

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

	<u>Notes</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Assets			
Cash and cash equivalents	Ps.	35,132,020	Ps. 34,025,535
Trading assets		11,393,557	11,038,856
Investment securities		40,790,620	36,061,764
Hedging derivative assets	4	29,530	156,220
Loans, net	4	201,016,745	195,541,994
Other accounts receivable, net		16,309,955	14,996,337
Non-current assets held for sale		250,563	240,412
Investments in associates and joint ventures		969,759	1,029,322
Tangible assets	6	9,006,001	8,973,952
Concessions	7	9,540,929	9,187,564
Goodwill	8	8,109,568	7,713,817
Other Intangibles		1,704,783	1,623,670
Income tax assets		2,159,271	1,797,888
Other assets		498,285	508,539
Total assets	Ps.	336,911,586	Ps. 322,895,870
Liabilities and equity			
Liabilities			
Trading liabilities	4	Ps. 825,756	Ps. 1,452,574
Hedging derivative liabilities	4	74,049	56,627
Customer deposits	4	222,077,692	211,841,597
Financial obligations	4	62,093,006	58,624,766
Provisions	10	909,390	912,850
Income tax liabilities		3,715,156	3,588,181
Employee benefits	11	1,212,238	1,201,855
Other liabilities	12	10,809,339	9,777,863
Total liabilities	Ps.	301,716,626	Ps. 287,456,313
Equity			
Owners of the parent:			
Subscribed and paid-in capital	Ps.	22,281	Ps. 22,281
Additional paid-in capital		8,470,870	8,470,870
Retained earnings		10,893,234	11,302,134
Other comprehensive income		989,642	862,013
Equity attributable to owners of the parent		20,376,027	20,657,298
Non-controlling interest		14,818,933	14,782,259
Total equity		35,194,960	35,439,557
Total liabilities and equity	Ps.	336,911,586	Ps. 322,895,870

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

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

	Notes	For the three-months periods ended March 31,	
		2021	2020
Interest income	Ps.	4,702,429	Ps. 5,097,465
Interest expense		(1,657,019)	(2,171,952)
Net interest income		3,045,410	2,925,513
Net impairment loss on financial assets		(1,157,200)	(1,036,500)
Net interest income, after impairment losses		1,888,210	1,889,013
Income from commissions and fees		1,550,939	1,534,835
Expenses from commissions and fees		(204,155)	(189,002)
Net income from commissions and fees	15	1,346,784	1,345,833
Income from sales of goods and services		2,373,455	2,463,598
Costs and expenses of sales goods and services		(1,602,787)	(1,629,897)
Gross profit from sales of goods and services	15	770,668	833,701
Net trading income	16	197,632	1,101,155
Net income from other financial instruments mandatorily at fair value through profit or loss		81,640	73,259
Other income	17	327,866	(804,333)
Other expenses	17	(2,581,065)	(2,576,378)
Net income before tax expense		2,031,735	1,862,250
Income tax expense		(580,145)	(516,425)
Net income	Ps.	1,451,590	Ps. 1,345,825
Net income attributable to:			
Owners of the parent		791,767	700,237
Non-controlling interest		659,823	645,588
	Ps.	1,451,590	Ps. 1,345,825
Net income per share basic and diluted (in Colombian pesos)		35.54	31.43

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	
		March 31,	
		2021	2020
Net income		Ps. <u>1,451,590</u>	Ps. <u>1,345,825</u>
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	1,173,053	3,796,835
Hedging derivative instrument	5	(176,203)	(2,010,876)
Hedging non-derivative instrument	5	(566,842)	(1,767,823)
Cash flow hedges		(2,480)	(42,617)
Foreign currency translation differences from unhedged foreign operations		25,251	(37,546)
Investments in associates and joint ventures		2,727	10,338
Unrealized gains (losses) on securities at FVOCI		(584,875)	(732,839)
Income tax		337,185	1,242,159
Total, items that may be reclassified to profit or loss		Ps. <u>207,816</u>	Ps. <u>457,631</u>
Items that will not be reclassified to profit or loss			
Revaluation investment properties		61	—
Unrealized gains (losses) on equity securities at FVOCI		23,770	62
Actuarial gains (losses) from defined benefit pension plans		—	(36)
Income tax		(2,322)	(75)
Total, items that will not be reclassified to profit or loss		Ps. <u>21,509</u>	Ps. <u>(49)</u>
Total other comprehensive income, net of taxes		<u>229,325</u>	<u>457,582</u>
Total comprehensive income		Ps. <u>1,680,915</u>	Ps. <u>1,803,407</u>
Total comprehensive income for the periods attributable to:			
Owners of the Group		919,396	958,707
Non-controlling interest		761,519	844,700
		Ps. <u>1,680,915</u>	Ps. <u>1,803,407</u>

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

Grupo Aval Acciones y Valores S.A. and Subsidiaries
Consolidated Statement of Changes in Equity for the three-month periods ended at March 31, 2021 and 2020
(Amounts expressed in millions of Colombian pesos)

	Subscribed and paid-in capital	Additional paid – in capital	Appropriated retained earnings	Other comprehensive income (OCI)	Equity attributable to owners of the parent	Non-controlling interest (NCI)	Total equity
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>
Acquisition of NCI without a change in control	—	—	—	—	0	692	692
Dividends declared	—	—	(1,336,861)	—	(1,336,861)	(783,952)	(2,120,813)
Effect of realization of equity instruments	—	—	11	—	11	40	51
Other comprehensive income	—	—	—	258,470	258,470	199,112	457,582
Withholding Tax on dividends	—	—	(213)	—	(213)	(1,060)	(1,273)
Net income	—	—	700,237	—	700,237	645,588	1,345,825
Balance at March 31, 2020	Ps. <u>22,281</u>	Ps. <u>8,445,766</u>	Ps. <u>9,652,247</u>	Ps. <u>1,351,917</u>	Ps. <u>19,472,211</u>	Ps. <u>13,558,122</u>	Ps. <u>33,030,333</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, 2020	Ps. <u>22,281</u>	Ps. <u>8,470,870</u>	Ps. <u>11,302,134</u>	Ps. <u>862,013</u>	Ps. <u>20,657,298</u>	Ps. <u>14,782,259</u>	Ps. <u>35,439,557</u>
Issuance of shares	—	—	—	—	—	151	151
Dividends declared	—	—	(1,203,175)	—	(1,203,175)	(723,893)	(1,927,068)
Effect of realization of equity instruments	—	—	808	—	808	241	1,049
Other comprehensive income	—	—	—	127,629	127,629	101,696	229,325
Withholding Tax on dividends	—	—	1,700	—	1,700	(1,344)	356
Net income	—	—	791,767	—	791,767	659,823	1,451,590
Balance at March 31, 2021	Ps. <u>22,281</u>	Ps. <u>8,470,870</u>	Ps. <u>10,893,234</u>	Ps. <u>989,642</u>	Ps. <u>20,376,027</u>	Ps. <u>14,818,933</u>	Ps. <u>35,194,960</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 three-month periods ended March 31, 2021 and 2020
(Amounts expressed in millions of Colombian pesos)

	Nota	March 31, 2021	March 31, 2020
Cash flows from operating activities:			
Net income before income tax	Ps.	2,031,735	Ps. 1,862,250
Reconciliation of net income before taxes and net cash provided by operating activities:			
Depreciation and amortization	15-17	356,280	323,534
Impairment losses of loans and receivables, net	4	1,242,333	1,110,399
Net income in concession agreements		(958,313)	(1,377,717)
Net interest income		(3,045,410)	(2,925,513)
Sales of non-current assets held for sale, net	17	(8,114)	(26,756)
Gain on sales of property, plant and equipment		(5,953)	(9,130)
Foreign exchange losses		70,391	189,008
Share of profit of equity accounted investees, net of tax	17	(60,586)	(72,652)
Dividends caused	17	(103,457)	(75,505)
Fair value adjustments on:			
Derivative financial instruments	16	(309,516)	(1,305,373)
Non-current assets held for sale		4,935	(26)
Investment property		(2,011)	(3,397)
Biological assets		(1,846)	(2,420)
Changes in operating assets and liabilities:			
Derivative financial instruments		(55,538)	(23,690)
Trading assets		(505,529)	71,007
Accounts receivable		(105,633)	(90,362)
Other assets		(136,518)	(133,796)
Other liabilities and provisions		(664,257)	(1,120,753)
Employee benefit		(5,226)	9,811
Loan portfolio		(633,707)	(5,417,391)
Customer deposits		2,524,072	9,878,250
Interbank borrowings and overnight funds		2,153,374	(1,928,980)
Borrowings from development entities		2,211	(1,170)
Borrowings from banks		(2,431,018)	957,773
Interest received		4,531,787	4,708,799
Interest paid		(1,820,243)	(2,174,887)
Lease interest		(40,076)	(52,786)
Income tax payments		(495,139)	(526,621)
Net cash provided by operating activities	Ps.	1,529,028	Ps. 1,841,906
Cash flows from investing activities:			
Purchases of amortized cost financial assets	Ps.	(918,171)	Ps. (877,745)
Redemptions of amortized cost financial assets		960,150	744,745
Purchases of FVOCI		(15,369,390)	(14,742,787)
Proceeds from sales of FVOCI		11,742,414	13,824,523
Acquisition of associates investment and joint ventures		(2,213)	—
Purchases tangible assets		(77,547)	(112,470)
Proceeds from sales of property, plant and equipment		20,835	38,856
Proceeds from sales of non-current assets held for sale		16,722	10,453
Additions of concession arrangement rights		(155,507)	(218,006)
Additions of other intangible assets		(131,423)	(85,277)
Dividends received		37,300	24,825
Net cash (used in) provided by investing activities	Ps.	(3,876,830)	Ps. (1,392,883)
Cash flows from financing activities:			
Dividends paid to shareholders	Ps.	(331,077)	Ps. (333,429)
Dividends paid to non-controlling interest		(169,937)	(174,993)
Issuance of debt securities		1,151,930	3,837,113
Payment of outstanding debt securities		(441,360)	(706,265)
Leases		(125,623)	(95,307)
Issuance of shares		151	—
Equity transactions		—	692
Net cash provided by financing activities	Ps.	84,084	Ps. 2,527,811
Effect of foreign currency changes on cash and equivalents		3,370,203	7,042,762
Increase (decrease) in cash and cash equivalents		1,106,485	10,019,596
Cash and cash equivalents at beginning of period	Ps.	34,025,535	Ps. 30,117,236
Cash and cash equivalents at end of period	Ps.	35,132,020	Ps. 40,136,832

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

NOTE 1 – REPORTING ENTITY

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

NOTE – 1.1 OTHER EVENTS

a) COVID-19

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

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

The impacts in relation to impairment of financial instruments in the Group entities as of March 31, 2021, are based on the following aspects:

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

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

	As of March 31, 2021		As of December 31, 2020		Variation March vs December
Commercial	Ps.	5,307,168	Ps.	5,280,406	Ps. 26,762
Consumer		5,003,909		4,938,971	64,938
Mortgage		626,727		560,904	65,823
Microcredit		121,217		124,039	(2,822)
Interbank and overnight funds		209		851	(642)
Total	Ps.	11,059,230	Ps.	10,905,171	Ps. 154,059

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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	As of March 31, 2021	As of December 31, 2020	Variation March vs December
Other receivables	Ps. 360,785	Ps. 343,057	Ps. 17,728
Total	360,785	343,057	17,728

Loss allowance expenses per-portfolio as of March 31, 2021 and March 31, 2020:

	As of March 31, 2021	As of March 31, 2020	Variation March vs March
Commercial	Ps. 402,534	Ps. 382,842	Ps. 19,692
Consumer	765,929	654,363	111,566
Mortgage	50,025	44,053	5,972
Microcredit	6,743	10,592	(3,849)
Interbank and overnight funds	(642)	1,342	(1,984)
Total	Ps. 1,224,589	Ps. 1,093,192	Ps. 131,397

Net other receivables provision impact on income statement as of march 31 2021 and march 31 2020:

	As of March 31, 2021	As of March 31, 2020	Variation March vs March
Other receivables	Ps. 17,744	Ps. 17,207	Ps. 537
Total	17,744	17,207	537

Clients credit reliefs

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

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

	Commercial	Consumer	Mortgage	Microcredit	Interbank and overnight funds	Total
Amortised cost before modification	9,434,698	4,458,636	3,209,977	6,784	-	17,110,095
Net modification loss	Ps. (7,506)	Ps. (3,459)	Ps. (1,966)	Ps. (3)	-	Ps. (12,934)

Other matters

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

b) Capital adequacy

From the first quarter of 2021 Grupo Aval started its report of the capital adequacy to the Superintendency of Finance, Grupo Aval complied with the minimum regulatory capital requirements.

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

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

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

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

NOTE 3 – USE OF JUDGEMENTS AND ESTIMATES

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

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

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.

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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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:

March 31, 2021

	Carrying Value	Fair Value				Total
		Level 1	Level 2	Level 3		
ASSETS						
Trading investment						
Securities issued or secured by Colombian Government	Ps. 3,844,410	Ps. 2,698,488	Ps. 1,145,922	Ps. —	Ps. 3,844,410	
Securities issued or secured by other entities of the Colombian Government	260,057	—	260,057	—	260,057	
Securities issued or secured by foreign Government	233,100	—	156,917	76,183	233,100	
Securities issued or secured by other financial entities	1,470,440	—	1,470,440	—	1,470,440	
Securities issued or secured by entities of the Non-financial sector	6,502	—	6,502	—	6,502	
Other	29,949	—	29,949	—	29,949	
Total trading investment	Ps. 5,844,458	Ps. 2,698,488	Ps. 3,069,787	Ps. 76,183	Ps. 5,844,458	
Investments in debt securities at fair value through profit or loss						
Other	6,627	—	—	6,627	6,627	
Total investments in debt securities at fair value through profit or loss	Ps. 5,851,085	Ps. 2,698,488	Ps. 3,069,787	Ps. 82,810	Ps. 5,851,085	
Investments at fair value through OCI						
Securities issued or secured by Colombian Government	13,700,703	11,324,454	2,376,249	—	13,700,703	
Securities issued or secured by other entities of the Colombian Government	512,347	283,843	228,504	—	512,347	
Securities issued or secured by foreign Government	12,124,298	1,439,068	10,685,230	—	12,124,298	
Securities issued or secured by central banks	2,113,459	—	2,113,459	—	2,113,459	
Securities issued or secured by other financial entities	3,605,935	144,270	3,457,957	3,708	3,605,935	
Securities issued or secured by entities of the non-financial sector	69,453	28,122	41,331	—	69,453	
Other	1,423,768	33,467	1,376,723	13,578	1,423,768	
Total investments at fair value through OCI	Ps. 33,549,963	Ps. 13,253,224	Ps. 20,279,453	Ps. 17,286	Ps. 33,549,963	
Total investments in debt securities	Ps. 39,401,048	Ps. 15,951,712	Ps. 23,349,240	Ps. 100,096	Ps. 39,401,048	
Investments in equity securities						
Trading equity securities	4,713,718	4,010	3,546,809	1,162,899	4,713,718	
Investments in equity through OCI	1,539,008	1,424,338	4,009	110,661	1,539,008	
Total investments in equity securities	Ps. 6,252,726	Ps. 1,428,348	Ps. 3,550,818	Ps. 1,273,560	Ps. 6,252,726	
Held for trading Derivatives						
Currency Forward	567,264	—	567,264	—	567,264	
Bond Forward	12,113	—	12,113	—	12,113	
Interest Rate Swap	176,772	—	176,772	—	176,772	
Currency Swap	38,151	—	38,151	—	38,151	
Currency Options	40,799	—	40,799	—	40,799	
Index Futures	283	283	—	—	283	
Total held for trading derivatives	Ps. 835,382	Ps. 283	Ps. 835,099	Ps. —	Ps. 835,382	
Hedging Derivatives						

