

Grupo Aval Acciones y Valores S.A. and Subsidiaries
Condensed Consolidated Statement of Financial Position
(Amounts expressed in millions of Colombian pesos)

	<u>Notes</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Assets			
Cash and cash equivalents	Ps.	35,613,621	Ps. 34,025,535
Trading assets		11,387,410	11,038,856
Investment securities		41,889,042	36,061,764
Hedging derivative assets	4	39,737	156,220
Loans, net	4	205,293,583	195,541,994
Other accounts receivable, net		16,893,378	14,996,337
Non-current assets held for sale		125,412	240,412
Investments in associates and joint ventures		1,057,079	1,029,322
Tangible assets	6	8,873,779	8,973,952
Concessions	7	10,024,965	9,187,564
Goodwill	8	8,221,902	7,713,817
Other Intangibles		1,750,493	1,623,670
Income tax assets		2,456,368	1,797,888
Other assets		625,028	508,539
Total assets	Ps.	<u>344,251,797</u>	<u>Ps. 322,895,870</u>
Liabilities and equity			
Liabilities			
Trading liabilities	4	Ps. 759,608	Ps. 1,452,574
Hedging derivative liabilities	4	52,389	56,627
Customer deposits	4	225,773,389	211,841,597
Financial obligations	4	63,881,954	58,624,766
Provisions	10	895,271	912,850
Income tax liabilities		3,810,744	3,588,181
Employee benefits	11	1,176,127	1,201,855
Other liabilities	12	10,952,916	9,777,863
Total liabilities	Ps.	<u>307,302,398</u>	<u>Ps. 287,456,313</u>
Equity			
Owners of the parent:			
Subscribed and paid-in capital	Ps.	22,281	Ps. 22,281
Additional paid-in capital		8,490,799	8,470,870
Retained earnings		11,838,955	11,302,134
Other comprehensive income		1,103,790	862,013
Equity attributable to owners of the parent		<u>21,455,825</u>	<u>20,657,298</u>
Non-controlling interest		<u>15,493,574</u>	<u>14,782,259</u>
Total equity		<u>36,949,399</u>	<u>35,439,557</u>
Total liabilities and equity	Ps.	<u>344,251,797</u>	<u>Ps. 322,895,870</u>

The accompanying notes are an integral part of the consolidated financial statements.

Grupo Aval Acciones y Valores S.A. and Subsidiaries
Condensed Consolidated Statement of Income
(Amounts expressed in millions of Colombian pesos)

	Notes	For the three-months periods ended June 30,		For the six-months periods ended June 30,	
		2021	2020	2021	2020
Interest income		Ps. 4,798,286	Ps. 5,199,949	Ps. 9,500,714	Ps. 10,297,414
Interest expense		(1,645,355)	(2,246,388)	(3,302,375)	(4,418,340)
Net interest income		3,152,931	2,953,561	6,198,339	5,879,074
Net impairment loss on financial assets		(1,044,425)	(1,629,641)	(2,201,625)	(2,666,142)
Net interest income, after impairment losses		2,108,506	1,323,920	3,996,714	3,212,932
Income from commissions and fees		1,494,638	1,268,254	3,045,576	2,803,089
Expenses from commissions and fees		(189,721)	(173,747)	(393,877)	(362,749)
Net income from commissions and fees	15	1,304,917	1,094,507	2,651,699	2,440,340
Income from sales of goods and services		2,668,500	1,528,294	5,041,955	3,991,892
Costs and expenses of sales goods and services		(1,727,639)	(1,288,916)	(3,330,426)	(2,918,813)
Gross profit from sales of goods and services	15	940,861	239,378	1,711,529	1,073,079
Net trading income	16	269,026	(93,556)	466,658	1,007,599
Net income from other financial instruments mandatorily at fair value through profit or loss		62,818	59,699	144,458	132,958
Other income	17	306,911	853,238	634,777	48,904
Other expenses	17	(2,739,225)	(2,621,571)	(5,320,287)	(5,197,948)
Net income before tax expense		2,253,814	855,615	4,285,548	2,717,864
Income tax expense		(538,802)	(214,623)	(1,118,947)	(731,048)
Net income		Ps. 1,715,012	Ps. 640,992	3,166,601	Ps. 1,986,816
Net income attributable to:					
Owners of the parent		949,484	323,351	1,741,251	1,023,588
Non-controlling interest		765,528	317,641	1,425,350	963,228
		Ps. 1,715,012	Ps. 640,992	3,166,601	Ps. 1,986,816
Net income per share basic and diluted (in Colombian pesos)		42.61	14.51	78.15	45.94

The accompanying notes are an integral part of the consolidated financial statements.

Grupo Aval Acciones y Valores S.A. and Subsidiaries
Condensed Consolidated Statement of Other Comprehensive Income
(Amounts expressed in millions of Colombian pesos)

	Notes	For the three-months periods ended June 30,		For the six-months periods ended June 30,	
		2021	2020	2021	2020
Net income		Ps. 1,715,012	Ps. 640,992	Ps. 3,166,601	Ps. 1,986,816
Other comprehensive income					
Items that may be reclassified to profit or loss					
Net gain (loss) on hedges of net investments in foreign operations					
Foreign currency translation differences from hedged foreign operations	5	338,415	(1,414,677)	1,511,467	2,382,158
Hedging derivative instrument	5	(51,306)	721,633	(227,509)	(1,289,243)
Hedging non-derivative instrument	5	(163,391)	635,661	(730,232)	(1,132,162)
Cash flow hedges		1,734	24,915	(746)	(17,702)
Foreign currency translation differences from unhedged foreign operations		(30,617)	(29,014)	(5,362)	(66,560)
Investments in associates and joint ventures		(1,376)	1,088	1,350	11,426
Unrealized gains (losses) on securities at FVOCI		51,035	806,916	(533,840)	74,077
Income tax		75,107	(562,483)	412,292	679,676
Total, items that may be reclassified to profit or loss		Ps. 219,601	Ps. 184,039	Ps. 427,420	Ps. 641,670
Items that will not be reclassified to profit or loss					
Revaluation investment properties		3,272	1,109	3,333	1,109
Unrealized gains (losses) on equity securities at FVOCI		(68,788)	55,218	(45,018)	55,280
Actuarial gains (losses) from defined benefit pension plans		11,704	(2,573)	11,704	(2,609)
Income tax		(14,509)	(428)	(16,831)	(503)
Total, items that will not be reclassified to profit or loss		Ps. (68,321)	Ps. 53,326	(46,812)	53,277
Total other comprehensive income, net of taxes		151,280	237,365	380,608	694,947
Total comprehensive income		Ps. 1,866,292	Ps. 878,357	3,547,209	2,681,763
Total comprehensive income for the periods attributable to:					
Owners of the Group		1,063,632	466,306	1,983,028	1,425,012
Non-controlling interest		802,660	412,051	1,564,181	1,256,751
		Ps. 1,866,292	Ps. 878,357	Ps. 3,547,209	Ps. 2,681,763

The accompanying notes are an integral part of the consolidated financial statements.

Grupo Aval Acciones y Valores S.A. and Subsidiaries
Consolidated Statement of Changes in Equity for the three-month periods ended at June 30, 2021 and 2020
(Amounts expressed in millions of Colombian pesos)

	Subscribed and paid-in capital		Additional paid – in capital		Appropriated retained earnings		Other comprehensive income (OCI)		Equity attributable to owners of the parent		Non-controlling interest (NCI)		Total equity	
	Ps.		Ps.		Ps.		Ps.		Ps.		Ps.		Ps.	
Balance at December 31, 2019	Ps.	<u>22,281</u>	Ps.	<u>8,445,766</u>	Ps.	<u>10,289,073</u>	Ps.	<u>1,093,447</u>	Ps.	<u>19,850,567</u>	Ps.	<u>13,497,702</u>	Ps.	<u>33,348,269</u>
Issuance of shares		—		—		—		—		—		47		47
Business combination		—		—		—		—		—		465,902		465,902
Dividends declared		—		—		(1,336,861)		—		(1,336,861)		(952,340)		(2,289,201)
Equity transactions		—		(696)		—		—		(696)		(50,200)		(50,896)
Effect of realization of equity instruments		—		—		11		—		11		40		51
Other comprehensive income		—		—		—		401,424		401,424		293,523		694,947
Withholding Tax over dividends		—		—		1,776		—		1,776		3,058		4,834
Net income		—		—		1,023,588		—		1,023,588		963,228		1,986,816
Balance at June 30, 2020	Ps.	<u>22,281</u>	Ps.	<u>8,445,070</u>	Ps.	<u>9,977,587</u>	Ps.	<u>1,494,871</u>	Ps.	<u>19,939,809</u>	Ps.	<u>14,220,960</u>	Ps.	<u>34,160,769</u>
	Subscribed and paid-in capital		Additional paid – in capital		Appropriated retained earnings		Other comprehensive income (OCI)		Equity attributable to owners of the parent		Non-controlling interest (NCI)		Total equity	
	Ps.		Ps.		Ps.		Ps.		Ps.		Ps.		Ps.	
Balance at December 31, 2020	Ps.	<u>22,281</u>	Ps.	<u>8,470,870</u>	Ps.	<u>11,302,134</u>	Ps.	<u>862,013</u>	Ps.	<u>20,657,298</u>	Ps.	<u>14,782,259</u>	Ps.	<u>35,439,557</u>
Issuance of shares		—		—		—		—		—		148		148
Dividends declared		—		—		(1,203,175)		—		(1,203,175)		(838,028)		(2,041,203)
Equity transactions ¹		—		19,929		—		—		19,929		(19,929)		—
Preferred shares		—		—		(677)		—		(677)		(308)		(985)
Effect of realization of equity instruments		—		—		1,025		—		1,025		374		1,399
Other comprehensive income		—		—		—		241,777		241,777		138,831		380,608
Withholding Tax over dividends		—		—		(1,603)		—		(1,603)		4,877		3,274
Net income		—		—		1,741,251		—		1,741,251		1,425,350		3,166,601
Balance at June 30, 2021	Ps.	<u>22,281</u>	Ps.	<u>8,490,799</u>	Ps.	<u>11,838,955</u>	Ps.	<u>1,103,790</u>	Ps.	<u>21,455,825</u>	Ps.	<u>15,493,574</u>	Ps.	<u>36,949,399</u>

(1) Equity transactions see note 13

The accompanying notes are an integral part of the consolidated financial statements.

Grupo Aval Acciones y Valores S.A. and Subsidiaries
Condensed Consolidated Statement of Cash Flows for the six-month periods ended June 30, 2021 and 2020
(Amounts expressed in millions of Colombian pesos)

	Nota	June 30, 2021	June 30, 2020
Cash flows from operating activities:			
Net income before income tax	Ps.	4,285,548	Ps. 2,717,864
Reconciliation of net income before taxes and net cash provided by operating activities:			
Depreciation and amortization	15-17	708,371	663,392
Impairment losses of loans and receivables, net	4	2,429,517	2,773,182
Net income in concession agreements		(2,130,314)	(1,756,811)
Net interest income		(6,198,339)	(5,879,074)
Sales of non-current assets held for sale, net	17	(17,362)	(32,937)
Gain on sales of tangible assets		(17,148)	(16,958)
Foreign exchange losses		22,848	100,419
Share of profit of equity accounted investees, net of tax	17	(146,087)	(107,830)
Dividends caused	17	(104,945)	(83,693)
Fair value adjustments on:			
Derivative financial instruments	16	(473,755)	(894,979)
Non-current assets held for sale		5,101	(26)
Investment property		(2,223)	(1,620)
Biological assets		(5,976)	(4,854)
Changes in operating assets and liabilities:			
Derivative financial instruments		82,686	(404,369)
Trading assets		(591,348)	(1,030,226)
Accounts receivable		(79,893)	94,619
Other assets		(332,587)	(246,495)
Other liabilities and provisions		320,538	(928,246)
Employee benefit		(34,603)	(24,677)
Loan portfolio		(4,560,722)	(7,465,336)
Customer deposits		4,446,865	13,535,578
Interbank borrowings and overnight funds		2,620,472	1,035,658
Borrowings from development entities		1,598	(2,642)
Borrowings from banks		(902,928)	1,325,772
Interest received		9,261,750	8,917,778
Interest paid		(3,421,830)	(4,283,168)
Lease interest		(99,095)	(108,535)
Income tax payments		(1,130,176)	(1,120,567)
Net cash provided by operating activities	Ps.	3,935,963	Ps. 6,771,219
Cash flows from investing activities:			
Purchases of amortized cost financial assets	Ps.	(3,139,923)	Ps. (2,922,410)
Redemptions of amortized cost financial assets		3,187,527	1,444,059
Purchases of FVOCI		(25,882,747)	(13,620,410)
Proceeds from sales of FVOCI		21,993,393	13,446,169
Acquisition of associates investment and joint ventures		(2,213)	—
Purchases tangible assets		(192,839)	(282,038)
Proceeds from sales of property, plant and equipment		65,664	51,561
Proceeds from sales of non-current assets held for sale		39,508	20,914
Additions of concession arrangement rights		(729,153)	(123,238)
Additions of other intangible assets		(252,178)	(207,950)
Dividends received		184,312	92,272
Acquisition of subsidiary, net of cash acquired		—	(1,346,479)
Net cash (used in) provided by investing activities	Ps.	(4,728,649)	Ps. (3,447,550)
Cash flows from financing activities:			
Dividends paid to shareholders	Ps.	(630,518)	Ps. (665,686)
Dividends paid to non-controlling interest		(486,466)	(403,756)
Issuance of debt securities		1,190,858	3,966,656
Payment of outstanding debt securities		(851,135)	(1,101,928)
Leases		(229,617)	(207,141)
Issuance of shares		148	—
Equity transactions		—	(50,896)
Net cash (used in) provided by financing activities	Ps.	(1,006,730)	Ps. 1,537,249
Effect of foreign currency changes on cash and equivalents		3,387,502	5,131,048
Increase (decrease) in cash and cash equivalents		1,588,086	9,991,966
Cash and cash equivalents at beginning of period	Ps.	34,025,535	Ps. 30,117,236
Cash and cash equivalents at end of period	Ps.	35,613,621	Ps. 40,109,202

The accompanying notes are an integral part of the consolidated financial statements.

NOTE 1 – REPORTING ENTITY

Grupo Aval Acciones y Valores S.A. (hereinafter the “The Group” or “Grupo Aval”) was established under Colombian law in January 7, 1994, with its main offices and business address registered in Bogotá, D.C., Colombia. The corporate purpose of Grupo Aval is the purchase and sale of securities issued by financial and commercial entities. Grupo Aval is the majority shareholder of Banco de Bogotá S.A., Banco de Occidente S.A., Banco Popular S.A. and Banco Comercial AV Villas S.A., entities whose main purpose is to perform all transactions, operations and services inherent to the banking business, pursuant to applicable laws and regulations. Furthermore, through its direct and indirect investments in Corporación Financiera Colombiana S.A. (“Corficolombiana”) and in Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. (“Porvenir”), Grupo Aval engages in investment banking activities, invests in the non-financial sector and manages pensions and severance funds in Colombia.

NOTE – 1.1 OTHER EVENTS

a) COVID-19

The COVID 19 pandemic had an economic impact around the world. The contraction in Latin America and the Caribbean was basically caused by travel restrictions, which affected one of the main economic activities in the region, such as tourism, the collapse of oil prices and the low commercialization of raw materials. However, progress in vaccination worldwide projects an improvement in the world economy growth by 2021. Likewise, there is a level of uncertainty since the expectations are based on economic and public health factors that are hardly predictable. In 2021 an economic reactivation is anticipated, though, new variants of the virus are expected on the balance for which the vaccine may not be effective, so if the latter occurs, economic activity would be affected once more.

The following are the effects of COVID 19 on the Consolidated Financial Statements:

Impairment of financial instruments - Loan portfolio, other accounts receivable and others

The impacts in relation to impairment of financial instruments in the Group entities as of June 30, 2021, are based on the following aspects:

- Changes in the credit risk allocation of financial instruments, incorporating analysis of COVID’s effects and having an impact on the provision, going from a 12-month measurement (stage 1) to a measurement for the remaining life of the instrument (stages 2 and 3), for those assets in which it was determined that there was a significant increase in credit risk since their initial measurement.
- Credit risk (risk of default), where the behavior observed has varied in accordance to the economic segments that comprise their loan portfolios, increasing in the case of clients whose businesses have been negatively affected by COVID-19 pandemic.
- The amount at risk (exposure at default), as some of the affected debtors have stopped making payments or are taking longer than usual to pay, mainly in the context of relief schemes enacted by different governments.
- The estimated credit loss for those loans assessed individually, as a result of a reduction in the amount expected to be recovered in consideration of the COVID-19 impact.
- To reflect COVID-19 effects in our models, the following overlays were made conducting a more detailed analysis of the risk and characteristics of certain clients: i) no stage improvement in obligations that requested relief and; ii) migration to Stage 2 of obligations identified as "high risk" as a result of COVID-19 specific impacts.
- Macroeconomic expectations of PD Lifetime curves throughout the remaining life of the credits considered in the development of scenarios and models for calculating the ECL. The macroeconomic estimates reflect the expected economic recovery, as a result of the advance in vaccination in the different countries.

The table below presents the total loss allowance balances for each portfolio as the June 30, 2021 and December 31, 2020. The loss allowance reconciliation, transfers between stages, impacts of measurement due to model changes, among others, are presented in note 4.f).(3).

	As of June 30, 2021		As of December 31, 2020		Variation June vs December
Commercial	Ps.	5,532,720	Ps.	5,280,406	252,314
Consumer		4,909,156		4,938,971	(29,815)
Mortgage		692,531		560,904	131,627

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	As of June 30, 2021	As of December 31, 2020	Variation June vs December
Microcredit	121,311	124,039	(2,728)
Interbank and overnight funds	1,199	851	348
Total	Ps. 11,256,917	Ps. 10,905,171	Ps. 351,746

	As of June 30, 2021	As of December 31, 2020	Variation June vs December
Other receivables	Ps. 370,646	Ps. 343,057	Ps. 27,589
Total	370,646	343,057	27,589

Loss allowance expenses per-portfolio as of June 30, 2021 and June 30, 2020:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2021	2020	2021	2020
	As of June 30, 2021	As of June 30, 2020	As of June 30, 2021	As of June 30, 2020
Commercial	Ps. 436,558	Ps. 700,142	Ps. 839,092	Ps. 1,082,984
Consumer	639,903	865,131	1,405,832	1,519,494
Mortgage	73,488	57,303	123,513	101,356
Microcredit	12,794	7,885	19,537	18,477
Interbank and overnight funds	990	5,058	348	6,400
Total	Ps. 1,163,733	Ps. 1,635,519	Ps. 2,388,322	Ps. 2,728,711

Net other receivables provision impact on income statement as of June 30 2021 and June 30 2020:

	For the three-months periods ended June 30,		For the six-months periods ended June 30,	
	2021	2020	2021	2020
Other receivables	Ps. 23,451	Ps. 27,264	Ps. 41,195	Ps. 44,471
Total	23,451	27,264	41,195	44,471

Clients credit reliefs

During the second quarter of 2021, the actions taken or suggested by the governments of the countries where the Group operates, continued to be taken into consideration, promoting and monitoring the generation of client's reliefs in relation to loans or loan agreements in force, which have implied the renegotiation of their terms including, among others, the granting of grace periods, the deferral of installments and the extension of terms.

The following table summarizes for all loan portfolio that were granted relief during the first semester of 2021, the balance at amortized cost before the application of relief per portfolio and their effects on the interest income of Grupo Aval, considering the recalculation of present values of the renegotiated or modified contractual cash flows discounted at the financial asset's original effective interest rate:

	Commercial	Consumer	Mortgage	Microcredit	Total
Amortised cost before modification	16,536,231	8,534,693	6,198,199	8,228	31,277,351
Net modification loss	Ps. (3,439)	Ps. (1,654)	Ps. (387)	Ps. (10)	Ps. (5,490)

Other matters

As of June 30, 2021, no additional issues were identified than those already mentioned in the above paragraphs and those revealed in the Financial Statements as of December 31, 2020.

b) Capital adequacy

As of March 2021, Grupo Aval began its report of adequate capital to the Superintendency of Finance, complying with the minimum requirements that have been established in compliance with Basel III solvency relationship regulations for Financial Conglomerates issued in Law 1870 of 2017 and Decree 2555 of 2010 contained in External Circular Letter 012 of 2019 and in Chapter XIII-15 of the Basic Accounting and Financial Circular Letter.

NOTE 2 – BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated condensed interim financial information has been prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting, contained in the Accounting and Financial Information Standards accepted in Colombia (NCIF) established in Law 1314 of 2009, regulated by the single regulatory decree 2420 of 2015 modified by decree 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018, 2270 of 2019 and decree 1432 of 2020 issued by the national government.

These interim financial statements do not include all the information required for a complete set of IFRS financial statements and should be read in conjunction with the Group's last annual consolidated financial statements as of and for the year ended December 31, 2020. All information is presented in millions of pesos and has been rounded to the nearest unit, except in cases here otherwise indicated.

Grupo Aval does not present seasonal or cyclical effects on its disclosed revenue. However selected explanatory notes are included to explain events and transactions that are significant to understanding the changes in the Group's financial position and performance since the last annual financial statements.

NOTE 3 – USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim condensed consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those described in the last annual financial statements ended on December 31, 2020.

Measurement of fair values

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques used may not fully reflect all the factors relevant to the positions of Grupo Aval. Therefore the appraisals are adjusted, if necessary, to allow for additional factors, including country risk, liquidity risks and counterparty risks.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for assets or liabilities identical to those which the entity can access as of the date of measurement.
- Level 2 inputs are inputs different than quoted prices included in Level 1 that are observable for the asset or liability, whether directly or indirectly in non-active markets.
- Level 3 inputs are unobservable inputs for the asset or liability.

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The level in the fair value hierarchy within which fair value measurement is classified in whole is determined based on the input of the lowest level that is most significant for measuring its total fair value. For such purpose, the relevance of an input is assessed in connection with to measurement of the total fair value. Financial instruments that are listed in markets that are not deemed active, but which are valued based in accordance with quoted market prices, quotes from price vendors or alternative price sources supported by observable inputs, are classified in Level 2.

If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, this measurement is classified as Level 3. The assessment of the importance of a particular input to the measurement of fair value in whole requires judgment, taking into account specific factors of the asset or liability.

Determining what is deemed as 'observable' requires a significant judgment by Grupo Aval. Grupo Aval considers as observable data the market data which is already available, distributed or updated by the price suppliers, and it is reliable and verifiable, with no property rights, and provided by independent sources which are actively involved in the reference market.

