contractual maturities that have not been discounted for:

Loan portfolio and financial lease transactions – The Bank has analyzed the financial assets and liabilities for the maturity of the loan portfolio, for which the periodic amortization of the principal and interest of each obligation is taken into account, as contractually agreed with the customer. The maturing process is carried out by considering the balance sheet asset positions of the credit investment and segmented in accordance with the final maturing date of each contract, classifying the commercial loan, consumer loan, mortgage loan and micro-credit portfolio, assessing them separately for legal currency and total currency.

Investment Financial Assets – The maturity of the principal and interest of investment financial assets in marketable fixed-yield debt securities held-to-maturity is classified in the time periods defined by the Superintendence, taking into account the financial conditions of each security. The portfolio of investment financial assets includes securities issued by the Nation and, to a lesser extent, private debt securities, with an average maturing in excess of twelve months. The securities consist mainly of Treasury Securities (TES), Short-term Treasury Securities (TCO) and Term Deposits.

Deposits and financial claims – The maturity of savings deposits and current accounts is carried out statistically by combining the historical behavior of the specific balances and the cancellation of accounts, in a system of conditioned probabilities, thus generating a logarithmic behavior in the maturity of the deposits. Fixed term deposits mature according to the conditions agreed with the customer

Below is a list of the maturities of discounted and non-discounted financial assets and liabilities:

Maturity of assets at December 31, 2019

Item	Years				Total
	0-1	1-3	3-5	More than 5	
Cash and deposits in banks	$ 5,143,295	$ -	$ -	$ -	$ 5,143,295
Money market transactions	498,931	-	-	-	498,931
Investments at fair value through profit or loss	3,724,748	1,344,477	50,973	293,094	5,413,292
Investments at fair value through other comprehensive income (OCI)	148,774	147,589	1,569,525	481,619	2,347,507
Investments at amortized cost through profit or loss	814,427	-	-	-	814,427
Investments at amortized cost	32,115	57,778	-	11,216	101,109
Derivatives	1,555,916	139,381	61,286	270,325	2,026,908
Hedging swaps	-	-	-	44,684	44,684
Commercial loan portfolio	7,962,778	5,034,737	3,147,520	2,263,854	18,408,889
Consumer loan portfolio	3,180,235	6,171,614	4,846,552	4,772,347	18,970,748
Mortgage loan portfolio and finance lease transactions	733,993	1,560,828	1,634,510	7,873,143	11,802,474
Employee loan and micro-credit portfolio	62,558	127,478	115,803	168,682	474,521
Accounts receivable for loans	448,382	-	-	-	448,382
Other accounts receivable for loans	5,173	-	-	-	5,173
Other non-maturing assets	-	-	-	1,834,800	1,834,800
Total maturity of assets	**$ 24,311,325**	**$14,583,882**	**$ 11,426,169**	**$ 18,013,764**	**$ 68,335,140**

Maturity of liabilities at December 31, 2019

Item	Years				Total
	0-1	1-3	3-5	More than 5	
Current accounts	$ 6,547,255	$ -	$ -	$ -	$ 6,547,255
Term deposits	8,115,538	4,817,861	2,928,502	3,720,026	19,581,927
Savings deposits, single deposits, special savings accounts and real value savings certificates	20,412,305	-	-	-	20,412,305
Current liabilities for services	518,323	-	-	-	518,323
Money market transactions	4,410,752	-	-	-	4,410,752
Special deposits	260,354	-	-	-	260,354
Hedging swaps	-	-	-	14,748	14,748
Derivatives	1,416,512	193,827	95,869	318,181	2,024,389
Bank credits and other financial obligations	1,628,730	474,091	166,191	338,144	2,607,156
Accounts payable - financial expenses	6,448	-	-	-	6,448
Outstanding investment securities	144,878	99,078	186,940	1,748,729	2,179,625
Other non-maturing financial liabilities	244,537	-	-	-	244,537
Total maturity of liabilities	**$ 43,705,632**	**$ 5,584,857**	**$ 3,377,502**	**$ 6,139,828**	**$ 58,807,819**

Maturities are different in Investments at fair value through OCI because the maturity is realized based on the maturity of the security and these maturities are realized based on the expectation of the term of the security. Also, in bank credits and other financial obligations, maturity is realized in accordance with the installment plans of the agreements according to the contractual maturities and the maturity is realized considering the actual maturity of the obligations.

Maturity of assets at December 31, 2018

Item	Years				Total
	0-1	1-3	3-5	More than 5	
Cash and deposits in banks	$ 7,947,289	-	-	-	$ 7,947,289
Money market transactions	514,204	-	-	-	514,204
Investments at fair value through profit or loss	4,148,185	48,478	42,388	339,034	4,578,085
Investments at fair value through other comprehensive income (OCI)	1,565,338	319,216	613,092	170,105	2,667,751
Investments at amortized cost through profit or loss	818,914	-	-	-	818,914
Investments at amortized cost	11,192	61,787	-	11,217	84,196
Derivatives	985,233	88,259	38,808	171,174	1,283,474
Hedging swaps	-	-	-	8,599	8,599
Commercial loan portfolio	7,897,741	5,071,519	2,542,232	2,514,789	18,026,281
Consumer loan portfolio	3,791,331	5,856,096	4,136,583	2,943,474	16,727,484
Mortgage loan portfolio and finance lease transactions	745,506	1,565,764	1,635,945	7,130,900	11,078,115
Employee loan and micro-credit portfolio	55,189	112,463	102,163	148,814	418,629
Accounts receivable for loans	326,948	-	-	-	326,948
Other accounts receivable for loans	4,987	-	-	-	4,987
Other non-maturing assets	-	-	-	1,239,367	1,239,367
Total maturity of assets	**$ 28,812,057**	**$ 13,123,582**	**$ 9,111,211**	**$ 14,677,473**	**$ 65,724,323**

Maturity of liabilities at December 31, 2018

Item	Years				Total
	0-1	1-3	3-5	More than 5	
Current accounts	$ 7,256,376	-	-	-	$ 7,256,376
Term deposits	8,029,196	4,766,604	2,897,345	3,680,448	19,373,593
Savings deposits, single deposits, special savings accounts and real value savings certificates	18,965,795	-	-	-	18,965,795
Current liabilities for services	433,332	-	-	-	433,332
Money market transactions	3,343,616	-	-	-	3,343,616
Special deposits	1,216,951	-	-	-	1,216,951
Hedging swaps	-	-	-	41,976	41,976
Derivatives	885,564	121,175	59,934	198,918	1,265,591
Bank credits and other financial obligations	1,574,060	458,178	160,613	326,795	2,519,646
Accounts payable - financial expenses	6,390	-	-	-	6,390
Outstanding investment securities	155,000	106,000	200,000	1,821,854	2,282,854
Other non-maturing financial liabilities	61,084	-	-	203,129	264,213
Total maturity of liabilities	**$ 41,927,365**	**$ 5,451,957**	**$ 3,317,892**	**$ 6,273,120**	**$ 56,970,334**

7. Foreign Currency Transactions

The Group carried out transactions in the year 2019 in Euro (EUR), British pound (GBP), Canadian dollar (CAD), Swiss franc (CHF), Japanese yen (JPY), Swedish krona (SEK), Chinese yuan (CNY), Mexican peso (MXN) and US dollar (USD), the latter currency being the most representative currency of operation for the Group.

Therefore, at December 31, 2019 and 2018, the balances in foreign currency were restated in US dollars (USD):

Item	2019		2018	
Spot proprietary position	USD	515	USD	1.071
Proprietary position		41		3
Gross leverage position	USD	15,486	USD	9,107

These values are within the legal limits in force and effect established by the Central Bank of Colombia.

At December 31, 2019 and 2018, the breakdown of foreign-currency assets and liabilities, equivalent in thousands of US dollars, is as follows:

Item	Note	2019		2018	
Assets					
Cash and deposits in banks	(8)	USD	363,102	USD	923,381
Financial investment assets	(9)		52,023		42,611
Commercial loan portfolio and lease transactions (net)	(10)		385,604		366,409
Interest on loan portfolio and other items (net)	(10)		35,160		16,762
Other assets (net)	(20)		12,397		4,570
Total assets in foreign currency		**USD**	**848,286**	**USD**	**1,353,733**

Item	Note	2019		2018	
Liabilities					
Deposits and demand liabilities	(22)	USD	32,925	USD	26,662
Bank credits and other financial obligations	(24)		241,541		226,153
Outstanding investment securities	(27)		403,436		403,443
Accounts payable	(26)		15,366		636
Other liabilities	(28)		12,951		4,288
Total liabilities in foreign currency			**706,219**		**661,182**
Net assets (liabilities) in foreign currency			**142,067**		**692,551**
Rights					
Cash transactions in USD			41,615		75,041
Cash transactions in foreign currencies			27		750
Cash transactions in securities			1162		-
Forex			2,792		1,145
Total rights			45,596		**76,936**
Obligations					
Cash transactions in USD			90		25,708
Cash transactions in foreign currencies			-		2
Forex			2,800		1,145
Total liabilities			**2,890**		**26,855**
Net rights (liabilities) in foreign currency			**42,706**		**50,081**
Exclusions according to the standards of DODM-139/05-25-2015 issued by the Central Bank of Colombia			**330,000**		**330,000**
Spot proprietary position		**USD**	**514,773**	**USD**	**1,072,632**

The BBVA Securities Broker records accounts receivable for COP 1,505 million, equivalent to USD 400 for invoice No. 778260 with MINISTERIO DE TRANSPORTE Y OBRAS PUBLICAS DEL ECUADOR on account of fees. This invoice is 100% impaired and is in the process of being collected until the lawyers of Banco Bilbao Vizcaya Argentaria S.A., in their capacity as co-creditors, authorize the respective proceedings before the Ecuadorian authorities.

Exchange differences - The functional and presentation currency of Grupo BBVA Colombia's financial statements is the Colombian peso, known as COP; foreign currency transactions and balances are translated at the official exchange rate regulated by the Central Bank of Colombia and supervised by the Financial Superintendence of Colombia (SFC, for the Spanish original).

The official exchange rates for the 2019 and 2018 periods were:

Item	2019	2018
TRM	$ 3,277.14	$ 3,249.75

The exchange difference reflected in the statement of income, in revenue and expenses, is a result of the restatement of assets and liabilities, asset realization of transactions in currencies other than the functional currency and the translation at the exchange rates in force.

At December 31, 2019 and 2018, the details of the exchange difference in income are as follows:

Item	2019	2018
Operating revenue - exchange gain	$ 177,144	$ 760,323
Operating expenses - exchange loss	(96,991)	(516,768)
Net income	**80,153**	**243,555**
Operating revenue - profit on sales	-	180,725
Operating expenses - loss on sales	(96,340)	(162,726)
Net loss	**(96,340)**	**17,999**
Operating revenue -profit due to exchange adjustment	177,144	579,598
Operating revenue -loss due to exchange adjustment	(651)	(354,042)
Net income	**176,493**	**225,556**
Profit	**$ 80,153**	**$ 243,555**

* Cifras entregadas en USD y COP

Below is the calculation of the gain from the exchange difference in 2019

Item	Value in USD	Value in COP	Average exchange rate
Spot proprietary position in Dec 2019	USD 10,71	$ 3,480,482	$ 3,250
• Purchases	34,891	113,974,152	3,267
Position before sales	**35,962**	**117,454,620**	**3,266**
• Sales	35,448	115,850,554	3,268
Profit (loss) on sales	-	(96,991)	-
Adjusted proprietary position	514	1,684,450	3,277
Profit (loss) due to exchange adjustment	-	177,144	-
Net gain		**$ 80,153**	

* Figures provided in USD and COP

Below is the calculation of the gain from the exchange difference in 2018

Item	Valor en dólares	Valor en pesos	Tipo de cambio promedio
Spot proprietary position in Dec 2018	USD 668	$ 1,992,698	$ 2,984
• Purchases	38,363	113,735,145	2,965
Position before sales	**39,031**	**115,727,842**	**2,965**
• Sales	37,959	112,488,145	2,963
Profit (loss) on sales	-	17,999	-
Adjusted proprietary position	1,072	3,483,252	3,250
Profit (loss) due to exchange adjustment	-	225,556	-
Net gain		**$ 243,555**	

*Figures provided in USD and COP

At December 31, 2019, the TRM increased by 0.84% (COP 27.30) compared to the same periods of the previous year; however, profit for 2019 decreased by 67.04% (COP 163.282 billion) due to the decrease in purchases by USD 3.472 billion and in sales by USD 2.511 billion.

8. Cash And Cash Equivalents

At December 31, the balance of this account is summarized as follows:

Item	2019		2018	
Legal tender in Colombian pesos:				
Cash	$	1,947,458	$	2,224,923
Deposits in the Central Bank		2,003,443		2,682,363
Deposits in other banks		2,150		5,845
Remittances in transit of negotiated checks		169		212
Subtotal cash and deposits in banks in legal tender		**3,953,220**		**4,913,343**
Foreign currency:				
Cash		1,251		1,093
Foreign correspondents (1)		1,188,814		2,999,539
Remittances in transit		10		-
Subtotal cash and deposits in banks in foreign currency		**1,190,075**		**3,000,632**
Investment funds		**-**		**33,314**
Total cash and deposits in banks		**5,143,295**		**7,947,289**
Money market transactions		498,931		514,204
Total cash and cash equivalents	**$**	**5,642,226**	**$**	**8,461,493**

(1) Between 2019 and 2018, the most representative transactions in foreign currency took place in Foreign Correspondent Banks, with a significant decrease in 2019 due to the increase in the Non Delivery Forward curve, which allows the cash position in USD to grow and the sale position of derivatives in USD to increase. As it becomes clear that it will be a year-end with excess cash, points are sold to level out the movements.

At December 31, the balance of money market transactions is summarized as follows:

Item	Days	Rate	2019	Days	Rate	2018
Ordinary Interbank Funds Sold						
Financial Corporations	-	-	$ -	4 to 8 days	4.10%	$ 30,017
Banks	0 to 3 days	4.11%	80,018	-	-	-
Total Ordinary Interbank Funds Sold			**80,018**			**30,017**
Active simultaneous transactions						
Central Bank of Colombia	2 to 7 days	3.43%	188,579	4 to 8 days	4.11%	338,206
Pension and Severance Fund Management Companies	2 days	-	12,555	-	-	-
Insurance and Reinsurance Companies	9 days	4.11%	14,236	More than 15 days	4.25%	33,895
Counterparty Clearing House	2 to 13 days	4.03%	194,216	-	3.96%	112,086
Public sector entities	16 days	4.16%	9,327	-	-	-
Total active simultaneous transactions			**418,913**			**484,187**
Total money market and related transactions			**$ 498,931**			**$ 514,204**

In the year 2019, active simultaneous transactions with the Central Bank of Colombia decreased due to lower hedges in commitments originated in short positions for simultaneous transactions

December 31, 2019 closed with an active simultaneous transaction with public sector entities corresponding to the National Guarantee Fund for COP 9,327.

Legal reserve in Colombia: at December 31, 2019 and 2018, the legal reserve required and maintained in the Central Bank of Colombia amounted to COP 3,502,963 and COP 3,589,393, to comply with the liquidity requirements in deposits and financial claims, respectively. The reserve is determined according to the standards set by the Central Bank's Board of Directors and is based on percentages of the average deposits held in the Bank by its customers.

At December 31, 2019 and 2018, there are no restrictions on cash and cash equivalents to meet the liquidity requirements in deposits and financial claims.

The quality indicators of the Central Bank of Colombia, as the sovereign entity where BBVA's funds are located, have the following international risk rating:

International Rating Agency	Moody's	Fitch Ratings
BBVA Colombia rating	Baa2	BBB+

Rating of foreign entities:

Credit quality					
Bank name	Currency	Internal	S&P	External FITCH	Moody´s
Jp Morgan Chase	USD	AA	A+	AA	Aa1
Citibank N.Y.	USD	BBB+	BBB+	A	Baa1
Wachovia	USD	-	-	AA-	Aa3
Toronto Dominion	CAD	AA-	AA-	AA-	Aa1
U.B.S.	CHF	A-	A-	A+	-
Barclays	GBP	BBB	BBB+	A	Baa3
Bank Of Tokyo	JPY	A	A	A	A1
Svenska	SEK	AA	AA-	AA	Aa2
Bbva Hong Kong	CNY	-	-	-	-
Bbva N.Y.	USD	BBB	-	-	Baa2
Bbva Madrid	EUR	A-	A-	A-	A2
Bank Of America N.Y.	USD	A-	A-	A+	A3
Bbva Bancomer Mexico	MXN	A-	BBB+	A-	A3
Bac Panama	USD	BB+	BB+	-	Baa3
China Citic Bank Corp	CNY	BBB	-	BBB	Baa2

*In external, the S&P rating is used

9. Financial Investment Assets

At December 31, the balance of this account is summarized by rating and issuer as follows:

Item	2019	2018
Investment Assets		
At fair value through profit or loss		
Treasury securities - TES	$ 894,606	$ 1,643,113
Other securities issued by the National Government	154,703	176,319
Other domestic issuers	1,506,487	1,193,727
Total investments at fair value through profit or loss	**2,555,796**	**3,013,159**
At fair value through OCI provided in money market transactions		
Treasury securities - TES	2,857,478	1,539,960
Other domestic issuers	18	459
Total investments at fair value through profit or loss provided in money market transactions	**2,857,496**	**1,540,419**
At fair value through profit or loss provided as collateral in transactions		
Treasury securities - TES	-	24,507
Total investments at fair value through profit or loss provided as collateral in transactions	**-**	**24,507**
At fair value through OCI		
At fair value through OCI		
Treasury securities - TES	1,480,273	1,080,896
Other domestic issuers	16,736	16,737
Total at fair value through OCI	**1,497,009**	**1,097,633**
At fair value through OCI		
Domestic issuers	358,349	300,171
Total at fair value through OCI	**$ 358,349**	**$ 300,171**

Item	2019	2018
Treasury securities - TES	$ 492,149	$ 891,740
Total investments at fair value through OCI provided in money market transactions	**492,149**	**891,740**
Treasury securities - TES	-	378,207
Total investments at fair value through OCI provided in money market transactions	**-**	**378,207**
At amortized cost		
Investments at amortized cost		
Treasury securities - TES	47,197	45,347
Other securities issued by the National Government	32,114	11,192
Other domestic issuers	21,798	27,657
Total investments at amortized cost	**101,109**	**84,196**
At amortized cost through profit or loss provided in money market transactions		
Other securities issued by the National Government	814,427	818,914
Total investments at amortized cost through profit or loss provided in money market transactions	**814,427**	**818,914**
Total investments	**8,676,335**	**8,148,946**
Impairment of investments in TIPS	(8,770)	(360)
Total impairment of investments	**(8,770)**	**(360)**
Total net investments	**$ 8,667,565**	**$ 8,148,586**

- Between 2019 and 2018, there was a decrease in the portfolio measured at fair value through OCI, basically in the Treasury Securities (TES) due to the purchase and sale of securities available for sale for balance sheet hedging purposes and which, due to the nature of the business, are carried out as part of the management of the COAP.

- Between 2019 and 2018, there was a variation in the portfolio measured at fair value through profit or loss, basically in the Treasury Securities (TES) due to the purchase and sale of marketable securities for speculative purposes, which due to the nature of the business, are carried out as part of the Bank's liquidity management activities.

- In 2019, BBVA purchased the Yankee Fixed Rate Bonds at fair value through profit or loss, maturing in 2020 and 2021; these bonds are recorded for USD 36 million.

- For the year 2019, the portfolio measured at Amortized Cost shows an increase due to the purchase of Agricultural Development Securities (TDAs, for the Spanish original) in the amount of COP 845,460, and the maturities of these securities for COP 830,105, since they are mandatory investment securities issued by Finagro and required by the Financial Superintendence of Colombia.

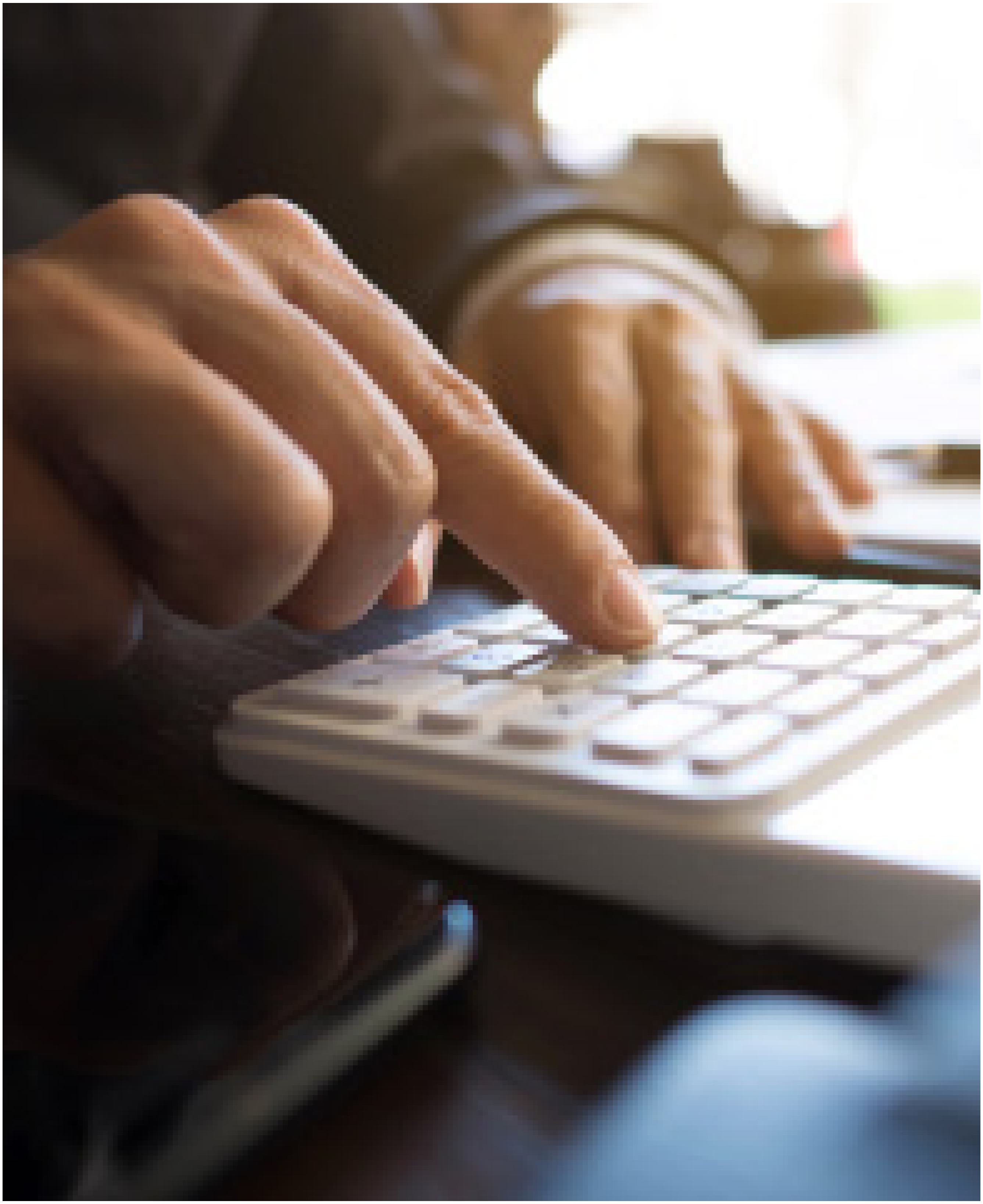
For the years 2019 and 2018, the non-controlled entities declared dividends as follows:

Decembre 31, 2019

Entity	In shares	In cash	Total
Fondo para el Financiamiento del sector pecuario "FINAGRO"	2,139	$ 8,556	$ 10,695
Bolsa de Valores de Colombia	-	2,440	2,440
ACH Colombia S.A.	-	2,353	2,353
Redeban S.A.	-	491	491
Cámara de Compensación de Divisas de Colombia S.A.	-	125	125
Cámara de Riesgo Central de Contraparte de Colombia S.A.	-	66	66
Credibanco S.A.	-	1,974	1,974
Total	**2,139**	**$ 16,005**	**$ 18,144**

Decembre 31, 2018

Entity	In shares	In cash	Total
Fondo para el Financiamiento del sector pecuario "FINAGRO"	1,373	$ 5,491	$ 6,864
Bolsa de Valores de Colombia	-	2,281	2,281
ACH Colombia	-	1,557	1,557
Redeban	-	532	532
Cámara de Compensación de Divisas de Colombia S.A.	-	78	78
Cámara Riesgo Central Contraparte de Colombia S.A.	-	50	50
Credibanco	-	3,287	3,287
Total	**1,373**	**$ 13,276**	**$ 14,649**



Investments in non-controlling interests - These are investments in equity instruments in non-controlled entities, consisting of the following at December 31, 2019 and 2018:

December 31, 2019

Item	Domicile	Capital	Equity capital	Share percentage
Investments in non-controlled entities:				
Bolsa de Valores de Colombia S.A.	Bogotá D.C.	$ 30,257	$ 2,218	7.33%
Credibanco S.A.	Bogotá D.C.	9,031	1,142	12.65%
Fondo para el Financiamiento del Sector pecuario "FINAGRO"	Bogotá D.C.	386,527	35,135	9.09%
A.C.H. Colombia S.A.	Bogotá D.C.	6,595	707	10.72%
Cámara de Compensación de Divisas de Colombia S.A.	Bogotá D.C.	2,781	128	4.61%
Redeban S.A.	Bogotá D.C.	15,792	1,628	10.31%
Cámara de Riesgo Central de Contraparte de Colombia S.A.	Bogotá D.C.	40,367	864	2.14%
Total investments in non-controlled entities				

December 31, 2018

Item	Domicile	Capital	Equity capital	Share percentage
Investments in non-controlled entities:				
Bolsa de Valores de Colombia S.A.	Bogotá D.C.	$ 30,257	$ 2,342	7.74%
Credibanco S.A.	Bogotá D.C.	9,031	1,143	12.65%
Fondo para el Financiamiento del Sector pecuario "FINAGRO"	Bogotá D.C.	909,408	82,641	9.09%
A.C.H. Colombia S.A.	Bogotá D.C.	30,961	3,319	10.72%
Cámara de Compensación de Divisas de Colombia S.A.	Bogotá D.C.	6,190	250	4.71%
Redeban S.A.	Bogotá D.C.	91,181	9,403	10.31%
Cámara de Riesgo Central de Contraparte de Colombia S.A.	Bogotá D.C.	40,642	791	2.14%
Total investments in non-controlled entities				

	Carrying value	Solvency and market risk rating	Assets	Liabilities	Profits and/or Losses
	$ 60,513	A	$ 549,517	$ 42,142	$ 47,320
	117,052	A	436,333	272,770	35,637
	102,375	A	10,934,109	9,861,752	96,501
	41,915	A	86,801	35,964	28,940
	1,366	A	10,521	1,983	2,547
	33,822	A	231,453	118,474	18,031
	1,306	A	67,731,006	67,679,682	4,002
	$ 358,349				

	Carrying value	Solvency and market risk rating	Assets	Liabilities	Profits and/or Losses
	$ 62,342	A	$ 636,740	$ 139,522	$ 5,462
	101,737	A	438,751	273,070	22,152
	97,300	A	10,267	9,261	84,558
	19,530	A	56,669	20,119	20,578
	1,042	A	8,962	1,843	8,333
	17,018	A	67,929	66,244	9,349
	1,202	A	46,781	46,735	4,644
	$ 300,171				

For the investment held by the Bank in Credibanco S.A., the valuation is carried out by "Precia" (price vendor for valuation); by the end of December 2019 the price was COP 102.42 and COP 89.02 at December 2018.

In the case of participation in the Bolsa de Valores de Colombia, the price of the share published on the last day of the year is considered and said result is recognized OCI at -COP 1,686 throughout 2019. These shares were valued at a market price of COP 11,600 and COP 11,980 at the end of December 2019 and December 2018, respectively.

As for investments in ACH de Colombia S.A and Redeban S.A., they are presented herein with the valuation of market supplier Precia (price vendor for valuation), due to the change in the valuation method. According to the reports submitted based on the Cash Flow method, they reflect that the share valuation was COP 59,289.16 for ACH Colombia S.A. and COP 20,930.85 for Redeban S.A.

The valuation of the investments held in Credibanco S.A., ACH Colombia S.A. and Redeban S.A. is recorded in other comprehensive income; the increase is COP 71,327 and the variation for the year 2018 is 73%. This is based on the new valuation model provided by Precia (price vendor for valuation).

Maturity of the securities portfolio

The maturity of debt security investments at December 31, 2019 and 2018 was as follows:

At December 31, 2019

Maturity of the securities portfolio 2019

(Million COP)

Range	Inv. at Fair Value through profit or loss	Inv. at amortized cost (*)	Inv. at Fair Value through OCI	Overall total
Less than 1 year	$ 3,724,748	$ 846,542	$ 148,774	$ 4,720,064
From 1 to 5 years	1,395,450	57,778	1,717,114	3,170,342
More than 5 years	293,094	11,216	481,619	785,929
Overall total	**$ 5,413,292**	**$ 915,536**	**$ 2,347,507**	**$ 8,676,335**

Maturity of the securities portfolio 2018

(Million COP)

Range	Inv. at Fair Value through profit or loss	Inv. at amortized cost (*)	Inv. at Fair Value through OCI	Overall total
Less than 1 year	$ 4.148.184	$ 830.106	$ 1.332.859	$ 6.311.149
From 1 to 5 years	90.867	61.787	875.061	1.027.715
More than 5 years	339.034	11.217	459.831	810.082
Overall total	**$ 4.578.085**	**$ 903.110**	**$ 2.667.751**	**$ 8.148.946**

(*) Measured at amortized cost without impairment

Investments at amortized cost

Mortgage securities received in securitization processes – TIP's

Securities issued by Titulizadora Colombia TIPS, derived from Mortgage Portfolio Securitization processes in Colombian pesos, were issued in 10 and 15-year terms.

At December 31, 2019, the securities (TITIPMZD0099/INSC15061232/INSZ15061232) were provisioned for a total of COP 4.022, in accordance with the guidelines established in the IFRS 9 impairment model for fixed-income securities investments, and at December 31, 2018, there was an impairment of COP 360.

For the years 2019 and 2018, the Bank did not participate in securitization processes.

There are currently eight series on the market, of which the Bank holds series B, MZ and C of the N-6 Pesos issuance, and the N-16 Pesos issuance for a total balance at December 31.2019 and 2018 of COP 38.534 and COP 44.394, respectively.

The details and balance of the securities from securitization processes (TIP´ S) are shown in the table below:

Series	Nominal value	Issue date	Maturity date	Term	2019	2018
TIP's Pesos N-16 B 2032	$ 16,604	07/12/2017	07/12/2032	15	$ 16,736	$ 16,736
TIP's Pesos N-16 MZ 2032	3,180	07/12/2017	07/12/2032	15	3,208	3,208
TIP's Pesos N-16 C 2032	830	07/12/2017	07/12/2032	15	839	839
Subtotal	**20,614**				**20,783**	**20,783**
TIP's Pesos N-6 B 2027	26,641	23/08/2012	23/08/2027	15	10,581	16,440
TIP's Pesos N-6 MZ 2027	6,104	23/08/2012	23/08/2027	15	6,104	6,104
TIP's Pesos N-6 C 2027	1,066	23/08/2012	23/08/2027	15	1,066	1,066
Subtotal	**33,811**				**17,751**	**23,610**
Total	**$ 54,425**				**$ 38,534**	**$ 44,394**

At December 31, 2019, the distribution by rating of debt securities of investments at fair value through other comprehensive income and investments at amortized cost through profit or loss, was as follows:

December 31, 2019

Debt securities available for sale			
S&P Global Rating ISSUE	**Carrying value sovereign debt**	**Carrying value - other debt**	**%**
A	$ -	$ 244,253	10%
BBB	2,086,516	-	89%
Unclassified	-	16,737	1%
Total	**$ 2,086,516**	**$ 260,990**	**100%**

Debt securities held to maturity			
S&P Global Rating ISSUE	**Carrying value sovereign debt**	**Carrying value - other debt**	**%**
AAA	846,542	-	93%
BBB	47,197	-	5%
Unclassified	-	21,797	2%
Total	**$ 893,739**	**$ 21,797**	**100%**

December 31, 2018

Debt securities available for sale					
S&P Global Rating ISSUE	Carrying value sovereign debt		Carrying value - other debt		%
BBB	$	2,350,843	$	16,737	100%
Total	**$**	**2,350,843**	**$**	**16,737**	**100%**

Debt securities held to maturity					
S&P Global Rating ISSUE	Carrying value sovereign debt		Carrying value - other debt		%
AAA	$	830,106	$	-	92%
BBB		45,347		20,487	7%
BB		-		1,066	0%
BB+		-		6,104	1%
Total	**$**	**875,453**	**$**	**27,657**	**100%**

For the year 2019, a restriction was recorded on account of seizures of Term Deposit Certificates (TCDs - dematerialized) in the nominal value of COP 529 million accounting for nine securities, and a nominal value of COP 457 million for the year 2018 accounting for four securities.

Global Rating Agency

Emisor	CDT	TDA	TES	TIP's
Banco Popular S.A.	AAA			
Bancolombia S.A.	AAA			
BBVA Colombia S.A.	AAA			
Dirección de Tesoro Nacional (TES)			BBB	
FINAGRO		AAA		
TITIPOCD0099-142732				CC
TITIPMZD0098-142733				CCC
TITIPOBD0097-142730				BBB+
INSC15061232-229718				BB
INSZ15061232-229722				BB+
TIPN16B32-229723				BBB

10. Loan Portfolio And Finance Lease Transactions (Net)

The financial assets account for loan portfolio at amortized cost in the consolidated statement of financial position is presented in accordance with the classification adopted by the Financial Superintendence in the Exclusive Financial Reporting Catalog (CUIF, for the Spanish original). Below is the loan portfolio and finance lease transactions, net including interest and other items at December 31, 2019 and 2018 by type of currency:

December 31, 2019

Modalities	Stage 1	Stage 2	Stage 3	Total
Commercial loan portfolio	$ 16.661.690	$ 726.990	$ 37.326	$ 17.426.006
Consumer loan portfolio	16.580.018	1.057.114	550.682	18.187.814
Mortgage portfolio	10.752.861	821.406	417.627	11.991.894
Total loan portfolio	**$ 43.994.569**	**$ 2.605.510**	**$ 1.005.635**	**$ 47.605.714**

December 31, 2018

Modalities	Stage 1	Stage 2	Stage 3	Total
Commercial loan portfolio	$ 15.843.150	$ 759.709	$ 289.877	$ 16.892.736
Consumer loan portfolio	14.304.951	787.592	364.763	15.457.306
Mortgage portfolio	9.830.644	902.983	314.591	11.048.218
Total loan portfolio	**$ 39.978.745**	**$ 2.450.284**	**$ 969.231**	**$43.398.260**

The tables below provide details by counterparty and by product of the defaulted amounts of the risks that were not considered to be impaired at December 31, 2019, classified according to age of the first defaulted payment, as well as the breakdown of the debt securities and the loans and advances considered to be impaired, determined on an individual and collective basis.