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	Carrying Value	Fair Value				Total
		Level 1	Level 2	Level 3		
Currency Forward	15,224	—	15,224	—	15,224	
Interest Rate Swap	6,759	—	6,759	—	6,759	
Currency Swap	7,547	—	7,547	—	7,547	
Total hedging derivatives	Ps. 29,530	Ps. —	Ps. 29,530	Ps. —	Ps. 29,530	
Other account receivables						
Financial assets in concession contracts	3,040,025	—	—	3,040,025	3,040,025	
Total other account receivables designated at fair value	Ps. 3,040,025	Ps. —	Ps. —	Ps. 3,040,025	Ps. 3,040,025	
Total assets at fair value on recurring basis	Ps. 49,558,711	Ps. 17,380,343	Ps. 27,764,687	Ps. 4,413,681	Ps. 49,558,711	

Financial assets at amortized cost, net						
Investments in debt securities, net	5,695,022	77,532	5,152,686	435,907	5,666,125	
Securities issued or secured by Colombian Government	1,580,938	40,748	1,547,262	—	1,588,010	
Securities issued or secured by other entities of the Colombian Government	3,540,184	—	3,533,846	—	3,533,846	
Securities issued or secured by Foreign Government	36,779	36,784	—	—	36,784	
Securities issued or secured by other financial entities	284,084	—	—	264,847	264,847	
Other	253,037	—	71,578	171,060	242,638	
Loan portfolio, net (see literal f for details)	201,016,745				206,025,598	
Interbank and overnight funds	2,561,668					
Commercial	109,190,407					
Consumer	63,622,940					
Mortgage	25,404,175					
Microcredit	237,555					
Other accounts receivables, net	13,269,930				13,515,290	
Total financial assets at amortized cost, net	219,981,697					

LIABILITIES

Trading Derivatives						
Currency forward	558,367	—	558,367	—	558,367	
Bond forward	847	—	847	—	847	
Bond futures	—	—	—	—	—	
Index futures	2,882	2,882	—	—	2,882	
Interest rate swap	167,710	—	167,710	—	167,710	
Currency swap	55,012	—	55,012	—	55,012	
Currency options	40,938	—	40,938	—	40,938	
Total trading derivatives	Ps. 825,756	Ps. 2,882	Ps. 822,874	Ps. —	Ps. 825,756	
Hedging derivatives						
Currency forward	Ps. 53,447	Ps. —	Ps. 53,447	Ps. —	Ps. 53,447	
Interest rate swap	20,602	—	20,602	—	20,602	
Total hedging derivatives	74,049	—	74,049	—	74,049	
Total liabilities at fair value on recurring basis	Ps. 899,805	Ps. 2,882	Ps. 896,923	Ps. —	Ps. 899,805	

Financial liabilities at amortized cost						
Customer deposits	Ps. 222,077,692				Ps. 225,079,702	
Checking accounts	55,289,597				55,289,597	
Time deposits	85,597,118				88,599,129	
Savings accounts	80,761,025				80,761,025	
Others deposits	429,952				429,951	
Financial obligations	62,093,006				61,956,593	
Interbank borrowings and overnight funds	9,363,115				9,360,953	
Leases contracts	3,041,069				2,908,881	
Borrowings from banks and similar	16,081,812				16,081,653	
Bonds issued (see literal e for details)	29,728,603				29,665,339	
Borrowings from development entities	3,878,407				3,939,767	
Total financial liabilities at amortized cost	Ps. 284,170,698				Ps. 287,036,295	

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	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
ASSETS					
Trading investment					
Securities issued or secured by Colombian Government	Ps. 2,831,979	Ps. 1,748,734	Ps. 1,083,245	Ps. —	Ps. 2,831,979
Securities issued or secured by other entities of the Colombian Government	187,295	—	187,295	—	187,295
Securities issued or secured by foreign Governments	201,312	—	129,082	72,230	201,312
Securities issued or secured by other financial entities	1,502,818	—	1,502,818	—	1,502,818
Securities issued or secured by entities of the non—financial sector	24,975	—	24,975	—	24,975
Other	32,614	—	32,614	—	32,614
Total trading investment	Ps. 4,780,993	Ps. 1,748,734	Ps. 2,960,029	Ps. 72,230	Ps. 4,780,993
Investments in debt securities at fair value through profit or loss					
Other	7,385	—	—	7,385	7,385
Total investments in debt securities at fair value through profit or loss	Ps. 4,788,378	Ps. 1,748,734	Ps. 2,960,029	Ps. 79,615	Ps. 4,788,378
Investments at fair value through OCI					
Securities issued or secured by Colombian Government	12,847,199	9,943,470	2,903,729	—	12,847,199
Securities issued or secured by other Colombian Government entities	461,073	174,614	286,459	—	461,073
Securities issued or secured by foreign Governments	9,663,324	1,813,022	7,850,302	—	9,663,324
Securities issued or secured by central banks	1,862,922	—	1,862,922	—	1,862,922
Securities issued or secured by other financial entities	2,912,432	168,314	2,740,688	3,430	2,912,432
Securities issued or secured by non-financial sector entities	49,570	—	49,570	—	49,570
Others	1,169,836	35,491	1,122,041	12,304	1,169,836
Total investments at fair value through OCI	Ps. 28,966,356	Ps. 12,134,911	Ps. 16,815,711	Ps. 15,734	Ps. 28,966,356
Total investments in debt securities	Ps. 33,754,734	Ps. 13,883,645	Ps. 19,775,740	Ps. 95,349	Ps. 33,754,734
Investments in equity securities					
Trading equity securities	5,123,939	1,351	4,076,598	1,045,990	5,123,939
Investments in equity through OCI	1,515,090	1,400,896	221	113,973	1,515,090
Total investments in equity securities	Ps. 6,639,029	Ps. 1,402,247	Ps. 4,076,819	Ps. 1,159,963	Ps. 6,639,029
Held for trading derivatives					
Currency forward	817,161	—	817,161	—	817,161
Bond forward	349	—	349	—	349
Interest rate swap	245,618	—	245,618	—	245,618
Currency swap	31,394	—	31,394	—	31,394
Currency options	39,402	—	39,402	—	39,402
Total held for trading derivatives	Ps. 1,133,924	Ps. —	Ps. 1,133,924	Ps. —	Ps. 1,133,924
Hedging derivatives					
Currency forward	123,325	—	123,325	—	123,325
Currency swap	32,895	—	32,895	—	32,895
Total hedging derivatives	Ps. 156,220	Ps. —	Ps. 156,220	Ps. —	Ps. 156,220
Other account receivables					
Financial assets in concession contracts	2,958,385	—	—	2,958,385	2,958,385
Total other account receivables designated at fair value	Ps. 2,958,385	Ps. —	Ps. —	Ps. 2,958,385	Ps. 2,958,385
Total assets at fair value on recurring basis	Ps. 44,642,292	Ps. 15,285,892	Ps. 25,142,703	Ps. 4,213,697	Ps. 44,642,292
Financial assets at amortized cost, net					
Investments in debt securities, net	5,572,933	180,660	4,939,119	439,484	5,559,263
Securities issued or secured by Colombian Government	1,673,852	145,906	1,541,606	—	1,687,512
Securities issued or secured by other Colombian Government entities	3,377,351	—	3,376,036	—	3,376,036
Securities issued or secured by foreign Governments	34,747	34,754	—	—	34,754
Securities issued or secured by other financial entities	297,523	—	—	280,689	280,689
Others	189,460	—	21,477	158,795	180,272
Loan portfolio, net (see literal f for details)	195,541,994				203,901,379
Interbank and overnight funds	4,692,827				
Commercial	105,706,532				

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	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Consumer	60,896,486				
Mortgage	23,997,867				
Microcredit	248,282				
Other accounts receivables, net	12,037,952				12,234,426
Total financial assets at amortized cost, net	213,152,879				
LIABILITIES					
Trading derivatives					
Currency forward	1,112,439	—	1,112,439	—	1,112,439
Bond forward	2,071	—	2,071	—	2,071
Index futures	1,165	1,165	—	—	1,165
Interest rate swap	251,414	—	251,414	—	251,414
Currency swap	39,705	—	39,705	—	39,705
Currency options	45,780	—	45,780	—	45,780
Total trading derivatives	Ps. 1,452,574	Ps. 1,165	Ps. 1,451,409	Ps. —	Ps. 1,452,574
Hedging derivatives					
Currency forward	26,924	—	26,924	—	26,924
Interest rate swap	29,703	—	29,703	—	29,703
Total hedging derivatives	56,627	—	56,627	—	56,627
Total liabilities at fair value on recurring basis	Ps. 1,509,201	Ps. 1,165	Ps. 1,508,036	Ps. —	Ps. 1,509,201
Financial liabilities at amortized cost					
Customer deposits	Ps. 211,841,597				Ps. 216,035,503
Checking accounts	51,198,284				52,022,615
Time deposits	83,559,188				85,794,000
Savings accounts	76,551,465				77,686,206
Others deposits	532,660				532,682
Financial obligations	58,624,766				60,181,205
Interbank borrowings and overnight funds	7,179,644				7,179,503
Leases contracts	3,025,732				2,968,324
Borrowings from banks and similar	16,628,785				17,073,516
Bonds issued (see literal e for details)	27,760,797				28,854,809
Borrowings from development entities	4,029,808				4,105,053
Total financial liabilities at amortized cost	Ps. 270,466,363				Ps. 276,216,708

b) Fair Value determination

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

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

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

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	Valuation technique Level 2	Significant inputs
Securities issued or secured by non-financial sector entities	Discounted cash flow	Theoretical price / estimated price ⁽¹⁾ Average price / market price ⁽²⁾
Other	Discounted cash flow	Theoretical price / estimated price ⁽¹⁾ Average price / market price ⁽²⁾ Yield and margin
<u>In Foreign Currency</u>		
Securities issued or secured by the Colombian Government	Market Price	Market price ⁽²⁾
Securities issued or secured by Colombian government entities	Discounted cash flow	Theoretical price / estimated price ⁽¹⁾ Average price / market price ⁽²⁾
Securities issued or secured by foreign governments	Internal model	Discounted cash flows using yields from similar securities outstanding Negotiation price, if there are not negotiations, it is calculated by groups of debt securities according to the Superintendency of Pensions methodologies.
	Market price	Last auction allocation price
Securities issued or secured by foreign governments		Market price ⁽²⁾ Market price or price calculated based on benchmarks set by price providers methodologies
Securities issued or secured by Central Banks	Internal model Market price	Discounted cash flows using yields from similar securities outstanding Market price or price calculated based on benchmarks set by price providers methodologies
Securities issued or secured by other financial entities	Discounted cash flow Internal model Market price	Theoretical price / estimated price ⁽¹⁾ Discounted cash flows using yields from similar securities outstanding Market price or price calculated based on benchmarks set by price providers methodologies Bloomberg Generic Market price ⁽²⁾
Securities issued or secured by non-financial sector entities	Market price	Theoretical price / estimated price ⁽¹⁾ Market price ⁽²⁾
Other	Discounted cash flow Market price	Theoretical price / estimated price ⁽¹⁾ Market price or price calculated based on benchmarks set by price providers methodologies Negotiation price, if there are not negotiations, it is calculated by groups of debt securities according to the Superintendency of Pensions methodologies. Last auction allocation price Quoted price Market price ⁽²⁾ Bloomberg Generic
Investment in equity securities		
Corporate stock	Market Price	Estimated prices ⁽¹⁾
Investment funds	Market Price	Market value of underlying assets, less management and administrative fees
Pension and severance funds ⁽³⁾	Market Price	Market value of underlying assets, less management and administrative fees
Trading derivatives		
Foreign currency forward	Discounted cash flow	Underlying asset price
Debt securities forward		Currency curve by underlying asset
Interest rate swap		Forward Exchange rates curve of the operation's currency
Cross currency swap		Implicit curves of Exchange rates forwards
Swap (others)		Swap curves by underlying asset

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	Valuation technique Level 2	Significant inputs
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.

	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

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Valuation technique Level 3	Significant inputs
	Multiple of net income
Other financial assets	
Assets under concession contracts (2)	Discounted cash flow
	Free-cash flow from concession contracts
	Concession contract's maturity period
	Perpetuity value of the year "n" free-cash flow
	Present value of the discounted residual value at Weighted Average Cost of Capital ("WACC").
	The detail of valuation process for financial assets in concession arrangements are outlined in ⁽²⁾
Non-financial assets	
Biological assets	Discounted cash flow
	The processes used to collect data and determine the fair value of biological assets are described in ⁽³⁾
Investment properties	Discounted cash flow
	The processes used to collect data and determine the fair value of investment properties are described in ⁽⁴⁾

(1) Valuation of equity instruments Level 3

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

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

(2) Valuation of financial assets under concession arrangement rights

Sensitivity analysis

The following table includes a sensitivity analysis of the assumptions used by Promigas and its subsidiaries in the calculation of fair value of unconditional transfer rights of gas pipelines to Government entities at the expiration date of the contracts. The value of the financial asset at March 31, 2021 is Ps. 3,040,025 and Ps. 2,958,385 as of December 31, 2020.

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

c) Transfer of levels

As of March 31, 2021, there were no transfers of fair values between levels 1 and to or from level 2 or level 3.

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

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

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

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

	Financial assets in debt securities		Equity instruments		Financial assets in concession arrangements	
December 31, 2020	Ps.	95,349	Ps.	1,159,963	Ps.	2,958,385
Valuation adjustment with an effect on income		3,195		44,657		81,640
Valuation adjustments with an effect on OCI		1,552		(22)		—
Additions		—		2,004		—
Sales / redemptions		—		—		—
Reclassifications		—		—		—
Transfer from level 2 to level 3				71,627		
Transfer from level 3 to level 2				(4,669)		
March 31, 2021	Ps.	100,096	Ps.	1,273,560	Ps.	3,040,025

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

	Level 1		Level 2		Level 3		Total	
March 31, 2021								
Impaired collateralized loans	Ps.	—	Ps.	—	Ps.	1,416,455	Ps.	1,416,455
Non- current assets held for sale		—		—		250,563		250,563
	Ps.	—	Ps.	—	Ps.	1,667,018	Ps.	1,667,018
December 31, 2020								
Impaired collateralized loans	Ps.	—	Ps.	—	Ps.	1,508,693	Ps.	1,508,693
Non- current assets held for sale		—		—		240,412		240,412
	Ps.	—	Ps.	—	Ps.	1,749,105	Ps.	1,749,105

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e) Financial obligations from issued bonds

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

Local Currency

Issuer	Issue Date	March 31, 2021	December 31, 2020	Maturity Date	Interest Rate
Banco Av. Villas S.A.	23/02/2021	Ps. 475,201	Ps. —	Between 23/02/2024 and 23/02/2026	CPI + 0.71% to 1.36%
Banco de Bogotá S.A.	Between 24/09/2020 and 10/02/2021	900,499	300,011	Between 24/09/2023 and 10/02/2026	CPI + 2.78%; IBR + 2.88% and Fixed between 3.40% and 4.75%
Banco de Occidente S.A	Between 22/09/2011 and 20/08/2020	3,020,369	3,023,809	Between 08/05/2021 and 14/12/2032	CPI + 1.75% to 4.65%, IBR + 1.37% and Fixed between 5.71% and 7.55%
Corporación Financiera Colombiana S.A.	Between 27/08/2009 and 19/11/2020	3,295,888	3,287,717	Between 11/03/2022 and 19/11/2045	CPI + 1.75% to 7.10% and UVR + 3.77%
Banco Popular S.A	Between 12/10/2016 and 04/02/2020	1,651,416	1,652,087	Between 08/05/2021 and 04/02/2027	CPI + 3.08% to 4.13%; Fixed between 5.88% and 8.10%
Grupo Aval Acciones y Valores S.A.	Between 03/12/2009 and 14/11/2019	1,129,325	1,129,634	Between 14/11/2024 and 28/06/2042	CPI + 3.69% to 5.20% and Fixed 6.42%
Peso denominated Total		Ps. 10,472,698	Ps. 9,393,258		

Foreign Currency

Issuer	Issue Date	March 31, 2021	December 31, 2020	Maturity Date	Interest Rate
Banco de Bogotá S.A. Under rule 144A.	Between 19/02/2013 and 03/08/2017	7,869,014	7,327,946	Between 19/02/2023 and 03/08/2027	Fixed between 4.38% to 6.25%
BAC Credomatic and MFG					
El Salvador	Between 28/10/2016 and 19/08/2019	500,642	467,262	Between 28/10/2021 and 19/08/2024	Fixed between 5.80% to 5.85%
Honduras	Between 06/12/2018 and 29/12/2020	315,504	306,129	Between 06/12/2021 and 29/12/2025	Fixed between 3.20% to 9.50% and Banker rate between 2.89% to 7.00%
Panamá	Between 11/09/2017 and 05/03/2021	1,443,046	1,713,174	Between 02/07/2021 and 04/02/2025	Fixed between 2.25% to 5.00%
BAC Credomatic and MFG Total		Ps. 2,259,192	Ps. 2,486,566		
Banco Bogotá and BAC Credomatic and MFG Total		Ps. 10,128,206	Ps. 9,814,512		

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Foreign Currency

Issuer	Issue Date	March 31, 2021	December 31, 2020	Maturitand Date	Interest Rate
Grupo Aval Limited ⁽¹⁾	Between 26/09/2012 and 04/02/2020	7,279,521	6,845,536	Between 26/09/2022 and 04/02/2030	Fixed between 4.38% to 4.75%
Promigas S.A. and Gases del Pacífico S.A.C. Under rule 144A.	Between 16/10/2019 and 22/10/2020	1,848,178	1,707,490	Between 16/10/2029 and 22/10/2029	Fixed 3.75%
Foreign Currency Total		Ps. 19,255,905	Ps. 18,367,539		
Total of Bonds		Ps. 29,728,603	Ps. 27,760,797		

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

The amount of issued bonds due over 12 months as of March 31, 2021 is Ps. 28,262,758 and December 31, 2020 is Ps. 26,467,982.