NOTE 4 – FINANCIAL INSTRUMENTS

a) Carrying value and fair value

The following table presents an analysis, within the hierarchy of fair value, of Grupo Aval's assets and liabilities (by class), measured at fair value on a recurring basis. For financial instruments that are not measured at fair value if the carrying amount is a reasonable approximation of fair value, fair value information is not included:

June 30, 2021

	Carrying Value	Fair Value				Total
		Level 1	Level 2	Level 3		
ASSETS						
Trading investment						
Securities issued or secured by Colombian Government	Ps. 3,393,542	Ps. 3,109,193	Ps. 284,349	Ps. —	Ps. 3,393,542	
Securities issued or secured by other entities of the Colombian Government	254,622	—	254,622	—	254,622	
Securities issued or secured by foreign Government	185,376	—	110,290	75,086	185,376	
Securities issued or secured by other financial entities	1,533,499	—	1,533,499	—	1,533,499	
Securities issued or secured by entities of the Non-financial sector	8,601	—	8,601	—	8,601	
Other	42,481	—	42,481	—	42,481	
Total trading investment	Ps. 5,418,121	Ps. 3,109,193	Ps. 2,233,842	Ps. 75,086	Ps. 5,418,121	
Investments in debt securities at fair value through profit or loss						
Other	5,954	—	—	5,954	5,954	
Total investments in debt securities at fair value through profit or loss	Ps. 5,424,075	Ps. 3,109,193	Ps. 2,233,842	Ps. 81,040	Ps. 5,424,075	
Investments at fair value through OCI						
Securities issued or secured by Colombian Government	15,044,533	11,817,064	3,227,469	—	15,044,533	
Securities issued or secured by other entities of the Colombian Government	521,362	296,497	224,865	—	521,362	
Securities issued or secured by foreign Government	11,279,151	1,167,913	10,111,238	—	11,279,151	
Securities issued or secured by central banks	1,977,111	—	1,977,111	—	1,977,111	
Securities issued or secured by other financial entities	4,164,319	89,505	4,070,988	3,826	4,164,319	
Securities issued or secured by entities of the non-financial sector	499,812	—	497,084	2,728	499,812	
Other	1,196,817	37,049	1,159,768	—	1,196,817	
Total investments at fair value through OCI	Ps. 34,683,105	Ps. 13,408,028	Ps. 21,268,523	Ps. 6,554	Ps. 34,683,105	
Total investments in debt securities	Ps. 40,107,180	Ps. 16,517,221	Ps. 23,502,365	Ps. 87,594	Ps. 40,107,180	
Investments in equity securities						
Trading equity securities	5,264,095	4,025	4,086,629	1,173,441	5,264,095	
Investments in equity through OCI	1,470,168	1,355,530	4,082	110,556	1,470,168	

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	Fair Value					
	Carrying Value		Level 1	Level 2	Level 3	Total
	Ps.	Ps.	Ps.	Ps.	Ps.	Ps.
Total investments in equity securities	6,734,263	1,359,555	4,090,711	1,283,997	6,734,263	
Held for trading Derivatives						
Currency Forward	457,272	—	457,272	—	457,272	
Bond Forward	7,636	—	7,636	—	7,636	
Interest Rate Swap	155,715	—	155,715	—	155,715	
Currency Swap	31,378	—	31,378	—	31,378	
Currency Options	52,546	—	52,546	—	52,546	
Index Futures	647	647	—	—	647	
Total held for trading derivatives	705,194	647	704,547	—	705,194	
Hedging Derivatives						
Currency Forward	13,268	—	13,268	—	13,268	
Interest Rate Swap	16,203	—	16,203	—	16,203	
Currency Swap	10,266	—	10,266	—	10,266	
Total hedging derivatives	39,737	—	39,737	—	39,737	
Other account receivables						
Financial assets in concession contracts	3,102,843	—	—	3,102,843	3,102,843	
Total other account receivables designated at fair value	3,102,843	—	—	3,102,843	3,102,843	
Total assets at fair value on recurring basis	50,689,217	17,877,423	28,337,360	4,474,434	50,689,217	
Financial assets at amortized cost, net						
Investments in debt securities, net	5,729,815	41,100	5,141,230	512,879	5,695,209	
Securities issued or secured by Colombian Government	1,553,950	41,100	1,513,913	—	1,555,013	
Securities issued or secured by other entities of the Colombian Government	3,552,880	—	3,547,045	—	3,547,045	
Securities issued or secured by Foreign Government	37,482	—	37,483	—	37,483	
Securities issued or secured by other financial entities	312,511	—	—	294,963	294,963	
Securities issued or secured by entities of the non-financial sector	247,798	—	19,131	217,916	237,047	
Other	25,194	—	23,658	—	23,658	
Loan portfolio, net (see literal f for details)	205,293,583				210,018,203	
Interbank and overnight funds	2,724,540					
Commercial	110,561,317					
Consumer	65,653,282					
Mortgage	26,138,741					
Microcredit	215,703					
Other accounts receivables, net	13,790,535				14,010,079	
Total financial assets at amortized cost, net	224,813,933					
LIABILITIES						
Trading Derivatives						
Currency forward	480,115	—	480,115	—	480,115	
Bond forward	1,232	—	1,232	—	1,232	
Bond futures	—	—	—	—	—	
Index futures	4,131	4,131	—	—	4,131	
Interest rate swap	150,882	—	150,882	—	150,882	
Currency swap	63,822	—	63,822	—	63,822	
Currency options	59,426	—	59,426	—	59,426	
Total trading derivatives	759,608	4,131	755,477	—	759,608	
Hedging derivatives						
Currency forward	27,981	—	27,981	—	27,981	
Interest rate swap	24,408	—	24,408	—	24,408	
Total hedging derivatives	52,389	—	52,389	—	52,389	
Total liabilities at fair value on recurring basis	811,997	4,131	807,866	—	811,997	
Financial liabilities at amortized cost						
Customer deposits	225,773,389				227,093,507	
Checking accounts	55,880,676				55,549,512	
Time deposits	84,637,888				86,289,169	
Savings accounts	84,635,604				84,635,604	

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	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Others deposits	619,221				619,222
Financial obligations	63,881,954				63,620,833
Interbank borrowings and overnight funds	9,824,721				9,824,110
Leases contracts	2,923,522				2,824,319
Borrowings from banks and similar	17,473,758				16,989,731
Bonds issued (see literal e for details)	29,941,534				30,204,773
Borrowings from development entities	3,718,419				3,777,900
Total financial liabilities at amortized cost	Ps. 289,655,343				Ps. 290,714,340

December 31, 2020

	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
ASSETS					
Trading investment					
Securities issued or secured by Colombian Government	Ps. 2,831,979	Ps. 1,748,734	Ps. 1,083,245	Ps. —	Ps. 2,831,979
Securities issued or secured by other entities of the Colombian Government	187,295	—	187,295	—	187,295
Securities issued or secured by foreign Governments	201,312	—	129,082	72,230	201,312
Securities issued or secured by other financial entities	1,502,818	—	1,502,818	—	1,502,818
Securities issued or secured by entities of the non—financial sector	24,975	—	24,975	—	24,975
Other	32,614	—	32,614	—	32,614
Total trading investment	Ps. 4,780,993	Ps. 1,748,734	Ps. 2,960,029	Ps. 72,230	Ps. 4,780,993
Investments in debt securities at fair value through profit or loss					
Other	7,385	—	—	7,385	7,385
Total investments in debt securities at fair value through profit or loss	Ps. 4,788,378	Ps. 1,748,734	Ps. 2,960,029	Ps. 79,615	Ps. 4,788,378
Investments at fair value through OCI					
Securities issued or secured by Colombian Government	12,847,199	9,943,470	2,903,729	—	12,847,199
Securities issued or secured by other Colombian Government entities	461,073	174,614	286,459	—	461,073
Securities issued or secured by foreign Governments	9,663,324	1,813,022	7,850,302	—	9,663,324
Securities issued or secured by central banks	1,862,922	—	1,862,922	—	1,862,922
Securities issued or secured by other financial entities	2,912,432	168,314	2,740,688	3,430	2,912,432
Securities issued or secured by non-financial sector entities	49,570	—	49,570	—	49,570
Others	1,169,836	35,491	1,122,041	12,304	1,169,836
Total investments at fair value through OCI	Ps. 28,966,356	Ps. 12,134,911	Ps. 16,815,711	Ps. 15,734	Ps. 28,966,356
Total investments in debt securities	Ps. 33,754,734	Ps. 13,883,645	Ps. 19,775,740	Ps. 95,349	Ps. 33,754,734
Investments in equity securities					
Trading equity securities	5,123,939	1,351	4,076,598	1,045,990	5,123,939
Investments in equity through OCI	1,515,090	1,400,896	221	113,973	1,515,090
Total investments in equity securities	Ps. 6,639,029	Ps. 1,402,247	Ps. 4,076,819	Ps. 1,159,963	Ps. 6,639,029
Held for trading derivatives					
Currency forward	817,161	—	817,161	—	817,161
Bond forward	349	—	349	—	349
Interest rate swap	245,618	—	245,618	—	245,618
Currency swap	31,394	—	31,394	—	31,394
Currency options	39,402	—	39,402	—	39,402
Total held for trading derivatives	Ps. 1,133,924	Ps. —	Ps. 1,133,924	Ps. —	Ps. 1,133,924
Hedging derivatives					
Currency forward	123,325	—	123,325	—	123,325
Currency swap	32,895	—	32,895	—	32,895
Total hedging derivatives	Ps. 156,220	Ps. —	Ps. 156,220	Ps. —	Ps. 156,220
Other account receivables					
Financial assets in concession contracts	2,958,385	—	—	2,958,385	2,958,385

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	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Total other account receivables designated at fair value	Ps. 2,958,385	Ps. —	Ps. —	Ps. 2,958,385	Ps. 2,958,385
Total assets at fair value on recurring basis	Ps. 44,642,292	Ps. 15,285,892	Ps. 25,142,703	Ps. 4,213,697	Ps. 44,642,292
Financial assets at amortized cost, net					
Investments in debt securities, net	5,572,933	180,660	4,939,119	439,484	5,559,263
Securities issued or secured by Colombian Government	1,673,852	145,906	1,541,606	—	1,687,512
Securities issued or secured by other Colombian Government entities	3,377,351	—	3,376,036	—	3,376,036
Securities issued or secured by foreign Governments	34,747	34,754	—	—	34,754
Securities issued or secured by other financial entities	297,523	—	—	280,689	280,689
Others	189,460	—	21,477	158,795	180,272
Loan portfolio, net (see literal f for details)	195,541,994				203,901,379
Interbank and overnight funds	4,692,827				
Commercial	105,706,532				
Consumer	60,896,486				
Mortgage	23,997,867				
Microcredit	248,282				
Other accounts receivables, net	12,037,952				12,234,426
Total financial assets at amortized cost, net	213,152,879				
LIABILITIES					
Trading derivatives					
Currency forward	1,112,439	—	1,112,439	—	1,112,439
Bond forward	2,071	—	2,071	—	2,071
Index futures	1,165	1,165	—	—	1,165
Interest rate swap	251,414	—	251,414	—	251,414
Currency swap	39,705	—	39,705	—	39,705
Currency options	45,780	—	45,780	—	45,780
Total trading derivatives	Ps. 1,452,574	Ps. 1,165	Ps. 1,451,409	Ps. —	Ps. 1,452,574
Hedging derivatives					
Currency forward	26,924	—	26,924	—	26,924
Interest rate swap	29,703	—	29,703	—	29,703
Total hedging derivatives	56,627	—	56,627	—	56,627
Total liabilities at fair value on recurring basis	Ps. 1,509,201	Ps. 1,165	Ps. 1,508,036	Ps. —	Ps. 1,509,201
Financial liabilities at amortized cost					
Customer deposits	Ps. 211,841,597				Ps. 216,035,503
Checking accounts	51,198,284				52,022,615
Time deposits	83,559,188				85,794,000
Savings accounts	76,551,465				77,686,206
Others deposits	532,660				532,682
Financial obligations	58,624,766				60,181,205
Interbank borrowings and overnight funds	7,179,644				7,179,503
Leases contracts	3,025,732				2,968,324
Borrowings from banks and similar	16,628,785				17,073,516
Bonds issued (see literal e for details)	27,760,797				28,854,809
Borrowings from development entities	4,029,808				4,105,053
Total financial liabilities at amortized cost	Ps. 270,466,363				Ps. 276,216,708

b) Fair Value determination

The following table provides information about valuation techniques and significant inputs when measuring at fair value on recurring basis assets and liabilities, with fair value hierarchy level 2 and level 3.

Level 2 financial instruments as those traded in non-active market, the following table provides information about valuation techniques and significant inputs when measuring assets and liabilities.

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	Valuation technique Level 2	Significant inputs
ASSETS		
Investments in debt securities at fair value		
<u>In Colombian Pesos</u>		
Securities issued or secured by the Colombian Government	Discounted cash flow	Theoretical price / estimated price ⁽¹⁾ Average price / market price ⁽²⁾
Securities issued or secured by Colombian government entities	Discounted cash flow	Theoretical price / estimated price ⁽¹⁾ Average price / market price ⁽²⁾
Securities issued or secured by other financial entities	Discounted cash flow	Theoretical price / estimated price ⁽¹⁾ Average price / market price ⁽²⁾ Yield and margin
Securities issued or secured by non-financial sector entities	Discounted cash flow	Theoretical price / estimated price ⁽¹⁾ Average price / market price ⁽²⁾
Other	Discounted cash flow	Theoretical price / estimated price ⁽¹⁾ Average price / market price ⁽²⁾ Yield and margin
<u>In Foreign Currency</u>		
Securities issued or secured by the Colombian Government	Market Price	Market price ⁽²⁾
Securities issued or secured by Colombian government entities	Discounted cash flow	Theoretical price / estimated price ⁽¹⁾ Average price / market price ⁽²⁾
Securities issued or secured by foreign governments	Internal model	Discounted cash flows using yields from similar securities outstanding Negotiation price, if there are not negotiations, it is calculated by groups of debt securities according to the Superintendency of Pensions methodologies.
	Market price	Last auction allocation price
Securities issued or secured by foreign governments		Market price ⁽²⁾ Market price or price calculated based on benchmarks set by price providers methodologies
Securities issued or secured by Central Banks	Internal model Market price	Discounted cash flows using yields from similar securities outstanding Market price or price calculated based on benchmarks set by price providers methodologies
Securities issued or secured by other financial entities	Discounted cash flow Internal model Market price	Theoretical price / estimated price ⁽¹⁾ Discounted cash flows using yields from similar securities outstanding Market price or price calculated based on benchmarks set by price providers methodologies Bloomberg Generic Market price ⁽²⁾
Securities issued or secured by non-financial sector entities	Market price	Theoretical price / estimated price ⁽¹⁾ Market price ⁽²⁾
Other	Discounted cash flow Market price	Theoretical price / estimated price ⁽¹⁾ Market price or price calculated based on benchmarks set by price providers methodologies Negotiation price, if there are not negotiations, it is calculated by groups of debt securities according to the Superintendency of Pensions methodologies. Last auction allocation price Quoted price Market price ⁽²⁾ Bloomberg Generic

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	Valuation technique Level 2	Significant inputs
Investment in equity securities		
Corporate stock	Market Price	Estimated prices ⁽¹⁾
Investment funds	Market Price	Market value of underlying assets, less management and administrative fees
Pension and severance funds ⁽³⁾	Market Price	Market value of underlying assets, less management and administrative fees
Trading derivatives		
Foreign currency forward	Discounted cash flow	Underlying asset price
Debt securities forward		Currency curve by underlying asset
Interest rate swap		Forward Exchange rates curve of the operation's currency
Cross currency swap		Implicit curves of Exchange rates forwards
Swap (others)		Swap curves by underlying asset
Currency options		Implicit volatilities matrixes and curves
Foreign currency futures	Market	Market price ⁽²⁾ Spot, rates, days to maturity
Debt securities futures	Market	Market price ⁽²⁾ Initial price Spot, rates, days to maturity
Hedging derivatives		
Currency forward	Discounted cash flow	Curves by currency
Foreign currency futures	Market	Market price ⁽²⁾
LIABILITIES		
Derivatives held for trading		
Foreign currency forward	Discounted cash flow	Underlying asset price
Debt securities forward		Currency curve by underlying asset
Interest rate swap		Forward Exchange rates curve of the operation's currency
Currency swap		Implicit curves of exchange rates forwards
Swap (others)		Swap curves by underlying asset
Currency options		Implicit volatilities matrixes and curves
	Market	Market price ⁽²⁾ Spot, rates, days to maturity
	Market	Market price ⁽²⁾ Spot, rates, days to maturity
Hedging Derivatives		
Foreign currency forward	Discounted cash flow	Underlying asset price
Interest rate swap		Currency curve by underlying asset Forward Exchange rates curve of the operation's currency Implicit curves of Exchange rates forwards Swap curves by underlying asset Implicit volatilities matrixes and curves
Foreign currency futures		Market price ⁽²⁾

- (1) Estimated Price: A valuation model based on information obtained from a price vendor when it is not able to supply quoted prices (unadjusted) for each security. This model is the basis for the construction of the valuation margin of the securities that is represented on the assigned curve or reference rate. This margin remains constant on the assigned curve or reference rate when calculating the theoretical valuation price.
- (2) Quoted market prices (ie obtained from price vendors)
- (3) The subsidiary Porvenir S.A. according to Colombian rules is required to invest to 1% of its total assets under management from severance and mandatory pension funds.

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The following table provides information about valuation techniques and significant unobservable inputs when measuring Level 3 assets and liabilities at recurring fair value.

	Valuation technique Level 3	Significant inputs
ASSETS		
Investments in debt securities at fair value		
<u>In Colombian Pesos</u>		
Other	Discounted cash flow	Projected payments flow of mortgage securitizations
Equity securities		
Investments in equity securities (1)	Discounted cash flow	Growth in values after 5 years Net Income
		Growth in residual values after 5 years
		Discount interest rates
	Comparable Multiples	EBITDA Value
		Multiple of EBITDA
		Net income value
		Multiple of net income
<u>Other financial assets</u>		
Assets under concession contracts (2)	Discounted cash flow	Free-cash flow from concession contracts
		Concession contract's maturity period
		Perpetuity value of the year "n" free-cash flow
		Present value of the discounted residual value at Weighted Average Cost of Capital ("WACC").
		The detail of valuation process for financial assets in concession arrangements are outlined in ⁽²⁾
Non-financial assets		
Biological assets	Discounted cash flow	The processes used to collect data and determine the fair value of biological assets are described in ⁽³⁾
Investment properties	Discounted cash flow	The processes used to collect data and determine the fair value of investment properties are described in ⁽⁴⁾

(1) Valuation of equity instruments Level 3

The investments with fair value hierarchy level 3 have significant unobservable inputs. Level 3 instruments include equity instruments, which are not quoted on any stock exchange. Like observable prices are not available for these securities, Grupo Aval has used valuation techniques as discounted cash flows to obtain fair value. The table below shows sensitivity analysis of valuation as of December 31, 2020.

Methods and Variables	Variation	Favorable impact	Unfavorable impact
Comparable Multiples / Recent Transaction Price			
EBITDA Number of times	+/- 1 x	Ps. 797,864	Ps. (797,863)
Adjusted Net Asset Value			
Non-current financial assets	+/- 1%	143	(319)
Adjusted discounted cash flow			
Growth in residual values after 10 years	+/- 1%	11,031	(7,957)
Growth in residual values after 5 years	+/- 1%	17,660	(13,427)
	+/- 30 bp	23,893	20,722
Income	+/- 1%	77,106	(27,526)
Discount interest rates	+/- 50 bp	71,266	(21,190)

(2) Valuation of financial assets under concession arrangement rights

Sensitivity analysis

The following table includes a sensitivity analysis of the assumptions used by Promigas and its subsidiaries in the calculation of fair value of unconditional transfer rights of gas pipelines to Government entities at the expiration date of the contracts. The value of the financial asset at June 30, 2021 is Ps. 3,102,843 and Ps. 2,958,385 as of December 31, 2020.

Variable	June 30, 2021	
	+100 pbs	-100 pbs
WACC	Ps. (788,000)	Ps. 1,232,537
Perpetuity growth rate	700,340	(483,643)

Variable	December 31, 2020	
	+100 pbs	-100 pbs
WACC	Ps. (675,517)	Ps. 1,029,057
Perpetuity growth rate	596,031	(420,953)

c) Transfer of levels

During the current quarter, due not to changes in market conditions, the following table summarizes the transfer between fair value levels 1 and 2 as of June 30, 2021 and December 31, 2020. In general, transfers between Level 1 and Level 2 in the investment portfolios are due, fundamentally, to changes in the liquidity levels of the securities in the markets.

	June 30, 2021			
	Investments in debt securities at FVTPL		Investments in debt securities at FVOCI	
	Transfers between:			
	Level 2 to Level 1	Level 1 to Level 2	Level 2 to Level 1	Level 1 to Level 2
Assets				
Investments in debt securities at fair value				
Securities issued or secured by Colombian Government	Ps. —	Ps. —	Ps. 6,950	Ps. —
Securities issued or secured by other financial entities	—	—	—	1,971
	<u>Ps. —</u>	<u>Ps. —</u>	<u>Ps. 6,950</u>	<u>Ps. 1,971</u>

	December 31, 2020			
	Investments in debt securities at FVTPL		Investments in debt securities at FVOCI	
	Transfers between:			
	Level 2 to Level 1	Level 1 to Level 2	Level 2 to Level 1	Level 1 to Level 2
Assets				
Investments in debt securities at fair value				
Securities issued or secured by Colombian Government	Ps. 64,374	Ps. —	Ps. 685,075	Ps. —
	<u>Ps. 64,374</u>	<u>Ps. —</u>	<u>Ps. 685,075</u>	<u>Ps. —</u>

There were no transfers of fair values between levels and 2 to or from level 3 as of June 30, 2021 and December 31, 2020.

The reconciliation of the balances at the beginning of the period to the closing balances with the fair value measurements classified at Level 3 is shown in the following table.

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	Financial assets in debt securities		Equity instruments		Financial assets in concession arrangements	
December 31, 2020	Ps.	95,349	Ps.	1,159,963	Ps.	2,958,385
Valuation adjustment with an effect on income		1,425		84,354		144,458
Valuation adjustments with an effect on OCI		40,375		(127)		—
Additions		—		3,148		—
Sales / redemptions		(49,555)		—		—
Reclassifications		—		—		—
Transfer from level 2 to level 3				72,987		
Transfer from level 3 to level 2				(36,327)		
June 30, 2021	Ps.	87,594	Ps.	1,283,997	Ps.	3,102,843

d) Items Measurements at Fair Value on a Non-Recurring Basis

The following table present Grupo Aval's assets and liabilities, classified within the fair value hierarchy, which are measured on a nonrecurring basis as of June 30, 2021 and December 31, 2020 at fair value less cost of sale:

	Level 1		Level 2		Level 3		Total	
June 30, 2021								
Impaired collateralized loans	Ps.	—	Ps.	—	Ps.	1,988,749	Ps.	1,988,749
Non- current assets held for sale		—		—		125,412		125,412
	Ps.	—	Ps.	—	Ps.	2,114,161	Ps.	2,114,161
December 31, 2020								
Impaired collateralized loans	Ps.	—	Ps.	—	Ps.	1,508,693	Ps.	1,508,693
Non- current assets held for sale		—		—		240,412		240,412
	Ps.	—	Ps.	—	Ps.	1,749,105	Ps.	1,749,105

e) Financial obligations from issued bonds

Detail of issued bonds net of eliminations as of June 30, 2021 and December 31, 2020, by issue date and maturity date was as follows:

Local Currency

Issuer	Issue Date	June 30, 2021		December 31, 2020		Maturity Date	Interest Rate
Banco Av. Villas S.A.	23/02/2021	Ps.	474,355	Ps.	—	Between 23/02/2024 and 23/02/2026	CPI + 0.71% to 1.36%
Banco de Bogotá S.A.	Between 24/09/2020 and 10/02/2021		900,800		300,011	Between 24/09/2023 and 10/02/2026	CPI + 3.15%; IBR + 2.94% and Fixed Between 3.40% and 4.75%
Banco de Occidente S.A	Between 22/09/2011 and 20/08/2020		2,904,253		3,023,809	Between 22/09/2021 and 14/12/2032	CPI + 1.75% to 4.65%, IBR + 1.37% and Fixed Between 5.71% and 7.55%
Corporación Financiera Colombiana S.A.	Between 27/08/2009 and 19/11/2020		3,302,773		3,287,717	Between 11/03/2022 and 19/11/2045	CPI + 1.75% to 7.10% and UVR + 3.77%
Banco Popular S.A	Between 12/10/2016 and 04/02/2020		1,529,501		1,652,087	Between 13/02/2022	CPI + 3.08% to 4.13%; Fixed

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Local Currency

Issuer	Issue Date	June 30, 2021	December 31, 2020	Maturity Date	Interest Rate
				and 04/02/2027	Between 5.88% and 8.10%
Grupo Aval Acciones y Valores S.A.	Between 03/12/2009 and 14/11/2019	1,129,923	1,129,634	Between 14/11/2024 and 28/06/2042	CPI + 3.69% to 5.20% and Fixed 6.42%
Peso denominated Total		Ps. 10,241,605	Ps. 9,393,258		

Foreign Currency

Issuer	Issue Date	June 30, 2021	December 31, 2020	Maturity Date	Interest Rate
Banco de Bogotá S.A. Under rule 144A.	Between 19/02/2013 and 03/08/2017	8,005,573	7,327,946	Between 19/02/2023 and 03/08/2027	Fixed Between 4.38% to 6.25%
BAC Credomatic and MFG					
El Salvador	Between 28/10/2016 and 19/08/2019	510,234	467,262	Between 28/10/2021 and 19/08/2024	Fixed Between 5.80% to 5.85%
Honduras	Between 06/12/2018 and 29/12/2020	322,517	306,129	Between 06/12/2021 and 29/12/2025	Fixed Between 3.20% to 9.50% and Banker rate Between 0.25% to 3.75%
Panamá	Between el 11/09/2017 and 30/06/2021	1,491,784	1,713,174	Between el 02/07/2021 and 30/06/2026	Fixed Between 2.00% to 5.00%
BAC Credomatic and MFG Total		Ps. 2,324,535	Ps. 2,486,566		
Banco Bogotá and BAC Credomatic and MFG Total		Ps. 10,330,108	Ps. 9,814,512		
Grupo Aval Limited ⁽¹⁾	Between 26/09/2012 and 04/02/2020	7,503,980	6,845,536	Between 26/09/2022 and 04/02/2030	Fixed Between 4.38% to 4.75%
Promigas S.A. and Gases del Pacífico S.A.C. Under rule 144A.	Between 16/10/2019 and 22/10/2020	1,865,841	1,707,490	Between 16/10/2029 and 22/10/2029	Fixed 3.75%
Foreign Currency Total		Ps. 19,699,929	Ps. 18,367,539		
Total of Bonds		Ps. 29,941,534	Ps. 27,760,797		

⁽¹⁾ Includes the issuance for USD 1,000,000,000 issued 04/02/2020 and maturing 04/02/2030

The amount of issued bonds due over 12 months as of June 30, 2021 is Ps. 28,639,051 and December 31, 2020 is Ps. 26,467,982.

