

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, 2020	December 31, 2019
Assets			
Cash and cash equivalents	Ps.	39,012,401	Ps. 30,117,236
Trading assets		10,544,543	9,113,668
Investment securities		35,710,430	26,000,311
Hedging derivative assets	4	35,056	166,598
Loans, net	4	202,591,083	173,942,317
Other accounts receivable, net		14,235,372	11,702,301
Non-current assets held for sale		416,346	206,193
Investments in associates and joint ventures		1,026,844	987,962
Tangible assets	6	9,395,192	8,950,411
Goodwill	7	8,405,546	7,348,587
Concessions	8	8,451,467	7,521,488
Other Intangibles		1,538,290	1,206,491
Income tax assets		1,950,163	1,141,806
Other assets		552,343	427,220
Total assets	Ps.	333,865,076	Ps. 278,832,589
Liabilities and equity			
Liabilities			
Trading liabilities	4	Ps. 1,381,176	Ps. 962,438
Hedging derivative liabilities	4	191,588	94,298
Customer deposits	4	217,117,831	175,491,421
Financial obligations	4	65,411,775	54,844,576
Provisions	11	874,613	868,642
Income tax liabilities		3,293,943	3,258,583
Employee benefits	10	1,390,934	1,234,980
Other liabilities	12	8,777,939	8,729,382
Total liabilities	Ps.	298,439,799	Ps. 245,484,320
Equity			
Owners of the parent:			
Subscribed and paid-in capital	Ps.	22,281	Ps. 22,281
Additional paid-in capital		8,468,662	8,445,766
Retained earnings		10,670,496	10,289,073
Other comprehensive income		1,651,284	1,093,447
Equity attributable to owners of the parent		20,812,723	19,850,567
Non-controlling interest		14,612,554	13,497,702
Total equity		35,425,277	33,348,269
Total liabilities and equity	Ps.	333,865,076	Ps. 278,832,589

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	
		2020	2019	2020	2019
Interest income	Ps.	5,108,812	Ps. 4,942,101	Ps. 15,406,226	Ps. 14,497,059
Interest expense		(2,079,496)	(2,112,794)	(6,497,836)	(6,106,931)
Net interest income		3,029,316	2,829,307	8,908,390	8,390,128
Net impairment loss on financial assets		(1,538,660)	(1,088,764)	(4,204,802)	(2,833,024)
Net interest income, after impairment losses		1,490,656	1,740,543	4,703,588	5,557,104
Income from commissions and fees		1,445,936	1,519,191	4,249,025	4,425,026
Expenses from commissions and fees		(178,645)	(163,999)	(541,394)	(463,640)
Net income from commissions and fees	15	1,267,291	1,355,192	3,707,631	3,961,386
Income from sales of goods and services		2,267,975	2,380,956	6,259,867	6,382,321
Costs and expenses of sales goods and services		(1,533,775)	(1,719,463)	(4,452,588)	(4,546,539)
Net income from sales goods and services	15	734,200	661,493	1,807,279	1,835,782
Net trading income	16	201,305	481,317	1,208,904	798,067
Net income from other financial instruments mandatory at fair value through profit or loss		59,699	55,242	192,657	162,374
Other income	17	679,474	104,778	728,378	756,760
Other expenses	17	(2,625,395)	(2,626,035)	(7,823,342)	(7,321,646)
Net income before tax expense		1,807,230	1,772,530	4,525,095	5,749,827
Income tax expense		(565,545)	(446,518)	(1,296,593)	(1,667,492)
Net income	Ps.	1,241,685	Ps. 1,326,012	3,228,502	Ps. 4,082,335
Net income attributable to:					
Owners of the parent		690,865	743,207	1,714,454	2,319,268
Non-controlling interest		550,820	582,805	1,514,048	1,763,067
	Ps.	1,241,685	Ps. 1,326,012	3,228,502	Ps. 4,082,335
Net income per share basic and diluted (in Colombian pesos)		31.01	33.36	76.95	104.09

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	
		2020	2019	2020	2019
Net income		Ps. 1,241,685	Ps. 1,326,012	Ps. 3,228,502	Ps. 4,082,335
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	523,530	1,221,753	2,905,688	1,049,040
Hedging derivative instrument	5	(106,873)	(633,985)	(1,396,116)	(544,646)
Hedging non-derivative instrument	5	(235,659)	(587,404)	(1,367,821)	(504,148)
Cash flow hedges		6,965	(4,153)	(10,739)	3,292
Foreign currency translation differences from unhedged foreign operations		(150,759)	(801)	(217,319)	111,231
Investments in associates and joint ventures		5,178	18,724	16,604	11,926
Unrealized gains (losses) on securities at FVOCI		100,894	29,596	174,971	419,251
Income tax		84,124	350,760	763,800	233,918
Total, items that may be reclassified to profit or loss		Ps. 227,400	Ps. 394,490	Ps. 869,068	Ps. 779,864
Items that will not be reclassified to profit or loss					
Revaluation investment properties		4,742	—	5,851	4,956
Unrealized gains (losses) on equity securities at FVOCI		19,820	36,352	75,100	222,069
Actuarial gains (losses) from defined benefit pension plans		(68)	258	(2,677)	(30,940)
Income tax		400	367	(103)	(3)
Total, items that will not be reclassified to profit or loss		Ps. 24,894	Ps. 36,977	78,171	196,082
Total other comprehensive income, net of taxes		252,294	431,467	947,239	975,946
Total comprehensive income		Ps. 1,493,979	Ps. 1,757,479	4,175,741	5,058,281
Total comprehensive income for the periods attributable to:					
Owners of the Group		847,280	990,890	2,272,291	2,885,787
Non-controlling interest		646,699	766,589	1,903,450	2,172,494
		Ps. 1,493,979	Ps. 1,757,479	Ps. 4,175,741	Ps. 5,058,281

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, 2020 and 2019
(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
Balance at December 31, 2018	Ps. <u>22,281</u>	Ps. <u>8,472,336</u>	Ps. <u>8,598,319</u>	Ps. <u>696,773</u>	Ps. <u>17,789,709</u>	Ps. <u>11,764,639</u>	Ps. <u>29,554,348</u>
Change in accounting policies on January 1, 2019	—	—	(5,101)	—	(5,101)	(21,881)	(26,982)
Balance at January 1, 2019	<u>22,281</u>	<u>8,472,336</u>	<u>8,593,218</u>	<u>696,773</u>	<u>17,784,608</u>	<u>11,742,758</u>	<u>29,527,366</u>
Dividends declared	—	—	(1,336,861)	—	(1,336,861)	(829,044)	(2,165,905)
Acquisition of NCI without a change in control	—	(26,570)	—	—	(26,570)	(40,527)	(67,097)
Effect of realization of equity instruments	—	—	7,368	—	7,368	2,827	10,195
Other comprehensive income	—	—	—	566,519	566,519	409,427	975,946
Net income	—	—	2,319,268	—	2,319,268	1,763,067	4,082,335
Balance at September 30, 2019	Ps. <u>22,281</u>	Ps. <u>8,445,766</u>	Ps. <u>9,582,993</u>	Ps. <u>1,263,292</u>	Ps. <u>19,314,332</u>	Ps. <u>13,048,508</u>	Ps. <u>32,362,840</u>

	Subscribed and paid-in capital	Additional paid – in capital	Appropriated retained earnings	Other comprehensive income (OCI)	Equity attributable to owners of the parent	Non-controlling interest (NCI)	Total equity
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 ⁽¹⁾	—	—	—	—	—	465,902	465,902
Dividends declared	—	—	(1,336,861)	—	(1,336,861)	(963,172)	(2,300,033)
Equity transactions ⁽²⁾	—	22,896	—	—	22,896	(73,709)	(50,813)
Preference shares ⁽³⁾	—	—	(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>

(1) Business combination see note 22.

(2) Equity transactions see note 13

(3) Preference shares 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, 2020 and 2019
(Amounts expressed in millions of Colombian pesos)

	Nota	September 30, 2020	September 30, 2019
Cash flows from operating activities:			
Net income before income tax		Ps. 4,525,095	Ps. 5,749,827
Reconciliation of net income before taxes and net cash provided by operating activities:			
Depreciation and amortization	15-17	1,018,281	975,596
Impairment losses of loans and receivables, net	4-15	4,388,649	3,190,506
Income in concession agreements		(2,953,162)	(2,942,769)
Net interest income		(8,908,390)	(8,390,128)
Sales of non-current assets held for sale, net	17	(41,402)	(14,612)
Gain on sales of property, plant and equipment		(25,910)	(21,285)
Foreign exchange losses		139,011	567,905
Share of profit of equity accounted investees, net of tax	17	(160,179)	(174,445)
Other adjustments for reconciliation of net income		2,254,616	2,062,272
Fair value adjustments on:			
Derivative financial instruments	16	(884,897)	(309,510)
Non-current assets held for sale		(26)	5,453
Investment property		4,647	(2,390)
Biological assets		(9,432)	(13,542)
Changes in operating assets and liabilities:			
Derivative financial instruments		(175,356)	(194,426)
Trading assets		(58,858)	(495,678)
Accounts receivable		7,978,902	8,306,137
Other assets		(104,963)	(1,691)
Other liabilities, provisions and employee benefits		(11,640,519)	(13,696,801)
Loan portfolio		(7,299,415)	(3,568,519)
Customer deposits		16,691,842	4,482,448
Interbank borrowings and overnight funds		(1,371,340)	(1,246,746)
Borrowings from development entities		(42)	2,049
Borrowings from banks		(2,294,167)	(515,075)
Interest received		14,464,045	13,786,097
Interest paid		(6,748,216)	(6,128,970)
Lease interest		(152,887)	(151,610)
Income tax payments		(1,563,387)	(1,424,998)
Net cash provided by operating activities		Ps. 7,072,540	Ps. (164,905)
Cash flows from investing activities:			
Purchases of amortized cost financial assets		Ps. (3,940,557)	Ps. (3,058,597)
Redemptions of amortized cost financial assets		1,915,987	3,025,763
Purchases of FVOCI		(23,135,565)	(20,277,000)
Proceeds from sales of FVOCI		22,201,688	20,195,459
Purchases tangible assets		(443,333)	(426,996)
Proceeds from sales of property, plant and equipment		75,463	93,441
Proceeds from sales of non-current assets held for sale		46,623	110,392
Additions of concession arrangement rights		(403,398)	(452,009)
Additions of other intangible assets		(351,326)	(218,957)
Dividends received		172,828	246,763
Acquisition of subsidiary, net of cash acquired	22	(1,340,145)	—
Net cash (used in) provided by investing activities		Ps. (5,201,735)	Ps. (761,741)
Cash flows from financing activities:			
Dividends paid to shareholders		Ps. (998,423)	Ps. (933,574)
Dividends paid to non-controlling interest		(739,493)	(602,709)
Issuance of debt securities		4,579,528	1,526,106
Payment of outstanding debt securities		(1,556,220)	(1,127,989)
Leases		(309,754)	(274,156)
Redemption of preferred shares	13	(242,629)	—
Equity transactions		(50,813)	(67,097)
Net cash provided by financing activities		Ps. 682,196	Ps. (1,479,419)
Effect of foreign currency changes on cash and equivalents		6,342,164	1,337,501
Increase (decrease) in cash and cash equivalents		8,895,165	(1,068,564)
Cash and cash equivalents at beginning of period		Ps. 30,117,236	Ps. 28,401,283
Cash and cash equivalents at end of period		Ps. 39,012,401	Ps. 27,332,720

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

NOTE 1 – REPORTING ENTITY

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

NOTE 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 and 2270 of 2019.

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, 2019. 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, 2019.

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.

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

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

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

NOTE 4 – FINANCIAL INSTRUMENTS

a) Carrying value and fair value

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

September 30, 2020

	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
ASSETS					
Trading investment					
Securities issued or secured by Colombian Government	Ps. 2,664,429	Ps. 1,755,438	Ps. 908,991	Ps. —	Ps. 2,664,429
Securities issued or secured by other entities of the Colombian Government	147,522	—	147,522	—	147,522
Securities issued or secured by foreign Government	229,585	—	145,807	83,778	229,585
Securities issued or secured by central banks	1,659	—	1,659	—	1,659
Securities issued or secured by other financial entities	1,694,682	130,522	1,564,160	—	1,694,682
Securities issued or secured by entities of the Non-financial sector	23,173	—	23,173	—	23,173
Other	32,408	—	32,374	34	32,408
Total trading investment	Ps. 4,793,458	Ps. 1,885,960	Ps. 2,823,686	Ps. 83,812	Ps. 4,793,458
Investments in debt securities at fair value through profit or loss					
Other	8,116	—	—	8,116	8,116
Total investments in debt securities at fair value through profit or loss	Ps. 4,801,574	Ps. 1,885,960	Ps. 2,823,686	Ps. 91,928	Ps. 4,801,574
Investments at fair value through OCI					

Grupo Aval Acciones y Valores S.A. and Subsidiaries
Notes to the Condensed Consolidated Financial Statements
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	Fair Value				
	Carrying Value	Level 1	Level 2	Level 3	Total
Securities issued or secured by Colombian Government	11,396,138	7,646,429	3,749,709	—	11,396,138
Securities issued or secured by other entities of the Colombian Government	489,654	192,703	296,951	—	489,654
Securities issued or secured by foreign Government	11,393,395	1,095,343	10,046,699	251,353	11,393,395
Securities issued or secured by central banks	1,493,602	—	1,493,602	—	1,493,602
Securities issued or secured by other financial entities	3,109,949	304,103	2,798,027	7,819	3,109,949
Securities issued or secured by entities of the non-financial sector	53,206	16,424	36,782	—	53,206
Other	943,654	77,863	845,060	20,731	943,654
Total investments at fair value through OCI	Ps. 28,879,598	Ps. 9,332,865	Ps. 19,266,830	Ps. 279,903	Ps. 28,879,598
Total investments in debt securities	Ps. 33,681,172	Ps. 11,218,825	Ps. 22,090,516	Ps. 371,831	Ps. 33,681,172
Investments in equity securities					
Trading equity securities	4,565,781	2,351	3,751,269	812,161	4,565,781
Investments in equity through OCI	1,396,943	1,291,601	207	105,135	1,396,943
Total investments in equity securities	Ps. 5,962,724	Ps. 1,293,952	Ps. 3,751,476	Ps. 917,296	Ps. 5,962,724
Held for trading Derivatives					
Currency Forward	796,655	—	796,655	—	796,655
Bond Forward	286	—	286	—	286
Interest Rate Swap	258,781	—	258,781	—	258,781
Currency Swap	47,483	—	47,483	—	47,483
Currency Options	82,099	—	82,099	—	82,099
Total held for trading derivatives	Ps. 1,185,304	Ps. —	Ps. 1,185,304	Ps. —	Ps. 1,185,304
Hedging Derivatives					
Currency Forward	18,023	—	18,023	—	18,023
Currency Swap	17,033	—	17,033	—	17,033
Total hedging derivatives	Ps. 35,056	Ps. —	Ps. 35,056	Ps. —	Ps. 35,056
Other account receivables					
Financial assets in concession contracts	2,898,686	—	—	2,898,686	2,898,686
Total other account receivables designated at fair value	Ps. 2,898,686	Ps. —	Ps. —	Ps. 2,898,686	Ps. 2,898,686
Total assets at fair value on recurring basis	Ps. 43,762,942	Ps. 12,512,777	Ps. 27,062,352	Ps. 4,187,813	Ps. 43,762,942
Financial assets at amortized cost, net					
Investments in debt securities, net	5,425,773	31,450	4,722,622	520,925	5,274,997
Securities issued or secured by Colombian Government	1,660,617	151	1,534,294	—	1,534,445
Securities issued or secured by other entities of the Colombian Government	3,186,401	—	3,188,328	—	3,188,328
Securities issued or secured by Foreign Government	31,292	31,299	—	—	31,299
Securities issued or secured by other financial entities	315,605	—	—	300,924	300,924
Other	231,858	—	—	220,001	220,001

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	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Loan portfolio, net (see literal f for details)	202,591,083				213,561,717
Interbank and overnight funds	2,510,953				
Commercial	112,392,726				
Consumer	61,965,828				
Mortgage	25,459,420				
Microcredit	262,156				
Other accounts receivables, net	11,336,686				
Total financial assets at amortized cost, net	219,353,542				
LIABILITIES					
Trading Derivatives					
Currency forward	950,795	—	950,795	—	950,795
Bond forward	928	—	928	—	928
Bond futures	—	—	—	—	—
Index futures	631	631	—	—	631
Interest rate swap	264,591	—	264,591	—	264,591
Currency swap	119,814	—	119,814	—	119,814
Currency options	44,417	—	44,417	—	44,417
Total trading derivatives	Ps. 1,381,176	Ps. 631	Ps. 1,380,545	Ps. —	Ps. 1,381,176
Hedging derivatives					
Currency forward	Ps. 155,154	Ps. —	Ps. 155,154	Ps. —	Ps. 155,154
Interest rate swap	36,434	—	36,434	—	36,434
Total hedging derivatives	191,588	—	191,588	—	191,588
Total liabilities at fair value on recurring basis	Ps. 1,572,764	Ps. 631	Ps. 1,572,133	Ps. —	Ps. 1,572,764
Financial liabilities at amortized cost					
Customer deposits	Ps. 217,117,831				Ps. 221,904,746
Checking accounts	52,467,289				53,551,491
Time deposits	88,167,251				90,758,653
Savings accounts	75,949,041				77,060,288
Others deposits	534,250				534,314
Financial obligations	65,411,775				69,096,566
Interbank borrowings and overnight funds	8,364,356				8,364,227
Leases contracts	3,355,528				3,260,774
Borrowings from banks and similar	20,190,992				23,156,167
Bonds issued (see literal e for details)	29,510,915				30,254,040

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	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Borrowings from development entities	3,989,984				4,061,358
Total financial liabilities at amortized cost	Ps. 282,529,606				Ps. 291,001,312

December 31, 2019

	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
ASSETS					
Trading investment					
Securities issued or secured by Colombian Government	Ps. 2,425,760	Ps. 1,503,708	Ps. 922,052	Ps. —	Ps. 2,425,760
Securities issued or secured by other entities of the Colombian Government	175,794	—	175,794	—	175,794
Securities issued or secured by foreign Government	139,534	3,220	136,314	—	139,534
Securities issued or secured by central banks	13,966	—	13,966	—	13,966
Securities issued or secured by other financial entities	1,850,422	33,179	1,817,243	—	1,850,422
Securities issued or secured by entities of the non—financial sector	33,942	—	33,942	—	33,942
Other	33,695	—	33,695	—	33,695
Total trading investment	Ps. 4,673,113	Ps. 1,540,107	Ps. 3,133,006	Ps. —	Ps. 4,673,113
Investments in debt securities at fair value through profit or loss					
Other	10,102	—	—	10,102	10,102
Total investments in debt securities at fair value through profit or loss	Ps. 4,683,215	Ps. 1,540,107	Ps. 3,133,006	Ps. 10,102	Ps. 4,683,215
Investments at fair value through OCI					
Securities issued or secured by Colombian Government	11,643,942	7,923,409	3,720,533	—	11,643,942
Securities issued or secured by other entities of the Colombian Government	465,678	191,994	273,684	—	465,678
Securities issued or secured by foreign Government	4,997,430	9,954	4,987,476	—	4,997,430
Securities issued or secured by central banks	970,095	—	970,095	—	970,095
Securities issued or secured by other financial entities	3,054,925	237,887	2,817,038	—	3,054,925
Securities issued or secured by entities of the non-financial sector	34,840	—	34,840	—	34,840
Other	442,082	—	442,082	—	442,082
Total investments at fair value through OCI	Ps. 21,608,992	Ps. 8,363,244	Ps. 13,245,748	Ps. —	Ps. 21,608,992
Total investments in debt securities	Ps. 26,292,207	Ps. 9,903,351	Ps. 16,378,754	Ps. 10,102	Ps. 26,292,207
Investments in equity securities					
Trading equity securities	3,523,121	1,679	3,046,048	475,394	3,523,121
Investments in equity through OCI	1,328,092	1,174,959	46,228	106,905	1,328,092
Total investments in equity securities	Ps. 4,851,213	Ps. 1,176,638	Ps. 3,092,276	Ps. 582,299	Ps. 4,851,213

