

BANCO GNB SUDAMERIS S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position

At December 31, 2020 and 2019

(Stated in millions of COP)

ASSETS	Note	December 31, 2020	December 31, 2019	LIABILITIES AND EQUITY	Note	December 31, 2020	December 31, 2019
				LIABILITIES			
CASH AND CASH EQUIVALENTS	(Note 9)	12.883.345	12.109.368	FINANCIAL LIABILITIES AT FAIR VALUE	(Note 10)	39.809	49.946
FINANCIAL ASSETS AT FAIR VALUE				Derivatives			
Debt securities	(Note 10)	8.314.386	6.179.841	FINANCIAL LIABILITIES AT AMORTIZED COST			
Equity instruments	(Note 10)	108.059	103.265	Customer deposits			
Total securities		8.422.445	6.283.106	Checking accounts	(Note 19)	2.669.273	1.992.712
Derivatives	(Note 10)	14.519	19.381	Savings accounts	(Note 19)	15.238.879	12.633.314
Total financial assets at fair value		8.436.964	6.302.487	Term deposits	(Note 19)	9.080.172	9.008.058
						26.988.324	23.634.084
AT AMORTIZED COST				Financial obligations			
Debt securities at amortized cost, net	(Note 10)	1.206.918	835.858	Short-term financial obligations	(Note 20)	5.726.094	6.226.225
		1.206.918	835.858	Borrowings from development entities and foreign banks	(Note 20)	2.421.570	2.347.173
Loan portfolio				Total debt		8.147.664	8.573.398
Commercial	(Note 11)	8.599.176	9.093.405	Long-term financial obligations	(Note 20)	2.342.942	2.251.795
Consumer	(Note 11)	6.703.122	6.604.061	Total financial liabilities		10.490.606	10.825.193
Mortgage	(Note 11)	875.431	1.022.742				
Impairment allowance	(Note 11)	(605.829)	(525.034)	LEASE LIABILITIES	(Note 14)	103.436	130.361
Total loan portfolio, net		15.571.900	16.195.174	EMPLOYEE BENEFITS	(Note 21)	53.452	59.205
Other accounts receivable, net	(Note 12)	459.903	230.613	PROVISIONS			
Total financial assets at amortized cost		17.238.721	17.261.645	For legal contingencies	(Note 22)	9.408	8.091
				Other provisions	(Note 22)	60.456	56.460
NON-CURRENT ASSETS HELD FOR SALE, NET	(Note 13)	77.543	22.713	INCOME TAX LIABILITY			
INCOME TAX ASSET				Current (Paraguay)	(Note 17)	1	725
Current	(Note 17)	308.487	261.665	Deferred	(Note 23)	-	19.171
Deferred (Peru and Paraguay)	(Note 23)	50.422	38.867	OTHER LIABILITIES	(Note 24)	480.571	423.663
TANGIBLE ASSETS, NET				TOTAL LIABILITIES		38.226.063	35.206.899
Investment properties	(Note 15)	155.823	134.350	EQUITY			
Own property and equipment	(Note 14)	836.256	796.364	Controlling interests			
Right-of-use property and equipment, net of depreciation	(Note 14)	96.346	125.649	Subscribed and paid-in capital	(Note 25)	74.966	71.270
Total tangible assets		1.088.425	1.056.363	Share premium		803.117	638.355
INTANGIBLE ASSETS, NET				Retained earnings		1.553.962	1.458.269
Goodwill	(Note 16)	354.781	344.526	Reserves	(Note 25)	1.468.058	1.313.810
Other intangible assets		25.222	24.451	Net income for the year		181.972	267.457
Total intangible assets		380.003	368.977	Accumulated retained earnings		(96.068)	(122.998)
OTHER ASSETS	(Note 18)	235.025	109.799	Other comprehensive income		(7.294)	109.989
TOTAL ASSETS		40.698.935	37.531.884	Total equity of controlling interests		2.424.751	2.277.883
				Non-controlling interests		48.121	47.102
				TOTAL EQUITY		2.472.872	2.324.985
				TOTAL LIABILITIES AND EQUITY		40.698.935	37.531.884

See the notes, which are an integral part of the consolidated financial statements.

Camilo Verástegui Carvajal
Registered Agent

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Statutory Auditor
Appointed by PwC Contadores v Auditores Ltda.
(See my report attached hereto)

BANCO GNB SUDAMERIS S.A. AND SUBSIDIARIES
Consolidated Statements of Income
For the years ended December 31, 2020 and 2019
(Stated in millions of COP, except for net profit per share)