Below are the Loan Portfolio and Lease Transactions by modality, stage and line:

December 31, 2019

Portfolio	Stage 1	Stage 2	Stage 3	Total
	Credit losses expected in the next 12 months	Credit losses expected during the lifetime of the asset	Credit losses expected during the lifetime of the asset with impairment	
Banking				
Enterprise	$ 7.657.980	$ 394.067	$ 354.604	$ 8.406.651
Institutional	1.312.435	7.975	2.993	1.323.403
Corporate	2.754.620	63.893	3	2.818.516
Financial Entities	1.218.085	236	1.799	1.220.120
Territorial Entities	2.030.840	5.679	-	2.036.519
Representative	764.876	181.239	67.695	1.013.810
Small Enterprises	1.216.716	284.251	284.656	1.785.623
Total commercial loan portfolio	**16.955.552**	**937.340**	**711.750**	**18.604.642**
Impairment	(293.862)	(210.350)	(674.424)	(1.178.636)
Net commercial loan portfolio	**16.661.690**	**726.990**	**37.326**	**17.426.006**
Consumer				
Vehicle	1.146.242	173.594	124.051	1.443.887
Payroll	10.169.190	198.708	264.218	10.632.116
Hedge	3.288.322	673.509	762.584	4.724.415
Overdraft	2.125	787	1.114	4.026
Cards	1.675.010	202.075	162.579	2.039.664
Revolving	395.812	49.851	46.757	492.420
Total consumer loan portfolio	**16.676.701**	**1.298.524**	**1.361.303**	**19.336.528**
Impairment	(96.683)	(241.410)	(810.621)	(1.148.714)
Net consumer loan portfolio	**$ 16.580.018**	**$ 1.057.114**	**$ 550.682**	**$ 18.187.814**

Portfolio	Stage 1		Stage 2		Stage 3		Total
	Credit losses expected in the next 12 months		Credit losses expected during the lifetime of the asset		Credit losses expected during the lifetime of the asset with impairment		
Mortgage (housing)							
Total mortgage portfolio	$	10.780.361	$	881.833	$	648.807	$ 12.310.001
Impairment		(27.500)		(60.427)		(231.180)	(319.107)
Net mortgage portfolio		10.752.861		821.406		417.627	11.991.894
Loan portfolio		44.412.614		3.117.697		2.721.860	50.252.171
Impairment		(418.045)		(512.187)		(1.716.225)	(2.646.457)
Total loan portfolio, net	**$**	**43.994.569**	**$**	**2.605.510**	**$**	**1.005.635**	**$ 47.605.714**

December 31, 2018

Portfolio	Stage 1 Credit losses expected in the next 12 months	Stage 2 Credit losses expected during the lifetime of the asset	Stage 3 Credit losses expected during the lifetime of the asset with impairment	Total
Banking				
Enterprise	$ 6,991,458	$ 315,937	$ $ 372,363	$ 7,679,757
Institutional	1,347,105	23,333	-	1,370,438
Corporate	2,579,196	62,249	250,399	2,891,844
Financial Entities	1,259,039	-	1,808	1,260,848
Territorial Entities	1,682,132	795	-	1,682,927
Representative	1,033,770	90,102	61,976	1,185,849
Small Enterprises	1,200,420	443,339	310,862	1,954,620
Total commercial loan portfolio	**16,093,120**	**935,755**	**997,408**	**18,026,283**
Impairment	(249,970)	(176,046)	(707,532)	(1,133,547)
Net commercial loan portfolio	**15,843,150**	**759,709**	**289,877**	**16,892,736**
Consumer				
Vehicle	1,212,542	271,987	127,841	1,612,370
Payroll	8,007,589	218,658	234,412	8,460,659
Hedge	3,092,228	306,898	760,815	4,159,942
Overdraft	1,521	2,378	1,691	5,59
Cards	1,857,322	112,144	164,918	2,134,385
Revolving	378,405	34,122	49,764	462,291
Total consumer loan portfolio	**14,549,607**	**946,188**	**1,339,441**	**16,835,237**
Impairment	(244,656)	(158,595)	(974,679)	(1,377,930)
Net consumer loan portfolio	**$ 14,304,951**	**$ 787,592**	**$ 364,763**	**$ 15,457,306**

Portfolio	Stage 1 Credit losses expected in the next 12 months	Stage 2 Credit losses expected during the lifetime of the asset	Stage 3 Credit losses expected during the lifetime of the asset with impairment	Total
Mortgage (housing)				
Total mortgage portfolio	$ 9,867,099	$ 988,137	$ 538,741	$ 11,393,976
Impairment	(36,455)	(85,154)	(224,150)	(345,758)
Net mortgage portfolio	9,830,644	902,983	314,591	11,048,218
Loan portfolio	40,509,826	2,870,079	2,875,590	46,255,496
Impairment	(531,080)	(419,795)	(1,906,360)	(2,857,236)
Total loan portfolio, net	**$ 39,978,745**	**$ 2,450,284**	**$ 969,230**	**$ 43,398,260**

Below is the reconciliation of the provision of the loan portfolio and lease transactions by modality:

December 31, 2019

Portfolio	Stage 1 Credit losses expected in the next 12 months	Stage 2 Credit losses expected during the lifetime of the asset	Stage 3 Credit losses expected during the lifetime of the asset with impairment	Total
Banking				
Initial balance at January 1, 2019	$ 249,970	$ 176,046	$ 707,532	$ 1,133,548
Transfers to credit losses expected in the next 12 months	(179,188)	53,899	41,776	(83,513)
Transfers to credit losses expected during the lifetime of the asset (not impaired)	1,287	(72,826)	58,199	(13,340)
Transfers to credit losses expected during the lifetime of the asset (impaired)	$ 72	$ 1,662	$ (3,164)	$ (1,430)

Portfolio	Stage 1		Stage 2		Stage 3		Total	
	Credit losses expected in the next 12 months		Credit losses expected during the lifetime of the asset		Credit losses expected during the lifetime of the asset with impairment			
Impairment	$	221,721	$	59,643	$	202,550	$	483,914
Loans written off		-		(8,074)		(332,469)		(340,543)
Net reconciliation of the commercial loan portfolio provision		**293,862**		**210,350**		**674,424**		**1,178,636**
Consumer								
Initial balance at January 1, 2019		244,656		158,595		974,679		1,377,930
Transfers to credit losses expected in the next 12 months		(156,409)		116,996		277,676		238,263
Transfers to credit losses expected during the lifetime of the asset (not impaired)		3,742		(114,172)		108,499		(1,930)
Transfers to credit losses expected during the lifetime of the asset (impaired)		354	$	1,374		(145,289)		(143,561)
Impairment		4,850		86,413		1,577		92,841
Loans written off		(510)		(7,796)		(406,521)		(414,827)
Net reconciliation of the consumer loan portfolio provision		**96,683**		**241,410**		**810,621**		**1,148,714**
Mortgage (housing)								
Initial balance at January 1, 2019		36,455		85,154		224,150		345,759
Transfers to credit losses expected in the next 12 months	$	(15,435)	$	38,402	$	28,579	$	51,546

Portfolio	Stage 1	Stage 2	Stage 3	Total
	Credit losses expected in the next 12 months	Credit losses expected during the lifetime of the asset	Credit losses expected during the lifetime of the asset with impairment	
Transfers to credit losses expected during the lifetime of the asset (not impaired)	$ 2,625	$ (79,023)	$ 2,805	$ (73,593)
Transfers to credit losses expected during the lifetime of the asset (impaired)	401	2,100	(15,726)	(13,225)
Impairment	3,456	13,855	11,587	28,898
Loans written off	(2)	(61)	(20,215)	(20,278)
Net reconciliation of the mortgage portfolio provision	**27,500**	**60,427**	**231,180**	**319,107**
Amount without deducting from portfolio originated with credit impairment upon initial recognition	-	-	-	-
Balance at December 31, 2019				**$ 2,646,457**

December 31, 2018

Portfolio	Stage 1	Stage 2	Stage 3	Total
	Credit losses expected in the next 12 months	Credit losses expected during the lifetime of the asset	Credit losses expected during the lifetime of the asset with impairment	
Banking				
Initial balance at January 1, 2018	$ 200,174	$ 170,868	$ 686,593	$ 1,057,635
Transfers to credit losses expected in the next 12 months	(131,183)	31,85	54,524	(44,809)
Transfers to credit losses expected during the lifetime of the asset (not impaired)	21,697	-80,259	67,428	8,866
Transfers to credit losses expected during the lifetime of the asset (impaired)	458	10,909	(52,228)	(40,860)
Remeasurements of provisions	-	-	-	-
Impairment	158,824	42,933	89,417	291,174
Write-off of portfolio accounts	-	-	-	-
Loans written off	-	(256)	(138,203)	(138,459)
Restatement of portfolio in foreign currency	-	-	-	-
Net reconciliation of the commercial loan portfolio provision	**$ 249,970**	**$ 176,046**	**$ 707,532**	**$ 1,133,547**

Portfolio	Stage 1	Stage 2	Stage 3	Total
	Credit losses expected in the next 12 months	Credit losses expected during the lifetime of the asset	Credit losses expected during the lifetime of the asset with impairment	
Consumer				
Initial balance at January 1, 2018	$ 201,599	$ 84,905	$ 772,778	$ 1,059,283
Transfers to credit losses expected in the next 12 months	(88,194)	65,960	252,395	230,161
Transfers to credit losses expected during the lifetime of the asset (not impaired)	4,115	(62,171)	64,146	6,089
Transfers to credit losses expected during the lifetime of the asset (impaired)	1,343	9,800	(249,686)	(238,544)
Remeasurements of provisions	-	-	-	-
Impairment	126,306	61,897	314,914	503,117
Write-off of portfolio accounts	-	-	-	-
Loans written off	(512)	(1,795)	(179,867)	(182,175)
Restatement of portfolio in foreign currency	-	-	-	-
Net reconciliation of the consumer loan portfolio provision	**$ 244,656**	**$ 158,595**	**$ 974,679**	**$ 1,377,930**

Portfolio	Stage 1	Stage 2	Stage 3	Total
	Credit losses expected in the next 12 months	Credit losses expected during the lifetime of the asset	Credit losses expected during the lifetime of the asset with impairment	
Mortgage (housing)				
Initial balance at January 1, 2018	$ 17,014	$ 42,118	$ 165,897	$ 225,029
Transfers to credit losses expected in the next 12 months	9,569	33,469	32,478	75,516
Transfers to credit losses expected during the lifetime of the asset (not impaired)	2,382	(18,920)	29,297	12,759
Transfers to credit losses expected during the lifetime of the asset (impaired)	249	1,517	(34,772)	(33,005)
Remeasurements of provisions	-	-	-	-
Impairment	7,280	29,799	48,671	85,750
Write-off of portfolio accounts	-	-	-	-
Loans written off	(40)	(2,829)	(17,422)	(20,291)
Restatement of portfolio in foreign currency	-	-	-	-
Net reconciliation of the mortgage portfolio provision	**36,455**	**85,154**	**224,150**	**345,758**

Portfolio	Stage 1	Stage 2	Stage 3	Total
	Credit losses expected in the next 12 months	Credit losses expected during the lifetime of the asset	Credit losses expected during the lifetime of the asset with impairment	
Amount without deducting from portfolio originated with credit impairment upon initial recognition	$ -	$ -	$ -	$ -
Balance at December 31, 2018				**$ 2,857,236**

Below are the details of the impairment of the loan portfolio and finance lease transactions and other items by product

and type of customer:

December 31, 2019

Modality	Stage 1	
	Unmatured risk	Risk past due < 30 days
Loan portfolio by type of customer		
Government agencies	$ 4,237	$ 53
Credit institutions	163	-
Other financial institutions	784	39
Non-financial corporations	164,771	13,696
Individuals	246,240	40,705
Total loan portfolio by segment	**416,195**	**54,493**
Loan portfolio by products		
Commercial loan portfolio	44,491	4,701
Demand accounts and current accounts	-	261
Credit card debts	36,757	2,494
Other credits	335,339	46,645
Total loan portfolio by product	**$ 416,587**	**$ 54,101**

	Stage 2			Stage 3			
	Unmatured risk	Risk past due < 30 days	Risk past-due 30 -90 days	Unmatured risk	Risk past due < 30 days	Risk past-due 30 -90 days	Risk past-due> 90 days
	$ 532	$ -	$ 4	$ 83	$ -	$ -	$ 1
	-	-	-	-	-	-	-
	-	-	24	2	-	-	-
	116,233	40,607	11,562	53,366	14,376	37,045	238,137
	154,877	66,907	108,306	172,472	104,945	98,286	958,004
	271,642	**107,514**	**119,896**	**225,923**	**119,321**	**135,331**	**1,196,142**
	18,167	6,216	3,338	18,820	7,091	6,333	50,850
	-	45	-	-	1,096	1	5,702
	14,336	1,852	9,985	14,328	3,690	6,331	98,374
	238,761	99,358	106,994	196,206	107,144	108,213	1,052,538
	$ 271,264	**$ 107,471**	**$ 120,317**	**$ 229,354**	**$ 119,021**	**$ 120,878**	**$ 1,207,464**

December 31, 2018

Modality	Stage 1	
	Unmatured risk	Risk past due < 30 days
Loan portfolio by type of customer		
Government agencies	$ 2,272	$ 2,003
Credit institutions	279	-
Other financial institutions	-	1,380
Non-financial corporations	153,048	21,911
Individuals	298,345	51,842
Total loan portfolio by segment	**453,945**	**77,135**
Loan portfolio by products		
Commercial loan portfolio	46,717	11,184
Demand accounts and current accounts	-	41
Credit card debts	27,490	1,769
Other credits	379,738	64,141
Total loan portfolio by product	**$ 453,945**	**$ 77,135**

	Stage 2 (*)			Stage 3 (*)			
	Unmatured risk	Risk past due < 30 days	Risk past-due 30 -90 days	Unmatured risk	Risk past due < 30 days	Risk past-due 30 -90 days	Risk past-due> 90 days
	$ 8,112	$ 1,064	$ -	$ -	$ -	$ -	$ 53
	-	-	-	-	-	-	-
	5	-	-	-	-	-	-
	116,397	24,097	6,310	87,909	47,908	42,498	406,847
	109,291	122,538	31,981	174,813	527,099	115,362	503,871
	233,805	**147,699**	**38,291**	**262,722**	**575,007**	**157,860**	**910,771**
	21,171	9,881	5,741	76,377	6,143	4,416	25,195
	-	9	1	-	714	-	22
	6,961	677	6,587	10,251	2,908	4,406	71,551
	205,673	137,132	25,962	176,094	565,242	149,039	814,002
	$ 233,805	**$ 147,699**	**$ 38,291**	**$ 262,722**	**$ 575,007**	**$ 157,860**	**$ 910,771**

(*) In compliance with the regulatory criteria and conditions, the unmatured risk is listed in stages 2 and 3, based on the financial instrument and restructuring policy, in the loan portfolio impairment section.

Below is the breakdown of the loans, under the heading "Financial assets at amortized cost", impaired assets and the value impairment accumulated by sectors:

December 31, 2019

Modality	Total Gross Risk	Total Provision	Net Carrying Value	%
Government agencies	$ 3,859,055	$ 4,911	$ 3,854,144	0%
Credit institutions	138,389	163	138,227	0%
Other financial institutions	730,205	848	729,357	0%
Non-financial corporations	13,129,649	692,772	12,436,876	
• Agriculture, forestry and fishing	442,127	24,775	417,352	6%
• Extractive industries	293,932	28,016	265,916	10%
• Manufacturing industry	3,214,297	123,737	3,090,560	4%
• Supply of electricity, gas, steam and air conditioning	813,456	2,958	810,498	0%
• Water supply	33,973	3,340	30,633	10%
• Wholesale and retail trade	2,944,219	155,421	2,788,798	5%
• Transport and storage	865,854	39,502	826,352	5%
• Catering	183,378	16,273	167,106	9%
• Information and communications	158,129	10,953	147,176	7%
• Professional, scientific and technical activities	241,823	19,051	222,772	8%
• Administrative activities and back-office	337,362	25,634	311,728	8%
• Education	361,457	14,719	346,738	4%
• Health activities and social work activities	359,101	15,042	344,059	4%
• Artistic, recreational and entertainment activities	126,511	4,998	121,513	4%
• Other services	$ 68,011	$ 8,912	$ 59,099	13%

Modality	Total Gross Risk		Total Provision		Net Carrying Value		%
• Public service and compulsory social security	$	204,814	$	3,075	$	201,740	2%
• Construction		1,370,996		130,236		1,240,760	9%
• Real estate activities		255,850		11,865		243,984	5%
• Financial and insurance-related activities		844,606		54,029		790,577	6%
• Financial and insurance-related activities		9,755		240		9,515	2%
Individuals		32,394,870		1,947,761		30,447,110	6%
Total loan portfolio	**$**	**50,252,171**	**$**	**2,646,457**	**$**	**47,605,714**	**5%**

December 31, 2018

Modality	Total Gross Risk		Total Provision		Net Carrying Value		%
Government agencies	$	3,199,778	$	13,504	$	3,186,274	0%
Credit institutions		106,953		279		106,674	0%
Other financial institutions		715,084		1,385		713,699	0%
Non-financial corporations		13,211,010		906,924		12,304,086	
• Agriculture, forestry and fishing		309,798		22,986		286,812	7%
• Extractive industries		147,727		65,289		82,438	44%
• Manufacturing industry		2,427,696		107,667		2,320,029	4%
• Supply of electricity, gas, steam and air conditioning		1,046,564		227,258		819,306	22%
• Water supply		19,272		1,467		17,805	8%
• Wholesale and retail trade		2,696,788		156,236		2,540,552	6%
• Transport and storage		825,986		28,882		797,104	3%
• Catering		151,332		14,443		136,889	10%
• Information and communications		106,044		8,360		97,684	8%

Modality	Total Gross Risk	Total Provision	Net Carrying Value	%
• Professional, scientific and technical activities	$ 146,874	$ 17,797	$ 129,077	12%
• Professional, scientific and technical activities	$ -	$ 2	$ (2)	0%
• Administrative activities and back-office	261,647	29,884	231,763	11%
• Education	345,062	3,252	341,810	1%
• Health activities and social work activities	276,460	14,316	262,144	5%
• Artistic, recreational and entertainment activities	50,486	3,250	47,236	6%
• Other services	1,605,775	9,570	1,596,205	1%
• Public service and compulsory social security	141,088	1,482	139,606	1%
• Construction	1,340,922	127,361	1,213,561	9%
• Real estate activities	141,207	12,316	128,891	9%
• Financial and insurance-related activities	1,169,221	55,073	1,114,148	5%
Financial and insurance-related activities	1,061	33	1,028	3%
Individuals	29,022,670	1,935,144	27,087,526	7%
Total loan portfolio	**$ 46,255,496**	**$ 2,857,236**	**$ 43,398,260**	

Portfolio sales

Year 2019

During 2019, it conducted portfolio sale transactions for a total of COP 760,311 million, where 97.45% of said asset was written-off.

The breakdown of the portfolio transferred by modality was represented as follows: Mortgage, 2%; Commercial, 12%; and Consumer, 86%; these transactions were conducted in the months listed in the attached table:

Total debt by portfolio type (*)

Month	Consumer		Mortgage		Banking		Total Debt (*)	
January	$	290	$	577	$	-	$	868
February		3,023		1,565		-		4,588
March		186,532		8,371		5,167		200,070
April		-		85		5,727		5,812
May		72		137		-		209
June		138,995		328		6,135		145,459
July		1,522		472		748		2,742
August		328		144		7,413		7,885
September		321,172		23		4,451		325,646
October		892		1,187		807		2,887
November		58		431		1,276		1,765
December		936		1,099		60,345		62,380
Total	**$**	**653,822**	**$**	**14,4189**	**$**	**92,070**	**$**	**760,3101**
% of portfolio share sold		86%		2%		12%		100%

(*) Amount includes principal, interest and accounts receivable balances.

Mass portfolio sales transactions were conducted with the companies Sistemcobro S.A.S. and Pra Group CH S.A.S. litigious rights sales to natural and legal persons. .

Year 2018

During 2018, it conducted portfolio sale transactions for a total of COP 302,950 million, where 92.92% of said asset was written-off.

The breakdown of the portfolio transferred by modality was represented as follows: Mortgage, 7%; Commercial, 11%; and Consumer, 82%; these transactions were conducted in the months listed in the attached table:

Total debt by portfolio type (*)

Month	Consumer	Mortgage	Banking	Total Debt (*)
January	$ 795	$ 152	$ -	$ 947
March	3.760	3.308	1.040	8.108
April	734	660	129	1.524
May	680	319	-	998
June	412	433	-	845
July	174.871	835	-	175.706
August	906	582	127	1,615
September	1.612	1.411	-	3.023
October	65.085	13.216	20.639	98.940
November	-	-	10,267	10,267
December	596	381	-	978
Total	**$ 249.451**	**$ 21.298**	**$ 32.201**	**$ 302.950**
% of portfolio share sold	82%	7%	11%	100%

(*) Amount includes principal, interest and accounts receivable balances.

The mass portfolio sales transactions were carried out with Inverst S.A.S. Sistemcobro S.A.S. and RF Encore S.A.S. litigious rights sales to individuals and legal entities.

11. Right-Of-Use Of Fixed Assets And Properties Taken On Lease

At December 31, the balance of this account is summarized as follows:

Item	2019	At January 1, 2019
Right-of-use fixed assets		
Buildings (Premises and ATMs)	$ 198,947	$ 185,096
Accumulated depreciation	(29,497)	-
Total right-of-use fixed assets	**169,450**	**185,096**
Properties taken on leases		
Machinery and equipment	4,133	9,398
Rental rates of assets given under leases	76	169
Accumulated depreciation	(2,674)	(5,591)
Impairment	-	4
Total properties taken on leases	**$ 1,535**	**$ 3,980**

The Group analyzed and implemented IFRS 16, choosing to apply the modified retrospective method which consists of recognizing lease liabilities for an amount equivalent to the present value of the committed future payments. The criteria determination process is mainly derived from the standards that contain the necessary guidelines for the definition of a series of criteria that enable the negotiation, classification of the contract, and estimation of the IFRS 16 parameters.

These criteria are defined by the IFRS 16 Governing Bodies, which are responsible for providing the Lease Management areas with the global criteria defined in accordance with the Group's needs.

The following criteria are applied to identify the leases that are in line with the standard:

The keys to determining whether a contract contains a lease are:

- The asset subject to the lease must be identified either implicitly or explicitly; and
- The lessee has the right to obtain all economic benefits from the right to use that identified asset; and the right to direct the use of that identified asset.

At this point, it is important to take the following concepts into account:

Term of the lease

The term of the lease is defined as the non-cancellable period of a lease, where the Lessee has the option to use an underlying asset together with: periods covered by the option to extend the lease or periods covered by the option to terminate the lease, if the lessee is reasonably certain of exercising that option, respectively.

The entity shall take into account all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option or not.

If only the lessor has the right to terminate the lease, the non-cancellable period of the lease includes the period covered up to the option to terminate the lease.

The lessee shall review the term of the lease if there is a significant change or event in the circumstances under its control.

Discount rate

The interest rate implicit in a lease is defined as the rate at which the present value of (a) the lease payments and (b) the unguaranteed residual value equals the sum of (i) the fair value of the underlying asset and (ii) any initial direct costs of the lessor (IFRS 16 Appendix A). The average discount rate applied at December 31, 2019 is 5.73%.

Lease payments are discounted using (IFRS 16.26):

- The interest rate implicit in the lease; or
- If the interest rate implicit in the lease cannot be easily determined, the lessee shall use the incremental interest rate on the lessee's debt

The incremental interest rate on the lessee's debt is defined as the interest rate that the lessee would have to pay to borrow, for a similar term and with a similar guarantee, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. (IFRS 16 Appendix A).

If a lease contract involves a payment made in a currency other than that of the lessee, the incremental interest rate must be determined on the basis of a similar loan taken in the foreign currency.

The Group has decided to apply the fund transfer price (FTP) as a discount rate.

Once a lease is identified under IFRS 16, the lessee shall recognize in its assets the right to use the asset and in its liabilities the obligation to make the future lease payments committed.

Right-of-use fixed assets.

The Group has applied IFRS 16 using the modified retrospective approach and therefore, the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

The impact at year-end in 2019 on right-of-use assets is COP 169,450 million and COP 176,991 million on lease liabilities; the lease liability includes a disassembly provision of COP 8,627 million.

At December 31, 2019, the following are the details of the right-of-use fixed assets.

Assets

Item	Initial balance 1/1/2019	Movement in 2019	Balance 12/31/2019
Right-of-use premises	$ 140,807	$ 12,213	$ 153,020
Right-of-use ATMs	44,289	1,638	45,927
Depreciation right-of-use premises	-	(24,637)	(24,637)
Depreciation right-of-use ATMs	-	(4,860)	(4,860)
Total	**$ 185,096**	**$ (15,646)**	**$ 169,450**

Liabilities

Item	Initial balance 1/1/2019	Movement in 2019	Balance 12/31/2019
Lease liabilities premises	$ 132,656	$ (6,368)	$ 126,288
Lease liabilities ATMs	43,809	(1,733)	42,076
Disassembly provision	8,631	(4)	8,627
Total	**$ 185,096**	**$ (8,105)**	**$ 176,991**

Reconciliation of depreciation

Item	Initial balance 1/1/2019	Movement in 2019	Balance 12/31/2019
Depreciation right-of-use premises	$ -	$ (24,637)	$ (24,637)
Depreciation right-of-use ATMs	-	(4,860)	(4,860)
Total	**$ -**	**$ (29,497)**	**$ (29,497)**

Amounts recognized in the consolidated statement of income

Item	December 31, 2019	
Interest on lease liabilities	$	13.886
Real estate rental expenses		2.220

Lease liabilities for premises	December 31, 2019	
No more than one year	$	58,748
More than one year and less than three years		87,112
More than three years and less than five years		30,440
More than five years		7,895
Total undiscounted lease liabilities	**$**	**184,195**

Lease liabilities for ATMs	December 31, 2019	
No greater than one year	$	12,969
Greater than one year and less than three years		19,624
More than three years and less than five years		11,998
More than five years		21,035
Total undiscounted lease liabilities	**$**	**65,626**

The Group as a lessee

Lease commitments - The Bank, for its functioning and according to its expansion process, leases offices on the national level by entering into agreements with the terms listed in the following table: :

Item	2019		2018	
One year or less	$	29	$	735
From one to five years		2,706		1,548
More than five years		43,297		41,059
Total	**$**	**46,032**	**$**	**43,341**

These transactions usually contain renewal options, which are generally for the initially agreed term. The lease rates are adjusted as agreed in the lease contract and/or as legally required. The expense recognized for the years ended December 31, 2019 and 2018 was COP 46,032 and COP 43,341, respectively.

12. Securitization And Buyback Of Securitized Portfolio

Within the BBVA Group in the processes of securitization, the Bank aims to eliminate the market risk of loans in Colombian pesos, turn the current portfolio into liquid assets by favorably improving the LRI ratio (Liquidity Risk Indicator), reduce the regulatory capital consumption of the balance sheet, optimize the solvency ratio and create opportunities for growth in the placement of a new portfolio at better rates on the market.

In this sense, it is the BBVA Group's policy to select customers that will allow the efficient performance of the transaction, for which it chooses sound portfolios.

Productive portfolio securitization: In 2019, the BBVA Group did not participate in any securitization processes; however, the balances of the issues and of the current portfolio in which the BBVA Group participated at the end of December 31, 2019 and 2018, are as follows

Item	2019		2018	
	Managed portfolio – total principal	Balances in the BBVA Group's TIPs securities	Managed portfolio – total principal	Balances in the BBVA Group's TIPs securities
TIP's E-9	$ 1,065	$ -	$ 1,744	$ -
TIP's E-10	1,296	-	1,817	-
TIP's E-11	858	-	1,144	-
TIP's E-12	310	-	369	-
TIP's N-6	13,987	17,751	19,598	23,610
TIP's N-16	98,198	20,783	127,967	20,784
Total	**$ 115,714**	**$ 38,534**	**$ 152,639**	**$ 44,394**

Portfolio buybacks: In 2019, 44 credits were bought back from Titularizadora Colombiana S.A. of Issuances TIPS E9 PESOS, TIPS E10 PESOS, TIPS E11 PESOS, E12 PESOS, N6 PESOS and N16 PESOS, for a total of COP 2,951, which included buybacks due to the request to decrease rates, refurbishment and write-offs as follows:

Item	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
No. of credits	6	6	4	1	6	4	5	4	2	4	-	2	44
Total balance of principal	$ 270	$ 405	$ 197	$ 8	$ 590	$ 466	$ 259	$ 332	$ 155	$ 172	$ -	$ 77	$ 2,931
Total balance of debt	$ 271	$ 411	$ 198	$ 8	$ 593	472	$ 260	$ 332	$ 156	$ 173	$ -	$ 77	$ 2,951

Portfolio buyback: In 2018, 60 credits were bought back from Titularizadora Colombiana S.A. of Issuances TIPS E9 PESOS, TIPS E10 PESOS, TIPS E11 PESOS, E12 PESOS, N6 PESOS and N16 PESOS, for a total of COP 4,086, which included buybacks due to the request to decrease rates, refurbishment and write-offs as follows:

Item	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
No. of credits	6	2	4	2	1	5	3	9	8	7	7	6	60
Total balance of principal	$409	$ 152	$ 215	$ 130	$ 163	$ 117	$ 343	$ 536	$ 543	$ 564	$ 346	$ 513	$ 4,031
Total balance of debt	$ 410	$ 154	$232	$ 131	$ 165	$ 125	$ 344	$ 548	$ 546	$ 568	$ 348	$ 515	$ 4,086

History of productive portfolio securitization

TIP's E-9 Pesos – In December 2008, TIPS E-9 were issued for a total of COP 401,000, of which the BBVA Group had a share of COP 140,000. The Class A TIPS for COP 369,000, Class B TIPS for COP 30,000 and Class MZ TIPS for COP 2,000 have ratings of AAA, AA- and BBB, respectively, and their maturity is between 2010 and 2023.

In March 2016, the securities of the TIPS E-9 issuance were paid.

TIPS E-10 Pesos – In March 2009, TIPS E-10 were issued for a total of COP 498,593, of which the BBVA Group had a share of COP 74,233. The Class A TIPS for COP 458,000, Class B TIPS for COP 37,000 and Class MZ TIPS for COP 10,000 issued have ratings of AAA, AA-, and BBB, respectively, and their maturity is between 2019 and 2024.

In May 2015, the securities of the TIPS E-10 issuance were paid.

TIPS E-11 Pesos – – In May 2009, TIPS E-11 were issued for a total of COP 431,857, of which the BBVA Group had a share of COP 48,650. The TIPS E-11 in Class A for COP 399,000, Class B for COP 32,000 and Class MZ for COP 11,000 issued have ratings of AAA, AA, and BBB-, respectively, and their maturity is between 2019 and 2024.

In November 2014, the securities of the TIPS E-11 issuance were paid.

TIPS E-12 Pesos – In August 2009, TIPS E-12 were issued for a total of COP 376.820, of which the BBVA Group had a share of COP 78.745. The TIPS E-12 in Class A for COP 349.000, Class B for COP 28.000 and MZ for COP 9.000 issued have ratings of AAA, AA, and BBB-, respectively, and their maturity is between 2019 and 2024.

In June 2015, the securities of the TIPS E-12 issue were paid.

At December 31, 2019, the income from the residual rights due to the E9, E10, E11 and E12 issuances was:

Universality	At fair	
TIP's Pesos E-9	$	1.277
TIP's Pesos E-10		752
TIP's Pesos E-11		478
TIP's Pesos E-12		740
Total	**$**	**3.247**

TIPS N-6 Pesos - In August 2012, portfolio representative TIPS N6 Pesos Non-LIH were issued; they were originated by the BBVA Group for a total of COP 213.130 represented in 2.847 credits and Davivienda S.A. amounting to COP 155.867, represented in 1.661 credits.

On August 23, 2012, Non-LIH TIPS N6 Pesos were issued, for a total of COP 381,882 distributed in the following classes and amounts: Series A2022, for COP 322.872; series B2027 for COP 46.125; series MZ for COP 11.040; and Series C for COP 1.845.

The first lot: Total TIPS purchased by the market (87,5%) corresponded to Series A2022 for COP 322.872; of this first lot, the TIPS sold according to share percentage of the BBVA Group's financial portfolio were: Series A2022 for COP 186.489.

The second lot: TIPS purchased by the originators (12,5%) from their portfolio + excess NPV cash flow (MZ-C) distributed as follows: B2027 for COP 46.125, MZ 2027 for COP 11.040; and C2027 for COP 1.845.

Of the second lot: TIPS purchased by the BBVA Group according to the share percentage of its portfolio (12,5%) + excess NPV cash flow distributed as follows: TIPS B2027 for COP 26.641; TIPS MZ 2027 for COP 6.104; and C2027 for COP 1.066, for a total of COP 33.811.

Class B, MZ and C TIPS issued are rated A+, BBB- and BB+, respectively.

TIPS N-16 Pesos – In November 2017, portfolio representative TIPS N16 Pesos LIH and Non-LIH were issued; they were originated by the BBVA Group for a total of COP 167.252, Bancolombia COP 105.599 and Davivienda S.A. COP 106.359.

On December 6, LIH and Non-LIH TIPS N16 Pesos were issued, for a total of COP 385.473 distributed in the following classes and amounts: Series A2027 for COP 339.124, Series B2032 for COP 37.680, Series MZ for COP 6,785 and Series C for COP 1.884.

The first lot: Total TIPS purchased by the market (90%) corresponded to Series A2027 for COP 339.124; of this first lot, the TIPS sold according to the share percentage of the BBVA Group's financial portfolio were Series A2027 for COP 149.443.

The second lot: TIPS purchased by the originators (12,5%) from their portfolio + excess NPV cash flow (MZ-C) distributed as follows: B2027 for COP 46.125, MZ 2027 for COP 11,040; and C2027 for COP 1.845.

Of the second lot: TIPS purchased by the BBVA Group according to the share percentage of its portfolio (12,5%) + excess NPV cash flow distributed as follows: TIPS B2027 for COP 16.604, TIPS MZ 2032 for COP 3.180 and C2032 for COP 830, for a total of COP 20.614.

The Class B, MZ and C TIPS issued are rated BBB, BB+ and BB, respectively.

13. Fair Value

Fair value measurement

De conformidad con la NIIF 13, Valor razonable es el precio que sería recibido por vender un activo o pagado al tIn accordance with IFRS 13, fair value is the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between participants of the main market on the measurement date, or in the absence thereof, the most advantageous market to which BBVA Colombia has access at the time.

Financial instruments are initially recognized at fair value, which is equivalent to the transaction price, unless there is evidence otherwise on an active market; after that, and depending on the nature of the financial instrument, it can continue to be recorded at fair value through adjustments in the income statements or in equity or at amortized cost.

Whenever applicable, the Group measures the fair value of an instrument by using a listed price on an active market for said instrument. A market is considered to be active if listed prices can be obtained easily and regularly either from a stock market, operator, broker, industry group and/or pricing service, and these prices represent actual market transactions occurring regularly between independent parties in arm's length conditions.

The Group uses widely recognized valuation models to determine the fair value of common, simpler financial instruments, such as currency swap and interest rates that only use observable market data and require few judgments and calculations by management.

Accordingly, the Group uses the average market prices and methodologies as a basis to establish the fair values of its financial instruments, which are provided by the "Precia" price vendor for valuation, selected by the entity and authorized by the Financial Superintendence of Colombia to do so.

When there is no listed price on an active market, the entity uses valuation techniques that maximize the use of observable input and minimize the use of non-observable input. The objective of the valuation techniques is to reach a determination regarding fair value that will reflect the price of the financial instrument on the reporting date, that would have been determined by market participants separately.

In the case of financial instruments that are traded infrequently and whose prices are not very transparent, fair value is less objective and requires several degrees of judgment depending on liquidity, concentration, uncertainty of market factors, valuation assumptions and other risks that affect the specific instruments, which requires additional work during the valuation process.

The Group discloses transfers between the levels of fair value hierarchy at the end of the period during which the change occurred. In 2019 and 2018, there were no transfers of financial instruments measured at fair value between the levels of hierarchy.

Valuation techniques

The Group shall use the valuation techniques that are appropriate for the circumstances and on which there is information available to determine the fair value of financial instruments, always maximizing the use of observable input and minimizing the use of non-observable input.

Accordingly, the entity shall use, as the case may be, the following approaches according to IFRS 13 to measure the fair value of financial instruments:

Market approach - Listed prices, and in the absence thereof, other relevant information generated by market transactions involving identical or comparable financial instruments, will be used to determine the fair value of financial instruments, when applicable.

Input approach - Present value techniques and options valuation models (Black & Scholes model) will be used to measure the fair value of financial instruments, as the case may be. The observable input will be maximized always using discount curves, volatilities and other market variables that are observable and reflect the assumptions that the market participants would use for pricing the financial instrument.

Valuation of financial Instruments - The Group measures fair values using the following hierarchy, according to the importance of the input variables used for measurement:

- **Level 1:** The market price listed (unadjusted) on an active market for an identical instrument.
- **Leve 2:** Valuation techniques based on observable factors, whether directly (such as prices) or indirectly (such as price derivatives). This category includes instruments valued using: market prices listed on active markets for similar instruments; listed prices for similar instruments on markets that are not considered very active; or other valuation techniques where all significant input is directly or indirectly observable based on market data
- **Level 3: Fixed income:** Input for assets or liabilities that is not based on observable market data. This category includes all the instruments where the valuation technique includes factors that are not based on observable data and the non-observable factors can have a significant effect on the valuation of the instrument. This category includes instruments that are valued based on prices listed for similar instruments where significant non-observable assumptions or adjustments are required to reflect the differences between instruments. If a fair value measurement uses observable market data that require significant adjustments based on non-observable data, the measurement is classified as level 3.

  Equities that belong to other references and that are assets with low liquidity because they are low marketability shares and are not valued by an Official Price Vendor are conditioned by the internal valuation assumptions and thus, are classified at levels 2 and 3.

Determining what falls under the term "observable" requires significant criteria on behalf of the entity. Therefore, observable data are understood as the market data that can be easily obtained, are distributed or updated on a regular basis, are reliable and verifiable, are not private (exclusive) and are provided by independent sources that play an active role on the relevant market.

The assumptions and factors used in valuation techniques include risk-free interest rates, reference interest rates, credit spreads and other premiums used to determine discount rates, foreign exchange rates and expected price volatilities.

The availability of observable market prices and factors reduce the need for judgments and calculations by management, along with the uncertainty associated with determining fair values. The availability of observable market prices and input varies depending on the products and markets and is prone to changes based on specific events and general conditions on financial markets.

The fair value of these products also corresponds to product compliance assumptions; in this case, the portfolio has implicit pre-payment assumptions, while demand and term resources have assumptions regarding their maturity. Additionally, when discounted by a market curve, they include effects such as credit spread that applies to portfolio and deposits.

Valuation sensitivity at hierarchy level 3 - Investments at fair value through OCI Equity instruments

Investments classified at Level 3 have significant non-observable input. Level 3 instruments mainly include investments in equity instruments, which are not traded on the stock market. Since observable prices are not available for these securities, the Bank has used valuation techniques, such as discounted cash flow from dividends, to obtain the fair value thereof. The Bank has equity investments in various entities holding less than a 20% share of the entity's equity. These investments are acquired because they are mandatory for the development of the operations, such as BVC (Bolsa de Valores de Colombia), the Counterparty Clearing House, Cámara de Compensación de Divisas, ACH, Redeban and Finagro, among others.

The discounted flow of dividends methodology shall be applied on the following financial assets classified at hierarchy level 3:

Item	BBVA valuation			Long-term rate		
	Lower limit	Average	Upper limit	Lower limit	Average	Upper limit
Fondo para el Financiamiento del Sector Agropecuario "FINAGRO"	$ 104,194,146	$ 102,375,359	$ 100,619,786	1.40%	1.43%	1.45%
Cámara de Compensación de Divisas de Colombia S.A	1,329,958	1,305,734	1,282,361	2.88%	2.93%	2.98%
Cámara de Riesgo Central de la Contraparte S.A.	1,393,636	1,365,516	1,338,397	7.68%	7.81%	7.95%
Total	**$106,917,740**	**105,046,609**	**103,240,543**	**3.99%**	**4.06%**	**4.13%**
Average	35,639,247	35,015,536	34,413,514	1.50%	1.53%	1.56%

Item	Lower limit	Average	Upper limit
Fondo para el Financiamiento del Sector Agropecuario "FINAGRO"	$ 390,114,301	$ 388,577,307	$ 387,052,021
Cámara de Compensación de Divisas de Colombia S.A	8,627,730	8,592,933	8,558,403
Cámara de Riesgo Central de la Contraparte S.A.	11,263,138	11,215,209	11,167,653
Total	**$ 410,005,168**	**$ 408,385,449**	**$ 406,778,077**
Average	$ 136,668,389	$ 136,128,483	$ 135,592,692

Item		Límite Inferior	Promedio	Límite Superior
Ke Finagro	$ 104,194,146	14.02%	14.27%	14.52%
Ke Otras	$ 2,723,594	13.96%	14.21%	14.46%
		14.02%	14.27%	14.52%

Sensitivity analysis: The Ke (cost of capital) rate was sensitized using the criteria CPI +25 basis points/-25 basis points.