Held for trading derivatives

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	Carrying Value	Fair Value				Total
		Level 1	Level 2	Level 3		
Currency forward	765,166	—	765,166	—	765,166	
Bond forward	253	—	253	—	253	
Interest rate swap	73,481	—	73,481	—	73,481	
Currency swap	34,682	—	34,682	—	34,682	
Currency options	43,852	—	43,852	—	43,852	
Total held for trading derivatives	Ps. 917,434	Ps. —	Ps. 917,434	Ps. —	Ps. 917,434	
Hedging derivatives						
Currency forward	166,598	—	166,598	—	166,598	
Total hedging derivatives	Ps. 166,598	Ps. —	Ps. 166,598	Ps. —	Ps. 166,598	
Other account receivables						
Financial assets in concession contracts	2,706,030	—	—	2,706,030	2,706,030	
Total other account receivables designated at fair value	Ps. 2,706,030	Ps. —	Ps. —	Ps. 2,706,030	Ps. 2,706,030	
Total assets at fair value on recurring basis	Ps. 34,933,482	Ps. 11,079,989	Ps. 20,555,062	Ps. 3,298,431	Ps. 34,933,482	
Financial assets at amortized cost, net						
Investments in debt securities, net	3,053,125	23,042	3,008,313	—	3,031,355	
Securities issued or secured by other entities of the Colombian Government	3,029,065	—	3,007,296	—	3,007,296	
Securities issued or secured by Foreign Governments	23,043	23,042	—	—	23,042	
Securities issued or secured by other financial entities	1,017	—	1,017	—	1,017	
Loan portfolio, net (see literal f for details)	173,942,317				183,308,411	
Interbank and overnight funds	2,717,975					
Commercial	94,748,311					
Consumer	56,285,411					
Mortgage	19,870,125					
Microcredit	320,495					
Other accounts receivables, net	8,996,271					
Total financial assets at amortized cost, net	185,991,713					
LIABILITIES						
Trading derivatives						
Currency forward	815,393	—	815,393	—	815,393	
Bond forward	574	—	574	—	574	
Bond futures	52	52	—	—	52	
Interest rate swap	64,500	—	64,500	—	64,500	
Currency swap	31,982	—	31,982	—	31,982	
Currency options	49,937	—	49,937	—	49,937	
Total trading derivatives	Ps. 962,438	Ps. 52	Ps. 962,386	Ps. —	Ps. 962,438	

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	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Hedging derivatives					
Currency forward	90,726	—	90,726	—	90,726
Interest rate swap	3,572	—	3,572	—	3,572
Total hedging derivatives	94,298	—	94,298	—	94,298
Total liabilities at fair value on recurring basis	Ps. 1,056,736	Ps. 52	Ps. 1,056,684	Ps. —	Ps. 1,056,736
Financial liabilities at amortized cost					
Customer deposits	Ps. 175,491,421				Ps. 176,310,606
Checking accounts	42,449,702				42,449,609
Time deposits	73,225,189				74,044,372
Savings accounts	59,352,760				59,352,854
Others deposits	463,770				463,771
Financial obligations	54,844,576				56,116,678
Interbank borrowings and overnight funds	9,240,479				9,240,478
Leases contracts	3,033,502				3,033,507
Borrowings from banks and similar	16,769,842				16,903,959
Bonds issued (see literal e for details)	21,918,268				23,167,014
Borrowings from development entities	3,882,485				3,771,720
Total financial liabilities at amortized cost	Ps. 230,335,997				Ps. 232,427,284

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 Level 2	Significant inputs
ASSETS		
Investments in debt securities at fair value		
<u>In Colombian Pesos</u>		
Securities issued or secured by the Colombian Government	Discounted cash flow	Theoretical price / estimated price ⁽¹⁾ Average price / market price ⁽²⁾
Securities issued or secured by Colombian government entities	Discounted cash flow	Theoretical price / estimated price ⁽¹⁾ Average price / market price ⁽²⁾
Securities issued or secured by other financial entities	Discounted cash flow	Theoretical price / estimated price ⁽¹⁾

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

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	Valuation technique Level 2	Significant inputs
Debt securities forward		Currency curve by underlying asset
Interest rate swap		Forward Exchange rates curve of the operation's currency
Cross currency swap		Implicit curves of Exchange rates forwards
Swap (others)		Swap curves by underlying asset
Currency options		Implicit volatilities matrixes and curves
Foreign currency futures	Market	Market price ⁽²⁾
		Spot, rates, days to maturity
Debt securities futures	Market	Market price ⁽²⁾
	Initial price	Spot, rates, days to maturity
Hedging derivatives		
Currency forward	Discounted cash flow	Curves by currency
Foreign currency futures	Market	Market price ⁽²⁾
LIABILITIES		
Derivatives held for trading		
Foreign currency forward	Discounted cash flow	Underlying asset price
Debt securities forward		Currency curve by underlying asset
Interest rate swap		Forward Exchange rates curve of the operation's currency
Currency swap		Implicit curves of exchange rates forwards
Swap (others)		Swap curves by underlying asset
Currency options		Implicit volatilities matrixes and curves
	Market	Market price ⁽²⁾
		Spot, rates, days to maturity
	Market	Market price ⁽²⁾
		Spot, rates, days to maturity
Hedging Derivatives		
Foreign currency forward	Discounted cash flow	Underlying asset price
Interest rate swap		Currency curve by underlying asset
		Forward Exchange rates curve of the operation's currency
		Implicit curves of Exchange rates forwards
		Swap curves by underlying asset
		Implicit volatilities matrixes and curves
Foreign currency futures		Market price ⁽²⁾

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

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

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	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 annual report.
Investment properties	Discounted cash flow	The processes used to collect data and determine the fair value of investment properties are described in annual report.

(1) Valuation of equity instruments Level 3

The investments with fair value hierarchy level 3 have significant unobservable inputs. Level 3 instruments includes 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 following table includes a sensitivity analysis of changes in these variables in the equity of Grupo Aval, bearing in mind that the variations in fair value of said investments are recorded in equity because they correspond to investments classified as equity instruments at fair value with changes in equity.

The following table includes a sensitivity analysis of main level 3 equity securities of December 31, 2019:

Methods and Variables	Variation	Favorable impact		Unfavorable impact	
Comparable Multiples / Recent Transaction Price					
EBITDA Number of times	+/-1 x	Ps.	2,860	Ps.	(2,865)
Adjusted Net Asset Value					
Most relevant variable in assets	+/-10%		331		(287)
Adjusted discounted cash flow					
Growth in residual values after 5 years	+/-1%		303		(270)
	+/- 30 bp		220		(223)
Income	+/-1%		858		(1,017)
	+/- 1% annual		371		(378)
Discount rates	+/- 50 bp		604		(607)
Discount interest rates	+/- 50 bp		648		(639)
		Ps.	6,195	Ps.	(6,286)

(2) Valuation of financial assets under concession arrangement rights

Promigas and subsidiaries, designated at fair value the financial assets under concession contracts, the method of discounted cash flows was used to determine the fair value.

The assumptions and inputs in the calculation of the financial asset were:

- Financial assets are calculated taking into account the expiration date of each concession contract.
- The calculation was carried out in proportion to the expiration of each of the concession contracts in force.
- Only the operational cash flows of these assets under concession were taken into account.

The components of the calculations are as follows:

- Free cash flow generated solely by assets under concession.
- Expiration period of the concession.
- Amount in-perpetuity of the Free Cash Flow (FCF) of the year, estimated factoring a growth in the residual amount between 1% and 3% each year.
- Current amount of the residual amount Weighted Average Cost of Capital (WACC *), estimated taking into account an interest rate between 8.75% % and 9.08% each year.

(*) Nominal WACC calculated under the Capital Asset Pricing Model (CAPM) methodology for each, updated annually. The following variables were used for determining the WACC:

- Beta Unlevered USA (Oil/Gas Distribution): Damodaran. [Beta unlevered 0.61, 2019]
- Risk Free Rate, Source: Geometric Average 1995-2019 of American bonds “T-Bonds”.
- Marker Return, Source: Geometric Average 1995-2019 Damodaran “Stocks” USA.
- Market Premium: Market Return – Risk Free Rate
- Country Risk Premium: Average last 5 years EMBI (Difference between 10-year Colombian sovereign bonds and 10 year “T-Bonds”). Damodaran
- Emerging Market: Equity Premium Emerging countries (Lambda - Damodaran)

Sensitivity analysis

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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, 2020 is Ps. 2,898,686 and Ps. 2,706,030 as of December 31, 2019.

Variable	September 30, 2020	
	+100 pbs	-100 pbs
WACC	Ps. (675,517)	Ps. 1,029,057
Perpetuity growth rate	596,031	(420,953)

Variable	December 31, 2019	
	+100 bps	-100 bps
WACC	Ps. (637,556)	Ps. 979,942
Perpetuity growth rate	550,652	(387,750)

c) Transfer of levels

During the current year, due not to changes in market conditions, the following table summarizes the transfer between fair value levels 1 and 2 as of September 30, 2020 and December 31, 2019. 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, 2020

	Investments in debt securities at FVTPL		Investments in debt securities at FVOCI	
	Transfers between:			
	Level 2 to Level 1	Level 1 to Level 2	Level 2 to Level 1	Level 1 to Level 2
Assets				
Investments in debt securities at fair value				
Securities issued or secured by Colombian Government	Ps. 68,924	Ps. 397	Ps. 776,027	Ps. 481,562
Securities issued or secured by other Colombian Government entities	—	—	—	—
Securities issued or secured by other financial entities	113,146	—	—	—
	Ps. 182,070	Ps. 397	Ps. 776,027	Ps. 481,562

December 31, 2019

	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. 72,451	Ps. 591,093
Securities issued or secured by other Colombian Government entities	—	1	—	38,324
Securities issued or secured by other financial entities	—	—	3,301	119,271
	Ps. —	Ps. 1	Ps. 75,752	Ps. 748,688

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There were no transfers of fair values between levels and 2 to or from level 3.

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, 2019	Ps.	10,102	Ps.	582,299	Ps.	2,706,030
Valuation adjustment with an effect on income		(1,986)		78,471		192,656
Valuation adjustments with an effect on OCI		—		(1,879)		—
Additions		363,715		258,297		—
Sales / redemptions		—		—		—
Reclassifications		—		108		—
September 30, 2020	Ps.	371,831	Ps.	917,296	Ps.	2,898,686

(*) Includes mainly investment in NEXUS Real Estate Capital Funds by Banco de Occidente of Ps.233,326, Fiduciaria Occidente of Ps.17,442.

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, 2020 and December 31, 2019 at fair value less cost of sale:

	Level 1		Level 2		Level 3		Total	
September 30, 2020								
Impaired collateralized loans	Ps.	—	Ps.	—	Ps.	1,372,349	Ps.	1,372,349
Non- current assets held for sale		—		—		416,346		416,346
	Ps.	—	Ps.	—	Ps.	1,788,695	Ps.	1,788,695
December 31, 2019								
Impaired collateralized loans	Ps.	—	Ps.	—	Ps.	870,110	Ps.	870,110
Non- current assets held for sale		—		—		206,193		206,193
	Ps.	—	Ps.	—	Ps.	1,076,303	Ps.	1,076,303

e) Financial obligations from issued bonds

The different entities from Grupo Aval are authorized by the Superintendency of Finance and by the regulatory entities abroad where Grupo Aval operates, for issuing or placing either bonds or general guarantee bonds. The bonds issued by Grupo Aval and subsidiaries are non-guaranteed. Detail of issued bonds net of eliminations as of September 30, 2020 and December 31, 2019, by issue date and maturity date was as follows:

Local Currency

Issuer	Issue Date	September 30, 2020	December 31, 2019	Maturity Date	Interest Rate
Banco de Bogotá S.A.	24/09/2020	299,970	137,598	Between 24/09/203 and 24/09/2025	CPI + 4.75% and IBR + 3.04%
Banco de Occidente S.A	Between 22/09/2011 and 20/08/2020	3,319,443	3,246,333	Between 19/11/2020 and 14/12/2032	CPI + 1.75% to 4.65%, IBR + 1.37%, Fixed between 5.71% to 7.55%

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Local Currency

Issuer	Issue Date	September 30, 2020	December 31, 2019	Maturity Date	Interest Rate
Corporación Financiera Colombiana S.A.	Between 27/08/2009 and 27/08/2020	2,691,011	2,895,156	Between 11/03/2022 and 02/03/2043	CPI +2.16% to 5.99%, Fixed 7.10%
Banco Popular S.A	Between 12/10/2016 and 04/02/2020	1,652,225	1,753,896	Between 08/05/2020 and 04/02/2027	CPI+ 3.08% to 4.13%; Fixed between 5.88% to 8.10%
Grupo Aval Acciones y Valores S.A.	Between 03/12/2009 and 14/11/2019	Ps. 1,129,769	Ps. 1,201,189	Between 14/11/2024 and 28/06/2042	CPI + 3.69% to 5.20% and Fixed 6.42%
Peso denominated Total		Ps. 9,092,418	Ps. 9,234,172		

Foreign Currency

Issuer	Issue Date	June 30, 2020	December 31, 2019	Maturity Date	Interest Rate
Banco de Bogotá S.A. Under rule 144A.	Between 19/02/2013 and 03/08/2017	8,264,329	7,109,822	Between 19/02/2023 and 03/08/2027	Fixed between 4.38% to 6.25%
BAC Credomatic and MFG					
El Salvador	Between 24/10/2016 and 19/08/2019	662,191	726,607	Between 24/10/2020 and 19/08/2024	Between 5.20% to 5.85%
Honduras	Between 16/10/2017 and 14/09/2020	375,862	320,162	Between 16/10/2020 and 10/10/2023	Fixed between 3.50% to 9.50%, Banker Rate between 7.50% and 9.24%
Panamá	Between 19/11/2015 and 29/09/2020	2,005,306	—	Between 08/10/2020 and 04/02/2025	Fixed between 2.00% to 5.00%
BAC Credomatic and MFG Total		Ps. 3,043,359	Ps. 1,046,769		
Banco Bogotá and BAC Credomatic and MFG Total		Ps. 11,307,688	Ps. 8,156,591		
Grupo Aval Limited ⁽¹⁾	Between 19/09/2012 and 04/02/2020	7,620,467	3,268,629	Between 26/09/2022 and 04/02/2030	Fixed between 4.38% to 4.75%
Corporación Financiera Colombiana S.A.	16/10/2019	1,490,342	1,258,876	16/10/2029	Fixed 3.75%
Foreign Currency Total		Ps. 20,418,497	Ps. 12,684,096		
Total of Bonds		Ps. 29,510,915	Ps. 21,918,268		

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

The amount of issued bonds due over 12 months as of September 30, 2020 is Ps. 27,834,090 and December 31, 2019 is Ps. 19,908,991.

Grupo Aval has not had any defaults of principal or interest or other breaches with respect to its liabilities during the nine-months ended September 30, 2020 and year ended December 31, 2019, and Grupo Aval is complying with the related covenants agreed with investors and debtors.

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f) Credit risk concentration

The following is the balance of financial assets by loan portfolio and their provision for impairment as of September 30, 2020 and December 31, 2019:

Portfolio segment	September 30, 2020			December 31, 2019		
	Gross balance (1)	Allowance for impairment (2) (3)	Net balance of credit portfolio	Gross balance	Allowance for impairment	Net balance of credit portfolio
Commercial	Ps. 117,186,261	Ps. 4,793,535	Ps. 112,392,726	Ps. 98,936,699	Ps. 4,188,388	Ps. 94,748,311
Consumer	66,513,421	4,547,593	61,965,828	59,840,451	3,555,040	56,285,411
Mortgage	25,954,048	494,628	25,459,420	20,221,683	351,558	19,870,125
Microcredit	373,815	111,659	262,156	410,320	89,825	320,495
Interbank and overnight funds	2,512,136	1,183	2,510,953	2,718,961	986	2,717,975
Total	Ps. 212,539,681	Ps. 9,948,598	Ps. 202,591,083	Ps. 182,128,114	Ps. 8,185,797	Ps. 173,942,317

(1) Includes the amount of the Multibank Financial Group loan portfolio as of September 30, 2020 for Ps. 13,117,928 million, allocated between commercial portfolio: Ps. 7,267,292, consumer portfolio Ps. 3,135,670 and mortgage portfolio Ps. 2,714,566.

(2) Includes the amount of the Multibank Financial Group loss allowance as of September 30, 2020 for Ps. 72,642 million, allocated between commercial portfolio: Ps.26,979, consumer portfolio Ps. 39,564 and mortgage portfolio Ps. 6,100.

(3) 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 23.

For presentation purposes as of March 2020, the loan portfolio is presented as follows: Interbank and overnight funds and the portfolio with clients detailed according to modality: Commercial and its corresponding leasing, consumer and its corresponding leasing, mortgage and residential leasing. and microcredit, until December 2019, operations with repos and interbank funds operations were included as part of the commercial portfolio and financial leasing operations were shown separately.

The following table details the financial leasing portfolio by modality and the Interbank and overnight funds for September 30, 2020 and December 31, 2019.

