

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

	Notes	September 30, 2022	December 31, 2021
Assets			
Cash and cash equivalents	Ps.	18,013,903 Ps.	36,642,829
Trading assets		11,870,882	10,986,770
Investment securities		32,175,027	44,664,373
Hedging derivative assets	4	56,558	44,248
Loans, net	4	168,343,631	220,297,825
Other accounts receivable, net		22,142,486	19,027,205
Non-current assets held for sale		137,629	208,426
Investments in associates and joint ventures	6	5,493,734	1,172,829
Tangible assets	7	7,125,922	9,100,553
Concessions	8	12,686,794	11,098,116
Goodwill	9	2,250,893	8,486,560
Other Intangibles		1,851,404	1,886,042
Income tax assets		3,205,593	2,607,673
Other assets		541,773	680,476
Total assets	Ps.	285,896,229 Ps.	366,903,925
Liabilities and equity			
Liabilities			
Trading liabilities	4 Ps.	2,295,807 Ps.	1,049,910
Hedging derivative liabilities	4	4,896	55,813
Customer deposits	4	166,533,182	234,470,421
Financial obligations	4	70,320,415	73,282,326
Provisions	11	1,085,465	1,150,261
Income tax liabilities		4,952,690	4,714,714
Employee benefits	12	976,035	1,163,076
Other liabilities	13	8,589,622	11,545,757
Total liabilities	Ps.	254,758,112 Ps.	327,432,278
Equity			
Owners of the parent:			
Subscribed and paid-in capital	Ps.	23,744 Ps.	22,281
Additional paid-in capital		9,559,454	8,490,799
Retained earnings		8,351,532	13,383,391
Other comprehensive income		(1,172,828)	1,117,182
Equity attributable to owners of the parent		16,761,902	23,013,653
Non-controlling interest		14,376,214	16,457,994
Total equity		31,138,116	39,471,647
Total liabilities and equity	Ps.	285,896,228 Ps.	366,903,925

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 September 30,		For the nine-months periods ended September 30,	
		2022	2021	2022	2021
Continuing operations					
Interest income		Ps. 5,212,993	Ps. 3,214,880	Ps. 13,259,458	Ps. 9,471,050
Interest expense		(3,294,506)	(1,169,375)	(7,286,005)	(3,348,014)
Net interest income		1,918,487	2,045,505	5,973,453	6,123,036
Net impairment loss on financial assets		(577,893)	(485,726)	(1,840,115)	(2,075,726)
Net interest income, after impairment losses		1,340,594	1,559,779	4,133,338	4,047,310
Income from commissions and fees		977,114	960,117	2,885,007	2,789,896
Expenses from commissions and fees		(230,389)	(188,260)	(730,913)	(530,698)
Net income from commissions and fees	16	746,725	771,857	2,154,094	2,259,198
Income from sales of goods and services		3,041,104	2,520,678	8,940,595	7,562,633
Costs and expenses of sales goods and services		(1,875,536)	(1,809,837)	(5,313,633)	(5,140,263)
Net income from sales of goods and services	16	1,165,568	710,841	3,626,962	2,422,370
Net trading income	17	756,430	239,561	950,577	691,618
Net income from other financial instruments mandatorily at fair value through profit or loss		68,207	62,818	210,544	207,276
Other income	18	(725,205)	117,192	(322,590)	336,793
Other expenses	18	(1,874,725)	(1,636,171)	(5,308,764)	(4,826,343)
Net income before tax expense		1,477,594	1,825,877	5,444,161	5,138,222
Income tax expense		(547,826)	(1,011,701)	(1,745,067)	(1,944,054)
Net income from continuing operations		Ps. 929,768	Ps. 814,176	Ps. 3,699,094	Ps. 3,194,168
Discontinued operations					
Net income from discontinued operations	1.1, 1.2	Ps. -	Ps. 396,085	Ps. 1,597,512	Ps. 1,182,694
Net income		Ps. 929,768	Ps. 1,210,261	Ps. 5,296,606	Ps. 4,376,862
Net income attributable to owners of the parent					
Net income for the period from continuing operations		408,104	507,476	1,715,223	1,708,040
Net income for the period from discontinued operations	1.1.	-	272,255	1,098,073	812,942
Owners of the parent		Ps. 408,104	Ps. 779,731	Ps. 2,813,296	Ps. 2,520,982
Net income attributable to non-controlling interests					
Net income for the period from continuing operations		521,664	306,700	1,983,871	1,486,128
Net income for the period from discontinued operations	1.1.	-	123,830	499,439	369,752
Non-controlling interests		Ps. 521,664	Ps. 430,530	Ps. 2,483,310	Ps. 1,855,880
Net Income		Ps. 929,768	Ps. 1,210,261	Ps. 5,296,606	Ps. 4,376,862
Net income per share basic and diluted (in Colombian pesos)	14	Ps. 17.19	Ps. 35.00	Ps. 122.64	Ps. 113.14

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 September 30,		For the nine-months periods ended September 30,	
		2022	2021	2022	2021
Net income		Ps. 929,768	Ps. 1,210,261	Ps. 5,296,606	Ps. 4,376,862
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	745,633	334,377	(6,086,883)	1,845,843
Hedging derivative instrument	5	(282)	(56,951)	4,051,547	(284,460)
Hedging non-derivative instrument	5	(628,067)	(161,021)	1,961,299	(891,253)
Cash flow hedges		(84)	1,475	(4,326)	729
Foreign currency translation differences from unhedged foreign operations		132,908	(80,233)	1,279,520	(85,592)
Investments in associates and joint ventures		75,081	(11,545)	(53,346)	(10,195)
Unrealized (losses) gains on securities at FVOCI		(485,639)	(253,141)	(2,398,931)	(786,981)
Income tax		295,770	359,423	(1,731,808)	771,715
Total, items that may be reclassified to profit or loss		Ps. 135,320	Ps. 132,384	Ps. (2,982,928)	Ps. 559,806
Items that will not be reclassified to profit or loss					
Revaluation investment properties		598	(1,123)	797	2,210
(Losses) unrealized on equity securities at FVOCI		(78,640)	93,412	(361,586)	48,394
Actuarial (losses) gains from defined benefit pension plans		(83)	743	80,326	12,447
Income tax		(707)	4,036	(31,952)	(12,795)
Total, items that will not be reclassified to profit or loss		Ps. (78,832)	Ps. 97,068	Ps. (312,415)	Ps. 50,256
Total other comprehensive income, net of taxes		56,488	229,452	(3,295,343)	610,062
Total comprehensive income		Ps. 986,256	Ps. 1,439,713	Ps. 2,001,263	Ps. 4,986,924
Total comprehensive income for the periods attributable to:					
Owners of the Group		370,215	875,581	523,871	2,858,609
Non-controlling interest		616,041	564,132	1,477,392	2,128,315
		Ps. 986,256	Ps. 1,439,713	Ps. 2,001,263	Ps. 4,986,924

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 nine-month periods ended September 30, 2022 and 2021
(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, 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		—		—		—		—		—		138		138
Dividends declared		—		—		(1,203,175)		—		(1,203,175)		(838,028)		(2,041,203)
Equity transactions		—		19,929		—		—		19,929		(19,929)		—
Preferred shares		—		—		(1,242)		—		(1,242)		(308)		(1,550)
Effect of realization of equity instruments		—		—		6,699		—		6,699		4,378		11,077
Other comprehensive income ⁽¹⁾		—		—		—		337,627		337,627		272,435		610,062
Withholding Tax over dividends		—		—		725		—		725		5,149		5,874
Net income		—		—		2,520,982		—		2,520,982		1,855,880		4,376,862
Balance at September 30, 2021	Ps.	<u>22,281</u>	Ps.	<u>8,490,799</u>	Ps.	<u>12,626,123</u>	Ps.	<u>1,199,640</u>	Ps.	<u>22,338,843</u>	Ps.	<u>16,061,974</u>	Ps.	<u>38,400,817</u>
	Ps.		Ps.		Ps.		Ps.		Ps.		Ps.		Ps.	
Balance at December 31, 2021	Ps.	<u>22,281</u>	Ps.	<u>8,490,799</u>	Ps.	<u>13,383,391</u>	Ps.	<u>1,117,182</u>	Ps.	<u>23,013,653</u>	Ps.	<u>16,457,994</u>	Ps.	<u>39,471,647</u>
Issuance of shares		1,463		1,082,307		—		—		1,083,770		572,131		1,655,901
Dividends declared in shared ⁽¹⁾		—		—		(1,083,770)		—		(1,083,770)		(572,007)		(1,655,777)
Dividends declared in cash		—		—		(119,405)		—		(119,405)		(550,390)		(669,795)
Equity transactions ⁽¹⁾		—		(9,012)		—		—		(9,012)		9,012		—
Spin Off ⁽²⁾		—		—		(6,638,961)		—		(6,638,961)		(3,019,613)		(9,658,574)
Liquidation		—		—		(422)		—		(422)		(379)		(801)
Effect of realization of equity instruments ⁽³⁾		—		—		(5,432)		—		(5,432)		(2,368)		(7,800)
Other comprehensive income ⁽⁴⁾		—		—		—		(2,289,425)		(2,289,425)		(1,005,918)		(3,295,343)
Withholding Tax over dividends		—		—		2,250		—		2,250		(197)		2,053
Net income		—		—		2,813,296		—		2,813,296		2,483,310		5,296,606
Balance at September 30, 2022	Ps.	<u>23,744</u>	Ps.	<u>9,564,094</u>	Ps.	<u>8,350,947</u>	Ps.	<u>(1,172,243)</u>	Ps.	<u>16,766,542</u>	Ps.	<u>14,371,575</u>	Ps.	<u>31,138,117</u>

(1) See note 14

(2) See note 1.1.

(3) Part of the realization of ORI is detailed in the effect of Spin-off. See note 1.1.

(4) See note 1.2

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 nine-month periods ended September 30, 2022 and 2021
(Amounts expressed in millions of Colombian pesos)

	Notes	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Cash flows from operating activities:			
Net income before income tax included discontinued operations	Ps.	7,041,673	Ps. 6,643,618
Reconciliation of net income before taxes and net cash provided by operating activities:			
Depreciation and amortization	16-18	804,734	1,074,962
Impairment losses of loans and receivables, net	4-16	2,315,825	3,390,871
Net income in concession agreements		(3,919,697)	(3,061,960)
Net interest income		(5,973,453)	(9,445,048)
Sales of non-current assets held for sale, net		(8,032)	(26,997)
Gain on sales of tangible assets		(25,990)	(33,838)
Foreign exchange losses		1,285,238	(2,677)
Share of profit of equity accounted investees, net of tax	18	(488,670)	(223,217)
Dividends caused	18	(110,737)	(155,543)
Gains on discontinued operations	1.1	(1,597,512)	—
Fair value adjustments on:			
Derivative financial instruments	17	(1,122,527)	(629,012)
Non-current assets held for sale		6	4,385
Investment property		(22,214)	(8,154)
Biological assets		(24,761)	(13,120)
Changes in operating assets and liabilities:			
Derivative financial instruments		1,041,740	175,443
Trading assets		597,080	16,047
Accounts receivable		(824,721)	(196,033)
Other assets		30,350	(458,473)
Other liabilities and provisions		(505,006)	(261,761)
Employee benefit		78,865	147,099
Loan portfolio		(18,213,120)	(9,616,391)
Customer deposits		13,829,890	2,067,142
Interbank borrowings and overnight funds		859,219	7,770,696
Borrowings from development entities		24,226	183
Borrowings from banks		5,479,283	(476,444)
Interest received		11,728,385	14,259,682
Interest paid		(6,804,819)	(5,436,337)
Lease interest		(109,324)	(126,206)
Income tax payments		(1,427,741)	(1,541,697)
Net cash provided by operating activities	Ps.	<u>3,938,190</u>	Ps. <u>3,837,220</u>
Cash flows from investing activities:			
Purchases of amortized cost financial assets	Ps.	(5,217,602)	Ps. (3,800,277)
Redemptions of amortized cost financial assets		4,954,061	4,461,306
Purchases of FVOCI		(6,874,598)	(35,520,554)
Proceeds from sales of FVOCI		8,943,576	31,003,243
Acquisition of associates investment and joint ventures		(5,333)	(4,549)
Purchases tangible assets		(315,887)	(366,798)
Proceeds from sales of property, plant and equipment		144,680	140,791
Proceeds from sales of non-current assets held for sale		26,588	62,065
Additions of concession arrangement rights		76,233	(382,689)
Additions of other intangible assets		(347,518)	(377,825)
Dividends received		414,454	361,835
Decrease to deconsolidation of subsidiaries	1.1	(17,570,390)	—
Net cash used in provided by investing activities	Ps.	<u>(15,771,736)</u>	Ps. <u>(4,423,452)</u>
Cash flows from financing activities:			
Dividends paid to shareholders	Ps.	(412,378)	Ps. (930,580)
Dividends paid to non-controlling interest		(478,227)	(616,712)
Issuance of debt securities		558,775	1,721,856
Payment of outstanding debt securities		(5,568,959)	(1,081,745)
Leases		(282,041)	(361,655)
Issuance of shares		123	138
Net cash used by financing activities	Ps.	<u>(6,182,707)</u>	Ps. <u>(1,268,698)</u>
Effect of foreign currency changes on cash and equivalents		<u>780,929</u>	<u>3,721,813</u>
Decrease in cash and cash equivalents in joint operations	1.1	<u>(1,393,602)</u>	<u>—</u>
Increase (decrease) in cash and cash equivalents		<u>(18,628,926)</u>	<u>1,866,883</u>
Cash and cash equivalents at beginning of period	Ps.	<u>36,642,829</u>	Ps. <u>34,025,535</u>
Cash and cash equivalents at end of period	Ps.	<u>18,013,903</u>	Ps. <u>35,892,418</u>

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 SPIN-OFF BAC Holding International Corp. (BAC Holding)

As of March 30, 2022, Grupo Aval completed the spin-off process that caused the loss of control of the company BAC Holding, which consisted in the fact that through the subsidiary Banco de Bogotá, which had a direct participation in BAC Holding of 100%, spin off 75% of it in favor of Grupo Aval shareholders.

The equity effects recognized in the consolidated financial statement as a result of the spin-off of BAC Holding International Corp. as of March 31, 2022, are detailed below.

Spin-off recorded values	Value
Equity value of BAC Holding as of March 31, 2022	Ps. 12,878,099
Spin-off percentage	75.00%
Spin-off value	Ps. 9,658,574
Percentage of Grupo Aval over BAC Holding	68.74%
Effect of the spin-off by owners of the parent	Ps. (6,638,961)
Effect of the spin-off by non-controlling interest	Ps. (3,019,613)

The derecognition to book values of the assets and liabilities of BAC Holding, spun off as of March 31, 2022, is detailed below.

Assets	
Cash and cash equivalents	Ps. 17,570,390
Trading assets	158,850
Investment securities	14,286,296
Loans, net	69,778,334
Other accounts receivable, net	915,840
Non-current assets held for sale	63,957
Tangible assets	1,899,743
Goodwill	5,902,410
Other Intangibles	196,106
Income tax assets	227,872
Other assets	186,034
Total assets	Ps. 111,185,832

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

Liabilities and equity

Liabilities		
Trading liabilities	Ps.	904
Customer deposits		83,778,961
Financial obligations		10,938,587
Provisions		39,670
Income tax liabilities		481,239
Employee benefits		246,186
Other liabilities		2,820,225
Total liabilities	Ps.	98,305,772
Owners of the parent:		
Equity attributable to owners of the parent		12,878,099
Non-controlling interest		1,961
Total equity		12,880,060
Total liabilities and equity	Ps.	111,185,832

Income Statement of discontinued operations

The following is the detail of the Income Statement of discontinued operations for the three-month period ended March 31:

	<u>2022</u>
Interest income	Ps. 1,849,420
Interest expense	(554,086)
Net interest income	1,295,334
Net impairment loss on financial assets	(267,776)
Net interest income, after impairment losses	1,027,558
Income from commissions and fees	753,523
Expenses from commissions and fees	(30,396)
Net income from commissions and fees	723,127
Net trading income	953
Other income	291,413
Other expenses	(1,274,057)
Net income before tax expense	768,994
Income tax expense	(224,104)
Net income from discontinued operations of BAC	Ps. 544,890
Items that are be reclassified to profit or loss	1,052,622
Net income from discontinued operations due to deconsolidation	1,052,622
Net income from discontinued operations	1,597,512
Owners of the parent	1,098,073
Non-controlling interests	499,439
Net income from discontinued operations	1,597,512
Net income per share basic and diluted (in Colombian pesos)	46.25

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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The following is the detail of the Income Statement of discontinued operations for the three-month period ended September 30:

		2021
Interest income	Ps.	1,758,637
Interest expense		(557,433)
Net interest income		1,201,204
Net impairment loss on financial assets		(339,996)
Net interest income, after impairment losses		861,208
Income from commissions and fees		674,865
Expenses from commissions and fees		(26,996)
Net income from commissions and fees		647,869
Net trading income		3,642
Other income		216,524
Other expenses		(1,197,049)
Net income before tax expense		532,195
Income tax expense		(136,109)
Net income from discontinued operations of BAC	Ps.	396,085
Items that are be reclassified to profit or loss		—
Fair Value of the remaining 25% of BAC as associate		—
Net income from discontinued operations due to deconsolidation		-
Net income from discontinued operations		396,085
Owners of the parent		272,255
Non-controlling interests		123,830
Net income from discontinued operations		396,085
Net income per share basic and diluted (in Colombian pesos)		12.22

The following is the detail of the Income Statement of discontinued operations for the nine-month period ended September 30:

		2021
Interest income	Ps.	5,003,181
Interest expense		(1,681,169)
Net interest income		3,322,012
Net impairment loss on financial assets		(951,622)
Net interest income, after impairment losses		2,370,390
Income from commissions and fees		1,890,662
Expenses from commissions and fees		(78,434)
Net income from commissions and fees		1,812,228
Net trading income		18,243
Other income		631,699
Other expenses		(3,327,164)
Net income before tax expense		1,505,397
Income tax expense		(322,702)
Net income from discontinued operations of BAC	Ps.	1,182,694

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Items that are be reclassified to profit or loss	—
Fair Value of the remaining 25% of BAC as associate	—
Net income from discontinued operations due to deconsolidation	-
Net income from discontinued operations	1,182,694
Owners of the parent	812,942
Non-controlling interests	369,752
Net income from discontinued operations	1,182,694
Net income per share basic and diluted (in Colombian pesos)	36.49

Statement of Cash Flows of the discontinued operation

The following is the detail of the Cash Flow Statement of discontinued operations as of March 31:

	2022
Net income before tax expense	Ps. 768,994
Effect of realization OCI to income	-
Net income before tax expense	Ps. 768,994
Changes in operating assets and liabilities	1,948,687
Net cash provided by operating activities	2,717,681
Net cash used in provided by investing activities	(2,093,303)
Net cash used by financing activities	(594,581)
Effect of foreign currency changes on cash and equivalents	(1,423,399)
Decrease in cash and cash equivalents	(1,393,602)
Cash and cash equivalents at beginning of period	Ps. 18,963,992
Cash and cash equivalents at end of period	Ps. 17,570,390

The following is the detail of the Cash Flow Statement of discontinued operations as of September 30:

	2021
Net income before tax expense	Ps. 1,505,397
Effect of realization OCI to income	-
Net income before tax expense	Ps. 768,994
Changes in operating assets and liabilities	2,975,834
Net cash provided by operating activities	4,481,231
Net cash used in provided by investing activities	(1,683,560)
Net cash used by financing activities	(2,950,607)
Effect of foreign currency changes on cash and equivalents	(807,311)
Decrease in cash and cash equivalents	(960,247)
Cash and cash equivalents at beginning of period	Ps. 18,125,394
Cash and cash equivalents at end of period	Ps. 17,165,147

NOTE – 1.2 EFFECT DUE TO LOSS OF CONTROL IN BAC HOLDING

The following is the effect of the realization of Other Comprehensive Income a result of the loss of control of the subsidiary BAC Holding as of March 31, 2022:

Items made from the Other Comprehensive Income account to the Income Statement	Value
Foreign currency translation differences from hedged foreign operations	(6,543,174)
Hedging derivative instrument	4,013,210
Hedging non-derivative instrument	2,761,144
Foreign currency translation differences from unhedged foreign operations	1,259,120
Losses gains on securities at FVOCI	(99,074)
Income tax	(2,443,848)
Total realizations of Other Comprehensive Income to the Income Statement	Ps. 1,052,622
Percentage of Grupo Aval over BAC Holding	68.74%
Attributable to owners of the parent	Ps. 723,535
Attributable to non-controlling interest	Ps. 329,087
Total realizations of Other Comprehensive Income to retained earnings	Ps. (7,735)
Percentage of Grupo Aval over BAC Holding	68.74%
Attributable to owners of the parent	Ps. (5,317)
Attributable to non-controlling interest	Ps. (2,418)

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 and the other amending decrees 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, 2021. 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, 2021.

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.

