

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, 2021	December 31, 2020
Assets			
Cash and cash equivalents	Ps.	35,892,418 Ps.	34,025,535
Trading assets		10,820,041	11,038,856
Investment securities		42,844,949	36,061,764
Hedging derivative assets	4	40,522	156,220
Loans, net	4	210,730,461	195,541,994
Other accounts receivable, net		17,633,800	14,996,337
Non-current assets held for sale		144,299	240,412
Investments in associates and joint ventures		1,076,971	1,029,322
Tangible assets	6	8,833,666	8,973,952
Concessions	7	10,470,665	9,187,564
Goodwill	8	8,325,208	7,713,817
Other Intangibles		1,778,636	1,623,670
Income tax assets		2,414,657	1,797,888
Other assets		698,871	508,539
Total assets	Ps.	351,705,164 Ps.	322,895,870
Liabilities and equity			
Liabilities			
Trading liabilities	4 Ps.	762,412 Ps.	1,452,574
Hedging derivative liabilities	4	49,837	56,627
Customer deposits	4	225,160,913	211,841,597
Financial obligations	4	70,389,746	58,624,766
Provisions	10	891,439	912,850
Income tax liabilities		4,457,541	3,588,181
Employee benefits	11	1,354,864	1,201,855
Other liabilities	12	10,237,595	9,777,863
Total liabilities	Ps.	313,304,347 Ps.	287,456,313
Equity			
Owners of the parent:			
Subscribed and paid-in capital	Ps.	22,281 Ps.	22,281
Additional paid-in capital		8,490,799	8,470,870
Retained earnings		12,626,123	11,302,134
Other comprehensive income		1,199,640	862,013
Equity attributable to owners of the parent		22,338,843	20,657,298
Non-controlling interest		16,061,974	14,782,259
Total equity		38,400,817	35,439,557
Total liabilities and equity	Ps.	351,705,164 Ps.	322,895,870

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,	
		2021	2020	2021	2020
Interest income	Ps.	4,973,517	Ps. 5,108,812	Ps. 14,474,231	Ps. 15,406,226
Interest expense		(1,726,808)	(2,079,496)	(5,029,183)	(6,497,836)
Net interest income		3,246,709	3,029,316	9,445,048	8,908,390
Net impairment loss on financial assets		(825,722)	(1,538,660)	(3,027,348)	(4,204,802)
Net interest income, after impairment losses		2,420,987	1,490,656	6,417,700	4,703,588
Income from commissions and fees		1,634,982	1,445,936	4,680,558	4,249,025
Expenses from commissions and fees		(215,256)	(178,645)	(609,132)	(541,394)
Net income from commissions and fees	15	1,419,726	1,267,291	4,071,426	3,707,631
Income from sales of goods and services		2,520,678	2,267,975	7,562,633	6,259,867
Costs and expenses of sales goods and services		(1,809,837)	(1,533,775)	(5,140,263)	(4,452,588)
Gross profit from sales of goods and services	15	710,841	734,200	2,422,370	1,807,279
Net trading income	16	243,203	201,305	709,861	1,208,904
Net income from other financial instruments mandatorily at fair value through profit or loss		62,818	59,699	207,276	192,657
Other income	17	333,716	679,474	968,492	728,378
Other expenses	17	(2,833,220)	(2,625,395)	(8,153,507)	(7,823,342)
Net income before tax expense		2,358,071	1,807,230	6,643,618	4,525,095
Income tax expense		(1,147,810)	(565,545)	(2,266,756)	(1,296,593)
Net income	Ps.	1,210,261	Ps. 1,241,685	4,376,862	Ps. 3,228,502
Net income attributable to:					
Owners of the parent		779,731	690,865	2,520,982	1,714,454
Non-controlling interest		430,530	550,820	1,855,880	1,514,048
	Ps.	1,210,261	Ps. 1,241,685	4,376,862	Ps. 3,228,502
Net income per share basic and diluted (in Colombian pesos)		35	31.01	113	76.95

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,	
		2021	2020	2021	2020
Net income		Ps. 1,210,261	Ps. 1,241,685	Ps. 4,376,862	Ps. 3,228,502
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	334,377	523,530	1,845,843	2,905,688
Hedging derivative instrument	5	(56,951)	(106,873)	(284,460)	(1,396,116)
Hedging non-derivative instrument	5	(161,021)	(235,659)	(891,253)	(1,367,821)
Cash flow hedges		1,475	6,965	729	(10,739)
Foreign currency translation differences from unhedged foreign operations		(80,233)	(150,759)	(85,592)	(217,319)
Investments in associates and joint ventures		(11,545)	5,178	(10,195)	16,604
Unrealized (losses) gains on securities at FVOCI		(253,141)	100,894	(786,981)	174,971
Income tax		359,423	84,124	771,715	763,800
Total, items that may be reclassified to profit or loss		Ps. 132,384	Ps. 227,400	Ps. 559,806	Ps. 869,068
Items that will not be reclassified to profit or loss					
Revaluation investment properties		(1,123)	4,742	2,210	5,851
Unrealized gains (losses) on equity securities at FVOCI		93,412	19,820	48,394	75,100
Actuarial gains (losses) from defined benefit pension plans		743	(68)	12,447	(2,677)
Income tax		4,036	400	(12,795)	(103)
Total, items that will not be reclassified to profit or loss		Ps. 97,068	Ps. 24,894	Ps. 50,256	Ps. 78,171
Total other comprehensive income, net of taxes		229,452	252,294	610,062	947,239
Total comprehensive income		Ps. 1,439,713	Ps. 1,493,979	Ps. 4,986,924	Ps. 4,175,741
Total comprehensive income for the periods attributable to:					
Owners of the Group		875,581	847,280	2,858,609	2,272,291
Non-controlling interest		564,132	646,699	2,128,315	1,903,450
		Ps. 1,439,713	Ps. 1,493,979	Ps. 4,986,924	Ps. 4,175,741

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 at September 30, 2021 and 2020
(Amounts expressed in millions of Colombian pesos)

	Subscribed and paid-in capital		Additional paid – in capital		Appropriated retained earnings		Other comprehensive income (OCI)		Equity attributable to owners of the parent		Non-controlling interest (NCI)		Total equity	
	Ps.		Ps.		Ps.		Ps.		Ps.		Ps.		Ps.	
Balance at December 31, 2019	Ps.	<u>22,281</u>	Ps.	<u>8,445,766</u>	Ps.	<u>10,289,073</u>	Ps.	<u>1,093,447</u>	Ps.	<u>19,850,567</u>	Ps.	<u>13,497,702</u>	Ps.	<u>33,348,269</u>
Issuance of shares		—		—		—		—		—		1,274		1,274
Business combination		—		—		—		—		—		465,902		465,902
Dividends declared		—		—		(1,336,861)		—		(1,336,861)		(963,172)		(2,300,033)
Equity transactions		—		22,896		—		—		22,896		(73,709)		(50,813)
Preferred shares		—		—		(8,291)		—		(8,291)		(234,338)		(242,629)
Effect of realization of equity instruments		—		—		26,295		—		26,295		40,171		66,466
Other comprehensive income		—		—		—		557,837		557,837		389,402		947,239
Withholding Tax over dividends		—		—		(14,174)		—		(14,174)		(24,726)		(38,900)
Net income		—		—		1,714,454		—		1,714,454		1,514,048		3,228,502
Balance at September 30, 2020	Ps.	<u>22,281</u>	Ps.	<u>8,468,662</u>	Ps.	<u>10,670,496</u>	Ps.	<u>1,651,284</u>	Ps.	<u>20,812,723</u>	Ps.	<u>14,612,554</u>	Ps.	<u>35,425,277</u>
	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 ¹		—		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		—		—		—		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>

(1) Equity transactions see note 13

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

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

	Nota	September 30, 2021	September 30, 2020
Cash flows from operating activities:			
Net income before income tax	Ps.	6,643,618	Ps. 4,525,095
Reconciliation of net income before taxes and net cash provided by operating activities:			
Depreciation and amortization	15-17	1,074,962	1,018,281
Impairment losses of loans and receivables, net	4	3,390,871	4,388,649
Net income in concession agreements		(3,061,960)	(2,953,162)
Net interest income		(9,445,048)	(8,908,390)
Sales of non-current assets held for sale, net		(26,997)	(41,402)
Gain on sales of tangible assets		(33,838)	(25,910)
Foreign exchange losses		(2,677)	139,011
Share of profit of equity accounted investees, net of tax	17	(223,217)	(160,179)
Dividends caused	17	(155,543)	(86,631)
Fair value adjustments on:			
Derivative financial instruments	16	(629,746)	(884,897)
Non-current assets held for sale		4,385	(26)
Investment property		(8,154)	4,647
Biological assets		(13,120)	(9,432)
Changes in operating assets and liabilities:			
Derivative financial instruments		175,443	(175,356)
Trading assets		16,047	(382,865)
Accounts receivable		(198,907)	311,673
Other assets		(454,865)	(537,621)
Other liabilities and provisions		(261,761)	(987,746)
Employee benefit		147,099	112,368
Loan portfolio		(9,616,391)	(7,299,415)
Customer deposits		2,067,142	16,691,842
Interbank borrowings and overnight funds		7,770,696	(1,371,340)
Borrowings from development entities		183	(42)
Borrowings from banks		(476,444)	(2,294,167)
Interest received		14,259,682	14,464,045
Interest paid		(5,436,337)	(6,748,216)
Lease interest		(126,206)	(152,887)
Income tax payments		(1,541,697)	(1,563,387)
Net cash provided by operating activities	Ps.	3,837,220	Ps. 7,072,540
Cash flows from investing activities:			
Purchases of amortized cost financial assets	Ps.	(3,800,277)	Ps. (3,940,557)
Redemptions of amortized cost financial assets		4,461,306	1,915,987
Purchases of FVOCI		(35,520,554)	(23,135,565)
Proceeds from sales of FVOCI		31,003,243	22,201,688
Acquisition of associates investment and joint ventures		(4,549)	—
Purchases tangible assets		(366,798)	(443,333)
Proceeds from sales of property, plant and equipment		140,791	75,463
Proceeds from sales of non-current assets held for sale		62,065	46,623
Additions of concession arrangement rights		(382,689)	(403,398)
Additions of other intangible assets		(377,825)	(351,326)
Dividends received		361,835	172,828
Acquisition of subsidiary, net of cash acquired		—	(1,340,145)
Net cash (used in) provided by investing activities	Ps.	(4,423,452)	Ps. (5,201,735)
Cash flows from financing activities:			
Dividends paid to shareholders	Ps.	(930,580)	Ps. (998,423)
Dividends paid to non-controlling interest		(616,712)	(739,493)
Issuance of debt securities		1,721,856	4,579,528
Payment of outstanding debt securities		(1,081,745)	(1,556,220)
Leases		(361,655)	(309,754)
Redemption of preferred shares		—	(242,629)
Issuance of shares		138	—
Equity transactions		—	(50,813)
Net cash (used in) provided by financing activities	Ps.	(1,268,698)	Ps. 682,196
Effect of foreign currency changes on cash and equivalents		3,721,813	6,342,164
Increase (decrease) in cash and cash equivalents		1,866,883	8,895,165
Cash and cash equivalents at beginning of period	Ps.	34,025,535	Ps. 30,117,236
Cash and cash equivalents at end of period	Ps.	35,892,418	Ps. 39,012,401

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.

Corporate reorganization

- July 28, 2021. Grupo Aval Acciones y Valores S.A. (“Grupo Aval”) informs that Grupo Aval, Banco de Bogotá, Banco de Occidente, Fiduciaria Bogotá and Fiduciaria de Occidente entered into a shareholders’ agreement, as a result of which Grupo Aval has become the direct controlling entity of Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. (“Porvenir”). The execution of the aforementioned agreement does not imply any change in the share ownership of parties of the shareholder’s agreement or any modification of the beneficial ownership of Porvenir.
- September 16, 2021. by deed 5202 Leasing Bogotá S.A. Panamá, a subsidiary of Banco Bogotá, changed its name to “BAC Holding International CORP” (hereinafter BHIC).
- On September 30, 2021, through deed No. 5469, the minutes of the Extraordinary Meeting of Shareholders of the company BAC HOLDING INTERNATIONAL CORP were formalized. (transferor.) with which the spin-off of MULTI FINANCIAL HOLDING, INC. is approved. towards Banco de Bogotá S.A., which was the beneficiary company, the signing of the aforementioned agreement does not imply for Grupo Aval any variation in the shareholding that it currently holds, since the transaction was made at book value.

NOTE – 1.1 OTHER EVENTS

a) COVID-19

The COVID 19 pandemic had an economic impact around the world. The contraction in Latin America and the Caribbean was basically caused by travel restrictions, which affected one of the main economic activities in the region, such as tourism, the collapse of oil prices and the low commercialization of raw materials. However, progress in vaccination worldwide projects an improvement in the world economy growth by 2021. Likewise, there is a level of uncertainty since the expectations are based on economic and public health factors that are hardly predictable. According to the advances in vaccination for October 2021, the different sectors of the economy have already been reactivated, whereby economic growth is expected for the next months.

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

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

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

- Changes in the credit risk allocation of financial instruments, incorporating analysis of COVID’s effects and having an impact on the provision, going from a 12-month measurement (stage 1) to a measurement for the remaining life of the instrument (stages 2 and 3), for those assets in which it was determined that there was a significant increase in credit risk since their initial measurement.
- Credit risk (risk of default), where the behavior observed has varied in accordance with the economic segments that comprise their loan portfolios, increasing in the case of clients whose businesses have been negatively affected by COVID-19 pandemic.
- The amount at risk (exposure at default), as some of the affected debtors have stopped making payments or are taking longer than usual to pay, mainly in the context of relief schemes enacted by different governments.

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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- The estimated credit loss for those loans assessed individually, as a result of a reduction in the amount expected to be recovered in consideration of the COVID-19 impact.
- To reflect COVID-19 effects in our models, the following overlays were made conducting a more detailed analysis of the risk and characteristics of certain clients: i) no stage improvement in obligations that requested relief and; ii) migration to Stage 2 of obligations identified as "high risk" as a result of COVID-19 specific impacts.
- Macroeconomic expectations of PD Lifetime curves throughout the remaining life of the credits considered in the development of scenarios and models for calculating the ECL. The macroeconomic estimates reflect the expected economic recovery, as a result of the advance in vaccination in the different countries.

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

	As of September 30, 2021		As of December 31, 2020		Variation September vs December
Commercial	Ps.	5,527,438	Ps.	5,280,406	Ps. 247,032
Consumer		4,775,455		4,938,971	(163,516)
Mortgage		728,672		560,904	167,768
Microcredit		116,954		124,039	(7,085)
Interbank and overnight funds		3,953		851	3,102
Total	Ps.	11,152,472	Ps.	10,905,171	Ps. 247,301

	As of September 30, 2021		As of December 31, 2020		Variation September vs December
Other receivables	Ps.	387,777	Ps.	343,057	Ps. 44,720
Total		387,777		343,057	44,720

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

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2021	2020	2021	2020
Commercial	Ps. 209,263	Ps. 483,924	Ps. 1,048,355	Ps. 1,566,908
Consumer	676,581	1,017,997	2,082,413	2,537,491
Mortgage	43,918	75,485	167,431	176,841
Microcredit	1,912	36,408	21,449	54,885
Interbank and overnight funds	2,754	(6,203)	3,102	197
Total	Ps. 934,428	Ps. 1,607,611	Ps. 3,322,750	Ps. 4,336,322

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

	For the three-months periods ended September 30		For the six-months periods ended September 30	
	2021	2020	2021	2020
Other receivables	Ps. 23,451	Ps. 7,856	Ps. 82,390	Ps. 52,327
Total	23,451	7,856	82,390	52,327

Clients credit reliefs

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

Grupo Aval Acciones y Valores S.A. and Subsidiaries
Notes to the Condensed Consolidated Financial Statements
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The following table summarizes for all loan portfolio that were granted relief during the nine-months of 2021, the balance at amortized cost before the application of relief per portfolio and their effects on the interest income of Grupo Aval, considering the recalculation of present values of the renegotiated or modified contractual cash flows discounted at the financial asset's original effective interest rate:

September 30, 2021

	<u>Commercial</u>		<u>Consumer</u>		<u>Mortgage</u>		<u>Microcredit</u>		<u>Total</u>
Amortised cost before modification	24,484,361		12,900,062		10,335,830		8,229		47,728,482
Net modification loss	Ps. (16,175)		Ps. (7,620)		Ps. (5,188)		Ps. (12)		Ps. (28,995)

September 30, 2020

	<u>Commercial</u>		<u>Consumer</u>		<u>Mortgage</u>		<u>Microcredit</u>		<u>Total</u>
Amortised cost before modification	25,265,005		11,802,839		5,226,260		338,373		42,632,477
Net modification loss	Ps. (12,347)		Ps. (59,482)		Ps. (14,938)		Ps. (2,012)		Ps. (88,779)

Other matters

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

b) Capital adequacy

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

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

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

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

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

NOTE 3 – USE OF JUDGEMENTS AND ESTIMATES

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

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

Measurement of fair values

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

The fair value hierarchy has the following levels:

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

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:

September 30, 2021

	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
ASSETS					
Trading investment					
Securities issued or secured by Colombian Government	Ps. 2,993,534	Ps. 2,811,494	Ps. 182,040	Ps. —	Ps. 2,993,534
Securities issued or secured by other entities of the Colombian Government	213,413	—	213,413	—	213,413
Securities issued or secured by foreign Government	215,478	7,468	137,288	70,722	215,478
Securities issued or secured by other financial entities	1,447,867	1,567	1,446,300	—	1,447,867