September 30, 2020

Portfolio segment	Loan Portfolio without financial leasing	Financial Leasing	Loan Portfolio with financial leasing
Commercial	Ps. 108,767,995	Ps. 10,930,402	Ps. 119,698,397
Interbank and overnight funds	2,512,136	-	2,512,136
Client portfolio	106,255,859	10,930,402	117,186,261
Consumer	66,215,515	297,906	66,513,421
Residential mortgage	24,232,082	1,721,966	25,954,048
Microcredit	373,815	-	373,815
Total portfolio	Ps. 199,589,407	Ps. 12,950,274	Ps. 212,539,681

December 31, 2019

Portfolio segment	Loan Portfolio without financial leasing	Financial Leasing	Loan Portfolio with financial leasing
Commercial	Ps. 91,306,719	Ps. 10,348,941	Ps. 101,655,660
Interbank and overnight funds	2,718,961	-	2,718,961
Client portfolio	88,587,758	10,348,941	98,936,699
Consumer	59,587,929	252,522	59,840,451
Residential mortgage	18,661,389	1,560,294	20,221,683
Microcredit	410,320	-	410,320
Total portfolio	Ps. 169,966,357	Ps. 12,161,757	Ps. 182,128,114

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The following is a detail of the portfolio provided as collateral in resource auction operations with Banco Republica as of September 30, 2020

	<u>Total</u>
CommercialPs.	675,440
Total	Ps. 675,440

(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, 2020 and December 31, 2019:

Sector	September 30, 2020			December 31, 2019		
	Ps.		%	Ps.		%
Consumer services	98,797,964	46%	84,790,144	47%		
Commercial services	46,601,393	22%	37,925,996	21%		
Construction	13,446,696	6%	11,550,042	6%		
Food, beverage and tobacco	10,153,407	5%	8,941,375	5%		
Transportation and communications	7,630,752	4%	6,504,746	4%		
Public services	5,801,554	3%	5,470,918	3%		
Chemical production	6,377,700	3%	5,847,362	3%		
Other industrial and manufacturing products	6,805,659	3%	5,309,003	3%		
Agricultural	5,713,219	3%	4,563,455	2%		
Government	4,946,990	2%	4,905,685	3%		
Trade and tourism	3,055,912	1%	2,475,550	1%		
Mining products and oil	995,121	1%	1,520,420	1%		
Other	2,213,314	1%	2,323,418	1%		
Total of each economic sector	Ps. 212,539,681	100%	Ps. 182,128,114	100%		

(2) Portfolio credit by risk level rating

As of September 30, 2020, and December 31, 2019, the following is a summary of the portfolio credit by risk level rating:

PD Range	September 30, 2020			
	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
0% - 7.5%	Ps. 173,746,859	Ps. 4,212,399	Ps. 131	Ps. 177,959,389
7.5% - 15%	6,440,567	2,407,951	13	8,848,531
15% - 22.5%	481,536	1,749,919	9	2,231,464
22.5% - 30%	193,728	1,499,537	23	1,693,288
30% - 45%	174,967	4,019,619	212	4,194,798
45% - 60%	31,197	3,082,912	153,436	3,267,545
60% - 90%	11,092	2,678,730	250,925	2,940,747
> 90%	17,660	124,858	11,261,401	11,403,919
TOTAL	Ps. 181,097,606	Ps. 19,775,925	Ps. 11,666,150	Ps. 212,539,681

PD Range	December 31, 2019			
	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
0% - 7.5%	Ps. 154,874,024	Ps. 1,105,785	Ps. —	Ps. 155,979,809
7.5% - 15%	7,701,361	944,475	—	8,645,836
15% - 22.5%	561,274	781,685	—	1,342,959
22.5% - 30%	192,483	615,152	—	807,635
30% - 45%	437,563	1,948,824	—	2,386,387
45% - 60%	13,803	1,322,428	146,626	1,482,857
60% - 90%	424,490	1,260,617	210,585	1,895,692
> 90%	1,690	77,841	9,507,408	9,586,939
TOTAL	Ps. 164,206,688	Ps. 8,056,807	Ps. 9,864,619	Ps. 182,128,114

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

Repos, interbank loans portfolio

PD Range	September 30, 2020			
	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
0% - 7.5%	Ps. 2,512,136	Ps. —	Ps. —	Ps. 2,512,136
7.5% - 15%	—	—	—	—
15% - 22.5%	—	—	—	—
22.5% - 30%	—	—	—	—
30% - 45%	—	—	—	—
45% - 60%	—	—	—	—
60% - 90%	—	—	—	—
> 90%	—	—	—	—
TOTAL	Ps. 2,512,136	Ps. 0	Ps. —	Ps. 2,512,136

Commercial loan and leasing portfolio

PD Range	September 30, 2020			
	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
0% - 7.5%	Ps. 101,052,371	Ps. 2,084,755	Ps. —	Ps. 103,137,126
7.5% - 15%	790,719	1,223,847	9	2,014,575
15% - 22.5%	108,866	495,409	—	604,275
22.5% - 30%	71,152	352,145	-	423,297
30% - 45%	68,872	1,716,383	44	1,785,299
45% - 60%	24,914	886,564	49	911,527
60% - 90%	7,409	106,288	1,170	114,867
> 90%	16,954	10,638	8,167,703	8,195,295
TOTAL	Ps. 102,141,257	Ps. 6,876,029	Ps. 8,168,975	Ps. 117,186,261

Consumer loan and leasing portfolio

PD Range	September 30, 2020			
	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
0% - 7.5%	Ps. 48,479,348	Ps. 1,476,728	Ps. 128	Ps. 49,956,204
7.5% - 15%	5,270,492	745,775	1	6,016,268
15% - 22.5%	359,484	588,789	5	948,278
22.5% - 30%	112,948	830,778	7	943,733
30% - 45%	95,757	1,790,783	166	1,886,706
45% - 60%	5,336	1,904,769	153,387	2,063,492
60% - 90%	3,394	2,074,926	249,750	2,328,070
> 90%	706	112,697	2,257,267	2,370,670
TOTAL	Ps. 54,327,465	Ps. 9,525,245	Ps. 2,660,711	Ps. 66,513,421

Mortgage loan and leasing portfolio

PD Range	September 30, 2020			
	Total Exposure			
	Stage 1	Stage 2	Stage 3	Total
0% - 7.5%	Ps. 21,629,538	Ps. 650,856	Ps. 3	Ps. 22,280,397
7.5% - 15%	274,767	438,275	3	713,045
15% - 22.5%	7,880	665,490	4	673,374
22.5% - 30%	—	316,494	16	316,510
30% - 45%	4,012	511,646	2	515,660
45% - 60%	—	258,416	—	258,416
60% - 90%	—	399,044	5	399,049
> 90%	—	1,523	796,074	797,597
TOTAL	Ps. 21,916,197	Ps. 3,241,744	Ps. 796,107	Ps. 25,954,048

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Microcredit loan portfolio

September 30, 2020								
Total Exposure								
PD Range	Stage 1		Stage 2		Stage 3	Total		
0% - 7.5%	Ps.	73,466	Ps.	60	Ps.	—	Ps.	73,526
7.5% - 15%		104,589		54		—		104,643
15% - 22.5%		5,306		231		—		5,537
22.5% - 30%		9,628		120		—		9,748
30% - 45%		6,326		807		—		7,133
45% - 60%		947		33,163		—		34,110
60% - 90%		289		98,472		—		98,761
> 90%		—		—		40,357		40,357
TOTAL	Ps.	200,551	Ps.	132,907	Ps.	40,357	Ps.	373,815

The following tables show the balance of the loan portfolio by class as of December 31, 2019:

Commercial loan portfolio

December 31, 2019								
Total Exposure								
PD Range	Stage 1		Stage 2		Stage 3	Total		
0% - 7.5%	Ps.	82,094,981	Ps.	310,595	Ps.	—	Ps.	82,405,576
7.5% - 15%		855,476		368,086		—		1,223,562
15% - 22.5%		44,548		178,046		—		222,594
22.5% - 30%		45,596		86,323		—		131,919
30% - 45%		30,026		928,098		—		958,124
45% - 60%		1,437		471,156		—		472,593
60% - 90%		1,495		47,979		—		49,474
> 90%		1,573		1,976		5,839,328		5,842,877
TOTAL	Ps.	83,075,132	Ps.	2,392,259	Ps.	5,839,328	Ps.	91,306,719

Consumer loan portfolio

December 31, 2019								
Total Exposure								
PD Range	Stage 1		Stage 2		Stage 3	Total		
0% - 7.5%	Ps.	45,471,761	Ps.	541,845	Ps.	—	Ps.	46,013,606
7.5% - 15%		6,436,998		311,027		—		6,748,025
15% - 22.5%		469,685		317,644		—		787,329
22.5% - 30%		138,510		334,167		—		472,677
30% - 45%		378,371		649,855		—		1,028,226
45% - 60%		3,457		603,034		146,626		753,117
60% - 90%		422,442		1,065,686		210,585		1,698,713
> 90%		104		70,290		2,015,842		2,086,236
TOTAL	Ps.	53,321,328	Ps.	3,893,548	Ps.	2,373,053	Ps.	59,587,929

Mortgage loan portfolio

December 31, 2019								
Total Exposure								
PD Range	Stage 1		Stage 2		Stage 3	Total		
0% - 7.5%	Ps.	16,666,766	Ps.	155,866	Ps.	—	Ps.	16,822,632
7.5% - 15%		116,157		183,028		—		299,185
15% - 22.5%		16,035		234,666		—		250,701
22.5% - 30%		4,187		162,339		—		166,526
30% - 45%		8,606		254,878		—		263,484
45% - 60%		171		184,340		—		184,511
60% - 90%		65		120,355		—		120,420
> 90%		13		3,687		550,230		553,930
TOTAL	Ps.	16,812,000	Ps.	1,299,159	Ps.	550,230	Ps.	18,661,389

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Microcredit loan portfolio

December 31, 2019							
Total Exposure							
PD Range	Stage 1		Stage 2		Stage 3		Total
0% - 7.5%	Ps.	123,733	Ps.	17	Ps.	—	Ps. 123,750
7.5% - 15%		142,921		34		—	142,955
15% - 22.5%		29,829		—		—	29,829
22.5% - 30%		4,174		704		—	4,878
30% - 45%		20,263		570		—	20,833
45% - 60%		8,666		941		—	9,607
60% - 90%		336		22,535		—	22,871
> 90%		—		—		55,597	55,597
TOTAL	Ps.	329,922	Ps.	24,801	Ps.	55,597	Ps. 410,320

Leasing loan portfolio

December 31, 2019							
Total Exposure							
PD Range	Stage 1		Stage 2		Stage 3		Total
0% - 7.5%	Ps.	10,516,783	Ps.	97,462	Ps.	—	Ps. 10,614,245
7.5% - 15%		149,809		82,300		—	232,109
15% - 22.5%		1,177		51,329		—	52,506
22.5% - 30%		16		31,619		—	31,635
30% - 45%		297		115,423		—	115,720
45% - 60%		72		62,957		—	63,029
60% - 90%		152		4,062		—	4,214
> 90%		—		1,888		1,046,411	1,048,299
TOTAL	Ps.	10,668,306	Ps.	447,040	Ps.	1,046,411	Ps. 12,161,757

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

The table below shows the loss allowance balances as of September 30, 2020.

September 30, 2020									
	Stage 1		Stage 2		Stage 3		Simplified approach	Total	
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired				
Loan portfolio									
Commercial loan portfolio	Ps.	767,385	Ps.	544,346	Ps.	3,481,804	Ps.	—	Ps. 4,793,535
Consumer loan portfolio		1,075,533		1,798,768		1,673,292		—	4,547,593
Mortgage loan portfolio		78,168		169,734		246,726		—	494,628
Microcredit loan portfolio		18,242		55,857		37,560		—	111,659
Interbank and overnight funds		1,183		—		—		—	1,183
Total loan portfolio	Ps.	1,940,511	Ps.	2,568,705	Ps.	5,439,382	Ps.	—	Ps. 9,948,598
Investments in debt securities at amortized cost		4,442		8		—		—	4,450
Other accounts receivable		14,274		17,076		99,888		199,386	330,624
Total loss allowance financial assets at amortized cost	Ps.	1,959,227	Ps.	2,585,789	Ps.	5,539,270	Ps.	199,386	Ps. 10,283,672
Investments in debt securities at FVOCI		107,427		369		—		—	107,796
Loan commitments and financial guarantee contracts		48,942		13,298		1,704		—	63,944
Total loss allowance	Ps.	2,115,596	Ps.	2,599,456	Ps.	5,540,974	Ps.	199,386	Ps. 10,455,412

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December 31, 2019											
		Stage 1		Stage 2		Stage 3		Simplified		Total	
		12—month		Lifetime		Lifetime		approach			
		ECL		ECL not		ECL					
				credit—		credit—					
				impaired		impaired					
Loan portfolio											
Commercial loan portfolio	Ps.	642,839	Ps.	190,697	Ps.	2,905,794	Ps.	—	Ps.	3,739,330	
Consumer loan portfolio		1,076,150		851,651		1,620,779		—		3,548,580	
Mortgage loan portfolio		43,492		73,109		189,636		—		306,237	
Microcredit loan portfolio		24,794		11,919		53,112		—		89,825	
Financial leasing loan portfolio		65,863		31,356		404,606		—		501,825	
Total loan portfolio	Ps.	1,853,138	Ps.	1,158,732	Ps.	5,173,927	Ps.	—	Ps.	8,185,797	
Investments in debt securities at amortized cost		737		—		—		—		737	
Other accounts receivable		13,353		13,006		86,797		173,307		286,463	
Total loss allowance financial assets at amortized cost	Ps.	1,867,228	Ps.	1,171,738	Ps.	5,260,724	Ps.	173,307	Ps.	8,472,997	
Investments in debt securities at FVOCI		34,080		—		—		—		34,080	
Loan commitments and financial guarantee contracts		45,509		2,945		1,508		—		49,962	
Total loss allowance	Ps.	1,946,817	Ps.	1,174,683	Ps.	5,262,232	Ps.	173,307	Ps.	8,557,039	

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

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

The table below shows for loans stage 3 individually assessed for ECL the gross amount and loss allowance balances as of September 30, 2020 and December 31, 2019.

September 30, 2020

	Gross Amount		Collateral		Allowance	
	Registered		Guarantees (1)		Recognized	
Without recognized provision						
Commercial	Ps.	76,174	Ps.	47,003	Ps.	—
Interbank and overnight funds		39,050		—		—
Subtotal	Ps.	115,224	Ps.	47,003	Ps.	—
With recognized provision						
Commercial		6,547,897		1,222,128		2,479,306
Consumer		3,696		11		2,764
Mortgage		380		—		239
Interbank and overnight funds		437,806		—		6
Subtotal	Ps.	6,989,779	Ps.	1,222,139	Ps.	2,482,315

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	<u>Gross Amount Registered</u>	<u>Collateral Guarantees (1)</u>	<u>Allowance Recognized</u>
Totals			
Commercial	6,624,071	1,269,131	2,479,306
Consumer	3,696	11	2,764
Mortgage	380	—	239
Interbank and overnight funds	476,856	—	6
Total	Ps. 7,105,003	Ps. 1,269,142	Ps. 2,482,315

December 31, 2019

	<u>Gross Amount Registered</u>	<u>Collateral Guarantees (1)</u>	<u>Allowance Recognized</u>
Without recognized provision			
Commercial	Ps. 67,450	Ps. 47,703	Ps. —
Financial Leasing	36,985	—	—
Subtotal	Ps. 104,435	Ps. 47,703	Ps. —
With recognized provision			
Commercial	5,002,372	634,016	2,150,877
Consumer	3,177	832	2,238
Financial Leasing	795,952	137,855	284,496
Subtotal	Ps. 5,801,501	Ps. 772,703	Ps. 2,437,611
Totals			
Commercial	5,069,822	681,719	2,150,877
Consumer	3,177	832	2,238
Financial Leasing	832,937	137,855	284,496
Total	Ps. 5,905,936	Ps. 820,406	Ps. 2,437,611

(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, 2020 and December 31, 2019, 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, 2020</u>	
	<u>Carrying Amount</u>	<u>Collateral</u>
Stage 1 and 2	Ps. 28,185,866	Ps. 25,706,759
Stage 3	2,357,080	2,183,936
	Ps. 30,542,946	Ps. 27,890,695

	<u>December 31, 2019</u>	
	<u>Carrying Amount</u>	<u>Collateral</u>
Stage 1 and 2	Ps. 20,203,110	Ps. 19,372,921
Stage 3	1,659,725	1,543,378
	Ps. 21,862,835	Ps. 20,916,299

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

	September 30, 2020					
	Scenario A		Scenario B		Scenario C	
Gross Exposure						
Commercial	Ps.	117,186,261	Ps.	117,186,261	Ps.	117,186,261
Consumer		66,513,421		66,513,421		66,513,421
Mortgages		25,954,048		25,954,048		25,954,048
Microcredit		373,815		373,815		373,815
Repos, interbank loans portfolio		2,512,136		2,512,136		2,512,136
Total gross exposure	Ps.	212,539,681	Ps.	212,539,681	Ps.	212,539,681
Loss Allowance						
Commercial	Ps.	4,690,837	Ps.	4,797,396	Ps.	4,901,827
Consumer		4,300,699		4,468,333		4,620,691
Mortgages		462,381		486,651		508,907
Microcredit		101,846		105,977		109,472
Repos, interbank loans portfolio		1,171		1,183		1,190
Total Loss Allowance	Ps.	9,556,934	Ps.	9,859,540	Ps.	10,142,087
Proportion of Assets in Stage 2						
Commercial		5.8 %		5.9 %		6.2 %
Consumer		11.7 %		12.0 %		12.7 %
Mortgages		11.3 %		11.9 %		12.4 %
Microcredit		11.4 %		11.4 %		11.4 %
Repos, interbank loans portfolio		0.0 %		0.0 %		0.0 %

	December 31, 2019					
	Scenario A		Scenario B		Scenario C	
Gross Exposure						
Commercial	Ps.	91,306,719	Ps.	91,306,719	Ps.	91,306,719
Consumer		59,587,929		59,587,929		59,587,929
Mortgages		18,661,389		18,661,389		18,661,389
Microcredit		410,320		410,320		410,320
Financial Leasing		12,161,757		12,161,757		12,161,757
Total gross exposure	Ps.	182,128,114	Ps.	182,128,114	Ps.	182,128,114
Loss Allowance						
Commercial	Ps.	3,682,865	Ps.	3,730,491	Ps.	3,809,884
Consumer		3,487,398		3,530,429		3,583,059
Mortgages		296,025		300,681		310,584
Microcredit		88,461		89,720		91,071
Financial Leasing		505,950		511,754		516,462
Total Loss Allowance	Ps.	8,060,699	Ps.	8,163,075	Ps.	8,311,060
Proportion of Assets in Stage 2						
Commercial		4.1 %		4.1 %		4.2 %
Consumer		8.9 %		9.2 %		9.4 %
Mortgages		7.6 %		8.2 %		8.6 %
Microcredit		6.8 %		6.8 %		6.8 %
Financial Leasing		3.8 %		4.2 %		4.3 %

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The following tables show the reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument as of September 30, 2020.

Loan portfolio

	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.	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 December 31, 2019 versus parameters as of September 30, 2020 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 Ps.	206,036 Ps.	34,512 Ps.	355,356

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

	Stage 1		Stage 2		Stage 3		Total	
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired			
Total portfolio as of December 31, 2019	Ps.	164,206,688	Ps.	8,056,807	Ps.	9,864,619	Ps.	182,128,114
Transfers:								
Transfer from stage 1 to stage 2		(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

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	Stage 1	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
	12-month ECL			
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 ⁽¹⁾	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

(1) See note 22 Business combination details.

Repos, interbank loans portfolio

	Stage 1	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
	12-month ECL			
Loss allowance as of 31 December 2019	Ps. 81	Ps. —	Ps. 905	Ps. 986
Transfers:				
Transfer from stage 2 to stage 1	3	(3)	—	—
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.