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

f) Credit risk concentration

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

Portfolio segment	March 31, 2021			December 31, 2020		
	Gross balance	Allowance for impairment ^(*)	Net balance of credit portfolio	Gross balance	Allowance for impairment ^(*)	Net balance of credit portfolio
Commercial	Ps. 114,497,575	Ps. 5,307,168	Ps. 109,190,407	Ps. 110,986,938	Ps. 5,280,406	Ps. 105,706,532
Consumer	68,626,849	5,003,909	63,622,940	65,835,457	4,938,971	60,896,486
Mortgage	26,030,902	626,727	25,404,175	24,558,771	560,904	23,997,867
Microcredit	358,772	121,217	237,555	372,321	124,039	248,282
Interbank and overnight funds	2,561,877	209	2,561,668	4,693,678	851	4,692,827
Total	Ps. 212,075,975	Ps. 11,059,230	Ps. 201,016,745	Ps. 206,447,165	Ps. 10,905,171	Ps. 195,541,994

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

There was no loan portfolio provided as collateral in resource auction operations with Banco Republica as of March 31, 2021

(1) Loan portfolio by economic sector

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

Sector	March 31, 2021		%	December 31, 2020		%
Consumer services	Ps. 101,238,511	48%		Ps. 96,436,401	47%	
Commercial services	45,252,380	21%		45,363,824	21%	
Construction	13,536,041	6%		13,723,891	6%	
Food, beverage and tobacco	10,337,601	5%		9,765,741	5%	
Transportation and communications	7,348,122	4%		7,300,885	4%	
Public services	5,981,316	3%		5,628,741	3%	
Chemical production	5,810,926	3%		5,867,117	3%	
Other industrial and manufacturing products	6,110,929	3%		5,936,370	3%	
Agricultural	5,651,823	3%		5,375,932	2%	
Government	4,818,911	2%		4,972,124	3%	

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Sector	March 31, 2021	%	December 31, 2020	%
Trade and tourism	2,896,050	1%	2,893,042	1%
Mining products and oil	950,128	0%	941,577	1%
Other	2,143,237	1%	2,241,520	1%
Total of each economic sector	Ps. 212,075,975	100%	Ps. 206,447,165	100%

(2) Portfolio credit by risk level rating

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

March 31, 2021					
Total Exposure					
PD Range	Stage 1	Stage 2	Stage 3	Total	
0% - 7.5%	Ps. 161,918,287	Ps. 7,992,335	Ps. 128	Ps. 169,910,750	
7.5% - 15%	7,156,394	4,348,755	211	11,505,360	
15% - 22.5%	672,757	3,125,044	2	3,797,803	
22.5% - 30%	186,485	1,891,257	27	2,077,769	
30% - 45%	139,752	2,985,936	99,642	3,225,330	
45% - 60%	40,541	5,816,417	93,749	5,950,707	
60% - 90%	2,958	2,917,234	237,190	3,157,382	
> 90%	2,892	81,210	12,366,772	12,450,874	
TOTAL	Ps. 170,120,066	Ps. 29,158,188	Ps. 12,797,721	Ps. 212,075,975	

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

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

Commercial portfolio

March 31, 2021					
Total Exposure					
PD Range	Stage 1	Stage 2	Stage 3	Total	
0% - 7.5%	Ps. 93,343,967	Ps. 4,353,086	Ps. 115	Ps. 97,697,168	
7.5% - 15%	532,035	1,233,512	-	1,765,547	
15% - 22.5%	292,906	1,113,021	-	1,405,927	
22.5% - 30%	105,115	294,645	-	399,760	
30% - 45%	82,957	497,174	199	580,330	
45% - 60%	36,035	3,917,819	-	3,953,854	
60% - 90%	2,565	66,397	56	69,018	
> 90%	2,116	8,126	8,615,729	8,625,971	
TOTAL	Ps. 94,397,696	Ps. 11,483,780	Ps. 8,616,099	Ps. 114,497,575	

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

Consumer portfolio

March 31, 2021					
Total Exposure					
PD Range	Stage 1	Stage 2	Stage 3	Total	
0% - 7.5%	Ps. 48,186,313	Ps. 2,674,220	Ps. 12	Ps.	50,860,545
7.5% - 15%	4,865,834	1,726,419	209		6,592,462
15% - 22.5%	352,346	1,164,935	2		1,517,283
22.5% - 30%	71,471	999,915	11		1,071,397
30% - 45%	46,472	1,570,391	99,431		1,716,294
45% - 60%	3,098	1,470,975	93,748		1,567,821
60% - 90%	203	2,236,802	237,127		2,474,132
> 90%	776	70,794	2,755,345		2,826,915
TOTAL	Ps. 53,526,513	Ps. 11,914,451	Ps. 3,185,885	Ps.	68,626,849

December 31, 2020					
Total Exposure					
PD Range	Stage 1	Stage 2	Stage 3	Total	
0% - 7.5%	Ps. 45,952,378	Ps. 2,145,102	Ps. —	Ps.	48,097,480
7.5% - 15%	4,949,864	1,092,553	189		6,042,606
15% - 22.5%	400,447	956,769	8		1,357,224
22.5% - 30%	98,380	1,114,336	7		1,212,723
30% - 45%	46,334	1,771,603	77,728		1,895,665
45% - 60%	4,745	1,732,311	84,479		1,821,535
60% - 90%	347	2,488,943	242,773		2,732,063
> 90%	1,026	81,109	2,594,026		2,676,161
TOTAL	Ps. 51,453,521	Ps. 11,382,726	Ps. 2,999,210	Ps.	65,835,457

Mortgage portfolio

March 31, 2021					
Total Exposure					
PD Range	Stage 1	Stage 2	Stage 3	Total	
0% - 7.5%	Ps. 17,711,691	Ps. 964,944	Ps. 1	Ps.	18,676,636
7.5% - 15%	1,717,988	1,388,789	2		3,106,779
15% - 22.5%	15,628	846,270	—		861,898
22.5% - 30%	1,112	596,614	16		597,742
30% - 45%	1,933	910,727	12		912,672
45% - 60%	—	412,996	1		412,997
60% - 90%	—	533,129	7		533,136
> 90%	—	2,272	926,770		929,042
TOTAL	Ps. 19,448,352	Ps. 5,655,741	Ps. 926,809	Ps.	26,030,902

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December 31, 2020							
Total Exposure							
PD Range	Stage 1		Stage 2		Stage 3		Total
0% - 7.5%	Ps.	18,223,127	Ps.	996,792	Ps.	4	Ps. 19,219,923
7.5% - 15%		298,817		1,148,718		2	1,447,537
15% - 22.5%		12,876		840,653		1	853,530
22.5% - 30%		845		567,375		16	568,236
30% - 45%		2,217		731,359		2	733,578
45% - 60%		-		456,779		5	456,784
60% - 90%		-		472,887		4	472,891
> 90%		-		3,309		802,983	806,292
TOTAL	Ps.	18,537,882	Ps.	5,217,872	Ps.	803,017	Ps. 24,558,771

Microcredit portfolio

March 31, 2021							
Total Exposure							
PD Range	Stage 1		Stage 2		Stage 3		Total
0% - 7.5%	Ps.	114,439	Ps.	85	Ps.	—	Ps. 114,524
7.5% - 15%		40,537		35		—	40,572
15% - 22.5%		11,877		818		—	12,695
22.5% - 30%		8,787		83		—	8,870
30% - 45%		8,390		7,644		—	16,034
45% - 60%		1,408		14,627		—	16,035
60% - 90%		190		80,906		—	81,096
> 90%		—		18		68,928	68,946
TOTAL	Ps.	185,628	Ps.	104,216	Ps.	68,928	Ps. 358,772

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

Repos, interbank loans portfolio

March 31, 2021							
Total Exposure							
PD Range	Stage 1		Stage 2		Stage 3		Total
0% - 7.5%	Ps.	2,561,877	Ps.	—	Ps.	—	Ps. 2,561,877
7.5% - 15%		—		—		—	—
15% - 22.5%		—		—		—	—
22.5% - 30%		—		—		—	—
30% - 45%		—		—		—	—
45% - 60%		—		—		—	—
60% - 90%		—		—		—	—
> 90%		—		—		—	—
TOTAL	Ps.	2,561,877	Ps.	0	Ps.	—	Ps. 2,561,877

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

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

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

	March 31, 2021									
	Stage 1		Stage 2		Stage 3		Simplified approach	Total		
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL not credit-impaired	Lifetime ECL not credit-impaired						
Loan portfolio										
Commercial loan portfolio	Ps.	644,829	Ps.	926,937	Ps.	3,735,402	Ps.	—	Ps.	5,307,168
Consumer loan portfolio		1,021,905		1,902,730		2,079,274		—		5,003,909
Mortgage loan portfolio		67,166		263,249		296,312		—		626,727
Microcredit loan portfolio		16,885		42,521		61,811		—		121,217
Interbank and overnight funds		209		—		—		—		209
Total loan portfolio	Ps.	1,750,994	Ps.	3,135,437	Ps.	6,172,799	Ps.	—	Ps.	11,059,230
Investments in debt securities at amortized cost		4,583		4,663		—		—		9,246
Other accounts receivable		19,026		20,528		101,437		219,794		360,785
Total loss allowance financial assets at amortized cost	Ps.	1,774,603	Ps.	3,160,628	Ps.	6,274,236	Ps.	219,794	Ps.	11,429,261
Investments in debt securities at FVOCI		117,490		86		—		—		117,576
Loan commitments and financial guarantee contracts		57,812		7,543		1,060		—		66,415
Total loss allowance	Ps.	1,949,905	Ps.	3,168,257	Ps.	6,275,296	Ps.	219,794	Ps.	11,613,252

	December 31, 2020									
	Stage 1		Stage 2		Stage 3		Simplified approach	Total		
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL not credit-impaired	Lifetime ECL not credit-impaired						
Loan portfolio										
Commercial loan portfolio	Ps.	656,830	Ps.	805,097	Ps.	3,818,479	Ps.	—	Ps.	5,280,406
Consumer loan portfolio		1,013,071		1,948,030		1,977,870		—		4,938,971
Mortgage loan portfolio		72,294		225,889		262,721		—		560,904
Microcredit loan portfolio		17,089		60,040		46,910		—		124,039
Interbank and overnight funds		792		—		59		—		851
Total loan portfolio	Ps.	1,760,076	Ps.	3,039,056	Ps.	6,106,039	Ps.	—	Ps.	10,905,171
Investments in debt securities at amortized cost		7,188		7		—		—		7,195
Other accounts receivable		18,136		13,548		107,471		203,902		343,057

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December 31, 2020										
		Stage 1		Stage 2		Stage 3		Simplified		Total
		12—month ECL		Lifetime ECL not credit— impaired		Lifetime ECL credit— impaired		approach		
Total loss allowance financial assets at amortized cost	Ps.	1,785,400	Ps.	3,052,611	Ps.	6,213,510	Ps.	203,902	Ps.	11,255,423
Investments in debt securities at FVOCI		96,307		179		—		—		96,486
Loan commitments and financial guarantee contracts		57,226		8,679		1,488		—		67,393
Total loss allowance	Ps.	1,938,933	Ps.	3,061,469	Ps.	6,214,998	Ps.	203,902	Ps.	11,419,302

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

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments de-recognized in the period;
- Impact of the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retractions 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 March 31, 2021 and December 31, 2020.

March 31, 2021

		Gross Amount Registered		Collateral Guarantees (1)		Allowance Recognized
Without recognized provision						
Commercial	Ps.	203,251	Ps.	193,888	Ps.	—
Subtotal	Ps.	203,251	Ps.	193,888	Ps.	—
With recognized provision						
Commercial		6,851,066		1,278,859		2,760,452
Consumer		1,634		—		599
Subtotal	Ps.	6,852,700	Ps.	1,278,859	Ps.	2,761,051
Totals						
Commercial		7,054,317		1,472,747		2,760,452
Consumer		1,634		—		599
Total	Ps.	7,055,951	Ps.	1,472,747	Ps.	2,761,051

December 31, 2020

		Gross Amount Registered		Collateral Guarantees (1)		Allowance Recognized
Without recognized provision						
Commercial	Ps.	193,605	Ps.	170,588	Ps.	—
Interbank and overnight funds		—		—		—
Subtotal	Ps.	193,605	Ps.	170,588	Ps.	—
With recognized provision						
Commercial		6,771,799		1,202,068		2,810,985

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	<u>Gross Amount Registered</u>	<u>Collateral Guarantees (1)</u>	<u>Allowance Recognized</u>
Consumer	14,840	4,433	5,697
Interbank and overnight funds	—	—	—
Subtotal	Ps. 6,786,639	Ps. 1,206,501	Ps. 2,816,682
Totals			
Commercial	6,965,404	1,372,656	2,810,985
Consumer	14,840	4,433	5,697
Interbank and overnight funds	—	—	—
Total	Ps. 6,980,244	Ps. 1,377,089	Ps. 2,816,682

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

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

		March 31, 2021	
		<u>Carrying Amount</u>	<u>Collateral</u>
Stage 1 and 2	Ps.	28,071,847	Ps. 25,182,867
Stage 3		2,624,328	2,365,201
	Ps.	30,696,175	Ps. 27,548,068

		December 31, 2020	
		<u>Carrying Amount</u>	<u>Collateral</u>
Stage 1 and 2	Ps.	26,518,457	Ps. 24,473,502
Stage 3		2,516,373	2,397,219
	Ps.	29,034,830	Ps. 26,870,721

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

		March 31, 2021		
		<u>Scenario A</u>	<u>Scenario B</u>	<u>Scenario C</u>
Gross Exposure				
Commercial	Ps.	114,497,575	Ps. 114,497,575	Ps. 114,497,575
Consumer		68,626,849	68,626,849	68,626,849
Mortgages		26,030,902	26,030,902	26,030,902
Microcredit		358,772	358,772	358,772
Repos, interbank loans portfolio		2,561,877	2,561,877	2,561,877
Total gross exposure	Ps.	212,075,975	Ps. 212,075,975	Ps. 212,075,975
Loss Allowance				
Commercial	Ps.	5,223,772	Ps. 5,282,595	Ps. 5,379,031
Consumer		4,862,517	5,009,290	5,165,220
Mortgages		581,154	617,854	652,179
Microcredit		119,343	120,911	123,855
Repos, interbank loans portfolio		6,047	6,222	6,427
Total Loss Allowance	Ps.	10,792,833	Ps. 11,036,872	Ps. 11,326,712

Proportion of Assets in Stage 2			
Commercial	10.3 %	10.3 %	10.5 %
Consumer	16.8 %	17.5 %	17.9 %
Mortgages	20.6 %	21.0 %	21.7 %
Microcredit	29.0 %	29.0 %	29.1 %
Repos, interbank loans portfolio	0.0 %	0.0 %	0.0 %

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	December 31, 2020					
	Scenario A		Scenario B		Scenario C	
Gross Exposure						
Commercial	Ps.	110,986,938	Ps.	110,986,938	Ps.	110,986,938
Consumer		65,835,457		65,835,457		65,835,457
Mortgages		24,558,771		24,558,771		24,558,771
Microcredit		372,321		372,321		372,321
Repos, interbank loans portfolio		4,693,678		4,693,678		4,693,678
Total gross exposure	Ps.	206,447,165	Ps.	206,447,165	Ps.	206,447,165
Loss Allowance						
Commercial	Ps.	5,247,205	Ps.	5,270,163	Ps.	5,321,111
Consumer		4,884,759		4,958,046		5,072,691
Mortgages		519,443		552,532		584,010
Microcredit		126,561		123,609		122,413
Repos, interbank loans portfolio		3,251		3,345		3,460
Total Loss Allowance	Ps.	10,781,219	Ps.	10,907,695	Ps.	11,103,685
Proportion of Assets in Stage 2						
Commercial		8.6 %		8.8 %		9.0 %
Consumer		17.9 %		18.1 %		18.7 %
Mortgages		20.2 %		20.6 %		21.2 %
Microcredit		8.2 %		8.2 %		8.2 %
Repos, interbank loans portfolio		- %		- %		- %

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2021.