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	Carrying Value	Fair Value				Total
		Level 1	Level 2	Level 3		
Securities issued or secured by entities of the Non-financial sector	9,693	—	9,693	—	9,693	
Other	43,581	—	43,581	—	43,581	
Total trading investment	Ps. 4,923,566	Ps. 2,820,529	Ps. 2,032,315	Ps. 70,722	Ps. 4,923,566	
Investments in debt securities at fair value through profit or loss						
Other	5,331	—	—	5,331	5,331	
Total investments in debt securities at fair value through profit or loss	Ps. 4,928,897	Ps. 2,820,529	Ps. 2,032,315	Ps. 76,053	Ps. 4,928,897	
Investments at fair value through OCI						
Securities issued or secured by Colombian Government	15,597,237	11,969,585	3,627,652	—	15,597,237	
Securities issued or secured by other entities of the Colombian Government	650,660	430,450	220,210	—	650,660	
Securities issued or secured by foreign Government	11,727,030	1,320,822	10,406,208	—	11,727,030	
Securities issued or secured by central banks	1,866,517	—	1,866,517	—	1,866,517	
Securities issued or secured by other financial entities	3,949,477	127,194	3,803,142	19,141	3,949,477	
Securities issued or secured by entities of the non-financial sector	507,873	2,093	505,780	—	507,873	
Other	1,357,209	35,352	1,318,063	3,794	1,357,209	
Total investments at fair value through OCI	Ps. 35,656,003	Ps. 13,885,496	Ps. 21,747,572	Ps. 22,935	Ps. 35,656,003	
Total investments in debt securities	Ps. 40,584,900	Ps. 16,706,025	Ps. 23,779,887	Ps. 98,988	Ps. 40,584,900	
Investments in equity securities						
Trading equity securities	5,199,264	6,953	3,955,435	1,236,876	5,199,264	
Investments in equity through OCI	1,559,209	1,460,236	4,078	94,895	1,559,209	
Total investments in equity securities	Ps. 6,758,473	Ps. 1,467,189	Ps. 3,959,513	Ps. 1,331,771	Ps. 6,758,473	
Held for trading Derivatives						
Currency Forward	419,399	—	419,399	—	419,399	
Bond Forward	5,147	—	5,147	—	5,147	
Interest Rate Swap	185,285	—	185,285	—	185,285	
Currency Swap	31,635	—	31,635	—	31,635	
Currency Options	55,232	—	55,232	—	55,232	
Index Futures	513	513	—	—	513	
Total held for trading derivatives	Ps. 697,211	Ps. 513	Ps. 696,698	Ps. —	Ps. 697,211	
Hedging Derivatives						
Currency Forward	9,461	—	9,461	—	9,461	
Interest Rate Swap	21,568	—	21,568	—	21,568	
Currency Swap	9,493	—	9,493	—	9,493	
Total hedging derivatives	Ps. 40,522	Ps. —	Ps. 40,522	Ps. —	Ps. 40,522	
Other account receivables						
Financial assets in concession contracts	3,165,661	—	—	3,165,661	3,165,661	
Total other account receivables designated at fair value	Ps. 3,165,661	Ps. —	Ps. —	Ps. 3,165,661	Ps. 3,165,661	
Total assets at fair value on recurring basis	Ps. 51,246,767	Ps. 18,173,727	Ps. 28,476,620	Ps. 4,596,420	Ps. 51,246,767	
Financial assets at amortized cost, net						
Investments in debt securities, net	5,624,406	68,377	5,178,957	338,391	5,585,725	
Securities issued or secured by Colombian Government	1,558,094	41,693	1,516,571	—	1,558,264	
Securities issued or secured by other entities of the Colombian Government	3,588,983	—	3,578,059	—	3,578,059	
Securities issued or secured by Foreign Government	26,685	26,684	—	—	26,684	
Securities issued or secured by other financial entities	133,290	—	—	117,212	117,212	
Securities issued or secured by entities of the non-financial sector	250,944	—	19,404	221,179	240,583	
Other	66,410	—	64,923	—	64,923	
Loan portfolio, net (see literal f for details)	210,730,461				215,325,986	
Interbank and overnight funds	2,873,160					
Commercial	112,300,020					
Consumer	68,384,694					
Mortgage	26,961,548					
Microcredit	211,039					
Other accounts receivables, net	14,468,139				14,816,460	
Total financial assets at amortized cost, net	230,823,006					

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	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
LIABILITIES					
Trading Derivatives					
Currency forward	428,126	—	428,126	—	428,126
Bond forward	2,318	—	2,318	—	2,318
Bond futures	—	—	—	—	—
Index futures	4,568	4,568	—	—	4,568
Interest rate swap	180,858	—	180,858	—	180,858
Currency swap	61,155	—	61,155	—	61,155
Currency options	85,387	—	85,387	—	85,387
Total trading derivatives	Ps. 762,412	Ps. 4,568	Ps. 757,844	Ps. —	Ps. 762,412
Hedging derivatives					
Currency forward	Ps. 26,865	Ps. —	Ps. 26,865	Ps. —	Ps. 26,865
Interest rate swap	22,972	—	22,972	—	22,972
Total hedging derivatives	49,837	—	49,837	—	49,837
Total liabilities at fair value on recurring basis	Ps. 812,249	Ps. 4,568	Ps. 807,681	Ps. —	Ps. 812,249
Financial liabilities at amortized cost					
Customer deposits	Ps. 225,160,913				Ps. 226,345,953
Checking accounts	56,647,525				56,661,548
Time deposits	86,244,047				87,415,064
Savings accounts	81,626,958				81,626,958
Others deposits	642,383				642,383
Financial obligations	70,389,746				70,219,281
Interbank borrowings and overnight funds	14,965,709				14,965,709
Leases contracts	2,872,728				2,756,609
Borrowings from banks and similar	18,409,625				18,148,041
Bonds issued (see literal e for details)	30,629,692				30,830,118
Borrowings from development entities	3,511,992				3,518,804
Total financial liabilities at amortized cost	Ps. 295,550,659				Ps. 296,565,234

December 31, 2020

	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
ASSETS					
Trading investment					
Securities issued or secured by Colombian Government	Ps. 2,831,979	Ps. 1,748,734	Ps. 1,083,245	Ps. —	Ps. 2,831,979
Securities issued or secured by other entities of the Colombian Government	187,295	—	187,295	—	187,295
Securities issued or secured by foreign Governments	201,312	—	129,082	72,230	201,312
Securities issued or secured by other financial entities	1,502,818	—	1,502,818	—	1,502,818
Securities issued or secured by entities of the non—financial sector	24,975	—	24,975	—	24,975
Other	32,614	—	32,614	—	32,614
Total trading investment	Ps. 4,780,993	Ps. 1,748,734	Ps. 2,960,029	Ps. 72,230	Ps. 4,780,993
Investments in debt securities at fair value through profit or loss					
Other	7,385	—	—	7,385	7,385
Total investments in debt securities at fair value through profit or loss	Ps. 4,788,378	Ps. 1,748,734	Ps. 2,960,029	Ps. 79,615	Ps. 4,788,378
Investments at fair value through OCI					
Securities issued or secured by Colombian Government	12,847,199	9,943,470	2,903,729	—	12,847,199
Securities issued or secured by other Colombian Government entities	461,073	174,614	286,459	—	461,073
Securities issued or secured by foreign Governments	9,663,324	1,813,022	7,850,302	—	9,663,324
Securities issued or secured by central banks	1,862,922	—	1,862,922	—	1,862,922
Securities issued or secured by other financial entities	2,912,432	168,314	2,740,688	3,430	2,912,432
Securities issued or secured by non-financial sector entities	49,570	—	49,570	—	49,570
Others	1,169,836	35,491	1,122,041	12,304	1,169,836
Total investments at fair value through OCI	Ps. 28,966,356	Ps. 12,134,911	Ps. 16,815,711	Ps. 15,734	Ps. 28,966,356
Total investments in debt securities	Ps. 33,754,734	Ps. 13,883,645	Ps. 19,775,740	Ps. 95,349	Ps. 33,754,734

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	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Investments in equity securities					
Trading equity securities	5,123,939	1,351	4,076,598	1,045,990	5,123,939
Investments in equity through OCI	1,515,090	1,400,896	221	113,973	1,515,090
Total investments in equity securities	Ps. 6,639,029	Ps. 1,402,247	Ps. 4,076,819	Ps. 1,159,963	Ps. 6,639,029
Held for trading derivatives					
Currency forward	817,161	—	817,161	—	817,161
Bond forward	349	—	349	—	349
Interest rate swap	245,618	—	245,618	—	245,618
Currency swap	31,394	—	31,394	—	31,394
Currency options	39,402	—	39,402	—	39,402
Total held for trading derivatives	Ps. 1,133,924	Ps. —	Ps. 1,133,924	Ps. —	Ps. 1,133,924
Hedging derivatives					
Currency forward	123,325	—	123,325	—	123,325
Currency swap	32,895	—	32,895	—	32,895
Total hedging derivatives	Ps. 156,220	Ps. —	Ps. 156,220	Ps. —	Ps. 156,220
Other account receivables					
Financial assets in concession contracts	2,958,385	—	—	2,958,385	2,958,385
Total other account receivables designated at fair value	Ps. 2,958,385	Ps. —	Ps. —	Ps. 2,958,385	Ps. 2,958,385
Total assets at fair value on recurring basis	Ps. 44,642,292	Ps. 15,285,892	Ps. 25,142,703	Ps. 4,213,697	Ps. 44,642,292
Financial assets at amortized cost, net					
Investments in debt securities, net	5,572,933	180,660	4,939,119	439,484	5,559,263
Securities issued or secured by Colombian Government	1,673,852	145,906	1,541,606	—	1,687,512
Securities issued or secured by other Colombian Government entities	3,377,351	—	3,376,036	—	3,376,036
Securities issued or secured by foreign Governments	34,747	34,754	—	—	34,754
Securities issued or secured by other financial entities	297,523	—	—	280,689	280,689
Others	189,460	—	21,477	158,795	180,272
Loan portfolio, net (see literal f for details)	195,541,994				203,901,379
Interbank and overnight funds	4,692,827				
Commercial	105,706,532				
Consumer	60,896,486				
Mortgage	23,997,867				
Microcredit	248,282				
Other accounts receivables, net	12,037,952				12,234,426
Total financial assets at amortized cost, net	213,152,879				
LIABILITIES					
Trading derivatives					
Currency forward	1,112,439	—	1,112,439	—	1,112,439
Bond forward	2,071	—	2,071	—	2,071
Index futures	1,165	1,165	—	—	1,165
Interest rate swap	251,414	—	251,414	—	251,414
Currency swap	39,705	—	39,705	—	39,705
Currency options	45,780	—	45,780	—	45,780
Total trading derivatives	Ps. 1,452,574	Ps. 1,165	Ps. 1,451,409	Ps. —	Ps. 1,452,574
Hedging derivatives					
Currency forward	26,924	—	26,924	—	26,924
Interest rate swap	29,703	—	29,703	—	29,703
Total hedging derivatives	56,627	—	56,627	—	56,627
Total liabilities at fair value on recurring basis	Ps. 1,509,201	Ps. 1,165	Ps. 1,508,036	Ps. —	Ps. 1,509,201
Financial liabilities at amortized cost					
Customer deposits	Ps. 211,841,597				Ps. 216,035,503
Checking accounts	51,198,284				52,022,615
Time deposits	83,559,188				85,794,000
Savings accounts	76,551,465				77,686,206
Others deposits	532,660				532,682
Financial obligations	58,624,766				60,181,205
Interbank borrowings and overnight funds	7,179,644				7,179,503
Leases contracts	3,025,732				2,968,324
Borrowings from banks and similar	16,628,785				17,073,516

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	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Bonds issued (see literal e for details)	27,760,797				28,854,809
Borrowings from development entities	4,029,808				4,105,053
Total financial liabilities at amortized cost	Ps. 270,466,363				Ps. 276,216,708

b) Fair Value determination

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

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

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

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	Valuation technique Level 2	Significant inputs
	Market price	Market price or price calculated based on benchmarks set by price providers methodologies Bloomberg Generic
Securities issued or secured by non-financial sector entities	Market price	Market price ⁽²⁾ Theoretical price / estimated price ⁽¹⁾
Other	Discounted cash flow	Market price ⁽²⁾ Theoretical price / estimated price ⁽¹⁾
	Market price	Market price or price calculated based on benchmarks set by price providers methodologies Negotiation price, if there are not negotiations, it is calculated by groups of debt securities according to the Superintendency of Pensions methodologies. Last auction allocation price Quoted price Market price ⁽²⁾ Bloomberg Generic
Investment in equity securities		
Corporate stock	Market Price	Estimated prices ⁽¹⁾
Investment funds	Market Price	Market value of underlying assets, less management and administrative fees
Pension and severance funds ⁽³⁾	Market Price	Market value of underlying assets, less management and administrative fees
Trading derivatives		
Foreign currency forward	Discounted cash flow	Underlying asset price
Debt securities forward		Currency curve by underlying asset
Interest rate swap		Forward Exchange rates curve of the operation's currency
Cross currency swap		Implicit curves of Exchange rates forwards
Swap (others)		Swap curves by underlying asset
Currency options		Implicit volatilities matrixes and curves
Foreign currency futures	Market	Market price ⁽²⁾ Spot, rates, days to maturity
Debt securities futures	Market Initial price	Market price ⁽²⁾ Spot, rates, days to maturity
Hedging derivatives		
Currency forward	Discounted cash flow	Curves by currency
Foreign currency futures	Market	Market price ⁽²⁾
LIABILITIES		
Derivatives held for trading		
Foreign currency forward	Discounted cash flow	Underlying asset price
Debt securities forward		Currency curve by underlying asset
Interest rate swap		Forward Exchange rates curve of the operation's currency
Currency swap		Implicit curves of exchange rates forwards
Swap (others)		Swap curves by underlying asset
Currency options		Implicit volatilities matrixes and curves
	Market	Market price ⁽²⁾ Spot, rates, days to maturity
	Market	Market price ⁽²⁾ Spot, rates, days to maturity
Hedging Derivatives		
Foreign currency forward	Discounted cash flow	Underlying asset price
Interest rate swap		Currency curve by underlying asset Forward Exchange rates curve of the operation's currency

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Valuation technique Level 2	Significant inputs
	Implicit curves of Exchange rates forwards
	Swap curves by underlying asset
	Implicit volatilities matrixes and curves
Foreign currency futures	Market price ⁽²⁾

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

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

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

(1) Valuation of equity instruments Level 3

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

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

(2) Valuation of financial assets under concession arrangement rights

Sensitivity analysis

The following table includes a sensitivity analysis of the assumptions used by Promigas and its subsidiaries in the calculation of fair value of unconditional transfer rights of gas pipelines to Government entities at the expiration date of the contracts. The value of the financial asset at September 30, 2021 is Ps. 3,165,661 and Ps. 2,958,385 as of December 31, 2020.

Variable	September 30, 2021	
	+100 pbs	-100 pbs
WACC	Ps. (788,000)	Ps. 1,232,537
Perpetuity growth rate	700,340	(483,643)
Variable	December 31, 2020	
	+100 bps	-100 bps
WACC	Ps. (675,517)	Ps. 1,029,057
Perpetuity growth rate	596,031	(420,953)

c) Transfer of levels

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

	September 30, 2021							
	Investments in debt securities at FVTPL				Investments in debt securities at FVOCI			
	Transfers between:							
	Level 2 to Level 1		Level 1 to Level 2		Level 2 to Level 1		Level 1 to Level 2	
Assets								
Investments in debt securities at fair value								
Securities issued or secured by Colombian Government	Ps.	—	Ps.	—	Ps.	7,067	Ps.	—
Securities issued or secured by other financial entities		—		—		—		1,968
	Ps.	—	Ps.	—	Ps.	7,067	Ps.	1,968

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

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

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

	Financial assets in debt securities		Equity instruments		Financial assets in concession arrangements	
December 31, 2020	Ps.	Ps.	Ps.	Ps.	Ps.	Ps.
		95,349		1,159,963		2,958,385
Valuation adjustment with an effect on income		6,236		146,703		207,276
Valuation adjustments with an effect on OCI		61,062		(7,111)		—
Additions		—		2,982		—
Sales / redemptions		(63,659)		(8,677)		—
Reclassifications		—		—		—
Transfer from level 2 to level 3		—		74,239		—
Transfer from level 3 to level 2		—		(36,327)		—
September 30, 2021	Ps.	98,988	Ps.	1,331,771	Ps.	3,165,661

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, 2021 and December 31, 2020 at fair value less cost of sale:

	Level 1		Level 2		Level 3		Total	
September 30, 2021								
Impaired collateralized loans	Ps.	—	Ps.	—	Ps.	1,895,987	Ps.	1,895,987
Non- current assets held for sale		—		—		144,299		144,299
	<u>Ps.</u>	<u>—</u>	<u>Ps.</u>	<u>—</u>	<u>Ps.</u>	<u>2,040,286</u>	<u>Ps.</u>	<u>2,040,286</u>
December 31, 2020								
Impaired collateralized loans	Ps.	—	Ps.	—	Ps.	1,508,693	Ps.	1,508,693
Non- current assets held for sale		—		—		240,412		240,412
	<u>Ps.</u>	<u>—</u>	<u>Ps.</u>	<u>—</u>	<u>Ps.</u>	<u>1,749,105</u>	<u>Ps.</u>	<u>1,749,105</u>

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e) Financial obligations from issued bonds

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

Local Currency					
Issuer	Issue Date	September 30, 2021	December 31, 2020	Maturity Date	Interest Rate
Banco Av. Villas S.A.	23/02/2021	Ps. 475,559	Ps. —	Between 23/02/2024 and 23/02/2026	CPI + 0.71% to 1.36%
Banco de Bogotá S.A.	Between 24/09/2020 and 10/02/2021	901,936	300,011	Between 24/09/2023 and 10/02/2026	CPI + 1.16%; IBR + 1.14% and Fixed Between 3.40% and 4.75%
Banco de Occidente S.A.	Between 09/02/2012 and 20/08/2020	2,773,981	3,023,809	Between 26/10/2021 and 14/12/2032	CPI + 1.75% to 4.65%; IBR + 1.37% and Fixed Between 5.71% and 7.55%
Corporación Financiera Colombiana S.A.	Between 27/08/2009 and 19/11/2020	3,319,936	3,287,717	Between 11/03/2022 and 19/11/2045	CPI + 1.75% to 5.99%; UVR + 3.77% and Fixed 7.10%
Banco Popular S.A.	Between 12/10/2016 and 15/07/2021	2,014,028	1,652,087	Between 13/02/2022 and 04/02/2027	CPI + 2.58% to 4.13%; IBR + 1.59% and Fixed Between 5.88% and 8.10%
Grupo Aval Acciones y Valores S.A.	Between 03/12/2009 and 14/11/2019	1,131,471	1,129,634	Between 14/11/2024 and 28/06/2042	CPI + 3.69% to 5.20% and Fixed 6.42%
Peso denominated Total		Ps. 10,616,911	Ps. 9,393,258		

Foreign Currency

Issuer	Issue Date	September 30, 2021	December 31, 2020	Maturity Date	Interest Rate
Banco de Bogotá S.A. Under rule 144A.	Between 19/02/2013 and 03/08/2017	8,161,686	7,327,946	Between 19/02/2023 and 03/08/2027	Fixed Between 4.38% to 6.25%
BAC Credomatic and MFG					
El Salvador	Between 28/10/2016 and 29/09/2021	534,740	467,262	Between 28/10/2021 and 19/08/2024	Fixed Between 4.70% to 5.85%
Honduras	Between 06/12/2018 and 23/09/2021	349,769	306,129	Between 06/12/2021 and 26/09/2026	Fixed Between 3.20% to 9.50% and Banker rate between 0.25% to 3.75%
Panamá	Between 11/09/2017 and 29/09/2021	1,503,367	1,713,174	Between 02/10/2021 and 30/06/2026	Fixed Between 2.00% to 5.00%
BAC Credomatic and MFG Total		Ps. 2,387,876	Ps. 2,486,566		
Banco Bogotá and BAC Credomatic and MFG Total		Ps. 10,549,562	Ps. 9,814,512		
Grupo Aval Limited ⁽¹⁾	Between 26/09/2012 and 04/02/2020	7,546,557	6,845,536	Between 26/09/2022 and 04/02/2030	Fixed Between 4.38% to 4.75%

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Foreign Currency

Issuer	Issue Date	September 30, 2021	December 31, 2020	Maturity Date	Interest Rate
Promigas S.A. and Gases del Pacífico S.A.C. Under rule 144A.	Between 16/10/2019 and 22/10/2020	1,916,662	1,707,490	Between 16/10/2029 and 22/10/2029	Fixed 3.75%
Foreign Currency Total		Ps. 20,012,781	Ps. 18,367,539		
Total of Bonds		Ps. 30,629,692	Ps. 27,760,797		

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

The amount of issued bonds due over 12 months as of September 30, 2021 is Ps. 25,309,778 and December 31, 2020 is Ps. 26,467,982.