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:

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

September 30, 2022

	Carrying Value	Fair Value				Total
		Level 1	Level 2	Level 3		
ASSETS						
Trading investment						
Securities issued or secured by Colombian Government	Ps. 2,730,964	Ps. 2,475,121	Ps. 255,843	Ps. —	Ps. 2,730,964	
Securities issued or secured by other entities of the Colombian Government	183,196	—	183,196	—	183,196	
Securities issued or secured by foreign Government	61,462	—	61,462	—	61,462	
Securities issued or secured by other financial entities	1,068,539	—	1,068,539	—	1,068,539	
Securities issued or secured by entities of the Non-financial sector	11,390	—	11,390	—	11,390	
Other	25,901	—	25,901	—	25,901	
Total trading investment	Ps. 4,081,452	Ps. 2,475,121	Ps. 1,606,331	Ps. —	Ps. 4,081,452	
Investments in debt securities at fair value through profit or loss						
Other	—	—	—	—	—	
Total investments in debt securities at fair value through profit or loss	Ps. 4,081,452	Ps. 2,475,121	Ps. 1,606,331	Ps. —	Ps. 4,081,452	
Investments at fair value through OCI						
Securities issued or secured by Colombian Government	15,133,376	12,215,106	2,918,270	—	15,133,376	
Securities issued or secured by other entities of the Colombian Government	747,544	415,862	331,682	—	747,544	
Securities issued or secured by foreign Government	2,998,978	1,339,039	1,659,939	—	2,998,978	
Securities issued or secured by central banks	168,472	—	168,472	—	168,472	
Securities issued or secured by other financial entities	2,048,562	—	1,654,665	393,897	2,048,562	
Securities issued or secured by entities of the non-financial sector	48,904	—	48,904	—	48,904	
Other	809,884	1,546	808,338	—	809,884	
Total investments at fair value through OCI	Ps. 21,955,720	Ps. 13,971,553	Ps. 7,590,270	Ps. 393,897	Ps. 21,955,720	
Total investments in debt securities	Ps. 26,037,172	Ps. 16,446,674	Ps. 9,196,601	Ps. 393,897	Ps. 26,037,172	
Investments in equity securities						
Trading equity securities	5,317,797	2,352	3,961,742	1,353,703	5,317,797	
Investments in equity through OCI	1,034,335	961,949	300	72,086	1,034,335	
Total investments in equity securities	Ps. 6,352,132	Ps. 964,301	Ps. 3,962,042	Ps. 1,425,789	Ps. 6,352,132	
Held for trading Derivatives						
Currency Forward	1,632,040	—	1,632,040	—	1,632,040	
Bond Forward	12,949	—	12,949	—	12,949	
Interest Rate Swap	576,627	—	576,627	—	576,627	
Currency Swap	107,398	—	107,398	—	107,398	
Currency Options	142,619	—	142,619	—	142,619	
Total held for trading derivatives	Ps. 2,471,633	Ps. —	Ps. 2,471,633	Ps. —	Ps. 2,471,633	

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

	Carrying Value	Fair Value				Total
		Level 1	Level 2	Level 3		
Hedging Derivatives						
Currency Forward	21,509	—	21,509	—		21,509
Interest Rate Swap	35,049	—	35,049	—		35,049
Total hedging derivatives	Ps. 56,558	Ps. —	Ps. 56,558	Ps. —	Ps. —	Ps. 56,558
Other account receivables						
Financial assets in concession contracts	3,439,024	—	—	3,439,024		3,439,024
Total other account receivables designated at fair value	Ps. 3,439,024	Ps. —	Ps. —	Ps. 3,439,024	Ps. —	Ps. 3,439,024
Total assets at fair value on recurring basis	Ps. 38,356,519	Ps. 17,410,975	Ps. 15,686,834	Ps. 5,258,710	Ps. —	Ps. 38,356,519
Financial assets at amortized cost, net						
Investments in debt securities, net	9,184,972	76,203	6,641,959	2,403,595		9,121,757
Securities issued or secured by Colombian Government	2,246,267	44,585	2,182,662	—		2,227,247
Securities issued or secured by other entities of the Colombian Government	4,034,321	—	4,017,070	—		4,017,070
Securities issued or secured by Foreign Government	31,646	31,618	—	—		31,618
Securities issued or secured by other financial entities	2,499,645	—	87,671	2,403,595		2,491,266
Securities issued or secured by entities of the non-financial sector	302,277	—	289,458	—		289,458
Other	70,816	—	65,098	—		65,098
Loan portfolio, net (see literal f for details)	168,343,631					160,880,828
Interbank and overnight funds	2,241,215					
Commercial	94,840,818					
Consumer	54,440,063					
Mortgage	16,604,728					
Microcredit	216,807					
Other accounts receivables, net	18,703,462					18,708,000
Total financial assets at amortized cost, net	196,232,065					
LIABILITIES						
Trading Derivatives						
Currency forward	1,345,382	—	1,345,382	—		1,345,382
Bond forward	2,108	—	2,108	—		2,108
Index futures	1,881	1,881	—	—		1,881
Interest rate swap	669,812	—	669,812	—		669,812
Currency swap	110,848	—	110,848	—		110,848
Currency options	165,776	—	165,776	—		165,776
Total trading derivatives	Ps. 2,295,807	Ps. 1,881	Ps. 2,293,926	Ps. —	Ps. —	Ps. 2,295,807
Hedging derivatives						
Currency forward	Ps. 3,384	Ps. —	Ps. 3,384	Ps. —	Ps. —	Ps. 3,384

Grupo Aval Acciones y Valores S.A. and Subsidiaries
Notes to the Condensed Consolidated Financial Statements
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	Carrying Value	Fair Value				Total
		Level 1	Level 2	Level 3		
Interest rate swap	1,512	—	1,512	—	1,512	
Total hedging derivatives	4,896	—	4,896	—	4,896	
Total liabilities at fair value on recurring basis	Ps. 2,300,703	Ps. 1,881	Ps. 2,298,822	Ps. —	Ps. 2,300,703	
Financial liabilities at amortized cost						
Customer deposits	Ps. 166,533,182				Ps. 186,129,287	
Checking accounts	25,541,523				31,325,756	
Time deposits	68,708,137				68,446,544	
Savings accounts	71,499,700				85,573,165	
Others deposits	783,822				783,822	
Financial obligations	70,320,415				67,964,038	
Interbank borrowings and overnight funds	11,267,025				11,465,440	
Leases contracts	2,246,897				2,039,205	
Borrowings from banks and similar	24,019,722				23,302,159	
Bonds issued (see literal e for details)	29,127,757				27,351,053	
Borrowings from development entities	3,659,014				3,806,181	
Total financial liabilities at amortized cost	Ps. 236,853,597				Ps. 254,093,325	

December 31, 2021

	Carrying Value	Fair Value				Total
		Level 1	Level 2	Level 3		
ASSETS						
Trading investment						
Securities issued or secured by Colombian Government	Ps. 2,757,952	Ps. 2,244,069	Ps. 513,883	Ps. —	Ps. 2,757,952	
Securities issued or secured by other entities of the Colombian Government	249,510	—	249,510	—	249,510	
Securities issued or secured by foreign Governments	213,863	—	150,962	62,901	213,863	
Securities issued or secured by other financial entities	1,476,476	—	1,476,476	—	1,476,476	
Securities issued or secured by entities of the non—financial sector	9,388	—	9,388	—	9,388	
Other	34,098	—	34,098	—	34,098	
Total trading investment	Ps. 4,741,287	Ps. 2,244,069	Ps. 2,434,317	Ps. 62,901	Ps. 4,741,287	
Investments at fair value through OCI						
Securities issued or secured by Colombian Government	16,071,762	10,638,542	5,433,220	—	16,071,762	
Securities issued or secured by other Colombian Government entities	822,914	108,028	714,886	—	822,914	
Securities issued or secured by foreign Governments	12,732,664	1,324,236	11,408,428	—	12,732,664	
Securities issued or secured by central banks	1,857,718	—	1,857,718	—	1,857,718	

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

	Carrying Value	Fair Value				Total
		Level 1	Level 2	Level 3		
Securities issued or secured by other financial entities	4,204,924	—	4,186,830	18,094	4,204,924	
Securities issued or secured by non-financial sector entities	737,710	—	737,710	—	737,710	
Others	1,066,174	52,466	1,005,882	7,826	1,066,174	
Total investments at fair value through OCI	Ps. 37,493,866	Ps. 12,123,272	Ps. 25,344,674	Ps. 25,920	Ps. 37,493,866	
Total investments in debt securities	Ps. 42,235,153	Ps. 14,367,341	Ps. 27,778,991	Ps. 88,821	Ps. 42,235,153	
Investments in equity securities						
Trading equity securities	5,082,574	6,404	3,807,594	1,268,576	5,082,574	
Investments in equity through OCI	1,406,135	1,313,152	4,395	88,588	1,406,135	
Total investments in equity securities	Ps. 6,488,709	Ps. 1,319,556	Ps. 3,811,989	Ps. 1,357,164	Ps. 6,488,709	
Held for trading derivatives						
Currency forward	851,109	—	851,109	—	851,109	
Bond forward	1,099	—	1,099	—	1,099	
Interest rate swap	208,440	—	208,440	—	208,440	
Currency swap	39,589	—	39,589	—	39,589	
Currency options	62,191	—	62,191	—	62,191	
Index Futures	481	481	—	—	481	
Total held for trading derivatives	Ps. 1,162,909	Ps. 481	Ps. 1,162,428	Ps. —	Ps. 1,162,909	
Hedging derivatives						
Currency forward	6,677	—	6,677	—	6,677	
Interest rate swap	27,579	—	27,579	—	27,579	
Currency swap	9,992	—	9,992	—	9,992	
Total hedging derivatives	Ps. 44,248	Ps. —	Ps. 44,248	Ps. —	Ps. 44,248	
Other account receivables						
Financial assets in concession contracts	3,228,480	—	—	3,228,480	3,228,480	
Total other account receivables designated at fair value	Ps. 3,228,480	Ps. —	Ps. —	Ps. 3,228,480	Ps. 3,228,480	
Total assets at fair value on recurring basis	Ps. 53,159,499	Ps. 15,687,378	Ps. 32,797,656	Ps. 4,674,465	Ps. 53,159,499	
Financial assets at amortized cost, net						
Investments in debt securities, net	5,764,372	42,306	5,290,891	378,181	5,711,378	
Securities issued or secured by Colombian Government	1,568,762	42,306	1,521,267	—	1,563,573	
Securities issued or secured by other Colombian Government entities	3,695,027	—	3,677,659	—	3,677,659	
Securities issued or secured by foreign Governments	27,866	—	27,865	—	27,865	
Securities issued or secured by other financial entities	145,770	—	—	129,032	129,032	
Securities issued or secured by non-financial sector entities	259,971	—	—	249,149	249,149	
Others	66,976	—	64,100	—	64,100	
Loan portfolio, net (see literal f for details)	220,297,825				222,142,713	

Grupo Aval Acciones y Valores S.A. and Subsidiaries
Notes to the Condensed Consolidated Financial Statements
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	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Interbank and overnight funds	3,216,047				
Commercial	116,173,059				
Consumer	72,308,141				
Mortgage	28,387,909				
Microcredit	212,669				
Other accounts receivables, net	15,798,725				16,080,799
Total financial assets at amortized cost, net	241,860,922				
LIABILITIES					
Trading derivatives					
Currency forward	659,871	—	659,871	—	659,871
Bond forward	3,014	—	3,014	—	3,014
Index futures	4,972	4,972	—	—	4,972
Interest rate swap	230,862	—	230,862	—	230,862
Currency swap	72,044	—	72,044	—	72,044
Currency options	79,147	—	79,147	—	79,147
Total trading derivatives	Ps. 1,049,910	Ps. 4,972	Ps. 1,044,938	Ps. —	Ps. 1,049,910
Hedging derivatives					
Currency forward	33,160	—	33,160	—	33,160
Interest rate swap	22,653	—	22,653	—	22,653
Total hedging derivatives	55,813	—	55,813	—	55,813
Total liabilities at fair value on recurring basis	Ps. 1,105,723	Ps. 4,972	Ps. 1,100,751	Ps. —	Ps. 1,105,723
Financial liabilities at amortized cost					
Customer deposits	Ps. 234,470,422				Ps. 235,505,912
Checking accounts	59,225,849				59,225,849
Time deposits	85,530,244				86,565,734
Savings accounts	89,097,128				89,097,128
Others deposits	617,201				617,201
Financial obligations	73,282,326				72,891,434
Interbank borrowings and overnight funds	10,672,415				10,671,623
Leases contracts	2,882,157				2,751,443
Borrowings from banks and similar	24,242,553				24,097,648
Bonds issued (see literal e for details)	32,257,932				32,090,880
Borrowings from development entities	3,227,269				3,279,840
Total financial liabilities at amortized cost	Ps. 307,752,748				Ps. 308,397,346

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

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.

ASSETS AND LIABILITIES	Valuation technique Level 2	Significant inputs
Investments in debt securities at fair value		
<u>In Colombian Pesos</u>		
Securities issued or secured by the Colombian Government	Income approach	Theoretical price / estimated price ⁽¹⁾
Securities issued or secured by other financial entities		
Securities issued or secured by non-financial sector entities		
Others	Market approach	Average price / market price ⁽²⁾
	Income approach	Theoretical price / estimated price ⁽¹⁾ Yield and margin
Securities issued or secured by other Colombian Government entities	Market approach	Average price / market price ⁽²⁾
<u>In Foreign Currency</u>		
Securities issued or secured by the Colombian Government	Income approach	Theoretical price / estimated price ⁽¹⁾
Others	Market approach	Average price / market price ⁽²⁾
Securities issued or secured by other Colombian Government entities	Income approach	Theoretical price / estimated price ⁽¹⁾
Securities issued or secured by non-financial sector entities	Market approach	Market price ⁽²⁾
Securities issued or secured by foreign Governments		Bloomberg Generic
Securities issued or secured by other financial entities	Market approach	Market price ⁽²⁾
Securities issued or secured by central banks	Market approach	Bloomberg Generic
Equity securities		
Corporate stock	Market approach	Estimated prices ⁽¹⁾
Investment funds ⁽²⁾	Market approach	Market value of underlying assets, less management and administrative fees
Trading derivatives		
	Income approach	Discounted cash flow FWD points, discount rates of different currencies and Spot exchange rates Cash exchange rate and interest rate US\$ and CRC
Foreign currency forward	Market approach	TRM, curves and market price ⁽²⁾
Debt securities forward	Income approach	Discounted cash flow

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

ASSETS AND LIABILITIES	Valuation technique Level 2	Significant inputs
Interest rate swap	Income approach	Discounted cash flow
Cross currency swap	Market approach	IBR and fixed rate
Currency options	Income approach	Discounted cash flow Black&Sholes&Merton model
	Market approach	TRM, delta rates interest
Hedging derivatives		
Currency forward	Income approach	Discounted cash flow
	Market approach	TRM, curves
Currency options	Income approach	Discounted cash flow
	Income approach	Discounted cash flow
Interest rate swap	Market approach	Curves
Currency futures	Income approach	Discount rate, spot rate

- (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). 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.

Grupo Aval Acciones y Valores S.A. and Subsidiaries
Notes to the Condensed Consolidated Financial Statements
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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.

ASSETS	Valuation technique Level 3	Significant inputs
Investments in debt securities at fair value		
<u>In Foreign Currency</u>		
Securities issued or secured by foreign Governments		
Securities issued or secured by non-financial sector entities		Discounted cash flows using yields from similar securities outstanding.
Others	Income approach	
		Discounted cash flows using yields from similar securities outstanding.
Securities issued or secured by other financial entities		Internal rate of return
	Income approach	
Equity securities		
		- Growth in values after 5 years
	Discounted cash flow	- Income
		- Discount interest rates
Investments in equity securities(1)	Adjusted net Asset Value	- Current financial assets
	Comparable Multiples	- Multiple of EBITDA
Other financial assets		
		- Free-cash flow from concession contracts
		- Concession contract's maturity period
		- Perpetuity value of the year "n" free-cash flow
Assets under concession contracts	Discounted 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, 2021.

Methods and Variables	Variation	Favorable impact	Unfavorable impact
Comparable Multiples / Recent Transaction Price			
EBITDA Number of times	+/- 1 x	Ps. 246,938	Ps. (967,707)
Adjusted Net Asset Value			
Current financial assets	+/- 1%	50	(50)
Adjusted discounted cash flow			
Growth in residual values after 5 years	+/- 1%	7,508	(16,247)
Income	+/- 1%	67,645	(73,742)
Discount interest rates	+/- 50 bp	48,141	(59,605)

(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 September 30, 2022 is Ps. 3,439,024 and Ps. 3,228,480 as of December 31, 2021.

Variable	September 30, 2022	
	+100 pbs	-100 pbs
WACC	Ps. (827,154)	Ps. 1,279,273
Perpetuity growth rate	746,633	(518,685)
Variable	December 31, 2021	
	+100 pbs	-100 pbs
WACC	Ps. (788,000)	Ps. 1,232,537
Perpetuity growth rate	700,340	(483,643)

c) Transfer of levels

The following is the detail of the classification level transfers between Levels during the periods ended June 30, 2022 and December 31, 2021. In general, the transfers between Levels of the investment portfolios correspond fundamentally to changes in the liquidity levels of market securities.

	September 30, 2022					
	Investments in debt securities at FVTPL			Investments in debt securities at FVOCI		
	Transfers between:					
	Level 2 to Level 1	Level 3 to Level 2	Level 2 to Level 1	Level 1 to Level 2	Level 3 to Level 2	Level 2 to Level 1
Assets						
Investments in debt securities at fair value						
Securities issued or secured by Colombian Government	Ps. 1,513	Ps. —	Ps. 1,732,674	Ps. —	Ps. —	Ps. —
Securities issued or secured by other entities of the Colombian Government	—	—	269,309	—	—	—
Securities issued or secured by foreign Governments	—	61,462	—	—	—	—

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September 30, 2022

	Investments in debt securities at FVTPL		Investments in debt securities at FVOCI		
	Transfers between:		Transfers between:		
	Level 2 to Level 1	Level 3 to Level 2	Level 2 to Level 1	Level 1 to Level 2	Level 3 to Level 2
Securities issued or secured by other financial entities	—	—	—	—	6,714
Securities issued or secured by non-financial sector entities	—	—	—	—	3,824
Others	—	—	1,546	46,254	4,186
	Ps. 1,513	Ps. 61,462	Ps. 2,003,529	Ps. 46,254	Ps. 14,724

December 31, 2021

	Investments in debt securities at FVTPL		Investments in debt securities at FVOCI		
	Transfers between:		Transfers between:		
	Level 2 to Level 1	Level 3 to Level 2	Level 2 to Level 1	Level 1 to Level 2	Level 3 to Level 2
Assets					
Investments in debt securities at fair value					
Securities issued or secured by Colombian Government	Ps. —	Ps. —	Ps. —	Ps. 813,196	Ps. —
Securities issued or secured by other Colombian Government entities	—	—	—	Ps. 193,459	Ps. —
Securities issued or secured by foreign Governments	—	—	—	Ps. —	Ps. —
Securities issued or secured by other financial entities	—	—	—	Ps. 54,873	Ps. —
Securities issued or secured by non-financial sector entities	—	—	—	Ps. —	Ps. —
Others	—	—	16,446	Ps. —	Ps. —
	Ps. —	Ps. —	Ps. 16,446	Ps. 1,061,528	Ps. —

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.

	December 31, 2021	Financial assets in debt securities	Equity instruments	Financial assets in concession arrangements
	Ps.	Ps.	Ps.	Ps.
	December 31, 2021	Ps. 88,821	Ps. 1,357,164	Ps. 3,228,480
Valuation adjustment with an effect on income		(58,845)	74,818	210,544
Valuation adjustments with an effect on OCI		219,180	795	—
Additions		620,368	60,035	—
Sales / redemptions		(389,655)	(10,425)	—
Transfers from level 3 to level 2		(14,724)	—	—
Discontinued with effect on results ⁽¹⁾		—	1	—
Entities deconsolidation ⁽¹⁾		(71,248)	(56,599)	—
	September 30, 2022	Ps. 393,897	Ps. 1,425,789	Ps. 3,439,024

(1) See details in note 1.1. See spin-off BAC Holding

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 September 30, 2022 and December 31, 2021 at fair value less cost of sale:

	Level 1		Level 2		Level 3		Total
September 30, 2022							
Impaired collateralized loans	Ps.	—	Ps.	—	Ps.	1,742,644	Ps. 1,742,644
Non- current assets held for sale		—		—		137,629	137,629
	Ps.	—	Ps.	—	Ps.	1,880,273	Ps. 1,880,273
December 31, 2021							
Impaired collateralized loans	Ps.	—	Ps.	—	Ps.	1,959,513	Ps. 1,959,513
Non- current assets held for sale		—		—		208,426	208,426
	Ps.	—	Ps.	—	Ps.	2,167,939	Ps. 2,167,939

e) Financial obligations from issued bonds

Detail of issued bonds net of eliminations as of September 30, 2022 and December 31, 2021, by issue date and maturity date was as follows:

Local Currency

Issuer	Issue Date	September 30, 2022	December 31, 2021	Maturity Date	Interest Rate
Banco Av. Villas S.A.	23/02/2021	Ps. 433,279	Ps. 475,949	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	905,443	902,331	Between 24/09/2023 and 10/02/2026	CPI + 1.16%; IBR + 1.14% and Fix Between 3.40% and 4.75%
Banco de Occidente S.A	Between 09/08/2012 and 20/08/2020	2,369,349	2,685,078	Between 14/12/2022 and 14/12/2032	CPI + 2.37% to 4.65%; IBR + 1.37% and Fix Between 5.83% and 6.49%
Corporación Financiera Colombiana S.A.	Between 27/08/2009 and 20/10/2021	3,613,925	3,754,128	Between 11/12/2022 and 19/11/2045	CPI + 1.58% to 5.99%; Fix Between 3.77% and 7.10%
Banco Popular S.A (1)	Between 12/10/2016 and 10/03/2022	2,722,899	2,518,982	Between 04/02/2023 and 10/03/2027	CPI + 2.58% to 4.13%; IBR + 1.59% to 2.68% and Fix Between 5.88% and 10.20%
Grupo Aval Acciones y Valores S.A.	Between 03/12/2009 and 14/11/2019	1,136,435	1,132,101	Between 14/11/2024 and 28/06/2042	CPI + 3.69% to 5.20% and Fix 6.42%
Peso denominated Total		Ps. 11,181,330	Ps. 11,468,569		

⁽¹⁾ Includes the issue made on March 10, 2022 for Ps. 490,765 with maturities: March 10, 2024 for Ps. 104,715; on March 10, 2025 for Ps.332,948 and; March 10, 2027 for Ps. 53,102.

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Foreign Currency

Issuer	Issue Date	September 30, 2022	December 31, 2021	Maturity Date	Interest Rate
Banco de Bogotá S.A. Under rule 144A.	Between 19/02/2013 and 03/08/2017	9,281,371	8,509,886	Between 19/02/2023 and 03/08/2027	Fix Between 4.38% to 6.25%
BAC Credomatic and MFG					
El Salvador		—	421,097		
Honduras		—	334,127		
Panamá	Between 09/11/2017 and 21/09/2022	1,803,338	1,569,444	Between 04/10/2022 and 30/06/2026	Fix Between 2.00% to 5.00%
BAC Credomatic and MFG Total		Ps. 1,803,338	Ps. 2,324,668		
Banco Bogotá, BAC Credomatic and MFG Total		Ps. 11,084,709	Ps. 10,834,554		
Grupo Aval Limited ⁽¹⁾	4/02/2020	4,550,652	7,971,392	4/02/2030	Fix 4.38%
Promigas S.A. and Gases del Pacífico S.A.C. Under rule 144A.	Between 16/10/2019 and 22/10/2020	2,311,066	1,983,417	Between 16/10/2029 and 22/10/2029	Fix 3.75%
Foreign Currency Total		Ps. 17,946,427	Ps. 20,789,363		
Total of Bonds		Ps. 29,127,757	Ps. 32,257,932		

⁽¹⁾ According to schedule, on the date hereof, its wholly owned subsidiary Grupo Aval Limited, effected the payment of its international bonds in the amount of U.S.\$1,000 million.

The amount of issued bonds due over 12 months as of September 30, 2022 is Ps. 23,985,758 and December 31, 2021 is Ps. 25,521,295.

Grupo Aval has not had any defaults of principal or interest or other breaches with respect to its liabilities September 30, 2022, and December 31, 2021, 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 September 30, 2022 and December 31, 2021:

Portfolio segment	September 30, 2022			December 31, 2021		
	Gross balance	Allowance for impairment	Net balance of credit portfolio	Gross balance	Allowance for impairment	Net balance of credit portfolio
Commercial	Ps. 100,233,415	Ps. 5,392,597	Ps. 94,840,818	Ps. 122,027,804	Ps. 5,854,745	Ps. 116,173,059
Consumer	57,629,222	3,189,159	54,440,063	76,889,145	4,581,004	72,308,141
Mortgage	16,966,622	361,894	16,604,728	29,120,316	732,407	28,387,909
Microcredit	264,779	47,972	216,807	317,739	105,070	212,669
Interbank and overnight funds	2,241,621	406	2,241,215	3,218,433	2,386	3,216,047
Total ⁽¹⁾	Ps. 177,335,659	Ps. 8,992,028	Ps. 168,343,631	Ps. 231,573,437	Ps. 11,275,612	Ps. 220,297,825

⁽¹⁾ See details in note 1.1. See spin-off BAC Holding

There was no loan portfolio provided as collateral in resource auction operations with Banco Republica as of September 30, 2022.

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Impairment losses per portfolio as of September 30, 2022, and 2021:

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2022	2021 ⁽¹⁾	2022	2021 ⁽¹⁾
Commercial	Ps. 114,852	Ps. 157,838	Ps. 499,292	Ps. 843,258
Consumer	651,348	416,572	1,780,163	1,414,372
Mortgage	(14,527)	20,585	(20,653)	100,234
Microcredit	(1,698)	1,912	3,634	21,449
Interbank and overnight funds	3	2,754	(1,980)	3,102
Total	Ps. 749,978	Ps. 599,661	Ps. 2,260,456	Ps. 2,382,415

⁽¹⁾ The information was modified taking into account the discontinuous operation see note 1.1.