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

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

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	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
Total portfolio as of December 31, 2019	Ps.	2,717,983	Ps.	2	Ps.	976	Ps. 2,718,961
Transfers:							
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)
Increase-decrease in interest		16,362		—		—	16,362
Increase-decrease in other receivables associated with loans		47		—		—	47
Write-offs		—		—		—	—
On business combination ⁽¹⁾		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

⁽¹⁾ See note 22 Business combination details.

Commercial loan and leasing portfolio

	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.	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 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.

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

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

	Stage 2				Total
	Stage 1	Lifetime	Stage 3	Total	
	12-month	ECL not	Lifetime	ECL credit-	
	ECL	credit-	ECL credit-	impaired	
	impaired	impaired	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 ⁽¹⁾	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	

⁽¹⁾ See note 22 Business combination details.

Consumer loan and leasing portfolio

	Stage 2				Total
	Stage 1	Lifetime	Stage 3	Total	
	12-month	ECL not	Lifetime	ECL credit-	
	ECL	credit-	ECL credit-	impaired	
	impaired	impaired	impaired	Total	
Loss allowance as of 31 December 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	

⁽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.

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	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 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. 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 ⁽¹⁾	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

⁽¹⁾ See note 22 Business combinations details.

Mortgage loan and leasing portfolio

	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. 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	—
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

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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.

	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 ⁽¹⁾	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

⁽¹⁾ See note 22 business combination details.

Microcredit loan portfolio

	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. 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

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

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit- impaired	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 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	
	12-month ECL	Lifetime ECL not credit- impaired	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)	—	—
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)
On business combination ⁽¹⁾	—	—	—	—
FX and other movements	—	—	—	—
Total portfolio as of September 30, 2020	Ps. 200,551	Ps. 132,907	Ps. 40,357	Ps. 373,815

⁽¹⁾ See note 22 Business combination details.

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Investments in debt securities at FVOCI

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

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

Investments in debt securities at amortized cost

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

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

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Other accounts receivable

	Stage 1		Stage 2		Stage 3		Total		
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		Simplified Approach		
	Ps.		Ps.		Ps.		Ps.		
Loss allowance as of 31 December 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
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

	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 31 December 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

The following tables show the reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument as of September 30, 2019.

Loan portfolio

	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 31 December 2018	Ps.	1,824,874	Ps.	1,197,046	Ps.	5,174,267	Ps.	8,196,187
Transfers:								
Transfer from stage 1 to stage 2		(229,747)		229,747		—		—
Transfer from stage 1 to stage 3		(196,217)		—		196,217		—
Transfer from stage 2 to stage 3		—		(508,993)		508,993		—
Transfer from stage 3 to stage 2		—		90,295		(90,295)		—
Transfer from stage 2 to stage 1		271,507		(271,507)		—		—

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	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Transfer from stage 3 to stage 1	109,749	—	(109,749)	—
Net remeasurement of loss allowance ⁽²⁾	(195,035)	518,115	2,719,533	3,042,613
New financial assets originated or purchased	476,981	79,355	137,559	693,895
Financial assets that have been derecognized	(281,001)	(107,820)	(202,451)	(591,272)
Unwind of discount ⁽¹⁾	555	2,336	367,938	370,829
FX and other movements	85,383	86,074	(40,731)	130,726
Write—offs	(35,035)	(39,752)	(2,812,846)	(2,887,633)
Loss allowance as of September 30, 2019	Ps. 1,832,014	Ps. 1,274,896	Ps. 5,848,435	Ps. 8,955,345

⁽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.

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
	Ps. (17,182)	Ps. (4,203)	Ps. 76,858	Ps. 55,473

Commercial loan portfolio

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Loss allowance as of 31 December 2018	Ps. 695,728	Ps. 190,633	Ps. 3,051,088	Ps. 3,937,449
Transfers:				
Transfer from stage 1 to stage 2	(33,655)	33,655	—	—
Transfer from stage 1 to stage 3	(27,227)	—	27,227	—
Transfer from stage 2 to stage 3	—	(84,727)	84,727	—
Transfer from stage 3 to stage 2	—	18,068	(18,068)	—
Transfer from stage 2 to stage 1	29,955	(29,955)	—	—
Transfer from stage 3 to stage 1	16,286	—	(16,286)	—
Net remeasurement of loss allowance ⁽²⁾	(140,857)	95,020	972,017	926,180
New financial assets originated or purchased	230,885	14,119	70,613	315,617
Financial assets that have been derecognized	(158,973)	(31,969)	(117,782)	(308,724)
Unwind of discount ⁽¹⁾	555	2,320	274,570	277,445
FX and other movements	24,636	14,135	(15,832)	22,939
Write—offs	(255)	(423)	(699,798)	(700,476)
Loss allowance as of September 30, 2019	Ps. 637,078	Ps. 220,876	Ps. 3,612,476	Ps. 4,470,430

⁽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.

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
	Ps. 5,629	Ps. 5,728	Ps. 34,703	Ps. 46,060

Consumer loan portfolio

	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 2018	Ps. 998,390	Ps. 890,556	Ps. 1,553,365	Ps. 3,442,311
Transfers:				
Transfer from stage 1 to stage 2	(177,390)	177,390	—	—
Transfer from stage 1 to stage 3	(155,936)	—	155,936	—
Transfer from stage 2 to stage 3	—	(377,575)	377,575	—
Transfer from stage 3 to stage 2	—	57,586	(57,586)	—
Transfer from stage 2 to stage 1	210,897	(210,897)	—	—
Transfer from stage 3 to stage 1	83,429	—	(83,429)	—
Net remeasurement of loss allowance ⁽²⁾	(18,779)	374,370	1,573,449	1,929,040
New financial assets originated or purchased	216,083	62,645	51,326	330,054
Financial assets that have been derecognized	(118,278)	(72,078)	(70,244)	(260,600)
Unwind of discount ⁽¹⁾	—	16	60,010	60,026
FX and other movements	57,968	61,838	(17,969)	101,837
Write—offs	(34,266)	(39,094)	(1,931,676)	(2,005,036)
Loss allowance as of September 30, 2019	Ps. 1,062,118	Ps. 924,757	Ps. 1,610,757	Ps. 3,597,632

⁽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.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
	Ps. (19,751)	Ps. (10,415)	Ps. 40,286	Ps. 10,120

Mortgage loan portfolio

	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 2018	Ps. 35,187	Ps. 73,461	Ps. 148,595	Ps. 257,243
Transfers:				
Transfer from stage 1 to stage 2	(7,581)	7,581	—	—
Transfer from stage 1 to stage 3	(1,087)	—	1,087	—
Transfer from stage 2 to stage 3	—	(21,066)	21,066	—
Transfer from stage 3 to stage 2	—	8,414	(8,414)	—
Transfer from stage 2 to stage 1	18,662	(18,662)	—	—
Transfer from stage 3 to stage 1	3,760	—	(3,760)	—

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	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Net remeasurement of loss allowance ⁽²⁾	(13,088)	28,156	79,887	94,955
New financial assets originated or purchased	5,905	290	661	6,856
Financial assets that have been derecognized	1,689	(2,726)	(6,421)	(7,458)
Unwind of discount ⁽¹⁾	—	—	4,356	4,356
FX and other movements	1,868	9,530	(5,576)	5,822
Write—offs	(388)	(105)	(54,041)	(54,534)
Loss allowance as of September 30, 2019	Ps. 44,927	Ps. 84,873	Ps. 177,440	Ps. 307,240

⁽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.

	Stage 1	12- month ECL	Stage 2	Lifetime ECL not credit- impaired	Stage 3	Lifetime ECL credit- impaired	Total
	Ps.	(1,600)	Ps.	(560)	Ps.	1,566	Ps. (594)

Microcredit loan portfolio

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Loss allowance as of 31 December 2018	Ps. 23,348	Ps. 11,962	Ps. 52,867	Ps. 88,177
Transfers:				
Transfer from stage 1 to stage 2	(6,895)	6,895	—	—
Transfer from stage 1 to stage 3	(2,478)	—	2,478	—
Transfer from stage 2 to stage 3	—	(18,041)	18,041	—
Transfer from stage 3 to stage 2	—	1,866	(1,866)	—
Transfer from stage 2 to stage 1	4,295	(4,295)	—	—
Transfer from stage 3 to stage 1	668	—	(668)	—
Net remeasurement of loss allowance ⁽²⁾	(1,442)	13,212	16,040	27,810
New financial assets originated or purchased	8,620	365	3	8,988
Financial assets that have been derecognized	(1,798)	(177)	(89)	(2,064)
Unwind of discount ⁽¹⁾	—	—	7,618	7,618
FX and other movements	—	—	—	—
Write—offs	(99)	(59)	(41,209)	(41,367)
Loss allowance as of September 30, 2019	Ps. 24,219	Ps. 11,728	Ps. 53,215	Ps. 89,162

⁽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.

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
	Ps. 353	Ps. (108)	Ps. (6)	Ps. 239

Leasing loan portfolio

	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 2018	Ps. 72,221	Ps. 30,434	Ps. 368,352	Ps. 471,007
Transfers:				
Transfer from stage 1 to stage 2	(4,226)	4,226	—	—
Transfer from stage 1 to stage 3	(9,489)	—	9,489	—
Transfer from stage 2 to stage 3	—	(7,584)	7,584	—
Transfer from stage 3 to stage 2	—	4,361	(4,361)	—
Transfer from stage 2 to stage 1	7,698	(7,698)	—	—
Transfer from stage 3 to stage 1	5,606	—	(5,606)	—
Net remeasurement of loss allowance ⁽²⁾	(20,869)	7,357	78,140	64,628
New financial assets originated or purchased	15,488	1,936	14,956	32,380
Financial assets that have been derecognized	(3,641)	(870)	(7,915)	(12,426)
Unwind of discount ⁽¹⁾	—	—	21,384	21,384
FX and other movements	911	571	(1,354)	128
Write—offs	(27)	(71)	(86,122)	(86,220)
Loss allowance as of September 30, 2019	Ps. 63,672	Ps. 32,662	Ps. 394,547	Ps. 490,881

⁽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.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
	Ps. (1,813)Ps.	1,152 Ps.	309 Ps.	(352)

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Investments in debt securities at FVOCI

	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 2018	Ps. 20,757	Ps. 31,980	Ps. 46,280	Ps. 99,017
Transfers:				
Transfer from stage 1 to stage 2	—	—	—	—
Net remeasurement of loss allowance ⁽²⁾	(3,479)	(3,565)	(55)	(7,099)
New financial assets originated or purchased	18,737	—	—	18,737
Financial assets that have been derecognized	(3,385)	(17,990)	(45,602)	(66,977)
Unwind of discount ⁽¹⁾	—	—	—	—
FX and other movements	(1,039)	(807)	(623)	(2,469)
Loss allowance as of September 30, 2019	Ps. 31,591	Ps. 9,618	Ps. —	Ps. 41,209

⁽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.

	Stage 1	Stage 2	Stage 3	Total
	12- month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	
	Ps. (2,174)	Ps. —	Ps. —	Ps. (2,174)

Investments in debt securities at amortized cost

	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 2018	Ps. 71	Ps. —	Ps. —	Ps. 71
Transfers:				
Transfer from stage 1 to stage 2	—	—	—	—
Net remeasurement of loss allowance ⁽²⁾	176	—	—	176
New financial assets originated or purchased	435	—	—	435
Financial assets that have been derecognized	(28)	—	—	(28)
Unwind of discount ⁽¹⁾	—	—	—	—
FX and other movements	(52)	—	—	(52)
Loss allowance as of September 30, 2019	Ps. 602	Ps. —	Ps. —	Ps. 602

⁽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.

	Stage 1	Stage 2	Stage 3	Total
	12- month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	
	Ps. 146	Ps. —	Ps. —	Ps. 146

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Other accounts receivable

		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 31 December 2018	Ps.	19,700	Ps.	11,561	Ps.	66,327	Ps.	159,303	Ps.	256,891
Transfers stages		(19,176)		(754)		19,930		—		—
Net remeasurement of loss allowance		2,739		(1,204)		22,481		21,254		45,270
New financial assets originated or purchased		—		—		—		—		—
Financial assets that have been derecognized		—		—		—		—		—
Unwind of discount (1)		—		—		—		—		—
FX and other movements		367		—		—		795		1,162
Approach change		8,996		(1,421)		(10,170)		2,595		—
Write—offs		(1,579)		(534)		(7,118)		(6,191)		(15,422)
Loss allowance as of September 30, 2019	Ps.	11,047	Ps.	7,648	Ps.	91,450	Ps.	177,756	Ps.	287,901

(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

		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 2018	Ps.	40,715	Ps.	14,358	Ps.	4,355	Ps.	59,428
Transfers:								
Transfer from Stage 1 to Stage 2		(619)		619		—		—
Transfer from Stage 1 to Stage 3		(223)		—		223		—
Transfer from Stage 2 to Stage 3		—		(172)		172		—
Transfer from Stage 3 to Stage 2		—		42		(42)		—
Transfer from Stage 2 to Stage 1		8,320		(8,320)		—		—
Transfer from Stage 3 to Stage 1		3,542		—		(3,542)		—
Net remeasurement of loss allowance		(28,204)		(3,844)		(587)		(32,635)
New loan commitments and financial guarantees issued		10,003		1,044		67		11,114
FX and other movements		1,021		1		8		1,030
Loss allowance as of September 30, 2019	Ps.	34,555	Ps.	3,728	Ps.	654	Ps.	38,937

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, 2020 and December 31, 2019:

Credit lines commitments not used

		September 30, 2020 Notional amount		December 31, 2019 Notional amount
Guarantees	Ps.	4,433,966	Ps.	3,341,641
Unused letters of credit		1,441,958		1,133,385
Unused limits of overdrafts		21,878		67,126
Unused credit card limits		25,948,835		23,125,249
Other		4,907,631		4,487,203
Total	Ps.	36,754,268	Ps.	32,154,604

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

		September 30, 2020	December 31, 2019
Colombian Pesos	Ps.	16,062,010 Ps.	14,914,209
U.S. dollars		19,978,361	13,750,968
Euro		478,122	3,292,845
Other		235,775	196,582
Total	Ps.	36,754,268 Ps.	32,154,604

NOTE 5 – HEDGE ACCOUNTING

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

Hedges of net investment in foreign operations

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

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

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

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

Date	Value of USD 1	Three-month variation in pesos	Nine-month variation in pesos
September 30, 2020	3,865.47	109.19	588.33
December 31, 2019	3,277.14	(200.31)	102.35
September 30, 2019	3,477.45	271.78	227.70

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. 2,669,200	Ps. (1,216,136)	Ps. (1,308,315)	Ps. 144,749
Other subsidiaries and branches Banco de Bogotá	86,959	—	(87,801)	(842)
Occidental Bank Barbados	21,676	(21,676)	—	—
Banco de Occidente (Panamá)	28,861	(28,861)	—	—
Sociedad Portuaria El Cayao S.A. E.S.P.	17,804	(17,804)	—	—
Gases del Pacífico S.A.C.	2,395	(4,551)	—	(2,156)
Gas Natural de Lima y Callao S.A.C. – Calidda	77,481	(77,481)	—	—
Gas Comprimido del Perú S.A.C.	950	(950)	—	—
Gases del Norte del Perú S.A.C.	362	(362)	—	—
Total	Ps. 2,905,688	Ps. (1,367,821)	Ps. (1,396,116)	Ps. 141,751

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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, 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.	6,900,137 Ps.	(2,867,959) Ps.	(4,024,529) Ps.	7,649
Other subsidiaries and branches Banco de Bogotá (2)	147,869	—	(147,523)	216,575	—	(215,134)	1,441
Occidental Bank Barbados	33,841	(33,841)	—	47,424	(47,424)	—	—
Banco de Occidente (Panamá)	48,514	(48,514)	—	66,237	(66,237)	—	—
Sociedad Portuaria El Cayao S.A. E.S.P.	28,365	(28,365)	—	27,136	(27,136)	—	—
Gases del Pacífico S.A.C.	16,124	(16,124)	—	4,697	(8,041)	—	(3,344)
Gas Natural de Lima y Callao S.A.C. – Calidda							
Gases del Norte del Perú S.A.C.	4,820	(4,820)	—	950	(950)	—	—
Gases del Norte del Perú S.A.C.	699	(699)	—	362	(362)	—	—
Total	4,552,420	(2,198,764)	(956,904) Ps.	7,263,156 Ps.	(3,017,747) Ps.	(4,239,663) Ps.	5,746

December 31, 2019

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	4,475,304	(2,067,100)	(2,391,651) Ps.	4,230,937 Ps.	(1,651,823) Ps.	(2,716,214) Ps.	(137,100)
Other subsidiaries and branches Banco de Bogotá (2)	139,662	—	(137,752)	129,616	—	(127,333)	2,283
Occidental Bank Barbados	31,027	(31,027)	—	25,748	(25,748)	—	—
Banco de Occidente (Panamá)	38,924	(38,924)	—	37,376	(37,376)	—	—
Sociedad Portuaria El Cayao S.A. E.S.P.	26,214	(26,214)	—	9,332	(9,332)	—	—
Gases del Pacífico S.A.C.	2,500	(2,500)	—	2,302	(3,490)	—	(1,188)
Gas Natural de Lima y Callao S.A.C. – Calidda	131,606	(131,606)	—	(3,977)	3,977	—	—
Total	4,845,237	(2,297,371)	(2,529,403) Ps.	4,431,334 Ps.	(1,723,792) Ps.	(2,843,547) Ps.	(136,005)

(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.

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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) Cash flow and fair value hedging

With the acquisition of the subsidiary Multi Financial Group (see note 22 for the detail of the business combination) in the development of their treasury operations and bond issuance they designated hedge accounting, the derivative instruments designated to hedge cash flows are instruments that hedge exposure to changes in cash flows associated with a previously recognized asset or liability, or to a highly probable forecast transaction. The effective part of any change in the fair value of the hedging instrument is recognized directly in equity and is presented as a reserve for cash flow hedging, while the ineffective part of any change in the fair value is recognized in the Statement of Income. The amounts accumulated in equity are reclassified to income in the periods in which hedging transactions will affect the Statement of Income.

d) Testing of hedge effectiveness

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

According to this, each hedging was effective at September 30, 2020 and December 31, 2019.

NOTE 6 – TANGIBLE ASSETS

The movement of the carrying value amounts of tangible assets for the years ended on September 30, 2020, and December 31, 2019 is as follows:

Property, plant and equipment	September 30, 2020	December 31, 2019
Properties, plant and equipment for own use ⁽¹⁾	Ps. 6,110,188	Ps. 5,783,234
Right-of-use assets ⁽¹⁾	2,233,440	2,125,558
Investment properties ⁽¹⁾	924,528	928,566
Biological Assets	117,078	104,857
Properties, plant and equipment given in operating lease	9,958	8,196
Total	Ps. 9,395,192	Ps. 8,950,411

(1) Impact of business combination for Ps. 359,762, assigned as follows: Property, plant and equipment for Ps. 285,596, assets for rights of use for Ps. 65,096, and investment properties for Ps. 9,070 (see note 22).

NOTE 7 – GOODWILL

The following is the roll-forward of goodwill balances during the period ended September 30, 2020 and December 31, 2019:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Balance at the beginning of the period	Ps. 7,348,587	Ps. 7,318,594
Acquisitions ⁽¹⁾	126,013	—
Impairment charge	—	(13,041)
Effect of movements in exchange rates	930,946	43,034
Balance at the end of the period	Ps. 8,405,546	Ps. 7,348,587

(1) Includes recognition of the business combination on Multi Financial Group, Inc., (see note 22).