Sensitivity analysis:: The variable to be sensitized during the period was the Ke discount rate; the particular component to be sensitized was inflation. This process took into account the estimates of the Bank's Research

Department and the expectations of change in the Central Bank's intervention rate.

It is important to mention that the Group's investments include investments in financial service institutions and in Finagro. This means that the variables that make up the discount rate are different for the two types of investments.

Additionally, it is important to briefly mention the methodology to measure the entities. On one hand, there are the financial service institutions, which basically reflect the upward trend of the latest of each of the entities, always adjusted using the inflation variable estimated by Research. On the other, the valuation of Finagro is not only in line with the evolution of the figures, but also represents growth in the investment portfolio, and the statement of income is simulated using the DTF provided by Research, because it is the variable at which Finagro issues its securities.

Fair value of financial assets and liabilities recorded at amortized cost determined only for disclosure purposes

Below are the details of the way in which the financial assets and liabilities, managed in accounting at amortized cost, were measured at fair value solely for the purposes of this disclosure.

Sensitivity of loan portfolio and lease transactions and deposits in customer accounts

Due to the unavailability of observable market valuation inputs, these assets and liabilities were classified at level 3. Fair value is estimated using the present value of flows method at discount market rates at the time of valuation.

In the case of the loan portfolio, expected cash flows are projected by taking into account balance reductions due to early payments made by customers that are modeled based on historical information.

In turn, deposits in customer accounts are segmented into term deposits and demand deposits. For the term deposits, the contractually agreed cash flows are deducted using current market rates. For the maturity of demand deposits, assumptions are made on their maturity based on the historical modeling of opening and cancellation. The flows discounted at market rates are also projected.

The rates that were used for the discount are the curves CEC COP, CEC UVR and USD Libor 3m.

December 31, 2019

Item	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets					
Commercial loan portfolio	$ 17,426,006	$ 19,531,930	$ -	$ -	$ 19,531,930
Mortgage portfolio	11,991,894	13,395,688	-	-	13,395,688
Consumer portfolio	18,187,814	21,664,815	-	-	21,664,815
Total loan portfolio	**47,605,714**	**54,592,433**	**-**	**-**	**54,592,433**
Liabilities					
Demand deposits	27,738,237	24,351,900	-	-	24,351,900
Term deposits	19,581,927	21,002,458	-	-	21,002,458
Total customer deposits	**$ 47,320,164**	**$ 45,354,358**	**$ -**	**$ -**	**$ 45,354,358**

Determining what falls under the term "observable" requires significant criteria on behalf of the entity. Therefore, observable data are understood as the market data that can be easily obtained, are distributed or updated on a regular basis, are reliable and verifiable, are not private (exclusive) and are provided by independent sources that play an active role on the relevant market.

The assumptions and factors used in valuation techniques include risk-free interest rates, reference interest rates, credit spreads and other premiums used to determine discount rates, foreign exchange rates and expected price volatilities.

The availability of observable market prices and factors reduce the need for judgments and calculations by management, along with the uncertainty associated with determining fair values. The availability of observable market prices and input varies depending on the products and markets and is prone to changes based on specific events and general conditions on financial markets.

Financial obligations and other liabilities

As for financial obligations and other short-term liabilities, the carrying value was considered to be the fair value, since it is mainly indexed by variable interest rates.

Fair value hierarchy of the Group's financial instruments

Debt Securities in Local Currency

Investments in debt securities are valued on a daily basis and their results are also recorded daily.

The Group determines the market value of investments in debt securities that are marketable and available for sale by using the "unadjusted" prices published on a daily basis by Precia, the official price vendor selected by the entity, which have been determined using the market base. The securities that meet these conditions are classified as Level 1 of the fair value hierarchy.

In the case of instruments that are not 100% observable on the market, whose price is determined according to other inputs provided by the price vendor, such as market interest rates, the fair values are based on alternative discounted cash flow valuation techniques, and the entity will classify these instruments at level 2.

Investments in financial instruments are measured exponentially based on the internal rate of return (IRR) calculated at the time of the purchase and recalculated on the coupon payment dates or the indicator's re-price date. These securities are classified as Level 3 of the fair value hierarchy.

Debt Securities in Foreign Currency

In the first place, the market value of the respective security is determined in its own currency, based on unadjusted quoted market prices published by the price vendor selected by the entity and authorized by the Superintendence for this purpose, in which case the fair value hierarchy will be level 1.

In the absence of market prices on the part of the official price vendor, the prices determined by international markets, published by Bloomberg will be used; since they are observable on a financial information platform known by all market agents, they would be classified as Level 1 in the fair value hierarchy.

Finally, when there are no observable inputs on the market, the fair value is determined exponentially based on the internal rate of return (IRR) calculated at the time of the purchase and recalculated on the coupon payment dates or the variable indicator's re-price date as applicable. Securities calculated based on the latter model (IRR) will be classified as Level 3; the Group currently holds securities under this TIPS model.

Derivative financial instruments

According to the standards of the Superintendence, transactions with derivatives are defined as contracts between two or more parties to purchase or sell financial instruments at a future date, or contracts where the underlying asset is a spot price or index. The Group carries out transactions with commercial purposes or hedging purposes in forwards, options, swaps and futures contracts.

All derivatives are measured at fair value. Changes in fair value are recognized in the consolidated statement of income.

For the derivative financial instruments listed below, except for futures, it calculates fair value based on listed market prices of comparable contracts and represents the amount that the entity would have received from or paid to a counterparty to write-off the contract at market rates on the date of the consolidated statement; therefore, they are classified in level 2 of the fair value hierarchy:

- **Futures**

  Futures are measured based on the corresponding market price on the valuation date. These market inputs are published by the official price vendor, "Precia", and taken directly from unadjusted market prices; therefore, they are classified in level 1 of the fair value hierarchy.

- **FX forward (Fwd)**

  Discounted cash flow is the valuation model used, using curves assigned in accordance with the source currency of the underlying asset. These market inputs are published by Precia, the official price vendor, based on observable market information.

- **Interest and exchange swaps**

  The valuation model is based on discounted cash flows, using curves assigned according to the underlying asset, base swap curves (associated exchange of payment at variable interest rates), domestic and foreign curves, implicit curves associated with forward exchange contracts. These market inputs are taken from the information published by ¨Precia¨, the official price vendor.

- **European options - USD/COP**

  The valuation model is based on the Black Scholes methodology using the variables provided by the official price vendor. These variables are mainly curves assigned according to the functionary currency of the underlying asset, forward exchange curves of the domestic currency of the transaction, implicit curves associated with forward exchange contracts, and matrices and curves of implicit volatilities.

Fair value hierarchy of the main financial assets and liabilities at December 31, 2019

Hierarchies	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets	**$ 9,832,469**	**$ 9,832,407**	**$ 5,475,695**	**$ 4,058,798**	**$ 297,914**
Assets at fair value measured on a recurring basis	**9,832,469**	**9,832,407**	**5,475,695**	**4,058,798**	**297,914**
Investments at Fair Value	**7,760,877**	**7,760,815**	**5,475,695**	**1,987,206**	**297,914**
• Investments at fair value through profit or loss	2,555,874	2,555,812	735,543	1,820,191	78
- Bonds	183,606	183,606	170,486	13,120	-
- Term deposits	1,435,467	1,435,467	-	1,435,467	-
- Treasury securities - TES	894,970	894,970	565,057	329,913	-
- Mutual funds	34,142	34,080	-	34,080	-
- Stand-alone trusts	7,611	7,611	-	7,611	-
- Others	78	78	-	-	78
• Investments at fair value through profit or loss provided in Money Market transactions	2,857,496	2,857,496	2,857,478	18	-
- Term deposits	18	18	-	18	-
- Treasury securities - TES	2,857,478	2,857,478	2,857,478	-	-
• Investments at fair value through OCI Debt Instruments	1,497,009	1,497,009	1,390,525	106,484	-
- Treasury securities - TES	1,480,273	1,480,273	1,390,525	89,748	-
- Mortgage securities - TIPS	16,736	16,736	-	16,736	-
• Investments at fair value through OCI Equity instruments	$ 358,349	$ 358,349	$ -	$ 60,513	$ 297,836

Hierarchies	Carrying value	Fair value	Level 1	Level 2	Level 3
- Bolsa de Valores de Colombia S.A.	$ 60,513	$ 60,513	-	$ 60,513	$ -
- Credibanco	117,052	117,052	-	-	117,052
- Redeban S.A.	33,822	33,822	-	-	33,822
- ACH Colombia	41,915	41,915	-	-	41,915
- Counterparty clearing house (CRCC, for the Spanish original)	1,306	1,306	-	-	1,306
- Cámara de Compensación de Divisas de Colombia-CCD	1,366	1,366	-	-	1,366
- Fondo para el Financiamiento del Sector Agropecuario - Finagro	102,375	102,375	-	-	102,375
Investments at fair value through OCI provided in Money Market transactions	**492,149**	**492,149**	**492,149**	**-**	**-**
• Treasury securities - TES	492,149	492,149	492,149	-	-
Investments at amortized cost	**906,766**	**931,543**	**-**	**798,251**	**133,292**
• Investments at amortized cost	92,615	133,292	-	-	133,292
- Treasury securities - TES	46,865	80,097	-	-	80,097
- Agricultural development securities	32,089	31,376	-	-	31,376
- Mortgage securities - TIPS	13,661	21,819	-	-	21,819
Investments at amortized cost through profit or loss provided in Money Market transactions	**814,151**	**798,251**	**-**	**798,251**	**-**
- Agricultural development securities	$ 814,151	$ 798,251	$ -	$ 798,251	$ -

Hierarchies	Carrying value	Fair value	Level 1	Level 2	Level 3
Derivative financial instruments and (asset) cash transactions	**$ 2,071,592**	**$ 2,071,592**	**$ -**	**$ 2,071,592**	**$ -**
Trading	2,026,908	2,026,908	-	2,026,908	-
• Forward contracts	754,470	754,470	-	754,470	-
• Cash transactions	1	1	-	1	-
• Options	25,482	25,482	-	25,482	-
• Swaps	1,246,955	1,246,955	-	1,246,955	-
Hedging	44,684	44,684	-	44,684	-
• Swaps	44,684	44,684	-	44,684	-
Liabilities	**2,039,138**	**2,039,138**	**-**	**2,039,138**	**-**
Liabilities at fair value measured on a recurring basis	**2,039,138**	**2,039,138**	**-**	**2,039,138**	**-**
Derivative financial instruments and (liability) cash transactions	**2,039,138**	**2,039,138**	**-**	**2,039,138**	**-**
Trading	2,024,389	2,024,389	-	2,024,389	-
• Forward contracts	720,739	720,739	-	720,739	-
• Cash transactions	245	245	-	245	-
• Options	25,512	25,512	-	25,512	-
• Swaps	1,277,893	1,277,893	-	1,277,893	-
Hedging	14,748	14,748	-	14,748	-
• Swaps	14,748	14,748	-	14,748	-
Assets	**6,135,231**	**6,135,231**	**5,143,295**	**498,931**	**-**
Assets measured on a non-recurring basis	**6,135,231**	**6,135,231**	**5,143,295**	**498,931**	**-**
Cash, cash balances in central banks and other demand deposits	**5,642,226**	**5,642,226**	**5,143,295**	**498,931**	**-**
• Cash and deposits in banks	5,143,295	5,143,295	5,143,295	-	-
• Money market and related transactions	$ 498,931	$ 498,931	$ -	$ 498,931	$ -

Hierarchies	Carrying value	Fair value	Level 1	Level 2	Level 3
Others	$ 493,005	$ 493,005	$ -	$ -	$ -
• Advances to contracts and suppliers	62,001	62,001	-	-	-
• Accounts receivable (net)	431,004	431,004	-	-	-
Liabilities	**5,678,861**	**5,678,861**	**-**	**2,179,625**	**-**
Investment securities	**2,179,625**	**2,179,625**	**-**	**2,179,625**	**-**
• Outstanding investment securities	2,179,625	2,179,625	-	2,179,625	-
Financial obligations	**2,607,156**	**2,607,156**	**-**	**-**	**-**
• Bank credits and other financial obligations	2,607,156	2,607,156	-	-	-
Others	892,080	892,080	-	-	-
Accounts payable	647,543	647,543	-	-	-
Other liabilities	244,537	244,537	-	-	-
Total assets and liabilities at fair value	**$ 23,685,699**	**$ 23,685,637**	**$10,618,990**	**$ 8,776,492**	**$ 297,914**

Fair value hierarchy of the main financial assets and liabilities at December 31, 2018

Hierarchies	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets	**$ 55,696,155**	**$ 56,727,879**	**$ 4,347,577**	**$ 3,935,766**	**$ 48,444,536**
Investments at Fair Value	**8,148,586**	**8,135,331**	**4,347,577**	**2,643,693**	**1,144,061**
Investments at fair value through profit or loss	**3,013,159**	**3,013,159**	**1,370,737**	**1,642,423**	**-**
• Bonds	8,923	8,923	-	8,923	-
• Term Deposit Certificates	1,215,148	1,215,148	-	1,215,148	-
• Treasury securities - TES	1,643,113	1,643,113	1,232,017	411,096	-
- Other securities	$ 145,976	$ 145,976	$ 138,720	$ 7,256	$ -

Hierarchies	Carrying value	Fair value	Level 1	Level 2	Level 3
Investments at fair value through profit or loss provided in Money Market transactions	**$ 1,540,419**	**$ 1,540,419**	**$ 539,148**	**$ 1,001,270**	**$ -**
• Term Deposit Certificates	459	459	-	459	-
• Treasury securities - TES	1,539,960	1,539,960	539,148	1,000,812	-
Investments at fair value through profit or loss provided as collateral in transactions	**24,507**	**24,507**	**24,507**	**-**	**-**
• Treasury securities - TES	24,507	24,507	24,507	-	-
Investments at fair value through OCI Debt Instruments	**1,097,633**	**1,096,731**	**1,080,896**	**-**	**15,835**
• Term Deposit Certificates	-	-	-	-	-
• Treasury securities - TES	1,080,896	1,080,896	1,080,896	-	-
• Mortgage securities - TIPS	16,737	15,835	-	-	15,835
Investments at fair value through OCI Equity instruments	**300,171**	**300,171**	**62,342**	**-**	**237,829**
• Bolsa de Valores de Colombia S.A.	62,342	62,342	62,342	-	-
• Credibanco	101,737	101,737	-	-	101,737
• Counterparty clearing house (CRCC, for the Spanish original)	1,202	1,202	-	-	1,202
• Cámara de Compensación de Divisas de Colombia-CCD	1,042	1,042	-	-	1,042
• Redeban	17,018	17,018	-	-	17,018
• ACH Colombia	19,530	19,530	-	-	19,530
- Finagro	$ 97,300	$ 97,300	$ -	$ -	$ 97,300

Hierarchies	Carrying value	Fair value	Level 1	Level 2	Level 3
Investments at fair value through OCI provided in Money Market transactions	**$ 891,740**	**$ 891,740**	**$ 891,740**	**$ -**	**$ -**
• Term Deposit Certificates	-	-	-	-	-
• Treasury securities - TES	891,740	891,740	891,740	-	-
Investments at fair value through OCI provided as collateral in transactions	**378,207**	**378,207**	**378,207**	**-**	**-**
• Treasury securities - TES	378,207	378,207	378,207	-	-
Investments at amortized cost	**902,750**	**890,397**	**-**	**-**	**890,397**
Investments at amortized cost	**83,836**	**85,639**	**-**	**-**	**85,639**
• Treasury securities - TES	47,380	47,380	-	-	47,380
• Agricultural development securities	10,966	10,966	-	-	10,966
• Mortgage securities - TIPS	25,490	27,293	-	-	27,293
Investments at amortized cost through profit or loss provided in Money Market transactions	**818,914**	**804,758**	**-**	**-**	**804,758**
• Agricultural development securities	818,914	804,758	-	-	804,758
Derivative financial instruments and (asset) cash transactions	**1,292,073**	**1,292,073**	**-**	**1,292,073**	**-**
Trading	1,283,474	1,283,474	-	1,283,474	-
• Forward contracts	449,062	449,062	-	449,062	-
• Cash transactions	255	255	-	255	-
• Options	$ 35,372	$ 35,372	$ -	$ 35,372	$ -

Hierarchies	Carrying value	Fair value	Level 1	Level 2	Level 3
• Swaps	$ 798,785	$ 798,785	$ -	$ 798,785	$ -
Hedging	8,599	8,599	-	8,599	-
Loan portfolio and lease transactions (net)	**46,255,496**	**47,300,475**	**-**	**-**	**47,300,475**
Loan portfolio and lease transactions	**46,255,496**	**47,300,475**	**-**	**-**	**47,300,475**
Commercial loan portfolio	18,026,283	18,617,370	-	-	18,617,370
Mortgage portfolio	16,835,237	11,487,901	-	-	11,487,901
Consumer loan portfolio	11,393,976	17,195,204	-	-	17,195,204
Liabilities	**51,897,231**	**48,401,261**	**-**	**4,651,183**	**43,750,078**
Derivative financial instruments and (liability) cash transactions	**1,307,567**	**1,307,567**	**-**	**1,307,567**	**-**
Trading	1,265,591	1,265,591	-	1,265,591	-
• Forward contracts	375,644	375,644	-	375,644	-
• Cash transactions	359	359	-	359	-
• Options	33,474	33,474	-	33,474	-
• Swaps	856,115	856,115	-	856,115	-
Hedging	41,976	41,976	-	41,976	-
• Swaps	41,976	41,976	-	41,976	-
Deposits and current liabilities	50,589,664	47,093,694	-	3,343,616	43,750,078
Demand	27,872,455	23,191,634	-	-	23,191,634
Term	19,373,593	20,558,444	-	-	20,558,444
Money market and simultaneous transactions	3,343,616	3,343,616	-	3,343,616	-
Assets	**8,461,493**	**8,461,493**	**-**	**-**	**-**
Cash, cash balances in central banks and other demand deposits	8,461,493	8,461,493	-	-	-
Cash and deposits in banks	7,947,289	7,947,289	-	-	-
Money market and related transactions	$ 514,204	$ 514,204	$ -	$ -	$ -

Hierarchies	Carrying value	Fair value	Level 1	Level 2	Level 3
Liabilities	**$ 4,802,500**	**$ 4,802,500**	**$ -**	**$ -**	**$ -**
Investment securities	2,282,854	2,282,854	-	-	-
• Outstanding investment securities	2,282,854	2,282,854	-	-	-
Financial obligations	2,519,646	2,519,646	-	-	-
• Bank credits and other financial obligations	2,519,646	2,519,646	-	-	-
Total assets and liabilities at fair value	**$ 107,593,386**	**$ 105,129,140**	**$ 4,347,577**	**$ 8,586,949**	**$ 92,194,614**

14. Financial Instruments, Hedging Derivatives And Cash Transactions

For this class of financial instrument, the difference in valuation between previous Generally Accepted Accounting Principles and the International Financial Reporting Standards is the incorporation of the credit risk in each transaction, which is known as the CVA and DVA - credit or debit value adjustments, as applicable.

The financial instruments traded by BBVA are classified as assets or liabilities (see Note 27) according to their results. At December 31, the balance of this account classified as an asset is summarized as follows:

Item	Notional value		Fair value	
	2019	2018	2019	2018
Forward transactions				
Purchase on foreign currency				
Rights	$ 2,512,296	$ 7,868,718	$ 2,548,902	$ 8,216,909
Obligations	-	-	(2,479,588)	(7,776,794)
Sale on foreign currency				
Rights	17,917,148	1,043,239	17,607,676	1,033,109
Obligations	-	-	(16,922,201)	(1,024,118)
Purchase on securities				
Rights	-	125,000	-	133,466
Obligations	-	-	-	(132,941)
Sale on securities				
Rights	-	43,000	-	46,734
Obligations	-	-	-	(46,732)
Less credit risk	$ -	$ -	$ (319)	$ (571)

Item	Notional value		Fair value	
	2019	2018	2019	2018
Total forward contracts	**$ 20,429,444**	**$ 9,079,957**	**$ 754,470**	**$ 449,062**
Cash transactions				
Purchase on foreign currency				
Rights	87	201,973	87	202,073
Obligations	-	-	(87)	(201,889)
Sales on foreign currency				
Rights	295	11,098	295	11,095
Obligations	-	-	(295)	(11,084)
Purchase on securities				
Rights	-	66,922	-	72,729
Obligations	-	-	-	(72,672)
Sales on securities				
Rights	-	8,000	-	7,963
Obligations	-	-	-	(7,960)
Less cva credit risk			-	-
Total cash transactions	**382**	**287,993**	**-**	**255**
Options				
Options on foreign currencies purchased - put:				
• Rights *	-	-	549,243	1,096,510
• Purchase - put	549,243	1,096,510	11,742	9,575
Options on foreign currencies purchased - call:				
• Rights *	-	-	633,473	703,138
• Purchase - call	633,473	703,138	13,772	25,862
Less cva credit risk	-	-	(31)	(65)
Total fair exchange price	**1,182,716**	**1,799,648**	**25,483**	**35,372**
Swaps				
On interest rates:				
Rights	$ 85,683,722	$ 51,858,969	$ 8,625,661	$ 5,870,163

Item	Notional value		Fair value	
	2019	2018	2019	2018
Obligations	$ -	$ -	$ (7,790,426)	$ (5,475,160)
On currencies				
Rights	4,523,183	3,556,588	4,854,365	3,961,557
Obligations	-	-	(4,436,660)	(3,550,538)
Less cva credit risk	-	-	(5,984)	(7,237)
Total swaps	**90,206,905**	**55,415,557**	**1,246,956**	**798,785**
Futures				
Purchase on foreign currency				
Rights	5,760,205	2,675,492	5,760,205	2,675,492
Obligations	-	-	(5,760,205)	(2,675,492)
Sale on foreign currency				
Rights	5,397,245	4,532,196	5,397,245	4,532,196
Obligations	-	-	(5,397,245)	(4,532,196)
Total futures	**11,157,450**	**7,207,688**	**-**	**-**
Total cash transactions and derivatives	**$ 122,976,897**	**$ 73,790,843**	**$ 2,026,908**	**$ 1,283,474**

At December 31, 2019 and 2018, the total CVA (Credit Value Adjustments) was COP $6.335 and COP $7.872, respectively. The most significant counterparties represent 70%, as follows:

Counterparty	Rating	2019	2018
Sociedad portuaria de Santa Marta	BB-	$ 477	$ 1,308
GPC TUGS S.A.	B	1,570	1,863
Contecar	BB+	431	592
Sociedad Portuaria de Cartagena	B+	1,010	2,157
Sura Asset Management S.A.	BBB+	11	52
Seguros de Vida Alfa	BB-	37	352
FPO Porvenir Moderado	BBB	195	210
Constructora Urbana San Rafael S.A.	B	298	173
Total		**$ 4,029**	**$ 6,707**

At December 31, 2019 and 2018, the total DVA (Debit Value Adjustments) was COP $4.709 and COP $3.072 respectively; in addition, the most significant counterparties, which represent 99% and 98%, respectively, are comprised as follows:

Counterparty	2019		2018	
BBVA Madrid Tesorería (1)	$	4,616	$	2,977
BBVA New York		-		14
Grupo de Inversiones Suramericana S.A.		32		50
Total	**$**	**4,648**	**$**	**3,041**

(1) The value with BBVA Madrid Tesorería includes BBVA Madrid and BBVA Madrid Clearing Broker

Below is the information on the value of CVA and DVA broken down by product, showing the product with the greatest impact for 2019 and 2018, respectively. Swaps represent 89,03% of the total CVA and DVA and this is also due to their higher volume of transactions contracted with a cut-off date of 2019.

Product	2019		2018	
CVA				
FW FOREIGN CURRENCIES	$	45	$	81
FW US DOLLARS		275		490
OPTIONS		31		65
SWAP		5,984		7,237
TOTAL	**$**	**6,335**	**$**	**7,873**
DVA				
FW FOREIGN CURRENCIES	$	9	$	24
FW US DOLLARS		763		370
SWAP		3,937		2,679
TOTAL	**$**	**4,709**	**$**	**3,073**

The purpose of the CVA is to calculate the amount of expected losses during the life of the transactions stated at present value in the Treasury derivatives portfolio, at a given future time. Credit risk losses depend on three components: the counterparties' likelihood of default at that time, severity in the case of default and exposure at the time of default.

Since 2016, the DVA (Debit Value Adjustment) calculation was included in the credit risk valuation adjustments. The nature of this adjustment is contrary to that of the CVA, such that it considers the likelihood that the BBVA will default on a positive value transaction for a counterparty due to a credit event. This adjustment will report CVA of the counterparties whose portfolio value is positive for BBVA and DVA of portfolios with a negative value for the Bank.

The CVA and DVA report is made at the transaction level; therefore, the adjustment is distributed between counterparty transactions with the same market value nature as that of the portfolio aggregate; otherwise, a value of zero is allocated to the credit risk adjustment.

The CVA reported in the BBVA derivatives portfolio is sensitive to USD/COP exchange rate movements, which had a positive effect on the market value of the portfolio, after going from COP 3,429.00 per USD 1 to COP 3,277.14 in 2019, and netting is allowed between transactions of the same counterparty, because calculations are carried out at the aggregate level. The data reported in the DVA is exclusively due to the model to calculate credit risk value adjustments.

Derivative transactions are basically covered with cross forwards.

The Group has carried out forward transactions on foreign currencies and securities, showing on the latter a significant decrease by the end of 2019 in relation to the previous year. This is due to the decrease in the trading transactions of said portfolio, going from 31 transactions in the previous year to 6 contracts for the year 2019. In addition to the foregoing, it signed contracts for transactions with futures derivatives on national bonds at the official exchange rate and standardized forwards, options on currencies, swaps on currencies and swaps on interest rates which are valued in accordance with the provisions of Chapter XVIII of the Basic Accounting and Financial Notice (CBCF, for the Spanish original).

As a general policy for derivative transactions, the Bank is ruled by the standards issued by the Financial

Superintendence of Colombia and it takes into account the restrictions and limits of proprietary position, the spot proprietary position, the leveraging position, and the interest rates established by the BBVA Group.

At December 31, 2019 and 2018, derivative transactions showed no charges, restrictions or levies of a legal or financial nature, or pledges, seizures, litigation or any other limitation on the rights inherent to these transactions.

At December 31, 2019, the breakdown of assets and liabilities of transactions with derivative financial instruments was as follows:

At December 31, 2019

Type of instrument	Type of transaction	Currency	Maturity in days		Value Right	Value Obligation	Net result
			Minimum	Maximum			
Currency forward	Purchase	USD/COP	2	2.556	$ 18,423,107	$ (19,022,112)	$ (599,005)
	Purchase	EUR/COP	20	150	33,735	(34,320)	(585)
	Purchase	EUR/USD	2	1.840	287,971	(295,972)	(8,001)
	Purchase	JPY/USD	76	76	4,773	(4,807)	(34)
	Purchase	GBP/COP	17	653	1,145	(1,180)	(35)
	Sale	COP/USD	2	2.766	19,770,035	(19,136,063)	633,972
	Sale	COP/EUR	2	330	211,246	(207,547)	3,699
	Sale	USD/EUR	9	1.840	113,173	(109,486)	3,687
	Sale	USD/JPY	76	76	4,807	(4,773)	34
Total currency forward					**$ 38,849,992**	**$ (38,816,260)**	**$ 33,732**
Spot on currency	Purchase	USD/COP	2	2	136,379	(136,616)	(237)
	Purchase	EUR/COP	2	2	87	(87)	-
	Sale	USD/COP	2	3	295	(295)	-
Total spot on currency					**$ 136,761**	**$ (136,998)**	**$ (237)**

Type of instrument	Type of transaction	Currency	Maturity in days		Value Right	Value Obligation	Net result
			Minimum	Maximum			
Spot on securities	Sale	COP	2	3	$ 14,630	$ (14,636)	(6)
Total spot on securities					**14,630**	**(14,636)**	**(6)**
Total spot					**151,391**	**(151,634)**	**(243)**
Financial options	Purchase PUT	USD/COP	2	391	11,735	-	11,735
	Purchase CALL	USD/COP	2	391	13,748	-	13,748
	Sale PUT	USD/COP	2	391	-	(11,742)	(11,742)
	Sale CALL	USD/COP	2	391	-	(13,770)	(13,770)
Total financial options					**25,483**	**(25,512)**	**(29)**
Interest rate swap	IRS	COP	3	5.257	14,705,300	(14,697,085)	8,215
	IRS	USD	10	3.562	496,317	(508,060)	(11,743)
	OIS	COP	2	3.561	435,835	(430,218)	5,617
Total swap on interest rates					**15,637,452**	**(15,635,363)**	**2,089**
Swap currencies	CCS	USD	10	3.621	10,230,094	(10,263,124)	(33,030)
Total swap on currencies					**10,230,094**	**(10,263,124)**	**(33,030)**
Swap on currencies hedging	CCS	COP	1.938	1.938	1,270,417	(1,240,482)	29,935
Total swap on currencies hedging					**1,270,417**	**(1,240,482)**	**29,935**
Total swap					**27,137,963**	**(27,138,969)**	**(1,006)**
Futures	Sale	COP			78,930	(78,930)	-
Total Futures					**78,930**	**(78,930)**	**-**
Total					**$ 66,243,759**	**$ (66,211,305)**	**$ 32,454**

At December 31, 2018, the breakdown of assets and liabilities of transactions with derivative financial instruments was as follows:

At December 31, 2018

Type of instrument	Type of transaction	Currency	Maturity in days		Value Right	Value Obligation	Net result
			Minimum	Maximum			
Currency forward	Purchase	USD/COP	2	2.205	$ 8,671,643	$ (8,260,776)	$ 410,867
	Purchase	EUR/COP	15	498	63,493	(60,889)	2,603
	Purchase	EUR/USD	4	2.205	318,689	(321,825)	(3,136)
	Purchase	JPY/USD	10	10	6,625	(6,529)	96
	Sale	USD/COP	2	512	9,724,032	(10,053,292)	(329,260)
	Sale	COP/EUR	4	381	201,230	(205,879)	(4,648)
	Sale	USD/EUR	11	2.205	168,911	(171,039)	(2,128)
	Sale	USD/JPY	10	10	6,529	(6,625)	(95)
Total currency forward					**19,161,152**	**(19,086,854)**	**74,299**
Forward on securities	Purchase	COP	8	9	133,466	(132,941)	525
	Sale	COP	8	9	429,435	(430,840)	(1,405)
Total forward on securities					**562,901**	**(563,781)**	**(880)**
Spot on currency	Purchase	USD/COP	2	3	243,864	(243,871)	(7)
	Purchase	EUR/COP	2	3	2,431	(2,393)	38
	Sale	USD/COP	2	2	83,521	(83,545)	(24)
Total spot on currency					**329,817**	**(329,809)**	**7**
Spot on securities	Purchase	COP	2	2	72,730	(72,672)	57
	Sale	COP	2	3	95,588	(95,756)	(168)
Total spot on securities					**168,317**	**(168,428)**	**(111)**
Financial options	Purchase PUT	USD/COP	4	724	$ 10,236	$ 333	$ 10,569

Type of instrument	Type of transaction	Currency	Maturity in days		Value Right	Value Obligation	Net result
			Minimum	Maximum			
	Purchase CALL	USD/COP	3	724	$ 8,329	$ (14,891)	$ (6,562)
	Sale PUT	USD/COP	3	724	1,179	(5,138)	(3,959)
	Sale CALL	USD/COP	3	697	4,063	(2,213)	1,849
Total financial options					**23,807**	**(21,910)**	**1,897**
Interest rate	IRS	COP	(363)	3.488	10,055,264	(10,046,383)	8,881
	IRS	USD	(332)	3.452	474,130	(472,763)	1,366
	OIS	COP	(341)	3.348	150,672	(150,589)	82
Total swap on interest rates					**10,680,066**	**(10,669,736)**	**10,329**
Swap currencies	CCS	USD	(363)	3.468	7,573,665	(7,641,326)	(67,660)
Total swap currencies					**7,573,665**	**(7,641,326)**	**(67,660)**
Swap on currencies hedging	CCS	COP	180	2.372	1,221,299	(1,254,676)	(33,377)
Total swap on currencies hedging					**1,221,299**	**(1,254,676)**	**(33,377)**
Total swap					**19,475,030**	**(19,565,737)**	**(90,708)**
Futures	Purchase	COP			-	-	-
	Purchase	USD			2,675,492	(2,675,492)	-
	Sale	COP			-	-	-
	Sale	USD			4,532,196	(4,532,196)	-
Total futures					**7,207,688**	**(7,207,688)**	**-**
Total					**$ 46,928,714**	**$ (46,944,208)**	**$ (15,495)**

The collateral received and delivered in derivative transactions at December 31, were:

Counterparty	2019		2018	
Active				
Banco Santander Central Hispano (1)	USD	212,415	USD	372,415
BBVA Madrid (2)		17,455,807		1,598,446
Morgan Stanley y Co International		-		6,501,150
Passive				
Morgan Stanley and Co Internacional		(11,758,850)		-
Banco Santander Central Hispano		-		(440,000)
BBVA Bancomer México	USD	(1,210,000)	USD	(4,390,000)

(1) The active guarantee that was set up in EUR with Banco Santander Central Hispano in 2018 continues to back the transaction in 2019.

(2) The amount under BBVA Madrid corresponds to the collateral agreement on all the Bank's derivative transactions with this counterparty.

The financial collateral, regardless of the holder, instrumentation or other circumstances, is analyzed on a periodic basis by the Portfolio Management & Reporting Business Execution risk area in order to determine the credit risk to which it is exposed and, if necessary, to estimate the need to create a provision therefor.

14.1.Financial Instruments – Hedging Derivatives

Bond issuance in foreign currency – The Bank issued subordinated notes abroad in the amount of USD 400 million on April 21, 2015, maturing on February 19, 2025. These bonds mature in 10 years with a coupon rate of 4.875% and will earn interest on a semi-annual basis.

The Subordinated Notes have been issued pursuant to Rule 144A / Regulation S of the US Securities Act of 1933.

BBVA Securities Inc. and Morgan Stanley & Co. LLC., acted as the placement agents.

Hedge Accounting – The Bank constituted cash flow and fair value hedges to hedge the exchange risk and interest rate risk in US dollars, as follows:

Cash flow hedge accounting

These financial instruments were designated as cash flow hedges because both their right and obligation are at a fixed rate and the purpose is to hedge future cash flows for the payment of interest and principal in accordance with the nominal value agreed.

Transaction	Nominal value of right	EA right rate	Nominal value of obligation	EA obligation rate	Right value 2019	Obligation value 2019	Other comprehensive income 2019
9217724	USD 40	4.87%	$ 129,200	4.88%	$ 153,990	$ 162,629	$ (8,639)
9315701	USD 40	4.87%	124,000	4.88%	153,990	160,099	(6,109)
9346154	USD 40	4.87%	117,600	4.88%	153,990	152,240	1,750
Total							**$ (12.998)**

Transaction	Nominal value of right	EA right rate	Nominal value of obligation	EA obligation rate	Right value 2018	Obligation value 2018	Other comprehensive income 2018
9217724	USD 40	4.87%	$ 129,200	9.98%	$ 148,036	$ 161,965	$ (13,929)
9315701	USD 40	4.87%	124,000	10.64%	148,036	160,005	(11,969)
9346154	USD 40	4.87%	117,600	10.71%	148,036	152,206	(4,169)
Total							**$ (30,067)**

Fair value hedge accounting

It was designated at fair value because the obligation is indexed at the IBR (Reference Bank Indicator), which was developed by the private sector, with the backing of the Central Bank of Colombia and other entities, in order to reflect the liquidity of the Colombian money market, that is to say when a debt is acquired on the market today, it will be estimated at a rate similar to the reference rate.

Transaction	Nominal value of right	EA right rate	Nominal value of obligation	EA obligation rate	Right value 2019	Obligation value 2019	Other comprehensive income 2019
9217722	USD 70	4.88%	$ 226,100	IBR+3.19%	$ 269,482	$ 263,351	$ 6,131
9315699	USD 70	4.88%	217,000	IBR+3.57%	269,482	256,799	12,683
9346145	USD 70	4.88%	205,800	IBR+3.75%	269,482	245,362	24,120
Total							**$ 42.934**

Transaction	Nominal value of right	EA right rate	Nominal value of obligation	EA obligation rate	Right value 2018	Obligation value 2018	Other comprehensive income 2018
9217722	USD 70	4.87%	$ 226, 100	IBR+3.19%	$ 259,064	$ 268,117	$ (9,053)
9315699	USD 70	4.87%	217,000	IBR+3.57%	259,064	261,919	(2,856)
9346145	USD 70	4.87%	205,800	IBR+3.75%	259,064	250,465	8,599
Total							**$ (3,310)**

Contractual cash flows

The hedged risk is the exchange rate and the interest rate in USD on the fair value of the bonds and to hedge the uncertainty of future cash flows and their implications regarding the entity's hedge activities; a payment schedule for each flow and period of the hedge is included in the structure of the instrument.