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

f) Credit risk concentration

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

Portfolio segment	September 30, 2021			December 31, 2020		
	Gross balance	Allowance for impairment ^(*)	Net balance of credit portfolio	Gross balance	Allowance for impairment ^(*)	Net balance of credit portfolio
Commercial	Ps. 117,827,458	Ps. 5,527,438	Ps. 112,300,020	Ps. 110,986,938	Ps. 5,280,406	Ps. 105,706,532
Consumer	73,160,149	4,775,455	68,384,694	65,835,457	4,938,971	60,896,486
Mortgage	27,690,220	728,672	26,961,548	24,558,771	560,904	23,997,867
Microcredit	327,993	116,954	211,039	372,321	124,039	248,282
Interbank and overnight funds	2,877,113	3,953	2,873,160	4,693,678	851	4,692,827
Total	Ps. 221,882,933	Ps. 11,152,472	Ps. 210,730,461	Ps. 206,447,165	Ps. 10,905,171	Ps. 195,541,994

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

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

(1) Loan portfolio by economic sector

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

Sector	September 30, 2021		%	December 31, 2020		%
Consumer services	Ps. 107,544,302		48%	Ps. 96,436,401		47%
Commercial services	44,217,803		20%	45,363,824		21%
Construction	16,069,660		7%	13,723,891		6%
Food, beverage and tobacco	10,259,279		5%	9,765,741		5%
Transportation and communications	7,673,222		3%	7,300,885		4%
Public services	6,108,555		3%	5,628,741		3%
Chemical production	4,724,104		2%	5,867,117		3%
Other industrial and manufacturing products	8,895,332		4%	5,936,370		3%
Agricultural	5,776,966		3%	5,375,932		2%
Government	4,585,438		2%	4,972,124		3%
Trade and tourism	2,537,510		1%	2,893,042		1%
Mining products and oil	1,002,475		1%	941,577		1%
Other	2,488,287		1%	2,241,520		1%
Total of each economic sector	Ps. 221,882,933		100%	Ps. 206,447,165		100%

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(2) Portfolio credit by risk level rating

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

		September 30, 2021						
		Total Exposure						
PD Range		Stage 1		Stage 2		Stage 3		Total
0% - 7.5%	Ps.	172,421,491	Ps.	7,945,822	Ps.	15	Ps.	180,367,328
7.5% - 15%		7,682,439		3,909,044		458		11,591,941
15% - 22.5%		470,999		3,341,651		4		3,812,654
22.5% - 30%		114,550		2,087,562		77		2,202,189
30% - 45%		83,479		2,915,757		65		2,999,301
45% - 60%		22,653		4,592,980		231,409		4,847,042
60% - 90%		3,807		2,492,331		185,198		2,681,336
> 90%		3,670		89,071		13,288,401		13,381,142
TOTAL	Ps.	180,803,088	Ps.	27,374,218	Ps.	13,705,627	Ps.	221,882,933

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

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

Commercial portfolio

		September 30, 2021						
		Total Exposure						
PD Range		Stage 1		Stage 2		Stage 3		Total
0% - 7.5%	Ps.	95,005,689	Ps.	4,834,023	Ps.	—	Ps.	99,839,712
7.5% - 15%		1,882,496		903,905		196		2,786,597
15% - 22.5%		238,642		1,735,680		—		1,974,322
22.5% - 30%		24,930		450,276		-		475,206
30% - 45%		39,154		638,951		-		678,105
45% - 60%		19,521		2,774,501		15		2,794,037
60% - 90%		2,929		47,031		75		50,035
> 90%		157		3,381		9,225,906		9,229,444
TOTAL	Ps.	97,213,518	Ps.	11,387,748	Ps.	9,226,192	Ps.	117,827,458

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

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December 31, 2020

PD Range	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
TOTAL	Ps. 92,626,136	Ps. 9,843,700	Ps. 8,517,102	Ps. 110,986,938

Consumer portfolio

September 30, 2021

PD Range	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
0% - 7.5%	Ps. 53,920,065	Ps. 2,207,400	Ps. 13	Ps. 56,127,478
7.5% - 15%	5,457,307	1,672,749	262	7,130,318
15% - 22.5%	215,456	731,072	1	946,529
22.5% - 30%	69,384	1,116,928	76	1,186,388
30% - 45%	39,568	1,336,685	50	1,376,303
45% - 60%	2,221	1,182,290	231,394	1,415,905
60% - 90%	566	1,770,067	185,118	1,955,751
> 90%	3,513	81,172	2,936,792	3,021,477
TOTAL	Ps. 59,708,080	Ps. 10,098,363	Ps. 3,353,706	Ps. 73,160,149

December 31, 2020

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

Mortgage portfolio

September 30, 2021

PD Range	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
0% - 7.5%	Ps. 20,557,400	Ps. 904,365	Ps. 2	Ps. 21,461,767
7.5% - 15%	249,454	1,332,344	—	1,581,798
15% - 22.5%	13,992	874,899	3	888,894
22.5% - 30%	2,949	517,425	1	520,375
30% - 45%	3,291	931,746	15	935,052
45% - 60%	—	633,793	—	633,793
60% - 90%	—	626,784	5	626,789
> 90%	—	4,493	1,037,259	1,041,752
TOTAL	Ps. 20,827,086	Ps. 5,825,849	Ps. 1,037,285	Ps. 27,690,220

December 31, 2020

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

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Microcredit portfolio

September 30, 2021							
Total Exposure							
PD Range		Stage 1		Stage 2		Stage 3	Total
0% - 7.5%	Ps.	61,272	Ps.	34	Ps.	—	Ps. 61,306
7.5% - 15%		93,134		46		—	93,180
15% - 22.5%		2,909		—		—	2,909
22.5% - 30%		17,287		2,933		—	20,220
30% - 45%		1,466		8,375		—	9,841
45% - 60%		911		2,396		—	3,307
60% - 90%		312		48,449		—	48,761
> 90%		—		25		88,444	88,469
TOTAL	Ps.	177,291	Ps.	62,258	Ps.	88,444	Ps. 327,993

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

Repos, interbank loans portfolio

September 30, 2021							
Total Exposure							
PD Range		Stage 1		Stage 2		Stage 3	Total
0% - 7.5%	Ps.	2,877,065	Ps.	—	Ps.	—	Ps. 2,877,065
7.5% - 15%		48		—		—	48
15% - 22.5%		—		—		—	—
22.5% - 30%		—		—		—	—
30% - 45%		—		—		—	—
45% - 60%		—		—		—	—
60% - 90%		—		—		—	—
> 90%		—		—		—	—
TOTAL	Ps.	2,877,113	Ps.	0	Ps.	—	Ps. 2,877,113

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

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

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

	September 30, 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. 643,501	Ps. 885,625	Ps. 3,998,312	Ps. —	Ps. 5,527,438
Consumer loan portfolio	1,033,870	1,525,875	2,215,710	—	4,775,455
Mortgage loan portfolio	79,437	311,963	337,272	—	728,672
Microcredit loan portfolio	11,061	20,364	85,529	—	116,954
Interbank and overnight funds	3,953	—	—	—	3,953
Total loan portfolio	Ps. 1,771,822	Ps. 2,743,827	Ps. 6,636,823	Ps. —	Ps. 11,152,472
Investments in debt securities at amortized cost	3,256	7,276	—	—	10,532
Other accounts receivable	25,923	18,973	118,687	224,194	387,777
Total loss allowance financial assets at amortized cost	Ps. 1,801,001	Ps. 2,770,076	Ps. 6,755,510	Ps. 224,194	Ps. 11,550,781
Investments in debt securities at FVOCI	117,063	—	—	—	117,063
Loan commitments and financial guarantee contracts	45,790	10,838	1,421	—	58,049
Total loss allowance	Ps. 1,963,854	Ps. 2,780,914	Ps. 6,756,931	Ps. 224,194	Ps. 11,725,893
December 31, 2020					
	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. 656,830	Ps. 805,097	Ps. 3,818,479	Ps. —	Ps. 5,280,406
Consumer loan portfolio	1,013,071	1,948,030	1,977,870	—	4,938,971
Mortgage loan portfolio	72,294	225,889	262,721	—	560,904
Microcredit loan portfolio	17,089	60,040	46,910	—	124,039
Interbank and overnight funds	792	—	59	—	851
Total loan portfolio	Ps. 1,760,076	Ps. 3,039,056	Ps. 6,106,039	Ps. —	Ps. 10,905,171
Investments in debt securities at amortized cost	7,188	7	—	—	7,195
Other accounts receivable	18,136	13,548	107,471	203,902	343,057
Total loss allowance financial assets at amortized cost	Ps. 1,785,400	Ps. 3,052,611	Ps. 6,213,510	Ps. 203,902	Ps. 11,255,423
Investments in debt securities at FVOCI	96,307	179	—	—	96,486
Loan commitments and financial guarantee contracts	57,226	8,679	1,488	—	67,393
Total loss allowance	Ps. 1,938,933	Ps. 3,061,469	Ps. 6,214,998	Ps. 203,902	Ps. 11,419,302

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

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;

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- 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 that 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, 2021 and December 31, 2020.

September 30, 2021

	<u>Gross Amount Registered</u>	<u>Collateral Guarantees (1)</u>	<u>Allowance Recognized</u>
Without recognized provision			
Commercial	Ps. 241,773	Ps. 229,413	Ps. —
Subtotal	Ps. 241,773	Ps. 229,413	Ps. —
With recognized provision			
Commercial	7,308,704	1,579,493	2,919,224
Consumer	5,348	—	1,391
Mortgage	768	—	768
Subtotal	Ps. 7,314,820	Ps. 1,579,493	Ps. 2,921,383
Totals			
Commercial	7,550,477	1,808,906	2,919,224
Consumer	5,348	—	1,391
Mortgage	768	—	768
Total	Ps. 7,556,593	Ps. 1,808,906	Ps. 2,921,383

December 31, 2020

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

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

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

	<u>September 30, 2021</u>	
	<u>Carrying Amount</u>	<u>Collateral</u>
Stage 1 and 2	Ps. 26,088,807	Ps. 30,695,844
Stage 3	2,210,036	6,807,644
	Ps. 28,298,843	Ps. 37,503,488

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		<u>Carrying Amount</u>		<u>Collateral</u>
Stage 1 and 2	Ps.	26,518,457	Ps.	24,473,502
Stage 3		2,516,373		2,397,219
	Ps.	29,034,830	Ps.	26,870,721

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.

	Scenario A		September 30, 2021 Scenario B		Scenario C	
Gross Exposure						
Commercial	Ps.	117,827,458	Ps.	117,827,458	Ps.	117,827,458
Consumer		73,160,149		73,160,149		73,160,149
Mortgages		27,690,220		27,690,220		27,690,220
Microcredit		327,993		327,993		327,993
Repos, interbank loans portfolio		2,877,113		2,877,113		2,877,113
Total gross exposure	Ps.	221,882,933	Ps.	221,882,933	Ps.	221,882,933
Loss Allowance						
Commercial	Ps.	5,445,764	Ps.	5,520,468	Ps.	5,614,466
Consumer		4,633,594		4,799,582		5,032,532
Mortgages		678,164		722,953		773,121
Microcredit		115,180		117,286		119,047
Repos, interbank loans portfolio		5,454		5,502		5,604
Total Loss Allowance	Ps.	10,878,156	Ps.	11,165,791	Ps.	11,544,770
Proportion of Assets in Stage 2						
Commercial		10.0 %		10.0 %		10.3 %
Consumer		13.2 %		13.9 %		15.3 %
Mortgages		19.8 %		20.3 %		20.9 %
Microcredit		19.0 %		19.0 %		19.0 %
Repos, interbank loans portfolio		0.0 %		0.0 %		0.0 %

	Scenario A		December 31, 2020 Scenario B		Scenario C	
Gross Exposure						
Commercial	Ps.	110,986,938	Ps.	110,986,938	Ps.	110,986,938
Consumer		65,835,457		65,835,457		65,835,457
Mortgages		24,558,771		24,558,771		24,558,771
Microcredit		372,321		372,321		372,321
Repos, interbank loans portfolio		4,693,678		4,693,678		4,693,678
Total gross exposure	Ps.	206,447,165	Ps.	206,447,165	Ps.	206,447,165
Loss Allowance						
Commercial	Ps.	5,247,205	Ps.	5,270,163	Ps.	5,321,111
Consumer		4,884,759		4,958,046		5,072,691
Mortgages		519,443		552,532		584,010
Microcredit		126,561		123,609		122,413
Repos, interbank loans portfolio		3,251		3,345		3,460
Total Loss Allowance	Ps.	10,781,219	Ps.	10,907,695	Ps.	11,103,685
Proportion of Assets in Stage 2						
Commercial		8.6 %		8.8 %		9.0 %
Consumer		17.9 %		18.1 %		18.7 %

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	December 31, 2020		
	Scenario A	Scenario B	Scenario C
Mortgages	20.2 %	20.6 %	21.2 %
Microcredit	8.2 %	8.2 %	8.2 %
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, 2021.

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit- impaired		Lifetime ECL credit- impaired		
Loss allowance as of December 31, 2020	Ps. 1,760,076	Ps. 3,039,056	Ps. 6,106,039	Ps. 10,905,171			
Transfers:							
Transfer from stage 1 to stage 2	(306,133)	306,133	—	—			
Transfer from stage 1 to stage 3	(53,267)	—	53,267	—			
Transfer from stage 2 to stage 3	—	(1,404,241)	1,404,241	—			
Transfer from stage 3 to stage 2	—	352,415	(352,415)	—			
Transfer from stage 2 to stage 1	500,567	(500,567)	—	—			
Transfer from stage 3 to stage 1	110,529	—	(110,529)	—			
Net remeasurement of loss allowance ⁽²⁾	(381,313)	753,491	2,448,363	2,820,541			
New financial assets originated or purchased	1,186,077	866,987	828,844	2,881,908			
Financial assets that have been derecognized	(1,057,051)	(709,589)	(613,059)	(2,379,699)			
Unwind of discount ⁽¹⁾	—	—	332,713	332,713			
FX and other movements	39,656	129,742	114,515	283,913			
Write—offs	(27,319)	(89,600)	(3,575,156)	(3,692,075)			
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⁾ 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	(11,925,631)	11,925,631	—	—			
Transfer from stage 1 to stage 3	(1,042,135)	—	1,042,135	—			
Transfer from stage 2 to stage 3	—	(5,381,955)	5,381,955	—			
Transfer from stage 2 to stage 1	6,161,420	(6,161,420)	—	—			
Transfer from stage 3 to stage 2	—	980,446	(980,446)	—			

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Transfer from stage 3 to stage 1	430,828	—	(430,828)	—
Increase in loan portfolio and borrowing costs	112,711,224	4,748,824	1,326,063	118,786,111
Decrease in loan portfolio and borrowing costs	(99,355,274)	(6,457,060)	(3,476,678)	(109,289,012)
Increase-decrease in interest	(1,467,650)	(69,946)	1,688,708	151,112
Increase-decrease in other receivables associated with loans	(19,152)	(8,727)	6,883	(20,996)
Write-offs	(27,319)	(89,600)	(3,575,156)	(3,692,075)
FX and other movements (*)	7,847,129	1,299,826	353,673	9,500,628
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

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

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Loss allowance as of December 31, 2019	Ps. 1,853,138	Ps. 1,158,732	Ps. 5,173,927	Ps. 8,185,797
Transfers:				
Transfer from stage 1 to stage 2	(689,743)	689,743	—	—
Transfer from stage 1 to stage 3	(87,058)	—	87,058	—
Transfer from stage 2 to stage 3	—	(799,657)	799,657	—
Transfer from stage 3 to stage 2	—	172,255	(172,255)	—
Transfer from stage 2 to stage 1	579,167	(579,167)	—	—
Transfer from stage 3 to stage 1	66,629	—	(66,629)	—
Net remeasurement of loss allowance ⁽²⁾	327,237	1,304,674	2,361,706	3,993,617
New financial assets originated or purchased	724,508	870,402	363,549	1,958,459
Financial assets that have been derecognized	(918,583)	(361,252)	(335,919)	(1,615,754)
Unwind of discount ⁽¹⁾	—	—	375,414	375,414
FX and other movements	89,830	121,150	78,717	289,697
Write—offs	(4,614)	(8,175)	(3,225,843)	(3,238,632)
Loss allowance as of September 30, 2020	Ps. 1,940,511	Ps. 2,568,705	Ps. 5,439,382	Ps. 9,948,598

⁽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, 2020 versus parameters as of December 31, 2019 and the loan portfolio as of September 30, 2020.

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

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

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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, 2019	Ps.	164,206,688	Ps.	8,056,807	Ps.	9,864,619	Ps.	182,128,114
Transfers:								
Transfer from stage 1 to stage 2		(14,852,780)		14,852,780		—		—
Transfer from stage 1 to stage 3		(989,303)		—		989,303		—
Transfer from stage 2 to stage 3		—		(3,299,298)		3,299,298		—
Transfer from stage 2 to stage 1		4,777,772		(4,777,772)		—		—
Transfer from stage 3 to stage 2		—		427,218		(427,218)		—
Transfer from stage 3 to stage 1		202,674		—		(202,674)		—
Increase in loan portfolio and borrowing costs		76,118,156		6,204,705		3,271,695		85,594,556
Decrease in loan portfolio and borrowing costs		(72,116,911)		(2,610,019)		(3,078,463)		(77,805,393)
Increase-decrease in interest		130,803		18,733		467,508		617,044
Increase-decrease in other receivables associated with loans		82,146		29,897		12,612		124,655
Write-offs		(4,614)		(8,175)		(3,225,843)		(3,238,632)
On business combination		12,161,079		389,684		518,092		13,068,855
FX and other movements (*)		11,381,896		491,365		177,221		12,050,482
Total portfolio as of September 30, 2020	Ps.	181,097,606	Ps.	19,775,925	Ps.	11,666,150	Ps.	212,539,681

(*) For the quarter of September 30, 2020 the TRM presented a variation of Ps. 588.33 per dollar

Commercial portfolio

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	Ps.	656,830	Ps.	805,097	Ps.	3,818,479	Ps.	5,280,406
Transfers:								
Transfer from stage 1 to stage 2		(56,461)		56,461		—		—
Transfer from stage 1 to stage 3		(9,312)		—		9,312		—
Transfer from stage 2 to stage 3		—		(201,100)		201,100		—
Transfer from stage 3 to stage 2		—		40,005		(40,005)		—
Transfer from stage 2 to stage 1		70,248		(70,248)		—		—
Transfer from stage 3 to stage 1		32,357		—		(32,357)		—
Net remeasurement of loss allowance ⁽²⁾		(193,292)		215,469		1,000,826		1,023,003
New financial assets originated or purchased		428,162		183,165		206,435		817,762
Financial assets that have been derecognized		(291,486)		(163,539)		(337,385)		(792,410)
Unwind of discount ⁽¹⁾		—		—		222,961		222,961
FX and other movements		10,261		22,326		32,580		65,167
Write—offs		(3,806)		(2,011)		(1,083,634)		(1,089,451)
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⁾ 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.