NOTE 8 – CONCESSIONS

The following are the balances for Grupo Aval for concession contracts for nine-months periods ended September 30, 2020 and, 2019:

	<u>Gas and energy</u>		<u>Infrastructure</u>		<u>Total</u>	
Cost						
At December 31, 2019	Ps. 3,785,538	Ps. 4,494,254	Ps. 8,279,792			
Additions	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			

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	Gas and energy	Infrastructure	Total
Cost			
At December 31, 2018	Ps. 3,033,014	Ps. 3,732,759	Ps. 6,765,773
Additions	494,409	1,160,909	1,655,318
Reclassification to PPE	255	—	255
Withdrawals	(3,059)	(408)	(3,467)
Effect of movements in exchange rates	38,211	—	38,211
At September 30, 2019	Ps. 3,562,830	Ps. 4,893,260	Ps. 8,456,090
Accumulated Amortization			
At December 31, 2018	Ps. (501,737)	Ps. (749,555)	Ps. (1,251,292)
Amortization of the period	(101,277)	(94,731)	(196,008)
Reclassification to PPE	—	—	—
Withdrawals ⁽¹⁾	2,931	(21,884)	(18,953)
Effect of movements in exchange rates	(2,219)	—	(2,219)
At September 30, 2019	Ps. (602,302)	Ps. (866,170)	Ps. (1,468,472)
Impairment losses			
At December 31, 2018	Ps. —	Ps. —	Ps. —
Impairment charge	—	(2,007)	(2,007)
At September 30, 2019	Ps. —	Ps. (2,007)	Ps. (2,007)
Total Intangible Assets			
At December 31, 2018	Ps. 2,531,277	Ps. 2,983,204	Ps. 5,514,481
Cost	529,816	1,160,501	1,690,317
Amortization	(100,565)	(116,615)	(217,180)
Impairment losses	—	(2,007)	(2,007)
At September 30, 2019	Ps. 2,960,528	Ps. 4,025,083	Ps. 6,985,611

(1) In infrastructure, Proyectos de Infraestructura PISA S.A. includes of Ps. 21,884 for 2019, that was offset with a liability outstanding with Agencia Nacional de Infraestructura (ANI), due to the liquidation of the capacity records with the ANI.

The following are the balances for Grupo Aval for concession contracts for three-months periods ended September 30, 2020 and, 2019:

	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)
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

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	<u>Gas and energy</u>	<u>Infrastructure</u>	<u>Total</u>
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

	<u>Gas and energy</u>	<u>Infrastructure</u>	<u>Total</u>
Cost			
At June 30, 2019	Ps. 3,320,756	Ps. 4,531,192	Ps. 7,851,948
Additions	197,841	362,471	560,312
Reclassification to PPE	109	—	109
Withdrawals	(80)	(403)	(483)
Effect of movements in exchange rates	44,204	—	44,204
At September 30, 2019	Ps. 3,562,830	Ps. 4,893,260	Ps. 8,456,090

Accumulated Amortization			
At June 30, 2019	Ps. (565,636)	Ps. (856,885)	Ps. (1,422,521)
Amortization of the period	(34,311)	(9,285)	(43,596)
Withdrawals	13	—	13
Effect of movements in exchange rates	(2,368)	—	(2,368)
At September 30, 2019	Ps. (602,302)	Ps. (866,170)	Ps. (1,468,472)

Impairment losses			
At June 30, 2019	Ps. —	Ps. —	Ps. —
Impairment charge	—	(2,007)	(2,007)
At September 30, 2019	Ps. —	Ps. (2,007)	Ps. (2,007)

Total Intangible Assets			
At June 30, 2019	Ps. 2,755,120	Ps. 3,674,307	Ps. 6,429,427
Cost	242,074	362,068	604,142
Amortization	(36,666)	(9,285)	(45,951)
Impairment losses	—	(2,007)	(2,007)
At September 30, 2019	Ps. 2,960,528	Ps. 4,025,083	Ps. 6,985,611

NOTE 9 - INCOME TAX

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

The effective tax rate of the consolidated Grupo Aval, with respect to the continuous operations for the nine-month period ended September 30, 2020 was 28.65%, and for the nine-month period ended September 30, 2019 was 29.00%.

Comparing the effective rates at the end of the first period of the 2020 and 2019, there is a variation in the effective tax rate of 0.35%, with the rate recorded during nine-month period of 2020 being lower.

The effective tax rate of the consolidated Grupo Aval, with respect to the continuous operations for the three-month period ended September 30, 2020 was 31.29%, and for the three-month period ended September 30, 2019 was 25.19%.

Comparing the effective rates at the end of the third quarter of the years 2020 and 2019, a variation of the effective tax rate of 6.10% is found, the rate recorded during the third quarter of 2020 being higher. following factors:

- During the third quarter of 2019, Banco de Occidente recorded a deferred tax recovery income of Ps. 60.547. The recovery corresponds to the reversal of the deferred tax liability of the fixed assets that were subject to the tax normalization tax, whose temporary taxable difference decreases when updating the tax bases of these assets. During the third quarter of 2020, no tax recovery value was recorded. This variation represents a 3.62% variation in the effective rate with respect to the third quarter of 2019.
- During the third quarter of 2020, a variation of Ps. 57.549 corresponding to the effect of applying rates on profits in subsidiaries. The variation generates that the effect during the third quarter of the year 2019 the effective rate decreases 3.25%

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of the effective rate when compared with the same effect for the third quarter of the year 2020.

The nominal tax rate decreased by 1% for the companies responsible for income tax in Colombia, going from 37% in 2020 to 36% in 2020 for entities classified as financial entities, and from 33 % in 2020 to 32% in 2020 for entities that are not classified as financial entities. It is important to note that the 37% rate of the year 2020 for financial institutions is composed of a 4% rent surcharge that was declared non-applicable in October 2020, but it is until the last quarter of 2020 that this effect is reflected in tax spending.

NOTE 10 – EMPLOYEE BENEFITS

The detail of the balance of liabilities for employee benefits as of September 30, 2020 and December 31, 2019 is as follows:

	September 30, 2020		December 31, 2019	
Short term ⁽¹⁾	Ps.	637,392	Ps.	480,489
Post-employment		596,942		590,914
Long term		182,269		186,333
Total	Ps.	1,416,603	Ps.	1,257,736
Plan Asset	Ps.	(25,669)	Ps.	(22,756)
Net employee benefits	Ps.	1,390,934	Ps.	1,234,980

(1) Includes an increase in the service premiums liability Ps. 107,214.

NOTE 11 – PROVISIONS

Below are the balances for legal provisions and other provisions during the periods ended on September 30, 2020 and December 31, 2019:

	September 30, 2020		December 31, 2019	
Legal Provisions	Ps.	199,628	Ps.	194,680
Other provisions		674,985		673,962
Total	Ps.	874,613	Ps.	868,642

NOTE 12 – OTHER LIABILITIES

Accounts payable and other liabilities comprised the following for the periods ended on September 30, 2020 and December 31, 2019:

OTHERS	September 30, 2020		December 31, 2019	
Suppliers and services payable	Ps.	2,055,546	Ps.	1,877,694
Income received for third parties		1,401,529		1,338,265
Dividends payable		1,192,776		631,111
Resources for third parties anchoring		572,351		539,584
Cashier checks		599,626		789,680
Non-financial liabilities		474,716		507,513
Withholdings taxes and labor contributions		386,756		471,201
Commissions and fees		322,494		290,160
Collection on behalf of third parties		276,501		250,769
Collection service		271,572		282,184
Transactions ATH and ACH		216,652		585,526
Customer loyalty programs		176,852		150,846
Checks drawn and not paid		132,066		46,220
Affiliate establishments		94,491		169,807
Cash surplus		53,851		235,840
Tax levies		52,363		86,568
Anticipated income		45,942		39,427
Canceled accounts		30,014		28,524

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OTHERS	September 30, 2020	December 31, 2019
Insurance payables	40,541	26,767
Contributions and affiliations	24,924	27,004
Financial transactions tax	21,888	22,280
Promissory buyers	18,463	8,601
Leases	5,995	5,778
Deferred credits	1,070	1,075
Compensation to customers	924	2,102
Other liabilities	308,036	314,856
Total other liabilities (1)	Ps. 8,777,939 Ps.	8,729,382

OTHERS	September 30, 2020	December 31, 2019
Liabilities to be canceled within twelve months	Ps. 5,894,997 Ps.	5,946,523
Liabilities to be canceled after twelve months	2,882,942	2,782,859
Total	Ps. 8,777,939 Ps.	8,729,382

(1) Within the total of other liabilities, an impact of business combination for Ps. 241,447 (see note 22).

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:

	December 31, 2019	December 31, 2018
Profits of the immediately preceding period determined in the separate financial statements of Grupo Aval.	Ps. 3,031,238 Ps.	2,887,749
Occasional reserve release at the disposal of the General Meeting of Shareholders	7,816,338	6,265,450
Total income available for disposal of the General Meeting of Shareholders	Ps. 10,847,576 Ps.	9,153,199
Cash dividends declared	60 pesos per share payable in twelve installments of 5 pesos per share, from April 2020 to March 2021	60 pesos per share payable in twelve installments of 5 pesos per share, from April 2019 to March 2020
Total shares outstanding	22,281,017,159	22,281,017,159
Total dividends decreed for controlling interests	1,336,861	1,336,861
To occasional reserve at the disposal of General Meeting of Shareholders	9,510,715	7,816,338

Equity transactions

On September 30, 2020 some transactions took place which resulted in changes to the interests which Grupo Aval and its subsidiaries have on the following investments

In Corficolombiana during the dividend distribution process Grupo Aval and its subsidiaries received dividends in shares, unlike some minority shareholders who chose to change the payment of dividends in shares for that of cash dividends, generating a dilution effect at a consolidated level of Grupo Aval for a value of Ps. 22,896, which resulted in a modification in the participation of Grupo Aval from 38.63% to 39.58%.

During the third quarter, Leasing Bogotá Panamá acquired an additional percentage of the non-controlling interest of MFG for Ps. 50.813.

Preference shares

Corresponds to Ps.12,062 (US \$ 3.1 million) for the payment of dividends corresponding to the preferred shares issued by Multifinancial Group. On the other hand, preferred shares were redeemed for a value of Ps. 230,567 (US \$ 62 million).

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Capital expenses commitments

As of September 30, 2020, and December 31, 2019, Grupo Aval and its subsidiaries had contractual disbursement commitments of capital expenditures for Ps. 153,997 and Ps. 311,729, respectively.

Contingencies

As of September 30, 2020, and December 31, 2019, Grupo Aval and its subsidiaries attended administrative and legal proceedings as defendant; the claims of the proceedings were assessed based on analyses and opinion-s of responsible lawyers. The following legal contingencies were determined:

Labor Proceedings

As of September 30, 2020, and December 31, 2019, labor complaints had been recognized for Ps. 90,646 and Ps. 85,663 respectively. Historically, many of these proceedings have been resolved in favor of Grupo Aval and its subsidiaries.

Civil Proceedings

As of September 30, 2020, and December 31, 2019, 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. 414,824 of which Ps. 112,152 correspond to processes acquired through the business combination and for December 2019 amounted to Ps. 305,198 respectively.

Administrative, Tax Proceedings and Other Proceedings

Claims derived from administrative and judicial processes include those of fiscal responsibility over the concession contracts, tax proceedings and other, filed by national and local tax authorities. These authorities may establish, in some cases, sanctions in which Grupo Aval and its subsidiaries 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, 2020, and December 31, 2019, the amount of the claims amounted to Ps. 60,588 of which Ps. 3,896 correspond to processes acquired through the business combination and for December 2019 amounted to Ps. 64,077 respectively.

Other matters

The outcomes of the following legal proceedings are not classified as “possible” in accordance with IAS 37, however, they are being disclosed herein in attention to their relevance.

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

By Resolution No. 67837 of September 13, 2018, the Deputy Superintendency for the Protection of Free-Competition (“Antitrust Division”) of the Superintendence of Industry and Commerce (“SIC”) ordered the opening of an investigation and filing of charges against a number of entities and individuals, including 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”), a company in which Corficolombiana participates with 33%. The Antitrust Division also filed charges against some current and former officers of Corficolombiana and Grupo Aval, including José Elías Melo Acosta, Luis Carlos Sarmiento Gutiérrez and Diego Fernando Solano Saravia.

The Antitrust Division argues that an alleged violation of the Colombian legal regime of free economic competition occurred in the bidding process of the Ruta del Sol Sector 2 project. As a result of the foregoing, the Division decided to open the aforementioned investigation in which it filed two charges against Corficolombiana, two charges against Episol, one charge against CRDS and one charge against Grupo Aval.

Grupo Aval, Corficolombiana and Episol, as well as their officers, submitted their defense accompanied by documentary evidence and requests for evidence. On December 19, 2019, the Division decreed the closing of the evidence stage and

on July 23, 2020, it released a report ("Informe Motivado") in which it recommended: (i) to dismiss the charges related to the alleged conflict of interest with respect to all parties including Grupo Aval and its officers, Corficolombiana and its officers, and Episol based on the statute of limitations, and (ii) to impose fines on all the investigated entities and individuals with respect to the alleged "payment of a bribe", including Corficolombiana and Episol, arguing, in the case of the latter, an alleged knowledge of the conduct confessed by Odebrecht.

The Informe Motivado is a recommendation of the Antitrust Division to the Superintendent of Industry and Commerce, who will issue a decision according to his own assessment of the case.

Regarding the foregoing, paragraph 15 of article 4 of Decree 2153 of 1992, modified by article 25 of Law 1340 of 2009, provides that "for the violation of any of the provisions on protection of competition" the SIC may impose fines up to the sum of 100,000 current minimum monthly wages (currently 87,780 million for each position) or, if it turns out to be higher, up to 150% of the profit derived from the conduct by the offender. In the event of an unfavorable decision under the scenario proposed by the Informe Motivado, the maximum amount of the possible penalty would impact the net income attributable to Grupo Aval by Ps.69,478.

It is not possible to assess the probabilities of this contingency, since it will be the result of the analysis of the Superintendent of Industry and Commerce with respect to the Informe Motivado, the evidence and the different requests, which will determine the dismissal of the charges or the eventual imposition of a fine and its amount.

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:

	For the three-month periods ended		For the nine-month	
	September 30		periods ended September 30	
Income from commissions and fees	2020	2019	2020	2019
Commissions on banking services Ps	692,331 Ps	753,060 Ps	2,065,498 Ps	2,184,353
Fees on credit cards	323,531	337,846	922,751	967,720
Pension and severance fund management	287,790	279,631	856,400	836,209
Trust activities	91,194	87,126	251,467	252,190
Storage services	37,762	39,825	109,425	120,910
Commissions on drafts, checks and checkbooks	7,041	12,771	23,510	37,539
Office network services	3,798	6,287	12,740	18,447
Other commissions	2,489	2,645 Ps.	7,234	7,658
Total Income from commissions and fees Ps.	1,445,936 Ps.	1,519,191	4,249,025 Ps.	4,425,026

	For the three-month periods		For the nine-month periods	
	ended September 30		ended September 30	
Commissions and fees expenses	2020	2019	2020	2019
Banking services Ps	(97,043)Ps	(80,092)Ps	(295,570)Ps	(225,225)
Affiliations to pension funds	(16,432)	(26,921)	(54,430)	(71,173)
Information processing services of operators	(5,615)	(4,249)	(16,170)	(13,466)
Offices Network Services	(3,061)	(1,051)	(2,911)	(9,923)
Administration and intermediation services	(1,050)	(2,716)	(12,919)	(3,006)
Banking services	(308)	(190)	(1,102)	(518)
Other	(55,136)	(48,780)	(158,292)	(140,329)
Total Commissions and fees expenses	(178,645)	(163,999)	(541,394)	(463,640)
Net income from commissions and fees Ps.	1,267,291 Ps.	1,355,192 Ps.	3,707,631 Ps.	3,961,386

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		For the three-month periods ended		For the nine-month periods	
		September 30		ended September 30	
		2020	2019	2020	2019
Income from sales of goods and services					
Energy and gas E&G ⁽¹⁾	Ps.	966,849 Ps	1,212,443 Ps	3,021,539 Ps	3,012,619
Infrastructure ⁽²⁾		1,166,588	899,014	2,812,206	2,566,682
Hotels ⁽³⁾		11,070	91,224	99,606	265,227
Agribusiness		41,746	30,491	105,524	93,317
Others Services		34,446	50,798	93,256	160,228
Others operating income		47,276	96,986	127,736	284,248
Total Income from sales of goods and services	Ps.	2,267,975 Ps.	2,380,956 Ps.	6,259,867 Ps.	6,382,321

Costs and expenses of sales goods and services

Cost of sales of companies from non-financial sector Ps		(1,172,886)Ps	(1,342,339)Ps	(3,329,846)Ps	(3,318,812)
General and administrative expenses		(115,493)	(134,246)	(355,840)	(424,002)
Personnel expenses		(134,738)	(137,115)	(393,112)	(410,263)
Amortization		(55,324)	(48,042)	(160,470)	(209,495)
Commissions and fees expenses		(6,346)	(8,141)	(19,033)	(22,973)
Depreciation		(27,973)	(18,565)	(83,938)	(72,244)
Bonus payments		(5,631)	(8,985)	(19,629)	(28,375)
Allowance for impairment of loans and receivables		(191)	(3,375)	(29,940)	(27,116)
Donations expenses		(4,248)	(2,965)	(30,591)	(8,893)
Depreciation right of use assets		(9,024)	(15,134)	(26,836)	(22,168)
Labor severances		(1,921)	(556)	(3,353)	(2,198)
Total Costs and expenses of sales goods and services	Ps.	(1,533,775) Ps.	(1,719,463) Ps.	(4,452,588) Ps.	(4,546,539)
Net income from sales goods and services	Ps.	734,200 Ps.	661,493 Ps.	1,807,279 Ps.	1,835,782

(1) The decrease in Ps. 245,594 submitted for the third quarter of 2020 corresponds to the energy and gas consumption income Ps. 174,471, mainly from Promigas, Ps. 59,813 from Gases del pacifico and Ps. 25,579 from Surtigas del Caribe.

(2) The increase in Ps. 267,574 submitted for the third quarter of 2020 corresponds to the progress of the work, mainly of Covioriente PS. 198,830, Proyecto de inversión vial del pacifico Ps. 191,100, concesionaria vial del pacifico Ps. 137,301, for their part, had decreases Episol Ps. 124,723, Proyectos y desarrollos viales del pacifico Ps. 51,649, Epiandes Ps. 45,885, Coviandina 44,730, Coviandes Ps. 26,439.

(3) The decrease corresponds to the effect of the Covid pandemic – 19.