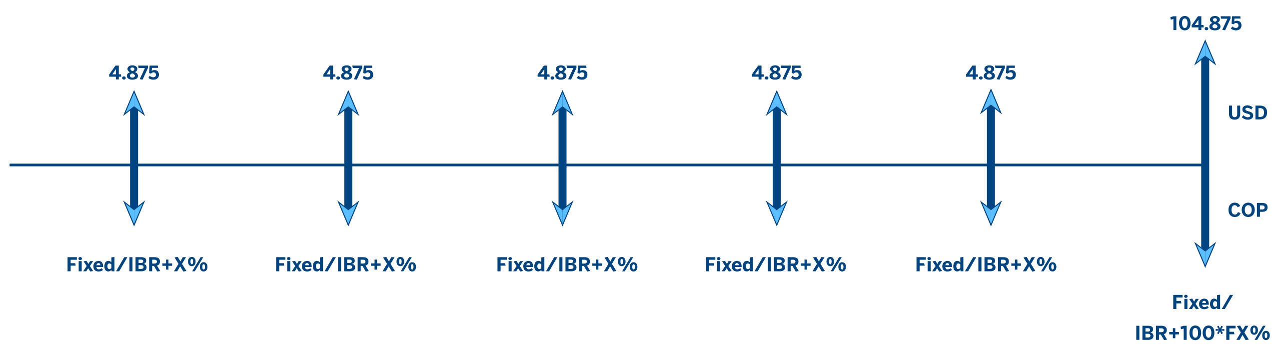
Measurement of hedge effectiveness

IFRS 9, paragraph B6.4.14 indicates that "when the fundamental conditions (such as nominal amount, maturity and underlying) of the hedging instrument and the hedged item match or are closely aligned, an entity can conclude, based on a qualitative assessment of said fundamental conditions, that the hedging instrument and the hedged item have values that will generally move in the opposite direction due to the same risk and, therefore, there is an economic link between the hedged item and the hedging instrument."

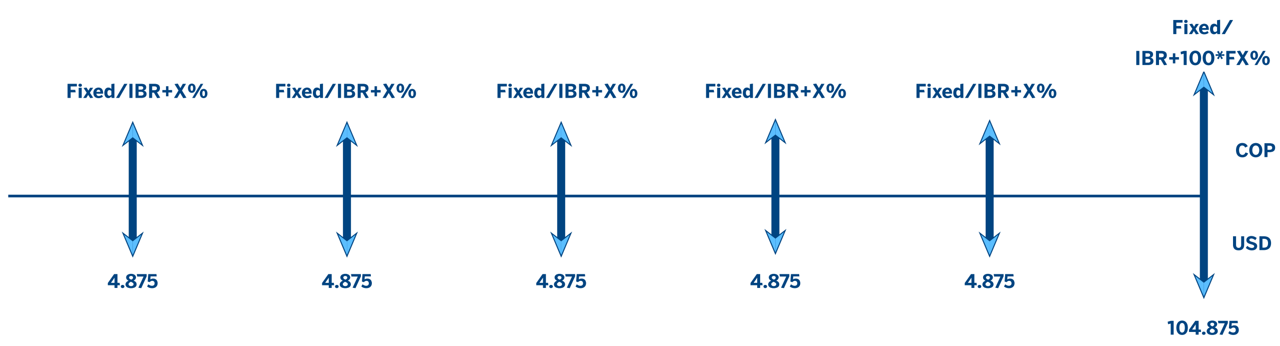
IFRS 9 paragraph B6.5.5 indicates that "To calculate the change in the value of the hedged item for the purposes of measuring the hedge ineffectiveness, an entity can use a derivative with the conditions that match the fundamental conditions of the hedged item (which is commonly known as a hypothetical derivative)".

The hypothetical derivative is defined as the perfect mirror in which a leg is fully in line with the economic characteristics of the hedged item, therefore, it is the method used by the Bank to measure the effectiveness of its hedging instruments, concluding that it will be 100% effective over time.

Derivative



Hypothetical derivative



Based on the above the effective part of the profit or loss of the cash flow hedging instrument was recognized in equity (OCI) and the ineffective part will be recognized in the statement of income. Since the conditions of the CCS (cross currency swap) of the payment received by the Bank in US dollars match those of the hedged item (coupon date, coupon rate, settlement basis of the coupon and final exchange of flows), its effect on the Bank's income statement is expected to be neutral.

At December 31, 2019 and 2018, the items of valuation and accrual of the cash flow hedging swap were recorded in Other Comprehensive Income (OCI) for COP 12,998 and COP 30,067, respectively. On the same dates, no reclassifications of equity were made to the statement of income for the year.

The accounting of hedging derivatives at December 31, is as follows:

Active hedging - CCS swap

The hedging transaction negotiated at the lowest rate recorded a positive valuation (Income); therefore, for this period there was recognition in the active part for COP $36.085 compared to the previous year.

At December 31, 2019

Hedge type	Currency	Value of right	Value of obligation	Statement of financial position	Statement of comprehensive income	Statement of other comprehensive income
Fair value	USD	(808,446)	$ 765,512	42,934	$ -	$ 42,934
Cash flow		(153,990)	152,240	-	-	1,750
			Total	**$ 42,934**	**$ -**	**$ 44,684**
			Total active hedging			**$ 44,684**

At December 31, 2018

Hedge type	Currency	Value of right	Value of obligation	Statement of financial position	Statement of comprehensive income	Statement of other comprehensive income
Fair value	USD	(259,064)	$ 250,465	$ 8,599	$ -	$ -
Cash flow		-	-	-	-	-
			Total	**$ 8,599**	**$ -**	**$ -**
			Total active hedging			**$ 8,599**

Passive hedging - CCS swap 2019

At December 31, 2019

Hedge type	Currency	Value of right	Value of obligation	Statement of financial position	Statement of comprehensive income	Statement of other comprehensive income
Fair value	USD	$ -	$ -	$ -	$ -	$ -
Cash flow		(307,980)	322,728	-	4,235	10,513
			Total	**-**	**$ 4,235**	**$ 10,513**
			Total passive hedging			**$ 14,748**

At December 31, 2018

Hedge type	Currency	Value of right	Value of obligation	Statement of financial position	Statement of comprehensive income	Statement of other comprehensive income
Fair value	USD	(518,127)	$ 530,036	$ 11,909	$ -	$ -
Cash flow		(444,109)	474,176	-	5,922	24,145
			Total	**$ 11,909**	**$ 5,922**	**$ 24,145**
			Total passive hedging			**$ 41,976**

In 2019, the value equivalent to the restatement of the cash flow hedge was COP 35,503 over USD 120 million.

Due to fluctuations in the exchange rate during 2019, there is an 18.91% increase in OCI compared to 2018, which means a decrease in our interest obligation balance for the cash flow hedge transactions.

15. Accounts Receivable, Net

At December 31, the balance of this account is summarized as follows:

Item	2019	2018
Deposits for executive proceedings, collateral and others (1)	$ 177,510	$ 124,149
Accounts transferred to ICETEX (2)	123,180	95,228
Inactive National Treasury Department accounts (3)	26,486	24,843
Fees (4)	10,557	8,876
Securitization process (5)	5,033	8,280
Dividends and shares (6)	1,129	2,331
To employees	348	584
To parent company subsidiaries related parties and associates	1	-
Other (7)	88,278	65,378
Subtotal	**432,522**	**329,669**
Impairment of other accounts receivable	(2,436)	(2,721)
Total other accounts receivable, net	**$ 430,086**	**$ 326,948**

(1) At December 31, 2019, it is comprised mainly of the contracting of Margin Call transactions from derivatives in foreign currency for minor values, whose higher value is represented by transactions with BBVA Madrid, Morgan Stanley and Banco Santander Central Hispano, in the amount of USD 17.455 and EUR 212, respectively. Additionally, this item includes residential leasing deposits of COP $55,933 million represented by 160 transactions in process at an average value of COP $347 million.

(2) These are abandoned accounts transferred to ICETEX, whose balance is greater than 322 RVU and have been inactive for more than 36 months, in accordance with Law 1777/2016, regulated by Decree 953/June 15, 2016. Its increase in 2019 is especially reflected in the transfer of Official Current Accounts with an increase of 62% but with a 4% share in the item, and ordinary savings accounts with a variation of 23% in 2019 and an 81% share in the item of abandoned accounts.

(3) Increase due to the transfer of inactive accounts to the National Treasury Department (DTN, for the Spanish original), whose balance is less than 322 RVU and have been inactive for less than 36 months, in accordance with Decree 2331/1998.

(4) It is increased due to the recording of credit card management fees in the Bank according to Notice 33/2014 issued by the Financial Superintendence of Colombia (SFC, for the Spanish original) and management fees billed to trust businesses and Collective Investment Funds managed by the Trust Company.

(5) The change in the Securitization Process item corresponds to the collection of residual rights from issues E9, E10, E11 and E12, for COP $3.247 million.

(6) These are accounts receivable from dividends and shares from ACH COLOMBIA in the amount of COP $1.129 million

(7) The change in the item corresponds mainly to the balances of each company as follows: Bank for securities contracted in contract settlement transactions with the Counterparty Clearing House carried out on December 29, 2019 COP 30,651 million and account receivable for the settlement of transactions with derivatives at the end of 2019 for COP 33,916 million. Trust Company for the recognition of checks issued by the U.S. Internal Revenue Services (IRS) as a result of the procedure managed by the trustee in order to recover the resources in favor of Joint Venture FONPET 2012 in the amount of USD 1,103,937. These checks were provided for collection from Banco BBVA Colombia S.A. for subsequent monetization. This item also includes accounts receivable from the trusts for statutory audit expenses for the years 2017 and 2018, which must be reimbursed to BBVA Asset Management S.A. as the manager of the trust business.

The movement of the accounts receivable protection provision account in the years ended December 31, 2019 and 2018 was as follows:

Item	2019	2018
Balance at the beginning of year	$ 2,721	$ 19,484
Provision charged to expenses in the year	8,855	7,627
Transfer other items	-	(12,666)
Provision recovery	(3,885)	(5,782)
Provision write-off	(5,255)	(5,942)
Balance at year end	**$ 2,436**	**$ 2,721**

16. Non-Current Assets Held For Sale

Non-current assets held for sale are mainly realizable assets received from the loan portfolio debtors, which the Group intends to sell in the short term; there are departments, processes and programs in place for their sale, either in cash or by granting financing to potential buyers.

At December 31, the balance of this account is summarized as follows:

Item	2019	2018
Realizable assets		
Real estate	$ 39,744	$ 17,719
Subtotal realizable assets	**39,744**	**17,719**
Assets restituted in lease agreements		
Real estate	17,288	6,092
Vehicles	233	-
Machinery and equipment	15	-
Real estate given under residential leasing	16,672	823
Subtotal assets restituted in Lease Agreements	**34,208**	**6,915**
Assets not used for the corporate purpose		
Lands	-	58
Buildings	-	522
Subtotal assets not used in the corporate purpose:	**-**	**580**
Trusts	11,803	8,142
Subtotal trusts	**11,803**	**8,142**
Subtotal realizable and restituted assets	**85,755**	**33,356**
Impairment of non-current assets held for sale		
Realizable assets	$ (12,437)	$ (5,403)

Item	2019	2018
Assets restituted in lease agreements	$ (5,607)	$ (3,362)
Trusts	(8,650)	(7,706)
Subtotal impairment	**(26,694)**	**(16,471)**
Total realizable assets, assets received as payment and restituted assets, net	**$ 59,061**	**$ 16,885**

December 31, 2018, the Group had 65 Non-Current Assets Held for Sale (ANCV, for the Spanish original) amounting to COP $33.356 million and an impairment of COP $16.471 million; at December 31, 2019, the Bank had 202 Non-Current Assets Held for Sale (ANCV) amounting to COP $ 85.755 million and an impairment of COP 26,694 million.

Non-current assets held for sale over two years for the year 2018 and 2019 amounted to COP $12.987 million and COP $16.281 million respectively.

The change in the provision for protection of non-current assets held for sale during the years ended at December 31 was as follows:

Item	2019	2018
Balance at the beginning of year	$ 16,471	$ 14,652
Provision charged to expenses in the year	13,594	7,224
Transfers	297	25
Use of the provision	(250)	(1,024)
Less – Withdrawal for sales and recoveries	(3,418)	(4,406)
Balance at year end	**$ 26,694**	**$ 16,471**

The amounts, permanence time and level of provision of non-current assets held for sale in the periods compared were:

Type of asset			2019		2018	
	2019	2018	Permanence time (1)	Provision	Permanence time (1)	Provision
Real estate	$ 85,755	$ 33,356	23	$ 26,694	27	$ 16,471
Total	**$ 85,755**	**$ 33,356**		**$ 26,694**		**$ 16,471**

(1) Stated as average permanence time in months

17. Property and equipment

At December 31, the balance of this account is summarized as follows:

Item	Lands	Buildings (1)	Vehicles	Fixtures and accessories
Cost				
Balance at December 31, 2018	**$ 152,554**	**$ 627,296**	**$ 2,942**	**$ 256,419**
Acquisitions	-	-	-	25,106
Additions	-	16,221	-	-
Additions for joint operations	-	-	-	-
Sales	(361)	(3,369)	-	(807)
Withdrawals	-	-	-	(2,680)
Others	-	-	-	(6)
Cost balance at December 31, 2019	**152,193**	**640,148**	**2,942**	**278,032**
Depreciation and impairment losses				
Balance at December 31, 2018	**-**	**214,204**	**2,239**	**172,879**
Depreciation for the fiscal year	-	6,180	371	18,220
Derecognition of obsolete real estate	-	-	-	(2,112)
Sale of real estate	-	(1,518)	-	(807)
Others	-	-	-	(6)
Depreciation balance at December 31, 2019	**-**	**218,866**	**2,610**	**188,174**
Impairment	5,090	39,671	-	-
Carrying value at December 31, 2019	**$ 147,103**	**$ 381,611**	**$ 332**	**$ 89,858**

(1) Renovations, expansions and improvements in General Management at the end of 2018 were recorded in construction in progress; for 2019, they were recorded in buildings since the work was completed.

(2) In computers, the addition in joint operations from the trustee is from the contract with the Consorcio FIA.

Computers (2-3)	Machinery, plant and equipment in assembly	Improvements to assets under lease	Constructions in progress (1)	Total
$ 274,303	$ 1,121	$ 20,004	$ 15,302	$ 1,349,941
31,508	-	-	-	56,614
1,626	1,054	-	13,594	32,495
1,709	-	-	-	1,709
(2,858)	-	-	-	(7,395)
(23,030)	-	-	-	(25,710)
-	(1,627)	(880)	(21,333)	(23,846)
283,258	**548**	**19,124**	**7,563**	**1,383,808**
210,114	**-**	**-**	**-**	**599,436**
30,067	-	-	-	54,838
(23,029)	-	-	-	(25,141)
(2,857)	-	-	-	(5,182)
-	-	-	-	(6)
214,295	**-**	**-**	**-**	**623,945**
-	-	-	-	44,761
$ 68,963	**$ 548**	**$ 19,124**	**$ 7,563**	**$ 715,102**

(3) In 2019, ATMs were acquired to meet the network expansion needs and to replace obsolete ATMs according to the Group policies with the Diebold-Nixdorf supplier due to the merger of Diebold and Wincor.

At Monday, December 31, 2018, the balance of this account is summarized as follows:

Item	Lands	Buildings (1)	Vehicles	Fixtures and accessories
Cost				
Balance at December 31, 2017	**$ 154,409**	**$ 624,328**	**$ 2,942**	**$ 236,082**
Acquisitions	621	3,820	-	21,238
Additions	-	5,458	-	-
Sales	(2,505)	(6,433)	-	(894)
Withdrawals	-	-	-	(7)
Accounting adjustments	29	123	-	-
Cost balance at December 31, 2018	**152,554**	**627,296**	**2,942**	**256,419**
Depreciation and impairment losses				
Balance at December 31, 2017	**-**	**210,687**	**1,868**	**156,517**
Depreciation for the fiscal year	-	5,924	371	17,256
Derecognition of obsolete real estate	-	-	-	(7)
Sale of real estate	-	(2,407)	-	(887)
Depreciation balance at December 31, 2018	**-**	**214,204**	**2,239**	**172,879**
Impairment	5,688	16,802	-	-
Carrying value at December 31, 2018	**$ 146,866**	**$ 396,290**	**$ 703**	**$ 83,540**

(1) In 2018, the Bank purchased Office 701 located on Vía 7 - Alianza Fiduciaria Bogotá D.C. It is important to mention that remodeling and improvements have been carried out at the General Directorate and the Office Network by Open Space, the image of our transformation.

(2) In 2018, ATMs were acquired to meet the network expansion needs and to replace obsolete ATMs according to the Bank's policies with the Diebold-Nixdorf supplier due to the merger of Diebold and Wincor.

	Computers (2-3)	Machinery, plant and equipment in assembly	Improvements to assets under lease	Constructions in progress (1)	Total
	$ 242,957	$ 337	$ 25,984	$ 4,735	$ 1,291,774
	37,020	-	-	-	62,698
	925	1,709	-	18,261	26,353
	(3,355)	-	-	-	(13,186)
	(3,245)	-	-	-	(3,251)
	-	(925)	(5,980)	(7,694)	(14,447)
	274,303	1,121	20,004	15,302	1,349,941
	194,121	-	-	-	563,193
	22,592	-	-	-	46,143
	(3,245)	-	-	-	(3,251)
	(3,355)	-	-	-	(6,648)
	210,114	-	-	-	599,437
	-	-	-	-	22,490
	$ 64,189	$ 1,121	$ 20,004	$ 15,302	$ 728,013

All the Group's property and equipment are duly covered against fire, related dangers, damage to electrical and electronic equipment, mechanical breakdown, HAMCCop (malicious acts) and theft, through insurance policies that are in force and there is no restriction on ownership.

At the end of December 31, 2019, there were 261 properties; during the year, the properties corresponding to the Colón Plaza Agency, Metrosur Branch and Maní Branch were handed over to the Non-Financial Asset Management (GANF, for the Spanish original) area for sale.

For purposes of constituting provisions or individual valuation on the real estate, commercial appraisals are carried out with independent firms registered at the Realtors Association ("Lonja de Propiedad Raíz"). The term applied for these appraisals is 3 years, and by December 31, 2019, the Bank visited all the properties in order to update the appraisal. However, at December 31, 2019, the values of 175 properties owned by the Bank were updated.

Appraisal date	Number	Share %
2017	2	1%
2018	4	2%
2019	175	67%

Depreciation – Fixed assets are depreciated using the straight line method and begin depreciating when they are in optimal conditions of use.

The useful life and cost of the asset are determined through appraisal by independent experts every 36 months and the basis of depreciation is calculated by subtracting the residual value of each fixed asset (buildings) from the cost.

Impairment – The impairment of fixed assets for the year 2019 and 2018 was COP $22.271 and COP $1.720 respectively, mainly due to the appraisals carried out by the end of December 31, 2019.

Assets given under operating leases

Item	2019	2018
Machinery and equipment	$ 4,133	$ 9,398
Subtotal – capital	**4,133**	**9,398**
Less – accumulated depreciation	2,674	5,591
Subtotal – capital	**1,459**	**3,807**
Less - impairment	2	5
Subtotal – capital	**1,457**	**3,802**
Rental rate of assets given under leasing	102	169
Total Operating Leases	**$ 1,559**	**$ 3,979**

The classification of assets given under operating leasing and provisions by geographic zone at December 31, 2019, is as follows:

Zone	Capital	Depreciation	Provision	Total
Bogotá	$ 4,133	$ 2,674	$ -	$ 1,459
Total	**$ 4,133**	**$ 2,674**	**$ -**	**$ 1,459**

The assets given under operating leases at December 31, 2019 were distributed in receivables devoted to the following economic activities:

Activity	Capital	Depreciation	Provision	Total
Specialized maintenance and repair	$ 4,133	2,674	$ -	$ 1,459
Total	**4,133**	**2,674**	**$ -**	**$ 1,459**

The classification of assets given under operating leasing and provisions by geographic zone at December 31, 2018, is as follows:

Zone	Capital	Depreciation	Provision	Total
Bogotá	$ 9,398	$ 5,593	$ -	$ 3,805
Total	**$ 9,398**	**$ 5,593**	**$ -**	**$ 3,805**

The assets given under operating leases at December 31, 2018 were distributed in receivables devoted to the following economic activities:

Activity	Capital	Depreciation	Provision	Total
Specialized maintenance and repair	$ 9,398	$ 5,593	$ -	$ 3,805
Total	**$ 9,398**	**$ 5,593**	**$ -**	**$ 3,805**

18. Intangible assets

At December 31, the intangible assets are broken down as follows:

Item	2019	2018
Software and applications	$ 102,617	$ 93,783
Total	**$ 102,617**	**$ 93,783**

The change in software and applications during the years 2019 and 2018 was as follows:

At December 31, 2019

Item	Useful life	Balance at 12/31/2018	Addition	Amortization/ retirement	Balance at 12/31/2019
Software and applications	5	$ 93,783	$ 44,519	$ (35,685)	$ 102,617
Total		**$ 93,783**	**$ 44,519**	**(35,685)**	**$ 102,617**

At December 31, 2018

Item	Useful life	Balance at 12/31/2017	Addition	Amortization/ retirement	Balance at 12/31/2018
Software and applications	5	$ 66,566	$ 136,718	$ (109,501)	$ 93,783
Total		**$ 66,566**	**$ 136,718**	**$ (109,501)**	**$ 93,783**

The additions in 2019 correspond to purchases made for Corporate Software development contracts, Mobile Banking and licenses in 2019.

Amortization for intangible assets for the years 2019 and 2018 was COP $35.685 and COP $109.501, respectively.

19. Investments in joint arrangements

The balance of the account at december 31, 2019 and 2018 consisted of the following:

At December 31, 2019

Item	Domicile	Equity	Equity capital	Share percentage	Carrying value
RCI Banque Colombia SA	Medellín	$ 234,942	$ 115,122	49.00%	133,636
FAP Asobolsa	Bogotá D.C.	1,526	80	5.26%	78
Collective Investment Funds in Joint Operations	Bogotá D.C.	-	-	-	478
Total investments in joint arrangements					**$ 134.192**

Item	Rating	Assets	Liabilities	Profits and/or Losses
RCI Banque Colombia SA	A	1,846,723	1,573,997	25,942
FAP Asobolsa	A	1,489	-	(37)
Collective Investment Funds in Joint Operations	A	-	-	-
Total investments in joint arrangements				

There is an 11% increase, represented by cop $14.508 Million mainly in investments in joint ventures and trust rights; in accordance with the agreement reached at the rci banque colombia meeting of shareholders, no dividends were distributed since they will be kept as reserves.

The group measures investments in the following joint arrangements using the equity method: fap asobolsa, collective investment funds in joint operations and for rci banque colombia sa.

At December 31, 2018

Item	Domicile	Equity	Equity capital	Share percentage	Carrying value
RCI Banque Colombia SA	Medellín	$ 234,942	$ 115,122	49.00%	119,606
FAP Asobolsa	Bogotá D.C.	1,526	80	5.26%	78
Total investments in joint arrangements					**$ 119,684**

Item	Rating	Assets	Liabilities	Profits and/or Losses
RCI Banque Colombia SA	A	$ 1,317,738	$ 1,073,644	$ 14,933
FAP Asobolsa	A	$ 1,488	$ 15	$ 328
Total investments in joint arrangements				

RCI Colombia S.A. Compañía de Financiamiento" (hereinafter "RCI" or "the Company"): The purpose of RCI is to enter into or carry out all that transactions and contracts legally permitted for financing companies, subject to the requirements and limitations of Colombian Law, namely:

1. Attracting term funds for the primary purpose of carrying out active consumer credit, payroll loan, factoring and remittance transactions.

2. Provide retail financing (credit, leasing) for buyers of new renault vehicles and new vehicles of related brands and used vehicles of all brands.

3. Provide wholesale financing to renault dealers and distributors and related brands and spare part inventories.

4. Transfer and sell accounts receivable from vehicle loans.

5. Obtain loans from financial institutions, related parties or affiliates of their shareholders in the form of loans, bonds, asset-backed securities, commercial papers and other instruments and to guarantee such obligations to the extent necessary.

6. Facilitate the sale of related insurance and other services (including life insurance, payment protection insurance and all-risk vehicle insurance).

7. Remarket the vehicles returned by leasing customers and those recovered from defaulted customers.

20. Other Assets (Net)

El saldo de la cuenta a 31 de diciembre estaba compuesto de la siguiente manera:

Item	2019		2018	
Letters of credit of deferred payment (1)	$	40,631	$	12,306
Activities in joint operations		4		-
Art and cultural assets		455		455
Sundries (2)		5,890		6,847
Subtotal other assets		**46,980**		**19,608**
Impairment of other assets		(4,024)		(1,764)
Total other assets, net	**$**	**42,956**	**$**	**17,844**

(1) The account balance consists of the Letters of Credit in foreign currency: Expo-Ganados Internacional COP $36.189 million and Hojalata y Laminados SA COP $2.321 million in EUR 12 transactions of Quimpac de Colombia COP $2.121 million. The obligation of Expo-Ganados is paid by the customer in deferred terms according to the payment agreement.

(2) At December 31, 2019, the balance decreases mainly due to the derecognition in accounts receivable from the Visa network of electronic deposit transactions in the amount of COP $302 million and missing amounts from ATMs in multi-vendor implementation in the process of adjustment in the amount of COP $656 million.M.

21. Prepaid Expenses And Advances From Contracts And Suppliers

Prepaid expenses are broken down as follows:

Item	2018		2018	
Prepaid expenses				
Corporate software maintenance	$	17,146	$	12,110
Insurance		1,697		1,530
Electronics		4,091		962
Others		601		194
Total prepaid expenses		**23,535**		**14,796**
Advances to contracts and suppliers				
Advances to contracts and suppliers		62,001		203,873
Total advances to contracts and suppliers		62,001		203,873
Total prepaid expenses and advances to contracts and suppliers	**$**	**85,536**	**$**	**218,669**

Other prepaid expenses includes robust local and corporate software maintenance contracts; the amortization period according to the legal and contractual entitlement cannot exceed the period of those rights, but it can be less than that established by the parties. The time indicated in useful life depends on the period during which the entity expects to use the asset.

Additions presented in 2019 in Prepaid Expenses correspond to payments made as follows:

a- Payments made to acquire global, multi-risk, life and auto insurance policies.

b- Payments made for renewals of software maintenance and support, transfer prices and technical data storage services.

The retirements generated in 2019 correspond to amortizations generated during the year, received for services or whose costs or expenses are incurred.

At the end of 2018, we had 168 advances for a total of COP $203.872 million and at the end of 2019, we closed with 165 advances for a total of COP $62.001 million, where the biggest difference is due to the cancellation of leasing transactions 15276, 16015 and 16014 of EMPRESAS DE ENERGÍA DEL PACÍFICO SA ESP for a total of COP $122.511 million. Similarly, the average advance drawn per transaction increased from COP $1 billion per transaction to COP $390 million.

The subsidiaries have the following insurance policies at December 31:

BBVA Fiduciaria

Item	2019	2018
Global banking policy	$ 27	$ 36
Total	**$ 27**	**$ 36**

BBVA Valores

Item	2019	2018
Global banking policy	$ -	$ 10
Non-contractual civil liability policy	82	73
Total	**$ 82**	**$ 83**

The movement of prepaid expenses during the year 2019 was as follows:

Item	Balance 2018	Addition	Amortization / withdrawal	Balance 2019
Software maintenance	$ 12,109	$ 33,213	$ (28,176)	$ 17,146
Insurance	1,530	5,793	(5,626)	1,697
Electronics	962	6,145	(3,016)	4,091
Data transmission	-	20,699	(20,699)	-
Others	195	12,223	(11,817)	601
Total	**$ 14,796**	**78,073**	**$ (69,334)**	**$ 23,535**

Item	Balance 2018	Addition	Amortization / withdrawal	Balance 2018
Software maintenance	$ 8,339	$ 51,776	$ (48,006)	$ 12,109
Insurance	1,519	7,527	(7,515)	1,530
Electronics	922	1,405	(1,365)	962
Data transmission	750	38	(788)	-
Others	182	1,501	(1,488)	195
Total	**$ 11,711**	**62,247**	**$ (59,162)**	**$ 14,796**

22. Deposits And Liabilities

The Group's passive portfolio at December consisted of the following:

Item	2019	2018
Savings deposits	$ 20,136,180	$ 18,691,718
Deposits in checking accounts	6,547,255	7,256,376
Current liabilities for services	518,323	433,332
Special deposits	260,354	1,216,951
Special savings accounts	269,536	267,237
Single deposits	2,604	2,564
Canceled accounts	728	708
Banks and correspondents	2,126	2,735
Electronic deposits	1,131	834
Total deposits and demand liabilities	**27,738,237**	**27,872,455**
Term deposit certificates	19,571,188	19,362,949
Real value savings certificates	10,739	10,644
Total deposits and term liabilities	**19,581,927**	**19,373,593**
Total deposits and current liabilities	**$ 47,320,164**	**$ 47,246,048**

A summary of deposits and liabilities as of December 31, 2019 is as follows:

Item	Local currency	Foreign currency	Total currency
Checking account			
Official sector	$ 1,516,691	$ -	$ 1,516,691
Private sector	5,027,700	2,864	5,030,564
Total checking account	**6,544,391**	**2,864**	**6,547,255**
Single deposit			
Private sector	2,604	-	2,604
Total single deposit	**2,604**	**-**	**2,604**
Term Deposits- COP			
Official sector	2,336,947	-	2,336,947
Private sector	17,234,241	-	17,234,241
Total CDT-COP	**19,571,188**	**-**	**19,571,188**
Savings deposits			
Deposits:			
Official sector	6,111,198	-	6,111,198
Private sector	14,024,982	-	14,024,982
Special savings:			
Private sector	269,536		269,536
Total savings deposits	**20,405,716**	**-**	**20,405,716**
Term Deposits-RVU			
Private sector	10,739	-	10,739
Total Term Deposits - RVU	**10,739**	**-**	**10,739**
Other deposits			
Banks and correspondents	2,126	-	2,126
Special deposits	179,862	42,501	222,363
Tax collection	39,122	-	39,122
Banking services	455,764	62,559	518,323
Total other deposits	**676,874**	**105,060**	**781,934**
Others			
Canceled accounts	**728**	**-**	**728**
Total deposits and current liabilities	**$ 47,212,240**	**$ 107,924**	**$ 47,320,164**

A summary of deposits and liabilities as of December 31, 2018 is as follows:

Item	Local currency	Foreign currency	Total currency
Checking account			
Private sector	$ 5,246,653	$ 2,929	5,249,582
Official sector	2,006,794	-	2,006,794
Total checking account	**7,253,447**	**2,929**	**7,256,376**
Single deposit			
Private sector	2,564	-	2,564
Total single deposit	**2,564**	**-**	**2,564**
Term Deposits - COP			
Private sector	17,039,886	-	17,039,886
Official sector	2,323,063	-	2,323,063
Total CDT-COP	**19,362,949**	**-**	**19,362,949**
Savings deposits			
Deposits:			
Private sector	11,882,599	-	11,882,599
Official sector	6,809,119	-	6,809,119
Special savings:			
Private sector	267,237	-	267,237
Total savings deposits	**18,958,955**	**-**	**18,958,955**
Term Deposits-RVU			
Private sector	10,644	-	10,644
Total Term Deposits-RVU	**10,644**	**-**	**10,644**
Other deposits			
Banks and correspondents	2,735	-	2,735
Special deposits	157,805	15,696	173,502
Tax collection	1,044,283	-	1,044,283
Banking services	365,335	67,996	433,331
Total other deposits	**1,570,158**	**83,692**	**1,653,851**
Others			
Canceled accounts	**708**	**-**	**708**
Total canceled accounts	**708**	**-**	**708**
Total deposits and current liabilities	**$ 47,159,426**	**$ 86,622**	**$ 47,246,048**

The decrease in special deposits is due to the Bank collection of the national tax of corporate customer ECOPETROL in the amount of COP $950 billion, on account of withholding taxes of December of 2018, which was agreed with the tax authorities to be transferred in the established terms.

The 8% increase in the opening of savings accounts, generated mainly by the private sector of institutional customers.

As for resources, the change in the regulation regarding the management of royalties and the fact that 2019 has been the last year in office of the local administrations, which implies higher levels of execution, resulted in the decrease in this type of resources, generating a significant drop in balances. Given the foregoing, actions were focused on the collection of territorial entities' own income and attracting resources from the Situado Fiscal [growing percentage of the Nation's current income] (Plan Colombia Rural, National Treasury Department (DTN, for the Spanish original) accounts, Fonpet Development, etc.), in order to offset said drop in royalty resources which impact payments and cash inflows.

23. Money Market And Related Transactions

At December 31, the balance of this account is summarized as follows:

Item	Rate	2019	Rate	2018
Ordinary interbank funds purchased:				
Banks	4.11%	$ 340,205	4,10%	$ 80,036
Total interbank funds purchased		**340,205**		**80,036**
Transfer commitments in closed repo transactions:				
Central Bank of Colombia	4.11%	3,840,739	4,11%	3,075,472
Counterparty Clearing House	4.11%	58,813	3,92%	70,897
Total closed repo transactions		**3,899,552**		**3,146,369**
Commitments originated in short positions for simultaneous transactions				
Central Bank of Colombia	-	47,169	-	76,955
Banks	-	10,344	-	4,536
Insurance companies	-	23,604	-	-
Stockbrokers	-	19,352	-	-
Trust companies	-	-	-	35,720
Fund management companies	-	41,802	-	-
Foreign residents	-	28,724	-	-
Total commitments for simultaneous transactions		**170,995**		**117,211**
Total passive positions in money market transactions		**$ 4,410,752**		**$ 3,343,616**

In 2019, ordinary interbank funds were purchased for COP 340,205 at an average rate of 4.11% with a maturity of 3 days, and at an average rate of 4.10% in 2018.

In turn, at December 31, 2019, repo transactions were agreed with the Central Bank of Colombia at an average rate of 4.11%, with maturities between 3 and 8 calendar days, which did not have any significant variation compared to December 31, 2018, agreed at the same rate and average maturity.

No transaction costs were earned other than the interest agreed.

24. Bank Loans And Other Financial Obligations

At December 31, the balance of this account is summarized as follows:

Item	2019	2018
Foreign currency		
Citibank NA (2)	$ 263,343	$ 227,552
Corporación Andina De Fomento(2)	230,351	-
Bank of America, N.A- San Francisco, Ca Us (1)	-	113,925
Bancoldex S.A. (1)	-	805
Wells Fargo Bank N.A. (2)	231,761	229,218
The Toronto Dominion Bank	66,109	98,309
Sumitomo Mitsui Banking Corporation (1)	-	65,131
Total foreign currency	**791,564**	**734,940**
Legal currency		
Financiera de Desarrollo Territorial - FINDETER	825,310	780,546
Banco de Comercio Exterior S.A. - BANCOLDEX	302,355	365,765
Fondo para el Fomento del Sector Agropecuario - FINAGRO	283,746	234,928
International Finance Corporation IFC	404,181	403,467
Total legal currency	**1,815,592**	**1,784,706**
Total Bank credits and other financial obligations	**$ 2,607,156**	**$ 2,519,646**

The increase between 2019 and 2018 of the funds obtained in foreign currency comes from the net value between the constitution, payment and exchange difference of the financial obligations. The foregoing is mainly due to payments made by (1) Bank of America, Bancoldex and Sumitomo Mitsui Banking Corporation and Constituciones (2) Corporación Andina de Fomento, Wells Fargo Bank N.A. and Citibank, amounting to COP $791.564, COP $741.134 and COP $6.193, respectively.

The loan with Corporación Andina de Fomento was acquired on October 29, 2019, maturing on April 24, 2020, in the amount of USD 70 million at a rate of 2.33%.

Foreign-currency denominated financial obligations were contracted to maintain the Bank's liquidity and were acquired without collateral.

The financial costs of the obligations are calculated on a daily basis, based on 360 days on principal defined by their frequency and interest rate.

The rate for foreign currency obligations averaged Libor + 0,32% (Trade), + 0,58% (WK) and + 0,36% (Trade), +0,62% (WK), for short-term obligations maturing within 1 year at December 31, 2019 and 2018, respectively.

Maturity of the loans varies according to the program (typically between one and ten years), and the funds directly provided by the Bank vary from 0% to 40% of the total value of the loan, whereas the balance is provided by Government entities.

The classification bases for the temporality of financing are:

Foreign Currency

No.	Category	Time
1	Less than 1 year	<365
2	From 1 to 5 years	> 365 < 1,825
3	More than 5 years	> 1,825

Legal Currency

No.	Category	Time
1	Less than 1 year	<364
2	From 1 to 5 years	> 365 < 1,095
3	More than 5 years	> 1,096

The breakdown by term in foreign currency is as follows:

Foreign currency obligations at December, 2019

Entidad	Interest	Capital			Total
		Less than 1 year	From 1 to 5 years	More than 5 years	
Citibank Na	$ 1,172	$ 262,171	$ -	$ -	$ 263,343
Corporación Andina De Fomento	952	229,400	-	-	230,352
Wells Fargo Bank N.A.	2,360	229,400	-	-	231,760
The Toronto Dominion Bank	566	65,543	-	-	66,109
Total	**$ 5,050**	**$ 786,514**	**$ -**	**$ -**	**$ 791,564**

Foreign currency obligations at December, 2018

Entidad	Interest	Capital			Total
		Less than 1 year	From 1 to 5 years	More than 5 years	
Citibank Na	$ 70	$ 227,483	$ -	$ -	$ 227,553
Bank Of America, N.A- San Francisco, Ca Us	184	113,741	-	-	113,925
Bancoldex S.A.	9	796	-	-	805
Wells Fargo Bank N.A.	1,735	227,482	-	-	229,217
The Toronto Dominion Bank	816	97,493	-	-	98,309
Sumitomo Mitsui Banking Corporation	136	64,995	-	-	65,131
Total	**$ 2,950**	**$ 731,990**	**$ -**	**$ -**	**$ 734,940**

The breakdown by term in foreign currency is as follows:

Legal currency obligations at December, 2019

Entidad	Interest	Capital			Total
		Less than 1 year	From 1 to 5 years	More than 5 years	
Financiera de Desarrollo Territorial - FINDETER	$ 3,052	$ 3,838	$ 37,404	$ 781,016	$ 825,310
Banco de Comercio Exterior S.A. – BANCOLDEX	743	39,180	156,432	106,000	302,355
Fondo para el Fomento del Sector Agropecuario – FINAGRO	2,698	24,470	69,351	187,227	283,746
International Finance Corporation IFC	1,459	-	-	402,722	404,181
Total	**$ 7,952**	**$ 67,488**	**$ 263,187**	**$ 1,476,965**	**$ 1,815,592**

Legal currency obligations at December, 2018

Entidad	Interest	Capital			Total
		Less than 1 year	From 1 to 5 years	More than 5 years	
Financiera de Desarrollo Territorial - FINDETER	$ 5,221	$ 2,883	$ 23,717	$ 748,725	$ 780,546
Banco de Comercio Exterior S.A. – BANCOLDEX	1,291	57,177	203,824	103,473	365,765
Fondo para el Fomento del Sector Agropecuario – FINAGRO	2,293	25,559	61,230	145,846	234,928
International Finance Corporation IFC	1,287	-	-	402,180	403,467
Total	**$ 10,092**	**$ 85,619**	**$ 288,771**	**$ 1,400,224**	**$ 1,784,706**

The Finagro portfolio showed moderate growth, considering the campaigns carried out for loan placement and opening lines with benefits in terms of rates. It is important to mention the significant growth of the Findeter portfolio, leveraged by the placement of high-value loans to departmental/district entities. The does not currently have any covenants signed with other financial entities.