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 December 31, 2020	Ps.	1,760,076	Ps.	3,039,056	Ps.	6,106,039	Ps.	10,905,171
Transfers:								
Transfer from stage 1 to stage 2		(186,892)		186,892		—		—
Transfer from stage 1 to stage 3		(32,412)		—		32,412		—
Transfer from stage 2 to stage 3		—		(533,898)		533,898		—
Transfer from stage 3 to stage 2		—		138,516		(138,516)		—
Transfer from stage 2 to stage 1		213,248		(213,248)		—		—
Transfer from stage 3 to stage 1		56,764		—		(56,764)		—
Net remeasurement of loss allowance		(47,473)		354,797		785,156		1,092,480
New financial assets originated or purchased		298,309		296,863		328,232		923,404
Financial assets that have been derecognized		(324,730)		(207,138)		(259,427)		(791,295)
Unwind of discount ⁽¹⁾		—		—		109,731		109,731
FX and other movements		31,922		79,543		68,985		180,450
Write—offs		(17,818)		(5,946)		(1,336,947)		(1,360,711)
Loss allowance as of March 31, 2021	Ps.	1,750,994	Ps.	3,135,437	Ps.	6,172,799	Ps.	11,059,230

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

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

	Stage 1		Stage 2		Stage 3		Total	
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired			
	Ps.		Ps.		Ps.		Ps.	
Loss allowance as of December 31, 2020		167,489,648		26,588,199		12,369,318		206,447,165
Transfers:								
Transfer from stage 1 to stage 2		(6,881,713)		6,881,713		—		—
Transfer from stage 1 to stage 3		(365,780)		—		365,780		—
Transfer from stage 2 to stage 3		—		(1,884,655)		1,884,655		—
Transfer from stage 2 to stage 1		2,810,614		(2,810,614)		—		—
Transfer from stage 3 to stage 2		—		344,386		(344,386)		—
Transfer from stage 3 to stage 1		225,980		—		(225,980)		—
Increase in loan portfolio and borrowing costs		39,376,596		1,389,912		445,378		41,211,886
Decrease in loan portfolio and borrowing costs		(37,133,966)		(2,233,840)		(1,165,145)		(40,532,951)
Increase-decrease in interest		(372,143)		5,242		558,242		191,341
Increase-decrease in other receivables associated with loans		(4,118)		(3,110)		2,199		(5,029)
Write-offs		(17,818)		(5,946)		(1,336,947)		(1,360,711)
FX and other movements (*)		4,992,766		886,901		244,607		6,124,274
Total portfolio as of March 31, 2021	Ps.	170,120,066	Ps.	29,158,188	Ps.	12,797,721	Ps.	212,075,975

(*) For the quarter of March 31, 2021, the TRM presented a variation of Ps. 246.12 per dollar

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2020.

	Stage 1		Stage 2		Stage 3		Total	
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired			
	Ps.		Ps.		Ps.		Ps.	
Loss allowance as of December 31, 2019		1,853,138		1,158,732		5,173,927		8,185,797
Transfers:								
Transfer from stage 1 to stage 2		(191,973)		191,973		—		—
Transfer from stage 1 to stage 3		(31,881)		—		31,881		—
Transfer from stage 2 to stage 3		—		(384,959)		384,959		—
Transfer from stage 3 to stage 2		—		91,978		(91,978)		—
Transfer from stage 2 to stage 1		210,701		(210,701)		—		—
Transfer from stage 3 to stage 1		38,351		—		(38,351)		—
Net remeasurement of loss allowance		34,860		285,240		739,930		1,060,030
New financial assets originated or purchased		321,875		208,049		135,312		665,236
Financial assets that have been derecognized		(334,482)		(154,199)		(143,393)		(632,074)
Unwind of discount ⁽¹⁾		(115)		129		128,175		128,189
FX and other movements		112,529		139,927		131,700		384,156
Write—offs		(1,427)		(3,720)		(902,304)		(907,451)
Loss allowance as of March 31, 2020	Ps.	2,011,576	Ps.	1,322,449	Ps.	5,549,858	Ps.	8,883,883

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

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

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Lifetime ECL credit-impaired	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	(4,182,501)	4,182,501	—	—			
Transfer from stage 1 to stage 3	(382,143)	—	382,143	—			
Transfer from stage 2 to stage 3	—	(1,802,549)	1,802,549	—			
Transfer from stage 2 to stage 1	2,037,153	(2,037,153)	—	—			
Transfer from stage 3 to stage 2	—	259,854	(259,854)	—			
Transfer from stage 3 to stage 1	130,327	—	(130,327)	—			
Increase in loan portfolio and borrowing costs	41,369,325	725,889	352,567	—			42,447,781
Decrease in loan portfolio and borrowing costs	(35,046,558)	(926,892)	(507,643)	—			(36,481,093)
Increase-decrease in interest	112,702	100,163	129,281	—			342,146
Increase-decrease in other receivables associated with loans	(457)	1,554	2,816	—			3,913
Write-offs	(1,427)	(3,720)	(902,304)	—			(907,451)
FX and other movements (*)	15,282,120	711,596	423,082	—			16,416,798
Total portfolio as of March 31, 2020	Ps. 183,525,229	Ps. 9,268,050	Ps. 11,156,929	Ps. 203,950,208			

(*) For the quarter of March 31, 2020, the TRM presented a variation of Ps. 777.40 per dollar

Commercial portfolio

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2021.

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Lifetime ECL credit-impaired	Lifetime ECL credit-impaired	
Loss allowance as of December 31, 2020	Ps. 656,830	Ps. 805,097	Ps. 3,818,479	Ps. 5,280,406			
Transfers:							
Transfer from stage 1 to stage 2	(32,221)	32,221	—	—			
Transfer from stage 1 to stage 3	(5,261)	—	5,261	—			
Transfer from stage 2 to stage 3	—	(46,793)	46,793	—			
Transfer from stage 3 to stage 2	—	12,708	(12,708)	—			
Transfer from stage 2 to stage 1	22,870	(22,870)	—	—			
Transfer from stage 3 to stage 1	8,185	—	(8,185)	—			
Net remeasurement of loss allowance	(48,004)	127,344	327,860	—			407,200
New financial assets originated or purchased	123,556	63,008	75,206	—			261,770
Financial assets that have been derecognized	(91,841)	(57,137)	(117,458)	—			(266,436)
Unwind of discount ⁽¹⁾	—	—	75,654	—			75,654
FX and other movements	12,141	13,505	23,483	—			49,129
Write—offs	(1,426)	(146)	(498,983)	—			(500,555)
Loss allowance as of March 31, 2021	Ps. 644,829	Ps. 926,937	Ps. 3,735,402	Ps. 5,307,168			

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

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

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
Total portfolio as of December 31, 2020	Ps. 92,626,136	Ps.	9,843,700	Ps.	8,517,102	Ps.	110,986,938
Transfers:							
Transfer from stage 1 to stage 2	(3,042,870)		3,042,870		—		—
Transfer from stage 1 to stage 3	(232,176)		—		232,176		—
Transfer from stage 2 to stage 3	—		(424,147)		424,147		—
Transfer from stage 2 to stage 1	899,893		(899,893)		—		—
Transfer from stage 3 to stage 2	—		64,008		(64,008)		—
Transfer from stage 3 to stage 1	98,540		—		(98,540)		—
Increase in loan portfolio and borrowing costs	22,427,004		772,052		184,522		23,383,578
Decrease in loan portfolio and borrowing costs	(21,318,782)		(1,134,205)		(552,090)		(23,005,077)
Increase-decrease in interest	38,312		(10,380)		338,388		366,320
Increase-decrease in other receivables associated with loans	5,426		(1,640)		4,671		8,457
Write-offs	(1,426)		(146)		(498,983)		(500,555)
FX and other movements	2,897,639		231,561		128,714		3,257,914
Total portfolio as of March 31, 2021	Ps. 94,397,696	Ps.	11,483,780	Ps.	8,616,099	Ps.	114,497,575

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2020.

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
Loss allowance as of December 31, 2019	Ps. 692,037	Ps.	213,103	Ps.	3,283,248	Ps.	4,188,388
Transfers:							
Transfer from stage 1 to stage 2	(16,706)		16,706		—		—
Transfer from stage 1 to stage 3	(6,166)		—		6,166		—
Transfer from stage 2 to stage 3	—		(34,327)		34,327		—
Transfer from stage 3 to stage 2	—		10,410		(10,410)		—
Transfer from stage 2 to stage 1	19,722		(19,722)		—		—
Transfer from stage 3 to stage 1	6,099		—		(6,099)		—
Net remeasurement of loss allowance	(27,336)		65,866		318,686		357,216
New financial assets originated or purchased	155,771		29,293		40,169		225,233
Financial assets that have been derecognized	(111,790)		(29,734)		(58,083)		(199,607)
Unwind of discount ⁽¹⁾	(116)		121		94,052		94,057
FX and other movements	34,490		21,375		37,186		93,051
Write—offs	(122)		(119)		(158,575)		(158,816)
Loss allowance as of March 31, 2020	Ps. 745,883	Ps.	272,972	Ps.	3,580,667	Ps.	4,599,522

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

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The following table 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	Lifetime ECL credit-impaired			
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	(1,354,560)	1,354,560	—	—			
Transfer from stage 1 to stage 3	(264,651)	—	264,651	—			
Transfer from stage 2 to stage 3	—	(807,417)	807,417	—			
Transfer from stage 2 to stage 1	489,317	(489,317)	—	—			
Transfer from stage 3 to stage 2	—	59,511	(59,511)	—			
Transfer from stage 3 to stage 1	38,419	—	(38,419)	—			
Increase in loan portfolio and borrowing costs	24,987,197	340,518	159,490	25,487,205			
Decrease in loan portfolio and borrowing costs	(20,445,459)	(463,052)	(290,731)	(21,199,242)			
Increase-decrease in interest	3,587	65,363	124,469	193,419			
Increase-decrease in other receivables associated with loans	(5,402)	343	1,943	(3,116)			
Write-offs	(122)	(119)	(158,575)	(158,816)			
FX and other movements (*)	8,095,304	235,059	244,138	8,574,501			
Total portfolio as of March 31, 2020	Ps. 100,881,029	Ps. 3,062,596	Ps. 7,887,025	Ps. 111,830,650			

(*) For the quarter of March 31, 2020, the TRM presented a variation of Ps. 777.40 per dollar

Consumer portfolio

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2021.

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Lifetime ECL credit-impaired			
Loss allowance as of December 31, 2020	Ps. 1,013,071	Ps. 1,948,030	Ps. 1,977,870	Ps. 4,938,971			
Transfers:							
Transfer from stage 1 to stage 2	(145,936)	145,936	—	—			
Transfer from stage 1 to stage 3	(26,499)	—	26,499	—			
Transfer from stage 2 to stage 3	—	(450,710)	450,710	—			
Transfer from stage 3 to stage 2	—	115,549	(115,549)	—			
Transfer from stage 2 to stage 1	175,089	(175,089)	—	—			
Transfer from stage 3 to stage 1	35,490	—	(35,490)	—			
Net remeasurement of loss allowance	16,964	185,490	428,125	630,579			
New financial assets originated or purchased	167,359	222,143	226,738	616,240			
Financial assets that have been derecognized	(215,416)	(136,661)	(128,813)	(480,890)			
Unwind of discount ⁽¹⁾	—	—	28,626	28,626			
FX and other movements	17,970	53,270	38,833	110,073			
Write—offs	(16,187)	(5,228)	(818,275)	(839,690)			
Loss allowance as of March 31, 2021	Ps. 1,021,905	Ps. 1,902,730	Ps. 2,079,274	Ps. 5,003,909			

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

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

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
Total portfolio as of December 31, 2020	Ps.	51,453,521	Ps.	11,382,726	Ps.	2,999,210	Ps. 65,835,457
Transfers:							
Transfer from stage 1 to stage 2		(3,201,849)		3,201,849		—	—
Transfer from stage 1 to stage 3		(107,627)		—		107,627	—
Transfer from stage 2 to stage 3		—		(1,231,981)		1,231,981	—
Transfer from stage 2 to stage 1		1,619,547		(1,619,547)		—	—
Transfer from stage 3 to stage 2		—		236,372		(236,372)	—
Transfer from stage 3 to stage 1		85,773		—		(85,773)	—
Increase in loan portfolio and borrowing costs		14,617,669		575,345		254,619	15,447,633
Decrease in loan portfolio and borrowing costs		(11,734,015)		(995,558)		(556,644)	(13,286,217)
Increase-decrease in interest		(417,190)		20,668		207,635	(188,887)
Increase-decrease in other receivables associated with loans		(8,081)		(2,420)		(2,472)	(12,973)
Write-offs		(16,187)		(5,228)		(818,275)	(839,690)
FX and other movements		1,234,952		352,225		84,349	1,671,526
Total portfolio as of March 31, 2021	Ps.	53,526,513	Ps.	11,914,451	Ps.	3,185,885	Ps. 68,626,849

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2020.