(1) Loan portfolio by economic sector

Below is the gross balance of the loan portfolio distribution of Grupo Aval by economic activity as of September 30, 2022 and December 31, 2021:

Sector	September 30, 2022		December 31, 2021	
		%		%
Consumer services	Ps. 81,731,509	46%	Ps. 112,664,061	49%
Commercial services	35,545,761	20%	47,289,524	20%
Construction	13,964,046	8%	16,207,343	7%
Food, beverage and tobacco	7,546,401	4%	10,734,796	5%
Transportation and communications	7,005,078	4%	7,762,906	3%
Public services	5,332,475	3%	6,526,252	3%
Chemical production	5,197,114	3%	4,905,552	2%
Other industrial and manufacturing products	7,025,329	4%	9,011,548	4%
Agricultural	4,304,881	2%	5,831,197	3%
Government	4,768,911	3%	4,496,895	2%
Trade and tourism	1,669,117	1%	2,697,992	1%
Mining products and oil	1,224,279	1%	1,003,516	0%
Other	2,020,758	1%	2,441,855	1%
Total of each economic sector	Ps. 177,335,659	100%	Ps. 231,573,437	100%

(2) Portfolio credit by risk level rating

As of September 30, 2022, and December 31, 2021, the following is a summary of the portfolio credit by risk level rating:

PD Range	September 30, 2022			
	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
0% - 7.5%	Ps. 145,586,573	Ps. 2,186,640	Ps. 508	Ps. 147,773,721
7.5% - 15%	6,586,599	2,532,890	1	9,119,490
15% - 22.5%	903,408	735,429	39	1,638,876
22.5% - 30%	87,120	748,337	131	835,588
30% - 45%	175,034	1,774,372	80	1,949,486
45% - 60%	24,390	3,249,746	215	3,274,351
60% - 90%	2,677	1,505,136	2,592	1,510,405
> 90%	407	26,305	11,207,030	11,233,742
TOTAL	Ps. 153,366,208	Ps. 12,758,855	Ps. 11,210,596	Ps. 177,335,659

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December 31, 2021							
Total Exposure							
PD Range		Stage 1		Stage 2		Stage 3	Total
0% - 7.5%	Ps.	180,615,328	Ps.	6,434,636	Ps.	384	Ps. 187,050,348
7.5% - 15%		9,118,305		3,280,770		189	12,399,264
15% - 22.5%		789,446		3,489,521		25	4,278,992
22.5% - 30%		140,222		2,465,098		37	2,605,357
30% - 45%		127,038		3,506,321		99	3,633,458
45% - 60%		18,134		5,499,764		279	5,518,177
60% - 90%		5,510		2,120,466		1,066	2,127,042
> 90%		5,138		101,997		13,853,664	13,960,799
TOTAL	Ps.	190,819,121	Ps.	26,898,573	Ps.	13,855,743	Ps. 231,573,437

The following tables show the balance of the loan portfolio by class as of September 30, 2022 and December 31, 2021.

Commercial portfolio

September 30, 2022							
Total Exposure							
PD Range		Stage 1		Stage 2		Stage 3	Total
0% - 7.5%	Ps.	81,826,082	Ps.	932,250	Ps.	35	Ps. 82,758,367
7.5% - 15%		2,934,707		1,117,123		-	4,051,830
15% - 22.5%		280,862		247,969		—	528,831
22.5% - 30%		26,697		270,593		-	297,290
30% - 45%		70,740		864,034		-	934,774
45% - 60%		13,760		2,755,664		—	2,769,424
60% - 90%		1,830		58,335		91	60,256
> 90%		216		1,952		8,830,475	8,832,643
TOTAL	Ps.	85,154,894	Ps.	6,247,920	Ps.	8,830,601	Ps. 100,233,415

December 31, 2021							
Total Exposure							
PD Range		Stage 1		Stage 2		Stage 3	Total
0% - 7.5%	Ps.	97,948,422	Ps.	3,979,842	Ps.	28	Ps. 101,928,292
7.5% - 15%		2,351,842		469,870		188	2,821,900
15% - 22.5%		441,936		1,650,110		—	2,092,046
22.5% - 30%		44,434		1,019,403		—	1,063,837
30% - 45%		48,970		965,305		—	1,014,275
45% - 60%		15,318		3,600,621		164	3,616,103
60% - 90%		5,195		57,424		—	62,619
> 90%		2,263		5,400		9,421,069	9,428,732
TOTAL	Ps.	100,858,380	Ps.	11,747,975	Ps.	9,421,449	Ps. 122,027,804

Consumer portfolio

September 30, 2022							
Total Exposure							
PD Range		Stage 1		Stage 2		Stage 3	Total
0% - 7.5%	Ps.	46,913,647	Ps.	1,125,935	Ps.	470	Ps. 48,040,052
7.5% - 15%		3,069,094		918,228		1	3,987,323
15% - 22.5%		548,333		310,236		39	858,608
22.5% - 30%		45,366		302,811		127	348,304
30% - 45%		97,341		831,228		73	928,642
45% - 60%		2,216		341,268		215	343,699
60% - 90%		668		1,238,012		2,500	1,241,180
> 90%		191		23,844		1,857,379	1,881,414
TOTAL	Ps.	50,676,856	Ps.	5,091,562	Ps.	1,860,804	Ps. 57,629,222

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PD Range	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
0% - 7.5%	Ps. 57,159,315	Ps. 2,084,770	Ps. 356	Ps. 59,244,441
7.5% - 15%	6,187,490	1,508,771	1	7,696,262
15% - 22.5%	319,342	772,795	24	1,092,161
22.5% - 30%	70,402	1,143,141	35	1,213,578
30% - 45%	70,804	1,547,538	83	1,618,425
45% - 60%	1,297	1,129,306	115	1,130,718
60% - 90%	215	1,550,628	1,063	1,551,906
> 90%	2,875	91,777	3,247,002	3,341,654
TOTAL	Ps. 63,811,740	Ps. 9,828,726	Ps. 3,248,679	Ps. 76,889,145

Mortgage portfolio

September 30, 2022				
PD Range	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
0% - 7.5%	Ps. 14,534,350	Ps. 128,455	Ps. 3	Ps. 14,662,808
7.5% - 15%	470,264	497,539	—	967,803
15% - 22.5%	71,795	177,224	—	249,019
22.5% - 30%	2,396	174,932	4	177,332
30% - 45%	801	78,783	7	79,591
45% - 60%	—	152,150	—	152,150
60% - 90%	—	195,891	1	195,892
> 90%	—	509	481,518	482,027
TOTAL	Ps. 15,079,606	Ps. 1,405,483	Ps. 481,533	Ps. 16,966,622

December 31, 2021				
PD Range	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
0% - 7.5%	Ps. 22,224,572	Ps. 369,997	Ps. —	Ps. 22,594,569
7.5% - 15%	476,755	1,302,129	—	1,778,884
15% - 22.5%	22,014	1,066,616	1	1,088,631
22.5% - 30%	12,899	301,834	2	314,735
30% - 45%	6,909	991,992	16	998,917
45% - 60%	-	769,729	—	769,729
60% - 90%	-	471,393	3	471,396
> 90%	-	4,820	1,098,635	1,103,455
TOTAL	Ps. 22,743,149	Ps. 5,278,510	Ps. 1,098,657	Ps. 29,120,316

Microcredit portfolio

September 30, 2022				
PD Range	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
0% - 7.5%	Ps. 72,949	Ps. —	Ps. —	Ps. 72,949
7.5% - 15%	110,458	—	—	110,458
15% - 22.5%	2,418	—	—	2,418
22.5% - 30%	12,661	1	—	12,662
30% - 45%	6,152	327	—	6,479
45% - 60%	8,414	664	—	9,078
60% - 90%	179	12,898	—	13,077
> 90%	—	—	37,658	37,658
TOTAL	Ps. 213,231	Ps. 13,890	Ps. 37,658	Ps. 264,779

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Total Exposure						
PD Range	Stage 1	Stage 2	Stage 3	Total		
0% - 7.5%	Ps. 66,191	Ps. 27	Ps. —	Ps. 66,218		
7.5% - 15%	100,613	—	—	100,613		
15% - 22.5%	6,154	—	—	6,154		
22.5% - 30%	12,487	720	—	13,207		
30% - 45%	355	1,486	—	1,841		
45% - 60%	1,519	108	—	1,627		
60% - 90%	100	41,021	—	41,121		
> 90%	—	—	86,958	86,958		
TOTAL	Ps. 187,419	Ps. 43,362	Ps. 86,958	Ps. 317,739		

Repos, interbank loans portfolio

September 30, 2022						
Total Exposure						
PD Range	Stage 1	Stage 2	Stage 3	Total		
0% - 7.5%	Ps. 2,239,545	Ps. —	Ps. —	Ps. 2,239,545		
7.5% - 15%	2,076	—	—	2,076		
15% - 22.5%	—	—	—	—		
22.5% - 30%	—	—	—	—		
30% - 45%	—	—	—	—		
45% - 60%	—	—	—	—		
60% - 90%	—	—	—	—		
> 90%	—	—	—	—		
TOTAL	Ps. 2,241,621	Ps. 0	Ps. —	Ps. 2,241,621		

December 31, 2021						
Total Exposure						
PD Range	Stage 1	Stage 2	Stage 3	Total		
0% - 7.5%	Ps. 3,216,828	Ps. —	Ps. —	Ps. 3,216,828		
7.5% - 15%	1,605	—	—	1,605		
15% - 22.5%	—	—	—	—		
22.5% - 30%	—	—	—	—		
30% - 45%	—	—	—	—		
45% - 60%	—	—	—	—		
60% - 90%	—	—	—	—		
> 90%	—	—	—	—		
TOTAL	Ps. 3,218,433	Ps. 0	Ps. —	Ps. 3,218,433		

Credit Commitments

September 30, 2022						
Total Exposure						
PD Range	Stage 1	Stage 2	Stage 3	Total		
0% - 7.5%	Ps. 28,172,146	Ps. 247,709	Ps. 725	Ps. 28,420,580		
7.5% - 15%	265,928	943,988	11	1,209,927		
15% - 22.5%	18,278	1,903,758	340	1,922,376		
22.5% - 30%	3,058	149,530	626	153,214		
30% - 45%	1,479	245,172	1,447	248,098		
45% - 60%	207	196,575	952	197,734		
60% - 90%	150	52,736	952	53,838		
> 90%	2	15	103,382	103,399		
TOTAL	Ps. 28,461,248	Ps. 3,739,483	Ps. 108,435	Ps. 32,309,166		

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PD Range	Total Exposure						
	Stage 1	Stage 2	Stage 3	Total			
0% - 7.5%	Ps. 43,415,038	Ps. 263,329	Ps. 667	Ps.	43,679,034		
7.5% - 15%	1,495,285	117,201	75		1,612,561		
15% - 22.5%	38,875	2,034,625	153		2,073,653		
22.5% - 30%	16,802	80,460	404		97,666		
30% - 45%	5,874	114,349	1,478		121,701		
45% - 60%	442	175,708	1,408		177,558		
60% - 90%	199	69,091	1,274		70,564		
> 90%	30	1,023	102,531		103,584		
TOTAL	Ps. 44,972,545	Ps. 2,855,786	Ps. 107,990	Ps.	47,936,321		

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

The table below shows the loss allowance balances as of September 30, 2022 and December 31, 2021.

	September 30, 2022						
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Simplified approach	Total		
Loan portfolio							
Commercial loan portfolio	Ps. 556,310	Ps. 581,295	Ps. 4,254,992	Ps. —	Ps.	5,392,597	
Consumer loan portfolio	803,106	829,216	1,556,837	—		3,189,159	
Mortgage loan portfolio	53,793	63,247	244,854	—		361,894	
Microcredit loan portfolio	7,068	4,656	36,248	—		47,972	
Interbank and overnight funds	406	—	—	—		406	
Total loan portfolio	Ps. 1,420,683	Ps. 1,478,414	Ps. 6,092,931	Ps. —	Ps.	8,992,028	
Investments in debt securities at amortized cost	26,951	8,456	—	—		35,407	
Other accounts receivable	18,895	16,540	138,295	197,026		370,756	
Total loss allowance financial assets at amortized cost	Ps. 1,466,529	Ps. 1,503,410	Ps. 6,231,226	Ps. 197,026	Ps.	9,398,191	
Investments in debt securities at FVOCI	12,765	—	—	—		12,765	
Loan commitments and financial guarantee contracts	49,070	8,471	584	—		58,125	
Total loss allowance	Ps. 1,528,364	Ps. 1,511,881	Ps. 6,231,810	Ps. 197,026	Ps.	9,469,081	

	December 31, 2021						
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Simplified approach	Total		
Loan portfolio							
Commercial loan portfolio	Ps. 655,655	Ps. 1,006,822	Ps. 4,192,268	Ps. —	Ps.	5,854,745	
Consumer loan portfolio	1,066,543	1,396,101	2,118,360	—		4,581,004	
Mortgage loan portfolio	93,122	286,903	352,382	—		732,407	
Microcredit loan portfolio	6,740	13,291	85,039	—		105,070	
Interbank and overnight funds	2,386	—	—	—		2,386	
Total loan portfolio	Ps. 1,824,446	Ps. 2,703,117	Ps. 6,748,049	Ps. —	Ps.	11,275,612	
Investments in debt securities at amortized cost	3,297	7,401	—	—		10,698	
Other accounts receivable	18,939	16,771	129,449	217,643		382,802	
Total loss allowance financial assets at amortized cost	Ps. 1,846,682	Ps. 2,727,289	Ps. 6,877,498	Ps. 217,643	Ps.	11,669,112	

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	Stage 1 12—month ECL	Stage 2 Lifetime ECL not credit— impaired	Stage 3 Lifetime ECL credit— impaired	Simplified approach	Total
Investments in debt securities at FVOCI	123,978	—	—	—	123,978
Loan commitments and financial guarantee contracts	45,916	10,097	6,028	—	62,041
Total loss allowance	Ps. 2,016,576	Ps. 2,737,386	Ps. 6,883,526	Ps. 217,643	Ps. 11,855,131

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;
- Discounts 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

The table below shows for loans stage 3 individually assessed for ECL the gross amount and loss allowance balances as of September 30, 2022 and December 31, 2021.

September 30, 2022

	Gross Amount Registered	Collateral Guarantees (1)	Allowance Recognized
Without recognized provision			
Commercial	Ps. 136,885	Ps. 131,533	Ps. —
Subtotal	Ps. 136,885	Ps. 131,533	Ps. —
With recognized provision			
Commercial	7,044,964	1,528,821	3,138,051
Consumer	5,740	267	1,888
Mortgage	3,211	—	1,046
Subtotal	Ps. 7,053,915	Ps. 1,529,088	Ps. 3,140,985
Totals			
Commercial	7,181,849	1,660,354	3,138,051
Consumer	5,740	267	1,888
Mortgage	3,211	—	1,046
Total	Ps. 7,190,800	Ps. 1,660,621	Ps. 3,140,985

December 31, 2021

	Gross Amount Registered	Collateral Guarantees (1)	Allowance Recognized
Without recognized provision			
Commercial	Ps. 234,321	Ps. 226,767	Ps. —
Subtotal	Ps. 234,321	Ps. 226,767	Ps. —
With recognized provision			
Commercial	7,451,781	1,611,433	3,063,079
Consumer	1,825	—	1,103
Subtotal	Ps. 7,453,606	Ps. 1,611,433	Ps. 3,064,182
Totals			

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	<u>Gross Amount Registered</u>	<u>Collateral Guarantees (1)</u>	<u>Allowance Recognized</u>
Commercial	7,686,102	1,838,200	3,063,079
Consumer	1,825	—	1,103
Total	Ps. 7,687,927	Ps. 1,838,200	Ps. 3,064,182

(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 September 30, 2022 and December 31, 2021, 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:

		<u>September 30, 2022</u>	
		<u>Carrying Amount</u>	<u>Collateral</u>
Stage 1 and 2	Ps.	17,852,034	Ps. 14,827,824
Stage 3		2,883,838	2,581,422
	Ps.	20,735,872	Ps. 17,409,246

		<u>December 31, 2021</u>	
		<u>Carrying Amount</u>	<u>Collateral</u>
Stage 1 and 2	Ps.	29,813,813	Ps. 27,396,891
Stage 3		2,989,892	2,691,236
	Ps.	32,803,705	Ps. 30,088,127

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.

		<u>September 30, 2022</u>		
		<u>Scenario A</u>	<u>Scenario B</u>	<u>Scenario C</u>
Gross Exposure				
Commercial	Ps.	100,233,415	Ps. 100,233,415	Ps. 100,233,415
Consumer		57,629,222	57,629,222	57,629,222
Mortgages		16,966,622	16,966,622	16,966,622
Microcredit		264,779	264,779	264,779
Repos, interbank loans portfolio		2,241,621	2,241,621	2,241,621
Total gross exposure	Ps.	177,335,659	Ps. 177,335,659	Ps. 177,335,659
Loss Allowance				
Commercial	Ps.	5,322,555	Ps. 5,365,333	Ps. 5,440,857
Consumer		3,129,282	3,168,670	3,252,429
Mortgages		357,004	357,713	358,539
Microcredit		46,436	47,762	49,485
Repos, interbank loans portfolio		6,508	6,651	7,077
Total Loss Allowance	Ps.	8,861,785	Ps. 8,946,129	Ps. 9,108,387
Proportion of Assets in Stage 2				
Commercial		6.6 %	6.6 %	6.7 %
Consumer		8.4 %	8.5 %	9.4 %
Mortgages		8.1 %	8.2 %	8.3 %
Microcredit		5.2 %	5.2 %	5.3 %
Repos, interbank loans portfolio		0.0 %	0.0 %	0.0 %

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	December 31, 2021					
	Scenario A		Scenario B		Scenario C	
Gross Exposure						
Commercial	Ps.	122,027,804	Ps.	122,027,804	Ps.	122,027,804
Consumer		76,889,145		76,889,145		76,889,145
Mortgages		29,120,316		29,120,316		29,120,316
Microcredit		317,739		317,739		317,739
Repos, interbank loans portfolio		3,218,433		3,218,433		3,218,433
Total gross exposure	Ps.	231,573,437	Ps.	231,573,437	Ps.	231,573,437
Loss Allowance						
Commercial	Ps.	5,720,145	Ps.	5,830,791	Ps.	5,940,469
Consumer		4,410,869		4,599,286		4,766,627
Mortgages		670,926		732,072		785,675
Microcredit		102,434		105,148		107,139
Repos, interbank loans portfolio		7,198		7,279		7,335
Total Loss Allowance	Ps.	10,911,572	Ps.	11,274,576	Ps.	11,607,245
Proportion of Assets in Stage 2						
Commercial		9.8 %		10.1 %		10.5 %
Consumer		11.3 %		12.7 %		14.0 %
Mortgages		16.9 %		17.5 %		18.2 %
Microcredit		13.7 %		13.7 %		13.7 %
Repos, interbank loans portfolio		- %		- %		- %

Loan portfolio

The following table shows the reconciliations from the opening to the closing balance of the loss allowance as of September 30, 2022.

	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, 2021	Ps.	1,824,446	Ps.	2,703,117	Ps.	6,748,049	Ps.	11,275,612
Transfers:								
Transfer from stage 1 to stage 2		(152,940)		152,940		—		—
Transfer from stage 1 to stage 3		(61,592)		—		61,592		—
Transfer from stage 2 to stage 3		—		(470,582)		470,582		—
Transfer from stage 3 to stage 2		—		129,274		(129,274)		—
Transfer from stage 2 to stage 1		265,120		(265,120)		—		—
Transfer from stage 3 to stage 1		81,500		—		(81,500)		—
Net remeasurement of loss allowance ⁽³⁾		(172,214)		486,637		1,941,285		2,255,708
New financial assets originated or purchased		686,588		209,496		421,052		1,317,136
Financial assets that have been derecognized		(363,558)		(212,503)		(736,327)		(1,312,388)
Unwind of discount ⁽¹⁾		—		—		392,973		392,973
FX and other movements		2,482		20,184		21,029		43,695
Discontinued operations ⁽²⁾		(3,843)		14,798		253,502		264,457
Entity deconsolidation		(640,049)		(1,003,291)		(1,197,326)		(2,840,666)
Write—offs		(45,257)		(286,536)		(2,072,706)		(2,404,499)
Loss allowance as of September 30, 2022	Ps.	1,420,683	Ps.	1,478,414	Ps.	6,092,931	Ps.	8,992,028

⁽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⁾ See details in note 1.1. See spin-off BAC Holding

⁽³⁾ 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 September 30, 2022 versus parameters as of December 31, 2021 and the loan portfolio as of September 30, 2022.

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	Stage 1 12- month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired		Total
Ps.	(84,451)Ps.	55,981 Ps.	29,900 Ps.		1,430

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, 2021	Ps.	190,819,121	Ps.	26,898,573	Ps.	13,855,743	Ps.	231,573,437
Transfers:								
Transfer from stage 1 to stage 2		(6,490,335)		6,490,335		—		—
Transfer from stage 1 to stage 3		(1,289,938)		—		1,289,938		—
Transfer from stage 2 to stage 3		—		(2,270,873)		2,270,873		—
Transfer from stage 2 to stage 1		6,212,772		(6,212,772)		—		—
Transfer from stage 3 to stage 2		—		524,694		(524,694)		—
Transfer from stage 3 to stage 1		321,271		—		(321,271)		—
Increase in loan portfolio and borrowing costs		108,096,568		1,890,498		1,881,375		111,868,441
Decrease in loan portfolio and borrowing costs		(83,707,776)		(5,487,952)		(4,141,931)		(93,337,659)
Increase-decrease in interest		(977,195)		207,587		1,741,486		971,878
Increase-decrease in other receivables associated with loans		(4,869)		(5,627)		1,999		(8,497)
Write-offs		(45,257)		(286,536)		(2,072,706)		(2,404,499)
Discontinued operations ⁽¹⁾		4,985,907		(1,228,725)		(2,082,045)		1,675,137
Entity deconsolidation		(68,298,203)		(8,288,834)		(847,564)		(77,434,601)
FX and other movements		3,744,142		528,487		159,393		4,432,022
Total portfolio as of September 30, 2022	Ps.	153,366,208	Ps.	12,758,855	Ps.	11,210,596	Ps.	177,335,659

(*) For the quarter of September 30, 2022, the TRM presented a variation of Ps. 609.38 per dollar

⁽¹⁾ See details in note 1.1. See spin-off BAC Holding

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of September 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.	1,760,076	Ps.	3,039,056	Ps.	6,106,039	Ps.	10,905,171
Transfers:								
Transfer from stage 1 to stage 2		(181,723)		181,723		—		—
Transfer from stage 1 to stage 3		(52,581)		—		52,581		—
Transfer from stage 2 to stage 3		—		(860,736)		860,736		—
Transfer from stage 3 to stage 2		—		106,147		(106,147)		—
Transfer from stage 2 to stage 1		168,438		(168,438)		—		—
Transfer from stage 3 to stage 1		52,068		—		(52,068)		—
Net remeasurement of loss allowance ⁽³⁾		(389,203)		507,885		1,915,270		2,033,952
New financial assets originated or purchased		766,055		221,390		329,859		1,317,304
Financial assets that have been derecognized		(420,431)		(262,286)		(286,124)		(968,841)
Unwind of discount ⁽¹⁾		—		—		332,713		332,713
FX and other movements		4,090		8,317		4,781		17,188
Discontinued operations ⁽²⁾		(208,708)		443,900		705,143		940,335
Entity deconsolidation		301,060		(383,531)		(643,258)		(725,729)
Write—offs		(27,319)		(89,600)		(2,582,702)		(2,699,621)

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		Stage 1		Stage 2		Stage 3		Total
		12-month ECL		Lifetime ECL not credit- impaired		Lifetime ECL credit- impaired		
Loss allowance as of September 30, 2021	Ps.	1,771,822	Ps.	2,743,827	Ps.	6,636,823	Ps.	11,152,472

- (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) See details in note 1.1. See spin-off BAC Holding
- (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 September 30, 2021 versus parameters as of December 31, 2020 and the loan portfolio as of September 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		(7,208,331)		7,208,331		—		—
Transfer from stage 1 to stage 3		(967,810)		—		967,810		—
Transfer from stage 2 to stage 3		—		(3,074,968)		3,074,968		—
Transfer from stage 2 to stage 1		3,817,494		(3,817,494)		—		—
Transfer from stage 3 to stage 2		—		420,627		(420,627)		—
Transfer from stage 3 to stage 1		273,610		—		(273,610)		—
Increase in loan portfolio and borrowing costs		80,215,275		3,189,025		1,007,707		84,412,007
Decrease in loan portfolio and borrowing costs		(71,316,856)		(4,159,934)		(2,615,624)		(78,092,414)
Increase-decrease in interest		(1,342,526)		(89,806)		1,661,442		229,110
Increase-decrease in other receivables associated with loans		(19,152)		(8,727)		6,883		(20,996)
Write-offs		(27,319)		(89,600)		(2,592,429)		(2,709,348)
Discontinued operations ⁽¹⁾		3,589,892		661,690		273,771		4,525,353
Entity deconsolidation		3,842,762		280,074		126,807		4,249,643
FX and other movements		2,456,401		266,801		119,211		2,842,413
Total portfolio as of September 30, 2021	Ps.	180,803,088	Ps.	27,374,218	Ps.	13,705,627	Ps.	221,882,933

(*) For the quarter of September 30, 2021 the TRM presented a variation of Ps. 380.27 per dollar

⁽¹⁾ See details in note 1.1. See spin-off BAC Holding

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Commercial portfolio

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of September 30, 2022.