In 2019, the Bank's funding strategy was focused on covering the financing needs of the loan portfolio, which was more dynamic in the second half of the year, mainly in the consumer mortgage portfolio. Thus, term deposits were mainly made in terms of 2, 3 and 5 years, aiming not only to meet the liquidity needs, but also to reconcile the balance sheet in terms of Structural Interest Risk in accordance with the Risk Appetite Framework defined for the Bank.

25. Derivative Financial Instruments And Cash Transactions (Liabilities)

At December 31, the balance of the account classified in liabilities is summarized as follows:

Item	Notional value		Fair value	
	Dec-31-19	Dec-31-18	Dec-31-19	Dec-31-18
Forward contracts				
Purchase on foreign currency				
Rights	$ 17,158,972	$ 873,250	$ (16,201,938)	$ (844,016)
Obligations	-	-	16,879,483	873,175
Sale on foreign currency				
Rights	2,534,341	9,144,554	(2,491,748)	(9,067,611)
Obligations	-	-	2,535,715	9,413,083
Sale on securities				
Rights	-	359,000	-	(382,701)
Obligations	-	-	-	384,108
Less credit risk	-	-	(772)	(395)
Total forward contracts	**19,693,313**	**10,376,804**	**720,740**	**375,643**

Item	Notional value		Fair value	
	Dec-31-19	Dec-31-18	Dec-31-19	Dec-31-18
Cash transactions				
Purchase on foreign currency				
Rights	136,649	44,393	(136,379)	(44,228)
Obligations	-	-	136,617	44,381
Sales on foreign currency				
Rights	-	72,443	-	(72,426)
Obligations	$ -	$ -	$ -	$ 72,461

Item	Valor nocional		Valor contable	
	31-dic-19	31-dic-18	31-dic-19	31-dic-18
Sales on securities				
Rights	$ 13,949	$ 85,677	$ (14,630)	$ (87,625)
Obligations	-	-	14,636	87,796
Less CVA credit risk	-	-	-	-
Total cash transactions	**150,598**	**202,513**	**244**	**359**
Options on foreign currencies issued - put:				
Obligations	-	-	549,243	518,585
Sales - Put	549,243	518,585	11,742	7,614
Options on foreign currencies issued - call:				
Obligations	-	-	633,473	703,138
Sales - Call	633,473	703,138	13,770	25,860
Less DVA credit risk	-	-	-	-
Total fair exchange price	**1,182,716**	**1,221,723**	**25,512**	**33,474**
Swaps				
On interest rates:				
Rights	84,202,954	49,187,381	(7,010,037)	(4,808,442)
Obligations	-	-	7,844,938	5,194,575
On currencies				
Rights	5,478,666	3,656,915	(5,379,532)	(3,618,126)
Obligations	-	-	5,826,461	4,090,786
Less CVA credit risk			(3,937)	(2,678)
Total swaps	**89,681,620**	**52,844,296**	**1,277,893**	**856,115**
Total cash transactions and derivatives	**$ 110,708,247**	**$ 64,645,336**	**$ 2,024,389**	**$ 1,265,591**

The Group is the second largest in the Public Debt Market Makers Arrangement and this means that it must structurally have a high portfolio of treasury bonds (both fixed-rate TES and UVR TES). This need has increased over time as the Public Credit Office's strategy has been to increase the duration of On the Run bonds. A hedge on the bond position can be covered with IBR swaps, which grew in 2019; also, several local off-shore customers have sought hedges which can be seen in the growth in the position of all the Bank's derivatives.

26. Accounts Payable

At December 31, the balance of this account is summarized as follows:

Item	2019	2018
Suppliers (1)	$ 119,413	$ 139,299
Labor contributions	5,265	8,450
Fogafin deposit insurance (2)	69,381	69,174
Dividends and surplus	73,971	66,950
Seizure management	6,252	7,834
National Law 546 / 1999	35,979	32,931
Non-bank Colpensiones agreements payroll (3)	102,512	62,760
Loan transaction surplus and others (4)	31,568	28,894
Uncollected checks	19,649	17,494
Intended purchasers(5)	18,193	10,690
Costs and expenses payable	6,448	6,390
Settlement of National Treasury Department transfer Decree 2331/98	461	456
Settlement and offsetting of POS Counterparty Clearing House (6)	30,349	20,157
Collection of fees and VAT payable to the Fondo Nacional de Garantías (7)	3,270	2,799
Miles for points	7,695	5,576
Visa and MasterCard advertising campaigns	1,912	2,586
Commissions and fees	1,393	1,556
Transfer of check disbursements from other markets (8)	7,784	-
Other accounts payable (9)	106,048	44,199
Total accounts payable	**$ 647,543**	**$ 528,195**

(1) Vendor payments due at December 31, 2019, mainly for advertising, security, leasing and technology for COP $105.752 million.

(2) Amount to be transferred to Fogafin for deposit insurance, which is calculated monthly but paid quarterly. The balance at December 31, 2019 consists of the payment of the last two quarters.

(3) There is an increase in Colpensiones' non-bank payroll transactions in the amount of COP $39.751 million for a total of 43.781 transactions, of which 4.329 are in a range of 31 to 90 days.

(4) Increase in the surplus from loans paid by check and incidences from deposits for COP $5.972 million with a total of 139.920 entries, of which 136.117 are in a range between 31 and more than 180 days.

(5) This item varies by 70% due to an increase in the additional charges for residential leasing, pending a request for orders to proceed with disbursements. 161 transactions of which there are 36 more than 30 days past due.

(6) The variation is due to the increase in the values contracted in contract settlement transactions with the Counterparty Clearing House carried out on December 29, 2019 in the amount of COP $10.192 million.

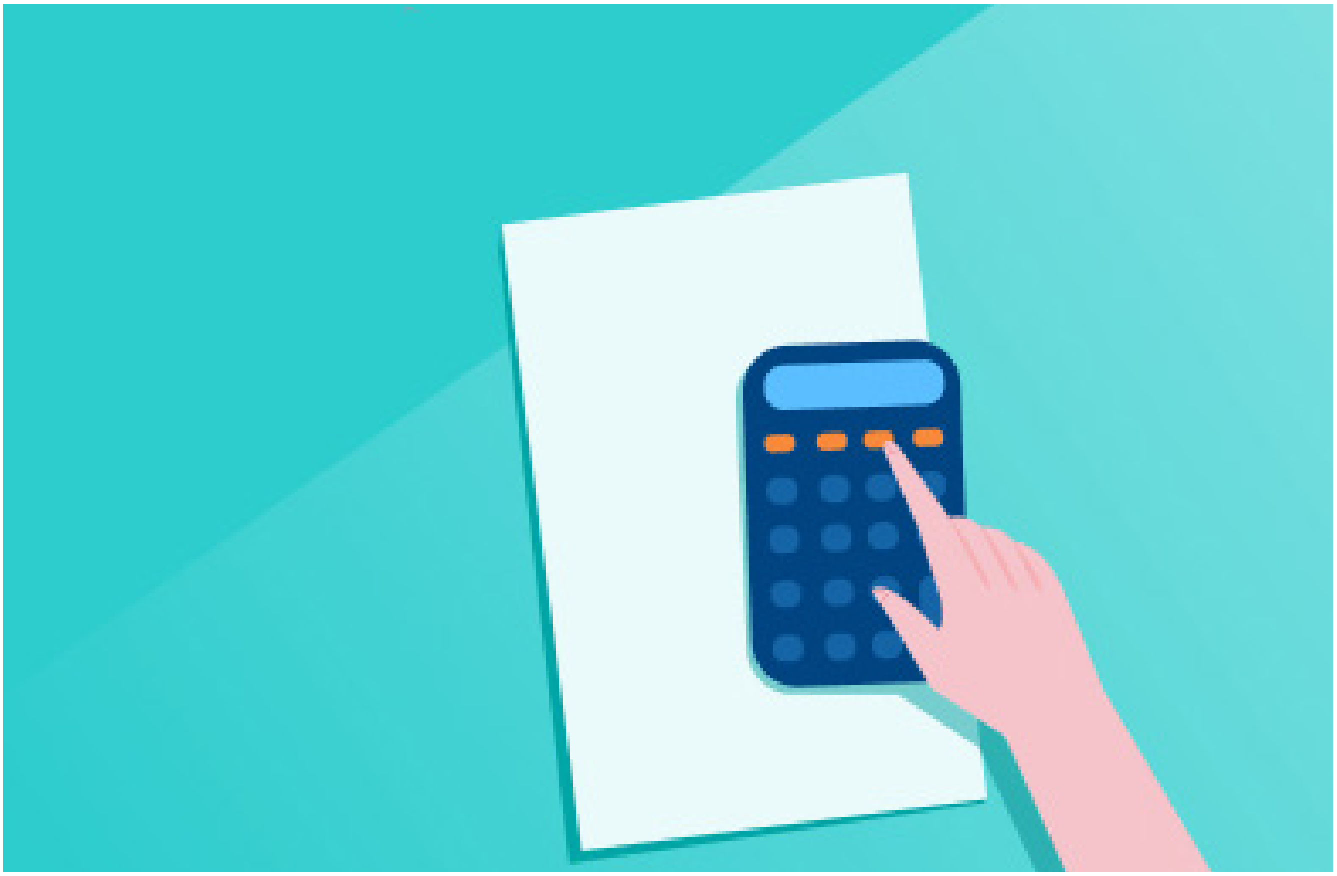
(7) The variation is due to the increase in fees and VAT payable to the Fondo Nacional de Garantías due to loan disbursements for COP $471 million.

(8) The variation is due to the increase in loans pending disbursement, which are accounted for by the formalization center so that the corresponding checks can be drawn by the Office Network. At the end of December 2019, the balance of this item amounted to COP $7.784 million.

(9) The Increase at the end of December 2019 is due to the settlement of derivative transactions in the amount of COP $47.069 million.

Accounts payable in foreign currency, which at the end of 2019 are equivalent to 8% of the total of this item, are from the settlement of derivative transactions, and are updated based on the closing rates, and their term, the market rate component, transaction start and end dates are determined according to the degree of detail thereof, in order to determine the market risk of the transaction considering future payment cash flows. Finally, all other accounts payable are considered in an analysis based on the term and the counterparty.

Financial liabilities are derecognized only when the legal obligations have ended, that is to say, when the obligation specified in the corresponding contract has been paid or canceled, or it has expired. BBVA considers three possible scenarios to derecognize an account payable: The receipt of payment, buy-back of the debt or the forgiveness of the payment.



27. Outstanding Investment Securities

At December 31, 2019, the balance of this account is summarized as follows:

Item	2019			2018		
	Subordinated bonds	Ordinary bonds	Total	Subordinated bonds	Ordinary bonds	Total
Capital	$ 2,187,856	$ -	2,187,856	$ 2,176,900	$ 155,000	$ 2,331,900
Interest	16,959	-	16,959	16,478	1,283	17,761
Costs and valuation	(25,190)	-	(25,190)	(66,807)	-	(66,807)
Totals	**$ 2,179,625**	**$ -**	**$ 2,179,625**	**$ 2,126,571**	**$ 156,283**	**$ 2,282,854**

The first issuance of Series G - 2009 subordinated bonds amounting to COP $364.000 was made on September 19, 2011 with a redemption term between 10 and 15 years, at CPI + 4,45% for 10 years, and of CPI + 4,70% for 15 years.

The second issuance of Series G - 2009 subordinated bonds amounting to COP $365.000 was made on February 19, 2013 with a redemption term between 10 and 15 years, with yield of maximum variable rate of CPI + 3,60% for 10 years, and of CPI + 3,89% for 15 years.

The third issuance of Series G - 2014 subordinated bonds amounting to COP $250.000 was made on November 26, 2014 with a redemption term between 15 and 20 years, with yield of maximum variable rate of CPI + 4,38% for 15 years, and of CPI + 4,50% for 20 years.

The first issuance of subordinated bonds in USD was carried out on April 21, 2015 with a redemption term of 10 years and a fixed-rate yield of 4,88%.

The issuance prospects contemplate the following characteristics:

Subordinated 2009 Bonds (issued in September 2011, February 2013 and November 2014)

- **Subordination of obligations:** Since they are subordinated bonds, in case of the issuer's liquidation, the redemption of the subscribed capital is subordinated to the prior payment of the external liabilities; which constitutes an irrevocable obligation.

- **Capital amortization method, prepayments and buy-back events:** The principal of the bonds will be amortized under the following modalities: month in arrears, quarter in arrears, semester in arrears, and/or year in arrears, and/or only one payment on the maturity date thereof, as determined in the corresponding public offering notice. Pre-payable bonds may be issued, which is determined in the respective public offering notice. The issuance of subordinated bonds under this Program in 2011, 2013 and 2014 does not contemplate the prepayment thereof.

The Issuer may buy back its own subordinated bonds. The buyback shall be conducted through the Colombian Securities Exchange, provided that five years have elapsed since the issuance of the bonds. This transaction is voluntary for the Bondholders. If the issuer acquires its own bonds, the confusion principle shall apply without having to wait until the maturity of the securities.

This issuance is not covered by the deposit insurance of the Financial Institutions Collateral Fund (FOGAFIN, for the Spanish original).

Subordinated Bonds in USD 2015

- **Subordination of obligations:** Since they are subordinated bonds, in case of the issuer's liquidation, the redemption of the subscribed capital is subordinated to the prior payment of the external liabilities, which constitutes an irrevocable obligation.
- **Capital amortization method. prepayments and buy-back events:** The principal of the bonds will be amortized under the following modalities: month in arrears, quarter in arrears, semester in arrears, and/or year in arrears, and/or only one payment on the maturity date thereof, as determined in the corresponding public offering notice.

The issuer cannot buy back its own subordinated bonds until a term of at least 5 years has elapsed. The buyback can only be carried out with the approval and authorization of the Financial Superintendence of Colombia.

This issuance is not covered by the deposit insurance of the Financial Institutions Collateral Fund (FOGAFIN, for the Spanish original).

A summary of the issuances and bonds is shown in the table below:

Bond issuance	Authorized amount	Term in years	Rate	Coupon	Issuance amount	Issuance date	Maturity date
Subordinated 2011	$ 2,000,000	10	IPC+4.45%	TV	$ 106,000	19/09/2011	19/09/2021
		15	IPC+4.70%	TV	156,000	19/09/2011	19/09/2026
Subordinated 2013		10	IPC+3.60%	TV	200,000	19/02/2013	19/02/2023
		15	IPC+3.89%	TV	165,000	19/02/2013	19/02/2028
		15	IPC+4.38%	TV	90,000	26/11/2014	26/11/2029
Subordinated 2014		20	IPC+4.50%	TV	160,000	26/11/2014	26/11/2034
Subordinated in USD 2015	USD 500	10	4.88%	SV	USD 400	21/04/2015	21/04/2025
Total bonds COP	**$ 2,000,000**				**$ 877,000**		
Total bonds USD	**USD 500**				**USD 400**		

With respect to the bond issue, the Group issued Ordinary bonds on August 26, 2008 in local markets; the authorized amount was COP $500.000 million distributed in two series of 7 and 11 years. Since 2011, subordinated bonds have been issued for maximum amounts of COP 200.000 million in series of 10, 15 and 20 years. On August 26, 2019, an ordinary bond issued on August 26, 2008 for a value of COP $156.283 million matured and was paid at a rate of CPI+5,69%. In turn, subordinated bonds increased by COP $10.956 million due to the fluctuation of the representative exchange rate.

28. Other Liabilities

At December 31, the balance of this account is summarized as follows:

Item	2019	2018
Overdue principal and interest CD (1)	$ 51,818	$ 55,900
Loans and CC subject to collection (2)	40,222	83,283
Deferred partial payments (3)	3,343	9,199
Balances to apply to obligations (4)	6,899	31,297
Network clearance	11,710	35,838
Anticipated income	11,456	10,607
Network transaction surplus	47,674	12,839
Letters of credit of deferred payment (5)	40,630	12,306
Purchases from Credibanco international	6,231	3,503
Credit balances in foreign currency	1,814	1,625
Activities in joint operations	-	53
Surpluses in exchange	280	46
Other liabilities	22,460	7,719
Total other liabilities	**$ 244,537**	**$ 264,215**

(1) The decrease is due to principal and interest redemptions on CDs that have matured, pending payment to customers.

(2) Decrease in checks from customers for loan payments deposited on the last two days of the year.

(3) The significant decrease in deferred partial payments is due to the deferred cancellation of the RCI Banque subsidy for COP 5,158.

(4) The decrease is due to monies pending application to Leasing obligations for collections received from installments in the office network and corresponding to payment of installments or additional payments.

(5) The account balance consists of the Letters of Credit in foreign currency of the customer Expo-Ganados Internacional SAS which amounts to USD 11 million equivalent to COP 38,509 million; this foreign currency transaction is paid by the customer in deferred terms according to payment agreements.

29. Accrued Liabilities And Provisions

The Group records provision liabilities based on the concept of experts from the Legal, Labor Relations and Tax Consultancy areas, who rate each case in accordance with the status of the legal process, In addition, decision trees developed in accordance with the type of contingency (legal, labor and tax) are applied for classification in the following criteria to create the provision:

- Likely: they are recorded and disclosed
- Remote: they are not recorded or disclosed

At December 31, the balance of this account is summarized as follows:

Item	2019	2018
Expenses for invoices pending payment (1)	$ 89,062	$ 57,243
Lawsuits due to breach of contracts (2)	73,936	85,245
FOGAFIN contingencies	8,652	12,000
Provision for fines and penalties (3)	3,778	3,781
Labor lawsuits	14,342	14,720
Penalties and sanctions other administrative authorities	1,450	1,329
Commission sales force (CF, for the Spanish original)	1,352	1,807
IFRS 16 Disassembly costs (4)	8,627	-
Other personnel expenses	5,485	2,501
Others (5)	110,692	77,107
Total accrued liabilities and provisions	**$ 317,376**	**$ 255,735**

(1) This is the estimated provision for supplier invoices received and pending payment at the end of each accounting period,

(2) These are the provisions recorded for civil lawsuits filed against the Bank, among which we have recorded Operating Risk for Labor Lawsuits, which increased by 95% compared to 2018, and 35% of the share of this item for Operating Risk for Lawsuits due to breach of Contract,

(3) These are the provisions recorded for the inspection processes underway against the Bank, In addition, it paid the penalty applied by Unión de Gestión de Pensión y Parafiscales (UGPP) for the adjustments of contributions with retroactive application, since the UGPP's stance was the only one validated and it could not be rebutted, It is important to mention that the change in the interpretation of the standards gave rise to the issue, and it was not considered an error before that, There is an administrative act (201750001297) of the Management and Control Secretariat, which settled the cash payment of land regulation obligations on account of land for green areas, recreation and furnishings and the construction of basic public furnishings, from the Pinar del Rodeo stand-alone trust, In this decision, the liability of payment was incorrectly allocated to the trust company, citing the TIN thereof and not that of the Stand-alone Trust and the TIN of stand-alone trusts,

(4) In compliance with the implementation of IFRS 16, in accordance with the corresponding regulations (Decree 2170/2017, amended by Exclusive Decree 2420/2015 and Resolution 033/2018 of the Colombian General Accounting Office (CGN, for the Spanish original), a provision is made in disassembly costs, whose value is given by the expert opinion of the architects, for each lease contract,

(5) These are provisions accounted mainly for: Fees on electronic services for credit and debit card holders (ACH, CENIT, SOIN and PSE, Banking support), gift mortgage and insurance payment, insurance premium fee to BBVA insurance for higher value collected on January 30 and May 24, As well as the implementation of IFRS 9 for provisions for Contingent commitment and Contingent risk transactions,

At December 31, 2019, the movements of estimated liabilities were as follows:

Item	Proceedings	Others	Total
Initial balance at january 1, 2019	**$ 101,295**	**$ 113,658**	**$ 214,953**
Increase	7,224	43,741	50,965
Income	1,701	-	1,701
Payment	(17,790)	(3,925)	(21,715)
Withdrawal	(2,702)	-	(2,702)
Total provisions and contingencies	**$ 89,728**	**$ 153,474**	**$ 243,202**

Al 31 de diciembre de 2018 los movimientos de pasivos estimados fueron los siguientes:

Item	Proceedings	Others	Total
Initial balance at january 1, 2018	**$ 65,982**	**$ 158,119**	**$ 224,100**
Increase	40,145	908,074	948,219
Income	1,361	-	1,361
Payment	(713)	(911,753)	(912,466)
Withdrawal	(5,480)	-	(5,480)
Final balance	**$ 101,295**	**$ 154,440**	**$ 255,735**

Legal contingencies

The Bank is involved in eight hundred and eighty-six (886) legal proceedings of a civil, criminal, administrative, tax and labor nature, derived from the normal course of its activity and businesses for an approximate value of COP 435,042 million,

Provisions have been created for legal contingencies in the amount of COP 89,728 million, In addition, for the processes guaranteed by Fogafín, there is a coverage between 85% and 95% of the net economic effect, in accordance with the contingencies contract terms granted by the Fund as part of the privatization process of Banco Granahorrar,

In the opinion of Management, after consulting with its internal and external legal advisors, these proceedings would not reasonably have an adverse material effect on the Bank's financial condition or on the results of its operations and they are adequately rated and provisioned, The main proceedings currently underway against the entity are as follows:

Civil Proceedings:

There is a total of 697 legal proceedings estimated at COP $409,835 for which a provision has been created in the amount of COP $73,936, corresponding to 23 lawsuits, The most relevant proceedings are listed below:

a, **Declaratory action of Servientrega,** The conviction of BBVA Colombia, BBVA Fiduciaria, BBVA Valores, BBVA Panamá and Fenalco is being claimed for the purchase, democratization and subsequent merger of Banco de Caldas, which subsequently changed its name to Banco Nacional del Comercio (BNC), The claims amount to COP $74,940 million, The first instance court, by means of an early ruling, declared the preliminary objections to be approved and ordered that the proceedings be terminated; this decision was appealed by the plaintiff, Pending indictment hearing and ruling before the Court, The contingency is classified as remote without provision,

b, **Declaratory action of Prounida and Coloca, Prounida**, represented by Isaac Mildenberg and Coloca, represented by Jorge Castro Lozano, provided COP 265 million as a deposit when they entered into a contract in 1982 that was not formalized because on September 21, 1982 the National Securities Commission, then directed by former Minister Juan Camilo Restrepo, considered that they did not provide proof of the origin of the funds and in a marconigram, stated: "In relation to the current public offering of Banco de Caldas shares, please refrain from registering any transfers of shares resulting from the acceptance of this bid by COLOCA LTDA until satisfactory explanations have been provided to the Securities Commission regarding the origin of the funds and exchange methods to be used by COLOCA LTDA,"

This administrative act was sued by Prounida and Coloca and its legality was confirmed by the Council of State in September 1989, in a judgment revised in April 1994, which became res judicata,

In April 1983 Prounida and Coloca, in their disagreement with handing over the CDs, filed a lawsuit against the Bank and other defendants, claiming, among others, the annulment or the resolution of the agreements along with the refund of the money, Banco de Caldas was asked to be declared liable for the payment of the CDs, In addition, Prounida and Isaac Mildenberg have taken various actions in Colombia and abroad against the Bank, its registered agents and external lawyers, including lawsuits, writs of protection and complaints, In April 2001, the Tenth Civil Court of the Bogotá Circuit decided to order the Bank to pay COP 265 million of princi-pal plus interest at a rate of 34% from May to September 1982 and on this basis, all the default interest, accord-ing to pertinent legal standards and the resolutions of the Financial Superintendence of Colombia, accrued from October 1982 to the day on which payment is made, The Bank and other defendants filed appeals against the first-instance ruling, In 2007, the Superior Court of Bogotá decided to order the Bank to pay COP 12,460 million, corresponding to principal of 1982 plus CPI, The special appeal for annulment, filed by both parties, is currently underway with the Supreme Court of Justice,

The plaintiff wants to increase the sentence with capitalized interest and the defendants are asking annul the verdict and acquit the Bank,

Additionally, Prounida and Isaac Mildenberg have brought several actions in Colombia and abroad against the Bank, its registered agents and external lawyers, including other lawsuits, several writs of protection and a criminal complaint before the Attorney General's Office,

The contingency is classified as probable and has a provision for COP $28,890 million,

c, **Ejecutivo del IFI contra Corfigan,** Executory proceedings of IFI vs, Corfigan, This claim is for the collection of the final settlement of a salt refinery contract in which Corfigan was involved in joint venture, There are executory proceedings underway in the Council of State, which ordered the Bank to pay COP $6,409 million plus interest assessed from January 10, 1998, On August 27, 2019, a first instance ruling was issued upholding the claims of the lawsuit, which was appealed by the Bank, In another annulment process brought by the Bank in the Bolívar District Court, the state contract that backs the enforceable title was declared null and void in the first instance, but the decision was revoked by the Council of State in November 2018 and the Bank filed a writ of protection that is in process,

The passive contingency has a provision for COP $38,000 million and is classified as probable,

d, **Declaratory action of Protección Agrícola S,A, (PROTAG S,A,),** A request was made to declare that the plaintiff, as the integrator for several banks to disburse association loans to small-scale producers, was acting as a simple agent, and not in the capacity of a debtor, Therefore, a request was made to refund the amount paid, along with the corresponding damages for a total of COP 155,000 million against all the defendants, of which the risk amounts to approximately 3% against BBVA, The first instance court accepted the preliminary objection proposed by the Bank regarding the lack of jurisdiction and ordered the dismissal of the lawsuit and the referral of the file to the Superintendence of Corporations, On November 1, 2019, a document was filed with the Superintendence requesting that the lawsuit be dismissed because the case had lapsed,

The contingency is classified as remote, It has no provision,

e, **Declarativo de Sandra Patricia Galvis y otros,** A lawsuit was filed due to defective properties in the project of "Ciudadela Paseo Real de Soacha," built by the Provisoc construction company, financed by Granahorrar, Pending ruling in the first instance,

The contingency is valued at COP 6,000 million and is classified as remote, without provision, guaranteed by Fogafin,

f, **Acciones Populares y de Grupo y otras actuaciones:** Class actions, group actions and other actions: There are several lawsuits filed by BBVA or Granahorrar customers or users regarding mortgage and other types of loans, termination of executory proceedings, revision of rates, fees, impairment of property provided as collateral, interest on mortgage loans and credit cards, These undetermined-amount proceedings have been classified as a "remote" contingency, with no rulings against the entity,

There are also several administrative actions filed against the Bank and its subsidiaries in the initial stages, which represent passive contingencies, classified as remote and without provisions,

Labor proceedings

Banco BBVA currently has a total of 168 labor proceedings against it, amounting to COP $23,147, of which COP $14,342 has been provisioned, The main reasons for the lawsuits are payments of pension-related contributions, reinstatements, salaried employment, damages for alleged unfair dismissals, disputes regarding the legal nature of the conventional vacation and seniority bonuses, These proceedings are adequately provisioned as per legal standards, as per the procedures established by the Bank, and as per the guidelines of the Superintendence, According to the Bank's legal advisors, it is considered that the result will be in favor of the entity and that there will be no significant losses,

Tax proceedings

The Bank is currently engaged in seventeen (17) tax proceedings through administrative channels and in the administrative jurisdiction with estimated claims amounting to COP $1,675, The provisions amount to COP $1,450, which correspond to two (2) class actions for withholding tax on financial transactions and proceedings regarding regional taxes - basically for property tax, public lighting late payment proceedings,

Contingent Commitment And Contingent Risk

The details, by segment, of the implementation of IFRS 9 for Contingent Commitment and Contingent Risk transactions are as follows,

Segment	2019	2018
Government agencies	$ 584	$ 209
Credit institutions	292	29
Other financial institutions	147	2
Self-employed	4,534	3,690
SMEs	28,280	27,418
Financial corporations	13,281	780
Individuals	26,060	7,659
Total provision Contingent commitment and contingent risk	**$ 73,178**	**$ 39,787**

Concentration of the risk in Contingent Risks and Commitments

Below are the contingent risks and commitments by credit risk rating:

At December 31, 2019

Modality	Stage 1	Stage 2	Stage 3	Total
Limits	$ (20,827)	$ (15,767)	$ (1,796)	$ (38,390)
Endorsements and guarantees	(5,556)	(5,015)	-	(10,571)
Total impairment Contingent Risks and Commitments	**$ (26,383)**	**$ (20,782)**	**$ (1,796)**	**$ (48,961)**

At December 31, 2018

Modality	Stage 1	Stage 2	Stage 3	Total
Limits	$ (26,596)	$ (4,456)	$ (947)	$ (31,999)
Endorsements and guarantees	(10,292)	(997)	-	(11,289)
Total impairment Contingent Risks and Commitments	**$ (36,888)**	**$ (5,453)**	**$ (947)**	**$ (43,288)**

1, Total contingent commitments and risks are for the implementation of IFRS for a total of COP $73,178 million, of which COP $24,217 million are first-time adjustments,

The sensitivity and methodology are disclosed in Note 10 Loan Portfolio and Finance Lease Transactions,

As part of their normal course of operations, the Group's financial entities grant guarantees and letters of credit to their customers in which the Group irrevocably commits to make payments to third parties in the event that the customers fail to fulfill their obligations with said third parties, with the same credit risk as the financial assets of the loan portfolio, Granting the guarantees and letters of credit is subject to the same policies for the approval of loan disbursements in terms of the customers' credit quality and the customers are required to establish the guarantees deemed appropriate in the circumstances,

The commitments for extending credits represent unused portions of authorizations to extend credits in the form of loans, use of credit cards, overdraft limits and letters of credit, With regard to the credit risk of commitments to extend lines of credit, the Group is potentially exposed to losses in an amount equal to the total of the unused commitments, if the unused amount were withdrawn in full, However, the amount of the loss is less than the total unused commitments because most of the commitments to extend credits are contingent once the customer maintains the specific standards of the credit risks, The Group monitors the terms of maturity of the commitments in terms of the credit limits, because long-term commitments have a greater credit risk than short-term commitments,

The outstanding balances of the unused lines of credit and guarantees do not necessarily represent future cash requirements because these limits can expire if they are not used in full or in part,

30. Labor Liabilities

The details of the component of short-term labor liabilities at December 31 are as follows:

Item	2019		2018	
Severance pay				
Interest on severance	$	14,441	$	13,194
Vacations		1,703		1,555
Current provisions for employee benefits		31,324		18,882
Other benefits		74,175		69,945
Total short-term benefits		14,537		9,790
Total beneficios corto plazo		**136,180**		**113,366**
Non-current provisions for employee benefits				
Seniority bonus		57,890		52,716
Actuarial calculation of retirement and seniority bonuses		58,194		54,218
Retirement pension actuarial calculation		2,464		2,061
Total long-term benefits		**118,548**		**108,995**
Total labor liabilities	**$**	**254,728**	**$**	**222,361**

Actuarial calculation of retirement and seniority bonuses

The Bank pays its employees a seniority bonus for every five years they work with the Bank. This benefit is calculated in days of salary for each five-year period and, if contract termination is not reasonably justified, the bonus is paid proportional to the time worked:

Item	2019		2018	
Liabilities for benefits at the beginning of the 2019 and 2018 period	$	52,716	$	52,538
1- Cost of services		5,824		5,797
2- Cost of interest		3,601		3,343
3- Cash Flow		(6,659)		(7,944)
Adjustment for experience		(59)		(1,593)
Adjustment for change in financial assumptions		2,467		575
Liabilities at the end of the 2019 and 2018 period	**$**	**57,890**	**$**	**52,716**

Reconciliation

Item	2019		2018	
Balance at December 31, 2019 and 2018	$	52,716	$	52,538
Payment of seniority bonus		(8,607)		(9,853)
Expense for seniority bonus benefit		5,824		5,797
Financial cost of seniority bonus		3,601		3,343
Other transfer of funds		1,948		1,909
Change in demographic variables		2,408		(1,018)
Liabilities at the end of the 2019 and 2018 period	**$**	**57,890**	**$**	**52,716**

Actuarial calculation of retirement plan premium:

The Bank has carried out the actuarial valuation at December 31, 2019 and 2018 for the retirement plan premium commitment made by BBVA with its pensioned and active participants.

The following are the details of the actuarial calculation and the results of the study at December 31, 2019 and 2018:

Item	2019		2018	
Liabilities for benefits at the beginning of the 2019 and 2018 period	$	2,061	$	2,061
• 1- Cost of services		114		117
• 2- Cost of interest		150		136
• 3- Cash Flow		(20)		(21)
Adjustment for experience		(15)		(111)
Adjustment for change in financial assumptions		181		(128)
Transfer		(7)		-
Liabilities at the end of the 2019 and 2018 period	**$**	**2,464**	**$**	**2,054**

Reconciliation

Item	2019		2018	
Balance at December 31, 2019 and 2018	$	2,054	$	2,061
Actuarial calculation adjustment by hypothesis		167		(238)
Actuarial calculation adjustment debited to expenses		263		252
Transfer (1)		(20)		(21)
Liabilities at the end of the 2019 and 2018 period	**$**	**2,464**	**$**	**2,054**

(1) Pension transfer due to individual retirement plan premium entry.

Pensions (Prior to Law 100 / 1993)

Monthly pension payment: the legal and constitutional regulatory framework applicable at the time that the pension entitlement is accrued is taken into account.

The number of monthly pension payments recognized by the ISS in this valuation was determined as follows:

- All pensions accrued **before** July 29, 2005 are calculated based on 14 monthly pension payments per year.
- All pensions accrued **after** July 29, 2005 are calculated based on 13 monthly pension payments per year.
- All pensions accrued **before** July 31, 2011 and whose amount is less than three minimum monthly salaries are calculated based on 14 monthly pension payments per year.

The BBVA, in turn, pays some of its retirees fifteen monthly payments per year, thus providing them with one additional monthly payment in some cases, and two additional monthly payments in others. As for retirees with pension Shares of whom the BBVA is not responsible for their final pension, only the quota-part corresponding to 14 monthly payments per year is granted.

For the purposes of the proforma, monthly payment number 15 is valued as an additional benefit established via a collective agreement, and monthly payment number 14, for retirees granted 13 monthly payments by the ISS, is considered in the pension reserve (columns 31 and 32).

Additional benefits: according to Notice 039 / October 21, 2009, the reserves are calculated for extralegal benefits offered by the Company to its retirees and beneficiaries.

In the case of BBVA, these benefits are as follows:

- One extralegal monthly payment. This is the payment of 15 days in June and 15 days in December.
- One funeral benefit for a total of COP $2.756.000 upon the death of the retiree and COP $647.000 upon the death of the retiree's spouse.
- One life insurance policy for all retirees and survivors entitled to a survivor's pension at a cost of COP $75.307 per year in the case of natural death and COP $25.827 per year in the case of accidental death.
- The Company pays the value of a Hospitalization and Surgery policy for some of its retirees. The value paid depends on the number of beneficiaries and, for the current year, for participants in the valuation, this premium is COP $95.979.

Types of pensions and/or contingencies to be assessed

Retirees to be paid by the Bank: These pensions are calculated based on the provisions established in Article 260 of the Labor Code, which applies to all individuals in the transitional system who have provided services for companies that recognize and pay pensions. The amount of the pension is 75% of the average salaries earned in the last year of service, provided the person has worked 20 or more years for the pension paying company. This pension is granted for life.

Survivors' pensions: Survivors' pensions payable by the Bank are paid to surviving beneficiaries of retirees to be paid by the Bank, in accordance with the regulations established in Law 12 / 1975 Law 113 / 1985 and Law 71 / 1988 and all other related regulations, as follows:

- To the surviving spouse for life in the amount of 100% if there are no children named as beneficiaries.
- If there are children named as beneficiaries, it will be shared in equal parts with the surviving spouse. The beneficiaries must be within the required ages and/or certify their status as students as required by the aforementioned regulations.

According to the provisions set forth in Decree 1889/1994, the funeral benefit is not calculated.

Dismissals without just cause after 10 to 15 years of service: determined in accordance with Article 8 of Law 171 / 1961 which establishes that a person that is dismissed without just cause and has accrued more than ten (10) and less than fifteen (15) years of services, shall be entitled to a pension for life payable by the entity, once he/she reaches the age of 60 years. The amount of the pension is proportional to the amount that would have been applicable if he/she had completed the time of service established in Article 260 of the Labor Code (20 years).

Dismissals without just cause after 15 years of service: Determined in accordance with Article 8 of Law 171/1961 which establishes that a person that is dismissed without just cause and has accrued more than fifteen (15) years of services, shall be entitled to a pension for life payable by the entity once he/she reaches the age of 50 years. The amount of the pension is proportional to the amount that would have been applicable if he/she had completed the time of service established in Article 260 of the Labor Code (20 years).

Voluntarily retirement after 15 years of service: Paid in accordance with the provisions of Article 8 of Law 171/1961, which states that any employee with 15 or more years of services who retires from the company voluntarily shall be entitled to a retirement pension for life to be paid by the company, once he/she reaches the age of 60 years. The amount of the pension is proportional to the amount that would have been applicable if he/she had completed the time of service established in Article 260 of the Labor Code (20 years).