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
Loss allowance as of December 31, 2019	Ps.	1,077,840	Ps.	853,414	Ps.	1,623,786	Ps. 3,555,040
Transfers:							
Transfer from stage 1 to stage 2		(168,098)		168,098		—	—
Transfer from stage 1 to stage 3		(24,828)		—		24,828	—
Transfer from stage 2 to stage 3		—		(330,456)		330,456	—
Transfer from stage 3 to stage 2		—		72,187		(72,187)	—
Transfer from stage 2 to stage 1		174,798		(174,798)		—	—
Transfer from stage 3 to stage 1		20,556		—		(20,556)	—
Net remeasurement of loss allowance		57,438		188,366		372,179	617,983
New financial assets originated or purchased		157,505		177,639		93,178	428,322
Financial assets that have been derecognized		(203,307)		(115,616)		(73,019)	(391,942)
Unwind of discount ⁽¹⁾		—		3		28,644	28,647
FX and other movements		73,711		104,413		77,111	255,235
Write—offs		(1,233)		(3,532)		(705,036)	(709,801)
Loss allowance as of March 31, 2020	Ps.	1,164,382	Ps.	939,718	Ps.	1,679,384	Ps. 3,783,484

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

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The following table 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.	53,555,487	Ps.	3,907,448	Ps.	2,377,516	Ps. 59,840,451
Transfers:							
Transfer from stage 1 to stage 2		(2,282,245)		2,282,245		—	—
Transfer from stage 1 to stage 3		(108,326)		—		108,326	—
Transfer from stage 2 to stage 3		—		(846,628)		846,628	—
Transfer from stage 2 to stage 1		1,166,912		(1,166,912)		—	—
Transfer from stage 3 to stage 2		—		160,957		(160,957)	—
Transfer from stage 3 to stage 1		56,323		—		(56,323)	—
Increase in loan portfolio and borrowing costs		13,688,493		357,622		125,984	14,172,099
Decrease in loan portfolio and borrowing costs		(12,214,319)		(422,068)		(165,924)	(12,802,311)
Increase-decrease in interest		78,939		30,237		2,001	111,177
Increase-decrease in other receivables associated with loans		4,670		1,115		682	6,467
Write-offs		(1,233)		(3,532)		(705,036)	(709,801)
FX and other movements (*)		4,196,302		247,002		144,220	4,587,524
Total portfolio as of March 31, 2020	Ps.	58,141,003	Ps.	4,547,486	Ps.	2,517,117	Ps. 65,205,606

(*) For the quarter of March 31, 2020, the TRM presented a variation of Ps. 777.40 per dollar

Mortgage portfolio

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2021.

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
Loss allowance as of December 31, 2020	Ps.	72,294	Ps.	225,889	Ps.	262,721	Ps. 560,904
Transfers:							
Transfer from stage 1 to stage 2		(6,755)		6,755		—	—
Transfer from stage 1 to stage 3		(103)		—		103	—
Transfer from stage 2 to stage 3		—		(20,484)		20,484	—
Transfer from stage 3 to stage 2		—		9,520		(9,520)	—
Transfer from stage 2 to stage 1		12,827		(12,827)		—	—
Transfer from stage 3 to stage 1		12,843		—		(12,843)	—
Net remeasurement of loss allowance		(13,376)		42,415		20,208	49,247
New financial assets originated or purchased		4,020		11,429		26,286	41,735
Financial assets that have been derecognized		(16,219)		(11,754)		(12,984)	(40,957)
Unwind of discount ⁽¹⁾		—		—		3,282	3,282
FX and other movements		1,811		12,768		6,669	21,248
Write—offs		(176)		(462)		(8,094)	(8,732)
Loss allowance as of March 31, 2021	Ps.	67,166	Ps.	263,249	Ps.	296,312	Ps. 626,727

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

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

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
Total portfolio as of December 31, 2020	Ps. 18,537,882	Ps.	5,217,872	Ps.	803,017	Ps.	24,558,771
Transfers:							
Transfer from stage 1 to stage 2	(624,487)		624,487		—		—
Transfer from stage 1 to stage 3	(23,826)		—		23,826		—
Transfer from stage 2 to stage 3	—		(196,348)		196,348		—
Transfer from stage 2 to stage 1	274,179		(274,179)		—		—
Transfer from stage 3 to stage 2	—		42,035		(42,035)		—
Transfer from stage 3 to stage 1	40,604		—		(40,604)		—
Increase in loan portfolio and borrowing costs	1,405,745		42,480		4,135		1,452,360
Decrease in loan portfolio and borrowing costs	(868,412)		(96,677)		(51,902)		(1,016,991)
Increase-decrease in interest	2,344		(7,532)		10,435		5,247
Increase-decrease in other receivables associated with loans	(1,145)		950		139		(56)
Write-offs	(176)		(462)		(8,094)		(8,732)
FX and other movements	705,644		303,115		31,544		1,040,303
Total portfolio as of March 31, 2021	Ps. 19,448,352	Ps.	5,655,741	Ps.	926,809	Ps.	26,030,902

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2020.

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
Loss allowance as of December 31, 2019	Ps. 58,386	Ps.	80,296	Ps.	212,876	Ps.	351,558
Transfers:							
Transfer from stage 1 to stage 2	(5,401)		5,401		—		—
Transfer from stage 1 to stage 3	(120)		—		120		—
Transfer from stage 2 to stage 3	—		(14,167)		14,167		—
Transfer from stage 3 to stage 2	—		8,993		(8,993)		—
Transfer from stage 2 to stage 1	15,464		(15,464)		—		—
Transfer from stage 3 to stage 1	11,600		—		(11,600)		—
Net remeasurement of loss allowance	2,654		29,238		44,631		76,523
New financial assets originated or purchased	3,144		1,110		1,947		6,201
Financial assets that have been derecognized	(17,846)		(8,632)		(12,193)		(38,671)
Unwind of discount ⁽¹⁾	—		—		2,517		2,517
FX and other movements	4,328		14,139		17,432		35,899
Write—offs	(58)		(40)		(27,439)		(27,537)
Loss allowance as of March 31, 2020	Ps. 72,151	Ps.	100,874	Ps.	233,465	Ps.	406,490

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

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

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
	Ps.		Ps.		Ps.		Ps.
Total portfolio as of December 31, 2019	Ps.	18,265,897	Ps.	1,357,409	Ps.	598,377	Ps. 20,221,683
Transfers:							
Transfer from stage 1 to stage 2		(535,491)		535,491		—	—
Transfer from stage 1 to stage 3		(5,544)		—		5,544	—
Transfer from stage 2 to stage 3		—		(136,477)		136,477	—
Transfer from stage 2 to stage 1		377,532		(377,532)		—	—
Transfer from stage 3 to stage 2		—		38,317		(38,317)	—
Transfer from stage 3 to stage 1		35,170		—		(35,170)	—
Increase in loan portfolio and borrowing costs		1,185,261		27,334		57,132	1,269,727
Decrease in loan portfolio and borrowing costs		(713,285)		(40,160)		(40,273)	(793,718)
Increase-decrease in interest		20,038		4,144		2,589	26,771
Increase-decrease in other receivables associated with loans		591		96		177	864
Write-offs		(58)		(40)		(27,439)	(27,537)
FX and other movements (*)		2,266,301		229,535		34,724	2,530,560
Total portfolio as of March 31, 2020	Ps.	20,896,412	Ps.	1,638,117	Ps.	693,821	Ps. 23,228,350

(*) For the quarter of March 31, 2020, the TRM presented a variation of Ps. 777.40 per dollar

Microcredit portfolio

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2021.

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
	Ps.		Ps.		Ps.		Ps.
Loss allowance as of December 31, 2020	Ps.	17,089	Ps.	60,040	Ps.	46,910	Ps. 124,039
Transfers:							
Transfer from stage 1 to stage 2		(1,980)		1,980		—	—
Transfer from stage 1 to stage 3		(549)		—		549	—
Transfer from stage 2 to stage 3		—		(15,911)		15,911	—
Transfer from stage 3 to stage 2		—		739		(739)	—
Transfer from stage 2 to stage 1		2,462		(2,462)		—	—
Transfer from stage 3 to stage 1		246		—		(246)	—
Net remeasurement of loss allowance		(2,467)		(452)		8,963	6,044
New financial assets originated or purchased		3,357		283		2	3,642
Financial assets that have been derecognized		(1,244)		(1,586)		(113)	(2,943)
Unwind of discount ⁽¹⁾		—		—		2,169	2,169
FX and other movements		—		—		—	—
Write—offs		(29)		(110)		(11,595)	(11,734)
Loss allowance as of March 31, 2021	Ps.	16,885	Ps.	42,521	Ps.	61,811	Ps. 121,217

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

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

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
	Ps.		Ps.		Ps.		Ps.
Total portfolio as of December 31, 2020		178,570		143,901		49,850	372,321
Transfers:							
Transfer from stage 1 to stage 2		(12,507)		12,507		—	—
Transfer from stage 1 to stage 3		(2,151)		—		2,151	—
Transfer from stage 2 to stage 3		—		(32,179)		32,179	—
Transfer from stage 2 to stage 1		16,995		(16,995)		—	—
Transfer from stage 3 to stage 2		—		1,971		(1,971)	—
Transfer from stage 3 to stage 1		1,063		—		(1,063)	—
Increase in loan portfolio and borrowing costs		43,879		35		2,102	46,016
Decrease in loan portfolio and borrowing costs		(40,115)		(7,400)		(4,509)	(52,024)
Increase-decrease in interest		(77)		2,486		1,784	4,193
Increase-decrease in other receivables associated with loans		—		—		—	—
Write-offs		(29)		(110)		(11,595)	(11,734)
FX and other movements		—		—		—	—
Total portfolio as of March 31, 2021	Ps.	185,628	Ps.	104,216	Ps.	68,928	358,772

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2020.

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
	Ps.		Ps.		Ps.		Ps.
Loss allowance as of December 31, 2019		24,794		11,919		53,112	89,825
Transfers:							
Transfer from stage 1 to stage 2		(1,768)		1,768		—	—
Transfer from stage 1 to stage 3		(767)		—		767	—
Transfer from stage 2 to stage 3		—		(6,009)		6,009	—
Transfer from stage 3 to stage 2		—		388		(388)	—
Transfer from stage 2 to stage 1		717		(717)		—	—
Transfer from stage 3 to stage 1		95		—		(95)	—
Net remeasurement of loss allowance		2,051		1,751		4,393	8,195
New financial assets originated or purchased		4,198		7		2	4,207
Financial assets that have been derecognized		(1,500)		(217)		(93)	(1,810)
Unwind of discount ⁽¹⁾		—		—		2,962	2,962
FX and other movements		—		—		—	—
Write—offs		(14)		(29)		(11,254)	(11,297)
Loss allowance as of March 31, 2020	Ps.	27,806	Ps.	8,861	Ps.	55,415	92,082

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

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The following table 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.	329,922	Ps.	24,801	Ps.	55,597	Ps.	410,320
Transfers:								
Transfer from stage 1 to stage 2		(10,079)		10,079		—		—
Transfer from stage 1 to stage 3		(3,620)		—		3,620		—
Transfer from stage 2 to stage 3		—		(12,027)		12,027		—
Transfer from stage 2 to stage 1		3,392		(3,392)		—		—
Transfer from stage 3 to stage 2		—		1,069		(1,069)		—
Transfer from stage 3 to stage 1		414		—		(414)		—
Increase in loan portfolio and borrowing costs		66,459		415		9,961		76,835
Decrease in loan portfolio and borrowing costs		(62,548)		(1,612)		(10,715)		(74,875)
Increase-decrease in interest		1,753		419		222		2,394
Increase-decrease in other receivables associated with loans		—		—		—		—
Write-offs		(14)		(29)		(11,254)		(11,297)
FX and other movements (*)		—		—		—		—
Total portfolio as of March 31, 2020	Ps.	325,679	Ps.	19,723	Ps.	57,975	Ps.	403,377

(*) For the quarter of March 31, 2020, the TRM presented a variation of Ps. 777.40 per dollar

Repos, interbank loans portfolio

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2021.

	Stage 1		Stage 2		Stage 3		Total	
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired			
Loss allowance as of December 31, 2020	Ps.	792	Ps.	—	Ps.	59	Ps.	851
Net remeasurement of loss allowance		(590)		—		—		(590)
New financial assets originated or purchased		17		—		—		17
Financial assets that have been derecognized		(10)		—		(59)		(69)
Unwind of discount ⁽¹⁾		—		—		—		—
FX and other movements		—		—		—		—
Write—offs		—		—		—		—
Loss allowance as of March 31, 2021	Ps.	209	Ps.	—	Ps.	—	Ps.	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)

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

	Stage 1		Stage 2		Stage 3		Total	
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired			
Total portfolio as of December 31, 2020	Ps.	4,693,539	Ps.	—	Ps.	139	Ps.	4,693,678
Increase in loan portfolio and borrowing costs		882,299		—		—		882,299
Decrease in loan portfolio and borrowing costs		(3,172,642)		—		—		(3,172,642)
Increase-decrease in interest		4,468		—		—		4,468
Increase-decrease in other receivables associated with loans		(318)		—		(139)		(457)
Write-offs		—		—		—		—
FX and other movements		154,531		—		—		154,531
Total portfolio as of March 31, 2021	Ps.	2,561,877	Ps.	—	Ps.	—	Ps.	2,561,877

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2020.

	Stage 1		Stage 2		Stage 3		Total	
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired			
Loss allowance as of December 31, 2019	Ps.	81	Ps.	—	Ps.	905	Ps.	986
Transfer from stage 3 to stage 1		1		—		(1)		—
Net remeasurement of loss allowance		53		19		41		113
New financial assets originated or purchased		1,257		—		16		1,273
Financial assets that have been derecognized		(39)		—		(5)		(44)
Unwind of discount ⁽¹⁾		1		5		—		6
FX and other movements		—		—		(29)		(29)
Write-offs		—		—		—		—
Loss allowance as of March 31, 2020	Ps.	1,354	Ps.	24	Ps.	927	Ps.	2,305

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

The following table 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.	2,717,983	Ps.	2	Ps.	976	Ps.	2,718,961
Transfers:								
Transfer from stage 1 to stage 2		(126)		126		—		—
Transfer from stage 1 to stage 3		(2)		—		2		—
Transfer from stage 3 to stage 1		1		—		(1)		—
Increase in loan portfolio and borrowing costs		1,441,915		—		—		1,441,915
Decrease in loan portfolio and borrowing costs		(1,610,947)		—		—		(1,610,947)
Increase-decrease in interest		8,385		—		—		8,385
Increase-decrease in other receivables associated with loans		(316)		—		14		(302)
Write-offs		—		—		—		—
FX and other movements ^(*)		724,213		—		—		724,213
Total portfolio as of March 31, 2020	Ps.	3,281,106	Ps.	128	Ps.	991	Ps.	3,282,225

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(*) For the quarter of March 31, 2020, the TRM presented a variation of Ps. 777.40 per dollar

Investments in debt securities at FVOCI

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2021.

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
Loss allowance as of 31 December 2020	Ps.	96,307	Ps.	179	Ps.	—	Ps. 96,486
Transfers:							
Transfer from stage 1 to stage 2		(42)		42		—	—
Net remeasurement of loss allowance ⁽²⁾		(3,422)		40		—	(3,382)
New financial assets originated or purchased		42,444		—		—	42,444
Financial assets that have been derecognized		(24,826)		(182)		—	(25,008)
Unwind of discount ⁽¹⁾		—		—		—	—
FX and other movements		7,029		7		—	7,036
Loss allowance as of March 31, 2021	Ps.	117,490	Ps.	86	Ps.	—	Ps. 117,576

⁽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.	(186)	Ps.	—	Ps.	—	Ps. (186)

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2020.

	Stage 1		Stage 2		Stage 3		Total
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
Loss allowance as of 31 December 2019	Ps.	34,080	Ps.	—	Ps.	—	Ps. 34,080
Transfers:							
Transfer from stage 1 to stage 2		—		—		—	—
Net remeasurement of loss allowance ⁽²⁾		(1,190)		—		—	(1,190)
New financial assets originated or purchased		17,642		—		—	17,642
Financial assets that have been derecognized		(1,637)		—		—	(1,637)
Unwind of discount ⁽¹⁾		—		—		—	—
FX and other movements		7,848		—		—	7,848
Loss allowance as of March 31, 2020	Ps.	56,743	Ps.	—	Ps.	—	Ps. 56,743

⁽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.	(3,121)	Ps.	—	Ps.	—	Ps. (3,121)

Investments in debt securities at amortized cost

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2021.

		Stage 1		Stage 2		Stage 3		Total
		12-month ECL		Lifetime ECL not credit- impaired		Lifetime ECL credit- impaired		
Loss allowance as of 31 December 2020	Ps.	7,188	Ps.	7	Ps.	—	Ps.	7,195
Transfers:								
Transfer from stage 1 to stage 2		(994)		994		—		—
Net remeasurement of loss allowance ⁽²⁾		(2,563)		3,566		—		1,003
New financial assets originated or purchased		718		—		—		718
Financial assets that have been derecognized		(134)		—		—		(134)
Unwind of discount ⁽¹⁾		—		—		—		—
FX and other movements		368		96		—		464
Loss allowance as of March 31, 2021	Ps.	4,583	Ps.	4,663	Ps.	—	Ps.	9,246

⁽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		Stage 3		Total
	12- month ECL		Stage 2	Lifetime ECL not credit- impaired		Lifetime ECL credit-impaired		
	Ps.	(156)	Ps.	—	Ps.	—	Ps.	(156)

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2020.