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

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

		Stage 1 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.	92,626,136	Ps.	9,843,700	Ps.	8,517,102	Ps.	110,986,938
Transfers:								
Transfer from stage 1 to stage 2		(5,275,994)		5,275,994		—		—
Transfer from stage 1 to stage 3		(691,955)		—		691,955		—
Transfer from stage 2 to stage 3		—		(1,728,864)		1,728,864		—
Transfer from stage 2 to stage 1		2,337,932		(2,337,932)		—		—
Transfer from stage 3 to stage 2		—		248,560		(248,560)		—
Transfer from stage 3 to stage 1		216,214		—		(216,214)		—
Increase in loan portfolio and borrowing costs		61,188,378		2,941,411		548,537		64,678,326
Decrease in loan portfolio and borrowing costs		(57,259,814)		(3,072,425)		(1,891,894)		(62,224,133)
Increase-decrease in interest		(526,859)		(94,119)		978,224		357,246
Increase-decrease in other receivables associated with loans		(11,566)		(2,774)		6,838		(7,502)
Write-offs		(3,806)		(2,011)		(1,083,634)		(1,089,451)
FX and other movements		4,614,852		316,208		194,974		5,126,034
Total portfolio as of September 30, 2021	Ps.	97,213,518	Ps.	11,387,748	Ps.	9,226,192	Ps.	117,827,458

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

		Stage 1 12-month ECL		Stage 2 Lifetime ECL not credit- impaired		Stage 3 Lifetime ECL credit- impaired		Total
Loss allowance as of December 31, 2019	Ps.	692,037	Ps.	213,103	Ps.	3,283,248	Ps.	4,188,388
Transfers:								
Transfer from stage 1 to stage 2		(79,776)		79,776		—		—
Transfer from stage 1 to stage 3		(19,471)		—		19,471		—
Transfer from stage 2 to stage 3		—		(88,901)		88,901		—
Transfer from stage 3 to stage 2		—		20,465		(20,465)		—
Transfer from stage 2 to stage 1		58,272		(58,272)		—		—
Transfer from stage 3 to stage 1		12,237		—		(12,237)		—
Net remeasurement of loss allowance ⁽²⁾		63,752		352,290		1,219,172		1,635,214
New financial assets originated or purchased		281,738		96,596		93,807		472,141
Financial assets that have been derecognized		(268,023)		(86,999)		(185,425)		(540,447)
Unwind of discount ⁽¹⁾		—		—		279,811		279,811
FX and other movements		27,309		16,821		24,483		68,613
Write—offs		(690)		(533)		(1,308,962)		(1,310,185)
Loss allowance as of September 30, 2020	Ps.	767,385	Ps.	544,346	Ps.	3,481,804	Ps.	4,793,535

⁽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 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, 2020 versus parameters as of December 31, 2019 and the loan portfolio as of September 30, 2020.

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

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

		Stage 1 12-month ECL		Stage 2 Lifetime ECL not credit- impaired		Stage 3 Lifetime ECL credit- impaired		Total
Total portfolio as of December 31, 2019	Ps.	89,337,399	Ps.	2,767,147	Ps.	6,832,153	Ps.	98,936,699
Transfers:								
Transfer from stage 1 to stage 2		(4,368,957)		4,368,957		—		—
Transfer from stage 1 to stage 3		(684,152)		—		684,152		—
Transfer from stage 2 to stage 3		—		(1,234,709)		1,234,709		—
Transfer from stage 2 to stage 1		996,712		(996,712)		—		—
Transfer from stage 3 to stage 2		—		75,861		(75,861)		—
Transfer from stage 3 to stage 1		59,145		—		(59,145)		—
Increase in loan portfolio and borrowing costs		47,539,742		2,791,538		2,206,766		52,538,046
Decrease in loan portfolio and borrowing costs		(43,055,784)		(1,139,789)		(1,689,523)		(45,885,096)
Increase-decrease in interest		(129,173)		(12,638)		(265,547)		(407,358)
Increase-decrease in other receivables associated with loans		28,611		11,553		7,595		47,759
Write-offs		(690)		(533)		(1,308,962)		(1,310,185)
On business combination		6,430,743		92,115		419,925		6,942,783
FX and other movements (*)		5,987,661		153,239		182,713		6,323,613
Total portfolio as of September 30, 2020	Ps.	102,141,257	Ps.	6,876,029	Ps.	8,168,975	Ps.	117,186,261

(*) For the quarter of September 30, 2020, the TRM presented a variation of Ps. 588.33 per dollar

Consumer portfolio

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		(232,196)		232,196		—		—
Transfer from stage 1 to stage 3		(42,248)		—		42,248		—
Transfer from stage 2 to stage 3		—		(1,113,453)		1,113,453		—
Transfer from stage 3 to stage 2		—		279,861		(279,861)		—
Transfer from stage 2 to stage 1		393,620		(393,620)		—		—
Transfer from stage 3 to stage 1		57,271		—		(57,271)		—
Net remeasurement of loss allowance ⁽²⁾		(184,658)		418,005		1,344,264		1,577,611
New financial assets originated or purchased		730,715		639,984		565,881		1,936,580
Financial assets that have been derecognized		(707,042)		(491,244)		(233,492)		(1,431,778)
Unwind of discount ⁽¹⁾		—		—		90,290		90,290
FX and other movements		26,970		86,525		71,990		185,485
Write—offs		(21,633)		(80,409)		(2,419,662)		(2,521,704)
Loss allowance as of September 30, 2021	Ps.	1,033,870	Ps.	1,525,875	Ps.	2,215,710	Ps.	4,775,455

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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) 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	(5,142,604)	5,142,604	—	—
Transfer from stage 1 to stage 3	(292,505)	—	292,505	—
Transfer from stage 2 to stage 3	—	(3,091,829)	3,091,829	—
Transfer from stage 2 to stage 1	2,991,600	(2,991,600)	—	—
Transfer from stage 3 to stage 2	—	591,077	(591,077)	—
Transfer from stage 3 to stage 1	136,981	—	(136,981)	—
Increase in loan portfolio and borrowing costs	44,911,922	1,568,129	717,412	47,197,463
Decrease in loan portfolio and borrowing costs	(35,378,809)	(2,944,404)	(1,354,322)	(39,677,535)
Increase-decrease in interest	(882,175)	8,325	647,331	(226,519)
Increase-decrease in other receivables associated with loans	(10,691)	(7,615)	(790)	(19,096)
Write-offs	(21,633)	(80,409)	(2,419,662)	(2,521,704)
FX and other movements	1,942,473	521,359	108,251	2,572,083
Total portfolio as of September 30, 2021	Ps. 59,708,080	Ps. 10,098,363	Ps. 3,353,706	Ps. 73,160,149

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

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Loss allowance as of December 31, 2019	Ps. 1,077,840	Ps. 853,414	Ps. 1,623,786	Ps. 3,555,040
Transfers:				
Transfer from stage 1 to stage 2	(561,285)	561,285	—	—
Transfer from stage 1 to stage 3	(63,289)	—	63,289	—
Transfer from stage 2 to stage 3	—	(667,372)	667,372	—
Transfer from stage 3 to stage 2	—	136,015	(136,015)	—
Transfer from stage 2 to stage 1	476,907	(476,907)	—	—
Transfer from stage 3 to stage 1	34,819	—	(34,819)	—
Net remeasurement of loss allowance ⁽²⁾	232,340	792,654	1,026,157	2,051,151
New financial assets originated or purchased	429,287	764,815	263,129	1,457,231
Financial assets that have been derecognized	(606,394)	(249,397)	(115,100)	(970,891)
Unwind of discount ⁽¹⁾	—	—	78,964	78,964
FX and other movements	58,871	91,691	46,581	197,143
Write—offs	(3,563)	(7,430)	(1,810,052)	(1,821,045)
Loss allowance as of September 30, 2020	Ps. 1,075,533	Ps. 1,798,768	Ps. 1,673,292	Ps. 4,547,593

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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) 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, 2020 versus parameters as of December 31, 2019 and the loan portfolio as of September 30, 2020.

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

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

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Total portfolio as of December 31, 2019	Ps. 53,555,487	Ps. 3,907,448	Ps. 2,377,516	Ps. 59,840,451
Transfers:				
Transfer from stage 1 to stage 2	(7,643,644)	7,643,644	—	—
Transfer from stage 1 to stage 3	(267,284)	—	267,284	—
Transfer from stage 2 to stage 3	—	(1,702,132)	1,702,132	—
Transfer from stage 2 to stage 1	2,777,852	(2,777,852)	—	—
Transfer from stage 3 to stage 2	—	281,419	(281,419)	—
Transfer from stage 3 to stage 1	84,209	—	(84,209)	—
Increase in loan portfolio and borrowing costs	23,397,938	3,066,710	1,012,755	27,477,403
Decrease in loan portfolio and borrowing costs	(23,777,683)	(1,327,982)	(1,235,485)	(26,341,150)
Increase-decrease in interest	198,594	63,220	695,994	957,808
Increase-decrease in other receivables associated with loans	34,204	14,730	3,892	52,826
Write-offs	(3,563)	(7,430)	(1,810,052)	(1,821,045)
On business combination	2,852,700	154,499	47,879	3,055,078
FX and other movements (*)	3,118,655	208,971	(35,576)	3,292,050
Total portfolio as of September 30, 2020	Ps. 54,327,465	Ps. 9,525,245	Ps. 2,660,711	Ps. 66,513,421

(*) For the quarter of September 30, 2020 the TRM presented a variation of Ps. 588.33 per dollar

Mortgage portfolio

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. 72,294	Ps. 225,889	Ps. 262,721	Ps. 560,904
Transfers:				
Transfer from stage 1 to stage 2	(11,209)	11,209	—	—
Transfer from stage 1 to stage 3	(366)	—	366	—
Transfer from stage 2 to stage 3	—	(50,721)	50,721	—
Transfer from stage 3 to stage 2	—	29,499	(29,499)	—
Transfer from stage 2 to stage 1	32,596	(32,596)	—	—
Transfer from stage 3 to stage 1	20,277	—	(20,277)	—
Net remeasurement of loss allowance ⁽²⁾	4,425	120,923	74,766	200,114

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
New financial assets originated or purchased	13,834	43,277	56,512	113,623
Financial assets that have been derecognized	(53,321)	(51,390)	(41,595)	(146,306)
Unwind of discount ⁽¹⁾	—	—	10,224	10,224
FX and other movements	2,425	20,891	9,945	33,261
Write-offs	(1,518)	(5,018)	(36,612)	(43,148)
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⁾ 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.

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

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

	Stage 1 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. 18,537,882	Ps. 5,217,872	Ps. 803,017	Ps. 24,558,771
Transfers:				
Transfer from stage 1 to stage 2	(1,467,452)	1,467,452	—	—
Transfer from stage 1 to stage 3	(51,774)	—	51,774	—
Transfer from stage 2 to stage 3	—	(484,972)	484,972	—
Transfer from stage 2 to stage 1	805,313	(805,313)	—	—
Transfer from stage 3 to stage 2	—	133,892	(133,892)	—
Transfer from stage 3 to stage 1	75,707	—	(75,707)	—
Increase in loan portfolio and borrowing costs	4,909,186	239,192	51,231	5,199,609
Decrease in loan portfolio and borrowing costs	(2,989,346)	(412,490)	(216,390)	(3,618,226)
Increase-decrease in interest	(72,683)	11,313	57,470	(3,900)
Increase-decrease in other receivables associated with loans	(4,427)	1,662	974	(1,791)
Write-offs	(1,518)	(5,018)	(36,612)	(43,148)
FX and other movements	1,086,198	462,259	50,448	1,598,905
Total portfolio as of September 30, 2021	Ps. 20,827,086	Ps. 5,825,849	Ps. 1,037,285	Ps. 27,690,220

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

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Loss allowance as of December 31, 2019	Ps. 58,386	Ps. 80,296	Ps. 212,876	Ps. 351,558
Transfers:				
Transfer from stage 1 to stage 2	(25,939)	25,939	—	—
Transfer from stage 1 to stage 3	(1,023)	—	1,023	—

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Transfer from stage 2 to stage 3	—	(35,307)	35,307	—
Transfer from stage 3 to stage 2	—	14,768	(14,768)	—
Transfer from stage 2 to stage 1	39,466	(39,466)	—	—
Transfer from stage 3 to stage 1	19,319	—	(19,319)	—
Net remeasurement of loss allowance ⁽²⁾	15,959	126,616	109,770	252,345
New financial assets originated or purchased	9,671	8,833	6,613	25,117
Financial assets that have been derecognized	(40,999)	(24,494)	(35,128)	(100,621)
Unwind of discount ⁽¹⁾	—	—	8,636	8,636
FX and other movements	3,650	12,638	7,653	23,941
Write—offs	(322)	(89)	(65,937)	(66,348)
Loss allowance as of September 30, 2020	Ps. 78,168	Ps. 169,734	Ps. 246,726	Ps. 494,628

⁽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, 2020 versus parameters as of December 31, 2019 and the loan portfolio as of September 30, 2020.

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

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

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Total portfolio as of December 31, 2019	Ps. 18,265,897	Ps. 1,357,409	Ps. 598,377	Ps. 20,221,683
Transfers:				
Transfer from stage 1 to stage 2	(2,825,671)	2,825,671	—	—
Transfer from stage 1 to stage 3	(32,397)	—	32,397	—
Transfer from stage 2 to stage 3	—	(349,002)	349,002	—
Transfer from stage 2 to stage 1	989,353	(989,353)	—	—
Transfer from stage 3 to stage 2	—	68,064	(68,064)	—
Transfer from stage 3 to stage 1	58,612	—	(58,612)	—
Increase in loan portfolio and borrowing costs	2,865,817	217,939	9,161	3,092,917
Decrease in loan portfolio and borrowing costs	(1,566,247)	(132,568)	(117,529)	(1,816,344)
Increase-decrease in interest	25,729	(32,166)	35,814	29,377
Increase-decrease in other receivables associated with loans	19,287	3,614	1,126	24,027
Write-offs	(322)	(89)	(65,937)	(66,348)
On business combination	2,404,850	143,070	50,288	2,598,208
FX and other movements ^(*)	1,711,289	129,155	30,084	1,870,528
Total portfolio as of September 30, 2020	Ps. 21,916,197	Ps. 3,241,744	Ps. 796,107	Ps. 25,954,048

^(*) For the quarter of September 30, 2020 the TRM presented a variation of Ps. 588.33 per dollar

Microcredit portfolio

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		17,089		60,040		46,910		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
FX and other movements		—		—		—		—
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)

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

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

	Stage 1		Stage 2		Stage 3		Total	
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired			
	Ps.		Ps.		Ps.		Ps.	
Total portfolio as of December 31, 2020		178,570		143,901		49,850		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		—		—		—		—

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Write-offs	(362)	(2,162)	(35,248)	(37,772)
FX and other movements	—	—	—	—
Total portfolio as of September 30, 2021	Ps. 177,291	Ps. 62,258	Ps. 88,444	Ps. 327,993

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

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Loss allowance as of December 31, 2019	Ps. 24,794	Ps. 11,919	Ps. 53,112	Ps. 89,825
Transfers:				
Transfer from stage 1 to stage 2	(22,743)	22,743	—	—
Transfer from stage 1 to stage 3	(3,275)	—	3,275	—
Transfer from stage 2 to stage 3	—	(8,077)	8,077	—
Transfer from stage 3 to stage 2	—	1,007	(1,007)	—
Transfer from stage 2 to stage 1	4,519	(4,519)	—	—
Transfer from stage 3 to stage 1	254	—	(254)	—
Net remeasurement of loss allowance ⁽²⁾	14,071	33,087	7,512	54,670
New financial assets originated or purchased	3,761	158	—	3,919
Financial assets that have been derecognized	(3,100)	(338)	(266)	(3,704)
Unwind of discount ⁽¹⁾	—	—	8,003	8,003
FX and other movements	—	—	—	—
Write—offs	(39)	(123)	(40,892)	(41,054)
Loss allowance as of September 30, 2020	Ps. 18,242	Ps. 55,857	Ps. 37,560	Ps. 111,659

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

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

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

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

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Total portfolio as of December 31, 2019	Ps. 329,922	Ps. 24,801	Ps. 55,597	Ps. 410,320
Transfers:				
Transfer from stage 1 to stage 2	(14,508)	14,508	—	—
Transfer from stage 1 to stage 3	(5,470)	—	5,470	—
Transfer from stage 2 to stage 3	—	(13,455)	13,455	—
Transfer from stage 2 to stage 1	13,855	(13,855)	—	—

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Transfer from stage 3 to stage 2	—	1,874	(1,874)	—
Transfer from stage 3 to stage 1	708	—	(708)	—
Increase in loan portfolio and borrowing costs	114,127	128,518	43,013	285,658
Decrease in loan portfolio and borrowing costs	(257,332)	(9,678)	(34,950)	(301,960)
Increase-decrease in interest	19,291	317	1,247	20,855
Increase-decrease in other receivables associated with loans	(3)	—	(1)	(4)
Write-offs	(39)	(123)	(40,892)	(41,054)
FX and other movements (*)	—	—	—	—
Total portfolio as of September 30, 2020	Ps. 200,551	Ps. 132,907	Ps. 40,357	Ps. 373,815

(*) For the quarter of September 30, 2020 the TRM presented a variation of Ps. 588.33 per dollar

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, 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)
Unwind of discount ⁽¹⁾	—	—	—	—
FX and other movements	—	—	—	—
Write—offs	—	—	—	—
Loss allowance as of September 30, 2021	Ps. 3,953	Ps. —	Ps. —	Ps. 3,953

⁽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, 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:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Total portfolio as of December 31, 2020	Ps. 4,693,539	Ps. —	Ps. 139	Ps. 4,693,678
Increase in loan portfolio and borrowing costs	1,572,411	—	—	1,572,411

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Decrease in loan portfolio and borrowing costs	(3,613,667)	—	—	(3,613,667)
Increase-decrease in interest	13,692	—	—	13,692
Increase-decrease in other receivables associated with loans	7,532	—	(139)	7,393
Write-offs	—	—	—	—
FX and other movements	203,606	—	—	203,606
Total portfolio as of September 30, 2021	Ps. 2,877,113	Ps. —	Ps. —	Ps. 2,877,113

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

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Loss allowance as of December 31, 2019	Ps. 81	Ps. —	Ps. 905	Ps. 986
Transfer from stage 3 to stage 1	—	—	—	—
Net remeasurement of loss allowance ⁽²⁾	1,115	27	(905)	237
New financial assets originated or purchased	51	—	—	51
Financial assets that have been derecognized	(67)	(24)	—	(91)
Unwind of discount ⁽¹⁾	—	—	—	—
FX and other movements	—	—	—	—
Write—offs	—	—	—	—
Loss allowance as of September 30, 2020	Ps. 1,183	Ps. —	Ps. —	Ps. 1,183

⁽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, 2020 versus parameters as of December 31, 2019 and the loan portfolio as of September 30, 2020.