		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, 2021	Ps.	655,655	Ps.	1,006,822	Ps.	4,192,268	Ps.	5,854,745
Transfers:								
Transfer from stage 1 to stage 2		(26,240)		26,240		—		—
Transfer from stage 1 to stage 3		(5,893)		—		5,893		—
Transfer from stage 2 to stage 3		—		(66,565)		66,565		—
Transfer from stage 3 to stage 2		—		48,087		(48,087)		—
Transfer from stage 2 to stage 1		64,987		(64,987)		—		—
Transfer from stage 3 to stage 1		31,395		—		(31,395)		—
Net remeasurement of loss allowance ⁽³⁾		(136,852)		(135,703)		941,753		669,198
New financial assets originated or purchased		298,305		99,778		269,484		667,567
Financial assets that have been derecognized		(158,425)		(89,797)		(589,251)		(837,473)
Unwind of discount ⁽¹⁾		—		—		285,296		285,296
FX and other movements		8,456		6,816		15,473		30,745
Discontinued operations ⁽²⁾		12,101		(2,612)		3,496		12,985
Entity deconsolidation		(185,786)		(244,715)		(268,521)		(699,022)
Write—offs		(1,393)		(2,069)		(587,982)		(591,444)
Loss allowance as of September 30, 2022	Ps.	556,310	Ps.	581,295	Ps.	4,254,992	Ps.	5,392,597

⁽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⁾ See details in note 1.1. See spin-off BAC Holding

⁽³⁾ 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 September 30, 2022 versus parameters as of December 31, 2021 and the loan portfolio as of September 30, 2022.

	Stage 1	12- month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps.	(29,600)Ps.		(20,005)Ps.	31,040 Ps.	(18,565)

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, 2021	Ps.	100,858,380	Ps.	11,747,975	Ps.	9,421,449	Ps.	122,027,804
Transfers:								
Transfer from stage 1 to stage 2		(2,619,409)		2,619,409		—		—
Transfer from stage 1 to stage 3		(929,488)		—		929,488		—
Transfer from stage 2 to stage 3		—		(995,645)		995,645		—
Transfer from stage 2 to stage 1		2,538,597		(2,538,597)		—		—
Transfer from stage 3 to stage 2		—		269,119		(269,119)		—
Transfer from stage 3 to stage 1		181,941		—		(181,941)		—
Increase in loan portfolio and borrowing costs		57,879,803		844,396		597,497		59,321,696
Decrease in loan portfolio and borrowing costs		(45,572,971)		(3,128,546)		(2,391,706)		(51,093,223)

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	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
Increase-decrease in interest	(267,462)		84,466		1,076,435		893,439
Increase-decrease in other receivables associated with loans	(7,912)		(4,013)		920		(11,005)
Write-offs	(1,393)		(2,069)		(587,982)		(591,444)
Discontinued operations ⁽¹⁾	3,560,936		71,257		(953,514)		2,678,679
Entity deconsolidation	(33,537,080)		(2,931,541)		35,349		(36,433,272)
FX and other movements	3,070,952		211,709		158,080		3,440,741
Total portfolio as of September 30, 2022	Ps. 85,154,894	Ps.	6,247,920	Ps.	8,830,601	Ps.	100,233,415

⁽¹⁾ See details in note 1.1. See spin-off BAC Holding

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of September 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	(42,592)		42,592		—		—
Transfer from stage 1 to stage 3	(9,048)		—		9,048		—
Transfer from stage 2 to stage 3	—		(167,059)		167,059		—
Transfer from stage 3 to stage 2	—		28,413		(28,413)		—
Transfer from stage 2 to stage 1	53,071		(53,071)		—		—
Transfer from stage 3 to stage 1	15,206		—		(15,206)		—
Net remeasurement of loss allowance ⁽³⁾	(217,837)		127,532		786,125		695,820
New financial assets originated or purchased	317,860		106,057		172,236		596,153
Financial assets that have been derecognized	(159,848)		(75,770)		(213,097)		(448,715)
Unwind of discount ⁽¹⁾	—		—		222,961		222,961
FX and other movements	3,705		900		3,673		8,278
Discontinued operations ⁽²⁾	3,209		77,276		124,612		205,097
Entity deconsolidation	26,751		(4,331)		(143,348)		(120,928)
Write—offs	(3,806)		(2,011)		(905,817)		(911,634)
Loss allowance as of September 30, 2021	Ps. 643,501	Ps.	885,625	Ps.	3,998,312	Ps.	5,527,438

⁽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⁾ See details in note 1.1. See spin-off BAC Holding

⁽³⁾ 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 September 30, 2021 versus parameters as of December 31, 2020 and the loan portfolio as of September 30, 2021.

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

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	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
	Ps.		Ps.		Ps.		Ps.
Total portfolio as of December 31, 2020	92,626,136		9,843,700		8,517,102		110,986,938
Transfers:							
Transfer from stage 1 to stage 2	(3,866,810)		3,866,810		—		—
Transfer from stage 1 to stage 3	(658,703)		—		658,703		—
Transfer from stage 2 to stage 3	—		(1,308,767)		1,308,767		—
Transfer from stage 2 to stage 1	1,987,537		(1,987,537)		—		—
Transfer from stage 3 to stage 2	—		214,277		(214,277)		—
Transfer from stage 3 to stage 1	160,233		—		(160,233)		—
Increase in loan portfolio and borrowing costs	44,478,849		2,039,951		457,779		46,976,579
Decrease in loan portfolio and borrowing costs	(42,822,600)		(2,038,472)		(1,636,184)		(46,497,256)
Increase-decrease in interest	(451,092)		(97,711)		965,861		417,058
Increase-decrease in other receivables associated with loans	(11,566)		(2,774)		6,838		(7,502)
Write-offs	(3,806)		(2,011)		(915,544)		(921,361)
Discontinued operations ⁽¹⁾	1,189,902		104,778		101,022		1,395,702
Entity deconsolidation	2,545,231		694,122		22,292		3,261,645
FX and other movements ^(*)	2,040,207		61,382		114,066		2,215,655
Total portfolio as of September 30, 2021	97,213,518		11,387,748		9,226,192		117,827,458

(*) For the quarter of September 30, 2021, the TRM presented a variation of Ps. 380.27 per dollar

⁽¹⁾ See details in note 1.1. See spin-off BAC Holding

Consumer portfolio

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of September 30, 2022.

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
	Ps.		Ps.		Ps.		Ps.
Loss allowance as of December 31, 2021	1,066,543		1,396,101		2,118,360		4,581,004
Transfers:							
Transfer from stage 1 to stage 2	(120,719)		120,719		—		—
Transfer from stage 1 to stage 3	(55,026)		—		55,026		—
Transfer from stage 2 to stage 3	—		(372,966)		372,966		—
Transfer from stage 3 to stage 2	—		72,146		(72,146)		—
Transfer from stage 2 to stage 1	141,715		(141,715)		—		—
Transfer from stage 3 to stage 1	39,667		—		(39,667)		—
Net remeasurement of loss allowance ⁽³⁾	4,423		606,533		982,088		1,593,044
New financial assets originated or purchased	356,542		106,563		144,883		607,988
Financial assets that have been derecognized	(163,411)		(114,951)		(142,507)		(420,869)
Unwind of discount ⁽¹⁾	—		—		86,809		86,809
FX and other movements	(2,078)		6,233		4,424		8,579
Discontinued operations ⁽²⁾	(9,751)		15,493		240,008		245,750
Entity deconsolidation	(412,745)		(585,225)		(802,042)		(1,800,012)
Write—offs	(42,054)		(279,715)		(1,391,365)		(1,713,134)
Loss allowance as of September 30, 2022	803,106		829,216		1,556,837		3,189,159

⁽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⁾ See details in note 1.1. See spin-off BAC Holding

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(3) 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 September 30, 2022 versus parameters as of December 31, 2021 and the loan portfolio as of September 30, 2022.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps.	(52,821)Ps.	84,071 Ps.	7,170 Ps.	38,420

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 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Total portfolio as of December 31, 2021	Ps. 63,811,740	Ps. 9,828,726	Ps. 3,248,679	Ps. 76,889,145
Transfers:				
Transfer from stage 1 to stage 2	(3,156,140)	3,156,140	—	—
Transfer from stage 1 to stage 3	(349,267)	—	349,267	—
Transfer from stage 2 to stage 3	—	(1,091,507)	1,091,507	—
Transfer from stage 2 to stage 1	2,148,725	(2,148,725)	—	—
Transfer from stage 3 to stage 2	—	202,300	(202,300)	—
Transfer from stage 3 to stage 1	90,855	—	(90,855)	—
Increase in loan portfolio and borrowing costs	29,489,306	927,637	1,221,175	31,638,118
Decrease in loan portfolio and borrowing costs	(19,850,482)	(2,123,659)	(1,586,469)	(23,560,610)
Increase-decrease in interest	(693,693)	80,683	583,222	(29,788)
Increase-decrease in other receivables associated with loans	5,562	(339)	858	6,081
Write-offs	(42,054)	(279,715)	(1,391,365)	(1,713,134)
Discontinued operations ⁽¹⁾	1,156,225	(80,679)	(477,697)	597,849
Entity deconsolidation	(22,340,862)	(3,498,287)	(882,530)	(26,721,679)
FX and other movements	406,941	118,987	(2,688)	523,240
Total portfolio as of September 30, 2022	Ps. 50,676,856	Ps. 5,091,562	Ps. 1,860,804	Ps. 57,629,222

(1) See details in note 1.1. See spin-off BAC Holding

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of September 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. 1,013,071	Ps. 1,948,030	Ps. 1,977,870	Ps. 4,938,971
Transfers:				
Transfer from stage 1 to stage 2	(126,976)	126,976	—	—
Transfer from stage 1 to stage 3	(41,902)	—	41,902	—
Transfer from stage 2 to stage 3	—	(631,309)	631,309	—
Transfer from stage 3 to stage 2	—	67,063	(67,063)	—
Transfer from stage 2 to stage 1	100,966	(100,966)	—	—
Transfer from stage 3 to stage 1	30,668	—	(30,668)	—
Net remeasurement of loss allowance ⁽³⁾	(160,699)	297,918	1,074,555	1,211,774
New financial assets originated or purchased	423,916	110,156	151,680	685,752
Financial assets that have been derecognized	(243,972)	(173,653)	(65,529)	(483,154)
Unwind of discount ⁽¹⁾	—	—	90,290	90,290
FX and other movements	376	4,643	965	5,984

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Discontinued operations ⁽²⁾	(180,230)	332,324	515,947	668,041
Entity deconsolidation	240,285	(374,898)	(475,050)	(609,663)
Write-offs	(21,633)	(80,409)	(1,630,498)	(1,732,540)
Loss allowance as of September 30, 2021	Ps. 1,033,870	Ps. 1,525,875	Ps. 2,215,710	Ps. 4,775,455

⁽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⁾ See details in note 1.1. See spin-off BAC Holding

⁽³⁾ 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 September 30, 2021 versus parameters as of December 31, 2020 and the loan portfolio as of September 30, 2021.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
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 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. 51,453,521	Ps. 11,382,726	Ps. 2,999,210	Ps. 65,835,457
Transfers:				
Transfer from stage 1 to stage 2	(2,637,310)	2,637,310	—	—
Transfer from stage 1 to stage 3	(287,317)	—	287,317	—
Transfer from stage 2 to stage 3	—	(1,567,402)	1,567,402	—
Transfer from stage 2 to stage 1	1,472,444	(1,472,444)	—	—
Transfer from stage 3 to stage 2	—	166,356	(166,356)	—
Transfer from stage 3 to stage 1	80,193	—	(80,193)	—
Increase in loan portfolio and borrowing costs	30,777,169	1,021,428	503,453	32,302,050
Decrease in loan portfolio and borrowing costs	(23,926,578)	(1,921,874)	(865,163)	(26,713,615)
Increase-decrease in interest	(844,837)	9,909	641,317	(193,611)
Increase-decrease in other receivables associated with loans	(10,691)	(7,615)	(790)	(19,096)
Write-offs	(21,633)	(80,409)	(1,630,498)	(1,732,540)
Discontinued operations ⁽¹⁾	1,894,900	388,826	144,737	2,428,463
Entity deconsolidation	1,550,189	(542,932)	(48,683)	958,574
FX and other movements ^(*)	208,030	84,484	1,953	294,467
Total portfolio as of September 30, 2021	Ps. 59,708,080	Ps. 10,098,363	Ps. 3,353,706	Ps. 73,160,149

^(*) For the quarter of September 30, 2021 the TRM presented a variation of Ps. 380.27 per dollar

⁽¹⁾ See details in note 1.1. See spin-off BAC Holding

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Mortgage portfolio

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of September 30, 2022.

	Stage 1		Stage 2		Stage 3		Total	
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired			
	Ps.		Ps.		Ps.		Ps.	
Loss allowance as of December 31, 2021	Ps.	93,122	Ps.	286,903	Ps.	352,382	Ps.	732,407
Transfers:								
Transfer from stage 1 to stage 2		(4,292)		4,292		—		—
Transfer from stage 1 to stage 3		(95)		—		95		—
Transfer from stage 2 to stage 3		—		(22,247)		22,247		—
Transfer from stage 3 to stage 2		—		7,872		(7,872)		—
Transfer from stage 2 to stage 1		55,824		(55,824)		—		—
Transfer from stage 3 to stage 1		10,170		—		(10,170)		—
Net remeasurement of loss allowance ⁽³⁾		(37,229)		13,446		15,026		(8,757)
New financial assets originated or purchased		11,256		3,017		6,679		20,952
Financial assets that have been derecognized		(21,745)		(6,891)		(4,212)		(32,848)
Unwind of discount ⁽¹⁾		—		—		13,212		13,212
FX and other movements		(3,896)		7,135		1,132		4,371
Discontinued operations ⁽²⁾		(6,193)		1,917		9,998		5,722
Entity deconsolidation		(41,518)		(173,351)		(126,763)		(341,632)
Write-offs		(1,611)		(3,022)		(26,900)		(31,533)
Loss allowance as of September 30, 2022	Ps.	53,793	Ps.	63,247	Ps.	244,854	Ps.	361,894

⁽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⁾ See details in note 1.1. See spin-off BAC Holding

⁽³⁾ 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 September 30, 2022 versus parameters as of December 31, 2021 and the loan portfolio as of September 30, 2022.

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Ps.	(4,173)Ps.	(8,205)Ps.	(8,269)Ps.	(20,647)

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			
	Ps.		Ps.		Ps.		Ps.	
Total portfolio as of December 31, 2021	Ps.	22,743,149	Ps.	5,278,510	Ps.	1,098,657	Ps.	29,120,316
Transfers:								
Transfer from stage 1 to stage 2		(694,785)		694,785		—		—
Transfer from stage 1 to stage 3		(7,063)		—		7,063		—
Transfer from stage 2 to stage 3		—		(161,894)		161,894		—
Transfer from stage 2 to stage 1		1,505,863		(1,505,863)		—		—
Transfer from stage 3 to stage 2		—		50,286		(50,286)		—
Transfer from stage 3 to stage 1		47,703		—		(47,703)		—
Increase in loan portfolio and borrowing costs		3,604,782		117,421		26,117		3,748,320
Decrease in loan portfolio and borrowing costs		(1,638,142)		(223,965)		(111,738)		(1,973,845)
Increase-decrease in interest		(56,614)		41,018		71,424		55,828

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	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
Increase-decrease in other receivables associated with loans	(2,565)		(1,275)		221		(3,619)
Write-offs	(1,611)		(3,022)		(26,900)		(31,533)
Discontinued operations ⁽¹⁾	268,497		(1,219,303)		(650,834)		(1,601,640)
Entity deconsolidation	(10,977,834)		(1,859,006)		(383)		(12,837,223)
FX and other movements	288,226		197,791		4,001		490,018
Total portfolio as of September 30, 2022	Ps. 15,079,606	Ps.	1,405,483	Ps.	481,533	Ps.	16,966,622

⁽¹⁾ See details in note 1.1. See spin-off BAC Holding

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of September 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	(5,888)		5,888		—		—
Transfer from stage 1 to stage 3	(290)		—		290		—
Transfer from stage 2 to stage 3	—		(23,401)		23,401		—
Transfer from stage 3 to stage 2	—		7,621		(7,621)		—
Transfer from stage 2 to stage 1	10,298		(10,298)		—		—
Transfer from stage 3 to stage 1	5,570		—		(5,570)		—
Net remeasurement of loss allowance ⁽³⁾	(2,879)		83,341		26,083		106,545
New financial assets originated or purchased	10,913		4,616		5,927		21,456
Financial assets that have been derecognized	(11,409)		(9,447)		(6,911)		(27,767)
Unwind of discount ⁽¹⁾	—		—		10,224		10,224
FX and other movements	9		2,774		143		2,926
Discontinued operations ⁽²⁾	(31,687)		34,300		64,584		67,197
Entity deconsolidation	34,024		(4,302)		(24,860)		4,862
Write—offs	(1,518)		(5,018)		(11,139)		(17,675)
Loss allowance as of September 30, 2021	Ps. 79,437	Ps.	311,963	Ps.	337,272	Ps.	728,672

⁽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⁾ See details in note 1.1. See spin-off BAC Holding

⁽³⁾ 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 September 30, 2021 versus parameters as of December 31, 2020 and the loan portfolio as of September 30, 2021.

Ps.	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
	(8,711)Ps.		(16,367)Ps.		37,004 Ps.		11,926

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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	(664,630)		664,630		—		—
Transfer from stage 1 to stage 3	(15,889)		—		15,889		—
Transfer from stage 2 to stage 3	—		(122,509)		122,509		—
Transfer from stage 2 to stage 1	330,938		(330,938)		—		—
Transfer from stage 3 to stage 2	—		33,077		(33,077)		—
Transfer from stage 3 to stage 1	31,258		—		(31,258)		—
Increase in loan portfolio and borrowing costs	3,261,956		127,554		37,592		3,427,102
Decrease in loan portfolio and borrowing costs	(1,985,765)		(171,847)		(100,205)		(2,257,817)
Increase-decrease in interest	(62,674)		(6,539)		48,581		(20,632)
Increase-decrease in other receivables associated with loans	(4,427)		1,662		974		(1,791)
Write-offs	(1,518)		(5,018)		(11,139)		(17,675)
Discontinued operations ⁽¹⁾	504,189		168,086		28,012		700,287
Entity deconsolidation	751,037		128,884		153,198		1,033,119
FX and other movements ^(*)	144,729		120,935		3,192		268,856
Total portfolio as of September 30, 2021	Ps. 20,827,086	Ps.	5,825,849	Ps.	1,037,285	Ps.	27,690,220

(*) For the quarter of September 30, 2021 the TRM presented a variation of Ps. 380.27 per dollar

⁽¹⁾ See details in note 1.1. See spin-off BAC Holding

Microcredit portfolio

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of September 30, 2022.

	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, 2021	Ps. 6,740	Ps.	13,291	Ps.	85,039	Ps.	105,070
Transfers:							
Transfer from stage 1 to stage 2	(1,689)		1,689		—		—
Transfer from stage 1 to stage 3	(578)		—		578		—
Transfer from stage 2 to stage 3	—		(8,804)		8,804		—
Transfer from stage 3 to stage 2	—		1,169		(1,169)		—
Transfer from stage 2 to stage 1	2,594		(2,594)		—		—
Transfer from stage 3 to stage 1	268		—		(268)		—
Net remeasurement of loss allowance ⁽²⁾	(2,577)		2,361		2,418		2,202
New financial assets originated or purchased	4,362		138		6		4,506
Financial assets that have been derecognized	(1,853)		(864)		(357)		(3,074)
Unwind of discount ⁽¹⁾	—		—		7,656		7,656
Write—offs	(199)		(1,730)		(66,459)		(68,388)
Loss allowance as of September 30, 2022	Ps. 7,068	Ps.	4,656	Ps.	36,248	Ps.	47,972

⁽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)

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(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 September 30, 2022 versus parameters as of December 31, 2021 and the loan portfolio as of September 30, 2022.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit-impaired	Total
Ps.	2,154 Ps.	120 Ps.	(41)Ps.	2,233

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, 2021	Ps. 187,419	Ps. 43,362	Ps. 86,958	Ps. 317,739
Transfers:				
Transfer from stage 1 to stage 2	(20,001)	20,001	—	—
Transfer from stage 1 to stage 3	(4,120)	—	4,120	—
Transfer from stage 2 to stage 3	—	(21,827)	21,827	—
Transfer from stage 2 to stage 1	19,587	(19,587)	—	—
Transfer from stage 3 to stage 2	—	2,989	(2,989)	—
Transfer from stage 3 to stage 1	772	—	(772)	—
Increase in loan portfolio and borrowing costs	158,945	1,044	36,586	196,575
Decrease in loan portfolio and borrowing costs	(130,892)	(11,782)	(52,018)	(194,692)
Increase-decrease in interest	1,721	1,420	10,405	13,546
Increase-decrease in other receivables associated with loans	(1)	—	—	(1)
Write-offs	(199)	(1,730)	(66,459)	(68,388)
Total portfolio as of September 30, 2022	Ps. 213,231	Ps. 13,890	Ps. 37,658	Ps. 264,779

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of September 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. 17,089	Ps. 60,040	Ps. 46,910	Ps. 124,039
Transfers:				
Transfer from stage 1 to stage 2	(6,267)	6,267	—	—
Transfer from stage 1 to stage 3	(1,341)	—	1,341	—
Transfer from stage 2 to stage 3	—	(38,967)	38,967	—
Transfer from stage 3 to stage 2	—	3,050	(3,050)	—
Transfer from stage 2 to stage 1	4,103	(4,103)	—	—
Transfer from stage 3 to stage 1	624	—	(624)	—
Net remeasurement of loss allowance ⁽²⁾	(7,779)	(906)	28,507	19,822
New financial assets originated or purchased	8,261	561	16	8,838
Financial assets that have been derecognized	(3,267)	(3,416)	(528)	(7,211)
Unwind of discount ⁽¹⁾	—	—	9,238	9,238
Write—offs	(362)	(2,162)	(35,248)	(37,772)
Loss allowance as of September 30, 2021	Ps. 11,061	Ps. 20,364	Ps. 85,529	Ps. 116,954

⁽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)

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- (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 September 30, 2021, versus parameters as of December 31, 2020, and the loan portfolio as of September 30, 2021.