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		For the nine-months periods ended	
		September 30,		September 30,	
		2020	2019	2020	2019
Trading investment income ⁽¹⁾					
Fixed income securities	Ps.	84,849	Ps. 48,321	Ps. 191,664	Ps. 203,942
Equities		126,538	104,697	132,343	284,616
Total trading investment income	Ps.	211,387	Ps. 153,018	Ps. 324,007	Ps. 488,558
Derivatives income					
Net income (loss) on financial derivatives ⁽²⁾		(49,572)	250,091	746,978	199,254
Other trading income ⁽³⁾		39,490	78,208	137,919	110,255
Total derivatives income	Ps.	(10,082)	Ps. 328,299	Ps. 884,897	Ps. 309,509
Total net trading income	Ps.	201,305	Ps. 481,317	Ps. 1,208,904	Ps. 798,067

(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.

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- (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 September 30		For the nine-month periods ended September 30	
	2020	2019	2020	2019
Foreign exchange gains (losses), net (1)	Ps. 221,792	Ps. (207,828)	Ps. (368,310)	Ps. (25,174)
Net gain on sale of debt and equity securities	312,691	118,854	513,170	189,918
Share of profit of equity accounted investees, net of tax	52,351	64,897	160,179	174,445
Dividends	2,937	3,381	86,631	82,982
Gain on the sale of non-current assets held for sale	8,793	5,601	44,007	18,183
Gain on sale of assets properties, plant and equipment	1,606	6,486	14,888	13,718
Net gain in assets valuation	(4,367)	4,754	(2,855)	1,978
Other income	83,671	108,633	280,668	300,710
Total other income	Ps. 679,474	Ps. 104,778	Ps. 728,378	Ps. 756,760

Other expense	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2020	2019	2020	2019
Personnel expenses	Ps. (1,137,334)	Ps. (1,061,648)	Ps. (3,312,832)	Ps. (3,023,925)
Taxes and fees	(233,689)	(286,048)	(717,709)	(690,911)
Consultancy, audit and other fees	(168,668)	(166,648)	(490,955)	(464,425)
Affiliation contributions and transfers	(127,504)	(177,432)	(427,404)	(482,771)
Maintenance and repairs	(137,012)	(117,849)	(375,440)	(328,411)
Insurance	(133,373)	(96,378)	(374,070)	(282,997)
Depreciation of tangible assets	(108,678)	(107,741)	(324,529)	(314,176)
Depreciation right of use assets	(83,452)	(74,936)	(243,495)	(219,618)
Warehouse services	(70,445)	(72,233)	(211,867)	(206,594)
Amortization of intangible assets	(70,442)	(49,173)	(179,013)	(137,895)
Marketing	(42,986)	(90,832)	(152,205)	(226,880)
Transportation services	(38,790)	(44,342)	(124,567)	(133,196)
Cleaning and security services	(42,046)	(35,028)	(120,056)	(100,693)
Leases (Rent)	(40,402)	(46,226)	(116,627)	(128,044)
Outsourcing services	(35,202)	(37,721)	(105,289)	(97,771)
Data processing	(26,264)	(16,752)	(75,631)	(60,901)
Supplies and stationary	(19,598)	(23,731)	(66,233)	(71,155)
Adaptation and installation	(13,947)	(13,488)	(39,801)	(36,847)
Travel expenses	(3,376)	(14,145)	(19,841)	(40,910)
Impairment losses other assets	(1,192)	(397)	(5,312)	(19,553)
Loss from sale of non-current assets held for sale	(327)	(1,308)	(2,605)	(3,571)
Others	(90,668)	(91,979)	(337,861)	(250,402)
Total other expense	Ps. (2,625,395)	Ps. (2,626,035)	Ps. (7,823,342)	Ps. (7,321,646)

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

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NOTE 18 – ANALYSIS OF OPERATING SEGMENTS

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

Following is the detail of the reportable financial information summarized for each segment as of September 30, 2020 and December 31, 2019:

Statement of Financial Position September 30, 2020

September 30, 2020

	Banco de Bogotá S.A.		Banco de Occidente S.A.		Banco Popular S.A.		Banco AV Villas S.A.		Corficolombiana S.A.		⁽¹⁾ Other Segments		Eliminations		Total	
Assets																
Trading assets	Ps.	5,344,227	Ps.	1,826,492	Ps.	358,335	Ps.	278,172	Ps.	2,842,513	Ps.	9,064	Ps.	(114,260)	Ps.	10,544,543
Investment securities		23,901,654		4,328,228		3,158,778		2,154,030		2,980,697		—		(812,957)		35,710,430
Hedging derivatives assets		27,267		—		—		—		7,789		—		—		35,056
Investments in associates and joint ventures		5,176,004		1,509,938		541,625		3,898		786,072		1,585		(6,992,278)		1,026,844
Loans, net		138,280,625		31,964,418		20,425,000		11,592,133		2,097,709		—		(1,768,802)		202,591,083
Other Assets		47,144,494		6,929,561		2,689,870		1,604,794		27,597,404		8,682,274		(10,691,277)		83,957,120
Total Assets	Ps.	219,874,271	Ps.	46,558,637	Ps.	27,173,608	Ps.	15,633,027	Ps.	36,312,184	Ps.	8,692,923	Ps.	(20,379,574)	Ps.	333,865,076
Liabilities																
Customer Deposits	Ps.	151,864,082	Ps.	33,009,311	Ps.	20,190,399	Ps.	12,988,869	Ps.	4,833,989	Ps.	—	Ps.	(5,768,819)	Ps.	217,117,831
Financial Obligations		38,498,279		6,906,502		2,741,394		370,952		14,095,578		8,762,407		(5,963,337)		65,411,775
Other Liabilities		6,261,767		1,723,440		1,131,426		465,484		6,224,702		850,866		(747,492)		15,910,193
Total Liabilities	Ps.	196,624,128	Ps.	41,639,253	Ps.	24,063,219	Ps.	13,825,305	Ps.	25,154,269	Ps.	9,613,273	Ps.	(12,479,648)	Ps.	298,439,799

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

December 31, 2019

	Banco de Bogotá S.A.		Banco de Occidente S.A.		Banco Popular S.A.		Banco AV Villas S.A.		Corficolombiana S.A.		⁽¹⁾ Other Segments		Eliminations		Total	
Assets																
Trading assets	Ps.	4,199,830	Ps.	2,730,366	Ps.	284,790	Ps.	295,234	Ps.	1,729,563	Ps.	187	Ps.	(126,302)	Ps.	9,113,668
Investment securities		14,721,063		4,487,707		2,556,181		1,675,897		3,316,757		—		(757,294)		26,000,311
Hedging derivatives assets		163,004		—		—		—		3,594		—		—		166,598
Investments in associates and joint ventures		4,752,358		1,434,246		486,524		3,027		752,060		405		(6,440,658)		987,962
Loans, net		113,110,128		29,374,122		19,260,152		11,671,190		2,115,859		—		(1,589,134)		173,942,317
Other Assets		38,073,197		4,551,257		2,529,930		1,562,189		23,891,745		4,129,975		(6,116,560)		68,621,733
Total Assets	Ps.	175,019,580	Ps.	42,577,698	Ps.	25,117,577	Ps.	15,207,537	Ps.	31,809,578	Ps.	4,130,567	Ps.	(15,029,948)	Ps.	278,832,589
Liabilities																
Customer Deposits	Ps.	117,794,986	Ps.	28,726,381	Ps.	16,988,939	Ps.	11,851,426	Ps.	4,067,504	Ps.	—	Ps.	(3,937,815)	Ps.	175,491,421
Financial Obligations		29,359,125		7,195,231		3,955,801		1,078,588		12,152,007		4,484,293		(3,380,469)		54,844,576

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Other Liabilities		6,005,467		1,787,008		1,102,857		482,383		5,622,013		519,887		(371,292)		15,148,323
Total Liabilities	Ps.	153,159,578	Ps.	37,708,620	Ps.	22,047,597	Ps.	13,412,397	Ps.	21,841,524	Ps.	5,004,180	Ps.	(7,689,576)	Ps.	245,484,320

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

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

		Banco de Bogotá S.A.		Banco de Occidente S.A.		Banco Popular S.A.		Banco AV Villas S.A.		Corficolombiana S.A.		⁽¹⁾ Other Segments		Eliminations		Total
External Income																
Interest income	Ps.	3,408,641	Ps.	734,533	Ps.	530,397	Ps.	328,598	Ps.	105,167	Ps.	1,476	Ps.	—	Ps.	5,108,812
Income from commissions and fees (2)		1,165,739		102,340		61,570		61,351		21,462		33,474		—		1,445,936
Income from sales of goods and services (2)		16,566		16,869		—		—		2,234,540		—		—		2,267,975
Share of profit of equity accounted investees, net of tax		3,164		1,684		2,035		1,585		43,232		651		—		52,351
Dividends		5,763		—		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		243,097		(58,928)		(2,590)		6,514		13,167		45		—		201,305
Other Income		360,393		174,878		44,478		23,145		20,659		633		—		624,186
	Ps.	5,203,363	Ps.	971,376	Ps.	636,153	Ps.	421,195	Ps.	2,494,835	Ps.	36,279	Ps.	—	Ps.	9,763,201
Intersegment Income																
Interest income	Ps.	23,465	Ps.	3,568	Ps.	2,990	Ps.	2,376	Ps.	9,895	Ps.	32	Ps.	(42,326)	Ps.	—
Income from commissions and fees		1,719		1,808		669		4,386		471		13,499		(22,552)		—
Income from sales of goods and services		313		—		—		—		168		—		(481)		—
Share of profit of equity accounted investees, net of tax		137,271		78,404		19,094		(1,778)		441		—		(233,432)		—
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		1,256		43,964		56		221		(299)		27,827		(73,025)		—
		167,397		127,744		22,066		5,205		10,396		41,358		(374,166)		—
Total income	Ps.	5,370,760	Ps.	1,099,120	Ps.	658,219	Ps.	426,400	Ps.	2,505,231	Ps.	77,637	Ps.	(374,166)	Ps.	9,763,201
Expenses																
Interest expense	Ps.	(1,328,470)	Ps.	(261,353)	Ps.	(198,704)	Ps.	(81,755)	Ps.	(241,484)	Ps.	(103,998)	Ps.	136,268	Ps.	(2,079,496)
Net impairment loss on financial assets		(1,229,125)		(223,632)		(41,230)		(47,568)		3,302		—		(407)		(1,538,660)
Depreciations and amortizations		(189,017)		(30,201)		(23,206)		(16,763)		(2,198)		(2,361)		1,174		(262,572)
Expenses from commissions and fees (2)		(111,147)		(26,422)		(15,101)		(35,487)		(3,235)		(931)		13,678		(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		(821,534)		(162,955)		(160,954)		(99,186)		(24,426)		(88,944)		151,917		(1,206,082)
Income tax expense		(198,818)		(26,266)		(38,514)		(26,404)		(260,356)		(13,970)		(1,217)		(565,545)
Other expense		(814,610)		(129,238)		(96,925)		(65,332)		(26,920)		138,980		(162,696)		(1,156,741)

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Total Expenses		(4,739,015)	(937,245)	(574,634)	(372,495)	(1,970,092)	(67,064)	139,029	(8,521,516)
Net income	Ps.	631,745	Ps. 161,875	Ps. 83,585	Ps. 53,905	Ps. 535,139	Ps. 10,573	Ps. (235,137)	Ps. 1,241,685

- (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

		<u>Banco de Bogotá S.A.</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco AV Villas S.A.</u>	<u>Corficolombiana S.A.</u>	<u>⁽¹⁾Other segments</u>	<u>Eliminations</u>	<u>Total</u>
Revenue from contracts with customers (2)	Ps.	1,186,376	Ps. 104,150	Ps. 62,240	Ps. 65,737	Ps. 2,149,911	Ps. 119,133	Ps. 26,364	Ps. 3,713,911
Timing of revenue recognition									
At a point in time		42,640	4,546	4,418	20,120	28,791	118,831	(88,566)	130,780
Over time		1,143,736	99,604	57,822	45,617	2,121,120	302	114,930	3,583,131

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

Statement of Income for the three-months ended on September 30, 2019

		<u>Banco de Bogotá S.A.</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco AV Villas S.A.</u>	<u>Corficolombiana S.A.</u>	<u>⁽¹⁾Other Segments</u>	<u>Eliminations</u>	<u>Total</u>
External Income									
Interest income	Ps.	3,105,531	Ps. 766,437	Ps. 569,514	Ps. 364,224	Ps. 136,293	Ps. 102	—	Ps. 4,942,101
Income from commissions and fees (2)		1,228,442	108,702	67,165	71,058	17,703	26,121	—	1,519,191
Income from sales of goods and services (2)		25,491	15,520	103	(1,616)	2,341,458	—	—	2,380,956
Share of profit of equity accounted investees, net of tax		3,639	1,471	1,907	1,530	56,350	—	—	64,897
Dividends		59	—	516	—	2,806	—	—	3,381
Net income from other financial instruments mandatory at fair value through profit or loss		—	—	—	—	55,242	—	—	55,242
Net trading income		492,196	(23,247)	7,121	3,429	1,789	29	—	481,317
Other Income		(69,131)	98,397	42,566	6,503	(40,078)	(1,757)	—	36,500
	Ps.	4,786,227	Ps. 967,280	Ps. 688,892	Ps. 445,128	Ps. 2,571,563	Ps. 24,495	Ps. —	Ps. 9,483,585
Intersegment Income									
Interest income	Ps.	26,875	Ps. 3,531	Ps. 3,886	Ps. 902	Ps. 13,574	Ps. 18	(48,786)	Ps. —
Income from commissions and fees		1,240	2,260	569	4,744	495	10,752	(20,060)	—
Income from sales of goods and services		571	42,364	—	1,616	1,580	—	(46,131)	—
Share of profit of equity accounted investees, net of tax		118,867	61,227	16,553	(1,566)	445	—	(195,526)	—
Dividends		—	—	—	—	—	—	—	—

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	<u>Banco de Bogotá S.A.</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco AV Villas S.A.</u>	<u>Corficolombiana S.A.</u>	⁽¹⁾ <u>Other Segments</u>	<u>Eliminations</u>	<u>Total</u>
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	—	—	—
Net trading income	1,307	—	—	—	902	—	(2,209)	—
Other Income	3,845	700	46	409	(812)	27,036	(31,224)	—
	<u>152,705</u>	<u>110,082</u>	<u>21,054</u>	<u>6,105</u>	<u>16,184</u>	<u>37,806</u>	<u>(343,936)</u>	<u>—</u>
Total income	Ps. 4,938,932	Ps. 1,077,362	Ps. 709,946	Ps. 451,233	Ps. 2,587,747	Ps. 62,301	Ps. (343,936)	Ps. 9,483,585
Expenses								
Interest expense	Ps. (1,241,917)	Ps. (314,084)	Ps. (218,750)	Ps. (105,508)	Ps. (272,086)	Ps. (61,350)	100,901	Ps. (2,112,794)
Net impairment loss on financial assets	(812,298)	(147,386)	(71,936)	(55,073)	(4,483)	—	2,412	(1,088,764)
Depreciations and amortizations	(160,790)	(29,799)	(20,404)	(16,839)	(1,892)	(2,978)	852	(231,850)
Expenses from commissions and fees (2)	(102,597)	(21,459)	(17,388)	(34,676)	(2,427)	(944)	15,492	(163,999)
Costs and expenses of sales goods and services (2)	(54,209)	(78,868)	(137)	—	(1,570,311)	1,909	(17,847)	(1,719,463)
Administrative Expenses	(865,722)	(212,357)	(166,308)	(101,746)	(27,972)	(63,566)	143,751	(1,293,920)
Income tax expense	(237,475)	14,600	(4,689)	(24,682)	(179,198)	(15,049)	(25)	(446,518)
Other expense	(762,989)	(119,441)	(112,706)	(61,033)	(26,283)	79,604	(97,417)	(1,100,265)
Total Expenses	(4,237,997)	(908,794)	(612,318)	(399,557)	(2,084,652)	(62,374)	148,119	(8,157,573)
Net income	Ps. 700,935	Ps. 168,568	Ps. 97,628	Ps. 51,676	Ps. 503,095	Ps. (73)	Ps. (195,817)	Ps. 1,326,012

	<u>Banco de Bogotá S.A.</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco AV Villas S.A.</u>	<u>Corficolombiana S.A.</u>	⁽¹⁾ <u>Other segments</u>	<u>Eliminations</u>	<u>Total</u>
Revenue from contracts with customers (2)	Ps. 1,255,446	Ps. 168,007	Ps. 67,735	Ps. 75,801	Ps. 2,259,343	Ps. 104,887	Ps. (31,072)	Ps. 3,900,147
Timing of revenue recognition								
At a point in time	49,861	8,196	6,385	21,617	48,789	104,736	(83,551)	156,033
Over time	1,205,585	159,811	61,350	54,184	2,210,554	151	52,479	3,744,114

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

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

Statement of Income for the nine months ended September 30, 2020

	<u>Banco de Bogotá S.A.</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco AV Villas S.A.</u>	<u>Corficolombiana S.A.</u>	⁽¹⁾ <u>Other Segments</u>	<u>Eliminations</u>	<u>Total</u>
External Income								
Interest income	Ps. 10,104,238	Ps. 2,271,987	Ps. 1,676,550	Ps. 1,020,996	Ps. 331,930	Ps. 525	—	Ps. 15,406,226
Income from commissions and fees (2)	3,443,704	298,042	177,480	187,533	61,275	80,991	—	4,249,025
Income from sales of goods and services (2)	58,099	40,137	—	—	6,161,631	—	—	6,259,867

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Statement of Income for the nine months ended September 30, 2020

	Banco de Bogotá S.A.	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.	⁽¹⁾ Other Segments	Eliminations	Total
Share of profit of equity accounted investees, net of tax	4,562	1,981	3,892	2,192	146,372	1,180	—	160,179
Dividends	9,011	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	1,013,412	176,924	28,903	14,643	(25,068)	90	—	1,208,904
Other Income	235,881	113,483	59,812	46,841	23,228	2,323	—	481,568
	Ps. 14,868,907	Ps. 2,902,831	Ps. 1,948,876	Ps. 1,273,907	Ps. 6,965,427	Ps. 85,109	Ps. —	Ps. 28,045,057
Intersegment Income								
Interest income	Ps. 75,598	Ps. 11,474	Ps. 11,235	Ps. 7,961	Ps. 42,129	Ps. 168	Ps. (148,565)	Ps. —
Income from commissions and fees	4,569	5,868	2,240	14,167	1,183	38,015	(66,042)	—
Income from sales of goods and services	957	—	—	—	1,942	—	(2,899)	—
Share of profit of equity accounted investees, net of tax	347,845	155,242	49,281	(2,751)	551	—	(550,168)	—
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	3,251	132,001	162	1,118	(954)	76,653	(212,231)	—
	445,143	306,895	64,913	22,690	46,737	114,836	(1,001,214)	—
Total income	Ps. 15,314,050	Ps. 3,209,726	Ps. 2,013,789	Ps. 1,296,597	Ps. 7,012,164	Ps. 199,945	Ps. (1,001,214)	Ps. 28,045,057
Expenses								
Interest expense	Ps. (3,968,669)	Ps. (884,561)	Ps. (658,481)	Ps. (284,268)	Ps. (757,388)	Ps. (304,514)	Ps. 360,045	Ps. (6,497,836)
Net impairment loss on financial assets	(2,961,342)	(797,210)	(217,408)	(226,225)	(3,016)	—	399	(4,204,802)
Depreciations and amortizations	(536,771)	(85,203)	(64,611)	(50,080)	(6,676)	(7,026)	3,330	(747,037)
Expenses from commissions and fees	(348,546)	(73,796)	(43,527)	(111,974)	(9,368)	(2,687)	48,504	(541,394)
Costs and expenses of sales goods and services	(147,500)	(224,433)	—	—	(4,095,351)	15,856	(1,160)	(4,452,588)
Administrative Expenses	(2,474,461)	(492,622)	(478,766)	(288,253)	(67,363)	(241,532)	442,632	(3,600,365)
Income tax expense	(603,207)	38,080	(76,314)	(41,566)	(578,623)	(33,474)	(1,489)	(1,296,593)
Other expense	(2,429,265)	(410,875)	(300,897)	(192,792)	(78,273)	357,020	(420,858)	(3,475,940)
Total Expenses	(13,469,761)	(2,930,620)	(1,840,004)	(1,195,158)	(5,596,058)	(216,357)	431,403	(24,816,555)
Net income	Ps. 1,844,289	Ps. 279,106	Ps. 173,785	Ps. 101,439	Ps. 1,416,106	Ps. (16,412)	Ps. (569,811)	Ps. 3,228,502