	Note	December 31, 2020	December 31, 2019
Interest income from financial assets at amortized cost			
Loan portfolio interest		1.715.108	1.717.904
Interest on debt securities at amortized cost		12.346	9.233
Other interest		130.633	180.720
Total interest income		1.858.087	1.907.857
Interest expense on deposits financing financial assets at amortized cost			
Deposits			
Current accounts		33.838	33.148
Certificates of deposit		371.449	410.820
Savings deposits		427.747	478.217
Total interest expense on deposits		833.034	922.185
Expense for financial obligations and other interest			
Short-term financial obligations		1.235	1.203
Long-term financial obligations		81.544	103.735
Bonds and investment securities		173.655	179.511
Obligations with rediscount entities		47.302	56.886
Interest on lease liabilities		7.857	9.689
Total interest expenses		1.144.627	1.273.209
Net interest income from financial assets at amortized cost		713.460	634.648
Impairment loss on financial assets at amortized cost			
Loan portfolio and interest receivable		793.095	568.403
Properties restituted and received as payment		8.914	7.025
Impairment loss on investments		59	2.656
Recovered loans and receivables		390.736	247.958
Net interest after impairment losses on financial assets		302.128	304.522
Commissions and fees			
Commission and fee income	(Note 26)	240.722	254.555
Commission and fee expenses	(Note 26)	98.048	103.990
Net fee and commission income		142.674	150.565
Valuation of financial assets at fair value			
Income from valuation of debt securities at fair value		262.808	334.761
Income from valuation of equity instruments at fair value		(7.891)	5.820
Expense from valuation of derivatives		(67.449)	(6.791)
Income from valuation of financial assets at fair value		187.468	333.790
Net interest and valuation income		632.270	788.877
Other income			
Sale of investments	(Note 27)	7.089	90.135
Dividends	(Note 27)	1.646	1.630
Exchange difference, net	(Note 27)	74.309	13.380
Industrial and service income - Hotels	(Note 27)	8.794	38.603
Others	(Note 27)	194.712	124.617
Total other income	(Note 27)	286.550	268.365
Other expenses			
Personnel expenses	(Note 28)	247.122	245.029
Loss on sale of investments	(Note 28)	12.645	75.477
General administrative expenses	(Note 28)	195.827	176.522
Depreciation of property and equipment	(Note 28)	17.006	18.913
Depreciation of right-of-use	(Note 28)	26.389	27.279
Amortization of intangible assets	(Note 28)	6.726	9.795
Service costs - Hotels	(Note 28)	8.593	15.192
Others	(Note 28)	164.031	157.896
Total other expenses	(Note 28)	678.339	726.103
Profit before income taxes		240.481	331.139
Income tax	(Note 17)	55.017	58.242
NET INCOME FOR THE YEAR		185.464	272.897
Profit from continuing operations attributable to:			
Controlling interests		181.972	267.457
Non-controlling interests		3.492	5.440
		185.464	272.897
Net profit per share of controlling stockholders (in COP)		971	1.501

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BANCO GNB SUDAMERIS S.A. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

For the years ended December 31, 2020 and 2019

(Stated in millions of COP)

Note	Retained earnings						Other comprehensive income	Total controlling interests	Non-controlling interests	Equity
	Share capital	Share premium	Reserves	Net income for the year	Accumulated Deficit	Retained earnings				
Balance at December 31, 2018	66.020	486.105	1.196.382	235.110	(54.789)	1.376.703	93.817	2.022.645	48.967	2.071.612
Transfer to accumulated earnings	-	-	-	(235.110)	235.110	-	-	-	-	-
Appropriation of profit to increase reserve (Note 25)	-	-	113.923	-	(113.923)	-	-	-	-	-
Net movement in other comprehensive income	-	-	-	-	-	-	16.172	16.172	-	16.172
Dividends decreed	-	-	-	-	(189.396)	(189.396)	-	(189.396)	-	(189.396)
Exchange difference foreign subsidiaries	-	-	3.505	-	-	3.505	-	3.505	-	3.505
Capital increase (Note 25)	5.250	152.250	-	-	-	-	-	157.500	-	157.500
Non-controlling interests	-	-	-	-	-	-	-	-	(7.305)	(7.305)
Net income for the year (controlling interests)	-	-	-	267.457	-	267.457	-	267.457	5.440	272.897
Balance at December 31, 2019	71.270	638.355	1.313.810	267.457	(122.998)	1.458.269	109.989	2.277.883	47.102	2.324.985
Transfer to accumulated earnings	-	-	-	(267.457)	267.457	-	-	-	-	-
Appropriation of profit to increase reserve (Note 25)	-	-	154.248	-	(154.248)	-	-	-	-	-
Net movement in other comprehensive income	-	-	-	-	42.890	42.890	(117.283)	(74.393)	-	(74.393)
Dividends decreed	-	-	-	-	(122.805)	(122.805)	-	(122.805)	-	(122.805)
Derecognition in OSFP of ordinary bonds	-	-	-	-	(6.364)	(6.364)	-	(6.364)	-	(6.364)
Capital increase (Note 25)	3.696	164.762	-	-	-	-	-	168.458	-	168.458
Non-controlling interests	-	-	-	-	-	-	-	-	(2.473)	(2.473)
Net income for the year (controlling interests)	-	-	-	181.972	-	181.972	-	181.972	3.492	185.464
Balance at December 31, 2020	74.966	803.117	1.468.058	181.972	(96.068)	1.553.962	(7.294)	2.424.751	48.121	2.472.872

See the notes, which are an integral part of the consolidated financial statements.