Grupo Aval has not had any defaults of principal or interest or other breaches with respect to its liabilities during the three-months ended June 30, 2021 and year ended December 31, 2020, and Grupo Aval is complying with the related covenants agreed with investors and debtors.

f) Credit risk concentration

The following is the balance of financial assets by loan portfolio and their provision for impairment as of June 30, 2021 and December 31, 2020:

Portfolio segment	June 30, 2021			December 31, 2020		
	Gross balance	Allowance for impairment (*)	Net balance of credit portfolio	Gross balance	Allowance for impairment (*)	Net balance of credit portfolio
Commercial	Ps. 116,094,037	Ps. 5,532,720	Ps. 110,561,317	Ps. 110,986,938	Ps. 5,280,406	Ps. 105,706,532
Consumer	70,562,438	4,909,156	65,653,282	65,835,457	4,938,971	60,896,486
Mortgage	26,831,272	692,531	26,138,741	24,558,771	560,904	23,997,867
Microcredit	337,014	121,311	215,703	372,321	124,039	248,282
Interbank and overnight funds	2,725,739	1,199	2,724,540	4,693,678	851	4,692,827
Total	Ps. 216,550,500	Ps. 11,256,917	Ps. 205,293,583	Ps. 206,447,165	Ps. 10,905,171	Ps. 195,541,994

(*) See detail of the loss allowance for loans in note 4 (f) and detail of the additional provisions as a result of COVID19 in note 1.1.

There was no loan portfolio provided as collateral in resource auction operations with Banco Republica as of June 30, 2021.

(1) Loan portfolio by economic sector

Below is the gross balance of the loan portfolio distribution of Grupo Aval by economic activity as of June 30, 2021 and December 31, 2020:

Sector	June 30, 2021		%	December 31, 2020		%
Consumer services	Ps. 103,971,022		48%	Ps. 96,436,401		47%
Commercial services	43,942,907		21%	45,363,824		21%
Construction	15,721,772		7%	13,723,891		6%
Food, beverage and tobacco	11,030,786		5%	9,765,741		5%
Transportation and communications	7,278,988		4%	7,300,885		4%
Public services	5,911,085		3%	5,628,741		3%
Chemical production	5,001,753		2%	5,867,117		3%
Other industrial and manufacturing products	7,520,952		3%	5,936,370		3%
Agricultural	5,296,430		2%	5,375,932		2%
Government	4,708,673		2%	4,972,124		3%
Trade and tourism	2,807,353		1%	2,893,042		1%
Mining products and oil	1,049,944		1%	941,577		1%
Other	2,308,835		1%	2,241,520		1%
Total of each economic sector	Ps. 216,550,500		100%	Ps. 206,447,165		100%

(2) Portfolio credit by risk level rating

As of June 30, 2021, and December 31, 2020, the following is a summary of the portfolio credit by risk level rating:

PD Range	June 30, 2021			
	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
0% - 7.5%	Ps. 166,053,484	Ps. 7,645,167	Ps. 113	Ps. 173,698,764
7.5% - 15%	7,788,087	4,599,483	349	12,387,919
15% - 22.5%	483,103	3,523,330	78	4,006,511
22.5% - 30%	114,851	1,914,978	167	2,029,996
30% - 45%	92,441	2,882,127	302	2,974,870
45% - 60%	30,631	4,856,053	220,620	5,107,304
60% - 90%	2,951	2,705,984	188,720	2,897,655
> 90%	1,694	90,922	13,354,865	13,447,481
TOTAL	Ps. 174,567,242	Ps. 28,218,044	Ps. 13,765,214	Ps. 216,550,500

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December 31, 2020							
Total Exposure							
PD Range	Stage 1		Stage 2		Stage 3		Total
0% - 7.5%	Ps.	160,410,317	Ps.	6,205,666	Ps.	7	Ps. 166,615,990
7.5% - 15%		6,054,623		3,204,615		198	9,259,436
15% - 22.5%		612,299		2,731,542		9	3,343,850
22.5% - 30%		197,377		2,111,235		25	2,308,637
30% - 45%		157,726		5,802,907		77,935	6,038,568
45% - 60%		48,428		3,305,930		84,507	3,438,865
60% - 90%		3,400		3,133,570		242,787	3,379,757
> 90%		5,478		92,734		11,963,850	12,062,062
TOTAL	Ps.	167,489,648	Ps.	26,588,199	Ps.	12,369,318	Ps. 206,447,165

The following tables show the balance of the loan portfolio by class as of June 30, 2021 and December 31, 2020.

Commercial portfolio

June 30, 2021							
Total Exposure							
PD Range	Stage 1		Stage 2		Stage 3		Total
0% - 7.5%	Ps.	94,240,394	Ps.	4,450,740	Ps.	104	Ps. 98,691,238
7.5% - 15%		931,340		961,104		199	1,892,643
15% - 22.5%		206,127		1,729,378		75	1,935,580
22.5% - 30%		33,811		381,333		111	415,255
30% - 45%		50,848		627,194		-	678,042
45% - 60%		25,055		3,051,340		87	3,076,482
60% - 90%		2,483		56,485		25	58,993
> 90%		1,194		6,646		9,337,964	9,345,804
TOTAL	Ps.	95,491,252	Ps.	11,264,220	Ps.	9,338,565	Ps. 116,094,037

December 31, 2020							
Total Exposure							
PD Range	Stage 1		Stage 2		Stage 3		Total
0% - 7.5%	Ps.	91,482,201	Ps.	3,063,730	Ps.	3	Ps. 94,545,934
7.5% - 15%		706,295		963,330		7	1,669,632
15% - 22.5%		195,341		933,973		—	1,129,314
22.5% - 30%		87,872		429,489		2	517,363
30% - 45%		104,057		3,299,369		205	3,403,631
45% - 60%		43,273		1,084,590		23	1,127,886
60% - 90%		2,645		60,967		10	63,622
> 90%		4,452		8,252		8,516,852	8,529,556
TOTAL	Ps.	92,626,136	Ps.	9,843,700	Ps.	8,517,102	Ps. 110,986,938

Consumer portfolio

June 30, 2021							
Total Exposure							
PD Range	Stage 1		Stage 2		Stage 3		Total
0% - 7.5%	Ps.	50,584,394	Ps.	2,258,101	Ps.	9	Ps. 52,842,504
7.5% - 15%		5,115,970		2,214,226		149	7,330,345
15% - 22.5%		248,194		874,616		1	1,122,811
22.5% - 30%		74,941		1,076,199		55	1,151,195
30% - 45%		35,648		1,413,401		283	1,449,332
45% - 60%		4,272		1,277,356		220,532	1,502,160
60% - 90%		343		1,961,883		188,689	2,150,915
> 90%		500		80,845		2,931,831	3,013,176
TOTAL	Ps.	56,064,262	Ps.	11,156,627	Ps.	3,341,549	Ps. 70,562,438

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PD Range	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
0% - 7.5%	Ps. 45,952,378	Ps. 2,145,102	Ps. —	Ps. 48,097,480
7.5% - 15%	4,949,864	1,092,553	189	6,042,606
15% - 22.5%	400,447	956,769	8	1,357,224
22.5% - 30%	98,380	1,114,336	7	1,212,723
30% - 45%	46,334	1,771,603	77,728	1,895,665
45% - 60%	4,745	1,732,311	84,479	1,821,535
60% - 90%	347	2,488,943	242,773	2,732,063
> 90%	1,026	81,109	2,594,026	2,676,161
TOTAL	Ps. 51,453,521	Ps. 11,382,726	Ps. 2,999,210	Ps. 65,835,457

Mortgage portfolio

June 30, 2021

PD Range	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
0% - 7.5%	Ps. 18,387,415	Ps. 936,279	Ps. —	Ps. 19,323,694
7.5% - 15%	1,705,885	1,424,153	1	3,130,039
15% - 22.5%	12,337	919,130	2	931,469
22.5% - 30%	1,407	455,106	1	456,514
30% - 45%	4,228	830,415	19	834,662
45% - 60%	—	518,249	1	518,250
60% - 90%	—	629,301	6	629,307
> 90%	—	3,414	1,003,923	1,007,337
TOTAL	Ps. 20,111,272	Ps. 5,716,047	Ps. 1,003,953	Ps. 26,831,272

December 31, 2020

PD Range	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
0% - 7.5%	Ps. 18,223,127	Ps. 996,792	Ps. 4	Ps. 19,219,923
7.5% - 15%	298,817	1,148,718	2	1,447,537
15% - 22.5%	12,876	840,653	1	853,530
22.5% - 30%	845	567,375	16	568,236
30% - 45%	2,217	731,359	2	733,578
45% - 60%	-	456,779	5	456,784
60% - 90%	-	472,887	4	472,891
> 90%	-	3,309	802,983	806,292
TOTAL	Ps. 18,537,882	Ps. 5,217,872	Ps. 803,017	Ps. 24,558,771

Microcredit portfolio

June 30, 2021

PD Range	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
0% - 7.5%	Ps. 115,542	Ps. 47	Ps. —	Ps. 115,589
7.5% - 15%	34,892	—	—	34,892
15% - 22.5%	16,445	206	—	16,651
22.5% - 30%	4,692	2,340	—	7,032
30% - 45%	1,717	11,117	—	12,834
45% - 60%	1,304	9,108	—	10,412
60% - 90%	125	58,315	—	58,440
> 90%	—	17	81,147	81,164
TOTAL	Ps. 174,717	Ps. 81,150	Ps. 81,147	Ps. 337,014

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December 31, 2020							
Total Exposure							
PD Range	Stage 1		Stage 2		Stage 3		Total
0% - 7.5%	Ps.	59,072	Ps.	42	Ps.	—	Ps. 59,114
7.5% - 15%		99,647		14		—	99,661
15% - 22.5%		3,635		147		—	3,782
22.5% - 30%		10,280		35		—	10,315
30% - 45%		5,118		576		—	5,694
45% - 60%		410		32,250		—	32,660
60% - 90%		408		110,773		—	111,181
> 90%		—		64		49,850	49,914
TOTAL	Ps.	178,570	Ps.	143,901	Ps.	49,850	Ps. 372,321

Repos, interbank loans portfolio

June 30, 2021							
Total Exposure							
PD Range	Stage 1		Stage 2		Stage 3		Total
0% - 7.5%	Ps.	2,725,739	Ps.	—	Ps.	—	Ps. 2,725,739
7.5% - 15%		—		—		—	—
15% - 22.5%		—		—		—	—
22.5% - 30%		—		—		—	—
30% - 45%		—		—		—	—
45% - 60%		—		—		—	—
60% - 90%		—		—		—	—
> 90%		—		—		—	—
TOTAL	Ps.	2,725,739	Ps.	0	Ps.	—	Ps. 2,725,739

December 31, 2020							
Total Exposure							
PD Range	Stage 1		Stage 2		Stage 3		Total
0% - 7.5%	Ps.	4,693,539	Ps.	—	Ps.	—	Ps. 4,693,539
7.5% - 15%		—		—		—	—
15% - 22.5%		—		—		—	—
22.5% - 30%		—		—		—	—
30% - 45%		—		—		—	—
45% - 60%		—		—		—	—
60% - 90%		—		—		—	—
> 90%		—		—		139	139
TOTAL	Ps.	4,693,539	Ps.	0	Ps.	139	Ps. 4,693,678

(3) Loss allowance for loans, financial assets and others receivable

The table below shows the loss allowance balances as of June 30, 2021 and December 31, 2020.

June 30, 2021							
	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Simplified approach
Loan portfolio							
Commercial loan portfolio	Ps.	666,020	Ps.	917,472	Ps.	3,949,228	Ps. —
Consumer loan portfolio		973,348		1,715,664		2,220,144	—
Mortgage loan portfolio		80,365		291,157		321,009	—
Microcredit loan portfolio		13,703		31,251		76,357	—
Interbank and overnight funds		1,199		—		—	—
Total loan portfolio	Ps.	1,734,635	Ps.	2,955,544	Ps.	6,566,738	Ps. —

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	Stage 1		Stage 2		Stage 3	
	12-month		Lifetime		Lifetime	
	ECL		ECL not		ECL	Simplified
			credit-		credit-	approach
			impaired		impaired	Total
Investments in debt securities at amortized cost	4,416		6,243		—	10,659
Other accounts receivable	19,186		17,375		111,660	222,425
Total loss allowance financial assets at amortized cost	Ps. 1,758,237	Ps. 2,979,162	Ps. 6,678,398	Ps. 222,425	Ps. 11,638,222	
Investments in debt securities at FVOCI	109,426		106		—	109,532
Loan commitments and financial guarantee contracts	49,427		11,272		1,403	62,102
Total loss allowance	Ps. 1,917,090	Ps. 2,990,540	Ps. 6,679,801	Ps. 222,425	Ps. 11,809,856	
December 31, 2020						
	Stage 1		Stage 2		Stage 3	
	12-month		Lifetime		Lifetime	
	ECL		ECL not		ECL	Simplified
			credit-		credit-	approach
			impaired		impaired	Total
Loan portfolio						
Commercial loan portfolio	Ps. 656,830	Ps. 805,097	Ps. 3,818,479	Ps. —	Ps. 5,280,406	
Consumer loan portfolio	1,013,071	1,948,030	1,977,870	—	4,938,971	
Mortgage loan portfolio	72,294	225,889	262,721	—	560,904	
Microcredit loan portfolio	17,089	60,040	46,910	—	124,039	
Interbank and overnight funds	792	—	59	—	851	
Total loan portfolio	Ps. 1,760,076	Ps. 3,039,056	Ps. 6,106,039	Ps. —	Ps. 10,905,171	
Investments in debt securities at amortized cost	7,188		7		—	7,195
Other accounts receivable	18,136		13,548		107,471	203,902
Total loss allowance financial assets at amortized cost	Ps. 1,785,400	Ps. 3,052,611	Ps. 6,213,510	Ps. 203,902	Ps. 11,255,423	
Investments in debt securities at FVOCI	96,307		179		—	96,486
Loan commitments and financial guarantee contracts	57,226		8,679		1,488	67,393
Total loss allowance	Ps. 1,938,933	Ps. 3,061,469	Ps. 6,214,998	Ps. 203,902	Ps. 11,419,302	

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments de-recognized in the period;
- Impact of the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for asset denominated in foreign currencies and other movements; and
- Financial assets derecognized during the period and write-offs of allowances related to assets than were written off during the period

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The table below shows for loans stage 3 individually assessed for ECL the gross amount and loss allowance balances as of June 30, 2021 and December 31, 2020.

June 30, 2021

	Gross Amount Registered	Collateral Guarantees (1)	Allowance Recognized
Without recognized provision			
Commercial	Ps. 235,909	Ps. 221,373	Ps. —
Subtotal	Ps. 235,909	Ps. 221,373	Ps. —
With recognized provision			
Commercial	7,460,275	1,657,104	2,918,119
Consumer	1,733	—	1,001
Subtotal	Ps. 7,462,008	Ps. 1,657,104	Ps. 2,919,120
Totals			
Commercial	7,696,184	1,878,477	2,918,119
Consumer	1,733	—	1,001
Total	Ps. 7,697,917	Ps. 1,878,477	Ps. 2,919,120

December 31, 2020

	Gross Amount Registered	Collateral Guarantees (1)	Allowance Recognized
Without recognized provision			
Commercial	Ps. 193,605	Ps. 170,588	Ps. —
Interbank and overnight funds	—	—	—
Subtotal	Ps. 193,605	Ps. 170,588	Ps. —
With recognized provision			
Commercial	6,771,799	1,202,068	2,810,985
Consumer	14,840	4,433	5,697
Interbank and overnight funds	—	—	—
Subtotal	Ps. 6,786,639	Ps. 1,206,501	Ps. 2,816,682
Totals			
Commercial	6,965,404	1,372,656	2,810,985
Consumer	14,840	4,433	5,697
Interbank and overnight funds	—	—	—
Total	Ps. 6,980,244	Ps. 1,377,089	Ps. 2,816,682

(1) The difference between the value of the loan and the guarantees disclosed on the table above corresponds to unsecured loans valued with the discounted cash flow method. When using this method, it is implied that it is possible for the customer to make future payments.

As of June 30, 2021 and December 31, 2020, the following chart sets out the carrying amount and the value of identifiable collateral (mainly commercial property) for commercial loans held by Grupo Aval at a consolidated level:

	June 30, 2021	
	Carrying Amount	Collateral
Stage 1 and 2	Ps. 27,221,721	Ps. 30,786,639
Stage 3	2,679,877	7,619,417
	Ps. 29,901,598	Ps. 38,406,056
	December 31, 2020	
	Carrying Amount	Collateral
Stage 1 and 2	Ps. 26,518,457	Ps. 24,473,502
Stage 3	2,516,373	2,397,219
	Ps. 29,034,830	Ps. 26,870,721

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The table below shows the loss allowance on loans assuming each forward-looking scenario (e.g. scenario A, B and C) were weighted 100% instead of applying scenario probability weights across the three scenarios.

	June 30, 2021					
	Scenario A		Scenario B		Scenario C	
Gross Exposure						
Commercial	Ps.	116,094,037	Ps.	116,094,037	Ps.	116,094,037
Consumer		70,562,438		70,562,438		70,562,438
Mortgages		26,831,272		26,831,272		26,831,272
Microcredit		337,014		337,014		337,014
Repos, interbank loans portfolio		2,725,739		2,725,739		2,725,739
Total gross exposure	Ps.	216,550,500	Ps.	216,550,500	Ps.	216,550,500

Loss Allowance						
Commercial	Ps.	5,448,347	Ps.	5,519,761	Ps.	5,612,542
Consumer		4,719,341		4,911,568		5,215,833
Mortgages		644,394		687,621		736,746
Microcredit		119,681		121,293		123,586
Repos, interbank loans portfolio		3,569		3,675		3,839
Total Loss Allowance	Ps.	10,935,332	Ps.	11,243,918	Ps.	11,692,546

Proportion of Assets in Stage 2				
Commercial		9.9 %	10.1 %	10.4 %
Consumer		14.0 %	15.7 %	18.5 %
Mortgages		20.2 %	20.6 %	21.2 %
Microcredit		24.1 %	24.1 %	24.1 %
Repos, interbank loans portfolio		0.0 %	0.0 %	0.0 %

	December 31, 2020					
	Scenario A		Scenario B		Scenario C	
Gross Exposure						
Commercial	Ps.	110,986,938	Ps.	110,986,938	Ps.	110,986,938
Consumer		65,835,457		65,835,457		65,835,457
Mortgages		24,558,771		24,558,771		24,558,771
Microcredit		372,321		372,321		372,321
Repos, interbank loans portfolio		4,693,678		4,693,678		4,693,678
Total gross exposure	Ps.	206,447,165	Ps.	206,447,165	Ps.	206,447,165

Loss Allowance						
Commercial	Ps.	5,247,205	Ps.	5,270,163	Ps.	5,321,111
Consumer		4,884,759		4,958,046		5,072,691
Mortgages		519,443		552,532		584,010
Microcredit		126,561		123,609		122,413
Repos, interbank loans portfolio		3,251		3,345		3,460
Total Loss Allowance	Ps.	10,781,219	Ps.	10,907,695	Ps.	11,103,685

Proportion of Assets in Stage 2				
Commercial		8.6 %	8.8 %	9.0 %
Consumer		17.9 %	18.1 %	18.7 %
Mortgages		20.2 %	20.6 %	21.2 %
Microcredit		8.2 %	8.2 %	8.2 %
Repos, interbank loans portfolio		- %	- %	- %

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Loan portfolio

The following table shows the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2021.

	Stage 1		Stage 2		Stage 3		Total	
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired			
Loss allowance as of December 31, 2020	Ps.	1,760,076	Ps.	3,039,056	Ps.	6,106,039	Ps.	10,905,171
Transfers:								
Transfer from stage 1 to stage 2		(298,983)		298,983		—		—
Transfer from stage 1 to stage 3		(51,137)		—		51,137		—
Transfer from stage 2 to stage 3		—		(1,023,334)		1,023,334		—
Transfer from stage 3 to stage 2		—		251,543		(251,543)		—
Transfer from stage 2 to stage 1		383,642		(383,642)		—		—
Transfer from stage 3 to stage 1		87,082		—		(87,082)		—
Net remeasurement of loss allowance ⁽²⁾		(128,997)		581,662		1,724,893		2,177,558
New financial assets originated or purchased		668,540		594,030		559,010		1,821,580
Financial assets that have been derecognized		(696,719)		(475,127)		(438,970)		(1,610,816)
Unwind of discount ⁽¹⁾		—		—		223,730		223,730
FX and other movements		32,588		107,261		79,285		219,134
Write-offs		(21,457)		(34,888)		(2,423,095)		(2,479,440)
Loss allowance as of June 30, 2021	Ps.	1,734,635	Ps.	2,955,544	Ps.	6,566,738	Ps.	11,256,917

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

⁽²⁾ This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of June 30, 2021 versus parameters as of December 31, 2020 and the loan portfolio as of June 30, 2021.

	Stage 1	12-month ECL	Stage 2	Lifetime ECL not credit-impaired	Stage 3	Lifetime ECL credit-impaired	Total
Ps.		(45,886)Ps.		(42,501)Ps.		76,373 Ps.	(12,014)

The following table further explains changes in the gross carrying amount of the loan portfolio to help explain their significance to the changes in the allowance for the same portfolio as discussed above:

	Stage 1		Stage 2		Stage 3		Total	
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired			
Total portfolio as of December 31, 2020	Ps.	167,489,648	Ps.	26,588,199	Ps.	12,369,318	Ps.	206,447,165
Transfers:								
Transfer from stage 1 to stage 2		(10,959,896)		10,959,896		—		—
Transfer from stage 1 to stage 3		(835,106)		—		835,106		—
Transfer from stage 2 to stage 3		—		(4,006,022)		4,006,022		—
Transfer from stage 2 to stage 1		5,076,630		(5,076,630)		—		—
Transfer from stage 3 to stage 2		—		656,159		(656,159)		—
Transfer from stage 3 to stage 1		357,763		—		(357,763)		—
Increase in loan portfolio and borrowing costs		73,836,559		2,495,976		1,022,690		77,355,225
Decrease in loan portfolio and borrowing costs		(65,745,769)		(4,517,622)		(2,527,900)		(72,791,291)
Increase-decrease in interest		(1,021,585)		23,498		1,184,828		186,741
Increase-decrease in other receivables associated with loans		(16,618)		(8,249)		4,068		(20,799)
Write-offs		(21,457)		(34,888)		(2,423,095)		(2,479,440)
FX and other movements ^(*)		6,407,073		1,137,727		308,099		7,852,899
Total portfolio as of June 30, 2021	Ps.	174,567,242	Ps.	28,218,044	Ps.	13,765,214	Ps.	216,550,500

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(*) For the quarter of June 30, 2021, the TRM presented a variation of Ps. 316.00 per dollar

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2021.

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired				
Loss allowance as of December 31, 2019	Ps. 1,853,138	Ps. 1,158,732	Ps. 5,173,927	Ps.			8,185,797
Transfers:							
Transfer from stage 1 to stage 2	(384,791)	384,791	—				—
Transfer from stage 1 to stage 3	(64,520)	—	64,520				—
Transfer from stage 2 to stage 3	—	(501,632)	501,632				—
Transfer from stage 2 to stage 2	—	124,944	(124,944)				—
Transfer from stage 2 to stage 1	392,239	(392,239)	—				—
Transfer from stage 3 to stage 1	47,529	—	(47,529)				—
Net remeasurement of loss allowance ⁽²⁾	359,301	716,092	1,498,736				2,574,129
New financial assets originated or purchased	477,572	465,904	219,446				1,162,922
Financial assets that have been derecognized	(549,167)	(308,767)	(150,406)				(1,008,340)
Unwind of discount ⁽¹⁾	—	—	260,918				260,918
FX and other movements	78,795	76,947	78,876				234,618
Write-offs	(2,772)	(5,835)	(1,826,203)				(1,834,810)
Loss allowance as of June 30, 2020	Ps. 2,207,324	Ps. 1,718,937	Ps. 5,648,973	Ps.			9,575,234

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

⁽²⁾ This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of June 30, 2020 versus parameters as of December 31, 2019 and the loan portfolio as of June 30, 2020.