	Stage 1 12- month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit-impaired	Total
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 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. 178,570	Ps. 143,901	Ps. 49,850	Ps. 372,321
Transfers:				
Transfer from stage 1 to stage 2	(39,581)	39,581	—	—
Transfer from stage 1 to stage 3	(5,901)	—	5,901	—
Transfer from stage 2 to stage 3	—	(76,290)	76,290	—
Transfer from stage 2 to stage 1	26,575	(26,575)	—	—
Transfer from stage 3 to stage 2	—	6,917	(6,917)	—
Transfer from stage 3 to stage 1	1,926	—	(1,926)	—
Increase in loan portfolio and borrowing costs	129,327	92	8,883	138,302
Decrease in loan portfolio and borrowing costs	(113,638)	(27,741)	(14,072)	(155,451)
Increase-decrease in interest	375	4,535	5,683	10,593
Increase-decrease in other receivables associated with loans	—	—	—	—
Write-offs	(362)	(2,162)	(35,248)	(37,772)
Total portfolio as of September 30, 2021	Ps. 177,291	Ps. 62,258	Ps. 88,444	Ps. 327,993

Repos, interbank loans portfolio

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of September 30, 2022.

	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, 2021	Ps. 2,386	Ps. —	Ps. —	Ps. 2,386
Net remeasurement of loss allowance ⁽²⁾	21	—	—	21
New financial assets originated or purchased	16,123	—	—	16,123
Financial assets that have been derecognized	(18,124)	—	—	(18,124)
Unwind of discount ⁽¹⁾	—	—	—	—
Write-offs	—	—	—	—
Loss allowance as of September 30, 2022	406	—	—	406

⁽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 September 30, 2022 versus parameters as of December 31, 2021 and the loan portfolio as of September 30, 2022.

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Ps.	(11)Ps.	— Ps.	— Ps.	(11)

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, 2021	Ps. 3,218,433	Ps. —	Ps. —	Ps. 3,218,433
Increase in loan portfolio and borrowing costs	16,963,732	—	—	16,963,732
Decrease in loan portfolio and borrowing costs	(16,515,289)	—	—	(16,515,289)
Increase-decrease in interest	38,853	—	—	38,853
Increase-decrease in other receivables associated with loans	47	—	—	47
Write-offs	—	—	—	—
Discontinued operations ⁽¹⁾	249	—	—	249
Entity deconsolidation	(1,442,427)	—	—	(1,442,427)
FX and other movements	(21,977)	—	—	(21,977)
Total portfolio as of September 30, 2022	Ps. 2,241,621	Ps. —	Ps. —	Ps. 2,241,621

⁽¹⁾ See details in note 1.1. See spin-off BAC Holding

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of September 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	5,105	—	—	5,105
Financial assets that have been derecognized	(1,935)	—	(59)	(1,994)
Loss allowance as of September 30, 2021	Ps. 3,953	Ps. —	Ps. —	Ps. 3,953

⁽¹⁾ 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 September 30, 2021 versus parameters as of December 31, 2020 and the loan portfolio as of September 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:

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	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.	4,693,539	Ps.	—	Ps.	139	Ps. 4,693,678
Increase in loan portfolio and borrowing costs		1,567,974		—		—	1,567,974
Decrease in loan portfolio and borrowing costs		(2,468,275)		—		—	(2,468,275)
Increase-decrease in interest		15,702		—		—	15,702
Increase-decrease in other receivables associated with loans		7,532		—		(139)	7,393
Write-offs		—		—		—	—
Discontinued operations ⁽¹⁾		901		—		—	901
Entity deconsolidation		(1,003,695)		—		—	(1,003,695)
FX and other movements ^(*)		63,435		—		—	63,435
Total portfolio as of September 30, 2021	Ps.	2,877,113	Ps.	—	Ps.	—	Ps. 2,877,113

(*) For the quarter of September 30, 2021, the TRM presented a variation of Ps. 380.27 per dollar

⁽¹⁾ See details in note 1.1. See spin-off BAC Holding

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 September 30, 2022.

	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 2021	Ps.	123,978	Ps.	—	Ps.	—	Ps. 123,978
Transfers:							
Transfer from stage 1 to stage 2		—		—		—	—
Transfer from stage 2 to stage 1		—		—		—	—
Net remeasurement of loss allowance ⁽³⁾		(3,011)		—		—	(3,011)
New financial assets originated or purchased		3,969		—		—	3,969
Financial assets that have been derecognized		(4,292)		—		—	(4,292)
Unwind of discount ⁽¹⁾		—		—		—	—
FX and other movements		544		—		—	544
Discontinued operations ⁽²⁾		2,935		—		—	2,935
Entities deconsolidation		(111,358)		—		—	(111,358)
Loss allowance as of September 30, 2022	Ps.	12,765	Ps.	—	Ps.	—	Ps. 12,765

⁽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⁾ See details in note 1.1. See spin-off BAC Holding

⁽³⁾ 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 September 30, 2022 versus parameters as of December 31, 2021 and the loan portfolio as of September 30, 2022.

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
	Ps. (1,736)	Ps. —	Ps. —	Ps. (1,736)

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The following table show the reconciliations from the opening to the closing balance of the loss allowance as of September 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. 96,307	Ps. 179	Ps. —	Ps. 96,486
Transfers:				
Transfer from stage 1 to stage 2	(43)	43	—	—
Transfer from stage 2 to stage 1	43	(43)	—	—
Net remeasurement of loss allowance ⁽³⁾	(1,135)	—	—	(1,135)
New financial assets originated or purchased	6,977	—	—	6,977
Financial assets that have been derecognized	(9,016)	—	—	(9,016)
Unwind of discount ⁽¹⁾	—	—	—	—
Discontinued operations ⁽²⁾	14,136	(181)	—	13,955
Entities deconsolidation	9,110	2	—	9,112
FX and other movements	684	—	—	684
Loss allowance as of September 30, 2022	Ps. 117,063	Ps. —	Ps. —	Ps. 117,063

⁽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⁾ See details in note 1.1. See spin-off BAC Holding

⁽³⁾ 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 September 30, 2021 versus parameters as of December 31, 2020 and the loan portfolio as of September 30, 2021.

Stage 1	Stage 2	Stage 3	Total
12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Ps. (12,908)	Ps. —	Ps. —	Ps. (12,908)

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 September 30, 2022.

	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 2021	Ps. 3,297	Ps. 7,401	Ps. —	Ps. 10,698
Transfers:				
Transfer from stage 1 to stage 2	—	—	—	—
Net remeasurement of loss allowance ⁽³⁾	19,450	(78)	—	19,372
New financial assets originated or purchased	1,673	—	—	1,673
Financial assets that have been derecognized	(592)	—	—	(592)
Unwind of discount ⁽¹⁾	—	—	—	—
FX and other movements	3,711	1,133	—	4,844
Discontinued operations ⁽²⁾	(76)	—	—	(76)
Entities deconsolidation	(512)	—	—	(512)
Loss allowance as of September 30, 2022	Ps. 26,951	Ps. 8,456	Ps. —	Ps. 35,407

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- (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) See details in note 1.1. See spin-off BAC Holding
- (3) 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 September 30, 2022 versus parameters as of December 31, 2021 and the loan portfolio as of September 30, 2022.

Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Ps. (369)	Ps. —	Ps. —	Ps. (369)

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of September 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 31 December 2020	Ps. 7,188	Ps. 7	Ps. —	Ps. 7,195
Transfers:				
Transfer from stage 1 to stage 2	(1,720)	1,720	—	—
Net remeasurement of loss allowance ⁽³⁾	(1,686)	4,255	—	2,569
New financial assets originated or purchased	1,630	1,440	—	3,070
Financial assets that have been derecognized	(1,094)	—	—	(1,094)
Unwind of discount ⁽¹⁾	—	—	—	—
Discontinued operations ⁽²⁾	(1,780)	—	—	(1,780)
Entities deconsolidation	276	—	—	276
FX and other movements	442	(146)	—	296
Loss allowance as of September 30, 2021	Ps. 3,256	Ps. 7,276	Ps. —	Ps. 10,532

- (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) See details in note 1.1. See spin-off BAC Holding
- (3) 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 September 30, 2021 versus parameters as of December 31, 2020 and the loan portfolio as of September 30, 2021.

Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Ps. (451)	Ps. —	Ps. —	Ps. (451)

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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 September 30, 2022.

		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, 2021	Ps.	18,939	Ps.	16,771	Ps.	129,449	Ps.	217,643	Ps.	382,802
Transfers stages		—		—		—		—		—
Net remeasurement of loss allowance		2,684		284		33,455		18,946		55,369
New financial assets originated or purchased		—		—		—		—		—
Financial assets that have been derecognized		—		—		—		—		—
Unwind of discount ⁽¹⁾		—		—		—		—		—
FX and other movements		(500)		(515)		(2,365)		583		(2,797)
Entity deconsolidation		—		—		—		(33,024)		(33,024)
Discontinued operations ⁽²⁾		—		—		—		469		469
Write—offs		(2,228)		—		(22,244)		(7,591)		(32,063)
Loss allowance as of September 30, 2022	Ps.	18,895	Ps.	16,540	Ps.	138,295	Ps.	197,026	Ps.	370,756

⁽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⁾ See details in note 1.1. See spin-off BAC Holding

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of September 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		8,927		5,453		27,373		19,314		61,067
New financial assets originated or purchased		—		—		—		—		—
Financial assets that have been derecognized		—		—		—		—		—
Unwind of discount ⁽¹⁾		—		—		—		—		—
FX and other movements		(103)		(28)		(985)		6,809		5,693
Discontinued operations ⁽²⁾		—		—		—		7,054		7,054
Entity deconsolidation		—		—		—		(413)		(413)
Write—offs		(1,037)		—		(15,172)		(12,472)		(28,681)
Loss allowance as of September 30, 2021	Ps.	25,923	Ps.	18,973	Ps.	118,687	Ps.	224,194	Ps.	387,777

⁽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⁾ See details in note 1.1. See spin-off BAC Holding

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 September 30, 2022.

	Stage 1		Stage 2		Stage 3		Total	
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired			
	Ps.		Ps.		Ps.		Ps.	
Loss allowance as of December 31, 2021		45,916		10,097		6,028		62,041
Transfers:								
Transfer from Stage 1 to Stage 2		(700)		700		—		—
Transfer from Stage 1 to Stage 3		(45)		—		45		—
Transfer from Stage 2 to Stage 3		—		(197)		197		—
Transfer from Stage 3 to Stage 2		—		45		(45)		—
Transfer from Stage 2 to Stage 1		2,818		(2,818)		—		—
Transfer from Stage 3 to Stage 1		168		—		(168)		—
Net remeasurement of loss allowance		(10,530)		(1,018)		(1,110)		(12,658)
New loan commitments and financial guarantees issued		11,929		1,862		62		13,853
FX and other movements		310		1		—		311
Discontinued operations ⁽¹⁾		(45)		(63)		(133)		(241)
Entity deconsolidation		(751)		(138)		(4,292)		(5,181)
Loss allowance as of September 30, 2022	Ps.	49,070	Ps.	8,471	Ps.	584	Ps.	58,125

⁽¹⁾ See details in note 1.1. See spin-off BAC Holding

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

	Stage 1		Stage 2		Stage 3		Total	
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired			
	Ps.		Ps.		Ps.		Ps.	
Loss allowance as of December 31, 2020		57,226		8,679		1,488		67,393
Transfers:								
Transfer from Stage 1 to Stage 2		(1,448)		1,448		—		—
Transfer from Stage 1 to Stage 3		(137)		—		137		—
Transfer from Stage 2 to Stage 3		—		(204)		204		—
Transfer from Stage 3 to Stage 2		—		59		(59)		—
Transfer from Stage 2 to Stage 1		3,915		(3,915)		—		—
Transfer from Stage 3 to Stage 1		68		—		(68)		—
Net remeasurement of loss allowance		(23,581)		3,091		(714)		(21,204)
New loan commitments and financial guarantees issued		9,439		1,720		650		11,809
FX and other movements		(165)		—		1		(164)
Discontinued operations ⁽¹⁾		306		(61)		(244)		1
Entity deconsolidation		167		21		26		214
Loss allowance as of September 30, 2021	Ps.	45,790	Ps.	10,838	Ps.	1,421	Ps.	58,049

⁽¹⁾ See details in note 1.1. See spin-off BAC Holding

g) Credit Commitments

Following is the detail of the guarantees, letters of credit and credit commitments on non-used credit lines as of September 30, 2022 and December 31, 2021:

Credit lines commitments not used

		September 30, 2022		December 31, 2021
		Notional amount		Notional amount
Guarantees	Ps.	4,268,366	Ps.	4,886,575
Unused letters of credit		677,443		1,366,444
Unused limits of overdrafts		2,427,259		2,064,096
Unused credit card limits		11,742,918		29,541,882
Other		13,193,180		10,077,324
Total	Ps.	32,309,166	Ps.	47,936,321

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

		September 30, 2022		December 31, 2021
Colombian Pesos	Ps.	27,573,677	Ps.	22,073,167
U.S. dollars		4,710,679		25,465,480
Euro		19,831		15,650
Other		4,979		382,024
Total	Ps.	32,309,166	Ps.	47,936,321

NOTE 5 – HEDGE ACCOUNTING

In accordance with its risk management policies, Grupo Aval’s subsidiaries use hedge accounting as of September 30, 2022 and December 31, 2021, as follows:

Hedges of net investment in foreign operations

Banco de Bogotá, Banco de Occidente and Promigas 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	Nine-month variation in pesos
September 30, 2022	4,590.54	439.33	609.38
December 31, 2021	3,981.16	168.39	302.54
September 30, 2021	3,812.77	64.27	380.27

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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
BAC Holding and MFH ⁽¹⁾	Ps.	(7,074,500)	Ps.	2,828,646	Ps.	4,048,523	Ps.	(197,331)
Other subsidiaries and branches Banco de Bogotá		77,735		—		3,024		80,759
BAC Holding		755,555		(718,513)		—		37,042
Occidental Bank Barbados		17,230		(17,230)		—		—
Banco de Occidente Panamá		20,381		(20,381)		—		—
Sociedad Portuaria El Cayao S.A. E.S.P.		16,066		(16,066)		—		—
Gases del Pacífico S.A.C.		19,432		(13,939)		—		5,493
Gas Natural de Lima y Callao S.A.C. – Calidda		65,908		(65,908)		—		—
Promigas Perú S.A.C.		2,937		(2,937)		—		—
Gases del Norte del Perú S.A.C.		12,367		(12,367)		—		—
Promigas Panamá Corporation		6		(6)		—		—
Total	Ps.	(6,086,883)	Ps.	1,961,299	Ps.	4,051,547	Ps.	(74,037)

⁽¹⁾ Include OCI from BAC Holding International Corp. and Multi Financial Holding hedge accounting and realization of the OCI items resulting from the spin-off of BAC Holding. See details in note 1.2. “Deconsolidation of BAC Holding”

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:

September 30, 2022

Detail of investment	<i>Thousands of USD</i>			<i>Ps. millions</i>			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	
Multifinancial Holding	379,314	(320,000)	—	Ps. 317,404	Ps. (267,043)	Ps. (435)	49,926
Other subsidiaries and branches Banco de Bogotá (2)	124,694	—	(281)	312,731	—	(230,364)	82,367
BAC Holding	915,954	(861,000)	—	755,555	(718,513)	—	37,042
Occidental Bank Barbados	26,292	(26,292)	—	68,708	(68,708)	—	—
Banco de Occidente Panamá	28,327	(28,327)	—	92,971	(92,971)	—	—
Sociedad Portuaria El Cayao S.A. E.S.P.	26,365	26,365	—	46,086	(46,086)	—	—
Gases del Pacífico S.A.C.	31,888	31,888	—	31,159	(39,495)	—	(8,336)
Gas Natural de Lima y Callao S.A.C. – Calidda	111,568	111,568	—	149,176	(149,176)	—	—
Promigas Perú S.A.C.	4,820	4,820	—	4,445	(4,445)	—	—
Gases del Norte del Perú S.A.C.	24,001	24,001	—	14,868	(14,868)	—	—
Promigas Panamá Corporation	6	6	—	6	(6)	—	—
Total	1,673,229	(1,036,971)	(281)Ps.	1,793,109	Ps. (1,401,311)	Ps. (230,799)	160,999

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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	
BAC Holding and MFH ^{(2),(4)}	3,861,718	(1,486,000)	(584,500) Ps.	7,391,903 Ps.	(3,021,983) Ps.	(4,048,958) Ps.	320,962
Other subsidiaries and branches Banco de Bogotá ⁽³⁾	145,159	—	(144,308)	234,995	—	(233,388)	1,607
Occidental Bank Barbados	32,329	(32,329)	—	51,478	(51,478)	—	—
Banco de Occidente Panamá	46,039	(46,039)	—	72,590	(72,590)	—	—
Sociedad Portuaria El Cayao S.A. E.S.P.	26,365	(26,365)	—	30,020	(30,020)	—	—
Gases del Pacífico S.A.C.	31,888	(31,888)	—	11,727	(25,556)	—	(13,829)
Gas Natural de Lima y Callao S.A.C. – Calidda	125,284	(125,284)	—	83,268	(83,268)	—	—
Promigas Perú S.A.C.	4,820	(4,820)	—	1,508	(1,508)	—	—
Gases del Norte del Perú S.A.C.	8,395	(8,395)	—	2,501	(2,501)	—	—
Promigas Panamá Corporation	8	(8)	—	2	(2)	—	—
Total	4,282,005	(1,761,128)	(728,808) Ps.	7,879,992 Ps.	(3,288,906) Ps.	(4,282,346) Ps.	308,740

(1) Includes only a portion of this investments hedged

(2) Includes BAC Holding International Corp. and Multi Financial Holding

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

(4) Banco de Bogotá's Board of Directors approved "uncovering" part of the value of the net investment abroad through the reduction in the size of the hedging with derivatives, likewise, it authorized to stop covering the monthly increases in the value of the investment through equity method. The amount of unhedged translation adjustment of the investments was of Ps. 470,412 during year 2021.

a) 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.

b) Fair value hedging

As of September 30, 2022, the MFG uses interest rate swaps to reduce the risk of interest rates on financial assets and financial liabilities.

c) 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 as of September 30, 2022 and December 31, 2021.

NOTE 6 – INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The detail of the investments in associates and joint ventures is as follows:

	September 30, 2022		December 31, 2021	
Associates	Ps.	5,489,550	Ps.	1,170,435
Joint ventures		4,184		2,394
Total	Ps.	5,493,734	Ps.	1,172,829

The following table shows Grupo Aval's ownership interest percentage in investments in associates:

	September 30, 2022		December 31, 2021	
	Ownership interest	Book value	Ownership interest	Book value
Associates				
BAC Holding International Corp ⁽¹⁾	25 %	Ps. 4,211,768	— %	Ps. —
Gas Natural de Lima y Callao S.A. - Cálidda	40 %	662,610	40 %	568,035
Gases del Caribe S.A. E.S.P.	31 %	295,038	31 %	305,456
Credibanco S.A.	25 %	206,442	25 %	200,824
Redeban Multicolor S.A.	20 %	32,698	20 %	22,801
A.C.H Colombia S.A.	34 %	23,932	34 %	36,427
Aerocali S.A.	50 %	24,894	50 %	8,852
Colombiana de Extrusión S.A. - Extrucol	30 %	12,670	30 %	12,966
Servicios de Identidad Digital S.A.S.	33 %	7,208	33 %	3,989
ADL Digital Lab S.A.S.	34 %	5,605	34 %	4,014
Energía Eficiente S.A.	33 %	3,782	33 %	4,307
Metrex S.A.	18 %	2,335	18 %	2,166
Concentra Inteligencia en Energía S.A.S.	24 %	568	24 %	598
		Ps. 5,489,550		Ps. 1,170,435

⁽¹⁾ Includes income from fair value PS. 137,427

NOTE 7 – TANGIBLE ASSETS

The following table are the balances for Tangible assets during the periods ended on September 30, 2022 and December 31, 2021.

Property, plant and equipment	September 30, 2022		December 31, 2021	
Properties, plant and equipment for own use ⁽¹⁾	Ps.	4,708,204	Ps.	6,154,168
Right-of-use assets ⁽¹⁾		1,308,094		1,900,396
Investment properties		855,299		852,935
Biological Assets		178,669		154,986
Properties, plant and equipment given in operating lease		75,656		38,068
Total	Ps.	7,125,922	Ps.	9,100,553

(1) Includes the effect of the spin-off of Bac Holding International Corp. by Ps. (1,899,743), allocated as follows: Property, plant and equipment for Ps. (1,361,821) and assets for rights of use for Ps. (537,922).

NOTE 8 – CONCESSIONS

The following are the balances for Grupo Aval for concession contracts for three-months periods ended September 30, 2022 and 2021:

For three-months periods ended to September 30, 2022

	<u>Gas and energy</u>		<u>Infrastructure</u>		<u>Total</u>	
Cost						
Balance as of June 30, 2022	Ps.	<u>6,423,398</u>	Ps.	<u>6,958,165</u>	Ps.	<u>13,381,563</u>
Additions		192,881		258,130		451,011
Reclassification to PPE		13		—		13
Withdrawals		(2,095)		—		(2,095)
Effect of movements in exchange rates		288,248		—		288,248
Balance at September 30, 2022	Ps.	<u>6,902,445</u>	Ps.	<u>7,216,295</u>	Ps.	<u>14,118,740</u>
Accumulated Amortization						
Balance as of June 30, 2022	Ps.	<u>(1,162,497)</u>	Ps.	<u>(156,503)</u>	Ps.	<u>(1,319,000)</u>
Amortization of the period		(63,423)		(4,655)		(68,078)
Withdrawals		287		—		287
Effect of movements in exchange rates		(33,190)		—		(33,190)
Balance at September 30, 2022	Ps.	<u>(1,258,823)</u>	Ps.	<u>(161,158)</u>	Ps.	<u>(1,419,981)</u>
Impairment losses						
Balance as of June 30, 2022	Ps.	<u>(7,146)</u>	Ps.	<u>(4,637)</u>	Ps.	<u>(11,783)</u>
Impairment charge		—		(182)		(182)
Balance at September 30, 2022	Ps.	<u>(7,146)</u>	Ps.	<u>(4,819)</u>	Ps.	<u>(11,965)</u>
Total Intangible Assets						
Balance as of June 30, 2022	Ps.	<u>5,253,755</u>	Ps.	<u>6,797,025</u>	Ps.	<u>12,050,780</u>
Cost		479,047		258,130		737,177
Amortization		(96,326)		(4,655)		(100,981)
Impairment losses		—		(182)		(182)
Balance at September 30, 2022	Ps.	<u>5,636,476</u>	Ps.	<u>7,050,318</u>	Ps.	<u>12,686,794</u>

For three-months periods ended to September 30, 2021

	<u>Gas and energy</u>		<u>Infrastructure</u>		<u>Total</u>	
Cost						
Balance as of June 30, 2021	Ps.	<u>5,215,610</u>	Ps.	<u>5,899,370</u>	Ps.	<u>11,114,980</u>
Additions		241,856		241,338		483,194
Reclassification to PPE		74		—		74
Withdrawals		(1,105)		—		(1,105)
Effect of movements in exchange rates		27,086		—		27,086
Balance at September 30, 2021	Ps.	<u>5,483,521</u>	Ps.	<u>6,140,708</u>	Ps.	<u>11,624,229</u>
Accumulated Amortization						
Balance as of June 30, 2021	Ps.	<u>(935,350)</u>	Ps.	<u>(148,165)</u>	Ps.	<u>(1,083,515)</u>
Amortization of the period		(55,017)		(6,745)		(61,762)
Withdrawals		76		—		76
Effect of movements in exchange rates		(1,777)		—		(1,777)
Balance at September 30, 2021	Ps.	<u>(992,068)</u>	Ps.	<u>(154,910)</u>	Ps.	<u>(1,146,978)</u>
Impairment losses						
Balance as of June 30, 2021	Ps.	<u>(2,535)</u>	Ps.	<u>(3,965)</u>	Ps.	<u>(6,500)</u>
Impairment charge		—		(86)		(86)
Balance at September 30, 2021	Ps.	<u>(2,535)</u>	Ps.	<u>(4,051)</u>	Ps.	<u>(6,586)</u>
Total Intangible Assets						

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		Gas and energy		Infrastructure		Total
Balance as of June 30, 2021	Ps.	4,277,725	Ps.	5,747,240	Ps.	10,024,965
Cost		267,911		241,338		509,249
Amortization		(56,718)		(6,745)		(63,463)
Impairment losses		—		(86)		(86)
Balance at September 30, 2021	Ps.	4,488,918	Ps.	5,981,747	Ps.	10,470,665

The following are the balances for Grupo Aval for concession contracts for six-months periods ended September 30, 2022 and 2021:

For nine-months periods ended to September 30, 2022

		Gas and energy		Infrastructure		Total
Cost						
Balance as of January 1, 2022	Ps.	5,893,832	Ps.	6,418,058	Ps.	12,311,890
Additions ⁽¹⁾		612,684		798,237		1,410,921
Reclassification to PPE		100		—		100
Withdrawals		(4,160)		—		(4,160)
Effect of movements in exchange rates		399,989		—		399,989
Balance at September 30, 2022	Ps.	6,902,445	Ps.	7,216,295	Ps.	14,118,740
Accumulated Amortization						
Balance as of January 1, 2022	Ps.	(1,055,525)	Ps.	(146,847)	Ps.	(1,202,372)
Amortization of the period		(181,889)		(14,311)		(196,200)
Withdrawals		643		—		643
Effect of movements in exchange rates		(22,052)		—		(22,052)
Balance at September 30, 2022	Ps.	(1,258,823)	Ps.	(161,158)	Ps.	(1,419,981)
Impairment losses						
Balance as of January 1, 2022	Ps.	(7,146)	Ps.	(4,256)	Ps.	(11,402)
Impairment charge		—		(563)		(563)
Balance at September 30, 2022	Ps.	(7,146)	Ps.	(4,819)	Ps.	(11,965)
Total Intangible Assets						
Balance as of January 1, 2022	Ps.	4,831,161	Ps.	6,266,955	Ps.	11,098,116
Cost		1,008,613		798,237		1,806,850
Amortization		(203,298)		(14,311)		(217,609)
Impairment losses		—		(563)		(563)
Balance at September 30, 2022	Ps.	5,636,476	Ps.	7,050,318	Ps.	12,686,794

(1) Includes Concesionaria Vial Andina - Coviandina S.A.S. with Ps. 540,695; Gases del Norte del Perú S.A.C. with Ps. 237,006 and Gases del Pacífico S.A.C. with Ps. 69,115. All these concessions are in the construction stage.