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

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

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Total portfolio as of December 31, 2019	Ps. 2,717,983	Ps. 2	Ps. 976	Ps. 2,718,961
Transfers:				
Transfer from stage 1 to stage 2	—	—	—	—
Transfer from stage 1 to stage 3	—	—	—	—
Transfer from stage 3 to stage 1	—	—	—	—
Increase in loan portfolio and borrowing costs	2,200,532	—	—	2,200,532
Decrease in loan portfolio and borrowing costs	(3,459,865)	(2)	(976)	(3,460,843)

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Increase-decrease in interest	16,362	—	—	16,362
Increase-decrease in other receivables associated with loans	47	—	—	47
Write-offs	—	—	—	—
On business combination	472,786	—	—	472,786
FX and other movements (*)	564,291	—	—	564,291
Total portfolio as of September 30, 2020	Ps. 2,512,136	Ps. —	Ps. —	Ps. 2,512,136

(*) For the quarter of September 30, 2020, the TRM presented a variation of Ps. 588.33 per dollar

Investments in debt securities at FVOCI

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of 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. 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 ⁽²⁾	(10,623)	—	—	(10,623)
New financial assets originated or purchased	67,488	—	—	67,488
Financial assets that have been derecognized	(45,903)	(181)	—	(46,084)
Unwind of discount ⁽¹⁾	—	—	—	—
FX and other movements	9,794	2	—	9,796
Loss allowance as of September 30, 2021	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⁾ 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. (12,908)	Ps. —	Ps. —	Ps. (12,908)

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

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Loss allowance as of 31 December 2019	Ps. 34,080	Ps. —	Ps. —	Ps. 34,080
Transfers:				

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	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Transfer from stage 1 to stage 2	(336)	336	—	—
Net remeasurement of loss allowance ⁽²⁾	17,074	165	—	17,239
New financial assets originated or purchased	55,519	—	—	55,519
Financial assets that have been derecognized	(4,974)	(133)	—	(5,107)
Unwind of discount ⁽¹⁾	—	—	—	—
FX and other movements	6,064	1	—	6,065
Loss allowance as of Septiembre 30, 2020	Ps. 107,427	Ps. 369	Ps. —	Ps. 107,796

⁽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, 2020 versus parameters as of December 31, 2019 and the loan portfolio as of September 30, 2020.

	Stage 1 12- month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit- impaired	Total
	Ps. 5,437 Ps.	40 Ps.	— Ps.	5,477

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, 2021.

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Loss allowance as of 31 December 2020	Ps. 7,188	Ps. 7	Ps. —	Ps. 7,195
Transfers:				
Transfer from stage 1 to stage 2	(1,720)	1,720	—	—
Net remeasurement of loss allowance ⁽²⁾	(3,472)	4,255	—	783
New financial assets originated or purchased	1,762	1,440	—	3,202
Financial assets that have been derecognized	(1,220)	—	—	(1,220)
Unwind of discount ⁽¹⁾	—	—	—	—
FX and other movements	718	(146)	—	572
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⁾ 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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The following table show the reconciliations from the opening to the closing balance of the loss allowance as of September 30, 2020.

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit- impaired		Lifetime ECL credit- impaired		
Loss allowance as of 31 December 2019	Ps. 737	Ps.	—	Ps.	—	Ps.	737
Transfers:							
Transfer from stage 1 to stage 2	—		—		—		—
Net remeasurement of loss allowance ⁽²⁾	(506)		—		—		(506)
New financial assets originated or purchased	4,643		8		—		4,651
Financial assets that have been derecognized	(615)		—		—		(615)
Unwind of discount ⁽¹⁾	—		—		—		—
FX and other movements	183		—		—		183
Loss allowance as of September 30, 2020	Ps. 4,442	Ps.	8	Ps.	—	Ps.	4,450

⁽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, 2020 versus parameters as of December 31, 2019 and the loan portfolio as of September 30, 2020.

	Stage 1	12-	Stage 2	Stage 3	Lifetime	
	12-	month	Lifetime	ECL not	ECL credit-	Total
	month	ECL	ECL not	ECL not	ECL credit-	
	ECL		credit-	credit-	impaired	
			impaired	impaired		
Ps.		71	Ps.	—	Ps.	71

Other accounts receivable

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 ECL		Lifetime ECL not credit- impaired		Lifetime ECL credit- impaired		Approach		
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		26,368		68,121
New financial assets originated or purchased	—		—		—		—		—
Financial assets that have been derecognized	—		—		—		—		—
Unwind of discount (1)	—		—		—		—		—
FX and other movements	(103)		(28)		(985)		10,959		9,843
Gross amount acquire in a business combination	—		—		—		—		—
Write—offs	(1,037)		—		(15,172)		(17,035)		(33,244)
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)

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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, 2020.

	Stage 1 12-month ECL		Stage 2 Lifetime ECL not credit- impaired		Stage 3 Lifetime ECL credit- impaired		Simplified Approach		Total	
Loss allowance as of December 31, 2019	Ps.	13,353	Ps.	13,006	Ps.	86,797	Ps.	173,307	Ps.	286,463
Transfers stages		—		—		—		—		—
Net remeasurement of loss allowance		917		3,994		22,036		25,380		52,327
New financial assets originated or purchased		—		—		—		—		—
Financial assets that have been derecognized		—		—		—		—		—
Unwind of discount (1)		—		—		—		—		—
FX and other movements		128		76		177		2,933		3,314
Approach change		—		—		—		—		—
Gross amount acquire in a business combination		—		—		—		1,263		1,263
Write—offs		(124)		—		(9,122)		(3,497)		(12,743)
Loss allowance as of September 30, 2020	Ps.	14,274	Ps.	17,076	Ps.	99,888	Ps.	199,386	Ps.	330,624

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

Loan commitments and financial guarantee contracts

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of 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.	57,226	Ps.	8,679	Ps.	1,488	Ps.	67,393
Transfers:								
Transfer from Stage 1 to Stage 2		(1,450)		1,450		—		—
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		3,916		(3,916)		—		—
Transfer from Stage 3 to Stage 1		68		—		(68)		—
Net remeasurement of loss allowance		(24,506)		3,030		(958)		(22,434)
New loan commitments and financial guarantees issued		10,670		1,720		650		13,040
FX and other movements		3		20		27		50
Loss allowance as of September 30, 2021	Ps.	45,790	Ps.	10,838	Ps.	1,421	Ps.	58,049

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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, 2020.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
Loss allowance as of December 31, 2019	Ps. 45,509	Ps. 2,945	Ps. 1,508	Ps. 49,962
Transfers:				
Transfer from Stage 1 to Stage 2	(3,339)	3,339	—	—
Transfer from Stage 1 to Stage 3	(156)	—	156	—
Transfer from Stage 2 to Stage 3	—	(100)	100	—
Transfer from Stage 3 to Stage 2	—	2	(2)	—
Transfer from Stage 2 to Stage 1	834	(834)	—	—
Transfer from Stage 3 to Stage 1	1	—	(1)	—
Net remeasurement of loss allowance	(5,457)	5,092	(330)	(695)
New loan commitments and financial guarantees issued	10,639	2,849	142	13,630
FX and other movements	911	5	131	1,047
Loss allowance as of September 30, 2020	Ps. 48,942	Ps. 13,298	Ps. 1,704	Ps. 63,944

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, 2021 and December 31, 2020:

Credit lines commitments not used

	September 30, 2021	December 31, 2020
	Notional amount	Notional amount
Guarantees	Ps. 4,021,455	Ps. 4,185,261
Unused letters of credit	1,364,617	1,488,505
Unused limits of overdrafts	891,859	923,257
Unused credit card limits	26,984,170	23,931,872
Other	10,385,247	6,623,515
Total	Ps. 43,647,348	Ps. 37,152,410

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

	September 30, 2021	December 31, 2020
Colombian Pesos	Ps. 20,603,742	Ps. 18,870,877
U.S. dollars	22,564,622	17,823,788
Euro	24,830	246,520
Other	454,154	211,225
Total	Ps. 43,647,348	Ps. 37,152,410

NOTE 5 – HEDGE ACCOUNTING

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

Hedges of net investment in foreign operations

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

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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, 2021	3,812.77	64.27	380.27
December 31, 2020	3,432.50	(432.97)	(622.04)
September 30, 2020	3,865.47	109.19	588.33

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

Detail of investment	Translation adjustment of the investments	Exchange difference of financial liabilities	Exchange difference in forward contracts	Net OCI account
Leasing Bogotá Panamá	Ps. 1,690,810	Ps. (798,788)	Ps. (226,367)	Ps. 665,655
Other subsidiaries and branches Banco de Bogotá	58,300	—	(58,093)	207
Occidental Bank Barbados	13,127	(13,127)	—	—
Banco de Occidente (Panamá)	19,465	(19,465)	—	—
Sociedad Portuaria El Cayao S.A. E.S.P.	10,591	(10,591)	—	—
Gases del Pacífico S.A.C.	7,984	(3,716)	—	4,268
Gas Natural de Lima y Callao S.A.C. – Calidda	42,688	(42,688)	—	—
Gas Comprimido del Perú S.A.C.	1,833	(1,833)	—	—
Gases del Norte del Perú S.A.C.	1,045	(1,045)	—	—
Total	Ps. 1,845,843	Ps. (891,253)	Ps. (284,460)	Ps. 670,130

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, 2021

Detail of investment	Thousands of USD			Ps. millions			Net OCI account
	Investment amount	Amount of hedge by financial liabilities in foreign currency	Amount of hedge by forward contracts	Cumulative translation adjustment of the investments	Exchange difference of financial liabilities (1)	Exchange difference in forward contracts	
Leasing Bogotá Panamá	3,838,483	(1,486,000)	(538,030)	Ps. 6,744,131	Ps. (2,771,755)	Ps. (3,954,423)	Ps. 17,953
Other subsidiaries and branches Banco de Bogotá (2)	149,157	—	(149,809)	210,009	—	(208,400)	1,609
Occidental Bank Barbados	33,174	(33,174)	—	45,798	(45,798)	—	—
Banco de Occidente (Panamá)	48,328	(48,328)	—	64,233	(64,233)	—	—
Sociedad Portuaria El Cayao S.A. E.S.P.	26,365	(26,365)	—	25,580	(25,580)	—	—
Gases del Pacífico S.A.C.	31,888	(31,888)	—	6,358	(9,785)	—	(3,427)
Gas Natural de Lima y Callao S.A.C. – Calidda							
Gas Comprimido del Perú S.A.C.	4,820	(4,820)	—	697	(697)	—	—
Gases del Norte del Perú S.A.C.	8,395	(8,395)	—	1,088	(1,088)	—	—
Total	4,132,215	(1,630,575)	(687,839)	Ps. 7,096,806	Ps. (2,917,848)	Ps. (4,162,823)	Ps. 16,135

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December 31, 2020

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

(1) Includes exchange difference hedged

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

a) Hedging of foreign exchange

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

b) Hedging of forecasted transactions

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

c) Fair value hedging

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

d) Testing of hedge effectiveness

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

According to this, each hedging was effective as of September 30, 2021 and December 31, 2020.

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NOTE 6 – TANGIBLE ASSETS

Below are the balances for Tangible assets during the periods ended on September 30, 2021 and December 31, 2020.

Property, plant and equipment		September 30, 2021		December 31, 2020
Properties, plant and equipment for own use	Ps.	6,002,850	Ps.	5,998,291
Right-of-use assets		1,893,243		2,035,519
Investment properties		786,223		808,556
Biological Assets		137,369		122,675
Properties, plant and equipment given in operating lease		13,981		8,911
Total	Ps.	8,833,666	Ps.	8,973,952

NOTE 7 – CONCESSIONS

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

		Gas and energy		Infrastructure		Total
Cost						
At June 30, 2021	Ps.	5,215,610	Ps.	5,899,370	Ps.	11,114,980
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
At September 30, 2021	Ps.	5,483,521	Ps.	6,140,708	Ps.	11,624,229
Accumulated Amortization						
At June 30, 2021	Ps.	(935,350)	Ps.	(148,165)	Ps.	(1,083,515)
Amortization of the period		(55,017)		(6,745)		(61,762)
Withdrawals		76		—		76
Effect of movements in exchange rates		(1,777)		—		(1,777)
At September 30, 2021	Ps.	(992,068)	Ps.	(154,910)	Ps.	(1,146,978)
Impairment losses						
At June 30, 2021	Ps.	(2,535)	Ps.	(3,965)	Ps.	(6,500)
Impairment charge		—		(86)		(86)
At September 30, 2021	Ps.	(2,535)	Ps.	(4,051)	Ps.	(6,586)
Total Intangible Assets						
At 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)
At September 30, 2021	Ps.	4,488,918	Ps.	5,981,747	Ps.	10,470,665

		Gas and energy		Infrastructure		Total
Cost						
At June 30, 2020	Ps.	4,057,630	Ps.	4,956,139	Ps.	9,013,769
Additions		68,080		257,381		325,461
Reclassification to PPE		183		—		183
Withdrawals		(458)		(384)		(842)
Effect of movements in exchange rates		22,911		—		22,911
At September 30, 2020	Ps.	4,148,346	Ps.	5,213,136	Ps.	9,361,482
Accumulated Amortization						
At June 30, 2020	Ps.	(731,984)	Ps.	(122,655)	Ps.	(854,639)

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	<u>Gas and energy</u>	<u>Infraestructure</u>	<u>Total</u>
Amortization of the period	(45,010)	(3,636)	(48,646)
Withdrawals	84	349	433
Effect of movements in exchange rates	(2,084)	—	(2,084)
At September 30, 2020	Ps. (778,994)	Ps. (125,942)	Ps. (904,936)
Impairment losses			
At June 30, 2020	Ps. (2,296)	Ps. (2,264)	Ps. (4,560)
Impairment charge	—	(519)	(519)
At September 30, 2020	Ps. (2,296)	Ps. (2,783)	Ps. (5,079)
Total Intangible Assets			
At June 30, 2020	Ps. 3,323,350	Ps. 4,831,220	Ps. 8,154,570
Cost	90,716	256,997	347,713
Amortization	(47,010)	(3,287)	(50,297)
Impairment losses	—	(519)	(519)
At September 30, 2020	Ps. 3,367,056	Ps. 5,084,411	Ps. 8,451,467

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

	<u>Gas and energy</u>	<u>Infraestructure</u>	<u>Total</u>
Cost			
At December 31, 2020	Ps. 4,654,889	Ps. 5,495,856	Ps. 10,150,745
Additions	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
At September 30, 2021	Ps. 5,483,521	Ps. 6,140,708	Ps. 11,624,229
Accumulated Amortization			
At December 31, 2020	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)
At September 30, 2021	Ps. (992,068)	Ps. (154,910)	Ps. (1,146,978)
Impairment losses			
At December 31, 2020	Ps. (2,296)	Ps. (2,942)	Ps. (5,238)
Impairment charge	(239)	(1,109)	(1,348)
At September 30, 2021	Ps. (2,535)	Ps. (4,051)	Ps. (6,586)
Total Intangible Assets			
At December 31, 2020	Ps. 3,831,576	Ps. 5,355,988	Ps. 9,187,564
Cost ⁽¹⁾	828,632	644,852	1,473,484
Amortization	(171,051)	(17,984)	(189,035)
Impairment losses	(239)	(1,109)	(1,348)
At September 30, 2021	Ps. 4,488,918	Ps. 5,981,747	Ps. 10,470,665

1) In total cost, the concessions that contribute the most are: Concesionaria Vial Andina - Coviandina S.A.S. with Ps. 644,834; Gases del Norte del Perú S.A.C. with Ps. 424,066 and Gases del Pacífico S.A.C. with Ps. 234,085. All these concessions are in the construction stage.

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	<u>Gas and energy</u>		<u>Infraestructure</u>		<u>Total</u>	
Cost						
At December 31, 2019	Ps.	3,785,538	Ps.	4,494,254	Ps.	8,279,792
Additions		248,151		719,266		967,417
Reclassification to PPE		505		—		505
Transfer to non-current assets held for sale		(769)		—		(769)
Withdrawals		(1,703)		(384)		(2,087)
Effect of movements in exchange rates		116,624		—		116,624
At September 30, 2020	Ps.	4,148,346	Ps.	5,213,136	Ps.	9,361,482
Accumulated Amortization						
At December 31, 2019	Ps.	(639,727)	Ps.	(116,545)	Ps.	(756,272)
Amortization of the period		(131,618)		(9,746)		(141,364)
Transfer to non-current assets held for sale		148		—		148
Withdrawals		239		349		588
Effect of movements in exchange rates		(8,036)		—		(8,036)
At September 30, 2020	Ps.	(778,994)	Ps.	(125,942)	Ps.	(904,936)
Impairment losses						
At December 31, 2019	Ps.	—	Ps.	(2,032)	Ps.	(2,032)
Impairment charge		(2,296)		(751)		(3,047)
At September 30, 2020	Ps.	(2,296)	Ps.	(2,783)	Ps.	(5,079)
Total Intangible Assets						
At December 31, 2019	Ps.	3,145,811	Ps.	4,375,677	Ps.	7,521,488
Cost		362,808		718,882		1,081,690
Amortization		(139,267)		(9,397)		(148,664)
Impairment losses		(2,296)		(751)		(3,047)
At September 30, 2020	Ps.	3,367,056	Ps.	5,084,411	Ps.	8,451,467

NOTE 8 – GOODWILL

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

		<u>September 30, 2021</u>		<u>December 31, 2020</u>	
Balance at the beginning of the period	Ps.	7,713,817	Ps.	7,348,587	
Acquisitions ⁽¹⁾		—		134,515	
Impairment charge		—		(5,065)	
Effect of movements in exchange rates ⁽²⁾		611,391		235,780	
Balance at the end of the period	Ps.	8,325,208	Ps.	7,713,817	

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

(2) Corresponds to the variation of TRM Ps. 380.27 per dollar, on goodwill recognized in the subsidiary BAC Holding International Corp. and Multi Financial Holding Group. (See note 1).

NOTE 9 - 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 September 30, 2021 was 34.12%, while for the nine months ended September 30, 2020 it was 28.65%.