	Stage 1	12-month ECL	Stage 2	Lifetime ECL not credit-impaired	Stage 3	Lifetime ECL credit-impaired	Total
Ps.		114,808	Ps.	206,036	Ps.	34,512	Ps. 355,356

The following table further explains changes in the gross carrying amount of the loan portfolio to help explain their significance to the changes in the allowance for the same portfolio as discussed above:

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Lifetime ECL credit-impaired		
Total portfolio as of December 31, 2019	Ps. 164,206,688	Ps. 8,056,807	Ps. 9,864,619	Ps.			182,128,114
Transfers:							
Transfer from stage 1 to stage 2	(9,749,476)	9,749,476	—				—
Transfer from stage 1 to stage 3	(721,324)	—	721,324				—
Transfer from stage 2 to stage 3	—	(2,424,233)	2,424,233				—
Transfer from stage 2 to stage 1	3,358,982	(3,358,982)	—				—
Transfer from stage 3 to stage 2	—	339,088	(339,088)				—
Transfer from stage 3 to stage 1	144,054	—	(144,054)				—
Increase in loan portfolio and borrowing costs	64,190,087	1,983,138	587,602				66,760,827
Decrease in loan portfolio and borrowing costs	(56,549,819)	(1,827,251)	(798,075)				(59,175,145)
Increase-decrease in interest	675,862	200,010	264,303				1,140,175
Increase-decrease in other receivables associated with loans	76,945	17,225	7,524				101,694
Write-offs	(2,772)	(5,835)	(1,826,203)				(1,834,810)
On business combination	12,161,079	389,684	518,091				13,068,854
FX and other movements ^(*)	9,924,224	524,759	239,561				10,688,544
Total portfolio as of June 30, 2020	Ps. 187,714,530	Ps. 13,643,886	Ps. 11,519,837	Ps.			212,878,253

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(*) For the quarter of June 30, 2020 the TRM presented a variation of Ps. 479.14 per dollar

Commercial portfolio

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2021.

		Stage 1		Stage 2		Stage 3		Total
		12-month ECL		Lifetime ECL not credit- impaired		Lifetime ECL credit- impaired		
Loss allowance as of December 31, 2020	Ps.	656,830	Ps.	805,097	Ps.	3,818,479	Ps.	5,280,406
Transfers:								
Transfer from stage 1 to stage 2		(80,828)		80,828		—		—
Transfer from stage 1 to stage 3		(8,694)		—		8,694		—
Transfer from stage 2 to stage 3		—		(164,217)		164,217		—
Transfer from stage 3 to stage 2		—		30,076		(30,076)		—
Transfer from stage 2 to stage 1		59,123		(59,123)		—		—
Transfer from stage 3 to stage 1		21,557		—		(21,557)		—
Net remeasurement of loss allowance ⁽²⁾		(64,103)		190,260		716,536		842,693
New financial assets originated or purchased		267,353		124,973		143,816		536,142
Financial assets that have been derecognized		(191,386)		(108,420)		(239,937)		(539,743)
Unwind of discount ⁽¹⁾		—		—		152,698		152,698
FX and other movements		8,610		18,965		28,452		56,027
Write-offs		(2,442)		(967)		(792,094)		(795,503)
Loss allowance as of June 30, 2021	Ps.	666,020	Ps.	917,472	Ps.	3,949,228	Ps.	5,532,720

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

⁽²⁾ This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of June 30, 2021 versus parameters as of December 31, 2020 and the loan portfolio as of June 30, 2021.

	Stage 1	Stage 2	Stage 3	Lifetime	Total
	12- month ECL	Lifetime ECL not credit-impaired	ECL credit- impaired		
Ps.	(348)Ps.	(64,344)Ps.	31,681 Ps.		(33,011)

The following table further explains changes in the gross carrying amount of the commercial portfolio to help explain their significance to the changes in the allowance for the same portfolio as discussed above:

		Stage 1		Stage 2		Stage 3		Total
		12-month ECL		Lifetime ECL not credit- impaired		Lifetime ECL credit- impaired		
Total portfolio as of December 31, 2020	Ps.	92,626,136	Ps.	9,843,700	Ps.	8,517,102	Ps.	110,986,938
Transfers:								
Transfer from stage 1 to stage 2		(5,190,405)		5,190,405		—		—
Transfer from stage 1 to stage 3		(548,254)		—		548,254		—
Transfer from stage 2 to stage 3		—		(1,410,815)		1,410,815		—
Transfer from stage 2 to stage 1		1,979,382		(1,979,382)		—		—
Transfer from stage 3 to stage 2		—		162,407		(162,407)		—
Transfer from stage 3 to stage 1		177,987		—		(177,987)		—
Increase in loan portfolio and borrowing costs		40,372,491		1,448,693		446,848		42,268,032
Decrease in loan portfolio and borrowing costs		(37,409,149)		(2,258,271)		(1,395,592)		(41,063,012)
Increase-decrease in interest		(227,575)		(25,785)		771,302		517,942
Increase-decrease in other receivables associated with loans		(4,893)		(3,754)		5,610		(3,037)
Write-offs		(2,442)		(967)		(792,094)		(795,503)
FX and other movements		3,717,974		297,989		166,714		4,182,677
Total portfolio as of June 30, 2021	Ps.	95,491,252	Ps.	11,264,220	Ps.	9,338,565	Ps.	116,094,037

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The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2020.

		Stage 1 12-month ECL		Stage 2 Lifetime ECL not credit- impaired		Stage 3 Lifetime ECL credit- impaired		Total
Loss allowance as of December 31, 2019	Ps.	692,037	Ps.	213,103	Ps.	3,283,248	Ps.	4,188,388
Transfers:								
Transfer from stage 1 to stage 2		(48,767)		48,767		—		—
Transfer from stage 1 to stage 3		(10,370)		—		10,370		—
Transfer from stage 2 to stage 3		—		(57,544)		57,544		—
Transfer from stage 3 to stage 2		—		13,425		(13,425)		—
Transfer from stage 2 to stage 1		44,716		(44,716)		—		—
Transfer from stage 3 to stage 1		7,901		—		(7,901)		—
Net remeasurement of loss allowance ⁽²⁾		120,863		190,615		766,459		1,077,937
New financial assets originated or purchased		191,535		63,361		58,085		312,981
Financial assets that have been derecognized		(177,382)		(63,681)		(66,871)		(307,934)
Unwind of discount ⁽¹⁾		—		—		193,955		193,955
FX and other movements		21,809		12,294		19,560		53,663
Write-offs		(337)		(175)		(313,603)		(314,115)
Loss allowance as of June 30, 2020	Ps.	842,005	Ps.	375,449	Ps.	3,987,421	Ps.	5,204,875

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

⁽²⁾ This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of June 30, 2020 versus parameters as of December 31, 2019 and the loan portfolio as of June 30, 2020.

	Stage 1 12- month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit- impaired	Total
Ps.	50,899 Ps.	68,172 Ps.	40,690 Ps.	159,761

The following table further explains changes in the gross carrying amount of the commercial portfolio to help explain their significance to the changes in the allowance for the same portfolio as discussed above:

		Stage 1 12-month ECL		Stage 2 Lifetime ECL not credit- impaired		Stage 3 Lifetime ECL credit- impaired		Total
Total portfolio as of December 31, 2019	Ps.	89,337,399	Ps.	2,767,147	Ps.	6,832,153	Ps.	98,936,699
Transfers:								
Transfer from stage 1 to stage 2		(3,706,675)		3,706,675		—		—
Transfer from stage 1 to stage 3		(479,104)		—		479,104		—
Transfer from stage 2 to stage 3		—		(1,078,527)		1,078,527		—
Transfer from stage 2 to stage 1		773,964		(773,964)		—		—
Transfer from stage 3 to stage 2		—		68,889		(68,889)		—
Transfer from stage 3 to stage 1		38,012		—		(38,012)		—
Increase in loan portfolio and borrowing costs		38,268,136		1,219,201		263,461		39,750,798
Decrease in loan portfolio and borrowing costs		(31,237,122)		(904,810)		(448,015)		(32,589,947)
Increase-decrease in interest		154,791		38,374		203,059		396,224
Increase-decrease in other receivables associated with loans		19,673		10,356		4,857		34,886
Write-offs		(337)		(175)		(313,603)		(314,115)
On business combination		6,430,744		92,115		419,924		6,942,783
FX and other movements ^(*)		5,180,375		146,987		132,796		5,460,158
Total portfolio as of June 30, 2020	Ps.	104,779,856	Ps.	5,292,268	Ps.	8,545,362	Ps.	118,617,486

^(*) For the quarter of June 30, 2020, the TRM presented a variation of Ps. 479.14 per dollar

Consumer portfolio

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2021.

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Lifetime ECL credit-impaired		
Loss allowance as of December 31, 2020	Ps. 1,013,071	Ps. 1,948,030	Ps. 1,977,870	Ps. 4,938,971			
Transfers:							
Transfer from stage 1 to stage 2	(204,679)	204,679	—	—			
Transfer from stage 1 to stage 3	(41,118)	—	41,118	—			
Transfer from stage 2 to stage 3	—	(792,836)	792,836	—			
Transfer from stage 3 to stage 2	—	202,315	(202,315)	—			
Transfer from stage 2 to stage 1	295,959	(295,959)	—	—			
Transfer from stage 3 to stage 1	49,521	—	(49,521)	—			
Net remeasurement of loss allowance ⁽²⁾	(61,572)	305,659	935,257	1,179,344			
New financial assets originated or purchased	383,599	433,565	375,632	1,192,796			
Financial assets that have been derecognized	(465,440)	(331,392)	(169,476)	(966,308)			
Unwind of discount ⁽¹⁾	—	—	58,910	58,910			
FX and other movements	22,017	70,980	42,414	135,411			
Write-offs	(18,010)	(29,377)	(1,582,581)	(1,629,968)			
Loss allowance as of June 30, 2021	Ps. 973,348	Ps. 1,715,664	Ps. 2,220,144	Ps. 4,909,156			

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

⁽²⁾ This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of June 30, 2021 versus parameters as of December 31, 2020 and the loan portfolio as of June 30, 2021.

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Ps.	(34,463)	Ps. 40,494	Ps. 7,691	Ps. 13,722

The following table further explains changes in the gross carrying amount of the consumer portfolio to help explain their significance to the changes in the allowance for the same portfolio as discussed above:

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Total portfolio as of December 31, 2020	Ps. 51,453,521	Ps. 11,382,726	Ps. 2,999,210	Ps. 65,835,457
Transfers:				
Transfer from stage 1 to stage 2	(4,630,185)	4,630,185	—	—
Transfer from stage 1 to stage 3	(237,737)	—	237,737	—
Transfer from stage 2 to stage 3	—	(2,191,538)	2,191,538	—
Transfer from stage 2 to stage 1	2,457,172	(2,457,172)	—	—
Transfer from stage 3 to stage 2	—	409,954	(409,954)	—
Transfer from stage 3 to stage 1	124,933	—	(124,933)	—
Increase in loan portfolio and borrowing costs	29,092,617	964,514	558,178	30,615,309
Decrease in loan portfolio and borrowing costs	(23,000,112)	(2,017,967)	(990,719)	(26,008,798)
Increase-decrease in interest	(770,975)	19,074	366,388	(385,513)
Increase-decrease in other receivables associated with loans	(8,950)	(5,827)	(1,987)	(16,764)
Write-offs	(18,010)	(29,377)	(1,582,581)	(1,629,968)
FX and other movements	1,601,988	452,055	98,672	2,152,715
Total portfolio as of June 30, 2021	Ps. 56,064,262	Ps. 11,156,627	Ps. 3,341,549	Ps. 70,562,438

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The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2020.

		Stage 1		Stage 2		Stage 3		Total
		12-month		Lifetime		Lifetime		
		ECL		ECL not		ECL credit-		
				credit-		impaired		
				impaired				
Loss allowance as of December 31, 2019	Ps.	1,077,840	Ps.	853,414	Ps.	1,623,786	Ps.	3,555,040
Transfers:								
Transfer from stage 1 to stage 2		(320,464)		320,464		—		—
Transfer from stage 1 to stage 3		(52,369)		—		52,369		—
Transfer from stage 2 to stage 3		—		(414,876)		414,876		—
Transfer from stage 3 to stage 2		—		100,499		(100,499)		—
Transfer from stage 2 to stage 1		314,849		(314,849)		—		—
Transfer from stage 3 to stage 1		24,792		—		(24,792)		—
Net remeasurement of loss allowance ⁽²⁾		193,401		458,212		659,683		1,311,296
New financial assets originated or purchased		279,205		399,264		157,629		836,098
Financial assets that have been derecognized		(335,833)		(229,562)		(62,505)		(627,900)
Unwind of discount ⁽¹⁾		—		—		55,426		55,426
FX and other movements		53,386		56,469		52,281		162,136
Write-offs		(2,356)		(5,585)		(1,440,294)		(1,448,235)
Loss allowance as of June 30, 2020	Ps.	1,232,451	Ps.	1,223,450	Ps.	1,387,960	Ps.	3,843,861

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

⁽²⁾ This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of June 30, 2020 versus parameters as of December 31, 2019 and the loan portfolio as of June 30, 2020.

		Stage 2			Stage 3			Total
Stage 1	12-	Lifetime ECL	not credit-	Lifetime ECL	credit-	Lifetime ECL	credit-	Total
month ECL	month	not credit-	impaired	credit-	impaired	credit-	impaired	Total
ECL	ECL	impaired	impaired	impaired	impaired	impaired	impaired	Total
Ps.	38,725	Ps.	115,285	Ps.	(9,339)	Ps.	144,671	

The following table further explains changes in the gross carrying amount of the consumer portfolio to help explain their significance to the changes in the allowance for the same portfolio as discussed above:

		Stage 1		Stage 2		Stage 3		Total
		12-month		Lifetime		Lifetime		
		ECL		ECL not		ECL credit-		
				credit-		impaired		
				impaired		impaired		
Total portfolio as of December 31, 2019	Ps.	53,555,487	Ps.	3,907,448	Ps.	2,377,516	Ps.	59,840,451
Transfers:								
Transfer from stage 1 to stage 2		(4,664,279)		4,664,279		—		—
Transfer from stage 1 to stage 3		(221,434)		—		221,434		—
Transfer from stage 2 to stage 3		—		(1,138,510)		1,138,510		—
Transfer from stage 2 to stage 1		1,886,493		(1,886,493)		—		—
Transfer from stage 3 to stage 2		—		221,605		(221,605)		—
Transfer from stage 3 to stage 1		62,607		—		(62,607)		—
Increase in loan portfolio and borrowing costs		18,482,779		723,251		310,321		19,516,351
Decrease in loan portfolio and borrowing costs		(18,171,278)		(800,485)		(272,736)		(19,244,499)
Increase-decrease in interest		289,830		135,405		53,749		478,984
Increase-decrease in other receivables associated with loans		42,054		5,413		1,934		49,401
Write-offs		(2,356)		(5,585)		(1,440,294)		(1,448,235)
On business combination		2,852,700		154,499		47,879		3,055,078
FX and other movements ^(*)		2,562,702		234,509		77,556		2,874,767
Total portfolio as of June 30, 2020	Ps.	56,675,305	Ps.	6,215,336	Ps.	2,231,657	Ps.	65,122,298

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(*) For the quarter of June 30, 2020 the TRM presented a variation of Ps. 479.14 per dollar

Mortgage portfolio

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2021.

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit- impaired		Lifetime ECL credit- impaired		
Loss allowance as of December 31, 2020	Ps.	72,294	Ps.	225,889	Ps.	262,721	Ps. 560,904
Transfers:							
Transfer from stage 1 to stage 2		(8,853)		8,853		—	—
Transfer from stage 1 to stage 3		(280)		—		280	—
Transfer from stage 2 to stage 3		—		(36,777)		36,777	—
Transfer from stage 3 to stage 2		—		17,318		(17,318)	—
Transfer from stage 2 to stage 1		24,967		(24,967)		—	—
Transfer from stage 3 to stage 1		15,536		—		(15,536)	—
Net remeasurement of loss allowance ⁽²⁾		1,987		84,607		50,874	137,468
New financial assets originated or purchased		10,632		35,038		39,562	85,232
Financial assets that have been derecognized		(37,127)		(32,885)		(29,175)	(99,187)
Unwind of discount ⁽¹⁾		—		—		6,868	6,868
FX and other movements		1,961		17,316		8,419	27,696
Write-offs		(752)		(3,235)		(22,463)	(26,450)
Loss allowance as of June 30, 2021	Ps.	80,365	Ps.	291,157	Ps.	321,009	Ps. 692,531

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

⁽²⁾ This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of June 30, 2021 versus parameters as of December 31, 2020 and the loan portfolio as of June 30, 2021.

	Etapa 1	Etapa 2	PCE	Etapa 3	Total
	PCE 12-meses	- vida remanente		PCE - vida remanente	
		crédito no deteriorado		crédito deteriorado	
Ps.	(8,711)Ps.	(16,367)Ps.		37,004 Ps.	11,926

The following table further explains changes in the gross carrying amount of the loan portfolio to help explain their significance to the changes in the allowance for the same portfolio as discussed above:

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit- impaired		Lifetime ECL credit- impaired		
Total portfolio as of December 31, 2020	Ps.	18,537,882	Ps.	5,217,872	Ps.	803,017	Ps. 24,558,771
Transfers:							
Transfer from stage 1 to stage 2		(1,109,966)		1,109,966		—	—
Transfer from stage 1 to stage 3		(44,794)		—		44,794	—
Transfer from stage 2 to stage 3		—		(345,527)		345,527	—
Transfer from stage 2 to stage 1		616,926		(616,926)		—	—
Transfer from stage 3 to stage 2		—		79,633		(79,633)	—
Transfer from stage 3 to stage 1		53,310		—		(53,310)	—
Increase in loan portfolio and borrowing costs		2,909,438		82,569		7,061	2,999,068
Decrease in loan portfolio and borrowing costs		(1,726,300)		(225,035)		(128,738)	(2,080,073)
Increase-decrease in interest		(29,755)		27,715		44,400	42,360
Increase-decrease in other receivables associated with loans		(3,138)		1,332		585	(1,221)
Write-offs		(752)		(3,235)		(22,463)	(26,450)
FX and other movements		908,421		387,683		42,713	1,338,817
Total portfolio as of June 30, 2021	Ps.	20,111,272	Ps.	5,716,047	Ps.	1,003,953	Ps. 26,831,272

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The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2020.

		Stage 1 12-month ECL		Stage 2 Lifetime ECL not credit- impaired		Stage 3 Lifetime ECL credit- impaired		Total
Loss allowance as of December 31, 2019	Ps.	58,386	Ps.	80,296	Ps.	212,876	Ps.	351,558
Transfers:								
Transfer from stage 1 to stage 2		(13,260)		13,260		—		—
Transfer from stage 1 to stage 3		(546)		—		546		—
Transfer from stage 2 to stage 3		—		(22,523)		22,523		—
Transfer from stage 3 to stage 2		—		10,361		(10,361)		—
Transfer from stage 2 to stage 1		28,259		(28,259)		—		—
Transfer from stage 3 to stage 1		14,628		—		(14,628)		—
Net remeasurement of loss allowance ⁽²⁾		24,510		65,025		67,669		157,204
New financial assets originated or purchased		6,501		3,273		3,726		13,500
Financial assets that have been derecognized		(34,066)		(15,307)		(19,975)		(69,348)
Unwind of discount ⁽¹⁾		—		—		5,509		5,509
FX and other movements		3,600		8,184		7,035		18,819
Write—offs		(62)		(41)		(47,501)		(47,604)
Loss allowance as of June 30, 2020	Ps.	87,950	Ps.	114,269	Ps.	227,419	Ps.	429,638

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

⁽²⁾ This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of June 30, 2020 versus parameters as of December 31, 2019 and the loan portfolio as of June 30, 2020.

	Stage 1 12- month ECL		Stage 2 Lifetime ECL not credit-impaired		Stage 3 Lifetime ECL credit- impaired		Total	
	Ps.	17,511	Ps.	22,127	Ps.	3,144	Ps.	42,782

The following table further explains changes in the gross carrying amount of the loan portfolio to help explain their significance to the changes in the allowance for the same portfolio as discussed above:

		Stage 1 12-month ECL		Stage 2 Lifetime ECL not credit- impaired		Stage 3 Lifetime ECL credit- impaired		Total
Total portfolio as of December 31, 2019	Ps.	18,265,897	Ps.	1,357,409	Ps.	598,377	Ps.	20,221,683
Transfers:								
Transfer from stage 1 to stage 2		(1,364,159)		1,364,159		—		—
Transfer from stage 1 to stage 3		(15,259)		—		15,259		—
Transfer from stage 2 to stage 3		—		(193,784)		193,784		—
Transfer from stage 2 to stage 1		684,732		(684,732)		—		—
Transfer from stage 3 to stage 2		—		46,822		(46,822)		—
Transfer from stage 3 to stage 1		42,744		—		(42,744)		—
Increase in loan portfolio and borrowing costs		1,738,669		40,537		7,777		1,786,983
Decrease in loan portfolio and borrowing costs		(1,080,769)		(119,797)		(68,324)		(1,268,890)
Increase-decrease in interest		202,123		24,061		6,047		232,231
Increase-decrease in other receivables associated with loans		15,987		1,456		733		18,176
Write-offs		(62)		(41)		(47,501)		(47,604)
On business combination		2,404,850		143,070		50,288		2,598,208
FX and other movements ^(*)		1,455,387		143,263		29,209		1,627,859
Total portfolio as of June 30, 2020	Ps.	22,350,140	Ps.	2,122,423	Ps.	696,083	Ps.	25,168,646

^(*) For the quarter of June 30, 2020 the TRM presented a variation of Ps. 479.14 per dollar

Microcredit portfolio

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2021.

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Loss allowance as of December 31, 2020	Ps. 17,089	Ps. 60,040	Ps. 46,910	Ps. 124,039
Transfers:				
Transfer from stage 1 to stage 2	(4,623)	4,623	—	—
Transfer from stage 1 to stage 3	(1,045)	—	1,045	—
Transfer from stage 2 to stage 3	—	(29,504)	29,504	—
Transfer from stage 3 to stage 2	—	1,834	(1,834)	—
Transfer from stage 2 to stage 1	3,593	(3,593)	—	—
Transfer from stage 3 to stage 1	468	—	(468)	—
Net remeasurement of loss allowance ⁽²⁾	(5,300)	1,136	22,226	18,062
New financial assets originated or purchased	5,820	454	—	6,274
Financial assets that have been derecognized	(2,046)	(2,430)	(323)	(4,799)
Unwind of discount ⁽¹⁾	—	—	5,254	5,254
FX and other movements	—	—	—	—
Write-offs	(253)	(1,309)	(25,957)	(27,519)
Loss allowance as of June 30, 2021	Ps. 13,703	Ps. 31,251	Ps. 76,357	Ps. 121,311

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

⁽²⁾ This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of June 30, 2021 versus parameters as of December 31, 2020 and the loan portfolio as of June 30, 2021.

	Stage 1	Stage 2	Stage 3	Total
	12- month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit- impaired	
Ps.	(2,246)Ps.	(2,284)Ps.	(3)Ps.	(4,533)

The following table further explains changes in the gross carrying amount of the microcredit portfolio to help explain their significance to the changes in the allowance for the same portfolio as discussed above:

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Total portfolio as of December 31, 2020	Ps. 178,570	Ps. 143,901	Ps. 49,850	Ps. 372,321
Transfers:				
Transfer from stage 1 to stage 2	(29,340)	29,340	—	—
Transfer from stage 1 to stage 3	(4,321)	—	4,321	—
Transfer from stage 2 to stage 3	—	(58,142)	58,142	—
Transfer from stage 2 to stage 1	23,150	(23,150)	—	—
Transfer from stage 3 to stage 2	—	4,165	(4,165)	—
Transfer from stage 3 to stage 1	1,533	—	(1,533)	—
Increase in loan portfolio and borrowing costs	79,620	200	10,603	90,423
Decrease in loan portfolio and borrowing costs	(74,564)	(16,349)	(12,851)	(103,764)
Increase-decrease in interest	323	2,494	2,738	5,555
Increase-decrease in other receivables associated with loans	(1)	—	(1)	(2)
Write-offs	(253)	(1,309)	(25,957)	(27,519)
FX and other movements	—	—	—	—
Total portfolio as of June 30, 2021	Ps. 174,717	Ps. 81,150	Ps. 81,147	Ps. 337,014

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The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2020.