For nine-months periods ended to September 30, 2021

		Gas and energy		Infrastructure		Total
Cost						
Balance as of January 1, 2021	Ps.	4,654,889	Ps.	5,495,856	Ps.	10,150,745
Additions		662,426		644,852		1,307,278
Reclassification to PPE		20,468		—		20,468
Withdrawals		(2,569)		—		(2,569)
Effect of movements in exchange rates		148,307		—		148,307
Balance at December 31, 2021	Ps.	5,483,521	Ps.	6,140,708	Ps.	11,624,229
Accumulated Amortization						
Balance as of January 1, 2021	Ps.	(821,017)	Ps.	(136,926)	Ps.	(957,943)
Amortization of the period		(162,990)		(17,984)		(180,974)
Withdrawals		153		—		153
Effect of movements in exchange rates		(8,214)		—		(8,214)

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		<u>Gas and energy</u>		<u>Infrastructure</u>		<u>Total</u>
Balance at December 31, 2021	Ps.	<u>(992,068)</u>	Ps.	<u>(154,910)</u>	Ps.	<u>(1,146,978)</u>
Impairment losses						
Balance as of January 1, 2021	Ps.	<u>(2,296)</u>	Ps.	<u>(2,942)</u>	Ps.	<u>(5,238)</u>
Impairment charge		(239)		(1,109)		(1,348)
Balance at December 31, 2021	Ps.	<u>(2,535)</u>	Ps.	<u>(4,051)</u>	Ps.	<u>(6,586)</u>
Total Intangible Assets						
Balance as of January 1, 2021	Ps.	<u>3,831,576</u>	Ps.	<u>5,355,988</u>	Ps.	<u>9,187,564</u>
Cost		828,632		644,852		1,473,484
Amortization		(171,051)		(17,984)		(189,035)
Impairment losses		(239)		(1,109)		(1,348)
Balance at December 31, 2021	Ps.	<u>4,488,918</u>	Ps.	<u>5,981,747</u>	Ps.	<u>10,470,665</u>

NOTE 9 – GOODWILL

The following is the roll-forward of goodwill balances during the period ended September 30, 2022 and 2021:

		For the three-months periods ended September 30,	
		2022	2021
Balance at the beginning of the period	Ps.	<u>2,234,890</u>	Ps. <u>8,221,902</u>
Impairment charge		—	—
Loss of control of entities		—	—
Effect of movements in exchange rates ⁽¹⁾⁽²⁾		16,003	103,306
Balance at the end of the period	Ps.	<u>2,250,893</u>	Ps. <u>8,325,208</u>

- (1) Corresponds to the variation in the TRM between June and September, for 2022 of Ps. 439.33 per dollar and for 2021 of Ps. 64.27 per dollar on the goodwill recognized in Multi Financial Group.
- (2) Includes the effect of exchange rates for the discontinued operation of BAC Holding International for 2021 for Ps. 100,964.

		For the nine-months period ended September, 30	
		2022	2021
Balance at the beginning of the period	Ps.	<u>8,486,560</u>	Ps. <u>7,713,817</u>
Impairment charge		(1,579)	—
Loss of control of entities ⁽¹⁾		(5,902,410)	—
Effect of movements in exchange rates ⁽²⁾⁽³⁾		(331,678)	611,391
Balance at the end of the period	Ps.	<u>2,250,893</u>	Ps. <u>8,325,208</u>

- (1) Corresponds to the loss of control over BAC Holding International Corp., see note 1.1.
- (2) Corresponds to the variation in the TRM between December and September, for 2022 of Ps. 609.38 per dollar and for 2021 of Ps. 380.27 per dollar on the goodwill recognized in Multi Financial Group.
- (3) Includes the effect of exchange rates for the discontinued operation of BAC Holding International for 2022 for Ps. 353,876 and 2021 for Ps. 597,539.

NOTE 10 - INCOME TAX

Income tax expense, 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 nine months ended on September 30, 2022 was 32.05%, while for the nine months ended September 30, 2021 it was 37.84%.

The effective tax rates of the nine months periods ended on September 30, 2022 and 2021, there are a variation of 5.79% with the effective rate registered during the period of 2021 being higher. The factors that explain the variation of the period are set out below:

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- Tax rate applied to calculate income tax in Colombia increased by 4%, as a result of the entry into force of Law 2155 of September 2021:
 - i) Entities that are not categorized as financial institutions went from 31% in 2021 to 35% in 2022.
 - ii) Entities that are not classified as financial institutions went from a tax rate of 34% in 2021 composed by an income rate of 31% plus an income surtax rate of 3%, to a tax rate of 38% in 2022 composed by an income rate of 35% plus an income surtax rate of 3%.
- Law 2155 affected the calculation of income tax in September 2021, since in that period a deferred tax expense was obtained as a rate adjustment. This explains the variation of the permanent difference corresponding to deferred taxes calculated at differential tax rates for Ps. 468,172, which represents a variation of 8.97%; the effective rate recorded is higher in 2021.

The effective tax rate of Grupo Aval consolidated with respect to continuing operations for the three-month period ended on September 30, 2022 was 37.08%, while for the three-month period ended on September 30, 2021 it was 55.41%.

The effective tax rates of the three-month periods ended September 30, 2022 and 2021, there are a variation of 18.33% with the effective rate registered during the period of 2021 being higher. The factors that explain the variation of the period are set out below

- Tax rate applied to calculate income tax in Colombia increased by 4%, because of the entry into force of Law 2155 of September 2021, the explanation is in the first item of the nine months periods variations.
- During the year 2022 Corficolombiana recorded uses of tax losses on which deferred tax had not been calculated. The variation in the reconciliation of the rate for this concept is Ps. 89,407, which represents a variation of 6.03%, the effective rate recorded is higher in 2022.
- Law 2155 affected the calculation of income tax in September 2021, since in that period a deferred tax expense was obtained as a rate adjustment. This explains the variation of the permanent difference corresponding to deferred taxes calculated at differential tax rates for Ps. 488,802, which represents a variation of 25.86%; the effective rate recorded is higher in 2021.

NOTE 11 – PROVISIONS

Below are the balances for legal provisions and non-legal related provisions during the periods ended on September 30, 2022 and December 31, 2021:

	September 30, 2022		December 31, 2021	
Legal related	Ps.	222,139	Ps.	247,529
Non-Legal related		863,326		902,732
Total	Ps.	1,085,465	Ps.	1,150,261

NOTE 12 – EMPLOYEE BENEFITS

The detail of the balance of liabilities for employee benefits as of September 30, 2022 and December 31, 2021 is as follows:

	September 30, 2022 ⁽¹⁾		December 31, 2021	
Short term	Ps.	497,842	Ps.	552,889
Post-employment		372,119		522,196
Long term		125,499		134,831
Total	Ps.	995,460	Ps.	1,209,916
Plan Asset	Ps.	(19,425)	Ps.	(46,840)
Net employee benefits	Ps.	976,035	Ps.	1,163,076

(1) Includes the effect of the spin-off of Bac Holding International Corp. by Ps. (246,186). See note 1.1.

NOTE 13 – OTHER LIABILITIES

Other liabilities comprise the following for the periods ended September 30, 2022 and December 31, 2021

Others		September 30, 2022 ⁽¹⁾	December 31, 2021
Suppliers and services payable	Ps.	2,560,572 Ps.	3,228,295
Income received for third parties		2,225,908	2,719,882
Contract liability related to concessions		518,346	548,167
Withholdings taxes and labor contributions		489,275	582,910
Commissions and fees		416,193	331,516
Cashier checks		382,638	806,066
Dividends payable		360,132	598,534
Collection on behalf of third parties		324,885	339,545
Transactions ATH and ACH		311,849	574,011
Checks drawn and not paid		111,629	127,944
Collection service		97,364	332,368
Insurance payables		94,396	150,282
Cash surplus		79,498	75,524
Financial transactions tax		44,894	41,190
Value added tax - VAT		37,922	80,307
Canceled accounts		34,106	35,271
Anticipated income		20,121	91,420
Customer loyalty programs		13,771	221,990
Other liabilities		466,123	660,534
Total other liabilities	Ps.	8,589,622 Ps.	11,545,756

(1) Includes the effect of the spin-off of Bac Holding International Corp. by Ps. (2,820,225). See note 1.1.

The following table details the distribution of the other liabilities to be cancelled within twelve months, and those to be cancelled after twelve.

Others		September 30, 2022	December 31, 2021
Liabilities to be canceled within twelve months	Ps.	6,465,153 Ps.	7,705,817
Liabilities to be canceled after twelve months		2,124,469	3,839,939
Total	Ps.	8,589,622 Ps.	11,545,756

NOTE 14 – 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, 2021	December 31, 2020
Profits of the immediately preceding period determined in the separate financial statements of Grupo Aval.	Ps.	3,502,757 Ps.	2,399,001
Occasional reserve release at the disposal of the General Meeting of Shareholders		10,518,335	9,510,716
Total income available for disposal of the General Meeting of Shareholders	Ps.	14,021,092 Ps.	11,909,717

A stock dividend at the rate of \$54 per share on the 22,281,017,159 common and preferred shares outstanding as of	54 pesos per share payable in twelve installments of 4,5
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	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	December 31, 2021.	pesos per share, from April 2021 to March 2022
	These dividends will be paid in shares, at the rate of 1 share for every 13.72333 common or preferred shares, as of December 31, 2021.	
	The payment of the shares will be made on May 31, 2022, to whoever is entitled to it at the time the payment becomes due in accordance with current regulations. For this purpose, up to a total of 1,623,586,385 new shares of the same species held by the shareholder will be issued. The unit value of the shares will be 741.06.	
Total shares outstanding	22,281,017,159	22,281,017,159
Total dividends decreed for controlling interests	1,203,175	1,203,175
To occasional reserve at the disposal of General Meeting of Shareholders	12,817,917	10,706,542

Payment of dividends in shares

Grupo Aval Acciones y Valores S.A. informs that the payment of the dividend in shares approved at the General Shareholders' Meeting held on March 30, 2022, has been completed. As a result, the subscribed and paid-in capital of Grupo Aval increased from Ps. 22,281,017,159 to Ps. 3.743.475.754 and the outstanding shares increased from 22,281,017,159 shares to 23,743,475,754 shares, of which 16,205,645,980 shares are common shares and 7,537,829,774 shares are preferred shares without voting rights.

	<u>Balance at September 30, 2022</u>	<u>Balance at December 31, 2021</u>
Authorized shares	120,000,000,000	120,000,000,000
Subscribed fully paid shares	22,281,017,159	22,281,017,159
Total outstanding shares	22,281,017,159	22,281,017,159
Issuance of shares	1,462,458,595	-
Total outstanding shares	23,743,475,754	22,281,017,159

Issuance of shares	1,462,458,595
Value per share	Ps. 741.06
Subscribed and paid-in capital	1,462,458,595
Additional paid-in capital	1,082,307,107,816
Issuance of shares	1,083,769,566,411

Earnings per share calculation

	<u>For the three-months period ended</u>		<u>For the nine-months period ended</u>	
	<u>September, 30</u>		<u>September, 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net income for the year	Ps. 929,768	Ps. 1,210,261	Ps. 5,296,606	Ps. 4,376,862
Less: participation of non- controlling interests	(521,664)	(430,530)	(2,483,310)	(1,855,880)
Net income attributable to owners of the parent	Ps. 408,104	Ps. 779,731	Ps. 2,813,296	Ps. 2,520,982
Less: preferred dividends declared	—	—	—	—
Less: Allocation of undistributed earnings to preferred stockholders ⁽¹⁾⁽²⁾	(129,549)	(250,337)	(898,803)	(809,183)
Net Income allocated to common shareholders for basic and diluted EPS	Ps. 278,555	Ps. 529,394	Ps. 1,914,493	Ps. 1,711,800
Weighted average number of common shares outstanding used in basic EPS calculation (2)	16,206,330,386	15,127,573,944	15,610,988,653	15,129,269,434
Basic and Diluted earnings per share to common shareholders (pesos)	17.19	35.00	122.64	113.14
Weighted average of the common and preferred shares used in the calculation of net income for basic shares (common and preferential)	23,743,475,754	22,281,017,159	22,939,927,075	22,281,017,159
Basic net income of the owners of the parent per share	Ps. 17.19	Ps. 35.00	Ps. 122.64	Ps. 113.14

(1) Based on average number of preferred shares

(2) Average based on the number of shares at the end of the month, preferred or common

Equity transactions

In the process of distributing dividends of Banco de Bogotá and 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 68.74% to 68.93% in Banco de Bogotá and of 39.98% to 40.40% in Corficolombiana; with a net equity effect of Ps. (9,012).

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Capital expenses commitments

As of September 30, 2022, and December 31, 2021, Grupo Aval and its subsidiaries had contractual disbursement commitments to disburse capital expenditures for tangible assets for a value of Ps. 14,924 and Ps. 98,110 respectively and intangibles assets for Ps. 80,863 and Ps. 129,465 respectively.

Contingencies

As of September 30, 2022, and December 31, 2021, 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:

I. Labor Proceeding:

As of September 30, 2022, and December 31, 2021, labor complaints had been recognized for Ps. 121,361 and Ps. 139,698 respectively. Historically, many of these proceedings have been resolved in favor of Grupo Aval and its subsidiaries.

II. Civil Proceedings:

As of September 30, 2022, and December 31, 2021, 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. 272,571 and for December 2021 amounted to Ps. 251,523.

III. Administrative and Tax Proceedings:

Claims derived from administrative and judicial processes include those of fiscal responsibility over concession contracts, tax proceedings and other, filed by national and local tax authorities. These authorities may establish, in some cases, sanctions in which Grupo Aval and its subsidiaries 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 September 30, 2022, the outstanding balances recognized for these claims amounted to Ps. 154,140 and December 31, 2021, these amounted to Ps. 138,418.

Other matters

The outcomes of the following legal processes cannot be necessarily classified as “possible” in accordance with IAS 37, however, they are being disclosed herein in consideration of their relevance.

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.

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The aforementioned ruling is not final and 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 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. 289,098.

Investigations by United States authorities

In late 2018, the Department of Justice of the United States ("DOJ") and the United States Securities and Exchange Commission ("SEC") informed Grupo Aval that they had opened an investigation on matters related to the Ruta del Sol Sector 2 project. Grupo Aval is cooperating with the DOJ and the SEC in these investigations. It is not possible to predict the decisions that the DOJ or the SEC will take as a result of the issues that are the subject of these investigations, nor the impact that such investigations and their outcome may have on Grupo Aval and / or its subsidiaries.

NOTE 16 – 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:

	For the three-months periods ended September 30,		For the nine-months periods ended September 30,	
	2022	2021 ⁽¹⁾	2022	2021 ⁽¹⁾
Income from commissions and fees				
Banking service fees	Ps. 407,133	Ps. 339,030	Ps. 1,117,067	Ps. 993,762
Debit and credit card fees	214,146	169,259	605,642	482,782
Pension and severance fund management	202,885	308,895	705,534	896,165
Trust activities and portfolio management services	88,560	85,153	257,510	255,288
Bonded warehouse services	49,456	45,001	136,899	121,749
Commissions on transfers, checks and checkbooks	6,305	6,313	18,746	18,497
Office network services	6,416	4,424	18,581	13,421
Other commissions and fees	2,213	2,042	25,028	8,232
Total income from commissions and fees	Ps. 977,114	Ps. 960,117	Ps. 2,885,007	Ps. 2,789,896

(1) The information was modified considering the discontinued operation see note 1.1.

	For the three-months periods ended September 30,		For the nine-months periods ended September 30,	
	2022	2021 ⁽¹⁾	2022	2021 ⁽¹⁾
Commissions and fees expenses				
Banking services	Ps. (117,707)	Ps. (94,351)	Ps. (347,325)	Ps. (267,345)
Commissions for sales and services	(71,763)	(60,262)	(264,150)	(163,503)
Affiliations to pension funds	(24,396)	(21,856)	(75,251)	(62,964)
Information processing services of operators	(6,049)	(5,709)	(18,100)	(16,760)
Offices Network Services	(5,033)	(3,226)	(13,745)	(11,784)
Other	(5,441)	(2,856)	(12,342)	(8,342)
Total Commissions and fees expenses	(230,389)	(188,260)	(730,913)	(530,698)
Net income from commissions and fees	Ps. 746,725	Ps. 771,857	Ps. 2,154,094	Ps. 2,259,198

(1) The information was modified considering the discontinued operation see note 1.1.

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	For the three-months periods ended September 30,		For the nine-months periods ended September 30,	
	2022	2021	2022	2021
Income from sales of goods and services				
Energy and gas E&G ⁽¹⁾	Ps. 1,423,827	Ps. 1,239,080	Ps. 4,100,814	Ps. 3,500,036
Infrastructure ⁽²⁾	1,284,631	1,040,433	3,918,759	3,441,259
Hotels ⁽³⁾	141,470	78,604	369,695	171,272
Agribusiness	72,168	56,043	209,225	152,406
Other Services	37,080	36,084	104,646	99,462
Other Income	81,928	70,434	237,456	198,198
Total Income from sales of goods and services	Ps. 3,041,104	Ps. 2,520,678	Ps. 8,940,595	Ps. 7,562,633
Costs and expenses of sales goods and services				
Cost of sales of companies from non-financial sector	Ps. (1,361,580)	Ps. (1,371,526)	Ps. (3,916,071)	Ps. (3,899,818)
General and administrative expenses	(213,723)	(147,436)	(519,038)	(405,510)
Personnel expenses	(161,795)	(139,473)	(468,143)	(414,974)
Amortization	(75,654)	(69,662)	(220,524)	(204,067)
Commissions and fees expenses	(8,734)	(7,325)	(23,961)	(21,021)
Depreciation	(24,513)	(29,348)	(78,936)	(85,707)
Bonus payments	(2,988)	(11,379)	(8,466)	(26,552)
Allowance for impairment of loans and receivables	(12,330)	(19,782)	(37,116)	(44,804)
Donations expenses	(5,163)	(4,392)	(13,113)	(10,422)
Depreciation right of use assets	(8,627)	(8,423)	(26,900)	(25,684)
Labor severances	(429)	(1,091)	(1,365)	(1,704)
Total Costs and expenses of sales goods and services	Ps. (1,875,536)	Ps. (1,809,837)	Ps. (5,313,633)	Ps. (5,140,263)
Net income from sales goods and services	Ps. 1,165,568	Ps. 710,841	Ps. 3,626,962	Ps. 2,422,370

- (1) The increase of Ps. 600,778, presented for September 2022, corresponds mainly to the income from work progress of Promigas and its subsidiaries.
- (2) The increase of Ps. 477,500, presented for September 2022, corresponds mainly to the income from work progress of the Coviandina and Covioriente concessions.
- (3) The increase of Ps. 198,423, presented for the periods compared, is mainly related to the economic recovery in 2022.

NOTE 17 – NET TRADING INCOME

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

	For the three-months periods ended September 30,		For the nine-months periods ended September 30,	
	2022	2021 (4)	2022	2021 (4)
Trading investment income ⁽¹⁾				
Fixed income securities	Ps. (36,527)	Ps. 18,995	Ps. (120,909)	Ps. (90,045)
Equities	(5,465)	64,210	(51,041)	152,651
Total trading investment income	Ps. (41,992)	Ps. 83,205	Ps. (171,950)	Ps. 62,606
Derivatives income				
Net income (loss) on financial derivatives ⁽²⁾	797,008	136,053	1,088,609	559,036
Other trading income ⁽³⁾	1,414	20,303	33,918	69,976
Total derivatives income	Ps. 798,422	Ps. 156,356	Ps. 1,122,527	Ps. 629,012
Total net trading income	Ps. 756,430	Ps. 239,561	Ps. 950,577	Ps. 691,618

- (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.

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- (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
(4) The information was modified taking into account the discontinuous operation see note 1.1.

NOTE 18 – OTHER INCOME AND EXPENSE

Below is the detail of the others income and expense:

Other Income	For the three-months periods ended September 30,				For the nine-months periods ended September 30,			
	2022		2021 ⁽¹⁾		2022		2021 ⁽¹⁾	
Foreign exchange gains (losses), net ⁽²⁾	Ps.	(951,948)	Ps.	(124,471)	Ps.	(1,285,238)	Ps.	(374,563)
Share of profit of equity accounted investees, net of tax		146,782		77,282		488,670		223,217
Dividends		2,107		49,468		110,737		152,265
Gain on sale of property, plant and equipment		8,155		7,186		26,491		15,439
Net gain in asset valuation		8,842		5,841		21,597		7,790
Net gain on sale of debt and equity securities		(11,426)		8,296		(22,333)		87,689
Gain on the sale of non-current assets held for sale		2,662		4,442		8,491		12,459
Other income		69,621		89,148		328,995		212,497
Total other income	Ps.	(725,205)	Ps.	117,192	Ps.	(322,590)	Ps.	336,793

(1) The information was modified considering the discontinued operation see note 1.1.