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

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

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	<u>Banco de Bogotá S.A.</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco AV Villas S.A.</u>	<u>Corficolombiana S.A.</u>	<u>⁽¹⁾Other segments</u>	<u>Eliminations</u>	<u>Total</u>
Revenue from contracts with customers (2)	Ps. 3,508,596	Ps. 303,910	Ps. 179,719	Ps. 201,700	Ps. 5,874,690	Ps. 334,729	Ps. 105,548	Ps. 10,508,892
Timing of revenue recognition								
At a point in time	137,509	15,952	12,940	56,281	76,004	333,895	(262,171)	370,410
Over time	3,371,087	287,958	166,779	145,419	5,798,686	834	367,719	10,138,482

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

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

Statement of Income for the nine months ended September 30, 2019

	<u>Banco de Bogotá S.A.</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco AV Villas S.A.</u>	<u>Corficolombiana S.A.</u>	<u>⁽¹⁾Other Segments</u>	<u>Eliminations</u>	<u>Total</u>
External Income								
Interest income	Ps. 9,064,621	Ps. 2,320,982	Ps. 1,736,047	Ps. 1,093,354	Ps. 281,756	Ps. 299	—	Ps. 14,497,059
Income from commissions and fees (2)	3,594,614	314,797	196,246	207,059	55,697	56,613	—	4,425,026
Income from sales of goods and services (2)	83,589	49,470	871	(3,841)	6,252,232	—	—	6,382,321
Share of profit of equity accounted investees, net of tax	8,846	3,909	4,704	3,968	153,018	—	—	174,445
Dividends	3,314	279	1,155	1,795	76,439	—	—	82,982
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	162,374	—	—	162,374
Net trading income	661,913	45,305	20,487	15,028	55,274	60	—	798,067
Other Income	267,235	149,707	58,888	31,896	(8,349)	(44)	—	499,333
	Ps. 13,684,132	Ps. 2,884,449	Ps. 2,018,398	Ps. 1,349,259	Ps. 7,028,441	Ps. 56,928	Ps. —	Ps. 27,021,607
Intersegment Income								
Interest income	Ps. 68,802	Ps. 9,650	Ps. 9,267	Ps. 2,370	Ps. 112,606	Ps. 68	Ps. (202,763)	—
Income from commissions and fees	3,905	6,358	2,337	14,426	634	57,284	(84,944)	—
Income from sales of goods and services	1,297	116,903	—	3,841	4,131	—	(126,172)	—
Share of profit of equity accounted investees, net of tax	389,548	200,696	54,918	(4,156)	1,284	—	(642,290)	—
Dividends	5,288	2,022	2,925	2,053	101	—	(12,389)	—
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	—	—	—
Net trading income	4,624	—	—	—	1,265	—	(5,889)	—

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Statement of Income for the nine months ended September 30, 2019

	<u>Banco de Bogotá S.A.</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco AV Villas S.A.</u>	<u>Corficolombiana S.A.</u>	<u>⁽¹⁾Other Segments</u>	<u>Eliminations</u>	<u>Total</u>
Other Income	49,976	4,507	141	1,133	(4,654)	58,056	(109,159)	—
	523,440	340,136	69,588	19,667	115,367	115,408	(1,183,606)	—
Total income	Ps. 14,207,572	Ps. 3,224,585	Ps. 2,087,986	Ps. 1,368,926	Ps. 7,143,808	Ps. 172,336	Ps. (1,183,606)	Ps. 27,021,607
Expenses								
Interest expense	Ps. (3,608,604)	Ps. (899,707)	Ps. (659,196)	Ps. (310,649)	Ps. (670,063)	Ps. (177,720)	Ps. 219,008	Ps. (6,106,931)
Net impairment loss on financial assets	(2,015,242)	(528,422)	(221,788)	(194,554)	(10,869)	—	137,851	(2,833,024)
Depreciations and amortizations	(468,062)	(85,560)	(57,867)	(49,065)	(5,916)	(7,591)	2,372	(671,689)
Expenses from commissions and fees	(283,875)	(60,904)	(49,052)	(101,512)	(8,426)	(3,402)	43,531	(463,640)
Costs and expenses of sales goods and services	(171,521)	(225,412)	(413)	—	(4,157,398)	5,695	2,510	(4,546,539)
Administrative Expenses	(2,399,813)	(539,449)	(453,173)	(290,430)	(79,597)	(184,086)	416,824	(3,529,724)
Income tax expense	(822,273)	(60,384)	(75,803)	(79,068)	(581,292)	(47,170)	(1,502)	(1,667,492)
Other expense	(2,137,761)	(347,635)	(306,433)	(182,591)	(115,186)	279,453	(310,080)	(3,120,233)
Total Expenses	(11,907,151)	(2,747,473)	(1,823,725)	(1,207,869)	(5,628,747)	(134,821)	510,514	(22,939,272)
Net income	Ps. 2,300,421	Ps. 477,112	Ps. 264,261	Ps. 161,057	Ps. 1,515,061	Ps. 37,515	Ps. (673,092)	Ps. 4,082,335

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

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

	<u>Banco de Bogotá S.A.</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco AV Villas S.A.</u>	<u>Corficolombiana S.A.</u>	<u>⁽¹⁾Other segments</u>	<u>Eliminations</u>	<u>Total</u>
Revenue from contracts with customers (2)	Ps. 3,682,784	Ps. 484,376	Ps. 198,599	Ps. 221,484	Ps. 6,021,782	Ps. 326,089	Ps. (127,767)	Ps. 10,807,347
Timing of revenue recognition								
At a point in time	150,852	24,307	17,312	61,694	173,776	325,681	(281,422)	472,200
Over time	3,531,932	460,069	181,287	159,790	5,848,006	408	153,655	10,335,147

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

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 with financial obligations of entities mainly from non-financial sector.
- Investments in term deposits and outstanding bonds of in other segments.
- Investments in subordinate's elimination and record of non- controlling interests.

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- Intercompany leasing's and commissions paid between Grupo Aval's entities.
- Expenses and incomes for 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.

Statement of Income for the quarter ended September 30, 2020	Country										Total income
	Colombia	Panamá	Costa Rica	Guatemala	Honduras	Nicaragua	El Salvador	Perú	Other countries		
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	
Others 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	

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Statement of Income for the quarter ended September 30, 2019	Country										Total income
	Colombia	Panamá	Costa Rica	Guatemala	Honduras	Nicaragua	El Salvador	Perú	Other countries		
Interest income	Ps. 3,250,425	Ps. 372,083	Ps. 558,905	Ps. 259,263	Ps. 228,581	Ps. 95,756	Ps. 169,090	Ps. 1,463	Ps. 6,535	Ps. 4,942,101	
Income from commissions and fees	880,442	95,667	276,888	64,170	86,996	45,360	59,820	—	9,848	1,519,191	
Storage services	39,825	—	—	—	—	—	—	—	—	39,825	
Trust activities	87,126	—	—	—	—	—	—	—	—	87,126	
Pension and severance fund management	269,070	—	8,369	—	2,192	—	—	—	—	279,631	
Fees on credit cards	152,606	14,016	87,147	17,115	25,818	14,982	18,225	—	7,937	337,846	
Office network services	6,287	—	—	—	—	—	—	—	—	6,287	
Commissions on drafts, checks and checkbooks	12,639	132	—	—	—	—	—	—	—	12,771	
Other commissions	2,645	—	—	—	—	—	—	—	—	2,645	
Commissions on banking services	310,244	81,519	181,372	47,055	58,986	30,378	41,595	—	1,911	753,060	
Share of profit of equity accounted investees, net of tax	64,897	—	—	—	—	—	—	—	—	64,897	
Dividends	3,327	37	—	16	1	—	—	—	—	3,381	
Income from sales of goods and services	2,250,746	144	—	—	—	—	—	130,066	—	2,380,956	
Energy and gas E&G	1,086,183	—	—	—	—	—	—	126,260	—	1,212,443	
Infrastructure	899,014	—	—	—	—	—	—	—	—	899,014	
Hotels	87,274	144	—	—	—	—	—	3,806	—	91,224	
Agribusiness	30,491	—	—	—	—	—	—	—	—	30,491	
Other Services	50,798	—	—	—	—	—	—	—	—	50,798	
Others operating income	96,986	—	—	—	—	—	—	—	—	96,986	
Other income	385,752	20,517	59,512	61,099	15,636	30,404	1,131	(893)	(99)	573,059	
Total income	Ps. 6,835,589	Ps. 488,448	Ps. 895,305	Ps. 384,548	Ps. 331,214	Ps. 171,520	Ps. 230,041	Ps. 130,636	Ps. 16,284	Ps. 9,483,585	

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The following tables report revenues by country for the nine months ended September 30, 2020 and 2019:

September 30, 2020	Country									
	Colombia	Panamá	Costa Rica	Guatemala	Honduras	Nicaragua	El Salvador	Perú	Other countries	Total income
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
Others 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

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September 30, 2019	Country										Total income
	Colombia	Panamá	Costa Rica	Guatemala	Honduras	Nicaragua	El Salvador	Perú	Other countries		
Interest income	Ps. 9,608,746	Ps. 1,080,313	Ps. 1,558,411	Ps. 767,281	Ps. 675,829	Ps. 290,237	Ps. 484,455	Ps. 3,143	Ps. 28,644	Ps. 14,497,059	
Income from commissions and fees	2,580,161	262,527	844,048	192,657	242,859	117,221	161,860	—	23,693	4,425,026	
Storage services	120,910	—	—	—	—	—	—	—	—	120,910	
Trust activities	252,190	—	—	—	—	—	—	—	—	252,190	
Pension and severance fund management	807,214	—	22,611	—	6,384	—	—	—	—	836,209	
Fees on credit cards	435,863	33,266	285,006	45,077	72,280	34,142	44,350	—	17,736	967,720	
Office network services	18,447	—	—	—	—	—	—	—	—	18,447	
Commissions on drafts, checks and checkbooks	37,192	347	—	—	—	—	—	—	—	37,539	
Other commissions	7,658	—	—	—	—	—	—	—	—	7,658	
Commissions on banking services	900,687	228,914	536,431	147,580	164,195	83,079	117,510	—	5,957	2,184,353	
Share of profit of equity accounted investees, net of tax	174,445	—	—	—	—	—	—	—	—	174,445	
Dividends	80,287	1,156	—	849	690	—	—	—	—	82,982	
Income from sales of goods and services	6,079,824	525	—	—	—	—	—	301,972	—	6,382,321	
Energy and gas E&G	2,724,063	—	—	—	—	—	—	288,556	—	3,012,619	
Infrastructure	2,566,682	—	—	—	—	—	—	—	—	2,566,682	
Hotels	251,286	525	—	—	—	—	—	13,416	—	265,227	
Agribusiness	93,317	—	—	—	—	—	—	—	—	93,317	
Other Services	160,228	—	—	—	—	—	—	—	—	160,228	
Others operating income	284,248	—	—	—	—	—	—	—	—	284,248	
Other income	1,115,143	39,490	53,343	111,315	42,383	85,644	3,671	2,737	6,048	1,459,774	
Total income	Ps. 19,638,606	Ps. 1,384,011	Ps. 2,455,802	Ps. 1,072,102	Ps. 961,761	Ps. 493,102	Ps. 649,986	Ps. 307,852	Ps. 58,385	Ps. 27,021,607	

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. 1,207,915 as of September 30, 2020 and Ps. 620,920 as of December 31, 2019; the financial assets at amortized cost that are being used as guarantees in repurchase transactions amounted to Ps. 1,401,787 as of September 30, 2020 and Ps. 323,954 as of December 31, 2019 and the debt securities of financial investments at fair value through OCI that are being used as guarantees in repurchase transactions amounted to Ps. 6,063,072 as of September 30, 2020 and Ps. 6,662,608 as of December 31, 2019.

ii. Securities lending

As of September 30, 2020, and as of December 31, 2019, Grupo Aval has not recorded securities lending.

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

I. Securitizations

As of September 30, 2020, and as of December 31, 2019, 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, 2020	Securitizations	Grupo Aval’s managed funds	Total
Grupo Aval’s interest-assets			
Investments at fair value through profit or loss	Ps. 8,116	Ps. 4,514,808	4,522,924
Other account receivables	—	40,098	40,098
Total assets in relation to the Grupo Aval’s interests in the unconsolidated structured entities	8,116	4,554,906	4,563,022
Grupo Aval’s maximum exposure	Ps. 8,116	Ps. 4,554,906	Ps. 4,563,022

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NOTE 21 – RELATED PARTIES

Balances as of September 30, 2020 and December 31, 2019 with related parties, are detailed in the following tables:

	September 30, 2020									
	Individuals		Key management personnel		Associates and joint ventures		Entity		Entities with significant influence by individuals	
	Individuals with control over Grupo Aval						Entities controlled by individuals			
Assets										
Cash and equivalents	Ps.	—	Ps.	—	Ps.	—	Ps.	—	Ps.	—
Financial assets in investments		—		—		1,047,306		—		—
Financial assets in credit operations		268		8,125		545,405		1,809,000		142,472
Accounts receivable		8		22		164,577		54,612		7
Other assets		—		—		7,431		8,805		—
Liabilities										
Deposits	Ps.	319,232	Ps.	30,442	Ps.	76,335	Ps.	1,723,071	Ps.	5,117
Accounts payables		1,529		673		10,334		969,790		—
Financial obligations		2		32		—		—		—
Others liabilities		—		—		243		327		—

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	December 31, 2019								
	Individuals		Key management personnel		Associates and joint ventures		Entity		Entities with significant influence by individuals
	Individuals with control over Grupo Aval								
Assets									
Cash and equivalents	Ps. —	Ps. —			Ps. —	Ps. —			Ps. —
Financial assets in investments					1,006,340				
Financial assets in credit operations		2,936		7,775	1,148,522		1,513,287		122,964
Accounts receivable		9		14	12,243		2,958		241
Other assets					14,118		3,232		
Liabilities									
Deposits	Ps. 273,224	Ps. 27,000			Ps. 97,097	Ps. 1,290,574			Ps. 7,032
Accounts payables		561		347	9,165		514,976		21
Financial obligations		3		15	72		30,000		
Others liabilities					1,937		714		

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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	(148)	(664)	(960)	(20,795)	(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)	—

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For the nine - months ended September 30, 2019

	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. 140	Ps. 536	Ps. 33,349	Ps. 66,826	Ps. 5,855
Fee income and commissions	15	41	25,836	85,019	4
Leases	—	—	—	241	—
Other income	5	147	200,118	4,371	511
Financial expenses	(144)	(782)	(882)	(15,026)	(24)
Fee expenses and commissions	(2)	(1,106)	(15,137)	(1,499)	(300)
Operating expenses	—	(5,893)	—	(2,098)	—
Other expenses	(2)	(1,453)	(355,312)	(30,896)	(9)

For the quarter 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. 145	Ps. 5,689	Ps. 7,285	Ps. 2,116
Fee income and commissions	2	10	339	24,309	2
Leases	—	—	834	2	—
Other income	3	2	66,446	(1,346)	(4)
Financial expenses	1,234	(253)	(239)	(2,978)	(17)
Fee expenses and commissions	(1)	(464)	(3,390)	(144)	(43)
Operating expenses	2	(3,621)	(368)	(906)	—
Other expenses	—	(438)	(6,981)	(6,458)	—

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	For the quarter ended September 30, 2019				
	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. 45	Ps. 64	Ps. 8,044	Ps. 22,190	Ps. 2,001
Fee income and commissions	2	26	7,695	50,062	1
Leases	—	—	(20)	69	—
Other income	1	48	74,670	1,651	265
Financial expenses	(31)	(411)	(213)	(5,767)	(4)
Fee expenses and commissions	—	(405)	(4,750)	21,562	(210)
Operating expenses	—	(2,374)	—	89	—
Other expenses	4	(664)	(337,158)	(12,042)	(9)

Compensation of key management personnel

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

	Three-month ended in		nine-month ended in	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Salaries	Ps. 10,158	Ps. 9,343	Ps. 28,271	Ps. 29,644
Short term benefits for employees	12,574	4,926	14,073	12,513
Long term benefits for employees	106	219	627	461
Termination benefits	1,357	—	1,357	—
Fee	305	257	1,355	1,123
Total	Ps. 24,500	Ps. 14,745	Ps. 45,683	Ps. 43,741

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NOTE 22 BUSINESS COMBINATION

In May 22, 2020, Banco de Bogotá S.A., through its subsidiary Leasing Bogotá S.A. Panama (LBP), acquired 96.6% of the common shares of the Panamanian company Multi Financial Group, Inc. (MFG), parent of Multibank (Panama) bank, for an amount of US\$ 433, million, this acquisition was completed with LBP's own resources.

MFG provides a wide variety of financial services, primarily corporate, investment, mortgage and consumer banking, as well as insurance, securities brokerage, factoring, leasing and real estate services.

During the third quarter, an adjustment was made to the agreed price, reducing it by US \$ 1.6 million, leaving a final price of US \$ 432 million.