		Stage 1 12-month ECL		Stage 2 Lifetime ECL not credit- impaired		Stage 3 Lifetime ECL credit- impaired		Total
Loss allowance as of December 31, 2019	Ps.	24,794	Ps.	11,919	Ps.	53,112	Ps.	89,825
Transfers:								
Transfer from stage 1 to stage 2		(2,300)		2,300		—		—
Transfer from stage 1 to stage 3		(1,235)		—		1,235		—
Transfer from stage 2 to stage 3		—		(6,689)		6,689		—
Transfer from stage 3 to stage 2		—		659		(659)		—
Transfer from stage 2 to stage 1		4,412		(4,412)		—		—
Transfer from stage 3 to stage 1		208		—		(208)		—
Net remeasurement of loss allowance ⁽²⁾		13,212		2,213		4,925		20,350
New financial assets originated or purchased		314		6		6		326
Financial assets that have been derecognized		(1,833)		(216)		(150)		(2,199)
Unwind of discount ⁽¹⁾		—		—		6,028		6,028
FX and other movements		—		—		—		—
Write-offs		(17)		(34)		(24,805)		(24,856)
Loss allowance as of June 30, 2020	Ps.	37,555	Ps.	5,746	Ps.	46,173	Ps.	89,474

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

⁽²⁾ This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of June 30, 2020 versus parameters as of December 31, 2019 and the loan portfolio as of June 30, 2020.

	Stage 1 12- month ECL		Stage 2 Lifetime ECL not credit-impaired		Stage 3 Lifetime ECL credit- impaired		Total	
	Ps.	6,063	Ps.	452	Ps.	17	Ps.	6,532

The following table further explains changes in the gross carrying amount of the microcredit portfolio to help explain their significance to the changes in the allowance for the same portfolio as discussed above:

		Stage 1 12-month ECL		Stage 2 Lifetime ECL not credit- impaired		Stage 3 Lifetime ECL credit- impaired		Total
Total portfolio as of December 31, 2019	Ps.	329,922	Ps.	24,801	Ps.	55,597	Ps.	410,320
Transfers:								
Transfer from stage 1 to stage 2		(14,363)		14,363		—		—
Transfer from stage 1 to stage 3		(5,527)		—		5,527		—
Transfer from stage 2 to stage 3		—		(13,412)		13,412		—
Transfer from stage 2 to stage 1		13,793		(13,793)		—		—
Transfer from stage 3 to stage 2		—		1,772		(1,772)		—
Transfer from stage 3 to stage 1		691		—		(691)		—
Increase in loan portfolio and borrowing costs		70,992		35		6,043		77,070
Decrease in loan portfolio and borrowing costs		(87,473)		(2,157)		(8,024)		(97,654)
Increase-decrease in interest		15,949		2,170		1,448		19,567
Increase-decrease in other receivables associated with loans		(2)		—		—		(2)
Write-offs		(17)		(34)		(24,805)		(24,856)
FX and other movements ^(*)		—		—		—		—
Total portfolio as of June 30, 2020	Ps.	323,965	Ps.	13,745	Ps.	46,735	Ps.	384,445

(*) For the quarter of June 30, 2020 the TRM presented a variation of Ps. 479.14 per dollar

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Repos, interbank loans portfolio

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2021.

		Stage 1 12-month ECL		Stage 2 Lifetime ECL not credit- impaired		Stage 3 Lifetime ECL credit- impaired		Total
Loss allowance as of December 31, 2020	Ps.	792	Ps.	—	Ps.	59	Ps.	851
Net remeasurement of loss allowance ⁽²⁾		(9)		—		—		(9)
New financial assets originated or purchased		1,136		—		—		1,136
Financial assets that have been derecognized		(720)		—		(59)		(779)
Unwind of discount ⁽¹⁾		—		—		—		—
FX and other movements		—		—		—		—
Write—offs		—		—		—		—
Loss allowance as of June 30, 2021	Ps.	1,199	Ps.	—	Ps.	—	Ps.	1,199

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

⁽²⁾ This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of June 30, 2021 versus parameters as of December 31, 2020 and the loan portfolio as of June 30, 2021.

	Stage 1 12- month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit- impaired	Total
	Ps.	(118)Ps.	— Ps.	— Ps.
				(118)

The following table further explains changes in the gross carrying amount of the loan portfolio to help explain their significance to the changes in the allowance for the same portfolio as discussed above:

		Stage 1 12-month ECL		Stage 2 Lifetime ECL not credit- impaired		Stage 3 Lifetime ECL credit- impaired		Total
Total portfolio as of December 31, 2020	Ps.	4,693,539	Ps.	—	Ps.	139	Ps.	4,693,678
Increase in loan portfolio and borrowing costs		1,382,393		—		—		1,382,393
Decrease in loan portfolio and borrowing costs		(3,535,644)		—		—		(3,535,644)
Increase-decrease in interest		6,397		—		—		6,397
Increase-decrease in other receivables associated with loans		364		—		(139)		225
Write-offs		—		—		—		—
FX and other movements		178,690		—		—		178,690
Total portfolio as of June 30, 2021	Ps.	2,725,739	Ps.	—	Ps.	—	Ps.	2,725,739

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2020.

		Stage 1 12-month ECL		Stage 2 Lifetime ECL not credit- impaired		Stage 3 Lifetime ECL credit- impaired		Total
Loss allowance as of December 31, 2019	Ps.	81	Ps.	—	Ps.	905	Ps.	986
Transfer from stage 3 to stage 1		—		—		—		—
Net remeasurement of loss allowance ⁽²⁾		7,315		27		—		7,342
New financial assets originated or purchased		17		—		—		17
Financial assets that have been derecognized		(53)		(1)		(905)		(959)
Unwind of discount ⁽¹⁾		—		—		—		—
FX and other movements		—		—		—		—

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		Stage 1 12-month ECL		Stage 2 Lifetime ECL not credit- impaired		Stage 3 Lifetime ECL credit- impaired		Total
Write—offs		—		—		—		—
Loss allowance as of June 30, 2020	Ps.	7,363	Ps.	23	Ps.	—	Ps.	7,386

- (1) The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)
- (2) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of June 30, 2020 versus parameters as of December 31, 2019 and the loan portfolio as of June 30, 2020.

Stage 2				
Stage 1	12-	Lifetime ECL	Stage 3	Lifetime
month ECL		not credit-	ECL credit-	Total
		impaired	impaired	
Ps.	1,610	Ps.	—	Ps.
				1,610

The following table further explains changes in the gross carrying amount of the loan portfolio to help explain their significance to the changes in the allowance for the same portfolio as discussed above:

		Stage 1		Stage 2		Stage 3		Total
		12-month		Lifetime		Lifetime		
		ECL		ECL not		ECL credit-		
				credit-		impaired		
				impaired				
Total portfolio as of December 31, 2019	Ps.	2,717,983	Ps.	2	Ps.	976	Ps.	2,718,961
Transfers:								
Transfer from stage 1 to stage 2		—		—		—		—
Transfer from stage 1 to stage 3		—		—		—		—
Transfer from stage 3 to stage 1		—		—		—		—
Increase in loan portfolio and borrowing costs		5,629,511		114		—		5,629,625
Decrease in loan portfolio and borrowing costs		(5,973,177)		(2)		(976)		(5,974,155)
Increase-decrease in interest		13,169		—		—		13,169
Increase-decrease in other receivables associated with loans		(767)		—		—		(767)
Write-offs		—		—		—		—
On business combination		472,785		—		—		472,785
FX and other movements (*)		725,760		—		—		725,760
Total portfolio as of June 30, 2020	Ps.	3,585,264	Ps.	114	Ps.	—	Ps.	3,585,378

(*) For the quarter of June 30, 2020, the TRM presented a variation of Ps. 479.14 per dollar

Investments in debt securities at FVOCI

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2021.

		Stage 1		Stage 2		Stage 3		Total
		12-month		Lifetime		Lifetime		
		ECL		ECL not		ECL credit-		
				credit-		impaired		
				impaired				
Loss allowance as of 31 December 2020	Ps.	96,307	Ps.	179	Ps.	—	Ps.	96,486
Transfers:								
Transfer from stage 1 to stage 2		(42)		42		—		—
Net remeasurement of loss allowance (2)		(9,483)		54		—		(9,429)
New financial assets originated or purchased		46,140		—		—		46,140
Financial assets that have been derecognized		(32,064)		(165)		—		(32,229)
Unwind of discount (1)		—		—		—		—

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
FX and other movements	8,568	(4)	—	8,564
Loss allowance as of June 30, 2021	Ps. 109,426	Ps. 106	Ps. —	Ps. 109,532

(1) The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

(2) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of June 30, 2021 versus parameters as of December 31, 2020 and the loan portfolio as of June 30, 2021.

	Stage 1 12- month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit-impaired	Total
	Ps. (12,108)	Ps. (27)	Ps. —	Ps. (12,135)

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2020.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Loss allowance as of 31 December 2019	Ps. 34,080	Ps. —	Ps. —	Ps. 34,080
Transfers:				
Transfer from stage 1 to stage 2	(327)	327	—	—
Net remeasurement of loss allowance ⁽²⁾	28,000	433	—	28,433
New financial assets originated or purchased	31,582	—	—	31,582
Financial assets that have been derecognized	(4,336)	—	—	(4,336)
Unwind of discount ⁽¹⁾	—	—	—	—
FX and other movements	4,539	6	—	4,545
Loss allowance as of June 30, 2020	Ps. 93,538	Ps. 766	Ps. —	Ps. 94,304

(1) The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

(2) This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of June 30, 2020 versus parameters as of December 31, 2019 and the loan portfolio as of June 30, 2020.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
	Ps. 5,235	Ps. —	Ps. —	Ps. 5,235

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Investments in debt securities at amortized cost

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2021.

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Loss allowance as of 31 December 2020	Ps. 7,188	Ps. 7	Ps. —	Ps. 7,195
Transfers:				
Transfer from stage 1 to stage 2	(1,012)	1,012	—	—
Net remeasurement of loss allowance ⁽²⁾	(2,735)	3,712	—	977
New financial assets originated or purchased	1,476	1,294	—	2,770
Financial assets that have been derecognized	(926)	—	—	(926)
Unwind of discount ⁽¹⁾	—	—	—	—
FX and other movements	425	218	—	643
Loss allowance as of June 30, 2021	Ps. 4,416	Ps. 6,243	Ps. —	Ps. 10,659

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

⁽²⁾ This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of June 30, 2021 versus parameters as of December 31, 2020 and the loan portfolio as of June 30, 2021.

Stage 1	Stage 2	Stage 3	Total
12- month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	
Ps. (598)	Ps. —	Ps. —	Ps. (598)

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2020.

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Loss allowance as of 31 December 2019	Ps. 737	Ps. —	Ps. —	Ps. 737
Transfers:				
Transfer from stage 1 to stage 2	—	—	—	—
Net remeasurement of loss allowance ⁽²⁾	(1,086)	—	—	(1,086)
New financial assets originated or purchased	4,214	—	—	4,214
Financial assets that have been derecognized	(414)	—	—	(414)
Unwind of discount ⁽¹⁾	—	—	—	—
FX and other movements	104	—	—	104
Loss allowance as of June 30, 2020	Ps. 3,555	Ps. —	Ps. —	Ps. 3,555

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

⁽²⁾ This amount includes impact of the measurement of ECL due to changes made in PDs/LGDs/EADs and changes made to model assumptions and methodologies from the opening to the closing balance. The following table shows the impact by stage estimated using all parameters as of June 30, 2020 versus parameters as of December 31, 2019 and the loan portfolio as of June 30, 2020.

Stage 1	Stage 2	Stage 3	Total
12- month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	
Ps. (93)	Ps. —	Ps. —	Ps. (93)

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Other accounts receivable

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2021.

		Stage 1		Stage 2		Stage 3		Simplified		Total
		12-month		Lifetime		Lifetime		Approach		
		ECL		ECL not		ECL credit-				
				credit-		impaired				
				impaired						
Loss allowance as of December 31, 2020	Ps.	18,136	Ps.	13,548	Ps.	107,471	Ps.	203,902	Ps.	343,057
Transfers stages		—		—		—		—		—
Net remeasurement of loss allowance		790		3,779		17,439		19,187		41,195
New financial assets originated or purchased		—		—		—		—		—
Financial assets that have been derecognized		—		—		—		—		—
Unwind of discount (1)		—		—		—		—		—
FX and other movements		317		48		382		3,226		3,973
Gross amount acquire in a business combination		—		—		—		—		—
Write—offs		(57)		—		(13,632)		(3,890)		(17,579)
Loss allowance as of June 30, 2021	Ps.	19,186	Ps.	17,375	Ps.	111,660	Ps.	222,425	Ps.	370,646

(1) The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2020.

		Stage 1		Stage 2		Stage 3		Simplified		Total
		12-month		Lifetime		Lifetime		Approach		
		ECL		ECL not		ECL credit-				
				credit-		impaired				
				impaired						
Loss allowance as of December 31, 2019	Ps.	13,353	Ps.	13,006	Ps.	86,797	Ps.	173,307	Ps.	286,463
Transfers stages		—		—		—		—		—
Net remeasurement of loss allowance		(814)		2,923		26,110		16,252		44,471
New financial assets originated or purchased		—		—		—		—		—
Financial assets that have been derecognized		—		—		—		—		—
Unwind of discount (1)		—		—		—		—		—
FX and other movements		94		57		58		2,332		2,541
Approach change		—		—		—		—		—
Gross amount acquire in a business combination		—		—		—		1,263		1,263
Write—offs		(35)		—		(5,610)		(3,726)		(9,371)
Loss allowance as of June 30, 2020	Ps.	12,598	Ps.	15,986	Ps.	107,355	Ps.	189,428	Ps.	325,367

(1) The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

Loan commitments and financial guarantee contracts

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2021.

		Stage 1		Stage 2		Stage 3		Total
		12-month		Lifetime		Lifetime		
		ECL		ECL not		ECL credit-		
				credit-		impaired		
				impaired				
Loss allowance as of December 31, 2020	Ps.	57,226	Ps.	8,679	Ps.	1,488	Ps.	67,393
Transfers:								
Transfer from Stage 1 to Stage 2				(2,745)		2,745		—
Transfer from Stage 1 to Stage 3				(129)		—		129
Transfer from Stage 2 to Stage 3				—		(227)		227
Transfer from Stage 3 to Stage 2				—		65		(65)
Transfer from Stage 2 to Stage 1				3,186		(3,186)		—

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	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Transfer from Stage 3 to Stage 1	76	—	(76)	—
Net remeasurement of loss allowance	(16,420)	1,921	(981)	(15,480)
New loan commitments and financial guarantees issued	8,220	1,258	663	10,141
FX and other movements	13	17	18	48
Loss allowance as of June 30, 2021	Ps. 49,427	Ps. 11,272	Ps. 1,403	Ps. 62,102

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of June 30, 2020.

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Loss allowance as of December 31, 2019	Ps. 45,509	Ps. 2,945	Ps. 1,508	Ps. 49,962
Transfers:				
Transfer from Stage 1 to Stage 2	(5,314)	5,314	—	—
Transfer from Stage 1 to Stage 3	(110)	—	110	—
Transfer from Stage 2 to Stage 3	—	(153)	153	—
Transfer from Stage 3 to Stage 2	—	16	(16)	—
Transfer from Stage 2 to Stage 1	615	(615)	—	—
Transfer from Stage 3 to Stage 1	2	—	(2)	—
Net remeasurement of loss allowance	518	3,750	249	4,517
New loan commitments and financial guarantees issued	10,488	2,894	47	13,429
FX and other movements	573	5	99	677
Loss allowance as of June 30, 2020	Ps. 52,281	Ps. 14,156	Ps. 2,148	Ps. 68,585

g) Credit Commitments

Following is the detail of the guarantees, letters of credit and credit commitments on non-used credit lines as of June 30, 2021 and December 31, 2020:

Credit lines commitments not used

	June 30, 2021	December 31, 2020
	Notional amount	Notional amount
Guarantees	Ps. 4,190,747	Ps. 4,185,261
Unused letters of credit	1,168,014	1,488,505
Unused limits of overdrafts	935,089	923,257
Unused credit card limits	26,040,512	23,931,872
Other	9,369,324	6,623,515
Total	Ps. 41,703,686	Ps. 37,152,410

Following is the detail of the credit commitments by type of currency:

	June 30, 2021	December 31, 2020
Colombian Pesos	Ps. 20,039,727	Ps. 18,870,877
U.S. dollars	20,679,842	17,823,788
Euro	733,637	246,520
Other	250,480	211,225
Total	Ps. 41,703,686	Ps. 37,152,410

NOTE 5 – HEDGE ACCOUNTING

In accordance with its risk management policies, Grupo Aval uses hedge accounting to manage foreign exchange risk relating to investments in foreign operations and in forecasted transactions of its subsidiary Promigas, as follows:

Hedges of net investment in foreign operations

Banco de Bogotá and Banco de Occidente are exposed to foreign exchange risk relating to their investments in foreign subsidiaries, whose functional currencies are the US dollar.

The purpose of hedge accounting is to mitigate and offset any adverse changes resulting from the fluctuation in exchange rate of the Colombian Peso and the functional currency of such investments. The impacts of those movements are reflected in the cumulative translation adjustment in other comprehensive income of the consolidated financial statements.

To cover this risk, Grupo Aval hedges its exposure through foreign currency financial liabilities expressed in U.S. dollars and forward contracts for the sale of U.S. dollars.

Changes in the fluctuation of the Colombian peso against the U.S. dollar are as follows:

Date	Value of USD 1	Three-month variation in pesos	Six-month variation in pesos
June 30, 2021	3,748.50	69.88	316.00
December 31, 2020	3,432.50	(432.97)	(323.78)
June 30, 2020	3,756.28	(298.26)	479.14

According to information described above, the following table shows movements of OCI gross of taxes, related to hedges of net investment in foreign operations:

Detail of investment	Translation adjustment of the investments	Exchange difference of financial liabilities	Exchange difference in forward contracts	Net OCI account
Leasing Bogotá Panamá	Ps. 1,381,172	Ps. (653,204)	Ps. (179,324)	Ps. 548,644
Other subsidiaries and branches Banco de Bogotá	48,420	—	(48,185)	235
Occidental Bank Barbados	10,915	(10,915)	—	—
Banco de Occidente (Panamá)	16,127	(16,127)	—	—
Sociedad Portuaria El Cayao S.A. E.S.P.	8,897	(8,897)	—	—
Gases del Pacífico S.A.C.	5,934	(1,087)	—	4,847
Gas Natural de Lima y Callao S.A.C. – Calidda	37,974	(37,974)	—	—
Gas Comprimido del Perú S.A.C.	1,523	(1,523)	—	—
Gases del Norte del Perú S.A.C.	505	(505)	—	—
Total	Ps. 1,511,467	Ps. (730,232)	Ps. (227,509)	Ps. 553,726

According to information described above, the following table contains details of hedging operations carried out to cover foreign denominated equity investments. The analysis is presented gross of taxes:

June 30, 2021

Detail of investment	Thousands of USD			Ps. millions			Net OCI account
	Investment amount	Amount of hedge by financial liabilities in foreign currency	Amount of hedge by forward contracts	Cumulative translation adjustment of the investments	Exchange difference of financial liabilities (1)	Exchange difference in forward contracts	
Leasing Bogotá Panamá	4,554,179	(2,067,100)	(669,803)	Ps. 6,434,493	Ps. (2,626,171)	Ps. (3,907,380)	Ps. (99,058)
Other subsidiaries and branches Banco de Bogotá (2)	151,979	—	(153,228)	200,129	—	(198,492)	1,637
Occidental Bank Barbados	34,056	(34,056)	—	43,586	(43,586)	—	—
Banco de Occidente (Panamá)	50,409	(50,409)	—	60,895	(60,895)	—	—

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Detail of investment	Thousands of USD			Ps. millions			Net OCI account
	Investment amount	Amount of hedge by financial liabilities in foreign currency	Amount of hedge by forward contracts	Cumulative translation adjustment of the investments	Exchange difference of financial liabilities (1)	Exchange difference in forward contracts	
Sociedad Portuaria El Cayao S.A. E.S.P.	26,365	(26,365)	—	23,886	(23,886)	—	—
Gases del Pacífico S.A.C.	31,888	(31,888)	—	4,308	(7,156)	—	(2,848)
Gas Natural de Lima y Callao S.A.C. – Calidda							
Gases del Norte del Perú S.A.C.	4,820	(4,820)	—	387	(387)	—	—
Gases del Norte del Perú S.A.C.	3,387	(3,387)	—	548	(548)	—	—
Total	4,853,696	(2,214,638)	(823,031) Ps.	6,767,684 Ps.	(2,762,081) Ps.	(4,105,872) Ps.	(100,269)

December 31, 2020

Detail of investment	Thousands of USD			Ps. millions			Net OCI account
	Investment amount	Amount of hedge by financial liabilities in foreign currency	Amount of hedge by forward contracts	Cumulative translation adjustment of the investments	Exchange difference of financial liabilities (1)	Exchange difference in forward contracts	
Leasing Bogotá Panamá	4,272,887	(2,067,100)	(809,381) Ps.	5,053,321 Ps.	(1,972,967) Ps.	(3,728,056) Ps.	(647,702)
Other subsidiaries and branches Banco de Bogotá (2)	147,869	—	(147,523)	151,709	—	(150,307)	1,402
Occidental Bank Barbados	33,841	(33,841)	—	32,671	(32,671)	—	—
Banco de Occidente (Panamá)	48,514	(48,514)	—	44,768	(44,768)	—	—
Sociedad Portuaria El Cayao S.A. E.S.P.	28,365	(28,365)	—	14,989	(14,989)	—	—
Gases del Pacífico S.A.C.	16,124	(16,124)	—	(1,626)	(6,069)	—	(7,695)
Gas Natural de Lima y Callao S.A.C. – Calidda	112,773	(112,773)	—	19,616	(19,616)	—	—
Gases del Norte del Perú S.A.C.	4,820	(4,820)	—	(1,136)	1,136	—	—
Gases del Norte del Perú S.A.C.	699	(699)	—	43	(43)	—	—
Total	4,665,892	(2,312,236)	(956,904) Ps.	5,314,355 Ps.	(2,089,987) Ps.	(3,878,363) Ps.	(653,995)

(1) Includes exchange difference hedged

(2) Includes Banco de Bogotá Panamá, Banco Bogotá Finance, Ficentro and contributions of foreign branches in Miami, New York and Nassau.

a) Hedging of foreign exchange

Banco de Bogotá designated financial liabilities as hedging instruments on December 21, 2015 these included an intra-group liability amounting to US\$ 500 million that Banco de Bogotá had as a hedging instrument of its investment in Leasing Bogotá Panamá. This operation was eliminated in the consolidation process of Grupo Aval and was excluded of the foreign investment hedge accounting. Starting May 1st and up to November 2nd, 2016 Grupo Aval designated financial assets in foreign debt securities amounting to US\$ 500 million as cash flow hedge, the foreign exchange differences of this intra-group liability were not eliminated in the consolidation process and recorded in Other Comprehensive Income in the amount of Ps. 73,708. This value would be realized in the future as income only when the investment in Leasing Bogotá Panamá is sold. On November 2nd, 2016 Banco de Bogotá cancelled the intragroup liability amounting to US\$ 500 million which was replaced in the foreign investment hedge accounting with other obligations in foreign currency with third parties.

b) Hedging of forecasted transactions

In the ordinary course of its operations Promigas S.A. and its subsidiaries receive income in U.S. Dollars derived from the transportation of gas in their gas pipelines. Promigas and its subsidiaries hedge the exchange risk arising in future transactions of highly probable gas transportation income, entered into forward contracts for the sale of U.S. dollars with financial entities different from the ones consolidated into Grupo Aval.

c) Fair value hedging

The subsidiary Multi Financial Group in the development of their treasury operations and bond issuance they designated hedge accounting.

d) Testing of hedge effectiveness

Grupo Aval considers hedging as highly effective if at the beginning and in subsequent periods, the hedging is highly effective at offsetting changes in fair value or in cash flows attributable to the risk hedged during the period for which the hedging has been designated. The hedging is considered as such if the effectiveness of the hedging is in a range between 80% and 125%. Such effectiveness is assessed by Grupo Aval 's entities at least quarterly and at the end of each accounting period.

According to this, each hedging was effective at June 30, 2021 and December 31, 2020.