		Stage 1		Stage 2		Stage 3		Total
		12-month ECL		Lifetime ECL not credit- impaired		Lifetime ECL credit- impaired		
Loss allowance as of 31 December 2019	Ps.	737	Ps.	—	Ps.	—	Ps.	737
Transfers:								
Transfer from stage 1 to stage 2		—		—		—		—
Net remeasurement of loss allowance ⁽²⁾		(295)		—		—		(295)
New financial assets originated or purchased		388		—		—		388
Financial assets that have been derecognized		(91)		—		—		(91)
Unwind of discount ⁽¹⁾		—		—		—		—
FX and other movements		320		—		—		320
Loss allowance as of March 31, 2020	Ps.	1,059	Ps.	—	Ps.	—	Ps.	1,059

⁽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		Stage 3		Total
	12- month ECL		Stage 2	Lifetime ECL not credit- impaired		Lifetime ECL credit-impaired		
	Ps.	201	Ps.	—	Ps.	—	Ps.	201

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Other accounts receivable

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2021.

		Stage 1		Stage 2		Stage 3		Simplified		Total
		12-month		Lifetime		Lifetime		Approach		
		ECL		ECL not		ECL credit-				
				credit-		impaired				
				impaired						
Loss allowance as of December 31, 2020	Ps.	18,136	Ps.	13,548	Ps.	107,471	Ps.	203,902	Ps.	343,057
Transfers stages		—		—		—		—		—
Net remeasurement of loss allowance		651		6,953		399		9,741		17,744
New financial assets originated or purchased		—		—		—		—		—
Financial assets that have been derecognized		—		—		—		—		—
Unwind of discount (1)		—		—		—		—		—
FX and other movements		248		27		243		2,371		2,889
Gross amount acquire in a business combination		—		—		—		—		—
Write—offs		(9)		—		(6,676)		3,780		(2,905)
Loss allowance as of March 31, 2021	Ps.	19,026	Ps.	20,528	Ps.	101,437	Ps.	219,794	Ps.	360,785

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

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2020.

		Stage 1		Stage 2		Stage 3		Simplified		Total
		12-month		Lifetime		Lifetime		Approach		
		ECL		ECL not		ECL credit-				
				credit-		impaired				
				impaired						
Loss allowance as of December 31, 2019	Ps.	13,353	Ps.	13,006	Ps.	86,797	Ps.	173,307	Ps.	286,463
Transfers stages		—		—		—		—		—
Net remeasurement of loss allowance		385		658		7,134		9,030		17,207
New financial assets originated or purchased		—		—		—		—		—
Financial assets that have been derecognized		—		—		—		—		—
Unwind of discount (1)		—		—		—		—		—
FX and other movements		122		84		241		3,901		4,348
Approach change		—		—		—		—		—
Write—offs		(31)		—		(858)		(898)		(1,787)
Loss allowance as of March 31, 2020	Ps.	13,829	Ps.	13,748	Ps.	93,314	Ps.	185,340	Ps.	306,231

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

Loan commitments and financial guarantee contracts

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2021.

	Stage 1		Stage 2		Stage 3		Total	
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired			
Loss allowance as of December 31, 2020	Ps.	<u>57,226</u>	Ps.	<u>8,679</u>	Ps.	<u>1,488</u>	Ps.	<u>67,393</u>
Transfers:								
Transfer from Stage 1 to Stage 2		(1,870)		1,870		—		—
Transfer from Stage 1 to Stage 3		(156)		—		156		—
Transfer from Stage 2 to Stage 3		—		(230)		230		—
Transfer from Stage 3 to Stage 2		—		65		(65)		—
Transfer from Stage 2 to Stage 1		3,251		(3,251)		—		—
Transfer from Stage 3 to Stage 1		70		—		(70)		—
Net remeasurement of loss allowance		(10,413)		(75)		(713)		(11,201)
New loan commitments and financial guarantees issued		9,690		473		17		10,180
FX and other movements		14		12		17		43
Loss allowance as of March 31, 2021	Ps.	<u>57,812</u>	Ps.	<u>7,543</u>	Ps.	<u>1,060</u>	Ps.	<u>66,415</u>

The following table show the reconciliations from the opening to the closing balance of the loss allowance as of March 31, 2020.

	Stage 1		Stage 2		Stage 3		Total	
	12-month ECL		Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired			
Loss allowance as of December 31, 2019	Ps.	<u>45,509</u>	Ps.	<u>2,945</u>	Ps.	<u>1,508</u>	Ps.	<u>49,962</u>
Transfers:								
Transfer from Stage 1 to Stage 2		(721)		721		—		—
Transfer from Stage 1 to Stage 3		(104)		—		104		—
Transfer from Stage 2 to Stage 3		—		(245)		245		—
Transfer from Stage 3 to Stage 2		—		2		(2)		—
Transfer from Stage 2 to Stage 1		863		(863)		—		—
Transfer from Stage 3 to Stage 1		1		—		(1)		—
Net remeasurement of loss allowance		(4,155)		2,033		(188)		(2,310)
New loan commitments and financial guarantees issued		8,757		673		16		9,446
FX and other movements		304		8		156		468
Loss allowance as of March 31, 2020	Ps.	<u>50,454</u>	Ps.	<u>5,274</u>	Ps.	<u>1,838</u>	Ps.	<u>57,566</u>

g) Credit Commitments

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

Credit lines commitments not used

	March 31, 2021		December 31, 2020	
	Notional amount		Notional amount	
Guarantees	Ps.	4,385,951	Ps.	4,185,261
Unused letters of credit		1,348,226		1,488,505
Unused limits of overdrafts		665,773		923,257
Unused credit card limits		24,858,110		23,931,872
Other		8,169,312		6,623,515
Total	Ps.	<u>39,427,372</u>	Ps.	<u>37,152,410</u>

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

		March 31, 2021		December 31, 2020
Colombian Pesos	Ps.	18,627,133	Ps.	18,870,877
U.S. dollars		19,800,634		17,823,788
Euro		737,544		246,520
Other		262,061		211,225
Total	Ps.	39,427,372	Ps.	37,152,410

NOTE 5 – HEDGE ACCOUNTING

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

Hedges of net investment in foreign operations

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

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

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

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

Date	Value of USD 1	Three-month variation in pesos
March 31, 2021	3,678.62	246.12
December 31, 2020	3,432.50	(432.97)
March 31, 2020	4,054.54	777.40

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

Detail of investment		Translation adjustment of the investments		Exchange difference of financial liabilities		Exchange difference in forward contracts		Net OCI account
Leasing Bogotá Panamá	Ps.	1,071,652	Ps.	(508,755)	Ps.	(138,600)	Ps.	424,297
Other subsidiaries and branches Banco de Bogotá		37,838		—		(37,603)		235
Occidental Bank Barbados		8,591		(8,591)		—		—
Banco de Occidente (Panamá)		12,734		(12,734)		—		—
Sociedad Portuaria El Cayao S.A. E.S.P.		6,981		(6,981)		—		—
Gases del Pacífico S.A.C.		2,925		2,551		—		5,476
Gas Natural de Lima y Callao S.A.C. – Calidda		30,804		(30,804)		—		—
Gas Comprimido del Perú S.A.C.		1,186		(1,186)		—		—
Gases del Norte del Perú S.A.C.		342		(342)		—		—
Total	Ps.	1,173,053	Ps.	(566,842)	Ps.	(176,203)	Ps.	430,008

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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:

March 31, 2021

Detail of investment	Thousands of USD			Ps. millions			Net OCI account
	Investment amount	Amount of hedge by financial liabilities in foreign currency	Amount of hedge by forward contracts	Cumulative translation adjustment of the investments	Exchange difference of financial liabilities (1)	Exchange difference in forward contracts	
Leasing Bogotá Panamá	4,402,762	(2,067,100)	(526,788)Ps.	6,124,973	Ps. (2,481,722)Ps.	(3,866,656)Ps.	(223,405)
Other subsidiaries and branches Banco de Bogotá (2)	151,204	—	(152,563)	189,547	—	(187,910)	1,637
Occidental Bank Barbados	33,484	(33,484)	—	41,262	(41,262)	—	—
Banco de Occidente (Panamá)	48,831	(48,831)	—	57,502	(57,502)	—	—
Sociedad Portuaria El Cayao S.A. E.S.P.	28,365	(28,365)	—	21,970	(21,970)	—	—
Gases del Pacífico S.A.C.	11,888	(11,888)	—	1,299	(3,518)	—	(2,219)
Gas Natural de Lima y Callao S.A.C. – Calidda	—	—	—	—	—	—	—
Gases del Norte del Perú S.A.C.	4,820	(4,820)	—	50	(50)	—	—
Gases del Norte del Perú S.A.C.	1,387	(1,387)	—	385	(385)	—	—
Total	4,681,354	(2,194,488)	(679,351)Ps.	6,436,603	Ps. (2,606,024)Ps.	(4,054,566)Ps.	(223,987)

December 31, 2020

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

(1) Includes exchange difference hedged

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

a) Hedging of foreign exchange

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

b) Hedging of forecasted transactions

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

c) Cash flow and fair value hedging

The subsidiary Multi Financial Group 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 March 31, 2021 and December 31, 2020.

NOTE 6 – TANGIBLE ASSETS

The movement of the carrying value amounts of tangible assets for the years ended on March 31, 2021, and December 31, 2020 is as follows:

Property, plant and equipment		March 31, 2021		December 31, 2020
Properties, plant and equipment for own use	Ps.	6,022,630	Ps.	5,998,291
Right-of-use assets		2,031,391		2,035,519
Investment properties		817,474		808,556
Biological Assets		124,465		122,675
Properties, plant and equipment given in operating lease		10,041		8,911
Total	Ps.	9,006,001	Ps.	8,973,952

NOTE 7 – CONCESSIONS

The following are the balances for Grupo Aval for concession contracts for three-months periods ended March 31, 2021 and, 2020:

		Gas and energy		Infrastructure		Total
Cost						
At December 31, 2020	Ps.	4,654,889	Ps.	5,495,856	Ps.	10,150,745
Additions		110,848		217,772		328,620
Reclassification to PPE		88		—		88
Withdrawals		(2,583)		—		(2,583)
Effect of movements in exchange rates		90,775		—		90,775
At March 31, 2021	Ps.	4,854,017	Ps.	5,713,628	Ps.	10,567,645
Accumulated Amortization						
At December 31, 2020	Ps.	(821,017)	Ps.	(136,926)	Ps.	(957,943)
Amortization of the period		(52,162)		(6,717)		(58,879)
Withdrawals		69		—		69
Effect of movements in exchange rates		(4,601)		—		(4,601)
At March 31, 2021	Ps.	(877,711)	Ps.	(143,643)	Ps.	(1,021,354)
Impairment losses						
At December 31, 2020	Ps.	(2,296)	Ps.	(2,942)	Ps.	(5,238)
Impairment charge		—		(124)		(124)

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	Gas and energy	Infrastructure	Total
At March 31, 2021	Ps. <u>(2,296)</u>	Ps. <u>(3,066)</u>	Ps. <u>(5,362)</u>
Total Intangible Assets			
At December 31, 2020	Ps. <u>3,831,576</u>	Ps. <u>5,355,988</u>	Ps. <u>9,187,564</u>
Cost	199,128	217,772	416,900
Amortization	(56,694)	(6,717)	(63,411)
Impairment losses	—	(124)	(124)
At March 31, 2021	Ps. <u>3,974,010</u>	Ps. <u>5,566,919</u>	Ps. <u>9,540,929</u>

	Gas and energy	Infrastructure	Total
Cost			
At December 31, 2019	Ps. <u>3,785,538</u>	Ps. <u>4,494,254</u>	Ps. <u>8,279,792</u>
Additions	128,775	319,617	448,392
Reclassification to PPE	127	—	127
Transfer to non-current assets held for sale	(769)	—	(769)
Withdrawals	(554)	—	(554)
Effect of movements in exchange rates	153,796	—	153,796
At March 31, 2020	Ps. <u>4,066,913</u>	Ps. <u>4,813,871</u>	Ps. <u>8,880,784</u>

	Gas and energy	Infrastructure	Total
Accumulated Amortization			
At December 31, 2019	Ps. <u>(639,727)</u>	Ps. <u>(116,545)</u>	Ps. <u>(756,272)</u>
Amortization of the period	(41,671)	(3,666)	(45,337)
Transfer to non-current assets held for sale	148	—	148
Withdrawals	52	—	52
Effect of movements in exchange rates	(8,825)	—	(8,825)
At March 31, 2020	Ps. <u>(690,023)</u>	Ps. <u>(120,211)</u>	Ps. <u>(810,234)</u>

	Gas and energy	Infrastructure	Total
Impairment losses			
At December 31, 2019	Ps. <u>—</u>	Ps. <u>(2,032)</u>	Ps. <u>(2,032)</u>
Impairment charge	—	(162)	(162)
At March 31, 2020	Ps. <u>—</u>	Ps. <u>(2,194)</u>	Ps. <u>(2,194)</u>

	Gas and energy	Infrastructure	Total
Total Intangible Assets			
At December 31, 2019	Ps. <u>3,145,811</u>	Ps. <u>4,375,677</u>	Ps. <u>7,521,488</u>
Cost	281,375	319,617	600,992
Amortization	(50,296)	(3,666)	(53,962)
Impairment losses	—	(162)	(162)
At March 31, 2020	Ps. <u>3,376,890</u>	Ps. <u>4,691,466</u>	Ps. <u>8,068,356</u>

NOTE 8 – GOODWILL

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

	March 31, 2021	December 31, 2020
Balance at the beginning of the period	Ps. <u>7,713,817</u>	Ps. <u>7,348,587</u>
Acquisitions ⁽¹⁾	—	134,515
Impairment charge	—	(5,065)
Effect of movements in exchange rates ⁽²⁾	395,751	235,780
Balance at the end of the period	Ps. <u>8,109,568</u>	Ps. <u>7,713,817</u>

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

(2) The foreign exchange adjustment attributable to Leasing Bogotá S.A. Panamá.

NOTE 9 - INCOME TAX

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

The effective tax rate of Grupo Aval consolidated with respect to continuing operations for the three-month period ended March 31, 2021 was 28.55%, while for the three-month period ended March 31, 2020 it was 27.73%.

Comparing the effective tax rates for the quarters ended on March 31, 2020 and 2019, a variation of 0.82% is; the effective rate recorded during the quarter of 2021 being higher. The previous variation in the effective rate does not constitute a variation of material. The following are the factors that affected it during the periods compared:

- The tax rate applied to calculate income tax in Colombia decreased by 1% for entities that are not classified as financial institutions, going from 32% in 2020 to 31% in 2021. Financial institutions in Colombia decreased by 2% when passing from 32% plus a rent surcharge of 4% in 2020 to 31% plus a rent surcharge of 3% in 2021.
- During the first quarter of 2021, BAC Credomatic recorded a reversal of income tax expense for Ps. 35,224 corresponding to the reversal of unused provisions for tax uncertainties. The variation represents a decrease in the rate in the first quarter of 2021 of 1.85% compared to the same period of the previous year.
- During the first quarter of 2021 there was a variation of Ps. 51,651 due to the effect of applying different rates for the determination of deferred tax, which corresponds to a variation of 2.62% in the effective rate, being lower during 2020. This variation is presented mainly from Corficolombiana with respect to the differences in rate applied on the temporary differences that generate deferred taxes in the concessions.
- During the first quarter of 2020, Banco de Occidente recorded an effect of Ps. 30,408 within the effective rate corresponding to the effect of the deferred tax on mobilized assets, the initial recognition of rights of use and financial leasing, which represents a variation of the rate of 2.85%, the rate of the first quarter of 2020 being lower .