Active employees entitled to a pension from the Bank with expectations of a pension from the ISS: The actuarial reserve is recognized to cover a retirement pension for life in accordance with Article 260 of the Labor Code, which is applicable because they were working at the service of the Bank for more than ten years at the time of enrollment in the General Pension System. The Bank shall pay this pension on a permanent basis until said employee, on whose behalf it continues to make contributions to the ISS, meets the minimum requirements established by the General Pension System. This is based on the date on which the weeks of contribution requirement (increasing annually up to a limit of 1,300 weeks in the year 2017) and the age of retirement will be met (men 60 and women 55, and as of January 1, 2014 men 62 and women 57). Once the old-age pension is accrued in the ISS, an actuarial reserve is calculated to cover a monthly payment for life in an amount equal to the difference resulting between the pension that was being paid by the company and the pension that will be paid by the ISS.

Retirees to be paid by the Bank with a quota-part: an actuarial reserve is recognized on these individuals to cover a retirement pension for life in accordance with Article 260 of the Labor Code. These retirees include those whose final pension is the responsibility of BBVA as well as those to whom the BBVA only grants the corresponding proportion without responsibility for the final pension. As for the retirees for whom the BBVA is not responsible for their final pension, the actuarial reserve is calculated proportional to the quota-part determined by the time of service that said employee worked for the Bank. At the request of the BBVA, the actuarial reserve of the retirees for whom the BBVA is responsible for their final pension, it is calculated as 100% payable by the company and not proportional to the corresponding quota-part, except for the individuals mentioned in innovations.

Survivors' pensions payable by the Bank with a quota-part: are paid to surviving beneficiaries to be paid by the Bank, in accordance with the regulations established in Law 12/1975 Law 113/1985 and Law 71/1988 and all other related regulations, as follows:

- To the surviving spouse for life in the amount of 100% if there are no children named as beneficiaries.
- If there are children named as beneficiaries, it will be shared in equal parts with the surviving spouse. The beneficiaries must be within the required ages and/or certify their status as students as required by the aforementioned regulations.

As for beneficiaries whose final pension is the responsibility of the BBVA, the actuarial reserve is calculated as 100% payable by the BBVA and not in proportion to the corresponding quota-part, as requested by the BBVA. As for beneficiaries whose final pension is not the responsibility of the BBVA, the actuarial reserve is calculated in accordance with the value of the pension quota-part corresponding to the Bank. According to the provisions set forth in Decree 1889/1994, the funeral benefit is not calculated.

Shared pensions and pensions to be paid by the Bank with expectation of pension by the ISS:

- **Pension sharing:** As a result of the transition to the Pension System of the Colombian Social Security Institute (ISS, for the Spanish original), the legislation established the possibility of pension compatibility, in order for any individual who can eventually become entitled to a pension to maintain the right to be paid by their employer, but with the possibility for the company to transfer this pension obligation to the Social Security Institute, provided the company continues to make the contributions to enable the individual to eventually meet the pension requirements established by the system. The regulatory framework of this possibility has been established in Article 16 of Agreement 049/1990, which sets out the conditions for the application of pension sharing.
- **Retirees to be paid by the company with the expectation of a pension from the ISS:** A monthly retirement pension is paid in accordance with the requirements set out in Article 260 of the Labor Code, that

the Bank shall pay on a permanent basis until the employee, on whose behalf it continues to make contributions to the ISS, meets the minimum requirements established by the General Pension System. This is based on the date on which the weeks of contribution requirement (increasing annually up to a limit of 1,300 weeks in the year 2015) and the age of retirement (men 60 and women 55, and as of January 1, 2014, men 62 and women 57) will be met. Once the old-age pension is accrued in the ISS, an actuarial reserve is calculated to cover a monthly payment for life in an amount equal to the difference resulting between the pension that was being paid by the company and the pension that will be paid by the ISS.

- **Shared pensions:** These pensions recognize only the difference between the value of the pension that the company was paying and that paid by the ISS. They are calculated as a life annuity.

The following methodologies and actuarial bases were used for the evaluation of the mathematical reserve of retirement, pension bonds and securities. They are adjusted to the current regulations for the preparation of actuarial calculations (Decrees 1625/2016 and 2420/2015).

Pension reconciliation:

Item	2019	2018
Balance at December 31, 2019 and 2018	$ 52,164	$ 54,941
Pension payments	(4,170)	(4,335)
Pension expenses	3,730	3,551
Adjustment against equity	6,469	(1,993)
Liabilities at the end of the 2019 and 2018 period	**$ 58,193**	**$ 52,164**

Sensitivity the actuarial calculation

2019 Disclosure and 2020 Expense	Pensions	Additional benefits	Retirement bonus	Seniority bonus	Comments
Refund obligation at year end					
Obl. Refund at year end due to a 25 bp increase	54,678	1,298	2,403	56,885	This is the sensitivity to the discount rate: if the discount rate decreases or increases by 25 points.
Obl. Refund at year end due to a 25 bp decrease	57,334	1,368	2,500	58,173	
Long-term inflation rate (CPI)					
Obl. Refund at year end due to a 25 bp increase	57,457	1,372	2,515	58,552	This is the sensitivity to CPI: if the CPI increases or decreases by 25 points using the same discount rate.
Obl. Refund at year end due to a 25 bp decrease	54,556	1,295	2,415	57,244	

Bases of the actuarial hypothesis - Over time, the total cost of the plan will depend on a number of factors, including the amount of the benefits paid, the number of individuals receiving benefits, the administrative expenses of the plan and the returns obtained on the assets used to pay the benefits. These amounts and other variables are uncertain and unknown at the time of the calculation and are only predicted within a reasonable range of possibility.

Since it is not possible or practical to measure all the variables, summarized information, estimates or simplified information were used to facilitate the efficient measurement of future events. Also, the figures stated in the actuarial calculation are based on the accounting policies of the Bank.

The actuarial technical bases and hypotheses used in the calculation according to IAS 19, are:

Economic and demographic hypotheses	For the financing situation at December 31, 2019 and the determination of cost for the 2020 fiscal year
Discount rate	6.50%
Inflation	3.50%
Salary increase rate	5.50%
Pension increase rate	Equal to inflation
Minimum salary increase rate	4.00%
Increase rate for the benefits granted by the Bank	Equal to inflation
Growth rate of the retirement and disability bonus	Equal to inflation
Medical expense increase rate	5.50%
Mortality	Colombian Mortality Table of Life Annuities 2008 (RV08)
Disability	Active employee disability table - SFC Resolution 0585 / 1994
Turnover	BBVA turnover table based on age, adjusted to 90%

Technical bases and hypothesis for the actuarial calculation based on the application of Decree 1625/2016:

Mortality table	Mortality Table of Valid Male and Female Annuitants "2005 – 2008 Experience", as per Resolution 1555 / 2010 issued by the Financial Superintendence of Colombia.
Salary and pension adjustment:	The formulation employed explicitly includes the future increases in salaries and pensions using a rate equal to the average resulting from adding three (3) times the inflation of the year k-1, plus two (2) times the inflation of year k-2, plus one (1) time the inflation of the year k-3 according to Article 1 of Decree 2984/2009 and Article 1 of Decree 2783/2001. This is a nominal annual rate of 5.7416%.
Technical interest rate:	The real technical interest rate of 4.80% was used in accordance with Article 1 of Decree 2984/2009 and Article 1 of Decree 2783/2001.

Actuarial methodology - The prospective method of calculation was used, valuing future benefits segmented from the expired period (segmented income).

31. Income Tax And Deferred Tax

31.1 Components of the income tax expense

The income tax expense for the years 2018 and 2019 is made up of the following:

Item	2019	2018
Current income tax	$ 364,208	$ 327,227
Deferred tax	(18,203)	(59,323)
Income tax of previous years	(8,293)	38,723
Total income tax	**$ 337,712**	**$ 306,628**

31.2 Reconciliation of the tax rate in accordance with the tax provisions and the effective rate:

The current tax provisions applicable to the Bank and its subsidiaries stipulate that in Colombia:

- The income tax rate for the year 2019 was 33%. Ruling C-510/October 2019 of the Constitutional Court declared the application of the additional percentage points to income tax applicable to financial institutions unconstitutional); for the year 2018 the income tax rate is 33% plus 4 additional points over the general rate.

- According to the Economic Growth Law (Law 2010/2019), the income tax rate for the years 2020, 2021, 2022 and following is 32%, 31% and 30%, respectively. The financial institutions with a taxable income greater than or equal to 120,000 Tax Value Units (UVT, for the Spanish original) during the period will apply an additional 4% of income tax for the year 2020 and 3% for the years 2021 and 2022.

- In 2018 and 2019, the presumptive income to determine income tax cannot be greater than 3.5% and 1.5%, respectively, of the net worth on the last day of the preceding tax year.
- The Economic Growth Law (Law 2010/2019) reduces presumptive income to 0.5% of the net worth on the last day of the preceding tax year for the year 2020, and 0% as of the year 2021.
- As of 2017, tax losses can be offset by ordinary net income obtained in the following 12 tax years.
- Excess presumptive income can be offset in the following 5 tax years.
- Through the Economic Growth Law (Law 2010/2019), the income tax and complementary tax returns of taxpayers who determine or offset tax losses or are subject to the transfer pricing regime, will become final in 5 years.
- The tax on occasional gains is taxed at a rate of 10%.
- For the 2019, 2020 and 2021 tax years, the benefit of audit has been created for taxpayers that increase their net income tax for the tax year in relation to the net income tax of the preceding year by at least 30% or 20%, through which the income tax return is considered final within 6 or 12 months following the filing date, respectively.

Since BBVA Valores' ordinary income in 2019 was less than its presumptive income, the taxable base of income tax is determined based on the presumptive income, which is 1.5% of the net worth of the preceding year. The applicable rate is 33%, while in 2018 their tax is assessed by the ordinary system.

Below are the details of the reconciliation between the total income tax expense calculated at the tax rates in force for 2019 and 2018, respectively and the tax expense actually recorded in the consolidated statement of income.

Item	2019			2018		
Profit before taxes from continuing operations	**Relación %**	**$**	**1,071,329**	**Relación %**	**$**	**872,428**
Income tax expense calculated at 33% and 37% for the years 2019 and 2018, respectively	33.00%	$	353,539	37.00%	$	322,798
Untaxed dividends	(0.45)%		(4,801)	(0.67)%		(5,828)
Exempt income	(1.34)%		(14,356)	(2.24)%		(19,491)
Equity method	0.10%		1,016	(0.34)%		(2,980)
Non-deductible taxes	2.23%		23,793	1.35%		11,777
Fines, penalties and expenses from previous years	0.69%		7,395	1.11%		9,691
Adjustment of previous periods	(0.78)%		(8,293)	(1.16)%		(10,056)
Tax credits	(2.27)%		(24,223)	(0.04)%		(375)
Amortization of tax credits	0.00%		-	(0.13)%		(1,108)
Others	0.40%		3,642	0.34%		2,199
Income tax expense recognized in the income statement (related to continuing operations)	**31.58%**	**$**	**337,712**	**35.23%**	**$**	**306,627**

31.3 Current tax assets and liabilities

Item	2019		2018	
Current tax assets				
Current tax credit balance	$	1,181		34,456
Total	**$**	**1,181**		**34,456**
Current tax liabilities				
Income tax payable		43,617	$	7,241
Total	**$**	**43,617**	**$**	**7,241**

31.4 Deferred taxes by type of temporary difference:

The differences between the asset and liability bases for IFRS purposes and the tax bases of the same assets and liabilities for tax purposes give rise to temporary differences that generate deferred taxes that were calculated and recorded at December 31, 2019 and 2018 based on the tax rates currently in force for the years in which said temporary differences will be reversed.

The following is the net income of the assets and liabilities of the deferred tax presented in the statements of financial position at December 31, 2019 and 2018:

Item	2019	2018
Deferred tax asset	$ 909	$ 5,591
Deferred tax liability	(184,900)	(154,681)
Total	**$ (183,991)**	**$ (149,090)**

Year ended December 31, 2019

Item	Opening balance	Recognized in the income statement	Recognized in other comprehensive income	Recognized directly in equity	Closing balance
Deferred tax asset related to:					
Cash flow hedges	$ 20,854	$ -	(4,919)	$ -	$ 15,935
Net investment hedges	54	(54)	-	-	-
Repos, simultaneous transactions and temporary security transfers	-	560	-	-	560
Property, plant and equipment	31,487	1,885	-	6,359	39,731
Intangible assets	3,636	(2,621)	-	-	1,015
Deferred income	1,908	(1,908)	-	-	-
Estimated liabilities and provisions	14,614	(12,068)	-	-	2,546
Liabilities for defined benefits	37,272	(5,378)	-	(7,800)	24,094
Restatement of assets and liabilities in FC	36,858	17,809	-	-	54,667
IFRS 16 Leases	-	2,715	-	-	2,715
Total deferred tax asset	**$ 146,683**	**$ 940**	**$ (4,919)**	**$ (1,441)**	**$ 141,263**

Item	Opening balance	Recognized in the income statement	Recognized in other comprehensive income	Recognized directly in equity	Closing balance
Deferred tax liability related to:					
Net investment hedges	$ (8,393)	$ 6,900	$ -	$ -	$ (1,493)
Repo, simultaneous and temporary security transfer transactions	(450)	(280)	-	450	(280)
Associates	(15,771)	(1,329)	(6,084)	-	(23,184)
Property, plant and equipment	(128,094)	6,408	-	-	(121,686)
Investments in fixed-yield securities	(16,152)	685	-	(8,299)	(23,766)
Loan portfolio	(84,041)	4,547	-	28,376	(51,118)
Portfolio provisions	(36,474)	-	(59,173)	(4,228)	(99,875)
Liabilities for defined benefits	(199)	-	199	-	-
Unclaimed issuance and buyback costs	(2,633)	476	-	-	(2,157)
Others	(3,566)	(144)	-	2,015	(1,695)
Total deferred tax liability	**(295,773)**	**17,263**	**(65,058)**	**18,314**	**(325,254)**
Net deferred tax	**(149,090)**	**$ 18,203**	**$ (69,977)**	**$ 16,873**	**$ (183,991)**

Year ended December 31, 2018

Item	Opening balance	Recognized in the income statement	Recognized in other comprehensive income	Recognized directly in equity	Closing balance
Deferred tax asset related to:					
Cash flow hedges	$ 21,612	$ (11)	(747)	$ -	$ 20,854
Net investment hedges	9,115	(9,061)	-	-	54
Property and equipment	30,678	1,376	-	(567)	31,487
Intangible assets	-	3,636	-	-	3,636
Deferred income	4,448	(2,540)	-	-	1,908
Provisions	24,569	(9,955)	-	-	14,614
Liabilities for defined benefits	36,206	1,066	-	-	37,272
Restatement of assets and liabilities in FC	-	36,858	-	-	36,858
Total deferred tax asset	**$ 126,628**	**$ 21,369**	**$ (747)**	**$ (567)**	**$ 146,683**

Item	Opening balance	Recognized in the income statement	Recognized in other comprehensive income	Recognized directly in equity	Closing balance
Deferred tax liability related to:					
Net investment hedges	$ -	$ (8,393)	$ -	$ -	$ (8,393)
Investments in non-controlled entities	(18,015)	4,446	(2,202)	-	(15,771)
Property and equipment	(127,440)	(654)	-	-	(128,094)
Intangible assets	(4,588)	4,588	-	-	-
Investments in fixed-yield securities	(15,520)	(1,816)	-	734	(16,602)
Loan portfolio	(79,509)	(8,011)	-	3,479	(84,041)
Portfolio provisions	(134,785)	-	(58,126)	156,437	(36,474)
Liabilities for defined benefits	(199)	-	-	-	(199)
Unclaimed issuance and buyback costs	(3,050)	417	-	-	(2,633)
Others	(3,377)	(189)	-	-	(3,566)
Restatement of assets and liabilities in FC	(47,566)	47,566	-	-	-
Total deferred tax liability	**(434,049)**	**37,954**	**(60,328)**	**160,650**	**(295,773)**
Net deferred tax	**$ (307,421)**	**$ 59,323**	**$ (61,075)**	**$ 160,083**	**$(149,090)**

For the purposes of disclosure in the consolidated statement of financial position, the Bank and its subsidiaries offset the active and passive deferred taxes pursuant to the provisions of Paragraph 74 of IAS 12, considering the application of the tax provisions in force in Colombia on the legal right to offset current tax assets and liabilities.

31.4.1. Deferred taxes for subsidiaries and joint operations

At December 31, 2019 and 2018, the Bank has not recorded passive deferred taxes regarding temporary differences of the investment in its Subsidiaries, as it has the authority to control the reversal of these temporary differences, and it is not planning on reversing them in the near future (exception of IAS 12). If this passive deferred tax had been recorded, the difference would amount to COP 21,450 and COP 14,867 at December 31, 2019 and 2018, respectively.

At December 31, 2019 and 2018, the details of tax losses and excess presumptive income that have not been utilized and on which the Company has not recorded deferred tax assets due to the uncertainty of their recovery are as follows:

Componente	December 31, 2019
Tax losses expiring on:	
December 31, 2031	$ 1,394
No expiration date	-
Subtotal tax losses	**1,394**
Excess presumptive income expiring on:	
December 31, 2024	212
Subtotal excess presumptive income	**212**
Total tax credits	**$ 1,606**

31.4.2. Effect of current and deferred taxes on each component of other comprehensive income in equity

The effects of current and deferred taxes on each component of other comprehensive income are detailed below:

Movement at December 31, 2019

Component	Amount before taxes	Deferred tax	Net
Items that will not be reclassified to the statement of income for the period			
Surplus from using the equity method	$ 560	$ -	$ 560
Share in other comprehensive income of non-controlled entities	48,138	(6,083)	42,055
Loan portfolio	178,856	(59,174)	119,682
Liabilities for defined benefits	(4,883)	198	(4,685)
Items that can be reclassified following the statement of income for the period			
Financial assets available for sale	24,145	-	24,145
Cash flow hedges	12,095	(4,918)	7,177
Total	**$ 258,911**	**$ (69,977)**	**$ 188,934**

Movement at December 31, 2018

Component	Amount before taxes	Deferred tax	Net
Items that will not be reclassified to the statement of income for the period			
Surplus from using the equity method	$ (158)	$ -	$ (158)
Share in other comprehensive income of non-controlled entities	3,306	(2,202)	1,104
Loan portfolio	157,098	(58,126)	98,972
Liabilities for defined benefits	-	-	-
Items that can be reclassified following the statement of income for the period			
Financial assets available for sale	39,092	-	39,092
Cash flow hedges	2,019	(747)	1,272
Total	**$ 201,357**	**$ (61,075)**	**$ 140,282**

31.5. Transfer prices

In compliance with the provisions of Laws 788/2002, 863/2003, 1607/2012 and 1819/2016, regulated by Decree 2120/2017, the Bank and its subsidiary BBVA Valores conducted a transfer price study on the transactions carried out with related parties abroad during the 2018 tax year. The study did not give rise to any adjustments that would affect the Bank's tax costs, expenses and revenue.

Although the transfer price study for the year 2019 is currently underway, no significant changes are expected in relation to the preceding year.

312.6. Uncertainty in tax positions

At December 31, 2019 and 2018, the Bank and its subsidiaries have analyzed the tax positions adopted in the tax returns that are still subject to review by the tax authorities, in order to identify any uncertainties regarding a difference between said positions and those of the tax administration. According to the evaluation, no facts were identified involving the recording of additional provisions on this account.

32. Subscribed And Paid-In Capital

The Group's subscribed and paid-in capital is divided into ordinary shares and non-voting preferential dividend shares. The latter may not represent more than 50% of the subscribed capital. At December 31, 2019 and 2018, 13.907.929.071 ordinary shares and 479.760.000 preferred shares were subscribed and paid-in, at a nominal value of COP 6.24, for a total subscribed and paid-in capital of COP 89.779.

33. Reserves

At December 31, the balance of this account was broken down as follows:

Item	2019		2018	
Legal reserve	$	3,038,597	$	2,763,946
Occasional reserves:				
Available to the Board of Directors		1		1
To protect investments		532		532
Total reserves	**$**	**3,039,130**	**$**	**2,764,479**

Legal reserve – In accordance with the statutory provisions, 10% of Bank's net profit each year must be credited to a "reserve fund" until its balance reaches at least 50.01% of the subscribed capital. As a result, the legal reserve may not be reduced below this percentage, except to respond to excess losses of undistributed earnings. Premiums on share placement are also credited to the legal reserve.

Available to the Board of Directors and others - These reserves may be used for future distributions, and include:

- Non-taxed available to the Board of Directors, the balance of COP $1 million
- For investment protection, the balance equivalent to COP $532 million.

34. Earnings Per Share

Basic and diluted earnings per share are calculated in accordance with the criteria set forth in IAS 33.

Item	2019		2018	
Basic earnings per ordinary and preferred share:				
Net earnings attributable to shareholders	$	731,618	$	563,653
Average number of shares outstanding		14,387,689,071		14,387,689,071
Basic earnings per share (*)		51		39
Diluted earnings per share (*)	$	51	$	39

(*) Values in Colombian pesos

During the years ended December 31, 2019 and 2018, there were no other financial instruments or commitments to employees based on shares that may affect the calculation of the diluted earnings per share for those years. Therefore, the basic and diluted earnings per share are the same.

35. Other Comprehensive Income - (OCI)

The details on the movements in other comprehensive income for the years ended December 31, 2019 and 2018, respectively, are as follows:

Annual movement

Item	December 31, 2019	Movements during the fiscal year	December 31, 2018
Gain from non-controlling interest, before taxes	$ 85,292	$ 48,139	$ 37,153
Gain from recovery of impaired loan portfolio and finance leasing transactions	783,904	$ 178,856	$ 605,048
Actuarial losses on defined benefit plans, before taxes	(6,636)	(4,883)	(1,753)
Investment earnings using the equity method	5,385	561	4,824
Total other comprehensive income that will not be reclassified to the statement of income, before taxes	**867,945**	**222,673**	**645,272**
Gains from new measurements of financial assets available-for-sale, before taxes	78,404	38,993	39,411
Reclassification adjustments, financial assets available-for-sale, before taxes	(15,169)	(14,850)	(319)
Cash flow hedge losses, before taxes	(44,267)	12,095	(56,362)
Total OCI that is not reclassified to the Statement of Income, before taxes	**18,968**	**36,238**	**(17,270)**
Total other comprehensive incomes, before taxes	**886,913**	**258,911**	**628,002**
Income tax related to investments in equity instruments of other comprehensive income	(11,875)	(6,083)	(5,792)
Income tax related to defined benefit plans of other comprehensive income	-	198	(198)
Cumulative income tax related to components of other comprehensive income that will not be reclassified to the statement of income	**(11,875)**	**(5,885)**	**(5,990)**

Item	December 31, 2019	Movements during the fiscal year	December 31, 2018
Income tax on loan portfolio and finance leasing impairment measurements according to IFRS 9	(252,086)	(59,174)	(192,912)
Income tax related to cash flow hedges of other comprehensive income	15,936	(4,918)	20,854
Cumulative income tax related to components of other comprehensive income that will be reclassified to the statement of income	**(236,150)**	**(64,092)**	**(172,058)**
Total other comprehensive income	**$ 638,888**	**$ 188,934**	**$ 449,954**

The variation of COP 38,993 million for new measurements of financial assets at fair value with changes in OCI before taxes is mainly due to the valuation of fixed rate and UVR rate treasury securities (TES) and TIPs recorded in 2019.

The movement of -COP 14,850 million for adjustment of reclassifications of financial assets at fair value with changes in OCI before taxes, is due to the sale of the securities identified as TUVT06170419 in the amount of COP 15,170 million, from the National Treasury Department held at December 2018.

The change in the equity method before taxes at December 31, 2019, compared to the same period in 2018, is detailed below:

Item	2019	2018	Variación
BBVA Fiduciaria	$ 789	$ 617	$ 172
BBVA Valores	3,858	4,206	(348)
RCI Banque Colombia	737	-	737
Totals	**$ 5,384**	**$ 4,823**	**$ 561**

Movement in cash flow hedges underwent the following changes:

Fecha	Valoración	Causación Intereses	Diferencia en Cambio	Variaciones
dec-19	$ 12,998	$ (4,235)	$ 35,504	$ -
dec-18	30,067	(5,922)	32,217	-
Total	**$ (17,069)**	**$ 1,687**	**$ 3,287**	**$ (12,095)**

36. Legal Controls

In the years 2019 and 2018, the Bank complied with all the standards on legal controls set forth by the Financial Superintendence of Colombia, as follows:

- As regards the limit on proprietary position in foreign currency, minimum legal reserve required on deposits in legal currency, standard liquidity risk indicator (IRL, for the Spanish original) and mandatory investments in Agricultural Investment Securities (TDAs, for the Spanish original).

  The Bank's portfolio policy is compliant with the current mortgage law, according to which mortgage loans can be granted as follows:

  - Low-income housing up to 80% financing on the value of the housing unit.
  - Non-low-income housing. up to 70% Financing on the value of the housing.

- The technical reserve of banks in Colombia can be no less than 9% of their total assets and credit-risk-related contingencies, calculated on a monthly basis on the banks' non-consolidated financial statements and calculated on a quarterly basis on the consolidated financial statements with local and foreign subsidiaries of the financial sector; the last calculation being as of June 2013.

The changes in transmission periods came about in compliance with Decree 1771/2012 issued by the National Government and Public Notices 020 and 032/2013 issued by the Financial Superintendence of Colombia, which modify the definitions and the calculation of regulatory capital for Credit Establishments.

At December 31, 2019 and 2018, the Bank's technical reserve represented 11.57% and 12.35%, respectively, of its assets and credit-risk-related contingencies calculated based on the non-consolidated financial statements.

37. Control And Financial Information Disclosure Accounts

As part of its ordinary course of business, the Group had the following contingent liabilities and commitments at December 31, 2019 and 2018, recorded in memorandum accounts:

Item	2019	2018
Contingent accounts payable		
Loan portfolio interest	$ 320,891	$ 367,167
Finance lease interest	13,661	18,735
Monetary adjustment loan portfolio	2,935	2,009
Lease rates receivable	2,026,738	2,196,809
Purchase options receivable	86,562	100,707
Others	1,200,656	1,817,589
Total contingent accounts payable	**3,651,443**	**4,503,015**
Memorandum accounts debtors		
Assets and securities received in escrow	2,466,581	3,258,428
Assets and securities received as collateral	4,002,106	3,246,555
Written-off assets	1,735,046	1,399,827
Provision for persons in agreements with creditors	1,908	1,902
Others	461,257,344	329,613,027
Total contingent accounts payable	**469,462,985**	**337,519,739**
Contingent accounts creditors		
Loans approved but not disbursed	1,085,653	1,174,600
Opening of credits	4,081,191	3,731,454
Others	3,425,930	4,249,855
Contingent accounts creditors	**$ 8,592,774**	**$ 9,155,909**

Item	2019	2018
Memorandum accounts receivable		
Assets and securities in escrow	$ 13,208	$ 14,128
Assets and securities received as collateral	44,657,296	42,470,587
Consumer loan rating	65,193,304	60,107,714
Commercial loan rating	18,183,093	17,530,593
Micro-credit rating	418,529	438,915
Lease transaction rating	1,685,881	1,811,140
Mortgage rating	12,403,078	11,494,060
Others	67,949,949	56,432,411
Securities received in simultaneous transactions	710,236	877,644
Total memorandum accounts receivable	**$ 211,214,574**	**$ 191,177,191**

38. Commitments And Contingencies

During the normal course of business, the Group issues financial instruments, which are recorded in contingent accounts. Group management does not expect any material losses as a result of these transactions.

The Bank issues endorsements and guarantees to guarantee contracts and obligations of special customers. These guarantees expire in 1 to 15 years, and bank correspondents are charged for this service, whether they belong to the Group or not.

At December 31, 2019, the Bank recorded the following balances:

In legal currency

Item	2019	2018
Endorsements	$ 850	$ 1,230
Bank Guarantees	732,389	866,117
Total Endorsements and Bank Guarantees LC	**$ 733,239**	**$ 867,347**

In foreign currency

(Stated in millions of foreign currency)

Item	December 31, 2019	
	USD	EUR
Bank Guarantees	USD 245	EUR 36
Letters of Credit (LC)	25	14
Total in foreign currency	**270**	**50**
Exchange rates (applied on cutoff date)	3,277.14	3,671.54
Total in Colombian pesos	**USD 884,828**	**EUR 183,577**

Historically, there has been no default on Bank Guarantees in legal or foreign currency in the Group.

In the event of a default by any of our customers on the obligations incurred with third parties derived from an endorsement or bank guarantee issued by Banco BBVA Colombia S.A., a provision would be recognized based on the parameters established by IAS 37-Provisions, Contingent Liabilities and Contingent Assets, by applying the following decision tree:

Discriminated decision tree - concepts to be evaluated to define criteria	
Contingent liability - endorsements, letters of credit and bank guarantees	Is a possible obligation generated by past events and whose existence has yet to be confirmed only because uncertain future events that are not controlled by the entity occur?
	Is it not likely that, in order to be fulfill the obligation the outlay of funds that include future economic benefits will be required?
	Can the amount be measured with sufficient reliability?

In addition, the customer risk rating department was asked to provide the current balance in Bank Guarantees, Endorsements and Letters of Credit in legal tender and foreign currency at December 31, 2019.

Since bank guarantees are not part of the rating processes established for active credit transactions, the Risk Department carried out the following activities:

a) Find the bank guarantee identification sent and define the risk rating thereof if the identification has active credit transactions at December 31, 2019.

b) The rating information was taken from identifications that do not have active credit transactions.

The rating is assigned by the analysis of a set of qualitative and quantitative variables established in models, which are analyzed by the Bank's Tools Department; these variables assign a final weight to each customer in order to establish and define the master rating.

This rating is standardized by a computer process according to the parameters of Section 8017 of UGDT37 at the 8 risk levels handled for credit investments; this rating, in turn, finds equivalences at the five levels established by Notice 100.

Bank guarantees in legal currency

(stated in COP millions)

The rating of the information at December 31, 2019 is as follows:

Rating	2019	
	Value	Percentage
A	$ 733,239	100%
Total in Colombian pesos	**$ 733,239**	**100%**

Bank guarantees in foreign currency

(stated in millions of foreign currency)

The rating of the information at December 31, 2019 is as follows:

Calificación	2019		
	USD	EUR	Porcentaje
A	$ 212.92	$ 36	99.93%
B	0,08	0	0.07%
Total in foreign currency	**213**	**36**	100%
Exchange rates (applied on cutoff date)	3,277.14	3,671.54	
Total in Colombian pesos	**$ 698,031**	**$ 132,175**	**100%**

Letters of credit in foreign currency

currency (stated in millions of foreign currency)

The rating of the information at December 31, 2019 is as follows:

Calificación	2019		
	USD	EUR	Porcentaje
A	$ 45	$ 14	100%
Total in foreign currency	**45**	**14**	**100%**
Exchange rates (applied on cutoff date)	3,277.14	3,671.54	
Total in COP	**$ 147,471**	**$ 51,402**	**100%**

As a result of the work carried out to evaluate the current status of the Endorsements, Bank Guarantees and Letters of Credit in force at the end of December 2019, under the criteria of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, the facts that caught our attention are highlighted below:

- 100% of the customers with transactions (Bank Guarantees) in legal currency do not pose any level of risk as their economic Group rating is "A".
- Of the total Guarantees issued in F.C., more than 99% are made up of customers who are classified in category A, followed by 0.07% of one customer classified in category B within this group, as follows:
  - \- Velnec S.A, a company that went from having an A rating in the second quarter of 2018 to a B rating in the second half of 2019. Currently, its most important lines of action are: consulting, project structuring and oversight or audit of infrastructure projects. This company recently took charge of the audit of the construction of a walking circuit of 5,5271 linear meters in El Poblado. This project is promoted by the Medellín Secretariat of Infrastructure to solve the high deficit of sidewalks in this area.

In accordance with the revised bases, at December 31, 2019, the Group considers that no provisions are required for the products of Endorsements, Bank Guarantees and Letters of Credit in Legal and Foreign Currencies, in accordance with the criteria of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

The guarantees created in the name of Velnec SA., despite being classified as category B, only account for a total of USD 223,600, which when compared to the account total (0.07%) is not representative, and therefore, its deterioration is not recognized.

39. Interest Revenues

Revenue from ordinary activities at December 31, 2019 are as follows:

Item	2019		2018	
Interest revenues				
Commercial loan portfolio (1)				
Commercial loans	$	991,555	$	1,016,416
Overdrafts commercial loans		8,445		10,328
Commercial loan portfolio discount operations		8,153		8,885
Commercial loan portfolio rediscount operations		73,683		81,825
Commercial portfolio default interest		19,618		23,178
Total commercial loan portfolio		**1,101,454**		**1,140,632**
Consumer loan portfolio (2)				
Consumer loans		2,081,537		1,898,865
Overdrafts consumer loans		1,103		1,483
Consumer loan portfolio default interest		34,751		36,933
Total consumer loan portfolio		**2,117,391**		**1,937,282**
Credit card loan portfolio				
Commercial credit card loan portfolio		5,327		5,683
Consumer credit card loan portfolio		405,388		384,315
Total credit card loan portfolio		**410,715**		**389,998**
Mortgage loan portfolio (3)				
Mortgage and residential leasing loans		991,039		787,778
Default interest on mortgage and residential leasing loans		9,589		8,297
Readjustment of the real value unit (uvr)		35,669		41,298
Total mortgage loan portfolio		**1,036,297**		**837,372**
Factoring transactions loan portfolio (4)				
Factoring transactions		33,732		27,749
Total factoring transactions loan portfolio		**33,732**		**27,749**
Operating lease loan portfolio				
Operating lease rates	$	1,539	$	2,536

Item	2019	2018
Profit on sale of assets in operating leases	$ 30	$ 15
Total operating lease loan portfolio	**1,569**	**2,551**
Finance leasing loan portfolio (5)		
Penalties for breach of finance lease agreements	4,968	3,250
Financial component of financial leases - consumer	322	586
Financial component of financial leases - commercial	156,547	164,473
Total finance leasing loan portfolio	**161,837**	**168,309**
Residential leasing loan portfolio (6)		
Financial component of residential leasing	247,539	216,231
Total residential leasing loan portfolio	**247,539**	**216,231**
Total interest revenues	**5,110,533**	**4,720,124**
Interest expenses		
Ordinary savings deposits (7)	660,996	566,315
Term deposit certificates (8)	1,220,191	1,390,217
Readjustment of the real value unit (uvr)	410	348
Banks and financial obligations (9)	111,435	100,874
Total interest expenses	**1,993,032**	**2,057,754**
Total interest revenues, net	**$ 3,117,501**	**$ 2,662,370**

(1) Interest income from the commercial portfolio decreased, reflecting its main variations in interest from the commercial portfolio of COP $25 million, default interest of COP $3.5 million and overdrafts of COP 1.8 million.

(2) The consumer loan portfolio generated COP $96.537 in revenue, COP $152.265 of which correspond to the COP 1.052.686 increase in average balances of the portfolio.

(3) The mortgage loan portfolio generated COP $25.539 in revenue, COP $53.714 of which correspond to the COP $498.842 increase in average balances of this portfolio. At the Group level, a variation of COP 149 billion is reflected due to the implementation of IFRS.

(4) A revenue of COP$5.983 was generated by Discount, Factoring and Confirming transactions, COP 18.227 of which are due to the COP 193.282 increase in average balances of this portfolio.

(5) Finance leasing generated a decrease of COP $6.472 reflected mainly in commercial transactions, of which COP 349 is from the increase in average balances of this portfolio of COP $3.591

(6) Residential leasing generated an income of COP 31,308, of which COP $33.099 are from the COP $322.774 increase in average balances of the portfolio.

(7) Interest expenses on savings deposits increased by COP $94.821, COP $15.496 of which are due to the COP $600.410 increase in the average balances of deposits.

(8) Interest expense for term deposit certificate generated a cost of $170,026, of which $133,428 was due to the increase in average deposit balances of $ 1,828,205.

(9) Interest expenses on Banks and Financial Obligations are directly related to the variation of the rediscount portfolio, since it generated an income of COP $10.561, COP $ 1.163 of which are due to the COP $16.166 increase in average balances of this portfolio.

40. Non-Interest Revenues

At December 31, 2019 and 2018, the balance of this account is summarized as follows:

Item	2019	2018
Fees		
Fee revenues	$ 581,325	$ 566,680
Fee expenses	(545,226)	(199,582)
Total fees (1)	**36,099**	**367,098**
Securities		
Money market transactions		
Financial revenue money market transactions and other interests	110,562	107,544
Valuation of short positions for open repo and simultaneous transactions and temporary security transfers	50,163	44,740
Valuation of cash transactions (2)	360	246
Investments at fair value		
Valuation of debt instruments at fair value (2)	597,174	382,138
Valuation of equity instruments at fair value	2,761	2,144
Investments at amortized cost		
By valuation at amortized cost of investments	176,730	151,163
By equity method	13,293	8,054
Total securities	**951,044**	**696,029**
Derivatives		
Equity derivatives (4)	13,060,398	7,515,767
Total derivatives	**13,060,398**	**7,515,767**
Disposals		
Sale of non-current assets held for sale	1,418	1,080
Sale of Property and equipment	398	5,107
Sale of investments (5)	91,695	54,348
Portfolio sales	-	4,010
Total disposals	**$ 93,511**	**$ 64,545**

Item	2019	2018
Other items		
Equity shares	$ -	$ -
Sale of checkbooks	12,652	13,214
Previous years' revenues from derivative financial instruments (CVA)	3	4,981
VISA financing payment	19,239	16,181
Dividends	16,830	17,860
Operational risk	4,778	2,906
Provision reimbursement	3,792	3,792
SWIFT messages	3,068	2,551
Leases	2,368	2,547
Payment of the regional VISA agreement	5,729	2,183
Sale of cash	1,650	907
Advertising agency discounts	8,505	4,872
Commercial information for customers	1,430	1,227
Other revenue	46,820	28,512
Total other items	**126,866**	**101,733**
Net exchange difference (6)	80,153	243,756
Activities in joint operations	1,320	1,012
Total other revenue other than interests	**$ 14,349,391**	**$ 8,989,941**

(1) The Group's net fee revenue is affected by the implementation of international IFRS 9 standards to the Sales Force, commercial, mortgage and consumer portfolio.