NOTE 6 – TANGIBLE ASSETS

Below are the balances for Tangible assets during the periods ended on June 30, 2021 and December 31:

Property, plant and equipment		June 30, 2021		December 31, 2020
Properties, plant and equipment for own use	Ps.	5,974,359	Ps.	5,998,291
Right-of-use assets		1,936,393		2,035,519
Investment properties		821,789		808,556
Biological Assets		130,778		122,675
Properties, plant and equipment given in operating lease		10,460		8,911
Total	Ps.	8,873,779	Ps.	8,973,952

NOTE 7 – CONCESSIONS

The following are the balances for Grupo Aval for concession contracts for three-months periods ended June 30, 2021 and, 2020:

		Gas and energy		Infrastructure		Total
Cost						
At March 31, 2021	Ps.	4,854,017	Ps.	5,713,628	Ps.	10,567,645
Additions		309,722		185,742		495,464
Reclassification to PPE		20,306		—		20,306
Withdrawals		1,119		—		1,119
Effect of movements in exchange rates		30,446		—		30,446
At June 30, 2021	Ps.	5,215,610	Ps.	5,899,370	Ps.	11,114,980
Accumulated Amortization						
At March 31, 2021	Ps.	(877,711)	Ps.	(143,643)	Ps.	(1,021,354)
Amortization of the period		(55,811)		(4,522)		(60,333)
Withdrawals		8		—		8
Effect of movements in exchange rates		(1,836)		—		(1,836)
At June 30, 2021	Ps.	(935,350)	Ps.	(148,165)	Ps.	(1,083,515)
Impairment losses						
At March 31, 2021	Ps.	(2,296)	Ps.	(3,066)	Ps.	(5,362)
Impairment charge		(239)		(899)		(1,138)
At June 30, 2021	Ps.	(2,535)	Ps.	(3,965)	Ps.	(6,500)
Total Intangible Assets						
At March 31, 2021	Ps.	3,974,010	Ps.	5,566,919	Ps.	9,540,929
Cost		361,593		185,742		547,335
Amortization		(57,639)		(4,522)		(62,161)
Impairment losses		(239)		(899)		(1,138)
At June 30, 2021	Ps.	4,277,725	Ps.	5,747,240	Ps.	10,024,965

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	<u>Gas and energy</u>	<u>Infraestructure</u>	<u>Total</u>
Cost			
At March 31, 2020	Ps. 4,066,913	Ps. 4,813,871	Ps. 8,880,784
Additions	51,296	142,268	193,564
Reclassification to PPE	195	—	195
Withdrawals	(691)	—	(691)
Effect of movements in exchange rates	(60,083)	—	(60,083)
At June 30, 2020	Ps. 4,057,630	Ps. 4,956,139	Ps. 9,013,769
Accumulated Amortization			
At March 31, 2020	Ps. (690,023)	Ps. (120,211)	Ps. (810,234)
Amortization of the period	(44,937)	(2,444)	(47,381)
Withdrawals	103	—	103
Effect of movements in exchange rates	2,873	—	2,873
At June 30, 2020	Ps. (731,984)	Ps. (122,655)	Ps. (854,639)
Impairment losses			
At March 31, 2020	Ps. —	Ps. (2,194)	Ps. (2,194)
Impairment charge	(2,296)	(70)	(2,366)
At June 30, 2020	Ps. (2,296)	Ps. (2,264)	Ps. (4,560)
Total Intangible Assets			
At March 31, 2020	Ps. 3,376,890	Ps. 4,691,466	Ps. 8,068,356
Cost	(9,283)	142,268	132,985
Amortization	(41,961)	(2,444)	(44,405)
Impairment losses	(2,296)	(70)	(2,366)
At June 30, 2020	Ps. 3,323,350	Ps. 4,831,220	Ps. 8,154,570

The following are the balances for Grupo Aval for concession contracts for six-months periods ended June 30, 2021 and, 2020

	<u>Gas and energy</u>	<u>Infraestructure</u>	<u>Total</u>
Cost			
At December 31, 2020	Ps. 4,654,889	Ps. 5,495,856	Ps. 10,150,745
Additions	420,570	403,514	824,084
Reclassification to PPE	20,394	—	20,394
Withdrawals	(1,464)	—	(1,464)
Effect of movements in exchange rates	121,221	—	121,221
At June 30, 2021	Ps. 5,215,610	Ps. 5,899,370	Ps. 11,114,980
Accumulated Amortization			
At December 31, 2020	Ps. (821,017)	Ps. (136,926)	Ps. (957,943)
Amortization of the period	(107,973)	(11,239)	(119,212)
Withdrawals	77	—	77
Effect of movements in exchange rates	(6,437)	—	(6,437)
At June 30, 2021	Ps. (935,350)	Ps. (148,165)	Ps. (1,083,515)
Impairment losses			
At December 31, 2020	Ps. (2,296)	Ps. (2,942)	Ps. (5,238)
Impairment charge	(239)	(1,023)	(1,262)
At June 30, 2021	Ps. (2,535)	Ps. (3,965)	Ps. (6,500)
Total Intangible Assets			
At December 31, 2020	Ps. 3,831,576	Ps. 5,355,988	Ps. 9,187,564
Cost	560,721	403,514	964,235
Amortization	(114,333)	(11,239)	(125,572)
Impairment losses	(239)	(1,023)	(1,262)
At June 30, 2021	Ps. 4,277,725	Ps. 5,747,240	Ps. 10,024,965

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	<u>Gas and energy</u>		<u>Infrastructure</u>		<u>Total</u>	
Cost						
At December 31, 2019	Ps.	3,785,538	Ps.	4,494,254	Ps.	8,279,792
Additions		180,071		461,885		641,956
Reclassification to PPE		322		—		322
Transfer to non-current assets held for sale		(769)		—		(769)
Withdrawals		(1,245)		—		(1,245)
Effect of movements in exchange rates		93,713		—		93,713
At June 30, 2020	Ps.	4,057,630	Ps.	4,956,139	Ps.	9,013,769
Accumulated Amortization						
At December 31, 2019	Ps.	(639,727)	Ps.	(116,545)	Ps.	(756,272)
Amortization of the period		(86,608)		(6,110)		(92,718)
Transfer to non-current assets held for sale		148		—		148
Withdrawals		155		—		155
Effect of movements in exchange rates		(5,952)		—		(5,952)
At June 30, 2020	Ps.	(731,984)	Ps.	(122,655)	Ps.	(854,639)
Impairment losses						
At December 31, 2019	Ps.	—	Ps.	(2,032)	Ps.	(2,032)
Impairment charge		(2,296)		(232)		(2,528)
At June 30, 2020	Ps.	(2,296)	Ps.	(2,264)	Ps.	(4,560)
Total Intangible Assets						
At December 31, 2019	Ps.	3,145,811	Ps.	4,375,677	Ps.	7,521,488
Cost		272,092		461,885		733,977
Amortization		(92,257)		(6,110)		(98,367)
Impairment losses		(2,296)		(232)		(2,528)
At June 30, 2020	Ps.	3,323,350	Ps.	4,831,220	Ps.	8,154,570

NOTE 8 – GOODWILL

The following is the roll-forward of goodwill balances during the period ended June 30, 2021 and December 31, 2020:

	<u>June 30, 2021</u>		<u>December 31, 2020</u>	
Balance at the beginning of the period	Ps.	7,713,817	Ps.	7,348,587
Acquisitions ⁽¹⁾		—		134,515
Impairment charge		—		(5,065)
Effect of movements in exchange rates ⁽²⁾		508,085		235,780
Balance at the end of the period	Ps.	8,221,902	Ps.	7,713,817

(1) Includes recognition of the business combination on Multi Financial Group, Inc.

(2) Corresponds to the variation of TRM Ps. 316.00 per dollar, on goodwill recognized in the subsidiary Leasing Bogotá S.A., Panamá.

NOTE 9 - INCOME TAX

Income tax expensed, consisting of income tax and its supplementary and deferred tax, is recognized based on the administration best estimate for the period.

The effective tax rate of Grupo Aval consolidated with respect to continuing operations for the semester ended June 30, 2021 was 26.11%, while for the semester ended March 31, 2020 it was 26.90%.

Comparing the effective tax rates of the semesters ended June 30 of the years 2021 and 2020, we found a variation of 0.79%, being higher the effective rate recorded during the semester of the year 2020.

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The effective tax rate of Grupo Aval consolidated with respect to continuing operations for the three-month period ended June 30, 2021 was 23.91%, while for the three-month period ended March 31, 2020 it was 25.08%.

Comparing the effective tax rates of the three-month period ended June 30 of the years 2021 and 2020, we found a variation of 1.18%, being higher the effective rate recorded during the semester of the year 2020.

The following is a factor that impacts the decrease in the effective rate for the six-month and quarterly periods ended June 30, 2021:

- (1) The tax rate applied to calculate income tax in Colombia decreased by 1% for entities that are not classified as financial institutions, going from 32% in 2020 to 31% in 2021. Financial institutions in Colombia decreased by 2% when passing from 32% plus a rent surcharge of 4% in 2020 to 31% plus a rent surcharge of 3% in 2021.

NOTE 10 – PROVISIONS

Below are the balances for legal provisions and non-legal related provisions during the periods ended on June 30, 2021 and December 31, 2020:

	June 30, 2021		December 31, 2020	
Legal related	Ps.	225,052	Ps.	241,774
Non-Legal related		670,219		671,076
Total	Ps.	895,271	Ps.	912,850

NOTE 11 – EMPLOYEE BENEFITS

The detail of the balance of liabilities for employee benefits as of June 30, 2021 and December 31, 2020 is as follows:

	June 30, 2021		December 31, 2020	
Short term	Ps.	487,030	Ps.	462,070
Post-employment		579,282		597,936
Long term		152,159		180,090
Total	Ps.	1,218,471	Ps.	1,240,096
Plan Asset	Ps.	(42,344)	Ps.	(38,241)
Net employee benefits	Ps.	1,176,127	Ps.	1,201,855

NOTE 12 – OTHER LIABILITIES

Accounts payable and other liabilities comprised the following for the periods ended on June 30, 2021 and December 31, 2020:

OTHERS	June 30, 2021		December 31, 2020	
Suppliers and services payable	Ps.	2,839,951	Ps.	2,664,081
Income received for third parties		1,941,761		2,076,532
Dividends payable ⁽¹⁾		1,560,124		648,874
Cashier checks		770,431		864,499
Contract liability related to concessions		550,375		581,100
Withholdings taxes and labor contributions		468,977		441,689
Collection on behalf of third parties		458,485		236,418
Transactions ATH and ACH		412,846		538,558
Commissions and fees		356,578		276,708
Collection service		272,558		256,661
Customer loyalty programs		193,789		155,829
Merchant acquiring accounts		133,320		169,787
Checks drawn and not paid		129,252		107,628

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OTHERS	June 30, 2021	December 31, 2020
Insurance payables	119,045	105,396
Value added tax - VAT	79,238	74,002
Cash surplus	27,989	37,504
Other liabilities	638,197	542,597
Total other liabilities	Ps. 10,952,916 Ps.	9,777,863

(1) The increase of Ps. 911,250 corresponds to dividends payable that were approved at the shareholders meetings of the different entities of the Group held in March 2021.

OTHERS	June 30, 2021	December 31, 2020
Liabilities to be canceled within twelve months	Ps. 7,919,395 Ps.	6,110,472
Liabilities to be canceled after twelve months	3,033,521	3,667,391
Total	Ps. 10,952,916 Ps.	9,777,863

NOTE 13 – EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

Declared dividends

The dividends are declared and paid to shareholders based on unconsolidated net income under Colombian IFRS for the immediately preceding period.

The dividends decreed for Owners of the parent were as follows:

	December 31, 2020	December 31, 2019
Profits of the immediately preceding period determined in the separate financial statements of Grupo Aval.	Ps. 2,399,001	Ps. 3,031,238
Occasional reserve release at the disposal of the General Meeting of Shareholders	9,510,716	7,816,339
Total income available for disposal of the General Meeting of Shareholders	Ps. 11,909,717	Ps. 10,847,577
	54 pesos per share payable in twelve installments of 4.5 pesos per share, from April 2021 to March 2022	60 pesos per share payable in twelve installments of 5 pesos per share, from April 2020 to March 2021
Total shares outstanding	22,281,017,159	22,281,017,159
Total dividends decreed for controlling interests	1,203,175	1,336,861
To occasional reserve at the disposal of General Meeting of Shareholders	10,706,542	9,510,716

Equity transactions

In the process of distributing dividends of Corficolombiana, Grupo Aval and its subsidiaries received dividends in shares, unlike some minority shareholders who opted to change the payment of dividends in shares for that of cash dividends, generating a modification in the participation of Grupo Aval at a consolidated level, going from a participation of 39.58% to 39.98%. with an equity effect of Ps. 19.929.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Capital expenses commitments

As of June 30, 2020, and December 31, 2020, Grupo Aval and its subsidiaries had contractual disbursement commitments of capital expenditures for Ps. 222,079 and Ps. 158,026, respectively.

Contingencies

As of June 30, 2021, and December 31, 2020, Grupo Aval and its subsidiaries attended administrative and legal proceedings as defendant; the claims of the proceedings were assessed based on analyses and opinion-s of responsible lawyers. The following legal contingencies were determined:

Labor Proceedings

As of June 30, 2021, and December 31, 2020, labor complaints had been recognized for Ps. 118,427 and Ps. 88,848 respectively. Historically, many of these proceedings have been resolved in favor of Grupo Aval and its subsidiaries.

Civil Proceedings

As of June 30, 2021, and December 31, 2020, the result of the assessment of the claims its of legal proceedings for civil suits, not including those with remote probability, reached an amount of Ps. 332,471 and for December 2020 amounted to Ps. 395,192 respectively.

Administrative and Tax Proceedings

Claims derived from administrative and judicial processes include those of fiscal responsibility over the concession contracts, processes of a tax nature that are not within the scope of IAS 12 and IFRIC 23, filed by national and local tax authorities. These authorities may establish, in some cases, sanctions in which Grupo Aval and its subsidiaries affiliates may incur as a result of: (i) the performance of their duty as a withholder or collector of national and local taxes, and/or (ii) the obligation to pay a higher tax amount in their condition of taxpayers. As of June 30, 2021, and December 31, 2020, the amount of the claims amounted to Ps. 53,810 and Ps. 101,700 respectively.

Other matters

Investigation by the Superintendency of Industry and Commerce in relation to the Ruta del Sol Sector 2 Project

Through Resolution No. 67837 of September 13, 2018, the Deputy Superintendent for the Protection of Free-Competition (“Antitrust Division”) of the Superintendency of Industry and Commerce (“SIC”) ordered the opening of an investigation and formulation of charges against a number of entities that had participated in the Ruta del Sol Sector 2 project, and related individuals. This included Grupo Aval Acciones y Valores S.A. (“Grupo Aval”), its subsidiary, Corporación Financiera Colombiana S.A. (“Corficolombiana”), Estudios y Proyectos del Sol S.A.S. (“Episol”), a company 100% owned by Corficolombiana, and Concesionaria Ruta del Sol S.A.S (“CRDS”), the company that was awarded the project and in which Episol holds a 33% non-controlling interest, as well as charges against certain officers of Grupo Aval and Corficolombiana.

The Antitrust Division’s charges were based on an alleged violation of the Colombian legal regime of free economic competition that occurred in the bidding process of the Ruta del Sol Sector 2 project.

In October 2018, Grupo Aval, Corficolombiana and Episol, as well as the charged officers, submitted their defense accompanied by documentary evidence and requests for additional evidentiary proceedings. On July 23, 2020, the Antitrust Division released a report (“Informe Motivado”) with a recommendation to the Superintendent of Industry and Commerce: (i) to dismiss the charge N° 2 related to the alleged conflict of interest with respect to all parties charged—including Grupo Aval and its officers, Corficolombiana and its officers, and Episol—based on the applicable statute of limitations, and (ii) to impose fines on all the investigated entities and individuals with respect to charge N° 1 of “payment of a bribe”—including, Corficolombiana, Corficolombiana’s former President José Elías Melo Acosta, and Episol—arguing, in the case of Corficolombiana and Episol, an alleged knowledge by José Elías Melo Acosta of the conduct confessed by Odebrecht.

On December 28, 2020, the Superintendent of Industry and Commerce issued Resolution No. 82510 of 2020, consistent with the recommendations in the Informe Motivado. The Superintendent decided to close the investigation with respect to all parties charged with the alleged “conflict of interest”, including Grupo Aval, Corficolombiana and their and officers and Mr. Melo Acosta

For Charge N° 1, the Superintendent decided to impose fines on all the investigated entities and individuals. Corficolombiana and Episol were fined Ps. 55,565 and Ps. 33,827, respectively. Former Corficolombiana’s President, José Elías Melo Acosta, was also fined Ps. 394.

On January 28, 2021, Corficolombiana and Episol filed an appeal against Resolution No. 82510 of 2020 before the Superintendent, seeking reconsideration of its decision to fine them in connection with Charge N° 1, appeal that was resolved on May 20, by Resolution 30343 of 2021 confirming Resolution No. 82510 of 2020. Payment of the these fines will have an impact of Ps. 35,557 in the attributable net income of Grupo Aval. Notwithstanding the foregoing, Corficolombiana and Episol may then appeal the Superintendent’s final decision before Colombia’s administrative courts.

Class Action before the Administrative Tribune of Cundinamarca in connection with the Ruta del Sol Sector 2 Project

On January 26, 2017, the Inspector-General’s Office (Procuraduría General de la Nación or “PGN”) filed a class action against CRDS, (a company formed by Constructora Norberto Odebrecht S.A., Odebrecht Invetimentos em Infraestrutura Ltda., CSS Constructores S.A. and Episol), the National Infrastructure Agency (“ANI”) and its members, for allegedly violating the collective rights of administrative morality, defense of public patrimony, and access to public services in connection with the Ruta del Sol Sector 2 project. On December 6, 2018, the Administrative Tribunal of Cundinamarca (“TAC”), the body presiding over the class action, issued a first instance ruling against CRDS, and all its shareholders, including Episol, and other individuals and entities. The TAC found the defendants jointly and severally liable for the damages caused to the collective interests and ordered the payment of Ps. 800,156 to the Colombian Ministry of Transportation. The TAC also debarred the defendants for a term of ten years, during which time they would be prohibited from contracting with the Colombian government and holding public office. Subsequently, in an order dated February 8, 2019, the TAC corrected certain arithmetical errors in its ruling, and reduced the amount of the fine to Ps. 715,656.

The aforementioned ruling is not final and several appeals were filed by Episol and the other defendants, which were granted by the TAC on February 25, 2019 and will be heard by the Consejo de Estado (Colombia’s Supreme Court on administrative matters). On February 14, 2020, the Consejo de Estado also issued a ruling regarding the effects of the appeal, specifying that the provisions of the first instance ruling regarding the delivery of money or other goods as well as the debarment from government contracting would only become enforceable in the event of a final second instance ruling by the Consejo del Estado confirming the decision under appeal.

In the case of Episol, its appeal filing seeks revocation of the TAC’s first instance ruling against it on the basis of multiple substantive and procedural defects.

It is not possible to establish how much time it will take for the Consejo de Estado to make a decision in relation to this case. In the event that the decision of the TAC is confirmed and Episol is compelled to assume the entire amount of the penalty, the maximum impact to the net attributable profit of Grupo Aval would be Ps. 286,104.

As of June 30, 2021, in relation to the Investigations by United States authorities, do not show changes with respect to what was disclosed as of December 31, 2020.

NOTE 15 – NET INCOME FROM COMMISSIONS AND FEES

Below is a detail of the income and expenses from contracts with customers for:

Net income from commissions and fees:

Income from commissions and fees	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2021	2020	2021	2020
Commissions on banking services	Ps 722,635	Ps 605,192	Ps 1,480,959	Ps 1,373,167
Fees on credit cards	343,073	277,585	678,206	599,220
Pension and severance fund management	296,261	260,869	612,156	568,610
Trust activities	81,543	78,905	170,136	160,274
Storage services	38,740	34,959	76,748	71,663
Commissions on drafts, checks and checkbooks	5,723	5,567	12,186	16,468
Office network services	4,278	3,056	8,997	8,942
Other commissions	2,385	2,121	6,188	4,745
Total income from commissions and fees	Ps. 1,494,638	Ps. 1,268,254	Ps. 3,045,576	Ps. 2,803,089

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Commissions and fees expenses	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2021	2020	2021	2020
Banking services	Ps. (116,092)Ps	(95,351)Ps	(224,415)Ps	(198,527)
Commissions for sales and services	(40,815)	(47,208)	(103,259)	(100,452)
Affiliations to pension funds	(20,916)	(18,902)	(41,108)	(37,998)
Information processing services of operators	(5,582)	(5,386)	(11,051)	(10,555)
Offices Network Services	(3,181)	(4,329)	(8,558)	(9,859)
Other	(3,135)	(2,571)	(5,486)	(5,358)
Total Commissions and fees expenses	(189,721)	(173,747)	(393,877)	(362,749)
Net income from commissions and fees	Ps. 1,304,917 Ps.	1,094,507 Ps.	2,651,699 Ps.	2,440,340

Income from sales of goods and services	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2,021	2,020	2,021	2,020
Energy and gas E&G ⁽¹⁾	Ps. 1,223,040 Ps	931,138 Ps	2,260,956 Ps	2,054,690
Infrastructure ⁽²⁾	1,256,155	498,630	2,400,826	1,645,618
Hotels	44,735	5,254	92,668	88,536
Agribusiness	51,704	35,031	96,363	63,778
Others Services	30,608	25,209	63,378	58,810
Others Income	62,258	33,032	127,764	80,460
Total Income from sales of goods and services	Ps. 2,668,500 Ps.	1,528,294 Ps.	5,041,955 Ps.	3,991,892

Costs and expenses of sales goods and services				
Cost of sales of companies from non-financial sector	Ps. (1,327,772)Ps	(924,832)Ps	(2,528,292)Ps	(2,156,960)
General and administrative expenses	(121,569)	(101,772)	(258,074)	(240,347)
Personnel expenses	(139,029)	(118,346)	(275,501)	(258,374)
Amortization	(68,189)	(53,981)	(134,405)	(105,146)
Commissions and fees expenses	(6,207)	(5,912)	(13,696)	(12,687)
Depreciation	(28,879)	(27,934)	(56,359)	(55,965)
Bonus payments	(7,905)	(2,416)	(15,173)	(13,998)
Allowance for impairment of loans and receivables	(15,962)	(20,722)	(25,022)	(29,749)
Donations expenses	(3,150)	(23,987)	(6,030)	(26,343)
Depreciation right of use assets	(8,703)	(8,632)	(17,261)	(17,812)
Labor severances	(274)	(382)	(613)	(1,432)
Total Costs and expenses of sales goods and services	Ps. (1,727,639)Ps.	(1,288,916)Ps.	(3,330,426)Ps.	(2,918,813)
Net income from sales goods and services	Ps. 940,861 Ps.	239,378 Ps.	1,711,529 Ps.	1,073,079

(1) The increase of Ps. 206,266, presented for the semester to June 2021, corresponds mainly to the income from progress of work of Promigas.

(2) The increase of Ps. 755,208, presented for the semester to June 2021, corresponds mainly to progress of work of Covioriente by Ps. 425,747 and Covipacifico by Ps. 359,924.

NOTE 16 – NET TRADING INCOME

Net trading income includes income from debt and equity securities, cross currency and bond derivatives:

	For the three-months periods ended June 30,		For the six-months periods ended June 30,	
	2021	2020	2021	2020
Trading investment income ⁽¹⁾				
Fixed income securities	Ps. 18,897	Ps. 210,138	Ps. (95,539)	Ps. 106,815
Equities	85,890	106,700	88,442	5,805
Total trading investment income	Ps. 104,787	Ps. 316,838	Ps. (7,097)	Ps. 112,620

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	For the three-months periods ended		For the six-months periods ended June	
	June 30,		30,	
	2021	2020	2021	2020
Derivatives income				
Net income (loss) on financial derivatives ⁽²⁾	139,830	(363,984)	424,063	796,551
Other trading income ⁽³⁾	24,409	(46,410)	49,692	98,428
Total derivatives income	Ps. 164,239	Ps. (410,394)	Ps. 473,755	Ps. 894,979
Total net trading income	Ps. 269,026	Ps. (93,556)	Ps. 466,658	Ps. 1,007,599

- (1) Includes net trading income from investment securities held for trading, which reflects the interest from investment in debt securities, gains/losses from mark-to-market valuation from investment in equity and debt securities and net income from trading activities.
- (2) Includes net trading income from trading derivatives, which reflects the gains/losses from mark-to-market valuation on trading derivatives.
- (3) Includes gains/losses from: (i) Net changes in the valuation of hedging derivatives from mark-to-market valuations from unhedged, (ii) the ineffective portion of the hedge, and (iii) Transfers of due hedging derivatives from OCI to the statement of income.