Comparing the effective tax rates of the nine-month periods ended September 30, 2021 and 2020, a variation of 5.47% is found, with the effective rate registered during the period of 2021 being higher. The main factors that explain the variation of the period are set out below:

- The tax rate applied to calculate income tax in Colombia decreased by 1% for entities that are not classified as financial institutions, going from 32% in 2020 to 31% in 2021. Financial institutions in Colombia decreased by 2% when passing from 32% plus a rent surcharge of 4% in 2020 to 31% plus a rent surcharge of 3% in 2021.
- During the third quarter, the increase in the applicable income tax rate for the purposes of calculating income tax in Colombia was presented as a result of the sanction of Law 2155 of September 14, 2021. The current rates were 30% plus 3% income surcharge for financial institutions for the year 2022 and 30% for the following years for all entities. This implies that the applicable tax rate for calculating the deferred tax increased from September 2021 by a percentage of up to 8%. The variation of the effect in application of different rates for the determination of deferred tax was Ps. 499,144, which represents an increase of 7.73%.

The effective tax rate of Grupo Aval consolidated with respect to continuing operations for the three-month period ended September 30, 2021 was 48.68%, while for the three-month period ended September 30, 2020 it was 31.29%.

The effective tax rates of the three-month periods ended September 30, 2021 and 2020, a variation of 17.39% is found, with the effective rate registered during the quarter of 2021 being higher. The main factors that explain the variation of the period are set out below:

- The tax rate applied to calculate income tax in Colombia decreased by 1% for entities that are not classified as financial institutions, going from 32% in 2020 to 31% in 2021. Financial institutions in Colombia decreased by 2% when passing from 32% plus a rent surcharge of 4% in 2020 to 31% plus a rent surcharge of 3% in 2021.
- During the third quarter, the increase in the applicable income tax rate for the purposes of calculating income tax in Colombia was presented as a result of the sanction of Law 2155 of September 14, 2021. The current rates were 30% plus 3% income surcharge for financial institutions for the year 2022 and 30% for the following years for all entities. This implies that the applicable tax rate for calculating the deferred tax increased from September 2021 by a percentage of up to 8%. The variation of the effect in application of different rates for the determination of deferred tax was Ps. 508,420 which represents an increase of 21.81%.

NOTE 10 – PROVISIONS

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

		September 30, 2021		December 31, 2020
Legal related	Ps.	211,611	Ps.	241,774
Non-Legal related		679,828		671,076
Total	Ps.	891,439	Ps.	912,850

NOTE 11 – EMPLOYEE BENEFITS

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

		September 30, 2021		December 31, 2020
Short term ⁽¹⁾	Ps.	661,114	Ps.	462,070
Post-employment		583,759		597,936
Long term		153,161		180,090
Total	Ps.	1,398,034	Ps.	1,240,096
Plan Asset	Ps.	(43,170)	Ps.	(38,241)
Net employee benefits	Ps.	1,354,864	Ps.	1,201,855

(1) Includes an increase in the service premiums liability Ps. 159,220.

NOTE 12 – OTHER LIABILITIES

OTHERS		September 30, 2021		December 31, 2020
Suppliers and services payable	Ps.	2,914,897	Ps.	2,664,081
Income received for third parties		1,939,347		2,076,532
Dividends payable ⁽¹⁾		1,110,030		648,874
Cashier checks		857,246		864,499
Contract liability related to concessions		553,686		581,100
Withholdings taxes and labor contributions		476,229		441,689
Collection on behalf of third parties		230,921		236,418
Transactions ATH and ACH		300,192		538,558
Commissions and fees		319,583		276,708
Collection service		297,450		256,661
Customer loyalty programs		218,757		155,829
Merchant acquiring accounts		131,036		169,787
Checks drawn and not paid		112,699		107,628
Insurance payables		126,168		105,396
Value added tax - VAT		55,091		74,002
Cash surplus		28,595		37,504
Other liabilities		565,668		542,597
Total other liabilities	Ps.	10,237,595	Ps.	9,777,863

(1) The increase of Ps. 461,156 corresponds to dividends payable that were approved at the shareholders meetings of the different entities of the Group held in March 2021.

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, 2021		December 31, 2020
Liabilities to be canceled within twelve months	Ps.	7,198,645	Ps.	6,110,472
Liabilities to be canceled after twelve months		3,038,950		3,667,391
Total	Ps.	10,237,595	Ps.	9,777,863

NOTE 13 – EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

Declared dividends

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

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

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

Equity transactions

In the process of distributing dividends of Corficolombiana, Grupo Aval and its subsidiaries received dividends in shares, unlike some minority shareholders who opted to change the payment of dividends in shares for that of cash dividends, generating a modification in the participation of Grupo Aval at a consolidated level, going from a participation of 39.58% to 39.98%. with an equity effect of Ps. 19,929.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Capital expenses commitments

As of September 30, 2020, and December 31, 2020, Grupo Aval and its subsidiaries had contractual disbursement commitments to disburse capital expenditures for tangible assets for a value of Ps. 98,427 and intangibles Ps. 137,870 and December 31, 2020, tangible assets for a value of Ps. 65,210 and intangibles Ps. 92,817.

Contingencies

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

I. Labor Proceedings

As of September 30, 2021, and December 31, 2020, labor complaints had been recognized for Ps. 129,724 and Ps. 88,848 respectively. Historically, many of these proceedings have been resolved in favor of Grupo Aval and its subsidiaries.

II. Civil Proceedings

As of September 30, 2021, and December 31, 2020, the result of the assessment of the claims its of legal proceedings for civil suits, not including those with remote probability, reached an amount of Ps. 342,307 and for December 2020 amounted to Ps. 395,192 respectively.

III. Administrative and Tax Proceedings

Claims derived from administrative and judicial processes include those of fiscal responsibility over the concession contracts, processes of a tax nature that are not within the scope of IAS 12 and IFRIC 23, filed by national and local tax authorities. These authorities may establish, in some cases, sanctions in which Grupo Aval and its subsidiaries affiliates may incur as a result of: (i) the performance of their duty as a withholder or collector of national and local taxes, and/or (ii) the obligation to pay a higher tax amount in their condition of taxpayers. As of September 30, 2021, and December 31, 2020, the amount of the claims amounted to Ps. 54,829 and Ps. 101,700 respectively.

Other matters

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

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

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

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

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

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

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

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

Regarding the Popular action before the Administrative Court of Cundinamarca in connection with the Ruta del Sol Sector 2 Project, and the investigations by the authorities of the United States, there are no changes with respect to what was revealed as of December 31, 2020.

NOTE 15 – NET INCOME FROM COMMISSIONS AND FEES

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

Net income from commissions and fees:

Income from commissions and fees	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2021	2020	2021	2020
Banking service fees	Ps 785,111	Ps 692,331	Ps 2,266,071	Ps 2,065,498
Debit and credit card fees	383,674	323,531	1,061,880	922,751
Pension and severance fund management	323,264	287,790	935,420	856,400
Trust activities and portfolio management services	85,153	91,194	255,288	251,467
Bonded warehouse services	45,001	37,762	121,749	109,425
Commissions on transfers, checks and checkbooks	6,313	7,041	18,497	23,510
Office network services	4,424	3,798	13,421	12,740
Other commissions and fees	2,042	2,489	8,232	7,234
Total income from commissions and fees	Ps. 1,634,982	Ps. 1,445,936	Ps. 4,680,558	Ps. 4,249,025

Commissions and fees expenses	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2021	2020	2021	2020
Banking services	Ps (121,336)	Ps (97,043)	Ps (345,753)	Ps (295,570)
Commissions for sales and services	(60,273)	(54,030)	(163,529)	(154,487)
Affiliations to pension funds	(21,856)	(16,432)	(62,964)	(54,430)
Information processing services of operators	(5,709)	(5,615)	(16,760)	(16,170)
Offices Network Services	(3,226)	(3,061)	(11,784)	(12,919)
Other	(2,856)	(2,464)	(8,342)	(7,818)
Total Commissions and fees expenses	(215,256)	(178,645)	(609,132)	(541,394)
Net income from commissions and fees	Ps. 1,419,726	Ps. 1,267,291	Ps. 4,071,426	Ps. 3,707,631

Income from sales of goods and services	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2,021	2,020	2,021	2,020
Energy and gas E&G ⁽¹⁾	Ps 1,239,080	Ps 966,849	Ps 3,500,036	Ps 3,021,539
Infrastructure ⁽²⁾	1,040,433	1,166,588	3,441,259	2,812,206
Hotels	78,604	11,070	171,272	99,606
Agribusiness	56,043	41,746	152,406	105,524
Others Services	36,084	34,446	99,462	93,256
Others Income	70,434	47,276	198,198	127,736
Total Income from sales of goods and services	Ps. 2,520,678	Ps. 2,267,975	Ps. 7,562,633	Ps. 6,259,867

Costs and expenses of sales goods and services

Cost of sales of companies from non-financial sector	Ps (1,371,526)	Ps (1,172,886)	Ps (3,899,818)	Ps (3,329,846)
General and administrative expenses	(147,436)	(115,493)	(405,510)	(355,840)
Personnel expenses	(139,473)	(134,738)	(414,974)	(393,112)
Amortization	(69,662)	(55,324)	(204,067)	(160,470)
Commissions and fees expenses	(7,325)	(6,346)	(21,021)	(19,033)
Depreciation	(29,348)	(27,973)	(85,707)	(83,938)
Bonus payments	(11,379)	(5,631)	(26,552)	(19,629)
Allowance for impairment of loans and receivables	(19,782)	(191)	(44,804)	(29,940)
Donations expenses	(4,392)	(4,248)	(10,422)	(30,591)
Depreciation right of use assets	(8,423)	(9,024)	(25,684)	(26,836)

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	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2,021	2,020	2,021	2,020
Income from sales of goods and services				
Labor severances	(1,091)	(1,921)	(1,704)	(3,353)
Total Costs and expenses of sales goods and services	Ps. (1,809,837)Ps.	(1,533,775)Ps.	(5,140,263)Ps.	(4,452,588)
Net income from sales goods and services	Ps. 710,841 Ps.	734,200 Ps.	2,422,370 Ps.	1,807,279

- (1) The increase of Ps. 478,497, presented for the nine months to September 2021, corresponds mainly to the income from work progress of Promigas, mainly by its subsidiary Gases del Norte del Perú S.A.C worth Ps. 414,950
- (2) The increase of Ps. 629,053, presented for the nine months to September 2021, corresponds mainly to work progress of Covioriente by Ps. 416,155, Covipacifico by Ps. 294,545 and a decrease in Coviandina by Ps. (98,143).

NOTE 16 – NET TRADING INCOME

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

	For the three-months periods ended September 30,		For the nine-months periods ended September 30,	
	2021	2020	2021	2020
Trading investment income ⁽¹⁾				
Fixed income securities	Ps. 23,001	Ps. 84,849	Ps. (72,537)	Ps. 191,664
Equities	64,211	126,538	152,652	132,343
Total trading investment income	Ps. 87,212	Ps. 211,387	Ps. 80,115	Ps. 324,007
Derivatives income				
Net income (loss) on financial derivatives ⁽²⁾	135,707	(49,573)	559,770	746,978
Other trading income ⁽³⁾	20,284	39,491	69,976	137,919
Total derivatives income	Ps. 155,991	Ps. (10,082)	Ps. 629,746	Ps. 884,897
Total net trading income	Ps. 243,203	Ps. 201,305	Ps. 709,861	Ps. 1,208,904

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

NOTE 17 – OTHER INCOME AND EXPENSE

Below is the detail of the others income and expense:

Other Income	For the three-month periods ended				For the nine-month periods			
	September 30				ended September 30			
	2021		2020		2021		2020	
Net gain on sale of debt and equity securities	Ps.	77,825	Ps.	312,691	Ps.	281,534	Ps.	513,170
Share of profit of equity accounted investees, net of tax		77,129		52,351		223,217		160,179
Dividends		50,600		2,937		155,543		86,631
Gain on the sale of non-current assets held for sale		9,142		8,793		28,495		44,007
Gain on sale of property, plant and equipment		9,807		1,606		18,456		14,888
Net gain in asset valuation		5,841		(4,367)		7,790		(2,855)
Foreign exchange gains (losses), net ⁽¹⁾		25,525		221,792		2,677		(368,310)
Other		77,847		83,671		250,780		280,668
Total other income	Ps.	333,716	Ps.	679,474	Ps.	968,492	Ps.	728,378

Other expense	For the three-month periods ended				For the nine-month periods			
	September 30				ended September 30			
	2021		2020		2021		2020	
Personnel expenses	Ps.	(1,163,401)	Ps.	(1,137,334)	Ps.	(3,351,683)	Ps.	(3,312,832)
Taxes and surcharges		(247,573)		(233,689)		(735,319)		(717,709)
Consultancy, legal, audit and other fees		(98,915)		(168,668)		(449,218)		(490,955)
Insurance		(142,290)		(133,373)		(429,472)		(374,070)
Contributions and affiliations		(195,362)		(127,504)		(532,063)		(427,404)
Maintenance and adequation		(143,295)		(137,012)		(423,354)		(375,440)
Depreciation of tangible assets		(107,747)		(108,678)		(317,331)		(324,529)
Depreciation right of use assets		(77,379)		(83,452)		(230,112)		(243,495)
Amortization of intangible assets		(74,028)		(70,442)		(212,061)		(179,013)
Warehouse services		(70,345)		(70,445)		(202,700)		(211,867)
Leases (Rent)		(43,173)		(40,402)		(125,177)		(116,627)
Marketing		(73,312)		(42,986)		(184,173)		(152,205)
Transportation services		(44,384)		(38,790)		(123,493)		(124,567)
Cleaning and security services		(38,575)		(42,046)		(114,443)		(120,056)
Outsourcing services		(38,810)		(35,202)		(103,444)		(105,289)
Data processing		(31,138)		(26,264)		(86,157)		(75,631)
Supplies and stationery		(26,644)		(19,598)		(63,415)		(66,233)
Adaptation and installation		(16,109)		(13,947)		(44,328)		(39,801)
Travel expenses		(7,403)		(3,376)		(19,036)		(19,841)
Impairment losses on other assets		(6,604)		(1,192)		(12,869)		(5,312)
Other		(186,733)		(90,995)		(393,659)		(340,466)
Total other expense	Ps.	(2,833,220)	Ps.	(2,625,395)	Ps.	(8,153,507)	Ps.	(7,823,342)

(1) For the nine-months of 2021, the TRM presented a variation of Ps. 380.27 per dollar and for 2020 the TRM was of Ps. 588.33.

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NOTE 18 – ANALYSIS OF OPERATING SEGMENTS

As a result of the organizational changes developed during the third quarter of 2021, the allocation of the segments changed with respect to what was disclosed in previous periods, the changes presented are detailed below (See note 1):

- From the Banco de Bogotá S.A. segment The Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. was deconsolidated. ("Porvenir"); going from being a subsidiary to an associate.
- From the segment of BAC Holding International Corp. (formerly Leasing Bogotá S.A. Panama) the investment Multi Financial Group, Inc. ("MFG") is spun off in favor of Banco de Bogotá S.A.

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.

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

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

Statement of Financial Position September 30, 2021

September 30, 2021

	Banco de Bogotá S.A.	BAC Holding International Corp ⁽³⁾	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. 2,134,776	Ps. 169,438	Ps. 1,465,075	Ps. 330,248	Ps. 237,767	Ps. 2,317,663	Ps. 4,259,457	Ps. 179	Ps. (94,562)	Ps. 10,820,041
Investment securities	12,389,949	13,525,191	6,125,506	4,000,314	3,013,023	879,599	3,794,406	—	(883,039)	42,844,949
Hedging derivatives assets	9,038	—	—	—	—	—	31,484	—	—	40,522
Investments in associates and joint ventures	8,352,547	—	1,627,258	626,136	5,968	—	822,842	2,662	(10,360,442)	1,076,971
Investments in subsidiary companies ⁽²⁾	12,834,070	—	—	—	—	—	—	—	(12,834,070)	—
Loans, net	75,886,806	67,250,378	33,085,412	21,409,059	12,317,932	—	2,841,359	—	(2,060,485)	210,730,461
Other Assets	18,019,255	26,647,559	4,952,533	2,970,323	1,655,322	847,003	32,916,589	8,645,607	(10,461,971)	86,192,220
Total Assets	Ps. 129,626,441	Ps. 107,592,566	Ps. 47,255,784	Ps. 29,336,080	Ps. 17,230,012	Ps. 4,044,265	Ps. 44,666,137	Ps. 8,648,448	Ps. (36,694,569)	Ps. 351,705,164
Liabilities										
Customer Deposits	Ps. 77,927,832	Ps. 80,428,316	Ps. 31,963,959	Ps. 21,095,332	Ps. 13,169,460	Ps. 904	Ps. 5,505,387	Ps. —	Ps. (4,930,277)	Ps. 225,160,913
Financial Obligations	26,604,127	9,238,803	8,767,143	3,773,169	1,639,430	750,775	17,801,475	8,691,418	(6,876,594)	70,389,746
Other Liabilities	550,103	5,091,377	1,399,182	1,155,553	534,981	736,067	8,242,036	842,059	(797,670)	17,753,688
Total Liabilities	Ps. 105,082,062	Ps. 94,758,496	Ps. 42,130,284	Ps. 26,024,054	Ps. 15,343,871	Ps. 1,487,746	Ps. 31,548,898	Ps. 9,533,477	Ps. (12,604,541)	Ps. 313,304,347

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

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

- (2) Includes measurement of subsidiary BAC Holding International Corp.
(3) BAC Holding International Corp, previously named Leasing Bogotá S.A. Panama (see note 1).

December 31, 2020

	<u>Banco de Bogotá S.A.</u>	<u>BAC Holding International Corp ⁽³⁾</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>	<u>⁽¹⁾ Other Segments</u>	<u>Eliminations</u>	<u>Total</u>
Assets										
Trading assets	Ps. 2,832,267	Ps. 164,340	Ps. 2,143,707	Ps. 347,139	Ps. 700,889	Ps. 2,281,824	Ps. 2,603,549	Ps. 12,755	Ps. (47,614)	Ps. 11,038,856
Investment securities	12,495,526	9,936,618	4,966,920	3,205,960	2,345,996	695,125	3,231,070	—	(815,451)	36,061,764
Hedging derivatives assets	149,961	—	—	—	—	—	6,259	—	—	156,220
Investments in associates and joint ventures	8,213,970	—	1,614,628	577,963	3,729	—	784,073	1,929	(10,166,970)	1,029,322
Investments in subsidiary companies ⁽²⁾	13,196,905	—	—	—	—	—	—	—	(13,196,905)	—
Loans, net	73,323,676	58,681,803	31,040,792	20,426,642	11,838,132	—	2,006,931	—	(1,775,982)	195,541,994
Other Assets	14,690,188	26,536,817	5,324,698	2,837,027	1,700,323	993,474	29,514,603	7,642,529	(10,171,945)	79,067,714
Total Assets	Ps. 124,902,493	Ps. 95,319,578	Ps. 45,090,745	Ps. 27,394,731	Ps. 16,589,069	Ps. 3,970,423	Ps. 38,146,485	Ps. 7,657,213	Ps. (36,174,867)	Ps. 322,895,870
Liabilities										
Customer Deposits	Ps. 77,956,063	Ps. 69,330,549	Ps. 30,970,733	Ps. 20,611,759	Ps. 13,966,758	Ps. 851	Ps. 4,926,745	Ps. —	Ps. (5,921,861)	Ps. 211,841,597
Financial Obligations	20,955,005	10,796,076	7,317,684	2,429,104	232,457	671,510	13,889,097	7,989,984	(5,656,151)	58,624,766
Other Liabilities	3,431,041	1,996,048	1,823,117	1,164,071	513,375	654,980	7,297,974	508,703	(399,359)	16,989,950
Total Liabilities	Ps. 102,342,109	Ps. 82,122,673	Ps. 40,111,534	Ps. 24,204,934	Ps. 14,712,590	Ps. 1,327,341	Ps. 26,113,816	Ps. 8,498,687	Ps. (11,977,371)	Ps. 287,456,313

- (1) Includes Grupo Aval Holding, Grupo Aval Limited, and ATH Negocio Conjunto.
(2) Includes measurement of subsidiary BAC Holding International Corp
(3) BAC Holding International Corp, previously named Leasing Bogotá S.A. Panama (see note 1).