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BANCO GNB SUDAMERIS S.A. AND SUBSIDIARIES
Consolidated Statement of Other Comprehensive Income
For the years ended December 31, 2020 and 2019
(Stated in millions of COP)

	Note	December 31, 2020	December 31, 2019
NET INCOME FOR THE PERIOD		<u>185.464</u>	<u>272.897</u>
Components of other comprehensive income net of taxes			
Items that may be subsequently reclassified to income			
Translation adjustments on foreign subsidiaries financial statements		(77.790)	(13.536)
Exchange difference in the hedge of long-term financial liabilities	(Note 10)	(36.430)	(10.365)
Differences between the provision and impairment recorded in the calculation of the		(75.539)	6.520
Deferred income tax	(Note 23)	45.530	(15.790)
		<u>(144.229)</u>	<u>(33.171)</u>
Items that will not be reclassified to income			
Revaluation of assets	(Note 14)	46.385	48.932
Gain (Loss) on employee benefit plans	(Note 21)	(2.533)	(2.555)
Deferred tax on items that will not be reclassified to income	(Note 23)	(16.906)	2.966
Total other comprehensive income for the period, net of taxes		<u>(117.283)</u>	<u>16.172</u>
Total other comprehensive income for the period		<u><u>68.181</u></u>	<u><u>289.069</u></u>

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BANCO GNB SUDAMERIS S.A. AND SUBSIDIARIES

Consolidated Statement of Cash Flow

For the years ended December 31, 2020 and 2019

(Stated in millions of COP)

	<u>Note</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash flows from operating activities:			
Net income for the year		185.464	272.897
		-	-
Reconciliation between income for the year and net cash provided by operating activities:			
		-	-
Income tax expense	(Note 17)	55.017	58.242
Depreciation expense	(Note 28)	43.395	46.192
Amortization expense	(Note 28)	6.726	9.795
Impairment loss on financial assets	(Note 11)	793.095	568.403
Recovery of losses on financial assets	(Note 11)	(390.736)	(247.958)
Loss on valuation of trading derivatives		67.449	21.593
Interest on debt securities at amortized cost		(12.346)	(9.233)
Income from valuation at fair value		(254.917)	(317.962)
Loss on sale of investments	(Notes 27 -28)	5.556	(14.658)
Impairment of investments	(Note 10)	59	-
Gain on sale of property and equipment	(Note 27)	(1.837)	(142)
Interest income from loan portfolio		(1.715.108)	(826.092)
Net interest expense		1.144.626	1.266.666
Effect on exchange rate at beginning of period		45.707	8.981
Impairment of properties received as payment		8.914	6.972
Loss on early termination of lease agreements	(Note 14)	4.883	7.192
Changes in operating assets and liabilities:			
Decrease (increase) in loan portfolio		507.790	(1.824.479)
Increase in other receivables from operating activities		(258.626)	(54.812)
Increase in customer deposits		2.134.791	1.981.360
Increase in other assets		(113.887)	(28.926)
Increase in other liabilities		44.084	96.404
Decrease in provisions		(61.417)	(48.178)
Increase in employee benefit plans		(5.416)	1.969
Increase in short-term obligations		1.709.283	1.905.458
Principal payments of short-term obligations		(2.234.383)	(969.207)
Increase in obligations with development entities		242.036	346.903
Principal payments on loans with development entities		(241.470)	(239.806)
Variation in non-current assets held for sale		(33.830)	(3.921)
Variation in deferred and current taxes		(4.547)	(35.999)
Variation in derivative transactions		(73.786)	(3.604)
Interest received		1.698.396	1.257.943
Interest paid		(141.007)	(154.935)
Income tax paid		(35.762)	(23.680)
Variation in investments - Debt securities at fair value		(1.800.829)	343.676
Variation in investments - Equity securities		(97.591)	(11.247)
Net cash provided by operating activities		1.219.776	3.385.807
Cash flows from investment activities:			
Variation in investments - Debt securities at amortized cost		(352.174)	(54.774)
Movement of property and equipment	(Note 14)	(11.435)	(142.654)
Derecognitions in property and equipment		2.902	125.040
(Increase) decrease in intangible assets	(Note 16)	(7.497)	55.550
Decrease (increase) in investment properties		10.109	(66.783)
Net cash used in investment activities		(358.095)	(83.621)
Cash flows from financing activities:			
Interest paid for long-term financial debt		(174.319)	(174.135)
Dividends paid	(Note 25)	(122.805)	(189.396)
Capital increase	(Note 25)	168.458	(4.988)
Lease payments		(28.894)	(39.449)
Non-controlling interests		(2.472)	(7.305)
Net cash used in financing activities		(160.032)	(415.273)
Exchange gain (loss) on cash and cash equivalents		72.328	(34.435)
Net increase in cash and cash equivalents		773.977	2.852.478
Cash and cash equivalents at beginning of period		12.109.368	9.256.890
Cash and cash equivalents at end of period		12.883.345	12.109.368

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