NOTE 10 – PROVISIONS

Below are the balances for legal provisions and other provisions during the periods ended on March 31, 2021 and December 31, 2020:

		March 31, 2021		December 31, 2020
Legal related	Ps.	256,185	Ps.	241,774
Non-Legal related		653,205		671,076
Total	Ps.	909,390	Ps.	912,850

NOTE 11 – EMPLOYEE BENEFITS

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

		March 31, 2021		December 31, 2020
Short term	Ps.	504,799	Ps.	462,070
Post-employment		594,375		597,936
Long term		154,047		180,090
Total	Ps.	1,253,221	Ps.	1,240,096
Plan Asset	Ps.	(40,983)	Ps.	(38,241)
Net employee benefits	Ps.	1,212,238	Ps.	1,201,855

NOTE 12 – OTHER LIABILITIES

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

OTHERS		March 31, 2021	December 31, 2020
Suppliers and services payable	Ps.	2,727,887 Ps.	2,664,081
Income received for third parties		2,120,752	2,076,532
Dividends payable (1)		2,071,359	648,874
Cashier checks		652,802	864,499
Contract liability related to concessions		567,602	581,100
Withholdings taxes and labor contributions		459,696	441,689
Commissions and fees		361,830	276,708
Collection on behalf of third parties		296,361	236,418
Collection service		294,387	256,661
Transactions ATH and ACH		190,766	538,558
Customer loyalty programs		167,994	155,829
Insurance payables		111,175	105,396
Merchant acquiring accounts		109,898	169,787
Checks drawn and not paid		90,165	107,628
Value added tax - VAT		52,682	74,002
Cash surplus		35,323	37,504
Other liabilities		498,660	542,597
Total other liabilities	Ps.	10,809,339 Ps.	9,777,863
OTHERS		March 31, 2021	December 31, 2020
Liabilities to be canceled within twelve months	Ps.	7,721,194 Ps.	6,110,472
Liabilities to be canceled after twelve months		3,088,145	3,667,391
Total	Ps.	10,809,339 Ps.	9,777,863

- (1) The increase of Ps. 1,422,485 corresponds to dividends payable that were approved at the shareholders meetings of the different entities of the Group held in March 2021.

NOTE 13 – EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

Declared dividends

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

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

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

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Capital expenses commitments

As of March 31, 2021, and December 31, 2020, Grupo Aval and its subsidiaries had contractual disbursement commitments of capital expenditures for Ps. 112,778 and Ps. 158,026, respectively.

Contingencies

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

Labor Proceedings

As of March 31, 2021, and December 31, 2020, labor complaints had been recognized for Ps. 102,665 and Ps. 88,848 respectively. Historically, many of these proceedings have been resolved in favor of Grupo Aval and its subsidiaries.

Civil Proceedings

As of March 31, 2021, and December 31, 2020, the result of the assessment of the claims its of legal proceedings for civil suits, not including those with remote probability, reached an amount of Ps. 330,405 and for December 2020 amounted to Ps. 395,192 respectively.

Administrative and Tax Proceedings

Claims derived from administrative and judicial processes include those of fiscal responsibility over the concession contracts, processes of a tax nature that are not within the scope of IAS 12 and IFRIC 23, filed by national and local tax authorities. These authorities may establish, in some cases, sanctions in which Grupo Aval and its subsidiaries affiliates may incur as a result of: (i) the performance of their duty as a withholder or collector of national and local taxes, and/or (ii) the obligation to pay a higher tax amount in their condition of taxpayers. As of March 31, 2021, and December 31, 2020, the amount of the claims amounted to Ps. 98,513 and Ps. 101,700 respectively.

Other matters

As of March 31, 2021, in relation to the Investigation by the Superintendency of Industry and Commerce in relation to the Ruta del Sol Sector 2 Project, Class Action before the Administrative Tribune of Cundinamarca in connection with the Ruta del Sol Sector 2 Project, and the Investigations by United States authorities, do not show changes with respect to what was disclosed as of December 31, 2020.

NOTE 15 – NET INCOME FROM COMMISSIONS AND FEES

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

Net income from commissions and fees:

Income from commissions and fees		For the three-month periods ended March 31	
		2021	2020
Commissions on banking services	Ps	758,327 Ps	767,974
Fees on credit cards		335,133	321,635
Pension and severance fund management		315,895	307,741
Trust activities		88,594	81,368
Storage services		38,008	36,704
Commissions on drafts, checks and checkbooks		6,461	10,901
Office network services		4,719	5,885
Other commissions		3,802	2,627
Total Income from commissions and fees	Ps.	1,550,939 Ps.	1,534,835

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Commissions and fees expenses		For the three-month periods ended March 31	
		2021	2020
Banking services	Ps	(108,324)Ps	(103,176)
Commissions for sales and services		(62,444)	(53,245)
Affiliations to pension funds		(20,192)	(19,097)
Information processing services of operators		(5,468)	(5,530)
Offices Network Services		(5,376)	(5,170)
Other		(2,351)	(2,784)
Total Commissions and fees expenses		(204,155)	(189,002)
Net income from commissions and fees	Ps.	1,346,784 Ps.	1,345,833

Income from sales of goods and services		For the three-month periods ended March 31	
		2,021	2,020
Energy and gas E&G	Ps	1,037,916 Ps	1,123,552
Infrastructure		1,144,671	1,146,988
Hotels ⁽¹⁾		47,933	83,282
Agribusiness		44,659	28,747
Others Services		32,770	33,601
Others Income		65,506	47,428
Total Income from sales of goods and services	Ps.	2,373,455 Ps.	2,463,598

Costs and expenses of sales goods and services			
Cost of sales of companies from non-financial sector	Ps	(1,200,520)Ps	(1,232,128)
General and administrative expenses		(136,505)	(138,575)
Personnel expenses		(136,472)	(140,028)
Amortization		(66,216)	(51,165)
Commissions and fees expenses		(7,489)	(6,775)
Depreciation		(27,480)	(28,031)
Bonus payments		(7,268)	(11,582)
Allowance for impairment of loans and receivables		(9,060)	(9,027)
Donations expenses		(2,880)	(2,356)
Depreciation right of use assets		(8,558)	(9,180)
Labor severances		(339)	(1,050)
Total Costs and expenses of sales goods and services	Ps.	(1,602,787)Ps.	(1,629,897)
Net income from sales goods and services	Ps.	770,668 Ps.	833,701

(1) 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 March 31,	
		2021	2020
Trading investment income (loss) ⁽¹⁾			
Fixed income securities	Ps.	(114,436)	Ps. (103,323)
Equities		2,552	(100,895)
Total trading investment loss	Ps.	(111,884)	Ps. (204,218)
Derivatives income			
Net income (loss) on financial derivatives ⁽²⁾		284,233	1,160,536
Other trading income ⁽³⁾		25,283	144,837
Total derivatives income	Ps.	309,516	Ps. 1,305,373
Total net trading income	Ps.	197,632	Ps. 1,101,155

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

NOTE 17 – OTHER INCOME AND EXPENSE

Below is the detail of the others income and expense:

<u>Other Income</u>	For the three-month periods ended March 31	
	2021	2020
Foreign exchange gains (losses), net (1)	Ps. (70,391)	Ps. (1,147,834)
Net gain on sale of debt and equity securities	129,133	94,253
Dividends	103,457	75,505
Share of profit of equity accounted investees, net of tax	60,586	72,652
Gain on the sale of non-current assets held for sale	8,690	28,596
Gain on sale of property, plant and equipment	4,256	9,678
Net gain in asset valuation	1,975	3,345
Other income ⁽²⁾	90,160	59,472
Total other income	Ps. 327,866	Ps. (804,333)

<u>Other expense</u>	For the three-month periods ended March 31	
	2021	2020
Personnel expenses	Ps. (1,070,990)	Ps. (1,086,971)
Taxes and surcharges	(247,200)	(245,122)
Consultancy, legal, audit and other fees	(174,481)	(162,058)
Insurance	(153,108)	(102,603)
Contributions and affiliations	(151,182)	(175,704)
Maintenance and adequation	(138,852)	(109,441)
Depreciation of tangible assets	(108,712)	(105,254)
Depreciation right of use assets	(76,659)	(77,011)
Amortization of intangible assets	(68,655)	(52,893)
Warehouse services	(64,376)	(72,028)
Leases (Rent)	(40,862)	(38,791)
Marketing	(40,243)	(53,564)
Transportation services	(38,152)	(43,183)
Cleaning and security services	(37,568)	(36,222)
Outsourcing services	(27,551)	(32,921)
Data processing	(25,728)	(17,024)
Supplies and stationery	(20,446)	(21,774)
Adaptation and installation	(10,950)	(13,925)
Travel expenses	(5,582)	(12,086)
Impairment losses on other assets	(5,154)	(3,726)
Loss from sale of non-current assets held for sale	(576)	(1,840)
Other	(74,038)	(112,237)
Total other expense	Ps. (2,581,065)	Ps. (2,576,378)

- (1) For the quarter of March 2021, the TRM presented a variation of Ps. 246.12 per dollar and for the quarter of March 2020 the TRM presented a variation of Ps. 777.40.
- (2) Includes for the year 2021 the recognition of MFG for insurance services in Ps. 24,313, MFG was acquired in May 2020.

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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 March 31, 2021 and December 31, 2020:

Statement of Financial Position March 31, 2020

	Banco de Bogotá S.A.		Leasing Bogotá S.A. Panamá		Banco de Occidente S.A.		Banco Popular S.A.		Banco AV Villas S.A.		Corficolombiana S.A.		⁽¹⁾ Other Segments		Eliminations		Total	
Assets																		
Trading assets	Ps.	4,987,590	Ps.	354,607	Ps.	2,182,548	Ps.	351,622	Ps.	188,523	Ps.	3,399,284	Ps.	53	Ps.	(70,670)	Ps.	11,393,557
Investment securities		9,818,832		16,831,446		5,229,162		3,194,811		3,071,313		3,442,989		—		(797,933)		40,790,620
Hedging derivatives assets		14,017		—		—		—		—		15,513		—		—		29,530
Investments in associates and joint ventures		5,564,195		—		1,467,400		599,459		4,739		734,094		1,988		(7,402,116)		969,759
Investments in subsidiary companies ⁽²⁾		16,181,576		—		—		—		—		—		—		(16,181,576)		—
Loans, net		61,699,000		75,061,803		31,809,941		20,687,251		11,469,343		2,094,182		—		(1,804,775)		201,016,745
Other Assets		14,992,613		28,407,827		6,360,255		2,863,880		1,702,618		30,890,383		8,926,223		(11,432,424)		82,711,375
Total Assets	Ps.	113,257,823	Ps.	120,655,683	Ps.	47,049,306	Ps.	27,697,023	Ps.	16,436,536	Ps.	40,576,445	Ps.	8,928,264	Ps.	(37,689,494)	Ps.	336,911,586
Liabilities																		
Customer Deposits	Ps.	67,049,698	Ps.	87,878,101	Ps.	34,117,698	Ps.	20,570,493	Ps.	13,036,492	Ps.	4,934,272	Ps.	—	Ps.	(5,509,062)	Ps.	222,077,692
Financial Obligations		19,918,458		14,089,829		6,577,007		2,807,935		1,095,147		15,498,601		8,423,155		(6,317,126)		62,093,006
Other Liabilities		4,007,080		2,506,177		1,530,025		1,149,876		505,218		7,772,619		1,413,538		(1,338,605)		17,545,928
Total Liabilities	Ps.	90,975,236	Ps.	104,474,107	Ps.	42,224,730	Ps.	24,528,304	Ps.	14,636,857	Ps.	28,205,492	Ps.	9,836,693	Ps.	(13,164,793)	Ps.	301,716,626

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

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

December 31, 2020

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

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	<u>Banco de Bogotá S.A.</u>	<u>Leasing Bogotá S.A. Panamá</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco AV Villas S.A.</u>	<u>Corficolombiana S.A.</u>	⁽¹⁾ <u>Other Segments</u>	<u>Eliminations</u>	<u>Total</u>
Investments in subsidiary companies ⁽²⁾	14,819,773	—	—	—	—	—	—	(14,819,773)	—
Loans, net	61,675,539	70,329,940	31,040,792	20,426,642	11,838,132	2,006,931	—	(1,775,982)	195,541,994
Other Assets	14,199,517	28,088,407	5,324,698	2,837,027	1,700,323	29,514,603	7,642,529	(10,239,390)	79,067,714
Total Assets	Ps. 110,861,835	Ps. 112,226,320	Ps. 45,090,745	Ps. 27,394,731	Ps. 16,589,069	Ps. 38,146,485	Ps. 7,657,213	Ps. (35,070,528)	Ps. 322,895,870
Liabilities									
Customer Deposits	Ps. 67,488,062	Ps. 79,799,401	Ps. 30,970,733	Ps. 20,611,759	Ps. 13,966,758	Ps. 4,926,745	Ps. —	Ps. (5,921,861)	Ps. 211,841,597
Financial Obligations	17,109,522	15,313,069	7,317,684	2,429,104	232,457	13,889,097	7,989,984	(5,656,151)	58,624,766
Other Liabilities	3,765,654	2,294,077	1,823,117	1,164,071	513,375	7,297,974	508,703	(377,021)	16,989,950
Total Liabilities	Ps. 88,363,238	Ps. 97,406,547	Ps. 40,111,534	Ps. 24,204,934	Ps. 14,712,590	Ps. 26,113,816	Ps. 8,498,687	Ps. (11,955,033)	Ps. 287,456,313

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

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

Statement of Income for the three-months ended March 31, 2021

	<u>Banco de Bogotá S.A.</u>	<u>Leasing Bogotá S.A. Panamá</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco AV Villas S.A.</u>	<u>Corficolombiana S.A.</u>	⁽¹⁾ <u>Other Segments</u>	<u>Eliminations</u>	<u>Total</u>
External Income									
Interest income	Ps. 1,291,627	Ps. 1,796,537	Ps. 661,295	Ps. 541,676	Ps. 313,709	Ps. 97,407	Ps. 178	Ps. —	Ps. 4,702,429
Income from commissions and fees ⁽²⁾	625,010	635,262	117,458	62,189	66,572	24,256	20,192	—	1,550,939
Income from sales of goods and services ⁽²⁾	21,342	—	14,504	—	—	2,337,609	—	—	2,373,455
Share of profit of equity accounted investees, net of tax	(140)	—	685	1,110	1,330	57,542	59	—	60,586
Dividends	1,381	3,121	955	2,295	930	94,775	—	—	103,457
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	81,640	—	—	81,640
Net trading income	170,683	10,838	(52,297)	1,621	(1,555)	68,313	29	—	197,632
Other Income	(133,004)	229,324	118,732	23,280	9,177	(86,286)	2,600	—	163,823
	Ps. 1,976,899	Ps. 2,675,082	Ps. 861,332	Ps. 632,171	Ps. 390,163	Ps. 2,675,256	Ps. 23,058	Ps. —	Ps. 9,233,961
Intersegment Income									
Interest income	Ps. 21,231	Ps. 10	Ps. 3,284	Ps. 3,407	Ps. 2,213	Ps. 4,575	Ps. 34	Ps. (34,754)	Ps. —
Income from commissions and fees	1,280	—	1,928	656	4,249	389	24,497	(32,999)	—
Income from sales of goods and services	317	—	47,583	—	—	172	—	(48,072)	—
Share of profit of equity accounted investees, net of tax	180,858	—	58,593	26,478	(1,195)	343	—	(265,077)	—
Participation in results of subsidiaries ⁽³⁾	393,356	—	—	—	—	—	—	(393,356)	—
Dividends	5,432	—	2,184	4,549	3,259	1,906	—	(17,330)	—