Statement of Income for the 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>	<u>⁽¹⁾ Other Segments</u>	<u>Eliminations</u>	<u>Total</u>
External Income										
Interest income	Ps. 1,573,138	Ps. 1,729,658	Ps. 674,432	Ps. 549,904	Ps. 324,197	Ps. 10,926	Ps. 111,262	Ps. —	Ps. —	Ps. 4,973,517
Income from commissions and fees (2)	352,212	681,727	111,444	63,511	70,631	303,310	25,680	26,467	—	1,634,982
Income from sales of goods and services (2)	7,486	—	15,091	—	—	16,958	2,481,143	—	—	2,520,678
Share of profit of equity accounted investees, net of tax	2,551	(9)	2,035	2,694	2,739	—	66,543	576	—	77,129

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

	<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>
Dividends	1,498	1,132	(267)	641	—	—	47,596	—	—	50,600
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	—	62,818	—	—	62,818
Net trading income	120,736	3,642	44,054	8,968	1,382	40,589	23,814	18	—	243,203
Other Income	(5,341)	209,058	17,485	12,724	4,006	(7,382)	(28,191)	3,628	—	205,987
	Ps. 2,052,280	Ps. 2,625,208	Ps. 864,274	Ps. 638,442	Ps. 402,955	Ps. 364,401	Ps. 2,790,665	Ps. 30,689	Ps. —	Ps. 9,768,914
Intersegment Income										
Interest income	Ps. 2,248	Ps. 13,301	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	1,134	—	1,780	712	4,436	1,622	434	18,966	(29,084)	—
Income from sales of goods and services	(633)	—	42,074	—	—	1,848	191	—	(43,480)	—
Share of profit of equity accounted investees, net of tax	49,320	9	48,982	(1,647)	(2,346)	—	73	—	(94,391)	—
Participation in results of subsidiaries ⁽³⁾	430,421	—	—	—	—	—	—	—	(430,421)	—
Dividends	—	—	267	—	—	—	133	—	(400)	—
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	—	—	—	—	—
Net trading income	(1,765)	—	—	—	—	698	415	—	652	—
Gain on deconsolidation (loss of control) of subsidiaries ⁽⁵⁾	1,302,656	—	—	—	—	—	—	—	(1,302,656)	—
Other Income	(2,977)	1,754	1,555	51	460	(33,516)	(124)	29,885	2,912	—
Income from discontinued operations ⁽⁴⁾	13,885	36,503	—	—	—	—	—	—	(50,388)	—
	Ps. 1,794,289	Ps. 51,567	Ps. 98,627	Ps. 3,369	Ps. 5,586	Ps. (26,826)	Ps. 5,255	Ps. 48,901	Ps. (1,980,768)	Ps. —
Total income	Ps. 3,846,569	Ps. 2,676,775	Ps. 962,901	Ps. 641,811	Ps. 408,541	Ps. 337,575	Ps. 2,795,920	Ps. 79,590	Ps. (1,980,768)	Ps. 9,768,914
Expenses										
Interest expense	Ps. (500,342)	Ps. (583,121)	Ps. (190,604)	Ps. (151,323)	Ps. (56,872)	Ps. (10,027)	Ps. (271,239)	Ps. (108,105)	Ps. 144,825	Ps. (1,726,808)
Net impairment loss on financial assets	(346,880)	(310,358)	(100,661)	(38,137)	(27,492)	(1,021)	(1,147)	—	(26)	(825,722)
Depreciations and amortizations	(81,553)	(98,868)	(32,020)	(25,339)	(16,721)	(1,261)	(2,340)	(2,256)	1,204	(259,154)
Expenses from commissions and fees ⁽²⁾	(89,754)	(31,076)	(31,492)	(15,519)	(52,112)	(22,663)	(3,046)	(1,802)	32,208	(215,256)
Costs and expenses of sales goods and services ⁽²⁾	(14,887)	—	(78,258)	—	—	(40,411)	(1,679,134)	3,820	(967)	(1,809,837)
Administrative Expenses	(318,585)	(583,918)	(162,010)	(189,929)	(94,481)	(37,178)	(24,326)	(90,959)	139,406	(1,361,980)
Income tax expense	(155,117)	(132,669)	(44,274)	(42,358)	(55,788)	(62,050)	(641,065)	(13,256)	(1,233)	(1,147,810)
Other expense	(297,358)	(506,341)	(135,424)	(118,007)	(68,786)	(11,160)	(28,652)	153,860	(200,218)	(1,212,086)
Total Expenses	(1,804,476)	(2,246,351)	(774,743)	(580,612)	(372,252)	(185,771)	(2,650,949)	(58,698)	115,199	(8,558,653)
Net income	Ps. 2,042,093	Ps. 430,424	Ps. 188,158	Ps. 61,199	Ps. 36,289	Ps. 151,804	Ps. 144,971	Ps. 20,892	Ps. (1,865,569)	Ps. 1,210,261

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

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

- (2) Income from contracts with customer for commission and fee, see note 15.
(3) Includes the measurement of the subsidiary BAC Holding International Corp. and Porvenir. (See note 1)
(4) Spin-off of Multi Financial Group from the BAC Holding International Corp. segment and the deconsolidation of Porvenir from the Banco de Bogotá segment (See note 1).
(5) Deconsolidation of Porvenir as a result of the loss of control in Banco de Bogotá. (see note 1)..

September 30, 2021	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Porvenir S.A.	Corficolombiana S.A.	⁽¹⁾ Other segments	Eliminations	Total
Revenue from contracts with customers (2)	Ps. 360,199	Ps. 681,727	Ps. 170,389	Ps. 64,223	Ps. 75,067	Ps. 323,738	Ps. 2,507,448	Ps. 45,433	(72,564)Ps.	4,155,660
Timing of revenue recognition										
At a point in time	13,131	37,191	4,511	5,427	21,006	(8)	33,029	44,618	(21,870)	137,035
Over time	347,068	644,536	165,878	58,796	54,061	323,746	2,474,419	815	(50,694)	4,018,625

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

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

	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. 1,620,479	Ps. 1,778,480	Ps. 734,533	Ps. 530,397	Ps. 328,598	Ps. 9,682	Ps. 105,167	Ps. 1,476	—	Ps. 5,108,812
Income from commissions and fees (2)	318,663	569,272	102,340	61,570	61,351	278,509	21,462	32,769	—	1,445,936
Income from sales of goods and services (2)	4,745	—	(69,826)	—	—	11,116	2,234,540	87,400	—	2,267,975
Share of profit of equity accounted investees, net of tax	3,160	4	1,684	2,035	1,585	—	43,232	651	—	52,351
Dividends	5,639	124	—	263	2	—	(3,091)	—	—	2,937
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	—	59,699	—	—	59,699
Net trading income	112,812	4,508	(58,928)	(2,590)	6,514	125,777	13,167	45	—	201,305
Other Income	87,764	286,256	261,573	44,478	23,145	(13,627)	20,659	(86,062)	—	624,186
	Ps. 2,153,262	Ps. 2,638,644	Ps. 971,376	Ps. 636,153	Ps. 421,195	Ps. 411,457	Ps. 2,494,835	Ps. 36,279	—	Ps. 9,763,201
Intersegment Income										
Interest income	Ps. 23,387	Ps. 78	Ps. 3,568	Ps. 2,990	Ps. 2,376	Ps. 832	Ps. 9,895	Ps. 32	(43,158) Ps.	—
Income from commissions and fees	1,712	7	1,808	669	4,386	106	471	12,794	(21,953)	—
Income from sales of goods and services	313	—	—	—	—	891	168	87,400	(88,772)	—

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

	Banco de Bogotá S.A.	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
Share of profit of equity accounted investees, net of tax	227,269	(4)	78,404	19,094	(1,778)	—	441	—	(323,426)	—
Participation in results of subsidiaries ⁽³⁾	273,225	—	—	—	—	—	—	—	(273,225)	—
Dividends	—	—	—	—	—	—	—	—	—	—
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	—	—	—	—	—
Net trading income	3,373	—	—	(743)	—	—	(280)	—	(2,350)	—
Other Income	(90,230)	1,572	43,964	56	221	2,089	(299)	(58,868)	101,495	—
Income from discontinued operations ⁽⁴⁾	181,019	9,203	—	—	—	—	—	—	(190,222)	—
	620,068	10,856	127,744	22,066	5,205	3,918	10,396	41,358	(841,611)	—
Total income	Ps. 2,773,330	Ps. 2,649,500	Ps. 1,099,120	Ps. 658,219	Ps. 426,400	Ps. 415,375	Ps. 2,505,231	Ps. 77,637	Ps. (841,611)	Ps. 9,763,201
Expenses										
Interest expense	Ps. (681,878)	Ps. (635,915)	Ps. (261,353)	Ps. (198,704)	Ps. (81,755)	Ps. (10,677)	Ps. (241,484)	Ps. (103,998)	Ps. 136,268	Ps. (2,079,496)
Net impairment loss on financial assets	(681,468)	(547,649)	(223,632)	(41,230)	(47,568)	(97)	3,302	—	(318)	(1,538,660)
Depreciations and amortizations	(71,435)	(113,466)	(30,201)	(23,206)	(16,763)	(4,113)	(2,198)	(2,361)	1,171	(262,572)
Expenses from commissions and fees ⁽²⁾	(62,042)	(23,360)	(26,422)	(15,101)	(35,487)	(26,703)	(3,235)	(931)	14,636	(178,645)
Costs and expenses of sales goods and services ⁽²⁾	(46,294)	—	(77,178)	—	—	—	(1,414,775)	4,160	312	(1,533,775)
Administrative Expenses	(305,803)	(464,927)	(162,955)	(160,954)	(99,186)	(50,805)	(24,426)	(88,944)	151,918	(1,206,082)
Income tax expense	(12,888)	(96,557)	(26,266)	(38,514)	(26,404)	(89,345)	(260,356)	(13,970)	(1,245)	(565,545)
Other expense	(277,802)	(494,401)	(129,238)	(96,925)	(65,332)	(43,412)	(26,920)	138,980	(161,691)	(1,156,741)
Total Expenses	(2,139,610)	(2,376,275)	(937,245)	(574,634)	(372,495)	(225,152)	(1,970,092)	(67,064)	141,051	(8,521,516)
Net income	Ps. 633,720	Ps. 273,225	Ps. 161,875	Ps. 83,585	Ps. 53,905	Ps. 190,223	Ps. 535,139	Ps. 10,573	Ps. (700,560)	Ps. 1,241,685

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

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

(3) Includes the measurement of the subsidiary BAC Holding International Corp. and Porvenir. (See note 1)

(4) Spin-off of Multi Financial Group from the BAC Holding International Corp. segment and the deconsolidation of Porvenir from the Banco de Bogotá segment (See note 1).

September, 30 2020	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Porvenir S.A.	Corficolombiana S.A.	⁽¹⁾ Other segments	Eliminations	Total
Revenue from contracts with customers ⁽²⁾	Ps. 327,473	Ps. 569,279	Ps. 104,148	Ps. 62,241	Ps. 65,737	Ps. 290,622	Ps. 2,149,908	Ps. 119,131	Ps. 25,372	Ps. 3,713,911
Timing of revenue recognition										
At a point in time	12,943	29,626	4,544	4,420	20,120	73	28,787	118,830	(88,560)	130,783

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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September, 30 2020	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Porvenir S.A.	Corficolombiana S.A.	⁽¹⁾ Other segments	Eliminations	Total
Over time	314,530	539,653	99,604	57,821	45,617	290,549	2,121,121	301	113,932	3,583,128

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

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

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. 4,542,323	Ps. 4,989,870	Ps. 1,999,003	Ps. 1,634,334	Ps. 959,807	Ps. 32,321	Ps. 316,573	Ps. —	Ps. —	Ps. 14,474,231
Income from commissions and fees (2)	1,028,479	1,890,662	335,952	187,671	203,994	893,330	70,623	69,847	—	4,680,558
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	3,278	526	2,773	1,269	—	142,381	—	—	155,543
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	—	207,276	—	—	207,276
Net trading income	361,588	18,243	22,389	22,423	(49)	126,190	159,027	50	—	709,861
Other Income	(62,700)	625,573	154,224	33,629	16,470	(40,644)	(145,596)	8,776	—	589,732
	Ps. 5,903,483	Ps. 7,527,626	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. 28,603,051

Intersegment Income

Interest income	Ps. 45,026	Ps. 13,312	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	4,058	—	5,793	2,113	13,730	1,727	1,332	63,927	(92,680)	—
Income from sales of goods and services	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)	—
Participation in results of subsidiaries ⁽³⁾	1,246,801	—	—	—	—	—	—	—	(1,246,801)	—
Dividends	6,093	—	2,612	4,713	3,281	—	2,039	—	(18,738)	—
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	—	—	—	—	—
Net trading income	(2,131)	—	95	(10)	5	794	233	—	1,014	—
Gain on deconsolidation (loss of control) of subsidiaries (5)	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)

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
Other Income	(1,390)	2,848	3,376	4,427	1,810	2,269	(729)	78,886	(91,497)	—
Income from discontinued operations (4)	289,888	64,106	—	—	—	—	—	—	(353,994)	—
	3,305,100	80,266	354,676	73,360	21,247	12,194	17,484	142,941	(4,007,268)	—
Total income	Ps. 9,208,583	Ps. 7,607,892	Ps. 2,909,395	Ps. 1,960,014	Ps. 1,209,170	Ps. 1,064,219	Ps. 8,428,699	Ps. 222,347	Ps. (4,007,268)	Ps. 28,603,051
Expenses										
Interest expense	Ps. (1,543,545)	Ps. (1,681,169)	Ps. (541,381)	Ps. (441,007)	Ps. (170,700)	Ps. (30,117)	Ps. (730,639)	Ps. (306,182)	Ps. 415,557	Ps. (5,029,183)
Net impairment loss on financial assets	(1,315,798)	(951,622)	(524,874)	(131,670)	(105,488)	(4,092)	(3,482)	—	9,678	(3,027,348)
Depreciations and amortizations	(212,279)	(313,740)	(93,777)	(74,289)	(49,949)	(9,217)	(6,955)	(6,933)	7,635	(759,504)
Expenses from commissions and fees	(233,142)	(78,434)	(89,623)	(44,397)	(147,888)	(92,420)	(9,858)	(4,573)	91,203	(609,132)
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)	(1,577,479)	(511,684)	(555,394)	(290,362)	(142,374)	(73,516)	(263,003)	442,185	(3,877,336)
Income tax expense	(242,102)	(322,702)	(70,536)	(119,847)	(96,039)	(169,382)	(1,203,888)	(40,884)	(1,376)	(2,266,756)
Other expense	(861,791)	(1,435,945)	(376,441)	(336,037)	(204,994)	(120,799)	(125,420)	448,649	(503,889)	(3,516,667)
Total Expenses	(5,430,888)	(6,361,091)	(2,444,910)	(1,702,641)	(1,065,420)	(608,812)	(6,910,750)	(158,668)	456,991	(24,226,189)
Net income	Ps. 3,777,695	Ps. 1,246,801	Ps. 464,485	Ps. 257,373	Ps. 143,750	Ps. 455,407	Ps. 1,517,949	Ps. 63,679	Ps. (3,550,277)	Ps. 4,376,862

1. Includes Grupo Aval Holding, Grupo Aval Limited, ATH Negocio Conjunto and Aval Soluciones Digitales S.A. Negocio Conjunto.
2. Income from contracts with customer for commission and fee, see note 15.
3. Includes the measurement of the subsidiary BAC Holding International Corp. and Porvenir. (See note 1).
4. Spin-off of Multi Financial Group from the BAC Holding International Corp. segment and the deconsolidation of Porvenir from the Banco de Bogotá segment (See note 1).
5. Deconsolidation of Porvenir as a result of the loss of control in Banco de Bogotá. (see note 1).