(2) Cash transactions show an increase due to the transfer of the valuation reversion of item 5 for the transactions in force at 12/31/2018 in the month of January 2019, especially for contracts for the sale of foreign currency (Currency/Currency) and contracts for the sale of securities.

(3) The variation in fair value shows an increase in the debt instruments issued as collateral by the Nation whose share in the item accounts for 47%.

(4) The variation in the Equity Derivatives item is mainly reflected in the settlement and valuation of Colombian peso/US dollar currency forward transactions with a 29% share within the item, and currency futures transactions with a share of 48%.

(5) Investment sales reflect an increase due to the maturity of fixed-rate TES securities, whose share in the total item is equivalent to 89%.

(6) The exchange gain is originated by the restatement of assets and liabilities, the realization of assets from foreign currency operations and the fluctuation of the exchange rate from COP $3.249.75 (2018) to COP $3.277.14 (2019) and by the decrease in foreign currency purchases and sales in 2019 compared to the previous year from USD 3,472 million to USD 2,511 million.

41. Non-Interest Expenses

At December 31, 2019, the balance of this item is summarized as follows:

Item	2019	2018
Securities		
Money market transactions		
Financial revenue money market transactions and other interests	$ 279,468	$ 187,214
Valuation of short positions for open repo and simultaneous transactions, and temporary security transfers (1)	64,966	60,633
Valuation of cash transactions	500	449
Investments at fair value		
Valuation of debt instruments at fair value	295,450	171,959
Investments at amortized cost		
By valuation at amortized cost of investments (2)	30,427	17,694
By equity method	-	-
Total securities	**670,811**	**437,948**
Derivatives		
Equity derivatives (3)	12,994,181	7,573,747
Hedging derivatives	37,008	43,096
Total derivatives	**13,031,189**	**7,616,843**
Disposals		
Sale of non-current assets held for sale	1,102	830
Sale of property and equipment	152	2,892
Investment sales	62,346	48,705
Portfolio sales	1,668	7,657
Total disposals	**65,268**	**60,084**
Other operating expenses		
Employee salaries and benefits	617,900	576,115
Fees	27,657	23,867
Statutory audit fees	$ 3,574	$ 3,749

Item	2019	2018
Depreciation of property and equipment	$ 85,882	$ 48,172
Amortization of intangible assets	42,706	42,220
Taxes	107,137	109,369
Leases (4)	6,418	47,283
Insurance	157,311	145,100
Contributions and memberships	14,040	13,036
Maintenance, improvements and repairs	80,538	67,916
Operational risk	17,307	14,208
Penalties and sanctions, lawsuits	7,590	4,190
Temporary services	69,514	63,321
Advertising	25,597	27,489
Public relations	1,870	2,225
Utilities	26,032	26,235
Electronic data processing	102,605	87,980
Travel expenses	12,512	12,970
Transportation	46,980	52,388
Office supplies and stationery	6,392	7,792
Miscellaneous administrative expenses	13,746	11,734
Miscellaneous administrative expenses on products	20,696	17,545
Outsourced payroll expense	6,920	7,570
Queries with information centers and repositories	8,137	8,428
Loyalty incentive and customer cost	4,688	6,211
Active product formalization cost	1,253	1,869
Costs on mep	11,472	10,101
Filing and custody	7,414	7,195
It developments and support	27,733	25,302
Rci pre-operational	-	-
Corporate responsibility	5,493	4,575
Customer loyalty	48,736	44,127
Funding cost	1,892	5,189
Fogafin guarantee with granahorrar (6)	-	6,750
Tes 546 uvr update	3,048	2,618
Costs of trading results	-	-
Activities in joint operations	$ 2,508	$ 2,114

Item	2019	2018
Donations	$ 333	$ 255
Management and brokerage services and systems	1,210	-
Legal expenses	7	9
Digital sales	5,615	-
Other	14,640	20,125
Total other operating expenses	**1,645,103**	**1,557,342**
Total expenses other than interests	**$ 15,412,372**	**$ 9,672,217**

(1) Money market transactions are very short-term, so the balances reflected at the end of the year compared to the preceding year are due to the liquidity needs and business strategy of the money desk when the balance is observed. For the year 2019, there was an increase of COP 4,334 million, equivalent to 7%.

(2) 90% of the share of this item was the Premium of securities issued by the Nation, which increased by 98% from 2018 to 2019.

(3) 48% of the Equity Derivatives accounts for the loss on the settlement of currency forward transactions that reflect an increase of 112% between 2018 and 2019; 28% of the share of the item accounts for the loss of forward COP/USD transactions and the transfer of the reversal of their valuation in January 2019 at the cutoff date of December 31, 2018.

(4) The Leases item showed a significant decrease in real estate rentals of COP 41,121 million, equivalent to 95% of the previous year's balance, since IFRS 16 came into effect on January 1, 2019, through which the accounting management of lease contracts depends on their term; only short-term contracts were recorded in this account, approximately 88, which account for 14% of the total.

(5) Fines, sanctions and lawsuits has a share of 54% of operating risk for labor lawsuits, which increased by 95% compared to 2018, and 35% of the share of this item for operating risk for lawsuits due to breach of contract.

(6) The Fogafin guarantee was not recorded in 2019 since the proceedings are over.

42. Transactions With Related Parties

Controlling entity and main controlling entity

As the Group's main controlling entity, BBVA Colombia holds a 95,43% percentage share in Banco Bilbao Vizcaya Argentaria, as disclosed below as shareholders with more than 10% of the company.

Recognition of relationship with related parties

Individuals related to the Entity

BBVA Colombia recognizes as related parties the members of the Board of Directors and the registered agents and/or key management personnel that have a significant influence over the organization's decision-making.

Joint ventures

In July 2015, the RCI Colombia financing company was incorporated in a joint arrangement with RCI Banque, property of the Renault Group. This investment represents a holding of 48,99% for the Bank, represented by 11.512.154 shares; the third capitalization was carried out in the month of March. This company carries out its activities at Cra 49 No. 39 Sur 100 Envigado, Antioquia.

Other related parties in Colombia

BBVA recognizes the following companies as related parties: BBVA Seguros Generales in the business of selling general or damage insurance products; and BBVA Seguros de Vida, which only sells life insurance. Since its shareholding structure reflects 99.95% of BBVA Group's share, they are recognized as economically related parties. These companies carry out their activities at Cra 15 No. 95-65 on the 5th and 6th floors.

The Financial Services Reseller is also considered a related party, since it is a partner responsible for facilitating access to the products and services of BBVA Colombia by presenting the offering of some of its products to customers. BBVA Seguros Colombia has a significant share of its shareholding structure.

This same group includes Telefónica Factoring Colombia, S.A., Opplus Operaciones y Servicios S.A., Fideicomiso de Administración Redetrans, Fideicomiso Horizontes Villa Campestre and Fideicomiso Lote 6.1 Zaragoza.

Other related parties abroad

BBVA Colombia recognizes as economically related parties the companies that are part of the Business Group or those over which it has significant influence, directly or indirectly. The following are recognized in this group: BBVA Bancomer, Banco Continental, S.A, Banco Provincial S.A, BBVA Banco Frances S.A, BBVA Suiza S.A., BBVA Securities and Aplica Tecnología Avanzada S.A.

Compensation received by key management personnel and Board members

In addition to their remuneration, the Company has a system for the settlement and payment of the annual variable remuneration for individuals whose professional activities have a significant impact on the Bank's risk profile, as well as other employees who have oversight roles, including executive directors and other members of BBVA's Senior Management.

The deferred amounts of the annual variable remuneration, both in cash and in shares, are subjected to long-term indicators, so the degree of fulfillment of these objectives determines the amount of the benefit granted to each of the related parties.

Below are the other remunerations paid key management personnel:

Assets	2019		2018	
Short-term employee benefits	$	9,326	$	8,062
Post-employment benefits		101		97
Other long-term employee benefits		-		-
Termination benefits		-		820
Other benefits		1,188		986
Remuneration of key management personnel		8,859		9,219
Total	**$**	**19,474**	**$**	**19,184**

In addition to the remunerations mentioned above, key management personnel and Board members claimed travel expenses in the amount of COP 110, which they paid using corporate cards.

Board members received remuneration on account of fees and attendance of Board meetings in the amount of COP 382 at December 2019 (COP 376 at December 2018), leaving a COP 34 commitment recognized by the entity on the same account.

Transactions recognized with shareholders who hold a share of more than 10% in the Company

At December 31, 2019, BBVA Colombia had a balance of COP 128,028 in banking correspondent, BBVA Madrid, in addition to accounts receivable, made up of COP 31,303 for securities depositories and COP 505,095 for deposits as collateral in foreign currency.

BBVA Colombia recognized COP 14,234 in expenses to its controller for data processing service and application maintenance focused mainly on the use of Core Banking and BBVA Colombia information and infrastructure maintenance (December 14, 2017) to its controller for data processing service and application maintenance focused mainly on the use of Core Banking and information and infrastructure maintenance.

Regarding the contingent commitments recognized, the Bank issues Endorsements, Letters of Credit and Bank

Guarantees to its economically related parties, which are recorded in contingent accounts. These guarantees expire in one to fifteen years, and a 0.2% fee is charged for this service, with a USD 80 minimum for members of the Group, and 0.3% of the value of the endorsement or guarantee, with a USD 100 EQQ minimum for corresponding banks that are not members of the BBVA Group.

Below are the details in legal and foreign currency by type of collateral generated for Banco Bilbao Vizcaya Argentaria:

Details	2019		2018	
Bank guarantees in domestic currency	$	118.671	$	71.595
Bank guarantees in foreign currency		449.694		116.810
Letters of credit in foreign currency		12.204		17.626
Total	**$**	**580.569**	**$**	**206.031**

Other transactions with related parties

Relationships between related parties are a normal part of trade and business. BBVA often carries out part of its activities through subsidiaries, joint ventures and other related parties.

The details of transactions with related parties at December 31, 2019, was as follows:

2019	Shareholders with share over 10%	Shares in joint ventures	Board Members
		RCI Colombia	
Assets			
Loan portfolio and interest	-	$ 511,612	$ -
Investments	-	133,636	48
Derivatives and cash transactions	1,558,972		-
Banks and other financial entities	131,543	-	-
Accounts receivable	31,304	-	-
Deposits as collateral	57,205	-	-
Prepaid expenses	-	-	-
Total	**1,779,024**	**645,248**	**48**
Liabilities:			
Deposits (Savings - Checking and CDs)	-	56,077	69
Outstanding investment securities	-	-	-
Derivatives and cash transactions	1,733,186	-	-
Margin call	-	-	-
Accounts payable	50,346	-	34
Total	**1,783,532**	**56,077**	**103**
Revenue:			
Dividends from the equity method	-	13,293	-
Interest and/or return on investments	3,742	25,992	18
Fees	1,239	860	5
Leases	-	-	-
Total	**4,981**	**40,145**	**23**
Expenses:			
Dividends from the equity method	-	-	-
Interest	1,163	158,397	18
Fees	1,239	-	7
Employee Benefits	-	-	-
Loss from equity method	-	$ -	$ -
Insurance	-	$ -	$ -
Derivative transactions	6,511	-	110

Registered agents and key management personnel	Other companies of the BBVA Group that are not subsidiaries of BBVA Colombia		Other domestic related parties	Other related parties abroad
	BBVA Seguros	BBVA Seguros de Vida		
$ 2,116	$ 3	$ 3	$ 157,634	$ -
-	-	-	$ 2,602	-
-	-	-	-	28,876
-	-	-	-	18
-	-	-	-	2,341
-	-	-	-	-
-	1,293	39	-	-
2,116	**1,296**	**42**	**160,236**	**31,235**
3,712	22,906	69,923	1,100	-
-	-	35,178	-	-
-	-	-	-	31,501
-	-	-	-	3,965
-	-	-	-	-
3,712	**22,906**	**105,101**	**1,100**	**35,466**
-	-	-	-	-
198	-	-	133	29
23	14,793	62,362	20	151
-	15	61	1,498	-
221	**14,808**	**62,423**	**1,651**	**180**
-	-	-	-	-
518	500	2,362	61	
50	-	-	152,022	6,966
18,322	-	-	-	-
$ -	$ 3,318	$ 140	$ -	$ -
$ -	$ -	$ -	$ 401	$ -
-	-	-	4,374	14

2019	Shareholders with share over 10%	Shares in joint ventures RCI Colombia	Board Members
Leases	-	-	382
Other expenses	14,234	-	-
Advisory and consultancy fees	-	-	-
Corporate application services	-	-	-
Total	**23,147**	**158,397**	**517**
Contingent commitments and obligations	505,095	153	-
Call and put purchase commitments	-	-	-
Total	**505,095**	**$ 153**	**$ -**
Other – Dividends paid on preferred and ordinary shares	-	$ -	$ -

El detalle de las operaciones con partes vinculadas al 31 de diciembre de 2018, era el siguiente:

2018	Shareholders with share over 10%	Shares in joint ventures RCI Colombia	Board Members
Assets			
Loan portfolio and interest	-	$ 593,402	$ -
Investments	-	119,605	-
Derivatives and cash transactions	850,775	-	-
Banks and other financial entities	547,726	-	-
Accounts receivable	159	-	-
Deposits as collateral	5,195	-	-
Prepaid expenses	-	-	-
Other assets	904	-	-
Total	**1,404,759**	**$ 713,007**	**$ -**
Liabilities:			
Deposits (savings and checking accounts)	-	$ 86,653	$ 182

	Registered agents and key management personnel	Other companies of the BBVA Group that are not subsidiaries of BBVA Colombia		Other domestic related parties	Other related parties abroad
		BBVA Seguros	BBVA Seguros de Vida		
	-	-	-	-	-
	-	-	-	-	81,318
	-	-	-	-	-
	-	-	-	-	-
	18,890	**3,818**	**2,502**	**156,858**	**88,298**
	-	18	84	2,442	117,096
	-	-	-	-	145,135
	$ -	**$ 18**	**$ 84**	**$ 2,442**	**$ 262,231**
	$ -	$ -	$ -	$ -	$ -

	Registered agents and key management personnel	Other companies of the BBVA Group that are not subsidiaries of BBVA Colombia		Other domestic related parties	Other related parties abroad
		BBVA Seguros	BBVA Seguros de Vida		
	$ 2,621	$ 9	$ 24	$ 137,439	$ -
	-	-	-	-	-
	-	-	-	-	50,919
	-	-	-	-	252
	-	-	-	-	1,354
	-	-	-	-	-
	-	1,062	-	-	-
	-	-	13	-	616
	$ 2,621	**$ 1,071**	**$ 37**	**$ 137,439**	**$ 53,141**
	$ 5,961	$ 39,722	$ 89,020	$ 14,004	$ -

2018	Shareholders with share over 10%	Shares in joint ventures	Board Members
		RCI Colombia	
Outstanding investment securities	-	-	-
Derivatives and cash transactions	999,248	-	-
Margin call	-	-	-
Accounts payable	1,775	-	34
Total	**1,001,023**	**86,653**	**216**
Revenue:			
Dividends from the equity method	-	8,053	-
Interest and/or return on investments	708	29,776	25
Fees	-	718	7
Leases	-	-	-
Total	**708**	**38,547**	**32**
Expenses:			
Interest	685	158,397	11
Fees	-	-	-
Employee Benefits	-	-	-
Insurance	-	-	-
Leases	-	-	-
Other expenses	-	-	-
Advisory and consultancy fees	-	-	374
Corporate application services	14,111	-	-
Total	**14,796**	**158,397**	**385**
Contingent commitments and obligations	415,264	139	-
Call and put purchase commitments	15,500	-	-
Total	**430,764**	**$ 139**	**$ -**
Other – Dividends paid on preferred and ordinary shares	-	$ -	$ -

Registered agents and key management personnel	Other companies of the BBVA Group that are not subsidiaries of BBVA Colombia		Other domestic related parties	Other related parties abroad
	BBVA Seguros	BBVA Seguros de Vida		
-	-	70,246	-	-
-	-	-	-	29,859
-	-	-	-	14,266
-	-	-	1,309	275
5,961	**39,722**	**159,266**	**15,313**	**44,400**
-	-	-	-	-
666	-	-	152	-
26	12,976	62,362	19	-
-	38	160	1,498	-
692	**13,014**	**62,522**	**1,669**	**-**
518	660	5,816	112	180
-	-	-	130,636	-
16,589	-	-	-	-
-	3,468	36	-	-
-	-	-	455	-
-	-	-	4,584	-
-	-	-	-	-
-	-	-	-	56,030
17,107	**4,128**	**5,852**	**135,787**	**56,210**
-	10	62	11,202	794,141
-	-	-	-	569,358
$ -	**10**	**62**	**11,202**	**1,363,499**
$ -	$ -	$ -	$ -	**$ -**

43. Market, Interest, Structural And Credit Risk Report

Market Risk

Banco BBVA Colombia S.A

Market risk is defined as the possibility that the Bank will incur in losses associated with the decrease in value of its portfolio due to changes in the price of the financial instruments of its positions. Although the Bank manages its risks separately, it maintains a corporate methodology, which manages the market risk resulting from the activity of their operations with the basic objective of limiting possible losses, quantifying the economic capital necessary to carry out their activity and optimizing the relationship between the level of exposure assumed and the results established.

To have the maximum guarantees for this management, the Bank has developed a series of organizational, identification, measurement, control and monitoring systems and policies of the risks inherent to trading, as well as balance sheet transactions.

Segregation of roles

Depending on the role that the contracting, accounting, compliance or risk monitoring activities are related to, the responsibility was assigned to each of the following areas:

- **Global Markets** - Department responsible for managing the application of defined policies and programs to ensure the efficient management of the Bank's financial resources and also, to control that there is the necessary liquidity for the normal course of the institution's operations, by designing policies on the investment portfolios that contribute to the strengthening of the Group's financial, competitive and expansion position at the national and international levels.

- **Market management** - Area responsible for controlling the trading floor's daily transactions, as well as for confirming, settling and clearing the transactions of the Treasury. In turn, it is responsible for the custody of the contracts and the management of securities deposits, reporting to the Media Vice-Presidency.
- **Market accounting** - Area responsible for validating and ensuring the appropriate incorporation of the treasury transactions in the Bank's balance sheet, as well as controlling, calculating and reporting the proprietary position of foreign currency, dependent of the Finance Vice-Presidency.
- **Market and structural risks** - Area responsible for quantifying, assessing and promptly reporting the risks of Global Market operations, as well as liquidity and structural balance risks, dependent of the Risk Vice-Presidency.
- **Legal Area** - Responsible for analyzing and assessing the legal risks that may result from the arrangements or contracts that formalize the transactions, so as to avoid any legal situation that can legally affect the instrumentation or documentation thereof. As part of its duties, the Legal Area verifies that the relevant legal regulations are observed and that the Entity's policies and standards are in line with them. In all cases, it legally structures transactions based on the current legal regulations that the Bank is subject to, including participation in new markets or products.
- **Internal control and operational risk area** - Responsible for analyzing, assessing and managing internal control (processes) together with the operational risks that may result from the Global Market operations, identifying them and proposing mitigating control measures in compliance with the corporate model and local regulatory guidelines required for adequate maintenance of the Internal Control System (SCI, for the Spanish original) and the Operational Risk Management System (ORMS).

Nature and scope of the risks arising from financial instruments

Senior Management has assigned the following objectives to the Treasury Department:

- Management of the Bank's short-term liquidity; and

- Management of the necessary tools and mechanisms for hedging interest, exchange rate and liquidity risks in the operation of own resources, as well as in operations with customers.

Therefore, the Global Markets area carries out procedures on its own account to meet its liquidity needs and those of external customers. It also actively participates as a market generator in fixed income and in currency and term transactions, as well as in money market transactions. Therefore, it has an organizational structure comprised of a trading floor (interest rates and currency transactions), front office (customer needs) and the structuring activity.

Taking into account the objectives assigned to the Treasury Department and with the aim of optimizing, managing and administrating the risks inherent thereto, Senior Management has decided to establish roles by areas, quantifiable limits and risk measurement tools.

Methods used to measure risk: The Bank uses the standard model for risk measurement, control and management; it also uses tools to determine limits for trading positions and to revise positions and strategies quickly as the market conditions change.

The main sources of market risk by which the Bank is affected are:

a) Interest rate: The portfolios of the Global Markets area are exposed to this risk when their value depends on the level of certain interest rates on the financial market.

b) Exchange rate: The banking book and the trading book are exposed to this risk when their values and transactions depend on the exchange between currencies on the financial market.

The methodologies used to measure VaR are assessed on a periodic basis and subjected to back testing to determine their effectiveness. In addition, the Bank has tools to conduct stress and/or sensitivity tests on portfolios under the simulation of extreme scenarios.

Limits- Limits were established for the exposures to risk of the global market activity, by assigning the following:

The main metric is the target average economic capital (CEMO, for the Spanish original) in accordance with the standards defined by Basel 2.5. This indicator is calculated using the VaR; a measurement of stressed VaR is also added, resulting in a final measurement that is the higher of the two (VaR and Stressed VaR) during an average of three months. This way, more weight is given to the stress events of the current or past market. This measurement is rescaled by the multiplier set by Basel of three by the square root of ten to calculate the economic capital charge.

Monitoring is carried out through a "global limit", which, in turn, is broken down by risk factor, as well as by floor, currency and product, for which there are internal warning signs when the consumption thereof is 85% or higher. Overrunning this warning sign requires express communication from the person in charge of the Global Markets Department to the Market and Structural Risk Department, indicating the strategy to be followed. The Market and Structural Risk Department informs senior management and the Global Market Risk Unit, which will then indicate up to what point said strategy may continue.

The limits are approved by the Board of Directors, while measurement, monitoring and control are carried out daily by the Market and Structural Risk Department, issuing regular reports to senior management and monthly reports to the Board of Directors.

Measurement and monitoring tools - The main risk measurement tools include Value at Risk (VaR), Stress VaR and delta sensitivity. However, other tools are used, such as stress testing and stop loss.

- **Value at Risk .** VaR. The VaR measurement methodology used by the Bank is based on historical simulation, in order to collect the negative impacts that the statements of income of the trading portfolio may undergo due to negative impacts generated by the history of risk factors on the Bank's current position. When historical data are used, the correlation between these data and their occurrence distributions is included naturally.

monitor and control limits for the Global Market operations, a measurement is carried out based on the "VaR without exponential smoothing" methodology, using two years of information on the financial markets.

VaR								
	December		Minimum		Maximum		Average	
Year 2019	$	2,621	$	1,591	$	5,891	$	2,989
Year 2018	$	2,834	$	1,593	$	5,417	$	2,788

- **Stop loss:** This is a monitoring measure of the accumulated losses in the global market portfolios with the aim to limit the negative impact on the income statement.

  The stop loss was monitored in 2019 through a double control mechanism, implementing an annual limit with the aim to control possible accumulated losses in the income statement, accompanied by a monthly loss limit. These limits aim to minimize the impact on the income statement.

- **Stress Testing:** Is the generation of a set of historical scenarios, which puts pressure on the different risk factors related to the different Global Market positions. The period observed starts in June 2009 and extends to December 2019.

SVaR lehman								
	December		Minimum		Maximum		Average	
Year 2019	$	9,165	$	5,387	$	18,786	$	9,707
Year 2018	$	7,945	$	4,156	$	17,58	$	8,267

- **Sensitivity (Delta).** This is another measure BBVA Colombia uses to estimate the exposure of the global market portfolios. The tool estimates portfolio sensitivity in response to a variation of one basis point in the interest rates, and its purpose is to raise internal warnings of interest rate risk. Therefore, additional sublimits are established by products.

Consolidated market risk profile and positions

The comparative table of the global market positions that were taken into account for the measurement of the previously described risks is presented below.

Positions of Global Markets for the years 2019 and 2018

(in billions)

Classification	19-Dec	Local currency		Other currencies		18-Dec	Local currency		Other currencies	
	Amount	Average	Maximum	Average	Maximum	Amount	Average	Maximum	Average	Maximum
Public debt COP	$ 3,752	$4,089	$5,319	$ 142	$ 224	$2,907	$2,929	$ 3,641	$ -	$ -
Corporate securities COP	1,447	1,055	1,447	22	57	1,240	1,134	1,444	-	-
Spot FX USD	-	-	-	-	(8)	1,072	-	-	551	1429
Forward	35	25	113	-	3	3	-	-	56	117
Shares without subsidiaries	238	191	242	-	-	4	4	4	-	-
Collective investment funds	-	-	-	-	-	57	81	96	-	-

2019 and 2018 market risk profile

Global market risks	Dec-19	Average	Maximum	Minimum	Dec-18	Average	Maximum	Minimum
VaR - Interest rates	$ 2,588	2,575	$ 4,620	$ 1,471	$ 2,304	2,702	$ 5,365	$ 1,609
VaR - Exchange rates	85	960	4,566	29	618	430	2,517	29
Total VaR	2,621	2,989	5,891	1,591	2,834	2,788	5,417	1,593
Economic capital consumption limit	65%	57%	74%	40%	37%	40%	49%	33%
Total Delta to 1 bp	(316)	(243)	80	(574)	(183)	(202)	(417)	(30)
Delta consumption sublimit	47%	37%	86%	0,5%	27%	30%	62%	5%

In 2019, the average market risk consumption (VaR) of trading operations was COP $2,989 million, with a consumption exceeding the internal limit for authorized economic capital by 57%. The average sensitivity of the interest rate in response to one basis point (Delta) was COP $316 million exceeding the authorized internal limit by 47%.

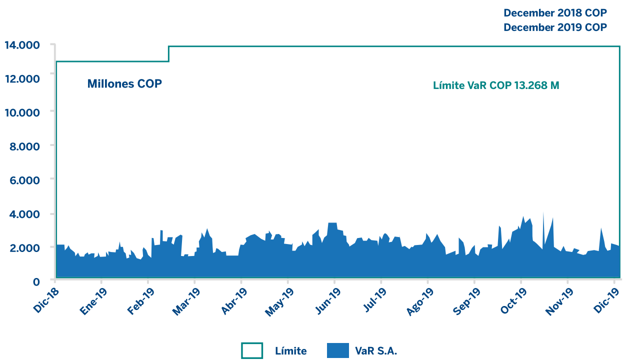
Evolution of the trading market risk: Daily measurements and controls were carried out in 2019 on the consumption levels of the authorized internal limits, regularly reporting their compliance to Senior Management.

The following graphs show their evolution:

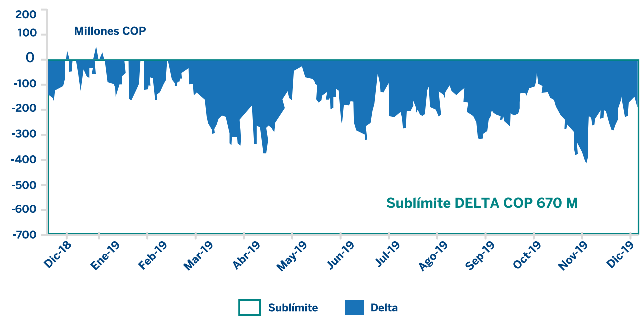
Monitoring of Market Risk vs. Monitoring of Market Risk

Market risk monitoring

VaR Evolution



Evolution of total sensitivity to 1 bp



During the year, the fixed-income trading portfolio was characterized by presenting a concentration of the short-term position held mainly by TCO and TES with short-term maturities, as well as Term Deposit Certificates (TCDs). In turn, the derivatives portfolio maintained the composition by type of product; the main products are USD-COP forwards and IRS in IBR. The sensitivities are concentrated by type in COP and USD, consistently with portfolio composition. The portfolio characteristics described above keep the average VaR low, because short-term positions cause relatively low sensitivities and interest rate deltas had a conservative risk consumption throughout the period.

The market risk monitoring process is complemented with stress-testing scenarios, which aim to estimate the losses that the Bank would incur in the event that extreme situations occur on the markets.

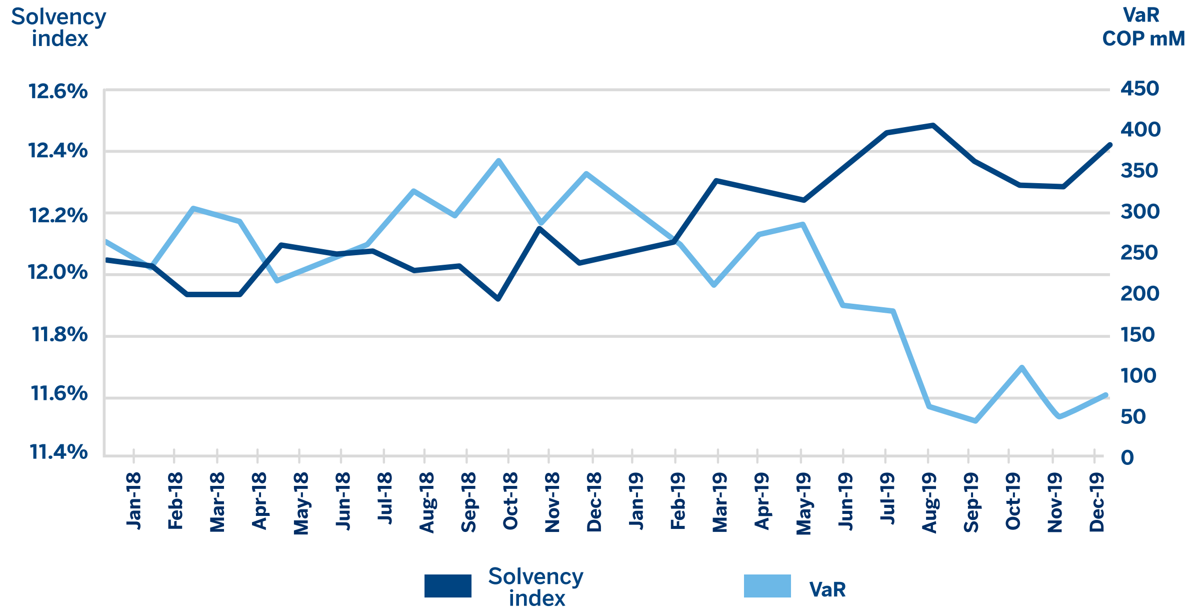
It subjects the positions held to strong hypothetical market oscillations based on historical or possible situations obtained through the generation of scenarios. This is done to quantify the effect of the results in order to identify possible adverse impacts and those greater than the VaR figures that could potentially occur, and design contingency plans to be applied immediately in the event that an abnormal situation occurs.

Monitoring of Value at Risk Regulatory Model - Standard Model

In accordance with Public Notice 09/2007 of the Financial Superintendence of Colombia, the Bank has been assessing its exposure to market risks, of both interest rate and exchange rate, on a daily basis. This includes the measurement for Global Markets' available-for-sale and tradable positions, and securities classified upon maturity that are delivered to create collateral in a central counterparty clearing house. This is done in order to determine the effect that possible changes in market conditions may have on the economic value of the Bank's equity. This impact is also reflected in the solvency ratio.

The following figure shows the value at risk assessment and the solvency margin:

Evolution of Value at Risk vs. Solvency Ratio



Consolidated VaR

Market risk profile of the Bank, BBVA Fiduciaria and BBVA Valores

Consolidated VaR	December 2019		December 2018	
Interest rate	$	379,119	$	230,478
Exchange rate		4,648		4,787
Share price		857		919
Mutual funds		23		16
Total Value at Risk (VaR)	**$**	**384,647**	**$**	**236,201**

The Bank, together with BBVA Fiduciaria and BBVA Valores, is consolidating the risk exposure based on the methodology published in Annex 1 of Chapter XXI of Notice 100/1995 issued by the Financial Superintendence of Colombia, in which a 61% variation is seen between 2018 and 2019; originated by the interest rate item due to an increase in the duration of the TES portfolio.

BBVA Fiduciaria

Interest rate risk management: Since the portfolio may suffer losses due to the exposures of financial instruments subject to changes in the interest rate in local currency and foreign currency, or indexed to UVR, CPI or DTF, the VAR for this type of component is calculated.

Share price risk management: Since the entity has positions in Shares or ETFs (Exchanged Traded Funds), there is the possibility of suffering losses when the prices of the shares that make up the fund change, showing variability in the index.

Exchange rate risk: When there are financial instruments in foreign currency, there is a risk of loss due to exchange rate variability.

Fund investment risk: When there resources in investment funds, there is a risk of loss due to changes on the market.

Sensitivity Analysis (Delta): The basic measure for estimating the sensitivity of the portfolios to interest rate risk is the so-called Delta, which is estimated by means of modified duration, the sensitivity of the price of the securities to a 1 basis-point change in interest rates.

BBVA Valores

The Broker manages market risk by using the basic objectives of limiting potential losses, optimizing the ratio between the level of exposure assumed and the target results, and by managing the mechanisms and tools necessary to hedge interest rate and equity risks.

To have the maximum guarantees for this management, the Broker has developed a series of organizational systems and policies for the identification, measurement, control and monitoring of the risks inherent to transactions. Therefore, the Front Office carries out procedures on its own account to meet its liquidity needs and those of external customers.

Value at Risk (VaR) - Regulatory Model

According to Chapter XXI of the Basic Accounting and Financial Notice (Public Notice No. 100/1995) of the Financial Superintendence of Colombia, the Broker measures its exposure to market risk (interest rate and equity), which incorporates the measurement for the positions held with own resources in order to establish the effect that possible changes in market conditions may have on the value of the Broker's portfolio, whose impact is reflected in the solvency ratio, measured on a monthly basis.

Policies regarding Assessment at Fair Value

As a policy of BBVA Valores Colombia S.A., it has been defined that the party responsible for providing end-of-day market prices for the valuation of third-party and proprietary position portfolios is the Market Risk Department.

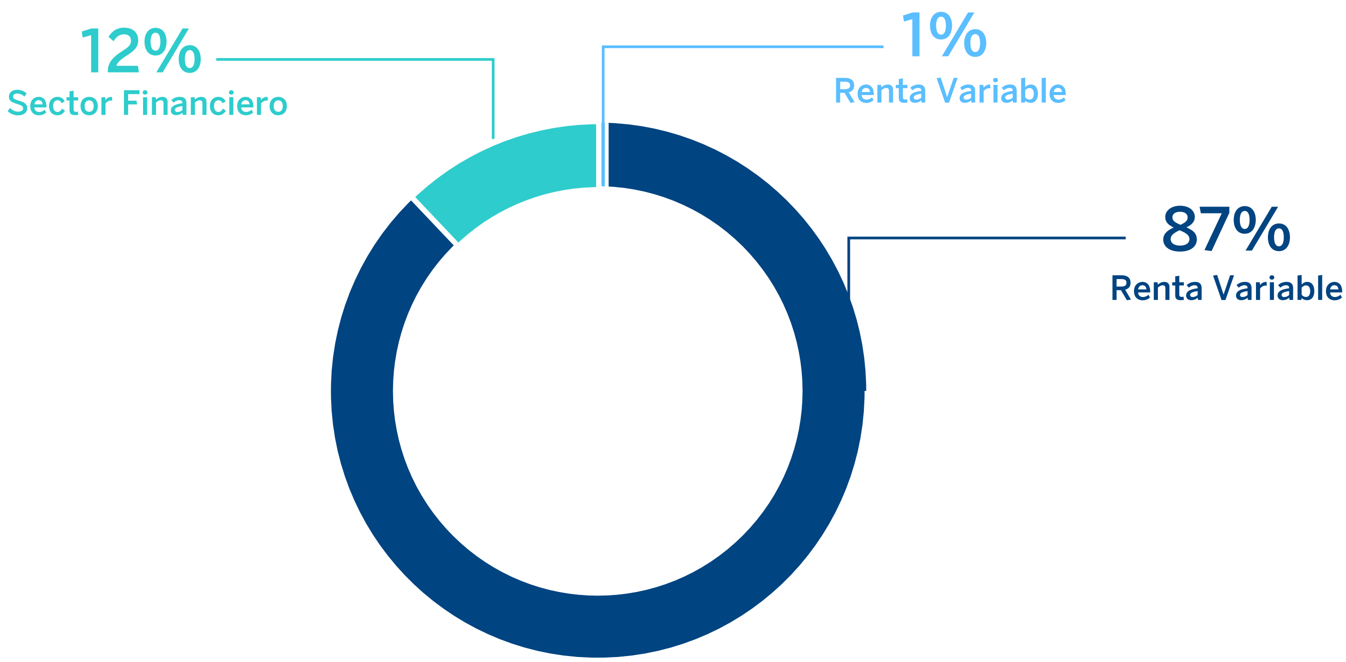
The sources of information used for the valuation of the portfolios are those approved by the Financial Superintendence and published by the official price vendor, Precia, on a daily basis.

The tool used for capturing and disseminating the market values to the different management, accounting and risk measurement systems on a daily basis is Asset Control.

- Portfolio - At the end of December 2019, the greatest share of the portfolio was held by BVC shares at 87%, followed by securities of the financial sector and the ASOBOLSA Stand-alone Trust, at 12% and 1%, respectively.

Proprietary position portfolio			
Issuer	**VPN**	**% del portafolio**	**Clasificación**
Banco Davivienda S.A.	$ 225	3.51%	Marketable investments
bancolombia S.A.	465	7.25%	Marketable investments
findeter	101	1.58%	Marketable investments
bVC	5,542	86.44%	Available for sale
p.A. Fab Asobolsa	78	1.22%	Marketable investments
total	**$ 6,411**	**100%**	

*Figures in COP millions



Liquidity Risk

The liquidity and financing risk is defined as the potential loss caused by events that affect the capacity to have resources available to fulfill passive obligations, either because of the impossibility to sell the assets, the unexpected reduction in commercial liabilities or the closing of the regular sources of financing both in normal situations and under stress.