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Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	—	—	—	—
Net trading income	(1,172)	—	221	(22)	5	(663)	—	1,631	—
Other Income	22,146	522	911	51	953	(150)	20,966	(45,399)	—
	623,448	532	114,704	35,119	9,484	6,572	45,497	(835,356)	—
Total income	Ps. 2,600,347	Ps. 2,675,614	Ps. 976,036	Ps. 667,290	Ps. 399,647	Ps. 2,681,828	Ps. 68,555	Ps. (835,356)	Ps. 9,233,961
Expenses									
Interest expense	Ps. (412,208)	Ps. (670,547)	Ps. (177,419)	Ps. (148,700)	Ps. (58,825)	Ps. (222,931)	Ps. (96,965)	Ps. 130,576	Ps. (1,657,019)
Net impairment loss on financial assets	(486,276)	(362,080)	(231,906)	(45,295)	(41,591)	234	—	9,714	(1,157,200)
Depreciations and amortizations	(62,871)	(115,524)	(30,549)	(24,447)	(16,828)	(2,457)	(2,394)	1,044	(254,026)
Expenses from commissions and fees ⁽²⁾	(101,311)	(28,462)	(27,559)	(13,942)	(44,959)	(3,671)	(1,287)	17,036	(204,155)
Costs and expenses of sales goods and services ⁽²⁾	(51,432)	—	(79,282)	—	—	(1,475,419)	3,905	(559)	(1,602,787)
Administrative Expenses	(301,922)	(486,750)	(173,790)	(178,129)	(109,123)	(25,900)	(82,968)	157,680	(1,200,902)
Income tax expense	(138,447)	(92,255)	(12,495)	(42,897)	(15,190)	(265,540)	(13,563)	242	(580,145)
Other expense	(275,676)	(526,640)	(118,020)	(109,172)	(69,324)	(27,520)	144,116	(143,901)	(1,126,137)
Total Expenses	(1,830,143)	(2,282,258)	(851,020)	(562,582)	(355,840)	(2,023,204)	(49,156)	171,832	(7,782,371)
Net income	Ps. 770,204	Ps. 393,356	Ps. 125,016	Ps. 104,708	Ps. 43,807	Ps. 658,624	Ps. 19,399	Ps. (663,524)	Ps. 1,451,590

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

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

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

	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.	⁽¹⁾ Other segments	Eliminations	Total
Revenue from contracts with customers (2)	Ps. 647,949	Ps. 635,262	Ps. 181,473	Ps. 62,845	Ps. 70,821	Ps. 2,362,426	Ps. 44,689	Ps. (81,071)	Ps. 3,924,394
Timing of revenue recognition									
At a point in time	13,119	35,349	6,185	5,604	21,071	35,800	44,256	(26,817)	134,567
Over time	634,830	599,913	175,288	57,241	49,750	2,326,626	433	(54,254)	3,789,827

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

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

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	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.	⁽¹⁾ Other Segments	Eliminations	Total
External Income									
Interest income	Ps. 1,552,306	Ps. 1,725,744	Ps. 780,777	Ps. 569,262	Ps. 355,741	Ps. 113,631	Ps. 4	Ps. —	Ps. 5,097,465
Income from commissions and fees (2)	605,373	645,972	104,667	64,428	69,427	20,209	24,759	—	1,534,835
Income from sales of goods and services (2)	23,815	—	59,044	—	—	2,423,070	(42,331)	—	2,463,598
Share of profit of equity accounted investees, net of tax	2,374	—	465	1,192	233	68,427	(39)	—	72,652
Dividends	118	779	106	1,976	1,700	70,826	—	—	75,505
Net income from other financial instruments mandatory at fair value through profit or loss	—	—	—	—	—	73,259	—	—	73,259
Net trading income	1,023,763	(1,393)	181,169	18,268	3,217	(123,886)	17	—	1,101,155
Other Income	(1,031,207)	220,847	(130,387)	10,326	12,296	(76,730)	42,365	—	(952,490)
	Ps. 2,176,542	Ps. 2,591,949	Ps. 995,841	Ps. 665,452	Ps. 442,614	Ps. 2,568,806	Ps. 24,775	Ps. —	Ps. 9,465,979
Intersegment Income									
Interest income	Ps. 25,402	Ps. 1,071	Ps. 4,103	Ps. 4,033	Ps. 2,781	Ps. 17,390	Ps. 43	Ps. (54,823)	Ps. —
Income from commissions and fees	1,005	6	2,059	720	4,952	414	13,016	(22,172)	—
Income from sales of goods and services	681	—	—	—	—	1,393	(42,331)	40,257	—
Share of profit of equity accounted investees, net of tax	155,483	—	30,560	22,516	(369)	385	—	(208,575)	—
Participation in results of subsidiaries ⁽³⁾	443,878	—	—	—	—	—	—	(443,878)	—
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	(1,722)	—	243	337	—	112	—	1,030	—
Other Income	1,099	26	42,942	48	2	(545)	67,012	(110,584)	—
	632,018	1,103	81,974	31,255	9,561	20,772	37,740	(814,423)	—
Total income	Ps. 2,808,560	Ps. 2,593,052	Ps. 1,077,815	Ps. 696,707	Ps. 452,175	Ps. 2,589,578	Ps. 62,515	Ps. (814,423)	Ps. 9,465,979
Expenses									
Interest expense	Ps. (725,260)	Ps. (570,562)	Ps. (314,987)	Ps. (227,199)	Ps. (106,020)	Ps. (237,385)	Ps. (89,913)	Ps. 99,374	Ps. (2,171,952)
Net impairment loss on financial assets	(386,944)	(282,327)	(230,227)	(50,164)	(85,005)	(2,190)	—	357	(1,036,500)

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	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.	⁽¹⁾ Other Segments	Eliminations	Total
Depreciations and amortizations	(67,769)	(101,125)	(26,239)	(20,097)	(16,601)	(2,068)	(2,197)	938	(235,158)
Expenses from commissions and fees (2)	(97,748)	(26,770)	(25,059)	(14,468)	(37,877)	(3,449)	(945)	17,314	(189,002)
Costs and expenses of sales goods and services (2)	(58,574)	—	(78,787)	—	—	(1,496,678)	5,376	(1,234)	(1,629,897)
Administrative Expenses	(349,805)	(494,388)	(178,482)	(161,422)	(90,035)	(21,886)	(71,662)	146,033	(1,221,647)
Income tax expense	(96,467)	(179,619)	31,089	(39,312)	(12,637)	(202,785)	(15,742)	(952)	(516,425)
Other expense	(267,806)	(494,383)	(147,027)	(96,171)	(66,493)	(27,234)	92,838	(113,297)	(1,119,573)
Total Expenses	(2,050,373)	(2,149,174)	(969,719)	(608,833)	(414,668)	(1,993,675)	(82,245)	148,533	(8,120,154)
Net income	Ps. 758,187	Ps. 443,878	Ps. 108,096	Ps. 87,874	Ps. 37,507	Ps. 595,903	Ps. (19,730)	Ps. (665,890)	Ps. 1,345,825

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

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

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

	Banco de Bogotá S.A.	Leasing Bogotá S.A. Panamá	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.	⁽¹⁾ Other segments	Eliminations	Total
Revenue from contracts with customers (2)	Ps. 630,657	Ps. 645,979	Ps. 106,726	Ps. 65,148	Ps. 74,379	Ps. 2,279,919	Ps. 108,505	Ps. 87,120	Ps. 3,998,433
Timing of revenue recognition									
At a point in time	107,278	211,935	34,705	16,965	42,759	29,430	108,197	(87,102)	464,167
Over time	523,379	434,044	72,021	48,183	31,620	2,250,489	308	174,222	3,534,266

(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

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

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

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

18.2 Analysis of Revenues by Products and Services

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

March 31, 2021	Country										Total income
	Colombia	Panamá	Costa Rica	Guatemala	Honduras	Nicaragua	El Salvador	Perú	Other countries ⁽¹⁾		
Interest income	Ps. 2,861,605	Ps. 537,198	Ps. 473,249	Ps. 289,222	Ps. 259,131	Ps. 89,286	Ps. 181,138	Ps. 5,031	Ps. 6,569	Ps. 4,702,429	
Income from commissions and fees	911,208	73,928	217,962	62,325	90,350	42,937	45,973	—	106,256	1,550,939	
Storage services	38,008	—	—	—	—	—	—	—	—	38,008	
Trust activities	88,594	—	—	—	—	—	—	—	—	88,594	
Pension and severance fund management	303,294	—	7,831	—	4,770	—	—	—	—	315,895	
Fees on credit cards	154,835	12,201	76,493	18,561	32,681	15,931	21,078	—	3,353	335,133	
Office network services	4,719	—	—	—	—	—	—	—	—	4,719	
Commissions on drafts, checks and checkbooks	6,351	110	—	—	—	—	—	—	—	6,461	
Other commissions	3,802	—	—	—	—	—	—	—	—	3,802	
Commissions on banking services	311,605	61,617	133,638	43,764	52,899	27,006	24,895	—	102,903	758,327	
Share of profit of equity accounted investees, net of tax	60,586	—	—	—	—	—	—	—	—	60,586	
Dividends	100,336	1,964	—	987	170	—	—	—	—	103,457	
Income from sales of goods and services	2,233,199	—	—	—	—	—	—	140,256	—	2,373,455	
Energy and gas E&G	899,576	—	—	—	—	—	—	138,340	—	1,037,916	
Infrastructure	1,144,671	—	—	—	—	—	—	—	—	1,144,671	
Hotels	46,017	—	—	—	—	—	—	1,916	—	47,933	
Agribusiness	44,659	—	—	—	—	—	—	—	—	44,659	
Other Services	32,770	—	—	—	—	—	—	—	—	32,770	
Other operating income	65,506	—	—	—	—	—	—	—	—	65,506	
Other income	186,486	90,054	88,053	30,796	21,547	22,728	1,459	55	1,917	443,095	
Total income	Ps. 6,353,420	Ps. 703,144	Ps. 779,264	Ps. 383,330	Ps. 371,198	Ps. 154,951	Ps. 228,570	Ps. 145,342	Ps. 114,742	Ps. 9,233,961	

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March 31, 2020	Country										Total income
	Colombia	Panamá	Costa Rica	Guatemala	Honduras	Nicaragua	El Salvador	Perú	Other countries		
Interest income	Ps. 3,285,630	Ps. 362,176	Ps. 561,833	Ps. 306,419	Ps. 277,741	Ps. 97,546	Ps. 186,265	Ps. 2,593	Ps. 17,262	Ps. 5,097,465	
Income from commissions and fees	884,850	82,622	303,589	74,487	84,111	43,125	52,309	—	9,742	1,534,835	
Storage services	36,704	—	—	—	—	—	—	—	—	36,704	
Trust activities	81,368	—	—	—	—	—	—	—	—	81,368	
Pension and severance fund management	296,885	—	7,617	—	3,239	—	—	—	—	307,741	
Fees on credit cards	147,719	5,957	99,151	12,984	22,462	13,313	14,313	—	5,736	321,635	
Office network services	5,885	—	—	—	—	—	—	—	—	5,885	
Commissions on drafts, checks and checkbooks	10,789	112	—	—	—	—	—	—	—	10,901	
Other commissions	2,627	—	—	—	—	—	—	—	—	2,627	
Commissions on banking services	302,873	76,553	196,821	61,503	58,410	29,812	37,996	—	4,006	767,974	
Share of profit of equity accounted investees, net of tax	72,652	—	—	—	—	—	—	—	—	72,652	
Dividends	74,726	290	—	—	489	—	—	—	—	75,505	
Income from sales of goods and services	2,344,151	159	—	—	—	—	—	119,288	—	2,463,598	
Energy and gas E&G	1,007,523	—	—	—	—	—	—	116,029	—	1,123,552	
Infrastructure	1,146,988	—	—	—	—	—	—	—	—	1,146,988	
Hotels	79,864	159	—	—	—	—	—	3,259	—	83,282	
Agribusiness	28,747	—	—	—	—	—	—	—	—	28,747	
Other Services	33,601	—	—	—	—	—	—	—	—	33,601	
Other operating income	47,428	—	—	—	—	—	—	—	—	47,428	
Other income	5,349	(3,138)	138,916	36,928	16,244	22,711	3,506	(983)	2,391	221,924	
Total income	Ps. 6,667,358	Ps. 442,109	Ps. 1,004,338	Ps. 417,834	Ps. 378,585	Ps. 163,382	Ps. 242,080	Ps. 120,898	Ps. 29,395	Ps. 9,465,979	

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. 1,987,840 as of March 31, 2021 and Ps. 1,451,572 as of December 31, 2020; the financial assets at amortized cost that are being used as guarantees in repurchase transactions amounted to Ps. 828,144 as of March 31, 2021 and Ps. 825,407 as of December 31, 2020 and the debt securities of financial investments at fair value through OCI that are being used as guarantees in repurchase transactions amounted to Ps. 7,555,019 as of March 31, 2021 and Ps. 5,727,908 as of December 31, 2020.

ii. Securities lending

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

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

I. Securitizations

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

NOTE 20 – UNCONSOLIDATED STRUCTURED ENTITIES

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

March 31, 2021	Securitizations	Grupo Aval's managed funds	Total
Grupo Aval's interest-assets			
Investments at fair value through profit or loss	Ps. 6,627	Ps. 4,663,882	Ps. 4,670,509
Other account receivables	—	18,726,840	18,726,840
Total assets in relation to the Grupo Aval's interests in the unconsolidated structured entities	6,627	23,390,722	23,397,349
Grupo Aval's maximum exposure	Ps. 6,627	Ps. 23,390,722	Ps. 23,397,349

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NOTE 21 – RELATED PARTIES

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

	March 31, 2021		Entity		
	Individuals with control over Grupo Aval	Key management personnel	Associates and joint ventures	Entities controlled by individuals	Entities with significant influence by individuals
Assets					
Financial assets in investments	—	—	997,805	—	—
Financial assets in credit operations	7,814	7,678	512,260	1,627,745	130,890
Accounts receivable	9	19	157,098	31,025	11
Other assets	7	7	10,219	1,441	—
Liabilities					
Deposits	Ps. 317,639	Ps. 26,053	Ps. 97,243	Ps. 1,826,419	Ps. 17,749
Accounts payables	2,112	806	13,156	1,591,625	2,176
Financial obligations	2	16	—	—	—
Others liabilities	—	—	669	33	—

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

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	For the three - months ended march 31, 2021									
	Individuals				Entity					
	Individuals with control over Grupo Aval		Key management personnel		Associates and joint ventures		Entities controlled by individuals		Entities with significant influence by individuals	
	Ps.		Ps.		Ps.		Ps.		Ps.	
Interest income	35		125		4,585		16,252		1,940	
Fee income and commissions	1		12		7,046		25,703		2	
Leases	—		—		364		3		—	
Other income	2		4		82,956		2,137		16	
Financial expenses	(744)		(152)		(179)		(6,301)		(6)	
Fee expenses and commissions	(1)		(468)		(7,454)		(301)		(15)	
Operating expenses	—		(2,135)		(70)		(575)		—	
Other expenses	—		(668)		(16,679)		(10,487)		—	

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	For the three - months ended march 31, 2020				
	Individuals		Entity		
	Individuals with control over Grupo Aval	Key management personnel	Associates and joint ventures	Entities controlled by individuals	Entities with significant influence by individuals
Interest income	Ps. 54	Ps. 139	Ps. 7,590	Ps. 23,206	Ps. 2,085
Fee income and commissions	2	12	7,445	24,503	1
Leases	—	—	11	72	—
Other income	1	10	88,567	2,422	—
Financial expenses	(1,453)	(270)	(274)	(7,225)	(5)
Fee expenses and commissions	(1)	(321)	(5,282)	(591)	(40)
Operating expenses	—	(2,057)	—	(877)	—
Other expenses	(1)	(443)	(8,229)	(8,854)	—

Compensation of key management personnel

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

	Three-month ended in	
	March 31, 2021	March 30, 2020
Salaries	Ps. 8,649	Ps. 9,018
Short term benefits for employees	5,493	1,037
Long term benefits for employees	126	200
Fee	365	468
Total	Ps. 14,633	Ps. 10,723

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NOTE 22 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