September 30, 2021	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Porvenir S.A.	Corficolombiana S.A.	⁽¹⁾ Other segments	Eliminations	Total
Revenue from contracts with customers (2)	Ps. 1,057,339	Ps. 1,890,662	Ps. 520,639	Ps. 189,784	Ps. 217,724	Ps. 939,470	Ps. 7,530,938	Ps. 133,774	Ps. (237,139)	Ps. 12,243,191
Timing of revenue recognition										
At a point in time	40,656	107,031	14,083	15,976	62,302	96	100,858	132,396	(72,449)	400,949
Over time	1,016,683	1,783,631	506,556	173,808	155,422	939,374	7,430,080	1,378	(164,690)	11,842,242

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

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Income for the nine months ended September 30, 2020

	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. 4,694,479	Ps. 5,376,942	Ps. 2,271,987	Ps. 1,676,550	Ps. 1,020,996	Ps. 32,817	Ps. 331,930	Ps. 525	Ps. —	Ps. 15,406,226
Income from commissions and fees (2)	845,716	1,769,498	298,042	177,480	187,533	828,490	61,275	80,991	—	4,249,025
Income from sales of goods and services (2)	22,782	—	40,137	—	—	35,317	6,161,631	—	—	6,259,867
Share of profit of equity accounted investees, net of tax	4,556	6	1,981	3,892	2,192	—	146,372	1,180	—	160,179
Dividends	5,455	3,556	277	2,239	1,702	—	73,402	—	—	86,631
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	—	192,657	—	—	192,657
Net trading income	863,964	(753)	176,924	28,903	14,643	150,201	(25,068)	90	—	1,208,904
Other Income	(331,398)	619,828	113,483	59,812	46,841	(52,549)	23,228	2,323	—	481,568
	Ps. 6,105,554	Ps. 7,769,077	Ps. 2,902,831	Ps. 1,948,876	Ps. 1,273,907	Ps. 994,276	Ps. 6,965,427	Ps. 85,109	Ps. —	Ps. 28,045,057
Intersegment Income										
Interest income	Ps. 74,334	Ps. 1,264	Ps. 11,474	Ps. 11,235	Ps. 7,961	Ps. 2,220	Ps. 42,129	Ps. 168	Ps. (150,785)	Ps. —
Income from commissions and fees	4,549	20	5,868	2,240	14,167	364	1,183	38,015	(66,406)	—
Income from sales of goods and services	957	—	—	—	—	2,893	1,942	—	(5,792)	—
Share of profit of equity accounted investees, net of tax	347,851	(6)	155,242	49,281	(2,751)	—	551	—	(550,168)	—
Participation in results of subsidiaries ⁽³⁾	956,420	—	—	—	—	—	—	—	(956,420)	—
Dividends	6,192	—	2,067	3,601	2,195	—	1,623	—	(15,678)	—
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	—	—	—	—	—
Net trading income	6,731	—	243	(1,606)	—	—	263	—	(5,631)	—
Other Income	1,625	1,626	132,001	162	1,118	2,346	(954)	76,653	(214,577)	—

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	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
Income from discontinued operations (4)	339,440	14,212	—	—	—	—	—	—	(353,652)	—
	1,738,099	17,116	306,895	64,913	22,690	7,823	46,737	114,836	(2,319,109)	—
Total income	Ps. 7,843,653	Ps. 7,786,193	Ps. 3,209,726	Ps. 2,013,789	Ps. 1,296,597	Ps. 1,002,099	Ps. 7,012,164	Ps. 199,945	Ps. (2,319,109)	Ps. 28,045,057
Expenses										
Interest expense	Ps. (2,086,015)	Ps. (1,849,687)	Ps. (884,561)	Ps. (658,481)	Ps. (284,268)	Ps. (32,967)	Ps. (757,388)	Ps. (304,514)	Ps. 360,045	Ps. (6,497,836)
Net impairment loss on financial assets	(1,668,427)	(1,289,988)	(797,210)	(217,408)	(226,225)	(2,927)	(3,016)	—	399	(4,204,802)
Depreciations and amortizations	(200,240)	(324,023)	(85,203)	(64,611)	(50,080)	(12,499)	(6,676)	(7,026)	3,321	(747,037)
Expenses from commissions and fees	(176,900)	(78,964)	(73,796)	(43,527)	(111,974)	(94,712)	(9,368)	(2,687)	50,534	(541,394)
Costs and expenses of sales goods and services	(146,960)	(540)	(224,433)	—	—	—	(4,095,351)	15,856	(1,160)	(4,452,588)
Administrative Expenses	(922,960)	(1,405,254)	(492,622)	(478,766)	(288,253)	(146,248)	(67,363)	(241,532)	442,633	(3,600,365)
Income tax expense	(26,464)	(383,851)	38,080	(76,314)	(41,566)	(192,892)	(578,623)	(33,474)	(1,489)	(1,296,593)
Other expense	(769,445)	(1,497,466)	(410,875)	(300,897)	(192,792)	(166,201)	(78,273)	357,020	(417,011)	(3,475,940)
Total Expenses	(5,997,411)	(6,829,773)	(2,930,620)	(1,840,004)	(1,195,158)	(648,446)	(5,596,058)	(216,357)	437,272	(24,816,555)
Net income	Ps. 1,846,242	Ps. 956,420	Ps. 279,106	Ps. 173,785	Ps. 101,439	Ps. 353,653	Ps. 1,416,106	Ps. (16,412)	Ps. (1,881,837)	Ps. 3,228,502

1. Includes Grupo Aval Holding, Grupo Aval Limited, ATH Negocio Conjunto and Aval Soluciones Digitales S.A. Negocio Conjunto.
2. Income from contracts with customer for commission and fee, see note 15.
3. Includes the measurement of the subsidiary BAC Holding International Corp. and Porvenir. (See note 1)
4. Spin-off of Multi Financial Group from the BAC Holding International Corp. segment and the deconsolidation of Porvenir from the Banco de Bogotá segment (See note 1).

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	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Porvenir S.A.	Corficolombiana S.A.	⁽¹⁾ Other segments	Eliminations	Total
Revenue from contracts with customers (2)	Ps. 875,273	Ps. 1,769,518	Ps. 303,910	Ps. 179,720	Ps. 201,700	Ps. 867,064	Ps. 5,874,687	Ps. 334,730	Ps. 102,290	Ps. 10,508,892
Timing of revenue recognition										
At a point in time	40,384	96,944	15,952	12,941	56,281	183	76,001	333,895	(262,172)	370,409
Over time	834,889	1,672,574	287,958	166,779	145,419	866,881	5,798,686	835	364,462	10,138,483

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

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

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

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

18.2 Analysis of Revenues by Products and Services

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

Income for the quarter ended September 30, 2021	Country									
	Colombia	Panamá	Costa Rica	Guatemala	Honduras	Nicaragua	El Salvador	Perú	Other countries ⁽¹⁾	Total income
Interest income	Ps. 2,922,760	Ps. 614,468	Ps. 505,621	Ps. 319,042	Ps. 300,712	Ps. 102,798	Ps. 194,103	Ps. 5,167	Ps. 8,846	Ps. 4,973,517
Income from commissions and fees	921,126	100,149	238,193	74,739	106,401	42,623	50,809	—	100,942	1,634,982
Storage services	45,001	—	—	—	—	—	—	—	—	45,001
Trust activities	85,153	—	—	—	—	—	—	—	—	85,153
Pension and severance fund management	308,894	—	9,446	—	4,924	—	—	—	—	323,264
Fees on credit cards	165,835	16,864	92,520	24,294	40,850	17,335	21,532	—	4,444	383,674
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	303,569	83,180	136,227	50,445	60,627	25,288	29,277	—	96,498	785,111
Share of profit of equity accounted investees, net of tax	77,129	—	—	—	—	—	—	—	—	77,129
Dividends	48,081	2,453	—	49	17	—	—	—	—	50,600
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
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	259,018	23,841	127,388	55,366	21,444	25,016	1,719	(1,998)	214	512,008
Total income	Ps. 6,491,750	Ps. 740,911	Ps. 871,202	Ps. 449,196	Ps. 428,574	Ps. 170,437	Ps. 246,631	Ps. 260,211	Ps. 110,002	Ps. 9,768,914

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

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Income for the quarter ended September 30, 2020	Country										Total income
	Colombia	Panamá	Costa Rica	Guatemala	Honduras	Nicaragua	El Salvador	Perú	Other countries ⁽¹⁾		
Interest income	Ps. 3,061,347	Ps. 586,467	Ps. 518,354	Ps. 330,619	Ps. 303,912	Ps. 95,464	Ps. 195,736	Ps. 4,149	Ps. 12,764	Ps. 5,108,812	
Income from commissions and fees	844,281	70,624	204,165	80,071	89,589	41,372	52,938	—	62,896	1,445,936	
Storage services	37,762	—	—	—	—	—	—	—	—	37,762	
Trust activities	91,194	—	—	—	—	—	—	—	—	91,194	
Pension and severance fund management	277,027	—	8,083	—	2,680	—	—	—	—	287,790	
Fees on credit cards	144,055	14,025	78,375	20,304	30,313	14,487	18,215	—	3,757	323,531	
Office network services	3,798	—	—	—	—	—	—	—	—	3,798	
Commissions on drafts, checks and checkbooks	6,929	112	—	—	—	—	—	—	—	7,041	
Other commissions	2,489	—	—	—	—	—	—	—	—	2,489	
Commissions on banking services	281,027	56,487	117,707	59,767	56,596	26,885	34,723	—	59,139	692,331	
Share of profit of equity accounted investees, net of tax	52,351	—	—	—	—	—	—	—	—	52,351	
Dividends	(2,826)	5,714	—	59	(10)	—	—	—	—	2,937	
Income from sales of goods and services	2,211,881	113	—	—	—	—	—	55,981	—	2,267,975	
Energy and gas E&G	912,050	—	—	—	—	—	—	54,799	—	966,849	
Infrastructure	1,166,588	—	—	—	—	—	—	—	—	1,166,588	
Hotels	9,775	113	—	—	—	—	—	1,182	—	11,070	
Agribusiness	41,746	—	—	—	—	—	—	—	—	41,746	
Other Services	34,446	—	—	—	—	—	—	—	—	34,446	
Other operating income	47,276	—	—	—	—	—	—	—	—	47,276	
Other income	529,431	93,791	174,532	39,474	10,037	25,864	3,232	2,129	6,700	885,190	
Total income	Ps. 6,696,465	Ps. 756,709	Ps. 897,051	Ps. 450,223	Ps. 403,528	Ps. 162,700	Ps. 251,906	Ps. 62,259	Ps. 82,360	Ps. 9,763,201	

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

Income for the nine months ended September 30, 2021	Country										Total income
	Colombia	Panamá	Costa Rica	Guatemala	Honduras	Nicaragua	El Salvador	Perú	Other countries ⁽¹⁾		
Interest income	Ps. 8,664,345	Ps. 1,712,098	Ps. 1,469,400	Ps. 899,877	Ps. 839,284	Ps. 286,509	Ps. 563,012	Ps. 15,250	Ps. 24,456	Ps. 14,474,231	
Income from commissions and fees	2,700,077	258,739	678,109	209,159	287,852	123,950	140,463	—	282,209	4,680,558	
Storage services	121,749	—	—	—	—	—	—	—	—	121,749	
Trust activities	255,288	—	—	—	—	—	—	—	—	255,288	
Pension and severance fund management	896,165	—	25,601	—	13,654	—	—	—	—	935,420	
Fees on credit cards	473,987	42,540	251,443	65,100	108,304	47,627	60,664	—	12,215	1,061,880	
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	913,053	215,884	401,065	144,059	165,894	76,323	79,799	—	269,994	2,266,071	
Share of profit of equity accounted investees, net of tax	223,217	—	—	—	—	—	—	—	—	223,217	
Dividends	147,780	5,789	—	1,162	812	—	—	—	—	155,543	

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Income for the nine months ended September 30, 2021	Country									Total income
	Colombia	Panamá	Costa Rica	Guatemala	Honduras	Nicaragua	El Salvador	Perú	Other countries ⁽¹⁾	
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	737,314	159,084	357,617	114,566	63,295	70,497	5,562	(3,304)	2,238	1,506,869
Total income	Ps. 19,334,373	Ps. 2,135,710	Ps. 2,505,126	Ps. 1,224,764	Ps. 1,191,243	Ps. 480,956	Ps. 709,037	Ps. 712,939	Ps. 308,903	Ps. 28,603,051

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

Income for the nine months ended September 30, 2020	Country									Total income
	Colombia	Panamá	Costa Rica	Guatemala	Honduras	Nicaragua	El Salvador	Perú	Other countries ⁽¹⁾	
Interest income	Ps. 9,516,839	Ps. 1,395,901	Ps. 1,673,736	Ps. 983,472	Ps. 900,427	Ps. 295,993	Ps. 585,662	Ps. 10,391	Ps. 43,805	Ps. 15,406,226
Income from commissions and fees	2,467,868	204,637	739,288	217,425	249,473	124,007	149,666	—	96,661	4,249,025
Storage services	109,425	—	—	—	—	—	—	—	—	109,425
Trust activities	251,467	—	—	—	—	—	—	—	—	251,467
Pension and severance fund management	824,074	—	23,728	—	8,598	—	—	—	—	856,400
Fees on credit cards	422,795	28,072	254,118	47,250	72,421	39,348	45,128	—	13,619	922,751
Office network services	12,740	—	—	—	—	—	—	—	—	12,740
Commissions on drafts, checks and checkbooks	23,177	333	—	—	—	—	—	—	—	23,510
Other commissions	7,234	—	—	—	—	—	—	—	—	7,234
Commissions on banking services	816,956	176,232	461,442	170,175	168,454	84,659	104,538	—	83,042	2,065,498
Share of profit of equity accounted investees, net of tax	160,179	—	—	—	—	—	—	—	—	160,179
Dividends	78,063	7,064	—	810	694	—	—	—	—	86,631
Income from sales of goods and services	6,028,461	283	—	—	—	—	—	231,123	—	6,259,867
Energy and gas E&G	2,797,117	—	—	—	—	—	—	224,422	—	3,021,539
Infrastructure	2,812,206	—	—	—	—	—	—	—	—	2,812,206
Hotels	92,622	283	—	—	—	—	—	6,701	—	99,606
Agribusiness	105,524	—	—	—	—	—	—	—	—	105,524
Other Services	93,256	—	—	—	—	—	—	—	—	93,256
Other operating income	127,736	—	—	—	—	—	—	—	—	127,736
Other income	1,136,005	169,051	346,322	106,320	36,476	70,526	7,844	505	10,080	1,883,129
Total income	Ps. 19,387,415	Ps. 1,776,936	Ps. 2,759,346	Ps. 1,308,027	Ps. 1,187,070	Ps. 490,526	Ps. 743,172	Ps. 242,019	Ps. 150,546	Ps. 28,045,057

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

NOTA 19 – TRANSFERS OF FINANCIAL ASSETS

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

A. Transferred financial assets not qualifying for full derecognition

i. Sale and repurchase agreements

The debt securities of financial investments at fair value through profit or loss that are being used as guarantees in repurchase transactions amounted to Ps. 2,204,700 as of September 30, 2021 and Ps. 1,451,572 as of December 31, 2020; the financial assets at amortized cost that are being used as guarantees in repurchase transactions amounted to Ps. 2,945,824 as of September 30, 2021 and Ps. 825,407 as of December 31, 2020 and the debt securities of financial investments at fair value through OCI that are being used as guarantees in repurchase transactions amounted to Ps. 10,608,218 as of September 30, 2021 and Ps. 5,727,908 as of December 31, 2020.

ii. Securities lending

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

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

I. Securitizations

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

NOTE 20 – UNCONSOLIDATED STRUCTURED ENTITIES

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

September 30, 2021	Securitizations	Grupo Aval's managed funds	Total
Grupo Aval's interest-assets			
Investments at fair value through profit or loss	Ps. 5,331	Ps. 5,144,754	Ps. 5,150,085
Other account receivables	—	1,441	1,441
Total assets in relation to the Grupo Aval's interests in the unconsolidated structured entities	5,331	5,146,195	5,151,526
Grupo Aval's maximum exposure	Ps. 5,331	Ps. 5,146,195	Ps. 5,151,526

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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NOTE 21 – RELATED PARTIES

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

	September 30, 2021		Entity		
	Individuals		Associates and joint ventures	Entities controlled by individuals	Entities with significant influence by individuals
	Individuals with control over Grupo Aval	Key management personnel			
Assets					
Financial assets in investments	Ps. —	Ps. —	Ps. 1,130,825	Ps. —	Ps. —
Financial assets in credit operations	9,751	6,952	527,543	1,559,640	119,401
Accounts receivable	33	8	71,717	129,848	20
Other assets	—	—	8,552	1,366	—
Liabilities					
Deposits	Ps. 181,176	Ps. 30,497	Ps. 127,010	Ps. 1,952,828	Ps. 23,770
Accounts payables	1,151	566	12,940	1,073,689	3
Financial obligations	2	15	—	—	—
Others liabilities	—	—	5,579	826	—

	December 31, 2020		Entity		
	Individuals		Associates and joint ventures	Entities controlled by individuals	Entities with significant influence by individuals
	Individuals with control over Grupo Aval	Key management personnel			
Assets					
Financial assets in investments	Ps. —	Ps. —	Ps. 1,043,666	Ps. —	Ps. —
Financial assets in credit operations	5,916	7,355	569,718	1,604,776	135,531
Accounts receivable	9	21	7,301	29,354	12

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	December 31, 2020					
	Individuals		Entity			
	Individuals with control over Grupo Aval	Key management personnel	Associates and joint ventures	Entities controlled by individuals	Entities with significant influence by individuals	
Other assets	34	—	3,207	7,313	167	
Liabilities						
Deposits	Ps. 300,093	Ps. 27,058	Ps. 117,815	Ps. 1,796,235	Ps. 9,219	
Accounts payables	689	351	5,194	695,671	10	
Financial obligations	—	8	—	—	—	
Others liabilities	—	—	2,575	350	—	

	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)	—	

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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For the nine - months ended September 30, 2020

	Individuals		Entity		
	Individuals with control over Grupo Aval	Key management personnel	Associates and joint ventures	Entities controlled by individuals	Entities with significant influence by individuals
Interest income	Ps. 1,245	Ps. 431	Ps. 20,912	Ps. 72,314	Ps. 6,315
Fee income and commissions	5	35	14,574	75,163	4
Leases	—	—	856	93	—
Other income	4	5	203,313	4,461	4
Financial expenses	Ps. (148)	Ps. (664)	Ps. (960)	Ps. (20,795)	Ps. (49)
Fee expenses and commissions	(3)	(1,305)	(13,751)	(1,431)	(113)
Operating expenses	—	(7,644)	(488)	(2,658)	—
Other expenses	6	(1,327)	(40,175)	(31,424)	—

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. (8,652)	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)	—

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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For the three - months ended September 30, 2020

	Individuals		Entity		
	Individuals with control over Grupo Aval	Key management personnel	Associates and joint ventures	Entities controlled by individuals	Entities with significant influence by individuals
Interest income	Ps. 1,139	Ps. 146	Ps. 5,689	Ps. 7,285	Ps. 2,117
Fee income and commissions	3	11	339	24,309	2
Leases	—	—	834	1	—
Other income	3	2	66,445	(1,346)	(4)
Financial expenses	Ps. 1,234	Ps. (253)	Ps. (239)	Ps. (2,978)	Ps. (18)
Fee expenses and commissions	(1)	(465)	(3,389)	(144)	(43)
Operating expenses	—	(3,621)	(368)	(906)	—
Other expenses	3	(438)	(6,981)	(6,457)	—

Compensation of key management personnel

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

	Three-months ended in		nine-months ended in	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Salaries	Ps. 9,747	Ps. 10,158	Ps. 27,413	Ps. 28,271
Short term benefits for employees	7,296	12,573	13,825	14,073
Long term benefits for employees	220	106	425	627
Termination benefits	—	1,357	—	1,357
Fee	407	306	1,146	1,355
Total	Ps. 17,670	Ps. 24,500	Ps. 42,809	Ps. 45,683

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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NOTE 22 SUBSEQUENT EVENTS

On October 20, Corficolombiana made its first issuance of social bonds for an amount of Ps. 500,000, a placement that is rated AAA by Fitch Ratings.

The Corficolombiana issue was carried out under a Dutch auction with a minimum investment per bond of Ps. 10. However, the amount demanded amounted to Ps. 544,740 under the following conditions.

Serie	Amount demanded COP	Amount Allocated COP	Rate / spread
Subserie A5 – 5 years IPC + E.A Margin	Ps. 118,080	Ps. 100,000	2.90% E.A.
Subserie A12 – 12 years IPC + E.A Margin	Ps. 426,660	Ps. 400,000	4.15% E.A.
TOTAL	Ps. 544,740	Ps. 500,000	