The management of financing and liquidity at BBVA Colombia is based on the principle of financial autonomy, which means that management is decentralized and independent from the BBVA Group's other regions. This principle helps prevent and limit the liquidity risk of each of the entities by limiting their vulnerability to events that affect the BBVA Group in periods of elevated risk. Therefore, the entity acts independently to cover its liquidity needs on the market in which it operates.

Internal model - There were no changes in the metrics of the financing structure and liquidity in comparison with 2018; these calculations were made on a daily basis using three indicators defined as follows:

- Monitoring of the balance sheet financing structure, Loan to Stable Customer Deposits (LtSCD), which compares the net credit investment granted with stable customer deposits, and has an upper limit set at 125%. The objective is to preserve a stable financing structure in the medium term, considering that maintaining an adequate volume of stable customer resources is key to achieving a solid liquidity profile.

- Basic Capacity is the management and control metric for short-term liquidity risk, which is defined as the ratio between the explicit assets available and the maturities of wholesale liabilities and volatile resources, in different time frames, with particular relevance for those of 30 days. This metric aims to promote the short-term resistance of the liquidity risk profile, by ensuring that BBVA Colombia has sufficient collateral to deal with the risk of closing wholesale markets. The limit for 2019 is set at 120% at 30 days.

- To achieve the proper diversification of the financing structure, avoiding high dependency on short-term financing, a limit is set on the attraction of Short-term Financing (STF), which consists of both wholesale financing and less stable customer resources. For 2019, the limit was set at COP 13 trillion.

The Liquidity Committee and Senior Management are informed on a monthly basis of the evolution of these indicators for timely decision-making.

In 2019, BBVA Colombia held a solid liquidity position, by increasing stable resources through savings of the commercial segment and part of the institutional segment. This strategy has allowed the diversification of sources of financing and has maintained the robustness of the financing structure.

The following tables show the evolution of short-term liquidity for 2019 and 2018:

Month	2019			2018		
	LtSCD (%)	BC 30 D (%)	Negative OCF (B)	LtSCD (%)	BC (%)	Negative operating cash flow (trillion)
January	107%	303%	$ 7,545	109.50%	230%	$ 7,351
February	107%	435%	7,880	107.80%	532%	6,390
March	111%	189%	9,856	105.00%	743%	5,103
April	110%	294%	7,104	106.20%	724%	5,750
May	113%	213%	8,435	107.90%	385%	7,235
June	110%	216%	9,085	105.50%	814%	5,415
July	110%	189%	8,859	106.20%	445%	6,768
August	109%	223%	8,290	106.50%	540%	5,881
September	111%	269%	7,908	105.50%	NC	5,491
October	109%	286%	7,590	105.60%	1236%	5,924
November	109%	326%	7,188	103.70%	650%	5,508
December	113%	155%	9,343	105%	357%	5,192
Limit	115%	120%	$ 13,000	120%	110%	$ 12,500

Details of Basic Capacity by time frames

Dec-19			Dec-18		
1 month	3 months	12 months	1 month	3 months	12 months
155%	115%	90%	313%	170%	109%

Regulatory model – In addition to the main indicators mentioned above, BBVA Colombia reports the regulatory Liquidity Risk Indicator (LRI) using the regulatory weekly and monthly format, which contains the short-term contractual and non-contractual flows. For each of the time frames (7 and 30 days), the ratio between liquid assets adjusted according to market liquidity and exchange risk, and the total net liquidity requirement for the LRI must be at a level above 100%. In 2019, the liquidity risk indicator (LRI) with a 7-day time frame stood at average levels (651%), while the 30-day LRI stood at an average of (223%), which indicates that for a short-term horizon, BBVA Colombia has more than enough liquidity to fulfill its short-term financing commitment.

LRI	2019		2018	
	7 days (%)	30 days (%)	7 days (%)	30 days (%)
January	529%	338%	930%	400%
February	641%	282%	1115%	376%
March	400%	208%	1542%	414%
April	772%	185%	1839%	445%
May	676%	239%	1178%	419%
June	543%	193%	1726%	412%
July	719%	213%	1039%	322%
August	559%	202%	953%	471%
September	715%	196%	1023%	407%
October	690%	197%	1240%	411%
November	921%	205%	808%	327%
December	576%	166%	901%	350%
Limit	100%	100%	100%	100%

By the end of 2019 and 2018, the 30-day LRI is summarized as follows:

LRI	Contractual maturities in 2019			
	Days 1 to 7 - total	Days 8 to 15 - total	Days 16 to 30 - total	Days 31 to 30 - total
CDs	$ 175,423	$ 581,936	$ 607,745	$ 2,997,100
Interbank funds	382,964	-	-	-
Repos, simultaneous and t.T.S.	3,897,423	-	136,103	409,256
Transactions with derivative financial instruments	105,063	128,184	288,335	473,968
Bank credits and other financial obligations	-	-	363,220	297,733
Accounts payable not associated with cds and savings certificates (cdats, for the spanish original)	231,031	264,036	495,067	-
Outstanding debt securities	-	-	-	17,360
Other liabilities and credit contingencies	$ 283,934	$ 153,121	$ 45,074	$ -

IRL	Vencimientos contractuales 2018			
	Days 1 to 7 - total	Days 8 to 15 - total	Days 16 to 30 - total	Days 31 to 30 - total
CDs	$ 221,999	$ 365,954	$ 838,141	$ 1,426,094
Interbank funds	95,742	-	-	95,742
Repos, simultaneous and t.T.S.	3,245,791	-	-	3,245,791
Transactions with derivative financial instruments	196,040	650,388	143,936	990,363
Bank credits and other financial obligations	146	158	146	450
Accounts payable not associated with cds and savings certificates (cdats, for the spanish original)	202,726	231,686	434,412	868,824
Outstanding debt securities	-	-	-	-
Other liabilities and credit contingencies	$ 409,358	$ 160,230	$ 85,553	$ 655,141

Note 1. They are contractual maturities of principal and interest for periods of no more than 90 days.

Note 2. The 2018 LRI table shows the adjustment made by placing the market values of the entire inventory of transactions that currently make up the BBVA portfolio, as opposed to the previous one that only reported some Global Markets portfolios.

BBVA Fiduciaria

To deal with the possibility of having insufficient liquid assets to fulfill obligations, this entity has set up indicators and tests for the control and monitoring of this type of risks. These indicators enable us to monitor the inflow and outflow of resources by establishing a quantitative analysis to avoid possible illiquid scenarios.

Since the portfolio position is not considered to be within the application scope of Chapter VI of Public Notice 100/1995 corresponding to the rules related to the Liquidity Risk Management System, Liquidity Risk Management is subject to the investment policy.

BBVA Valores

According to Chapter VI of the Basic Accounting and Financial Notice (Public Notice No. 100/1995) of the Financial Superintendence of Colombia, the Broker has been measuring the Liquidity Risk Indicator to quantify the adequate level of liquid asses that must be maintained daily and to prevent or mitigate liquidity risk during high-risk periods.

The limits are approved by the Board of Directors, while measurement, monitoring and control are carried out daily by the Market Risk Department, issuing regular reports to senior management and monthly reports to the Board of Directors.

To estimate liquidity risk, a liquidity risk indicator (LRI) is calculated, which corresponds to the ratio between liquid assets, Own Net Liquidity Requirement and Third-party Net Liquidity Requirement for time frames of one business day and between the second business day and seven calendar days. This indicator shows the liquidity coverage for the different time frames.

In addition to the Regulatory Liquidity Measurement, the Broker monitors other metrics and limits on trading positions to quickly review positions and strategies as market conditions change. This way, limits and controls are set for the maximum amount per transaction, transaction volumes per counterparty and accrued defaults per counterparty.

The Liquidity Committee and Board of Directors are regularly informed of the evolution of these indicators for timely decision-making.

Counterparty Risk (SARiC)

BBVA Valores

The Market Risk Department is responsible for the daily control and monitoring of issuer and counterparty risk limits and the settlement of transactions according to the current authorizations provided by the Board of Directors.

The counterparty risk measurement process comprises all the transactions and starts with the initial process of identifying the type of customer with which the transaction is closed for each type of risk.

The management procedures include the authorization processes of the counterparty limits and an internal monitoring model, using tools to control and measure counterparty limits, compared to the transactions pending completion. BBVA Valores Colombia S.A. applies clear policies in the event that limits are transferred and for the procedure in the case of exceeded limits.

Allocation of Limits

The limits for the operation of the firm's proprietary position are allocated as follows:

- Front Office proposes the credit limits that it considers appropriate for the development of the operations of the business. This proposal is prepared with the support of the Market Risk Department of BBVA Valores Colombia S.A.

- The Market Risk Department of BBVA Valores Colombia S.A. sends a proposal to the Credit Risk Area of BBVA Colombia S.A. for study. The Credit Risk Department of BBVA Colombia S.A. studies the proposal and issues an opinion thereon, making recommendations regarding the limits. The recommendations of the Credit Risk department of BBVA Colombia are taken into account by BBVA Valores Colombia S.A. and are submitted for authorization by General Management to the Board of Directors..

Structural Risk

Banco BBVA Colombia

Structural interest rate risk - The control and monitoring of the management of BBVA Colombia's structural interest rate risk is based on a set of metrics and tools that allow the proper monitoring of the entity's risk profile. Structural interest-rate risk refers to the potential impact caused by variations in market interest rates on the entity's interest margin and equity value. At BBVA Colombia, the following are considered to be the main sources of this risk: repricing risk, yield curve risk, optionality risk and basis risk, which are analyzed from two complementary perspectives: the interest margin (short-term) and economic value (long-term). Under this kind of structure, a dynamic (going concern) model is used, which is consistent with the corporate assumptions of results forecasting.

The monitoring encompasses the Banking Book positions and excludes all the Trading Book positions, is carried out on a monthly basis and consists of a wide range of scenarios, which include sensitivities in the event of changes parallel to the different impacts, and changes in slope and curvature. For 2019, the aggregate sensitivity calculation is included, in order to obtain the total sensitivity figure for the different balances in each currency (COP; UVR and USD); this measurement takes into account the volatility of the currencies and their correlation, in order to calculate the parallel movements of the curves. Other probabilistic metrics are evaluated based on statistical methods for the simulation of scenarios, such as Margin at Risk (MaR) and Economic Capital (EC), which are defined as the maximum adverse deviations in the interest margin and the economic value, respectively, for a given time frame and confidence level. Impact thresholds are established based on these management metrics, in terms of deviations from the interest margin, as well as from the standpoint of impact on economic value. This is all done differently for each of the main foreign currencies to which the BBVA balance sheet is exposed, and subsequently considers the diversification effect between foreign currencies.

In order to ensure the effectiveness of the model, it is subjected to internal validation on a regular basis. In addition, exposures to Banking Book interest risk are subjected to different stress scenarios in order to show the vulnerabilities of the balance sheet under extreme scenarios.

Below are the average interest-rate risk levels in terms of sensitivity for the BBVA Colombia balance sheet during the 2019 fiscal year:

Item	Limit	Dec-19	Dec-18
Margin sensitivity warning (- 100 basis points)	5.00%	1.29%	1.35%
Margin at risk limit (*)	7.00%	1.09%	1.24%
Economic value sensitivity warning (+100 basis points)	$ 500,000	$ 173,074	$ 21,003
Economic capital limit	$ 500,000	$ 565,564	$ 295,067

(*) Percentage in relation to the projected "1 year" interest margin of each unit.

(**) Values presented in the balance.

Structural currency risk. Its purpose is to assess and control potential impacts caused by fluctuations in exchange rates by positions in foreign currency, on the solvency and income of BBVA Colombia. During 2019, the impact on solvency is maintained in the face of movements in 10% of the representative exchange rate (TRM, for the Spanish original):

Table of sensitivity: solvency to variations in exchange rates for December 2019 and 2018

Impact in the event of a 10% change in the TRM			
2019		2018	
Impact on solvency ratio	Real solvency ratio	Impact on solvency ratio	Real solvency ratio
23 pbs	11.51%	25 pbs	12.35%

Credit risk

BBVA Colombia Bank

Risk management and exposure at December 2019 and 2018 were as follows:

Maximum risk exposure	December 31, 2019	December 31, 2018
Cash and cash equivalents	**$ 3.638.783**	**$ 5.745.816**
Debt securities	4.466.753	4.512.176
Financial assets held for trading	4.466.753	4.512.176
Debt securities	212.895	75.846
Financial assets available for sale	**212.895**	**75.846**
Investments held to maturity	**883.472**	**866.938**
Derivatives and hedge accounting	**1.395.215**	**1.306.085**
Commercial loan portfolio	17.806.145	18.026.283
Consumer portfolio	17.891.269	16.835.236
Mortgage portfolio	11.835.349	11.393.977
Credit investment	**$ 47.532.763**	**$ 46.255.496**

Maximum risk exposure	December 31, 2019	December 31, 2018
Loans approved but not disbursed	$ 1.085.653	$ 1.174.600
Credit limits	4.081.191	3.731.454
Bank guarantees	1.157.708	1.566.192
Letters of credit	1.153.056	1.961.926
Total net maximum risk exposure	**$ 49.409.424**	**$ 49.409.424**

Evolution of Credit Risk Quality and Exposure

The integrated management of credit, market and operational risks is carried out in accordance with BBVA Colombia's internal Risk Policy and the Colombian regulations in force, and it is implemented through the development of models and tools that enable the coordination of monitoring and control activities, in order to identify and mitigate the different risks to which the loan portfolio is exposed.

As a result of the steps taken in 2019, the share percentage in restructurings was reduced as a means of normalization; it is the client's payment that is the main reason for recovery management. On a consolidated basis, a NPL (Non Performing Loan) percentage of 5.30% is estimated for the end of the year, thanks to the strategies proposed for the reduction of NPL, included in the Guide on doubtful loans for credit institutions issued by the ECB (European Central Bank); the ratio is expected to fall to -71 bps from December 2018.

Portfolio Management & Reporting

It carries out the follow-up of the Commercial and Consumer Reference Models, according to the provisions of Annexes 3 and 5 of Chapter II of the Basic Accounting and Financial Notice of the Financial Superintendence, complying with the regulations related to provisions and qualifications. It also verifies the correct application of the regulations for the traditional models of housing loans and employee loans.

The New Definition of Default project is under construction, which aims to generate the parameters required by the European standard, for the calculation of credit risk parameters for Regulatory Capital, based on advanced models. This development should be completed by Jun-20.

In turn, portfolios are monitored on a regular basis in accordance with corporate requirements and using internal management tools such as Core, RiDE, Capital Map and Asset Allocation.

In terms of models, we have continued to monitor the admission scoring for individual portfolios, which help in the discrimination capacity of the tools; also, for the Wholesale world, we began by re-estimating the Sector Rating, which is expected to be completed in Q2 2020.

We are working proactively, together with the recovery area, in order to be able to focus management on customers who can reduce the impact on local and consolidated NPAs, which in the end provides benefits in terms of write-offs in the Bank’s provisions.

Retail Credit

The Retail Risk area includes the following units:

- ### Individuals Admission Management

Dedicated to the process of analysis and decision regarding credit operations originated for individuals through the different channels.

Specialized evaluation of client profiles adjusted to the established risk levels. There is an improvement in the portfolio indicators, as a result of the implementation of policies and controls in the Admission processes even in a scenario of slight expansion in placement.

Permanent support and training of the commercial staff is in place for the correct implementation of the operations focused on the target market for the bank.

- ### SMEs Admission Management

This area is responsible for admitting all the Bank's clients with sales of less than COP 12 billion. The process has been centralized since December 2018 in one factory, which carries out a process of assembly and validation of information from each of the proposals, before it is evaluated by the analysts.

Currently in production with 21 offices, the Bpm - CAP tool is used to submit credit applications to the SME risk admission area. This tool communicates with the Power Curve Origination tool in order to obtain client information, automatically performing online validations that ensure the improvement of portfolio quality and mitigate reprocessing, We ended Q4 with the installation of MVP 5, which contains the creation, updating and database storage of qualitative report and visits, financial statements of the client and the result of the decision model, before it becomes binding (includes the qualitative assessment model and the payment capacity model). In 2020, MVP 6 will be carried out, containing the development of the risk sanctioning stage.

- ## Follow-up Department

Carry out actions aimed at measuring the risk of individual portfolios and controlling their evolution, assessing growth trends and the behavior of credit operations granted to individuals, in order to establish objective risk or high-risk risk profiles.

The improvement of the processes for generating tracking figures through an integral vision, as well as the inclusion of new axes and dimensions, has allowed us to respond more quickly to Bank demands regarding risk appetite, proposing changes in admission and supporting decision making.

The constant monitoring of the quality of placements made under the attribution of the office network continues to be one of the most relevant processes within the follow-up process, which now, based on the system of attributions by level, provides managers with greater autonomy in accordance with their experience and the performance of the risk indicators.

In addition, support is provided in the preventive management of portfolio clients in order to anticipate portfolio impairment based on statistical information in accordance with the risk group associated with each client's profile.

In turn, there is constant monitoring of each of the products, the quality of the new originations and KPI compliance to support the growth of retail banking.

- ## Regulation, Policy, Process and Campaign Department

It is responsible for updating the regulations in accordance with the guidelines of the corporate and the local regulator. It also defines the new policies and adjustments of admissions based on the periodic review of the portfolio behavior and economic evolution.

In general, the implementation and alignment of policies continues according to the guidelines issued by corporate and in coordination with Business, figures are reviewed and evaluated to support the admission process by adapting the most relevant filters, where progress has been made in the development of projects with a digital focus. The definition of guarantee governance, which is included in the recently published standard, will be completed by the Q4 2019.

In turn, the migration of some of the contracting processes is promoted to facilitate their implementation in digital channels, defining the guidelines that become necessary from the regulatory standpoint for the development of projects, in order to optimize processes that will support effective control of origination. Automatic, cross-cutting and comprehensive credit processes are being promoted through Retail Policies and Campaigns, and while they involve and adapt to the established risk levels, they allow the development of a digital culture both within the Bank and for a better customer experience.

Campaigns properly manages the processes and circuits for mass approvals of current or new portfolios, monitors the quality of the products placed in order to make adjustments to policies and establishes controls on the limits offered.

By Q4 2019, the campaigns were a fundamental axis, generating nearly 8% of billing in consumption (including payroll loans) and 30.4% in credit cards. Focus is maintained on Attrition, aligning us with one of the Bank's main objectives. Adjustment of the liabilities in risk groups in the customer profile.

Recovery & Workout

In Q4 2019, we maintained the recoveries from the previous quarter, continuing with a 15% normalization share. An 8% decrease in doubtful entries stands out compared to Q4 2019, resulting in a recovery efficiency (recoveries/doubtful entries) of 65,5%.

The recovery engine continues to have excellent contributions in the containment, especially in the current and past due portfolio; for December COP 18.0 billion were retained, thus impacting COP 685 billion.

The estimated NPL ratio for the end of 2019 will be 5,30%, which has increased compared to previous months, due to the drop in credit investment of -COP 480 billion in December.

Only 44,2% of the total was entered as doubtful accounts.

The recovery of write-offs in Q4 2019 amounted to COP 30.1 billion, up 10% compared to Q3.

Wholesale Credit

In Q4 2019, the process of updating the regulations was completed by following the Wholesale Credit Risk Policy and the rules for Management, Delegation, Counterparty Risk, Watch List and Listed Share-backed Financing.

The wholesale segment penalties applied by the Work Out team were included in the delegation follow-up, which allows the extension of the control of approvals and the identification of all the clients that comply with the regulatory requirements for entering the Watch List.

In the follow-up process, an early warning system was developed for companies with a risk of more than COP 1.5 billion, which includes additional financial variables in the current Early Warning System model, in order to identify possible cases of default in the commercial portfolio earlier and to promote activities such as debt re-profiling, in addition to strengthening guarantees and sources of payment, which will make it possible to maintain the quality of wholesale investment.

In the development of the rating update and validation plan, an indicator of 98% was reached, which sets a precedent in the synergy achieved between Wholesale Risk and the EIB and CIB business areas, within the framework of the commitment to minimize the economic impact on the Bank's systems arising from outdated financial statements.

In the management of Asset Allocation Corporate limits, a 99,5% usage alert was issued in the Consumer sector in October and, in accordance with current regulations, an adjustment plan was agreed with the EIB network consisting of the cancellation of transactions within the following three months, which made it possible to reduce consumption to 97% in November, with plans to end the year within the current limit for this sector. In turn, on December 30, 2019, the decision was announced to transfer the transactions of the stand-alone trust Kapital

Urbano for an EAD of COP 142,313 million from the Retail to the Corporate segment. This situation implies an overflow in the Capital Goods sector in December 2019, which will be regularized in the Holding Company's Asset Allocation Committee in January 2020.

In coordination with the Market Risk area, a high quality base was obtained that contains daily updated information on limits and specific transactions of products that are managed in the Treasury Department, so that the use of authorized limits can be effectively controlled.

BBVA Valores

In accordance with its investment policy for own resources, it limits its exposure to credit risk to investing in liquid debt instruments and with issuers that have a long-term credit rating of at least AA+ (international BB+). Management actively monitors credit ratings and given that the Broker, at the end of December 2019, had only investments in instruments rated AAA long-term and F1+ short-term, Management does not expect any of its counterparties to fail to fulfill their obligations.

Below is the position by issuer for the years 2019 and 2018, with their respective ratings:

	Rating				
Emisor	Long-term debt	Short-term debt	Rating agency	2019	2018
Banco Davivienda S.A.	AAA	BRC1 +	BRC	225	106
Bancolombia S.A.	AAA	BRC1 +	BRC	465	172
Findeter	AAA	F1+	Fitch Ratings	101	102
Bolsa de Valores de Colombia	AAA	F1+	Fitch Ratings	5,542	5,634
P.A FAB ASOBOLSA	-	-	-	78	78

Cash

The Broker held cash at December 31, 2019 and 2018 in the amount of COP 9,442 million and COP 10,682 million, respectively, representing its maximum credit risk exposure for these assets. Cash is held in banks rated AAA by Fitch Ratings.

	Rating				
Emisor	Long-term debt	Short-term debt	Rating agency	2019	2018
BBVA Colombia S.A.	AAA	F1+	Fitch	$ 7.905	$ 5.877
Banco de la República	NACION	NACION	-	1.537	4.805

Operational Risk

BBVA Colombia Bank

BBVA has a general risk management and control model adapted to its business model and its organization, which allows it to carry out its activities within the framework of its risk management and control strategy and policy and adapt to a changing economic and regulatory environment. The Internal Control and Country Operational Risk area is responsible for establishing mechanisms to follow-up and control its execution under the protection of local requirements on operational risk and internal control (Public Notice 041/2007 and Public Notice 038/2009).

The internal control and operational risk management model is based on the regulatory definition, which establishes that Operational Risk "is that which may cause losses as a result of human error, inadequate or defective internal processes, system failures and as a consequence of external events, including legal and reputational risk". It has one anticipatory and preventive approach (ex ante) of the analysis of the causes for their mitigation and another, which measures the consequences (ex post) through the effectiveness of the defined controls, in order to define cross-cutting action plans and achieve the continuous improvement of the control environment.

This model is structured on three lines of defense and a governance model:

First line: Composed of the Business and Support Areas, responsible for the management of the operational risks in their products, activities, processes and systems, carrying out the identification and evaluation of operational risks, establishing the objective risk proposal, carrying out the controls and executing the mitigation plans for risks with a residual level greater than that which can be assumed.

Second line: Composed of Internal Control and Country Operational Risk, which are responsible for maintaining the management model and assessing the degree of implementation in the scope of the different Areas; and the Control Specialists (Compliance, Internal Risk Control, Internal Financial Control, Operational Risk Control, IT Risk Control, Legal Services, Talent & Culture and Responsible Business), which define the Mitigation and Control Framework in their area of specialty and contrast it with that implemented by the first line. The specialists have a cross-cutting role, exercising their functions in the areas where the operational risks of their field may materialize.

Third line: Performed by Internal Audit, which carries out an independent review of the management model.

Governance Model:

Corporate Assurance Committee: Committee that allows the second line of defense to provide Senior Management with a comprehensive and homogeneous vision on the identification and/or prioritization of relevant situations, in order to ensure an adequate control and management environment for non-financial risks, through the adoption of prompt and anticipatory decisions for their mitigation.

Operational Risk Admission and Product Governance Committee (CARO&GP, for the Spanish original) It ensures the proper assessment of initiatives with significant operational risk (new business, product, outsourcing, process transformation, new systems, etc.) from the operational risk perspective and the approval of the proposed control environment.

Area Internal Control and Operational Risk Committee: It ensures the correct implementation of the operational risk management model in the areas and promotes its active management, making mitigation decisions in the event of identification of control weaknesses and monitoring them.

Continuous management is carried out through the implementation of principles and parameters of admission, monitoring, mitigation and specific tools that support the actions of the model; while Control Specialists and Managers continuously report to Internal Control and Country Operational Risk.

The operational risk appetite indicator (IRO, for the Spanish original) is monitored based on execution within the thresholds defined and assigned by the Board of Directors and Corporate bodies.

To strengthen the management of the first and second line of defense (1LoD and 2LoD) in the Bank's production model, the implementation of the organizational project started in the second half of this year.

Internal Control Model - Non Financial Risk. In alignment with the Agile Model, this will incorporate new management elements in 2020 for the different roles of the organization regarding control:

- Frontline (1LoD), responsible for non-financial risk management.
- Risk Control Assurer (RCA 1LoD), promoter of the proper management of all the non-financial risks of the projects and processes in the area to which it belongs by the frontline.
- Risk Control Specialist (RCS 2LoD), ensures a proper control environment of its risk specialty, cutting across the entire organization.

To this end, the following activities were carried out:

- Alternatives for financing new resources
- Assessment process and skills of the current Internal Control and Operational Risk staff
- Issuance of resources for the selection of RCA and RCS leaders and managers
- Definition, appointment and selection of teams (in progress)

In turn, Internal Control and Country Operational Risk, included the analysis of outsourcing within operational risk admission governance. Relevant services were evaluated, the admission flow was reinforced and a unique contribution was made to the construction of specific control frameworks by service, and progress was made in raising awareness by training the control teams and Contract Managers.

With regard to the risk prevention culture, training activities were carried out together with the Talent & Culture area, for all staff (Bank and subsidiaries). The virtual course "The Legal Challenge" to be carried out in 2020 was available starting in November, while the third-party (Outsourcing) ORMS training, was carried out through Asobancaria (between the months of September and November) with the participation of the entity providing expert training.

BBVA Valores

The assessment of BBVA Valores' Operational Risk Management System has required Management to become more involved, considering the weaknesses identified in the stages and components, as a result of successive changes in the Company's organizational structure leading to a certain deterioration of the control environment. As part of the measures that are being developed, each of the Company's processes and the internal control structure are reviewed, thereby adjusting the activity and the current situation.

In 2019, the Risk Management Systems were assessed, under the responsibility of Internal Audit, with no significant considerations (except for those discussed in the section on operational risk). Similarly, on the other risks that are part of the Risk Assessment and on which work was carried out in line with the 2019 plan, no additional significant considerations were observed. It is important to note that the work properly addressed the AGILE archetype, thus allowing us to fulfill our plan for 2019.

In October 2019, Internal Audit defined its purpose as follows: "We help BBVA to improve every day, as a team that inspires others... having fun".

BBVA Fiduciaria

During the course of 2019, the Trust Company continued the actions and assessments that allow the permanent monitoring and management of the risks related to its activities, achieving a level of mitigation in line with the realities that can affect the business, in compliance with the standards set out in Public Notices 041/2007, 038/2009 and 029/2014 issued by the Financial Superintendence of Colombia regarding the implementation and monitoring of the operational risk management systems (ORMS) and the internal control system.

Operational risk management was managed using the STORM (Support Tool for Operational Risk Management) tool, whose platform and structure satisfies the needs and demands required by the new methodology.

The ORMS training plan is carried out through the e-campus tool for all employees when they join the company and annual training updates are carried out to strengthen the knowledge of all employees in compliance with the standard.

The company reports and follows up on risk events through a procedure established under the management of the Internal Control and Operational Risk area, which analyzes, assesses, controls, and monitors the timely recording and processing of relevant approvals, along with the corresponding action plans to mitigate risk exposure levels.

At December 31, 2019, losses amounting to COP 293,836 were recorded in the financial statements, along with recoveries amounting to COP 1,605, derived from the materialization of operational risks throughout the year.

In relation to the continuity plan, BBVA AM has an Alternate Operations Center (COA, for the Spanish original), where the respective quarterly testing has been carried out on the critical processes established by the BIA in order to ensure business continuity. The results of the testing in 2019 have been favorable.

Corporate operational risk model - In 2019, the quarterly Internal Control and Operational Risk committee meetings continued, presenting the management and results of the risk profile.

44. Corporate Governance

BBVA Colombia's Corporate Governance System is in line with international, corporate and local trends and recommendations. Its principles, elements and practices are contained in different instruments that guide the structure and roles of the corporate bodies, such as the Corporate Governance Code, the Rules of Procedure of the General Meeting of Shareholders, the Rules of Procedure of the Board of Directors and the Rules of Procedure of the Board of Director's Supporting Committees. The System is also complemented with the internal rules of conduct, included in the BBVA's Code of Conduct, Code of Conduct in the Securities Market and Code of Conduct for the Prevention of Money Laundering and Terrorist Financing, which state the tenets that govern the actions of its executives, managers and employees.

The Corporate Governance System is essentially based on the distribution of roles between the Board of Directors and its different supporting committees, each with specific roles allowing an appropriate decision-making process: Audit Committee, Risk Committee, Corporate Governance Committee and Appointment and Remuneration Committee.

Pursuant to the Bank's Bylaws, the Board of Directors is the Company's natural administration, management and oversight body, and in 2019, it was made up of five Principal Board members, two of which are independent, who are aware of the responsibility involved in managing the different risks, and are familiar with the Bank's business structure and processes, which enables them to provide the proper support and supervision.

For the 2019 fiscal year, the Board of Directors performed its functions in compliance with the timetable of meetings following the announcement thereof, in which Board members were informed of the agenda and provided with the supporting documents and information required for each of the topics to be discussed at the meetings.

The four supporting committees of the Board of Directors have extensive roles assigned in their respective rules of procedure, which provide support in subjects specific to their area of competence, having established a work system coordinated between the committees, and between the committees and the Board. In this way, the corporate bodies' awareness of the relevant matters is ensured, reinforcing the existing control environment in BBVA Colombia.

These Committees are chaired by independent Board Members with extensive experience in their areas of competence, in accordance with their rules of procedure. They also have extensive powers and autonomy in the management of their corresponding Committees, allowing them to call for the meetings they deem necessary to perform their roles, decide their agenda and have the support of Bank executives and external experts whenever they consider it appropriate, depending on the importance or relevance of the topics to be discussed.

The rules of procedure of the Board of Directors and the Committees, as well as their Annual Management Reports can be referred to on the BBVA Colombia website: www.bbva.com.co

Risk Management

Regarding our Risk Management Policy, in the first instance, the Board of Directors is responsible for approving the risk management strategy and policies, as well as for overseeing the internal control and management systems which are incorporated in the institution's other activities. In greater detail, the risk strategy approved by the Board of Directors includes at least: a) the statement of the risk appetite; b) the fundamental metrics and basic structure of limits; c) the types of risk and classes of assets; and d) the foundations of the control and risk management models.

In Senior Management or the Bank's Management, the role of risk management is led by the Executive Risk Vice-Presidency, which has a decision-making process supported by a system of committees comprised of highly-qualified professionals on the subject. These professionals study and propose the strategies, policies, procedures and infrastructures necessary to identify, assess, measure and manage the material risks that BBVA Colombia faces in the development of its businesses.

As a result, please note that the Board of Directors and Senior Management are duly aware of the Entity's business structure and processes, and provide the proper support, monitoring and supervision; the final determination of policies, the risk profile and the approval of the operating limits of the different transactions under the responsibility of the Board of Directors.

Therefore, building on the framework established by the Board of Directors and Senior Management, the business units have the responsibility of daily risk management. Similarly, in order to manage risk management adequately, it is understood as an exclusive, global and independent role of the sales units.

At each ordinary meeting of the Board of Directors, the entity's risk positions are clearly, concisely, quickly and accurately reported, indicating exposures by type of risk, business unit and portfolio, and their budget alignment with the approved risk appetite. Similarly, the credit transactions corresponding to its level of delegation are reported, including the companies or individuals associated with the Bank.

The Entity's risk function is unique and independent, where the risks assumed must be compatible with the target level of solvency, they must be identified, measured and assessed, and there must be procedures in place for monitoring and management, as well as solid control and mitigation mechanisms. All risks must be managed in a comprehensive manner throughout their life cycle with differentiated treatment according to type. The risk integration model recognizes the diversification among the different types of risks: credit, market, liquidity, operational, etc. The business areas are responsible for proposing and maintaining the risk profile within their autonomy and scope of action (defined as the set of risk policies and procedures). The risk infrastructure is adequate in terms of human resources, tools and technology, information systems, and methodologies for measuring the different types of risks and procedures, which facilitates the clear definition of roles and responsibilities, ensuring independence between the trading, risk control and accounting areas, as well as the efficient allocation of resources.

Regarding the technology infrastructure of the Risk Department, it is important to highlight the ongoing optimization and implementation of the tools throughout the life-cycle of the managed risks. This is reflected in the following aspects: i) The closing of the implementation of Power Curve for all lines of credit for Individuals, and the constant improvement of the pre-approved mechanism in digital banking; ii) The development and implementation of PF Lite as control and monitoring tools in the Corporate segment; iii) The project to modernize the tool for the SME segment continued; iv) The incorporation of structural issues in the Single Development

Agenda (SDA), such as information automation and process redefinition, to help in the reduction of response times and risk management.

Also, please note that the existing methods for risk management perfectly identify the different kinds of risk. Therefore, in 2018, BBVA Colombia carried out Enterprise Risk Management through the development of models and tools that allow the coordination of monitoring and control activities with a dynamic and anticipatory vision which makes the fulfillment of the risk appetite approved by the Board of Directors possible.

In the Loan Acceptance Departments, policies, mechanisms and regulations were reviewed on a regular basis with the continuous training for the network, maintaining the adequate use of authorities, which has allowed it to maintain the leading position in terms of portfolio quality and the sustained increase in the market limit.

Regarding market risk, during the fiscal year, the established controls continued: the measurement limits of Treasury VaR were maintained and the short-term liquidity was regularly reviewed, along with the financial structure of the balance sheet.

From a corporate perspective, BBVA has processes for risk identification and analysis of scenarios that allow the Group to carry out dynamic and prospective risk management. The risks are demonstrated and measured with the methods deemed appropriate in each case. Their measurement includes the design and application of scenario analysis and stress testing, and controls to which the risks are subject are taken into account. In this context, emerging risks have been identified that could affect the evolution of the Group's business, which include macroeconomic and geopolitical risk, and regulatory, legal and reputational risks. Therefore, changes in the regulatory framework are monitored on a constant basis, in order to anticipate and adapt to them in time, adopting the most efficient and rigorous best practices and criteria in their implementation. It is also evident that the financial sector is subject to a growing level of scrutiny by regulators, governments and society itself. Therefore, negative news or inappropriate behavior can cause significant damages to reputation and affect an entity's capacity to develop a sustainable business. For these reasons, the behavior of the Group's members is governed by principles of integrity, honesty, long-term vision and best practices, all under the Group's Internal Control Model, Code of Conduct and Responsible Business Strategy.

A final risk identified by the Group is business and operational risk, which results from the evolution of the digital and information technology world, which involves significant challenges for financial entities, leading to threats and new opportunities, a new framework of customer relations, greater capacity to adapt to customer needs, and new products and distribution channels. Therefore, digital transformation is a priority for the Group.

In terms of internal control and operational risk, removing control weaknesses identified in the Risk and Control Self-Assessment (RCSA); operational risk management's focus on critical processes; and detailed monitoring of the operating losses were relevant, promoting improvements for the control and mitigation processes and activities.

At the same time and considering threats that have been identified as cyberattacks, fraud in payment systems, etc., important investment is required in security, from both the technological and human perspective. At BBVA Colombia, with the support of the HR Department, work has continued in the training and generation of a culture of control for this kind of risk. Additionally, the local regulatory requirements on operational risk in cyber security were met, and through the Technology Risk Management Department, the necessary campaigns were carried out to raise awareness in the digital transformation framework at BBVA.

Audit

In turn, the Internal Auditor and Statutory Auditor are aware of the Entity's operations and made recommendations regarding compliance with the limits, closure of operations and market conditions, as well as the transactions carried out between related parties. Specifically, the Statutory Audit reported that it had not observed significant situations that would give it the opinion that BBVA Colombia is not complying with the practices, methodologies, procedures and standards established for management of the different kinds of risk.

All of the above leads to the conclusion that BBVA Colombia has an adequate general control and management model for its business profile, organization and region in which it operates, which allows it to develop its activity in the framework of the Corporate Governance System, in turn, adapting to a changing economic and regulatory environment.

IR (Investor Relations) Recognition

For the sixth consecutive time, BBVA Colombia received the Issuer Recognition (IR) certification awarded by the IR Committee of Bolsa de Valores de Colombia (BVC) for the 2019-2020 period. The IR certification is awarded by Bolsa de Valores de Colombia to issuers that voluntarily certify compliance with best practices in matters of investor relations and disclosure of information to investors and the market in general. Considering the relevance of having sufficient and timely information, at the time of making investment decisions and with the objective of making Colombia a more attractive market for investment, the Bolsa de Valores de Colombia (BVC) promotes among issuers the adoption of best practices in terms of information disclosure and investor relations. As a result of the measures taken , BBVA Colombia has positioned itself as the main foreign bank in the country and is listed as one of the issuers with the best content standards, with the highest standards in Corporate Governance and with the greatest evolution in 2016-2019, reiterating its commitment to adopting best practices in disclosure and Corporate Governance, thereby strengthening the security and confidence of domestic and foreign investors.

45. Subsequent Events

From the closure of these consolidated financial statements at December 2019 to date, there were no significant subsequent events to be disclosed.

BBVA