(2) For the nine months ended to September, 2022 the closing TRM presented a variation of Ps. 609.38 per dollar and for 2021 it was Ps. 380.27 per dollar.

Other expense	For the three-months periods ended September 30,				For the nine-months periods ended September 30,			
	2022		2021 ⁽¹⁾		2022		2021 ⁽¹⁾	
Personnel expenses	Ps.	(726,725)	Ps.	(667,812)	Ps.	(2,079,884)	Ps.	(1,948,660)
Taxes and surcharges		(219,194)		(157,682)		(608,265)		(494,036)
Consultancy, legal, audit and other fees		(108,860)		(45,649)		(328,833)		(307,847)
Insurance		(135,201)		(116,816)		(385,080)		(357,883)
Contributions and affiliations		(72,832)		(57,676)		(184,781)		(152,692)
Maintenance and adequation		(89,585)		(72,364)		(252,141)		(231,213)
Depreciation of tangible assets		(54,131)		(52,853)		(161,621)		(151,988)
Depreciation right of use assets		(50,265)		(47,735)		(151,060)		(143,133)
Amortization of intangible assets		(57,618)		(51,793)		(165,693)		(150,643)
Warehouse services		(38,304)		(34,019)		(106,811)		(103,405)
Leases (Rent)		(31,924)		(32,051)		(96,212)		(93,434)
Marketing		(49,381)		(39,299)		(122,642)		(98,488)
Transportation services		(25,923)		(23,305)		(71,865)		(67,944)
Cleaning and security services		(18,246)		(18,029)		(54,754)		(55,494)
Outsourcing services		(17,377)		(15,253)		(50,096)		(45,186)
Impairment losses on other assets		(7,779)		(4,941)		(19,771)		(10,850)
Data processing		(18,026)		(16,228)		(53,911)		(46,278)
Supplies and stationery		(11,558)		(13,855)		(30,215)		(30,476)
Adaptation and installation		(8,107)		(7,615)		(22,182)		(20,404)
Travel expenses		(6,389)		(3,293)		(15,718)		(8,200)
Other		(127,300)		(157,903)		(347,229)		(308,089)
Total other expense	Ps.	(1,874,725)	Ps.	(1,636,171)	Ps.	(5,308,764)	Ps.	(4,826,343)

(1) The information was modified considering the discontinued operation see note 1.1.

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NOTE 19 – ANALYSIS OF OPERATING SEGMENTS

As a result of the organizational changes developed during the first quarter of 2022, the allocation of the segments changed with respect to what was disclosed in previous periods, the changes presented are detailed below (See note 1.1):

- From the subsidiary Banco de Bogotá S.A. the BAC Holding International Corp. segment was spun off.

For comparative purposes, the information from previous periods is being presented with the aforementioned update in accordance with the requirements of IFRS 8 Operating Segments.

19.1 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 September 30, 2022 and December 31, 2021:

September 30, 2022																					
	Banco de Bogotá S.A.		BAC Holding International Corp. ⁽¹⁾		Banco de Occidente S.A.		Banco Popular S.A.		Banco AV Villas S.A.		Porvenir S.A.		Corficolombiana S.A.		⁽²⁾ Other Segments		Eliminations		Total		
Assets																					
Trading assets	Ps.	2,850,032	Ps.	—	Ps.	2,539,559	Ps.	326,049	Ps.	135,156	Ps.	1,949,680	Ps.	4,109,579	Ps.	764	Ps.	(39,937)	Ps.	11,870,882	
Investment securities		13,642,175		—		5,608,759		4,192,331		2,805,164		529,351		3,558,733		2,767,370		(928,856)		32,175,027	
Hedging derivatives assets		16,745		—		—		—		—		—		39,813		—		—		56,558	
Investments in associates and joint ventures		12,863,293		—		1,611,648		680,184		7,979		—		1,011,970		5,606		(10,686,946)		5,493,734	
Loans, net		87,401,644		—		42,019,534		24,500,655		13,988,669		—		2,668,017		—		(2,234,888)		168,343,631	
Other Assets		17,366,663		—		5,461,480		3,769,751		2,060,114		1,020,970		39,409,174		2,454,356		(3,586,111)		67,956,397	
Total Assets	Ps.	134,140,552	Ps.	—	Ps.	57,240,980	Ps.	33,468,970	Ps.	18,997,082	Ps.	3,500,001	Ps.	50,797,286	Ps.	5,228,096	Ps.	(17,476,738)	Ps.	285,896,229	
Liabilities																					
Customer Deposits	Ps.	83,585,035	Ps.	—	Ps.	40,210,519	Ps.	25,198,885	Ps.	14,095,741	Ps.	1,089	Ps.	6,689,229	Ps.	—	Ps.	(3,247,316)	Ps.	166,533,182	
Financial Obligations		30,922,871		—		9,461,836		3,936,251		2,571,850		435,712		19,464,482		5,697,331		(2,169,918)		70,320,415	
Other Liabilities		3,290,534		—		2,531,999		1,063,352		469,707		691,609		9,944,331		290,623		(377,640)		17,904,515	
Total Liabilities	Ps.	117,798,440	Ps.	—	Ps.	52,204,354	Ps.	30,198,488	Ps.	17,137,298	Ps.	1,128,410	Ps.	36,098,042	Ps.	5,987,954	Ps.	(5,794,874)	Ps.	254,758,112	

(1) Corresponds to the spin-off segment BAC Holding International Corp. see note 1.1.

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

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December 31, 2021

	Banco de Bogotá S.A.		BAC Holding International Corp.		Banco de Occidente S.A.		Banco Popular S.A.		Banco AV Villas S.A.		Porvenir S.A.		Corficolombiana S.A.		⁽¹⁾ Other Segments		Eliminations		Total	
Assets																				
Trading assets	Ps.	2,480,205	Ps.	190,340	Ps.	1,655,678	Ps.	354,037	Ps.	249,071	Ps.	2,493,514	Ps.	3,664,843	Ps.	49	Ps.	(100,967)	Ps.	10,986,770
Investment securities		12,812,319		14,431,606		6,326,995		4,306,819		2,936,690		886,111		3,899,476		—		(935,643)		44,664,373
Hedging derivatives assets		5,379		—		—		—		—		—		38,869		—		—		44,248
Investments in associates and joint ventures		8,404,257		—		1,664,990		625,512		6,252		—		912,186		4,014		(10,444,382)		1,172,829
Investments in subsidiary companies ⁽²⁾		13,483,527		—		—		—		—		—		—		—		(13,483,527)		—
Loans, net		76,985,399		73,183,254		35,097,325		21,665,102		12,602,276		—		2,872,688		—		(2,108,219)		220,297,825
Other Assets		14,716,485		29,125,645		6,918,472		2,959,186		1,768,958		753,842		35,600,816		8,788,173		(10,893,697)		89,737,880
Total Assets	Ps.	128,887,571	Ps.	116,930,845	Ps.	51,663,460	Ps.	29,910,656	Ps.	17,563,247	Ps.	4,133,467	Ps.	46,988,878	Ps.	8,792,236	Ps.	(37,966,435)	Ps.	366,903,925
Liabilities																				
Customer Deposits	Ps.	76,452,861	Ps.	87,280,715	Ps.	36,340,252	Ps.	20,868,576	Ps.	13,408,861	Ps.	960	Ps.	5,330,880	Ps.	—	Ps.	(5,212,683)	Ps.	234,470,422
Financial Obligations		24,757,219		12,326,831		8,496,369		4,585,661		1,704,383		769,893		18,986,327		9,116,041		(7,460,398)		73,282,326
Other Liabilities		2,338,529		3,839,772		1,638,260		1,087,019		538,309		691,620		9,399,330		553,665		(406,974)		19,679,530
Total Liabilities	Ps.	103,548,609	Ps.	103,447,318	Ps.	46,474,881	Ps.	26,541,256	Ps.	15,651,553	Ps.	1,462,473	Ps.	33,716,537	Ps.	9,669,706	Ps.	(13,080,055)	Ps.	327,432,278

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

(2) Includes measurement of subsidiary BAC Holding International Corp

Statement of Income for the three-months ended September 30, 2022

	Banco de Bogotá S.A.		BAC Holding International Corp		Banco de Occidente S.A.		Banco Popular S.A.		Banco AV Villas S.A.		Porvenir S.A.		Corficolombiana S.A.		⁽¹⁾ Other Segments		Eliminations		Total	
External Income																				
Interest income	Ps.	2,486,308	Ps.	—	Ps.	1,269,808	Ps.	756,241	Ps.	434,338	Ps.	24,636	Ps.	176,771	Ps.	64,891	Ps.	—	Ps.	5,212,993
Income from commissions and fees ⁽²⁾		432,698		—		124,037		70,371		80,534		202,235		31,626		35,613		—		977,114
Income from sales of goods and services ⁽²⁾		9,744		—		8,227		—		—		16,708		3,006,425		—		—		3,041,104
Share of profit of equity accounted investees, net of tax		48,839		—		2,733		3,452		2,914		—		87,755		1,089		—		146,782
Dividends		1,530		—		—		532		—		—		45		—		—		2,107
Net income from other financial instruments mandatory at fair value through profit or loss		—		—		—		—		—		—		68,207		—		—		68,207
Net trading income		631,695		—		(45,309)		(5,140)		1,802		(18,336)		191,678		40		—		756,430
Other Income		(689,448)		—		91,808		27,791		5,798		(33,735)		(275,906)		(402)		—		(874,094)
	Ps.	2,921,366	Ps.	—	Ps.	1,451,304	Ps.	853,247	Ps.	525,386	Ps.	191,508	Ps.	3,286,601	Ps.	101,231	Ps.	—	Ps.	9,330,643

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 September 30, 2022

	Banco de Bogotá S.A.		BAC Holding International Corp		Banco de Occidente S.A.		Banco Popular S.A.		Banco AV Villas S.A.		Porvenir S.A.		Corficolombiana S.A.		⁽¹⁾ Other Segments		Eliminations		Total		
Intersegment Income																					
Interest income	Ps.	47,118	Ps.	—	Ps.	7,331	Ps.	8,046	Ps.	5,167	Ps.	2,206	Ps.	34,144	Ps.	245	Ps.	(104,257)	Ps.	—	
Income from commissions and fees ⁽²⁾		1,422		—		2,107		605		4,895		676		351		11,243		(21,299)		—	
Income from sales of goods and services ⁽²⁾		—		—		39,501		—		—		1,130		453		—		(41,084)		—	
Share of profit of equity accounted investees, net of tax		139,941		—		19,915		17,311		(2,705)		—		65		—		(174,527)		—	
Net income from other financial instruments mandatory at fair value through profit or loss		—		—		—		—		—		4,221		1,158		—		(5,379)		—	
Net trading income		—		—		—		—		—		(1,069)		(1,731)		—		2,800		—	
Other Income		336		—		3,166		76		1,039		813		(197)		49,106		(54,339)		—	
		<u>188,817</u>		<u>—</u>		<u>72,020</u>		<u>26,038</u>		<u>8,396</u>		<u>7,977</u>		<u>34,243</u>		<u>60,594</u>		<u>(398,085)</u>		<u>—</u>	
Total income	Ps.	3,110,183	Ps.	—	Ps.	1,523,324	Ps.	879,285	Ps.	533,782	Ps.	199,485	Ps.	3,320,844	Ps.	161,825	Ps.	(398,085)	Ps.	9,330,643	
Expenses																					
Interest expense	Ps.	(1,314,159)	Ps.	—	Ps.	(712,541)	Ps.	(499,145)	Ps.	(218,381)	Ps.	(17,953)	Ps.	(532,577)	Ps.	(133,582)	Ps.	133,832	Ps.	(3,294,506)	
Net impairment loss on financial assets		(316,506)		—		(181,758)		(35,856)		(41,244)		(1,736)		(2,148)		1,539		(184)		(577,893)	
Depreciations and amortizations		(75,617)		—		(36,786)		(24,323)		(17,517)		(3,843)		(2,533)		(2,576)		1,181		(162,014)	
Expenses from commissions and fees		(111,534)		—		(40,276)		(18,301)		(54,148)		(33,263)		(3,640)		(1,563)		32,336		(230,389)	
Costs and expenses of sales goods and services		(44,206)		—		(80,211)		—		—		(15,297)		(1,739,165)		5,655		(2,312)		(1,875,536)	
Administrative Expenses		(402,609)		—		(193,246)		(206,995)		(113,822)		(43,498)		(31,355)		(101,255)		151,560		(941,220)	
Income tax expense		(97,146)		—		(33,580)		14,990		78		(17,461)		(406,382)		(6,586)		(1,739)		(547,826)	
Other expense		(312,367)		—		(155,157)		(112,787)		(69,321)		(47,774)		(35,621)		56,223		(94,687)		(771,491)	
Total Expenses		(2,674,144)		—		(1,433,555)		(882,417)		(514,355)		(180,825)		(2,753,421)		(182,145)		219,987		(8,400,875)	
Net income	Ps.	436,039	Ps.	—	Ps.	89,769	Ps.	(3,132)	Ps.	19,427	Ps.	18,660	Ps.	567,423	Ps.	(20,320)	Ps.	(178,098)	Ps.	929,768	

(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 16.

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 nine-months ended September 30, 2022	Banco de Bogotá S.A.	BAC Holding International Corp	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Porvenir S.A.	Corficolombiana S.A.	⁽¹⁾ Other segments	Eliminations	Total
Revenue from contracts with customers (2)	Ps. 443,864	Ps. —	Ps. 173,872	Ps. 70,976	Ps. 85,429	Ps. 220,749	Ps. 3,038,855	Ps. 46,856	Ps. (62,383)	Ps. 4,018,218
Timing of revenue recognition										
At a point in time	14,666	—	5,978	4,687	25,185	222	44,100	43,412	(14,191)	124,059
Over time	429,198	—	167,894	66,289	60,244	220,527	2,994,755	3,444	(48,192)	3,894,159

(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 16.

Statement of Income for three-months ended September 30, 2021

	Banco de Bogotá S.A.	BAC Holding International Corp	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Porvenir S.A.	Corficolombiana S.A.	⁽¹⁾ Other Segments	Eliminations	Total
External Income										
Interest income	Ps. 1,544,160	Ps. —	Ps. 674,432	Ps. 549,904	Ps. 324,197	Ps. 10,926	Ps. 111,262	Ps. (1)	Ps. —	Ps. 3,214,880
Income from commissions and fees ⁽²⁾	355,057	—	111,444	63,511	70,631	307,327	25,680	26,467	—	960,117
Income from sales of goods and services ⁽²⁾	11,081	—	15,091	—	—	13,363	2,481,143	—	—	2,520,678
Share of profit of equity accounted investees, net of tax	2,695	—	2,035	2,694	2,739	—	66,543	576	—	77,282
Dividends	1,498	—	(267)	641	—	—	47,596	—	—	49,468
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	—	62,818	—	—	62,818
Net trading income	120,736	—	44,054	8,968	1,382	40,589	23,814	18	—	239,561
Other Income	23,695	—	17,485	12,724	4,006	(42,906)	(28,191)	3,629	—	(9,558)
Income from discontinued operations ⁽³⁾	—	396,085	—	—	—	—	—	—	—	396,085
	Ps. 2,058,922	Ps. 396,085	Ps. 864,274	Ps. 638,442	Ps. 402,955	Ps. 329,299	Ps. 2,790,665	Ps. 30,689	Ps. —	Ps. 7,511,331
Intersegment Income										
Interest income	Ps. 15,549	Ps. —	Ps. 3,969	Ps. 4,253	Ps. 3,036	Ps. 2,522	Ps. 4,133	Ps. 50	Ps. (33,512)	Ps. —
Income from commissions and fees ⁽²⁾	1,135	—	1,780	712	4,436	1,199	434	18,966	(28,662)	—
Income from sales of goods and services ⁽²⁾	(633)	—	42,074	—	—	1,848	191	—	(43,480)	—
Share of profit of equity accounted investees, net of tax	49,329	—	48,982	(1,647)	(2,346)	—	73	—	(94,391)	—
Dividends	—	—	267	—	—	—	133	—	(400)	—
Net trading income	(1,765)	—	—	—	—	698	415	—	652	—
Gain on deconsolidation (loss of control) of subsidiaries ⁽⁴⁾	1,302,656	—	—	—	—	—	—	—	(1,302,656)	—

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 three-months ended September 30, 2021

	<u>Banco de Bogotá S.A.</u>	<u>BAC Holding International Corp</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco AV Villas S.A.</u>	<u>Porvenir S.A.</u>	<u>Corficolombiana S.A.</u>	⁽¹⁾ <u>Other Segments</u>	<u>Eliminations</u>	<u>Total</u>
Other Income	(1,223)	—	1,555	51	460	2,008	(124)	29,885	(32,612)	—
Income from discontinued operations ⁽³⁾	353,994	—	—	—	—	—	—	—	(353,994)	—
	<u>1,719,042</u>	<u>—</u>	<u>98,627</u>	<u>3,369</u>	<u>5,586</u>	<u>8,275</u>	<u>5,255</u>	<u>48,901</u>	<u>(1,889,055)</u>	<u>—</u>
Total income	Ps. 3,777,964	Ps. 396,085	Ps. 962,901	Ps. 641,811	Ps. 408,541	Ps. 337,574	Ps. 2,795,920	Ps. 79,590	Ps. (1,889,055)	Ps. 7,511,331
Expenses										
Interest expense	Ps. (524,613)	Ps. —	Ps. (190,604)	Ps. (151,323)	Ps. (56,872)	Ps. (10,027)	Ps. (271,239)	Ps. (108,105)	143,408	Ps. (1,169,375)
Net impairment loss on financial assets	(317,241)	—	(100,661)	(38,137)	(27,492)	(1,022)	(1,147)	—	(26)	(485,726)
Depreciations and amortizations	(71,898)	—	(32,020)	(25,339)	(16,721)	(2,960)	(2,340)	(2,256)	1,153	(152,381)
Expenses from commissions and fees	(84,151)	—	(31,492)	(15,519)	(52,112)	(30,564)	(3,046)	(1,802)	30,426	(188,260)
Costs and expenses of sales goods and services	(41,318)	—	(78,258)	—	—	(13,980)	(1,679,134)	3,820	(967)	(1,809,837)
Administrative Expenses	(309,568)	—	(162,010)	(189,929)	(94,481)	(45,942)	(24,326)	(90,959)	139,154	(778,061)
Income tax expense	(151,677)	—	(44,274)	(42,358)	(55,788)	(62,050)	(641,065)	(13,256)	(1,233)	(1,011,701)
Other expense	(327,793)	—	(135,424)	(118,007)	(68,786)	(19,227)	(28,652)	153,860	(161,700)	(705,729)
Total Expenses	(1,828,259)	—	(774,743)	(580,612)	(372,252)	(185,772)	(2,650,949)	(58,698)	150,215	(6,301,070)
Net income	Ps. 1,949,705	Ps. 396,085	Ps. 188,158	Ps. 61,199	Ps. 36,289	Ps. 151,802	Ps. 144,971	Ps. 20,892	Ps. (1,738,840)	Ps. 1,210,261

(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 16.

(3) Spin-off of BAC Holding International Corp. segment See note 1.1. and the deconsolidation of Porvenir from the Banco de Bogotá segment.

(4) Deconsolidation of Porvenir as a result of the loss of control in Banco de Bogotá.

Statement of Income for three-months ended September 30, 2021

	<u>Banco de Bogotá S.A.</u>	<u>BAC Holding International Corp</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco AV Villas S.A.</u>	<u>Porvenir 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. 366,640	Ps. —	Ps. 170,389	Ps. 64,223	Ps. 75,067	Ps. 323,737	Ps. 2,507,448	Ps. 45,433	Ps. (72,142)	Ps. 3,480,795
Timing of revenue recognition										
At a point in time	13,133	—	4,511	5,427	21,006	(9)	33,029	44,617	(21,871)	99,843
Over time	353,507	—	165,878	58,796	54,061	323,746	2,474,419	816	(50,271)	3,380,952

(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 16

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

Income for the nine months ended September 30, 2022

	<u>Banco de Bogotá S.A.</u>	<u>BAC Holding International Corp</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco AV Villas S.A.</u>	<u>Porvenir S.A.</u>	<u>Corficolombiana S.A.</u>	⁽¹⁾ <u>Other Segments</u>	<u>Eliminations</u>	<u>Total</u>
External Income										
Interest income	Ps. 6,185,370	Ps. —	Ps. 3,122,747	Ps. 2,060,639	Ps. 1,160,159	Ps. 64,138	Ps. 484,471	Ps. 181,934	Ps. —	Ps. 13,259,458
Income from commissions and fees ⁽²⁾	1,203,170	—	359,571	201,161	229,546	703,021	99,681	88,857	—	2,885,007
Income from sales of goods and services ⁽²⁾	28,038	—	43,748	—	—	48,257	8,820,552	—	—	8,940,595
Share of profit of equity accounted investees, net of tax	209,304	—	6,614	8,829	9,591	—	252,741	1,591	—	488,670
Dividends	5,112	—	330	3,008	83	—	102,204	—	—	110,737
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	—	210,544	—	—	210,544
Net trading income	895,950	—	(58,927)	(6,707)	1,635	(149,753)	268,242	137	—	950,577
Other Income	(815,255)	—	205,800	73,061	20,256	(51,905)	(355,454)	1,500	—	(921,997)
Income from discontinued operations ⁽³⁾	1,187,254	544,890	—	—	—	—	—	(134,632)	—	1,597,512
	Ps. 8,898,943	Ps. 544,890	Ps. 3,679,883	Ps. 2,339,991	Ps. 1,421,270	Ps. 613,758	Ps. 9,882,981	Ps. 139,387	Ps. —	Ps. 27,521,103
Intersegment Income										
Interest income	Ps. 112,567	Ps. —	Ps. 18,466	Ps. 20,297	Ps. 12,971	Ps. 5,889	Ps. 63,949	Ps. 483	Ps. (234,622)	Ps. —
Income from commissions and fees ⁽²⁾	4,394	—	6,678	1,884	15,735	2,234	1,001	45,875	(77,801)	—
Income from sales of goods and services ⁽²⁾	—	—	121,656	—	—	3,451	1,077	—	(126,184)	—
Share of profit of equity accounted investees, net of tax	605,809	—	82,665	83,148	(7,864)	—	268	—	(764,026)	—
Dividends	12,431	—	5,250	9,828	7,240	—	1,876	—	(36,625)	—
Net trading income	—	—	—	—	—	(1,069)	(1,731)	—	2,800	—
Other Income	1,148	—	7,878	208	2,995	2,278	(560)	128,255	(142,202)	—
	736,349	—	242,593	115,365	31,077	12,783	65,880	174,613	(1,378,660)	—
Total income	Ps. 9,635,292	Ps. 544,890	Ps. 3,922,476	Ps. 2,455,356	Ps. 1,452,347	Ps. 626,541	Ps. 9,948,861	Ps. 314,000	Ps. (1,378,660)	Ps. 27,521,103
Expenses										
Interest expense	Ps. (2,862,795)	Ps. —	Ps. (1,504,176)	Ps. (1,081,993)	Ps. (462,597)	Ps. (39,373)	Ps. (1,334,806)	Ps. (372,347)	Ps. 372,082	Ps. (7,286,005)
Net impairment loss on financial assets	(997,183)	—	(570,705)	(152,178)	(83,272)	(6,834)	(9,164)	(20,709)	(70)	(1,840,115)
Depreciations and amortizations	(226,211)	—	(106,614)	(71,402)	(51,834)	(10,795)	(7,335)	(7,799)	3,616	(478,374)
Expenses from commissions and fees	(308,378)	—	(110,473)	(50,141)	(158,870)	(163,104)	(13,416)	(24,947)	98,416	(730,913)
Costs and expenses of sales goods and services	(126,990)	—	(238,021)	—	—	(44,410)	(4,914,295)	16,179	(6,096)	(5,313,633)
Administrative Expenses	(1,083,468)	—	(550,644)	(582,969)	(309,744)	(130,026)	(86,386)	(322,073)	452,361	(2,612,949)
Income tax expense	(302,047)	—	(76,350)	(33,310)	(40,705)	(35,069)	(1,246,199)	(8,991)	(2,396)	(1,745,067)
Other expense	(906,856)	—	(441,050)	(331,719)	(211,454)	(140,002)	(97,953)	247,489	(335,896)	(2,217,441)
Total Expenses	(6,813,928)	—	(3,598,033)	(2,303,712)	(1,318,476)	(569,613)	(7,709,554)	(493,198)	582,017	(22,224,497)
Net income	Ps. 2,821,364	Ps. 544,890	Ps. 324,443	Ps. 151,644	Ps. 133,871	Ps. 56,928	Ps. 2,239,307	Ps. (179,198)	Ps. (796,643)	Ps. 5,296,606

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 16.
(3) Spin-off of BAC Holding International Corp. segment See note 1.1.