NOTE 17 – OTHER INCOME AND EXPENSE

Below is the detail of the others income and expense:

Other Income	For the three-month periods ended		For the six-month periods	
	June 30		ended June 30	
	2021	2020	2021	2020
Net gain on sale of debt and equity securities	Ps. 74,575	Ps. 106,224	Ps. 203,708	Ps. 200,478
Share of profit of equity accounted investees, net of tax	85,502	35,178	146,087	107,830
Dividends	1,487	8,188	104,945	83,693
Gain on the sale of non-current assets held for sale	10,663	6,619	19,352	35,215
Gain on sale of property, plant and equipment	4,393	3,603	8,649	13,281
Net gain in asset valuation	(27)	(1,833)	1,947	1,512
Foreign exchange gains (losses), net ⁽¹⁾	47,544	557,731	(22,849)	(590,102)
Other	82,774	137,528	172,938	196,997
Total other income	Ps. 306,911	Ps. 853,238	Ps. 634,777	Ps. 48,904

Other expense	For the three-month periods ended		For the six-month periods	
	June 30		ended June 30	
	2021	2020	2021	2020
Personnel expenses	Ps. (1,117,292)	Ps. (1,088,530)	Ps. (2,188,282)	Ps. (2,175,500)
Taxes and surcharges	(240,553)	(238,898)	(487,747)	(484,019)
Consultancy, legal, audit and other fees	(175,823)	(160,229)	(350,304)	(322,288)
Insurance	(134,074)	(138,091)	(287,183)	(240,695)
Contributions and affiliations	(185,513)	(124,198)	(336,699)	(299,902)
Maintenance and adequation	(141,201)	(128,986)	(280,060)	(238,427)
Depreciation of tangible assets	(100,867)	(110,599)	(209,581)	(215,854)
Depreciation right of use assets	(76,074)	(83,033)	(152,733)	(160,044)
Amortization of intangible assets	(69,379)	(55,679)	(138,032)	(108,571)
Warehouse services	(67,980)	(69,394)	(132,357)	(141,423)
Leases (Rent)	(41,138)	(37,429)	(82,003)	(76,220)
Marketing	(70,616)	(55,655)	(110,861)	(109,220)
Transportation services	(40,954)	(42,596)	(79,108)	(85,779)
Cleaning and security services	(38,298)	(41,789)	(75,869)	(78,011)
Outsourcing services	(37,082)	(37,167)	(64,634)	(70,088)
Data processing	(29,293)	(32,345)	(55,020)	(49,369)
Supplies and stationery	(16,325)	(24,858)	(36,770)	(46,633)
Adaptation and installation	(17,270)	(11,930)	(28,219)	(25,854)
Travel expenses	(6,052)	(4,381)	(11,632)	(16,466)
Impairment losses on other assets	(1,112)	(394)	(6,266)	(4,120)
Loss from sale of non-current assets held for sale	(1,414)	(438)	(1,990)	(2,278)
Other	(130,915)	(134,952)	(204,937)	(247,187)
Total other expense	Ps. (2,739,225)	Ps. (2,621,571)	Ps. (5,320,287)	Ps. (5,197,948)

- (1) For the six-months of 2021, the TRM presented a variation of Ps. 316.00 per dollar and for 2020 the TRM was of Ps. 479.14.

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NOTE 18 – ANALYSIS OF OPERATING SEGMENTS

18.1 Information on net income, assets and liabilities of reportable operating segments

Following is the detail of the reportable financial information summarized for each segment as of June 30, 2021 and December 31, 2020:

Statement of Financial Position June 30, 2021

June 30, 2021

	Banco de Bogotá S.A.		Leasing Bogotá S.A. Panamá		Banco de Occidente S.A.		Banco Popular S.A.		Banco AV Villas S.A.		Corficolombiana S.A.		⁽¹⁾ Other Segments		Eliminations		Total		
Assets																			
Trading assets	Ps.	4,464,116	Ps.	307,946	Ps.	1,919,594	Ps.	318,663	Ps.	227,053	Ps.	4,206,620	Ps.	1,760	Ps.	(58,342)	Ps.	11,387,410	
Investment securities		10,112,429		16,479,913		5,807,810		3,752,078		3,129,864		3,463,670		—		(856,722)		41,889,042	
Hedging derivatives assets		12,971		—		—		—		—		26,766		—		—		39,737	
Investments in associates and joint ventures		5,714,879		—		1,573,702		617,134		5,575		815,030		2,087		(7,671,328)		1,057,079	
Investments in subsidiary companies ⁽²⁾		17,056,489		—		—		—		—		—		—		(17,056,489)		—	
Loans, net		61,895,874		77,791,326		32,371,087		20,776,178		11,877,966		2,580,680		—		(1,999,528)		205,293,583	
Other Assets		16,105,893		28,537,131		5,676,864		2,674,710		1,666,315		31,888,153		8,883,303		(10,847,423)		84,584,946	
Total Assets	Ps.	115,362,651	Ps.	123,116,316	Ps.	47,349,057	Ps.	28,138,763	Ps.	16,906,773	Ps.	42,980,919	Ps.	8,887,150	Ps.	(38,489,832)	Ps.	344,251,797	
Liabilities																			
Customer Deposits	Ps.	69,206,094	Ps.	89,738,271	Ps.	32,551,960	Ps.	21,195,443	Ps.	12,772,252	Ps.	5,473,641	Ps.	—	Ps.	(5,164,272)	Ps.	225,773,389	
Financial Obligations		18,923,741		13,486,492		8,294,111		2,566,583		1,756,772		16,903,849		8,647,451		(6,697,045)		63,881,954	
Other Liabilities		3,699,979		2,835,064		1,534,973		1,136,191		524,375		7,710,498		1,135,601		(929,626)		17,647,055	
Total Liabilities	Ps.	91,829,814	Ps.	106,059,827	Ps.	42,381,044	Ps.	24,898,217	Ps.	15,053,399	Ps.	30,087,988	Ps.	9,783,052	Ps.	(12,790,943)	Ps.	307,302,398	

(1) Includes Grupo Aval Holding, Grupo Aval Limited, ATH Negocio Conjunto and Aval Soluciones Digitales S.A. Negocio Conjunto.

(2) Includes measurement of subsidiary Leasing Bogotá S.A. Panamá.

December 31, 2020

	Banco de Bogotá S.A.		Leasing Bogotá S.A. Panamá		Banco de Occidente S.A.		Banco Popular S.A.		Banco AV Villas S.A.		Corficolombiana S.A.		⁽¹⁾ Other Segments		Eliminations		Total		
Assets																			
Trading assets	Ps.	4,960,248	Ps.	318,183	Ps.	2,143,707	Ps.	347,139	Ps.	700,889	Ps.	2,603,549	Ps.	12,755	Ps.	(47,614)	Ps.	11,038,856	
Investment securities		9,670,374		13,456,895		4,966,920		3,205,960		2,345,996		3,231,070		—		(815,451)		36,061,764	
Hedging derivatives assets		117,066		32,895		—		—		—		6,259		—		—		156,220	
Investments in associates and joint ventures		5,419,318		—		1,614,628		577,963		3,729		784,073		1,929		(7,372,318)		1,029,322	
Investments in subsidiary companies ⁽²⁾		14,819,773		—		—		—		—		—		—		(14,819,773)		—	

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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(Amounts expressed in millions of Colombian pesos)

December 31, 2020

	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.	⁽¹⁾ Other Segments	Eliminations	Total
Loans, net	61,675,539	70,329,940	31,040,792	20,426,642	11,838,132	2,006,931	—	(1,775,982)	195,541,994
Other Assets	14,199,517	28,088,407	5,324,698	2,837,027	1,700,323	29,514,603	7,642,529	(10,239,390)	79,067,714
Total Assets	Ps. 110,861,835	Ps. 112,226,320	Ps. 45,090,745	Ps. 27,394,731	Ps. 16,589,069	Ps. 38,146,485	Ps. 7,657,213	Ps. (35,070,528)	Ps. 322,895,870
Liabilities									
Customer Deposits	Ps. 67,488,062	Ps. 79,799,401	Ps. 30,970,733	Ps. 20,611,759	Ps. 13,966,758	Ps. 4,926,745	Ps. —	Ps. (5,921,861)	Ps. 211,841,597
Financial Obligations	17,109,522	15,313,069	7,317,684	2,429,104	232,457	13,889,097	7,989,984	(5,656,151)	58,624,766
Other Liabilities	3,765,654	2,294,077	1,823,117	1,164,071	513,375	7,297,974	508,703	(377,021)	16,989,950
Total Liabilities	Ps. 88,363,238	Ps. 97,406,547	Ps. 40,111,534	Ps. 24,204,934	Ps. 14,712,590	Ps. 26,113,816	Ps. 8,498,687	Ps. (11,955,033)	Ps. 287,456,313

(1) Includes Grupo Aval Holding, Grupo Aval Limited, and ATH Negocio Conjunto.

(2) Includes measurement of subsidiary Leasing Bogotá S.A. Panamá.

Statement of Income for the three-months ended June 30, 2021

	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.	⁽¹⁾ Other Segments	Eliminations	Total
External Income									
Interest income	Ps. 1,289,728	Ps. 1,872,900	Ps. 663,276	Ps. 542,754	Ps. 321,901	Ps. 107,904	Ps. (177)	Ps. —	Ps. 4,798,286
Income from commissions and fees ⁽²⁾	594,397	620,554	107,050	61,971	66,791	20,687	23,188	—	1,494,638
Income from sales of goods and services ⁽²⁾	19,806	—	9,030	—	—	2,639,664	—	—	2,668,500
Share of profit of equity accounted investees, net of tax	1,311	—	1,280	2,020	2,363	78,430	98	—	85,502
Dividends	(660)	2,123	(162)	(163)	339	10	—	—	1,487
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	62,818	—	—	62,818
Net trading income	153,397	6,136	30,632	11,834	124	66,900	3	—	269,026
Other Income	(25,664)	255,239	18,007	(2,375)	3,287	(31,119)	2,547	—	219,922
	Ps. 2,032,315	Ps. 2,756,952	Ps. 829,113	Ps. 616,041	Ps. 394,805	Ps. 2,945,294	Ps. 25,659	Ps. —	Ps. 9,600,179
Intersegment Income									
Interest income	Ps. 21,548	Ps. —	Ps. 3,342	Ps. 3,421	Ps. 2,239	Ps. 4,529	Ps. 44	Ps. (35,123)	Ps. —
Income from commissions and fees	1,643	—	2,085	745	5,045	509	20,464	(30,491)	—
Income from sales of goods and services	354	—	50,612	—	—	204	—	(51,170)	—
Share of profit of equity accounted investees, net of tax	183,874	—	84,361	26,205	(1,526)	389	—	(293,303)	—
Participation in results of subsidiaries ⁽³⁾	423,023	—	—	—	—	—	—	(423,023)	—
Dividends	661	—	161	164	22	—	—	(1,008)	—

Grupo Aval Acciones y Valores S.A. and Subsidiaries
Notes to the Condensed Consolidated Financial Statements
(Amounts expressed in millions of Colombian pesos)

	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.	⁽¹⁾ Other Segments	Eliminations	Total
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	—	—	—	—
Net trading income	806	—	(126)	12	—	481	—	(1,173)	—
Other Income	(20,559)	572	910	4,325	397	(455)	28,035	(13,225)	—
	611,350	572	141,345	34,872	6,177	5,657	48,543	(848,516)	—
Total income	Ps. 2,643,665	Ps. 2,757,524	Ps. 970,458	Ps. 650,913	Ps. 400,982	Ps. 2,950,951	Ps. 74,202	Ps. (848,516)	Ps. 9,600,179
Expenses									
Interest expense	Ps. (410,307)	Ps. (668,278)	Ps. (173,358)	Ps. (140,984)	Ps. (55,003)	Ps. (236,469)	Ps. (101,112)	Ps. 140,156	Ps. (1,645,355)
Net impairment loss on financial assets	(411,898)	(352,998)	(192,307)	(48,238)	(36,405)	(2,569)	—	(10)	(1,044,425)
Depreciations and amortizations	(60,816)	(114,345)	(31,208)	(24,503)	(16,400)	(2,158)	(2,283)	5,393	(246,320)
Expenses from commissions and fees ⁽²⁾	(103,432)	(26,875)	(30,572)	(14,936)	(50,817)	(3,141)	(1,484)	41,536	(189,721)
Costs and expenses of sales goods and services ⁽²⁾	(50,203)	—	(79,054)	—	—	(1,602,439)	6,533	(2,476)	(1,727,639)
Administrative Expenses	(336,513)	(560,696)	(175,884)	(187,336)	(86,758)	(23,290)	(89,076)	145,099	(1,314,454)
Income tax expense	(55,638)	(98,011)	(13,767)	(34,592)	(25,061)	(297,283)	(14,065)	(385)	(538,802)
Other expense	(249,551)	(513,298)	(122,997)	(108,858)	(66,884)	(69,248)	150,673	(198,288)	(1,178,451)
Total Expenses	(1,678,358)	(2,334,501)	(819,147)	(559,447)	(337,328)	(2,236,597)	(50,814)	131,025	(7,885,167)
Net income	Ps. 965,307	Ps. 423,023	Ps. 151,311	Ps. 91,466	Ps. 63,654	Ps. 714,354	Ps. 23,388	Ps. (717,491)	Ps. 1,715,012

(1) Includes Grupo Aval Holding, Grupo Aval Limited, ATH Negocio Conjunto and Aval Soluciones Digitales S.A. Negocio Conjunto.

(2) Income from contracts with customer for commission and fee, see note 15.

(3) Includes measurement of subsidiary Leasing Bogotá S.A. Panamá.

	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.	⁽¹⁾ Other segments	Eliminations	Total
Revenue from contracts with customers ⁽²⁾	Ps. 616,200	Ps. 620,554	Ps. 168,777	Ps. 62,716	Ps. 71,836	Ps. 2,661,064	Ps. 43,652	Ps. (81,661)	Ps. 4,163,138
Timing of revenue recognition									
At a point in time	13,326	35,676	3,387	4,945	20,225	32,029	43,524	(23,760)	129,352
Over time	602,874	584,878	165,390	57,771	51,611	2,629,035	128	(57,901)	4,033,786

(1) Includes Grupo Aval Holding, Grupo Aval Limited, ATH Negocio Conjunto and Aval Soluciones Digitales S.A. Negocio Conjunto.

(2) Income from contracts with customer for commission and fee, see note 15

Grupo Aval Acciones y Valores S.A. and Subsidiaries
Notes to the Condensed Consolidated Financial Statements
(Amounts expressed in millions of Colombian pesos)

Statement of Income for the three-months ended on June 30, 2020

	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.	⁽¹⁾ Other Segments	Eliminations	Total
External Income									
Interest income	Ps. 1,448,911	Ps. 1,968,636	Ps. 756,677	Ps. 576,891	Ps. 336,657	Ps. 113,132	Ps. (955)	Ps. —	Ps. 5,199,949
Income from commissions and fees ⁽²⁾	499,393	526,522	91,035	51,482	56,755	19,604	23,463	—	1,268,254
Income from sales of goods and services ⁽²⁾	18,423	—	50,919	—	—	1,504,021	(45,069)	—	1,528,294
Share of profit of equity accounted investees, net of tax	(974)	—	(168)	665	374	34,713	568	—	35,178
Dividends	324	2,026	171	—	—	5,667	—	—	8,188
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	59,699	—	—	59,699
Net trading income	(254,510)	2,455	54,683	13,225	4,912	85,651	28	—	(93,556)
Other Income	526,651	159,197	(17,703)	5,008	11,400	79,299	46,020	—	809,872
	Ps. 2,238,218	Ps. 2,658,836	Ps. 935,614	Ps. 647,271	Ps. 410,098	Ps. 1,901,786	Ps. 24,055	Ps. —	Ps. 8,815,878
Intersegment Income									
Interest income	Ps. 25,545	Ps. 115	Ps. 3,803	Ps. 4,212	Ps. 2,804	Ps. 14,844	Ps. 93	Ps. (51,416)	Ps. —
Income from commissions and fees	1,832	7	2,001	851	4,829	298	12,205	(22,023)	—
Income from sales of goods and services	(37)	—	—	—	—	381	(45,069)	44,725	—
Share of profit of equity accounted investees, net of tax	55,091	—	46,278	7,671	(604)	(275)	—	(108,161)	—
Participation in results of subsidiaries ⁽³⁾	239,315	—	—	—	—	—	—	(239,315)	—
Dividends	—	—	—	—	—	—	—	—	—
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	—	—	—	—
Net trading income	5,080	—	—	(1,200)	—	431	—	(4,311)	—
Other Income	842	28	45,095	58	895	(110)	68,509	(115,317)	—
	327,668	150	97,177	11,592	7,924	15,569	35,738	(495,818)	—
Total income	Ps. 2,565,886	Ps. 2,658,986	Ps. 1,032,791	Ps. 658,863	Ps. 418,022	Ps. 1,917,355	Ps. 59,793	Ps. (495,818)	Ps. 8,815,878
Expenses									
Interest expense	Ps. (651,731)	Ps. (692,646)	Ps. (308,221)	Ps. (232,578)	Ps. (96,493)	Ps. (278,519)	Ps. (110,603)	Ps. 124,403	Ps. (2,246,388)

Grupo Aval Acciones y Valores S.A. and Subsidiaries
Notes to the Condensed Consolidated Financial Statements
(Amounts expressed in millions of Colombian pesos)

	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.	⁽¹⁾ Other Segments	Eliminations	Total
Net impairment loss on financial assets	(593,186)	(469,759)	(343,351)	(126,014)	(93,652)	(4,128)	—	449	(1,629,641)
Depreciations and amortizations	(67,315)	(111,549)	(28,763)	(21,308)	(16,716)	(2,410)	(2,468)	1,218	(249,311)
Expenses from commissions and fees ⁽²⁾	(83,320)	(29,561)	(22,315)	(13,958)	(38,610)	(2,684)	(811)	17,512	(173,747)
Costs and expenses of sales goods and services ⁽²⁾	(42,632)	—	(68,468)	—	—	(1,183,898)	6,320	(238)	(1,288,916)
Administrative Expenses	(348,974)	(459,760)	(151,185)	(156,390)	(99,032)	(21,051)	(80,926)	144,682	(1,172,636)
Income tax expense	(19,054)	(109,249)	33,257	1,512	(2,525)	(115,482)	(3,762)	680	(214,623)
Other expense	(305,318)	(547,146)	(134,610)	(107,801)	(60,967)	(24,119)	125,202	(144,865)	(1,199,624)
Total Expenses	(2,111,530)	(2,419,670)	(1,023,656)	(656,537)	(407,995)	(1,632,291)	(67,048)	143,841	(8,174,886)
Net income	Ps. 454,356	Ps. 239,316	Ps. 9,135	Ps. 2,326	Ps. 10,027	Ps. 285,064	Ps. (7,255)	Ps. (351,977)	Ps. 640,992

(1) Includes Grupo Aval Holding, Grupo Aval Limited, ATH Negocio Conjunto.

(2) Income from contracts with customer for commission and fee, see note 15.

(3) Includes measurement of subsidiary Leasing Bogotá S.A. Panamá.

	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.	⁽¹⁾ Other segments	Eliminations	Total
Revenue from contracts with customers ⁽²⁾	Ps. 519,056	Ps. 526,528	Ps. 93,036	Ps. 52,333	Ps. 61,584	Ps. 1,444,858	Ps. 107,092	Ps. (7,939)	Ps. 2,796,548
Timing of revenue recognition									
At a point in time	8,658	29,166	3,563	2,101	15,657	17,783	106,868	(86,697)	97,099
Over time	510,398	497,362	89,473	50,232	45,927	1,427,075	224	78,758	2,699,449

(1) Includes Grupo Aval Holding, Grupo Aval Limited, and ATH Negocio Conjunto.

(2) Income from contracts with customer for commission and fee, see note 15

Statement of Income for the six months ended June 30, 2021

	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.	⁽¹⁾ Other Segments	Eliminations	Total
External Income									
Interest income	Ps. 2,581,354	Ps. 3,669,437	Ps. 1,324,571	Ps. 1,084,430	Ps. 635,610	Ps. 205,311	Ps. 1	—	Ps. 9,500,714
Income from commissions and fees ⁽²⁾	1,219,406	1,255,816	224,508	124,160	133,363	44,943	43,380	—	3,045,576

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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(Amounts expressed in millions of Colombian pesos)

Statement of Income for the six months ended June 30, 2021

	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.	(1) Other Segments	Eliminations	Total
Income from sales of goods and services ⁽²⁾	41,148	—	23,534	—	—	4,977,273	—	—	5,041,955
Share of profit of equity accounted investees, net of tax	1,170	—	1,965	3,130	3,693	135,972	157	—	146,087
Dividends	722	5,244	793	2,132	1,269	94,785	—	—	104,945
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	144,458	—	—	144,458
Net trading income	324,080	16,974	(21,665)	13,455	(1,431)	135,213	32	—	466,658
Other Income	(158,668)	484,563	136,739	20,905	12,464	(117,405)	5,147	—	383,745
	Ps. 4,009,212	Ps. 5,432,034	Ps. 1,690,445	Ps. 1,248,212	Ps. 784,968	Ps. 5,620,550	Ps. 48,717	Ps. —	Ps. 18,834,138

Intersegment Income

Interest income	Ps. 42,778	Ps. 11	Ps. 6,626	Ps. 6,828	Ps. 4,452	Ps. 9,104	Ps. 78	Ps. (69,877)	Ps. —
Income from commissions and fees	2,923	—	4,013	1,401	9,294	898	44,961	(63,490)	—
Income from sales of goods and services	671	—	98,195	—	—	376	—	(99,242)	—
Share of profit of equity accounted investees, net of tax	364,732	—	142,954	52,683	(2,721)	732	—	(558,380)	—
Participation in results of subsidiaries ⁽³⁾	816,380	—	—	—	—	—	—	(816,380)	—
Dividends	6,093	—	2,345	4,713	3,281	1,906	—	(18,338)	—
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	—	—	—	—
Net trading income	(366)	—	95	(10)	5	(182)	—	458	—
Other Income	1,587	1,094	1,821	4,376	1,350	(605)	49,001	(58,624)	—
	1,234,798	1,105	256,049	69,991	15,661	12,229	94,040	(1,683,873)	—
Total income	Ps. 5,244,010	Ps. 5,433,139	Ps. 1,946,494	Ps. 1,318,203	Ps. 800,629	Ps. 5,632,779	Ps. 142,757	Ps. (1,683,873)	Ps. 18,834,138

Expenses

Interest expense	Ps. (822,516)	Ps. (1,338,825)	Ps. (350,777)	Ps. (289,684)	Ps. (113,828)	Ps. (459,400)	Ps. (198,077)	Ps. 270,732	Ps. (3,302,375)
Net impairment loss on financial assets	(898,174)	(715,078)	(424,213)	(93,533)	(77,996)	(2,335)	—	9,704	(2,201,625)
Depreciations and amortizations	(123,687)	(229,869)	(61,757)	(48,950)	(33,228)	(4,615)	(4,677)	6,437	(500,346)
Expenses from commissions and fees	(204,744)	(55,337)	(58,131)	(28,878)	(95,776)	(6,812)	(2,771)	58,572	(393,877)
Costs and expenses of sales goods and services	(101,635)	—	(158,336)	—	—	(3,077,858)	10,438	(3,035)	(3,330,426)
Administrative Expenses	(638,435)	(1,047,446)	(349,674)	(365,465)	(195,881)	(49,190)	(172,044)	302,779	(2,515,356)
Income tax expense	(194,085)	(190,266)	(26,262)	(77,489)	(40,251)	(562,823)	(27,628)	(143)	(1,118,947)
Other expense	(525,224)	(1,039,938)	(241,017)	(218,030)	(136,208)	(96,768)	294,789	(342,189)	(2,304,585)
Total Expenses	(3,508,500)	(4,616,759)	(1,670,167)	(1,122,029)	(693,168)	(4,259,801)	(99,970)	302,857	(15,667,537)
Net income	Ps. 1,735,510	Ps. 816,380	Ps. 276,327	Ps. 196,174	Ps. 107,461	Ps. 1,372,978	Ps. 42,787	Ps. (1,381,016)	Ps. 3,166,601

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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(Amounts expressed in millions of Colombian pesos)

- (1) Includes Grupo Aval Holding, Grupo Aval Limited, ATH Negocio Conjunto and Aval Soluciones Digitales S.A. Negocio Conjunto.
(2) Income from contracts with customer for commission and fee, see note 15.
(3) Includes measurement of subsidiary Leasing Bogotá S.A. Panamá.