The following table summarizes the purchase price and recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

	Fair value in (US\$)	Equivalent to millions of Colombian pesos
Purchase price	432,210,991	1,607,075
Assets acquired and liabilities assumed		
Assets		
Cash and cash equivalents	US\$ 71,778,013 Ps.	266,930
Investments	984,618,818	3,661,620
Loans	3,514,247,510	13,068,854
Other accounts receivable	71,341,122	265,305
Non-current assets held for sale	28,280,498	105,170
Properties and equipment	76,797,452	285,596
Right-of-use-assets	17,504,549	65,096
Investment properties	2,439,058	9,070
Income tax assets	22,704,857	84,435
Intangible assets	40,486,358	150,561
Other Assets	10,940,506	40,688
Total Assets Acquired	US\$ 4,841,138,741 Ps.	18,003,325
Liabilities		
Customer deposits	2,867,655,253	10,664,294
Financial obligations	866,131,061	3,220,986
Bonds issued	515,803,082	1,918,179
Suppliers and services payable	64,925,605	241,447
Provisions	1,030,579	3,833
Employee benefits	2,049,540	7,622
Total Liabilities Assumed	US\$ 4,317,595,120 Ps.	16,056,361
Non-controlling interests	US\$ 125,282,341 Ps.	465,902
Identifiable assets acquired and liabilities assumed in Multi Financial Group	US\$ 398,261,280 Ps.	1,481,062
Goodwill	US\$ 33,949,711 Ps.	126,013

NOTE - 23 OTHER EVENTS

COVID-19

The outbreak of COVID-19 and its rapid spread across the world during 2020 has resulted in circumstances with adverse effects on the social and economic environment of the countries in which the Group carries out its operations and businesses. Governments have seen the need to implement controls aimed at mitigating the rapid spread of the virus, such as decreeing lock-down measures, restricting mobility and transportation, regulating the provision of services considered non-essential, encouraging stricter sanitary measures and promoting changes in the traditional work schemes, all of which imply major changes in the usual dynamics in which the Group has commonly provided its services to the public. This also translates into a continuous need for the Group to evaluate the areas that may be impacted in as the pandemic continues and as governments respond to it. The global impact includes economic slowdown, which is being closely monitored by the Group, constantly evaluating the effects it can have on its operations and businesses.

During the third quarter of the year 2020, the Group's management continues monitoring and assessing any adverse effect that the situation may have on the results of operations, the financial situation and the Group's liquidity, taking appropriate and timely measures to reduce the unfavorable impacts that may arise during the financial year 2020.

As of September 30, 2020, the matters mentioned below have been assessed, some of which have had impacts on the Group's financial statements and operations. During the period after the date of these financial statements and until the date of their issue, they continue to be monitored by management to address their effects on the Group's operations and those of its customers.

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

Financial instruments that are in the scope of IFRS 9's Expected Credit Loss model (loans, trade accounts other accounts receivable, debt instruments not measured at fair value through profit or loss, contract assets including concession agreements under financial asset model, lease receivables, financial guarantees and loan commitments) have been evaluated considering the impacts that COVID-19 is having on the ECL, due to measures adopted by the Governments in each of the countries and territories where the Group operates.

The impacts in relation to impairment of financial instruments in the Group entities are based on the following aspects:

- Measurement of the ECL, due to 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 an increase in credit risk since their initial measurement.
- Credit risk (risk of default), which behavior observed by the Group entities has varied in accordance to the economic segments that comprise their loan portfolios, increasing in the case of clients whose businesses have been negatively affected by COVID-19.
- The amount at risk (exposure at default), as it has been seen that some of the affected debtors of some of the Group entities have stopped making payments or are taking longer than usual to pay, mainly in the context of relief schemes enacted by different governments.
- The estimated credit loss for those loans assessed individually, as a result of the reduced expected recovery of cash flows, in consideration of the COVID-19 impact.
- Macroeconomic factors considered in the development of scenarios and models for calculating the ECL, where some of the variables have weakened in the face of the effects that COVID-19 has had on the economy

From the second quarter of 2020, the ECL calculation has incorporated updated projections of forward-looking information, in line with the effects of decisions that Governments continue taking in relation to COVID-19 and considering the high level of uncertainty around their intensity and duration. The projections have been based on the best available information that, considering the geographical areas where the Group operates, and the effects on the entities' segments and portfolios which are exposed to different risks and situations..

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When considering the forward-looking information based on macroeconomic variables, the Group updated the scenarios used and the probabilities assigned to them as of September 30, 2020, the effects are shown in the following tables:

Macroeconomic variables used in the ECL calculation (one-year projection)

Colombia

	<u>2019</u>			<u>March</u> <u>2020 before COVID-19</u>			<u>June</u> <u>2020 after COVID-19</u>			<u>September</u> <u>2020 after COVID-19</u>		
	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C
	Inflation	2.5%	3.4%	4.1%	2.1%	3.3%	4.8%	2.6%	3.3%	3.8%	2.5%	3.0%
Interest rate	3.5%	4.3%	5.3%	3.5%	4.5%	5.3%	1.8%	2.0%	2.8%	1.5%	2.0%	2.8%
GDP Growth	2.2%	3.2%	4.2%	2.2%	3.1%	3.8%	(0.5%)	0.8%	1.7%	0.9%	2.2%	4.4%
Used home prices	(2.3%)	1.4%	5.5%	2.8%	1.3%	5.1%	(2.9%)	0.1%	3.2%	(2.3%)	1.0%	4.7%
Unemployment rate	11.1%	10.2%	9.3%	12.8%	12.0%	11.1%	18.5%	16.7%	14.8%	17.9%	14.8%	11.9%

Guatemala

	<u>2019</u>			<u>March</u> <u>2020 before COVID-19</u>			<u>June</u> <u>2020 after COVID-19</u>			<u>September</u> <u>2020 after COVID-19</u>		
	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C
	Inflation	3.7%	3.5%	3.3%	3.2%	2.5%	2.3%	2.9%	0.9%	0.4%	3.7%	2.9%
Interest rate	0.3%	(0.0%)	(0.3%)	0.2%	(0.3%)	(0.3%)	0.2%	(0.2%)	(0.4%)	0.0%	(0.3%)	(0.5%)
GDP Growth	2.2%	3.2%	3.7%	2.6%	3.3%	4.1%	0.5%	1.5%	3.0%	1.7%	3.2%	4.6%
Exchange rate	1.5%	(0.5%)	(1.0%)	1.9%	(0.3%)	(2.8%)	3.8%	(0.5%)	(2.9%)	2.7%	0.6%	(1.6%)

Honduras

	<u>2019</u>			<u>March</u> <u>2020 before COVID-19</u>			<u>June</u> <u>2020 after COVID-19</u>			<u>September</u> <u>2020 after COVID-19</u>		
	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C
	Inflation	5.1%	4.6%	3.3%	5.0%	3.3%	1.8%	3.4%	3.1%	1.5%	4.2%	4.9%
Interest rate	(0.3%)	(1.5%)	(3.3%)	(0.6%)	(1.3%)	(1.8%)	0.1%	(0.1%)	(0.3%)	1.3%	(0.1%)	(0.5%)
GDP Growth	2.0%	3.0%	4.0%	1.9%	2.9%	3.9%	0.1%	1.3%	2.9%	1.2%	3.0%	4.0%
Exchange rate	4.5%	3.3%	0.7%	2.8%	2.0%	0.5%	3.5%	1.8%	1.0%	1.7%	0.7%	(0.5%)

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El Salvador

	<u>2019</u>			<u>March</u> <u>2020 before COVID-19</u>			<u>June</u> <u>2020 after COVID-19</u>			<u>September</u> <u>2020 after COVID-19</u>		
	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C
Inflation	2.1%	1.0%	0.0%	2.0%	1.0%	0.2%	1.8%	(2.8%)	(3.3%)	0.9%	0.3%	(0.6%)
Interest rate	0.3%	0.0%	(0.1%)	0.3%	0.1%	(0.2%)	1.6%	(0.8%)	(1.1%)	0.7%	0.3%	(0.2%)
GDP Growth	1.8%	2.4%	2.8%	1.8%	2.5%	2.9%	(2.4%)	0.4%	2.1%	0.9%	2.1%	3.8%

Nicaragua

	<u>2019</u>			<u>March</u> <u>2020 before COVID-19</u>			<u>June</u> <u>2020 after COVID-19</u>			<u>September</u> <u>2020 after COVID-19</u>		
	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C
Inflation	8.9%	6.6%	3.3%	6.0%	5.1%	1.5%	4.0%	1.7%	0.0%	3.2%	2.4%	0.8%
Interest rate	4.9%	1.7%	(1.0%)	3.9%	0.6%	(2.3%)	3.4%	2.0%	(0.0%)	4.1%	3.8%	2.2%
GDP Growth	(5.6%)	(3.1%)	(1.3%)	(5.9%)	(1.1%)	0.6%	(6.9%)	(3.1%)	(0.4%)	(1.7%)	(0.1%)	1.1%

Costa Rica

	<u>2019</u>			<u>March</u> <u>2020 before COVID-19</u>			<u>June</u> <u>2020 after COVID-19</u>			<u>September</u> <u>2020 after COVID-19</u>		
	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C
Inflation	4.0%	1.9%	1.8%	2.8%	2.0%	1.4%	0.2%	(0.1%)	(1.3%)	2.3%	1.5%	0.4%
Interest rate	(1.0%)	(1.6%)	(1.8%)	0.6%	0.1%	(1.3%)	(0.8%)	(1.6%)	(3.0%)	1.4%	(0.0%)	(1.3%)
GDP Growth	1.8%	2.6%	3.0%	1.3%	2.3%	3.4%	(1.1%)	0.5%	2.3%	0.7%	2.3%	3.3%
Exchange rate	3.4%	0.2%	(1.1%)	2.8%	0.0%	(4.0%)	2.2%	(0.8%)	(3.0%)	7.0%	5.1%	2.0%

Panamá

	<u>2019</u>			<u>March</u> <u>2020 before COVID-19</u>			<u>June</u> <u>2020 after COVID-19</u>			<u>September</u> <u>2020 after COVID-19</u>		
	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C	Stage A	Stage B	Stage C
Inflation	1.7%	0.8%	0.5%	1.3%	0.3%	(0.2%)	0.2%	(0.5%)	(1.3%)	0.4%	0.2%	(0.1%)
Interest rate	0.6%	0.1%	(0.4%)	0.7%	0.2%	(0.3%)	0.9%	(0.6%)	(1.3%)	0.6%	0.0%	(0.2%)
GDP Growth	3.0%	3.8%	4.9%	2.6%	4.1%	4.9%	0.0%	1.1%	3.1%	1.3%	2.2%	4.1%

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The scenario probability weightings applied in measuring ECL are as follows:

Colombia

	Stage A	Stage B	Stage C
As of December 31, 2019	23.3%	60.0%	16.6%
As of March 31, 2020	35.0%	53.3%	11.6%
As of June 30, 2020	28.3%	53.3%	18.3%
As of September 30, 2020	28.3%	53.3%	18.3%

Guatemala

	Stage A	Stage B	Stage C
As of December 31, 2019	10.0%	70.0%	20.0%
As of March 31, 2020	10.0%	50.0%	40.0%
As of June 30, 2020	15.0%	75.0%	10.0%
As of September 30, 2020	15.0%	75.0%	10.0%

Honduras

	Stage A	Stage B	Stage C
As of December 31, 2019	10.0%	65.0%	25.0%
As of March 31, 2020	10.0%	60.0%	30.0%
As of June 30, 2020	20.0%	70.0%	10.0%
As of September 30, 2020	20.0%	70.0%	10.0%

El Salvador

	Stage A	Stage B	Stage C
As of December 31, 2019	15.0%	70.0%	15.0%
As of March 31, 2020	20.0%	60.0%	20.0%
As of June 30, 2020	30.0%	65.0%	5.0%
As of September 30, 2020	30.0%	65.0%	5.0%

Nicaragua

	Stage A	Stage B	Stage C
As of December 31, 2019	15.0%	70.0%	15.0%
As of March 31, 2020	20.0%	70.0%	10.0%
As of June 30, 2020	30.0%	65.0%	5.0%
As of September 30, 2020	30.0%	65.0%	5.0%

Costa Rica

	Stage A	Stage B	Stage C
As of December 31, 2019	20.0%	60.0%	20.0%
As of March 31, 2020	10.0%	65.0%	25.0%
As of June 30, 2020	15.0%	75.0%	10.0%
As of September 30, 2020	45.0%	50.0%	5.0%

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Panamá

	Stage A	Stage B	Stage C
As of December 31, 2019	15.0%	60.0%	25.0%
As of March 31, 2020	15.0%	70.0%	15.0%
As of June 30, 2020	15.0%	70.0%	15.0%
As of September 30, 2020	45.0%	50.0%	5.0%

As observed in the previous tables, the macroeconomic variables and scenarios were adjusted to reflect the impacts of COVID-19. The weighted probabilities assigned to each scenario were also recalibrated based on the expectations resulting from the information available at the date of the projections.

The Group continues monitoring information which allows it to identify potential impacts on ECL in a timely manner.

Loss allowance balances as of September 30, June 30, and March 31, 2020:

	As of September 30, 2020	As of June 30, 2020	As of March 31, 2020	Variation September vs June	Variation June vs March
Commercial	Ps. 4,793,535	Ps. 5,204,875	Ps. 4,599,522	Ps. (411,340)	Ps. 605,353
Consumer	4,547,593	3,843,861	3,783,484	703,732	60,377
Mortgage	494,628	429,638	406,490	64,990	23,148
Microcredit	111,659	89,474	92,082	22,185	(2,608)
Interbank and overnight funds	1,183	7,386	2,305	(6,203)	5,081
Total	Ps. 9,948,598	Ps. 9,575,234	Ps. 8,883,883	Ps. 373,364	Ps. 691,351

The table above summarizes the total loss allowance for each portfolio and for each quarter of 2020. The loss allowance reconciliation, transfers between stages, impacts of measurement due to model changes, among others, are presented in note 4 f) (3).

Loss allowance expense as of September 30, June 30, and March 31, 2020:

	As of September 30, 2020	As of June 30, 2020	As of March 31, 2020	Variation September vs June	Variation June vs March
Commercial	Ps. 483,924	Ps. 700,142	Ps. 382,842	Ps. (216,218)	Ps. 317,300
Consumer	1,017,997	865,131	654,363	152,866	210,768
Mortgage	75,485	57,303	44,053	18,182	13,250
Microcredit	36,408	7,885	10,592	28,523	(2,707)
Interbank and overnight funds	(6,203)	5,058	1,342	(11,261)	3,716
Total	Ps. 1,607,611	Ps. 1,635,519	Ps. 1,093,192	Ps. (27,908)	Ps. 542,327

The table above summarizes the loss allowance expense per portfolio for each quarter of the year 2020.

Clients credit reliefs

The measures taken or suggested by the governments of the countries in which the Group operates encouraged companies to provide reliefs to customers (companies or individuals) between the months of April and June 2020, in relation to current loans or loan agreements. The reliefs have consisted mainly in the renegotiation of the credit terms and conditions including, among others, the granting of payment holidays, deferral of payments to a later date, the extension of credit terms and increase of borrowing facilities. The following table summarizes the volume of reliefs granted per portfolio and their effects on the Group's results:

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	<u>Commercial</u>	<u>Consumer</u>	<u>Mortgage</u>	<u>Microcredit</u>	<u>Interbank and overnight funds</u>	<u>Total</u>
Amount of credits with relief granted	17,726	656,295	24,249	8,120	-	706,390
Impact on income statement	Ps. (11,557)	Ps. (68,437)	Ps. (678)	Ps. (9,619)	Ps. -	Ps. (90,291)

The governments of the countries in which the Group operates have not decreed direct relief for banks to date.

Leases from the lessee's perspective

Lessors and lessees have carried out renegotiations of some lease terms from April 2020, as a result of which some lessors granted concessions of some kind in relation to lease payments.

Some Group entities that have leased assets have renegotiated the terms of their lease agreements as a direct consequence of the crisis due to COVID-19. As lessees, the Group entities have taken into consideration the applicable guidelines to determine the appropriate accounting of the concessions granted, assessing whether they meet the contract modifications criteria; this analysis resulted in the recognition of gains in the income statement and in the remeasurement of the lease liabilities, the effect recognized in results was for Ps.2,070 due to a decrease in the lease fee for a number of months for 464 contracts.

Impairment of assets - Goodwill, Property, Plant and Equipment and Intangibles (including concession agreements under the intangible asset model)

As of June 30, 2020, the timing of the halt in the operations of certain Group businesses resulted in the appearance of impairment indicators, in accordance with which it became necessary to update the impairment test that had been carried out at the end of 2019; in some cases this also meant the performance of additional tests that had not been carried out before, where there had been no indicators. As of September 30, 2020, no negative changes have been observed in the cash flow projections that were considered in the impairment tests carried out as of June 30, 2020. According to this, there has been no need to carry out further updates to the impairment test performed for the third quarter of 2020.

In updating the impairment tests carried out as of June 30, 2020 in relation to capital gains, property, plant and equipment and intangibles, budgets, forecasts and other assumptions were adjusted to incorporate the economic conditions observed, addressing where necessary, cases of increased risk and uncertainty. The assumptions used to perform the provisional impairment test have been updated to reflect lower budgeted earnings in subsequent years and a delay in returning to pre-crisis levels of turnover and profitability. Due to the high level of uncertainty, it was very challenging to predict the full extent and duration of the impact of the COVID-19 pandemic on the Group's operations.

Going concern

The COVID-19 pandemic and the measures taken by governments in countries around the world to mitigate the spread of the virus have negatively impacted the economies where the Group operates.

Despite seeing a better economic performance in the third quarter of the year and in comparison to the strong negative impact experienced during the second quarter, there is still uncertainty about the effect of the pandemic on the economy going forward, especially in some customer segments and therefore on the Group's business as a whole. In this sense, management has modeled a series of scenarios considering a period of 12 months from the date of authorization of these consolidated financial statements. These assumptions seek to estimate the collective potential impacts of the restrictions and regulations issued around the COVID-19

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crisis. Likewise, they incorporate the responses proposed by management aimed at mitigating the impact during the course of the year 2020.

The base case scenario includes the benefits of the actions taken by management and governments of the countries in which we operate to mitigate the impacts caused by COVID-19. This scenario also considers additional effects of the pandemic on the ordinary course of the economy and our businesses, including, among others, delays in payment owed by some clients with respect to their contractually obligations. In this scenario, the Group is expected to continue to have sufficient room for maneuver in relation to the financing available.

The more severe downside scenario, which is considered prudent but plausible, considers a significant adverse impact on the Group's businesses, including its cash flows. In response, management would have the ability to adopt the following mitigation actions to reduce costs, optimize the Group's cash flow and preserve liquidity:

- reduce, postpone or cancel discretionary spending; and
- freeze non-essential recruitment.

Based on the Group's liquidity position as of the authorization date of these consolidated financial statements, management continues to have a reasonable expectation that the Group has adequate resources to continue operating for at least the next 12 months and that the Going business accounting base remains adequate.

These consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of reported assets, liabilities and expenses that may otherwise be required if the going concern basis is not appropriate

Investments property

The fair value of investment properties is determined by outside and independent property appraisers, who have appropriate recognized professional qualifications and recent experience in the location and category of the property being valued.

As of September 30, 2020, the appraisers have not modified the previous year's valuation assumptions, according to which no significant impact of COVID-19 on fair value is currently considered. Appraisers are assessing "material valuation uncertainty" due to market disruption caused by the pandemic, which could result in a reduction in transactional evidence and market returns. Appraisers cannot attribute as much weight as usual to past market evidence for comparison purposes, and there is a greater risk that the price obtained in an actual transaction will differ from the value conclusion.

Other matters

As of September 30, 2020, no impairment was identified in other non-financial assets such as investments that are accounted for by the equity method or inventories, nor were situations identified that would have implied the appearance of present obligations arising from the effects of COVID- 19 and that at that date they had a high probability of outflow of resources.

NOTE 24 SUBSEQUENT EVENTS

As of the date of issuance of the condensed consolidated financial statements, no subsequent events are known that need to be disclosed in the financial statements