September 30, 2022	Banco de Bogotá S.A.	BAC Holding International Corp	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Porvenir S.A.	Corficolombiana S.A.	⁽¹⁾ Other segments	Eliminations	Total
Revenue from contracts with customers (2)	Ps. 1,235,602	Ps. —	Ps. 531,653	Ps. 203,045	Ps. 245,281	Ps. 756,963	Ps. 8,922,311	Ps. 134,732	Ps. (203,985)	Ps. 11,825,602
Timing of revenue recognition										
At a point in time	42,883	—	17,538	13,958	72,938	420	135,778	127,936	(53,452)	357,999
Over time	1,192,719	—	514,115	189,087	172,343	756,543	8,786,533	6,796	(150,533)	11,467,603

- (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 16

Income for the nine months ended September 30, 2021

	Banco de Bogotá S.A.	BAC Holding International Corp	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Porvenir S.A.	Corficolombiana S.A.	⁽¹⁾ Other Segments	Eliminations	Total
External Income										
Interest income	Ps. 4,529,012	Ps. —	Ps. 1,999,003	Ps. 1,634,334	Ps. 959,807	Ps. 32,321	Ps. 316,573	Ps. —	Ps. —	Ps. 9,471,050
Income from commissions and fees ⁽²⁾	1,028,479	—	335,952	187,671	203,994	893,330	70,623	69,847	—	2,789,896
Income from sales of goods and services ⁽²⁾	24,764	—	38,625	—	—	40,828	7,458,416	—	—	7,562,633
Share of profit of equity accounted investees, net of tax	3,713	—	4,000	5,824	6,432	—	202,515	733	—	223,217
Dividends	5,316	—	526	2,773	1,269	—	142,381	—	—	152,265
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	—	207,276	—	—	207,276
Net trading income	361,588	—	22,389	22,423	(49)	126,190	159,027	50	—	691,618
Other Income	(65,548)	—	154,224	33,629	16,470	(40,644)	(145,596)	8,776	—	(38,689)
Income from discontinued operations ⁽³⁾	—	1,182,694	—	—	—	—	—	—	—	1,182,694
	Ps. 5,887,324	Ps. 1,182,694	Ps. 2,554,719	Ps. 1,886,654	Ps. 1,187,923	Ps. 1,052,025	Ps. 8,411,215	Ps. 79,406	Ps. —	Ps. 22,241,960

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

Income for the nine months ended September 30, 2021

	Banco de Bogotá S.A.		BAC Holding International Corp		Banco de Occidente S.A.		Banco Popular S.A.		Banco AV Villas S.A.		Porvenir S.A.		Corficolombiana S.A.		⁽¹⁾ Other Segments		Eliminations		Total		
Intersegment Income																					
Interest income	Ps.	58,338	Ps.	—	Ps.	10,595	Ps.	11,081	Ps.	7,488	Ps.	3,819	Ps.	13,237	Ps.	128	Ps.	(104,686)	Ps.	—	
Income from commissions and fees ⁽²⁾		4,058		—		5,793		2,113		13,730		1,727		1,332		63,927		(92,680)		—	
Income from sales of goods and services ⁽²⁾		38		—		140,269		—		—		3,585		567		—		(144,459)		—	
Share of profit of equity accounted investees, net of tax		414,061		—		191,936		51,036		(5,067)		—		805		—		(652,771)		—	
Dividends		6,093		—		2,612		4,713		3,281		—		2,039		—		(18,738)		—	
Net trading income		(2,131)		—		95		(10)		5		794		233		—		1,014		—	
Gain on deconsolidation (loss of control) of subsidiaries ⁽⁴⁾		1,302,656		—		—		—		—		—		—		—		(1,302,656)		—	
Other Income		1,458		—		3,376		4,427		1,810		2,269		(729)		78,886		(91,497)		—	
Income from discontinued operations ⁽³⁾		353,994		—		—		—		—		—		—		—		(353,994)		—	
		<u>2,138,565</u>		<u>—</u>		<u>354,676</u>		<u>73,360</u>		<u>21,247</u>		<u>12,194</u>		<u>17,484</u>		<u>142,941</u>		<u>(2,760,467)</u>		<u>—</u>	
Total income	Ps.	8,025,889	Ps.	1,182,694	Ps.	2,909,395	Ps.	1,960,014	Ps.	1,209,170	Ps.	1,064,219	Ps.	8,428,699	Ps.	222,347	Ps.	(2,760,467)	Ps.	22,241,960	
Expenses																					
Interest expense	Ps.	(1,543,545)	Ps.	—	Ps.	(541,381)	Ps.	(441,007)	Ps.	(170,700)	Ps.	(30,117)	Ps.	(730,639)	Ps.	(306,182)	Ps.	415,557	Ps.	(3,348,014)	
Net impairment loss on financial assets		(1,315,798)		—		(524,874)		(131,670)		(105,488)		(4,092)		(3,482)		—		9,678		(2,075,726)	
Depreciations and amortizations		(212,279)		—		(93,777)		(74,289)		(49,949)		(9,217)		(6,955)		(6,933)		7,635		(445,764)	
Expenses from commissions and fees		(233,142)		—		(89,623)		(44,397)		(147,888)		(92,420)		(9,858)		(4,573)		91,203		(530,698)	
Costs and expenses of sales goods and services		(116,522)		—		(236,594)		—		—		(40,411)		(4,756,992)		14,258		(4,002)		(5,140,263)	
Administrative Expenses		(905,709)		—		(511,684)		(555,394)		(290,362)		(142,374)		(73,516)		(263,003)		442,185		(2,299,857)	
Income tax expense		(242,102)		—		(70,536)		(119,847)		(96,039)		(169,382)		(1,203,888)		(40,884)		(1,376)		(1,944,054)	
Other expense		(861,791)		—		(376,441)		(336,037)		(204,994)		(120,799)		(125,420)		448,649		(503,889)		(2,080,722)	
Total Expenses		(5,430,888)		—		(2,444,910)		(1,702,641)		(1,065,420)		(608,812)		(6,910,750)		(158,668)		456,991		(17,865,098)	
Net income	Ps.	2,595,001	Ps.	1,182,694	Ps.	464,485	Ps.	257,373	Ps.	143,750	Ps.	455,407	Ps.	1,517,949	Ps.	63,679	Ps.	(2,303,476)	Ps.	4,376,862	

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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- (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 16.
(3) Spin-off of BAC Holding International Corp. segment See note 1.1. and the deconsolidation of Porvenir from the Banco de Bogotá segment.
(4) Deconsolidation of Porvenir as a result of the loss of control in Banco de Bogotá.

September 30, 2021	Banco de Bogotá S.A.	BAC Holding International Corp	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Porvenir S.A.	Corficolombiana S.A.	⁽¹⁾ Other segments	Eliminations	Total
Revenue from contracts with customers (2)	Ps. 1,057,339	Ps. —	Ps. 520,639	Ps. 189,784	Ps. 217,724	Ps. 939,470	Ps. 7,530,938	Ps. 133,774	Ps. (237,139)	Ps. 10,352,529
Timing of revenue recognition										
At a point in time	40,656	—	14,083	15,976	62,302	96	100,858	132,396	(72,449)	293,918
Over time	1,016,683	—	506,556	173,808	155,422	939,374	7,430,080	1,378	(164,690)	10,058,611

- (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 16

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

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19.2 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.

Statement of Income for the three-months ended September 30, 2022	Country					Total income
	Colombia	Panamá	Costa Rica	Perú	Other countries ⁽¹⁾	
Interest income	Ps. 4,784,974 Ps.	407,952 Ps.	(127)Ps.	8,655 Ps.	11,539 Ps.	5,212,993
Income from commissions and fees	937,708	38,734	44	12	616	977,114
Storage services	49,456	—	—	—	—	49,456
Trust activities	88,560	—	—	—	—	88,560
Pension and severance fund management	202,885	—	—	—	—	202,885
Fees on credit cards	208,880	5,266	—	—	—	214,146
Office network services	6,416	—	—	—	—	6,416
Commissions on drafts, checks and checkbooks	6,169	136	—	—	—	6,305
Other commissions	2,213	—	—	—	—	2,213
Commissions on banking services	373,129	33,332	44	12	616	407,133
Share of profit of equity accounted investees, net of tax	146,782	—	—	—	—	146,782
Dividends	574	1,533	—	—	—	2,107
Income from sales of goods and services	2,810,723	—	—	230,381	—	3,041,104
Energy and gas E&G	1,199,065	—	—	224,762	—	1,423,827
Infrastructure	1,284,631	—	—	—	—	1,284,631
Hotels	135,851	—	—	5,619	—	141,470
Agribusiness	72,168	—	—	—	—	72,168
Other Services	37,080	—	—	—	—	37,080
Other operating income	81,928	—	—	—	—	81,928
Other income	(70,539)	22,840	132	(1,458)	(432)	(49,457)
Total income	Ps. 8,610,222 Ps.	471,059 Ps.	49 Ps.	237,590 Ps.	11,723 Ps.	9,330,643

(1) Grand Cayman and Barbados.

Statement of Income for three-months ended September 30, 2021	Country					Total income
	Colombia	Panamá	Costa Rica	Perú	Other countries ⁽¹⁾	
Interest income	Ps. 2,918,503 Ps.	284,150 Ps.	102 Ps.	5,167 Ps.	6,958 Ps.	3,214,880
Income from commissions and fees	931,335	27,979	23	—	780	960,117
Storage services	45,001	—	—	—	—	45,001
Trust activities	85,153	—	—	—	—	85,153
Pension and severance fund management	308,895	—	—	—	—	308,895
Fees on credit cards	165,836	3,423	—	—	—	169,259
Office network services	4,424	—	—	—	—	4,424
Commissions on drafts, checks and checkbooks	6,208	105	—	—	—	6,313
Other commissions	2,042	—	—	—	—	2,042
Commissions on banking services	313,776	24,451	23	—	780	339,030
Share of profit of equity accounted investees, net of tax	77,129	153	—	—	—	77,282
Dividends	48,081	1,387	—	—	—	49,468
Income from sales of goods and services	2,263,636	—	—	257,042	—	2,520,678
Energy and gas E&G	984,806	—	—	254,274	—	1,239,080

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Statement of Income for three-months ended September 30, 2021	Country					Total income
	Colombia	Panamá	Costa Rica	Perú	Other countries ⁽¹⁾	
Infrastructure	1,040,433	—	—	—	—	1,040,433
Hotels	75,836	—	—	2,768	—	78,604
Agribusiness	56,043	—	—	—	—	56,043
Other Services	36,084	—	—	—	—	36,084
Other operating income	70,434	—	—	—	—	70,434
Other income	259,646	34,986	2	(1,998)	185	292,821
Total income from continuing operations	Ps. 6,498,330	Ps. 348,655	Ps. 127	Ps. 260,211	Ps. 7,923	Ps. 7,115,246
Discontinued operations ⁽²⁾	—	—	—	—	—	396,085
Total income	Ps. 6,498,330	Ps. 348,655	Ps. 127	Ps. 260,211	Ps. 7,923	Ps. 7,511,331

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

(2) Spin-off of BAC Holding International Corp. segment See note 1.1.

Income for the nine months ended September 30, 2022	Country					Total income
	Colombia	Panamá	Costa Rica	Perú	Other countries ⁽¹⁾	
Interest income	Ps. 12,207,945	Ps. 1,000,103	Ps. 65	Ps. 23,515	Ps. 27,830	Ps. 13,259,458
Income from commissions and fees	2,781,937	101,088	102	33	1,847	2,885,007
Storage services	136,899	—	—	—	—	136,899
Trust activities	257,510	—	—	—	—	257,510
Pension and severance fund management	705,534	—	—	—	—	705,534
Fees on credit cards	591,348	14,294	—	—	—	605,642
Office network services	18,581	—	—	—	—	18,581
Commissions on drafts, checks and checkbooks	18,382	364	—	—	—	18,746
Other commissions	25,028	—	—	—	—	25,028
Commissions on banking services	1,028,655	86,430	102	33	1,847	1,117,067
Share of profit of equity accounted investees, net of tax	488,670	—	—	—	—	488,670
Dividends	106,230	4,507	—	—	—	110,737
Income from sales of goods and services	8,219,622	—	—	720,973	—	8,940,595
Energy and gas E&G	3,394,791	—	—	706,023	—	4,100,814
Infrastructure	3,918,759	—	—	—	—	3,918,759
Hotels	354,745	—	—	14,950	—	369,695
Agribusiness	209,225	—	—	—	—	209,225
Other Services	104,646	—	—	—	—	104,646
Other operating income	237,456	—	—	—	—	237,456
Other income	156,744	79,949	70	2,779	(418)	239,124
Total income from continuing operations	Ps. 23,961,148	Ps. 1,185,647	Ps. 237	Ps. 747,300	Ps. 29,259	Ps. 25,923,591
Discontinued operations ⁽²⁾	—	—	—	—	—	1,597,512
Total income	Ps. 23,961,148	Ps. 1,185,647	Ps. 237	Ps. 747,300	Ps. 29,259	Ps. 27,521,103

(1) Grand Cayman and Barbados.

(2) Spin-off of BAC Holding International Corp. segment See note 1.1.

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Income for the nine months ended September 30, 2021	Country					Total income
	Colombia	Panamá	Costa Rica	Perú	Other countries ⁽¹⁾	
Interest income	Ps. 8,651,155 Ps.	783,719 Ps.	307 Ps.	15,250 Ps.	20,619 Ps.	9,471,050
Income from commissions and fees	2,710,284	77,321	353	—	1,938	2,789,896
Storage services	121,749	—	—	—	—	121,749
Trust activities	255,288	—	—	—	—	255,288
Pension and severance fund management	896,165	—	—	—	—	896,165
Fees on credit cards	473,987	8,795	—	—	—	482,782
Office network services	13,421	—	—	—	—	13,421
Commissions on drafts, checks and checkbooks	18,182	315	—	—	—	18,497
Other commissions	8,232	—	—	—	—	8,232
Commissions on banking services	923,260	68,211	353	—	1,938	993,762
Share of profit of equity accounted investees, net of tax	223,217	—	—	—	—	223,217
Dividends	147,780	4,485	—	—	—	152,265
Income from sales of goods and services	6,861,640	—	—	700,993	—	7,562,633
Energy and gas E&G	2,806,069	—	—	693,967	—	3,500,036
Infrastructure	3,441,259	—	—	—	—	3,441,259
Hotels	164,246	—	—	7,026	—	171,272
Agribusiness	152,406	—	—	—	—	152,406
Other Services	99,462	—	—	—	—	99,462
Other operating income	198,198	—	—	—	—	198,198
Other income	737,283	123,953	209	(3,304)	2,064	860,205
Total income from continuing operations	Ps. 19,331,359 Ps.	989,478 Ps.	869 Ps.	712,939 Ps.	24,621 Ps.	21,059,266
Discontinued operations ⁽²⁾	—	—	—	—	—	1,182,694
Total income	Ps. 19,331,359 Ps.	989,478 Ps.	869 Ps.	712,939 Ps.	24,621 Ps.	22,241,960

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

(2) Spin-off of BAC Holding International Corp. segment See note 1.1.

NOTE 20 – 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. 2,172,801 as of September 30, 2022 and Ps. 2,238,565 as of December 31, 2021; the financial assets at amortized cost that are being used as guarantees in repurchase transactions amounted to Ps. 1,586,843 as of September 30, 2022 and Ps. 361,388 as of December 31, 2021 and the debt securities of financial investments at fair value through OCI that are being used as guarantees in repurchase transactions amounted to Ps. 9,679,158 as of September 30, 2022 and Ps. 8,444,486 as of December 31, 2021.

ii. Securities lending

As of September 30, 2022, and as of December 31, 2021, Grupo Aval has not recorded securities lending.

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

I. Securitizations

As of September 30, 2022, and as of December 31, 2021, Grupo Aval has not transferred financial assets to special purpose vehicles.

NOTE 21 – 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:

September 30, 2022	Securitizations	Grupo Aval's managed funds	Total
Grupo Aval's interest-assets			
Investments at fair value through profit or loss	Ps. —	Ps. 5,306,806	Ps. 5,306,806
Other account receivables	—	29,366	29,366
Total assets in relation to the Grupo Aval's interests in the unconsolidated structured entities	—	5,336,172	5,336,172
Grupo Aval's maximum exposure	Ps. —	Ps. 5,336,172	Ps. 5,336,172

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NOTE 22 – RELATED PARTIES

Balances as of September 30, 2022 and December 31, 2021 with related parties, are detailed in the following tables:

	September 30, 2022							
	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								
Cash and cash equivalents	Ps. —	Ps. —			Ps. —	Ps. 137		Ps. —
Financial assets in investments	—	—			5,864,324	13,778		—
Financial assets in credit operations	18,175	7,876			554,673	1,606,342		186,571
Accounts receivable	35	29			1,447,222	556,016		13
Other assets	—	5			15,604	106,241		2,554
Liabilities								
Deposits	Ps. 240,978	Ps. 38,577			Ps. 161,381	Ps. 855,703		Ps. 10,229
Accounts payables	183	294			20,066	165,510		4,243
Financial obligations	4	115			—	19,790		—
Others liabilities	—	—			2,478	76		—

	December 31, 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	Ps. —	Ps. —			Ps. 1,489,672	Ps. —		Ps. —
Financial assets in credit operations	10,839	8,592			541,293	1,551,342		187,466
Accounts receivable	58	8			20,761	351,582		2

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	December 31, 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
Other assets	—	—	8,974	4,526	—
Liabilities					
Deposits	Ps. 191,333	Ps. 29,704	Ps. 110,142	Ps. 1,910,253	Ps. 12,914
Accounts payables	583	375	15,685	771,804	10
Financial obligations	2	12	—	—	—
Others liabilities	—	—	2,492	1,234	—

	For the nine - months ended September 30, 2022				
	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. 366	Ps. 420	Ps. 29,530	Ps. 89,172	Ps. 14,184
Fee income and commissions	2	50	21,707	122,233	3
Leases	—	—	1,115	—	—
Other income	4	5	328,216	21,907	28
Financial expenses	Ps. (1,323)	Ps. (1,113)	Ps. (6,866)	Ps. (80,389)	Ps. (145)
Fee expenses and commissions	(3)	(1,591)	(40,045)	(3,508)	(220)
Operating expenses	(771)	(7,399)	(262)	(2,276)	—
Other expenses	(6)	(2,448)	(118,824)	(55,800)	(35)

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For the three - months ended September 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. 48	Ps. 112	Ps. 3,871	Ps. 15,226	Ps. 1,998
Fee income and commissions	—	11	10,123	25,767	1
Leases	—	—	364	1	—
Other income	2	5	82,930	1,469	1
Financial expenses	Ps. (25)	Ps. (86)	Ps. (321)	Ps. (8,649)	Ps. (16)
Fee expenses and commissions	—	(495)	(11,339)	(223)	(30)
Operating expenses	(201)	(3,597)	(85)	(622)	—
Other expenses	—	(896)	(25,330)	(11,451)	—

For the nine - months ended September 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. 149	Ps. 341	Ps. 12,862	Ps. 45,441	Ps. 5,822
Fee income and commissions	3	33	22,431	77,949	4
Leases	—	—	1,092	80	—
Other income	6	12	251,958	9,206	6
Financial expenses	Ps. (819)	Ps. (327)	Ps. (750)	Ps. (21,444)	Ps. (75)
Fee expenses and commissions	(2)	(1,386)	(26,189)	(985)	(298)
Operating expenses	(201)	(7,860)	(225)	(1,956)	—
Other expenses	—	(2,185)	(59,569)	(31,164)	—

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	For the three - months ended September 30, 2022				
	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. 138	Ps. 151	Ps. 13,157	Ps. 39,498	Ps. 5,407
Fee income and commissions	1	14	8,953	43,987	1
Leases	—	—	380	(8)	—
Other income	(230)	(90)	96,402	(1,595)	(20)
Financial expenses	Ps. (468)	Ps. (852)	Ps. (5,355)	Ps. (59,483)	Ps. 20,009
Fee expenses and commissions	(1)	(588)	(14,489)	(2,730)	46
Operating expenses	(317)	(2,976)	(113)	(775)	—
Other expenses	(2)	(1,084)	(51,391)	(29,228)	—

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	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Salaries	Ps. 12,141	Ps. 9,747	Ps. 27,267	Ps. 27,413
Short term benefits for employees	14,852	7,296	16,834	13,825
Long term benefits for employees	—	220	—	425
Fee	562	407	1,363	1,146
Total	Ps. 27,555	Ps. 17,670	Ps. 45,464	Ps. 42,809

NOTE 23 SUBSEQUENT EVENTS

October 20, 2022. Grupo Aval Acciones y Valores S.A. informs the following:

- (i) The company received a credit request submitted by Esadenco S.A., a company controlled by Dr. Luis Carlos Sarmiento Angulo, in relation to which the Board of Directors decided to summon an Extraordinary General Meeting of Shareholders, in order to consider and decide on: (a) the conflicts of interest disclosed by some of the administrators of Grupo Aval in compliance with numeral 7 of article 23 of Law 222 of 1995 and (b) the credit request in accordance with the Aval Financial Conglomerate Conflicts of Interest Policy.
- (ii) In relation to the request for authorization of the tender offer for the acquisition of shares of BAC Holding International Corp (“BHI”), filed before the Colombian Superintendency of Finance by Esadenco S.A., the Board of Directors decided to summon an Extraordinary General Meeting of Shareholders in order to consider and decide on the conflicts of interest disclosed by some of the administrators of Grupo Aval in compliance with numeral 7 of article 23 of Law 222 of 1995.

October 20, 2022. Banco de Bogotá informs the following:

In reference to the request to approve a tender offer bid to purchase BAC Holding International Corp (“BHI”) shares, presented to the Colombian Financial Superintendence by Esadenco S.A., a company controlled by Mr. Luis Carlos Sarmiento Angulo, the Board of Directors decided in its meeting held today, to summon an extraordinary Shareholders’ Meeting in order to consider and decide on:

- (i) Banco de Bogotá’s participation in the possible tender offer on BHI, in compliance with Aval Financial Conglomerate’s Conflict of Interest Policy.
- (ii) Conflicts of interest disclosed by some members of the Bank’s board related to the adoption of decisions regarding the tender offer, in compliance with provisions included in Numeral 7, Art. 23 of Law 222 /1995.

October 28, 2022. Grupo Aval Acciones y Valores S.A. informed that according to the criteria approved by the General Shareholders Meeting, its Board of Directors authorized the company to grant credits to Esadenco S.A., a company controlled by Mr. Luis Carlos Sarmiento Angulo, for an amount up to the equivalent in Colombian pesos of USD 270 million at a maximum term of 60 months and for an additional amount of up to \$200,000 million pesos at a maximum term of 24 months. These loans will accrue interest at a market rate.