	<u>Banco de Bogotá S.A.</u>	<u>Leasing Bogotá S.A. Panamá</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco AV Villas S.A.</u>	<u>Corficolombiana S.A.</u>	⁽¹⁾ <u>Other segments</u>	<u>Eliminations</u>	<u>Total</u>
Revenue from contracts with customers ⁽²⁾	Ps. 1,264,148	Ps. 1,255,816	Ps. 350,250	Ps. 125,561	Ps. 142,657	Ps. 5,023,490	Ps. 88,341	Ps. (162,732)	Ps. 8,087,531
Timing of revenue recognition									
At a point in time	26,444	71,024	9,572	10,549	41,296	67,829	87,780	(50,577)	263,917
Over time	1,237,704	1,184,792	340,678	115,012	101,361	4,955,661	561	(112,155)	7,823,614

- (1) Includes Grupo Aval Holding, Grupo Aval Limited, ATH Negocio Conjunto and Aval Soluciones Digitales S.A. Negocio Conjunto.
(2) Income from contracts with customer for commission and fee, see note 15

Statement of Income for the six months ended June 30, 2020

	<u>Banco de Bogotá S.A.</u>	<u>Leasing Bogotá S.A. Panamá</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco AV Villas S.A.</u>	<u>Corficolombiana S.A.</u>	⁽¹⁾ <u>Other Segments</u>	<u>Eliminations</u>	<u>Total</u>
External Income									
Interest income	Ps. 3,001,218	Ps. 3,694,379	Ps. 1,537,454	Ps. 1,146,153	Ps. 692,398	Ps. 226,763	Ps. (951)	Ps. —	Ps. 10,297,414
Income from commissions and fees ⁽²⁾	1,104,767	1,172,493	195,702	115,910	126,182	39,813	48,222	—	2,803,089
Income from sales of goods and services ⁽²⁾	42,238	—	109,963	—	—	3,927,091	(87,400)	—	3,991,892
Share of profit of equity accounted investees, net of tax	1,400	—	297	1,857	607	103,140	529	—	107,830
Dividends	442	2,805	277	1,976	1,700	76,493	—	—	83,693
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	132,958	—	—	132,958
Net trading income	769,252	1,063	235,852	31,493	8,129	(38,235)	45	—	1,007,599
Other Income	(504,557)	380,044	(148,090)	15,334	23,696	2,569	88,385	—	(142,619)
	Ps. 4,414,760	Ps. 5,250,784	Ps. 1,931,455	Ps. 1,312,723	Ps. 852,712	Ps. 4,470,592	Ps. 48,830	Ps. —	Ps. 18,281,856

Intersegment Income

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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Statement of Income for the six months ended June 30, 2020

	Banco de Bogotá S.A.		Leasing Bogotá S.A. Panamá		Banco de Occidente S.A.		Banco Popular S.A.		Banco AV Villas S.A.		Corficolombiana S.A.		⁽¹⁾ Other Segments		Eliminations		Total	
	Ps.		Ps.		Ps.		Ps.		Ps.		Ps.		Ps.		Ps.		Ps.	
Interest income	Ps.	50,947	Ps.	1,186	Ps.	7,906	Ps.	8,245	Ps.	5,585	Ps.	32,234	Ps.	136	Ps.	(106,239)	Ps.	—
Income from commissions and fees		2,837		13		4,060		1,571		9,781		712		25,221		(44,195)		—
Income from sales of goods and services		644		—		—		—		—		1,774		(87,400)		84,982		—
Share of profit of equity accounted investees, net of tax		210,574		—		76,838		30,187		(973)		110		—		(316,736)		—
Participation in results of subsidiaries ⁽³⁾		683,193		—		—		—		—		—		—		(683,193)		—
Dividends		6,192		—		2,067		3,601		2,195		1,623		—		(15,678)		—
Net income from other financial instruments mandatory at fair value through profit or loss		—		—		—		—		—		—		—		—		—
Net trading income		3,358		—		243		(863)		—		543		—		(3,281)		—
Other Income		1,941		54		88,037		106		897		(655)		135,521		(225,901)		—
		959,686		1,253		179,151		42,847		17,485		36,341		73,478		(1,310,241)		—
Total income	Ps.	5,374,446	Ps.	5,252,037	Ps.	2,110,606	Ps.	1,355,570	Ps.	870,197	Ps.	4,506,933	Ps.	122,308	Ps.	(1,310,241)	Ps.	18,281,856
Expenses																		
Interest expense	Ps.	(1,376,991)	Ps.	(1,263,208)	Ps.	(623,208)	Ps.	(459,777)	Ps.	(202,513)	Ps.	(515,904)	Ps.	(200,516)	Ps.	223,777	Ps.	(4,418,340)
Net impairment loss on financial assets		(980,131)		(752,086)		(573,578)		(176,178)		(178,657)		(6,318)		—		806		(2,666,142)
Depreciations and amortizations		(135,084)		(212,674)		(55,002)		(41,405)		(33,317)		(4,478)		(4,665)		2,156		(484,469)
Expenses from commissions and fees		(181,068)		(56,331)		(47,374)		(28,426)		(76,487)		(6,133)		(1,756)		34,826		(362,749)
Costs and expenses of sales goods and services		(101,206)		—		(147,255)		—		—		(2,680,576)		11,696		(1,472)		(2,918,813)
Administrative Expenses		(698,779)		(954,148)		(329,667)		(317,812)		(189,067)		(42,937)		(152,588)		290,715		(2,394,283)
Income tax expense		(115,521)		(288,868)		64,346		(37,800)		(15,162)		(318,267)		(19,504)		(272)		(731,048)
Other expense		(573,123)		(1,041,529)		(281,637)		(203,972)		(127,460)		(51,353)		218,040		(258,162)		(2,319,196)
Total Expenses		(4,161,903)		(4,568,844)		(1,993,375)		(1,265,370)		(822,663)		(3,625,966)		(149,293)		292,374		(16,295,040)
Net income	Ps.	1,212,543	Ps.	683,193	Ps.	117,231	Ps.	90,200	Ps.	47,534	Ps.	880,967	Ps.	(26,985)	Ps.	(1,017,867)	Ps.	1,986,816

(1) Includes Grupo Aval Holding, Grupo Aval Limited, ATH Negocio Conjunto.

(2) Income from contracts with customer for commission and fee, see note 15.

(3) Includes measurement of subsidiary Leasing Bogotá S.A. Panamá.

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	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.	⁽¹⁾ Other segments	Eliminations	Total
Revenue from contracts with customers ⁽²⁾	Ps. 1,149,714	Ps. 1,172,506	Ps. 199,762	Ps. 117,480	Ps. 135,964	Ps. 3,724,778	Ps. 215,598	Ps. 79,179	Ps. 6,794,981
Timing of revenue recognition									
At a point in time	27,561	67,308	11,408	8,522	36,162	47,213	215,065	(173,611)	239,628
Over time	1,122,153	1,105,198	188,354	108,958	99,802	3,677,565	533	252,790	6,555,353

(1) Includes Grupo Aval Holding, Grupo Aval Limited, ATH Negocio Conjunto.

(2) Income from contracts with customer for commission and fee, see note 15

Reconciliation of net income, assets and liabilities of reportable operating segments

Main eliminations of total income, expenses, assets and liabilities between segments with the corresponding consolidated entries at the level of Grupo Aval are:

- Loans and financial obligations.
- Investments in term deposits and outstanding bonds of in other segments.
- Investments in subordinates elimination and record of non- controlling interests.
- Leases and commissions pay between entities of Grupo Aval.
- Expenses and incomes from commissions

18.2 Analysis of Revenues by Products and Services

Following table is the detail of the reportable Grupo Aval's revenues are analyzed by products and services, in the statement of income.

three-months ended on June 30, 2021	Country										Total income
	Colombia	Panamá	Costa Rica	Guatemala	Honduras	Nicaragua	El Salvador	Perú	Other countries ⁽¹⁾		
Interest income	Ps. 2,879,981	Ps. 560,432	Ps. 490,530	Ps. 291,613	Ps. 279,441	Ps. 94,425	Ps. 187,771	Ps. 5,052	Ps. 9,041	Ps. 4,798,286	
Income from commissions and fees	867,744	84,662	221,954	72,095	91,101	38,390	43,681	—	75,011	1,494,638	
Storage services	38,740	—	—	—	—	—	—	—	—	38,740	
Trust activities	81,543	—	—	—	—	—	—	—	—	81,543	
Pension and severance fund management	283,977	—	8,324	—	3,960	—	—	—	—	296,261	
Fees on credit cards	153,317	13,475	82,430	22,245	34,773	14,361	18,054	—	4,418	343,073	
Office network services	4,278	—	—	—	—	—	—	—	—	4,278	
Commissions on drafts, checks and checkbooks	5,623	100	—	—	—	—	—	—	—	5,723	
Other commissions	2,385	—	—	—	—	—	—	—	—	2,385	

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three-months ended on June 30, 2021	Country									
	Colombia	Panamá	Costa Rica	Guatemala	Honduras	Nicaragua	El Salvador	Perú	Other countries ⁽¹⁾	Total income
Commissions on banking services	297,881	71,087	131,200	49,850	52,368	24,029	25,627	—	70,593	722,635
Share of profit of equity accounted investees, net of tax	85,502	—	—	—	—	—	—	—	—	85,502
Dividends	(636)	1,372	—	126	625	—	—	—	—	1,487
Income from sales of goods and services	2,364,805	—	—	—	—	—	—	303,695	—	2,668,500
Energy and gas E&G	921,687	—	—	—	—	—	—	301,353	—	1,223,040
Infrastructure	1,256,155	—	—	—	—	—	—	—	—	1,256,155
Hotels	42,393	—	—	—	—	—	—	2,342	—	44,735
Agribusiness	51,704	—	—	—	—	—	—	—	—	51,704
Other Services	30,608	—	—	—	—	—	—	—	—	30,608
Other operating income	62,258	—	—	—	—	—	—	—	—	62,258
Other income	291,810	45,189	142,176	28,404	20,304	22,753	2,384	(1,361)	107	551,766
Total income	Ps. 6,489,206	Ps. 691,655	Ps. 854,660	Ps. 392,238	Ps. 391,471	Ps. 155,568	Ps. 233,836	Ps. 307,386	Ps. 84,159	Ps. 9,600,179

(1) United States, Virgin Islands, Bahamas and Barbados.

three-months ended on June 30, 2020	Country									
	Colombia	Panamá	Costa Rica	Guatemala	Honduras	Nicaragua	El Salvador	Perú	Other countries ⁽¹⁾	Total income
Interest income	Ps. 3,169,862	Ps. 447,258	Ps. 593,549	Ps. 346,434	Ps. 318,774	Ps. 102,983	Ps. 203,661	Ps. 3,649	Ps. 13,779	Ps. 5,199,949
Income from commissions and fees	738,737	51,391	231,534	62,867	75,773	39,510	44,419	—	24,023	1,268,254
Storage services	34,959	—	—	—	—	—	—	—	—	34,959
Trust activities	78,905	—	—	—	—	—	—	—	—	78,905
Pension and severance fund management	250,162	—	8,028	—	2,679	—	—	—	—	260,869
Fees on credit cards	131,021	8,090	76,592	13,962	19,646	11,548	12,600	—	4,126	277,585
Office network services	3,056	—	—	—	—	—	—	—	—	3,056
Commissions on drafts, checks and checkbooks	5,458	109	—	—	—	—	—	—	—	5,567
Other commissions	2,121	—	—	—	—	—	—	—	—	2,121
Commissions on banking services	233,055	43,192	146,914	48,905	53,448	27,962	31,819	—	19,897	605,192
Share of profit of equity accounted investees, net of tax	35,178	—	—	—	—	—	—	—	—	35,178
Dividends	6,162	1,060	—	751	215	—	—	—	—	8,188
Income from sales of goods and services	1,472,429	11	—	—	—	—	—	55,854	—	1,528,294
Energy and gas E&G	877,544	—	—	—	—	—	—	53,594	—	931,138
Infrastructure	498,630	—	—	—	—	—	—	—	—	498,630
Hotels	2,983	11	—	—	—	—	—	2,260	—	5,254
Agribusiness	35,031	—	—	—	—	—	—	—	—	35,031
Other Services	25,209	—	—	—	—	—	—	—	—	25,209
Other operating income	33,032	—	—	—	—	—	—	—	—	33,032
Other income	601,225	78,398	32,874	29,918	10,195	21,951	1,106	(641)	989	776,015
Total income	Ps. 6,023,593	Ps. 578,118	Ps. 857,957	Ps. 439,970	Ps. 404,957	Ps. 164,444	Ps. 249,186	Ps. 58,862	Ps. 38,791	Ps. 8,815,878

(1) United States, Virgin Islands, Bahamas and Barbados.

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For the six months ended June 30, 2021	Country										
	Colombia	Panamá	Costa Rica	Guatemala	Honduras	Nicaragua	El Salvador	Perú	Other countries ⁽¹⁾	Total income	
Interest income	Ps. 5,741,585	Ps. 1,097,630	Ps. 963,779	Ps. 580,835	Ps. 538,572	Ps. 183,711	Ps. 368,909	Ps. 10,083	Ps. 15,610	Ps. 9,500,714	
Income from commissions and fees	1,778,951	158,590	439,916	134,420	181,451	81,327	89,654	—	181,267	3,045,576	
Storage services	76,748	—	—	—	—	—	—	—	—	76,748	
Trust activities	170,136	—	—	—	—	—	—	—	—	170,136	
Pension and severance fund management	587,271	—	16,155	—	8,730	—	—	—	—	612,156	
Fees on credit cards	308,152	25,676	158,923	40,806	67,454	30,292	39,132	—	7,771	678,206	
Office network services	8,997	—	—	—	—	—	—	—	—	8,997	
Commissions on drafts, checks and checkbooks	11,976	210	—	—	—	—	—	—	—	12,186	
Other commissions	6,188	—	—	—	—	—	—	—	—	6,188	
Commissions on banking services	609,483	132,704	264,838	93,614	105,267	51,035	50,522	—	173,496	1,480,959	
Share of profit of equity accounted investees, net of tax	146,087	—	—	—	—	—	—	—	—	146,087	
Dividends	99,701	3,336	—	1,113	795	—	—	—	—	104,945	
Income from sales of goods and services	4,598,004	—	—	—	—	—	—	443,951	—	5,041,955	
Energy and gas E&G	1,821,263	—	—	—	—	—	—	439,693	—	2,260,956	
Infrastructure	2,400,826	—	—	—	—	—	—	—	—	2,400,826	
Hotels	88,410	—	—	—	—	—	—	4,258	—	92,668	
Agribusiness	96,363	—	—	—	—	—	—	—	—	96,363	
Other Services	63,378	—	—	—	—	—	—	—	—	63,378	
Other operating income	127,764	—	—	—	—	—	—	—	—	127,764	
Other income	478,296	135,243	230,229	59,200	41,851	45,481	3,843	(1,306)	2,024	994,861	
Total income	Ps. 12,842,624	Ps. 1,394,799	Ps. 1,633,924	Ps. 775,568	Ps. 762,669	Ps. 310,519	Ps. 462,406	Ps. 452,728	Ps. 198,901	Ps. 18,834,138	

(1) United States, Virgin Islands, Bahamas and Barbados.

For the six months ended June 30, 2020	Country										
	Colombia	Panamá	Costa Rica	Guatemala	Honduras	Nicaragua	El Salvador	Perú	Other countries ⁽¹⁾	Total income	
Interest income	Ps. 6,455,492	Ps. 809,434	Ps. 1,155,382	Ps. 652,853	Ps. 596,515	Ps. 200,529	Ps. 389,926	Ps. 6,242	Ps. 31,041	Ps. 10,297,414	
Income from commissions and fees	1,623,587	134,013	535,123	137,354	159,884	82,635	96,728	—	33,765	2,803,089	
Storage services	71,663	—	—	—	—	—	—	—	—	71,663	
Trust activities	160,274	—	—	—	—	—	—	—	—	160,274	
Pension and severance fund management	547,047	—	15,645	—	5,918	—	—	—	—	568,610	
Fees on credit cards	278,740	14,047	175,743	26,946	42,108	24,861	26,913	—	9,862	599,220	
Office network services	8,942	—	—	—	—	—	—	—	—	8,942	
Commissions on drafts, checks and checkbooks	16,247	221	—	—	—	—	—	—	—	16,468	
Other commissions	4,745	—	—	—	—	—	—	—	—	4,745	
Commissions on banking services	535,929	119,745	343,735	110,408	111,858	57,774	69,815	—	23,903	1,373,167	
Share of profit of equity accounted investees, net of tax	107,830	—	—	—	—	—	—	—	—	107,830	
Dividends	80,888	1,350	—	751	704	—	—	—	—	83,693	

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For the six months ended June 30, 2020	Country									Total income
	Colombia	Panamá	Costa Rica	Guatemala	Honduras	Nicaragua	El Salvador	Perú	Other countries ⁽¹⁾	
Income from sales of goods and services	3,816,580	170	—	—	—	—	—	175,142	—	3,991,892
Energy and gas E&G	1,885,067	—	—	—	—	—	—	169,623	—	2,054,690
Infrastructure	1,645,618	—	—	—	—	—	—	—	—	1,645,618
Hotels	82,847	170	—	—	—	—	—	5,519	—	88,536
Agribusiness	63,778	—	—	—	—	—	—	—	—	63,778
Other Services	58,810	—	—	—	—	—	—	—	—	58,810
Other operating income	80,460	—	—	—	—	—	—	—	—	80,460
Other income	606,573	75,260	171,790	66,846	26,439	44,662	4,612	(1,624)	3,380	997,938
Total income	Ps. 12,690,950	Ps. 1,020,227	Ps. 1,862,295	Ps. 857,804	Ps. 783,542	Ps. 327,826	Ps. 491,266	Ps. 179,760	Ps. 68,186	Ps. 18,281,856

1. United States, Virgin Islands, Bahamas and Barbados.

NOTA 19 – TRANSFERS OF FINANCIAL ASSETS

Grupo Aval and its subsidiaries enter into transactions in the normal course of business by which it transfers financial assets to third parties. Depending on the circumstances, these transfers may either result in these financial assets being derecognized or continuing to be recognized in Grupo Aval's financial statements.

A. Transferred financial assets not qualifying for full derecognition

i. Sale and repurchase agreements

The debt securities of financial investments at fair value through profit or loss that are being used as guarantees in repurchase transactions amounted to Ps. 2,278,394 as of June 30, 2021 and Ps. 1,451,572 as of December 31, 2020; the financial assets at amortized cost that are being used as guarantees in repurchase transactions amounted to Ps. 834,586 as of June 30, 2021 and Ps. 825,407 as of December 31, 2020 and the debt securities of financial investments at fair value through OCI that are being used as guarantees in repurchase transactions amounted to Ps. 7,335,733 as of June 30, 2021 and Ps. 5,727,908 as of December 31, 2020.

ii. Securities lending

As of June 30, 2021, and as of December 31, 2020, Grupo Aval has not recorded securities lending.

B. Transfer of financial assets that are derecognized in their entirety

I. Securitizations

As of June 30, 2021, and as of December 31, 2020, Grupo Aval has not transferred financial assets to special purpose vehicles.

NOTE 20 – UNCONSOLIDATED STRUCTURED ENTITIES

The table below shows the total assets of unconsolidated structured entities in which Grupo Aval had an interest at the reporting date and its maximum exposure to loss in relation to those interests:

June 30, 2021	Securitizations	Grupo Aval's managed funds	Total
Grupo Aval's interest-assets			
Investments at fair value through profit or loss	Ps. 5,954	Ps. 5,213,325	Ps. 5,219,279
Other account receivables	—	31,521	31,521
Total assets in relation to the Grupo Aval's interests in the unconsolidated structured entities	5,954	5,244,846	5,250,800
Grupo Aval's maximum exposure	Ps. 5,954	Ps. 5,244,846	Ps. 5,250,800

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NOTE 21 – RELATED PARTIES

Balances as of June 30, 2021 and December 31, 2020 with related parties, are detailed in the following tables:

	June 30, 2021								
	Individuals				Entity				
	Individuals with control over Grupo Aval	Key management personnel			Associates and joint ventures	Entities controlled by individuals		Entities with significant influence by individuals	
Assets									
Financial assets in investments	—	—			1,115,467		—		—
Financial assets in credit operations	11,782	7,465			517,678		1,554,771		124,075
Accounts receivable	30	7			140,083		39,016		11
Other assets	—	—			10,297		2,367		—
Liabilities									
Deposits	Ps. 325,992	Ps. 25,644			Ps. 112,391		Ps. 1,857,239		Ps. 11,267
Accounts payables	1,600	625			26,191		1,303,803		—
Financial obligations	1	9			—		—		—
Others liabilities	—	—			6,867		95		—

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	December 31, 2020						Entity			
	Individuals		Key management personnel				Associates and joint ventures		Entities controlled by individuals	
	Individuals with control over Grupo Aval									
Assets										
Financial assets in investments	—		—		1,043,666		—		—	
Financial assets in credit operations	5,916		7,355		569,718		1,604,776		135,531	
Accounts receivable	9		21		7,301		29,354		12	
Other assets	34		—		3,207		7,313		167	
Liabilities										
Deposits	Ps.	300,093	Ps.	27,058	Ps.	117,815	Ps.	1,796,235	Ps.	9,219
Accounts payables	689		351		5,194		695,671		10	
Financial obligations	—		8		—		—		—	
Others liabilities	—		—		2,575		350		—	

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	For the six - months ended June 30, 2021				
	Individuals		Entity		
	Individuals with control over Grupo Aval	Key management personnel	Associates and joint ventures	Entities controlled by individuals	Entities with significant influence by individuals
Interest income	Ps. 101	Ps. 229	Ps. 8,991	Ps. 30,215	Ps. 3,824
Fee income and commissions	3	22	12,308	52,182	3
Leases	—	—	728	79	—
Other income	4	7	169,028	7,737	5
Financial expenses	(794)	(241)	(429)	(12,792)	(59)
Fee expenses and commissions	(2)	(891)	(14,850)	(762)	(268)
Operating expenses	—	(4,263)	(140)	(1,334)	—
Other expenses	—	(1,289)	(34,239)	(19,713)	—

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	For the six - months ended June 30, 2020									
	Individuals				Entity					
	Individuals with control over Grupo Aval		Key management personnel		Associates and joint ventures		Entities controlled by individuals		Entities with significant influence by individuals	
	Ps.		Ps.			Ps.		Ps.		Ps.
Interest income		106		285		15,223		65,029		4,198
Fee income and commissions		2		24		14,235		50,854		2
Leases		—		—		22		92		—
Other income		1		3		136,868		5,807		8
Financial expenses		(1,382)		(411)		(721)		(17,817)		(31)
Fee expenses and commissions		(2)		(840)		(10,362)		(1,287)		(70)
Operating expenses		—		(4,023)		(120)		(1,752)		—
Other expenses		3		(889)		(33,194)		(24,967)		—

	For the three - months ended June 30, 2021									
	Individuals				Entity					
	Individuals with control over Grupo Aval		Key management personnel		Associates and joint ventures		Entities controlled by individuals		Entities with significant influence by individuals	
	Ps.		Ps.			Ps.		Ps.		Ps.
Interest income		66		102		4,406		13,963		1,884
Fee income and commissions		2		10		5,262		26,479		1
Leases		—		—		364		76		—
Other income		2		3		86,072		5,600		(11)
Financial expenses		(50)		(88)		(250)		(6,534)		(53)
Fee expenses and commissions		(1)		(423)		(7,396)		(461)		(253)
Operating expenses		—		(2,128)		(70)		(759)		—
Other expenses		—		(621)		(17,560)		(9,226)		—

Grupo Aval Acciones y Valores S.A. and Subsidiaries
Notes to the Condensed Consolidated Financial Statements
(Amounts expressed in millions of Colombian pesos)

	For the three - months ended June 30, 2020									
	Individuals					Entity				
	Individuals with control over Grupo Aval		Key management personnel			Associates and joint ventures		Entities controlled by individuals		Entities with significant influence by individuals
Interest income	Ps.	52	Ps.	146	Ps.	7,633	Ps.	41,823	Ps.	2,113
Fee income and commissions		—		12		6,790		26,351		1
Leases		—		—		11		20		—
Other income		—		(7)		48,301		3,385		8
Financial expenses		71		(141)		(447)		(10,592)		(26)
Fee expenses and commissions		(1)		(519)		(5,080)		(696)		(30)
Operating expenses		4		(1,966)		(120)		(875)		—
Other expenses		—		(446)		(24,965)		(16,113)		—

Compensation of key management personnel

The compensation received by the key personnel of the management comprises the following:

	Three-months ended in				Six-months ended in			
	June 30, 2021		June 30, 2020		June 30, 2021		June 30, 2020	
Salaries	Ps.	9,017	Ps.	9,095	Ps.	17,666	Ps.	18,113
Short term benefits for employees		1,036		463		6,529		1,500
Long term benefits for employees		79		321		205		521
Fee		374		581		739		1,049
Total	Ps.	10,506	Ps.	10,460	Ps.	25,139	Ps.	21,183

NOTE 22 SUBSEQUENT EVENTS

On July 28, 2021, Grupo Aval Acciones y Valores S.A. (“Grupo Aval”) signed a shareholders agreement between Grupo Aval, Banco de Bogotá, Banco de Occidente, Fiduciaria Bogotá and Fiduciaria de Occidente, as a result of which Grupo Aval has become the direct controlling entity of Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. (“Porvenir”).

The execution of the aforementioned agreement does not imply any change in the share ownership of parties of the shareholder’s agreement or any modification of the beneficial ownership of Porvenir, nor does it imply financial effects for Grupo Aval in its consolidated financial statements.